

RFU National News

Newsletter for the Retained

Vol. 3 Issue 07



Background to these changes:

- The RFU has been championing the case for pensions for RDS personnel for over 20 years. The normal negotiating machinery, from which we were excluded, has failed retained personnel.
- The RFU has promoted 16 voluntary schemes where some fire and rescue authorities pay a contribution to a stakeholder scheme. These will have to be brought into the new arrangements.
- The White Paper "Our Fire and Rescue Service", published in June 2003, promised to:

"introduce an appropriate pension scheme for retained firefighters, recognising the variety of personal circumstances involved"

- RDS personnel could have had retirement pensions much earlier. The initial proposals for these changes in the pension scheme were originally put forward by the Government six years ago, but were dropped due to increasing threats of strikes by the FBU.
- The RFU proposals for a voluntary pension scheme were supported by our employers, but were held up by the FBU's court action, which is still ongoing.
- The RFU has been appointed by the Minister to a newly established Firefighters Pension Committee, which will oversee the introduction of the new RDS pension arrangements after the conclusion of the current consultation.

Pensions for Retained Firefighters

SUMMARY

The Government has produced its consultation documents on changes to the Firefighters Pension Scheme (FPS). These include proposals that are very significant for personnel on the Retained Duty System (RDS), including:

- Major changes in the existing death and serious injury benefits that are currently paid to dependents and to disabled RDS personnel arising from an on-duty incident.
- The opportunity for RDS personnel to qualify in future for a retirement pension.

Full details of these proposals can be found on the RFU and ODPM websites.

The RFU is now putting together its responses to this consultation exercise, and welcomes further member input before the closing date of 14th January 2005. A summary of the changes is shown below, together with comments already received from members and those made at a meeting of the RFU's National Executive Council on 6th November 2004.

Pension Proposal-existing 1992 scheme - closed to new entrants after 31/3/06, but continued for serving personnel who do not opt into the new scheme

| | |
|-----------------------------|--|
| Eligibility:- | All RDS personnel automatically covered. |
| Contribution:- | Nil. |
| Retirement Pension:- | Nil. |
| Retirement Age:- | 55 (but likely to be changed to 60 within next 12 months). |
| Injury Benefits:- | <p>Pension based on what a wholetime firefighter of the same rank/role and service would receive:</p> <p>An injury pension plus lump sums based on length of service, equivalent wholetime pay and the effect of the injury on future earnings capacity.</p> <p>The injury pension is a guaranteed minimum income of between 15% and 85% of the equivalent wholetime salary.</p> |

Death/Dependents benefits:- 13 weeks pay of equivalent wholetime firefighter, and then-
 A widow/widowers pension of 45% of the equivalent pay (50% if death occurs while saving/protecting life), plus.
 10% of equivalent pay for each child, up-to 4 children max, up-to age 16 or until ceasing full-time education.
 Lump sum gratuity of 2 x equivalent pay.

Notes

In addition to the above, the Grey Book also provides benefits where death or permanent incapacity is due to accident on duty, (including journeys to or return from station), and providing in the event of death, the individual has left dependents (including partners).

- 5 times pay of qualified firefighter
- less any damages compensation received
- less any lump sum gratuities paid under the FPS
- reduction for default or negligence

In the event of death, and where there are no dependents, a sum of £950 will be paid to the estate.

NB-these Grey Book benefits apply to all serving RDS personnel until 31/3/06, as well as death and injury benefits under the FPS.

Pension Proposals - New scheme from 1/4/06, open to all new RDS personnel and existing serving RDS personnel, if they opt in

| | |
|--|--|
| Eligibility:- | All new entrants after 1/4/06 Existing RDS personnel who opt in* (see note 1 below). |
| Contribution:- | 7-8% (depending upon actual benefits agreed after consultation). |
| Retirement Pension:- | Final Salary Scheme 1/60 th of Pensionable salary for each year's service, with lump sum option (likely to be uniform commutation rate=£12 for each £1 pension). Or 1/80 th of Pensionable salary for each year's service, plus automatic lump sum. |
| Dependents Benefits:- | Half pension paid to widow, now to include partners. |
| Retirement Age:- | None-based on capability. |
| Normal Pension:- | 60 or 65, subject to current consultation, with option for fire authority to Age retire on efficiency grounds at 55 (with actuarially reduced benefits). |
| Death Benefits:- | Nil *(see note 2 below). |
| Survivor Benefits:- | Similar to existing, but extended to civil partners. |
| Deferred Benefits:- | At age 65. |
| Enhancement for Ill-Health Retirement:- | Only if unable to undertake any gainful employment (likely to apply to existing scheme from 1/4/06). |
| Added Years Purchase:- | 19-24% of pensionable pay for each added year bought. |

Pension increases:-

Annually in line with RPI.

