



# Electricity Supply Pension Scheme

United Utilities PLC Group

**Members' Guide**

## Contents

About this guide	3
ESPS at a glance	4
Membership	5
Contributions	6
Contributing more	7
Transfers from other schemes	7
Retirement Benefits	8
• Benefits at Normal Pension Age	8
• Early retirement	8
• Taking your pension and carrying on working	8
• Early retirement due to redundancy or reorganisation	9
• Incapacity retirement	9
• Retirement after Normal Pension Age	9
• The transfer option	9
Benefits payable on death	10
Leaving ESPS	12
Pension increases	13
Revaluation of deferred benefits	13
State benefits and your ESPS pension	14
If your personal circumstances change	15
Contact information	16
Complaints	17
General information	18
Glossary of terms	19

## About this guide

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**This Guide tells you about the United Utilities PLC Group of the Electricity Supply Pension Scheme (ESPS) and is intended as an easy reference to all the provisions of ESPS.**

This Guide is not legally binding on the **Trustee**, and nothing in the Guide can override the formal terms set out in the **ESPS** Clauses and Rules, including the United Utilities PLC Group specific provisions, and overriding legislation.

Some of the words and phrases used have special meanings that are set out in the Glossary of terms at the back of the Guide. Where these appear in the text they are shown in bold print.

The Guide reflects **ESPS** Clauses and Rules, including the United Utilities PLC Group specific provisions, as at October 2019. Some members of

**ESPS** may have special provisions which have been notified to them separately and are not covered by this Guide.

Under financial services law, neither the **Company** nor the **Trustee** is allowed to advise on whether a particular pension plan is appropriate for you, or which choice you should make.



## ESPS at a glance

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The **ESPS** provides benefits for you when you retire and in addition, protection for you if you become too ill to work, and protection for your family in the event of your death. The following list shows the main benefits and provisions of **ESPS**. You should read this in conjunction with the fuller explanation later in this Guide.

### Eligibility

Closed to new entrants.

### Member's contribution level

Usually 6% of **Pensionable Salary**.

### Retirement benefits

Pension - 1/80<sup>th</sup> of **Pensionable Salary** for each year of **Service** plus

Lump Sum - usually 3/80<sup>ths</sup> of **Pensionable Salary** for each year of **Service**.

### Voluntary retirement

From age 55 (or age 50 if you joined the **Scheme** prior to 5 April 2006) – payment of reduced benefits.

### Redundancy retirement

From age 55 (or age 50 if you joined the **Scheme** prior to 5 April 2006) - payment of unreduced benefits.

### Incapacity retirement

Pension and lump sum benefits based on potential **Service** to **Normal Pension Age** (or to age 65 for pre 1 April 1988 joiners).

### Death in service

Spouse's and children's pensions, plus a lump sum of generally 4 times your **Pensionable Salary**.

### Death after leaving the Scheme but before receiving your pension

Spouse's and children's pensions, plus a lump sum of either the amount of your contributions or 5 times the annual deferred pension increased to the date of your death, whichever is greater.

### Death after retirement

Spouse's and children's pensions plus a lump sum equal to the balance of the unpaid instalments of the first 5 years of your retirement pension in payment.

### Pension increases

In line with the annual increase in the **RPI** to September, provided the **Principal Employer** agrees to any excess above 5%.



## Membership

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The UU PLC Group of the **ESPS** is closed to new members, apart from in very limited circumstances, as defined in the **Protected Persons** regulations.

### Contracting-out of the Additional State Pension

On joining **ESPS** before 6 April 2016, you will have been contracted-out of the **Additional State Pension** and, as a consequence paid lower National Insurance contributions. Contracting-out for defined benefit schemes was abolished on 5 April 2016, but you remain contracted-out for any period of **ESPS Service** up to that date. This means that **ESPS** has to provide benefits of at least a minimum level as specified in the contracting-out regulations.

### Opt out

You can opt out of **ESPS** at any time by completing the appropriate opt-out form. You cannot backdate your opt-out. Once you have opted out of **ESPS** you will not be able to rejoin for future **Service**.



## Contributions

As a member you are eligible for tax relief on contributions, up to certain HM Revenue & Customs (HMRC) limits. Your employer also makes contributions to **ESPS**.

