

## Ersatz Pension Scheme

### Benefits Specification

#### Section 1 General scheme details Pensioners Deferreds

##### 1.1 Contracted -out

Post 5 April 1997 basis Yes

##### Reference Scheme Test

1.1.1 Date commenced contracting out 5 April 1978

1.1.2 Date ceased contracting out 4 April 2016

##### 1.2 Equalisation date Section A members

Not applicable – Normal Pension Ages have  
always been equal for males and females

##### Former Section B Members

1 October 1994

1.3 Sponsor Name: Ersatz Superiority Ltd

1.4 Status: Closed to new members

#### Section 2 Pensioners Deferreds

##### General

2.1.1 Normal Pension Age Section A members

60, but (if date of leaving pensionable service is  
after 31 December 2008) Post 2007 Scale

Pension reduced by insurer early retirement

factors to take account of payment before New

Pension Age.

#### Section A Active Deferred Members

Active Deferred members may, while continuing in the employment of the Sponsor, elect to take only their Pre 2008 Scale Pension at 60 and defer payment of their Post 2007 Scale Pension.

#### Former Section B Members

65 (60 for females who left before 1 October 1994)

2.1.2 Frequency of payment Monthly Monthly

2.1.3 Day of payment 18th of each month (or the preceding business day if the 18th is not a business day). 18th of each month (or the preceding business day if the 18th is not a business day).

2.1.4 In advance or in arrears Payment covers whole calendar month so part in advance and part in arrears Payment covers whole calendar month so part in advance and part in arrears

2.1.5 Proportionate payment following death of the member The monthly payment made prior to the date of death will not be reclaimed for the period from the date of death to the end of the month The monthly payment made prior to the date of death will not be reclaimed for the period from the date of death to the end of the month

#### 2.2 Revaluation

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### 2.2.1 GMP Section A members (below GMP Age)

Pre 6 April 1997 leavers:

Fixed Rate GMP revaluation based on the date  
of leaving contracted out service

Post 5 April 1997 Leavers:

Section 148 Orders GMP revaluation based on  
the date of leaving contracted out service

Former Section B Members (below GMP Age)

Fixed Rate GMP revaluation based on the date  
of leaving contracted out service Section A members

Pre 6 April 1997 leavers:

Fixed Rate GMP revaluation based on the date  
of leaving contracted out service

Post 5 April 1997 Leavers:

Section 148 Orders GMP revaluation based on  
the date of leaving contracted out service

Former Section B Members

Fixed Rate GMP revaluation based on the date  
of leaving contracted out service

### 2.2.2 Excess over GMP N/A Section A members

Excess Pension increased in line with PSA 1993 -  
Statutory revaluation orders of CPI (0,5) for pre  
6 April 2009 service and CPI (0,2.5) for post 5  
April 2009 service based on complete years

from date of leaving to date of retirement

Former Section B Members

Excess increased at fixed 5%

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2.3 Increase Rates

2.3.1 Pre 6 April 1988 GMP

(All members) None None

2.3.2 Post 5 April 1988 GMP

(All members) CPI subject to a minimum increase of 0% and a maximum increase of 3% each year CPI subject to a minimum increase of 0% and a maximum increase of 3% each year

2.3.3 Pre 6 April 1997 pension in excess of GMP

(Section A members) CPI subject to a minimum increase of 0% and a maximum increase of 2.5% each year CPI subject to a minimum increase of 0% and a maximum increase of 2.5% each year

2.3.4 Pre 21 July 1997 pension in excess of GMP

(Former Section B Members) Fixed 5% per annum Fixed 3% per annum

2.3.5 Post 5 April 1997 pre 1 January 2008 pension

(Section A members) RPI subject to a minimum increase of 0% and a maximum increase of 5% each year RPI subject to a minimum increase of 0% and a maximum increase of 5% each year

2.3.6 Post 20 July 1997 pre 6 April 2005 pension

(Former Section B Members) CPI subject to a minimum increase of 0% and a maximum increase of 5% each year CPI subject to a minimum increase of 0% and a maximum increase of 5% each year

#### 2.3.7 Post 5 April 2005 pension

(Former Section B Members) CPI subject to a minimum increase of 0% and a maximum increase of 2.5% each year CPI subject to a minimum increase of 0% and a maximum increase of 2.5% each year

#### 2.3.8 Post 31 December 2007 pension

(Section A members) RPI subject to a minimum increase of 0% and a maximum increase of 2.5% each year RPI subject to a minimum increase of 0% and a maximum increase of 2.5% each year

