

## General Information

Transvas Profiler: GMP Bridge

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## What is a GMP Bridge?

Where a member has GMP but the scheme allow the member to retire before GMP age (65 for males, 60 for females), whether this is Normal Retirement Age or through Early Retirement, then the vast majority of schemes will pay a pension in lieu of the GMP that comes into force at GMP age.

Consider a male with £100 of GMP and £300 of excess pension at date of leaving. The scheme's Normal Retirement Age is 60. Let's say the GMP revalued to **GMP age** is £400; and the Excess revalued to **Scheme NRA** is £500  
This would be as follows:

Benefit	Date of Leaving	NRA (60)	GMP Age (Male 65)
GMP	£100		£400
Excess	£300	£500	
<b>Total</b>	<b>£400</b>	<b>???</b>	

Most schemes would not make the member wait 5 years for their £400 GMP; they would pay a benefit at 60 in lieu of that amount – we refer to this as the **GMP Bridge**

## How is GMP Bridge calculated?

Although almost every scheme pays a GMP bridge, there are many different methods of valuing this.

By far the most common method is to revalue the GMP from date of leaving to actual retirement date (age 60 in our example) at the same rate as GMP revalued to GMP age, but rather than revaluing based on the number of whole tax years to NRA, revalue every 6<sup>th</sup> April between date of leaving and retirement.

Other examples are to treat the GMP as pre 97 Excess pension and revalue it in the same way, or to simply pay the GMP pension accrued to date of leaving with no revaluation.

## How do I find out what the scheme pay?

If you ask the scheme if they pay a GMP bridge, they will almost always say "No".

We have found that a mathematical example is the easiest way to ask the question. For example:

Upon retirement before GMP age (early or normal retirement age), which of the following applies:

E.g. If a member had £1,500 pension at date of leaving, comprising £1,000 excess and £500 GMP, would the pension on early retirement at age 55 (before the application of any reduction factors) be based on:

- i) The full £1,500 revalued to retirement at a single rate,
- ii) The £1,000 and £500 revalued separately to retirement,

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- iii) The £1,000 revalued plus the £500 with no revaluation, or
- iv) Just the £1,000 revalued with the revalued £500 only being paid at GMP age.
- v) Other - please provide details.

If the answer is i), ii) or iii) then you will need to find out how the 'notional' GMP element revalues to retirement and escalates between retirement and GMP age.

### Further Considerations

Once you know how the GMP bridge works you will need to enter it on the system or leave the system to default. Please refer to the Knowledge Base article "Transvas Profiler: entering GMP Bridge"