

Pension News

For members of the UUPS with Defined Benefit (DB) benefits

Spring 2025

Welcome to the latest newsletter for contributing, deferred and pensioner members of the United Utilities Pension Scheme (DB section).

Your Trustees

The Trustee Board is made up of five member-nominated and five company-appointed Trustee Directors, who are all there to ensure that the Scheme is run correctly for the benefit of all members.

There will be a further opportunity for you to get involved with the running of your scheme in late 2025, when two member-nominated trustees will reach the end of their current terms.

Here are your Trustees, looking after the Scheme on your behalf:

Company appointed	Member nominated
Gary Dixon (Chair)	Chris Brown
Richard Giles	Ian Monks
Andrew Lambert	Ian Skilling
Graeme Mooney	Phil Sweeney
Joanne Rands	Dale Walker

Looking after your loved ones

Have you made an expression of wish? This informs the Trustee where you'd like the tax-free lump sum to be paid if you die before you've taken your benefits, or if you die within the first five years of retirement. It's important to keep your expression of wish up to date to ensure the Trustees pay the money in line with your wishes and to the correct person should the unfortunate happen.

If you have not made an expression of wish, or your circumstances have changed, you can update your details on ePA. If you update this online you can see who you have nominated and amend at any time.

Alternatively, an expression of wish form can be found at www.unitedutilities.com/pensions or by contacting WTW, whose contact details are given at the end of this newsletter.

Minimum pension age

The government confirmed a change to the normal minimum pension age, which is the earliest age that you can usually access your pension savings. The minimum age is currently age 55 – however this is rising to age 57

from 6 April 2028. This change will not affect you if you qualified for an earlier protected pension age. If you are thinking of retiring before you reach age 57, please contact WTW.



MORE
REWARD

Environmental, Social, & Governance (ESG) Update



Last year the Trustee published the Scheme’s second Climate Change report also known as the Task Force on Climate-related Financial Disclosure (TCFD) report. The Trustee believes that managing the risks relating to climate change is important, as these risks could have significant impact on the Scheme. The transition to a low-carbon world also presents attractive investment opportunities.

The TCFD report has been prepared in line with the recommendations of the TCFD and the statutory requirements prescribed by the Department of Work and Pensions.

Did you know?

- The Trustee has a firm ambition to reach ‘net zero’ emissions target by 2050, for listed equity and credit assets, as they believe this is in the best interests of the members, communities and society.
- As a milestone along the way, the Trustee has set an interim target of achieving a 50% reduction in scope 1 emissions, which are emissions from a company’s direct activity e.g. running company vehicles, and scope 2 emissions, which are emissions a company causes indirectly (electricity bought for heating and cooling buildings), for listed equity and credit assets by 2030, as measured by carbon footprint, relative to the position at 31 March 2023.



Our Policies:

- You can find a copy of the Scheme’s Climate Change report on the **UU Pensions website**, under ‘Information Library’.
- Every year, we publish an Implementation Statement, including a member friendly one page document that summarises the full TCFD report which details how we have exercised our policies, including responsible investment and stewardship. You can find the Statement at unitedutilities.com/pensions

Abolition of the lifetime allowance (LTA)

The Finance Act 2024 abolished the lifetime allowance. The LTA was the amount of savings you could have at retirement from all your pension scheme benefits combined, without incurring an additional tax charge. The Government has replaced the LTA with two new tax-free lump sum allowances shown below.

These new allowances apply to all your pension benefits.

If you exceed the new allowances, the excess amount will be taxed at your marginal rate. If these changes affect you, we recommend you seek professional advice.

The annual allowance (AA) is the maximum amount of pension benefits you can save each year with the benefit of tax relief. For the 2025/26 tax year, it is £60,000, but if you have a high income or have started to draw money purchase benefits in a flexible way, your AA may be as low as £10,000 a year.

Lump sum allowance (LSA)

The LSA is £268,275 for the 2025/26 tax year and is the maximum amount of tax-free cash you can take from your pension benefits.