#### 2.3.9 Non -escalating pension

(All members) None None

#### 2.3.10 SUPPs

(Section A members) RPI subject to a minimum increase of 0% and a maximum increase of 5% each year RPI subject to a minimum increase of 0% and a maximum increase of 5% each year

### 2.4 Increase Terms

#### 2.4.1 Annual increase effective date 1st March

On each pension increase date and for each tranche of pension (including GMP), the relevant pension increase is applied to the annual amount in payment and then each pension element is rounded up so that each element is divisible by 12 1st March

On each pension increase date and for each

tranche of pension (including GMP), the relevant pension increase is applied to the annual amount in payment and then each pension element is rounded up so that each element is divisible by 12

#### 2.4.2 First increase following retirement

proportionate for members' pensions? Non GMP: Yes based on complete months

GMP: No Non GMP: Yes based on complete months

GMP: No

#### 2.4.3 Increases given on members' GMP pensions

before GMP Age (GMPA) Prior to GMPA, all pension is treated as non -

GMP and receives increases accordingly on the

pre-97 element of pension Prior to GMPA, all pension is treated as non -

GMP and receives increases accordingly on the

pre-97 element of pension

#### 2.4.4 Step up at GMPA, where retirement occurred

before GMPA There will be no change to the total pension at

GMPA (except as below). The non -GMP part of

the pension will be reduced by an amount

equal to the GMP coming into payment. There will be no change to the total pension at

GMPA (except as below). The non -GMP part of

the pension will be reduced by an amount

equal to the GMP coming into payment.

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For Section A members there will be a minimum pre 6 April 1997 pension payable at GMP Age (GMPA) of revalued GMP.

For former Section B members there will be a minimum pre 6 April 1997 pension payable at GMP Age (GMPA) of revalued GMP.

Any applicable increase in pension will apply from the payment made that covers the date the member reaches GMP Age. The first payment is not proportionate (i.e. it will not reflect any partial month between GMP Age and the next pension payment date and will be equal to one-twelfth of the required increase in the annual pension) For Section A members there will be a minimum pre 6 April 1997 pension payable at GMP Age (GMPA) of revalued GMP.

For former Section B members there will be a minimum pre 6 April 1997 pension payable at GMP Age (GMPA) of revalued GMP.

Any applicable increase in pension will apply from the payment made that covers the date the member reaches GMP Age. The first payment is not proportionate (i.e. it will not reflect any partial month between GMP Age and the next pension payment date and will be

equal to one -twelfth of the required increase in the annual pension)

2.4.5 Reference period for calculating increases related to RPI/CPI Section A members

Non GMP: Year to end of November in previous calendar year, to 1 decimal place

GMP: Year to end of September in previous calendar year, to 1 decimal place

Former Section B Members

Year to end of September in previous calendar year, to 1 decimal place Section A members

Non GMP: Year to end of November in previous calendar year, to 1 decimal place

GMP: Year to end of September in previous calendar year, to 1 decimal place

Former Section B Members

Year to end of September in previous calendar year, to 1 decimal place

2.4.6 Are pensions reduced if RPI/CPI reduces over the reference period? No No

2.5 Pension Guarantee – Death after retirement

2.5.1 Guarantee period 5 years from the commencement of pension 5 years from the commencement of pension

Section A Active Deferred Members

If an Active Deferred Member who has made the election described in 2.1.1 above dies



within 5 years of pre -2008 Scale Pension

starting, a lump sum is payable equal to:

(a) the Pre 2008 Scale Pension that

would have been payable during

the balance of the 5 years since

the pension started, at the rate

payable on death; AND .

(b) refund of voluntary fund; AND

(c) 5 times the annual Post 2007

Scale Pension the member would

have been entitled to if started

immediately before death

reduced or increased (as

applicable) in accordance with

2.13.3 below.

2.5.2 Lump sum paid or continuation of full pension

for remainder of guarantee period Lump sum unless prohibited by legislation – on

Discretionary Trusts Lump sum unless prohibited by legislation – on

Discretionary Trusts

2.5.3 Lump sum discounted or undiscounted Undiscounted Undiscounted

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2.5.4 Pension increases allowed for in calculation of

lump sum No No

2.5.5 Do any spouses'/adult dependants' pensions

start immediately or at the end of the

guarantee period? Immediately Immediately

2.6 Spouses' and Adult Dependants' Pensions – Payment Terms

2.6.1 Eligibility for spouses' benefits Payable to legal spouse or civil partner at date

of death Payable to legal spouse or civil partner at date

of death

2.6.2 Minimum length of marriage at death to be

eligible None None

2.6.3 Eligibility for adult dependants' pensions If no legal spouse or civil partner then to a

person who was financially dependent on the

member or the person's financial relationship

with the member was one of mutual

dependence.

