

Meeting of the Board 17 March 2020

ITEM 7

2020 Annual Benefit Statements

Purpose

1. The purpose of this paper is to consider how benefit statements for 2020 should reflect the finding of discrimination in the transitional protection regulations of the FPS 2015.

Background

2. Annual Benefit Statements (ABS) for the period to 31 March 2020 are required to be issued by 31 August 2020.
3. The legal requirement of an ABS is to confirm the value of accrued benefits at the date of the statement. However, past practice has been to include a projection of benefits to the members normal retirement age, although this is not a legal requirement.
4. Historically there has been no central instruction on the issue of benefit statements. The benefit statements that were issued for scheme year end 31 March 2015 when the schemes were first reformed were inconsistent; some administrators removed projections and some kept the statements based on the old arrangements.
5. TPR have issued guidance on the ABS process which is available on our [website](#).
6. Statements are fully automated, and many administrators have already begun the ABS cycle.

Remedy

7. Government have accepted the Courts' findings in the Sargeant and McCloud legal cases and are committed to treating claimants and non-claimants in the same manner.
8. There is on-going discussion on the process known as 'remedy' on which the SAB have been consulted, and as known there are a number of complexities still to be worked through with regards to arrangements for members.
9. Once further details on remedy are known it is expected that it will take software companies at least twelve months to programme the software in order to accurately calculate benefits for members.

10. Therefore, ABS for 31 March 2020 will not be able to accurately reflect the outcome of either the legal case or the current HMT informal consultation.

The issue

11. Claimants are entitled under the interim order to be treated as if they were members of the FPS 1992.
12. Members who would qualify for remedy and particularly those who were former members of FPS 1992 may expect benefit statements to reflect this legal position.
13. Without a central direction, administrators are likely to act inconsistently, meaning that members will receive a different level of service and information. Throughout the remedy process, the Secretariat consider that consistency in communication and implementation will be key.

The solution

14. The Board should issue a central instruction to all scheme managers, who in turn can instruct their administrators.

Benefit statements should either be provided based on;

1. Projections to normal retirement age (accepting that those projections will be based on current 2015 scheme rules)
- or
2. Projections removed, and benefit statements to provide benefits accrued to 31 March 2020 only.

Either option would require careful communication to members, which we would propose to work with both the Board and the Fire Communications Working Group (FCWG) in order to provide standard documentation.

Board decision

15. The board are asked to agree how benefit statements should be provided for the year 2020.

Board Secretary
March 2020