

NOTICE OF MEETING

<i>Meeting</i>	HFRA Hampshire Firefighters' Pension Board	<i>Clerk to the Hampshire Fire and Rescue Authority</i> John Coughlan CBE
<i>Date and Time</i>	Monday, 19th February, 2018 11.30 am	<i>The Castle, Winchester Hampshire SO23 8UJ</i>
<i>Place</i>	Meeting Room C, Fire and Police HQ, Leigh Road, Eastleigh	
<i>Enquiries to</i>	<u>members.services@hants.gov.uk</u>	

The Openness of Local Government Bodies Regulations are in force, giving a legal right to members of the public to record (film, photograph and audio-record) and report on proceedings at meetings of the Authority, and its committees and/or its sub-committees. The Authority has a protocol on filming, photographing and audio-recording, and reporting at public meetings of the Authority which is available on our website. At the start of the meeting the Chairman will make an announcement that the meeting may be recorded and reported. Anyone who remains at the meeting after the Chairman's announcement will be deemed to have consented to the broadcast of their image and anything they say.

Agenda

1 **APOLOGIES FOR ABSENCE**

To receive any apologies for absence received.

2 **DECLARATIONS OF INTEREST**

To enable Members to disclose to the meeting any disclosable pecuniary interest they may have in any matter on the agenda for the meeting, where that interest is not already entered in the Authority's register of interests, and any other pecuniary or non-pecuniary interests in any such matter that Members may wish to disclose.

3 **MINUTES OF PREVIOUS MEETING** (Pages 3 - 6)

To confirm the minutes of the previous meeting

4 DEPUTATIONS

Pursuant to Standing Order 19, to receive any deputations to this meeting.

5 CHAIRMAN'S ANNOUNCEMENTS

To receive any announcements the Chairman may wish to make.

6 SCHEME ADVISORY BOARD

To receive a verbal update on the Scheme Advisory Board.

7 COMMUNICATION AND ADMINISTRATION

To receive a verbal update on Communication and Administration.

8 MEMBER SELF SERVICE

To receive a verbal update on Member Self Service.

9 FIRE PENSION BOARD STATUS REPORT (Pages 7 - 28)

To receive a report from the Chief Financial Officer providing an update on the development of key items.

ABOUT THIS AGENDA:

This agenda is available on the Hampshire Fire and Rescue Service website (www.hantsfire.gov.uk) and can be provided, on request, in alternative versions (such as large print, Braille or audio) and in alternative languages.

ABOUT THIS MEETING

The press and public are welcome to attend the public sessions of the meeting. If you have any particular requirements, for example if you require wheelchair access, please contact members.services@hants.gov.uk for assistance.

Public Document Pack Agenda Item 3

AT A MEETING of the HFRA Hampshire Firefighters' Pension Board held at the Fire and Police Headquarters, Eastleigh on Tuesday, 14th November, 2017

Chairman:

* Stew Adamson

- * Malcolm Eastwood
- * Richard North
- * Councillor Roger Price
Alex Rhodes
- * Tom Simms

*Present

10. **APOLOGIES FOR ABSENCE**

Apologies were received from Alex Rhodes.

11. **DECLARATIONS OF INTEREST**

Members were mindful of their duty to disclose at the meeting any disclosable pecuniary interest they had in any matter on the agenda for the meeting, where that interest was not already entered in the Authority's register of interests, and their ability to disclose any other pecuniary or non-pecuniary interests in any such matter that they might have wished to disclose.

In relation to Item 6, Richard North declared a non-pecuniary interest for the training allowances update.

12. **MINUTES OF PREVIOUS MEETING**

The minutes of the last meeting were agreed and signed by the Chairman.

13. **DEPUTATIONS**

There were no deputations.

14. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman highlighted the recent presentation to the Board from the Local Pension Partnership, and it was noted that this would be discussed further as part of the Fire Pension Board Status report (Item 6 on the agenda).

15. **FIRE PENSION BOARD STATUS REPORT**

The Pension Board received a report from the Chief Financial Officer regarding ongoing issues (Item 6 in the Minute Book).

The report was introduced and Officers led Members through the report highlighting the development of key items. The position regarding transitional deferment with regard to auto enrolment was explained. Members noted that clarification was being sought by the LGA in relation to the position of a transitional employee who was not an eligible jobholder on 1 October 2017, but becoming such at a later date, and the possibility of backdated pension membership. It was heard that this position would be closely monitored by Officers going forward, and the necessary communications would be implemented.

Paragraphs 7-10 of the report set out the position regarding Hampshire Fire and Rescue Authority (HFRA) new recruits retaining membership of their existing pension scheme following transfer from another Fire Rescue Authority (FRA). Members heard that information regarding this was included in the new recruit induction process for HFRA new recruits, and processes were now in place to enable the Integrated Business Centre (IBC) Recruitment Team to manually send pension membership option forms to new recruits for completion. Members discussed the benefits of the pension scheme, and heard that as a result of active promotion and communication, the number of HFRA Local Government Pension Scheme Members signing up to receive their annual pension benefit statement online had increased from 13% to 25%.

