PASA
assess | aspire | achieve

GMP Equalisation Working Group Guidance Note on GMP Conversion

Equalising for the Effects of Guaranteed Minimum Pensions

July 2021

Contents

Appendices

Disclaimer:

The purpose of this document is to provide examples of how GMP conversion is currently (early 2021) being used in practice by UK pension schemes to adjust benefits to correct for the inequalities of guaranteed minimum pensions (and to highlight various issues which schemes may encounter in doing so).

This document does not provide legal, tax or actuarial advice. Where appropriate, schemes should take their own professional advice in relation to the issues addressed in this document.

Acknowledgments

PASA is grateful to the authors of this Guidance (the members of the GMP Conversion Sub-Group of the GMP Equalisation Working Group) and to their employers.

Alasdair Mayes (Chair)	**Lane Clark & Peacock LLP**
Anna Rogers	**Arc Pensions Law LLP**
Bill Mexson	**Siemens plc**
Chris Widdison	**Travers Smith LLP**
Duncan Buchanan	**Hogan Lovells LLP**
Evey Tang	**ABI**
Glyn Bradley	**Mercer**
John Wilson	**Spence and Partners LLP**
Julian Tolan	**Capita**
Lisa Hayes	**XPS Group plc**
Lynda Whitney	**Aon**
Marc Bergen	**BT Group plc**
Matthew Davis	**Hymans Robertson**
Simon Pariser	**Willis Towers Watson**
Stephen Scholefield	**Pinsent Masons LLP**
Steve Nicholson	**Equiniti**

If you want to get involved in future authoring, please get in touch with PASA at **info@pasa-uk.com**

This Guidance

Background

The High Court's decision in the *Lloyds Bank* case:

- requires schemes to equalise benefits earned in the period between 17 May 1990 and05 April 1997 to correct for the inequalities of GMPs
- approved a range of methods that could be adopted to achieve that requirement

However, given the complexity of the subject, the *Lloyds Bank*[1] case couldn't deal with all issues which can arise in an equalisation project.

In this context:

- DWP has published guidance[2] on the use of GMP conversion legislation to equalise for GMPs
- PASA has published Guidance[3] outlining methods, including GMP conversion, which schemes could use to correct for the inequalities of GMPs, highlighting certain issues with current legislation and guidance
- HMRC has published two newsletters[4] providing guidance on the tax issues relating to equalising for GMPs but said it isn't currently in a position to provide any supplementary guidance on conversion

Purpose of this Guidance

Most schemes will want to implement GMP equalisation projects as soon as reasonably practicable. Many will wish to do so using GMP conversion (method D2 in the Lloyds Bank case). This Guidance has been prepared to help show how they might do so in a proportionate and pragmatic way in the absence (at the time of writing) of further guidance or legislation from DWP and HMRC. It outlines approaches to the application of GMP conversion the authors are aware either have been adopted or are actively being considered by early adopters, together with associated considerations. It isn't intended to advocate a particular course of action.

It's assumed readers will have a working knowledge of GMPs, why they can produce unequal benefits between male and female members and have read the guidance already published by the DWP and PASA.

---

1 *Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank Plc [2018] EWHC 2839 (Ch) (26 October 2018),* https://www.bailii.org/ew/cases/EWHC/Ch/2018/2839.html Following a second hearing on matters consequential to the earlier judgment, a further judgment was issued: *Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank Plc [2018] EWHC 3343 (Ch) (06 December 2018)*, https://www.bailii.org/ew/cases/EWHC/Ch/2018/3343.html Following a third hearing on matters consequential to the earlier judgments, a further judgment was issued: *Lloyds Banking Group Pensions Trustees Ltd v Lloyds Bank PLC & Ors [2020] EWCh 3135 (Ch) (20 November* 2020) http://www.bailii.org/ew/cases/EWHC/Ch/2020/3135.html

2 DWP Guidance: https://www.gov.uk/government/publications/equalising-pensions-for-the-effect-of-unequal-guaranteed-minimum-pensions/guidance-on-the-use-of-the-guaranteed-minimum-pensions-gmp-conversion-legislation

3 EWG Methodology Guidance: https://www.pasa-uk.com/guidance/gmp-equalisation/equalising-for-the-effects-of-gmps-september-2019-final/

4 HMRC First Newsletter: https://www.gov.uk/government/publications/guaranteed-minimum-pension-gmp-equalisation-newsletter-february-2020/guaranteed-minimum-pension-gmp-equalisation-newsletter-february-2020
HMRC Second Newsletter: https://www.gov.uk/government/publications/guaranteed-minimum-pension-gmp-equalisation-newsletter-july-2020/guaranteed-minimum-pension-gmp-equalisation-newsletter-july-2020

Status of Guidance

This Guidance is not a definitive guide to the issues nor is it a substitute for professional advice. It shouldn't be interpreted as an endorsement of the approaches described or a suggestion other approaches aren't legitimate in appropriate circumstances. In addressing GMP equalisation it's recommended employers and trustees work collaboratively, involving scheme administrators, lawyer, actuaries and other advisers as appropriate.

This version of Guidance is based on the authors' current understanding of the law, official guidance and industry practice as at July 2021.

Other guidance published by the GMP Equalisation Working Group

This Guidance is focused solely on using GMP conversion to equalise for the inequalities in GMPs. The GMP Equalisation Working Group has published other guidance on the topic of GMP equalisation:

- In September 2019, we published Guidance outlining methods schemes could use to correct for the inequalities of GMPs
- In March 2020, we published 'When to Rectify', providing guidance on the timing of GMP rectification and equalisation exercises
- In July 2020, we published Guidance on data considerations in the context of correcting for the inequalities of GMPs
- In August 2020, we published Guidance on communications, for schemes in the early planning stages of GMP equalisation
- In February 2020, we published Guidance on pensions tax considerations in GMP equalisation, focusing on the year by year methods and top-ups to past lump sums

All the GMP Equalisation Working Group's Guidance, together with the Call to Action, are available online at www.pasa-uk.com.

1. GMP Conversion and GMP Equality

GMP conversion is an active decision by the trustees which requires the consent of the employers. It requires input from the Scheme Actuary, lawyers and administrator and consultation with members.

GMP Conversion legislation[5] enables trustees to disapply the statutory requirements regarding GMP for some or all the members[6] in their scheme, subject to satisfying certain conditions. These conditions include the following and are addressed in this Guidance:

Condition 1:	The post-conversion benefits being at least of actuarial equivalence to the pre-conversion benefits, including certification by the Scheme Actuary
Condition 2:	Pensions in payment mustn't reduce
Condition 3:	Not switching to defined contribution benefits
Condition 4:	Minimum contingent survivor benefits
Condition 5:	Procedural requirements, including: • Employer consent • Member consultation • Member notification • HMRC notification

In addition to the disapplication of the GMP rules, the legislation gives trustees the power to make such other amendments as they think are '*necessary or desirable as a consequence of, or to facilitate, the GMP conversion*'.

In this Guidance, making sure a member with a GMP relating to contracted out pensionable service during the period 17 May 1990 to 05 April 1997 receives benefits which aren't less than those which would have been provided had the member been of the opposite sex during this period is referred to as GMP Equality.

This Guidance provides examples of approaches intended to achieve GMP Equality using GMP conversion which either have been adopted or are actively being considered by early movers. Where appropriate, this Guidance also highlights how GMP conversion differs from a year by year[7] equalisation methodology.

The Guidance covers three common situations in which GMP conversion is being used:

1. A bulk one-off exercise for existing pensioners and dependants
2. An at retirement process
3. A bulk one-off exercise for members with a deferred pension

[5] Sections 24A – 24H Pension Schemes Act 1993 and paragraphs 27 & 27A of SI 2015/1677 The Occupational Pension Schemes (Schemes that were Contracted-out) (No 2) Regulations 2015

[6] Members includes those in receipt of a dependant's pension and those that might become entitled to such a pension in future.

[7] Also referred to as a 'dual record' method.

2. Which schemes are likely to use GMP conversion

For the purposes of this Guidance, it's assumed trustees are using GMP conversion as part of an exercise to achieve GMP Equality.

Ancillary benefits of using GMP conversion could include:

- Reducing (or avoiding an increase in) administration costs
- Reducing administration complexity (and so the risk of error)
- Simplifying the benefits to aid member understanding and communication
- Modifying the benefits to make them easier to hedge
- Reducing the cost of buy-out with an insurer
- Removing certain restrictions on member options

As a result, schemes which may be likely to find GMP conversion attractive include:

- Schemes with complex benefits keen to simplify them
- Smaller schemes, particularly those seeking to buy-out
- Schemes with a significant number of lower earners where GMP rules restrict member options
- Schemes where administration is undertaken in-house
- Schemes which already have an 'at retirement' Pension Increase Exchange ('PIE') option, a bridging pension option or are seeking to introduce them
- Schemes where the additional complexity of operating the 'year by year' approaches (methods B, C1 and C2) on an ongoing basis would be particularly onerous

Schemes which may be currently less likely to adopt GMP conversion include:

- Schemes with straightforward benefits
- Larger schemes where the on-going costs of year by year administration can be spread over a wider membership
- Schemes with a large number of high earners
- Those averse to members and/or their survivors receiving more or less than they might otherwise have done under the year by year methodologies (as conversion normally involves using assumptions)
- Schemes unable or unwilling to meet the short term costs of the exercise

For those considering GMP conversion, the trustees' wider objectives will also influence:

- Which members are included
- Which benefits are included
- The nature of post-conversion benefits

2.1. Which members are included

If the objective is solely GMP Equality, the members included are more likely to be constrained to only those who accrued a GMP between 17 May 1990 and 05 April 1997 and the dependants of such members.

If the trustees have wider objectives, such as simplification, they may be more likely to include all those with a GMP.

Which categories of members are included may also depend on the administrative implications of adopting a year by year method of equalisation for different categories of member.

2.2. Which benefits are included

Under the GMP conversion process the GMP rules cease to apply to named members on the conversion date. GMP conversion can't be applied to GMP accrued between 17 May 1990 and 05 April 1997 in isolation. The GMP conversion process also doesn't just involve the member's GMP. Changes can be made to a member's pension in excess of GMP and indeed such changes are likely to be necessary to achieve GMP Equality, because if the GMP is unequal, the excess over GMP will also be unequal. The conversion process therefore normally involves a member's whole pension accrued to 05 April 1997, including that accrued before 06 April 1978.

Whilst it might be possible to modify benefits accrued after 05 April 1997, in practice trustees seeking to achieve GMP Equality haven't tended to do so, and legal advice should be sought before doing so.

2.3. Nature of post-conversion benefits

In theory there could be a range of outcomes between simply relabelling the GMP as a 'pseudo GMP', and something akin to a pension increase exchange ('PIE exercise'), albeit at full value on the trustees' chosen assumptions. In practice schemes adopting GMP conversion to achieve GMP Equality have tended to take an approach which involves more than relabelling but not to make dramatic changes to pension indexation. This topic is explored further in section 4.2 and Appendix 2.

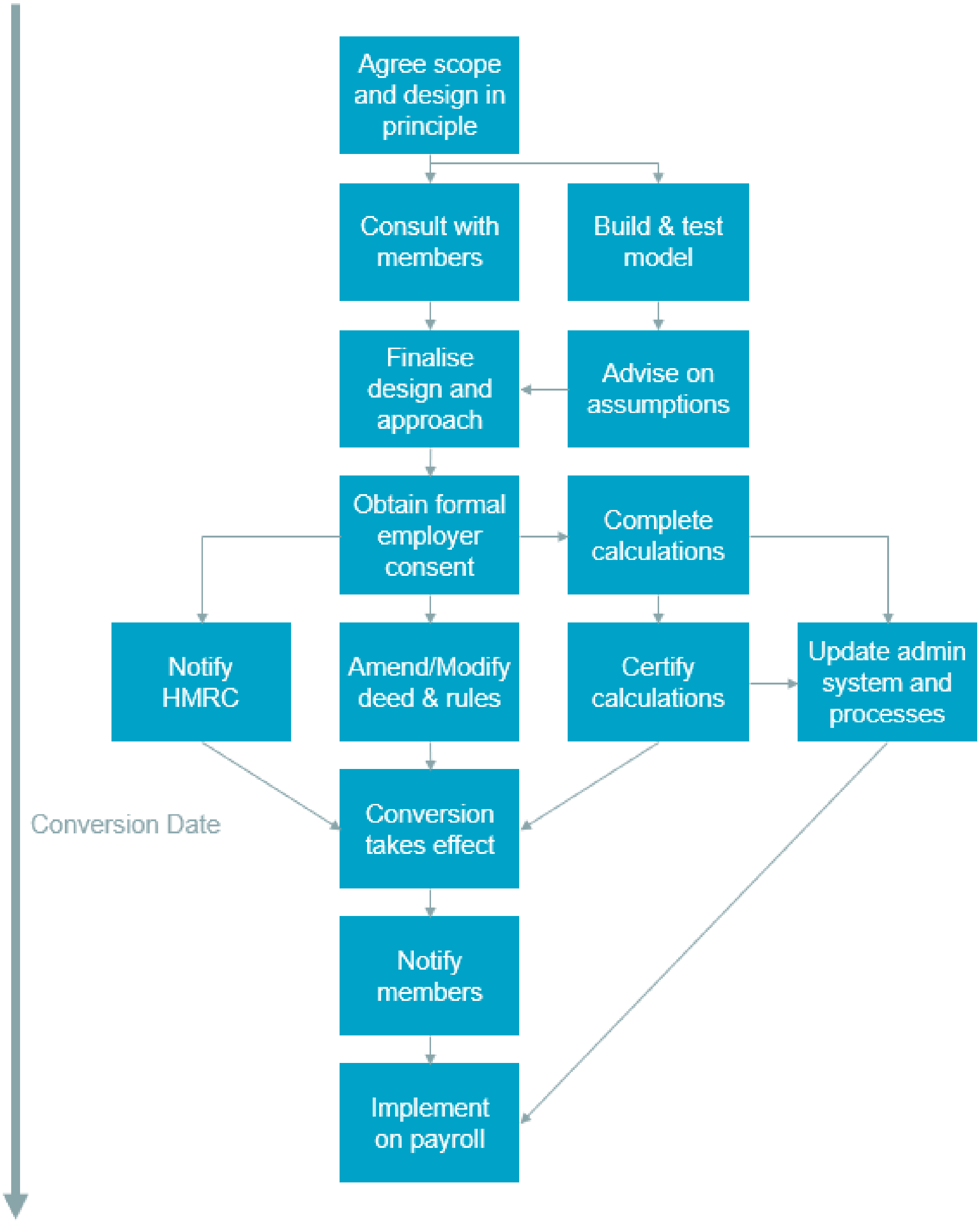
Some schemes have chosen to introduce new member options, such as a PIE or bridging pension option, in conjunction with GMP conversion. In such situations care should be taken to ensure there's a clear distinction between 'actuarial equivalence' for the purposes of GMP equalisation and conversion on the one hand and a member option which might be at less than full value. The introduction of such options isn't within the scope of this Guidance.

3. Using GMP conversion to achieve GMP Equality

3.1. Bulk exercises

The diagram below illustrates how the process of using GMP conversion can work in practice for a bulk exercise. Other approaches are possible, and timescales will be highly dependent on the circumstances of the scheme. For a small scheme with good data the process could take as little as six to nine months. In other cases, it could take a year or more.

Flowchart 1



The key first step is to consider whether GMP conversion is something which would in principle be appropriate for the scheme and its members. This discussion would most likely cover consideration of, and agreement in principle, between the trustees and employer on several points including:

- Which members are to be included
- Which benefits are to be included for those members
- The nature of the post-conversion benefits
- The nature of the actuarial assumptions to be used in the conversion
- The nature of the member consultation
- The likely timescales

This will enable the member consultation[8] communications to be prepared and issued. The Scheme Actuary will generally be able to build and test their calculation model using these inputs and decisions.

Based on initial results from the calculations, the Scheme Actuary will be able to provide advice to the trustees on the assumptions to be used, the impact on individual members and the sensitivity of the results to the assumptions used. The conversion is likely to affect different members in different ways and so initial indicative results at an individual level, showing the range of impacts, have proved useful in practice. Any issues with the membership data and areas of detail in the pre- and post-conversion benefits which need to be confirmed can also be identified and addressed at this stage. Input from the member consultation can also be considered.

Taking all this information together should enable the trustees and employer to make a formal decision on whether to proceed and how they will do so.

If it's decided to proceed, the GMP conversion and equalisation can then be implemented with four workstreams running in parallel:

- The Scheme Actuary can complete the calculation of the post-conversion benefits and certify them
- The lawyers can prepare a deed of amendment or a modifying resolution to document the employer's agreement, the trustees' decision to use conversion, which classes of members are included and the post-conversion benefits
- The administrator can update their systems and processes to reflect the post-conversion benefits
- HMRC can be notified[9] of the conversion

Once all the legal conditions are satisfied, members can be notified of the conversion and their post-conversion benefits and the conversion will take effect. It's important to allow sufficient time for the new benefits to be implemented on administration and payroll systems. Examples of the approach adopted by schemes which have already completed GMP conversion in bulk for pensioners and deferred members are provided in section 6.

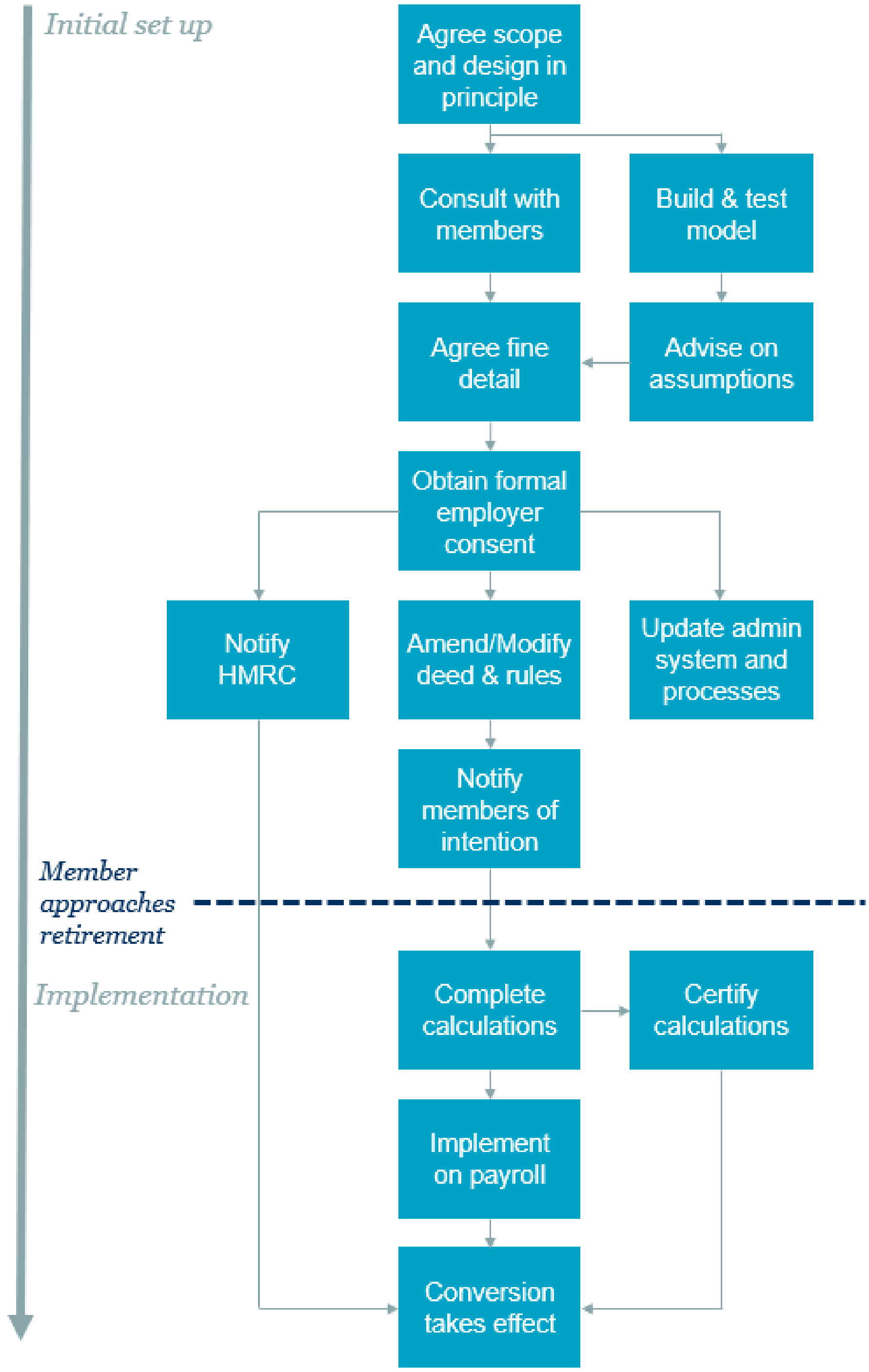
8 Section 4.5 of the DWP Guidance comments on the nature of the consultation.

9 See Appendix 4 for further details given the HMRC statement that they do not need to be notified

3.2. 'At retirement' process

The process in cases where GMP conversion is being applied 'at retirement' is likely to be similar, with the design of the conversion being agreed up front and the implementation then proceeding over time, as individual members retire, as illustrated below.

Flowchart 2



Examples of the approach being adopted by schemes which have or are in the process of using GMP conversion at retirement are provided in section 6.2.

The initial process is the same as for a bulk exercise. Indeed, it would normally be run in conjunction with a bulk exercise for pensioners. Undertaking the consultation process in bulk enables the trustees to obtain feedback from the membership as a whole before finalising the terms of the conversion. It also means retirements can be processed promptly. Schemes have, however, in notifying members of the outcome of the consultation, tended to refer to there being an intention to use GMP conversion at retirement, to leave open the flexibility to use an alternative method in future, if required.

The implications for administrative processes, including those driven by pensions tax and the certification of the conversion calculations under current legislation are illustrated in the examples in section 6.2.

3.3. Key dates

For any GMP conversion there are a number of key dates, some of which must fall in a certain order to comply with the statutory requirements. Using consistent terminology is helpful to avoid misunderstandings. A glossary of further terms used in this Guidance is provided in Appendix 1.

These dates can be divided between the legal and actuarial process. The key dates from a legal perspective are set out in Table 1.

