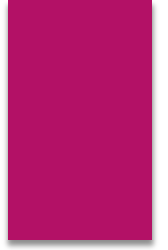




University and College Union



Changes to your Teachers Pension Scheme April 2022

Nicola Lee and Joyce McAndrew
UCU Bargaining and Negotiation – FE and HE

Changes to TPS from April 2022

- ▶ What is going to happen?
 - ▶ Closure of all final salary schemes for future accrual
 - ▶ Choice of benefits for 7 year “remedy period”
- ▶ Who will be affected?
 - ▶ Active members on 31/3/12 who were still in the scheme on 1/4/15
- ▶ Why is this happening?
 - ▶ McCloud/Sargeant discrimination case summary

The move to 2015 CARE scheme

- ▶ Reformed scheme arrangements introduced for all members on 1.4.2015
- ▶ Except for...
 - ▶ Scheme members who were within 10 years of the NPA of their Final Salary scheme on 1/4/12 were allowed to stay in that scheme until retirement (full protection)
 - ▶ Scheme members who were between 10 and 13.5 years away from the NPA of their Final Salary scheme on 1/4/12 were moved to the CARE Scheme on a future date set by their date of birth (tapered protection)
- ▶ “Protection” was granted due to age – it is the impact of this that has to be removed

| | CAREER AVERAGE | FINAL SALARY | |
|----------------|--|--|--|
| | 2015 | NPA60 (pre 2007) | NPA65 (post 2007) |
| Accrual | 1/57 th | 1/80 th of average salary | 1/60 th of average salary |
| NPA | Set equal to SPA | 60 | 65 |
| Lump sum | By conversion only For each £1 of pension you give up you'll receive £12 of lump sum. | 3x annual pension Option to convert pension to increase lump sum | By conversion only For each £1 of pension you give up you'll receive £12 of lump sum. |
| Annual pension | Total of 1/57 th of your pensionable earnings each and every year (plus index linking). | Multiply your service by your average salary and then divide by 80; | Multiply your service by your average salary and then divide by 60. |
| Average salary | n/a Each year accrues for itself. | <ul style="list-style-type: none"> The average of your best consecutive three years re-valued salaries in your last ten years of service or, Your last recorded 12 months of pensionable service before your retirement. | |

Age Discrimination – McCloud remedy

- ▶ Following a lengthy legal process – often referred to as the McCloud/Sargeant case – the courts ruled that the Transitional Protection arrangements for reformed public service pension scheme in 2015 were discriminatory on grounds of age
(NB not the reformed schemes themselves)
- ▶ HM Government are now bringing in the required primary legislation and statutory regulations necessary to remove this discrimination
 - ▶ Reform
 - ▶ Retrospective choice
 - ▶ remedy

Removing age discrimination from TPS

- ▶ Eligible members – set according to membership in 2012
- ▶ Remedy period – 1/4/15 to 31/3/22
 - ▶ **Reform**
 - ▶ Closing legacy schemes for future accrual from 1/4/22
 - ▶ **Retrospective choice**
 - ▶ Giving every eligible scheme member who has had a pension event since 1/4/15 a choice of how they wish their benefits for the remedy period to be calculated (won't start til Oct 22)
 - ▶ **Choice at retirement**
 - ▶ Giving every eligible member retiring a choice of how they wish their remedy period benefits to be calculated

Key dates for McCloud remedy



- 1 April 2015 - All members without protection* joined the 2015 CARE Scheme on this date.
- From 1 April 2015 to 31 March 2022 - This is the “Remedy period” when the discrimination took place. At retirement, eligible members** can chose to receive Final Salary or CARE benefits for this period.
- On 1st April 2022 - ALL scheme members will move into the 2015 CARE scheme on this date, if they are not already in it. ALL Final Salary schemes will close for future accrual.
- From 1 October 2022 - From this date, all eligible members will be offered a choice of benefits (as above) for the remedy period during their retirement application.



| | Age at 1/4/2012 | Pre 2015 | 2015 – 2022 REMEDY PERIOD | From 2022 | At retirement |
|---------------------------|--|----------|---------------------------|-----------|--|
| <i>Full protection</i> | Within 10 years of expected normal pension age | Yellow | Yellow | Purple | Members will be given a choice whether their service during the remedy period is calculated according to legacy or reformed scheme rules |
| <i>Tapered protection</i> | Between 10 and 13.5 years away from expected normal retirement age | Yellow | Yellow / Purple | Purple | |
| <i>No protection</i> | Over 13.5 years away from expected normal retirement age | Yellow | Purple | Purple | |

Yellow = legacy scheme Purple = reformed scheme

So, what happens when I retire?

Retire before April 2022

You will receive benefits according to the scheme membership you have built up as they are. This may be two “pots” – final salary and CARE

After October 2022 your service between 2015 and the date of retirement will be recalculated and you will be offered the choice of benefits for this period as per NPA60/65 or CARE

Retire before October 2022

Your benefits from 1/4/22 will accrue under the 2015 scheme if you are not already in that scheme. When you retire you will have two “pots”

After October 2022 your service between 2015 and 2022 will be recalculated and you will be offered the choice of benefits for this period as per NPA60/65 or CARE.

Retire after October 2022

Your benefits from 1/4/22 will accrue under the 2015 scheme if you are not already in that scheme.

When you retire you will be presented with two figures

- a) Your pension if your service between 2015 and 2022 is calculated under your legacy scheme, or
- b) Your pension if your service between 2015 and 2022 is calculated under the reformed scheme

Retiring with two pension “pots”

Legacy (NPA 60 or 65)

- ▶ Available in full at NPA (60 or 65)
- ▶ Need to break service to claim in full
- ▶ *Can be claimed at NPA WITHOUT also claiming 2015 CARE pension**
- ▶ Abated if return to pensionable employment

CARE

- ▶ Available in full at State Pension Age
- ▶ Reduced if claimed early e.g. when legacy pension claimed

* If you retire before the NPA of your legacy pension you MUST also claim your CARE pension at the same time. Both will be actuarially reduced for early payment.

Phased retirement

- ▶ **Final salary member**

If you're in the final salary arrangement you can take two phased retirements before finally retiring.

- ▶ **Career average member**

If you're in the career average arrangement you can do this three times before finally retiring but only two of your phased retirements can be before age 60.

- ▶ **Benefits in both final salary and career average**

If you have benefits in more than one arrangement you can choose to take different proportions of your final salary and career average benefits.

Summary

- ▶ Pensions already built up in the legacy schemes will not be lost
- ▶ All members will be in the 2015 scheme from 1/4/22 for future accrual
- ▶ No one can stay in the legacy schemes after this point
- ▶ You do not need to make any decisions now?
- ▶ You may have two different “pots” of pension at retirement
- ▶ You can choose when to take each of those pots
- ▶ The longer you stay in the pension scheme the greater your pension at retirement will be
- ▶ Read the individualised correspondence you will be sent

More information -

- ▶ TPS (England and Wales) – <https://www.teacherspensions.co.uk/members/scheme-changes/transitional-protection.aspx>
- ▶ STSS (Scotland) - <https://pensions.gov.scot/2015-remedy>
- ▶ NITPS (N Ireland) - <https://www.education-ni.gov.uk/articles/prospective-remedy-consultation> and <https://www.education-ni.gov.uk/publications/mccloud-judgement-joint-statement>

Contacting us

pensions@ucu.org.uk

<https://www.ucu.org.uk/pensions>