

THE XYZ  
Pension and Life  
Assurance Scheme

Members' Booklet  
April 2018 Edition

For Employees of the XYZ Company

Reviewed May 2018

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## **OVERVIEW**

This booklet gives a brief outline of the benefits available to you as a member of the XYZ Pension and Life Assurance Scheme (“the Scheme”). The full provisions of the Scheme are set out in the formal documents constituting the Scheme and in the event of doubt the provisions of the latter will always prevail.

The Scheme consists of a Category A section for Contributing Members and a Category B section for Non-Contributing Members.

As a Contributing Member (Category A) you are required to pay a percentage of your Contributory Salary to the Scheme. You can choose to adjust the percentage rate you pay at the start of each Scheme Year to build up a higher or lower amount of pension.

As a Non-Contributing Member (Category B) you do not pay any contributions to the Scheme. You built up pension benefits between 6 November 1997 and 3 July 2011, with a salary link underpin applying to these benefits for service from 4 July 2011.

Prior to 6 April 2016, the Category A section of the Scheme was contracted out of the Additional State Pension (ASP) element of the State Pension Scheme. This meant that Contributing Members (and the Company) paid lower National Insurance contributions than Non-Contributing Members. Although Contributing Members did not build up any ASP for the period in which they were contracted out, the Scheme had to guarantee to provide a benefit broadly equivalent to the amount of ASP foregone. This section of the Scheme ceased to be contracted out from 6 April 2016 with the introduction of the new single tier, flat rate State Pension.

All members of the Scheme receive information as and when required to satisfy the statutory Disclosure of Information regulations.

If you have any general queries about the Scheme, or about your entitlement to benefits, please write to your HR Manager at Head Office.

The address is as follows:

HR Manager  
Head Office  
XYZ House  
123 Queen Street  
LONDON

## **TERMS USED IN THIS BOOKLET**

### **Annual Allowance**

The *Annual Allowance* is the annual limit up to which your pension savings benefit from tax relief. This limit is £40,000 for the 2018/19 tax year (assuming you have not triggered the money purchase annual allowance rules - see Section 3). It is generally possible for you to carry forward the balance of any unused *Annual Allowance* from the previous three tax years. The *Annual Allowance* limit does not apply in the tax year in which your benefits are paid in the event of your death.

A tapered *Annual Allowance* has applied to high earners from 6 April 2016 (where “threshold” annual income exceeds £110,000 and “adjusted” annual income exceeds £150,000). This essentially means that the *Annual Allowance* limit gradually reduces once “adjusted” annual income exceeds £150,000 until it reaches a maximum of £10,000 for those earning £210,000 or higher in a tax year.

<b>Adjusted Annual Income</b>	<b>Tapered Annual Allowance</b>
£160,000	£35,000
£170,000	£30,000
£180,000	£25,000
£190,000	£20,000
£200,000	£15,000
£210,000 (and higher)	£10,000

### **Annual Allowance Tax Charge**

The *Annual Allowance Tax Charge* is the charge that applies to the excess (if any) of your annual pension savings over and above your *Annual Allowance*. You are generally responsible for paying any *Annual Allowance Tax Charge* to HM Revenue and Customs and must declare any such charge on your Self-Assessment Tax Return. However, if your tax charge in a single tax year is greater than £2,000, you can ask the *Scheme Administrator* to pay some or all of the tax charge on your behalf. If you do this, your benefits will be adjusted accordingly.

### **Category A**

The *Category A* section of the *Scheme* is the category under which *Contributing Members* build up benefits. *Category A* members (*Contributing Members*) were contracted out of the Additional State Pension element of the State Pension Scheme until 5 April 2016.

### **Category B**

The *Category B* section of the *Scheme* is the category under which *Non-Contributing Members* built up benefits from 6 November 1997 up to 3 July 2011 (or earlier date of leaving the *Scheme*). These members maintain a salary link underpin to these benefits for service from 4 July 2011. *Category B* members (*Non-Contributing Members*) were not contracted out of the Additional State Pension element of the State Pension Scheme for the period in which they built up benefits.

## **Company**

The *Company* is the XYZ Company and any associated or subsidiary company that participates in the *Scheme*.

## **Contributing Member**

A *Contributing Member* is a member who pays regular contributions to the *Scheme*. All *Contributing Members* build up benefits under the *Category A* section of the *Scheme*.

## **Contributory Salary**

*Contributory Salary* is fixed on the day you become a *Contributing Member* of the *Scheme* and at the beginning of each subsequent *Scheme Year*. It is your annual rate of basic pay but will be adjusted if you change your working hours during the *Scheme Year* (e.g. if you change from working full-time hours to part-time hours).

## **Final Pensionable Salary**

*Final Pensionable Salary* is the highest of your last five *Pensionable Salaries* preceding your *Normal Pension Date* (or the earlier date on which you cease to be a member of the *Scheme*).

## **Guaranteed Minimum Pension**

The *Guaranteed Minimum Pension (GMP)* is the minimum pension that must be provided under the *Scheme* for *Contributing Members* who were contracted out of the Additional State Pension element of the State Pension Scheme between 6 April 1978 and 5 April 1997.

The *GMP* is split in two parts. The first part relates to contracted-out service from 6 April 1978 until 5 April 1988 (pre 6 April 1988 *GMP*) and the second part relates to contracted-out service from 6 April 1988 until 5 April 1997 (post 5 April 1988 *GMP*).

For further details see Section 17 and Section 36 of this booklet.

## **GMP Due Date**

*GMP Due Date* is the date that the *GMP* becomes payable for *Contributing Members*. It is the date of your 60th birthday if you are female and the date of your 65th birthday if you are male.

## **Lifetime Allowance**

The *Lifetime Allowance* is the lifetime limit up to which your pension savings benefit from tax relief. The limit is £1.03 million from 6 April 2018. This figure is increased on each 6 April in line with rises in the Consumer Price Index (CPI).

## **Lifetime Allowance Tax Charge**

The *Lifetime Allowance Tax Charge* is the charge that applies to the excess (if any) of your lifetime pension savings over and above your *Lifetime Allowance*. You and the *Scheme Administrator* are jointly and severally liable for any *Lifetime Allowance Tax Charge*, with

the *Scheme Administrator* being responsible for calculating the tax due and confirming to you how and when you should pay it.