Table 1

Key dates for legal process	Description
Consultation period	Members must be consulted[10] in advance of the conversion date.
Employer consent date	The employer must provide consent in advance of the conversion date.
Execution date	The date the deed of amendment is executed, or a resolution made, typically expected to be on or before the amendment date.
Amendment date	The date with effect from which the trust deed and rules are amended to facilitate the conversion, typically expected to be on or before the conversion date.
HMRC notification date[11]	The date on which HMRC is notified of the members subject to GMP conversion, which should be on or before the conversion date.
Conversion date	The date on which the member ceases to have a GMP and becomes entitled to the post-conversion benefits once all the conditions and procedural requirements are satisfied.
Member notification date	The date on which the member is notified of the GMP conversion, which should be before or as soon as reasonably practicable after the conversion date.
Completion date	The date on which all the conditions set out in legislation regarding GMP conversion are satisfied. Depending on the circumstances this could be before, on or after the conversion date.

10 This consultation is distinct from both that required under the Pensions Act 2004 when a 'listed change' is proposed by the sponsoring employer and that under employment law.

11 See Appendix 4 for further details given the HMRC statement that they do not need to be notified.

As set out in section 1, the conditions which need to be met from a procedural perspective to achieve completion are:

- Member consultation
- Employer consent
- Actuarial certification
- HMRC notification
- Member notification

The key dates from an actuarial perspective are set out in Table 2.

Table 2

Key dates	Description
Assumptions agreed	The date on which the trustees determine the way in which the assumptions to be used for the GMP conversion will be set. This may include selecting a financial conditions date which is in the future and determining the assumptions to be used will be linked to certain market yields.
Financial conditions date	The date on which the market yields are fixed.
Conversion date	The date on which the member ceases to have a GMP and becomes entitled to the post-conversion benefits once all the conditions and procedural requirements are satisfied.
Equivalence date	The date on which the present value of the pre- and post-conversion benefits were actuarially equivalent, as certified by the Scheme Actuary. This is the effective date of the conversion calculations. This is expected to be the same as the conversion date.
Calculation completion date	The date the calculations to value the pre-conversion benefits and calculate the post-conversion benefits are completed. This must be on or after the financial conditions date but could either be before or after the conversion date.
Certification date	The date the actuary signs the certificate confirming actuarial equivalence. This must be on or after the calculation completion date and within 3 months of the calculation completion date. It could be before, on or after the conversion date.

4. Scope and nature of GMP conversion

4.1. Nature of GMP Equality

A key distinction in the design and application of GMP conversion to achieve GMP Equality which applies to all GMP conversions is the difference between equality of present value at a point in time and equality of benefit payments.

At a basic level, the statutory GMP conversion process only involves achieving actuarial equivalence at a single point in time. The present value of the post-conversion benefits is required to be at least equal to the value of the pre-conversion benefits on the conversion date using the assumptions determined by the trustees. This is then modified to achieve GMP Equality.

The first modification is setting the present value of the pre-conversion benefits used in the process to be the greater of:

- **(A)** the present value of the member's total unequalised benefits
- **(B)** the present value of the comparator's total unequalised benefits

This provides equality at a point in time.

The second modification, to achieve subsequent equality of benefit payments, is to use unisex assumptions and to design the post-conversion benefits in respect of benefits accrued from 17 May 1990 in such a way that, when the equal capital value is converted back into a pension, the amount of pension payable at all times in future is the same no matter what the sex of the member. (Converting just the member's GMP is unlikely to achieve this as the pension in excess of GMP will also be unequal[12].)

Whether the second modification and equality of benefit payments is a legal requirement doesn't appear to have been addressed explicitly in the Lloyds Banking Group case in the High Court. The description of method D2 appears to be silent on this point but the worked example presented to the judge and included in the judgment is one in which there is equality of benefit payments.

The examples in this guidance have all been prepared based on seeking to achieve both equality of present value on the conversion date and equality of benefit payments thereafter. Trustees (and employers) should take legal advice if a different approach is proposed.

---

12 Even in the situation where the benefits in excess of GMP are all of the same form and the GMP is converted into a benefit of that form and any equalisation uplift is provided as a benefit of that form, care would be needed; for example, with regard to steps in pension that arise at GMP payment age and on death.

4.2. Nature of change in benefits

In considering the nature of the post-conversion benefits the trustees need to be satisfied any amendment is '*necessary or desirable as a consequence of, or to facilitate, the GMP conversion*'[13] and consistent with trustees' wider fiduciary duties.

What's considered necessary or desirable will depend on the trustees' views and objectives. As mentioned in section 2 ancillary benefits, alongside achieving the objective of GMP Equality, could include:

- Reducing (or avoiding an increase in) administration costs
- Reducing administration complexity (and so the risk of error)
- Simplifying the benefits to aid member understanding and communication
- Modifying the benefits to make them easier to hedge
- Reducing the cost of buy-out with an insurer
- Removing certain restrictions on member options

In theory there could be a range of outcomes between simply relabelling the GMP as a 'pseudo GMP', and something akin to a pension increase exchange ('PIE exercise'), albeit at full value on the trustees' chosen assumptions. In practice, schemes adopting GMP conversion to achieve GMP Equality have tended to take an approach which involves more than relabelling but not to make dramatic changes to pension indexation.

4.2.1. Relabelling and 'pseudo GMP'

In a pure re-labelling exercise, all tranches of a member's pension after conversion would behave in the same way as before conversion. The member could then be described as entitled to a 'pseudo GMP'.

A GMP conversion on this basis would mean the member would no longer have a GMP in the strict legal sense, although the pseudo GMP would cause the same inequalities in benefits.

This and further issues associated with a pseudo GMP approach are considered in Appendix 2. The examples in this guidance aren't based on a pseudo GMP approach.

4.2.2. Removing the complications of GMP

Given the potential issues with retaining a pseudo GMP and a common objective for those using GMP conversion to reduce administration complexity, the post-conversion benefits might be designed to remove many of the complications of GMPs. This might include:

- Removing restrictions on commutation at retirement required under the GMP rules to ensure GMP is covered from GMP payment age

[13] Section 24G Pension Schemes Act 1993

- Removing restrictions on early retirement required under the GMP rules to ensure GMP is covered from GMP payment age
- Removing the need to change pension indexation in payment at GMP age
- Simplifying pension increases so a member's whole pension increases on one, but only one, date each year
- Removing the need to apply 'anti-franking' tests at GMP payment age and smoothing the 'step-ups' in pension which would otherwise have arisen
- Simplifying death benefits to smooth the transition to a second life pension by ensuring, on death of the member, the spouse's/civil partner's pension required by legislation is always met without the need for an underpin check; and a design which means, on death of the member, a fixed common proportion of each tranche of member benefits is provided to the survivor, dispensing with the need to keep track of the notional pre-commutation pension

Illustrations of the impact on individual members of removing some of these complications associated with GMPs and reducing administrative friction are provided in the worked examples in section 6.

Simplifications of this nature will change the split of a member's pension over the course of their retirement between the various pension tranches which increase at different rates. It may also change the balance of the benefit payable to the member and spouse. In setting actuarial assumptions for the conversion, consideration may therefore need to be given to how factors such as the future level of inflation are expected to change over time.

4.2.3. Reshaping benefits

A further step might be to reduce the number of different types of pensions increase which apply to a member or to change the nature of increase applied to a particular tranche (for example moving from CPI to RPI linkage or vice versa or switching between a fixed rate of increase and one linked to inflation). Such changes are likely to have a more significant impact on the level and nature of inflation protection provided to members. Trustees will therefore generally need to consider whether such changes are necessary or desirable.

Similar considerations apply to revaluation in deferment where GMP conversion is being applied prior to retirement. Depending on the date of leaving and scheme design, some revaluation rates on the GMP are much higher than on the non-GMP. The worked examples in section 6 provide an illustration of where a switch of revaluation in deferment from fixed rate (or national average earnings) to CPI linked statutory revaluation is applied to avoid triggering potential pensions tax issues for members.

Where significant reshaping is proposed the question of member consent and member options should be considered alongside the Code of Practice for Incentive Exercises[14] even where the exercise is outside its scope.

---

14 Code of good practice: https://www.thepensionsregulator.gov.uk/en/document-library/regulatory-guidance/incentive-exercises

4.3. 'One-step' or 'two-step' process

Most pension schemes are likely to adopt a 'one-step' process, where future benefits are equalised at the same time as GMP conversion is applied (method D2). This is achieved by:

- Calculating as at the conversion date:
    - (A) the present value of the member's unequalised benefits
    - (B) the present value of the comparator's unequalised benefits
    - Providing a new benefit with a present value equal to the greater of (A) and (B)

A further option is a 'two-step' process, whereby benefits are first equalised using an alternative method, such as method B or C2, and then GMP conversion is applied separately to those equalised benefits. This might be the moment after equalisation or might happen after a period of time. This is distinct from method D2.

A 'one-step' process is likely to be most efficient for pension schemes yet to equalise. However, if a pension scheme has 'cross-over'[15] cases and is using method C2[16] for arrears calculations, two issues to consider if a 'one-step' process is being applied to pensioners and dependants are:

- The initial level of post-conversion pension
- Whether any method C2 'carrying credit'[17] should be taken into account in the conversion calculation

An explanation of these two issues is provided in Appendix 3 and may result in trustees adopting a 'two step' process where 'cross-over' cases are material and method C2 is being used for arrears calculations. The 'two-step' process would also apply in cases where a scheme has previously equalised on an alternative methodology, such as method B or C2, and sometime later decides to use GMP conversion.

The examples in this Guidance are focused on the 'one-step' process.

4.4. Minimum level of post-conversion survivors' pensions

Condition 4 of the GMP conversion legislation sets out minimum spouses' and civil partners' benefits post-conversion. Section 24D of the Pension Schemes Act 1993 states the survivor *'is entitled to a pension of at least half the value of the pension to which the earner would have been entitled*[18] *…'* between certain dates. This raises the question as to how the word 'value' should be interpreted.

A potential interpretation would be at least half the 'actuarial value' of the pension to which the member would have been entitled. (Note this isn't the same as the actuarial value of the benefit to which the survivor was entitled pre-conversion. It could result in disproportionately high or low survivors' proportions depending on the age of the

15 See glossary of terms in Appendix 1.

16 Similar considerations apply if using method C1 for the arrears calculations.

17 See section 1.2 of Appendix 3.

18 Where the member is male, this relates to the pension the earner would have been entitled to by reference to employment between 6 April 1978 and 5 April 1997. Where the member is female, this relates to the pension the earner would have been entitled to by reference to employment between 6 April 1988 and 5 April 1997. Further provisos apply.

member.) However, the conversion legislation specifically uses the term 'actuarial value' elsewhere regarding the actuarial equivalence requirements for the total benefit set out in condition 1.

Taking this into account, a potential interpretation, which would be much simpler from a benefit design, calculation, administration and member communication perspective, is the pension to the survivor must be at least half the 'amount' or 'rate' of the pension to which the member would have been entitled in respect of the relevant period. Where the member's pension is in payment, this might imply the minimum survivor's pension is at least half the amount that was in payment to the member at the date of death. For non-pensioners, where the member dies after normal retirement date, it could be argued the minimum survivor's pension is at least half the amount the member would've been entitled to had they retired immediately before death. Where the member dies before normal retirement date, it could be argued the minimum survivor's pension is at least half the amount the member would've been entitled to had they attained normal retirement age immediately before death (i.e. including revaluation to the date of death and with no reduction for early payment[19]). This interpretation is straightforward to apply from an administrative perspective (if applied to the member's whole pension) and so appears consistent with the overall intention of the GMP conversion legislation. Legal advice should however be sought on the application of this conversion condition[20].

The minimum survivor pension condition may mean a scheme isn't always able to:

- apply a reduction to the survivor's pension for a survivor being significantly younger than the member (e.g. on death in deferment or death of a pensioner who didn't commute any pension for lump sum)
- withhold a pension on a 'death bed marriage'
- divert pension to the same degree where there is a financial dependant as well as a legal spouse/civil partner

Care is also needed for schemes which currently have a contingent survivor's pension of less than 50% of the member's pension, for example on death in deferment.

The impact of all these points may be to change the balance of the benefit payable between the member and spouse. Trustees should take legal advice on the interaction of the legislative requirements with their specific scheme rules. They may also wish to understand the impact on members and contingent dependants with worked examples.

---

19 For non-pensioners, on death before normal retirement age it might be argued that a member would only have been entitled to a reduced early retirement pension. However, if following this line of argument, what would the situation be if the member was under Minimum Pension Age on the date of death? A straightforward interpretation would therefore appear to be to base the minimum on the amount that the member would have been entitled to had they attained normal retirement age immediately before death.

20 Section 17 Pension Schemes Act 1993, the DWP consultation on the introduction of GMP conversion (https://webarchive.nationalarchives.gov.uk/20090605200502/http://www.dwp.gov.uk/consultations/2008/occ-pen-contracting-out-consultation.pdf) and Hansard (https://publications.parliament.uk/pa/ld200809/ldhansrd/text/90323-gc0005.htm GC182) may be relevant.

5. Pensions taxation

HMRC said in a Pensions Industry Stakeholder Forum on 07 October 2020:

> *'HMRC isn't currently in a position to provide any supplementary guidance on conversion. HMRC is still reviewing this but due to the complexity of the subject, doesn't expect to be able to provide any supplementary guidance on this in the short term.'*

HMRC went on to say:

> *'Until it has considered conversion further and determined if ministers want to change the legislation, the existing guidance applies.'*

This Guidance therefore seeks to explain the main pensions tax issues which have been raised in the context of using GMP conversion to achieve GMP Equality and demonstrates how schemes have in practice sought to address these issues.

Particular areas of concern are in relation to the Annual Allowance and Fixed Protection (and Enhanced Protection). In practice these are resulting in constraints on the way in which GMP conversion is being applied, to whom it's applied and how it's applied. Examples are provided in section 6.

Pensions taxation is a complex topic. Whilst the comments below and examples in section 6 are hopefully useful pointers, it's essential in the absence of detailed guidance from HMRC for trustees to obtain specialist advice on this topic. In some of the examples given, the trustees sought non-statutory clearance from HMRC in relation to specific tax points. Any clearance referred to in this Guidance will have been specific to the particular scheme and its circumstances, and therefore can't be relied upon by other schemes. Where trustees are unclear as to the tax implications of any aspects of the GMP conversion they propose to adopt, they should consider whether to seek their own non-statutory clearance from HMRC, by reference to the specific circumstances of their scheme.

This Guidance isn't a definitive guide to the issues nor is it a substitute for professional advice. It shouldn't be interpreted as an endorsement of the approaches described or a suggestion other approaches aren't legitimate in appropriate circumstances.

5.1. Annual Allowance

When an individual makes pension savings or savings are made on their behalf each tax year these are assessed against the Annual Allowance. The value assessed against the individual's available Annual Allowance is known as the Pension Input Amount. In the case of a defined benefit (DB) pension arrangement this Pension Input Amount is generally equal to 16 times the increase over the tax year in the amount of pension the individual is prospectively entitled to (read in accordance with certain pension tax rules) in excess of a specified measure of inflation.

However, many members of defined benefit pension schemes normally fall outside the Annual Allowance regime:

- because their pension has been in payment throughout the tax year; or
- because they haven't earned any new benefits in the scheme since the Annual Allowance was introduced on 06 April 2006

Others may have a deemed Pension Input Amount of zero, because they've been a deferred pensioner throughout the tax year (or a deferred member and then a pensioner member) and their benefit has only been revalued in line with CPI[21] or the relevant scheme rules[22]. This is commonly referred to as the 'Deferred Member Carve Out' (DMCO).

The examples in section 6 provide details of the response trustees have obtained from HMRC on a case by case basis regarding the first two points and the approach taken in response to the risk of the DMCO not applying in tax year of GMP conversion or subsequent tax years. This includes a 'constrained' form of GMP conversion and, in some cases, an 'internal transfer'. The worked examples also illustrate the potential impact on individual members.
Whilst the Pension Input Amounts which might be triggered by GMP conversion can be unintuitive, it is important to note many members appear to fall outside the Annual Allowance regime (or have a Pension Input Amount of zero) and many of those who fall within it will have ample available Annual Allowance, so no tax charge arises. Trustees may therefore wish to establish those where a Pension Input Amount is expected to be triggered and seek to identify those for whom this could be an issue in a proportionate manner.

5.2. Fixed Protection

There are three types of Fixed Protection members might hold following past reductions in the Lifetime Allowance. These protections can be lost if the member has 'benefit accrual'[23]. This is a continuous test and an increase in a member's annual rate of pension which would be payable can cause Fixed Protection to be lost.

There's a risk GMP conversion prior to a member's pension coming into payment could trigger benefit accrual and so loss of Fixed Protection. The examples in section 6 illustrate ways in which schemes have sought to address this issue using a 'constrained' form of GMP conversion and/or member options.

In considering Fixed Protection it's important to note there may be members who are eligible for the most recent form (FP 2016) but have yet to apply for it. In seeking to identify members at risk of loss of Fixed Protection it may therefore be necessary to seek to identify not just those who hold any of the various forms of Fixed Protection but also those who might wish to apply for FP 2016 in future.

---

21 Specific statutory requirements apply.

22 Section 234 Finance Act 2004 and the definition of "the relevant percentage" refer.

23 Paragraph 14, Part 2, Schedule 18 Finance Act 2011.

In communicating to members trustees will need to strike an appropriate balance. For most members Fixed Protection won't be an issue, but for the few it's relevant to, the impact could be very material.

5.3. Enhanced Protection

Another vulnerable form of protection from the Lifetime Allowance is Enhanced Protection. The circumstances in which this can be lost are different from those for Fixed Protection and relate to 'relevant benefit accrual'[24].

Loss of Enhanced Protection could be a very material issue for the few individuals who hold it. The relevant benefit accrual test only applies at the point of a benefit crystallisation event. The risk of loss of Enhanced Protection on or because of GMP conversion is therefore more likely to be of concern for non-pensioners and less likely for pensioners.

Equalisation and conversion may also have other impacts, such as a higher initial pension using more of a member's Lifetime Allowance or a different pattern of pension payments affecting the amount of income tax due, but these are proportionate to the benefit provided and so don't generally cause concern.

[24] Paragraph 13 Schedule 36 Finance Act 2004.

6. Worked examples of the application of GMP conversion to equalise for GMPs

Worked examples are provided for six example members spread across three pension schemes. They include:

- Conversions in retirement, both after and before GMP has come into payment
- Conversions at retirement, illustrating the potential impact pensions tax considerations and conditions in the GMP conversion legislation can have on both members and administrative processes
- Conversion in deferment, illustrating constraints on the post-conversion benefit structure that may arise from pensions tax considerations

In each case the trustees have sought not only to address GMP inequalities but also to avoid the additional complexities of the year by year equalisation methods and make other minor simplifications to benefits (for example to pension increase dates and the calculation of survivor pensions) to improve member understanding and day to day administration.

6.1. Bulk conversion of pensioners and dependants

Scheme 1 was in the process of winding up and undertook a bulk GMP conversion on 31 December 2020 using method D2 to equalise future benefits for existing pensioners and dependants. Past underpayments were calculated using method C2.

All those with a GMP accrued between 17 May 1990 and 05 April 1997 were included in the GMP conversion exercise. (The wider equalisation exercise also included dependants whose pension didn't include a GMP (e.g. children) where the pension in payment depended on GMP accrued by the member between 17 May 1990 and 05 April 1997.) Those who ceased to earn a GMP before 17 May 1990 were excluded from the GMP conversion process as their benefits were already covered by a buy-in policy.

The trustees' key objective was to achieve GMP Equality through both equality of actuarial value and equality of benefit payments. In addition, they were keen as a result of the GMP conversion:

- No pensions in payment reduced
- A similar level of inflation protection was provided
- Complexities regarding GMPs were removed

As a result, the trustees chose the post-conversion benefits set out in Table 3 below alongside the following constraints:

- The level of pension immediately after conversion was set to the level which would've been payable immediately before under method B
- The level of contingent survivor's pension on death immediately after conversion was set to the level which would have been payable immediately before under method B

Table 3

Pre-conversion benefits	Post-conversion benefits
No indexation in payment on Pre-1988 GMP from GMP Age	A tranche of pension with no indexation in payment from the conversion date of the same actuarial value as the member's pre-1988 GMP
Statutory indexation on Post-1988 GMP (currently CPI limited to 3%) from GMP Age	A tranche of pension with indexation in payment of CPI limited to 3% from the conversion date
RPI indexation limited to 5% on pension in excess of the GMP	A tranche of pension with indexation in payment of RPI limited to 5%
Pension increases granted on 01 January each year for excess and 1 April each year for GMP[25]	Pension increases granted on 01 January each year for all pension elements
A contingent survivor's pension of 50% of the member's pre-commutation pension (which therefore varies over time if expressed as a proportion of the member's post-commutation pension)	The same fixed contingent survivor proportion applied to all tranches of a member's post-commutation pension

The conversion assumptions were also set on a unisex basis.

This is illustrated by the following example members:

6.1.1. Example 1 - Conversion of pensioner over age 65

A female age 65 years and 11 months with benefits accrued between 17 May 1990 and 05 April 1997.

Table 4

Pre-conversion benefits at conversion date	Member	Comparator	Survivor
Pre-1988 GMP	Nil	Nil	Nil
Post-1988 GMP	£946.40 pa	£696.25 pa	£473.20 pa
Pre-1997 pension in excess of GMP	£3,011.10 pa	£3,110.03 pa	£2,174.31 pa
Total pension	£3,957.50 pa	£3,806.28 pa	£2,647.51 pa
Actuarial value	£134,876	£130,971	

The member was found to be of the advantaged sex, both in terms of rate of pension on the conversion date (by £151.22 pa) and in terms of actuarial value on the assumptions set by the trustees (by £3,905).

The post-conversion benefits were set to have:

- The same actuarial value as the greater of that to the member and comparator

[25] For the purposes of the worked examples this feature has been ignored to bring out the impact of other aspects of the conversion.

