

Financial Assistance Scheme Increasing Member Payments Bulletin Issue Number 2 – 17 September 2007

This bulletin is aimed at Trustees and Administrators as a means of providing further information and/or guidance on topics or issues raised during discussions or at meetings. Please make its contents available to colleagues within your organisation.

| | |
|---|--|
| Subject: Money Purchase with a GMP Underpin | Financial Assistance Scheme (FAS) PO Box 702 York YO32 9XR Tel: 0845 6019941 Email: FAS-Operational-Unit@dwpgsi.gov.uk |
| <p>Money Purchase Schemes with a GMP Underpin:</p> <p>These are schemes that normally offer money purchase benefits (Defined Contribution (DC)), but the scheme rules offer the possibility of offering members limited Defined Benefits (DB) benefits if the scheme is badly funded. If the scheme commences wind up, and the expected money purchase benefits are lower than the GMP liabilities of the membership, then the GMP underpin is triggered, or is said to 'bite', and the members will receive DB benefits based upon their GMP liabilities only, instead of the money purchase benefits that would have been offered.</p> <p>This is important because this means that the scheme can be treated as a DB scheme for the purpose of satisfying this element of the FAS qualification criteria. Some money purchase with GMP underpin schemes have qualified for the Financial Assistance Scheme already.</p> <p>We are therefore asking all trustees and administrators to check if they have any money purchase with GMP underpin schemes where the GMP underpin has been triggered, as these schemes may be worth notifying to the Financial Assistance Scheme Operational Unit. All other elements of the FAS qualification criteria must be satisfied eg. Scheme commenced wind up between 01/01/97 and 05/04/05.</p> <p>We would welcome your feedback regarding this communication and whether you consider it beneficial. If you consider there is a topic or issue you would like included please let us know. Our email address is at the top of this bulletin.</p> | |

Helping You to Help Us Increase Payments