

## **Podcast Transcript:**

### **Minisode 2: 2015 Remedy (McCloud) explained**

**Emily** Today's minisode is all about the 2015 Remedy. Today we're here with Ian Korner, resident policy expert on 2015 Remedy in the Cabinet Office to talk about what the Remedy is, what it means for members, and any upcoming updates that you might need to know about.

**Rob** Ian, thank you so much for being with us today and welcome to the Civil Service Pensions Podcast.

**Ian Korner** Well, thank you for having me and it's good to be here.

**Rob** So let's jump right in. So in the simplest terms, Ian, what is the 2015 Remedy (McCloud) or the McCloud judgment?

**Ian Korner** So a number of years ago, the Government decided to reform public sector pension schemes across the public sector and the civil service was one of them. So these are known as the 2015 reforms and as part of the 2015 reforms, in order to protect members who were closer to their retirement age, members who were above a certain age were left in their old pension schemes. Now, a number of younger public sector workers, including Victoria McCloud, who you may have heard of as in the McCloud judgment, brought a number of cases to say this is discrimination on the grounds of age. The government lost this case, and agreed to remedy all affected members across the public sector, which is where we are today.

**Rob** Okay, so 'remedy' comes from them basically fixing or undoing the change that they made back in 2015.

**Ian Korner** That's right. Yes.

**Rob** So does that mean then, presumably, that no one is going to get moved into this new scheme or is now everybody in that new scheme?

**Ian Korner** So as one of the ways to deal with it, the Government said, "okay, what we should have done back in 2015 was move everybody to their new schemes" and the McCloud judgment was very clear that moving people to the new schemes wasn't discrimination. It was the fact that a small group of people were left in the old schemes. So what we did and what other public sector schemes did is on 1st April 2022, we closed off the old scheme, so you'll know them as PCSPS, and moved everybody remaining in them to alpha. So if you were still building up pension, you were moved, from 1st April 2022, to alpha, so everyone is in that scheme from now on.

**Rob** So I guess that word, you know, "protection", you know, the people who were within a certain amount of time from retirement back in 2015 were protected. It's a bit of a misnomer, I suppose that word, isn't it?

**Ian Korner** Yes, it's not the most helpful either, because actually what we found when we looked at it is many members would have been better off had they been moved into alpha in 2015.

**Rob** That's interesting.

**Ian Korner** So what we need to do as part of the fixing the McCloud judgment is to go in and actually give members a choice of their benefits from 2015 to 2022. Because what we can't do is say, "Oh, everyone's back in their old schemes from 2015 to 2022. Here you go". Because actually that might make a number of civil servants worse off. So what we need to do is calculate the benefits under both schemes to say, "Hey, here's a choice. Do you want to stick with your old scheme? So that might be classic, premium, classic plus or nuvos. Or do you want to go to alpha?"

**Rob** When you say PCSPS, you're referring to people who were in classic, premium, classic plus, nuvos, that sort of thing?

**Ian Korner** That's right, Rob. It's a shorthand to cover all those old schemes. So some people will have heard of it as PCSPS, some people just know their particular scheme, like classic.

**Rob** Yeah, I think it's also referred to as 'legacy schemes' I suppose, isn't it now, in hindsight.

**Emily** So just going back to the kind of age discrimination part of 2015 Remedy, how is that being dealt with by Civil Service Pensions?

**Ian Korner** So there's two elements to that. So one, as I mentioned a bit earlier, the first part of fixing the age discrimination was to make sure all members were in alpha from 1st April 2022. What we'll then be doing on 1st October 2023 is rolling members back to their legacy scheme. So what this means is, let's say you're a member who moved from classic to alpha in 2015 and you're still in service. What will happen on 1st October 2023 is all your benefit records will be changed from 2015 to 2022 to say, "Hey, you were in alpha, you're now back in classic". Now let's be clear here, we're not making a choice for you at this point. It's simply part of the judgment. It's a way we have to fix it. So your record will be updated but actually, your choice about whether you want your classic or your alpha benefits will come later.

