Statement on Equalisation for GMPs
AND
the application of a Statutory Minimum to PPF compensation for schemes in a PPF Assessment Period

Version 1.8
December 2012

Contents

Notes and Disclaimers:

1. This document is intended to be a practical guide to what is a very complex subject. Accordingly, the precise details of the calculations (and the reasons for them) are not always set out in full. Further background and technical detail can be found in our 2011 consultation document covering the calculation of PPF compensation and FAS assistance in the context of equalisation for schemes contracted out on a GMP basis:

   http://www.pensionprotectionfund.org.uk/DocumentLibrary/Documents/GMP_consultation_Jan11.pdf

2. The PPF operates under the provisions of the Pensions Act 2004. The method of equalisation for GMP set out in this document reflects the special circumstances that are applicable to schemes that have either already transferred to the PPF or schemes currently in a PPF assessment period who are expected to transfer to the PPF following completion of their PPF assessment period. This document is NOT intended for schemes that remain outside of the PPF. Trustees of such schemes may wish to seek their own advice. It should also be noted that the Department for Work and Pensions plans to consult separately on draft guidance for such schemes.

3. In receiving, accessing and/or reading this document, you accept and agree to the following:

   - This document contains practical guidance, which is informed by the legal advice the Board of the PPF has received. In providing this document to you, the Board does not intend to waive legal professional privilege ("Privilege") and confidentiality in relation to any of that legal advice.
   - To the extent there has been any waiver of Privilege and confidentiality, that waiver is strictly limited to the contents of this document, and does not extend in any respect whatsoever to the contents of any other communication or document

Part A – An overview of the process

A.1 An overview of the process

A.1.1 Introduction

This document has been written for trustees and advisers of schemes in an assessment period. It sets out the approach the Board of the PPF (the PPF) intends to adopt to calculate PPF compensation which reflects both:

1. Equalisation for the effect of GMPs (equalisation for GMPs); and

2. Changes required to the calculation of PPF compensation to reflect the other legislative requirements applicable to contracted-out schemes (the Statutory Minimum)

The legal background to these changes was set out in our consultation document entitled: "Consultation on the calculation of PPF compensation and FAS assistance in the context of equalisation for schemes contracted-out on a GMP basis[1]".

Calculating compensation which exactly reflects the above is complicated and requires numerous items of data, some of which may not be readily available. The PPF has developed a series of forms that will be used to re-work compensation for members that have already transferred to PPF (set out in Part C).

The PPF would like to thank all stakeholders who have contributed to this document through formal responses to January's consultation, technical feedback and informal discussion.

If you have any questions regarding equalisation for GMPs relating to a specific scheme in an assessment period please, in the first instance, contact your PPF Scheme Delivery Associate. This will help ensure that schemes follow a consistent approach.

A.1.2 The pilot study

The PPF undertook a pilot study in 2012 with a number of schemes in assessment at that time. The pilot study was primarily aimed at testing the methodology outlined in this statement with regard to equalisation of guaranteed minimum pensions and the statutory minimum underpin approach. The pilot completed in May 2012 and after consideration of the results the PPF's conclusion is that the methodology works as anticipated and is fit for purpose.

A.1.3 Schemes in Assessment

In December 2012 the PPF wrote to schemes in assessment to confirm the success of the pilot. The PPF will be writing to all schemes in assessment in December 2012 to confirm what action they will need to take. This action is summarised in A3 to A5 below.

[1] http://www.pensionprotectionfund.org.uk/DocumentLibrary/Documents/GMP_consultation_Jan11.pdf

A.2 Document guide

For ease of use this document has been split into a number of parts as follows:

Part A provides a summary of the PPF's proposed approach, timeframe and gives a process to follow in doing it.

Part B sets out technical information regarding the legislative requirements.

Part C sets out the approach that the PPF will adopt for members of schemes which have transferred to the PPF already. A series of forms are included for each category of member, with an explanation of the assumptions made in developing these. Various worked examples of the calculations and how these follow through into the standard forms have also been provided.

Part D sets out further useful information including forms useful for collating the required information and performing the calculations.

A.3 Dates of implementation

A.3.1 Schemes scheduled to transfer up to 31 May 2013

Schemes in an assessment period that are scheduled to transfer to the PPF before 1 June 2013 are not expected to calculate compensation taking account of equalisation for GMPs and the Statutory Minimum prior to transfer. The PPF will adjust compensation for members of such schemes following transfer to the PPF using the forms set out in Part C.4. This will avoid any delay in transferring these schemes to the PPF that may otherwise result from undertaking such calculations late in the assessment process.

Schemes do however need to ensure a completed scheme questionnaire (set out in part D.2) is provided before the scheme transfers, to facilitate the PPF making subsequent adjustments. In addition, Trustees of all schemes should continue to complete data cleansing, GMP reconciliation, the Data Interface Layout (DIL) and any other tasks necessary for transfer to the PPF as normal.

The scheduled transfer date for the purposes of this section is the date agreed with the PPF as at December 2012. If the scheduled transfer date changes, the PPF may require the scheme to have undertaken the calculations before transfer. This will be agreed on a scheme by scheme basis between the Scheme Delivery Associate and the Trustees.

A.3.2 Schemes scheduled to transfer from 1 June 213 onwards

Schemes in an assessment period that are scheduled to transfer to the PPF from 1 June 2013 onwards will be expected to calculate compensation taking account of equalisation for GMPs and the statutory minimum prior to transfer. Providing the lead in period from December 2012 to May 2013 ensures that schemes have sufficient preparation time to meet this new requirement.

The process these schemes need to follow is outlined in section A5 below, in order to ensure the DIL is completed correctly. Trustees should continue to complete data cleansing, GMP reconciliation and any other tasks necessary for transfer to the PPF as normal.

The scheduled transfer date for the purposes of this section is the date agreed with the PPF as at December 2012. If the scheduled transfer date changes, the requirement to undertake compensation calculations taking account of equalisation and the statutory minimum will remain.

A.3.3 Schemes expected to secure benefits outside of the PPF

Section A.4.2 sets out how this statement will impact s143 valuations for overfunded schemes. Schemes which are still in assessment but have already submitted an overfunded s143 valuation before this statement being updated in December 2012 should speak to their Scheme Delivery Associate.

A.4 Section 143 valuation requirements

A.4.1 Underfunded schemes

Underfunded schemes can to continue to carry out their s143 valuation before allowing for equalisation for GMPs and the Statutory Minimum, Allowing for equalisation for GMPs and the Statutory Minimum will not change the outcome of the s143 valuation (i.e. whether the scheme will transfer to the PPF or not) but only demonstrate that the scheme is more underfunded than indicated.

The appointed actuary should add the following statements to the s143 valuation report:

- ignoring equalisation for GMPs understates the Protected Liabilities and is permitted under the s143 valuation guidance; and
- this will not change the outcome of the s143 valuation.

The PPF do not require schemes in assessment to obtain the Board's approval for this approximation in calculating the Protected Liabilities.

A.4.2 Overfunded schemes

Schemes that are clearly overfunded, and will not enter the PPF, are able to carry out their s143 valuation on scheme benefits that have not been equalised for GMP, provided that the appointed actuary can add a statement to their s143 report to confirm that the outcome of the s143 valuation (i.e. whether the scheme would transfer to the PPF or not) would not change if Protected Liabilities had been calculated after equalisation for GMPs and the Statutory Minimum.

Where the appointed actuary is unable to make such a statement in their s143 report they may need to carry out equalisation for GMP calculations. We anticipate that this will only apply for a few marginally overfunded schemes. In these cases, Trustees should speak to their PPF Scheme Delivery Associate and PPF actuarial contact, to agree the activities required. The PPF will provide further support and information if necessary. Work should not start on the s143 valuation or equalisation for GMP calculations in such cases until it has been agreed with the PPF.

A.5 Procedure for schemes required to take account of equalisation for GMPs and the statutory minimum for completing the DIL

The procedure can be split into a number of steps as set out below.

The adjustments required to meet the legislative requirements to equalise for GMPs and to apply the Statutory Minimum should be made after the trustees have cleansed their scheme data.

A.5.1 *Step 1 – Collate all inputs required*

The following information will be needed to carry out the calculations. In general, benefit information at the Relevant Time (the day before the Assessment Date) and GMP information at the date of leaving will be required if the PPF forms are to be used.

a) Member and benefit details	Information like that provided on the PPF standard data interface layout (DIL), such as basic member information (DOB, NRD etc) and benefits at the Relevant Time calculated before equalisation for GMPs.
b) GMP data	It is expected that schemes will have reconciled details of both the pre 6/4/1988 and post 5/4/1988 GMPs at the date of leaving the scheme with NISPI as one of the assessment period tasks before they carry out these calculations. It is anticipated that trustees will calculate opposite sex GMPs from the reconciled GMPs using the factors contained in Part D.1. Alternatively opposite sex GMP can be determined from earnings history if available. Opposite sex GMPs can be obtained from NISPI as part of their Dual GMP calculation service. However, waiting for these figures could cause delays. Trustees should agree the approach with their Scheme's Scheme Delivery Associate if they wish to use this service. Care should be taken for members where the period of accrual of GMP will change in the opposite sex calculation i.e. where accrual spans a period where males accrue GMP but females do not. An example of one possible approach to the calculation of the opposite sex GMP in such circumstances is given in Part D.1. Amounts at date of leaving as well as at GMP payable age may be required.
c) Scheme information	General information (such as the revaluation in deferment rates and rates for general pension increases in payment) for re-working members' benefits may be required. The scheme questionnaire provided in Part D.2 will assist in collecting the necessary information.

Combining information from several sources introduces the risk that the data items are not matched up appropriately. Appropriate checks should be put in place to demonstrate that this has been achieved. Care should also be taken where members have either two periods of scheme membership or have both deferred benefits and benefits in payment at the Relevant Time to ensure that the GMP is allocated to the appropriate record.

The PPF accepts that pragmatic, proportionate approaches will need to be taken by the trustees in addressing the issues of missing data / unknown information.

A.5.2 *Step 2 – Consider the PPF approach*

The trustees should consider the approach detailed in this statement by PPF and if any material reasons why the PPF's proposed approach would not be appropriate for their scheme are found, bring these to the attention of their Scheme Delivery Associate. When considering the approach, the following should be taken into account:

a) Appropriateness of the PPF assumptions (see Part C.3);

b) Benefit structure of the scheme (see below);

c) Individual member characteristics (see below); and

d) Proportionality considerations (see below).

b) Benefit structure of the scheme

If your scheme has any of the following characteristics the forms set out in Part C.4 may need to be adapted. If these apply, please contact your PPF Scheme Delivery Associate for further assistance:

i. Scheme provides revaluation on the whole pension in deferment in line with inflation;

ii. Scheme uses a more complex method of calculating early / late retirement pensions (e.g. transfer value equivalent method);*

iii. Schemes where contracting-out ceased before members left the scheme. Affected schemes may need to include the “later earnings addition” in the anti-franking minimum check;

iv. Scheme where the revaluation on the excess pension in deferment is greater than the revaluation on the GMP;

v. Schemes with 3 or more different Normal Pension Ages (NPAs), for example, 60, 62 and 65;

vi. Schemes with a NPA greater than 65;

vii. Schemes that provide a separate lump sum based on the member’s pension; and

viii. Schemes that commenced wind-up before the Assessment Date.

* The PPF is currently working on producing a set of default factors that will enable such schemes to carry out the GMP equalisation calculations using the standard forms. The PPF will be issuing further details on the PPF website shortly, on the appropriate factors that Trustees could use.

c) Individual member characteristics

Special care should be taken in carrying our calculations for members who meet any of the following criteria:

i. Pensioners who are affected by the compensation cap;

ii. The calculation of GMPs relating to different service periods by pro-rating post 88 GMPs for part-time members, members with breaks in service, members who have worked overseas, or anyone who doesn't have a uniform accrual of GMP over their period of service 5 April 1988 - 5 April 1997;

iii. Members where it is unclear whether they will be better off remaining as the same sex or being treated as an equivalent member of the opposite sex. Cases can arise where members may be entitled to a larger amount of compensation payable from age 60 but a smaller amount payable overall. Such cases are not expected to arise very often.

d) Proportionality considerations

Other factors the trustees should consider in making their decision are:

i. The general quality of the scheme data;

ii. If the more extensive data required to do more accurate calculations is available – this should include consideration of details of pensions paid to calculate any back-payments since the member retired; and

iii. How significant the changes in compensation are likely to be.

We expect that the proposed approach will be appropriate for the majority of schemes in assessment.

A.5.3 *Step 3 – Carry out the calculations*

It is expected that, once all the information has been collected, the adjustments can be calculated within approximately two months and can be done in parallel with other assessment activities.

A.5.4 *Step 4 – Identify the basis that is most generous to the member*

The output from the standard proforma is an adjustment to the Pre 97 element of compensation payable from age 60 and 65 (or other NPA as appropriate).

Typically as a result of the calculation members may get an increase in their Pre 97 tranche payable from age 60 and a decrease in their Pre 97 tranche payable from age 65. In most circumstances as well as getting an increase from age 60, the total level of compensation payable will also increase.

In certain limited circumstances the combined impact may be that a member will receive lower compensation overall but a larger proportion from age 60. In such circumstances the PPF early retirement factors in force at the Relevant Time should be used to determine the sex that represents the best value to the member. The member's benefits should then be recorded on that basis.

A.5.5 *Step 5 – Submit information to the PPF*

All schemes transferring to the PPF are required to submit information on the PPF's standard data interface layout ("the DIL"). The necessary calculations having been carried out, trustees will be able to complete the DIL with compensation amounts for members including any resulting adjustments. In all cases, an additional template will be provided with the DIL to capture the adjustments themselves. This will ensure that the PPF has sufficient information to deal with potential member queries in the future.

Part B - Technical details

B.1 Background

B.1.1 Content of Part B

Equalisation for GMPs is a complicated subject. Part B of this document has been written with the intention of providing the majority of PPF stakeholders with very basic information on the technical details and legal background underlying the calculations. It has initially been split into 2 main sections to address several issues that overlap, namely:

Section B.2 - the calculation of benefits accrued before 6 April 1997 (Pre 97) allowing for the difference in the rates of accrual of GMP between men and women (Modified Method (2)); and

Sections B.3 – B.5 – consider the additional statutory minimum requirements that result from a member having a GMP applicable to the opposite sex (the Statutory Minimum).

Further background along with a summary of our legal advice can be found in our 2011 consultation document covering the calculation of PPF compensation and FAS assistance in the context of equalisation for schemes contracted out on a GMP basis.

http://www.pensionprotectionfund.org.uk/DocumentLibrary/Documents/GMP_consultation_Jan11.pdf

B.1.2 Basic Legal Requirement

Under Section 171 of the Pensions Act 2004, PPF compensation must be calculated on a basis that is no more or less favourable for men and women in respect of the period 17 May 1990 – 5 April 1997, taking into account differences caused by the calculation of GMPs. Owing to the fact that GMPs stopped accruing after 5 April 1997, being replaced by the reference scheme test, no adjustments in scheme benefits and/or PPF compensation referable to benefits accrued after 5 April 1997 (Post 97) should be made. However, the method to be applied can lead to changes in any Pre 97 scheme benefits and/or PPF compensation (including in respect of accrual before 6 April 1978).

B.1.3 Comparators

On its face, section 171 of the Pensions Act 2004 only requires the PPF to equalise for GMPs where a comparator exists[2]. However, a number of statements have been issued by Ministers of State for Pensions, which have indicated their view that European law requires that any inequality in scheme rules which results from the legislative provisions governing GMPs should be removed, whether or not a person can show that a comparator exists. Additionally, the government intends to bring forward legislation (amongst other things) to amend s171.

For all schemes in (or which enter) a PPF assessment period, the exercise should therefore be carried out (by the trustees or the PPF, as applicable) for all members, including members of schemes (or sections of schemes) that only have male (or only have female) members.

B.1.4 Equalisation before and after the Assessment Date

Section 171 requires the PPF to equalise PPF compensation for GMPs. However, section 166 also requires the PPF to redress underpayments in scheme benefits which occurred before the Assessment Period. For this reason, the PPF needs to consider how schemes might effect equalisation for GMPs.

[2] Broadly, a comparator is a member of the opposite sex doing the same work or work of equivalent value.

B.2 Equalisation of accrual – Modified Method (2)

Following a consultation in April 2008 (where the PPF set out 4 possible methods of equalisation for GMPs) the PPF approved "Method (2)" as being the most suitable method of equalisation for GMPs for the PPF.

"Method (2)" requires a comparison of the total pension that would be payable in respect of service periods between 17 May 1990 and 6 April 1997 in respect of two individuals who are equal in every respect except one is a male and the other is a female member. The comparison should be made when the pension comes into payment, and annually (or more frequently) once that pension is in payment. The higher pension amount is then paid.

Modified Method (2) is a partial **application** of method (2). It is similar to method (2) but allows for the special circumstances applicable to the PPF; namely that PPF compensation treats all pensions after the Assessment Date in the same way and does not differentiate between GMP and excess pension. The PPF approved this method as being the most suitable for PPF compensation payments following the 2008 consultation.

The PPF is therefore in the fortunate position that equalisation for GMP when calculating **PPF Compensation** only needs to be carried out at a single date - the Relevant Time (the day before the Assessment Date).

Changes to the calculation of PPF compensation after the Relevant Time in accordance with this Modified Method (2) should be applied as the first step. The PPF has established conversion factors (see section D.1) to calculate opposite sex GMP which can be used to apply Modified Method (2). Alternatively NISPI has a Dual GMP calculation service.

However, this only deals with the inequality in the accrual rates of GMP. In particular it does not recognise the right of a female to receive GMP at age 60.

The next sections (B.3-B.5) look at the other statutory obligations for schemes that were contracted-out by providing GMPs.

B.3 Statutory requirements for contracted-out schemes

B.3.1 Relevant Legislation

Existing UK legislation on contracting-out and preservation of benefits[3] should be taken into consideration when calculating both:

- Entitlement to Pre 97 pension prior to the Assessment Date; and
- Pre 97 PPF compensation paid after the Assessment Date,

taking into account equalisation for GMPs.

A second consultation explaining the implications of both equalisation for GMPs and applying a Statutory Minimum to PPF compensation was undertaken by the PPF in January 2011. The PPF has now confirmed the method outlined in that consultation.

B.3.2 Before the Assessment Date

This approach is discussed further in sections B.4 and B.5 below. Section B.4 considers the legislative implications for schemes before they enter a PPF assessment period. This is relevant to members who are already receiving benefits from their scheme when the scheme enters a PPF assessment period (irrespective of their age). Section B.4 is also relevant for members who are over Normal Pension Age (NPA) for a tranche of pension as the Pensions Act 2004 requires them to take immediate retirement at the Relevant Time calculated using the scheme's method and late retirement factors.

B.3.3 From the Assessment Date

Section B.5 confirms the interaction of the various preservation and contracting-out legislation with PPF legislation. This is of particular relevance to active and deferred members.

B.3.4 Retirement decisions assumption

It is recognised that the statutory requirements (in respect of GMP) for females apply at the female GMP Age of 60. Male members who are over age 60 at the Relevant Time will have had the right but not the opportunity to request that their equivalent female GMP was put into payment at age 60. Our equalisation for GMP calculations and application of the Statutory Minimum for members over age 60 at the Relevant Time assume that all members would have made the same decisions regarding their chosen date of retirement in relation to all of their benefits (i.e. that, where the member has not retired at the Relevant Time, he would not have done so in relation to a GMP element only, even if he were able to take that element unreduced). The calculations allow for the statutory late retirement factors that apply to female GMPs after age 60 which adequately compensate for the postponement of the female GMP. Whilst we accept that this might not reflect the choice members would have made in every case, an assumption on this point is needed for the calculations to be implemented and we considered this the most likely of the options.

[3] This is primarily found in the Pension Schemes Act 1993 and regulations made under it, including the Occupational Pension Schemes (Presentation of Benefit) Regulations 1991.

B.4 Interaction of the statutory requirements and the scheme rules

B.4.1 Introduction

Broad details of the general statutory requirements for contracted-out schemes are set out below. These details are relevant to pensioners and dependants at the Assessment Date as they reflect the requirements for UK occupational schemes before they enter a PPF assessment period.

B.4.2 Contracting-out legislation

The contracting–out legislation requires that, where the member is receiving a pension from the scheme at or after GMP Age, the Pre 97 pension should be at least equal to the member's revalued GMP. This test applies irrespective of the scheme's NPA and is not dependent on the date that the member retired from the scheme. For females this test needs to be carried out in respect of all GMP from age 60. Following equalisation for GMPs, a test needs to be carried out for a male to check that the pension in payment from age 60 is at least equal to the female GMP that the male would have earned if he had been treated as a female for the period 17 May 1990 – 5 April 1997.

B.4.3 Anti-franking and preservation legislation

The combined effect of these pieces of legislation is to require a minimum amount of Pre 97 Pension (excluding any period where the scheme was contracted-out via Protected Rights) to be paid from a scheme at and after **GMP age** (60 for females and 65 for males).

B.4.4 Effect of equalisation for GMP

Following equalisation for GMPs (where individual members may be treated as having GMPs accrued in different periods applicable to different sexes) two statutory minimum tests are required:

- A test at age 60 (female GMP age) for any member who is treated as a female for part of their service*;

  PLUS

- A test at age 65 (male GMP age) for any member who is treated as a male for part of their service.**

* For example, if a male member has an element of pension that includes female GMP then a test at the female GMP Age 60 would be required for the male member. This test would require the whole pre 97 pension in payment to be at least equal to the female GMP accrued 17 May 1990 – 5 April 1997.

** The test at age 65 would require the whole pre 97 pension in payment to be at least equal to the male GMP accrued 6 April 1978 – 5 April 1997.

For pensioners and dependants it is expected that the scheme will have taken into account the appropriate legislation (prior to equalisation for GMPs) applicable to the member's true sex in calculating their pension. Any recalculation of benefits accrued Pre 97 for pensioners and dependants to apply equalisation for GMPs needs to take into account the method the scheme would have used to satisfy these statutory requirements in calculating scheme benefits for members of the opposite sex.

B.5 Interaction of the statutory requirements with the requirements of the Pensions Act 2004 for actives and deferred pensioners

B.5.1 Introduction

For actives and deferred pensioners, where no pension is in payment when the scheme entered a PPF assessment period, the way the statutory requirements for contracted-out schemes interact with the Pensions Act 2004 must be considered.

For example, the definition of NPA under Schedule 7 of the Pensions Act 2004 often gives members a right to compensation at more than one age and means that the PPF typically assigns different NPAs to tranches of PPF compensation earned during different periods of service. Non-pensioners at the Relevant Time are allowed to retire at different dates for tranches of PPF compensation with different NPAs. Owing to Barber[4] actives and deferred pensioners therefore typically have tranches of Pre 97 Pension calculated at entry to the PPF with different NPAs: The pension allocated to each tranche being that accrued in service periods with different NPAs with appropriate allowance for revaluation in deferment up to the Relevant Time for deferred pensioners. This interaction between different statutory provisions also affects how revaluation applies.

B.5.2 Male and Female Tests at 60 and 65

Following equalisation for GMPs, statutory minimum tests are required to ensure that:

Female test - there is sufficient pension allocated to a tranche of Pre 97 pension with NPA 60 to cover the statutory requirements for female GMP at 60; and

Male test – there is sufficient pension for all tranches of Pre 97 pension to cover the statutory requirements for male GMP at 65.

B.5.3 Active members

For active members, where the member's service has not ceased before the Assessment Date, the statutory requirements relate to the contracting out requirements only. This is because neither scheme-based revaluation entitlements, nor the distinction between GMP and excess are relevant to the period after the assessment date.

For deferred pensioners the tests are more complicated and details of the two tests required are set out below.

B.5.4 Deferred pensioners – Female Statutory Minimum test

For females (or any male member who is treated as a female for part of his service) the Statutory Minimum amount of Pre 97 Pension with NPA 60 at the Relevant Time is set out below.

The applicable minimum depends on whether the Pre 97 pension with NPA 60 accrued to the date of leaving service (i.e. ignoring any revaluation) is sufficient to meet the equalised GMP at date of leaving (again, ignoring revaluation). If it is not sufficient (scenario 1) the minimum will be the revalued equalised GMP.

[4] Barber v Guardian Royal Exchange (1990) and subsequent cases.

If it is sufficient (scenario 2), the Minimum will be:

(a) the accrued Pre 97 pension with NPA 60; plus
(b) revaluation on the equalised GMP; plus
(c) revaluation on the excess of scale pension payable at 60 over the equalised GMP (at the higher of the rates payable under the scheme rules and statute); plus
(d) the later earnings addition (if applicable).

The "later earnings addition[5]" is an additional element that can apply to members where the date the member ceased contracted-out service is before the date that they actually left the scheme. It applies to very few members/schemes and so is not considered further in this document. Schemes in a PPF assessment period should contact their Scheme Delivery Associate if their scheme is affected by the "later earning addition".

The 2 components of this test relate to:

- the contracting out requirements; and
- the anti- franking and preservation requirements.

The January 2011 consultation (sections 4.5.6 – 4.5.8) provided further details. From a practical perspective it is recognised that it may be simpler to calculate both the scenarios with the maximum then being used. As this approach will give the same uplift, all calculations for deferred pensioners in section C therefore illustrate the calculation of both elements using the following simplified Statutory Minimum.

Simplified Statutory Minimum Test

Maximum

(1) "all female GMP" with revaluation on the GMP; and

(2) accrued Pre 97 pension with NPA 60

+ GMP revaluation on "all female GMP"

+ **revaluation on the "revised excess pension" with NPA 60 or lower**

where:

"all female GMP" for a female member is the female GMP accrued in the period 6 April 1978 – 5 April 1997. For a man this is the equivalent female GMP that the man would have accrued in the period 17 May 1990 – 5 April 1997 if he had been a female. It is revalued using the method of revaluation of GMPs applicable to the scheme at the date that the member ceased contracted-out service under the scheme.

The "revised excess pension" is any Pre 97 Pension remaining which is payable at 60 after deducting "all female GMP" from the "accrued Pre 97 pension with NPA 60".

Revaluation on the "revised excess pension" is revaluation as set out in the scheme rules (subject to this meeting the statutory minimum requirements).

A check is made at the Relevant Time only as to whether or not the Statutory Minimum is covered by the pension payable at 60 after allowance for GMP. If that pension is already

[5] See s90 of the Pension Schemes Act 1993

greater, no further adjustment is required as the Statutory Minimum has been covered. If it is lower, the Statutory Minimum amount must be paid.

As the Statutory Minimum allows for revaluation on the female GMP in the 60 tranche, the remaining elements of pension with revaluation at the excess rate are then paid from the later NPA.

Where scenario 1 is the maximum, the pension in the NPA 60 tranche at date of leaving increases (as opposed to the difference being caused by different rates of revaluation). Accordingly, to avoid double counting, the Pre 97 pension payable at the later NPA (usually 65) is reduced by a corresponding amount. Note that the reduction:

- can be applied to all Pre 97 pension (including that accrued before 6 April 1978) except to the extent that it is an equivalent pension benefit (EPB); but

- cannot be applied to any Post 97 pension.

B.5.5 Deferred pensioners – Male Statutory Minimum test

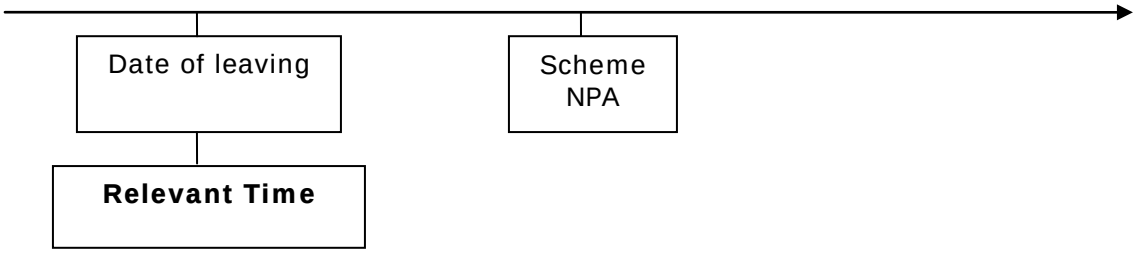
For males (or any female member who is treated as a male for part of her service) male GMP is payable from age 65. An equivalent statutory minimum amount of PPF compensation must therefore be payable from that age. This test has no impact on the calculation of PPF compensation and has therefore not been considered further in this document.

B.5.6 Active and deferred pensioners over lowest NPA at Relevant Time

Paragraphs 5 and 8 of Schedule 7 of the Pensions Act 2004 set out the treatment of members who are over a scheme NPA at the Relevant Time. For such members the element of postponed pension must be calculated in accordance with the scheme rules as though the pension had come into payment immediately before the Assessment Date. The interaction of the statutory requirements and the scheme rules for the part of benefit due as at the Relevant Time will be similar to that applying to pensioner members, which is set out in B.4 above.

B.6 Actives – explanation of calculations at the Relevant Time

B.6.1 Typical timeline



For active members a deferred pension is calculated at the Relevant Time and is usually linked to the member's final pensionable earnings at that time. Since GMPs stopped accruing after 5 April 1997 and the Pensions Act 2004 only came into effect from 6 April 2005, for an active member at the Relevant Time, the female GMP will always be the same or greater than that applicable to an equivalent male member. See Part D.1 for further information on calculating male and female GMPs.

B.6.2 Equalisation of Accrual Rate using Modified Method (2)

The first check required is to see if any change is needed to the member's total Pre 97 pension at the Relevant Time to cover the requirement for equalising accrual rates, using Modified Method (2). Any member in active service on or after 6 April 2005 would have a post 5 April 1988 GMP accrual rate of 110ths at best[6]. For schemes entering an assessment period after 6 April 2005 the maximum post 5 April 1988 GMP will represent an even smaller proportion of the member's pension.

The requirement to equalise accrual rates, using Modified Method (2) is therefore not expected to increase the total Pre 97 pension at the Relevant Time for any active members since the scheme should have sufficient Pre 97 excess pension to cover any increase required to the GMP part of the pension.

B.6.3 Statutory Minimum underpin check NPA 60

A check is required to be carried out at the Relevant Time to ensure that there is sufficient Pre 97 pension with a NPA of 60 to cover the female Statutory Minimum from age 60. As set out in section B.5, the Statutory Minimum for the Pre 97 NPA 60 tranche of pension is simply the appropriate revalued GMP:

- for female members: all female GMP accrued between 6 April 1978 – 5 April 1997; and
- for male members: equivalent female GMP accrued between 17 May 1990 and 5 April 1997.

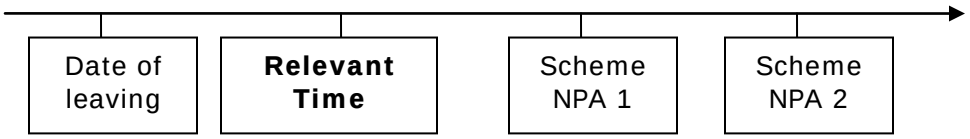
[6] A member in active service aged 64 last birthday at 6 April 2005 would have been aged 37 last birthday when contracting-out commenced on 6 April 1978. The post 88 GMP accrual rate would therefore be calculated by reference to a working life of 27 complete tax years for males (6 April 1978 to 5 April 2005) or 22 complete tax years for females (6 April 1978 to 5 April 2000). For the purposes of equalisation for GMP we are concerned with the more favourable GMP accrual rate applicable to females, giving: (20/100) x (1/22) = 1/110. Younger members would accrue post 88 GMP at a lower rate. (Eg members in active service age 63 and 62 last birthday at 6 April 2005 accrue female GMP at 1/115 and 1/120 respectively.)

For actives, the application of the Statutory Minimum may require a larger amount of pension to be allocated to the tranche of pension with a NPA of 60. As no increase is required to the total Pre 97 pension at the Relevant Time this is typically achieved by moving sufficient Pre 97 Pension with a NPA of 65 to a NPA of 60 so that the minimum is met.

For actives who are aged between 60 and the scheme NPA at the Relevant Time the new NPA 60 tranche is paid at 100%, rather than 90%. In these cases the NPA 60 tranche is also not considered in the application of the compensation cap.

B.7 Deferred Pensioners – explanation of calculations at the Relevant Time

B.7.1 Typical timeline



Deferred pensioners will have left the scheme before the Assessment Date. Calculations for deferred pensioners need to be carried out at the Relevant Time[7] (the day before the Assessment Date). Since GMP stopped accruing on 5 April 1997, as for active members, for deferred pensioners the female GMP is always expected to be the same or greater than that applicable to an equivalent male member.

B.7.2 Equalisation of Accrual Rates using Modified Method (2)

In a similar way to the argument outlined for active members above, the requirement to equalise accrual rates using Modified Method (2) for deferred pensioners may change the split of the pension at date of leaving the scheme between GMP and excess pension. It is not however expected to require any increase in the member's total Pre 97 pension at the date of leaving the scheme. However, as the GMP and excess elements of pension typically receive different rates of revaluation in deferment, there may be an increase in the Pre 97 pension as revalued to the Relevant Time.

B.7.3 Statutory Minimum check NPA 60

A check needs to be carried out at the Relevant Time to ensure that there is sufficient Pre 97 Compensation with a NPA of 60 to cover the female Statutory Minimum that the member is entitled to from age 60.

Maximum

(1) "all female GMP" with revaluation on the GMP; and

(2) Accrued Pre 97 pension with NPA 60

+ GMP revaluation on "all female GMP"

+ revaluation on the "revised excess pension" with NPA 60 or lower

All these elements of pension with appropriate revaluation will already be included in the total Pre 97 pension revalued to the Relevant Time following equalisation of accrual rates using Modified Method (2). However, depending on the history of scheme NPAs there may be insufficient Pre 97 pension with a NPA 60 to cover the minimum required. Part of the revalued Pre 97 pension with a NPA greater than 60 may therefore need to be moved from the higher NPA tranche into a tranche of pension with NPA of 60 to meet the Statutory Minimum underpin at NPA 60 (see section B.5.4 for further details).

[7] See paragraphs 15-19 of Schedule 7 of PA2004.

B.7.4 Typically male deferred pensioners benefit from both Modified Method (2) and the Statutory Minimum:

1. Modified Method (2) typically produces a larger revalued deferred pension at the Relevant Time due to the larger equivalent female GMP calculated using Modified Method (2) typically receiving greater increases in deferment than excess pension; and

2. The Statutory Minimum underpin often requires pension in a tranche with a NPA of 65 to be moved into a tranche of pension with a NPA of 60 to meet the female Statutory Minimum underpin at age 60.

B.7.5 Typically female deferred pensioners benefit from the Statutory Minimum

The Statutory Minimum underpin often requires pension in a tranche with a NPA of 65 being moved into a tranche of pension with a NPA of 60 to meet the female Statutory Minimum underpin at age 60.

B.7.6 Circumstances where adjustments are most pronounced

Schemes where the adjustments to pension at the Relevant Time are most pronounced are those where the scheme has a single NPA of 65 or there is only a very short Barber window with NPA 60.

Members who tend to be most affected by the change are those in schemes that give fixed revaluation on the GMP and who have a long period between the date of leaving the scheme and the Relevant Time. This is due to fixed rate revaluation on the GMP typically being much higher than the revaluation on excess pension for members who left the scheme prior to 6 April 2002.

This is illustrated in the table below which shows the rate of fixed rate revaluation that is applicable to members leaving contracted-out service at different dates.

Date of leaving contracted - out service	Rate of fixed rate revaluation % per annum
6/4/1988 – 5/4/1993	7.5
6/4/1993 – 5/4/1997	7.0
6/4/1997 – 5/4/2002	6.25
6/4/2002 – 5/4/2007	4.5
6/4/2007 onwards	4.0

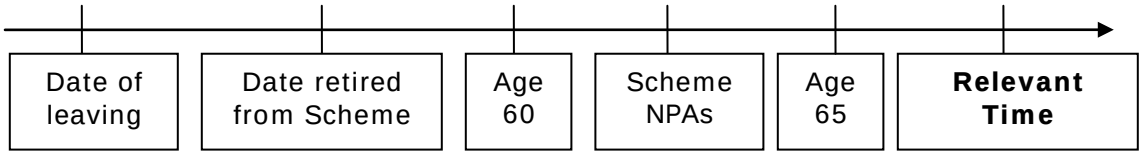
The differences between GMP and excess rates of revaluation for schemes that give revaluation on the GMP in line with s148 orders and statutory revaluation on the excess pension are much less pronounced. This is mainly due to:

- the recent relatively low levels of inflation (which means that the overall cap on statutory revaluation has had little effect); and
- new s148 and statutory revaluation rates being published each year (whereas the applicable rate of fixed rate revaluation is set at the date the member leaves contracted out service and then applies for the whole period of the member's deferment).

For similar reasons, the differences between limited revaluation on GMP and statutory revaluation on excess pension are not so pronounced.

B.8 Pensioners – explanation of calculations at the Relevant Time

B.8.1 Possible pensioner timeline



The calculations required to adjust PPF compensation for pensioners are much more complex as they depend on where the Relevant Time falls relative to the date the member retired and several other key dates on the individual pensioner's timeline. Typically the pensioner may also have had benefits from the scheme with different normal pension ages although they will usually have retired from the scheme at a single date. The timeline above illustrates one particular scenario. Our adjustment to PPF compensation and scheme benefits assumes in all cases that the member would have made the same decision on the date of retirement from the scheme in relation to all benefits (see B.3.4 for further details).

Any pensioner whose PPF compensation is affected by equalisation for GMPs will have a pension in payment at the Relevant Time that includes some GMP accrued in the period 17/5/1990 – 5/4/1997. As GMPs stop accruing at the 5 April preceding GMP Age and GMP accrual rates are the same for male and female pensioners born before 6 April 1934, cases can arise where the male GMP is the same or larger than the equivalent female GMP. For pensioners we cannot therefore automatically assume that male pensioners would be better off being treated as a female, or vice-versa.

B.8.2 Equalisation for GMPs and statutory requirements

For pensioners equalisation for GMPs involves recalculating the split of the pension at date of leaving the scheme between GMP and excess pension. This needs to be done for each tranche of pension with different Normal Pension Ages in the period 17/5/1990-5/4/1997.

The scheme's method of:

- revaluing the pension in deferment;
- calculating the revised pension on early / late retirement, if applicable; and
- reducing the pension on retirement to allow for any pension commuted, if applicable,

should then be followed in order to calculate the opposite sex pension the member could have been receiving at the date the member retired from the scheme.

It is also necessary to consider the different statutory requirements that the **scheme would have applied** to a member of the opposite sex at the appropriate times and to amend the pension as necessary to ensure that these requirements are met.

From the date of retirement to the Relevant Time the pension that the member has received should be compared with that which would have paid to a member of the opposite sex. This calculation needs to consider the pension increases that the scheme would have awarded to a member of the opposite sex.

B.8.3 Back-payments

Where pensioner benefits or compensation have been underpaid as a result of the scheme not having equalised for GMP, the PPF is required to top up retrospectively under s161, 163 and 166 of the Pensions Act 2004. See separate section B.10 on back-payments below.

