

# Pension News

Welcome to our latest newsletter, for all members of the Defined Benefit (DB), Hybrid or Mirror Image Scheme (MIS) sections of the UUPS

December 2019

## Message from the Chair of Trustees

Welcome to the second of this year's newsletters for active, deferred and pensioner members of the DB benefit sections of the UUPS (the Scheme). It has continued to be a busy year for the Scheme and I hope you find the information in this newsletter useful.

Following completion of the 2018 valuation, the Company made an advance payment of deficit repair contributions totalling approximately £104m into the Scheme in Spring 2019. This improved the funding position to approximately 97% and reduced the deficit to approximately £90m. The Trustee welcomed the advanced payment and the resulting positive effect on the funding level of the Scheme. Your annual funding statement for 2019 can be found on page 2. The Trustee continues to monitor the funding level every three months and will provide further annual updates in future newsletters.

The terms of office for three of the member-elected Trustees will come to an end in March 2020. We invited nominations for the positions from the active and pensioner membership and were very pleased to receive eleven

nominations. An election was held in October/November and the successful candidates are:

Phil Sweeney  
Barbara Dutton  
Ian Monks

Phil Sweeney was re-elected and Barbara Dutton and Ian Monks will take office from the Trustee meeting due to be held on 10 March 2020. The Trustee looks forward to welcoming the new Trustees to the Board. In the meantime, the new Trustees will be offered initial and ongoing training to prepare them for their new roles.

With best wishes,  
**Gary Dixon, Chair of the Trustees**



### Pensioner Christmas pay date

Retired members receive their monthly pension payments on the last working day of the month, with the exception of December. The pay date for December 2019 is 18 December



#### Contact details

DB - Willis Towers Watson  
uups@willistowerswatson.com  
0113 394 9309

DC/AVC - Aegon  
my.pension@aegon.co.uk 01733 353481

### Your Trustee Directors ('Trustees')

**Member Elected**  
Lynne Brierley\* (4/5)  
John Jones (5/5)  
Andrew Lambert (4/5)  
Chris Lee\* (5/5)  
Phil Sweeney (4/5)

**Company Appointed**  
Gary Dixon (Chair) (5/5)  
Allan Heron\* (5/5)  
Colin Maloney\* (5/5)  
Graeme Mooney (5/5)  
Paula Steer (4/5)

\*receiving a pension from the Scheme

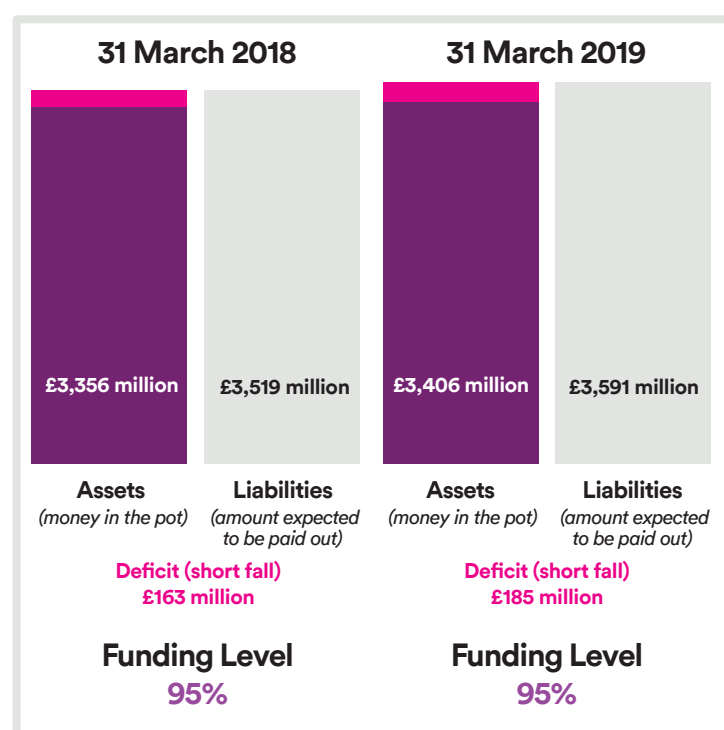
Trustee meeting attendance is shown in brackets. Your Trustees are appointed to ensure that the Scheme is run in accordance with the Trust Deed & Rules and overriding legislation, and to act in the best interests of the membership as a whole.



