Pension Scheme News

ScottishPower Pension Newsletter 2021

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Message from the Trustee of the ScottishPower Pension Scheme

ScottishPower Pension Scheme newsletter

We are pleased to welcome you to the latest ScottishPower Pension Scheme ("the Scheme") newsletter. This newsletter summarises the financial position of the Scheme as at 31 March 2021 together with some more recent updates. Our 2020 newsletter can be found in the Scheme Information section of your Hartlink online record.

Investment Returns

The year to 31 March 2021, and subsequently, has seen overall positive returns across our investment portfolio. The passive equity fund, multi-asset credit, and diversified growth funds ("DGF") posted strong positive returns. Certain private and mezzanine debt mandates, together with one of the liability matching portfolios, unfortunately posted negative returns as a consequence of difficult market conditions.

In the year to 31 March 2021, the investment portfolio achieved a return of 7.4% against a benchmark of 7.0% (excluding the impact of the longevity swap). The 3-year rolling return to 31 March 2021 was 6.7% p.a. against a benchmark of 8.5% p.a. (excluding the impact of the longevity swap).

Investment Strategy

The investment re-structure that commenced in 2016 is now complete. The key investment change in the year to 31 March 2021 was the de-risking of the overall growth allocation within the investment portfolio. 15% of assets were moved from growth to matching assets helping reduce the Scheme's exposure to large movements in the market.

Our Statement of Investment Principles is a living document and has been updated as required as we moved through the investment strategy review and subsequent de-risking switches. The strategic asset allocation as at 31 March 2021 was 47.5% growth assets and 52.5% liability matching assets. The latest SIP is available online at **www.sppensions.com**

Funding Update

As at 31 March 2021, the preliminary funding shortfall for the Scheme was £198m, compared to £435m in 2018, giving the Scheme a funding level of 95%. The Actuarial Valuation as at 31 March 2021 is currently ongoing and while preliminary results are available, these are subject to change following discussions between the Trustee and the Company.

During the year to 31 March 2021, the Company paid contributions to the Scheme in line with the Schedule of Contributions in force in the financial year. The deficit reduction contributions are currently paid in half yearly instalments due in July and January, resulting in the Scheme receiving payments of £27.5m in July 2020 and again at the end of January 2021. £27.8m was received post year end in July 2021. Under the current schedule, deficit funding will continue at the same level through to 2028 with the amount due each year being increased by the Retail Price Index (RPI) for the twelve months to the September prior to payment.

Governance

During the year, Capita, the third-party administrator to the Scheme, undertook their ninth Annual Data Integrity review on the Scheme's data and we are pleased to report that the quality of our data remains high with reference to the Regulator's requirements.

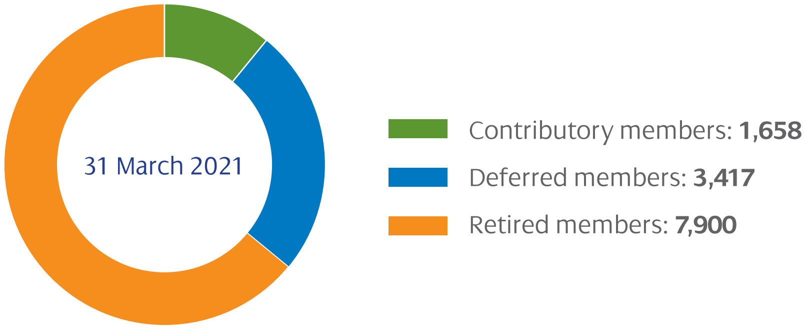
Capita has provided the administration service since 2009. Together with the Trustee Board of the ESPS Manweb Group, it was decided to put the contract out to tender, resulting in the selection of Mercer Limited (Mercer) as the new pensions administrator. A transition plan has been implemented and Mercer will fomally assume the service from 17 January 2022. Please read on in this newsletter for further detail on this and please read the separate announcement letter from the Trustee. Mercer also provide investment consultancy services to the Schemes.