B.8.4 Pensioners who have taken early / late retirement from the scheme

Where a member retires either before or after[8] the scheme's Normal Pension Age, the preservation legislation[9] requires that the trustees or managers of the scheme are reasonably satisfied that the total value of the alternative benefits offered are at least equal to the accrued benefits (i.e. those that the member could receive at or after the scheme's Normal Pension Age). Although early and late retirement factors are currently exempt from the requirement to equalise, our experience suggests that the majority of schemes adopted unisex early / late retirement factors shortly after the Barber judgment on 17 May 1990. Where unisex factors have been adopted, it is expected that the trustees or managers of a scheme were "reasonably satisfied" that the factors were generous enough to maintain the value of the accrued benefits, including allowing for the different statutory requirements that apply to those accrued benefits for both males and females.

Where Trustees are confident that (owing to the use of unisex factors and the preservation requirements or otherwise), the early/late retirement factors and method was generous enough to take into account the statutory requirements relating to both males and females, any elements of PPF compensation that relate to the pensioner taking early or late retirement from the scheme are only subject to a recalculation to allow for Modified Method (2) and a check that the opposite sex GMP is covered from GMP Age[10].

B.8.5 Pensioners who have taken pension at NPA

Where a member has retired from the scheme at NPA then in theory it should be possible for the scheme to recalculate the member's pension from the date of retirement to the Relevant Time making allowance for both the changes required for equalisation for GMP and the statutory requirements that would have applied to a member of the opposite sex.

B.8.6 Dependants

Theoretically the calculation of PPF compensation for dependants would be followed in a similar way at that outlined above for pensioners, with the benefit for the dependant being crystallised at the date of the member's death.

Consideration should be given to how the scheme would have calculated the opposite sex dependant's pension based on the application of the scheme rules for death in service, death in deferment or death after retirement, as appropriate. As for pensioners, theoretical calculations should include any back-payments due prior to the Assessment Date.

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[8] Note that, whilst the preservation requirements only apply to members who became entitled to short service benefits (and therefore not those who continue in service past NPA), it is expected that the late retirement factors used for late retirees from active service will be the same as or more generous than those used for late retirees from deferment.

[9] See in particular, regulations 8 and 11 of the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991.

[10] If Trustees need further clarity, they should contact their actuarial contact

B.9 Historic members with no current entitlement

Under the current legislation the PPF is not required to top up retrospectively in relation to benefits for members who have taken a transfer value or refund of contributions prior to the assessment date.

Legislation does, however, require that such top ups should be paid in other circumstances (such as death or trivial commutation at retirement). It is expected that in many cases a pragmatic approach will have to be taken owing to lack of data, see section C.3.14 for further details on the approach proposed by the PPF.

B.10 Back-payments

B.10.1 Back payments fall into two categories:

(a) Payments of PPF compensation after the Assessment Date (including during the assessment period)

Where a scheme will transfer to the PPF, applying Modified Method (2) and the Statutory Minimum is suitable for all payments after the assessment date, including those made during the assessment period. Where payments during the assessment period have not met PPF compensation levels (including equalisation for GMP) the PPF must retrospectively top up pursuant to s161 and s163 of the Pensions Act 2004. S163 also requires interest to be paid at Bank of England base rates for any period of late payment.

(b) Payments of pension before the Assessment Date

S166 of the Pensions Act 2004 also requires the PPF to redress under payments in scheme benefits to which entitlement had arisen before the Assessment Date. Given the PPF's view on the obligations arising as a result of the equal treatment rule imported into all scheme rules[11], this top up requirement will be triggered where payment of such benefits has not been made on a basis that accounts for equalisation for GMPs. For pensioners and dependants (where the scheme has not already equalised for GMPs prior to entering a PPF assessment period) a year on year (or more frequent) comparison of the male and female pension prior to the Assessment Date also needs to be made, as envisaged by Method (2).

S166 only provides for the PPF to redress entitlement to payments due under the scheme rules before the assessment date. Adding interest on back-payments due prior to the Assessment Date, where the scheme rules did not include a provision requiring it can be seen to be going further than is required or permitted.

Any shortfall between the actual pension paid before the Assessment Date and the higher pension applicable after equalisation for GMP should therefore be made as a one-off payment, if applicable. Interest should not be paid unless the scheme rules required it.

B.10.2 Back-payments may be due to the following:[12]

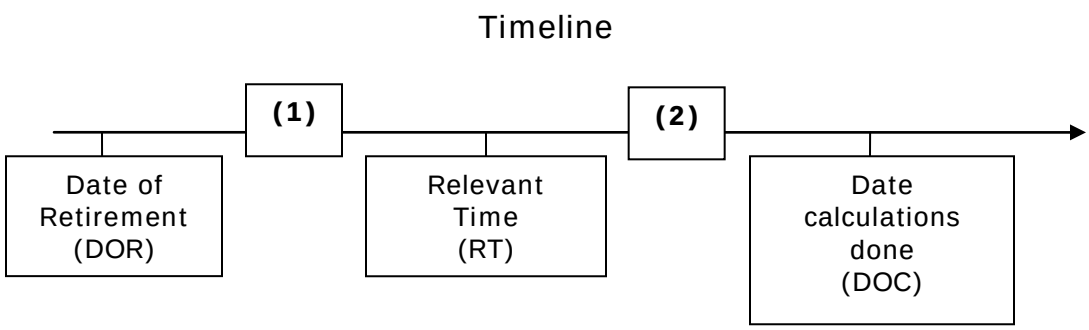
(a) Pensioners at the Relevant Time;
(b) Dependants at the Relevant Time;
(c) New pensioners who have retired between the Relevant Time and the date the scheme has been equalised for GMPs;
(d) New dependants between the Relevant Time and the date the scheme has been equalised for GMPs; and
(e) Historic members with no current entitlement, if applicable.

Full details of the back-payments that may be due for the different categories of pensioner and dependants identified have been set out below.

[11] Previously by s62 of the Pensions Act 1995 and now by the Equality Act 2010.

[12] Note that, whilst the Board recognises that the equalisation process may give rise to a new entitlement for a non-pensioner to payment of an element of pension (because of the female GMP Age of 60), the Board has decided to add the appropriate late retirement factor, rather than assuming that the person would have brought their benefit into payment at the earliest opportunity. See B.3.4 for further details.

(a) Pensioners at the Relevant Time



Pensioners at the Relevant Time may be due back-payments both in respect of any additional **scheme pension** due prior to the Relevant Time and any additional **PPF compensation** due after the Relevant Time for equalisation for GMP.

As these relate to two different forms of benefit these two periods have been considered separately.

(i) Additional pension due from DOR to RT

(ii) Additional compensation due from RT to DOC

(i) Date of Retirement to the Relevant Time

Because these underpayments are of scheme benefits (whose rate of revaluation/increase differs between men and women), rather than PPF compensation, in theory the method to be adopted should be a comparison of the payments made on a year by year basis (or more frequently) with those that would have been made to a member of the opposite sex under the scheme rules. At any time the higher benefit would be paid. However, the PPF will consider pragmatic approaches which can act as a proxy for that approach (see C.3.10).

Interest for late payment covering the period from Date of Retirement to the Relevant Time should only be added if the scheme rules state this as a requirement. The interest added should be in accordance with the scheme rules.

No interest should be added to any shortfall in scheme payments to reflect the delay for late payment from the Relevant Time to the date that the calculations are carried out.

(ii) Relevant Time to date of calculation

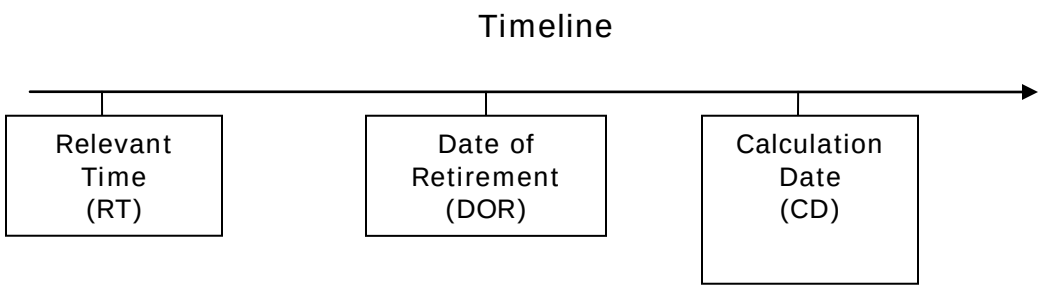
Any uplift in compensation covering the period after the Relevant Time relates to pre 5 April 1997 service and therefore receives no increases in payment. The uplift at the Relevant Time is after application of the compensation cap, 90% multiplier (if applicable) and the application of the “admissible rules”. This will be zero for capped members.

Interest, at Bank of England base rate (on a daily basis) from the date the compensation was due should be added to the uplift in compensation due.

(b) Dependants at the Relevant Time

Back-payments can be calculated in the same way as those for pensioners above with Date of Retirement replaced with the date pension became payable.

(c) New Pensioners between the RT and date equalisation is implemented



Any uplift in the deferred compensation calculated at the Relevant Time needs to be increased between the Relevant Time and Date of Retirement in line with increases awarded to PPF compensation in deferment. If the member retires before NPA in relation to a particular tranche of compensation then the appropriate PPF early retirement factor should also be applied at the Date of Retirement. This revised compensation is all pre 5 April 1997 compensation so gets no increases in payment.

Interest, at Bank of England Base Rate (on a daily basis) from the date the compensation was due should be added to the uplift in compensation due.

(d) New Dependants between the Relevant Time and date equalisation is implemented

Back-payments can be calculated in the same way as those for pensioners above with Date of Retirement replaced with the date the pension became payable.

(e) Historic members with no current entitlement

Calculations should follow those applicable to the status of the member covering the period up to when entitlement ceased.

Part C - The Board of the PPF's approach

C.1 Data requirements

For members of schemes who have already transferred to the PPF the main constraint on calculating the exact increases to PPF compensation is a lack of detailed member data. For such members, the only data that is held by the PPF in a readily accessible form is that which is required to pay PPF compensation. This consists of basic member information such as dates of scheme membership and amounts of PPF compensation. When a scheme transfers to the PPF a dump of scheme data is also received.

However, for schemes that have already transferred to the PPF this data has been provided in many different formats and consequently is not readily accessible. We have reviewed the more detailed data transferred for some sample cases and this indicates that many of the data items that are required to carry out the exact calculation of the uplift in compensation, for example pension at date of leaving the scheme is not available for many members. Even where this data is available this is not held in such a way that it can be retrieved in a cost effective manner.

The PPF's approach on how it will tackle this exercise for transferred schemes has therefore been based on the data that it does have available from three sources:

1. Information from PPF standard data interface layout (the DIL)	This is the data that is provided on the PPF standard data interface layout for all schemes that transfer to the PPF. It includes individual member information including critical dates (where these are available) and details of members' PPF compensation. It does not include details of members' GMP. The data items input into the calculations should be those which would have applied before GMP equalisation was carried out.
2. GMP data from NISPI	NISPI offer a range of services for providing GMP information to contracted-out schemes. The PPF is considering obtaining GMP information for members that have already transferred to the PPF directly from NISPI.
3. Scheme information questionnaire	For schemes that are currently transferring to the PPF the PPF is collecting general information regarding the calculation of benefits directly from the scheme trustees / administrators. This information is being collected using the questionnaire in D.2. Such questionnaires are intended to supply sufficient information to enable the PPF to rework members' benefits at the Relevant Time. Trustees should make reasonable attempts to collect such information. When this information is not available appropriate assumptions will need to be made.

Similar colouring has been used in the rest of this document to indicate the source of various data items.

Although this approach uses relatively minimal data, it is accepted that this data may still not be available in all cases. In particular, the general scheme information in 3 requires for example, details of the early retirement factors in use at the date of retirement for any

affected pensioner. When information is not available, appropriate assumptions will need to be made.

C.2 Impact on calculations

The PPF has reviewed the theoretical calculations that are required to calculate the **uplift in PPF compensation** for different categories of member under a number of different scenarios. By then making certain assumptions the PPF has been able to simplify the calculations required.

Based on:

- the limited data that the PPF had available;
- the relatively small changes to PPF compensation that this exercise produces for the majority of members; and
- the feedback from Stakeholders regarding the complexities of undertaking the calculations;

the PPF is satisfied that this is a **pragmatic and proportionate** approach to meeting its legal obligations.

Where the assumptions that the PPF has made are borne out in practice, the PPF's standard forms produce an exact calculation of the changes required to PPF compensation.

The adjustment to pension / PPF compensation is calculated for all members at the Relevant Time. Where the member has changed status since that time, for example taken early retirement then the change in pension / PPF compensation needs to be followed though into any subsequent calculations.

C.3 Assumptions

This section contains brief details of the broad assumptions that the PPF has made in developing the general calculations required.

C3.1 Sufficient excess pension

Non-pensioners

All active and deferred pensioners have sufficient Pre 97 Pension at date of leaving the scheme (whether payable at age 60, 65 or another NPA) to cover the equalised GMP at date of leaving. This means that equalisation for GMPs only changes the split of the total pension accrued prior to 6 April 1997 at the date of leaving into GMP and excess pension and not the total pension.

For active and deferred pensioners this is considered to be a reasonable assumption due to the lower rates of GMP accrual that apply for members in these categories at the Relevant Time. See B.6 and B.7 for further justification.

Pensioners

For pensioners the PPF does not have details of the Pre 97 Pension at the date of leaving the scheme available to check this assumption. However, it is clear from an analysis of some of the detailed records that we have available that a similar assumption is not appropriate for all pensioners. The PPF has therefore developed two separate calculations for pensioners. The first calculation assumes (in a similar way to non-pensioners) that a change is required only to the split of the total Pre 97 Pension at the date of leaving the scheme into GMP and excess pension. The second calculation covers the situation where it is clear that a pensioner is receiving Pre 97 Pension at the Relevant Time relating to their GMP only (i.e. the extreme position).

C3.2 Single revaluation method

A single method of revaluation in deferment applies to all excess pension earned between 17 May 1990 and 5 April 1997.

This is consistent with the majority of scheme designs.

C3.3 Schemes method of calculating early / late retirement pensions

Pensioners at the Relevant Time who took early or late retirement from their scheme had their early / late retirement pensions calculated by applying a single factor to either the pension revalued to the date of retirement or the pension projected to Normal Pension Age (NPA).

Whilst it is clear that schemes adopt a variety of methods for calculating early/late retirement pensions, it is expected that applying factors to the calculation of benefits will be the most common approach. The scheme information collected on the scheme questionnaire should indicate if this assumption is appropriate or if further assumptions are required.

Where schemes have used a more complex method of calculating early / late retirement pensions (e.g. transfer value equivalent method) a set of default factors should be used to enable the GMP equalisation calculations to be completed using the standard forms. The PPF will be issuing further details on the PPF website shortly, on the appropriate factors to use.

C3.4 Early / late pension factors

Unisex early and late retirement pension factors have been used in the calculation of pensioners benefits.

Although sex-specific actuarial factors are currently permitted for occupational pension schemes, our experience suggests that the majority of schemes use unisex factors. Our calculations assume that pensioners benefits have been calculated using unisex factors and that these factors reflected the different statutory requirements that applied to both sexes. Again scheme information collected on the scheme questionnaire should indicate if this assumption is appropriate or if further assumptions are required.

C3.5 Commutation

(i) No allowance will be made for pension the member may have commuted on retirement.

It is likely that many pensioner members, who are shown as receiving compensation equal to their GMP only, may have commuted pension in excess of the GMP on retirement. Details of any pension commuted are not held by the PPF.

Our forms therefore make no allowance for any pension the member may have commuted on retirement. Increasing a pensioners' GMP to the opposite sex GMP may therefore result in additional compensation greater than that strictly required, as it is likely that the scheme may have restricted the options available to the member on retirement.

(ii) Any additional compensation awarded to retired members will be paid as compensation.

Members who have retired at the date the calculation is carried out will not be able to commute any additional compensation awarded.

Active and deferred pensioners at the Relevant Time who have not retired when any increase in compensation is calculated will be able to commute a proportion of any additional compensation on the standard PPF terms available at the date of retirement.

C3.6 Relevant GMP

Details of members contracted-out earnings are recorded by NISPI for tax years. GMP accrued between 17 May 1990 – 5 April 1997 can be calculated by pro-rating either the post 5 April 1990 GMP or the post 5 April 1988 GMP.

This is considered to be a reasonable approximation and the PPF is doing this for transferred members using relevant service calculated to number of days.

C3.7 Opposite sex GMP

NISPI's "Dual GMP calculation facility" can provide opposite sex GMP or this can be calculated using member's GMP details.

It is recognised that GMPs from NISPI's "Dual GMP calculation facility" will not accurately reflect the opposite sex GMP for:

- females who have remained in service beyond age 60, as NISPI calculate the opposite sex post 5 April 1990 GMP based on service to age 60 only, due to National Insurance Contributions ceasing at GMP Payable Age.

- females joining the scheme after age 60, NISPI will have no record of any contracted-out earnings. Any opposite sex GMP provided using this service will therefore be quoted as being zero.

C3.8 GMP with different NPAs	**For transferred schemes the PPF is using general scheme details on the equalisation of normal retirement ages from the scheme questionnaire to pro-rata the GMP accrued between 17 May 1990 and 5 April 1997 between the different NPAs that may apply during this period.** This is considered to be a reasonable approximation and should be appropriate providing that a scheme has not established comparators on an individual basis when equalising NPAs. It is expected that equalisation based on comparators is unusual, however validation will be included in the calculations to ensure that if there is an equalisation date but no NRA 60 tranche, all GMP will be assigned to the NPA 65 service tranche.
C3.9 Dependants	**Broad brush approach adopted.** The PPF holds virtually none of the data that is required for equalising compensation for dependants as in many cases the data required relates to the deceased member in respect of whom no data has been transferred to the PPF. The PPF is therefore adopting a broad brush calculation for dependants where it can identify a GMP relating to the record. This will be based on the average change in compensation that this exercise indicates is appropriate for equivalent pensioners in the transferred scheme. Where the PPF cannot identify a GMP for a dependant, no increase in compensation will be awarded. A separate form has therefore not been developed for dependants. It is envisaged that schemes in assessment will apply an appropriate uplift based on the changes that apply to pensioners.
C3.10 Back-payments	**Broad brush approach adopted.** The calculation of any back-payments due prior to the Assessment Date to pensioners and dependants requires a year on year comparison of the pension actually paid to the member and those due as a member of the opposite sex, potentially going back as far as 1990. This calculation requires extensive data which the PPF does not hold. The PPF is therefore adopting a pragmatic approach. Back-payments will be calculated by taking the average of the uplift at Date of Retirement and the Relevant Time and multiplying this by the relevant period. The uplift at the Relevant Time however needs to be calculated before the compensation cap, 90% multiplier (if applicable) and any changes that have been made to benefits due to the admissible rules review. A separate form has been developed to calculate the back-payments.

C3.11 Interest on Back-payments before the Assessment Date	**Interest on back-payments arising prior to the Assessment Date will not be paid.** In our experience the majority of scheme rules are silent on awarding interest for late payment of benefits. In order not to exceed our statutory obligations under s166, interest on any back-payments arising before the Assessment Date will not be applied unless it can be demonstrated that the scheme rules require it. In such cases where interest is required this will only be applied up to the Assessment Date.
C3.12 Pension sharing on divorce	**Pension credit / debit members represent a very small subsection of PPF members. Their special status will not be taken into account in the PPF's calculations.** Any pension credit / debit cases that exist for schemes that have already transferred to the PPF will have taken place prior to the scheme's transfer to the PPF based on existing pension sharing orders legislation. The additional information required to carry out an accurate calculation of the appropriate increase in compensation for equalisation for GMPs for such cases can be extensive and is not available to the PPF. The PPF will make an approximate allowance in the calculation for pension debit members. This will be achieved by reducing the adjustments calculated ignoring the pension debit by the relevant pension debit percentage, where available. For pension credit members a similar approach to that used for dependants will be used (see C.3.9 for further details). The PPF considers this to be a pragmatic approach given the relatively small numbers of members affected and the relatively small increases in compensation resulting from this exercise.
C3.13 Compensation sharing on divorce	**No change required.** Legislation now permits PPF compensation to be shared on divorce. This legislation doesn't apply to schemes in assessment.
C3.14 Back-payments for members with no ongoing entitlement at the calculation date	**No calculations required.** Where a recalculation is required, the PPF does not hold any of the required information on members who may have been affected by equalisation for GMPs who have died, fully commuted their pension on triviality grounds, or otherwise extinguished their liability from the scheme. In addition it may not be practical or possible to make such payments.
C3.15 Later earnings addition	**Proportionate approach to assume nil** In theory an additional adjustment should be applied to the calculations to allow for the later earnings addition (see Part B). However, this generally applies to relatively few members who leave the scheme after age 60. At these higher ages members generally experience lower levels of salary increases which make this item trivial. We therefore propose

that no allowance is made for the later earnings addition at an individual member level.
The PPF considers this to be a pragmatic approach given the relatively small numbers of members affected and the relatively small increases in compensation resulting from this exercise.

Where a scheme has ceased contracting-out before members left the scheme, the trustees consider that the inclusion of the later earnings addition will have a material impact on the calculation of PPF compensation and that the scheme holds sufficient data to enable accurate calculations to be carried out then they should contact their PPF actuarial contact to discuss making allowance for the later earnings addition.

C.4 PPF Standard Forms

These forms calculate the **adjustment** that is required to the member's benefits where this has already been calculated before equalisation for GMPs and the application of the Statutory Minimum as at the Relevant Time.

A description of all the items included in the forms is provided in the Glossary to this document (see part D.3). Generally the prefix (in subscript) denotes the NPA (or the period when the benefit accrued) under the Scheme's rules. The suffix (in subscript) denotes the "as at date" or period, as appropriate.

Adjustments will only ever apply to pre 1997 compensation. Typically members may get an increase in the Pre 97 NPA 60 tranche of benefit and a reduction in the Pre 97 NPA 65 tranche of benefit, see step 4 in section A.5 for further details.

To aid understanding of the forms, worked examples of forms (including the derivation of the factors used) are provided in Part C.5.

Form 1	Active male and female members at the Relevant Time
Form 2 (a)	Male deferred pensioners at the Relevant Time
Form 2 (b)	Female deferred pensioners at the Relevant Time
Form 3 (a)	Male and female pensioners at the Relevant Time (have sufficient excess to cover opposite sex GMP)
Form 3 (b)	Male and female pensioners at the Relevant Time (receiving Pre 97 compensation equal to their GMP only)
Form 4 (a)	Back-payments for male and female pensioners (have sufficient excess to cover opposite sex GMP) covering the period from the Date of Retirement to the Relevant Time only
Form 4 (b)	Back-payments for male and female pensioners (receiving Pre 97 compensation equal to their GMP only) covering the period from the Date of Retirement to the Relevant Time only

No form has been included for back-payments in respect of periods after the Relevant Time as the required calculation is no different to the PPF's standard calculation, which scheme administrators will be familiar with.

The table below indicates which forms should be used depending on the member's status at the Relevant Time. This table is intended to be of particular interest where the scheme has a mixture of NPAs and the member may be over the lowest NPA at the Relevant Time. In such cases it may be appropriate to use 2 or more forms to adjust PPF compensation.

Status of member at Relevant Time	**Sex**	**Age at Relevant Time**	**NPAs**	**Relevant Forms**
Active	Males and females	Less than age 60[13]	all	**1**
Deferred pensioner	Males	Less than lowest NPA	all	**2(a)**
Deferred pensioner	Males	Greater than lowest NPA	all	**3(a)** for pensioner element **2(a)** for deferred pensioner element
Deferred pensioner	Females	Less than lowest NPA	all	**2(b)**
Deferred pensioner	Females	Greater than lowest NPA	all	**3(a)** for pensioner element **2(b)** for deferred pensioner element
Pensioner	Males and females	n/a	n/a	**Adjustment to PPF compensation** **3(a)** if sufficient excess pension **3(b)** GMP only case **Back-payments** **4(a)** if sufficient excess pension **4(b)** GMP only

[13] Calculations may need to be modified for members who ceased contracting out before leaving active service, This could apply to any active member who remained in service after age 60 in respect of their female GMP.

Form 1 - Active members at the Relevant Time

Calculations are only required if the scheme has any Compensation with a NPA > 60 in the period 17/5/1990 - 5/4/1997

Member Information - (information that is provided on standard data interface layout)	
Name	
NI Number	
Scheme	
Gender	Male / Female
Date of Birth (DOB)	/ /
Date joined scheme (DOJ)	/ /
Assessment Date (AD)	/ /
Relevant Time (RT)	/ /
$_{60}$**DP**$_{DOL}$= Sum of pre 6/4/1997 elements of "annual compensation at the **Relevant Time**" with NPA 60 (zero if the member has no compensation with NPA 60)	£ pa
GMP Information	
FGMP$_{DOL}$ = Female GMP at RT	£ pa
Scheme Information - (from standard scheme information form)	
Normal Pension Age (NPA) to be completed if there is a tranche of Scheme benefit with NPA other than 60	

Age at RT = RT – DOB (complete years)

Generalised formula for active members

Adjustment to Pre 97 NPA 60 tranche

Maximum [($FGMP_{DOL}$ - $_{60}DP_{DOL}$); 0]

= Maximum [(-); 0]

= £ pa

Adjustment to Pre 97 <u>NPA 65 tranche (negative)</u>

- Maximum [($FGMP_{DOL}$ - $_{60}DP_{DOL}$); 0]

= - Maximum [(-); 0]

= - £ pa

Form 2(a) – Male Deferred Pensioners at the Relevant Time

Member Information - (information provided on standard data interface layout)	
Name	
NI Number	
Scheme	
Gender	Male
Date of Birth (DOB)	
Date joined scheme (DOJ)	
Date of leaving (DOL)	
Assessment Date (AD)	
Relevant Time (RT)	
$_{60}$**DP**$_{RT}$ = Sum of pre 6/4/1997 elements of "annual compensation at the **Relevant Time**" with NPA 60	
$_{60}$**DP**$_{DOL}$ = Sum of pre 6/4/1997 elements of "annual compensation at **DOL**" with NPA 60	
GMP Information	
$_{60}$**MGMP**$_{DOL}$ = Male GMP **(17/5/1990-5/4/1997)** at DOL when scheme NPA=60	
$_{65}$**MGMP**$_{DOL}$ = Male GMP **(6/4/1978 -5/4/1997)** at DOL when scheme NPA=65*	
Pre90$_{\_65}$**MGMP**$_{DOL}$ = Male GMP **(pre 17/5/1990)** at DOL when scheme NPA=65*	
FGMP$_{DOL}$ = GMP **(17/5/1990-5/4/1997)** at DOL relevant to a female member	
Scheme Information - (from standard scheme info form)	
Normal Pension Age (NPA) to be completed if there is a tranche of Scheme benefit with NPA other than 60	
XS_Revs$_{DOL:RT}$ = Revaluation on Excess Pension (DOL to RT)	
MGMP_Revs$_{DOL:RT}$ =Revaluation on male GMP (DOL to RT)	
FGMP_Revs$_{DOL:RT}$ = Revaluation on female GMP (DOL to RT)	

Age at RT = RT – DOB (complete years)

* notation should be amended, if necessary to tie in with NPA of scheme other than 60

Generalised formula for male deferred pensioners

Adjustment to Pre 97 <u>NPA 60 tranche</u>

(a) [$FGMP_{DOL}$ x ($FGMP\_Revs_{DOL:RT}$ - $XS\_Revs_{DOL:RT}$)

- $_{60}MGMP_{DOL}$ x ($MGMP\_Revs_{DOL:RT}$ - $XS\_Revs_{DOL:RT}$)]

= [x (-)

– x (-)]

= **£ pa**

(b) ($FGMP_{DOL}$ x $FGMP\_Revs_{DOL:RT}$) – $_{60}DP_{RT}$

= (x) –

= **£ pa**

Choose the maximum of (a) and (b)

= £ pa

Adjustment to Pre 97 <u>NPA 65 tranche (negative)</u>

Complete (a) **or** (b) below, in line with the one which was used above:

(a) - **[** ($_{65}MGMP_{DOL}$ – $Pre90\_{}_{65}MGMP_{DOL}$)

x ($MGMP\_Revs_{DOL:RT}$ - $XS\_Revs_{DOL:RT}$) **]**

= - **[** (-)

x (-) **]**

= - **£ pa**

(b) - **[**($_{65}MGMP_{DOL}$ - $Pre90\_{}_{65}MGMP_{DOL}$) x ($MGMP\_Revs_{DOL:RT}$ -$XS\_Revs_{DOL:RT}$)

+ ($FGMP_{DOL}$ - $_{60}DP_{DOL}$) x $XS\_Revs_{DOL:RT}$ **]**

= - **[** (-) x (-)

+ (-) x **]**

= - **£ pa**

Form 2(b) - Female Deferred Pensioners at the Relevant Time

Member Information – (information provided on standard data interface layout)	
Name	
NI Number	
Scheme	
Gender	Female
Date of Birth (DOB)	
Date joined scheme (DOJ)	
Date of leaving (DOL)	
Assessment Date (AD)	
Relevant Time (RT)	
${}_{60}DP_{RT}$ = Sum of pre 6/4/1997 elements of "annual compensation at **Relevant Time**" with NPA 60 *(equals zero if no NPA 60 Scheme pension)*	
GMP Information	
$FGMP_{DOL}$ = All female GMP at DOL	
${}_{65}FGMP_{DOL}$ = All female GMP at DOL when scheme NPA=65*	
Scheme Information if Age at RT ≤ NPA - (from standard scheme info form)	
Normal Pension Age (NPA) to be completed if there is a tranche of Scheme benefit with NPA other than 60	
$XS\_Revs_{DOL:RT}$ = Revaluation on Excess Pension (DOL to RT)	
$FGMP\_Revs_{DOL:RT}$ = Revaluation on female GMP (DOL to RT)	
Age at RT = AD – DOB (complete years)	

* notation should be amended, if necessary to tie in with NPA of scheme other than 60

Generalised formula for female deferred pensioners

Adjustment to Pre 97 NPA 60 tranche

(a) ${}_{65}FGMP_{DOL}$ x ($FGMP\_Revs_{DOL:RT}$ - $XS\_Revs_{DOL:RT}$)

= x (-)

= **£ pa**

(b) [($FGMP_{DOL}$ x $FGMP\_Revs_{DOL:RT}$)] – ${}_{60}DP_{RT}$

= [(x)] -

= £ pa

Choose the maximum of (a) and (b)

= £ pa

Adjustment to Pre 97 NPA 65 tranche (negative)
Complete (a) **or** (b) below, in line with the one which was used above:

(a) - [${}_{65}FGMP_{DOL}$ x ($FGMP\_Revs_{DOL:RT}$ - $XS\_Revs_{DOL:RT}$)]

= - [_____ x (_____ - _____)]

= - £ pa

(b) - [($FGMP_{DOL}$ x $FGMP\_Revs_{DOL:RT}$)] + ${}_{60}DP_{RT}$

= - [(x)] +

= - £ pa

Note no calculation is required if all Pre 97 benefits have NPA 60

Pensioner Form 3(a) – <u>not</u> GMP only case

Separate calculations needed for pension iro each NPA during period 17/5/1990 -5/4/1997.

Member Information – (information that is provided on standard data interface layout)		
Name		
NI Number		
Scheme Name		
Gender		
Date of Birth (DOB)		
Date of leaving (DOL) (= DOR, if retired from active)		
Date of retirement (DOR)		
Assessment Date (AD)		
Relevant Time (RT) = AD – 1 day		
GMP Information (17/5/1990 – 5/4/1997)		
$MGMP_{DOL}$ = Male GMP (17/5/1990-5/4/1997) at DOL	£	pa
$FGMP_{DOL}$ = Female GMP (17/5/1990-5/4/1997) at DOL	£	pa
$MGMP_{65}$ = Male GMP (17/5/1990-5/4/1997) revalued to age 65[1]	£	pa
$FGMP_{60}$ = Female GMP (17/5/1990-5/4/1997) revalued to age 60[1]	£	pa
Scheme Information – (factors calculated using information on standard scheme questionnaire)		
Scheme Normal Pension Age (NPA)		
(i) Pension increases in payment on Pre 97 pension		
$SI_{DOR:RT}$ = Increases on excess pension from DOR to RT[2]		
$SI_{60:RT}$ = Increases on excess pension from age 60 to RT[2]		
$SI_{65:RT}$ = Increases on excess pension from age 65 to RT[2]		
$GI_{DOR:RT}$ = Increases on post 88 GMP from DOR to RT[2]		
$GI_{60:RT}$ = Increases on post 88 GMP from age 60 to RT[2]		
$GI_{65:RT}$ = Increases on post 88 GMP from age 65 to RT[2]		
(ii) Revaluations in deferment on Pre 97 pension		
$XS\_Revs_{DOL:DOR}$ = Excess pension revaluation (DOL-**DOR/NPA**)[3]		
$MGMP\_Revs_{DOL:DOR}$= Male GMP revaluation (DOL–**DOR/NPA**) [3]		
$FGMP\_Revs_{DOL:DOR}$ = Female GMP revaluation (DOL–**DOR/NPA**) [3]		
$MLR_{65:DOR}$ = increases on male GMP, Age 65-DOR, if applicable		
$FLR_{60:DOR}$ = increases on female GMP, Age 60-DOR, if applicable		
(iii) Early retirement information		
ERF = scheme early retirement factor at DOR (use 1 if DOR=NPA)		
(iv) Late retirement information		
LRF = scheme late retirement factor at DOR (use 1 if DOR=NPA)		
Age at DOR = DOR – DOB (years and months)		
Age at RT = RT – DOB (complete years)		
Multiplier 1 = 90% if Age at RT < 60, otherwise 100%		
Multiplier 2 = 90% if Age at RT < NPA, otherwise 100%		
Multiplier 3 = 1, for males who retired at NPA < 65 and Age at RT ≥ 65, otherwise 0		

[1] **$MGMP_{65}$ = 0** if the member is aged less than 65 at the RT.
$FGMP_{60}$ = 0 if the member is aged less than 60 at the RT.

[2] See glossary and examples for details of how to calculate the relevant pension increase factors.

[3] DOR, unless the member has taken early/late retirement for this tranche of Pre 97 pension and the scheme's approach is to revalue pension to NPA and then apply ERF/LRF. In such cases amend to NPA.
Enter 1 where there is no revaluation period between DOL & DOR or DOL & NPA, as applicable.

Applicable to all pensioners – addresses increases in payment

(a) If "Age at DOR" > 65

Increase in compensation at RT

= { $MGMP_{65}$ x **$MLR_{65:DOR}$** x [**$SI_{DOR:RT}$** – **$GI_{DOR:RT}$**]x Multiplier 2 }

+ { $FGMP_{60}$ x **$FLR_{60:DOR}$** x [**$GI_{DOR:RT}$** x 100% – **$SI_{DOR:RT}$** x Multiplier 2] }

= { x x [-] x }

+ { x x [x 100% - x] }

= £ pa [(1)]

(b) If 60 < "Age at DOR" ≤ 65

Increase in compensation at RT

= { $MGMP_{65}$ x [**$SI_{65:RT}$** – **$GI_{65:RT}$**] x Multiplier 2}

+ { $FGMP_{60}$ x **$FLR_{60:DOR}$** x [**$GI_{DOR:RT}$** x 100% – **$SI_{DOR:RT}$** x Multiplier 2] }

= { x [-] x }

+ { x x [x 100% - x] }

= £ pa [(1)]

(c) If "Age at DOR" ≤ 60

Increase in compensation at RT

= { $MGMP_{65}$ x [**$SI_{65:RT}$** – **$GI_{65:RT}$**] x Multiplier 2}

+ { $FGMP_{60}$ x [**$GI_{60:RT}$** x Multiplier 1 – **$SI_{60:RT}$** x Multiplier 2] }

= { x [-] x }

+ { x [x - x] }

= £ pa [(1)]

PLUS applicable to pensioners who have a period in deferment

Additional increase in compensation at RT

= **[** $FGMP_{DOL}$ x (**$FGMP\_Revs_{DOL:DOR}$** – **$XS\_Revs_{DOL:DOR}$**)

- $MGMP_{DOL}$ x (**$MGMP\_Revs_{DOL:DOR}$** – **$XS\_Revs_{DOL:DOR}$**) **]**

x **ERF** x **LRF** x **$SI_{DOR:RT}$** x Multiplier 2

= **[** x (-)

- x (-) **]**

x x x x

= £ pa [2]

PLUS applicable to male pensioners who may have a statutory uplift before RT
(applies to male pensioners who have taken normal retirement at NPA<65 only)

Additional change in compensation at RT

= **[** $MGMP_{DOL}$ x **$MGMP\_Revs_{DOL:DOR}$** – $MGMP_{65}$**]** x **$SI_{65:RT}$** x Multiplier 3

= **[** x - **]** x x

= £ pa [3]

Males total increase	= Maximum ([1] + [2] + [3] ; 0.00)
	= £ pa
Females total increase	= Maximum (- [1] - [2] - [3] ; 0.00)
	= **£ pa**

Pensioner Form 3(b) – GMP only case

For pensioners receiving pre 6/4/1997 compensation equivalent to their GMP only. Proforma 3(a) should continue to be used if member is aged less than or equal to age 60 at the Relevant Time

Member Information – (information that is provided on standard data interface layout)		
Name		
NI Number		
Scheme Name		
Gender		
Date of Birth (DOB)		
Date of leaving (DOL) (= DOR, if retired from active status)		
Date of retirement (DOR)		
Assessment Date (AD)		
Relevant Time (RT) = AD – 1 day		
$_{NPA}$**Pre97Comp**$_{RT}$ = Sum of pre 6/4/1997 elements of "annual compensation at **Relevant Time**" [1]		
GMP Information (17/5/1990 – 5/4/1997)		
MGMP$_{65}$ = Male GMP (17/5/1990-5/4/1997) revalued to age 65[2]	£	pa
FGMP$_{60}$ = Female GMP (17/5/1990-5/4/1997) revalued to age 60[2]	£	pa
Scheme Information – (factors calculated using information on standard scheme questionnaire)		
Scheme Normal Pension Age (NPA)		
(i) Pension increases in payment on Pre 97 pension		
GI $_{DOR:RT}$ = Increases on post 88 GMP from DOR to RT[3]		
GI $_{60:RT}$ = Increases on post 88 GMP from age 60 to RT[3]		
GI $_{65:RT}$ = Increases on post 88 GMP from age 65 to RT[3]		
(ii) Late GMP increases in deferment		
MLR $_{65:DOR}$ = increases on male GMP, Age 65-DOR, if applicable		
FLR $_{60:DOR}$ = increases on female GMP, Age 60-DOR, if applicable		
Age at DOR = DOR – DOB (years and months)		
Age at RT = RT – DOB (complete years)		

[1] Expected that such cases will have a single NPA recorded.

[2] **MGMP$_{65}$ = 0** if the member is aged less than 65 at the RT.

[3] See examples for details of how to calculate the relevant pension increase factors.

