

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

In touch

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Welcome from the Chair



Welcome to the November 2018 edition of your In Touch newsletter, in which we bring you the latest news from the E.ON UK Group of the ESPS. In this edition, we provide a summary of the financial statements for the year ended 31 March 2018 and an update on how the Scheme's assets are invested and how they've performed.

Every three years, a full actuarial valuation of the Scheme is carried out to assess its financial health, and the trustees' key focus over recent months has been the actuarial valuation due as at 31 March 2018. This will determine the extent of any funding deficit and a new funding plan to eliminate this deficit will need to be agreed with the Company. We will let you know the results of this valuation once it is finalised, expected to be by the middle of 2019.

We have also been working with the Company to understand the nature of its proposed changes to future pension benefits on which it has recently been engaging with active members of the Scheme. As part of this process, the trustees have sought their own legal advice on the proposals and have confirmed to the Company that they would be able to administer them.

Another key focus for us over the last few months has been the work carried out to establish readiness for the new General Data Protection Regulation. All members should have received a Privacy Notice in June 2018 setting out how the trustees use your personal data and what rights you now have in respect of this data. A copy of this Notice can be found on the Scheme website (see contact details on the back page).

If you have any feedback or questions on the content of this newsletter please let us know using the contact details on the back page.

Martine Trouard-Riolle



Beware of pension scams

What you need to look out for:

Members are reminded of what to look out for to avoid becoming a victim of a pension scam:

- Did you get cold called or an email out of the blue offering a free pension review?
- Is the firm or individual FCA registered? And are they authorised to give advice on pensions? Check at [fca.org.uk/register](https://www.fca.org.uk/register)
- Have there been complaints about the adviser, firm or investment? Is their address a PO Box or a serviced office? Can you contact the business at their registered office? Is the contact number a mobile number? Do a thorough internet search and check on forums and social media for mentions of the firm and the suggested investment.

Check at [fca.org.uk/scamsmart](https://www.fca.org.uk/scamsmart) for lists of known scams. Don't be rushed into anything as you could end up losing your pension savings and you could also get a huge tax bill.

You can call the Pensions Advisory Service on **0300 123 1047** if you have any doubts.

Financial summary

Below is a summary of the money coming in and going out of the Scheme over the year to 31 March 2018 and the impact this had on the net assets held by the Scheme.

Money coming in	£ million
Contributions from members (including salary sacrifice and AVCs)	7.4
Contributions from Company - normal	41.1
Contributions from Company – deficit repair	65.0
Contributions from Company – early retirement and other	5.3
Transfer values from other pension arrangements	0.4
Investment and other income	2.4
Total coming in	121.6

Money paid out	£ million
Pensions	175.1
Lump sums on retirement	16.2
Lump sums on death	0.8
Purchase of pensions with AVC and DC funds	0.4
Transfers paid to other pension arrangements	50.2
Annual and Lifetime Allowance tax charges	0.3
Pension Protection Fund and other levies	0.4
Administration expenses	1.9
Investment management expenses	4.4
Total paid out	249.7

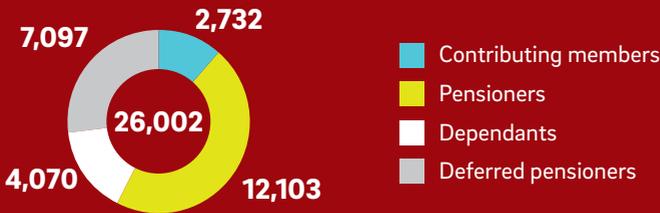
Change in value of the fund	£ million
Fund value at 31 March 2017	4,594.9
Money coming in	121.6
Money paid out	(249.7)
Change in market value of investments	33.3
Fund value at 31 March 2018	4,500.1

Split of fund value

	£ million
Defined Benefit investments	4,477.9
Defined Benefit working capital	6.1
Additional Voluntary Contributions	4.8
Defined Contribution investments	11.3

