

Dear member

SSE Southern Pension Scheme

Your 2023 pension increase

On behalf of the Trustees of the SSE Southern Pension Scheme (the Scheme), I wanted to let you know the increase that will be applied to pensions in payment with effect from 1 April 2023. After discussions with our sponsor, SSE, it has been agreed that the increases to be applied to Scheme pensions in excess of Guaranteed Minimum Pension (GMP) will be 8% this year.

The enclosed FAQs document tells you more about GMP and the different elements that make up your pension. The increases that will apply from 1 April 2023 are summarised in the table below.

Type of pension	Pension increase rate
GMP earned before 6 April 1988, which is not subject to annual increases from the Scheme	0.0%
GMP earned after 6 April 1988, which increases each year in line with the Consumer Prices Index (CPI), subject to a maximum of 3%	3.0%
Scheme pensions (in excess of any GMP)	8.0%

We are conscious that inflation is running at its highest level for a number of years, which is understandably causing concern for many people across the UK. However, those on fixed incomes, such as pensioners, clearly want to receive pension increases that help reduce the impact of the rising cost of living.

Under the Rules of the Scheme, where inflation is running below 5%, the Scheme will automatically provide increases in line with inflation each year. When inflation is running above 5%, as it is this year, SSE can decide that an increase of 5%, or some higher amount, is awarded. SSE has decided that an 8% increase should be awarded.

The Trustee Board has considered the factors presented by SSE and accepted this proposed increase. While this is lower than some measures of inflation, it is higher than the minimum rate. The factors taken into account in reaching that figure include:

- The challenges faced by pensioners in the current economic climate;
- Pay awards for current employees, supporting them in facing similar challenges; and
- The funding SSE is providing to remove the current deficit in the Scheme.

SSE has also advised us that it has taken into account the needs of other key stakeholders, including customers, shareholders and regulators.

We are aware that some recent reporting around pension scheme funding may have caused concern for pensioners and would like to take this opportunity to reassure all members that the Scheme remains strongly funded, with ongoing support from our sponsor as we seek to continue to improve the security of all members' benefits.

Yours sincerely

Kate Jarvis
Chair of Trustee