

Contracting out April 1978 – April 2016

GMP RECONCILIATION [being undertaken by Avon Pension Fund (APF)]

The start of the Single State Pension in April 2016 meant contracting out of any second state pension was no longer available

No longer a need for HMRC to administer second state pension therefore department to close

Financial obligation on Pension Schemes

Members in Public Sector Schemes were contracted out of Second State Pension [SERPS, S2P]; paid reduced NI Contributions not eligible for Second State Pension. The Pension Scheme had to guarantee to pay a pension at least the equivalent to what the State would have paid

Guaranteed Minimum Pension

1978 – 1988 State responsible for increases on the GMP element of the pension from State Pension Age

1988 – 1997 Scheme responsible for first 3% of any PI and State would pay any excess

1997 – 2016 GMP removed schemes only had to pass a reference test which all public sector schemes did.

From April 2016

Members reaching SPA from 6 April 2016 Pension Scheme pays PI

Originally an interim measure until Dec 2018 but now until April 2021

An HM Treasury working party will be set up in 2019 to take this further

GMP Reconciliation

- 1. That HMRC records agree with those held with APF
This includes rejecting members not on found**
- 2. That Contracted out dates and GMP amounts are consistent
APF/HMRC**

Tolerance levels [\pm 1 year on dates and \pm £2 per week on GMP amount]

- 3. That correct details are being used on Pension Payroll**

Adjust where required subject to decisions made on changing pension rates and recovering overpayments