

Options

Uniper Trustee newsletter

- Summary Funding Statement
- Scheme statistics
- State Pension updates



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Trustee's message

A warm welcome to your latest edition of Options, the Trustee newsletter for members of the Uniper Group of the Electricity Supply Pension Scheme (the Group).

2017 is turning out to be an eventful year. We have seen a General Election and the start of the Brexit negotiations in the political arena. Furthermore, the business is in the process of implementing the Voyager project. Some of these factors create uncertainty, for example the potential impact of Brexit, as there are few details at this time.

Our objective, as Trustees of the Group, is to provide you with transparent and clear information about your pension. We hope this newsletter will enable you to navigate the often complex world of pensions and to learn more about the Scheme and the benefits you will receive, so that you can plan ahead for your future.

And remember, your Scheme administrator, RPMI EPAL, and your Pensions Manager, Adrian Furnell, are happy to help with any queries about your Scheme pension. You can find contact details on the back page.

Felix Lerch
Trustee Chairman

Group Trustee changes

There have been a few changes to the Uniper Group Trustee Board in recent months.

Trustee Chairman David Bryson and Trustee Director Vian Davys left the Board earlier in 2017 and huge thanks go to both for their dedicated service and contribution to the Trustee Board.



Felix Lerch

Felix Lerch has now taken on the role of Trustee Chairman. As the UK Country Chairman of Uniper, he brings a vast range of experience in the oil and gas industry.

Prior to his appointment, he was Executive Vice-President of E.On's Exploration & production business, and he currently heads a team of 1,000 energy professionals across Uniper's diverse generation fleet, gas storage facilities and international trading team.



Peter Langdon

The second new addition to the Board is Peter Langdon from BesTrustees, who has more than 15 years' experience as a pension trustee, including seven years in the role of Chairman.

Having worked across numerous sectors, including communications, security and aerospace, Peter has held a variety of senior roles, both in the UK and Europe.

Peter holds the Pension Management Institutes' Award in Pensions Trusteeship for both Defined Benefit and Defined Contribution pension schemes and is a member of the Association of Professional Pensions Trustees.

The role of the Trustee Directors

The Group Trustees manage the day-to-day operation of the Scheme, whilst also looking after the best interests of all members.

They're responsible for:

- paying benefits to members
- collecting contributions
- investing and safe-keeping the Scheme's assets
- setting the investment strategy and objectives
- assessing the outcomes of actuarial valuations

- making changes to Scheme Rules; and
- appointing advisers

The Trustee Board is made up of six Directors: three are nominated by members and three by Uniper. They attend regular meetings and need to be familiar with the Rules of the Scheme, and understand how legislation impacts the Scheme and its members. It's a demanding and responsible role, but a rewarding one too.

Express your wishes

... and make life a little easier for those you care about.

If you die before claiming your benefits from the Scheme, a cash lump sum may be paid to your beneficiaries.

By completing an Expression of Wish form, you can say who you'd like those beneficiaries to be.

You can nominate:

- an individual/several people, or
- charities, societies or clubs

It should only take a few minutes to complete the form and it means peace of mind for you and those who matter to you.

You should update your wishes every few years, to either reconfirm your wishes or change them.

The Group Trustees ultimately decide who the lump sum should be paid to but will always take your wishes into account.

You can request an Expression of Wish form from the Scheme's administrator, RPM EPAL, by calling 0247 6472 541 or emailing enquiries@rpm.co.uk

Brexit update



We consider how the UK's decision to leave the European Union (EU) could impact pensions.

The government is now heavily focused on the UK's withdrawal from the EU, which is due to happen by 29 March 2019, unless an alternative exit date is agreed.

Specific terms of withdrawal from the EU are still unknown, so it's too early to fully assess the impact on UK pensions.

However, until the withdrawal, existing pension laws which affect the Scheme remain in place, whether they are based on EU legislation or not.

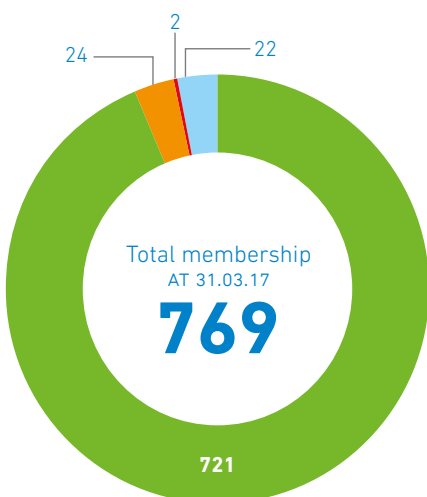
Once the UK has exited the EU, the UK government may have the freedom to gradually amend legislation which has been influenced by Europe. However, a significant amount of EU pension-related legislation is written into UK law already so there would need to be both a good reason and an appetite to amend this legislation as changes would cost time and money.

