



CABLE & WIRELESS

Pension increase information

Terms that are underlined are explained in the glossary at the end of this factsheet.

What was the latest increase?

The headline increase payable from 1 April 2009 was 0.9% for those who retired before 1 April 2008. If you retired from active employment with C&W after this date, you'll have received a proportion of the full annual increase. If you're a '1986 member' (a member of the CWSF in 1986 who declined membership of the No.3 Pension Scheme), the headline rate of increase for pension built up before 6 April 1997 was 3%.

How does the trustee decide how much to increase pensions by each year?

CWSF pensions in payment are increased each year to help offset increases in the cost of living, as follows:

- Pension earned on or after 6 April 2006 is guaranteed to be increased each year in line with the rise in the Retail Prices Index (RPI), up to a maximum of 2.5% a year.
- Pension earned before 6 April 2006 is guaranteed to be increased each year in line with the rise in the RPI, up to a maximum of 5% a year.

How is my pension increase worked out?

If you're below Guaranteed Minimum Pension (GMP) Payment Age, the annual increase applies to your full pension, including any GMP.

However, if you're above GMP Payment Age, the increase applies only to that part of your pension above the GMP. In other words, you'll find that the headline rate we announce each year will not apply to the full amount of your CWSF pension.

This doesn't mean that your GMP isn't increased beyond GMP Payment Age - regulations require that it should be - but only part of the GMP increase has to be paid by the CWSF. The government is responsible for paying the balance (if any) of the GMP increase (see the next question).

How is the GMP part of my pension increased?

From GMP Payment Age, the GMP part of your CWSF pension is increased each year. Under the regulations, responsibility for paying the GMP increase is shared by the CWSF and the government, as follows:

- The CWSF is required to pay the first 3% of the annual increase on your GMP earned for service after 6 April 1988. This amount is added to your CWSF pension.
- The government is responsible for paying the balance (if any) of the annual GMP increase (i.e. the full increase on GMP earned before April 1988 and any increase above the 3% paid by the CWSF on GMP earned after April 1988). These increases (if any) are paid directly by the government, along with your State Basic Pension.

Why are CWSF pension increases sometimes different from State pension increases?

There are several versions of the Retail Prices Index which are designed to meet different needs. The version used to calculate the CWSF pension increase each year is the 'All Items' version measured from December to December prior to the April increase date.

The government bases its increases (including the GMP increases referred to above) on a September to September measure. So, in some years the CWSF increase is greater than the State pension increase and in other years it's smaller.

Glossary

CWSF

The Cable & Wireless Superannuation Fund

Guaranteed Minimum Pension (GMP)

GMP is the minimum amount of pension which the CWSF undertakes to pay you for pensionable service completed between April 1978 and April 1997. It's broadly equivalent to the pension you would have received from the State Earnings Related Pension Scheme (SERPS) if the CWSF had not been 'contracted-out' of SERPS.

GMP Payment Age

Age 60 for women, and age 65 for men.

Retail Prices Index (RPI)

The Retail Prices Index (RPI) is the most familiar general purpose domestic measure of inflation in the United Kingdom. It is available continuously from June 1947 and the government uses it for uprating of pensions, benefits and index-linked gilts.

State Pension Age

State Pension Age (SPA) is currently 65 for men and 60 for women. SPA for women will increase gradually from 2010, so that by 2020 it'll be 65.

The increase in SPA won't affect women born on or before 5 April 1950. Women born between 6 April 1950 and 5 April 1955 (inclusive) will have a SPA between 60 and 65. Women born on or after 6 April 1955 and before 6 April 1959 will have a SPA of 65.

SPA for both men and women is to increase from 65 to 68 between 2024 and 2046, with each change phased in over two consecutive years in each decade. The first increase, from 65 to 66, will be phased in between April 2024 and April 2026; the second, from 66 to 67, will be phased in between April 2034 and April 2036; and the third, from 67 to 68, between April 2044 and April 2046.

See what your actual SPA is by using the calculator on the Pension Service website