The government's pension plans:

HANDS OFF OUR PENSIONS!

Pay more – Work longer – Get less

The government is attacking firefighters' pensions. It wants us to pay more, work for longer and still end up with less at retirement. That's the message from recent government announcements.

In June, the government appointed a Commission chaired by Lord Hutton to review all public service pension schemes, including those for firefighters. It published an interim report in October. Independently of that, the government published its Comprehensive Spending Review in October. They both show the broad outlines of the government's assault on our pensions.

- The government said in the Comprehensive Spending Review that all public sector workers should expect to pay higher contributions – 3% higher on average. It plans to start a phased increase in pension contributions from April 2012. For firefighters, an additional 3% would be an extra £800 a year.
- The government wants all public sector workers to work longer before they receive their pension. For firefighters, they may want all of us to work until we are 60 – and probably beyond that.
- The government wants public sector workers to receive a smaller pension at the end of their working life. They are looking at scrapping the final salary scheme and instead using career-average pay – which means much less for firefighters in all roles.
- The government has already announced that it intends to change the measure of inflation used to up rate pensions from the retail prices index (RPI) to the consumer prices index (CPI), which on average is lower. If it proceeds as it has indicated, that will mean an attack on the pension you have already built up, despite government assurances that accrued pensions would not be worsened.

The FBU is campaigning to defend firefighters' pensions. On 17 November the union is organising a lobby of parliament. Members can speak to MPs at Westminster and get our arguments across.

Increasing our pension contributions

Most firefighters already pay the highest contributions for their pensions when compared to other public sector workers and more than most private sector pension scheme members. Members of the Firefighters Pension Scheme (FPS) currently pay up to 11% of salary, which equates to at least £250 per month for a competent firefighter. The Local Government Pension Scheme (LGPS) and New Firefighters Pension Scheme (NFPS) also have high contributions compared with other workers in the public and private sectors and a 3% increase would make them much more expensive to members than the average private sector scheme. The latest published figures show that the average private sector contribution was 4.9% in 2008.

If the employee contribution rates are increased by 3%, it could mean the following for a competent firefighter:

	Current annual contribution (monthly)	**3% increase**	**Increased contributions**
Firefighters Pension Scheme (11%)	£3,012 (£259)	£3,948 (£329)	£936 (£70)

	Current annual contribution (monthly)	**3% increase**	**Increased contributions**
Local Government Pension Scheme (7.5%)	£2,009 (£167)	£2,813 (£234)	£804 (£67)

	Current annual contribution (monthly)	**3% increase**	**Increased contributions**
New Firefighters Pension Scheme (8.5%)	£2,397 (£200)	£3,243 (£270)	£846 (£70)

These figures rise as individuals move up the pay scale. For a group manager B on flexi duty:

	Current annual contribution (monthly)	**3% increase**	**Increased contributions**
Firefighters Pension Scheme (11%)	£6,129 (£511)	£7,800 (£650)	£1,671 (£139)

These increases have to be put in the context of the current pay freeze, rising cost of living (currently over 4.6%) as well as tax and benefit changes, which will cost firefighters at least £750 a year (according to the Institute of Fiscal Studies).

Raising retirement ages

The Hutton Commission is considering raising the retirement age of firefighters. Although the NFPS has a retirement age of 60, compared with 55 in the FPS, the FBU has argued that there is no evidence that firefighters can continue to work this long in the numbers that will be required to maintain an effective service. Any suggestion of extending the retirement age past 60 is ludicrous as an aged fire service is not in the best interest of the public. We pay for the right to retire early: the contribution rates in the FPS and the NFPS reflect members' ability to retire earlier than the usual age of 65 in the private sector and elsewhere in the public sector.

The argument that firefighters who are no longer able to crew front line appliances can do other non-operational roles until they retire age 60+ does not hold water. In reality we all know that non-operational roles have already been converted to Green Book roles on a lower salary in most cases. Fire authorities have tried to trim operational establishment figures by converting firefighter roles in this way, thereby saving money. The knock-on effect of this is that there are no real redeployment opportunities for operational firefighters who are no longer able to ride frontline appliances.

The FBU has been working with the Department of Communities and Local Government to try and address ill-health retirement figures in the fire service and to try to use redeployment and reasonable adjustments where they are available. Raising retirement ages would just be counter-productive and will cost money in the long term, as the number of ill-health retirements due to individuals being unable to perform their role will increase again.

The threat of career average schemes

Career average schemes provide a pension based on your average pay throughout your career. The FPS and NFPS provide pensions based on your final pay in your last years of service. Any way you look at it, a career average scheme gives lower pensions than a final salary scheme.

A typical career average scheme differs from a final salary scheme in a very substantial way. That is because each year's block of pension increases in line with inflation, not earnings. That affects every firefighter, if their earnings increase at a higher rate than inflation. And because the government intends to switch the measurement of inflation from the RPI to the CPI, the change will be even more acute.

The effect is even more dramatic for members who are promoted. Individuals who gain promotion and therefore earn more salary, especially towards the end of their career, will be hit even harder by a career average scheme, compared with a final salary scheme.

Inflation-proofing

The Government announced in the budget in June that it intends to use the CPI to increase pensions and the frozen pensions of early leavers from the RPI to the CPI with effect from April 2011. It says that the CPI is a more appropriate measurement of the inflation that affects pensioners, because it excludes housing costs.

