



**DEPARTMENT FOR COMMUNITIES AND
LOCAL GOVERNMENT**

***Research into Fire-fighters' attitudes to
their pension scheme, including the
impact of increased employee
contribution rates***

**Qualitative Research Report
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1. BACKGROUND TO THE STUDY

Fire-fighters are at the heart of the "*fundamental, structural review of public service pension provision*" commissioned by the Government. As part of the Government's efforts to make public service pensions sustainable, affordable, and fair to both public sector workers and the taxpayer, Fire-fighters have experienced contributions increases from April this year. Future increases are proposed for 2013-2014 and 2014-2015. A statutory consultation for contribution increases in 2012-13 in the fire-fighters' pension schemes closed on 2 December 2011. The Government's final response to the statutory consultation sought to generate an altered, increased yield of 0.64 percentage points in 2012-13 from the two fire-fighters' pension schemes rather than the originally proposed 1.28 percentage points.

Before making any decisions about how future increases will be delivered, the Government is reviewing the impact of the 2012-2013 contribution changes. The Fire-fighters' Pension Committee is currently collating evidence to inform this review. Qualitative research was required to give Fire-fighters an opportunity to contribute their views about key issues including:

- their pension scheme and the benefits they provide
- increased pension contributions in 2012-2013, 2013-2014 and 2014-2015
- their motivation for continuing to be a member and – for those who did not become a member – the motivation for not becoming a member
- opting out i.e. whether members have opted out or have considered opting out and their reasons for doing so, awareness of the consequences of opting out and the likelihood of members opting out in future.

The research will be used to support the Fire-fighters' Pension Committee in identifying the key sources of concern regarding contribution increases and what the Government can do to mitigate these concerns.

2. RESEARCH METHOD AND SAMPLE

It was felt that a focus group method would be the most suitable way to tackle the research brief. The project team believed that group-generated data is rich and detailed and should provide the Fire-fighters' Pension Committee with robust, up-to-date evidence about Fire-fighters' attitudes towards their pensions schemes. Therefore 6 focus group discussions were proposed, of 1½ hours duration.

It was known that most Fire-fighters are members of Fire-fighter's unions, and that Fire-fighters' unions have made a significant contribution to the pensions debate. From experience of researching a number of heavily unionised workforces, it was clear that more active union members (e.g. representatives) can have particularly strong points-of-view that may not necessarily be shared by less active union members and could cause disruption during the group sessions. It was decided that the research method should seek to hear the views of both groups and therefore six individual telephone depth interviews were conducted with very active union members.

The focus groups were recruited so that only one respondent attended from each fire station in a region, to avoid bias or the influence of specific local factors. This proved challenging and although it was originally intended to conduct 6 standard focus groups, with 8 respondents in each, it proved more practical to conduct a larger series of mini-focus groups (1½ hours duration) with 5 respondents in each. This, in fact, proved to be a beneficial change, since it allowed additional time for respondents to express themselves about what was clearly an emotive and complex issue.

Since there was real interest in expressing opinions regarding the pension reforms, we also conducted a small number of additional telephone and face-to-face depth interviews with fire-fighters who, although interested in the research, were unable to attend the focus group session.

At the specific request of the Northern Ireland administration, representation of NI fire-fighters was added to this research study. The research was carried out in Belfast.

Our final sample structure was as follows:

Lincolnshire: 4 mini-groups

- 2 with Retained Fire-fighters
- 2 with Older members of the 1992 Scheme
- 3 depth interviews with Active Union Members
- 1 depth interview with an Older Member of the 2006 Scheme

Staffordshire: 5 mini-groups

- 2 with Retained Fire-fighters
- 3 with Younger members of the 2006 Scheme
- 3 depth interviews with Active Union Members

London: 4 mini-groups

- 2 with Older members of the 1992 Scheme
- 2 with Younger members of the 2006 Scheme
- 2 depth interviews with Active Union Members
- 3 depth interviews with Younger Members of the 2006 scheme.

Northern Ireland (Belfast): 2 mini-groups

- 2 with a mix of scheme members and rank

In total, 87 fire-fighters were interviewed for this research study.

The sample design provided an opportunity to hear the views of different groups within the Fire Service. This is a particularly important consideration since equality issues have been raised in relation to older and younger members, part-time workers and lower income workers (*Summary of Responses to Proposed increases to employee contribution rates, March 2012*). The sample structure ensured that we could identify the views of each of these groups:

- Having previously conducted groups with a mix of members of the 1992 and 2006 schemes, it was evident that 1992 scheme members can perceive themselves as better off than 2006 members. This was not a helpful dynamic, therefore it was decided to interview these two groups separately
- It was also known that older personnel tend to belong to the 1992 scheme. Therefore, recruitment procedures ensured that the groups included members nearing retirement age (for whom pensions issues tend to be most critical)
- Equally, younger personnel tend to belong to the 2006 scheme. Again recruitment processes ensured that the groups included very new recruits who will have made a recent decision about whether to join the Fire-fighters' pension scheme
- Issues have been raised about the relative contribution levels of whole-time and retained Fire-fighters, therefore it was decided to conduct groups dedicated to this segment. It was felt important to distinguish

retained staff's view about opting out, given that they may have other occupational pension funds or retirement savings to rely on

- The groups were conducted prior to the finalisation of the retained fire-fighters settlement, where the intention is to provide eligible retained fire-fighters with pension rights similar to those provided to whole-time regular members of the 1992 Scheme. Scheme membership take up by retained fire-fighters will be expected to increase following the implementation of the final settlement agreement
- The groups were deliberately biased towards the ordinary ranks of fire-fighter since it was felt that those on lower incomes may be more likely to decide to opt out of their pension
- The sample achieved a mix of gender and ethnicity, as well as ages, length of service, whole-time and retained.

A letter from DCLG (or from the NI administration), explaining why the research was being conducted and introducing RWL as the commissioned agency, was used to effect an introduction to different Fire Services. Recruitment was conducted by Market Research Society-trained recruiters, managed by the in-house field management team at Research Works Limited.

Recruitment for the Belfast groups was undertaken by RWL personnel from lists of fire-fighters provided by the local Fire Service. All other participants in England were free-found by RWL recruiters.

The research was carried out in three fire service regions in England: Staffordshire, Lincolnshire and London. The NI segment of the research was carried out in Belfast.

3. MANAGEMENT SUMMARY

Responses to the critical research issues were broadly very consistent, with no significant variations in views by rank.

Engagement with their pension varied within the sample – older, career fire-fighters in the 1992 scheme were evidently strongly wedded to their pension as promise of earlier retirement on a good fair pension at the end of a demanding working life.

Younger fire-fighters in the 2006 scheme (and particularly those who have come late to the Fire Service, having worked elsewhere) were more ambivalent about their future in the pension scheme.

Some relative newcomers to the Fire Service, however, were also well aware of the difficulty of achieving anything comparable to the fire-fighters' pension in the personal pension marketplace.

Union activists were staunchly supportive of the union position and advice to date. Their main concern was the increase in retirement age and many were able to accept higher contributions if this critical factor remains the same.

Retained fire-fighters were much less engaged with the issue of pension reform. Most saw their pension as a perk which costs them very little. Equally, none believed that they would be asked to work in a retained capacity until age 60. Most believed that they would be unlikely to opt out unless cost factors become very significant indeed.

In relation to understanding the benefits of their pensions and the consequences of opting out:

- Only union activists and older career fire-fighters were really well informed about pensions benefits
- The consequences of opting out were familiar to most, with the exception of reduced NI (although this was not seen as significant)
- Exposure to the detail of potential reform/change had the effect of creating suspicion and concern
- Seeing the detail typically created a strong sense that *"once you start changing things, where will it stop?"*
- Much of the detail about potential changes was not well understood and simply created a desire for personalised independent advice
- A change to career average was generally seen as fair
- Reducing death-in-service and insurance benefits for those working in such a dangerous job was seen as unacceptable
- All understood the reasons for public sector pensions reform but saw themselves as a unique case, given the high levels of contributions paid by fire-fighters compared to other public services.

Ultimately, for a majority of rank and file fire-fighters, it seemed that any increase in contributions above 2% and an increase in retirement age beyond 56 years would create an appetite for opting-out (or certainly real consideration of doing so).

Equally, if a groundswell of fire-fighter opinion moves in favour of opting-out then some felt that things could change rapidly.

A critical factor is lack of reliable, independent, information regarding proposed changes to the fire-fighters' pension schemes.

While many are waiting for the union to make a definitive statement about current negotiations (and some will definitely act on those

recommendations), a majority would like to know more about how changes will affect them personally.

There was strong evidence that much of the technical debate about reforming pensions is beyond the capability of many fire-fighters. A majority were confused by the figures and trade-offs involved and their inclination was to wait for someone (probably the union) to advise them what to do.

There is a need for rational, clear information about the impacts of reform. Many suggested a personalised communication, outlining their own pension position and supported by the option of consulting an independent financial advisor (paid for by either the Fire Service or government)

4. SAMPLE COMMENTS

While there were no significant differences within the sample on the basis of rank, there were differences in views between some segments of the sample:

- **Older, long-serving fire-fighters in the 1992 scheme:**

Who typically recognised the value, generosity and importance of their pension. Although concerned about changes to the pension, few were seriously considering opting-out. In the main, however, they claimed to be poorly-informed about the nuts and bolts of their pension benefits – and certainly not well-informed about proposed changes and how these might impact upon them in the future. Probing revealed that many do, in fact, have a reasonable grasp of many aspects of proposed change – and certainly there was concern that long-standing promises made about their pensions seem to have been broken. Most wondered whether uncertainty would now be the norm going forward. Increasing monthly contributions by £100 (net) and adding more than 3 years to retirement age seems likely

to make some in this segment at least consider alternatives to staying in the pension scheme. Nonetheless, a majority feel that they have 'invested too much' to opt out now.

- **Younger, recent-joiners in the 2006 scheme:**

Who were much less clear about what to expect from their pension. All were aware that their scheme is less generous than the 1992 scheme – but many (with the benefit of having worked elsewhere) were conscious that, despite this, the pension is still a better proposition than what is available elsewhere. This segment were clearly less heavily invested in their pensions – and with the added uncertainty of potentially ongoing change, some were wondering about the real value of staying in the scheme if contributions are increased. Many in this segment knew of colleagues who had opted out and a typical rationalisation for this is that current contributions might produce better value through investment in property, for example. Given that none expect to get a full pension and there is no clarity or certainty about future changes, alternatives are being seriously considered. Uncertainty is a major factor in driving consideration of opting-out – and while increasing retirement age was not especially problematic for many in this segment, any contributions increase above 2% seems likely to be disruptive.

