



Questions and Answers

For former members of the Boots Pension Scheme

BACKGROUND

What is a Guaranteed Minimum Pension (GMP)?

GMP is a minimum level of pension that some schemes had to provide for their members in the past. It only applied to members of pension schemes that had 'contracted out' of the State Second Pension, also known as SERPS. 'Contracting out' meant members built up less in SERPS but, in return, they paid less National Insurance, as did their employer.

GMPs were introduced to broadly make sure that members received a pension from the scheme at least equivalent to that which they would have received from SERPS.

Why are GMPs unequal?

In the past, State Pensions were paid to men and women at different ages. This is still the case for GMPs. As a result, women and men built up GMPs at different rates and their GMPs are payable at different dates.

In 1990, the law changed and all UK pension schemes had to equalise pension ages for women and men. However, the law setting out the way their GMPs were treated didn't adjust in line with this change. As a result, GMPs remained unequal.

Why might I be due a one-off top-up payment?

A High Court ruling in 2020 confirmed that UK pension schemes must equalise pension benefits where the GMP that built up between 17 May 1990 and 5 April 1997 is unequal for men and women. This is known as 'GMP equalisation'. It means that if you are a former member of the Scheme and transferred out your benefits, the Trustee has had to determine if you would have been entitled to a higher transfer value as a result of GMP equalisation and, therefore, if a top-up payment is due.

How did the Trustee determine whether I am due a top-up payment?

We looked at the pension you built up in the Scheme between 17 May 1990 and 5 April 1997 on

which the original transfer value was calculated, including the GMP. We then worked it out again over the same period but as if you were a member of the opposite sex - the alternative pension.

If the alternative pension would have been higher (because of the GMP element), then you may receive a one-off top-up payment. This is to reflect that your past transfer value should have been higher.

(If the alternative pension is lower, then there will be no change and no top-up is due.)

Why was the Trustee's review only finalised now?

Although the legal position was confirmed in 2020, it is only recently that it became clear as to how schemes should make adjustments. It was a large, complicated project which required the Trustee to consider historical data back to 1990. The Trustee wanted to make sure it was done carefully and accurately. As a result, the review took some time to complete, and trustees of many other UK pension schemes are still working to complete their schemes' review.

Who is Aon?

The Trustee has appointed Aon to manage the process of contacting former Scheme members about their top-up payments. Aon is an accredited member of the Pensions Administration Standards Association. You can find more details about Aon at: www.aon.com

I HAVE RECEIVED AN INITIAL CONTACT LETTER FROM AON

Why do you need to confirm my details?

It's standard good practice for any pension scheme to confirm the details of any individual due a payment. We can't make any payments until we've gone through this stage.

What happens if I don't confirm my details?

If you don't get in touch, we won't be able to confirm your former membership details and won't be able to pay any top-up payment.

Can someone else confirm my details on my behalf?

Yes, as long as they are formally authorised by you to do so. In practical terms, this means you have appointed them to act under a Power of Attorney or equivalent. Please ask them to complete the form and provide us with proof of their appointment. They can call us if they're unsure what they need to do.

Is Aon's online confirmation page secure?

Yes, the link in your letter is secure.

When you first log in, the site asks you to confirm who you are, with your surname and the top-up reference number on the first page. After that, for future visits, two-factor authentication will apply. This means that when you log in, you'll receive a code by email or text message to enter, proving it's you trying to access the site. This is why we ask for your mobile number and email address.

If you're unable to use the website or don't want to provide a number or email address, there are other ways you can get in touch to confirm your details:

- Call Aon on **0333 207 9451**. The helpline is open on Mondays to Fridays from 9am to 5pm, excluding bank holidays.
- Complete the 'Confirming your details' form and return it in the reply-paid envelope to:
Aon, PO Box 196, Huddersfield HD8 1EG.

How do I know that this request is genuine?