# MORE REWARD

# Your annual funding statement

At least once every three years the Scheme Actuary carries out a full financial review of the Scheme, called an actuarial valuation. The valuation considers how much money the Scheme has (the 'assets') against the money it is likely to have to pay out now and in the future (the 'liabilities'). The results of the Scheme Actuary's latest formal valuation as at 31 March 2018, and his approximate update to 31 March 2019, are below.



### What are the Trustee and Company doing to continue reducing the deficit?

In Spring 2019 the Company made advance payment of the deficit reduction contributions due for the period April 2019 to December 2021 as two lump sum amounts totalling £104.63m. The 2019 asset figure in the table above includes the first advance contribution payment of £7m. Following the second advance payment of £97.63m, the deficit is estimated to have reduced to approximately £90m. This is expected to be funded through returns from the Scheme's investment strategy over the remaining period to December 2021.

### Hybrid section members:

- The Company pays contributions of 24.7% 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 active members pay 10% of pensionable earnings to pay for the cost of future DB pension benefits

### Mirror Image Scheme (MIS) section members:

- The Company pays contributions of 35.5% of capped pensionable earnings for the cost of future DB pension benefits
- Current active members pay 7.5% of capped pensionable earnings for the cost of future DB pension benefits

### How has the funding position changed since 31 March 2018?

The investment return on Scheme assets for the twelve months to 31 March 2019 was lower than expected and inflation was higher than expected, both of which acted to worsen the funding position. This was offset in part by the advanced deficit repair contributions paid by the Company in Spring 2019 which are expected to have reduced the deficit to approximately £90m.

### What is the wind-up funding position?

If the Scheme had been wound up at 31 March 2018, the deficit in the Scheme's assets compared to the cost of securing members' benefits with an insurance company is estimated to have been £628m, equal to a funding level of 83%. 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 Scheme. The Company presents regular updates on its financial position to the Trustee. The Trustee has taken independent advice and is satisfied that the Company is able and willing to continue supporting the Scheme.

### Other information

Legislation requires us to tell you if there have been any payments of surplus to the Company in the last 12 months, 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 2021 at the latest and completed by 30 June 2022. Discussions will begin between the Trustee and the Company in early 2021.

The Trustee and the Company regularly monitor the funding level to assess whether any action is needed to correct the Scheme's financial position before the next full valuation is carried out.

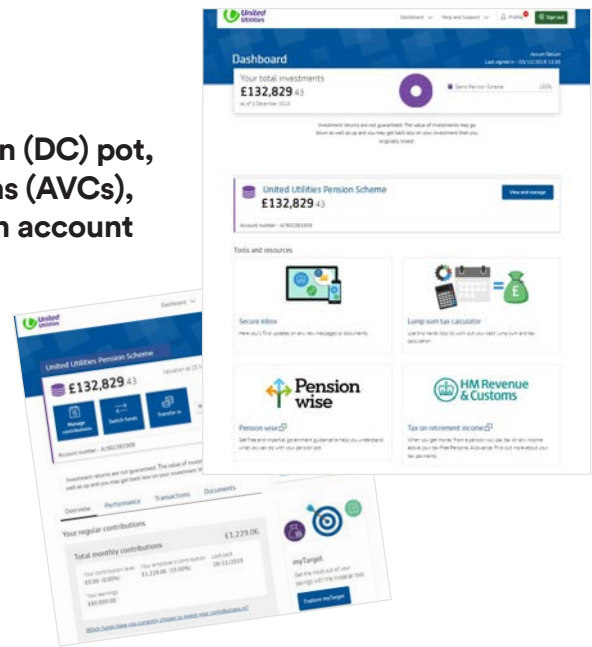
## DC top-up and AVCs

Active members who are paying into a Defined Contribution (DC) pot, and those who have paid Additional Voluntary Contributions (AVCs), will hold an account with Aegon. You can view your pension account with Aegon online via 'TargetPlan'.

