FBU
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HANDS OFF OUR PENSIONS

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To: Brigade Secretaries
Cc: All Officials

Dear Brother / Sister

IMPORTANT INFORMATION – PURCHASING ADDED YEARS OF PENSION SCHEME MEMBERSHIP

The FBU has issued various circulars, bulletins, films and presentations designed to ensure that members have as much information as possible to enable them to make an informed decision in relation to their pension.

We have stressed that this information should have been made readily available by government and employers who are responsible for implementing and managing these changes.

One area that members have been asking about is the possibility of buying additional years in their current scheme.

This is an area of information that seems to have been overlooked by government and employers. The following notes gives information on how this works.

Members of the FPS and members of the NFPS have the facility of purchasing an additional period of deemed membership of whichever scheme they have joined. The right to do so ceases when the member concerned ceases to be a contributing member.

You will cease to be a contributing member as soon as you join the new 2015 Scheme, so if you being transferred into the 2015 scheme on the 1 April 2015 and are interested in purchasing added years of service you need to act immediately. Members who are covered by tapered protection will also have to make this request before the date that they are transferred into the 2015 scheme.

What does purchasing added years mean?
You pay additional voluntary contributions, and as a consequence your membership of the Scheme will be treated as longer than it actually is when your pension is calculated. Since your pension is calculated as 1/60th of your final pay for each year of membership (2/60ths if you are a member of the FPS and have more than 20 years' membership), increasing your membership increases your pension.

The amount it costs will depend on your age and the length of additional membership you want to purchase. You will need to contact your pension's manager to get a quotation.

You can pay by instalments. You can also pay a lump sum to buy an additional period of membership, but only if you make the payment within 12 months of joining the Scheme. Once you have elected to pay additional contributions, your election is irrevocable unless your fire and rescue authority agrees that it is causing you financial hardship to carry on.

You cannot buy additional membership to the extent that it would increase your membership beyond 30 years (for members of the FPS) or 40 years (for members of the NFPS).

You should note that purchasing added membership does not mean that your age will be treated as higher than it actually is. It will not affect the question whether you are a protected member or taper-protected member of your current Scheme.

Is there an equivalent arrangement in the 2015 Scheme?
The 2015 Scheme contains a facility that will allow you to purchase an additional amount of pension. Instead of buying an additional period of membership, your additional voluntary contributions will be used to award you an additional pension measured in pounds per annum, not additional deemed years of membership. The most that you can buy is an additional pension of £6,500 per annum (although this maximum will go up each year, in line with inflation).

Again, the cost will depend on the amount of pension you decide to purchase and your age. If you would like to know how much it will cost you should contact your pension's manager to get a quotation.

What's the difference between buying additional membership and buying additional pension?
The main difference is that if you buy additional membership, the addition to your pension will be a percentage of your final pay as at the date you leave the Scheme. If you buy added pension, the amount you buy is not linked to your salary.

Is it a good idea?
You will appreciate that the FBU is not able to give you financial advice. Only a person who is authorised by the Financial Conduct Authority is entitled to do that.

Whether or not purchasing additional years of membership or additional pension is a good idea for you will depend on your personal circumstances. If you are in doubt you should speak to an independent financial adviser.

What should I do now?
If you are interested in buying added years of pensionable service you should contact your pension's manager without delay and ask for a quotation. **If you decide to go ahead and you are being transferred into the 2015 scheme on 1 April 2015, you will have to submit your application before this date.**

Yours in Unity,

SEAN STARBUCK
NATIONAL OFFICER

SS/jr