

Dear MP

Early Day Motion 946 – Firefighters Additional Pensions Contributions

The government is currently consulting on a third year of pension contribution increases for firefighters. In 2011 the contribution rates paid by firefighters were 11% for the 1992 Firefighters Pension Scheme (FPS) and 8.5% for the 2006 New Firefighters Pension Scheme (NFPS). These were already amongst the highest contributions paid in the public or private sector.

The current proposals for a further increase from 1 April 2014 will mean that the rates paid by firefighters earning more than £21,000 and up to and including the £30,000 band would be 14.2% (FPS) and 10.4% (NFPS).

The increases in contributions will mean that a firefighter in the FPS earning less than £29,000 per year will pay over £4,000 a year in employee contributions. In real terms a firefighter bringing home £1,650 a month will have pay around £340 a month in contributions. This is simply pricing many firefighters out of their pension scheme.

The Fire Brigades Union (FBU) has warned that the proposed increases in contributions will not raise the revenue the Treasury expects, due to high expected levels of opt out. High levels of opt out also threaten the future viability of the schemes.

In earlier consultations, the governments said its proposed contribution increases were based upon the assumption that just 1% of firefighters will opt out of their scheme by 2014-15. At a Firefighters Pension Committee meeting in 2011, the Government Actuary's Department (GAD) highlighted that every 1% opt out costs the firefighter schemes £3.5 million per annum in lost contributions. The FBU has previously presented clear evidence that demonstrates that this assumption (1% opt out) is far too low and that in reality a much higher proportion of firefighters are likely to opt out of their pension scheme. This view is further supported by new evidence in the YouGov December 2013 firefighters' survey commissioned by the FBU.

This survey showed that the risk of opt outs is still very high. It found that 43% of respondents would be likely or very likely to opt out if the proposed increase was imposed and almost a quarter, 22% of respondents, said they would be very likely to opt out if contributions are raised.

The FBU has provided professional advice showing that if opt outs exceed 7%, not only will any potential savings from increasing contributions be wiped out, but there is a real risk of a reduction in revenue for the firefighters' scheme. In other words the result of this proposed policy is likely to be exactly the opposite of the stated intention of government in making the proposals.

In short the impact of further contributions will be unfair on firefighters, not raise the revenue expected by the Treasury (ultimately costing taxpayers) and quite possibly wreck the pension scheme.

Can I ask that as my local MP you please support EDM 946 and add your name to the list of signatories?

Many thanks