

## Firefighters Annual Pension Benefit Statement Notes 2020

We have provided these notes to explain your annual benefit statement (ABS) 2020. They cannot cover every circumstance and if there is a dispute, the appropriate law will apply.

They do not give you any rights under contract or by law.

1. Your partnership status reflects our current records. Your partner's pension will be calculated based on your partnership status at the date of your death. If your partnership status is recorded as unknown, this statement will have assumed that you are married.

Please see [Annex C](#) for further information on surviving partner pensions.

2. This is the date you joined or will join the 2015 Scheme.
3. This is the fire and rescue authority who you were employed by at the date of this statement.
4. This is the Firefighters Pension Scheme you are a member of at the date of this statement. If you are a [taper-protected](#) member and have not reached your taper date, you will join the Firefighters Pension Scheme 2015 on the date stated in note 2.
5. This is the total value of your pension benefits in this employment if you left the scheme at the date of the statement, and which would be paid at the deferred pension age that applies to the scheme you are a member of at the date of this statement, as shown in the table in [Annex A](#).

This value may be adjusted for a number of reasons. Please see [Annex D](#) for more information.

6. The value of the death in service lump sum has been based on the scheme you are a member of at the benefit statement date. More information is shown in the table in [Annex C](#).
7. This is the value of survivor's benefits due if you left on the statement date and subsequently died. Please see [Annex C](#) for more information on death benefits.
8. These are the recorded beneficiaries for your death grant as held on your record for 2006 and 2015 Scheme members. Members of the 1992 Scheme do not have the option to record a beneficiary for the death grant however if you move out of the 1992 scheme into the 2015 scheme you may wish to then nominate. If you wish to make or amend a nomination please visit:

<https://www.leicestershire.gov.uk/sites/default/files/field/pdf/2017/9/5/2015-firefighters-death-grant-wish-form.pdf>

Please see [Annex C](#) for further information on death benefits.

9. The pensionable pay should equal the amount of pay you have received and paid pension contributions on as a member of the 2015 Scheme during the scheme year.
10. This is the accrued career average pension you have built up with the fire authority in the period 1<sup>st</sup> April 2019 to 31 March 2020 calculated as pensionable pay for the year ending 31 March 2020 x 1/59.7th.
11. If you have chosen to buy additional pension benefits, this is the value of the additional pension benefits bought for the current scheme year.
12. This is the value of any benefits you opted to transfer into the 2015 Scheme from another pension provider during the scheme year.
13. This is the subtotal value of your 2015 Scheme pension built up in the scheme year 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020.
14. This is the closing balance of your 2015 Scheme pension for the period 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2019 as at 31<sup>st</sup> March 2020.
15. Your 2015 scheme pension is increased by a [revaluation order](#) each year on 1st April. This statement reflects the adjustment applied to the closing balance as a result of this order to your pension.
16. This is the total value of your 2015 pension at the statement date.
17. The final salary pensionable pay used to calculate your final salary benefits is the full-time equivalent (FTE) pay as supplied by your authority for the year ending 31<sup>st</sup> March 2020.
18. The current value of your final salary annual pension is the pension that is due if you left the scheme at 31<sup>st</sup> March 2020 and would be paid at the deferred pension age, as shown in [Annex A](#)

Please see [Annex A](#) for examples of how this has been calculated.

19. Your final salary annual pension may include an amount relating to long service increment (LSI) and additional pension benefit (APB) which incorporates your CPDs.

Please see [Annex B](#) for more details on LSI and APB.

20. At retirement your pension will be reduced by any divorce debit in place if applicable. See [Annex D](#) for further details.
21. This is the value of the scheme pays debit as at 31<sup>st</sup> March 2020. A scheme pays debit is applied to a member's pension benefits where a member has previously breached the annual allowance and a tax charge is paid by the pension scheme on their behalf.
22. This is the value of your lifetime allowance as at 31<sup>st</sup> March 2020. The lifetime allowance for 2019/2020 was £1.055 million. The lifetime allowance is the maximum amount of pension savings you can have before a tax charge is made. To calculate how much of your lifetime allowance you have used in percentage terms, multiply your annual pension by 20, divide this by the lifetime allowance and multiply by 100. Please see [Annex E](#) for further details. Please note that this calculation has been based on the deferred pension calculation. If your lifetime allowance is close to the limit please contact the Pension Section for a bespoke calculation.

