Defined Benefit (DB) members

Your pension matters

Information about your Affinity Water Pension Plan

Issue 12 | November 2025

Affinity Water

Welcome

We hope you are keeping safe and well.

Your pension matters is our annual newsletter about the Affinity Water Pension Plan (which we'll refer to as 'the Plan'). In this issue, we cover a range of topics we think you'll find interesting, including the latest pensions news, an investment update and our annual accounts. If there's anything you'd like to see in future newsletters, do let us know.

If you need clarification on any pension-related issues, please visit our **Pension Portal**. If you can't find the information you need, feel free to email the Pension Trustee or call the Hymans Robertson helpline (contact details are provided on page 10).

Over the past year, with help from the Plan's legal team we completed a Trustee and Board effectiveness check. The purpose of the exercise was to make sure we meet the Pension Regulator's requirements.

I'd like to thank the entire Pension Trustee team for their hard work, commitment and continued dedication, and for supporting me to manage the Plan in the best interests of our members. We take great pride in delivering robust governance, successful outcomes and overall value to you all.

Michael Calabrese, Chair

The check covered a range of best-practice areas, including decision making, record keeping, overall Trustee governance, Trustee knowledge and understanding, conflicts of interest and risk management.

As part of this process, we also considered feedback from the Plan's advisors on various Trustee processes and procedures, and on how we communicate with our members. We compared ourselves to other pension plans too, including some that are far larger than ours.

Overall, the comments we received were very positive – you're in safe hands!

In this issue

On the Board

The Trustee Board did not change during 2024/25. Its members are:

Michael Calabrese
– Chair and Employer Nominated Director

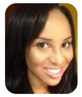
Eddie Lintott
– Member Nominated Director

Dina Pope
– Employer Nominated Director

Steve Spencer
– Employer Nominated Director

Thomas Stoten
– Member Nominated Director

Hetal Kotecha
– professional Independent Trustee Director, Independent Governance Group.



The Trustee Company Secretary is **Florence Anichebe**.

Three organisations provide specialist services and advice to the Trustee:

- **Hymans Robertson** – administration, actuarial services and investment management
- **Eversheds Sutherland** – legal
- **KPMG** – the Plan's auditor.

Managing your pension plan

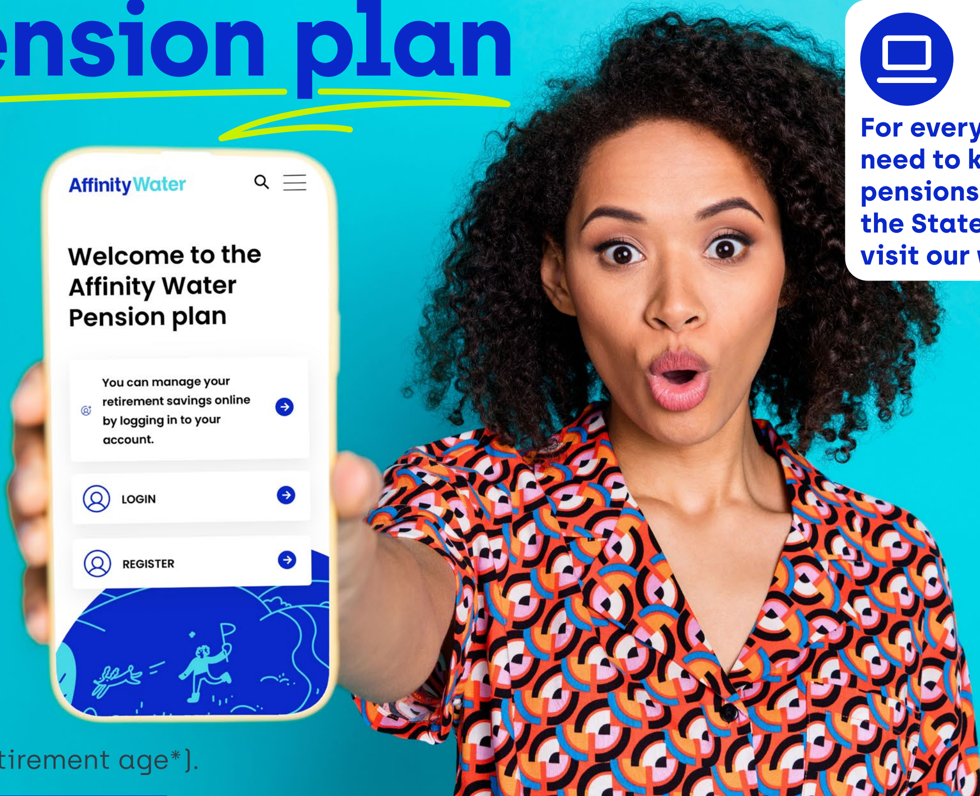
Our Pension Portal gives you instant access to all your pension information, making it easier for you to manage your pension.