May use instead of standard calculation if indication is receiving GMP only

GMP pensioners – use this section if "Age at the RT" ≥ 65 AND

(a) If "Age at DOR" > 65

Increase in compensation at RT

= [($FGMP_{60}$ x **$FLR_{60:DOR}$**) – ($MGMP_{65}$ x **$MLR_{65:DOR}$**)] x **$GI_{DOR:RT}$**

= [(x) - (x)] x

= £ pa(1)

(b) If 60 < "Age at DOR" ≤ 65

Increase in compensation at RT

= [$FGMP_{60}$ x **$FLR_{60:DOR}$** x **$GI_{DOR:RT}$**] - [$MGMP_{65}$ x **$GI_{65:RT}$**]

= [x x] - [x]

= £ pa(1)

(c) If "Age at DOR" ≤ 60

Increase in compensation at RT

= [$FGMP_{60}$ x **$GI_{60:RT}$**] - [$MGMP_{65}$ x **$GI_{65:RT}$**]

= [x] - [x]

= £ pa(1)

GMP pensioners – use this section if 60 < "Age at RT" < 65 AND

(a) If "Age at DOR" ≥ 60

Increase in compensation at RT

= $[FGMP_{60} \times \mathbf{FLR}_{60:DOR} \times \mathbf{GI}_{DOR:RT}] - {}_{NPA}\mathbf{Pre97Comp}_{RT}$

= [x x] - [ ]

= £ pa[1]

(b) If "Age at DOR" < 60

Increase in compensation at RT

= $[FGMP_{60} \times \mathbf{GI}_{60:RT}] - {}_{NPA}\mathbf{Pre97Comp}_{RT}$

= [x] - [ ]

= £ pa[1]

Increase in Pre 97 compensation at the Relevant Time

Males increase = Maximum ([1] ; 0)

= £ pa

Females increase = Maximum (- [1] ; 0)

= £ pa

Back-payments Form 4(a) – <u>not</u> GMP only case

Separate calculations needed for pension iro each NPA during period 17/5/1990 -5/4/1997.

Member Information – (information that is provided on standard data interface layout)		
Name		
NI Number		
Scheme Name		
Sex		
Date of Birth (DOB)		
Date of leaving (DOL) (= DOR, if retired from active)		
Date of retirement (DOR)		
Assessment Date (AD)		
Relevant Time (RT) = AD – 1 day		
GMP Information		
$MGMP_{DOL}$ = Male GMP (17/5/1990-5/4/1997) at DOL	£	pa
$FGMP_{DOL}$ = Female GMP (17/5/1990-5/4/1997) at DOL	£	pa
$MGMP_{65}$ = Male GMP (17/5/1990-5/4/1997) revalued to age 65[1]	£	pa
$FGMP_{60}$ = Female GMP (17/5/1990-5/4/1997) revalued to age 60[1]	£	pa
Scheme Information – (factors calculated using information on standard scheme questionnaire)		
Scheme Normal Pension Age (NPA)		
(i) Pension increases in payment on Pre 97 pension		
$SI_{DOR:RT}$ = Increases on excess pension from DOR to RT[2]		
$SI_{60:RT}$ = Increases on excess pension from age 60 to RT[2]		
$SI_{65:RT}$ = Increases on excess pension from age 65 to RT[2]		
$GI_{DOR:RT}$ = Increases on post 88 GMP from DOR to RT[2]		
$GI_{60:RT}$ = Increases on post 88 GMP from age 60 to RT[2]		
$GI_{65:RT}$ = Increases on post 88 GMP from age 65 to RT[2]		
(ii) Revaluations in deferment on Pre 97 pension		
$XS\_Revs_{DOL:DOR}$ = Excess pension revaluation (DOL-**DOR/NPA**)[3]		
$MGMP\_Revs_{DOL:DOR}$= Male GMP revaluation (DOL–**DOR/NPA**) [3]		
$FGMP\_Revs_{DOL:DOR}$ = Female GMP revaluation (DOL–**DOR/NPA**) [3]		
$MLR_{65:DOR}$ = increases on male GMP, Age 65-DOR, if applicable		
$FLR_{60:DOR}$ = increases on female GMP, Age 60-DOR, if applicable		
(iii) Early retirement information		
ERF = scheme early retirement factor at DOR (use 1 if DOR=NPA)		
(iv) Late retirement information		
LRF = scheme late retirement factor at DOR (use 1 if DOR=NPA)		

Age at DOR = DOR – DOB (years and months)
Age at RT = RT – DOB (complete years)
Multiplier 1 = 90% if Age at RT < 60, otherwise 100%
Multiplier 2 = 90% if Age at RT < NPA, otherwise 100%
Multiplier 3 = 1, for males who retired at NPA < 65, otherwise 0
Period $_{DOR:RT}$ = RT - DOR (years and days)

[1] **$MGMP_{65}$ = 0** if the member is aged less than 65 at the RT.
$FGMP_{60}$ = 0 if the member is aged less than 60 at the RT

[2] See glossary and examples for details of how to calculate the relevant pension increase factors.

[3] DOR, unless the member has taken early/late retirement for this tranche of Pre 97 pension and the scheme's approach is to revalue pension to NPA and then apply ERF/LRF. In such cases amend to NPA.
Enter 1 if no period in deferment.

These calculations make no allowance for any interest to be included in the scheme back-payments due prior to the Assessment Date. Where the scheme rules require the trustees to include interest for late payment then an adjustment should be made to include an appropriate allowance for interest up to the Assessment Date only.

Calculation of uplift at Relevant Time (before applying 90% multiplier)

Applicable to all pensioners – addresses increases in payment

(a) If "Age at DOR" > 65

Increase in compensation at RT

= { $MGMP_{65}$ x $\mathbf{MLR}_{65:DOR}$ x [$\mathbf{SI}_{DOR:RT}$ – $\mathbf{GI}_{DOR:RT}$] }

+ { $FGMP_{60}$ x $\mathbf{FLR}_{60:DOR}$ x [$\mathbf{GI}_{DOR:RT}$ – $\mathbf{SI}_{DOR:RT}$] }

= { x x [-] x }

+ { x x [-] }

= £ pa (1)

(b) If 60 < "Age at DOR" ≤ 65

Increase in compensation at RT

= { $MGMP_{65}$ x [$\mathbf{SI}_{65:RT}$ – $\mathbf{GI}_{65:RT}$] }

+ { $FGMP_{60}$ x $\mathbf{FLR}_{60:DOR}$ x [$\mathbf{GI}_{DOR:RT}$ – $\mathbf{SI}_{DOR:RT}$] }

= { x [-] }

+ { x x [-] }

= £ pa (1)

(c) If "Age at DOR" ≤ 60

Increase in compensation at RT

= { $MGMP_{65}$ x [$\mathbf{SI}_{65:RT}$ – $\mathbf{GI}_{65:RT}$] }

+ { $FGMP_{60}$ x [$\mathbf{GI}_{60:RT}$ – $\mathbf{SI}_{60:RT}$] }

= { x [-] }

+ { x [-] }

= £ pa (1)

PLUS applicable to pensioners who have a period in deferment

Additional increase in compensation at RT

= **[** $FGMP_{DOL}$ x (**$FGMP\_Revs_{DOL:DOR}$** – **$XS\_Revs_{DOL:DOR}$**)

- $MGMP_{DOL}$ x (**$MGMP\_Revs_{DOL:DOR}$** – **$XS\_Revs_{DOL:DOR}$**) **]**

x **ERF** x **LRF** x **$SI_{DOR:RT}$**

= **[** x (–)
- x (-) **]**

x x x

= £ pa [2]

PLUS applicable to male pensioners who may have a statutory uplift before RT
(applies to male pensioners who have taken normal retirement at NPA<65 only)

Additional change in compensation at RT

= **[** $MGMP_{DOL}$ x **$MGMP\_Revs_{DOL:DOR}$** – $MGMP_{65}$**]** x **$SI_{65:RT}$** x Multiplier 3

= **[** x - **]** x x

= £ pa [3]

Uplift at Relevant Time (before applying 90% multiplier)

Males total increase = Maximum ([1] + [2] + [3] ; 0.00)

= £ pa = Pre97Pension_Inc$_{RT}$

Females total increase = Maximum (- [1] - [2] - [3] ; 0.00)

= **£ pa= Pre97Pension_Inc$_{RT}$**

Calculation of uplift at Date of Retirement

Change in Pension at Date of Retirement

Additional increase in compensation at RT

= **[** $\mathbf{FGMP_{DOL}}$ x (**FGMP_Revs**$_{\mathbf{DOL:DOR}}$ – **XS_Revs**$_{\mathbf{DOL:DOR}}$)

- $\mathbf{MGMP_{DOL}}$ x (**MGMP_Revs**$_{\mathbf{DOL:DOR}}$ – **XS_Revs**$_{\mathbf{DOL:DOR}}$) **]**

x **ERF** x **LRF**

= **[** x (-)

- x (-) **]**

x x

= £ pa [4]

Uplift in Pension at Date of Retirement

Males = Maximum ([4] ; 0.00)

= £ pa = Pre97Pension_Inc$_{\mathbf{DOR}}$

Females **=** Maximum (- [4] ; 0.00)

= **£ pa = Pre97Pension_Inc**$_{\mathbf{DOR}}$

Calculation of Accumulated Back-payments

Accumulated Back-payments due iro the period from Date of Retirement to the Relevant Time at Calculation Date

$$= \left(\frac{\textbf{Pre97Pension\_Inc}_{DOR} + \textbf{Pre97Pension\_Inc}_{RT}}{2}\right) \times \textbf{Period}_{DOR:RT}$$

$$= \left(\frac{\quad + \quad}{2}\right) \times$$

= £

Back-payments Form 4(b) – GMP only case

For pensioners receiving pre 6/4/1997 compensation equivalent to their GMP only. Proforma 4(a) should continue to be used if member is aged less than or equal to age 60 at the Relevant Time

Form only takes into consideration periods when some GMP would be in payment

Member Information – (information that is provided on standard data interface)		
Name		
NI Number		
Scheme Name		
Gender		
Date of Birth (DOB)		
Date of leaving (DOL) (= DOR, if retired from active status)		
Date of retirement (DOR)		
Assessment Date (AD)		
Relevant Time (RT) = AD – 1 day		
$_{NPA}$**Pre97Comp**$_{RT}$ = Sum of pre 6/4/1997 elements of "annual compensation at **Relevant Time**" [1]	£	pa
GMP Information		
MGMP$_{65}$ = Male GMP (17/5/1990-5/4/1997) revalued to age 65[2]	£	pa
FGMP$_{60}$ = Female GMP (17/5/1990-5/4/1997) revalued to age 60[2]	£	pa
Scheme Information – (factors calculated using information on standard scheme questionnaire)		
Scheme Normal Pension Age (NPA)		
(i) Pension increases in payment on Pre 97 pension		
SI $_{DOR:RT}$ = Increases on excess pension from DOR to RT[3]		
SI $_{60:RT}$ = Increases on excess pension from age 60 to RT[3]		
GI $_{DOR:RT}$ = Increases on post 88 GMP from DOR to RT[3]		
GI $_{60:RT}$ = Increases on post 88 GMP from age 60 to RT[3]		
GI $_{65:RT}$ = Increases on post 88 GMP from age 65 to RT[3]		
(ii) Late GMP increases in deferment		
MLR $_{65:DOR}$ = increases on male GMP, Age 65-DOR, if applicable		
FLR $_{60:DOR}$ = increases on female GMP, Age 60-DOR, if applicable		
Age at DOR = DOR – DOB (years and months)		
Age at RT = RT – DOB (complete years)		
Multiplier 1 = 90% if Age at RT < 60, otherwise 100%		

[1] Expected that such cases will have a single NPA recorded.

[2] **MGMP$_{65}$ = 0** if the member is aged less than 65 at the RT.

[3] See examples for details of how to calculate the relevant pension increase factors.

These calculations make no allowance for any interest to be included in the scheme back-payments due prior to the Assessment Date. Where the scheme rules require the trustees to include interest for late payment then an adjustment should be made to include an appropriate allowance for interest up to the Assessment Date only.

Calculation of uplift at Relevant Time (before applying 90% multiplier)

1. If "Age at the RT" ≥ 65 AND

(a) If "Age at DOR" > 65

= [($FGMP_{60}$ x **$FLR_{60:DOR}$**) – ($MGMP_{65}$ x **$MLR_{65:DOR}$**)] x **$GI_{DOR:RT}$**

= [(x) - (x)] x

= £ pa(1)

(b) If 60 < "Age at DOR" ≤ 65

= [$FGMP_{60}$ x **$FLR_{60:DOR}$** x **$GI_{DOR:RT}$**] - [$MGMP_{65}$ x **$GI_{65:RT}$**]

= [x x] - [x]

= £ pa(1)

(c) If "Age at DOR" ≤ 60

= [$FGMP_{60}$ x **$GI_{60:RT}$**] - [$MGMP_{65}$ x **$GI_{65:RT}$**]

= [x] - [x]

= £ pa(1)

OR

2. If 60 < "Age at RT" < 65 AND

(a) If "Age at DOR" ≥ 60

[$FGMP_{60}$ x **$FLR_{60:DOR}$** x **$GI_{DOR:RT}$**] - [$_{NPA}Pre97Comp_{RT}$]
Multiplier 1

= [x x] - [ ]

= £ pa(1)

(b) If "Age at DOR" < 60

= [$FGMP_{60}$ x **$GI_{60:RT}$**] - [$_{NPA}Pre97Comp_{RT}$]
Multiplier 1

= [x] - [ ]

= £ pa(1)

Uplift at Relevant Time (before applying 90% multiplier)

Males increase = Maximum ([1] ; 0.00)

= £ pa = $Pre97Pension\_Inc_{RT}$

Females increase = Maximum (- [1] ; 0.00)

= £ pa = $Pre97Pension\_Inc_{RT}$

Calculation of uplift at Date of Retirement

1. If "Age at the RT" ≥ 65 AND

(a) If "Age at DOR" > 65

= [($FGMP_{60}$ x **$FLR_{60:DOR}$**) – ($MGMP_{65}$ x **$MLR_{65:DOR}$**)]

= [(x) - (x)]

= £ pa [2]

(b) If 60 < "Age at DOR" ≤ 65

= [$FGMP_{60}$ x **$FLR_{60:DOR}$** x **$GI_{DOR:RT}$** / **$GI_{65:RT}$**] - $MGMP_{65}$

= [x x /] -

= £ pa [2]

(c) If "Age at DOR" ≤ 60

= [$FGMP_{60}$ x **$GI_{60:RT}$** / **$GI_{65:RT}$**] - $MGMP_{65}$

= [x /] -

= £ pa [2] **OR**

2. If 60 < "Age at RT" < 65 AND

(a) If "Age at DOR" ≥ 60

= [$FGMP_{60}$ x **$FLR_{60:DOR}$**] – **$_{NPA}Pre97Comp_{RT}$** / ($SI_{DOR:RT}$ x Multiplier 1)

= [x] - / (x)

= £ pa [2]

(b) If "Age at DOR" < 60

= $FGMP_{60}$ x – **$_{NPA}Pre97Comp_{RT}$** / ($SI_{60:RT}$ x Multiplier 1)

= x – / (x)

=£ pa [2]

Uplift in Pension at Date of Retirement

Males = Maximum ([2] ; 0.00)

= £ **pa = Pre97Pension_Inc** $_{DOR}$

Females **=** Maximum (- [2] ; 0.00)

= **£** **pa = Pre97Pension_Inc** $_{DOR}$

Relevant Period

1. If "Age at the RT" ≥ 65 AND

(a) If "Age at DOR" > 65

= Relevant Time – Date of retirement

= years

(b) If 60 < "Age at DOR" ≤ 65

= Relevant Time – Date reached age 65

= years

(c) If "Age at DOR" ≤ 60

= Relevant Time – Date reached age 65

= years

2. If 60 < "Age at RT" < 65 AND

(a) If "Age at DOR" ≥ 60

= Relevant Time – Date of retirement

= years

(b) If "Age at DOR" < 60

= Relevant Time – Date reached age 60

= years

Calculation of Accumulated Back-payments

Accumulated Back-payments due iro the period from Date of Retirement to the Relevant Time at Calculation Date

$$= \left(\frac{\text{Pre97Pension\_Inc}_{DOR} + \text{Pre97Pension\_Inc}_{RT}}{2}\right) \times \text{Relevant Period}$$

$$= \left(\frac{\quad + \quad}{2}\right) \times$$

= £

C.5 Examples of theoretical calculations

The following examples illustrate how theoretically correct calculations could be carried out for a variety of cases. These examples have been chosen to illustrate some of the different features of the calculations. They are not intended to cover every scenario but to provide stakeholders with sufficient background on how the calculations work.

In some cases the calculations have been based on real data. In these cases the GMPs allocated to the different service period have been based on calculations carried out by the scheme administrators. Slightly different figures may be produced if the GMPs were calculated by simply pro-rating by service periods. Similarly, a non-uniform accrual of pension between the different NPAs may indicate that changes were made to the scheme structure during this period.

The calculations also demonstrate how the input figures that are used in the standard forms have been derived.

For actives and deferred pensioners the calculations illustrate the adjustment required to the pension revalued to the Relevant Time.

For pensioners the calculations illustrate the change in PPF compensation from the Relevant Time. They also show a year by year comparison of the pension for a male and female prior to the Relevant Time to enable the calculation of any underpayments.

Each of the calculations has then been run through the appropriate PPF standard form for that category to illustrate how the PPF standard forms could be used.

Full details of each calculation are given at the start of each section. However, the table below provides some information on where to find the sample calculations and the standard forms used.

Status of member at Relevant Time	**Brief Description**	**Forms used**	**Page**
Active	1. Male – NPAs 60 and 65	1	63
	2. Female – NPA 62	1	66
Deferred pensioner	1. Male – NPAs 60 and 65 (large NPA 60 element)	2(a)	70
	2. Male – NPAs 60 and 65 (small NPA 60 element)	2(a)	76
	3. Female – NPA 62	2(b)	82
	4. Male – NPA 65	2(a)	88
	5. Male – Age 62 at RT, NPA 60 and 65	2(a) & 3(a)	94
Pensioners	1. Male – early retirement, NPA 65	3(a)	108
	2. Male – late retirement, NPA 60	3(a)	116
	3. Male – normal retirement , NPA 60	3(a)	124
	4. Male – normal retirement , NPA 65	3(a) & 4(a)	132
	5. Male, retired at age 62 NPAs 60 & 65	3(a) x two	146
	6. Male – GMP only	3(b) & 4(b)	159

Active examples

The examples below illustrate the calculations required to adjust active members Pre 97 pension at the Relevant Time on the PPF standard data interface layout (DIL). All calculations and adjustments relate to Pre 97 pensions before the application of the compensation cap and 90% multiplier, as these are applied when the member retires.

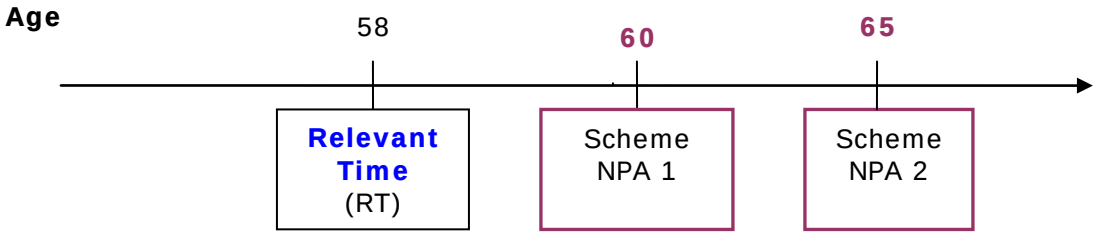
Post 5 April 1997 pension cannot be used to meet the requirements for equalisation for GMP or the application of the statutory underpin. The examples therefore only consider the calculation of Pre 97 elements of pension at the Relevant Time.

Example 1 – Male with periods of service with NPAs 60 and 65
(with insufficient NPA 60 service to cover female GMP)

Example 2 – Female over age 60 at the Relevant Time with NPA 62 service only

Active Example 1. Male active member at the Relevant Time

Timeline



Membership Details

Date of Birth = 5 December 1946
Date joined scheme = 25 March 1994
Assessment Date = 2 July 2005
Relevant Time (RT) = 1 July 2005 (age 58 years)

Pre 97 Pension at the Relevant Time

Pre 97 Pension at the Relevant Time = £1,262.19 pa which has been split into tranches NPA 60 and NPA 65 tranches (based on service dates) as follows:

Service Dates	**NPA**	**Total Pension at date of leaving**	made up of:	
			Post 88 GMP	Excess pension
25/03/1994 – 20/12/1994	**60**	**£308.43 pa**	£98.10 pa	£210.33 pa
21/12/1994 – 05/04/1997	**65**	**£953.76 pa**	£303.35 pa	£650.41 pa
Total	n/a	**£1,262.19 pa**	£401.45 pa	£860.74 pa

Modified Method (2): Opposite sex calculation – applicable to a female

Pre 97 Pension at the Relevant Time

The Pre 97 Deferred Pension at the Relevant Time = £1,262.19 pa is unchanged. However, the split of the different NPA tranches into GMP and excess pension has changed as follows:

Service Dates	**NPA**	**Total Pension at date of leaving**	made up of:	
			Post 88 GMP	Excess pension
25/03/1994 – 20/12/1994	**60**	**£308.43 pa**	£115.62 pa	£192.81 pa
21/12/1994 – 05/04/1997	**65**	**£953.76 pa**	£357.53 pa	£596.23 pa
Total	n/a	**£1,262.19 pa**	£473.15 pa	£789.04 pa

Where the equivalent Female GMP at date of leaving is:
NPA 60 tranche = 98.10 x 1.1786 = £115.62 pa
NPA 65 tranche = 303.35 x 1.1786 = £357.53 pa

(1.1786 is taken from the table in Part D.1 for calculating opposite sex GMP)

Statutory minimum test for NPA 60 tranche of Pre 97 Pension

For a male member this is the equivalent female GMP accrued 17/05/1990 – 05/04/1997 at the Relevant Time = £473.15 pa

There is insufficient pension in the NPA 60 tranche to meet the statutory minimum of £473.15 pa that must be paid from age 60.

Part of the Pre 97 pension with NPA 65 therefore needs to be upgraded to a NPA 60 to meet the statutory requirement for females at NPA 60.

Summary of Pre 97 Pension at the Relevant Time

Pre 97 pension at RT	Male £ pa	Equivalent Female £ pa
NPA 60	£308.43 pa	473.15
NPA 65	£953.76 pa	789.04*
Total	£1,262.19 pa	1,262.19

*revised NPA 65 tranche = total pension – minimum pension from age 60
= 1,262.19 – 473.15 = £789.04 pa

Adjustment to the Pension at the Relevant Time as currently shown on the PPF Data Interface Layout

Pre 97 pension at RT	Adjustment to DIL £ pa
NPA 60	473.15 – 308.43 = **+164.72**
NPA 65	789.04 – 953.76 = **- 164.72**
Overall change	1,262.19 – 1,262.19 = 0

The change in Pre 97 pension for this male example has been illustrated using Form 1.

Form 1 - Active members at the Relevant Time

Calculations are only required if the scheme has any Compensation with a NPA > 60 in the period 17/5/1990 - 5/4/1997

Member Information - (information that is provided on standard data interface layout)	
Name	Example 1
NI Number	AB123456A
Scheme	Small NPA 60 Pension
Gender	Male
Date of Birth (DOB)	05/12/1946
Date joined scheme (DOJ)	25/03/1994
Assessment Date (AD)	02/07/2005
Relevant Time (RT)	01/07/2005
$_{60}$**DP**$_{DOL}$ = Sum of pre 6/4/1997 elements of "annual compensation at the **Relevant Time**" with NPA 60 (zero if the member has no compensation with NPA 60)	£308.43 pa
GMP Information	
FGMP$_{DOL}$ = Female GMP at RT	£473.15 pa
Scheme Information - (from standard scheme information form)	
Normal Pension Age (NPA) to be completed if there is a tranche of Scheme benefit with NPA other than 60	65
Age at RT = RT – DOB (complete years)	58

Generalised formula for active members

Adjustment to Pre 97 NPA 60 tranche

Maximum [($FGMP_{DOL}$ - $_{60}DP_{DOL}$); 0]

= Maximum [(473.15 - 308.43); 0]

= £ 164.72 pa

Adjustment to Pre 97 <u>NPA 65 tranche (negative)</u>

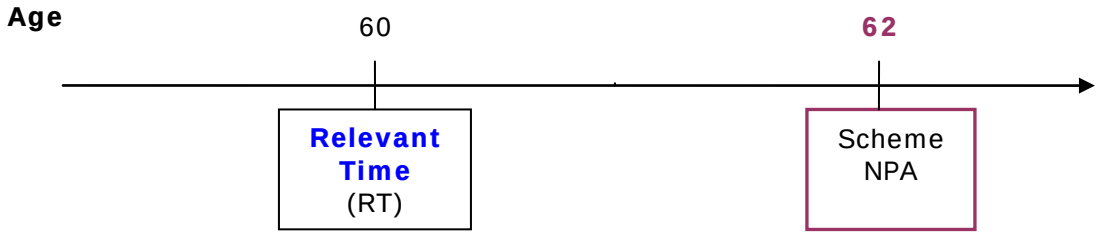
- Maximum [($FGMP_{DOL}$ - $_{60}DP_{DOL}$); 0]

= - Maximum [(473.15 - 308.43); 0]

= **- £ 164.72 pa**

Active Example 2. Female active member at the Relevant Time

Timeline



Membership Details

Date of Birth = 5 December 1946
Date joined scheme = 21 December 1994
Assessment Date = 2 July 2007
Relevant Time (RT) = 1 July 2007 (age 60 years)

Pre 97 Pension at the Relevant Time

Pre 97 Deferred Pension at the Relevant Time = £1,284.84 pa which has NPA 62

Service Dates	**NPA**	**Total Pension at date of leaving**	made up of:	
			Post 88 GMP	Excess pension
21/12/1994 – 05/04/1997	**62**	**£1,264.84 pa**	£560.69 pa	£704.15 pa
Total	n/a	**£1,264.84 pa**	£560.69 pa	£704.15 pa

Modified Method (2): Opposite sex calculation – applicable to a male

Pre 97 Pension at the Relevant Time

The Pre 97 Deferred Pension at the Relevant Time = £1,264.84 pa is unchanged. However, the split of the different NPA tranches into GMP and excess pension has changed as follows:

Service Dates	**NPA**	**Total Pension at date of leaving**	made up of:	
			Post 88 GMP	Excess pension
21/12/1994 – 05/04/1997	**62**	**£1,264.84 pa**	£477.21 pa	£787.63 pa
Total	n/a	**£1,264.84 pa**	£477.21 pa	£787.63 pa

The equivalent Male GMP at date of leaving is:
NPA 62 tranche = 560.69 x 0.8485 x 1.076 / 1.0727 = £477.21 pa

Where:
0.8485 is taken from the table in Part D.1 for calculating opposite sex GMP

Female statutory late retirement for the period from age 60 to the RT
= (1 + 29/700) x 1.03 = 1.0727
3% is the UK Guaranteed Minimum Pension Increase Orders effective on 6 April 2007

7.6% = Social Security Revaluation of Earnings Factors Order for 2007 for tax year 2005/06

Statutory minimum test for NPA 60 tranche of Pre 97 Pension

For a female member this is the equivalent female GMP accrued 06/04/1978 – 05/04/1997 at the Relevant Time = £560.69 pa

There is therefore no change in the total pension at the Relevant Time.

The member will be better off remaining as a female member as the male GMP is lower and part of the Pre 97 pension with NPA 62 needs to be upgraded to NPA 60 to meet the statutory requirement for females at NPA 60.

Summary of Pre 97 Pension at the Relevant Time

Pre 97 pension at RT	Existing Female £ pa	Revised Female £ pa
NPA 60	0	560.69
NPA 62	1,264.84	704.15*
Total	1,264.84	1,264.84

*revised NPA 62 tranche = total pension – minimum pension from age 60
= 0 + 1,264.84 – 560.69 = £704.15 pa

Adjustment to Pension at the Relevant Time as currently shown on the PPF Data Interface Layout

Pre 97 pension at RT	Adjustment to DIL £ pa
NPA 60	560.69 – 0 = **+560.69**
NPA 62	704.15 – 1,264.84 = **- 560.69**
Overall change	1,264.84 – 1,264.84 = 0

As the member is over age 60 at the Relevant Time the new NPA 60 tranche of pension should come into immediate payment from the Assessment Date. This pension will not be subject to the compensation cap or 90% multiplier.

The change in Pre 97 pension for this example has been illustrated using Form 1.

Form 1 - Active members at the Relevant Time

Calculations are only required if the scheme has any Compensation with a NPA > 60 in the period 17/5/1990 - 5/4/1997

Member Information - (information that is provided on standard data interface layout)	
Name	Example 2
NI Number	AB123456A
Scheme	No NPA 60 Pension
Gender	Female
Date of Birth (DOB)	05/12/1946
Date joined scheme (DOJ)	01/01/1994
Assessment Date (AD)	02/07/2007
Relevant Time (RT)	01/07/2007
$_{60}$**DP**$_{DOL}$= Sum of pre 6/4/1997 elements of "annual compensation at the **Relevant Time**" with NPA 60 (zero if the member has no compensation with NPA 60)	£0 pa
GMP Information	
FGMP$_{DOL}$ = Female GMP at RT	£560.69 pa
Scheme Information - (from standard scheme information form)	
Normal Pension Age (NPA) to be completed if there is a tranche of Scheme benefit with NPA other than 60	62
Age at RT = RT – DOB (complete years)	60

Generalised formula for active members

Adjustment to Pre 97 NPA 60 tranche

Maximum [($FGMP_{DOL}$ - $_{60}DP_{DOL}$); 0]

= Maximum [(560.69 - 0); 0]

= £ 560.69 pa

Adjustment to Pre 97 <u>NPA 65 tranche (negative)</u>

- Maximum [($FGMP_{DOL}$ - $_{60}DP_{DOL}$); 0]

= - Maximum [(560.69 - 0); 0]

= **- £ 560.69 pa**

Deferred pensioner examples

The examples below illustrate the calculations required to adjust the deferred pensioners Pre 97 pension at the Relevant Time on the PPF standard data interface layout. All calculations and adjustments relate to Pre 97 pensions before the application of the compensation cap and 90% multiplier, as these are applied when the member retires.

Post 97 pension cannot be used to meet the requirements of equalisation for GMP or the application of the Statutory Minimum. The examples therefore only consider the calculation of Pre 97 elements of pension at the Relevant Time.

Example 1 – Male with periods of service with NPAs 60 and 65
(with sufficient NPA 60 service to cover female GMP at DOL)
Example 2 – Male with periods of service with NPAs 60 and 65
(with insufficient NPA 60 service to cover female GMP at DOL)
Example 3 – Female with NPA 62 service only
Example 4 – Male with pre 17/5/1990 service at NPA 65 and small amount of post 17/5/1990 service at NPA 60
Example 5 - Male greater than age 60 with NPA 60 and NPA 65 service

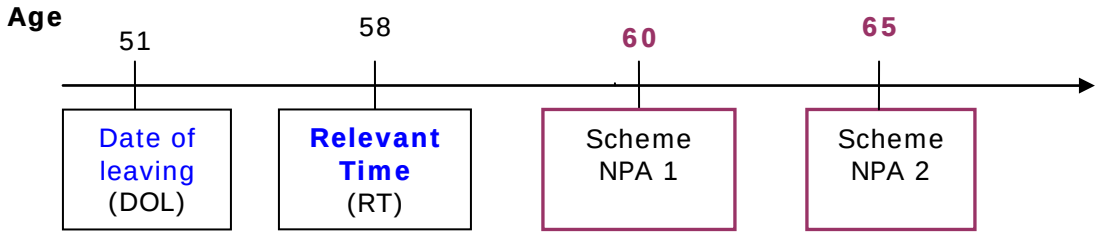
The adjustments required to Pre 97 pension at the Relevant Time for each of these examples should be calculated using the deferred pensioner forms appropriate to the member's sex. Namely:

- **Form 2(a)** for male deferred pensioners; and
- **Form 2(b)** for female deferred pensioners.

The small differences illustrated by the forms and the exact calculations are due to rounding of the factors input into the forms.

Deferred Example 1. Male deferred pensioner at the Relevant Time

Timeline



Membership Details

Date of Birth = 5 December 1946
Date joined scheme = 1 January 1992
Date of leaving the scheme = 31 December 1997
Assessment Date = 2 July 2005
Relevant Time (RT) = 1 July 2005 (age 58 years)

Pre 97 Pension at Date of Leaving

Pre 97 Deferred Pension at date of leaving = £2,187.50 pa which has been split into tranches NPA 60 and NPA 65 (based on service dates) as follows:

Service Dates	NPA	Total Pension at date of leaving	made up of:	
			Post 88 GMP	Excess pension
01/01/1992 – 20/12/1994	**60**	**£1,233.74 pa**	£392.41 pa	£841.33 pa
21/12/1994 – 05/04/1997	**65**	**£953.76 pa**	£303.35 pa	£650.41 pa
Total	n/a	**£2,187.50 pa**	£695.76 pa	£1,491.74 pa

The scheme provided revaluation on the pension in deferment at the following rates:

- Fixed Rate Revaluation on GMP (in this case 6.25% pa)
- Statutory revaluation on the excess pension

Pre 97 Pension revalued to the Relevant Time (age 58)

NPA 60 tranche

$$= \left(\begin{array}{l} 392.41 * 1.0625^{8} + \\ 841.33 * 1.181 \end{array} \right)$$

$$= £1{,}630.95 pa$$

NPA 65 tranche

$$= \left(\begin{array}{l} 303.35 * 1.0625^{8} + \\ 650.41 * 1.181 \end{array} \right)$$

$$= £1{,}260.83 pa$$

where:
18.1% = Occupational Pensions (Revaluation) Order 2004 for 7 year revaluation period
8 revaluations are granted to the male GMP at 6/4/1998 - 6/4/2005 inclusive

Modified Method (2): Opposite sex calculation – applicable to a female

Pre 97 Pension at Date of Leaving

The Pre 97 Deferred Pension at date of leaving = £2,187.50 pa is unchanged. However, the split of the different NPA tranches into GMP and excess pension has changed as follows:

Service Dates	**NPA**	**Total Pension at date of leaving**	made up of:	
			Post 88 GMP	Excess pension
01/01/1992 – 20/12/1994	**60**	**£1,233.74 pa**	£462.49 pa	£771.25 pa
21/12/1994 – 05/04/1997	**65**	**£953.76 pa**	£357.53 pa	£596.23 pa
Total	n/a	**£2,187.50 pa**	£820.02 pa	£1,367.48 pa

Where the equivalent Female GMP at date of leaving is:
NPA 60 tranche = 392.41 x 1.1786 = £462.49 pa
NPA 65 tranche = 303.35 x 1.1786 = £357.53 pa

(1.1786 is taken from the table in Part D.1 for calculating opposite sex GMP)

Pre 97 Pension revalued to the Relevant Time (age 58)

NPA 60 tranche

$$= \left(\begin{array}{l} 462.49 * 1.0625^{8} + \\ 771.25 * 1.181 \end{array} \right)$$

$$= £1{,}662.01 pa$$

NPA 65 tranche

$$= \left(\begin{array}{l} 357.53 * 1.0625^{8} + \\ 596.23 * 1.181 \end{array} \right)$$

$$= £1{,}284.84 pa$$

where:
18.1% = Occupational Pensions (Revaluation) Order 2004 for 7 year revaluation period
8 revaluations are granted to the female GMP at 6/4/1998 - 6/4/2005 inclusive

Simplified Statutory Minimum Test for NPA 60 tranche of Pre 97 pension

Maximum

(1) "all female GMP" with revaluation on the GMP; and

(2) Accrued pre 97 pension with NPA 60
+ GMP revaluation on "all female GMP"
+ revaluation on the "revised excess pension" with NPA 60 or lower

(1) "all female GMP" with revaluation on the GMP

= 820.02 x 1.0625^8 = £1,331.85 pa

(2) Accrued Pre 97 pension with NPA 60
+ GMP revaluation on "all female GMP"
+ revaluation on the "revised excess pension" with NPA 60 or lower
= 1,233.74 + 511.83 + 74.88 = **£1,820.45*pa* (maximum)**

where:

GMP revaluation on "all female GMP" = 820.02 x (1.0625^8 – 1) **=** £511.83 pa

revaluation on "revised excess pension" with NPA 60 or lower

= (1,233.74 – 820.02) x (1.181 -1) = £74.88*pa*

There is insufficient pension in the NPA 60 tranche to meet the Statutory Minimum of £1,820.45 pa that must be paid from age 60.

As the Statutory Minimum applies, the remaining elements of pension with appropriate revaluation (at excess rate) are then paid from NPA 65.

NPA 65 Tranche revalued to the Relevant Time = 953.76 x 1.181 = £1,126.39*pa*

Summary of Pre 97 Pension at the Relevant Time

Pre 97 pension at RT	Male £ pa	Equivalent Female £ pa
NPA 60	1,630.95	1,820.45
NPA 65	1,260.83	1,126.39
Total	2,891.78	2,946.84

Note that in this example the total Pre 97 pension (£2,946.84) is unchanged from the opposite sex calculation prior to application of the Statutory Minimum. However, part of the Pre 97 pension has been upgraded to NPA 60 to meet the statutory requirement for females at NPA 60.

The revised NPA 65 tranche = total revalued pension – minimum pension from age 60 = 1,662.01 +1,284.84 – 1,820.45 = £1,126.40 pa

Adjustment to Pension revalued to the Relevant Time as currently shown on the PPF Data Interface Layout

Pre 97 pension at RT	Adjustment to DIL £ pa
NPA 60	1,820.45 – 1,630.95 = **+189.50**
NPA 65	1,126.39 – 1,260.83 = **- 134.44**
Overall change	2,946.84 - 2,891.78 = +55.06

The change in Pre 97 pension for this male example has been illustrated using Form 2(a).

Factors used in the form 2(a) for Example 1 have been calculated as follows:

(Note calculation of factors not used in the calculation hasn't been shown.)

All factors have been calculated to 4 decimal places.

