



# **AVX Pension Scheme**

## **Tantalum Section**

### **Understanding benefit changes associated with Guaranteed Minimum Pension (GMP) and Normal Retirement Age (NRA)**

We understand that you may have some questions that are not covered in the letter you received with your personal details. We have put together some questions and answers to help with this. If these do not cover all your queries, there is also a Help Line available - details of how to contact this are included in the Q and A below.

#### **Why has this situation come to light now?**

We are carrying out this exercise now because the Trustees have reviewed the Scheme's benefits in light of updated legal requirements and industry-wide guidance. GMP equalisation reviews have become standard practice across UK pension schemes, and most schemes are working through these exercises as part of their ongoing duty to ensure benefits are accurate and compliant.

As part of this review, some discrepancies arising from historic rules, data, and the way pensions were administered in the past have come to light, including issues such as Normal Retirement Age (NRA). Normal Retirement Age is the age that members normally become entitled to receive their pension benefits under the rules of the Scheme. A legal review found that some members of the Tantalum Section may have been entitled to take any pension built up between 6 April 1992 and 8 November 2002 earlier than originally administered, at age 60 instead of age 65.

The Trustees are now taking appropriate steps to correct any issues so that all members receive the benefits they are entitled to, delivered fairly and in line with current pension law.

#### **How do we know benefits are correctly calculated now?**

The Trustees have engaged with professional advisors to manage this review of benefits. This includes legal advisers to ensure we comply with all legal duties and Pension Consultants to manage the review and calculation of revised benefits. We have also

engaged with our Administrator (Aptia) and the Scheme Actuary. Great care has been taken to ensure that the review and recalculation of scheme benefits meet the legal standards required.

### **What is GMP – Guaranteed Minimum Pension?**

In summary, GMP is the minimum amount the Scheme must pay for pensionable service between 6 April 1978 and 5 April 1997 for members who were contracted out. This is because the Scheme was contracted out of the Additional State Pension and is therefore required to pay members a certain amount from the Scheme once members reach a certain age.

If you accrued benefits in the AVX Pension Scheme during this period, your GMP makes up part of your total annual pension amount.

### **What is the legal ruling on GMP and what is GMP equalisation?**

The legal ruling, resulting from a High Court judgment made in October 2018 in relation to Lloyds Banking Group (the “Lloyds Bank case”), requires many UK pension schemes like ours to take steps to remove any differences in benefits for men and women which arise from the way that GMPs have been calculated. The judgment applies to GMPs built up between 17 May 1990 (the date it was deemed schemes must treat both sexes equally) and 5 April 1997 (the date when GMP ceased to accrue). For this period, we have to check if men and women have been treated equally for the effects of the GMP and, if not, we need to adjust members’ benefits. This is known as “GMP equalisation”.

The rules for how GMP is calculated was set out in legislation and is based on the way the Additional State Pension worked at that time, which was different for men and women. As a result, men and women could build up different amounts of GMP, even if they worked for the same period on the same pay. Sometimes this could mean a man's pension is higher, and sometimes it could mean a woman's pension is higher.

The Trustees are now taking the appropriate steps to correct any issues so that all members receive the benefits they are entitled to, delivered fairly in line with current pension law.

For every member affected by the legal ruling, we’ll work out how much GMP they would have built up if they were the opposite sex. If this results in a higher overall pension being due, we’ll increase the pension to the higher amount. If it results in a decrease your pension will be adjusted. Because GMP is normally a small part of someone’s pension, the outcome for some members will probably be a relatively small increase to their pension. Most members are due no increase at all.

### **How might my pension be affected?**

We've completed the review for most members who are receiving a pension. If our review has found that your pension should be higher than the amount you're receiving, we'll increase your pension to the higher amount and, if applicable, make a one-off lump sum payment (with interest) to cover any past differences. We will not be recovering any overpaid pension, where pensions have decreased.

### **Does this change in pension benefits affect all members equally, both male and female?**

Yes. The purpose of this exercise is to ensure that benefits are calculated fairly and consistently for all members, regardless of gender. However, the effect of these changes depends on each member's individual circumstances, such as when their pension was accrued and their section within the scheme.

Some members may see changes to their benefits (including possible increases or back payments), while others may see no change at all.

### **Will I get a back payment for the higher pension I should have received in previous years, and will I pay tax on this?**

If you're owed arrears for any extra pension, you should have received in the past, you'll be paid a one-off lump sum with interest.

