

# Early Retirement, Late Retirement and Cash Commutation Factor Changes with effect from 1 April 2013

## Former members of the Thomson Retirement Benefits Scheme who were previously members of the Redifon Pension Scheme

Some factors used in the calculation of certain retirement benefit options are changing. The changes apply from 1 April 2013. The basic pension formula is unchanged and remains as set out in the current Members' Booklet.

Any benefit illustration provided on or after 1 March 2013 will allow for these changes where applicable.

If you received an illustration prepared before 1 March 2013 in respect of retirement on or after 1 April 2013, it did not allow for these changes but, if the illustrated benefits are brought into payment, they will adjusted to reflect the changes.

### **Benefits in respect of service after 31 December 2007**

These benefits are built up on a career average revalued earnings (CARE) basis. The factors used for CARE benefits are not changing, being set out in the Scheme Rules.

### **Benefits in respect of service before 1 January 2008**

The factors applied on **early retirement** are not changing.

The factors applied on **late retirement** to the pension at normal retirement date are changing. Examples of the new factors (compared to the current factors) are set out below:

Years Late	New Factor (Increase)	Current Factor (Increase)
1	<b>7.50%</b>	8% plus pension increases*
2	<b>15.56%</b>	16% plus pension increases*
3	<b>24.23%</b>	24% plus pension increases*
4	<b>33.55%</b>	32% plus pension increases*
5	<b>43.56%</b>	40% plus pension increases*

\* The current factors are applied to the pension at normal retirement date increased to the date of late retirement by applying the pension increases which would have been awarded if the pension had come into payment at normal retirement age. These increases will no longer apply and the new factors will be applied to the pension at normal retirement date. For example, currently, if a pension at normal retirement date of £10,000 p.a. would have increased to £10,500 p.a. at late retirement two years later, the pension payable would be £12,180 p.a. (£10,500 p.a. increased by 16%). Using the new factors, the pension would be £11,556 p.a. (£10,000 p.a. increased by 15.56%).

The **commutation factors** used to convert pension to cash where members choose to take part of their retirement pension as a tax free cash lump sum are changing. Examples of the new factors (compared to the current factors) are set out below:

Age at Retirement	Commutation Factor (Cash per £1 p.a. of Pension given up)			
	1 July 1995 to 31 December 2007 Benefits		Pre 1 July 1995 Benefits	
	New	Current	New	Current
55	<b>19.10</b>	14.432	<b>18.70</b>	11.833
56	<b>18.62</b>	14.116	<b>18.24</b>	11.627
57	<b>18.14</b>	13.799	<b>17.78</b>	11.417
58	<b>17.66</b>	13.481	<b>17.32</b>	11.206
59	<b>17.18</b>	13.164	<b>16.86</b>	10.992
60	<b>16.70</b>	12.844	<b>16.40</b>	10.774
61	<b>16.22</b>	12.456	<b>15.94</b>	10.506
62	<b>15.74</b>	12.068	<b>15.48</b>	10.235
63	<b>15.26</b>	11.68	<b>15.02</b>	9.962
64	<b>14.78</b>	11.295	<b>14.56</b>	9.686
65	<b>14.30</b>	10.912	<b>14.10</b>	9.41

**The above factors are not guaranteed and are potentially subject to review and amendment by the Trustee from time to time and without notice.**