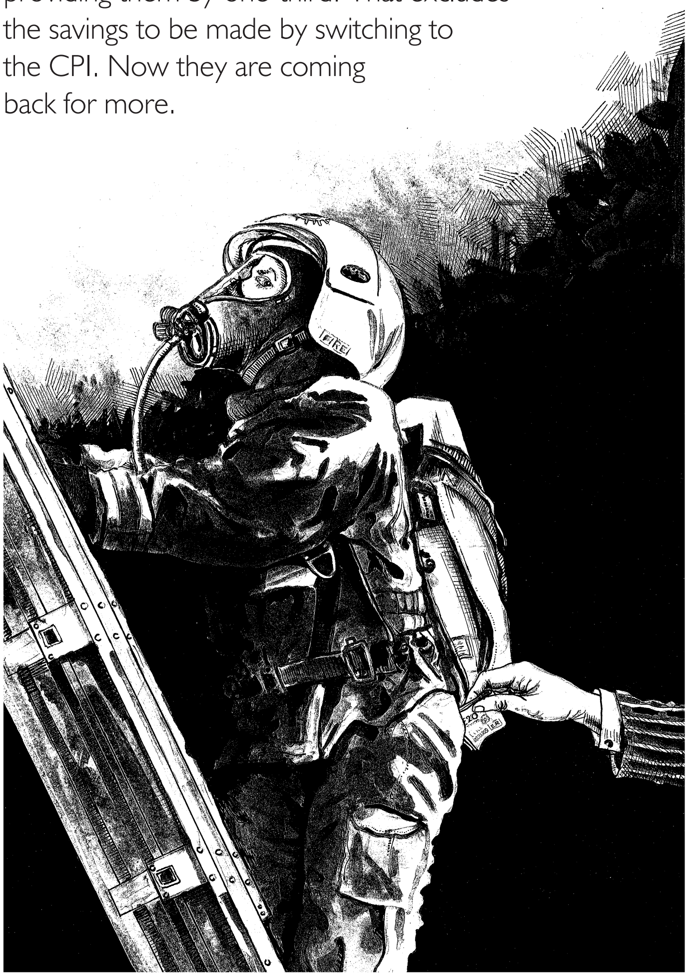
The real reason is that CPI tends to be lower historically it has been about 0.5% lower than RPI. The reason for making the change is simply to save money at the expense of pensioners. If the government wanted to use a measure that is more appropriate for pensioners, the Office for National Statistics produces a variant of RPI that is designed specifically for pensioners.

This change may affect the pensions that everyone has built up to date. You have been promised a pension that will increase in line with RPI and not the lower CPI. If the pension you have already earned is linked to CPI then that represents a cut in the pension you have already earned.

Changing the benefits structure

In recent years the benefits available to fire service pension members have been under scrutiny and the Hutton review recognised that the uniformed pension schemes were amongst the first to be reformed. The LGPS underwent a total reform, which culminated in new LGPS being introduced in 2008 (2009 in Scotland). The FPS was closed to new entrants in April 2006 and the NFPS was introduced.

All these reforms were designed to ensure the schemes remained affordable, sustainable and fair. In the long-term, the Hutton Commission estimated that the reforms to the firefighters' schemes would reduce the cost of providing them by one-third. That excludes the savings to be made by switching to the CPI. Now they are coming back for more.



Frequently asked questions

Firefighters working the retained duty system

Q: I am a firefighter working the retained duty system. What does this mean to me?

A: Since April 2006 RDS firefighters have been able to join the New Firefighters Pension Scheme. The Fire Brigades Union are very close to concluding negotiations on a modified scheme which will mean many RDS firefighters will be able to access a pension scheme, which contains all the benefits of the Firefighter Pension Scheme. Any detrimental changes that are subsequently introduced will have an impact on the benefits available to RDS firefighters and any scheme they become eligible to join.

Change to inflation measure

Q: Is my accrued pension fully protected?

A: Although Hutton has given an assurance that accrued pension rights will be fully protected, we must recognise that the change to the inflation measure (RPI to CPI) will potentially wipe 15% off the pension value and this figure may rise to 25% when the effects of the recent reforms are recognised. In real terms, the change from RPI to CPI will save £1.8 billion from unfunded schemes per year by 2015/16 and this figure will rise year-on-year. In reality, this means your pension scheme is already being devalued. The Fire Brigades Union has already raised objections about this detrimental change and will continue to oppose its introduction.

Whole package

Q: If they raised our contributions would they leave the other things as they were?

A: The initial Hutton report made it perfectly clear that status quo was not an option they were considering. The fire service pensions are packages and the high contribution rates reflect the fact that firefighting is a physically demanding profession and working into old-age is unrealistic.

The Comprehensive Spending Review made it quite clear that the government intends to increase contributions whatever the Hutton Review comes up with, and whatever savings are made by the switch to CPI. Even if contributions are raised for short-term savings, career average and higher retirement ages are still likely to be introduced. The Fire Brigades Union recognises that we will not be able to separate the issues and that we will have to defend the whole package.

We're all in it together

Q: Who will be affected by this?

A: Whether you're an officer, working in a fire control, RDS or wholetime this will affect you in some way. It is vitally important that we have a co-ordinated and organised response to the Hutton review and any campaign we run in the future engages with all sections of the membership. The "unity is strength" motto has never been as significant as it is now.

Union action

Q: What is the Fire Brigades Union doing about these attacks on pensions?

A: Currently the FBU are responding to all calls for evidence to the Hutton review and are raising the concerns we have through written submissions. In addition to this we are raising concerns at the Firefighters' Pension Committee. The lobby on 17 November provides a great opportunity for you to lobby your MP and outline your concerns about this attack on your pension scheme. It will also give you a chance to dispel some of the myths that have been popular in the media circles. The final Hutton report is not published until March, so there is still time to change opinion.