lgps

Club transfers out and McCloud protection

Introduction

We have produced this short guide to help administering authorities process Club transfers out for members with McCloud protection.

A Club transfer is only possible if the period between leaving the LGPS and joining the new scheme is five years or less. The member may retain a final salary link if the gap is more than five years, but they were a member of a different public service pension scheme in the intervening time. There are still some outstanding queries on how such cases (sometimes known as A to C cases) should be processed. These transfers are not completed on Club terms and are not covered in this guide.

A Club transfer is generally only possible when the member elects for the transfer within 12 months of becoming eligible to join the new scheme. However, a Club transfer can still proceed after more than 12 months if there were 'exceptional circumstances' and, for an Inner Club transfer, both the receiving and sending schemes agree. The view of the Cabinet Office, set out in an email to administering

authorities in October 2024, is that administrative delays due to the McCloud remedy can be considered as 'exceptional circumstances' for this purpose.

This guide does not cover eligibility for McCloud protection. We have assumed that the administering authority has done the necessary checks and established that a member is protected before moving on to calculating the transfer value.

Calculating transfer values has become increasingly complicated in recent years. Incorporating McCloud protection into that calculation has ramped up the level of complexity again. We understand that some software suppliers do not expect to be able to provide a full suite of transfer calculations that reflect a member's McCloud protection before the end of the McCloud implementation period on 31 August 2025.

This guide aims to help administering authorities to understand what information they must supply to the receiving scheme when a member protected by the underpin requests a Club transfer out. This replicates the information set out in paragraph 4.7 of the [Public Sector Transfer Club Memorandum](#) dated September 2023. We have left out any items listed in the Club memorandum that cannot occur in the LGPS.

We have also produced basic calculators for administrators to use to calculate the figures required by the Club memorandum that may not be included in the current system output.

Current system output

Your system should already output most of the information that is required by the receiving scheme in connection with a possible Club transfer for a member with underpin protection. The information you must send is set out in section 4.7 of the Club Memorandum.

Your system should provide the information set out below. We have not included detailed information where it is not relevant for remediable service. You can use the Club calculator to work out and provide other information related to McCloud protection.

Any highlighted items (also marked with a *) will be needed to complete the Club transfer calculator.

A. Personal and other information

1. *Name
2. *Date of birth

3. *<mark>Last date of service</mark>

4. *<mark>Guarantee date</mark> for the purposes of the calculation (relevant date)

5. *<mark>Member's age on the guarantee date</mark>

6. Sex

7. Qualifying service (calendar length of scheme membership). The Club memorandum suggests that this should also be split between remediable and non-remediable elements. We have assumed that administering authorities will supply a full history of the individual's membership dates. Other information shared in connection with the transfer will make it clear whether the member is protected by the McCloud remedy and, if they are, what part of their service is remediable. The Club calculator does not cover qualifying service. Administering authorities will need to ensure that they are supplying the information the receiving scheme will need. Extra attention will be needed when a member has a Club transfer in, or a CARE transfer in that must be treated as non-remediable service.

8. *<mark>Pensions Increase</mark> that has been applied to the accrued benefits

9. Total member contributions paid (if the member did not qualify for preservable benefits)

10. Total transfer value payable

B. GMP information

11. Post 88 GMP revalued to the relevant date

12. Total GMP revalued to the guarantee date

13. The rate of revaluation that applies to the GMP

14. Whether revaluation subsequent to the last day of service has occurred

C. Final salary transfer calculation

For service before 1 April 2014 (2015 in Scotland), including any added years bought after that date.

15. Pensionable pay figure used in the calculation (*<mark>final pay</mark>)

16. Reckonable service before 1 April 2014 (2015 in Scotland)

17. Reckonable service between 6 April 1997 and 31 March 2014 (2015 in Scotland) which counts as section 9(2B) rights

18. Reckonable final salary service after 6 April 2016

In practice, we expect administering authorities to provide the calculation of the final salary transfer value, which will look something like this:

Pension × pensions increase × *Transfer factor =   Transfer value

Lump sum × pensions increase × Transfer factor =   Transfer value

Widow/er's pension × pensions increase × *Transfer factor = Transfer value

                                                          GMP adjustment

19.   *Final salary transfer value

We have assumed that any conversion factor has already been applied to the pension (or part of the pension) and lump sum figures above.

