Ombudsman's Determination

Applicant	Mr L
Scheme	Merck Pension Scheme (**the Scheme**)
Respondents	Merck Pension Trustees Limited **(the Trustee)**
	AON

Outcome

1. I do not uphold Mr L's complaint, and no further action is required by the Trustee or AON.

Complaint summary

2. Mr L has complained that the Trustee has changed the method of applying statutory revaluation (increases to a preserved benefit in a period of deferment) to the Guaranteed Minimum Pension (**GMP**). Mr L has said that this has adversely affected the transfer value of his deferred pension.

Background information, including submissions from the parties

3. The sequence of events is not in dispute, so I have only set out the key points. I acknowledge there were other exchanges of information between all the parties.

4. On 1 October 1993, Mr L joined the Seven Seas Pension Scheme.

5. On 27 March 1997, Mr L left the Seven Seas Pension Scheme and became a deferred member. During Mr L's period of active membership of the Seven Seas Pension Scheme, it was 'contracted-out' of the state earnings related pension scheme. As a result, in that period, it had to provide a minimum level of pension entitlement to members, known as a GMP. GMPs had particular rules regarding, for example, the way in which the benefit was revalued in a period of deferment. These usually differed from the requirements that applied to the main scheme benefits (the 'excess' over GMP) contained in the rules of the relevant scheme.

6. Mr L was provided with a statement of entitlement (**the 1997 Statement of Entitlement**) which said that his GMP was included in his basic pension as at his date of leaving. He had post 1988 GMP of £225.68 per annum (**pa**) which would be subject to a fixed rate revaluation rate of 7% pa. The relevant extracts from the Scheme Rules (**the Rules**) are in Appendix one.

7. On 30 November 2007, the Seven Seas Pension Scheme became part of the Scheme under a merger deed. Mr L is now a member of the Seven Seas section of

the Scheme (**a Seven Seas Member**). Under this section, as with his membership of the Seven Seas Pension Scheme, the member's normal retirement date is the date the member attains age 60.

8. On 3 November 2008, Mr L received a statement of entitlement (**the 2008 Statement of Entitlement**). It advised that his GMP, which he had accrued post 5 April 1988, amounted to £4.34 per week as at 27 March 1997. The revaluation type for GMPs was fixed rate revaluation.

9. On 8 June 2018, Mercer, the previous administrators of the Scheme, sent Mr L the following information about his pension benefits (**the 2018 Mercer Letter**):

GMP	£225.68 pa
Excess over the GMP – Pre 6 April 1997	£1,078.12 pa
Temporary pension – Pre 6 April 1997	£345.46 pa
Total deferred pension at date of leaving	**£1,649.26 pa**

10. The 2018 Mercer Letter explained that part of Mr L's deferred pension relating to the GMP (which amount to £225.68 pa at date of leaving) would be increased by 7% pa for each complete tax year between 27 March 1997 and the date he attains age 65.

11. On 12 February 2020, AON, the new administrators of the Scheme, sent Mr L a statement of his pension benefits (**the 2020 Benefit Statement**). It provided an overview of the value of Mr L's deferred pension at his date of leaving (see paragraph 9), and an overview of the current value of his deferred pension, which was:

GMP accrued between 6 April 1988 and 5 April 1997	£999.85 pa
Benefits built up before 6 April 1997 (in excess of GMP)	£2,078.63 pa
Bridging pension	£666.03 pa
Total pension	£3,744.51 pa

12. On 11 February 2021, AON sent Mr L a statement of his pension benefits (**the 2021 Benefit Statement**). It said:-

The current value of scheme benefits

GMP accrued between 6 April 1988 and 5 April 1997	£441.88 pa
Benefits built up before 6 April 1997 (in excess of GMP)	£2,787.39 pa
Total pension	**£3,299.27 pa**

13. Subsequently, Mr L contacted AON and said that his GMP had fallen in value; he had evidence to show that it should be revalued by 7% each year. Mr L sent AON documentation he had previously received to show that the revaluation should take

place annually. AON responded that the GMP on the 2021 Benefit Statement was correct.