- **Career fire-fighters and those who have worked elsewhere:**

The former segment were most unhappy about breaking what they saw as a basic promise around pensions, which was made when they joined the service. This group typically felt that it has no real choice but to remain in the scheme and accept whatever is eventually offered. These fire-fighters are anxiously waiting to see what the FBU negotiations deliver – and were typically unhappy at the thought of having to work additional years. The latter segment recognised the benefits of working as a fire-

fighter, comparing it favourably to conditions in the private sector, and were typically better informed about the value of pensions more generally. Most understood that it would be hard to get a pension comparable to the fire-fighters' scheme (in whatever iteration) in the commercial world. Some were amazed to hear long-serving colleagues discussing opting out of the pension.

– **Union activists and those who are passive members:**

Union activists were very well informed about the proposed pensions changes and able to consider the minutiae of change in some detail. Effectively their position is that change represents a 'betrayal of promises made' to fire-fighters and an unreasonable/unrealistic expectation that fire-fighters will be able to do a physically demanding job into their 60s. Many of the union activists were most concerned by what is perceived as a 'slippery slope' of changes to pensions benefits, which will inevitably lead to the destruction of a 'cornerstone' element of a fire-fighter's remuneration package. Being well-informed, however, these respondents appreciated the comparative value of the pension on offer relative to the contributions made (even at a higher rate) – retirement age was the real issue. It was known that more passive union members are, in the main, confused by everything that is happening in relation to their pensions. There was an acceptance that staff have been provided with a lot of information by the union – but respondents recognised that some fire-fighters are suspicious about this and wanted an independent perspective (perhaps from a financial advisor who could look at individual circumstances in more detail).

– **Retained fire-fighters:**

Who were clearly more distant from the pensions debate and saw their fire-fighters' pension as a 'nice to have', but not vital, element in their retirement planning. Equally, none were inclined to opt out, as current contribution levels are relatively small. This group believed that it would take a very large increase in contributions (perhaps a doubling of current levels) to make them think about opting out. Most were more concerned about the increase in retirement age than additional contributions, although none expected to be retained at the age of 60. Those who might consider joining the Fire Service on a full-time basis felt that they would look at the pension issue anew if they were accepted.

5. ATTITUDES TOWARDS PENSION AND BENEFITS

Throughout the remainder of this report, verbatim quotes from fire-fighters have been included to give a more accurate flavour of the responses obtained during the research sessions. These quotes reflect what the respondents *believed to be true* and are therefore not always factually correct.

Equally, later discussions on contribution increases and the 2015 scheme did not focus on the transitional arrangements that would be available (although it is evident from some comments that fire-fighters were aware of this when the research took place).

5.1 1992/2006 Scheme Members

When asked to spontaneously talk about their pensions, some words (both positive and negative in nature) were consistently used to describe the respondents' feelings. Positive words included: "*secure*", "*attractive*", "*generous*", "*reward*", "*fair*".

"You know you can be self-sufficient in your retirement... it allows you to pursue other things when it's all over and you're still young enough to enjoy it"

"Compared to a state pension it's very generous".

Negative words included: *"Uncertain", "State of flux", "Not generous"*

"You don't see many rich retired fire-fighters"

"Before they started changing it was a certainty – you get to retire at 55 and you geared your whole working life towards that: mortgage, kids' education. The pension was one of the reasons for joining"

"When I joined I was paying £200 into the pension – none of my friends were paying that much into a pension - and I was quite happy doing that knowing that in 30 years' time I could retire.."

"It was a good pension. Now I'm not so sure. We don't even know what the changes are really. They are going to change something that we signed up for. We feel cheated".

Few, however, believed that it would be easy to find a comparable alternative elsewhere:

"We've all done the sums and looked to see what else is out there and to be honest there is not much out there that is better than what the fire service pension is".

The most significant perceived problem seemed to be the combination of increased contributions with a change in retirement age:

"My views have not changed at all until recently. Before I knew where I stood. If I get promoted my contributions go up but in relation to what I earn. But at the minute there's figures being bandied about in relation to contributions having to go up in conjunction with working until we're 60. The problem is: where does it stop?"

"The problem with raising the age to 60 is that we know that the majority will not get to their finishing line. And if you don't get to the finishing line the penalties are massive. I've done the sums. Don't get me wrong, what they are proposing is still better than a lot of the private sector. The private sector have been fed to the markets.... But we pay in a lot and they're talking 13,14% - but 60 is the big thing".

5.2 Union Activists

Union activists were staunch defenders of the value of their pension – and clearly knowledgeable about the benefits that their pension provides:

"Pensions is the holy grail for us. It's kind of engrained in you from the start. We're a close-knit structure which is an asset in the way we do our job but you could argue from a government point of view that it's not such an asset because we link well together"

"The pension is a cornerstone of our job. It's almost like an obsession. It's a good pension, there's no doubt about that, but we pay a lot for that. You don't retire a millionaire but you retire relatively young compared to other

people but there is a reason for that because of the nature of the work that we do"

"We're aware of the ratios. There's no doubt that we know our pensions better than the rest of the public sector, I suggest"

"The pension was without a doubt a reason to go into the job, the biggest aspect of the fire-fighter's package. When I brought my 3 years army pension it was only worth two years fire service pension".

Respondents also saw their generous pension as a compensatory mechanism for the relatively constrained opportunities for reward in the public sector:

"In the private sector you've got the chance to accelerate quickly with your pay; but in the public sector, especially in the fire service, your pension is always really linked in with what you earn. So conditions of service are matched with rewards for your pension: working shifts, inflexible holidays".

5.3 Retained Fire-fighters

Retained fire-fighters were clearly less focussed on their Fire Service pension. Typical words that described how they felt included: *"reasonable"; "fair" (currently); "not unfair"; "nice to have"; "a perk of the job"*

"The pension is quite a benign thing to a retained fire-fighter because of the much smaller sums involved really. It's a secondary income so it's nice to have".

For retained fire-fighters it seemed that the pension was not a main motivator to do the job:

"It's such a small part and it's such a long way away. There wasn't even a pension when I joined. It's only since 2006 that the retained service received pension rights"

"It's not going to be a life changing figure for us".

Perceived positive aspects of the pension were sometimes hard to be specific about:

"To be honest I don't know a lot of retained who are fully aware of the benefits of the pension scheme. There is a bit of an information gap".

When pressed, respondents identified positives in terms of: the high employer contribution; death in service benefits.

When asked what the negative aspects of being in the scheme might be, none could think of any and all saw the pension as a "perk" which is nice to have but not essential:

"I would say with what has happened globally I view pensions with a great deal more scepticism than I would have done ten years ago".

5.4 Northern Ireland

The majority of these respondents were typically angry and felt betrayed by the proposed changes:

"Until this whole thing kicked off I would have said that I felt very secure. We were told when I came in: don't go looking anywhere else. You won't get it better. And that's true"

"Yes. Secure is the best way to describe it. We pay a lot of money for the pension. If somebody had told me this was going to happen back whenever I joined, would I have joined? I don't know".

The pension had clearly been part of their reason for joining the fire service:

"I was in private business and I realised I could go two ways: I could either stay in private business and get a better salary and maybe not as good a pension or go for job security in the public sector and get a good pension. And now I'm sitting thinking maybe I could be earning more and come out with a private pension that might end up being better than I am now in some ways, because I could have put some money aside".

Words typically used to describe the pension that they had originally joined were: 'guaranteed' and 'set in stone':

"Every financial decision I've made for my family I've based around that and for them to now say it's all changing is hard to bear"

"I wouldn't say it's generous because you pay for it. There's no-one out there – public or private – who pays the money we pay"

"But it's like getting anything of value. If you want a good car you expect to pay a bit more. So we understood when we went in that this was going to be a large lump sum but that you were going to get a quality product at the end of it. Unlike the civil servants who pay 2 or 3%".

Overall the pension was perceived as being 'fair' but not 'generous':

"We pay for what we're getting. That's the contract"

"I worked in private industry and I took a hell of a pay cut to join the fire service. Where would I be now? Dunno".

Positive aspects of the pension tended to revolve around notions of security:

"The fact that you knew what you were paying in and that after 30 years you got a good pension that you could actually live on. And the job security. In the private sector it's more of a gamble"

"That it was available after 30 years because we do a hard, physical job".

Secondary to this, many respondents cited specific additional benefits of the pension including the employer's contribution, death in service benefits, the option of choosing commutation (which was linked into decisions that many had made about their mortgages) and, for some, the option of being able to transfer previous pension contributions from another public service, such as the civil service or the NHS.

On the other hand, many perceived themselves to be contributing significantly more than other public servants and were unhappy that changes had already been made to the pension scheme:

"The amount that you're paying for it. The police is a similar pension to ourselves and then they certainly weren't paying what we were paying. We were paying 11% and they were paying 7%. You could argue the prison

service was a similar type of pension albeit they have to do slightly longer and they only paid 6% or something. So you were paying a lot for what you were getting"

"When they introduce the new scheme, that's fair now because people who are joining now that's what they are being offered. That's the scheme. Whereas when we joined the old scheme was the scheme and they're talking of changing it but that's not what I joined for"

"They've changed RPI and CPI. So now the pension doesn't increase the way it did. So even though it is still a generous pension it is probably going to fall back and fall back over the years. The money won't keep up with inflation".

6. MOTIVATION TO REMAIN IN THE SCHEME

6.1 1992/2006 Scheme Members

Longer serving 1992 scheme members typically felt that they have remained in the pension *"because it's a good deal, because it's generous"*.

Although contribution levels were identified as a major factor in this:

"It might be generous but we pay a lot of money towards it as well. We've been told you pay a lot in but then you get a lot back".

Younger and recent recruits, in the 2006 scheme, were more ambivalent about their future in the scheme:

"You've got to have had 40 years service to amass a full pension. How many people who have joined the new pension scheme are going to be in a

position to amass that and achieve the full whack. I strongly suspect that it's not many, so I see it as being woefully inadequate"

"There's been a recruitment freeze for 4 years so you're not getting new recruits coming in on that pension and they are limited in who they are bringing in. All the recent recruits have come in from the retained role because they are already trained and this is a cost saving for the fire service".

6.2 Union Activists

For these respondents, the main reason for remaining in the pension scheme was security and fundamental financial assumptions which are based on their pensions:

"I knew what I signed into was consistent. There was going to be no change. I knew what I would have to pay in for it each month throughout my career, so I could basically budget around that"

"I set my mortgage up to tie in to my pension essentially. I finish my mortgage as I retire. At the minute I'm going at 50. I could handle changing that to 55. But going an extra ten years is not part of the plan".

6.3 Retained Fire-fighters

None of these respondents had ever considered opting out of the pension:

"Although I know that option is there, I never have, because the contributions we make are insignificant compared to full time fire-fighters and it's a bit of a perk"

However, most were aware that the issue is controversial in the full-time service:

"If I was a full time fireman I'd be wanting to know what the hell was going on. Seems to me that there are some bad things going on".

6.4 Northern Ireland

Opting out appears to be a hot topic amongst fire-fighters in Northern Ireland at the moment – and many were considering this course of action.

