PLAN BOOKLET

The Iberdrola Group (UK) Stakeholder Pension Plan

IBERDROLA

Fidelity™
INVESTMENT MANAGERS

The Iberdrola Group (UK) Stakeholder Pension Plan

Contents

A brief outline

An opportunity for future security

Whether retirement is a long way off or rapidly approaching, it's always a good time to start planning ahead financially. The aim of a pension plan is to put money aside while you are working to provide you with an income when you retire. And, if you want to change jobs before you retire, it's important that a pension plan is flexible and portable. **The company Stakeholder Pension Plan does this and more!**

JARGON BUSTER

Throughout this booklet we will refer to **the company** – this is the company who issues your contract of employment for example Scottish Power Limited, Iberdrola Engineering & Construction UK Limited or Scottish Power Renewable Energy Limited.

Helping you secure your future

The company recognises the importance of saving for retirement and will therefore contribute to your pension account. As a member of the plan you also have the opportunity to transfer benefits you may have built up in another pension arrangement into this plan.

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Your **pension account** is an individual account set up in your name within the plan.

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Throughout this booklet we will refer to **the plan** – this is The Iberdrola Group (UK) Stakeholder Pension Plan.

Investing your pension account

Your pension account is kept separate from the company's assets. The plan is administered by Fidelity and, once you join, you will have access to a range of investment funds provided by Fidelity and other investment managers. In order to offer you maximum flexibility, you can choose from a wide range of investment options to suit your individual circumstances.

Your benefits – you choose how you take these

In addition to a pension, your retirement benefits will include the options of:

- a tax-free cash sum
- inflation protection, for your pension or any dependant's pension paid
- a guarantee that your pension will continue to be paid to your dependants for a set time, in the event of your death within the guarantee period
- pension benefits for your dependants in the event of your death once in retirement.

In addition to the pension benefits there is a valuable Life Assurance benefit that comes with plan membership, provided by the company at no cost to you. Details of this benefit will be provided separately by the company.

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The plan is a **Stakeholder Pension Plan**. Stakeholder Pension Plans are personal pensions that meet minimum standards set by the government. For example, the current maximum charge set by the government is 1.5% of the value of your pension account each year for the first 10 years, reducing to 1% thereafter. The actual charges you will pay as a member of the plan are set out in the key features document.

Help is at hand

This booklet explains the plan in a way that we hope you will find easy to follow. As you read through it, look out for the jargon buster boxes which define some of the terms we use.

After reading this booklet, you may still have some questions or want more information on a particular topic.

If you do then you can:

- simply call the Fidelity Pensions Service Centre on **08457 234 235** – this service is described in more detail on page 24

or

- login to PlanViewer, Fidelity's secure internet service for members at **www.fidelitypensions.co.uk**

Joining the plan

Who can join the plan?

The plan is open to all employees (permanent or fixed term contract) from the day of joining one of the participating employers in the plan.

How do you join?

Simply complete the Application Form (included in the new start Welcome Pack or available to download from the company intranet) and return it to the address shown on the form.

What happens when you join?

When you join the plan, you agree to participate in **Pensions Plus**. This booklet should be read in conjunction with the separate guide, '**Pensions Plus – An Employee Guide**.'

This will tell you more about how Pensions Plus works.

Putting off joining - think carefully!

If you decide not to join the plan when you join the company or, if you decide to opt out of the plan while still employed by the company, you may be able to join, or rejoin, at a later date with approval from the company. However, please note that the valuable Life Assurance benefit provided by the company at no cost to you is only provided if you join the pension plan.

Temporary absence

If you are away from work for any reason, your membership of the plan will continue as long as you are not treated as having left the company. The company's contribution will continue to be based on the earnings you actually receive during your absence.

Maternity, adoption and paternity leave

When you are away on maternity, adoption or paternity leave and receiving maternity, adoption, or paternity pay, the company will continue to contribute to your pension account based on the salary you would have received if you had not gone on maternity leave (and before taking account of any Pensions Plus Adjustment).

Please refer to the Pensions Plus – An Employee Guide and the company's policy on this type of leave for details on how your plan membership is affected. You will find such policies on the company's HR Intranet site.

Contributions

Company contributions – helping you build a financially secure future

The company will make monthly contributions to your pension account in the plan. Please refer to the Application Form for details of the contribution structure that applies to you. Contributions to the plan will be paid via Pensions Plus Salary Sacrifice.

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Pensions Plus is when you agree to sacrifice part of your pay in exchange for a company contribution to be paid into your pension account. This approach gives rise to a saving in National Insurance (NI) contributions for both you and the company.

How does Pensions Plus work?

Pensions Plus is based on a concept that has been around for a number of years and is gaining popularity. With Pensions Plus

- an employee gives up the right to receive part of the cash pay due under their contract of employment
- in return the employer agrees to provide the employee with some form of benefit.

With this plan, the benefit is a pension contribution paid into your pension account by the company. You will not be taxed or be required to pay National Insurance on the amount you sacrifice into your pension account. Please remember that the amount you have elected to sacrifice will have reduced your gross pay accordingly. If you are a higher-rate tax payer, provided you are not affected by the changes in the rules relating to tax relief for those on high incomes you will immediately benefit from the full 40% tax relief. **It also therefore means that you will not need to report these contributions on your Income Tax return to obtain the full tax relief.**

The Pensions Plus item on your payslip will show the amount of salary sacrificed for that pay period.

How long does the salary sacrifice election stay in place?

Apart from any part year election when you join the company, the percentage of salary sacrificed can only be changed once each year, at the plan renewal date, 1st April.

What happens if I need to request a variation during the year?

HMRC (HM Revenue & Customs – formerly the Inland Revenue) rules insist that the rate of your salary sacrifice must remain fixed for a full year at a time. The only exceptional circumstances approved by HMRC in which you may otherwise request a new election are connected with significant lifestyle events as follows

- marriage or cohabitation
- divorce or separation
- birth or adoption of a child
- death of a partner
- notification of commencement of maternity, adoption or paternity leave
- starting or returning from maternity, paternity, adoption leave or sickness
- significant reduction in working hours (ie. moving from full time to part time such that your Annual Salary reduces by more than 30%)

Is this approach suitable for everyone?