For the avoidance of doubt, this definition shall

exclude any children of the member. If no legal spouse or civil partner then to a

person who was financially dependent on the

member or the person's financial relationship

with the member was one of mutual

dependence.

For the avoidance of doubt, this definition shall

exclude any children of the member.

2.6.4 Benefit ceases on remarriage of spouse No – payable until death No – payable until death

2.6.5 Reduction to benefits for young spouses or

adult dependants Section A members

A reduction of 2% p.a. will be applied where the spouse is more than 10 years younger than the member. The reduction will be applied for each complete year that the difference exceeds 10 years.

Former Section B Members

Pre 6 April 1997 leavers:

A reduction of 1.5% p.a. will be applied where the spouse is more than 9 years and 1 day younger than the member. The reduction will be applied for each complete year that the difference exceeds 9 years and 1 day.

Post 5 April 1997 Leavers:

A reduction of 1.5% p.a. will be applied where the spouse is more than 10 years younger than the member. The reduction will be applied for each complete year that the difference exceeds 10 years. Section A members

A reduction of 2% p.a. will be applied where the spouse is more than 10 years younger than the member. The reduction will be applied for each complete year that the difference exceeds 10 years.

Does not apply to any spouse who was a spouse of a Member on 5 April 1988 and remained so

until the death of the Member

Former Section B Members

Pre 6 April 1997 leavers:

A reduction of 1.5% p.a. will be applied where the spouse is more than 9 years and 1 day younger than the member. The reduction will be applied for each complete year that the difference exceeds 9 years and 1 day.

Post 5 April 1997 Leavers:

A reduction of 1.5% p.a. will be applied where the spouse is more than 10 years younger than the member. The reduction will be applied for each complete year that the difference exceeds 10 years.

2.6.6 Date of entitlement 1st day of the month following the member's death 1st day of the month following the member's death

2.6.7 Date of first payment On the first day of payment (as defined in 2.1.2 above) in the month following the member's death On the first day of payment (as defined in 2.1.2 above) in the month following the member's death

2.6.8 Proportionate first payment No. Full calendar month's pension payable on the same basis as Section 2.1.4 above No. Full calendar month's pension payable on the same basis as Section 2.1.4 above

2.6.9 Frequency Monthly Monthly

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##### 2.6.10 First increase proportionate for spouses'/adult

dependants' pensions following death of

member? No No

#### 2.7 Spouses' and Adult Dependants' Pensions - Death after retirement – Amounts

##### 2.7.1 Spouses'/adult dependants' pensions Section A members

Half of pensioner's pension (pre commutation)

Former Section B Members

Two -thirds of pensioner's pension Section A members

Half of pensioner's pension (pre commutation)

#### Section A Active Deferred Members

If an Active Deferred Member who has made

the election described in 2.1.1 dies:

(a) Half of the member's pre

commutation Pre 2008 Scale

Pension; plus

(b) Half of the Post 2007 Scale

Pension the member would have

been entitled to if started

immediately before death

reduced or increased (as

applicable) in accordance with

2.13.3 below.

## Former Section B Members

Two-thirds of pensioner's pension

2.7.2 Increases in payment As Section 2.4 above As Section 2.4 above

## 2.8 Children's Pensions - Death after retirement

2.8.1 Eligibility for children's pensions A child of the member, payable on death of member A child of the member, payable on death of member

2.8.2 Cessation age for children's pensions Age 18, or up to age 23 if in full time education/vocational training, unless the child is a dependant due to disability and insurer decides in discretion that pension may continue. Age 18, or up to age 23 if in full time education/vocational training, unless the child is a dependant due to disability and insurer decides in discretion that pension may continue.

## 2.8.3 Amount of benefit Section A members

If a spouse/adult dependant benefit is payable under 2.6:

An amount equal to 1/3 of the spouses' pension, per child and up to a maximum of 3 children.

If no spouse/adult dependant benefit is payable under 2.6:

An amount equal to 2/3 of the spouses'

pension, per child and up to a maximum of 3 children.

