

Ref	Topic	Familiar (✓)	Almost (?)	Unsure (X)
<b>A</b>	<b>Background and Understanding of the Legislative Framework of the Fire pension scheme</b>			
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
		<b>35</b>	<b>16</b>	<b>9</b>
<b>B</b>	<b>General pensions legislation applicable to the FPS - An overview of wider legislation relevant to the FPS including:</b>			
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
		<b>20</b>	<b>14</b>	<b>1</b>

Ref	Topic	Familiar (✓)	Almost (?)	Unsure (X)
<b>C</b>	<b>Role and responsibilities of the Local Pension Board</b>			
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
		<b>13</b>	<b>6</b>	<b>1</b>
<b>D</b>	<b>Role and responsibilities of the Scheme Manager</b>			
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
		<b>17</b>	<b>27</b>	<b>1</b>
<b>E</b>	<b>Funding and Investment</b>			
E1	Requirement for triennial and other valuations	1	1	3
<b>F</b>	<b>Role and responsibilities of Scheme Employers</b>			
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
		<b>10</b>	<b>11</b>	<b>4</b>
<b>G</b>	<b>Tax and Contracting Out</b>			
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
		<b>24</b>	<b>15</b>	<b>16</b>

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<b>H</b>	<b>Role of advisors and key persons</b>			
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
		<b>9</b>	<b>14</b>	<b>7</b>
<b>J</b>	<b>Key Bodies connected to the Scheme - an understanding of the roles and powers of:</b>			
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
		<b>7</b>	<b>21</b>	<b>2</b>

## 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:

<b>Pension Input Period (PIP)</b>	<b>Standard AA</b>
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"> <li>• 1 April 2015 to 8 July 2015 - £80,000</li> <li>• 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)</li> </ul>
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:

<b>Adjusted Income</b>	<b>Annual Allowance (AA)</b>
£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 sum<sup>1</sup> provided by the scheme at the end of the PIP (NB: this is **not** your maximum commutation lump sum) + any Additional Voluntary Contributions (AVCs)<sup>2</sup> 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.

$$£400,000 - £323,200 = £76,800$$

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

<sup>2</sup> 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

$£26,800 - £20,000 = £6,800$  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](http://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"> <li>• Male</li> <li>• Female</li> <li>• Prefer not to answer</li> </ul>
2	Age	<ul style="list-style-type: none"> <li>• 18-30</li> <li>• 31-40</li> <li>• 41-50</li> <li>• 51-60</li> <li>• Prefer not to answer</li> </ul>
3	Number of contracts held with HFRA as a firefighter	<ul style="list-style-type: none"> <li>• 1</li> <li>• 2</li> <li>• 3</li> </ul>
4	Do you have a whole-time contract?	<ul style="list-style-type: none"> <li>• Yes</li> <li>• No</li> </ul>
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"> <li>• Not my main employment</li> <li>• Contribute to a pension elsewhere</li> <li>• Contributions are too expensive</li> <li>• Cannot afford it due to other financial commitments</li> <li>• Other personal reasons</li> <li>• Don't understand the benefits of the pension</li> <li>• Prefer not to answer</li> </ul>
6	Do you have an RDS contract?	<ul style="list-style-type: none"> <li>• Yes</li> <li>• No</li> </ul>
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"> <li>• Not my main employment</li> <li>• Contribute to a pension elsewhere</li> <li>• Contributions are too expensive</li> <li>• Cannot afford it due to other financial commitments</li> <li>• Other personal reasons</li> <li>• Don't understand the benefits of the pension</li> <li>• Prefer not to answer</li> </ul>
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



Pensions Services  
The Castle, Winchester  
Hampshire, SO23 8UB

Telephone: 01962 845588  
Fax: 01962 834537

[www.hants.gov.uk/pensions](http://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  
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

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

PENSION SERVICES  
FIRE LETTERHEAD OPTION 2

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**HAMPSHIRE  
FIRE AND  
RESCUE  
SERVICE**

**Hampshire Fire Pensions  
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