

## **ScottishPower Pension Scheme (SPPS) CETV policy statement**

### **Introduction - summary of benefits provided**

The main benefit you receive by being a member of this Scheme is your pension when you retire. But the Scheme also provides financial security for you and your family during your working life with ScottishPower.

Here is a reminder of what the Scheme gives you:

- A pension when you retire based on your service in the Scheme and your salary close to or at retirement
- The opportunity to exchange some of your pension for an increased cash sum, which is normally tax-free
- A pension payable for life that increases in line with inflation up to a cap
- Valuable benefits for your dependents and children if you die
- Protection if ill-health forces you to give up work
- Flexible tax effective options for topping up your main Scheme retirement benefits

### **Good value for money**

The Company pays the bulk of the cost of providing your benefits from the Scheme. It would cost you significantly more if you were to provide the same level of benefits yourself.

As a final salary scheme, membership is particularly valuable, as your benefits will generally be based on:

- The length of time you have been a member of the Scheme, and
- Your salary when you leave or retire

Your benefits are not directly linked to the performance of the Scheme's investments, which means it is easier to predict the level of income you will have after you retire. This is important when you are planning your life beyond work.

Although the Scheme provides you with security of benefits which minimizes any investment risk, you do also have the option to take a Cash Equivalent Transfer Value and transfer your benefits to another Pension Plan. The remainder of this Statement provides you with information on the option of a Cash Equivalent Transfer Value (CETV) quotation and the process for transferring your benefits to an alternative pension provider.

## **Cash Equivalent Transfer Value Policy Statement**

### **General information**

- Members have a statutory right to obtain a CETV quotation until they are within 12 months of their Normal Pension Age or in receipt of their pension
- It is the Trustee policy to provide CETV quotations to all members, not in receipt of their pension, on request
- An annual CETV quotation will be provided on request free of charge

- Any subsequent requests for a CETV within 12 months will be charged at £250 plus VAT
- If you are a Contributing Member, the CETV quotation will be an illustrative figure based on your accrued benefits at the date of your request. If you wish to obtain a guaranteed CETV quotation you must first Opt Out of the Scheme – see the Opt Out process section below
- If you are a Member with a deferred pension the CETV quotation will be guaranteed for 3 months from the date of quotation and is based on your deferred pension at that date. The guarantee expiry date is detailed on the transfer paperwork
- The CETV can only be paid to another appropriate registered pension scheme
- If your CETV is higher than £30,000 and you are transferring to a defined contribution arrangement you are required to seek advice from an Independent Financial Adviser. The Scheme Trustee will require a statement in writing from your financial adviser confirming that advice has been provided. **Your transfer cannot proceed without this statement**

#### Requesting a CETV quotation

- If you have not already done so, you should contact the scheme administrators, Mercer, to request a cash equivalent transfer value:

ScottishPower/Manweb  
Mercer Limited  
Post Handling Centre  
St James Tower  
7 Charlotte Street  
Manchester  
M1 4DZ

Tel - +44(0)330 808 1523

Contact Mercer Admin can be accessed via a laptop, PC or mobile device via  
[www.contact.mercer.com/green](http://www.contact.mercer.com/green)

- In certain circumstances your CETV may be referred to the Scheme Actuary for verification so it could take three to four weeks for it to be issued to you. Otherwise your CETV quotation should be issued within 2 weeks of your request being received.

#### Opt Out Process for Contributing Members

- As an active contributing member of the scheme the CETV that you receive is for illustrative purposes only and cannot be guaranteed. It is based on your accrued benefits at the date of CETV request
- Should you decide to proceed with a transfer you will need to opt out of the scheme and become a deferred member; This means that you will no longer be an active contributing member of the Scheme and will not be able to rejoin at a later date
- You must give two calendar months written Notice of your intention to opt of the Scheme

- You should request an opt out Notice from Mercer for completion and return to them
- When returning the Notice, and if you intend to transfer out, you should advise Mercer that you wish to obtain a guaranteed CETV quotation on expiry of the 2 months' notice period
- The first stage in this part of the process is for Mercer to calculate your Deferred pension at your opt out date
- For members of SPPS, the check that your pensionable salary has matched the increases in the Retail Price Index over the past 10 years must first be carried out. This will take place after the RPI for the relevant month is announced which will likely be 2/3 weeks after your opt out date
- Once your Deferred Pension is known Mercer will calculate your CETV which is guaranteed for 3 months from the date of calculation
- In certain circumstances your CETV may be referred to the Scheme Actuary for verification (usually where the value exceeds £1,000,000)
- It may therefore be 5/6 weeks after you have opted out of the Scheme before you receive a guaranteed CETV quotation
- If you had previously received an Illustrative CETV quotation whilst a Contributing Member, you will not be charged for the initial guaranteed CETV quotation after opting out if it is within 12 months of the illustrative CETV being issued

