

NEWSLETTER-AUGUST 06

PENSIONS – ANOTHER UPDATE!!

New Firefighters Pension Scheme (NFPS)

The NFPS was introduced on 6th April 2006 and provides retirement and ill-health pensions for all personnel, including RDS.

It was originally intended that every RDS person would be sent an individual set of “*Option*” documents between October and December that would provide them with sufficient information to enable them to declare whether they wished to join the scheme or not. Contribution rates will be set at 8.5% of RDS earnings, and personnel would be able to “buy back” service to 6/4/06.

The RFU has now learned that the “*Options*” exercise will not now take place until January to March 2007. This is due to a combination of delays in implementing legislation and to give fire authorities time to prepare the necessary papers.

A model guide to the NFPS for RDS personnel, produced by the Department for Local Government and Communities, and intended to be sent to every RDS member by their employing fire authority, is available on the RFU Website. This contains further information and examples of benefits.

Safeguarding before Options Exercise

The RFU has sought clarification and we understand that in the event of any death, permanent disability or ill-health retirement of RDS personnel, before individuals have had the chance to exercise their option to join the NFPS, will be treated as though the individual had exercised their option to join. This means that pension benefits would be payable.

However, further clarification is being sought on when a Fire Authority can make such payments, as it may be that these cannot actually be paid until the relevant legislation has been enacted. Further guidance will be given in due course.

The Firefighters’ Compensation Scheme

With effect from 6/4/06 the injury pension and death benefit provisions in the old pension scheme (FPS) and the Grey Book have been removed to a separate Firefighters Compensation Scheme. This applies to all personnel, including RDS, is non-contributory and provides injury pension benefits to personnel who suffer a permanent disability due to a qualifying injury on duty. Dependent benefits are also provided where a firefighter dies from the effect of an on-duty injury.

These provisions now cover all RDS personnel, from 6/4/06, and operate regardless of whether RDS personnel opt to join the FPS.

However, it is important that RDS personnel note that their benefits under the NFPS and the new Compensation Scheme are now based on *actual RDS earnings*, not as previously when they were based on their wholetime equivalent.

The exception to this, the Government has announced, after RFU lobbying, is that protection will apply to RDS personnel who were in post at 5/4/06. Providing RDS personnel join the NFPS for retirement benefits, their death and injury benefits only (not their retirement benefits) will be based, as before, on their equivalent wholetime salary. But, you will need to join the NFPS, when the Options Exercise allows you to in order to qualify for this protection

Backdating of Pensions

Although there will be provision under the NFPS for purchasing additional benefits, this is likely to be expensive.

In the meantime, the House of Lords has ruled, under legal action originally initiated by the RFU, that RDS personnel may be entitled to claim entry to the old FPS, backdated to 1/7/2000. However, this has yet to go back to the original Employment Tribunal and this is not expected before February 2007.

If RDS personnel are eventually admitted to the FPS from 1/7/2000, they would have to pay arrears, at the rate of 11% of RDS earnings.

NB. The safeguarding of injury and death benefits on wholetime equivalent pay, announced by the Government, only applies to RDS personnel if they join the NFPS, and not to backdated entry to the old scheme.

Voluntary Stakeholder and Money purchase Schemes

The RFU has asked for a meeting of the Fire and Rescue Services that provide these voluntary schemes for RDS, together with the pension providers and DCLG officials. It is hoped that this will enable RDS personnel who are members of the existing voluntary schemes to be given options in relation to these schemes.

Retired Personnel

We think it is appalling that the selfless service of retained personnel over the years was not rewarded with modest pension benefits when they eventually hung up their boots. The RFU has been the only organisation in the fire service over the past 30 years that has promoted pensions for retained.

The problem has been that until the start of the European legislation on equal rights, there was little we could do without support from everyone else in the fire and rescue service. Under EU laws the RFU has promoted Employment Tribunal applications over the last 20 years, initially on the grounds of sexual discrimination and more recently under laws banning discrimination against "part-time" workers.

We believe that it may be possible for personnel who retired after 1/7/00 to claim back pension rights after that date under the part-time discrimination laws, subject to the House of Lords ruling being backed by the Employment Tribunal hearing next February.

Tribunal claims for pension benefits before 2000 are "stayed" pending the outcome of that decision next February. There are still considerable hurdles to be overcome in any further backdating prior to the year 2000.

The Way Forward

Although there is some progress on RDS pension benefits, the RFU believes that more could be done to resolve a number of conflicting issues. Chief amongst these would be to resolve the one that went before the House of Lords. We believe the way forward is to:

- Give RDS personnel backdated pension rights from 1/7/00, but under the NFPS, instead of the FPS.
- This would mean arrears of contribution paid at the rate of 8.5% instead of 11%
- This would also mean that 6 years backdating under the FPS would be worth approximately 8 years benefits under the NFPS
- Furthermore, safeguarding of injury and death benefits would apply to service in the NFPS, but not under the FPS

The RFU has been promoting these suggestions with the National Employers, the Government and through the Firefighters Pension Committee, but it seems the continuing FBU legal action is holding up an early resolution.

Find out more and register for advice at "RFU Money"

We realise how confusing these issues can be for members, which is why we have launched independent support and advice arrangements for our members. You can find a lot more detail about these changes on the RFU website under "RFU Money". You can also join the growing number of RFU members who have contacted advisers on 0870 191 5973.