

FYI[®]

For Your Information[®]

Member communication at the implementation stage of GMP equalisation

The GMP equalisation working group has published [guidance](#) on member communications for schemes that are now undertaking equalisation.

There is always room for improvement in how trustees communicate with their members generally. This latest guidance is framed around GMP equalisation, but in truth it contains many useful hints and tips for more effective communications, regardless of the issue involved.

In this issue: [Background](#) | [Guiding principles for communicating](#) | [The member's perspective](#) | [The timing of communications](#) | [Who to communicate with](#) | [Planning for data to use in communications](#) | [Comment](#)

Background

After issuing [guidance](#) on communications at the early planning stages of equalisation last year, the group is now focusing on the implementation stage, where trustees are getting ready to start (or may have already started) communicating with members and are actively working to deliver equalisation.

Trustees are advised in this latest guidance to refer to the earlier guidance, and other guidance that the industry working group has issued on GMP equalisation.

Guiding principles for communicating

A good starting point for any communication is to consider what you want people to know, how you want them to feel, and what you want them to do.

The guidance highlights a number of principles for clear communications for trustees to consider. These include the more obvious (although still easy to overlook) considerations such as avoiding the use of technical jargon and use of different ways to deliver a particular message, such as letters, emails, webinars, or websites.

Volume 2021

Issue 40

8 November 2021

Authors

John Dunkley

Nikki Williams

A key consideration is the need to focus on exactly what is being communicated. GMP equalisation is a complicated area, and it can be very easy to overload members with information that isn't necessarily of any use to them. Trustees should consider the message they wish to communicate, and whether it needs a detailed explanation.

The member's perspective

In order to be effective, it is worth considering how a message is going to be received by members. How will people feel about a particular change? Will it be understood?

The guidance sets out a typical sequence of reactions to GMP equalisation, from not being aware of equalisation, not being happy about the change, to understanding and then accepting the change.

Members should be at the very centre of a trustee boards thinking when considering GMP equalisation, or any other scheme changes. The guidance sets out examples of different factors that should be considered when planning communication exercises. It is also important that trustees plan ahead to consider the order in which equalisation communications are delivered.

The timing of communications

The guidance states that the timing of member communications will be driven by individual scheme circumstances, including what messages have already been given.

Trustees should consider:

- Any legal requirements for informing members about GMP equalisation.
- The relative timing of rectification following GMP reconciliation and GMP equalisation or GMP conversion (and any other overlapping exercises).
- Member expectations about when they will next hear about GMP equalisation.
- When to communicate about any changes in respect of past transfer values.

Who to communicate with

The guidance sets out the main different categories of members. 11 different categories are listed. In addition to pensioners, deferred and active members, divided by different equalisation methods, it also lists members without GMPs, or where GMP equalisation won't be material, and those who have previously transferred out or commuted their benefits on an unequalised basis. Consideration also needs to be given to any deceased members, where trustees may have to correspond with the executors of a member's estate.

Within those categories, there might also be a need to identify further tailored information in certain cases, such as for members with tax protections, other lifetime or annual allowance issues or the tax treatment for back payments, those with multiple records, GMP underpins, or members with very large/small uplifts.

Planning for data to use in communications

The availability of data is an essential factor, when producing member communications. Upfront planning early on in the GMP equalisation project is needed to ensure that all the necessary information is available.

The guidance lists a number of considerations for trustees, such as:

- What data items will be needed to create the communications?
- Where is data going to come from to produce personalised communications – an administration or actuarial database or elsewhere?
- Is there a way of managing changes in membership status if there is a time lag between extracting data and communicating with members?
- Are communications personalised with data other than a name and address?

Comment

The guidance is full of easy to follow tips and examples on how to de-mystify GMP equalisation for members: allowing time to plan a communications exercise, focusing on how members will react to the messages being given, recognising there is no one right way to communicate, and most of all, avoiding the temptation to over complicate the messages being given.

The guidance ends with a statement that is relevant for all member communications about pensions: “GMP equalisation may be very complicated but your communications don’t need to be.”

Produced by the Knowledge Resource Centre

The Knowledge Resource Centre is responsible for national multi-practice compliance consulting, analysis and publications, government relations, research, surveys, training, and knowledge management. For more information, please contact your consultant or call us on 0800 066 5433.

This publication is for information only and does not constitute legal advice; consult with legal, tax and other advisors before applying this information to your specific situation.

Buck is a trading name in the UK for Buck Consultants Limited (registered number 1615055), Buck Consultants (Administration & Investment) Limited (registered number 1034719), and Buck Consultants (Healthcare) Limited (registered number 172919), which are private limited liability companies registered in England and Wales. All have their registered office at 20 Wood Street, London EC2V 7AF. Buck Consultants (Administration & Investment) Limited and Buck Consultants (Healthcare) Limited are authorised and regulated by the Financial Conduct Authority.