

PART F

PENSIONABLE SERVICES AND TRANSFER VALUES

Part F deals with the reckoning of pensionable service with a right of appeal where there is a dispute (F1). Particular categories of service are covered in rules F2 to 5 - the payments which may be due are set out in Schedule 6, Part I. Rule F6 refers to the detailed arrangements for reckoning war service in Schedule 7. Rule F7 allows fire authorities to accept transfer value payments in respect of pension rights from a former occupation - the resulting pensionable service is calculated under Schedule 6, Part II. Rule F8 provides for payment of transfer values between brigades - calculated under Schedule 6, Part III. Rule F9 deals with other circumstances in which a transfer value may be payable **but only insofar as there is not a direct entitlement to a " cash equivalent " transfer value under the Social Security Act 1985** - the basis of calculation can be found in Schedule 6, Part IV.

F Gen - Examples 1, 2
 F7 - Examples 1 to 5
 F9 - Examples 1 to 4

GENERAL

This Part describes the linked subjects of pensionable service and transfer values.

- * The concept of pensionable service is central to the calculation of almost all the benefits under this Scheme, including transfer values on moving to another pension scheme.
- * Pensionable service is usually actual service as a member of a fire brigade, but it may also be reckoned as a result of your fire authority receiving a transfer value from a former employer.
- * A transfer value is a payment representing the cash value of pension rights earned by pensionable service in one pension scheme, which can be converted by the use of actuarial tables into pensionable service in another pension scheme.
- * It is important to remember that it is the value of the pension rights which is transferred and not the length of pensionable service.

BACKGROUND

Recent years have seen major changes in the arrangements for transferring pension rights. The main dates and effects are outlined below.

- | | |
|----------------|---|
| 1 April 1972 | New interchange arrangements were introduced (from January 1974) in respect of transfers after 1 April 1972. The new system applied administratively until the FPS was amended in October 1978. |
| 1 January 1974 | Special arrangements were made for transfers within a group of public sector pension schemes known as "club schemes". |
| 1 January 1986 | Under the Social Security Act 1985, members of occupational pension schemes with 5 years' qualifying service became entitled to "cash equivalent" transfer value payments which greatly increased the scope for transferring benefits. |
| 6 April 1988 | Under the Social Security Act 1986, membership of occupational pension schemes ceased to be compulsory, making it possible for individuals to make their own pension arrangements and transfer across their post - April 1988 pension rights. |
| | The minimum qualifying period for preserved benefits under the FPS was reduced from 5 to 2 years. |
| | The public sector transfer "club" arrangements were changed to provide for transfer values to be on a "cash equivalent" basis. |
| 1 July 1988 | Personal pensions were introduced which enabled transfers to take place to and from personal pension scheme arrangements. |
| 1 October 1990 | Operative date for the amendments to the transfer value provisions of the FPS. |

CASH EQUIVALENT TRANSFER VALUES

Before the changes made by the Social Security Act 1985, occupational pension schemes were previously able, but not required, to provide for the accrued pension rights of a member who left before pensionable age to be transferred to another scheme. The new entitlement created by the 1985 Act is a transfer value equal to the cash equivalent of the pension rights which the member has accrued. The entitlement applies only in respect of a transfer value which is used for buying into another occupational pension scheme, into a personal pension scheme (with effect from 1 July 1988) or an annuity from an insurance company. A transfer value can be used in one or more of these ways provided the total amount is allocated and the GMP is protected.

Part II of Schedule 1A to the Social Security Pensions Act 1975 (inserted by paragraph 3 of Schedule 1 to the Social Security Act 1985) directly confers a right to the "cash equivalent" of accrued benefits on the termination of pensionable service, and sets out how the right may be exercised and how the cash equivalent is to be calculated. It overrides scheme rules to the extent that they conflict with it, except that a scheme may be "framed or managed more favourably". There is thus no need for scheme rules to contain anything about transfer payments on cessation of employment after 31 December 1985 unless, and to the extent that, it is desired to make "more favourable" provision than is made by Schedule 1A, or it is necessary to do so in order to preserve protected rights enjoyed by existing members.

For a current transfer from one scheme in the public sector transfer "club" (see FGen-5) to another such scheme, the transfer value is calculated on the Schedule 1A "cash equivalent" basis. Generally the resulting service credit is broadly the same in the new scheme as in the old. The result could well be different in the case of a transfer to a scheme outside the "club". (Since April 1988 all club transfer payments are made on the cash equivalent basis.) The basic formula agreed by the public service schemes in respect of non-club transfers for those with service before the date on which their scheme was amended was that the transfer value should be calculated in two parts. The first part (for pre-amendment service) would be higher of the amount under the existing scheme rules and the "cash equivalent". The second part (for post-amendment service) would be the "cash equivalent".

The FPS provisions only cover cases where either Schedule 1A did not apply or some "more favourable" provision needed to be made. Where a person has acquired a right to a cash equivalent under Schedule 1A he or she should (unless wishing to retain an entitlement to deferred benefits) be expected to take the right.

Inter-Brigade and Central Service Transfers

Under these arrangements the amount of the TV payment does not affect the member's length of pensionable service and there is no need for these payments to be calculated on a "cash equivalent" basis. These payments continue to be based on the arrangements which applied prior to 1 January 1986 (see F8-1).

Transfer involving schemes in the public sector transfer "club"

These arrangements have been based on the "cash equivalent" transfer value system since 6 April 1988. Details of the revised arrangements can be found at F Gen-5, 6.

Other Transfers

These arrangements are based on "cash equivalent" TVs, except where rights acquired before 1 October 1990 under the existing provisions of the FPS are more favourable. (See F9-4). This exception does not apply if the transfer payment is being made to a personal pension scheme.

OPTIONS ON
CHANGING JOBS

Your choices on
changing jobs

If you change jobs on or after 1 January 1986, you may have a choice about what to do with any pension benefits that you have earned previously. Generally, the choice is between:

- leaving the benefits that you have earned in your former pension scheme to be preserved for payment at the retiring age (age 60 for firefighters), if you have the necessary qualifying service. (The necessary period of qualifying service is normally 5 years if you left on or before 5 April 1988, and 2 years if you leave on or after 6 April 1988); or
- transferring your benefits from your former pension scheme to your new scheme to increase your new scheme benefits; or to an insurance policy which will provide the money to buy a pension at the retiring age (subject to the rules of your former pension scheme);
- taking a refund of contributions, depending on the rules of your former pension scheme, if you do not have the necessary service to qualify for a preserved pension.

If you are taking up pensionable service under the FPS, you may transfer accrued pension benefits into it if the conditions set out in the FPS are fulfilled. A transfer is carried out by the payment of a TV which extinguishes your pension rights in the former pension scheme.

Social Security legislation requires that schemes must offer a transfer payment on behalf of anyone changing jobs after 1 January 1986 who qualifies for a preserved pension. You can ask your former pension scheme to make a transfer payment to the FPS at any time after you leave up to, normally a year before the retiring age (see "POINTS TO NOTE 1", F7-2).

Social Security legislation also requires that transfer payments are calculated on a reasonable and consistent basis. They must amount to at least the equivalent in cash of the value of the benefits that you have accrued.

**PENSIONABLE SERVICE
AND TRANSFER VALUES**

**What will
the transfer
payment buy?**

What the transfer payment will buy will depend, in part, on the form of the receiving scheme. Broadly there are 2 types of pension scheme, "final salary" and "money purchase". The majority - including the FPS and most public service schemes - are final salary schemes. These provide a pension based on final salary and number of years' service. The transfer payment to such a scheme generally buys an additional period of reckonable service but some schemes may offer other forms of benefit. If you transfer from a final salary scheme to the FPS, you are likely to find that the transfer payment buys less reckonable service than you had in your former pension scheme.

In essence, this is because of high value of benefits in FPS and because your pension is based on final salary, so each year of reckonable service becomes more valuable the longer you stay in a scheme. If you leave, however, your former pension scheme will make a payment (or preserve your benefits) on the basis of your salary at the date of leaving, not on the basis of the salary that you might have had had you remained with your employer until retirement. The FPS, in determining the service that an incoming TV will buy, must take account not only of any increase in salary you may have received in changing jobs but also of the likelihood that your past service will give rise to higher benefits because of future increases in salary.

The FPS is contracted-out of SERPS under the Social Security Pensions Act 1975. Guaranteed minimum levels of personal and widow(er)'s pensions are, therefore, payable under the FPS in respect of contracted-out service. GMPs earned under other contracted-out occupational pension schemes, (or, in the case of a contracted-out money purchase scheme, protected rights in lieu of SERPS benefits) may be transferred into the FPS. However, before accepting any such liability, a minimum test may be applied to the TV to ensure that it is sufficient to cover the GMP which is being transferred. If the TV fails the test the GMP liability cannot be accepted by the FPS.

There are special arrangements if you are transferring between occupational pension schemes that are members of the Public Sector Transfer Club. The FPS and most of the occupational pension schemes in the public sector are members, as are some private sector schemes. Membership of the Club can change from time to time and there can be no guarantee that it will always comprise the same schemes. (A list of Club schemes is held by your fire authority). The Club operates in a way which will not penalise the transferee for any increases in salary between the old and the new employments. Club schemes with comparable benefits should give roughly comparable periods of pensionable service credit.

PUBLIC SECTOR TRANSFER ARRANGEMENTS - club schemes

GENERAL

A revised system for public sector transfer arrangements has applied since 6 April 1988. The arrangements are based on the use of "cash equivalent" TVs in respect of the accrued pension benefits at the relevant date and should be applied only in those cases where a person applies to transfer all accrued benefits to the new Club Scheme.

The appropriate sum is calculated by use of the transfer tables which were included with Fire Service Circular No 11/1990 dated 12 October 1990 and its Scottish Office equivalent. The tables refer to a retiring age of 60. This is the age at which deferred pensions become payable in the FPS so it is applicable in the calculation of transfer values.

The receiving scheme will provide credit for a fully paid-up widow(er)'s pension irrespective of the individual's contribution record in the previous scheme. Where contributions have not been made for the full period of service in the previous scheme, for example in the case of a woman who did not contribute to a widower's pension until such contributions became compulsory, this may result in the person concerned being credited in the receiving scheme with less than year-for-year credit.

The revised arrangements provide for the payment of a TV where application is made to the new Club scheme within 12 months of joining it. Application must be made in writing to the previous scheme and may be withdrawn at any time before arrangements are made for the payment of the TV.

Transfers out

For the calculation of a cash equivalent TV under the Club arrangements, the relevant date is that provided for in Social Security legislation, ie the last day of pensionable service, or, if the application for a TV is made after that date, the date that the written application to transfer benefits is received by the previous scheme.

The appropriate factors, taken from the tables in force at the relevant date, should be applied to the "preserved" pension benefits at the relevant date, using the person's age and marital status at that date. It may be necessary to uplift the benefits in accordance with Social Security legislation to the relevant date where that is later than the last day of service. Examples of a TV calculation can be found at F9-Examples 1,2.

Where applicable, any National Insurance modification must be taken into account and the appropriate deduction made from the TV. The amount of modification should be expressed as so many pounds per year, and the relevant factor from the table should be applied to that amount.

The TV must be adjusted to allow for that part of the pensions increase payable on the GMP which is the responsibility of the State Scheme. From 6 April 1988 the FPS is responsible for up to the first 3% of the pensions increase payable on the GMP. Therefore, it will be necessary to obtain two GMP figures, ie the GMP in respect of service up to 5 April 1988 and that applicable to service thereafter. All revaluations up to the relevant date should be incorporated into the GMP figures. Annual GMP figures can be obtained by multiplying the weekly GMP figure by 52. The whole of the revalued annual pre 1988 GMP and one-half of the revalued annual post 1988 GMP should be multiplied by the appropriate factor in the tables and the resulting figure should be deducted from the TV.

PAYMENT OF TRANSFER
VALUES - CLUB SCHEMES

The TV must then be adjusted to allow for market conditions. This is done by reference to the yield on the FT Actuaries index of British Government Index Linked Stocks of duration greater than 5 years (5% inflation assumption). The yield figure is that which is appropriate to the first working day of each calendar month, which will normally be published on the following working day in the Financial Times. The published figure will be used in respect of all transfer values whose relevant date falls in that calendar month. The transfer value should be multiplied by the Adjustment for Market Conditions (AMC), which is obtained from the published yield figure as described in F Gen -Examples 1,2 to produce the TV payable.

