



## Pension news for the Defined Contribution section

September 2016



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# Welcome to the latest edition of 'Life after work'



It has been another busy year for our DC section and we are pleased to report that the auto enrolment process continues to be a success with most of the new members joining our scheme through auto enrolment choosing to stay in the scheme and make the most of the Company's contributions too. The Company will shortly be planning for the first auto re-enrolment process (having been 3 years since the Company's staging date).

Flexibility at retirement continues to be of interest to many members, and again we've included an article to remind you what the flexible retirement options are all about and how you can find out more information.

We now have an established advisory panel who work with the Trustee and Pension Team on important issues members want to raise such as investment options, member communications and getting the right support at retirement. Please get in touch with the Pension Team if you would like further details.

As you will be aware on 23 June the UK population voted in favour of exiting from the European Union. Our Investment advisers KPMG have advised that there is no action required at this stage, however as a Board we will be monitoring the situation very closely and discussing with them any longer-term implications, along with any recommended actions, in due course.

I hope you find this newsletter interesting and helpful. If you do have any questions or feedback about this edition, or have suggestions for articles to be included in future editions, please get in touch with the Pension Team whose details are on the back page.

A handwritten signature in white ink, appearing to read 'Bob Armstrong'.

**Bob Armstrong OBE**  
Chairman

## People Changes

We've had a few changes recently, both to the Trustee Board and to the Pensions team here at Electricity North West.

Fiona Brown left the Company in May 2016. Colin Ross has joined Electricity North West as Interim Head of Pensions.

Bob Armstrong has decided to stand down as a Trustee Director (and Chairman) once the Actuarial Valuation process has been completed (expected early 2017).

Paul Briggs has left the Company and is therefore no longer a Trustee Director.

Malcolm Sugden will shortly become a Company appointed Trustee Director (as a replacement for Paul), and will take over as Chairman once Bob leaves his role. A handover process is already underway.



**Pension team**

## Your Trustee Board

Your Trustee Board consists of eight Trustee Directors, four appointed by the Company and four by the members.

### Trustee meetings

During the year, the main Trustee Board met four times. There are also four sub-committees, which have responsibility for, and take decisions on, different areas of the Group: Administration, Audit & Governance, Investment and Defined Contribution. Between them, the sub-committees met 14 times during the course of the year. The previously separate Audit and Governance Sub-Committees merged in January 2016.

## Membership numbers as at 31 March 2016

Total members: 8,495

Our most recent Trustee appointment was Sally McGuire. Sally is Head of Talent and Resourcing at the Company, and was appointed as a Company Appointed Board member on 1 June 2016.

The member appointed positions last for four years and we run a ballot every two years for two of the positions. John Hodgkinson and Chris Dooley reach the end of their terms of office in March 2017 and will both stand for re-election in autumn 2016.



Sally McGuire

## A focus on a Trustee Director



### Chris Dooley Senior Protection Engineer

**Chris is a Senior Protection Engineer in South Operations, based in Whitegate Depot, Chadderton.**

Chris Dooley has been a member nominated Trustee Director of the Group for 5 years, and also chairs the Defined Contribution Sub-committee and is a member of the Audit and Governance Sub-committee.

Chris joined Norweb as an Engineering Graduate Trainee in September 1989 and has held various operational engineering roles in Manchester and Peak areas. Chris holds a BSc (Hons) in Electrical and Electronic Engineering from the University of Manchester and is also a member of the Institute of Engineering Technology and a Chartered Engineer.

Chris is also currently a member of the Branch Executive Committee of the Prospect Trade Union, leading on pension issues.

### What made you want to become a Trustee?

A retiring trustee gave a presentation at a Prospect Trade Union meeting, asking if anyone would consider standing for election as a trustee. The other Prospect representatives thought I should consider standing. I think they thought I might be suitable, as they knew my wife worked in the financial sector!

I discussed the role further with Electricity North West's Head of Pensions and other trustees and concluded that it was something I could undertake with the right support.

I felt it was a challenge outside my engineering work and I felt my trade union experience gave me the representation skills required as a Trustee.

### What do you find most rewarding about the role?

Since I joined the Trustee Board in February 2011, I have never stopped learning. The Trustees have regular training sessions from our actuarial, investment and legal advisors. We also attend conferences and complete on-line training to ensure we keep up to date with new developments. I have really enjoyed learning new skills very different to my engineering work.

It has also been very rewarding to assist individual members on pension issues. I am very grateful to the Pensions Team for supporting the Trustees with their detailed knowledge of the schemes.