$XS\_Revs_{DOL:RT}$ Revaluation on excess pension from Date of Leaving (DOL) to Relevant Time (RT)
= 1.181

$MGMP\_Revs_{DOL:RT}$ Revaluation on male GMP from Date of Leaving (DOL) to Relevant Time (RT)
= 1.0625^{8} = 1.6242

$FGMP\_Revs_{DOL:RT}$ Revaluation on female GMP from Date of Leaving (DOL) to Relevant Time (RT)
= 1.0625^{8} = 1.6242

Form 2(a) – Male Deferred Pensioners at the Relevant Time

Member Information - (information that is provided on standard data interface layout)	
Name	Example 1
NI Number	AB123456B
Scheme	Sufficient NPA 60
Gender	Male
Date of Birth (DOB)	05/12/1946
Date joined scheme (DOJ)	01/01/1992
Date of leaving (DOL)	31/12/1997
Assessment Date (AD)	02/07/2005
Relevant Time (RT)	01/07/2005
$_{60}$**DP**$_{RT}$ = Sum of pre 6/4/1997 elements of "annual compensation at the **Relevant Time**" with NPA 60	£1,630.95 pa
$_{60}$**DP**$_{DOL}$ = Sum of pre 6/4/1997 elements of "annual compensation at **DOL**" with NPA 60	£1,233.74 pa
GMP Information	
$_{60}$**MGMP**$_{DOL}$ = Male GMP **(17/5/1990-5/4/1997)** at DOL when scheme NPA=60	£392.41 pa
$_{65}$**MGMP**$_{DOL}$ = Male GMP **(6/4/1978 -5/4/1997)** at DOL when scheme NPA=65*	£303.35 pa
Pre90$\_{}_{65}$**MGMP**$_{DOL}$ = Male GMP **(pre 17/5/1990)** at DOL when scheme NPA=65*	0
FGMP$_{DOL}$ = GMP **(17/5/1990-5/4/1997)** at DOL relevant to a female member	£820.02 pa
Scheme Information - (from standard scheme info form)	
Normal Pension Age (NPA) to be completed if there is a tranche of Scheme benefit with NPA other than 60	65
XS_Revs$_{DOL:RT}$ = Revaluation on Excess Pension (DOL to RT)	1.181
MGMP_Revs$_{DOL:RT}$ =Revaluation on male GMP (DOL to RT)	1.6242
FGMP_Revs$_{DOL:RT}$ = Revaluation on female GMP (DOL to RT)	1.6242
Age at RT = RT – DOB (complete years)	58

* notation should be amended, if necessary to tie in with NPA of scheme other than 60

Generalised formula for male deferred pensioners

Adjustment to Pre 97 NPA 60 tranche

(a) [$FGMP_{DOL}$ x ($FGMP\_Revs_{DOL:RT}$ - $XS\_Revs_{DOL:RT}$)
- $_{60}MGMP_{DOL}$ x ($MGMP\_Revs_{DOL:RT}$ - $XS\_Revs_{DOL:RT}$)]

= [820.02 x (1.6242 - 1.181)

– 392.41 x (1.6242 - 1.181)]

= 189.52

(b) ($FGMP_{DOL}$ x $FGMP\_Revs_{DOL:RT}$) – $_{60}DP_{RT}$

= (820.02 x 1.6242) – 1,630.95

= -299.07

Choose the maximum of **(a)**, (b)

= £ 189.52 pa ie (a)

Adjustment to Pre 97 NPA 65 tranche (negative)

Complete **(a)** **or** (b) below, in line with the one which was used above:

(a) - **[** ($_{65}MGMP_{DOL}$ – $Pre90\_{}_{65}MGMP_{DOL}$)

x ($MGMP\_Revs_{DOL:RT}$ - $XS\_Revs_{DOL:RT}$) **]** **Yes**

= - **[** (303.35 - 0)

x (1.6242 - 1.181) **]**

= - **£ 134.44 pa**

(b) - **[**($_{65}MGMP_{DOL}$ - $Pre90\_{}_{65}MGMP_{DOL}$) x ($MGMP\_Revs_{DOL:RT}$ -$XS\_Revs_{DOL:RT}$) + ($FGMP_{DOL}$ - $_{60}DP_{DOL}$) x $XS\_Revs_{DOL:RT}$) **]** **No**

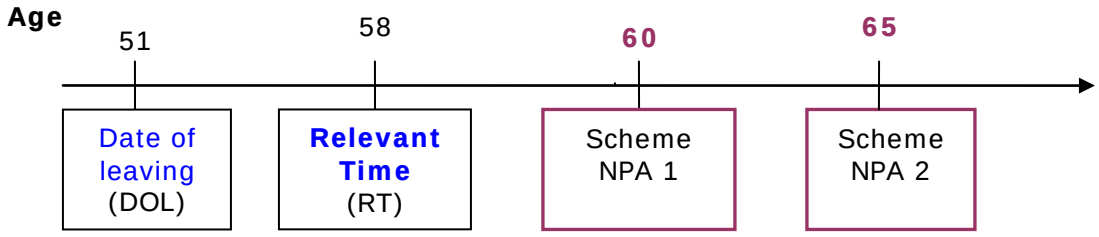
= - [(_____ - _____) x (_____ - _____)

+ (_____ - _____) x _____]

= -

Deferred Example 2. Male deferred pensioner at the Relevant Time

Timeline



Membership Details

Date of Birth = 5 December 1946
Date joined scheme = 1 January 1994
Date of leaving the scheme = 31 December 1997
Assessment Date = 2 July 2005
Relevant Time (RT) = 1 July 2005 (age 58 years)

Pre 97 Pension at Date of Leaving

Pre 97 Deferred Pension at date of leaving = £1,262.19 pa which has been split into tranches NPA 60 and NPA 65 (based on service dates) as follows:

Service Dates	NPA	Total Pension at date of leaving	made up of:	
			Post 88 GMP	Excess pension
01/01/1994 – 20/12/1994	**60**	**£308.43 pa**	£98.10 pa	£210.33 pa
21/12/1994 – 05/04/1997	**65**	**£953.76 pa**	£303.35 pa	£650.41 pa
Total	n/a	**£1,262.19 pa**	£401.45 pa	£860.74 pa

The scheme provided revaluation on the pension in deferment at the following rates:

- Fixed Rate Revaluation on GMP (in this case 6.25% pa)
- Statutory revaluation on the excess pension

Pre 97 Pension revalued to the Relevant Time (age 58)

NPA 60 tranche

$$= \begin{pmatrix} 98.10 * 1.0625^{8} + \\ 210.33 * 1.181 \end{pmatrix}$$

$$= £407.73 pa$$

NPA 65 tranche

$$= \begin{pmatrix} 303.35 * 1.0625^{8} + \\ 650.41 * 1.181 \end{pmatrix}$$

$$= £1{,}260.83 pa$$

where:
18.1% = Occupational Pensions (Revaluation) Order 2004 for 7 year revaluation period
8 revaluations are granted to the male GMP at 6/4/1998 - 6/4/2005 inclusive

Modified Method (2): Opposite sex calculation – applicable to a female

Pre 97 Pension at Date of Leaving

The Pre 97 Deferred Pension at date of leaving = £1,262.19 pa is unchanged. However, the split of the different NPA tranches into GMP and excess pension has changed as follows:

Service Dates	**NPA**	**Total Pension at date of leaving**	made up of:	
			Post 88 GMP	Excess pension
01/01/1994 – 20/12/1994	**60**	**£308.43 pa**	£115.62 pa	£192.81 pa
21/12/1994 – 05/04/1997	**65**	**£953.76 pa**	£357.53 pa	£596.23 pa
Total	n/a	**£1,262.19 pa**	£473.15 pa	£789.04 pa

Where the equivalent Female GMP at date of leaving is:
NPA 60 tranche = 98.10 x 1.1786 = £115.62 pa
NPA 65 tranche = 303.35 x 1.1786 = £357.53 pa

(1.1786 is taken from the table in Part D.1 for calculating opposite sex GMP)

Pre 97 Pension revalued to the Relevant Time (age 58)

NPA 60 tranche

$$= \left(\begin{matrix} 115.62 * 1.0625^{8} + \\ 192.81 * 1.181 \end{matrix} \right)$$

$$= £415.50\,pa$$

NPA 65 tranche

$$= \left(\begin{matrix} 357.53 * 1.0625^{8} + \\ 596.23 * 1.181 \end{matrix} \right)$$

$$= £1{,}284.84\,pa$$

where:
18.1% = Occupational Pensions (Revaluation) Order 2004 for 7 year revaluation period
8 revaluations are granted to the female GMP at 6/4/1998 - 6/4/2005 inclusive

Simplified Statutory Minimum Test for NPA 60 tranche of Pre 97 pension

Maximum

(1) "all female GMP" with revaluation on the GMP; and

(2) Accrued pre 97 pension with NPA 60
+ GMP revaluation on "all female GMP"
+ revaluation on the "revised excess pension" with NPA 60 or lower

(1) "all female GMP" with revaluation on the GMP

= 473.15 x 1.0625^{8} = **£768.48 pa (maximum)**

(2) Accrued Pre 97 pension with NPA 60
+ GMP revaluation on "all female GMP"
+ revaluation on the "revised excess pension" with NPA 60 or lower
= 308.43 + 295.33 – 29.81 = £573.95 pa

where:

GMP revaluation on "all female GMP" = 473.15 x (1.0625^{8} – 1) **= £295.33 pa**

revaluation on "revised excess pension" with NPA 60 or lower

= (308.43 – 473.15) x (1.181 -1) = -**£29.81 pa**

There is insufficient pension in the NPA 60 tranche to meet the Statutory Minimum of £768.48 pa that must be paid from age 60.

In this example Scenario (1) is the maximum. This means that at date of leaving there is insufficient pension with NPA 60 to cover the female GMP. To avoid double counting the pension payable at 65 is reduced to reflect the corresponding amount by which the pension payable at 60 has been increased to meet the Statutory Minimum. The remaining 65 benefits are revalued (at the excess rate) to the Relevant Time.

Increase in 60 tranche to the cover female GMP = 473.15 – 308.43 = £164.72 pa

Revised 65 tranche at the Relevant Time = (953.76 – 164.72) x 1.181
= £931.86 pa

Summary of Pre 97 Pension at the Relevant Time

Pre 97 pension at RT	Male £ pa	Equivalent Female £ pa
NPA 60	407.73	768.48
NPA 65	1,260.83	931.86
Total	1,668.56	1,700.34

Note that in this example the total Pre 97 pension (£1,700.34) is unchanged from the opposite sex calculation prior to application of the Statutory Minimum. However, part of the Pre 97 pension has been upgraded to a NPA 60 to meet the statutory requirement for females at NPA 60.

The revised NPA 65 tranche = total revalued pension – minimum pension from age 60 = 415.50 + 1,284.84 - 768.48 = £931.86 pa

Adjustment to Pension revalued to the Relevant Time as currently shown on the PPF Data Interface Layout

Pre 97 pension at RT	Adjustment to DIL £ pa
NPA 60	768.48 – 407.73 = **+360.75**
NPA 65	931.86 – 1,260.83 = **- 328.97**
Overall change	1,700.34 – 1,668.56 = +31.78

The change in Pre 97 pension for this male example has been illustrated using Form 2(a).

Factors used in the form 2(a) for Example 2 have been calculated as follows:

(Note calculation of factors not used in the calculation hasn't been shown.)

All factors have been calculated to 4 decimal places.

$XS\_Revs_{DOL:RT}$ Revaluation on excess pension from Date of Leaving (DOL) to Relevant Time (RT)
= 1.181

$MGMP\_Revs_{DOL:RT}$ Revaluation on male GMP from Date of Leaving (DOL) to Relevant Time (RT)
= 1.0625^{8} = 1.6242

$FGMP\_Revs_{DOL:RT}$ Revaluation on female GMP from Date of Leaving (DOL) to Relevant Time (RT)
= 1.0625^{8} = 1.6242

Form 2(a) – Male Deferred Pensioners at the Relevant Time

Member Information - (information that is provided on standard data interface layout)	
Name	Example 2
NI Number	AB123456B
Scheme	Small NPA 60 DP
Gender	Male
Date of Birth (DOB)	05/12/1946
Date joined scheme (DOJ)	01/01/1994
Date of leaving (DOL)	31/12/1997
Assessment Date (AD)	02/07/2005
Relevant Time (RT)	01/07/2005
$_{60}$**DP**$_{RT}$ = Sum of pre 6/4/1997 elements of "annual compensation at the **Relevant Time**" with NPA 60	£407.73 pa
$_{60}$**DP**$_{DOL}$ = Sum of pre 6/4/1997 elements of "annual compensation at **DOL**" with NPA 60	£308.43 pa
GMP Information	
$_{60}$**MGMP**$_{DOL}$ = Male GMP **(17/5/1990-5/4/1997)** at DOL when scheme NPA=60	£98.10 pa
$_{65}$**MGMP**$_{DOL}$ = Male GMP **(6/4/1978 -5/4/1997)** at DOL when scheme NPA=65*	£303.35 pa
Pre90$\_{}_{65}$**MGMP**$_{DOL}$ = Male GMP **(pre 17/5/1990)** at DOL when scheme NPA=65*	0
FGMP$_{DOL}$ = GMP **(17/5/1990-5/4/1997)** at DOL relevant to a female member	£473.15 pa
Scheme Information - (from standard scheme info form)	
Normal Pension Age (NPA) to be completed if there is a tranche of Scheme benefit with NPA other than 60	65
XS_Revs$_{DOL:RT}$ = Revaluation on Excess Pension (DOL to RT)	1.181
MGMP_Revs$_{DOL:RT}$ =Revaluation on male GMP (DOL to RT)	1.6242
FGMP_Revs$_{DOL:RT}$ = Revaluation on female GMP (DOL to RT)	1.6242
Age at RT = RT – DOB (complete years)	58

* notation should be amended, if necessary to tie in with NPA of scheme other than 60

Generalised formula for male deferred pensioners

Adjustment to Pre 97 NPA 60 tranche

(a) [$FGMP_{DOL}$ x ($FGMP\_Revs_{DOL:RT}$ - $XS\_Revs_{DOL:RT}$)
- ${}_{60}MGMP_{DOL}$ x ($MGMP\_Revs_{DOL:RT}$ - $XS\_Revs_{DOL:RT}$)]

= [473.15 x (1.6242 - 1.181)

– 98.10 x (1.6242 - 1.181)]

= 166.22

(b) ($FGMP_{DOL}$ x $FGMP\_Revs_{DOL:RT}$) – ${}_{60}DP_{RT}$

= (473.15 x 1.6242) – 407.73

= 360.76

Choose the maximum of (a), **(b)**

= £ 360.76 pa ie (b) applies

Adjustment to Pre 97 NPA 65 tranche (negative)

Complete (a) **or (b)** below, in line with the one which was used above:

(a) - **[** (${}_{65}MGMP_{DOL}$ – $Pre90\_{}_{65}MGMP_{DOL}$)

x ($MGMP\_Revs_{DOL:RT}$ - $XS\_Revs_{DOL:RT}$) **]** **No**

= - **[** (-)

x (-) **]**

=

(b) - **[**(${}_{65}MGMP_{DOL}$ - $Pre90\_{}_{65}MGMP_{DOL}$) x ($MGMP\_Revs_{DOL:RT}$ -$XS\_Revs_{DOL:RT}$)

+ ($FGMP_{DOL}$ - ${}_{60}DP_{DOL}$) x $XS\_Revs_{DOL:RT}$) **]** **Yes**

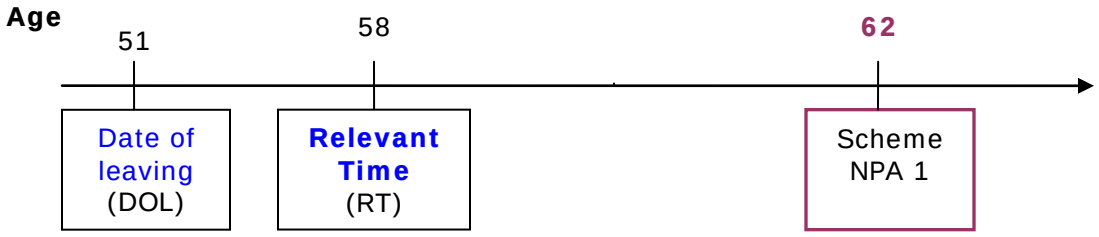
= - **[** (303.35 - 0) x (1.6242 - 1.181)

+ (473.15 - 308.43) x 1.181 **]**

= - **£ 328.98 pa**

Deferred Example 3. Female deferred pensioner at the Relevant Time

Timeline



Membership Details

Date of Birth = 5 December 1946
Date joined scheme = 21 December 1994
Date of leaving the scheme = 31 December 1997
Assessment Date = 2 July 2005
Relevant Time (RT) = 1 July 2005 (age 58 years)

Pre 97 Pension at Date of Leaving

Pre 97 Deferred Pension at date of leaving = £1,264.84 pa which has NPA 62

Service Dates	**NPA**	**Total Pension at date of leaving**	made up of:	
			Post 88 GMP	Excess pension
21/12/1994 – 05/04/1997	**62**	**£1,264.84 pa**	£560.69 pa	£704.15 pa
Total	n/a	**£1,264.84 pa**	£560.69 pa	£704.15 pa

The scheme provided revaluation on the pension in deferment at the following rates:

- Fixed Rate Revaluation on GMP (in this case 6.25% pa)
- Statutory revaluation on the excess pension

Pre 97 Pension revalued to the Relevant Time (age 58)

NPA 60 tranche

$= £0\,pa$

NPA 62 tranche

$$= \begin{pmatrix} 560.69 * 1.0625^{8} + \\ 704.15 * 1.181 \end{pmatrix}$$

$= £1{,}742.26\,pa$

where:
18.1% = Occupational Pensions (Revaluation) Order 2004 for 7 year revaluation period
8 revaluations are granted to the female GMP at 6/4/1998 - 6/4/2005 inclusive

Statutory requirements for female at age 60

No check is currently undertaken – details of the Statutory Minimum test that needs to be applied is given below the opposite sex calculation below.

Modified Method (2): Opposite sex calculation – applicable to a male

Pre 97 Pension at Date of Leaving

The Pre 97 Deferred Pension at date of leaving = £1,264.84 pa is unchanged. However, the split of the different NPA tranches into GMP and excess pension has changed as follows:

Service Dates	**NPA**	**Total Pension at date of leaving**	made up of:	
			Post 88 GMP	Excess pension
21/12/1994 – 05/04/1997	**62**	**£1,264.84 pa**	£475.75 pa	£789.09 pa
Total	n/a	**£1,264.84 pa**	£475.75 pa	£789.09 pa

Where the equivalent Male GMP at date of leaving is:
NPA 62 tranche = 560.69 x 0.8485 = £475.75 pa

(0.8485 is taken from the table in Part D.1 for calculating opposite sex GMP)

Pre 97 Pension revalued to the Relevant Time (age 58)

NPA 60 tranche

$= £0 pa$

NPA 62 tranche

$= \left(475.75 * 1.0625^{8} + 789.09 * 1.181 \right)$

$= £1{,}704.61 pa$

where:
18.1% = Occupational Pensions (Revaluation) Order 2004 for 7 year revaluation period
8 revaluations are granted to the male GMP at 6/4/1998 - 6/4/2005 inclusive

This is less than the female Pre 97 pension revalued to the Relevant Time so this member is better off remaining as a female member.

However, a further check is needed to see if any change is needed to the female Pre 97 pension to ensure that the Statutory Minimum is met.

Simplified Statutory Minimum Test for NPA 60 tranche of Pre 97 pension

Maximum

(1) "all female GMP" with revaluation on the GMP; and

(2i) Accrued Pre 97 pension with NPA 60
+ GMP revaluation on "all female GMP"
+ revaluation on the "revised excess pension" with NPA 60 or lower

(1) "all female GMP" with revaluation on the GMP

= 560.69 x 1.0625^{8} = **£910.66 pa (maximum)**

(2) Accrued Pre 97 pension with NPA 60
+ GMP revaluation on "all female GMP"
+ revaluation on the "revised excess pension" with NPA 60 or lower
= 0 + 349.97 - 101.48 = £248.49 pa

where:

GMP revaluation on "all female GMP" = 560.69 x (1.0625^{8} – 1) **=** £349.97 pa

revaluation on "revised excess pension" with NPA 60 or lower

= (0 – 560.69) x (1.181 - 1) = - £101.48 pa

There is insufficient pension in the NPA 60 tranche to meet the Statutory Minimum of £910.66 pa that must be paid from age 60.

At date of leaving there is no pension with NPA 60 to cover the female GMP. To avoid double counting the pension payable at 62 is reduced to reflect the GMP is now being paid from age 60.

Revised 62 tranche at the Relevant Time = 704.15 x 1.181
= £831.60 pa

Summary of Pre 97 Pension at the Relevant Time

Pre 97 pension at RT	Existing Female £ pa	Revised Female £ pa
NPA 60	0	910.66
NPA 62	1,742.26	831.60
Total	1,742.26	1,742.26

Note in this example the total Pre 97 pension is unchanged, However part of the Pre 97 pension has been upgraded to a NPA 60 to meet the Statutory Minimum for females at NPA 60.

The revised NPA 62 tranche = total revalued pension – minimum pension from age 60 = 0 + 1,742.26 – 910.66 = £831.60 pa

Adjustment to Pension revalued to the Relevant Time as currently shown on the PPF Data Interface Layout

Pre 97 pension at RT	Adjustment to DIL £ pa
NPA 60	910.66 – 0 = **+910.66**
NPA 62	831.60 – 1,742.26 = **- 910.66**
Overall change	1,742.26 – 1,742.26 = 0

The change in Pre 97 pension for this female example has been illustrated using Form 2(b).

Factors used in the form 2(b) for Example 3 have been calculated as follows:

(Note calculation of factors not used in the calculation hasn't been shown.)

All factors have been calculated to 4 decimal places.

$XS\_Revs_{DOL:RT}$ Revaluation on excess pension from Date of Leaving (DOL) to Relevant Time (RT)
= 1.181

$FGMP\_Revs_{DOL:RT}$ Revaluation on female GMP from Date of Leaving (DOL) to Relevant Time (RT)
$= 1.0625^{8} = 1.6242$

Form 2(b) - Female Deferred Pensioners at the Relevant Time

Member Information – (information that is provided on standard data interface layout)	
Name	Example 3
NI Number	AB123456B
Scheme	NPA 62 only
Gender	Female
Date of Birth (DOB)	05/12/1946
Date joined scheme (DOJ)	21/12/1994
Date of leaving (DOL)	31/12/1997
Assessment Date (AD)	02/07/2005
Relevant Time (RT)	01/07/2005
${}_{60}DP_{RT}$ = Sum of pre 6/4/1997 elements of "annual compensation at **Relevant Time**" with NPA 60 *(equals zero if no NPA 60 Scheme pension)*	£0 pa
GMP Information	
$FGMP_{DOL}$ = All female GMP at DOL	£ 560.69 pa
${}_{62}FGMP_{DOL}$ = All female GMP at DOL when scheme NPA=65*	£ 560.69 pa
Scheme Information if Age at RT ≤ NPA - (from standard scheme info form)	
Normal Pension Age (NPA) to be completed if there is a tranche of Scheme benefit with NPA other than 60	62
$XS\_Revs_{DOL:RT}$ = Revaluation on Excess Pension (DOL to RT)	1.181
$FGMP\_Revs_{DOL:RT}$ = Revaluation on female GMP (DOL to RT)	1.6242
Age at RT = AD – DOB (complete years)	58

* NPA is 62, so notation has been amended accordingly (e.g. NPA 62 calculations require ${}_{62}\mathbf{FGMP_{DOL}}$)

Generalised formula for female deferred pensioners

Adjustment to Pre 97 NPA 60 tranche

(a) ${}_{62}FGMP_{DOL}$ x ($FGMP\_Revs_{DOL:RT}$ - $XS\_Revs_{DOL:RT}$)

= 560.69 x (1.6242 - 1.181)

= 248.50

(b) [($FGMP_{DOL}$ x $FGMP\_Revs_{DOL:RT}$)] - ${}_{60}DP_{RT}$

= [(560.69 x 1.6242)] - 0

= 910.67

Choose the maximum of (a), **(b)**
= £ 910.67 pa ie (b) applies

Adjustment to Pre 97 NPA 62 tranche (negative)
Complete (a) **or (b)** below, in line with the one which was used above:

(a) - [${}_{62}FGMP_{DOL}$ x ($FGMP\_Revs_{DOL:RT}$ - $XS\_Revs_{DOL:RT}$)] **No**

= - [x (-)]

= £ pa

(b) - [($FGMP_{DOL}$ x $FGMP\_Revs_{DOL:RT}$)] - ${}_{60}DP_{RT}$ **Yes**

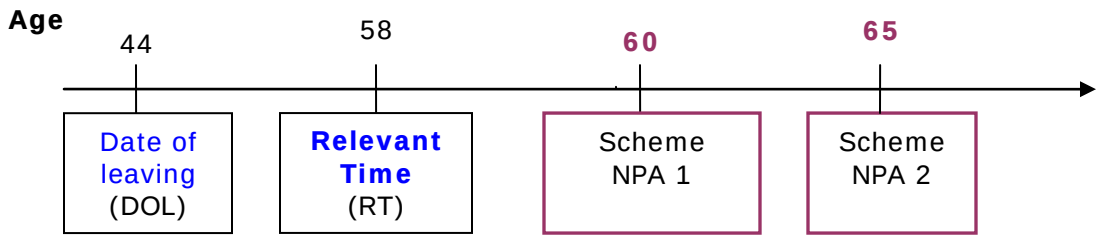
= - [(560.69 x 1.6242)] - 0

= - £ 910.67 pa

Note no calculation is required if all Pre 97 benefits have NPA 60

Deferred Example 4. Male deferred pensioner at the Relevant Time

Timeline



Membership Details

Date of Birth = 5 December 1946
Date joined scheme = 1 May 1985
Date of leaving the scheme = 31 December 1990
Assessment Date = 2 July 2005
Relevant Time (RT) = 1 July 2005 (age 58 years)

Pre 97 Pension at Date of Leaving

Pre 97 Deferred Pension at date of leaving = £2,330.00 pa which has been split into tranches NPA 60 and NPA 65 (based on service dates) as follows:

Service Dates	**NPA**	**Total Pension at date of leaving**	made up of:	
			GMP	Excess pension
01/05/1985 – 16/05/1990	**65**	**£2,100.00 pa**	£1,150.00 pa	£950.00 pa
17/05/1990 – 31/12/1990	**60**	**£230.00 pa**	£110.00 pa	£120.00 pa
Total	n/a	**£2,330.00 pa**	£1,260.00 pa	£1,070.00 pa

The scheme provided revaluation on the pension in deferment at the following rates:

- Fixed Rate Revaluation on GMP (in this case 7.5% pa)
- Statutory revaluation on the excess pension

Pre 97 Pension revalued to the Relevant Time (age 58)

NPA 60 tranche

$$= \begin{pmatrix} 110.00 * 1.075^{15} + \\ 120.0 * 1.457 \end{pmatrix}$$

$$= £500.33 pa$$

NPA 65 tranche

$$= \begin{pmatrix} 1{,}150.00 * 1.075^{15} + \\ 950.00 * 1.457 \end{pmatrix}$$

$$= £4{,}786.86 pa$$

where:
45.7% = Occupational Pensions (Revaluation) Order 2004 for 14 year revaluation period
15 revaluations are granted to the male GMP at 6/4/1991 - 6/4/2005 inclusive

Modified Method (2): Opposite sex calculation – applicable to a female

Pre 97 Pension at Date of Leaving

The Pre 97 Deferred Pension at date of leaving = £2,330.00 pa is unchanged. However, the split of the different NPA tranches into GMP and excess pension has changed as follows:

Service Dates	**NPA**	**Total Pension at date of leaving**	made up of:	
			GMP	Excess pension
01/05/1985 – 16/05/1990	**65**	**£2,100.00 pa**	£1,150.00 pa	£950.00 pa
17/05/1990 – 31/12/1990	**60**	**£230.00 pa**	£129.65 pa	£100.35 pa
Total	n/a	**£2,330.00 pa**	£1,279.65 pa	£1,050.35 pa

Where the equivalent Female GMP at date of leaving is:
NPA 60 tranche = 110.00 x 1.1786 = £129.65 pa

(1.1786 is taken from the table in Part D.1 for calculating opposite sex GMP)

Pre 97 Pension revalued to the Relevant Time (age 58)

NPA 60 tranche

$$= \begin{pmatrix} 129.65 * 1.075^{15} + \\ 100.35 * 1.457 \end{pmatrix}$$

$$= £529.83 pa$$

NPA 65 tranche

$$= \begin{pmatrix} 1{,}150.00 * 1.075^{15} + \\ 950.00.0 * 1.457 \end{pmatrix}$$

$$= £4{,}786.86 pa$$

where:
45.7% = Occupational Pensions (Revaluation) Order 2004 for 14 year revaluation period
15 revaluations are granted to the female GMP at 6/4/1991 - 6/4/2005 inclusive

Simplified Statutory Minimum Test for NPA 60 tranche of Pre 97 pension

Maximum

(1) "all female GMP" with revaluation on the GMP; and

(2) Accrued pre 97 pension with NPA 60

+ GMP revaluation on "all female GMP"

+ revaluation on the "revised excess pension" with NPA 60 or lower

(1) "all female GMP" with revaluation on the GMP

= 129.65 x 1.075^{15} = £383.62 pa

(2) Accrued Pre 97 pension with NPA 60

+ GMP revaluation on "all female GMP"

+ revaluation on the "revised excess pension" with NPA 60 or lower

= 230.00 + 253.97 + 45.86 = **£529.83 pa (maximum)**

where:

GMP revaluation on "all female GMP" = 129.65 x (1.075^{15} – 1) **=** £253.97 pa

revaluation on "revised excess pension" with NPA 60 or lower

= (230.00 – 129.65) x (1.457 -1) = £45.86 pa

There is sufficient pension in the NPA 60 tranche to meet the Statutory Minimum of £529.83 pa that must be paid from age 60.

The Pre 97 pension with NPA 65 therefore remains unchanged.

Summary of Pre 97 Pension at the Relevant Time

Pre 97 pension at RT	Male £ pa	Equivalent Female £ pa
NPA 60	500.33	529.83
NPA 65	4,786.86	4,786.86
Total	5,287.19	5,316.69

Adjustment to Pension revalued to the Relevant Time as currently shown on the PPF Data Interface

Pre 97 pension at RT	Adjustment to DIL £ pa
NPA 60	529.83 – 500.33 = **+ 29.50**
NPA 65	4,786.86 – 4,786.86 = 0
Overall change	5,316.69 - 5,287.19 = +29.50

The change in Pre 97 pension for this male example has been illustrated using Form 2(a).

Factors used in the form 2(a) for Example 4 have been calculated as follows:

(Note calculation of factors not used in the calculation hasn't been shown.)

All factors have been calculated to 4 decimal places.

XS_Revs$_{DOL:RT}$	Revaluation on excess pension from Date of Leaving (DOL) to Relevant Time (RT) = 1.457
MGMP_Revs$_{DOL:RT}$	Revaluation on male GMP from Date of Leaving (DOL) to Relevant Time (RT) = 1.075^{15} = 2.9589
FGMP_Revs$_{DOL:RT}$	Revaluation on female GMP from Date of Leaving (DOL) to Relevant Time (RT) = 1.075^{15} = 2.9589

Form 2(a) – Male Deferred Pensioners at the Relevant Time

Member Information - (information that is provided on standard data interface layout)	
Name	Example 4
NI Number	AB123456B
Scheme	Pre 90 service
Gender	Male
Date of Birth (DOB)	05/12/1946
Date joined scheme (DOJ)	01/05/1985
Date of leaving (DOL)	31/12/1990
Assessment Date (AD)	02/07/2005
Relevant Time (RT)	01/07/2005
$_{60}$**DP**$_{RT}$ = Sum of pre 6/4/1997 elements of "annual compensation at the **Relevant Time**" with NPA 60	£500.33 pa
$_{60}$**DP**$_{DOL}$ = Sum of pre 6/4/1997 elements of "annual compensation at **DOL**" with NPA 60	£230.00 pa
GMP Information	
$_{60}$**MGMP**$_{DOL}$ = Male GMP **(17/5/1990-5/4/1997)** at DOL when scheme NPA=60	£110.00 pa
$_{65}$**MGMP**$_{DOL}$ = Male GMP **(6/4/1978 -5/4/1997)** at DOL when scheme NPA=65*	£1,150.00 pa
Pre90$_{\_65}$**MGMP**$_{DOL}$ = Male GMP **(pre 17/5/1990)** at DOL when scheme NPA=65*	£1,150.00 pa
FGMP$_{DOL}$ = GMP **(17/5/1990-5/4/1997)** at DOL relevant to a female member	£129.65 pa
Scheme Information - (from standard scheme info form)	
Normal Pension Age (NPA) to be completed if there is a tranche of Scheme benefit with NPA other than 60	65
XS_Revs$_{DOL:RT}$ = Revaluation on Excess Pension (DOL to RT)	1.457
MGMP_Revs$_{DOL:RT}$ =Revaluation on male GMP (DOL to RT)	2.9589
FGMP_Revs$_{DOL:RT}$ = Revaluation on female GMP (DOL to RT)	2.9589
Age at RT = RT – DOB (complete years)	58

* notation should be amended, if necessary to tie in with NPA of scheme other than 60

Generalised formula for male deferred pensioners

Adjustment to Pre 97 NPA 60 tranche

(a) [$FGMP_{DOL}$ x ($FGMP\_Revs_{DOL:RT}$ - $XS\_Revs_{DOL:RT}$)
- ${}_{60}MGMP_{DOL}$ x ($MGMP\_Revs_{DOL:RT}$ - $XS\_Revs_{DOL:RT}$)]

= [129.65 x (2.9589 - 1.457)

– 110.00 x (2.9589 - 1.457)]

= 29.51

(b) ($FGMP_{DOL}$ x $FGMP\_Revs_{DOL:RT}$) – ${}_{60}DP_{RT}$

= (129.65 x 2.9589) – 500.33

= -116.71

Choose the maximum of **(a)**, (b)

= £29.51 pa ie (a)

Adjustment to Pre 97 NPA 65 tranche (negative)

Complete **(a)** **or** (b) below, in line with the one which was used above:

(a) - **[** (${}_{65}MGMP_{DOL}$ – $Pre90\_{}_{65}MGMP_{DOL}$) **Yes**

x ($MGMP\_Revs_{DOL:RT}$ - $XS\_Revs_{DOL:RT}$) **]**

= - **[** (1,150.00 - 1,150.00)

x (2.9589 - 1.457) **]**

= **£ 0 pa**

(b) - **[**(${}_{65}MGMP_{DOL}$ - $Pre90\_{}_{65}MGMP_{DOL}$) x ($MGMP\_Revs_{DOL:RT}$ -$XS\_Revs_{DOL:RT}$)

+ ($FGMP_{DOL}$ - ${}_{60}DP_{DOL}$) x $XS\_Revs_{DOL:RT}$ **]** **No**

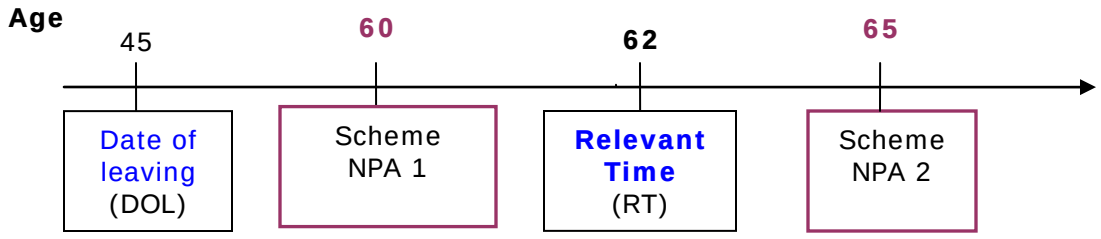
= - **[** (-) x (-)

+ (-) x **]**

=

Deferred Example 5. Male > age 60 deferred pensioner at the Relevant Time

Timeline



Membership Details

Date of Birth = 10 December 1946
Date joined scheme = 1 May 1985
Date of leaving the scheme = 31 December 1991
Scheme NPA 1 = 10 December 2006 (age 60)
Assessment Date = 2 July 2009
Relevant Time (RT) = 1 July 2009 (age 62 7/12 (nearest month)*)

Pre 97 Pension at Date of Leaving

Pre 97 Deferred Pension at date of leaving = £2,830.00 pa which has been split into tranches NPA 60 and NPA 65 (based on service dates) as follows:

Service Dates	**NPA**	**Total Pension at date of leaving**	made up of:	
			GMP	Excess pension
01/05/1985 – 16/05/1990	**65**	**£2,100.00 pa**	£1,150.00 pa	£950.00 pa
17/05/1990 – 31/12/1990	**60**	**£230.00 pa**	£110.00 pa	£120.00 pa
01/01/1991 – 31/12/1991	**65**	**£500.00 pa**	£240.00 pa	£260.00 pa
Total	n/a	**£2,830.00 pa**	£1,500.00 pa	£1,330.00 pa

The scheme provided revaluation on the pension in deferment at the following rates:

- Fixed Rate Revaluation on GMP (in this case 7.5% pa)
- Statutory revaluation on the excess pension

The member is over age 60 at the Relevant Time so the NPA 60 tranche of pension needs to come into immediate payment assuming that the member retired at the Relevant Time. The pension coming into payment is calculated using the schemes method of calculating late retirement pensions (Paragraph 5 of Schedule 7 of PA2004). Unisex factors are assumed to take into consideration the statutory requirements for both males and females. The PPF makes no comment on the factors used as these are the Trustees responsibility.

The scheme calculated late retirement pensions for both males and females by increasing the pension revalued to NPA 60 by a late retirement factor of 10% pa compound (*calculated using the members age calculated to the nearest month).

The member is effectively considered to be a pensioner at the Relevant Time for the NPA 60 tranche of pension.

The example therefore treats the member as:

- being a late retirement pensioner for the NPA 60 tranche; and
- a separate deferred pensioner for the NPA 65 tranche.

It is assumed that the late retirement factor is generous enough to account for the anti-franking and contracting out legislation for males and females; therefore no further tests are required in respect of these pieces of legislation. The above approach will result in any female GMP included in the 65 tranche being payable from age 60. This approach will be at least sufficient to meet the contracting out requirements in respect of the female GMP.

Note - the NPA 60 tranche of pension is not subject to the compensation cap and 90% multiplier.

Pre 97 Pension revalued to the Relevant Time (age 62)

Pensioner
NPA 60 tranche

$$= \begin{pmatrix} 110.00 * 1.075^{15} + \\ 120.00 * 1.437 \end{pmatrix} * 1.2792$$

$$= £636.93 pa$$

Deferred Pensioner
NPA 65 tranche

$$= \begin{pmatrix} (1{,}150.00 + 240.00) * 1.075^{18} + \\ (950.00 + 260.00) * 1.624 \end{pmatrix}$$

$$= £7{,}074.41 pa$$

where:

Pensioner - NPA 60 tranche

43.7% = Occupational Pensions (Revaluation) Order 2005 for 14 year revaluation period
The scheme revalues GMP in deferment by applying a revaluation at each 6 April, 1992 - 2006 inclusive. This gives 15 revaluations on the male GMP up to the Relevant Time.
1.2792 = scheme unisex late retirement factor = $1.10^{2\ 7/12}$

Deferred Pensioner - NPA 65 tranche

62.4% = Occupational Pensions (Revaluation) Order 2008 for 17 year revaluation period
18 revaluations are granted to the male NPA 65 GMP at 6/4/1992 - 6/4/2009 inclusive

No legislative checks are required to the male NPA 60 tranche of compensation in payment as the member is under the male GMP Age of 65.