**Rob** So we're effectively almost rewriting history, aren't we, by going back to 2015 and saying, "it's as if that change never happened but you're still in alpha from April 2022"?

**Ian Korner** That's right, because there's a few Remedy principles we've got, and it may be useful to talk about them briefly. So one is that members should be put back in the position they would have been in, had the discrimination never happened, which is rolling people back into their old schemes and two is giving members a choice. So again, it's that choice of: do you want alpha, or do you want your old legacy scheme? Do you want your classic, your premium, your nuvos, your classic plus, whatever.

**Rob** Okay, so but for anyone who's actually not anywhere near retirement or who isn't yet thinking about retirement, there's nothing they need to actually do apart from when they retire. They'll just get to choose how they want seven years to be treated?

**Ian Korner** That's right. So if you're an active member... so, you're building up pension, you're nowhere near retirement. What you'll first see is, on your 2024 Annual Benefit Statement, your ABS, you will see your benefits for the Remedy years, so that's the 2015-2022 on there, both for your old legacy scheme and alpha. So you don't have to make a decision at that point, it's just for illustration. Now, if you're a member who left the civil

service but haven't retired, so you're a deferred member, what you'll get is a one-off statement in 2024, again saying "When you left the first time, what we gave you was a statement showing your benefits at that point. However, we've needed to recalculate. So again, here's your benefits under the alternative". But like with active members, you're not needing to make a choice. Now, the people who need to make a choice a bit sooner are those who've already retired or beneficiaries of deceased members. So what will happen? Let's say you retired back in 2019 and you retired from Premium. What will happen is, at some point, likely in 2024, we will write to you and say, "you had your premium benefits up until 2019. Would you like to swap those premium benefits from 2015 to 2019 for alpha benefits? Here's the value of the premium benefits. Here's the value of the alpha benefits." Now, the thing is, you can always opt to say "Actually, I just want to keep hold of my premium benefits. I've left, I'm happy with them." That's fine. You don't need to do anything. We'd like it if you responded to us for our records, but you don't actually have to do anything. Now, if you want to pick alpha, what will then happen is, if you are owed money by us for choosing alpha, we will pay you the money plus interest. And if you owe money to us, you will need to pay us some money. Now, we're not expecting many members to pick the option where they owe the scheme money, because why would you do that?

**Rob** Yeah of course.

**Emily** Mm.

**Ian** But there will be some things members will want to think about. For example, death benefit, survivor benefit, things like that, which may make another scheme better. And you actually say, "I will owe a bit of money, but I'd rather have these other benefits". So it's not an easy case of "Well, that's more money so that's definitely the best option".

**Rob** But people can always just stay as they are and not do anything.

**Ian Korner** Definitely. The one group who will need to do something is what are called 'tapered members'. So these are members who moved at some point in the Remedy period to alpha. So they didn't move in 2015, they moved before 2022. So these were members who were left in the old schemes for a bit, because of their age, but weren't old enough to be fully protected. Now, what the judgment said, it was very clear, it said you can either have your new benefits, or your old benefits, what you can't do is retain a mix of your benefits for that Remedy period. So let's say you moved to alpha in 2018 and you were in classic before. What the judgement says is you can't keep your classic benefits up until 2018, and then your alpha ones from 2018 to 2022. You have to pick all alpha or all classic. Now, the good news is, all the modelling we've done, we can't see any scenarios where any members in this position will actually be worse off. It always seems to be better either alpha or classic. In the rare instance, maybe a member is worse off, what we said is we won't try and recover any money from the member. So the member will have their pension adjusted but there'll be no money recovered, so members aren't going to owe money to the scheme as a result of this.

**Emily** Okay so just so that I can get it clear in my mind, we talk about the Remedy period as the kind of key timeframe for members to keep in mind. So that's the 1st of April 2015 to the 31st of March 2022.

**Ian Korner** That's right.

**Emily** And essentially, we're saying that anyone who was in service for some, or all of that period will be affected by 2015 Remedy in some way?

