Electricity Supply Pension Scheme - Manweb Group

SCOTTISHPOWER

Member guide

For members of the Manweb Pension Scheme

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July 2017

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1. **Amendment to Personal Details**
   Complete this form if you need to let us know about a change in your circumstances, e.g. you get married, enter a civil partnership, or get divorced.

2. **Nomination for Lump Sum Life Assurance Benefit**
   Complete this form to let the Group Trustee know who you would like any lump sum death benefits paid to. Your wishes are not binding on the Group Trustee but provide an invaluable guide. If your circumstances change (for instance, if you marry, enter a civil partnership, divorce or start a family) you may wish to update this form.

3. **Nomination for Dependant's Pension Benefit**
   Complete this form to let the Group Trustee know who you would like any dependant's pension paid to. Again, your wishes are not binding on the Group Trustee.

4. **Notice of Direction**
   Complete this form if you joined the Scheme before 1 September 1986 to let the Group Trustee know who you would like any death benefits paid to. Your wishes are not binding on the Group Trustee. If your circumstances change (for instance, if you marry, enter a civil partnership, divorce or start a family) you may wish to update this form.

5. **Transfer Request Form**
   Complete this form if you wish to consider transferring any pension rights from a previous employer to the Scheme.

Please send completed forms to the Scheme Administrator at the address shown on the forms.

This is an interactive PDF, so you can get to any section that you want by clicking on the relevant title. You can also use the arrow icons to move from page to page, the content list icon to get back to this page at any time, and the printer icon to print any pages or forms that you need.

Introduction

We understand that information about pension schemes can be complicated. This Guide has been prepared so that you can see, at a glance, the benefits provided by the Manweb Group of the Electricity Supply Pension Scheme (ESPS) (the "Scheme").

The main benefit you receive from the 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. You may be able to receive many benefits from the Scheme including:

- A pension when you retire based on your service in the Scheme and your salary close to or at retirement;
- A cash sum as well as your pension, which is normally tax-free;
- A pension payable for life that increases in line with inflation which may be capped;
- The opportunity to exchange some of your pension for extra cash or some of your cash for extra pension for yourself or your dependants;
- Valuable benefits for your dependants 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;
- The option at retirement to exchange pension increases for a higher initial pension;
- The opportunity to transfer the value of your benefits to another pension arrangement.

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.

The Scheme is closed to new joiners.

You can view your own record and do pension quotations using the Retirement Illustrator by logging on to the secure pension portal, **www.sppensions.com**

You should consider taking independent financial advice before making any decision which could affect your pension. The Company and the Trustee cannot give you independent financial advice. You can find an independent financial adviser by visiting **www.unbiased.co.uk**

Important note

This Guide is intended to provide a summary of your benefits. Full details of the Scheme are contained in the Trust Deed and Rules governing the Scheme, available for inspection on the ScottishPower Pensions website www.sppensions.com. If there is any conflict between the information provided in this Guide and the legal Trust Deed and Rules governing the Scheme, the terms of the Trust Deed and Rules will always apply. The Guide will be updated as required to reflect any changes in legislation.

Quick answers to common questions

Your questions	Quick answers
What do I have to pay?	You currently have to pay 5.5% of your pensionable salary towards your Scheme benefits. See page 8 for details of how contributions are paid and how you save on tax and National Insurance costs.
What does the Company pay?	The Company pays whatever is required to meet the cost of providing your benefits. The Company pays a significant amount towards your funding pension.
What is my normal pension age?	Your normal pension age is 63 (60 if you joined the Scheme before 1 April 1988).
How is my pension calculated?	1/80th of your pensionable salary for each year of your pensionable service.
How much cash can I take at retirement?	Normally, your Scheme cash will be 3 x your yearly pension (currently tax-free).
How early can I take my pension?	Normally the earliest you can take your pension is age 55 although there are some circumstances where you can receive your pension earlier than this age - see page 14 for more information.

Your questions	Quick answers
How will my pension keep pace with inflation?	Once in payment, your pension will be increased in line with price inflation. The Rules allow for pension increases to be capped at 5% but the Company has agreed to use its best endeavours to pay full increases where the RPI exceeds 5% in any year. Any pensions paid to your spouse, civil partner, children or other dependants are increased in the same way.
What is pension increase exchange?	This option allows members to exchange pension increases on part of their pension (known as Exchangeable Pension) for a higher initial pension. The part of your pension that is known as your Exchangeable Pension is the pension in excess of any Guaranteed Minimum Pension (GMP) relating to your pensionable service in the Scheme before 6 April 1997.
Can I pay extra?	Yes. There are various approaches you can take to save more for your retirement in a tax efficient way. See page 9 for more details.
Can I transfer benefits in?	Yes, with the agreement of the Group Trustee you may transfer in the value of your benefits from a previous employer's scheme or from an individual pension arrangement.
What if I become too ill to work?	If, in the opinion of the Company's Occupational Health Adviser, there is sufficient medical evidence that you are unable to work for the Company due to serious ill-health or incapacity and the Company consents, you may qualify for an ill-health early retirement pension.

Your questions / Quick answers

Your questions	Quick answers
What if I die while still working for the Company?	The Scheme will pay a lump sum death benefit equal to 4 x your pensionable salary. Part of this can be used to provide extra pension for your spouse, civil partner or dependant. Your spouse, civil partner or dependant and your children will receive a pension from the Scheme.
What happens if I die after my pension starts?	If you die within 5 years of retiring, a lump sum equal to the balance of 5 years' pension payments will be payable. In addition, a pension will be payable to any surviving spouse, civil partner or dependant and to any children who qualify for a pension.
What do I get if I leave the Company?	You will have the option of either a deferred pension payable from your normal pension age or a transfer of your benefits to another pension arrangement.
May I transfer my benefits from the Scheme?	If a member opts out of the Scheme or leaves service they have the option to transfer the value of their benefits (known as a cash equivalent transfer value) to another pension arrangement.

