



Your pension options

In more detail



In summary

For a limited time, you have a choice of pensions to choose from.

Pension A

- Simplifies your pension and if applicable, addresses an inequality relating to Guaranteed Minimum Pension (GMP) benefits in the Scheme.
- Increases in broadly the same way as your current Scheme pension.
- This is the default option and your pension will change to **Pension A** from your March 2025 payroll unless you decide to choose **Pension B**.

Pension B

- Exchanges some of your annual pension increases for a higher pension now.
- Simplifies your pension and addresses the inequality in the same way as **Pension A**.
- Increases at a lower rate than your current Scheme pension and **Pension A** and therefore provides reduced protection against unexpected increases to inflation in future.

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What do I need to do?

If you decide to choose **Pension B**, you must fill in the acceptance form you receive from Origen and return it to them by 13 December 2024. Your Scheme pension will change to **Pension B** from your March 2025 payroll.

If you don't confirm your choice by 13 December 2024 your pension will automatically change to Pension A from your March 2025 payroll.

Can I get help?

The Company and the Trustee have appointed Origen Financial Services Limited (Origen), a regulated financial adviser, to help members understand their options and make the right choice for their circumstances.

The Trustee will pay for you to receive advice or guidance from Origen. There will be no cost to you, regardless of your decision.

You may also prefer to use your own financial adviser, in which case, you would need to meet the cost of that advice.

You cannot choose Pension B without taking at least guidance from Origen (even if you take financial advice from your own financial adviser).

Origen is authorised to give advice in the UK only. If you live overseas, Origen will only be able to give you generic guidance, unless you are a US citizen, in which case, Origen cannot provide you with guidance or advice. Read more about this on pages 9 and 10.

The difference between advice and guidance

If Origen give you advice, they will explain your pensions options, consider your individual circumstances, and then recommend which option might be most suitable for you.

If they give you guidance, they will explain your options in general terms. They won't be able to recommend which might be the most suitable for you.

Whether you receive advice or guidance, it is up to you to decide whether to choose **Pension B**.

Can I change my mind?

If you choose **Pension B**, you will have 14 days from the date that Origen acknowledges receipt of your completed option form, to decide whether to carry on with it or change your mind and change to Pension A.

Once this 14-day 'cooling off' period is over you will not be able to change your mind.

Reasons why

We explained why your pension needs to change and why we are giving you a choice in the letter and 'Questions and Answers' document we sent to you in February 2024. This information is also available on the Scheme website, go to page 11 for the address. Here is a recap.

We need to address an inequality relating to some historical Guaranteed Minimum Pension benefits in the Scheme. This follows the outcome of a High Court legal case which affects members of pension schemes across the UK, including this Scheme.

We consulted with you on our proposed approach to address this legal requirement – 'GMP conversion' – giving you the opportunity to ask questions and provide any feedback.

The consultation has now ended. Thanks to all those who asked questions and/or provided feedback during the consultation. Having considered carefully all the feedback received, we have decided to proceed with our proposal as we believe it is the most appropriate way to address the legal requirement and allow us to simplify Scheme benefits.

Because your pension will be changing, we are giving you a one-off choice of pensions so that you can choose the one that best suits your circumstances.

If some members choose **Pension B**, the cost to the Scheme of reserving for future pension increases will reduce and will also make future pension payments easier to predict. This would help the Scheme and in turn the Company, which is responsible for supporting the Scheme.

The Scheme is not currently in any danger of being unable to pay pensions. However, making future benefit costs easier to predict still helps the Scheme and the Company. This in turn will increase the security of all members' benefits.

You do not have to choose Pension B just because it helps the Scheme and the Company. The decision is completely up to you.



Your new pension and tax

Pension A has been designed so as to minimise any tax implications. However, you may need to consider your tax situation if:

- your Scheme pension is due to increase, as this could push you into a higher tax bracket, and/or
- you are due to receive a back-payment that could push your annual earnings into a higher tax bracket, and/or
- you have applied for a form of Lifetime Allowance protection (these include Individual Protections, Fixed Protections, Enhanced Protection and Primary Protection).