#### Former Section B Members

If a spouse/adult dependant benefit is payable under 2.6: Section A members

If a spouse/adult dependant benefit is payable under 2.6:

An amount equal to  $\frac{1}{3}$  of the spouses' pension, per child and up to a maximum of 3 children.

If no spouse/adult dependant benefit is payable under 2.6:

An amount equal to  $\frac{2}{3}$  of the spouses' pension, per child and up to a maximum of 3 children.

#### Former Section B Members

If a spouse/adult dependant benefit is payable under 2.6:

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An amount equal to  $\frac{1}{4}$  of the spouses' pension, per child and up to a maximum of 4 children.

If no spouse/adult dependant benefit is payable

under 2.6:

An amount equal to 1/2 of the spouses' pension, per child and up to a maximum of 4 children. An amount equal to 1/4 of the spouses' pension, per child and up to a maximum of 4 children.

If no spouse/adult dependant benefit is payable under 2.6:

An amount equal to 1/2 of the spouses' pension, per child and up to a maximum of 4 children.

2.8.2 Increases in payment As Section 2.4 above As Section 2.4 above

2.9 Lump Sum – Death in Deferment

2.9.1 Lump Sum N/A Section A members

Refund of “Voluntary Fund” (effectively AVCs)

Former Section B Members

Refund of member contributions

2.10 Spouses' and Adult Dependents' Pensions – Death in Deferment

2.10.1 Eligibility for spouses' benefits N/A Payable to legal spouse or civil partner at date of death

2.10.2 Minimum length of marriage at death to be eligible N/A None

2.10.3 Eligibility for adult dependants' pensions N/A If no legal spouse or civil partner then to a person who was financially dependent on the member or the person's financial relationship



with the member was one of mutual dependence.

2.10.4 Benefit ceases on remarriage of spouse N/A No – payable until death

2.10.5 Reduction to benefits for young spouses or adult dependants N/A Section A members

A reduction of 2% p.a. will be applied where the spouse is more than 10 years younger than the member. The reduction will be applied for each complete year that the difference exceeds 10 years.

Does not apply to any spouse who was a spouse of a Member on 5 April 1988 and remained so until the death of the Member

Former Section B Members

Pre 6 April 1997 leavers:

A reduction of 1.5% p.a. will be applied where the spouse is more than 9 years and 1 day younger than the member. The reduction will be applied for each complete year that the difference exceeds 9 years and 1 day.

Post 5 April 1997 Leavers:

A reduction of 1.5% p.a. will be applied where the spouse is more than 10 years younger than the member. The reduction will be applied for

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each complete year that the difference exceeds

10 years.

2.10.6 Date of entitlement N/A 1st day of the month following the member's death

2.10.7 Date of first payment N/A On the first day of payment (as defined in 2.1.3 above) in the month following the member's death

2.10.8 Proportionate first payment N/A No. Full calendar month's pension payable on the same basis as Section 2.1.5 above

2.10.9 Frequency N/A Monthly

2.10.10 First increase proportionate for spouses'/adult dependants' pensions following death of member? N/A No

## 2.11 Spouses' and Adult Dependants' Pensions - Death as Deferred Member – Amounts

2.11.1 Spouses'/adult dependants' pensions N/A Section A members

Half of Deferred Member's Prospective Pension

“Prospective Pension” means the pension to which the Deferred Member would have been entitled if it had started immediately before the member's death, including revaluation but:

(a) ignoring any reduction for early payment on the Pre -2008 Scale

Pension; and

(b) reducing or increasing the Post -

2007 Scale Pension as provided in

2.13.3 below.

#### Section A Active Deferred Members

The “Prospective Pension” for a member who dies as an Active Deferred Members is calculated by reference to  $\frac{1}{60} \times n \times \text{fps}$  where: “n” is the member’s pensionable service as if it included the period from cessation of pensionable service to age 60 (up to a maximum of 40) less the period (completed months and years) from 1 October 2018 to the date of death. Prospective service cannot be lower than actual accrued service; and “fps” is the Member’s Final Pensionable Salary calculated as at 30 September 2018 and increased in line with the annual change in CPI (capped at 2.5% p.a.) from 1 October 2018 until date of death.

An Active Deferred Member’s Prospective Pension must not be less than the pension he would have received on retirement on the day immediately preceding his death.