20. *Transfer value of final salary section 9(2B) rights.

The Club memorandum does not require you to supply the *total section 9(2B) transfer value. But we assume that this will be included in your system output. It is needed to use the calculator. If it is not included in your transfer calculation, you can easily find it by adding 20. Transfer value of final salary section 9(2B) rights to 27. Transfer value of CARE section 9(2B) rights.

D. CARE transfer value calculation

The transfer value of any CARE pension already transferred in from a Club scheme that has a different in-scheme revaluation rate must be calculated separately.

Additional pension generally transfers on non-Club terms and must be calculated separately. The exception in Scotland is additional pension bought to cover pension lost in an unpaid absence. This is included in the inner Club transfer.

You must provide:

21. *Annual CARE pension revalued by in-scheme revaluation method up to the guarantee date

22. *Annual CARE pension revalued by deferred revaluation method up to the guarantee date

At the time of writing, the two figures above can only be different if the leaving date was before 1 April 2016. This is because the in-scheme revaluation that applied on 1 April 2016 was negative.

23. The spouse / partner's pension expressed as a proportion of the member's pension

24. The sending scheme's in-service revaluation method and revaluation date

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25. The value of the CARE pension accrued between 1 April 2014 (2015 in Scotland) and 5 April 2016 (S9(2B) rights) revalued in accordance with the in-service revaluation method up to the guarantee date.

26. *The transfer value of the CARE benefits

27. *The transfer value of the CARE S9(2B) rights

Data not included in system output

E. Additional information for McCloud

For a member protected by the underpin, you will need to provide additional information. You can input the highlighted items above into the Club calculator to get the additional information you need.

You can use the calculator to find the items marked #.

You will need to process Club transfers out for members who are protected by the underpin but their pension account includes no final salary benefits. This would be the case where the member joined the LGPS after 31 March 2014 (2015 in Scotland) but has earlier separate membership in the LGPS or another public service pension scheme. You will need to refer to the relevant GAD guidance to find the transfer factors if these are not included in your system output.

Final salary transfer value of remediable service

28. *Reckonable service in the remedy period (notional final salary service in years and days, scaled down for any part time working and not including any unpaid breaks unless APCs paid to cover the break)

29. *Reckonable service in the remedy period before 6 April 2016 (as above) – S9(2B) rights

30. #Transfer value of the notional final salary pension built up in the remedy period

31. #Final salary transfer value of S9(2B) rights built up in the remedy period.

CARE transfer value of remediable service

You will need to split the CARE transfer value and other data between remediable and non-remediable elements. Any non-Club CARE transfer in should be treated as non-remediable (post 31 March 2022 pension).

You will need to split the following into remediable and non-remediable values. You can use the calculator to find the split values of the items marked #.

32. #Annual CARE pension revalued by in-scheme revaluation method up to the guarantee date

33. #Annual CARE pension revalued by deferred revaluation method up to the guarantee date

34. #CARE transfer value

35. CARE pension built up 1 April 2014 (2015 in Scotland) to 5 April 2016, revalued in accordance with in-service revaluation method to the guarantee date. In most cases, this amount will be remediable and therefore will not need to be split. The remediable amount will be the same as the amount calculated under item 25. Manual calculations may be required for any complex cases.

The Club transfer out calculators

You can find the calculators on the:

- [Administrator guides and documents page (England and Wales)](www.lgpsregs.org) of www.lgpsregs.org
- [Administrator guides and documents page (Scotland)](www.scotlgpsregs.org) of www.scotlgpsregs.org.

Please read the Notes tab before using the calculator. The simple calculators cannot be used in all circumstances. You may need to do manual calculations in some cases.

We have produced two versions of the Club transfer calculator.

You can use the 'Simple' calculator for a member who:

- left the LGPS before 1 April 2022
- was not a member of the 50/50 section in the remedy period
- has not had a transfer in, and
- has not had an interfund in where the transfer value of final salary benefits has been used to buy a credit in the CARE scheme.

For these members, the CARE part of the transfer calculation produced by your software will be the same as the transfer calculation of remediable service. Members

in this group have no non-remediable service in the CARE scheme.

You can use the 'Standard' calculator for more complicated cases.

Disclaimer

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