

Pension News

Winter 2020/2021

Welcome to the latest newsletter for contributing, deferred and pensioner members of the DB benefit sections of the UUPS.

This newsletter gives you a short update on some of the key things you need to know about your UUPS pension.

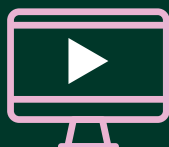
Change to the Trustee board

Lynne Brierley stepped down from the Trustee Board at the end of August, and we would like to thank her for the work she undertook as a Trustee. In line with the Scheme's election rules, the vacant member-nominated Trustee position has been filled by the first 'reserve' at the election. The Trustees would therefore like to welcome Alan Schofield to the Board. Alan will serve the remainder of the term, to March 2022, and is being supported by the Pensions Department to complete the necessary training.

Expression of Wish and ePA

Have you completed an Expression of Wish form to tell the Trustee who you'd like them to pay any pension benefits to in the event of your death? If you have not completed a form, or your circumstances have changed, you can update your Expression of Wish via ePA: <https://epa.towerswatson.com/accounts/UUP/>

ePA also allows you to view your DB benefits (including your annual benefit statement) and update your contact and dependant details. Pensioner members can also view their payslips and P60 information.



Funding Video

The Scheme funding video for 2020 is available on the UU pensions website. The video gives a snapshot of the Scheme's funding position as at 31 March 2020, and can be accessed at www.unitedutilities.com/pensions

Annual Report & Accounts

The Annual Report & Accounts at 31 March 2020 has been audited and signed – Willis Towers Watson can provide a copy on request.

Contact details

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

Access your DB pension online at
<https://epa.towerswatson.com/accounts/UUP/>

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

You can also visit www.aegon.co.uk/targetplan for details of your DC/AVC account including your personalised video summary.

UU pensions website - for general information on the scheme, including the scheme booklet and the recently updated 'Statement of Investment Principles (SIP)'
www.unitedutilities.com/pensions

Aegon new app

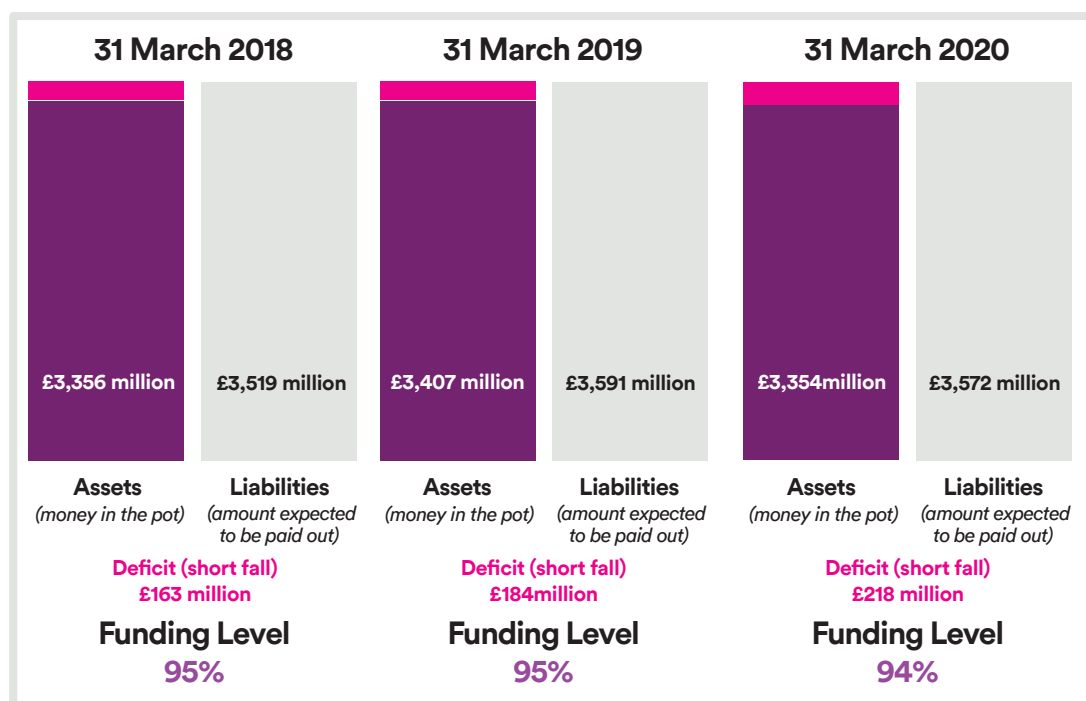
For members with a DC or AVC account, you can now access details of your pension on the move, via Aegon's new app - just download the 'Aegon UK' app from the App Store or Google Play Store. You will need to have previously accessed your online account at www.aegon.co.uk/targetplan before being able to use the app.



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Your annual funding statement

The Trustee and their advisers monitor 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'), and every three years, carry out a full actuarial valuation of the Scheme. The results of the Scheme Actuary's latest full valuation as at 31 March 2018, and the approximate updates to 31 March 2019 and 31 March 2020, are shown right.



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. No further contributions are currently expected from the Company. If there is still a deficit at 31 March 2021 (i.e. the next time we formally consider the Scheme's financial situation), the trustees will agree with the Company how this deficit is addressed.

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 contributing 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 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 2019?

2020 has been a difficult year for all of us, and this includes being challenging for the finances of the pension scheme. Before COVID19 was really an issue in the UK, the Scheme was well funded. Part of this was as a result of the large lump sum contribution that the Company paid but also because our assets performed well compared with the liabilities.

The COVID19 crisis has had an impact on investment markets, particularly throughout Spring 2020. The date of our last formal update (31 March 2020) was right at the height of this. The impact was to reduce our assets relative to our liabilities. There has been some recovery since 31 March 2020 and, as we have mentioned above, we will consider the situation in more detail in March 2021.

What is the wind-up funding position?

The "wind-up" funding position is an estimate of the amount we would need if we were to secure all the Scheme's benefits with an insurance company. 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. If the Scheme had been wound up at the latest valuation date (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 £682 million, equal to a funding level of 83%. 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 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 and the Trustee and Company will start having discussions in early 2021.

