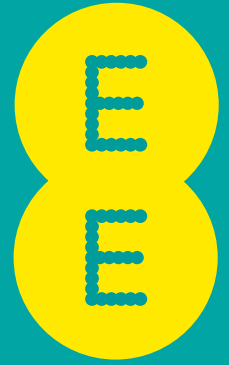


# ANNUAL REPORT AND FINANCIAL STATEMENTS – SUMMARY

## SUMMARY FUNDING STATEMENT

### IN THE NEWS



# THE EE PENSION SCHEME UNFOLDED

This newsletter provides a summary of the EE Pension Scheme ('the Scheme') Annual Report and Financial Statements for the year ended 31 December 2019 relating to the Defined Benefit (DB) Section as well as the latest summary funding statement.

You can see a full copy of the Annual Report and Financial Statements and a copy of the latest Statement of Investment Principles which can both be found at

<https://pensioninformation.aon.com/ee/documents.aspx>

November 2020

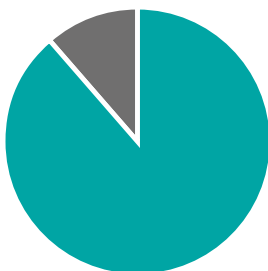
In this section of your newsletter, we give you a brief summary of the Annual Report and Financial Statements for the period ended 31 December 2019.

	2019 £'000	2018 £'000
<b>Contributions and benefits</b>		
<b>Contributions</b>	22,500	21,875
<b>Total</b>	<b>22,500</b>	<b>21,875</b>
<b>Benefits</b>		
<b>Benefits</b>	(7,325)	(6,073)
<b>Payments to and on account of leavers</b>	(5,887)	(13,241)
<b>Administration expenses</b>	(32)	(27)
<b>Total</b>	<b>(13,244)</b>	<b>(19,341)</b>
<b>Net Additions for dealing with members</b>	<b>9,256</b>	<b>2,534</b>
<b>Return on investments</b>		
<b>Investment income</b>	7,098	23,381
<b>Change in market value of investments</b>	82,872	(46,707)
<b>Invest management expenses</b>	(1,726)	(1,172)
<b>Net returns on investments</b>	<b>88,244</b>	<b>(24,498)</b>
<b>Net change in Scheme during the year</b>	<b>97,500</b>	<b>(21,964)</b>
<b>Net assets of the Scheme at start of year</b>	<b>770,955</b>	<b>792,919</b>
<b>Net assets of the Scheme at end of year</b>	<b>868,455</b>	<b>770,955</b>

## Membership

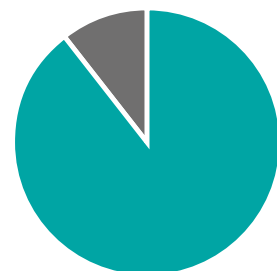
If you look at the chart below you can see how the Scheme's membership has changed.

31 December 2019



7,617	Deferred members	7,729
958	Pensioners	889
<b>8,575</b>	<b>Total</b>	<b>8,618</b>

31 December 2018



## Investments and Scheme changes

EE Pension Trustee Ltd (The Trustee) measures the performance of the Scheme's investment funds by comparing them to a target or 'benchmark'. The liability benchmark represents the change in the estimated value of the Scheme's liabilities over the specified time period. The performance of the funds for each of the last five years compared with the benchmark returns and liability benchmark to 31 December 2019 are shown in the table below:

	2015	2016	2017	2018	2019	3 year	5 year
	%	%	%	%	%	%	%
Scheme return	4.8	25.6	7.9	-2.5	9.2	4.7	8.6
Benchmark return	6.2	29.5	5.9	-2.1	10.6	4.7	9.5
Liability benchmark	2.6	28.7	4.4	-0.8	12.5	11.2	14.3

### Investment managers

The Trustee invests funds with investment managers employed to manage the assets for its defined benefits section.

**The Managers appointed to manage the assets which are intended to produce long-term returns in excess of liabilities:**

- UBS Global Asset Management (UK) Limited
- Standard Life Investments
- PIMCO Europe Limited
- Harris Associates
- Sands Capita Management LLC
- Epoch Investment Partners Inc
- Aviva Investors Jersey Unit Trusts
- Deutsche International Corporate Services (Ireland) Limited
- M&G Real Estate (Luxembourg) S.A.

