

Merchant Navy Officers Pension Fund (MNO PF)

Pension Increases

The following is a summary of how pensions are increased by the MNO PF once your pension is in payment.

Whether you receive an increase, and how much that increase will be, will depend on your service period within the MNO PF and your age.

Increases to pensions in payment fall into two types – those required by legislation on specific elements of pension (see below), and those which can be granted at the discretion of the Trustee. The Scheme rules require the Trustee to consider every year whether any discretionary increases can be paid, however this is dependent upon there being sufficient surplus in the Old Section or New Section to meet this cost. **No such discretionary increases will be payable for 2011.**

The increases which are required by legislation (and are therefore guaranteed to be paid every year) are detailed below. For some members, the calculation of these guaranteed pension increases changes once a certain age is reached: this is 65 for men and 60 for women.

Men under age 65 and Women under age 60

The only element of your pension that is guaranteed to increase is the pension based on your service in the Fund on or after 1 April 1997. This part of your pension will increase in line with increases in the Retail Prices Index (RPI) for the period of 12 months ending on 30 September preceding the date of the increase, up to a maximum of 5% a year.

The rate of increase for April 2011 is 4.6%.

The pension arising from your service in the Fund before 1 April 1997 (including any Old Section pension) does not receive guaranteed increases.

Men over age 65 and Women over age 60

If you have been contracted-out of the earnings-related part of the State pension arrangements for any part of your MNO PF service after 6 April 1978, your pension increases will be calculated differently once you reach age 65 (men) or 60 (women).

If you have been contracted-out for any part of your MNO PF service, the MNO PF is required to provide a Guaranteed Minimum Pension (“GMP”) which is broadly equivalent to the amount of pension that would have been payable by the State in respect of the same period. The GMP is not paid in addition, but forms part of your overall MNO PF benefit, and comes into effect from age 65 for a man and age 60 for a woman. If your pension includes any GMP, this will be shown on your retirement statement.

(Not all employers who participate in the MNO PF are contracted-out of the State pension arrangements. If you do not have any contracted-out service you will not have any GMP element within your MNO PF pension, and the way in which your pension increases are calculated will continue unchanged after age 65/60).

The table overleaf shows the breakdown of the increases applied:

Service	Increase applied
Old Section (before 6 April 1978)	No guaranteed increases.
Between 6 April 1978 and 5 April 1988	<p>GMP earned prior to 6 April 1988 will be increased each year if you are resident in the UK. This element will be increased by the rise in the Consumer Prices Index (CPI) each year to 30 September, but the increase amount is added to your State pension and not the pension payable from the MNOFP.</p> <p>Any other amounts of MNOFP pension in respect of this period do not have guaranteed increases.</p>
Between 6 April 1988 and 5 April 1997	<p>GMP earned after 6 April 1988 is increased by the MNOFP each year. This element of your pension will be increased by the rise in CPI in each year to 30 September, up to a maximum increase of 3% a year. Any additional increase in the CPI above the 3% maximum will be provided by the State and added to your State pension.</p> <p>The rate of increase for April 2011 is 3.0%.</p> <p>Any other amounts of MNOFP pension in respect of this period do not have guaranteed increases.</p>
On or after 1 April 1997	<p>Pension in respect of service on or after 1 April 1997 will be increased in line with the increase in the Retail Prices Index (RPI) for the period of 12 months ending on 30 September preceding the date of the increase, up to a maximum of 5% a year.</p> <p>The rate of increase for April 2011 is 4.6%</p>
AVC Pension	If you have paid Additional Voluntary Contributions and used your AVC fund on retirement to buy an additional amount of pension in the MNOFP, this element of pension does not increase.

When will my pension increase?

Any increases will be effective from the April instalment of pension.

Are the pension increases different for spouses or dependants?

Pensions paid to spouses and dependants will increase in the same way as members' pensions, as described above.

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