



HSC Pension Service

Business Services Organisation

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HSC pension Service - McCloud Judgement

Transitional Protection Myth busting

Introduction

With changes being introduced to the HSC Pension Scheme (and other public service pensions schemes), there's lots of information being circulated and discussed about what those changes mean. And because we live in a world of various methods of communication, the message can spread quite quickly and sometimes can be misinterpreted.

Following feedback, we've answered some key questions to try and help resolve some of those uncertainties and reassure you of what the changes mean. You may also find our [Frequently Asked Questions](#) useful, to help with any other queries you may have.

Questions to be answered

Reformed scheme? Legacy scheme? What are they?

These will be referred to in the government documents, these simply mean the career average (reformed 2015 Scheme) and final salary (legacy 1995 & 2008 Sections).

The remedy period - what's that?

This is the period of service for which members will be offered the choice as to which scheme their pension benefits will be paid under. This remedy period is service from 1 April 2015 to 31 March 2022.

Is the career average scheme illegal?

No, the career average scheme is not illegal. What was deemed discriminatory was the transitional protection policy that kept those closest to retirement age in the final salary (legacy) schemes, when others were moved automatically to the career average (reformed) schemes. The proposed remedy will ensure that all affected members have access to the scheme that they consider is better for them for the period involved.

Will I lose all my final salary benefits?

No, you'll not lose your final salary benefits. They'll stay with you and make up part of your benefits when you retire.

Will I be worse off?

No - no one will be worse off for the remedy period. That's why those members who are affected by the transitional protections are being given the choice as to whether they want their pension benefits relating to their service in the remedy period paid as if they were in the final salary or career average scheme (service between 1 April 2015 and 31 March 2022). All members will be treated equally from 1 April 2022.

Will I now have to work until I am 67 or 68?

When you retire is your choice, subject to HMRC rules on the minimum pension age (currently age 55). Normal Pension Age (NPA) in most of the reformed schemes is linked to the State Pension age, reflecting that most people can expect to live longer and have longer working lives. Nobody, though, is required to work longer if they don't wish to do so. Pensions taken before the relevant NPA will be adjusted fairly to reflect the fact they are likely to be paid for longer.

Is it correct that if I've moved out of the final salary scheme into career average scheme then the final salary scheme pension is 'frozen' and only gets CPI increases?

Members who transition from the final salary scheme to the career average scheme have what's called Final Salary Link. Final Salary Link allows for the salaries earned during career average service to be used to determine the pensionable [pay](#) for final salary benefits.

Can I choose to split my career average and final salary benefits when I make the choice about my service in the remedy period?

No, you'll choose to receive your benefits from either the final salary (legacy) scheme or from the career average (reformed) scheme, in respect of the remedy period (service between 1 April 2015 and 31 March 2022).

Will I only receive the pension changes if I've submitted a legal claim?

No. The government confirmed that whichever solution is implemented, it will apply across all public sector schemes and for all members with relevant service, regardless of whether they've lodged a claim.

Will I lose my flexibility choices?

In the consultation response, the government said it's considering ways to ensure that members can retain rights in the schemes in which they made voluntary contributions, such as ERRBO etc. The technical detail of how this will be implemented is yet to be decided through scheme level discussions and subsequent consultations for secondary legislation (scheme regulations).

If I choose to keep my pension for the remedy period as final salary, will that include an automatic lump sum?

If your final salary scheme is the 1995 section of the scheme and that's the scheme upon which your transitional protections were based - then it comes with an automatic lump sum.