- The same initial rate as the greater of that to the member and comparator
- The same survivor's pension on death immediately after conversion as before

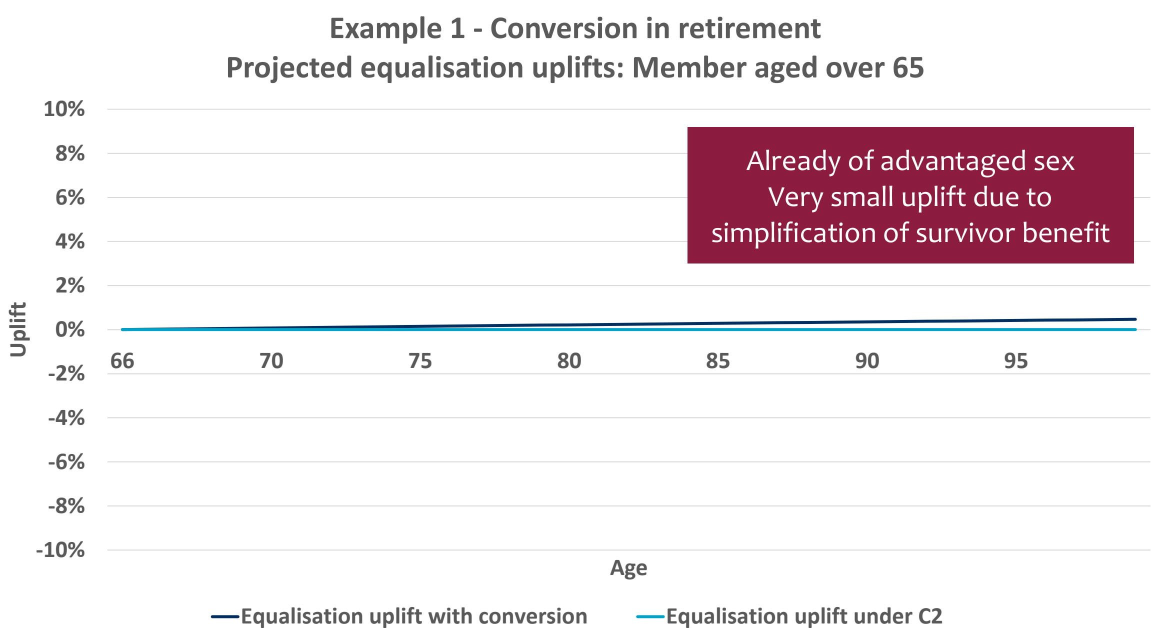
The resulting benefits are set out in Table 5 below.

Table 5

Post-conversion benefits at conversion date	Member	Survivor
Non-increasing pension	Nil	Nil
CPI linked pension (min 0%, max 3%)	£884.95 pa	£592.02 pa
RPI linked pension (min 0%, max 5%)	£3,072.55 pa	£2,055.49 pa
Total pension	£3,957.50 pa	£2,647.51 pa
Actuarial value	£134,876	

The resulting impact on the expected pension payments to the member was very small. The equalisation uplift (the extent to which the equalised pension at any point in time exceeds the unequalised pension which would've been paid, expressed as a percentage uplift) is illustrated in the chart below. Further details are provided in the Annex.

Chart 1



The small uplift relative to the existing benefit arose from the simplification of the contingent survivor benefit, which will increase at a slower rate in future as a result of applying the same survivor proportion to each pension tranche.

6.1.2. Example 2 - Conversion of pensioner under age 60

A 58 year-old male with benefits accrued both before 17 May 1990 and between 17 May 1990 and 05 April 1997 who took early retirement two years ago.

Table 6

Pre-conversion benefits at conversion date	Member	Comparator	Survivor
Pre-1988 GMP	Not in payment[26]	Not in payment	£427.90pa
1988-90 GMP	Not in payment	Not in payment	£156.94 pa
Pre-1990 pension in excess of GMP	£2,813.35 pa	£2,813.35 pa	£1,050.96 pa
Post-1990 GMP	Not in payment	Not in payment	£472.38 pa
Pre-1997 pension in excess of GMP	£2,395.90 pa	£2,407.58 pa	£927.49 pa
Total pension	£5,209.25 pa	£5,220.93 pa	£3,035.67 pa
Actuarial value	£237,131	£235,589	

The member was found to be of the disadvantaged sex in terms of rate of pension on the conversion date (by £11.68 pa) but of the advantaged sex in terms of actuarial value over an average lifetime on the assumptions set by the trustees (by £1,542).

The post-conversion benefits were again set to have:

- The same actuarial value as the greater of that to the member and comparator
- The same initial rate as the greater of that to the member and comparator
- The same survivor's pension of death immediately after conversion as before

The resulting benefits are set out in Table 7 below.

Table 7

Post-conversion benefits at conversion date	Member	Survivor
Non-increasing pension	£793.63 pa	£461.45 pa
CPI linked pension (min 0%, max 3%)	£396.45 pa	£230.51 pa
RPI linked pension (min 0%, max 5%)	£4,030.85 pa	£2,343.71 pa
Total pension	£5,220.93 pa	£3,035.67 pa

26 **Table 6a**

Projected GMP	Member	Comparator
Pre-1988 GMP	£1,070.85 pa at 65	£1,070.85 pa at 65
1988-90 GMP	£392.75 pa at 65	£392.75 pa at 65
Post-1990 GMP	£1,061.58 pa at 65	£969.33 pa at 60

Post-conversion benefits at conversion date	Member	Survivor
Actuarial value	£237,131	

The main impact of the conversion for this member is the simplification of pension indexation in payment. Pre-conversion, the member's whole benefit was increasing as excess, with the GMP due to be separated out at age 65. Likewise, the comparator's whole benefit was also increasing as excess, with the GMP due to be separated out at age 60. The key simplification in the post-conversion benefit was for the non-increasing and CPI linked pension tranches to come into payment immediately on conversion, rather than tranches changing to those rates at GMP age(s) in the future. As a result, whilst the member's pension won't reduce, it'll initially increase more slowly than it would've done and will increase faster in the later years. This is illustrated in the charts below. Further details are provided in the Annex.

Chart 2

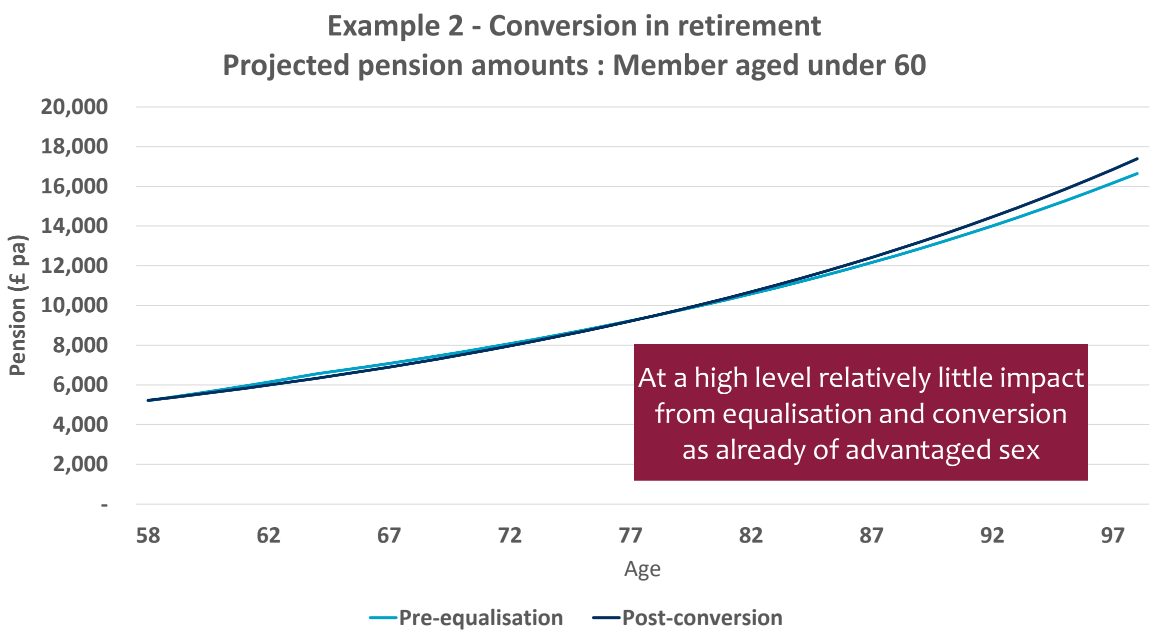
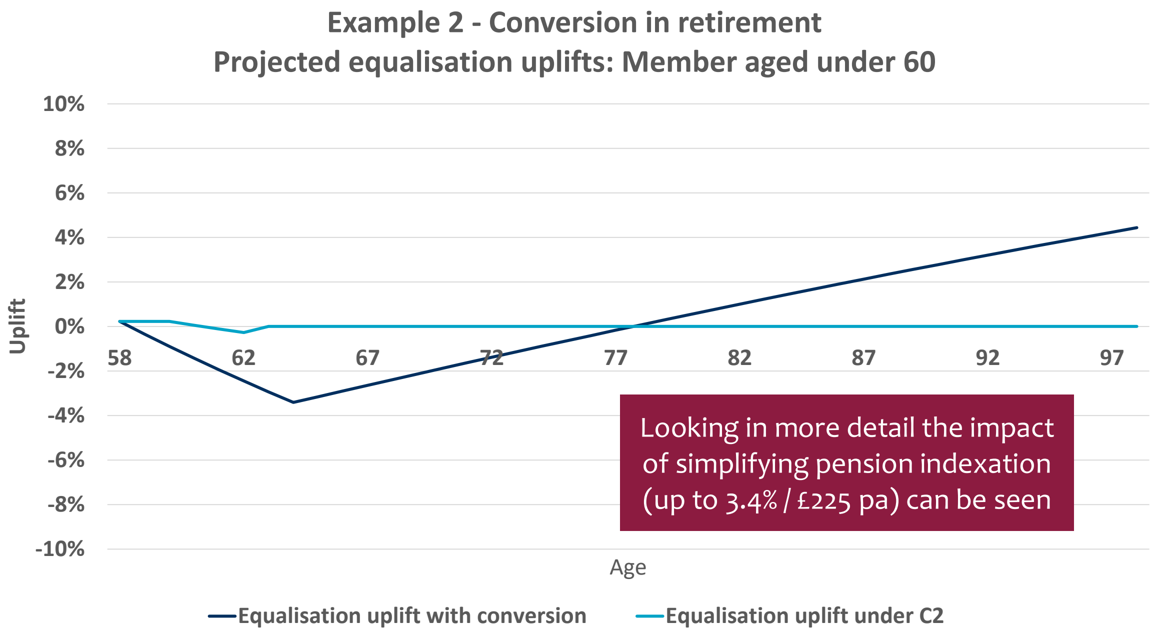


Chart 3



Having post-conversion pension elements with indexation which switched from 'excess style' to 'GMP style' at (say) age 60 or 65 would reduce the impact of conversion but would introduce more complexity. It would also not resolve the issue entirely unless one sex was always of the advantaged sex.

The impact on the survivor's contingent pension is smaller, as the survivor's GMP would've come into payment immediately on death.

6.1.3. Smoothing step ups

A further point the trustees considered was whether setting the level of pension immediately after conversion to that payable immediately before under method B could materially change the pattern of pension payments for a member whose pre-conversion pension would've been expected to 'step up' in future. For this scheme, such step ups were rare and setting the initial rate of pension to that due under method B already more than outweighed any potential future step-up.

Schemes whose members are expected to receive significant step-ups in future or which set the initial level of pension immediately after conversion to that payable immediately before under method C2 may wish to consider whether it's necessary or appropriate to apply a step-up at the conversion date to ensure the pattern of pension payments for a member doesn't change significantly.[27]

[27] Care may be needed regarding the Annual Allowance implications for those still within the tax year of retirement (and any BCE3).

6.1.4. Scheme 1 – Pensions tax

The trustees concluded, after taking legal advice, the conversion didn't give rise to any pensions tax issues for members over and above those issues which already arose[28] as a result of applying method C2 for the arrears calculations. In particular:

- The scheme administrator confirmed, despite using method C2 for arrears calculations and setting the initial level of pension post-conversion to that which would've been payable under method B, no BCE 3s arose on conversion
- The conversion didn't give rise to Annual Allowance usage as there was no benefit accrual and no BCE 3s on conversion or thereafter
- The conversion[29] didn't give rise to a loss of Fixed Protection as all benefits in the scheme had already been crystallised, so there couldn't be 'benefit accrual'
- The conversion didn't give rise to Lifetime Allowance usage as there were no benefit crystallisation events
- The conversion didn't give rise to a loss of Enhanced Protection as there were no benefit crystallisation events

The trustees sought and obtained non-statutory clearance from HMRC the conversion didn't give rise to Annual Allowance usage.

Trustees will need to take advice regarding the specific circumstances of their scheme and will need to consider whether to seek non-statutory clearance from HMRC regarding the specific circumstances of their scheme.

6.1.5. Scheme 1 - Process

In terms of process:

- The trustees adopted a 30-day consultation period, having taken legal advice, given the proposed conversion wasn't expected to have a significant impact on member benefits and completing the wind up of the scheme promptly was in the interests of members
- The trustees adopted a financial conditions date one month before the conversion date, having taken actuarial advice (and having agreed to continue monitor for any significant changes in market conditions up to the conversion date), so the calculations could be completed and certified by the conversion date
- The Principal Employer provided consent for the conversion on behalf of all employers in the scheme (based on scheme specific legal advice)
- The conversion was made by a deed of amendment
- HMRC were provided with a list of all the members subject to GMP conversion before the conversion date. Appendix 4 provides more details

---

28 The need to revisit Lifetime Allowance usage at the date of retirement (BCE2 calculations) and the pattern of Lifetime Allowance usage, if any, since (BCE3 calculations).

29 Note that effectively retrospectively, for pension tax-purposes, the member will be treated as having been subject to a year by year equalisation method up to conversion date and will also have been assessed as to whether Fixed / Enhanced Protection has survived to the conversion date on that basis.

6.2. Conversion at retirement

Scheme 2 was an on-going pension scheme which undertook a bulk GMP conversion for existing pensioner members. GMP conversion at retirement for non-pensioner members was introduced simultaneously.

The trustees' key objective was to achieve GMP Equality through both equality of actuarial value and equality of benefit payments. In addition, they were keen to simplify on-going administration and so all those with a GMP are being included in the at retirement GMP conversion process.

An at retirement conversion process was chosen to avoid any potential pensions tax risks associated with GMP conversion prior to retirement (see section 6.3), to ensure member's benefits at retirement were no lower than they would've been under either method B or C2, and to reflect the GMP inequalities which actually arose given the member's chosen date of retirement.

Whilst the trustees were keen to remove the complexities of GMPs they still wished to provide a similar level of inflation protection to pensions in payment.

As a result, the trustees chose the post-conversion benefits set out in Table 8 below alongside the following constraints:

- The level of pension immediately after conversion was set to that which would've been payable immediately before under method B
- The level of contingent survivor's pension on death immediately after conversion was set to that which would've been payable immediately before under method B

Table 8

Pre-conversion benefits	Post-conversion benefits
No indexation in payment on Pre-1988 GMP from GMP Age	A tranche of pension with no indexation in payment of the same actuarial value as the member's pre-1988 GMP
Statutory indexation on Post-1988 GMP (currently CPI limited to 3%) from GMP Age and a full first increase	A tranche of pension with indexation in payment from the retirement date of CPI limited to 3% with a proportionate first increase
RPI limited to 5% on pension in excess of the GMP with a proportionate first increase	A tranche of pension with indexation in payment of RPI limited to 5% with a proportionate first increase
Pension increases granted on 01 January each year for excess and 01 April each year for GMP[30]	Pension increases granted on 01 January each year for all pension elements

[30] For the purposes of the worked examples this feature has been ignored to bring out the impact of other aspects of the conversion.

Pre-conversion benefits	Post-conversion benefits
A contingent survivor's pension of 50% of the member's pre-commutation pension (which therefore varies over time if expressed as a proportion of the member's post-commutation pension)	A single fixed contingent survivor proportion applied to all tranches of post-commutation pension

The conversion assumptions were also set on a unisex basis.

This is illustrated by the following example member.

6.2.1. Example 3 - Conversion at retirement

A 63 year-old male with benefits accrued both before 17 May 1990 and between 17 May 1990 and 05 April 1997 who left before 06 April 2006.

Table 9

Pre-conversion benefits at conversion date	Member	Comparator	Survivor
Pre-1988 GMP	Not in payment[31]	Not in payment	£1,794.63 pa
1988-90 GMP	Not in payment	Not in payment	£387.57 pa
Pre-1990 pension in excess of GMP	£5,771.57 pa	£5,771.57 pa	£703.59 pa
Post-1990 GMP	Not in payment	£2,842.65 pa	£1,421.33 pa
Pre-1997 pension in excess of GMP	£3,743.08 pa	£1,208.90 pa	£604.45 pa
Total pension	£9,514.65 pa	£9,823.12 pa	£4,911.56 pa
Actuarial value	£301,072	£309,683	

The member was found to be of the disadvantaged sex, both in terms of rate of pension on the conversion date (by £308.47 pa) and in terms of actuarial value on the assumptions set by the trustees (by £8,611).

The post-conversion benefits were set to have:

- The same actuarial value as the greater of that to the member and comparator
- The same initial rate as the greater of that to the member and comparator
- The same survivor's pension on death immediately after conversion as before

The resulting benefits are set out in Table 10 below.

Table 10

Post-conversion benefits at conversion date	Member	Survivor
Non-increasing pension	£3,348.90 pa	£1,674.45 pa
CPI linked pension (min 0%, max 3%)	£2,635.97 pa	£1,317.99 pa
RPI linked pension (min 0%, max 5%)	£3,838.25 pa	£1,919.13 pa
Total pension	£9,823.12 pa	£4,911.56 pa
Actuarial value	£309,683	

The impact of the equalisation for this member is a higher pension at retirement and over the long-term. Like Example 2 the conversion involves the simplification of pension indexation in payment. Whilst the member's

31 **Table 9a**

Projected GMP	Member	Comparator
Pre-1988 GMP	£3,682.58 pa at 65	£3,682.58 pa at 65
1988-90 GMP	£795.29 pa at 65	£795.29 pa at 65
Post-1990 GMP	£2,593.23 pa at 65	£2,167.15 pa at 60

pension is initially higher, it'll initially increase more slowly than it would've done and will increase faster in the later years. This is illustrated in the charts below. Further details are provided in the Annex.

Chart 4

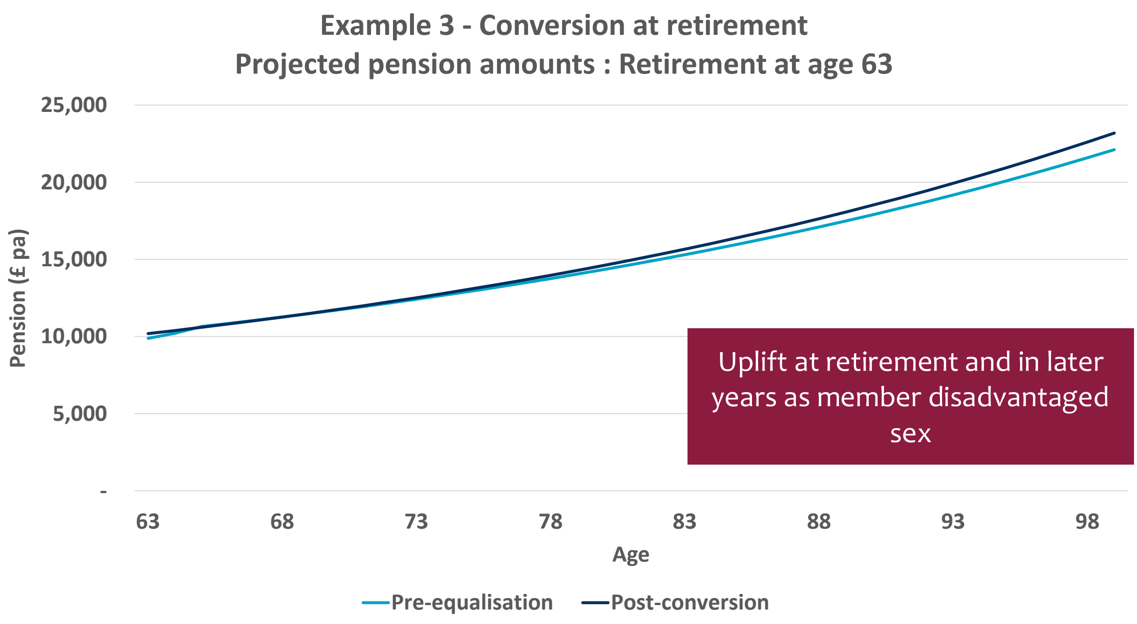
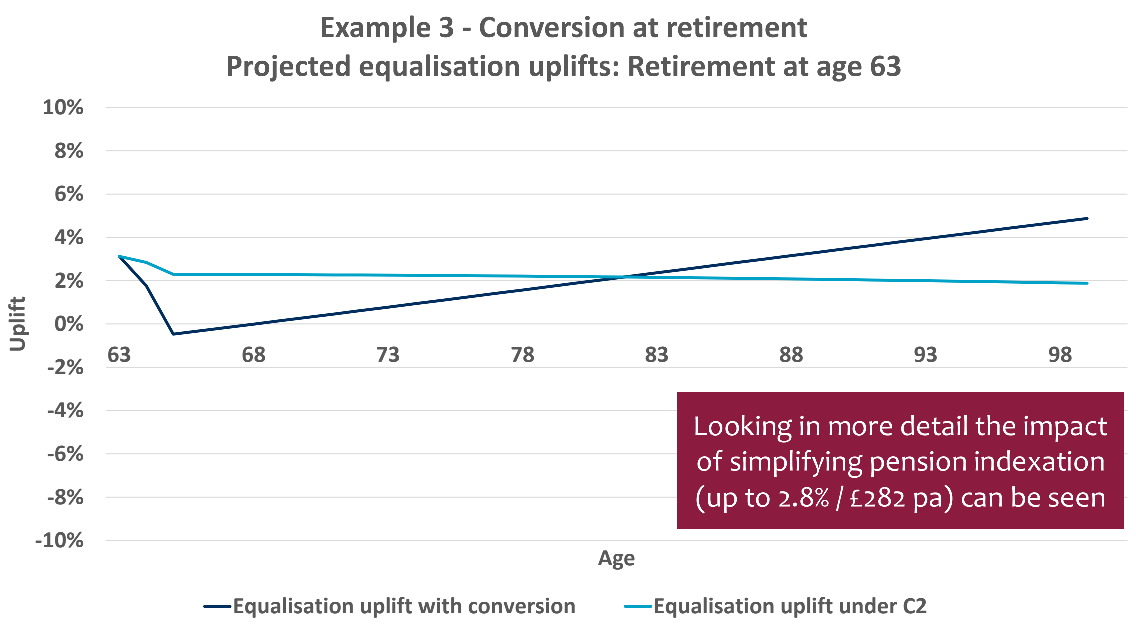


Chart 5



Despite this member having been chosen to illustrate this point (with a large GMP relative to their total pension) the impact is still relatively small.

6.2.2. Scheme 2 – Pensions tax and the timing of conversion

The trustees concluded, after taking legal advice, conversion 'at retirement' must in fact be taking place either immediately before retirement or immediately after and this has a potential impact on the pensions tax treatment.

They also concluded the pensions tax treatment would depend on whether there was a step up in a member's pension on conversion after retirement (or more specifically any Benefit Crystallisation Events on or after conversion in the tax year of retirement).

