

Reckitt Benckiser Pension Fund

Transfer top-up – questions and answers

1. What is Guaranteed Minimum Pension (GMP)?

GMP is a minimum level of pension that some schemes must provide for their members.

It is linked to when there were two parts to the State Pension arrangement – the Basic State Pension and the State Earnings- Related Pension Scheme (SERPS, which later became the State Second Pension)

Pension schemes provided by employers had the option to contract-out of the State Second Pension, resulting in National Insurance savings for the employer and its employees. Most schemes exercised the option to contract-out, including the Fund. In exchange, the Fund promised to pay members at least as much pension as they would have received from SERPS.

This is the part of your former Fund benefits that is known as GMP.

2. Why is GMP unequal?

In the past, State Pensions were paid to men and women at different ages and as a result, men and women built up GMP at different rates and their GMP is payable from different dates. GMPs by their nature were therefore unequal between men and women. The recent legal judgments have determined that pension schemes must make adjustments to the calculation of benefits to deal with this inequality.

3. Why may I be due a one-off top-up payment?

You may be due a one-off top-up payment because, prior to transferring out, you had built up benefits in the Fund at some point between 17 May 1990 and 5 April 1997 and our analysis shows you may have been entitled to a higher transfer value from the Fund than you originally received as a result of GMP equalisation.

As noted above, some of the benefit you built up in the Fund during this time was Guaranteed Minimum Pension (GMP)

GMP is different for men and women because it was linked to the State Pension and State Pension Age which used to be different for men and women (See question 2)

Following a series of legal judgments all UK pension schemes are legally required to equalise members' benefits if GMP built up between 17 May 1990 and 5 April 1997 is unequal for men and women.

This is known as GMP equalisation. It applies to existing members of affected pension schemes **and** former members of affected schemes who have transferred out.

4. How did you calculate that I may be due a top-up payment?

We looked at the level of GMP you built up in the Fund between 17 May 1990 and 5 April 1997 and considered the value of your total pension based on the equalised GMP. We then considered the value of your total pension

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assuming your GMP built up in the Fund between 17 May 1990 and 5 April 1997 were that of a former member of the opposite sex. We then establish whether the value of your pension may be higher when calculated on the basis of the opposite sex and if so, whether you may be due a one off top-up payment.

In some cases, GMP has come from a previous pension scheme as members have chosen to transfer it into the Reckitt Benckiser Pension Fund. The calculation of the amount of the top-up payment for the transferred in pension (including GMP) follows the same approach as that described above and the transferred-in benefits are therefore also subject to GMP equalisation in the same way as the Fund's benefits.

As noted above, we will be finalising the calculations for the top-up payments over the next few months and so will be able to confirm at that point, whether you are due a top-up payment and if so the amount that is due

5. What about my other transfer out of the Reckitt Benckiser Pension Fund?

You may have had more than one period of membership in the Fund, which you subsequently then transferred out. We are writing to all former members where we have identified that a top-up payment is due in respect of their transfer. If you have more than one transfer out of the Fund, we will consider all your transfers out and your top-up payment will cover the relevant transfers impacted by this issue (which may be one or more). You may have had transfer(s) that did not relate to the affected period or did not give rise to a top-up payment.

6. How do I know that this request is legitimate?

You can visit the following page on our pension administrator's website where you will find confirmation that the Trustees are undertaking this exercise and some Q & As.

www2.myworkpension.co.uk/SchemeNoticesRECK

You can also find more details on the legal ruling relating to providing top-up payments to past transfers on the HMRC website here:

<https://www.gov.uk/government/publications/guaranteed-minimum-pension-gmp-equalisation-newsletter-april-2022/guaranteed-minimum-pension-equalisation-newsletter-april-2022>

If having read the supporting material we are making available, you have concerns about us writing to you, we suggest you call MoneyHelper free on 0800 011 3797 or visit www.moneyhelper.org.uk/en. When contacting MoneyHelper we suggest you explain that you have received a letter from the Trustees of the Fund about a potential GMP equalisation top-up payment relating to your past transfer out of the Fund.

MoneyHelper is a UK Government sponsored consumer-facing service for free independent guidance on all pension and money matters. They will be able to confirm that UK pension schemes are legally required to carry out GMP equalisation in respect of past transfers.

7. Why is only GMP built up between 17 May 1990 and 5 April 1997 being equalised?

The legal judgments stated that pension earned between 17 May 1990 and 5 April 1997 must be equalised for the effect of unequal GMP. GMP earned before this period does not need to be equalised and GMP ceased to exist for service after 5 April 1997.

8. How are you using my data?

The Trustees hold your data so that it can operate and administer benefits under the Fund in accordance with its legal obligations and specifically so it can now liaise with you to arrange payment of the top-up payment. The Trustees hold your data in accordance with the General Data Protection Regulation (GDPR). Further information is available in the Trustees' privacy notice, which you can find here:

www2.myworkpension.co.uk/SchemeNoticesRECK