



Please note: this is a copy of the communication we sent members in October 2023.

Dear member,

We're fixing inequality in the AXA UK Group Pension Scheme (the Scheme)

In May 2023 we wrote to you about our proposed plan to address sex-based inequality relating to Guaranteed Minimum Pension (GMP) benefits in the Scheme.

Please take time to read the following information to find out what we're proposing and how you may be affected.

What we're planning to do

In respect of past benefit payments, an exercise will be undertaken to correct underpayments where necessary. This may result in a one-off lump sum arrears payment being made to members. In most cases, this arrears payment will be small.

In respect of future benefit payments, we are proposing to apply a one-off calculation to equalise for and address any sex-based differences arising from any GMP earned between 17 May 1990 and 5 April 1997. This calculation would identify whether, over a member's expected lifetime, the total value of pension built up between 17 May 1990 and 5 April 1997 is less than the equivalent total value that a member of the opposite sex would be entitled to. If so, an uplift would be applied to the value of the member's benefits to address this inequality. While doing this, we are proposing to simplify benefits in the Scheme through a process called GMP conversion.

The process of GMP conversion would involve converting all of the member's GMP (including any GMP built up before 17 May 1990) into a different form of pension.

Using GMP conversion is expected to simplify a member's Scheme pension (and the future administration of the Scheme) and would remove the obligation to comply with complex legislation which applies to GMPs.

Once we've completed the proposed steps above, we would send you a personalised statement showing you how you've been affected. This would include details of any changes to the amount of pension you currently receive, how your pension will increase in the future compared to how it increases now, and information about any one-off payment you may receive to correct for past underpayments to your pension.

Even if you are not affected by GMP equalisation, if you built up any GMP in the Scheme (including before 17 May 1990), we may be proposing that certain changes are made to your pension as part of a GMP conversion process.

How you could be affected

If you've started receiving a pension you could see an increase to your income. You might also receive a one-off payment to make up for past pension payments that would've been higher if you were the opposite sex.

In the future, the way in which your pension increases each year could be slightly different. This would be reflected in any future quotes or statements you receive. The overall value of your post-conversion benefits will not be any lower than your pre-conversion benefits at the point of conversion.

We won't know exactly how you would be affected until we've completed the review of our data and run the required calculations, which will take some time.

You can find more information about the proposed changes in the Consultation Guide included with this letter.

We'll contact you in the future to let you know if you're affected and how.

Have your say

Before we proceed with GMP conversion, we must consult with all potentially affected members about our proposals, which includes you. This consultation period will run from **the date you receive this letter until 15 December 2023**.

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 LTA protection you have, as requested on the right.

You can share your feedback with us using Capita's contact details at the end of this letter.

Learn more

Read the Consultation Guide included with this letter to learn more about GMP equalisation.

Visit the Library section on the Scheme website (pensions.axa-employeebenefits.co.uk/defined-benefit-section) where we've got more general information about GMP equalisation and how you could be affected. This includes an animated video and some FAQs.

Any questions?

If you can't find what you're looking for online or have a question about the content of this letter, contact the Administrator, Capita, on **0370 1234 701** or at AXA-pensions@capita.com. Capita will aim to respond to you within 10 working days of receiving your enquiry.

Yours sincerely,



John Manuel
Head of Pensions Administration & Trustee Services
On behalf of the Trustees of the AXA UK Group Pension Scheme

Do you have lifetime allowance (LTA) protection?

Very few members in the Scheme will have LTA protection (e.g. enhanced protection or fixed protection). If you currently have or are planning to apply for LTA protection from HMRC, please let us know using the contact details for Capita below. It's important you provide this information so we can ensure your benefits are correctly calculated and provided.

LTA protection is something you would have requested to set up yourself. You can check if you have LTA protection and find out how to apply online at gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance

If you do have LTA protection but don't let us know, there is a risk that you could lose the protection.



AXA UK Group Pension Scheme (the Scheme)

Your guide to our proposal for Guaranteed Minimum Pension (GMP) equalisation and conversion

This guide is intended for pensioners and pensioner dependants of the Scheme

Note: if you are in receipt of dependants' benefits from the Scheme, then references to 'you' and 'your' may relate to the original member

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Why we need to make changes

Since 17 May 1990, UK pension schemes have been required by law to provide equal benefits for males and females built up from this date (subject to certain exceptions).

