

# 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

June 2019

## Message from the Chair of Trustees

Welcome to this year's newsletter for contributing, deferred and pensioner members of the DB sections of the UUPS. It's been a busy year for the Scheme and I hope you find the information in this newsletter useful.

Following the changes to the UUPS for employed DB section members from 1 April 2018, the Scheme's administrators, Willis Towers Watson, have fully updated their systems to reflect the changes. If you are a current contributing member, any quotations you run via ePA (your online account with Willis Towers Watson) will be on the new benefit basis for service from 1 April 2018. In addition, the UU pensions website has been refreshed and you can find more information on page 8.

At the Company's request, the Scheme valuation which was due to be carried out in 2019 was brought forward to 2018. This was to enable the

Company to have a more certain outlook on the funding required for the Scheme over the next few years ahead of their business plan submission to Ofwat, which was due towards the end of 2018. The Trustee board agreed to bring the valuation forward, and it also allowed further de-risking of the Scheme's investments. I am pleased to be able to report that the Scheme's funding level has increased over the last two years from 91% to 95%. You will find more detailed information about the outcome of the valuation in the following pages.

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

### Breaking News

I am pleased to inform you that the Company have paid the remaining deficit repair contributions (mentioned on page 2) as a one off lump sum instead of quarterly. The payment of over £104 million has immediately Improved the Scheme's funding level to more than 97% and the remaining deficit of c£90m will be eliminated using excess investment returns.

### Annual Report & Accounts

The Annual Report & Accounts at 31 March 2018 has been audited and signed – Willis Towers Watson can provide a copy on request.

### Your Trustee Directors ("Trustees")

#### Member Elected

Lynne Brierley\*  
 John Jones  
 Andrew Lambert  
 Chris Lee\*  
 Phil Sweeney

#### Company Appointed

Gary Dixon (Chair)  
 Allan Heron\*  
 Colin Maloney\*  
 Graeme Mooney  
 Paula Steer

*\*receiving a pension from the Scheme*

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**

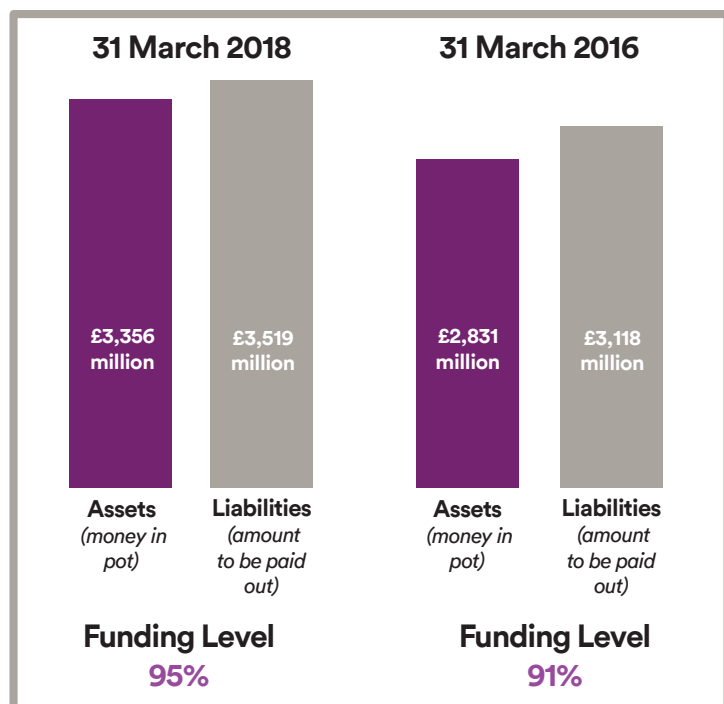
# How is the Scheme **looking?**

Every three years, we carry out a full actuarial valuation of the Scheme. The Trustee and its advisers look at 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 Trustee and the Company then enter into discussions to agree how much money the Company should pay into the Scheme in the future, together with the member contributions, to make sure we can pay your benefits.

