

# PRESS RELEASE

Attention: news and business correspondents

## £20BN PENSIONS DISCRIMINATION CASE GOES TO THE HIGH COURT

**A landmark legal case on the equalisation of guaranteed minimum pension (GMPs) starts in the High Court this week.**

**So profound are the implications of this case for public policy, the Department of Work and Pensions and the Treasury have joined the action and are making submissions on behalf of the Government.**

**The legal action involves three female members of Lloyds Banking Group's final salary pension schemes who are claiming sex discrimination because their pensions increase at a lower rate than male members. There are 230,000 members of the LBG pension schemes who are affected by the issues raised in the High Court case.**

**There are various methodologies that can be used to equalise the benefits and that's one of the issues being put to the Court. That said, the cost of equalising benefits in Lloyds Banking Group could be up to £508 million.**

And the issues in this case are much bigger than the Lloyds Banking Group pension schemes. The latest data shows that there are 6,000 contracted-out pension schemes with over 7.8 million members. Contracted-out pension schemes provide different benefits to male and female members. It could be men or it could be women who receive the smaller amount, but in the majority of cases it is women who are disadvantaged.

**According to a number of industry bodies the cost of equalising GMPs across all contracted out pension schemes could be up to £20bn.**

### THE ISSUE IN DETAIL

The issue is about how Guaranteed Minimum Pensions (GMPs) are increased. GMPs arrived on the pension scene in 1978. Individuals could accrue an entitlement to an earnings-related addition to their basic state pension, called the State Earnings Related Pension Scheme (SERPS). Employers could contract-out of SERPS, which is what most employers including Lloyds and HBOS did, if they provided a pension at least as good as a statutory minimum known as

the Guaranteed Minimum Pension (GMP).

It's been accepted by almost everyone that GMPs are by their nature discriminatory between men and women, and that's because:

- Men and women accrue GMPs at different rates;
- Men and women are entitled to GMPs at different ages (65 for men, 60 for women); and
- Many schemes, including the Lloyds schemes, apply different increases to GMPs than to non-GMP pension benefits.

The legal case brought by the three female members has major financial implications for all pension schemes that 'contracted out' of the additional State Pension Scheme. Most of DB schemes will have GMP liabilities which could add millions to their burgeoning pension deficits. The total deficit of all private sector DB schemes in the UK currently stands at £34bn.

### ABOUT BTU

BTU is the largest independent trade union representing staff working in the Lloyds Banking Group with over 30,000 members.

### UNION COMMENT

**Mark Brown, General Secretary at BTU, has said:**

*"This case has profound implications for both public and private sector pension schemes. Up to 5 million women have either got or are going to get smaller pension increases than men and that is simply unacceptable. This issue has lurked in the long grass for years, kicked there by the pensions industry and Government hoping it would go away, and needs to be resolved once and for all. This High Court case will finally resolve the issue and bring equality to millions of women across the country."*

### FOR MORE INFORMATION

For more details see a copy of the Union's latest Newsletter at [www.btuonline.co.uk](http://www.btuonline.co.uk). You can contact Mark Brown, BTU General Secretary, on 07595 219573 or send an email to [mark.brown@workaffinity.co.uk](mailto:mark.brown@workaffinity.co.uk).

**ENDS**