If you have a question specifically about your Scheme benefits or wish to notify a change of circumstances please contact the Scheme Administrator:

Scheme Administrator

Capita
ScottishPower Pensions Team
Hartshead House
2 Cutlers Gate
Sheffield
S4 7TL

Helpline: **0345 601 0577**

scottishpowerpensions@capita.co.uk

If you have a question about the Scheme generally please contact:

ScottishPower Pensions Team

ScottishPower HQ
320 St Vincent St
Glasgow
G2 5AD

Internal Helpline: **744 6708**

Local Rate Helpline: **0845 270 0841**

pensions@scottishpower.com

Understanding the jargon

Added years	Additional years and days of pensionable service you can buy with extra contributions that are added to your pensionable service when your Scheme benefits are settled.
Additional voluntary contributions	Extra pension contributions you can pay, to build up additional retirement benefits. These can be paid to the Iberdrola Group (UK) Stakeholder Pension Plan or to an alternative arrangement. The Stakeholder Plan provides pension benefits on a defined contribution basis.
Annual allowance	The maximum amount by which the value of your pension benefits in the Scheme can increase each year. If your benefits grow by more than the annual allowance, you will need to pay a tax charge.
Company	ScottishPower UK plc, or the company or other organisation which employs you and through which you participate in the Scheme.
Deferred pension	A pension left in the Scheme (when you leave service or opt out of the Scheme) until you retire or choose to transfer your benefits to another scheme.
Eligible child	Any child of a member or their spouse, any legally adopted child of the member or their spouse or civil partner and can include, at the discretion of the Group Trustee, other children in relation to whom the member stood in the place of a parent. A person qualifies as an eligible child if they are under age 18 (21 if in full-time education or vocational training or beyond at the Group Trustee's discretion). No age restriction will apply if the Group Trustee is satisfied that your child suffers a permanent physical or mental disability and was financially dependent on you.
Group Trustee	Manweb Corporate Pension Trustee Limited, the Board of which consists of 9 Trustee Directors.
Guaranteed Minimum Pension (GMP)	That part of your Scheme pension built up for the period to 5 April 1997 as a result of being contracted-out of the earnings related part of the State Additional Pension.
Lifetime allowance	The maximum amount of benefits you can accumulate over your lifetime without incurring a tax charge.
Normal pension age	63rd birthday or 60th birthday if you joined the Scheme before 1 April 1988.
Pensionable salary	Normally pensionable salary is your salary or wages plus other taxable earnings agreed with the Company as pensionable, excluding any overtime or bonuses, in the last 12 months before retirement, death or leaving the Company. However, if either of the calculations which follow give a higher figure then the highest will be taken as pensionable salary: • your actual pensionable salary during any of the last 5 years you worked while a member of the Scheme but increased in line with the increase in the Retail Prices Index to the date you retired, died or left the Scheme, or • the average of your actual pensionable salary over any 3 consecutive years in the last 10 years you worked while a member of the Scheme but increased in line with the increase in the Retail Prices Index to the date you retired, died or left the Scheme.

Pensionable service	This is the number of years and days of contributory service you have built up as a member of the Scheme and includes: • the total number of years and days you have contributed to the Scheme; • any service credit that you have from a transfer into the Scheme; • any Added Years you have bought with extra contributions; • any Scheme service credit period you have been granted. Your pensionable service excluding any Added Years you may have purchased, will be rounded up to the next higher whole year. **Pensionable service is no longer restricted to a maximum of 40 years. The maximum pension you can build up without incurring an extra tax charge is governed by the lifetime allowance.**
Protected persons	Scheme members who started contributing to the Scheme on or before 31 March 1990 or were employed by a participating company on or before 31 March 1990 but were in an eligibility waiting period and joined at their first opportunity and are therefore covered by the pension protections afforded by the Electricity Act 1989.
Salary	Salary is your pay excluding overtime, bonuses and any other earnings which are not agreed as pensionable.
Scheme	The Manweb Group of the Electricity Supply Pension Scheme (ESPS).
Scheme actuary	The actuary appointed by the Group Trustee to carry out the 3-yearly actuarial valuations and advise on funding matters.
Scheme Administrator	Capita Employee Benefits Ltd.

How much do I pay?

The basics

- you are currently required to pay 5.5% of your Salary.

The details

Tax advantages

The cost to you of your pension is not as high as you might think because you get tax relief and if you participate in Pensions Plus you save on National Insurance contributions. Under current tax rules, any contributions you pay to your pension arrangements up to 100% of your earnings will receive tax relief (subject to the annual allowance). This is all at your highest rate of tax.

Pensions Plus important note

You have the opportunity to make pension contributions through Pensions Plus. This is an arrangement that can reduce the level of National Insurance contributions you pay, and increase your take home pay compared to paying contributions normally.

Through Pensions Plus, you do not make contributions to the Scheme as described in this Guide. Instead, your gross pay is reduced by the amount of your Scheme contributions each month known as your Pensions Plus adjustment. The Company then pays an additional contribution equal to your Pensions Plus adjustment straight into the Scheme. This is on top of the Company's normal contribution payable for you.

For more information about Pensions Plus refer to the Pensions Plus Guide which you can find on the website: **www.sppensions.com**

If you elect not to participate in Pensions Plus your contributions will continue to be deducted from your pay and you will pay National Insurance contributions on them. Please note that you can elect to participate in Pensions Plus at any time. Please contact 1HR Direct for details.

What does the Company pay?

You pay a fixed contribution towards your pension. The Company pays the balance of the cost of providing your benefits as well as the running costs of the Scheme. The Scheme actuary works out the amount the Company must pay by checking the level of the Scheme's funds and the expected payments the Scheme will have to make. This independent check is known as the actuarial valuation and must be done at least every 3 years. Details of the amount the Company pays are provided in the Scheme's annual newsletter. The newsletter explains the results of each actuarial valuation, the contributions the Company has committed to pay and an update on the overall security of your Scheme benefits.

Is there a maximum limit I can contribute into the Scheme?

You can pay up to 100% of your taxable earnings each year to pension schemes tax-free. Any contributions you pay above this will be subject to tax at your highest rate.

The government places a limit on the amount of contributions you and your employer can pay across all pension schemes in any year called the annual allowance. For this Scheme the annual allowance is based on the growth in your pension value and not the contributions you make. Currently the annual allowance is £40,000 for the tax year 2017/18. If you exceed the annual allowance, you will also have to pay an annual allowance charge.

From April 2016, anyone with taxable income over £150,000 (including pension contributions made by their employer) will have their annual allowance reduced. It will go down by £1 for every £2 that their income exceeds £150,000. If you think you might exceed the annual allowance, you should take financial advice. Remember that the increase in the value of your pension benefits in the Scheme will count towards your annual allowance.

Saving more

As a member of the Scheme you can add to your Scheme pension either by buying additional years of pensionable service, or by contributing to the Iberdrola Group (UK) Stakeholder Pension Plan or another personal pension. Each year your annual benefit statement will show you how much scope you have to pay extra contributions to boost your retirement savings.

