

SCHEDULE 1

THE NEW FIREFIGHTERS' PENSION SCHEME (WALES)

PART 3

PERSONAL AWARDS

Ordinary pension

1.—(1) Subject to paragraph (2), this rule applies to a person who satisfies an eligibility condition and retires having reached normal retirement age or state pensionable age.

(2) This rule does not apply to a firefighter member whose notice of retirement states that the firefighter member is retiring for the purpose of taking up employment with another authority.

(3) A person to whom this rule applies becomes entitled, on retiring, to an ordinary pension calculated, subject to paragraph (4), by multiplying that person's pensionable service by that person's final pensionable pay and dividing the resultant amount by sixty.

(4) Where a person to whom this rule applies becomes entitled, on retiring, to a pension in respect of service as a retained or volunteer firefighter, that person's ordinary pension is to be calculated by multiplying that person's final pensionable pay by that person's pensionable retained or volunteer service and dividing the resultant amount by sixty.

(5) Where a firefighter member is entitled to more than one ordinary pension, those pensions are not to be aggregated unless rule 7(6) applies.

Award on ill-health retirement

2.—(1) This rule applies to a firefighter member who leaves that firefighter member's employment by reason of permanent disablement⁽¹⁾ (referred to in this Scheme as "ill-health retirement").

(2) Every firefighter member to whom this rule applies and who satisfies an eligibility condition is entitled, on retiring, to a lower tier ill-health pension calculated in accordance with paragraph 1 of Annex 1 to this Scheme.

(3) A firefighter member —

- (a) who is entitled to a lower tier ill-health pension,
- (b) who has at least five years of qualifying service, and
- (c) in respect of whom an independent qualified medical practitioner has expressed the opinion, obtained in accordance with rule 2(2) of Part 8, that that firefighter member is permanently disabled from undertaking regular employment,

is also entitled, on retiring, to a higher tier ill-health pension calculated in accordance with paragraph 2 or 3 of Annex 1, as the person's circumstances require.

Deferred pension

3.—(1) This rule applies to a firefighter member who—

- (a) satisfies an eligibility condition; and
- (b) before reaching normal retirement age—

(1) See rule 3 of Part 1.

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- (i) resigns or is dismissed from the authority's employment; or
- (ii) makes a contributions election.

(2) A person to whom this rule applies is entitled to a deferred pension which, subject to paragraph (4) and rule 5, becomes payable from normal benefit age.

(3) A deferred pension is to be calculated by multiplying the person's pensionable service by the person's final pensionable pay and dividing the resultant amount by sixty.

(4) Subject to rule 4 of Part 9 (withdrawal of early payment of deferred pension), where—

- (a) a person to whom this rule applies gives to the authority by whom that person was last employed written notice requesting early payment of the person's deferred pension; and
- (b) the authority are satisfied, having obtained the opinion of an independent qualified medical practitioner in accordance with rule 2(2) of Part 8, that the person is permanently disabled from undertaking regular employment,

the authority must pay the deferred pension from the date of the person's disablement or, if that date cannot be ascertained, the date of that person's request for early payment.

(5) Where a deferred pension is paid early in accordance with paragraph (4), it is to be subject to review under rule 1(2) of Part 9 (review of ill-health pension).

(6) A person who instructs the authority to cancel that person's deferred pension under rule 4 ceases to be entitled to it.

Cancellation of deferred pension

4.—(1) Where—

- (a) a deferred pension awarded under rule 3 is not being paid; and
- (b) the person entitled to it is again employed by an authority in a role which entitles the person to rejoin this Scheme, and
- (c) the person rejoins the Scheme,

that person may, at any time before leaving the authority's employment, by written notice given to the authority instruct the authority to cancel their deferred pension.

(2) Where an authority cancel a deferred pension, they must add to the pensionable service used for the calculation of the pension to which the person becomes entitled on leaving the employment, the pensionable service used for the calculation of the deferred pension.

