

The Public Service Pensions and Judicial Offices Act 2022 (PSPJOA 2022)



PSPJOA 2022 key provisions #1

The PSPJOA 2022 received Royal Assent on 10 March and came into force on 1 April

- <https://www.legislation.gov.uk/ukpga/2022/7/contents/enacted>

Prospective remedy – closes legacy schemes and moves all members into FPS 2015

- [Sections 88 to 91](#) (Part 1, Chapter 4)

Retrospective remedy – returns members to legacy scheme for remedy period, provides for the DCU (or IC)

- [Sections 1 to 38](#) (Part 1, Chapter 1)

PSPJOA 2022 key provisions #2

Employer cost cap – waives impact of any ceiling breaches

- [Sections 92 and 93](#) (Part 1, Chapter 4)

General provisions – regulations and directions, extent, commencement etc

- [Sections 129 to 132](#) (Part 4)

Prospective remedy (1 April 2022)



Sections 88 to 91

What's changing

Amends Sect. 18 of PSPA to remove transitional protections

- Schedule 2 of FPS 2015 regulations amended to insert closing date of 31 March 2022 for protected members

Prohibits new Added Years contracts after 31 March 2022

What's not changing

Transitional benefits:

- Final salary link
- Normal Pension Age (FPS 1992 and FPS 2006 special)
- Commutation factors (FPS 1992 and FPS 2006 special)
- Double accrual guarantee (FPS 1992)

From 1 April 2022 – One scheme: FPS 2015



Transitional members

Transitional FPS 1992
Transitional FPS 2006
Transitional FPS 2006 Special



Members with service from
1 April 2012

FPS 2006 Transitional Members



Members with service from 1 April 2015

Transitional benefits

Final salary



FPS 1992 –
DOUBLE
ACCRUAL
GUARANTEE



FPS 2006 –
SERVICE
ACCRUED



FINAL SALARY
LINK



NORMAL
RETIREMENT
AGE

FPS 2015

FPS 2015

- Survivor benefits

CARE
Build Up

- Builds pension annually based on pensionable pay and an accrual rate set by cost cap – currently 1/59.7

Retirement

- FPS 2015 – 60 or earlier with reductions

<https://fpsmember.org/fps-2015/transition-members>

Double Accrual Guarantee

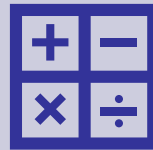
Expected pension at 30 years service = 40/60ths [0.6667]
Sometimes expressed as 30/45ths [0.6667]

Pro-rated by time spent in FPS 1992

$27 \div 30 \times [40 \div 60 \times \text{Final Salary Link}]$



Recognises the expectation to double accrual for members in the FPS 1992



Proportions the expected benefit by the service in FPS 1992 to 31 March 2022

Secondary legislation

The Police and Firefighters' Pension Schemes (Amendment) Regulations 2022 were laid in parliament on 21 March 2022

Amendments come into force on 1 April 2022:

- Close legacy schemes
- Move all remaining members
- Ill-health underpin for FPS 1992 (assess against NPA 55)
- Allows existing AY contracts to continue

Retrospective remedy (1 Oct 2023)