TargetPlan has recently been upgraded to a 'new and improved' service. Please take some time to access the new site at [www.aegon.co.uk/targetplan](http://www.aegon.co.uk/targetplan) and make use of the improved functionality. There is a demo video available if you want to explore TargetPlan to understand how it can help you understand your retirement savings.

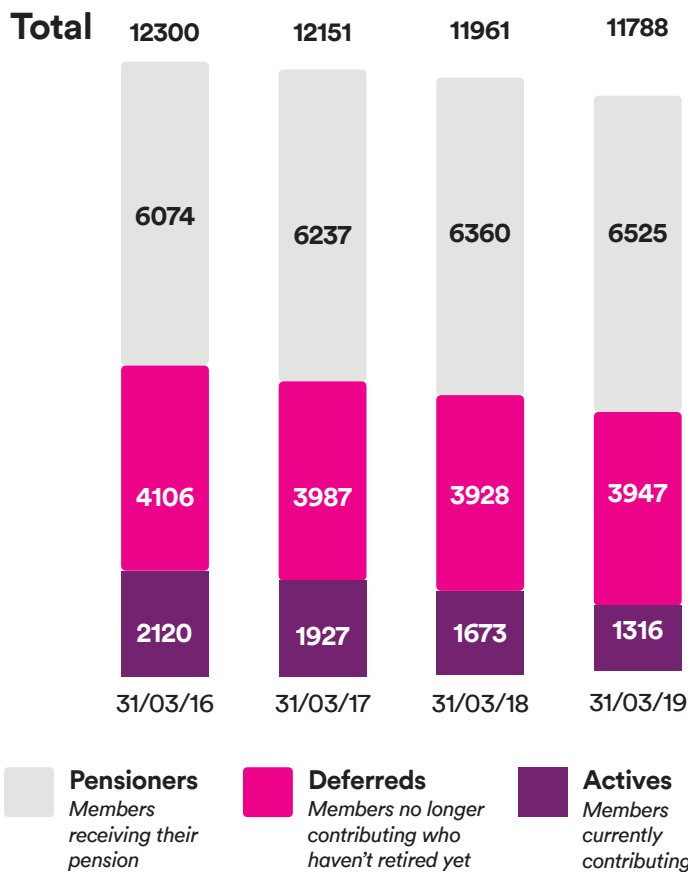
If you have misplaced your login details or password you can use the 'forgotten UserID/password' links on the TargetPlan website or contact Aegon on the below details:

Telephone: **01733 353 481** E-mail: [my.pension@aegon.co.uk](mailto:my.pension@aegon.co.uk)



## Membership Numbers

Members of the UUPS DB/Hybrid/MIS Section



We also have over 6,600 active and deferred members in the Defined Contribution (DC) section of the Scheme, as at 31 March 2019



For the purposes of the Data Protection Act, the Trustee's appointed Actuary - Mercer - is also classed as a 'Data Controller' and must ensure that your data is held securely and used appropriately.