The company has structured Pensions Plus so that nearly all employees will benefit. However, there are some situations where we cannot completely guarantee this:

- If you earn less than the Lower Earnings Limit (£5,044 per annum from April 2010) under Pensions Plus, you may lose your entitlement to some State Benefits.
- If your earnings after allowing for all benefits paid via Pensions Plus (e.g. pension contributions and childcare vouchers) fall below the National Minimum Wage (currently £5.93 per hour for employees aged 22 years).

If your earnings fall into these categories plan membership may not be appropriate for you. If you are unsure please contact the ScottishPower Pensions Team at sppensions.com

Lump sum contributions

To top up your pension account and to take full advantage of the tax allowances, you can make lump sum contributions which can be paid directly by cheque to Fidelity. Any additional tax relief for higher rate taxpayers must be obtained by notifying HMRC. Please note any lump sum contributions will not be administered via the Pensions Plus Salary Sacrifice arrangement.

Will I receive tax relief on my contributions?

As the plan is set up on a salary sacrifice basis, full tax relief at your marginal rate of income tax arises automatically. HMRC restricts the level of contributions that can attract tax relief. This is known as the annual allowance and includes personal and employer contributions to all your pension arrangements.

Please note that following the Budget on 22 April 2009 and the Pre-Budget Report on 09 December 2009 there are some proposed changes to the tax relief regulations.

From 6 April 2011, those with total annual income of more than £130,000 a year could have tax relief on their pension contributions restricted. Please note that total income includes basic salary plus a wide range of other items such as the taxable value of company cars and car allowances, the proceeds of exercised unapproved share options, plus rental income, interest, dividends and any income from self-employment. In the meantime, to prevent high earners increasing contributions to take advantage of 40% higher rate tax relief and 50% additional rate tax relief, immediate restrictions may apply. If the changes are likely to affect you we recommend that you contact the ScottishPower Pensions Team for further details.

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The **annual allowance** is reviewed each year and is £255,000 for 2010–11. Within the annual allowance, tax relief can be claimed on your own contributions so long as they do not exceed 100% of your earnings or £3,600 a year, whichever is higher.

Transfers in

You may be able to move money from other pension arrangements you have had into your pension account in the plan. For example, with Fidelity's agreement, you may be able to transfer the value of:

- benefits left behind in a pension plan from an earlier job
- a personal pension or a stakeholder plan
- a retirement annuity policy.

More information on this option is available by contacting the Fidelity Helpline on **08457 234 235**. However, before deciding to transfer existing benefits, we recommend that you seek financial advice about whether transferring is appropriate for your individual circumstances.

State benefits

State pensions

State pensions are paid from state pension age (SPA) – currently age 65 for men and between ages 60 and 65 for women, depending on their date of birth. The state pension age is gradually set to increase over the coming years to 68 for those born after the 5 March 1959. They are in two parts:

- The **basic state pension** is a flat rate amount reviewed every year by the government, which is paid to everyone who has a full National Insurance (NI) contribution record. The amount of basic state pension will be reduced if you have less than a full NI record. The full amount of basic pension from 6 April 2010 is £5,077.80 a year for a single person.

- The **State Second Pension (S2P)** was introduced on 6 April 2002 and replaced the State Earnings Related Pension Scheme (SERPS). The purpose of S2P is to provide an additional pension based on a proportion of your earnings during your working life since April 2002, providing you have worked for an employer and paid full Class 1 NI contributions. Under S2P your earnings are split into two bands (prior to 6 April 2010 there were three bands), with the aim of offering a more generous additional state pension for low and moderate earners. Additional pension previously accrued under SERPS before 6 April 2002 is unaffected by S2P.

You can find more information about the Basic State Pension and the State Second Pension at www.direct.gov.uk. Once at this site click on the 'Pensions and retirement planning' link and from here you can get information on how to obtain an estimate of how much State Pension you have earned to date and an estimate of the likely amount payable at State Pension age. There are a number of ways to apply for your State Pension forecast:

- online: follow the link to the State Pension Forecasting Service

- by post: download, print and complete an application form available from the above website and post it to the address on the form

- by phone: call the State Pension Forecasting Team on 0845 3000 168.

As an alternative to state benefits, it is possible to contract out of S2P through the plan. It is not possible to contract out of the basic state pension. Contracting out is an individual decision Although Fidelity can provide more information on this option, via the Pensions Service Centre, we are not able to provide any advice. We therefore strongly recommend that you speak to a Financial Adviser before you make a decision to contract out or contract back in to S2P.

You should also note that the government has indicated that contracting out will cease to be an option from a date in the future, expected to be in 2012. You should consider this if you are thinking of contracting out as once contracting out is abolished you will no longer be able to use your personal pension in place of the S2P. HMRC will cease making rebate payments into your account and you will start to earn S2P instead. Any rebates already paid into your account will however remain there, and you will be entitled to receive benefits from the plan instead of the additional state pension for the time you were contracted out.

Please refer to the 'Pensions Plus – An Employee Guide for further information on the impact of Pensions Plus on S2P.

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A **financial adviser (IFA)** is a person authorised to provide financial advice, for which they may charge a fee.

Choosing your investments

Investing your pension account

The amount of pension you receive after you retire depends on how much you and the company pay in and, to a large extent, on how much your pension account grows over the years. When you retire your pension account is used to buy a pension. Generally the higher the value of your pension account, the greater the benefits you can buy. So it is in your interests to make sure it is invested in a way you are happy with and that offers you the best chance of increasing the value of your pension account.

When you initially join the plan the contributions paid to your pensions account are automatically invested in the Lifestyle Strategy - see explanation on page 10.

After joining the plan you can choose from any of the investment options offered by Fidelity. **To help you choose, a range of core funds has been highlighted on pages 14 and 15 for members of the plan.** The full range of funds are managed by BlackRock Asset Management Pensions Limited, F&C Asset Management Plc (F&C), Baillie Gifford & Co, Newton Investment Management, JPMorgan Fleming Asset Management (JPMF), UBS Global Asset Management, HSBC Investments and Fidelity Investments Life Insurance Limited. **Remember that you also have the choice of any of the funds offered by Fidelity not just the core funds.** Full details on each of these funds, including the formal statements of their investment objectives and performance details, are given in your key features document. They are also available online at **www.fidelitypensions.co.uk** or from the Pensions Service Centre (**08457 234 235**).