### **Example**

- Lifetime allowance 2019/2020 = £1.055 million

Annual pension = £35,000 x 20 = £700,000 ÷ £1,055,000 x 100 = 66.35% of lifetime allowance used.

You may choose to protect your lifetime allowance if it was £1 million or more at 5 April 2016 by taking Individual Protection 2016 (IP 2016). For more information, you should get independent financial advice.

### **Pension growth – Annual Allowance-Tax Implications**

The annual allowance for 2019/2020 was £40,000. This is the amount your pension can increase during the tax year without giving rise to a tax charge (although you can carry over three years' previous unused allowance to offset the charge). Most people will not be affected, but if you have been contributing to the pension scheme for many years or have transferred in a large amount from a previous pension provider and are promoted and your pay increases, you may be affected.

The following is a simplified example with no available carry over from the previous three years, assuming that the Consumer Prices Index is at 2.5%, showing how an increase in annual pension of £5,000 (£50,000 to £55,000) may create an annual allowance tax breach.

- (Opening balance) Previous year's annual pension £50,000 x CPI (assumed 2.5%) = 51,250 x 16 = £820,000
- (Closing balance) Annual pension £55,000 x 16 = £880,000
- £880,000 - £820,000 = £60,000
- Annual Allowance is £40,000 for most people
- £60,000 - £40,000 = **£20,000 breach**
- Tax is due on the breach (*assuming no unused carry over is available from the previous three years*)

The annual allowance limit is not always £40,000 and can reduce to £10,000 for certain members, known as the tapered annual allowance.

If you breach the annual allowance you can discharge the tax payment usually in two ways.

- You can **either** pay the tax directly to HMRC. £20,000 x 40% (assumed rate) = £8,000 as a single one off payment.
- or;
- You opt for scheme pays. The following example assumes; male age 49, retirement at age 60, in the 1992 scheme and 40% tax rate.
  - £20,000 x 40% / 15.18\* = **£527.01** per year reduction to your pension.

\*Factors are determined by the Government Actuary Department and can change. This is for example purposes only.

If the tax is £2,000 or less you cannot opt for scheme pays and you have to pay the tax to HMRC directly.

You can find more information on the Government's website;

<https://www.gov.uk/tax-on-your-private-pension/annual-allowance>

Pension taxation is complex and regularly changes so you are encouraged to take your own independent financial advice on this subject. The Pension Section and your employer cannot offer you advice.

### **Financial advice**

Your fire authority and pension administrator cannot give you financial advice about the information contained in your annual benefit statement. If you need help to find an independent financial advisor, you can use the following link.

[www.moneyadvice.service.org.uk/en/articles/choosing-a-financial-adviser](http://www.moneyadvice.service.org.uk/en/articles/choosing-a-financial-adviser)

### **Note on the regulations**

The benefits in this statement have been calculated under the Firefighters Pension Scheme Regulations as at March 2020.

These notes are an informal interpretation of the Firefighters Pension Scheme Regulations, as only a court can provide a definitive interpretation of the law.

## **McCloud/Sargeant Legal Challenge**

Please note; that this year's Annual Benefit Statement provides an estimate of your pension benefits accrued in your current scheme to 31/03/2020.

This year's statement does not include any future projections for retirement.

This is because on the 20 December 2018, the Court of Appeal ruled in McCloud/Sargeant that the transitional arrangements introduced as part of the 2015 reforms to the Firefighters' and Judges' pension scheme were discriminatory and, therefore, unlawful. The Government subsequently accepted that this ruling applied to all the main public service pension schemes and is working on removing this discrimination to all affected scheme members. This work is complex and is taking time to resolve.

For further information please see the Written Ministerial Statement from 25 March 2020:

<https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2020-03-25/HCWS187/>

At this stage there is still uncertainty around the final approach to removing this discrimination. This means that it has not been possible to reflect the impact of the Court of Appeal ruling in this year's Annual Benefit Statements or to project to retirement age.