### **Minimum Pension Age**

*Minimum Pension Age* is 55 and is the earliest age (other than through ill health) at which you can retire from the *Scheme* with the *Trustees'* consent. The Government is considering raising the *Minimum Pension Age* to 57 in 2028 and keeping it at 10 years below State Pension Age thereafter.

### **Money Purchase Arrangement**

A *Money Purchase Arrangement* is a defined contribution arrangement or a cash balance arrangement.

### **Non-Contributing Member**

A *Non-Contributing Member* is a member who joined the *Scheme* as a result of a *Company* acquisition on 6 November 1997. *Pensionable Service* was built up under the *Category B* section of the *Scheme* on a non-contributory basis from this date. *Category B* closed to future accrual after 3 July 2011, with a salary link underpin applying for service from 4 July 2011 as described in Section 8.

### **Normal Pension Date**

*Normal Pension Date* (*NPD*) is the date of your 65th birthday.

### **Pensionable Salary**

*Pensionable Salary* is fixed on the day you become a member of the *Scheme* and at the beginning of each subsequent *Scheme Year*. It is your annual rate of basic pay (or the full-time equivalent if you work part-time).

### **Pensionable Service**

*Pensionable Service* for *Contributing Members* is the period beginning on the date you join the *Scheme* (adjusted pro-rata for part-time service based on the proportion of your contract hours against full-time hours) and ending on your *NPD* or the earlier date on which you cease to be a *Contributing Member* of the *Scheme*. It is calculated in years and days (with no account being taken of an additional day in leap years).

*Pensionable Service* for *Non-Contributing Members* is as described above, but beginning on 6 November 1997 and ending on 3 July 2011 (or earlier date of leaving the *Scheme*).

### **Qualifying Service**

*Qualifying Service* is the period of service that determines the benefit options available to you when you leave the *Scheme*. It broadly means service whilst a *Contributing Member* or *Non-Contributing Member* of the *Scheme* but may include other categories of service. For example, if the value of your benefits under another employer's registered pension scheme has been transferred into the *Scheme*, your service as a member of the former scheme will also count as *Qualifying Service*.

## **Salary**

*Salary* is your total earnings from the employer in the twelve months preceding the date of your death (or the annual equivalent if you were employed for less than 12 months).

## **Scheme**

The *Scheme* is the XYZ Pension and Life Assurance Scheme.

## **Scheme Actuary**

The *Scheme Actuary* is the named actuary appointed by the *Trustees* of the *Scheme* under Section 47 of the Pensions Act 1995.

## **Scheme Administrator**

A *Scheme Administrator* is the person or persons responsible for fulfilling certain functions, under tax law, connected with the *Scheme*.

## **Scheme Year**

A *Scheme Year* is a period of twelve months beginning on each 6 April.

## **Spouse**

A *Spouse* is your legal spouse (including a same-sex spouse) or your registered civil partner.

## **Trustees**

The *Trustees* are responsible for the management and administration of the *Scheme* and for the safekeeping of the money and investments used to pay benefits. Some of their other duties and powers are described in various sections of this booklet.

## **GENERAL**

### **1. Constitution**

The *Scheme* is constituted by a Trust Deed (as amended from time to time) and administered by the *Trustees* in accordance with the Rules. These documents are available for your inspection on request. Alternatively, a copy of the documents can be made available for your personal use although a charge will be made to cover the cost of this service.

### **2. Eligibility**

You may join *Category A* of the *Scheme* as a *Contributing Member* on the first working day on which you satisfy the following conditions:

- (i) you are a director or employee of the *Company*, and
- (ii) you have completed 1 month of continuous service with the *Company*.

Before joining the *Scheme* you must complete and sign an application form and return it to your HR Manager together with your birth certificate and evidence of any change of name. If these certificates are not readily available, you should produce them as soon as possible. If you have *Lifetime Allowance* protection you should seek Independent Financial Advice before joining the *Scheme* to ensure that your protection is not affected.

There are various forms of *Lifetime Allowance* protection that have been introduced over time since 6 April 2006. These include:

- Primary Protection
- Enhanced Protection
- Fixed Protection 2012
- Fixed Protection 2014
- Individual Protection 2014
- Fixed Protection 2016
- Individual Protection 2016.

If you are a prospective member of the *Scheme*, you will be covered for life assurance for the period before you are eligible for full membership of the *Scheme*.

Membership of the *Scheme* is voluntary. However, if you fail to join the *Scheme* for pension benefits when you are first eligible, you will not be entitled to any of the benefits described in this booklet and your cover for life assurance will cease. If you opt out of the *Scheme* before your *NPD* whilst remaining in the service of the *Company*, you will not build up any further benefits in respect of your service with the *Company* from the date you opt out and your cover for life assurance will cease.

If you decide to opt out of the *Scheme*, or decide to not join the *Scheme* when first eligible to do so, the *Company* is under no obligation to offer membership at a later date.

*Non-Contributing Members* had a one-off opportunity to join the *Category B* section of the *Scheme* on 6 November 1997.

### 3. Money Purchase Annual Allowance Rules

If you have benefits in a *Money Purchase Arrangement* (including if you have Additional Voluntary Contributions in the *Scheme* – see Section 6), you can access these benefits flexibly if you wish from your *Minimum Pension Age* (or earlier if you are in ill health). However, certain flexible payments will trigger the “Money Purchase Annual Allowance” (MPAA) rules, which will limit the amount of tax relief available to you on future savings to all *Money Purchase Arrangements* to £4,000 in each tax year. This amount was £10,000 for tax years prior to 6 April 2017.

If you are subject to the MPAA rules and exceed the £4,000 *Annual Allowance* for money purchase savings in a single tax year, you will be liable to an *Annual Allowance Tax Charge* on the excess over £4,000 and your *Annual Allowance* for your remaining pension savings will be reduced to £36,000 (or lower if you have a tapered *Annual Allowance*), plus any unused *Annual Allowance* from the three previous tax years.

If you are subject to the MPAA rules and do not exceed the £4,000 *Annual Allowance* for money purchase savings in a single tax year, your total *Annual Allowance* for all arrangements will continue to be £40,000 (or lower if you have a tapered *Annual Allowance*), plus any unused *Annual Allowance* from the three previous tax years. However, it will not be possible to carry forward any unused tax relief in respect of money purchase savings.

Please contact your HR Manager at Head Office if you want to know more about the MPAA rules or what constitutes a “trigger event”.

