

HALCROW PENSIONERS ASSOCIATION

21 Eastmere, Liden, Swindon, SN3 6JY

4 June 2023

Our Ref: 001/23-L

Mr Leon Power
Chair of the Trustee
Halcrow Pension Scheme (No. 2)

Dear Mr Power

THE PPF UNDERPIN PROTECTION FOR HPS2

At the time HPS members were given the option of transferring to HPS2 or to the PPF, they were advised by the Trustee that in no circumstances would they be less well off by transferring to HPS2 rather than the PPF (Ref HPS2 Trust Deed 11 March 2016 Schedule II, Clause 7). They have therefore been following the PPF Underpin Protection process with great interest.

Various HPS2 and HPA members have advised us that they have been informed that they will benefit from the PPF Underpin protection, but that they have not been advised about the specific reason for the increase in payment or the calculations behind the sum paid. HPA members have seen their pensions reduce in relative value since HPS2 was formed and would like to understand this process so they can assess whether they are likely to receive similar benefits. Accordingly, we should be grateful for clarification about the following:

- 1 We understand that the PPF Underpin can come into effect due to:
 - The checks and circumstances set out in the HPS2 Trust Deed dated 11 March 2016, in particular Schedule III
 - the CJEU Hampshire 50% de-minimus ruling,
 - the unlawful application of the 90% cap (since summer 2021), and
 - the temporary pension ending on reaching State Pension Age.

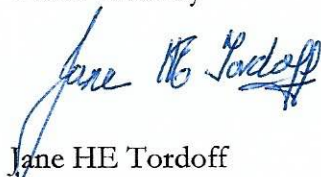
Please advise if this is correct, whether the payments vary annually or are one-off and if there are other underpin situations that can occur?

- 2 We would like to understand how the Trustee checks whether HPS2 members are entitled to increased pension payments under the PPF underpin. Can you please advise whether the Trustee:
 - Uses the modelling software developed by the PPF to check whether increased payments are due to each individual member?
 - Uses other software that ensures underpin checks are consistent with the PPF?
 - Use some other method of ensuring underpin checks are consistent with the PPF?

- 3 Please advise how often the Trustee checks whether individual members are entitled to an increase.

We would appreciate an early reply either directly to us, or a post on the HPS2 website that covers all these points.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Jane HE Tordoff', with a stylized flourish at the end.

Jane HE Tordoff
Secretary HPA