



2023 Group pension increase

Under the Scheme rules, Group pensions in payment and deferred pensions are increased annually from 1 April each year. The amount of increase applied each April is calculated in accordance with the percentage rise in the Retail Prices Index (RPI) for the preceding September – up to 5%. If the increase in the RPI is greater than 5%, then any increase above 5% is **not** guaranteed.

Earlier in the year, when it became apparent that inflation was running high and impacting the cost of living, the Group Trustee engaged with the Company to raise a number of observations, issues and concerns about the likely percentage rise in RPI in September, and to ask the Company to consider awarding an increase above the 5% cap to Group pensions in payment from 1 April 2023.

A single-issue Trustee meeting was held in late summer, and on the back of this the Group Trustee wrote a formal letter to the Company setting out its concerns and making robust arguments as to why a cap should not be applied.

The Company confirmed that, after careful consideration, the 2023 Group pension increase would be capped at 5% although the RPI in September 2022 was 12.6%.

Representatives from the Company were invited to the December Group Trustee Board meeting to explain this decision and answer further questions.

The Group Trustee welcomed the opportunity to robustly reinforce its representation on this issue, and whilst noting the Company's explanation and decision, strongly expressed disappointment with the outcome.

The 5% increase also applies to spouses' and dependants' pensions, and pension benefits other than those that are a replacement for State benefits, e.g., Guaranteed Minimum Pension (GMP). The different increase on the GMP element will apply to the pensions of members over age 65 (if men) or 60 (if women) and to spouses at all ages, which is set by the Government. A proportionate increase will be applied to pensions which come into payment between 2 April 2022 and 1 March 2023.