## CONTRIBUTIONS

### 4. Your Contributions

As a *Contributing Member*, you contribute a percentage of your *Contributory Salary* in each *Scheme Year*. The default contribution rate is 8.0% but it is possible for you to adjust your contribution rate at the start of each *Scheme Year* to build up a higher or lower amount of pension, as follows:

- 6.5% builds up pension each *Scheme Year* at the rate of 1/80 (*lower*)
- 8.0% builds up pension each *Scheme Year* at the rate of 1/70 (*default*)
- 9.5% builds up pension each *Scheme Year* at the rate of 1/60 (*higher*)

*Non-Contributing Members* do not pay contributions to the *Scheme*.

## 5. The Company's Contributions

The *Company* pays the balance necessary to provide the benefits and also pays the cost of administering the *Scheme*. The *Trustees* take advice from the *Scheme Actuary* in deciding the balance of the cost to be provided by the *Company*.

## 6. Additional Voluntary Contributions

As a *Contributing Member*, you may increase your contributions to the *Scheme* by paying Additional Voluntary Contributions (AVCs).

*Non-Contributing Members* can no longer pay AVCs but may hold AVCs within the *Scheme* in respect of their *Pensionable Service* up to 3 July 2011.

At retirement the value of your AVCs will be used to provide additional benefits under the *Scheme*. This could be in the form of a pension payable for your lifetime (with or without a *Spouse's* pension becoming payable on your death). Alternatively, the whole of your AVCs could be used to provide a tax-free cash sum (provided it does not exceed the maximum tax-free cash sum permitted by HMRC) or some of your AVCs could be used to provide a tax-free cash sum with the balance being used to purchase a smaller pension. This is shown in more detail in Section 13.

As an alternative to taking your AVCs from within the *Scheme* when you retire, you may choose an "Open Market Option" instead. This will be explained in more detail shortly before you retire.

If you wish to take advantage of the money purchase flexibilities introduced from 6 April 2015, you can choose to access your AVCs at any time by transferring them to another suitable pension arrangement. For more information on this option, please contact the HR Manager at Head Office.

If you leave the *Scheme* and are entitled to a refund of contributions, the AVCs you have paid will also be refunded.

If you die before you retire, the value of your AVCs will be refunded.

Further details on AVCs will be supplied on request. An example of a calculation including AVCs is shown in Appendix 1.

## 7. Tax Relief

Your contributions (including AVCs) are deducted from your pay before you are assessed for income tax so that full tax relief is given on your contributions up to certain limits.

HMRC's limit for tax relief on total member contributions to all registered pension arrangements is 100% of pay (or £3,600 per year if higher), subject to the *Annual Allowance*.

## **RETIREMENT BENEFITS**

### **8. Retirement at Normal Pension Date**

#### **Category A**

If you retire at your *NPD*, your pension will be 1/70 of your *Final Pensionable Salary* multiplied by your *Pensionable Service*. This assumes you contribute at the default rate of 8.0% of your *Contributory Salary* throughout your period of membership of the *Scheme*. If you choose to contribute at the lower rate (6.5%) or the higher rate (9.5%) in a *Scheme Year*, your rate of pension accrual for that *Scheme Year* will be adjusted accordingly.

Under no circumstances will the amount of your pension be less than the value of your *GMP* plus any pension earned by *Pensionable Service* before 6 April 1978 and after 5 April 1997.

An example of this calculation (including the *GMP* contracted-out check) is shown in Appendix 1.

If your contributions have not been fully paid (e.g. because of a period of absence from work), your pension may be reduced accordingly.

#### **Category B**

If you retire at your *NPD*, your pension will be 1/60 of your *Final Pensionable Salary* multiplied by your *Pensionable Service* up to 3 July 2011 (or *NPD* if earlier). Your *Final Pensionable Salary* for calculation purposes will be based on the greater of the following:

- (i) *Final Pensionable Salary* calculated at *NPD*

OR (*assuming your NPD is after 3 July 2011*)

- (ii) *Final Pensionable Salary* calculated at 3 July 2011 and increased by 5.0% for each complete year between 4 July 2011 and *NPD* (or by the increase in the RPI, if less).

An example of this calculation is shown in Appendix 2.

### **9. Early Retirement**

With the consent of the *Company* and provided you have reached *Minimum Pension Age*, you may retire early with an immediate pension. You may retire at any time if retirement is because of ill health and, on the basis of medical evidence, the *Trustees* exercise their discretion to provide such a benefit.

Your early retirement pension will be calculated in the same way as your pension at *NPD* except it will be based on your *Final Pensionable Salary* and *Pensionable*

*Service* at the date you leave the *Scheme* (or *Pensionable Service* up to 3 July 2011 if you are a *Non-Contributing Member*).

Your early retirement pension will be reduced because it is being paid early and for a longer period of time. However, no reduction for early payment will be applied if retirement is due to ill health.

For *Contributing Members*, under no circumstances will the amount of your early retirement pension be less than the value of your *GMP* plus any early retirement pension earned by *Pensionable Service* before 6 April 1978 and after 5 April 1997.

#### 10. Retirement after Normal Pension Date

If you remain in service after your *NPD*, you may elect by notice in writing to the *Trustees* to postpone the payment of your pension until you actually retire. The pension payable on late retirement will be your pension payable at your *NPD* but increased by an actuarial factor based on your age at the date you actually retire.

For *Contributing Members*, under no circumstances will the amount of your late retirement pension be less than the value of your *GMP* plus any late retirement pension earned by *Pensionable Service* before 6 April 1978 and after 5 April 1997.

#### 11. Payment of Pension

Your pension will be payable for life by monthly instalments in advance. It will commence on the first day of the month coincident with or following the date of your retirement.

Your pension will be treated as earned income and will be subject to tax if your total retirement income is such as to make you liable for tax.

#### 12. Pension Increases

Whilst in payment, your total pension (including any pension in respect of your AVCs) will increase on 1 April each year as follows:

- a) If you are a *Contributing Member* and you have reached your *GMP Due Date* at the date of the increase, your pension will be made up of three elements:
  - (i) your pre 6 April 1988 *GMP*
  - (ii) your post 5 April 1988 *GMP*
  - (iii) your excess pension (the balance of your total pension over (i) and (ii) above)

Upon attaining *GMP Due Date*, your pension benefits will be split out into the components referred to above. An example of how your pension benefits will be split out at *GMP Due Date* is shown in Appendix 3.

