

# WHAT DOES MCLOUD MEAN FOR YOU...?

On 15 July 2019 the government confirmed that it will remedy the age-related differences in treatment between members of the public service pension schemes which were introduced by the 2015 reforms (2014 in the case of the E&W LGPS). All public service pension schemes will be affected (including the NHS, Civil Service, Teachers, LGPS, Armed Forces, Judicial, Police and Firefighters). We're already supporting schemes with initial analysis on how members may be affected. There are steps you can take now to understand the impact and help you plan ahead. Speak to one of our specialists to find out more.



## HERE'S WHAT YOU CAN DO NOW

### Impact assessment

#### 1. Initial assessment

You can get ahead with preparation and we can help you...

- Identify members likely to be affected, including those who have left.
- Estimate nature and size of impact, e.g. additional pension, AA/LTA impact, backdating.
- Assess data quality, e.g. missing P/T, CARE info, data to recalculate pension.
- Prioritise members for remedy implementation, e.g. those in receipt of benefits, those approaching retirement.

## HERE'S WHAT WILL COME LATER

### Data collection

#### 2. Implementation

Once the analysis and assessment has been carried out, the next piece of work is implementing the rectification:

- Obtain missing data from employers etc.
  - Agree process where data is unavailable
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- Recalculate benefits
  - Rectify benefits
  - Amend systems for future benefit calculations
  - Communicate with members

### Recalculate benefits



### 3. Calculations

Members that are affected will need to have their benefits calculated including any underpayments for those who have already taken benefits. For members who are still active this will mean system changes to ensure that future benefit calculations are performed on the remedy basis for the appropriate period.

For unfunded schemes, it may also be necessary to extend choices to members that were available under the old scheme but were lost on moving to the new scheme, for example where the minimum pension age was increased in respect of benefits accrued on the new basis. **It may be necessary to run an options exercise.**

### 4. Communications

Whilst any changes resulting from the remedy can only be to the benefit of members, there are other issues potentially affecting benefits which could cause confusion amongst members, e.g.

- the benefit improvements that had been expected as a result of the cost control mechanism
- GMP rectification
- GMP equalisation.

There are a lot of moving parts and so the message that benefits are being remedied due to Government discrimination against younger public servants needs to be carefully handled in order to protect member confidence in their pension scheme!

