



**Business Services
Organisation**

The McCloud Ruling & Annual Allowance



What is McCloud?

In 2015 the Government made changes to the majority of public sector pension schemes. These reforms didn't apply to those members closest to retirement, who stayed in their legacy schemes with 'full protection'. The Court of Appeal later found that this discriminated against younger members – a consultation was published and in order to remedy this discrimination any member affected will be given the choice at retirement if they want to receive legacy scheme or reformed scheme pension benefits for their service between 1st April 2015 and 31st March 2022 (known as the Remedy Period).

Who is affected?

Not all members are affected by the McCloud Remedy. If you were a member of a public service pension scheme on or before 31st March 2012 and still a member on or after 1st April 2015 with continuous pensionable service you will be affected by the McCloud Remedy.



What is Rollback?

From 1st October 2023 any member impacted by the McCloud Remedy will have any of their pensionable service between 1st April 2015 and 31st March 2022 rolled back into their legacy scheme – this will be either the 1995 or 2008 section of the HSC Pension Scheme.

Following rollback, HSC Pension Service will recalculate the pension input amounts for members affected by rollback and Annual Allowance for each remedy period tax year plus 2022/23. Once this is complete, HSC Pension Service will send a 'Remediable Service Pension Savings Statement'.

How will this affect my Annual Allowance?

If you have pensionable service during the remedy period due to be rolled back, this may affect your pension tax position over one or more of those tax years. This is because your Annual Allowance will have to be recalculated to reflect your service being in the legacy scheme for the remedy period. The growth (pension input figure) for your legacy (1995/2008) Scheme Annual Allowance will be revised to reflect the additional service of the remedy period.



Remedial Service Pension Savings Statement for the Remedy period



If you are a member who is affected by the McCloud Remedy, HSC Pension Service will send you a Remediable Service Pension Savings Statement for the tax years during the remedy period. This Statement will include your recalculated pension input amount for the remedy period tax years and confirmation of the pension input amounts for the previous 3 tax years, 2014/15, 2013/14 and 2012/13.

This information will allow a member to then use HMRC's new digital service which will be available from 1st October 2023. This enables affected members who have new, increased, or decreased Annual Allowance charges, as well as other tax charges such as lifetime Allowance charges and unauthorised payments charged to:

* Correct these for tax years 2019/20, 2020/21, 2021/22 and 2022/23

* Apply for compensation for any tax charge overpayments for tax years 2015/16, 2016/17, 2017/18 and 2018/19.

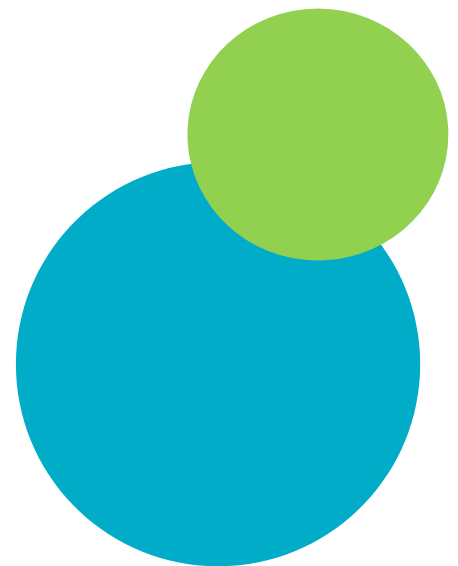
2022/23 Pension Savings Statements

HSC will provide 2022/23 Pension Savings Statements to members affected by rollback after we have provided the remedial service Pension Savings Statements for the remedy period. This is to make sure your pension input amount for the 2022/23 tax year is correctly calculated based on your pension benefits following rollback.

This means if you are affected by rollback you should receive your 2022/23

Pension Savings Statement by HMRC's extended deadline of 6th October 2024.

If you are a member who is affected by McCloud, but your service in the remedy period does not need to be rolled back because you had full protection and kept your 1995/2008 benefits until 31st March 2022, HSC Pension Service aim to issue your 2022/23 Pension Savings Statement ahead of this deadline.



HMRC have confirmed that members will not need to report any Annual Allowance charge for 2022/23 on your Self-Assessment Tax Return by the Standard 31st January 2024 deadline, however you will still need to submit a Self-Assessment Return to report and pay any other tax charge you are liable for by 31st January 2024.

Members who are not affected by the McCloud remedy should receive their 2022/23 Pension Savings Statements as normal by 6th October 2023 and any Annual Allowance charge for 2022/23 must be included on their Self-Assessment tax return and submitted by the deadline of 31st January 2024.



Scheme Pays deadlines for rolled back members

Scheme Pays Election deadlines for members impacted by the McCloud remedy will be issued once HSC Pension Service have received further guidance from HMRC.

Any member not affected by McCloud will need to submit a Scheme Pays Election for the 2022/23 tax year by the normal deadline of 31st July 2024.

Contact Us

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Telephone lines are open:
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&
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