The increases for the three elements detailed above will be calculated as follows:

- (i) will not increase
- (ii) will increase each year by 3.0% (or by the increase in the CPI if less)\*
- (iii) will increase each year by 5.0% (or by the increase in the RPI if less)

\* Although the legal due date to increase this part of your pension is each 6 April, the increase is awarded on 1 April for administrative ease.

Proportionate increases based on complete months will be given if you have been retired for less than a year before the award of your first increase, with the exception of your **GMP** which will receive the full annual increase.

- b) If you are a **Contributing Member** and you have not attained your **GMP Due Date** at the increase date (or if you are a **Non-Contributing Member**), your full pension will increase each year by 5.0% (or by the increase in the RPI if less).

Proportionate increases based on complete months will be given if you have been retired for less than a year before the award of your first increase.

### 13. Tax-Free Cash Sum Option

You may exchange part of your pension for a tax-free cash sum at the time you retire. The maximum tax-free cash sum allowed by HMRC is based on the following formula:

$$\text{Cash sum} = \frac{20 \times \text{Full Pension}}{(3 + [20 / \text{Commutation Factor}])}$$

For example, the maximum tax-free cash sum at **NPD** for a member whose full pension is £9,000.00 per annum would be calculated as follows:

$$\text{Cash sum} = \frac{20 \times \text{£}9,000.00}{(3 + [20 / 13.80])} = \text{£}40,456.03$$

Commutation factors are based on your age at the date you retire. They are advised by the **Scheme Actuary** and determine the conversion rate for exchanging part of your pension for a tax-free cash sum. In this example, the amount of pension given up would be calculated as:

$$\text{£}40,456.03 / 13.80 = \text{£}2,931.60 \text{ p.a.}$$

This would leave a residual pension of:

$$\text{£}9,000.00 - \text{£}2,931.60 = \text{£}6,068.40 \text{ p.a.}$$

In addition, 25% of your AVCs (if any) can be added to your maximum tax-free cash sum. You can choose the best order for you when exchanging your pension and AVCs for your cash sum. In practice, your AVCs will usually be taken first with the balance, if any, being exchanged from your *Scheme* pension. An example of this calculation is shown in Appendix 1.

Full details will be supplied shortly before you retire.

## **DEATH BENEFITS**

### **14. Death in Pensionable Service**

#### **a) Before Normal Pension Date**

Some of the benefits described in this section may be subject to evidence of good health when you join the *Scheme*. You will be told if there are any limitations or special conditions that apply to you. If you are a *Contributing Member*, your *Spouse's* pension will not be less than the minimum necessary to satisfy contracting-out requirements.

If you die in service on or before *NPD*:

- (i) A life assurance benefit will be payable equal to four times your *Salary* for *Contributing Members*.
- (ii) A life assurance benefit will be payable equal to three times your *Salary* for *Non-Contributing Members*.
- (iii) Your *Scheme* contributions (without interest) plus the value of your AVCs will be refunded.
- (iv) If you have a *Spouse*, a pension will be payable to your *Spouse* equal to 50% of the pension that you would have received had you survived and retired at your *NPD*. This will be calculated in accordance with Section 8 but will be based on your *Pensionable Salary* at the date of your death. (For *Non-Contributing Members*, there will be no *Pensionable Salary* comparison when calculating the *Spouse's* pension).

For *Contributing Members*, your assumed rate of pension accrual from the date of your death until your *NPD* will be the same as your current rate of pension accrual. If you are working part-time when you die, your *Pensionable Service* from the date of your death until your *NPD* will be based on the proportion of contract hours that you are working when you die against full-time hours.

The *Spouse's* pension will be payable for life by monthly instalments in advance. It will commence on the first day of the month following the date of your death.

The *Spouse's* pension will be increased on 1 April each year in the same way that the pension for a *Contributing Member* or *Non-Contributing Member* is increased. The *Spouse* of a *Contributing Member* will have increases applied assuming the deceased had attained *GMP Due Date* (see Section 12).

- (v) If you do not have a *Spouse* when you die but you do have dependent children, a pension of the same amount as the *Spouse's* pension detailed in 14(a)(iv) above will be payable until your youngest or only child reaches the age of 18. If there is more than one child, the pension will be paid for the benefit of your children in such proportions as the *Trustees* decide.

Pensions for children will be increased on 1 April each year in the same way that the pension for a *Contributing Member* or *Non-Contributing Member* is increased. The children of a *Contributing Member* will have increases applied assuming the deceased had not attained *GMP Due Date* (see Section 12).

#### **b) After Normal Pension Date**

The benefits available if you die in service after your *NPD* but before the commencement of your pension will be the same as those applicable for death in retirement (see Section 15). For this purpose, it will be assumed that you had retired on the date of your death.

### **15. Death of a Pensioner**

If you die in retirement:

- (i) A lump sum death benefit (LSDB) will be payable if you die before the age of 75 and within five years of the commencement of your pension. This will equal the remaining pension instalments that you would have received for the balance of the five year period at the rate applicable at the date of your death or, if less, the remaining instalments that you would have received up to the age of 75.

For example, if you die having received 18 monthly instalments of pension and at the date of death you are in receipt of an annual pension of £4,500.00, the LSDB would be calculated as follows:

$$\begin{aligned}\text{LSDB} &= \text{£}4,500.00 / 12 \times (60 \text{ months} - 18 \text{ months}) \\ &= \text{£}4,500.00 / 12 \times 42 \text{ months} \\ &= \text{£}15,750.00\end{aligned}$$

- (ii) If you have a *Spouse*, a pension will be payable to your *Spouse* equal to 50% of your own pension (including 50% of any pension you exchanged for a tax-free cash sum at retirement and increased up to the date of your death).

The *Spouse's* pension will be payable for life by monthly instalments in advance. It will commence on the first day of the month following the date of your death.

The *Spouse's* pension will be increased on 1 April each year in the same way that the pension for a *Contributing Member* or *Non-Contributing Member* is increased. The *Spouse* of a *Contributing Member* will have increases applied assuming the deceased had attained *GMP Due Date* (see Section 12).

- (iii) See Section 14(a)(v) regarding pensions for dependent children.

### **Notes on AVCs**

Any pension purchased by AVCs will be included in the calculation of the LSDB detailed in Section 15(i). Any pension purchased by AVCs will only be included in the *Spouse's* pension detailed in Section 15(ii) and 15(iii) if a joint life option was chosen on retirement.