14. On 24 June 2021, Mr L submitted an application form under stage one of the Scheme's Internal Dispute Resolution Procedure (**IDRP**). He said, in summary:-

- AON had refused to revalue his GMP by 7% pa and had not provided any proof to support its decision.
- He sent AON the following documents to prove that he was entitled to 7% annual increases on his GMP:
    - a copy of section 2: "Technical Terms and Definitions", from the original member handbook, which states that:

      "During the period of leaving the company and reaching state pension age the GMP element is increased annually each April by:

      …

      (iii) by 7% if you left on or after 6 April 1993"; and
    - page 13 of the member handbook, which states that:

      "Where your pension includes a GMP which is payable from state pension age, the fund has a statutory responsibility to grant increases each April on the GMP. These increases are:

      …

      (iii) 7% if you retired or left on or after 6 April 1993."

15. On 2 July 2021, Mr L sent a supporting letter regarding his complaint. He said, in summary:-

- AON had made a mistake in the calculation of his pension benefits, which he had tried to resolve amicably by providing evidence. However, the key points he highlighted in his correspondence to AON were simply ignored, and errors had been made in the calculation of his projected pension benefits.
- AON had failed to apply the fixed 7% annual increase to his pension; it was clearly documented in the original Scheme documents and had been applied in the past by previous administrators of the Scheme.
- The following documents had been provided to AON:
    - the 1997 Statement of Entitlement, which clearly stated that he was entitled to fixed rate revaluation of 7% pa on his GMP;
    - the 2008 Statement of Entitlement, which stated that his GMP would be revalued at a fixed rate of 7% pa;

  - the 2018 Mercer Letter, which stated "that part of your entitlement that relates to the GMP will be increased for each complete tax year between 27 March 1997 and age 65 by 7% each complete year";
  - the 2020 Benefit Statement, which showed accrued GMP of £998.85 pa and current value of pension benefits of £3,744.51 pa; and
  - the 2021 Benefit Statement, which showed accrued GMP of £441.88 pa and current value of pension benefits of £3,229.27 pa. So, his deferred benefits had clearly fallen in value from the previous year.

- It was obvious that the GMP element of his pension benefits should have been increased by 7% pa. This had been the case until AON made a catalogue of errors when revaluing his pension benefits. He requested AON award him £1,000, to reflect the distress and inconvenience this error had caused him. He also requested a corrected pension statement and an updated transfer value illustration.

16. On 1 September 2021, AON sent Mr L an updated transfer value illustration showing an estimated cash equivalent transfer value (**CETV**). It was set out as follows:

Estimate of a CETV	£147,955.08
GMP	£50,288.56
Benefits built up before 6 April 1997 (in excess of GMP)	£97,666.47

17. On 2 September 2021, AON sent Mr L an up-to-date statement of entitlement. It showed that the current value of his GMP, accrued between 6 April 1988 and 5 April 1997, amounted to £441.88 pa.

18. On 7 September 2021, the Trustee sent Mr L its stage one IDRP response. It said, in summary:-

- The Trustee needed to consider the correct legal basis for calculating Mr L's pension, including the revaluation of his GMP, and whether it had been administered correctly.

The legal basis for the Trustee's decision

- It was not in dispute that Mr L was a deferred pensioner with benefits that accrued while he was in pensionable service between 1 October 1993 and 27 March 1997. His pension at date of leaving consisted of his GMP of £225.68 pa and excess pension over GMP of £1,423.59 pa. This gave a total deferred pension of £1,649.27 pa.

- It also accepted that under the Rules of the Scheme his deferred pension is:

  "a. payable to [him] as of right at age 60 [in Mr L's case December 2028] although the Trustees may pay the pension earlier on…request and, if so, the pension is reduced for early payment on an actuarial basis; and

b. increased during the period between [his] date of leaving pensionable service and [his] date of retirement [that is, it is "revalued"].

