

# Immediate and deferred choice



# The Retrospective Remedy

The Public Service Pensions & Judicial Offices Act 2022 came into force on 1 April 2022. Implements remedy in two phases: prospective and retrospective

## Prospective 1 April 2022:

- Legacy schemes closed to future accrual
- Remaining protected members moved to FPS 2015

## Retrospective 1 October 2023:

- Reformed scheme service 'rolled back' to relevant legacy scheme service
- Members given choice of benefit:
  - Immediate choice (pensioner and deceased)
  - Deferred choice (at retirement/ benefit crystallisation)

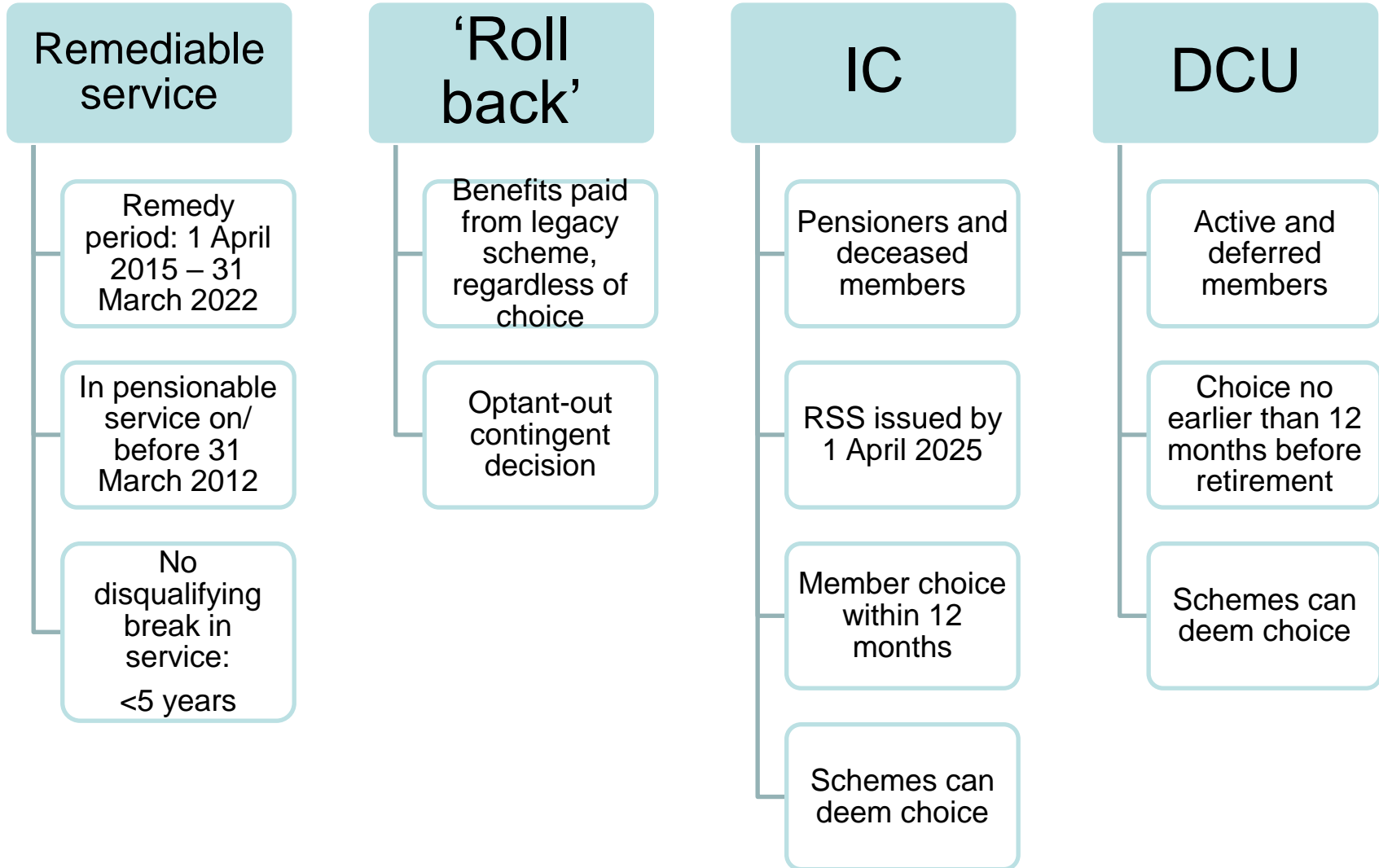
# Sections 1 to 13 PSPJOA 2022

1: Definition of remediable service

2 – 5: 'Roll back' of service from reformed to legacy scheme

6 – 9: Immediate choice (IC) for pensioners and survivors

10 – 13: Deferred choice (DCU) for active and deferred members



# Immediate choice members

Section 6-9 PSPJOA 2022

Pensioner members with remediable service retired before 30 September 2023

Beneficiaries of deceased members with remediable service who died before 30 September 2023