Therefore, even once the UK has withdrawn from the EU, there may not be any immediate or significant reduction in legal requirements for UK pension schemes.

So, we do not expect the start of the formal process to withdraw from the EU to affect your Scheme benefits.

How does the Scheme stand?

Key statistics from the Annual Report & Accounts.

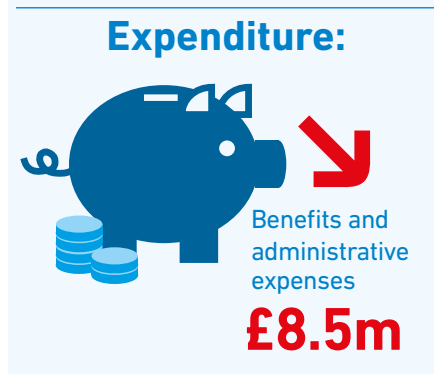
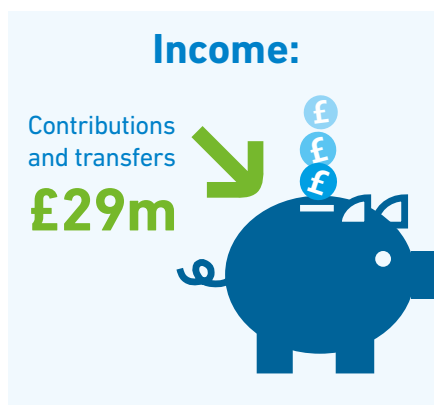


Uniper Group of the Electricity Supply Pensions Scheme

- contributors (members currently paying into the Scheme)
- pensioners
- dependants
- deferred pensioners

Total **769**

A copy of the full report is available on request by contacting the Scheme administrator RPMI EPAL (details on the back page).



2017 Summary Funding Statement

...for the Uniper Group of the Electricity Supply Pension Scheme (ESPS) (Uniper Group).

The Trustee must complete a formal valuation (known as the Actuarial Valuation) at least every three years to calculate the assets and liabilities of the Uniper Group at a given point in time.

The first valuation of the Scheme was carried out as at 31 March 2016 and, under legislation, Trustees have 15 months in which to complete it. The Trustees and the Company are pleased to confirm they agreed this within the 15 month deadline.

The funding position as at 31 March 2016

The table below shows the Uniper Group's liabilities and the market value of its assets in the 2016 valuation. Since this was the first valuation of the Uniper Group, there are no previous figures to compare against.

	2016
Amount of Scheme's liabilities	327.0m
Market value of Scheme's assets	283.9m

Deficit contributions

The 2016 valuation results show that there was a shortfall in the value of the Scheme's assets of £43.1 million, as at 31 March 2016. This is in comparison to the estimated amount needed to provide the benefits earned by the valuation date, as and when they become payable.

The corresponding funding level (the ratio of the value of the Fund's assets to the amount needed to provide benefits) was 86.8%.

As a result, Uniper has agreed to pay additional 'deficit' contributions, aside from the normal employer contributions.

These deficit contributions are made up from:

- A £10 million one-off payment in 2017,
- plus annual contributions of £3.2million from 1 January 2020 until 1 January 2026.

The Scheme Actuary has advised the Trustee that it expects these contributions – together with anticipated investment returns – to eliminate the deficit by 2026.

Funding guarantee

As part of the valuation process, the Trustee commissioned an independent review of the financial strength of Uniper UK Limited, its subsidiary companies and Uniper SE.

The Trustee was advised that the financial strength of Uniper UK companies means that Uniper UK is expected to be able to meet its pension obligations.

Discretionary increases

Increases are awarded under the Rules using the Retail Prices Index.

What is the Scheme invested in?

The Uniper Group has invested in a diversified range of assets – including equities, property, corporate bonds, government bonds and derivatives – via a Fiduciary Mandate with Aon.

The Trustee regularly reviews the investment performance to ensure the allocation to the various asset classes is appropriate, taking into account the financial position of the Uniper Group and the risk tolerance of both the Trustee and the Company.

The Trustee's investment principles are documented in a 'Statement of Investment Principles', which is available to members on request.

