Some Frequently Asked Questions (FAQ)

What is the basic issue?

Many thousands of police officers and firefighters who took their pension and commuted part of it for cash from 1998 to 2007 had out of date values applied to the calculation of their lump sum. No revision of the commutation factors took place during that period. The issue is that this resulted in lower payments than should have been the case as longer life expectancy and other factors were increasing 'actuarial' values over that period.

In 2008 new tables were announced. These were applied and later backdated to retirement dates in 2006. These tables increased the value of the lump sum for the majority of retirees by around 25% overnight. A later revision of factors produced in 2011 increased this margin still further.

Had interim tables been produced in the intervening period, as required by law, it is reasonable to assume that at least part of the increase would have been reflected in those tables resulting in higher pay outs between the stated dates.

What are the exact dates of retirement that are affected by this?

Only the end date of the affected period can be stated with precision.

Any police officer who retired before 1st December 2006 will have had their commutation based on tables produced by the Government Actuary’s Department (GAD) in 1998. Any firefighter who retired before 22nd August 2006 would have been similarly affected.

After these dates retirees will have received commutation based on revised tables. Backdated payments have been made to those that did not receive the higher amounts at their retirement date.

The start of the affected period is less clear and differing criteria are likely to apply on different dates. Nevertheless the Pensions Ombudsman has indicated that an examination of the issue as far back as the production of the 1998 tables is part of his deliberations. The period will not extend back beyond that date.

What are the potential amounts involved for individuals?

The commutation amount paid out is calculated on the amount of pension that is surrendered on the basis of a multiplier for each £100 of annual pension surrendered. This same factor applies whatever rank is held on retirement, but clearly the higher your pay the more £100s you have available to surrender.

The factor applied was related to your age on retirement. This factor falls as age on retirement rises. It does not relate directly to your length of service but only to the actual amount of pension that you surrendered for cash. The actual amounts will therefore be different for each individual.
The amounts involved are markedly less for female officers. The reason for this is that females had higher multiples applied when they received their pay outs during the affected period. Historically women received larger lump sums than men as their life expectancy was longer.

**Can you give me an example of how the amount is calculated?**

**Note:** This example refers to a police officer. The commutation amount for a firefighter is reached in exactly the same way as the same tables are used.

A male police officer who retired at any time in the affected period at age 51 exactly would have had a multiple of 15 applied. He would have received £1500 for each £100 of annual pension surrendered. An officer who retired at that same age in 2007 would have received £1880 for each £100.

If an officer of this age retired in 2005 on a full 30 year pensionable salary of say £30000 he would have qualified for a pension of £20,000. Had he commuted the maximum 25% allowed i.e. £5000 he would have received £75000 (50 x £1500) as a lump sum.

A male officer who retired in the same circumstances in 2007 would have received £94000 (50 x £1880).

The comparative shortfall for the officer retiring in 2005 is therefore £19000. If that full amount were to be awarded following the Pensions Ombudsman’s ruling and compound interest were to be added at 5% per annum, this would give an additional pay out of about £26,735 today.

If the same calculation is applied to a 51 year old female in the same circumstances the amount produced is much less. This is because in 2005 that officer would have received 50 x £1725 as a lump sum i.e. £86,250. The factors were equal for men and women on the stated date(s) in 2006, so in 2007 the female officer would also have got £94,000 leaving only a £7750 shortfall. Applying interest this would amount to a value of about £10,905.

The figures can be scaled up so if the pensionable salary was for example 20% more all of the quoted figures can be increased by 20%.

**Will I get the full amount arrived at using the above approach in my individual circumstances?**

It must first be said that there is no guarantee that those apparently disadvantaged will get anything at all. This is not the view taken by the members of this group. We are encouraged in this by actions taken and indications given by the Pensions Ombudsman to date. There is also evidence that contingent money is being set aside by some employers to meet the cost of any award.

You would only get the full calculated amount if the tables used from December 2006 onwards for police officers, and from July 2006 onwards for firefighters, were backdated in full to your actual date of retirement.
If one looks at the way in which the changes to the state pension age have been introduced it seems entirely possible that there will be some form of tapering applied. Any attempt to quantify this further would require the aid of a crystal ball. Nevertheless it is entirely possible that different proportions of any award may be applied according to the date you retired. This would result in those retiring closer to the start of the affected period say 1999/2000 getting less proportionately than those retiring in say 2005/2006. Please remember that this is only a guess.

When will a decision be made?