Where the accrued pension benefits include a liability to pay a GMP, that liability will be transferred to the new club scheme. Where a contributions equivalent premium (CEP) has been paid it should be recovered if a TV is subsequently paid. Where the new scheme is not contracted-out a CEP or a transfer premium should be paid, as appropriate, and an equivalent deduction made from the TV.

Where a TV is paid more than 6 months after the date of application interest will not be added. Payment should be made within 12 months of the person's application, as required by Social Security legislation.

Transfers In

The service credit to be offered should be calculated by applying the TV tables in reverse, using the same age, marital status, GMP and adjustment for market conditions as was used by the previous scheme. The pensionable pay to be used in the calculation should be the same as that used by the previous scheme. Where, at the relevant date, the previous scheme has increased the preserved benefits at leaving to allow for pensions increase or GMP revaluations, the pensionable pay figure used in the service credit calculations will also have to be increased. The pensionable pay used should be the pensionable pay at leaving increased in the same way as the member's total accrued pension has been increased since leaving service. Where GMPs and pensions in excess of GMP are revalued separately, the pensionable pay used should increase in line with the combined total of the GMP and the excess pension.

Where part of the transfer payment is withheld to pay either a CEP or a limited revaluation premium (LRP) the full calculation will have to be carried out to determine the service credit (see F7 Examples 1,2). In all other cases, a simplified approach can be adopted provided that full information is available from the previous scheme. Under the simplified approach the Adjustment for Market Conditions and the deduction for pensions increases on GMPs should be excluded from both the service credit calculation and the transfer amount taken into account in that calculation. (The transfer payment actually made would, of course, reflect the GMP deduction and the market adjustment.) An illustration of the simplified method is shown in F7-Example 3 which is based on the same case as F7 - Example 1. The simplified approach avoids the need for AMC and GMP adjustments but, if this method is used, it is important that these adjustments are excluded from both the service credit calculation and the transfer amount used in that calculation.

Where the previous scheme is partially integrated with the state pension scheme, it may use an abated pensionable pay figure in the calculation of the TV. The gross, ie unabated, pay figure should be used to calculate the credit of appropriate benefits.



RECKONING OF AND CERTIFICATES AS TO PENSIONABLE SERVICE

What is pensionable service?

* Pensionable service, as the name implies, is the service which counts towards your pension benefits.

* You will see from Parts B, C, D and E, which deal with awards, how closely awards are usually linked to the length of your pensionable service as well as to your average pensionable pay.



* Since 1 May 1975, every day counts. Your pensionable service counts in years, with days in excess of a complete year counting as a fraction of a year (each day counting as 1/365th of a year, even in a leap year). If you or any of your dependants are entitled to an award and you left the fire service before 1 May 1975, your service will only count towards that award in completed years and half-years (Schedule 11, Part III).

How much service will reckon?



The service which counts as pensionable is mainly as set out in rules F2 to F7.

* you may not count the same service under more than one provision.

Certificates of pensionable service

If you become entitled to count previous service, under:

- F3 (without payment),
- F4 (on payment),
- F5 (for a period during which an injury pension was payable),
- F6 (war service),
- F7 (interchange arrangements), or
- I6 (servicemen),

* you are entitled to a "certificate of pensionable service".

Your certificate must:

- a. be supplied within 6 months of the date when you become entitled to count the service concerned, and
- b. show all the service you are entitled to count on that date.

Appeals about certificates

If you are dissatisfied with what your certificate says:

* you may appeal to the Secretary of State (the Home Secretary, or, if you are a firefighter in a Scottish Brigade, the Secretary of State for Scotland):

- within 3 months of receiving it.

RECKONING OF AND
CERTIFICATES AS TO
PENSIONABLE SERVICE

The Secretary of State will either:

- * confirm, or
- * vary
your certificate.

Your certificate will become conclusive evidence of the pensionable service you can count:

- a. after 3 months, if you do not appeal, or
- b. if you do appeal, once it has been confirmed or varied.

A certificate will not be supplied:

- a. after you claim a pension or gratuity, or
- b. after your death.

A certificate once supplied will cease to have effect if, before it becomes conclusive, you:

- a. claim a pension or gratuity, or
- b. die.

POINTS TO NOTE

1. Your certificate will cover current service with your brigade, as well as the previous service which you become entitled to count, because it will show all the service you count on the day your previous service becomes reckonable.
2. If you had previous service as a serviceman you will be regarded as entitled to count it only when you return to your former brigade.
3. Before you appeal, you may wish to check anything you do not understand with your fire authority, as there may be an explanation to satisfy you. Once you have made your appeal there is no provision under which it may be withdrawn.
4. There are no formalities about your appeal. You can ask your fire authority to forward it for you if you wish. It is helpful if you give as much information as possible to explain why you think your certificate is wrong.
5. Your appeal may take some time, as the Home Office or Scottish Office will wish to check very carefully any evidence which is available about your entitlement to count pensionable service.

What is
current service?

Your current service is:

- if you are a regular firefighter, or
- treated as if you were a regular firefighter under A4(3)(a) or A5(3)(a).

- * all your service as a regular firefighter in your present brigade since you joined, or last rejoined it, on or after 1 April 1972, and
- * if you were serving in that brigade over 1 April 1972, any service you counted immediately before.

Exceptions

You may not count as pensionable service:

- * any period in which an election under G3 (opting-out provision) had effect,
- * any service before you last rejoined, if you did so on or after 1 April 1972, unless under rule F4,
- * any period of absence due to sickness or injury which is certified by a doctor as due to your own misconduct (see H1-1), or
- * any period of absence without pay, unless paragraph (3) applies (see below).

Absence
without pay
(paragraph (3))

If you are absent without pay, your fire authority may resolve that:

- * the whole or any part of your absence shall count as pensionable service (see "POINTS TO NOTE 3" below).

This resolution must be made while you are still a firefighter in that brigade.

If you count pensionable service this way, you must:

- * pay any contributions (including any additional or further contributions due for uprating service before April 1972 for widow's benefit) or purchase of 60ths under G7 you would have paid had you not been absent.

POINTS TO NOTE

1. Only service:

- * as a regular firefighter, or
- * treated as service as a regular firefighter under A4(3)(a) or A5(3)(a)
- carries entitlement to the full benefits of the pension scheme.

2. If you are:

- a whole-time member of a brigade not engaged for firefighting:
 - * you are not entitled to count pensionable service as such. Any award would be related to the entitlement of a regular firefighter who retired or died of a qualifying injury during his or her first year of service (see J3-1).
- a part-time firefighter:
 - * you are not entitled to count pensionable service as such. Any award would be related to the entitlement of a regular firefighter counting a period of pensionable service equal to the length of your service as a part-timer (see J4-1).

3. There could be no question of your fire authority exercising its discretion under F2(3) for a period of unpaid absence in which an

How much
previous service
will reckon?

If you are a regular firefighter there is only one way in which you can count a period other than current service as pensionable without making any payment:

- * If you rejoin a brigade within one month following the termination of an ill-health pension (or similar pension under an earlier scheme), you can count the service reckonable before you retired with that pension (i.e. service without ill-health enhancement) (see "POINTS TO NOTE 5", K1-1).

Who is eligible?

You are entitled to count previous service again on payment, (see "POINTS TO NOTE 1", F4-3) if you are a regular firefighter and:

- a. you retired without a pension, or transfer value payable,
- b. you retired with an ill-health pension of which the unsecured portion is terminated under K1(3), but see F3-1 if you return to your brigade within one month, or
- c. you retired with an entitlement to a deferred pension which you have relinquished, provided that:

- * you rejoin your former brigade or join another brigade without serving as a firefighter in between,
- * you undertake:
 - within 6 months of rejoining, or
 - within such longer period as your fire authority allow, to make a "payment", and
- * in case a, if you had served for less than 2 years before you retired, you must:
 - have left for the purpose of joining another brigade,
 - have joined that other brigade within 12 months with the written consent of your previous fire authority,
 - having applied for that consent before you left.

How much
must be paid?

*If you retired without a pension and rejoined within 12 months, your "payment" will be:

- a. any refund of pension contributions paid to you on your retirement, except:
 - any additional or further payments which you made (as contributions or as a lump sum) to uprate service before 1 April 1972 for widow's and children's benefits, and which were included in the refund of contributions you received (see "POINTS TO NOTE 2", F4-3),
- b. any gratuity you received on your retirement, and
- c. the balance of any payment you undertook to pay in accordance with Part 1 of Schedule 6 (or a corresponding earlier provision) outstanding at your retirement.

* If you retired:

- a. without a pension and rejoined 12 months or more later, or
- b. with an ill-health pension later terminated, but you did not rejoin your brigade within one month,

your payment will be:

- a sum calculated under paragraph 2 of Part I of Schedule 6.

This sum varies, according to your age, from:

- £9.50, if you are 38 or less, to
- £12.60, if you are 55 or more, for each £100 of your annual pensionable pay, for each year of pensionable service to count.

Your age and annual pensionable pay are taken at the date when you rejoin, and retrospective pay increases after that date are ignored.

PREVIOUS SERVICE
RECKONABLE ON PAYMENT

For instance, if:

- you are aged 40,
- your annual rate of pay when you rejoin is £16,000, and
- your previous service is 2½ years, it will be:
£ 16,000 x 0.098% x 2.5
= £3920

* If you retired with an entitlement to a deferred pension which you relinquished on rejoining:

- a. your "payment" will be nil, unless before you retired you were making payments under articles 57 and 58 of the 1973 Scheme in which case your "payment" will be the balance due when you retired (see "POINTS TO NOTE 3", F4-3).
- b. if you were making additional or further contributions before you retired, to uprate service before 1 April 1972 for widow's and children's benefits:
 - your additional and further contributions will be refunded to you and deemed never to have been paid (see "POINTS TO NOTE 4", F4-3).

How is
payment made?

In each case, payment is to be made in accordance with Part I of Schedule 6.

* Payment is to be made to the authority employing you when you give your undertaking:

- by regular instalments which ensure payment
 - a. within 5 years, and
 - b. before your compulsory retirement age (see A13),
- by deduction from your pay, unless some other method is agreed.

* You can pay off the whole or part of any outstanding balance at any time.

* If you retire before you have finished paying,

- a. your liability will cease if you are not entitled to an award, or if you get a refund of contributions under B6 (which will include any payments you have already made under Part I of Schedule 6).
- b. otherwise your fire authority may deduct any outstanding amount from the award due to you.

POINTS TO NOTE

1. You will count the whole of your previous service again if F4 applies to you. There is no provision for counting part of it.
2. Additional or further payments under G4, previously paid to uprate your earlier service for widow's pension, which were included in a refund of contributions, are not recovered from you, because the contributions or lump sum method of payment could not properly be re-applied after a break in service. However, your eventual pension will be reduced to pay for your widow's half-rate pension (as your earlier payments and elections are deemed not to have been made, the provisions in Part VIII of Schedule 2 for reduction of pension will automatically apply to you).
3. If you were making payments under Part I of Schedule 6, which were incomplete when you retired with an entitlement to a deferred pension:
 - your fire authority could have deducted the outstanding balance from your deferred pension, had that pension not been relinquished.
4. If you previously retired with an entitlement to a deferred pension under B5 you will have received no refund of any contributions or other payments you may have made in respect of the period of service to which your deferred pension relates. Any contributions you made to uprate your service before 1 April 1972 for widow's and children's benefits will be refunded to you, because you cannot resume making such contributions after a break in service (the contribution method of uprating was geared to the making of continuous contributions). However, any lump sum payment you made previously can stand, because it was paid at the appropriate time and held by your fire authority ever since. (The provisions in Part VIII of Schedule 2 for reduction of pension will apply to you to ensure that you pay by this method to uprate your service before 1 April 1972 for widow's and children's benefits, only if you have not already paid by lump sum).
5. It is important that you sort out how you can count any previous service soon after you rejoin because:
 - a. of the time limit of 6 months for giving your undertaking, and
 - b. if you leave again, you will not have a chance to count your earlier service if you rejoin a second time.

Who is eligible?

If you are a regular firefighter and:

- a. you retire with an injury pension, (see "POINTS TO NOTE 1" below), and
- b. you recover your health and resume service under the circumstances outlined in K1(4),

you will be entitled to count as pensionable service:

- * the period during which that pension was payable:
 - if you undertake:
 - i. within 6 months of rejoining, or
 - ii. within such longer period as your fire authority allow, to make a "payment".

