

GAD input on pensions forecasts

News story

Pensions experts in GAD have produced forecasts of the amount of pension to be paid out from relevant public service pension schemes over the next few years.



The Government Actuary's Department (GAD) has produced forecasts of the amount of pension which will be paid out from public service pension schemes in each of the next few years. This took account of the implications of the age discrimination identified in the McCloud case. HM Treasury engaged with pensions experts in GAD to carry out the work.

Our Public Service Pensions Team (PSPS) undertook this across all relevant schemes. The PSPS team is best placed to do this due to the breadth of knowledge and existing experience working with these clients.

The team helps clients to produce forecasts of scheme income and outgoings to support the Office for Budget Responsibility's (OBR) [Economic and fiscal outlook](#) report. The forecasts must allow for payments to retired members and other members expected to receive benefits over the next few years.

Pension reforms

In 2015 the government introduced reforms to public service pensions. Most public sector workers were moved into new pension schemes. In 2018, the Court of Appeal found some of the rules from 2015 were discriminatory based on age. They had been put in place to protect older workers by allowing them to remain in their original scheme.

As a result, steps are being taken to remedy those 2015 reforms. Eligible members are being offered a choice over the benefits they wish to receive for pensionable service from 1 April 2015 to 31 March 2022.

Benefits compared

In the initial commission for the autumn 2021 forecast, GAD supported the large public service pension schemes to produce their first estimate of the costs arising from the McCloud remedy. We compared benefits expected from legacy schemes with those from the post-2015 reformed schemes.

Actuary Garry Swann led on the project. He said: “It’s an important development for us in GAD to include the key projections published by the OBR. It was a large exercise carried out across several teams in GAD, pulling in expertise from colleagues who set up the calculations and analysed the output.”

Following on from the successful autumn work GAD has produced updated numbers for a range of schemes for the spring 2022 forecast.

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