

Affinity Water Pension Plan – General Notes

Introduction

The Affinity Water Pension Plan (‘the **Plan**’) is one of the most valuable benefits that the Company provides. It aims to provide financial security for you and your family on your retirement and death.

Throughout both this General Notes booklet and the **Plan** guide included in your Information Pack, words with special meanings are in **bold type**. The definitions of these special words are shown towards the back of the **Plan** guide.

This booklet and the **Plan** guide give only a summary of the benefits provided by the **Plan**. They do not cover everything in the formal trust deed and rules. If there is any conflict between the provisions of this guide and the trust deed and rules the latter will prevail. If you want to see a copy of that document or if there is anything you are not clear about or you need more information, please ask the Affinity Water Payroll & Pensions Team. You may also contact the **Trustee** at:

Affinity Water Pension Trustees Limited
c/o Affinity Water Limited
Tamblin Way
Hatfield
Herts
AL10 9EZ

March 2013

*You should keep this booklet and any other papers you are given
about the plan in a safe place for future reference*

A – Z of further details

This booklet is based on current understanding of tax and pension scheme law, which is subject to change at any time in the future.

ABSENCE FROM WORK

Most absences from work are for a relatively short time and do not affect your membership of the Plan. If you are absent for a long time, your membership may be affected.

If you are away from work for any other reason except maternity, paternity or adoption leave, the Company, with the consent of the **Trustee**, decides whether your membership should continue, whether you remain covered for the lump sum death benefit and, in each case, for how long.

At the end of the appropriate period, if you have not returned to work, you are normally treated as having left employment.

With the consent of the **Company** and the **Trustee**, your contributions may be continued in whole or in part or be suspended during your absence.

ALTERATION AND TERMINATION OF THE PLAN

At present, the **Company** intends to continue the **Plan** but there is a right to alter or terminate it at any time. If your benefits are in any way affected you will be notified. If the **Plan** is terminated, the **Trustee** will use the trust fund in the way set out in the trust deed and rules.

DIVORCE

If you should get divorced, the **Trustee** may be obliged to allocate or pay part of your retirement or death benefits to your ex-spouse to comply with any court order requiring this.

FORMAL TRUST DEED AND RULES

Your rights to benefit under the **Plan** arise from the formal trust deed and rules. These documents are designed to meet the requirements of HM Revenue & Customs and other Government authorities.

This booklet and your copy of the **Plan** guide give only a summary of the benefits provided by the **Plan** and do not cover everything in the trust deed and rules. If you want to see a copy of this document or if there is anything you are not clear about or you need further information, you should contact the Affinity Water Payroll & Pensions Team.

GIVING UP YOUR BENEFITS

Except in the limited circumstances allowed by law and by the formal trust deed and rules, you are not allowed to give up, cash in or forfeit your benefits or use them as a security for a loan.

HM REVENUE & CUSTOMS

The Plan is registered with HM Revenue & Customs as a tax approved pension scheme under the Finance Act 2004.

This brings important tax advantages for you but, at the same time, sets limits on the contributions that can be paid. This limit is set out below and does not confer any additional entitlement to benefits under the **Plan**.

Contributions

The maximum amount of contributions that you can pay in any tax year is the lower of:

- Your total annual earnings*
- The Annual Allowance as specified by HM Revenue & Customs, which is £50,000 for the 2012/13 tax year (and is expected to reduce to £40,000 for the 2014/15 tax year).

Lump Sum Death Benefit

There is no limit on the maximum lump sum death benefit payable on death before retirement. However, should the total value of your pension benefits and the lump sum payable exceed the Standard Lifetime Allowance (SLA)* as specified by HM Revenue & Customs then supplementary tax will be payable on any amount paid above the SLA. The SLA is currently £1,500,000.

Pension Commencement Lump Sum

The maximum cash sum that you can take at retirement is an amount equivalent to 25% of your **Personal Account** at that time.

Under current legislation the lump sum payment can be made free of income tax. Should you make arrangements which involve using the lump sum to invest in another pension arrangement the HM Revenue & Customs may impose a tax penalty.

INCOME TAX

If your total income on retirement exceeds your personal income tax allowance, your Plan pension will be subject to income tax.

INHERITANCE TAX

Under present legislation your lump sum death benefits are not normally subject to inheritance tax as they are paid at the **Trustee's** discretion.

You should let the **Trustee** know who you wish to be considered to receive the benefits by completing an Expression of Wish Form. You can complete another form if you change your mind at any time.

MATERNITY, PATERNITY AND ADOPTION LEAVE

If you receive statutory or contractual maternity, paternity or adoption pay, your **Pensionable Service** continues as if you are working normally. Your benefits will continue and will be based on the **Pensionable Salary** or **Earnings** you would have received had you been working normally.