**The Managers appointed to manage assets intended to broadly match liabilities are:**

- Insight Investment Management (Global) Ltd

# Summary Funding Statement

**Each year the Trustee is required by law to provide you with a Summary Funding Statement, which describes the level of funding that supports your pension. The Trustee works closely with the Company to ensure your benefits are adequately funded, secured and governed.**

The Scheme Actuary carries out a formal actuarial valuation of the Scheme at least once every three years. This is an in-depth look at the Scheme’s finances where the value of all members’ benefits built up under the Scheme (liabilities) is compared to the value of the funds (assets). In addition, the Scheme Actuary provides the Trustee with interim valuations – which are annual updates of the Scheme’s financial position. Interim valuations are not as detailed as the formal actuarial valuation, but give a reasonable assessment of the latest position.

## Scheme funding update

### 31 December 2019 interim valuation

The most recent interim valuation, at 31 December 2019, has recently been completed and showed a funding position of 83%, meaning that the Scheme’s assets covered 83% of its liabilities. This is compared to the funding position as at 31 December 2018 (the date of the previous formal valuation) shown in the following table.

	2019 interim valuation	2018 previous formal valuation
Funding Level	83%	83%
Shortfall (£ million)	174.1	161.3
Liabilities (£ million)	1,032.6	923.4
Assets (£ million)	858.5	762.1

It can be seen that the shortfall of the Scheme has increased slightly over the year to 31 December 2019. This is due to the increase in the liabilities mainly because of the fall in the yields available on long-term government bonds. However, this was partially offset by a decrease in the expected future rate of inflation, increases in the assets due to better than expected investment returns and the Company paying contributions.

### What has been done to address the shortfall?

As part of the 2018 valuation, the Trustee agreed with the Company certain revisions to the existing recovery plan.

The key features of the revised plan are deficit contributions from the Company as follows:

- £22.5 million per annum, paid monthly over 2019; plus
- £40 million per annum, starting on 1 January 2020 and payable monthly for a period of 2 years and 7 months.

The Trustee expects these additional contributions, together with the expected investment returns, to be sufficient to clear the shortfall as at the 2018 formal valuation by 31 July 2022.

As part of this statement, we must tell you if there have been any payments to the Company out of the Scheme since the last summary funding statement. There have not.

In certain circumstances, the Pensions Regulator has powers to intervene in a scheme’s funding plan, by changing the future accrual of benefits, setting the level of the funding target, setting the terms of the recovery plan and/or imposing a schedule of contributions. The Pensions Regulator has not used any of these powers in relation to the Scheme.

## Summary Funding Statement continued

---

### What protection is there for members?

The Trustee is required to provide you with an indication of what the funding position would be if the Scheme had terminated and was wound up as at the date of the last valuation. The information is purely for legislative purposes – the Company has no plans to wind up the Scheme.

If the Scheme had wound up on 31 December 2018 (the date of the last formal valuation), its assets of £762.1 million would have covered around 46% of the estimated cost of securing the Scheme's benefits. In the unlikely event of the Scheme

winding up, the Company would be legally required to finance the shortfall and pay enough into the Scheme to enable benefits to be completely secured by an insurance company.

In the even more unlikely event that the Company becomes insolvent, the Pensions Protection Fund (PPF) may be able to take over responsibility for payments if the benefits that could be provided by the Scheme fall below PPF levels of compensation (which are lower than the standard benefits payable from the Scheme).

---

Visit the PPF website for further details at [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk)

## In the news

---

### Protect yourself from cybercrime

Hackers want access to your finances – bank accounts, retirement accounts, loans, etc. Bank accounts are the top target, but retirement accounts are becoming increasingly attractive to fraudsters. This is probably because they are not checked as often as everyday financial accounts, and because they can hold a lifetime of savings.

Financial advisers recommend checking your retirement accounts regularly and to report any unfamiliar transactions.

Individually, we all have a responsibility to protect our own data to reduce the risk of cybercrime. Here are some top tips to help you keep your online data secure.

- Use strong passwords. Make them complex, change them regularly and don't use the same one on multiple sites. In 2019, the UK's National Cyber Security Centre found that '123456' was the most widely used password on breached accounts, followed by '123456789', 'qwerty', 'password', and '1111111'.
- Install security software. There are lots of options when it comes to protecting your devices and software from viruses and other malware. This kind of software is often available at no cost.
- Keep your devices and software up to date. Regular updates can be frustrating, but they are vital to patch any potential flaws cybercriminals look for.
- Back up your most important data. Save your most important online data to an external hard drive or cloud-based storage system.
- Lock your devices. Use the screen lock function on your smartphone and tablets.
- Manage your social media settings. The more you share online the greater the risk, so keep your personal and private information secure on social media.

