



The Uniper Group of the Electricity Supply Pension Scheme

EGPS Category

Member booklet – October 2015

FOREWORD

The aim of this booklet is to explain the benefits of the EGPS Category of the Uniper Group of the Electricity Supply Pension Scheme (the Scheme) to enable you to understand the advantages of being a member.

The Scheme is only open to active members of the EGPS Category of the E.ON UK Group of the Electricity Supply Pension Scheme immediately prior to becoming part of the Uniper business. If existing members of the E.ON UK Group decide not to join the Scheme or opt out, they will not be able to join at a later date.

The Scheme was established to provide an identical benefit structure to the E.ON UK Group of the Electricity Supply Pension Scheme (the E.ON UK Group) for colleagues becoming part of the Uniper business from 1 October 2015. Colleagues will automatically be invited to join the relevant Category of the Scheme by letter and will be offered the chance to transfer their past service from the E.ON UK Group later in October.

If members agree to the transfer, they will be provided with an equivalent service credit in the Scheme – this means benefits will be calculated as if they joined the Scheme at the original date they joined the Electricity Supply Pension Scheme (please note this point when you see references to Scheme start dates within this booklet). These transfer terms apply for a limited period of two months (from the date of the offer in mid-October).

Without using formal legal terms it is not possible to be totally accurate for every member of the Scheme or to convey the exact meaning of every Rule. This booklet has no legal authority and cannot be taken as a substitute for the legal provisions of the Scheme or any HM Revenue & Customs (HMRC) requirements.

The conditions of this booklet apply to all members although where conditions have changed in the past these have been recorded and the terms or conditions that apply to you will depend on the date you joined the Scheme.

Full details can be obtained by writing to the Scheme Administrators, RPMI EPAL, at the address given below.

For information on Scheme benefits, please contact:

RPMI EPAL
Unit 2, Rye Hill Office Park
Birmingham Road
Coventry
CV5 9AB

Telephone 02476 472546
Fax 02476 472545
Email: enquiries@rpmico.uk

SUMMARY OF THE BENEFITS FOR MEMBERS AND THEIR BENEFICIARIES

INTRODUCTION

Your pension is likely to be your main source of income in retirement. It will need to replace the regular earnings which will stop when you retire. Whether you will have enough money coming in to cover your needs will depend on the provision that you make **now** for yourself and your dependants.

Apart from relying on the State, you have two main options: membership of a company pension scheme or a personal pension plan. Many company schemes provide a pension which is linked to earnings near retirement and length of service: this is called a “final salary” scheme. Alternatively many company schemes and all personal pension plans work on a “money purchase basis”, where the contributions are invested and the accumulated fund is used to buy a pension on retirement.

The EGPS Category of the Uniper Group of the Electricity Supply Pension Scheme (ESPS) was formerly a separate pension scheme called the TXU Europe Group Pension Scheme. All of the assets and liabilities of the TXU Europe Group Pension Scheme were transferred to the E.ON UK Group of the ESPS in August 2007, becoming the EGPS Category. This Category has now been replicated in the Uniper Group of the ESPS. Originally the Scheme provided life assurance benefits from 1 July 1995 and became fully effective on 1 January 1996 for all other benefits, combines the advantages of both money purchase and final salary options. The Scheme has two sections: the Money Purchase Section and the Final Salary Section. The key difference between the sections is the way in which the benefits are built up. The Money Purchase Section works in a similar way to a personal pension, that is, the contributions are known in advance but the benefits are not. With the Final Salary Section, the Rules specify the benefits to be paid and the Scheme is financed accordingly.

All colleagues transferring to Uniper are in the Final Salary Section and you should read this section of the booklet specifically to understand your benefits.

The Scheme also provides a range of other benefits including life assurance and dependants' pensions.

The booklet provides an easy-to-read guide to the main provisions of the Scheme. The full details, which are more extensive than is practicable to include in this simple guide, are contained in the Trust Deed and Rules and form the legal basis of the Scheme. The Trust Deed and Rules were duplicated in the Clauses and Rules of the Uniper Group of the ESPS to form the EGPS Category rules as a separate schedule. This booklet has no legal authority and cannot be taken as a substitute for the provisions of the Scheme or any HM Revenue & Customs (HMRC) or Social Security requirements which may override those provisions.

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MAIN FEATURES AT A GLANCE

Money Purchase Section

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CONTRIBUTIONS

You have a choice of two contribution levels: you can pay either 3% or 4% of your salary. You can change the level of your contribution once a year.	You pay 5% of your salary
The Company will pay double your contributions into the Scheme.	The Company pays the balance of the cost of providing Scheme benefits.
You have a choice as to how the contributions are invested. You can change your investment choice once a year.	