The position regarding other key issues including Supreme Court Judgements and General Data Protection Regulation (GDPR) was explained. Members were content that the approach as set out in paragraphs 12-15 of the report, in relation to co-habiting partners be approved, and noted that the potentially affected cohort would be very small. The forthcoming introduction of new legislation from the GDPR was explained and it was heard that the Chief Financial Officer was working closely with the County Council as the impact of the new legislation would be far reaching. It was noted that a privacy statement would be included on pension forms as an immediate action.

Members discussed the opt out position between 2013/14 and 2017/18, as detailed in Appendix B of the report. There were some concerns over the high number of opt outs for whole-time new joiners in 2016/17 which was detailed as 25, compared to 13 in 2017/18 and Officers would re-check these figures. Members highlighted that it would be useful in future reports to include comparison figures of the number of opt in and opt outs to the pension scheme, year by year, and also a breakdown of figures by gender. A discussion ensued about gathering information to ascertain reasons for opting out, and it was noted that this could be done at the time of opting out. It was felt that it was important to also highlight the significance of employer contributions to employees at the time of opting out. In answer to a Member query, Officers would look into whether the employer would receive a refund for the 3 month period if an employee opted in and then decided to opt out of the pension scheme. It was noted that Officers would also follow up on how data captured locally was produced nationally, and Members would be updated at a future meeting.

Members heard that sessions had been held during the summer relating to Pension Accountabilities across Pension Services, IBC Pensions Administration Team and Human Resources (HR). These sessions sought to clarify the processes and responsibilities across the three departments, and Members noted that work had also been undertaken with the Customer Interaction Centre in relation to the effective handling of employee queries. The Chairman highlighted the importance of communication and discussed the possibility of creating a communications plan for the Board, which Members agreed would be a useful tool going forward. The Chairman would look to develop this with the Head of Communications, as well as investigating how best to promote pension services on the home page of the internal website. The Chairman would also look to organise a pension awareness session at a future internal Senior Management Team meeting, in order to raise awareness and ensure key messages were filtered down through teams.

Key issues relating to Annual Benefit Statements (ABS) and Annual Allowances/Lifetime Allowances were drawn to Members attention. Members noted that only a few queries were received after the 31 August 2017 deadline for ABS. The Board considered whether any additional communication would improve ABS statement awareness, and it was felt that this would be beneficial in the future, and the Chairman noted this for including in the communication plan. The position in relation to Annual Allowances/Lifetime Allowances was explained to the Board, and attention was drawn to Appendix C which presented the Pension Savings Statement letter issued for 2016/7. After consideration it was agreed that the content of the letter could be improved for greater clarity. The Board supported the proposal that seminars should be held for those that may be affected by the Annual Allowance issue, and also agreed that greater communication regarding allowance thresholds and tax implications would be useful. The possibility of incorporating information into ABS was also discussed.

In relation to Pension Board training, it was noted that Members would be invited to complete a new training needs analysis, with results to be included in a future report to the Pension Board. The situation in relation to Ill Health and Injury Pension Reviews, Pension Presentations and Employer Pension Web Pages was explained. It was also noted that the recent LGA Fire Pension Conference was well attended and represented, and attention was drawn to Paragraph 68 which detailed effects on the cost cap.

Paragraphs 47-54 set out the position around allowances and it was heard that a review of allowances was underway which was due to be completed by April 2018. Members attention was drawn to Appendices D and E which detailed the monetary value that is returned to a Firefighter by way of an Additional Pension Benefit (APB), and these figures were explained. Officers highlighted that since the review commenced, a number of issues had come to light that gave cause to question whether earlier decisions relating to Temporary Promotions were in the best interest of the membership, and were correct. It was also noted that the APB given to a Firefighter receiving a temporary pensionable allowance was not as beneficial as first thought, given that the amount of APB received is very small in comparison to the level of pension contributions paid. Members noted that last year approximately 30 Firefighters received a temporary pensionable allowance and APB.

In light of the complexities surrounding this issue, Members agreed that further work should be undertaken to review APB, with a view to present a report to a future meeting of the Standards and Governance Committee.

Members also noted the launch of the new employer pension web pages on 16 August 2017, and details of the “hits” on the website were presented in Appendix H. The Chairman highlighted that he would pick up issues around engagement and communication and publicising of the web pages with the Head of Communications. Members also discussed the recent presentation from Local Pension Partnership (LPP), and while Board Members found the presentation disappointing, it was agreed that it did provide a framework for Members to think about how things could be improved.

