

Affinity Water Pension Plan – Summary Funding Statement 2025

Welcome to your Affinity Water Pension Plan Annual Summary Funding Statement. This Statement is to let you know about the financial position of the Affinity Water Pension Plan (our 'Plan'). A full valuation of the financial position of the Plan is done every three years, with annual updates in intervening years. The last actuarial valuation was carried out at 31 December 2023. This Statement describes how the financial position of the Plan has changed since the last actuarial valuation.

As Trustees, we are responsible for monitoring the Plan's financial health and reporting its financial position to members. Legislation includes various requirements for trustees and employers to work together to maintain the financial health of their scheme, including the requirement to issue the Summary Funding Statement to members.

We hope you find this Summary Funding Statement useful to help you understand the financial arrangements that support your retirement benefits.

How does the Plan work?

The Plan delivers defined benefits as set out in the Plan's Trust Deed and Rules. These benefits are based on your pensionable salary and your period of membership of the Plan and are currently financed by the Plan's assets and from contributions from members, which are paid into the fund. Together with the investment returns achieved, this fund covers the payment of benefits to Plan members and/or their dependants now and in the future. The running costs of the Plan may also be met by the Plan.

Understanding your Summary Funding Statement

What does this word mean?

Pensions have a language of their own – words which have a specific meaning, and which are used as 'shorthand' when talking about them. Here is an explanation of some of the words we use in this Statement.

Assets

This is all the money building up in the Plan as investments, bank balances and any money owed to the Plan.

Liabilities

This is everything the Plan owes now and the expected value of benefits it will have to pay to members and their dependants in the future.

Funding level

This is the assets divided by the liabilities. (If the value of the assets was equal to the liabilities the funding level would be 100%.)

Your Summary Funding Statement

The Plan's financial position

At the date of the last formal actuarial valuation of the Plan (31 December 2023), the Plan's Actuary found:

The Plan had assets of	£376.8m
The amount the Plan needs to provide benefits was	£372.0m
This gave a surplus of	£4.8m
This is the same as a funding level of	101.3%

How has this changed?

The Plan's financial position is estimated at least annually.

At 31 December 2024, the Plan's Actuary estimated that the funding position was as follows:

The Plan had assets of	£344.2m
The amount the Plan needs to provide benefits was	£326.2m
This gave a surplus of	£18.0m
This is the same as a funding level of	105.5%

At 31 December 2025, the Plan's Actuary estimated that the funding position was as follows:

The Plan had assets of	£338.3m
The amount the Plan needs to provide benefits was	£316.1m
This gave a surplus of	£22.2m
This is the same as a funding level of	107.0%

The funding level has changed since 31 December 2024 primarily due to movements in long-term interest rates, which have slightly reduced the Plan's liabilities. The Plan's assets are designed to broadly match the performance of the liabilities and have performed in line with the movement in liabilities, resulting in an overall increase in the surplus over the period from 31 December 2023.

Despite the reduction in absolute values of the assets and liabilities since 31 December 2023, it's important to note that member benefits remain unchanged, and the Plan remains very well funded.

How would a shortfall in funding level be paid?

The Trustee and Affinity Water Limited (the 'Company') have agreed that, should a shortfall emerge in the future, any such shortfall would be removed by a combination of the Company making contribution payments in accordance with the most recent Schedule of Contributions and investment returns on the Plan's assets.

Payments to Company

There have been no payments to the Company out of Plan funds in the period since last year's Summary Funding Statement.

What if the Plan started to wind up?

One of the periodic checks the Plan's Actuary carries out is to check the funding level of the Plan in the event that it was wound up with no further contributions from the Company. If at the last formal actuarial valuation, the Plan was discontinued and the liability for all benefit entitlements up to that date were transferred to an insurance company, the additional amount of assets the Plan would have needed to ensure benefits were paid in full (the full solvency position) was £8.2m. This is equivalent to a solvency funding level of 97.9%. We are required to estimate this figure in order to get a complete picture of the Plan's financial health, but it does not mean that the Company is thinking of closing the Plan and transferring benefits and assets to an insurance company.

Since the valuation date, the solvency funding level has improved and at 31 December 2025 it was at a level of 106.1%, a surplus of £19.5m.

Statements about The Pensions Regulator's involvement with the Plan

Legislation requires that we should tell you certain information about The Pensions Regulator's involvement in the Plan.

We confirm that The Pensions Regulator has made no modifications to or directions on the Plan.

We confirm that The Pensions Regulator has not imposed a Schedule of Contributions on the Plan.

Keeping the Trustee informed

So that we can continue to send you information about your pension, please remember to let us know if your address changes and if possible provide an up to date email address. This can be done via our Pension Portal (<https://affinitywaterpensions.co.uk/>).

Please also remember to keep your beneficiary details up to date via a Nominations form, particularly if your circumstances change. This can also be completed via our Pension Portal.