Please note; that estimates can only be produced if you are within 6 months of retirement and that this is limited to 1 estimate only. As detailed above, estimates can only be calculated on current scheme rules. Please do not request an estimate unless your retirement date is within the next 6 months.

## **Fire Pensions-Data Sharing**

The General Data Protection Regulations came into force on 25<sup>th</sup> May 2018. Under these regulations Leicestershire County Council is a Data Processor. This means we store, hold and manage your personal data in line with statutory requirements to enable us to manage your pension rights. For more information about how we hold your data please visit:

[www.leicestershire.gov.uk/fire-data-sharing](http://www.leicestershire.gov.uk/fire-data-sharing)

## Annex A – Notes on the Current Value of benefits at the statement date

This is the total value of your pension benefits in this employment if you left the scheme at the date of the statement, and which would be paid at the deferred pension age as per the table below.

	1992 Scheme	2006 Scheme	Special Modified 2006 Scheme	2015 Scheme
Deferred pension age	60	65	60	State Pension age

- **Final Salary Pension**

### 2006 Scheme (Standard and Special members)

#### Protected

The value of benefits for the final salary 2006 Scheme is calculated based on service up to the date of the statement divided by an accrual rate, multiplied by your final pensionable pay. The table below lists the accrual rate that applies.

#### Taper-protected and unprotected members

The value of your benefits for the final salary 2006 Scheme is calculated based on your service up until you joined the 2015 Scheme, divided by an accrual rate, multiplied by your final pensionable pay. The table below shows the accrual rate that applies.

	2006 Scheme (Standard member)	Special Modified 2006 (Special member)
Accrual rate	1/60ths	1/45ths

## Purchasing Modified Service

**If you are a Special member who is purchasing service by monthly contributions, this statement assumes that you have completed the contract in full. If you cease to pay your extra contributions before your contract to buy the extra service ends then your benefits will be different to those that are quoted.**

The examples below show how this is calculated.

- Example A – **2006 Scheme Final Salary Current Value (Protected Members Example)**
- Example B - **2006 Scheme Final Salary Current Value (Tapered or unprotected Members Example)**

**Example A  
2006 Scheme Final Salary Current Value (Protected Members Example)**

Sam is a protected member of the 2006 Scheme, who joined the New Firefighters Pension Scheme on 6<sup>th</sup> April 2006, as part of the options exercise and converted 6 years of 1992 scheme pension to 2006 scheme pension of 4 years.

Sam was born on 25<sup>th</sup> November 1960 and is a protected member, as he was 50 and over at 1<sup>st</sup> April 2012.

At the statement date Sam has pensionable service of 14 years 360 days with average pensionable pay of £31,686.

**Calculation**

The deferred pension calculated at the statement date will be as follows.

$(£31,686 \div 60 \times 14 \text{ years } 360 \text{ days}) = \mathbf{£7914.27}$

**Example B  
2006 Scheme Final Salary Current Value (Taper or unprotected Members Example)**

Jo is an unprotected member of the 2006 Scheme, who joined the New Firefighters Pension Scheme on 29<sup>th</sup> September 2008.

**Annex A – Notes on the Current Value of benefits at the statement date**

Jo moved into the 2015 scheme on 1<sup>st</sup> April 2015.

At the statement date Jo has final salary pensionable service of 6 years 184 days (29<sup>th</sup> September 2008 to 31<sup>st</sup> March 2015) with average pensionable pay of £27,500.

### **Calculation**

The deferred pension calculated at the statement date will be as follows:

$$£27,500 \div 60 \times 6 \text{ years } 184 \text{ days} = \mathbf{£2,981.05}$$

## 1992 Scheme

If you are a member of the 1992 Scheme, your deferred pension is calculated as a proportion of the double accrual pension you would have expected at normal pension age, which is age 55 or at 30 years' service, whichever happens first, spread over years actually served.

$$B \times C \div D$$

**B** = notional pension

**C** = period in years of pensionable service

**D** = period in years of notional service

Notional service and pension is the service and pension a firefighter would have expected to receive if they had not left the scheme.

The examples below show how this is calculated if you are a protected member or tapered / unprotected member.