How much must be paid?

Your "payment" will be:

- * the aggregate pension contributions you would have had to pay for that period had you gone on serving in the same rank, except:
 - any additional or further contributions you would have paid to uprate service before 1 April 1972 for widow's and children's benefits (see "POINTS TO NOTE 2", F4-3).

How is payment made?

Payment is to be made in accordance with Part I of Schedule 6.

(See "How is payment made?", F4-2, for the details.)

POINTS TO NOTE

1. You will be treated as being in receipt of your pension if the only reason you were not was the size of your DSS benefits (see B4-3 to 5).

GENERAL

This rule refers to the provisions of Schedule 7 which enable regular firefighters who had previously served in the Armed Forces and had joined the fire service before 1 July 1950 to count their war service (at half rate) under the FPS. These arrangements also cover cases in which the person joined one public service occupation before 1 July 1950 but transferred to another after that date ("transferees").

These provisions have had to be retained but it is now extremely unlikely in view of the lapse of time that there will be any further new cases. The time limit for such applications expired in 1987 although fire authorities have discretion to extend this in certain cases.

Where are the provisions explained?

These arrangements are fully explained in Fire Service Circulars No 35/ 1979 dated 6 December 1979, (which set out the main provisions for reckoning war service) and No 7/1986 dated 5 November 1986 (which extended the arrangements to those who had been ineligible to reckon their war service solely due to transferring from one Ministerially controlled pension scheme to another after the qualifying date of 1 July 1950).

Scope of the provisions

The general approach adopted in Schedule 7 (which is not intended to have any changes of effect from the 1973 Scheme provisions) is as follows:

- Part I contains provisions about elections that apply in all cases.
- Part II applies only to firefighters who entered the fire service before July 1950.
- Part III applies only to "transferees" (see above) who had served in another public service occupation - no additional transfer values are payable in such cases.
- Part IV applies only to "transferees" with service in other types of Ministerially controlled pension schemes.
- Part V contains supplementary provisions.

F7 - Examples 1 to 5

This rule deals with the calculation of pensionable service under the FPS where a transfer value payment is accepted by your fire authority in respect of your former superannuation arrangements. The calculations are based on tables of factors provided by the Government Actuary's Department which were issued with Fire Service Circular 11/1990 on 12 October 1990 (Scottish Office Superannuation Circular 2 /1990 dated 24 October 1990).

WHAT THE SCHEME RULES SAY

Who is eligible?
- main conditions

For F7 to apply to you:

- a. you must have been in a superannuation scheme which can pay a TV. (Unlike outward transfers there is no need for the other scheme to have Inland Revenue approval: it is therefore possible, for instance, for a TV to be accepted from an overseas scheme which is willing to pay one),
- b. you must have made a written request to your fire authority for a TV to be accepted, and
- c. a TV must be paid.

Who is eligible?
- exceptions

Rule F7 will not apply:

- if you first joined the fire service before 6 April 1978 and you elected for the old interchange arrangements,
- to transfers between brigades (although service which derives from former fire brigade service may be brought in with a TV from another scheme), or
- to any transfer from other than a club scheme with a TV which is not sufficient to cover the liability which is being taken on to pay a guaranteed minimum pension (GMP) if you are entitled to one for your previous employment, (see "POINTS TO NOTE 1", F7-7).

POINTS TO NOTE

1. The FPS does not stop service from reckoning where there has been a break of more than 12 months between leaving the former employment and joining the fire service or more than 12 months between joining the fire service and applying for a transfer value. (However, if your former employer will not pay a TV, the question of reckoning service does not arise).

**EFFECT OF THE NATURE OF YOUR
FORMER PENSIONS ARRANGEMENTS**

The period which you will be entitled to reckon under the FPS depends partly on the nature of your former superannuation arrangements as explained below.

"Club" scheme
cases

Your service credit is produced by applying the club "cash equivalent" calculations in reverse. In other words you would qualify for a period equal to the periods that would enable your fire authority to pay a "cash equivalent" TV of the same amount as the one received. Interest included in the TV is ignored for this purpose. (See F7 - Examples 1 to 3).

Other pension
arrangements

Your service credit is calculated in accordance with Schedule 6, Part II, paragraph 2 (explained in F7-3, 4), unless you entered the fire service before 1 January 1986 in which case you have certain reserved rights under paragraph 3 of Part II. In certain circumstances your fire authority may not be able to accept a TV payment if the amount is not enough to satisfy the GMP test (see "POINTS TO NOTE 1", F7-7). Examples can be found at F7-Examples 4,5.

DECISION ON TRANSFERRING BENEFITS

Whether or
not to request a
transfer value
payment

There is no requirement for you to transfer your former superannuation rights into the FPS and you will wish to consider your position very carefully before you reach a decision.

WARNING

If you are thinking of applying for a transfer payment you should find out how much your TV will be and ask your fire authority to tell you approximately how much credit this will produce in the FPS. This could be considerably less than your period of service in your former occupation because the FPS provides such valuable benefits which are available much earlier than in most other occupations. Further information about your options can be found in F7 - 5, 6.

RECEIPT OF
TRANSFER VALUES

CALCULATION OF PENSIONABLE SERVICE

The period of service credit is calculated from the following formula:

$A + B + C$ years

$D + E$

- A is the amount of the TV divided by the market level indicator for the month in which the material date occurred,
- B is any amount in respect of graduated NI modification notified by the person paying the transfer value,
- C is 52 times the amount in respect of GMP multiplied by the minimum pension factor,
- D is 1/45th of the rate of your annual pensionable pay (APP) at the material date multiplied by the pension factor, and
- E is 1/90th of the rate of your APP at the material date multiplied by your widow(er)'s pension factor.

- the market level indicator for a month is to be ascertained from tables provided by GAD by reference to -
- your age at the material date, and
 - the yield on the first working day of the month on British Government index-linked stocks assuming inflation at 5 per cent (published in the Financial Times).
- the material date -
- if the TV was received within 12 months after the date on which the person became a regular firefighter that date, and
 - in any other case, is the date on which the TV was received.
- The factors come from tables provided by GAD according to your age on the material date.

- The amount in respect of your GMP is $F + G$

F is so much of your GMP as is attributable to service before 6 April 1988, and

G is half of so much of it as is attributable to service after 5 April 1988.

Examples of the above calculation can be found at F7 - Examples 1 to 5.

POINTS TO NOTE

1. The effect of dividing APP by 45 (in the formula used for translating a TV into service) is to make allowance for the shorter service and earlier retirement in the FPS than most, by introducing "uniform accrual" into the calculation:

$$- \quad \text{ie} \quad \frac{\text{service}}{30} \times \frac{40}{60} = \frac{\text{service}}{45}$$

This gives an appropriate proportion of any time of the enhancement which applies in the FPS (the reckoning of 2/60ths of APP for each year of service over 20). This reduces service on transfer, from a scheme where benefits accrue in 40 years instead of 30, to 3/4 of what they would otherwise be (subject to the further effect of other parts of the calculation).

2. SERPS began from 6 April 1978. If you had a GMP in respect of service on or after that date in your old employment (and F7 (3)(c) has not prevented the acceptance of a transfer value), your TV will be notionally increased by your fire authority using an actuarial factor. This will balance the reduction in the TV by your old employer to take account of the fact that pensions increase on your GMP will be paid by DSS and not by your fire authority (see ANNEX 2-5).
3. Modification of occupational pensions on account of the state flat-rate retirement pension may have applied at any time between 5 July 1948 and 31 March 1980. If you had "modified" service between those dates in your old employment, a sum will be deducted from your pensionable emoluments which will have the effect of crediting you with a little more service from your TV. This will balance the modification (reduction) of your fire pension which will take place when you reach state pensionable age, on account of your entitlement to a state flat-rate retirement pension (see ANNEX 2-3).

TRANSFER OF BENEFITS

Can my pension rights be transferred to the FPS?

Your accrued pension benefits may be in a final salary or money purchase occupational pension scheme, a personal pension scheme, an insurance policy, or in a self-employment pension arrangement. If the trustees or administrators of the benefits that you have accrued are willing to pay a TV, the FPS will usually accept it.

What if my accrued pension benefits are in an insurance policy?

If your accrued pension benefits in your former employment have been transferred to an insurance policy or annuity contract which satisfied prescribed requirements (usually known as a Section 32 policy or "buy-out" bond) they may be transferred if the terms of the policy or bond allow this. The amount of money realised will be treated as a TV.

How do I get my benefits transferred?

Your former pension provider will explain your rights to a TV under their rules or social security legislation. If you wish all or part of your TV to be used to buy a transfer credit of service in the FPS you should ask your former pension provider for an estimate of the amount of the TV that is payable. You can then ask your fire authority for an estimate of the transfer credit that this would give you in the FPS and you can compare the benefits offered with those already available to you before deciding whether to buy a transfer credit in the FPS. If you then wish to transfer your benefits to the FPS, you must instruct your former pension provider to make the appropriate payment. You should note, however, that an estimate of the TV may only reflect the position applicable at the date on which it is given. Any subsequent transfer payment may differ from the estimate and the difference will not necessarily be an increase. If the transfer payment differs from the estimate, this will affect the transfer credit in the FPS.

What happens to my transfer value in the FPS?

Your fire authority will calculate the number of years and days of reckonable service that the TV, adjusted for market conditions, will purchase in the FPS. If the service credit is less than the actual service which gave rise to the benefits on which the TV is based, your previous service will count at its actual length for the purpose of determining the qualifying period for the preservation of your benefits.

CALCULATION OF CREDIT IN FPS

Non-club
transfer

The transfer credit of service is calculated by reference to transfer tables prepared by GAD and in force at the time of the TV payment. The calculation of your transfer credit is based on your age and pay in the fire service on taking up appointment. However, if a TV is received more than a year after you have taken up your appointment, the transfer credit will be based on your age and pay on the date that it is received. If your fire service pay is higher than your former employment, the length of the transfer credit deriving from a TV received will probably be lower than your actual service in your former employment. Similarly, if the TV offered by your former pension provider is calculated on the basis of lower pension benefits than the FPS provides, or does not allow for future increases in salary levels, for incremental progression, and for post-retirement pension increases, the length of the transfer credit it will purchase may be considerably less than your actual service.

Club transfer

The public sector transfer arrangements (the Club) have been adopted by a number of occupational pension schemes, mainly in the public sector, and involve the use of standard tables on a reciprocal basis. If your former occupational pension scheme is a member of the Club and you apply for a TV within the applicable period, the calculation of your transfer credit will be based on your age and pensionable pay at the time that your former occupational pension scheme calculated your TV. (Where the transfer payment is made on or after 6 April 1988, the applicable period is 12 months from the date of joining the FPS, before then it was normally 6 months.) These arrangements are designed to provide the transferee with broadly equivalent service in the FPS to that in the former occupational pension scheme. However, their precise effect depends upon how similar the two schemes are. Because of the relatively early retirement age in the FPS this will generally lead to less service credit being given. In addition if, you have not bought a half rate widow's or, from April 1988, widower's pension for all your service in your former Club scheme, the length of your transfer credit in the FPS may be less than your actual service. However, you will be credited with a fully paid-up widow's or widower's pension in respect of the transfer credit.

RECEIPT OF
TRANSFER VALUES

POINTS TO NOTE

1. If you had a GMP under your previous pension arrangements (apart from a "club" scheme) your fire authority cannot accept a TV payment of less than $A \times B$ where:

A is the annual amount of the GMP to which you would be entitled under rule J1 if your TV was accepted.

B is a factor taken from the following table according to your age at the date of your application.

Age	Factor
29 and under	8
30 - 39	9
40 - 49	10
50 and over	12

RULE F8
SCHEDULE 6, PART III

TRANSFER PAYMENTS
BETWEEN FIRE AUTHORITIES

F8 - Examples 1 to 3
F8 - Transfer Table

GENERAL

- * Rule F8 applies to transfer values payable:
 - on transfer to another brigade in Great Britain.
 - on transfer to a central service appointment under the FPS.

- * Transfer values payable under F8 are calculated differently to transfer values to outside employment under F9.
- * The amount of a TV payable under F8 will have no bearing on the amount of service you can count in the brigade to which you transfer. You will be able to count the same length of service as in the brigade you are leaving.
- * For a general explanation of transfer values see F Gen-1.

