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 Request for information

Opting out of the scheme – cause and effect

Introduction

**The purpose of this information request is to gain more quantitative data to support the Scheme Advisory Board in their discussions with the Home Office on how schemes might be better managed to give choice and flexibility to pension members to stay in the pension scheme.**

The Scheme Advisory Board wish to understand more information on two particular issues:

**Opt-out rates from the scheme?**

The board are concerned to learn that members opt out of the scheme, and wish to understand if there are any particular drivers for this. Anecdotally the board are told this tends to happen for two particular reasons:

* the first is about affordability of the scheme, particularly in areas where Firefighters are impacted by a high cost of living
* the second is to stop pension growth accruing above the annual allowance limits.

**Effect on recruitment and retention**

The board have been informed that a fear of breaching annual allowance limits and getting a year on year tax bill is causing Fire and Rescue services problems with recruitment and retention of talented and skilled personnel.

In order to take these issues forward and to fully understand the impact of these two issues on the scheme, the board would like to substantiate these stories with any factual evidence of Firefighters who have:

* Opted out of the scheme due to affordability or pensions tax reasons
* Turned down promotion due to the effect of pensions tax
* Left the fire service or are considering leaving the fire service due to tax reasons

Information Requested

We would be grateful if you would complete the below table and return to bluelight.pensions@local.gov.uk by **31 January 2018**.

|  |
| --- |
| Questions about the 2016/2017 scheme year |
| How many pension savings statements were sent for your Fire Authority on 6 October 2017 |  |
| Did you have any requests to pay pensions tax via Voluntary Scheme Pays |  |
| How much pension tax was paid on behalf of scheme members breaching the annual allowance for the scheme year 2016/2017 (This is known as Scheme Pays) |  |
| Do you know of any Firefighter choosing to pay tax themselves |  |
| Are you aware of any promotion opportunities during the year 2016/2017 that were turned down primarily because of pension tax fears |  |
| How many opt-outs of the scheme did you have in 2016/2017 |  |
| Of those opt-outs did anyone particularly mention affordability or pension tax |  |
| Questions about the 2017/2018 scheme year |
| How many pension savings statements were sent for your Fire Authority on 6 October 2018 |  |
| For the scheme year 2017/2018 have you had any requests to pay VSP by 31 January 2019 |  |
| Are you aware of any promotion opportunities during the year 2017/2018 that were turned down primarily because of pension tax fears |  |
| How many opt-outs of the scheme did you have in 2017/2018 |  |
| Of those opt-outs did anyone particularly mention affordability or pension tax |  |
| Finally |  |
| Are you able to identify those have opted-out of the scheme by salary band |  |
| Do you collect reasons for opting out |  |
| Are you aware of anyone who has left the Fire Service to work for private sector primarily because of pension tax |  |
| Is there anything else you’d like to tell us about how concern over pension tax is driving behaviour of employees |  |

**Scheme Advisory Board Secretariat**

**December 2018**