Income tax

Your pension is taxed as earned income, so any increase to your pension may push you into a different tax band.

If you are receiving a one-off additional back-payment (see your personalised statement), it is possible that you could move into the next tax band for the current tax year. This may result in you paying more tax than if you had received the higher pension amounts in the tax years that they were originally due.

If you believe that this issue affects you, you can contact the Scheme administrator and ask for a tax-year breakdown statement. Then, contact HM Revenue & Customs to see if you are due a refund on your tax. You can find out more at www.gov.uk/claim-tax-refund.

Lifetime Allowance

The Lifetime Allowance was a limit on the value of pension benefit that can be drawn by an individual from all private pension schemes (whether lump sums or retirement income) and can be paid without triggering an extra tax charge.

The abolition of the Lifetime Allowance from April 2024 means that any simplifications to your pension due to GMP conversion will not result in any Lifetime Allowance tax charges. Likewise, any decision you make between **Pension A** and **Pension B** will not result in Lifetime Allowance charges.

However, some members may still be impacted by the Lifetime Allowance. When you retired, your pension may have been tested against the Lifetime Allowance at that time. As part of GMP equalisation, we are required to revisit that test and consider if there has been inequality. This is a retrospective test, therefore we need to consider the Lifetime Allowance rules that applied at the time, not the rules that apply today. If any members had previously exceeded the Lifetime Allowance (or were close to exceeding it) and are now due additional benefits due to historic inequalities, then there could still be additional Lifetime Allowance

tax implications. We will carry out this assessment and let you know if we think you might be impacted.

You can read more about the Lifetime Allowance and the different forms of protection on the HMRC website.

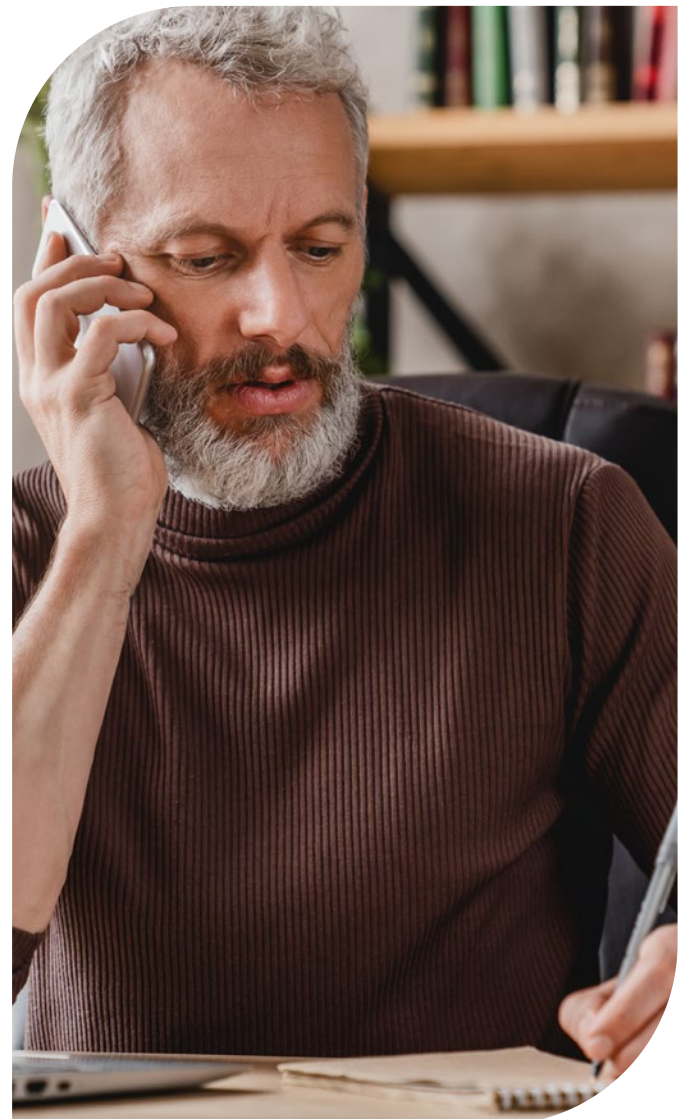
If you are unsure of your tax position, you should discuss this with Origen (or your own choice of financial adviser) on your advice call.

