



The Uniper Group of the Electricity Supply Pension Scheme

Midlands Category

Member booklet - October 2015

FOREWORD

The aim of this booklet is to explain the benefits of the Midlands 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 Midlands 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).

The booklet has been written in the form of a series of questions and answers to help you to pick out the details you are most interested in.

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 and changes in the law.

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. If you were a member of the Scheme before 1 April 1978 then you may have different benefits payable to your widow(er) on your death. Full details can be obtained by writing to the Scheme administrators, RPMI EPAL, at the address given below.

For information on Scheme benefits contact:

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

Telephone 02476 472541
Fax 02476 472545
Email: enquiries@rpmi.co.uk

THE MAIN BENEFITS

- ★ Life assurance should you die before retirement.
- ★ An income if you are forced to retire early because of ill health.
- ★ A pension subject to annual increases and a tax-free cash lump sum when you retire.
- ★ Dependants' benefits on your death at any age.
- ★ The option to provide extra pension for dependants.
- ★ The option to pay additional contributions to secure improved pension benefits at retirement.

JOINING THE SCHEME

WHO CAN JOIN THE SCHEME?

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.

For completeness, the Midlands category of the E.ON UK Group was closed to general new entrants in 1991.

CAN I TRANSFER MY BENEFITS FROM THE E.ON UK GROUP OF THE ESPS?

Members will automatically be offered the chance to transfer their past service from the E.ON UK Group later in October 2015.

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 will only apply for a limited period which is two months from the date offered (in mid-October 2015).

CAN I TRANSFER FROM ANOTHER PENSION SCHEME?

Additionally and for completeness, if you were in a pension scheme in another job or you have a personal pension from a period prior to joining the E.ON UK Group, it may be possible, if you wish, to arrange for a transfer to the Scheme of some or all of the value of the benefits you were due to get from that scheme, by means of what is called a 'transfer value payment'. In these circumstances, depending on the transfer value the Scheme will give you a 'back service credit' of defined in years and days. This back service credit is then included in the number of years on which your benefits are calculated. If you want to find out more about this, before deciding what to do, please contact the Scheme administrator, RPMI EPAL. This transfer basis is different than described above with regard to transfers directly from the E.ON UK Group which will provide an identical service credit.

WHAT HAPPENS IF I DON'T JOIN NOW OR WANT TO OPT OUT OF THE SCHEME?

You will not have the right to join at a later date.

CONTRIBUTIONS

WHAT DOES IT COST ME?

The basic amount you have to pay to the Scheme is 6% of your pensionable pay (your pay excluding overtime and any other irregular payments – see below). Your contributions qualify for tax relief. Based on the current basic rate of tax of 20%, each £100 you contribute actually costs you £80 (less if you are a higher rate tax payer). Tax relief is given automatically through the payroll system. 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.

Previously, if you were aged under 25 when you joined the E.ON UK Group, then you may have chosen to pay a reduced rate of 3% for up to 5 years from the date you join or until age 25 if later. However, if you did choose to pay only 3% there will be a reduction in your cash lump sum benefit. However, you can at any time pay extra contributions to avoid all or part of this reduction.

As the E.ON UK Group has been closed since 1 April 2005, it is not now possible for any member to have this option i.e. the ability to pay 3%.

HOW DOES SALARY SACRIFICE AFFECT MY CONTRIBUTION?

In July 2009, the Company introduced Salary Sacrifice which in simple terms means that, by contractual agreement, your salary is reduced by the amount of your normal contribution (the 6% mentioned above) and instead the same amount is paid to the Scheme by the Company. Your pension benefits are unaffected by this arrangement and you will pay less in National Insurance contributions. As this was a voluntary arrangement, members were given the option to continue to pay their contribution if they wished.

The Company intends to continue to offer the Salary Sacrifice option unless it is no longer permitted by HMRC or more generally becomes no longer viable.

DOES MY EMPLOYER PAY ANYTHING?

Yes. Your contributions alone would not be enough to pay for all the benefits promised. The Rules of the Scheme require the Company to pay a standard

contribution of twice the rate that you pay, and any balance of costs that may be necessary. The contribution rate is determined by the Scheme Actuary at an actuarial valuation carried out at least every three years and agreed between the Trustees and the Company.

NORMAL RETIREMENT

WHAT IS THE NORMAL PENSION AGE?