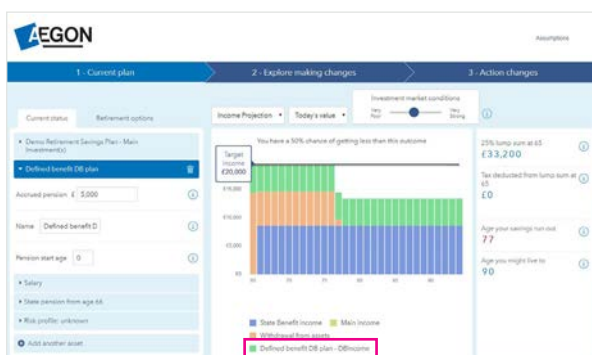
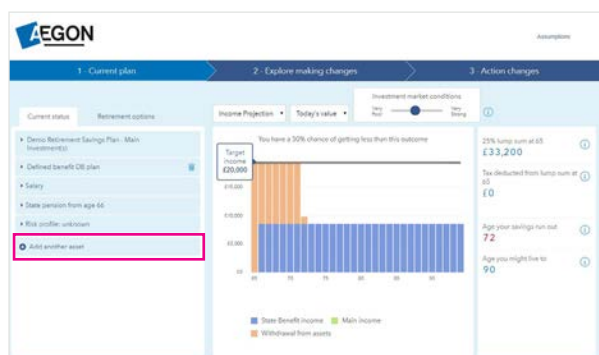
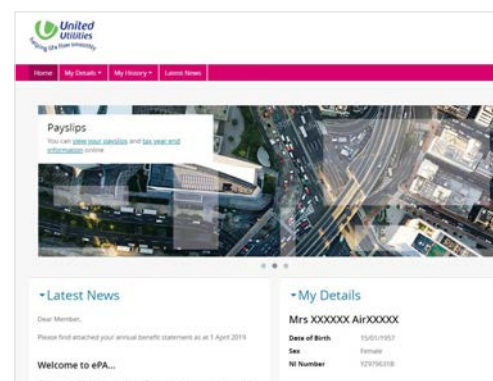
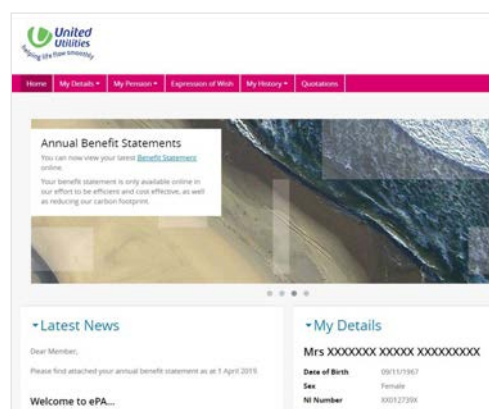
# Planning for retirement

Benefits statements are issued annually. The statement for your DB benefits is provided by Willis Towers Watson and can be accessed by logging onto ePA (see right). This is available for active members only. Your statement for your AVCs/DC top-up benefits is provided by Aegon and you should have recently received a copy in the post. Please take time to review your statement each year as this is a key step in planning for your future retirement.

All members have access to their DB pension records held by Willis Towers Watson through the online service, ePA. On this site you can:

- see your personal/financial details
- obtain a quotation of what you could receive at retirement (active members only)
- view your pension and tax details and even print your P60 (pensioners only)

If you want to consider your DB and DC top-up benefits together, you can enter the current value of your DB benefits into TargetPlan and then use the modelling tool to understand your potential total retirement benefits. Any benefits you may have with other pension providers can also be input. The below screen shot on the left shows where the details should be entered and the screen shot on the right shows the result.



## Member meetings

Informal member meetings were held in September and the Trustee was pleased to meet with members to provide an update on the Scheme. The attendance at these meetings has dropped in recent years and the Trustee will continue to consider whether this is the most efficient and cost effective way of communicating with members going forward. For those members unable to attend the meetings, a short video providing a summary of key Scheme information is available at [www.unitedutilities.com/pensions](http://www.unitedutilities.com/pensions).

## Investment of Scheme assets

The Trustee's policy in relation to the investment of Scheme assets is set out in its Statement of Investment Principles (SIP). From October 2019, trustees are required to include the following in the SIP:

- 1) Information advising how they take account of financially material considerations including those arising from environmental, social and governance (ESG) considerations, including climate change
- 2) A statement as to the extent that non-financial matters, such as members' views, are taken into account
- 3) Policies on stewardship, including engagement and exercise of voting rights

The Trustee has considered these points with its Investment Adviser, Mercer, and agreed an updated SIP. If you would like to see a copy of the updated SIP, this can be accessed via the Information Library on the pensions website at [www.unitedutilities.com/pensions](http://www.unitedutilities.com/pensions)



### £ Trustee Report and Financial Statements

The Trustee's annual report and financial statements for year ending 31 March 2019 has been completed. The Trustee is pleased to confirm that the Scheme Auditor gave an unqualified audit opinion and an unqualified statement on contributions. A copy of the full document can be obtained by contacting Willis Towers Watson (contact details on page 8).

