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A Guide to the Firefighters' Pension Scheme Wales 2015



Date of issue: **October 2015**

Working in partnership with Local Government Association



THE FIREFIGHTERS' PENSION WALES SCHEME 2015

This booklet is a brief guide to the Firefighters' Pension Scheme Wales 2015 ("FPSW 2015").

If you are, or become, a member of FPSW 2015, the benefits provided by the Scheme include the following –

- an inflation-proofed pension calculated on a proportion of pay for each year of membership.
- an option to convert part of the pension to a lump sum
- payment of pension before normal retirement age if
 - you have to retire on grounds of permanent ill-health,
 - you choose to take early retirement or partial retirement
 - you are given employer-initiated early retirement.
- death-in-service cover providing a lump sum death benefit equal to three times final pensionable pay
- a pension for your surviving spouse, civil partner, or eligible cohabiting partner
- pensions for eligible children.

FPSW 2015 is the occupational pension scheme available to operational firefighters first appointed on or after 1 April 2015.

Serving firefighters appointed before this date may already have pension rights in an earlier Firefighters' Pension Scheme, i.e.

- the Firefighters' Pension Scheme 1992 ("FPS 1992"), or
- the New Firefighters' Pension Scheme (Wales) 2007 ("NFPS 2007").

Some of these firefighters will have been compulsorily transferred to FPSW 2015 with effect from 1 April 2015, some will be transferred at a later date, and some will have the right to remain a member of their earlier Scheme until retirement.

Separate notes are available explaining who will transfer, at what date, and how pension rights in the earlier Scheme will be protected.

Also available are Scheme guides explaining FPS 1992 and NFPS 2007.

As a firefighter you are also covered by the Firefighters' Compensation Scheme (Wales) which would pay benefits to you, and/or to your dependants, should you become disabled

or die as a result of an injury received in the exercise of your duties as a firefighter. The rules of the Compensation Scheme are set out in separate notes, too.

All of these guides and notes can be obtained from your fire and rescue authority. Contact details are given in “Where can I get more information?” on page 45.

A Guide to the Firefighters' Pension Scheme (Wales) 2015

This guide reflects the rules of the Firefighters' Pension Scheme (Wales) 2015 contained in the Firefighters' Pension Scheme (Wales) Regulations 2015 as they apply at the date of issue. Nothing stated in the guide can override pension legislation. In the event of a dispute or disagreement the rules and regulations which govern the Scheme would be used to reach a decision.

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BACKGROUND

This guide explains the provisions of the Firefighters' Pension Scheme (Wales) 2015 ("FPSW 2015") as set out in the Firefighters' Pension Scheme (Wales) Regulations 2015 which came into effect on 1 April 2015. It is the occupational pension scheme for those who are first appointed by a Welsh Fire and Rescue Authority (FRA) as operational firefighters on or after that date, or who are transferred from an earlier Firefighter Pension Scheme.

The two previous Schemes – the Firefighters' Pension Scheme 1992 ("FPS 1992") and the Firefighters' Pension Wales Scheme 2007 ("NFPS 2007") – continue in force for firefighters who were serving before that date and who are eligible to remain members of their earlier Scheme.

They also continue in force for the previous pension rights of "transition members", i.e. those who are compulsorily transferred from an earlier Scheme to FPSW 2015; the pension they have built up at the point of transfer is protected and will still be available for payment, reflecting some of the terms of their previous Scheme.

FPSW 2015 is a statutory, defined benefit, **career average**, public service pension scheme made under the Public Service Pensions Act 2013. Career average scheme benefits are calculated based on a proportion of pay for each year of membership.

Unlike occupational pension schemes in the private sector, FPSW 2015 does not have trustees, nor does it have the type of pension fund which uses investments to help meet its liabilities. Although each FRA maintains a "Firefighters' Pension Fund" which –

- receives contributions from firefighter members and from the employing FRA,
- pays out benefits to and in respect of members, and
- makes and receives transfer payments to and from other pension schemes

A FRA does not have the power to invest the money. If the Fund has insufficient money to meet all of its pension liabilities, the Welsh Ministers will make up the shortfall. If the Fund is in surplus, the Welsh Ministers takes the excess to cover the shortfall in other Funds.

Social Security rules can have an impact on the way pension schemes work. FPSW 2015 is currently "contracted-out" of the State Second Pension arrangements, i.e. those which provide the additional element of pension paid on top of the Basic State Pension. To be given contracted-out status a pension scheme has to meet certain minimum requirements. Members of a contracted-out scheme pay a lower, contracted-out rate of National Insurance contributions.

FPSW 2015 is a registered pension scheme for the purposes of the Finance Act 2004. This means that HM Revenue and Customs allow certain tax concessions. Pension contributions attract tax relief; certain benefits, provided they are within set limits, are exempt from tax charges.

Like other pension schemes, FPSW 2015 must comply with Pension Acts. "Disclosure of Information" Regulations made under Pension Acts require you to be given items of basic information about the Scheme; this booklet has been written to comply with those Regulations.

Some pension terms may be unfamiliar to you or have a special meaning in the context of FPSW 2015. An explanation of terms and expressions is given on page 37. If you would like more information about FPSW 2015, see the contact details on page 45.

WHO CAN JOIN?

Membership of FPSW 2015 is open to any person taking up employment as a firefighter with a FRA on or after 1 April 2015 on terms under which he or she is, or may be, required to engage in firefighting, and whose role includes resolving operational incidents, or leading and supporting others in the resolution of such incidents. Enrolment into the Scheme is automatic on appointment. It does not matter what duty system you are contracted to work – you can be a whole-time or part-time regular firefighter, a retained duty system firefighter or a volunteer. If, at a later time, you are moved to a firefighting role that does not include resolution of operational incidents, you can remain a Scheme member provided there is continuity of service.

Firefighters serving before 1 April 2015 and members of FPS 1992 or NFPS 2007, will have been transferred compulsorily to FPSW 2015 on 1 April 2015 unless on 1 April 2012 they were:

- (a) a member of FPS 1992 and within 10 years of the FPS 1992 normal pension age (55),
- (b) a member of NFPS 2007 and within 10 years of the NFPS 2007 normal retirement age (60), or
- (c) a member of FPS 1992 or NFPS 2007 and covered by "tapered protection" rules.

Those in categories (a) and (b) above can remain a member of their current Scheme until retirement; those in category (c) can remain a member of their current Scheme until they reach the date at which their tapered protection ends.

Those who are compulsorily transferred from an earlier Scheme, whether at 1 April 2015, or at a later date under tapered protection rules, are considered eligible to be members of FPSW 2015 even if they no longer satisfy the operational requirements set out above, provided that there is continuity of service.

Firefighter members of FPS 1992 or NFPS 2007 who choose to opt out of their current Scheme can join FPSW 2015 if they meet the operational and legal requirements for admission.

OPTING OUT

You can opt out of FPSW 2015 at any time if you do not wish to be a member. To do so you must give a signed, written notice to the FRA. (If the notice is in electronic format, you should include a statement confirming that you personally submitted it.) The option would be considered to have been exercised on the date the notice is received by the FRA.

If you opt out before the end of 3 months' continuous Scheme employment, or within 3 months of automatic re-enrolment (see page 9), you would be treated as not having been a member in pensionable employment during this period and would receive a refund of the contributions you have paid for the period (see page 13).

If you opt out after a continuous period of 3 months or more in Scheme employment or 3 or more months after automatic re-enrolment, you would normally be treated as having ceased pensionable service in the Scheme on the first day of the pay period immediately after that in which you opted out. You would become a deferred member of the Scheme

from that date (see page 22) and you would cease to have any further cover under FPSW 2015, other than that which is provided to a deferred member.

Seek independent financial advice if you are thinking about opting out. You would save the cost of contributions but may pay more by way of tax (contributions attract tax relief) and National Insurance contributions (while a FPSW 2015 member you pay a lower, contracted-out rate – see page 36). And your dependants would cease to have pension cover. You would, however, continue to be covered by the provisions of the Firefighters' Compensation Scheme in the event of a qualifying injury.

OPTING IN AND AUTOMATIC RE-ENROLMENT

If you opt out of the Scheme and later change your mind, you can give the FRA your written, signed election to rejoin, provided you satisfy the membership conditions at that time.