Lump sum death benefit allowance (LSDBA)

The LSDBA is £1,073,100 for the 2024/25 tax year and is the maximum amount of death benefits that can be paid tax free



Keeping us up to date

Your pension is a very important benefit so it's essential to keep your contact details up to date. It means we can pay your benefits promptly and accurately and the Scheme is administered efficiently. You can update your details by logging in to ePA, details of which can be found on the final page of this newsletter.

Need a hand logging into ePA?

- If you've forgotten your details, try the User ID reminder, password reset or Account recovery services.
- If you're new to the site, follow the Account recovery steps to create your details.

There are also some extra **FAQs** to help you through the process.

If you've tried all of this and are still struggling, you can contact the Scheme's administrators, their details are on **the last page of this newsletter**.

Pensions dashboards



With record numbers of people saving for retirement, it is more important than ever that people understand their pensions and prepare for financial security in later life.

Pensions Dashboards is a government-run scheme which will allow you to view all your pension information, across all pension providers, in one place online. It is expected to improve the way we plan for retirement and help us make the most of our savings.

You'll also be able to view all your State Pension information on your pension dashboard too. The date you become eligible, the forecasted state pension amount and the estimated amount based on your National Insurance record will all be included.

The government has not confirmed the launch date of when Pensions Dashboards will be live for members, however we'll keep you informed in future newsletters.



Annual Report & Accounts

The annual report and accounts at 31 March 2024 for the UUPS has been audited and signed – WTW, the Scheme administrators, can provide a copy on request.

Cash equivalent transfer values

Cash Equivalent Transfer Values (CETVs) represent the lump-sum amount offered to defined benefit (DB) pension scheme members who choose to transfer out of the scheme. This transfer gives individuals the option to move their pension benefits into a defined contribution (DC) scheme, offering more flexibility—but also exposing them to investment risk.

Lately, many pension scheme members have noticed a significant drop in their CETVs. The primary reason for this decline is the sharp rise in interest rates and gilt yields. CETVs are calculated using a discount rate, which reflects the cost of providing the guaranteed pension benefits. As interest rates go up, the present value—or lump-sum equivalent—of future pension payments decreases. In other words, the higher the rate used to discount future payments, the lower the CETV offered today.

For those considering a transfer, this shift has major implications. CETVs were unusually high during the period of ultra-low interest rates, making transfers more attractive for some. Now, with rates normalising or rising, CETVs have adjusted downward accordingly.

However, if you choose not to transfer your benefits out of the Scheme, this does not affect your retirement planning. Your pension will continue to be paid in accordance with the Scheme Rules.

While transferring out can still be the right choice in some circumstances, lower CETVs mean the decision requires even more careful consideration, with the guidance of a regulated financial adviser. Although CETVs have reduced in recent years, due to the rising interest rates, this does not mean your DB pension will reduce.



Protect yourself from pensions scams



Pensions scams are a very real issue.

To help protect yourself we recommend you:

- Reject any unexpected pension offers whether made online, on social media or by telephone.
- Check the Financial Conduct Authority (FCA) register or call the FCA contact centre to see if the firm you are dealing with is FCA registered.
- Do not be rushed or be pressured into making a decision.
- Consider getting impartial information or advice.

If you're considering transferring out your benefits, we recommend you review closely the information on UU, The Pensions Regulator and FCA websites at:

www.thepensionsregulator.gov.uk/en/pension-scams

www.fca.org.uk/scamsmart/how-avoid-pension-scams

Stay cyber safe

To help keep yourself and your data safe, we encourage you to:

- **Look out for phishing emails** or fraudulent activity on your pension or other online accounts.
- **Reset passwords** on your pension and other online accounts regularly.
- **Use strong, unique passwords** for each online account you have.
- **Remain vigilant** for pension scams and unauthorised or unusual use of your personal data.

Legal requirements mean certain conditions need to be met before any transfer can go ahead from a pension scheme like UUPS. This means we may have to ask you for details about a scheme you want to transfer to or to take specialist pension scam guidance from MoneyHelper (you'll find their contact details on the last page).

