



Pensioner Meeting 20th May 2024 – FAQs

Following on from the pensioner meeting on 20th May, please find below a summary of the questions and answers from the session.

We would encourage anyone who is encountering issues with the administrator XPS to flag those issues to Jill Swift, to allow us to address them directly with the XPS managers and try to speed up resolutions to your queries.

Q. Are the timescales to provide members with their remediable service statement (RSS) legislative timeframes?

Pensioner Member	Indicative timetable to receive RSS
Ill Health Pensioner	October 2023 to June 2024
Beneficiaries (ill health, taper protected and unprotected)	October 2023 to June 2024
Taper Protected Pensioner	October 2023 to November 2024
Unprotected Pensioner	October 2023 to November 2024
Protected Pensioner (2006 Scheme)	May 2024 to January 2025
Beneficiaries (Protected members 1992 and 2006 Scheme)	August 2024 to March 2025
Protected Pensioner (1992 Scheme)	October 2024 to March 2025

A. No. These are indicative timeframes that the fire pension sector has agreed to work towards. The only legislative deadline is 31st March 2025. The indicative timetable above has recently been amended for the Ill Health Pensioner and Beneficiary cohorts to June 2024. However, Cheshire Fire will be aiming to achieve the original deadlines of March 2024 and May 2024 respectively. This timetable has been agreed with the sector and also the national Scheme Advisory Board which consists of employer and employee representatives.

Q. Who is making the decisions about the ongoing tax issue?

A. HM Treasury are responsible for making policy decisions on the interest that is applied to remedy. The issue of tax on interest payments was initially raised at the end of January 2024, along with other technical queries about how interest should be calculated. The sector is still awaiting clarity on how tax and interest should be applied going forwards.

The Scheme Advisory Board has written to the Deputy Director of Workforce, pay and pensions at HM Treasury asking for a quick resolution to the issues and also asking them to reconsider the tax treatment of interest payments [SAB letter to HMT regarding additional tax considerations \(fpsboard.org\)](#)

Q. What are the actual risks for members?

A. Throughout the remedy process, tax has always been an issue. Home Office introduced immediate detriment guidance in June 2020, followed by the MoU and Immediate Detriment Framework in October 2021. However, in December 2021 the Home Office withdrew their guidance citing uncertainty around taxation as the reason. Although the Equality Act allowed Services to remedy a member's pension, the Home Office could not be sure that the Equality Act allowed all tax matters to be remedied. Specific legislation would be required in order to do this. This legislation was not finalised until 8th September 2023.

If Services had gone ahead with immediate detriment, there could have been unforeseen tax consequences for members, and the Service.

Most recently, the issue of taxation on interest has arisen. As discussed in the slides, there has been uncertainty around how tax should be calculated on interest, with HMRC changing their stance as recently as 30th April. Whilst we have agreed to proceed with payments for our ill health pensioners, there are still risks for members as the full tax position is still not clear. Services are also still waiting for an interest calculator to be provided by the Government Actuary Department, but due to these blockers, this calculator is not yet available.

Q. Could this be stalling tactics by the Government as there is a General Election coming up?

A. The remedy legislation and the deadline of 31st March 2025 is already in place so it is unlikely that there are any stalling tactics involved. Due to the complexity of the remedy and the fact that all decisions have a financial/legal impact, it's likely that HM Treasury are having to consult with financial and legal advisors and this takes time.

Q. Has Cheshire sent out RSSs to Ill Health Cohort?

A. Yes. Ill-Health pensioners received their RSSs in the first two weeks of April. Prior to doing so, all members of this group were contacted by telephone to explain the situation, and some have met face-to-face with Jill Swift.

Q. Is the 31st March 2025 deadline going to change?

A. This date is written into legislation. We are not aware of any changes to this date at present. If there were to be any changes they would have to go through consultation and the legislative process.

There is already an element of flexibility in the regulations to allow schemes to send out RSSs after the 31st March 2025, but this discretion would only be used in exceptional circumstances.

Q. If someone were to die before they received their RSS and made their election – what would happen to the backpay and lump sum payments we have been waiting for?

A. Your beneficiary will make the decision about whether they want to take legacy or reformed benefits. If any back pay of pension and lump sum is due up to the date of death for the option they have chosen, it would be paid to the member's estate (based on the amount the member would have received). Eligible beneficiaries would receive survivors benefits from the date of death at the rate applicable for the scheme they had elected for.