### Privacy notice



The Scheme's privacy notice has been updated. The notice tells you what happens to your personal information that is held by the Trustee and can be found on the pensions website in the Information Library.

### Equitable Life

You may have seen on the news that Equitable Life has received High Court approval to the sale of its business to Utmost. If you hold Equitable Life AVCs through UUPS, you will be contacted in 2020 with details of what happens next.

## Pension Scams: ban on cold-calling

Has someone called you out of the blue regarding transferring or accessing your pension? Since January this year, it has been illegal for companies to cold-call individuals in relation to their pensions, unless you have consented to the call in advance or are an existing customer of the caller.

If you receive an unexpected call about your pension from someone you don't know, usually in relation to transferring or accessing your benefits, or about an investment opportunity, it could be a scam. If you are concerned about a call you have received, you can find help and information on the Financial Conduct Authority's 'ScamSmart' website: [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart). You can also call them on 0800 111 6768.



## Expression of wish forms

The Trustee would like to remind members of the importance of completing an Expression of Wish form. The form informs the Trustee of members' wishes regarding any lump sum which may be payable on death. A lump sum is usually payable where a member dies before retirement or when a pensioner member dies within the first five years of retirement.

If you have not completed a form, or if your details are not up to date, a form can be accessed at [www.unitedutilities.com/pensions](http://www.unitedutilities.com/pensions) or by telephoning Wills Towers Watson (contact details on page 8).

## Guaranteed Minimum Pension (GMP) Equalisation

You may have recently read articles in the press regarding the 'equalisation' of pension benefits. This relates to GMP, which was a small part of pension benefits earned in company pension schemes prior to 1997, as an alternative to paying into the State's 'top up' scheme.

**Due to different rules applying to GMPs for men and for women, a court ruling at the end of last year has now decreed that GMPs are discriminatory and should be treated the same for men and women, or 'equalised'.**

For most members, the part of their pension relating to GMP will be a small proportion of the overall pension benefit (and only relates to service between 1990 and 1997), and any adjustment that might be required is likely to be minimal. In addition, there are still a host of questions to be answered by the Courts and the Department for Work and Pensions regarding exactly how pension schemes calculate the 'equalised' benefits. It is also likely that for the majority of members, there will be no adjustment to be made, as the nature of GMP means that in some years women will be better off and in some years men will be better off – which will even out over the lifetime of the pension.

The Trustee has established a GMP working group with its professional advisers and the Company but this is a complex project which is expected to take some time to resolve. Affected members will be contacted during the course of 2020 once the details around the Court ruling and its practical implementation have been fully investigated.

