

Member Name
Address

October 2023

Dear Salutation,

**Parliamentary Contributory Pension Fund (PCPF)
IPSA Consultation on MPs' Pensions and McCloud: Mitigating Adverse Tax Consequences**

I trust this letter finds you well. We are writing to inform you about the next steps in the McCloud project.

On 19 October, it is expected that the Independent Parliamentary Standards Authority (IPSA) will release a consultation document that addresses MPs' pensions and the McCloud issue, specifically focusing on mitigating adverse tax consequences in relation to member choices.

This IPSA Consultation is an important step in the McCloud response and ensuring that members are treated fairly when it comes to tax treatment. This would mean not experiencing adverse tax consequences as a direct result of your McCloud choice which you would otherwise not have been subject to. The PCPF Trustees are a statutory consultee to all consultations regarding the pension scheme, and we will of course respond to this consultation in our official capacity. However, your participation and feedback to the consultation would also be greatly appreciated, as we navigate the complexities surrounding MPs' pensions and address the implications of the McCloud Response for the PCPF.

The forthcoming consultation covers aspects of the proposed McCloud response including the proposed objectives and scope of potential tax mitigations, as well as the process and timing of the implementation of decisions. Members should note that IPSA are currently proposing that the earliest that redress for adverse tax consequences of their McCloud choice would be available is 6 April 2025.

The consultation also covers a few other technical issues that have been discovered recently, such as insufficient retirement options for members at age 75 within the CARE section (to align with the options in the Final Salary section), incorrect revaluation of retained benefits for those now in the CARE section, and more generally a lack of discretion for Trustees to deal with complex cases. Please feel free to comment on these aspects of the consultation should you wish, especially if you are impacted by these issues and would like IPSA to take your views on board when establishing the policy in these areas.

You can find the consultation, and an online survey to submit your response, on the IPSA website:
www.theipsa.org.uk/publications/consultations

Please note your response to the IPSA consultation can be provided anonymously and will not be shared with the PCPF team unless you copy them or forward your response to them. Please contact the PCPF Secretariat if you would like us to send you a link to where you can find the consultation document. You can also email your response directly to IPSA (consultation@theipsa.org.uk) if you prefer.

The deadline for responses to the consultation is 17 November 2023.

We would strongly urge you to engage in the consultation process with IPSA, as your insights and response can help shape the future of the MPs' Pension Scheme and the McCloud response.

If you have any immediate questions or concerns, please do not hesitate to contact our dedicated PCPF Secretariat team (E: PensionsMP@parliament.uk; T: 0207 219 6481).

Your sincerely

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line that ends in a small upward tick.

Sir Brian H Donohoe
Chairman of the PCPF Trustees