Modified Method (2): Opposite sex calculation – applicable to a female

Pre 97 Pension at Date of Leaving

The Pre 97 Deferred Pension at date of leaving = £2,830.00 pa is unchanged. However, the split of the different NPA tranches into GMP and excess pension has changed as follows:

Service Dates	**NPA**	**Total Pension at date of leaving**	made up of:	
			GMP	Excess pension
01/05/1985 – 16/05/1990	**65**	**£2,100.00 pa**	£1,150.00 pa	£950.00 pa
17/05/1990 – 31/12/1990	**60**	**£230.00 pa**	£129.65 pa	£100.35 pa
01/01/1991 – 31/12/1991	**65**	**£500.00 pa**	£282.86 pa	£217.14 pa
Total	n/a	**£2,830.00 pa**	£1,562.51 pa	£1,267.49 pa

Where the equivalent Female GMPs (17/5/1990 – 31/12/1991) at date of leaving is:
NPA 60 tranche = 110.00 x 1.1786 = £129.65 pa
NPA 65 tranche = 240.00 x 1.1786 = £282.86 pa

(1.1786 is taken from the table in Part D.1 for calculating opposite sex GMP)

As above, the member is over age 60 at the Relevant Time so the NPA 60 tranche of pension needs to come into immediate payment assuming that the member retired at the Relevant Time. The member is effectively treated as a pensioner for the NPA 60 tranche.

Pre 97 Pension revalued to the Relevant Time (age 62)

Pensioner
NPA 60 tranche

$$= \begin{pmatrix} 129.65 * 1.075^{14} + \\ 100.35 * 1.437 \end{pmatrix} * 1.2792$$

$$= £640.95 pa$$

Deferred Pensioner
NPA 65 tranche

$$= \begin{pmatrix} 1{,}150.00 * 1.075^{18} + \\ 1{,}012.40 + \\ (950.00 + 217.14) * 1.624 \end{pmatrix}$$

$$= £7{,}135.01 pa$$

where:
Pensioner - NPA 60 tranche
43.7% = Occupational Pensions (Revaluation) Order 2005 for 14 year revaluation period
14 revaluations are granted to the female NPA 60 GMP at 6/4/1992 - 6/4/2005 inclusive
1.2792 = scheme unisex late retirement factor = $1.10^{2\ 7/12}$

Deferred Pensioner - NPA 65 tranche
62.4% = Occupational Pensions (Revaluation) Order 2008 for 17 year revaluation period
18 revaluations are granted to the male NPA 65 GMP at 6/4/1992 - 6/4/2009 inclusive

Revalued female GMP at age 62 7/12
= [282.86 x 1.075^{14}] x [(1 + (2x52+29)/700) x (1.03x1.03x1.03)]
778.56 x 1.30035 = £1,012.40 pa

14 revaluations are granted to the female GMP at 6/4/1992 - 6/4/2005 inclusive;
3%; 3%; 3% are UK Guaranteed Minimum Pension Increase Orders effective on 6 April 2007, 2008 and 2009 respectively.

Pensioner NPA 60 tranche

The member is over the female GMP Age of 60 for the NPA 60 tranche of compensation in payment.

Statutory requirements for female at age 62 7/12

(a) Contracting-out legislation

Revalued female GMP at age 62 7/12
= [129.65 x 1.075^{14}] x [(1 + (2x52+29)/700) x (1.03x1.03x1.03)]
356.85 x 1.30035 = £464.04 pa

14 revaluations are granted to the female GMP at 6/4/1992 - 6/4/2005 inclusive; 3%; 3%; 3% are UK Guaranteed Minimum Pension Increase Orders effective on 6 April 2007, 2008 and 2009 respectively.

The female GMP minimum in respect of the NPA 60 tranche of benefit is clearly covered at retirement.

(b) Anti-franking and preservation legislation

The Trustees will have taken into consideration these pieces of legislation in setting the calculation of the member's late retirement pension. As this scheme uses unisex late retirement factors it is assumed that the Trustees' late retirement factors and method took into account the statutory requirements relating to both males and females. No further check is therefore required.

No further adjustment is required to the Pensioner NPA 60 tranche of PPF compensation to meet the additional female legislative requirements.

Deferred Pensioner tranche

The deferred pensioner tranche has NPA 65 and now contains an element of female GMP. As such, it is subject to the statutory minimum tests applicable to a female. At the Assessment Date the member has not made a decision to retire. However, as the member is now over the female GMP Age of 60 he is entitled to immediate payment of the female GMP with a statutory late retirement increase.

Simplified Statutory Minimum Test for NPA 60 tranche of Pre 97 pension

Maximum

(1) "all female GMP" with revaluation on the GMP; and

(2) Accrued pre 97 pension with NPA 60
+ GMP revaluation on "all female GMP"
+ revaluation on the "revised excess pension" with NPA 60 or lower

As the member is over female GMP Age of 60 revaluation include statutory late revaluation from age 60 to the Relevant Time.

(1) "all female GMP" in the NPA 65 tranche with revaluation on the GMP

=**£1,012.40 pa (maximum)** (see calculation above)

(2) Accrued Pre 97 pension with NPA 60

+ GMP revaluation on "all female GMP"

+ revaluation on the "revised excess pension" with NPA 60 or lower

= 0.00 + (1,012.40 - 282.86) – 176.50 = £553.04 pa

where:

revaluation on "revised excess pension" with NPA 60 or lower

= (0 – 282.86) x (1.624 -1) = -£176.50 pa

There is insufficient pension in the NPA 60 tranche to meet the Statutory Minimum of £1,012.40 pa. This element of the deferred pension must come into immediate payment.

The female revalued GMP is effectively moved to the NPA 60 tranche. To avoid double counting the pension payable at 65 is reduced to reflect the GMP is now being paid earlier. The revised NPA 65 tranche is calculated as:
= $(1{,}150 \times 1.075^{18}) + ((950.00 + 217.14) \times 1.624)$ = £6,122.61 pa

Summary of Pre 97 Pension at the Relevant Time

Pre 97 pension at RT	Male £ pa	Equivalent Female £ pa
Pensioner NPA 60	636.93	640.95
DP NPA 60 - new	0	1,012.40
DP NPA 65	7,074.41	6,122.61
Total	7,711.34	7,775.96

Adjustment to Pension revalued to the Relevant Time as currently shown on the PPF Data Interface

Pre 97 pension at RT	Adjustment to DIL £ pa
Pensioner NPA 60	640.95 – 636.93 = **+ 4.02**
DP NPA 60 - new	1,012.40 – 0 = **+1,012.40**
DP NPA 65	6,122.61 - 7,074.41 = **-951.80**
Overall change	7,775.96 - 7,711.34 = +64.62

The change in Pre 97 pension for this male example has been illustrated using the:
- Pensioner Form 3(a); and
- Male Deferred Pensioner Form 2(a).

Factors used in the Pensioner Form 3(a) for Example 5 have been calculated as follows:

(Note calculation of the factors not used in the calculation hasn't been shown.)

All factors have been calculated to 4 decimal places.

SI $_{DOR:RT}$	Increases on Pre 97 excess pension from Date of Retirement to Relevant Time = 1
SI $_{65:RT}$	Increases on Pre 97 excess pension from age 65 to Relevant Time = 1
GI $_{DOR:RT}$	Increases on post 88 GMP from Date of Retirement to Relevant Time = 1
GI $_{65:RT}$	Increases on post 88 GMP from age 65 to Relevant Time = 1
XS_Revs$_{DOL:DOR}$	Revaluation on excess Pension from Date of Leaving to Normal Pension Age (in line with the schemes method of calculating late retirement pensions) = 1.4370
MGMP_Revs$_{DOL:DOR}$	Revaluation on male GMP from Date of Leaving to NPA (as above) = 1.075^{15} = 2.9589
FGMP_Revs$_{DOL:DOR}$	Revaluation on female GMP from Date of Leaving to NPA (as above) = 1.075^{14} = 2.7524
FLR $_{60:DOR}$	Increases on female GMP from age 60 to Date of Retirement, if applicable = [(1 + (2 x 52 + 29)/700) x (1.03 x 1.03 x1 .03)] =1.3003
ERF	Scheme early retirement factor at DOR, not applicable = 1
LRF	Scheme late retirement factor at DOR (10% pa compound, age calculated to the nearest month) = $1.010^{(2\ 7/12)}$ = 1.2792

Pensioner Form 3(a) – <u>not</u> GMP only case

Separate calculations needed for pension iro each NPA during period 17/5/1990 -5/4/1997.

Member Information – (information that is provided on standard data interface layout)	
Name	Example 5
NI Number	AB123456C
Scheme Name	LR from NPA 60 tranche
Gender	Male
Date of Birth (DOB)	10/12/1946
Date of leaving (DOL) (= DOR, if retired from active)	31/12/1991
Date of retirement (DOR)	01/07/2009
Assessment Date (AD)	02/07/2009
Relevant Time (RT) = AD – 1 day	01/07/2009
GMP Information (17/5/1990 – 5/4/1997)	
$MGMP_{DOL}$ = Male GMP (17/5/1990-5/4/1997) at DOL	£ 110.00 pa
$FGMP_{DOL}$ = Female GMP (17/5/1990-5/4/1997) at DOL	£ 129.65 pa
$MGMP_{65}$ = Male GMP (17/5/1990-5/4/1997) revalued to age 65[1]	£ 0 pa
$FGMP_{60}$ = Female GMP (17/5/1990-5/4/1997) revalued to age 60[1]	£ 356.85 pa
Scheme Information – (factors calculated using information on standard scheme questionnaire)	
Scheme Normal Pension Age (NPA)	60
(i) Pension increases in payment on Pre 97 pension	
$SI_{DOR:RT}$ = Increases on excess pension from DOR to RT[2]	1
$SI_{60:RT}$ = Increases on excess pension from age 60 to RT[2]	1
$SI_{65:RT}$ = Increases on excess pension from age 65 to RT[2]	1
$GI_{DOR:RT}$ = Increases on post 88 GMP from DOR to RT[2]	1
$GI_{60:RT}$ = Increases on post 88 GMP from age 60 to RT[2]	1.0927
$GI_{65:RT}$ = Increases on post 88 GMP from age 65 to RT[2]	1
(ii) Revaluations in deferment on Pre 97 pension	
$XS\_Revs_{DOL:DOR}$ = Excess pension revaluation (DOL-**DOR/NPA**)[3]	1.4370
$MGMP\_Revs_{DOL:DOR}$= Male GMP revaluation (DOL–**DOR/NPA**) [3]	2.9589
$FGMP\_Revs_{DOL:DOR}$ = Female GMP revaluation (DOL–**DOR/NPA**) [3]	2.7524
$MLR_{65:DOR}$ = increases on male GMP, Age 65-DOR, if applicable	1
$FLR_{60:DOR}$ = increases on female GMP, Age 60-DOR, if applicable	1.3003
(iii) Early retirement information	
ERF = scheme early retirement factor at DOR (use 1 if DOR=NPA)	1
(iv) Late retirement information	
LRF = scheme late retirement factor at DOR (use 1 if DOR=NPA)	1.2792
Age at DOR = DOR – DOB (years and months)	62 7/12
Age at RT = RT – DOB (complete years)	62
Multiplier 1 = 90% if Age at RT < 60, otherwise 100%	100%
Multiplier 2 = 90% if Age at RT < NPA, otherwise 100%	100%
Multiplier 3 = 1, for males who retired at NPA < 65, otherwise 0	0

[1] **$MGMP_{65}$ = 0** if the member is aged less than 65 at the RT.
$FGMP_{60}$ = 0 if the member is aged less than 60 at the RT

[2] See glossary and examples for details of how to calculate the relevant pension increase factors.

[3] DOR, unless the member has taken early/late retirement for this tranche of Pre 97 pension and the scheme's approach is to revalue pension to NPA and then apply ERF/LRF. In such cases amend to NPA.
Enter 1 if no period in deferment.

Applicable to all pensioners – addresses increases in payment

(a) If "Age at DOR" > 65 NO

Increase in compensation at RT

= { $MGMP_{65}$ x **$MLR_{65:DOR}$** x [**$SI_{DOR:RT}$** – **$GI_{DOR:RT}$**]x Multiplier 2 }

+ { $FGMP_{60}$ x **$FLR_{60:DOR}$** x [**$GI_{DOR:RT}$** x 100% – **$SI_{DOR:RT}$** x Multiplier 2] }

= { x x [-] x }

+ { x x [x 100% - x] }

= £ pa [(1)]

(b) If 60 < "Age at DOR" ≤ 65 YES

Increase in compensation at RT

= { $MGMP_{65}$ x [**$SI_{65:RT}$** – **$GI_{65:RT}$**] x Multiplier 2}

+ { $FGMP_{60}$ x **$FLR_{60:DOR}$** x [**$GI_{DOR:RT}$** x 100% – **$SI_{DOR:RT}$** x Multiplier 2] }

= { 0 x [1 - 1] x 1 00% }

+ { 356.85 x 1.3003 x [1 x 100% - 1 x 100%] }

= £ 0 pa [(1)]

(c) If "Age at DOR" ≤ 60 NO

Increase in compensation at RT

= { $MGMP_{65}$ x [**$SI_{65:RT}$** – **$GI_{65:RT}$**] x Multiplier 2}

+ { $FGMP_{60}$ x [**$GI_{60:RT}$** x Multiplier 1 – **$SI_{60:RT}$** x Multiplier 2] }

= { x [-] x }

+ { x [x - x] }

= £ pa [(1)]

PLUS applicable to pensioners who have a period in deferment YES

Additional increase in compensation at RT

= **[** $FGMP_{DOL}$ x (**$FGMP\_Revs_{DOL:DOR}$** – **$XS\_Revs_{DOL:DOR}$**)

- $MGMP_{DOL}$ x (**$MGMP\_Revs_{DOL:DOR}$** – **$XS\_Revs_{DOL:DOR}$**) **]**

x **ERF** x **LRF** x **$SI_{DOR:RT}$** x Multiplier 2

= **[** 129.65 x (2.7524 - 1.4370)

- 110.00 x (2.9589 - 1.4370) **]**

x 1 x 1.2792 x 1 x 100%

= £ 4.01 pa (2)

PLUS applicable to male pensioners who may have a statutory uplift before RT
(applies to male pensioners who have taken normal retirement at NPA<65 only) **NO**

Additional change in compensation at RT

= **[** $MGMP_{DOL}$ x **$MGMP\_Revs_{DOL:DOR}$** – $MGMP_{65}$**]** x **$SI_{65:RT}$** x Multiplier 3

= **[** x - **]** x x

= £ pa (3)

Males total increase	= Maximum (0 + 4.01 + 0 ; 0.00)
	= £ 4.01 pa
Females total increase	= Maximum (- (1) - (2) - (3) ; 0.00)
	= £ pa

Factors used in the Male Deferred Pensioner form 2(a) for Example 5 have been calculated as follows:

(Note calculation of factors not used in the calculation hasn't been shown.)
All factors have been calculated to 4 decimal places.

$XS\_Revs_{DOL:RT}$	Revaluation on excess pension from Date of Leaving (DOL) to Relevant Time (RT) = 1.6240
$MGMP\_Revs_{DOL:RT}$	Revaluation on male GMP from Date of Leaving (DOL) to Relevant Time (RT) $= 1.075^{18} = 3.6758$
$FGMP\_Revs_{DOL:RT}$	Revaluation on female GMP from Date of Leaving (DOL) to Relevant Time (RT) $= 1.075^{14} \times [(1 + (2 \times 52 + 29)/700) \times (1.03 \times 1.03 \times 1.03)] = 3.5791$

Form 2(a) – Male Deferred Pensioners at the Relevant Time

Member Information - (information that is provided on standard data interface layout)	
Name	Example 5
NI Number	AB123456B
Scheme	DP element
Gender	Male
Date of Birth (DOB)	10/12/1946
Date joined scheme (DOJ)	01/05/1985
Date of leaving (DOL)	31/12/1991
Assessment Date (AD)	02/07/2009
Relevant Time (RT)	01/07/2009
$_{60}$**DP**$_{RT}$ = Sum of pre 6/4/1997 elements of "annual compensation at the **Relevant Time**" with NPA 60	£0 pa
$_{60}$**DP**$_{DOL}$ = Sum of pre 6/4/1997 elements of "annual compensation at **DOL**" with NPA 60	£0 pa
GMP Information	
$_{60}$**MGMP**$_{DOL}$ = Male GMP **(17/5/1990-5/4/1997)** at DOL when scheme NPA=60	£0 pa
$_{65}$**MGMP**$_{DOL}$ = Male GMP **(6/4/1978 -5/4/1997)** at DOL when scheme NPA=65*	£1,390.00 pa
Pre90$_{\_65}$**MGMP**$_{DOL}$ = Male GMP **(pre 17/5/1990)** at DOL when scheme NPA=65*	£1,150.00 pa
FGMP$_{DOL}$ = GMP **(17/5/1990-5/4/1997)** at DOL relevant to a female member	£282.86 pa
Scheme Information - (from standard scheme info form)	
Normal Pension Age (NPA) to be completed if there is a tranche of Scheme benefit with NPA other than 60	65
XS_Revs$_{DOL:RT}$ = Revaluation on Excess Pension (DOL to RT)	1.6240
MGMP_Revs$_{DOL:RT}$ =Revaluation on male GMP (DOL to RT)	3.6758
FGMP_Revs$_{DOL:RT}$ = Revaluation on female GMP (DOL to RT)	3.5791
Age at RT = RT – DOB (complete years)	62

* notation should be amended, if necessary to tie in with NPA of scheme other than 60

Generalised formula for male deferred pensioners

Adjustment to Pre 97 NPA 60 tranche

(a) [$FGMP_{DOL}$ x ($FGMP\_Revs_{DOL:RT}$ - $XS\_Revs_{DOL:RT}$)
- ${}_{60}MGMP_{DOL}$ x ($MGMP\_Revs_{DOL:RT}$ - $XS\_Revs_{DOL:RT}$)]

= [282.86 x (3.5791 - 1.6240)

– 0 x (3.6758 - 1.6240)]

= 533.02

(b) ($FGMP_{DOL}$ x $FGMP\_Revs_{DOL:RT}$) – ${}_{60}DP_{RT}$

= (282.86 x 3.5791) – 0

= 1,012.38

Choose the maximum of (a), **(b)**

= £1,012.38 pa ie (b)

Adjustment to Pre 97 NPA 65 tranche (negative)

Complete (a) **or** **(b)** below, in line with the one which was used above:

(a) - **[** (${}_{65}MGMP_{DOL}$ – Pre90_${}_{65}MGMP_{DOL}$) **No**

x ($MGMP\_Revs_{DOL:RT}$ - $XS\_Revs_{DOL:RT}$) **]**

= - **[** (-)

x (-) **]**

=

(b) - **[**(${}_{65}MGMP_{DOL}$ - Pre90_${}_{65}MGMP_{DOL}$) x ($MGMP\_Revs_{DOL:RT}$ -$XS\_Revs_{DOL:RT}$)

+ ($FGMP_{DOL}$ - ${}_{60}DP_{DOL}$) x $XS\_Revs_{DOL:RT}$ **]** **Yes**

= - [(1,390.00 - 1,150.00) x (3.6758 - 1.6240)

+ (282.86 - 0) x 1.6240]

= - £ 951.80 pa

Pensioner examples

These calculations assume that:

1. pensioners have taken all their benefits from a single date of retirement;

2. the scheme has taken into consideration the appropriate legislation applicable to the members true sex in calculating pensioner benefits; and

3. the scheme calculates early and late retirement pensions by applying a set of actuarial factors to the members pension dependant on their age on retirement (as set out in section C.3).

These calculations do not take into consideration any pension the member commuted on retirement. We are looking at the differences in the amounts payable to the member and an equivalent member of the opposite sex. As no further pension can be commuted this will not affect the difference between these figures.

As described in Part B.8 where a pensioner has taken early or late retirement from the scheme, as required by the preservation legislation, it is assumed that these benefits have been calculated taking into consideration the benefits the member would have been entitled to from NPA. Due to the different NPAs that apply to different elements of pension accrued during the period 17/5/1990 – 5/4/1997 it is likely that members may have taken either early or late retirement for at least part of their pension accrued during this period.

Equalisation for GMPs and the application of the Statutory Minimum for pensioners therefore requires separate calculations for tranches of pension with different NPAs since different treatment will have been applied by the scheme to pension accrued in different service periods. For example a member retiring from a scheme at age 62 may have taken early retirement for the NPA 65 tranche of pension but late retirement for the NPA 60 tranche of pension. This member will require 2 separate calculations using Form 3(a):

1. a calculation for the NPA 60 tranche from which the member has taken late retirement; and

2. a separate calculation for the NPA 65 tranche where the member has taken early retirement.

This scenario is illustrated in example 5 below.

The adjustment to Pre 97 PPF compensation for pensioners at the Relevant Time requires a separate calculation to be carried **out for each NPA** applicable to a member during the period 17/5/1990-5/4/1997.

Examples 1-4 below consider the main scenarios that are expected to apply to different tranches of pension for pensioners **who have pension in excess of GMP**. Example 5 then illustrates how calculations for a member with 2 different NPAs in the period 17/5/1990-5/4/1997 should be carried out.

Example 1 - Early retirement from the scheme;
Example 2 - Late retirement from the scheme;
Example 3 - Normal retirement from a scheme with NPA 60;
Example 4 - Normal retirement from a scheme with NPA 65; and

Example 5 - Member with tranches of benefit at NPAs 60 and 65.

The adjustments required to PPF compensation for each of these examples should be calculated using the Pensioner Form 3(a).

Example 6 illustrates the calculation for a pensioner receiving pension equal to his GMP only at the Assessment Date. This scenario should be modelled using the separate Pensioner Form 3(b).

Both the Forms 3(a) and 3(b) calculate the **change in Pre 97 PPF compensation** for a Pensioner at the Relevant Time. Pre 97 PPF compensation receives no increases after the Relevant Time. The changes calculated can therefore be entered onto the PPF Data Interface Layout as the changes needed to Pre 97 compensation at the Transfer Date. The amounts allow for the application of the 90% multiplier if appropriate but not the compensation cap.

Forms 3(a) and 3(b) may be used for both males and females.

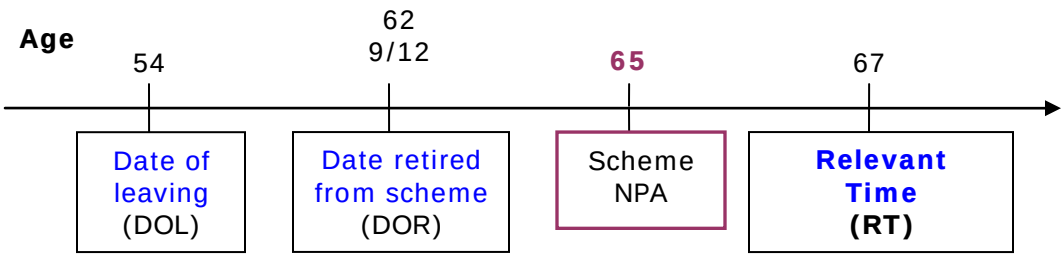
Forms 4(a) and 4(b) for calculating back-payment may be used for both males and females.

The calculation of back-payments using the forms has only been illustrated for example 4 (form 4(a)) and example 6 (form 4(b)).

The small differences illustrated by the forms and the exact calculations are due to rounding of the factors input into the forms.

Pensioner Example 1. Male pensioner retired early from scheme

Timeline



Membership Details

Date of Birth = 8 February 1940
Date joined scheme = 1 January 1992
Date of leaving the scheme = 8 January 1995
Date retired from scheme = 1 November 2002 (age 62 9/12 (nearest month)*)
Normal retirement date = 8 February 2005 (age 65)
Assessment Date = 2 May 2007
Relevant Time (RT) = 1 May 2007 (age 67)

The scheme provided revaluation on the pension in deferment at the following rates:

- Fixed Rate Revaluation on GMP (in this case 7% pa)
- Statutory revaluation on the excess pension

The scheme paid the following rates of increase on pensions in payment between retirement and the Relevant Time:

- 0% pa on Pre 97 excess pension
- Statutory increases on Post88 GMP awarded every 6 April

The scheme calculated early retirement pensions by applying an early retirement factor to the pension revalued to date or early retirement. The early retirement factor was 3% pa simple (*calculated using the members age calculated to the nearest month).

Pre 97 Pension at Date of Leaving

Deferred Pension at date of leaving = £2,049.07 pa split into GMP and excess elements as follows:

Scheme NPA	Post 88 GMP £ pa	Excess Pension £ pa	Total Pension £ pa
NPA 65	660.63	1,388.44	2,049.07

Pre 97 Pension at Date retired from scheme (age 62 9/12)

Scheme method is to revalue pension to date of early retirement and then apply an early retirement factor

Early retirement pension at age 62 9/12 (2.25 years early)
= [(660.63 x 1.07^{8}) + (1,388.44 x 1.205)] x (1 - 0.03 x 2.25) = £2,618.61 pa

where:
20.5% = Occupational Pensions (Revaluation) Order 2001 for 7 year revaluation period

8 revaluations are granted to the male GMP at 6/4/1995-6/4/2002 inclusive

Statutory requirements for male at age 65

(a) Contracting-out legislation

Revalued GMP at age 65 = 660.63 x 1.07^{9} = £1,214.54 pa

Minimum is clearly covered.

(b) Anti-franking and preservation legislation

The Trustees will have taken into consideration pieces of legislations in setting the calculation of the member's early retirement pension. As this scheme uses unisex early retirement factors it is assumed that the Trustees' factors and method took into account the statutory requirements relating to both males and females. No further check is therefore required.

Pre 97 PPF compensation at Relevant Time

= 2,618.61 + 1,214.54 x (1.03 x 1.027 x 1.03 - 1)
= £2,727.37pa

where:
3%; 2.7%; and 3% are UK Guaranteed Minimum Pension Increase Orders effective on 6 April 2005, 2006 and 2007 respectively.

Modified Method (2): Opposite sex calculation – applicable to a female

Pre 97 Pension at Date of Leaving

Deferred Pension at date of leaving = £2,049.07 pa with revised split into GMP and excess elements as follows:

Scheme NPA	Post 88 GMP £ pa	Excess Pension £ pa	Total Pension £ pa
NPA 65	817.93	1,231.14	2,049.07

Equivalent Female GMP at date of leaving = 660.63 x 1.2381 = £817.93 pa

(1.2381 is taken from the table in Part D.1 for calculating opposite sex GMP)

Pre 97 Pension at Date retired from scheme (age 62 9/12)

Scheme method is to revalue pension to date of early retirement and then apply an early retirement factor

Early retirement pension at age 62 9/12 (2.25 years early)
= [1,365.76 + (1,231.14 x 1.205)] x (1 - 0.03 x 2.25) = £2,656.96 pa

where:
20.5% = Occupational Pensions (Revaluation) Order 2001 for 7 year revaluation period

female late retirement GMP at date retired ie 1/11/2002
= [817.93 x 1.07^4] x [(1 + (2x52+38)/700) x (1.011x1.03x1.017)]
= 1,072.14 x 1.27386 = £1,365.76 pa

4 revaluations are granted to the female GMP at 6/4/1995-6/4/1998 inclusive

1.1%; 3%; 1.7% are UK Guaranteed Minimum Pension Increase Orders effective on 6 April 2000, 2001 and 2002 respectively.

Statutory requirements for female at age 62 9/12

(a) Contracting-out legislation

Revalued GMP at age 62 9/12 = £1,365.76 pa

Minimum is clearly covered at retirement.

(b) Anti-franking and preservation legislation

See comment for males above.

Pre 97 PPF compensation at Relevant Time

= 2,656.96 + 1,365.76 x (1.017x1.028x1.03x1.027x1.03 - 1)
= £2,846.93 pa

where:
1.7%, 2.8% … 3% are UK Guaranteed Minimum Pension Increase Orders effective on 6 April 2003, 6 April 2004 - 2007 respectively.

Back-payments

The member is entitled to the higher payment that would have been made to a member of either sex before the Assessment Date. The table below shows the annual rate of pension for the male and equivalent female with the higher figures at any time shown in red.

Annual rate of pension with effect from:	Male £ pa	Equivalent Female £ pa		Shortfall £
01/11/2002	2,618.61	2,656.96		38.35*
06/04/2003	2,618.61	2,680.18		61.57
06/04/2004	2,618.61	2,719.07		100.46
06/04/2005	2,655.05	2,761.91		106.86
06/04/2006	2,688.82	2,801.61		112.79
06/04/2007	2,727.37	2,846.93		119.56**
01/05/2007*	2,727.37	2,846.93		

* Would need to be pro-rated for the period 1/11/2002 – 06/04/2003
** Would need to be pro-rated for the period 6/4/2007 – 01/05/2007
*** From Relevant Time no further comparison necessary

Increase in Pre 97 PPF compensation at the Relevant Time

= 2,846.93 **–** 2,727.37 **= £119.56 pa**

At the Relevant Time the member would be better off being treated as a female member.

The change in Pre 97 PPF compensation for this example has been illustrated using the standard Pensioner Form 3(a) below.

Factors used in the form 3(a) for Example 1 have been calculated as follows:

(Note calculation of the factors not used in the calculation hasn't been shown.)

All factors have been calculated to 4 decimal places.

SI $_{DOR:RT}$	Increases on Pre 97 excess pension from Date of Retirement to Relevant Time = 1
SI $_{65:RT}$	Increases on Pre 97 excess pension from age 65 to Relevant Time = 1
GI $_{DOR:RT}$	Increases on post 88 GMP from Date of Retirement to Relevant Time = 1.017 x 1.028 x 1.03 x 1.027 x 1.03 = 1.1391
GI $_{65:RT}$	Increases on post 88 GMP from age 65 to Relevant Time = 1.03 x 1.027 x 1.03 = 1.0895
XS_Revs$_{DOL:DOR}$	Revaluation on excess Pension from Date of Leaving to Date of Retirement = 1.2050
MGMP_Revs$_{DOL:DOR}$	Revaluation on male GMP from Date of Leaving to Date of Retirement = 1.07^8 = 1.7182
FGMP_Revs$_{DOL:DOR}$	Revaluation on female GMP from Date of Leaving to Date of Retirement = 1.07^4 x FLR $_{60:DOR}$ = 1.07^4 x 1.2739 = 1.6698
FLR $_{60:DOR}$	Increases on female GMP from age 60 to Date of Retirement, if applicable = [(1 + (2 x 52 + 38)/700) x (1.011 x 1.03 x 1.017)] =1.2739
ERF	Scheme early retirement factor at DOR (3% pa simple, age calculated to the nearest month) = 1 – (0.03 x 2.25) = 0.9325
LRF	Scheme late retirement factor at DOR, not applicable = 1.0

Pensioner Form 3(a) – <u>not</u> GMP only case

Separate calculations needed for pension iro each NPA during period 17/5/1990 -5/4/1997.

Member Information – (information that is provided on standard data interface layout)	
Name	Example 1
NI Number	AB123456C
Scheme Name	ER from NPA 65
Gender	Male
Date of Birth (DOB)	08/02/1940
Date of leaving (DOL) (= DOR, if retired from active)	08/01/1995
Date of retirement (DOR)	01/11/2002
Assessment Date (AD)	02/05/2007
Relevant Time (RT) = AD – 1 day	01/05/2007
GMP Information (17/5/1990 – 5/4/1997)	
$MGMP_{DOL}$ = Male GMP (17/5/1990-5/4/1997) at DOL	£ 660.63 pa
$FGMP_{DOL}$ = Female GMP (17/5/1990-5/4/1997) at DOL	£ 817.93 pa
$MGMP_{65}$ = Male GMP (17/5/1990-5/4/1997) revalued to age 65[1]	£ 1,214.54 pa
$FGMP_{60}$ = Female GMP (17/5/1990-5/4/1997) revalued to age 60[1]	£ 1,072.14 pa
Scheme Information – (factors calculated using information on standard scheme questionnaire)	
Scheme Normal Pension Age (NPA)	65
(i) Pension increases in payment on Pre 97 pension	
$SI_{DOR:RT}$ = Increases on excess pension from DOR to RT[2]	1
$SI_{60:RT}$ = Increases on excess pension from age 60 to RT[2]	1
$SI_{65:RT}$ = Increases on excess pension from age 65 to RT[2]	1
$GI_{DOR:RT}$ = Increases on post 88 GMP from DOR to RT[2]	1.1391
$GI_{60:RT}$ = Increases on post 88 GMP from age 60 to RT[2]	1.2063
$GI_{65:RT}$ = Increases on post 88 GMP from age 65 to RT[2]	1.0895
(ii) Revaluations in deferment on Pre 97 pension	
$XS\_Revs_{DOL:DOR}$ = Excess pension revaluation (DOL-**DOR/NPA**)[3]	1.2050
$MGMP\_Revs_{DOL:DOR}$= Male GMP revaluation (DOL–**DOR/NPA**) [3]	1.7182
$FGMP\_Revs_{DOL:DOR}$ = Female GMP revaluation (DOL–**DOR/NPA**) [3]	1.6698
$MLR_{65:DOR}$ = increases on male GMP, Age 65-DOR, if applicable	1
$FLR_{60:DOR}$ = increases on female GMP, Age 60-DOR, if applicable	1.2739
(iii) Early retirement information	
ERF = scheme early retirement factor at DOR (use 1 if DOR=NPA)	0.9325
(iv) Late retirement information	
LRF = scheme late retirement factor at DOR (use 1 if DOR=NPA)	1
Age at DOR = DOR – DOB (years and months)	62 9/12
Age at RT = RT – DOB (complete years)	67
Multiplier 1 = 90% if Age at RT < 60, otherwise 100%	100%
Multiplier 2 = 90% if Age at RT < NPA, otherwise 100%	100%
Multiplier 3 = 1, for males who retired at NPA < 65, otherwise 0	0

[1] **$MGMP_{65}$ = 0** if the member is aged less than 65 at the RT.
$FGMP_{60}$ = 0 if the member is aged less than 60 at the RT.

[2] See glossary and examples for details of how to calculate the relevant pension increase factors.

[3] DOR, unless the member has taken early/late retirement for this tranche of Pre 97 pension and the scheme's approach is to revalue pension to NPA and then apply ERF/LRF. In such cases amend to NPA.
Enter 1 if no period in deferment.

Applicable to all pensioners – addresses increases in payment

(a) If "Age at DOR" > 65 NO

Increase in compensation at RT

= { $MGMP_{65}$ x **$MLR_{65:DOR}$** x [**$SI_{DOR:RT}$** – **$GI_{DOR:RT}$**]x Multiplier 2 }

+ { $FGMP_{60}$ x **$FLR_{60:DOR}$** x [**$GI_{DOR:RT}$** x 100% – **$SI_{DOR:RT}$** x Multiplier 2] }

= { x x [-] x }

+ { x x [x 100% - x] }

= £ pa [(1)]

(b) If 60 < "Age at DOR" ≤ 65 YES

Increase in compensation at RT

= { $MGMP_{65}$ x [**$SI_{65:RT}$** – **$GI_{65:RT}$**] x Multiplier 2}

+ { $FGMP_{60}$ x **$FLR_{60:DOR}$** x [**$GI_{DOR:RT}$** x 100% – **$SI_{DOR:RT}$** x Multiplier 2] }

= { 1,214.54 x [1 - 1.0895] x 100% }

+ { 1,072.14 x 1.2739 x [1.1391 x 100% - 1 x 100%] }

= **£ 81.28 pa** [(1)]

(c) If "Age at DOR" ≤ 60 NO

Increase in compensation at RT

= { $MGMP_{65}$ x [**$SI_{65:RT}$** – **$GI_{65:RT}$**] x Multiplier 2}

+ { $FGMP_{60}$ x [**$GI_{60:RT}$** x Multiplier 1 – **$SI_{60:RT}$** x Multiplier 2] }

= { x [-] x }

+ { x [x - x] }

= £ pa [(1)]

PLUS applicable to pensioners who have a period in deferment YES

Additional increase in compensation at RT

= **[** $FGMP_{DOL}$ x (**$FGMP\_Revs_{DOL:DOR}$** – **$XS\_Revs_{DOL:DOR}$**)

- $MGMP_{DOL}$ x (**$MGMP\_Revs_{DOL:DOR}$** – **$XS\_Revs_{DOL:DOR}$**) **]**

x **ERF** x **LRF** x **$SI_{DOR:RT}$** x Multiplier 2

= **[** 817.93 x (1.6698 - 1.2050)

- 660.63 x (1.7182 - 1.2050) **]**

x 0.9325 x 1 x 1 x 100%

= £ 38.36 pa (2)

PLUS applicable to male pensioners who may have a statutory uplift before RT
(applies to male pensioners who have taken normal retirement at NPA<65 only) **NO**

Additional change in compensation at RT

= **[** $MGMP_{DOL}$ x **$MGMP\_Revs_{DOL:DOR}$** – $MGMP_{65}$**]** x **$SI_{65:RT}$** x Multiplier 3

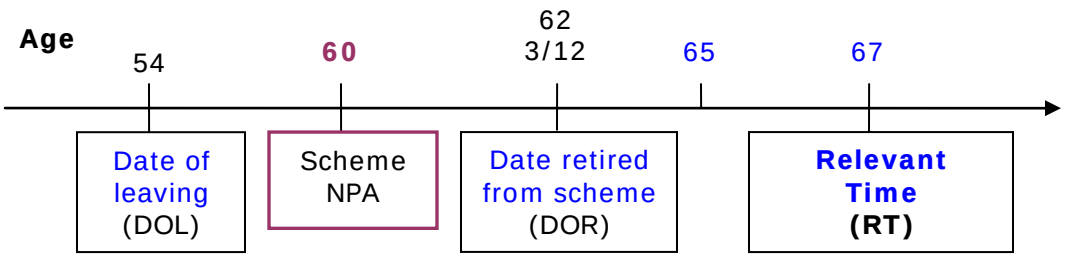
= **[** x - **]** x x

= £ pa (3)

Males total increase	= Maximum (81.28 + 38.36 + 0 ; 0.00)
	= £ 119.64 pa
Females total increase	= Maximum (- (1) - (2) - (3) ; 0.00)
	= £ pa

Pensioner Example 2. Male pensioner retired late from scheme

Timeline



Membership Details

Date of Birth = 8 February 1940
Date joined scheme = 1 January 1992
Date of leaving the scheme = 8 January 1995
Normal retirement date = 8 February 2000 (age 60)
Date retired from scheme = 23 April 2002 (age 62 3/12 (nearest month)*)
Assessment Date = 2 May 2007
Relevant Time (RT) = 1 May 2007 (age 67)

The scheme provided revaluation on the pension in deferment at the following rates:

- Fixed Rate Revaluation on GMP (in this case 7% pa). This is paid from age 60 in line with the scheme rules/practice
- Statutory revaluation on the excess pension

The scheme calculated late retirement pensions by increasing pension revalued to NPA 60 by a late retirement factor of 9% pa compound (*calculated using the members age calculated to the nearest month).

The scheme paid the following rates of increase on pensions in payment between retirement and the Relevant Time:

- 0% pa on Pre 97 excess pension
- Statutory increases on Post88 GMP awarded every 6 April

Pre 97 Pension at Date of Leaving

Deferred Pension at date of leaving = £2,049.07 pa split into GMP and excess elements as follows:

Scheme NPA	Post 88 GMP £ pa	Excess Pension £ pa	Total Pension £ pa
NPA 60	660.63	1,388.44	2,049.07

Pre 97 Pension at Date retired from scheme (age 62 3/12)

Scheme method is to revalue pension to age 60 and then apply a late retirement factor.

