Pensions Survey of Members

Fire Brigades Union

November 2013

YouGov What the world thinks

Contents

1.1 Introduction

1.1.1.1 The Fire Brigades Union (FBU) commissioned YouGov to undertake a survey of their members on possible changes to their pension scheme. This is the third consecutive year in which such a survey has been run. The questions have been updated in the current survey to reflect existing pension proposals.

1.1.1.2 The government is proposing a series of changes to firefighter's pensions schemes. Proposals include increasing how much members contribute towards their pension, how long they work and flexible retirement plans. This may have an impact on numbers of scheme members opting out of the pension scheme The report explores each of these proposals in turn:

- Increasing the amount firefighter's contribute toward their pension;
    - Opting-out of the pension scheme
- Raising the age of retirement for firefighter's to 60;
- Flexible retirement options in England, Wales and Scotland;
- Commutation proposals.

1.1.1.3 The survey was designed to assess FBU member's attitudes on the proposed reforms. A total of 6,267 members responded to the survey**. Throughout the report, respondents of the survey will be referred to as FBU members, this report is <u>only referring to those who took part in the survey</u> and not FBU or pension scheme members in general.**

1.2 The current pension position

1.2.1.1 In order to understand the context in which respondents answered the survey they were first asked what their current pension arrangements are.

1.2.1.2 There are three types of pension schemes that FBU members can be a member of, the Firefighters Pension scheme (FPS) New Firefighters Pension Scheme (NFPS) and Local Government Pension scheme (LGPS).

1.2.1.3 Eighty-four per cent of respondents are enrolled in the FPS and 15 per cent in the NFPS. Those who indicated that they were in the Local Government Pension Scheme were informed that the survey did not relate to their pension scheme on this occasion.

Demographically men are more likely to be members of the FPS while women members of the NFPS. Also respondents aged 35 or older are more likely to be FPS members while those younger than 35 years are more likely to be members of the NFPS.

1.3 Attitudes on government protection proposal in England, Wales and Scotland

1.3.1.1 Members of the Fire Brigade Union were asked if they supported or opposed the government's current protection proposal which meant that those fully protected could remain in their current scheme until they retire.

1.3.1.2 Over the last two years firefighters have seen increases to their contributions. Government has signalled its intention for a third year increase in contributions from April 2014. As of the 1st April 2012, all members who have 10 years or less to their current Normal Pension Age (FPS age 55, NFPS age 60) will remain in their current scheme and see no change in when they can retire, nor any decrease in the amount of pension they receive at their current Normal Pension Age.

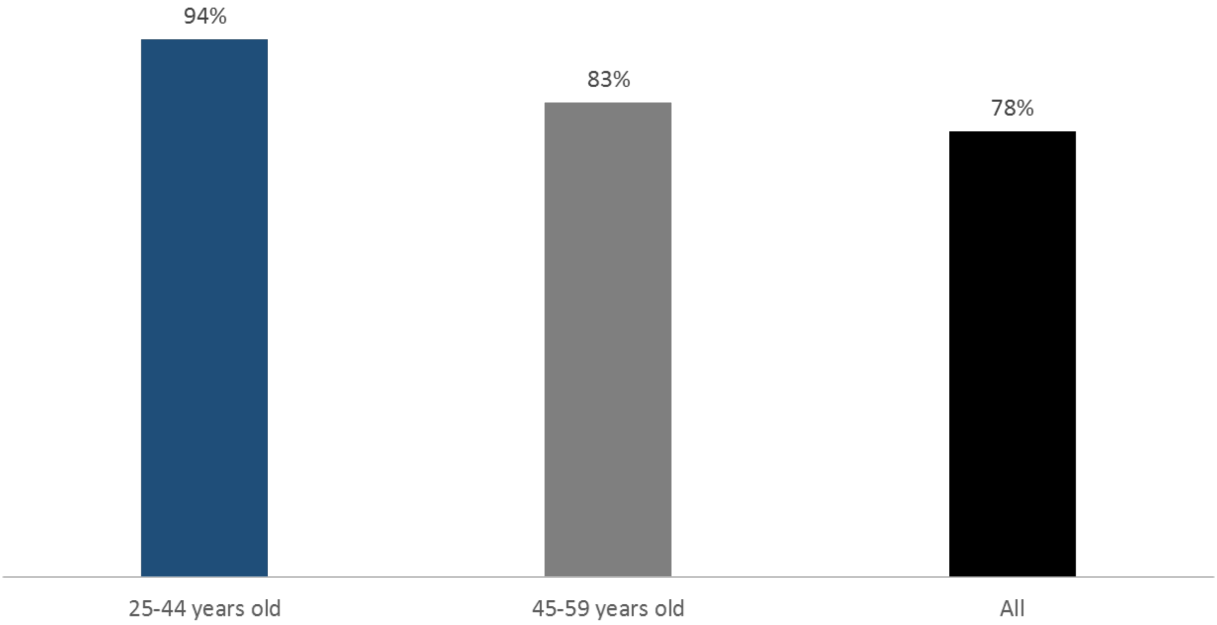
1.3.1.3 The FBU do not feel that the protection is adequate. One of their objections is on the basis that an individual in the Firefighters Pension Scheme has their own Normal Pension Age based upon them completing 30 years service and this protection proposal should be extended to include this. Currently this proposal means protection for FPS members in England and Wales is being applied differently than all other public service pension schemes.

England and Wales

1.3.1.4 In England and Wales, nine out of ten (89 per cent) FBU members oppose the government protection proposal with 78 per cent strongly opposing.

1.3.1.5 Figure 1 shows the difference in level of opposition in England and Wales to the government protection proposal based on age. A significantly higher proportion of younger FBU members oppose the protection proposal, with 94 per cent of 25-44 years olds in opposition compared with 83 per cent of members aged 45-59 years old.

Figure 1: Government protection proposal opposition by age

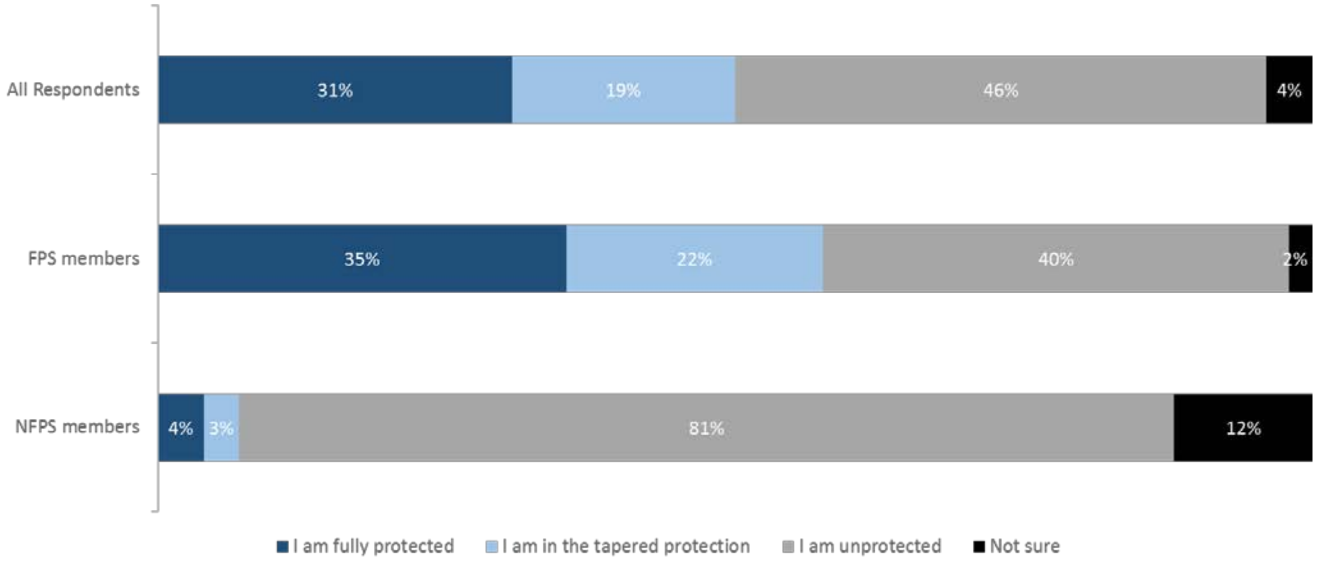


Base= all who oppose the gov't current protection proposal (5,876), 25-44 years old (2,796)
45-59 years old (1,858)
Note: Base size too small to show under 25 years and over 60 years

1.3.1.6 Nearly two thirds of the members (65 per cent) are not fully protected against the government proposal and their Normal Pension Age may be affected. A significantly higher proportion of men tend to be fully protected than women, (35 per cent versus 12 per cent). The Southern region has the highest percentage of members who have no transitional protection (60 per cent), compared with just 32 per cent in Northern Ireland.

