

# Home Office consultation - Matthews



# The consultation

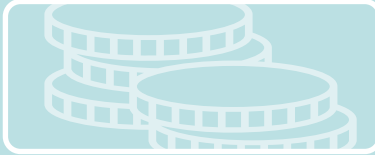
**23 Dec. 2024**

Home Office published their consultation on the [amendments to the Firefighters' Pension Scheme: retained firefighters](#) on 23 December 2024.

The consultation closes on 17 February 2025.

**17 Feb. 2025**

# Areas under consultation



## Deceased individuals

- Missed Pension lump sum payments
- Missed survivor pension payments
- Additional death grant
- Extended death grant



## Conversion options

- Special deferred members
- Special pensioner members who are in receipt of a member initiated early payment of pension



## Restrictions on opt out cases



## Flexibility to new provisions beyond 31 March 2026



## Deadline extension

# Deceased individuals – Pension payments and survivor benefits

This issue relates to individuals who:

- (i) would have been entitled to join the modified scheme under the 2014 Option exercise or the 2023 Options exercise but have died before having opportunity to make an election to purchase their full retained service; and
- (ii) would have been entitled to receive special pension payments or increased special pension payments prior to their death.

Current position

- At present there is no provision for the missed special pension payments that the member would have received had they not been deceased to be paid to the member's estate.

What is the proposal?

## **Missed pension lump sum**

- To provide payment of any lost pension (pre-commutation) to the deceased member's survivor or estate as a single lump sum plus interest.
- The interest should be applied in the same way as it is to retrospective pension payments for those who join as special pensioner members. Date of payment shall be assumed as the date the member would have become entitled to receive their pension payments.
- Pension increase is payable
- Lump sum payments will be reduced by the contribution adjustment.

## **Survivor missed pension payment**

- To provide payment of 0.1 x the deceased member's pensionable pay for each full qualifying year of service
- Interest payable (How?)
- Is not payable:
  - if the member died between 7 April 2000 and 5 April 2006 inclusive as they would have received a special death grant or death grant for extended limited period
  - If the survivor has received an additional death grant

# Initial thoughts

## Missed Pension Lump Sum

- Would the single lump sum payment be paid as a non-taxable lump sum or would it be subject to tax, as it is technically arrears of pension?
- The regulation amendments 3(7) reads as if the person(s) making the claim for the 'Missed pension lump sum death grant' will need to provide all the information to the FRA to make a payment. During M1, it was difficult for some members to provide service dates, pay etc for their benefits so it could be even more difficult for a next of kin to provide this. What happens if they don't have this information? What would an FRA or next of kin do then?
- Under regulation 4(7), 4(8) and 4(9), it describes what will happen in the case of this information not being provided. Would something similar need to be added in case the details in regulation 3(7) cannot be provided?

# Initial thoughts

## Survivor missed pension payment

- 4.6 of the consultation documents confirms that spouse's pension will be continued to be payable where member joined under 2014 exercise. Is there potential for spouses to be treated differently and being paid considerably different amounts or has the formula used to calculate the missed pension payment factored in what the spouse would receive over their expected lifetime?
- It isn't clear as to whether interest is payable on the member contributions.
- At regulation amendment 4(3)(C) would FRA's be advising survivors that they would not be eligible under 1C so when an application is made, they can include it otherwise how will they know?

# Deceased individuals – additional death grant

This issue relates to individuals who:

- (i) individuals who chose not to join during the 2014 Options exercise but could have joined during the 2023 Options exercise (as they have pre-July 2000 service) but have since died before having the opportunity to make an election;
- (ii) individuals who did not get a reasonable opportunity to join during the 2014 Options exercise and could have joined during the 2023 Options exercise (these individuals won't necessarily have pre-July 2000 service) but have since died before having the opportunity to make an election.

## Current position

- The regulations allow for **special death grant** to be paid to the surviving spouse of a deceased individual who would have been entitled to join the modified scheme but for the fact that they had died in active service during the period 7 April 2000 and 5 April 2006 inclusive.
- The regulations also allow for an **additional death grant** which is payable providing that they joined as a special member in the first options exercise, had service before 1 July 2000 and dies before making an election (31 March 2025).

## What's under consultation?

- Whether any payments should be made in respect of survivor benefits.
- It is proposed to extend the eligibility criteria for the additional death grant so that it is also payable in respect of any member who did not join in the 2014 options exercise but would have been eligible to join in the 2023 options exercise but for the fact that they died prior to joining.

# Deceased individuals – extended death grant

## Current position

- In Part 5, 1B(8) of FPS 2006 it sets out the formula to follow for calculating the extended death grant. Within this there is reference to ‘additional death grant’ which can be misleading, particularly as there are separate regulations for separate additional death grant at Part 5, 1C

## What’s under consultation?

- Proposal to make a minor clarification to the formula at Part 5, 1B(8) to change the reference from ‘additional death grant’ to ‘extended death grant’.



# Conversion options

## Current position

- Conversion options are restricted to individuals who join as a special firefighter or a special pensioner member.
- There is no entitlement for an individual who joins the scheme as a special deferred member to 'convert' their standard service to special service or vice versa.
- There is no entitlement for a special pensioner member who is in receipt of a member initiated early retirement (MIER) payment of pension.

## What is the proposal

- To extend the conversion options to allow members who joined the modified scheme as special deferred members the option to convert standard service in FPS 2006 to special service.
- To extend the conversion options to allow members who joined the modified scheme as special pensioner members and who are in receipt of a MIER pension.

# Initial thoughts

## **Deferred Special members**

- Should consideration also be given for special members to also have the option to convert from special to standard, if they were already a standard member?

# Restrictions on opt out cases

This issue relates to individuals who:

- are entitled to join the modified scheme;
- joined the standard 2006 Scheme on or after 6 April 2006; and
- opted out of the standard 2006 Scheme prior to April 2015

## Current position

- Affected individuals can purchase their special service in the modified scheme up to the point they joined the standard 2006 Scheme.
- However, there is no provision to allow them to purchase the ‘opted out’ service as special service in the modified scheme.

## What’s under consultation?

- To make an amendment to allow members who have joined the standard FPS 2006 for their service on or after 6 April 2006, and who subsequently opted out of the standard FPS 2006 prior to 1 April 2015, to purchase any period(s) of opted out service as special service under the modified scheme.

# Flexibility to apply new provisions beyond 31 March 2026

This issue relates to individuals who:

- New cohorts of eligible members/survivors including:
- Missed pension lump sum payments
- Survivor missed pension payments
- Cases who they previously couldn't convert or where they were unable to purchase periods of opted out service

What's under consultation?

- To allow these cases to be paid after 31 March 2026 in circumstances where the individual has not received a notification from their FRA. This is in recognition that the time for the FRA to identify and process these new cases may be shorter than for those other cohorts who have been eligible to access the modified scheme as part of either the 2014 or 2023 exercise.

# Extension to deadline date

## Justification

- Feedback from FRAs and implementation data analysis of progress, provides evidence that there is concern of meeting the 31 March 2025 deadline for a significant number of cases.

## What's under consultation?

- To allow FRAs a further 12 months (to 31 March 2026) to implement the remedy in circumstances where FRAs are unable to meet the 31 March 2025 deadline.

# Initial thoughts?

- Consideration needs to be given of the impact this has on the Sargeant remedy.

# Any questions



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**Thank you for listening!**

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