The influence of the union was quite strong in this group and informal discussions about potential alternatives have already begun. Clearly there is a huge rumour mill, fomenting considerable discontent, a little more markedly than elsewhere.

Some seemed to have been considering opting out for up to a year and if things develop as feared then most appeared likely to leave the pension:

"I could take £300 a month, buy a house and rent it out"

"Every time I see my pay slip I consider whether to opt out"

At the same time, fear of the unknown clearly keeps many in the scheme:

"You're not sure what's out there"

"The answer is you get everyone in your Watch to opt out and you all buy a bar!".

Consequently, most are adopting a 'wait and see' position:

"We're poised to react to whatever happens next"

"The reason I haven't done anything is because there has been no definite decision on what's going to happen with it. You have to give yourself a chance to stay in it until that happens. My feeling at the minute is that it doesn't look good".

The influence of the union and adherence to the union line was perhaps more evident here than elsewhere:

"I say that I'm a passive member of the union and I mean that, but the word that I'm getting is always your worst case scenario."

"The union is saying that they've increased the contributions and there's nothing we can do about it. We're going to try to fight them now to bring the retirement age down and we'll see how that goes. But it looks as though you are going to have to work on until aged 60 for our scheme. I don't know about anyone else in the room but I don't envisage myself out of the back of a fire truck aged 60".

The whole issue of retirement age and concerns about the operational fitness of the 55 year old fire-fighter were high on the agenda, with many foreseeing the potential for significant disruption arising from health and sick leave problems within this age group in the future:

"It's going to come back to bite them on the bum".

Retained fire-fighters saw themselves, as elsewhere, as being only marginally affected by the changes:

"From a retained point of view, we're very lucky to get into the pension to start with. So, for me, the pension is a bonus".

For this group opting out will only be considered if contributions increased 'beyond reasonable expectations':

"If keeps on going up and they can't justify it".

7. OPTING OUT

7.1 1992 and 2006 Scheme Members

The longer serving and career fire-fighters had never considered opting out of their pension:

"Our pension scheme is far better than the 2006 scheme. You'd be mad to leave"

"I've invested too much into my pension over the last 19 years. There's really no alternative"

"There's no feasible alternative, private or public"

"It's not that simple to pull out, is it? It's locked away until you reach a certain age. Your money's frozen so if you did pull out you couldn't get hold of it".

When asked what alternatives might tempt them to opt out, few had any clear answers:

"Unless it was an equal scheme, I wouldn't"

"If they increase the contributions too much or if they made me work ridiculously longer then I might reconsider. I'm 40 and I'm expecting to retire at 51 at the moment, but if they say I've got to work to 65 or whatever and I have to pay another £200 a month or whatever, I'd come out purely out of spite"

"There's no viable alternative; it's the employer's contribution which makes it more attractive - you're going to struggle to get the same benefit as that in the private sector".

Amongst younger members of the 2006 scheme, however, there was a strong belief that some colleagues were seriously considering opting out, with investment in property the most popular alternative investment vehicle:

"The only viable option I've got is to come out of the pension and buy a property. I've heard a lot of people threatening to come out. Whether it's bravado or not I don't know"

"At my watch 2 out of 10 so far have pulled out of the pension".

Most of these respondents have considered opting out, but have decided to 'wait and see' the outcome of ongoing negotiations:

"I would like to have more information before making that decision. I have considered opting out but I'm not likely to do it unless I'm in full possession of the facts"

"For me I'm going to wait and see what happens over the next 12 months. There's a lot of talk in the FBU at the moment around pensions".

Perceived reasons for considering opting out included:

- Possible better outcomes: *"Value for money. Can I get a better return elsewhere on my investment by doing something else"*
- A perceived betrayal of promises made: *"The government has shifted the goalposts by increasing our contributions and if it happens again I might consider"*.

Many felt that the situation has been exacerbated by the fact that there has been no pay rise for three years, which has increased the focus on contributions and perceived value of the pension.

When asked what factors might force their hand in relation to opting out, most cited levels of contributions as a major issue:

"If I find I am having to spend a lot more money and the return that I'm getting in the future is down, then I'm out. I'm at the point at the minute where I'm OK with it but if I start having to pay any more and get any less I'll be gone"

"Paying more and getting less is going to be the most important factor in determining my decision"

"We're paying out £300 a month for our pension as it is. That's a massive chunk of money out of your salary and you think: what else could I do with that money? Shall I keep it in my back pocket and spend it? Live for today!"

Others were concerned that, if the pension can be changed so fundamentally on this occasion, it might happen again in the future:

"We're probably not as badly affected on the new scheme as they on the old scheme with the changes. But the uncertainty is the thing because having introduced a new scheme in 2006 you'd have thought that that scheme would have existed for the foreseeable future but already they are creating another new scheme from 2015 which is only 9 years from the last effort. So what's to stop them in 2020 changing it again to something even worse because it certainly isn't going to get better? So if every 5 years it's going to get worse people who have still time to do are just going to opt out. It's not going to worth their while sticking with it".

Others simply felt that it might be better to put their income to good use in the short term and not worry about the future:

"At the end of the day a pension is a bet – you're gambling on how long you're going to live basically. To benefit the most from it you've got to live a long time"

"If you've joined the fire service late in life like many of us here you're not going to get the full pension anyway. I can only get 20 years, so I can only get 20/60ths which isn't a lot when I get my forecasts so I'm thinking that money I'm paying every month could go towards another house that I could sell when I retire. A house is an option definitely".

7.2 Union Activists

None had ever considered opting out until now. All, however, were thinking about opting out at this moment:

"Definitely. Without a shadow of a doubt. A few of us have had chats in meetings and we've all mooted that if things were to decline, we'd all of us have to get advice, look at figures and decide what to do next. It might be a question of having the money in your pocket, paying the mortgage off quicker, put the money somewhere else basically"

"Previously none of this extra contributions or age was proposed. You knew where you were"

"They've moved it now. It could move again. And working to 60 is ridiculous. Most won't make it, so your pension, which was once secure, becomes a gamble. And if your fitness levels don't allow you to make 60 you get massively clobbered in terms of percentages according to figures that the FBU have released "

"Once they start chipping away at our pension it's a slippery slope. We've seen it before".

Some suggested that colleagues have been seriously considering opting out but that the FBU has advised them not to do so at the moment because things 'have not been decided'.

"We're still negotiating, we don't want to go on strike. Let's see how bad it's going to be before we do something hasty".

The consequences of opting out were uncertain for most:

"I'm unsure. I would have to provide for my family; maybe I'd invest it; maybe pay off the mortgage quicker. It's possible I might also buy another house"

"I'll probably end up claiming the state pension; I may possibly lose death in service, so there'd be no safety net for the family there".

7.3 Retained Fire-fighters

Despite their apparent lack of focus on the pension, some were now considering how to deal with the opt-out question:

"Given that the contributions are going to go up I think potentially I will look at that as an overall review of my retirement package".

When asked what might make them opt out, most focussed immediately on levels of contribution as the primary concern:

"If the rates were going to change drastically. If the viability of it - i.e. the payout compared to what we're paying in - changed so that we're paying in more than we're ever likely to see. The importance of it is of a different scale for us".

Few knew of anyone who has opted out and clearly pensions is not a major topic of conversation amongst the retained fire-fighters, as it is for full timers:

"I've never had a discussion or a debate about pensions – ever. It came in in 2006 and I thought 'Great'. We're putting 8% in, or whatever it is, and they're putting in 22%. Happy days. Thank you very much".

7.4 Northern Ireland

Prior to the current pension negotiations none in this sample had ever thought of leaving:

"Because it's money that you never have. It's money that's never in your pocket but it's waiting for you. It's like regular savings. You don't touch it. you don't begrudge giving to it because you know what you're getting"

"No, because it's been the pension that I've paid in to for eleven years. Why opt out and then have to find another pension. The pension may be changing but my need for a pension hasn't"

"I started thinking about it when they started tinkering with it and I realised that the supposed ring-fence wasn't a ring-fence and that they were talking of doing away with FPS and the NFPS and coming up with a new fire-fighters pension scheme. Well that's not what I joined".

None knew of anyone who had opted out thus far, and in the knowledge that negotiations are still ongoing, the majority are waiting to see what's on the table before coming to a decision regarding opting out:

"It depends on what they come up with"

"We need facts and figures and then you make your decision"

"I have 5 years to go. I'm just crossing my fingers. And my toes as well. I just hope this turns out alright. With 5 years to go, where else do I go? If I had only done ten years I would seriously be considering alternative options"

"You have to take into consideration what the union is saying because if the union are going to fight it and you opt out next year because they're telling you you have to pay 2% or whatever it is and they win it three or four years down the line you'll have lost out".

At the same time, many were resistant to the idea of change per se:

"Changing the pension full stop. Increased rates, the amount that I'm going to have to pay extra. Nothing's been agreed so you can't sit and work anything out. You can only decide when you have all the figures. It may well be that I decide to use that three, four hundred pound a month that I'm currently paying and do other things with it which will in the end, in twenty years time, be there. The government can't touch it, they can't change it, they can't tax it, they can't take it off me"

"I'll have to wait and see. It's not something you can just rush into. We don't know until they tell us what they're going to do"

"The fact that the agreement that we agreed to and the contract that we signed, they're breaking it. If they want to change it now, fine, change it for people who join now because people know what they're getting into"

"I was intending to go when I was 52 and now they're saying I'm going to have to stay until I'm 55 or maybe 60. So that's another 8 years paying a pension to get less than what I was getting. That's a lot of money if you're paying £400 a month. And now they're talking of taxing the lump sum".

8. CONSEQUENCES OF OPTING-OUT

Responses to this issue were common across all segments of the sample.

There was a mix of views, but a majority of the sample shared a common uncertainty about whether it would be better to have their contributions as 'cash in hand' or to leave it in (what is now often seen as) an uncertain pension scheme:

"The money that you've put away gets locked away until you reach state retirement age but you would have the money that you paid in your wage packet. What you do with that is plan for the future"

"You'd have more cash in your hand but you'd have the uncertainty for when you retire"

"I'm not sure we have any options"

"The way the pension is designed at the moment is because historically fire-fighters didn't last long after they retired which is why you had the commutation which everybody took because that way you were guaranteed to get some money"

"I suppose you've lost a bit of a safety net haven't you so it's a loss of peace of mind"

"The money you've paid in gets frozen so you've got that money to do something with"

"If I opted out I would save £400 a month because I'm paying retained as well, and that's almost a mortgage".

Although many felt that finding another investment route would be a 'hassle', investing in property was seen as the preferred option. Indeed, for some, the property market represented a potentially better option than the pension route:

"If I'm going to have to work extra years that means I'll still have 25 years to a 25 year mortgage. If I use the money to buy a property and rent it out the rent is going to cover the mortgage so the property's not costing me anything".

Some worried whether, if they opted out, they would they be covered for injury/accident/death, although some clearly believed they would be covered by their FBU membership.

