The newsletter of the E.ON UK Group of the Electricity Supply Pension Scheme

In touch

Welcome from the Chair

Welcome to the March 2024 edition of your In touch newsletter, in which we bring you the latest news from the E.ON UK Group of the ESPS.

This edition includes the latest Summary Funding Statement, which provides an update on the financial health of the Scheme as at 31 March 2023.

We also set out information on the increase to pensions that will apply from 1 April 2024 for members of our final salary categories.

I would remind members that further information on your Scheme can be found on the member website – **myeonpension.com**. We've also included details on page 8 of how you can register for access to view and manage your pension at any time with a myESPS account if you've not done this already.

Finally, please be aware that the threat of pension fraud, or 'scams', remains at a high level and further information on the warning signs to look out for can be found on page 11.

Martine Trouard-Riolle

Summary Funding Statement as at 31 March 2023

The following statement provides more detail on the Scheme's financial health and explains the financial support provided by the Company.

The Scheme actuary carries out an Actuarial Valuation every three years. The purpose of this is to establish whether there is enough money in the Scheme to pay out all the benefits when they fall due. After each valuation is completed, the Trustees and E.ON UK plc agree the level of contributions needed. The Actuary then updates the position each year. Set out below is the information on the Scheme's financial health, following completion of the annual actuarial report as at 31 March 2023.

	£ million
Assets	3,292
Amount needed to provide benefits (technical provisions)	3,400
Deficit	108
Funding level	97%

Since the 2021 Actuarial Valuation, the funding position of the Scheme has deteriorated from a surplus of £22m to a deficit of £108m. The Scheme's assets and the value of the liabilities have fallen significantly since the valuation date due largely to rising government bond yields, with the assets falling further contributing to a deterioration in the funding position.

As the Actuarial Valuation as at 31 March 2021 revealed a funding surplus, there are currently no deficit repair contributions payable by E.ON UK. However, from 1 September 2022, E.ON UK has been paying contributions of 42.5% of members' pensionable salaries for members of the final salary categories, and 24% of members' pensionable salaries for members of the Retirement Balance Plan category, towards the cost of building up future benefits and to meet the expenses of the Scheme. The next Actuarial Valuation is due to be carried out as at 31 March 2024, at which point the position on Company contributions will be reviewed and may change depending on the funding position at that time.

The Pensions Regulator can issue instructions to modify benefit accruals under the Scheme, give directions about working out its technical provisions, or impose a schedule of contributions. The Trustee is pleased to confirm that the Regulator has not needed to use its powers for this Scheme.

Parent Company Guarantee

E.ON SE, which is the German parent company of E.ON UK, continues to provide a parent company guarantee. This is also known as 'PCG'. It means that in the unlikely event of E.ON UK not being able to pay its agreed contributions to the Scheme, then E.ON SE will be required to pay them.

The PCG also guarantees the Scheme's liabilities to pay pensions if E.ON UK were to become insolvent. In the unlikely event of this happening, E.ON SE is required to fully fund the Scheme on a basis which requires it to take minimal investment risk to meet its future obligations. The PCG will remain in place until this funding level is reached, which is likely to be some years into the future. In the meantime, E.ON UK will continue to hold the obligation to make good any deficit which arises on future valuations.

There are certain other limited circumstances in which the PCG can be replaced, such as on the sale of E.ON UK. In this instance, the PCG promises that alternative appropriate security would be put in place. In exchange for the additional security provided by the PCG, the Trustees agreed with the Company to invest the Scheme's assets to target a return of 2% p.a. above the return on government bonds for a minimum period of 10 years.

The PCG provides a valuable additional layer of security to protect members' benefits and is an important part of the long-term funding agreement reached with the Company.

