NILGOSC
NORTHERN IRELAND LOCAL GOVERNMENT OFFICERS' SUPERANNUATION COMMITTEE

NILGOSC MEMBER UPDATE

The Department for Communities recently made some changes to the Scheme which may affect your pension. You may also need to take some action as set out on the next page.

What is McCloud?

When the Government reformed public service pension schemes in 2015 and moved from a final salary to a career average pension scheme, older members were protected from the changes. In December 2018, the Courts ruled that younger members of the Judges' and Firefighters' pension schemes had been discriminated against, as the protections did not apply to them.

The Government then confirmed that changes would be made to all main public service pension schemes, including the Local Government Pension Scheme in Northern Ireland (LGPS (NI)), to remove this age discrimination. These changes are known as the McCloud Remedy and are named after a member of the Judges' pension scheme involved in the case. The rules of public service pension schemes, including the LGPS (NI), changed from 1 October 2023.

In the LGPS (NI), older members who met certain criteria were protected by an underpin. When a protected member retired, their pension in the career average pension scheme was compared with the pension that they would have built up in the final salary scheme, had it continued. If the final salary pension would have been higher, their pension was increased. This was known as the 'statutory underpin'.

From 1 October 2023, eligible younger members are also protected by the underpin. This does not apply to all members. The underpin protects the pensions of eligible members built up in the underpin period from 1 April 2015 to 31 March 2022. The underpin protection stops before 31 March 2022 if the member leaves the LGPS (NI) before that date or they reached their final salary normal pension age (usually age 65) before 31 March 2022.

Do I have underpin protections?

You will have underpin protections in the LGPS (NI) if you meet **all** the following conditions:

- you were paying into the LGPS (NI) at any time between 1 April 2015 and 31 March 2022
- you were paying into the LGPS (NI) or another UK public service pension scheme[1] before 1 April 2012
- you do not have a disqualifying break[2]
- you were under your final salary normal retirement age, usually age 65, at any time between 1 April 2015 and 31 March 2022.

Underpin protection only applies to pensions built up from 1 April 2015 to 31 March 2022.

You do not have underpin protections if you:

- left the Scheme before 1 April 2015 and did not become active in the Scheme again or
- reached your final salary normal retirement age (usually age 65) before 31 March 2015.

1 A public service pension scheme is one that covers civil servants, the judiciary, the armed forces, local government workers, teachers, health service workers, fire and rescue workers, members of the police forces or members of a new public body pension scheme.

2 A disqualifying break is a continuous period of more than five years where you were not paying into either the LGPS (NI) or any other public service pension scheme.

Do I need to do anything?

Most members do not need to do anything as NILGOSC can identify which members have underpin protection based on their LGPS (NI) pension records. You do not need to combine your pension records for the underpin to apply.

However, if we cannot tell whether you have underpin protection from your LGPS (NI) records alone, we will need you to tell us if you have membership in another public service pension scheme before 1 April 2012. If you fall into this category and you have chosen to receive communications by post, we have included a separate form, LGS10, and a prepaid envelope with this newsletter for you to complete and return **before 31 January 2024**.

If you have chosen to receive electronic communications, the LGS10 form is available online at:
https://nilgosc.org.uk/wp-content/uploads/2023/03/LGS10-Public-Service-Pension-History-2023-fillable.pdf

It should be completed and emailed to LGS10@nilgosc.org.uk **before 31 January 2024**.

You do not need to complete this form if you do not have pre-1 April 2012 membership in another public service pension scheme.

What happens next?

If you are protected, when you take your pension, we will work out whether you are due any increase because of the underpin.

Very few members will receive an increase because for most members the pension that they have built up in the career average pension scheme is higher than they would have built up in the final salary scheme.

Active Members

If you are a protected active member and leave the LGPS (NI) before retirement, we will work out provisional underpin figures for you. We can only work out your final figures and any increase due when you claim your pension.

Deferred Members

If you are a protected deferred member, we will work out final figures and any increase due when you claim your pension.

Pensioner Members

If you are a protected pensioner member and your LGPS (NI) pension is already being paid to you, we will work out if your pension will increase. We will do this as soon as we can, but reviewing all the pensions in payment will take some time.

We will contact anyone whose pension is in payment and will increase because of the McCloud Remedy. We will only write to you if the new rules mean your pension will increase or if we need further information to establish if the underpin applies to you.

How can I find out more?

You can find out more information on how the McCloud remedy may affect you by visiting our website at:
https://nilgosc.org.uk/members/about-the-scheme/the-mccloud-remedy/

We hope you found this Member Update informative, but if you have any questions, please get in touch.

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