

Appendix to South Wales Electricity (SWALEC Group) / Western Power Distribution Group Pension Questionnaire

Table 6.1 - Changes to Scheme Benefits

Effective Date	Group(s) of members affected	Reason for change	Consequential or associated changes	Benefits/costs savings and effect on scheme surplus	Decreases in member contribution rates
16-Jan-1992	Contributing and deferred members	<p>Miscellaneous amendment to facilitate block transfer of members</p> <p>Introduction of block transfer in and out rules enabling groups of members to be transferred out on "block" to other pension arrangements or transferred in on "block" from other pension arrangements.</p>	N/A	None	N/A
01-Apr-1993	All members	<p>To apply valuation surplus</p> <p>Removal of National Insurance modification for both current and future pensioners - In December 1978 members were reminded of the reduction in their pension contributions to take account of part of their pension under the State Pension Scheme. The reduction in contributions was matched by a reduction in the members scheme pension when the member reached age 60 (female) / 65 (male). With effect from 1 April 1979 the reduction in contribution was removed which meant that the matching reduction in members pension would only apply to any service prior to 1 April 1979. From 1 April 1993 this remaining liability for any service up to 31 March 1979 was removed.</p>	N/A	£ 0.8m use of surplus arising from 31-Mar-1992 valuation.	N/A

Effective Date	Group(s) of members affected	Reason for change	Consequential or associated changes	Benefits/costs savings and effect on scheme surplus	Decreases in member contribution rates
01-Apr-1993	Contributing members	To apply valuation surplus Improve the lump sum payable on death in service to four times pensionable salary from 1 April 1993. Previously this was 3 times pensionable salary.	N/A	£ 1.0m use of surplus arising from 31-Mar-1992 valuation.	N/A
01-Apr-1993	All members	Amendment resulting from other benefit improvements following the 31 March 1992 valuation Improvement in children's allowance to one third of the members pension	N/A	No material impact as costs covered by general allowance for children's benefits made in the valuation	N/A
01-Apr-1993	Contributing members	To apply valuation surplus On death in service the widow(er)s pension calculated on service at normal pension age will be rounded up to the next complete year of service at no cost to the widow(er)s. In other words the balance of year make-up is applied at no cost.	N/A	£0.1m use of surplus arising from 31-Mar-1992 valuation.	
01-Apr-1994	Deferred members	Miscellaneous amendment Improve the death benefit for deferred pensioners to five times frozen pension at the date of death.	N/A	No material impact	N/A
01-Apr-1994	Contributing & deferred members	Miscellaneous amendment On reaching age 50 members can request to retire early but with discounted benefits. Deferred members may request payment of deferred benefits before normal pension age but with discounted benefits.	N/A	N/A	N/A

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26-Jul-1995	All members	<p>This was the date of the deed of amendment implementing the “Barber” amendments for pre 17 May 1990 service.</p> <p>This was equalising benefits for male and female members who were in continuous employment since 31 March 1988. 1 April 1988 being the date when the ESPS introduced a common normal retirement age of 63 for all new members on or after that date.</p> <p>Members in continuous employment on 31 March 1988 and remained in continuous employment on 17 May 1990 ceased contributions on reaching age 60.</p> <p>“Barber” discounting introduced for Pre 1988 male members. Benefits are reduced for the period up to 16 May 1990 where the member retires at their normal retirement of age 60 or between age 60 and 63.</p> <p>Additional death in service benefit scale amended to age 55 to age 60 or over.</p>	N/A	Any potential Barber costs had been provisioned in previous valuations.	N/A
01-Apr-1999	Pensioners and deferred members	<p>To apply valuation surplus</p> <p>Pensions increase from 1 April 1999 to reflect 3% ‘catch-up’. The Inland Revenue introduced a relaxation in the pensions increase rule that in any year where a pension increase is below 3% the</p>	N/A	£5.4m use of surplus arising from 31-Mar-1998 valuation.	N/A