Registering online takes just a couple of minutes.
Here's how to do it:

- visit **https://www.affinitywaterpensions.co.uk**
- click on 'Register'
- enter your details (surname, date of birth, national insurance number, personal mobile and personal email address).

You can access the Portal on any device and any platform. Once you've logged in, you can complete a wide range of tasks. Here are some common examples:

- update your personal details in real time
- view your current fund value
- access your statements
- use the planner tool to plan your retirement
- request a retirement quote (if you are approaching normal retirement age*).



For everything you need to know about pensions, including the State Pension, visit our website.

Have you completed your Expression of Wish form?

If you pass away while you're still a member of the Plan, some of your pension entitlements may pass to your surviving spouse, civil partner or dependant(s). But if you haven't completed your Expression of Wish form, the Trustee may not be aware of your final wishes. Don't put off this important task – on the **Pension Portal** it's quick and easy to complete.

If you're approaching retirement...

You should receive a retirement pack from Hymans around six months before your normal retirement date. To prevent unnecessary hold-ups, register for our **Pension Portal** (if you haven't already done so) and double-check that your contact details and preferred method of communication are up to date.

Hymans Robertson – happy to help

Some changes can't currently be made on the Portal, like initiating a transfer into the Plan or changing your investment choices. You'll need to contact Hymans Robertson instead, via the helpline (**0207 082 6182**) or by email (**affinity@hymans.co.uk**).

Email the Affinity Water Payroll team if you have a query about:

- **contributions** – including making changes to them)
- **retirement** – outside of the normal retirement age or before requesting a retirement quote
- **payroll deductions or your payslip**.

pensionsadmin@affinitywater.co.uk

We recommend that you seek independent financial advice before taking any actions in relation to your retirement savings plans.

* Normal retirement age is the specific age set by a pension scheme at which a member can access their pension benefits without any reductions or enhancements.

Steps to stay scam safe

Pension fraud is a growing problem, with scammers becoming ever more sophisticated. Thankfully the Pension Scams Action Group (PSAG) is helping to stop them in their tracks. It's a multi-agency taskforce comprising members from law enforcement, government and industry, all working together to tackle pension fraud.

PSAG Pension Scams Action Group
United action against pension scams

The PSAG has produced a four-step checklist designed to help keep you scam safe. Use it if ever you're approached about your pension:

STEP 1

Is the offer unexpected?

Legitimate pension providers are highly unlikely to contact you out of the blue about your pension. Be wary of free pension review offers and/or promises of high or guaranteed returns.

STEP 2

Have you checked who you're dealing with?

The Financial Conduct Authoritys (FCA) website has a Financial Services Register. You can check it to make sure that anyone offering you advice or services is authorised to do so.

A firm pretending to be authorised is known as a 'clone firm' and may have a clone website that looks exactly like the real deal.

Tip: double check their contact details against the register to see if they match. Always ensure a firm is FCA authorised or you won't be protected by the Financial Ombudsman Service or Financial Services Compensation Scheme if something goes wrong.

Website: **register.fca.org.uk**

Phone: **0800 111 67 68**

FCA FINANCIAL CONDUCT AUTHORITY

STEP 3

Stop and think – are you being rushed or pressured?

Pressure to act quickly or you will miss out is often a warning sign. Take your time to make all the checks you need and remember, if it sounds too good to be true, it probably is.

STEP 4

Should you seek impartial advice or guidance?

MoneyHelper

Free and impartial information and guidance available online, over the phone and via webchat.

Website: **moneyhelper.org.uk**

Phone: **0800 011 3797**

MoneyHelper

Financial advisors

If you can, it's a good idea to invest in speaking to a financial advisor. Often large amounts of money are at stake and they will be able to help you make the right decision for you.

Tip: check that any advisor you choose to use is regulated by the FCA.

STOP! THINK FRAUD

Stop! Think Fraud

Learn more about how to spot and avoid scams.

Website: **stopthinkfraud.campaign.gov.uk**

Watch this video of a pension scam victim urging others to stop, think and ask themselves whether something is genuine or too good to be true.

If you suspect a scam, report it to **Action Fraud**.

