Mineworkers’ Pension Scheme (MPS)

Scheme Information factsheet

Here’s some technical information about the Mineworkers’ Pension Scheme (MPS or ‘Scheme’) that you, your financial adviser or your receiving scheme may need to know.

We provide benefits in line with UK laws and the rules of the MPS. This document is a general summary of information about the Scheme, including certain Scheme benefits. It doesn’t confer any additional or separate rights. Your benefits are subject to the MPS Rules and relevant laws. If there is any difference between what’s in this document and the MPS Rules or legislation, the MPS Rules and legislation shall take precedence.

General information

- The MPS is registered by HMRC under Part 4 Chapter 2 of the Finance Act 2004. The Pension Savings Tax Reference (PSTR) is 00330320RF.
- The Guarantor is HM UK Government.
- The Employer’s Contracting out Number (ECON) is E3802334E. The Scheme Contracted out Number (SCON) is S1401138J.
- The MPS closed to future accrual from 1 January 1995.
- The MPS is not being wound up.

Accrual

Members who left the scheme from 1 March 1992

- For members who left the scheme from 1 March 1992, final pensionable salary is based on the member’s average total weekly earnings over their final 3 years of continuous service (or part thereof). Scheme pension is based on 1/60th of final pensionable salary for each year and day of pensionable service.
- There is no automatic lump sum associated to this period of service. However, there is the option to exchange part of the fully revalued pension for a tax-free lump sum immediately at retirement, provided any Guaranteed Minimum Pension can still be covered at Guaranteed Minimum Pension payment age (60 for women, 65 for men). Under these circumstances, we don’t quote tax-free lump sum figures in deferment and we won’t provide this, as we consider that sufficient information is supplied with our Transfer Out Quote.
- The pension conversion factor for a tax-free lump sum if you retire in normal health is 9.

Members who left the scheme between 1 April 1990 and 29 February 1992

- For members who left the scheme between 1 April 1990 and 29 February 1992, final pensionable salary is based on the member’s highest average total weekly earnings over 3 years of continuous service (or part thereof) in their final 13 years of service, and amounts to Scheme pension is based on 1/80th of final pensionable salary for each year and day of pensionable service, and 3/80ths of final pensionable salary for each year and day of pensionable service for the tax-free lump sum.

Members who left the scheme between 7 April 1975 to 30 March 1990

- For members who left the scheme between 7 April 1975 to 30 March 1990, final pensionable salary is based on Scheme pension is based on the member's highest average total weekly earnings over 3 years of continuous service (or part thereof) in their final 13 years of service, and amounts to 1/90th of final pensionable salary for each year and day of pensionable service, and 3/90ths of final pensionable salary for each year and day of pensionable service for the tax-free lump sum.

Members who left the scheme before 7 April 1975

- A small flat rate pension is payable for any service before 6 April 1975.

Increases to pensions

Guaranteed Fund

- Increases to all benefits are made according to the MPS Rules.
- Increases on the Guaranteed Fund in deferment are based on the highest of three methods:
    - Old Scheme Revaluation – based on occupational revaluation orders with revaluation, starting from the later of 01/01/1990 and your date of leaving
    - New Scheme Revaluation – based on June RPI, starting from 31/12/1994
    - Statutory Revaluation – Occupational Pensions (Revaluation) Order, starting from your date of leaving
    - For some members, there is an additional Value for Money (VFM) underpin check. For these members, if VFM pension is higher, a rebalancing of pension between Guaranteed Fund & Bonus Fund may occur.
- Pensions in payment are increased in line with the table below:

Pension Element	Increase applied	When
Pre-88 GMP	0%	6 April**
Post-88 GMP	CPI (capped at 3% p.a, based on September CPI)	6 April**
Guaranteed Pension	RPI increases* (based on June measure)	1 month either side of 1 October, coincides with 4-weekly pay cycle

*An RPI increase could be reduced if the previous year's RPI was negative
**GMP is payable from age 65 for men and 60 for women

Bonuses

- Following the results of each valuation, with Guarantor agreement, the Trustees of MPS have the option to pay discretionary increases both in deferment and in payment. Discretionary increases in the form of 'Bonus Pensions' have been awarded when the scheme valuation has reported a surplus. There is no guarantee that discretionary increases will be awarded in the future.

- Bonuses were protected on 22 September 2022 which means any bonus awarded before this date will not go down in future.

- Bonuses awarded after this date are not protected and may go down in the future, for example, if the scheme goes into deficit.

Factors

- Your Minimum Pension Age is 50 unless you were re-instated into the Scheme after 6 April 2006, then it is 55. This is the same for Pension Credit members who enter the Scheme post 6 April 2006.

- The pension conversion factor for a tax-free lump sum when you retire is 9.

- If you are a member who asks for early payment of their pension while retiring in normal health, the following actuarial reductions (ERFs) would apply to benefits at the date of retirement (based on years and complete months):

Years	ERF
50	0.633
51	0.659
52	0.687
53	0.717
54	0.749
55	0.783
56	0.819
57	0.859
58	0.903
59	0.949
60	1

- Be aware these factors be changed by the Trustees at any time.

- If you are a member who asks for late payment of their pension while retiring in normal health, the following actuarial increases (LRFs) would apply to guaranteed & bonus fund benefits from the date of retirement (based on years and complete months):

If you left before 01/03/1992:

Years	Guaranteed Fund LRF	Bonus Fund LRF
60	1.000	1.000
61	1.045	1.068
62	1.093	1.142
63	1.147	1.224
64	1.203	1.312
65	1.264	1.408
66	1.332	1.514
67	1.407	1.631
68	1.487	1.758
69	1.578	1.901
70	1.672	2.052

If you left after 29/2/1992:

Years	Guaranteed Fund LRF	Bonus Fund LRF
60	1.000	1.000
61	1.049	1.071
62	1.101	1.150
63	1.160	1.237
64	1.223	1.331
65	1.291	1.435
66	1.368	1.552
67	1.453	1.681
68	1.547	1.823
69	1.654	1.984
70	1.765	2.156

- Be aware these factors be changed by the Trustees at any time.