The normal pension age at which retirement benefits will be payable is 63. However, as a result of a ruling in the European Court of Justice on 17 May 1990 that retirement ages for men and women had to be equal (the Barber Ruling), men who were contributing members of the Scheme before April 1988, and continued to be contributing members on 17 May 1990 and do have a break in service that would result in their pensionable service being treated as continuous, have a normal pension age of 60. This means that they can retire at age 60 although their service up to 17 May 1990 is reduced. The Company has discretion to give their consent to the retirement in which case no reduction will be applied.

WHAT BENEFITS WILL I RECEIVE?

When you retire you will get both an annual pension until you die and a cash lump sum that is currently tax-free.

YOUR PENSION. You will receive 1/80th of your pensionable pay (see below) for each year and day of pensionable service up to a maximum of 40 years, i.e. 40/80ths. Pensionable service includes any back service credit from transferring in pension benefits from other pension schemes or arrangements and any added years that you have purchased with additional contributions. The period of Scheme membership up to normal pension age on which your pension will be based cannot be more than 40 years.

If, when you leave or retire, you have more than 9 years pensionable service, it will be increased to the next highest number of complete years. In return both you and the company have to pay the contributions for the extra period of pensionable service you have been granted. This is known as the Rule 29 deduction and is taken from your pension each month when it comes into payment for a period equal to the extra pensionable service. Although the deduction is based on the number of days it is applied to the nearest equivalent number of complete months.

e.g. Actual pensionable service	19years 127 days
Rounded pensionable service	20 years
Rule 29	238 days (deduction over 8 months)

YOUR CASH LUMP SUM will be 3 times the amount of your annual pension, less any reduction that may be necessary where you have chosen to pay reduced contributions. On and from 6 April 2006 the Rules were changed to allow you to take up to 25% of the value of your pension as tax free cash. On retirement you will be given details of how much additional tax free cash you can receive by surrendering a part of your pension i.e. a reduced pension and a higher cash lump sum.

ON WHAT PAY IS MY PENSION BASED?

Your pension is based on what is known as your pensionable pay. Normally pensionable pay is the total pay you earned or would have earned but for sickness and/or injury, excluding any overtime or other irregular payments, in the last 12 months before retirement, death or leaving the Company. However, if either of the calculations, which follow, gives a higher figure then the highest will be taken as final pensionable pay:

- (a) your actual pensionable pay in any one of the last 5 years you worked while a member of the Scheme but increased in line with the increase in the Retail Price Index from the end of that year to the date you retired, died or left the Scheme; or
- (b) the average of your actual pensionable pay over any 3 consecutive years in the last 10 years you worked while a member of the Scheme but increased in line with the increase in the Retail Price Index from the end of the three year period to the date you retired, died or left the Scheme.

The Lifetime Allowance which is referred to above restricts the benefits that you can receive from all registered pension arrangements without attracting a tax charge. Further details can be obtained from the administrators, RPMI EPAL.

WHAT OPTIONS DO I HAVE AT RETIREMENT?

On and from 6 April 2006 it is now possible to surrender part of your pension to receive an extra cash lump sum, currently tax free, such that the total cash lump sum is equivalent to 25% of the value of your pension. The value of your pension includes your actual pension income, cash lump sum and any Additional Voluntary Contributions you have paid under the Scheme.

It is also possible at retirement for you to give up part or all of your cash lump sum to increase the pension you receive.

You are also able to give up part of your pension to increase the widow(er)'s pension or provide a pension for a named dependant that will be payable when you die.

As HMRC have limits on what you can get by way of a cash lump sum, pension and widow(er)'s/dependant's pension from the Scheme, the options may not be open to you or they may be restricted.

You should contact the administrator, RPMI EPAL, if you want to know more about either of the options closer to your retirement. You must give notice in writing within one month before retirement if any of the options are to be exercised.

WHAT IF I ONLY HAVE A SMALL PENSION?

Until 6 April 2006 if your pension plus the extra pension you would get if you gave up the cash lump sum, or your widow(er)'s pension, when payable was less than £260 a

year then you or your widow(er) could have asked for a cash lump sum to be paid instead of the pension. The amount of the cash lump sum depended on the pension and was calculated from a set of tables prepared by the Actuary. If you had taken a cash lump sum your widow(er) lost the right to a widow(er)'s pension. In certain circumstances the Group Trustees could decide to pay a cash lump sum instead of the small pension.

