

From **1 April 2026** there will be a change to some of the factors used in calculating retirement benefits. This change affects how all tax-free lump sums and early retirement pensions are calculated after **1 April 2026**.

### Why are the factors changing?

The Plan Actuary and Trustee regularly review the factors to ensure they are appropriate and reflect:

- **Life expectancy** – the length of time pensions are expected to be paid for.
- **Economic conditions** – changes in interest rates and inflation affect the cost of providing benefits.
- **Fairness between members** – to make sure the Plan treats members consistently and remains sustainable.

The changes are being made following the latest Plan valuation in 2024 (completed in 2025) and are based on current market conditions.

### What is changing and when?

- If you retire before the Plan's normal pension age, your pension will be **lower** than under the current factors.
- If you take a lump sum (at any age), you will receive **less** tax-free cash for each £1 of pension given up.

The new factors will apply from **1 April 2026**.

If your pension starts **before** 1 April 2026

The current factors will apply

If your pension starts **on or after** 1 April 2026

The new factors will apply

The changes that are being made apply to all members.

### How will this affect my pension if I retire before my normal retirement date?

If you retire before your normal retirement age, your pension will be **lower** than under the current factors. The earlier you retire, the bigger the reduction.

### How will this affect my lump sum option?

If you choose to exchange some of your pension for a tax-free lump sum, the amount of cash you receive will be **lower** under the new pension commutation factors from **1 April 2026**, whatever age you take your benefits. The reduced pension that you receive will also be lower.

### If I choose to take my pension before 1 April 2026, when do I need to notify you?

Please contact the pensions team **at least 6 weeks before** your chosen retirement date to ensure your pension is set up before the factors change.

## I've already requested a retirement quote, which factors will apply to me if I choose to take my pension?

If your retirement quote is for a date **before 1 April 2026**

The quote you received will still apply

If your retirement quote is for a date **on or after 1 April 2026**

The amounts shown will no longer be correct as your pension will be calculated using the new factors. We are unable to provide a retirement quote using the new figures until **1 April 2026**.

## Can I see how the changes affect me personally?

We cannot provide quotations based on the new factors until 1 April 2026. We have, however, included some simple examples below which provide you with an illustration of the impact the new factors will have.

### Illustration for a member taking early retirement at age 55

Benefits based on <b>current</b> factors		Benefits based on <b>new</b> factors	
Full pension	£10,060 a year	Full pension	£9,200 a year
or alternatively		or alternatively	
Tax-free lump sum	£53,300	Tax-free lump sum *	£46,400
Plus, a reduced Pension	£7,990 a year	Plus, a reduced pension	£6,960 a year

### Illustration for a member taking normal retirement at age 62

Benefits based on <b>current</b> factors		Benefits based on <b>new</b> factors	
Full pension	£14,320 a year	Full pension	£14,320 a year
or alternatively		or alternatively	
Tax-free lump sum	£73,600	Tax-free lump sum *	£70,070
Plus, a reduced Pension	£11,040 a year	Plus, a reduced pension	£10,500 a year

\* the maximum tax-free lump sum is lower under the new factors as the commutation factor is also used in this calculation.

The figures shown are for illustration only and do not represent guaranteed benefits. All benefits are determined strictly in accordance with the Plan Rules, which govern the Plan. If there is any conflict between this document and the Plan Rules, the Plan Rules will take precedence.



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