Also, under “automatic enrolment” requirements introduced by the Pensions Act 2008 and which impact on all UK employers, the FRA has to periodically re-enrol members who have opted out back into a pension scheme. You have the right to opt out again if this is your choice. Provided your option is made within 3 months of the date of automatic re-enrolment, you would be entitled to a refund of any contributions paid since that date.

WHAT ABOUT PREVIOUS PENSION RIGHTS?

On taking up your employment you will be asked to give details about any previous membership of a pension scheme and to indicate whether or not you would like the FRA to explore the possibility of a transfer of pension rights to FPSW 2015. FPSW 2015 can accept a transfer from another occupational pension scheme registered with HM Revenue and Customs, a qualifying recognised overseas pension scheme, or a personal pension scheme.

Depending upon the type of pension scheme from which the transfer is requested, certain restrictions and time limits may apply – the FRA will advise you of these and of any other information needed from you, or to be provided by the other scheme about the potential transfer payment. An application for a transfer must be made in writing. The FRA would provide you with an illustration of the amount of pension which could be added to your pension account. You should compare this with any pension options offered by your previous scheme and decide, within the time limits, whether or not you wish the transfer to proceed.

If you previously worked for a non-Welsh FRA, a transfer of previous pension rights would be made under similar principles to those outlined above.

It may be, however, that you are moving from one employment with a Welsh FRA to employment with another. Again, upon taking up your new employment you should inform your new authority of the pension rights held by your former authority (even if there has been a break between employments). Provided that any break has not been greater than five years your former authority will provide you with a certificate showing the entries in your pension account(s) held by them and your new authority will transfer the details to the pension account(s) which they set up for your new employment. But no transfer payment will be made between the FRAs.

Special provisions are made if the break has been greater than five years and you wish to transfer an ‘added pension account’ as defined under Payments for Added Pension on page 13, or if you have accounts in respect of more than one employment. Your FRA will give you more detailed information if these circumstances apply. If you think that the account details that have been transferred are incorrect because of an inaccuracy in the certificate you should raise the matter with your former FRA. Failing satisfaction you would have a right of appeal under Internal Dispute Resolution Procedures (see "Rights of appeal" on page 33).

HOW MUCH DO I PAY IN PENSION CONTRIBUTIONS?

As a member of FPSW 2015 you would pay a pension contribution which is a percentage of your pensionable pay or assumed pensionable pay.

"Pensionable pay" and "assumed pensionable pay" are explained under WHAT IS PENSIONABLE PAY AND ASSUMED PENSIONABLE PAY? on page 14.

Contributions would normally be deducted from each instalment of pensionable pay as it becomes due unless another method of payment has been agreed with the FRA.

Current contribution rates for the period 1st April 2015 to 31st March 2016 are as follows:

Pensionable pay range for an employment	Contribution rate 1st April 2015 to 31st March 2016
Up to £27,000	10.0%
£27,001 to £50,000	12.2%
£50,001 to £142,500	13.5%
£142,501 or more	14.5%

The pensionable pay shown in Column 1, in the case of part-time regular firefighters and retained and volunteer firefighters would be that of a whole-time regular firefighter of equivalent role and length of service. It would not take into account certain reductions in pay, e.g. during sick leave, or leave of absence.

The relevant contribution rate will be determined on commencement of membership and then at the start of each subsequent financial year (1st April).

If, in the course of a financial year, you have a change in Scheme employment or a material change which affects your pensionable pay, to the extent that the revised amount of your pensionable pay falls into a different contribution band, the authority will advise you of a change in contribution rate and the date from which the change will be applied.

The following bands and contributions have been set for the three years from 1 April 2016:

Pensionable pay range for an employment	Contribution rate 1st April 2016 to 31st March 2017
Up to £27,270	10.0%
£27,271 to £50,500	12.5%
£50,501 to £142,500	13.5%
£142,501 or more	14.5%

Pensionable pay range for an employment	Contribution rate 1st April 2017 to 31st March 2018
Up to £27,543	10.5%
£27,544 to £51,005	12.7%
£51,006 to £142,500	13.5%
£142,501 or more	14.5%

Pensionable pay range for an employment	Contribution rate from 1st April 2018
Up to £27,818	11.0%
£27,819 to £51,515	12.9%
£51,516 to £142,500	13.5%
£142,501 or more	14.5%

Employer contributions as determined by the Scheme Actuary and the Welsh Ministers are paid by the FRA, together with any additional costs which have to be borne by the employer, e.g. relating to ill-health retirement or employer initiated early retirement.

CONTRIBUTIONS DURING PERIOD OF ABSENCE

Illness or injury absence

If you are away from Scheme employment because of illness or injury, and receiving pensionable pay and/or statutory pay, you would continue to pay contributions at your usual percentage rate on the pensionable/statutory pay that you receive. If, however, you are not entitled to receive pensionable/statutory pay during the absence, you can elect to pay contributions at your usual percentage rate based on the pay you were receiving immediately before it ceased. Payment can be made by lump sum, or by deduction from instalments of pensionable pay, as agreed with the authority and within certain time limits. (The authority may also require you to pay the employer contributions that would have been paid but for the absence.)

Child-related leave

During child-related leave you would pay contributions on whatever rate of pensionable pay you receive (including statutory pay). If you are not entitled to receive any pensionable/statutory pay during a period of ordinary maternity, paternity or ordinary adoption leave, you would be treated as if you had paid contributions. If you are not entitled to receive any pensionable/statutory pay during a period of additional maternity, additional adoption leave, parental leave or shared parental leave, you will have the option to pay contributions on "assumed pensionable pay", i.e. the pensionable pay you would have received but for the leave. Payment can be made, within certain time limits, by lump sum or by deduction from instalments of pensionable pay, as agreed with the authority. (The authority would pay employer contributions on the assumed pensionable pay.)

Authorised unpaid absence

If you have a period of authorised unpaid absence, you can elect to pay contributions at your usual contribution rate on "assumed pensionable pay", i.e. the pensionable pay you would have received but for the unpaid absence. Payment can be made, within certain time limits, by lump sum or by deduction from instalments of pensionable pay, as agreed with the authority. (The authority may also require you to pay the employer contributions that would have been paid but for the absence.)

Trade dispute absence

If you are absent because of a trade dispute, you can elect to pay contributions on "assumed pensionable pay", i.e. the pensionable pay you would have received but for the absence. Payment can be made, within certain time limits, by lump sum or by deduction from instalments of pensionable pay, as agreed with the authority. (The authority may also require you to pay the employer contributions that would have been paid but for the absence.)

Reserve Forces Service Leave

While on reserve forces service leave you would be required to pay contributions on your "assumed pensionable pay", i.e. the pay you would have received but for the leave (unless you qualify for benefits under another occupational pension scheme during that period). The contributions may be deducted from any payment made, in respect of the same

period, under Part 5 of the Reserve and Auxiliary Forces (Protection of Civil Interests) Act 1951. The authority will give a member, who is about to start reserve forces leave, a statement showing the assumed pensionable pay for the period of leave, the contribution rate to apply, details of any payments to be paid by the authority to the member, and the employer contribution rate which applies during that period. (The authority would pay employer contributions on the assumed pensionable pay.)

CAN I HAVE A REFUND OF CONTRIBUTIONS?

You can have a refund of contributions only if you opt out of the Scheme within 3 months of joining or of being automatically enrolled (see "Opting Out" on page 7). The contributions you have paid would be returned through payroll with appropriate tax and National Insurance adjustments.

PAYMENTS FOR ADDED PENSION

If, as an active member of FPSW 2015 you wish to increase your retirement pension and death benefits, you can do so by making payments in the form of periodical payments or lump sum.

There are, however, limits on the amount of extra pension that can be "purchased" in this way:

- for the scheme year 1 April 2015 to 31 March 2016 the overall limit is £6,500.
- for any scheme year beginning on or after 1 April 2016 the overall limit is that which has been determined for the Scheme by HM Treasury and published before the start of the scheme year. If, however, HM Treasury have not made such a determination, the overall limit would be that of the previous scheme year's figure, increased under Pensions (Increase) Acts and Orders. Your pension administrator would advise you of the current limit.

If you wish to take up this option you should give notice in writing to the authority (they may have a special form for this purpose). The basic details you give in your notice should state whether:

- the added payments are to be made by periodical payments or by lump sum
- you already have an added pension account with another employer
- you are making an added pension election in connection with another Scheme employment.

