



Your consultation guide

A guide to **ING UK Pension Fund** (the Fund) proposal for **GMP equalisation and conversion**

For non-pensioner members of the Fund

Contents

Why we need to make changes.....	2
How the changes will work.....	3
GMP conversion explained.....	3
What happens next.....	6
Frequently Asked Questions.....	7
Contact us.....	9
Appendix.....	10



Why we need to make changes

Since 17 May 1990, following a European Court of Justice ruling, that UK pension funds must provide equal benefits for males and females built up from this date.

For a long time, it wasn't certain that this law covered that part of the Fund's benefits known as Guaranteed Minimum Pension (GMP), the calculation of which is set out in legislation and is automatically different for males and females. In 2018 – 2020, this changed when the UK High Court ruled that funds 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 stopped building up for people).

The process we need to follow to address this inequality is known as GMP equalisation. We are proposing to use a process that's legally permitted, called GMP conversion, in order to deliver GMP equalisation in the Fund, and take the opportunity to simplify the Fund benefits.

Consulting with you

Before we proceed with GMP conversion, we must consult with all potentially affected members about our proposals, which includes you. This guide explains what we're proposing, how you may be affected, and how you can share your questions and feedback with us during the consultation period.

You don't have to give feedback on our plans, and you won't need to take any action if the planned changes go ahead, unless you need to provide us with information about any pension tax protections you have, as requested on page 6.



How the changes will work

<p>Step 1</p> <p>Equalising past inequality</p>	<p>We'll check if you have GMP between 17 May 1990 and 5 April 1997. If you do, then when you take your pension we'll work out what your pension would've been if you had been the opposite sex for this period. If it works out that you would've been expected to be better off, we'll adjust your pension to address this.</p>
<p>Step 2</p> <p>Equalising the future and conversion</p>	<p>We then plan to convert all GMP benefits you have in the Fund into non-GMP pension so they would be treated as other parts of your pension and increase in a similar way as now, but with no extra treatment that would apply if the pension was GMP. We propose to convert any GMP you do have as part of this process, even if you don't have GMP built up between 1990 and 1997 that needs to be equalised.</p> <p>When we do this, and if you've got GMP between 1990 and 1997, we'll 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 in order to meet the GMP equalisation legal ruling.</p>
<p>Step 3</p> <p>The outcome</p>	<p>For the great majority of members, we're proposing to complete steps 1 and 2 at the point you access your benefits from the Fund – e.g. when you retire. If we go ahead with the GMP conversion, when you decide to take your pension in the future (e.g. when you retire), it will include any adjustments to how your pension is made up as a result of the equalisation and conversion process above. For a small minority of impacted members, (e.g. those of you who are set to retire before the process completes) this may happen after your retirement but we'll notify you separately.</p>

GMP conversion explained

There will be no reduction to your current deferred pension as a result of GMP conversion

Your current deferred pension that you're entitled to when you retire will not reduce as a result of GMP equalisation and conversion, and for some members, it could increase. The proposals may affect the way yours and your dependant's pension increases in the future after you retire, although any changes are expected to be relatively small, and many members may see no change. For those impacted, the proportion of your pension that gets paid to your dependant in the future will generally remain unchanged, and for a small minority of members, it may increase in order to comply with requirements of the GMP conversion legislation. Other parts of your benefits, including any pension earned after 5 April 1997, will also remain unchanged.

GMP conversion preserves the actuarial value of your entitlement to benefits within the Fund. The value of your benefits entitlement is based on a set of assumptions about future interest rates, inflation, and life expectancy.



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

Pensions increase each year to help with some of the effects of inflation (the increase in the cost of living). In line with the Fund rules, from the point you access your pension and receive payment, different parts of your pension will increase in slightly different ways, and some parts may not increase at all.

GMP Conversion means that the parts of your pension that were previously GMP will be split between increasing and non-increasing parts of your pension and will increase broadly in line with how these parts increase now. Further details are provided below.



What will change

The table below shows the parts of a typical member’s pension in the Fund’s Main Section (BPTF). This is for illustration purposes. Your own pension may differ (e.g your pension may attract slightly different increases once it is in payment), but the principles used for GMP conversion will be the same.

If you are a former BHF, Charterhouse or NRG Victory Section member, please see the Appendix for relevant tables. There are notes underneath the table explaining the terms used and how some of the increases work.