Going digital

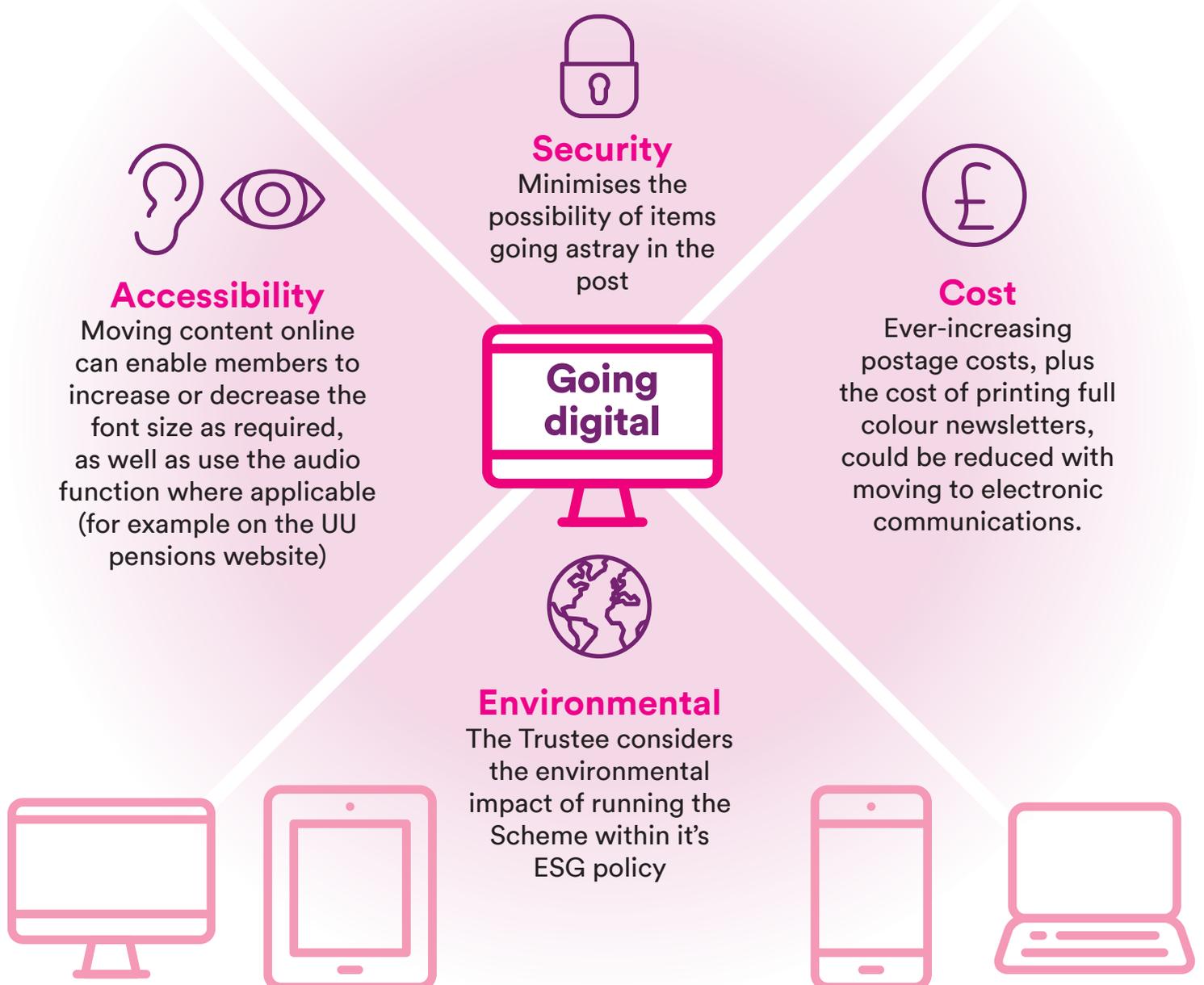
A change to electronic communications is in line with a move in technology in our day to day lives (e.g. banking, insurance). The use of electronic member communications is becoming more popular for our members, often for speed, environmental and cost reasons. With the introduction of Pension Dashboards more members will be relying on technology to help them manage their pensions.