If you want to pay by periodical payments you would also have to indicate:

- the period over which you wish to make the payments (including the end date),
- the amount to be deducted from your pensionable pay in each pay period and whether this will be as a percentage of your pay or as a fixed sum (the authority may set a minimum amount).

The periodical payment period will begin on the first appropriate pay period after the date on which the authority receive the notice of your election. It will end on the date you give in your election or earlier if you cease to be an active member of if it appears to the authority that the overall limit of added pension will be exceeded.

If the periodical payments are deducted from your pay and your pensionable pay is reduced or stops and/or you are treated as receiving assumed pensionable pay, you would have the option to stop the payments or to continue making the payments as if receiving pensionable pay at the full rate. If the reason for the reduction is child-related leave you would have the additional option of varying the amount of periodical payment according to the actual pay you receive for that period. At the end of a period of reduced pay you can ask the authority to collect any "underpayment" of periodical contributions. The authority will provide you with full details and time limits.

Should you elect to make a single lump sum payment for added pension rather than periodical contributions, your election would have to indicate how much you wish to pay. This must not be less than any minimum amount determined by the authority. The lump sum would have to be paid within 3 months of the date of the notice of election.

If you choose to make these payments, an "**added pension account**" would be set up for you (in addition to your active member's account). An amount of added pension, determined by the authority in accordance with guidance from the Scheme actuary, would be credited to the account for each scheme year in which the additional payments are made. As in the case of an active member's account, the added pension would be "indexed" each year to keep pace with inflation.

WHAT IS PENSIONABLE PAY AND ASSUMED PENSIONABLE PAY?

Contributions, pensions and certain other benefits are based on "pensionable pay" and "assumed pensionable pay".

The following items are treated as pensionable pay:

- pay received for the performance of the duties of your role, except for any allowances or emoluments paid on a temporary basis;
- your permanent emoluments (including, in the case of a retained firefighter, any retaining allowance)
- the amount foregone if you have agreed to surrender the right to receive part of your pensionable pay in exchange for the employer providing a non-cash benefit (this is sometimes referred to as "salary sacrifice");
- the amount paid for continued professional development if the authority has determined that this should be pensionable.

However, any payments made by an employer to a member who is on reserve forces service leave would not count as pensionable.

Although, as explained on page 10, the contribution rate (percentage) is determined by reference to whole-time equivalent pay for a part-time regular, retained or volunteer firefighter, the contributions paid will be based on the firefighter's actual (part-time) pay.

Sometimes a firefighter's pay may be reduced or cease for a period. This could have an effect on the assessment of benefits. FPSW 2015 explains what can count as "assumed pensionable pay" in certain circumstances so that benefits will not be affected. These circumstances include sick leave, injury leave, child-related leave and unpaid leave. In some circumstances, e.g. sick leave with reduced pay, assumed pensionable pay will be applied automatically, in other circumstance, e.g. sick leave with no pay, the application of assumed pensionable pay would depend upon a member electing to pay, and paying, contributions for the relevant period.

Your pensions administrator would inform you of your rights and options in such circumstances.

HOW IS MY PENSION ASSESSED?

When you join FPSW 2015, a pension account will be opened for you and it will remain open for as long as you are a contributing member of the Scheme. This is called an "active member's account".

If you are an active member in more than one employment at the same time, you will have an active member's account for each employment.

Your pension will build up year on year as follows

- $1/61.4 \times \text{pensionable pay} = \text{earned pension credit}$

Let's suppose your pensionable pay plus any assumed pensionable pay during your first scheme year is £29,850. Your earned pension for that year would be:

$$1/61.4 \times £29,850.00 = £486.16$$

To this would be applied an "index adjustment". This would be a percentage increase or decrease specified in an Order issued by HM Treasury, reflecting any national change in average weekly earnings. It is applied to ensure that the pension which you hold in your account each year maintains its value on a year by year basis.

If during the scheme year you have been on leave, on reduced contractual pay or no pay due to sickness or injury, or have been on relevant paid child related leave or reserve forces leave then for that period your pension is based on your assumed pensionable pay. An example of how your pension will build up in your Pension Account each year is shown below

Date From	Date to	Account Balance	HMT Order Rate ¹	Opening Balance	Actual Pay	Build up Rate	Pension Build up in year	Account Balance (Closing)
01/04/15	31/03/16	0.00		0.00	29,850	1/61.4	486.16	486.16
01/04/16	31/03/17	486.16	3%	500.74	30,447	1/61.4	500.72	1001.46
01/04/17	31/03/18	1001.46	4%	1041.52	31,000	1/61.4	504.89	1546.41

Your active member's account would continue to build in this way for so long as you remain an active member of the Scheme. Also, if you were to remain an active member beyond the Scheme's normal pension age (60), an "age addition", i.e. an additional amount of pension, calculated in accordance with the guidance of the Scheme actuary, would be added.

¹ Rates shown are for illustration only

If you cease to be an active member before becoming entitled to immediate payment of pension, your active member's account would be closed and your accrued earned pension transferred to a "deferred member's account".

WHEN CAN I RETIRE ON PENSION?

This will depend upon your age and the circumstances in which you are leaving the fire and rescue service. Normal pension age is 60 but, if you remain an active Scheme member, you can continue to accrue pension (and would get an "age addition" to reflect the fact that you have postponed receipt of your pension). There is no limit to the amount of pension that you can build up by remaining in service.

You may request payment of your pension before age 60 provided that you have reached age 55. It may be reduced, though, to reflect early retirement.

Or if, at any age before reaching age 60, you become incapable of performing any of the duties of your role, you may be entitled to an ill-health award.

All of the Scheme's retirement provisions are looked at on the following pages.

RETIREMENT FROM ACTIVE SERVICE

Normal pension age

If you are an active member at normal pension age (60) you can draw your pension at any time on or after your 60th birthday. Your active member's account and any added pension account (see "Payments for added pension" on page 13) would be closed and a retirement account set up. There would be no reduction for early retirement but there may be an age addition if you had continued in service after age 60.

Early retirement

If you are an active member but wish to draw your pension before age 60, you can give written notice to the authority that you would like to receive your retirement pension at or after age 55. In these circumstances, however, the pension would be subject to an early retirement reduction based on factors provided by the Scheme actuary.

Partial retirement

There is also an option for "partial retirement" once you have reached age 55 if you wish to draw your pension but continue your employment as a firefighter without a break and accrue additional pension. Your active member's account and any added pension account would be closed, and the pension held in those accounts would be put into payment (subject to an early payment reduction if you had not reached age 60). A new active member's account would be opened for the pension you will accrue in your continuing membership. This second pension will become payable, on similar terms to your first pension, when you are ready to draw it.

Employer initiated early retirement

A retirement pension may also be paid to an active member at or after age 55 but before age 60 without any early payment reduction in the event of "employer initiated retirement". This is where an authority terminates a member's employment and has determined that a

retirement pension should be awarded on the basis that it would "assist the economical, effective and efficient management of its functions" having taken account of the costs likely to be incurred in the particular case. (There would still be a cost to paying the retirement pension before normal pension age but in these circumstances the authority would have to pick up the cost rather than the Scheme member.)

In all of these circumstances where a retirement pension is put into payment, before payment commences you will have the option to commute part of the pension to provide a lump sum (see "COMMUTATION" on page 21).

ILL-HEALTH BENEFITS

A firefighter who has not reached normal pension age (60) and who leaves because of permanent disablement, may be considered for an ill-health pension. If an ill-health pension is awarded, their active member's account and any added pension account would be closed and a retirement account set up.

There are two tiers of ill-health pension, lower tier and higher tier. A minimum of 3 months' qualifying service is required for a lower tier ill-health pension and a minimum of 5 years' qualifying service for a higher tier ill-health pension. The medical conditions which have to be met, for entitlement to an ill-health award, are as follows:

- for a lower tier ill-health pension, the person must be incapable of performing any of the duties of the role in which last employed, because of incapacity of mind or body which will continue until normal pension age (60);
- for a higher tier pension, the person must be entitled to a lower tier ill-health pension and must also, because of incapacity of mind or body which will continue until normal pension age, be incapable of undertaking regular employment. Regular employment means employment for at least 30 hours a week on average over a period of not less than 12 consecutive months, beginning with the date on which the issue of the person's capacity for employment arises.