Table 11

	Conversion immediately before	Conversion immediately after	Conversion after tax year of retirement
Annual Allowance ("AA")			
• Pre-06 April 2006 leaver	Outside AA regime	Outside AA regime	Outside AA regime
• Post-05 April 2006 leaver	Potential AA usage	No AA usage provided no BCE3s	Outside AA regime
Fixed Protection	Risk of loss	Retained	Retained
Enhanced Protection	Risk of loss	Risk of loss	Risk of loss

The rationale for these conclusions is set out in Appendix 5. In the absence of guidance from HMRC, caution is required, and legal advice should be taken.

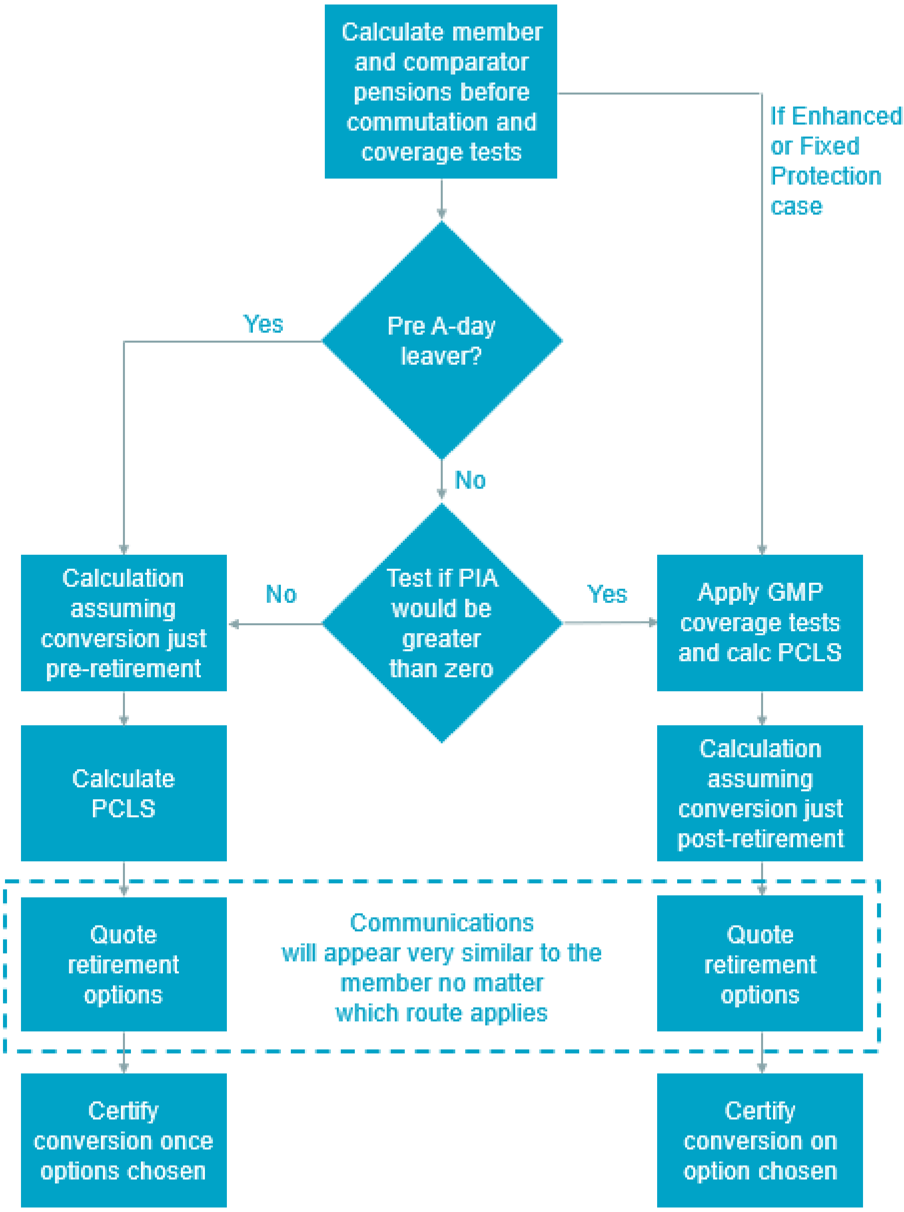
As a result of the above analysis the trustees of Scheme 2 considered applying conversion immediately after retirement for all members. However, this would have created three issues:

1. The trustees wanted to be able to provide details of the post-conversion benefits in retirement options letters. If conversion is applied after retirement it would need to be applied separately to the option with tax-free cash and the option without
2. In some cases (particularly low earners) the member's tax-free cash is currently restricted by the need to ensure their GMP will be covered. As a result of equalisation under method B or C2 it may be necessary to restrict the tax-free cash for more members or to restrict it further to ensure the comparator's GMP is also covered. If conversion is only applied after retirement these restrictions would need to be applied to the pre-conversion benefit at retirement and one of the drivers for using GMP conversion was to avoid such issues
3. Likewise, in some cases (particularly low earners) the member may not be allowed to take early retirement to ensure their GMP will be covered. As a result of equalisation under method B or C2 it may be necessary to restrict early retirement for more members to ensure the comparator's GMP is also covered. If conversion is only applied after retirement these restrictions would need to be applied to the pre-conversion benefit at retirement and one of the drivers for using GMP conversion was to avoid such issues

The trustees therefore concluded a more nuanced approach should be applied, with conversion normally being applied immediately before retirement and only applied after if required to avoid undesirable pensions tax consequences. The trustees of scheme 2 decided this was a reasonable concern and course of action for the trustees to take, and within both the spirit and letter of the tax rules.

The approach is illustrated in flowchart 3 below. Trustees will need to take advice regarding the specific circumstances of their scheme and will need to consider whether to seek non-statutory clearance from HMRC regarding the specific circumstances of their scheme.

Flowchart 3



Example 3 above was a leaver before 06 April 2006 and so the conversion was applied immediately before retirement (and so before calculation of the tax-free lump sum option and before application of GMP coverage tests which simplified the process) and had no Annual Allowance usage.

6.2.3. Scheme 2 - Process

In terms of process:

- The trustees adopted a 60-day consultation period, having taken legal advice, given there was no particular rush. This consultation was across the whole non-pensioner membership so views could be obtained before introducing the process and to avoid the need to consult with members individually before their benefits could come into payment
- Employer consent was obtained for GMP conversion at retirement, subject to the ability to withdraw consent on a prospective basis in future
- The existing retirement process already asked members to declare if they held Enhanced or Fixed Protection. This was extended to ask members to let the trustees know if they might be considering applying for Fixed Protection 2016 in future. A note was also included in the retirement pack to the effect, if the member had any form of Lifetime Allowance protection which was not noted in the pack, this could impact the figures shown
- The Scheme Actuary provided a proforma and factors to the administrator who would complete the conversion calculations automatically with an effective date of calculation either immediately before or after retirement in accordance with the agreed process
- The trustees adopted a process of setting financial conditions once a year, having taken actuarial advice (and having agreed to continue monitor for any significant changes in market conditions), so the calculations could be completed and included in member option letters prior to retirement and need not be recalculated once members had completed their option forms
- HMRC were notified at the outset all members in the scheme would be subject to GMP conversion at retirement unless HMRC were notified otherwise. Appendix 4 provides more details
- A process was established whereby all retirement calculations are automatically sent to the Scheme Actuary each month so the conversion calculations could be certified within two months of calculation, to ensure the three-month statutory deadline is met. A key part of the process was to ensure this could be achieved seamlessly to avoid disproportionate cost
- From the member's perspective, whilst the figures might be slightly different depending on whether conversion was being applied immediately before or after retirement (as the commutation factors were not set using the same assumptions as those used for the conversion), the wording of the retirement pack was essentially the same

6.2.4. Example 4 - Conversion at retirement

This example illustrates the potential impact on a member of the DMCO not applying in the tax year of retirement.

Example 4 is a 61 year-old male with benefits accrued both between 17 May 1990 and 05 April 1997 and after 5 April 1997. He left on 27 March 2016 and so is subject to the Annual Allowance regime. He has Fixed Protection 2016. His normal retirement age was 60 (27 March 2021) and he took a late retirement pension at age 61 (27 March 2022). The late retirement provisions were in the scheme rules such that the DMCO and Fixed Protection were not lost by them applying.

Table 12

Pre-conversion benefits at normal retirement date	Member	Comparator
Post-1990 GMP	£1,449.34 pa	£1,621.81 pa
Pre-1997 pension in excess of GMP	£14,553.40 pa	£14,397.39 pa
Post-1997 pension	£50,237.06 pa	£50,237.06 pa
Total pension	£66,239.80 pa	£66,256.26 pa

After application of a one-year late retirement factor his pension on retirement (including a £17.37 pa equalisation uplift) was £69,900.36 pa. This was also the level of his pension immediately after conversion.

Based on the analysis set out in section 6.2.2 above for their pension scheme, the trustees concluded, if conversion is applied immediately after retirement, the DMCO would apply, and the Pension Input Amount would be zero. His Fixed Protection would also remain valid.

However, if conversion is applied immediately before retirement the DMCO wouldn't apply and a Pension Input Amount of £53,005.10 would be triggered, being 16 x (£69,900.36 – 1.005 x £66,256.26). The trustees concluded his Fixed Protection wouldn't be lost as the increase was in accordance with the scheme's rules under a year by year approach.

Whether the Pension Input Amount would trigger an Annual Allowance excess charge would depend on the member's available Annual Allowance after considering other pensions savings, his income and any carry forward.

6.3. Bulk conversion in deferment

The advantage of a bulk conversion of deferred members is it's a once and done process. If combined with a bulk exercise for pensioners and dependants, a pension scheme can complete its equalisation process and move on.

When conversion is applied to deferred members consideration needs to be given to the nature of the deferred revaluation and death in deferment benefits which will apply post-conversion.

Scheme 3 undertook a bulk GMP conversion on 31 December 2020 using method D2 to equalise benefits for deferred pensioners.

The trustees' key objective was to achieve GMP Equality through both equality of actuarial value and equality of benefit payments. In addition, they were keen as a result of the GMP conversion:

- A member's anticipated pension at retirement would be similar to that which would've been due under a year by year equalisation method
- Revaluation was straightforward to administer and explain
- The conversion and post-conversion benefits wouldn't trigger adverse pensions tax consequences for members

Unfortunately, there's a conflict between these three objectives. As a result, the trustee chose the post-conversion benefits set out in Table 13 below.

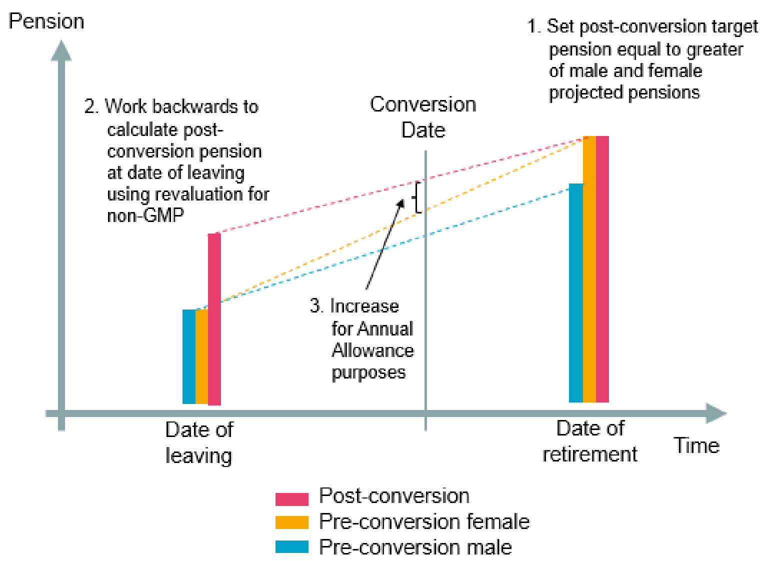
Table 13

Pre-conversion benefits	Post-conversion benefits
GMP revalued with S148 Orders to normal retirement date (i.e. national average earnings)	The same as non-GMP but restating the pension at date of leaving to target the same level of pension at retirement as pre-conversion
Statutory revaluation on excess over GMP (i.e. RPI to 2010 and CPI thereafter subject to a maximum of 5% or 2.5% pa compound)	Statutory revaluation on excess over GMP (i.e. RPI to 2010 and CPI thereafter subject to a maximum of 5% or 2.5% pa compound)
50% death in deferment pension based on pension revalued to date of death (with a reduction if the spouse is more than 10 years younger)	50% death in deferment pension based on pension revalued to date of death (with a reduction if the spouse is more than 10 years younger only on post-97 benefits)
Refund of contributions	Refund of contributions
Post-retirement as per Schemes 1 & 2	Post-retirement as per Schemes 1 & 2

The conversion assumptions were also set on a unisex basis.

The adjustment to the members' pensions at date of leaving is illustrated in chart 6 below.

Chart 6



The rationale for this approach was the trustees concluded, having taken legal advice:

- Preservation requirements would mean post-conversion the whole deferred pension would need to be revalued by at least statutory requirements for non-GMP. Revaluing the whole pension at this rate would avoid needing to apply a statutory revaluation underpin test to any alternative revaluation
- Revaluing the whole deferred pension post-conversion in line with statutory requirements for non-GMP would mean there would be no Annual Allowance usage in future tax years (i.e. post 05 April 2006 leavers would continue to benefit from the DMCO)
- Although involving a re-expression of the pension as at date of leaving, the change to benefits only occurred at the conversion date, and so doesn't impact Annual Allowance usage for tax years before the tax year of conversion – for Annual Allowance purposes effectively there's a one-off jump in the pension in the tax year of conversion (followed by lower revaluation than otherwise) to target the same level of projected pension at retirement. Legal advice to the trustees confirmed this reshaping wasn't accrual and so wouldn't bring pre-06 April 2006 leavers into the Annual Allowance regime (they sought and obtained non-statutory clearance on this point from HMRC)
- Post-05 April 2006 leavers would face Annual Allowance usage anyway in the tax year of conversion (as a result of the same issue as for conversion immediately before retirement described in section 2 of Appendix 5) and the additional Annual Allowance usage (Pension Input Amount) triggered by the one-off additional revaluation was in this particular case unlikely to be material (see below). (The trustees considered an internal transfer approach, described in Appendix 6, but decided against it)
- Expressing the post-conversion pension as a deferred pension at the member's date of leaving would be easiest for members to understand, straightforward for the administrators to hold on the database (as the practice was only to revalue deferred pensions on retirement) and to use in existing calculation routines[32]
- The level of contingent survivor's pension on death immediately after conversion wouldn't reduce (indeed it would increase) and would satisfy the relevant conversion condition

The trustees did note changing the future revaluation in deferment on what used to be GMP from national average earnings (or in some cases a fixed rate) to CPI would mean the actual pension members would receive at retirement could be higher or lower than it otherwise would have been, depending on whether CPI was higher or lower than assumed in the conversion calculations relative to national average earnings (or for other members relative to a fixed rate). The trustees concluded this change was necessary as a result of DWP and pensions tax legislation and within the power of amendment under the GMP conversion legislation.

6.3.1. Example 5 - Conversion in deferment

A 58 year-old male with a deferred pension accrued before 17 May 1990, between 17 May 1990 and 05 April 1997, and after 05 April 1997. He left on 10 July 2006 and so is subject to the Annual Allowance regime. His normal

32 Schemes that revalue and record deferred pensions annually might take a different approach from restating deferred pensions at date of leaving but will need to consider the interaction with any statutory revaluation underpin.

retirement age is 63 (15 February 2025). He was included in a bulk conversion exercise for deferred pensioner members on 31 December 2020.

Table 14

Pre-conversion benefits at date of leaving	Member	Comparator
Pre-1988 GMP	£776.56 pa	£776.56 pa
1988-90 GMP	£267.78 pa	£267.78 pa
Pre-1990 pension in excess of GMP	£7,673.42 pa	£7,673.42 pa
Post-1990 GMP	£873.87 pa	£975.76 pa
Pre-1997 pension in excess of GMP	£8,087.36 pa	£7,985.48 pa
Post-1997 pension	£4,197.55 pa	£4,197.55 pa
Total pension at date of leaving	£21,876.54 pa	£21,876.55 pa
Actuarial value (pre-97) at conversion date	£947,541	£953,187
Projected pension at NRD on the conversion assumptions	£32,897.56 pa	£33,126.82 pa

Under a year by year equalisation method the member's equalised pension at NRD was therefore projected to be £33,126.82 pa (a £229.26 pa uplift).

The post-conversion benefit was set to be of the same projected amount at NRD, £33,126.82 pa. This is equivalent to a deferred pension at date of leaving of £22,217.87 pa based on past revaluation orders and future revaluation on the conversion assumptions.

Table 15

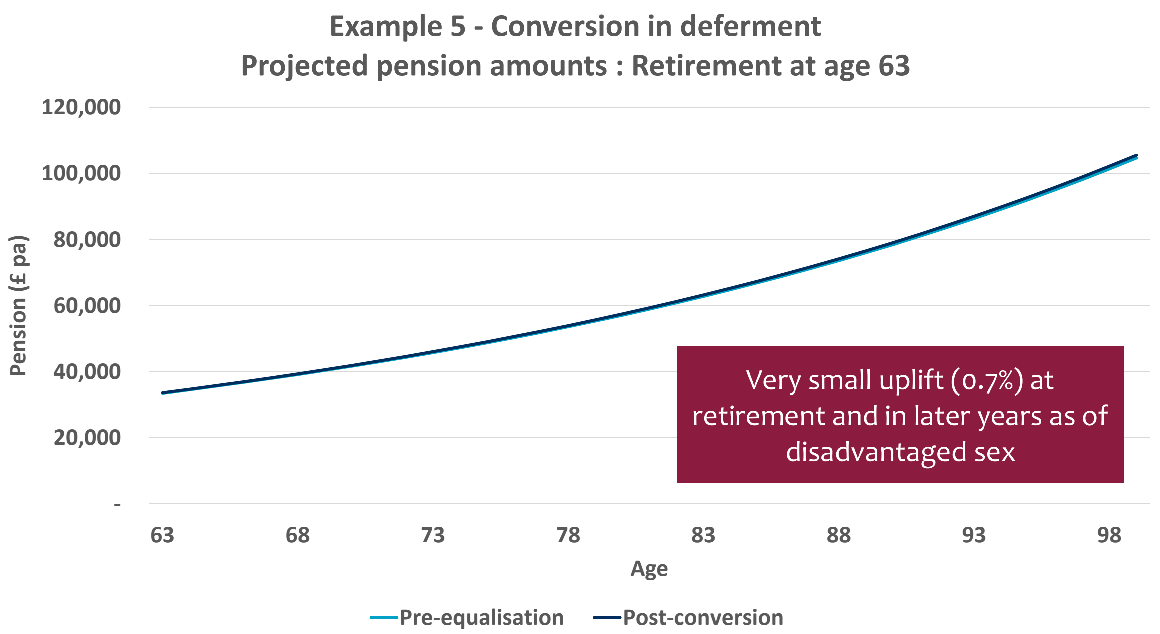
Post-conversion benefits at date of leaving		
Deferred revaluation	**Indexation in payment**	**Member**
Statutory orders for non-GMP (i.e. RPI/CPI max 5% pa)	Non-increasing pension	£841.96 pa
Statutory orders for non-GMP (i.e. RPI/CPI max 5% pa)	CPI linked pension (min 0%, max 3%)	£1,221.77 pa
Statutory orders for non-GMP (i.e. RPI/CPI max 5% pa)	RPI linked pension (min 0%, max 5%)	£15,956.59 pa
Statutory orders for post-97 pension	RPI linked pension (min 0%, max 5%)	£4,197.55 pa
Total pension at date of leaving		£22,217.87 pa
Actuarial value at conversion date		£953,187
Projected pension at NRD on the conversion assumptions		£33,126.82 pa

The impact of conversion for this member is the change in deferred revaluation from GMP to non-GMP rates and similar simplification to increases in payment to those for Examples 2 and 3.

As the member is relatively close to retirement, despite having a relatively large GMP, the impact of the relative revaluation rates being different from those assumed would not be very large (e.g. a 1% pa difference over the four years to NRD would have a £140 pa, or 0.4%, impact on his pension).

Likewise, as illustrated in Chart 7 below, the impact of equalisation and the limited simplification of pension increases in payment from conversion is small too.

Chart 7



6.3.2. Example 5 – Pensions tax

In this case, as explained above, the trustees concluded the DMCO wouldn't apply in the tax year of conversion. A Pension Input Amount of £1,142 was triggered, being 16 x (£29,949.69 – 1.017 x £29,378.85). This is 16 times the difference between his post-conversion pension revalued to 05 April 2021 and the greater of his pension and that of his comparator pre-conversion revalued to 05 April 2020 increased by the relevant inflation adjustment.

Note this Pension Input Amount could only be calculated once the increase in CPI over the year to September 2020 was published and the Pension Input Amount is sensitive to the difference between:

- The increase in CPI over the year to the September preceding the tax year of conversion (the inflation used in the Annual Allowance calculation)
- The increase in CPI over the year to the September in the tax year of conversion (the inflation used in the statutory revaluation order)

For 2020/21 the former was 1.7% and the latter 0.5%. Had the pattern of inflation over those two years been reversed the member's projected pension at retirement and their post-conversion pension would've been the same but the Pension Input Amount would have been £11,835, a significant difference.

6.3.3. Scheme 3 – Process

In terms of process:

- The trustees adopted a 30-day consultation period
- The trustees wrote to all members twice to say the proposed conversion could cause Annual Allowance usage, loss of Enhanced Protection, Fixed Protection or an ineligibility to apply for Fixed Protection 2016 in future
- Members were asked to let the trustees know if they had less than £20,000 of available Annual Allowance in the tax year of conversion – Checks were undertaken to ensure the proposed conversion didn't breach this level (with Pension Input Amount figures provided if requested)
- Members were offered an alternative form of conversion, or to be excluded from the scheme's standard conversion process, if they had Enhanced Protection, Fixed Protection or intended to apply for Fixed Protection 2016 in future. An example of this alternative conversion option is provided below
- Each of the Participating Employers provided consent for the conversion
- The conversion was made by a deed of amendment
- The trustees adopted a financial conditions date one month before the conversion date, having taken actuarial advice (and having agreed to continue monitor for any significant changes in market conditions up to the conversion date), so the calculations could be completed and certified by the conversion date
- HMRC were notified all members in the scheme with contracted out service between 17 May 1990 and 05 April 1997 other than those with Enhanced Protection or Fixed Protection would be subject to GMP conversion before the conversion date. A list of these members was produced for the trustee's records and offered to HMRC. Appendix 4 provides more details on notification

6.3.4. Example 5a – Alternative conversion option for member with Fixed Protection

As mentioned above, the trustees provided an alternative conversion option for members with Fixed Protection. This was based on constraining the post-conversion pension so the level of pension immediately after conversion (and indeed for the remainder of the tax year of conversion) didn't increase above that permitted for benefit accrual purposes. To maintain actuarial equivalence part of the pension was then provided with indexation in payment at 5% pa.