Equally, some were concerned that mass opting-out might cause the scheme to collapse:

"If we opted out it would mean there was less money going into the pot for people which would make it worse for people who stay in".

9. RESPONSES TO CONSEQUENCES STIMULUS

9.1 1992 and 2006 Scheme Members

These consequences were familiar to a majority of the sample.

None realised that fire-fighters pay a lower rate of NI.

None of these consequences, however, seems to have had a significant influence on decisions to remain in the pension or opt out:

"As I said, I've invested too much into it to give up on it now. I've been in it for 15 years so it's a big gamble. If you're past the halfway mark there's really nowhere else to go".

Most respondents were not interested in the detail of these consequence statements, which were seen as overly complex:

"I've just got a very simple understanding of my pension. I pay in every month and at the end I get a lump sum and a payment every month and that's as much as I need to know. I'm not bothered about the rest of it"

"It would be nice to know what the actual monetary figures were so that you could weigh it up to see whether it was worth it - only then can you make a decision".

9.2 Union Activists

All were familiar with these consequences (even National Insurance) through FBU communications and were not very concerned:

"These will not have an affect on my decision. What will have an effect on me overall is the conditions which we have to adhere to in terms of how long we have to work for and how much our contributions are going to change by"

"We pay a massive amount and the reason for this is because we used to die quite soon after retirement from the fire service. So we paid quite a lot

because we got out relatively early due to the nature of the job. To be fair, there's a lot of health and safety now and people do live pretty much as long as everyone else on average. Now they are lifting us to other people's age of retirement, why shouldn't we pay less, the same as them? Why are they paying 5% and we're paying over 11%? And they're talking of 13% which is a huge amount"

"What we're paying now is a fair amount for a fair pension".

9.3 Retained Fire-fighters

Most were not aware of the lower NI rate, but overall found the consequences unsurprising. None of these issues have apparently played a role in their thinking about the pension:

"I suppose these are probably good reasons for not opting out if you think about it, particularly the ill health one"

"Financially most of these don't make a big difference with the pay that we get. The figures are so much smaller in our case".

The pension, overall, was seen as something that cannot reasonably be criticised:

"It's there. It can only be a good thing because we're essentially, with their contribution, getting money for nothing. What's not to like about it?".

9.4 Northern Ireland

Again, with the exception of lower rates of NI contributions, most of these consequences were familiar to most respondents but none were thought likely to influence decision making or to have a significant impact compared to any fundamental increase in the contribution rate.

Some, indeed, were actively defiant to being shown the Consequences statements:

"Those scary things don't scare us!"

"If the government want to push me into that corner I'll go on the benefits and it'll cost them in the long run".

Reference to health and death in service benefits were particularly considered to be an irrelevance, with many citing FBU membership as already providing death in service benefits:

"They have shied away from all health pensions in the fire service, so I've got nothing to lose anyway"

"A lot of the ill-health pensions have been taken away from the scheme anyway so that's a smoke screen"

"They've brought in these physicals every six months for operational fire-fighters and if you don't meet the required standard of physical fitness you can be put off the job until you bring yourself up to that level and if you don't bring yourself up to that level you can be put out of the fire service. To me that is a medical retirement but they're saying it's up to you to keep yourself at the peak of physical fitness in order to do that job. Which is essentially a sacking so you get a deferred pension..".

10. FEELINGS ABOUT 2012-13 CONTRIBUTION INCREASES

10.1 1992 and 2006 Scheme Members

Older fire-fighters knew little about public sector pensions reform:

"I know absolutely nothing about the proposed reforms but I've heard a lot of rumours. There's nothing written down, no-one's said anything definite"

"You hear these things but you just don't know what to believe. The union tell us stuff and the fire service give us things that challenges all this information. It's all very complicated"

"Nothing that is sent out is ever definite. It's all rumour. You switch off after a bit".

Younger respondents were much better informed and typically focussed on the perceived injustices of the reforms:

"They're essentially asking public servants to pay more in and get less for working longer. It's all about cost"

"The reason they are putting the contributions up and changing the schemes wasn't necessarily to pay for the pensions themselves but to pay for the hole in the deficit caused by the banking crisis and other factors. Is the increase to do with the government not being able to afford to pay the pensions or is it to fill the financial hole that has been created by others? Why should we be paying for other people's inadequacies"

"They want to reduce how much you receive, they want you to work longer and pay more. That's my understanding of the whole situation"

"It's all part of the austerity measures, trying to pay off the national debt and everything. There's a recession and they've got to tackle the debt somehow and the pensions are just another thing they can attack"

"I think the public who don't work in the public sector perceive that they are very expensive schemes for the tax payer and they're unfair. They are more generous than any private sector pension scheme. But I'm not sure the public understands that we pay towards them"

"It does appear that all public sector workers are in this together but none contribute as much of their salary towards their pension as we do – like prisoner officers and MPs".

Overall, most of the respondents believed that there is something of an information vacuum around pension reforms with considerable misinformation floating around:

"We don't know what that money is being used for".

Consequently, many do not feel that they know enough to say whether the contributions increase is reasonable or not:

"I don't feel we are in full possession of all the facts"

"The fact is our contributions are already among the highest in the country anyway. So I think the increase is not fair, not right. I'm not happy".

However, there was also some sense of resignation and many clearly feel relatively helpless. Given this feeling, it was clear that opting out is a definite option and a significant number were contemplating this:

"For me, if I'm going to pay more, the time I've got left to pay in the pot might not benefit me in the long term"

"My main concern is having enough in retirement to fund the standard of living – to live comfortably in other words. You've put the time in so you want to have the benefit in retirement. It's not looking that way really"

"The pain now might be worth it if the future benefit is guaranteed. If you have pain now and you're going to get shafted at the end of it, then it's not worth staying in".

10.2 Union Activists

Knowledge of current pensions reform was often voiced in terms of the mantra 'work longer, pay more, get less': *"it's pretty much what it is"*.

All were clear about the reasons for changes:

"To make the pension system more sustainable so the tax payer is not suffering a deficit".

Overall, though, their understanding was definitely more sophisticated than the majority:

"Pensions as a part of GDP are actually forecast in the 30 next years to come down to a more sustainable level. I remember the government saying they

were unaffordable on the back of all the Hutton stuff. But when the actual facts come out it didn't support their argument. It wasn't unaffordable".

Responses to the current increase were generally balanced in relation to contributions:

"Fair and reasonable. I've got no problems paying a small increase. I appreciate that the economy is struggling and the government is trying to pull the money in from everywhere and reduce money going out. But the problem I have with the 3.2% increase over three years is where does it stop? That's my biggest concern - this is the thin edge of the wedge"

"I don't think most would mind taking a hit to a degree but it's the amounts they are going after. And this 60. I'm not going to pay a load more for something I might not get".

These respondents, however, were much more concerned by the prospect of working longer. It is the combination of an increase in contributions allied to an increase in the retirement age which seems to be a 'deal breaker' and may push some into opting out:

"If there was a realistic retirement age I might look at the increase in contributions differently".

Also, for many the situation has been exacerbated by the lack of any pay increase for three years:

"Opting out will address the wages that I've lost in terms of my back pocket, take home pay. I think many will view it in these terms"

"One thing to say about these rises in contributions. They don't go into a pension pot. They go straight to the Treasury. That is just a tax rise, as simple as that. They are just taxing me. It's common knowledge".

Thinking in more detail about the issues made them frustrated, angry, confused and uncertain:

"I don't want the union to go on strike – there needs to be clarity and at the minute there isn't any. I want the government to set a realistic retirement age, this is more important than contributions..."

"Also I think the protection issue is unfair because you don't have it if you're not within 10 years of retiring and I've worked longer than some people and yet they have less than ten years to go and yet their pensions are protected and mine isn't"

"The government need to be clear where they are going on contributions and not keep changing the goalposts".

10.3 Retained Fire-fighters

Knowledge of the proposed public sector pension reforms was poor:

"I've heard stuff about it on the news but, to be honest, that's about it".

Most were aware that the government is looking to increase contribution rates and increase the retirement age. Many also believe that they might also be altering the commutation rate, while protecting older fire-fighters.

Reasons for changes were imagined to be: the global economy, the British economy and the government deficit:

"The talk of people living longer makes me laugh. Some may, some may not".

The contribution increase overall was seen as potentially divisive within the service:

"A massive amount, nearly double - I think the principle of the increase is OK but the amount of it, the percentage is too large. They are doing a gradual increase but from year one to year three it's going to go up hugely".

However, for most the changes were not entirely unexpected:

"It's been mooted for a long time, hasn't it? Plus it's not just the fire brigade. It's the whole public sector".

For this group personally, the sums involved are seen as relatively small:

"Last month I paid £62, so potentially, when all the increases have been implemented I will be paying £120 (£15 a week) on a monthly income of £500 – it's not big amount is it?"

"For the full timers it'll be a big whack and the government is going to be putting less in. But it's not such a big deal for me".

In terms of how they feel about the changes, disappointment and resignation were the most common emotions:

"It sounds like a done deal unless we resort, as a union, to strike action which, I think, has proven not to work in the past".

10.4 Northern Ireland

Knowledge of public sector pension reforms overall was sketchy with ignorance being fanned by uncertainty:

"There are a lot of rumours flying around at the moment but nothing in black and white"

"There's a huge rumour mill and a huge degree of uncertainty which is why a lot of people are considering leaving the scheme".

Overall the impetus behind reform was largely ascribed to a deficit at the heart of public service pension provision and there was considerable grievance at the perception that fire-fighters were being unfairly treated in comparison to other public sector workers:

"They're increasing them because they don't have enough money to pay out because we're financially in trouble"

"They're squeezing us because they don't have enough money for their pensions. They're not as good as ours but then they're not paying for it"

"Our pension fund is self-funded by us in that the money I pay in funds the pensions of the guys who have retired. Whereas the government are paying for other people's pensions. So they are giving them these great pensions and are only asking them for 3%. You know what? Let other government employees pay 11%, then all of a sudden all this problem goes away"

"They keep saying they have to bring public service schemes more in line. But they can't bring them more in line with each other because ours is investment based and theirs is budgeted. So how can they justify the levels of contribution that they are charging us when we don't have the same providers that they have?"

"The fire service pension pays for itself. There is no black hole in the fire service pension. They're just trying to get money from everywhere here"

"I just think we should get what we've paid for"

"I don't mind paying more than other public sector workers so long as we can retire a wee bit earlier because of the nature of the job."

"The difference with other public sector workers is that you can't do the job beyond a certain age"

"At the moment there are more pensioners than new people but it's getting to that tipping point. People will opt out and there won't be enough being paid in to pay the rest of us".