**Ian Korner** Broadly, yes. So the first test is, was the member in service on 31st March 2012? That's when the reforms were originally announced for the 2015 reforms. Now, a member would still need to have been in service on 31st March 2015, so three years later. Now, there are some caveats on that. So people who opted out just before, people who are in a broadly comparable scheme. There's a few other bits and pieces, but I think generally if people think in terms of that 2012 and 2015 date.

**Emily** Right. So there's two timeframes, then.

**Rob** So broadly speaking, if you were in service between the 31st of March 2012 and the 31st of March 2015, it's likely that you're impacted.

**Ian Korner** Yes. Now, what we do have is a lot of really useful tools on the civil service [pensions] website. So we have an *Am I affected?* tool. So you can go there, you can put in your details, it will give you an idea of whether you are affected. We have this wonderful chat bot which seems to be learning all the time. Again, it can answer a load of questions. So just go on the website, play around, see what you can get. We've got webinars on there that have previously been recorded on the Remedy and other areas so people can go and watch those for more detail. So there is a lot of information out there.

**Rob** And that's [civilservicepensionscheme.org.uk/remedy](http://civilservicepensionscheme.org.uk/remedy). We'll make sure that goes in the description as well. So the other timeframe then is the 2015 to 2022, Emily, yeah?

**Emily** Yes. So there's the first one, which is the 31st of March 2012 to the 31st of March 2015, have I got that right?

**Ian Korner** Yes. So, that first timeline is very much, can I work out if I'm eligible?

**Emily** Right.

**Ian** And then we actually get to the Remedy period itself. So that's 1st April 2015 to 31st March 2022. Now, there'll be plenty of members who've had service for that whole period, so that whole seven years. And that's what their Remedy choice has been based on. However, we do have some members who retired in the period, you know, maybe unfortunately died, we've got members who transferred out. Now, even if you've only built-up service for part of that period... so let's go back to our member who retired in 2019. They are very much eligible, but they make their choice on their benefits from 2015 to 2019 because they retired in 2019 and there's no more choice after that to make because they didn't build up any more benefits. I know a lot of members are very curious about partial retirement, as we've got a lot of members who partially retired or are looking to partially retire. Helpfully, partial retirement becomes slightly more confusing in the Remedy. But the way to think about it is, if I partially retired in that Remedy period, did I put any benefits into payment related to that Remedy period? Now, what happens is some people will retire in, say, 2020, but actually only put benefits into payment up until 2015. Now, because you've not put any benefits into payment related to the Remedy period, you'll make your choice about your Remedy benefits when you come to fully retire. If you've already put Remedy benefits into payment, even as a partial retiree, you're what's called an immediate choice member. So this is when we'll be writing to you, likely in 2024, to say "We want you to make your choice now". We'll say, "You put your benefits into

payment back in 2020, would you like to stick with them, or would you like to change to the alternative scheme?" So crucially, if you're a partial retiree, the one question you need to ask yourself is, have I put any benefits into payment relating to that Remedy period?

**Rob** Crikey, Ian, there's so much information in your head. It's unbelievable!

**Emily** Just a font of all knowledge.

**Rob** Just to make it clear in my head, then. Let's say you're impacted by the 2015 Remedy, let's say you're in scope, I suppose is a better term for it. It doesn't affect your whole pension, it only affects your pension that you've built up between 1st April 2015 and the 31st of March 2022 or some point before 2022, if you finished before then.

**Ian Korner** That's right, Rob. Let's say you started work in the civil service in 2000, that period from 2000 to 2015 and anything from that 1st April 2022 is just as is. So there's no choice to make on that, you come and take your retirement as normal. It is, as you say, just that seven-year Remedy period.

**Emily** Okay so there's a lot of information there, some of it is quite complicated. So, in terms of the immediate need-to-know, what to do now or at some point, what does that look like for members?