RETIREMENT BENEFITS

A pension bought with your accumulated fund at retirement (contributions paid in plus investment return).	A pension linked to your Pensionable Salary and Pensionable Service at retirement.
An option to take a smaller pension and a tax free cash sum.	
Guaranteed annual increase to pension after retirement.	

BENEFITS ON DEATH

Life insurance benefit of four times your Pensionable Salary on your death in service before retirement or leaving service.
Spouse's pension and children's pensions on your death before or after retirement.

Note: This chart is only a guide to the main provisions – for details please turn to the appropriate part of the booklet.

TERMS WITH SPECIAL MEANINGS

The subject of pensions is full of technical expressions which can sometimes be confusing. The list below explains the terms that are used in this booklet.

Additional Voluntary Contributions (AVCs) – this is a way of increasing your benefits by making additional contributions – see page 18.

Administrators are the organisation appointed by the Trustees to administer the Scheme on behalf of Uniper UK Limited. The organisation is RPMI EPAL at Unit 2, Rye Hill Office Park, Birmingham Road, Coventry, CV5 9AB. They can be contacted on telephone number 02476 472546 or by email at enquiries@rpmi.co.uk.

Annual Allowance – on and from 6 April 2006 the Annual Allowance was introduced limiting the maximum contributions or benefits you can accrue tax efficiently in a registered pension scheme. For the Money Purchase Section is the total of the contributions paid and for the Final Salary Section is the value of the pension accrued in the year plus any Additional Voluntary Contributions. The initial Annual Allowance was set at £215,000 but has reduced significantly under subsequent legislation (current level is £40,000 since April 2015). Your personal pension input amount is shown on your Annual Benefit Statement and further information is available from RPMI EPAL.

Basic State Pension or the “old age” pension, which is paid from State Pension Age by the Department of Work and Pensions.

Company is Uniper UK Limited whose registered office is Westwood Way, Westwood Business Park, Coventry, CV4 8LG or as the case may be, a subsidiary company of Uniper UK Limited that is your employer.

Contracted-out – As a result of contracting-out of the State Earnings Related Pension Scheme Now called State Second Pension or S2P), you and the Company pay lower National Insurance contributions. The contracted-out rebate is the saving that you and the Company make. This rebate, together with any additional contributions from the State, makes up your Protected Rights.

Normal Retirement Age is 63 for all members.

Pensionable Salary is the highest salary (subject to HMRC limits) for any one of the five years preceding the date of your retirement, leaving service or death. If you are affected by the HMRC limit you will be informed.

Pensionable Service is the number of years and months you complete as a member of the Scheme, including any additional periods granted if you transfer benefits from another scheme.

Prospective Pension is pension based on your Pensionable Service projected to Normal Retirement Age and your current Pensionable Salary.

Qualifying Service is your Pensionable Service plus any period of Pensionable Service as a member of a previous employer's scheme or other approved pension arrangement, such as a personal pension plan, where you have transferred benefits from that scheme into this Scheme.

Salary for contribution purposes is your basic salary and certain other regular payments such as disturbance allowance, standby retainer and London allowance (subject to HMRC limits). It excludes irregular items of pay such as overtime, a personal allowance paid during a period of temporary upgrading or any cushioning payment.

Scheme is the EGPS category of the Uniper Group of the ESPS (formerly the TXU Europe Group Pension Scheme).

Spouse is the person to whom you are legally married at the date of your death. If you have no spouse, the Trustees have discretion to pay the pension to another dependant. Pension is payable for the remaining lifetime of the Spouse.

State Earnings Related Pension Scheme (SERPS) provides an additional State pension to the Basic State Pension.

State Pension Age or SPA is age 65 for men; for women it is gradually being increased from age 60 to age 65 over the period from April 2010 to November 2018; having equalised, it is then to gradually increase to age 66 by October 2020, and to 67 between 2026 and 2028. SPA varies by month of birth and the Pensions Act 2014 introduces a regular review of it going forward, with the timetable for review being at least every six years. .

Trustees are people appointed by the Company and by the Scheme members to be responsible for running the Scheme. The Trustee is a Company with a number of directors each of which is treated as if they were individual trustees.

Trust Deed and Rules are the legal documents that establish the Scheme and govern how it is to be administered. This became a part of the Clauses and Rules of the Uniper Group of the ESPS from 1 October 2015.

HOW THE SCHEME WORKS

Management of the Scheme

The EGPS Category of the Uniper Group of the Electricity Supply Pension Scheme (the Uniper Group) is set up under Trust and so the assets are completely separate from those of the Company. The Scheme is managed by the Trustee. The Trustee, which is a Corporate Trustee called Uniper UK Trustees Limited, has four directors, two are appointed by the Company and two elected be members. Elected and appointed directors have equal voting rights. The Chairman, who is always an appointed director, has a casting vote.