Buying additional years of pensionable service

You can, with the Group Trustee's consent, buy Added Years of pensionable service within the Scheme that count towards your pension benefits. When you retire, the additional years and days of pensionable service that you have purchased with your extra contributions will be added to your pensionable service to provide benefits linked to your pensionable salary. You can pay up to 9.5% of your pensionable salary each year to buy Added Years of service and if you stop paying these contributions before you have finished paying for your Added Years, only the part you have paid for will count towards your benefits.

If you wish to get a quotation or find out more about this option please contact the Scheme Administrator.

Contributing to the Iberdrola Group (UK) Stakeholder Pension Plan or a personal pension

You can pay extra contributions to the Iberdrola Group (UK) Stakeholder Pension Plan. Any extra money that you pay will be invested in your own personal account. The amount of money that you receive at retirement will depend on how much you pay in, any charges payable, the performance of your investments, the age you retire and the cost of transferring your benefits or buying a pension with them when you retire.

At retirement, you will have the option of taking tax-free cash with the remainder being used to buy a pension, provide an income via income drawdown, or taken as taxed cash. Fidelity will notify you of all options. For more information contact the Scheme Administrator (see page 27).

Personal pensions work in the same way as the Iberdrola Group (UK) Stakeholder Pension Plan, and there is a wide choice of schemes to choose from, each with different fees and investment options. If you want to contribute to your own personal pension plan, you need to research your options fully and consider taking financial advice before making a decision.

All extra contributions you pay to a registered personal pension scheme or stakeholder pension, regardless of where you pay them will qualify for the same level of tax relief as your main Scheme contributions.

Remember

- before you decide to pay extra contributions towards increasing your retirement benefits it is important to be aware that these are long-term savings arrangements that cannot be accessed until you reach age 55.
- it is also important to take independent financial advice if you are considering saving extra for your retirement and are unsure which approach would be best for your circumstances.

How much will my pension be?

The basics

Your annual pension will be 1/80th of your pensionable salary for each year of pensionable service, plus a cash lump sum of 3 x your yearly pension.

Annual pension = 1/80 x your pensionable service x your pensionable salary

Under normal circumstances your pension will come into payment when you reach normal pension age.

Cash = 3 x your annual pension

We aim to pay your cash lump sum within 1 week of the date of your retirement.

The details

The way we work out your pension is simple.

If you retire at normal pension age your pension will be calculated as 1/80th of your pensionable salary for each year of your pensionable service. We will work out your pensionable salary when you retire or leave the Scheme.

For any period added to your pensionable service due to rounding up, we will take the contributions you would have paid in that period from your pension once it starts payment. For example, if you have been a member of the Scheme for 10 years and 6 months we will round this up to 11 years when calculating your pension. We will then deduct the contributions you would have paid from your pension for 6 months after it starts payment.

Note - If you are a male member who joined before 1 April 1988 and opt to retire at your normal pension age of 60, your benefits for service before 17 May 1990 will be reduced for early payment.

Example

You retire at age 63 having completed 30 years' pensionable service in the Scheme and your pensionable salary is £25,000. Your pension is 1/80 x 30 x £25,000 = £9,375 per year.

Your cash lump sum will be calculated as 3 x the amount of your annual pension (less any reduction that may be necessary if you paid lower contributions as a Scheme member before you reached age 25).

Your annual pension is £9,375 pa based on the example above so your cash lump sum is 3 x £9,375 = £28,125.

Remember, each year you receive your annual benefit statement which shows you what your retirement benefits could be at normal pension age based on your pensionable salary at each 1 April and the amount of pensionable service you will complete by your normal pension age (assuming that you remain a member of the Scheme).

Options

When you retire you can:

- give up part or all of your cash sum to increase your pension;
- increase your cash sum and receive a lower pension;
- exchange some of your own pension to provide increased pension for your spouse/civil partner or a dependant;
- exchange increases on part of your pension for a higher initial pension;
- transfer your benefits out of the Scheme to take them all as a cash lump sum (which will be taxed as income), or to put them into a drawdown scheme. If you choose to do this and the value of your benefits in the Scheme is more than £30,000, you will have to take financial advice before a transfer can go ahead.

From 6 April 2006, cash sums up to 25% of the total value of your benefits are tax-free (up to a maximum of 25% of the lifetime allowance). For more information see page 12.

What if I work part-time?

If you work part-time hours, the benefits you build up will reflect the number of hours you work. To calculate your pension we adjust your pensionable service to reflect your part-time hours, but we use the full-time equivalent of your pensionable salary. This makes it easier to combine periods of service with different contractual hours.

Let's say you have worked for the Company for 30 years, 20 years of which were full-time at 37 hrs per week and 10 years part-time at 18.5 hrs per week.

Your pensionable service will be calculated as:

20 + (10 x 18.5/37) = 20 + 5 = 25 years' pensionable service

This pensionable service would then be applied to a full-time equivalent pensionable salary to calculate your pension.

Pensionable salary relating to your full-time employment will not be converted. If you are in part-time employment, your lump sum death benefit would be 4 x your part-time pensionable salary. If you need more details on how your Scheme benefits are affected by changing your working hours please contact the Pensions Team.

Is there a limit on how much pension I can build up?

Yes, there is a lifetime allowance, but very few Scheme members will be affected by this limit. Under legislation, the overall value of your benefits (from this Scheme and any other registered pension scheme) will be tested when they come into payment against the lifetime allowance. The lifetime allowance is £1 million for the 2017/18 tax year.

As the lifetime allowance applies to all your pension benefits from all registered pension schemes, there is always a possibility that the benefits payable under this Scheme could result in you exceeding the lifetime allowance. However, the majority of members are not affected by this limit.

Each year your annual benefit statement will show you the value of the pension you have built up in this Scheme as a percentage of the lifetime allowance so that you can tell easily how much scope you have to build up extra retirement benefits.

Remember that the value of all your pension benefits built up in other pension arrangements will also count towards your lifetime allowance so it is important to keep all the documentation you receive from the pension providers as you may require this when you come to claim your benefits.

If the value of your pension from all sources exceeds the lifetime allowance, the excess will incur a lifetime allowance charge equal to 25% of the value of that excess pension. This will be payable in addition to the usual income tax which is payable on your pension once in payment. If you are subject to the lifetime allowance charge, you will also have the option of taking all the benefits under this Scheme which exceed the lifetime allowance as a lump sum. This will be subject to a lifetime allowance charge at the higher rate of 55%. You (or in the case of death benefits, your beneficiaries) and the Group Trustee will be jointly liable for the payment of any lifetime allowance charge which arises as a result of your benefits under the Scheme. The Group Trustee will have power to make provision for this charge by deducting any lifetime allowance charge from the benefits paid to you or your beneficiary.