### How much you pay

The standard rate of contributions is 6% of **Pensionable Salary**. Under current tax rules, full tax relief is allowed on your contributions, provided you do not exceed the **Annual Allowance**.

If you are or were a 5% or 3% contributor, your benefits will be slightly different from the benefits outlined in this Guide. Please contact the **ESPS Administrator** for further details (see page 16).

### What the Company pays

The **Company** pays the balance of the cost of **ESPS** and its contribution rate can vary from time to time. The **Scheme Actuary** values **ESPS** liabilities at least every 3 years and advises on the level of the **Company's** contributions required to fund future benefits.

### Members on maternity leave

If you take paid maternity leave you will continue to accrue benefits based on a notional **Pensionable Salary** figure equivalent to that which you would have received had you not taken maternity leave. Your contributions will be calculated based on your actual **Pensionable Salary** (including statutory maternity pay). If you take any unpaid maternity leave you will have the option of continuing contributions during this period (based on your **Pensionable Salary** immediately before the start of maternity leave). These contributions can either be paid during maternity leave or when you return to work. Your unpaid maternity leave will then count as **Service**. Otherwise, the unpaid maternity leave will not count as **Service**, but the 2 periods before and after your unpaid maternity leave will be treated as continuous.

If you take other forms of family leave (for example adoption or paternity leave) please contact the **ESPS Administrator** for further information.

### Other periods of absence

If you are absent from work for any other reason on reduced or no pay, you will be informed individually by the **Company** as to how this affects your benefits and contributions for the period of absence.

### **I** **PensionSaver**

As a contributing member of **ESPS** you will automatically be enrolled into **PensionSaver**. This is a salary-sacrifice arrangement whereby rather than pension contributions being deducted from your **Salary**, your **Salary** is reduced by the amount of your pension contributions. The **Company** will then make the pension contributions on your behalf. This means you don't have to pay National Insurance on your pension contributions. The reduction to your **Salary** appears on your payslip as '**PensionSaver**'. In some circumstances, such as if you earn close to the National Minimum/Living wage or the lower National Insurance and tax thresholds, **PensionSaver** might not be appropriate for you. If this is the case, you will automatically be opted out of **PensionSaver** and will pay pension contributions by salary deduction.

## Contributing More

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You have the option of paying additional contributions which can be used to increase your benefits. Contributions to recognised pension arrangements receive tax relief, subject to the **Annual Allowance**. In addition, provided you choose to pay a regular monthly amount, you can make the payments via **PensionSaver** and make additional National Insurance contribution savings.

### Additional Voluntary Contributions (AVCs)

**AVCs** are paid into a **Defined Contribution (DC)** pension pot which is invested in a fund of your choice until it is paid out to you at retirement, in addition to your main **ESPS Defined Benefit (DB)** benefits. The amount in your **DC** pension pot at retirement will depend on how much you have paid in and how your investment funds have performed over the years. You will have a choice over what you do with this pension pot when you come to retire:

- increase your own retirement pension, or your spouse's and dependants' pensions
- increase your tax free cash sum
- take the whole pot as a cash sum, with 25% tax free and 75% subject to income tax
- move the money to a **Drawdown** arrangement

You can pay **AVCs** of any amount (although you should be aware of the **Annual Allowance**), and can start, stop or change payments at any time. Please note however that only regular monthly amounts can benefit from **PensionSaver**. More details of the **AVC** arrangement offered by the **Scheme**, including the application form, are available on the pensions website at [www.unitedutilities.com/pensions](http://www.unitedutilities.com/pensions).

Alternatively, instead of paying **AVCs** in the **ESPS AVC** arrangement, you can choose to contribute to another pension arrangement with an insurance company or other financial

organisation. If you pay into a pension arrangement outside the **Scheme**, neither the **Company** nor **ESPS** will be involved but you will still be entitled to tax relief, subject to the **Annual Allowance**.

### Added Years

Your benefits from **ESPS** depend on your **Pensionable Salary** and your **Service**. You may pay additional contributions to purchase additional years of **Service**. At retirement, the **Service** used to calculate your benefits will include any additional **Service** purchased, calculated in years and days. The amount you pay is based on the number of years you wish to purchase, your age and factors provided by the **Scheme Actuary**. Note there may be a restriction on the number of years you can purchase. If you retire early or leave **ESPS** and have not finished paying for your added year(s) only the proportion you have paid for will be added to your period of **ESPS Service**. If you are interested in applying to purchase added years, contact the **ESPS Administrator**.