Funding and benefits

- You can convert part of your pension to provide a tax-free lump sum up to HMRC limits. You can use your Additional Voluntary Contribution (AVC) fund towards this if you have AVCs.
- If you have a Guaranteed Minimum Pension under legislation this is payable at 60 for women and 65 for men as part of the main MPS benefits. Where benefits are due for payment at an earlier age under special retirement terms, this will be indicated on the Transfer Out Quote.
- The earliest age at which you can normally retire with no actuarial reduction is 60.
- The MPS rules allow for commutation of benefits, if they are trivial and you have reached GMP Payment Age (if a GMP has been accrued).
- An allowance has been made in the Transfer Out Quote for the possibility of paying an adult dependant's pension if there is no spouse.

Transfer out Quote

- The transfer quote is the cash equivalent value of your benefits.
- The value of any benefit quoted isn’t the actual figure due at Normal Pension Age. It’s the value at the date of calculation stated in the Transfer Out Quote.
- Where payments have been made towards an AVC fund, the current AVC fund value will be shown on the Transfer Out Quote.
- If you are a member who has transferred pension rights into the MPS, this will be included in the Transfer Out Quote.

Actuarial valuation

Every three years, a formal valuation of the pension scheme is carried out. This is referred to as the 'triennial valuation' and is undertaken to ascertain the funding position of the Scheme.

There was funding surplus at 30 September 2023 where around £1.1bn was shared equally between members and the Government. This was a change in position from 30 September 2020, when there was a total deficit of £220m.

The next triennial valuation date is 30 September 2026.

The funding position of the MPS will not normally affect the transfer value available, unless otherwise stated on the Transfer Out Quote.

More information on the Actuarial Valuation is available at **www.mps-pension.org.uk**

GMP

- Members of the MPS were contracted out of the Additional State Pension under the Scheme. The Additional State Pension was previously known as the State Earnings Related Pension Scheme (SERPS) and the State Second Pension.

- If you built up pensionable service between 6 April 1978 and 5 April 1997, the Scheme will normally guarantee to pay you a pension broadly equivalent to what you would have earned had you not contracted out of SERPS between 6 April 1978 and 5 April 1997. This is called the Guaranteed Minimum Pension.

- The MPS isn't underpinned by a money purchase element.

Equalisation of benefits

- The High Court ruled in October 2018 that pension schemes that used to be contracted-out of the State Earnings-Related Pension Scheme must "equalise" the way that guaranteed minimum pensions (GMPs) are treated.

- That means the Trustees must ensure that men and women are provided overall with benefits calculated in a way that ensures there is no sex discrimination. This only relates to certain benefits accrued between 17 May 1990 and 6 April 1997. As a result, the Trustees will review member benefits built up in that period, and some members may be due a top-up to their pension.

- The High Court was asked to provide further clarification in respect of some aspects of the Court's 2018 judgement in relation to historical transfers out of pension schemes. Following further hearings of the High Court conducted remotely in May and October 2020, the Court handed down its decision on 20 November 2020. This decision provides additional guidance on how members who have transferred out of pension schemes in the past should be treated with regard to GMP equalisation. The Trustees are considering the implications of this.

Death benefits in deferment

- The lump sum benefit is the greater of:
    - one hundred and fifty-six times the weekly pension which would have been payable on the day prior to the date of the your death
    - the value of your contributions plus interest at a rate of 3% p.a.
- Lump sum death benefits are payable whether you are married or single at the date of your death. They are in addition to any spouse/civil partner and dependants' benefits that may be payable.
- A spouse/civil partner pension at the 2/3 rate of the member pension quoted on the Transfer Out Quote (where applicable) would be payable to your legal spouse/civil partner at the date of your death. If you're unmarried, you may nominate an adult to benefit from your pension when you die. Paying a pension to a nominated adult is discretionary; the Trustees will consider this nomination following the member's death and decide whether the nominated adult will be awarded the pension.
- The MPS also provides child/children's pensions in certain situations. "Child" is specifically defined under the MPS rules. The amount of child's pension payable will generally depend on the age of any eligible children and whether there is a spouse/civil partner/adult dependant's pension to be paid and the date the member left the Scheme
- A Child includes any child born after a parent's death, stepchild, adopted child and any other child whose care and maintenance the member was responsible for at date of death. Pensions to children cease when they reach age 16 unless they are in full time education, in which case they can be paid to a maximum age of 21 whilst the child remains eligible.

Death benefits in retirement

- If you die within five years of retirement, the lump sum benefit is the remaining balance (if any) of two hundred and sixty-one times the weekly pension in payment at date of death, less any pension payments already made to you since your retirement. After that, the spouse/civil partner or – depending on the Trustees' discretion – adult dependant, will receive a pension at the rate set out in the MPS rules, normally 2/3 of your weekly pension
- The MPS also provides child/children's pensions in certain situations. "Child" is specifically defined under the MPS rules. The amount of child's pension payable will generally depend on the age of any eligible children and whether there is a spouse/civil partner/adult dependant's pension to be paid and the date you left the Scheme
- A Child includes any child born after a parent's death, stepchild, adopted child and any other child whose care and maintenance you were responsible for at date of death. Pensions to children cease when they reach age 16 unless they are in full time education, in which case they can be paid to a maximum age of 21 whilst the child remains eligible.