WHAT THE SCHEME SAYS

Who is eligible?

Rule F8 will apply to you if you are a regular firefighter and you have transferred to another brigade and count pensionable service under F4.

- * Once F8 applies to you, if you were entitled to an award on retiring from your former brigade, that award will cease to be payable to you.

How much is the transfer value?

Part III of Schedule 6 sets out the means of calculating a TV under F8. The sums are set out in F8-Examples 1, 2. The basis of the calculations is explained in F8-3 onwards.

**TRANSFER PAYMENTS
BETWEEN FIRE AUTHORITIES**

POINTS TO NOTE

1. If you transfer from one brigade to another under the FPS you take your pension rights with you. You do not have to apply for a TV as this is a matter between your two fire authorities and does not affect your entitlement to reckon service.

Net transfer values (central service)

2. Fire Service Circular No 20/1980 of 17 October 1980, (Scottish Office Circular No 1/1985 of 28 February 1985) explained the net TV system, which is used for central service transfers.
 - a. Briefly the system involves the payment of a single TV when you return from central service to your home brigade, which is calculated by subtracting:
 - the TV payable by your own fire authority when you go on central service, from
 - the TV payable by the Home Office, or the Scottish Office, on your return.
 - b. Your fire authority is asked to forward calculations of "inward" and "outward" TVs as soon as possible after your return from central service, so that a net payment can be made by the Home Department concerned (see F8-Example 3).
 - c. If you should become permanently disabled or die while on central service, the Home Department which is your fire authority would be responsible for the awards payable to you or your dependants and would seek immediate payment of the appropriate "inward" TV from your fire authority. It is usual in these circumstances for your home fire authority to take on all the pension arrangements and for the Home Department concerned to reimburse that authority for the cost of any awards paid on their behalf.
 - d. The amount of interest payable with each TV depends on the length of time between the date when the TV is payable and the date when it is paid (see explanation at F8-5). The calculation of interest in net TV cases follows strictly the requirements of the Scheme.

**TRANSFER PAYMENTS
BETWEEN FIRE AUTHORITIES**

How much is the transfer value?

Part III of Schedule 6 sets out how to calculate a TV under F8 for transfers between brigades.

The sums are set out in F-8 Examples 1 and 2. The basis of the calculations is explained here.

- * The clearest way to explain the provisions may be to go step by step through the paragraphs of Part III of Schedule 6.
- * The TV consists of:
 - the "basic element", relating to personal benefits, and
 - the "spouse's element".

CALCULATION OF A TRANSFER VALUE

Paragraphs 1 to 3

deal with the essential calculations. The remaining paragraphs cover provisions which need to be checked to see if they apply in particular cases.

Paragraph 1

specifies that the transfer value is the total of the amounts under paragraphs 2 and 3.

Paragraph 2

explains the method of calculating the "basic element" of the TV. It is done in the following way:

Work out a notional annual deferred pension as you would under Part VI of Schedule 2, but ignore any reduction under Part VII of Schedule 2 which will be taken care of later. This applies in all cases: it does not matter if you would normally qualify for a deferred pension, for instance because you had less than 2 years' service. (Any reduction under Part VIII of Schedule 2 to pay for widow's benefit needs to be taken into account, and full value for the widow's benefit is then included in the widow's element of the TV.)

- multiply the notional annual deferred pension by the basic factor in the table in paragraph 6 (see F8 - Transfer Table) according to your age and sex.
- work out any annual reduction due under paragraph 1 of Part VII of Schedule 2 for flat rate NI modification.
- work out any annual reduction due under paragraphs 2 and 3 of Part VII of Schedule 2, if you brought in some participating service in the state graduated pension scheme at some earlier stage,
- add these two amounts and multiply them by the NI factor in the table in paragraph 6 according to your age and sex.

**TRANSFER PAYMENTS
BETWEEN FIRE AUTHORITIES**

Paragraph 3

explains the method of calculating the "spouse's element" of the TV. It is done as follows:

- work out the annual amount of a spouse's notional accrued pension, as you would under Part III of Schedule 3 but ignoring paragraph 3 (flat-rate pension).
- Multiply the widow's notional accrued pension by 4, or the widower's notional accrued pension by 1.1.

Paragraph 4

concerns you only if you have a guaranteed minimum which will give rise to a GMP under SERPS. (See ANNEX 2-5).

- Your TV is to be reduced by the annual amount of your GMP, multiplied by the GMP factor in the table according to your age and sex. This takes account of the fact that pensions increase on the GMP element in your pension entitlement will be paid by DSS. Your fire authority can obtain the current amount of your GMP from DSS, who will normally quote a weekly amount. The annual amount should be obtained by multiplying the weekly amount by 52.18.

Paragraph 5

relates to you only if, at the time of your transfer, you were still due to make payments (under Part I of Schedule 6) in respect of buying in previous service at the time of a transfer into the fire service under the old transfer system. This requires the TV to be reduced by the actuarial equivalent of the outstanding instalments, assessed by GAD.

Paragraph 6

sets out the actuarial table (reproduced at F8 - Transfer Table) which is used in the TV calculations.

Paragraph 7

applies only where a TV is not paid within 6 months of your leaving your former brigade. This may happen for a variety of reasons, besides a delay in payment. It will apply whenever there is a break in service longer than 6 months, or when the net transfer system for central service transfers applies.

The payment of interest is not a penalty for late payment of a transfer value but a recognition of which authority had the use of the money during the period concerned.

The period of 6 months starts from the day following your last day of service. For instance, if you left on 28 May 1992, the 6 months would run from 29 May to 28 November 1992. Similarly, if you left on the last day of the month, ie 31 May 1992, the 6 months would run from 1 June to 30 November 1992.

The normal rate of interest is $2\frac{1}{4}$ per cent compound for each complete 3 months of the interval between the date of leaving and the date of payment of the TV. (This is broadly equivalent to interest of 9.3% per annum.). A table of factors for calculating interest was included in Fire Service Circular No 22/1979 dated 20 April 1979.

**TRANSFER PAYMENTS
BETWEEN FIRE AUTHORITIES**

Where payment of a TV is made after the end of the 6 month period the calculation of interest relates to the whole period from the date of your ceasing to be a member of your former brigade and not just to the period by which the 6 month period is exceeded.

The date of payment of the TV is not defined for the purposes of paragraph 7. As a general rule a cheque is regarded as a conditional payment; not discharging the obligation to pay until it is honoured. When it is honoured, however, the date of discharge relates back to when the cheque was received. Thus a TV is normally "paid" on the date on which the cheque is received.

The reference to a TV in this paragraph means the actual amount which is to be paid by your former fire authority (ie the amount of the TV arrived at after taking into account all the other paragraphs of Part III of Schedule 6).

EXAMPLE OF INTEREST CALCULATION

Firefighter left his former brigade on:	25 April 1992
Transfer value payable:	£20,000

The 6 months start from the day following his last day of service. If the transfer value is paid on or before 25 October 1992 no interest would be payable.

If payment is made during the period of 26 October 1992 to 25 January 1993 interest would be payable for two completed 3 month periods. Total payment would be (using the interest factors provided):

$$£20,000 \times 1.046 = £20,920$$

If payment is delayed until the next 3 month period, ie between 26 January 1993 and 25 April 1993, a further 2½% interest would be payable. The total payment would be:

$$£20,000 \times 1.069 = £21,380$$

**TRANSFER PAYMENTS
BETWEEN FIRE AUTHORITIES**

SCHEDULE 6, PART III
Paragraph 6 - Table referred in paragraphs 2 and 4

Age last birthday before date of cessation	Men			Women		
	Basic factor	NI factor	GMP factor	Basic factor	NI factor	GMP factor
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Less than 20	5.00	.25	1.47	7.00	.50	2.20
20	5.05	.25	1.50	7.05	.50	2.24
21	5.10	.25	1.53	7.10	.55	2.28
22	5.15	.30	1.56	7.15	.60	2.32
23	5.20	.30	1.59	7.20	.65	2.36
24	5.25	.30	1.62	7.25	.70	2.40
25	5.30	.35	1.65	7.35	.75	2.45
26	5.35	.40	1.68	7.40	.80	2.50
27	5.40	.40	1.71	7.45	.85	2.55
28	5.45	.45	1.74	7.50	.90	2.60
29	5.50	.50	1.78	7.55	.95	2.66
30	5.55	.50	1.81	7.65	1.05	2.71
31	5.60	.55	1.85	7.70	1.15	2.77
32	5.65	.60	1.88	7.80	1.25	2.82
33	5.70	.65	1.92	7.90	1.35	2.88
34	5.75	.70	1.95	7.95	1.45	2.93
35	5.80	.80	1.99	8.05	1.55	2.99
36	5.85	.90	2.02	8.15	1.65	3.05
37	5.90	1.00	2.06	8.25	1.75	3.11
38	5.95	1.10	2.10	8.35	1.85	3.17
39	6.00	1.20	2.14	8.45	1.95	3.24
40	6.05	1.30	2.18	8.55	2.10	3.31
41	6.10	1.40	2.22	8.65	2.25	3.38
42	6.15	1.50	2.26	8.75	2.45	3.45
43	6.20	1.60	2.30	8.85	2.65	3.52
44	6.25	1.70	2.34	8.95	2.90	3.59
45	6.30	1.80	2.39	9.05	3.15	3.66
46	6.40	1.90	2.44	9.15	3.40	3.74
47	6.50	2.00	2.48	9.25	3.70	3.82
48	6.60	2.20	2.53	9.35	4.00	3.90
49	6.70	2.40	2.58	9.45	4.35	3.98
50	6.80	2.60	2.62	9.55	4.75	4.06
51	6.90	2.90	2.67	9.65	5.15	4.15
52	7.10	3.20	2.72	9.80	5.60	4.24
53	7.30	3.50	2.78	9.95	6.10	4.33
54	7.50	3.80	2.84	10.10	6.65	4.43
55	7.70	4.20	2.90	10.30	7.25	4.53
56	8.00	4.60	2.97	10.50	7.95	4.63
57	8.30	5.00	3.04	10.75	8.75	4.74
58	8.60	5.40	3.12	11.05	9.65	4.85
59	9.00	5.80	3.20	11.40	10.65	4.97
60	9.50	6.30	3.28	11.75	11.75	-
61	9.50	6.80	3.36	11.75	11.75	-
62	9.50	7.40	3.44	11.75	11.75	-
63	9.50	8.10	3.53	11.75	11.75	-
64	9.50	9.00	3.64	11.75	11.75	-
65	9.50	9.50	-	11.75	11.75	-

RULE F9
SCHEDULE 6, PART IV
F9 Examples 1 to 4

This rule provides for the payment of transfer values other than in circumstances where you acquire a right to a "cash equivalent" transfer value directly under Social Security legislation. Entitlement to a "cash equivalent" cannot apply if you left the fire service before 1 January 1986. The general background is explained in F Gen-1 to 3. This Section also explains how to calculate a "cash equivalent" transfer value.

The FPS provisions do not apply if you qualify for a "cash equivalent" payment (unless this only covers part of your service). Your entitlement in such cases would be decided directly under the Social Security legislation. There is no need for the Scheme rules to contain anything about transfer payments on cessation of fire service employment after 31 December 1985 except where it is decided to make "more favourable" provision, or it is necessary to preserve protected rights for existing members.

Where there is a right to a TV under the FPS rules, it is calculated in the same way as a "cash equivalent" except in cases where it is payable to a scheme outside the public sector "club" and service before 1 October 1990 is included. Rights in relation to such earlier service are preserved by calculating the element of the TV on the previously existing basis if that would produce a more favourable result.

**Choice between
a transfer value
and any other
award**

A TV will almost always be a better benefit than a refund of pension contributions, or an ill-health or short service gratuity. But if you leave the fire service with a refund of contributions or a gratuity and then get a new job you can sometimes apply for a TV on repaying your award.

* A pension in immediate payment is normally a much better benefit than a TV, as you will usually receive your pay for your new job as well as your pension, and perhaps start earning new pension rights. Once a pension has been put into payment, a TV can no longer be paid.

**Applying for a
transfer value**

If you are transferring to outside employment, and you are eligible for a TV, it is up to you to decide whether to apply for it, or to opt for an alternative benefit. There are time limits for making applications, usually 6 months from starting a new job, and your new employer may also apply a time limit. There are other conditions which may affect your eligibility.

