

# Circular



Circular number:	W-FRSC(2024)09	Date issued:	10 September 2024
------------------	----------------	--------------	-------------------

Status:	For Action
---------	------------

Title:	<b>The Firefighters' Pension Scheme 2007 - Individual Cash Equivalent Transfers: Guidance &amp; Factors for CETVs.</b>
	<b>The Firefighters' Pension Scheme (Wales) 1992 - Addendum to GAD guidance note: Statutory Cash Equivalent Transfer Values and Club Transfers Out.</b>

Issued by:
Natalie Spiller Fire Services Branch

Addressed to:	Please forward to:
Chief Fire Officers	Treasurers Pensions Officers Scheme Administrators

## Summary

This circular provides updated guidance note in respect of Cash Equivalent Transfers which subsequently replaces the note issued on 30 January 2020 (W-FRSC-2020-07 Annex 5 refers).

In addition, this circular also provides an addendum to the GAD guidance note on Statutory Cash Equivalent Transfer Values and Club Transfers Out, dated 30 January 2020 (W-FRSC-2020-07 Annex 3 refers).

## For further information contact:

Natalie Spiller Fire Services Branch Welsh Government Rhydycar Merthyr Tydfil CF48 1UZ	Direct Line: 0300 025 8487 Fax: 0300 025 8869 E-mail: <a href="mailto:fire@gov.wales">fire@gov.wales</a> Website: <a href="http://www.wales.gov.uk/fire">www.wales.gov.uk/fire</a>
---	---

## **Background**

1. FRAs and Scheme Administrators will already be aware of the factor review undertaken by the Government Actuary's Department (GAD) following the change in SCAPE discount rate, announced by HM Treasury on 30 March 2023.
2. The revised factors were provided to FRAs under cover of a series of circulars, and a consolidated workbook was issued under cover of W-FRSC(24)02. FRAs were advised that GAD would update the guidance notes and example calculations to reflect the revised factors at a later date. The Welsh Government would then issue these as soon as work has been completed.

### **The Firefighters' Pension Scheme 2007 - Individual Cash Equivalent Transfers: Guidance & Factors for CETVs**

3. GAD has now produced a revised guidance note (attached at Annex 1) regarding Cash Equivalent Transfers ("CETVs") for the 2007 scheme. The note replaces the guidance issued on 30 January 2020.

### **Special 2007 Scheme members**

4. The original 2020 note granted the member the full benefit of the service being purchased even if it had only been partially paid for. The updated guidance note sets out that the benefits being purchased should be pro-rated in cases where only partial payment in respect of those benefits has been received.
5. For the avoidance of doubt, the method of calculation for Standard and Special 2007 Scheme members where the member has completed full payment of contributions prior to the CETV calculation date is the same under this guidance note and that issued on 30 January 2020.

#### Handling of cases processed since January 2020

6. For Special 2007 Scheme members for whom only partial payment had been made at the calculation date which have been processed between January 2020 and now, use of the guidance dated January 2020 would have valued the entire Matthews / O'Brien 1 option period, rather than the pro-rated amount relevant to the contributions paid. The new guidance provides that for any such member who took a Club transfer/CETV to another scheme, there will be no recalculation. Any such members will have been treated favourably, though the period is short which limits the additional payment that the member may have received.
7. For any such member who had a CEV for divorce purposes, the CEV will have been overstated which may have altered the amount of pension that was shared with the ex-spouse. Administrators are asked to alert the Government Actuary's Department to any such cases so that the impact can be considered.

## **Interaction with age discrimination remedy**

8. The methodology contained in this guidance note continues to apply to cases dated on or after 30 March 2023. However, to fully allow for the choice that members have, separate guidance will be issued regarding the treatment of calculations for members eligible for the age discrimination remedy in due course. The revised guidance note states within the introduction that it should be applied in conjunction with the remedy note once available.

## **Additional Pension Benefits**

9. In addition, the guidance note has amended the calculation method for Club transfers which include additional pension benefits such as the Long Service Increment (LSI) or Continual Professional Development (CPD) elements. The Club Memorandum update in March 2012 clarified that such elements should be calculated on non-Club terms. GAD issued an amendment (dated 19 September 2012) to the guidance that was effective at the time. However, this did not get carried forward when the note was updated following the 2018 factor review.

## **The Firefighters' Pension Scheme (Wales)1992 - Addendum to GAD guidance note: Statutory Cash Equivalent Transfer Values and Club Transfers Out.**

10. GAD have identified that an error had been made within 1992 Scheme guidance note in respect of Statutory Cash Equivalent Transfer Values and Club Transfers Out. An incorrect formula for Club transfer calculations had been included at paragraph 2.7. An addendum to the note is attached at Annex 2 which rectifies the error.

**Natalie Spiller  
Fire Services Branch  
Welsh Government**