(3) Where the authority from which a person is entitled to receive a deferred pension ("the first authority") is not the authority by which that person is employed ("the employing authority"), that person must by written notice given to the first authority instruct them—

- (a) to cancel the deferred pension, and
- (b) to make arrangements with the employing authority for the transfer of that person's pensionable service in accordance with rule 12 of Part 12.

Pension on member-initiated early retirement

5.—(1) This rule applies to a firefighter member who—

- (a) satisfies an eligibility condition; and
- (b) before reaching normal benefit age is awarded a deferred pension.

(2) A person to whom this rule applies may, on or after that person's fifty-fifth birthday, by written notice to the authority request early payment of that person's deferred pension.

(3) The authority may refuse a request under paragraph (2) if the rate of the pension (after the actuarial reduction mentioned in paragraph (4)(b) or, as the case may be, paragraph (5)(b)), is likely to be less than the guaranteed minimum pension that would be payable from state pensionable age.

(4) A deferred pension paid before normal benefit age to a firefighter member whose service is as a regular firefighter is to be calculated by—

- (a) multiplying the firefighter member's pensionable service by the firefighter member's final reference pay and dividing the resultant amount by sixty, and
- (b) applying to the amount ascertained in accordance with sub-paragraph (a) the appropriate actuarial reduction factor notified by the Scheme Actuary.

(5) A deferred pension paid before normal benefit age to a firefighter member whose service is as a retained or volunteer firefighter is to be calculated by—

- (a) multiplying the firefighter member's pensionable retained or volunteer service by the firefighter member's final pensionable pay as determined in rule 2(6) of Part 11 and dividing the resultant amount by sixty, and
- (b) applying to the amount ascertained in accordance with sub-paragraph (a) the appropriate actuarial reduction factor notified by the Scheme Actuary.

Pension on authority-initiated early retirement

6.—(1) An authority may, having regard to—

- (a) the economical, effective and efficient management of their functions, and
- (b) the costs likely to be incurred in the particular case,

determine that a firefighter member who is aged at least fifty five but under normal retirement age should be retired from the authority's employment.

(2) The pension of a person in respect of whom a determination is made under paragraph (1) is to be calculated in accordance with rule 1.

Entitlement to two pensions

7.—(1) Subject to paragraph (6), a firefighter member who—

- (a) satisfies an eligibility condition; and
- (b) on taking up a different role within the authority or becoming entitled to a different rate of pay in the member's existing role, suffers a reduction in the amount of pensionable pay such that the amount to be taken into account in the calculation of the pension to which the member will be entitled at normal retirement age is less than it would otherwise have been,

is entitled to two pensions.

(2) The pensions are to be calculated as mentioned in paragraphs (3) and (4) and become payable as mentioned in paragraph (5).

(3) The amount of the first pension is that found by multiplying the member's pensionable service up to (but not including) the day on which paragraph (1) first applies to the member by the final pensionable pay to which the member would have been entitled had the member retired on that day, and dividing the resultant amount by sixty.

(4) The amount of the second pension is that found by multiplying the member's pensionable service on and after the day on which paragraph (1) first applies to the member by the final pensionable pay to which the member is entitled on that day, and dividing the resultant amount by sixty.

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(5) Subject to paragraph (6), the pensions become payable on the date on which a pension would have become payable to the member in whichever of the circumstances referred to in rules 1, 2, 3, 5 and 6 applies in the member's case.

(6) A member who is entitled to two pensions under this rule may, by written notice to the member's employing authority, before leaving that employment, instruct the authority to make a single award which must be calculated in accordance with paragraph (7).

(7) The single award under paragraph (6) is to be calculated by—

(a) multiplying the aggregate of the periods of pensionable service used for the purposes of paragraphs (3) and (4) by the final pensionable pay used for the purposes of paragraph (4), and

(b) dividing the resultant amount by sixty.