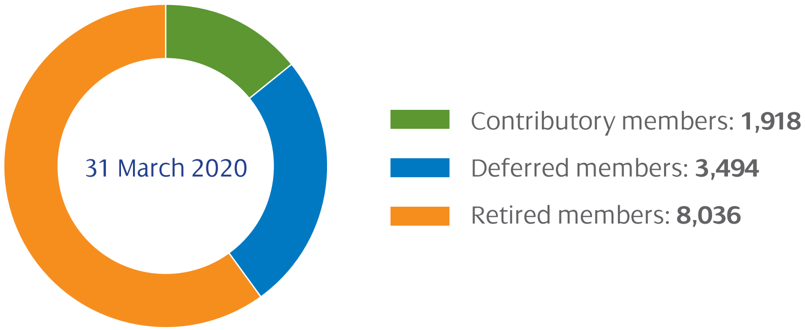
The Governance Sub-Committee (GSC) continues to maintain the Scheme Risk Register which identifies the risks in managing the Scheme and the actions required to mitigate these risks. In order to enhance the assurance that mitigating actions are designed and implemented effectively, the GSC appointed Grant Thornton as supplier assurance/internal audit provider to the ESPS Manweb Group and the ScottishPower Pension Scheme in August 2020.

The 2020/21 financial year has been another busy one for the ScottishPower Pension Scheme and we look forward to updating you on our activities in our next newsletter. In the meantime, we would like to wish you and your families all the very best for the festive season.

Scheme membership at 31 March 2021

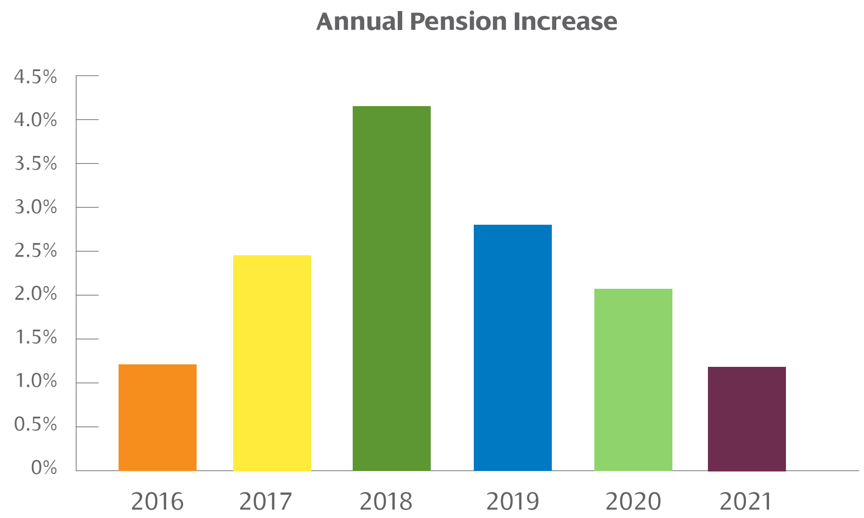
The Scheme is closed to new members, so the proportion of retired members to other members will steadily increase.





Inflation – how it affects your pension in payment

If you are in receipt of a Scheme pension, you will have benefited from an increase of 1.2% awarded from 16 March 2021. Your increase is based on the Scheme formula that awards annual increases in line with the Retail Price Index (RPI) where RPI is measured for the 12 months to the previous 31 December. The annual increase is restricted to a maximum of 5%, or 2.5% for service after 31 March 2006 if you are a retired member of the LifePlan section. Following a recent UK Government consultation, RPI is set to be made equal to the Consumer Price Index with Housing costs (CPIH) from 2030 which may affect your future pension increases.



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Funding update

Every three years the Scheme Actuary undertakes a full review (known as a valuation) of the Scheme's liabilities and considers how they compare with the level of assets (so whether or not there will be enough to pay the pensions that have been built up in the Scheme at the date of the review). As part of this process, the Scheme Actuary and the Trustee agree a set of financial and demographic assumptions which will be used in calculating the funding position.

In agreeing the key valuation assumptions with the Scheme Actuary, as well as reflecting our view on the Company's covenant, we need to take a view on three key factors:

- What long term return we expect from the Scheme's invested assets;
- How long we expect members to live; and
- What impact future inflation rates will have on salary and pension increases.

The last full valuation was calculated as at 31 March 2018, while the next actuarial valuation as at 31 March 2021 is currently ongoing. The results of the 31 March 2018 valuation, interim figures as at 31 March 2020 and preliminary results of the 31 March 2021 are shown in the table opposite. The March 2021 negotiations remain ongoing and the final position will be concluded in advance of the statutory deadline of 30 June 2022.

