

# Scotia Gas Networks Pension Scheme

## Further information on the pension levelling option

### What is the Pension levelling option?

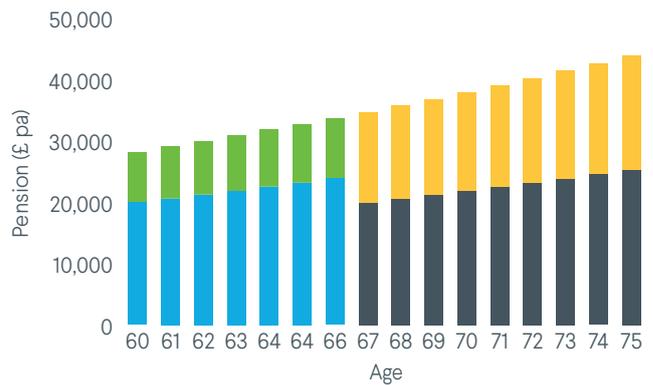
Members retiring from the Scheme before their State Pension Age (SPA) may choose, at that time, to take the Scheme's pension levelling option. This option allows members to receive a higher initial Scheme pension which subsequently reduces when their state pension comes into payment. Overall, with this option members should see a more even income when Scheme pension and state pension are combined.

This option is available only when members are retiring from the Scheme. It takes account of both Scheme pension and the new state pension with the aim of providing members with a more gradual increase in their overall pension income throughout retirement. This is illustrated in the charts opposite which show the annual pension paid to an illustrative male member from age 60 with the levelling option (top chart) and without the levelling option (bottom chart). Note that in practice you might still see a step change in total income at state pension age – for example, if actual inflation is different to the assumed rate used to calculate the option.

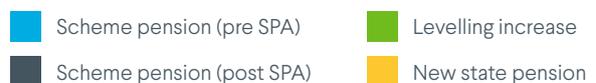
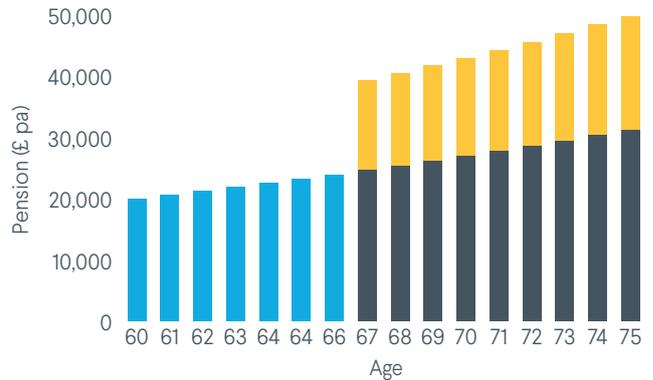
The levelling option is designed so that the overall value of Scheme pension a member receives is expected to be the same as the value of the pension the member would receive if this option was not selected.

**Male member retiring at age 60**

**With levelling**



**Without levelling**



## Is this option suitable for you?

The option is intended to provide members with a more even retirement income when considering Scheme and state pension together as illustrated in the charts. This could be beneficial, particularly if you think you will require a higher level of income when you initially retire than would otherwise be payable at that time.

The level of 'smoothness' achieved will depend on your personal circumstances. The levelling adjustments that apply to your pension are calculated based on the full state pension. This means the option may not provide a smooth income if you are not entitled to the full state pension. The increased pension payable under this option may also have tax implications.

Please note, the trustees, Company or scheme administrators cannot give you financial or tax advice. We recommend you take independent advice to help you decide if this option is right for you.

You can access free, impartial guidance about pensions, including how to find an independent financial adviser, at the government-funded MoneyHelper ([www.moneyhelper.org.uk](http://www.moneyhelper.org.uk))

You may also find a suitable financial adviser by visiting [www.unbiased.co.uk](http://www.unbiased.co.uk)