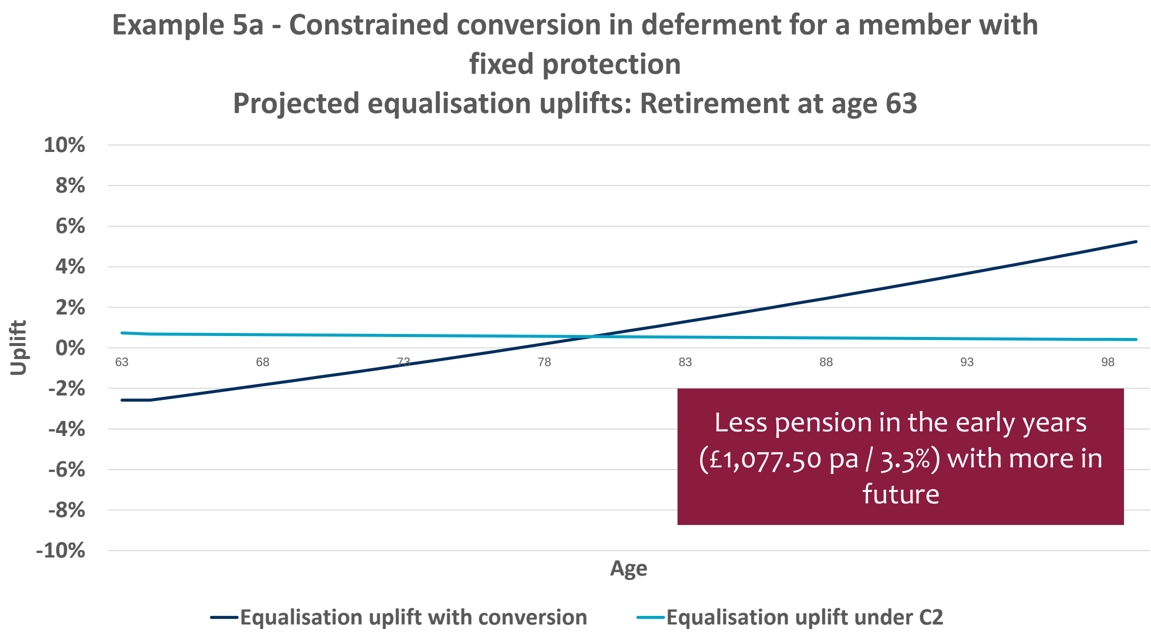
This resulted in a lower projected pension at retirement than would've been payable either pre-equalisation or on a year by year basis. For the member in Example 5 the impact at retirement would have been as set out below.

Table 16

Projected pension at retirement	Pension	Uplift / (Shortfall)
Unequalised member	£32,897.56 pa	-
Comparator	£33,126.82 pa	£229.26 pa
Standard conversion option	£33,126.82 pa	£229.26 pa
'Fixed Protection constrained' conversion option	£32,049.32 pa	(£848.24 pa)

Whilst both the Standard and Fixed Protection constrained conversion options have the same actuarial value on the conversion assumptions at the conversion date, the pattern of pension payments is different. The projected impact in payment on the conversion assumptions set illustrated in the chart below.

Chart 8



If the member were to die in their late 70s, they would be several thousand pounds out of pocket. On the other hand, if they were to survive into their late 90s, they could be much better off than the Standard conversion.

The option may be attractive to those whose benefits will exceed their protected Lifetime Allowance (as the HMRC value of their benefits would be lower and so less Lifetime Allowance excess charge would be payable). However, in the absence of HMRC guidance on the pensions tax implications of conversion, many trustees have not felt able to assure members their Fixed Protection won't be lost by the Fixed Protection constrained conversion option and in practice members have tended to opt to be excluded from the conversion process.

Some trustees in other schemes, rather than giving members an option, have excluded members known to have Fixed Protection from the GMP conversion. In such cases some have tried to address the risk of there being members with Fixed Protection who haven't made themselves known to the trustees by framing the GMP conversion as only applying to those who don't have Fixed Protection. This is an area in which legal advice is required.

6.3.5. Example 6 - Conversion in deferment for a younger member

The member in Example 5 was age 58, so the change to future deferred revaluation didn't have a significant impact. The impact could be more material in percentage terms for younger members but as a result of being younger they may well have much less GMP.

Example 6 is a 45 year-old, so just able to have accrued some GMP. The member is a female with a deferred pension accrued both before and after 05 April 1997. She left on 05 April 1998 and her normal retirement age is 60 (05 March 2035).

Her deferred pension on leaving was £1,027.77 pa, of which £150.56 pa was post-1990 GMP subject to fixed rate revaluation. She is of the advantaged sex and her pension is projected to reach £3,382 pa at retirement on the conversion assumptions.

Her post-conversion pension is set so it's also projected to reach £3,382 pa at age 60. Due to the difference in the deferred revaluation (swapping the GMP fixed rate for statutory excess revaluation at CPI) her post-conversion pension at date of leaving is £1,449.29 pa, an increase of 41%. If future inflation averages, for example, 0.5% pa lower than assumed over the next 14 (complete) years, her pension will be £88.30 pa (or 2.6%) lower than it would've been. The impact of the conversion isn't as dramatic as it might first seem from the significant uplift in the restated deferred pension at date of leaving because the GMP is only a small part of her pension.

7. Benefit checklist

When conversion is being applied, it's important to ensure both the pre- and post-conversion benefits are properly understood and documented. This will be of assistance to all parties to ensure member communications cover what they need to, scheme documentation is complete and accurate, the actuarial calculations achieve equivalence and future pensions administration is as intended. A checklist of potential areas to confirm is provided below.

Table 17

In deferment attributes	
Revaluation rates by tranche and method of application	
Death in deferment benefits including proportion and indexation by tranche, treatment of younger spouse and any differences between spouse and financial dependant	
Age below which early retirement reduction applies by tranche	
Age above which late retirement uplift applies by tranche	
Any discretionary practices	
Whether the Deferred Member Carve Out applies (including on late retirement)	
In payment attributes	
Indexation by tranche	
Increase dates by tranche	
Full or partial first increase by tranche	
Death after retirement benefits including proportion and indexation by tranche, impact of commutation, treatment of younger spouse and any differences between spouse and financial dependant	
Any discretionary practices	

The treatment required for any underpins and tests, such as GMP coverage and anti-franking, will also need to be clear. The expectation is details of the pre-conversion benefits will have been established as part of the arrears calculation exercise so wouldn't involve additional work on the application of GMP conversion.

Appendix 1 - Glossary

A description of the key terms used in this Guidance is provided below.

Table 18

Term	Description
Annual Allowance	Scope for making new tax efficient pension savings. Normally £40,000 per tax year. Can be increased by unused allowance carried forward from the previous three years. Can be as low as £4,000 for the very highest earners.
At retirement exercise	Using GMP conversion at the point a member starts to receive a pension from the scheme. The actual moment at which GMP conversion takes place might be just before or just after benefits are crystallised for pensions tax purposes.
Bulk exercise	Applying GMP conversion to a group of members with the same conversion date.
Constrained conversion	The form and level of the post-conversion benefits is different from what the trustees might otherwise consider appropriate as a result of the risk of triggering adverse and/or disproportionate pensions tax consequences.
Conversion date	The date on which the member ceases to have a GMP and becomes entitled to the post-conversion benefits, once all the conditions and procedural requirements are satisfied.
Cross-over member	A member moving from advantaged to disadvantaged over the period of retirement – or vice versa – when using a year by year equalisation method.
Deferred Member Carve Out ("DMCO")	A provision in tax law for the Pension Input Amount for Annual Allowance purposes to be set to zero in a tax year for a deferred member provided certain conditions are met.
Enhanced Protection ("EP")	Subject to certain conditions an individual with Enhanced Protection will not be subject to a Lifetime Allowance excess tax charge even if the HMRC value of their benefits exceeds the Lifetime Allowance. This protection can be lost.
Equality of value	The actuarial value of the future benefits to be provided to a member is equal at a single point in time and on a particular set of assumptions to the actuarial value of the future benefits to be provided to their comparator.
Equality of benefit payments	The amount of pension paid to a member and their comparator is the same at all times.
Fixed Protection ("FP")	Individuals with Fixed Protection are able to continue to benefit from the level of the Lifetime Allowance prior to its reduction, subject to certain conditions. This protection can be lost.
GMP conversion	The legal process set out in law for a scheme to disapply the GMP rules and restrictions – otherwise required by or set out in in the law – which apply to its members and their beneficiaries. Legislation defines GMP conversion as meaning an amendment of the scheme in relation to an earner, so it no longer contains the guaranteed minimum pension rules. Legislation also refers to the pre-conversion benefits being those provided by the scheme immediately before the conversion date but disregarding any money purchase benefits, and the post-conversion benefits. GMP conversion may be achieved by use of the statutory power given to trustees or a scheme's own power of amendment. It is by definition a change which affects accrued rights but is exempted from the restrictions on amendments under section 67 etc of the Pensions Act 1995. There are certain conditions which must be met, including procedural requirements, set out in Sections 24A-24G of the Pension Schemes Act 1993. The process does not have to be restricted to GMP equalisation projects (so it can be used for example in respect of a member who hold some or only pre-17 May 1990 GMP).

Term	Description
GMP Equality	Making sure a member with a GMP relating to contracted out pensionable service during the period 17 May 1990 to 5 April 1997 receives benefits which are not less than those which would have been provided had the member been of the opposite sex during this period
Internal transfer	Providing the post-conversion benefits in a different arrangement for pension tax purposes from that of the pre-conversion benefits but still within the same pension scheme.
Lifetime Allowance ("LTA")	Scope to build up tax efficient pensions savings over a lifetime.
Method B	Paying the greater of the member's unequalised pension and the comparator's unequalised pension at all times.
Method C1	Whilst the member is advantaged, a credit is built up reflecting the higher benefit than payable to the comparator. When the member becomes disadvantaged in relation to the comparator this credit unwinds and only when it has been fully used up does the member's pension step up to the level of the comparator.
Method C2	Method C2 is similar to C1 but interest is applied to the credit.
Method D2	Using GMP conversion to provide a new benefit which has the same actuarial value at a point in time as the greater of the actuarial value of the member's benefit and the value of their comparator and (subject to legal advice) equality of subsequent benefit payments (see section 4.1).
One-step process	Future benefits are equalised at the same time as GMP conversion is applied (method D2).
Pension Increase Exchange ("PIE")	A member giving up some or all of the future increases on their pension in return of a pension which is initially higher but will then either not increase or only do so at a lesser rate. This is a non-statutory process with member consent and the new benefit may have a lower actuarial value than the value of the benefit given up.
Pseudo GMP	A benefit which behaves in exactly the same way as a GMP but is not in law a GMP as a result of having used GMP conversion legislation.
Re-labelling	All tranches of a member's pension after conversion behave in exactly the same way as before conversion.
Two-step process	GMP conversion is applied after benefits have been equalised using a method other than D2.
Year by year equalisation method	Methods B, C1 and C2 all involve an on-going comparison of the member's benefits earned from 17 May 1990 with those of a notional comparator of the opposite sex. This may also be referred to as a 'dual record' approach.

Appendix 2 - Issues to consider in relation to 'pseudo GMP'

1. Using a pseudo GMP with a top-up benefit for the disadvantaged sex

One potential route in seeking to achieve GMP Equality would be to assess whether a member is of the advantaged or disadvantaged sex at the conversion date on the conversion assumptions. The idea might then be:

- If the member is of the advantaged sex, GMP conversion could be used to turn their GMP into a pseudo GMP and no further changes would be made to their benefits
- If the member was of the disadvantaged sex, GMP conversion could be used to turn their GMP into a pseudo GMP and the only other change to their benefits would be to provide an extra benefit in order the present value of their total benefit earned from 17 May 1990 would be actuarially equivalent to the value of the advantaged sex for the relevant period

Such an approach would involve minimal changes to the member's and contingent spouse's existing benefits and provide equality of present value on the conversion date. However:

- It wouldn't provide equality of benefit payments thereafter
- Whilst not method D1, it would result in the same income stream as applying method D1
- There could be adverse pensions tax consequences (see section 5)
- The minimum level of contingent spouse's benefit required by the GMP conversion legislation is different from the level required by the GMP rules and so further changes to benefits are likely to be required – The GMP conversion legislation was written with the expectation the purpose of using GMP conversion was to achieve some simplification

2. Using a pseudo GMP of the advantaged sex

Another potential route considered by some to address the first two of the issues in section 1.1 above would be to provide each member post-conversion (in respect of benefits earned from 17 May 1990) with whichever of the pre-conversion actual sex and opposite sex benefit (including the respective pseudo GMP) has the higher actuarial value on the conversion date. The plan would be:

- If the member is of the advantaged sex, as in 1.1 above, there would be no change to their benefit other than the GMP becoming a pseudo GMP
- If the member was of the disadvantaged sex, they would be switched to the opposite sex benefit for service from 17 May 1990, including the opposite sex pseudo GMP

Unfortunately, there are also several issues with this approach:

- The third and fourth issues (pensions tax and survivor pensions) above still apply
- A member who earned benefits before 17 May 1990 and was of the disadvantaged sex would end up with a benefit which was a combination of both an actual sex and opposite sex GMP. This would create an administrative challenge not dissimilar but different from adopting one of the year by year equalisation methodologies

- In some cases, whilst the actuarial value of the benefit of the opposite sex might be higher over a lifetime, the rate of pension for the opposite sex at the conversion date might be lower than the level currently in payment. This would raise legal, tax and communication issues

A combination of these issues and a desire to achieve some simplification has led many schemes to go further than relabelling. Any trustees considering using a pseudo GMP should take legal and pensions tax advice.

Appendix 3 - Additional issues to consider in relation to a 'one-step' process in certain cases

As explained in section 4.3, a one-step process is likely to be most efficient for pension schemes yet to equalise. However, if a pension scheme has cross-over cases and is using method C2[33] for arrears calculations, two issues to consider if a one-step process is being applied to pensioners and dependants are:

1. The initial level of post-conversion pension; and
2. Whether any method C2 carrying credit should be taken into account in the conversion calculation

1. Initial level of post-conversion pension

Condition 2 of GMP conversion[34] is *'if the earner was entitled immediately before the conversion date to the payment of a pension under the scheme, the converted scheme does not provide for a reduction of, or have the effect of reducing, the amount of that pension immediately after conversion.'*

Where equalisation and conversion are taking place at the same time for a pensioner or dependant and method C2 is being used to calculate the arrears payments and the member's unequalised pension in payment on the conversion date is higher than that which would be due under method C2, the question arises whether the minimum under Condition 2 is the method C2 pension being used to calculate the arrears or the unequalised pension.

Given arrears are being calculated under method C2 it could be argued the entitlement immediately before conversion was the method C2 pension. Past payments are being corrected to this level by the arrears paid. However, in practice, trustees have tended to set the initial level of post-conversion pension equal to the higher of the two to avoid member complaint. Trustees wishing to use the lower method C2 pension figure should take legal advice and potentially consider using the two-step process.

2. Taking into account the carrying credit

The method C2 carrying credit can be defined as the excess of (X) over (Y) where (X) is the unequalised pension due to the member since retirement accumulated with interest to the conversion date and (Y) is the unequalised pension due to the comparator since retirement accumulated with interest to the conversion date. It can be positive or negative.

In the absence of GMP conversion, under method C2:

- If there's a positive carrying credit and the comparator benefit rises above the member benefit the switch to the comparator benefit will be delayed until the carrying credit has been used up
- If there's a negative carrying credit and the member benefit rises above the comparator benefit the switch to the member benefit will be delayed until the carrying credit reaches zero

---

33 Similar considerations apply if using method C1 for the arrears calculations.

34 Section 24B(3) Pension Schemes Act 1993.

This reduces the cost of the equalisation where crossovers occur.

When equalisation and conversion are taking place at the same time the question arises as to whether the carrying credit can be taken into account in the conversion calculations.

In practice, trustees using method C2 for arrears calculations have often decided not to allow for the carrying credit on materiality grounds. In cases where it's material, the DWP guidance[35] notes one approach would be to net off this carrying credit in calculating the present value of the member's benefits for the conversion process[36]. Trustees wishing to take the carrying credit into account should talk both legal and actuarial advice and potentially consider using the two-step process.

[35] Section 5.6 – Pensioner members – Interaction of arrears payments with future payments

[36] Note that because of the different potential combinations of the carrying credit being positive or negative and the actuarial value of future benefits for the member being higher or lower than those of the comparator, "netting off" is more complex than simply deducting the carrying credit in the present value calculations.

Appendix 4 - Notifying HMRC

Section 24E of the Pension Schemes Act 1993 states a procedural requirement which must be complied with as a condition of GMP conversion is:

> *'The Commissioners for Her Majesty's Revenue and Customs must be notified on or before the conversion date:*
>
> *(a) that the GMP conversion will occur or has occurred, and*
>
> *(b) that it affects the earner.'*

The DWP Guidance of April 2019 also states:

> *'Currently HMRC also needs to be notified on or before the conversion date that the individual's GMPs have been or will be converted.'*

A form to make notifications is available on the HMRC website CA8476[37] but it doesn't appear to be designed for bulk notifications. Instead HMRC have been accepting notifications by e-mail to crm.schemereconciliationservice@hmrc.gov.uk (with member data appropriately protected).

Whilst HMRC stated in their Countdown Bulletin of August 2019[38] *'you do not need to send Form CA8476 when members' GMP rights are converted'*, HMRC notification isn't just a requirement of the DWP legislation, which is unlikely to attract a sanction if not met; it's a condition of the conversion power itself, which if not met may mean conversion has not been validly achieved. It therefore seems good practice still to notify HMRC until the requirement is removed from the Pension Schemes Act 1993.

Information required for the form includes Scheme Contracted-out Number (SCON), Employer's Contracting-out Number (ECON). This may vary by member – and details of the members concerned.

Schemes will need to consider the level of detail necessary and appropriate. As illustrated in section 6, schemes have taken different views on the amount of information provided and the approach to doing so. Practice includes:

- Providing a full list of members being converted (e.g. National Insurance number, surname & initials)
- Providing sufficient information HMRC can identify those being converted

37 https://public-online.hmrc.gov.uk/lc/content/xfaforms/profiles/forms.html?contentRoot=repository:///Applications/NICs_iForms/1.0/CA8476&template=CA8476.xdp

38 https://www.gov.uk/government/publications/countdown-bulletin-48-august-2019/countdown-bulletin-48-august-2019#gmp-conversion

Appendix 5 - Pensions tax treatment of conversion 'at retirement'

The rationale for the conclusions reached by the trustees of Scheme 2 in relation to the pensions tax implications of conversion either immediately before or after retirement are set out below.

1. Pre-06 April 2006 leavers

A core feature of the current tax regime is those who ceased to earn further pension benefits before 06 April 2006 don't fall within the Annual Allowance regime unless they have benefit accrual. Like the trustees in Scheme 1, the trustees of Scheme 2 concluded equalisation and conversion where the new benefit has the same actuarial value as the greater of the value of the member and their comparator immediately prior to conversion didn't represent benefit accrual and so such members would continue to fall outside the Annual Allowance regime. The trustees sought and obtained non-statutory clearance to this effect from HMRC.

2. Post-05 April 2006 leavers

Individuals who left after 05 April 2006 do fall within the Annual Allowance regime. However, their Pension Input Amount for Annual Allowance purposes may be set equal to zero if they benefit from the DMCO. A requirement of the DMCO is benefits in excess of GMP (relevant rights) don't increase by more than a prescribed level (the 'relevant percentage' plus the 'relevant statutory increase percentage', each as defined under Section 234 of the Finance Act 2004). The trustees concluded as a result of GMP conversion a member's relevant rights would increase by the amount that was their GMP (even if no change in the total pension arose) and so the DMCO wouldn't apply in the tax year of conversion. Hence a Pension Input Amount could arise on conversion immediately before retirement. This Pension Input Amount could be significant on late retirement, but it might be nil on early retirement with a reduced pension.

The trustees also concluded there was a risk the DMCO wouldn't apply in the tax year of conversion, if conversion were to apply immediately after retirement but still within the same tax year as retirement and there was a benefit crystallisation event on or after conversion in that same tax year[39] (for example as a result of providing a step up in pension on conversion, which the trustees had considered had there been any members whose pre-conversion benefits would have stepped up in future to reflect GMP coverage and anti-franking requirements). Had there been any such cases the trustees proposed to apply conversion for those members after the tax year of retirement.

In the event the trustees concluded if conversion were to apply immediately after retirement the DMCO wouldn't be lost. This was on the basis conversion wouldn't trigger benefit accrual and, as the level of each member's pension immediately after conversion was to be the same as before (and there would be no benefit crystallisation events

[39] The assessment of whether there has been an increase in relevant rights may, depending on how the relevant DMCO provisions should be interpreted, need to include any benefit crystallisation events ("BCEs") in the tax year of retirement in relation to those relevant rights. Where those BCEs arise before conversion, the member will still have a GMP when those BCEs arise. However, the trustees concluded on or after conversion, all the member's rights would be relevant rights, and so all of any BCE arising on or after conversion in the tax year of retirement (i.e. any subsequent BCE3) would need to be included for the purpose of checking that the relevant rights had not increased by more than the prescribed level.

thereafter in the tax year of retirement), even if a decision to apply conversion was notified to the member pre-retirement there would be no post entitlement enhancement (an anti-avoidance provision which has an impact on PIE exercises in the tax year of retirement). The trustees sought non-statutory clearance to this effect from HMRC, but HMRC simply pointed to existing guidance and said they couldn't comment on tax planning.

3. Fixed Protection

Fixed Protection is lost if there's benefit accrual. The benefit accrual test is similar to but different from the test for the application of the DCMO. In particular, benefit accrual is a continuous test and looks to the member's whole benefit rather than relevant rights in excess of GMP. As a result, the trustees concluded Fixed Protection might but wouldn't necessarily be lost on conversion immediately prior to retirement; it would depend on the precise circumstances. However, as benefit accrual is a test in relation to only the member's prospective pension and lump sum rights, the trustees concluded conversion after retirement wouldn't cause Fixed Protection to be lost; their rights would be actual rather than prospective at the point of conversion.