### **Settlement of your CETV**

- You can only transfer your CETV to another registered pension arrangement
- If you decide to proceed with the transfer of your CETV, you must return to Mercer the documentation provided with your guaranteed CETV quotation, duly signed and completed
- If your CETV is over £30,000 and you are transferring to a defined contribution arrangement such as a personal pension policy, you must also provide a Statement from your Independent Financial Adviser (IFA) confirming that you have been given independent advice on the transfer
- Mercer will review the completed documentation to ensure that it is in order and that your IFA is registered with the Financial Conduct Authority (FCA) to provide advice on Cash Equivalent Transfer Values
- Provided all the documentation is in order and received within the 3-month guarantee period, Mercer will settle your CETV within 2 weeks of receiving the documents
- If the documentation is received after the expiry of the 3-month guarantee period a requote of your CETV will be required. There will be a charge of £250 plus VAT for the re-quote
- Once you transfer your benefits to another pension provider ***you and your dependents will no longer be entitled to any benefits from the ScottishPower Pension Scheme***
- ***You should read the Appendix***

## Further Information

Please note that neither the Trustee nor Mercer can advise you whether it is in your interest to transfer your benefits to another registered pension scheme. It is strongly recommended that you take independent financial advice before considering this option. In most circumstances, as outlined in your transfer pack, you will be required to take advice before the transfer can proceed.

The Money Advice Service website provides free and impartial information on choosing a financial adviser and links to details of financial advisers in your area. The website can be accessed at:

<https://www.moneyadvice.service.org.uk/en/articles/choosing-a-financial-adviser>

Other organisations from which you can obtain information on pension transfers are:

- The Financial Conduct Authority (FCA)
- The Pensions Advisory Service (TPAS)
- The Pensions Regulator (TPR)
- MoneyHelper

Contact details for these organisations are below.

### **Financial Conduct Authority**

Consumer Helpline: 0800 111 6768  
Open 8am to 6pm, Monday to Friday  
Website: <http://www.fca.org.uk>

### **The Pensions Advisory Service**

Pensions Helpline: 0300 123 1047  
Open 9am to 5pm, Monday to Friday  
Website: [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

### **The Pensions Regulator**

Customer Support: 0345 600 7060  
Open 9am to 5.30pm, Monday to Friday  
Website: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

### **MoneyHelper**

Customer Support: 0800 011 3797  
Open 9am to 5pm, Monday to Friday  
Website: [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

## **Appendix – Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021**

New regulations under the Pensions Act 2021 came into effect on 30 November 2021. The new rules require greater member involvement in the transfer process where a member is choosing to transfer final salary benefits to a vehicle such as a Self-Invested Personal Pension or a Small Self-Administered Scheme. Statutory timescales for processing transfers mean that prompt member engagement is crucial. The new rules also mean that Trustee has the power to pause or block a transfer where there is a red flag indicating there is a heightened risk of a member being scammed.

The regulations apply to requests for statutory transfers, i.e. requests to transfer out benefits more than one year in advance of a member's normal retirement date under the Rules. For the avoidance of doubt, the Trustee is adopting a consistent approach to non-statutory transfers, i.e. requests to transfer out within one year of or beyond a member's normal retirement date under the Rules.

There are certain situations where a member will have an automatic statutory transfer right. This right will exist where the Trustee is satisfied beyond reasonable doubt that the receiving scheme is:

- a public sector pension scheme
- an authorised master trust
- an authorised collective defined contribution pension scheme

Transfers to products such as self-invested personal pensions (SIPPs) or small self-administered schemes (SSASs) will be subject to a red/amber flag regime.

Transfers can be paused or ultimately blocked where a red flag is present. A red flag will be deemed present where:

- no employment link can be demonstrated to a receiving scheme purporting to be an occupational scheme
- no residency link can be demonstrated to a receiving scheme that is a qualifying overseas pension scheme (QROPS) and/or no employment link can be demonstrated if the scheme is also purporting to be an occupational pension scheme
- the member has received unregulated advice
- the member has responded to pressure to proceed/unsolicited contact or has received an incentive to transfer out
- the member has failed to directly respond to queries on his or her transfer
- an amber flag is present and the member cannot prove, via production of an individual code, they have received mandatory guidance from MoneyHelper

An amber flag will be deemed present where:

- the receiving scheme invests in high risk, unregulated investments
- the proposed investment structure within the receiving scheme is complex or unorthodox
- the receiving scheme fees are high or unclear
- there has been a sharp or unusual rise in transfers to the same receiving scheme

To facilitate practical implementation on behalf of the Trustee, the Scheme Administrator will maintain a clean list of receiving schemes in relation to which sufficient due diligence has been performed to allow a transfer to proceed.

The Administrator will also require proof that MoneyHelper guidance has been taken via production of the individually generated code issued by MoneyHelper after guidance has been delivered. Where a red flag is present, they will refer the transfer to the Trustee for decision. Where this is the case, you will be notified that this has happened. It is expected that where a red flag is found to be present that a transfer will be blocked.