

Pension News

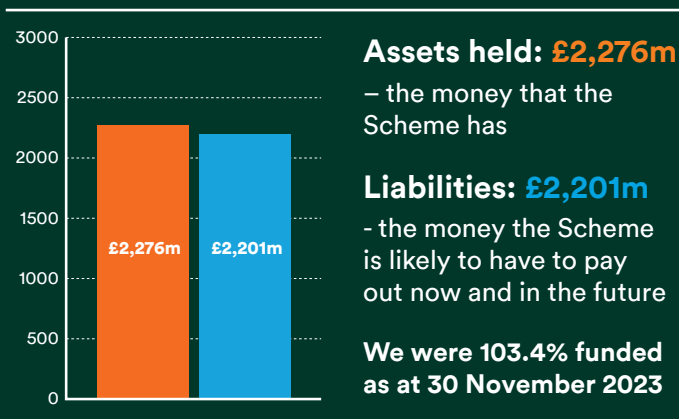
For members of the UUPS with Defined Benefit (DB) benefits

Spring 2024

Welcome to the latest newsletter for contributing, deferred and pensioner members of the United Utilities Pension Scheme (DB sections).

Looking after your benefits

The Trustee regularly monitors the financial position of the Scheme, and we are pleased to tell you that as at 30 November 2023, the Scheme was in a really strong position.



Further information on the funding of the Scheme can be found in the Annual Funding Statement on page 6.

Your Trustee Directors

You may recall that an election for three member-nominated Trustee Director positions was held in January 2024.

Thank you to all members who took part in the process, we received 26 nominations. We are pleased to confirm that the successful candidates were Phil Sweeney (re-elected), Ian Monks (re-elected) and Ian Skilling (new trustee), to replace Barbara Dutton, who decided not to re-stand at this election. There have been some other changes to the Trustee Board. In 2023 we also welcomed Richard Giles and Joanne Rands to the Board, who replaced Colin Maloney and Paula Steer as company-appointed Trustee Directors. In April 2024 Andrew Lambert will become a company-appointed Trustee to replace Allan Heron. Chris Brown will join the Board as a member-nominated Trustee to fill that vacancy.

We would like to thank the departing Trustees for their dedication and contribution to the Trustee Board and wish them well for the future.

From April 2024 your Trustee Directors, looking after the Scheme on your behalf, are as follows:

Company appointed	Member nominated
Gary Dixon (Chair)	Chris Brown
Richard Giles	Ian Monks
Andrew Lambert	Ian Skilling
Graeme Mooney	Phil Sweeney
Joanne Rands	Dale Walker



**MORE
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Environmental, Social, & Governance (ESG) Update

Sustainability is a key factor considered by the Trustee when setting the investment and funding strategy, and when monitoring the Scheme over time. This is to ensure we are protecting the long term value of member benefits.

Climate change:

- We view climate change as a material financial issue that presents risks, as well as new opportunities.
- For example, we look at possible future climate change scenarios and the impact they could have on the Scheme, to inform our approach to risk mitigation. We also monitor metrics such as the carbon footprint of the investments.



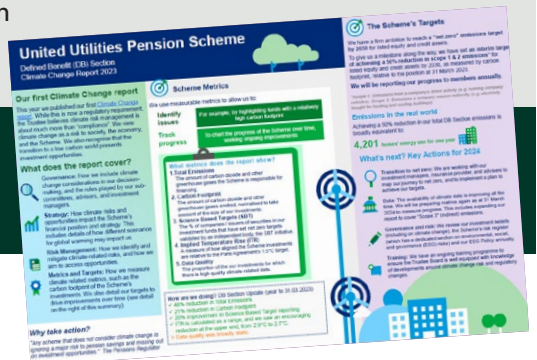
Did you know?

- We consider the ESG policies of the Scheme’s fund managers for new investments. For existing investments, we also monitor ESG ratings provided by our independent investment advisers. Action would be taken if we saw any decline in these ratings.
- We have put in place exclusions on some investments such as controversial weapons and companies with exposure to certain types of unsustainable energy production.

