

Teachers Pension Scheme Transitional Protection Remedy (McCloud) October 2023

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Changes from October 2023

Why is this happening?

- McCloud/Sargeant discrimination case

Who will be affected?

- Active members before 31/3/12 who were still in the scheme after 1/4/15

What is happening?

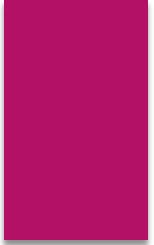
- All eligible members (active or deferred) will see their service up to March 2022 rolled back into their legacy scheme
- Choice of benefits for the 7 year 'remedy period'

WHY




- ▶ Career Average (Reformed) scheme arrangements were introduced for all members on 1.4.2015
- ▶ Except for...
 - ▶ Scheme members who were within 10 years of the NPA of their Final Salary (Legacy) scheme on 1/4/12 were allowed to stay in that scheme until retirement (full protection)
 - ▶ Scheme members who were between 10 and 13.5 years away from the NPA of their Final Salary scheme on 1/4/12 were moved to the Career Average (Reform) Scheme on a future date set by their date of birth (tapered protection)
- ▶ “Protection” was granted due to age – the McCloud case concluded that this was age discrimination and therefore has to be remedied by the scheme.

Normal Pension Age (NPA)

- ▶ Legacy Schemes
 - ▶ Members who joined prior to 2007 had a final salary scheme with an NPA of 60
 - ▶ Members who joined after 2007 but before 2015 had a final salary scheme with an NPA of 65
- ▶ Reformed Scheme
 - ▶ Members who joined after 2015 had a Career Average scheme with an NPA equal to their state pension age



	Age at 1/4/2012	Pre 2015	1/4/15 – 31/3/2022	From 1/4/2022
Full Protection	Within 10 years of NPA	Legacy Scheme	Legacy Scheme	Reform Scheme
Tapered Protection	Within 10 – 13.5 years of NPA	Legacy Scheme	Legacy Scheme	Reform Scheme
No Protection	More than 13.5 years from NPA	Legacy Scheme	Reform Scheme	Reform Scheme

-  Legacy Scheme
-  Reform Scheme
-  Remedy Period

Eligibility

➤ Members of one of the legacy schemes on or before 31 March 2012

who

➤ Continued to be in pensionable service at some point during the remedy period (1 April 2015 to 31 March 2022)

without

➤ Having a disqualifying break in service (a break of 5 years including either 31 March 2012 or 31 March 2015)

Check the TP [Decision Tree](#) to see if you are eligible

What will Happen after October 2023

Active or Deferred Member

- ▶ Service between 1/4/15 and 31/3/22 will be rolled back into their legacy scheme
- ▶ Within 18 months you will receive an annual Remedial Service Statement which calculates your benefits in both legacy and reformed schemes during the remedy period
- ▶ When you retire you will be able to choose legacy or reformed benefits for the remedy period (deferred choice)

Retired member

- ▶ You will be contacted and provided with a Remediable Service Statement (RSS) which will detail how your benefits will be calculated in both the legacy and reformed scheme for the remedy period.
- ▶ Members will have to choose legacy or reformed benefits for the remedy period (immediate choice) within 12 months of receiving the RSS

What will Happen after October 2023

Deceased Member

- ▶ An 'eligible decision maker' will be issued with a Remediable Service Statement and will be able to choose legacy or reformed benefits for the remedy period.
- ▶ In most cases the eligible decision maker will be a surviving adult. Where this isn't the case or there are multiple beneficiaries the scheme administrator will go through a process to determine the eligible decision maker.
- ▶ Children's (up to age 18) pensions are protected

Choice to retain remedy period service in legacy scheme

	Age at 1/4/2012	Pre 2015	1/4/15 – 31/3/2022	From 1/4/2022
Full Protection	Within 10 years of NPA	Legacy Scheme	Legacy Scheme (Remedy Period)	Reform Scheme
Tapered Protection	Within 10 – 13.5 years of NPA	Legacy Scheme	Legacy Scheme (Remedy Period)	Reform Scheme
No Protection	More than 13.5 years from NPA	Legacy Scheme	Legacy Scheme (Remedy Period)	Reform Scheme