From 6 April 2006 this arrangement was replaced by a new condition that only allowed benefits to be paid as a cash lump sum (part of which is taxable) if the total value of all your pension rights from all sources is less than 1% of the Lifetime Allowance (£18,000 as at 6 April 2010). The conditions for such payments changed again on 1 December 2009 when in addition to the existing options the Scheme could pay an amount of £2,000 (as the value of the corresponding pension) without reference to any other pension arrangement. You will be advised if this option could apply to you when you retire.

EARLY RETIREMENT

WHAT IF THE COMPANY MAKES ME REDUNDANT?

If the Company makes you redundant and you are over age 50 then you will be entitled to receive an immediate pension and cash lump sum unless you agree in writing to waive the right to receive this benefit. The pension and cash lump sum will be calculated in the same way as for a normal retirement except that it will be based on your pensionable service and pensionable salary to your date of leaving. It will not be reduced because it is being paid early.

If the Company makes you redundant and you are under age 50 then you will be entitled to receive a pension and cash lump sum at age 50 unless you agree in writing to waive the right to receive this benefit. The pension and cash lump sum will be calculated in the same way as for a normal retirement except that it will be based on your pensionable service and pensionable salary to your date of leaving. It will not be reduced because it is being paid early.

If you have a back service credit, or have bought added or part added years they will be added to your actual period of Scheme membership. The period of Scheme membership on which your pension will be based cannot be more than 40 years. If your pensionable service is more than 9 years, excluding any added years or part added years then it will be rounded up to the next highest year as for normal retirement and any added years or part added years added.

Further details on any of the above can be obtained from the administrators, RPMI EPAL.

CAN I RETIRE EARLY IF I WANT TO?

If you want to retire early and:

- (a) the Company agrees (as there is a cost to the Company);

- (b) you are at least age 55; and
- (c) you have at least 2 years' pensionable service,

then you may retire early with a pension and a cash lump sum. The annual pension and cash lump sum will be calculated in the same way as for normal retirement except that it will be based on your pensionable service and pensionable pay at your date of leaving and will be reduced to allow for its early payment.

WHAT IF THE COMPANY DOES NOT AGREE?

Providing you are over age 55 and leave the Company's employment, you can still access your pension and cash lump sum. However, the pension and cash lump sum will be reduced on the basis that they are being paid for a longer period (and in this case the Company has not agreed to fund the extra payments). You should seek confirmation of how the reduction applies to you before you make this decision by contacting the administrators, RPMI EPAL.

WHAT IF MY HEALTH BREAKS DOWN?

If you have at least two years pensionable service and in the opinion of a Medical Adviser of the Scheme, you are no longer able (on a permanent basis) to carry out any work that the Company may reasonably offer you, then you can retire early on ill-health grounds. The Scheme will pay you an annual pension until you die plus a cash lump sum (currently tax free). Your pension benefits will be based on your pensionable service if you had stayed at work until your normal pension age and your current pensionable pay.

If your health improves after your ill health retirement to such a degree that you could work again, or you do actually go back to work then the Group Trustees have a duty to review the state of your health and any earnings you may have and, if they consider it to be necessary in the light of that review, they can reduce, suspend or terminate your pension. If your pension is terminated you will receive a pension at normal pension age at least equal to the pension you would have been entitled to as if you had left work voluntarily on the date you retired through ill health.

LATE RETIREMENT

WHAT IF I WORK ON AFTER NORMAL PENSION AGE?

If you work on after your normal pension age (63), you will have to continue to pay contributions to the Scheme (or continue to Salary Sacrifice the equivalent as outlined earlier). Your benefits will be based on your pensionable pay and up to a maximum of 45 years' membership of the Scheme (but with a maximum of 40 years' membership before your normal pension age), including any back service credit, and added years.

If you joined the Scheme before April 1988, then your normal pension age is 60 provided you were in service on 17 May 1990 and you do have a break in service that

would result in your pensionable service being treated as continuous. The same provisions apply as outlined above other than you are not required to pay contributions to the Scheme.

DEPENDANTS' BENEFITS

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

WHAT IF I DIE BEFORE RETIRING?

If you should die while still a contributing member then the Scheme pays the following:

- (a) if you are married an immediate widow(er)'s pension until her/his death of 55% of the pension you would have received at your normal pension age but based on your pensionable pay at the date you die or, if death occurs after your normal pensions age, 55% of the pension you would have received if you had retired on the date of your death; and
- (b) whether you are married or not a cash lump sum equal to 4 years' pensionable pay or, if you die after 55, a cash lump sum of 3 years' pensionable pay plus an additional amount depending on your age at death and length of membership of the Scheme if together these are greater than 4 years' pensionable pay. The cash lump sum may be subject to a reduction where you have paid reduced contributions.