You are responsible for managing your tax position with HMRC.

Please note that neither the Trustee nor the Company can provide you with advice regarding your personal tax position or what protections you may or may not have.

You are responsible for managing your tax position, including consideration of any pension tax protections.

Please contact Aptia (formerly Mercer) the Scheme administrator, if you do have any pension tax protections which have not previously been declared. Their contact details can be found on page 11.



Benefits for your dependants

Any death benefits due in the event of your death will be calculated as a fixed percentage of your **Pension A** and in line with the Scheme rules.

GMP conversion legislation requires dependants' pensions provided after GMP conversion to meet certain minimum requirements. We can confirm these requirements are met.

If you take up the **Pension B** option, it will also impact the pension any dependants you have may receive after your death. It will be calculated as a fixed percentage of your **Pension B** (which will be higher than your **Pension A** initially but with lower or no future pension increases).

The table below gives an illustrative example of the impact taking up the **Pension B** option would have on a dependant's initial pension.

Consider an example member with £6,000 a year of pension of which increases can be exchanged on £4,000 of that pension and whose spouse's proportion is 50% of their total pension. If the member chooses to take up the **Pension B** option, this exchangeable pension would be uplifted to £5,000 a year in exchange for giving up future increases on this pension, giving an overall pension of £7,000 a year.

This example assumes future pension increases are 2.5% a year. In practice, future pension increases will depend on future levels of inflation. Whether the spouse/dependant is better or worse off will also depend on how long they live.

You should discuss the implications of the **Pension B** option with your spouse/civil partner or other dependant (if applicable).

	Member's pension	Spouse's pension					
		If the member dies immediately after taking up their Pension B option	If the member dies in 5 years' time	If the member dies in 10 years' time	If the member dies in 15 years' time	If the member dies in 20 years' time	If the member dies in 25 years' time
If the member chooses Pension B	£7,000	£3,500	£3,630	£3,780	£3,950	£4,140	£4,350
Spouse's proportion	50%						
If the member does not choose Pension B	£6,000	£3,000	£3,390	£3,840	£4,340	£4,920	£5,560
Spouse's proportion	50%						

Important

The figures in the charts in your pension statement are for information only and do not constitute a proof of, or give rise to, any entitlement.

Pension A in brief

This is the default option – your pension will automatically change to this from your March 2025 payroll unless you choose Pension B by returning the acceptance form to Origen by 13 December 2024.

Pension A addresses the inequality we are legally required to resolve, if this applies to you.

- Benefits must be adjusted to account for any unequal GMP earned between 1990 and 1997.
- GMP earned before this period is unaffected.

We are applying a one-off calculation to adjust benefits for the effect of unequal GMP earned between 17 May 1990 and 5 April 1997.

In addition, we are simplifying all Scheme pensions that include GMP. We will do this by converting all GMP within the Scheme into a non-GMP element of pension.

- **Pension A** will increase in broadly the same way as your current pension.
- **Pension A** may be slightly higher than your current Scheme pension. It will not be lower.
- The expected total value of your **Pension A** will not be less than the expected total value of your current Scheme pension.

Your personalised pension statement confirms the amount of your **Pension A**.

We included more details about your **Pension A** – including how we have worked it out – in the letter and ‘Questions and Answers’ document we sent to you in February 2024. This information is also available on the Scheme website, go to page 10 for the address.

Pension B in detail

Pension B also addresses the inequality we are legally required to resolve and if applicable, simplifies your pension.

The key difference between **Pension B** and **Pension A** is that **Pension B** provides you with a higher pension now, but which increases more slowly over time. This is known as a ‘pension increase exchange’ or PIE option. We explain how this works on the following pages.

Different kinds of pension increase

Your pension currently increases each year. Different parts of your pension may have different increases, depending on when you earned it.

You cannot change any increases that are set out in law (‘statutory’ increases).