### Other additional contributions

If you have previously paid a reduced rate of contributions, you may also pay additional contributions to increase the level of spouse's pension or to provide standard spouse's benefits. Contact the **ESPS Administrator** for more information.

## Transfers from other schemes

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If you have built up benefits in another pension scheme, you may have the option to transfer the value of those benefits into **ESPS**.

The **Trustee** may accept a transfer payment from another pension scheme. Pension rights in a previous employer's scheme or a personal pension arrangement transferred to **ESPS** in this way will provide additional benefits. If you are interested in a transfer please contact the **ESPS Administrator**.

## Retirement benefits

The following section explains how your pension and cash lump sum benefits are calculated at retirement and when your benefits can be paid.

### Benefits at Normal Pension Age

You will receive an annual pension calculated as follows:

- $1/80 \times \text{Pensionable Salary} \times \text{Service}$ .

You will also usually receive a cash lump sum equal to  $3/80 \times \text{Pensionable Salary} \times \text{Service}$ . However, this may be reduced if you paid contributions less than the basic rate in the past. Under current tax rules, this lump sum will not be subject to tax.

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#### Exchanging pension for cash or cash for pension

You will normally be able to give up some of your pension to increase your lump sum, subject to a maximum tax free cash sum as determined under HMRC regulations. You will automatically be given this option when you receive your retirement quotation.

You may also be able to exchange some of your lump sum to increase your pension.

The rate of exchange of pension for cash and cash for pension varies according to your age on the date your pension comes into payment. Please contact the **ESPS Administrator** for further details.

You will also receive from **ESPS** any benefits purchased by **AVCs** and/or added years.

Your total benefits (from **ESPS** and any other pension scheme or pension arrangement, excluding benefits paid by the State) will be subject to the **Lifetime Allowance**. If the total of your benefits across all of your pension arrangements exceeds the **Lifetime Allowance**,

you will be liable for a tax charge. The **ESPS Administrators** will check your **ESPS** benefits against this limit when you start to take your benefits.

### Early retirement

You can usually receive your benefits early if you retire after age 55 (or age 50 if you joined the **Scheme** prior to 5 April 2006). The benefits will be calculated in the same way as for retirement at **Normal Pension Age**, but using your **Pensionable Salary** and **Service** up to the date of your early retirement. The benefits will also be reduced to take account of early payment. The percentages by which pensions are reduced on early retirement depend on your age at retirement (calculated in years and days) and are subject to review from time to time.

### Taking your pension and carrying on working

You do not have to leave the employment of the **Company** to receive your benefits – at any time from age 55 you may begin to receive your pension benefits and continue to work for United Utilities. Before doing this, you should consider:

- Your pension and lump sum will be reduced for early payment
- You will be receiving a pension and salary from United Utilities so you may pay more tax
- You will no longer be eligible to receive enhanced benefits on redundancy or ill-health
- You will not be able to build up any future benefits in the **ESPS**

To do this you will need to opt out of **ESPS** by completing an opt-out form. You will have the option of joining the United Utilities Pension Scheme (UUPS) Defined Contribution (DC) Section for future pension benefits.



### Early retirement due to redundancy or reorganisation

If you are made redundant and are over the age of 55 (or age 50 if you joined the **Scheme** prior to 5 April 2006), your **ESPS** pension will be payable immediately.

The benefits will be calculated with reference to your **Pensionable Salary** and **Service** up to your date of leaving, and no early retirement reduction will apply.

### Incapacity retirement

In the event that you become too ill to work whilst still an active member of **ESPS**, you may be able to retire with immediate benefits providing you satisfy the **Incapacity** requirements.

If granted, the **Incapacity** benefits will be calculated using the same formula as at **NPA** using your **Pensionable Salary** at your actual date of retirement and potential **Service** to **NPA**. The pension will be payable without reduction for early payment.

If you were a member of **ESPS** on 31 March 1988 and have continuous **Service** from this date to the date you retire on **Incapacity** grounds, your total **Service** will be calculated as if you had remained in **ESPS** to age 65.