Our Policies:

- You can find a copy of the Schemes Climate Change report on the UU Pensions website, under ‘Information Library’.
- Every year, we publish an Implementation Statement which details how we have exercised our policies, including responsible investment and stewardship. You can find the Statement at unitedutilities.com/pensions

We have also produced a one page summary, which can be found on the pensions website, which highlights the Scheme’s ambition to reach a “net zero” emissions target by 2050 and the key actions for 2024



Task Force on Climate-Related Financial Disclosures (‘TCFD’)

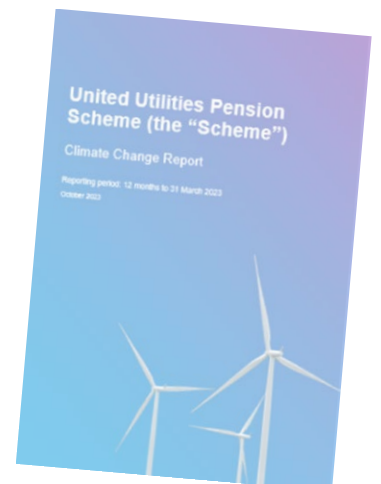
The United Utilities Pension Scheme (UUPS) Trustees are pleased to share their **first Climate Change Report**. This can be found on unitedutilities.com/pensions, in the ‘Information Library’. This has been prepared in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the statutory requirements prescribed by the Department of Work and Pensions.

The Trustee has a duty to invest the Scheme’s assets appropriately. As part of this responsibility, the Trustee recognises climate change as a risk that could impact the security of members’ benefits if it is not properly measured and managed. The Trustee also recognises that climate change presents an opportunity, by investing in companies or assets that are expected to perform well in an economy that is positioned to address the challenges associated with climate change.

Climate change is one risk among many that the Trustee measures, monitors and manages. Therefore, climate change

needs to be considered alongside other risks in a balanced and proportionate way. The Scheme will therefore continue to invest in companies where there is a sufficiently attractive investment case and the investment manager believes there is an opportunity to engage and influence change in the behaviour and actions of a company.

This report will be prepared annually, and published in the public domain. The Trustee welcomes feedback from members and looks forward to sharing ongoing reporting on climate risks and opportunities, alongside the range of other communications material available to members.





Improving the Scheme's financial security

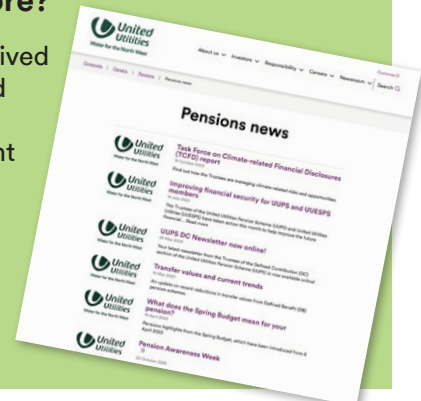
We are pleased to say that in July 2023 the Trustee purchased an insurance policy with Legal & General as a bulk annuity. This is great news for the Scheme and our members - insuring around 80% of our deferred and pensioner members' benefits. The bulk annuity is an investment of the Scheme and improves the financial security of your benefits. This does not change your benefit entitlement and there will be no change to the way members receive their pension.

What is a bulk annuity?

A bulk annuity is an insurance policy whereby the Trustee pays a single premium to an insurance provider, and in return that insurer will pay the Trustee monthly amounts to cover a large proportion of future pension payments. The bulk annuity will provide a stable source of income from which to pay pension benefits, and the insurance company will insure the risks associated with the future investment returns and life expectancy of the majority of our members.

How can I find out more?

All members will have received a letter or email in July, and further information can be found in our Q&A document which can be found on the United Utilities pensions website unitedutilities.com/pensions, in the 'Latest news' section.



Take a Midlife MOT

It's never too late to take control of your finances, and your future.

If you're aged 45-65, the Department for Work and Pensions (DWP) has created a new Midlife MOT website, specifically designed to help you in 3 key areas: work, health and money.

The site includes a new tool from the Government's MoneyHelper service, which will help you understand your current finances, and learn what you can do to improve your financial wellbeing from now until retirement.

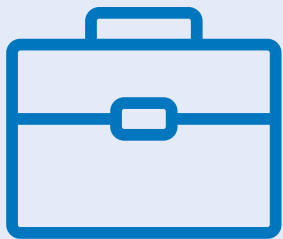
It also offers advice on things like finding work over 50, how to get a free NHS health check if you're over 40 and where to go for financial support or help to get out of debt. You can visit the site now at [//jobhelp.campaign.gov.uk/midlifemot](http://jobhelp.campaign.gov.uk/midlifemot) to find out more.



Annual Report & Accounts

The Scheme's Annual Report and Accounts at 31 March 2023 have been audited and signed.

If you would like a copy, please contact WTW on **0113 394 9309** or send an email to uups@wtwco.com



How the Spring Budget 2023 affected you and your pension

It may seem like a while ago now but in March 2023 the Chancellor of the Exchequer presented his Spring Budget. The major pension-related headlines were changes to the amount of tax-free savings members can make each year (the 'Annual Allowance') and over their lifetime (the 'Lifetime Allowance').