All were concerned about the implications of reform for their future security and there was a consistent call for the government to guarantee what they promised:

"I have made all our plans on the promises that were made to us 20 odd years ago and we are too far on to be able to do anything else"

"Make the changes now for the people who are joining now because the people now joining know what it is they are joining and can plan accordingly. Because this is all about planning"

"I am starting to resign myself to the fact that there is no such thing as a secure pension. I might just clear off and work abroad"

11. REACTIONS TO 2012 – 13 CONTRIBUTIONS INCREASES

11.1 1992 and 2006 Scheme Members

For longer serving respondents, the increases were disappointing:

"It grieves me because when I joined the fire service you were told you pay this much in for 30 years, you can retire then on a lump sum and a monthly salary and I fulfilled my part of the bargain. And none of this recession is of the fire-fighters' making, is it? I know that might sound very selfish but I don't see why I should be paying for someone else's mistakes. My building society wouldn't turn round to me say I'm sorry but your house is not actually yours after paying your mortgage for 25 years"

It was clear that most felt the increases represent a contract that has been broken:

"You signed a contract originally for your pension and they've completely changed the rules"

None saw the increases as being either fair or reasonable:

"We pay a lot as it is"

"We didn't expect this increase when we signed up. I thought they might change it for new recruits rather than for everybody. We signed up for something specific but apparently we just signed up for a pension"

"I agree that with the way the country is at the moment, financially speaking, changes had to be made but what grieves quite a lot of people is that we're working longer and paying more into our pension and getting a lot less out of it. So you're being hit on three fronts in a sense".

Concerns were focussed on the possibility that more changes (assumed to be likely to be detrimental to the interests of members) may occur in the future:

"It's ongoing. You're paying more into your pension, so you're helping to bring the debt down, but there's more to come. There's a 3% increase with 1% so far. I don't think anyone disputes doing their bit. Everybody's got to chip in, so you don't mind paying a bit more – but where will it end?"

"I accept there should be a little fine-tuning to make it more appropriate to the modern fire service. It was designed the way it is because fire-fighters didn't survive, they didn't have a long term life after retirement. If anyone lived longer than 30 years they got a round of applause, didn't they? It was a rarity for anyone to take out more than they'd put in – but that's how things are going these days and I think they'll have to make more changes"

"My fear is that they're going to change it every ten years so that it's just going to get worse and worse"

"They said in 2006 they were going to change it and this was going to be it. But four years down the line it's all change again. Where will it stop? If they

were going to keep the pension as it is and we had to pay a bit extra, I wouldn't mind that. But that's not what seems to be happening".

All were keen that the government should state very clearly that there will be no more changes in order to reassure fire-fighters:

"We want them to come out and say this is it – no more changes after this, so that our pension is ring-fenced..."

11.2 Union Activists

Activists mirrored many of the broad feelings of the other sample segments, but were typically much more sanguine about the proposed contributions increases:

"We can live with the increases – it's the retirement age that is the sticking point really. Sometimes you have to pay more for a good thing. Although it is disappointing of course and I would rather it wasn't happening".

11.3 Retained Fire-fighters

This segment of the sample were not personally concerned about the likely increases, since these are seen as relatively small in net terms:

"I can see how the full-timers are really worried, it'll be a lot of money for them – but it's nothing major for me, so I'm not worried and I wouldn't be thinking of opting out at these sorts of levels".

11.4 Northern Ireland

There was a general anger about the current increase. Few could see any real justification for the increase and there was anger about the slow drip of planned increases:

"You're paying more and getting less and knowing there's more on the way"

"It's slightly underhand. They're banking on you getting used to it in incremental stages. If they had had a straight 4% increase there would have been a mass exodus because no-one would have stood for it. They're trying to break it in gently so that they don't lose as many people"

"Why are we paying increased contributions to a scheme that in all probability isn't paying out at the minute?"

Retained fire-fighters appear not to have noticed the rise in contribution rates.

12. FEELINGS ABOUT 2013-14 and 2014-2015 INCREASES

12.1 1992 and 2006 Scheme Members

All were aware that there will be further increases, although there were some different interpretations of important issues and a degree of confusion:

"They are negotiating the retirement age, they are raising that. It's currently 55 but they looking to raise it to 57 or 58 I think"

"But I started when I was 22 so I should be able to retire at 52 after 30 years service. But they are basing all their calculations on 55 and that only works for people who joined at 25 doesn't it?"

Future increases seem obscured by uncertainty, confusion and rumour:

"I can't say if increases are fair or reasonable if we don't know what they are – in 3 years time you don't know what's going to happen"

"If the government changes again do they then just scrap the old government's plans and start all over again? That's the problem. Where will it stop?"

Respondents feelings about the changes were mirrored in the language used to describe their responses: 'uncertain', 'cheated', 'powerless', 'frustrated', 'angry', 'annoyed', 'fuming'. Although a sense of resignation was also evident:

"I think what will be will be. You can't do anything about it, can you?"

Some were surprised that the government is not apparently trying harder to keep fire-fighters in their pension scheme:

"There's already a shortfall. If more people leave there's going to be an even greater shortfall so it's in their best interests to try and keep people in. So you've got to have incentives to do that. And they don't seem to be showing a lot of incentives to us at the moment"

12.2 Union Activists

All were aware that there will be further increases over a three year period.

These proposed increases were seen as unfair if they take the full amount – particularly for their colleagues on the 2006 scheme. The increase from 8.5% to 13.2% was seen as “a huge hike” and it was widely thought that many on that scheme will ‘bail out’.

The scale and levels of the increase were thought to be ‘outrageous’ compared to rises for other public sector organisations.

12.3 Retained Fire-fighters

The majority were aware of further contribution increases down the line, though none were sure of the exact figures:

"I'm well aware of the impact that this is going to have on my full time colleagues and their attitudes towards it but for the retained it is simply not a contentious issue and is not really discussed as such".

12.4 Northern Ireland

As elsewhere in the sample, all were aware that there will be further increases and response to this was a mixture of anger, resentment and disgust.

Although none saw these further increases as being either fair or reasonable, there was some suggestion that an increase in contribution rates might be tolerated (depending on the scale) provided there were no other changes to the terms and conditions of their pensions:

"If they say we'll give you what we promised I would bite the bullet on that because it's still a quality product".

Many were suspicious about government intentions and worried that there would be even more increases in the future:

"So what happens when the next government comes in?".

13. RESPONSES TO HYPOTHETICAL INCREASES

13.1 1992 and 2006 Scheme Members

Few expressed any surprise at the proposed figures and there was considerable discontent across the sample:

"This is what I expected. I'm not happy"

"This just goes back to what I was saying about getting worse off year on year. I suppose it comes down to where you draw the line, particularly since we're not getting a pay increase"

"These are not figures that we're unfamiliar with. They've been bandied about"

"It's a big chunk out of your wage. Everything's going up – the price of fuel etc. There's been no pay rise so you're getting left behind with that. And then you've got these increases of top of everything else. In effect we're getting a pay cut".

In terms of what percentage increase might cause them to opt out, there were differing views between younger and older respondents.

Older respondents appeared more likely to accept a higher increase:

"I feel as though I'm trapped because I've put over 15 years in now and if they turned round and said you've got to put another £100 a month in I'd feel stuck in it. I've got no choice. I've got too much invested in it already"

"I agree. I wouldn't want to lose a guaranteed £18,799 a year for £75 a month. That's not to say I'm happy about it, mind"

"But it does come down to your monthly budget. If someone doesn't have £75 a month to spare, what can they do?"

However, there was a general sense that these older respondents would probably accept a 4% increase:

"If they said the contributions were going to increase by 4% I'd definitely book an appointment to see a pensions adviser. And if there was something comparable outside then I'd think again"

"4% has got to be a maximum. Anything over and you'd start to explore other options"

Younger respondents were generally less accepting of the increases and seemed much more likely to opt out at anything over 2-3%:

"I might take the increase if I had it in writing that it wasn't going to change again, but if I knew there was going to be another hit three years down the line I'd probably cut my losses and leave the scheme."

"Anything above 2% you start thinking: well, you're paying £300 a month. Paying another £75 is ridiculous compared to what your wages really are"

"At the end of the day, most fire-fighters are reasonable people and you understand that the country is in the state it's in and we're prepared to do our bit..."

*"Even 2% is taking the ***** because wages haven't gone up – so that 2% is not 2%. You've got the cost of inflation so your money is worth less and you're not getting a pay rise. So that 2% is probably equivalent to about 5% if you take all the other factors into consideration".*

On balance, it was evident that the majority of younger respondents would probably accept the 2% option:

"You'd take a little bit. I'm looking at that and thinking, OK we'll be reasonable and meet you halfway. But then we get to 2015 and they'll want to stick another 2% on it. When is enough enough?"

"2% is the limit. You take so much on the chin and then you think they are taking the Mickey"

"£37 you're probably not going to miss it a great deal. I'm not saying there isn't anybody who isn't going to miss it but anything more than that and you're going to start noticing and have to start thinking about what you're doing"

"If they said you've got to pay £75 a month more but you get the same lump sum and you can retire after 30 years service then I'd say OK"

"I don't mind paying a bit extra as long as we can keep the conditions that we signed up for".

13.2 Union Activists

Most were outraged by the figures, but not surprised:

"They are large amounts of money when you factor in the cost of living, fuel prices etc, that's a huge chunk of money"

"Spending the best part of 15% of my salary on a pension is, to me, outrageous"

"It is money I would have to spend on my family rather than paying straight to the Treasury. It's a stealth tax. We know that".

Union activists were particularly incensed at what they perceived as an attack on two fronts: increasing the contribution rate as well as extending the retirement age, so found it hard to separate the two issues.

Essentially, however, even for the most militant, the bottom line is a 2% increase with 13% perceived as the absolute limit of acceptability – and only if they get the age limit right:

"You've got to draw a line"

"It's an occupational pension. It's got to be related to the work you do".

So, on balance, a 2% increase in the contribution rate in combination with a retirement age of 56 was seen as an acceptable compromise:

"This is not just the FBU brainwashing us. We've all got minds of our own. Sure they've got their own agenda, but for a union I'd say they are as pretty balanced as they could be".

13.3 Retained Fire-fighters

Most think that they are currently paying 8% of their fire-fighter earnings towards their pension and that it is going up to 14.9%.

Since their contribution is about 1/12th of full timers, the general consensus was that the figures don't really affect them and so most were not concerned for themselves:

"Yes the percentages are going up but the amounts that we are taking about are not huge".

For the retained fire-fighters the issue is less to do with the percentages than with the actual net cash sums involved and in order to make a decision about whether to opt out or not they would need to see the exact figures:

"It wouldn't have to go much beyond double before I would seriously start thinking about whether it was worth it"

"I get my tax allowance on my main job and I pay flat rate on my fire-fighter earnings. So we are taxed relatively heavily anyway. Plus National insurance.

I pay about £60 a month towards my pension. I wouldn't want my pensions contributions to go up by much more than that".

13.4 Northern Ireland

Responses to the range and effect of any contribution increase were quite heated amongst members of both schemes, and it was clear that any discussion of a contribution increase was inseparable from the issue of the retirement age:

"This is all theoretical. You can't sit and work anything out until it's agreed".