Late retirement pension at age 62 9/12
= **[**(660.63 x 1.07^{5}) + (1,388.44 x 1.147)**]** x ($1.09^{2.25}$) = £3,058.13 pa

where:
14.7% = Occupational Pensions (Revaluation) Order 1999 for 5 year revaluation period

5 revaluations are granted to the male GMP at 6/4/1995-6/4/1999 inclusive

Statutory requirements for male at age 65

(a) Contracting-out legislation

Revalued GMP at age 65 = 660.63 x 1.07^{9} = £1,214.54 pa

Minimum is clearly covered from age 65.

(b) Anti-franking and preservation legislation

The Trustees will have taken into consideration these pieces of legislation in setting the calculation of the member's late retirement pension. As this scheme uses unisex late retirement factors it is assumed that the Trustees' late retirement factors and method took into account the statutory requirements relating to both males and females. No further check is therefore required.

Pre 97 PPF compensation at Relevant Time

= 3,058.13 + 1,214.54 x (1.03 x 1.027 x 1.03 - 1)
= £3,166.89 pa

where:
3%; 2.7%; and 3% are UK Guaranteed Minimum Pension Increase Orders effective on 6 April 2005, 2006 and 2007 respectively.

Modified Method (2): Opposite sex calculation – applicable to a female

Pre 97 Pension at Date of Leaving

Deferred Pension at date of leaving = £2,049.07 pa with revised split into GMP and excess elements as follows:

Scheme NPA	Post 88 GMP £ pa	Excess Pension £ pa	Total Pension £ pa
NPA 65	817.93	1,231.14	2,049.07

Equivalent Female GMP at date of leaving = 660.63 x 1.2381 = £817.93 pa

(1.2381 is taken from the table in Part D.1. or calculating opposite sex GMP)

Pre 97 Pension at Date retired from scheme (age 62 3/12)

Scheme method is to revalue pension to age 60 and then apply a late retirement factor.

Late retirement pension at age 62 3/12
= $[(817.93 \times 1.07^{4}) + (1,231.14 \times 1.147)] \times 1.09^{2.25}$ = £3,015.82 pa

where:
14.7% = Occupational Pensions (Revaluation) Order 1999 for 5 year revaluation period

4 revaluations are granted to the female GMP at 6/4/1995-6/4/1998 inclusive

Statutory requirements for female at age 62 3/12

(a) Contracting-out legislation

Revalued GMP at age 62 3/12
= $[817.93 \times 1.07^{4}] \times [(1 + (2x52+11)/700) \times (1.011x1.03x1.017)]$
1,072.14 x 1.23302 = £1,321.97 pa

4 revaluations are granted to the female GMP at 6/4/1995-6/4/1998 inclusive

1.1%; 3%; 1.7% are UK Guaranteed Minimum Pension Increase Orders effective on 6 April 2000, 2001 and 2002 respectively.

Female GMP minimum is clearly covered at retirement.

(b) Anti-franking and preservation legislation

See comment for males above.

Pre 97 PPF compensation at Relevant Time

= 3,015.82 + 1,321.97 x (1.017x1.028x1.03x1.027x1.03 - 1)
= £3,199.70 pa

where:
1.7%, 2.8% … 3% are UK Guaranteed Minimum Pension Increase Orders effective on 6 April 2003, 6 April 2004 - 2007 respectively.

Back-payments

The member is entitled to the higher payment that would have been made to a member of either sex before the Assessment Date. The table below shows the annual rate of pension for the male and equivalent female with the higher figures at anytime shown in red.

Annual rate of pension with effect from:	Male £ pa	Equivalent Female £ pa		Shortfall £
23/04/2002	3,058.13	3,015.82		0.00
06/04/2003	3,058.13	3,038.29		0.00
06/04/2004	3,058.13	3,075.94		17.81
06/04/2005	3,094.57	3,117.40		22.83
06/04/2006	3,128.34	3,155.84		27.50
06/04/2007	3,166.89	3,199.70		32.81*
01/05/2007**	3,166.89	3,199.70		

* Would need to be pro-rated for the period 6/4/2007 – 01/05/2007
** From Relevant Time no further comparison necessary

Increase in Pre 97 PPF compensation at the Relevant Time

= 3,199.70 **–** 3,166.89 **= £32.81 pa**

At the Relevant Time the member would be better off being treated as a female member.

The change in Pre 97 PPF compensation for this example has been illustrated using the standard Pensioner Form 3(a) below.

Factors used in the Form 3(a) for Example 2 have been calculated as follows:

(Note calculation of the factors not used in the calculation hasn't been shown.)

All factors have been calculated to 4 decimal places.

SI $_{DOR:RT}$	Increases on Pre 97 excess pension from Date of Retirement to Relevant Time = 1
SI $_{65:RT}$	Increases on Pre 97 excess pension from age 65 to Relevant Time = 1
GI $_{DOR:RT}$	Increases on post 88 GMP from Date of Retirement to Relevant Time = 1.017 x 1.028 x 1.03 x 1.027 x 1.03 = 1.1391
GI $_{65:RT}$	Increases on post 88 GMP from age 65 to Relevant Time = 1.03 x 1.027 x 1.03 = 1.0895
XS_Revs$_{DOL:DOR}$	Revaluation on excess Pension from Date of Leaving to Normal Pension Age (in line with the schemes method of calculating late retirement pensions) = 1.1470
MGMP_Revs$_{DOL:DOR}$	Revaluation on male GMP from Date of Leaving to NPA (as above) = 1.07^5 = 1.4026
FGMP_Revs$_{DOL:DOR}$	Revaluation on female GMP from Date of Leaving to NPA (as above) = 1.07^4 = 1.3108
FLR $_{60:DOR}$	Increases on female GMP from age 60 to Date of Retirement, if applicable = [(1 + (2 x 52 + 11)/700) x (1.011 x 1.03 x1 .017)] =1.2330
ERF	Scheme early retirement factor at DOR, not applicable = 1
LRF	Scheme late retirement factor at DOR (9% pa compound, age calculated to the nearest month) = $1.09^{2.25}$ = 1.2140

Pensioner Form 3(a) – not GMP only case

Separate calculations needed for pension iro each NPA during period 17/5/1990 -5/4/1997.

Member Information – (information that is provided on standard data interface layout)	
Name	Example 2
NI Number	AB123456C
Scheme Name	LR from NPA 60
Gender	Male
Date of Birth (DOB)	08/02/1940
Date of leaving (DOL) (= DOR, if retired from active)	08/01/1995
Date of retirement (DOR)	23/04/2002
Assessment Date (AD)	02/05/2007
Relevant Time (RT) = AD – 1 day	01/05/2007
GMP Information (17/5/1990 – 5/4/1997)	
$MGMP_{DOL}$ = Male GMP (17/5/1990-5/4/1997) at DOL	£ 660.63 pa
$FGMP_{DOL}$ = Female GMP (17/5/1990-5/4/1997) at DOL	£ 817.93 pa
$MGMP_{65}$ = Male GMP (17/5/1990-5/4/1997) revalued to age 65[1]	£ 1,214.54 pa
$FGMP_{60}$ = Female GMP (17/5/1990-5/4/1997) revalued to age 60[1]	£ 1,072.14 pa
Scheme Information – (factors calculated using information on standard scheme questionnaire)	
Scheme Normal Pension Age (NPA)	60
(i) Pension increases in payment on Pre 97 pension	
$SI_{DOR:RT}$ = Increases on excess pension from DOR to RT[2]	1
$SI_{60:RT}$ = Increases on excess pension from age 60 to RT[2]	1
$SI_{65:RT}$ = Increases on excess pension from age 65 to RT[2]	1
$GI_{DOR:RT}$ = Increases on post 88 GMP from DOR to RT[2]	1.1391
$GI_{60:RT}$ = Increases on post 88 GMP from age 60 to RT[2]	1.2063
$GI_{65:RT}$ = Increases on post 88 GMP from age 65 to RT[2]	1.0895
(ii) Revaluations in deferment on Pre 97 pension	
$XS\_Revs_{DOL:DOR}$ = Excess pension revaluation (DOL-**DOR/NPA**)[3]	1.1470
$MGMP\_Revs_{DOL:DOR}$= Male GMP revaluation (DOL–**DOR/NPA**) [3]	1.4026
$FGMP\_Revs_{DOL:DOR}$ = Female GMP revaluation (DOL–**DOR/NPA**) [3]	1.3108
$MLR_{65:DOR}$ = increases on male GMP, Age 65-DOR, if applicable	1
$FLR_{60:DOR}$ = increases on female GMP, Age 60-DOR, if applicable	1.2330
(iii) Early retirement information	
ERF = scheme early retirement factor at DOR (use 1 if DOR=NPA)	1
(iv) Late retirement information	
LRF = scheme late retirement factor at DOR (use 1 if DOR=NPA)	1.2140
Age at DOR = DOR – DOB (years and months)	62 3/12
Age at RT = RT – DOB (complete years)	67
Multiplier 1 = 90% if Age at RT < 60, otherwise 100%	100%
Multiplier 2 = 90% if Age at RT < NPA, otherwise 100%	100%
Multiplier 3 = 1, for males who retired at NPA < 65, otherwise 0	0

[1] **$MGMP_{65}$ = 0** if the member is aged less than 65 at the RT.
$FGMP_{60}$ = 0 if the member is aged less than 60 at the RT

[2] See glossary and examples for details of how to calculate the relevant pension increase factors.

[3] DOR, unless the member has taken early/late retirement for this tranche of Pre 97 pension and the scheme's approach is to revalue pension to NPA and then apply ERF/LRF. In such cases amend to NPA.
Enter 1 if no period in deferment.

Applicable to all pensioners – addresses increases in payment

(a) If "Age at DOR" > 65 NO

Increase in compensation at RT

= { $MGMP_{65}$ x **$MLR_{65:DOR}$** x [**$SI_{DOR:RT}$** – **$GI_{DOR:RT}$**]x Multiplier 2 }

+ { $FGMP_{60}$ x **$FLR_{60:DOR}$** x [**$GI_{DOR:RT}$** x 100% – **$SI_{DOR:RT}$** x Multiplier 2] }

= { x x [-] x }

+ { x x [x 100% - x] }

= £ pa [(1)]

(b) If 60 < "Age at DOR" ≤ 65 YES

Increase in compensation at RT

= { $MGMP_{65}$ x [**$SI_{65:RT}$** – **$GI_{65:RT}$**] x Multiplier 2}

+ { $FGMP_{60}$ x **$FLR_{60:DOR}$** x [**$GI_{DOR:RT}$** x 100% – **$SI_{DOR:RT}$** x Multiplier 2] }

= {1,214.54 x [1 - 1.0895] x 1 00% }

+ {1,072.14 x 1.2330 x [1.1391 x 100% - 1 x 100%] }

= **£ 75.18 pa** [(1)]

(c) If "Age at DOR" ≤ 60 NO

Increase in compensation at RT

= { $MGMP_{65}$ x [**$SI_{65:RT}$** – **$GI_{65:RT}$**] x Multiplier 2}

+ { $FGMP_{60}$ x [**$GI_{60:RT}$** x Multiplier 1 – **$SI_{60:RT}$** x Multiplier 2] }

= { x [-] x }

+ { x [x - x] }

= £ pa [(1)]

PLUS applicable to pensioners who have a period in deferment YES

Additional increase in compensation at RT

= **[** $FGMP_{DOL}$ x (**$FGMP\_Revs_{DOL:DOR}$** – **$XS\_Revs_{DOL:DOR}$**)

- $MGMP_{DOL}$ x (**$MGMP\_Revs_{DOL:DOR}$** – **$XS\_Revs_{DOL:DOR}$**) **]**

x **ERF** x **LRF** x **$SI_{DOR:RT}$** x Multiplier 2

= **[** 817.93 x (1.3108 - 1.1470)

- 660.63 x (1.4026 - 1.1470) **]**

x 1 x 1.2140 x 1 x 100%

= £ -42.34 pa [2]

PLUS applicable to male pensioners who may have a statutory uplift before RT
(applies to male pensioners who have taken normal retirement at NPA<65 only) **NO**

Additional change in compensation at RT

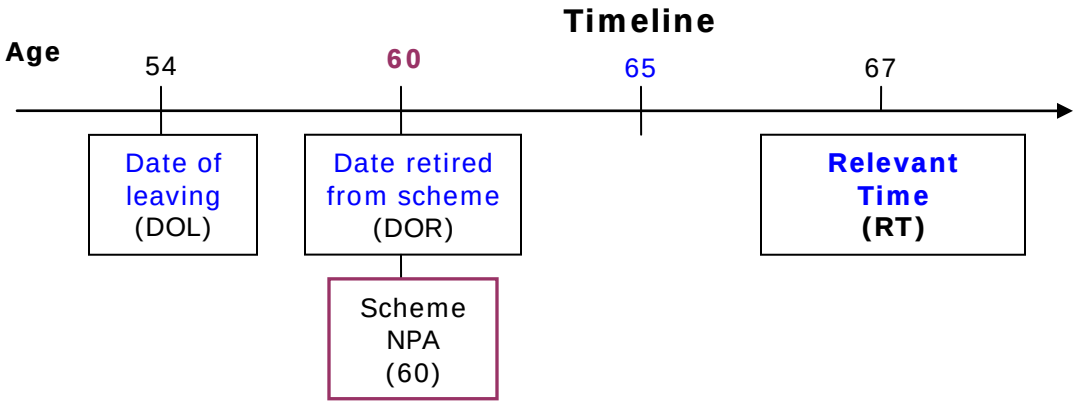
= **[** $MGMP_{DOL}$ x **$MGMP\_Revs_{DOL:DOR}$** – $MGMP_{65}$**]** x **$SI_{65:RT}$** x Multiplier 3

= **[** x - **]** x x

= £ **pa** [3]

Males total increase	= Maximum (75.18 - 42.34 + 0 ; 0.00)
	= £ 32.84 pa
Females total increase	= Maximum (- [1] - [2] - [3] ; 0.00)
	= £ pa

Pensioner Example 3. Male pensioner retired at scheme NPA of 60



Membership & Scheme Details

Male
Date of Birth = 8 February 1940
Date joined scheme = 1 July 1991
Date of leaving the scheme = 8 January 1995
Date retired from the Scheme = 8 February 2000 (at NPA 60)
Assessment Date = 6 October 2007
Relevant Time (RT) = 5 October 2007 (age 67)

The scheme provided revaluation on the pension in deferment at the following rates:

- Fixed Rate Revaluation on GMP (in this case 7% pa). This is paid from age 60 in line with the scheme rules/practice
- Statutory revaluation on the excess pension

The scheme paid the following rates of increase on pensions in payment between retirement and the Relevant Time:

- 0% pa on Pre 97 excess pension
- Statutory increases on Post88 GMP from each 6 April

Pre 97 Pension at Date of Leaving

Deferred Pension at date of leaving = £2,049.07 pa split into GMP and excess elements as follows:

Scheme NPA	Post 88 GMP £ pa	Excess Pension £ pa	Total Pension £ pa
NPA 60	660.63	1,388.44	2,049.07

Pre 97 Pension at Date retired from scheme

Pension revalued to age 60

$= (660.63 \times 1.07^{5}) + (1{,}388.44 \times 1.147) = £2{,}519.11$ pa

where:
14.7% = Occupational Pensions (Revaluation) Order 1999 for 5 year revaluation period.

5 revaluations are granted to the male GMP at 6/4/1995-6/4/1999 inclusive

Statutory requirements for male at age 65

(a) Contracting-out legislation

Revalued GMP at age 65 $= 660.63 \times 1.07^{9} = £1{,}214.54$ pa

(b) Anti-franking and preservation legislation

= pension accrued with NPA 60
+ GMP revaluation on male GMP to age 65
+ scheme revaluation to age 60 on excess pension

$= 2{,}049.07 + 660.63 \times (1.07^{9} - 1) + 1{,}388.44 \times (1.147 - 1)$
$= £2{,}807.08$ pa

Uplift required at age 65 to meet minimum legislative requirements of £2,807.08 pa

Pre 97 PPF compensation at Relevant Time

$= 2{,}807.08 + 1{,}214.54 \times (1.03 \times 1.027 \times 1.03 - 1)$
$= £2{,}915.84$ pa

where:
3%; 2.7%; and 3% are UK Guaranteed Minimum Pension Increase Orders effective on 6 April 2005, 2006 and 2007 respectively.

Modified Method (2): Opposite sex calculation – applicable to a female

Pre 97 Pension at Date of Leaving

Deferred Pension at date of leaving = £2,049.07 pa with revised split into GMP and excess elements as follows:

Scheme NPA	Post 88 GMP £ pa	Excess Pension £ pa	Total Pension £ pa
NPA 60	817.93	1,231.14	2,049.07

Equivalent Female GMP at date of leaving = 660.63 x 1.2381 = £817.93 pa

(1.2381 is taken from the table in Part D.1. for calculating opposite sex GMP)

Pre 97 Pension at Date retired from scheme

Pension revalued to age 60
= (817.93 x 1.07^4) + (1,231.14 x 1.147) = £2,484.26 pa

where:
14.7% = Occupational Pensions (Revaluation) Order 1999 for 5 year revaluation period.

4 revaluations are granted on the female GMP to age 60.

Statutory requirements for female at age 60

(a) Contracting-out legislation

Revalued GMP at age 60 = 817.93 x 1.07^4 = £1,072.14 pa

(b) Anti-franking and preservation legislation

= pension accrued with NPA 60
+ GMP revaluation on female GMP to age 60
+ scheme revaluation to age 60 on excess pension

= 2,049.07 + 817.93 x (1.07^4 - 1) + 1,231.14 x (1.147 - 1)
= £2,484.26 pa

This is the same as the pension already calculated by the scheme at age 60 so no uplift is required.

Pre 97 PPF compensation at Relevant Time

= 2,484.26 +1,072.14 x (1.011x1.03x1.017x1.017x1.028x1.03x1.027x1.03 – 1)
= **£2,705.48 pa**

where:
1.1%; 3%; ….. 3% are UK Guaranteed Minimum Pension Increase Orders effective on 6 April 2000, 2001, …. 2007 respectively.

Back-payments

The member is entitled to the higher payment that would have been made to a member of either sex before the Assessment Date. The table below shows the annual rate of pension for the male and equivalent female with the higher figures at anytime shown in red.

Annual rate of pension with effect from:	Male £ pa	Equivalent Female £ pa		Shortfall £
08/02/2000	2,519.11	2,484.26		0.00
06/04/2000	2,519.11	2,496.05		0.00
06/04/2001	2,519.11	2,528.57		9.46
06/04/2002	2,519.11	2,547.55		28.44
06/04/2003	2,519.11	2,566.85		47.74
06/04/2004	2,519.11	2,599.19		80.08*
08/02/2005	2,807.08**	2,599.19		0.00
06/04/2005	2,843.52	2,634.80		0.00
06/04/2006	2,877.29	2,667.81		0.00
06/04/2007	2,915.84	2,705.48		0.00
05/10/2007* **	2,915.84	2,705.48		

* Would need to be pro-rated for the period 6/4/2004 - 8/2/2005
** Male statutory minimum applies from age 65
*** From Relevant Time no further comparison necessary

Increase in Pre 97 PPF compensation at the Relevant Time

= 2,915.84 **–** 2,915.84 **= £0 pa**

At the Relevant Time the member would be better off remaining as a male member.

Note In practice some schemes give increases on the pension in excess of the GMP in payment (typically at 3% pa). For schemes with a NPA of 60 this often means that no increase is required to meet the male anti-franking minimum at age 65.

The change in Pre 97 PPF compensation for this example has been illustrated using the standard Pensioner Form 3(a) below.

Factors used in the Form 3(a) for Example 3 have been calculated as follows:

(Note calculation of factors not used in the calculation hasn't been shown.)
All factors have been calculated to 4 decimal places.

SI $_{DOR:RT}$	Increases on Pre 97 excess pension from Date of Retirement to Relevant Time = 1
SI $_{60:RT}$	Increases on Pre 97 excess pension from age 60 to Relevant Time = 1
SI $_{65:RT}$	Increases on Pre 97 excess pension from age 65 to Relevant Time = 1
GI $_{60:RT}$	Increases on post 88 GMP from age 60 to Relevant Time = 1.011 x 1.03 x 1.017 x 1.017 x 1.028 x 1.03 x1.027 x 1.03 = 1.2064
GI $_{65:RT}$	Increases on post 88 GMP from age 65 to Relevant Time = 1.03 x 1.027 x 1.03 = 1.0895
XS_Revs$_{DOL:DOR}$	Revaluation on excess Pension from Date of Leaving to Date of Retirement = 1.1470
MGMP_Revs$_{DOL:DOR}$	Revaluation on male GMP from Date of Leaving to Date of Retirement = 1.07^5 = 1.4026
FGMP_Revs$_{DOL:DOR}$	Revaluation on female GMP from Date of Leaving to Date of Retirement = 1.07^4 = 1.3108
ERF	Scheme early retirement factor at DOR, not applicable = 1.0
LRF	Scheme late retirement factor at DOR, not applicable = 1.0

Pensioner Form 3(a) – <u>not</u> GMP only case

Separate calculations needed for pension iro each NPA during period 17/5/1990 -5/4/1997.

Member Information – (information that is provided on standard data interface layout)	
Name	Example 3
NI Number	AB123456C
Scheme Name	NR NPA 60 with uplift
Gender	Male
Date of Birth (DOB)	08/02/1940
Date of leaving (DOL) (= DOR, if retired from active)	08/01/1995
Date of retirement (DOR)	08/02/2000
Assessment Date (AD)	06/10/2007
Relevant Time (RT) = AD – 1 day	05/10/2007
GMP Information (17/5/1990 – 5/4/1997)	
$MGMP_{DOL}$ = Male GMP (17/5/1990-5/4/1997) at DOL	£ 660.63 pa
$FGMP_{DOL}$ = Female GMP (17/5/1990-5/4/1997) at DOL	£ 817.93 pa
$MGMP_{65}$ = Male GMP (17/5/1990-5/4/1997) revalued to age 65[1]	£ 1,214.54 pa
$FGMP_{60}$ = Female GMP (17/5/1990-5/4/1997) revalued to age 60[1]	£ 1,072.14 pa
Scheme Information – (factors calculated using information on standard scheme questionnaire)	
Scheme Normal Pension Age (NPA)	60
(i) Pension increases in payment on Pre 97 pension	
$SI_{DOR:RT}$ = Increases on excess pension from DOR to RT[2]	1
$SI_{60:RT}$ = Increases on excess pension from age 60 to RT[2]	1
$SI_{65:RT}$ = Increases on excess pension from age 65 to RT[2]	1
$GI_{DOR:RT}$ = Increases on post 88 GMP from DOR to RT[2]	1.2064
$GI_{60:RT}$ = Increases on post 88 GMP from age 60 to RT[2]	1.2064
$GI_{65:RT}$ = Increases on post 88 GMP from age 65 to RT[2]	1.0895
(ii) Revaluations in deferment on Pre 97 pension	
$XS\_Revs_{DOL:DOR}$ = Excess pension revaluation (DOL-**DOR/NPA**)[3]	1.1470
$MGMP\_Revs_{DOL:DOR}$= Male GMP revaluation (DOL–**DOR/NPA**) [3]	1.4026
$FGMP\_Revs_{DOL:DOR}$ = Female GMP revaluation (DOL–**DOR/NPA**) [3]	1.3108
$MLR_{65:DOR}$ = increases on male GMP, Age 65-DOR, if applicable	1
$FLR_{60:DOR}$ = increases on female GMP, Age 60-DOR, if applicable	1
(iii) Early retirement information	
ERF = scheme early retirement factor at DOR (use 1 if DOR=NPA)	1
(iv) Late retirement information	
LRF = scheme late retirement factor at DOR (use 1 if DOR=NPA)	1
Age at DOR = DOR – DOB (years and months)	60
Age at RT = RT – DOB (complete years)	67
Multiplier 1 = 90% if Age at RT < 60, otherwise 100%	100%
Multiplier 2 = 90% if Age at RT < NPA, otherwise 100%	100%
Multiplier 3 = 1, for males who retired at NPA < 65, otherwise 0	1

[1] **$MGMP_{65}$ = 0** if the member is aged less than 65 at the RT.
$FGMP_{60}$ = 0 if the member is aged less than 60 at the RT

[2] See glossary and examples for details of how to calculate the relevant pension increase factors.

[3] DOR, unless the member has taken early/late retirement for this tranche of Pre 97 pension and the scheme's approach is to revalue pension to NPA and then apply ERF/LRF. In such cases amend to NPA.
Enter 1 if no period in deferment.

Applicable to all pensioners – addresses increases in payment

(a) If "Age at DOR" > 65 NO

Increase in compensation at RT

= { $MGMP_{65}$ x **$MLR_{65:DOR}$** x [**$SI_{DOR:RT}$** – **$GI_{DOR:RT}$**]x Multiplier 2 }

+ { $FGMP_{60}$ x **$FLR_{60:DOR}$** x [**$GI_{DOR:RT}$** x 100% – **$SI_{DOR:RT}$** x Multiplier 2] }

= { x x [-] x }

+ { x x [x 100% - x] }

= £ pa (1)

(b) If 60 < "Age at DOR" ≤ 65 NO

Increase in compensation at RT

= { $MGMP_{65}$ x [**$SI_{65:RT}$** – **$GI_{65:RT}$**] x Multiplier 2}

+ { $FGMP_{60}$ x **$FLR_{60:DOR}$** x [**$GI_{DOR:RT}$** x 100% – **$SI_{DOR:RT}$** x Multiplier 2] }

= { x [-] x }

+ { x x [x 100% - x] }

= £ pa (1)

(c) If "Age at DOR" ≤ 60 YES

Increase in compensation at RT

= { $MGMP_{65}$ x [**$SI_{65:RT}$** – **$GI_{65:RT}$**] x Multiplier 2}

+ { $FGMP_{60}$ x [**$GI_{60:RT}$** x Multiplier 1 – **$SI_{60:RT}$** x Multiplier 2] }

= { 1,214.54 x [1 - 1.0895] x 100% }

+ { 1,072.14 x [1.2064 x 100% - 1 x 100%] }

= **£ 112.59 pa** (1)

PLUS applicable to pensioners who have a period in deferment YES

Additional increase in compensation at RT

= **[** $FGMP_{DOL}$ x (**$FGMP\_Revs_{DOL:DOR}$** – **$XS\_Revs_{DOL:DOR}$**)

- $MGMP_{DOL}$ x (**$MGMP\_Revs_{DOL:DOR}$** – **$XS\_Revs_{DOL:DOR}$**) **]**

x **ERF** x **LRF** x **$SI_{DOR:RT}$** x Multiplier 2

= **[** 817.93 x (1.3108 – 1.1470)

- 660.63 x (1.4026 - 1.1470) **]**

x 1 x 1 x 1 x 100%

= £ -34.80 pa (2)

PLUS applicable to male pensioners who may have a statutory uplift before RT
(applies to male pensioners who have taken normal retirement at NPA<65 only) **YES**

Additional change in compensation at RT

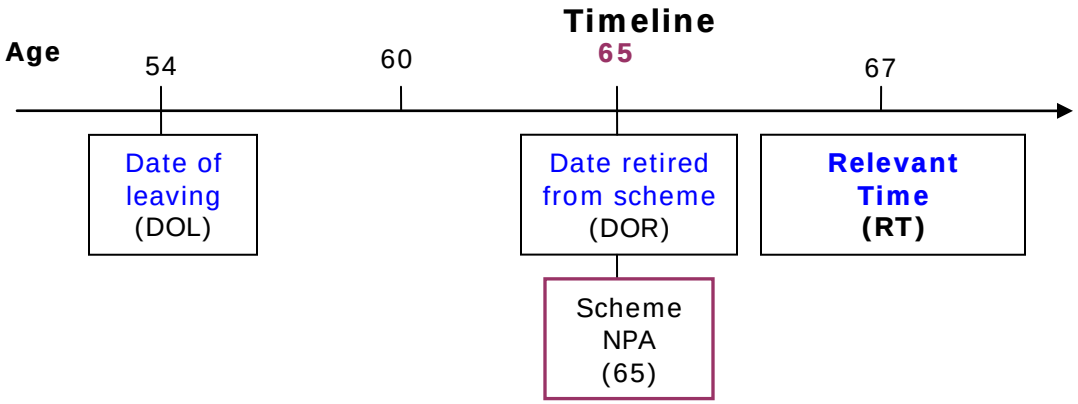
= **[** $MGMP_{DOL}$ x **$MGMP\_Revs_{DOL:DOR}$** – $MGMP_{65}$**]** x **$SI_{65:RT}$** x Multiplier 3

= **[** 660.63 x 1.4026 - 1,214.54 **]** x 1 x 100%

= £ -287.94 pa (3)

Males total increase	= Maximum (112.59 - 34.80 - 287.94 ; 0.00)
	= £ 0 pa
Females total increase	= Maximum (- (1) - (2) - (3) ; 0.00)
	= £ pa

Pensioner Example 4. Male pensioner retired at scheme NPA of 65



Membership & Scheme Details

Male
Date of Birth = 8 February 1940
Date joined scheme = 1 July 1991
Date of leaving the scheme = 8 January 1995
Date retired from the Scheme = 8 February 2005 (at NPA 65)
Assessment Date = 6 October 2007
Relevant Time (RT) = 5 October 2007 (age 67)

The scheme provided revaluation on the pension in deferment at the following rates:

- s148 revaluation on GMP
- Statutory revaluation on the excess pension

The scheme paid the following rates of increase on pensions in payment between retirement and the Relevant Time:

- 3% pa on Pre 97 excess pension from each 6 April (with a full increase on the 1st 6 April)
- Statutory increases on Post88 GMP from each 6 April

Pre 97 Pension at Date of Leaving

Deferred Pension at date of leaving = £2,049.07 pa split into GMP and excess elements as follows:

Scheme NPA	Post 88 GMP £ pa	Excess Pension £ pa	Total Pension £ pa
NPA 65	660.63	1,388.44	2,049.07

Pre 97 Pension at Date retired from scheme

Pension revalued to age 65
= (660.63 x 1.467) + (1,388.44 x 1.298) = £2,771.34 pa

where:
46.7% = Social Security Revaluation of Earnings Factors Order 2003 for tax year 1994/95

29.8% = Occupational Pensions (Revaluation) Order 2004 for 10 year revaluation period.

Statutory requirements for male at age 65

(a) Contracting-out legislation

Revalued GMP at age 65 = 660.63 x 1.467 = £969.14 pa

(b) Anti-franking and preservation legislation

= pension accrued with NPA 65
+ GMP revaluation on male GMP to age 65
+ scheme revaluation to age 65 on excess pension

= 2,049.07 + 660.63 x (1.467 - 1) + 1,388.44 x (1.298 - 1)
= £2,771.34 pa

No uplift required at age 65 to meet minimum legislative requirements

Pre 97 PPF compensation at Relevant Time

= 2,771.34 + 969.14 x (1.03 x 1.027 x 1.03 - 1) + (2,771.34–969.14) x (1.03^3 - 1)
= £3,025.23 pa

where:
3%; 2.7%; and 3% are UK Guaranteed Minimum Pension Increase Orders effective on 6 April 2005, 2006 and 2007 respectively.

Modified Method (2): Opposite sex calculation – applicable to a female

Pre 97 Pension at Date of Leaving

Deferred Pension at date of leaving = £2,049.07 pa with revised split into GMP and excess elements as follows:

Scheme NPA	Post 88 GMP £ pa	Excess Pension £ pa	Total Pension £ pa
NPA 65	817.93	1,231.14	2,049.07

Equivalent Female GMP at date of leaving = 660.63 x 1.2381 = £817.93 pa

(1.2381 is taken from the table in Part D.1. for calculating opposite sex GMP)

Pre 97 Pension at Date retired from scheme

Pension revalued to age 65
= 1,464.29 + (1,231.14 x 1.298) = £3,062.31 pa

where:
29.8% = Occupational Pensions (Revaluation) Order 2004 for 10 year revaluation period.

See (a) below for calculation of female GMP at age 65 allowing for statutory late retirement

Statutory requirements for female at age 65

It has been assumed the equivalent female would have consented to defer payment of GMP to age 65. The calculation makes allowance for the statutory late retirement factors that apply to female GMPs after age 60 which adequately compensate for the postponement of the female GMP.

(a) Contracting-out legislation

Revalued GMP at age 65
= 817.93 x 1.179 x (1+ 5x52/700)x(1.011x1.03x1.017x1.017x1.028)=£1,464.29 pa

where
17.9% = Social Security Revaluation of Earnings Factors Order 1998 for tax year 1994/95

1.1%; 3%; ….. 2.8% are UK Guaranteed Minimum Pension Increase Orders effective on 6 April 2000, 2001, …. 2004 respectively.

(b) Anti-franking and preservation legislation

= pension accrued with NPA 65
+ GMP revaluation on female GMP to age 65
+ scheme revaluation to age 65 on excess pension

This is the same as the pension already calculated by the scheme at age 65 so no uplift is required.

Pre 97 PPF compensation at Relevant Time

= 3,062.31 +1,464.29 x (1.03x1.027x1.03 – 1) + (3,062.31–1,464.29) x (1.03^3 - 1)
= £3,341.61 pa

where:
3%; 2.7%; and 3% are UK Guaranteed Minimum Pension Increase Orders effective on 6 April 2005, 2006 and 2007 respectively.

Back-payments

The member is entitled to the higher payment that would have been made to a member of either sex before the Assessment Date. The table below shows the annual rate of pension for the male and equivalent female with the higher figures at anytime shown in red.

Annual rate of pension with effect from:	Male £ pa	Equivalent Female £ pa		Shortfall £
08/02/2005	2,771.34	3,062.31		290.97*
06/04/2005	2,854.48	3,154.18		299.70
06/04/2006	2,937.12	3,244.28		307.16
06/04/2007	3,025.23	3,341.61		316.38**
05/10/2007***	3,025.23	3,341.61		

* Would need to be pro-rated for the period 8/2/2005 – 6/4/2005
** Would need to be pro-rated for the period 6/4/2007 – 5/10/2007
*** From Relevant Time no further comparison necessary

Increase in Pre 97 PPF compensation at the Relevant Time

= 3,341.61 - 3,025.23**= £316.38 pa**

At the Relevant Time the member would be better off being treated as a female member.

The change in Pre 97 PPF compensation for this example has been illustrated using the standard Pensioner Form 3(a) below.

Form 4(a) has then be used to determine the back-payments due covering the period from Date of Retirement to the Relevant Time.

Factors used in the Form 3(a) for Example 4 have been calculated as follows:

(Note calculation of factors not used in the calculation hasn't been shown.)

All factors have been calculated to 4 decimal places.

SI $_{DOR:RT}$	Increases on Pre 97 excess pension from Date of Retirement to Relevant Time = 1.03^3 = 1.0927
SI $_{65:RT}$	Increases on Pre 97 excess pension from age 65 to Relevant Time = 1.03^3 = 1.0927
GI $_{DOR:RT}$	Increases on post 88 GMP from Date of Retirement to Relevant Time = 1.03 x 1.027 x 1.03 = 1.0895
GI $_{65:RT}$	Increases on post 88 GMP from age 65 to Relevant Time = 1.03 x 1.027 x 1.03 = 1.0895
XS_Revs$_{DOL:DOR}$	Revaluation on excess Pension from Date of Leaving to Date of Retirement = 1.2980
MGMP_Revs$_{DOL:DOR}$	Revaluation on male GMP from Date of Leaving to Date of Retirement = 1.4670
FGMP_Revs$_{DOL:DOR}$	Revaluation on female GMP from Date of Leaving to Date of Retirement =1.179 x $FLR_{60:DOR}$ =1.179 x 1.5184 = 1.7902
FLR $_{60:DOR}$	Increases on female GMP from age 60 to Date of Retirement, if applicable = (1+ 5x52/700)x(1.011x1.03x1.017x1.017x1.028) =1.5184
ERF	Scheme early retirement factor at DOR, not applicable = 1.0
LRF	Scheme late retirement factor at DOR, not applicable = 1.0

Pensioner Form 3(a) – <u>not</u> GMP only case

Separate calculations needed for pension iro each NPA during period 17/5/1990 -5/4/1997.

Member Information – (information that is provided on standard data interface layout)	
Name	Example 4
NI Number	AB123456C
Scheme Name	NPA 65 Case
Gender	Male
Date of Birth (DOB)	08/02/1940
Date of leaving (DOL) (= DOR, if retired from active)	08/01/1995
Date of retirement (DOR)	08/02/2005
Assessment Date (AD)	06/10/2007
Relevant Time (RT) = AD – 1 day	05/10/2007
GMP Information (17/5/1990 – 5/4/1997)	
$MGMP_{DOL}$ = Male GMP (17/5/1990-5/4/1997) at DOL	£ 660.63 pa
$FGMP_{DOL}$ = Female GMP (17/5/1990-5/4/1997) at DOL	£ 817.93 pa
$MGMP_{65}$ = Male GMP (17/5/1990-5/4/1997) revalued to age 65[1]	£ 969.14 pa
$FGMP_{60}$ = Female GMP (17/5/1990-5/4/1997) revalued to age 60[1]	£ 964.34 pa
Scheme Information – (factors calculated using information on standard scheme questionnaire)	
Scheme Normal Pension Age (NPA)	65
(i) Pension increases in payment on Pre 97 pension	
$SI_{DOR:RT}$ = Increases on excess pension from DOR to RT[2]	1.0927
$SI_{60:RT}$ = Increases on excess pension from age 60 to RT[2]	1.2668
$SI_{65:RT}$ = Increases on excess pension from age 65 to RT[2]	1.0927
$GI_{DOR:RT}$ = Increases on post 88 GMP from DOR to RT[2]	1.0895
$GI_{60:RT}$ = Increases on post 88 GMP from age 60 to RT[2]	1.2063
$GI_{65:RT}$ = Increases on post 88 GMP from age 65 to RT[2]	1.0895
(ii) Revaluations in deferment on Pre 97 pension	
$XS\_Revs_{DOL:DOR}$ = Excess pension revaluation (DOL-**DOR/NPA**)[3]	1.2980
$MGMP\_Revs_{DOL:DOR}$= Male GMP revaluation (DOL–**DOR/NPA**) [3]	1.4670
$FGMP\_Revs_{DOL:DOR}$ = Female GMP revaluation (DOL–**DOR/NPA**) [3]	1.7902
$MLR_{65:DOR}$ = increases on male GMP, Age 65-DOR, if applicable	1.0
$FLR_{60:DOR}$ = increases on female GMP, Age 60-DOR, if applicable	1.5184
(iii) Early retirement information	
ERF = scheme early retirement factor at DOR (use 1 if DOR=NPA)	1.0
(iv) Late retirement information	
LRF = scheme late retirement factor at DOR (use 1 if DOR=NPA)	1.0
Age at DOR = DOR – DOB (years and months)	65
Age at RT = RT – DOB (complete years)	67
Multiplier 1 = 90% if Age at RT < 60, otherwise 100%	100%
Multiplier 2 = 90% if Age at RT < NPA, otherwise 100%	100%
Multiplier 3 = 1, for males who retired at NPA < 65, otherwise 0	0

[1] **$MGMP_{65}$ = 0** if the member is aged less than 65 at the RT.
$FGMP_{60}$ = 0 if the member is aged less than 60 at the RT

[2] See glossary and examples for details of how to calculate the relevant pension increase factors.