The importance of E.ON UK's support

The Trustees' objective is to have enough money in the Scheme to pay pensions now and in the future. However, the success of the Scheme relies on its continuing support from E.ON UK because:

E.ON UK **pays a substantial contribution** each month towards the future cost of the Scheme;

The **funding level can fluctuate** and, when an Actuarial Valuation reveals a funding shortfall, E.ON UK will usually need to agree a plan to put in more money; and

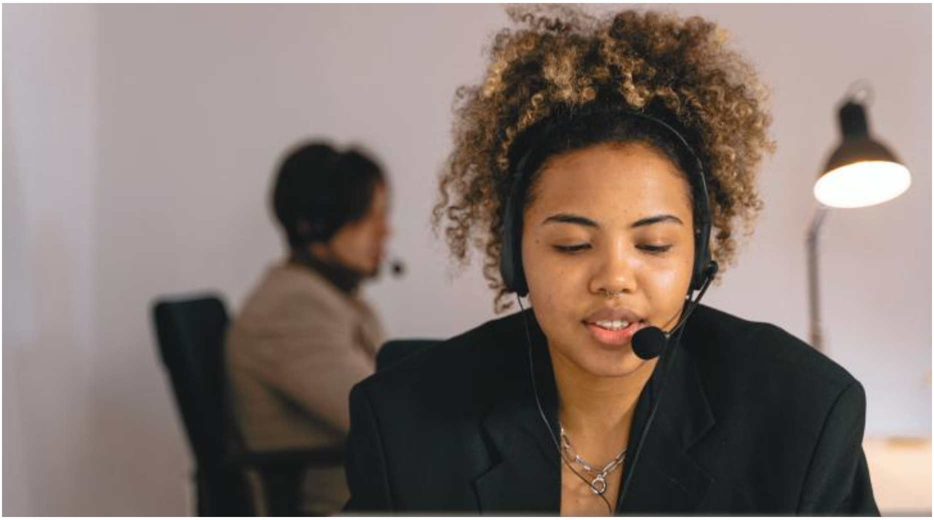
If the target funding level, which is assessed at each Actuarial Valuation, turns out not to be enough, E.ON UK will need to agree a plan to **put in more money**.

How does the Scheme work?

E.ON UK plc pays contributions to the Scheme so that the Scheme can build up a fund to pay pensions and other benefits to Scheme members when they retire. Current members also pay contributions to the Scheme, which are either deducted from gross salary or paid through the salary sacrifice arrangement.

How is the amount the Scheme needs worked out?

The Trustees have a funding plan — the Statement of Funding Principles — which is agreed with E.ON UK plc and aims to make sure there is enough money in the Scheme to pay for pensions now and in the future. The amount of money paid in by E.ON UK may go up or down, following regular funding checks by the Scheme actuary. This is referred to as Actuarial Valuations.



What would happen if the Scheme started to wind up?

If the Scheme had been discontinued at 31 March 2021, the deficit would have been £962 million at the time, equal to a funding level of 84%. This is known as the full solvency position, which is explained on the next page. The Trustees are required to look at this situation to understand the Scheme's financial health and the extent to which this relies on the continuing prosperity of E.ON UK plc. It does not mean that E.ON UK plc is thinking of winding up the Scheme. The Trustees are satisfied that E.ON UK plc is committed to continuing its support for the Scheme.

Under the provisions of the ESPS, the Scheme could only be wound up in limited circumstances such as the insolvency of E.ON UK. If the Scheme starts to wind up, then even if it is fully funded under our funding plan, you might not get the full amount of pension you had built up. In this situation, E.ON UK, or E.ON SE, to the extent required under the PCG, would be required to pay enough for the Scheme to secure members' benefits with an insurance company, if it could. The Pension Protection Fund may provide some support for pension Schemes that wind up with a shortfall.

Further information and guidance is available on the Pension Protection Fund's website at **ppf.co.uk** or you can write to the Pension Protection Fund at **Knollys House, 17 Addiscombe Road, Croydon, Surrey, CR0 6SR**.

Why does the funding plan not call for full solvency at all times?