The last actuarial valuation was carried out as at 31 March 2016, and so the next valuation was due to be completed in 2019. However the Trustee and the Company agreed to bring this forward to 2018, and the valuation as at 31 March 2018 was completed in autumn last year.

## What was the result of the valuation?

Whilst the Scheme’s liabilities have increased since the last full valuation in 2016, the assets have also increased, meaning that the overall funding level has increased from 91% in March 2016, to 95%.



The Company and Trustee agreed a new schedule of contributions starting in April 2019:

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

- The Company will continue to pay deficit reduction contributions of £38.9 million per year (£9.725 million per quarter) until December 2021

## What about future benefits that are built up?

- The Company will pay contributions of 24.7% of DB core earnings for the cost of future pension benefits from 1 April 2019

- As the total cost of future benefits remains below 40%, current contributing members will continue to pay 10% of DB core earnings to pay for the cost of future pension benefits from 1 April 2019

## In respect of currently contributing Mirror Image Scheme (MIS) section members:

- The Company will pay contributions of 35.5% of capped pensionable earnings for the cost of future pension benefits from 1 April 2019
- Current contributing members will continue to pay 7.5% of capped pensionable earnings for the cost of future pension benefits from 1 April 2019

## Why has the funding position changed since 31 March 2016?

Many factors affect the level of both the assets and the liabilities. The investment returns and contributions paid during the period, along with changes in life expectancy assumptions, have improved the overall funding position.

## 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 £682 million, 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 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 at the latest, and 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 AVC Administrator

Contributing 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. Until mid-2018, this was known as BlackRock – following Aegon’s acquisition of BlackRock’s UK DC business last year, BlackRock have been rebranded as Aegon so all correspondence you receive about your UUPS DC or AVC pension pot will now be branded ‘Aegon’.

This does not have any impact on your DC or AVC pots, **but please note that the contact details have changed.**

### Aegon new contact details

Aegon Workplace Investing  
PO Box 17486  
Edinburgh  
EH12 1NU

Telephone: **01733 353 481**

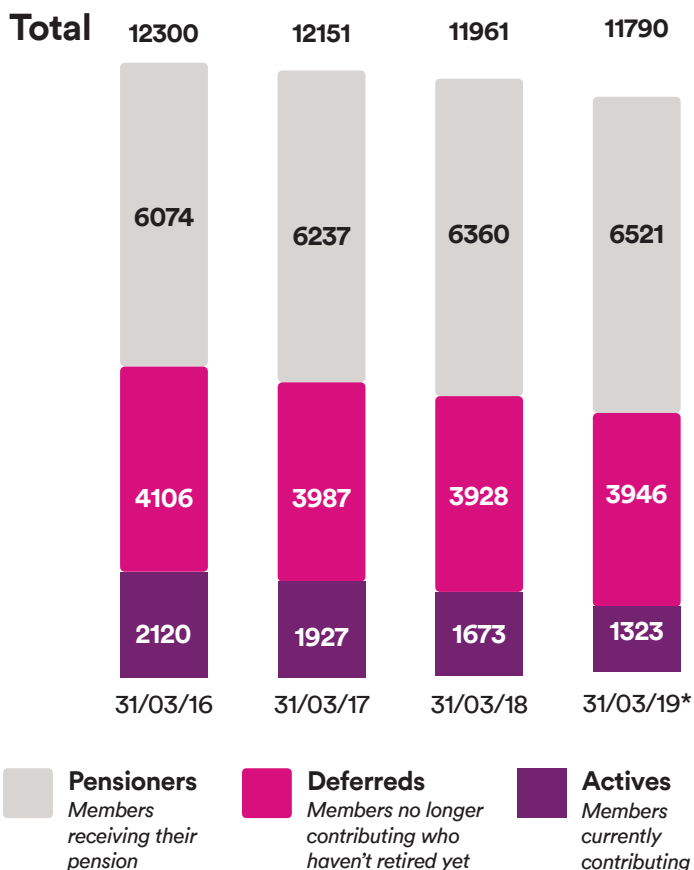
E-mail: **my.pension@aegon.co.uk**

Web: **www.aegon.co.uk**

You can still view your pension account online via targetplan in the same way as before. 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 number above.