The Trustee has a legal responsibility to protect the interests of members and pensioners at all times and to ensure that the Scheme is operated in accordance with the Clause and Rules.

To help the Trustee with its duties, certain tasks are delegated to external professional managers and advisers. These include administrators, investment managers, actuaries, auditors and lawyers. The expenses of administering the Scheme are paid by the Scheme from an additional contribution paid by all participating employers.

STATE PENSION ARRANGEMENTS

The State pension is currently provided by a combination of the Basic State Pension and the State Second Pension (S2P), formally known as the State Earnings Related Pension Scheme (SERPS). These will be replaced by the new single-tier State Pension, which will apply to those reaching State Pension Age from 6 April 2016.

The current Basic state pension until April 2016

All employees who have paid full rate National Insurance contributions for a certain period of time will be eligible for a basic state pension. The Department for Work and Pensions (DWP) produce a number of leaflets on state pension entitlement and National Insurance qualifications which can be obtained from your local DWP office or from the DWP's website. State Pension Age (SPA) is currently 65 for men. For women it is being gradually increased from 60 to 65 over the period from April 2010 to November 2018. Having equalised, it is then to gradually increase to age 66 by October 2020, and to 67 between 2026 and 2028. SPA varies by month of birth and the Pensions Act 2014 introduces a regular review of it going forward, with the timetable for review being at least every six years.

State earnings related pension scheme and state second pension until April 2016

In April 1978 the Government introduced an additional earnings related pension scheme, the State Earnings Related Pension Scheme (SERPS) designed to provide additional pension related to earnings within certain limits. SERPS has been changed several times since 1978. SERPS was superseded by the State Second Pension (S2P) from 6 April 2002.

From April 1997, the E.ON UK Group contracted out of SERPS (and then S2P) on a salary related basis. This means that the Scheme must provide a minimum level of benefits set out in the reference scheme test by the DWP. By contracting out both the members and the Company pay less in National Insurance contributions. Before April 1997 occupational pension schemes that were contracted out on a salary related basis had to provide a Guaranteed Minimum Pension (GMP) which was broadly equivalent to the additional pension that would have been earned in SERPS.

When a member leaves the Scheme, any GMP has to be preserved either in the Scheme, or transferred to another registered pension arrangement or by payment to the DWP.

The Uniper Group will also apply to contract out in the same way as the E.ON UK Group until contracting out ends for all pension schemes in April 2016 on the introduction of the new single-tier State Pension.

The new State Pension from 2016

The Pensions Act 2014 sets out the provisions for the new single-tier State Pension to apply to those who reach State Pension Age on or after 6 April 2016. The full rate of State Pension (which will be set in the autumn of 2015) will be payable to individuals with 35 or more 'qualifying years'. It should be noted that transitional arrangements will apply for those with qualifying years before 6 April 2016 and you should contact the DWP directly requesting a forecast to understand how this applies to you.

MEMBERSHIP

Joining

As referred to in the foreword above, the Scheme was established to provide an identical benefit structure to the E.ON UK Group of the Electricity Supply Pension Scheme (the E.ON UK Group) for colleagues becoming part of the Uniper business from 1 October 2015. Colleagues will automatically be invited to join the relevant Category of the Scheme by letter and will be offered the chance to transfer their past service from the E.ON UK Group. If you reject membership, you will not be able to join the Scheme at a later date.

For completeness, the EGPS category of the E.ON UK Group was closed to general new entrants in April 2005.

Immediately upon joining the Scheme, you will be covered for a life assurance benefit of four times your Pensionable Salary (subject to HMRC limits). You are strongly recommended to complete the Nomination form, which can be obtained from the Scheme administrator, RPMI EPAL, indicating to the Trustee to whom you would like the life assurance benefit paid in the event of your death in service. The Trustee will take this into account when making payment, but are not bound by it.

MONEY PURCHASE SECTION

CONTRIBUTIONS

Your contributions

You have a choice of two contribution levels. You can pay either 3% or 4% of your Salary to the Scheme.

Your contributions will be deducted from your Salary before tax so you automatically receive full income tax relief. From April 2011 the tax treatment of contributions changes for those members who receive higher earnings and as a result you may not receive the higher rate tax relief.

Salary Sacrifice

In July 2009 the Company introduced Salary Sacrifice which in simple terms means that your salary is reduced by the amount of your normal contribution (the 3% or 4% mentioned above) and instead the same amount is paid to the Scheme by the Company. Your pensionable pay is unaffected – in other words the reduction in salary is not made for the calculation of your pension benefits. Also because your salary is reduced you will pay less in National Insurance contributions. As this was a new voluntary arrangement members were given the option to continue to pay their contribution. It has no effect on your pension benefits.

Company contributions

The Company will double your contributions by paying either 6% or 8% of your Salary in accordance with your contribution level. In addition the Company will meet the cost of providing life insurance and the cost of administration.