There are a number of member communications that the Trustee must send to members under the Disclosure Regulations, however there are some member communications which are not required under these Disclosure Regulations.

Here are some reasons why the Trustees are looking at going digital for all scheme members:

You will have received a letter in May 2025, called a digital letter of intent. This is advising you about the drive to digital by the Trustee and if you want to receive information digitally in the future you will need to log on to ePA.

On ePA you can view benefit information, get retirement and transfer quotes, check your pension payslip information and more.



Your annual funding statement

How is the Scheme looking?

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 2024 and updates since the previous one at 31 March 2021 are below:

	31 March 2022 update	31 March 2023 update	31 March 2024 valuation
Assets (money in pot)	£3,533 million	£2,548 million	£2,376 million
Liabilities (amount expected to be paid out)	£3,345 million	£2,405 million	£2,228 million
Surplus	£188 million	£143 million	£148 million
Funding level	106%	106%	107%

The Scheme is currently in surplus i.e. the Scheme's assets are greater than the value of the liabilities. As such the Scheme does not need to put in place a recovery plan.

Hybrid section members:

- The Company pays contributions of 15.3% of defined benefit (DB) core pensionable earnings for the cost of future DB pension benefits from 1 April 2025. This includes a 0.3% allowance for the Pension Protection Fund levy.
- As the total cost of future benefits has fallen below 25%, current contributing members will now pay 4.7% of pensionable earnings for the cost of future DB pension benefits from 1 April 2025.

Mirror Image Scheme (MIS) section members:

- The Company pays contributions of 28.3% 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.



Why has the funding position changed since 31 March 2023?

When we last sent you a summary funding statement we reported that the Scheme had a surplus of £143m as at 31 March 2023, equivalent to a funding level of 106%. The valuation is a chance for the trustees to consider in detail the assumptions we use to place a value on the future liabilities. As a result of this analysis, the trustees slightly revised their expectation of how long members might live in future (i.e. how long pensions will be paid for in future) and this resulted in an improved funding position.

The assets have decreased over the period because of changes to market conditions, in particular increases to gilt yields. Rising gilt yields, offset to a large extent by higher than expected inflation, have also decreased the liabilities, though to a lesser extent. This means the surplus has slightly increased over the period.

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. If the Scheme had been wound up at 31 March 2024, the surplus in the Scheme’s assets compared to the cost of securing members’ benefits with an insurance company is estimated to have been £123 million, equal to a funding level of 105%. 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.

Climate Change Governance and Reporting

The Trustee has published its report on climate change governance and reporting in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021. The report sets out the Trustee’s identification, assessment and management of climate change risk and can be found at the following website address

