

## Re-Employment Following Retirement Service Order

### Warwickshire Fire and Rescue Service Information Delivery System

**Summary:** This Service Order describes the policy and procedure adopted by Warwickshire Fire & Rescue Service (WFRS) on the re-employment of a Firefighter following retirement.

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## Warwickshire Fire and Rescue Service Information Delivery System Re-employment Following Retirement Service Order

### Key Information

#### 1.1 Introduction

The aim of this policy is to provide information to Grey and Gold Book employees contemplating retirement or who have retired who wish to be re-employed by Warwickshire Fire and Rescue Service or the wider County Council.

Re-employment has a twofold benefit; WFRS retains the skills and experience of an employee and the employee can have access to their retirement benefits but re-engage in employment on a more flexible basis.

#### 1.2 Scope

This Policy and Procedure applies to all Members of the Firefighters Pension Schemes including:

- Firefighters Pension Scheme 1992
- Firefighters Pension Scheme 2006
- Firefighters Pension Scheme 2015
- Firefighters Compensation Scheme 2006

The term Firefighters is used to cover all roles up to and including Chief Fire Officer.

Further information on each of the schemes is available at <https://www.wypf.org.uk/firefighters/>

#### 1.3 Firefighters Pension Scheme – Pensionable Age

Employees should request information from West Yorkshire Pension Fund who are able to provide accurate information on individual retirement dates and pension figures.

##### Firefighter Pension Scheme (1992 Scheme)

In the FPS 1992 the normal pension age is 55 and the minimum 50, provided that the individual is able to reckon at least 25 years' pensionable service.

Firefighters may retire from the age of 50, having completed at least 30 years pensionable service, with the option to commute up to 25% of their annual pension in favour of a one-off lump sum.

Firefighters aged over 50 but under 55, with at least 25 years but less than 30 years pensionable service, may retire with the option to commute up to 2.25 x their annual pension into a lump sum.

### **New Firefighters Pension Scheme (2006 Scheme)**

In the NFPS the minimum pension age is 55 with a normal pension age of 60.

Firefighters may retire from the age of 60, with the option to take a 'commuted portion' which is limited to one quarter of the pension entitlement.

Firefighters aged over 55 may retire with the appropriate actuarial reduction; the reduction is currently 5% for each year up to 65 of the deferred pension age.

### **Firefighters Pension Scheme (2015 Scheme)**

Normal pension age is 60 but individuals remain an active Scheme member, and can continue to accrue pension (and would get an "age addition" to reflect the fact that they have postponed receipt of their pension).

Employees may request payment of their pension before age 60 provided that they have reached age 55.

It may be actuarially reduced, though, to reflect early retirement.

## Warwickshire Fire and Rescue Service Information Delivery System Re-Engagement Following Retirement Service Order

### Primary Information

#### 2.1 Applying for re-employment

The following sets out the criteria for re-employment. It should, however, be clearly understood that the granting of requests will be the exception rather than the rule and staff development and promotional opportunities should always be considered.

There are two ways to be re-employed:

1. Applying for an Advertised Role – WFRS/Warwickshire County Council recruit to a particular role and a current employee who is shortly due to retire or a previous employee applies in the usual manner to an advertised role. A full recruitment and selection process will be applicable.
2. Applying to the Virtual Fire Station (*Link to Service Order to be included*)

#### 2.2 Application for Operational Roles

WFRS, in considering requests for re-employment, will treat each case on its merit. The employee's on-going pension payments may be abated where applicable when they are re-employed on the principle that the annual rate of pay on re-employment, plus the annual rate of pension payable under the scheme should not exceed the annual rate of pay they received immediately prior to retirement (see Section 2.4 'Abatement' below).

#### 2.3 Application for non-operational roles

Where employees are re-employed following retirement into non-operational roles (i.e. green book roles) then the usual recruitment and selection policy and procedure apply as do the Green Book terms and conditions. The employee's on-going pension payments may be abated where applicable when they are re-employed on the principle that the annual rate of pay on re-employment, plus the annual rate of pension payable under the scheme should not exceed the annual rate of pay they received immediately prior to retirement (see Section 2.4 'Abatement' below).

### 2.4 Abatement

On 6 April 2006, the Government relaxed the rules on pension commutation (converting some pension to a lump sum payment) whilst continuing in employment. As a result, subject to any future changes either in the pension schemes or by the Government, WFRS has elected to exercise this discretion and will enable employees in any of the relevant Firefighters Pension Schemes to retire from the scheme, access their lump sum and pension and be re-employed, subject to the abatement rule.

Government policy, set by HM Treasury, requires public sector pensions to be abated in certain circumstances when a public servant is re-employed following retirement. The purpose of abatement is to protect public funds. It limits the remuneration payable at any one time in respect of a particular job preventing both the cost of pay and pension falling to the public purse; it ensures that those who receive early pensions have that taken into account should they seek re-employment within the public sector and it generally protects public funds from abuse.

Abatement of pension ('Abatement') is the withdrawal or reduction in pension where the pensioner is re-employed anywhere in local government. It can be applied if an employee's combined pension and new salary in their new post, exceeds their gross salary when they retired. The purpose of Abatement is to protect public funds.

Abatement can be applied to Firefighters who are re-employed following retirement. Where this occurs and the individual concerned is receiving annual remuneration plus annual pension which is in excess of the remuneration received immediately prior to retirement, WFRS will consider whether their pension in payment should be reduced proportionately so that the maximum level of previous salary (plus inflation) is not exceeded. Each case will be considered on its merits, and the individual concerned will be given an opportunity to make representations as to why their pension should not be abated, which will be considered as part of the decision-making process.