RESOLVED:

That the Board note the contents of the report and recommends:

- (a) That the approach to co-habiting partners, as set out in paragraphs 12-15 of the report, be approved.
- (b) That further work be undertaken to review Additional Pension Benefit as set out in paragraphs 47-54 of the report, with a view to present a report to a future meeting of the Standards and Governance Committee.

Chairman,



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

Purpose: Noted

Date **19 FEBRUARY 2018**

Title **FIRE PENSION BOARD STATUS REPORT**

Report of Chief Finance Officer

SUMMARY

1. This report provides an update on the development of key items.
2. This report, together with attachments, provides the framework for this meeting agenda.

ADDITIONAL PENSION BENEFIT'S AND TEMPORARY PROMOTIONS

3. The Board asked for some further analysis on Additional Pension Benefits. This is underway and ongoing and a report will be provided at the next Pension Board meeting.

ILL HEALTH AND INJURY PENSION REVIEWS

4. The HR Department have taken on the ill health and injury pension review work although this has not started as yet due to lack of resources. They plan to start this during the first quarter of 2018/19 and further updates will be provided to the Board as and when details are known.

TRAINING - TRAINING NEEDS ANALYSIS / TAX SEMINARS

5. Pension Board members were asked to complete a new Training Needs Analysis form and the results of this can be found in APPENDIX A.
6. Although no major issues have been highlighted from the TNA, the Board are asked to consider and put forward any suggestions for training topics.
7. Board members were all invited to attend the tax seminars that were organised by SAB and LGA and put on at Barnett Waddington offices, it is hoped that for those that attended that it was found to be useful and informative.

ANNUAL ALLOWANCE FACTSHEET

8. The Pension Board members will be aware of how complex the issue around Annual Allowance (AA) is and that more and more members are being affected by it.
9. In preparation for AA in 2018 a factsheet has been prepared, which could be published / issued to members around the time of Annual Benefit Statements. This can be found in APPENDIX B and the Board are invited to comment on this.

PRESENTATIONS

10. The Employer Pension Manager has given presentations on the pre retirement course on 15 November; the next one is on 20 February.
11. She has also given pension presentations at various Fire Stations, Gosport on 23 November, Redbridge on 6 December and at Fareham on 5 February.
12. For the most part, these have been very well received and well attended, with lots of questions and engagement from those that attended. There is definitely an appetite to have more information about pensions available and to have someone explain the schemes to them; this is also evident on social media.

SURVEYS

13. The TPR issued a survey around governance and administration and this was completed and returned.
14. SAB also issued a survey and although this covered some similar questions to the TPR one, it was necessary to complete as TPR do not share the data with SAB.

ALLOWANCES AND ARA'S PROJECT

15. This is progressing according to the project timeline. A new pay and allowances handbook has been written by HR which clearly defines the criteria to receive payment of any of the pay and allowances paid.
16. A similar style handbook and revised policy has also been drawn up in relation to Additional Responsibility Allowance (ARA).
17. For both the Allowances and the ARA's a new governance process will be put into place with more stringent controls for commencing or ceasing payment of an allowance, along with ongoing audit controls and any pension implications.

18. Both of these new handbooks are going to the Unions and Rep bodies for a consultation period starting in February 2018.

ANNUAL BENEFIT STATEMENTS (ABS')

19. The Employer Pension Manager has been asked to provide feedback on the ABS templates. A number of comments have been raised, including adding some notes about Annual Allowance, and showing the value of any Additional Pension Benefits (APB) separately.
20. Pensions Services will be evaluating all feedback received and final versions of the ABS' will be sent to the Board members when they are available.

MEMBER SELF SERVICE

21. Pensions Services are looking at whether this can be extended to the Fire Pension Schemes.
22. It is hoped that the new software upgrade, due to be installed during February 2018, will provide an enhanced registration process. This should make it easier for users to sign up to the Member Self Service and in addition there should be less manual intervention required from Pension Services.
23. Further work is required to develop this new registration process and Pension Services hope to be able to confirm the likely timeframe for roll out in the next few months.

GMP RECONCILIATION

24. Members that contributed to an Occupational Pension Scheme such as the Fire Pension Scheme between 6 April 1978 and 5 April 2016 were Contracted-Out of the Additional Pension part of the State Pension Scheme (also known as State Second Pension or SERPS). Whilst being in a Contracted Out pension scheme the member and the employer will have paid a reduced rate of National Insurance.
25. An Occupational Pension Scheme has to provide a minimum pension called a Guaranteed Minimum Pension (GMP) to members that were Contracted Out. This is broadly equivalent to the amount the member would have received had they not been contracted out.
26. HMRC ceased Contracting Out from 6 April 2016 with the introduction of the new State Pension. Up to this date, HMRC tracked all movements of GMP liabilities between pension funds. With effect from 6 April 2016 HMRC no longer record this information.