1.3.1.7 Over one third of members in the FPS (35 per cent) are fully protected against the government proposal while only four per cent of NFPS members have full protection. Eight in ten (81 per cent) NFPS members are unprotected against the government proposal compared with four in ten (40 per cent) FPS members (Figure 2).

Figure 2: The effects of Transitional Protection



Base: all English and Welsh respondents (5,071) FPS (4,298) NFPS (766)

Scotland

1.3.1.8 Similar to England and Wales, the Scottish government is also proposing a transitional protection scheme for all active members who have ten years or less to their current Normal Pension Age (FPS 55, NFPS 60) will remain in their current scheme and see no change in when they can retire, nor any decrease in the amount of pension they receive at their current Normal Pension Age. In addition Scottish Government is also proposing to include members who are within 10 years of their maximum 30 years pensionable service on 1 April 2012. This in an improvement on the protection proposed for England and Wales

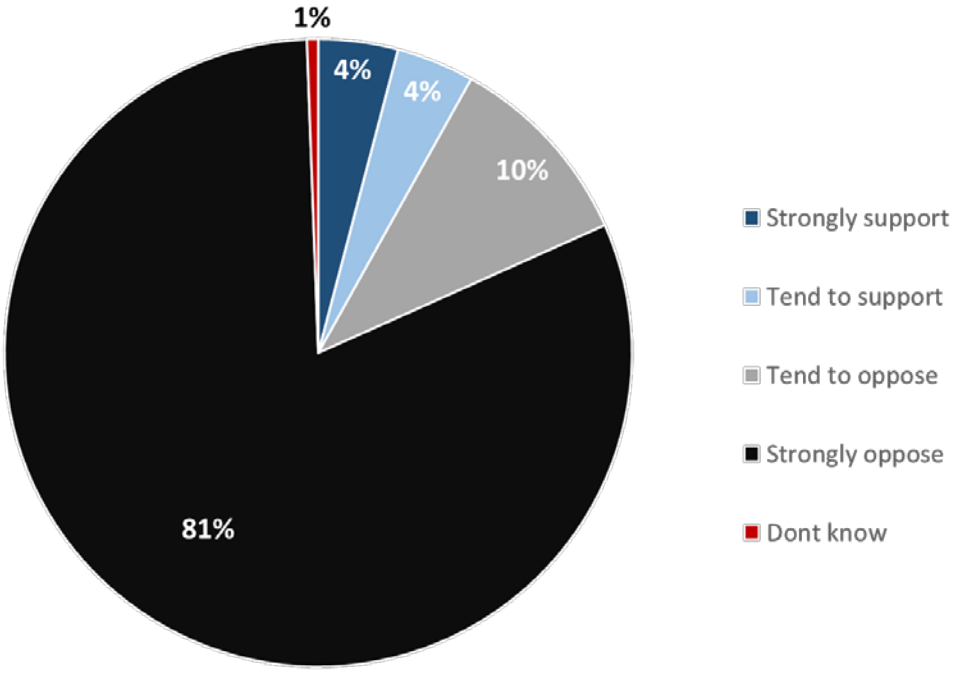
1.3.1.9 In Scotland there is a slight majority of members opposing the government protection proposal (51 per cent) compared to those supporting the proposal (44 per cent). Double the percentage of FPS members strongly support the government proposal (18 per cent) compared with 9 per cent of NFPS members. Despite this, only a third of FBU members (37 per cent) are fully protected in the transitional protection, while one fifth have tapered protected (18 per cent) and four in ten are unprotected (42 per cent).

1.4 Attitudes on increasing pension contributions

1.4.1.1 Members were asked whether they support or oppose plans by the government to increase pension contribution; from April 2014 FPS members will pay at least 14.2 per cent and NFPS member will pay at least 10.4 per cent.

1.4.1.2 Figure 3 illustrates that the majority of those asked oppose the proposal (91 per cent). Among those who oppose the increase, 81 per cent do so strongly. Just 8 per cent support the proposal, with an equal divide between strongly support and tend to support.

Figure 3: Support and oppose for an increase in contributions

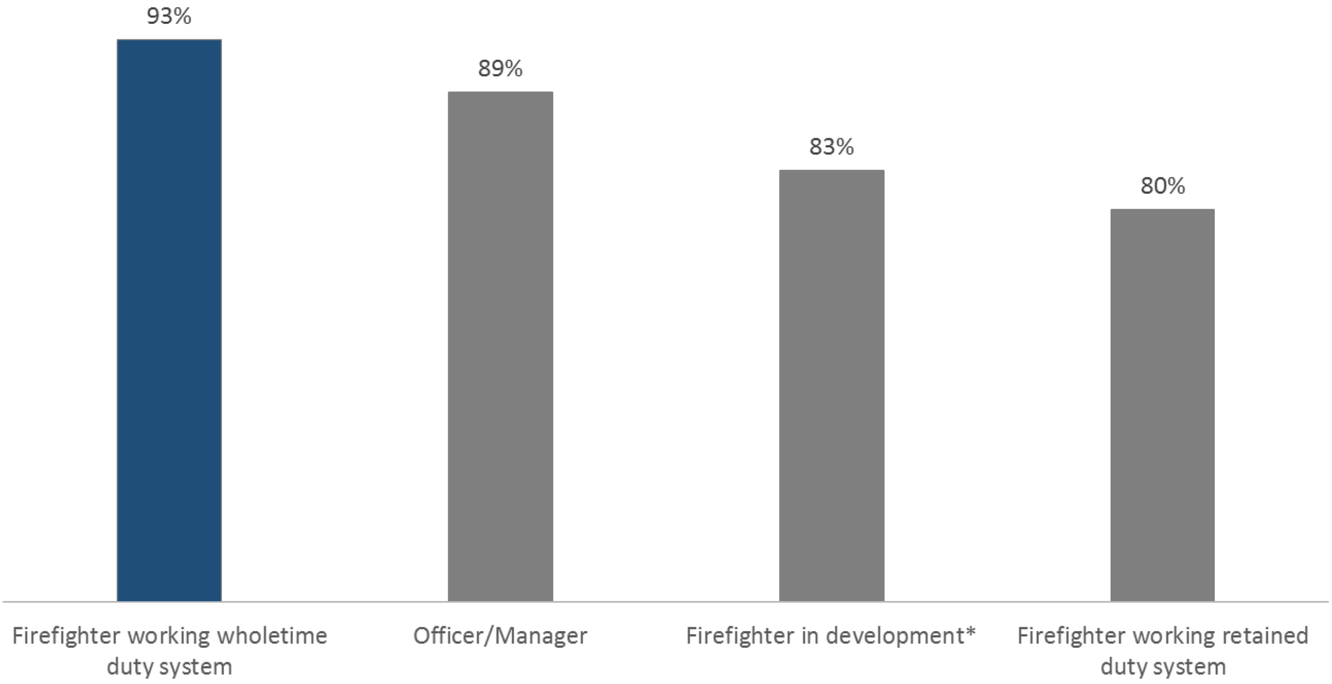


Base= all respondents (5,536)

1.4.1.3 There is widespread opposition among all demographic groups. However it is notable that opposition to the proposal increases among younger groups. That is, 96 per cent of 25-29 year olds oppose the proposal (just 4 per cent support it), whereas 88 per cent of those aged 50-59 year olds oppose it (and 12 per cent support it). There is the same level of opposition across the different pension schemes (91 per cent of FPS oppose the proposal and 92 per cent of NFPS members also do).