If you do not receive any statutory or contractual maternity or adoption pay, your **Pensionable Service** and benefits continue, as described above, for the basic statutory period of 39 weeks (this does not apply to paternity leave).

You continue to pay contributions but they are based on the pay you actually receive during maternity or adoption leave (rather than on your **Pensionable Salary** or **Earnings**).

You do not pay any contributions during any unpaid statutory maternity or adoption leave. The **Company** pays its own contributions in respect of you and the difference between the contributions you would have paid to the **Plan** had you been working normally (but not **AVCs**) and those you actually pay during maternity or adoption leave.

If you do not return to work, your date of leaving the **Plan** is taken as the date any maternity or adoption pay stopped or, if later, when your unpaid statutory maternity or adoption leave ended.

PART TIME SERVICE

If you switch from part time to full time service, or from full time to part time service, or change your regular hours of part time working, you will be advised of the effect (if any) on your contributions and benefits at the time.

PERSONAL INFORMATION

A statement entitled "Personal Information and the Data Protection Act 1998" is included at the back of this booklet. This explains how your personal information may be processed and contains details of obligations of the Trustee under the Data Protection Act 1998.

It is important that you tell the **Trustee** of any changes in your personal details, especially your marital status and, once you have left the **Company**, your address, to help the **Trustee** to provide your benefits quickly.

REPORT & ACCOUNTS

Each year the **Trustee** produces a report which includes details of the **Plan's** progress and the formal accounts. Copies of the latest formal Report & Accounts are available on request from the address on the inside front cover of this booklet.

YOU AND THE STATE PENSION SCHEME

At **State Pension Age** you receive your **State Basic Pension** provided that you have paid enough National Insurance contributions. The **State Basic Pension** is paid in addition to your **Plan** pension which may be paid at a different date. You may also qualify for the **State Second Pension (S2P)**. Please see the **Plan** guide accompanying this booklet for details.

Help and advice

QUERIES AND PROBLEMS

The **Trustee** aims to administer and manage the **Plan** to high standards. In the unlikely event that at some stage you are unhappy about something concerning your benefits or your membership of the **Plan** in general, there is a procedure for you to follow.

Most queries and problems stem from a misunderstanding of information and normally can be quickly and informally sorted out without the need to use any formal procedures. You should first of all refer any query or problem to the Affinity Water Payroll & Pensions Team.

If you are still unhappy about the matter, you may then wish to consider making a formal complaint through the internal dispute resolution procedure.

INTERNAL DISPUTE RESOLUTION PROCEDURE

If you have not been able to resolve any complaint about the **Plan** informally, there is currently a formal procedure you may use. Full details can be obtained from your local Pensions Contact.

You should put your case in writing to the **Trustee** so that it can be considered.

Special application forms are available to make a complaint. If you wish, you may use a representative to act on your behalf.

The internal dispute resolution procedures apply to matters concerning the **Plan** that affect members and others who may have an interest in the **Plan**. They do not apply to disputes between employees and the **Company**, nor do they apply to disputes where court proceedings have started or that are being investigated by the Pensions Ombudsman.

THE PENSIONS REGULATOR

The Pensions Regulator is an official body that is responsible for overseeing the running of occupational pension schemes and is able to intervene where trustees, employers or professional advisers have failed in their duties. It may be contacted at Invicta House, Trafalgar Place, Brighton, East Sussex BN14DW.

THE PENSIONS ADVISORY SERVICE (TPAS)

TPAS is an independent voluntary service that provides free help and advice to members and other beneficiaries of occupational and personal pension schemes. If you have any pensions queries concerning your **Plan** benefits or any problems which you fail to resolve with the **Trustee** or administrators of the **Plan**, you can contact TPAS at 11 Belgrave Road, London, SW1V 1RB or through your local citizens' advice bureau.

PENSIONS OMBUDSMAN

The Pensions Ombudsman may investigate and decide upon any complaint or dispute of fact or law referred to him. However, he recommends that the matter is first raised with the TPAS and normally insists that the complaint has been investigated under the **Plan's** internal dispute resolution procedure and still remains unresolved before he will accept the matter for investigation. If you have any complaint or dispute that cannot be resolved by the internal

dispute resolution procedures nor by TPAS, you can refer it to the Pensions Ombudsman whose address is 11 Belgrave Road, London, SW1V 1RB.

THE DEPARTMENT FOR WORK AND PENSIONS (DWP) - PENSION TRACING SERVICE

The **Trustee** has given information about the **Plan**, including details of an address at which they can be contacted, to the Pension Tracing Service.

A tracing service run by the DWP may be of help to you if you need to contact the trustees of a previous employer's pension scheme and cannot trace them yourself.

