



Powering Business Worldwide

UK Pension Plan

# Your Guaranteed Minimum Pension equalisation consultation guide

A guide to our proposal for GMP equalisation and conversion

## Contents

Why we need to make changes.....	2
How the changes will work.....	3
GMP conversion explained.....	4
What happens next.....	5
Lifetime Allowance.....	5
Contact us.....	6
Appendix.....	7

## Why we need to make changes

It has not always been compulsory to calculate pension benefits equally for males and females. In fact, it has only been since 17 May 1990, following a European Court of Justice ruling, that UK pension plans must provide equal benefits for males and females built up from this date.

At the time, there was uncertainty over whether this law covered that part of the Plan's benefits known as Guaranteed Minimum Pension (GMP), the calculation of which is set out in legislation and is different for males and females. In 2018 this changed when the UK High Court ruled that plans like ours must take action to address any sex-based inequality arising from any GMP earned between 17 May 1990 and 5 April 1997 (when GMP ended).

**The process we need to follow to address this inequality is known as GMP equalisation.** As a result of going through GMP equalisation, we have the opportunity to simplify benefits in the Plan through a process called GMP conversion.

### Consulting with you

Before we proceed with GMP conversion, we must consult with all potentially affected members about our proposals, which includes you. You do not have to give feedback on our plans, and you will not need to take any action if the planned changes go ahead, though if you have any Lifetime Allowance protections we may need to ask for this information in future.

This guide explains what we are proposing, how you may be affected and how you can share your questions and feedback with us during the consultation period.

## How the changes will work

<p><b>Step 1</b></p> <p>Equalising past inequality</p>	<p><b>We will check if you have GMP between 17 May 1990 and 5 April 1997.</b> If you do, we will work out what your pension would have been if you were the opposite sex for this period. If you are paid a dependant's pension, we would check your deceased partner's pension. If it works out that you would have been better off, we will adjust your pension to address this – this might also mean you receive a back payment to make up for any past underpayments.</p> <p><b>If you have yet to retire, we will perform these calculations at the point that you retire.</b></p>
<p><b>Step 2</b></p> <p>Equalising the future and conversion</p>	<p><b>We then plan to convert GMP benefits you had in the Plan into non-GMP pension.</b></p> <p>When we do this, if you have got GMP between 1990 and 1997, we will check if you would be expected to receive a greater pension in future if you were the opposite sex. If this is the case, it will be allowed for in the conversion. This means there will not be any future sex-based inequality in your pension benefits due to GMP.</p>
<p><b>Step 3</b></p> <p>The outcome</p>	<p>We will send you confirmation of how and when you will be affected in a personalised statement to confirm your future pension. This will include any corrections to your pension as part of Step 1 or 2.</p>

## GMP conversion explained

### There will be no reduction to your pension

GMP conversion will not reduce the current amount of your pension (or your pension at retirement), but it could increase it. The proposals may affect the way your pre-1997 pension increases in the future. Other benefits, such as your post 5 April 1997 pension, will not change.

### The way we work out future increases to your pension may change

Different parts of your pension currently increase in slightly different ways, and some parts may not increase at all. Once you have retired, each year we send you a pension increase letter showing how yours increases.

Conversion means that the GMP parts of your pension will be split between increasing and non-increasing parts of pension from the Plan – broadly in line with how they are treated currently.

Where discretionary increases have previously been given, these have been taken into account in the calculations and conversion is not expected to change the way in which any future discretionary pension increases are applied.

**The impact on your post-conversion pension will be set out in your personalised statement. We expect this to be issued in January 2025 (or at retirement if you have not yet retired).**

### What will change

Since the Plan incorporates several historical pension arrangements, we have set out in the appendix some examples of how these changes will affect these pension benefits.

Your pension may differ, but the principles used for GMP conversion will be the same.

**The structure and increases for your pension may be different after conversion. Please note that your pension will not reduce as a result of GMP equalisation and conversion, but it could increase.**

### Why we are proposing this approach

GMP conversion is a way of achieving GMP equalisation. We believe converting GMP into non-GMP pension will be simpler, easier to administer in the future and result in benefits that are also easier for members to understand.