Determination of the Award

It is the FRA that will determine whether a pension can be paid but, to do so, they must first obtain and consider the written opinion of an Independent Qualified Medical Practitioner ("IQMP").

Within 14 days of making a determination of award, the FRA must give written notice of it to the person concerned, together with a copy of the medical opinion upon which the determination was based. (If dissatisfied with a medical opinion, here or at any subsequent review, a person has a right to seek a reconsideration of that opinion and, if still dissatisfied, has a right to appeal to a Board of Medical Referees – see "HELP FOR MEMBERS AND RIGHTS OF APPEAL" on page 33).

The annual rate of a lower tier ill-health pension is calculated in the same way as an age retirement pension. This means that it is the sum of the amount of retirement earned pension and any retirement added pension. If you choose to commute a portion for a lump sum or allocate a portion for a dependant, the appropriate reduction would be made (see "COMMUTATION" and "ALLOCATION" on pages 21 and 24). But there would be **no** reduction for early retirement.

Calculation of a higher tier ill health pension

The annual rate of a higher tier ill-health pension is calculated as 2% of the retirement earned pension (before any reduction for commutation) multiplied by the member's "assumed period of pensionable service", i.e. the period beginning with the day after you retire and ending on the day before you reach normal pension age (60). No account is taken of any retirement added pension.

For example, suppose you:

- have an earned pension of £10,000 before commutation, £8,000 after commutation
- have an added pension of £1,000 before commutation, £800 after commutation
- have a period of 20 years between your last day of service and reaching age 60
- do not choose to allocate part of the pensions for a dependant.

If you retire with a lower tier ill-health pension, you would be entitled to:

the earned pension after commutation + the added pension after commutation

i.e. £8,000 + £800 = £8,800 a year

If you retire with a higher tier ill-health pension, you would be entitled to:

2% x the earned pension before commutation x 20

i.e. 2% x £10,000 x 20 = £4,000 a year

which is paid in addition to your lower tier pension of £8,800 a year.

Review

If an ill-health pension is awarded, for so long as the recipient has been receiving the award for less than 10 years and is under deferred pension age (State pension age or 65 if higher) the FRA must review the person's entitlement to continue receiving the award.

To conduct the review, the FRA would again seek the written opinion of an IQMP before making a determination as to whether the ill-health pension should continue in payment.

If it is determined that a person receiving a higher tier ill-health pension has become capable of undertaking regular employment their entitlement to that pension would cease with immediate effect. But a lower tier ill-health pension would continue in payment unless that must cease, too.

Continuing entitlement to a lower tier ill-health pension takes into account whether or not the recipient is considered to have become capable of performing the duties of the role from which they retired on grounds of ill-health. If it is considered that they have not, then the pension will continue in payment.

If it is considered that they have, then the FRA must next consider whether or not to offer the person re-employment in the same role from which they retired. Then –

- should no offer be made, the lower tier ill-health pension will continue in payment
- should an offer be made, payment of the lower tier ill-health pension will cease, even if the person does not take up the offer of re-employment.

If the person declines the offer, the FRA would create a deferred member's account and credit it with an amount equal to the annual lower-tier ill-health pension immediately before it ceased. The deferred pension would come into payment at deferred pension age (State pension age or 65 if higher).

COMMUTATION

On retirement, if you wish, you can give up part of your annual entitlement to pension to receive a one-off lump sum payment. This is called "commutation".

There are limits, however, on the amount which can be commuted. The commuted portion of pension must not be more than 25%, nor be such that the resultant lump sum exceeds certain tax limits, resulting in a scheme chargeable payment. By staying within these limits, the lump sum by commutation will be tax free. At the time of retirement your pension administrator can advise you of current limits.

Also, although a retirement, deferred or lower-tier ill-health pension can be commuted, a higher tier ill-health pension cannot.

If you wish to use this option to provide a lump sum, you must give written notice to the authority before the first payment of pension is made, setting out the amount of your pension that you wish to commute. You can commute as little or as much as you like, provided you do not exceed the limits.

For every £1 by which the annual rate of pension is reduced, you would receive £12 as a lump sum.

Suppose, for example, that you are entitled to a retirement pension of £16,000 a year and you choose to commute the maximum portion of one quarter, i.e. £4,000. Assuming this is permitted within tax limits, your total benefits would be:

Pension: £16,000.00 - £4,000.00 = £12,000.00 a year

Lump sum: £4,000.00 x 12 = £48,000.00

WHAT IF I CHOOSE TO LEAVE SERVICE BEFORE I RETIRE

Deferred benefits

If you cease to be an active member of the Scheme before you become entitled to the payment of retirement benefits, and have at least 3 months' qualifying service or have had a transfer value paid into your pension account, you would become a deferred member of the Scheme.

Your active member's pension account would be closed and a deferred member's account would be set up. This account would contain the value of your pension account at date of leaving.

Should you return to Scheme membership within the 5 years after leaving, the deferred member's account would be closed and your active member's account would be re-established as if you had remained in pensionable service during the break but had received no pensionable pay for that period.

If you do not return to active membership your pension will remain in the deferred member's account until you become eligible to draw it.

Retirement from a deferred pension account

You would become eligible to draw your pension on age grounds at deferred pension age, which is the same as your State pension age, or age 65 if that is higher. If you have an added pension account (see "Payments for added pension" on page 13) your retirement pension will be the total of the value of your deferred pension account, and your added pension, plus indexation.

Early retirement from deferred pension account

If you wish, you could give written notice to the authority that you would like to receive your deferred pension at or after age 55 and before deferred pension age. In these circumstances, however, the pension would be subject to an early retirement reduction based on factors provided by the Scheme actuary.

Ill health retirement from deferred pension account

Or if, before reaching deferred pension age, you suffer from ill-health to the extent that you would be incapable of undertaking regular employment and this incapacity will continue at least until deferred pension age, you could request early payment of the deferred pension on ill-health grounds. The decision as to entitlement would be made by the FRA after they have considered the written opinion of an Independent Qualified Medical Practitioner.

If awarded on ill-health grounds, your entitlement to the early payment would be kept under review by the FRA until you reach deferred pension age. Should the FRA consider that you had become capable of undertaking regular employment, payment of the pension would cease. If the pension continues in payment, no further review would be required once deferred pension age is reached; if payment ceases on review, it would be restored at deferred pension age.

Part of the pension can be commuted to provide a lump sum (see "Commutation" above) or allocated to provide benefits for a dependant in the event of the member's death.

ALLOCATION

Allocation is an option to give up part of your pension at retirement to provide, on your death, a pension for a surviving partner or other dependant. It is an old provision which has carried forward to FPSW 2015 from earlier versions of the Scheme which provided very limited amounts of dependants' benefits.

An election to allocate – which could be in respect of more than one beneficiary – must be given no later than the day before benefits become payable and no earlier than 2 months before. It is subject to medical evidence of good health and normal life expectancy. Up to one third of the annual rate of the pension can be allocated but the amount provided as a pension on allocation depends upon the age and sex of the firefighter and of the nominee.

The allocated pension would be paid from the date of death of the Scheme pensioner, but if the nominee were to predecease the member, the portion of pension allocated would be restored with effect from the date of death of the nominee.

The nomination would cease to have effect if the nominee ceases to meet rules of eligibility. Also, the nomination must comply with tax rules for death benefits.

If you are interested in this option, the FRAs pension administrator can give you a personalised quote and relevant information before your pension becomes due.

DEATH BENEFITS

Lump sum death benefit

If you were to die in service as an active member of FPSW 2015, a lump sum death benefit would be payable. This would be a lump sum equivalent to three times your final pay as at the date of death. Final pay is normally the greater of the following –

- (a) the amount of the member's pensionable pay and assumed pensionable pay during their last 365 days of continuous pensionable service, or
- (b) the amount of the member's pensionable pay and assumed pensionable pay during their last 3 years of pensionable service, divided by three.

If a continuous period of service includes 29th February, "366" is substituted for "365". Also, provisions are made for arriving at a figure of "annualised" final pay if the continuous period of pensionable service is less than 365 days.

If you have more than one active member's account, a lump sum death benefit is payable in respect of each of those accounts.

5 year guarantee lump sum

If you were to die within 5 years of your pension coming into payment, there would be a lump sum death benefit equivalent to the difference between five times the annual amount of pension and the amount of instalments of pension paid.

