

X FIRE AND RESCUE AUTHORITY

FIREFIGHTERS' PENSION SCHEME 1992

The Firefighters' Pension Scheme

Ill-health pensions

September 2006

ILL-HEALTH PENSIONS

As a member of the Firefighters' Pension Scheme ("FPS") you are covered by the Scheme's ill-health retirement provisions. These notes explain how they work.

Who is eligible for an ill-health pension?

To be eligible for an ill-health pension you must –

- have been a member of the FPS for at least 2 years (or, if less, be entitled to an award under the Compensation Scheme) and be a member at the date of leaving the Fire and Rescue Service, and
- be retired by your Fire and Rescue Authority ("the Authority"), on the grounds that you are permanently disabled, because of infirmity of mind or body, for the performance of all the duties of your role.

What is meant by "permanently disabled"?

The permanence of a disablement is tested by whether or not, at the time the question arises, the disablement is likely to continue to normal pension age (age 55). If it is, the disablement is considered permanent. However, as explained later in these notes, if an ill-health pension is paid it will be subject to review and may cease if the recipient is considered no longer to be permanently disabled.

Would I receive payment of an ill-health pension as soon as I retire?

If the Authority award you an ill-health pension on leaving the Fire and Rescue Service it is payable from your first day of retirement.

How much would I get?

This will depend upon –

- your length of pensionable service at the last day of service,
- your average pensionable pay over (normally) the last year of service, and
- whether you are entitled to a lower tier ill-health pension only, or to the addition of a higher tier ill-health pension.

What are these two tiers of pension?

As explained above, you are entitled to an ill-health pension if you are permanently disabled for the performance of the duties of your role. This would be a lower tier ill-health pension.

If it is decided that not only are you permanently disabled for the performance of the duties of your role but also for any other regular employment, you would be entitled to an additional higher tier pension provided you have at least 5 years' pensionable service. "Regular employment" in this context means employment for 30 hours a week on average over a twelve month period.

How is the lower tier ill-health pension calculated?

If you have less than 5 years' pensionable service, the lower tier ill-health pension is calculated in the same way as if it were an age retirement pension, i.e. –

$$1/60 \times \text{pensionable service} \times \text{average pensionable pay.}$$

For example if you had completed 3 years' pensionable service at your last day of service and your average pensionable pay was £27,000, your lower tier ill-health pension would be assessed as –

$$1/60 \times 3 \times £27,000 = £1,350 \text{ a year.}$$

If you have 5 or more years' pensionable service the lower tier ill-health pension is calculated in the same way as a deferred pension.

The formula for this is a bit more complicated. Firstly an assessment is made of the "hypothetical" age retirement pension¹ to which you would have been entitled had you served to age 55 – normal pension age – or to 60 if you are Station Manager B or above. Although your pensionable service is projected in this way, the average pensionable pay is not: it would be that used in any other pension calculation on retirement.

The hypothetical pension is then pro rated to reflect the number of years you have served to date of leaving as a proportion of the years of service you would be able to count at age 55 (or age 60 if you are Station Manager B or above).

Example 1

If your average pensionable pay is £27,000 and you would have managed to complete 30 years' service by normal pension age, the hypothetical age retirement pension would be calculated as –

$$[20/60 + (2 \times 10/60)] \times £27,000 = £18,000 \text{ a year.}$$

Next, account would be taken of your pensionable service at the date of leaving. Let's say it's 25 years. Your lower tier ill-health pension would be –

$$25/30 \times £18,000 = £15,000 \text{ a year.}$$

Example 2

If your average pensionable pay is £27,000 and you would have managed to complete 27 years' service by normal pension age, the hypothetical age retirement pension would be calculated as –

$$[20/60 + (2 \times 7/60)] \times £27,000 = £15,300 \text{ a year.}$$

Next, account would be taken of your pensionable service at the date of leaving. Let's say it's 9 years. Your lower tier ill-health pension would be –

$$9/27 \times £15,300 = £5,100 \text{ a year.}$$

¹ When working out an age retirement pension, each of the first 20 years' pensionable service counts as 1/60 of pensionable pay, each of the following years counts as 2/60ths of pensionable pay. The maximum pension allowed is based on 40/60ths of pensionable pay (i.e. based on 30 years' pensionable service).

How is the higher tier ill-health pension calculated?

The first stage of the calculation includes an enhancement of service. The next stage deducts from the resultant pension an amount equal to the lower tier ill-health pension. The difference will be the higher tier ill-health pension.

The enhancement depends upon how many years of pensionable service you have at retirement. (You must have at least 5 years for the higher tier ill-health pension.) This is illustrated below (where "APP" means average pensionable pay) –

- 5 or more years, but less than 10 \Rightarrow each year of service will reckon as:
2/60 x Average Pensionable Pay
- 10 or more years, but less than 13 \Rightarrow the formula is based on:
20/60 x Average Pensionable Pay
- 13 or more years \Rightarrow the formula is based on:
pensionable service* + 7/60 x Average Pensionable Pay

*each year of service to 20 years = 1/60; each year of service after 20 years = 2/60ths

The resultant pension, however, must not be greater than the age retirement pension that could be achieved at the normal pension age of 55, or age 60 in the case of Station Manager B and above. (And an age retirement pension must not be greater than 40/60ths of average pensionable pay.)

Look back at Examples 1 and 2 on the previous page. How would a higher tier pension be assessed in these two cases?