- Example A - **1992 Scheme Final Salary Current Value (Protected Members Example)**
- Example B - **1992 Scheme Final Salary Current Value (Tapered or unprotected Members Example)**

### Example A

#### **1992 Scheme Final Salary Current Value (Protected Members Example)**

Jane is a protected member of the 1992 Scheme, who joined the Firefighters Pension Scheme on 31<sup>st</sup> July 1990.

Jane was born on 1<sup>st</sup> September 1966, and would expect to retire on 30<sup>th</sup> July 2020, having completed 30 years' service.

At 31<sup>st</sup> March 2020, Jane has completed 29 years and 245 days of service.

## Calculation

Her deferred pension calculated at 31<sup>st</sup> March 2020 will be as follows.

**B = notional pension**

As Jane will be able to complete 30 years' service before age 55, her notional pension will be 40/60ths x £32,000.

$$B = 40 \div 60 \times \text{£}32,000 = \text{£}21,333.33$$

**C = Period of years of pensionable service to 31<sup>st</sup> March 2020**

C = 29 years and 245 days

**D = Period of years of notional service**

D = 30 years

$$(\text{£}21,333.33 \times 29 \text{ years } 245 \text{ days} \div 30 \text{ years}) = \text{£}21,099.52$$

**Example B**  
**1992 Scheme Final Salary Current Value (Tapered or Unprotected Members Example)**

The calculation for a taper-protected or unprotected member is the same formula as for a protected member. However, the period of years of pensionable service (C) is calculated to the date of joining the 2015 Scheme.

The notional pension and service for a 1992 taper-protected or unprotected member remains unchanged and is the service and pension you would have expected to achieve at normal retirement age under the 1992 Scheme if there had been no reform to the pension scheme.

**Example**

Ben is an unprotected member of the 1992 Scheme, who joined the Firefighters Pension Scheme on 1<sup>st</sup> December 1997.

Ben was born on 30<sup>th</sup> March 1972 and will retire on his 55<sup>th</sup> birthday (29<sup>th</sup> March 2027), having completed 29 years and 119 days.

His final salary pensionable pay is £42,000.

**Calculation**

His deferred pension calculated at the statement date will be as follows:

**B = notional pension**

The notional pension is calculated as the pension Ben would have received at age 55.

29 years 119 days service plus 9 years 119 days (double accrual) = 38 years 238 days 60ths.

$38 \text{ years } 238 \text{ days } \div 60 \times £42,000 = £27,056.44$

B = £27,056.44

**C = Period of years of pensionable service in the 1992 Scheme**

C = 17 years 121 days

**D = Period of years of notional service**

D = 29 years 119 days

(£27,056.44 x 17 years 121 days ÷ 29 years 119 days) = **£15,990.19**

- **Career average pension**

## **2015 Scheme**

The current value of your 2015 Scheme pension is your closing balance at the statement date.

This is calculated using the closing balance from your last year's statement, adding the increase for [revaluation](#) and adding the pension built up in the current scheme year to give your closing total CARE pension at the statement date.

### **Example**

#### **Pensionable Pay**

1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016 £34,160  
1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017 £34501.60  
1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018 £34702  
1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019 £35396  
1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 £38233

**Current Value 2015 Scheme Pension**

Scheme Year	Opening Balance	Revaluation	In year build up	Closing balance
1 <sup>st</sup> April 2015 to 31 <sup>st</sup> March 2016	£0.00	£0.00	£572.19 (£34,160 x 1 ÷ 59.7)	£572.19
1 <sup>st</sup> April 2016 to 31 <sup>st</sup> March 2017	£572.19	£11.43	£577.92 (£34,501.60 x 1 ÷ 59.7)	£1161.54
1 <sup>st</sup> April 2017 to 31 <sup>st</sup> March 2018	£1161.54	£30.20	£581.27 (£34702 x 1 ÷ 59.7)	£1773.01
1 <sup>st</sup> April 2018 to 31 <sup>st</sup> March 2019	£1773.01	£46.10	£592.90 (£35396 x 1 ÷ 59.7)	£2412.02
1 <sup>st</sup> April 2019 to 31 <sup>st</sup> March 2020	£2412.02	£67.54	£640.42 (£38233 x 1 ÷ 59.7)	£3119.98

## Annex B – Notes on LSI & APB

- **Long service increment (LSI)**

LSI is calculated in line with the formula:

$$\frac{A + (B \times 2) \times \text{£}990}{60}$$

**A** is the number in years (counting part of a year as the appropriate fraction) by which the pensionable service up to and including 30th June 2007 is more than 15 but less than 20.