If you were both an active member and a pensioner member at the date of death, the amount of lump sum death benefit payable would be the greater of that which would be paid in respect of the active membership or of the pensioner membership.

Payment of the lump sum death benefit

The FRA may, at its absolute discretion, pay the lump sum death benefit to or for the member's nominee, personal representatives, or any other person appearing to the FRA to have been a relative or dependant of the Scheme member.

PENSIONS FOR SURVIVING PARTNERS

Bereavement pension

For the first 13 weeks following the death of a member, a "bereavement pension" may be paid to a surviving partner. If the member was:

- an active member at the date of death, the weekly amount of bereavement pension would be the difference between the weekly amount of pensionable pay or assumed pensionable pay that the member was receiving at the date of death, and the weekly amount of surviving partner's pension.
- a pensioner member at the date of death, the weekly amount of bereavement pension would be the difference between the weekly amount of pension to which the pensioner member was entitled at the date of death, and the weekly amount of surviving partner's pension.
- a deferred member at the date of death and the pension had not come into payment, no bereavement pension would be payable.

Where there is no surviving partner, an eligible child would be entitled to the bereavement pension. If there is more than one eligible child, the bereavement pension would be divided so that each receives an equal share. The amount of bereavement pension would be the same as for a surviving partner according to whether the deceased was an active member, or a member in receipt of a pension. If one of the children ceases to be eligible during the 13 weeks for which payment is to be made, the pension would be re-divided in equal portions between the remaining eligible children.

Payment of bereavement pension would also be made to an eligible child or children if a surviving partner entitled to the payment were to die before the end of the 13 week payment period. The child or children would receive bereavement pension for the remaining part of the period.

Survivor's long term pension

In the event of the death of a Scheme member (whether before or after retirement) provided they had at least 3 months' qualifying service, a pension will be paid to an eligible surviving partner. The Scheme member's active, deferred or retirement account would be closed and a pension account would be established for the surviving partner.

A person is a "surviving partner" if they are –

- the spouse or civil partner of the member, or
- cohabiting with the member and –
 - not married or in a civil partnership with that member or any other person, and
 - could enter into a marriage or civil partnership with that member under the law of England and Wales but have not done so, and
 - the authority determine that they are financially dependent on the member or is, with the member, in a state of mutual financial dependency, and
 - in a long-term relationship with the member, i.e. a relationship that has continued for a period of at least 2 years at the time the question of status needs to be considered (or a shorter period at the discretion of the authority).

Providing the surviving partner at date of death is not more than 12 years younger than the member, a surviving partner's pension –

- following the death of an active member would be half of the pension which the member would be entitled to draw if, at the date of death, they had retired on the grounds of ill-health with a higher tier ill-health pension.
- following the death of a deferred member would be half of the amount of pension in the member's deferred account plus half of any added pension in the member's added pension account (see "Payments for added pension" on page 13).
- following the death of a pensioner member would be half of the rate of pension payable to the member immediately before the death (this would be the pension after any commutation or allocation but before any reduction made for early retirement.)

If the surviving partner at date of death is more than 12 years younger than the member, a reduction will be made to the pension payable of up to 50% of the pension.

A surviving partner's pension is payable for life. It would not cease on marriage or remarriage or upon entering into a new partnership.

In addition to the surviving partner's pension, a "bereavement pension" may also be payable – see page 25.

PENSIONS FOR ELIGIBLE CHILDREN

In the event of the death of a Scheme member (whether before or after retirement) provided they had at least 3 months' qualifying service, a pension will be paid to an eligible child. The Scheme member's active, deferred or retirement account would be closed and a pension account would be established for the child.

A "child" in relation to a deceased member means –

- (a) a natural child, stepchild or adopted child of the member; or

- (b) the natural child, step-child or adopted child of the member's spouse, civil partner or cohabiting partner; or
- (c) any natural child of the member who was born after the member's death and with whom the child's mother was pregnant at the date of the death.

The child is an "eligible child" if –

- financially dependent on the deceased member at the date of the deceased member's death (or, in the case of (c) above, would have been if born before the death);
- not married or in a civil partnership; and
- the authority determine that the child satisfies any of the following conditions –
 - they are under age 18, or
 - they are in full-time education or on a course of at least one year's duration and have not reached the age of 23, or
 - they were dependent on the member, because of permanent incapacity of mind or body, at the date of the member's death.

Following the death of:

an **active member**, an eligible child would be entitled to a quarter of the pension, which the member would be entitled to draw if, at the date of death, they had retired on the grounds of ill-health with a higher tier ill-health pension.

a **deferred member**, an eligible child would be entitled to a quarter of the amount of pension in the member's deferred account plus half of any added pension in the member's added pension account (see "PAYMENTS FOR ADDED PENSION" on page 13).

a **pensioner member**, an eligible child would be entitled to a quarter of the rate of pension payable to the member immediately before the death (this would be the pension after any commutation or allocation but before any reduction made for early retirement.)

- if there is more than one eligible child it is one half of any of the three pensions mentioned above, divided between the children equally; if one of the children ceases to be an "eligible child" the half pension would be reapportioned between the others.

The effect of divorce on children's pensions

If, at the date of death, the member's benefits had been reduced because of a pension sharing order (see "Divorce or dissolution of civil partnership" on page 28) the specified portion would be based on the member's pension as if the reduction had not been made.

No eligible partner

Sometimes there may be an eligible child or eligible children, but no person entitled to a surviving partner's pension. In these circumstances the pension that would have been paid to the surviving partner (see "Pensions for Surviving Partners" on page 25) will be

paid to an eligible child, or apportioned between eligible children and paid in addition to their eligible child's pension.

TRANSFER OF PENSION RIGHTS OUT OF SCHEME

If you leave employment you can ask for your pension rights to be offered in the form of a transfer value to another pension arrangement. A transfer value is calculated by working out the value of deferred benefits and applying actuarial factors. In effect it is the value of your pension rights expressed as a lump sum. You should compare the offer of benefits the Cash Equivalent Transfer Value would purchase in the new scheme with any alternative benefits in the FPSW 2015 before making your decision about transferring pension rights.

Inter -Service transfers

The above principles would also apply in respect of a transfer of pension rights to FRAs in England, Scotland or Northern Ireland. However, if you leave employment with one Welsh FRA to transfer to another, where you remain a member of FPSW 2015, different transfer arrangements will apply. No transfer payment would be made. Your former authority will provide you with a certificate setting out the entries in your pension accounts held by them and give details of your period of pensionable employment. This would be done automatically if there is no break between your employments. If there has been a break in pensionable service, but not exceeding 5 years, the certificate would be provided at your request. You must give the certificate to your new authority so that they can transfer the details to your new pension account with them.

Special arrangements apply if you hold more than one employment with either or both authorities; you may have to choose from which account, or to which account, the details should be transferred. Your new authority would explain this to you.

If the break in pensionable service is 5 years or more, you would retain your deferred pension account with your previous authority – a transfer to a new active account would not be possible. But if you had an added pension account, it may be possible to transfer the entries in that account to your new employment.

You should check the details in the certificate issued by your former authority. If you believe the details to be incorrect you have the right to challenge their accuracy; if you remain dissatisfied you would have a right of appeal under Internal Dispute Resolution Procedures (see "Rights of appeal" on page 33).

DIVORCE OR DISSOLUTION OF CIVIL PARTNERSHIP THE EFFECT ON PENSION RIGHTS

In the event of divorce, dissolution of civil partnership, annulment or judicial separation, a court may order a pension scheme to pay all or part of a member's entitlement to pension to his/her former spouse or civil partner. This could be in accordance with an attachment order (sometimes referred to as an "earmarking" order) or under the terms of a "pension sharing" order.

The FRA's pension's administrator can provide pensions information, if so requested, for the court proceedings.

An earmarking order could apply to all or part of your retirement pension, potential lump sum, or possibly your lump sum death benefit. If you have already retired, the order may require immediate payment of pension to your former spouse or civil partner. If you are an active or deferred member the order would not have effect until the benefits become payable.

A pension sharing order would have immediate effect. The court would instruct that a percentage of the value of your benefits should be deducted and transferred to a pension credit account which your authority would set up for your former spouse or civil partner (who becomes a "pension credit member" of FPSW 2015).