If you have received a letter from Aon and are still concerned about its legitimacy, there are other steps you can take to reassure yourself:

- Read point 2 of HM Revenue & Customs 'Guaranteed Minimum Pension equalisation newsletter – April 2022' at: www.gov.uk/government/publications/guaranteed-minimum-pension-gmp-equalisation-newsletter-april-2022/guaranteed-minimum-pension-equalisation-newsletter-april-2022
- Call Aon on **0333 207 9451**. The helpline is open on Mondays to Fridays from 9am to 5pm, excluding bank holidays.
- You can also contact MoneyHelper, the Government's financial guidance service which offers free impartial guidance on all pension and money matters. Explain that you have received a letter about a potential top-up payment relating to GMP and some pension benefits you have transferred out of the Scheme. MoneyHelper will be able to confirm that UK pension schemes are legally required to carry out GMP equalisation in respect of past transfers. MoneyHelper's Pension Helpline is open on Mondays to Fridays from 9am to 5pm on **0800 011 3797**. Their website is: www.moneyhelper.org.uk/en

How did you find my address?

We used a specialist address-tracing agency to help us find you. This is common practice amongst UK pension schemes, especially for GMP equalisation exercises when trying to find members who have transferred out. The address-tracing agency uses a number of sources, including the electoral roll, to trace individuals to their last known address.

How much could I get?

GMP is usually a modest benefit and many of the increases or payments resulting from this review are small.

Once you have confirmed your details, Aon will send you a pack with information about your top-up payment, including the amount you will receive.

What will the process be for payment?

Depending on your circumstances, you may have a choice about how you receive your top-up payment. These could include receiving your top-up payment as a cash sum (paid into your bank account) or as a transfer to an alternative pension arrangement.

Your options will be determined by the following factors:

- the size of your top-up payment;
- when you transferred out of the Scheme;
- whether you still have deferred benefits in the Scheme;
- whether you are being paid a pension by the Scheme (because you didn't transfer out all your benefits).

The information pack that Aon sends you will contain full details.

What happens if I do not engage with the process for payment?

If you do not complete the forms as specified in your information pack, we will not be able to make your top-up payment.

What if I have had more than one transfer out of the Scheme?

If you have had more than one transfer out of the Scheme, your top-up payment will cover all the transfers that are affected by this GMP issue.

When I transferred out of the Scheme, my benefits went to my new employer's scheme at the time – can I transfer the top-up payment there?

You will need to contact the administrator of the arrangement you want to receive your top-up payment to check that they are able to accept it. If they are able to receive the top-up payment, you will need to ask them to complete and return a 'Receiving arrangement acceptance form'. This form will be in the information pack Aon sends you.

Are there any potential tax implications?

If you receive your top-up payment as a cash sum into your bank account

Top-up payments made as a cash sum will be subject to tax.

As you are no longer a member of the Scheme, we will be required to make a deduction for tax from your payment. This means, under current tax rules:

- 25% of your payment will be tax-free; and
- we will deduct tax from the remaining 75% at the basic rate of income tax (20%).

After payment, we will send you a P45 which will show the amount of tax taken.

If you are not a basic-rate taxpayer, you should contact HM Revenue & Customs to reclaim any tax you think is overpaid. Likewise, if you are taxed at a higher marginal rate, you will need to settle any additional tax directly with HMRC.

If you receive your top-up payment as a transfer to an alternative pension arrangement

In most cases, we would expect this transfer to be free of tax. This is because it would count as a payment from one UK 'authorised' pension scheme to another. You would pay tax on this money when you receive it as part of your pension in the normal way.

If you have taken steps to protect your Lifetime Allowance, this payment could affect your tax position and result in you losing your protection. It is your responsibility to ensure you understand if this payment affects any Lifetime Allowance that you have sought to protect in the past.

If you live overseas, different tax rules may apply, and you may need to take specialist financial advice.

I HAVE NOT RECEIVED AN INITIAL CONTACT LETTER FROM AON

What if I built up GMP benefits in the Scheme between 17 May 1990 and 5 April 1997 and have not received initial contact from Aon?

If you have not heard from Aon by February 2026 but believe you built up benefits in the Scheme between 17 May 1990 and 5 April 1997, it may be that the review confirmed the value of your pension would not have been higher, had it been worked out on the basis of the opposite sex.

You can confirm your position by contacting Aon via the following details:

Phone: 0333 207 9451.

Email: Bootspensionredress@aon.com

Post: Aon, PO Box 196, Huddersfield HD8 1EG