	Preliminary figures **31 March 2021**	Interim figures **31 March 2020**	**31 March 2018**
Value of assets	**£3,663m**	**£3,653m**	**£3,603m**
Amount needed to provide benefits (value of liabilities)*	**£3,861m****	**£4,257m**	**£4,038m**
Shortfall	**(£198m)**	**(£604m)**	**(£435m)**
Funding level	**95%**	**86%**	**89%**

*after adjustment for the longevity swap.
**liability value is subject to change following ongoing discussions with the Company.

Factors that led to an improvement in the funding position since the last valuation

Over the three year inter-valuation period, the key factor contributing to an improvement in the funding position was the strong performance of the Scheme's assets, with most of this occurring in the immediate 12 months leading up to the valuation date as markets rebounded significantly following the Covid-19 related market sell off in March 2020. The position was also helped by the high level of hedging which has broadly offset the impact of worsening market conditions over the period. The improvement in funding position has also been bolstered by Company normal and deficit contributions, together with a one-off contribution of £50m in April 2020 in relation to the sale of ScottishPower's Generation business.

As part of the 2021 valuation the Scheme Actuary has proposed a number of changes to the Scheme's financial and demographic assumptions which have led to an improvement in the Scheme's funding position. As the 2021 valuation is still ongoing, these assumptions are subject to change pending further discussions between the Trustee and Company. In aggregate, the proposed assumptions, along with the other factors mentioned above, had the effect of decreasing the deficit from £435m at March 2018 to £198m at March 2021.

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Funding update (continued)

ScottishPower UK plc signed up to give continuing support to the Scheme

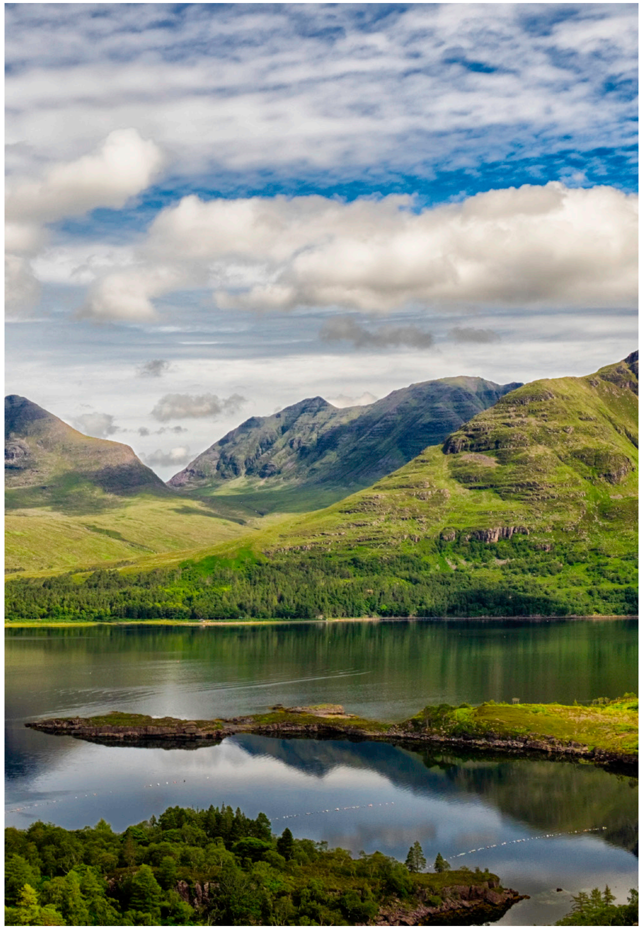
Following the 2018 valuation, ScottishPower UK plc signed up to remove the funding shortfall by paying deficit repair contributions which increase annually in line with RPI. The level is currently £53.7m. The first payment for the financial year ending March 2021 of £27.5m was paid in July 2020, with the remaining balance paid in January 2021. Post year end, a further installment of £27.8m was paid in July 2021. The last payment is expected to be made in January 2028.

The Company has also committed to paying 51% of total pensionable salaries for active members to meet the contributions currently required to provide future benefits. These are remitted to the Scheme monthly and reconciled by the Scheme Administrator on behalf of the Trustee. The Company also makes additional contributions of £1.7m to meet the administration costs of managing the Scheme and it separately meets the cost of the levies due to the Pension Protection Fund (PPF) and Pensions Regulator.

