

Pension News

Welcome to the latest newsletter for contributing, deferred and pensioner members of the United Utilities Group of the ESPS.

Autumn 2023

Your Trustees



You may recall that in late 2022, an election was held for two member-nominated Trustee Director positions.

Thank you to all members who took part in the process, either by putting themselves forward, or for voting in the election. We are pleased to confirm that the successful candidates were pensioner member Cliff Ivers, and active employee member, Sajid Zinga. Both started their terms of office in December 2022. We'd also like to extend our thanks to Pauline Richardson and Bob Ward for their hard work and commitment to the scheme, as they have now stepped down from the Board.

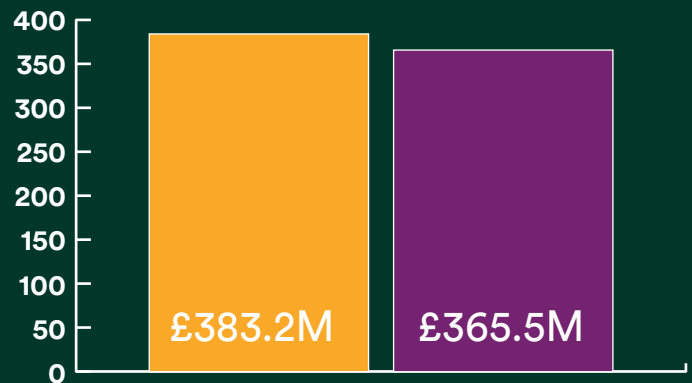
We also welcome Richard Giles to the Board, who has replaced Colin Maloney as a company-appointed Trustee.

The Trustee Board is made up of three member-nominated and three company-appointed Trustee Directors. They are all here to ensure that the UU PLC Group runs correctly, for the benefit of all members.

There will be a further opportunity for you to get involved with the running of your scheme towards the end of 2024 when the remaining member-nominated Trustee will reach the end of their current term.

Looking after your benefits

The Trustee regularly monitors the financial position of the scheme, and we are pleased to tell you that, as at the latest valuation update on 31 March 2023, the scheme was in a really strong position.



- Assets held - the money that the scheme has
- Liabilities - the money the scheme is likely to have to pay out now and in the future

We are **104.8%** funded as at 31 March 2023

You can find out more about what these numbers mean on page 5.

Since the 31 March 2023 valuation update, the Trustee has secured further protection for members' benefits through the purchase of a bulk annuity, which you can read more about on page 3.

Your Trustee Board

Company appointed	Member nominated
Gary Dixon (Chair)	Brian Foy (pensioner)
Richard Giles	Cliff Ivers (pensioner)
Allan Heron	Sajid Zinga (contributing member)



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 Group 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 Group, 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 Group'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 summary of the Group's ESG policies 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](https://www.unitedutilities.com/pensions)



Task Force on Climate-Related Financial Disclosure ('TCFD')

The Electricity Supply Pension Scheme as a whole has been in scope of the climate change governance and reporting requirements since 1 October 2021.

While the UU Group does not meet the size threshold that requires full TCFD reporting, the Trustee is pleased to have provided information for the wider Scheme's report, as climate risk management is a key part of how we manage the UU Group.

The wider Scheme's most recent TCFD report — the Scheme trustee's identification, assessment and management of climate change risk — was published in October 2023 and is available in the useful documentation section of the ESPS website: www.espspensions.co.uk/#useful-documentation.

Budget round up - how the Spring Budget 2023 affects you and your pension

The Chancellor of the Exchequer, presented his Spring Budget on 15 March 2023. 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
- The Annual Allowance (AA) has increased from £40,000 to £60,000
- The threshold for those affected by the Tapered Annual Allowance (TAA) has increased from £240,000 to £260,000
- 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 Railpen. 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).

Improving the Group'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 Group and our members - insuring around 80% of our members' benefits. The bulk annuity is an investment of the Group 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](https://www.unitedutilities.com/pensions), in the 'Latest news' section.

Make sure your contact details are up to date

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

The easiest way to update your details, plan for your future and manage your pension is by logging into or registering for your secure myESPS account at uuplc.myesps.co.uk.

In your online account, you can:

- Access important pension documents, like your pension payslips, P60s and your Annual Benefit Statement.
- Keep your personal details, like your email address and phone number, up to date.
- Plan for the future by checking your pension benefits and requesting retirement quotes regularly.

Scheme-wide AGM

The central ESPS Annual General Meeting (AGM) will be held virtually on 21 November 2023 at 1pm.

The purpose of the Scheme AGM is to receive the Scheme Annual Report and Financial Statements, the Auditors' Report and the Report of the Scheme Trustee. The Trustee will also conduct any general business including the consideration of any Resolutions proposed by members. Those wishing to attend should register in advance.

More details are available via the central ESPS website espspensions.co.uk or by contacting elaine.spriggs@uuplc.co.uk.



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 to find out more.

Annual Report & Accounts

The Group's Annual Report and Accounts at 31 March 2023 has been audited and signed.

If you would like a copy, please contact Railpen on **02476 472583** or send an email to enquiries@railpen.com.

Annual funding statement



Your annual funding statement

At least once every three years, the Trustee and its advisers complete a valuation to review how much money the Group 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 Group 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 update	31 March 2022 valuation	31 March 2023 update
Assets (money in the pot)	£498.2 million	£505.2 million	£383.2 million
Liabilities (amount expected to be paid out)	£490.0 million	£484.2 million	£365.5 million
Surplus / (Deficit)	£8.2 million	£21.0 million	£17.7 million
Funding Level	101.7%	104.3%	104.8%

The Company, following consultation with the Trustee, has decided to use the 31 March 2021 valuation surplus to establish a general reserve for the de-risking of the investment strategy and as a contingency against future events.

Benefits building up for current contributing members

- The Company pays contributions of 65.6% of pensionable earnings for the cost of future pension benefits
- Current contributing members pay 6% (on average) of pensionable earnings for the cost of future pension benefits

How has the funding position changed since 31 March 2022?

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 slightly greater extent. These changes have led to a small decrease to the funding surplus.

What is the wind-up funding position?

If the Group 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 £6.8 million - equal to a funding level of 98.7%. We look at this situation to understand the Group'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 UU Group of the ESPS. 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 around 80% of the Group'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 Group 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

Contact details

Railpen – for any queries regarding your pension:
enquiries@railpen.com 02476 472583

Please include your National Insurance Number or Pension Reference Number, your full name and address, and at least 1 of the following in your email:

- Date of birth
- Pension Reference Number, or National Insurance Number if you've already included your Pension Reference Number
- Email address used to register for your myESPS account
- Telephone number

MyESPS personal pension account - to view details of your pension and update your contact information and nomination form:

uuplc.myesps.co.uk

Aegon - if you are paying Additional Voluntary Contributions (AVCs):

my.pension@aegon.co.uk 01733 353481

UU pensions website - for general information on the Scheme, including the Scheme booklet and other Scheme documents:

unitedutilities.com/pensions

Central ESPS website - information and documents relating to the wider ESPS.

espspensions.co.uk

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 Railpen on 02476 472583 or send an email to enquiries@railpen.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.

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.

