

Pension

NEWSLETTER

SPRING/SUMMER 2021 • ACTIVE FIREFIGHTER MEMBERS

CARE pensions up 2.4% in 2021

If you're in FPS 2015 the adjustment to your CARE pension for 2021 is an increase of 2.4%. But you'll see on your pension statement (under 'cost of living adjustment') that your CARE pension account was increased by 4% on 1 April 2020.

Why isn't the 2.4% increase on my 2021 statement?

The reason is that the statement only shows your pension up to 31 March 2021 – the day before the 2.4% increase was applied to your pension on 1 April 2021. You'll see the effect of the 2.4% increase on your 2022 statement instead.

About the adjustment

We adjust the pension you've built up so far every April

in line with the Treasury Department's Revaluation Order, currently set by the Average Weekly Earnings (AWE) for the September before the increase date.

FPS 1992 and FPS 2006 members

This adjustment only applies to the CARE part of your pension so only applies to you if you're in FPS 2015. If you're in FPS 1992 or FPS 2006, you have final salary pension benefits that are worked out differently.

What's my contribution rate?

Your rate and pay band for 2021/22 will be the same as it was in 2020/21 and the year before that. This is because the latest scheme valuation has not yet been completed.

The contribution rate you pay depends on which scheme you're in, as shown below and is based on your full time equivalent rate of pay.

1992 scheme (and 2006 special members)		2006 scheme		2015 scheme	
Pensionable pay	Rate	Pensionable pay	Rate	Pensionable pay	Rate
(Rate is % of pensionable pay)		(Rate is % of pensionable pay)		(Rate is % of pensionable pay)	
Up to £15,609	11.0%	Up to £15,609	8.5%	Up to £27,818	11.0%
£15,610 to £21,852	12.2%	£15,610 to £21,852	9.4%	£27,819 to £51,515	12.9%
£21,853 to £31,218	14.2%	£21,853 to £31,218	10.4%	£51,516 to £142,500	13.5%
£31,219 to £41,624	14.7%	£31,219 to £41,624	10.9%	£142,501 or more	14.5%
£41,625 to £52,030	15.2%	£41,625 to £52,030	11.2%		
£52,031 to £62,436	15.5%	£52,031 to £62,436	11.3%		
£62,437 to £104,060	16.0%	£62,437 to £104,060	11.7%		
£104,061 to £124,872	16.5%	£104,061 to £124,872	12.1%		
More than £124,872	17.0%	More than £124,872	12.5%		

What are APBs?

LSI APBs

Before July 2007, if you were a firefighter with more than 15 years' service, you got extra pay in the form of a 'long service increment' or LSI.

However, because it's not in payment in the final three years of your employment, that extra pay is not treated as 'final pensionable pay' when your pension's worked out, even though you paid pension contributions on it. So to make sure you don't lose out, you get extra pension based on your LSI. This is known as an APB (**additional pension benefit**) pension.

Other APBs

There are other types of APBs. Originally they were introduced for payments received under Continual Professional Development (CPD), but this was extended to include other allowances at the discretion of your fire authority. APBs are awarded to make sure you receive a pension benefit for pay you may not still be getting in your final three years of employment and therefore wouldn't be treated as final pensionable pay. APBs for temporary payments are only pensionable at the discretion of your FRA.

Want to know more about APBs? See our factsheet at www.wypf.org.uk/apbfactsheet

If you have APBs, the amount is shown on your pension statement.

No APBs in FPS 2015

APBs don't feature in FPS 2015 because it's a career average scheme. All pay deemed pensionable under FPS 2015 builds up a pension annually.

Update to the Sargeant court case – remedy

We're still waiting for the final legislation – known as **remedy** – to tell us how to administer your benefits following the outcome of the Sargeant court case (read all about that [here](#)). What we do know is that from **1 April 2022** all firefighter members will join FPS 2015. Then when you leave or retire you will get a choice – called the **Deferred Choice Underpin (DCU)** – about how you receive the pension benefits for your membership between 1 April 2015 and 31 March 2022. The choice will be between benefits based on your former scheme rules (called 'legacy' benefits) or the FPS 2015 rules.

No action needed yet. We're working with your FRA to get the information we need to calculate these benefits and we will give you the details when you need them.



It's time to go online

Our online **myPENSION** service is the new way to view your pension record and your pension statements with more features coming soon

Register today at

www.wypf.org.uk/register

Please be aware that your 2021 pension statement won't include any information about remedy benefits. We won't be able to provide pension projections at this time either.

What if I retire before the legislation is made?

Immediate Detriment (ID) is the name given to cases where members retire before the legislation to administer remedy has been finalised. Your FRA will have decided whether to pay retirement benefits based on the current scheme rules or based on your legacy scheme rules. As an administrator we don't make this decision. If you're retiring soon you should ask your FRA what approach they're taking.

Can I increase my benefits?

