

The newsletter of the E.ON UK Group of
the Electricity Supply Pension Scheme

In touch

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Welcome from the Chair



Welcome to the March 2025 edition of your In touch newsletter, in which we bring you the latest news from the E.ON UK Group of the ESPS.

Every three years, a full actuarial valuation of the Scheme is carried out to assess its financial health, and the Trustees' key focus over recent months has been the actuarial valuation as at 31 March 2024, which includes the assets and liabilities transferred from the Npower Group of the ESPS on that date.

I am delighted to confirm that this valuation has been completed and we provide a summary of the results in this edition.

We also set out information on the increase to pensions that will apply from 1 April 2025 for members of our final salary categories.

Finally, I would remind members that further information on your Scheme can be found on the member website – **myeonpension.com**. We've also included details on page 7 of how you can register for access to view and manage your pension at any time with a myESPS account if you've not done this already.

Martine Trouard-Riolle
Chair of the Trustee Board

Actuarial Valuation 2024



The Trustees are pleased to confirm that the actuarial valuation as at 31 March 2024 has been completed.

This valuation showed a funding surplus as at 31 March 2024 of £37 million, on the technical provisions basis, which is based on assumptions agreed between the Trustees and the Scheme's sponsoring employer, E.ON UK plc. This compares with a funding surplus of £22 million at the previous valuation, which was as at 31 March 2021.

For several years the Trustees have adopted an investment strategy that includes a significant holding in liability hedging assets. These assets provide significant protection to the Scheme's funding position by moving closely in line with the rise and fall in liability values, which are affected by UK government bond (gilt) yields. As a result, although the absolute value of the Scheme's assets has, on average, fallen in each of the past three financial years, the value of the Scheme's liabilities has also fallen, resulting in the funding remaining reasonably stable over the period.

In addition, the Scheme continues to enjoy significant financial protections provided by E.ON SE and E.ON UK plc. Through the Parent Company Guarantee (PCG) implemented in 2016, E.ON SE guarantees the Scheme's liabilities to pay pensions if E.ON UK plc were to become insolvent, and any deficit repair payments that may become due should an actuarial valuation reveal a funding deficit. A reminder of the key aspects of the PCG is provided on page 4. The Trustees also have an agreement with E.ON UK plc, which was established at the 2018 actuarial valuation, regarding the minimum amount of financial assets to be retained on its balance sheet.

Overall, the Trustees are confident that they have achieved an appropriate outcome from the valuation discussions with the Company and that the security of members' benefits is maintained as a result.

Summary Funding Statement as at 31 March 2024

Each year, the Trustees are required to provide an update on the level of the Scheme's funding that supports your benefits. This year's Summary Funding Statement shows the updated position following the actuarial valuation as at 31 March 2024.

The Trustees have a funding plan – the Statement of Funding Principles – which is agreed with E.ON UK plc and aims to make sure there is enough money in the Scheme to pay for pensions now and in the future. The amount of money paid in by E.ON UK plc may go up or down, following regular funding checks by the Scheme actuary. These checks are referred to as actuarial valuations.

The Scheme actuary carries out an actuarial valuation every three years to establish whether there is enough money in the Scheme to pay out all the benefits when they fall due. After each valuation is completed, the Trustees and E.ON UK plc agree the level of contributions needed. The actuary then updates the position each year. Below is the latest position on the Scheme's financial health, following completion of the actuarial valuation as at 31 March 2024.

	£ million
Assets	3,290
Amount needed to provide benefits (technical provisions)	3,253
Surplus	37
Funding level	101%

Since the 2021 actuarial valuation, the funding position of the Scheme has improved slightly from a surplus of £22m to a surplus of £37m. As the actuarial valuation as at 31 March 2024 revealed a funding surplus, there are currently no deficit repair contributions payable by E.ON UK, but it does still pay contributions for the new benefits earned by active members.

The Pensions Regulator can issue instructions to modify benefit accruals under the Scheme, give directions about working out its technical provisions or impose a schedule of contributions. The Trustee is pleased to confirm that the Regulator has not needed to use its powers for this Scheme.

Parent Company Guarantee

E.ON SE, which is the Germany-based parent company of E.ON UK plc, continues to provide a Parent Company Guarantee. This is also known as the 'PCG'. It means that in the unlikely event of E.ON UK plc not being able to pay its agreed contributions to the Scheme, then E.ON SE will be required to pay them.

The PCG also guarantees the Scheme's liabilities to pay pensions if E.ON UK plc were to become insolvent. In the unlikely event of this happening, E.ON SE is required to fully fund the Scheme on a basis which requires it to take minimal investment risk to meet its future obligations. The PCG will remain in place until this funding level is reached, which may be many years into the future. In the meantime, E.ON UK plc will continue to hold the obligation to make good any deficit which arises on future valuations.

There are certain other limited circumstances in which the PCG can be replaced, such as on the sale of E.ON UK plc. In this instance, the PCG promises that alternative appropriate security would be put in place.