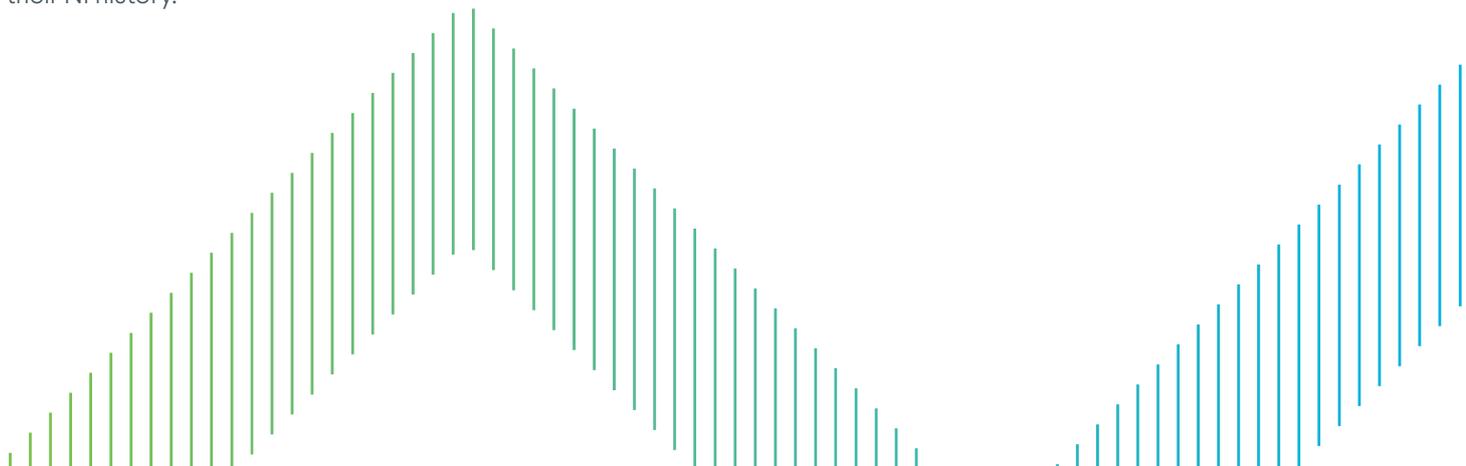
## How does it work?

If a member chooses this option at retirement they will receive an extra payment on top of each instalment of their Scheme pension, known as a levelling increase, which is paid until SPA and increases each year in line with Scheme pension. Once the member reaches SPA the levelling increase stops and a reduction is also applied to Scheme pension which is known as a levelling deduction.

The levelling increase and levelling deduction are calculated using a set of fixed factors determined by the Trustees, having taken advice from the Scheme Actuary. The factors are reviewed periodically and were last updated based on market conditions at 31 July 2024. The levelling increase and deduction shown in retirement quotations are calculated based on the latest standard State Pension amount and will vary depending on how many years there are between the time the member retires from the Scheme and the time the member will reach SPA. Please note that in practice some members may receive a different amount of State Pension than is assumed by the Scheme, depending on their NI history.

In some cases, the levelling option shown in your retirement quote may have been restricted. This happens either when a member's total pension isn't high enough to achieve full levelling or where a large proportion of a member's pension relates to Guaranteed Minimum Pension. The quotation will reflect any necessary restrictions but you should be aware that where restrictions have been applied, the option will not achieve the smooth payment stream shown in the charts above, i.e. there will be an expected step up at SPA.

Members may also elect to take a smaller levelling increase than the amount shown in their retirement quotations – and therefore a lower levelling deduction at SPA – which may be referred to as a 'partial levelling' option. This works in the same way as the standard levelling option but allows more flexibility in the initial levelling increase that members receive. If you would like to explore this, you can ask the administrators to confirm the impact on your retirement quotation.



## Other things to note

Your specific state pension age and state pension entitlement depend on various things including date of birth, national insurance contributions and government legislation both at the time of your retirement from the Scheme and at your SPA. To confirm when you are expected (based on current legislation) to reach State Pension Age and the state pension you could expect to receive at this point, you can use the government resource at [Check your State Pension forecast - GOV.UK](#)

This levelling option might not be suitable for everyone, and so any decision to take it should be driven by an understanding of your own financial situation and personal circumstances. We recommend that you take independent financial advice, although this can incur a fee.

To find a suitable financial adviser you can visit [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk) or [www.unbiased.co.uk](http://www.unbiased.co.uk)

## FAQs

### **Do the amounts of the levelling increase and levelling deduction change?**

Yes. Inflation increases are applied to the levelling increase in line with your Scheme pension. The levelling deduction quoted when a member chooses this option is fixed until it comes into force at SPA and then inflationary increases are applied in line with Scheme pension.

### **Am I eligible for the pension levelling option?**

The option is available to all non-pensioner members of the Scheme who apply for it when they retire from the Scheme before their state pension age, including those who choose to retire early or leave on the grounds of voluntary or compulsory redundancy. Some exceptions may apply – for example restrictions on the amount of levelling pension you can take – and the Scheme administrator will confirm your options when you reach retirement.

### **Will my spouse receive a higher/lower pension if I take the levelling option?**

Taking the levelling option does not impact the amount of any benefits paid by the Scheme to dependants on the event of a member's death. Neither the levelling increase nor levelling deduction transfers to the spouse (or any other dependant) when a member dies.

### **Can I take this option at a later date, after I have retired?**

No. You can only choose to receive a levelling pension at the point when you retire.

## How to get in touch

For any questions regarding the pension levelling option please contact the Scheme's administrator.

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