

Member Update - GMP and NRA Equalisation

Tantalum Section

You will shortly receive or have already received a letter explaining a review of benefits the Trustees have carried out in relation to Guaranteed Minimum Pension also referred to as GMP and Normal Retirement Age also known as NRA. We appreciate that these issues can be complicated and hard for members to understand so we have set out below some information to explain the background to this and what has happened.

Normal Retirement Age (NRA)

The NRA review is associated with the closure of the 'Barber window.' This relates to a legal requirement to ensure fairness between benefits for men and women.

A legal review found that some members of the Tantalum Section may have been entitled to take any pension built up between 6 April 1992 and 8 November 2002 earlier than originally administered, at age 60 instead of age 65. You may have heard of the 'Barber Window.' It means that pension schemes were required to have equal retirement ages for men and women. This equalisation of retirement ages was completed for the AVX Pension Scheme, but the legal review found that the required legal documentation - an amendment to the Trust Deeds- had not been put in place until 2002. The Trustees have therefore carried out a review of member benefits for the period 1992 – 2002 to ensure benefits are properly calculated taking this into account.

Guaranteed Minimum Pension (GMP)

You may have already read about GMP too, and the legal ruling which requires many schemes like ours to review these member benefits.

The GMP review we have carried out is because of a High Court judgment. This judgement affects all UK pension schemes which were contracted out of SERPS or the additional State Pension, which the Tantalum section of the scheme was.

It means that the Trustees must review members' benefits if they have built up a Guaranteed Minimum Pension (GMP) between 17 May 1990 and 5 April 1997. For this period, we must check if men and women have been treated equally for the effects of GMP and, if not, we need to adjust members' benefits. This is known as "GMP equalisation."

The rules for how GMP built up were based on the way the State Pension worked at that time, which was different for men and women. As a result, men and women could build up different amounts of GMP, even if they worked for the same period of time on the same pay. Sometimes this could mean a man's pension is higher, and sometimes it could mean a woman's pension is higher.

We have also been working with HMRC to check that the Scheme holds correct information in relation to your GMP. For the majority of members, this information is correct. For some members, however, there are some changes to update member records which could result in changes in pension amounts.

We've completed the review for GMP and NRA for the majority of members affected, and the corrected pension benefit has been calculated. You don't have to do anything these adjustments and payments are automatic. If these adjustments result in an increase to your pension, you might also be due a one-off back payment (with interest added) for any extra pension you should have received in the past. If your pension is in payment, we'll be writing out to members to explain how it is affected with individual details.

If you're not receiving your pension yet, your future retirement calculations will take any changes to your pension calculation into account.

To complete the review of benefits, we have worked with our legal advisors, and Pension Consultants to recalculate benefits, our administrator Aptia and our Scheme Actuary.

Amendment to Scheme Rules

You will also have received some information on a proposal to align the Scheme rules with what is happening in practice for the date used to calculate annual pension increases.

The review identified that while December inflation data has always been used to calculate pension increases for the Tantalum scheme service before 6 April 1997, the Scheme rules state September inflation data is to be used. Our proposal is to continue to use 31st December each year and change the scheme rules so that they align with what is happening in practice. **There would be no change from the current way your pension increase is calculated.**

You will receive your individual information in January with details of any changes to your pension and any backpay due. You will also receive further information on the proposal to amend the Scheme rules. We have put together a Question-and-Answer document to help with questions you may have which you will receive with your information in January. If you have any questions not answered or any other queries about your own Information, you will be able to contact a helpline and email address to help you with these.

The Trustees appreciate that these areas of Pensions can be complicated and hopefully this information will help.