Risk factors

All investments involve a degree of risk, and some of these risks are detailed below.

Past performance is not a reliable indicator of future results. Remember, the value of investments may go down as well as up and an you may not get back the amount invested. If the fund you choose invests in overseas markets, changes in rates of exchange between currencies may cause the value of your investment to fall. Investments in small and emerging markets can be more volatile and liquidity may be lower than other overseas markets. Due to the greater possibility of default, an investment in corporate bonds is generally less secure than an investment in government bonds. Default risk is based on the issuer's ability to make interest payments and to repay the loan at maturity. Default risk may therefore vary between different government issuers as well as between different corporate issuers. Units held in funds that invest in property may take up to 12 months to sell, or longer in exceptional cases. This could affect you, for example when you are close to retirement, as it may be difficult to sell the units you hold in such funds. Any decision to invest in property should, therefore, be carefully considered in line with your planned retirement goals.

Fund charges

There are no initial charges for the funds. So if you contribute £100 to your pension, £100 is invested into your chosen funds. These funds have annual management charges, which currently range from 0.30% to 0.95%. Funds also incur expenses such as auditing and registry fees and the figures quoted in your literature are a guide based on historical estimates and may change. The annual management charge and the other expenses are deducted from each fund's assets and are reflected in the quoted daily price for the fund – they are not taken directly from your retirement account. Performance figures for the funds therefore take account of all charges. All charges are reviewed regularly and Fidelity will notify you if the annual management charges increase. Although they can help you with information, Fidelity's, and the company's, representatives can't give you advice on what investments would be right for someone in your particular situation. If you would like that sort of help, you may want to think about seeing a financial adviser.

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Equities is another word for company shares, which are bought and sold on the stockmarket. The price goes up and down depending on how well the company is doing and how many people want to buy its shares.

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Alternative investments, cover a very broad and varied range of investments, and are so called because they are not traditional investments such as equities, bonds and cash. They could, for example, include investments in commodities (such as oil, gas, raw materials), infrastructure (such as toll roads) and property (e.g. a shopping centre development).

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Bonds are loans to a company or government Loans to the UK government are called gilts. The company or government will pay a fixed rate of interest on the loan and repay the full amount at the end of a set period.

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Cash, in investment terms, is different to how we think of cash held in a bank account. The fund manager invests in a range of short-term financial products offered by banks and financial institutions. A cash fund does not offer or set a particular rate of interest. Instead any interest earned varies according to any income received from the investments held.

More tax savings

In addition to the tax relief on initial pension contributions, there are some tax advantages that can help your pension account grow. For example, there is no tax on the interest earned by cash deposits and bond investments in a pension fund and any growth is free from capital gains tax. However, the dividends from shares are paid out of a company's after-tax profits, so it is not possible to claim back any of this tax.

How much the tax savings involved in a pension account are worth to you will depend on your personal circumstances. And you should remember that tax rules may change in the future.

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Property involves investing in business premises, such as office blocks, shopping centres and industrial units or in the shares of property companies, such as builders and commercial landlords.

Option 1 – Lifestyle Strategy (Default Option)

The Lifestyle Strategy has been designed to make your investment decisions as easy as possible. It is ideal if you do not want to play an active role in managing your pension investments. With this option Fidelity allocates your account to the following passively managed funds:

- equities – the Fidelity BlackRock Long Term Fund
- bonds – the Fidelity BlackRock Over 15 Years UK Gilt Index Fund
- cash – the Fidelity BlackRock Cash Fund

The proportion of your pension account that is invested in each fund will vary, depending on your age and how many years you have until retirement. The exact schedule of changes is shown below.

This means that in the early years of your working life you can benefit from the growth potential of the stockmarket. As you get closer to retirement, however, you will be investing more in bonds and cash, so your pension won't be at such a risk from a sudden drop in the stockmarket. By the time you need to convert your account into a pension, it will be invested solely in bonds and cash, protecting its value and buying power.

LIFESTYLE STRATEGY			
YEARS LEFT UNTIL YOU PLAN TO RETIRE	EQUITY FUND (%)	BOND FUND (%)	CASH FUND (%)
Greater than 7	100	0	0
Between 6 and 7	90	10	0
Between 5 and 6	75	25	0
Between 4 and 5	60	35	5
Between 3 and 4	45	45	10
Between 2 and 3	30	55	15
Between 1 and 2	15	65	20
Less than 1	0	75	25

The funds, figures and ages have been selected by Fidelity.

Option 2 – Self-select

Making an investment choice involves choosing a fund or a selection of funds that match your attitude to the risks and rewards of investing. There is a list of the core funds available for you to choose from shown on pages 14 and 15, and the full list of all funds available can be found in the key features document.

As you may realise, being a successful investor usually means tolerating a certain amount of risk. This can sound alarming if you are new to investing, so it may help to think of risk as an essential element in everything you do – from crossing a road to going on holiday. You are constantly weighing up the risks that an activity involves against the benefits it might bring.

What this means for investments is that you can think of risk as an opportunity – it gives you a chance to increase the growth potential of your pension account.

To help you decide how your views on risk might translate into specific fund choices, you may find it helpful to follow an investment strategy. There are three basic approaches you might want to consider.

Timescale	Investment goal	Investment strategy
Many years from retirement	To build up the value of your pension account	Growth strategy
Mid way to retirement	To protect the purchasing power of your pension account	Balanced strategy
When you are close to retirement	To safeguard against any short-term falls in value just before you retire. This may be particularly useful if you plan to take some of your pension account as tax-free cash	Defensive strategy

A closer look at the investment strategies

a. A growth style strategy (could also be called adventurous, ambitious, aggressive or high risk)

With a growth style strategy, you focus on investments that have a higher chance of producing significant returns over the long term, but you need to accept that investments like this also involve more risk.