Website: **actionfraud.police.uk/contact-us**

Phone: **0300 123 2040**

ActionFraud National Fraud & Cyber Crime Reporting Centre

Our pledge to protect you...

The Trustee Directors committed to the Pensions Scam Pledge by taking action to protect our members and to follow the principles of the Pension Scams Industry Group's Code of Good Practice.

The Pensions Regulator

PSIG PENSION SCAMS INDUSTRY GROUP

Market background

- **Global economic growth** remained robust during the 12 months to 31 March 2025, particularly in the US where strong consumer demand and government spending provided significant support.
- **The UK economy** achieved modest gains, buoyed by a strong start to the year.
- **The eurozone economy** also expanded, though its progress was reduced by weakness in the manufacturing sector.
- **Headline Consumer Price Index (CPI) inflation in the UK** fell from 3.2% in March 2024 to 2.6% in March 2025. Meanwhile core inflation in the UK, which excludes volatile energy and food prices, fell from 4.2% to 3.4%.
- **Base rates** – the US Federal Reserve and European Central Bank lowered their base rates to 4.5% and 2.5%, respectively. Given underlying inflation pressures, the Bank of England lowered its base rate of interest more slowly – from 5.25% to 4.5% in the 12 months to 31 March 2025.
- **Bonds** – following government spending pledges on defence and infrastructure, European sovereign bond yields rose as investors anticipated heavier issuance and stronger growth. UK 10-year government bond yields rose by 0.7% to 4.7%, largely because of the Autumn Budget implying a higher gilt issuance and the government outlining further spending on defence and infrastructure.
- **Global credit spreads** narrowed, driven by optimism around fiscal support. During the 12 months to 31 March 2025, sterling and European investment-grade credit spreads narrowed by 0.1% to 1.1% and by 0.3% to 3.3%, respectively. The European loan market also returned 7.7% due to income and spread tightening over the period.
- **Global equity markets** rose by 8.0% during the 12-month period, despite falls in Q1 2025. The UK outperformed due to its above-average exposure to financials, while strong consumer spending supported modest US outperformance. European stocks underperformed on a more cautious outlook for luxury consumer discretionary companies. Japan was the worst-performing region as yen strength and trade headwinds affected the export-oriented market.

Industry news

NMPA to rise from 55 to 57

The Normal Minimum Pension Age (NMPA) is the earliest age when members of registered schemes can access their benefits without incurring an unauthorised payment tax charge. Some members who are in poor health or have an existing 'protected pension age' may be able to take their benefits earlier.

On 6 April 2028 the NMPA will rise from 55 to 57 (except for members of uniformed public service schemes).

New national Pensions Dashboard

Pensions Dashboards Programme

Backed by the government, the Pensions Dashboard is a free-to-use online platform currently in development.

The Dashboard will enable people to:

- view information about their unclaimed state, private and workplace pensions in one secure place
- reunite with forgotten funds
- plan their retirement with greater confidence.

The Trustee is working closely with Hymans Robertson to ensure we will be connected to the Dashboard at the start of the national roll-out.

Top tip
To give yourself the best chance of being able to view information about all your pensions once the Dashboard becomes available, make sure all your pension schemes hold up-to-date information for you.

You can review and update the personal data held for you by the Affinity Water Pension Plan on the **Pension Portal**.

Investment and funding update

An overview from Hymans Robertson

As of 31 March 2025, the Plan's DB assets totalled £337m (a decrease of around £35m over the year), driven by a fall in the Plan's protection assets. These assets are intended to align with the direction and magnitude of the movement of the Plan's liabilities, so the funding position remained strong, finishing the year at around 105% funded on a technical provisions basis.

The Trustee invests the Plan's DB assets to support its primary objective of holding enough money over time to pay pension and lump sum benefits to members and their dependants. Working with its advisors, the Trustee has created an investment structure for the Plan in order to meet this objective. The chart on the right shows the Plan's allocation of assets, grouped by the broad strategic purpose they serve.