How is your pension paid for?

The funds required by the Trustee to pay the members' benefits come from a combination of Company contributions and, if necessary, the sale of the Uniper Group assets.

The funds are held in a common fund and not in separate funds for each individual member.

How are the Scheme's liabilities assessed?

The Uniper Group is subject to a formal financial assessment (an Actuarial Valuation) at least once every three years. As part of the Actuarial Valuation, the Trustee and the Company agree a Statement of Funding Principles (or 'SFP').

The SFP states how the liabilities built up by the Uniper Group should be calculated. It includes the method used in the calculations and assumptions such as what future asset returns and life expectancies are expected to be.

A copy of the SFP is available to members on request.

How secure is my pension?

The Trustee's long-term funding objective is for the Uniper Group to have enough assets to pay the benefits that are due, both now and in the future, without the need for further Company contributions.

Until it achieves that, the Uniper Group's ability to fund benefits is dependent upon the Company continuing to make contributions to the Uniper Group.

In the highly unlikely event that the Company becomes insolvent and unable to pay further contributions, the full amount of your accrued pension may not be paid. If this were to happen, the assets of the Uniper Group would be used to buy insurance policies to fund your future benefits. Insurers would take a more cautious view of the future than the assumptions used in the Actuarial Valuation, and would also require a profit.

On this basis, as at 31 March 2016, it was estimated that the assets of the Uniper Group would cover 47.9% of its liabilities.

Should the Company become insolvent, the Uniper Group may qualify for entry into the Pension Protection Fund (PPF). The PPF pays compensation to members of defined benefit pension schemes up to a certain level. However, given the current funding position, the benefits provided by the PPF would, in almost all cases, be lower than those payable from the Uniper Group.

Information about the PPF is available online at www.pensionprotectionfund.org.uk.

Other information

We are required to let you know that there have not been any payments to Uniper out of the Uniper Group's funds over the last 12 months.

We are also legally required to tell you whether the Uniper Group has been modified by The Pensions Regulator or if any directions or schedule of contributions have been imposed on the Uniper Group by The Pensions Regulator. However, there has not been any such involvement from The Pensions Regulator with the Uniper Group.

If you are thinking of leaving the Uniper Group for any reason, you should consider getting professional financial advice first. You can find your nearest Independent Financial Adviser (IFA) by visiting www.unbiased.co.uk. Please note that an IFA may charge you for any advice they give.

If you change your email address or home address, please ensure that you let the Scheme's administrator (RPMI EPAL) know by contacting them using the details on the back page.

If you are interested in looking at any of the formal documents that relate to the Uniper Group and its funding, please contact RPMI EPAL. The formal Uniper Group documents include:

- **Trust Deed and Rules**
- **Annual Report & Accounts**
- **Statement of Investment Principles**
- **Statement of Funding Principles**
- **Actuarial Valuation and Actuarial Reports**
- **Schedule of Contributions; and**
- **Recovery Plan**



New website coming soon

A new website for members of the Uniper Group of the Electricity Supply Pension Scheme is currently being developed and should be available by the end of 2017.

The website will be a useful source of information about your Uniper Group pension and will be adapted for use on mobiles and tablets, making it convenient and easy to manage your pension wherever you are.

You'll be able to find all the forms you need, plus copies of your newsletters and Scheme booklet.

You can also read the latest pension news updates to learn about your options and benefits.

Opting out of digital communications

In future, the Uniper Group Trustees plan to send communications, such as newsletters and updates, via email or by posting information on the forthcoming pensions website.

However, if you do not wish to receive communications digitally, and would prefer to receive paper copies instead, please let the Trustees know by contacting Adrian Furnell, Uniper's Pensions Manager, at adrian.furnell@uniper.energy.



Keep your details up to date

Have you moved house? Remember to keep the Scheme informed so you can continue to get important information about your pension.

If you're currently paying into the Scheme, please give any new contact details to your employer. They'll then pass the information on to the Scheme's administrator, RPMI EPAL.

If you're no longer paying into the Scheme, or if you're already receiving your pension, please contact RPMI EPAL using the contact details on the back page.

Your Scheme benefits

Your Scheme membership offers some fantastic benefits. Here are just a few...

- Life assurance if 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 boost your pension benefits at retirement.

What's your State Pension age?

Your State Pension is paid when you reach State Pension age (SPA) and the date of this depends on when you were born.

At the moment, those born between April 1961 and 6 April 1970 have a State Pension age of 67.