## **16. Payment of Lump Sum Benefits on Death**

Lump sum death benefits arising under Section 14 or Section 15 may be paid by the *Trustees* at their discretion to or for the benefit of any one or more of a wide class of your relations, dependants, persons interested under your will and your legal personal representatives.

A “Nomination of Beneficiary Form” is available for you to notify the *Trustees* of the person(s) to whom you would like payment of the lump sum death benefits to be made (although the *Trustees* are not bound by your wishes). If you wish to change your nomination(s), a new form should be completed.

If you are under the age of 75 when you die, any lump sum death benefits may be taxable if the total of lump sum death benefits payable from all registered pension schemes (together with the value of all pension benefits already in payment) exceeds your remaining *Lifetime Allowance*. If this is the case, the balance above the limit will be taxed at 55% and proportioned between all beneficiaries with HMRC issuing the relevant tax demands.

If you are over the age of 75 when you die, any lump sum death benefits will be taxed at the beneficiary's own marginal rate of tax (or at the rate of 45% if the lump sum death benefits are not paid to an individual – e.g. if they are paid to a trust).

If the value of your *Spouse's* pension from the *Scheme* is less than £30,000, it may be possible for your *Spouse* to take this as a one-off “trivial commutation lump sum death benefit”, which will be taxable at your *Spouse's* marginal rate of tax. For more information, please contact the HR Manager at Head Office.

## LEAVING THE SCHEME BEFORE NORMAL PENSION DATE

### 17. Preserved Pension

If you leave the *Scheme* with two or more years of *Qualifying Service* (or if you have had a transfer in from a personal pension arrangement), you will be entitled to a preserved pension payable from your *NPD*.

If your reason for leaving the *Scheme* is redundancy and you have more than one but less than two years of *Qualifying Service* (and you have not had a transfer in from a personal pension arrangement), you will also be entitled to a preserved pension payable from your *NPD*. This will be in addition to the options for a refund of contributions or a transfer (see Section 18 and Section 19).

For a *Contributing Member*, your preserved pension will be calculated in the same way as your pension at *NPD* except it will be based on your *Final Pensionable Salary* and *Pensionable Service* at the date you leave the *Scheme*.

For a *Non-Contributing Member*, your preserved pension will be based on your *Pensionable Service* up to 3 July 2011. Your *Final Pensionable Salary* will be based on the greater of the following:

- (i) *Final Pensionable Salary* calculated at the date of leaving

OR

- (ii) *Final Pensionable Salary* calculated at 3 July 2011 and increased by 5.0% for each complete year between 4 July 2011 and the date of leaving (or by the increase in the RPI, if less).

For *Contributing Members*, under no circumstances will the amount of your preserved pension be less than the value of your *GMP* plus any preserved pension earned by *Pensionable Service* before 6 April 1978 and after 5 April 1997.

Your preserved pension will be revalued each year until *NPD*. This is to offset the effects of inflation during the period of preservation. For *Contributing Members*, revaluation will be in three parts:

- (a) Your pre 6 April 1988 *GMP* will be revalued by 3.5% per annum compound (or such other levels of revaluation prescribed by the DWP for early leavers from time to time) for each complete tax year from the date you leave the *Scheme* up to your *GMP Due Date*. For women, statutory 1/7% increases will apply from *GMP Due Date* to *NPD*.
- (b) Your post 5 April 1988 *GMP* will be revalued as in (a) above for each complete tax year from the date you leave the *Scheme* up to your *GMP Due Date*. For women, 3.0% per annum / CPI increases (whichever is lower) plus statutory 1/7<sup>th</sup>% increases will apply from *GMP Due Date* to *NPD*. For the purpose of forecast statements increases of 3.0% per annum compound will be assumed. However, on retirement or death, these figures will be recalculated to reflect true CPI rates.

- (c) The balance of your preserved pension over and above your *GMP* will be revalued each year by 5.0% / RPI (whichever is lower) for each complete year from the date you leave the *Scheme*. For the purpose of forecast statements increases of 5.0% per annum compound will be assumed. However, on retirement or death, these figures will be recalculated to reflect true RPI rates.

For *Non-Contributing Members*, the entire preserved pension will be revalued in line with Section 17(c) above.

An example of how revaluation works in practice is shown in Appendix 3 and Appendix 4.

Your AVCs will continue to be invested up to the date you retire when they will be applied to increase your benefits under the *Scheme*.

With the consent of the *Trustees* (and provided you have attained *Minimum Pension Age* and, in the case of a *Contributing Member*, satisfy contracting-out requirements), you may retire before your *NPD*. Your preserved benefits will be revalued to your actual date of retirement and reduced for early payment. Further details will be supplied on request.

When your preserved pension comes into payment, the tax-free cash sum option detailed in Section 13 will apply. Your pension will be paid and increased in accordance with Section 11 and Section 12.

If you die before your preserved pension becomes payable, your contributions (without interest) plus the value of your AVCs will be refunded to your legal personal representatives. In addition, if you have a *Spouse*, a pension will be payable to your *Spouse* equal to 50% of your preserved pension revalued to your date of death.

The *Spouse's* pension will be payable for life by monthly instalments in advance. It will commence on the first day of the month following the date of your death.

The *Spouse's* pension will be increased on 1 April each year in the same way that the pension for a *Contributing Member* or *Non-Contributing Member* is increased. The *Spouse* of a *Contributing Member* will have increases applied assuming the deceased had attained *GMP Due Date* (see Section 12).

If you die after the commencement of your preserved pension, the provisions of Section 15 and Section 16 will apply.

## 18. **Refund of Contributions**

If you leave the *Scheme* having completed less than two years of *Qualifying Service* (and have not had a transfer in from a personal pension arrangement), your *Scheme* contributions (without interest) plus the AVCs you have paid will be refunded unless you are able, and choose, to exercise the option under Section 17 to take a preserved pension or the option under Section 19 to take a transfer.

Tax will be deducted by the *Trustees* from the gross amount of your refund. Tax is currently payable at the rate of 20% on the amount up to £20,000 and 50% on any amount over £20,000.

## 19. **Transfer to another Pension Arrangement**

As an alternative to a refund of contributions or a preserved pension, on leaving the *Scheme* with more than three months of *Qualifying Service* you may request the cash equivalent value of your benefits under the *Scheme* to be transferred to a suitable alternative pension arrangement.

