

UPDATED TRUSTEE MESSAGE ON GMP COURT CASE

For members of the Lloyds Bank Pension Scheme No 1, Lloyds Bank Pension Scheme No 2, HBOS Final Salary Pension Scheme

Lloyds Banking Group Pensions Trustees Limited (the Trustee), trustee of the Lloyds Bank Pension Scheme No.1, Lloyds Bank Pension Scheme No.2 and HBOS Final Salary Pension Scheme, has now started proceedings in the High Court in relation to the complex question of GMP equalisation. The Trustee is seeking directions from the court in relation to two broad questions:

- 1 Is the Trustee required to equalise its schemes for the effect of GMPs; and
- 2 If so, how should such equalisation be achieved?

For a number of years, UK pension schemes have been grappling with the issue of whether, and if so how, scheme benefits should be equalised for the effect of unequal GMPs. The proceedings are therefore likely to be of significant interest to all occupational pension schemes who were contracted out of SERPS between 17 May 1990 and 6 April 1997. The hearing is scheduled to commence in July 2018, and is expected to last for 12 days. The Court's decision is not expected to be known immediately after the end of the hearing, but should be available within a few months of the end date.

What is the Court case about?

The case concerns the industry-wide issue which relates to a part of the Schemes' benefits (called Guaranteed Minimum Pensions) which, as a result of statutory rules, is calculated differently for men and women.

The issue has been raised by some members of the Schemes (supported by their trade union, Affinity) who believe that the Trustee should provide extra benefits to even out the differences. We have decided to ask the High Court whether the benefits do need to be changed, and if so how to do this. This is a complex and uncertain issue that affects lots of pension schemes in the UK, and so it is important to get the Court's view.

How does this affect you?

You do not need to take any action. If the Court decides that benefits do need to be changed, we will let you know. We would automatically apply any changes that are needed to all the affected members of the Schemes. The value of any benefits that you have already earned will not be reduced.

We have appointed some members to act as representatives of all the members of the Schemes. They will have their own legal advisers and will make sure that the interests of all members are represented in Court. The Bank will also be involved and will be able to put its views to the Court.