**Service** in both cases is usually restricted to a maximum of 40 years.

**Incapacity** pensions, once granted, are reviewed periodically by the **Trustee** and if your health subsequently improves, the **Trustee** has the power to reduce or withdraw your pension.

### Retirement after Normal Pension Age (NPA)

If you continue to work after **NPA** special terms will apply. Please contact the **ESPS Administrator** for details.

### The Transfer Option

You can choose to transfer your benefits out of the **Scheme** instead of receiving a pension from the **Scheme**. More details are included in the transfer section on page 12. Note: transfers during the last 12 months before **NPA** are at the discretion of the **Trustee**.

### Things to remember when considering retirement

There are a number of factors you should also take into consideration when you are approaching retirement or thinking about retiring early.

- Once in payment, your pension will be payable for life. **Incapacity** retirement benefits, however, are subject to review by the **Trustee**.
- Benefits paid on retirement before your **NPA** will be reduced for early payment, unless paid on redundancy or reorganisation.
- You may give up part of your own pension to provide a pension for any dependant or an additional pension for your spouse. An option to give up part of your pension cannot be reversed after pension payments commence even if your beneficiary dies before you. Contact the **ESPS Administrator** for further details (see page 16).
- Special rules cover those cases where employment continues after **NPA**. Where appropriate, please discuss with the **ESPS Administrator**.
- All pensions, including your own and any dependant's, are paid monthly in arrears and, under current tax rules, are taxed as earned income on a PAYE basis.
- If your pension plus the pension equivalent of your lump sum is very small HMRC may allow it to be exchanged for a one-off cash lump sum, of which 25% is paid tax free. If you take this lump sum, your spouse will lose the right to a spouse's pension.

## Benefits payable on death

Whether you die after you retire or whilst still working for the **Company**, **ESPS** provides a range of benefits for your spouse, children and dependants. These include pensions and, in some circumstances, a cash lump sum. Details of the benefits payable are shown below.

### Death in service

There will be a lump sum payment and pensions for your spouse and children.

- *Lump sum:*  
at least 4 x **Pensionable Salary**.
- *Spouse's pension:*  
50% of the pension that would have been payable to you if you had remained in **Service** until your **Normal Pension Age**.
- *Children's pensions:*  
1/3 of the spouse's pension for up to 3 children (or 2/3 of the spouse's pension amount if no spouse's pension is payable). If there are more than 3 children, the total pension payable is the same as for 3 children but it will be shared equally amongst the children.

### Death after retirement

There will be pensions for your spouse and children, and a lump sum payment if you have been receiving your pension for less than 5 years.

- *Spouse's pension:*  
50% of the pension in payment to you, excluding any early retirement reduction applied if you retired early
- *Children's pensions:*  
1/3 of the spouse's pension for up to 3 children (or 2/3 of the spouse's pension amount if no spouse's pension is payable). If there are more than 3 children, the total pension payable is the same as for 3 children but it will be shared equally amongst the children.
- *Lump sum:*  
the balance of the first 5 years' pension instalments, if you die within 5 years of retiring (a larger amount may be payable if you retired on **Incapacity** grounds). No lump sum is payable once you have been receiving your pension for at least 5 years.

If you joined the **Scheme** before 1 April 1978, or have paid contributions at a rate less than the 6% standard rate, the benefits payable may differ from the above. Please contact the **ESPS Administrator** for details.

### Who is eligible for the spouse's pension?

A legal widow/widower (including same-sex partners) or civil partner is entitled to a pension payable for life. Where there is no spouse, the **Trustee** may, at its discretion, pay a pension to another financial dependant.

### Who is eligible for the children's pensions?

Children under the age of 18 are entitled to a pension until they reach the age of 18. If they are still in full-time education, or are unable to work because of physical or mental disability, their pensions will continue to be paid to age 23 or, in the case of physical or mental disability, even beyond that age if the **Trustee** agrees.

### Who receives the lump sum?

If you joined **ESPS** on or after 1 September 1986 the **Trustee** decides who should receive the lump sum but they will take into account your wishes as indicated on your Expression of Wish form and your personal circumstances at the time of your death.

