







# McCloud update

The LGPS rules changed from 1 October 2023. The changes made are called the 'McCloud remedy' and remove age discrimination which was highlighted in the McCloud court case.

Here is a brief overview of the McCloud case and what it could mean for members.

## Background

In December 2018, the Court of Appeal ruled that younger members of the judicial and firefighters' pension schemes had been unlawfully discriminated against because pension protections (or 'underpin') that had been put in place for older scheme members did not apply to them.

This ruling is called the 'McCloud judgment', after a member of the Judicial Pension Scheme involved in the case. Because of the ruling, there are now changes to all public service pension schemes that provided protections, including the LGPS.

The changes are intended to remove the age discrimination found in the McCloud court case.

## What does the McCloud remedy mean?

The McCloud remedy means two main changes for LGPS members.

1. Qualifying younger members are now protected by the underpin too. This removes the discrimination found in the McCloud judgment.
2. The new underpin rules are much more detailed. This means that the underpin works fairly and consistently for all protected members.

## How will the remedy affect me?

The new underpin rules are very complex and we expect only a small number of scheme members will have an increase to their pension benefits. We will check all members' records to work out if they are due an increase as a result of the McCloud remedy. If you are affected, we will contact you direct.

## How do I get more information?

For more information, please visit the McCloud remedy web page on the LGPS member website at [lgpsmember.org/mccloud-remedy](https://lgpsmember.org/mccloud-remedy)

## Do I need to do anything?

We will check your pension record to find out if you are protected by the underpin. You do not need to contact us. Your 2025 benefit statement will include information if you are affected by the changes.

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## Update on pensions dashboards

Last year we gave you an update about LGPS funds taking part in a new initiative called pensions dashboards.

Pensions dashboards will allow people to access information about their pensions online, through a secure website. This means you will be able to access details about all your pension benefits, from all your pension providers, in one place. This will help you with planning your retirement.

Pension providers must connect to the new dashboard by 31 October 2026.

LGPS funds are putting plans in place and are working with specialist companies to connect with the dashboard. We will keep you updated on our progress.

For more information on pensions dashboards, please visit [pensionsdashboardsprogramme.org.uk](https://pensionsdashboardsprogramme.org.uk)

# Standards of retirement

The Pensions and Lifetime Savings Association (PLSA) have published the latest study on the Retirement Living Standards. Based on independent research by Loughborough University, the standards aim to remove uncertainty around planning for retirement and explain what retirement could be like at three different standards, as follows. The figures are the yearly amounts you'd need to achieve a certain lifestyle:

- **Minimum**

Single: £14,400  
Couple: £22,400

Covers all your needs, with some left over.

- **Moderate**

Single: £31,300  
Couple: £43,100

More financial security and flexibility.

- **Comfortable**

Single: £43,100  
Couple: £59,000

More financial freedom and some luxuries.

Now in its fifth year, this research has become a benchmark for the pensions industry and the government. Focus groups made up of UK residents from different backgrounds took part in the research. They talked about their expectations for retirement, and the opportunities and choices they need to take part in society, not just survive.

Spending costs were worked out for each of the three standards, in line with the Consumer Price Index (CPI), in the following categories:

- House
- Food
- Transport
- Holidays and leisure
- Clothing and personal
- Helping others

The research suggests that retired people value doing things more than having things. Being able to help others (family or charities, for example) has become more important, not just for the expensive items but for little things such as:

- helping with everyday costs;
- treating loved ones to a meal; and
- helping pay for activities and treats (especially for grandchildren).

For more information, visit:

[retirementlivingstandards.org.uk](http://retirementlivingstandards.org.uk)

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## Keep your pension safe

The number of pension scams continues to rise. It's more important than ever to understand how to protect your funds and the signs to look out for if you think you might be dealing with a scam.

Scammers often claim to be from genuine pension providers. They may contact you unexpectedly, through methods such as email, text message, social media or illegal cold-calling. They may offer you a 'free review' to discuss your finances. Their aim is to persuade you to transfer your pension savings to them, by promising access to high-earning, low-risk benefits.

If you want to find out more about how you can protect yourself against scams, visit the Financial Conduct Authority's (FCA) website at [www.fca.org.uk](http://www.fca.org.uk)

You can find more advice at [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

If you receive a phone call or email which you think may be from us but you're not sure, don't give out your details. Please contact us to find out if the call or email is genuine.

The logo for Money Helper features the word "Money" in a large, bold, blue sans-serif font. Below it, a pink arrow points to the right, followed by the word "Helper" in a large, bold, blue sans-serif font.

# Rejoining the LGPS

If you've recently started contributing to the LGPS and have paid into the scheme in a previous employment, you may have some choices to make about what to do with your LGPS pension (or pensions).

What happens to your previous LGPS pension will depend on how long you were paying into the LGPS for (and when) and your personal circumstances.

## Paying in for less than two years

If you were paying into the LGPS for less than two years (or three months if you were in the scheme before 2014), your previous LGPS pension will be joined with your new pension record and you don't need to make a decision. Please let us know if this applies to you.

## Paying in for more than two years

If you were paying into your previous LGPS pension for more than two years (or three months if you were in the scheme before 2014), what happens to your pension will depend on when you were last in the scheme.

### 1. If all of your previous LGPS membership was built up before 31 March 2014

If all of your previous membership in the LGPS was built up before 31 March 2014, you will have a choice about what to do with your previous LGPS pension. If you do nothing, your pension records will stay separate. If you would like to join your LGPS pension records together, you need to tell us within 12 months of starting your new role. We will then contact your previous employer to arrange this.

### 2. If all of your previous LGPS membership was built up after 31 March 2014

If all of your previous membership in the LGPS was built up after 31 March 2014, your pension records will usually be joined together. If you would like to keep them separate, you will need to let us know within 12 months of starting your new role.

## Points to consider

- **Redundancy or ill health:** If you leave your role because of ill health or redundancy, your previous LGPS pension will not be paid early with your current pension if **you keep your records separate**.

- **Retiring early:** If you retire before your NPA, your pension would normally be paid at a reduced rate to take account of the early payment. If you decide to join your pension records together, you will not have the option to take one pension early and leave the other pension until your normal retirement date (both your pensions would be reduced for early payment).
- **Final salary link:** If you started your previous LGPS membership before 31 March 2014 and left after 1 April 2014 (your pension includes membership from both before and after April 2014) and rejoin the LGPS within five years of leaving, you will be able to keep the final salary link on your previous pension. Your pension records will be joined together (unless you ask, within 12 months, to keep them separate) and your LGPS membership before 2014 will be linked to the salary in your new role.

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## Are your nominated beneficiaries up to date?

If you die before taking your LGPS pension, we may pay a death grant to someone you have nominated (a 'beneficiary').

The amount of the grant will depend on when you left employment and if you have any other LGPS membership.

If you hold more than one deferred benefit in the LGPS (provided you are not also an active member of the LGPS when you die), a death grant will be paid from each deferred benefit.

You can let us know who you would like the death grant to be paid to. Fill in an expression of wish form on our website:

[derbyshirepensionfund.org.uk/nomination](http://derbyshirepensionfund.org.uk/nomination)

