

# EDF GROUP OF THE ESPS (EDFG)

## Member Update

October 2023



# HELLO AND WELCOME TO YOUR AUTUMN 2023 UPDATE

I'm writing to tell you the latest news about the EDF Group of the Electricity Supply Pension Scheme ("EDFG" or "the Group"), and the wider world of pensions.

It should take only 15 minutes to read this update, which contains important information for you, so I'd encourage you all to make time to read about your pension.

In the announcement sent to you in August 2023, I introduced myself as the new Trustee Chair, following the retirement of our previous chair, Andy Spurr.

I'd like to pay tribute to the leadership and guidance that Andy gave to the Group over his 9-year tenure as Trustee Chair. Andy has overseen several important milestones and innovations for the Group during his time in the role, including:

- the Consolidation project which brought together the three legacy EDF schemes and formed EDFG,
- the delivery of an improvement in the long-term financial commitment by the Company to the Group,
- navigating the Group through the unprecedented circumstances caused by the COVID-19 pandemic, and
- the completion of three actuarial valuations which has seen an improvement in the Group's funding level from a deficit of £720m (85.7% funding ratio) declared at the BEGG 2013 Valuation, to a surplus of £1.2bn (114% funding ratio) in 2022.

Andy was the model of an authentic leader, determined to deliver the highest standards for the benefit of the Group and its members. It is a credit to him and his hard work that the Group is in a great position and well placed for the future.

On behalf of the Trustee Directors, Company and EDF Pensions Management Team I would like to express our gratitude to Andy for his significant contribution and our appreciation for his impact and influence in achieving the best outcomes for members.

In this edition we introduce you to Trafalgar House Pensions Administration, the provider we have chosen to partner with for delivery of our pensions administration from mid to late 2024. Until then Mercer will continue to administer the Group on behalf of the Group Trustees. You'll also see a summary of the Group's activities for the year ended 31 March 2023 along with the Group's Summary Funding Statement, which can be found on page 3.

The ongoing rise to the cost of living in the UK may leave pension savers more vulnerable to scammers. Please take some time to read our articles on how to protect yourself from scammers and cyber criminals. Also, please remember to update your nominated beneficiaries if you haven't already done so or if your circumstances have changed. Details of how to do so can be found on page 8.

Finally, I would like to thank all the Group Trustees for the significant achievements that have been realised from their work and service to the Group. The Group Trustees also commend their advisers and the EDF Pensions Management Team for their exceptional service and support during another extraordinarily challenging period.

**Joanna Matthews**  
**Chair of the Trustees**  
**EDFG**

## CHANGING OUR ADMINISTRATOR

In our August 2023 member announcement, we shared we are moving our pension administration services away from Mercer (who are due to be purchased by Aptia later this year).

We're now delighted to let you know we've appointed Trafalgar House Pensions Administration as our new provider.

### When will the services from Trafalgar House start?

At the moment, we're busy working with Trafalgar House, making sure their team understand the Rules and Processes of the Group to help with a smooth transition.

We expect them to take over in Q3 2024. Until then, please continue to contact Mercer, as you do now.

### A bit about our new administrator

Based entirely in the UK, Trafalgar House are 100% focused on administering pension schemes, with an impressive track record of investing in their

people and delivering high levels of customer satisfaction. In selecting a new provider, we were particularly impressed with their focus on member experience and use of modern technology.

We're confident they will bring a new and improved level of service for all our members.

Their beliefs and values closely match those of the Trustee Board and EDF. You can find out more about them on their website:

<https://trafalgarhouse.co.uk/about-us/>

### What happens next?

We'll be telling you more about Trafalgar House in the Spring 2024 Member Update. You'll then receive a welcome pack from them later in 2024. This will contain everything you need to know, including how to get in touch and access your pension account on-line.

## SUMMARY OF THE GROUP'S ACTIVITIES FOR YEAR ENDED 31 MARCH 2023

The Group must publish its Annual Report and Financial Statements "Annual Report" on or before 1 November following the end of each scheme year (1 April to 31 March). The Annual Report details the management and financial performance of the Group during the year. Here we set out the key points from the report.