Here are the pensions highlights from the Spring Budget:

- The Lifetime Allowance (LTA) will be abolished from April 2024
- From 6 April 2023, the annual allowance (AA) increased from £40,000 to £60,000
- From 6 April 2023 the threshold for those affected by the Tapered Annual allowance (TAA) increased from £240,000 to £260,000
- From 6 April 2023 the Money Purchase Annual Allowance (MPAA) has increased from £4,000 to £10,000
- The most you will be able to take as a tax-free lump sum is £268,275 (unless you have Lifetime Allowance protections)

If you think you will be affected by any of these changes, you may wish to speak to an Independent Financial Adviser (IFA) to help you review your pension savings and find out if a tax charge is due. It is your responsibility to keep track of your pension benefits and pay any tax charge due as a result of exceeding any HMRC allowances. If you have previously applied for and obtained LTA protections from HMRC, please make sure that you inform WTW. If you do not know if this applies to you, it is unlikely that you have applied for protection and therefore you do not need to take any action.

Further information is available on the UU pensions website, and you can also visit [Gov.uk/tax-on-your-private-pension](https://www.gov.uk/tax-on-your-private-pension)

The Guaranteed Minimum Pension (GMP) changes

A number of legal judgements have been made in relation to GMP. This means that schemes, such as the UUPS, need to review the GMP portion of member's benefits to ensure they meet these new legal requirements.

Will you be affected?

If you have a GMP from service between 17 May 1990 and 5 April 1997 you may be affected. But if you are, we will let you know. This is a complex process which could take years to complete. You do not need to take any action but please make sure your details on your pension record are up to date so we can contact you if we need to.



Keeping us up to date and obtaining information about your pension

It's important that your contact details are correct, otherwise you may not receive important updates from us about your pension.

You can update your details by logging in to ePA (DB benefits) or TargetPlan (AVC/DC top up benefits).

Defined Benefit DB benefits - WTW

Email: uups@wtwco.com
Telephone: **0113 394 9309**

ePA - You can also visit <https://epa.towerswatson.com/accounts/UUP/> to view your DB pension benefits including your annual benefit statement if you are an active member and your recent payslips/P60 if you are already in receipt of a pension.

DC/AVC - Aegon

Email: my.pension@aegon.co.uk
Telephone: **01733 353 481**

TargetPlan - You can also visit www.aegon.co.uk/targetplan for details of your DC/AVC account, or download the 'Aegon UK' app from the iTunes App Store or Google Play Store (you will need to have previously accessed your online account at www.aegon.co.uk/targetplan before being able to use the app).

www.unitedutilities.com/pensions

The UU pensions website hosts lots of information about the Scheme, including the Scheme booklet and other Scheme documents. We also have a 'Latest News' section where the Trustees provides any key updates.

Benefit statements

DB Benefits statements for all active members were made available on ePA in October – an email was sent out to all active members to let them know.



Go paperless

You now have the option to go paperless with your pensions communications from WTW. If you log onto ePA you can amend your communication preferences at any time.

Your annual funding statement

At least once every three years, the Trustee and its advisers complete a valuation to review how much money the Scheme has (the ‘assets’) and the money it is likely to have to pay out now and in the future (the ‘liabilities’). The Trustee and its advisers also use approximate updates to monitor the financial position of the Scheme in-between valuations.

The results of the latest valuation as at 31 March 2021, and the annual approximate updates at 31 March 2022 and 31 March 2023, are shown below.

	31 March 2021	31 March 2022	31 March 2023
Assets (money in pot)	£3,487 million	£3,533 million	£2,548 million
Liabilities (amount expected to be paid out)	£3,345 million	£3,345 million	£2,405 million
Surplus	£142 million	£188 million	£143 million
Funding level	104%	106%	106%