In addition, the Company pays the premiums for insuring the benefits payable on death in service whilst a contributing member of the Scheme. All this is over and above the Company's payment into the Scheme for those members participating in its Pensions Plus Salary Sacrifice arrangement.

Giving you and your beneficiaries peace of mind

With a sound funding plan having been agreed with the Company, we hope it will give you and your families reassurance that the funding shortfall is being faced head on and the Company is committed to ensuring the continuing security of the Scheme through careful financial management. This should give you peace of mind that the Scheme is supported by a strong Company covenant.



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Funding update (continued)

Additional information about what would happen if the Scheme were to be wound up

Our aim is for there to be enough money in the Scheme to pay pensions now and in the future, but this does depend upon the Company remaining in business and continuing to pay for the Scheme. In the very unlikely event that the Company became insolvent and unable to meet its share of any shortfall in the Scheme's assets then the Scheme would need to be wound up. "Wound up" means that no further benefits could be earned in the Scheme and the benefits you had already built up would need to be bought-out with an insurance company.

The ongoing actuarial valuation as at 31 March 2021 showed that the Scheme's assets would have been insufficient to pay for full benefits for all members to be provided by an insurance company, if the Scheme had been wound up at that date. It should be noted that although the preliminary 2021 results are available, these are subject to change following discussions between the Trustee and the Company.

Formal valuation	31 March 2021	31 March 2018
The liabilities if the Scheme was wound up	**£4,607m**	**£5,505m**
The Scheme's assets were	**£3,894m**	**£3,746m**
Adjustment for longevity swap contract	**(£375m)**	**(£276m)**
Thus the shortfall was	**(£1,089m)**	**(£2,036m)**
Funding level	**76%**	**63%**

In the unlikely event of the Scheme being wound up, the Company would be required to pay enough money to cover the cost of buying-out full benefits for all members through an insurance company. Insurance companies charge very highly for taking on such benefits as they require huge reserves to comply with their strict regulations, as well as covering their administration costs and providing a margin for their profits. The majority of schemes have a deficit when measuring liabilities in this context.

What if the Company could not pay for benefits to be provided by an insurance company?

If the Scheme were wound up due to Company insolvency, then it may be that the Company could not pay to buy out all the benefits. In this scenario, the Scheme and its benefits would go into the Pension Protection Fund (PPF). Under the current rules of the PPF those members already past normal pension age or in receipt of an ill health pension would be compensated for their full pension as would any dependant beneficiaries.

Members who had not yet passed normal pension age (whether in receipt of a pension, deferred or still contributing) would receive compensation equal to 90% of the value of their benefits, subject to a maximum age dependent payout. As at April 2021, the maximum payout for a member aged 65 was £41,461 p.a. Future pension increases will be subject to the rules of the PPF. You can find out more about the PPF and the level of benefits they provide on their website:
www.ppf.co.uk or
call the PPF helpline on 0330 123 2222.

Investments & Accounts

The investment objective of the Trustee is to ensure that the Scheme invests in assets which are managed in a professional, efficient and productive manner. The aim of this is for the income and capital growth from those assets, together with new contributions, to meet the cost of the benefits provided by the Scheme.

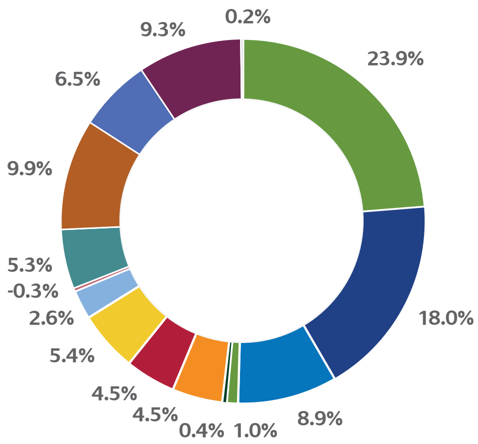
Investment strategy

The investment strategy is set by the Trustee after taking advice from the Scheme's investment advisers (Mercer), which takes account of the Scheme's current and anticipated future pension liability profile. The Trustee is responsible for making suitable arrangements for the investment of the assets of the Scheme and for monitoring the investment performance of those assets.