In exchange for the additional security provided by the PCG, the Trustees agreed with the Company to invest the Scheme's assets to target a return of 2% p.a. above the return on government bonds for a minimum period of 10 years.

The PCG provides a valuable additional layer of security to protect members' benefits and is an important part of the long-term funding agreement reached with the Company.

What would happen if the Scheme started to wind up?

As part of the valuation, the Trustees are required to assess the funding position of the Scheme if it had been discontinued at 31 March 2024. This is known as the solvency position. On this basis, the deficit would have been £474m, equal to a funding level of 87%. Looking at this situation helps the Trustees understand the Scheme's financial health and the extent to which this relies on the continuing prosperity of E.ON UK plc. It does not mean that E.ON UK plc is thinking of winding up the Scheme. The Trustees are satisfied that E.ON UK plc is committed to continuing its support for the Scheme.

Under the provisions of the ESPS, the Scheme could only be wound up in limited circumstances such as the insolvency of E.ON UK plc. If the Scheme starts to wind up, then even if it is fully funded under our funding plan, you might not get the full amount of pension you had built up. In this situation, E.ON UK plc, or E.ON SE, to the extent required under the PCG, would be required to pay enough for the Scheme to secure members' benefits with an insurance company, if it could. The Pension Protection Fund may provide some support for pension schemes that wind up with a shortfall.

Further information and guidance is available on the Pension Protection Fund's website at ppf.co.uk or you can write to the Pension Protection Fund at **Knollys House, 17 Addiscombe Road, Croydon, Surrey, CR0 6SR.**



Why does the funding plan not call for full solvency at all times?

The full solvency position assumes that benefits will be secured by buying insurance policies. Insurers are obliged to take a very cautious view of the future and need to make a profit. The cost of securing pensions in this way also incorporates the future expenses involved in administration. By contrast, our funding plan assumes that E.ON UK plc will continue in business and support the Scheme.

Where can I get more information?

If you have any other questions, or would like any more information, please contact Railpen, the Scheme administrators. Their contact details are on the back page.

You can also ask to see the Scheme's formal documents, including our Statements of Funding and Investment Principles. The latest audited report and financial statements and actuarial report, as well as the Schedule of Contributions are also available.

Pension increase 2025

For members of the final salary categories, the Scheme rules provide that pensions in payment (and deferred pensions for certain categories) are increased annually from 1 April each year. The amount of increase applied each April is calculated in accordance with the percentage rise in the Retail Prices Index (RPI) for the preceding September, up to 5%. If the increase in the RPI is greater than 5%, then any increase above that amount is not guaranteed and under the Scheme rules is a decision for the Company to consider.

In line with the percentage rise in the RPI for September 2024, an increase of 2.7% will apply for April 2025. Members who have been retired for less than a year on 1 April 2025 will receive a proportion of this increase.

It is important to note that different parts of your Scheme pension may have different increases depending on factors such as when you earned it and whether you have opted in the past for a 'pension increase exchange'. **Railpen will, as usual, send out your pension increase statement in April 2025, which will give a detailed breakdown of the increase applicable to your Scheme pension.**

State pensions

State pensions increase on 6 April 2025. The basic state pension will increase by 4.1%, in line with the government's 'triple-lock' promise.

People who reached State Pension age before 2016 will see their basic state Pension rise from £169.50 a week to £176.45 a week, and people who reached State Pension age after 2016 will see their State Pension rise from £221.20 a week to £230.25 a week.

The exact amount you will receive depends on your individual circumstances. There maybe some reduction to reflect periods when you have been 'contracted out' and paid a lower rate of national insurance.

Manage your pension anytime, anywhere, with a myESPS account

Whether you're getting closer to retirement, or still have a long career ahead, it's important to understand your pension and how it can work for you. The quickest and easiest way to do that, is with a secure myESPS account, online.

How do I register for a myESPS account?

It's quick and easy to register for a myESPS account if you haven't already.

- To get started, go to myeonpension.com and click 'Login to myESPS account' – there's a separate button for former Npower Group members.
- You'll then reach the 'Welcome' page.
- Select 'if you have not registered, please click here'.
- Then follow the simple steps to create your myESPS account.

You can find a step-by-step guide and a short video which explains how to register at myeonpension.com/help/using-your-account.

Contact us

If you want specific information about your pension, you'll need to get in touch with our pension scheme administrator, Railpen, which calculates and pays the benefits on behalf of the Trustees and holds all the individual member records.

Railpen's contact details are:

Railpen
2 Rye Hill Office Park
Birmingham Road
Coventry
CV5 9AB

Email: enquiries@railpen.com
Telephone: **0247 6472 541**

If you have a question for the Trustees, you can email pensions.feedback@eon-uk.com. If you don't have access to email, please write to Railpen and your letter will be passed on. You can also ask to see the Scheme's formal documents, including our Statement of Funding Principles and Statement of Investment Principles.

Information on the Scheme is also available at myeonpension.com