

Guaranteed Minimum Pension (GMP) Employee FAQs

Q What is a GMP?

A A GMP is the minimum pension which an occupational scheme must provide for a member if they have scheme membership prior to 6 April 1997, or who have transferred contracted-out pension rights for an earlier period into the HSC Pension Scheme.

Q What happens if my reduced pension does not satisfy the GMP test?

A You will not be able to retire early at that stage. However you may be able to draw your benefits at a later date, when the reduction to your pension is lower and the GMP test is satisfied.

Q Who works out the GMP?

A HM Revenue and Customs (HMRC) work out your level of GMP.

Q I joined the HSC Pension Scheme after GMP was abolished in 1997, but transferred my previous pension to the HSC Pension Scheme. If I decide to retire early will I be subject to the GMP test?

A It depends if your transferred pension was “contracted out” and the period of membership was prior to April 1997, then the GMP test will still apply.

If the transferred pension was not “contracted out” then you will not be subject to the GMP test.

Q I want to commute part of my pension to a bigger lump sum. What happens if the reduced pension that I wish to receive does not satisfy the GMP test?

A We will automatically adjust the reduced pension to the maximum permitted to satisfy the GMP test.

Q If I pass the GMP test but delay my early retirement, will my benefits have to be tested again?

A No, we only have to do one GMP test.