If you joined **ESPS** prior to 1 September 1986, the lump sum will be payable to your estate (and may be subject to tax depending on the size of your estate), unless you have signed the Expression of Wish declaration telling the **Trustee** to treat your lump sum in the same way as a member who joined **ESPS** on or after 1 September 1986.



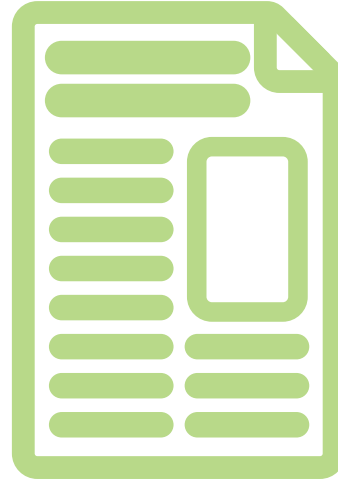
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### **Expression of Wish form**

It is very important that you complete and return an Expression of Wish Form to let the **Trustee** know who you would prefer any lump sum benefit be paid to in the event of your death.

It is your responsibility to complete and return an Expression of Wish form and keep it up to date. When completed, your Expression of Wish form should be returned to the **ESPS Administrator** for safekeeping. This will ensure the security of the information provided and guarantee that it is immediately available to the **Trustee**.

You can obtain a blank copy of the Expression of Wish form, which includes the declaration for those members who joined prior to 1 September 1986, by contacting the ESPS Administrator or visiting the pensions website: [www.unitedutilities.com/pensions](http://www.unitedutilities.com/pensions)



## Leaving ESPS

If you leave **ESPS**, for example as a result of leaving the **Company**, you will still qualify for benefits from **ESPS** and you will receive a deferred benefit within the **Scheme**.

### What are deferred benefits?

Deferred benefits consist of a retirement pension, retirement cash lump sum and, on death, pensions for your spouse and children, payable on the same basis as normal retirement benefits at **NPA** but based on **Service** and **Pensionable Salary** at your date of leaving. The benefits will receive an increase each year until they come into payment – see the ‘Pension Increases’ section of this Guide for more details.

### When are deferred benefits payable?

At **NPA**, or at any time from age 55 onwards, although an early retirement reduction will be applied if benefits are paid early (i.e. before **NPA**).

Deferred benefits may be paid early without reduction in the following circumstances:

- if you satisfy the **Incapacity** provisions, or
- at age 55 (or age 50 if you joined the **Scheme** prior to 5 April 2006) if you left the employment of the **Company** before that age on grounds of redundancy or reorganisation.

### What happens to your deferred benefits if you die?

Pensions will be provided for your spouse and any dependant children in the same way as for death in **Service** (see page 10) although the pensions will be based on **Service** to your date of leaving, increased up to your date of death, and commencing immediately on your death.

Also, on death before retirement, a cash sum is paid equal to the higher of

- a refund of your contributions with interest, or
- 5 times the annual deferred pension.

After you have left the **Company**, it is important that you keep the **Trustee** informed of all changes in your personal circumstances, such as marital status and home address.

### Transfer of your deferred benefits

You may request the **Trustee** to transfer your deferred benefits to another approved pension arrangement. Your benefits would be converted into a transfer value, based on a calculation provided by the **Scheme Actuary**, and the benefits you would get at retirement would then depend on the terms of the pension arrangement you had transferred to. No retirement benefits would be payable to you from **ESPS**. You will usually be required to seek advice on this option from an Independent Financial Adviser before any transfer can be made.

If you wish to investigate this option, contact the **ESPS Administrator**.



## Pension increases

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Pensions in payment are increased annually to take account of changes in the cost of living. Pensioners are notified by the **ESPS Administrator** each year of the increase they will receive.

### How your benefits will increase

Pensions in payment will normally be increased on 1 April each year in line with the annual increase in **RPI** to the previous September\*. However, if the increase in the **RPI** is greater than 5%, an increase of 5% will be applied automatically and any increase above 5% is subject to agreement by the **Principal Employer**.

After State Pension Age, **ESPS** increases will apply only to the pension in excess of the **Guaranteed Minimum Pension (GMP)** element.