Effective Date	Group(s) of members affected	Reason for change	Consequential or associated changes	Benefits/costs savings and effect on scheme surplus	Decreases in member contribution rates
		scheme could pay up to 3% in that year. The total increase payable to pensions (both in payment and deferment) was 2.9% for those pensions which were deemed to commence on or before 1 April 1993 decreasing on a sliding scale to 0.1% to those pensions that commenced from 2 February 1997 to 1 March 1997.			
01-Apr-1999	Contributing members	To apply valuation surplus Contribution reduction for employee members for a three year period as follows 01-Apr-1999 to 31-Mar-2000 – 3% rate reduction 01-Apr-2000 to 31-Mar-2001 – 2% rate reduction 01-Apr-2001 to 31-Mar-2002 – 1% rate reduction The reduction applied to all contributing members who were paying a normal contribution irrespective of the rate the contributing member paid.	N/A	£2.0m use of surplus arising from 31-Mar-1998 valuation.	No direct increase in the employer contribution rates.
01-Apr-1999	Deferred members	To apply valuation surplus Improve the death benefit for deferred pensioners to eight times frozen pension at the date of death.	N/A	£0.5m use of surplus arising from 31-Mar-1998 valuation.	
1-Apr-2002	Pensioners	To apply valuation surplus for the alignment of pension benefits following the merger of the Western Power Group and the South Wales Group Advance of pensions payday by one month. This was achieved by making two pension payments in one month to those pensioners and dependants	N/A	£1.9m use of surplus arising from 31-Mar-2001 valuation.	N/A

Effective Date	Group(s) of members affected	Reason for change	Consequential or associated changes	Benefits/costs savings and effect on scheme surplus	Decreases in member contribution rates
		who were not already being paid in advance. It should be noted that a small number of pensioners in the South Wales group were already being paid in advance and this did not apply to them. Now when a pension comes into payment, the member receives two pension payments in the first month.			
01-Apr-2002	Pensioners and deferred members	<p>To apply valuation surplus</p> <p>Pensions increase from 1 April 2000 to reflect 3% 'catch-up'. The Inland Revenue introduced a relaxation in the pensions increase rule that in any year where a pension increase is below 3% the scheme could pay up to 3% in that year. The total increase payable to pensions (both in payment and deferment) was 1.9% for those pensions which were deemed to commence on or before 2 April 1999 decreasing on a sliding scale to 0.2% to those pensions that commenced from 2 February 2000 to 1 March 2000.</p>	N/A	£7.1m use of surplus arising from 31-Mar-2001 valuation.	N/A
01-Apr-2002	All members	<p>To apply valuation surplus for the alignment of pension benefits following the merger of the Western Power Group and the South Wales Group</p> <p>Increase in spouses' pension by 8.5%— subject to Inland Revenue limits. All spouse's pension were increased by 8.5% subject to Inland Revenue limits. In basic terms, for the majority of members the spouse's pension increased from 50% of the member's pension to 54.25% of the member's</p>	N/A	£6.8m use of surplus arising from 31-Mar-2001 valuation.	N/A

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		pension.			
01-Apr-2002	Contributing members	<p>To apply valuation surplus for the alignment of pension benefits following the merger of the Western Power Group and the South Wales Group</p> <p>Option available to contributing members to increase the spouse's pension from one half of the member's pension to 2/3rds of the member's pension for future service with the employer meeting half the cost. This option is available to contributing members only. Contributing members may elect to increase the rate of spouse's pension prior to 1 April 1992 but must pay the total cost.</p>	N/A	£0.1m use of surplus arising from 31-Mar-2001 valuation.	N/A
01-Apr-2002	Contributing members	<p>To apply valuation surplus</p> <p>Contribution reduction for employee members by 1% for a three-year period. The reduction applied to all contributing members who were paying a normal contribution irrespective of the rate the contributing member paid.</p>	N/A	£0.6m use of surplus arising from 31-Mar-2001 valuation.	No direct increase in the employer contribution rates.
01-Apr-2002	All members	<p>To apply valuation surplus for the alignment of pension benefits following the merger of the Western Power Group and the South Wales Group</p> <p>Extension of the spouse's pension to a person who is not a legal spouse.</p>	N/A	£3.0m use of surplus arising from 31-Mar-2001 valuation.	N/A

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01-Apr-2002	Contributing members	<p>To apply valuation surplus for the alignment of pension benefits following the merger of the Western Power Group and the South Wales Group</p> <p>To offer qualifying contributing members the option to buy between 6 months and 2 years worth of additional years service where previous rules prevented them from joining the Scheme at the entry age provided for in the current rules. This option was offered to both former Staff Scheme and Industrial Scheme members as a one off option.</p>	N/A	£1.1m use of surplus arising from 31-Mar-2001 valuation.	N/A
		<p>With effect from 1 April 2002, the South Wales group was merged with the Western Power Group to form the Western Power Distribution Group. See the Western Power Distribution Group schedule (South West questionnaire submission) for changes to benefits subsequent to 1 April 2002.</p>			