Historically and when investing for the long term, the best returns have tended to come from stockmarket based investments (sometimes referred to as equities), so you will probably want to consider funds investing in UK or international shares. However, share prices fluctuate all the time, and if the stockmarkets go down, the value of your pension account will usually fall. This is part and parcel of this type of strategy – the idea is that you make sure your investments have time to recover from any setbacks and have the potential to go on to achieve further growth.

Could a growth style approach be right for you?
Time is the key to this type of strategy, so it will probably only be suitable if you have many years left until retirement. You must also be comfortable with the higher level of risk that you need to take for the possibility of achieving higher returns in the longer term.

b. A balanced style strategy (could also be called cautious, moderate or medium risk)

This type of strategy aims to achieve a balance between stockmarket based investments that offer growth potential, with a relatively high level of risk, and others that offer more security. The aim of this type of strategy is to provide a degree of protection for the money that has built up in your pension account, while ensuring that there is still the potential for some investment growth in the years before you retire. This approach is generally not as risky as a growth style strategy but you need to accept that there is still risk involved. You may also receive lower long-term returns compared to a growth style strategy.

You might want to achieve this balance by combining different types of funds such as bond and cash funds as well as equity funds. Historically bond funds have tended to offer relatively steady returns, though they are not as secure as cash investments and generally funds investing in corporate bonds may be less secure than a fund that invests in government bonds. You may also achieve a balanced style investment strategy by investing in a balanced or diversified fund. A diversified fund generally invests in equities, bonds and cash but could also include alternative investments. Alternative investments may be commodities, infrastructure and property, so you spread the risk of investing over a range of investments. In other words not putting "all your eggs in one basket".

Could a balanced approach be right for you?
You may want to follow a balanced strategy if you are approaching retirement, or you are only prepared to take a restricted amount of risk with your investments. It allows you to reduce your exposure to risk whilst still retaining some growth potential.

c. A defensive strategy (could also be called safe/secure, guarded, controlled or low risk)

A defensive strategy involves focusing on lower-risk funds so there is less chance of your pension account suffering any short-term losses. The sorts of investment you may want to consider will include cash deposits and the more secure types of bonds. By steering away from equity funds, you protect your investments from the danger of a sudden drop in the stockmarket.

The drawback with this approach is that the potential returns from defensive investments tend not to be as high as those from more high-risk funds.

Could a defensive approach be right for you?
A defensive investment strategy can be a good option to choose if you are relatively close to retirement. It will help to ensure that your account does not fall in value just before you need to convert it into a pension. People who are not prepared to take any investment risk with their pension may also think about a defensive strategy, but it's important to bear in mind that this does expose you to the risk of inflation eating into the value of your savings. If you follow a defensive strategy when you still have a long time before retirement, you may find that your pension account does not grow as much as you want it to.

Change with the times

There is every chance that you will be a member of the plan for a number of years, in which case you will probably want to rethink your strategy from time to time. Someone who is in the plan throughout their career, for example, might want to change gradually from a growth strategy to a more defensive one.

You can adapt your strategy to your changing situation by moving money out of one fund into another. Or you can keep the money where it is and ask us to divert future contributions into a different fund. There is no charge for this. You can either give us your instructions by using the online PlanViewer service at **www.fidelitypensions.co.uk** or over the phone by speaking to the representatives at Fidelity's Pensions Service Centre, on **08457 234 235**.

It is worth remembering that even if you leave the company you will still have money in your pension account. Your strategy for this money will need to change over the years, just as it would if you were still making regular contributions to the plan.

Your core fund choice

The core funds currently offered through the plan have been highlighted purely by the company after taking investment advice, to illustrate a range of asset classes. These are shown in the table on pages 14 to 16.

The full range of funds available from Fidelity and Fidelity's fund partners are described in the key features document issued with this booklet. **Further information on any of the investment options can be found on Fidelity's fund factsheets, available by calling the Pensions Service Centre 08457 234 235.**

Please remember, you cannot split the investment of your contributions between the Lifestyle Strategy and selecting your own portfolio. You must choose to invest in either option 1 or 2.

CORE FUND RANGE

NAME	FUND OBJECTIVE AND RISK RATING	ANNUAL MANAGEMENT CHARGE (%)	OTHER CHARGES (%)
Fidelity BlackRock Cash Fund – Class 8	**Risk Rating: Cash A-1** **This life fund invests in an underlying fund managed by BlackRock Asset Management Pensions Limited.** **The objective of the underlying fund is;** "This fund aims to achieve an investment return that is in line with wholesale money market short-term interest rates (in general, wholesale rates are higher than retail rates). Specifically, the fund seeks to better the return of the Seven Day LIBID. The underlying investments of the fund are a diversified portfolio of money market instruments. The instruments are of a high quality and have a minimum credit rating of A1 or an equivalent standing." The Fidelity fund invests in the underlying fund through a reinsurance policy with BlackRock Asset Management Pensions Limited.	0.30%	0.00%
Fidelity UK Corporate Bond Pensions Fund – Class 8	**Risk Rating: Bond B-2** **This life fund invests in an underlying fund managed by Fidelity.** **The objective of the underlying fund is:** "The fund's investment objective it to achieve both capital growth and income. The fund will invest primarily in non-gilt fixed interest securities. NB: Derivatives may also be used for efficient portfolio management purposes."	0.40%	0.10%
Fidelity BlackRock Over 15 years UK Gilt Index Fund – Class 8	**Risk Rating: Bond B-3** **This life fund invests in an underlying fund managed by BlackRock Asset Management Pensions Limited.** **The objective of the underlying fund is;** "This fund invests in UK government fixed income securities (gilts) that have a maturity period of 15 years or longer. The fund aims to achieve a return consistent with the FTSE UK Gilts Over 15 Years Index, which is widely regarded as the benchmark for UK pension fund investment in the longer dated end of the UK gilt market." The Fidelity fund invests in the underlying fund through a reinsurance policy with BlackRock Asset Management Pensions Limited.	0.30%	0.00%