Developments in the year under review have comprised of increasing the assets sensitivity to interest rates and inflation to be more in line with the liabilities, through the liability driven investment ("LDI") portfolios. Additionally, as a result of improvements in the Scheme's (totalling 15% of assets) funding level, the Scheme completed three de-risking shifts from growth to matching assets over the year. As at 31 March 2021 the Scheme had a target allocation of 47.5% to growth assets.

The Scheme continued to expand the private debt commitments programme with an investment in the follow on vintage fund with Ares, which was completed in August 2020.

The following chart shows the spread of investments as at 31 March 2021*.



- BlackRock LDI - £833.6m
- Insight LDI - £627.6m
- BlackRock Equities - £309.4m
- BlackRock (Completion) - £34.7m
- BlackRock Currency Hedge - £15.6m
- BlackRock DGF - £157.2m
- Nordea DGF - £156.3m
- CBRE (Property) - £187.4m
- Deutsche Asset & Wealth Management Infrastructure - £90.5m
- Insight Equity Options - (£10.3m)
- Highbridge (Mezzanine Debt) £183.1m
- Private Debt - £344.2m
- Longevity Accounts - £225.8m
- Wellington and Oak Hill (Multi-Asset Credit) - £323.8m
- BNYM Cash - £5.6m

Total Investments - £3,484.7m***

How our investments have performed

The table below shows the investment return for the fund against benchmark to 31 March 2021**.

	Fund return	Benchmark
12 months	7.4%	7.0%
3 years annualised	6.7%	8.5%
5 years annualised	8.1%	8.9%

*All values from BNY Mellon except for the valuation of Deutsche Asset & Wealth Management which has been estimated by Mercer based on the market valuation as at 31 March 2021 provided by the manager and converted to Sterling based on market exchange rate as at 31 March 2021. Totals may not sum due to rounding.

**Data estimated by Mercer based on data provided by BNY Mellon and Deutsche Asset & Wealth Management. Figures exclude any gains or losses from the Scheme's longevity swap.

*** This asset figure is different to that quoted under the Funding Update because of differences in the measurement of asset values relating to the Scheme's longevity swap for different purposes.

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Investments & Accounts (continued)

Longevity swap contract

The Trustee transacted a longevity swap (a type of insurance contract) on 10 December 2014 with Abbey Life. Due to increasing life expectancies, the Trustee made the decision to protect the Scheme against longevity risk – the risk that members live longer than expected, creating a strain on the Scheme because pensions are paid for longer. Subsequent to transacting the longevity swap, Abbey Life was acquired by the Phoenix Group.

Balancing the books

In the following table are details of the Scheme's financial position as at 31 March 2020 and 31 March 2021. Further information is in the Scheme's Annual Report, including detailed audited financial statements for each year.

We are pleased to report that the external audit opinions in the 31 March 2021 Annual Report are unqualified. A copy of the latest audited full signed report can be obtained by emailing **pensions@scottishpower.com**.

	31 March 2020 (£'000)	31 March 2021 (£'000)
Total Expenditure	**(237,005)**	**(266,380)**
Pensions	(107,302)	(106,520)
Retirement lump sum	(5,424)	(10,014)
Lump sums on death	(807)	(820)
Taxation	(664)	(1,665)
Administration expenses	(2,864)	(2,020)
Transfer out	(119,944)	(145,341)
Total income/investment returns	**275,787**	**356,960**
Net investment returns	157,890	198,064
Transfer in	1,340	416
Employee contributions (not payable through Pension Plus)	706	609
Employer contributions (inc Pension Plus contributions)	115,228	157,059
Other income	623	812

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Your Trustee – who's who

Sean Burnard
Independent Chairman, LawDeb

June Dickson
Member Nominated, Business Compliance Officer, SP Energy Networks

James Hughes (re-elected October 2021)
Member Nominated, Senior Control Engineer, SP Energy Networks

William Kinnaird (re-elected October 2021)
Member Nominated, Retired Member

Norman McNeil
Member Nominated, Retired Member

Helen Gaier-Laidlaw
Company Appointed, Head of Business Readiness

Douglas Ness
Company Appointed, Control Director, Energy Wholesale

Donald Wright
Company Appointed, Treasurer

30 September 2021 Member Nominated Trustee Director Election Result

Three active candidates and two retired candidates stood for election. James Hughes was re-elected as an active Member Nominated Trustee Director and William Kinnaird was re-elected as a retired Member Nominated Trustee Director.