1.4.1.4 Figure 4 illustrates that firefighters working the wholetime duty system have the strongest opposition to the proposal (93 per cent) compared with other Fire and Rescue Service positions, although there remains strong opposition among all positions.

Figure 4: Opposition to the increase in pension contributions by position in the Fire and Rescue Service



Base: Firefighter working wholetime duty system (3,629), Officer/Manager (1,655)
Firefighter in development (48 *caution low base size), firefighter working retained duty system (104)

1.4.1.5 Opposition is also strongest among respondents who are more engaged with the FBU, (they have attended a branch meeting recently). Among those who attended a meeting in the last month, 94 per cent oppose the proposals, compared with 85 per cent who attended over a year ago.

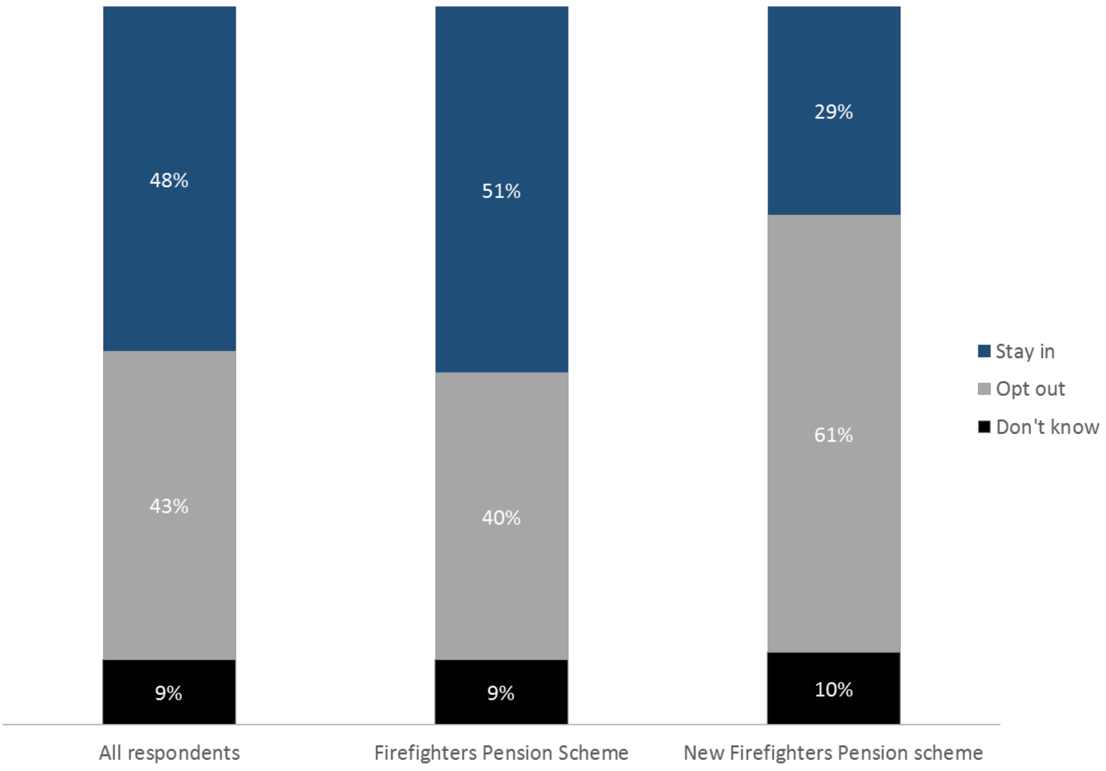
1.5 'Opting-out' or 'staying-in' pension scheme

1.5.1.1 There is a marginal difference between respondents who would stay in or opt out of the pension scheme if the pension contribution increased to 14.2 per cent for FPS members and 10.4 per cent for NFPS members. Four out of ten respondents (43 per cent) indicated they would be likely or very likely to opt-out while five out of ten respondents (48 per cent) indicated they will stay in the pension scheme.

1.5.1.2 Focusing on demographics, there tends to be significant differences between those who opt out or stay in the pension scheme. Nearly half of men (48 per cent) report they are likely or very likely to remain in the pension scheme compared with only 39 per cent of women. Members of the FBU who are aged between 25-39 years old are much more likely to opt out of the pension scheme (65 per cent) compared with those who are closer to retirement age, 40-59 years old (33 per cent).

1.5.1.3 The difference between the increase in pension contributions between FPS and NFPS has resulted in members of the different schemes taking different views to opting out or staying in. A higher proportion of members of NFPS would be likely or very likely to opt out (61 per cent) while 51 per cent of FPS members indicated they would remain in the scheme (Figure 5).

Figure 5: Opting-out or staying-in the pension scheme if proposals to increase contributions are implemented

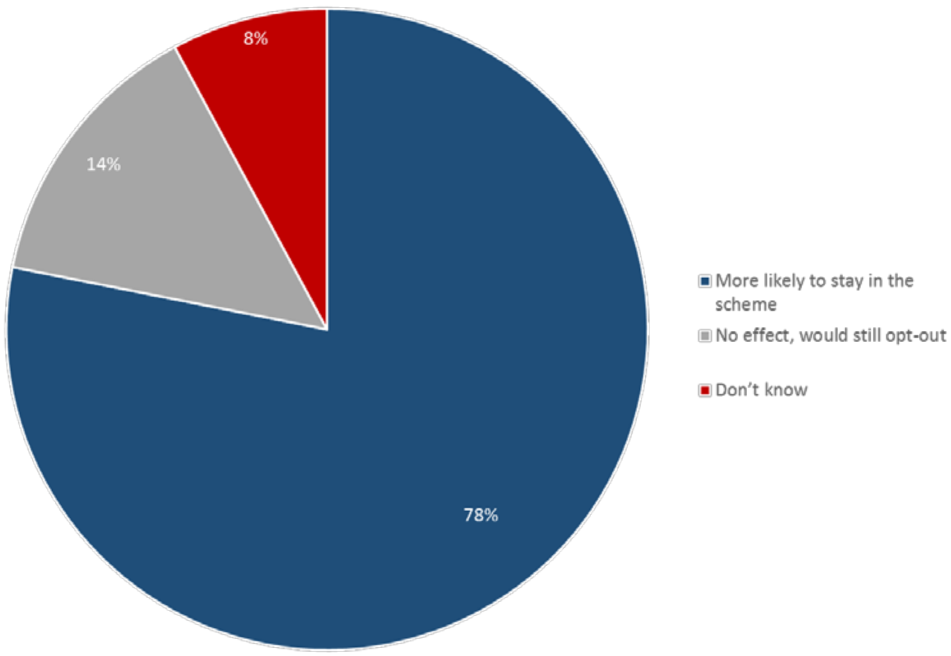


Base= all respondents (5,508) Firefighters Pension Scheme (4,675), New Firefighters Pension Scheme (826)

1.5.1.4 The likelihood to stay in the pension scheme increases the longer the respondent has been in the Fire and Rescue Service. Only a quarter of respondents (26 per cent) who have been in the service for up to 5 years will stay in the scheme compared to 79 per cent of members who have been in the service for longer than 25 years.

1.5.1.5 Members who indicated that they were likely to opt out of the scheme were asked a supplementary question, if the full pension increase was not imposed, would they be more likely to stay in or still opt out of the pension scheme? Just over three quarters of respondents stated that they are more likely to stay in the scheme if the full increase was not imposed, while 14 per cent would still opt out and 8 per cent do not know (Figure 6).