Legacy Scheme
 Reform Scheme
 Remedy Period

Choice to change remedy period service to reformed scheme

	Age at 1/4/2012	Pre 2015	1/4/15 – 31/3/2022	From 1/4/2022
Full Protection	Within 10 years of NPA			
Tapered Protection	Within 10 – 13.5 years of NPA			
No Protection	More than 13.5 years from NPA			

Unless you are already retired you do not have to make the decision until you are ready to retire

	CAREER AVERAGE	FINAL SALARY	
	2015	NPA60 (pre 2007)	NPA65 (post 2007)
Accrual	1/57 th of actual salary + index linking + 1.6% each following year	1/80 th of average salary	1/60 th of average salary
NPA	Set equal to State Pension Age	60	65
Lump sum	By conversion only For each £1 of pension you give up you'll receive £12 of lump sum.	3x annual pension Option to convert pension to increase lump sum	By conversion only For each £1 of pension you give up you'll receive £12 of lump sum.
Annual pension	Total of 1/57 th of your pensionable earnings each and every year (plus index linking plus 1.6%).	Multiply your service by your average salary and then divide by 80;	Multiply your service by your average salary and then divide by 60.
Average salary	n/a Each year accrues for itself.	<ul style="list-style-type: none"> The average of your best consecutive three years re-valued salaries in your last ten years of service or, Your last recorded 12 months of pensionable service before your retirement. 	

When do I have to make a decision

- ▶ Already Retired or Deceased
 - ▶ Immediate choice offered in RSS and 12 months to make the decision
- ▶ Active or Deferred
 - ▶ Deferred Choice at point of retirement when final RSS provided (12 months to make the decision)
- ▶ Ill Health Cases
 - ▶ If you are reassessed and qualify for benefits you will only have 3 months to make your decision

Will I have to make any decisions on roll-back

- ▶ Prior to retirement, decisions following roll back will only be necessary in the following circumstances
- ▶ You had taken out flexibilities in the reformed scheme
- ▶ You had additional teacher service or overtime in the reform scheme

Flexibilities

- ▶ In the Career Average scheme there are three flexibilities:
 - ▶ Additional Pension (in multiples of £250 annual pension)
 - ▶ Faster accrual
 - ▶ Buy out of actuarial reduction from age 65 to 68
- ▶ In the Final Salary scheme the only flexibility available is additional pension

Following roll back members who have taken out flexibilities during the remedy period will be contacted and will be given a number of choices:

Flexibilities Options

- ▶ Maintain the election and continue any outstanding payments
 - ▶ If you choose legacy benefits for the remedy period the election will be converted to additional pension in the legacy scheme
- ▶ Cancel the election and receive a compensation payment
- ▶ Cancel the election but allow the scheme to hold the compensation until the deferred choice is made
- ▶ If you made an election for additional pension in the final salary scheme but choose reformed scheme at retirement this will be converted into additional pension in the Career Average scheme.

Excess Teacher Service

- ▶ Only pensionable in the reformed scheme
- ▶ May have been pensionable in the Local Government Pension Scheme
- ▶ When service is rolled back members in this scenario will be contacted by the scheme and will be offered the choice of:
 - ▶ Excess service put into the LGPS
 - ▶ a refund of contributions
 - ▶ Delay refund until deferred choice

NOTE: This is not applicable for members with multiple part time roles which amount to more than a full-time role.

Some issues to consider

- ▶ Ill Health Retirement
- ▶ Divorce
- ▶ Transfers
- ▶ Phased Retirement
- ▶ Financial Advice

What should members do now?

- ▶ Join My Pension Online
- ▶ Check if you are eligible for the remedy
- ▶ Keep an eye out for communications from Teachers Pensions
- ▶ Check benefit statement regularly

- ▶ Check your payslip to make sure correct contributions

More information -

- ▶ TPS (England and Wales) – <https://www.teacherspensions.co.uk/members/scheme-changes/transitional-protection.aspx>
- ▶ STSS (Scotland) - <https://pensions.gov.scot/2015-remedy>
- ▶ NITPS (N Ireland) - <https://www.education-ni.gov.uk/articles/transitional-protection-arrangements>

Contacting us



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<https://www.ucu.org.uk/pensions>