**Ian Korner** So, in short, there's not much you need to know. So we're not expecting members to do anything unless we are contacting you directly with some information or your choice. So the Remedy will launch on 1st October 2023. If you want to retire after 1st October 2023 and you've not partially retired, you're just an active member, you'll get your choice of your benefits, either alpha or your legacy scheme benefits in terms of your choice quote pack. As I said before, if you've already taken your benefits, we'll write to you at some point in 2024 to say, "We would like you to make your choice". If you're an active member, you're not looking to retire, or you're a deferred member and you're not looking to retire, you'll get a statement in 2024 but you don't have to do anything with it. Crucially, we've started to hear about companies contacting other public sector workers, particularly in the NHS, saying "we can get your Remedy sorted for you for a fee, or we can get your remedy sorted for you for no win, no fee". Ignore them. They're trying to get money off you. You don't need to do anything. It's not going to cost you anything. We will write to you when the time is right with your choice.

**Rob** So there are companies basically trying to defraud people out of money and capitalize on the uncertainty that people feel around this topic?

**Ian Korner** That's right, Rob and it's really worrying. We are trying to do what we can stop them, but we can't stop everybody popping up on a Google search. So just be careful.

**Rob** Yeah, I mean, that's, that's horrendous.

**Emily** That's good advice.

**Rob** So to, to break it down to simple terms then, there is nothing that anyone needs to do until the scheme writes to them and says, "There's a choice now for you to make".

**Ian Korner** Yes, that's right.

**Rob** And that choice is going to be based on only that seven-year period within your within your service history, not on your whole service in the civil service.

**Ian Korner** That's correct, Rob. So, you know, while we know everybody wants more information, there will be tools being released over the next few months with more information. At the same time, it's crucial, you don't need to do anything unless we've asked you to do something.

**Rob** Yeah. And for anyone who's expecting a big kind of payday out of this, you know, given the sort of current financial climate that we're in at the moment, you know, is it likely that people can expect large sums of money based on the choices that they've got available to them?

**Ian Korner** In most cases, no. So the only people who would get more money are those who've already retired, or beneficiaries of deceased members. And what we're finding, actually, is a lot of the benefits across the schemes are quite similar. So in our testing, we're not seeing big differences between the two pensions. So you might get a bit more money, but there's no guarantee you will get a bit more money. And I think very, very few people will get large sums.

**Rob** So it's not going to be life changing.

**Ian Korner** Yes. So don't expect major money, if you are making a choice, but it may be that it is better for you.

**Rob** So it might be that, after all this anticipation over the last several years, it's a bit of a damp squib when people get their statements through?

**Ian Korner** Yes, yes, please don't get angry at us.

**Emily** So you mentioned that there are some tools and some more information, there's a chat bot, there's an *Am I affected?* tool, it sounds like there's a lot of information and support available for people who just want to, kind of, get to grips with 2015 Remedy?

**Ian Korner** There is and there's illustrators as well. I mean, what we've found is these tools are very useful for the majority of people. So they give you a good idea of what's going on. What we don't have yet is a tool that's completely customised to your personal circumstances. So, especially if you're a member who's done a number of things, you might have bought Added Pension, you might have got divorced, you might have done something else. The tools can only do so much. So just be aware that, it will give you an idea, but it can't tell exact tell you exactly what you'll get.

**Emily** Right. Yeah. So that's good advice, I think, to kind of manage your own expectations.

**Ian Korner** Yes.

**Emily** And that's one of the great things about this scheme is that there are... we come across a lot of very unique circumstances in the kind of, pensions journey that many people have taken, because there are so many buttons and levers for people to push and pull to make their Civil Service Pension work for them. So I think that's a really good point.

**Ian Korner** Thank you.

**Emily** Brilliant. Ian, thank you so much for talking to us today. It's been great having you with us on the podcast and learning more about the 2015 Remedy.

**Ian Korner** Well, thank you both for having me.

**Rob** It's been great. You've been brilliant to tap into your font of knowledge, Ian. And as we said, you can always find out more about the 2015 Remedy on the scheme website. That's [civilservicepensionscheme.org.uk/remedy](https://civilservicepensionscheme.org.uk/remedy).

**Emily** This episode was recorded in July 2023, and everything that we talked about today is accurate at the time of recording, so do make sure that you check the Civil Service Pensions website for any recent updates.

**Rob** Make sure you follow or subscribe so you never miss an episode. Plus you can leave us a review wherever you get your podcasts. Thanks for listening.