If you transfer your benefits, no benefits will be payable under the *Scheme* to or in respect of you or your dependants (subject to the Notes below).

### **Notes on Transfers**

- (a) For *Contributing Members*, certain restrictions must be met in respect of your *GMP* and in respect of your benefits for contracted-out service from 6 April 1997 up to 5 April 2016.
- (b) Should you request a transfer, you will be provided with a written statement of the amount available which will be guaranteed for three months from the date on which it is calculated.
- (c) The transfer value will be calculated on the basis recommended from time to time by the *Scheme Actuary*. It will represent the actuarial value of your preserved benefits (excluding any allowance for discretionary benefits which could become payable in future but including an allowance for increases to your preserved pension).
- (d) If you have less than two years of *Qualifying Service*, the option of a transfer will be available to you for one year following the date you leave the *Scheme*. A refund of contributions will automatically be paid to you if no transfer value has been paid within this period.
- (e) If you wish to transfer your benefits from the *Scheme* to an alternative arrangement where benefits can be accessed flexibly, certain additional requirements will apply which may impact your statutory right to transfer your benefits to that particular arrangement:

1. Within one month of your written request for a transfer value quotation, the *Trustees* must notify you of your requirement to take appropriate independent advice from an authorised adviser

regulated under the Financial Services and Markets Act 2000 if your transfer value exceeds £30,000

*... and assuming it does exceed £30,000:*

2. A statement of entitlement, which must carry a guarantee date not later than three months from the date of your written request, must be provided to you by the *Trustees* within 10 days of the guarantee date
  3. Within three months of the guarantee date, you must make a written request to the *Trustees* to apply for the transfer
  4. Within three months of the day the statement of entitlement has been provided to you by the *Trustees*, you must confirm to the *Trustees* that appropriate advice has been received (which should be in the form of a written statement by the authorised independent adviser)
  5. Within six months of the guarantee date, the *Trustees* must verify that you have received independent advice from an authorised independent adviser in relation to the appropriateness of the transfer and they must carry out the transfer
- (f) Unless you confirm otherwise, the *Trustees* will assume that the purpose of the transfer shall be to access your benefits flexibly, in which case the requirements under Section 19(e) above will apply.

## **EXCHANGING SMALL PENSIONS FOR A LUMP SUM**

### **20. Triviality**

If you retire from your *Minimum Pension Age* (or earlier if you are in ill health) and the aggregate notional value of all your benefits under all registered schemes of which you are a member is less than £30,000, you may be able to fully commute your benefits from the *Scheme* (excluding AVCs) on the grounds of triviality.

Should triviality apply, the *Scheme* will attribute a capital value to your pension entitlement being commuted (excluding AVCs). 25% of the capital value will be paid tax-free, with the balance being taxed at your marginal rate. Exercising the triviality option will fully extinguish your entitlement to benefits under the *Scheme*, with any AVCs needing to be transferred to a suitable alternative arrangement.

### **21. Small Pots**

If the capital value of your benefits under the *Scheme* (including AVCs) is less than £10,000, this will be deemed to be a “small pot”. In such circumstances, you will be able to take the capital value of this benefit in full without considering the aggregate notional value of all your benefits under all registered schemes of which you are a member. 25% of the capital value will be paid tax-free, with the balance being taxed at your marginal rate. Exercising the small pot option will fully extinguish your entitlement to benefits under the *Scheme* (including AVCs).

## **OTHER THINGS YOU SHOULD KNOW**

### **22. Transfers from other Registered Schemes**

You may be able to transfer into the *Scheme* the cash equivalent value of your benefits in other registered employer pension schemes subject to *Trustee* approval. The *Trustees* are not obliged to accept a transfer and they might not do so if they were to be advised by the *Scheme Actuary* that the sum to be transferred would not be enough to secure the benefits that the *Scheme* would then be required by law to provide.

If you are interested in a transfer, you should ask for an illustration of the benefits that could be provided.

### **23. Temporary Absence**

If you are temporarily absent from work, you will continue to be covered for life assurance as long as you remain in service as a *Contributing Member* or *Non-Contributing Member*.

*For Contributing Members*, your pension benefits may be reduced unless you continue paying contributions while absent or pay any arrears of contributions on returning to work.

Maternity leave does not count as temporary absence and you will continue in membership during any such period of absence with full benefits accruing but with contributions based on the pay you actually receive.

### **24. HMRC Registration**

The scheme is registered with HMRC in accordance with the Finance Act 2004.

Benefits and member contributions under the *Scheme* are subject to certain rules set by HMRC. Any members likely to be affected by these rules will be notified.

### **25. Title to Benefits**

All benefits under the *Scheme* are personal and cannot be assigned or, for example, offered as security for loans.

## 26. **Amendment or Termination**

The *Company* reserves the right to amend or terminate the *Scheme* at any time in accordance with the provisions of the Trust Deed and Rules. On discontinuance, the *Trustees* have certain options available to them:

- (i) to continue as a closed *Scheme* with no further contributions; or
- (ii) to transfer the assets in whole or in part; or
- (iii) to wind up the *Scheme* completely

If the *Scheme* is terminated in circumstances where the assets are not sufficient to meet the *Scheme's* liabilities, the *Company* must make good the deficiency to the extent required by law.

You will be notified in writing of changes that affect you.

On termination, cover for life assurance will cease.

## 27. **Resolution of Disputes**

In the unlikely event of a dispute between the *Trustees* and a member, there is a formal disputes resolution procedure that meets legislative requirements. Full details can be obtained from the HR Manager at Head Office.

This procedure does not affect your right to consult the Pensions Advisory Service and the Pensions Ombudsman.

## 28. **The Pensions Advisory Service and Pensions Ombudsman**

As the subject of pensions is so complex, problems and queries can sometimes arise. Normally, these can be resolved by the HR Department or the Trustees through the disputes resolution procedure.

In addition, you can seek advice from the Pensions Advisory Service. This is an independent organisation with local advisers who are experienced in pension related matters. It is available to assist members and beneficiaries in connection with difficulties that they have failed to resolve with the *Trustees* or *Scheme Administrator*.

If a problem cannot be resolved by the Pensions Advisory Service, you can refer the matter to the Pensions Ombudsman who can investigate both complaints and disputes of fact or law in connection with the *Scheme*.