Notes

Note 1 The consultation document states:

“existing retained duty system personnel will have the option to join but would need to recognise that this could limit rights currently available to them for injury benefits under the 1992 scheme (see also 4.6 and 4.8 of consultation document)”.

Note 2

Permanent disability pensions or death benefits will be combined with the existing Grey Book benefits in a new scheme outside the FPS. The outcome of this is that RDS personnel on the new scheme **will only receive a proportion of the current death and injury benefits**. This is due to the necessity to avoid RDS personnel receiving more than a part-time regular (wholetime) firefighter who works less than 42 hours a week. As a very rough guide, a retained firefighter who has pensionable pay of £5k pa would receive 1/5th of the injury and death benefits of a wholetime firefighter paid £25k pa.

Death and Injury benefits after 1/4/06

The Government does not intend to publish its proposals for separate death and injury benefits until after the end of the consultation on its pension changes. The following is our understanding of what the new scheme may include. These benefits will be applicable to all new entrants after 1/4/06, **and** existing serving personnel who opt into the new FPS in order to take advantage of the retirement pension.

Death or **permanent incapacity** (i.e. unable to undertake any employment)-currently in the Grey Book:

- 5 times pay of qualified firefighter, **but reduced** to take account of “part-time” working (e.g. if pensionable pay equals £5k, then benefit would approx be 1/5th of wholetime firefighter earning £25k)
- less any compensation received
- reduction for default or negligence

Plus

Death and Injury benefits previously included in the 1992 FPS, and all **subject to reduction** for “part-time” working.

- Lump sum of 3 times pensionable pay (previously 2x), plus dependents pension, based on pensionable pay.
- Injury- a sliding scale for an injury pension, based on the severity of the injury and the effect on future earnings capacity. It is understood the existing 4 bands of injury severity will be expanded, with the likelihood that a new lower band will establish an individual has a qualifying injury, but no injury pension would be payable, although this would provide for payments to start in the future if the condition deteriorated.

NB

The effect of the reduction for “part-time” working is likely to mean that an injury pension will only provide compensation for the loss of RDS income, and will no longer provide for loss of all/some income from primary employment.

Summary of RFU'S views on the consultation -meeting the needs of our members

It is going to be very difficult to advise members on whether they should join the new pension scheme or stay in the existing scheme. In principle, the new scheme, with a final salary retirement pension, to which the individual only contributes one-third, has to be attractive. But to counter this, there will be a substantial reduction in death and injury benefits when compared with the existing scheme.

However, there are still many issues that are not yet settled, and they won't be until after the consultation period ends in the New Year. Our view is that we need clarification on a number of important issues, including:

- We have asked the employers to look at flexible options in line with previous Government commitments to retained firefighters.
- We need more details of the proposals for new death and injury provisions.
- We need guarantees that existing death and injury benefits will be preserved.
- Consideration needs to be given to non-worsening for existing personnel.
- Retirement ages need clarification, and should be flexible and tied to fitness and willingness to serve.
- Pensionable pay for RDS personnel needs determining, as the current proposals exclude the retaining fee.
- The existing 16 voluntary schemes need to be brought into the new arrangement.
- The employers should accept responsibility for delays in introducing pensions for RDS, and allow subsidised buyback of service.
- New RDS pay systems need to be brought into pension arrangements.
- RDS pension arrangements need to focus on recruitment and retention.
- There should be no limit on the payment of injury pensions for wholetime personnel undertaking RDS duties.
- The new injury/death benefits must protect RDS personnel who lose income from their primary employment due to an on-duty accident.
- RDS retirement pensions must be easily transferable for personnel who leave the retained service (under the proposals they will have to wait until they are aged 65, which is of little benefit when the average length of service is now only 8 years).
- Safeguards will have to be introduced to ensure fire and rescue authorities do not keep unfit RDS personnel in the Service, to avoid paying injury pensions.

Clearly, retained personnel have been badly let down in the past. However, the RFU will now be part of the consultation and ongoing process to determine RDS pension provision in the future. We need your views and support – so tell us what you think of the current proposals.