The full solvency position assumes that benefits will be secured by buying insurance policies. Insurers are obliged to take a very cautious view of the future and need to make a profit. The cost of securing pensions in this way also incorporates the future expenses involved in administration. By contrast, our funding plan assumes that E.ON UK plc will continue in business and support the Scheme.

Where can I get more information?

If you have any other questions, or would like any more information, please contact Railpen, the Scheme administrators. Their contact details are on the back page.

You can also ask to see the Scheme's formal documents, including our Statements of Funding and Investment Principles. The latest audited report and financial statements and actuarial report, as well as the Schedule of Contributions, are also available.

If you are considering making any changes to your pension arrangements, such as opting out of the Scheme, you should obtain as much information as you can, and think about obtaining independent financial advice. The Financial Conduct Authority website - **fca.org.uk** - has more information about finding a qualified financial adviser and you can find information about Independent Financial Advisers in your area at **unbiased.co.uk**.

Pension increase 2024

For members of the final salary categories, the Scheme rules provide that pensions in payment (and deferred pensions for certain categories) are increased annually from 1 April each year. The amount of increase applied each April is calculated in accordance with the percentage rise in the Retail Prices Index (RPI) for the preceding September, up to 5%. If the increase in the RPI is greater than 5%, as it was in September 2023, then any increase above that amount is not guaranteed and under the Scheme rules is a decision for the Company to consider.

Having given this matter careful consideration, the Company has decided that an increase of a maximum of 5% will apply for April 2024. Members who have been retired for less than a year on 1 April 2024 will receive a proportion of this increase.

It is important to note that different parts of your Scheme pension may have different increases depending on factors such as when you earned it and whether you have opted in the past for a 'pension increase exchange'. **Railpen will, as usual, send out your pension increase statement in April 2024, which will give a detailed breakdown of the increase applicable to your Scheme pension.**

State pensions

State pensions increase on 6 April 2024. The basic state pension will increase by 8.5%, in line with the government's 'triple-lock' promise.

People who reached State Pension age before 2016 will see their basic State Pension rise from £156.20 a week to £169.50 a week, and people who reached State Pension age after 2016 will see their State Pension rise from £203.85 a week to £221.20 a week.

The exact amount you will receive depends on your individual circumstances. There may be some reduction to reflect periods when you have been contracted out and paid a lower rate of National Insurance.

Manage your pension anytime, anywhere, with a myESPS account

Keeping track of your pension savings has never been easier with a secure myESPS account online.

When you register, you'll have access to view and manage your pension at any time, wherever it's convenient for you.

Here's how to register, if you haven't already, as well as a guide to what you can do once you're logged in.

How do I register for a myESPS account?

It's quick and easy to register for a myESPS account if you haven't already.

To get started, go to **myeonpension.com** and click 'Login to myESPS account'.

You'll then reach the 'Welcome' page.

Select 'if you have not registered, please click here'.

Then follow the simple steps to create your myESPS account.

What information will I need to register?

To register, you'll need to have the following information to hand:

- Your date of birth
- National Insurance (NI) number
- Personal email address
- Your activation code (a unique reference number which has been sent to you by post)

If you no longer have your activation code letter or if you have any problems registering, please email **netenquiries@railpen.com**

Please include 3 items of information from the list below to allow Railpen to identify your pension record:

- Day and month of your date of birth
- First 5 characters of your NI number
- First line of your current home address
- Your payroll/member number (if known)

You can find a step-by-step guide and a short video which explains how to register at **myeonpension.com/help/using-your-account**.

What can I do with a myESPS account?

Your myESPS account is the quickest and easiest way to track your pension savings and update your details.

When you log in you can:

- View your personal record
- Complete an Expression of Wish
- Update your contact information
- Request an estimate of your pension benefits at your Normal Retirement Age (NRA)

You can also access your important pension documents, including:

- Your latest Annual Benefit Statement
- Payslips and P60s, if you're a pensioner

Complete an Expression of Wish

Your Expression of Wish lets the Trustees know who you would like to receive any lump sum benefit when you die.