Figure 6: Opting out or staying in the pension scheme if the full increase was not imposed



Base: All respondents (2399)

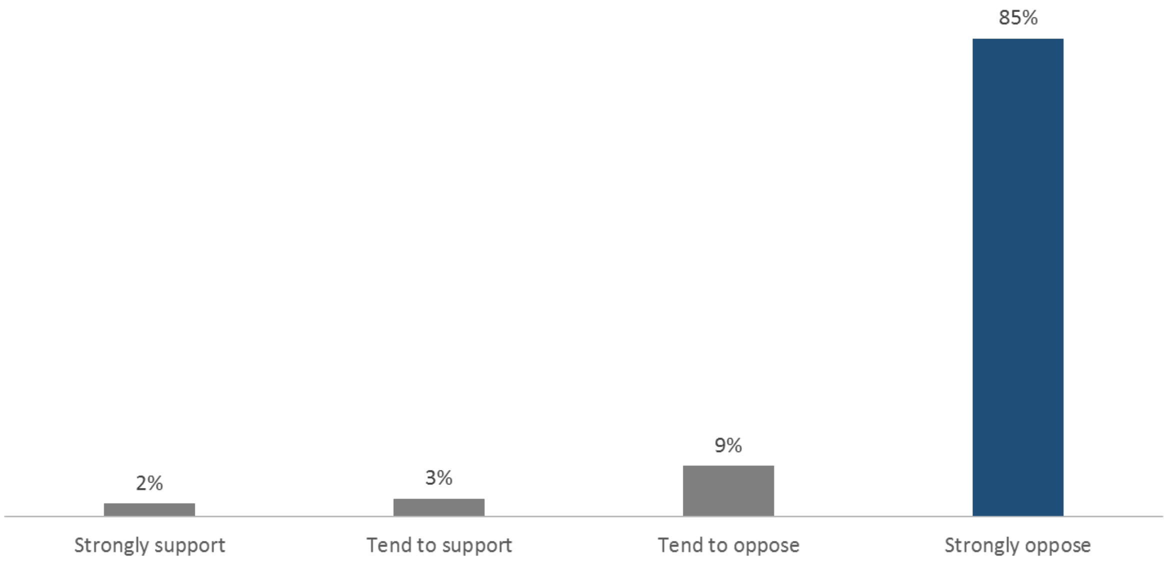
1.5.1.6 A significantly higher proportion of NFPS members (84 per cent) are more likely to stay in the scheme if the full increase was not imposed compared with three quarters of FPS members (77 per cent), while 15 per cent of FPS members and 10 per cent of NFPS members will opt out. This proportional difference may be contributed by the fact that FPS pension increase (14.2 per cent) is higher than NFPS pension increase (10.4 per cent)

1.6 Increasing the working age

1.6.1.1 The government has used primary legislation to make all firefighters in England, Scotland and Wales work until they are 60, before they can receive an unreduced pension.

1.6.1.2 Ninety four per cent of members asked opposed this action. Out of the 94 per cent opposing, 85 per cent strongly oppose and 9 per cent tend to oppose.

Figure 7: The extent of support or opposition to plans for firefighter's to work until they are 60



Base: All respondents (5,422)

1.6.1.3 Those members who are not as engaged with the FBU and have attended a meeting over a year ago are less opposed to the new legislation (89 per cent) than those who have attended less than a month ago (97 per cent).

1.6.1.4 Members of the FBU in the southern region, are the least opposed compared with other regions, although 88 per cent opposing is still a significant number. (See appendix for regional breakdown).

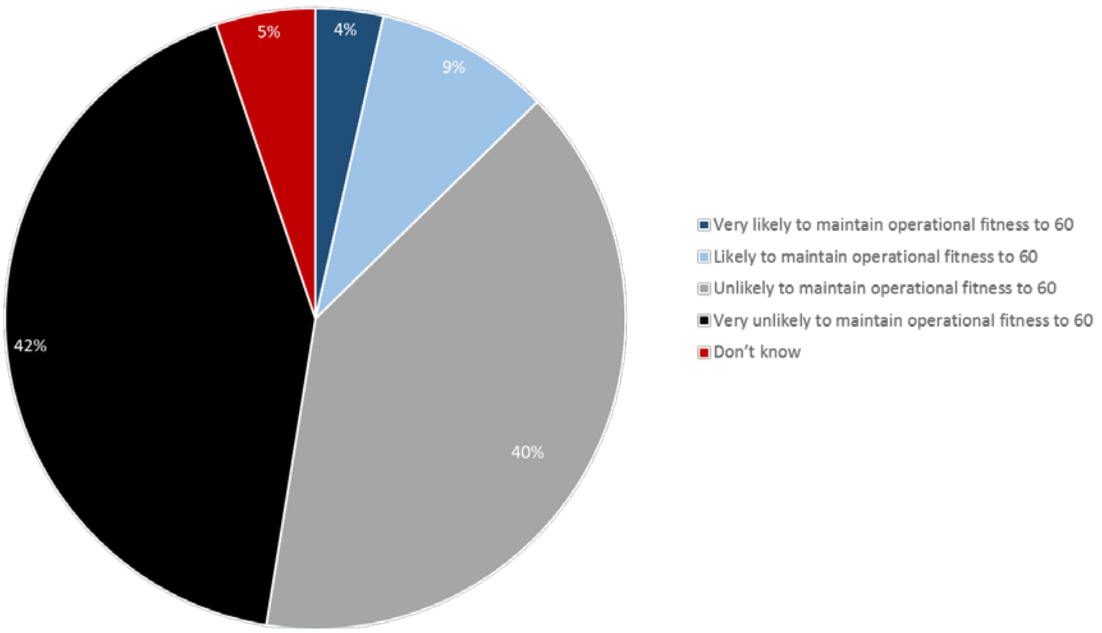
1.6.1.5 Despite such strong opposition to the increased pensionable age, 29 per cent would remain with their pension scheme. There is a difference in likelihood to stay in the pension scheme depending on age. Just over a quarter of 25 to 29 year olds will stay (28 per cent), this increases significantly to nearly half of 45 to 49 year olds (45 per cent). A similar pattern is seen with length of service, those who have worked for less than 5 years are less likely to stay in the pension scheme (29 per cent) than those who have worked between 21 to 25 years (38 per cent).

1.6.1.6 In general, respondents do not believe they are likely to maintain their operational fitness until the age of sixty (82 per cent), with 42 per cent stating it is very unlikely they will do so. There is a clear distinction in the belief that operational fitness will be maintained until sixty when analysed by age. Younger respondents are significantly less likely to believe they will maintain fitness through to sixty, (87 per cent of 25 to 29 year olds) compared with 78 per cent of 50 to 54 year olds.

1.6.1.7 Gender also plays a factor in distinguishing between belief of maintaining operational fitness, with a higher proportion of women (89 per cent) compared to men (83 per cent) thinking they are unlikely to maintain fitness until 60 years old.

1.6.1.8 Firefighter's working in the retained duty system are the most likely of all roles within the service to think they will maintain their operational fitness (23 per cent). Eleven per cent of firefighter's working wholetime duty system think they will maintain their operational fitness and 16 per cent of officers believe they will. (See appendix for all respondents' working roles within Fire and Rescue Service).