## What happens next

<b>Now</b>	<p>Read this booklet to learn about our proposals for GMP equalisation and conversion and send us any comments or questions by 31 May 2024. Comments shared after this will not be included in the next stage of the process.</p> <p>You can find details of how to share your feedback and questions at the end of this guide.</p>
<b>June 2024</b>	<p>We will consider any comments and questions on our proposal to proceed with GMP conversion.</p> <p>We will write to you to share the outcome of the consultation in the future.</p>
<b>January 2025 / when you retire</b>	<p>For those currently receiving a pension, we plan to prepare personalised statements to confirm your new pension, once the consultation process is complete. Due to the number and complexity of the calculations, this will take a while so please be patient.</p> <p>If you have not yet retired, you (or your dependant(s) if you die before retiring) will receive confirmation of your pension (allowing for GMP equalisation and conversion) in a retirement pack just before it starts being paid.</p> <p>If you retire before we have implemented GMP equalisation and conversion at retirement your pension will start to be paid under the current Plan rules. Subject to the outcome of this consultation, GMP equalisation and conversion will then be applied at a later date, probably around the end of 2025. The principles followed would be the same as outlined in this guide. This gap is to ensure we have captured all members who have missed Conversion at the point of accessing their benefits, and we will implement in bulk for that group.</p>

### **Lifetime Allowance (LTA)**

From 6 April 2024 the LTA has been abolished. As a result, we do not expect any tax implications related to the LTA to arise as a result of GMP conversion, but if this changes in the future we will get in touch with you. There is further information on the former LTA protections online at [www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance](https://www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance)

## Contact us

We have more information about these changes in our Frequently Asked Questions which you can find on the Plan website at:

[www.eatonukpensionplan.co.uk/documents/eaton-gmp-cv9-conversion-faqs.pdf](http://www.eatonukpensionplan.co.uk/documents/eaton-gmp-cv9-conversion-faqs.pdf)

This consultation period will run until **7 June 2024**.

Before we take further action, we are providing you with the opportunity to share any feedback you have about our proposals. You can share your feedback and questions via:

@ [eatonpensions@wtwco.com](mailto:eatonpensions@wtwco.com)

☎ 01707 607603

✉ Eaton UK Pension Plan  
WTW  
PO Box 545  
Redhill Surrey RH1 1YX

Your Plan benefits (including your current GMP benefits) are governed by the Plan's Trust Deed and Rules and the laws relating to the payment of GMPs and these will take precedence should there be any conflict with this document.

If you require any further information or detail on your Plan benefits, please contact the Trustee in one of the ways set out above.

You can find free, general pension information online at [moneyhelper.org.uk](http://moneyhelper.org.uk)

This booklet outlines the main features of the Plan and the proposals for GMP conversion. It is intended for consultation only and is not legally binding. The benefits detailed in this guide are subject to HM Revenue & Customs' rules. The full rules governing the Plan are set out in the Trust Deed and Rules which will always override this guide.

Neither the Trustees of the Eaton UK Pension Plan nor their advisers are legally able to provide you with financial advice specific to your personal circumstances. Nothing in this document or accompanying materials is intended to be or should be considered financial advice.

## Appendix

We have provided a brief summary of the main pension increases of the Plan – this will not cover all members, and your increases will be set out in your leaving service letter, or your annual pension increase letter (if you have retired). As noted above, your Plan benefits (including your current GMP benefits) are governed by the Plan's Trust Deed and Rules and the laws relating to the payment of GMPs. In the case of any inconsistency between the information given in this Guide and the benefits set out in the Plan's Trust Deed and Rules, your benefits will be paid in accordance with the Plan's Trust Deed and Rules.

### If you were a former member of the Eaton Pension Plan

	Before GMP conversion		After GMP conversion
Your current pre-conversion pension may include the following parts:	Annual increases	Your post-conversion pension may include the following parts:	Annual increases
Pre 6 April 1988 GMP	Nil	Tranche 1 pension	Nil
Post 5 April 1988 GMP	CPI increases, maximum 3% pa	Tranche 2 pension	CPI increases, maximum 3% pa
Pre 6 April 1997 non-GMP pension (most members of the Aeroquip-Vickers DB Plan)	RPI increases, maximum 3% pa	Tranche 3 pension	RPI increases, maximum 3% pa
Pre 6 April 1997 non-GMP pension (most other members)	No guaranteed increases	Tranche 3 pension	No guaranteed increases
Pension built up from 6 April 1997 to 5 April 2005	CPI increases, maximum 5% pa	Pension built up from 6 April 1997 to 5 April 2005	CPI increases, maximum 5% pa
Pension built up after 6 April 2005	CPI increases, maximum 2.5% pa	Pension built up from 6 April 2005	CPI increases, maximum 2.5% pa