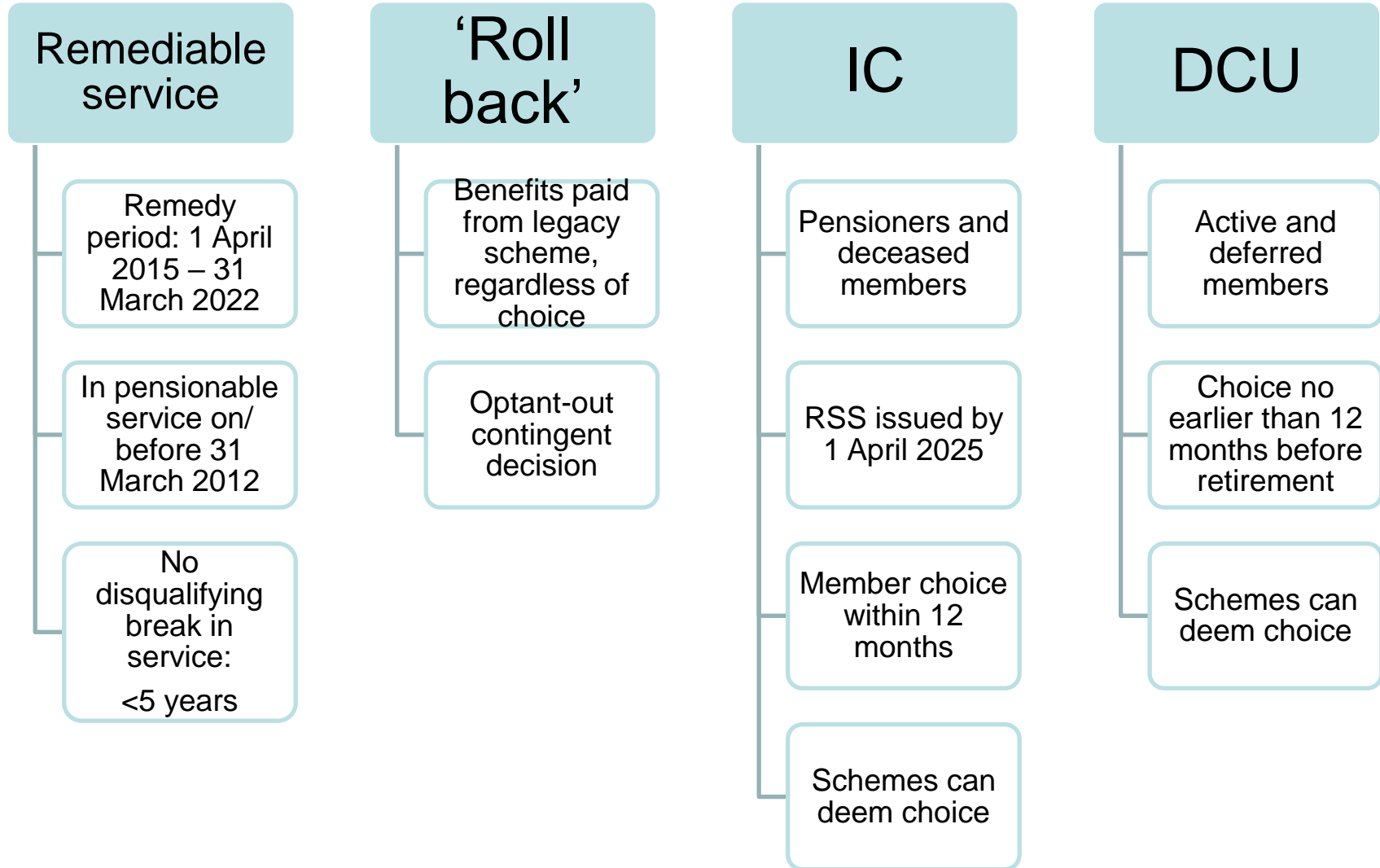
Sections 1 to 13

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



Election for retrospective provision to apply to opted-out service

RSS to be issued within 18 months

Member given 12 months to elect

Clarity needed on individual discretion of scheme manager to determine opt out circumstances

[SAB letter to HMT](#) refers

Sections 14 to 27

14 – 18: Correction of benefits and contributions

19 – 22: “Special cases”

23 – 25: Compensation

26 – 27: Interest and HMT Directions

Benefits and contributions

Payment of arrears/ refund of o'payment

IC - contributions

DCU – contributions (immediate)

DCU – contributions (deferred)

Special cases

Pension credit members

Added Pension

Transfers

Taper members?