If you are married at the time you die then out of the cash lump sum an amount equal to 1 year's pensionable pay is payable direct to your widow(er) and she/he can choose within 3 months to have an additional pension instead.

- (c) Children's allowances/pensions
 - (1) if the child is under 18 at the date of your death - it is payable up to their 18th birthday and ceases at that age if they are not then in full-time education; or
 - (2) if the child is under 21 at the date of your death and is either already in, or takes up full-time education before reaching 21 - it is payable while they remain in full-time education up to their 21st birthday or beyond that age, at the Group Trustees' discretion, until the full-time education ceases or they reach age 23 whichever is the earlier; or
 - (3) if the 'child' is over 21 at the date of your death and has been in full-time education from before their 21st birthday - it is payable at the Group Trustees' discretion until the full-time education ceases or they reach age 23 whichever is the earlier; or

- (4) if the child, irrespective of age is, in the opinion of a medical adviser of the Scheme, unable to earn a living because of a disability - it is payable at the Group Trustees' discretion for so long as the disability continues.

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.

HOW MUCH IS THE CHILD ALLOWANCE?

The child allowance is a fixed sum £3,507.60 per annum (1 April 2015).

If there is no widow(er)'s or dependant's pension payable the amount of the child allowance is £5,261.41 per annum (1 April 2015).

WHAT IF I DIE AFTER RETIRING?

If your death occurs after you have retired and you leave a widow(er) then she/he will get a pension for the rest of her/his life from the date of your death. The pension will be 55% of the pension you were getting at the date you died, or would have got but for exercising any of the options available to you at retirement. Some members may have a reduced widow(er)'s pension because at some time in the past they did not pay the full rate of contribution.

If you have any children then children's allowances/pensions may also be payable subject to the same conditions as detailed above.

If you die within 5 years of retiring other than due to ill-health then a cash lump sum is payable. The amount is equal to the pension that you were being paid at the date you died, multiplied by the balance left of the 5 years from retirement. There will be no cash lump sum payment once you have been paid your pension for 5 years.

If you retired due to ill health a cash lump sum may be payable on your death. This cash lump sum, if any, will be the difference between the cash lump sum that would have been payable if you had died on the day you retired less the cash lump sum and pension payments, excluding pensions increases, actually made to you up to the date you died.

TREATMENT OF CASH LUMP SUM PAYABLE ON DEATH

The cash lump sum benefit is payable under discretionary trust (Rule 22 of the Scheme) which means that the cash lump sum does not form part of your estate and is not liable for Inheritance Tax. The Group Trustees have appointed a Determinations Committee to act as the Rule 22 Trustees who decide to whom the cash lump sum is paid. You can indicate to the Group Trustees the person or persons you wish them to consider as possible beneficiaries by completing an 'Expression of Wish' form, which you can amend at any time. It is important to keep the form up to date as your personal circumstances change. Blank forms can be obtained from RPMI EPAL.

If you joined the Scheme before September 1986 then, unless you have given a notice of direction, the cash lump sum benefit will be paid to your Estate. A notice of direction once given means that the benefit is subject to the discretionary trust above.

WHAT IF I AM NOT MARRIED?

The Group Trustees have the discretion to pay a pension to a dependant. There are two general conditions, which must apply before the Group Trustees will consider the payment of a pension. These conditions are:

- 1) the member is not legally married; and
- 2) the person is financially dependent on, or interdependent with, the member.

The amount of pension will be decided by the Determinations Committee appointed by the Group Trustees and will not be more than the widow(er)'s pension that would have been earned for service after 1 April 1978. The Determinations Committee, on behalf of the Group Trustees, may impose conditions as to the payment as they think fit. They may also seek such evidence or information as they may require in order to establish if a dependency exists which may include evidence of financial dependency.

Any member in such circumstances may write to the Group Trustees giving details of any such potential dependant.

HMRC place limitations on the total amount of dependants' pensions payable in respect of a member. The limit is calculated by reference to the length of membership and pensionable salary.

This will not apply if a dependant's pension is payable as set out earlier in this section.

PENSIONS INCREASES

DO MY BENEFITS INCREASE?