Additional Voluntary Contributions (AVCs)

You can, if you wish, pay AVCs to provide higher benefits. Further details are provided on page 20.

INVESTMENTS

Your contributions, together with those of the Company, will be invested on your behalf by BlackRock Pension limited, one of the leading investment managers in the country.

The Trustee has selected a number of investment options for you to choose from which are explained below.

- **Balanced Growth Fund**

The contributions will be invested in a mix of UK and overseas company shares, fixed interest stocks, property and cash. Investing in such a wide range of investments ensures that the level of risk is reduced. Over the long term, this type of fund is expected to provide higher investment returns than more traditional forms of investments, such as the cash fund. However, you should bear in mind that the value of the stock market shares can go down, as well as up, and this will obviously affect the value of your account.

To help preserve the capital value of your fund and so protect it against short-term fluctuations as you near retirement, you may consider transferring your account into the annuity protection fund or cash fund (described below and overleaf) shortly before you expect to retire.

- **Global Growth Fund**

The contributions will be invested in a combination of UK and overseas company shares. Over the long term, equities are expected to provide higher investment returns than other forms of investment. However, in the shorter term, equity prices do fluctuate more than those of other assets. As a long-term investor, you may consider that you can afford this short-term volatility in the expectation of achieving a higher return over the long term. As with the balanced fund, you may consider transferring your account into the annuity protection fund or cash fund shortly before you expect to retire to preserve the capital value of your accumulated fund.

- **Annuity Protection Fund**

This fund invests in a mix of government and company fixed interest stock. The value of this type of investment may go down as well as up. However, the value of this type of fund tends to reflect the interest rates in annuity markets and so gives some protection against the changes in the cost of buying your pension. You may wish to consider investing in this fund around five years from your expected retirement to protect the pension buying power of your fund.

- **Cash Fund**

This fund is similar to a deposit account. You buy units in the fund, the value of which increase as interest is earned. Cash fund unit values cannot fall, however, there is no guarantee as to the rate of interest which will be earned. The cash fund can provide security for accumulated funds prior to retirement as a short-term investment, but over the longer term, the cash fund is expected to produce lower returns than the Growth funds. As you approach retirement, if you intend to take part of your benefits in the form of a tax-free cash sum, you may wish to switch part of your investment account to the cash fund.

It is possible to divide the contributions between two or more of the four funds. The investment will be allocated in 25% blocks so, for example, you can invest 25% of your contributions in each of the four funds or, 75% in one and 25% in another. If you wish to split the contributions, you should indicate this on the Membership Application Form. If you fail to indicate how you would like the sums allocated then the contributions will be invested in the balanced growth fund.

Switching investments

You can change your investment allocation on 1 April in each year. If you wish to change your allocation, you must complete the Switch of Investment Form that is included in this pack and forward it to the scheme administrator, RPMI EPAL, no later than the 1 March in any year. The change can apply simply to your future contributions or to your existing investments, or both.

Investment charges

The following annual management charges will be deducted from the value of your account:

<i>Balanced growth fund</i>	<i>0.75% p.a.</i>
<i>Global growth fund</i>	<i>0.75% p.a.</i>
<i>Annuity protection fund</i>	<i>0.5% p.a.</i>
<i>Cash fund</i>	<i>0.3% p.a.</i>

RETIREMENT BENEFITS

Retirement age

The Scheme's Normal Retirement Age is 63 for all employees. Subject to Company consent, you may take your benefits at any time from age 55. Until 1 April 2010 the lowest age from which a pension can be paid was 50 and this was increased to 55 from that date. The benefits will be based on the value of the accumulated fund in your account at the date you retire and your age at retirement, so the later you draw the benefits, the higher you can expect them to be.

Retirement pension

When you retire the accumulated value of your fund, including any transfers in, will be used to provide retirement benefits which can be tailored to meet your own personal preferences.

It is not possible to guarantee in advance how much the benefits will be as they will depend on:

- The contributions paid in by you and the Company;
- The capital growth and investment return earned on those contributions which could, in adverse market conditions, be a negative amount; and
- The cost of buying the benefits at retirement. This will vary according to your age at retirement and investment conditions at the time.

Tax-free cash sum option

You may choose to take part of your accumulated fund, as a cash sum and use the balance to buy a pension. The maximum cash sum is calculated as:

$$3/80 \times \text{Pensionable Salary} \times \text{Pensionable Service}$$

On and from 6 April 2006 the maximum cash sum increased to 25% of your pension pot. Under current legislation, the cash sum is paid free of tax.

FINAL SALARY SECTION (APPLICABLE TO MEMBERS JOINING THE UNIPER BUSINESS)

CONTRIBUTIONS

Your contributions

You pay 5% of your Salary to the Scheme.

