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OnCall

Firefighters' Pension Scheme Newsletter

WARWICKSHIRE FIRE & RESCUE

Amendment Regulations

On 11th September 2017 two regulation amendment orders were laid which affect members of:

1. Firemen's Pension Scheme 1992
2. Firefighters Pension Scheme 2006
3. Firefighters Compensation Scheme 2006

- The first amendment order primarily gives effect that widows, widowers, and surviving civil partners of firefighters who died or die on *duty in England and Wales would no longer lose their survivor benefits if they remarry or form a civil partnership. This change would be applied retrospectively to marriages, remarriages and civil partnerships entered into on or after 1 April 2015.
  *Death has to have been incurred in the execution of duty, i.e. the member has to have died as a result of injuries that would otherwise have enabled him to have an injury award. This includes death brought about whilst driving to or from duty.

- The second amendment order also makes amendments to Rule G2 in line with the contributions holiday to clarify that APB contributions are exempted from the contributions holiday.

You can read the full amendment regulations:
SI 2017/892: http://www.legislation.gov.uk/id/uksi/2017/892

Amendment to Firefighters Pension Scheme (England) 2014

- Schedule 2, rules 37 & 38 of the 2014 scheme deals with the position of transitional members who are being considered for ill-health retirement by an independent qualified medical practitioner (IQMP) at the time they would transition to the 2015 scheme from either the 1992 or 2006 scheme.

Under the amended rules these members remain in their existing pension scheme, until a final decision is made (including an appeal) by the IQMP. If the ill-health is upheld the member retires from the existing 1992 or 2006 scheme avoiding the necessity for a minimal period of membership of the 2015 Scheme, if the ill-health is not upheld the member moves into the 2015 scheme from the date of the IQMP decision or the expiry of 28 days after the appeal decision.

This amendment takes affect from 6th October 2017 and will not be applied retrospectively.

Details of the changes are available via the link below:
SI 2017/888: http://www.legislation.gov.uk/id/uksi/2017/888

Tax Limits

There are two types of pension taxation that you need to be aware of; the annual allowance and the lifetime allowance. We have mentioned the limits in previous newsletters and further information is available on your Pension Administrator's website

1. Annual Allowance
Annual allowance is the amount by which the value of your pension savings may increase in any one year without incurring a tax charge. The period over which your pension growth is measured, is known as the 'pension input period' (PIP). If the value of your pension benefits grows by more than this limit, then the excess amount may be subject to a tax charge. However, three years "unused" annual allowance can be used to offset the tax charge.

The annual allowance amounts for the previous four years are shown in the table below:

YEAR	ANNUAL ALLOWANCE
2014/15	£40,000
2015/16	£80,000 (but split pre and post the date of the 8 July 2015 due to the budget – limit is £40,000 per period, but with a maximum carry over of £40,000
2016/17	£40,000 but with tapering to £10,000 for some people (this is explained below)
2017/18	£40,000

How is my pensions growth calculated?
The increase in the value of your pension savings is calculated by working out the value of your benefits immediately before the start of the PIP, increasing the value by inflation and then comparing it with the value of your benefits at the end of the PIP. From 6 April 2016, PIPs for all pension schemes were aligned with the tax year – 6 April to 5 April.

Annual allowance pension growth in the Firefighters' Pension Scheme is calculated by multiplying the amount of your annual pension by 16 If the difference in the value of pension benefits at the end of the PIP less the value of your pension benefits immediately before the start of PIP (adjusted for inflation), is over the annual allowance limit, you may be liable to pay a tax charge.

Each year you will be sent a pensions savings statement if your pension savings in the Firefighters' Pension Scheme exceeds the annual allowance limit for that year. The statement is based on the information your Pension Administrator holds on your pension record at the time of the calculation. If you breach the annual allowance the statement will provide the options you have in dealing with the tax charge.

From 6 April 2016 the annual allowance was reduced for those individuals who have income over certain levels. Broadly affecting those whose;

- "threshold income" is above £110,000 and,
- "adjusted income" is above £150,000

Threshold income is broadly defined as total earnings, less what you pay in pension contributions. Adjusted income is broadly threshold income plus the value that your pension grows by over the year.