However, you can change increases that are not set out in law, but in the Scheme rules (‘non-statutory’ increases).

If you choose **Pension B**, you give up your future non-statutory increases on pension you earned before 6 April 1997 in return for a higher pension now. This means **Pension B** will increase more slowly than **Pension A**, giving you reduced protection against unexpected increases to inflation in future.

If you have a husband, wife, civil partner or other dependant who will receive a pension from the Scheme if you die before them, their pension would be based on **Pension B** pension with lower increases.

Origen has full details of your pension increases and can tell you more about this.

We have worked out your **Pension B** having first addressed the inequality (where it applies) to calculate your **Pension A**.

How we work out Pension B

We work out the uplift to your **Pension A** using a figure called the ‘balanced deal’ percentage.

We do this by working out a value for the future pension increases you give up if you choose **Pension B**, based on our best estimate of future inflation. Then we use this value to give you a higher non increasing pension now.

You must keep some increases on:	You can give up the increases on:
pension you earned after 5 April 1997	pension you earned before 6 April 1997
These are your statutory increases.	These are your non-statutory increases.

To work these figures out we make assumptions about things like:

- how long you might live, and
- how much future inflation and interest rates might be.

The balanced deal percentage for this exercise is 100% - i.e. it reflects the full value of the pension increases that you would be giving up, based on the Scheme Actuary's estimate of future inflation used to work out transfer values for people who want to take their benefits out of the Scheme. As a very rough guide, these assumptions give a 'best estimate' of the long-term cost to the Scheme of a pension for someone who has average life expectancy.

Which would you rather have?

Here is a general example, based on the same example member considered on page 4, showing how the Pension B compares to a Pension A.

Your personalised figures of how Pension B could change your pension are included in your pension statement in the enclosed letter.

Pension A	£6,000 a year increasing by 2.5% a year.
Pension B	£7,000 a year, with £2,000 of this increasing by 2.5% a year and £5,000 receiving no increases.

In the first year the Pension A would pay £6,000 and Pension B would pay £7,000. Most people would prefer the £7,000 in the first year, but what about future years? Will Pension A catch up with Pension B in future, and how long will that take?

Origen (or your own financial adviser) can explain more about this and whether Pension B is right for you given your personal circumstances. Further information about the considerations to take into account are included on page 9.

Working out the 'crossover' age

The chart below shows a simple example of how Pension A and Pension B could increase each year. This example assumes a Scheme member is age 65 at the current date.

In the short term they get a higher pension. But, because Pension B has lower increases, by the time they reach age 74 the yearly amount of Pension B is the same as Pension A. We call this the crossover age.

Working out the 'breakeven' age

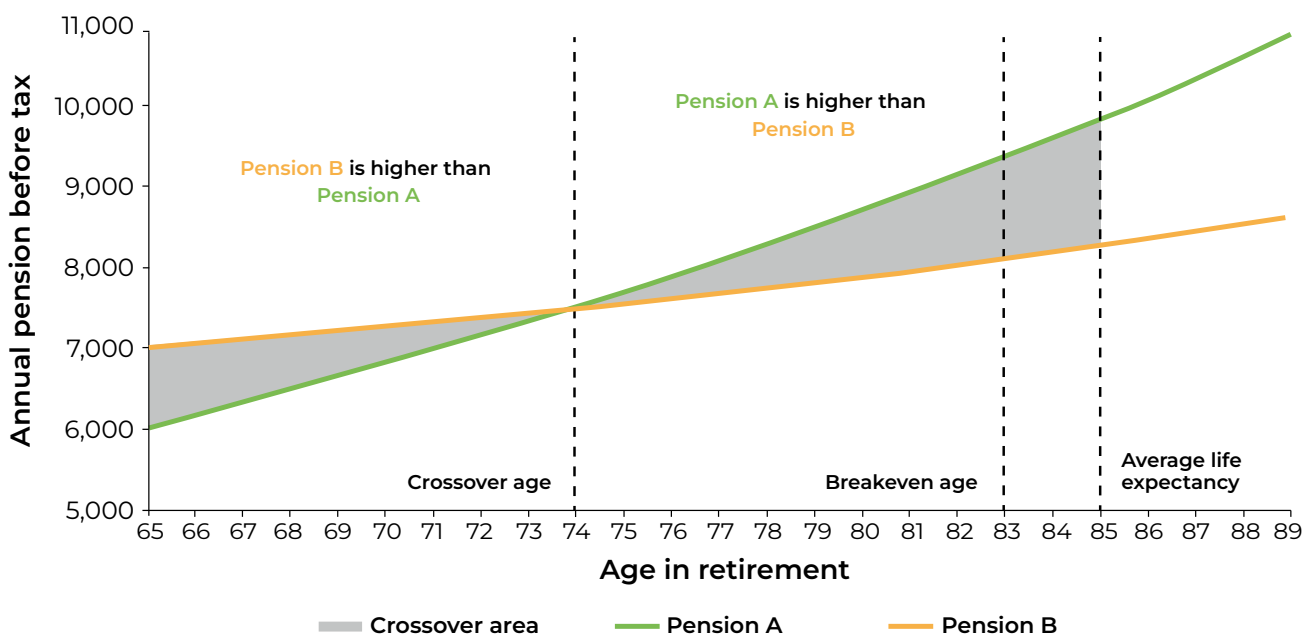
To work out whether you would be better off with Pension A or Pension B, you also need to think about which one will give you more money in total.