**B** is the number in years (counting part of a year as the appropriate fraction) by which the pensionable service up to and including 30th June 2007 is more than 20.

- **Additional pension benefit (APB)**

An additional pension benefit (APB) is paid where the fire and rescue authority decides that the benefits listed (a) to (d) below are pensionable.

The amount of APB is calculated by multiplying the pension contributions made on the APB payment by an age-related factor provided by the scheme actuary.

## **Additional pensionable payments**

The Firefighters' Pension Scheme (England Only) Regulations, Part B, Rule B5C, paragraph 5 lists the benefits pensionable under an APB as below -

<http://www.legislation.gov.uk/uksi/2013/1392/schedule/paragraph/2/made>

- a) any allowance or supplement to reward additional skills and responsibilities that are applied and maintained outside the requirements of the firefighter's duties under the contract of employment but are within the wider functions of the job;
- (b) the amount (if any) paid in respect of a firefighter's continual professional development;
- (c) the difference between the firefighter's basic pay in their day to day role and any pay received whilst on temporary promotion or where he is temporarily required to undertake the duties of a higher role;
- (d) any performance related payment which is not consolidated into his standard pay.

### **Example**

A member of the 1992 Scheme is age 50 on 1 July 2019. The relevant age-related factor is 21.1. The APB in the year to 30 June 2018 attracts pension contributions of £150. The additional benefit is calculated as  $£150 \div 21.1 = £7.11$  per year.

Depending on the scheme you are a member of, a survivor's pension is paid if, when you die, you are married or have a civil partner or eligible 'cohabiting partner' (someone you live with who would be entitled to a survivor's pension).

The table below shows whether a surviving partner would receive a pension when you die, based on your partnership status and which pension scheme you are a member of.

	1992 Scheme	2006 Scheme	Special Modified 2006 Scheme	2015 Scheme
Husband, wife or civil partner only	Yes	Yes	Yes	Yes
Cohabiting partner	No	Yes	Yes	Yes

We have used your partnership status recorded on this statement, as set out in note 1, to decide the survivor's benefit shown on your statement.

### **Survivor's pensions if you die in service**

How a survivor's pension is calculated will depend on which pension scheme you were a member of at the date of your death.

Death in service survivor's pensions are paid to eligible partners at 50% of the higher-tier ill-health pension that would have been payable.

Under the 2006 and 2015 schemes, if your husband, wife or partner is more than 12 years younger than you there would be a reduction of 2.5% for every year or part of a year over the 12 years, to a maximum of 50%.

Death in service survivor's benefits for members of the 2015 Scheme with an equivalent 1992 portion of pension are paid under the 2015 Scheme, which means that if you are not married when you die, a cohabiting partner will still be entitled to half of the equivalent 1992 pension as well as the 2015 portion.

We will only pay a survivor's pension to a protected member of the 1992 Scheme if you were married at the date of your death.

## **Annex C – Notes on Survivors pension**

### **Survivor's pensions if you die after you retire**

How the survivor's pension is calculated will depend on which pension scheme you were a member of at the date you retired. Generally, a survivor's pension for a husband, wife or partner would be half of the pension that you would be entitled to when you retire.

Under the 2006 and 2015 schemes, if your husband, wife or partner is more than 12 years younger than you, there would be a reduction of 2.5% for every year or part of a year over the 12 years, to a maximum of 50%.

If you die after you retire, and are not married or in a civil partnership, survivor's benefits for members of the 2015 Scheme who have a 1992 portion of pension are calculated differently to those of the 2006 and 2015 schemes. This is because a survivor's pension is only paid to a husband, wife or civil partner in the 1992 Scheme but to a cohabiting partner in the 2015 Scheme.