Your contributions will be deducted from your salary before tax so you automatically receive full income tax relief. From April 2011, the tax treatment of contributions changed for those members who receive higher earnings. Further details can be obtained from the administrators, RPMI EPAL.

HM Revenue & Customs (HMRC) have placed a limit on the amount of benefit you can receive from all pension arrangements that you have including the benefits from the Scheme. This was introduced from 6 April 2006 and at that time the limit (Lifetime Allowance or LTA) was £1.5m. This then increased and at 6 April 2010 was £1.75m. However, from 6 April 2015 the LTA was reduced to £1.25m and is due to reduce to £1m from 6 April 2016.

You should check your annual benefit statement from the Scheme (and from any other pension arrangements in which you have savings/benefits) to understand if you are affected by the limits outlined above or contact the administrators, RPMI EPAL.

Salary Sacrifice

In July 2009, the Company introduced Salary Sacrifice which in simple terms means that your salary is reduced by the amount of your normal contribution (the 5% mentioned above) and instead the same amount is paid to the Scheme by the Company. Your pensionable pay is unaffected – in other words the reduction in salary is not made for the calculation of your pension benefits. Also because your salary is reduced you will pay less in National Insurance contributions. As this was a new voluntary arrangement members were given the option to continue to pay their contribution. It has no effect on your pension benefits.

Company contributions

The Company pays the balance of the cost of providing the benefits under the Scheme. The Company's contributions are determined having regard to the advice of the Scheme's independent actuary. The actuary will carry out regular valuations of the Scheme to monitor its current and future liabilities and assets and will recommend the rate of contribution to be paid by the Company.

Additional Voluntary Contributions (AVCs)

You can, if you wish, pay AVCs to provide higher benefits. Further details are provided on page 18.

RETIREMENT BENEFITS

Normal retirement pension

You will receive a pension payable from Normal Retirement Age of 63 calculated as:

$$1/60 \times \text{Pensionable Salary} \times \text{Pensionable Service}^*$$

For example, if you retire after 30 years' Pensionable Service on a Pensionable Salary of £20,000 p.a. then your pension would be £10,000 p.a.

*(For this purpose Pensionable Service excludes any period of membership in the Money Purchase section).

Retiring early

Subject to Company consent, you can retire early and draw an immediate pension at any age after 55 (under current legislation). Your pension would be calculated as for normal retirement (based on your Pensionable Salary at, and Pensionable Service to, your actual date of retirement) but will be reduced because it is expected to be paid for a longer period. The amount of reduction will be decided by the Trustees having regard to the advice of the Scheme's actuary.

Tax-free cash sum option

At the time you retire, you may choose to take part of your pension as a cash sum. The maximum cash would be calculated as:

$$3/80 \times \text{Pensionable Salary} \times \text{Pensionable Service}$$

On and from 6 April 2006 the maximum cash sum increased to 25% of your pension pot. This cash sum cannot be more than $1/3^{\text{rd}}$ of the remaining pension multiplied by 20. This unusual feature is necessary because the amount of pension you must surrender for each £1 cash lump sum varies according to your age at retirement. The multiplier of 20 is however fixed. Under current legislation, the cash sum is paid free of tax.

Pension increases

After retirement, your pension will increase in line with the rise in the Retail Prices Index up to a maximum of 5% a year. The Scheme provides benefits for your family on your death whether in service or after retirement.

SECURITY FOR YOUR DEPENDANTS

Where appropriate reference is made to the benefits payable in respect of a Civil Partner as required by the Civil Partnership Act 2004.

Death in service

If you die in service while an active member of the Scheme, the following will be payable:

- **Life assurance benefit**

You are insured for a cash sum equal to four times your Pensionable Salary. Under current legislation, this is normally paid free of tax. This benefit is provided through an insurance policy set up by the Trustee subject to any restrictions imposed by the insurer. This requirement ceased to apply when the Scheme was transferred in August 2007 to the Uniper Group of the ESPS to become the EGPS Category.

It would be helpful to the Trustee if you could complete the Nomination Form which can be obtained from the Scheme administrator, RPMI EPAL, pack indicating to whom you would like the cash sum benefit paid in the event of your death. By making payment in this way, the cash sum can be paid free of inheritance tax and without delay. The Trustee will take your wishes into consideration but cannot be bound by them for tax reasons. You should always complete a new form if your personal circumstances change and you want to alter your nominated beneficiaries. Further copies are available from the Scheme administrator, RPMI EPAL.

- **Pension payable to your Spouse**

An annual pension will be paid to your Spouse. For members of the Money Purchase Section, the pension will be equal to 20% of your Pensionable Salary at the date of your death. For members of the Final Salary Section, the pension will be equal to 50% of your Prospective Pension (calculated on current Pensionable Salary).