NAME	FUND OBJECTIVE AND RISK RATING	ANNUAL MANAGEMENT CHARGE (%)	OTHER CHARGES (%)
Fidelity BlackRock Over 5 Years Index Linked Gilt Fund – Class 8	**Risk Rating: Bond B-3** **This life fund invests in an underlying fund managed by BlackRock Asset Management Pensions Limited.** **The objective of the underlying fund is;** "This fund invests in UK government index-linked securities (index-linked gilts) that have a maturity period of 5 years or longer. The fund aims to achieve a return consistent with the FTSE UK Gilts Index-Linked Over 5 Years Index, which is widely regarded as the benchmark for UK pension fund investment in the longer dated end of the UK index-linked gilt market." The Fidelity fund invests in the underlying fund through a reinsurance policy with BlackRock Asset Management Pensions Limited.	0.30%	0.00%
Fidelity Newton Global Balanced Fund – Class 8	**Risk Rating: Equity E-2** **This life fund invests in an underlying fund managed by Mellon Global Investments Limited.** **The objective of the underlying fund is:** "The objective of the Sub-Fund is to maximise returns by investing predominately in a worldwide portfolio of equities and fixed interest securities. The Sub-Fund may also invest in derivative instruments, forward transactions and collective investment schemes."	0.80%	0.00%
Fidelity Global Diversified Pensions Fund – Class 5	**Risk Rating: Equity E-3** **This life fund invests in an underlying fund managed by Fidelity.** **The objective of the underlying fund is:** "The Fund's investment objective is to achieve long term capital growth by investing in asset classes giving diversified underlying exposure. The Fund will invest mostly in collective investment schemes and may also invest directly in securities, money market instruments, cash and deposits. N.B. Derivatives and forward transactions may also be used for investment purposes."	0.75%	0.24%

NAME	FUND OBJECTIVE AND RISK RATING	ANNUAL MANAGEMENT CHARGE (%)	OTHER CHARGES (%)
Fidelity Baillie Gifford UK Equity Focus Fund – Class 8	**Risk Rating: Equity E-4** **This life fund invests in an underlying fund managed by Baillie Gifford Life Limited.** **The objective of the underlying fund is:** "The Fund seeks to achieve good capital growth by investing in UK Equities." The Fidelity fund invests in the underlying fund through a reinsurance policy with Baillie Gifford Life Limited.	0.80%	0.00%
Fidelity Baillie Gifford 50/50 Worldwide Equity Fund – Class 8	**Risk Rating: Equity E-4** **This life fund invests in an underlying fund managed by Baillie Gifford Life Limited.** **The objective of the underlying fund is:** "The Fund invests in UK and international equities through the Baillie Gifford UK Equity Pension Fund and the Baillie Gifford Overseas Equity Pension Fund with the aim of achieving capital growth." The Fidelity fund invests in the underlying fund through a reinsurance policy with Baillie Gifford Life Limited.	0.80%	0.00%
Fidelity BlackRock Long Term Fund – Class 8	**Risk Rating: Equity E-4** **This life fund invests in an underlying fund managed by BlackRock Asset Management Pensions Limited.** **The objective of the underlying fund is;** "This fund invests in equities of the UK and overseas markets, with approximately 60% in the UK and 40% overseas. The fund aims to provide returns broadly consistent with the markets in which it invests." The Fidelity fund invests in the underlying fund through a reinsurance policy with BlackRock Asset Management Pensions Limited.	0.50%	0.00%

Risk rating – risk and how we rate our funds

'Risk' has a particular meaning in the investment context. The more risk you are prepared to take, the greater the potential return – and the greater the potential for loss of capital.

Cash investments are low risk, bonds are usually seen as low to medium risk, with shares in individual companies carrying a much higher degree of risk, which could affect the value of your investment.

We have rated each of our funds according to its asset class and degree of risk, to help you decide which fund may be most suitable for you.

Cash funds		
A-1	Cash – Domestic	A fund investing in cash in the currency of the investor's home country.
A-2	Cash – Foreign	A fund investing in cash in a currency other than that of the investor's home country.
Bonds/fixed income funds		
B-1	Bonds – Core Risk	A fixed income fund with negligible exposure to credit risk or currency movements. Credit risk refers to the possibility that a bond issuer will default by failing to repay principal and interest in a timely manner.
B-2	Bonds – Additional Risk	A fixed income fund with significant exposure to interest rate changes, credit risk or currency movements relative to the investor's home currency. Credit risk refers to the possibility that a bond issuer will default by failing to repay principal and interest in a timely manner.
B-3	Bonds – Higher Risk	A fixed income fund with potentially very high exposure to credit risk and/or currency movements relative to the investor's home currency. Credit risk refers to the possibility that a bond issuer will default by failing to repay principal and interest in a timely manner.
Equity funds		
E-1	Equities – Balanced Risk	A fund invested in both equities and bonds. Returns are likely to be less volatile than those typically available from pure equity market investments, due to at least 10% being invested in bonds and cash.
E-2	Equities – Standard Risk	A fund invested primarily in UK equities. Returns are likely to have similar volatility to the overall UK equity market.
E-3	Equities – Average Risk	A fund predominantly invested in European or Global equities across a spread of countries.
E-4	Equities – Higher Risk	A fund with potentially more volatile returns than average, as a result of high weights in a single country, sector or potentially more volatile types of stocks (e.g. smaller companies).
E-5	Equities – Very High Risk	A fund invested in potentially very volatile equity markets or sectors.

Property funds		
P-1	Property – Standard risk	A fund investing directly in property. This is expected to show low volatility of returns.
P-2	Property – Higher risk	A fund with a mixture of direct and indirect investment in property, including Real Estate Investment Trusts (REITs) and listed property companies. As a result, this will potentially have more volatile returns than a standard direct property fund.

The risk ratings are only intended to be a guide, and are based on our quarterly rating review process which uses information about a fund manager's investment approach, as well as quantitative measures based on the fund's historic performance as well as its current holdings.

The separate scales for Cash (A-1 to A-2), Bonds (B-1 to B-3), Equities (E-1 to E-5) and Property (P-1 to P-2), reflect the distinct characteristics of each asset class and the different roles each asset class will play in meeting the needs of different types of investors. A higher number signifies a higher risk fund.

Please note that the ratings only give an indication of the risk level of the fund in relation to Fidelity's own fund range.