*\* note that the first increase may be pro-rated for any periods of less than a year*

No increases are due from **ESPS** on your **GMP** for **Service** to April 1988. The balance of your **GMP** is increased by **ESPS** by the lower of **RPI** or 3% per annum and any additional inflation-proofing is normally provided by the State.

Pensions for spouse's and dependant children will be increased in a similar way.

## Revaluation of deferred benefits

If you have left the **Scheme** and have deferred benefits, your deferred pension will receive an increase each year prior to retirement known as 'revaluation'.

That part of any deferred benefits in excess of your **GMP** will be increased in the same way as pensions in payment. The **GMP** part of your

deferred pension will be increased each year at a rate determined by the State and advised to you when you leave.



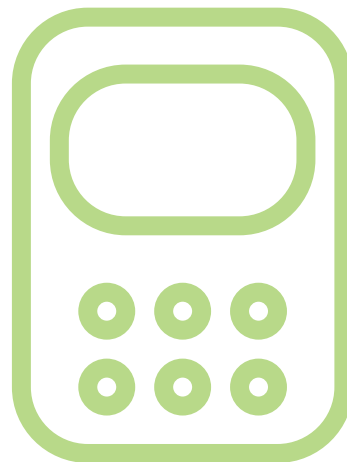
## State benefits and your ESPS pension

Up until 5 April 2016, the State pension arrangements were in two parts: the Basic State Pension which almost everyone received at State Pension Age and the **Additional State Pension**.

As a member of the **ESPS** before this date, all members were contracted-out of the **Additional State Pension**, which meant that in exchange for lower National Insurance contributions, members would not receive the **Additional State Pension** in respect of their period of **ESPS** Service. In addition the **ESPS** would have to provide members with a benefit of at least a minimum level as specified in contracting-out legislation.

From 6 April 2016, the government introduced the new State Pension. Individuals who reach State Pension Age after that date will receive a State Pension based on the new State Pension rules and this will depend on an individual's National Insurance record.

For more information, and to request a State Pension statement, visit the government's website [www.gov.uk/check-state-pension](http://www.gov.uk/check-state-pension).



## If your personal circumstances change

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Changes in your marital circumstances can affect the benefits payable to your spouse, partner or dependants.

### If you marry/enter into civil partnership

If you marry or enter into a civil partnership as a contributing member of **ESPS** or after you have left or retired, your spouse/civil partner will be covered for a spouse's pension for all your **Service**. If you are a contributing member you should contact the **ESPS Administrator** as your contributions and benefits may be affected.

### If you divorce

If you divorce, your former spouse may become entitled to part of your pension (or its equivalent value) as part of your divorce settlement. Contact the **ESPS Administrator** for further details.

### Unmarried partner and dependants' entitlements

An unmarried partner or a dependant has no automatic right to your **ESPS** pension. However, the **Trustee** may, at its discretion, pay a pension to an unmarried partner or dependant. In addition, and with the agreement of the **Trustee**, you may give up part of your pension to provide a pension for an unmarried partner or dependant when you retire. (Contact the **ESPS Administrator** for details).

The **Trustee** may, at its discretion, pay children's pensions to children resulting from a common-law relationship who meet certain criteria and are dependent on you at the date of your death.



## Who to contact for further information

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All initial enquiries or requests for further information about **ESPS** should be made to the **ESPS Administrator**.

### ESPS Administrator

RailPen  
Unit 2 Rye Hill Office Park  
Birmingham Road  
Coventry  
CV5 9AB

Tel: 02476 472 583  
Email: [enquiries@railpen.com](mailto:enquiries@railpen.com)  
Website: [www.railpen.com](http://www.railpen.com)

### AVC Administrator

Aegon  
Aegon Workplace Investing  
PO Box 17486  
Edinburgh  
EH12 1NU

Tel: 01733 353 481  
Email: [my.pension@aegon.co.uk](mailto:my.pension@aegon.co.uk)  
Website: [www.aegon.co.uk/targetplan](http://www.aegon.co.uk/targetplan)

Information about the **Scheme** is also available on the UU pensions website:  
[www.unitedutilities.com/pensions](http://www.unitedutilities.com/pensions)

There are a number of other places that you can go for help:

Money Advice Service  
[www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk)

Pensionwise  
[www.pensionwise.gov.uk](http://www.pensionwise.gov.uk)

The Pensions Advisory Service  
[www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

The Pensions Regulator  
[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

The Pension Tracing Service  
[www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details)





## What to do if you have a complaint relating to your ESPS pension

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If you are dissatisfied with anything to do with **ESPS** you should, in the first instance, write to the **ESPS Administrator** who will attempt to resolve your query. If you remain dissatisfied, you may then write to the Group Administrator, who will provide you with details of the Internal Dispute Resolution Procedure (IDRP).