### What do you do to relax, or spare time, hobbies, etc?

I play keyboards and produce music. I also live in an old farmhouse so there are always plenty of maintenance jobs to be done.

### What do you think of it so far, and what do you think is the greatest challenge facing trustees of pension schemes?

I have really enjoyed being a Trustee. I found it daunting at first, particularly with the large sums of money involved. However, with the support from my Trustee colleagues, the Electricity North West Pensions Team and the scheme's advisors together with the training I have received has meant that I have been able to become more comfortable in the role.

I believe the greatest challenge for the defined benefit section is balancing the requirements of the Pensions Regulator and OFGEM. The Pensions Regulator requires trustees to ensure that schemes are well funded. The funding of the scheme relies on Electricity North West who must demonstrate that pension costs are efficient to OFGEM, which represents electricity customers.

On the defined contribution section, ensuring the best possible outcome for members and guiding them to make appropriate choices during their career and at retirement are the most important current issues for the Trustees. This has been made more challenging with recent changes to pension rules.

### What's one piece of guidance you would give someone about their pension?

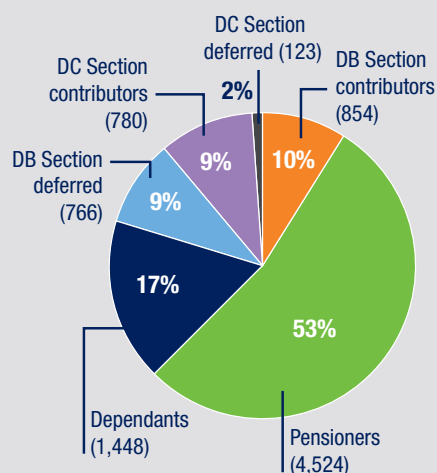
The guidance I would give to current employees is to invest as much as you can afford as soon as you start working at Electricity North West. Our defined contribution section is among the best in the electricity sector. The company's contributions together with the tax advantages mean that extra money will be invested for your pension.



# Scheme Accounts for the year to 31 March 2016

A full set of audited accounts are prepared each year. You can find the full Trustee Report and Financial Statements on the Volt or the Company website, or you can ask the Pension Team for a copy. The main figures for the Defined Contribution section are:

## Membership data:



## Defined Contribution Fund account:

<b>Assets at 1 April 2015</b>	<b>£21.2m</b>
<b>Income</b>	<b>£3.6</b>
Contributions	£4.2
Transfers in	£0
Change in the value of investments	(£0.6)
Other income	£0
<b>Outgoings</b>	<b>£0.6</b>
Transfers out	£0.5
Refunds	£0
Administrative Expenses	£0.1m
<b>Assets at 31 March 2016</b>	<b>£24.2m</b>

## RPMI – Online access to benefit information

You will have recently received your 2016 annual benefit statement – please check the statement to ensure all the information is correct and you fully understand it. Please give us your feedback through the Pension Team or the new DC member engagement panel!

You are also able to access information and make certain changes to your pension benefits online through the RPMI site which is dedicated to our scheme. The online facility now also includes a retirement planner.

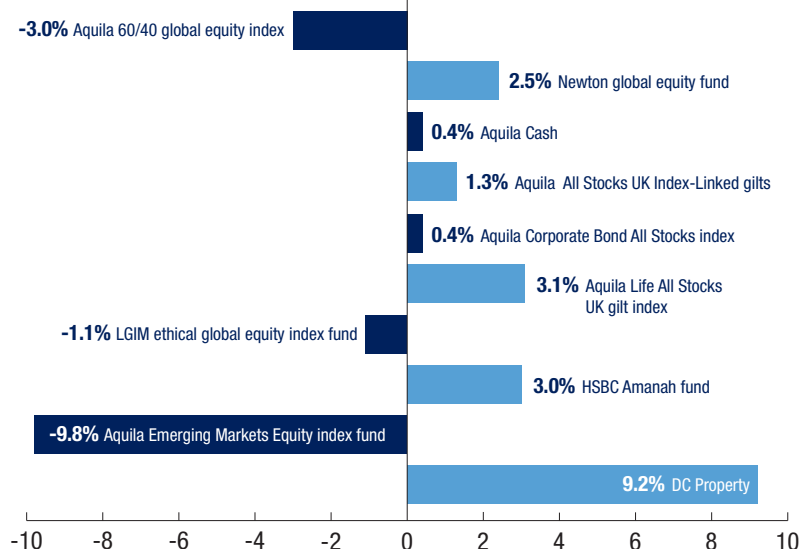
We plan to visit all the depots over the next 6 months to give you the opportunity to meet the Pension Team, and have a demonstration of the new website (including the Planner). We will get in touch with further details in the next few months.