27. HMRC have given all UK Pension Schemes until December 2018 to reconcile their membership with HMRC records.
28. In January 2015, Hampshire Pension Services received the “leaver data” from HMRC. This was anyone that had left Contracted Out service where HMRC had the GMP liability attributed to Hampshire Fire Pensions. Work on this data for Fire Pension Schemes was completed in May 2016.
29. Details of all “active members”, those that were contributing to a scheme on 6 April 2016, were sent to Pensions Services in April 2017. Hampshire Pension Services are now working with Civica and Intellica to find a way forward to enable records to be checked, queried and corrected where applicable.

TIMELINE OF STATUTORY WORK

30. At the last Fire Pension Board meeting, the Pension Board asked for a schedule of activities relating to Pensions. A timeline of statutory pension activities is included in APPENDIX C

OPT OUTS

31. The Board will recall that there was a spike in optant outs for 2016/17 for whole-time firefighters. Further analysis of this data has shown that almost all of the whole-time new joiner optant out employments were a temporary / fixed term contract.
32. At the end of December 2017, there were 1,119 firefighters employed in 1,395 roles, of which 709 were whole-time contracts and 686 were RDS contracts.
 - 129 RDS contracts that are not in any Fire Pension Scheme, this is 19% of the RDS employments
 - 80 whole-time contracts that are not in any Fire Pension Scheme, this is 11% of the whole-time employments
 - 96 firefighters are not in any Fire Pension Scheme at all, this is 9% of people
33. It was agreed that we would contact those that were not in the Fire Pension Scheme to try and establish why they may have chosen to not be a member. A draft letter together with proposed questions can be found in APPENDIX D and the Board are invited to comment on any amendments.

LETTERHEAD TEMPLATES

34. For many years, Hampshire Pension Services have been using the Hampshire Fire and Rescue Authority logo on their letterhead for written communication to operational Fire staff in one of the Fire Pension Schemes.
35. The same logo is used by the IBC and HR and as the employer it makes sense for the IBC and HR departments to use this logo.
36. Confusion can arise as many staff do not appreciate that there is a difference between the employer and Pension Services, this issue is compounded by the fact that they appear to use the same headed paper and are based at the same address. Although we have attempted to provide clarity on these differences it is going to take some time for this message to filter through.
37. Hampshire Pension Services would be willing to change the heading on their letterhead. APPENDIX E has examples of the current letterhead, the letterhead used for Local Government Pension Scheme members and a couple of suggested alternatives. The Board are invited to discuss their opinions on this matter and to make suggestions about what alternative letterhead Pension Services should use.

RECOMMENDATION

38. That the request for training, as set out in paragraphs 5 – 6 and APPENDIX A, be noted by the Hampshire Fire Pension Board
39. That the Annual Allowance factsheet, as set out in paragraphs 8 – 9 and APPENDIX B, be endorsed by the Hampshire Fire Pension Board
40. That the timeline for Statutory pension deadlines, as set out in paragraph 30 and APPENDIX C, be noted by the Hampshire Fire Pension Board
41. That the opt out survey letter, as set out in paragraphs 31 – 33 and APPENDIX D, be endorsed by the Hampshire Fire Pension Board
42. That the letterhead to be used by Pension Services, as set out in paragraphs 34 – 37 and APPENDIX E, be endorsed by the Hampshire Fire Pension Board

APPENDICES ATTACHED

43. APPENDIX A – Training Needs Analysis summary
44. APPENDIX B – Annual Allowance factsheet
45. APPENDIX C – Statutory deadlines for Pension activities
46. APPENDIX D - Draft letter & questions to members not in scheme
47. APPENDIX E – Pension Services letterhead templates

Contact:

Claire Neale, Employer Pension Manager, claire.neale@hants.gov.uk,
01962 845481

Ref	Topic	Familiar (✓)	Almost (?)	Unsure (X)
A	Background and Understanding of the Legislative Framework of the Fire pension scheme			
A1	Differences between public service pension schemes like the Fire Pension Scheme (FPS) and private sector trust- based schemes	5	0	0
A2	Role of the Independent Public Service Pensions Commission (IPSPC) and its recommendations	2	1	2
A3	Key provisions of the 2013 Pension Act	1	3	1
A4	The structure of the scheme and the main bodies involved including the Responsible Authority, the Scheme Manager, the Scheme Advisory Board, the Local Pension Board and the Scheme employers	3	2	0
A5	An overview of local authority law and how Administering Authorities are constituted and operate	1	3	1
A6	Scheme and connected scheme rules overview (including the Regulations)	2	1	2
A7	The Firefighter Pension Scheme 1992	5	0	0
A8	The Firefighter Pension Scheme 2006 and main changes from the 1992 scheme	5	0	0
A9	The Firefighters Pension Fund	3	1	1
A10	The Firefighters Compensation Scheme	1	2	2
A11	Firefighters (Modified) Pension Scheme	3	2	0
A12	The Firefighters Pension Scheme 2015	4	1	0
		35	16	9
B	General pensions legislation applicable to the FPS - An overview of wider legislation relevant to the FPS including:			
B1	Automatic Enrolment (Pensions Act 2008)	4	1	0
B2	Contracting out (Pension Schemes Act 1993)	3	2	0
B3	Data protection (Data Protection Act 1998)	2	3	0
B4	Employment legislation including anti- discrimination, equal treatment, family related leave and redundancy rights	3	2	0
B5	Freedom of Information (Freedom of Information Act 2000)	3	2	0
B6	Pensions sharing on divorce (Welfare Reform and Pensions Act 1999)	2	2	1
B7	Tax (Finance Act 2004)	3	2	0
		20	14	1

Ref	Topic	Familiar (✓)	Almost (?)	Unsure (X)
C	Role and responsibilities of the Local Pension Board			
C1	Role of the Local Pension Board	4	1	0
C2	Conduct and conflicts	4	0	1
C3	Reporting of breaches	3	2	0
C4	Knowledge and understanding	2	3	0
		13	6	1
D	Role and responsibilities of the Scheme Manager			
D1	Membership and eligibility	3	2	0
D2	Benefits and the payment of benefits	3	2	0
D3	Decisions and discretions	1	4	0
D4	Disclosure of information	1	4	0
D5	Record keeping	2	3	0
D6	Internal controls	1	4	0
D7	Internal dispute resolution	1	4	0
D8	Reporting of breaches	3	2	0
D9	Statements, reports and accounts	2	2	1
		17	27	1
E	Funding and Investment			
E1	Requirement for triennial and other valuations	1	1	3
F	Role and responsibilities of Scheme Employers			
F1	Automatic Enrolment & Opting Out	4	1	0
F2	Deduction and payment of contributions	3	2	0
F3	Special contributions	1	3	1
F4	Employer decisions and discretions	1	3	1
F5	TUPE and outsourcing (including Fair Deal and the Best Value Authorities Staff Transfers (Pensions) Directions 2007)	1	2	2
		10	11	4
G	Tax and Contracting Out			
G1	Finance Act 2004	1	2	2
G2	Role of HMRC	3	1	1
G3	Registration	2	1	2
G4	Role of 'scheme administrator'	2	2	1
G5	Tax relief on contributions	3	1	1
G6	Taxation of benefits	2	2	1
G7	Annual and lifetime allowances	4	1	0
G8	Member protections (primary, enhanced, IP etc)	1	1	3
G9	National Insurance	2	2	1
G10	Contracting out (Pensions Scheme Act 1993)	2	2	1
G11	Impact of abolition of contracting out in 2016	2	0	3
		24	15	16

Ref	Topic	Familiar (✓)	Almost (?)	Unsure (X)
H	Role of advisors and key persons			
H1	Officers of the Fire and Rescue Authority	2	3	0
H2	Auditor	1	3	1
H3	Lawyers	1	3	1
H4	Administrators – in house v. third party	2	2	1
H5	Procurement of services	2	1	2
H6	Contracts with third parties	1	2	2
		9	14	7
J	Key Bodies connected to the Scheme - an understanding of the roles and powers of:			
J1	Courts	1	3	1
J2	HMRC	1	4	0
J3	Information Commissioner	1	3	1
J4	Pensions Advisory Service	1	4	0
J5	Pensions Ombudsman	1	4	0
J6	The Pensions Regulator (including powers in relation to Local Pension Boards)	2	3	0
		7	21	2

Annual Allowance Factsheet

What is Annual Allowance?

The Annual Allowance (AA) is the amount by which the value of your Pension benefits may grow (Pension Savings) in any one tax year without you having to pay a tax charge.

If the total value of your Pension Savings in any one tax year, including all Pension Savings in all pension schemes, is in excess of the AA limit, the excess will be taxed as income at your highest marginal rate of tax.

The standard AA in recent years has been as follows:

Pension Input Period (PIP)	Standard AA
1 April 2011 to 31 March 2012	£50,000
1 April 2012 to 31 March 2013	£50,000
1 April 2013 to 31 March 2014	£50,000
1 April 2014 to 31 March 2015	£40,000
1 April 2015 to 5 April 2016	PIP is split into two part year PIPs <ul style="list-style-type: none"> 1 April 2015 to 8 July 2015 - £80,000 9 July 2015 to 5 April 2016 – Nil (but up to £40,000 of unused allowance from the first part year PIP can be carried forward to this part year PIP)
6 April 2016 to 5 April 2017	£40,000 (unless tapering applies)
6 April 2017 to 5 April 2018	£40,000 (unless tapering applies)

What is the Pension Input Period?