Based on your own investment experience, a fund we have rated 4 or 5 may be a relatively low-risk investment for you. Conversely, a fund we have rated 2 or 3 may be a much higher-risk option than you have previously chosen. While it is reasonable to assume that a fund with a higher risk rating may offer greater growth potential, your actual returns can't, of course, be guaranteed. You also need to bear in mind that over the short term, higher risk funds may perform considerably worse than funds with a lower risk rating.

You should be aware that these ratings may change over time and it is therefore important that you review your holdings periodically, in order to ensure that the funds you have selected are consistent with your attitude to risk. Fidelity will not normally write to you to advise of a risk rating change, but the latest risk ratings are available on the fund factsheets by logging onto PlanViewer, or contacting the Pensions Service Centre.

Making your investment choice

Complete the Application Form and return it to the address shown on the application. **We will automatically invest your pension account in the default option which is the Lifestyle Strategy.**

If after joining you wish to select your own choice of funds from the range available you can do so using Fidelity's secure online pension service – PlanViewer at www.fidelitypensions.co.uk – or by calling the Pensions Service Centre on 08457 234 235. Because the Lifestyle Strategy is targeted to the age you specify, it is important that you consider it carefully.
You may want to ask yourself the following questions:

- Will I have enough to retire on?
- How much should I contribute?

Fidelity will assume that you plan to take your benefits at age 65. To change your retirement age call the Pensions Service Centre on 08457 234 235.

Changing your investments

You can change your investment from the Lifestyle Strategy to Self-select, or vice versa, whenever you want, using Fidelity's secure online pension service – PlanViewer at www.fidelitypensions.co.uk – or by calling the Pensions Service Centre on 08457 234 235. There is no charge for changing the way your pension account is invested. For the latest fund information please refer to the fund factsheets by logging onto PlanViewer, or by contacting the Pensions Service Centre.

Please remember that if you move money between funds or switch from one investment option to another, you may be out of the market for a short time. If the market moves in that time, it could affect the value of your investments.

Fidelity reserves the right to limit the number or frequency of times you switch. It may do this, for example, if short-term or excessive trading could harm fund performance by disrupting portfolio management strategies and increasing the expenses that the fund has to pay.

Leaving

Leaving the company

If you leave the company, you may leave your pension account invested with Fidelity and continue to make contributions, by moving it, free of charge, to the Fidelity Investments Stakeholder Pension Plan. Unless you elect to change your investment selection at the time of leaving, your account will continue to be invested in the same way as before.

Please note that the company will no longer contribute to your pension account. If you become unemployed or cease working for any reason, you may continue your membership in the plan and pay up to £3,600 gross a year, which will be payable net of basic rate tax relief.

You will not be able to take a refund of contributions, regardless of how long you have been contributing to your personal account.

Transfers out

Alternatively, if you join a new employer's plan, you may be able to transfer your pension account into that plan. You also have the option to transfer your pension account to another approved pension scheme at any time. Transfers to other approved pension arrangements are free of charge. If you are unsure about your decision, contact a Financial Adviser.

Leaving the plan, but not the company

If you want to leave the plan while still employed by the company, you must give the company and Fidelity one month's written notice. All contributions to your pension account will stop from the date notified by you. You will have the same options as mentioned above. If you change your mind later, you will only be allowed to rejoin the plan with the company's consent. **If you decide to opt out you must confirm your decision in writing to the ScottishPower Pensions Team, Scottish Power Limited, Avondale House, Phoenix Crescent, Strathclyde Business Park, Bellshill, ML4 3NI. Remember you will no longer be provided with the Life Assurance benefit if you opt out of the plan.**

Keeping in contact

Remember to keep Fidelity informed of any change in your personal circumstances, or your change of address, so that Fidelity can contact you when you are due to retire.

Your pension benefits

When can I take my benefits?

Usually you take your benefits when you retire and typically this will be when you are 65. However, you do not actually have to leave employment and fully retire to take your benefits from the plan. You can take your benefits in stages if you prefer not to take all of them at once (if you wish to retire but continue working part-time, for example). Further details about this option are available on request from Fidelity.

Early retirement

Currently the earliest you can take your benefits is when you are 55. **Remember, if your future plans include retiring earlier rather than later, fewer contributions will have been paid and your pension account will have had less time to grow so your benefits may be lower.** You can build up extra funds to help increase your benefits by paying extra contributions up to the maximum level allowed – please refer to the 'Contributions' section. The earlier you start and the more you invest, the greater the scope you will have for improving your benefits.

Late retirement

If, with the company's consent, you continue working for the company after the normal retirement age of 65, you will need to take your lump sum by age 75 if it is to be paid to you free of tax. Any remaining fund must be converted into an income at this stage, although not necessarily by buying an annuity. Further information about late retirement is available on request.

Your pension benefits

Whenever you take your benefits, the value of your pension account will be used to provide your retirement benefits. You can use the whole amount to buy a pension for the rest of your life. **The amount of pension that can be provided will depend on the value of your account and the cost of buying a pension for you at the time.** The value of your account will depend on the contributions paid in during your membership and the returns received on their investment over the years.

Alternatively, you may take a smaller pension and use the rest of your account to provide some or all of the following:

- a tax-free cash sum of up to 25% of your pension account
- inflation protection for your pension or any dependant's pension paid
- pension benefits for your husband or wife in the event of your death in retirement
- a guarantee that your pension will continue to be paid to your dependants for a set time in the event of your death within the guarantee period.

The benefits you choose are subject to certain allowances set by HMRC that apply to this and all your other registered pension schemes. For example the maximum overall fund that you can accumulate and still enjoy tax advantages is £1.80 million (2010-11). This is known as the lifetime allowance and covers all your tax-privileged pension arrangements. If your arrangements exceed this allowance, the excess will be subject to a lifetime allowance charge. The lifetime allowance is reviewed by HMRC each year and it is important that you ensure you do not exceed it.

The lifetime allowance was introduced on 6 April 2006 and measures have been put in place by HMRC to offer protection to members whose benefits prior to this date were close to or exceeded £1.5 million.

The lifetime allowance test is only applied when your benefits, or part of your benefits, are taken from any of your registered pension arrangements.

If you feel you may be affected by this limit, you should seek financial advice.

