

# XPS Express for Employers

Bringing you the latest pensions news for employers

## Getting value and efficiency from GMP equalisation



### At a glance

The cost to employers of GMP equalisation is two-fold: the liability impact, which is very small for the vast majority of schemes, and the expenses of completing this complex exercise, which could be as much as the original liability impact again

But it is an important exercise to get completed. XPS research shows that for an individual pensioner due back-pay, this averages £1,000 per person, rising to up to £25,000 in extreme cases

It is important to make sure that the equalisation project isn't unnecessarily expanded into a historical data cleanse project. See our explanatory video [here](#)

Employers also have the opportunity to derive value from the GMP equalisation process – using the communication opportunity to offer members options and incorporate strategic projects to reduce costs and risk



### Opportunity to engage with members

The GMP equalisation projects provides two excellent opportunities to engage with members.

# 1

Offer equalised options before doing detailed calculation work: create efficiency by taking members out of the process.

# 2

Use the GMP equalisation communication as an engagement tool and offer members options around their benefits.



View our **GMP Equalisation** video [here](#)



### Do we really need all this data?

Reviewing historical data that ultimately doesn't make a difference to the equalisation outcome is a waste. Identifying which items are actually important to the equalisation calculation can streamline the whole process.



Start just with  
core data



Only 8 out of  
possibly 80 items



### Actions employers can take

1. Check what approach your scheme is taking to GMP equalisation and make sure it isn't causing unnecessary costs.
2. If you have more than one scheme, consider setting up a joint working party for GMP equalisation to ensure consistency and efficiency.
3. Identify the areas you can get value from the equalisation process, such as offering members options, and work these into the project early on.



# Add value to your GMP equalisation exercise by combining with other strategic projects

 <p><b>Member options</b></p>	<ul style="list-style-type: none"> <li>• <b>Remove</b> small benefits from the GMP equalisation process</li> <li>• <b>Offer</b> members equalisation options</li> <li>• <b>Use</b> the GMP equalisation communication to offer further options</li> <li>• <b>Redesign</b> the 'at retirement' process</li> </ul>
 <p><b>Benefit simplification</b></p>	<ul style="list-style-type: none"> <li>• <b>Reshape</b> discretionary benefits</li> <li>• <b>Streamline</b> benefits into one simple form</li> <li>• <b>Combine</b> with benefit changes, such as removal of a salary link or closure</li> </ul>
 <p><b>Buyout ready</b></p>	<ul style="list-style-type: none"> <li>• <b>Target</b> data work to meet the needs of future insurance</li> <li>• <b>Use</b> engagement opportunity to collect missing member data</li> <li>• <b>Reshape</b> benefits to gain better future insurance terms</li> </ul>



**Register now**

## Events

<b>14 Oct 2020</b> 3pm to 4:00pm	<b>Live Webcast</b>	<b>XPS Live</b>   Let's Get GMP Equalisation Done
<b>9 Dec 2020</b> 3pm to 4:15pm	<b>Live Webcast</b>	<b>XPS Live</b>   Getting ready for your next valuation
<b>11 Mar 2021</b> 3pm to 4:15pm	<b>Live Webcast</b>	<b>XPS Live</b>   Getting ready for your next valuation

For further information, please get in touch with **Vicky Mullins** or **Michael Flanagan** or speak to your usual XPS Pensions contact.

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