



## Annual Benefits Statement 2019 Frequently Asked Questions

**Q I transferred in some previous pension rights – is this included in the figures?**

A Yes – in cases where members have transferred former pension rights and been awarded a service credit (or additional pension) this has been included in the calculation of the pension figures.

**Q What counts as pensionable pay?**

A The pensionable pay upon which you pay contributions is defined as the amount determined in relation to the duties of your role.

**Q I was/am a member of the Firefighters' Pension Scheme 1992, but do not benefit from full protection – when can I access my 1992 Scheme benefits?**

A You can access your 1992 Scheme benefits from age 50 with 25 years' service. Your pensionable service in the 2015 Scheme counts for the purpose of determining your total pensionable service, in this regard. However, you must retire in order to access your 1992 Scheme benefits.

**Q I was/am a member of the Firefighters' Pension Scheme 1992/Firefighters' Pension Scheme 2006, but I will also have 2015 Scheme membership when I retire – what final pay will be used for my 1992 Scheme/2006 Scheme benefits?**

A Members who have transitioned (or will transition) to the 2015 Scheme will benefit from a 'final salary link' and transition date protection; which means that the average pensionable pay (1992 Scheme) or the final pay (2006 Scheme) will be assessed at both the point you leave the 2015 Scheme, and at the point of transitioning to the 2015 Scheme. The higher of the two will be applied to your final salary benefits. In most cases, this will be your pensionable pay averaged over the last 365 days of pensionable service, as long as you remain a member of the 2015 Scheme until retirement. If either of the two preceding periods of 365 days would yield a greater amount, the final pensionable pay from one of those earlier periods will be substituted for the final year's pay. As a further protection, if your pensionable pay has dropped whilst a member of the 2015 Scheme, the 'high point' pensionable pay will be used in the calculation of your final salary benefits, should this yield a higher pension than the pensionable pay at your transition date.

**Q How do my 2015 Scheme benefits build up?**

A The build-up rate for the 2015 Scheme is 1/59.7 – so, for every year of 2015 Scheme membership, you accrue 1/59.7 of your pensionable pay for that year. In effect, you build up a slice of pension for each year of Scheme membership.

Each of these slices is revalued with reference to the movement in National Average Earnings. However, for the year of leaving, you may only receive a proportion of the total revaluation percentage applying for that year; and this may not be applied until the 31<sup>st</sup> March following your date of leaving.

**Q How much is my 2015 Scheme pension reduced by if I retire early?**

A If you choose to take your 2015 Scheme benefits before the age of 60, a reduction based on the Scheme Actuary's guidance is applied to reflect the cost of early payment.

The Scheme Actuary reviews this guidance from time to time. The current reduction factors are as follows (they show the reduction factor applying to the 2015 Pension, based on the number of years and months it is paid before the age of 60):-

Years/Months Early	0	1	2	3	4	5	6	7	8	9	10	11
5	0.787											
4	0.823	0.820	0.817	0.814	0.811	0.808	0.805	0.802	0.799	0.796	0.793	0.790
3	0.863	0.859	0.856	0.853	0.850	0.846	0.843	0.840	0.837	0.833	0.830	0.827
2	0.905	0.902	0.898	0.894	0.891	0.887	0.884	0.880	0.877	0.873	0.870	0.866
1	0.951	0.947	0.943	0.939	0.935	0.932	0.928	0.924	0.920	0.916	0.913	0.909
0	1.000	0.996	0.992	0.988	0.984	0.979	0.975	0.971	0.967	0.963	0.959	0.955

**Q How much of my Firefighters' Pension Scheme 1992 pension / Firefighters' Pension Scheme 2015 pension am I able to commute to provide myself with a lump sum?**

A In terms of the 1992 Scheme, in most cases a quarter of the pension can be commuted. However, if you retire between the ages of 50 and 55 with at least 25 but less than 30 years' service (remembering that your service in the 2015 scheme counts towards this total), the maximum tax free lump sum is your 1992 scheme pension multiplied by 2.25.