### Key highlights for year ended 31 March 2023:

- The Group completed the Defined Benefit (DB) 2022 triennial valuation.
- The membership of the Group at 31 March 2023 was 30,048 people (active 795, deferred 17,273, pensioner 9,876 and dependant 2,104).
- The Group had £6,477m of funds under management on 31 March 2023. This represents a funding position of 105% when comparing DB assets to DB liabilities and puts EDFG in a strong position to meet the benefits that have built up in the Group.
- On 23 September 2022, the UK's mini budget was announced, causing many pension schemes to experience a fall in the value of LDI investments due to extreme rises in interest rates. This contributed to a significant fall in the Group's total DB assets, resulting in the Group's assets falling from £10,228m as at 31 March 2022 to £6,477m as at 31 March 2023, a 37% decrease over the period.

However, this was offset by a similar decrease in the value of the Group's liabilities over the period, so despite the heightened volatility, the Group maintained a healthy funding level throughout the period of market stress.

- The investment return for the year ended 31 March 2023 was -34.7%, which was a better performance than the benchmark by 1%, with returns over the 3-year period outperforming the benchmark by 3.8%.
- The Group auditors, PricewaterhouseCoopers LLP, audited the Annual Report and their report was unqualified, meaning there were no matters that needed to be reported to the Pensions Regulator.

If you would like to view the Annual Report in more detail, you can find this in the 'Materials & Downloads' section of [OneView](#) or by getting in touch with the Fund Secretary. See the 'Communicating with you' section for contact details.

## SUMMARY FUNDING STATEMENT

### Background

The Trustee has a statutory duty to provide you with an annual update on the Group's funding position.

### An update on the Group's financial position

As your Trustee, we work closely with the Company to make sure the Group is properly funded, secure and governed. A big part of this work is checking we have the assets we need to continue paying benefits long into the future.

Every three years, the Group Actuary, David Eteen of Aon, formally reviews the funding of the Group. This review is called a 'valuation'. The latest valuation took place as at 31 March 2022 with the results communicated to the membership in our Spring 2023 Member Update.

To show you how the Group has performed over the year to 31 March 2023, here's the latest annual update:

### Overall, the Group's funding has worsened over the year

The funding of a Group shows the value of its assets compared with its liabilities. This can be expressed either as a percentage difference (funding level) or as a numerical difference in pounds (a surplus or a shortfall).

In the year to 31 March 2023, the overall value of the Defined Benefits (DB) assets in the Group decreased by £3,731m, the main contributing factor for this was due to extreme rises in interest rates following the UK Government's "mini-budget", as explained above.

### Here's how the Group performed

Here's how the assets and liabilities changed in the Group between 31 March 2022 and 31 March 2023:

31 March 2022	
Assets	Liabilities
£10,166m	£8,918m
Funding level	Surplus
114%	£1,248m

31 March 2023	
Assets	Liabilities
£6,435m	£6,147m
Funding level	Surplus
105%	£288m

**Assets** are the investments that the Group holds. Their value can increase from investment returns and from contributions from the company or can decrease in value due to market movements.

**Liabilities** represent the pension payments we make to members now and in the future. They include any assumed changes in the economy and membership of the Group.

The asset and liability figures quoted above relate only to DB benefits built up in the Group. They exclude assets arising from members' Additional Voluntary Contributions (AVCs) and other Defined Contribution (DC) investments. The value of assets held in members' AVC accounts and pure DC investments will always be equal to the value of the corresponding liabilities.

### Other calculations of the Group's funding level

Our Actuary is required by law to report on the theoretical position if the Group had been wound up (or "discontinued"). This is based on how much money the Group would need to pay an insurance company to 'buyout' all its liabilities, that is take over the payment of members' benefits in full.