Choice to be offered as soon as practicable BUT Remediable Service Statement must be issued by 1 April 2025

Member to make election within 1 year of receiving choice (31 March 2026)

'Roll back' deemed to have occurred at end of election period if no election for reformed scheme benefits made

# IC – the detail

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## Section 6

Allows pensions members and representatives of deceased members to make immediate choice to receive new (reformed) scheme benefits

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Benefits are paid from legacy scheme NOT new scheme

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Separate elections must be made for multiple employments

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## Section 7

IC election must be made within 1 year of receipt of RSS

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Election takes effect from date of retirement or date of death

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Election is irrevocable

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If pensioner member dies before making an immediate choice, representative will receive IC election

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# IC – defaults

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## Section 8

Default scheme if no election made is legacy scheme

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Section 8 allows schemes to deem election made if new scheme benefits are more valuable – clarity required!

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Intended to be exercised on a case-by-case basis. No blanket policies!

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# Deferred choice members

Section 10-13 PSPJOA 2022

Active and deferred members at 1 October 2023

Roll back occurs at that date

Remediable Service Statement must be issued by 1 April 2025 (and annually)

Choice made at retirement or deferred into payment



# DCU – the detail

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## Section 10

Allows active and deferred members only to make deferred choice to receive new scheme benefits

Benefits are paid from legacy scheme NOT new scheme

Separate elections must be made for multiple employments

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## Section 11

Scheme rules must set deadline for deferred choice election

Must be no earlier than one year before day new scheme benefits expected to become payable – clarity required!

Election takes effect from date of retirement (or death)

If member dies before retirement/ DIP, representative will receive deferred choice election

# DCU – defaults

## Section 12

Default scheme if no election made is legacy scheme

More likely for active members to engage with process

Section 12 allows schemes to deem election made if new scheme benefits are more valuable – clarity required!

Intended to be exercised on a case-by-case basis. No blanket policies!

# 1 October 2023 – BAU v Sargeant

- New retirements/ deaths from 1 Oct 2023 (DC)
- DC-RSS
- Paid under scheme rules in force

BAU

- IC for pensioners/ representatives
  - IHR reassessments
  - Contributions and tax adjusted
  - IC-RSS
- ABS-RSS for active/ deferred
- Contingent decisions
- Rectify ID cases

Remediable

# Four types of RSS

## IC-RSS

- Pensioners retired between 1 April 2015 and 1 Oct 2023 (not ID)
- Deceased between 1 April 2015 and 1 Oct 2023 (includes active, deferred, pensioner)

## ABS-RSS

- From 1 Oct 2023, active members provided annually with or included on ABS
- From 1 Oct 2023, deferred members must receive an ABS-RSS, then 'on demand'

## DC-RSS

- Active and deferred members at DCU date (after 1 Oct 2023)
- Active and deferred members who die after 1 Oct 2023 – beneficiary to make DCU election