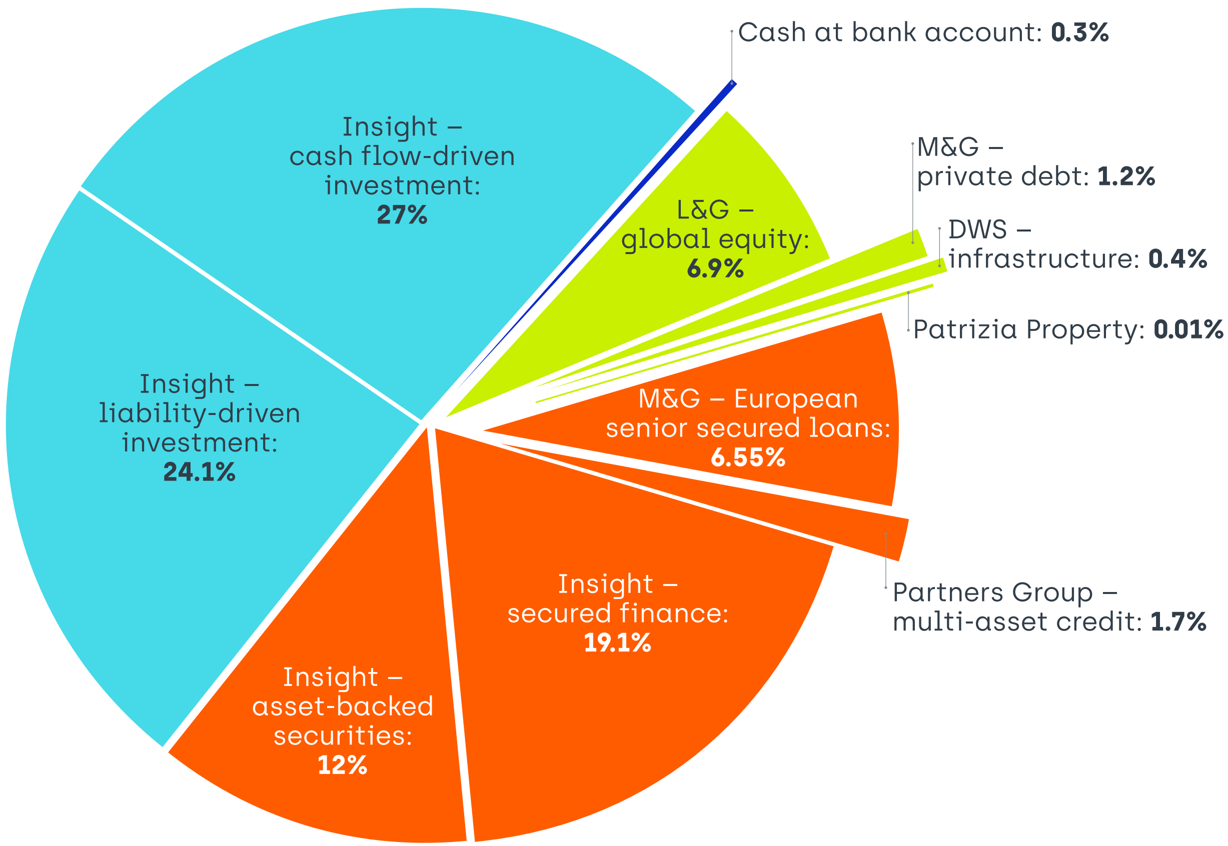
In deciding how the assets should be invested, the Trustee takes account of the Plan's maturity profile, including:

- relative proportions of liabilities in respect of pensioner and non-pensioner members
- the level of funding surplus or deficit
- the Trustee's view of the employer's financial strength
- the principle of diversification.

Helped by its advisors, the Trustee regularly monitors the DB asset allocation and the performance of the Plan's investments.

You can find more details on how the Trustee constructs the Plan's asset allocation in the Trustee's Statement of Investment Principles on the **Pension Portal**.

The DB asset allocation of the Plan as at 31 March 2025



Key:

- **Matching/protection assets** – provide partial hedging of the interest rate and inflation risk of the liabilities
- **Growth assets** – provide diversified returns in excess of liabilities
- **Stable-growth assets** – provide modest returns over liabilities and dampen the volatility of funding levels

Changes in the DB Plan over the year

The main investment objective of the DB Plan is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the DB Plan payable as they fall due.

During the period to 31 March 2025, the following changes to the Plan's portfolio were noted:

- **Insight**, the Plan's LDI investment manager, increased the level of interest rate and inflation hedging on behalf of the Plan. The Plan now targets hedge ratios of 96% of the Plan's liabilities for interest rate and inflation movements
- **The Partners Group MAC 2017 Fund** continued to distribute capital back to the Plan, returning a further c.£6.9m. These proceeds were used to support the Plan's cashflow and hedging requirements.

No further changes were made to the DB Plan's investment strategy during the 12-month period to 31 March 2025.