4. Enhanced Protection

Enhanced Protection is lost if there's 'relevant benefit accrual' (which is a different test to 'benefit accrual' in relation to Fixed Protection). The test is only applied when there's a benefit crystallisation event (based on the actual package taken). The trustees concluded, as the level of the member's pension immediately after conversion was to be the same as the level before, it was unlikely the conversion in itself, no matter whether it took place immediately before or after retirement, would trigger a loss of Enhanced Protection. However, such members would be considered on a case-by-case basis given their complexity.

Trustees will need to take their own advice regarding the specific circumstances of their scheme and to consider obtaining their own non-statutory clearance from HMRC.

Appendix 6 - Internal transfer approach to pensions tax treatment of conversion before retirement

As explained in sections 6.2.2, 6.3 and Appendix 5, individuals who left after 05 April 2006 fall within the Annual Allowance regime, but their Pension Input Amount for Annual Allowance purposes is set equal to zero if they benefit from the DMCO.

A requirement of the DMCO is benefits in excess of GMP ('relevant rights') don't increase by more than a prescribed level (the 'relevant percentage' plus the 'relevant statutory increase percentage', each as defined under Section 234 of the Finance Act 2004).

The trustees of both Schemes 2 and 3 concluded, as a result of GMP conversion, a member's relevant rights would increase by the amount which switches from GMP to non-GMP (even if no change in the total pension arose) and so the DMCO wouldn't apply in the tax year of conversion. Hence a Pension Input Amount (potentially of an unintuitive amount) could arise on conversion in deferment, including immediately before retirement. As explained in the examples, the trustees then either sought to ensure such Pension Input Amounts wouldn't have an impact on members (by asking the members to let the trustees know if they didn't have sufficient spare Annual Allowance) or offered alternative options that wouldn't result in a Pension Input Amount[40].

The trustees of Scheme 4 reached the same conclusion in respect of the DMCO but adopted an 'internal transfer' approach for members who left after 05 April 2006 and had yet to retire, after obtaining detailed scheme specific legal advice[41].

The approach involved treating the post-conversion benefits as being provided through a new arrangement for pension tax purposes within the same pension scheme, with an internal transfer from the old arrangement to the new. (It's, for example, not uncommon for a spouse's pension to be set up as a new separate arrangement where a member has taken a serious ill-health lump sum, and this is acknowledged by HMRC.[42])

The trustees initially anticipated such an approach might not be suitable for members with Enhanced or Fixed Protection, or those intending to apply for Fixed Protection 2016 in future as such protections are normally lost on a transfer to receive defined benefit credits in a new arrangement. However, they concluded (based on scheme specific legal advice) an exception for transfers made in connection with the winding-up of the original pension scheme[43], applied in their case.

---

40 The trustees sought member consent for these alternatives (such as a constrained form of conversion or equalisation on a year by year method) in advance of the conversion date (section 236(8) Finance Act 2004 was not considered to apply in the particular circumstances).

41 In addition to pensions tax matters this advice also considered wider legal matters such as whether the rules of the scheme allowed for such transfers and whether member consent was needed.

42 For example, in the Second Newsletter on equalisation for GMP: Serious ill-health lump sums: *"A member may have a number of different arrangements under a scheme, as the scheme may use different arrangements to provide different types or tranches of benefit. It is up to scheme administrators how they structure their scheme."*

43 PTM092420 and PTM093400 refer.

When a transfer takes place between two arrangements, provided certain requirements are met, the Pension Input Amount calculations in both the transferring arrangement and the receiving arrangement are adjusted under Section 236 Finance Act 2004 so overall there is no Pension Input Amount arising from the transfer, even if the benefits in the receiving arrangement are at a different level to those in the transferring arrangement.

The requirements depend on the circumstances. There are two potential routes under Section 236. The trustees were advised the 'fully funded' transfer conditions[44] were those relevant for an internal transfer.

Under this fully funded route the reduction in benefits in the old arrangement and the increase in the new arrangement must be solely attributable to the value of the sums or assets transferred.

The trustees were advised this could be demonstrated in their case as Scheme 4 was fully insured and the 'backing assets' were rights under insurance policies. There may be other ways to demonstrate full funding – In any event this is an area in which detailed legal and tax advice would be required.

Scheme 4 sought non-statutory clearance from HMRC to confirm the pensions tax treatment of this fully funded internal transfer. They received a reply which simply referred them to existing guidance and said to say more was not possible as it would represent tax planning advice, which HMRC can't give. The trustees of Scheme 4 and their advisors took comfort from this. They also quantified worst case pension input amounts and obtained an employer indemnity for the members and trustees should any annual allowance or lifetime allowance charge arise from the conversion.

The trustees of Schemes 2 and 3 took the opposite from HMRC's comments and chose not to adopt the internal transfer approach.

Any pension scheme considering the internal transfer approach should take specialist legal and tax advice.

This Guidance isn't a definitive guide to the issues nor is it a substitute for professional advice. It shouldn't be interpreted as an endorsement of the approaches described or a suggestion that other approaches aren't legitimate in appropriate circumstances.

[44] Section 236 (4A)(b) and (5A)(b) Finance Act 2004.

Annex

Example 1

Projected pension												
Future increases assumed to be at rates assumed for conversion												
		Pre-conversion										
		Member's total unequalised pension				Member's 90-97 pension			Comparator's 90-97 pension			
Increase date	Age	Pre-1988 GMP	Post-1988 GMP	Excess over GMP	Total	Post-1988 GMP	Excess over GMP	Total	Post-1988 GMP	Excess over GMP	Total	Method C2 Pension
31/12/2020	65 11/12	-	946.40	3,011.10	3,957.50	946.40	3,011.10	3,957.50	696.25	3,110.03	3,806.28	3,957.50
01/01/2021	65 11/12	-	968.64	3,111.97	4,080.61	968.64	3,111.97	4,080.61	712.61	3,214.22	3,926.83	4,080.61
01/01/2022	66 11/12	-	991.40	3,216.22	4,207.62	991.40	3,216.22	4,207.62	729.36	3,321.89	4,051.25	4,207.63
01/01/2023	67 11/12	-	1,014.70	3,323.97	4,338.67	1,014.70	3,323.97	4,338.67	746.50	3,433.18	4,179.68	4,338.67
01/01/2024	68 11/12	-	1,038.55	3,435.32	4,473.87	1,038.55	3,435.32	4,473.87	764.04	3,548.19	4,312.23	4,473.87
01/01/2025	69 11/12	-	1,062.95	3,550.40	4,613.35	1,062.95	3,550.40	4,613.35	782.00	3,667.05	4,449.05	4,613.36
01/01/2026	70 11/12	-	1,087.93	3,669.34	4,757.27	1,087.93	3,669.34	4,757.27	800.37	3,789.90	4,590.27	4,757.27
01/01/2027	71 11/12	-	1,113.50	3,792.26	4,905.76	1,113.50	3,792.26	4,905.76	819.18	3,916.86	4,736.04	4,905.76
01/01/2028	72 11/12	-	1,139.67	3,919.30	5,058.97	1,139.67	3,919.30	5,058.97	838.43	4,048.07	4,886.50	5,058.97
01/01/2029	73 11/12	-	1,166.45	4,050.60	5,217.05	1,166.45	4,050.60	5,217.05	858.14	4,183.68	5,041.82	5,217.05
01/01/2030	74 11/12	-	1,193.86	4,186.30	5,380.16	1,193.86	4,186.30	5,380.16	878.30	4,323.84	5,202.14	5,380.16
01/01/2031	75 11/12	-	1,221.92	4,326.54	5,548.46	1,221.92	4,326.54	5,548.46	898.94	4,468.69	5,367.63	5,548.45
01/01/2032	76 11/12	-	1,250.63	4,471.48	5,722.11	1,250.63	4,471.48	5,722.11	920.07	4,618.39	5,538.46	5,722.11
01/01/2033	77 11/12	-	1,280.02	4,621.27	5,901.29	1,280.02	4,621.27	5,901.29	941.69	4,773.10	5,714.79	5,901.29
01/01/2034	78 11/12	-	1,310.10	4,776.08	6,086.18	1,310.10	4,776.08	6,086.18	963.82	4,933.00	5,896.82	6,086.18
01/01/2035	79 11/12	-	1,340.89	4,936.08	6,276.97	1,340.89	4,936.08	6,276.97	986.47	5,098.26	6,084.73	6,276.97
01/01/2036	80 11/12	-	1,372.40	5,101.44	6,473.84	1,372.40	5,101.44	6,473.84	1,009.65	5,269.05	6,278.70	6,473.84
01/01/2037	81 11/12	-	1,404.65	5,272.34	6,676.99	1,404.65	5,272.34	6,676.99	1,033.38	5,445.56	6,478.94	6,676.99

Projected pension													
Future increases assumed to be at rates assumed for conversion													
		Pre-conversion											
		Member's total unequalised pension				Member's 90-97 pension			Comparator's 90-97 pension			
Increase date	Age	Pre-1988 GMP	Post-1988 GMP	Excess over GMP	Total	Post-1988 GMP	Excess over GMP	Total	Post-1988 GMP	Excess over GMP	Total	Method C2 Pension
01/01/2038	82 11/12	-	1,437.66	5,448.96	6,886.62	1,437.66	5,448.96	6,886.62	1,057.66	5,627.99	6,685.65	6,886.62
01/01/2039	83 11/12	-	1,471.44	5,631.50	7,102.94	1,471.44	5,631.50	7,102.94	1,082.52	5,816.53	6,899.05	7,102.95
01/01/2040	84 11/12	-	1,506.02	5,820.16	7,326.18	1,506.02	5,820.16	7,326.18	1,107.96	6,011.38	7,119.34	7,326.18
01/01/2041	85 11/12	-	1,541.41	6,015.13	7,556.54	1,541.41	6,015.13	7,556.54	1,133.99	6,212.76	7,346.75	7,556.55
01/01/2042	86 11/12	-	1,577.64	6,216.64	7,794.28	1,577.64	6,216.64	7,794.28	1,160.64	6,420.89	7,581.53	7,794.28
01/01/2043	87 11/12	-	1,614.71	6,424.90	8,039.61	1,614.71	6,424.90	8,039.61	1,187.92	6,635.99	7,823.91	8,039.61
01/01/2044	88 11/12	-	1,652.66	6,640.13	8,292.79	1,652.66	6,640.13	8,292.79	1,215.83	6,858.29	8,074.12	8,292.79
01/01/2045	89 11/12	-	1,691.50	6,862.58	8,554.08	1,691.50	6,862.58	8,554.08	1,244.41	7,088.05	8,332.46	8,554.07
01/01/2046	90 11/12	-	1,731.25	7,092.47	8,823.72	1,731.25	7,092.47	8,823.72	1,273.65	7,325.50	8,599.15	8,823.72
01/01/2047	91 11/12	-	1,771.93	7,330.07	9,102.00	1,771.93	7,330.07	9,102.00	1,303.58	7,570.90	8,874.48	9,102.00
01/01/2048	92 11/12	-	1,813.57	7,575.63	9,389.20	1,813.57	7,575.63	9,389.20	1,334.21	7,824.53	9,158.74	9,389.20
01/01/2049	93 11/12	-	1,856.19	7,829.41	9,685.60	1,856.19	7,829.41	9,685.60	1,365.57	8,086.65	9,452.22	9,685.60
01/01/2050	94 11/12	-	1,899.81	8,091.70	9,991.51	1,899.81	8,091.70	9,991.51	1,397.66	8,357.55	9,755.21	9,991.51
01/01/2051	95 11/12	-	1,944.46	8,362.77	10,307.23	1,944.46	8,362.77	10,307.23	1,430.50	8,637.53	10,068.03	10,307.22
01/01/2052	96 11/12	-	1,990.15	8,642.92	10,633.07	1,990.15	8,642.92	10,633.07	1,464.12	8,926.89	10,391.01	10,633.07
01/01/2053	97 11/12	-	2,036.92	8,932.46	10,969.38	2,036.92	8,932.46	10,969.38	1,498.53	9,225.94	10,724.47	10,969.38
01/01/2054	98 11/12	-	2,084.79	9,231.70	11,316.49	2,084.79	9,231.70	11,316.49	1,533.74	9,535.00	11,068.74	11,316.48

Example 1 (cont.)

Projected pension										
Future increases assumed to be at rates assumed for conversion										
		Post-conversion				**Uplift**				
						Under C2			Under Conversion	
Increase date	Age	Non-increasing Pension	CPI Linked Pension	RPI Linked Pension	Method D2 Pension	Amount		Percentage	Amount	Percentage
31/12/2020	65 11/12	-	884.95	3,072.55	3,957.50	-		0.0%	-	0.0%
01/01/2021	65 11/12	-	905.75	3,175.48	4,081.23	-		0.0%	0.62	0.0%
01/01/2022	66 11/12	-	927.03	3,281.86	4,208.89	-		0.0%	1.27	0.0%
01/01/2023	67 11/12	-	948.82	3,391.80	4,340.62	-		0.0%	1.95	0.0%
01/01/2024	68 11/12	-	971.11	3,505.43	4,476.54	-		0.0%	2.67	0.1%
01/01/2025	69 11/12	-	993.93	3,622.86	4,616.79	-		0.0%	3.44	0.1%
01/01/2026	70 11/12	-	1,017.29	3,744.23	4,761.52	-		0.0%	4.25	0.1%
01/01/2027	71 11/12	-	1,041.20	3,869.66	4,910.86	-		0.0%	5.10	0.1%
01/01/2028	72 11/12	-	1,065.67	3,999.29	5,064.96	-		0.0%	5.99	0.1%
01/01/2029	73 11/12	-	1,090.71	4,133.27	5,223.98	-		0.0%	6.93	0.1%
01/01/2030	74 11/12	-	1,116.34	4,271.73	5,388.07	-		0.0%	7.91	0.2%
01/01/2031	75 11/12	-	1,142.57	4,414.83	5,557.40	-		0.0%	8.94	0.2%
01/01/2032	76 11/12	-	1,169.42	4,562.73	5,732.15	-		0.0%	10.04	0.2%
01/01/2033	77 11/12	-	1,196.91	4,715.58	5,912.49	-		0.0%	11.20	0.2%
01/01/2034	78 11/12	-	1,225.03	4,873.55	6,098.58	-		0.0%	12.40	0.2%
01/01/2035	79 11/12	-	1,253.82	5,036.82	6,290.64	-		0.0%	13.67	0.2%
01/01/2036	80 11/12	-	1,283.29	5,205.55	6,488.84	-		0.0%	15.00	0.2%
01/01/2037	81 11/12	-	1,313.44	5,379.94	6,693.38	-		0.0%	16.39	0.3%
01/01/2038	82 11/12	-	1,344.31	5,560.17	6,904.48	-		0.0%	17.86	0.3%

Projected pension										
Future increases assumed to be at rates assumed for conversion										
		Post-conversion				**Uplift**				
						Under C2			Under Conversion	
Increase date	Age	Non-increasing Pension	CPI Linked Pension	RPI Linked Pension	Method D2 Pension	Amount		Percentage	Amount	Percentage
01/01/2039	83 11/12	-	1,375.90	5,746.43	7,122.33	-		0.0%	19.39	0.3%
01/01/2040	84 11/12	-	1,408.23	5,938.94	7,347.17	-		0.0%	20.99	0.3%
01/01/2041	85 11/12	-	1,441.33	6,137.89	7,579.22	-		0.0%	22.68	0.3%
01/01/2042	86 11/12	-	1,475.20	6,343.51	7,818.71	-		0.0%	24.43	0.3%
01/01/2043	87 11/12	-	1,509.87	6,556.02	8,065.89	-		0.0%	26.28	0.3%
01/01/2044	88 11/12	-	1,545.35	6,775.65	8,321.00	-		0.0%	28.21	0.3%
01/01/2045	89 11/12	-	1,581.66	7,002.63	8,584.29	-		0.0%	30.21	0.4%
01/01/2046	90 11/12	-	1,618.83	7,237.22	8,856.05	-		0.0%	32.33	0.4%
01/01/2047	91 11/12	-	1,656.88	7,479.66	9,136.54	-		0.0%	34.54	0.4%
01/01/2048	92 11/12	-	1,695.81	7,730.23	9,426.04	-		0.0%	36.84	0.4%
01/01/2049	93 11/12	-	1,735.66	7,989.20	9,724.86	-		0.0%	39.26	0.4%
01/01/2050	94 11/12	-	1,776.45	8,256.83	10,033.28	-		0.0%	41.77	0.4%
01/01/2051	95 11/12	-	1,818.20	8,533.44	10,351.64	-		0.0%	44.41	0.4%
01/01/2052	96 11/12	-	1,860.93	8,819.31	10,680.24	-		0.0%	47.17	0.4%
01/01/2053	97 11/12	-	1,904.66	9,114.75	11,019.41	-		0.0%	50.03	0.5%
01/01/2054	98 11/12	-	1,949.42	9,420.10	11,369.52	-		0.0%	53.03	0.5%

Example 2

Projected pension												
Future increases assumed to be at rates assumed for conversion												
		Pre-conversion										
		Member's total unequalised pension				Member's 90-97 pension			Comparator's 90-97 pension			
Increase date	Age	Pre-1988 GMP	Post-1988 GMP	Excess over GMP	Total	Post-1988 GMP	Excess over GMP	Total	Post-1988 GMP	Excess over GMP	Total	Method C2 Pension
31/12/2020	58 3/12	-	-	5,209.25	5,209.25	-	2,395.90	2,395.90	-	2,407.58	2,407.58	5,220.93
01/01/2021	58 3/12	-	-	5,383.76	5,383.76	-	2,476.16	2,476.16	-	2,488.23	2,488.23	5,395.83
01/01/2022	59 3/12	-	-	5,564.12	5,564.12	-	2,559.11	2,559.11	-	2,571.59	2,571.59	5,576.59
22/09/2022	60	-	-	5,564.12	5,564.12	-	2,559.11	2,559.11	969.33	1,602.26	2,571.59	5,576.59
01/01/2023	60 3/12	-	-	5,750.51	5,750.51	-	2,644.85	2,644.85	992.11	1,655.93	2,648.04	5,753.71
01/01/2024	61 3/12	-	-	5,943.16	5,943.16	-	2,733.45	2,733.45	1,015.43	1,711.41	2,726.84	5,936.54
01/01/2025	62 3/12	-	-	6,142.25	6,142.25	-	2,825.02	2,825.02	1,039.29	1,768.74	2,808.03	6,125.26
01/01/2026	63 3/12	-	-	6,348.02	6,348.02	-	2,919.66	2,919.66	1,063.71	1,827.99	2,891.70	6,348.02
01/01/2027	64 3/12	-	-	6,560.68	6,560.68	-	3,017.46	3,017.46	1,088.71	1,889.23	2,977.94	6,560.68
22/09/2027	65	1,070.85	1,454.33	4,035.50	6,560.68	1,061.58	1,955.88	3,017.46	1,088.71	1,889.23	2,977.94	6,560.68
01/01/2028	65 3/12	1,070.85	1,488.50	4,170.69	6,730.04	1,086.53	2,021.40	3,107.93	1,114.29	1,952.52	3,066.81	6,730.04
01/01/2029	66 3/12	1,070.85	1,523.48	4,310.41	6,904.74	1,112.06	2,089.12	3,201.18	1,140.48	2,017.93	3,158.41	6,904.74
01/01/2030	67 3/12	1,070.85	1,559.29	4,454.81	7,084.95	1,138.20	2,159.11	3,297.31	1,167.28	2,085.53	3,252.81	7,084.94
01/01/2031	68 3/12	1,070.85	1,595.93	4,604.04	7,270.82	1,164.94	2,231.44	3,396.38	1,194.71	2,155.40	3,350.11	7,270.82
01/01/2032	69 3/12	1,070.85	1,633.43	4,758.28	7,462.56	1,192.32	2,306.19	3,498.51	1,222.79	2,227.60	3,450.39	7,462.56
01/01/2033	70 3/12	1,070.85	1,671.82	4,917.68	7,660.35	1,220.34	2,383.45	3,603.79	1,251.52	2,302.23	3,553.75	7,660.35
01/01/2034	71 3/12	1,070.85	1,711.11	5,082.42	7,864.38	1,249.02	2,463.29	3,712.31	1,280.93	2,379.35	3,660.28	7,864.38
01/01/2035	72 3/12	1,070.85	1,751.32	5,252.68	8,074.85	1,278.37	2,545.81	3,824.18	1,311.04	2,459.06	3,770.10	8,074.85
01/01/2036	73 3/12	1,070.85	1,792.47	5,428.65	8,291.97	1,308.41	2,631.10	3,939.51	1,341.84	2,541.44	3,883.28	8,291.97
01/01/2037	74 3/12	1,070.85	1,834.60	5,610.51	8,515.96	1,339.16	2,719.24	4,058.40	1,373.38	2,626.58	3,999.96	8,515.95

Projected pension												
Future increases assumed to be at rates assumed for conversion												
		Pre-conversion										
		Member's total unequalised pension				Member's 90-97 pension			Comparator's 90-97 pension			
Increase date	Age	Pre-1988 GMP	Post-1988 GMP	Excess over GMP	Total	Post-1988 GMP	Excess over GMP	Total	Post-1988 GMP	Excess over GMP	Total	Method C2 Pension
01/01/2038	75 3/12	1,070.85	1,877.71	5,798.46	8,747.02	1,370.63	2,810.33	4,180.96	1,405.65	2,714.57	4,120.22	8,747.02
01/01/2039	76 3/12	1,070.85	1,921.84	5,992.71	8,985.40	1,402.84	2,904.48	4,307.32	1,438.69	2,805.50	4,244.19	8,985.39
01/01/2040	77 3/12	1,070.85	1,967.00	6,193.47	9,231.32	1,435.81	3,001.78	4,437.59	1,472.49	2,899.49	4,371.98	9,231.31
01/01/2041	78 3/12	1,070.85	2,013.22	6,400.95	9,485.02	1,469.55	3,102.34	4,571.89	1,507.10	2,996.62	4,503.72	9,485.02
01/01/2042	79 3/12	1,070.85	2,060.53	6,615.38	9,746.76	1,504.08	3,206.27	4,710.35	1,542.51	3,097.01	4,639.52	9,746.76
01/01/2043	80 3/12	1,070.85	2,108.96	6,836.99	10,016.80	1,539.43	3,313.68	4,853.11	1,578.76	3,200.76	4,779.52	10,016.80
01/01/2044	81 3/12	1,070.85	2,158.52	7,066.03	10,295.40	1,575.60	3,424.69	5,000.29	1,615.86	3,307.98	4,923.84	10,295.40
01/01/2045	82 3/12	1,070.85	2,209.24	7,302.75	10,582.84	1,612.63	3,539.41	5,152.04	1,653.84	3,418.80	5,072.64	10,582.83
01/01/2046	83 3/12	1,070.85	2,261.16	7,547.39	10,879.40	1,650.53	3,657.98	5,308.51	1,692.70	3,533.33	5,226.03	10,879.39
01/01/2047	84 3/12	1,070.85	2,314.30	7,800.22	11,185.37	1,689.31	3,780.53	5,469.84	1,732.48	3,651.70	5,384.18	11,185.37
01/01/2048	85 3/12	1,070.85	2,368.68	8,061.53	11,501.06	1,729.01	3,907.18	5,636.19	1,773.19	3,774.03	5,547.22	11,501.06
01/01/2049	86 3/12	1,070.85	2,424.35	8,331.59	11,826.79	1,769.65	4,038.07	5,807.72	1,814.86	3,900.46	5,715.32	11,826.79
01/01/2050	87 3/12	1,070.85	2,481.32	8,610.70	12,162.87	1,811.23	4,173.34	5,984.57	1,857.51	4,031.12	5,888.63	12,162.87
01/01/2051	88 3/12	1,070.85	2,539.63	8,899.16	12,509.64	1,853.80	4,313.15	6,166.95	1,901.17	4,166.17	6,067.34	12,509.64
01/01/2052	89 3/12	1,070.85	2,599.31	9,197.28	12,867.44	1,897.36	4,457.64	6,355.00	1,945.84	4,305.73	6,251.57	12,867.44

Example 2 (cont.)