Until recently, there was uncertainty over whether this obligation covered inequalities in a scheme's benefits which resulted from differences in Guaranteed Minimum Pension (GMP), the calculation of which is set out in legislation and is different for males and females.

In 2018, the UK High Court ruled that schemes like ours must take action to address any sex-based differences arising from any GMP earned between 17 May 1990 and 5 April 1997 (after which it was no longer possible to build up GMP).

The process we need to follow to address this is known as GMP equalisation. While doing this, we are proposing to simplify benefits in the Scheme through a process called **GMP conversion**.

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, which will run **from the date you receive this guide until 15 December 2023**.

Following the end of the consultation period, we'll consider feedback received before confirming how we're going to proceed in a further communication.

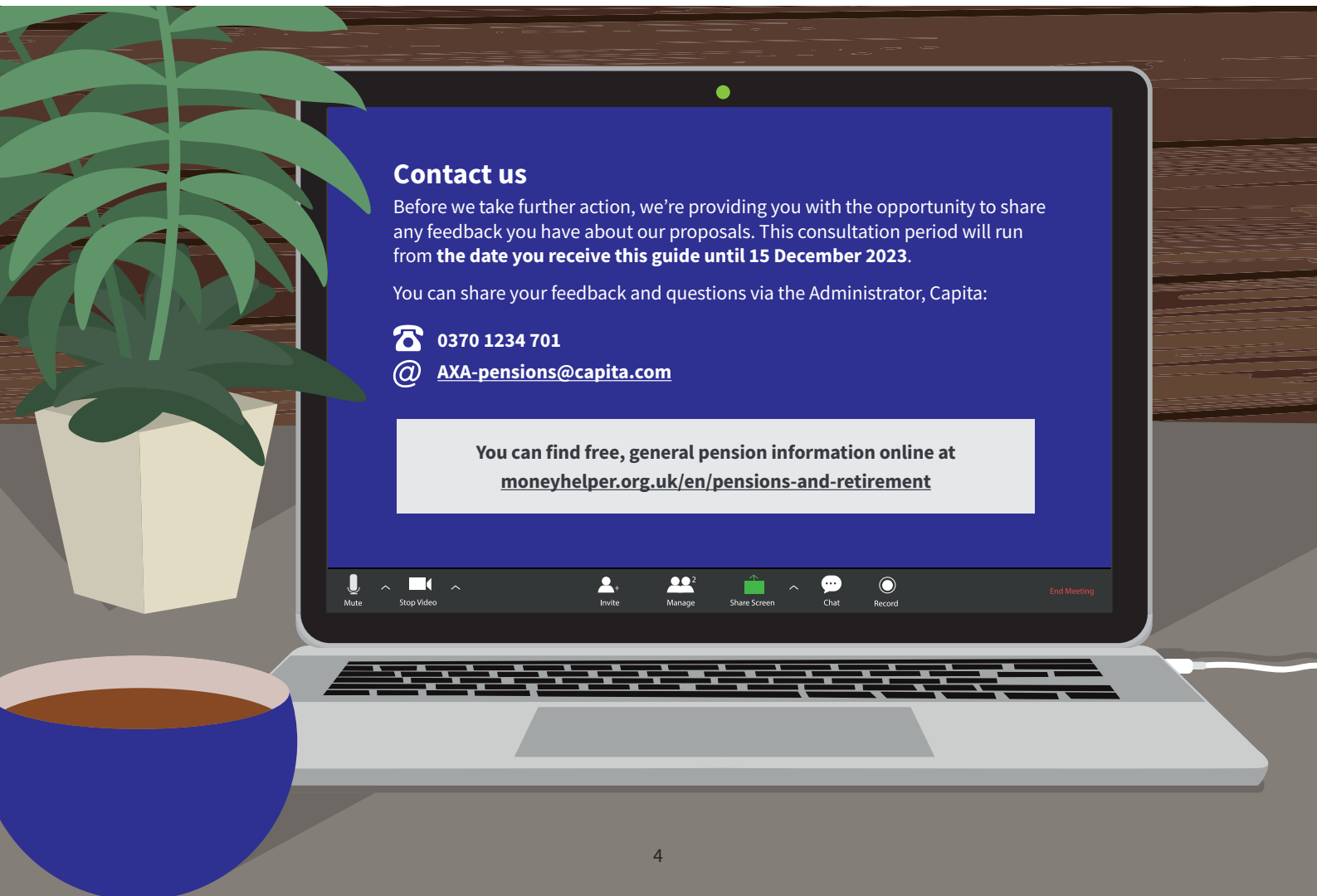


Consulting with you

Before we decide to proceed with GMP conversion, we must consult with all potentially affected members about our proposals, which includes you. 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 (see below). The consultation gives you the opportunity to share any questions or thoughts you may have about our proposal.