Figure 8: Likelihood to maintain operational fitness until the age of sixty



Base= all respondents (5,475)

1.7 Flexible retirements

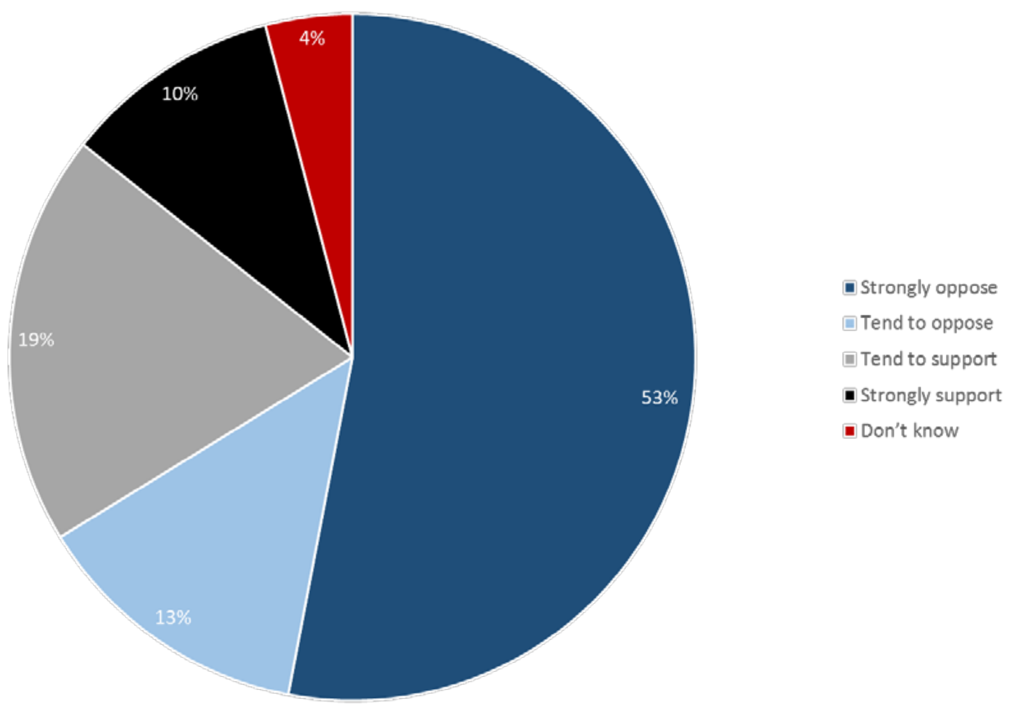
England and Wales

1.7.1.1 In England and Wales the government has proposed a flexible retirement option which will result in all active members who are aged 57 or more at retirement, being able to receive a pension that is actuarially reduced with reference to the 2015 scheme's **Normal Pension Age**, rather than **the deferred pension age**. All other members will have their 2015 scheme benefits actuarially reduced on a cost neutral basis from the scheme's **deferred pension age**. This will mean a reduction of 13.9 per cent at age 57, but a reduction of 47.1 per cent at age 55.

1.7.1.2 All active members can access their pension earlier than the Normal Pension Age but that it will be actuarially reduced dependent upon the age you access it. The actuarial reduction is 47.1% for those who access it at age 55.

1.7.1.3 Respondents were asked to what extent they support or oppose these proposals for a flexible retirement option in England and Wales. Two thirds (66 per cent) of respondents oppose the flexible retirement plan, with over half strongly opposing (53 per cent) while 30 per cent support it.

Figure 9: Extent to which respondents support or oppose flexible retirement proposals



Base= all English respondents (4,836)

1.7.1.4 Across all regions there is a widespread opposition towards the current flexible retirement plans, with the strongest opposition coming from Wales with three quarters of its members opposing the proposals (76 per cent).

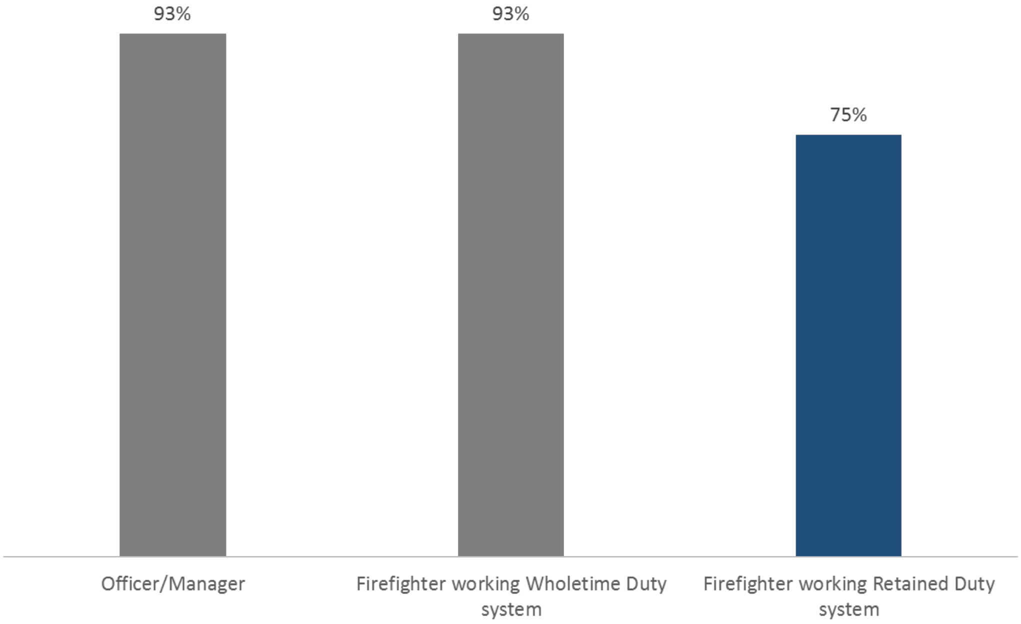
1.7.1.5 There is also widespread opposition to the current proposals among all demographic groups. Despite this, there is variance in the level of opposition depending on the level of service. Over half (56 per cent) of those who have worked less than 5 years oppose the flexible retirement plan compared to nearly three quarters (71 per cent) of those who have worked between 21 to 25 years.

1.7.1.6 Despite the high level of opposition to the current flexible retirement plan, there is a varied level of support between the FPS and the NFPS. Just over a quarter (28 per cent) of FPS members support the new plan while 40 per cent of NFPS members do.

1.7.1.7 There is almost a unanimous opposition to the proposal for the current proposed actuarial reductions, with 92 per cent opposing and 83 per cent of these strongly opposing. Across all demographics and length of service there are similar levels of opposition to the current proposal. Although there is some variance is between pensions schemes, with 93 per cent of FPS members opposing compared with 87 per cent of NFPS members.

1.7.1.8 There is also dissimilarity in opposition between positions within the fire and rescue service, with three quarters (75 per cent) of firefighters working retained duty systems opposing the current proposal compared with 93 per cent of firefighters working wholetime duty system and officer/managers (figure 10).

Figure 10: Opposition to current proposals for the current actuarial reductions



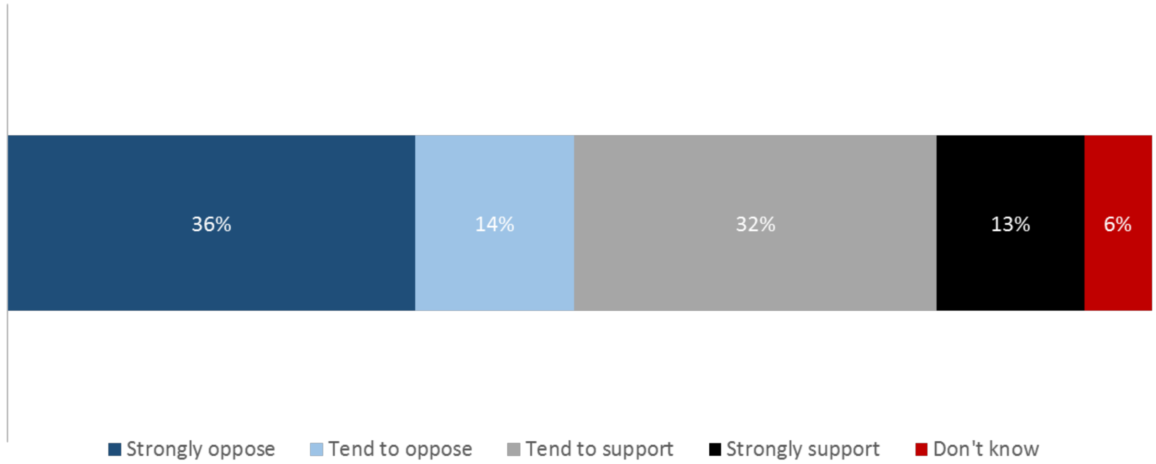
Base: Officer/Manager (1409), Firefighter working wholetime duty system (3220)
Firefighter working retained duty system (89)
Note: Low base size for Firefighter control, firefighter in development and Trainee

Scotland

1.7.1.9 Similarly the Scottish government is also proposing a flexible retirement option but it is an improvement on the one currently proposed for England and Wales. All active members who are aged 55 or more at retirement, will be actuarially reduced with reference to the 2015 scheme's **Normal Pension Age**, rather than the **deferred pension age**. This will mean a reduction of **21.8** per cent at age 55 where members can access their pension earlier than the Normal Pension Age rather than the **47.1%** reduction currently proposed elsewhere.

