

# Firefighter Pension Schemes Voluntary Scheme Pays Policy

## 1. Introduction

If you exceed the Annual Allowance and a tax charge is due you can ask the pension scheme to pay the charge on your behalf in exchange for a reduction in your pension benefits. This is called 'Scheme Pays'.

There are two types of Scheme Pays: Mandatory and Voluntary. This policy covers Voluntary Scheme Pays.

## 2. Scope

This policy applies to all uniformed staff in any of the Firefighter Pension Schemes.

- Firefighters' Pension Scheme 1992 (FPS 1992)
- Firefighters' Pension Scheme 2006 (FPS 2006)
- Modified Firefighters' Pension Scheme 2006 (MOD 2006)
- Firefighters' Pension Scheme 2015 (FPS 2015).

This policy applies from 1<sup>st</sup> August 2019.

## 3. Mandatory Scheme Pays

Mandatory Scheme Pays will be used if all three of these apply to you:

- your Pension input amount within any single Firefighter Pension Scheme is in excess of £40,000; and
- the tax charge resulting from the excess within that scheme is over £2,000; and
- your Scheme Pays deduction is applied to the benefits within that scheme only.

Members with a tapered (reduced) Annual Allowance must have a Pension Input Amount in excess of £40,000 in one particular scheme (for example, FPS 1992, FPS 2006 or FPS 2015) to use Mandatory Scheme Pays.

For members with current benefits in both FPS 1992 or FPS 2006 and FPS 2015, if your Pension Input Amount in each scheme exceeds £40,000 then you may be able to use Mandatory Scheme Pays to pay the tax charge for one scheme; the remaining scheme would be paid on a voluntary basis. This facility would not be available for those with tapered Annual Allowance wishing to use Scheme Pays for their entire tax charge.

## 4. Voluntary Scheme Pays

Hertfordshire Fire and Rescue Service (HFRS) will only accept requests for Voluntary Scheme Pays if you don't meet the Mandatory Scheme Pays criteria, but you still wish to pay your tax charge by Scheme Pays. For example;

- If you have moved from the 1992 scheme into the 2015 scheme and have a significant salary increase
- If you are on a salary in excess of £150,000
- If you have a tax charge of less than £2,000

## 5. Process

The Local Pension Partnership (LPP) will contact any member who has a pension growth in excess of £40,000 in all fire schemes. This will ensure that all members affected by either mandatory or voluntary scheme pays are given all options to make arrangements to make the necessary payments to HMRC. If once notified the scheme member chooses to use mandatory or voluntary scheme pays the LPP will liaise with Hertfordshire to make payment to HMRC and the necessary deduction to the member's pension benefits.

## 6. Further Information and Advice

HR AskUs – 01992 555000

FPS, NFPS and NFS2015 details –

<http://www.yourpension.org.uk/HCCFire/Pensions-Home.aspx>

LPP Pensions – Helpline 01992 555466

**All employees considering any of the above options outlined in this policy are advised to take expert independent financial advice in order to plan and confirm pension implications.**

### Annual Allowance

There's information about Annual Allowance and Scheme Pays on the HMRC website at: [www.gov.uk/tax-on-your-private-pension/annual-allowance](http://www.gov.uk/tax-on-your-private-pension/annual-allowance)

### Tapered Annual Allowance

Individuals with adjusted income over £150,000 may be subject to a tapered (reduced) Annual Allowance.

Adjusted income is not based on your salary alone, if you have other sources of income you may need to include this when calculating your adjusted income.

Further information on how to calculate adjusted income and tapered Annual Allowance can be found at: [www.gov.uk/guidance/pension-schemes-work-out-your-tapered-annual-allowance](http://www.gov.uk/guidance/pension-schemes-work-out-your-tapered-annual-allowance)