## Membership Numbers

Members of the UUPS DB/Hybrid/MIS Section



\*Unaudited

We also have almost 6,000 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.



# Looking after your personal information



**In May 2018, the law changed to enhance data protection regulations, which had become outdated with the increased use of internet, mobile services and social media channels.**



The General Data Protection Regulation (GDPR) sets guidelines for the collection and processing of personal information of individuals within the European Union. The GDPR sets out the principles for data management and the rights of the individual, while also imposing fines if organisations do not look after personal data properly. The GDPR has been implemented in the UK under the Data Protection Act 2018. Many of the principles of the new legislation are similar to previous data protection provisions, and the new rules seek to strengthen these.

A thorough review of our processes and security was undertaken with our administrators and advisers.

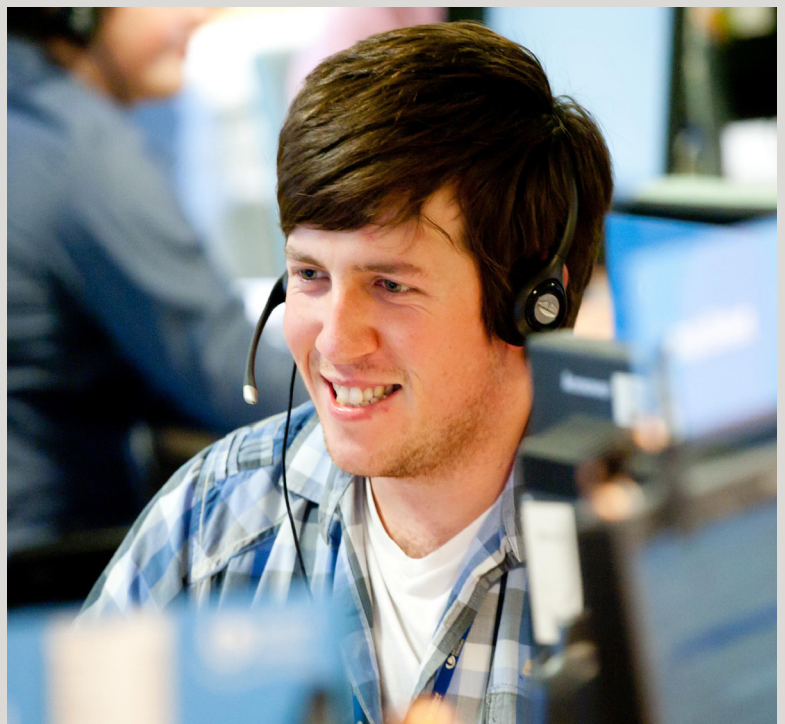
**Looking after your personal data is as important to us as it is to you** and more information can be found in the **United Utilities Group PLC Privacy Notice:** [unitedutilities.com/privacy](http://unitedutilities.com/privacy)

## Transferring your pension benefits

Over the past few years, the majority of pension schemes have seen an increase in members choosing to transfer their defined benefit (DB) pension benefits into defined contribution (DC) schemes. Taking a transfer essentially converts the DB pension (where your benefits are based on your pensionable salary and years of service) into a DC pension 'pot' in a new scheme, usually a personal pension arrangement.

Whilst the Company and the Trustees have to ensure that there is enough money in the UUPS to pay your DB pension benefits, DC pots work in a different way – your pot of money is invested and can therefore go both up and down in value, and it is up to you to make sure that there is enough money in the pot when you reach retirement, and that it lasts for the rest of your life.

Whilst the size of the value to be transferred can often look large and tempting, you should remember that this reflects the value of the benefits that you are giving up – and that by transferring your DB benefits out of the UUPS, you are giving up valuable guarantees.