We will give you details of the options you have shortly before you retire.

Can I take a cash lump sum at retirement?

The basics

When you retire you will automatically receive a cash sum of 3 x your yearly Scheme pension (currently tax-free).

You will also have the option to exchange some of your pension for additional cash lump sum, up to 25% of the total value of your pension benefits can be taken tax-free (up to a maximum of 25% of the lifetime allowance).

The details

Cash lump sums up to 25% of the total value of your benefits are tax-free (up to a maximum of 25% of the lifetime allowance).

The total value of your benefits includes:

- pension earned from the Scheme from your normal contributory service;
- added Years you have bought with extra contributions;
- service credits from a transfer into the Scheme;
- any other service credits granted in the Scheme.

We will give you a quotation of the cash sum you can take at retirement.

Example

You retire at age 63 having completed 30 years' pensionable service in the Scheme and your final pensionable salary is £25,000.

Your normal benefits are:

Pension: 1/80th x 30 x £25,000 = £9,375 per year
Cash sum: 3 x £9,375 = £28,125

You may take up to 25% of the value of your benefits as a tax-free cash sum. Using the Scheme's current cash commutation factors you can take the following benefits instead of the above:

- **cash sum £48,771**
- **reduced pension £8,477 per year**

This example is provided purely for illustration. The amount of pension and cash you will be entitled to will be calculated based on your particular circumstances and the cash commutation factors in use at the time.

The lifetime allowance covers the total value of pension you can receive from all sources without paying an extra tax charge. The cash sum, which you may receive in respect of your pensionable service completed before 6 April 2006, will not be less than the amount which you could have taken had you retired on 5 April 2006. We will give you a quotation of the cash sum you can take at retirement and details of the options for you to maximise the benefits you can take in cash form.

Can I retire early?

The basics

You may be able to retire early:

- due to ill-health;
- at your own request; or
- at the request of the Company.

The earliest age from which you can retire (other than on the grounds of ill-health) is age 55 except if you leave as a result of redundancy or reorganisation when when you can retire at age 50.

In all cases your early retirement pension will be calculated based on your pensionable salary and pensionable service completed at your early retirement date with prospective service added for ill-health early retirement. It may be reduced for the period between the date you retire and your normal pension age depending on the circumstances of your retirement. The reduction in your pension will depend on your age when you retire.

The details

If you retire early due to ill-health

If, in the opinion of the Company's Occupational Health Adviser, there is satisfactory medical evidence that you are unable to carry out any work that the Company can reasonably offer you as a result of serious ill-health or incapacity, and the Company consents, the Scheme can pay you immediate benefits without reduction. These will be calculated in the same way as your benefits would be calculated at your normal pension age, based on your pensionable salary at the date you leave the Company and on the pensionable service you would have completed by working to your normal pension age in the Scheme.

Example

Pensionable salary	**£25,000**
Total potential years of membership to your normal pension age	**30 years**
Normal pension age	**63 (see definition on page 6)**
Ill-health pension	**1/80 x £25,000 x 30 = £9,375 per year**
Ill-health cash sum	**3 x £9,375 = £28,125**

This example is provided purely for illustration. The amount of pension and cash you will be entitled to will be calculated based on your particular circumstances.

As with retirement at your normal pension age, your cash lump sum will be calculated as 3 x your yearly pension and you will have the same options around the mix of pension and cash you can take. The Group Trustee will review your state of health periodically and any earnings you have and, if they consider it to be necessary in light of that review, they can reduce, suspend or terminate your pension.

At your own request

If you ask to retire early and you are at least 55, you will receive a pension and lump sum from the Scheme with a reduction for early payment. The annual pension payable until you die will be based on the length of your Scheme membership up to the date you retire and on your pensionable salary at that time and then reduced by a factor which is dependent on how early you retire in advance of your normal pension age. Your cash lump sum will be 3 x your annual pension.

At the request of the Company

The Company may ask you to leave or retire early, perhaps because of a reorganisation or redundancy. If you are asked to leave or retire early in these circumstances, a pension is payable without reduction. Your pension will be calculated based on your pensionable service and pensionable salary to date of leaving.

How is my pension paid and does it increase?

The basics

Your pension is payable for life in monthly instalments on the first working day after the 21st of each month. You can view your monthly payslip on the Scheme website **www.sppensions.com**.

A payslip will be posted to your home address only if your net pension payment changes by £5 or more. You will receive a P60 posted to your home address.

The details

The Scheme increases the pensions it pays each year to help them keep pace with rising prices. After you retire, your pension will be increased on 1 April each year in line with inflation, as measured by the rise in the Retail Prices Index (RPI) over the 12 months to the previous 30 September. Although the Rules allow for pension increases to be capped at 5% the Company has agreed to use its best endeavours to pay the full increase where the RPI is above 5% in any year.

For most of the Guaranteed Minimum Pension (GMP) you earned before 6 April 1997 the State provides inflation-proofing from GMP pension age (60 for women, 65 for men). For the part of your GMP built up after 5 April 1988, the Scheme provides part of this increase each year in line with the rise in the Consumer Prices Index (CPI) up to a maximum of 3%. The State makes up any difference and also provides full CPI increases for any GMP earned before 6 April 1988. From your GMP pension age the Scheme provides RPI increases on your pension in excess of the GMP.

Your payments will be made directly to your bank or building society. Income tax is deducted from your pension, in the same way as from your salary at present. Pensions for your dependants are paid and increased in the same way. You will receive a letter confirming how your pension has increased each year.

Pension increase exchange

At retirement you will be given the option to exchange the pension increases on part of your pension (known as the Exchangeable Pension) in order to receive a higher initial pension. Your Exchangeable Pension is the pension in excess of any GMP relating to your pensionable service in the Scheme before 6 April 1997.

Full details of this option will be provided at the time of your retirement.

What happens if I die?

Protection if you die in service

The Scheme helps to protect the people who depend on you.

The basics

If you die in service with the Company as a member of the Scheme, the following will be payable:

- a death benefit lump sum cash payment;
- a spouse's pension payable to your spouse, civil partner or, at the Group Trustee's discretion, to a financial dependant; and
- allowances for your children.

The details

Life assurance

The lump sum death benefit payment is equal to 4 x your pensionable salary at the date of your death. Your spouse or civil partner can elect to receive a pension as an alternative to part of this life assurance payment.