Q. When will members receive their payments?

A. Once you have received your RSS, you will have 12 months in which to make your decision. Interest will accrue at 8% simple up to 28 days after you receive your RSS. After this, interest drops to the NS&I Direct Savers rates. Once you have completed and returned your RSS indicating which benefits you would like to take, payments will be made to you on the next available payroll, dependent on XPS payroll cut offs.

Q. Can Ill-Health and Beneficiary members have the choice to take their pension and lump sum now without interest, or wait until the interest issue is fully resolved?

A. Members have been given the choice to take their benefits now or wait until the interest issue is resolved. There are some risks involved with proceeding now, and whilst we believe those risks are low, members need to be able to

make this decision for themselves depending on their own circumstances. It is hoped that the issue with interest and the outstanding calculator will be resolved soon and therefore further cohorts shouldn't be affected by this issue.

Q. How confident can we be that the figures XPS provide will be accurate?

A. As members are already aware, the bulk of the calculations for immediate choice members will be done manually. This introduces a higher risk of error. However, XPS have been developing automated tools to remove as much human intervention as possible, and each calculation will also be thoroughly checked. This will add to the length of time it takes to complete a calculation, but this checking process is necessary.

In addition, the Cheshire Fire pensions team also carry out high level checks on pension calculations as standard procedure.

Q. How do I know if I am eligible for a pension contribution holiday (PCH) and if I am eligible can I have a refund of my contributions now?

A. PCHs apply to members in the 1992 scheme who reach 30 years service before age 50 and before 31 March 2022. It will be applicable from the day you reach 30 years service until the day before your 50th birthday or 31st March 2022 if this is sooner. The PCH only applies to basic pay and allowances, so you would still pay contributions on your CPD or pay for temporary promotions.

If a member is eligible for a PCH, we will work out how much the member owes to the scheme factoring in the contribution holiday. In some cases the member will still owe contributions overall, and in other cases the member will be owed a refund of contributions.

If a refund is due, this will be paid in the form of a non-taxable compensation payment. The refund amount will factor in tax relief and will include 8% simple interest.

Contribution adjustments are triggered by receipt of an RSS, therefore this cannot be dealt with until members receive their RSS. Interest will continue to accrue at 8% on this amount until the date you receive your RSS and for 28 days beyond this date. After this the interest rate will drop to the NS&I Direct Savers rates.

Q. How many cases will be dealt with each month?

A. We will be working with XPS pensions in the coming weeks to look at a more detailed delivery plan for the Immediate Choice RSSs.

Cases will be prioritised based on those who have retired most recently which will

tend to be those who are unprotected. Unprotected members will need remedy for the full 7 years and are therefore likely to be owed the most money.

Q. The RSS template is very complex. What support will be available to help members understand the information?

A. Whilst the RSS template has been designed with readability in mind, we appreciate that it is a lot of information, and it's a big decision for people to make. An example of the RSS template was provided at the meeting for members to have a look at and a copy will be added to the internet site for anyone who could not attend.

The Local Government Association have produced a video guide to assist members to read and understand the RSS template.

Video - [Firefighter RSS Animation V2 on Vimeo](#)

Whilst neither the Service nor the administrator are able to provide pensions advice, if members have any queries about the details contained in their RSS, or need help understanding the content, they can direct any specific questions they have about their statement either to XPS or the Cheshire Fire pensions team. Members can also request a one-to-one with Jill Swift if they feel this is needed.

Q. Whilst we are waiting for our RSS, would it be possible to get an idea of how much money we are owed? Could an example of a competent firefighter be provided?

A. Some members may have already received an estimate of their remedied benefits in their legacy scheme. However, to assist those who have not received an estimate we will provide some rough figures on the basis of a competent firefighter who was unprotected and with 30 years service and add this to the internet page.

Q. XPS are not responding quickly to general queries. Can this be resolved?

A. Normally XPS would answer a general query within 10 working days. Due to the volume of work XPS are handling, they may not be able to achieve this at the moment. They are currently prioritising anything which involves payments i.e. retirements, deaths, divorces.

However, if you require an urgent response to your query and you do not feel that it is being dealt with satisfactorily by XPS, we would encourage you to raise this with Cheshire Fire who can escalate it directly with the administration team managers.

Q. Communication has been poor. What will be done differently to keep members informed in the future?

A. Cheshire Fire will take on board any feedback from members regarding method and frequency of communication. There have been periods where not much progress has been made, but members indicated that they would still like to hear from the Service, even if it is just to say that no progress has been made.

Whilst communications have been sent directly to members via email or post, the internet site hasn't been updated for a while. The Service will review the content of the webpages with a view to adding more information, as well as future updates and the slides and FAQs from this meeting.