The Company also reviewed the composition of the Company Appointed Trustee Directors and following this review, Helen Gaier-Laidlaw (Licence Programmes Manager) and Douglas Ness (Control Director, Energy Wholesale) were appointed with effect from 1 October 2020.

The independent chair is a Company appointment. During the Scheme year, the Company undertook a review of the Independent Chair service provided to the ESPS Manweb Group and the ScottishPower Pension Scheme and decided to appoint the Law Debenture Pension Trust Corporation P.L.C. ("LawDeb"). LawDeb is represented on both Trustee boards by Sean Burnard.

Supporting the Trustee

Actuary — Martin Potter (FIA) of Hymans Robertson LLP

Accountants and Scheme Administrator — Capita Employee Benefits Ltd – transitioning to Mercer Ltd

Auditor — KPMG LLP

Banker — The Royal Bank of Scotland PLC

Custodian — Bank of New York SA/NV, London Branch

Independent Property Valuer — BNP Paribas Real Estate, Chartered Surveyors

Performance Measurement — BNY Mellon Asset Servicing

Investment Adviser — Mercer Ltd

Property Manager — CBRE Investors

Solicitors — Shepherd & Wedderburn WS

Employer Covenant Adviser — Ernst & Young LLP

Secretary of the Scheme — Xian Li/Lucy Baker

Investment Managers

- The Phoenix Group
- Angelo Gordon & Co
- Ares Management UK Limited
- Audax Management Company (NY), LLC
- BlackRock Advisers (UK) Limited
- CBRE Global Investors Limited
- Deerpath Capital
- Deutsche Asset & Wealth Management
- Highbridge Mezzanine Partners II LLC
- Insight Investment Management (Global) Limited
- Metric Capita Partners LLP
- Nordea Investment Funds SA
- Oak Hill Advisors L.P.
- Park Square Capita Credit Opportunities III (EUR) LP INC
- Permira Debt Managers
- Wellington Management International Ltd

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Trustee sub-committees

Investment Sub-Committee

The Investment Sub-Committee (ISC) monitors the following:

- investment strategy
- return objectives
- asset allocation
- manager selection and retention
- investment performance

The ISC is comprised of four Trustee Directors, although the ISC meetings are open to all Trustee Directors. The ISC met on four occasions during the 2020/21 Scheme year. The ISC members are:

- Sean Burnard
- June Dickson
- Norman McNeil
- Donald Wright

During the last year some of the main tasks covered by the ISC were:

- Confirming the investment strategy and asset allocation change to 47.5%:52.5% split between growth and matching assets is now fully complete. The ISC have since confirmed their intention to transition to a 45.0%:55% split between growth and matching assets however, this is yet to be implemented.
- Expanding on the private debt commitments programme with an investment in the follow on vintage fund with Ares, which was completed in August 2020.
- Reviewing Investment Beliefs policy to expand on ESG and climate change beliefs.
- Monitoring the performance of the investment managers each quarter.

The ISC regularly review the Statement of Investment Principles (SIP) to ensure it accurately reflects the Trustee's ongoing investment strategy, objectives and principles when investing the assets of the Scheme. Further information can be found using the following link: **www.sppensions.com**

Governance Sub-Committee

The Governance Sub-Committee (GSC) is joint with the ESPS Manweb Group and monitors the risks associated with the management of the Schemes. The GSC is comprised of four Trustee Directors, although the meetings are open to all Trustee Directors. The GSC met on five occasions during the 2020/21 Scheme year.

The SPPS GSC members are:

- William Kinnaird
- Norman McNeil
- June Dickson
- Helen Gaier-Laidlaw

During the last year some of the main tasks undertaken by the GSC were:

- Monitoring the day to day service provided by Capita and the in-house pensions team.
- Overseeing the transition of administration services to Mercer Ltd.
- Monitoring the Risk Register and assurance map of the mitigants in place to manage each risk.
- Overseeing the Annual Audit and production of the Scheme's Annual Report & Financial Statements.
- Reviewing the Business Continuity Plans that key advisers have in place to deal with any event that would otherwise stop their normal service.