Trivial commutation

Alternatively when you reach age 60 and the value of your pension account is small, you could consider taking all your benefits as a cash sum. As a rule your benefits across all your registered pension arrangements must not be greater than 1% of the lifetime allowance (£18,000 2010-11) to qualify for trivial commutation. You will be able to take 25% of your trivial commuted benefit as tax-free cash, but the balance will be taxed as earned income. You should contact Fidelity for further information regarding this option.

Buying pensions

At retirement Fidelity will be able to arrange an annuity for you with an insurance company of their choice. This will be subject to terms and conditions at the time, which will include the right to impose a minimum value for the provision of the annuity whether by reference to account value or pension amount.

Alternatively you may choose to exercise your open market option and buy a pension from the insurance company of your choice.

You should shop around to find the best annuity for you, and you may wish to seek the advice of a Financial Adviser.

JARGON BUSTER

An **annuity** pays you an income for the rest of your life. It is normally paid by an insurance company in return for an agreed purchase price.

What happens if you die?

Your pension account

If you die before taking your benefits from the plan, the money in your pension account can be paid out as a lump sum to your dependants or used to buy a pension for them. This is the case whether or not you are still working for the company at the time of your death. Any lump sum will normally be tax free, but is dependent on the amount of lifetime allowance available at the time of payment. Any pension for your dependants will be bought in the same way as your own pension would have been.

Expressing your wishes

To ensure your dependants are not liable to inheritance tax in the event of your death, the administrator (Fidelity) must decide who receives any benefits arising from your membership of the plan. However, it will take account of your wishes and you should let **Fidelity** know now to whom you would like any benefits paid by completing an expression of wish form. **An expression of wish form is included in the new start Welcome Pack or is available to download from the company intranet.** Further copies are available from Fidelity's Pensions Service Centre (**08457 234 235**), should you change your mind at any time.

If you die in retirement

Any benefits payable to your dependants will depend on the options you selected when you retire (see the section headed 'Your pension benefits').

Please note that there are no separate insured death-in-service benefits provided under the plan. **Details of the life insurance benefit, provided on death in service by the company, will be supplied to you separately. The company will provide you with a separate Nomination Form for this benefit. Please note this benefit is not provided by Fidelity.**

JARGON BUSTER

The **administrator** of the plan is FIL Life Insurance Limited. Contact details are in the following section.

JARGON BUSTER

Your **dependants** are those who are financially reliant on you and will include your spouse or civil partner. HMRC impose strict criteria on the dependants that benefits can be paid to.

Help is at hand - member services

Helping you manage your pension account

Fidelity's Pensions Service Centre provides a range of services to help you manage your pension account. You can do so in four ways:

- Online – with PlanViewer – **www.fidelitypensions.co.uk**
- Telephone – call the helpline – **08457 234 235**
- In writing – write to the Pensions Service Centre

  Fidelity Pensions Service Centre
  Beech Gate
  Millfield Lane
  Lower Kingswood
  Tadworth
  Surrey KT20 6RP
- Email – email general enquiries to **pensions.service@fil.com**

Online – PlanViewer services

PlanViewer – Fidelity's secure online pension service – lets you log in to your account whenever you want. It is available 24 hours a day, seven days a week. PlanViewer is an easy way to manage your account.

You can log in to PlanViewer to:

- view the current balance of your pension account
- see how your pension account is invested
- change how the existing balance of your pension account is invested
- change how the future contributions are invested
- download information for all investment options
- check transactions on your pension account
- look at statements showing the transactions on your pension account over particular periods of time
- download plan documents and guides on retirement planning and investing, and
- use retirement planning tools in the 'My Toolkit' section.

PlanViewer security

To ensure that only you have access to your pension account, you are given a user name and web Personal Identification Number (PIN). The first time you login to PlanViewer, you will be asked to change your web PIN to one of your own choice. Your web PIN never expires, however if you subsequently forget it, a reminder can be sent directly to your e-mail account if you correctly answer the security questions.

Telephone helpline

Just call the dedicated helpline on **08457 234 235** to speak to one of Fidelity's Pensions Service Centre representatives. The helpline is open UK business days (Monday to Friday) from 8am to 6pm. Outside these hours, you can leave a message on the confidential answering service and a pension representative will contact you on the next business day. Fidelity's Pensions Service Centre representatives have a thorough understanding of the rules of the plan. They aim to give you all the information you need to manage your pension account effectively but they cannot give you personal financial advice. You should consult a financial adviser for this.

Pensions Service Centre

The Pensions Service Centre team is happy to talk through any aspect of your pension with you. You can contact the team to:

- ask for an up-to-date value of your pension account or a statement
- request a transfer value quotation and personal predictions of your pension account's possible future value
- change which funds you invest in
- ask for information on your investment options
- update your personal details, and ask general questions about the plan.

Pensions Service Centre security

You will be given a Personal Identification Number (PIN) when you join the plan so only you have access to your personal information. You should have this number to hand when you call the Pensions Service Centre. You can change this PIN to one you can more easily remember by calling the Pensions Service Centre.

Emailing Fidelity

You can contact Fidelity at **pensions.service@fil.com** or email Fidelity using the 'contact us' link on PlanViewer. Where possible, Fidelity will reply by email but, for your protection, it can't accept instructions by email to make transactions on your account or to change your investment choice. For confidential and personal information, Fidelity will respond to you in writing.

By post

You can contact the Pensions Service Centre by writing to:

Fidelity Pensions Service Centre
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey KT20 6RP

Contacts

pensions.service@fil.com

08457 234 235

www.fidelitypensions.co.uk

Fidelity Pensions Service Centre
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey KT20 6RP

Useful contacts

Financial Ombudsman Service

Complaints about the sales and marketing of pension plans are dealt with by the Financial Ombudsman Service. They can be contacted at:

South Quay Plaza
183 Marsh Wall
London E14 9SR
Tel: 0845 080 1800
Email: complaint.info@financial-ombudsman.org.uk
Web: www.financial-ombudsman.org.uk

The Pensions Advisory Service

Fidelity has procedures for the consideration of complaints. You can call the Pensions Service Centre or write to Fidelity to obtain a copy of these procedures or to complain.