# Financial awareness courses

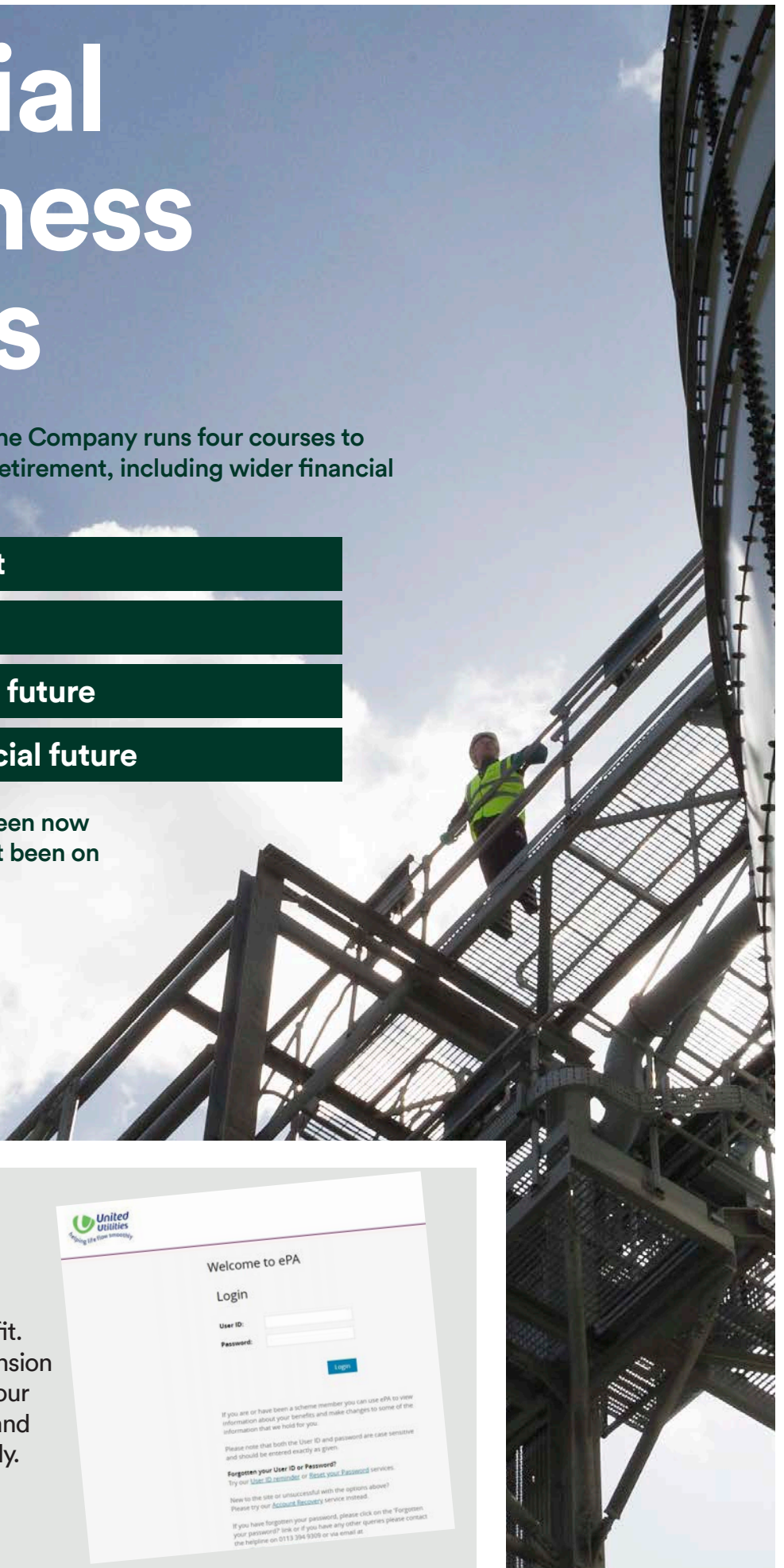
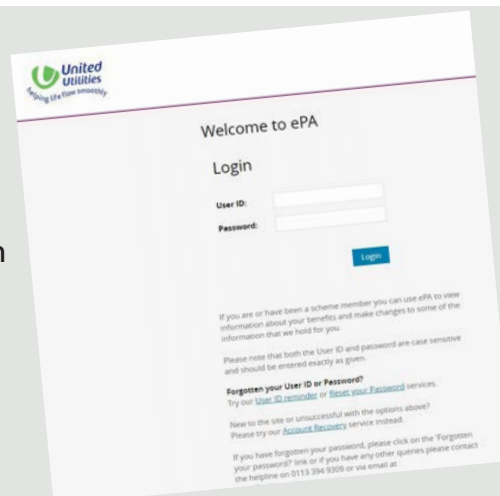
For those still employed by UU, the Company runs four courses to help you with your planning for retirement, including wider financial guidance:

- Planning for retirement
- Pre-retirement
- Planning your financial future
- Maximising your financial future

