

Firefighters Pension Scheme Annual Benefit Statement 2017

Additional Notes

Please read the following information carefully

Pension

This is the estimated value of your accrued pension benefits at 31 March 2017 had you left employment at this time.

This value does not take into consideration any adjustments that may be made for the following;

a. Actuarial Reduction (NFPS/2015 CARE only) – the figures quoted may be reduced if you take them before your deferred pension age as above.

b. Scheme Pays - if you have opted to use Scheme Pays (where you pay an annual allowance charge from your pension scheme), the figures on the statement do not take account of the reduction to your pension benefits to meet the charge. The amount of the reduction will be calculated when you take your pension.

c. Pension Sharing on Divorce Order – if a pension sharing on divorce order or earmarking order, following a divorce or a dissolution of a civil partnership, applies to your pension benefits, the figures on the statement do not take account of the reduction to your benefits made by the order. The amount of the reduction will be calculated when you take your benefits.

Pensionable Pay

The pensionable pay used in this estimate is your current pensionable salary as provided by your employer.

Pensionable Service

This is your service in years and days to 31 March 2017 if you are a protected member of the scheme. If you are an unprotected or a tapered member who has transitioned over to the 2015 CARE Scheme this will be the service to the date you joined the new scheme. Please also note that any transferred in service will be included in this total.

FPS 1992

If you are a member of the FPS 1992, your deferred pension is calculated as a proportion of the pension you would have expected at normal pension age, which is age 55 or at 30 years' service, whichever happens first, spread over years actually served.

B x C ÷ D

B = notional pension

C = period in years of pensionable service

D = period in years of notional service

Notional service and pension is the service and pension a member would have expected to receive if they had not left the scheme.

Protected members

Example

David is a protected member of the FPS 1992 Scheme, who joined the Firefighters Pension Scheme on 31 July 1992.

David was born on 1 September 1968, and would expect to retire on 30 July 2022, having completed 30 years' service.

At 31st March 2017, David has completed 24 years and 244 days of service.

Calculation

His deferred pension calculated at 31 March 2017 will be as follows.

B = notional pension

As David will be able to complete 30 years' service before age 55, his notional pension will be 40/60ths x £32,000.

$$B = 40 \div 60 \times £32,000 = £21,333.33$$

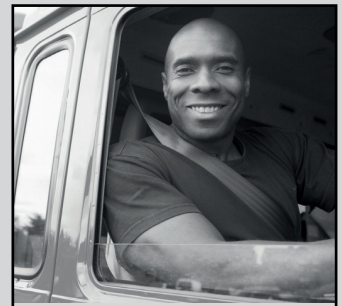
C = Period of years of pensionable service to 31st March 2017

C = 24 years and 244 days

D = Period of years of notional service

D = 30 years

$$(\pounds21,333.33 \times 24 \text{ years } 244 \text{ days} \div 30 \text{ years}) = \pounds17,542.04$$



Unprotected or Tapered members

The calculation for an unprotected or tapered member is the same formula as for a protected member. However, the period of years of pensionable service (C) is calculated to the date of joining the 2015 CARE Scheme.

The notional pension and service for a FPS 1992 unprotected or tapered member remains unchanged and is the service and pension you would have expected to achieve at normal retirement age under the FPS 1992 if there had been no reform to the pension scheme.

Example

Ben is an unprotected member of the FPS 1992, who joined the Firefighters Pension Scheme on 1 December 1997.

Ben was born on 30 March 1972, and will retire on his 55th birthday (29 March 2027), having completed 29 years and 119 days.



Calculation

His deferred pension calculated at 31 March 2017 will be as follows.

B = notional pension

The notional pension is calculated as the pension Ben would have received at age 55.

29 years 119 days + 9 years 119 days = 38 years 238 days

38 years 238 days ÷ 60 x £42,000 = £27,056.44

B = £27,056.44

C = Period of years of pensionable service in the FPS 1992 Scheme

C = 17 years 121 days

D = Period of years of notional service

D = 29 years 119 days

(£27,056.44 x 17 years 121 days ÷ 29 years 119 days) = **£15,990.19**

2006 NFPS (Standard and Special Members)

Special Members (RDS Modified Scheme)

Unfortunately we are unable to generate automatic Annual Benefit Statements for members of this scheme by the date of 31 August 2017. We aim to have these produced by the 31 December 2017.

