

Deferred Pension Benefits



A deferred pension is payable from the first day of the month after you have become:

- age 65 for a man, or age 62 if you have 10 years' Pensionable Service (or would have had 10 years' Pensionable Service if you had remained in Pensionable Service until age 62); or
- age 60 for a woman, or age 57 if you have 10 years' Pensionable Service (or would have had 10 years' Pensionable Service if you had remained in Pensionable Service until age 57).

It is payable at any time after age 55 if you have at least 10 years' Pensionable Service at an appropriately reduced rate.

The Guaranteed Minimum Pension (GMP) is that part of your pension which relates to contracting out of the State Earnings Related Pension Scheme (SERPS) before 6 April 1997. Any pension that is reduced due to early retirement must not be less than your GMP at GMP Age (60 for a woman and 65 for a man). If the GMP exceeds your pension, you may not be able to draw your pension early.

Revaluation

That part of the deferred pension which represents the GMP is increased annually in the period to age 65 for a man and 60 for a woman before it comes into payment by a rate set by the Government.

If you left Pensionable Service on or after 1 January 1986, that part of the deferred pension in excess of the GMP relating to your Pensionable Service falling on or after 1 January 1985 is increased by the lower of the increase in the Retail Prices Index (RPI) over the number of complete years of deferment and 5% a year compound over the same period.

Commutation

At the date of your retirement you may choose to take part of your pension in the form of a lump sum currently tax free. Further details of this option are available from the Pensions Department.

Dependant's pension option

There may be an option to exchange part of your pension for a dependant's additional pension. Further details of this option are available from the Pensions Department.

Pension increases

After you start receiving your pension, you may receive a discretionary increase to help offset the effects of inflation.

For Pensionable Service built up after 5 April 1997, your pension increases by the increase in RPI, up to a maximum of 5% a year. If your pension has been in payment for less than a year at the time of its first pension increase date (1 April), a proportionate increase applies. This is based on the number of complete months your pension has been in payment.

The pension increase described above is not provided on that part of your pension which represents your GMP after you have reached GMP Pension Age (age 60 for a woman and 65 for a man). GMP is the part of your pension which relates to pre-6 April 1997 contracted-out employment.

Your GMP will increase in line with increases in RPI. Most of these increases are paid by the State along with your Basic State Pension. However, the Plan is responsible for paying the first 3% increase (or increase in RPI if lower) on the part of your GMP earned from 6 April 1988.

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For post-1985 leavers with post-1984 service, that part of the deferred pension in excess of the GMP is increased by the lower of the increase in the Retail Prices Index (RPI) over the number of complete years of deferment and 5% a year compound over the same period.

Transfers

As an alternative to a deferred pension, you can transfer your accrued benefits, including your Additional Voluntary Contributions (AVCs), to another tax-approved or tax-qualified pension scheme – such as your new employer's scheme or a personal or stakeholder pension plan – so long as that scheme agrees to and can accept the transfer. The Trustee calculates the cash equivalent of the benefits, taking into account your age, Pensionable Service and investment market conditions at the time. Transfers do not take into account any possibility of discretionary benefit improvements and may be reduced by the Trustee.

You may ask the Pensions Department for an estimate of the transfer value. The written statement of entitlement that is provided to you is guaranteed for three months from the date that it was calculated. You are only entitled to a statement once a year unless it is required for divorce proceedings.

If you die before retirement with a deferred pension

A Spouse's GMP is payable in respect of pre-6 April 1997 service. A Spouse's pension is also payable in respect of your contracted-out membership post-5 April 1997. All rights to a Spouse's pension on death after retirement apply to the deferred pension.

The provisions relating to Civil Partners in Factsheet 2 apply to the deferred pension.

If no Spouse's pension is payable, your own contributions to the Fund with interest are also payable as a lump sum. The value of your AVC Fund can also be paid as a lump sum.