Industry news

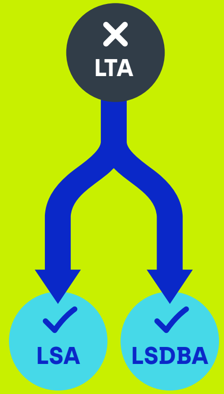
THE PENSION SCHEMES BILL

Pension Schemes Bill

The government has set out its vision for bigger, better, and less fragmented DC workplace pensions, as well as greater flexibility over returning surpluses to employers and members in DB schemes. Alongside the Bill, the government has published a roadmap setting out the timing and phasing of the numerous reforms. The Bill will now pass through Parliament, so there is still scope for changes to be made. The aim is for the Bill to become law in 2026.

Lifetime Allowance abolished

The Lifetime Allowance (LTA) used to limit how much you could build up in pension benefits over your lifetime before an additional tax charge was applied. The LTA charge was removed on 6 April 2023 and abolished from pensions legislation 12 months later.



Two allowances introduced

The amount you can receive tax-free from registered pension schemes is now limited by two new allowances: the Lump Sum Allowance (LSA) and the Lump Sum and Death Benefit Allowance (LSDBA). These two allowances were introduced on 6 April 2024 and replaced the Lifetime Allowance (LTA).

New certificate – TTFAC

Transitional tax-free amount certificates (TTFACs) were introduced on 6 April 2024. If you took benefits before this date, you should consider whether applying for a certificate will be beneficial for you or not – the outcome will depend on your individual circumstances.

When applying, you must submit complete evidence. If you don't, your application may be rejected. Examples of appropriate evidence include financial records, benefit crystallisation event (BCE) statements and bank statements.

There's no turning back!

Beware: once you apply for a TTFAC there is no option to withdraw the certificate, even if it results in a worse outcome than the standard transitional calculation.

Warning: seek independent financial advice before applying for a TTFAC!

Actuarial funding update

The Annual Summary Funding Statement for the Plan was issued in March 2025 and is available on the Pension Portal.

A full valuation of the Plan's financial position is carried out every three years, with annual updates in intervening years. The last actuarial valuation was completed on 31 December 2023. The Annual Summary Funding 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. We are legally required to work with Affinity Water to maintain the financial health of the scheme and to issue the Summary Funding Statement to members.

The Plan's financial position

Here are the findings of the Plan's Actuary for the last couple of years:

	Dec 2023	Dec 2024
The Plan had assets of:	£376.8m	£344.2m
The amount the Plan needs to provide benefits was:	£372.0m	£326.2m
This gave a surplus of:	£4.8m	£18.0m
This is the same as a funding level of:	101.3%	105.5%

The funding-level increase in the 12 months to 31 December 2024 was primarily due to changes in long-term interest rates, which reduced the Plan's liabilities.

The Plan's assets are designed to match broadly the performance of its liabilities. The assets performed in line with the movement in liabilities, resulting in a higher surplus at the end of 2024.

What do these words mean?

Pensions have a language of their own – here are some handy definitions of terms used in this section:

- **assets** – all the money building up in the Plan as investments, bank balances and any money owed to the Plan
- **liabilities** – 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** – the assets divided by the liabilities. If the value of the assets were equal to the liabilities, the funding level would be 100%.

Industry news

Equalising guaranteed minimum pensions (GMPs)

GMPs are a sub-component of some DB members' benefits that were earned between 1978 and 1997 as part of an agreement to 'contract out' of certain state pension benefits. The GMP earned is paid in place of that part of the state pension.

At the time, the state pension provided for different retirement ages for men and women, so the GMPs that members earned in the Plan mirrored this difference. The courts subsequently ruled that GMPs earned after 17 May 1990 should have been equal between men and women, even though the state pension they were replacing was unequal. The Plan must now take action to achieve this equalisation.

GMP is a very complex topic and our pensions advisors are still working through a host of GMP-related issues. What we can say at this point is that your pension definitely won't go down. It might go up, but only by a small amount.

Report and accounts summary

Shown below is a summary extract from the latest Trustee's report and accounts (completed in July 2025). It details the monies coming into and out of the DB section of the Plan between 1 January 2024 and 31 December 2024.

Opening balance as at 1 January 2024 = £377,071,000

Monies in	£000	Monies out	£000
Employer's contributions	1,872	Pensions paid	(16,278)
		Cash sums on retirement and death (including returns of contributions on death)	(1,697)
Employees' contributions (ordinary)	147	Fees and expenses*	(2)
		Investment management fees	(811)
Net investment gains	19,007	Individual transfers between AWPP sections and to other pension schemes	(109)
		Change in market value of investments	(35,095)
Total income	**21,026**	**Total expenditure**	**(53,992)**

Closing balance as at 31 December 2024 = £344,105,000

* Costs of administration of the Plan are paid by the Employer, except as noted above.