The Scheme provides for your pension, your widow(er)'s pension and children's allowances/pensions to be increased by the change in the Retail Price Index. This also applies to deferred (or frozen) benefits. When the Retail Price Index increases by more than 5% a year the Company can review the situation and pay a lower increase but not less than 5%.

Part of the pension is known as the 'guaranteed minimum pension' or 'GMP'. After you reach State Pension Age, any GMP earned between April 1988 and March 1997 will be increased by the Scheme up to 3%. If the state retirement pension increase is more than 3%, the balance of the increase is paid by the State and added to your State pension. Any GMP earned before April 1988 will be increased by the State and such increases paid with your state retirement pension. The Scheme will not therefore increase this element of the GMP after you reach state pension age.

PAYMENT OF BENEFITS

HOW ARE MY BENEFITS PAID?

Your pension, your widow(er)'s/dependant's pension and any child's allowance/pension will be paid monthly in arrears. Payment is made direct to your bank/building society account by RPMI EPAL, acting as the agent of the Group Trustees. Pensions are taxable as earned income and tax is deducted under the PAYE system.

Your cash lump sum will be paid within ten working days of retiring.

HOW SECURE ARE MY BENEFITS?

Part 3 of the Pension Act 2004 requires the Scheme Actuary to make an 'actuarial valuation' of the Scheme at least once every 3 years. The valuation is a calculation of the value of the Scheme assets and of the benefits it will have to pay to every member and their dependants called the liabilities or more precisely the technical provisions. At the end of the valuation the Scheme Actuary has to say whether the Scheme has sufficient assets to pay these benefits. If there are insufficient assets to meet the technical provisions and therefore the statutory funding objective has not been met then additional contributions will be required and these will be set out in a recovery plan designed to meet the statutory funding objective (i.e. to bring the assets in line with the technical provisions) over a period of years.

It is important for members to know that there is enough money in the Scheme and after each actuarial valuation and then annually a summary funding statement will be prepared and sent to all members showing how the Scheme has changed as a result of the payments under the recovery plan and movements in the value of the assets and corresponding technical provisions.

ADDITIONAL CONTRIBUTIONS

CAN I PAY MORE TO IMPROVE MY BENEFITS?

Until 6 April 2006 HMRC permitted you to pay total contributions of up to 15% of your remuneration (subject to the earnings cap) to increase the benefits you get, but they then limited the total benefits that you could have from your pension savings. However from 6 April 2006 this limit was relaxed and the Rules of the Scheme were amended so as to permit members to pay more than 15%. Please note, the 15% limit remains in place with regard to the purchase of Added Years (please see below) and this includes the normal 6% contribution to the Scheme (this limit also includes the contributions the Company are paying on your behalf as part of the Salary Sacrifice arrangement). Tax relief is given on these contributions although again this might be limited for certain high earners from April 2011. The ways of contributing more are:

- (a) buying Added Years;
- (b) paying Additional Voluntary Contributions; and

- (c) paying extra contributions

WHAT ARE ADDED YEARS?

Your benefits depend on the pensionable pay and the number of years for which you have paid contributions. An Added Year increases the number of years paid for, even though you may not have worked that long in the Company. You pay for an Added Year by making extra payments before you retire. The amount you pay is calculated from a table the Scheme's Actuary has prepared and the administrators, RPMI EPAL, will prepare an individual offer on your request. You cannot purchase Added Years if you can achieve 40 years service by your normal pension age and you are also limited to an additional contribution of up to 9% as covered above (making a total contribution limit of 15% overall inclusive of your normal contributions).

If you retire early or have frozen benefits and have not finished paying for your Added Year(s) then only the proportion you have paid for will be added to your period of Scheme membership.

You can get more details about Added Years by asking for information from the Scheme administrator, RPMI EPAL.

WHAT ARE ADDITIONAL VOLUNTARY CONTRIBUTIONS?

You can, if you wish, pay Additional Voluntary Contributions, which will be paid into a separate account for you. You can choose one or more of a number of AVC funds offered by the provider selected by the Group Trustees.

You can get more details about Additional Voluntary Contributions by asking for details from the Scheme administrators, RPMI EPAL.

WHAT OTHER ADDITIONAL CONTRIBUTIONS CAN I PAY?

If you chose to pay the 3% reduced rate of contribution at a point in the past (as outlined above), then at a later date you can choose to pay what are known as 'extra' contributions to clear in part or in whole the reduction that would otherwise be made to the cash lump sum payable upon retirement etc.