Latest pension news

Taking your pension as a cash lump sum

Did you know that if the value of your Scheme pension benefits is less than £30,000, you may be eligible to receive the value of your pension as a one-off taxable cash lump sum, instead of receiving your pension in regular instalments?

Your eligibility to choose the cash lump sum option depends on your benefits in other pension arrangements. Broadly speaking, you are eligible only if your total pension benefits across all your pension arrangements (apart from any State benefits you may be entitled to) are valued at less than £30,000. There may also be the option of taking up to three small pots of £10,000 or less. If you think this may apply to you, you can contact the Scheme administrators for more information – their contact details are on the back page.

The State Pension age is rising!

The Government has announced its intention to further increase the State Pension age to 68 for people born between 6 April 1970 and 5 April 1978 bringing this group in line with those born after 6 April 1978 who already have a State Pension age set at age 68.

If you were born before 6 April 1970 your current State Pension age is either 65, 66 or 67 depending on your date of birth.

You can find out more about the State Pension and work out your personal State Pension age using a tool on the Government's website.

Go to **www.gov.uk/state-pension-age** and follow the instructions.

The minimum retirement age is also rising

For members without entitlement to a protected pension age on re-organisation or redundancy, the earliest age that benefits can be accessed as permitted by HMRC is likely to increase from age 55 to age 57 from 6 April 2028 for most people.

Further Government guidance is expected in this area and subsequent newsletters will provide further updates.

Delays to State Pension payments

We understand that the Department for Work & Pensions (DWP) has been experiencing delays in setting up new State Pension payments. At the time of writing, the DWP has advised that they believe all outstanding payments have been made, or have been in contact with people who need to provide further information to receive their State Pension.

You can find out more about the State Pension scheme, including how much you might get and your State Pension age, at: **www.gov.uk**. Choose the 'Working, jobs and pensions' link.

Tracking down lost pensions

It's worthwhile taking time out now to think about how much income you are on target to receive when you retire and whether it will be enough. Of course, your income in retirement may come from a number of sources, including previous employers. If you would like to track down a lost pension scheme, the Pension Tracing Service may be able to help you free of charge.

Visit: **www.gov.uk/find-pension-contact-details**

Tel: 0800 731 0193

Textphone: 0800 731 0176

When you call, it is a good idea to have some information to hand – such as your National Insurance number, the name of the company you worked for, and the dates you worked there.

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Latest pension news

Protect your pension savings

The relentless activity of organised criminals continues apace, with scammers using the global pandemic as an opportunity to develop increasingly sophisticated ways of tricking even the most financially savvy investors out of their life savings.

Please remember these simple steps to protect yourself from pension scams:

1. Be suspicious of all unexpected telephone calls, emails, and text messages, even if the person seems to have basic information about you. A genuine financial adviser will never cold call you.
2. Reject unexpected pensions opportunities, such as free pension reviews or investment opportunities for your pension savings.
3. Check the Financial Conduct Authority (FCA) register of authorised financial advisers. You can do this online at **https://register.fca.org.uk** or by ringing the FCA on 0800 111 6768. If you have hearing or speech difficulties and use next generation text relay, the number to use is (18001) 0207 066 1000. The FCA also has a list of unauthorised advisers and people they have received complaints about. Go to **www.fca.org.uk** and type 'unauthorised advisers' in the search bar.
4. Never agree to download software or an app unless you are certain it is safe. Scammers use these to access your device.
5. Carefully cross check website addresses and look out for the padlock next to the URL which confirms your connection to the website has not been compromised.

For more detailed advice, go to: **www.actionfraud.police.uk** or ring Action Fraud on 0300 123 2040 and **www.moneyhelper.org.uk**

Introducing MoneyHelper

MoneyHelper is a new Government-backed consumer website launched by the Money and Pensions Service. MoneyHelper brings together three financial guidance providers: the Money Advice Service, the Pensions Advisory Service and Pension Wise.

If you are looking for help with any aspect of your personal finances, including your pension, you may find **www.moneyhelper.org.uk** a useful place to start.

MoneyHelper aims to make your money and pension choices clearer; to cut through the jargon and complexity, explain what you need to do and how you can do it. It is free to use and provides impartial guidance and can recommend further, trusted support if you need it.

You can also ring MoneyHelper free on 0800 011 3797, Monday to Friday, 9am to 5pm.