# How have our funds performed?

The performance of the main funds, after fees, over the year to 31 March 2016 is shown opposite:



## Return/Year to 31 March 2016



From April 2015, the Government has introduced a cap on fund charges at 0.75% and we are pleased to say that none of our fund charges exceed this charges cap, and most are significantly lower.

Please review your own personal investment choices to ensure they still remain appropriate for you.

# Freedom and Choice

## Changes to how you can take your benefits

The Government has changed the way you can take your pension benefits and we wrote to you last year with some information about this. The options available to you are:

- You do not have to buy a pension when you reach age 75;
- You can take all of your fund as cash, but only 25% will be tax-free with the rest being taxed at your highest rate;

- There is more flexibility around how much and how often money can be taken out (called income drawdown).

To help you with your new benefit choices we have arranged for Hargreaves Lansdown, a reputable firm of investment advisers, to go through your options with you at retirement and find a solution that meets your needs. The Company will meet the costs of providing this service

and we strongly recommend you take up this offer of individual financial guidance at no cost to you.

Also, the Government has set up Pension Wise, a free and impartial advice service to help with DC pension choices and you can find them at **[www.pensionwise.gov.uk](http://www.pensionwise.gov.uk)** via telephone from the Pensions Advisory Service, or face to face at your local Citizens Advice Bureau.

## Members engagement panel

We now have an established panel set up to give you the opportunity to feedback your views of our scheme to the Trustees. The panel consists of 10 people covering the DC membership across different areas of the Company.

The types of issues dealt with by the panel are

- Member communications
- Investment issues
- Retirement options and member support

The panel meets twice a year and works closely with the Pension Team and the DC sub-committees on any issues raised. Panel members are given time to attend meetings and any reasonable expenses are reimbursed. If you would like to find out more about the work that the panel do, or you are interested in joining the panel in the future, please get in touch with the Pension Team.

## Are you paying enough?

If you are paying less than 7% then you could look to increase this. If you increase your contribution to 7% the Company will put more into your pension pot.

If you are already paying 7% you can still make extra contributions. These are called Additional Voluntary Contributions (AVCs).

The relevant forms are available on the Volt or can be requested from the Pension Team.

# Budget changes

## Lifetime and Annual Allowances

You will recall that last year we informed you about some tax changes being made affecting pension savings. These changes have now taken effect for the 2016/17 tax year

The **Lifetime Allowance** is the limit on pension savings that you can have without triggering a tax charge. This has now reduced from £1.25 million to £1 million, from April 2016. The Pension Team monitors the value of your pension from our scheme and will get in touch with you if they think you are likely to breach the limit.

The **Annual Allowance** is the total increase in your pension benefit you are allowed each year, tax-free. This allowance is currently £40,000, however it has been reduced further from April 2016 for higher earners on a sliding scale from £40,000 (for people earning up to around £150,000) down to £10,000 (for people earning over £210,000). Again the Pension Team will monitor this for you in respect of our pension scheme and let you know if you are likely to incur any tax.

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## State Pension changes

### New State Pension from April 2016

The State Pension is made up of two parts; the Basic State Pension and the Additional State Pension (currently called the State Second Pension, and previously called SERPS).

From April 2016 the State Pension has changed and if you reach State Pension Age on or after 6 April 2016 you will receive the new State Pension. This replaces the Basic and Additional State Pensions with one single amount. The full new State Pension is £155.65 per week.

Your National Insurance Record is used to calculate your new State Pension. You'll usually need 10 qualifying years to get any new State Pension. The amount you get can be higher or lower depending on your National Insurance record. It will only be higher if you have over a certain amount of Additional State Pension.

If you are already over State Pension Age, or you reached your State Pension Age before 6 April 2016, you will continue to receive your State Pension as now and it will not change as a result of the introduction of the new State Pension.



# Pension scams



As we have informed you in previous years, scammers are after your pension pot. They know you can now access your savings in new ways and will try to lure you with promises of upfront cash and one-off 'deals' with guaranteed high returns. Learn how to spot the signs and give yourself the best possible protection against pension predators by following the **Pension Regulator's ten-step guide**.



## 1. Be wary of cold calls and unsolicited texts or emails

Scammers will often claim they're from Pension Wise or other government-backed bodies. These organisations would never phone or text to offer a pension review.



## 2. Check everything for yourself

People have fallen for scams because they'd been 'recommended by a friend'. Do your homework, even if you consider yourself to be financially savvy - false confidence can lead to getting stung.



