

## **Invensys Pension Scheme (IPS): Notice to Pensioners**

### **(A) Annual increase to pensions in payment**

Accompanying this Notice is a Payment Advice Slip which shows your new rate of pension as per the Rules of the IPS.

For the majority, IPS payments are increased by reference to the rise in the Retail Prices Index (RPI) over the period December to December, with a minimum of 3% per annum and a maximum of 5% per annum. The reported annual rise in the RPI to December 2009 was 2.4% so the minimum increase of 3% applies, but not necessarily on the whole of your pension or in all cases, the exceptions being:

- (i) IPS joiners after 5 April 2000: 2.4% on the total pension.
- (ii) Post 5 April 2006 IPS earned pension: 2.4% (with pre 6 April 2006 guarantees applying).
- (iii) Guaranteed Minimum Pension (GMP) earned between 6 April 1978 and 5 April 1988: no increase if over State pension age (please see note 1 below).
- (iv) GMP earned between 6 April 1988 and 5 April 1997: no increase (please see note 2 below).
- (v) Electricity Supply Pension Scheme (ESPS): no increase (please see note 3 below).

Certain other classes of pensioners may have further guarantees which must be tested as a result of scheme merger promises. In accordance with the Rules, these members will have had the appropriate increase applied.

#### **Notes**

1. As a member (or beneficiary) of the IPS you were generally “contracted-out” of the State Earnings Related Pension Scheme (SERPS). This means that whilst a member of the IPS a lower rate of employee National Insurance contributions were paid. In return, the IPS had to provide a GMP which roughly equates with the amount which would have been earned under SERPS. Once a member has reached State pension age only the element of IPS pension in excess of the GMP receives the guaranteed increases as described above. Any increase on the GMP element is the responsibility of the Government payable through your State pension. As the reported annual rise in RPI to September 2009 (the statutory measurement period) was a minus figure, no increase can be applied (but no decrease either).
2. If contracted-out between 6 April 1988 and 5 April 1997 the IPS is responsible for increasing the GMP earned over this period by the rise in RPI capped at 3% per annum under statutory orders issued by Government. As the reported annual rise in RPI to September 2009 (the statutory measurement period) was a minus figure, no increase can be applied (but no decrease either).
3. A similar methodology applies to ESPS members as in 2. above. Pensions for these members are increased in line with the rise in RPI capped at 5%. As the reported annual rise in RPI to September 2009 (the prescribed measurement period) was a minus figure, no increase nor decrease can be applied this year.

Any questions relating to GMP entitlements should always be directed to your local Department for Work and Pensions (DWP) office and not Invensys Pensions as we have no access to your National Insurance records and can only act upon information provided to us by the DWP.

**(B) Tax codes**

You may be aware from the news that HMRC have issued thousands of incorrect tax codes to workers and pensioners this year. Your tax code contains two pieces of information: a number showing how much you can earn before paying tax and a letter that shows your tax status. It is this information which may be incorrect. Also, if you have pensions which are not shown on the coding notice or pensions which do not have their own coding notice, it is likely your tax code will be wrong. If any items which you do not have are shown on your coding notice, it may also be wrong.

There is now an independent and free tax advice service for older people on low incomes who cannot afford to pay for professional advice. The organisation "Tax Help for Older People" runs regular advice surgeries all over the country and you can contact them for help and advice on:

0845 601 3321 or [www.taxvol.org.uk](http://www.taxvol.org.uk)

Alternatively, if you are concerned about your coding notice, please contact HMRC on 0845 302 1456, quoting PAYE reference 504/8560 and your National Insurance number.

**(C) Tax return P60**

Your annual P60 will be posted to you with another Payment Advice Slip at the end of April. In order to significantly reduce postage costs we have devised a method of combining the two documents and mailing together in a plain, opaque window envelope with no IPS logo to identify it for security reasons. Please, therefore, do not assume that it is merely a circular and throw it away, as the P60 is important and must be retained for tax purposes.

**(D) Communications with Invensys Pensions**

In all communications (remembering that we cannot take change of address or banking details over the telephone or via email as written, signed confirmation is required) please quote your Reference Number as shown on the Payment Advice Slip.

Payroll Manager  
Invensys Pensions  
Higham House  
New Bridge Street West  
Newcastle upon Tyne  
NE1 8AN

Telephone: 0191 206 1035  
Local rate: 0845 300 0549  
Fax: 0191 206 1011