Pension payable to your spouse, civil partner or dependant

This pension is 2/3rds of the pension you would have received at normal pension age. This is calculated using your pensionable salary at the date of your death and the pensionable service you would have completed by working to your normal pension age in the Scheme.

Children's allowances

The Scheme will pay pensions to your eligible children. Each eligible child (up to a maximum of 2) will receive an amount equal to 1/2 of your spouse's or dependant's pension. If you leave more than 2 eligible children, an amount equal to your spouse's or dependant's pension will be divided equally between your eligible children. Children's allowances will continue in payment for as long as your child remains an eligible child.

Example

Pensionable salary	**£25,000**
Total potential years of membership to normal pension age	**30 years**
Spouse's or dependant's pension 2/3rds of (1/80 x £25,000 x 30)	**= £6,250 a year**
Children's allowance (for each child up to a maximum of 2)	**1/2 of £6,250 being £3,125 a year**

This example is provided purely for illustration. The amount of pension and cash payable will be calculated based on your circumstances.

Financial protection for your dependants if you die after you have retired

The Scheme continues to offer financial protection for your dependants on your death after retirement by providing:

- a 5 year pension guarantee - if you die before you have received 5 years' instalments of your pension (unless you have retired on the grounds of ill-health), the Scheme will pay a cash sum equal to the outstanding pension payments for the remainder of 5 years.
- lump sum - if you die after retiring due to ill-health, the Scheme will provide a lump sum life assurance payment equal to 4 x your pensionable salary at the date you retired less any pension instalments (excluding increases) and lump sum already paid to you.
- a pension for your spouse or a dependant - this is equal to 2/3rds of your pension at the date of your death before you gave up any pension for other options.
- children's allowances - the Scheme will pay pensions to your eligible children on death in retirement in the same way as on death in service.

Financial protection for your dependants on death after leaving but before retirement

If you die after leaving pensionable service but before your deferred* pension has started, the following benefits are payable:

- a cash sum equal to the aggregate of the lump sum you could have received when your pension was due to start and 5 times your remaining annual deferred pension or, if higher, your total contributions (contributions paid for Added Years are excluded) with interest to date of death.
- a pension for your spouse, civil partner or dependant equal to 2/3 of your deferred pension, including any increases it has received up to the date of your death.
- a pension for your eligible children, calculated on the same basis as for death in pensionable service.

*Refer to page 21 on leaving the Scheme for an explanation of your deferred pension.

Who can qualify to receive death benefits on my death?

Lump sum death benefits

To ensure that the lump sum can be paid without delay and is not subject to inheritance tax, the Group Trustee has discretion to decide to whom it should be paid. Under the Rules of the Scheme we can consider paying this money to anyone you have named on your Nomination for Lump Sum Life Assurance Benefit form. To guide the Group Trustee, you should check that you have completed and returned a confidential Nomination for Lump Sum Life Assurance Benefit form. Although the Group Trustee will take your wishes into account, they are not legally obliged to follow them.

It is important that you submit a new form if there is a change in your personal circumstances for example, if you get married or divorced, register or end a civil partnership or if you have children. You can print off a fresh Nomination Form from the back of this Guide and once completed and signed you should post this to the Scheme Administrator at the address shown on the form.

If you joined before 1 September 1986 please complete a Notice of Direction if you have not already done so. This Notice arranges for the Group Trustee to pay the lump sum at their discretion. You can also suggest to us who you would like to receive the money. If you do not complete a Notice, the Scheme must pay the lump sum to your estate, and it will attract inheritance tax.

Spouse's, civil partner's or dependant's pension

Your legal spouse is your husband or wife. Your civil partner can also qualify for a spouse's pension. If there is no spouse/civil partner and you have submitted a Nomination for Dependant's Pension Benefit form, the Group Trustee can decide to pay the pension to another person who depends on you financially or whose finances were interdependent with yours.

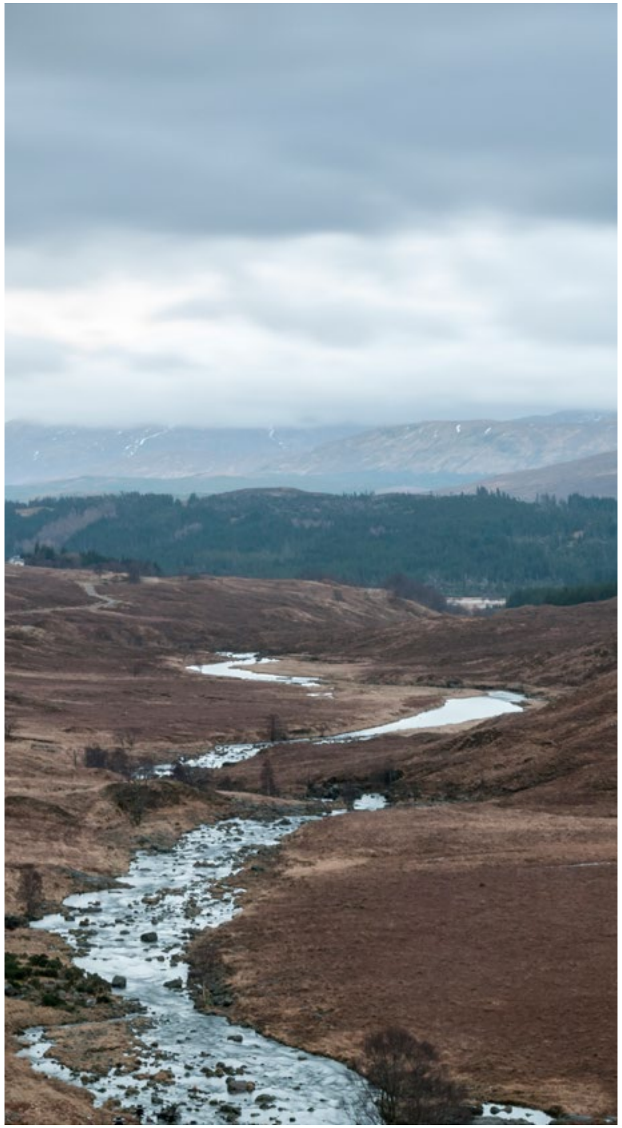
What is meant by financial interdependency?