This means if you are not married when you die, a cohabiting partner would be entitled to half of the 2015 pension, but not to half of any 1992 portion of pension, as this is only awarded to husbands, wives and civil partners.

The table below shows survivor's pension options in the schemes.

### **Taper-protected and unprotected 2015 members**

Note: A transition member is a firefighter who is entitled to a pension in both the final salary scheme (1992 Scheme, 2006 Scheme or Special Modified 2006 Scheme) and the 2015 Scheme.

	Transition 1992	Transition 2006	Transition 2006 (Special member)
Transitional benefits	50% of 1992 pension due to husband, wife or civil partner	50% of 2006 pension due to surviving partner	50% of 2006 Special member pension due to surviving partner
2015	50% of 2015 pension due to surviving partner	50% of 2015 pension due to surviving partner	50% of 2015 pension due to surviving partner

## Nominating a beneficiary

For the 2006 and 2015 scheme, nominating a partner for a partner's pension is not a requirement.

Nevertheless, we consider it prudent for members to record their wishes regarding a surviving partner's pension, this saves a surviving partner from unnecessary administrative duties at what would be a sensitive time.

## Death in Service Lump Sum

	1992 Scheme	2006 Scheme	Special Modified 2006 Scheme	2015 Scheme
Death in service lump sum	2 x pensionable pay	3 x pensionable pay	2 x pensionable pay	3 x pensionable pay

## Annex D – Notes on adjustments to your pension

Your pension may be adjusted by any of the following

- a) Actuarial reduction – the figures quoted may be reduced if you take them before your [deferred pension age](#). 2015 scheme benefits quoted at age 55 will have had a reduction applied to them.
- b) Scheme Pays – if you have opted to use Scheme Pays (where you pay an annual allowance charge from your pension scheme), the figures quoted have not been reduced to meet the charge. This will be calculated when you take your pension.
- c) Pension sharing order – if a pension sharing order or earmarking order following a divorce or a dissolution of a civil partnership applies to your pension benefits, the figures quoted have not been reduced to meet the charge. The amount of the reduction will be calculated when you take your benefits.
- d) Split pensions – the figures on the statement do not take account of any adjustment that may be made at your retirement to reflect a period at a higher pay. If the split pension applies, it will be calculated when you take your pension.

## Annex E – Notes on Pension Growth

### Annual Allowance

This is the amount your pension can increase during the tax year without giving rise to a tax charge (although you can carry over three years' previous unused allowance to offset the charge). Most people will not be affected, but if you have been contributing to the pension scheme for many years or have transferred in a large amount from a previous pension provider and are promoted and your pay increases, you may be affected.

- Standard Annual Allowance

The standard annual allowance for 2019/2020 was £40,000.

- Tapered Annual Allowance

If you have taxable income over £150,000 you may be subject to a tapered annual allowance of between £40,000 to £10,000.

To calculate your annual allowance for the scheme year, you must multiply your [pension growth](#) by 16.

### Example

Annual pension at 6<sup>th</sup> April 2018 = £35,000

Annual Pension at 5<sup>th</sup> April 2019 = £38,000

Pension Growth = £38,000 - £35,000 = £3,000 \* 16 = £48,000

For the purposes of this statement your [pension growth](#) has been calculated using your pensionable pay at 31<sup>st</sup> March 2020. If your pension growth is near to the £40,000 standard allowance or within £5000 of your individual tapered allowance, you should request a calculation of your [pension input](#) period amount using your pay as at 5<sup>th</sup> April 2018.

You can find more information, including an annual allowance checking tool, on the Government's website [www.gov.uk/tax-on-your-private-pension/annual-allowance](http://www.gov.uk/tax-on-your-private-pension/annual-allowance)

## Annex E – Notes on Pension Growth

### Lifetime Allowance

The lifetime allowance reduced to £1 million from April 2016. The lifetime allowance is the maximum amount of pension savings you can have before a tax charge is made. To calculate how much of your lifetime allowance you have used, multiply your annual pension by 20, divide this by the lifetime allowance and multiply by 100.

### Example

- Lifetime allowance 2015/2016 = £1.25 million

Annual pension at 31 March 2016 = £35,000 x 20 = £700,000 ÷ £1,250,000 x 100 = 56% of lifetime allowance used.

