

## **LGPS rule change – the McCloud judgement**

The LGPS McCloud remedy regulations come into force from 1 October 2023. This factsheet summarises the McCloud judgement and changes the Government is making to the Local Government Pension Scheme (LGPS) in England and Wales.

The changes may affect you if:

- You were paying into the LGPS, or another public sector pension scheme, before 1 April 2012
- You were also paying into the LGPS at any point between 1 April 2014 and 31 March 2022
- You have been a member of a public sector pension scheme without a continuous break of more than 5 years

### **What is the McCloud judgement?**

When the Government reformed public service pension schemes in 2014 and 2015, older members were protected from the changes. In December 2018, the Court of Appeal ruled that younger members of the judges' and firefighters' pension schemes had been discriminated against because the protections did not apply to them.

This ruling is called the McCloud judgement, after a member of the Judicial Pension Scheme involved in the case. Because of the ruling, there will be changes to all public service pension schemes that provided transitional protection, including the LGPS.

The rules of all public service pension schemes, including the LGPS, changed from 1 October 2023 because of the McCloud judgement ruling. The changes are known as the **McCloud remedy** and they remove the age discrimination found in the McCloud judgement.

### **What is the McCloud Remedy and how is the LGPS changing?**

In 2014, the LGPS changed from a final salary scheme (a pension based on your pay when you leave) to a career average scheme (a pension which builds up based on what you earn each year).

In the LGPS, older members who were closer to retirement were protected from the changes by an "underpin" protection. An underpin protection, means that when a protected member retired, their pension in the career average scheme was compared with the pension they would have built up in the final salary scheme. If the final salary pension is higher, the difference is added to your pension.

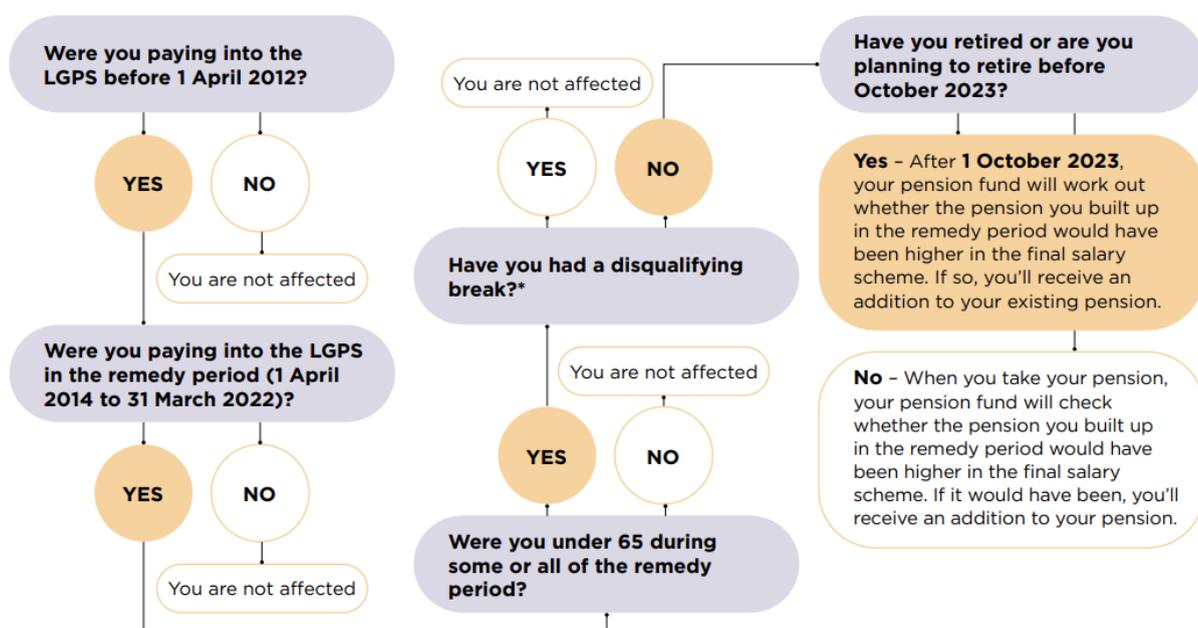
To remove the McCloud age discrimination, from 1 October 2023, eligible younger members are also protected by the underpin protection. Not all LGPS members are eligible for protection. The underpin will protect the pensions of eligible members that they built up in the remedy period. The remedy period is from 1 April 2014 to 31 March 2022. Underpin protection stopped earlier if you left the LGPS or reached your final salary normal pension age before 31 March 2022.

### Am I Affected by the McCloud Remedy?

You may qualify for underpin protection if you were a member of the LGPS before 1 April 2012 and at any time between 1 April 2014 and 31 March 2022, as long as you did not have a disqualifying break. A disqualifying break is a continuous period of more than five years when you were not a member of a public service pension scheme.

If you have had more than one period of LGPS membership, the Government is considering if those periods have to be joined up or 'aggregated' to determine whether you qualify for underpin protection. The Government will seek views on this in 2023, ahead of announcing a final decision.

You may also qualify for protection if you were a member of another public service pension scheme before 1 April 2012 and you transferred that membership to the LGPS. The Government is considering whether you should also qualify for underpin protection if you have not transferred that membership to the LGPS. The Government will seek views on this in 2023, ahead of announcing a final decision. The below diagram shows if the changes could affect you:



## **The McCloud Remedy - What do you need to do if you are affected?**

You do not need to take any action. We will work out if you are protected. If you are, when you take your pension, we will work out if it will increase because of the underpin. If you or someone you know is contacted by a third-party organisation selling a service to help you claim additional pension you should not engage with them.

Not many members will get a final guarantee amount because, for most members, the pension they built up in the career average scheme is higher than they would have built up in the final salary scheme.

### **Active members**

If you are a protected active member, we will include information about how the underpin might affect your pension in your 2025 annual benefit statement. We must issue this by 31 August 2025.

If you leave the LGPS, we will work out provisional underpin figures for you. We can only work out the final figures and any increase to your pension when you take your pension.

### **Deferred members**

If you are a protected deferred member, we will include information about how the underpin might affect your pension in your 2025 annual benefit statement. We must issue this by 31 August 2025.

We will work out final figures and any increase to your pension when you take your pension.

### **Pensioner members**

If you are protected and your LGPS 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 pensions in payment will take some time.

**You do not need to contact us. Please be assured that we will contact anyone whose pension in payment will increase because of the McCloud remedy. We will only write to you if the new rules mean that your pension will increase.**

### **Find out more**

You can find out more about the judgement by reading the McCloud member factsheet / McCloud pages of our website / the McCloud pages of the national LGPS member website: [www.lgpsmember.org/mccloud-remedy/](http://www.lgpsmember.org/mccloud-remedy/).