1.7.1.10 Scottish respondents were asked to consider whether they support or oppose the current plans for flexible retirement. The support and opposition is not evenly cut, with half of FBU members opposing the new proposed plans and just over a third (36 per cent) strongly opposing; while 44 per cent support and 6 per cent are unsure.

Figure 11: Support and opposition for the Scottish flexible retirement plans

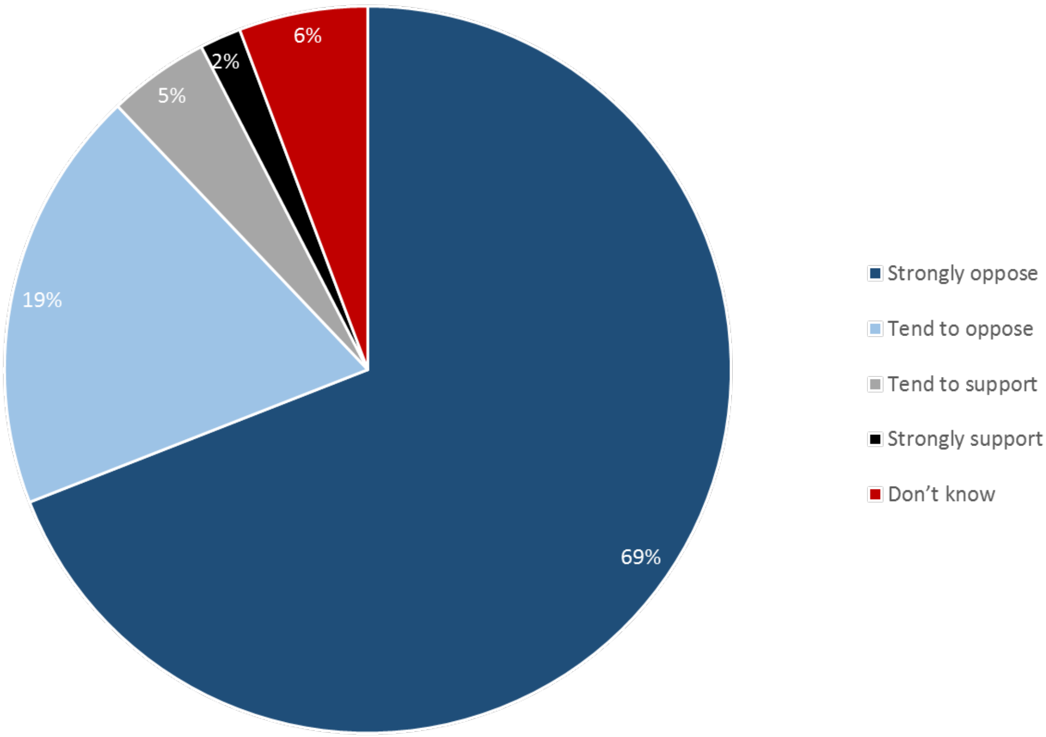


Base: All respondents from Scotland (488)

1.7.1.11 Comparing the older age brackets there is a significant difference in opposition to the flexible retirement plan. A majority of those aged 40 to 44 years oppose the plan (61 years) compared with just under half aged 45 to 49 years old (45 per cent).

1.7.1.12 Members of the FBU were asked to consider whether they support or oppose the proposal for these current actuarial reductions. There is a strong opposition to this proposal with a majority opposing (88 per cent) and 6 per cent supporting (figure 12). There is no variance in opposition within demographics and length of time in the service.

Figure 12: Opposition to the current proposal for actuarial reductions



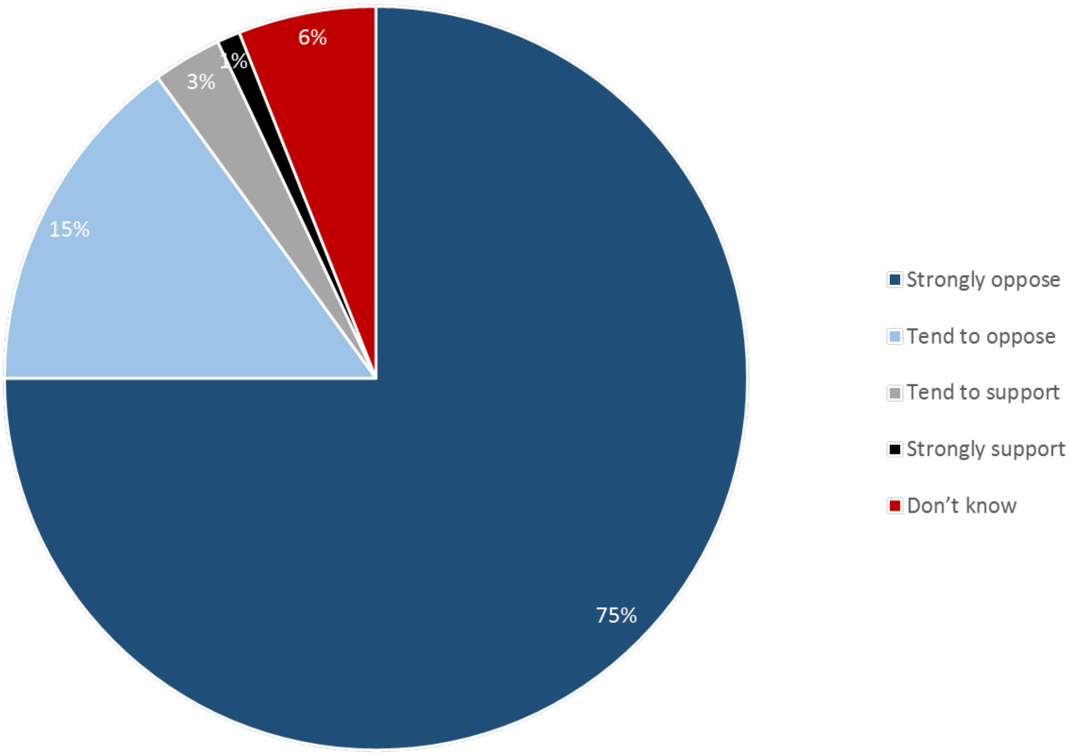
Base: All respondents (488)

1.8 Commutation proposals

1.8.1.1 Government proposals mean that the fixed rate for commutation will be based upon the following optional lump sum by commutation at a rate of £12 for every £1 per annum of pension foregone in accordance with HMRC limits and regulations. The FBU have opposed this raising the point that 12:1 is too low even with a proposed Normal Pension Age (NPA) of 60. The reason for this is that in all other public service pension schemes 12:1 is offered even though they have an NPA based on state pension age. The argument is that firefighters will retire at least 8 years earlier and that this factor must be higher to reflect the difference in life expectancy from retirement age.

1.8.1.2 Members of the FBU were asked to consider whether they support or oppose the commutation proposal, and a significant proportion of members (90 per cent) oppose the proposal with just 4 per cent supporting and the remainder answering don't know, (figure 12).