LEAVING THE SCHEME/SERVICE

WHEN CAN I LEAVE THE SCHEME?

You will cease membership of the Scheme automatically if you leave the Company. You may leave the Scheme at any time while continuing to work for the Company but you must give two complete calendar months' notice in writing if you want to do so. However, if you carry on working for the Company then once you have left the Scheme you cannot rejoin.

On leaving the Scheme either by choice or by leaving the Company before you are age 63 then, providing you have been a member of the Scheme for more than 1 year

(including membership of another scheme for which we have given you a back service credit or less than 1 year where you have received a transfer in from a personal pension scheme) there are three options you may be able to choose from as shown below. Option A will automatically apply unless you choose otherwise.

- A. Deferred (Frozen) Benefits
- B. Transfer Value Payment
- C. Refund of own Contributions (please note, this option does not apply if you are part of the Salary Sacrifice arrangement or if you have more than 2 years service)

If you have been a member of the Scheme for less than 1 year then A cannot apply (unless you have received a transfer in from a personal pension scheme) and you have to choose either B or C.

The service criteria referred to above will include any service you have elected to transfer from the E.ON UK Group. This means that if you have transferred, your options will be either A or B.

Special arrangements may apply if you are a Protected Person and start work with another electricity industry company which permits its employees to be members of their Group of the Electricity Supply Pension Scheme. You should check the position with that company prior to leaving the Scheme.

WHAT ARE DEFERRED (FROZEN) BENEFITS?

Deferred benefits are all the benefits under the Scheme which you and your family are entitled to through your past membership of the Scheme, but which cannot be paid because you have not yet retired, died or had to stop work due to ill health. The benefits are deferred because you have either left the Company or ceased to be a contributing member of the Scheme and either not been able to, or not wanted to, choose either B or C above. Until the deferred benefits become payable they are increased in line with the increases being paid to pensioners. The Scheme also has a rule that the value of your deferred benefits must be at least equal to the value of your contributions.

The deferred benefits are an annual pension and cash lump sum calculated in the same way as for normal retirement but based on your pensionable earnings and pensionable salary at your date of leaving.

If you die before receiving a pension under the deferred benefits arrangement a widow(er)'s pension is immediately payable equal to 55% of the amount of your deferred pension (including pensions increases); child(ren)'s allowances/pensions may also be payable, provided the child was born before you left the Company. There will also be a payment of an amount equal to five times the value of your deferred pension at the date of your death.

If you die after starting to receive the frozen pension then a widow(er)'s pension will be payable equal to 55% of the pension you were receiving at the date of death. Child allowances may also be payable to any children born before you left employment, see page 11 for details.

In addition if your death occurs within 5 years of starting to receive your pension then a cash lump sum is paid equal to the pension being paid at the date you died multiplied by the balance left of the 5 years.

If your health breaks down and the Scheme's medical advisor certifies that you are unable to work due to your ill health then the deferred benefits may be paid early.

If you have frozen benefits please remember to tell the RPMI EPAL whenever you change your address before the benefits become payable.

WHAT IS A TRANSFER VALUE PAYMENT?

If you leave the Scheme it may be possible to make a payment to your new pension arrangement whether it is an approved personal pension, an insurance policy or a new employer's registered pension scheme. The payment we make is called a 'transfer value payment'. It will let the new pension arrangement give you a 'credit' to be added to the benefits you will earn in it. However, you should first check what you would get for the transfer value payment before asking for the transfer to be paid. You should remember that the amount of any transfer value quoted is subject to change and guaranteed to be held at that amount for only a limited time.

The transfer value payment can be made any time after you leave the Scheme, unless you have already had a refund of contributions on leaving the Company. If you have had a refund, a transfer payment may be made to your new employer's scheme but in that case you must ask for the transfer value to be paid and repay to the Scheme, within 2 years of leaving, the refund of contributions you received together with interest.

The transfer value is the capital value of your deferred benefits in the Scheme and is calculated using tables approved by the Scheme Actuary and the Group Trustees. The transfer value is subject to a guarantee that it will not be less than the value of your contributions plus a sum equal to the rebate in National Insurance Contributions obtained by the Company as a result of your being contracted out of the State Scheme, both increased by interest up to the date of transfer.

WHEN CAN I HAVE A REFUND OF MY CONTRIBUTIONS?

You can have a refund of contributions only if you have less than 2 years pensionable service and you have not been part of the Salary Sacrifice arrangement.