Your pension statement is a useful guide to the income you can expect when you retire. If you would like a bigger income in retirement, you can boost your pension by buying **additional pension**.

You can do this either by making increased monthly contributions or paying a lump-sum payment. The extra pension benefits you buy are held in an **added pension account**, and keep pace with inflation just like your main pension account. Contact us for a quote if you would like to know how much more pension you could get and what it would cost. Different rules apply if you're in FPS 1992 or FPS 2006. Find out more at www.wyppf.org.uk/firefighters

Time limits for transfers

TRANSFERS IN – When you join the pension scheme you have one year to transfer personal pension benefits into the scheme, after which your FRA may not allow it. You can transfer from other *occupational* schemes after your first year but it's always better to do it sooner. FPS 1992 members can't transfer pension into the scheme.

TRANSFERS OUT – Remember that if you want to transfer your fire pension to another provider, you must leave this scheme and choose to transfer your pension at least one year before your **normal pension age**. The rules also restrict where you can transfer fire scheme pensions to, so if you're considering it, please see www.wyppf.org.uk/firefighters or give us a call.

HMRC allowances

Your statement shows you how much of your lifetime and annual allowances you have used for tax purposes. Even if you don't think of yourself as a 'high earner' you should bear these tax limits in mind because you may need to seek specialist independent advice.

2021/22 tax year

Annual allowance – £40,000 to £4,000

This is the amount the value of your pension benefits can increase in any one year without you having to pay a tax charge. If the value of your pension savings in any one year (including pension savings outside the FPS) are more than the annual allowance, the excess will be taxed as income.

The annual allowance 'taper' gradually reduces the allowance to a minimum of £4,000 for people with threshold income* above £200,000 and adjusted income** above £240,000 a year.

*Threshold income – taxable income not including contributions to a pension scheme.

**Adjusted income – taxable income not including contributions to a pension scheme plus the growth on pension savings each year.

Lifetime allowance – £1,073,100

The total value of all pension benefits you can have without triggering an excess benefits tax charge. If the value of your pension benefits when you draw them (not including state retirement pension, pension credit or partner or dependant's pension you may be entitled to) is more than the lifetime allowance, or more than any protections you have, you'll pay tax on the excess benefits. Pension benefits in all tax-registered pension arrangements are covered.

For more information about these allowances, see www.wyppf.org.uk/allowances

FPS 1992 members

Re-employment after retiring

The minimum age you can now take a pension is age 55, except for FPS 1992 members who are partially protected and can still retire at age 50. If you take pension before age 55 and you are re-employed, you could lose protected rights and be taxed on your pension benefits. If you're thinking about getting another job after taking your pension before age 55, see www.wyppf.org.uk/firefighters/ppa first.

We will now mostly communicate with you through electronic methods, like email, our website and the My Pension service.

But don't worry – if you don't have access to the internet or prefer not to use our online services we can continue to send you paper copies of important pension information on request.

Quick guide to death-in-service benefits

If you die as an active member of the pension scheme there are three types of benefit that your loved ones and dependants could receive.

- 1 lump sum death grant**
- 2 survivor pension for your partner**
- 3 pension for your eligible children**

But the amount paid and who can receive benefits from your pension depends on your marital status and the scheme you're a member of on the date you die.

1 lump sum death grant

The lump sum death grant payable is

- 2 × pensionable pay (FPS 1992 and the Modified section of the FPS)
- 3 × pensionable pay (FPS 2006 and FPS 2015)

If you fill in an **expression of wish** form at www.wyppf.org.uk/firefighters (FPS 2006 and FPS 2015 only) you can let your FRA know who you would want your death grant to go to. You don't have to do this but it can make paying the money to your loved ones

quicker and simpler.

2 survivor pension for your partner

- pension for your husband, wife or civil partner (all schemes)
- pension for your cohabiting partner* (FPS 2006 and FPS 2015 only)

Unlike previously, you no longer need to nominate your partner, but filling in a nomination form can make identifying and contacting them easier and quicker if you were to die, so is still worth doing. You can download the form from www.wyppf.org.uk/firefighters

*If your partner is more than 12 years younger than you, the pension they get will be reduced.

3 pension for your eligible children

Eligible children are those who are

- under age 18, or
- under age 23 if they're in full-time education, or
- permanently disabled.

Pension scams

Pension scams could increase during the COVID-19 outbreak. They can take many forms and could be about insurance policies, pensions transfers, or high-return investment opportunities. Scammers are sophisticated and opportunistic and will try many things. They're very likely to target the vulnerable. Watch out for scams related to coronavirus and as always beware of investments that seem too good to be true.

Report suspected scams to Action Fraud straightaway on **0300 123 2040**.

How to contact us

Phone 01274 434999

Monday to Friday 8.45am to 4.30pm

Email pensions@wyppf.org.uk

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Our offices may still be closed to visitors when you read this because of the pandemic. Please check our website or phone us before you visit in person.