- The Rules provide two different, but "overlapping", rules for the purposes of revaluing Mr L's deferred pension:
  - The total pension is revalued by the lower of 10% pa and the increase in the Retail Prices Index (**RPI**) between the date of leaving and the date of retirement (**Rule 1**);

    and

  - The GMP element of pension is increased at a fixed rate of 7% pa (**Rule 2**).
- However, crucially, the fixed rate revaluation of 7% pa is applied and paid only from the date that the GMP becomes payable. In Mr L's case, the GMP is payable from age 65.
- In order to show how this operates in practice, it provided an illustration of Mr L's estimated pension payable from his normal retirement age of 60 (**the Illustration of Benefits**). This showed how his pension will be revalued and the amount of pension that will be payable from the relevant dates.
- The calculation under Rule 1 is carried out as at age 60, taking into account Mr L's total pension at date of leaving. This is then overlaid by the requirements under Rule 2, in order to determine the GMP payable from age 65. So, the pension would be recalculated and increased from the date the GMP becomes payable. That is, from age 65.
- The fixed revaluation rate of 7% pa on the GMP element must be applied from the date the GMP becomes payable. He will receive a bridging pension until he reaches age 65 and his GMP is payable.

The original member handbook

- The Trustee considered that the following extract from the member handbook reflected the position:

  > "On withdrawal or retirement from the Company, your GMP entitlement is calculated and is then included within your rate of pension receivable after State Pension Age. During the period between your leaving the Company and reaching State Pension Age, the GMP is increased annually by 7% pa."

- The member handbook makes it clear that the GMP is only payable after state pension age (At the time the booklet was issued, this would have been age 65 for men).

The figures quoted in Mr L's Benefit Statements issued prior to 2021

- The Trustee had considered the information provided in previous communications, including the 2020 Benefit Statement. The Trustee accepted that this did not make it sufficiently clear how the increases would be applied to Mr L's deferred pension.
- In the Trustee's view, the Benefit Statements had summarised the position "inaccurately" by failing to make it clear that the fixed rate revaluation of 7% pa would be applied to the GMP from age 65. The statements also failed to make it clear that his total deferred pension would be revalued by the lower of 10% and RPI when retiring at age 60.

Administration of Mr L's deferred benefits by AON

- While the Trustee was satisfied that the revaluation that had been applied to Mr L's deferred pension reflected his correct legal entitlement under the Scheme, it regretted any previous miscommunication of the position. In recognition of the distress and inconvenience this may have caused him, the Trustee was willing to offer a payment of £500.
- The Trustee had enclosed, as requested, an updated Benefit Statement and a revised illustration of his estimated CETV.

19. On 6 September 2021, AON sent Mr L an estimate showing his retirement benefits as at his proposed retirement date in December 2028. It contained the following wording:

> "Please note that if retiring before your GMP comes into payment then the whole pension accrued before 6 April 1997 is revalued as per the excess. Only at GMP age do the relevant GMP revaluations take effect."

20. Following the complaint being referred to The Pensions Ombudsman (**TPO**), AON and Mr L made the following submissions.

AON's submissions

21. There had been no change to the Rules in respect of the revaluation on deferred benefits. Further, Mr L's normal retirement age remained age 60. Early payment of the pension did not affect the requirement for the Scheme to pay the GMP (with revaluation) from GMP age.

22. The position regarding Mr L's entitlement to revaluation in deferment had not changed. It was a misunderstanding on the part of Mr L; influenced by wording in the communication he had received from the Scheme. With the benefit of hindsight, it could have been clearer. In recognition of this, the Trustee offered Mr L £500, in respect of the distress and inconvenience the error had caused him, and for any subsequent disappointment he had suffered in connection with this matter. AON would be prepared to increase this offer to "£1,000 in full and final settlement of the complaint".

23. AON provided Mr L with an up to date estimated CETV illustration. It showed an estimated CETV of £91,691, which was made up of the following elements:

GMP	£28,280
Uplift in respect of GMP equalisation	£703
Benefits built up before 6 April 1997 (in excess of GMP)	£62,708

Mr L's submissions

24. AON had not explained why it had changed the way it revalued the GMP element of his deferred pension and had failed to correct the error. Furthermore, it had not given him any proof as to why it was permitted to ignore the Rules as laid out in the member handbook.

25. He provided AON with supporting evidence from illustrations of transfer values he received in the past, his Benefit Statements and the Technical Terms and Definitions", from the original member handbook.

26. He also provided a simple spreadsheet that he used to revalue the GMP element of his pension using the statutory 7% annual increase. (The figures displayed in the spreadsheet are set out in Appendix two). The GMP, he calculated using the spreadsheet, matched the GMP quoted in the 2020 Benefit Statement. However, it did not match any of the GMP figures shown in the later Benefit Statements that AON provided.