Do you have lifetime allowance (LTA) protection?

Very few members in the Scheme will have LTA protection. If you do, you **MUST** share details of your protection with the Administrator, Capita. See page 6 for more information.



How the planned changes will work

Step 1 Equalising past differences	We'll check if you have GMP built up between 17 May 1990 and 5 April 1997. If you do, we'll work out what your current pension would've been if you were the opposite sex for this period. If you're paid a dependant's pension, we would instead check your (or the original member's) pension. If it works out that you would've been better off, we'll adjust your pension to address this – this might also mean you receive a small back payment to make up for any past underpayments. Reviewing our data and running the required calculations will take several months. See 'What happens next' on page 6 for expected timings.
Step 2 Equalising the future and conversion	We then plan to convert any GMP benefits you have in the Scheme into non-GMP pension. We'll do this even if no changes are required to your pension as a result of Step 1. This will remove future sex-based differences in respect of your pension benefits due to GMP built up between 17 May 1990 and 5 April 1997.
Step 3 The outcome	We'll send you confirmation of how you'll be affected in a personalised statement. This will confirm: <ul style="list-style-type: none">• any back payment you may be due,• details of your new future pension, and• how your pension will increase in future.

We won't know exactly how you're affected until we've completed the review of our data and run the required calculations, which will take time and run throughout 2023 – 2025.

How you could be affected

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

GMP conversion will not reduce the current amount of your pension. The proposals may affect the way your pension increases in the future.

As a result of GMP equalisation, you could see a small increase in the amount of your pension. You might also receive a one-off payment to make up for past pension payments that would have been higher if you (or the original member) were the opposite sex. In most cases, this payment will be small.

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

In line with the Scheme Rules, different parts of your pension currently increase in slightly different ways, and some parts may not increase at all. Each year we send you a pension increase letter showing how yours increases; please see your last letter for details.

Following conversion, benefits that were previously GMP would continue to be split between the increasing parts and any non-increasing parts of your pension from the Scheme, increasing broadly in line with how they currently do.

If the changes go ahead, you will be provided with a personalised statement setting out your post-conversion pension. We expect this to be issued in Spring 2025.

Producing personalised statements is a complex process and would take some time. In order to produce such statements, for each relevant pensioner, we would need to review historical data, run various calculations, identify how benefits are affected, and confirm any increase to the current level of pension (as well as the amount of any one-off payment to make up for past pension payments that would've been higher if there were the opposite sex). It is for this reason that we don't expect to be in a position to issue such statements before Spring 2025.

What will change

The guide we sent you in October 2023 includes additional information on how GMP conversion **may** impact the structure of members' benefits. If you need a replacement copy please let us know using the contact details on page 4.

What happens next

October 2023	<p>Read this booklet to learn about our proposals for GMP equalisation and conversion and send us any comments or questions by 15 December 2023. 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>
December 2023	<p>We'll consider any feedback on our proposal before deciding whether to proceed with GMP conversion.</p> <p>We'll write to you to share the outcome of the consultation at a later date.</p>
Spring 2025	<p>If we proceed as planned, we will prepare personalised statements to confirm your new pension once the consultation process is complete. Due to the number and complexity of the calculations, this will take a while.</p>

Do you have lifetime allowance (LTA) protection?

If so, you MUST share details of your protection with the Administrator, Capita, as soon as possible.

At the March 2023 Budget, the Chancellor announced that LTA tax charges will be abolished from 6 April 2023 (and therefore LTA charges are not currently expected to arise in relation to this tax year or future tax years); however, we are taking the opportunity to request that you inform the Administrator of any LTA protections you may have, so that if action does need to be taken to avoid the loss of LTA protection for any members, the Scheme is informed as to which members have such protections.