In terms of your 2015 Scheme benefits, the maximum commutation permitted at retirement is 25% of your total pension.

**Q When I retire, is my pension and lump sum taxed?**

A Pension income paid to you is treated as earned income for income tax purposes, so you will pay income tax on any income above your tax-free Personal Allowance. However you don't pay any National Insurance contributions on your pension income.

Current tax rules allow you to take a lump sum from the 1992 Scheme up to the value of 25% of the cash value of your pension benefits. In some cases members of the 1992 scheme are able to take a lump sum which exceeds this limit and will therefore be taxable. You will be given the choice at retirement whether you want to commute as much as you can and therefore incur a tax charge, or commute the maximum you can before you have a tax charge.

Your lump sum from the 2015 Scheme is paid tax-free.

**Q What happens if I leave the Firefighters' Pension Scheme 1992 before I reach the age when I am eligible to receive my benefits?**

A If you have at least two years to count towards qualifying service, and you either leave active service, or cease to be a member of the 1992 Scheme by opting out, you are entitled to a deferred pension (unless you have transferred your 1992 Scheme rights to another pension scheme). Deferred Pensions are payable at age 60, but may come into payment earlier on grounds of ill-health.

**Q What happens if I leave the Firefighters' Pension Scheme 2006 before I reach the age when I am eligible to receive my benefits?**

A If you have at least 3 months' qualifying service, and you either leave active service, or cease to be a member of the 2006 Scheme by opting out, you are entitled to a deferred pension (unless you have transferred your 2006 Scheme rights to another pension scheme). Deferred Pensions are payable at age 65, but may come into payment earlier on grounds of ill-health.

**Q What happens if I leave the 2015 Scheme before I reach the age when I am eligible to receive my benefits?**

A Your 2015 Scheme benefits will become deferred, and will be due into payment from your state pension age. You can elect for payment of your deferred benefits from age 55, but this will be subject to a reduction to take account of their early payment.

**Q Who is my death grant paid to?**

A The Fire Authority would pay the death grant to your legal spouse or civil partner provided you were not living apart at the time of death - this means more than a physical separation, e.g. as would be the case if you were away from home attending a training course; it implies recognition by at least one of the spouses or partners that the marriage or partnership is at an end.

If you are unmarried, not in a civil partnership, or are "living apart", the death grant would be paid to your personal representatives.

There is no death grant payable if, at the date of death, a firefighter had already left the service or opted out of the Scheme.

If you were to die in service as a member of the 2015 Scheme, the Fire Authority 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 authority to have been a relative or dependant of the Scheme member. A form to nominate a person or person(s) to receive the death grant can be provided upon request.

**Q I disagree with some of the information on the statement. What should I do?**

A Please let us know what it is you disagree with by completing and returning the enclosed "Amendment Form" to our department. You can e-mail the completed form to [policeandfirepensions@essex.gov.uk](mailto:policeandfirepensions@essex.gov.uk).

# Amendment Form

If you wish to amend or query any of the information given on your Benefit Statement, please print out and send the completed form to Essex Pension Fund, Essex County Council, PO Box 11, County Hall, Chelmsford, Essex CM1 1LX. Alternatively you can give us a call on 01245 431666 or email [policeandfirepensions@essex.gov.uk](mailto:policeandfirepensions@essex.gov.uk)

Surname .....

Forename(s) .....

Date of birth ..... Telephone Number.....

National Insurance Number.....

Email Address.....

**Certain details given on the Benefit Statement are incorrect. Please note as follows:**

- My name is shown incorrectly. My correct name is shown above.
- My date of birth is shown incorrectly. The correct date is shown above.  
*Please send us your original birth certificate for verification.*
- I do not agree with the figures shown on my statement. My reasons are given below.
- Other. *Please give details below*

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Signed ..... Date ...../...../.....