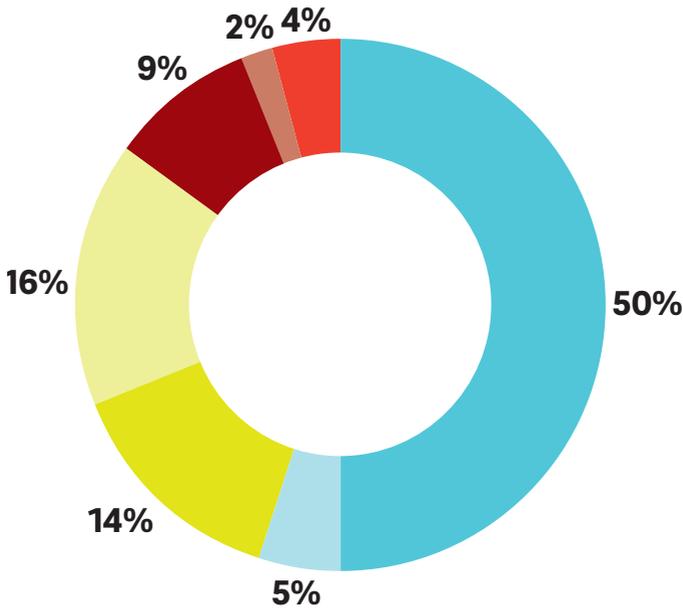
The Scheme's financial statements have been audited by PricewaterhouseCoopers LLP, who have confirmed that they show a true and fair view of the financial transactions during the 12 months to 31 March 2018, and that contributions were paid to the Scheme as set out in the Schedule of Contributions in force during the period.

Membership statistics at 31 March 2018



Scheme Assets

The Scheme's investment strategy is to hold a diversified range of asset classes aiming to achieve steady growth at relatively low risk. As at 31 March 2018, the Scheme's assets were comprised of the following:



*Includes property, other hedging assets, liquidity fund holdings, Additional Voluntary Contributions assets, cash balances and accruals.

Year ended 31 March 2018

Asset Class	Emillion
Matching assets	
Liability Hedging Assets	2,223.6
Return seeking assets	
Credit (Bonds)	205.9
Equities	619.2
Property	6.2
Macro-Oriented	715.4
Diversified Growth	424.4
Niche Assets/Private Equity	92.4
Other Hedging Assets	6.6
Other*	189.0
Total**	4,482.7

* Liquidity fund holding, Additional Voluntary Contributions assets, cash balances and accruals.

** Total excludes DC investments and DB working capital.

The overall return on the Scheme's assets for the year ended 31 March 2018 was 0.8%. The average annual return over the last three Scheme years was 5%. The biggest determinant of the Scheme's investment performance is the matching asset portfolio, managed by Insight Investment. This portfolio is designed to change in value in the same way as the Scheme's liabilities by investing in Government bonds (or similar assets).

The trustees

There are 10 trustees: five are appointed by E.ON UK plc and five are nominated by the members.

Appointed

Martine Trouard-Riolle – Chairman*

Keith Plowman – Deputy Chairman **

Stefan Brenk

John Harding

Graeme Thompson

Member-Nominated

Mike Andrews**

Chris Brown**

Ant Donaldson

Derek Evans**

Adrian Harris**

* The Company has appointed Capital Cranfield Trustees Limited represented by Martine Trouard-Riolle as independent chair of the Trustee Board.

** Pensioner member of the E.ON UK Group of the ESPS.

The Trustee Board is ultimately responsible for all decisions made but has delegated some of its work to committees.



Martine
Trouard-Riolle



Mike
Andrews



Stefan
Brenk



Ant
Donaldson



Graeme
Thompson



John
Harding



Adrian
Harris



Chris
Brown



Derek
Evans



Keith
Plowman

Trustee sub-committees

- The **Investment Committee** gives detailed consideration to certain investment matters and has delegated authority to make investment decisions within risk parameters defined by the Trustee Board. The members of the Committee are Martine Trouard-Riolle (chair), Mike Andrews, Stefan Brenk, Ant Donaldson and Graeme Thompson. Björn Siggemann (E.ON SE Pension Finance & Asset Strategy team) is also a member of the Committee by invitation of the trustees.
- The **Audit Committee** is responsible for oversight of the Scheme's internal controls, risk management, accounting processes and the preparation of the annual report and financial statements. The members of the Committee are John Harding (chair) and Adrian Harris. Gary Burmiston (Head of International Audit, E.ON) is also a member of the Committee by invitation of the trustees.
- The **Determinations Committee** is responsible for determining the recipients of benefits payable under discretionary trust and for considering and responding to complaints under the Internal Dispute Resolution Procedure. The members of the Committee are Adrian Harris (chair), Chris Brown, Derek Evans and John Harding.

Our advisers

To assist them in their work, the trustees have appointed a team of professional advisers.

We have formal agreements with all our advisers and also have a rolling programme to review them. The scheme custodian is centrally appointed by the ESPS trustee.