* You should consult your fire authority who will explain your entitlements and advise you about the transfer system.

WHAT THE SCHEME RULES SAY

Who is eligible?
- main conditions

For rule F9 to apply to you:

- a. you must have ceased to serve as a regular firefighter or opted out of the FPS (see G3-1) while continuing to serve,
- b. you must not have reached state pensionable age when you left the fire service,
- c. you must have entered a pension scheme in your new employment or nominated an approved personal plan or buy-out arrangement to which transfer can be paid if opted-out of FPS and continuing to serve (see F9-11) and the payment of a TV must entitle you to benefits in that scheme,
- d. you must not have been entitled to a pension on leaving, or if you were so entitled, you must not have received any payment in respect of it (the award will then cease to be payable under F9(9)) (see "POINTS TO NOTE 1", F9-3),
- e. you must not have received a gratuity or refund of pension contributions, or if you have, you must:
 - i. have started your new job within 12 months of leaving the fire service, or longer if your fire authority allow (see "POINTS TO NOTE 2", F9-3), and,
 - ii. refund your gratuity or return of pension contributions within 6 months of starting your new job, or longer if your fire authority allow (see "POINTS TO NOTE 3", F9-3), and
- f. you must, within 6 months of starting your new job, or longer if your fire authority allow, give notice that you want F9 to apply to you (see "POINTS TO NOTE 3", F9-3).

- exceptions

- g. Rule F9 will not apply to you:
 - if you are transferring to another fire brigade,
 - if you have a prospective entitlement to a guaranteed minimum pension GMP under J1(2), unless:
 - i. you are contracted-out of SERPS in your new job, or
 - ii. a CEP has been paid by your fire authority, or
 - iii. a Transfer Premium has been paid by your fire authority.

POINTS TO NOTE

1. There is no provision to enable pension payments, once made, to be repaid to a fire authority so that a TV could be paid.
2. The extension of the "break" period of 12 months in F9(5)(a) is within the discretion of your fire authority, provided the receiving scheme are willing to accept the TV. It is intended that the discretion should generally be used only if circumstances have prevented you from fulfilling the 12 month provision. Your fire authority may feel justified in agreeing to an extension if, during the period between leaving the fire service and entering the new job:
 - i. you had undertaken a period of study or training considered by your new employer to be in the interest of your new job; or
 - ii. your initial period of service in the new job was non-pensionable; or
 - iii. your illness, or administrative error or delay by either of your employers, caused delay in your appointment in a pensionable capacity.
3. The time limits for applying for a TV under F9(2) and for repaying gratuities or contributions under F9 (5)(b) are both basically 6 months from starting the new job, but your fire authority may make separate decisions about extending either limit. (Although it is entirely a matter for their own discretion, authorities may wish to consider late applications sympathetically if the person's only award has been a deferred pension, because:
 - i. the payment of the TV will discharge the authority's continuing liability; and
 - ii. the individual may have needed a longer time to make a choice because of the difficulties explained at F9-1).

Schemes to which transfer values are payable:
- as of right

If the condition for the payment of a TV are met:

- your fire authority must pay a TV if you transfer to:

* one of the main public service schemes in Great Britain and Northern Ireland (which are all "Club" schemes).

* another "Club" scheme, or

* a scheme which has the statutory approval of the Inland Revenue (see F9 (1)(b)).

- at discretion of your fire authority

- your fire authority may, at their discretion, pay a TV if you transfer to:

* any other scheme.

POINTS TO NOTE

1. Club schemes are those which, like the FPS have agreed on a common method of calculating TVs and crediting service. Your fire authority should have an up-to-date list of these schemes. Not all public sector schemes are included in the list. (The public sector is wider than the public service, and includes, for instance, nationalised industries.)
2. The Pension Schemes Office (formerly Superannuation Funds Office) of the Inland Revenue, Lynwood Road, Thames Ditton, Surrey, KT7 0DP (081-398-4242) can advise on schemes which have the statutory approval of the Inland Revenue.

Club scheme
transfer

Your entitlement to a TV will depend to some extent on the category of pension scheme you are joining. The notes below are also subject to you having the required qualifying service in each case. Even if you are not strictly entitled to a "cash equivalent" under the Social Security legislation your transfer value will be calculated on a "cash equivalent" basis (Schedule 6, Part IV, para 2) see F9 - Examples 1,2.

Non-club
scheme transfer

*If you have no service as a firefighter before 1 October 1990 you will be entitled to a "cash equivalent" TV either directly under the Social Security legislation or on a "cash equivalent" basis (Schedule 6, Part IV, para 2) (See F9 - Example 3).

* If you have service before 1 October 1990 but do not qualify for a "cash equivalent" TV you may be entitled to a "mixed" TV (Schedule 6, Part IV, para 3) (See F9-Example 4).
(Even though you have no right to a "cash equivalent" your TV is calculated on a cash equivalent basis and the method used in the example still applies).

BASIS OF TRANSFER VALUE

No right to
"cash equivalent"

Transfer value is the greater of A + B or A + C where:

- A is a notional TV, calculated on a cash equivalent basis, in respect of your service after 30 September 1990.
- B is a notional TV, calculated on a cash equivalent basis in respect of your service before 1 October 1990.
- C is a notional transfer payment calculated in accordance with Part III of Schedule 6 (see F8-3), in respect of your service before 1 October 1990.

Right to
cash equivalent

* If you have service before 1 October 1990 and are eligible for a "cash equivalent" TV you will be entitled to a "mixed" TV (Schedule 6, Part IV, para 4). (See F9-Example 4)

Transfer value is D - E where:

- D is the TV which would have been payable had paragraph 3 of Part IV applied in your case.
- E is the amount of the "cash equivalent" which you qualify for direct under Social Security legislation.

Personal pension
scheme transfer

* If you have ceased to serve as a regular firefighter you will be entitled either to a "cash equivalent" TV or (if you are not eligible directly under Social Security legislation) to a TV calculated on the same basis (Schedule 6, Part IV, para 2). (See F9-Example 3).

- * If you have opted out of the FPS but continue serving as a regular firefighter you will not be allowed to transfer any benefit in respect of your service before 6 April 1988 (F9(8)) unless you have under 2 years' service before that date. You will be entitled to a "cash equivalent" TV on your post-April 1988 service. If you subsequently leave the fire service a "cash equivalent" basis TV can be paid in respect of your remaining service. (Schedule 6, Part IV, para 5).

**CALCULATION OF A CASH
EQUIVALENT TRANSFER VALUE**

The amount of the TV must not be less than the cash equivalent of the preserved benefits to which you would otherwise be entitled. Where the application is made after you left the fire service, the cash equivalent is related to the value of the preserved benefit as uprated by pension increase legislation. This is based on tables of factors provided by GAD included as Annex B to Fire Service Circular 11/1990 (Scottish Office (Superannuation) Circular 2/1990).

If the transfer payment is not made within 6 months of the date of your written application for a transfer value, the amount of the transfer payment must be increased to the higher of:-

- * the amount of the revalued cash equivalent as at the date of settlement, or
- * the TV at the date of application with interest added at the judgement of debt rate up to the date of settlement.

In any event the TV must normally be paid within 12 months of the application (or the attainment of age 60, if earlier). You may withdraw the application for a TV any time before arrangements have been made for its payment.

When the TV has been calculated it is adjusted for market conditions. This is done by reference to your age and to the yield on the FT Actuary's Index of British Government Index-linked stocks (assuming 5% inflation) on the first working day of each month as published in the Financial Times on the following day. This figure is the market level indicator for all transfer applications submitted during that calendar month. No subsequent change has to be made to the TV if it is paid within the period of 6 months mentioned above. A Table of factors produced by GAD was included in the Circular mentioned above. (See F Gen-Examples 1, 2).

POINTS TO NOTE

1. When determining the amount of a "cash equivalent" TV in the case of an unmarried firefighter it is still appropriate to include full allowance in the calculation for potential widow(er)'s benefits, notwithstanding the restrictions which apply to such benefits in "post-retirement" marriage cases (see rule C5).
2. "Cash equivalent" rights arise in respect of a scheme member whose pensionable service "terminates", thus giving wider scope for the payment of transfer values than used to exist before 1 January 1986 when rights depended on "voluntary" retirement.
3. The "material" date for the purposes of a "cash equivalent" transfer out of the FPS is the later of the last day of pensionable service and the date that the firm written application to transfer benefits is received by the fire authority.
4. In calculating a "cash equivalent" TV the person's marital status is that which applies at the "material date" from the transfer rather than at the date of ceasing to serve.

RIGHTS TO TRANSFER
VALUE PAYMENT

Can your benefits
be transferred?

Someone leaving pensionable service under the FPS may transfer accrued pension benefits out of the scheme if the conditions set out in the FPS are fulfilled. The arrangements which will apply depend upon whether or not you have the necessary qualifying service for your accrued pension benefits to be preserved in the FPS for payment at 60. You will be entitled to preserved benefits if you have at least 2 years qualifying service (5 years if you left before 6 April 1988).

* If you have an entitlement to have your accrued benefits preserved and leave the fire service on or after 1 January 1986, you have the right to a TV equivalent to the value of your accrued pension benefits. You may apply for a TV to:

- another contracted-out occupational pension scheme,
- a not contracted-out occupational pension scheme,
- a personal pension scheme,
- a self employed pension arrangement, or
- an approved insurance contract providing deferred annuity benefits.

* If you do not have an entitlement to have your accrued benefits preserved. (See F9-8).

Special arrangements may apply if you are transferring to an occupational pension scheme which is a member of the Club. (See F9-9).

When should I
apply?

You may apply at any time from leaving the FPS up to 1 year before age 60, (or 6 months after leaving, if later), but check that your new pension arrangements do not require you to apply within a specified period of entering those arrangements.

How should
I apply?

You should make your application in writing. An application is taken to have been made if it is delivered personally, or sent by post in a registered letter or by recorded delivery. You are therefore advised to use one of these means when you apply for a TV payment to be made. Correspondence beforehand, for example, seeking an estimate of the amount of your TV, should be delivered personally or sent by ordinary letter.

Must I transfer
all my benefits
to one destination?

Under the special arrangements for Club transfers, the transfer payment must include all benefits and it must be payable to an occupational pension scheme. In other cases, if you have an entitlement to a preserved pension, the transfer payment can be allocated between the various methods and between a number of insurance policies, but where you are moving to:

- an occupational pension scheme or a personal pension scheme, which is not contracted out of SERPS,
- a contracted-out scheme which is unable to accept your GMP benefit(s), or
- a self employed pension arrangement,

only rights in excess of the GMP can be transferred to the new scheme. You will, therefore, need to use a portion of your TV to preserve your GMP benefits, usually in a single "Section 32" policy. If you are transferring your benefits to a pension scheme which is not contracted out and you do not arrange for a "Section 32" policy in respect of your GMP benefits, they may be brought back into the State Scheme by means of a transfer premium. The TV will be reduced by the amount of the transfer premium.

Firefighters
in post on
1 October 1990

If you were in post on 1 October 1990 and were entitled to a TV under the rules in force up to that date, and have served continuously since then, you may have a mixed TV based partly on those rules and partly on the rules now in force if that produces a higher TV than one based entirely on the rules now in force. This option does not apply for transfers to Club Schemes or personal pension schemes.

What if my new
occupational
pension scheme
is a member of
the Club?

If you wish to benefit from the Club arrangements (see F9-3), you should apply for a transfer value within the applicable period and your TV will then be calculated under the appropriate arrangements. (When the transfer payment is made on or after 6 April 1988, the applicable period is 12 months from the date of taking up pensionable service in your new occupational pension scheme; before then, it was normally 6 months.) Your transfer value may provide in the new Club scheme a broadly equivalent service credit to your reckonable service in the FPS. In some circumstances, however, it may buy more or less service. If, for example, you have not bought a half-rate widow's pension for all your service in the FPS, the length of your service credit may be lower than your actual service, but you will be credited with a fully paid up widow's pension in respect of the credited service.

Other differences between the schemes could also affect the position. A move to a scheme with a retirement age higher than in the FPS could provide you with service credit higher than your reckonable service in the FPS. However, the value of the benefits provided by the service credit will still be equivalent to the value of the benefits being transferred.

What is my position if I do not have an entitlement to preserved benefits?