In addition, members can get help from The Pensions Advisory Service (TPAS) at any time in connection with any query you may have, not only after failure to resolve difficulties with the administrator. TPAS has a network of volunteer advisers who can answer queries and try to resolve the problem, corresponding with the scheme authorities as necessary. They can be contacted at:

11 Belgrave Road
London SW1V 1RB
Tel: 0845 601 2923
Email: enquiries@pensionsadvisoryservice.org.uk
Web: www.pensionsadvisoryservice.org.uk

Pensions Ombudsman

The Pensions Ombudsman may also be able to investigate and decide any complaint or dispute which TPAS is unable to resolve for you. The Pensions Ombudsman investigates and decides complaints and disputes about the way that pension plans are run. The Ombudsman can be contacted at:

11 Belgrave Road
London SW1V 1RB
Tel: 0207 630 2200
Email: enquiries@pensions-ombudsman.org.uk
Web: www.pensions-ombudsman.org.uk

Department for Work and Pensions

For queries relating to your State benefits, you can contact the Department for Work and Pensions (DWP). Your local Citizens Advice Bureau will have the details of your nearest DWP office.

Pension Tracing Service

Details of the plan have been given to the DWP. If you have difficulty tracing your benefits in the future, you can contact the DWP's Pension Tracing Service, quoting reference number 10271695. Their address is:

Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA
Tel: 0845 6002 537
www.direct.gov.uk/en/Pensionsandretirementplanning/PlanningForRetirement/AboutToRetire

IFA Promotion website

For a list of Independent Financial Advisers (IFAs) local to you, visit their website at www.unbiased.co.uk

Important legal information

Tax advantages

The plan invests in the Fidelity Investments Stakeholder Pension Scheme (the scheme), which is a registered pension scheme under the Finance Act 2004. This means that as a member you benefit from some important tax advantages:

- you receive full tax relief on contributions subject to the annual allowance i.e amounts paid directly by you rather than through Pensions Plus Salary Sacrifice. (You are not liable to tax or National Insurance on any salary sacrificed via Pensions Plus)
- your investments are free from tax on interest income and capital gains
- you have the option of taking part of your benefits as a tax-free cash sum

Please note that tax assumptions are subject to future statutory change and the value of tax savings will depend on individual circumstances.

HMRC allowances

The benefits provided by the plan are subject to certain allowances laid down by HMRC. Under normal circumstances, your benefits will be within these allowances and they will be paid with no restriction. You will be advised if any limitation has to be applied in your case.

Income and inheritance tax

When in payment, your pension will be treated as earned income for tax purposes. As a general rule any lump sum payable if you die will not be subject to inheritance tax.

Rules and regulations

The scheme is an appropriate personal pension plan. It is administered according to a strict set of rules which meet the requirements of HMRC and the DWP. You can ask to see a copy of the rules at any time – just contact Fidelity. This booklet is a guide to the scheme and will always be overruled by the formal rules if there is any difference between the two.

Amendment or discontinuance

The company reserves the right to amend or discontinue the plan at any time. If your benefits or rights are affected you will be given written notice. If the plan is discontinued a statement detailing the value of your account will be sent to you and your options will be explained.

The Pensions Regulator

There is a regulatory body which oversees the running of pension plans. The Pensions Regulator can intervene if trustees, employers or professional advisers fail in their duties. The Pensions Regulator can be contacted at:

Napier House
Trafalgar Place
Brighton
East Sussex
BN1 4DW
Tel: 0870 606 3636
Email: customersupport@thepensionsregulator.gov.uk
Web: www.thepensionsregulator.gov.uk

Data protection

The personal data that you provide or which is provided about you through the course of your business relationship with Fidelity will be held on and processed by computer or other means in order for Fidelity or its affiliated or associated companies or agents to administer the plan. This may involve the transfer of data by electronic means including the internet and may also include the transfer of such data to affiliated or associated companies or agents based outside the European Economic Area. Your information will be held in confidence and not passed to any other company without appropriate permission or unless Fidelity is required to do so by law or except in the following circumstances:

- where it is necessary in order to administer the plan
- where we are provided with updated address details or other information by either you or your current employer, in which case we will update the information we keep for any other schemes of which you are a member and for which we hold records on our database
- we may provide some information to your employer to help us administer the plan
- at the request of your employer, we may also provide certain information to a Financial Adviser or in any event to a Financial Adviser who is acting on your behalf. Where we provide information to a financial adviser at the request of your employer, this may be to allow you to receive advice and/or to allow the financial adviser to provide general information (not personal data) to your employer, including the levels of investment in the funds available. This will help your employer assess the choice of funds.

You have the right to obtain a copy of the personal data held about you, for which you may be charged a fee – contact the Pensions Service Centre on **08457 234 235.**

Liability

Fidelity will not be responsible for losses arising through it providing services under the plan or the Fidelity Investments Stakeholder Pension Plan or for anything it does or omits to do unless that failure is a breach of the Financial Services and Markets Act 2000, the Financial Services Authority Rules, or is the result of a lack of due skill, care and diligence by Fidelity or its employees or agents. Fidelity will not, therefore, be responsible for losses arising from matters beyond its control, including fire, explosion, war, industrial disputes or breakdown of equipment.

The nature of investments

Contributions will be allocated to funds of FIL Life Insurance Limited (FIL Life). Through these funds, FIL Life invests in underlying Fidelity unit trusts and open-ended investment company (OEIC) funds managed by FIL Investment Services (UK) Limited, authorised and regulated by the Financial Services Authority.

The Cash Pensions Fund invests in the Fidelity Cash Fund, a UK-authorised unit trust. The yield will fluctuate with changes in interest rates. The value of your investments may also be adversely affected if any of the institutions with which cash is deposited suffers insolvency or other financial difficulties.

FIL Life Insurance Limited (FIL Life) may also invest into funds managed by non-Fidelity fund managers or be reinsured by non-Fidelity life insurance companies. The name of the non-Fidelity insurance company or fund manager will normally be shown in the name of the FIL Life fund.

Other formats

If you find it difficult to read this document, please contact Fidelity and we can provide you with an alternative format including large print, Braille, audiotape and CD.

Fidelity™
INVESTMENT MANAGERS

08457 234 235 www.fidelitypensions.co.uk pensions.service@fil.com