
EXPLANATORY NOTE

(This note is not part of the Order)

This Order further varies the Firemen's Pension Scheme brought into operation by the Firemen's Pension Scheme Order 1973 ("the 1973 Scheme").

In the Schedule to the Order, to which effect is given by article 2, Part I varies provisions of the 1973 Scheme concerning the payment and receipt of transfer values. The provisions as varied are compatible with the rights to cash equivalents conferred from 1st January 1986, with direct and overriding effect, by Schedule 1A to the Social Security Pensions Act 1975.

As a general rule, where such a right is acquired there is no right to a transfer value under the 1973 Scheme (article 71A(5) and (6), inserted by paragraph 3). Where there is a right to a transfer value, it is to be calculated in the same way as a cash equivalent except in cases where it is payable to a scheme outside the public-sector "club" and the relevant service includes service before the commencement of the Order; rights in relation to such earlier service are preserved by calculating that element of the transfer value on the previously existing basis if that would produce a more favourable result (Schedule 9, Part IA, inserted by paragraph 5).

On an inward transfer from a "club" scheme, the service credit allowed on receipt of a transfer value is the amount of service that would have allowed a cash equivalent of that value to be paid; where the transfer was from a scheme outside the "club" and occurred after 31st December 1985, the service credit is calculated by a method which includes an adjustment for market conditions; where such a transfer occurred before 1st January 1986, the credit is calculated on the previously existing basis (article 52B(4) as varied by paragraph 2(a); Schedule 9, Part II, as varied by paragraph 6).

Part II of the Schedule to the Order effects miscellaneous variations of the 1973 Scheme. Paragraph 16, which inserts new articles 56A and 56B, reconciles the 1973 Scheme with section 10 of the Social Security Act 1986 (which makes void, inter alia, any rule to the effect that an earner must be a member of a particular occupational pension scheme) by conferring rights to make, and to cancel, an election not to pay pension contributions. Related variations are made by paragraphs 1, 3, 4(a), 5, 6, 7(b), 8 to 13, 14(b), 15, 17 to 20 and 23 to 27.

Paragraphs 4(b) and 7(a) reduce from 5 years to 2 years the period of service giving rise to an entitlement to a deferred pension.

Paragraph 14(a) varies the "earnings cap" imposed on pensionable pay by the proviso to article 55(1): it will now keep pace with the figure specified from time to time for tax purposes, and will not apply in cases where the "cap" is disappplied for those purposes.

Paragraph 21 makes the provision for widower's guaranteed minimum pensions that is required by section 36 of the Social Security Pensions Act 1975, as amended by section 9(3) of the Social Security Act 1986; paragraph 28 makes a consequential variation.

Paragraph 22 inserts a new article 91AA which enables a fireman's guaranteed minimum to be revalued in accordance with the fixed-rate method where he becomes entitled under the Social Security Pensions Act 1975 to a cash equivalent and elects to have it applied to the purchase of an annuity.

Section 12 of the Superannuation Act 1972, as applied by section 16(3), enables an order under section 26 of the Fire Services Act 1947 to be made with retrospective effect. This Order is to a certain extent retrospective, but article 3 makes transitional provision for opting out where rights in relation to ex-employees are adversely affected.