Please be assured there are no plans to discontinue the Group but, by law, we must provide you with this information as at the valuation date. If the Group was wound up or discontinued at 31 March 2022, the Group's assets would not be sufficient to pay for the full benefits of all members. The funding level on a discontinuance basis was 81% as at 31 March 2022, equivalent to a shortfall of around £2,349 million.

### Other details we are required by law to tell you

We are required to inform you that no payments have been made by the Group to the Company since the last summary funding statement was provided and that the Pensions Regulator has not intervened in the running of the Group. We are pleased to confirm both points.

## REGULATORY DISCLOSURE ABOUT THE GROUP

Under UK Pension Regulation, the Trustee is required to make available certain documents on a publicly searchable website. We've made the following documents available to you on [OneView](#) and [the download centre of the EDF Energy website](#).

Document	What is this?
Statement of Investment Principles (SIP)	Sets out the Trustee's investment strategy, including the investment objectives and investment policies adopted
Implementation Statement	Provides evidence that the Group continues to follow and act on the principles outlined in the SIP with a focus on stewardship activities, implementation of the Trustee's main investment principles and ESG factors.
Chair Statement	An annual report in respect of the Group's DC investments which reports on: <ul style="list-style-type: none"><li>• Processing of core financial transactions</li><li>• Disclosure of member-borne transaction costs and charges including a number of illustrative examples of the cumulative effect of costs and charges on pension savings over a period of time</li><li>• Assessment of value for members</li><li>• How the Trustee has met trustee knowledge and understanding requirements.</li></ul>
Taskforce on Climate-Related Financial Disclosures (TCFD) report	Sets out the Trustee's approach to climate-related risks

Further, more detailed, material about the Group is available on [OneView](#).

For more information on the wider Electricity Supply Pension Scheme "the Scheme" TCFD report – the Scheme Trustee's identification, assessment and management of climate change risk - please visit <https://www.espspensions.co.uk/#useful-documentation>

## TOPPING UP YOUR NATIONAL INSURANCE CONTRIBUTIONS

### For men born after 5 April 1951 and women born after 5 April 1953

The new full State Pension is £203.85 per week but this depends on how many qualifying full national insurance years you've got. If you've had gaps in employment, low earnings or been living or working abroad then you may be missing some qualifying years.

Taxpayers have been able to make voluntary contributions to "top up" any incomplete years in their National Insurance record between April 2006 and April 2016, to help increase the amount of State Pension they receive when they reach state pension age. This will no longer be possible in future however the government has extended the deadline to 5 April 2025 following their helplines being overwhelmed by people wanting more information.

If you're below State Pension age, [contact the Future Pension Centre](#) but if you've reached State Pension age, [contact the Pension Service](#) to find out if you'll benefit from voluntary contributions.

As well as extending the deadline to make voluntary national insurance contributions, the rates that individuals will pay has been frozen at the 2022/23 rate.

### Other Useful resources

Money Saving Expert - [Boost your State Pension](#)

## 2023 ANNUAL BENEFIT STATEMENTS

For those of you who are still active, contributing members of the Group, your annual benefit statement detailing the pension benefits you have built up as at 31 March 2023, were posted to your [OneView](#) record around 15 September 2023. This statement also details your Pension Input Amount for the 2022/23 tax year.

An email letting you know that your benefit statement was available and how to access it via your [OneView](#) record has recently been sent to you.

Annual benefit statements are not issued to deferred members. The retirement illustrator on [OneView](#) will show your current level of deferred pension when you run a calculation at your Normal Pension Age.

If this is not available, you can request a current figure from Mercer via the online portal: <https://contact.mercer.com/blue>.

## PENSIONS AND TAXATION - 2022/23

If you built up any new pension benefits in EDFG during the 2022/23 tax year, you should consider whether you have a pension tax liability. Given the high inflation environment for a second year running, we are seeing a lot of members with high Pension Input Amounts (PIAs) in 2022/23.

Your 2023 annual benefit statement includes your 2022/23 PIA. You'll receive an email from the EDF Pensions Management Team (PMT) if they believe your EDFG benefits may give rise to a PIA tax liability. If you have been a deferred member for the full tax year, then your EDFG PIA is zero.

