Ladbrokes Pension Plan

Guide to pension increases

From the Ladbrokes Pension Plan ("the Plan") Trustees

This guide has been prepared to help our pensioner members to understand how pension increases have been applied to each part of their pension. Each year we send all pensioners a schedule of their increases for that year, showing the exact split of their increases, and the next increase letter will be issued in March 2012.

The way that these increases are applied can however be complicated, so we have prepared this guide to give you some examples to help you understand them. Follow the examples on the following pages to see how your increases have been worked out. **There is a jargon buster on the right to explain the terms we have used throughout the examples.**

What's happened with recent changes to pension increases?

In the past, the measure used to set the minimum increases required by law was the Retail Prices Index (RPI) subject to certain caps. However, the Government has now changed this to the Consumer Prices Index (CPI) subject to the same caps for all increases except where scheme rules directly provide for RPI. This guide shows how your 2011 increases are worked out taking account of this change.

What's inside?

July 2011

Jargon Buster

The Guaranteed Minimum Pension (GMP) could be applicable to you if you built up your pension between 6 April 1978 and 5 April 1997 and if you were "contracted out" of the government's additional State Pension, the State Earnings-Related Pension Scheme (SERPS) during that period. The GMP is the minimum pension affected members are entitled to under the Plan in respect of that period – and it is calculated (and increased) in accordance with legislation.

Consumer Price Index (CPI) is one of the main measures of inflation in the UK. It measures the changes in the cost of a fixed basket of goods. For the purposes of the increases granted on 1 April 2011 increases, CPI was 3.7% for non-GMP and 3.1% for GMP.

Retail Price Index (RPI) is another method of measuring inflation, and also measures the changes in the cost of a fixed basket of goods, however, this measure also includes changes in housing costs and mortgage interest payments (which are excluded from CPI). RPI was 4.8% for the purposes of the increases granted on 1 April 2011.

Choosing a relevant example

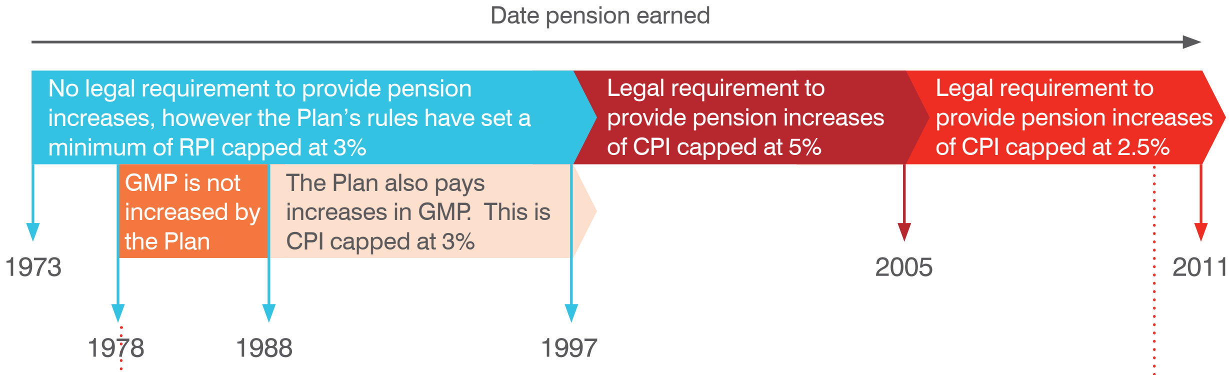
Every pension in payment has its own unique set of circumstances and is dependent on a number of factors including: when you joined the Plan, which part of the Plan you joined, when you left the Plan, when you retired and how much pension you converted into a cash lump sum on retirement. In the case of a dependant member, the pension in payment is dependent on the unique circumstances relating to the deceased member. To help guide you through how your pension increases are calculated, the Trustees have created some examples. Before looking at the examples please note:

1. The examples are all based on members who are currently aged **65 or over** with a pension of **£3,000** a year as at **1 April 2010**.
2. The amount of pension increase applied depends on the member's actual period of pensionable service i.e. when the member joined the Plan and when the member stopped building up benefits in the Plan.
3. If the members in the examples had left employment and stopped building up their pension in the Plan before the dates shown, they may not have qualified for all the different categories of increases to their pensions.
4. The examples reflect the increases provided on 1 April 2011. Pension increases granted will vary from year to year.
5. The examples only cover Ladbrokes Plan pensionable service. By this we mean they do not cover pension calculated by reference to special rules which apply as a result of scheme mergers (which are Thomson T-Line Group Retirement Benefits Scheme, Stakis Retirement Benefits Scheme, Metropole Hotels Staff Pension Scheme, Home Charm Group Pension Scheme, Hilton International (UK) Limited Pension and Life Assurance Scheme). If you have pensionable service in any of these schemes then your position may differ, including the impact of the Government's change to using CPI as the measure for minimum increases required by law. Members with these benefits may wish to contact Hymans Robertson for details of their pension increases and the impact of the change to CPI.
6. Lower increases apply where the member retired since 1 April 2010.
7. Different increases may apply to members aged at or below their GMP payment age (65 for males and 60 for females).
8. You may not qualify for all of the different categories of increases to pensions set out in the examples. The pension increases you qualify for depend on when you joined and left the Plan.
9. Your pension increases are based on the annual change in the index used from 1 October to 30 September each year as set out in orders from the Government.

Please refer to the schedule of increases previously sent to you or contact Hymans Robertson if you would like details of the specific increases that apply to you.

Please also be aware that the information in this leaflet is intended to be a guide and provided for information purposes only. It is not comprehensive or exhaustive, and while we have tried to be as accurate as possible, if there are any discrepancies between this leaflet and the Plan Rules, the Plan Rules will override this leaflet.

For members who joined before 6 April 1988



Miss Kvitova, the tennis fan

Joined the Plan on 1 June 1978 and left employment and retired on 30 March 2010. She built up pension in the Plan from 1 June 1978 to 30 March 2010 and her £3,000 a year pension as at 1 April 2010 is split as follows:

£1,200 of pension built up from joining (1 June 1978) to 5 April 1997 in excess of GMP. This was increased on 1 April 2011 by 3%.

Note: This 3% increase was calculated using "RPI capped at 3%".

£800 of pension built up from 6 April 1997 to 5 April 2005. This was increased on 1 April 2011 by 3.7%.

Note: This 3.7% increase was calculated using "CPI capped at 5%".

£800 of pension built up from 6 April 2005 to retirement (30 March 2010). This was increased on 1 April 2011 by 2.5%.

Note: This 2.5% increase was calculated using "CPI capped at 2.5%".

Miss Kvitova's pension includes a GMP.

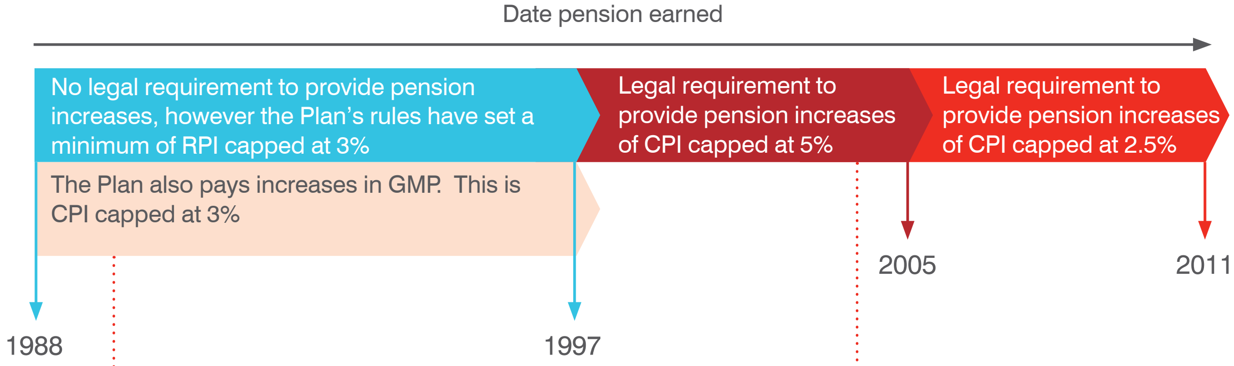
£100 of GMP built up between 6 April 1978 and 5 April 1988. No increase is paid by the Plan on this part of her GMP. However, increases are provided by the Government within the State Pension.

£100 of GMP built up from 6 April 1988 to 5 April 1997. This was increased on 1 April 2011 by 3%. Additional increases are provided by the Government within the State Pension to the extent that CPI exceeds 3%.

Note: This 3% increase was calculated using "CPI capped at 3%".

After all of the separate increases are applied, she has a revised pension at 1 April 2011 of £3,088.60 per year.