If you satisfy both points the annual allowance will be reduced by £1 for every £2 that the adjusted income exceeds £150,000. However, the maximum reduction that can apply to the annual allowance is £30,000 leaving an annual allowance of £10,000.

HMRC provide information to help you:
www.tax.service.gov.uk/paac

If you have pension benefits elsewhere, please remember to take these into consideration. It is your personal responsibility to pay the correct amount of tax.

2. Lifetime Allowance
This is the overall limit on the amount of pension savings you can build up over your working life without having to pay a tax charge. To work out your lifetime allowance percentage, multiply your annual pension by 20 and divide by the lifetime allowance limit then multiply by 100.

On the 6 April 2016 the lifetime allowance reduced from £1.25 million to £1 million. It has remained at this level for 2017/18.

Further information
This newsletter provides an overview of the rules governing taxation of pension savings. It is your personal responsibility to pay the correct amount of tax. Your Fire Authority is not able to provide financial advice. If you are unsure about the best course of action, you should contact HMRC. You may need to take independent financial advice in order to ensure you understand your tax position.

Death in Service

Do you know what your loved ones would receive if the worst were to happen?
The benefits paid depend upon the scheme you are a member of and your marital status. A brief overview of the benefits payable from each scheme is given below.

If you were to die as an active member of any of the Firefighters' Pension Schemes the following could be paid:

- Lump sum death benefit
- Spouse/civil partners' pension and
- Children's Pensions.

However, the amounts and eligible recipients change depending upon the scheme you are a member of at date of death.

Lump Sum Death Benefits are:

- 2 x Pensionable Pay in the Firefighters' Pension Schemes 1992 and Modified Section of the FPS
- 3 x Pensionable Pay in the Firefighters' Pension Schemes 2006 and 2015

Surviving Partner's Pensions
Whilst all schemes pay a widow or civil partners' pension the Firefighters' Pension Schemes 2006 and 2015 also pay benefits to a surviving partner.

If your surviving partner is more than 12 years younger than you a reduction will be applied to the pension paid.

Civil Partner pensions are calculated based on service from 06/04/1988 only. If you wish to complete an expression of wish form this will help your Fire and Rescue Service to know who to consider in the event that the benefits become payable. However there is no obligation on you to complete a form.

Children's Pensions
These are paid until age 18 or 23 if they are in full time education.

If a child is considered to be dependent because they are permanently disabled the pension may continue to be paid.

The criteria for payment of death benefits are complex and if you are unsure what you might be entitled to you should contact your Authority's Pension Administrator for further information.

GDPR

From 25 May 2018 the European Union's General Data Protection Regulation (GDPR) will come into force in all EU member states including (despite Brexit) the UK.

This will replace the UK's existing Data Protection legislation and its requirements strengthen the current legislation, including higher fines for serious breaches.

With the rise of technological innovation the last two decades have seen an explosion in the volume of data being used since the last Data Protection legislation was drafted. The EU wish to implement a stronger framework, backed by rigorous enforcement, to offer a higher level of protection for individuals.

As a scheme member you will informed, typically via a privacy notice, why and how your data is being processed, how long it will be retained, and what rights you have under legislation. The notice will include details of the data controller and be written in a clear and transparent manner.

Although you currently have the right to request access to your personal data, the removal of the £10 subject access request fee is a significant change. A 'reasonable fee' can still be charged, if a request is "manifestly unfounded or excessive". Timescales to provide the information have also been reduced, to a maximum of one month.

You will continue to have the right to have inaccurate data corrected, although this has now been formalised, with a one month deadline for compliance.

The right to erasure allows you to request that any stored personal data is deleted or removed, in certain circumstances. However, statutory obligations overrides this, such as the requirement to hold personal information about you to calculate your pension benefits.

Should you contest the accuracy of your personal data or object to the processing of it, then the right to restrict can be applied.

Both your Pension Administrator and your Fire Authority will be putting together a work plan individually to review processes and to identify the data each use and who it is shared with.

If you have any questions, please contact the Fire Authority or Pension Services.

This newsletter is issued for information only. It is not a statement of entitlement and does not confer any rights other than those provided by the relevant Regulations. Benefits will be paid in accordance with those regulations and all overriding pension legislation.

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