27. This issue had caused him a great deal of anxiety and concern; he had not been able to transfer his pension for the past 18 months. AON had deliberately delayed the transfer process; it had often replied to his enquiries at the latest possible date. His pension was now worth approximately £50,000 less than it did at the time he raised his initial query about the revaluation of the GMP. His revised Benefit Statements are also incorrect.

Adjudicator's Opinion

28. Mr L's complaint was considered by one of our Adjudicators who concluded that no further action was required by the Trustee or AON. The Adjudicator's findings are summarised in paragraphs 29 to 40.

29. Mr L was entitled to the pension benefits calculated in keeping with the Rules. The issue that was causing him confusion and formed the basis of his claim to financial loss (if any), was how the revaluation of the GMP element of his pension had been communicated in his Benefit Statements.

30. The 2020 Benefit Statement showed that revaluation, at the rate of 7% pa, had been applied to Mr L's GMP. It also showed that this took place each year. However, the 2021 Benefit Statement did not show that Mr L's GMP would be revalued at 7% pa

before age 65. Rather, the revaluation that would be used before he attained age 65 was the relevant Scheme revaluation under section 7.1 of the Rules.

31. According to Rule 1 as set out in the stage one IDRP response, the total deferred pension was revalued by the lower of 10% pa and the increase in RPI in the period before Mr L's GMP age. In the Adjudicator's view, the revaluation of 7% pa, which was applied to the GMP that was shown on the 2020 Benefit Statement, but not on the 2021 Benefit Statement, was confusing. However, this did not change Mr L's entitlement under the Rules.

32. If Mr L took his pension at age 60, then the whole pension would be revalued under Rule 1. This was because he would not have reached GMP age yet. This calculation was reflected in the Benefit Statements that were issued by AON from 2021 onwards.

33. Once Mr L reached age 65, which is the age he is entitled to receive his GMP, then a further revaluation of his pension would occur, under Rule 2 as set out in the stage one IDRP response. That is, between the date of leaving and age 65 the GMP element of his pension would be increased at a fixed rate of 7% pa (The calculation would take into consideration the revaluation that had already occurred under Rule 1).

34. This was shown in the Illustration of Benefits and resulted in a "step up" of Mr L's pension when he reaches age 65. The Illustration of Benefits showed that the GMP would amount to £2,578.16 pa at age 65. Mr L provided TPO with his own calculation of the revalued GMP. Mr L said that his calculations matched the GMP displayed in the Benefit Statements that were issued to him until 2020, but not those issued after that date.

35. The Adjudicator calculated Mr L's GMP as at age 65 and the Adjudicator's calculations showed that the GMP would amount to approximately £2,570.39 pa. In the Adjudicator's view, allowing for differences due to rounding, this closely matched the GMP of £2,578.16 pa that AON quoted in the illustrations of benefits as at age 65.

36. Mr L's approach to the calculation was to apply the revaluation rate of 7% pa on the GMP on a year-by-year basis. AON's approach is to revalue the GMP, for each complete tax year from date of leaving to age 65. However, this revaluation would only be completed once Mr L reached age 65.

37. Mr L's underlying entitlement to his pension benefits remained unchanged; and he was still entitled to receive the fully revalued GMP from age 65. The Adjudicator considered the relevant Scheme Rules and also the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (**the Disclosure Regulations 2013)** (see Appendix three) which set out the information that should be provided in a statement of benefits. In the Adjudicator's opinion there was no error by AON and there was no suggestion that Mr L's benefits will not be subject to the correct revaluation.

38. In the Adjudicator's opinion, AON had caused confusion because of how this was reflected in Mr L's annual Benefit Statement. The change in the layout of the 2021 Benefits Statement, when compared to the 2020 Benefits Statement, was not communicated to him at the time. In the Adjudicator's view the failure to communicate that the change did not affect Mr L's pension benefits and the error was sufficiently remedied by the offer of distress and inconvenience that was made to Mr L before TPO's involvement.

39. The Adjudicator noted Mr L's comments about alleged delays on the part of AON in connection with a possible transfer of his pension benefits. While any issues regarding transfer delays were beyond the scope of this complaint, in the Adjudicator's view the way the GMP had been reflected in Mr L's Benefit Statements would have no material impact on the calculation of his transfer value.