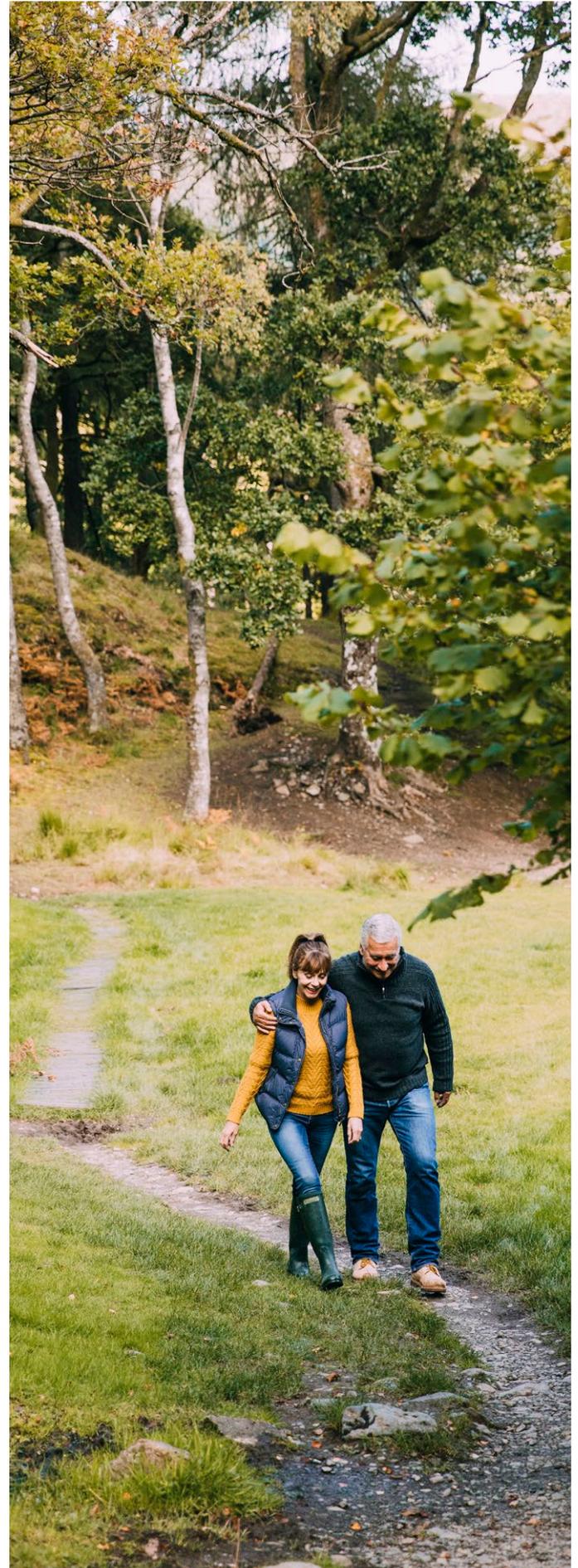
www.unitedutilities.com/corporate/careers/pensions/pensions-news/task-force-on-climate-related-financial-disclosures-tcf-d-report

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 2027 and the Trustee and Company will start having discussions in early 2027.



Contact Information

DB benefits - WTW
uups@wtwco.com
0113 394 9309

You can also visit ePA here, <https://epa.towerswatson.com/accounts/uup/>, to view your DB pension benefits including your annual benefit statement.

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, or download the 'Aegon UK' app from the iTunes 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).

unitedutilities.com/pensions

UU pensions website - for general information on the scheme.

Other helpful contacts

www.gov.uk

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

www.gov.uk/state-pension-statement

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

www.gov.uk/government/publications/easy-read-new-state-pension

Government site where you see an easy-read guide to the new state pension

www.moneyhelper.org.uk

MoneyHelper, from the Money and Pensions Service (MaPS) brings together the support and services of 3 government-backed financial guidance providers:

- Money Advice Service – free and impartial money advice
- Pensions Advisory Service – impartial guidance for people with workplace and personal pensions
- Pension Wise - service providing guidance about defined contribution (DC) arrangements (including AVCs) for those aged over 50

www.fca.org.uk

The Financial Conduct Authority (FCA) is the UK's financial regulator. Firms and individuals must be authorised or regulated by the FCA to carry out certain activities. You should always check the FCA register or call 0800 111 6768 to make sure anyone offering you financial advice is FCA-authorised.

www.thesilverline.org.uk (or call 0800 470 8090)

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



Water for the North West

Full details of the UUPS can be found in its trust deed and rules, which are legal documents which govern the scheme. If there is any discrepancy between this communication and the trust deed and rules (as amended from time to time), the trust deed and rules will take precedence.

This communication does not confer any rights to benefits. UU reserves the right to amend or discontinue the UUPS at any time.

Statements made in relation to the tax treatment of contributions and benefits

are based on UU's understanding of law and HMRC practice at the date of publication. The tax treatment of contributions and benefits will be in accordance with the actual law and HMRC practice at the time of payment. Neither UU nor the Trustee of the UUPS are able to offer financial advice, and you should consider getting independent financial advice on matters discussed in this communication.

The Scheme's privacy notice provides information regarding the personal data held by the Trustee and how it is

processed. If you would like to see a copy of the privacy notice, it can be accessed here: <https://www.unitedutilities.com/corporate/careers/pensions/information-library/uups-privacy-policy/>