For example an employee who died aged 53 with 10 years' Pensionable Service (i.e. 20 years' prospective Pensionable Service) on a Pensionable Salary of £20,000 p.a. would leave their Spouse with a pension as follows:

<i>Money Purchase – 20% of £20,000</i>	<i>= £4,000 p.a.</i>
<i>Or Final Salary – 50% of £20,000 x 20/60</i>	<i>= £3,333 p.a.</i>

▪ Children's pensions

In addition to a Spouse's pension, if you leave dependant children, a pension will be payable to each child. For members of the Money Purchase Section, a children's benefits will be equal to 10% of Pensionable Salary. For members of the Final Salary Section, children's benefits will be equal to 25% of your Prospective Pension (calculated on current Pensionable Salary). The value of children's pensions in total will not exceed that applicable to two children. A child's pension will cease at age 18 (or 21 in full-time education).

For example, an employee who died aged 53 with 20 years' prospective Pensionable Service on a Pensionable Salary of £20,000 p.a. would leave one child the following pension:

<i>Money Purchase – 10% of £20,000</i>	<i>= £2,000 p.a.</i>
<i>Or Final Salary – 25% of £20,000 x 20/60</i>	<i>= £1,667 p.a.</i>

If the same employee had two children under 18 then two pensions would be payable, i.e.

<i>Money Purchase – two children's pensions of</i>	<i>= £2,000 p.a. each</i>
<i>Or Final Salary – two children's pensions of</i>	<i>= £1,667 p.a. each</i>

If the same employee had three children under 18 then the maximum value (for two) would be split three ways, i.e.

<i>Money Purchase – three children's pensions of</i>	<i>= £1,333 p.a. each</i>
<i>Or Final Salary – three children's pensions of</i>	<i>= £1,111 p.a. each</i>

If you have a Civil Partner then the benefits set out above will be limited to your service on and after 5 December 2005 plus any benefit in respect of Guaranteed Minimum Pension (GMP) earned after 6 April 1988 and any Section 9(2B) Rights as set out in the Occupational Pension Schemes (Contracting-out) Regulations 1996.

Death after retirement

For members of the Money Purchase Section, the level of Spouse's pension will depend on the decision you made at retirement.

For members of the Final Salary Section, your spouse will receive an annual pension equal to 50% of your pension at the date of your death, including any increases awarded after retirement. This will ignore any reduction for taking a cash sum at retirement as described on page 15.

If, at the date of your death, you have dependant children who qualify, they will also receive an annual pension equal to 25% of your pension up to a maximum of two children. Where there are more than two children, the same principles apply as described above for death in service.

If you die within five years of having retired, a cash sum equal to the balance of five years' instalments of your pension in force at date of death will be paid to such person as the Trustees may determine. This sum would normally be free of tax.

Death before maturity of deferred benefits

If you leave the Company's employment with deferred benefits in the Scheme (see page 18) but you die before you start to draw your pension, your Spouse will receive an annual pension as follows:

- **Money Purchase Section**

The accumulated value of your fund will be used to purchase a pension.

- **Final Salary Section**

50% of your deferred pension, including any increases since you left the Scheme.

In addition, children's pensions will be paid to any dependent children (born before leaving the Company's employment) in the same way as on death after retirement (see above).

Increases in dependants' pensions

Pensions payable to Spouses and children (or other dependants decided by the Trustees) after your death will all increase each year during payment in the same way as your own pension would, as explained on page 16.

LEAVING BENEFITS

Leaving the Scheme

Not everyone stays with one employer for all of their working lifetime. The Scheme allows for this and gives you a number of options on leaving, depending on your Qualifying Service and you should contact the administrators, RPMI EPAL for the details of how this would affect you.

Divorce

If you have a Civil Partner then the benefits set out in this booklet will be limited to your service on and after 5 December 2005 plus any benefit in respect of Guaranteed Minimum Pension (GMP) earned after 6 April 1988 and any Section 9(2B) Rights as set out in the Occupational Pension Schemes (Contracting-out) Regulations 1996. Similar conditions to those set out below on the dissolution of a Civil partnership.

Until the Welfare Reform and Pensions Act 1999 there were two ways of dealing with pension rights on divorce:

1. 'Offsetting' – this is where the value of a member's pension rights counts towards a couple's assets. The pension itself is not divided but is *offset* against other assets (e.g. house, car etc.) in such a way as to achieve overall financial neutrality.
2. 'Earmarking' – a proportion of the member's pension (on retirement) or lump sum benefit (on death) is *earmarked* for the ex-spouse. When a benefit eventually comes into payment, the scheme trustees will pay a proportion of it directly to the ex-spouse.