The IDRP is a two-stage process which involves certain time limits and information requirements. Under the first stage, the Group Administrator will deal with your complaint. If you are not satisfied with their decision, you may appeal to the **Trustee** under the second stage of the procedure.

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### **ESPS Group Administrator**

United Utilities Pensions Department  
Clearwater 4  
Lingley Mere Business Park  
Great Sankey  
Warrington  
WA5 3LP

If, after contacting the **ESPS Administrator**, you remain dissatisfied with anything to do with **ESPS**, you can contact the Group Administrator who will provide you with details of the IDRP.

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### **Pensions Ombudsman**

10 South Collonade  
Canary Wharf  
London  
E14 4PU

If your query cannot be resolved via the IDRP you may contact the Pensions Ombudsman. The Ombudsman has the power to investigate and determine any complaint or dispute of fact or law in relation to any occupational pension scheme.

Tel: 0800 917 4487

Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

Website: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

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### **The Pensions Advisory Service**

11 Belgrave Road  
London  
SW1V 1RB

Available to help members and beneficiaries of occupational pension schemes, TPAS provide independent and impartial information and guidance about pensions

Tel: 0800 011 3797

Website: [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

## General information

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The **Trustee** is committed to protecting your personal information.

### Personal information

The **Trustee** needs to hold specific personal information for the purposes of administering the **Scheme**. For legal purposes, the **Trustee** is the data controller, as it decides the purpose and means by which the personal information it collects is processed.

The **Trustee** needs to share information with others in order to provide you with benefits and may also need to share it in order to meet contractual and other legal obligations. Data will only be shared as required in respect of the service provided.

Data protection legislation means that you have the opportunity to enforce your rights on the data we hold. If you would like to see the personal data that is held about you, believe that the personal data we hold is inaccurate or wish to enforce any other legal rights, you should contact the **ESPS Administrator** (contact details on page 17).

You should keep the **Trustee** up to date with your personal details, including your marital status and address, otherwise delays may occur in paying benefits to you or your dependants.

### Legal background

The **ESPS** is fully tax exempt and approved by Her Majesty's Revenue & Customs (HMRC). This means **ESPS** and you, as a member, qualify for some tax relief. Your own contributions to **ESPS** together with the **Company's** contributions are invested in a Trust Fund which is held completely separate from the assets of the **Company**. All **ESPS** benefits are paid from the Trust Fund. The Fund is subject to an independent annual audit.

### Constitution of ESPS

The **Trustee** of **ESPS** is UU (ESPS) Pensions Trustee Limited. The Board of Directors of the **Trustee** Company includes representatives from the **Company** and **ESPS** membership. The **Trustee** is bound by its legal duty to protect your interests as an **ESPS** member. The benefits and operation of **ESPS**, together with the **Trustee's** duties and powers, are laid down in a legal document known as the Trust Deed and Rules, which is available from the Pensions Department to view on request.

### Annual report

The **Trustee** publishes a full Annual Report that is available on request from the Pensions Department.

## Glossary of terms

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Some of the words and phrases used in this Guide have special meanings which are set out below. Where they appear in the Guide, they are shown in bold print.

### **Additional State Pension**

The State pension, based partly on earnings, that is provided in addition to the Basic State Pension. Prior to 6 April 2002 this was known as the **State Earnings Related Pension Scheme (SERPS)**. From 6 April 2002 **SERPS** was replaced by the **State Second Pension (S2P)**.

### **Additional Voluntary Contributions (AVCs)**

Contributions you can choose to pay in addition to the usual **Scheme** rate and any 'added years' contributions to provide additional benefits.

### **Annual Allowance**

A limit to the total amount of pension savings that can be built up in the **Scheme** per annum that benefit from tax relief. The **Annual Allowance** for tax year 2019/20 is £40,000, although it may be lower for individuals with earnings above £110,000. There are also reductions that apply only to money purchase contributions if you have accessed pension benefits flexibly.