**Remember:** whilst UU and Willis Towers Watson can provide you with information about your UUPS pension, they cannot give you financial advice. If you need help finding an Independent Financial Advisor, more information can be found at [www.moneyadvice.service.org.uk/en/articles/choosing-a-financial-adviser](http://www.moneyadvice.service.org.uk/en/articles/choosing-a-financial-adviser)



# 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. Because different rules applied to GMP 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’. Further information will be provided later in the year





## Taxation of pensions in payment

Pensions in payment are taxed as income in the same way as a salary you might receive from a job. HM Revenue & Customs (HMRC) provide the administrators, Willis Towers Watson, with details of the tax code to be applied and tax is therefore deducted before your pension is paid to you each month.

HMRC will look at your income, from all sources, to decide what your tax code should be. If you are receiving pension and also working, or receiving pension from more than one pension scheme (including the State pension), HMRC will add together all of your earnings to determine how much tax you need to pay, and therefore what your tax code should be. If you have any queries about the tax that you pay on your UU pension, please contact HMRC direct – Willis Towers Watson cannot apply any tax code other than the one they have been supplied with by HMRC. Neither can Willis Towers Watson, or UU, contact the tax office on your behalf, as HMRC will only speak direct to individuals about their own tax affairs.

### Tax office contact details

The tax office can be contacted on:

Telephone: **0300 200 3300**

Text Phone: **0300 200 3319**

Address: **Pay As You Earn and Self Assessment  
HM Revenue and Customs  
BX9 1AS**

When contacting the tax office you will need to quote your National Insurance number and the Scheme's tax reference which is 875/AA10508.



# 2.7%

## Pension Increase 2019

**Your pension in payment increased by 2.7% from 1 April 2019, in line with the increase in the Retail Price Index (RPI) to December 2018.**

Your new pension amount took effect from the 30 April 2019 pay date.

Note that not all elements of your pension may increase at the same rate and you should look at your payslip for confirmation of the new amount payable to you – you will receive a paper copy if the amount payable changes by more than £5.



## Keeping your information up to date

It is important that you continue to keep the scheme administrator informed of any changes in your personal circumstances, to ensure that we are always able to contact you and that when your benefits are due to come into payment they can make arrangements with you quickly and easily.

You should let Willis Towers Watson know if:

- You change your address
- Your marital status changes
- You need to update your beneficiaries in the event of your death

You also still have access to ePA, which is the online service provided by Willis Towers Watson. If you have forgotten your login details, contact Willis Towers Watson.

If you paid AVCs or DC contributions whilst a contributing member of the UUPS, you will also have access to your online AVC/DC account with Aegon. Contact Aegon direct if you need login details.

## Thinking of retiring?

If you are over the age of 55 and are thinking of starting to receive your pension benefits, you should contact Willis Towers Watson in the first instance. You can also use the online service ePA to get an idea of the pension you will receive. If you have paid AVCs or DC contributions, Willis Towers Watson will also contact Aegon on your behalf so you will not need to contact them separately.

If you are thinking of transferring your benefits, you should also contact Willis Towers Watson - although please refer to the transfers information on page 4.



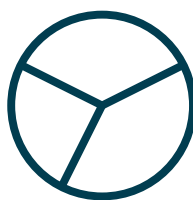
## Information for Current contributing members

### DB Core pensionable pay and contributions

If you are paying into the Hybrid section of the UUPS, you may recall that your DB core pensionable earnings were set at £20,000 from 1 April 2018 (pro-rata if you work more or less than 37 hours a week). This figure increases each April and became £20,420 for 2019/20. Your contribution rate will remain at 10% of DB core pensionable earnings.

### UU Financial awareness courses

You may already be aware that we run two retirement courses to help you with your planning as you approach retirement – ‘Planning for Retirement’, aimed at those who are aged 50 and above, and ‘Pre-retirement’ aimed at those retiring within the next 6 months. UU have recently introduced two new courses for employees – ‘Planning your Financial Future’ and ‘Maximising your Financial Future’ – which are aimed at those at an earlier stage in their career who would like some wider financial guidance, not just in relation to pensions. Details of all of these courses and how to book them can be found on UU’s intranet site, Pipeline – search ‘take stock of your finances’.