Protected

The current value of benefits for the final salary NFPS 2006 is calculated based on service up to the date of the statement divided by an accrual rate, multiplied by your final pensionable pay. The table below lists the accrual rate that applies.

Unprotected and Tapered Members

The current value of your benefits for the final salary NFPS 2006 is calculated based on your service up until you joined the 2015 Scheme, divided by an accrual rate, multiplied by your final pensionable pay. The table below shows the accrual rate that applies.

	2006 NFPS (Standard Member)	Special Modified 2006 (Special Member)
Accrual rate	1/60ths	1/45ths

The NFPS 2006 is a final salary pension scheme which means that your pension will be a proportion of final pensionable pay. The proportion will depend, in part, upon how much pensionable service you have at the time of leaving the Scheme. For each year of pensionable service, you will get 1/60th of final pay. Each day of pensionable service will count as 1/365th of 1/60th. For example, if you retire at age 60 with 35 years 28 days of pensionable service and final pensionable pay of £32,000, your pension would be assessed as.

$$35.0767 \times 1/60 \times £32,000 = £18,707.58 \text{ a year}$$

2015 CARE Scheme

The estimated value of the 2015 CARE Scheme pension is calculated based on the 2015 pension built up to 31 March 2017.

The Firefighters Pension Scheme (Scotland) Regulations 2015 provide for annual revaluation by reference to average weekly earnings. For active members this is in line with average weekly earnings; for deferred members at the rate of CPI included in a Pensions Increase (Review) Order.

The in-service revaluation for the 2015 Firefighters' scheme in respect of 2015/16 was 2%. This statement at 31 March 2017 includes revaluation for 2015/16.

The revaluation for 2016/17 is not included as it is not due until the following day (1 April 2017), and this will be reflected in next year's ABS.

Example A

Sarah's date of birth is 25 May 1972. Sarah moved into the 2015 CARE Scheme as an unprotected member on 1 April 2015 and will reach normal pension age (age 60) on 25 May 2032.

Sarah's starting pension for the year 2016/17 is $£554.51 + 2.0\% = \mathbf{£565.64}$

Pensionable pay for the scheme year 1 April 2016 to 31 March 2017 was
 $£34,501.60 \times 1\div 61.6 = \text{CARE 2015 Scheme pension accrued for 2016/17} = \mathbf{£560.09}$

Total Pension $£565.64 + £560.09 = \mathbf{£1,125.73}$

Example B

Mo is a taper-protected member, whose date of birth is 22 January 1971. He moved into the 2015 CARE Scheme on 6 September 2015.

Mo's starting pension for the year 2016/17 is $£287.14 + 2.0\% = \mathbf{£292.88}$

Pensionable pay for the scheme year 1 April 2016 to 31 March 2017 was
 $£31,500.89 \times 1\div 61.6 = \text{CARE 2015 Scheme pension accrued for 2016/17} = \mathbf{£511.38}$

Total Pension $£292.88 + £511.38 = \mathbf{£804.26}$

FPS 1992 Unprotected or Tapered Members

Unprotected or tapered members with benefits built up in the FPS 1992 can retire and take their FPS 1992 pension at the retirement age for the FPS 1992.

The 2015 CARE Scheme pension would then be due early, from the age of 55.

Early retirement

The minimum pension age for taking the 2015 CARE Scheme pension is age 55. If you take your 2015 CARE Scheme pension earlier than your normal pension age, an early retirement factor will apply – see the box below.

Active Factors

If you choose to retire and take your benefits from the FPS 1992 at the age of 55 or over, you can draw the 2015 CARE Scheme pension early. A reduction factor depending on your age (as in the table below) will be applied to the value of your 2015 CARE Scheme pension at the date you want to retire.

	Age 55	Age 56	Age 57	Age 58	Age 59
Reduction %	9.5%	7.9%	6.1%	4.2%	2.1%

Or, you can retire and take your benefits from the FPS 1992 and defer payment of your 2015 CARE Scheme pension until your State Pension age, when it would be paid unreduced.