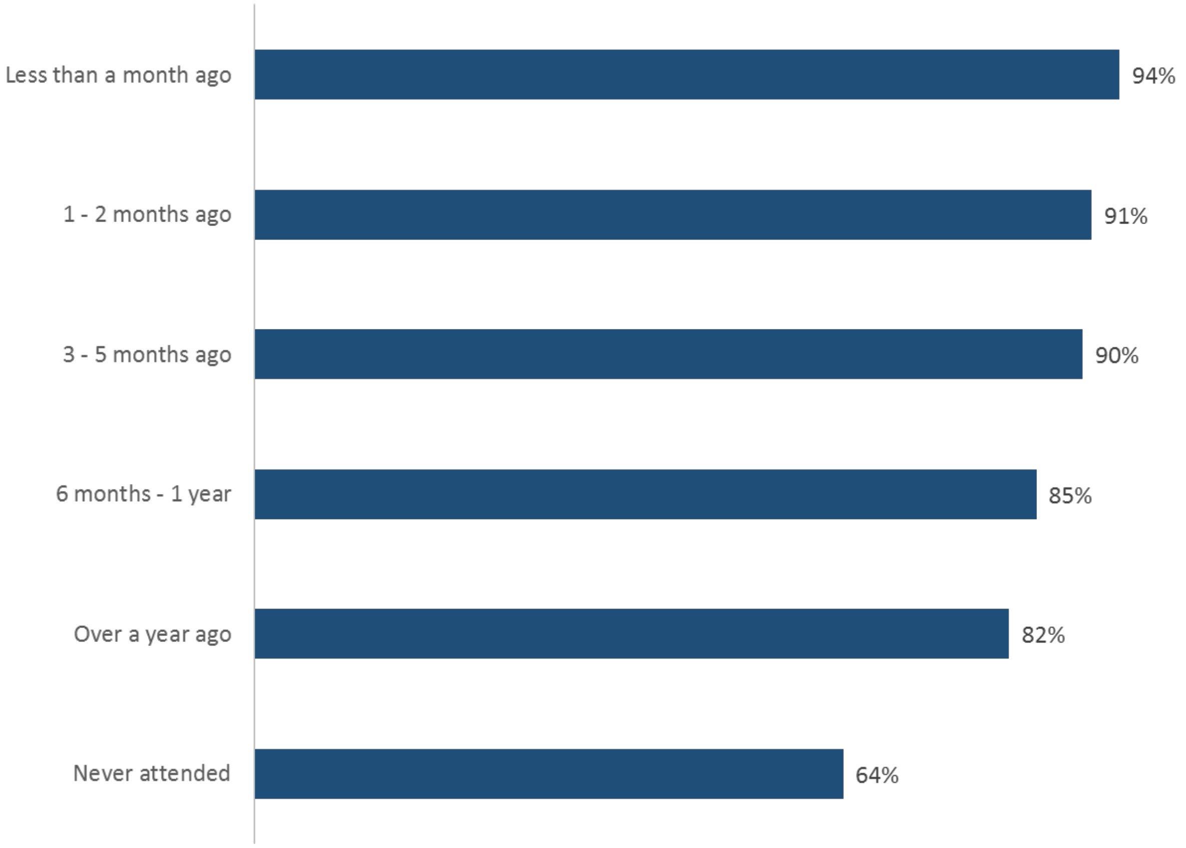
Figure 13: Extent to which respondents support or oppose commutation proposals



Base= all respondents (5237)

1.8.1.3 Although there is a strong opposition to the commutation proposal, the level of opposition varies depending how actively involved FBU members are. The more recent a member has attended the FBU branch meeting the stronger the opposition to the proposal is. From those that have attended a branch meeting less than a month ago, 94 per cent oppose the proposal compared with 82 per cent who attended a year ago and 67 per cent who have never attended.

Figure 14: Opposition to the commutation proposal based on those who attend a FBU branch meeting

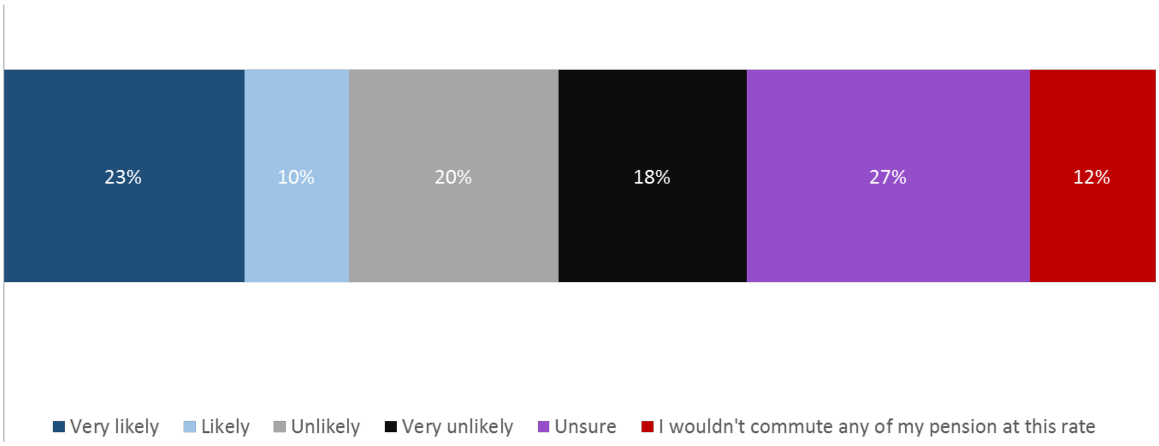


Base: All respondents (5,237)

1.8.1.4 Opposition and support for the commutation proposal varies by region. The north east region has stronger opposition (93 per cent) to the proposal than other regions such as the south east (87 per cent) and southern regions (87 per cent).

1.8.1.5 Over a third (38 per cent) of FBU members stated that they are unlikely to commute the permitted maximum of a quarter of their pension benefits, and just under a quarter (23 per cent) stated they are likely to while over a quarter (27 per cent) are unsure.

Figure 15: Likely and unlikely to commute a maximum of a quarter of pension benefits under the new commutation proposal

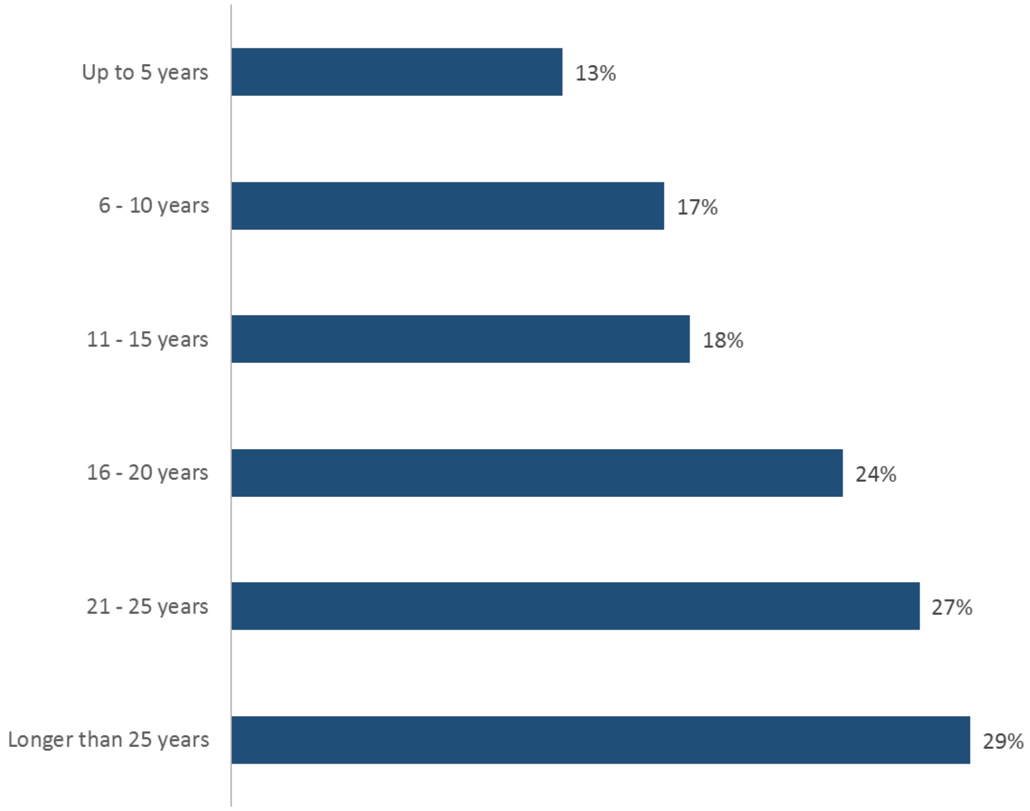


Base: All respondents (5236)

1.8.1.6 Likeliness to commute a pension benefits under the new proposal varies on whether the member is part of the FPS or NFPS. Just under a quarter (23 per cent) of members of the FPS are likely to commute their pension benefits under the proposal compared with only a fifth (18 per cent) of NFPS members.