Projected pension									
Future increases assumed to be at rates assumed for conversion									
		Post-conversion				**Uplift**			
						Under C2		Under Conversion	
Increase date	Age	Non-increasing Pension	CPI Linked Pension	RPI Linked Pension	Method D2 Pension	Amount	Percentage	Amount	Percentage
31/12/2020	58 3/12	793.63	396.45	4,030.85	5,220.93	11.68	0.2%	11.68	0.2%
01/01/2021	58 3/12	793.63	405.77	4,165.88	5,365.28	12.07	0.2%	(18.48)	-0.3%
01/01/2022	59 3/12	793.63	415.30	4,305.44	5,514.37	12.47	0.2%	(49.75)	-0.9%
22/09/2022	60	793.63	415.30	4,305.44	5,514.37	12.47	0.2%	(49.75)	-0.9%
01/01/2023	60 3/12	793.63	425.06	4,449.67	5,668.36	3.20	0.1%	(82.15)	-1.4%
01/01/2024	61 3/12	793.63	435.05	4,598.73	5,827.41	(6.62)	-0.1%	(115.75)	-2.0%
01/01/2025	62 3/12	793.63	445.28	4,752.79	5,991.70	(16.99)	-0.3%	(150.55)	-2.5%
01/01/2026	63 3/12	793.63	455.74	4,912.01	6,161.38	-	0.0%	(186.64)	-2.9%
01/01/2027	64 3/12	793.63	466.45	5,076.56	6,336.64	-	0.0%	(224.04)	-3.4%
22/09/2027	65	793.63	466.45	5,076.56	6,336.64	-	0.0%	(224.04)	-3.4%
01/01/2028	65 3/12	793.63	477.41	5,246.63	6,517.67	-	0.0%	(212.37)	-3.2%
01/01/2029	66 3/12	793.63	488.63	5,422.39	6,704.65	-	0.0%	(200.09)	-2.9%
01/01/2030	67 3/12	793.63	500.12	5,604.04	6,897.79	-	0.0%	(187.16)	-2.6%
01/01/2031	68 3/12	793.63	511.87	5,791.78	7,097.28	-	0.0%	(173.54)	-2.4%
01/01/2032	69 3/12	793.63	523.90	5,985.80	7,303.33	-	0.0%	(159.23)	-2.1%
01/01/2033	70 3/12	793.63	536.21	6,186.32	7,516.16	-	0.0%	(144.19)	-1.9%
01/01/2034	71 3/12	793.63	548.81	6,393.57	7,736.01	-	0.0%	(128.37)	-1.6%
01/01/2035	72 3/12	793.63	561.71	6,607.75	7,963.09	-	0.0%	(111.76)	-1.4%
01/01/2036	73 3/12	793.63	574.91	6,829.11	8,197.65	-	0.0%	(94.32)	-1.1%

Projected pension									
Future increases assumed to be at rates assumed for conversion									
		Post-conversion				**Uplift**			
						Under C2		Under Conversion	
Increase date	Age	Non-increasing Pension	CPI Linked Pension	RPI Linked Pension	Method D2 Pension	Amount	Percentage	Amount	Percentage
01/01/2037	74 3/12	793.63	588.42	7,057.88	8,439.93	-	0.0%	(76.03)	-0.9%
01/01/2038	75 3/12	793.63	602.24	7,294.32	8,690.19	-	0.0%	(56.83)	-0.7%
01/01/2039	76 3/12	793.63	616.40	7,538.68	8,948.71	-	0.0%	(36.69)	-0.4%
01/01/2040	77 3/12	793.63	630.88	7,791.23	9,215.74	-	0.0%	(15.58)	-0.2%
01/01/2041	78 3/12	793.63	645.71	8,052.24	9,491.58	-	0.0%	6.56	0.1%
01/01/2042	79 3/12	793.63	660.88	8,321.99	9,776.50	-	0.0%	29.74	0.3%
01/01/2043	80 3/12	793.63	676.41	8,600.77	10,070.81	-	0.0%	54.01	0.5%
01/01/2044	81 3/12	793.63	692.31	8,888.90	10,374.84	-	0.0%	79.44	0.8%
01/01/2045	82 3/12	793.63	708.58	9,186.68	10,688.89	-	0.0%	106.05	1.0%
01/01/2046	83 3/12	793.63	725.23	9,494.43	11,013.29	-	0.0%	133.89	1.2%
01/01/2047	84 3/12	793.63	742.27	9,812.49	11,348.39	-	0.0%	163.02	1.5%
01/01/2048	85 3/12	793.63	759.72	10,141.21	11,694.56	-	0.0%	193.50	1.7%
01/01/2049	86 3/12	793.63	777.57	10,480.94	12,052.14	-	0.0%	225.35	1.9%
01/01/2050	87 3/12	793.63	795.84	10,832.05	12,421.52	-	0.0%	258.65	2.1%
01/01/2051	88 3/12	793.63	814.54	11,194.93	12,803.10	-	0.0%	293.46	2.4%
01/01/2052	89 3/12	793.63	833.69	11,569.96	13,197.28	-	0.0%	329.84	2.6%

Example 3

Projected pension												
Future increases assumed to be at rates assumed for conversion												
		Pre-conversion										
		Member's total unequalised pension				Member's 90-97 pension			Comparator's 90-97 pension			
Increase date	Age	Pre-1988 GMP	Post-1988 GMP	Excess over GMP	Total	Post-1988 GMP	Excess over GMP	Total	Post-1988 GMP	Excess over GMP	Total	Method C2 Pension
31/12/2020	63	-	-	9,878.93	9,878.93	-	3,743.08	3,743.08	2,842.65	1,208.90	4,051.55	10,187.40
01/01/2021	63	-	-	9,878.93	9,878.93	-	3,743.08	3,743.08	2,842.65	1,208.90	4,051.55	10,187.40
01/01/2022	64	-	-	10,209.87	10,209.87	-	3,868.47	3,868.47	2,909.45	1,249.40	4,158.85	10,500.25
31/12/2022	65	3,682.58	3,388.52	3,578.01	10,649.11	2,593.23	1,431.98	4,025.21	2,977.82	1,291.25	4,269.07	10,892.97
01/01/2023	65	3,682.58	3,388.52	3,578.01	10,649.11	2,593.23	1,431.98	4,025.21	2,977.82	1,291.25	4,269.07	10,892.97
01/01/2024	66	3,682.58	3,468.15	3,697.88	10,848.61	2,654.18	1,479.95	4,134.13	3,047.80	1,334.51	4,382.31	11,096.79
01/01/2025	67	3,682.58	3,549.65	3,821.75	11,053.98	2,716.55	1,529.53	4,246.08	3,119.43	1,379.22	4,498.65	11,306.55
01/01/2026	68	3,682.58	3,633.07	3,949.78	11,265.43	2,780.39	1,580.77	4,361.16	3,192.73	1,425.42	4,618.15	11,522.42
01/01/2027	69	3,682.58	3,718.45	4,082.10	11,483.13	2,845.73	1,633.73	4,479.46	3,267.76	1,473.17	4,740.93	11,744.60
01/01/2028	70	3,682.58	3,805.83	4,218.85	11,707.26	2,912.60	1,688.46	4,601.06	3,344.55	1,522.52	4,867.07	11,973.28
01/01/2029	71	3,682.58	3,895.27	4,360.18	11,938.03	2,981.05	1,745.02	4,726.07	3,423.15	1,573.53	4,996.68	12,208.64
01/01/2030	72	3,682.58	3,986.81	4,506.25	12,175.64	3,051.10	1,803.48	4,854.58	3,503.60	1,626.24	5,129.84	12,450.89
01/01/2031	73	3,682.58	4,080.50	4,657.21	12,420.29	3,122.80	1,863.90	4,986.70	3,585.93	1,680.72	5,266.65	12,700.23
01/01/2032	74	3,682.58	4,176.39	4,813.22	12,672.19	3,196.19	1,926.34	5,122.53	3,670.20	1,737.02	5,407.22	12,956.89
01/01/2033	75	3,682.58	4,274.53	4,974.47	12,931.58	3,271.30	1,990.87	5,262.17	3,756.45	1,795.21	5,551.66	13,221.07
01/01/2034	76	3,682.58	4,374.99	5,141.11	13,198.68	3,348.17	2,057.56	5,405.73	3,844.73	1,855.35	5,700.08	13,493.02
01/01/2035	77	3,682.58	4,477.80	5,313.34	13,473.72	3,426.86	2,126.49	5,553.35	3,935.08	1,917.51	5,852.59	13,772.95
01/01/2036	78	3,682.58	4,583.03	5,491.34	13,756.95	3,507.39	2,197.73	5,705.12	4,027.55	1,981.75	6,009.30	14,061.12
01/01/2037	79	3,682.58	4,690.73	5,675.30	14,048.61	3,589.81	2,271.35	5,861.16	4,122.20	2,048.13	6,170.33	14,357.77
01/01/2038	80	3,682.58	4,800.96	5,865.42	14,348.96	3,674.17	2,347.44	6,021.61	4,219.07	2,116.75	6,335.82	14,663.15

Projected pension												
Future increases assumed to be at rates assumed for conversion												
		Pre-conversion										
		Member's total unequalised pension				Member's 90-97 pension			Comparator's 90-97 pension			
Increase date	Age	Pre-1988 GMP	Post-1988 GMP	Excess over GMP	Total	Post-1988 GMP	Excess over GMP	Total	Post-1988 GMP	Excess over GMP	Total	Method C2 Pension
01/01/2039	81	3,682.58	4,913.78	6,061.91	14,658.27	3,760.51	2,426.08	6,186.59	4,318.22	2,187.66	6,505.88	14,977.55
01/01/2040	82	3,682.58	5,029.26	6,264.98	14,976.82	3,848.89	2,507.36	6,356.25	4,419.70	2,260.94	6,680.64	15,301.21
01/01/2041	83	3,682.58	5,147.44	6,474.86	15,304.88	3,939.34	2,591.35	6,530.69	4,523.56	2,336.69	6,860.25	15,634.44
01/01/2042	84	3,682.58	5,268.41	6,691.77	15,642.76	4,031.91	2,678.16	6,710.07	4,629.86	2,414.96	7,044.82	15,977.51
01/01/2043	85	3,682.58	5,392.22	6,915.94	15,990.74	4,126.66	2,767.88	6,894.54	4,738.66	2,495.87	7,234.53	16,330.72
01/01/2044	86	3,682.58	5,518.93	7,147.63	16,349.14	4,223.64	2,860.61	7,084.25	4,850.02	2,579.48	7,429.50	16,694.39
01/01/2045	87	3,682.58	5,648.63	7,387.07	16,718.28	4,322.89	2,956.44	7,279.33	4,964.00	2,665.89	7,629.89	17,068.84
01/01/2046	88	3,682.58	5,781.37	7,634.54	17,098.49	4,424.48	3,055.48	7,479.96	5,080.65	2,755.20	7,835.85	17,454.38
01/01/2047	89	3,682.58	5,917.23	7,890.30	17,490.11	4,528.45	3,157.83	7,686.28	5,200.05	2,847.50	8,047.55	17,851.36
01/01/2048	90	3,682.58	6,056.29	8,154.62	17,893.49	4,634.87	3,263.62	7,898.49	5,322.25	2,942.89	8,265.14	18,260.13
01/01/2049	91	3,682.58	6,198.61	8,427.80	18,308.99	4,743.79	3,372.95	8,116.74	5,447.32	3,041.47	8,488.79	18,681.04
01/01/2050	92	3,682.58	6,344.28	8,710.13	18,736.99	4,855.27	3,485.95	8,341.22	5,575.33	3,143.36	8,718.69	19,114.46
01/01/2051	93	3,682.58	6,493.37	9,001.92	19,177.87	4,969.37	3,602.73	8,572.10	5,706.35	3,248.67	8,955.02	19,560.79
01/01/2052	94	3,682.58	6,645.96	9,303.49	19,632.03	5,086.15	3,723.42	8,809.57	5,840.45	3,357.50	9,197.95	20,020.40
01/01/2053	95	3,682.58	6,802.14	9,615.15	20,099.87	5,205.68	3,848.15	9,053.83	5,977.70	3,469.97	9,447.67	20,493.72

Example 3 (cont.)

Projected pension									
Future increases assumed to be at rates assumed for conversion									
		Post-conversion				**Uplift**			
						Under C2		Under Conversion	
Increase date	Age	Non-increasing Pension	CPI Linked Pension	RPI Linked Pension	Method D2 Pension	Amount	Percentage	Amount	Percentage
31/12/2020	63	3,348.90	2,635.97	4,202.53	10,187.40	308.47	3.1%	308.47	3.1%
01/01/2021	63	3,348.90	2,635.97	4,202.53	10,187.40	308.47	3.1%	308.47	3.1%
01/01/2022	64	3,348.90	2,697.91	4,343.31	10,390.12	290.38	2.8%	180.25	1.8%
31/12/2022	65	3,348.90	2,761.31	4,488.81	10,599.02	243.86	2.3%	(50.09)	-0.5%
01/01/2023	65	3,348.90	2,761.31	4,488.81	10,599.02	243.86	2.3%	(50.09)	-0.5%
01/01/2024	66	3,348.90	2,826.20	4,639.19	10,814.29	248.18	2.3%	(34.32)	-0.3%
01/01/2025	67	3,348.90	2,892.62	4,794.60	11,036.12	252.57	2.3%	(17.86)	-0.2%
01/01/2026	68	3,348.90	2,960.60	4,955.22	11,264.72	256.99	2.3%	(0.71)	0.0%
01/01/2027	69	3,348.90	3,030.17	5,121.22	11,500.29	261.47	2.3%	17.16	0.2%
01/01/2028	70	3,348.90	3,101.38	5,292.78	11,743.06	266.02	2.3%	35.80	0.3%
01/01/2029	71	3,348.90	3,174.26	5,470.09	11,993.25	270.61	2.3%	55.22	0.5%
01/01/2030	72	3,348.90	3,248.86	5,653.34	12,251.10	275.25	2.3%	75.46	0.6%
01/01/2031	73	3,348.90	3,325.20	5,842.72	12,516.82	279.94	2.3%	96.53	0.8%
01/01/2032	74	3,348.90	3,403.35	6,038.46	12,790.71	284.70	2.3%	118.52	0.9%
01/01/2033	75	3,348.90	3,483.33	6,240.74	13,072.97	289.49	2.2%	141.39	1.1%
01/01/2034	76	3,348.90	3,565.18	6,449.81	13,363.89	294.34	2.2%	165.21	1.3%
01/01/2035	77	3,348.90	3,648.97	6,665.88	13,663.75	299.23	2.2%	190.03	1.4%
01/01/2036	78	3,348.90	3,734.72	6,889.18	13,972.80	304.17	2.2%	215.85	1.6%
01/01/2037	79	3,348.90	3,822.48	7,119.97	14,291.35	309.16	2.2%	242.74	1.7%

Projected pension									
Future increases assumed to be at rates assumed for conversion									
		Post-conversion				**Uplift**			
						Under C2		Under Conversion	
Increase date	Age	Non-increasing Pension	CPI Linked Pension	RPI Linked Pension	Method D2 Pension	Amount	Percentage	Amount	Percentage
01/01/2038	80	3,348.90	3,912.31	7,358.49	14,619.70	314.19	2.2%	270.74	1.9%
01/01/2039	81	3,348.90	4,004.25	7,605.00	14,958.15	319.28	2.2%	299.88	2.1%
01/01/2040	82	3,348.90	4,098.35	7,859.77	15,307.02	324.39	2.2%	330.20	2.2%
01/01/2041	83	3,348.90	4,194.66	8,123.07	15,666.63	329.56	2.2%	361.75	2.4%
01/01/2042	84	3,348.90	4,293.24	8,395.19	16,037.33	334.75	2.1%	394.57	2.5%
01/01/2043	85	3,348.90	4,394.13	8,676.43	16,419.46	339.98	2.1%	428.72	2.7%
01/01/2044	86	3,348.90	4,497.39	8,967.09	16,813.38	345.25	2.1%	464.24	2.8%
01/01/2045	87	3,348.90	4,603.08	9,267.49	17,219.47	350.56	2.1%	501.19	3.0%
01/01/2046	88	3,348.90	4,711.25	9,577.95	17,638.10	355.89	2.1%	539.61	3.2%
01/01/2047	89	3,348.90	4,821.96	9,898.81	18,069.67	361.25	2.1%	579.56	3.3%
01/01/2048	90	3,348.90	4,935.28	10,230.42	18,514.60	366.64	2.1%	621.11	3.5%
01/01/2049	91	3,348.90	5,051.26	10,573.14	18,973.30	372.05	2.0%	664.31	3.6%
01/01/2050	92	3,348.90	5,169.96	10,927.34	19,446.20	377.47	2.0%	709.21	3.8%
01/01/2051	93	3,348.90	5,291.46	11,293.41	19,933.77	382.92	2.0%	755.90	3.9%
01/01/2052	94	3,348.90	5,415.81	11,671.74	20,436.45	388.37	2.0%	804.42	4.1%
01/01/2053	95	3,348.90	5,543.08	12,062.74	20,954.72	393.85	2.0%	854.85	4.3%

Example 5

Projected pension												
Future increases assumed to be at rates assumed for conversion												
		Pre-conversion										
		Member's total unequalised pension				Member's 90-97 pension			Comparator's 90-97 pension			
Increase date	Age	Pre-1988 GMP	Post-1988 GMP	Excess over GMP	Total	Post-1988 GMP	Excess over GMP	Total	Post-1988 GMP	Excess over GMP	Total	Method C2 Pension
15/02/2025	63	-	-	32,897.57	32,897.57	-	13,488.60	13,488.60	1,811.53	11,906.34	13,717.87	33,126.84
01/01/2026	63 10/12	-	-	33,444.06	33,444.06	-	13,712.68	13,712.68	1,854.10	12,104.13	13,958.23	33,689.62
01/01/2027	64 10/12	-	-	34,564.44	34,564.44	-	14,172.05	14,172.05	1,897.67	12,509.62	14,407.29	34,799.68
15/02/2027	65	1,376.10	2,023.07	31,165.27	34,564.44	1,548.55	12,623.50	14,172.05	1,897.67	12,509.62	14,407.29	34,799.68
01/01/2028	65 10/12	1,376.10	2,070.61	32,209.30	35,656.01	1,584.94	13,046.39	14,631.33	1,942.27	12,928.69	14,870.96	35,895.65
01/01/2029	66 10/12	1,376.10	2,119.27	33,288.31	36,783.68	1,622.19	13,483.44	15,105.63	1,987.91	13,361.80	15,349.71	37,027.78
01/01/2030	67 10/12	1,376.10	2,169.07	34,403.47	37,948.64	1,660.31	13,935.14	15,595.45	2,034.63	13,809.42	15,844.05	38,197.26
01/01/2031	68 10/12	1,376.10	2,220.05	35,555.99	39,152.14	1,699.33	14,401.96	16,101.29	2,082.44	14,272.04	16,354.48	39,405.33
01/01/2032	69 10/12	1,376.10	2,272.22	36,747.12	40,395.44	1,739.26	14,884.43	16,623.69	2,131.38	14,750.15	16,881.53	40,653.28
01/01/2033	70 10/12	1,376.10	2,325.61	37,978.14	41,679.85	1,780.13	15,383.06	17,163.19	2,181.47	15,244.28	17,425.75	41,942.42
01/01/2034	71 10/12	1,376.10	2,380.27	39,250.41	43,006.78	1,821.97	15,898.39	17,720.36	2,232.73	15,754.97	17,987.70	43,274.12
01/01/2035	72 10/12	1,376.10	2,436.20	40,565.30	44,377.60	1,864.78	16,430.99	18,295.77	2,285.20	16,282.76	18,567.96	44,649.80
01/01/2036	73 10/12	1,376.10	2,493.45	41,924.24	45,793.79	1,908.60	16,981.42	18,890.02	2,338.90	16,828.23	19,167.13	46,070.90
01/01/2037	74 10/12	1,376.10	2,552.05	43,328.70	47,256.85	1,953.46	17,550.30	19,503.76	2,393.87	17,391.98	19,785.85	47,538.94
01/01/2038	75 10/12	1,376.10	2,612.02	44,780.21	48,768.33	1,999.36	18,138.24	20,137.60	2,450.12	17,974.61	20,424.73	49,055.47
01/01/2039	76 10/12	1,376.10	2,673.40	46,280.35	50,329.85	2,046.35	18,745.87	20,792.22	2,507.70	18,576.76	21,084.46	50,622.10
01/01/2040	77 10/12	1,376.10	2,736.23	47,830.74	51,943.07	2,094.44	19,373.85	21,468.29	2,566.63	19,199.08	21,765.71	52,240.49
01/01/2041	78 10/12	1,376.10	2,800.53	49,433.07	53,609.70	2,143.66	20,022.88	22,166.54	2,626.95	19,842.25	22,469.20	53,912.37
01/01/2042	79 10/12	1,376.10	2,866.34	51,089.08	55,331.52	2,194.03	20,693.65	22,887.68	2,688.68	20,506.96	23,195.64	55,639.49
01/01/2043	80 10/12	1,376.10	2,933.70	52,800.56	57,110.36	2,245.59	21,386.88	23,632.47	2,751.87	21,193.95	23,945.82	57,423.71

Projected pension												
Future increases assumed to be at rates assumed for conversion												
		Pre-conversion										
		Member's total unequalised pension				Member's 90-97 pension			Comparator's 90-97 pension			
Increase date	Age	Pre-1988 GMP	Post-1988 GMP	Excess over GMP	Total	Post-1988 GMP	Excess over GMP	Total	Post-1988 GMP	Excess over GMP	Total	Method C2 Pension
01/01/2044	81 10/12	1,376.10	3,002.64	54,569.38	58,948.12	2,298.36	22,103.34	24,401.70	2,816.54	21,903.94	24,720.48	59,266.90
01/01/2045	82 10/12	1,376.10	3,073.21	56,397.46	60,846.77	2,352.37	22,843.81	25,196.18	2,882.72	22,637.73	25,520.45	61,171.03
01/01/2046	83 10/12	1,376.10	3,145.43	58,286.77	62,808.30	2,407.65	23,609.07	26,016.72	2,950.47	23,396.09	26,346.56	63,138.13
01/01/2047	84 10/12	1,376.10	3,219.34	60,239.38	64,834.82	2,464.23	24,399.98	26,864.21	3,019.80	24,179.86	27,199.66	65,170.27
01/01/2048	85 10/12	1,376.10	3,295.00	62,257.40	66,928.50	2,522.14	25,217.38	27,739.52	3,090.77	24,989.88	28,080.65	67,269.63
01/01/2049	86 10/12	1,376.10	3,372.43	64,343.02	69,091.55	2,581.41	26,062.16	28,643.57	3,163.40	25,827.04	28,990.44	69,438.43
01/01/2050	87 10/12	1,376.10	3,451.68	66,498.51	71,326.29	2,642.08	26,935.24	29,577.32	3,237.74	26,692.25	29,929.99	71,678.97
01/01/2051	88 10/12	1,376.10	3,532.80	68,726.21	73,635.11	2,704.17	27,837.57	30,541.74	3,313.83	27,586.44	30,900.27	73,993.64
01/01/2052	89 10/12	1,376.10	3,615.82	71,028.54	76,020.46	2,767.71	28,770.13	31,537.84	3,391.70	28,510.59	31,902.29	76,384.91
01/01/2053	90 10/12	1,376.10	3,700.79	73,407.99	78,484.88	2,832.76	29,733.93	32,566.69	3,471.41	29,465.69	32,937.10	78,855.30
01/01/2054	91 10/12	1,376.10	3,787.76	75,867.16	81,031.02	2,899.33	30,730.02	33,629.35	3,552.99	30,452.79	34,005.78	81,407.46
01/01/2055	92 10/12	1,376.10	3,876.77	78,408.71	83,661.58	2,967.46	31,759.47	34,726.93	3,636.48	31,472.96	35,109.44	84,044.10
01/01/2056	93 10/12	1,376.10	3,967.88	81,035.40	86,379.38	3,037.20	32,823.41	35,860.61	3,721.94	32,527.30	36,249.24	86,768.02
01/01/2057	94 10/12	1,376.10	4,061.12	83,750.09	89,187.31	3,108.57	33,923.00	37,031.57	3,809.41	33,616.97	37,426.38	89,582.12
01/01/2058	95 10/12	1,376.10	4,156.56	86,555.72	92,088.38	3,181.62	35,059.42	38,241.04	3,898.93	34,743.14	38,642.07	92,489.40

Example 5 (cont.)