You are entitled to a transfer value under the rules of the FPS if you join your new employer's occupational pension scheme, a personal pension scheme or a self-employed pension arrangement within 12 months of leaving the FPS and apply within the applicable period of joining your new scheme. (If you leave pensionable service on or after 6 April 1988, the applicable period is 12 months; if you left before then, it was 6 months). The break period between pensionable employments may be extended if the delay is due to a period of education or training, illness, or the need for you to serve for a given time before being allowed to join your new scheme. The TV will be the cash value of your accrued pension benefits. If you transfer your accrued benefits to a scheme which is not contracted-out of SERPS the amount of the TV will be reduced by the amount of the contributions equivalent premium which it is necessary to pay to the DSS in order to restore your GMP to SERPS.

What happens to the transfer value in my new scheme or in a "Section 32" policy?

The amount of the transfer credit that you will receive in your new occupational pension scheme will depend upon the rules of that scheme. Your TV to a final salary scheme will either buy you a given length of reckonable service or a stated amount of benefits which may or may not rise in line with increases in your salary. If you transfer to a money purchase scheme or use your TV to buy a "Section 32" policy, the amount will be invested by the pension provider.

Is it to my advantage to have my benefits transferred?

It is for you to decide whether a transfer will be to your advantage. Once a TV from the FPS has been paid to, and accepted by, your new pension provider you have no further claim to benefits under the FPS and the fire service cannot be held responsible for the terms offered even though these may be a poor bargain compared with your accrued entitlement under the FPS. It is important, therefore, that you make the appropriate enquiries before you ask your fire authority to pay a TV. In reaching your decision, you will wish to take account of the following matters in addition to others relevant to your particular circumstances.

Whether a transfer is to your advantage depends on a comparison of your accrued FPS benefits with the benefits that a TV will purchase. Ask your fire authority for details of the TV payable in respect of your FPS benefits and any alternative to a TV. Then ask your new pension provider for details of what the TV will buy. In considering your position bear in mind that:

- * If you have less than 2 years' qualifying service in the FPS and your accrued pension benefits cannot, therefore, be preserved, you are entitled to have the GMP restored to SERPS and a refund of the balance of your contributions. Alternatively, you are entitled to take a TV to another pension scheme which may, if the new scheme is contracted-out, include your GMP.

- * If you have an entitlement to have your accrued pension benefits preserved in the FPS, they will be brought into payment at age 60 if they are not transferred. Preserved benefits in the FPS attract increases in line with movements in the cost of living and you will have to decide whether this benefit is likely to be better or worse in the long run than the benefits being offered by the new provider.
- * If you left the fire service on or before 5 April 1988 with at least 2 but less than 5 years' qualifying service in the FPS you were entitled to have your GMP restored to SERPS. Alternatively, you are entitled to take a TV to another pension scheme which may, if the new scheme is contracted-out, include your GMP provided that the conditions set out in the FPS are fulfilled, (see F9-2).

You should note that, if you have entered a new occupational pension scheme and the service credit or benefits deriving from the TV when added to your prospective service or benefit in the new pension scheme totals more than that which the new pension scheme will allow, the credit, or the eventual benefits, may be restricted. It might then be to your advantage not to opt for the TV payment but to start earning pension benefits afresh in your new scheme.

Club Transfer

If you are moving to a Club pension scheme with an increase in salary, the value of your benefits could increase immediately as you will be credited with broadly equivalent service and your resulting benefits will be based on the higher salary. If you move with a small drop in salary, you may still consider that a transfer will be to your advantage in the longer term because the benefits purchased in your new scheme will increase in line with increases in your further salary and those benefits could, in due course, overtake those which would have stood to your credit in the FPS (even allowing for protection against inflation). However, if you move with a substantial drop in salary and you are entitled to preserved benefits, it may not be your advantage to have your pension benefits transferred. If you do not transfer your FPS benefits, you will probably have to start with no accrued benefits in your new scheme and re-qualify for pension benefits.

Non-Club transfers

If you are moving to a non-Club final salary pension scheme, the balance of advantage is less straightforward. If you are entitled to preserved benefits in the FPS you will need to decide whether the benefits provided by your new scheme in return for the TV are worth more than the value of your preserved benefits including pensions increase. If the benefits that the TV will buy are to be related to your pensionable pay when you finally retire, you should consider whether increases in pay in your new employment will make those benefits worth more than your preserved FPS benefits. Generally, if the service credit is to be related to pay at the time of retirement and you have quite a few years of potential service ahead of you, it could be to your advantage to have your benefits transferred.

PAYMENTS OF
TRANSFER VALUES

If you are considering transferring your benefits to a money purchase occupational pension scheme, a personal pension scheme, a self employed pension arrangement or a "Section 32" policy, you should bear in mind that the TV available from the FPS represents the actuarially assessed equivalent of your preserved benefits in the FPS. The product of a money purchase scheme or a "Section 32" policy will not buy a higher pension unless investment returns or other factors are favourable. In comparing preserved FPS benefits with money purchase scheme and "Section 32" benefits, you should:

- * note that the purchasing power of preserved FPS benefits is protected against inflation both before and after the benefits are brought into payment;
- * establish whether the scheme or policy provides guaranteed benefits or merely an accumulation of the TV which will be used to buy an annuity, the amount of which will therefore depend upon investment returns over future years, and the extent to which, in either case, the projected pension is protected against inflation;
- * consider carefully any illustrative projected pensions that are provided if the annuity depends upon future investment returns. You must decide whether you think the assumptions that are used by the pension provider can be regarded as realistic. For a valid comparison with FPS benefits, any pension illustrations should be made on the basis of real investment returns, ie a yield in excess of price increases. The illustrations should also allow for the purchasing power of pensions to be protected if they are to provide a realistic basis for comparison with your FPS benefits.

In addition, for personal pension schemes, self-employed pension arrangements and "Section 32" policies you should:

- * establish whether the estimate given by the pension provider is based on all of the TV. It is normal for some of it to be used for the cost of setting up a policy, including the payment of commission to any intermediary involved. Where a deduction is made the investment return must be greater than if all the TV had been invested, and the size of the higher return that is necessary increases the closer you are to retirement. You will not be able to make a proper comparison unless you know the amount to be invested;
- * establish whether the scheme or policy provides on "open market option" - that is, that it will allow you to buy an annuity in due course from any company, and whether it allows accrued benefits to be transferred to another scheme or policy.

If I opt out of the
FPS can I transfer my
FPS benefits?

You may apply for a TV as follows:

- if you have 2 or more years of qualifying service - to your personal pension scheme or to an approved insurance contract;
- if you have less than 2 years' qualifying service - to your personal pension scheme.

The transfer payment may relate to benefits in respect of service from 6 April 1988 only. If you have 2 or more years of reckonable service, any benefits relating to service on or before 5 April 1988 will be preserved in the FPS. However, if you have less than 2 years' reckonable service before 6 April 1988, the benefits based on that service can also be transferred out of the FPS. Before deciding to transfer benefits out of the FPS, you should bear in mind the points made in F9-8.

If you opt out of the FPS and you later leave the fire service you can apply for a TV in respect of any benefits accruing from your service before 6 April 1988 which have been preserved in the FPS.

CASH EQUIVALENT TRANSFER VALUE
ADJUSTMENT FOR MARKET CONDITIONS

Example 1

A 30 year old firefighter who is leaving the fire service is entitled to a cash equivalent of £12250. The yield on index-linked stocks at the relevant date for the transfer is 4½%.

The market level adjustment is obtained from the Table provided by GAD (see Annex B to Fire Service Circular No. 11/1990) by interpolation between the 4% and 5% columns. The relevant factors in the 4% and 5% columns are 0.83 and 0.71, respectively. The adjusted transfer value payable would be:

$$\begin{aligned} & \text{£12250} \times (0.75 \times 0.83) + (0.25 \times 0.71) \\ & = \text{£9800} \end{aligned}$$

Example 2

A 25 year old firefighter is joining the fire service with an entitlement to a cash equivalent of £7500. The yield on index-linked stocks at the relevant date for the transfer is 4.35%.

Using the Table referred to above the relevant factors in the 4% and 5% columns are 0.82 and 0.69, respectively. The amount to be applied for the purpose of calculating reckonable service credit would be:

$$\begin{aligned} & \text{£7500} \div (0.65 \times 0.82) + (0.35 \times 0.69) \\ & = \text{£9683.67} \end{aligned}$$

**Example
1**

The 23 year old firefighter joins the fire service on 5 July 1991 after 3 years 307 days reckonable service with the Metropolitan Police Civil Staff which he left on 24 January 1990. His date of birth is 5 November 1967.

A. Information required for the calculation

- | | | |
|----|--|---------------|
| 1. | Relevant date? | = 5 July 1991 |
| 2. | Age at relevant date? | = 23 |
| 3. | Pay at relevant date?
(Final pensionable salary £12576.24 adjusted
by pensions increase factor of 1.1231) | = £14124.38 |
| 4. | Marital status? | = Unmarried |
| 5. | Previous scheme is contracted out and a GMP
is included in the transfer value. | |
| | a. GMP in respect of service before 6
April 1988 at relevant date? | = £81.64 pa |
| | b. GMP in respect of service on or after
6 April 1988 at relevant date? | = £86.84 pa |
| | c. GMP to be used in the calculation for a
'Club' transfer $a + \frac{b}{2}$ (use figure
used by previous scheme to calculate
transfer value) | = £125.06 |
| 6. | Amount of Limited Revaluation Premium to be
added to the transfer value, if appropriate? | = - |
| 7. | a. Transfer value (capital sum)? | = £2913.05 |
| | b. Figure to be used in calculation
= a. + any LRP, if appropriate
£2913.05 + £0 | = £2913.05 |
| 8. | a. Yield on index-linked stocks? | = 4.35% |
| | b. AMC figure to be used in the
calculation
(0.82 x 0.65) + (0.69 x 0.35) | = 0.7745 |

B. Amount (X) to be taken into account in calculation of reckonable service credit

Transfer value (Capital sum: use figure from part 7) ÷ AMC figure =
A that is
= £2913.05 ÷ 0.7745 = £3761.20 = A

X = A + (GMP x factor) that is
X = £3761.20 + (£125.06 x 2.19) = £4035.08

C. Calculation of sum required (Y) to purchase one year's reckonable service

$$Y = P + W$$

$$P = \text{Pension} = \frac{\text{factor} \times \text{pay}}{45} = \frac{3.74 \times \pounds 14124.38}{45} = \pounds 1173.89$$

$$W = \text{Spouse's pension} = \frac{\text{factor} \times \text{pay}}{2 \times 45} = \frac{2.32 \times \pounds 14124.38}{2 \times 45} = \pounds 364.10$$

$$\text{Therefore } Y = \pounds 1537.99$$

D. Reckonable Service Credit

$$\frac{X}{Y} = \frac{\pounds 4035.08}{\pounds 1537.99} = 2.6236 \text{ (to 4 decimal places)}$$

= 2 years 228 days

Example
2

The firefighter joins the fire service on 4 February 1992 after 11 years 49 days reckonable service in the Armed Forces which he left on 20 July 1991. His date of birth is 30 March 1962.

A. Information required for the calculation

- | | | |
|----|---|-------------------|
| 1. | Relevant date? | = 4 February 1992 |
| 2. | Age at relevant date? | = 29 |
| 3. | Pay at relevant date? | = £14,844 |
| 4. | Marital status? | = Married |
| 5. | Previous scheme is contracted out and a GMP is included in the transfer value. | |
| | a. GMP in respect of service before 6 April 1988 at relevant date? | = £232.96 pa |
| | b. GMP in respect of service on and after 6 April 1988 at relevant date? | = £159.64 pa |
| | c. GMP to be used in the calculation for a 'Club' transfer $a + \frac{b}{2}$ (use figure used by previous scheme to calculate transfer value) | = £312.78 |
| 6. | Amount of Limited Revaluation Premium to be added to the transfer value, if appropriate? | = - |
| 7. | a. Transfer value (capital sum)? | = £12328.14 |
| | b. Figure to be used in calculation = a. + any LRP, if appropriate = £12328.14 + £0 | = £12328.14 |
| 8. | a. Yield on index-linked stocks? | = 4.29% |
| | b. AMC figure to be used in the calculation = (0.83 x 0.71) + (0.71 x 0.29) | = 0.7952 |

B. Amount (X) to be taken into account in calculation of reckonable service credit

Transfer value (Capital sum: use figure from part 7) ÷ AMC figure
= A that is
= £12328.14 ÷ 0.7952 = £15503.19 = A

X = A + (GMP x factor) that is

X = £15503.19 + (£312.78 x 2.42) = £16260.12

C. Calculation of sum required (Y) to purchase one year's reckonable service

$$Y = P + W$$

$$P = \text{pension} = \frac{\text{factor} \times \text{pay}}{45} = \frac{4.54 \times \text{£}14844}{45} = \text{£}1497.59$$

$$W = \text{Spouse's pension} = \frac{\text{factor} \times \text{pay}}{2 \times 45} = \frac{2.77 \times \text{£}14844}{2 \times 45} = \text{£}456.87$$

Therefore Y = £1954.46

D. Reckonable Service Credit

$$\frac{X}{Y} = \frac{\text{£}16260.12}{\text{£}1954.46} = 8.3195 \text{ years (to 4 decimal places)}$$

8 years 117 days

SERVICE CREDIT CALCULATION
FOR TRANSFER FROM CLUB SCHEME
USING THE SIMPLIFIED METHOD

Example
3

The circumstances of this case are the same as F7-Example 1.