The Welfare Reform and Pensions Act 1999 introduced a third provision with effect from 1 December 2000. Known as *pension sharing*, a member's pension rights are valued and then split between the couple. This might mean that the member's accrued benefits are reduced to, say, 50% of their current amount and the ex-spouse is granted benefits equal in value to the remaining 50%.

It is felt that this provision will provide a much more effective way of dealing with pension assets in the overall financial settlement involved in divorce and it is likely that pension sharing will be much more widely relied on by lawyers when devising divorce settlements.

If you are going through a divorce, your solicitor will be able to provide you with more information and advice.

ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs)

Paying AVCs

AVCs are worth considering if:

- you are approaching retirement;
- you have short service with the Company;
- you would like to retire early; or
- you would like to increase the benefits for your family

You can make AVCs on a regular monthly basis when they will be deducted from your pay, or in the form of occasional lump sum payments, which again must be deducted from your pay. From April 2011 the tax treatment of contributions changes for those members who receive higher earnings and as a result you may not receive the higher rate tax relief. For more information, please contact the administrators RPMI EPAL.

Your AVCs are invested with the Standard Life and there is a wide choice of funds that the Trustee, after taking investment advice, has made available. Full details can be obtained for the Scheme administrators, RPMI EPAL.

Although AVCs may be an appropriate method of saving for retirement, there may be more flexible or more tax effective forms of investment available to you. You should seek

independent financial advice before deciding to pay AVCs or before investment in any financial product.

GENERAL INFORMATION

HM Revenue & Customs (HMRC)

The Scheme was an approved pension scheme under relevant legislation and was deemed a registered pension scheme on and from 6 April 2006. HMRC approval and, from 6 April 2006 being a registered pension scheme, brings very favourable tax treatment (under current legislation), i.e.

- Your contributions receive full income tax relief (subject to limits that apply to higher earners from April 2011)
- You are not taxed on the contributions paid by the Company
- Income and capital gains earned on investments is tax-free
- The cash sums payable on retirement and death are tax-free

However, there are also benefit limits which must not be exceeded. In order to keep this tax approval, the Scheme rules prohibit you assigning your benefits under the Scheme or using them as security for a loan.

Payment of pensions

Your pension will be paid by monthly instalments in arrears using the Bankers Automated Clearing Service direct to a bank or building society of your choice and like your income will be taxed under PAYE.

Benefit statement

You will receive a personal benefit statement once a year based on the position as at the 1 April. For members of the Money Purchase Section, this will show what has been paid in during the year and what your total fund now amounts to including capital investments and investment return. For members of the Final Salary Section, it will show your expected benefits at retirement based on your current Pensionable Salary. Details of other benefits, such as those payable on death in service, will also be included on the statement.

Temporary absence

If you are absent from work for any reason not exceeding 30 days then you and the Company will continue to make contributions into the Scheme for this period. However, if a period of unpaid leave extends beyond this then you may choose whether you continue to contribute or whether you prefer to have a break in your contribution record.

Maternity leave

If you are absent on paid maternity leave, you will continue to pay contributions but these will be based on the actual Salary that you receive during your absence. For Money Purchase members the Company will make contributions to your fund based on your full notional salary (i.e. the Pensionable Salary in force at the start of your maternity leave plus annual increases, in line with current legislation). Members of the Final Salary Section will be credited with service in full for this period.

During any period of no pay the option applicable to periods of temporary absence exceeding 30 days will apply (see above).

If you decide not to return to work, your benefits will be dealt with as if you had left the Scheme on the date your maternity absence ends.

Parental leave

Any period of unpaid parental leave is treated in the same way as unpaid temporary absence, i.e. you will have the option of continuing to pay contributions or, if you prefer, have a break in your contribution record.

Transfer Value – Final Salary Section

The transfer value is calculated in accordance with instructions provided by the Scheme Actuary and is the current cash value of your deferred benefits. The transfer value is calculated by discounting the expected future benefit payments at an assumed rate of interest. The calculation takes into account the rate at which the deferred benefits will increase both before and after the benefit becomes payable and upon market conditions at the time. It also takes account of the probability of each benefit payment being made, this varying according to you and your dependants' expected life span.

Transfer Value – Money Purchase Section

This will simply be the value of your accumulated fund at the date you actually transfer your fund from the Scheme.

Annual report and accounts

Each year the Trustee produces an annual report which reviews how the Scheme has developed over the year. The report includes the Scheme's audited accounts for the year in question, a report about the investments and statements by the actuary and auditor. A copy of the report is available to the Scheme members and beneficiaries on request.

Amendment and winding up

The rules of the Uniper Group of the ESPS, which includes the rules of the EGPS Category can be changed only by the Company or, if the change affects more than one of the various Groups of the whole ESPS, by a company called Electricity Pensions Limited of which the

Company is a member. You can get an up-to-date copy of the rules if you wish from RPMI EPAL.

