



# McCLOUD REMEDY

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# BACKGROUND

- Public service pension schemes reformed in 2015 and older members protected if 'age 55 or over on 31 March 2012\*'.
  - In 2018, Courts found younger members of the Judges' and Firefighters' pension schemes had been discriminated against on grounds of age.
  - Government confirmed changes to all main public service pension schemes, including LGPS to remove the age discrimination.
  - LGPS (NI) Regulations made on 28 September 2023 and operational from 1 October 2023
  - \* - rough rule of thumb for LGPS (NI)

## LGPS (NI) McCloud Remedy

Extends the protection to younger members, to a wider group and makes some changes to the protection.

# WHO IS AFFECTED BY THE McCLOUD REMEDY?

**Members are eligible for the McCloud Remedy if they satisfy all of the following:**

## **Between 1 April 2015 and 31 March 2022**

- Member was paying into the LGPS(NI) at some point in this period

## **Pre-1 April 2012**

- Member was paying into the LGPS (NI) or another public service pension scheme at some point before this date.

## **No disqualifying break**

- Member does not have a continuous period of more than five years where they were not paying into the LGPS (NI) or another public service pension scheme

## **Under final salary normal retirement age (NRA), usually age 65**

- Member must have been under NRA at any time between 1 April 2015 and 31 March 2022

# WHAT HAS CHANGED?

**Member does not have to combine LGPS (NI) records to be eligible**

**May need to look outside LGPS (NI) to other UK public service pension schemes to check if paying in before 1 April 2012.**

# HOW DOES THE UNDERPIN WORK?



1.	<b>Provisional</b>	<ul style="list-style-type: none"><li>• Leave LGPS (NI) before take pension or when age 65</li><li>• Work out final salary pension and CARE pension for period paying in between 1 April 2015 and 31 March 2022</li><li>• If final salary would have been higher – provisional underpin. If lower, no underpin applies.</li></ul>
2.	<b>Final</b>	<ul style="list-style-type: none"><li>• When take pension, NiLGOSC adjusts provisional underpin figures calculated in step 1 to work out final underpin figures</li><li>• Includes revaluation, pensions increase and any early retirement reductions or late retirement increases</li><li>• If final salary pension would have been higher – final underpin applies and pension increased. If lower, no underpin applies.</li></ul>

# FINAL SALARY VS CARE FROM 1 APRIL 2015 – 31 MARCH 2022

## • CARE annual pension

Year	Opening Balance	Pay	New Pension savings	Total pension	Revaluation	Pension closing
2015/16	£0	27,000	+£551.02	£551.02	-0.10%	£550.47
2016/17	£550.47	27,500	+£561.22	£1,111.69	1.00%	£1,122.81
2017/18	£1,122.81	28,000	+£571.33	£1,694.24	3.00%	£1,745.07
2018/19	£1,745.07	28,500	+£581.63	£2,326.70	2.40%	£2,382.54
2019/20	£2,382.54	29,000	+£591.84	£2,974.38	1.70%	£3,024.94
2020/21	£3,024.94	29,500	+£602.04	£3,626.98	0.5%	£3,645.11
2021/22	£3,645.11	30,000	+£612.24	£4,257.35	3.1%	£4,389.33

## 1. FOR COMPARISON

**7 years in CARE = £4,389.33**

**Same 7 years in Final Salary = £3,500.00**

- Final Salary annual pension 1 April 2015 – 31 March 2022
- $1/60 \times 7 \text{ years} \times £30,000 = £3,500$

(For comparison  $1/60 \times 1 \text{ year} \times £30,000 = £500$ )

Would need final salary pay of £37,622.83 for same annual pension as CARE Scheme (25% higher pay)

$1/60 \times 7 \text{ years} \times £37,622.83 = £4,389.33$

# WHO IS LIKELY TO HAVE AN INCREASE TO PENSION?

**Most members are unlikely to have an increase as they will have built up a higher pension in the CARE scheme than they would in the final salary.**

**An increase is more likely, but not guaranteed, if:**

- Significant increase in pay late in career
- Transfer protected benefits in and new pay in the LGPS (NI) is much higher than the pay when you left the other public service pension scheme
- Your pension is reduced because you are taking it early and your State Pension Age is over age 65
- You leave the LGPS (NI) and the best of last 3 years' pay or a 3-year average in last 10 years is used to work out your final salary pay.

# IMPACT OF EARLY/LATE RETIREMENT FACTORS

- Member retires age 65, State Pension Age 66
  - Final salary pension £5,000 per year (NPA 65)
  - CARE pension £5,200 per year (NPA 66)
- Compare FS (£5,000) vs CARE (£5,200) at age 65
- Apply early retirement reduction to CARE of 5% ( $£5,200 \times 5\% = £260$ ) giving reduced CARE pension of  $£5,200 - £260 = £4,940$ .
- Final salary pension is higher £5,000 vs £4,940
- Member benefits from underpin with pension of £5,000.

# HOW MANY MEMBERS ARE ELIGIBLE?



# ACTION FOR EMPLOYERS – PROVIDING DATA

## Hours and service breaks

- For any period worked from 1 April 2015 to 31 March 2022
- NiLGOSC will forward spreadsheets to collect data
- May have numerous data collection exercises
- Advise contact details by 15 November 2023 to [datacollection@nilgosc.org.uk](mailto:datacollection@nilgosc.org.uk)

## Age 65 pays

- For the 12 months to age 65 or best of last 3 years
- Around 4,000 members affected
- Age 65 final salary calculator being tested
- Submit via i-Connect if using it, or by returning spreadsheet
- Advise contact details by 30 November 2023 to [datacollection@nilgosc.org.uk](mailto:datacollection@nilgosc.org.uk)

# DO MEMBERS NEED TO DO ANYTHING?

- Most do not as NILGOSC can tell who has underpin protections from its records
- No need to combine records to benefit from underpin protections
- A few, if they have membership in another public service pension scheme will need to tell us. We will ask for this information on joining, at retirement and in newsletter (before Christmas 2023).
- McCloud Remedy pages and FAQs on NILGOSC website:  
<https://nilgosc.org.uk/members/about-the-scheme/the-mccloud-remedy/>  
<https://nilgosc.org.uk/employers/administering-the-scheme/the-mccloud-remedy/>

# WHAT IS NILGOSC DOING?

- Collecting data
- From 1 October 2023, begin reviewing over 50,000 member records
- Not all guidance is available
- Pensions in payment will be reviewed as soon as possible
- We will contact anyone whose pension will increase because of the McCloud Remedy or if we need more information.
- Arrears of pension plus interest will be payable.
- Only expect a few cases to be identified where pensions will increase.



# ANY QUESTIONS?



## HOW TO CONTACT US



Website [www.nilgosc.org.uk](http://www.nilgosc.org.uk)



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