If you die without completing an Expression of Wish, the payment to those you care about could be delayed, it could go to the wrong person, or it could be taxed. If you make your wishes known, it could save your loved ones a lot of unnecessary worry.

It's up to you who you choose, and your Expression of Wish is confidential. You could choose your spouse, partner or other family members, your loved ones or an organisation or charity you care about.

The Trustees do not have to follow your wishes, but they will consider them and look at your personal circumstances at the time of your death. They will then decide who will receive any benefits.

Make sure you keep your Expression of Wish form up to date so it still reflects your wishes, particularly if your circumstances change. You could make a note in your diary to review it every year or so.

Request an estimate

An estimate of your pension benefits shows you what you could get from the Scheme when you retire.

You can request as many estimates as you want to with a myESPS account, free of charge.

Your estimate of your benefits will be calculated at your Normal Retirement Age (NRA).

You might use it to think about whether you're saving enough for life after work, and to plan ahead for your retirement.

Update your contact details

It's a good idea to log into your myESPS account regularly to check your details are up to date.

Using your myESPS account, you can update your:

- Email address
- Phone number
- Address and postcode
- Bank details (if you're a pensioner)

If your circumstances have changed, for example if you've moved house, or changed your phone number, it's important you let us know. If we don't have your correct contact details, we may not be able to contact you about your pension quickly if we need to.

How to protect yourself from a pension scam

Pension scams are increasing, and they're getting more difficult to spot. It's important that you're extremely vigilant, and you know how to protect yourself from a scam.

According to the Financial Conduct Authority (FCA), the average loss per individual to pension scams is estimated to be approximately £75,000.

If you're approaching retirement, or if you're thinking about a pension transfer you may be particularly vulnerable to a pension scam.

Here are some of the ways you can protect yourself and your pension:

- **Reject unexpected offers** - If you get a cold call about your pension, don't answer it or if you do, then hang up straightaway. Cold calls like this are illegal, and are likely to be a scam.

  You can report pension cold calls to the Information Commissioners office (ICO) at **ico.org.uk**.

- **Check who you're dealing with** - Make sure anyone you speak to about your pension is on the Financial Conduct Authority (FCA) register. You can check the FCA register at **register.fca.org.uk**.

  If they're not on the FCA register, you're unlikely to get your money back if things go wrong.

- **Don't be rushed or pressured into a decision** - Take your time to check things through properly, even if you miss out on a supposedly 'fantastic deal'. If it seems too good to be true, it probably is.

- **Get impartial information or advice -** Advice from trusted experts can be valuable both financially, and for your peace of mind. It's a good idea to make sure your financial adviser is FCA regulated. You can find a list of places to go for financial advice or guidance on the next page.

  Be wary of taking advice from a company that contacted you directly, particularly if it's out of the blue, as it's likely to be a scam.

There's a video and more guidance to help you spot the warning signs of a scam on your member website **myeonpension.com/help/pension-scams**

If you think you've been a victim of a scam, call Action Fraud on **0300 123 2040** or visit **actionfraudpolice.uk**.

Where to go for guidance and advice about your pension

Pensions can be complicated. If you're making a decision about your financial future, remember that you don't have to make it alone.

Taking financial guidance or advice could help you make the right decision for your circumstances, and give you added peace of mind.

You might find it particularly useful if you're approaching retirement or thinking about a pension transfer. In some cases you may have to take financial advice by law before you can transfer too.

Here's a few organisations you might find helpful...

MoneyHelper - Offers free, impartial advice and support with money and pensions online and over the phone. At **MoneyHelper.co.uk** you can find in-depth guides, tools and calculators to help you plan for your future.