A. Information required for the calculation

1.	Relevant date?	= 5 July 1991
2.	Age at relevant date?	= 23
3.	Pay at relevant date?	= £14124.38
4.	Marital status?	= Male/unmarried
5.	The transfer value payable by the sending scheme should be amended to disregard the AMC and GMP adjustment factors	
	Transfer value payable?	= £2913.05
	Adjusted figure to be used in the calculation?	= £4035.08 (See Part B of F7-Example 1)

B. Calculation of sum required (Y) to purchase one year's reckonable service

$$Y = P + W$$

$$P = \text{Pension} = \frac{\text{factor} \times \text{pay}}{45} = \frac{3.74 \times £14124.38}{45} = £1173.89$$

$$W = \text{Spouse's pension} = \frac{\text{factor} \times \text{pay}}{2 \times 45} = \frac{2.32 \times £14124.38}{2 \times 45} = £364.10$$

$$\text{Therefore } Y = £1537.99$$

C. Reckonable Service Credit

$$\frac{X}{Y} = \frac{£4035.08}{£1537.99} = 2.6236 \text{ years (to 4 decimal places)}$$

= 2 years 228 days

**SERVICE CREDIT FOR TRANSFER FROM A NON-CLUB SCHEME
(CONTRACTED OUT)**

Example

4

The firefighter joins the fire service on 19 August 1991 after 3 years 162 days reckonable service with British Telecom which he left on 15 August 1991. His date of birth is 21 September 1965.

A. Information required for the calculation

- | | | |
|----|--|------------------|
| 1. | Relevant date? | = 19 August 1991 |
| 2. | Age at relevant date? | = 25 |
| 3. | Pay relevant date? | = £15021 |
| 4. | Marital status? | = Married |
| 5. | Previous scheme is contracted out and a GMP is included in the transfer value. | |
| | a. GMP in respect of service before 6 April 1988 at relevant date? | = £1.04 pa |
| | b. GMP in respect of service on and after 6 April 1988 at relevant date? | = £117.52 pa |
| | c. GMP to be used in the calculation | = £59.80 |
| | ($\frac{a + b}{2}$) | |
| 6. | Amount of Limited Revaluation Premium to be added to the transfer value, if appropriate? | = - |
| 7. | a. Transfer value (capital sum)? | = £1743.86 |
| | b. Figure to be used in calculation = a. + any LRP, if appropriate | = £1743.86 |
| | = £1743.86 + £0 | |
| 8. | a. Yield on index-linked stocks? | = 4.40% |
| | b. AMC figure to be used in the calculation | |
| | = (0.82 x 0.60) + (0.69 x 0.40) | = 0.7680 |

B. Amount (X) to be taken into account in calculation of reckonable service credit

Transfer value (Capital sum: use figure from part 7) ÷ AMC figure
= A that is

$$= £1743.86 \div 0.7680 = £2270.65 = A$$

X = A + (GMP x factor) that is

$$X = £2270.65 + (£59.80 \times 2.26) = £2405.80$$

C. Calculation of sum required (Y) to purchase one year's reckonable service

$$Y = P + W$$

$$P = \text{Pension} = \frac{\text{factor} \times \text{pay}}{45} = \frac{13.55 \times \text{£}15021}{45} = \text{£}4522.99$$

$$W = \text{Spouse's pension} = \frac{\text{factor} \times \text{pay}}{2 \times 45} = \frac{5.60 \times \text{£}15021}{2 \times 45} = \text{£}934.64$$

$$\text{Therefore } Y = \text{£}5457.63$$

D. Reckonable Service Credit

$$\frac{X}{Y} = \frac{\text{£}2405.80}{\text{£}5457.63} = 0.4408 \text{ years (to 4 decimal places)}$$

$$\boxed{= 0 \text{ years } 161 \text{ days}}$$

SERVICE CREDIT FOR TRANSFER FROM A NON-CLUB SCHEME
(NON CONTRACTED-OUT)

Example

5

The firefighter joins the fire service on 9 June 1991 after 3 years 190 days reckonable service with a publishing company which he left on 25 May 1991. His date of birth is 15 January 1969.

A. Information required for the calculation

- | | | |
|----|--|---------------|
| 1. | Relevant date? | = 9 June 1991 |
| 2. | Age at relevant date? | = 22 |
| 3. | Pay at relevant date? | = £14946 |
| 4. | Marital status | = Single |
| 5. | Previous scheme is not contracted out and no GMP is included in the transfer value. | |
| | a. GMP in respect of service before 6 April 1988 at relevant date? | - |
| | b. GMP in respect of service on and after 6 April 1988 at relevant date? | - |
| 6. | Amount of Limited Revaluation Premium to be added to the transfer value, if appropriate? | = - |
| 7. | a. Transfer value (capital sum)? | = £668.54 |
| | b. Figure to be used in calculation = a. + any LRP, if appropriate = £668.54 + £0 | = £668.54 |
| 8. | a. Yield on index-linked stocks | = 4.23% |
| | b. AMC figure to be used in the calculation = (0.69 x 0.23) + (0.82 x 0.77) | = 0.7901 |

B. Amount (X) to be taken into account in calculation of reckonable service credit

Transfer value (Capital sum: use figure from part 7) ÷ AMC figure = A that is

$$= £668.54 \div 0.7901 = £846.15 = A$$

X = A + (GMP x factor) that is

$$X = £846.15 + (£0 \times 2.15) = £846.15$$

C. Calculation of sum required (Y) to purchase one year's reckonable service

$$Y = P + W$$

$$P = \text{Pension} = \frac{\text{factor} \times \text{pay}}{45} = \frac{13.60 \times \text{£}14946}{45} = \text{£}4517.01$$

$$W = \text{Spouse's pension} = \frac{\text{factor} \times \text{pay}}{2 \times 45} = \frac{5.20 \times \text{£}14946}{2 \times 45} = \text{£}863.55$$

$$\text{Therefore } Y = \text{£}5380.56$$

D. Reckonable Service Credit

$$\frac{X}{Y} = \frac{\text{£}846.15}{\text{£}5380.56} = 0.1573 \text{ years (to 4 decimal places)}$$

$$\boxed{= 0 \text{ years } 57 \text{ days}}$$

TRANSFER VALUES PAYABLE BETWEEN FIRE AUTHORITIES

Example
1

The firefighter joined the fire service on 10 December 1962 and on 31 January 1990 aged 46 years, transferred to another brigade.

- A. Actual pensionable service: 27 years 53 days (27.1452 years)
- B. Hypothetical service: 30 years
Equivalent to 40/60ths (service after 20 years counts double)
- Average pensionable pay: £12838
- C. Hypothetical pension:

$$\frac{40}{60} \times \text{£}12838 = \text{£}8558.667$$

Deferred pension:

$$\frac{A}{B} \times C = \frac{27.1452}{30} \times \text{£}8558.667 = \text{£}7744.224$$

Widow's accrued pension: £3729.244
(See method in C4-Example 4)

Transfer value:

Notional deferred pension x basic factor* = £49563.033
£7744.224 x 6.40

Deductions -

in respect of
Modification of
State flat-rate pension
17.1452** x £1.70 = £29.147

£29.147 x 1.90* = £ 55.379
(NI factor)

GMP (weekly amount)
£12.03 x 52.18 x 2.44* = £1531.650
(GMP factor)

TOTAL
DEDUCTIONS = £ 1587.029
= £47976.004

Widow's notional accrued pension:
£3729.244 x 4 = £14916.976
TV (before interest) = £62892.98

Transfer value payable = £62892.98

Interest is payable if the transfer value is not paid within six months of the transfer taking place.

* see Schedule 6, Part III Table

** service in years up to 31 March 1980

TRANSFER VALUES - PAYABLE BETWEEN FIRE AUTHORITIES

Example
2

The firefighter joined the fire service on 19 November 1979 and on 26 December 1984 aged 25 years, transferred to another brigade.

- A. Actual pensionable service: 5 years 38 days (5.1041 years)
- B. Hypothetical service: 30 years
Equivalent to 40/60ths (service after 20 years counts double)
- Average pensionable pay: £9468.147

C. Hypothetical pension:

$$\frac{40}{60} \times £9468.147 = £6312.098$$

Deferred pension:

$$\frac{A}{B} \times C = \frac{5.1041}{30} \times £6312.098 = £1073.919$$

Widow's accrued pension: (all service is at $\frac{1}{2}$ rate)

$$\frac{1}{2} \times £1073.919 = £536.960$$

Transfer value:

Notional deferred pension x basic factor* = £ 5691.771
 $£1073.919 \times 5.30^*$

Deductions -

in respect of
Modification of
State flat-rate pension
 $0.364^{**} \times £1.70 = £ 0.619$

$£0.619 \times 0.35^*$ = £ 0.217
 (NI factor)

GMP (weekly amount)
 $£4.49 \times 52.18 \times 1.65^*$ = £ 386.576
 (GMP factor)

TOTAL
DEDUCTIONS = £ 386.793
 = £5304.978

Widow's notional accrued pension:
 $£536.960 \times 4$ = £2147.840
 TV (before interest) = £7452.818

Transfer value payable = £7452.82

Interest is payable if the transfer value is not paid within six months of the transfer taking place.

* see Schedule 6, Part III Table

** service in years up to 31 March 1980

Example
3

The firefighter is transferred to the Fire Service College as a temporary instructor on 3 December 1990 and returns to his parent brigade on 6 May 1991. A net transfer value is paid by the Home Office after his return. His date of birth is 16 October 1956. The net transfer value is agreed and paid by the Home Office on 14 December 1991.

ON LEAVING BRIGADE

- A. Actual pensionable service: 15 years 3 days (15.0082 years)
- B. Hypothetical service: 30 years
Equivalent to 40/60ths (service after 20 years counts double)
- Average pensionable pay: £18000.61
- C. Hypothetical pension:
- $$\frac{40}{60} \times £18000.61 = £12000.406$$
- Deferred pension:
- $$\frac{A}{B} \times C = \frac{15.0082}{30} \times £12000.406 = £6003.48$$
- Widow's accrued pension: = £3001.74

<u>Transfer value (outward):</u>		
Notional deferred pension x basic factor*	£6003.48 x 5.75	= <u>£34520.01</u>
Deductions -		
in respect of		
Modification of		
State flat-rate pension		
4.3315** x £1.70 = £ 7.36		
£7.36	x 0.70* (NI factor)	= <u>£ 5.15</u>
GMP (annual amount)		
£946.02	x 1.95* (GMP factor)	= <u>£1844.74</u>
	<u>TOTAL</u>	
	<u>DEDUCTIONS</u>	= <u>£ 1849.89</u>
		= <u>£32670.12</u>
Widow's notional accrued pension:		
	£3001.74 x 4	= <u>£12006.96</u>
	Transfer value	= <u>£44677.08</u>
Plus: Interest (where applicable)		
	(4.12.90 to 14.12.91 : 4 periods)	= <u>£ 4154.97</u>
	x 9.3%	
	<u>Transfer value payable</u>	= <u>£48832.05</u>

ON LEAVING FIRE SERVICE COLLEGE

A. Actual pensionable service: 15 years 157 days (15.4301 years)
(on his return)

B. Hypothetical service: 30 years
Equivalent to 40/60ths (service after 20 years counts double)

Average pensionable pay: £20398.23

C. Hypothetical pension:

$$\frac{40}{60} \times £20398.23 = £13598.82$$

Deferred pension:

$$\frac{A}{B} \times C = \frac{15.4301}{30} \times £13598.82 = £6994.37$$

Widow's accrued pension: (all service is at half rate)
 $\frac{1}{2} \times £6994.37 = £3,497.19$

Transfer value (inward):

Notional deferred pension x basic factor*
£6994.37 x 5.75 = £40217.63

Deductions -

in respect of
Modification of
State flat-rate pension
4.3315** x £1.70 = £ 7.36

£7.36 x 0.70* = £ 5.15
(NI factor)

GMP (annual amount)
£1075.95 x 1.95* = £2098.10
(GMP factor)

TOTAL
DEDUCTIONS = £ 2103.25
= £38114.38

Widow's notional accrued pension:
£3497.19 x 4 = £13988.76
Transfer value = £52103.14

Plus: Interest (where applicable)
(7.5.91 to 14.12.91 : 2 periods) = £ 2396.74
x 4.6%

Transfer value payable = £54499.88

Net transfer value payable =
£54499.88 - £48832.05 = £ 5677.83

Interest only applies where payment is not made within 6 months of the date of transfer.