**PIA** is the amount you can contribute to all your pension arrangements in one year without incurring a tax charge, or for final salary purposes, the amount of benefits accrued.

The 2022/23 level (before any carry forward) is £40k.

There's a lot of briefing material on the [pensions taxation support section of the Pensions Page on eNZO](#) and on [OneView](#). This includes information on the significant changes to Pensions Taxation for tax year 2023/24 announced in the 2023 Spring Budget.

Please be aware, any tax arising from your pension benefits is personal taxation and you need to proactively take any actions as required by legislation.

### Remember

If you want to use Scheme Pays to settle your tax liability, then you must submit your form by 30 November 2023 if you want to use Voluntary Scheme Pays and 31 July 2024 if you want to use Mandatory Scheme Pays.

## DEFINED CONTRIBUTION(DC)/ADDITIONAL VOLUNTARY CONTRIBUTION (AVC) PENSION INVESTMENTS

### Do you have DC and/or AVC Pension Investments in the Group?

If so, please take the time to update [OneView](#) with your intended retirement date and chosen Lifestyle strategy (if relevant). Your retirement date is used to trigger the “lifestyling” or de-risking process that commences 8 years from retirement (for some legacy members this process is 5, 8 or 11 years).

### What is the lifestyling de-risking process?

Lifestyling is an investment strategy which, over time, automatically switches your pension savings into other funds which generally have a lower risk profile as you get closer to your planned retirement age, or aligns your pension savings more closely to your retirement plans. This helps, to some degree, to protect your DC pot in times of market volatility. It is very important that you therefore make sure you are in the correct lifestyle strategy that suits your needs.

If you have selected the Drawdown lifestyle investment strategy, please note that drawdown is not available within the Group. So, to use your DC Pension investments for drawdown you would need to transfer these investments to another approved pension arrangement at retirement.

#### Remember

Review and, if necessary, update the age at which you expect to draw your DC pension investments.

### Are your AVC Pension Investments with Aviva and/or Prudential?

If so, you may wish to consider whether you would like to move your AVC pension investments to the Scottish Widows platform. We undertook an exercise several years ago to move members from Aviva and Prudential with the exception of those members within one year of normal retirement age and/or invested in ‘With Profits’ arrangements.

We recognise that individuals’ circumstances change, therefore if your intended retirement date has changed, you may be financially better off by moving to the Scottish Widows platform as there are a wide range of funds to choose from with more competitive annual fees.

Please note: if you have a ‘With Profits’ investment it is unlikely that you would benefit from switching and if you chose to do so, the Trustee advises that you take Independent Financial Advice before doing so.

If you have DC pensions savings in other schemes, like myRetirement Plan, you should take these benefits into consideration when managing your retirement savings in the Group.

#### Remember

Consider whether you’ve chosen the most appropriate Lifestyle strategy and make changes if required

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## PROTECT YOURSELF FROM PENSION SCAMS

### Don't let a scammer ruin your retirement

Pension scams are on the rise in the UK. The internet and advances in digital communications mean these kinds of scams are getting more common and harder to identify. Recent Financial Conduct Authority research found that a quarter of consumers would withdraw pension savings earlier as a result of the cost of living crisis – making them vulnerable to scammers. There are different types of pension scams, but they can all lead to the possibility of you losing a lifetime's worth of savings in a moment.

The Government introduced additional pension transfer rules on 30th November 2021 to help prevent people becoming victims of pension scams. Pension schemes now have new powers to refuse a request to transfer a pension to another pension scheme if there is a risk it might be a scam.

If you tell us you wish to transfer your pension to another arrangement, we may contact you to find out more information about the scheme you want to transfer to, how you were contacted and who advised you about the transfer. It is important that you answer our questions fully as soon as you can. We may stop the transfer if you do not provide the information required, or if that information indicates that you are likely to be at risk of a scam.

You may be required to attend a Pension Safeguarding Guidance appointment given by MoneyHelper.