	Before GMP conversion		After GMP conversion
Your future pre-conversion pension may include the following parts:	Annual increases paid from the Fund	Your post-conversion pension may include the following tranches (parts):	Annual increases paid from the Fund
GMP built up before 6 April 1988	Nil	Tranche 1 pension	Nil
GMP built up after 5 April 1988	CPI (up to a maximum of 3% pa)	Tranche 2 pension	CPI (up to a maximum of 3% pa)
Non-GMP pension built up before 6 April 1997	RPI ^{1,2}	Tranche 3 pension	RPI ^{1,2}
Pension built up from 6 April 1997 to 31 March 2000	RPI ^{1,2}	Pension built up from 6 April 1997 to 31 March 2000	RPI ^{1,2}
Pension built up from 1 April 2000	RPI ¹	Pension built up from 1 April 2000	RPI ¹

1 In the event RPI exceeds 8% in a year, the increase granted in that year would be 8%. The increase in RPI in addition to the 8% will be carried forward to subsequent years.
 2 An additional increase may in some circumstances be due if RPI falls under 3% in a year.

CPI – Consumer Price Index (measure of inflation).
RPI – Retail Price Index (measure of inflation).

Your future pension after conversion will no longer have any ‘GMP’ parts and legislation relating to GMP will no longer apply. Because of the legal protections that apply to GMP conversion, we may need to rebalance the parts relating to GMP and the Non-GMP pension built up before 6 April 1997 across Tranches 1, 2 and 3, but the overall actuarial value of your benefits won’t be reduced.

The structure and increases for your future pension will be slightly different after conversion. Please note your current deferred pension due when you retire will not reduce as a result of GMP equalisation and conversion, and it could increase.



Why we're proposing this approach

GMP conversion is a way of achieving GMP equalisation. We believe converting GMP into non-GMP pension will be simpler and easier to administer in the future. It would also make it easier for members to understand their benefits moving forward.

The reason why we've selected this approach is because it would remove the need to maintain at least two ongoing pension calculations for every member in retirement with GMP between 17 May 1990 and 5 April 1997. This would mean the Fund administrators would be doing one calculation for the member, and another calculation showing their 1990 – 1997 pension for the opposite sex. The two calculations would require annual maintenance, annual increases, and annual checks to ensure both records (one for the member and one for their hypothetical comparator) would receive the same pension irrespective of their sex. This would make administration of the Fund significantly more complex and costly and potentially more difficult for people to understand their benefits.

What happens next

1 June 2024	<p>Read this booklet to learn about our proposals for GMP equalisation and conversion and send us any comments or questions by 1 June 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>
June – July 2024	<p>We'll consider any comments and questions on our proposal to proceed with GMP conversion.</p> <p>We'll confirm the outcome of the consultation in the future. We expect to include this in your next Summary Funding Statement in Q1 2025.</p>
When you take your benefits	<p>If the GMP conversion goes ahead, we're proposing to complete the conversion of any GMP you have at the point you (or your dependant) access your benefits from the Fund. You'll be provided with confirmation of the action that's been taken and your converted benefits at that time.</p>

Do you have Lifetime allowance (LTA) protection?

If so, you MUST share details of your protection with Capita, the Fund Administrator.

If you currently have LTA protection from HMRC and you applied for LTA protection on or after 15 March 2023 (or if you plan to do so in the future), please let Capita know using the contact details at the end of this guide.

At the March 2023 Budget, the Chancellor announced that LTA tax charges would be abolished from 6 April 2023, with benefits over the LTA taxed as pension going forward (and therefore LTA charges are not currently expected to arise in relation to tax years after this date unless this is changed by a future Government). However, any LTA protections applied for after 15 March 2023



could be affected by the GMP conversion process, so we are still requesting that you inform us of any LTA protections you applied for since that date.

LTA protection is something you would have requested from HMRC yourself. We do not expect that most members will have it, as it protects total pension savings of at least £1 million (equivalent to a total pension of around £50,000 per year), but the consequences of losing the protection can be significant.

It is your responsibility to tell us about any protections. If you have an LTA protection and don't let us know, you could face an extra tax charge or lose your protection.

Please let us know as soon as possible and Capita will add this information to your record and would take it into account when calculating any converted pension.

You can check if you have protection and find out how to apply for certain LTA protections online at [gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance](https://www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance)

Frequently asked questions

What's GMP?

A member's Fund pension is generally made up of different elements. One of these elements can be GMP. GMP is the Guaranteed Minimum Pension the Fund had to provide members, who built up some or all of their pension between 6 April 1978 and 5 April 1997. The way GMP must be calculated is set out in legislation and it is automatically different for males and females. One of the reasons being it is payable from a set age (60 for females and 65 for males).

GMP is provided to members who were contracted out of the earnings-related element of the State pension and the State Second Pension meaning they built up little to no entitlement to this part of the State pension. At the same time both members and their employer paid lower National Insurance contributions. In return for this, the Fund had to provide GMP for members, which was intended to be broadly equivalent to the earnings-related State pension they would have received had they not been contracted out for this period.

The legislation that sets out how GMP builds up, when it's paid, and how it increases in payment reflects how the State earnings-related pension worked at the time. Since the State earnings-related pension was unequal for males and females, GMP is also unequal.

