

Options

Uniper Trustee newsletter

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Summary Funding Statement update

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

Each year, the Trustee of the Uniper Group is required by law to provide you with a Summary Funding Statement, which describes the level of funding that supports your pension.

Funding position

The Trustee works closely with Uniper UK (the Company) to ensure your benefits are adequately funded, secured and governed. A formal actuarial valuation is usually carried out every three years by the Scheme Actuary. The last of these formal valuations was as at 31 March 2016.

In years when a formal valuation is not carried out, an annual actuarial update is completed to assist the monitoring of the financial progress of the Uniper Group. The most recent update was completed as at 31 March 2017 and the results are summarised in the table to the right, along with the 31 March 2016 results for comparison.

When the Uniper Group's assets are lower than the funding target (which is also known as the Technical Provisions), there is a "shortfall". The estimated shortfall at 31 March 2017 of £52.6 million is larger than the shortfall of £43.1 million assessed for the 31 March 2016 valuation.

The main reasons for the increase in the shortfall over this period are:

- The Technical Provisions increased – mainly because gilt yields over the period 31 March 2016 to 31 March 2017 fell, and expectations for future inflation rose.
- The assets also increased over the period due to positive investment returns and deficit repair contribution payments, but to a lesser extent than the Technical Provisions.

Overall, the funding level improved from 87% to 88%.

What's being done to address the shortfall?

As part of the process of completing the 2016 valuation, the Trustee agreed with the Company a funding plan to address the deficit.

The key features of the funding plan were an immediate cash injection of £10 million in June 2017 plus £3.2 million contributions from the Company per annum towards the shortfall from 2020 to 2025 inclusive.

These shortfall contributions, together with a prudent assumption regarding future investment returns, were forecast to remove the shortfall as at 31 March 2016 by 31 December 2025. The contributions will be assessed at the next formal valuation, which will have an effective date no later than 31 March 2019.

	31 March 2016 valuation	31 March 2017 annual update
Assets	£283.9m	£378.7m
Liabilities (the 'Technical Provisions')	£327.0m	£431.3m
Shortfall	£43.1m	£52.6m
Funding level	87%	88%

Refunds and The Pensions Regulator's role

The law requires us to confirm that there have been no payments to the Company out of the Uniper Group since the date of the last Summary Funding Statement. There have been no such payments.

In certain circumstances, The Pensions Regulator has powers to intervene in a scheme's funding plan, by changing the future accrual of benefits, setting the level of the funding target, setting the terms of the recovery plan and/or imposing a schedule of contributions. In the case of the Uniper Group, The Pensions Regulator has had sight of our recovery plan and it has not used any of these powers.

What protection is there for members' benefits?

The Trustee is required to provide you with an indication of what the funding position would be if the Uniper Group had terminated and was wound up as at the date of the last valuation. This information is purely for legislative purposes – the Company has no plans to wind up the Uniper Group.

If the Uniper Group had wound up on 31st March 2016 (the date of the last formal valuation) its assets of £283.9 million would have covered around 48% of the estimated cost of securing the Uniper Group's benefits with an insurance company, equating to a shortfall of £309.1 million.

In the unlikely event of the Uniper Group winding up, the Company would be legally required to finance this buy-out shortfall and pay enough into the Uniper Group to enable benefits to be completely secured by an insurance company.

In the even more unlikely event that the Company becomes insolvent, the Pension Protection Fund (PPF) may be able to take over responsibility for the payment of the Uniper Group's benefits. The benefits payable from the PPF would be subject to their pre-determined compensation levels, which could be less than your full benefit entitlement under the Uniper Group. For full details, please visit the PPF website at pensionprotectionfund.org.uk

What to do if you have any questions or would like further information

For day-to-day administration queries, such as changes of address, queries about your pension and requests for copies of documents, you should contact the Scheme administrator:

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

Email: enquiries@rpmico.uk
Telephone: 0247 6472 544
(Monday to Friday, 8am to 5pm)

For other queries, please contact Adrian Furnell, Uniper's Pensions Manager, at: adrian.furnell@uniper.energy

Trustee's message

Welcome to this edition of Options, the Trustee newsletter for members of the Uniper Group of the Electricity Supply Pension Scheme (the Uniper Group).

In Issue 2 we gave you details of the valuation that was completed in June 2017 but based on data as at 31 March 2016. In this edition, we provide an update to the financial numbers as at 31 March 2017.

I am pleased to say that since this 'snapshot', the value of the assets of the Uniper Group had risen to £414 million by December 2017.

The Trustees continue to monitor both the assets and liabilities and will provide updates as necessary so that members can see the value of the Uniper Group's assets on a regular basis.

Felix Lerch
Trustee Chairman

Express your wishes



... and don't forget your loved ones

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

By submitting an Expression of Wish form, you can tell the Trustees who you would like those beneficiaries to be – for instance, the people, charities or organisations that are important to you.

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.

Because the payments are at the discretion of the Trustees (but they will always take your wishes into account), they are usually not liable to Inheritance Tax and your Expression of Wish form can help to avoid delays in payment.

Remember, though, you should update your form every few years, to either reconfirm your wishes or change them.

You can request an Expression of Wish form from the Scheme's administrator, RPMI EPAL, by calling 0247 6472 544 or emailing enquiries@rpmico.uk

Website update

In Issue 2 we made a bold statement that the new pensions website should be available by the end of 2017. In the event, we did not make this date, but we expect it to 'go live' in the first quarter of 2018.

Opting out of digital communications

Once the pensions website is up and running, the Trustee plans to send communications, such as this Options newsletter, via email or by posting information on the pensions website.

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



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.moneyadviceservice.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 544

(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.