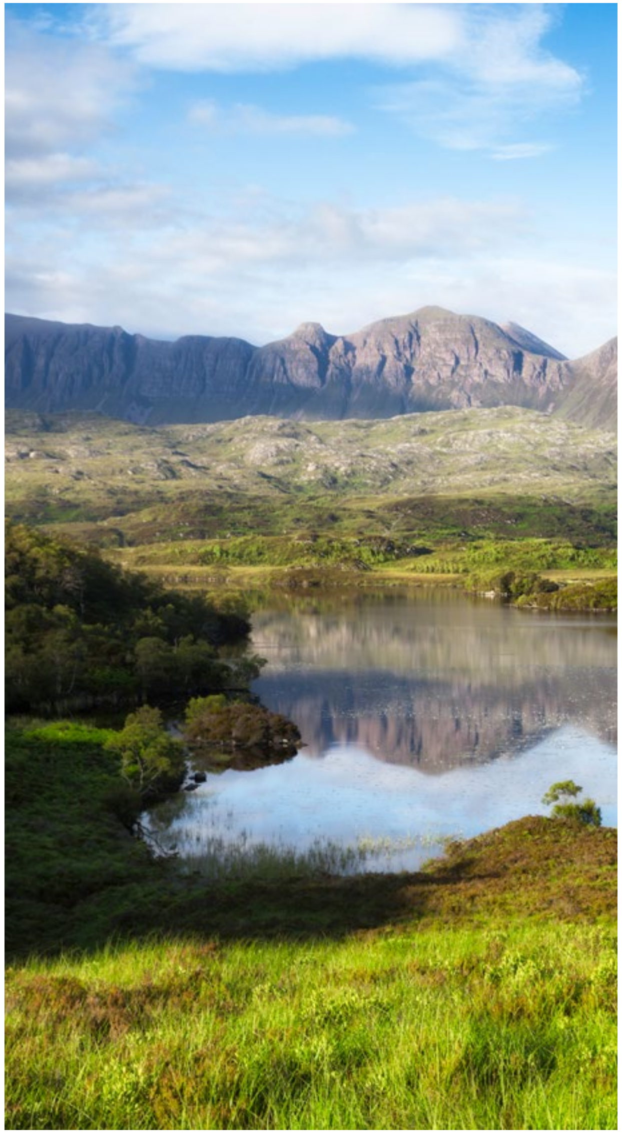
Some examples of financial interdependency are given below, but these are not exhaustive and not all need to be met. Typically, evidence supporting interdependency would include:

- you share a household and its related spending;
- you have a joint bank account or mortgage;
- you have made wills naming each other as beneficiaries.

Children's allowances

The Scheme will pay a children's allowance to your eligible children (see definition on page 6). The children's allowance will normally stop at age 18 but may carry on if the child is in full-time education (until age 21 or beyond at the Group Trustee's discretion). The allowance may also carry on if the child cannot earn a living because of a disability.





Working beyond normal pension age

You can continue to build up benefits in the Scheme as long as you are working. In this case, you will continue to pay contributions and build up pensionable service. You will remain covered for a life assurance benefit of 4 x pensionable salary. If you joined the Scheme before 1 April 1988, you will stop paying contributions when you reach age 60. You will keep building up pensionable service.

Can I transfer-in benefits from another pension scheme?

The basics

Yes, if the Group Trustee agrees you may transfer the value of benefits from another pension arrangement into the Scheme i.e. from a previous employer's pension scheme or from a personal pension.

The details

In return for the cash transfer payment received from the provider of the other pension arrangement you will be provided with a specified amount of additional years and days of pensionable service in the Scheme known as a back service credit. When your Scheme benefits come into payment the additional pensionable service secured by the transfer payment will be reflected in the final calculation of your benefits.

You will need to provide contact details for the administrators of your other pension arrangement/s to the Scheme Administrator who will contact the pension providers and request a current transfer value of your benefits held in their arrangement.

On receipt of the transfer information the Scheme Administrator will provide you with a quotation of the extra years and days of pensionable service that can be provided for you in the Scheme in return for the transfer value currently available.

There is no defined period for how long it takes to complete a transfer of benefits as it depends on information being provided by other scheme administrators and sometimes by the Department for Work and Pensions. The Scheme Administrator will keep you informed if there are any excessive delays. No formal transfer of monies will take place until the Scheme Administrator has received written authority from you that you wish to proceed with the transfer.

The additional years and days of pensionable service offered in the Scheme may not be the same as your pensionable service in your previous scheme, because the benefits from the two schemes are unlikely to be exactly the same or the same value. It is extremely important that you take independent financial advice if you are considering transferring any pension benefits from one arrangement to another. If you are interested in this option, please contact the Scheme Administrator.

What happens if I leave the Scheme?

If you leave the Scheme either by opting out or by leaving the Company you can either keep your right to a Scheme pension payable at normal pension age (a deferred pension and cash sum) or transfer your benefits to another pension scheme.

Keep your right to a Scheme pension payable at normal pension age (a deferred pension and cash sum)

Your deferred pension and cash sum will be calculated in the same way as your benefits would have been calculated at your normal pension age (if you had remained a contributing Scheme member) but based on your pensionable salary and pensionable service at the date you leave the Scheme. Any service credits from a transfer into the Scheme and any Added Years will be included. The Scheme will increase your deferred pension each year until it comes into payment. Under current law increases are in line with the Retail Prices Index up to a maximum of 5% a year.

You will receive your deferred pension from your normal pension age. If you leave as a result of redundancy or reorganisation, you may be able to receive your deferred pension from age 50 with no reduction for early payment. If you do qualify for an unreduced pension at age 50, this will not be affected by the increase in the minimum retirement age to 55 in April 2010.

You may also, with the Group Trustee's consent, request to retire before your normal pension age in which case your pension will be reduced for early payment. In these circumstances the earliest age benefits can be paid is 55.

Transfer the cash value of your deferred pension to another pension arrangement

At any time you can transfer the value of your deferred pension and cash sum out of the Scheme to a new employer's scheme or to a suitable individual pension arrangement. The Scheme actuary sets out how a cash equivalent transfer value of your deferred pension is calculated. This is the estimated value of your benefits taking into account the guaranteed increases before you retire and after the pension starts. At any time, whether you have left pensionable service or not, you can ask for an estimate of the transfer value. We only have to give you one estimate in any 12-month period. If you want a transfer value quotation you must put your request in writing to the Scheme Administrator.

Transferring pension benefits from one arrangement to another is complicated and it is important that you take independent financial advice before deciding to make any pension transfer to ensure that it is in your best interests.