## If you were a former member of the Eaton UK Retirement Benefits Plan

	Before GMP conversion		After GMP conversion
Your current pre-conversion pension may include the following parts:	Annual increases	Your post-conversion pension may include the following parts:	Annual increases
Pre 6 April 1988 GMP (excluding Delta members)	Nil	Tranche 1 pension	Nil
Post 5 April 1988 GMP (excluding Delta members)	CPI increases, maximum 3% pa	Tranche 2 pension	CPI increases, maximum 3% pa
Pre 6 April 1997 non-GMP pension (excluding Delta members)	No guaranteed increases	Tranche 3 pension	No guaranteed increases
All Delta GMP	RPI increases, maximum 5% pa. For those who joined the Delta Plan before 6 April 1995 the minimum increase is 3% pa.	Tranche 2 pension	RPI increases, maximum 5% pa. For those who joined the Delta Plan before 6 April 1995 the minimum increase is 3% pa.
Delta pre 6 April 1997 non-GMP pension	RPI increases, maximum 5% pa. For those who joined the Delta Plan before 6 April 1995 the minimum increase is 3% pa.	Tranche 3 pension	RPI increases, maximum 5% pa. For those who joined the Delta Plan before 6 April 1995 the minimum increase is 3% pa.
Pension built up from 6 April 1997 to 5 April 2005	CPI increases, maximum 5% pa	Pension built up from 6 April 1997 to 5 April 2005	CPI increases, maximum 5% pa
Pension built up after 6 April 2005	CPI increases, maximum 2.5% pa	Pension built up from 6 April 2005	CPI increases, maximum 2.5% pa

**CPI** – Consumer Prices Index (measure of inflation).

**RPI** – Retail Prices Index (measure of inflation).

Your pension after conversion would no longer have any 'GMP' parts. The parts relating to GMP and pre-1997 non-GMP are rebalanced across Tranches 1, 2 and 3 to reflect any adjustments needed as a result of GMP equalisation and/or GMP conversion.



## What conversion would look like

The following are examples of potential impacts to pensions from GMP equalisation and GMP conversion. The impact on your pension will depend on your age, what years you were in the Plan, when you retired, and what benefits someone of the opposite sex would have received. More detail about the impact to your pension will be provided when we provide you with your personal illustration.

As noted above, many members will see no change, e.g. this is Marcy's pension, who retired at her normal retirement age (NRA) of 65.

	Before GMP conversion		After GMP conversion
<b>Current pre-conversion pension may include:</b>	<b>Annual Pension</b>	<b>Post-conversion pension may include:</b>	<b>Annual pension</b>
Pre 6 April 1988 GMP	£1,000	Tranche 1 pension	£1,000
Post 5 April 1988 GMP	£500	Tranche 2 pension	£500
Pre 6 April 1997 non-GMP pension	£1,500	Tranche 3 pension	£1,500
Pension built up from 6 April 1997 to 5 April 2005	£2,000	Pension built up from 6 April 1997 to 5 April 2005	£2,000
Pension built up after 6 April 2005	£1,000	Pension built up from 6 April 2005	£1,000
<b>Total pension</b>	<b>£6,000</b>	<b>Total pension</b>	<b>£6,000</b>

However, some members will see an increase to their pension as a result of these two exercises. For example, this is John's pension, who left service at age 60, and retired at 65.

	<b>Before GMP conversion</b>		<b>After GMP conversion</b>
<b>Current pre-conversion pension may include:</b>	<b>Annual Pension</b>	<b>Post-conversion pension may include:</b>	<b>Annual pension</b>
Pre 6 April 1988 GMP	£500	Tranche 1 pension	£500
Post 5 April 1988 GMP	£600	Tranche 2 pension	£800
Pre 6 April 1997 non-GMP pension	£1,000	Tranche 3 pension	£900
Pension built up from 6 April 1997 to 5 April 2005	£2,000	Pension built up from 6 April 1997 to 5 April 2005	£2,000
Pension built up after 6 April 2005	£1,000	Pension built up from 6 April 2005 to 5 April 2009	£1,000
<b>Total pension</b>	<b>£5,100</b>	<b>Total pension</b>	<b>£5,200</b>