40. In order to provide him with a transfer value, Mr L's GMP would need to be fully revalued to GMP age[1]. In the Adjudicator's view there was no indication, from the evidence submitted to TPO, that this had not been done by AON. In the Adjudicator's opinion, Mr L's transfer value had more likely fallen due to changes in market factors, for example rising interest rates and gilt yields. These factors had an impact on the calculation of the present value of future pension payments, which form the basis of a transfer value calculation.

41. Mr L did not accept the Adjudicator's Opinion, and the complaint was passed to me to consider. Mr L provided his further comments which do not change the outcome. I agree with the Adjudicator's Opinion and note the additional points raised by Mr L which are summarised below, in paragraphs 42 to 48.

42. The original pension handbook he has states that:

> "Where your pension has a GMP element, payable from State Pension Age, the fund has a statutory responsibility to grant annual increases each April on the GMP until you reach State Pension Age. These increases are… (iii) 7% if you retired or left on/or after 6th April 1991."

43. AON have made reference to Section 7.1 "Increase of Seven Seas Section Pensions in payment and deferment"

> "Increase Rate" means, in relation to any 1 November, the smaller of:-
>
> (a) 10%: and
>
> (b) the percentage by which the [Retail Prices] Index for July in the year concerned exceeds that for July in the preceding year. The percentage will be taken as zero if it would otherwise be negative..

44. This is contrary to the rules that have been applied. In the original handbook it is clearly stated that deferred pensions will be reviewed each year and that the increase

[1] https://www.gov.uk/guidance/transfer-your-scheme-members-contracted-out-pension-rights

applied is the lesser of 10% and RPI and “these increase do NOT apply to the GMP element of your Pension”.

45. He had read the relevant sections of the Trust Deed and Rules, and he did not think that they had been applied correctly. AON has advised that it was valuing the whole of the deferred pension by the lower of 10% or RPI for the relevant Year. However, the Rules also state that GMP should be revalued by three methods which are:

A) Section 21 revaluation,

B) Limited Revaluation

C) Fixed Rate

46. The GMP part of a deferred pension should be revalued separately from any other element of the pension, and thus unless he had misunderstood something or AON had provided the wrong Rules AON were not applying the Rules if they were applying the lessor of 10% and RPI.

47. He joined the Seven Seas section as part of the Imperial Tobacco Pension Fund, and he still believed that AON was not looking at the correct guidelines and statutory guidelines. If it could be proven that AON has the correct rules which refer to the Imperial Tobacco Fund he would settle for £2,000 to reflect the distress and inconvenience cause by AON deliberately delaying responding to his questions, making mistakes and inconsistencies on his pension and CETV valuations which has caused him a great deal of stress.

48. He understood CETV and pension transfer values have dropped due to bond yields and higher interest rates. If AON had given him a quick concise response, he would have accepted a much higher transfer value based on a clear answer.

Ombudsman’s decision

49. Mr L has complained that his GMP has not been revalued correctly in deferment. He argues that the Trustee and AON have changed the way in which GMPs are revalued. I do not agree.

50. The Scheme Rules provide two different rules for the purposes of revaluing Mr L’s deferred pension. In paragraph 18 above a summary is provided of Rule 7.1(2) of the Seven Seas Section of the Rules::

- The total pension is revalued by the lower of 10% pa and the increase in the RPI between the date of leaving and the date of retirement (**Rule 1**);

  And

- The GMP element of pension is increased at a fixed rate of 7% pa (**Rule 2**).

51. I note that Mr L has referred to the fact that there are three methods for revaluing GMPs in deferment in the Rules. Indeed, the Rules (in the GMP Appendix) do provide for GMPs to be revalued by one of three methods which are: (A) Section 21 Revaluation, (B) Limited Revaluation and (C) Fixed Rate Revaluation. However, the Rules then go on to state:

    "The Trustees and the principal employer participating in the Scheme shall decide whether (A) or (B) or (C) applies to the Scheme."

52. In respect of the Scheme, Fixed Rate Revaluation had been chosen by the Trustee and the principal employer, so the correct method is being applied by AON. The fixed rate revaluation for leavers between 6 April 1993 and 5 April 1997 is 7%.