Although it is the intention of the Company to continue the Scheme indefinitely and maintain the level of benefits, the Rules of the Scheme lay down what will happen if the Scheme is to be wound up - the official words used are 'discontinuance' and 'dissolution'. The investments of the Scheme have to be used to provide, either in another scheme(s) or by way of annuities, the benefits earned by members up to the date of winding up the Scheme: any surplus after these payments must be used to improve certain benefits to the maximum permitted by HMRC before any of it may be paid to the Company.

Further assistance

If you have any general questions about the Scheme, please contact the Scheme Secretary, at Uniper UK Limited, Westwood Way, Westwood Business Park, Coventry, CV4 8LG. Alternatively, if you would like further information about your own benefits then contact the Scheme administrators, RPMI EPAL, at the contact details shown at the beginning of this Booklet.

By law, however, neither the Trustee nor the Company are allowed to give you individual financial advice. If you would like further information on the value of the Scheme in relation to other pension arrangements available, please seek independent financial advice.

Internal dispute resolution

As required by the Pensions Act 1995, the Scheme has an internal procedure for resolving any disputes which may arise.

The Trustee has established a Determinations Committee to deal with all complaints under a one stage process. The Determinations Committee has delegated powers to consider complaints and to respond on behalf of the Trustee.

A member or beneficiary who has a disagreement with the Trustee (for example, regarding a decision the Trustee has taken or the services provided by the Scheme's administrators) should write to the Secretary at the address shown below giving full details of their complaint.

The application should be signed and contain certain particulars of the dispute, including the member's (or applicant's) full name and address. The member's national insurance number should also be included in the application, and where the applicant is not the Scheme member, details of his or her relationship to the Scheme member should also be included.

The Secretary will investigate the complaint and prepare papers for consideration by the Determinations Committee of the Trustee. The Determinations Committee meets regularly and an agenda and papers will be circulated at least five working days before the date of the meeting. The Secretary will write to the complainant advising when their case will be reviewed. The Determinations Committee will consider the complaint and send a written

reply within three calendar months of receipt. If it is not possible to reply within the three month period the member or beneficiary will be notified of the expected date by which a written reply will be sent.

If the complainant is not satisfied with the response from the Trustee given by the Determinations Committee then the member or beneficiary can submit the case to tPAS (the Pensions Advisory Service) for consideration. tPAS is an independent organisation which exists to help members and beneficiaries of registered pension schemes and trustees resolve problems.

If tPAS is unable to find a satisfactory solution the case can be referred to the Pensions Ombudsman. Complaints usually have to have been considered by tPAS before they will be heard by the Pensions Ombudsman. The Pensions Ombudsman decision is generally final and binding.

Contact/address details for the Secretary to the Scheme:

The Scheme Secretary, Uniper Group of the Electricity Supply Pension Scheme, Uniper UK Limited, Westwood Way, Westwood Business Park, Coventry, CV4 8LG.

OUTSIDE BODIES

There are organisations outside the Scheme which have been set up to help members, which you should be aware of. They are:-

❖ The Pensions Advisory Service (tPAS)

tPAS is available to assist members and beneficiaries in connection with any pension query they may have, or with any difficulty they have failed to resolve with the Scheme Trustees or administrators. tPAS can be contacted at:

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB

Tel. 0845 601 2923
Web: www.pensionsadvisoryservice.org.uk
Email: enquiries@pensionsadvisoryservice.org.uk

❖ Pensions Ombudsman

The Ombudsman has the power to investigate any complaints and settle disputes between Trustees and managers or employees and the complainant. He will usually only become involved if tPAS has been unsuccessful in sorting out the problem. Complaints must normally be referred to the Ombudsman within three years of the act or omission occurring. The Ombudsman cannot investigate a dispute once

formal legal procedures have been started. The Ombudsman may be contacted at the same address as tPAS (see above).

❖ **Pension Tracing Service**

Information about the Scheme (including the address at which the Trustees may be contacted) has been given to:

Pension Tracing Service
The Pension service
Tyneview Park
Whitley Road,
Newcastle Upon Tyne
NE98 1BA

Tel. 0845 600 2537
Web: www.thepensionservice.gov.uk

The Tracing Service acts as a central tracing agency to help individuals keep track of the benefits they have in previous employers' schemes.

❖ **The Pensions Regulator**

The Pensions Regulator is the regulator of work based pensions in the UK. The Pension Regulator works with pension scheme trustees and scheme managers, and with your employer, to help protect your pension. The Pension Regulator may be contacted at:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

Tel: 0870 6063636
Web: www.thepensionsregulator.gov.uk

❖ **Data Protection**

Your details are held on computer for use by the Trustees of the Scheme. This information and its use have been registered under the Data Protection Act 1998 which gives you certain rights to ensure that the information is accurate and that proper security is maintained.