(8) If the member makes a contributions election, the member is entitled to a single pension, calculated as mentioned in paragraph (3); and that pension must be treated for the purposes of rule 3(4) to (6) and rule 4 as if it were a deferred pension to which the member was entitled under rule 3.

Refund of aggregate pension contributions

8.—(1) A firefighter member who—

(a) leaves an authority's employment without satisfying an eligibility condition; or

(b) remains in the authority's employment but makes a contributions election before the firefighter member has accrued three months' qualifying service,

is entitled to a refund of the firefighter member's aggregate pension contributions less

(i) the amount of any tax required to be deducted, and

(ii) such part of any contributions' equivalent premium paid in respect of the member as is permitted by or under section 61 of the 1993 Act.

(2) In paragraph (1), "aggregate pension contributions" (*"cyfraniadau pensiwn cyfanredol"*) means all of the payments made by the member to the member's employing authority by way of pension contributions.

Commutation: general

9.—(1) Subject to paragraphs (3) and (4), a person entitled or prospectively entitled to any pension under this Part may commute a portion of it ("the commuted portion") for a lump sum.

(2) The lump sum is to be calculated by multiplying by twelve the amount of the person's pension represented by the commuted portion at the date of retirement.

(3) A person taking ill-health retirement may not commute any portion of a higher tier ill-health pension.

(4) The commuted portion must not exceed—

(a) in a case to which rule 5(4) or (5) applies, one quarter of the amount of the pension calculated in accordance with that paragraph;

(b) in any other case, one quarter of the amount to which the person is entitled by way of pension.

(5) In order to commute a portion of a pension a person must—

(a) not earlier than four months before the date on which the person intends to retire, but

(b) not later than the day before the pension comes into payment,

give the authority written notice of commutation specifying the commuted portion.

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(6) Notice of commutation takes effect on the day of the person's retirement ("the effective date").

(7) The authority must—

- (a) from the effective date, reduce the person's pension by the commuted portion, and
- (b) as soon as reasonably practicable after the effective date, pay the lump sum.

(8) In relation to a —

- (a) deferred pension,
- (b) a pension on member-initiated early retirement,
- (c) a pension on authority-initiated early retirement, or
- (d) either or both of the two pensions referred to in rule 7,

paragraphs (6) and (7) of this rule have effect as if references to the day of retirement and the effective date were references to the date on which the pension comes into payment.

(9) For the purposes of this rule —

- (a) the pension of a pension debit member must be taken to be the amount of the pension after reduction in accordance with rule 12; and
- (b) no account shall be taken of any increase under rule 2 or 3 of Part 7 of the Compensation Scheme in an award to a serviceman.

Commutation: small pensions

10.—(1) Where the amount of any pension payable under this Part to a member who has attained state pensionable age, together with any pension to which the member is entitled under rule 1 of Part 6 and any increase under the Pensions (Increase) Act 1971⁽²⁾, does not exceed the commutation limit specified for the purposes of Part 1 of Schedule 29 to the Finance Act 2004 (lump sum rule)⁽³⁾ the authority may commute the pension under this Part for a lump sum.

(2) The amount of a lump sum under this rule is the actuarial equivalent of the pension, calculated from tables prepared by the Scheme Actuary.

(3) Where a member is entitled to more than one pension under this Part, the pensions must be treated as one for the purposes of this rule.

(4) On the day on which a pension is commuted under this rule, all other entitlements of the member under this Part are extinguished.

Allocation of pension

11.—(1) A firefighter member may, in accordance with paragraphs (6) and (7), but subject to—

- (a) section 214 of the Finance Act 2004 and paragraphs (4) and (5) below, and
- (b) where the member is aged over 74, to paragraphs 16A to 16C of Schedule 28 to the Finance Act 2004⁽⁴⁾,

allocate up to one-third of any pension to which the member is entitled or prospectively entitled under this Part.

(2) The persons to whom a portion of a pension may be allocated are—

- (a) the firefighter member's spouse, civil partner or nominated partner, or

(2) 1971 c. 56.