Leaving the Company - what you need to do

In fact, you don't need to do anything. If you leave service the Scheme Administrator will be advised of your date of leaving and will contact you at your home address providing details of your Scheme benefits and explaining the options that you have. You should expect to receive information from the Scheme Administrator within two months of your date of leaving service.

Opting out of the Scheme without leaving the Company

Think carefully!

Membership is voluntary - you can choose to leave the Scheme at any time as long as you give the Scheme Administrator at least two months' notice. But please think carefully! You will have to make your own pension arrangements or rely on the State. It is really important to take independent financial advice if you are thinking about opting out.

Are you aware of these important points?

- you will not earn any further pension benefits in the Scheme while you continue working for the Company;
- you would be unlikely to be able to provide the same benefits for the same low cost if you arranged your own personal pension;
- you will not be able to re-join the Scheme if you opt out;
- you will no longer have the benefit of contributions paid towards your pension in this Scheme by the Company.

What you need to do

If you do decide to opt out of the Scheme you must:

- notify the Scheme Administrator who will issue the appropriate Notice for completion and return. Your membership will end on the last day of the month following the month in which the Scheme Administrator receives your completed Notice.
- if you have built up a pension in the Scheme your pension options will be exactly the same as if you had left the Company.

Taking time off work, parental leave and divorce

This section looks at the basics of how the Scheme Rules deal with the many changes you may experience throughout your working life. If you are in any of these situations please contact the Pensions Team for more details.

What if I am off work sick?

Most absences only last a week or so and do not affect your contributions or Scheme benefits. If you are absent from work for longer because of ill-health, the Scheme has special arrangements. You pay contributions on the actual pay you receive and your pensionable service for your period of absence will be reduced proportionately. If you make up the full rate of contributions when you return to work, you will receive benefits based on your normal rate of pay. If your pay stops, the Company can decide whether or not to allow you to continue membership of the Scheme.

Time off

If the Company gives you permission for a long-term absence from work without pay or on less than full pay you can decide whether to continue paying pension contributions at your normal rate of full-time salary. If you choose not to do this your pensionable service will be reduced.

New parents

The laws which deal with maternity, paternity and adoption leave set out your pension rights. During these types of leave, your membership of the Scheme will continue. Any paid leave as well as your statutory leave will count towards your pensionable service. We will base your benefits on the pensionable salary you would receive if you were working normally. However, you only pay contributions on the salary you actually receive.

During any unpaid leave, you will not pay contributions. The unpaid leave will not count towards your pensionable service. However, when you return to work you will have the opportunity to pay backdated contributions and make this period count as pensionable service. If you decide not to return to work after your unpaid leave, you will have to give written notice. You will leave the Scheme when your employment with the Company ends.

Parental leave

Your pension rights for parental leave are the same as for maternity, paternity and adoption leave.

Divorce

The courts have the power to take pension benefits into account when they share out a couple's assets to settle a divorce. Similar rules apply when couples formally dissolve a civil partnership. The court has several options:

- it can offset the value of your pension against your share of the other assets;
- it can earmark a share of your pension (England and Wales only) and lump sum so that when the benefits start, part must be paid to your ex-partner;
- it can make a sharing order against your Scheme pension - in this case, your own share of the pension remains in the Scheme and the value of your ex-partner's share will be transferred out of the Scheme unless your ex-partner is already a member of the Scheme, in which case, the Group Trustee (with the Company's consent) may decide to retain your ex-partner's pension share in the Scheme. The Scheme will transfer your ex-partner's benefit entitlement out of the Scheme to another registered pension arrangement selected by your ex-partner. If no selection is made by your ex-partner the Group Trustee will pay the transfer value of their benefits to a default individual arrangement outside the Scheme.

The Scheme may make a charge for providing information requested by the court.

If you need pension information for your divorce/dissolution of your civil partnership, please speak to the Scheme Administrator. Also, please think about updating your death benefit nomination forms.

State Pension and tax

The State Pension

The State Pension is payable from your State Pension Age and in addition to the pension you receive from the Scheme.

Anyone who reaches State Pension Age after 6 April 2016 will receive the new single tier State Pension. You will need to have paid, or been credited with making, 35 years of National Insurance contributions to get the full new State Pension. The final amount you get will also depend on whether or not you have paid National Insurance prior to 6 April 2016, as the contributions you made towards S2P under the old system will be taken into account. For any period before 6 April 2016 that you were a member of the Scheme, you were contracted out of S2P, which means that you paid reduced National Insurance and did not contribute to S2P. This will be reflected in the State Pension that you receive. For more details of how this works, see the government website **www.gov.uk/new-state-pension**

State Pension Age

The current State Pension Age is 65 for men born before 6 December 1953.

From April 2010 the State Pension Age for women has been gradually rising from 60 and will increase to 65 by December 2018. This affects women born on or after 6 April 1950.

From December 2018, the State Pension Age for both men and women will be increased to reach age 66 by October 2020. This affects women born on or after 6 April 1953 and men born on or after 6 December 1953.

The State Pension Age will further increase to 67 between 2034 and 2038 and to 68 by 2039.

Tax relief

You and the Company receive valuable tax relief on pension contributions and benefits.

There are limits to the amount of pension that you can build up over your lifetime, and each year, and still receive these tax reliefs. These limits are explained below.

The lifetime allowance covers the value of the total pension scheme benefits you may receive from all sources (apart from State Pension). It is £1 million (2017/18 tax year) and will rise each year in line with inflation. You can receive benefits above the lifetime allowance but these excess benefits will attract an additional tax charge (currently 25% if you take this excess as pension). The Pensions Team will contact you if your benefits in the Scheme are likely to exceed the lifetime allowance.

The annual allowance is £40,000 for 2017/18 tax year. This covers the total value added to your pension arrangements each year. If you have a taxable income of more than £110,000 a year, then your annual allowance will be less than this from April 2016. The minimum annual allowance is £10,000. You can find out more information on the government's website
www.gov.uk/tax-on-your-private-pension

How my Scheme is managed

How the Scheme is run

The ESPS has a number of separate schemes called Groups. Each Group owns and manages its own assets and has its own set of trustees. The assets of the ESPS are kept entirely separate from those of the Company. Electricity Pensions Trustee Limited (EPTL) is a trust company which has responsibility for holding the assets of all the Groups in the ESPS in safe custody, and preparing accounts for the ESPS.