Actuary:	David Eteen of Aon Hewitt Limited
Investment Adviser (Defined Benefit):	Cardano Risk Management B.V.
Investment Adviser (Defined Contribution and AVC):	Aon Hewitt Limited
Principal Legal Adviser:	DLA Piper LLP
Independent Auditor:	PricewaterhouseCoopers LLP
Sponsor Covenant Assessor:	Lincoln Pensions
Administrator:	RPMI (formerly known as RPMI EPAL)
Scheme Custodian:	The Bank of New York Mellon

Electricity Supply Pension Scheme - Annual General Meeting

The ESPS holds an Annual General Meeting for members which relates to the Scheme as a whole and does not cover any business specific to the individual Groups of the ESPS.

The purpose of the AGM is to receive the Annual Report and Financial Statements and the Auditors' Report, receive the report of the ESPS Trustee, and conduct any general business. This year's AGM will be held on Monday 26 November 2018 at the offices of **Mayer Brown International LLP, 201 Bishopsgate, London EC2M 3AF**, starting at 1.00pm.

If you wish to attend, please contact RPMI for an agenda, location map and details of any resolutions.



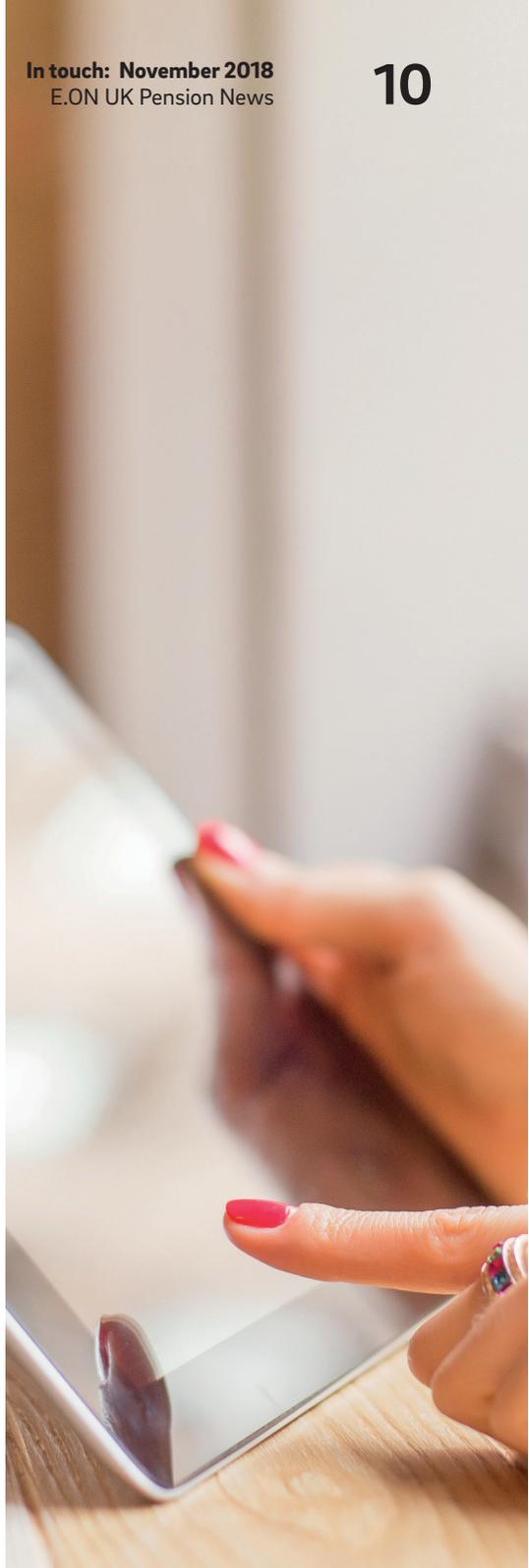
Where can I get more information?

If you have any other questions, or would like any more information, please contact RPMI, the scheme administrator. Their contact details are on the back page.

You can also ask to see the Scheme's formal documents, including our Statement of Funding and Statement of Investment Principles. The latest audited annual report & financial statements, actuarial valuation report, Recovery Plan and Schedule of Contributions are available on the Scheme website or, if you would like a paper copy, please contact RPMI.

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.



Find out more

The Scheme website can be found at eon-uk.com/pensions. Both the username and password are eonukpensions. There is generic Scheme information rather than individual membership data on the website.

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

RPMI's contact details are:

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

Email: enquiries@rpmico.uk

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 RPMI and your letter will be passed on.