

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







Register now

Events

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