They can be contacted at:

The Pension Tracing Service
The Pension Service
Tyneview Park Whitley Road
Newcastle upon Tyne NE98 1BA
Telephone: 0845 6002 537
www.thepensionservice.gov.uk

Personal Information and the Data Protection Act 1998

By completing an Application Form to join the **Plan**, you and your **Employer** will be providing the **Trustee** with personal information about you and any beneficiary (if applicable). Further personal information, such as details of your pay and service, will also be provided to the **Trustee** by your **Company** during your membership, if you are admitted as a member. The **Trustee** is required to comply with the Data Protection Act 1998 in respect of this personal information. This Statement describes:

- what kinds of information the **Trustee** will hold about you;
- where the **Trustee** obtains this information from;
- how this information will be used; and
- who this information will be disclosed to.

WHAT KINDS OF INFORMATION WILL BE HELD BY THE TRUSTEE?

Apart from the information provided on your Application Form, the information held by the **Trustee** will generally be such as is necessary to calculate your pension and other benefits under the **Plan** and any associated insurance policies including, for example:

- service and pay details;
- tax;
- national insurance and social security details;
- marital status;
- age;

- circumstances of retirement or leaving service.

It may sometimes be necessary to obtain health information from you (for example, for life assurance purposes or to establish an entitlement to an ill-health benefit); if this is the case your specific consent may be sought to the handling of this health information.

WHERE DOES THE TRUSTEE OBTAIN INFORMATION ABOUT YOU FROM?

The primary sources of this information are:

- you (or anyone appointed to act on your behalf, such as a financial adviser);
- your employer; and
- (occasionally) the trustees or managers of any other pension scheme of which you are, or were, a member.

Information may be obtained from the latter either because this is needed to check compliance with HM Revenue & Customs maximum benefit limits or in connection with any transfer of entitlements to or from such an arrangement.

HOW WILL INFORMATION ABOUT YOU BE USED?

This information will be used by the Trustee, the **Plan's** administration staff and by the **Trustee's** agents and advisers in administering and managing the **Plan**. In particular, the information will be used to establish your membership of the **Plan** and your entitlement to benefits under it, and in communicating with you as a member. Pension scheme administration is a highly complex process and it is not possible to describe all that is involved here, but if you have any questions about the uses to which this information may be put, please contact the Payroll & Pensions Manager, Affinity Water Limited, Tamblin Way, Hatfield, Herts, AL10 9EZ.

TO WHOM WILL INFORMATION ABOUT YOU BE DISCLOSED?

The parties to whom personal information may have to be disclosed in the course of administering the **Plan** fall into three categories:

- The **Trustee**, the **Plan's** administration staff and their advisers: This would include the **Trustee**, its insurers, the Participating Employers and the staff employed by them, the **Trustee's** actuaries, accountants, legal advisers, indemnity insurers, life assurers, investment managers, custodians and consultants, pension payment agents, Additional Voluntary Contribution providers, auditors, communication consultants, printers and any other professional or other service providers retained by the Trustee in the course of operating the **Plan**.
- Government and other bodies: This includes the **HMRC**, the Department for Work and Pensions, the Pensions Regulator and, potentially, the Pensions Advisory Service and the office of the Pensions Ombudsman. Other pension arrangements: This would include the trustees or managers (and any of their service providers and advisers) of any pension scheme, personal pension arrangement, stakeholder scheme, or other investment to which, or from which, your rights are, or are expected to be, transferred, or where it is necessary to investigate other pension benefits for the purposes of checking that **HMRC**

maximum benefits are not exceeded; any independent financial adviser appointed by you in connection with such a transfer, and any insurance company or other investment provider with whom any part of your rights under the **Plan** may be or may prospectively be insured. In the event of a pension scheme merger or transfer, whether or not as a result of the transfer of ownership of the sponsoring employer, the **Trustee** may disclose information to the purchaser/transferee, or to the trustees/managers of any new pension arrangement.

YOUR RIGHTS UNDER THE DATA PROTECTION ACT 1998

You have a number of important rights under the Act. These include:

- a right to information about who is responsible for controlling the personal information held about you (the "Data Controller") and the purposes for which it is processed or used;
- a right to a copy of the personal information held about you; and
- a right to correct any inaccurate or misleading information held about you.

If you are considering exercising any of these rights, or to make any other enquiry about the personal information held about you, you should contact the Payroll and Pensions Manager, Affinity Water Limited, Tamblin Way, Hatfield, Herts, AL10 9EZ.

YOUR CONSENT

Under the Act, the **Trustee** has the right to process personal information about you for the purposes of administering and managing the **Plan**, but is required to comply with the terms of the Data Protection Act. The **Trustee** would, however, prefer all new **Plan** members to be aware of the matters described in this Statement and of their rights under the Act, and to have given their express consent to the use of their personal information for the purposes and in the ways described above. For this reason new **Plan** members are invited to give written consent to this as part of the process of applying for membership of the **Plan**.