

Here are two examples to help illustrate what might happen as a result of GMP conversion.

Please note that these examples are for illustration only. The proposed terms of GMP conversion and how it will impact you will be determined at a future date. If the proposed approach is agreed, you will receive personalised information on how any changes affect your pension benefits, after these proposed changes have been implemented.

Please be aware the age GMP comes into payment is at your GMP age, where GMP age is 60 for women and 65 for men.

## Example 1

Mrs A is a **pensioner** with GMP. She is 70 years old (over GMP-age) and so her **GMP is in payment**.

### Before GMP conversion

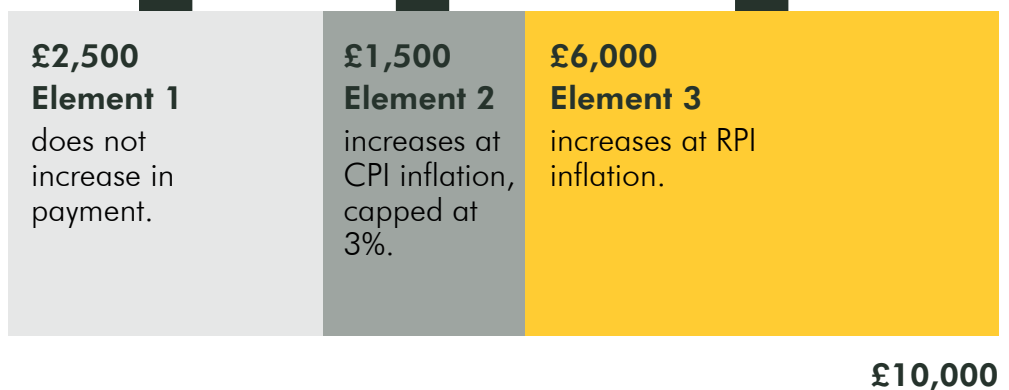
Mrs A receives £10,000 a year from her pension.

Her pension is made up of three elements as her GMP is in payment.



### After GMP conversion

Mrs A's pension remains £10,000 a year, now relabelled as Element 1, Element 2, and Element 3.



**What does this mean for Mrs A?** The conversion would result in no change to pension amount or current overall value, the only change would be the relabelling of each element.



Take a look at example 2 on the next page

## Example 2

Mr B is a **pensioner** with GMP. He is 58 years old (under GMP-age) and so his **GMP is not in payment**.

### Before GMP conversion

Mr B receives £10,000 a year from his pension.

His pension is made up of one element as his GMP is not in payment.

<b>£0</b> <b>Pre-88 GMP</b> does not increase in payment.	<b>£0</b> <b>Post-88 GMP</b> increases at CPI inflation, capped at 3%.	<b>£10,000</b> <b>Excess pension</b> increases at RPI inflation.
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£10,000

### After GMP conversion

Mr B's pension remains £10,000 a year, now relabelled as Element 1, Element 2, and Element 3.

<b>£350</b> <b>Element 1</b> does not increase in payment.	<b>£750</b> <b>Element 2</b> increases at CPI inflation, capped at 3%.	<b>£8,900</b> <b>Element 3</b> increases at RPI inflation.
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£10,000

**What does this mean for Mr B?** Mr B's current pension at the point of conversion is unchanged but is reshaped, as the different increases that exist within the Scheme now come into effect from the point of conversion rather than at GMP age. This timing change results in lower allocations to Elements 1 and 2, and hence a higher allocation to Element 3 which increases at a higher rate. The amount of pension has stayed the same – but the current overall value of the new post-converted pension is the same as the pre-converted pension.

In this example, the amounts forming the elements would change, but the current overall pension value and the total pension amount would be unchanged.

**What about deferred members?** For the time being, GMP conversion is proposed to be carried out at the time retirement benefits are taken, with the same principles applied. For example, if a deferred member takes their retirement benefits at age 58. Example 2 illustrates the effect of the proposal.