Deferred Factors

If you choose to retire and withdraw your benefits from the FPS 1992 before age 55, the 2015 CARE Scheme pension benefits are deferred to your State Pension age and paid at an unreduced rate. However, you can draw your benefits early, from age 55. A reduction factor depending on your age (as in the table below) will be applied to the value of your 2015 CARE Scheme pension at the date you want to retire.

	Age 55	Age 56	Age 57	Age 58	Age 59
Reduction %	47.7%	45%	42.1%	39%	35.6%

Double accrual guarantee

In the FPS 1992, a pension scheme membership over 20 years is doubled. For example, the pension for a member with 30 years' service in the FPS 1992 would be calculated at 40/60ths (20 + 10 + 10). This is more commonly known as 'double accrual'.

The new regulations give members who move from the FPS 1992 into the 2015 CARE Scheme a proportion of the double accrual they could have expected to receive had they stayed in the FPS 1992. Full continuous pensionable service (that is, before and after membership of the 2015 CARE Scheme) is taken into account to calculate the benefits to be awarded under the FPS 1992.

For further information on double accrual please follow this [link](#).

Lump Sum

You can exchange part of your pension (up to 25%) for a lump sum. Due to tax regulations, members of the FPS 1992 (including protected, taper-protected and unprotected members) may choose to adjust the amount of lump sum that relates to their FPS 1992 pension to avoid a tax charge or limit the amount of pension they exchange to the maximum tax free amount available.

A commutation factor, as shown in the table below, is applied to the part of the pension you give up to calculate the amount of the lump sum.

	FPS 1992	NFPS 2006	Special Modified 2006 Scheme	2015 CARE Scheme
Commutation factors	Calculated by the Scheme actuary. For further information read Circular 2016/5	12:1	Annex ZA of 2006 regulations	12:1

Death Grant Nomination

The current value of the death in service lump sum has been based on the scheme you are a member of at 31 March 2017, as shown in the table below.

	FPS 1992*	NFPS 2006	Special Modified 2006 Scheme	2015 CARE Scheme
Death in service lump sum	2 x pensionable pay	3 x pensionable pay	2 x pensionable pay	3 x pensionable pay

* Husband/Wife/Civil Partner only (cannot nominate)

Survivor's pension

A survivor's pension is paid if, when you die, you are married or have a civil partner or eligible cohabiting partner (someone you live with who would be entitled to a survivor's pension).

The table below shows whether a surviving partner would receive a pension when you die, based on your partnership status, which pension scheme you are a member of.

	FPS 1992	NFPS 2006	Special Modified 2006 Scheme	2015 CARE Scheme
Husband, wife or civil partner only	Yes	Yes	Yes	Yes
Cohabiting partner	No	Yes, if the criteria is met	Yes, if the criteria is met	Yes, if the criteria is met

Please note this is based on the current marital status as held on our records, if you believe this to be incorrect, please contact us at sppafirepensions@gov.scot

For further information on benefits payable please see the regulations on our website at www.sppa.gov.uk

Financial advice

Your employer and pension administrator cannot give you financial advice about the information contained in your ABS. If you need help to find an independent financial advisor, you can use the following link.

www.moneyadvice.service.org.uk/en/articles/choosing-a-financial-adviser

Note on the regulations

The benefits in this statement have been calculated under the Fire Pension Scheme Regulations as at August 2017.

These notes are an informal interpretation of the Firefighter Pension Scheme Regulations, as only a court can provide a definitive interpretation of the law.

Example

Lifetime allowance 2016/2017 = £1million

To show the effect of the lifetime allowance reducing to £1million from April 2016, the same pension figure would change the lifetime allowance used, as follows:

Annual Pension at 31 March 2017 = £35,000 x 20 = £700,000 ÷ £1,000,000 x 100 = 70% of lifetime allowance used.

You may choose to protect your lifetime allowance if it was £1million or more at 5 April 2016 by taking Individual Protection 2016 (IP 2016). For more information, you should seek independent financial advice or view the information available on our website www.sppa.gov.uk