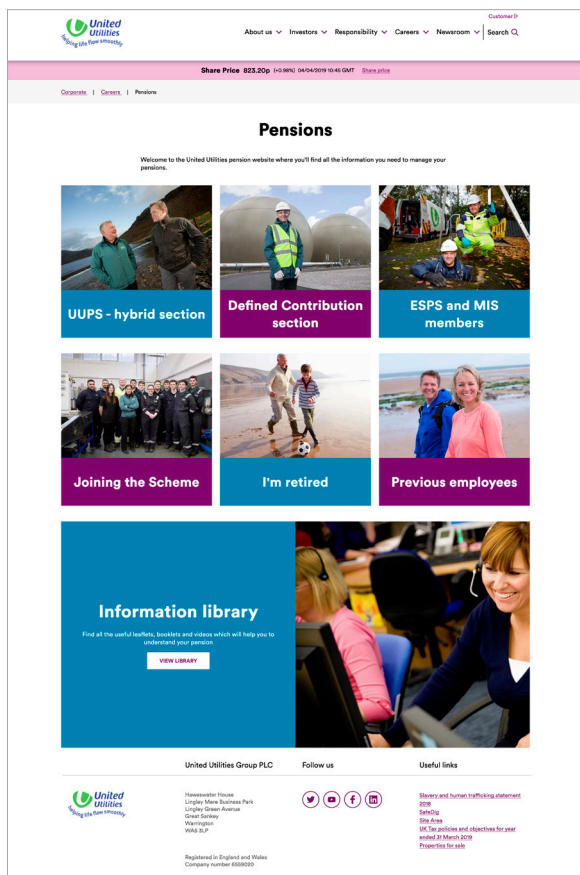


**Remember:** if your personal circumstances change, you should update your Expression of Wish form.

You can do this by logging into ePA or contacting Willis Towers Watson.

If you have misplaced your login details or password contact Willis Towers Watson on 0113 394 9309 or email [uups@willistowerswatson.com](mailto:uups@willistowerswatson.com) and they will happily re-issue them.

## The refreshed UU pensions website



Following the changes to future benefits from 1 April 2018, the UU pensions website has been refreshed and now includes a scheme booklet for the Hybrid section, as well as a number of 'bitesize' guides for contributing members on topics such as redundancy, death in service and Rule of 85. There is also a useful guide regarding tax allowances relating to your pension contributions. We've tried to make the website more user friendly, (including information for former members and pensioners) and will be continuing to add further information and guides over the coming months.

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



### Feedback

We are always keen to get feedback from our members to help us improve the service that the Scheme provides. This includes the service provided to you by the administrators; the information that is provided to you in benefit statements and factsheets; and even the contents of the newsletter.

We have recently launched a short online survey where you can give feedback on your recent experiences of our scheme administrators. If you'd like to complete the short survey, you can do so here:

[www.surveymonkey.co.uk/r/7BMCPN](http://www.surveymonkey.co.uk/r/7BMCPN)

Alternatively, if you do not have access to the internet or would like to provide any other feedback, you can do so by writing to: UU Pensions Department, Clearwater 4, Lingley Mere Business Park, Great Sankey, Warrington WA5 3LP - or you can send any comments and suggestions to [Samantha.houghton@uuplc.co.uk](mailto:Samantha.houghton@uuplc.co.uk).

### Useful contacts:

[www.gov.uk](http://www.gov.uk) Government information and services across a wide range of subjects, including state pension provision

[www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk) Impartial guidance for people with workplace and personal pensions

[www.moneyadviceservice.org.uk](http://www.moneyadviceservice.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

## 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 (contributing members only), and view your pension and tax details if you are a pensioner.

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