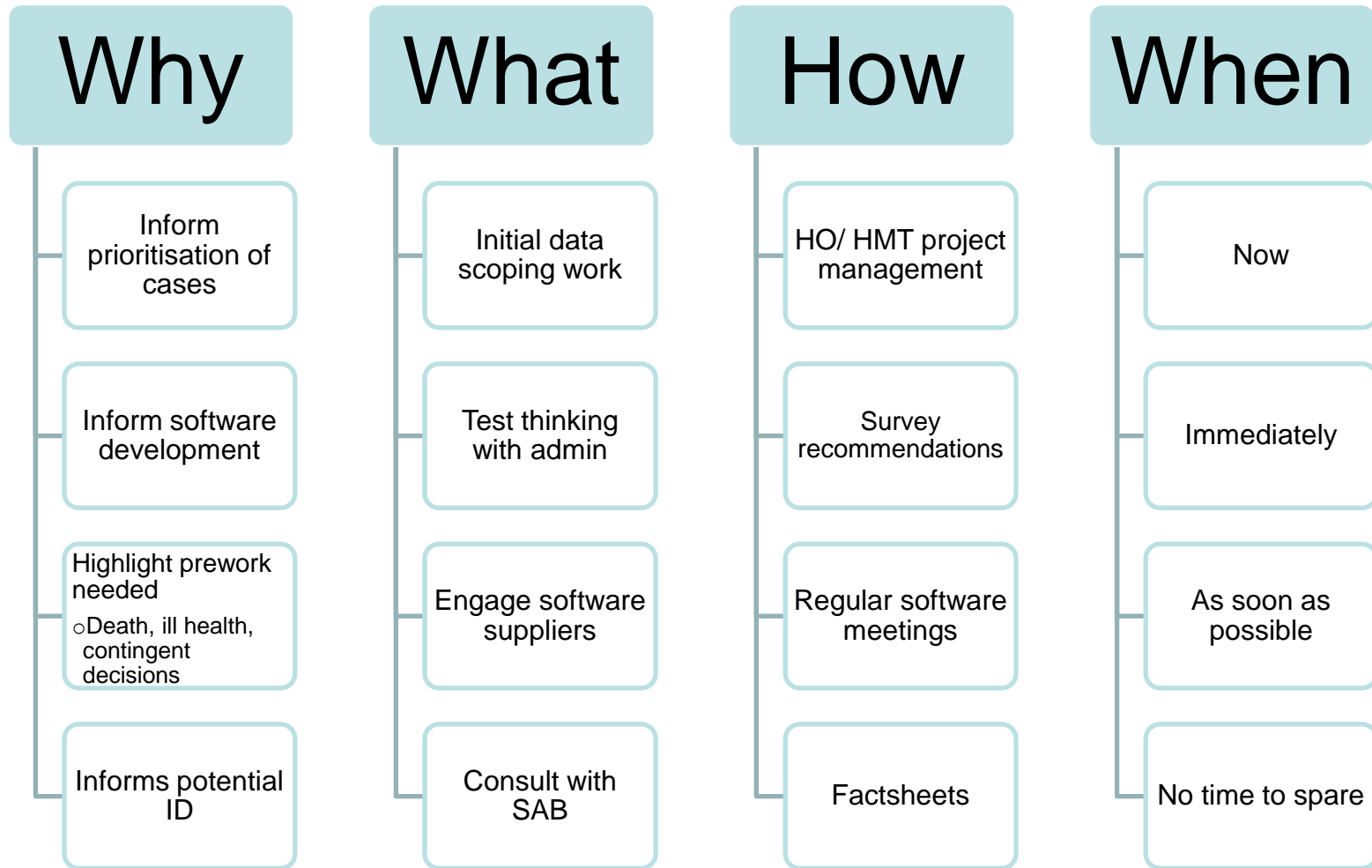
## R-RSS

- Members making a contingent decision claim under Sect. 5 (opted out service)
- 18 months from point claim is successful
- May be in addition to another type of RSS

# Prioritisation – cohort data

Schemes	Member status	Protection status	Events/ Non-standard cases
<ul style="list-style-type: none"><li>• 1992</li><li>• 2006 standard</li><li>• 2006 special</li></ul>	<ul style="list-style-type: none"><li>• Active</li><li>• Deferred</li><li>• Pensioner</li><li>• Deceased</li><li>• Transferred out</li><li>• Beneficiaries</li><li>• PC member</li></ul>	<ul style="list-style-type: none"><li>• Protected: Convert final salary to CARE (Reverse McCloud)</li><li>• Tapered: Create full final salary and CARE for full remedy period</li><li>• Unprotected: Convert CARE to final salary</li></ul>	<ul style="list-style-type: none"><li>• Transfers</li><li>• Divorce/ PSO</li><li>• Added pension</li><li>• Added years</li><li>• AA/ LTA breach = scheme pays</li><li>• Ill-health</li><li>• Contingent decisions</li></ul>

# Next steps



# Immediate detriment (ID)

Section 31 of the Act states that “nothing in sections 2 to 30 applies in relation to a person's remediable service in an employment or office if an immediate detriment remedy has been obtained in relation to the service”.

Therefore, scheme regulations must include provision covering scenarios where an immediate detriment settlement has been obtained in order to prevent a second election being made.

Regulations should also be included to ensure that anyone who has obtained an immediate detriment remedy can have the discrimination rectified through correcting or topping up any immediate detriment settlement that has been sought before implementation.

# FPS AGM 25-26 October 2022

18 Smith Square, London, SW1P 3HZ

## Agenda

Book day 1

Book day 2





# Any questions



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**Thank you for listening!**

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