

# Retained firefighters

and the modified pension scheme



CARE about your future

# Retained firefighters and the modified pension scheme

This factsheet is for retained firefighters who chose to join the modified scheme and pay backdated contributions to secure past membership rights.

## A quick reminder

**A few years ago, retained firefighters successfully argued that they should have the same pension rights as their full-time regular colleagues.**

On 6 April 2006 the New Firefighters' Pension Scheme 2006 (Fire 2006) was launched with membership open to new full-time firefighters and all new and existing, retained firefighters.

Although retained firefighters now had access to the same pension rights as their full-time colleagues, they were still missing out on potential pension and lump sum worked out on the firefighter basis that they could have earned if they been allowed to join the firefighter scheme earlier.

The scheme available to full-time regular firefighters before 6 April 2006 was the Firefighters Pension Scheme 1992 (Fire 1992). This scheme was closed on 5 April 2006 and so it was not possible to offer backdated benefits in this scheme for retained staff. Instead, a new section of the Fire 2006 scheme was set up giving retained firefighters their own modified version of Fire 1992.

## What benefits does the modified scheme provide?

The benefits are comparable to those in Fire 1992. The main terms of the modified scheme include:

1. **A pension of 1/45 of your final pensionable salary for each year of membership payable in full from age 55 if you retire from active service. If you retire having previously left service, you can retire from age 60.**
2. **The same contribution rates as Fire 1992. This is 11% for service before 1 April 2012 and tiered contributions for service after 1 April 2012.**
3. **The ability to convert some of your annual pension into a lump sum.**
4. **An in-service Death Grant of twice your pensionable pay.**
5. **The same ill-health retirement benefits as Fire 2006.**

It also allows you to:

- Increase your pension and potential lump sum by paying more to buy extra 1/45 of pensionable service.
- Convert any Fire 1992 or Fire 2006 service to service in the modified scheme.
- Transfer-in pension benefits from other pension schemes you have joined in the past (provided that you've not already had the option to transfer in this service as a member of the standard Fire 2006 scheme).

## Who could join the modified scheme?

You could join the modified scheme, if you had worked as a firefighter in Scotland between 1 July 2000 and 5 April 2006 – even if you had since left or retired from the service.

## Is the scheme still open?

No. The modified scheme is now closed and was open only for service earned between 1 July 2000 and the date you joined Fire 2006.

## I didn't join the modified scheme even though I was in service between 1 July 2000 and 5 April 2006. Is it too late for me to join?

Yes, the opportunity to join the modified scheme ended on 30 September 2015.

## The current position

**Fire 2006 closed on 31 March 2015 and was replaced by a new scheme – the Firefighters Pension Scheme (Scotland) 2015 (Fire 2015).**

Unless you fall into one of the categories set out under the Exceptions listed on the right, when you retire you will receive benefits earned in the following pension schemes:

- 1. The Modified Scheme (if you joined) for any service between 1 July 2000 and the date you joined Fire 2006.**
- 2. Fire 2006 for service between the date you joined this scheme and 31 March 2015.**
- 3. Fire 2015 for service since 1 April 2015.**

## Exceptions

### Special members

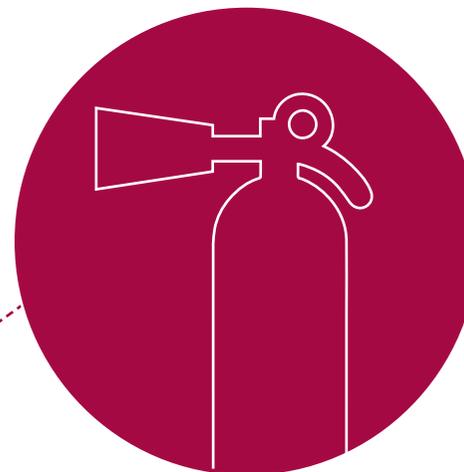
When you joined the Modified Scheme, you had the option to transfer across all your Fire 1992/2006 service. If you did so, you will have no further benefits in Fire 1992/2006 as these will be paid from the Modified Scheme.

### Members with full or tapered protection

You will not join Fire 2015 if you've received a letter to say you have full protection.

If you've been told you have tapered protection, you will stay in Fire 2006 (if you joined it) until your protection expires when you will then automatically join Fire 2015. This is the same for all firefighters in Scotland – whether regular or retained.

Information about Fire 2015 is available elsewhere on our website at [www.2015.sppa.gov.uk](http://www.2015.sppa.gov.uk). Click on 'Forms and publications' under the 'Tools and resources' tab.



## Claiming your tax relief from HM Revenue & Customs (HMRC)

Your pension contributions attract tax relief at your highest rate of tax.

Your current contributions paid to either Fire 2006 or Fire 2015 are given tax relief automatically because your contributions are deducted from your gross pay before tax is applied.

To join the modified scheme, you agreed to pay a lump sum pension contribution towards the cost of providing the backdated service which would count towards your pension and lump sum. You will not yet have received your tax relief on this lump sum payment.

To claim your tax relief, you must contact HM Revenue & Customs (HMRC) direct who will ask you for a breakdown of your contributions.

Scottish Fire and Rescue Service embarked on a project to work out everyone's payments and have since handed over their records to the Scottish Public Pensions Agency, who are continuing with this work.

While we are working through these calculations as quickly as we can, unfortunately it's taking a lot longer than we had hoped to reconcile all of the contributions so that we can provide you with the information you need to pass to HMRC.

## I'm due to retire soon, having transferred all my Fire 1992/2006 benefits into the modified scheme. Will I lose out on my potential tax relief if I retire before this issue is resolved?

No. We will deduct pension contributions, made as a result of your decision to buy back past service benefits, from your benefits. You will then need to contact HMRC to find out how you can claim back any retrospective tax relief on these contributions.

We are still waiting for clarification from HMRC on how tax should be worked out on the payment of arrears of pension (pensions are treated as income for tax purposes but your lump sum is tax free).

We have been instructed to initially deduct tax under the normal PAYE arrangements. You will need to contact HMRC direct to see if you can claim any of this tax back – we will provide you with the support and information you need to enable you to do this when we set up your payments.

## My backdated contribution has resulted in me paying more than HMRC's maximum allowance for tax relief (£40,000 2015/16 tax year). I understand that this could mean I'm taxed on these payments. Is this right?

Yes, but HMRC will allow you to take into account unused tax relief from the tax years 2011/12 to 2013/14, which could reduce or remove any tax payment. You should speak to your financial adviser or accountant to find out more.

## Any questions?

You can contact us in the following ways:

### Write:

Scottish Public Pensions Agency

7 Tweedside Park,

Tweedbank,

Galashiels, TD1 3TE

Telephone: 01896 893080

Email: [sppafirepensions@scotland.gsi.gov.uk](mailto:sppafirepensions@scotland.gsi.gov.uk)