LTA protection (e.g. enhanced protection or fixed protection) is something you would have set up 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).

It is your responsibility to tell us about any LTA protection. If you have LTA protection and don't let us know, you could lose your protection and could be subject to additional tax charges.

Please let us know as soon as possible, and Capita will add this information to your record so it can be taken into account should we proceed with our proposed plans.

You can check if you have protection and find out how to apply online at gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance

Frequently asked questions

What is GMP?

A member's Scheme pension is made up of different elements. One of these elements can be GMP.

GMP is the Guaranteed Minimum Pension the Scheme had to provide to certain members between 6 April 1978 and 5 April 1997.

During this period, certain members were contracted out of the earnings-related element of the state pension, meaning they built up little to no entitlement to this part of the state pension. At the same time, members and their employer paid lower National Insurance contributions. In return, the Scheme 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 pension worked at the time. Therefore, because the state pension was unequal for males and females, GMP was also unequal. GMP is calculated differently for males and females and is payable from a set age (60 for females and 65 for males).

Furthermore, because GMP forms part of the Scheme pension, differences in GMP between males and females can lead to unequal overall pensions for members.

What is GMP equalisation?

GMP equalisation is the work that UK pension schemes like ours have to do as a result of a UK High Court ruling. It equalises benefits earned in the period between 17 May 1990 and 5 April 1997 to correct for the inequalities caused by GMPs.

Why is it only GMP that you are looking to equalise?

Following the ruling by the European Court of Justice on 17 May 1990, pension schemes (like ours) have been required to provide equal benefits for males and females from the ruling date onwards. However, it was unclear as to whether schemes were required to remove sex-based inequalities resulting from GMP. This was clarified by the High Court in 2018, in a judgment involving the Lloyds Banking Group pension schemes and as a result, schemes like ours must carry out GMP equalisation.

How can GMP equalisation be achieved in respect of future benefits?

In summary, the UK High Court approved two different approaches to equalising future benefits. One approach, involves the ongoing monitoring of the member's own benefits against the benefits they would have received between 17 May 1990 and 5 April 1997, had they been the opposite sex.

The other approach allowed under UK law allows the Scheme Trustee, with the consent of the Company, to do something known as GMP conversion.

What is GMP conversion?

GMP conversion involves a one-off adjustment to benefits, by replacing any GMP benefits with other non-GMP benefits in the Scheme. This adjustment can then account for and remove the sex-based differences in pension benefits arising as a result of GMP built up between 1990 and 1997. This process is called 'GMP conversion'. It removes the requirement for ongoing monitoring of the member's own benefits against a member of the opposite sex and potentially simplifies the future administration of the Scheme, as the rules relating to GMP can be complex (and can restrict how certain Scheme benefits are taken).

What is required for GMP conversion?

The key legal requirements for GMP conversion are that:

- pensions in payment at the date of GMP conversion cannot decrease,
- the value of the pension after the GMP conversion date must be at least the same as the value of the pension before the GMP conversion date (based on assumptions about the future, such as life expectancy, and guidance from our advisers),
- the Scheme Trustee must take all reasonable steps to consult with affected members, and
- the Company gives its consent.

Is it legal to change benefits in this way?

Yes, the Pension Schemes Act 1993 allows GMP conversion. The 2018 High Court ruling confirmed that achieving GMP equalisation as part of a GMP conversion exercise is lawful.

What is the Company's view?

GMP conversion requires Company consent, and the Company has confirmed it supports converting GMP into non-GMP pension.

Could GMP conversion not proceed as planned?

Yes. In the event this occurs, you would be informed of this outcome.

I am not yet receiving my pension. Should I have received this guide?

Members who are in receipt of a pension or who are aged over 75 should have received this booklet. If you have received this guide and you are under 75 and are not in receipt of a pension please contact Capita using the contact details on page 4.

Will the amount of my pension in payment change as a result of GMP equalisation and/or conversion?

Your total pension in payment will remain the same or increase. If you are in scope for GMP equalisation, there may also be a one-time small payment to make up the shortfall in past payments you would have received if you had been the opposite sex.

We'll send you a personalised statement to confirm your new pension whether it changes or not.

Will this change how much my pension goes up by every year?

Yes, your future pension increases could change as a result of GMP conversion. However, once in payment, most members' total pension is expected to increase at a similar rate to that which would have been applied pre-conversion.