The refund of contributions is payable with interest at 3% pa but less a deduction for tax (currently 20%). We also have to make a deduction from the refund to buy you back into the State Earnings Related Pension Scheme (see below).

WHAT IF I JOIN ANOTHER ELECTRICITY COMPANY?

If you leave the Company and start work with another of the original Electricity Companies whose employees can also be members of the Electricity Supply Pension Scheme you may be able to join their Group but only if your new employer permits it. If you are a Protected Person because you were a member of the Scheme on 31 March 1990 and remained a member since that date then you may be able to join the new employer's Group but you must inform them when you start your employment in order not to lose this right.

A break not exceeding 6 months between the two jobs is permitted without losing this choice. When you start work with the new company you must tell them within 3 months that you were a member of the Scheme. As soon as they are able they will give you a statement of the extra period of years'/days' membership ranking for benefits under the Scheme rules for their members which you can be given if you agree to a transfer of the benefits you earned in the Scheme while you worked for our Company (this period is called a 'Scheme Service Credit'). The number of years/days may vary if their benefit structure is different, but in terms of the value of benefits they will be the same.

Once you have been advised of the Scheme Service Credit then you will be treated as having accepted the credit instead of your deferred/frozen benefits unless you notify your new company within 3 months that you wish to leave your benefits in respect of your membership with the Company as deferred/frozen benefits.

CAN MY DEFERRED PENSION BE PAID EARLIER THAN MY NORMAL PENSION AGE?

There are two situations which permit the payment of your deferred pension before you reach your normal pension age:

Ill-health Early Retirement

You can apply at any time for the release of your deferred benefits on the basis of a serious breakdown in your health. You will need to write to the Scheme administrators, RPMI EPAL with a request for early payment on grounds of ill health. The Medical Adviser of the Scheme will seek evidence of the state of your health from your GP and any other professionals involved in your treatment. The Medical Adviser to the Scheme will then make a recommendation as to whether or not your deferred pension can be released for early payment and you will then be advised.

An ill-health pension can be paid at any age and if agreed the Trustee will monitor the payment by seeking regular reports on the state of your health and any paid employment that you may commence after the pension is in payment. The Trustee may reduce or suspend the pension as a result of their monitoring.

Voluntary Early Retirement

You may apply to the Scheme administrators, RPMI EPAL to have your pension released earlier than your normal retirement age but not before your 55th birthday. Subject to

the agreement of the Company the pension and associated benefits will be reduced by a factor agreed with the Scheme Actuary that reflects the corresponding value of the early payment of the benefits. There are restrictions that apply one of which is that the reduced pension you receive cannot be less than any guaranteed pension that must be payable from your normal retirement age for example the Guaranteed Minimum Pension (GMP) earned as a result of your contracted out employment.

CONFIDENTIALITY OF INFORMATION

The Trustees need to keep personal information about you so that they can work out and pay benefits to you and your dependants. To make sure the Scheme continues to operate smoothly, they may need to give this information to other parties from time to time. These may include the administrators, professional advisers, the trustees and employers of other schemes and their professional advisers if your benefit is being transferred and the Company. When you join the Scheme, it will be assumed that you agree to this. If you want to know more about the details the Trustees hold about you, please contact RPMI EPAL.

ADMINISTRATION

WHAT IS THE SCHEME?

The Scheme is what is known as a trust and, as such, is independent of the Company. Money paid into the Scheme has to be kept separate from the Company's money and can be used only for the benefit of past and present members and/or their dependants. All benefits are paid out of the Scheme and are not paid out of the Company's revenues.

The Electricity Supply Pension Scheme (ESPS) came into existence in 1983 as the successor to the two major pension schemes that operated throughout the Electricity Supply Industry in England and Wales when it was a nationalised industry. From 31 March 1990, that industry's business was transferred to 17 companies as part of the Government's privatisation programme. All of the companies formed by the Government at that time, which employed members of the ESPS, were required to continue to permit those employees to retain their membership of the Scheme through the establishment of their own actuarially independent Group (of the Scheme). From 31 March 1990 each company has had the right to decide whether or not new employees should be permitted to join the Scheme.

The management of the Scheme and the investment of the money paid in to the Scheme are the responsibilities of the Trustees. The Scheme is deemed as a registered pension scheme which means, amongst other things, your contributions are free of tax. From April 2011, the tax treatment of contributions changed for those members who receive higher earnings as referred to above.

WHO MAKES THE RULES AND CAN I HAVE A COPY?

