Pensions BULLETIN 05

Update on McCloud Remedy

The Westminster Government accepts that affected members of the reformed pension schemes, who have retired since 1 April 2015 or will retire before the remedy has been implemented, already have an entitlement to be treated as a member of their legacy scheme for the remedy period if they wish.

However, giving effect to this entitlement before legislation is implemented creates complex issues, particularly where there are interactions with the tax system. The Westminster Government is making legislative changes where necessary.

It is anticipated that the new legislation will come into force by October 2023.

Memorandum of Understanding and Framework Agreement

On 8 October 2021, the Local Government Association (LGA) and the Fire Brigades’ Union (FBU) agreed a Memorandum of Understanding (MoU) which set out a mechanism for handling Immediate Detriment cases.  It includes a Framework under which members in scope could receive benefits prior to the remedying legislation taking effect (currently anticipated by October 2023).

The ‘immediate detriment’ cases relate to firefighters who have retired since the 2015 pension scheme was introduced, or will do so before further legislation to provide firefighters with a remedy is introduced by October 2023

Governance and delegated authority structures and protocols in Northern Ireland differ from those in the rest of the UK and it is currently unclear if NIFRS has the delegated authority to implement the Framework. Taking all factors into consideration, on 30 November 2021, the NIFRS Board agreed that NIFRS are not in a position to adopt the Framework and MOU.

HM Treasury’s position on the processing of Immediate Detriment cases

HM Treasury (HMT) current position is now that immediate detriment cases, including those yet to retire, cannot be processed before legislation is in place without considerable risk, uncertainty and administrative burdens for individuals, schemes and employers.  The HMT position highlights the risk of significant second or third adjustments to benefits for individuals if changes are processed now without full clarity on how the remedy should operate.

What next?

For eligible members, the choice relating to their pension benefits will be offered as soon as practicable however, it is highly probable that this will be after legislative changes are implemented by October 2023. This means that for both past and upcoming retirements, members who have transitioned to the CARE scheme will continue to receive benefits on that basis and if the member chooses legacy benefits for the remedy period and there is a  shortfall in pension, this will be backdated to the date of retirement as soon as practicable.

Eligible members **do not have to do anything at this stage**. Eligible members will be contacted by the pension scheme administrator in due course. The choice will be offered to you as soon as practicable once your benefits become payable. **Any change to benefits will be backdated if applicable.**

Preparing for your future.

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