

Pensions Plus Guide

December 2017

For members of

The Manweb Group of the Electricity Supply Pension Scheme

ScottishPower Pension Scheme (including FSLP Benefits section members).

Pensions Plus is quite simple. It means that you and ScottishPower save National Insurance, as well as tax, on your pension contributions.

How Pensions Plus works

When you contribute to the Scheme via Pensions Plus, you agree to a reduction in your salary. This reduction is the same as the normal contribution you pay to the Scheme. In exchange, ScottishPower pays contributions to the Scheme on your behalf. This is a change in your terms and conditions of employment.

Because you have reduced your pay, you pay lower National Insurance contributions, and your take home pay increases. If you contribute to the Scheme outside of Pensions Plus, you only receive income tax relief on your contributions.

ScottishPower also pays reduced employer National Insurance on your lower salary, and uses this extra money to help offset the rise in the costs of running final salary pension schemes.

I previously opted out of Pension Plus, how do I opt in again?

You can opt back in to Pensions Plus at any time during the year. You should contact 1 HR Direct and request an Opt in Form for Pensions Plus

How much will I save?

This will depend on how much you earn. The examples below illustrate the savings that can be made. These figures are based on 2017/2018 NI contribution rates and current member contribution rates.

Scottish Power and FSLP Benefits Sections of the ScottishPower Pension Scheme

Pensionable Salary per year	NI paid per year	Reduced salary in Pensions Plus	NI paid per year	Your annual saving (increase in take home pay)
£15000	£820.80	£14250	£730.80	£90
£20000	£1420.80	£19000	£1300.80	£120
£25000	£2020.80	£23750	£1870.80	£150
£35000	£3220.80	£33250	£3010.80	£210
£50000	£4520.76	£47500	£4470.84	£49.92

The ESPS Manweb Group

Pensionable Salary per year	NI paid per year	Reduced salary in Pensions Plus	NI paid per year	Your annual saving (increase in take home pay)
£15000	£820.80	£14175	£721.80	£99
£20000	£1420.80	£18900	£1288.80	£132
£25000	£2020.80	£23625	£1855.80	£165
£35000	£3220.80	£33075	£2989.80	£231
£50000	£4520.76	£47250	£4465.80	£54.96

When should I opt out?

If you are in any of the categories below, you will not be able to participate in **Pensions Plus**; you will be automatically excluded from **Pensions Plus** and will pay contributions to the relevant Scheme in the normal way via a deduction from your pay. If you are in any doubt as to whether you are in any of these categories, please contact 1HR Direct.

You are on sick leave *and* in receipt of Statutory Sick Pay

Your earnings are less than £5,876 per annum

Your earnings would fall below the National Minimum Wage if you were to participate

If you already participate in our Childcare Vouchers scheme any amount taken from your pay in respect of these benefits will be taken into account when we check your earnings against these minimum earnings limits.

If you do not wish to participate in **Pensions Plus**, please complete an opt out form. These are available on request from 1HR Direct.

FAQS

Will Pensions Plus affect the pension and other benefits I get from Scheme membership?

All your Scheme benefits will continue to be based on your pensionable salary, which is calculated using your annual salary before any reductions for Pensions Plus or any other salary sacrifice arrangement that you have entered into.

Are my other employee benefits affected?

Pensions Plus will not affect any other salary related payments or benefits that you receive from ScottishPower, such as salary increases, shift allowances, bonus and overtime. These will be based on your annual salary before any reductions for Pensions Plus. Any allowances that are normally included in your pensionable salary will also be reduced under Pensions Plus.

Periods of absence:

Maternity, Adoption, Paternity and Sick Leave

While you are on these types of leave, you may receive statutory payments and ScottishPower may also provide you with non-statutory company benefits.

During these periods, you will continue to participate in Pensions Plus and benefit from NI contribution savings as long you are receiving pay above the statutory level. As it is not possible for your pay to be reduced via Pensions Plus once you are in receipt of statutory payments only, ScottishPower will continue to make pension contributions during this period.

Are my State benefits affected?

Pensions Plus may affect the following State benefits

- **Statutory Maternity Pay (“SMP”)**
- **Statutory Adoption Pay (“SAP”)**
- **Statutory Sick Pay (“SSP”)**
- **Statutory Paternity Pay (“SPP”)**

Our priority is to ensure that no one loses out on any employee or statutory benefits that they may be entitled to and that the level of these benefits is preserved and not diminished in any way by participating in Pensions Plus. To receive SSP, SMP, SPP and SAP, you must earn more than the LEL for NI purposes (£5,876 for 2017/2018). As Pensions Plus reduces your earnings, there is a risk that you may lose your entitlement to these benefits if your salary is close to the LEL limit and you participate in Pensions Plus. In addition, there may be a reduction in your SMP, SPP or SAP if you earn more than the LEL but less than the statutory weekly payment rates (£140.98 per week from April 2017 for SMP, SPP and SAP, £89.35 for SSP from April 2017). If Pensions Plus would bring your earnings below the relevant limits, you will be excluded from participation.

If you are in receipt of other State benefits you should check with the relevant authority to understand if there will be any impact on those benefits.

Will participating in Pensions Plus affect participation in the ScottishPower Share Incentive Plan or the ScottishPower Sharesave Scheme?

There will be no effect on participation in the ScottishPower Sharesave Scheme. There are statutory limits on the amount of money that can be deducted from your salary and used to acquire Partnership Shares under the ScottishPower Share Incentive Plan ("SIP") in any one year. The current limits are set at the lower of £1,500 and 10% of your taxable salary. As participation in Pensions Plus will reduce your salary for these purposes, it is possible that participating in Pensions Plus will reduce the extent of any future participation in Partnership Share awards under the SIP.

Will Pensions Plus affect the amount I pay in student loan repayments?

Employees with student loan repayments may find that a reduction in their gross pay due to Pensions Plus will take them below the earnings threshold for repayments to start, which could potentially delay repayments being completed.

Who can I contact for further information?

1HR Direct

Internal dial 147

External 0141 614 9980

ScottishPower Pensions Team

email: pensions@scottishpower.com

Freephone helpline: 0845 270 0841

Please remember that representatives of Scottish Power Limited can only answer factual questions about **Pensions Plus**: they cannot give you financial advice. If you are unsure about the implications of **Pensions Plus** for your specific circumstances you should speak to an Independent Financial Adviser.

This leaflet does not confer any entitlement to benefits. Full details of the Schemes are contained in the Trust Deeds and Rules governing the Schemes. If there is any conflict between the information provided in this Guide and the formal legal Trust Deeds and Rules governing the Schemes, the terms of the Trust Deeds and Rules will always apply.

The Income Tax and National Insurance treatment of pay and benefits is subject to change over time and ScottishPower must comply with any changes to legislation or HMRC policy. You will be paid and taxed for any benefits according to the HMRC legislation that applies at the time.

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