The government recently announced plans to increase the SPA from 67 to 68 over a two-year period, starting in 2037. This will affect those born between 6 April 1970 and 5 April 1978.

Those born after 5 April 1978 will have a SPA of 68 or above.

The State Pension age does not affect when you can take your benefits from the Scheme.

You can use the State Pension age calculator at www.gov.uk/state-pension-age to check when you'll be able to start claiming the State Pension.

State Pension triple lock remains

As part of the Conservative Party's deal with the Democratic Unionist Party, the triple lock on State Pension increases will be maintained.

In the run-up to June's General Election, the Conservative Party manifesto had pledged to scrap the triple lock on pensions from 2020.

However, in a deal with the Democratic Unionist Party (DUP) on 26 June, the government published a policy which agreed there would be no change to the triple lock.

What is the 'triple lock'?

The triple lock was introduced in 2010 and is a guarantee that the State Pension will rise by a minimum amount each year. This is the higher of:

- 2.5%
- inflation, or
- average earnings

The triple lock does not apply to private or workplace pensions, such as those in the Uniper Group of the Electricity Supply Pensions Scheme.

Stay scam-smart

Please be on your guard against a growing number of pension scams.

Scammers' tactics are becoming ever more sophisticated. They will try to flatter, tempt and pressure you into an illegal pension transfer. Once the transfer has gone through, it's too late and you may never see your pension again. And you could face large tax bills as well!

Be vigilant against offers of 'one-off pension investments', 'pension loans', legal loopholes, upfront cash or promises to help you access your pension funds early. These offers are unlikely to be genuine. If you're under age 55 (or age 50 if being made redundant), you cannot release your pension, unless you are too ill to work.

Here are just a few of the warning signs of pension scams...

Red flags

- Cold calls
- PO Box addresses or serviced offices
- Mobile phones as contact numbers
- Recommendation from friends
- 'Deals' such as overseas investments, guaranteed returns, or limited offers

What to do...

- Call the Pensions Advisory Service for help on 0300 123 1047 or visit Thepensionsadvisoryservice.org.uk
- Check the advisor is registered with the Financial Conduct Authority at FCA.org.uk/register
- Study details of any transfer carefully yourself Visit Pensionwise.gov.uk to learn about your retirement options
- See if the deal is a known scam at Scamsmart.fca.org.uk

Further information is available on the Pension Regulator's website, www.thepensionsregulator.gov.uk/pension-scams. If think you've been a victim of a scam, please report it to Action Fraud on 0300 123 2040.

Your questions answered

Because of ill-health, I can no longer work. Can I take my pension?

In short, yes. If you have at least two years' pensionable service and in the opinion of the Medical Adviser to 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 normally 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 on 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. 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 your 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.



Useful contacts

There's a lot to think about when it comes to your pension and retirement. But don't worry, impartial guidance is available.

Unbiased.co.uk

You can find Independent Financial Advisers (IFAs) in your local area who will help you understand your pension, options, and how to manage your finances.
www.unbiased.co.uk (web chat available)

HMRC

Her Majesty's Revenue & Customs (HMRC) can answer any tax queries you may have.

Telephone: 0300 200 3300

Gov.uk

If you're confused about any pensions, tax, or National Insurance issues, you can search the government's website for clear, jargon-free explanations.

www.gov.uk

Money Advice Service

This free and impartial advice service works with other organisations to help you manage your money.

Tel: 0800 138 7777

www.moneyadvice.service.org.uk (web chat available)

The Pensions Advisory Service

You can get free, impartial guidance on a wide range of pensions-related topics (both workplace and personal pensions) from this non-profit-making organisation.

Tel: 0300 123 1047

www.thepensionsadvisoryservice.org.uk

(web chat available)

Pension Wise

If you're aged 50 or over and have any savings in defined contribution pension schemes, you can get free guidance about the different options available to you.

Tel: 0800 138 3944

www.pensionwise.gov.uk

Further information

If you need specific information about your pension, contact the pension scheme administrator:

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

Email: enquiries@rpmico.uk
Telephone: 0247 6472 541

(Monday to Friday, 8am to 5pm)

If you have a question for the Trustees, please write to RPMI EPAL, or you can email Adrian Furnell, Uniper's Pensions Manager, at: adrian.furnell@uniper.energy.

We hope that the information contained in this newsletter is of help, but if you wish to comment or see some specific information in future editions, please email Adrian Furnell, Uniper's Pensions Manager, at: adrian.furnell@uniper.energy with your suggestions.