The Pensions Advisory Service and the Pensions Ombudsman can be contacted at:

11 Belgrave Road  
London  
SW1V 1RB

29. **The Pensions Regulator**

The Pensions Regulator is able to intervene in the running of schemes where *Trustees*, employers or professional advisers have failed in their duties. If you have concerns about the running of your *Scheme*, but not of an individual nature, you can address these to the Pensions Regulator who can be contacted at:

Napier House  
Trafalgar Place  
Brighton  
East Sussex  
BN1 4DW

30. **The Pension Tracing Service**

The Department for Work and Pensions (DWP) operates a tracing service to help former members contact pension schemes with which they have lost touch. The address is:

Pension Tracing Service  
The Pension Service 9  
Mail Handling Site A  
Wolverhampton  
WV98 1LU  
([www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details) – or telephone: 0800 7310193)

31. **General Data Protection Regulation**

Your personal data is handled in accordance with all relevant data protection legislation. For further details, please refer to the *Company* website.

32. **Pension Wise**

Since 6 April 2015, once you have reached your *Minimum Pension Age* (or earlier if you are in ill health), you have had greater freedom and choice available to you in relation to any benefits you hold in *Money Purchase Arrangements* (which includes any AVCs you may have in the *Scheme*).

Free guidance is available to you to explain your retirement income options. This guidance is available online at [www.pensionwise.gov.uk](http://www.pensionwise.gov.uk), by telephone through TPAS, or face to face through the Citizens Advice Bureau. You can also get further details by contacting the HR Manager at Head Office.

### 33. Pension Scams

You should be careful if you receive unsolicited text messages, phone calls or emails or if you see advertisements which encourage you to transfer your pension benefits and receive cash as a result. These arrangements could result in you losing some, or even all, of your benefits due to the fees charged and the tax implications.

For further information about how to protect yourself from scammers, you can contact the HR Department at Head Office or visit the Pension Regulator's website at [www.thepensionsregulator.gov.uk/individuals/dangers-of-pension-scams.aspx](http://www.thepensionsregulator.gov.uk/individuals/dangers-of-pension-scams.aspx).

### 34. Further Information

If you are an active member, you will receive an annual benefit statement showing (a) the benefits to which you are currently entitled (b) the benefits to which you could be entitled if you remain in *Pensionable Service* until your *NPD* (and your earnings do not change), and (c) the benefits to which your *Spouse* could be entitled if you die whilst a member of the *Scheme*.

In addition to this booklet, there is a report from the *Trustees* every year updating you on how they are running the *Scheme*.

For help with any general pension query, or more information about the *Scheme*, please contact the HR Manager at Head Office.

## **STATE PENSION SCHEME**

### 35. State Pension Scheme

Prior to 6 April 2016, the State Pension Scheme was made up of the Basic State Pension and the Additional State Pension. However, the Government has introduced a new single tier, flat-rate State Pension for people reaching State Pension Age (SPA) on or after 6 April 2016. For these people, the single tier State Pension replaces the Basic State Pension and the Additional State Pension.

The new single tier, flat rate State Pension does not impact those people who reached their SPA before 6 April 2016. For these people, their existing Basic State Pension and any Additional State Pension they may have will continue to be paid.

The earliest age at which you can receive your State Pension is your SPA, which is dependent on the date you were born.

Full details relating to your State benefit entitlements and your SPA are available at [www.gov.uk/future-pension-centre](http://www.gov.uk/future-pension-centre) – (telephone: 0800 7310175).

You can obtain a statement online at the above website or you can write to the following address:

Future Pension Centre  
The Pension Service 9  
Mail Handling Site A  
Wolverhampton  
WV98 1LU

### 36. Contracting Out

The *Category A* section of the *Scheme* was contracted out of the Additional State Pension (ASP) element of the State Pension Scheme until 5 April 2016. This meant that *Contributing Members* (and the *Company*) paid lower National Insurance contributions than *Non-Contributing Members* but did not build up any ASP for the period in which they were contracted out. In return for paying lower National Insurance contributions, the *Scheme* had to guarantee to pay the broad equivalent of the ASP foregone.

For the contracted-out period between 6 April 1978 and 5 April 1997, the pension equivalent of the ASP foregone is known as the *GMP*.

For the contracted-out period between 6 April 1997 and 5 April 2016, the *Scheme* had to provide benefits broadly equivalent to (or better than) than a statutory standard. The *Scheme Actuary* confirmed that the benefits provided by the *Scheme* were more than sufficient to meet the test.

If you are a *Contributing Member* and you die and leave a *Spouse*, the *Scheme* will provide a *Spouse's GMP*. If you are a married male member with a female *Spouse*, the *Spouse's GMP* will be 50% of your own *GMP* based on your contracted-out service between 6 April 1978 and 5 April 1997. For all other members, the *Spouse's GMP* will be 50% of your own *GMP* but based on your contracted-out service between 6 April 1988 and 5 April 1997.

Contracting out ceased with effect from 6 April 2016 with the introduction of the new single tier, flat-rate State Pension. The cessation of contracting out has not impacted *Non-Contributing Members* of the *Scheme*. For *Contributing Members*, National Insurance contributions are now paid at the full rate (in line with *Non-Contributing Members*) rather than at the reduced rate which applied up to 5 April 2016.



## Appendix 1

### Example calculation – Male – Normal Retirement from Active Status – Category A

Date joined Scheme:	1 February 1981	
Normal Pension Date (NPD):	12 October 2018 (DOB = 12 October 1953)	
Final Pensionable Salary:	£29,000.00	
AVC fund at NPD:	£6,572.16	
AVC conversion factor:	20.37 (joint life)	
Pensionable Service:	37 years 254 days	
Total pension at NPD:	$\frac{£29,000.00}{70} \times \frac{37 \ 254}{365}$	= <b>£15,616.87 p.a.</b>

#### Contracted-out check – method 1

Pre88 GMP at NPD:	£641.16 p.a.
Post88 GMP at NPD:	<u>£951.60 p.a.</u>
Total GMP at NPD:	£1,592.76 p.a.