[3] DOR, unless the member has taken early/late retirement for this tranche of Pre 97 pension and the scheme's approach is to revalue pension to NPA and then apply ERF/LRF. In such cases amend to NPA. Enter 1 if no period in deferment.

Applicable to all pensioners – addresses increases in payment

(a) If "Age at DOR" > 65 NO

Increase in compensation at RT

= { $MGMP_{65}$ x **$MLR_{65:DOR}$** x [**$SI_{DOR:RT}$** – **$GI_{DOR:RT}$**]x Multiplier 2 }

+ { $FGMP_{60}$ x **$FLR_{60:DOR}$** x [**$GI_{DOR:RT}$** x 100% – **$SI_{DOR:RT}$** x Multiplier 2] }

= { x x [-] x }

+ { x x [x 100% - x] }

= £ pa [(1)]

(b) If 60 < "Age at DOR" ≤ 65 YES

Increase in compensation at RT

= { $MGMP_{65}$ x [**$SI_{65:RT}$** – **$GI_{65:RT}$**] x Multiplier 2}

+ { $FGMP_{60}$ x **$FLR_{60:DOR}$** x [**$GI_{DOR:RT}$** x 100% – **$SI_{DOR:RT}$** x Multiplier 2] }

= { 969.14 x [1.0927 - 1.0895] x 100% }

+ { 964.34 x 1.5184 x [1.0895 x 100% - 1.0927 x 100%] }

= **- £ 1.58 pa** [(1)]

(c) If "Age at DOR" ≤ 60 NO

Increase in compensation at RT

= { $MGMP_{65}$ x [**$SI_{65:RT}$** – **$GI_{65:RT}$**] x Multiplier 2}

+ { $FGMP_{60}$ x [**$GI_{60:RT}$** x Multiplier 1 – **$SI_{60:RT}$** x Multiplier 2] }

= { x [-] x }

+ { x [x - x] }

= £ pa [(1)]

PLUS applicable to pensioners who have a period in deferment YES

Additional increase in compensation at RT

= **[** $FGMP_{DOL}$ x (**$FGMP\_Revs_{DOL:DOR}$** – **$XS\_Revs_{DOL:DOR}$**)

- $MGMP_{DOL}$ x (**$MGMP\_Revs_{DOL:DOR}$** – **$XS\_Revs_{DOL:DOR}$**) **]**

x **ERF** x **LRF** x **$SI_{DOR:RT}$** x Multiplier 2

= **[** 817.93 x (1.7902 – 1.2980)
- 660.63 x (1.4670 - 1.2980) **]**

x 1 x 1 x 1.0927 x 100%

= £ 317.91 pa (2)

PLUS applicable to male pensioners who may have a statutory uplift before RT
(applies to male pensioners who have taken normal retirement at NPA<65 only) **NO**

Additional change in compensation at RT

= **[** $MGMP_{DOL}$ x **$MGMP\_Revs_{DOL:DOR}$** – $MGMP_{65}$**]** x **$SI_{65:RT}$** x Multiplier 3

= **[** x - **]** x x

= £ pa (3)

Males total increase = Maximum (- 1.58 + 317.91 + 0 ; 0.00)

= £ 316.33 pa

Females total increase = Maximum (- (1) - (2) - (3) ; 0.00)

= **£ pa**

Back-payments Form 4(a) – <u>not</u> GMP only case

Separate calculations needed for pension iro each NPA during period 17/5/1990 -5/4/1997.

Member Information – (information that is provided on standard data interface layout)	
Name	Example 4
NI Number	AB123456C
Scheme Name	NPA 65 Case
Sex	Male
Date of Birth (DOB)	08/02/1940
Date of leaving (DOL) (= DOR, if retired from active)	08/01/1995
Date of retirement (DOR)	08/02/2005
Assessment Date (AD)	06/10/2007
Relevant Time (RT) = AD – 1 day	05/10/2007
GMP Information (17/5/1990 – 5/4/1997)	
$MGMP_{DOL}$ = Male GMP (17/5/1990-5/4/1997) at DOL	£ 660.63 pa
$FGMP_{DOL}$ = Female GMP (17/5/1990-5/4/1997) at DOL	£ 817.93 pa
$MGMP_{65}$ = Male GMP (17/5/1990-5/4/1997) revalued to age 65[1]	£ 969.14 pa
$FGMP_{60}$ = Female GMP (17/5/1990-5/4/1997) revalued to age 60[1]	£ 964.34 pa
Scheme Information – (factors calculated using information on standard scheme questionnaire)	
Scheme Normal Pension Age (NPA)	65
(i) Pension increases in payment on Pre 97 pension	
$SI_{DOR:RT}$ = Increases on excess pension from DOR to RT[2]	1.0927
$SI_{60:RT}$ = Increases on excess pension from age 60 to RT[2]	1.2668
$SI_{65:RT}$ = Increases on excess pension from age 65 to RT[2]	1.0927
$GI_{DOR:RT}$ = Increases on post 88 GMP from DOR to RT[2]	1.0895
$GI_{60:RT}$ = Increases on post 88 GMP from age 60 to RT[2]	1.2063
$GI_{65:RT}$ = Increases on post 88 GMP from age 65 to RT[2]	1.0895
(ii) Revaluations in deferment on Pre 97 pension	
$XS\_Revs_{DOL:DOR}$ = Excess pension revaluation (DOL-**DOR/NPA**)[3]	1.2980
$MGMP\_Revs_{DOL:DOR}$= Male GMP revaluation (DOL–**DOR/NPA**) [3]	1.4670
$FGMP\_Revs_{DOL:DOR}$ = Female GMP revaluation (DOL–**DOR/NPA**) [3]	1.7902
$MLR_{65:DOR}$ = increases on male GMP, Age 65-DOR, if applicable	1.0
$FLR_{60:DOR}$ = increases on female GMP, Age 60-DOR, if applicable	1.5184
(iii) Early retirement information	
ERF = scheme early retirement factor at DOR (use 1 if DOR=NPA)	1.0
(iv) Late retirement information	
LRF = scheme late retirement factor at DOR (use 1 if DOR=NPA)	1.0

Age at DOR = DOR – DOB (years and months)	65
Age at RT = RT – DOB (complete years)	67
Multiplier 1 = 90% if Age at RT < 60, otherwise 100%	100%
Multiplier 2 = 90% if Age at RT < NPA, otherwise 100%	100%
Multiplier 3 = 1, for males who retired at NPA < 65, otherwise 0	0
Period $_{DOR:RT}$ = RT - DOR (years and days)	2 years 239 days

[1] **$MGMP_{65}$ = 0** if the member is aged less than 65 at the RT.
$FGMP_{60}$ = 0 if the member is aged less than 60 at the RT

[2] See glossary and examples for details of how to calculate the relevant pension increase factors.

[3] DOR, unless the member has taken early/late retirement for this tranche of Pre 97 pension and the scheme's approach is to revalue pension to NPA and then apply ERF/LRF. In such cases amend to NPA.
Enter 1 if no period in deferment.

These calculations make no allowance for any interest to be included in the scheme back-payments due prior to the Assessment Date. Where the scheme rules require the trustees to include interest for late payment then an adjustment should be made to include an appropriate allowance for interest up to the Assessment Date only.

Calculation of uplift at Relevant Time (before applying 90% multiplier)

Applicable to all pensioners – addresses increases in payment

(a) If "Age at DOR" > 65 NO

Increase in compensation at RT

= { $MGMP_{65}$ x $\mathbf{MLR}_{65:DOR}$ x [$\mathbf{SI}_{DOR:RT}$ – $\mathbf{GI}_{DOR:RT}$] }

+ { $FGMP_{60}$ x $\mathbf{FLR}_{60:DOR}$ x [$\mathbf{GI}_{DOR:RT}$ – $\mathbf{SI}_{DOR:RT}$] }

= { x x [-] x }

+ { x x [-] }

= £ pa (1)

(b) If 60 < "Age at DOR" ≤ 65 YES

Increase in compensation at RT

= { $MGMP_{65}$ x [$\mathbf{SI}_{65:RT}$ – $\mathbf{GI}_{65:RT}$] }

+ { $FGMP_{60}$ x $\mathbf{FLR}_{60:DOR}$ x [$\mathbf{GI}_{DOR:RT}$ – $\mathbf{SI}_{DOR:RT}$] }

= { 969.14 x [1.0927 - 1.0895] }

+ { 964.34 x 1.5184 x [1.0895 - 1.0927] }

= - £ 1.58 pa (1)

(c) If "Age at DOR" ≤ 60 NO

Increase in compensation at RT

= { $MGMP_{65}$ x [$\mathbf{SI}_{65:RT}$ – $\mathbf{GI}_{65:RT}$] }

+ { $FGMP_{60}$ x [$\mathbf{GI}_{60:RT}$ – $\mathbf{SI}_{60:RT}$] }

= { x [-] }

+ { x [-] }

= £ pa (1)

PLUS applicable to pensioners who have a period in deferment YES

Additional increase in compensation at RT

= **[** $FGMP_{DOL}$ x (**FGMP_Revs$_{DOL:DOR}$** – **XS_Revs$_{DOL:DOR}$**)

- $MGMP_{DOL}$ x (**MGMP_Revs$_{DOL:DOR}$** – **XS_Revs$_{DOL:DOR}$**) **]**

x **ERF** x **LRF** x **SI $_{DOR:RT}$**

= **[** 817.93 x (1.7902 – 1.2980)

- 660.63 x (1.4670 - 1.2980) **]**

x 1 x 1 x 1.0927

= £ 317.91 pa (2)

PLUS applicable to male pensioners who may have a statutory uplift before RT
(applies to male pensioners who have taken normal retirement at NPA<65 only) **NO**

Additional change in compensation at RT

= **[** $MGMP_{DOL}$ x **MGMP_Revs$_{DOL:DOR}$** – $MGMP_{65}$**]** x **SI $_{65:RT}$** x Multiplier 3

= **[** x - **]** x x

= £ **pa** (3)

Uplift at Relevant Time (before applying 90% multiplier)

Males total increase = Maximum (- 1.58 + 317.91 + 0 ; 0.00)

= £ 316.33 pa = Pre97Pension_Inc $_{RT}$

Females total increase = Maximum (- (1) - (2) - (3) ; 0.00)

= **£** **pa= Pre97Pension_Inc $_{RT}$**

Calculation of uplift at Date of Retirement

Change in Pension at Date of Retirement YES

Additional increase in compensation at RT

= **[$FGMP_{DOL}$** x (**$FGMP\_Revs_{DOL:DOR}$** – **$XS\_Revs_{DOL:DOR}$**)

- **$MGMP_{DOL}$** x (**$MGMP\_Revs_{DOL:DOR}$** – **$XS\_Revs_{DOL:DOR}$**) **]**

x **ERF** x **LRF**

= **[** 817.93 x (1.7902 - 1.2980)

- 660.63 x (1.4670 - 1.2980) **]**

x 1.0 x 1.0

= **£ 290.94 pa** (4)

Uplift in Pension at Date of Retirement

Males = Maximum (290.94 (4) ; 0.00)

= £ 290.94 pa = $Pre97Pension\_Inc_{DOR}$

Females **=** Maximum (- (4) ; 0.00)

= **£ pa = $Pre97Pension\_Inc_{DOR}$**

Calculation of Accumulated Back-payments

Accumulated Back-payments due iro the period from date of Retirement to the Relevant Time at Calculation Date

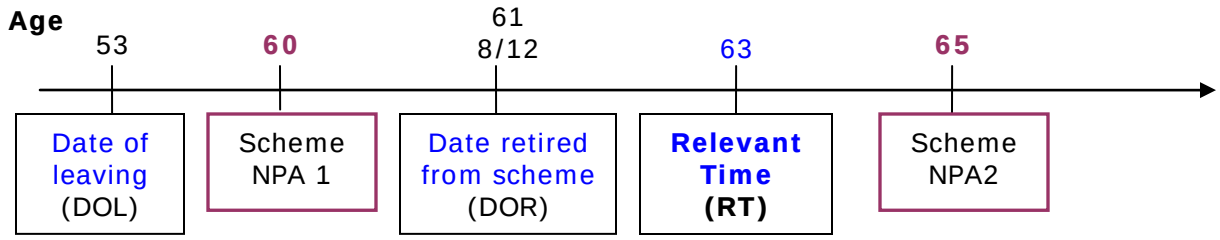
$$= \left(\frac{\textbf{Pre97Pension Inc}_{DOR} + \textbf{Pre97Pension Inc}_{RT}}{2}\right) \times \textbf{Period}_{DOR:RT}$$

$$= \left(\frac{290.94 + 316.33}{2}\right) \times (2 + 239/365)$$

= £806.09

Pensioner Example 5. Male pensioner retired at age 62
NPA tranches at 60 & 65

Timeline



Membership Details

Date of Birth = 8 February 1944
Date joined scheme = 1 January 1985
Date of leaving the scheme = 8 January 1998
Date retired from scheme = 1 November 2005 (age 61 8/12 (complete month)*)
Scheme normal retirement date 1 = 8 February 2004 (age 60)
Scheme normal retirement date 2 = 8 February 2009 (age 65)
Assessment Date = 2 May 2007
Relevant Time (RT) = 1 May 2007 (age 63)

Scheme NPA history

Period	Females	Males
Pre 17 May 1990	60	65
17 May 1990 – 31 December 1991	60	60
1 January 1992 onwards	65	65

The scheme provided revaluation on the pension in deferment at the following rates:

- Fixed Rate Revaluation on GMP (in this case 6.25% pa)
- Statutory revaluation on the excess pension

The scheme paid the following rates of increase on pensions in payment between retirement and the Relevant Time:

- 0% pa on Pre 97 excess pension
- Statutory increases on Post88 GMP awarded every 6 April

The scheme calculated **early retirement pensions** by applying an early retirement factor to the pension revalued to date of early retirement. The early retirement factor was 3.5% pa simple (*calculated using the members age calculated to complete months).

The scheme calculated **late retirement pensions** by applying a late retirement factor to the pension revalued to normal pension age. The late retirement factor was 12% pa simple (*calculated using the members age calculated to complete months).

Pre 97 Pension at Date of Leaving

Pre 97 Deferred Pension at date of leaving accrued 17 May 1990 – 5 April 1997
= £2,420.00 pa split into GMP and excess elements as follows:

Period	Scheme NPA	Post 88 GMP £ pa	Excess Pension £ pa	Total Pension £ pa
17/5/1990 – 31/12/1991	**60**	220.00	360.00	580.00
1/1/1992 – 5/4/1997	**65**	700.00	1,140.00	1,840.00
Total	n/a	920.00	1,500.00	2,420.00

Pre 97 Pension at Date retired from scheme (age 61 8/12)

1. Early Retirement Pension iro NPA 65 tranche

Scheme method is to revalue pension to date of early retirement and then apply an early retirement factor

Early retirement pension at age 61 8/12 (3 4/12 years early)
= [(700.00 x 1.0625^{8}) + (1,140.00 x 1.181)] x (1 - 0.035 x 3 4/12) = £2,193.55 pa

where:
18.1% = Occupational Pensions (Revaluation) Order 2004 for 7 year revaluation period

8 revaluations are granted to the male GMP at 6/4/1998 - 6/4/2005 inclusive

2. Late Retirement Pension iro NPA 60 tranche

Scheme method is to revalue pension to Normal Pension Age 60 and then apply a late retirement factor

Late retirement pension at age 61 8/12 (1 8/12 years late)
= [(220.00 x 1.0625^{6}) + (360.00 x 1.146)] x (1 + 0.12 x 1 8/12) = £874.89 pa

where:
14.6% = Occupational Pensions (Revaluation) Order 2003 for 6 year revaluation period

6 revaluations are granted to the male GMP at 6/4/1998 - 6/4/2003 inclusive

Pre 97 PPF compensation at Relevant Time

1. NPA 65 tranche (paid at 90% since member is age only 63 at the Relevant Time)

= 2,193.55 x 90%
= £1,974.20 pa

2. NPA 60 tranche (paid at 100% since member is age 63 at the Relevant Time)

= £874.89 pa

Statutory requirements for male

(a) Contracting-out legislation

Applies to total Pre 97 pension at male GMP age 65. Test is therefore not applicable at the Relevant Time.

(b) Anti-franking and preservation legislation

The Trustees will have taken into consideration these pieces of legislation in setting the calculation of the member's early and late retirement pension. As this scheme uses unisex early and late retirement factors it is assumed that the Trustees' factors and method took into account the statutory requirements relating to both males and females. No further check is therefore required.

Modified Method (2): Opposite sex calculation – applicable to a female

Pre 97 Pension at Date of Leaving

Deferred Pension at date of leaving = £2,420.00 pa with revised split into GMP and excess elements as follows:

Period	Scheme NPA	Post 88 GMP £ pa	Excess Pension £ pa	Total Pension £ pa
17/5/1990 – 31/12/1991	**60**	264.00	316.00	580.00
1/1/1992 – 5/4/1997	**65**	840.00	1,000.00	1,840.00
Total	n/a	1,104.00	1,316.00	2,420.00

Where the Equivalent Female GMP at date of leaving:
NPA 60 tranche = 220.00 x 1.2000 = £264.00 pa
NPA 65 tranche = 700.00 x 1.2000 = £840.00 pa

(1.2000 is taken from the table in Part D.1 for calculating opposite sex GMP)

Pre 97 Pension at Date retired from scheme (age 61 8/12)

1. Early Retirement Pension iro NPA 65 tranche

Scheme method is to revalue pension to date of early retirement and then apply an early retirement factor

Early retirement pension at age 61 8/12 (3 4/12 years early)
= [1,359.20 + 1000.00 x 1.181] x (1 - .035 x 3 4/12) = £2,243.84 pa

where:
18.1% = Occupational Pensions (Revaluation) Order 2004 for 7 year revaluation period

female late retirement GMP at date retired ie 1/11/2005
= [840.00 x 1.0625^5] x [(1 + (1x52+38)/700) x (1.028x1.03)]
= 1,137.43 x 1.19498 = £1,359.20 pa

5 revaluations are granted to the female GMP at 6/4/1998 - 6/4/2002 inclusive

2.8% and 3% are UK Guaranteed Minimum Pension Increase Orders effective on 6 April 2004 and 2005 respectively.

2. Late Retirement Pension iro NPA 60 tranche

Scheme method is to revalue pension to Normal Pension Age 60 and then apply a late retirement factor.

Late retirement pension at age 61 8/12 (1 8/12 years late)
= [(264.00 x 1.0625^5) + (316.00 x 1.146)] x (1 + 0.12 x 1 8/12) = £863.54 pa

where:
14.6% = Occupational Pensions (Revaluation) Order 2003 for 6 year revaluation period

5 revaluations are granted to the female GMP at 6/4/1998 - 6/4/2002 inclusive

Statutory requirements for female at age 61 8/12

(a) Contracting-out legislation - relates to all GMP

Revalued female GMP at age 61 8/12
= [1104.00 x 1.0625^5] x [(1 + (1x52+38)/700) x (1.028x1.03)]
= 1,494.91 x 1.19498
= £1,786.39 pa

In practice this test would be carried out with the whole GMP against the Pre 97 pension. However, the fact that the minimum is clearly covered at retirement iro these elements indicates that the overall test should be met.

(b) Anti-franking and preservation legislation

See comment for males above.

Pre 97 PPF compensation at Relevant Time

1. NPA 65 tranche

This is firstly calculated prior to the application of the compensation cap and 90% multiplier.

= 2,243.84 + 1,359.21x (1.027 x 1.03 – 1) = £2,322.42 pa

However, this now contains an element of female GMP. As the member is over female GMP age 60 at the Relevant Time, the GMP element is paid at 100%. The excess pension is paid at 90% since the member is below age 65 at the Relevant Time.

= (1,359.21x1.027x1.03x 100%) + (2,243.84 – 1,359.21) x 90% = £2,233.95 pa

2. NPA 60 tranche

Since the member is age 63 at the Relevant Time the NPA 60 tranche is not affected by the compensation cap and 90% multiplier.

= [863.53 + 427.18 x (1.027x1.03 - 1)]
= £888.23 pa

where:

$[264.00 \times 1.0625^{5}] \times [(1 + (1x52+38)/700) \times (1.028x1.03)]$
$=427.18$

2.7% and 3% are UK Guaranteed Minimum Pension Increase Orders effective on 6 April 2006 and 6 April 2007 respectively.

Back-payments

The member is entitled to the higher payment that would have been made to a member of either sex before the Assessment Date. The table below shows the annual rate of pension for the male and equivalent female with the higher figures at anytime shown in red. Although the male NPA 60 tranche is higher than the female NPA 60 tranche at 1/11/2005, once the NPA 65 tranche has been taken into consideration the member is better off being treated as a female member.

Annual rate of pension with effect from:	Male £ pa		Equivalent Female £ pa			Overall Shortfall £ pa
	NPA 60	NPA 65	NPA 60	NPA 65		
01/11/2005	874.89	2,193.55	863.53	2,243.84		38.93*
06/04/2006	874.89	2,193.55	875.06	2,280.54		87.16
06/04/2007	874.89	2,193.55	888.24	2,322.42		142.22**
01/05/2007* **	874.89	1,974.20	888.24	2,233.95		

* Would need to be pro-rated for the period 1/11/2005 – 06/04/2006
** Would need to be pro-rated for the period 6/4/2007 – 01/05/2007
*** From Relevant Time no further comparison necessary

Overall Increase in Pre 97 PPF compensation at the Relevant Time

= (888.24 + 2,233.95) – (874.89 +1,974.20) **= £273.10 pa**

At the Relevant Time the member would be better off being treated as a female member.

The change in Pre 97 PPF compensation for this example has been illustrated using the standard Pensioner Forms 3(a) below.

Factors used in the Form 3(a) for Example 5 NPA 60 tranche have been calculated as follows:

(Note calculation of the factors not used in the calculation hasn't been shown.)

All factors have been calculated to 4 decimal places.

$SI_{DOR:RT}$	Increases on Pre 97 excess pension from Date of Retirement to Relevant Time = 1
$SI_{65:RT}$	Increases on Pre 97 excess pension from age 65 to Relevant Time = 1
$GI_{DOR:RT}$	Increases on post 88 GMP from Date of Retirement to Relevant Time = 1.027 x 1.03 = 1.0578
$GI_{65:RT}$	Increases on post 88 GMP from age 65 to Relevant Time = 1
$XS\_Revs_{DOL:DOR}$	Revaluation on excess Pension from Date of Leaving to Normal Pension Age 60 (NPA 60) = 1.1460
$MGMP\_Revs_{DOL:DOR}$	Revaluation on male GMP from Date of Leaving to (NPA 60) = 1.0625^6 = 1.4387
$FGMP\_Revs_{DOL:DOR}$	Revaluation on female GMP from Date of Leaving to (NPA 60) = 1.0625^5 = 1.3541
$FLR_{60:DOR}$	Increases on female GMP from age 60 to Date of Retirement, if applicable = [(1 + (1 x 52 + 38)/700) x (1.028 x 1.03)] =1.1950
ERF	Scheme early retirement factor at DOR, not applicable = 1
LRF	Scheme late retirement factor at DOR, not applicable = 1 + (12% x 1 8/12) = 1.2000

Pensioner Form 3(a) – <u>not</u> GMP only case NPA 60 tranche

Separate calculations needed for pension iro each NPA during period 17/5/1990 -5/4/1997.

Member Information – (information that is provided on standard data interface layout)	
Name	Example 5 – NPA 60
NI Number	AB123456C
Scheme Name	NPA 60 & NPA 65
Gender	Male
Date of Birth (DOB)	08/02/1944
Date of leaving (DOL) (= DOR, if retired from active)	08/01/1998
Date of retirement (DOR)	01/11/2005
Assessment Date (AD)	02/05/2007
Relevant Time (RT) = AD – 1 day	01/05/2007
GMP Information (17/5/1990 – 5/4/1997)	
$MGMP_{DOL}$ = Male GMP (17/5/1990-5/4/1997) at DOL	£220.00 pa
$FGMP_{DOL}$ = Female GMP (17/5/1990-5/4/1997) at DOL	£264.00 pa
$MGMP_{65}$ = Male GMP (17/5/1990-5/4/1997) revalued to age 65[1]	£0.00 pa
$FGMP_{60}$ = Female GMP (17/5/1990-5/4/1997) revalued to age 60[1]	£357.48 pa
Scheme Information – (factors calculated using information on standard scheme questionnaire)	
Scheme Normal Pension Age (NPA)	60
(i) Pension increases in payment on Pre 97 pension	
$SI_{DOR:RT}$ = Increases on excess pension from DOR to RT[2]	1
$SI_{60:RT}$ = Increases on excess pension from age 60 to RT[2]	1
$SI_{65:RT}$ = Increases on excess pension from age 65 to RT[2]	1
$GI_{DOR:RT}$ = Increases on post 88 GMP from DOR to RT[2]	1.0578
$GI_{60:RT}$ = Increases on post 88 GMP from age 60 to RT[2]	1.1201
$GI_{65:RT}$ = Increases on post 88 GMP from age 65 to RT[2]	1
(ii) Revaluations in deferment on Pre 97 pension	
$XS\_Revs_{DOL:DOR}$ = Excess pension revaluation (DOL-**DOR/NPA**)[3]	1.1460
$MGMP\_Revs_{DOL:DOR}$= Male GMP revaluation (DOL–**DOR/NPA**) [3]	1.4387
$FGMP\_Revs_{DOL:DOR}$ = Female GMP revaluation (DOL–**DOR/NPA**) [3]	1.3541
$MLR_{65:DOR}$ = increases on male GMP, Age 65-DOR, if applicable	1
$FLR_{60:DOR}$ = increases on female GMP, Age 60-DOR, if applicable	1.1950
(iii) Early retirement information	
ERF = scheme early retirement factor at DOR (use 1 if DOR=NPA)	1
(iv) Late retirement information	
LRF = scheme late retirement factor at DOR (use 1 if DOR=NPA)	1.2000
Age at DOR = DOR – DOB (years and months)	61 8/12
Age at RT = RT – DOB (complete years)	63
Multiplier 1 = 90% if Age at RT < 60, otherwise 100%	100%
Multiplier 2 = 90% if Age at RT < NPA, otherwise 100%	100%
Multiplier 3 = 1, for males who retired at NPA < 65, otherwise 0	0

[1] **$MGMP_{65}$ = 0** if the member is aged less than 65 at the RT.
$FGMP_{60}$ = 0 if the member is aged less than 60 at the RT

[2] See glossary and examples for details of how to calculate the relevant pension increase factors.

[3] DOR, unless the member has taken early/late retirement for this tranche of Pre 97 pension and the scheme's approach is to revalue pension to NPA and then apply ERF/LRF. In such cases amend to NPA.
Enter 1 if no period in deferment.

Applicable to all pensioners – addresses increases in payment

(a) If "Age at DOR" > 65 NO

Increase in compensation at RT

= { $MGMP_{65}$ x **$MLR_{65:DOR}$** x [**$SI_{DOR:RT}$** – **$GI_{DOR:RT}$**]x Multiplier 2 }

+ { $FGMP_{60}$ x **$FLR_{60:DOR}$** x [**$GI_{DOR:RT}$** x 100% – **$SI_{DOR:RT}$** x Multiplier 2] }

= { x x [-] x }

+ { x x [x 100% - x] }

= £ pa [(1)]

(b) If 60 < "Age at DOR" ≤ 65 YES

Increase in compensation at RT

= { $MGMP_{65}$ x [**$SI_{65:RT}$** – **$GI_{65:RT}$**] x Multiplier 2}

+ { $FGMP_{60}$ x **$FLR_{60:DOR}$** x [**$GI_{DOR:RT}$** x 100% – **$SI_{DOR:RT}$** x Multiplier 2] }

= { 0.00 x [1 - 1] x 100% }

+ { 357.48 x 1.1950 x [1.0578 x 100% - 1 x 100%] }

= **£ 24.69 pa** [(1)]

(c) If "Age at DOR" ≤ 60 NO

Increase in compensation at RT

= { $MGMP_{65}$ x [**$SI_{65:RT}$** – **$GI_{65:RT}$**] x Multiplier 2}

+ { $FGMP_{60}$ x [**$GI_{60:RT}$** x Multiplier 1 – **$SI_{60:RT}$** x Multiplier 2] }

= { x [-] x }

+ { x [x - x] }

= £ pa [(1)]

PLUS applicable to pensioners who have a period in deferment YES

Additional increase in compensation at RT

= **[** $FGMP_{DOL}$ x (**$FGMP\_Revs_{DOL:DOR}$** – **$XS\_Revs_{DOL:DOR}$**)

- $MGMP_{DOL}$ x (**$MGMP\_Revs_{DOL:DOR}$** – **$XS\_Revs_{DOL:DOR}$**) **]**

x **ERF** x **LRF** x **$SI_{DOR:RT}$** x Multiplier 2

= **[** 264.00 x (1.3541 - 1.1460)

- 220.00 x (1.4387 - 1.1460) **]**

x 1 x 1.2000 x 1 x 100%

= - £ 11.35 pa (2)

PLUS applicable to male pensioners who may have a statutory uplift before RT
(applies to male pensioners who have taken normal retirement at NPA<65 only) **NO**

Additional change in compensation at RT

= **[** $MGMP_{DOL}$ x **$MGMP\_Revs_{DOL:DOR}$** – $MGMP_{65}$**]** x **$SI_{65:RT}$** x Multiplier 3

= **[** x - **]** x x

= £ pa (3)

Males total increase	= Maximum (24.69 - 11.35 + 0 ; 0.00)
	= £ 13.34 pa
Females total increase	= Maximum (- (1) - (2) - (3) ; 0.00)
	= £ pa

Factors used in the Form 3(a) for Example 5 NPA 65 tranche have been calculated as follows:

(Note calculation of the factors not used in the calculation hasn't been shown.)

All factors have been calculated to 4 decimal places.

SI $_{DOR:RT}$	Increases on Pre 97 excess pension from Date of Retirement to Relevant Time = 1
SI $_{65:RT}$	Increases on Pre 97 excess pension from age 65 to Relevant Time = 1
GI $_{DOR:RT}$	Increases on post 88 GMP from Date of Retirement to Relevant Time = 1.027 x 1.03 = 1.0578
GI $_{65:RT}$	Increases on post 88 GMP from age 65 to Relevant Time = 1
XS_Revs$_{DOL:DOR}$	Revaluation on excess Pension from Date of Leaving to Date of Retirement = 1.1810
MGMP_Revs$_{DOL:DOR}$	Revaluation on male GMP from Date of Leaving to Date of Retirement = 1.0625^8 = 1.6242
FGMP_Revs$_{DOL:DOR}$	Revaluation on female GMP from Date of Leaving to Date of Retirement = 1.0625^5 x FLR $_{60:DOR}$ = 1.0625^5 x 1.1950 = 1.6181
FLR $_{60:DOR}$	Increases on female GMP from age 60 to Date of Retirement, if applicable = [(1 + (1 x 52 + 38)/700) x (1.028 x 1.03)] =1.1950
ERF	Scheme early retirement factor at DOR, not applicable = 1 – (3.5% x 3 4/12) = 0.8833
LRF	Scheme late retirement factor at DOR, not applicable = 1

Pensioner Form 3(a) – <u>not</u> GMP only case NPA 65 tranche

Separate calculations needed for pension iro each NPA during period 17/5/1990 -5/4/1997.

Member Information – (information that is provided on standard data interface layout)			
Name	Example 5 – NPA 65		
NI Number	AB123456C		
Scheme Name	NPA 60 & NPA 65		
Gender	Male		
Date of Birth (DOB)	08/02/1944		
Date of leaving (DOL) (= DOR, if retired from active)	08/01/1998		
Date of retirement (DOR)	01/11/2005		
Assessment Date (AD)	02/05/2007		
Relevant Time (RT) = AD – 1 day	01/05/2007		
GMP Information (17/5/1990 – 5/4/1997)			
$MGMP_{DOL}$ = Male GMP (17/5/1990-5/4/1997) at DOL	£	700.00	pa
$FGMP_{DOL}$ = Female GMP (17/5/1990-5/4/1997) at DOL	£	840.00	pa
$MGMP_{65}$ = Male GMP (17/5/1990-5/4/1997) revalued to age 65[1]	£	0.00	pa
$FGMP_{60}$ = Female GMP (17/5/1990-5/4/1997) revalued to age 60[1]	£	1,137.43	pa
Scheme Information – (factors calculated using information on standard scheme questionnaire)			
Scheme Normal Pension Age (NPA)	65		
(i) Pension increases in payment on Pre 97 pension			
$SI_{DOR:RT}$ = Increases on excess pension from DOR to RT[2]	1		
$SI_{60:RT}$ = Increases on excess pension from age 60 to RT[2]	1		
$SI_{65:RT}$ = Increases on excess pension from age 65 to RT[2]	1		
$GI_{DOR:RT}$ = Increases on post 88 GMP from DOR to RT[2]	1.0578		
$GI_{60:RT}$ = Increases on post 88 GMP from age 60 to RT[2]	1.1201		
$GI_{65:RT}$ = Increases on post 88 GMP from age 65 to RT[2]	1		
(ii) Revaluations in deferment on Pre 97 pension			
$XS\_Revs_{DOL:DOR}$ = Excess pension revaluation (DOL-**DOR/NPA**)[3]	1.1810		
$MGMP\_Revs_{DOL:DOR}$= Male GMP revaluation (DOL– **DOR/NPA**) [3]	1.6242		
$FGMP\_Revs_{DOL:DOR}$ = Female GMP revaluation (DOL–**DOR/NPA**) [3]	1.6181		
$MLR_{65:DOR}$ = increases on male GMP, Age 65-DOR, if applicable	1		
$FLR_{60:DOR}$ = increases on female GMP, Age 60-DOR, if applicable	1.1950		
(iii) Early retirement information			
ERF = scheme early retirement factor at DOR (use 1 if DOR=NPA)	0.8833		
(iv) Late retirement information			
LRF = scheme late retirement factor at DOR (use 1 if DOR=NPA)	1		
Age at DOR = DOR – DOB (years and months)	61 8/12		
Age at RT = RT – DOB (complete years)	63		
Multiplier 1 = 90% if Age at RT < 60, otherwise 100%	100%		
Multiplier 2 = 90% if Age at RT < NPA, otherwise 100%	90%		
Multiplier 3 = 1, for males who retired at NPA < 65, otherwise 0	0		

[1] **$MGMP_{65}$ = 0** if the member is aged less than 65 at the RT.
$FGMP_{60}$ = 0 if the member is aged less than 60 at the RT

[2] See glossary and examples for details of how to calculate the relevant pension increase factors.

[3] DOR, unless the member has taken early/late retirement for this tranche of Pre 97 pension and the scheme's approach is to revalue pension to NPA and then apply ERF/LRF. In such cases amend to NPA.
Enter 1 if no period in deferment.

Applicable to all pensioners – addresses increases in payment

(a) If "Age at DOR" > 65 NO

Increase in compensation at RT

= { $MGMP_{65}$ x **$MLR_{65:DOR}$** x [**$SI_{DOR:RT}$** – **$GI_{DOR:RT}$**]x Multiplier 2 }

+ { $FGMP_{60}$ x **$FLR_{60:DOR}$** x [**$GI_{DOR:RT}$** x 100% – **$SI_{DOR:RT}$** x Multiplier 2] }

= { x x [-] x }

+ { x x [x 100% - x] }

= £ pa [(1)]

(b) If 60 < "Age at DOR" ≤ 65 YES

Increase in compensation at RT

= { $MGMP_{65}$ x [**$SI_{65:RT}$** – **$GI_{65:RT}$**] x Multiplier 2}

+ { $FGMP_{60}$ x **$FLR_{60:DOR}$** x [**$GI_{DOR:RT}$** x 100% – **$SI_{DOR:RT}$** x Multiplier 2] }

= { 0.00 x [1 - 1] x 90% }

+ {1,137.43 x 1.1950 x [1.0578 x 100% - 1 x 90%] }

= **£ 214.49 pa** [(1)]

(c) If "Age at DOR" ≤ 60 NO

Increase in compensation at RT

= { $MGMP_{65}$ x [**$SI_{65:RT}$** – **$GI_{65:RT}$**] x Multiplier 2}

+ { $FGMP_{60}$ x [**$GI_{60:RT}$** x Multiplier 1 – **$SI_{60:RT}$** x Multiplier 2] }

= { x [-] x }

+ { x [x - x] }

= £ pa [(1)]

PLUS applicable to pensioners who have a period in deferment YES

Additional increase in compensation at RT

= **[** $FGMP_{DOL}$ x (**$FGMP\_Revs_{DOL:DOR}$** – **$XS\_Revs_{DOL:DOR}$**)

- $MGMP_{DOL}$ x (**$MGMP\_Revs_{DOL:DOR}$** – **$XS\_Revs_{DOL:DOR}$**) **]**

x **ERF** x **LRF** x **$SI_{DOR:RT}$** x Multiplier 2

= **[** 840.00 x (1.6181 - 1.1810)

- 700.00 x (1.6242 - 1.1810) **]**

x 0.8833 x 1 x 1 x 90%

= £ 45.25 pa (2)

PLUS applicable to male pensioners who may have a statutory uplift before RT
(applies to male pensioners who have taken normal retirement at NPA<65 only) **NO**

Additional change in compensation at RT

= **[** $MGMP_{DOL}$ x **$MGMP\_Revs_{DOL:DOR}$** – $MGMP_{65}$**]** x **$SI_{65:RT}$** x Multiplier 3

= **[** x - **]** x x

= £ pa (3)

Males total increase	= Maximum (214.49 + 45.25 + 0 ; 0.00)
	= £ 259.74 pa
Females total increase	= Maximum (- (1) - (2) - (3) ; 0.00)
	= £ pa

Total increase in Pre 97 compensation at the Relevant Time

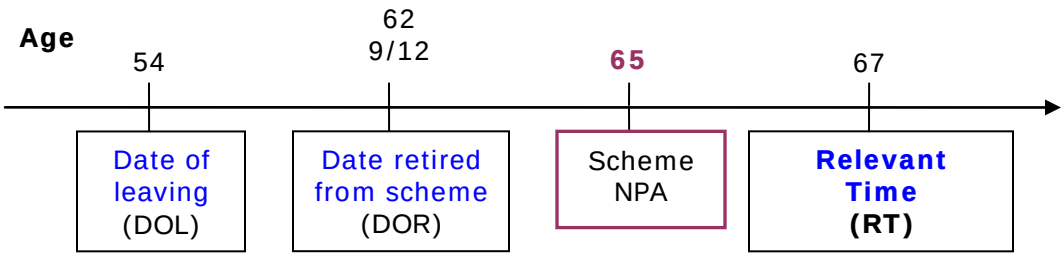
= NPA 60 calculation + NPA 65 calculation

= 13.34 + 259.74

= £273.08 pa

Pensioner Example 6. Male pensioner retired early from scheme receiving GMP only at Relevant Time

Timeline



Membership Details

Date of Birth = 8 February 1940
Date joined scheme = 1 January 1992
Date of leaving the scheme = 8 January 1995
Date retired from scheme = 1 November 2002 (age 62 9/12 (nearest month)*)
Normal retirement date = 8 February 2005 (age 65)
Assessment Date = 2 May 2007
Relevant Time (RT) = 1 May 2007 (age 67)

The scheme provided revaluation on the pension in deferment at the following rates:

- Fixed Rate Revaluation on GMP (in this case 7% pa)
- Statutory revaluation on the excess pension

The scheme paid the following rates of increase on pensions in payment between retirement and the Relevant Time:

- 0% pa on Pre 97 excess pension
- Statutory increases on Post88 GMP awarded every 6 April

The scheme calculated early retirement pensions by applying an early retirement factor to the pension revalued to date or early retirement. The early retirement factor was 3% pa simple (*calculated using the members age calculated to the nearest month).

