



# Revaluation of your deferred pension

Information for members of the Rolls-Royce Group Pension Scheme section

## How revaluation works

Your deferred pension is revalued using a method called Statutory Revaluation. This is published by the Government each year and aims to stop the value of your pension being reduced by inflation.

Additionally, we check the result of this increase against the increases we give to members who are receiving their retirement pensions (pension in payment increases).

Your pension is automatically revalued by the method that produces the best increase for you.

In addition, if any part of your membership was between 6 April 1978 and 5 April 1997, it's likely you'll have an element of pension known as Guaranteed Minimum Pension (GMP). This is revalued differently.



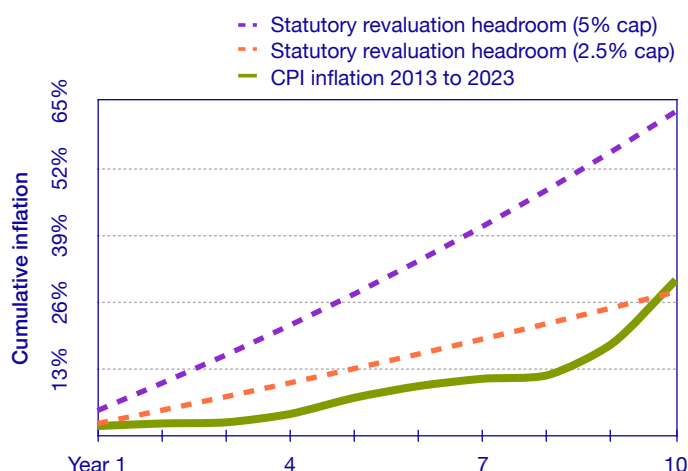
## Statutory Revaluation applied to deferred pension in excess of the GMP

Statutory Revaluation doesn't provide unlimited protection against inflation. For any pension you earned before 2009, the cap is 5% each year and for pension accrued after 2009 it is 2.5%.

The good news is that these caps are tested over the whole period of your deferment and not by individual year. So whether or not the cap 'bites' or not depends on the level of the cap and the length of your deferment.

If your period of deferment includes years when inflation was low, you may have built up a significant amount of headroom against the cap. That helps when there's a one-off year of high inflation, as there's room for an increase to be applied that's equal or close to the actual inflation rate.

This graph illustrates how it's worked over the 10 years to 2023.



## Pension in payment increases applied to deferred pension in excess of the GMP

This method of revaluation used different caps and looks at different periods of earned pension. The rules are detailed below:

- Pension earned before 6 April 1997 is increased by the Retail Prices Index (RPI) up to a maximum of 3% a year
- Pension earned between 6 April 1997 to 30 June 2005 is increased by RPI up to a maximum of 5% a year
- Pension earned from 1 July 2005, is increased by RPI\* up to a maximum of 2.5% a year

The first increase applied is a proportion of a full year's increase, based on the number of complete months between the date of deferment and the following 1 April.

\* For Managers, this became CPI for pension earned between 1 March and 31 December 2020.

### Increases applied to GMP in deferment

Guaranteed Minimum Pension (GMP) is generally revalued at a fixed rate, regardless of inflation. The fixed rate depends on the date you became a deferred member - here's the full list of rates:

| Date of deferment | 6 April 1978 to 5 April 1988 | 6 April 1988 to 5 April 1993 | 6 April 1993 to 5 April 1997 | 6 April 1997 to 5 April 2002 | 6 April 2002 to 5 April 2007 | 6 April 2007 to 5 April 2012 | 6 April 2012 to 5 April 2017 | 6 April 2017 to 5 April 2022 | 6 April 2022 onwards |
|-------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|----------------------|
| % yearly increase | 8.5%                         | 7.5%                         | 7%                           | 6.25%                        | 4.5%                         | 4%                           | 4.75%                        | 3.5%                         | 3.25%                |

### When are increases in deferment applied?

Statutory Revaluation increases are applied to your non-GMP pension on the anniversary of the date that you became a deferred member. Pension in payment increases are applied in April each year. Remember, you always get the best of these two methods.

GMP increases are applied in April each year.

Our online estimator only includes revaluation to the current year - even if you choose a retirement date for a future year. We do this because future levels of inflation are very difficult to predict and also so you can see what your pension is worth in today's money.

Statutory Revaluation is published by the Government in mid-November each year. Because we allow members to get guaranteed quotes in advance of their retirement date, you may be entitled to a further increase if your guaranteed quote was issued

- before mid-November and;
- for a date in the following year

You can still make your choice based on your guaranteed quote, safe in the knowledge that we'll apply any increase due to you when we start to pay your benefits.

### Is there anything I should be aware of when selecting my retirement date?

When picking a retirement date, we recommend using our online estimator to try a few different retirement dates throughout the year. The reason for this is that most (and in some cases all) of the revaluation of your deferred pension is based on the number of complete years that you've been a deferred member.

That means there can be quite a difference in your retirement estimate depending on whether you choose a retirement date before or after the anniversary of the date you became deferred.

There's no limit to how many estimates you can get online, so make sure you do your research and pick the date that provides you with the best retirement pension.

## Getting help...

If you need any help with your pension, our team are here to help. Drop us a message from your online account or by using the methods below:

Telephone: 01332 333335  
Email: pensions.web@rolls-royce.com