For the Scheme member in our example, the chart shows that:

- before age 83 Pension B pays more money in total, and
- from age 83, Pension A pays more money in total.

We call this the breakeven age. If you live longer than your breakeven age, Pension A gives you more money in total than Pension B.

Your personalised pension statement and our online modeller include examples of possible crossover and breakeven ages for you, depending on different levels of future inflation.



How long might you live?

The longer you live, the more likely it is that the value of **Pension A** will catch up with the value of **Pension B**.

If you expect to have a long and healthy retirement, you might be better off keeping the increases of **Pension A**. But if you are worried about your health, it might be better for you to have a higher pension now. The table below shows current average life expectancy for Scheme members at different ages.

Current age	60	65	70	75	80	85
Men expected to live to age	85	85	86	88	89	92
Women expected to live to age	88	88	88	89	90	92

If you have dependants who will receive a pension if you die before them, their benefits will be impacted if you choose **Pension B**. We have included an example to illustrate this in the 'Benefits for you dependants' section on page 4.

Origen (or your own choice of financial adviser) can explain more about this and whether **Pension B** is right for you based on your personal circumstances and those of your dependants.

Important

The figures in the charts in this booklet, in your personalised pension statement and our online modeller are for information only and do not constitute a proof of, or give rise to, any entitlement.

We have used a pension increase of 2.5% each year to work out the example in the chart. The actual increases you would give up depend on when you earned the pension and how different parts of your pension increase.

The life expectancy figures in the chart above are only for guidance. Origen can help you understand more about your own situation.



Points to consider

The table below summarises some of the things you should think about when making your decision and when considering the advice you receive from Origen (or your own choice of financial adviser).

	It's important because...	Pension B might be right for you if...	Pension A might be right for you if...
Your lifestyle and preferences	...your plans, lifestyle and personal circumstances will influence your decision.	...you prefer more money now when you may be more able to enjoy it. Also, you can save it, invest it or use it to pay off debts.	...you would prefer your pension to receive higher increases in the future, when you might need money for medical expenses, for example.
Health and life expectancy	...the longer you live, the more likely it is that Pension A will catch up with Pension Byou are concerned about your long-term health – you might not get the value of future increases.	...you expect to have a long and healthy retirement.
Future inflation	...the cost of living in the future will be higher than it is now. Pension increases can help your income keep up with rising costs.	...you think having a higher pension now is worth the risk of lower increases to your pension in the future.	...you are concerned about rising prices in the future and would prefer more protection against inflation.
Income tax	...your pension is taxed like any other income.	...it would not affect the rate of income tax you pay.	...the one-off increase to your income could affect the amount of income tax you pay.
The benefits payable on your death	...choosing Pension B will affect the benefits your spouse, civil partner or other dependent may receive following your death.	...you think those who may receive a pension following your death may not be financially dependent on the increases or you do not have any dependants..	...you are concerned about protecting those who may receive a pension following your death against the future cost of living.
State benefits	...the amount of pension you receive can affect your eligibility for some State benefits.	...your current State benefits are not affected by Pension Byou get any means-tested State benefits (that depend on the amount of your income), as a higher pension could reduce them, or disqualify you for them.