Pre 97 Pension at Date of Leaving

Deferred Pension at date of leaving = £760.63 pa split into GMP and excess elements as follows:

Scheme NPA	Post 88 GMP £ pa	Excess Pension £ pa	Total Pension £ pa
NPA 65	660.63	100.00	760.63

Pre 97 Pension at Date retired from scheme (age 62 9/12)

Scheme method is to revalue pension to date of early retirement and then apply an early retirement factor

Early retirement pension at age 62 9/12 (2.25 years early)
= [(660.63 x 1.07^8) + (100.00 x 1.205)] x (1 - 0.03 x 2.25) = £1,170.83 pa

where:
20.5% = Occupational Pensions (Revaluation) Order 2001 for 7 year revaluation period

8 revaluations are granted to the male GMP at 6/4/1995-6/4/2002 inclusive

Scheme would have checked that this would be sufficient to cover the:

Statutory requirements for male at age 65

(a) Contracting-out legislation

Revalued GMP at age 65 = 660.63 x 1.07^9 = £1,214.54 pa

Early retirement pension is insufficient to cover the GMP from age 65. The scheme permitted the member to rearrange his benefits so that they were of equal value. This resulted in the member receiving a pension of £1,000 pa until age 65 when the pension would have been uplifted to meet the Revalued GMP of £1,214.54 pa.

(b) Anti-franking and preservation legislation

The Trustees will have taken into consideration these pieces of legislation in setting the calculation of the member's early retirement pension. As this scheme uses unisex early retirement factors it is assumed that the Trustees' early retirement factors and method took into account the statutory requirements relating to both males and females. No further check is therefore required.

Pre 97 PPF compensation at Relevant Time

= 1,214.54 x 1.03 x 1.027 x 1.03
= £1,323.30 pa

where:
3%; 2.7%; and 3% are UK Guaranteed Minimum Pension Increase Orders effective on 6 April 2005, 2006 and 2007 respectively.

Modified Method (2): Opposite sex calculation – applicable to a female

Pre 97 Pension at Date of Leaving

Deferred Pension at date of leaving = £760.63 pa.
The pension would have been uplifted to meet the female GMP at date of leaving.

Scheme NPA	Post 88 GMP £ pa	Excess Pension £ pa	Total Pension £ pa
NPA 65	817.93	0	817.93

Equivalent Female GMP at date of leaving = 660.63 x 1.2381 = £817.93 pa

(1.2381 is taken from the table in Part D.1. for calculating opposite sex GMP)

Pre 97 Pension at Date retired from scheme (age 62 9/12)

Scheme method is to revalue pension to date of early retirement and then apply an early retirement factor

Early retirement pension at age 62 9/12
= 1,365.76 x (1 - 0.03 x 2 3/12) = £1,273.57 pa

where:

female late retirement GMP at date retired ie 1/11/2002
= 817.93 x 1.07^4 x (1 + (2x52+38)/700) x (1.011x1.03x1.017))
= 1,072.14 x 1.27386 = £1,365.76 pa

4 revaluations are granted to the female GMP at 6/4/1995 - 6/4/1998 inclusive

1.1%; 3%; 1.7% are UK Guaranteed Minimum Pension Increase Orders effective on 6 April 2000, 2001 and 2002 respectively.

However the female member would have been entitled to receive her revalued GMP unreduced from age 62 9/12 as she was over the female GMP age of 60.

Statutory requirements for female at age 62 9/12

(a) Contracting-out legislation

Revalued GMP at age 62 9/12 = £1,365.76 pa (see calculation above)

This would be paid unreduced from age 62 9/12.

(b) Anti-franking and preservation legislation

See comment for males above.

Pre 97 PPF compensation at Relevant Time

= 1,365.76 x (1.017x1.028x1.03x1.027x1.03)
= £1,555.73 pa

where:

1.7%, 2.8% … 3% are UK Guaranteed Minimum Pension Increase Orders effective on 6 April 2003, 6 April 2004 - 2007 respectively.

Back-payments

The member is entitled to the higher payment that would have been made to a member of either sex before the Assessment Date. The table below shows the annual rate of pension for the male and equivalent female with the higher figures at anytime shown in red.

Annual rate of pension with effect from:	Male £ pa	Equivalent Female £ pa		Shortfall £
01/10/2002	1,000.00	1,365.76		365.76*
06/04/2003	1,000.00	1,388.98		388.98
06/04/2004	1,000.00	1,427.87		427.87*
08/02/2005	1,214.54	1,427.87		213.33*
06/04/2005	1,250.98	1,470.71		219.73
06/04/2006	1,284.75	1,510.41		225.66
06/04/2007	1,323.30	1,555.73		232.43*
01/05/2007**	1,323.30	1,555.73		

* Would need to be pro-rated for the relevant periods
** From Relevant Time no further comparison necessary

Increase in Pre 97 PPF compensation at the Relevant Time

= 1,555.73 **–** 1,323.30 **= £232.43 pa**

At the Relevant Time the member would be better off being treated as a female member.

The change in Pre 97 PPF compensation for this example has been illustrated using the standard Pensioner Form 3(b) below.

Form 4(b) has then be used to determine the back-payments due covering the period from Date of Retirement to the Relevant Time.

Factors used in the Form 3(b) for Example 6 have been calculated as follows:

(Note calculation of factors not used in the calculation hasn't been shown.)

All factors have been calculated to 4 decimal places.

GI $_{\text{DOR:RT}}$	Increases on post 88 GMP from Date of Retirement to Relevant Time = 1.017 x 1.028 x 1.03 x 1.027 x 1.03 = 1.1391
GI $_{\text{65:RT}}$	Increases on post 88 GMP from age 65 to Relevant Time = 1.03 x 1.027 x 1.03 = 1.0895
FLR $_{\text{60:DOR}}$	Increases on female GMP from age 60 to Date of Retirement, if applicable = (1+ (2x52+38)/700)x(1.011x1.03x1.017) =1.2739
MLR $_{\text{65:DOR}}$	Increases on male GMP from age 60 to Date of Retirement, if applicable = 1.0

Pensioner Form 3(b) – GMP only case

For pensioners receiving pre 6/4/1997 compensation equivalent to their GMP only. Proforma 3(a) should continue to be used if member is aged less than or equal to age 60 at the Relevant Time

Member Information – (information that is provided on standard data interface layout)			
Name	Example 6		
NI Number	AB123456C		
Scheme Name	GMP Only at RT		
Gender	Male		
Date of Birth (DOB)	08/02/1940		
Date of leaving (DOL) (= DOR, if retired from active status)	08/01/1995		
Date of retirement (DOR)	01/11/2002		
Assessment Date (AD)	02/05/2007		
Relevant Time (RT) = AD – 1 day	01/05/2007		
$_{NPA}$**Pre97Comp**$_{RT}$ = Sum of pre 6/4/1997 elements of "annual compensation at **Relevant Time**" [1]	1,323.30		
GMP Information (17/5/1990 – 5/4/1997)			
MGMP$_{65}$ = Male GMP (17/5/1990-5/4/1997) revalued to age 65[2]	£	1,214.54	pa
FGMP$_{60}$ = Female GMP (17/5/1990-5/4/1997) revalued to age 60[2]	£	1,072.14	pa
Scheme Information – (factors calculated using information on standard scheme questionnaire)			
Scheme Normal Pension Age (NPA)	65		
(i) Pension increases in payment on Pre 97 pension			
GI $_{DOR:RT}$ = Increases on post 88 GMP from DOR to RT[3]	1.1391		
GI $_{60:RT}$ = Increases on post 88 GMP from age 60 to RT[3]	1.2063		
GI $_{65:RT}$ = Increases on post 88 GMP from age 65 to RT[3]	1.0895		
(ii) Late GMP increases in deferment			
MLR $_{65:DOR}$ = increases on male GMP, Age 65-DOR, if applicable	1		
FLR $_{60:DOR}$ = increases on female GMP, Age 60-DOR, if applicable	1.2739		
Age at DOR = DOR – DOB (years and months)	62 9/12		
Age at RT = RT – DOB (complete years)	67		

[1] Expected that such cases will have a single NPA recorded.

[2] **MGMP$_{65}$ = 0** if the member is aged less than 65 at the RT.

[3] See glossary and examples for details of how to calculate the relevant pension increase factors.

May use instead of standard calculation if indication is receiving GMP only

GMP pensioners – use this section if "Age at the RT" ≥ 65 AND

(a) If "Age at DOR" > 65 NO

Increase in compensation at RT

= [($FGMP_{60}$ x **$FLR_{60:DOR}$**) – ($MGMP_{65}$ x **$MLR_{65:DOR}$**)] x **$GI_{DOR:RT}$**

= [(x) - (x)] x

= £ pa(1)

(b) If 60 < "Age at DOR" ≤ 65 YES

Increase in compensation at RT

= [$FGMP_{60}$ x **$FLR_{60:DOR}$** x **$GI_{DOR:RT}$**] - [$MGMP_{65}$ x **$GI_{65:RT}$**]

= [1,072.14 x 1.2739 x 1.1391] - [1,214.54 x 1.0895]

= £ 232.54 pa(1)

(c) If "Age at DOR" ≤ 60 NO

Increase in compensation at RT

= [$FGMP_{60}$ x **$GI_{60:RT}$**] - [$MGMP_{65}$ x **$GI_{65:RT}$**]

= [x] - [x]

= £ pa(1)

GMP pensioners – use this section if 60 < "Age at RT" < 65 AND

(a) If "Age at DOR" ≥ 60 NO

Increase in compensation at RT

= [$FGMP_{60}$ x **$FLR_{60:DOR}$** x **$GI_{DOR:RT}$**] - [**$_{NPA}Pre97Comp_{RT}$**]

= [x x] - [ ]

= £ pa[1]

(b) If "Age at DOR" < 60 NO

Increase in compensation at RT

= [$FGMP_{60}$ x **$GI_{60:RT}$**] - [**$_{NPA}Pre97Comp_{RT}$**]

= [x] - [ ]

= £ pa[1]

Increase in Pre 97 compensation at the Relevant Time

Males increase = Maximum (**232.54** ; 0.00)

= £ 232.54 pa

Females increase = Maximum (**-** [1] ; 0.00)

= £ pa

Back-payments Form 4(b) – GMP only case

For pensioners receiving pre 6/4/1997 compensation equivalent to their GMP only. Proforma 4(a) should continue to be used if member is aged less than or equal to age 60 at the Relevant Time.

Form only takes into consideration periods when some GMP would be in payment

Member Information – (information that is provided on standard data interface layout)			
Name	Example 6		
NI Number	AB123456C		
Scheme Name	GMP Only at RT		
Gender	Male		
Date of Birth (DOB)	08/02/1940		
Date of leaving (DOL) (= DOR, if retired from active status)	08/01/1995		
Date of retirement (DOR)	01/11/2002		
Assessment Date (AD)	02/05/2007		
Relevant Time (RT) = AD – 1 day	01/05/2007		
$_{NPA}$**Pre97Comp**$_{RT}$ = Sum of pre 6/4/1997 elements of "annual compensation at **Relevant Time**" [1]	1,323.30		
GMP Information (17/5/1990 – 5/4/1997)			
MGMP$_{65}$ = Male GMP (17/5/1990-5/4/1997) revalued to age 65[2]	£	1,214.54	pa
FGMP$_{60}$ = Female GMP (17/5/1990-5/4/1997) revalued to age 60[2]	£	1,072.14	pa
Scheme Information – (factors calculated using information on standard scheme questionnaire)			
Scheme Normal Pension Age (NPA)	65		
(i) Pension increases in payment on Pre 97 pension			
SI $_{DOR:RT}$ = Increases on excess pension from DOR to RT[3]	1		
SI $_{60:RT}$ = Increases on excess pension from age 60 to RT[3]	1		
GI $_{DOR:RT}$ = Increases on post 88 GMP from DOR to RT[3]	1.1391		
GI $_{60:RT}$ = Increases on post 88 GMP from age 60 to RT[3]	1.2063		
GI $_{65:RT}$ = Increases on post 88 GMP from age 65 to RT[3]	1.0895		
(ii) Late GMP increases in deferment			
MLR $_{65:DOR}$ = increases on male GMP, Age 65-DOR, if applicable	1		
FLR $_{60:DOR}$ = increases on female GMP, Age 60-DOR, if applicable	1.2739		
Age at DOR = DOR – DOB (years and months)	62 9/12		
Age at RT = RT – DOB (complete years)	67		
Multiplier 1 = 90% if Age at RT < NPA, otherwise 100%	100%		

[1] Expected that such cases will have a single NPA recorded.

[2] **MGMP$_{65}$ = 0** if the member is aged less than 65 at the RT.

[3] See examples for details of how to calculate the relevant pension increase factors.

These calculations make no allowance for interest to be included in the scheme back-payments due prior to the Assessment Date. Where the scheme rules require the trustees to include interest for late payments then an adjustment should be made to include an appropriate allowance for interest up to the Assessment Date only.

Calculation of uplift at Relevant Time (before applying 90% multiplier)

1. If "Age at the RT" ≥ 65 AND

(a) If "Age at DOR" > 65 NO

= [($FGMP_{60}$ x **$FLR_{60:DOR}$**) – ($MGMP_{65}$ x **$MLR_{65:DOR}$**)] x **$GI_{DOR:RT}$**

= [(x) - (x)] x

= £ pa(1)

(b) If 60 < "Age at DOR" ≤ 65 YES

= [$FGMP_{60}$ x **$FLR_{60:DOR}$** x **$GI_{DOR:RT}$**] - [$MGMP_{65}$ x **$GI_{65:RT}$**]

= [1,072.14 x 1.2739 x 1.1391] - [1,214.54 x 1.0895]

= £ 232.54 pa(1)

(c) If "Age at DOR" ≤ 60 NO

= [$FGMP_{60}$ x **$GI_{60:RT}$**] - [$MGMP_{65}$ x **$GI_{65:RT}$**]

= [x] - [x]

= £ pa(1)

OR

2. If 60 < "Age at RT" < 65 AND

(a) If "Age at DOR" ≥ 60 NO

= [$FGMP_{60}$ x **$FLR_{60:DOR}$** x **$GI_{DOR:RT}$**] - $\frac{[{}_{NPA}Pre97Comp_{RT}]}{\textbf{Multiplier 1}}$

= [x x] - $\frac{[\quad]}{}$

= £ pa(1)

(b) If "Age at DOR" < 60 NO

= [$FGMP_{60}$ x **$GI_{60:RT}$**] - $\frac{[{}_{NPA}Pre97Comp_{RT}]}{\textbf{Multiplier 1}}$

= [x] - $\frac{[\quad]}{}$

= £ pa(1)

Uplift at Relevant Time (before applying 90% multiplier)

Males increase = Maximum (**232.54** ; 0.00)

= £ 232.54 pa = Pre97Pension_Inc$_{RT}$

Females increase = Maximum (**-** [1] ; 0.00)

= £ pa = Pre97Pension_Inc$_{RT}$

Calculation of uplift at Date of Retirement or later

1. If "Age at the RT" ≥ 65 AND

(a) If "Age at DOR" > 65 NO

= [($FGMP_{60}$ x **FLR $_{60:DOR}$**) – ($MGMP_{65}$ x **MLR $_{65:DOR}$**)]

= [(x) - (x)]

= £ pa[2]

(b) If 60 < "Age at DOR" ≤ 65 YES

= [$FGMP_{60}$ x **FLR $_{60:DOR}$** x **GI$_{DOR:RT}$** / **GI$_{65:RT}$**] - $MGMP_{65}$

= [1,072.14 x 1.2739 x 1.1391 / 1.0895] - 1,214.54

= £ 213.44 pa[2]

(c) If "Age at DOR" ≤ 60 NO

= [$FGMP_{60}$ x **GI$_{60:RT}$** / **GI$_{65:RT}$**] - $MGMP_{65}$

= [x /] -

= £ pa[2] **OR**

2. If 60 < "Age at RT" < 65 AND

(a) If "Age at DOR" ≥ 60 NO

= [$FGMP_{60}$ x **FLR $_{60:DOR}$**] – **$_{NPA}$Pre97Comp$_{RT}$** / ($SI_{DOR:RT}$ x Multiplier 1)

= [x] - / (x)

= £ pa[2]

(b) If "Age at DOR" < 60 NO

= $FGMP_{60}$ x – **$_{NPA}$Pre97Comp$_{RT}$** / ($SI_{60:RT}$ x Multiplier 1)

= x – / (x)

=£ pa[2]

Uplift in Pension at Date of Retirement or later

Males = Maximum (213.44 [2] ; 0.00)

= £ 213.44 pa = Pre97Pension_Inc DOR

Females **=** Maximum (- [2] ; 0.00)

= **£** **pa = Pre97Pension_Inc DOR**

Relevant Period

1. If "Age at the RT" ≥ 65 AND

(a) If "Age at DOR" > 65 NO

= Relevant Time – Date of retirement

= years

(b) If 60 < "Age at DOR" ≤ 65 YES

= Relevant Time – Date of retirement reached age 65 = 01/05/2007 - 08/02/2005

= 2 82/365 years

(c) If "Age at DOR" ≤ 60 NO

= Relevant Time – Date reached age 65

= years

2. If 60 < "Age at RT" < 65 AND

(a) If "Age at DOR" ≥ 60 NO

= Relevant Time – Date of retirement

= years

(b) If "Age at DOR" < 60 NO

= Relevant Time – Date reached age 60

= years

Calculation of Accumulated Back-payments

Accumulated Back-payments due iro the period from Date of Retirement to the Relevant Time at Calculation Date

$$= \left(\frac{\textbf{Pre97Pension\_Inc}_{DOR} + \textbf{Pre97Pension\_Inc}_{RT}}{2}\right) \times \textbf{Relevant Period}$$

$$= \left(\frac{213.44 + 232.54}{2}\right) \times (2\ 82/365)$$

= £ 496.07

Part D – Other useful information

D.1 Factors for calculating opposite sex GMP

The scheme can calculate opposite sex GMP by applying a factor to the member's original GMP. Care needs to be taken where the male member is aged over 60 at the 6 April preceding the date of leaving the scheme to ensure that the GMP is adjusted to reflect the cessation of accrual of female GMP at that date. Similarly, for females allowance needs to be made for any additional accrual of GMP applicable to males.

The table below shows the factors to be applied for calculating opposite sex GMP, allowing for the difference in post 88 GMP accrual rates for males and females.

Dependent on the member's date of birth.

GMP Conversion Factors

Date of birth between (inclusive)		Male to Female Factor	Female to Male Factor
Up to	05/04/1934	1.0000	1.0000
06/04/1934	05/04/1935	1.0500	0.9524
06/04/1935	05/04/1936	1.1000	0.9091
06/04/1936	05/04/1937	1.1500	0.8696
06/04/1937	05/04/1938	1.2000	0.8333
06/04/1938	05/04/1939	1.2500	0.8000
06/04/1939	05/04/1940	1.2381	0.8077
06/04/1940	05/04/1941	1.2273	0.8148
06/04/1941	05/04/1942	1.2174	0.8214
06/04/1942	05/04/1943	1.2083	0.8276
06/04/1943	05/04/1944	1.2000	0.8333
06/04/1944	05/04/1945	1.1923	0.8387
06/04/1945	05/04/1946	1.1852	0.8438
06/04/1946	05/04/1947	1.1786	0.8485
06/04/1947	05/04/1948	1.1724	0.8529
06/04/1948	05/04/1949	1.1667	0.8571
06/04/1949	05/04/1950	1.1613	0.8611
06/04/1950	05/04/1951	1.1563	0.8649
06/04/1951	05/04/1952	1.1515	0.8684
06/04/1952	05/04/1953	1.1471	0.8718
06/04/1953	05/04/1954	1.1429	0.8750
06/04/1954	05/04/1955	1.1389	0.8780
06/04/1955	05/04/1956	1.1351	0.8810
06/04/1956	05/04/1957	1.1316	0.8837
06/04/1957	05/04/1958	1.1282	0.8864
06/04/1958	05/04/1959	1.1250	0.8889
06/04/1959	05/04/1960	1.1220	0.8913
06/04/1960	05/04/1961	1.1190	0.8936
06/04/1961	05/04/1962	1.1163	0.8958
06/04/1962	or later	1.1136	0.8980

The examples below illustrate how the opposite sex GMP at date of leaving may be calculated

The examples should be viewed as indicative only and do not cover all possible scenarios

1. Member under age 60 at 5 April preceding date left the scheme

Male member
Equivalent female GMP = Male GMP x Male to Female Factor (from Table D.1)

Female member
Equivalent male GMP = Female GMP x Female to Male Factor (from Table D.1)

The adjustment allows for difference in GMP accrual rates between males and females.

2. Member over age 60 at 5 April preceding date of leaving

Calculations may need to allow for:

(a) difference in GMP accrual rates between males and females;
(b) different periods that GMPs accrue over; and
(c) different rates of revaluation that would apply.

For example a male member aged 62 at date of leaving the scheme; which was before 6/4/1997. The male GMP would still have been accruing when he left service, however the female GMP would have ceased accruing at the 5 April prior to age 60.

Male
Date of birth = 01/10/1934
Date joined scheme = 01/01/1985
Date of leaving = 01/10/1996 (age 62)
5 April preceding age 60 = 05/04/1994
Post 17/5/1990 GMP at date of leaving = £360 pa

Equivalent female GMP = 360 x 1.0500 x(3 + 10.5/12)/(6 + 4.5/12)
x (1.2091/(1.031x1.044x1.028)) =£251.07 pa

where:
(a) 1.0500 is factor from table D.1 to allow for different GMP accrual rates

(b) 05/04/1994 – 17/05/1990 = 3 years 10.5 months(female post 90 accrual)
01/10/1996 – 17/05/1990 = 6 years 4.5 months(male post 90 GMP accrual)
Adjust by (3 + 10.5/12)/(6 + 4.5/12) to allow for the female GMP accrual ceasing at 5 April prior to age 60.

(c) GMPs increases in line with s148 orders whilst the member is in service under GMP Age; this would have applied to the male as under age 65 and is included in the post 17/05/90 GMP calculated at date of leaving. The last 3 years s148 revaluations need to be removed to adjust the GMP to the tax-year 1993/1994. 3.1%, 4.4% and 2.8% are S148 revaluation orders 6 April 1994, 1995 and 1996.

The equivalent female member is over GMP Age 60 at date of leaving the scheme and would have received statutory late retirement on the GMP from ages 60 to 62. Female statutory late retirement age 60-62
= [(1 + (2 x 52)/700) x (1.022 x 1.03)] =1.2091

2.2% and 3% are UK GMP Increase Orders for 6 April 1995 and 1996 respectively.

D.2 Questionnaire to gather scheme information required to use the PPF's forms for equalising for GMPs

- It is vital that the information collected in this form is accurate as it will feed through into the calculation of changes in compensation for equalisation for GMPs.
- Where the details vary between different categories of member then details should be provided for all the different categories. (Consideration should also be given to how these different groups of members will be identified.)
- Where information is not available then this should be documented so that appropriate decisions may be made by the trustees.
- Copies of relevant documents should be attached to the form if possible so that the source of the data items is clear.
- If you have any questions on the completion of this form then please speak to your PPF actuarial contact or Scheme Delivery Associate.
- A space is provided at the bottom of the form to provide details of when the form was completed.

1. Name of scheme	
2. Section / employer if appropriate	
3. Assessment Date	
4. Was the scheme contracted-out via the GMP route during any of the period 17/5/1990 – 5/4/1997 inclusive?	Yes / No
5. Has the scheme accepted a transfer of benefits including GMP relating to the period 17/5/1990 – 5/4/1997 at any time?	Yes / No
6. Details of Scheme Normal Pension Age (NPA) – PPF definition of NPA. Please provide full details of the history of NPAs that have applied to the scheme. **If different NPAs have applied to different groups of members – sufficient details should be provided to enable these members to be identified.** Eg Pre 17/5/1990 ……males /……..females 17/5/1990 - ? …… all Post ? …… all	

The following questions all relate to pension earned during the period 17/5/1990 – 5/4/1997 inclusive	
Revaluation in deferment	
7. Revaluation granted on pension in excess of GMP in deferment (e.g. Statutory, fixed 5% pa, RPI, etc)	
8. Revaluation granted on GMP in deferment	Fixed / Limited / s148 revaluation
9. Has the **method** of granting revaluation in deferment changed at any time since 17/5/1990? Note changes in the rate of fixed revaluation on GMP do not count as a change in method	Yes / No
10. If yes, for each date that this has changed please provide details of the: - date of change - details of part of pension affected, eg excess, GMP - revaluation after the change	
Pension increases in payment	
11. Increases granted on pre 6/4/1997 excess pension in payment This should include details of **both** any guaranteed increases and any discretionary increases awarded since 17/5/1990. Please provide details of increase granted each year plus date that increase was awarded	
12. Increases granted on post 5/4/1988 GMP in payment Please provide details of all increases awarded since 17/5/1990 if increases are not standard statutory GMP increases	
13. Please provide details of how the pension increase in the first year after retirement was calculated	
14. If any increase have been granted that have **not** been applied at the same percentage for all members then please provide full details	

Early retirement information	
15. Did the scheme have a different method or use different early retirement factors for calculating early retirement pensions for members who retired from active service and from deferred membership?	Yes / No
(i) Early retirement from active status	
16. Please provide a description of the **method** used to calculate early retirement pensions for members retiring from active service	
17. Please provide details of the **factors** used to calculate early retirement pensions for members retiring from active service	
18. Has the method or the factors changed at anytime during the period 17/5/1990 to the assessment date?	Yes / No
19. If yes – then please provide details of the different method and factors that have applied for each period including the dates that they are applicable to	
(ii) Early retirement from deferred pensioner status	
20. Please provide a description of the **method** used to calculate early retirement pensions for members retiring from deferred pensioner status	
21. Please provide details of the **factors** used to calculate early retirement pensions for members retiring from deferred pensioner status	
22. Has the method or the factors changed at anytime during the period 17/5/1990 to the assessment date?	Yes / No
23. If yes – then please provide details of the different method and factors that have applied for each period including the dates that they are applicable to	
Early retirement from either active or deferred pensioner status	
24. Has the scheme permitted early retirement, from either active or deferred status, by allowing the member to sacrifice part of their early retirement pension so that the GMP was covered from GMP Payable Age?	Yes / No
25. If yes, please provide details	

(iii) Early retirement in ill-health	
26. If ill-health retirement has been granted on different terms please provide details of both: the method and factors applying for ill-health retirement from active and deferred pensioner status	
(iv) Early retirement with special terms	
27. Has early retirement being permitted on special terms at anytime since 17/5/1990? (For example on grounds of redundancy)	Yes / No
28. If yes, please provide details of the: - date(s) of the exercise; and - the method and early retirement factors used	
Late retirement information	
29. Did the scheme have a different method or use different late retirement factors for calculating late retirement pensions for members who retired from active service and from deferred membership?	Yes / No
(i) late retirement from active status	
30. Please provide a description of the **method** used to calculate late retirement pensions for members retiring from active service	
31. Please provide details of the **factors** used to calculate late retirement pensions for members retiring from active service	
32. Has the method or the factors changed at anytime during the period 17/5/1990 to the assessment date?	Yes / No
33. If yes – then please provide details of the different method and factors that have applied for each period including the dates that they are applicable to	
(ii) late retirement from deferred pensioner status	
34. Please provide a description of the **method** used to calculate late retirement pensions for members retiring from deferred pensioner status	
35. Please provide details of the **factors** used to calculate late retirement pensions for members retiring from deferred pensioner status	

Late retirement from either active or deferred pensioner status	
36. Has the method or the factors changed at anytime during the period 17/5/1990 to the assessment date?	Yes / No
37. If yes – then please provide details of the different method and factors that have applied for each period including the dates that they are applicable to	
Interest on back-payments prior to the Assessment Date	
38. Did the scheme rules have a requirement to award interest on any underpayments made?	Yes / No
39. If yes, then please provide details on the rate of interest used and the method of calculating interest due	
General information	
40. For any tranche of pension with a NPA less than 65, does the scheme pay revaluation on the male GMP from the earlier NPA?	Yes / No
41. For any tranche of pension with a NPA less than 65, does the scheme pay revaluation on the male GMP as a step-up from age 65?	Yes / No
42. Do members have substantial elements of non-pensionable pay?	Yes / No

Form completion details

Name…………………………………………………Date…………………………

Employer's address……………………………………………………………………

……
………

Email address……………………………………………………………………….

Phone number………………………………………………………………………………

D.3. Glossary – notation & terminology used in document and Forms

Notation	Description
AD / Assessment Date	usually the day of the qualifying insolvency event
CD / Calculation Date	Date that equalisation for GMP calculations will be applied from
Dependant	A person whose pension in payment at the Assessment Date is payable by reference to a deceased former member of the scheme (e.g. spouse, partner)
DIL	Standard data interface layout that contains details of compensation for schemes that transfer to the PPF. (Full details of the DIL are provided on the PPF website http://www.pensionprotectionfund.org.uk)
DOB	Date of birth of member
DOJ	Date of joining scheme
DOL	Date of leaving scheme
DOR	Date of retirement
$_{60}DP_{DOL}$	Deferred Pension accrued before 6/4/1997 with NPA 60 at date of leaving the scheme before GMP equalisation calculations have been undertaken.
$_{60}DP_{RT}$	Deferred Pension accrued before 6/4/1997 with NPA 60 revalued to the Relevant Time before GMP equalisation calculations have been undertaken.
ERF	Early retirement factor at DOR applied to the scheme pension revalued to either DOR or NPA (depending on scheme rules). May vary between retirements from active status and deferred status.
equivalent female GMP	For a male member this is the GMP that the member would have been entitled to if he had been treated as a female for the period 17/05/1990 – 5/4/1997
equivalent male GMP	For a female members this is the GMP that the member would have been entitled to if he had been treated as a male for the period

	17/05/1990 – 5/4/1997
$_{NPA}FGMP_{DOL}$	**Female Deferred Pensioners only** Female GMP at date of leaving the scheme accrued during service periods (between 6/4/1978 –5/4/1997 (inclusive)) where the scheme NPA was higher than 60 e.g. $_{65}FGMP_{DOL}$ = female GMP at date of leaving accrued during a service period where the scheme NPA was 65
$FGMP_{DOL}$	**Actives and deferred pensioners** **For males** Equivalent female GMP accrued between 17/5/1990 – 5/4/1997 (inclusive) at date of leaving the scheme. **For females** Female GMP accrued between 6/4/1978 –5/4/1997 (inclusive) at date of leaving the scheme **Pensioners** Female GMP or equivalent female GMP accrued between 17/5/1990 – 5/4/1997 (inclusive) at date of leaving the scheme.
$FGMP_{60}$	**Pensioners only** **For males** Equivalent female GMP accrued between 17/5/1990 – 5/4/1997 (inclusive) revalued to age 60 **For females** Female GMP accrued between17/5/1990 – 5/4/1997 (inclusive) revalued to age 60 In both cases, set to zero if the member is age less than 60 at the RT
$FGMP\_Revs_{DOL:RT}$	**Deferred pensioners only** Revaluations on the female GMP or equivalent female GMP between DOL and RT If RT is after age 60; statutory late retirement on the female GMP should be included to the RT
$FGMP\_Revs_{DOL:DOR}$	**Pensioners only** Revaluations on the female GMP or equivalent female GMP between DOL and DOR If DOR is after age 60; statutory late retirement on the female GMP should be included to DOR
$FGMP\_Revs_{DOL:NPA}$	**Pensioners only** Revaluations on the female GMP or equivalent female GMP between DOL

	and NPA If NPA is after age 60; statutory late retirement on the female GMP should be included to NPA
$FLR_{60:DOR}$	**Pensioners only** Statutory increases on the female GMP or equivalent female GMP between age 60 and DOR. = (1 + Number weeks age 60 to DOR/700) x (Statutory increases on post 88 GMP from Age 60 to DOR) Enter 1, if not used in the calculations
GMP Age	The age when a member is entitled to receive their GMP – i.e. age 60 for women and age 65 for men
$GI_{60:RT}$	Scheme increases awarded on post 5/4/1988 GMP from age 60 to RT
$GI_{65:RT}$	Scheme increases awarded on post 5/4/1988 GMP from age 65 to RT
$GI_{DOR:RT}$	Scheme increases awarded on post 5/4/1988 GMP from DOR to RT
Later earnings addition	An element of the GMP anti-franking minimum that applies where the member ceased contracted-out service before they left the scheme.
LRF	Late retirement factor at DOR applied to the scheme pension revalued to either DOR or NPA (depending on scheme rules). The factor may vary between retirements from active and deferred status and between retirements at different times
Method 2	A method of equalising pension for GMP that requires a year on year (or more frequent) comparison of the male and females benefits. This method was outlined in the PPF's first consultation on equalisation for GMPs carried out in April 2008. Method 2 is being used to calculate any back-payments due prior to the Assessment Date
$MGMP_{DOL}$	**Pensioners only** Male GMP or equivalent male GMP at date of leaving the scheme accrued between 17/5/1990 – 5/4/1997 (inclusive)
$MGMP_{65}$	**Pensioners only** Male GMP or equivalent male GMP accrued between 17/5/1990 – 5/4/1997 (inclusive) revalued to age 65 Set to zero if the member is age less than 65 at the RT

$_{NPA}MGMP_{DOL}$	**Male deferred pensioners only** Male GMP at the date of leaving the scheme accrued during service periods (between 6/4/1978 – 5/4/1997 (inclusive)) where the scheme NPA was greater than 60 e.g. **$_{65}MGMP_{DOL}$** = male GMP at date of leaving accrued during a service period where the scheme NPA was 65.
$_{60}MGMP_{DOL}$	**Male deferred pensioners only** Male GMP at the date of leaving the scheme accrued during service periods (between 17/5/1990 – 5/4/1997 (inclusive)) where the scheme NPA was 60
$MGMP\_Revs_{DOL:RT}$	**Male deferred pensioners only** Revaluations on the male GMP between DOL and RT. If RT is after age 65; statutory late retirement on the male GMP should be included to the RT
$MGMP\_Revs_{DOL:DOR}$	**Pensioners only** Revaluations on the male GMP or equivalent male GMP between DOL and DOR If DOR is after age 65; statutory late retirement on the male GMP should be included to DOR
$MGMP\_Revs_{DOL:NPA}$	**Pensioners only** Revaluations on the male GMP or equivalent male GMP between DOL and NPA
$MLR_{65:DOR}$	**Pensioners only** Increases on the male GMP or equivalent male GMP between age 65 and DOR = (1 + Number weeks age 65 to DOR/700) x (Statutory increases on post 88 GMP from Age 65 to DOR) Enter 1, if not used in the calculations
NPA / Normal Pension Age	Normal Pension Age (as defined for PPF purposes by paragraph 34 of schedule 7 to the Pensions Act 2004). This is generally the earliest payable age in relation to a pension or part of it. Note that under this definition there can be more than one NPA. Where NPA is used in the forms it generally refers to the NPA which is not 60. Further guidance is given in each form.
$_{NPA}Pre97Comp_{RT}$	**GMP only pensioners** Pre 6/4/1997 compensation at the Relevant Time, this includes the 90% multiplier, if applicable but is before GMP equalisation calculations have

	been undertaken.
Partial application of Method 2" or Modified Method (2)	The PPF's agreed method of equalisation for GMPs for PPF compensation set out in the first consultation on Equalisation for GMPs that the PPF carried out in April 2008. This is the method for equalisation for GMPs that the PPF is adopting for payments after the RT
$Pre97Pension\_Inc_{DOR}$	**Back-payments only** Increase in Pre 97 pension at the DOR (calculated on Form 4(a) or 4(b)). Note that this can be later than DOR on Form 4(b).
$Pre97Pension\_Inc_{RT}$	**Back-payments only** Increase in Pre 97 pension at the RT before the application of the compensation cap and 90% multiplier, if applicable. Calculated on Form 4(a) or 4(b)
Pre 78 Pension	Pension accrued before 6 April 1978 (excluding Equivalent Pension Benefits)
Pre 97 Pension	Pension accrued before 6 April 1997 (excluding Equivalent Pension Benefits)
$Pre90\_{NPA}MGMP_{DOL}$	**Male deferred pensioners only** Male GMP at the date of leaving the scheme accrued during service periods before 17/5/1990 where the scheme NPA was greater than 60 e.g. **$Pre90\_{65}MGMP_{DOL}$** = male GMP at date of leaving accrued before 17/05/1990 where the scheme NPA was 65
RT/ Relevant Time	usually the day before the qualifying insolvency event
s143 valuation	Statutory valuation required where a scheme is an assessment period. The valuation is described in section 143 of the Pensions Act 2004.
s148 revaluation/ Section 148 orders	Section 148 orders appropriate for revaluing GMPs in deferment as defined under the appropriate Social Security Revaluation of Earnings Factors Order
$SI_{DOR:RT}$	Scheme increases awarded on pre 6/4/1997 excess pension from DOR to RT Enter 1 if pension does not increase in payment, otherwise show cumulative increase over period e.g.1.0609 for two pension increases at 3% p.a.
$SI_{60:RT}$	Scheme increases awarded on pre 6/4/1997 excess pension from age

	60 to RT Enter 1 if pension does not increase in payment, otherwise show cumulative increase over period e.g.1.0609 for two pension increases at 3% p.a.
$SI_{65:RT}$	Scheme increases awarded on pre 6/4/1997 excess pension from age 65 to RT Enter 1 if pension does not increase in payment, otherwise show cumulative increase over period e.g.1.0609 for two pension increases at 3% p.a.
Statutory revaluation	Revaluation that may apply to the scheme excess pension in deferment as defined under the appropriate Occupational Pensions (Revaluation) Orders
$XS\_Revs_{DOL:RT}$	**Deferred pensioners only** Revaluations on the excess pension between DOL and RT
$XS\_Revs_{DOL:DOR}$	**Pensioners only** Revaluations on the excess pension between DOL and DOR Enter 1 if there is no period in deferment
$XS\_Revs_{DOL:NPA}$	**Pensioners only** Revaluations on the excess pension between DOL and NPA Enter 1 if there is no period in deferment