The rules of the Scheme can be changed only by the Company or, if the change affects more than one group of members, by a company called Electricity Pensions Limited of

which the Company is a member. One of the rules stops any change that would make you pay more or get less benefit unless at least two-thirds of the members affected who vote on the proposals support the change. You can get an up-to-date copy of the rules if you wish from the Scheme administrator, RPMI EPAL.

WHO ARE THE TRUSTEES?

There are two sets of trustees for each Group in the Electricity Supply Pension Scheme. The first set of trustees are the Group Trustees, and from them is drawn the second set who form the directors of a Trust Corporation called Electricity Pensions Trustee Limited, the trustee for the whole Scheme.

Group Trustees

Each company whose employees are able to be members of the Scheme has a set of Group Trustees some of whom are appointed by the Company and others elected by the members. The Uniper Group of the ESPS has a corporate trustee, similar to the Scheme Trustee, with four individual directors two appointed by the Company and two elected by members which includes pensioners (when the Group has pensioners). Each director has one vote. The chairman, who is an appointed director, has a casting vote. Their responsibilities are to administer the Rules of the Scheme with respect to the benefits of and contributions by members and to be fully responsible for the Scheme's investments.

Any member (which includes pensioners when the Group matures but not widow(er)s of former contributors or pensioners) can stand for election as a Group Trustee at an election, subject to meeting the conditions and complying with the Rules governing those elections.

Notice is given when an election is about to be held and the notice sets out the Rules for people who wish to stand for election. Once the nominations for election have been received each member will get a voting slip. The results of the elections are sent to all sites.

All the Group Trustees, whether elected or appointed, have equal rights and responsibilities.

Electricity Pensions Trustee Limited (Scheme Trustee)

This company, which is a Trust Corporation, has broad responsibility for maintaining the accounts of the scheme and for custody matters relating to the investments of the fund. The board of directors is drawn from the Group Trustees. Each Group has the option to appoint two individuals to be Councillors of the Scheme Trustee Council; one chosen by the Company and the other by the Elected Directors for the Group Trustee. The Council is responsible for the appointment of a smaller Board of eight Directors chosen from their number with four Directors chosen by the Elected Group Trustees and four Directors by the Companies. Directors serve for two years with half the Board changing each year. There is also an independent Chair appointed by the Companies.

CAN THE SCHEME BE WOUND UP?

Yes, 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. If there is not enough to provide all the benefits earned then the Rules give a pecking order.

MISCELLANEOUS

WHAT IF I HAVE LEAVE OF ABSENCE?

If you are granted leave of absence without pay or on less than full pay you have a choice after the first 30 days as to whether or not to continue to pay the contributions to the Scheme you would otherwise have paid on your full pay. If your leave of absence is due to maternity leave, the period during which you receive reduced pay is treated as reckonable service. If you have a period of nil pay then you have the choice of paying the contributions you would otherwise have paid during that period. If you choose not to pay then the period of membership on which your benefits are based will be reduced accordingly.

WHAT IF MY PAY GOES DOWN?

If your pay goes down because the Company has either downgraded you (other than for disciplinary reasons) or changed your work pattern permanently e.g. 3 shift to day work, then you have the choice of paying contributions based on the previous, higher pay. If you do this, account is taken of the higher pay in calculating the pensionable pay on which benefits are based. You will pay on the higher rate only while your new pay (as increased for pay awards or further job changes) is less than your old pay (but not increased for pay awards). For part-time employees this choice applies only where the hourly rate of pay goes down. You must choose within 3 months of the change if you want to pay at the higher rate.

WHAT IF I GO FROM FULL-TIME TO PART-TIME WORKING?

If you transfer to part-time work, then your pension is calculated using the full time equivalent of your pensionable pay and your pensionable service is reduced in proportion.

WHAT IF MY PERSONAL CIRCUMSTANCES CHANGE?

If you marry, enter into a civil partnership, divorce, dissolve a civil partnership, remarry, become financially responsible for any children or any of the children are or become incapable of ever being able to earn a living please let the Scheme administrator,

RPMI EPAL, know and let them have sight of the marriage and/or birth certificate(s) where relevant. If you do not do this there could be delays in payment of the benefits due to you and/or your dependants.

THE STATE PENSION SCHEME

WILL I RECEIVE A PENSION FROM THE STATE?

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.

GENERAL INFORMATION

INTERNAL DISPUTES PROCEDURE

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.