Gov.uk - The government website gives useful information on a range of financial matters. Visit the workplace and personal pensions section for help with planning for retirement, tax on your pension contributions and transferring your pension.

Unbiased - To find a register of Independent Financial Advisers (IFAs) try **unbiased.co.uk**. You'll find contact information for IFAs in your local area, and all IFAs on the site are registered with the Financial Conduct Authority (FCA).

The Financial Conduct Authority (FCA) - At **fca.org.uk** you can find the Financial Services Register, which includes all FCA-authorised firms in the UK. If you're taking financial advice, check who you're speaking to is on the register.

5 questions to ask a financial adviser

If you decide to speak to a financial adviser, it's important you choose one that's right for you.

Here's 5 questions you might ask an adviser **before** you sign up to take their advice.

1. **Who are you regulated by?**
   All UK Independent Financial Advisers (IFAs) should be Financial Conduct Authority (FCA) regulated. If you use an FCA regulated adviser, you'll be protected by UK law if anything goes wrong.

2. **What are your qualifications?**
   By law, financial advisers must be qualified at a minimum QCF (Qualifications and Credit Framework) Level 4, or above. They also need to have an annual Statement of Professional Standing (SPS).

   Some financial advisers may have additional qualifications, or they may have specialist knowledge in some areas. If an adviser has the right qualifications it's a good sign that they're legitimate, but you should still check that they're FCA regulated.

3. **How much do you charge for providing advice, and when do I pay?**
   Before they start working with you, financial advisers have a legal obligation to tell you how much they charge. Some might offer a free initial consultation, but they might then charge by the hour or a fixed fee. It depends on the service you want, but it should be agreed with you in advance.

4. **What financial services do you offer?**
   It's important your financial adviser is able to offer the help and advice you need. You could ask them about their knowledge, qualifications and experience in the areas where you need advice, for example retirement, transfers or investments.

5. **Are you independent?**
   Advisers must also tell you what services they offer, including whether they're an Independent Financial Adviser (IFA). To be called "independent" advisers must offer a range of products and providers from across the whole market, and offer impartial advice.

You can find a full list of questions you might ask a financial adviser, and more information on financial advice at **MoneyHelper.co.uk**.

Pension news update

Spring Budget 2024

On 6 March the Chancellor of the Exchequer, Jeremy Hunt, delivered the Spring Budget 2024. Here's a summary of the announcements:

- The government reaffirmed its commitment to the State Pension triple lock.
- Defined Contribution (DC) schemes will be required to publicly announce how much they have invested in UK equities.
- The government is working with the Financial Conduct Authority (FCA) and the Pensions Regulator (TPR) on an updated Value for Money (VFM) pensions framework.
- The government said it will "remain committed" to exploring a lifetime provider model for DC Pension schemes.

The Spring Budget 2024 followed the Autumn Statement 2023. The main pension announcement from the Autumn Statement was:

- The government confirmed that it will bring in legislation to abolish the Lifetime Allowance (LTA). This legislation will be effective from 6 April 2024. Although the LTA is being abolished, the most you will be able to take as a tax-free lump sum will be £268,275. This is equal to one-quarter of the previous LTA.

You can find full details on both Budgets in the 'News' section of your member website, at **myeonpension.com/news**.

Contact us

If you want specific information about your pension, you will need to get in touch with our pension scheme administrator, Railpen, which calculates and pays the benefits on behalf of the Trustees and holds all the individual member records.

Railpen's contact details are:

Railpen
2 Rye Hill Office Park
Birmingham Road
Coventry
CV5 9AB

Email: **enquiries@railpen.com**
Telephone: **0247 6472 541**

If you have a question for the Trustees, you can email **pensions.feedback@eon-uk.com**. If you don't have access to email, please write to Railpen and your letter will be passed on. You can also ask to see the Scheme's formal documents, including our Statement of Funding Principles and Statement of Investment Principles.

Information on the Scheme is also available at **myeonpension.com**.