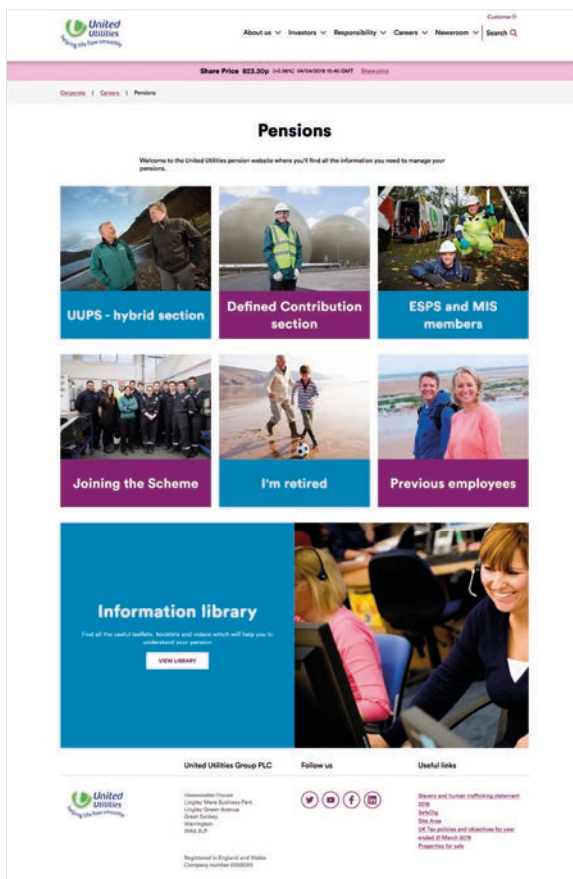
There are courses planned between now and March 2020 so if you haven't been on one yet, you can book via ESS.

## Keeping us up to date

Your pension is an important benefit. It is essential that we keep your pension record up to date in order to pay your benefits promptly and accurately and to administer the Scheme efficiently. You can now update your details, including spouse's information, by logging onto ePA.



## The UU pensions website



There is lots of useful Scheme information available on the pensions section of the United Utilities' website, including leaflets on being part-time, paying AVCs and DC investment choices leaflet.

You can access the website at:  
[www.unitedutilities.com/pensions](http://www.unitedutilities.com/pensions)



### Need an IFA?

The Trustee, the Company and the Scheme Administrators are unable to provide you with financial advice. If you are uncertain of the best option for you, you should take independent financial advice. If you do not have a financial adviser, you can find one in your area at [www.unbiased.co.uk](http://www.unbiased.co.uk). Please remember to check that whoever you speak to is properly qualified to advise you.

## Obtaining information about your pension

If you have a query regarding your pension you should contact the administrators, Willis Towers Watson, in the first instance:

Telephone: **0113 394 9309**

Email: [uups@willistowerswatson.com](mailto:uups@willistowerswatson.com)

Willis Towers Watson Limited  
P O Box 545  
Redhill  
RH1 1YX

Please quote **'UUPS'** and your **National Insurance number** in all correspondence with Willis Towers Watson.

In addition, all members have access to their pension records through the online service, ePA. The site enables you to see your personal/financial details, run retirement quotations (active members only), and view your pension and tax details if you are a pensioner. The ePA site can be accessed at [epa.towerswatson.com/accounts/uup/](http://epa.towerswatson.com/accounts/uup/)

If you have misplaced your login details or password contact Willis Towers Watson and they will be able to help.

## Useful contacts:

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

Government information and services across a wide range of subjects, including state pension provision

[www.gov.uk/state-pension-statement](http://www.gov.uk/state-pension-statement)

Government site to obtain a quotation of your state pension and check your state pension age

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

Impartial guidance for people with workplace and personal pensions

[www.moneyadvice.service.org.uk](http://www.moneyadvice.service.org.uk)

Free and impartial money advice, set up by the government

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

Government service providing guidance about defined contribution (DC) arrangements (including AVCs) for those over 50

[www.thesilverline.org.uk](http://www.thesilverline.org.uk)  
(or call 0800 4 70 80 90)

Free website and 24 hour helpline providing information, advice and support for older people