Pension Credit Member

A pension credit member is entitled to draw their pension at the Scheme's deferred pension age, i.e. State pension age or age 65 if higher. If, at the date that the pension sharing order comes into effect the pension credit member had already reached deferred pension age, their pension entitlement would be put into payment immediately. They have a right to commute part of the pension for a lump sum on similar terms that apply to you (see "Commutation" on page 21) provided that you had not already retired and commuted part of your pension before the pension sharing order takes effect.

If the pension credit member dies before any benefits derived from the pension credit have been paid to them, a lump sum death benefit would be payable, equal to 2.25 times the annual rate of the pension credit pension. Or if they die within 5 years of the pension credit pension coming into payment, and they are under age 75, a death grant would be payable equal to the difference between 5 times their pension and the instalments already paid. There are no survivor pensions attached to a pension credit.

On divorce or dissolution of civil partnership, your former spouse or partner ceases to have any death benefit cover in respect of the portion of the pension you retain after the pension sharing order has been acted upon.

If, at the time of your death you had entered into a new relationship and leave an eligible surviving partner, they would be entitled to a surviving partner's pension based on the portion of pension you have retained after the pension sharing reduction.

However, an eligible child's pension would be calculated on the pension to which you would have been entitled had no reduction been made at all for pension sharing.

PENSIONS INCREASE

Benefits put into payment under FPSW 2015 are increased in accordance with Pensions (Increase) Acts and Orders. Any increase due is paid with immediate effect on ill-health pensions and pensions for surviving partners and eligible children. Otherwise it would be put into payment at or after age 55 when the pension to which it relates is put into payment. In the case of deferred benefits the increase would accrue from the day after the date of leaving FPSW 2015 and paid when the deferred pension is paid.

PAYMENT OF BENEFITS

Pensions are usually paid in arrears in monthly instalments by the FRA.

Lump sums by commutation are paid by the FRA as soon as possible after they become due.

Payment of pensions from active memberships

If the pension is payable at normal pension age, an active member must make a claim for payment; if the claim is received before employment ends, payment will begin on the day after the end of employment. If a claim is not received until after employment has ended, the pension will be paid from a date after the claim is made – the authority would notify the member of this date.

Where an active member is entitled to pension on employer initiated retirement, the pension is payable from the day after Scheme employment ends.

If an active member has chosen the partial retirement option, the pension is payable from the day after the date on which the partial retirement option was exercised.

The first period for which an ill-health pension is payable is the day after the date on which the member's Scheme employment is terminated.

Payment of a deferred pension

A deferred pension is paid from deferred pension age provided that the member has claimed payment. At the member's request it could be deferred further – up to age 75 – or it could be paid earlier, at or after age 55 but with an early payment reduction. If a request is made for early payment of deferred pension on ill-health grounds and the authority has agreed that payment can be made in these circumstances, it would commence from the date on which the deferred member satisfied the ill-health payment requirements. If this date cannot be established, payment would commence from the date of the member's request.

Payment of Survivor Pensions

Pensions for a surviving partner and eligible children will be paid from the day after the date of the member's death. In the case of an eligible child born after the death of the member, payment would commence from the date of the child's birth.

If a child is below the age of 18, the authority will decide who should receive the payments but would require the pension to be applied for the benefit of the child in accordance with the authority's instructions. If, after pensions have been awarded and apportioned between eligible children, the authority is made aware of an additional child who has a valid claim (this would include a child born after the member's death) the authority may make retrospective adjustments to the pensions. (The authority has a right to recover payments or overpayments in circumstances where it is considered appropriate to do so.)

Mental Incapacity

If it appears to the authority that a person, other than an eligible child, is incapable of managing their affairs, e.g. because of mental incapacity, the pension may be paid to someone having the care of the person or to someone who will apply the benefit for the person concerned. Alternatively the authority may determine some other way in which the benefits should be applied for the benefit of the person.

Nomination of a death benefit

You can nominate who you would like to receive the lump sum death benefit, but the authority has absolute discretion as to the recipient(s), including legal personal representatives as named in Grant of Probate or Letters of Administration.

Payment of small pensions

If only a small pension is payable and is less than limits set by HM Revenue and Customs, subject to certain other requirements of the tax rules being satisfied (e.g. the age of the pensioner) the authority may commute the pension to a lump sum. Or the FRA may decide to pay a small pension at less frequent intervals than the intervals at which they normally pay pensions.

EFFECT OF TAX RULES

FPSW 2015 has to comply with rules set by HM Revenue and Customs. There are, for example, limits on the amount of pension and lump sum which can be taken by a pension scheme member before tax charges apply.

The two main limits on your benefits are the "annual allowance" and the "lifetime allowance".

The growth in the value of your pension each year (based on a "pension input period" – see "Explanation of Expressions" on page 37) must be compared with an annual limit set by HM Treasury. If the value exceeds the limit, tax would be due, payable through self-assessment. Or you could elect that the authority should make the payment on your behalf and collect the sum due from your benefit entitlement (this is referred to as the "scheme pays" method).

When benefits are due, the total value must be tested against the lifetime allowance, also set annually. If the value exceeds the limit, tax would be deducted by the authority and paid over to HM Revenue and Customs.

The testing of the value of benefits is in respect of all pension benefits you may have accrued, including from arrangements other than FPSW 2015. Consequently the authority will ask you to provide statements in respect of any other pension arrangement you may have so that they can check the total value of benefits before making payment from the Scheme. The FRA can give you more details of the way in which tax rules work, how benefits are valued, current limits and the tax chargeable.

REDUCTION OR WITHDRAWAL OF PENSION

Benefits may be reduced by an "earmarking" or a pension sharing order issued on divorce, dissolution of a civil partnership, annulment or judicial separation – see page 28.

Also, in certain circumstances a benefit payable under FPSW 2015 can be reduced or withdrawn under forfeiture and "set-off" rules.

A FRA may withdraw the whole or part of a pension, permanently or temporarily, if the person otherwise entitled to it has been convicted of an offence of treason, or an offence under the Official Secrets Acts 1911 to 1989, or an offence committed in connection with their Scheme employment and which is certified by the Welsh Ministers either to have been gravely injurious to the interests of the State or likely to lead to serious loss of confidence in the public service.

A pension would not be paid to a dependant convicted of the murder of the firefighter from whose pension rights a dependant's pension would otherwise be derived; in the case of manslaughter, the fire and rescue authority have discretion to withhold all or part of the pension.

Forfeiture of benefits and/or "set-off" may apply if a Scheme member has a "relevant monetary obligation" to the employer or has caused a "relevant monetary loss" to FPSW 2015 in circumstances arising out of the member's criminal, negligent or fraudulent act or omission – in some cases in connection with their Scheme employment. But if there is a dispute between the member and the FRA about the obligation or loss, the benefits cannot be withheld unless there is a court order or a similar determination following arbitration.

An authority has the power to require a person who may have entitlement to a benefit under the Scheme to provide supporting evidence of entitlement. Failure to do so may mean that benefits are withheld.

HELP FOR MEMBERS AND RIGHTS OF APPEAL

If a member of FPSW 2015, or a dependant, is dissatisfied with a decision made by a FRA (or the failure to make a decision) there are rights of appeal available. There is an appeal procedure for someone who is dissatisfied with a determination that was based on a medical opinion, where they believe the fault lies in the medical opinion. And for other grievances the authority must have in place arrangements for Internal Dispute Resolution Procedures ("IDRP") based on the requirements of the Pensions Act 1995.

Medical Appeals

If the authority is considering whether or not to make an award of an ill-health pension to a firefighter (or to allow early payment of a deferred pension on health grounds), they must first obtain the written opinion of an independent qualified medical practitioner ("IQMP") as to whether the person is permanently disabled for the duties of his/her role and, if so, whether he/she would be capable of any other regular employment. The authority must notify the firefighter of their decision as to award and supply a copy of the medical opinion upon which their determination is based.

If the person is dissatisfied with the award and believes the problem lies in the medical opinion, then he/she can appeal against the opinion to a Board of Medical Referees. (Before this stage, however, if the member provides new evidence of a medical nature and the member and the authority agree, the IQMP can be asked to review the medical opinion in the light of the new evidence.)

A similar process applies if an ill-health award is reviewed and the person is dissatisfied with the outcome – see "Ill-health benefits" on page 19 – and in any other circumstances where a decision has been made, based on medical evidence.

