



PENSION
FUND



Increases to your Guaranteed Minimum Pension

April 2020

This leaflet is only relevant to pensioners of the SAI, Camtex,
1967, 1949 and Supplementary Fund sections of the Fund.

Welcome

Most pensioners of the Fund, will find part or all of their pension is increased every year to help it keep pace with inflation. If you receive increases to your Fund pension, different increases may apply to different parts of your pension and may be applied at different times of the year, depending on when you joined the Fund, which section of the Fund you belong to, and when you retired.

This leaflet explains the increases to the part of your pension that is known as your Guaranteed Minimum Pension or GMP. If you earned benefits in the Fund between 6 April 1978 and 5 April 1997, you will probably have a GMP in relation to your service up to 5 April 1997.

If you are over GMP age (currently age 60 if you are a woman and 65 if you are a man) and earned benefits in the Fund between 6 April 1988 and 5 April 1997, or are a widow receiving a spouse's pension with benefits earned between these dates, you will normally receive an increase to your GMP in April.



How is my GMP increased?

Before you reach GMP age (age 60 if you are a woman or 65 if you are a man), any increases to your GMP are calculated and applied in the same way as increases to the rest of your pension. Once you have reached GMP age, statutory annual increases to your GMP are currently applied as follows.

If you reached your State Pension age before 6 April 2016	If you reach(ed) your State Pension age after 6 April 2016
Any increases to GMP built up before 6 April 1988 will be paid via increases to your State Pension.	GMP built up before 6 April 1988 is not subject to statutory increases.
GMP built up from 6 April 1988 to 5 April 1997 is increased by the Fund, in line with increases in the Consumer Prices Index (CPI), up to a cap of 3%. If CPI has increased by more than 3%, then you will receive the amount of any increase over 3% via increases to your State Pension.	GMP built up from 6 April 1988 to 5 April 1997 is increased by the Fund in line with increases in the Consumer Prices Index (CPI), up to a cap of 3%.

These increases are set by legislation and so may change if the Government changes the position. The increases to GMP described above normally take place in April each year.

This year the rate of increase is 1.7%. So, if you are receiving GMP which built up from 6 April 1998 to 5 April 1997 it will be increased by 1.7% in the April 2020 payment due to be paid on 24 April 2020. So, for instance, a GMP of £1,000 a year would increase to £1,017 a year. Your total annual pension would increase by £17 in April.

What is GMP – a quick reminder?

Your GMP is part of your overall pension from the Fund and is not paid on top of your pension from the Fund. However, while it is part of your overall pension, it is sometimes treated differently. For example, the inflationary increases applied to the GMP part of your pension may differ from those applied to the rest of your pension from the Fund.

You have a GMP because of the way in which the Fund interacts with the State Pension.

Before 6 April 2016, the State Pension was made up of two parts – the basic State Pension and the Additional State Pension*. The Government allowed pension schemes that met certain quality tests to contract out of the Additional State Pension. Contracting out allowed employers and employees to pay lower National Insurance contributions. In return, the employees did not build up Additional State Pension, but their employer's pension scheme had to provide a benefit that broadly matched it.

The ICI Pension Fund was contracted out of the Additional State Pension. As a result:

- For pensionable service between 6 April 1978 and 5 April 1997, your pension from the Fund must be at least broadly equivalent to the Additional State Pension you would have earned.

This is known as the 'Guaranteed Minimum Pension' or GMP.

- For service from 6 April 1997, the overall level of benefits being provided by the Fund was evaluated and approved to ensure they met a minimum level, in place of individual guarantees for each member, so no GMP is calculated in relation to service from that date.

Contracting out ended on 5 April 2016.

You have a GMP because of the way the Fund interacts with the State Pension.

* The Additional State Pension is an earnings-related top-up to the basic State Pension, also known as the State Second Pension, S2P, State Earnings Related Pension Scheme or SERPS.



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How do I know if I have GMP?

You will have GMP benefits if you were an Active member of the Fund at some time between 6 April 1978 and 5 April 1997 or if you earned benefits during this time in another contracted out pension scheme which have been transferred into the Fund**. GMPs may also be paid as part of a spouse's pension, which will be a proportion of the member's pension. However, only widows of male members (not widowers, civil partners or same-sex spouses) will have a GMP for service between 6 April 1978 and 5 April 1988.

Please note, GMPs, like the state pensions they replaced are calculated differently for men and women. A legal ruling in October 2018 confirmed that GMPs must be equalised and outlined a number of methods of doing so. The Fund Trustee is currently working with its legal advisers and the Fund actuary to understand the implications of this ruling and how it may need to be applied to the benefits earned by Fund members.

For more details on GMP, see the leaflet "1967 Section Your Guaranteed Minimum Pension" which you can find in the leaflets and forms section of the Fund website
www.icipensionfund.org.uk

*** Until April 1977, women could opt to pay reduced rates of National Insurance and receive reduced State benefits, and may still be paying reduced rates. These members will not be entitled to GMP for the period in which they paid reduced rates.*

Contact details

If you have any questions that aren't answered in this document, please contact the Fund Administrator, Willis Towers Watson. Please email them at ici@willistowerswatson.com, and include your month of birth, post code and the last four characters of your National Insurance number in your email.

If you can't send Willis Towers Watson an email, please call on +44 (0)800 916 8021 or +44 (0)1737 227 521 if outside the UK (between 9am & 5pm, Monday to Friday).

Please bear in mind waiting times may be significantly longer than normal.