Some were in no mood to compromise:

"If the government didn't give so much money away to foreign countries we wouldn't be in this position, so why should I pay for that?"

"If they say they are increasing contributions and that I have to work until I was 60 then I'm offskie"

"I would always go with what the union says because I'm part of the union".

At best, 2% was seen as the absolute maximum that could be tolerated, although for many it was lower:

"Anything over 2% and I would be struggling"

"1% is looking bad. 2% I'm already out the door"

"I get paid weekly and I pay my mortgage weekly. I can absorb £4 and I will bite the bullet and do that because I'm on the home straight. If my union tells me to accept that I will support the union"

"I'm in a better position than most because I worked in the private sector and was earning substantial money. I'm 37 and have 2 years left on my mortgage. So is this going to affect me? Realistically no. So all of a sudden I'm going to have a lot of money to play with. Am I going to give it to the government to subsidise something else? Not a chance. I'll just pull out of the union and go my own way"

"If the pension contribution goes past 12% I'm probably out".

There was also a very clear sense that their grievance at any further increases is exacerbated by the current pay freeze and by the perception that they are paying much more than other public sector workers:

"Why should other people pay 2% and get a good pension when I'm paying 11% already?"

"To be honest I'm bailing out when the union come back and say we fought that case and they're having none of it. That's just how it's going to be"

"For a 1% increase you can get Sky+ for that! And that's on top of what you're already paying. Plus you're not getting a pay rise"

"If we accept 1% you'd want some security. There is no guarantee that it's going to stop there"

"There are 20 fire-fighters on my Watch and the consensus is if they implement this let's get out of here".

14. ATTITUDES TOWARDS PROPOSED 2015 SCHEME CHANGES

14.1 1992 and 2006 Scheme Members

Awareness of other potential changes to the terms and conditions of their pensions was variable, although all were aware of the proposal to increase the retirement age:

"They're saying that with all the technological advances fire-fighters are capable of working beyond 55 in an operational role"

"They say these changes are subject to regular review – so it's going to get worse! Fair enough at a national level people are living longer but can you see fire-fighters attending a fire at 60 plus?"

"All these figures are based on you retiring at 60. You won't get this if you retire any earlier".

There was widespread awareness of the change from final salary to career average pensions, which was seen as a means of stopping people getting last minute promotion and cashing in, and which was broadly supported, although some did not fully understand the implications: *"it just means you'll get less!"*

"They're saying these saying these changes are subject to regular review – so it's going to get worse! Fair enough at a national level people are living longer but can you see fire-fighters attending a fire at 60 plus?"

"All these figures are based on you retiring at 60. You won't get this if you retire any earlier".

For older respondents, a lot of the detail in the proposed changes stimulus was very confusing. In particular there was little understanding of: the change from monthly to weekly; the current commutation rate is and what the maximum commutation is; what % of salary is 'notionally' put aside:

"All I understand is that they are less generous!"

"I wouldn't have any problems with these new changes if it was just for new entrants!"

"This is just saying we have to work longer, pay more and get less out. How's that sound?"

"There's a lot of extra conditions here and they are all bad!"

"And these figures also seem to be based on the assumption that your income will increase by 3% each year. That's not going to happen is it?"

Younger respondents were also confused and it was clear that many didn't actually understand what they were reading, with much of it seen as too wordy, and with too much jargon:

"Pension talk is never clear, is it? There's a lot here I don't understand. You want it in layman's terms"

"It's all too complex. We need a simple guide so that we can compare what we would be getting on the current condition and what we would be getting after the changes. Just a simple before and after. This is all very confusing"

"The whole area of pensions is too complex. Everyone's got a different view – the government, the unions, the fire service. You don't know who to believe"

"These figures are all based on accruing the full amount which virtually none of us here are going to do. So again they are not really figures totally pertaining to us. I'd like to know what my actual figures are going to be. This is too theoretical"

Underlying much of their concern was a belief that these changes would not be the last:

"You see that bit 'Normal Pension age will be subject to review'. So there you go. They're already saying that they are going to change the goalposts!"

"You don't expect to be exempt from changes but the sense I get is that these sort of changes are going to happen again and again and again. It's all very well us saying we'll draw the line at 2% but it's not really going to be the line"

"The fact is we are paying the penalty for our predecessors and the good payouts that they've had from the pot. That's come to an end and we're paying the price for that"

The overall response was one of frustration, compounded by a strong sense of uncertainty; most are worried:

"It's not very clear from this what we would be getting. We just know that it's increasing. We don't know what the outcome is"

"I have to say I'm a bit sceptical about what the union is saying. They're just opposing whatever is being proposed. They're going to pick the bones out of everything – that's what they do! They have their own agenda".

14.2 Union Activists

Activists appeared much more likely to be familiar with many of the proposed changes, such as career average, the change from 1/60th to 1/57th and the changes to commutation factors and were clearly more informed than other respondents in the sample:

"When they're giving you money it's CPI. When they're taking money from you they want RPI".

Their overall response to these proposed changes was predictably negative and resistant but none were surprised:

"It's just robbery, isn't it?"

"Every way you turn they are trying to make sure you're knobbled."

"The age thing sets the tone on all the other things"

"A lot of it is the uncertainty. Currently with our pension we know where we are and that's what we signed up to but with all of this there's nothing that's constant in it. It could all change again. That's what concerns me the most"

"They are trying to take too much. And if 8% of the force bail out the scheme will fail".

14.3 Retained Fire-fighters

The retained section of the sample were clearly much less informed about pensions generally and had difficulties understanding much of the substance of the additional proposals. They were mainly only aware of the increase in the retirement age, against which there was considerable antipathy:

"The unfair one to me is the retirement age. I understand that it has to be moved but you have to be realistic about the job that we do. Running around putting fires out at 60 is not really on – even at 55. The job takes it out of you"

"That said, I really can't see us being retained at 60".

The majority appeared to have no issue with the change to career average:

"It'll only affect the officers - you hear stories of people fiddling and manipulating final salary schemes so I think this is a good change".

Overall, few expressed any strong feelings towards the changes because of the amounts involved.

14.4 Northern Ireland

Awareness of other changes to the pension was generally low, although all were familiar with the proposal to increase the retirement age and some had heard rumours about 'taxing the lump sum'.

With very few exceptions the majority of this section of the sample found much of the information contained within the 'Proposed Changes' documents difficult to comprehend with too much jargon.

Overall response to these further proposed changes to their pensions was that most of it appeared to be 'bad news' and was likely to harden positions further, particularly in combination with the proposed contributions increase:

"They are asking you to pay more and they are just stripping your benefits away one by one"

"They are making you pay more for less of a pension"

"They are bringing us closer to the public service schemes and they are not lowering our contributions. How can that be fair?"

"The government wants to break the strength of the union so that they can just force changes through. But the problem is everyone might just wake up and smell the coffee and pull out of the pension and it's going to cost them even more money in the long run because they're going to have to find the money to pay the pensions because we're not paying it"

"Northern Ireland is in a different position to England in that we have the Assembly and we have a good relationship with the Assembly, the FBU has. And I think even to a certain extent the Fire Authority and the Assembly. And I think it's nearly got to the point where the FBU Region 2 will go their own way. We may well negotiate local and regional rates of pay and possibly of pensions"

"Looking at this, for me to get a 40/60th pension I'm going to have to work ten more years because I understand from the contract I signed my accrual rate doubled for the last ten years. And for the pleasure of working an extra ten years you're paying extra contributions for those ten years".

As elsewhere, however, although there was some understanding of the introduction of the career average pension:

"The only thing I can remotely look at and say that's fair enough is the career average so long as it starts from 2015 and what you've accrued now says because that's what's agreed".

On the other hand, considerable ire was directed towards the proposed change to the retirement age, with many pointing out the physical nature of the job and the high mortality rates amongst fire-fighters:

"It's like a mortgage company saying we agreed you are going to pay your mortgage for 25 years but, you know what, we're going to up that to 40 years"

"You should be able to take your pension when you've 30 years done. That's what we agreed to. Under this you're going to be penalised for retiring after 30 years service"

"They have no concept of the physical and mental damage that the job does to you"

"We have a much lower shelf life"

"We are paying 8.3% and we're being told that we're going to retire at 60. We don't get the doubling up of service that the old scheme got with their 11%"

"At the moment, when the call comes the older guys will say 'I'm driving' because that way they don't have to do the physical stuff and it's easy to hide them. The government don't see that. The problem is when you've got two or three guys on that machine who are 50-something..".

The more informed were able to understand the change to the commutation rate, but there was no support for this:

"They are asking you to give up £7 for every £1 you surrender"

"If this is the bottom line, then I'm out"

"If they're going to implement what you've just shown us then I'll be out of it".

15. AWARENESS OF REASONS FOR 2012-2013 INCREASES

15.1 1992 and 2006 Scheme Members

Spontaneously the majority blamed the increases and the changes on the national debt:

"There's a recession on and they are just using it as an excuse to get some more money out of everybody"

"They are trying to claw back as much money as they can get"

"Are our extra contributions going into a pot to pay for those people who have already retired? Who's going to pay for our pensions since there are very few people coming into the service now?"

The General Statistics stimulus was viewed with considerable incomprehension and some mistrust:

"How do we know these figures are right? They could just be cooking the books!"

Few of the statistics were meaningful to the majority of fire-fighters apart from the reference to increased life expectancy, but even this was seen as confusing and irrelevant to their particular circumstances:

"How long is the average 60 year old fire-fighter living compared to the average 60 year old?"

"That £960bn figure is just meaningless. What does it represent? Is it an annual figure? Over what period does that refer to?"

15.2 Union Activists

The sense of mistrust of government and government statistics was even more marked amongst union activists and the General Statistics stimulus was simply derided as 'propaganda':

"The fire-fighters pension is a small piece of a massive jigsaw and we've cut back and cut back, especially on the front line, and I think that's a thing that

annoys most fire-fighters is that we're at the bone now and we're asked to take no extra pay and accept larger contributions".

15.3 Retained Fire-fighters

Retained fire-fighters were more moderate in their response and ascribed the changes to a number of factors: *"the hole that the government has got us into"*; government spending too much; the global economy and the collapse of the banking system.

There was also mention of the issue of rich avoiding paying tax and the fact that people are living longer (*"which is taking more money out of the pot"*).

In contrast to other sections of the sample there was a greater sense of acceptance of the General Statistics stimulus:

"These are the reasons for changing pensions".

although there was some antipathy to grouping fire-fighters with the 'average 60 year old' along with other public sector workers:

"There's a lot of fire-fighters what don't make it to sixty!"

15.4 Northern Ireland

Uniformly the proposed increases were blamed on the hole in the public service pension pot, which itself was seen as 'a government cock up'.

