

Private and Confidential

Dear

Parliamentary Contributory Pension Fund (PCPF) – Response to McCloud

In June 2021, following IPSA's first consultation on McCloud, we contacted you to provide some information on the 'McCloud' judgement, and the ways in which you may be affected by this. We also provided a short update in the Annual Review, which was issued early this year.

Since then, in February 2022, IPSA issued a second consultation which confirmed their intention to respond to McCloud. Then in July 2022, IPSA wrote to all statutory consultees, including the Trustees, to confirm the key policy decisions taken on the McCloud response.

In order to bring effect to the McCloud response, the scheme Rules must be amended and work on this is currently well underway. Once the new Rules are laid, IPSA will announce this formally.

The headline changes are:

- The Final Salary section will be closed to all members on 31 March 2023.
- All members impacted by McCloud will be offered an immediate choice in 2023 between building up benefits in the Final Salary or CARE sections of the PCPF (including a no change option) between May 2015 and March 2023 through a McCloud Member Choice Exercise.

We are not asking you to make this choice now; a full programme of communications and financial education will be provided in due course.

How will this happen?

Providing a response to McCloud is a significant and complex exercise for both the Trustees of the PCPF and for IPSA. In order to ensure the success of the project and improve member outcomes for those impacted, the Trustees of the PCPF and the IPSA Board are working together on the PCPF response to McCloud. In order to do this, key IPSA and PCPF officials have formed a joint working group (the McCloud response Joint Working Group) and they will manage the communications that you receive going forward. The Trustees continue to be involved in the process and receive regular updates at their meetings.

### What are the next steps?

In order to deliver these changes and provide you with the personalised Member Options Pack you need for the Member Choice Exercise, there are some time consuming and complex steps that need to be taken. The systems managed by Buck, the third party administrators, must be set up to provide personalised options in relation to McCloud to each member, and to be able to process the choices exercise. It is important that these systems are fully tested; that member data is accurate in every case, and that a financial education programme is in place to assist with members making their choice. All of these factors are integral to the success of the McCloud response and will take time to deliver.

The joint working group have confirmed that it is their intention to provide you with your personalised options pack needed for the Member Choice Exercise by 31 March 2023, following which the Trustees will ensure that you have plenty of time to make your decision.

Neither Buck nor the PCPF Secretariat will be able to provide comparative figures for you before this date. Please note if you do receive any pension or retirement figures from Buck in advance of 31 March 2023, these will not include any changes to your benefits as a result of the McCloud response.

### What do I need to do now?

As you may be aware, pension benefits built up before you became an MP can impact the level of pension you can receive from the Final Salary section of the PCPF. These are called retained benefits and we are asking all impacted members to provide information about your retained benefits to ensure accuracy of our records. Assessing the level of retained benefits will also help you decide which section of the PCPF should provide you with the higher pension benefit when undertaking your Member Choice Exercise.

We are asking all impacted Members to complete and return the enclosed retained benefit form to ensure we have all the information we need, and to save time later on. If you do not have any retained benefits, please complete a nil return, or email [PensionsMP@parliament.uk](mailto:PensionsMP@parliament.uk) to confirm.

If you are unsure about whether you might have retained benefits please contact the PCPF Secretariat.

Finally, if you would prefer to receive future McCloud communications by email, then please let the PCPF Secretariat know, using the email above.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Brian H. Donohoe', written over a horizontal line.

Sir Brian H. Donohoe  
Chairman to the PCPF Trustees