GMP forms part of the Fund pension, and so these differences in GMP between males and females can lead to unequal overall pensions for members.

What's GMP equalisation?

GMP equalisation is the work all UK pension funds like ours have to do to address any inequalities arising from GMPs built up between 17 May 1990 and 5 April 1997 being different for males and females. It equalises benefits earned in the period between 17 May 1990 and 5 April 1997 to correct for the inequalities caused by GMPs.

What's GMP conversion?

The UK High Court approved two main approaches to correcting for the inequalities caused by GMPs. One way of adjusting your pension to achieve GMP equalisation requires, after a member takes their pension, the Fund's administrator continually checking at least two calculations for 17 May 1990 and 5 April 1997 pension for each member, one reflecting GMP based on the member's own sex and another reflecting GMP for the opposite sex. This would be an ongoing process that would carry forward to when you (or your dependant) receives your benefits, and for as long as the pension is being paid. This is very complex and expensive.



The second approach permitted by the UK law and approved by the UK High Court allows the Trustee, with ING's consent, is to make a one-off adjustment to benefits. This is achieved by changing the GMP with other non-GMP benefits within the Fund. This adjustment can account for and remove the sex-based inequalities as a result of GMP built up between 1990 – 1997. This process is called 'GMP conversion'.

The key legal requirements for GMP conversion are that:

- Pensions in payment at the date of GMP conversion cannot decrease.
- The actuarial value of pension payments to be made after the GMP conversion date must be at least the same as before the GMP conversion date (based on assumptions about the future, such as life expectancy, and guidance from our advisers).
- The Fund Trustees must take all reasonable steps to consult with potentially affected members in advance.
- ING gives its consent.
- The Trustees must notify affected members and HMRC before GMP conversion goes ahead.

If you have any GMP earned before 1990, this would also be converted.

Is it legal to change benefits in this way?

Yes, the Pension Schemes Act 1993 allows for GMP conversion. The 2018 High Court ruling confirmed that achieving GMP equalisation as part of a GMP conversion exercise is lawful. There are also safeguards in the law to ensure the actuarial value of your pension is preserved.

What's ING's view?

Implementing GMP equalisation via GMP conversion requires consent from ING, and ING has confirmed it supports converting GMP into non-GMP pension.

Could GMP conversion not proceed as planned?

Once the consultation window has closed, the Trustees and ING will consider any responses received and decide whether to proceed with GMP conversion. In the event that GMP conversion does not proceed as proposed (either as a result of the consultation or for any other reason), you would be informed of this outcome.

Will this change how much my pension goes up by every year after I have retired?

Yes, your future pension increases could change as a result of GMP conversion. However, most members' total pension is expected to increase at a similar rate each year once in payment.

How is revaluation of my pension affected before I take my pension?

Your pension receives increases (revaluation) in the period before you take your benefits. These increases will not change with GMP conversion because we're proposing only to convert your pension when you take your benefits. We'll include an allowance for any additional GMP revaluation you might have been expected to receive at GMP payment age when carrying out GMP conversion, where applicable.

Are all members affected?

No. Only members with a GMP element to their pension (whenever that GMP was built up) are affected by GMP conversion and only those with GMP built up between 17 May 1990 and 5 April 1997 are affected by GMP equalisation. Most members will see little or no overall change to their pension.

Why now?

Like most UK pension arrangements with GMPs that need equalising, we've been considering the approach to GMP equalisation following a series of rulings by the UK High Court in 2018 – 2020.



The process to review and adjust pension benefits is complex, with many factors involved. We've worked hard with professional advice to develop an appropriate approach that is feasible and proportionate for the Fund. We are now sharing our proposal with you as part of the consultation to decide whether to proceed with GMP conversion.

What if I choose to transfer my benefits elsewhere?

If you are impacted, then in most cases, your transfer value will already incorporate the impact of GMP equalisation if you choose to transfer your benefits. There is a small minority of members for whom the transfer value would not incorporate the impact of GMP equalisation and they may be due a top-up payment in future.

What happens if I pass away before I retire?

In this unfortunate event, the impact of GMP equalisation and GMP conversion will be calculated at the point of your death and incorporated into determining the benefits due to your dependant.

Contact us

Before we take further action, we're providing you with the opportunity to share any feedback you have about our proposals. This consultation period will run from 1 April 2024 until 1 June 2024.

You can share your feedback and questions via Capita:

Email: INGUKPF@capita.com

Address: ING UK Pension Fund, PO Box 555, Stead House, Darlington, DL1 9YT
Please make sure you have your National Insurance number and your benefit details to hand for security identification purposes.