"We are a separate case and shouldn't be funding other pensions"

"Bottom line: there's not enough money in the kitty to keep paying out"

"We're picking up the tab for other people's mistakes".

The General Statistics stimulus was viewed with some cynicism and few felt inclined to believe unsubstantiated figures from a 'faceless government department':

"That cuts no ice, it's just a smoke screen"

"I do think at the minute that there's the psychological battle going on of let's scare them with really nasty stuff and see if they'll let some of the other stuff through".

In particular many respondents were incensed by a sense that they were being 'lumped together' with other public services, seeing themselves very much as a unique and 'special' case:

"We are not 'average'. We expose ourselves to risk and physical stress that are not average! I'd like them to show me a list of the mortality rates amongst fire-fighters. You're going to colleague's funerals much quicker than you ever thought you would be"

"There's a lot of civil servants out there who are paying only 3% or 5% for their pensions. You know what? Let them pay for their pensions the way we pay for ours".

So the majority saw themselves as being unfairly treated and feel particularly hard done by:

"The whole reason why we paid so much more than anybody else was so that we didn't have to work as long. That was fair and everybody understands that. You physically can't do the job much after 50"

"The fire service is one of the smallest employers in the public sector. That's why we're easy targets – we don't feel we should be lumped in with all the teachers and civil servants. And unlike police and nurses, fire-fighters don't get shift allowance. It's different strokes for different folks..."

"They need to look at each scheme individually rather than just generalising across the public sector – we are a special case".

16. RESPONSES TO PENSIONS TRADE-OFF SCENARIOS

Respondents were presented with the following four trade-off scenarios:

- 1. 'Lower normal pension age but with lower pension benefits'*
- 2. 'Lower contributions for lower pension benefits'*
- 3. 'Lower contributions for reduced ill-health or death benefits'*
- 4. 'Reduced ill-health or death benefits for increased pension benefits'*

16.1 1992 and 2006 Scheme Members

None of the proposed trade-offs were, in essence, deemed acceptable:

"I don't see the point of paying less than we're paying now. I want to pay a fair contribution for a fair return"

"I don't mind working a bit longer as long as the end result, what we signed up for, the conditions, don't change. So the first two are out in that sense".

None were minded to trade away their pensions benefits, either for earlier retirement or for lower contributions:

"I don't mind paying £50 a month more but I don't want to be paying that extra if I'm not benefiting from it"

"I don't mind the idea of 'pay more get more' but not 'pay more get less'!"

"There's no point retiring sooner for less because then you'd probably have to start another job"

"If your contributions are lower it surely follows that your benefits are going to be lower".

Overall, however, there did appear to be some room for manoeuvre around ill-health and death benefits, although admittedly these options were largely seen as 'the best of a bad bunch' and this whole issue was regarded as a very individual and personal choice:

"You don't want to die and leave your loved ones without any support"

"The last one is the least unacceptable because it's covered by other provisions – your mortgage is covered by life insurance".

16.2 Union Activists

None of these scenarios were considered to be acceptable and no-one was inclined to discuss what were seen as '*vague and generic*' bargaining points:

"The devil is in the detail. You have to know what the precise figures are before you take a view on any of these. It's all about how much lower and how much less"

"They're just dictating to us. They're not involving us really".

'Lower normal pension age but with lower pension benefits' was arguably the least unacceptable option and it was clear from their responses that the thorny issue of the retirement age is, for these respondents, the key to negotiation:

"If they get the pension age right there's room to work on other areas".

16.3 Retained Fire-fighters

Retained fire-fighters very much saw themselves as peripheral to negotiations, with any settlement having a negligible affect on their pensions. In particular, contribution levels was a much less important issue for them than for their full-time colleagues. On balance most would probably opt for the 'lower normal pension age but with lower pension benefits' option:

"Because lower pension benefits would make very little difference to us"

"A lower retirement age would allow us access to it at a time when we can enjoy it".

16.4 Northern Ireland

Northern Ireland respondents were in much less of a mood to compromise and negotiate than their counterparts elsewhere and many viewed the trade-off scenarios with some suspicion and scorn:

"They've already given you lower pension benefits because they've reduced the commutation factor"

"What the fire service offer you in death benefits you can get elsewhere for £5 a month"

"The idea of lower pensions benefits is not negotiable".

Overall none of the proposed trade-offs were deemed acceptable. At best, there was a sense of a grudging acceptance of reduce ill-health and death benefits because *"most of these benefits have already gone"*

Ultimately, what they might be prepared to trade on would depend on what exactly is 'on the table':

"The devil's in the detail. It all depends on the figures"

"You could see that some of these might be fair in the future for new recruits but they have to honour what's already in place and ring fence what I've already accrued"

"A lower pension age is not negotiating. It's just giving us back what we had before!".

For many, raising the retirement age is the 'line in the sand' for opting-out.

17. CURRENT NEED FOR INFORMATION

Responses to this issue were consistent across the sample.

Current sources of information included: email updates from the FBU on negotiations (which many do not understand); the union magazine (which can be seen by some as one-sided propaganda rather than factual representation); TV news; informal discussions with work colleagues.

There was a general feeling that, in terms of communication, Local Government was conspicuous by its absence:

"I think there's only one person in the pension department. You cannot get anything from them – you're just left hanging".

With the exception of union activists, the majority admitted that they are 'probably less informed than they should be' since the whole area of pensions is perceived as complex and they are often confused by the babble of too many conflicting voices:

"After a while you just switch off"

"It's all too complicated".

Overall, there was a sense of a limited information flow, certainly in terms of information that is comprehensible, and there is a genuine need for information that is relevant, jargon free, independent and accessible.

Simplicity is key:

"I just want some clear information. I just want to know basic facts: 'This is what you had, this is what you're going to get'. In layman's terms please"

"All I want to know is what's best for our personal circumstances? What's our end result?"

With regard to the preferred means of communication, many called for a face to face option with an independent advisor that would allow greater exploration of their own specific circumstances with the possibility of posing their own questions: *"What it means for me"*.

"I can't see why the FBU can't finance some sort of financial advisor to come in and talk to us".

It was also felt that this could also be achieved through the means of a personalised email laying out the facts and figures of their pension.

Union activists saw no real perceived need for further information – the union tells them all they need to know and they trust the source.

Retained fire-fighters were clearly, and self-confessedly, the least informed section of the sample, mainly relying on information from the union:

"I get nothing from local government or the fire service – I just get a statement every year. I suppose, at the end of the day that we will take our lead from the full timers. They are doing the work for us"

18. Conclusions

Responses to the critical research issues were broadly very consistent.

Engagement with their pension varied within the sample – older, career fire-fighters in the 1992 scheme were evidently strongly wedded to their pension as promise of earlier retirement on a good fair pension at the end of a demanding working life. Few of these respondents felt that they were in a position to opt out of the pension at this late stage in their career – and were primarily concerned about the proposed increases in retirement age. All were used to making relatively high levels of contribution for what they saw as a *"great pension"*, but had assumed that they would retire while relatively young and could not imagine doing their job at age 60.

Younger fire-fighters in the 2006 scheme (and particularly who have come late to the Fire Service, having worked elsewhere) were more ambivalent about their future in the pension scheme. Few believed that they would be able to achieve a full pension and although most were unconcerned by working to 60, some were clearly calculating what else might be achieved with the proposed higher levels of contributions required by reforms. All were aware of talk amongst colleagues about opting-out (and especially of the potential for buying property as an alternative to staying in the pension). Equally some knew of colleagues who had already opted-out, although this was seen as rash since negotiations about the pension are known to be ongoing.

Some of these relative newcomers to the Fire Service, however, were also well aware of the difficulty of achieving anything comparable to the fire-fighters' pension in the personal pension marketplace. Most had worked at

companies with far less generous benefits and were conscious of what might be lost by opting out.

Union activists were staunchly supportive of the union position and advice to date (although some were concerned that the union has not been providing as much information as they would like to see). Their main concern was the increase in retirement age and many were able to accept higher contributions if this critical commutation factor remains the same.

Retained fire-fighters were much less engaged with their pensions or the issue of pension reform. Most saw their pension as a perk which costs them very little and would continue to do so even after a contributions increase. Equally, none believed that they would be asked to work in a retained capacity until age 60. Most believed that they would be unlikely to opt out unless cost factors become very significant indeed.

In relation to understanding the benefits of their pensions and the consequences of opting out:

- Only union activists and older career fire-fighters were really well informed about pensions benefits: they typically perceived their pension as “deferred pay” and fair rather than generous
- The consequences of opting out were familiar to most, with the exception of reduced NI (although this was not seen as significant)
- Exposure to the detail of potential reform/change had the effect of creating suspicion and concern (even though much was clearly not well understood)
- Seeing the detail typically created a strong sense that *"once you start changing things, where will it stop"*? Respondents wanted guarantees from government or employers that there would be no further changes, although few believed this would happen

- Much of the technical detail about potential changes and trade-offs was not well understood and simply created a desire for personalised independent advice about what is seen as a complex issue
- A change to career average was generally seen as fair – and likely to address late career promotion-seeking
- Reducing death-in-service and insurance benefits for those working in such a dangerous job was seen as unacceptable – although responses to these trade-offs were shaped by the individual's personal focus on either contribution level or retirement age
- All understood the reasons for public sector pensions reform but saw themselves as a unique case, given the high levels of contributions paid by fire-fighters compared to other public services.

Ultimately, for a majority of rank and file fire-fighters, it seemed that any increase in contributions above 2% and an increase in retirement age beyond 56 years would create an appetite for opting-out (or certainly real consideration of doing so).

Equally, if a groundswell of fire-fighter opinion moves in favour of opting-out then some felt that things could change rapidly. A commonly-expressed concern was that, if enough of the Fire Service opt out of the pension scheme, it will rapidly collapse through lack of funds. This appears to be based on station gossip but was clearly influential in encouraging people towards their preferred option in relation to leaving or staying the pension scheme. Overall, however, undermining confidence in the future of the scheme seems more likely to incline fire-fighters to opt out.

A critical factor is lack of reliable, independent, information regarding proposed changes to the fire-fighters' pension schemes. Currently, a majority of the sample have formed their views on the basis of information provided

either by colleagues, the FBU or national media. Most would agree that this has not provided a reliable picture upon which to base a decision about future involvement in the pension.

While many are waiting for the union to make a definitive statement about current negotiations (and some will definitely act on those recommendations), a majority would like to know more about how changes will affect them personally. A common view was that it is the employer's duty to provide advice and guidance when making such fundamental changes to working conditions. Respondents suggested that independent financial advisors would be needed to properly assess the impact of staying in or opting out of the pension.

There was strong evidence that much of the technical debate about reforming pensions is beyond the capability of many fire-fighters. A majority were confused by the figures and trade-offs involved and their inclination was to switch off and wait for someone (probably the union) to advise them what to do. Government statistics were largely dismissed as incomprehensible and unreliable.