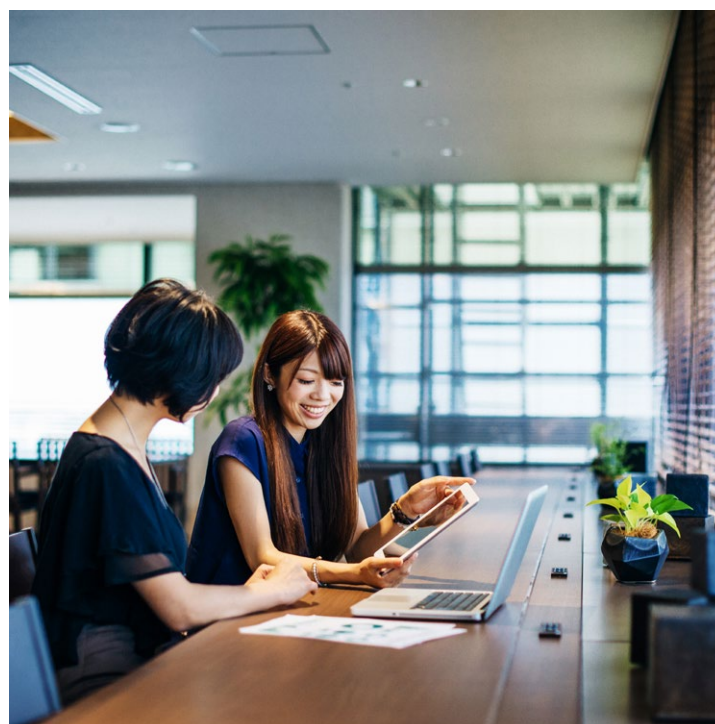
The Scheme is currently in surplus i.e. the Scheme’s assets are greater than the value of the liabilities. As such the Scheme does not need to put in place a recovery plan.

Hybrid section members:

- The Company pays contributions of 29.7% of defined benefit (DB) core pensionable earnings for the cost of future DB pension benefits
- As the total cost of future benefits remains below 40%, current contributing members pay 10% of pensionable earnings for the cost of future DB pension benefits

Mirror Image Scheme (MIS) section members:

- The Company pays contributions of 42.6% of capped pensionable earnings for the cost of future pension benefits
- Current contributing members pay 7.5% of capped pensionable earnings for the cost of future pension benefits



How has the funding position changed since 31 March 2022?

The assets have decreased over the period because of changes to market conditions, in particular increases to gilt yields. Rising gilt yields have also decreased the liabilities, though to a lesser extent. This means the surplus has slightly decreased over the period.

What is the wind-up funding position?

If the Scheme had been wound up at 31 March 2021, the deficit in the assets compared to the cost of securing members' benefits with an insurance company is estimated to have been £7 million - equal to a funding level of 99.8%. We look at this situation to understand the Scheme's financial health and the extent to which this relies on the continuing security of the Company. It does not mean that the Company is thinking of ending the United Utilities Pension Scheme. The Company presents regular updates on its financial position to the Trustee and the Trustee is satisfied that the Company is able and willing to continue its support.

Bulk annuity policy

In July 2023, the Trustee purchased a bulk annuity insurance policy with Legal & General. This policy provides a stable source of income to pay pension benefits. It also removes the risks associated with future investment returns and life expectancy for a large proportion of the Scheme's liabilities, thereby improving the security of future pension payments to members and their dependants.

The purchase of this bulk annuity policy has not changed members' pension entitlements and there will be no change to the way members receive their pension.

Other information

Legislation requires us to tell you if there have been any payments of surplus to the Company since your last funding statement, or if the Pensions Regulator has modified the Scheme or given it any directions. We can confirm that there have been no such payments, modifications or directions.

Looking forward

The next formal actuarial valuation is due to be carried out as at 31 March 2024.



Useful information

Alternative formats

If you can't get online to access the links we've provided, or you require the newsletter in a different format, such as large print or audio, please contact WTW on **0113 394 9309** or send an email to uups@wtwco.com

Where to find extra support

It's not been an easy year, but you're not alone. There is some great free support available to ease the financial and mental strain of the cost of living crisis.



MoneyHelper

MoneyHelper offers free, impartial advice on finances and pensions for people across the UK. With helpful guides, tools and calculators, it can help you to take control of your money.

Visit moneyhelper.org.uk

Government website

You'll find plenty of support available on the Government website, including information on help with income, tax discounts, childcare, managing your money, disability benefits and more.

Visit [Gov.uk/cost-of-living](https://gov.uk/cost-of-living)

Support with your water bill (for United Utilities customers)

The increase in energy bills and cost of living means we're all feeling the pinch. If you're having difficulties paying your water bill, please get in touch with UU by visiting unitedutilities.com/my-account/your-bill/difficulty-paying-your-bill so they can provide you with the right support.

Improving Access to Psychological Therapies (IAPT) - talking therapies

It's okay not to be okay. Talking therapies can bring relief through being able to speak freely in a safe space. The IAPT is a free NHS service that can help you identify unhelpful thought patterns, process difficult emotions and understand yourself better. Visit england.nhs.uk/mental-health/adults/nhs-talking-therapies to find an IAPT service near you. Reach out to a service and get the support you need.