### Useful resources

- MoneyHelper – [How to spot a Pension Scam](#)
- Financial Conduct Authority – [How to avoid Pension Scams](#)

If you are looking for free guidance on Pensions, please visit the [MoneyHelper website](#).

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## PROTECT YOURSELF FROM CYBER CRIMINALS

### Watch out for 'phishing' emails

We are keen to ensure our members are kept safe and cyber security is more important than ever.

Cyber criminals are sending 'phishing' emails that try and trick users into clicking on a bad link that could download malware onto your computer or steal your passwords.

The National Cyber Security Centre advises to watch out for:

- Emails claiming to be from someone in authority (doctor, solicitor, government department).
- Emails telling you that you have a limited time to respond (like in 24 hours or immediately).
- Emails that ask you to provide personal information. Your bank (or any other official source) should never ask you to supply personal information from an email. If you have any doubts about a message, call them directly or visit their website.

### How to protect yourself:

- Don't click links in emails like the ones described above.
- If you've already clicked, don't panic, open your antivirus software and run a full scan.
- If you've been tricked into providing your password, you should change your passwords on all your other accounts.

### Useful resources

- National Cyber Security Centre – [Cyber Aware](#)
- [Cyber Griffin](#) - Founded by the City of London Police in 2017, Cyber Griffin is an initiative that supports businesses and individuals to protect themselves from cybercrime. They run a series of online briefings to teach you ways in which you can defend yourself against the most common cyber-attacks. The content of the briefings is non-technical so is suitable for everyone. To find out more and how to register visit <https://cybergriffin.police.uk/events>.

## REVIEW YOUR NOMINATED BENEFICIARIES

### Are your wishes up to date?

It's important to make your wishes known. By nominating your beneficiaries you're letting the Trustee know who you'd like to receive any cash sum if you die.

The Trustee will decide who will receive any lump sum payment after your death, which means that the payment won't form part of your estate and so would not attract Inheritance Tax.

Whilst not bound by it, the Trustee can consider paying this money to anyone you have named as a Beneficiary.

So, it's really important that the Trustee knows your wishes about who you would like to receive these payments if they become due, and that this information is kept up to date - especially if your circumstances change.

### What do I need to do?

Log into your [OneView](#) account and click on "view details" for your DB benefits and then click on the Beneficiaries tab. You will then be able to review and make any change for Lump Sum Beneficiaries and/or Dependants.

Current EDF employees can also access OneView by Single Sign On from myBenefits.

### Remember

Please remember to review/update your nominated beneficiaries via OneView to avoid delays in paying benefits and unnecessary distress to your dependants if anything happens to you.

All members can log in to OneView directly, visit <https://www.merceroneview.co.uk/EDFG>

## DATE FOR YOUR DIARY

### The Electricity Supply Pension Scheme (ESPS) Annual General Meeting

The Scheme-wide Annual General Meeting (AGM) agenda includes the presentation of the Scheme-wide Annual Report & Financial Statements and the Auditors' Report, together with the Report of the Scheme-wide Trustee. The AGM is also used for any general business including consideration of any resolutions proposed by members.

The meeting will be held online and will take place at **1.00 pm on Tuesday 21 November 2023.**

If you wish to attend the Scheme AGM, you'll need to register.

- For the Scheme AGM itself please register by using the following link: <https://attendee.gotowebinar.com/register/3066023791338572374>
- For a "test" meeting which will be held on **14 November at 12.00 pm** for those new to the virtual arrangements, please register by using the following link: <https://attendee.gotowebinar.com/register/206905431516341854>

Members are encouraged to register as soon as possible on the above links. If you'd like a copy of the 2022 AGM minutes, you can find a copy on the ESPS website

<https://www.espspensions.co.uk/>

As a member, you have up to 28 days beforehand to submit a written resolution to the Scheme Secretary. This year's cut-off date is **Tuesday 24 October 2023.** If you are considering the submission of a written resolution please contact: Kevin Groves, Scheme Secretary, either via email [kevin.groves@capita.com](mailto:kevin.groves@capita.com) with a copy to the Company Secretary [paul.wallis@capita.com](mailto:paul.wallis@capita.com) or by post to Kevin Groves, Scheme Secretary, The Electricity Supply Pension Scheme, Capita Pension Solutions Ltd, Hartshead House, 2 Cutlers Gate, Sheffield S4 7TL

**Please note this is an ESPS-wide AGM not an AGM specific to EDFG.**

# COMMUNICATING WITH YOU

Going forward we intend to communicate future issues of this update, and other Group communications, electronically.