Help with your decision

Paid-for financial advice

Choosing which pension option to take will be an important decision, but you won't have to make it alone.

The Company and the Trustee have appointed Origen to help members understand their options and make the right choice for their circumstances.

The Trustee will pay for you to receive advice or guidance from Origen.

There will be no cost to you regardless of your decision.

Origen's fee does not depend on the number of members who choose **Pension A** or **Pension B** so there is no conflict of interest and no reason for them to give you anything other than impartial, unbiased advice.

How to get paid-for financial advice

To give yourself enough time to consider your options fully, you need to contact Origen by 15 November 2024 at the latest (and preferably earlier). They will take some personal details from you and make an appointment for an advice or guidance call.

To contact Origen:



Register on the Origen Online Client Portal with the code 3097
FirstBus.origenportal.co.uk/register



0800 470 0470 (UK) / (+44) 800 470 0470 (overseas) Monday to Friday, 8.30am to 5.30pm



FirstBusPIE@origenfs.co.uk

Say you are a member of The Bus Section of the FirstGroup Pension Scheme and would like to arrange an advice or guidance call.

After you have received advice, Origen will write to you with a personal recommendation confirming whether they think **Pension B** is suitable for you.

You do not have to follow their advice, though we recommend you consider it carefully.

You cannot choose Pension B without getting financial advice from Origen (even if you get financial advice from your own financial adviser).

If you decide to choose Pension B, you must fill in the acceptance form you receive from Origen and return it to them by 13 December 2024. Your Scheme pension will change to Pension B from your March 2025 payroll. Otherwise, you will automatically receive Pension A from your March 2025 payroll.

Origen is officially authorised and regulated by the Financial Conduct Authority. This means the Financial Conduct Authority says they have the power to give financial advice, and that they must keep to the Financial Conduct Authority's rules. The Financial Conduct Authority is independent and not attached to the Government. Visit the website at www.fca.org.uk.

If you do not live in the UK

Origen is an expert on UK pensions and tax and authorised to give advice in the UK but not in other countries. They can give you guidance about your pension options (unless you are a US citizen, in which case, Origen cannot provide you with guidance or advice), which the Company and Trustee will pay for, but they cannot give you a formal recommendation about which one they believe is most suitable for you.

If you would like formal financial advice with a personal recommendation, you will need to find a financial adviser in the country where you live who is familiar with UK pensions and tax.

Can I use my own financial adviser?

You can use your own choice of financial adviser, but you will have to pay for their advice as the Trustee is only paying for advice from Origen.

You can choose a financial adviser yourself or use your existing adviser if you have one.

MoneyHelper has an online directory of financial advisers that the Financial Conduct Authority regulates. Go to www.moneyhelper.org.uk and search for 'Retirement Adviser Directory'.

If you use your own adviser, you will be responsible for checking they have the right qualifications.

You must also still contact Origen by 15 November 2024 so they know you are taking advice elsewhere, and you will still need to have a guidance call with Origen to accept **Pension B**.

Online support

Scheme website

You have access to online support to help you consider your options and move through the advice process. You can also watch a short supporting video, read Questions and Answers and download the checklists if you need to.

Visit the Scheme website at <http://firstbuspensionschemetrustee.co.uk> and click on the 'Pensioners eligible for **Pension B**' section within the 'GMP' tab on the menu.