- Lifetime allowance 2016/2017 and 2017/2018 = £1 million

To show the effect of the lifetime allowance reducing to £1 million from April 2016, the same pension figure would change the lifetime allowance used, as follows.

Annual pension = £35,000 x 20 = £700,000 ÷ £1,000,000 x 100 = 70% of lifetime allowance used.

The lifetime allowance rose for 2018/2019 to £1.03 million

The lifetime allowance rose from 1<sup>st</sup> April 2019 to 1.055 million

You may choose to protect your lifetime allowance if it was £1 million or more at 5 April 2016 by taking Individual Protection 2016 (IP 2016). For more information, you should get independent financial advice.

**Please note that if you have exceeded the lifetime allowance, this annual benefit statement will not have taken this into account when calculating your pension benefits.**

Please also note that there are useful factsheets on our website at the following address:  
<https://www.leicestershire.gov.uk/jobs-and-volunteering/working-for-the-council/local-government-pensions/firefighters-pension-scheme/firefighters%E2%80%99-pension-scheme>

## Explanation of terms

### 1. Career Average Pension

Career Average Pension is the pension built up in the 2015 scheme.

### 2. Commutation Factors

A commutation factor, as shown in the table below, is applied to the part of the pension you give up to calculate the amount of the lump sum.

	1992 Scheme	2006 Scheme	Special Modified 2006 Scheme	2015 Scheme
Commutation factors	Calculated by the scheme actuary	12:1	Annex ZA of 2006 regulations	12:1

### 3. Deferred Pension Age

	1992 Scheme	2006 Scheme	Special Modified 2006 Scheme	2015 Scheme
Deferred pension age	60	65	60	State Pension age

### 4. Final Salary Scheme Pension

For the purposes of these notes, final salary scheme pension is any pension built up in the 1992 scheme, the 2006 scheme, or the modified version of the 2006 scheme

### 5. Normal Pension Age

1992 Scheme	2006 Scheme	Special Modified 2006 Scheme	2015 Scheme
55	60	55	60

## 6. Pension Input Period

This is the period over which the pension growth is measured and is always 6<sup>th</sup> April to 5<sup>th</sup> April for all pension schemes. Pension Input Period is commonly abbreviated to PIP.

## 7. Pension Growth

For defined benefit schemes like the Firefighters Pension Scheme, the pension growth is the measurement of the increase in pension during the PIP multiplied by a flat factor of 16

### Example

Annual pension at 6<sup>th</sup> April 2018 = £35,000

Annual Pension at 5<sup>th</sup> April 2019 = £38,000

Pension Growth = £38,000 - £35,000 = £3,000 \* 16 = £48,000

## 8. Protected member

A protected member is somebody who is protected by legislation to stay in the existing final salary scheme (1992, 2006 or Special Modified 2006 Scheme), and so will not move into the 2015 Scheme.

## 9. Revaluation Order

The revaluation order for the Firefighters Pension Scheme is based on average weekly earnings.

The revaluation order is applied to the closing balance of the career average pension on 1<sup>st</sup> April of each year

### Explanation of terms

Scheme Year	Revaluation Order
2015/2016	2%
2016/2017	2.6%
2017/2018	3.0%
2018/2019	2.8%

2019/2020	4%
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#### 10. Scheme year

The scheme year runs from 1<sup>st</sup> April to 31<sup>st</sup> March. The current scheme year to which this statement refers is the 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020.

#### 11. State Pension Age

State pension age can be calculated here: <https://www.gov.uk/state-pension-age>

#### 12. Taper Protected Member

A taper-protected member is somebody who is not protected by legislation to stay in the final salary scheme (1992, 2006 or Special Modified 2006 Scheme), and so will move into the 2015 Scheme at some point between 24<sup>th</sup> May 2015 and 31<sup>st</sup> March 2022, depending on their age.

#### 13. Unprotected Member

An unprotected member is somebody who is not protected by legislation to stay in the final salary scheme (1992, 2006 or Special Modified 2006 Scheme), and so was compulsorily moved into the 2015 Scheme on 1<sup>st</sup> April 2015.