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Co-author – Rod Marshall, New Bridge Street Consultants

We think the pensions industry needs to do some expectations management over the next couple of months, and thereby avoid yet more embarrassing headlines.

There's going to be quite a drop in Minimum Funding Requirement (MFR) transfer values next April (which will affect divorce settlement values as well), when the Guaranteed Minimum Pension (GMP) Fixed revaluation rate changes (for which you can't blame the industry, it's a Government Actuary recommendation).

GMPs will fall as a result, and therefore so will transfer values. For example, for someone leaving after 5 April 2002, with 20 years from retirement, their Protected Rights GMP value will drop by 30%! (On the plus side, reported MFR funding levels will improve significantly as well, so that will ease the pressure on some schemes. This will apply for all active members' benefits after 5 April.)

Might it be worth making people aware of this change before it happens?

Simon Jagger
Director & Actuary