There is a need for rational, clear information about the impacts of reform which fire-fighters can easily apply to their own situations. Many suggested a personalised communication, outlining their own pension position and supported by the option of consulting an independent financial advisor (paid for by the Fire Service or government)

APPENDIX A: TOPIC GUIDE

1. INTRODUCTION (5 MINUTES)

- Introduce self, Research Works Limited and purpose of the session, i.e. to gather opinions on pensions
- MRS Code of Conduct on respondent confidentiality and permission to record the session (audio/video)

2. RESPONDENT BACKGROUND (5 MINUTES)

- Name, age, relationship status
- Work role, history and length of service
- Union membership – which union; how long and how active a member?

3. ATTITUDES TOWARDS YOUR PENSION AND THE BENEFITS IT PROVIDES (5 MINUTES) WARM UP

I'd like you to think about how you feel about your pension and the benefits it provides. Hand around a sheet of random adjectives.

- Pick 3 adjectives to describe your pension and the benefits it provides. Why did you pick these? *Moderator, encourage respondents to comment on and discuss each other choices.*
- What are the positive aspects of your pension? Why?
- What are the negative aspects of your pension? Why?
- How, if at all, have your views about your pension changed over time?

4. MOTIVATION TO REMAIN IN PENSION SCHEME (10 MINUTES)

I'd like to have a think about why you have remained in the fire-fighter's pension scheme.

- Think back to when you joined the pension scheme. Why did you decide to remain in your pension scheme?
- Since joining, why have you remained with the pension scheme?
- What would you say is the most important reason or reasons why you have remained with the fire-fighter's pension scheme?
- Is this the same for other fire-fighters? *Probe: do fire-fighters remain in the pension scheme for different reasons?*

5. **OPTING OUT OF THE FIRE-FIGHTER'S PENSION SCHEME (10 MINUTES)**

- Have you ever considered opting out? Why? Why not?
- What is the most important reason(s) why you would opt out or be tempted to opt out?
- Do you know anyone who has opted out? Why? What did you think of their decision?
- What would happen if you opted out? How do you know this?
Moderator, are respondents aware of any consequences?
- *Show stimulus 1 (p.2 of PowerPoint).*
- Are you familiar with these consequences?
- How do you feel about them?
- Have any of these reasons influenced your decision to remain with scheme?

**6. CURRENT VIEWS AND FEELINGS ABOUT PENSION
CONTRIBUTION INCREASES 2012-13 (15 MINUTES)**

- Spontaneously: what do you know about the proposed public sector pensions reforms?
- Why do you think these changes are being made?
- What do you think about the pension contribution increase in 2012-13? Is it fair/reasonable? Did you expect it? *Probe: why do you think this?*
- How do you feel about this change? What emotions does this change trigger in you? *Probe: why do you feel this way?*
- Are you concerned about this change? What concerns you most?
- Is there anything the Government could do to make you less concerned? What? Why would this help?

**7. CURRENT VIEWS AND FEELINGS ABOUT PENSION
CONTRIBUTION INCREASES 2013-14 AND 2014-15 (15
MINUTES)**

- Are you aware that there might be further contribution increases?
- What do you know about them? Why do you think these changes are being made?
- *There are further proposed contribution increases for 2013-14 and 2015.*
- What do you think about this change? Is it fair/reasonable? Did you expect it? *Probe: why do you think this?*
- How do you feel about this potential change? What emotions does this change trigger in you? *Probe: why do you feel this way?*

- *Introduce stimulus 2 (p.3 of PowerPoint). This is effect which the hypothetical increase in contributions will have on a fireman's monthly pay.*
- Now being fully aware of this change, do you feel differently about your pension? How?
- Are you concerned about this change? What concerns you most?
- Is there anything the Government could do to make you less concerned? What? Why would this help?
- *Looking at stimulus 2, find out the point at which respondents would consider opting out of their pension scheme.*
- Why is this the critical sum for you?

8. ATTITUDES TO CONTRIBUTION INCREASE AND PROPOSED CHANGES (5 MINUTES)

- Are you aware of any other changes being made to the fire-fighter's pension scheme? How do you feel about them?
- *Reveal stimulus 3 (p.4-6 of PowerPoint).*
- Reactions/impressions: how do you feel about these changes?
- Do these changes alter the way you feel about increased contributions? How? Why is this?
- How do feel about the *combination* of increased contributions *and* changes to the pension scheme?

**9. AWARENESS OF REASONS FOR CONTRIBUTION INCREASES
2012/13 (10 MINUTES)**

- Why do think this change is being made?
- *Show stimulus 4 (p.7 of the PowerPoint).*
- Does this information make you think differently about why these changes have been made? If so, how and why?
- *Show stimulus 5 (p.8 of PowerPoint).*
- Given that this is the situation we're in, what potential changes would be more/less acceptable to you?

10. (TIME PERMITTING) – DESIRE FOR INFORMATION (5 MINUTES)

- What communications/information/messages have you seen about pensions in the last couple of weeks? Where did you see/hear these?
- What did you think this about this? How did this make you feel? Why do you say that?
- Do you feel that you know all you need to know about pensions? If not, what else do you want to know and why?
- In what way(s) would you like to access this information? *Probe: specific channels, mediums*

11. SUM UP (5 MINUTES)

- Having debated the issues tonight, will you remain a member or consider opting out? If opt out, at what point?

APPENDIX B: RESEARCH STIMULUS: 1992 SCHEME

Consequences of Opting out

- ▣ You would miss out on lower rates of National Insurance due to being a member of your pension scheme
- ▣ You would miss out on the tax relief applied to pension contributions to public pension schemes
- ▣ You would not receive a guaranteed level of pension based on a proportion of your salary if you had a private pension where the pension amount is uncertain and based on investment returns
- ▣ You would not receive benefits for you and your family such as ill-health pensions and payments after your death which come with your public sector pension scheme.

2

Hypothetical contribution increases 2013-2014

	Currently takes home (per month) after tax	After a 1% flat increase, will take home (per month) after tax	After a 2% flat increase, will take home (per month) after tax	After a 3% flat increase, will take home (per month) after tax	After a 4% flat increase, will take home (per month) after tax
Competent firefighter earning £28,199 who will receive £18,799 pension per annum pre commutation	£1,590.87	£1,572.08	£1,553.28	£1,534.48	£1,515.68
Actual additional amount in contributions that a firefighter would need to pay	-	£18.79	£37.59	£56.39	£75.19

The increases are based on the 2012/13 tax year

3

Hypothetical contribution increases 2013-2014

	Currently takes home (per month) after tax	After 1% flat increase, will take home (per month) after tax	After 2% flat increase, will take home (per month) after tax	After 3% flat increase, will take home (per month) after tax	After 4% flat increase, will take home (per month) after tax
Competent A Station Manager earning £37,456 will receive £24,971 pension per annum pre commutation	£2,041.35	£2,016.38	£1,991.41	£1,966.44	£1,941.47
Actual additional amount in contributions that a firefighter would need to pay	-	£24.97	£49.94	£74.91	£99.88

The increases are based on the 2012/13 tax year

4

Proposed changes from 2015

- A career average pension scheme design. Each year a % of the member's salary is notionally put aside. On retirement the cash value of these pots is added up to make the annual pension.
- A provisional accrual rate of 1/58.7th (or 1.7%) of pensionable earnings each year. This is the amount of pension you build up each year towards your final pension.
- There is no cap on how much pension can be accrued.
- Active members' career average benefits are to be revalued in line with average weekly earnings.
- Pensions in payment and deferred benefits are to increase in line with Prices Index (currently CPI: consumer prices index). The Prices Index is the changes in price level of consumer goods purchased by households.
- There will be average member contributions of 13.2% from April 2015. The government will review the impact of the 2012-2013 contribution changes, including the effect of membership opt-outs, before taking final decisions on how future increases will be delivered in 2013-14 and 2014-15, and in the new scheme.

5

Proposed changes from 2015

- Flexible retirement will be allowed from the scheme's minimum pension age of 55, built around the scheme's Normal Pension Age of 60. The Normal Pension Age is the same as the arrangements in the 2006 scheme. If members wish to retire and take their pension earlier, they can do so but with a reduction.
- Enhanced retirement arrangements for active members who are aged 57 or more. These members will have their pension reduced, based on the length of time between retirement and the Normal Pension Age (i.e. 60).
- The Normal Pension Age will be subject to a regular review, which will consider if the Normal Pension Age of 60 remains relevant and will take full account of the economical, efficient and effective management of the fire service, the changing profile of the workforce and the occupational demands of firefighting roles.
- Members who retire later than the scheme's Normal Pension Age will have their pension enhanced to recognise that the pension is taken later.
- A deferred pension age equal to the individuals' State Pension Age.
- Optional lump sum by commutation at the rate of £12 for every £1 per annum of pension forgone in accordance with HMRC limits and regulations.

6

Annual proposed pension 2015

Scheme Type Revaluation Rate (in service)	Percentage of final pensionable pay	Pension amount per annum pre commutation	Approximate annuities required to achieve an equivalent pension*
Firefighter Member's pension (% of final salary)	67.0%	£18,900	£640,000
Crew Manager Member's pension (% of final salary)	65.3%	£20,430	£700,000
Watch Manager B Member's pension (% of final salary)	61.0%	£21,327	£725,000
Station Manager B Member's pension (% of final salary)	59.9%	£24,016	£815,000
Group Manager B Member's pension (% of final salary)	54.3%	£25,222	£850,000
Area Manager B Member's pension (% of final salary)	52.1%	£28,075	£950,000

Source: Government Actuary's Department
Based on career progression assumptions
provided in GAD sourced documents

* Source: L&G
Assumptions: male, retiring age 60, 50% income for spouse when
you die, income to increase by 3% each year

7

General Statistics

- ❑ The average 60 year old is living ten years longer now than they did in the 1970s. Benefits paid from the five largest public service pension schemes increased by a third to £32 billion a year over the last decade, because of improving life expectancy.
- ❑ Costs of a public service pension have increased significantly – currently more than 2% of GDP. In 1980 it was below 1.2% and in 1970 it was around 0.9%.
- ❑ Whole of Government Accounts (WGA) estimates the Government will be required to pay out £960bn (for both past and current employees).
- ❑ The Office for Budget Responsibility (OBR) have forecast that the Government's reforms will bring total spending on public service pensions in line with the last 40 years.

8

Trade-offs

- ❑ Lower normal pension age but with lower pension benefits
- ❑ Lower contributions for lower pension benefits
- ❑ Lower contributions for reduced ill-health or death benefits
- ❑ Reduced ill-health or death benefits for increased pension benefits

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- You would miss out on lower rates of National Insurance due to being a member of your pension scheme
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Competent firefighter earning £28,199 who will receive a pension of £18,799 per annum pre commutation	£1,643.51	£1,624.71	£1,605.91	£1,587.11	£1,568.32
Actual additional amount in contributions that a firefighter would need to pay	-	£18.80	£37.60	£56.40	£75.19

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