BRIEF GUIDE TO THE INCREASES APPLICABLE TO YOUR PENSION

Your pension from the Ladbrokes Pension Plan is split into different parts depending on your date of joining, changes to legislation over time and the specific rules of the Plan applicable to you.

Increases are applied to the different parts of your pension at different rates and details are provided in the attached annual increase letter.

Where the increase applicable to a particular part of you pension is linked to a particular index, if that index does not increase in any given year, there will not be any increase to that part of your pension. This is why the CPI-linked elements of your pension may not be increasing this year.

Further change in the law – What is changing?

Prior to closure, the Plan was contracted out of the State Scheme. Recent legislative changes will alter the way that the contracted out GMP element of pensions are increased in the future. The Government has reformed state pensions by introducing a new single-tier flat rate state pension from 6 April 2016 which replaces the current basic state pension and state second pension.

<u>This applies to people who reach state pension age on and from 6 April 2016.</u>

How may this affect me?

Under current legislation, GMPs are linked to the state second pension and the government funds increases on GMP built up before 1988. The Plan pays increases on GMP built up after 1988 up to the increase in CPI for that year to a maximum of 3%. The Government pays increases on post-88 GMP, to the extent that CPI exceeds 3%.

From 6 April 2016, the current system will be abolished and the Government will have no obligation to fund these increases. The Government will instead provide benefits and increases under the new single-tier state pension regime.

This means that anyone receiving the new single-tier pension, who has GMPs as part of their pension entitlements, will not receive increases from the Government on their pre-1988 GMP, or on post-88 GMP to the extent that CPI exceeds 3%. Instead these individuals will receive the single-tier state pension which will increase in a different way.

The increases based on CPI up to 3% which are paid from the Plan will continue as before and so it is only the element paid for by the Government which is changing.

What if I am already receiving the current state pension?

If you are already receiving the current state pension or you reach state pension age on or before 5 April 2016, this change won't affect you.