

Title: How to Satisfy a GMP

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Employers who are wishing to economise on HIC
Must so adapt their Pension Scheme that it provides a GMP
The structure may be complex so allow for some resulting- time
It may be quite expensive as you pay for the consulting time
A Notice of Intention to Contract Out you must publicise
To give your staff the chance to question, study or to criticise
Your recognised trade unions you consult in tones avuncular
The time scale can be shortened but the Regs are rather unclear
The consultation process may prove slightly adversarial
so you may need some legal help or sometimes actuarial
Election to Contract Out is submitted to the OPB
And that's the really simple way you satisfy a GMP

You ascertain each earner's pay, from which deduct the LEL
And then ignore those earnings which in fact exceed the UEL
You keep a note of this amount, recalculating annually
And then uplift it yearly in accordance with the NAE
The structure was intended for such absence as maternity
But now to get full pension you must work on to eternity
To calculate the pension first select the richest twenty years
But then they changed the basis - and it brings you pretty close to tears
Transitional provisions stretch the multiplier far away
And soon to get full pension takes from 16 up to SPA
Revaluing "band earnings" is as easy as your ABC
And that's the really simple way you satisfy a GMP

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When early leavers leave a Scheme which is providing GMPs
You can discharge the benefit by forking out on SSPs
Revaluation in deferment can be done by anyone
There's straight line and there's LRP and then there's Section 21.
Of these three bases those Trustees who're watching every buck and cent
Prefer to have the certainty revaluing at 7%.
The Rules on transfers to PPs can give some people sleepless nights
The GMP' component is converted to "protected rights"
When merging schemes without consent you'll find
there's an exception case,
You can't thereafter change the first deferred revaluation base
A TV to a COSR Scheme's accomplished easily
And that's the really simple way you satisfy a GMP

And when you reach State Pension Age no need to tax your noddle oh
The calculation of a GMP is quite a doddle oh
The Trustees may have made their calculations pretty carefully
But all the same it's double-checked by those at the COEG
The post-retirement increases can leave your mind in quite a state
You have to split accrual into 'fore and after '88.
The earlier component is augmented by the DSS
The later by the Scheme Trustees - the system's really quite a mess
You can't commute a GMP; and when the teardrops fill her eye
Your spouse inherits half your GMP when you should come to die
The structure - is a paradigm of practical simplicity
And that's the really simple way you satisfy a GMP.

the end - if only