The Pension Input Period (PIP) is the period over which your pension growth is measured and from 2016/17 it aligns with the tax year and runs from 6 April to 5 April.

Up until 2014/15 the PIP in this scheme ran from 1 April to 31 March and special transitional arrangements were introduced for 2015/16 meaning that there were two part-year PIPs in that year, as set out below:

First part-year PIP: 1 April 2015 to 8 July 2015 – the standard AA limit during this period was £80,000

Second part-year PIP: 9 July 2015 to 5 April 2016 - the standard AA limit for this period was nil, however up to £40,000 of unused allowance from the first part-year PIP can be carried forward into this second part-year PIP.

What is tapered Annual Allowance?

From the tax year 2016/17 the AA is tapered for members who have a **Threshold Income** in excess of £110,000 **and** an **Adjusted Income** in excess of £150,000.

- **Threshold Income: limit £110,000**
Broadly this is your taxable income after deducting your pension contributions

You should be aware that Threshold Income includes **all** sources of income that are taxable. For example, property, savings, dividends, pensions, social security benefits (where taxable), state pension and so on.

- **Adjusted Income: limit £150,000**
Broadly this is your Threshold Income plus your Pensions Savings built up over the tax year

The taper reduces the AA by £1 for £2 of Adjusted Income received over £150,000, until a minimum AA of £10,000 is reached. This means that from 6 April 2016 the AA for a high income earner is as follows:

Adjusted Income	Annual Allowance (AA)
£150,000 or below	£40,000
£160,000	£35,000
£170,000	£30,000
£180,000	£25,000
£190,000	£20,000
£200,000	£15,000
£210,000 or above	£10,000

Are you likely to be affected?

Most people will not be affected by the AA tax charge because the value of their pension savings will not exceed the AA during a year, or if they do, they are likely to have unused allowance from previous years that they can carry forward.

You are most likely to be affected if:

- You have a lot of membership or pension build up in the Scheme and you receive a significant pay increase, or promotion, and/or;
- You are a high income earner, and/or;
- You pay a high level of additional contributions towards your pension, and/or,
- You have accessed flexible benefits from another pension scheme on or after 6 April 2015

Getting further advice

If you are unsure about whether you will be affected by the AA, you should seek independent financial advice from an advisor registered with the Financial Conduct Authority (FCA) who has knowledge of the specific scheme that you are a member of.

Will I get a Pension Savings Statement?

Hampshire Pension Services will automatically inform you if your Pension Savings in this scheme exceed the standard AA limit in any tax year by no later than 6 October of the following tax year.

Hampshire Pension Services can only calculate your AA position based on your employment in this scheme. If you have other significant sources of taxable income then you could be affected by Tapered AA (refer to the section "What is tapered Annual Allowance?"). If you think you may be close to or will exceed your AA in any one year you can ask Hampshire Pension Services for a statement.

The AA applies to your total pension savings for all tax registered pension arrangements that you still pay into. This means that you will need to obtain the growth in your pension savings from **each arrangement** you are saving with. You will need to ask Hampshire Pensions Services for a Pension Saving statement if you believe that you may exceed the standard AA limit in any one tax year because you also have Pension Savings in another Pension Scheme.

Working out how much your benefits in this scheme have grown

To work out by how much your Pension benefits in this scheme have grown (that is, your Pension Savings or 'Pension Input Amount'), the value of your benefits at the start and the end of the Pension Input Period (PIP) are compared. This takes account of inflation to keep things fair.

If the pension input amount is more than the AA, there could be a tax charge due.

Example – working out how much your benefits in this scheme have grown

Closing value:

Value of annual pension at end of the PIP x 16 + value of any automatic lump sum¹ provided by the scheme at the end of the PIP (NB: this is **not** your maximum commutation lump sum) + any Additional Voluntary Contributions (AVCs)² paid in the year.

$$£25,000 \times 16 = £400,000 + £0 + £0 = £400,000$$

less

Opening value:

Value of annual pension at start of PIP x 16 + value of any automatic lump sum provided by the scheme at the start of the PIP (NB: this is not your maximum commutation lump sum) x CPI from September prior to PIP start.

$$£20,000 \times 16 = £320,000 + £0 = £320,000 \times 1\% = £323,200$$

The difference between the two values is your Pension Input Amount for the year.

$$£400,000 - £323,200 = £76,800$$

¹ Automatic lump sum applies to: LGPS members with pre 2008 service or to members of the 2006 Police Pension Scheme

² Additional Voluntary Contributions applies to: LGPS members who pay contributions to Equitable Life, Zurich or the Prudential.

What is carry forward?