(3) As to "the lump sum rule" see section 166 of the Finance Act 2004 (c. 12). As to the commutation limit see paragraph 7(4) of Part 1 of Schedule 29 to that Act.

(4) Paragraphs 16A to 16C were inserted by the Finance Act 2005 (c. 7), Schedule 10, paragraph 28.

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- (b) with the consent of the authority, any other person who is substantially dependent on the firefighter member.
- (3) The authority may withhold consent under paragraph (2)(b) if they are not satisfied that the person is substantially dependent on the firefighter member.
- (4) For the purposes of paragraph (1), an authority is to disregard any increase under rule 2 or 3 of Part 7 of the Compensation Scheme (awards to, or on death of, servicemen) in —
 - (a) awards to —
 - (i) reservists, or
 - (ii) reservists who do not resume service with their former authority; and
 - (b) awards paid under the Compensation Scheme.
- (5) Where more than one portion of a particular pension is allocated under this rule, the total of the allocated portions of that pension must not exceed the portion of that pension retained by the firefighter member.
- (6) The firefighter member must—
 - (a) satisfy the authority that that firefighter member is in good health and has a normal life expectancy; and
 - (b) give the authority written notice of allocation specifying—
 - (i) the portion,
 - (ii) the name and address of the intended beneficiary, and
 - (iii) the sex of the beneficiary.
- (7) The notice of allocation, which may be sent by post, must be given—
 - (a) if the pension is a deferred pension, not earlier than two months before the pension comes into payment;
 - (b) in any other case, not earlier than two months before the firefighter member's intended retirement.
- (8) Where the authority are satisfied that—
 - (a) the firefighter member has complied with paragraphs (6) and (7), and
 - (b) the allocation proposed by the firefighter member can be made without contravening section 214 of the Finance Act 2004 or, as the case may be, paragraphs 16A to 16C of Schedule 28 to that Act,they must, as soon as reasonably practicable after receiving the member's notice of allocation, notify the member in writing that they have accepted the member's proposal.
- (9) Where a proposal is accepted, the notice of allocation only takes effect—
 - (a) if it refers to a deferred pension, where the pension comes into payment within two months of the date of receipt of the notice;
 - (b) in any other case, where the firefighter member entitled to the pension retires within two months of the date of receipt of the notice.
- (10) If a notice of allocation takes effect, it does so on the day on which the pension comes into payment or, as the case may be, on the day on which the member retires.
- (11) Where—
 - (a) a notice of allocation has taken effect,
 - (b) the pension to which it relates has become payable, and
 - (c) the beneficiary survives the pensioner,

the authority must, from the date of the pensioner's death, pay the beneficiary a pension which is the actuarial equivalent of the allocated portion.

(12) Where more than one portion has been allocated under this rule, a separate calculation must be made under paragraph (13) in respect of each allocation.

(13) The actuarial equivalent of an allocated portion must be calculated in accordance with tables prepared by the Scheme Actuary and in force when the notice of allocation takes effect; and the calculation must be made by reference to the ages of the pensioner and the beneficiary at the date on which the notice of allocation was given.

(14) Where—

- (a) a notice of allocation has taken effect, and
- (b) the beneficiary pre-deceases the pensioner,

the authority must pay to the pensioner (distinguishing the portion of pension from any other pension payable to the pensioner) the portion of pension that the pensioner had allocated ("the failed allocation pension").

(15) Where paragraph (14) applies, the pensioner is not entitled to recover from the authority the amount of any deduction made in respect of the failed allocation pension.

Pension debit members

12. Where a pension debit member is entitled to an award under this Part—

- (a) the award is to be calculated by reference to the member's rights under this Scheme as reduced by virtue of section 31 of the 1999 Act and in accordance with such tables and other guidance as are provided for the purpose by the Scheme Actuary, and
- (b) rules 9 to 11 have effect accordingly.