For members who joined between 6 April 1988 and 5 April 1997



Mr Walsh, the horseracing fanatic

Joined on the Plan 1 January 1989 and left employment and retired on 30 April 2004. He built up pension in the Plan from 1 January 1989 to 30 April 2004 and his £3,000 a year pension as at 1 April 2010 is split as follows:

£2,000 of pension built up from joining (1 January 1989) to 5 April 1997 in excess of GMP. This was increased on 1 April 2011 by 3%.

Note: This 3% increase was calculated using "RPI capped at 3%".

£900 of pension built up from 6 April 1997 to retirement (on 30 April 2004). This was increased on 1 April 2011 by 3.7%.

Note: This 3.7% increase was calculated using "CPI capped at 5%".

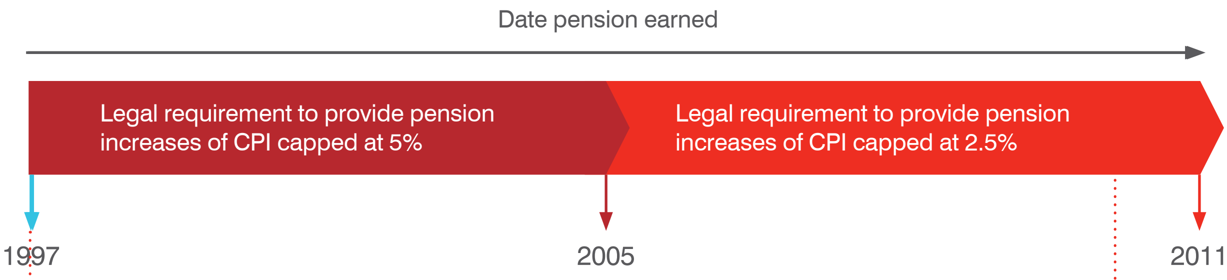
Mr Walsh's pension includes a GMP.

£100 of GMP built up from 6 April 1988 to 5 April 1997. This was increased on 1 April 2011 by 3%. Additional increases are provided by the Government within the State Pension to the extent that CPI exceeds 3%.

Note: This 3% increase was calculated using "CPI capped at 3%".

After all of the separate increases are applied, he has a revised pension at 1 April 2011 of £3,096.30 per year.

For members who joined between 5 April 1997 and 6 April 2005



3 Miss Powell, the football follower

Miss Powell joined the Plan on 1 August 1997 and left employment and retired on 30 April 2008. She built up pension in the Plan from 1 August 1997 to 30 April 2008 and her £3,000 a year pension as at 1 April 2010 is split as follows:

- £2,500 of pension built up from joining (1 August 1997) to 5 April 2005. This was increased on 1 April 2011 by 3.7%.

  Note: This 3.7% increase was calculated using "CPI capped at 5%".

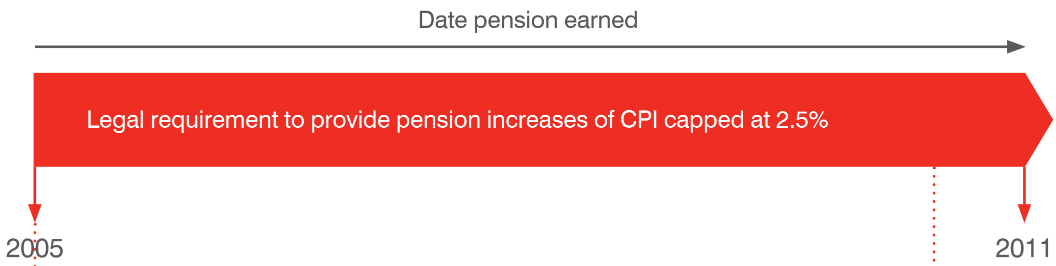
- £500 of pension built up from 6 April 2005 to retirement (30 April 2008). This was increased on 1 April 2011 by 2.5%.

  Note: This 2.5% increase was calculated using "CPI capped at 2.5%".

Miss Powell does not have a GMP.

After all of the separate increases are applied, she has a revised pension at 1 April 2011 of £3,105 per year.

For members who joined after 6 April 2005



4 Mr Fish, the keen fisherman

Mr Fish joined the Plan on 1 May 2006 and left employment and retired on 30 March 2010. He built up pension in the Plan from 1 May 2006 to 30 April 2010 and his pension as at 1 April 2010 is as follows:

- £3,000 of pension built up from joining (1 May 2006) to retirement (30 March 2010). This was increased on 1 April 2011 by 2.5%.

  Note: This 2.5% increase was calculated using "CPI capped at 2.5%".

After the increase is applied, he has a revised pension at 1 April 2011 of £3,075 per year.