Your Scheme is managed by the Group Trustee of the ESPS Manweb Group, whose duty it is to administer the Scheme in the best interest of you and your dependants. The Group Trustee administers and governs the Scheme strictly in accordance with the legal Scheme Trust Deed and Rules and in line with all current pension legislation. These legal documents set out the powers and responsibilities of the Group Trustee. The Scheme is registered with HM Revenue & Customs and the Scheme Rules meet current HM Revenue & Customs requirements. This allows the Scheme to be registered for favourable tax treatment. The Scheme's assets are held entirely separately from those of the Company.

The Group Trustee is a corporate trustee, Manweb Corporate Pension Trustee Limited. The Board of the Group Trustee is made up of 9 Trustee Directors - 3 appointed by the Company including 1 Independent Trustee (Chairman), 2 nominated by the contributing members and 4 nominated by the retired and deferred Scheme members. There is an election every 2 years for 3 of the nominated posts.

Each year the Group Trustee publishes the Scheme's **Annual Report and Accounts**. This gives details of the funding level, audited accounts and how the Group Trustee has managed the Scheme over the year. You can obtain a copy from the Scheme Website, **www.sppensions.com**

The Group Trustee appoints a number of specialist advisers to help with the running of the Scheme. The names of these advisers and details of their duties are given in the Annual Report.

Changing or closing the Scheme

While the Company is fully committed to the Scheme and intends to maintain it for the foreseeable future, the Rules have to contain provisions for amending or closing it. In the unlikely event of the Scheme closing, its assets would be used to provide benefits for members and their families. If the Scheme's assets on closing were not sufficient to pay all benefits in full, the shortfall would become a debt on the Company. However, the Company and the Group Trustee aim to maintain a high level of security for your benefits. The Scheme actuary carries out an in-depth review, or valuation, of the Scheme's finances at least once every 3 years.

As well as carrying out this major review, the actuary provides the Group Trustee with quarterly updates, confirming the strength of the Scheme's finances. In addition, the Rules provide protection for accrued benefits and the Electricity Act 1989 contains protection for employees who are Protected Persons in terms of that Act.

The Protection Regulations provide for the protection of pension rights of those who were members of the Scheme as at 31 March 1990, together with their dependants. Employees who were then under membership age, but joined subsequently when first eligible, are also protected.

The Regulations impose duties on the Employer which include the protection of both accrued and future benefits. That protection includes situations where members are transferred from one employer to another, either voluntarily or in connection with employer restructuring, and on the partial or total winding-up of the Scheme.

Your Scheme benefits are not assignable

Your Scheme benefits are strictly personal and cannot be assigned to any other person, or used as security for a loan.

Data protection

The Group Trustee, Scheme Administrator and the Company need to hold personal information about you and your benefits in order to run the Scheme. We arrange to keep your data secure and will only disclose it in limited circumstances. Some of this data is classed as sensitive data under the Data Protection Act 1998. As a Scheme member, you agree to us holding and using your data in this way.

You are responsible for keeping us up to date with your personal details. Please advise any changes to the Scheme Administrator.

Keeping track of previous pensions

Details of the Scheme, including an address at which the Group Trustee may be contacted, have been forwarded to the Pensions Tracing Service. The Pensions Tracing Service can also help you if you have lost touch with a previous pension scheme.

Help with pension problems

We aim to achieve the highest standard possible in the management and administration of the Scheme. Any queries about the Scheme should be referred to the Administrator or the in-house Pensions Team, which will always try to provide a prompt and accurate response.

The Group Trustee has an Internal Dispute Resolution Procedure which is designed to deal with any complaints that a member may have regarding his or her benefits or the general running of the Scheme.

If you have a complaint, you should contact the Head of Pensions in the Pensions Team in the first instance. If you are not satisfied with the way your complaint is dealt with at this stage you can appeal directly to the Group Trustee up to 6 months after receiving the first stage decision. The Group Trustee will consider your case and respond with its decision.

As a last resort, you may approach the Pensions Advisory Service and ultimately the Pensions Ombudsman to arbitrate on a matter involving your membership of the Scheme.

The Pensions Advisory Service

The Pensions Advisory Service is available at any time to give you information and guidance on pensions. It covers State, company and personal pensions. The Pensions Advisory Service can help anyone who has a problem, complaint or dispute with his or her occupational or personal pension scheme.

The Pensions Ombudsman

The Pensions Ombudsman investigates and decides complaints and disputes of facts or law in relation to pension schemes. The Ombudsman is completely independent and there is no charge for this service. The Ombudsman can normally only consider cases after you have used the scheme's own dispute resolution procedure and contacted the Pensions Advisory Service.

The Pensions Regulator

The Pensions Regulator is the regulator of work-based pension schemes in the UK. The Pensions Regulator is able to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties. Its priority is to work with schemes to identify and reduce any risk to members' benefits.

Keeping you informed

This Guide has been issued to provide you with a detailed summary of the provisions of the Electricity Supply Pension Scheme. In addition, the following key information about the Scheme is available to you from the Scheme website **www.sppensions.com**

- the Trust Deed and Rules;
- annual Report and audited financial statements;
- statement of Investment Principles;
- actuarial Valuation Report;
- scheme Newsletter.

Useful contacts

Scheme Administrator

Contact Capita to discuss your benefits, request a quotation or request help about how your benefits are calculated.

Capita
Hartshead House
2 Cutlers Gate
Sheffield S4 7TL

Helpline: 0345 601 0577

scottishpowerpensions@capita.co.uk

ScottishPower Pensions Team

If you have a question about ScottishPower pensions generally please contact the in-house Pensions Team.

ScottishPower Pensions Team
ScottishPower HQ
320 St Vincent St
Glasgow
G2 5AD

Internal helpline: 744 6708

Pensions Team local rate helpline: 0845 270 0841

pensions@scottishpower.com

Group Trustee

You can contact the Group Trustee by writing to:

Pensions Trustee Secretary
ScottishPower Pensions Team
ScottishPower HQ
320 St Vincent St
Glasgow
G2 5AD

The Pensions Advisory Service

11 Belgrave Road
London
SW1V 1RB

Helpline: 0300 123 1047

enquiries@pensionsadvisoryservice.org.uk

www.pensionsadvisoryservice.org.uk

The Pensions Ombudsman

11 Belgrave Road
London
SW1V 1RB

Helpline: 020 7630 2200

enquiries@pensions-ombudsman.org.uk

www.pensions-ombudsman.org.uk

The Pensions Regulator

Napier House
Trafalgar Place
Brighton
BN1 4DW

www.thepensionsregulator.gov.uk

The Pension Tracing Service

9 Mail Handling Site A
Wolverhampton
WV98 1LU

Helpline: 0345 6002 537

www.gov.uk/find-lost-pension