There is no age limit on Abatement, and where a decision is made to abate the pension this will continue for the full period of re-employment by a Fire and Rescue Authority or Local Authority in any capacity. The full pension will be reinstated when the relevant employment ends.

Abatement only applies to the Firefighters Pension Scheme 1992, Firefighters Pension Scheme 2006 and the Firefighters Compensation Scheme 2006. It does not apply to the Firefighters Pension Scheme 2015.

### 2.5 Individual responsibilities relating to Abatement

It is the individual's responsibility to take advice, and understand the implications of the Abatement rules.

Individuals who have previously retired from the Service and are subsequently re-employed by the Service or the wider County Council (or another Local Authority or Fire and Rescue Service) should be aware that Abatement may be relevant. They are advised to contact their Pension Service, seek independent financial advice and inform the Recruiting Manager of their new role.

Firefighters who are re-employed following retirement are also required to declare to the Council (or any other relevant employer) that they are in receipt of a Fire Service pension.

**Any overpayments of pension that result from a decision to abate the pension will be recovered, so it is in the pensioner's interests to declare their employment as soon as possible.**

### Supporting Information

#### 3.1 Protected Pension Age – Implications for Re-employment of FPS Pensioners (1992 Scheme)

Under the Finance Act 2004, the Minimum Pension Age (MPA) rose to age 55. Members of the Firefighter's Pension Scheme 1992 have a right to retire from age 50 (provided they have 25 or more years of pensionable service). This right to retire at an age below 55 is protected and on retirement, members will receive a Protected Pension Age (PPA).

An individual who retires with a PPA and who subsequently takes up employment will lose that protection if they are employed by one of the following employers **and** one of the employment conditions listed below is not met.

- An employer who employed the individual in the six months before benefit entitlement arose, and who was also a sponsoring employer in the scheme under which benefit entitlement arose in that six month period.
- Any person connected with the employer described in the previous bullet point. Note that under this condition the person employing the individual does not need to be a sponsoring employer.
- Any sponsoring employer in the pension scheme under which benefit entitlement arose that is connected with the individual.

Therefore, an individual who has retired with a PPA and is subsequently re-employed by WFRS will lose their Protected Pension Age from the date they are re-employed and will incur additional tax charges on all pension benefits, including any commuted lump sum, paid to them unless one of the following re-employment conditions is met:

#### 1. A break in employment of at least six months

If the individual is not employed after taking their benefits by any of the employers mentioned above within the six months after becoming entitled to benefits, they do not lose their protected pension age regardless of any subsequent employment.

#### 2. A break in employment of at least one month and benefits may be abated.

An individual taking benefits from a public service pension scheme who, after one month following becoming entitled to benefits, becomes employed by any of the employers mentioned above will not lose their protected pension age if their scheme pension is liable to be reduced by abatement. The pension does not have to be actually reduced, just liable to abatement.

For example, Judy takes benefits from public service scheme X. After 1 month, Judy returns to work for Employer X but for reduced hours. Judy's pension and new pay level are considered by the scheme to see if her pension should be abated. Judy's pension does not need to be reduced, but because it was considered for abatement and could have been reduced, Judy keeps her protected pension age for the benefits in payment.

### 3. A break in employment of at least one month and the re-employment is materially different

An individual taking benefits who, after one month following becoming entitled to benefits, becomes employed by any of the employers mentioned in the 3 bullet points above will not lose their protected pension age if the new employment is materially different in nature. A simple change in hours will not be a materially different employment. To be a materially different employment the duties and/or the level of responsibility in the new employment must be different from those in the old employment. This condition no longer needs to be met six months following the individual becoming entitled to benefits.

### 3.2 Firefighters Pension Scheme Examples

#### Example 1

A Firefighter in the FPS aged 53 with 30 years' experience wishes to receive their pension but carry on in work. They have a good attendance and discipline record and they have a skill (e.g. USAR or EFAD) which is in short supply so WFRS would continue to benefit from their services. The Service agrees to allow them to retire and be re-engaged as a Firefighter. They receive their lump sum pension payment, and salary only as a Firefighter following re-engagement.

A decision is made that their ongoing pension payments will be abated whilst they continue in employment as a Firefighter, however, on retirement from their re-engaged post, they revert to full pension entitlement. They also choose to opt into the New Firefighters' Pension Scheme in respect of their re-engaged position.

#### Example 2

A Crew Manager in the FPS aged 55 wishes to carry on working after 55, but with less responsibility and reduced working hours. WFRS has a vacancy for 50% of a Firefighter position at a Day Crewed station that cannot be immediately filled. The Crew Manager has a good attendance and discipline record, and a good level of skill and experience. WFRS agrees for the Crew Manager to retire from their current role, and re-engages him/her as a Firefighter based on 50% of a fulltime firefighter. The Crew Manager receives his/her pension lump sum, the salary payable for a Firefighter and their on-going pension payments.

#### Example 3

A regular Firefighter aged 50 retires from the Service with 30 years' service and receives their pension from the FPS 1992 scheme. The firefighter re-engages in employment with the Service as an On Call Firefighter following a break of employment of 1 month. The firefighter receives their lump sum, the salary payable for an On Call Firefighter and their ongoing pension payments. When considered, the total of pension payments and On Call Firefighter salary does not exceed their previous pay and no abatement of pension is made.

#### Example 4

A regular Firefighter retired from the Service and received their pension from the FPS 1992 scheme. The individual applies for and is successful in obtaining a Green Book role within the Council after a break in service lasting longer than 1 month. The Green Book role is 'materially different in nature' to the individual's Grey Book role. Consideration of abatement will apply.

3.3 [Informal Abatement Guidance](#)

3.4 Virtual Fire Station Service Order (*Link to be added when this SO agreed*)

Responsible Person: Assistant Director Governance & Policy