You will only have a tax charge to pay if your pension savings exceed the AA by more than the amount of unused allowances you can carry forward from the previous three years. You can carry forward unused allowances as long as you have been a member of a registered pension scheme for the relevant previous years.

There are strict rules on how unused allowances from previous years can be applied and how they should be worked out. It is recommended you use [HMRC's online carry forward calculator](#) which will work out your carry forward for you and therefore help you assess whether you have a tax charge to pay.

Example – working out carry forward and using it to offset an excess

Carry forward for the current year:
AA limit less Pension Input Amount

$$£40,000 - £76,800 = -£26,800$$

Carry forward for current year = £0

Assessing the carry forward available from the previous three years to offset the excess of £26,800:

Carry forward from Year 1 = £8,000

Carry forward from Year 2 = £5,000

Carry forward from Year 3 = £7,000

Carry forward total = £20,000

$$£26,800 - £20,000 = £6,800 \text{ excess}$$

Working out the tax charge

You will have a tax charge to pay if your pension savings exceed the AA by more than the amount of unused allowances you can carry forward from the previous three years.

If this applies to you, you must calculate your AA tax charge based on your highest marginal rate. Pension Services cannot do this for you. [Step by step instructions on how to calculate the charge are available from HMRC](#)

Example – working out a tax charge

Taking into account all taxable income (not just from this employment) and using HMRC guidance in the step by step instructions (see link above), in this example the highest marginal rate of tax is 40%.

Tax charge:

Excess after using AA and any carry forward x marginal highest rate of tax

$$£6,800 \times 40\% = £2,720$$

Reporting the tax charge

If you exceed the AA limit in any year and have a tax charge to pay **you** are responsible for reporting this to HMRC on your Self Assessment tax return. You will need to complete the Additional Information pages of the tax return to show the amount by which your total pension input amount exceeds the annual allowance. The boxes that need to be completed for the annual allowance are in the 'Pensions savings tax charges' section (on the additional information pages (SA101) in the paper return).

If you are using a paper return you will need to ask for the additional information pages (SA101) to report the information.

Further information to help complete this part of the tax return can be found at [GOV.UK - Pension savings - tax charges on any excess over the lifetime allowance and the annual allowance](#).

It is also your responsibility to report your tax charge to HMRC.

The deadline for submitting online tax returns is 31 January after the year in which the tax charge has arisen (or 31 October for paper returns). Online tax returns are completed using a Government Gateway account, it can take a couple of weeks to register and get this set up if you do not already have one.

If you've never completed a tax return (or it's been some time since you did), you will need to complete a registration form at least 20 days before the deadline to let HMRC know what's changed and to get a tax return.

HMRC Pensions Tax Manual – further information on reporting a tax charge to HMRC

If you exceed the AA limit but **do not** have a tax charge to pay (because you have enough carry forward to wipe out the amount by which you exceeded), there is no further action required and you do not need to report anything to HMRC.

You should keep any pension savings statements that you receive in a safe place as you may need to refer to them in future years.

Paying the tax charge

If you have an AA tax charge that is less than £2,000 you must pay the charge direct to HMRC via your Self Assessment tax return by 31 January following the year in which your tax charge arose.

If your tax charge is more than £2,000, and providing certain conditions are met, you may be able to elect for Hampshire Pension Services to pay some or all of your tax charge on your behalf and in return your Pension benefits in this Scheme will be reduced accordingly. This is called the Scheme Pays facility.

Statutory deadlines for Pension activities

	IBC Pensions Admin	Pensions Services	Finance
January			31st deadline to complete HMRC Event Reporting for previous Financial year
February			14th deadline for completion of Accounting for Tax return for Q3 to HMRC
March			
April	30th deadline for submission of EOY return to Pension Services		
May		31st deadline to issue P60s to pensioners / dependants	15th deadline for completion of Accounting for Tax return for Q4 to HMRC
June			
July			
August		10th deadline for submission of valuation data to GAD 31st deadline to issue Annual Benefit Statements for 31 March last	14th deadline for completion of Accounting for Tax return for Q1 to HMRC
September			
October		6th deadline to issue Pension Saving Statements for 6 April last	
November			14th deadline for completion of Accounting for Tax return for Q2 to HMRC
December			

OPT OUT LETTER / SURVEY

Dear colleague,

I am writing to you today regarding the Fire Pension Scheme.

I note from our records that you are not currently a member of the scheme in any of your contracts of employment with Hampshire Fire and Rescue Authority in your capacity as a Firefighter.

To help us understand why you may have chosen to not be a member of the scheme, and provide information about attitudes to pension savings, I would be grateful if you could answer a few questions in a short survey; this can be done anonymously and should take no more than 5 minutes. Please go to www.slido.co.uk and enter a code of (nnnn) to answer the questions.