1.8.1.7 There is a difference in likeliness to commute pension benefits depending on length of service in the fire and rescue, so that those who have been in the service for a shorter period of time are least likely to commute their pension benefits (13 per cent among those who have been with the service for up to five years). This increases to 29 per cent among those who have been with the service for over twenty-five years (figure 16).

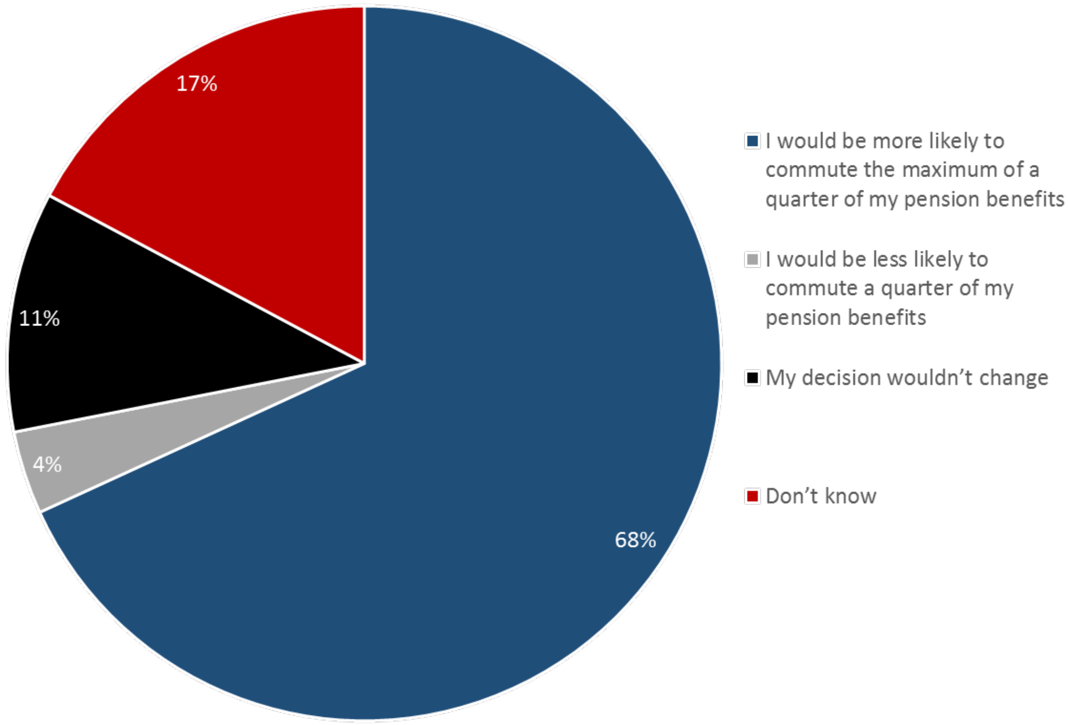
Figure 16: Likeliness to commute the maximum of a quarter pension benefit based on service in Fire and Rescue



Base; All respondents (5,172)

1.8.1.8 A majority of respondents (68 per cent) would be more likely to commute their pension benefits if the commutation rate was improved, while 4 per cent are less likely and the decision has not changed for 11 per cent of members.

Figure 17: More likely to commute the permitted maximum of a quarter pension benefits if commutation rate improved



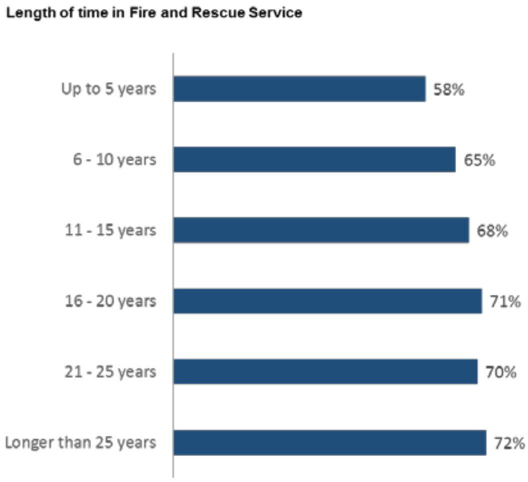
Base: All respondents (5,235)

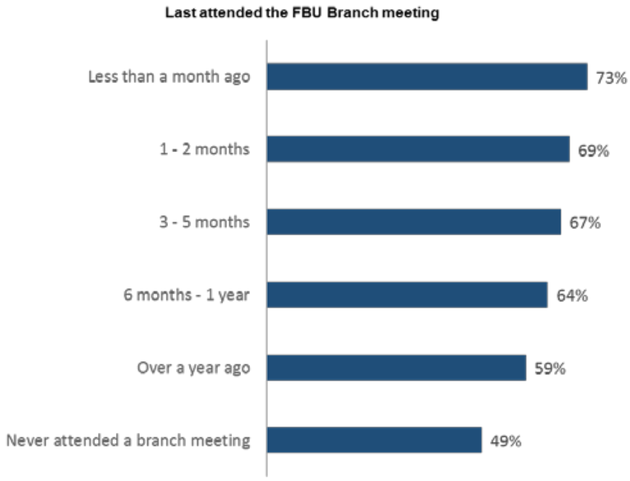
1.8.1.9 Those members who live in Scotland (70 per cent) are significantly more likely to commute their pension benefits if the commutation rate was improved compared to those who live in Wales (63 per cent) and London (65 per cent). There is also a significant difference in gender, with men (69 per cent) more likely to commute pension benefits than women (58 per cent).

1.8.1.10 Likeliness to commute pension benefits if the commutation rate is improved is affected by which pension scheme the member of the FBU belongs to. A higher proportion of FPS members (70 per cent) are more likely to commute their pension benefits if the commutation rate was improved compared with 59 per cent of NFPS members.

1.8.1.11 Likeliness to commute pension benefits increases in line with length of time in the fire and rescue service while likeliness decreases depending on how recent the member attended the FBU branch meeting (Figure 18).

Figure 18: Likeliness to commute pension benefits if commutation rate was improved





1.9 Appendix

1.9.1 Region

Region	Places within region
Region 1	Scotland
Region 2	Northern Ireland
Region 3	North East (Tyne and Wear, Cleveland, Durham, Northumberland)
Region 4	Yorkshire and Humberside (Humberside, North Yorkshire, South Yorkshire, West Yorkshire)
Region 5	North West (Cheshire, Cumbria, Greater Manchester, Merseyside, Lancashire, Isle of Man)
Region 6	East Midlands (Derbyshire, Leicestershire, Lincolnshire, Northamptonshire, Nottinghamshire)
Region 7	West Midlands (Hereford and Worcester, Shropshire, Staffordshire, Warwickshire, West Midlands)
Region 8	Wales (North Wales, Mid and West Wales, South Wales)
Region 9	Eastern (Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk, Suffolk)
Region 10	London
Region 11	South Eastern (East Sussex, West Sussex, Kent, Surrey)
Region 12	Southern (Berkshire, Buckinghamshire, Hampshire, Isle of Wight, Oxfordshire)
Region 13	South West (Avon, Cornwall, Devon and Somerset, Dorset, Gloucestershire, Wiltshire)

1.9.2 Work roles with Fire and Rescue Service

Position within the Fire and Rescue Service
Trainee
Firefighter in development
Firefighter control
Officer / Manager
Firefighter working Retained Duty system
Firefighter working Wholetime Duty system
Other