- Strengthen your security on Wi-Fi. Use a strong password when using public Wi-Fi. It's also a good idea to use a virtual private network (VPN), which will encrypt everything that leaves your device until it gets to its destination.

To find out more about the threat of cybercrime and how you can stay safe, go to: [www.getsafeonline.org](http://www.getsafeonline.org) and [www.ncsc.gov.uk](http://www.ncsc.gov.uk).

If you are a victim of cybercrime, report it to Action Fraud, the UK's fraud and cybercrime reporting centre: [www.actionfraud.police.uk](http://www.actionfraud.police.uk).

### Changes to the tapered Annual Allowance

The Annual Allowance is the total amount of pension savings you can make each year without incurring a tax charge. For the 2020/21 tax year, it is £40,000.

A lower, tapered Annual Allowance was introduced from April 2016 for higher earners. Changes to it took effect from 6 April 2020.

The tapered Annual Allowance now applies for anyone with a 'threshold income' of more than £200,000 (up from £110,000) and 'adjusted income' of more than £240,000 (up from £150,000).

The lowest tapered Annual Allowance has reduced from £10,000 to £4,000.

These changes mean that fewer higher earners will be impacted, but those that are may see a reduction to their tapered Annual Allowance.

**Threshold income:** broadly, your total taxable annual earnings excluding pension savings, less certain reliefs.

**Adjusted income:** broadly, your total taxable annual income plus the value of pension savings such as employer pension contributions.

**Remember:** it is your responsibility to check how close you are to exceeding the Annual Allowance. If you are unsure of your position, please consider taking to an Independent Financial Adviser (see page 8).

# Notes



A series of horizontal dashed lines for writing notes.



## More information

.....

**The EE Pension Scheme assets are held in one common trust and are completely separate from the assets of EE. The trust is operated by EE Pension Trustee Ltd.**

### Your current Trustee directors are:

Company appointed Directors:

**Jonathan Clarke** (independent chairman)

**Roger Waymouth**

**Roger Eyre**

**Rachel Willis**

Member Nominated Directors:

**Carmel Codd**

**Tony Gara**

Rachel Willis joined the Trustee Board on 1 October as a Company appointed Director. We welcome her to the Trustee Board and look forward to working with her.

**For more general information on pensions and saving for retirement, the following websites are useful resources.**

[www.moneyadvice.service.org.uk](http://www.moneyadvice.service.org.uk)

The Money Advice Service provides general advice on all money matters including pensions and finding an independent financial adviser.

[www.gov.uk](http://www.gov.uk)

The Government's website features a section 'Working, jobs and pensions', which includes a State Pension Age calculator.

### Early Resolution Service

If you have a concern about your benefits, contact the Pensions Ombudsman's Early Resolution Team:

Go to <https://www.pensions-ombudsman.org.uk/making-complaint>

Phone: **0800 917 4487** and select the option to discuss a potential complaint

Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

If you need a large print version of this update, please call the administrators (Capita) on **0800 169 2085**.

.....

### Taking advice

If you would like advice about your retirement plans, we recommend you speak with an independent financial adviser (IFA). You can find an adviser in your area by searching the Money Advice Service directory at <https://directory.moneyadvice.service.org.uk/en>.

Before you appoint anyone, you should check that the adviser is suitably qualified and authorised. You can do this online at <https://register.fca.org.uk> or by phoning the Financial Conduct Authority helpline, **0800 111 6768**.

### The EE Pensions team:

Please use any of the methods below to get in touch with the Scheme administrator.

**Capita**  
**PO BOX 555**  
**Stead House**  
**Darlington**  
**DL1 9YT**

Telephone: **0800 169 2085**

Email: [ee.helpline@capita.com](mailto:ee.helpline@capita.com)

### Reminder to keep us up to date

Please let us know if you change your name or address so we can continue to contact you about the Scheme and your benefits. If you also have DC benefits you will also need to advise Scottish Widows.

Please also update your Expression of Wishes form if you need to. This tells us who you would like to receive any benefits that become payable in the event of your death. As the Trustee, we have the final say over who receives the benefits. We will consider your Expression of Wishes form, so if you have never filled one in, or you have not done so recently, particularly if your circumstances have changed, please complete a form and send it to us.

If you work for EE, you can update the form on 'Your Rewards'.

If you no longer work for EE you can contact the administrator at Capita.