Projected pension									
Future increases assumed to be at rates assumed for conversion									
		Post-conversion				**Uplift**			
						Under C2		Under Conversion	
Increase date	Age	Non-increasing Pension	CPI Linked Pension	RPI Linked Pension	Method D2 Pension	Amount	Percentage	Amount	Percentage
15/02/2025	63	1,255.36	1,821.66	30,049.82	33,126.84	229.27	0.7%	229.27	0.7%
01/01/2026	63 10/12	1,255.36	1,842.94	30,549.01	33,647.31	245.56	0.7%	203.25	0.6%
01/01/2027	64 10/12	1,255.36	1,886.25	31,572.40	34,714.01	235.24	0.7%	149.57	0.4%
15/02/2027	65	1,255.36	1,886.25	31,572.40	34,714.01	235.24	0.7%	149.57	0.4%
01/01/2028	65 10/12	1,255.36	1,930.58	32,630.08	35,816.02	239.64	0.7%	160.01	0.5%
01/01/2029	66 10/12	1,255.36	1,975.94	33,723.18	36,954.48	244.10	0.7%	170.80	0.5%
01/01/2030	67 10/12	1,255.36	2,022.38	34,852.91	38,130.65	248.62	0.7%	182.01	0.5%
01/01/2031	68 10/12	1,255.36	2,069.91	36,020.48	39,345.75	253.19	0.7%	193.61	0.5%
01/01/2032	69 10/12	1,255.36	2,118.55	37,227.17	40,601.08	257.84	0.6%	205.64	0.5%
01/01/2033	70 10/12	1,255.36	2,168.33	38,474.28	41,897.97	262.57	0.6%	218.12	0.5%
01/01/2034	71 10/12	1,255.36	2,219.29	39,763.17	43,237.82	267.34	0.6%	231.04	0.5%
01/01/2035	72 10/12	1,255.36	2,271.44	41,095.23	44,622.03	272.20	0.6%	244.43	0.6%
01/01/2036	73 10/12	1,255.36	2,324.82	42,471.92	46,052.10	277.11	0.6%	258.31	0.6%
01/01/2037	74 10/12	1,255.36	2,379.46	43,894.73	47,529.55	282.09	0.6%	272.70	0.6%
01/01/2038	75 10/12	1,255.36	2,435.37	45,365.21	49,055.94	287.14	0.6%	287.61	0.6%
01/01/2039	76 10/12	1,255.36	2,492.60	46,884.94	50,632.90	292.25	0.6%	303.05	0.6%
01/01/2040	77 10/12	1,255.36	2,551.18	48,455.59	52,262.13	297.42	0.6%	319.06	0.6%
01/01/2041	78 10/12	1,255.36	2,611.13	50,078.85	53,945.34	302.67	0.6%	335.64	0.6%
01/01/2042	79 10/12	1,255.36	2,672.49	51,756.49	55,684.34	307.97	0.6%	352.82	0.6%

Projected pension									
Future increases assumed to be at rates assumed for conversion									
		Post-conversion				**Uplift**			
						Under C2		Under Conversion	
Increase date	Age	Non-increasing Pension	CPI Linked Pension	RPI Linked Pension	Method D2 Pension	Amount	Percentage	Amount	Percentage
01/01/2043	80 10/12	1,255.36	2,735.30	53,490.33	57,480.99	313.35	0.6%	370.63	0.7%
01/01/2044	81 10/12	1,255.36	2,799.58	55,282.26	59,337.20	318.78	0.5%	389.08	0.7%
01/01/2045	82 10/12	1,255.36	2,865.37	57,134.21	61,254.94	324.26	0.5%	408.17	0.7%
01/01/2046	83 10/12	1,255.36	2,932.70	59,048.21	63,236.27	329.83	0.5%	427.97	0.7%
01/01/2047	84 10/12	1,255.36	3,001.62	61,026.32	65,283.30	335.45	0.5%	448.48	0.7%
01/01/2048	85 10/12	1,255.36	3,072.16	63,070.71	67,398.23	341.13	0.5%	469.73	0.7%
01/01/2049	86 10/12	1,255.36	3,144.36	65,183.58	69,583.30	346.88	0.5%	491.75	0.7%
01/01/2050	87 10/12	1,255.36	3,218.25	67,367.23	71,840.84	352.68	0.5%	514.55	0.7%
01/01/2051	88 10/12	1,255.36	3,293.88	69,624.03	74,173.27	358.53	0.5%	538.16	0.7%
01/01/2052	89 10/12	1,255.36	3,371.28	71,956.43	76,583.07	364.45	0.5%	562.61	0.7%
01/01/2053	90 10/12	1,255.36	3,450.51	74,366.97	79,072.84	370.42	0.5%	587.96	0.8%
01/01/2054	91 10/12	1,255.36	3,531.60	76,858.27	81,645.23	376.44	0.5%	614.21	0.8%
01/01/2055	92 10/12	1,255.36	3,614.59	79,433.02	84,302.97	382.52	0.5%	641.39	0.8%
01/01/2056	93 10/12	1,255.36	3,699.53	82,094.02	87,048.91	388.64	0.5%	669.53	0.8%
01/01/2057	94 10/12	1,255.36	3,786.47	84,844.17	89,886.00	394.81	0.4%	698.69	0.8%
01/01/2058	95 10/12	1,255.36	3,875.45	87,686.45	92,817.26	401.02	0.4%	728.88	0.8%

Example 5a

Projected pension												
Future increases assumed to be at rates assumed for conversion												
		Pre-conversion										
		Member's total unequalised pension				Member's 90-97 pension			Comparator's 90-97 pension			
Increase date	Age	Pre-1988 GMP	Post-1988 GMP	Excess over GMP	Total	Post-1988 GMP	Excess over GMP	Total	Post-1988 GMP	Excess over GMP	Total	Method C2 Pension
15/02/2025	63	-	-	32,897.57	32,897.57	-	13,488.60	13,488.60	1,811.53	11,906.34	13,717.87	33,126.84
01/01/2026	63 10/12	-	-	33,444.06	33,444.06	-	13,712.68	13,712.68	1,854.10	12,104.13	13,958.23	33,689.62
01/01/2027	64 10/12	-	-	34,564.44	34,564.44	-	14,172.05	14,172.05	1,897.67	12,509.62	14,407.29	34,799.68
15/02/2027	65	1,376.10	2,023.07	31,165.27	34,564.44	1,548.55	12,623.50	14,172.05	1,897.67	12,509.62	14,407.29	34,799.68
01/01/2028	65 10/12	1,376.10	2,070.61	32,209.30	35,656.01	1,584.94	13,046.39	14,631.33	1,942.27	12,928.69	14,870.96	35,895.65
01/01/2029	66 10/12	1,376.10	2,119.27	33,288.31	36,783.68	1,622.19	13,483.44	15,105.63	1,987.91	13,361.80	15,349.71	37,027.78
01/01/2030	67 10/12	1,376.10	2,169.07	34,403.47	37,948.64	1,660.31	13,935.14	15,595.45	2,034.63	13,809.42	15,844.05	38,197.26
01/01/2031	68 10/12	1,376.10	2,220.05	35,555.99	39,152.14	1,699.33	14,401.96	16,101.29	2,082.44	14,272.04	16,354.48	39,405.33
01/01/2032	69 10/12	1,376.10	2,272.22	36,747.12	40,395.44	1,739.26	14,884.43	16,623.69	2,131.38	14,750.15	16,881.53	40,653.28
01/01/2033	70 10/12	1,376.10	2,325.61	37,978.14	41,679.85	1,780.13	15,383.06	17,163.19	2,181.47	15,244.28	17,425.75	41,942.42
01/01/2034	71 10/12	1,376.10	2,380.27	39,250.41	43,006.78	1,821.97	15,898.39	17,720.36	2,232.73	15,754.97	17,987.70	43,274.12
01/01/2035	72 10/12	1,376.10	2,436.20	40,565.30	44,377.60	1,864.78	16,430.99	18,295.77	2,285.20	16,282.76	18,567.96	44,649.80
01/01/2036	73 10/12	1,376.10	2,493.45	41,924.24	45,793.79	1,908.60	16,981.42	18,890.02	2,338.90	16,828.23	19,167.13	46,070.90
01/01/2037	74 10/12	1,376.10	2,552.05	43,328.70	47,256.85	1,953.46	17,550.30	19,503.76	2,393.87	17,391.98	19,785.85	47,538.94
01/01/2038	75 10/12	1,376.10	2,612.02	44,780.21	48,768.33	1,999.36	18,138.24	20,137.60	2,450.12	17,974.61	20,424.73	49,055.47
01/01/2039	76 10/12	1,376.10	2,673.40	46,280.35	50,329.85	2,046.35	18,745.87	20,792.22	2,507.70	18,576.76	21,084.46	50,622.10
01/01/2040	77 10/12	1,376.10	2,736.23	47,830.74	51,943.07	2,094.44	19,373.85	21,468.29	2,566.63	19,199.08	21,765.71	52,240.49
01/01/2041	78 10/12	1,376.10	2,800.53	49,433.07	53,609.70	2,143.66	20,022.88	22,166.54	2,626.95	19,842.25	22,469.20	53,912.37
01/01/2042	79 10/12	1,376.10	2,866.34	51,089.08	55,331.52	2,194.03	20,693.65	22,887.68	2,688.68	20,506.96	23,195.64	55,639.49
01/01/2043	80 10/12	1,376.10	2,933.70	52,800.56	57,110.36	2,245.59	21,386.88	23,632.47	2,751.87	21,193.95	23,945.82	57,423.71

Projected pension													
Future increases assumed to be at rates assumed for conversion													
		Pre-conversion											
		Member's total unequalised pension				Member's 90-97 pension			Comparator's 90-97 pension				
Increase date	Age	Pre-1988 GMP	Post-1988 GMP	Excess over GMP	Total	Post-1988 GMP	Excess over GMP	Total	Post-1988 GMP	Excess over GMP	Total	Method C2 Pension
01/01/2044	81 10/12	1,376.10	3,002.64	54,569.38	58,948.12	2,298.36	22,103.34	24,401.70	2,816.54	21,903.94	24,720.48	59,266.90
01/01/2045	82 10/12	1,376.10	3,073.21	56,397.46	60,846.77	2,352.37	22,843.81	25,196.18	2,882.72	22,637.73	25,520.45	61,171.03
01/01/2046	83 10/12	1,376.10	3,145.43	58,286.77	62,808.30	2,407.65	23,609.07	26,016.72	2,950.47	23,396.09	26,346.56	63,138.13
01/01/2047	84 10/12	1,376.10	3,219.34	60,239.38	64,834.82	2,464.23	24,399.98	26,864.21	3,019.80	24,179.86	27,199.66	65,170.27
01/01/2048	85 10/12	1,376.10	3,295.00	62,257.40	66,928.50	2,522.14	25,217.38	27,739.52	3,090.77	24,989.88	28,080.65	67,269.63
01/01/2049	86 10/12	1,376.10	3,372.43	64,343.02	69,091.55	2,581.41	26,062.16	28,643.57	3,163.40	25,827.04	28,990.44	69,438.43
01/01/2050	87 10/12	1,376.10	3,451.68	66,498.51	71,326.29	2,642.08	26,935.24	29,577.32	3,237.74	26,692.25	29,929.99	71,678.97
01/01/2051	88 10/12	1,376.10	3,532.80	68,726.21	73,635.11	2,704.17	27,837.57	30,541.74	3,313.83	27,586.44	30,900.27	73,993.64
01/01/2052	89 10/12	1,376.10	3,615.82	71,028.54	76,020.46	2,767.71	28,770.13	31,537.84	3,391.70	28,510.59	31,902.29	76,384.91
01/01/2053	90 10/12	1,376.10	3,700.79	73,407.99	78,484.88	2,832.76	29,733.93	32,566.69	3,471.41	29,465.69	32,937.10	78,855.30
01/01/2054	91 10/12	1,376.10	3,787.76	75,867.16	81,031.02	2,899.33	30,730.02	33,629.35	3,552.99	30,452.79	34,005.78	81,407.46
01/01/2055	92 10/12	1,376.10	3,876.77	78,408.71	83,661.58	2,967.46	31,759.47	34,726.93	3,636.48	31,472.96	35,109.44	84,044.10
01/01/2056	93 10/12	1,376.10	3,967.88	81,035.40	86,379.38	3,037.20	32,823.41	35,860.61	3,721.94	32,527.30	36,249.24	86,768.02
01/01/2057	94 10/12	1,376.10	4,061.12	83,750.09	89,187.31	3,108.57	33,923.00	37,031.57	3,809.41	33,616.97	37,426.38	89,582.12
01/01/2058	95 10/12	1,376.10	4,156.56	86,555.72	92,088.38	3,181.62	35,059.42	38,241.04	3,898.93	34,743.14	38,642.07	92,489.40

Example 5a (cont.)

Projected pension Future increases assumed to be at rates assumed for conversion									
		Post-conversion				Uplift			
						Under C2		Under Conversion	
Increase date	Age	Non-increasing Pension	5% Fixed Pension	RPI Linked Pension	Method D2 Pension	Amount	Percentage	Amount	Percentage
15/02/2025	63	1,255.36	2,455.15	28,338.80	32,049.31	229.27	0.7%	(848.26)	-2.6%
01/01/2026	63 10/12	1,255.36	2,515.78	28,809.57	32,580.71	245.56	0.7%	(863.35)	-2.6%
01/01/2027	64 10/12	1,255.36	2,641.57	29,774.69	33,671.62	235.24	0.7%	(892.82)	-2.6%
15/02/2027	65	1,255.36	2,641.57	29,774.69	33,671.62	235.24	0.7%	(892.82)	-2.6%
01/01/2028	65 10/12	1,255.36	2,773.65	30,772.14	34,801.15	239.64	0.7%	(854.86)	-2.4%
01/01/2029	66 10/12	1,255.36	2,912.33	31,803.01	35,970.70	244.10	0.7%	(812.98)	-2.2%
01/01/2030	67 10/12	1,255.36	3,057.95	32,868.41	37,181.72	248.62	0.7%	(766.92)	-2.0%
01/01/2031	68 10/12	1,255.36	3,210.84	33,969.50	38,435.70	253.19	0.7%	(716.44)	-1.8%
01/01/2032	69 10/12	1,255.36	3,371.39	35,107.48	39,734.23	257.84	0.6%	(661.21)	-1.6%
01/01/2033	70 10/12	1,255.36	3,539.96	36,283.58	41,078.90	262.57	0.6%	(600.95)	-1.4%
01/01/2034	71 10/12	1,255.36	3,716.95	37,499.08	42,471.39	267.34	0.6%	(535.39)	-1.2%
01/01/2035	72 10/12	1,255.36	3,902.80	38,755.30	43,913.46	272.20	0.6%	(464.14)	-1.1%
01/01/2036	73 10/12	1,255.36	4,097.94	40,053.60	45,406.90	277.11	0.6%	(386.89)	-0.8%
01/01/2037	74 10/12	1,255.36	4,302.84	41,395.40	46,953.60	282.09	0.6%	(303.25)	-0.6%
01/01/2038	75 10/12	1,255.36	4,517.98	42,782.14	48,555.48	287.14	0.6%	(212.85)	-0.4%
01/01/2039	76 10/12	1,255.36	4,743.88	44,215.34	50,214.58	292.25	0.6%	(115.27)	-0.2%
01/01/2040	77 10/12	1,255.36	4,981.07	45,696.56	51,932.99	297.42	0.6%	(10.08)	0.0%
01/01/2041	78 10/12	1,255.36	5,230.13	47,227.39	53,712.88	302.67	0.6%	103.18	0.2%
01/01/2042	79 10/12	1,255.36	5,491.63	48,809.51	55,556.50	307.97	0.6%	224.98	0.4%

Projected pension									
Future increases assumed to be at rates assumed for conversion									
		Post-conversion				**Uplift**			
						Under C2		Under Conversion	
Increase date	Age	Non-increasing Pension	5% Fixed Pension	RPI Linked Pension	Method D2 Pension	Amount	Percentage	Amount	Percentage
01/01/2043	80 10/12	1,255.36	5,766.21	50,444.63	57,466.20	313.35	0.6%	355.84	0.6%
01/01/2044	81 10/12	1,255.36	6,054.52	52,134.52	59,444.40	318.78	0.5%	496.28	0.8%
01/01/2045	82 10/12	1,255.36	6,357.25	53,881.03	61,493.64	324.26	0.5%	646.87	1.1%
01/01/2046	83 10/12	1,255.36	6,675.11	55,686.04	63,616.51	329.83	0.5%	808.21	1.3%
01/01/2047	84 10/12	1,255.36	7,008.87	57,551.53	65,815.76	335.45	0.5%	980.94	1.5%
01/01/2048	85 10/12	1,255.36	7,359.31	59,479.50	68,094.17	341.13	0.5%	1,165.67	1.7%
01/01/2049	86 10/12	1,255.36	7,727.28	61,472.07	70,454.71	346.88	0.5%	1,363.16	2.0%
01/01/2050	87 10/12	1,255.36	8,113.64	63,531.38	72,900.38	352.68	0.5%	1,574.09	2.2%
01/01/2051	88 10/12	1,255.36	8,519.32	65,659.68	75,434.36	358.53	0.5%	1,799.25	2.4%
01/01/2052	89 10/12	1,255.36	8,945.29	67,859.28	78,059.93	364.45	0.5%	2,039.47	2.7%
01/01/2053	90 10/12	1,255.36	9,392.56	70,132.57	80,780.49	370.42	0.5%	2,295.61	2.9%
01/01/2054	91 10/12	1,255.36	9,862.18	72,482.01	83,599.55	376.44	0.5%	2,568.53	3.2%
01/01/2055	92 10/12	1,255.36	10,355.29	74,910.16	86,520.81	382.52	0.5%	2,859.23	3.4%
01/01/2056	93 10/12	1,255.36	10,873.06	77,419.65	89,548.07	388.64	0.5%	3,168.69	3.7%
01/01/2057	94 10/12	1,255.36	11,416.71	80,013.20	92,685.27	394.81	0.4%	3,497.96	3.9%
01/01/2058	95 10/12	1,255.36	11,987.55	82,693.65	95,936.56	401.02	0.4%	3,848.18	4.2%

Further acknowledgments

The authors of this Guidance (the members of the GMP Conversion Sub-Group of the GMP Equalisation Working Group) are grateful for input from the following:

Alex Macdonald-Taylor	Hymans Robertson LLP
Dane Carter	Lane Clark & Peacock LLP
Geraldine Brassett	Capita
Karen Goldschmidt	Lane Clark & Peacock LLP
Lou Harris	Willis Towers Watson
Lynsey Ellis	Willis Towers Watson
Rowan Howard	Slaughter and May
Samantha Marshall	Mercer
Susie Daykin	Travers Smith LLP
Yu She	Lane Clark & Peacock LLP

If you want to get involved in future authoring, please get in touch with PASA at info@pasa-uk.com

Important Note

The purpose of this document is to provide examples of how GMP conversion is currently (early 2021) being used in practice by UK pension schemes to adjust benefits to correct for the inequalities of guaranteed minimum pensions (and to highlight various issues which schemes may encounter in doing so).

This document doesn't provide legal, tax or actuarial advice. Where appropriate, schemes should take their own professional advice in relation to the issues addressed in this document.

Get in touch:

info@pasa-uk.com

www.pasa-uk.com

PASA is a Community Interest Company and our full name is Pensions Administration Standards Association CIC.

Company number: 6597097