Options at retirement

Your options at retirement

You can choose how to take your benefits when you retire and it's worth thinking about what you might do, even if retirement is a long way off.

You have the option to:

a. Take your benefits from the Scheme as pension with or without a pension commencement lump sum;

b. Transfer the cash value of your benefits to another Government approved pension scheme.

It's worth taking time to think about this now, even if retirement is still a few years away.

Transferring out your benefits

If you choose, you can transfer the value of your benefits to a Government approved pension arrangement that allows you to take your benefits in a more flexible way. For example, you may be able to:

a. Buy a higher pension if it doesn't increase in payment, or you don't require a spouse's pension.

b. Take a higher tax-free cash sum than the Scheme's rules allow.

c. Subject to tax-free allowances, draw regular lump sums and keep the rest of your money invested until you need it.

Transferring out your benefits is not for everyone and some members may prefer to receive monthly pension income throughout their retirement and to know that a spouse/dependants pension would be payable if required. Please be assured that this valuable benefit remains an option at retirement for active and deferred members.

Risk vs reward

When you're considering transferring your benefits from the Scheme, we would recommend thinking about the level of risk you're willing to carry in exchange for the amount of reward you want to aim to achieve. For example, the type of investment that offers the potential of high rewards will typically involve the highest risk. And if you do not want to take much risk, you may need to be satisfied with a lower reward.

When thinking about risk you should ask yourself two questions:

1. What is my tolerance for risk? This sums up your own feelings and is a personal measure of the amount of risk you are willing to take with your investments.

2. What is my capacity for risk? If my investments fall in the short term is there plenty of time for them to recover their value and grow further? Or do I have other investments I can rely on in retirement - making this pension less critical?

Options at retirement

How much will you need in retirement?

It's worth taking time to think about how much income you will need when you retire - but where do you start? You'll probably spend less on fuel or fares, but you'll want to continue enjoying the things you do now, and afford the things you dream of doing in the future. So how do you know if you have saved enough?

A good place to start is research published by the Pensions and Lifetime Savings Association (PLSA) designed to help people understand how much money they're likely to need in retirement.

PLSA's research shows that if you're single, have paid off your mortgage or won't be paying any rent, you'll spend:

£10,900 a year – if you plan to take a week's holiday in the UK every year and be able to eat out or go to the pub with your friends and family from time to time.

£20,800 a year – if you prefer a two week holiday overseas every year, and would like to have more money left over to enjoy the things you love to do.

You can find out more about PLSA's retirement living standards at **www.retirementlivingstandards.org.uk**.

Change of administrator

Separate to this newsletter you will have received an announcement from us in relation to the change in scheme administrator from Capita Pension Solutions Limited to Mercer Limited. Selecting and onboarding a new administrator has been a significant workstream for the Trustee and the Scottish Power Pensions Team since Summer 2020 which we hope will yield tangible benefits for the membership.

The Mercer service will go live from **17 January 2022**. Please note, there will be a period prior to this, between **6 January 2022** and **17 January 2022**, where Capita services will be restricted to allow for the final transfer in member data to Mercer. You can still contact Capita during this period in relation to new and pending queries as these will be addressed as part of the handover process.

You will receive a further reminder from us on the change in administration at the start of January 2022 and a welcome letter from Mercer will then follow in mid-January 2022.

Mercer's OneView will replace Capita's Hartlink Online platform and will be an important information source for all members. OneView will be launched after the service has gone live and you will receive further details on this in a subsequent communication.

Please note that Hartlink Online will be "view only" from 4 January 2022 and will be switched off on 17 January 2022. If there is information within Hartlink that you think you will need after this date, we recommend that you download/print/note it prior to 17 January. Please be assured that all member records and data are being mapped across to Mercer and this recommendation is being made to help you avoid any inconvenience arising from the transition process.

Contact details until 14 January 2022

ScottishPower Pensions Administrator

Tel: **0345 601 0577**

Email: **scottishpowerpensions@capita.co.uk**

Any questions about your individual benefits can be answered by Capita Administration Team using the contact details below until 14 January 2022.

Please note that Hartlink Online will be 'view only' from 4 January 2022 and will be switched off on 17 January 2022. If there is information within Hartlink that you think you will need after this date, we recommend that you download/print/note it prior to 17 January.