



Public Services Pensions Alliance

LGA Fire & Police Pensions Seminar

Tues 12 Nov 2019

Who?

The **FLA** is the staff association who represent, promote and protect the interests of the strategic leaders of the UK Fire and Rescue Service;

Andy Hopkinson, National Secretary

Who?

The Public Services Pensions Alliance (PSPA) drawn from across the public services;

Representing fire, police, local govt, NHS, education, armed forces, civil servants and others;

Over 25 members representing employers, trade unions and supported by private pensions specialists.

Established in 2018 by the FLA

Latest Update

- Roundtable meeting with Rt Hon John Glen MP, Economic Secretary to the Treasury
 - Impact on recruitment, retention & motivation
 - HMT prepared to listen to our views / suggestions,
 - Intimated would not interfere with or stand in the way of individual Government Departments developing flexibilities for Scheme members.
- Also engaged with TUC, influencing their pre submission to The Chancellor for Budget consideration
- Through Maj Gen Neil Marshall, we now have 'interest' in our cause being shown by a number of ex Military members of the House of Lords.

Latest Update

- Evidence, Evidence, Evidence.
 - Members & Employers surveys
- Building the robust business case for change
 - Focus on improving freedom & flexibilities
 - Options to manage short & long term consequences
 - How to better manage growth in pension to minimise tax
 - How can people stay in scheme and manage benefit accrual

Worked example

- Substantive gross pay was £112,841. Less 16.5% pension contribution = Threshold Income of £94,222.
- On the 2nd November 2017, temporary promoted to CFO
- As a result, Threshold Income for 17/18 was **£110,016**.
- Normal pension growth associated with substantive salary (2/60) coupled with the extra non-pensionable pay took my Adjusted Income to over £210,000 = reduction of £30,000 to AA down to £10,000.
- Had they stayed in substantive role, would not have triggered the £110,000 Threshold Income level & received the full £40,000 allowance.
- Therefore, in 17/18, paid tax on an additional £30,000 of income at the higher tax level of 45% which was £13,500.
- That £16 gave a tax bill of £13,500. If promoted the day after, the 3rd November, wouldn't have breached.
- In 2nd year of temporary promotion, Threshold Income was £134,386 but Adjusted Income didn't exceed £210,000 as pension growth in 17/18 was higher due to substantive promotion in Oct 2016.
- Therefore, Adjusted Income was £181,830 resulting in a reduction in the annual allowance of £15,915. The tax charge in this year was an additional £7,161.
- During this time, they received no pensionable benefits for the time spent as the CFO and ended up with an additional £20,661 charge across the two financial years.
- In the role for 17 months = **they paid £1,215 for the privilege** = more than the increase in net income