## 3. Make sure your adviser is on the Financial Conduct Authority approved register

Pensions scammers may pose as financial advisers. Check to make sure yours is registered on the FCA website.



## 4. Check the FCA's list of known scams

Visit the FCA's scamsmart to see if the deal you're being offered is a known scam.



## 5. Steer clear of overseas investment deals

Well-known scam types include unregulated investment in a hotel, vineyard or other overseas opportunities, and where your money is all in one place - and therefore more at risk.



## 6. Don't fall for 'guaranteed' returns or professional looking websites or brochures

You can never guarantee returns on an investment, and anyone can create a smart website or brochure these days. Question everything, however credible it sounds or looks.



## 7. Don't be rushed into a decision

Scammers will try to pressure you with 'time limited offers' or send a courier to your door to wait while you sign documents. Take your time to make all the checks you need - even if this means turning down an 'amazing' deal.



## 8. If you're aged 50 or over and have a DC pension, talk to Pension Wise

Pension Wise is there to help you investigate your retirement options. Visit the Pension Wise website for more information (and to check what kind of pension you have).



## 9. Ask The Pensions Advisory Service for help if you have doubts

You can call them on **0300 123 1047** or visit the TPAS website for free pensions advice and information.



## 10. Contact your Pension Team and call Action Fraud if you've already signed and think you've been scammed

If you've already signed something you're now unsure about, call Action Fraud on **0300 123 2040** and contact your pension team immediately. They may be able to stop a transfer that hasn't taken place yet.

**Thousands of people have lost their life savings after falling for a pension scam.**

**Don't be next**

# ESPS AGM date and details

This year's ESPS AGM will be held on Wednesday 23rd November 2016 at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London, EC2A 2HS and will start at 1 pm.

The Scheme Annual Report and Financial Statements, the Auditor's Report and the Report of the Scheme Trustee will be received at the meeting and any general business, including the consideration of any

Resolutions proposed by the members, will be conducted. The meeting relates to the whole of the ESPS, not just the Electricity North West Group and all members of the Scheme are welcome to attend.

## Keep in Touch

Do keep in touch and let us know if you change your address. If you have left the Company, please contact our administrators, RPMI. Current employees should contact HR Services to let them know of any changes.

And, of course, if you have any questions please contact the Pension Team!

You can contact our administrators RPMI directly:

- by telephone on **0345 600 2050**
- by email at **enwl@rpmi.co.uk**
- via the website at **www.rpmi.co.uk**
- by letter to RPMI, PO Box 331, Brinkburn Road, Darlington, DL1 9PR

You can contact the Pension Team in the following ways:

- by telephone on **0843 311 4531/2**
- by email at **pensionsandreward@enwl.co.uk**
- website at **www.enwl.co.uk**
- by letter to Mr Colin Ross, Group Secretary, Electricity North West, 304 Bridgewater Place, Birchwood, Warrington, WA3 6XG

Please remember to quote your name, date of birth and National Insurance number to help us deal with your enquiry as quickly as possible.

## Other useful contacts

### The Pensions Advisory Service (TPAS)

Free independent information and guidance on pensions

**www.pensionsadvisoryservice.org.uk**

### The Pensions Regulator

The UK regulator of work-based pension schemes

**www.thepensionsregulator.gov.uk**

### Pension Tracing Service

Trace a personal or company pension scheme

**www.gov.uk/find-lost-pension**

### Department for Work and Pensions

Find out how to plan your pension and what you need to do as you near retirement age

**www.direct.gov.uk/en/Pensionsandretirementplanning/index.htm**

### Independent Financial Advice

Find an independent financial adviser near you

**www.unbiased.co.uk**

### Pensions Ombudsman

Investigates complaints about how pension schemes are run

**www.pensions-ombudsman.org.uk**

### The Money Advice Service

Provides information and tools to help you manage your money

**www.moneymadeclear.org.uk**

### Financial Conduct Authority

**www.fca.org.uk**

### Pension Wise

**www.pensionwise.gov.uk**

## Your Pension Team

### Trustees

#### Appointed by the Company

Bob Armstrong OBE - Chairman (Independent)

Bill Ashburner (Independent)

Sally McGuire

### Member Elected

Chris Dooley

John Hodgkinson

John Leigh

Malcolm Sugden

### Advisers

#### Pension Team

Helen Daly

Joanna Northall

Colin Ross

#### Administrator

RPMI

#### Auditor

PricewaterhouseCoopers LLP

#### Investment

KPMG LLP

#### Legal

Sacker & Partners LLP

#### AVC Provider

Blackrock