Internal Dispute Resolution Procedures (IDRP)

If the grievance of a FPSW 2015 member, a dependant, or a pension credit member relates to a decision made by the fire and rescue authority unrelated to the content of a medical opinion, or is in respect of a non-medical aspect of the opinion, he/she can use IDRP to seek resolution. The grievance will be considered by the authority and a written response made.

Full details of local medical appeal procedures, the IDRP process, and relevant time limits can be supplied by your authority.

The Pensions Advisory Service ("TPAS")

TPAS is an independent voluntary organisation which provides information and guidance on pension matters. They are available at any time to assist occupational pension scheme members and beneficiaries in connection with any pension query they may have or any difficulty which they have failed to resolve with pension scheme administrators. Their service is free. TPAS cannot enforce pensions action but, if felt appropriate, could recommend a person to put his/her case to the Pensions Ombudsman. They can be contacted at –

The Pensions Advisory Service,
11, Belgrave Road, London, SW1V 1RB
Telephone helpline: 0300 123 1047 Website: www.pensionsadvisoryservice.org.uk

The Pensions Ombudsman

The Pensions Ombudsman can investigate a pension scheme member's complaint of maladministration or a dispute of fact or law between a scheme member and pension scheme managers or employer. However, the Ombudsman cannot help if court proceedings have begun in respect of the dispute or if an appeal has been made to the Board of Medical Referees under FPSW 2015 rules.

The Ombudsman will expect the case to have first been put through Internal Dispute Resolution Procedures. Also, a complainant who writes to the Ombudsman direct will normally be requested to have the case dealt with initially by The Pensions Advisory Service (see page 33).

The Pensions Ombudsman can be contacted at –

The Office of the Pensions Ombudsman,
11 Belgrave Road, London, SW1V 1RB
Telephone: 020 7630 2200 Website: www.pensions-ombudsman.org.uk

The Pensions Regulator

The Pensions Regulator is a regulatory body which came into existence on 6 April 2005 having been set up under the Pensions Act 2004 (replacing the earlier Occupational Pensions Regulatory Authority). It ensures that pension scheme members' interests are protected and that schemes comply with the law.

For example, the Public Service Pensions Act 2013 includes requirements for the governance and administration of public service schemes (including FPSW 2015), and for oversight by The Pensions Regulator. FRAs must comply with The Pension Regulator's Code of Practice No.14 which sets out a framework for governance and administration.

At central level a Firefighters' Pension Scheme Advisory Board for Wales was established from 1 April 2015 and at local level, each FRA as Scheme Manager has a Local Pension Board with responsibility for assisting the FRA to comply with Scheme regulations and other legislation relating to the governance of the Scheme.

The Local Pension Board must have an equal number of employee and employer representatives, a minimum of 4 in total, 2 from each side. They must be conversant with the Scheme rules and have an understanding of the law relating to pensions. It is not a decision-making board although it can review decisions made under the Scheme rules.

The Pensions Regulator deals with issues about pension schemes as a whole. It does not deal with queries about an individual's pension benefits but recommends that a person seeking free information and advice on all types of pensions should approach The Pensions Advisory Service (see page 33). Website: www.thepensionsregulator.gov.uk

Pensions Tracing Service

If you have previous pension rights held in a pension arrangement but have lost contact with the administrators, the Department for Work and Pensions offer a Pension Tracing Service. They can be contacted at –

The Pension Service 9, Mail Handling Site A, Wolverhampton WV98 1LU
Tel: 0845 6002 537 Website:www.gov.uk/find-lost-pension

INTER-RELATIONSHIP WITH THE STATE PENSION SCHEME

Your entitlement to the Basic State Pension is accruing completely separately from your benefits under FPSW 2015 but the schemes are inter-related because FPSW 2015 is currently a “contracted-out” pension scheme.

The State Earnings Related Pension Scheme (“SERPS”) was introduced on 6 April 1978. It provided a second tier element to the Basic State Pension. Occupational pension schemes that could guarantee to offer benefits at least as good as SERPS were allowed to “contract out”. Members of a contracted-out scheme pay a lower, contracted-out rate of National Insurance. The guaranteed element of the benefits is called a “Guaranteed Minimum Pension” or “GMP”. The GMP for a Scheme member is notified to the Scheme administrator by the National Insurance Contributions Office of HM Revenue and Customs. The Scheme administrator must then ensure that the Scheme pension paid to the member or their spouse or civil partner meets the guaranteed level. Another feature of contracting-out is that, at State pension age, the State takes over full or partial responsibility for paying Pensions Increase on that portion of an occupational pension which is equivalent to the GMP.

With effect from 6 April 1997 the terms under which pension schemes could contract out were changed. From this date, a contracted-out pension scheme simply had to guarantee that at least 90% of members would receive benefits equivalent to or better than those set out in a reference scheme test defined by the Department for Work and Pensions. There was no longer a guarantee on an individual basis.

GMPs do not apply to benefits accrued on and from 6 April 1997. FPSW 2015 came into effect on

1 April 2015; therefore the only members who will have a GMP entitlement will be those who have transferred pension rights to FPSW 2015 from a contracted-out pension scheme in which they were a member before 6 April 1997.

SERPS was replaced by the State Second Pension (also known as “S2P”) on 6 April 2002. S2P is still in force. Like SERPS it provides a second tier element of State retirement benefits on top of the Basic State Pension. FPSW 2015 is contracted out of S2P. Consequently, while a member of FPSW 2015 you will not be contributing to S2P.

As you can see from the very brief outline given above, the State Pension Scheme rules can be quite complicated and will vary from person to person. Further changes are due in 2016.

You can request a forecast of your State Retirement Pension from the State Pension Forecasting Team of the Department for Work and Pensions. The Team can be contacted at:

Future Pension Centre, Department for Work and Pensions,
Tyneview Park, Whitely Road, Newcastle upon Tyne, NE98 1BA

Telephone: 0845 3000 168

The following website gives more information about the State Pension Scheme:

www.gov.uk/browse/working/state-pension

EXPLANATION OF TERMS AND EXPRESSIONS

Expression	Explanation
active member	A serving firefighter who is a member of the Firefighters' Pension Scheme (Wales) 2015, i.e. not having opted out or retired (fully or partially) on pension.
active member account	See the explanation on page 16.
added pension	See the explanation on page 13.
allocation	See the explanation on page 24.
added pension account	See the explanation on page 13.
assumed pensionable pay	See the explanation on page 14.
authority	A fire and rescue authority for an area in England as set out in section 1 of the Fire and Rescue Services Act 2004. The Firefighters' Pension Scheme Regulations 2014 refer to an authority responsible for a person's pension entitlement under the Scheme as a "scheme manager".
child and eligible child	See the definitions in "Pensions for eligible children" on page 26.
child related leave	In this guide can mean maternity, paternity, adoption, parental leave or shared parental leave.
civil partner	The person with whom a firefighter has formed a civil partnership.
cohabiting partner	See the explanation of "surviving partner" in "Pensions for surviving partners" on page 25.
commutation	The conversion of part of an annual pension into a lump sum payment as explained in "Commutation" on page 21, or the conversion of the

Expression	Explanation
	whole of a small pension into a lump sum – see "Payment of benefits" on page 30.
contracted-out	See "Inter-relationship with the State Pension Scheme" on page 36.
deferred pensioner member	A former active member who leaves the Scheme before being entitled to immediate payment of retirement pension - see the explanation on page 22.
deferred pension age	Is the same as a person's State pension age, or age 65 if higher.
employer initiated early retirement pension	See the explanation in "Retirement pension" on page 18.
final pay	See the explanation in "Lump sum death benefit" on page 24.
FPS 1992	The Firefighters' Pension Scheme 1992, i.e. the pension scheme set out in the Firemen's Pension Scheme Order 1992.
NFPS 2007	The Firefighters' Pension Scheme (Wales) 2007, i.e. the pension scheme set out in the Firefighters' Pension Scheme (Wales) Order 2007.
FPSW 2015	The Firefighters' Pension Scheme (Wales) 2015, i.e. the pension scheme set out in the Firefighters' Pension Scheme (Wales) Regulations 2015.
ill-health benefits	See the explanation on page 19.
Internal Dispute Resolution Procedures	See "Rights of Appeal" on page 33.