*Pension built up prior to 6 April 1997*

$$\frac{£29,000.00}{70} \times \frac{16 \ 64}{365} = £6,701.21 \text{ p.a.}$$

*Pension built up prior to 6 April 1997 is greater than total GMP, so no adjustment required.*

#### Contracted-out check – method 2

*Pension built up from 6 April 1997*

$$\frac{£29,000.00}{70} \times \frac{21 \ 190}{365} = £8,915.66 \text{ p.a.}$$

*Plus Total GMP at NPD [£1,592.76] = £10,508.42 p.a.*

*Pension built up from 6 April 1997 plus total GMP is less than total pension at NPD, so no adjustment required.*

AVC pension:	£6,572.16 / 20.37	=	£322.64 p.a.
Total full pension:	£15,616.87 + £322.64	=	<b>£15,939.51 p.a.</b>
Cash sum:	$\frac{20 \times £15,616.87}{(3 + [20 / 13.80])} + (£6,572.16 \times 25\%)$	=	<b>£71,842.65</b>

Cash sum from scheme:	$£71,842.65 - £6,572.16$	=	£65,270.49
AVCs:		=	£6,572.16
Residual pension:	$£15,616.87 - \frac{£65,270.49}{13.80}$	=	<b>£10,887.12 p.a.</b>

*Contracted-out check: Residual pension is more than total GMP at NPD [£1,592.76 p.a.], so no adjustment required.*

## Appendix 2

### Example calculation – Female – Normal Retirement from Active Status – Category B

Date joined Scheme:	6 November 1997		
Normal Pension Date (NPD):	17 October 2018 (DOB = 17 October 1953)		
Pensionable Salary (1):	£29,600.00 (at 3 July 2011)		
Pensionable Salary (2):	£35,500.00 (at 17 October 2018)		
RPI from 4 July 2011 to 17 October 2018:	20.3% ( <i>assumed for the purpose of this example</i> )		
Final Pensionable Salary (greater of):	£35,500.00 v [£29,600.00 x 1.203] = £35,608.80		
Pensionable Service:	13 years 240 days (up to 3 July 2011)		
Full pension:	$\frac{£35,608.80}{60} \times \frac{13,240}{365}$	=	<b>£8,105.47 p.a.</b>
Cash sum:	$\frac{20 \times £8,105.47}{(3 + [20 / 13.80])}$	=	<b>£36,435.01</b>
Residual pension:	$£8,105.47 - \frac{£36,435.01}{13.80}$	=	<b>£5,465.25 p.a.</b>

### Appendix 3

#### Example calculation – Male – Normal Retirement from Preserved Status – Category A

Date joined Scheme:	12 May 1987		
Date left Scheme:	25 October 2001		
Normal Pension Date (NPD):	12 October 2018 (DOB = 12 October 1953)		
Preserved pension at leaving:	£12,645.32 p.a.		
• Pre88 GMP at leaving:	£106.60 p.a.		
• Post88 GMP at leaving:	<u>£895.96</u> p.a.		
• Total GMP at leaving:	£1,002.56 p.a.		
RPI from leaving to NPD:	39.4%		
16 complete tax years @ 6.25% fixed rate:	2.638 (6 April 2002 – 5 April 2018)		
Excess pension at NPD:	$(£12,645.32 - £1,002.56) \times 1.394$	=	£16,230.01 p.a.
Total GMP at NPD:	$£1,002.56 / 52 = £19.28$ $£19.28 \times 2.638 = £50.86$ $£50.86 \times 52$	=	£2,644.72 p.a.
Post88 GMP at NPD:	$£895.96 / 52 = £17.23$ $£17.23 \times 2.638 = £45.45$ $£45.45 \times 52$	=	£2,363.40 p.a.
Pre88 GMP at NPD:	$£2,644.72 - £2,363.40$	=	£281.32 p.a.
Full pension:	Pre88 GMP:	=	£281.32 p.a.
	Post88 GMP:	=	£2,363.40 p.a.
	Excess:	=	<u>£16,230.01</u> p.a.
	Total:	=	<b>£18,874.73 p.a.</b>
Cash sum:	$\frac{20 \times £18,874.73}{(3 + [20 / 13.80])}$	=	<b>£84,844.06</b>
Residual pension:	$£18,874.73 - \frac{£84,844.06}{13.80}$	=	<b>£12,726.61 p.a.</b>

*Contracted-out check: Residual pension is more than total GMP at NPD [£2,644.72 p.a.], so no adjustment required.*

## Appendix 4

### Example calculation – Female – Normal Retirement from Preserved Status – Category A

Date joined Scheme:	4 July 1989		
Date left Scheme:	24 December 2007		
Normal Pension Date (NPD):	16 October 2018 (DOB = 16 October 1953)		
Preserved pension at leaving:	£2,354.67 p.a., including:		
• Pre88 GMP at leaving:	£0.00 p.a.		
• Post88 GMP at leaving:	<u>£1,231.88</u> p.a.		
• Total GMP at leaving:	£1,231.88 p.a.		
RPI from leaving to NPD:	27.2% ( <i>assumed for the purpose of this example</i> )		
5 tax years at 4.0% fixed rate revaluation:	1.217 (6 April 2008 – 5 April 2013)		
5 years at lower of 3%/CPI (assumed 3%):	15.927%		
260 weeks at <sup>1</sup> / <sub>7</sub> %:	37.143%		
Excess pension at NPD:	$(£2,354.67 - £1,231.88) \times 1.272$	=	£1,428.19 p.a.
Total GMP at Due Date:	$£1,231.88 / 52 = £23.69$ $£23.69 \times 1.217 = £28.83$ $£28.83 \times 52$	=	£1,499.16 p.a.
Post88 GMP at Due Date:	$£1,231.88 / 52 = £23.69$ $£23.69 \times 1.217 = £28.83$ $£28.83 \times 52$	=	£1,499.16 p.a.
Pre88 GMP at Due Date:	$£1,499.16 - £1,499.16$	=	£0.00 p.a.
Post88 GMP at NPD:	$£1,499.16 / 52 = £28.83$ $£28.83 \times 1.15927 = £33.42$ $£33.42 \times 1.37143 = £45.83$ $£45.83 \times 52$	=	£2,383.16 p.a.
Full pension:	Pre88 GMP:	=	£0.00 p.a.
	Post88 GMP:	=	£2,383.16 p.a.
	Excess:	=	<u>£1,428.19</u> p.a.
	Total:	=	<b>£3,811.35 p.a.</b>
Cash sum:	$\frac{20 \times £3,811.35}{(3 + [20 / 13.80])}$	=	<b>£17,132.45</b>
Residual pension:	$£3,811.35 - \frac{£17,132.45}{13.80}$	=	<b>£2,569.87 p.a.</b>

*Contracted-out check: Residual pension is more than total GMP at NPD [£2,383.16 p.a.], so no adjustment required.*