53. GMPs do not become payable until GMP pension age (65 for Mr L), and so the revaluation of his GMP is only applied (and paid) at that age in accordance with the fixed rate method referred to above. As the Trustee and AON have explained to Mr L, a 'notional' GMP came into payment when he retired at age 60 (before his GMP pension age) – and 'scheme' revaluation (i.e. the method found in 'Rule 1' and applied to the 'excess' over GMP) applied to that amount. However, when Mr L reaches 65, his GMP pension age, the fixed rate revaluation calculation is carried out, with an attendant 'step-up', or increase, in his GMP and total pension. While this is a complicated issue, in my view AON and the Trustee have explained this point well in the correspondence answering Mr L's complaint.

54. Mr L is under age 60 and so is not able to receive his pension from the Scheme yet and he is also unable to receive his GMP so there has been no financial loss caused to him by applying a full revaluation at the point that he becomes eligible for his GMP. I am unsure why Mr L is so reluctant to accept the multiple explanations and reassurances he has received that his pension will be paid correctly in the future. If there was an error at the point of payment, in the future, then that would be a valid concern, but a future expectation of an error is not.

55. AON and the Trustee has explained what has happened with regard to the illustration of Mr L's future pension benefits – however, Mr L has persisted with a belief that AON and the Trustee have done something wrong. I understand that following the complaint being referred to TPO, AON offered Mr L £1,000 in good faith to try to resolve his complaint. As that offer was not accepted, and the complaint not resolved, it falls to me to decide whether there has been non-financial injustice that would warrant an award for distress and inconvenience. .

56. It is clear to me that the change in the benefit statements did lead to Mr L misunderstanding how his pension revalued in deferment. However, AON and the Trustee provided a clear explanation of the change and an apology for the confusion caused. In my view any distress suffered by Mr L is minimal, and the apology and clear explanation provided by the respondents is adequate in this situation – and so, in my view, no payment for distress and inconvenience is warranted. Any upset

caused to Mr L does not meet the bar for the minimum amount payable of £500 in TPO's tariff for distress and inconvenience, and so no award should be made.

57. I note that Mr L has also said that if he had received a quicker answer when he wanted to transfer his pension he would not be in the position of now having a lower CETV. Mr L has queried whether the fact that his CETV has been calculated correctly and whether his GMP has been correctly revalued when providing this value. Again, it has been explained to Mr L that the CETV includes a full revaluation of his GMP and the delay to transferring has been caused by his refusal to accept the explanations he has been given.

58. I do not uphold Mr Ls complaint.

Dominic Harris

Pensions Ombudsman
4 November 2025

Appendix One Relevant extracts of the Merck Pension Scheme Definitive Trust Deed and Rules dated 29 September 2011

SECTION 7
PAYMENT OF BENEFITS

7.1 "INCREASE OF SEVEN SEAS SECTION PENSIONS IN PAYMENT AND DEFERMENT

…

"**Increase Rate**" means, in relation to any 1 November, the smaller of-

(a) 10%; and

(b) the percentage by which the [Retail Prices] Index for July in the year concerned exceeds that for July in the preceding year. The percentage will be taken as zero if it would otherwise be negative…

(2) *Deferment*

With effect from 1 November each year, Fund Pensions which, in respect of Deferred Members, are not yet in payment shall be revalued as follows –

(a) In respect of Pensionable Service before 6 April 2010, increases shall be applied in accordance with the Increase Rate; and

(b) In respect of Pensionable Service on and from 6 April 2010 …

(4) Pensions not subject to Guaranteed Increases

Increases under paragraphs (1), (2) or (3)(g) above shall not apply to:

(a) Pensions payable to persons who are entitled to no present or future payments from the Fund other than EPBs; or

(b) That part of the Fund Pension being paid or to be paid to a Member at or on reaching State Pension Age which comprises that Member's GMP or Notional GMP payable under Appendix 2 (Contracting-Out Requirements).

…

CONTRACTING-OUT REQUIREMENTS

…

6. Revaluation of GMP

…

6.2 Before State Pension Age Where a Member ceases to be in Contracted-out Employment before State Pension Age or at the Member's earlier death will be calculated by increasing the accrued rights to GMP at cessation of Contracted-out Employment under (A) or (B) or (C) below.

(A) Section 21 Revaluation

The increase will be by the percentage by which earnings factors for the tax year in which Contracted-out Employment ceases are increased by the last order under section 148 of the Social Security Administration Act 1992 to come into force before the tax year in which the Member reaches State Pension Age or dies (if earlier).