lump sum death benefit	A lump sum payable on the death of a serving firefighter, or a pensioner or pension credit member of FPSW 2015 in certain circumstances – see page 24.
medical opinion/certificate	A certificate containing the written opinion of an independent qualified medical practitioner.
normal pension age	The age at which, if a person retires, pension benefits would be payable immediately without any early retirement penalty – this is age 60 in FPSW 2015.
partial retirement	Electing to draw pension at or after age 55, but continuing in pensionable service.
pensionable pay	See the explanation on page 14.
pensionable service	Service as a member of a pension scheme.
pension credit member	See the explanation in "Divorce or dissolution of a civil partnership" on page 28.
pension input period	This is the 12-month period used to determine the growth in pension each year as required by HM Revenue and Customs. Fire and rescue authorities nominate 31 March as the end of each pension input period.
qualifying service	This is the service which is used to decide if a person is eligible for benefits, (a minimum of 3 months is normally required). It includes any pensionable service under the Scheme, the period of pensionable service under another occupational scheme where those pension rights have been transferred, and for "transition members" with continuity of service, pensionable service under FPS 1992 and/or qualifying service under NFPS 2007.
regular employment	When testing a person's entitlement to an ill-health award means employment for at least 30 hours a week on average over a period of not less than 12 consecutive months beginning with the date on which the issue of the person's capacity for employment arises.
reserve forces service leave	Absence from duty because of being called out or recalled for permanent service in the armed forces, or absence during relevant

	training.
role	The role in which a firefighter is for the time being employed, being a role set out in "Fire and Rescue Rolemaps" issued by the National Joint Council for Local Authority Fire and Rescue Services in August 2005.
Scheme	In this guide means the Firefighter's Pension Scheme (Wales) 2015.
Scheme actuary	The actuary appointed by the Welsh Ministers.
scheme year	A period of one year beginning with 1 April and ending on 31 March.
spouse	The person to whom a firefighter is legally married.
State pension age	This is currently subject to change. For the latest information, see www.gov.uk/calculate-state-pension
transition member	A former member of FPS 1992 or NFPS 2007 who is compulsorily transferred to FPSW 2015.

SUMMARY OF THE PROVISIONS OF THE FPSW 2015

Membership	is open to firefighters who took up employment on or after 1 April 2015 and whose role includes resolving operational incidents or leading and supporting others in the resolution of such incidents, and to firefighters who are transition members.
Basic contribution rate	is a percentage of your pensionable pay determined by the pay bands shown in the Table on page 10. For the period 1.4.2015 to 31.3.2016, the contribution rates range from 10.0% to 14.5%.
Payments for added pension	can be made by the member, in the form of periodical payments or lump sum, to increase the member's pension and death benefits.
Previous pension rights	subject to certain conditions, may be transferred to increase the FPSW 2015 pension.
Normal pension age	<p>is age 60, the age at which a member can draw retirement pension without any reduction for early retirement. However a member could choose to draw the pension at or after age 55 but before normal retirement age but it would be subject to a reduction for early payment. In the case of an "employer initiated retirement" e.g. where the FRA offers early retirement to a member aged 55 or over but under age 60, the early retirement reduction would not apply – the FRA would pick up the cost of early retirement.</p> <p>(If a member chooses not to take their pension until after normal pension age, there may be an age increase applied when it is eventually drawn).</p>
Basic principle of assessment of pension	<p>is "CARE", i.e. career average revalued earnings. At the end of the first scheme year (1 April to 31 March) a proportion of an active member's pensionable pay and any assumed pensionable pay for that year is placed into a pension account. The proportion is as follows:</p> <p>$(1/61.4 \times \text{pensionable pay}) \text{ plus } 1/61.4 \times (\text{assumed pensionable pay})$</p> <p>At the start of the second scheme year the pension accrued in the first year is revalued in line with a Treasury index, based on changes in average weekly earnings, to provide an opening balance for that second year.</p> <p>At the end of second year a proportion of pensionable pay and any assumed pay based on the above formula is added to the opening balance.</p>

At the start of the third year, the pension accrued in the second year plus the opening balance for that year, is revalued in line with the Treasury index. This is the opening balance for the third year.

This process continues on a year-by-year basis for so long as the person is an active member of the Scheme. The final pension will reflect their earnings over their whole period of membership, plus annual revaluation.

Deferred pension

is the pension to which a person would be entitled if leaving the Scheme but not eligible to draw their pension on age grounds nor entitled to an ill-health award. The active member's account would be closed and the accrued pension transferred to a deferred member's account. It would be put into payment at deferred pension age which is the member's State pension age or age 65 if higher. It may be paid earlier than this if certified ill-health would prevent the person from undertaking regular employment.

Ill-health award	<p>can be payable from any age, to a person who leaves because of permanent disablement, subject to the authority's determination of award which would be based on the opinion of an independent qualified medical practitioner.</p> <p>There is a lower tier ill-health pension which would be awarded if the person is incapable of performing any of the duties of the role in which last employed, because of incapacity of mind or body which will continue until normal pension age (60). A higher tier pension would be paid if, additionally, the person will be incapable until normal pension age of undertaking regular employment because of incapacity of mind or body.</p> <p>Entitlement to an ill-health award would be kept under review by the authority for so long as the recipient has been receiving the award for less than 10 years and is under deferred pension age (State pension age or 65 if higher).</p>
Commutation	<p>allows a firefighter to give up part of his/her annual pension to provide a one-off payment of a lump sum. For every £1 of pension commuted, £12 lump sum would be paid. The portion of pension commuted must not be greater than 25% nor exceed relevant tax limits.</p>
Death benefits	<p>are provided in the form of a lump sum death benefit of three times final pay for a member who dies in service, or a 5 year guarantee where the firefighter has retired and a pension is in payment, i.e. 5 times annual pension less any instalments already paid. Pensions are provided for surviving partners and for eligible children.</p>
Effect of divorce or dissolution of civil partnership	<p>depends upon the decision of the court. If the court issues an "earmarking" order, it may instruct that all or part of the death grant, pension, or lump sum by commutation may be paid to the former spouse or civil partner at the time those benefits would normally be paid to, or in respect of, the FPSW 2015 member. If, instead, the court issues a pension sharing order, from the effective date of the order part of the firefighter's accrued value of pension rights will be deducted to provide benefits for the former spouse or civil partner who becomes a "pension credit member" in FPSW 2015.</p>
Pension credit member's benefits	<p>are provided for the former spouse or civil partner of a FPSW 2015 member in the event of a court issuing a pension sharing order on divorce or dissolution of a civil partnership. The benefits are payable from deferred pension age, i.e. State pension age or 65 if higher, or the date of divorce/dissolution if later. The pension credit member would receive a pension, with the option of a lump sum by commutation provided the firefighter had not already commuted part of his/her pension. A death grant of 2.25 times the annual pension would be paid</p>

	if the pension credit member dies before his/her pension is due to come into payment. There is a 5 year guarantee where the pension credit is in payment, i.e. 5 times annual pension less any instalments already paid.
Pensions Increase	is a "cost-of-living" increase is applied to members' and dependants' pensions, usually on an annual basis, in accordance with Pensions (Increase) Acts and Orders.
Rights of appeal	can be used if dissatisfied with the decisions of the FRA, or the medical opinion on which certain decisions are based.

WHERE CAN I GET MORE INFORMATION?

If you –

- need more information about any of the provisions of the Firefighters' Pension Schemes,
- require forms relating to any of the options,
- would like a statement of retirement benefits or transfer value,

you should contact:

South Wales Fire and Rescue Service

Forest View Business Park

Llantrisant

CF72 8LX

Tel: 01443 232000

E-mail: swfs@southwales-fire.gov.uk

Mid and West Wales Fire and Rescue Service

Fire Service Headquarters

Lime Grove Avenue

Carmarthen

SA31 1SP

Tel: 03706 060699

E-mail: mail@mawwfire.gov.uk

North Wales Fire and Rescue Service

Fford Salesbury

St Asaph Business Park

St Asaph

Denbighshire

LI17 0JJ

Tel: 01745 535250

E-mail: julie.brown@nwales-fireservice.org.uk

Please remember that although the FRA and their pension administrators can give you details of benefit entitlement or options under the Firefighters' Pension Schemes, they are not permitted to advise you to take any particular course of action when a choice arises. If you are uncertain what steps to take, it is suggested that you seek the assistance of a suitably qualified independent financial adviser (some advisers may charge for this service).