This way, we can get the latest Group news to you quickly and it will help make us more environmentally friendly.

You can check your personal details\* including your email address and update them if they're no longer correct by logging on to your [OneView account](#).

If you wish to opt out of digital communications and continue to receive paper copies, please let Mercer know. If you've previously opted out, we've made a record of your request and you don't need to do anything further.

## Visit eNZO\*\*

As a Continuing member, [the pension page on eNZO](#) gives you lots of information about your pension benefits and is the first place to visit if you have any questions. From here you can access [myBenefits](#) > myPension too where you can single sign on through to OneView.

## Visit myDeferredPension\*\*\*

For Closure and Transition members, myDeferred Pension gives you a high-level overview of the benefits as a deferred member of the Group with single sign on access through to OneView. You can access myDeferred Pension in the 'Check' section on [myBenefits](#).

## Visit OneView

OneView secure portal gives you access to your own individual pension record for your EDFG pension benefits. You can update your Nominated Beneficiaries and find lots of useful Group information including our Member Updates. You can access OneView using the links below or if you are a current EDF employee by using the single sign on via myBenefits. If you have any problems with access, please use the contact details shown in 'Contacting Mercer' below.

## Contacting Mercer

If you wish to raise a query about your EDFG pension, please contact via their secure portal, Contact Mercer Admin, <https://contact.mercer.com/blue> referred to as CMA. By using CMA, you can track the progress of your query online and the system allows Mercer to monitor enquiries more effectively and ensure timely responses. If you're not able to get online, you may still telephone Mercer on 0344 209 6594.

## Mercer OneView Link

Web: <http://www.merceroneview.co.uk/EDFG>

## Contacting the Fund Secretary

If you wish to view Annual Report in more detail, and you're unable to access the 'Materials & Downloads' section of [OneView](#), please email [edfg.fundsecretary@edfenergy.com](mailto:edfg.fundsecretary@edfenergy.com). If you're not able to get online, you can write to Laura Le May, EDFG Fund Secretary, EDF Pensions Management Team, 90 Whitfield Street, London W1T 4EZ.

*\*We take steps to protect the personal information that you submit. For more details on how we use personal information, who we share it with, and your data protection rights, please see our privacy notice.*

*\*\* Continuing employee members who are not impacted by the closure of the Group to future accrual*

*\*\*\* Closure and Transition members with deferred benefits in the Group and who are still employed by EDF*

Please note that while every effort is made to ensure the information contained in this update, in all cases of dispute, the Trust Deed & Rules and overriding legislation will prevail.

Information about you and your pension benefits held by the Trustee, or by the Pensions Administration Team who acts on its behalf, is kept secure and is only disclosed in limited circumstances. The Trustee is the "data controller" for the purposes of the Data Protection Act 2018, which came into force in May 2018. All the information requested is necessary for your membership of the Group. The Trustee uses the information with the purpose of ensuring that the Group is run in accordance with the Scheme Rules, Group Schedule and regulations. For example, the data may be passed to insurance companies (when necessary), to the Scheme Actuary, to the auditor and to other third parties. David Eteen, the Scheme Actuary, is now also a joint data controller in relation to the Group member personal data. Previously it was just the Trustee who was considered to be the data controllers and the Scheme Actuary was considered the data processor. If you want to know what this means, please see the ICO's website (<https://ico.org.uk/for-the-public>) for more information. The legislation requires this data to be kept confidential and only used for the prescribed purposes.