The Pensions Ombudsman has promised a provisional decision in spring 2015. This will be in relation to a single test case of a retired firefighter. This decision is open to challenge and comment by interested parties before a final ruling is made. The provisional decision will not be made public as it relates to an individual and data protection restrictions will apply.

It is however anticipated that once the principle is established in the test case this will be applied to all of those affected.

The focus of the campaign at the present time is to try to ensure that the Home Office and the Department for Communities and Local Government are not allowed to adopt tactics that unnecessarily further delay resolution of this issue.

How did this situation arise?

In 1998 the pension commutation tables were last reviewed by the Government Actuary’s department and factors were increased. This reflected growing life expectancy for retirees as a result of advances in medicine, better public health and (in particular) lower numbers of men smoking.

After 1998 there was no published review of the commutation tables until spring 2008 when new rates were announced backdated until 1st October 2007. Legal action by the Police Federation, and a follow up by the Fire Brigade Union, established the current cut off dates in 2006. Identical tables for each group represented a massive jump in pay outs for male retirees.

There is absolutely no doubt that in the intervening period continuous work was being carried out behind the scenes to produce “gender neutral” commutation tables. This was being driven by discrimination claims and changes to the interpretation of equality laws.

The basis of our claim is that the date(s) applied were arbitrary and that the Government Departments involved had breached their statutory duty by not providing regular updates of the commutation factors. It is the basis of our argument that had these been produced this would have continued to reflect steadily increasing longevity of pensioners with associated increases in the factors applied.
**Why has this campaign group been started?**

Many people affected by this lodged complaints with the Pensions Ombudsman (PO) as far back as 2008.

Early attempts by the PO to investigate this matter were blocked by finger pointing, stonewalling, and failed legal action by the government departments involved.

The relevant legal issues have all been decided in favour of the PO. The focus of this campaign is to ensure that the determination of the PO is accepted and acted upon when published without further prevarication by those government departments.

As can be seen from the comments on the site the majority of those affected by this have been left in the dark about this issue until now.

**Who controls the group and determines strategy?**

The two founders of this group are Tom Stevenson, a retired firefighter, and Les Waller a retired police officer. Their decision to set this group up in early January 2015 was inspired by their growing frustration at the interminable delays that had been occasioned by a total lack of will on the part of government to address what has been shown to be maladministration.

By reaching out to those affected through the individual networks of new members the group had acquired 900 members as of 13th February 2015. Each member is of course free to decide on, and take their own actions, in support of the group aims.

This is a self-help group. Nearly all of the members are directly affected by this to a greater or lesser extent. Nobody is going to tell you what you must or must not do. Opinions are freely shared though. If you need help or advice post a request or question and somebody will respond. Please feel free to share any ideas that you have.

We are currently targeting MPs to make sure that as many as possible are made aware of this issue and the strength of the case. We have recently managed to get an Early Day Motion put down in the House of Commons.

**What is an Early Day Motion?**

In theory it is a request by the MP signatories for the issue to be debated in the house on an “early day” in the near future. In practice it is more symbolic than executive. Nevertheless it is highly visible and has already been picked up on and the content disseminated by others outside of our group. It also represents a level of awareness that we have achieved at parliamentary level.

The EDM technically expires at the end of the Parliamentary session on 30th March 2015 but it can be rolled over by the sponsors. The EDM can be found by searching on the internet for Early Day Motion 768. As of 13th February 53 MPs had signed it.
**What can I do to help?**

Familiarise yourself with the issues. There is more detailed information available in the documents found here and in the myriad of posts.

We encourage all new members to write to their MP and spread the word to others who might be affected. This is particularly important where the MP has not signed the EDM or otherwise indicated support for their affected constituents.

There is also an e-petition pending that will need 100,000 signatures on to get this debated. Watch for this being posted.

If a member of other groups of police, or firefighters, please post an invite to join us on those sites.

**Do I need to lodge a personal claim?**

The Pensions Ombudsman has indicated that it will not process any individual claims or register new ones until the test case has been determined.

If we achieve success the Pensions Ombudsman will help with the process in due course. It is possible that you will need to make a claim at that point.

**Where do our representative groups stand on this?**

(Good question).

The Police Federation has consistently refused to assist. It has abrogated any responsibility to do so on the basis that its remit is to help serving officers only.

NARPO has dragged its heels in the past but has recently popped its head above the parapet and is now lobbying on our behalf.

The Fire Brigade Union (FBU) has consistently been supportive of its retirees and has provided legal advice to those involved in test cases.

**I have a question that has not been answered. What should I do?**

Just post it on the site and someone will respond. Additional questions and answers will be added to this list from time to time.