Example 1

You have 25 years' service. This means that the first stage of the calculation will offer an enhancement of 7/60ths. (Assume this would not exceed what you could have achieved at normal age retirement.) This would give –

$$[7/60 + 20/60 + (2 \times 5/60)] \times \text{£}27,000 = \text{£}16,650 \text{ a year.}$$

Next, your lower tier pension, which was £15,000, is deducted, to give a higher tier pension of –

$$\text{£}16,650 - \text{£}15,000 = \text{£}1,650 \text{ a year}$$

Example 2

You have 9 years' service. This means that the first "enhanced" stage of the calculation will be based on 18/60ths. (Again assume this would not exceed the permitted maximum.)

$$18/60 \times \text{£}27,000 = \text{£}8,100 \text{ a year.}$$

Next, your lower tier ill-health pension, which was £5,100, is deducted to give a higher tier pension of –

$$\text{£}8,100 - \text{£}5,100 = \text{£}3,000 \text{ a year.}$$

If the lower tier pension is deducted, would I be paid both parts?

Yes, you would be paid both parts together but the assessment has to identify how much is to be paid to you as a lower-tier pension and how much as a higher tier pension. This is because they have to be recorded separately by your Authority for review purposes

What if I have worked part-time?

As with other types of benefit payable under the FPS, both the lower and higher tier ill-health pensions would first be calculated on the assumption that you had worked whole-time throughout your career. Then they would be scaled down to reflect your part-time service as a proportion of whole-time service.

How are ill-health pensions reviewed?

If a person has been receiving an ill-health pension for less than 10 years and has not reached age 60, the Authority must review eligibility at such intervals as they think proper.

Where a lower tier ill-health pension is in payment, the Authority will consider whether the person has become capable of carrying out any duty appropriate to the role held immediately before retirement.

Where a higher tier ill-health pension is in payment the Authority will consider not only capability for the duties of the former role in respect of the lower tier ill-health pension but also whether the person is capable of undertaking any regular employment, to test continued eligibility for the higher tier ill-health pension.

In other words the test of disablement on review is similar to that applied on retirement.

What happens following the review of a higher tier ill-health pension?

A higher tier ill-health pension will continue in payment if the Authority decide that a person is still incapable of undertaking any regular employment. However, if the Authority are satisfied that, at the time of review, the person would be capable of regular employment, the higher-tier pension will cease immediately.

What happens following the review of a lower tier ill-health pension?

A lower tier ill-health pension would continue in payment if the Authority decide that a person could not carry out any duty appropriate to the former role. This would apply equally to the person who has never had entitlement to a higher tier ill-health pension and to a person who has had such entitlement. It could be the case, therefore, that a person who is considered capable of regular employment and consequently has the higher tier pension terminated could still continue to receive the lower tier award.

If the Authority decide that the person could carry out any duty of their former role, whether or not the lower tier pension will cease will depend upon whether or not the Authority offer re-employment in such a role. If they do, the lower-tier pension would be terminated (whether or not the person accepts the re-employment); if they do not offer re-employment, the lower tier ill-health pension will continue in payment.

If I accept re-employment, can I rejoin the FPS?

Yes. Although the FPS is now a closed scheme, if your ill-health pension was awarded under the FPS you would have a right to rejoin the Scheme should the ill-health pension cease on review. (Newly appointed firefighters or former firefighters who resume employment in other circumstances would be required to join the New Firefighters' Pension Scheme ("NFPS").) If, on re-employment after ill-health review, you decide you would prefer to be a member of the NFPS you can elect to join and transfer over your FPS rights.

How does an Authority make a decision on medical issues?

The rules of the FPS require that where an Authority have to make certain decisions they must seek the opinion of an independent qualified medical practitioner ("IQMP"), i.e. a medical practitioner who has a certain level of occupational health qualification and who has to certify that he/she –

- has not previously been involved in the case, and
- is not acting as the representative of any party to the case.

The Authority will seek an opinion of an IQMP when deciding if a member of the FPS is entitled to an ill-health pension. They will also seek an IQMP's opinion when reviewing an ill-health pension.

Is my pension lost if it is decided it should stop?

A higher tier ill-health pension would not be re-instated at any time

A lower tier ill-health pension which is terminated takes on the identity of a "deferred" pension. It would be put into payment again at age 60.

What if my health deteriorates?

A higher tier pension cannot resume. Nor can a higher-tier pension commence to be paid at some time in the future if your health deteriorates to the level at which you would have been considered for such an award if you had that level of disability at the time you retired.

The lower-tier award which is terminated becomes a deferred pension and there is a provision for a deferred pension to be paid before age 60 if the person becomes permanently disabled for engaging in firefighting or performing any other duties appropriate to his/her former role. It would be the Authority that would decide whether the deferred pension would come into early payment. Again they would have to seek the opinion of an IQMP before making their decision.

Could I commute an ill-health pension to provide a lump sum?

If you are entitled to a lower tier ill-health pension you can commute up to one quarter of the pension to provide a lump sum. You cannot commute any part of a higher tier ill-health pension.

Will an ill-health pension be "inflation-proofed"?

Like other pensions payable under the FPS, both the lower and higher tier ill-health pensions would be increased, normally annually, in line with Pensions Increase Acts or Orders. Pensions Increase does not normally apply until a person reaches age 55 but if a person retires on health grounds the increases apply, regardless of age, from the first Increase date following retirement.

If I disagree with the Authority's decision do I have a right of appeal?

If the Authority make a decision you disagree with, or if they fail to make a decision, you have a right of appeal.

This applies at the time of retirement and at the time of any review.

If you disagree with the decision of the Authority and you believe the problem lies in the medical opinion, you can appeal against that medical opinion. Your appeal would be heard by a Board of Medical Referees.

If you disagree with a non-medical aspect of the Authority's decision, you can ask the Authority to reconsider and, failing satisfaction, can take your appeal to the Sheriff Court.

Your Authority can give you more information about appeal provisions.

Further information

Further information about how pensions are determined, how ill-health pensions are assessed, and rights of appeal, can be obtained from –

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX