

Pension Increase 2023

Annual Increase to Pensions in Payment 2023

Most pensioners receive a standard increase on 1 April each year. For the majority of benefits the amount of the increase is calculated by looking at the annual rise in the Retail Prices Index (RPI) in the 12 months to December. In line with the Scheme's rules, the minimum increase that could be applied is 3% and the maximum is 5%.

This year, the annual rise in the RPI to December 2022 is 13.4% so the increase that will apply to most pensions in payment on 1 April 2023 is 5%.

At times of higher inflation, it is important for you to understand how your pension income will be affected. For most scheme pensioners, the maximum increase allowed under the Scheme rules is 5%. This applies even when inflation is higher than 5% and has always been the case. However, it is also important to note that the minimum increase is set at 3% for the majority of pensioners which means you can rely on your Scheme pension to benefit from a guaranteed increase, even in times of lower inflation.

If you opted for the Pension Increase Exchange (PIE) offer, you chose to surrender some or all of your future pension increases in exchange for a higher immediate pension. There is no minimum increase if you chose PIE; instead, your increase is calculated using the actual rate of inflation capped at 2.5% or 5%. Details of how this works can be found below.

Some pensions are increased differently, depending on the section of the Scheme to which the member belonged:

- Pension for members who joined after 5 April 2000 receives an increase of 5%.
- Pension earned after 5 April 2006 receives an increase of 3%.
- Guaranteed Minimum Pension (GMP) earned between 6 April 1978 and 5 April 1988 is increased by the State and paid as part of the State Pension, not by the Scheme.
- GMP earned between 6 April 1988 and 5 April 1997 is increased for most members by 3% - the annual increase in the Consumer Price Index (CPI) to September 2022, capped at 3%.
- GMP earned between 6 April 1988 and 5 April 1997 is increased for members of certain categories identified in the 2012 review of the Scheme's rules by 3% - this is the annual increase in the RPI to September 2022, capped at 3%.
- Pension earned by previous members of the Electricity Supply Pension Scheme (ESPS) will receive 5%.
- Pension earned before 6 April 1997 under the Pension Increase Exchange (PIE) option will not receive an increase.
- Pension earned between 6 April 1997 and 5 April 2006 under the PIE option will receive an increase of 5% – CPI 12 months to December 2022, capped at 5%.
- Pension earned after 5 April 2006 under PIE option will receive an increase of 2.5% - CPI 12 months to December 2022, capped at 2.5%.

Some sub-sections of the scheme have further guarantees that were agreed at the time the former schemes were merged with the Scheme. In accordance with the rules, these members will have the appropriate increase applied.