You can find free, general pension information online at moneyhelper.org.uk

This booklet outlines the main features of the Fund and the proposals for GMP conversion. It's 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 Fund are set out in the Trust Deed and Rules which will always override this guide.

Neither the Trustees of the ING UK Pension Fund nor its 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 – What will change for the other sections of the Fund

Former members of the NRG Victory Section

	Before GMP conversion		After GMP conversion
Your future pre-conversion pension may include the following parts:	Annual increases paid from the Fund	Your post-conversion pension may include the following tranches (parts):	Annual increases paid from the Fund
GMP built up before 6 April 1988	Nil	Tranche 1 pension	Nil
GMP built up after 5 April 1988	CPI (up to a maximum of 3% pa)	Tranche 2 pension	CPI (up to a maximum of 3% pa)
Non-GMP built up before 6 April 1997	3%	Tranche 3 pension	3%
Pension built up from 6 April 1997 to 5 April 2005	CPI (with a minimum of 3% pa and a maximum of 5% pa)	Pension built up from 6 April 1997 to 5 April 2005	CPI (with a minimum of 3% pa and a maximum of 5% pa)
Pension built up from 6 April 2005	3%	Pension built up from 6 April 2005	3%

CPI – Consumer Price Index (measure of inflation).

RPI – Retail Price Index (measure of inflation).

Your future pension after conversion will no longer have any 'GMP' parts and legislation relating to GMP will no longer apply. Because of the legal protections that apply to GMP conversion, we may need to rebalance the parts relating to GMP and the Non-GMP pension built up before 6 April 1997 across Tranches 1, 2 and 3, but the overall actuarial value of your benefits won't be reduced.

The structure and increases for your pension will be slightly different after conversion. Please note your current deferred pension due when you retire, will not reduce as a result of GMP equalisation and conversion, and it could increase.



Former members of the Charterhouse Section

	Before GMP conversion		After GMP conversion
Your current pre-conversion pension may include the following parts:	Annual increases paid from the Fund	Your post-conversion pension may include the following tranches (parts):	Annual increases paid from the Fund
GMP built up before 6 April 1988	Nil	Tranche 1 pension	Nil
GMP built up after 5 April 1988	CPI (up to a maximum of 3% pa)	Tranche 2 pension	CPI (up to a maximum of 3% pa)
Non-GMP pension built up before 1 January 1997	Nil	Tranche 3 pension	Nil
Pension built up from 1 January 1997 to 5 April 1997	RPI (with a minimum of 3% pa and a maximum of 5% pa)	Pension built up from 1 January 1997 to 5 April 1997	RPI (with a minimum of 3% pa and a maximum of 5% pa)
Pension built up from 6 April 1997	RPI (with a minimum of 3% pa and a maximum of 5% pa)	Pension built up from 6 April 1997	RPI (with a minimum of 3% pa and a maximum of 5% pa)

CPI – Consumer Price Index (measure of inflation).

RPI – Retail Price Index (measure of inflation).

Your future pension after conversion will no longer have any 'GMP' parts and legislation relating to GMP will no longer apply. Because of the legal protections that apply to GMP conversion, we may need to rebalance the parts relating to GMP and the Non-GMP pension built up before 6 April 1997 across Tranches 1, 2 and 3, but the overall actuarial value of your benefits won't be reduced.

The structure and increases for your pension would be slightly different after conversion. Please note your current deferred pension due when you retire, will not reduce as a result of GMP equalisation and conversion, and it could increase.



Former members of the BHF Section

	Before GMP conversion		After GMP conversion
Your current pre-conversion pension may include the following parts:	Annual increases paid from the Fund	Your post-conversion pension may include the following tranches (parts):	Annual increases paid from the Fund
GMP built up before 6 April 1988	Nil	Tranche 1 pension	Nil
GMP built up after 5 April 1988	CPI (up to a maximum of 3% pa)	Tranche 2 pension	CPI (up to a maximum of 3% pa)
Non-GMP pension built up before 6 April 1997	Nil or RPI (up to a maximum of 5% pa) depending on membership category	Tranche 3 pension	Nil or RPI (up to a maximum of 5% pa) depending on membership category
Pension built up from 6 April 1997	RPI (with a maximum of 5% pa)	Pension built up from 6 April 1997	RPI (with a maximum of 5% pa)

CPI – Consumer Price Index (measure of inflation).

RPI – Retail Price Index (measure of inflation).

Your pension after conversion will no longer have any 'GMP' parts. The parts relating to GMP and pre-1997 non-GMP will be rebalanced across Tranches 1, 2 and 3 to reflect any adjustments needed as a result of GMP equalisation and/or GMP conversion the overall actuarial value of your benefits won't be reduced.

The structure and increases for your pension would be slightly different after conversion. Please note your current deferred pension due when you retire, will not reduce as a result of GMP equalisation and conversion, and it could increase.