* see Schedule 6, Part III Table.

** service in years up to 31 March 1980

**CASH EQUIVALENT TRANSFER VALUE
PAYABLE TO A CLUB SCHEME**

Example

1

The firefighter applies for a transfer to a Club Scheme on 17 February 1992 after leaving the fire service on 8 February 1987 with 5 years 36 days reckonable service. His date of birth is 19 September 1961.

A. GENERAL INFORMATION

1.	Qualifying service:	5 years 36 days
2.	Normal pension age:	60
3.	Application date of application?	17 February 1992
4.	Relevant date?	17 February 1992
5.	Marital status?	Single
6.	Date of Birth?	19 September 1961
7.	Age last birthday at the relevant date?	30
8.	Pensions increase applicable in this case.	32.37%
9. a.	GMP in respect of service before 6 April 1988 as at the relevant date? = £9.59 pw x 52	£ 498.68 pa = (a)
b.	GMP in respect of service on or after 6 April 1988 as at the relevant date? = £0.00	£ 0.00 = (b)
c.	GMP to be used in the calculation = (a) + ($\frac{1}{2}$ x (b)) = £498.68 + 0	= £ 498.68
10. a.	Yield on index-linked stocks:	4.29%
b.	AMC figure to be used in the calculation = (0.83 x 0.71) + (0.71 x 0.29)	= 0.7952
11.	Average pensionable pay	= £10871.16

B. CALCULATION OF ACCRUED BENEFITS

$$\begin{aligned} \text{Pension} &= \frac{5.0986}{30} \times \left(\frac{40}{60} \times \text{£}10871.16 \right) &= & \text{£}1231.73 \\ \text{Spouse's pension} &= \frac{1}{2} \text{ husband's pension} &= & \text{£} 615.87 \end{aligned}$$

NI Modification

(No service before 1980) ---

C. CALCULATION OF TRANSFER VALUE

Gross Personal pension	=	Benefits	x	factor	=	£5776.81	
		£1231.73		4.69			+
Spouse's pension	=	£ 615.87	x	2.85	=	<u>£1755.23</u>	+
					=	£7532.04	
Less National Insurance Modification	=	<u>£ 0.00</u>	x	3.13	=	<u>£ 0.00</u>	
					=	£7532.04	+
Add pensions increase (if applicable)	=	32.37%	x	7532.04	=	<u>£2438.12</u>	
					=	£9970.16	
Less adjustments for PI on GMP payable by DSS	=	£498.68	x	2.47	=	<u>£1231.74</u>	
					=	£8738.42	
Adjustment for Market Conditions	=	(0.7952)			=	£6948.79	
Transfer value payable	=				=	<u>£6948.79</u>	

**CASH EQUIVALENT TRANSFER VALUE
PAYABLE TO A CLUB SCHEME**

Example

2

The firefighter applies for a transfer to a Club Scheme on 20 January 1992 after leaving the fire service on 13 February 1990 with 14 years 348 days reckonable service. His date of birth is 9 October 1947. He commenced service on 3 March 1975.

A. GENERAL INFORMATION

1.	Qualifying service:	14 years 348 days
2.	Normal pension age:	60
3.	Application date of application?	20 January 1992
4.	Relevant date?	20 January 1992
5.	Marital status?	Married
6.	Date of Birth?	9 October 1947
7.	Age last birthday at the relevant date?	44
8.	Pensions increase applicable in this case.	12.31%
9. a.	GMP in respect of service before 6 April 1988 as at the relevant date? = £25.48 pw x 52	£ 1324.96 pa = (a)
b.	GMP in respect of service on or after 6 April 1988 as at the relevant date? = £3.62 x 52	£ 188.24 pa = (b)
c.	GMP to be used in the calculation = (a) + ($\frac{1}{2}$ x (b)) = £1324.96 + £94.12 =	£ 1419.08
10. a.	Yield on index-linked stocks:	4.42%
b.	AMC figure to be used in the calculation = (0.87 x 0.58) + (0.78 x 0.42) =	0.8322
11.	Average pensionable pay =	£18431.16

B. CALCULATION OF ACCRUED BENEFITS

$$\text{Pension} = \frac{14.95}{27.60} \times \left(\frac{35.21}{60} \times \text{£}18431.16 \right) = \text{£}5858.68$$

$$\text{Spouse's pension} = \frac{1}{2} \text{ husband's pension} = \text{£}2929.34$$

NI Modification

$$3 \text{ March } 1975 - 31 \text{ March } 1980 = 5 \text{ years } 29 \text{ days} = 5.079 \times \text{£}1.70 = \text{£}8.63$$

C. CALCULATION OF TRANSFER VALUE

Gross Personal pension	=	Benefits	x	factor	=	£43002.71	
		£5858.68		7.34			+
Spouse's pension	=	£2929.34	x	4.22	=	<u>£12361.81</u>	+
						£55364.52	
Less National Insurance Modification	=	<u>£ 8.63</u>	x	<u>4.92</u>	=	<u>£ 42.46</u>	
						£55322.06	+
Add pensions increase (if applicable)	=	12.31%	x	£55322.06	=	<u>£ 6810.15</u>	
						£62132.21	
Less adjustments for PI on GMP payable by DSS	=	£1419.08	x	3.14	=	<u>£ 4455.91</u>	
						£57676.30	
Adjustment for Market Conditions	=	(0.8322)			=	£47998.22	
						£47998.22	
						£47998.22	

**CASH EQUIVALENT TRANSFER VALUE
PAYABLE TO A PERSONAL PENSION SCHEME**

Example

3

The firefighter applies for a transfer to a personal pension scheme on 30 April 1989 after leaving the fire service with 13 years 221 days' service. His last day of service is 13 November 1987. His date of birth is 7 April 1955.

A. GENERAL INFORMATION

1. Qualifying service:	13 years 221 days
2. Normal pension age:	60
3. Application date of application?	30 April 1989
4. Relevant date?	30 April 1989
<hr/>	
5. Marital status?	Married
6. Date of Birth?	7 April 1955
7. Age last birthday at the relevant date?	34
8. Pensions increase not applicable in this case.	1.0775
9. a. GMP in respect of service before 6 April 1988 as at the relevant date? = £16.76 pw x 52	£ 871.52 pa = (a)
b. GMP in respect of service on or after 6 April 1988 as at the relevant date? = £0.00 x 52	£ 0.00 pa = (b)
c. GMP to be used in the calculation = (a) + ($\frac{1}{2}$ x (b)) = £871.52 + £0.00 =	£ 871.52
10.a. Yield on index-linked stocks:	3.55%
b. AMC figure to be used in the calculation = (1.00 x 0.45) + (0.84 x 0.55) =	0.912
11. Average pensionable pay =	£15391.26

B. CALCULATION OF ACCRUED BENEFITS

$$\text{Pension} = \frac{13.6055}{30} \times \left(\frac{40}{60} \times \text{£}15391.26 \right) = \text{£}4653.46$$

$$\text{Spouse's pension} = \frac{1}{2} \text{ husband's pension} = \text{£}2326.73$$

NI Modification

$$\text{£}1.70 \times 5.9836 \text{ years} = \text{£}10.17$$

C. CALCULATION OF TRANSFER VALUE

Gross Personal pension	=	Benefits	x	factor	=	£24802.94	
		£4653.46		5.33			
Spouse's pension	=	£2326.73	x	3.18	=	<u>£ 7399.00</u>	+
					=	£32201.94	
Less National Insurance Modification	=	<u>£ 10.17</u>	x	<u>3.56</u>	=	<u>£ 36.21</u>	
					=	£32165.73	= A
							+
Add pensions increase (if applicable)							
= PI factor or % x A	=	1.0775 x A			=	<u>£34658.57</u>	

Less adjustments for PI on GMP payable by DSS	=	£871.52	x	2.66	=	<u>£ 2318.24</u>	-
					=	£32340.33	= B
Adjustment for Market Conditions	=	0.912	x	B	=	£29494.38	
					=	£29494.38	

**"MIXED" TRANSFER VALUE PAYABLE TO A NON-CLUB SCHEME IN A
CASE INVOLVING DIRECT ENTITLEMENT TO A "CASH EQUIVALENT"**

Example

4

The firefighter applies for a transfer to a non-club scheme on 30 January 1991 after leaving the fire service on 18 January 1991 with 4 years 260 days service. His date of birth is 2 November 1962.

A. GENERAL INFORMATION

1. Qualifying service: (Post - 1 October 1990 element)	110 days
2. Normal pension age:	60
3. Application date of application?	30 January 1991
4. Relevant date?	30 January 1991
5. Marital status?	Unmarried
6. Date of Birth?	2 November 1962
7. Age last birthday at the relevant date?	28
8. Pensions increase not applicable in this case.	
9. a. GMP in respect of service before 6 April 1988 as at the relevant date? = £0.00 x 52	£ 0.00 pa = (a)
b. GMP in respect of service on or after 6 April 1988 as at the relevant date? = £0.58 pw x 52	£ 30.16 pa = (b)
c. GMP to be used in the calculation = (a) + ($\frac{1}{2}$ x (b)) = £0.00 + £15.08 =	£ 15.08
10.a. Yield on index-linked stocks:	4.18%
b. AMC figure to be used in the calculation = (0.82 x 0.82) + (0.70 x 0.18) =	0.7984
11. Average pensionable pay =	£ 12550.00

B. CALCULATION OF ACCRUED BENEFITS

$$\text{Pension} = \frac{0.3014}{30} \times \frac{(40 \times \text{£}12550)}{(60)} = \text{£ } 84.06$$

$$\text{Spouse's pension} = \frac{1}{2} \text{ husband's pension} = \text{£ } 42.03$$

NI Modification

No service before 1980

C. CALCULATION OF TRANSFER VALUE

Gross Personal pension	=	Benefits	x	factor	=	£ 369.86	
		£ 84.06		4.40			
Spouse's pension	=	£ 42.03	x	2.69	=	<u>£ 113.06</u>	+
						£ 482.92	-
Less National Insurance Modification	=	£ _____	x	_____	=	£ ---	
						£ 482.92	= A

Add pensions increase (if applicable)							+
= PI factor or % x A	=	£			=	£ ---	
						£ 482.92	

Less adjustments for PI on GMP payable by DSS	=	£ 15.08	x	2.38	=	<u>£ 35.89</u>	-
						£ 447.03	= B

Adjustment for Market Conditions	=	0.7984	x	B	=	£ 356.91 = C	
						= Transfer value payable (notional cash equivalent)	

Entitlement to notional TV for pre-1 October 1990 service using the method in F8-Examples 1 and 2, including any interest due

= £7450.21

"Cash equivalent" entitlement in respect of full fire service which arises directly from Social Security legislation (calculated as in F9-Example 3)

= £6542.38

In this case the "mixed" transfer value is more favourable
 £356.91 + £7450.21
 Total TV payable

= £7807.12

Of the total TV payable £6542.38 is a "cash equivalent" arising directly under Social Security legislation and the balance of £1264.74 is payable under Schedule 6, Part IV, para 4. This is the effect of the formula D-E on F9-4.