### **Company**

United Utilities PLC, its subsidiaries and any other company participating in the United Utilities PLC Group of the **ESPS**.

### **ESPS**

The United Utilities PLC Group of the Electricity Supply Pension Scheme.

### **ESPS Administrator**

The company that holds all the member records and is responsible for calculating and paying pension benefits on behalf of the **Trustee**, currently RailPen (contact details on page 16).

### **Guaranteed Minimum Pension (GMP)**

This is the minimum pension which **ESPS** has to provide you as a condition of being contracted-out of the **State Earnings Related Pension Scheme (SERPS)** for **Service** before 6 April 1997 only. It is broadly equal to the **Additional State Pension** you would have earned if you had not been contracted-out of **SERPS** for this period.

### **Incapacity**

Physical or mental ill-health which, in the opinion of the medical adviser to **ESPS**, is other than temporary and prevents you from doing your job or similar work which your employer may reasonably offer you.

### **Lifetime Allowance**

The limit on the amount of pension benefit that can be drawn from a pension scheme without triggering an extra tax charge. The Lifetime Allowance for tax year 2019/20 is £1,055,000.

### **Normal Pension Age (NPA)**

Your 63rd birthday, unless you joined the **Principal Employer** or any other company participating in the **Scheme** before 1 April 1988, in which case **NPA** is your 60<sup>th</sup> birthday.

### **Pensionable Salary**

Your **Salary** in the 12 months ending on the last day of your **Service**. If greater, however, the highest **Salary** over 12 consecutive months in the last 5 complete years or the annual average of **Salary** for any 3 consecutive years in the 10 years before **Service** ended.

In determining **Pensionable Salary** each year's **Salary** will be increased in line with the rise in the **Retail Prices Index (RPI)** from the end of the relevant pay period to the date you leave **ESPS**.

If you are a part-time employee, benefits are calculated using your full-time equivalent **Salary** and your **Service** based on the proportional hours you actually work.

### **Pension Saver**

The **Company's** salary – sacrifice arrangement whereby rather than pension contributions being deducted from your **Salary**, your **Salary** is reduced by the amount of your pension contributions with the **Company** making those pension contributions on your behalf.

**Principal Employer**

United Utilities PLC

**Protected Person**

An employee who joined **ESPS** before 31 March 1990 (or who was eligible to join at that date and joined later).

**Qualifying Service** (used to decide whether or not certain benefits can be awarded)

This equals:

- Your period of actual contributory membership of **ESPS** up to the date you retire or leave plus
- The period of membership of another pension scheme from which a transfer has been paid to **ESPS** (known as a 'back service credit').

**Retail Prices Index (RPI)**

The Index of Retail Prices (All Items) as published by the Government.

**Salary**

Your basic annual salary or wages determined as 'pensionable' by the **Principal Employer**, plus any other contractual payment that the **Principal Employer** determines to be pensionable and advises to you.

**Scheme**

The United Utilities PLC Group of the Electricity Supply Pension Scheme.

**Scheme Actuary**

A professionally qualified independent person appointed by the **Trustee** to value the fund, and to provide advice on other financial aspects of **ESPS**.

**Service** (used to calculate benefits)

Your period of actual contributory membership of **ESPS** to the date you retire or leave. This includes any back service credit that may have been granted as a result of a transfer from another employer's pension scheme (including other Groups of the **Scheme**) or personal pension plan, and any added years you may have purchased up to the date you retire or leave. **Service** is calculated in years and days, with any fraction of a year rounded to the higher year. You are required to meet the extra contribution for the part year via a deduction in your pension or lump sum. If you work part-time, your **Service** will accrue at that part time rate. For example, if you work 30 hours out of a 37 hour standard working week, for each calendar year of employment you will earn  $\frac{30}{37}$  of a year  $\rightarrow \frac{30}{37} \times 365 = 296$  days.

**State Earnings Related Pension Scheme (SERPS)/State Second Pension (S2P)**

The additional pension arrangements provided by the Government.

**Trustee**

The Trustee of **ESPS** is UU (ESPS) Pensions Trustee Limited.