Are all members affected?

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

What if I'm receiving a widow's, widower's, civil partner's or dependant's pension?

We'll look to check your pension in the same way as for pensioners, although the starting point is to reassess how GMP equalisation would have affected the pension of the original member and therefore your pension. Your pension will not reduce.

If any additional pension or one-off back payments are due, we'll send you a statement to confirm this.

Why now?

Like most UK pension arrangements with GMPs that need equalising, we've been considering the approach to GMP equalisation since a ruling by the UK High Court in 2018.

The process to review and adjust pension benefits is complex, with many factors involved. We wanted to be clear that the proposed approach was right for the Scheme and for our members. Now we have what we need, we're sharing our plan with you for consultation before any final decision is made to proceed with GMP conversion.



This booklet outlines the proposals for GMP equalisation and conversion. It's intended for consultation only and is not legally binding, nor does it create any benefit entitlement. The provisions governing the Scheme are set out in the Scheme's Trust Deed and Rules, which override this guide. The benefits provided by the Scheme are subject to HM Revenue & Customs' rules.

Neither the Scheme Trustee nor its advisers are able to provide you with financial advice. Nothing in this document or accompanying materials is intended to be or should be considered financial advice.

What conversion may look like

There are two examples below. The first shows an example member with no adjustment due to GMP equalisation and the second shows an example member with adjusted pension benefits following GMP equalisation and conversion.

Example 1:



Jan has GMP, which will not be adjusted due to GMP equalisation, but it will be converted into non-GMP pension.


£8,000
Per year

Jan receives a pension of £8,000 a year which is made up of different elements of pension. Some of these elements increase each year and some don't. Having checked that Jan isn't expected to have any differences in her 17 May 1990 to 5 April 1997 pension arising from the GMP equalisation, Jan gets the same amount of pension and there's no change in the split across the elements and no change to how the different elements of her pension are increased.

Jan's current pre-conversion pension includes the following parts:	Before GMP conversion	Jan's post-conversion pension includes the following parts:	After GMP conversion
Pre 6 April 1988 GMP	£500	Pre 6 April 1997 Pension 1	£500
Post 5 April 1988 GMP	£800	Pre 6 April 1997 Pension 2	£800
Pre 6 April 1997 non-GMP pension	£3,500	Pre 6 April 1997 Pension 3	£3,500
Pension built up from 6 April 1997 to 5 April 2005	£2,000	Pension built up from 6 April 1997 to 5 April 2005	£2,000
Pension built up from 6 April 2005 to 5 April 2009	£1,000	Pension built up from 6 April 2005 to 5 April 2009	£1,000
Pension built up after 5 April 2009	£200	Pension built up after 5 April 2009	£200
Total pension	£8,000	Total pension	£8,000

Remember, the parts of your pension and pension increases may differ to this example.

Example 2:



Jay has GMP, which will be adjusted due to GMP equalisation and will then be converted into non-GMP pension.



£8,000
Per year

Jay receives a pension of £8,000 a year which is made up of different elements of pension. Some of these elements increase each year and some don't. A check reveals that Jay would receive slightly higher 17 May 1990 – 5 April 1997 GMP had he been of the opposite sex, so Jay's pension is increased and there's an adjustment in how his pension could increase in future.

Jay's current pre-conversion pension includes the following parts:	Before GMP conversion	Jay's post-conversion pension includes the following parts:	After GMP conversion
Pre 6 April 1988 GMP	£500	Pre 6 April 1997 Pension 1*	£519
Post 5 April 1988 GMP	£800	Pre 6 April 1997 Pension 2*	£800
Pre 6 April 1997 non-GMP pension	£3,500	Pre 6 April 1997 Pension 3*	£3,517
Pension built up from 6 April 1997 to 5 April 2005	£2,000	Pension built up from 6 April 1997 to 5 April 2005	£2,000
Pension built up from 6 April 2005 to 5 April 2009	£1,000	Pension built up from 6 April 2005 to 5 April 2009	£1,000
Pension built up after 5 April 2009	£200	Pension built up after 5 April 2009	£200
Total pension	£8,000	Total pension	£8,036

*Any of the tranches of pension built up before 6 April 1997 may change more significantly than shown in this example.

Remember, the parts of your pension and pension increases may differ to this example.