Online modeller

Use our secure easy-to-use online modeller to:

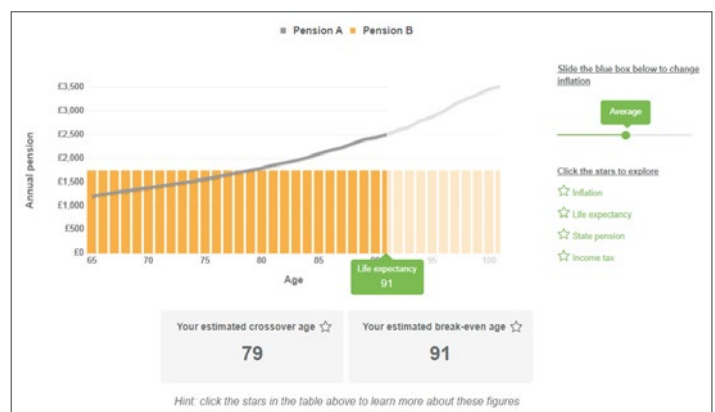
- see the potential income you could get from your **Pension B** option and how this compares to your **Pension A** option,
- understand how it may change under different circumstances for example how long you may live for or the impact of future changes to inflation, and
- request a call back from Origen.

Go to: retirementoptionsmodel.aon.com/pie

- Your username can be found on page 4 of your pension option pack
- Your password is your National Insurance number in the format AB123456C, with no spaces and using capital letters. You will need to set a new password when you first log in.

Please email admin.ROM@aon.com if you are having difficulty accessing the tool.

You don't have to use the modeller, but it may help you to explore and understand your options.



Code of good practice

There is a code of good practice for making this kind of **Pension B** option available. We have made sure this pension follows the code.

You can find more information about the code, along with guidance about this type of pension offer, on the Pensions Regulator's website.

Go to www.thepensionsregulator.gov.uk and search for 'Incentive exercises' or scan the QR code below.



Beware of pension fraud

The Pensions Ombudsman continues to receive complaints about pension fraud. Make sure you know the warning signs and are aware of the risks.

For more information and up-to-date guidance about how you can keep your pension safe, visit

www.fca.org.uk/scamsmart/how-avoid-pension-scams and www.thepensionsregulator.gov.uk/en/pension-scams

Your administrator

If you have questions about your benefits that cannot be answered by Origen, please check the Scheme website in the first instance at <http://firstbuspensionschemetrustee.co.uk>.

Please contact Aptia (formerly Mercer), the administrator, if:

- you think any of the figures or information on your personalised pension statement may be wrong, or
- you have any form of Protection regarding the Lifetime Allowance (e.g. Enhanced Protection, Primary Protection, Fixed Protection, Individual Protection), or you are due a back-payment and would like a tax-year breakdown statement (see page 3)



0370 850 0712



FirstPensions.UK.GMPe@Mercer.com



Aptia (formerly Mercer), Maclaren House, Talbot Road, Stretford, Manchester M32 0FP

The administrator cannot help you decide whether to choose **Pension B**. If you have questions about **Pension A** or **Pension B**, please ask Origen.

Useful organisations

MoneyHelper

MoneyHelper is the consumer-facing brand of the three main pensions and finance guidance bodies, The Pensions Advisory Service, The Money Advice Service and Pension Wise.

Phone: **0800 011 3797**

Website: **www.moneyhelper.org.uk**

The Financial Conduct Authority

The Financial Conduct Authority holds the official Financial Services Register, which includes all authorised financial advice firms in the UK. It also has a list of unauthorised firms you should avoid and a Scamsmart section with a list of known scams.

Go to **www.fca.org.uk** and visit the Financial Services Register at **<https://register.fca.org.uk/>**.

The Pensions Ombudsman

The Pensions Ombudsman has legal powers to settle complaints and disputes about pensions. You usually need to try and to sort your complaint out first - for example, by using your pension scheme's formal complaints process - but you can contact the Ombudsman at any time for help or guidance.

Phone: **0800 917 4487**

Website: **www.pensions-ombudsman.org.uk**

Pension laws

This option pack follows current pension laws. Pension laws can change in the future. This means the results of any decisions you make about your pension could also change.

Every effort has been made to ensure this guide is accurate. If there is any conflict between it and the rules of the Scheme, the rules take precedence.