Any one-off back payment is treated as pension income and will be subject to income tax in the same way as your regular pension. The tax on the lump sum will be deducted automatically when the payment is made. The interest payments on your lump sum will not be taxed at source, as they are treated differently by HMRC. Interest payments may be taxed, but this will depend on your personal circumstances in the same way as interest from a bank or building society may be taxable. You will need to contact HMRC who will advise if the interest amounts paid are subject to tax.

### **Will there be any tax implications and do I need to do anything?**

You may need to speak to HMRC about the tax treatment of your back payments and the interest amounts that you receive.

The exercise may affect the tax you pay, as any back payments or pension adjustments are taxed through PAYE. We have provided a breakdown of your payments by tax year, which you can use if you need to speak with HMRC.

If you believe too much or too little tax has been taken, or if your tax code needs to be updated, HMRC will be able to review this for you. You may need to provide them with the payment and tax information we have supplied. HMRC will confirm whether you

need to submit any further information or make any adjustments as part of your tax return. As the Scheme cannot change tax codes or advise on personal tax matters, these queries should be directed to HMRC.

The Trustees cannot offer any advice or guidance on member's individual financial or tax circumstances. If you have any concerns, we recommend you speak to an independent Financial Advisor.

**What rate of interest has been applied to the accumulated lump sum of pension back payments, and why was this rate used?**

The rate of interest applied to the arrears due was Bank of England Base Rate + 1% per annum. This rate is commonly used across pension schemes and follows the approach adopted in the Lloyds Bank case. The Trustees consider this a fair way to ensure members are compensated appropriately for the period between when the benefit was originally due and now.

**Do I need to do anything?**

You don't need to do anything. Any changes will be made automatically.

**I am a deferred pensioner with some service between 1990 and 2002, I'm not due to retire yet, will this exercise affect my future pension?**

Yes, as a deferred pensioner with service between 1990 and 2002, this exercise may affect your future pension.

If the review finds that you are entitled to a higher pension these adjustments will be made automatically and will apply when you retire. If your pension is due to change this will be shown in the attached personal illustration.

**I get a spouse's pension, is my pension affected?**

If you are the husband, wife, civil partner or dependant of a former Scheme member, your pension is a spouse's or dependant's pension. This is calculated as a proportion of the original member's pension.

If the member's pension included benefits built up between 6 April 1992 and 8 November 2002, or if it includes GMP that was built up between 17 May 1990 and 5 April 1997, your pension may also be affected. Your benefits will be reviewed to work out how your pension is affected but this process will take a while.

If the review shows that the member's pension should have been higher, your pension will be increased accordingly. You may also receive a one-off back payment (with interest) to reflect any additional pension that should have been paid in the past.

Any changes are automatic and depend on individual circumstances, such as the member's period of service and how their benefits were originally administered. If your pension is affected, you will receive further correspondence explaining the changes in full.

**My pension was subject to a sharing order on my divorce. Will this exercise apply to both mine and former spouse's shares?**

Yes. Any updates required will be applied in line with the terms of the original pension sharing order. This means that any adjustment to your pension will also be reflected proportionately in the share allocated to your former spouse. Both parts will be reviewed to ensure they remain accurate and compliant with the Scheme's rules and legal requirements.

**I paid separate AVCs (additional voluntary contributions), does the exercise impact on my AVC's in any way?**

No. The exercise only relates to your main Scheme benefits. Your AVCs are kept separate and are not affected by the GMP or the NRA equalisation review. The value of your AVCs and how they are invested or paid to you will remain exactly as before.

**Will we still receive our annual inflationary increase in April?**

Yes. Your revised pension will continue to receive the annual inflationary increase in line with the Scheme rules. You will receive the usual communication telling you what your increase is from our Administrator (Aptia) in March 2026.

**Will there be any impact on any other benefits I'm getting from other sources?**

If your pension has been impacted and you receive an increase, it's regarded as extra income and it may affect other benefits you're getting, such as Pension Credit.

**I have some further questions on the pensions impact provided in my personal illustration, is there a helpline?**

If you have any feedback or questions on the changes, please contact the Pension Scheme Administrators Aptia using one of the following methods:

- ☐ **Email: [pensionuk.aptia-group.com](mailto:pensionuk.aptia-group.com)**
- ☐ **Telephone: 03456460643**

**Lines are open 9am – 5pm Monday to Friday. Please make sure you have your NI number ready so your query can be dealt with quickly**