Membership of the Plan

145 active members at 1 January 2024

11 retirements

4 leavers

130 active members at 31 December 2024

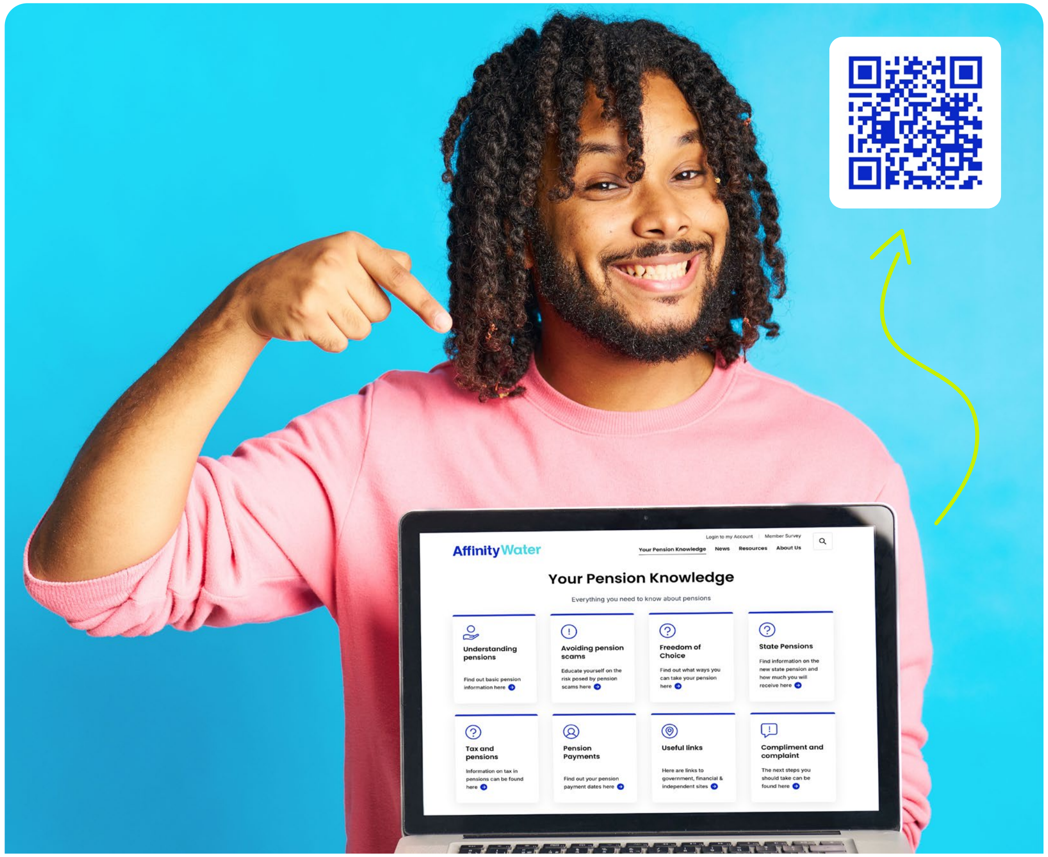
1,389 pensioners at 31 December 2024

491 members with preserved benefits at 31 December 2024

To find out more...

There's loads more information on the Pension Portal, including a range of factsheets and useful documents. Click on the five links below to view some of the most popular ones:

- ***Glossary and sources of help and advice***
- ***AWPP Third Definitive Trust Deed and Rules***
  Sets out the legal basis for the Pension Plan and Trustee
- ***Summary Funding Statement***
  Records the objectives, policies and performance of the Trustee in relation to the funding of the DB division of the Plan
- ***Statement of Investment Principles***
  Explains the principles underlying our DB investment strategies to achieve our objectives (including the basis on which the Trustee invests the money paid into the Plan)
- ***Lifetime Engagement Plan***
  Sets out what happens when you join the Plan, the information that you receive annually and what happens when you get closer to retirement.



Need help?

If you have any questions about this issue of *Your pension matters*, please contact: **pensiontrustee@affinitywater.co.uk**

If you need help with any aspect of your pension, from registration to username or passwords, the Hymans Robertson team will be happy to help. Simply call the Hymans Robertson helpline on **0207 082 6182** or email **affinity@hymans.co.uk**

Affinity Water

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