(B) Limited Revaluation

The increase will be the lesser of-

(1) 5 per cent compound for each tax year after that in which Contracted-out Employment ceases up to and including the last complete tax year before the Member reaches State Pension Age or dies (if earlier), and

(2) The percentage by which earnings factors for the tax year in which Contracted-out Employment ceases are increased by the last order under section 21 of the 1975 Act to come into force before the tax year in which the Member reaches State Pension Age or dies (if earlier)

The Trustees must pay a limited revaluation premium in respect of the Member to the Secretary of State.

(C) Fixed Rate Revaluation

The increase will be by such rate as regulations made under section 45(1)(b) of the 1975 Act specify as being relevant at the date Contracted-out Employment ceases, for each tax year after the tax year containing that date up to and including the last complete tax year before the Member reaches State Pension Age or dies (if earlier).

[The fixed rate revaluation for leavers between 6 April 1993 and 5 April 1997 is 7%.]

The Trustees and the principal employer participating in the Scheme shall decide whether (A) or (B) or (C) applies to the Scheme. They may at any time decide that one of the other two methods shall be used, instead of the method currently being used, for all Members ceasing to be in Contracted-out Employment after a specified date. They must notify the Occupational Pensions Board whenever the method of revaluation for the Scheme is changed."

Appendix Two – Revaluation of the GMP

Table A: Mr L's calculations of the revalued GMP

Annual GMP	Annual GMP Increase	Revalued GMP	GMP Revaluation Date
£225	7%	£240.75	01/11/1998
£240.75	7%	£257.60	01/11/1999
£257.6025	7%	£275.63	01/11/2000
£275.634675	7%	£294.93	01/11/2001
£294.9291023	7%	£315.57	01/11/2002
£315.5741394	7%	£337.66	01/11/2003
£337.6643292	7%	£361.30	01/11/2004
£361.3008322	7%	£386.59	01/11/2005
£386.5918905	7%	£413.65	01/11/2006
£413.6533228	7%	£442.61	01/11/2007
£442.6090554	7%	£473.59	01/11/2008
£473.5916893	7%	£506.74	01/11/2009
£506.7431075	7%	£542.22	01/11/2010
£542.215125	7%	£580.17	01/11/2011
£580.1701838	7%	£620.78	01/11/2012
£620.7820967	7%	£664.24	01/11/2013
£664.2368434	7%	£710.73	01/11/2014
£710.7334225	7%	£760.48	01/11/2015
£760.484762	7%	£813.72	01/11/2016
£813.7186954	7%	£870.68	01/11/2017
£870.6790041	7%	£931.63	01/11/2018

Table B: Adjudicator's calculations of the revalued GMP as at age 65

Annual GMP	Annual GMP Increase	Revalued GMP	GMP Revaluation Date
1141.282565	**7%**	**£1,221.17**	**01/11/2022**
£1,221.17	7%	£1,306.65	01/11/2023
£1,306.65	7%	£1,398.12	01/11/2024
£1,398.12	7%	£1,495.99	01/11/2025
£1,495.99	7%	£1,600.71	01/11/2026
£1,600.71	7%	£1,712.76	01/11/2027
£1,712.76	7%	£1,832.65	01/11/2028
£1,832.65	7%	£1,960.94	01/11/2029
£1,960.94	7%	£2,098.20	01/11/2030
£2,098.20	7%	£2,245.08	01/11/2031
£2,245.08	7%	£2,402.23	01/11/2032
£2,402.23	7%	**£2,570.39**	01/11/2033

Appendix Three – Relevant extracts of The Occupational and Personal Pension Schemes(Disclosure of Information) Regulations 2013.

“Schedule 5 – Statement of benefits: non money purchase benefits.

PART 2 Information for active and deferred members

4. The date on which the member’s pensionable service started

5. A summary of the method for calculating the member’s benefits and any survivor’s benefits.

6. Details of how any deduction from benefits is calculated.

PART 3 Information for deferred members

7. The date the member’s pensionable service ended

8. The amount of the member’s benefits and survivors’ benefits payable from the date benefits are payable

9. The amount of the member’s pensionable remuneration on the date the pensionable service ended.”