There is more information about pensions available via the Fire portal and searching for pensions (<http://www3.hants.gov.uk/fire/portal-help/hr/salaryexpensesbenefits/pensionshome/pensionsfps.htm>). If you want to join the fire pension scheme refer to the “join or opt in” page for more information on how to do this.

The main benefits of the 2015 Fire Pension Scheme are as follows: -

- Your employer contributes 14.3% of what you pay towards the pension fund
- The scheme is a Career Average Revalued Earnings (CARE) scheme with a pension build up (accrual) rate of 1/59.7 of your annual pensionable earnings. This is calculated each year and then added to your pension pot
- Your total pension pot from the 2015 scheme is revalued on 1 April each year until retirement in line with a Treasury index, based on changes in average weekly earnings
- There is no maximum length or service limit on benefits
- The normal pension age (NPA) is 60
- Option to take pension from 55, subject to reductions applied to your pension
- A death grant lump sum is payable of 3 times your final pay if you die in service and are an active member of the scheme
- Survivor’s benefits are payable in the event of your death, whilst a member of the scheme
- At retirement, you can exchange pension for a one off lump sum; for every £1 of pension you give up, you will receive £12 of lump sum. You can exchange a maximum of 25% of your total pension pot
- Immediate pension benefits payable if you are retired on the grounds of ill-health (subject to the criteria of the 2015 scheme regulations and grounds of ill-health retirement)
- Flexibility to pay more – through buying additional pension (up to a maximum of £6,500)

SURVEY QUESTIONS

1	Gender	<ul style="list-style-type: none"> • Male • Female • Prefer not to answer
2	Age	<ul style="list-style-type: none"> • 18-30 • 31-40 • 41-50 • 51-60 • Prefer not to answer
3	Number of contracts held with HFRA as a firefighter	<ul style="list-style-type: none"> • 1 • 2 • 3
4	Do you have a whole-time contract?	<ul style="list-style-type: none"> • Yes • No
5	If Yes to Q4 In respect of your whole time contract why have you chosen not to join the scheme?	<ul style="list-style-type: none"> • Not my main employment • Contribute to a pension elsewhere • Contributions are too expensive • Cannot afford it due to other financial commitments • Other personal reasons • Don't understand the benefits of the pension • Prefer not to answer
6	Do you have an RDS contract?	<ul style="list-style-type: none"> • Yes • No
7	If Yes to Q6 In respect of your whole time contract why have you chosen not to join the scheme?	<ul style="list-style-type: none"> • Not my main employment • Contribute to a pension elsewhere • Contributions are too expensive • Cannot afford it due to other financial commitments • Other personal reasons • Don't understand the benefits of the pension • Prefer not to answer
8	Do you have any other comments?	
9	If you want someone to contact you about pensions, please provide details Contact email address	

PENSION SERVICES
CURRENT FIRE LETTERHEAD

Personal & Confidential



**HAMPSHIRE
FIRE AND
RESCUE
SERVICE**

Pensions Services
The Castle, Winchester
Hampshire, SO23 8UB

Telephone: 01962 845588
Fax: 01962 834537

www.hants.gov.uk/pensions

Enquiries to

My Reference

Direct Line

Your Reference

Date

Email



*Treasurer to the Hampshire Fire and Rescue
Authority*
Carolyn Williamson CPFA

PENSION SERVICES
CURRENT LGPS LETTERHEAD

Personal & Confidential

Hampshire Pension Fund
administered by



Hampshire
County Council

Pensions Services

The Castle, Winchester, Hampshire SO23 8UB

Telephone 01962 845588

Fax 01962 834537

www.hants.gov.uk/pensions

Enquiries to

Direct Line

Date

[

My Reference

Your Reference

Email



Director of Corporate Resources
Carolyn Williamson CPFA

PENSIONS SERVICES
FIRE LETTERHEAD OPTION 1

Personal & Confidential

Hampshire Fire Pensions
administered by



Hampshire
County Council

Pensions Services
The Castle, Winchester,
Hampshire SO23 8UB

Telephone 01962 845588
Fax 01962 834537
www.hants.gov.uk/pensions

Enquiries to

Direct Line

Date

My Reference

Your Reference

Email



Treasurer to the Hampshire Fire and Rescue
Authority
Carolyn Williamson CPFA

PENSION SERVICES
FIRE LETTERHEAD OPTION 2



**HAMPSHIRE
FIRE AND
RESCUE
SERVICE**

Personal & Confidential

**Hampshire Fire Pensions
administered by**



**Hampshire
County Council**

Pensions Services
The Castle, Winchester,
Hampshire SO23 8UB

Telephone 01962 845588
Fax 01962 834537
www.hants.gov.uk/pensions

Enquiries to

Direct Line

Date

My Reference

Your Reference

Email



*Treasurer to the Hampshire Fire and Rescue
Authority*
Carolyn Williamson CPFA

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