#### Former Section B Members

If after NRD, 2/3rds of pension member would have received at NRD

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Otherwise  $1/160^{\text{th}} \times \text{FPS} \times \text{Contracted -out}$

Service (revalued from date of leaving service  
by 5% fixed)

#### 2.12 Children's Pensions - Death as Deferred Member

2.12.1 Eligibility for children's pensions N/A A child of the member, payable on death of member

2.12.2 Cessation age for children's pensions N/A Age 18 or up to age 23 if in full time education/vocational training, unless the child is a dependant due to disability and insurer decides in discretion that pension may continue.

#### 2.12.3 Amount of benefit N/A Section A members

If a spouse/adult dependant benefit is payable under 2.6:

An amount equal to  $1/3$  of the spouses' pension, per child and up to a maximum of 3 children.

If no spouse/adult dependant benefit is payable under 2.6:

An amount equal to  $2/3$  of the spouses' pension, per child and up to a maximum of 3 children.

#### Former Section B Members

None

## 2.13 Deferred Member Options

### 2.13.1 Early Retirement N/A Section A members

From age 55 but reduced by reference to 60 (for pre -2008 Scale Pension) and New Pension Age (for post 2007 Scale Pension) by insurer early retirement factors.

#### Former Section B Members

From age 50 reduced by insurer early retirement factors. No reduction for female members on pension attributable to pre 1 October 1994 service on retirement at 60. No reduction for male members on pension attributable to service from 17 May 1990 to 1 October 1994 on retirement from age 60.

### 2.13.2 Incapacity Pension N/A Section A members

If insurer is satisfied member's earning capacity is substantially impaired because of a deterioration in health or injury (which impairment appears likely to be permanent) (reduced in same manner as at 2.13.1 above).

#### Section A Active Deferred Members

If the Sponsor is of the opinion that the member is or is likely to become capable of some gainful employment the pre -2008 Scale Pension (revalued in deferment) is unreduced,

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and post 2007 Scale Pension (revalued in deferment) reduced by reference to the Longevity Adjustment Factor.

If the Sponsor is of the opinion that the member is not capable, and likely never will be, of gainful employment the pension is calculated by reference to  $1/60 \times n \times fps$  where:

“n” is the member’s pensionable service as if it included the period from cessation of pensionable service to age 60 (up to a maximum of 40) less the period (completed months and years) from 1 October 2018 to the date on which the incapacity pension comes into payment. Prospective service cannot be lower than actual accrued service; and  
“fps” is the Member’s Final Pensionable Salary calculated as at 30 September 2018 and increased in line with the annual change in CPI (capped at 2.5% p.a.) from 1 October 2018 until date of ill -health retirement.

For this purpose, “Incapacity” means (subject to the requirements of the Finance Act 2004)

permanent (meaning a duration which in the opinion of the Sponsor will be for the foreseeable future) mental or physical illness or disability from which, in the opinion of the Sponsor, the member is not likely to recover, and which is of such a nature as to make it impossible for the Member adequately to perform the duties of his employment or those of any other employment at a reasonably comparable basic salary.

#### Former Section B Members

If insurer is satisfied suffering from physical or mental deterioration which is sufficiently serious to prevent a Member from following his normal occupation or which has seriously impaired his earning capacity (reduced as at 2.13.1 above)

#### 2.13.3 Late Retirement N/A Section A members

Member can take pension after Normal Pension

Age (age 60) but adjusted as follows:

- Pre 2008 Scale Pension increased to take account of payment after age 60
- Post 2007 Scale Pension reduced to take account of payment before New Pension Age or increased if paid after New Pension Age

Increase or reduction by reference to insurer's factors.

Former Section B Members

Member can take pension after Normal Pension

Age increased by reference to insurer late retirement factors to take account of payment after Normal Pension Age

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2.13.4 Pension Commencement Lump Sum N/A Excess over GMP up to maximum permitted

under Finance Act 2004 calculated using insurer commutation factors

Glossary

“Child ”

a) any natural child (including one already conceived but not yet born at the member's death), stepchild or adopted child;

c) any other child who was financially dependent on the member when the member died; or

d) any other child in respect of whom the Member stood in loco parentis when the member died.

“Longevity Adjustment Factor” means an early retirement reduction to reflect payment of Post 2007 Scale Pension before New Pension Age.

“New Pension Age” means age 61 or such other age as may be determined in accordance with clause 5.1.1 of the Policy.



“Pre 2008 Scale Pension” means that part of the pension accrued before 1 January 2008;

“Post 2007 Scale Pension” means that part of the pension accrued on or after 1 January 2008