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# 1. Public service scheme members with fixed or enhanced protection

To keep fixed or enhanced protection your members must take action by 1 April 2022.

As a public service employer or scheme administrator of a public service pension scheme, if you think that some of your members may hold a form of fixed or enhanced protection from lifetime allowance charges, you need to tell them to take action before 1 April 2022 if they want to avoid losing their protection.

Your members may wish to seek independent financial advice to help them to understand the impacts and decide the best course of action regarding protections from lifetime allowance charges.

## 1.1 Background

In 2015 the government introduced new career average schemes to replace a range of existing public service pension schemes. These career average schemes are commonly referred to as reformed pension schemes. At the same time the Government introduced transitional protection to accompany reformed pension schemes. This protection was for members within 10 years of their pension scheme's normal pension age when the reforms were announced in 2012.

Transitional protection allowed them to remain in their existing scheme (legacy schemes) until they retired. Those within 13 and a half to 14 years could choose to remain in their legacy scheme for a period of time. All other members moved to their reformed scheme immediately. It was this difference in treatment that the court found to be discriminatory (the McCloud case).

From 1 April 2022, all active members of public service schemes will accrue benefits under the reformed pension scheme.

To remedy the discrimination, in 2023 the government will return individuals to their legacy scheme for the period 1 April 2015 to 31 March 2022. This will mean that individuals who originally lost their enhanced or fixed protection solely due to joining the reformed scheme (and not due to a subsequent action, such as benefit accrual) will not have lost their protection. However, they will lose their protection if they accrue benefits under the reformed scheme from 1 April 2022.

To keep fixed or enhanced protection:

- individuals who have not yet joined the reformed scheme will need to opt out of joining that scheme by 1 April 2022.
- individuals already in the reformed scheme will need to stop accruing benefits from 1 April 2022

Members will need to speak to you, as the scheme administrator, about how to:

- opt out of the reformed scheme
- stop accruing benefits from 1 April 2022

We'll provide further guidance on what members need to do to reinstate their protection as a result of the 2023 McCloud remedy, at a later date.

## 2. Loss of Lifetime Allowance protection

We want to remind you to encourage your pension scheme members to make sure they tell us as soon as possible if they have lost their Lifetime Allowance protection.

They can lose their enhanced protection or any type of fixed protection if:

- they make new savings in a pension scheme
- they're enrolled in a new workplace pension scheme
- they transfer money between pension schemes in a way that does not meet the transfer rules
- they have enhanced protection and, when they take their pension benefits, their value has increased more than the amount allowed in the enhanced protection tax rules – this is called 'relevant benefit accrual'
- they have fixed protection and the value of their pension pot in any tax year grows at a higher rate than is allowed by the tax rules – this is called 'benefit accrual'.

You can also refer them to the [Pensions Tax Manual](#) for more information to help them determine if they've lost their Lifetime Allowance protection.

Members must [tell HMRC in writing](#) if they think they've lost their Lifetime Allowance protection. They'll need to provide us with:

- their full name, address and National Insurance number
- the exact date that they lost protection
- the reason why they lost protection (for example benefit accrual, auto enrolment)
- the type of pension arrangement (defined contribution or defined benefit)
- their original certificate (if you still have it), these were not issued for Individual Protection 2016 or Fixed Protection 2016