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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order makes provision for a new pension scheme for and in respect of firefighters employed by fire and rescue authorities in Scotland (“the new Scheme”). The new Scheme, which is set out in Schedule 1 to the Order, has effect from 6th April 2006 and replaces the Firefighters' Pension Scheme set out in Schedule 2 to the Firemen's Pension Scheme Order 1992 (“the 1992 Scheme”). Power to give the new Scheme retrospective effect is conferred by section 34 of the Fire and Rescue Services Act 2004.

Part 1 of the new Scheme contains general introductory provisions including definitions of terms used in the Scheme.

The new Scheme is available to all firefighters employed by fire and rescue authorities in Scotland, whether whole-time or part time and whether regular, retained or volunteer, who satisfy one of the eligibility conditions set out in Part 2 of the Scheme. Part 2 also deals with other classes of membership of the Scheme.

Part 3 makes provision for the payment of pensions to firefighter members. It introduces Annex 1, which provides for the calculation of ill health pensions.

Part 4 deals, in Chapter 1, with pensions for surviving spouses, civil partners and nominated partners and, in Chapter 2, with pensions for children.

Part 5 provides for the payment of death grants and post-retirement death grants.

Part 6 deals with pension sharing on divorce.

Part 7 contains provisions relevant to firefighters who serve in the armed forces.

Part 8, to which Annex 2 to the Scheme is relevant, provides for the determination of questions and appeals arising under the Scheme.

Part 9 deals with the review, withdrawal and forfeiture of awards.

Part 10 contains provisions about qualifying service and pensionable service.

Part 11 deals with pensionable pay, pension contributions and the purchase of additional service.

Part 12 provides for transfers into and out of the Scheme.

Part 13 provides for the payment of awards.

Part 14 contains miscellaneous provisions, including provisions about annual benefit statements (rule 4).

The new Scheme differs from the 1992 Scheme in the following major respects:

- (a) it is open to retained and volunteer firefighters;
- (b) pensions can be paid to a nominated partner as well as a spouse or civil partner;
- (c) the normal retirement age will be 60; under the 1992 Scheme it is 55 (with some exceptions);
- (d) the age at which deferred pensions will normally be paid will be 65; under the 1992 Scheme it is 60;
- (e) firefighter members may request early payment of pension from age 55, subject to actuarial reduction;

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

- (f) fire and rescue authorities may for economical, effective and efficient management reasons pay pensions from age 55 without actuarial reduction; under the 1992 Scheme,
- (g) payment could be made in similar circumstances from age 50 provided that the firefighter had at least 25 years' pensionable service;
- (h) pension will accrue at 1/60th per year. A firefighter member will be able to accrue more than 40 years' pensionable service;
- (i) a firefighter member will be able to commute up to a quarter of the firefighter's pension for a lump sum and there will be a single commutation factor regardless of age or sex with each £1 of pension commuted providing a lump sum of £12;
- (j) enhancements for the higher tier ill health retirement pension will be based on a formula where accrued pensionable service is increased by 2% and then multiplied by the amount of prospective service to the normal retirement age. This will ensure that enhancements are more evenly graduated than under the 1992 Scheme;
- (k) where a firefighter member is subject to a reduction in pay because of a change in role that member will qualify for a split pension. At the point of reduction the first pension will be closed and therefore based on the higher pay rate and a new pension started. When the member retires both pensions will be payable;
- (l) the death grant when a firefighter member dies in service will be three times pensionable pay at the date of death; under the 1992 Scheme it is two times pensionable pay;
- (m) any pension paid to an adult survivor who is 12 or more years younger than the firefighter member will be reduced by 2.5% for every year or part year above the 12 years, up to a maximum of 50%; there is no such restriction under the 1992 Scheme;
- (n) the member's contribution rate will be 8.5%; under the 1992 Scheme, for members who joined before 6th April 2006, the rate was 11%.

Service transferred from the 1992 Scheme will be transferred at a special rate up to and including 31st March 2007.

A full regulatory impact assessment has not been produced for this Order, as it has no impact on the costs of business, charities or voluntary bodies.