Compo

Power to pay comp

Part 4 tax losses

AY contingent decision

Interest/ Directions

Scheme rules to provide for interest

Rate set by HMT

Powers in 18 – 26 depend on Directions

Contribution adjustments

Contribution adjustments must be done for:

- Pensioners and deceased members at time of retirement (15)
- Adjustments at In Force date (1 October 2023) - collect payments for FPS 1992, comp. payments for FPS 2006 (16)
- Adjustments at retirement where reformed benefits are chosen - collect payments for FPS 2006, comp. payments for FPS 1992 (17)
- [SAB letter to HMT](#) refers

Power to reduce or waive liabilities (18):

- Adjust contributions for tax relief (18(3))
- Ability for FPS 2006 members to defer refund? (18(8))

Sections 28 to 38

28 – 30: Miscellaneous

31 – 32: Immediate detriment

33 – 38: Interpretation

Misc

Allows schemes to make unauthorised payments

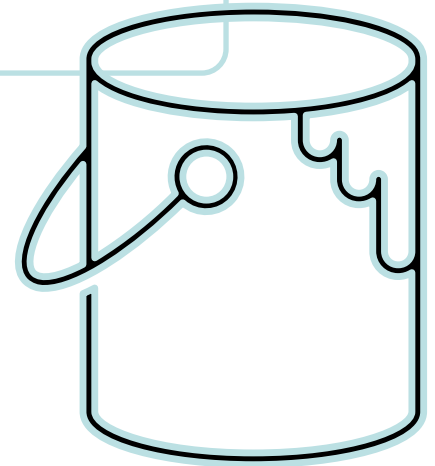
Remediable Service Statements

ID

Prevents “double recovery”

Interpretation

Does what it says on the tin



Remediable Service Statements (RSS)

Legacy scheme regulations must make provision to provide an RSS to eligible members notifying them of the available benefits in respect of their remediable service (legacy and reformed)

Statutory 18-month deadline for schemes to provide RSSs after the retrospective remedy comes into force on 1 October 2023 (1 April 2025)

From 2023, active members with remediable service must be provided annually with an 'Annual Benefit Statement RSS' (an "ABS-RSS") either alongside or within the existing ABS

Treasury directions may set further requirements on content or format

Immediate detriment (ID)

31(1) ...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

31(2) ...regulations for a Chapter 1 scheme may make provision for the purpose of putting persons who have rights in respect of remediable service in relation to which an immediate detriment remedy has been obtained, so far as possible, in the position that they would have been in if there had been no relevant breach of a non-discrimination rule in relation to the service

Secondary legislation

The provision definition documents (PDDs) that define the provisions of the PSPJOA for each area of the 2015 Remedy are now being finalised and will inform the second secondary legislation.

A further Home Office consultation will take place later in the year on the retrospective amendments that are required to fully deliver the remedy.

This includes establishing the deferred choice underpin (DCU) and the changes needed to offer pensioners and beneficiaries of deceased scheme members an immediate choice between legacy or reformed scheme benefits.

1 April 2022 – 30 Sept 2023



WHITI?

Protected members **HAVE** moved into the FPS 2015 on 1 April 2022

Members **WERE NOT** 'put back' into their final salary schemes on 1 April 2022

Retrospective remedy **WILL NOT** be implemented until 1 October 2023

- CARE service not converted to final salary until 2023
- Members remain in 'new' scheme for remedy period until 2023
- Contingent decisions cannot be offered until 2023

Retirements up to 30 Sept 2023 will be on current regs and current transition date **UNLESS** under immediate detriment

- Members will be offered IC from October 2023

The Finance Act 2022

FA 2022

The Finance Act 2022 received Royal Assent on 24 February 2022 and comes into force on 6 April 2022

[Sections 9 and 11](#) will have consequential impact on the 2015 Remedy for the FPS

- Section 9: Deadlines for electing for scheme Payment and reporting deadlines will be extended for certain members who are informed of a change in pension input amount for a past pension input period.
- Section 11: The Act provides HMT with wide powers to make regulations to address tax impacts that arise as a result of remedy Different regulations may apply to different public service pension schemes. The regulations will have retrospective effect.

More information on the likely powers under section 11 can be found in the [HMRC policy note issued in October 2021](#)

Any measures will require secondary HMT legislation to implement, which is not anticipated until later in 2022

MSP deadlines are changing

The Finance Act 2022 and the [Registered Pension Schemes \(Miscellaneous Amendments\) Regulations 2022](#) will change the timescale for members to make or amend a mandatory scheme pays election when paying an annual allowance charge

The changes will apply when the information used to calculate a member's pension input amount is retrospectively amended

More info to follow

Any questions



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Thank you for listening!

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