Defined Benefit (DB) members

Your pension matters

Information about your Affinity Water Pension Plan

Issue 13 | 2026

Affinity Water

Welcome

Welcome to the 2026 issue of *Your pension matters*, our annual newsletter for members of the Affinity Water Pension Plan (which we'll refer to as 'the Plan').

In this issue we provide an update on the Plan, share important reminders about managing your pension, highlight current pensions developments and summarise the latest investment update and information on our annual accounts.

We continue to manage the Plan carefully and in members' best interests, working closely with our advisers and administrators. As a result, our funding level remains strong, ahead of our next full valuation in December 2026.

> ***Thank you to everyone involved in supporting the Plan over the past year. Welcome to the Board too, James!***
>
> **Michael Calabrese, Chair**

In this issue

On the Trustee Board

The Trustee Board continues to oversee the Plan's governance, administration, investment strategy and member communications.

The Board works with specialist advisers to make sure that the Plan is run effectively and decisions are made in line with members' interests and regulatory requirements.

In February 2026 Tom Stoten resigned as a member nominated trustee director. We thank him for his contribution over the last few years.

In March 2026 James Barton was appointed to the Board as a member nominated director.

Members of the Trustee Board are:

Michael Calabrese – Chair and Employer Nominated Director

James Barton – Member Nominated Director

Eddie Lintott – Member Nominated Director

Dina Pope – Employer Nominated Director

Steve Spencer – Employer 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 quick access to your pension information and key documents.

If you have not already registered, please visit **https://www.affinitywaterpensions.co.uk**, select 'Register' and enter the details requested. Once registered, you can review your personal information, access statements and use available planning tools.

Approaching retirement? Please keep your details up to date

If you are around six months away from your normal retirement date*, you should receive a retirement pack. Please make sure your address and contact details are up to date so that important information reaches you without delay. You can review and update your details through the **Pension Portal** or by contacting Hymans Robertson.

Reminder: update your beneficiary forms

It is important to keep your Expression of Wish or beneficiary details up to date. These details help the Trustee understand who you would like to be considered for any benefits that may become payable if you die while you are a member of the Plan. If your circumstances have changed, please take a few minutes to review your form.

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

- **retirement** – outside of the normal retirement age or before requesting a retirement quote
- **payroll deductions or your payslip**.

@ **pensionsadmin@affinitywater.co.uk**

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

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**).

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

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

AI, pensions and financial decisions

More people are using artificial intelligence (AI) tools to help them understand money and plan for the future.

Research from Lloyds Banking Group found that 39% of people using AI for money matters had used it for future financial planning, including pensions. AI can be helpful for explaining jargon or pointing you towards topics to think about, but general-purpose AI tools are not regulated financial advisers and may provide information that is incomplete, out of date or wrong.

Pensions decisions can have long-term consequences, so it is important not to rely on AI-generated content when deciding whether to transfer benefits, change investments, take retirement savings or make tax-related decisions. If you are unsure, check information against official Plan documents or trusted sources and consider taking independent financial advice from an FCA-authorised adviser.

AI is also making some scams harder to spot. Fraudsters may use AI to create more convincing emails, messages, cloned websites, fake adverts or impersonation attempts.

In future, scams may increasingly involve realistic fake voices, images or personas. Be cautious if you receive unexpected contact about your pension, are pressured to act quickly, or are offered something that sounds too good to be true. Always contact the Plan administrator or provider using trusted contact details, rather than details supplied in an unexpected message.

Biggest concerns about using AI for personal finances

Source: Lloyds Banking Group

65%	69%	72%	80%	83%
Regulatory or legal implications	Lack of personalisation to your specific situation	AI bias affecting recommendations	Receiving inaccurate or outdated information	Data privacy and security

Don’t let a scammer enjoy your retirement

Pension scams can be sophisticated and difficult to spot.

Be cautious of unexpected contact, pressure to act quickly, promises of unusually high returns or offers to access your pension before the normal minimum pension age.

If you are thinking about transferring your pension or making a major decision, take time to check the details and consider independent financial advice.

For more information, visit the **FCA ScamSmart website** and **The Pensions Regulator’s guidance on pension scams**.

Market background

- Over the past 12 months, **global economic growth** remained resilient despite higher US tariffs and policy uncertainty.
- **Investment linked to AI, fiscal support and monetary easing** assisted growth across major economies. However, heightened geopolitical tensions and supply-side risks increased uncertainty towards the end of Q1 2026.
- **Headline Consumer Price Index (CPI) inflation in the UK** rose from 2.6% in March 2025 to 3.3% in March 2026 as higher energy costs slowed the pace of disinflation.
- **The US Federal Reserve and European Central Bank** lowered their base rate to 3.75% and 2.0%, respectively, over the 12-month period. The Bank of England lowered its base rate of interest more slowly but still cut from 4.5% to 3.75% over the 12 months to 31 March 2026.
- **Government bond yields** rose across major developed markets as investors reassessed the outlook for inflation and interest rates.
- **UK 10-year government bond yields** rose to 4.9% given expectations of rising inflation and concerns over increased government bond issuance.
- **Global credit spreads** remained near historically low levels despite some widening during the first quarter of 2026 due to the conflict in the Middle East. Strong investor demand continued to support credit markets, with spreads remaining below their long-term averages. The European loan market provided positive returns driven by income and spread tightening, while asset-backed securities proved resilient over the period and continued to offer attractive yields despite wider market uncertainty.
- **Global equity markets** rose by 19.8% over the 12-month period. Developed Asia Pacific ex Japan markets were the top-performing region, supported by its semiconductor supply-chain role and increased AI-related investment. The UK delivered strong returns, benefiting from exposure to the energy sector, but the US lagged due to weakness in large technology stocks and lack of market breadth as investors accessed AI through other regions and points in the supply chain.

Industry news

Normal minimum pension age rises from 55 to 57 in 2028

From 6 April 2028, the normal minimum pension age will rise from 55 to 57 for most pension savers. This is the earliest age at which most people can normally access their pension without an unauthorised payment tax charge.

Some members may have a protected pension age or may be able to take benefits earlier because of ill health. If you are planning when to take your pension, please consider the change and seek independent financial advice if needed.

Small pension pots

The Government is looking at ways to make it easier for people to keep track of small pension pots built up as they move between jobs.

Proposed reforms under the Pension Schemes Bill would allow certain small, dormant DC pension pots to be brought together automatically into approved consolidator schemes, unless members opt out.

The aim is to reduce the number of small forgotten pots, cut unnecessary administration costs and help savers keep better track of their retirement savings. If you have pensions from previous employers, you may wish to review them and consider whether consolidation is right for you. We recommend taking independent financial advice before making any transfer decisions.

Investment and funding update

An overview from Hymans Robertson

As of 31 March 2026, the Plan's DB assets totalled £335m (a decrease of around £2m over the year). 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 106% 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 advisers, 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.

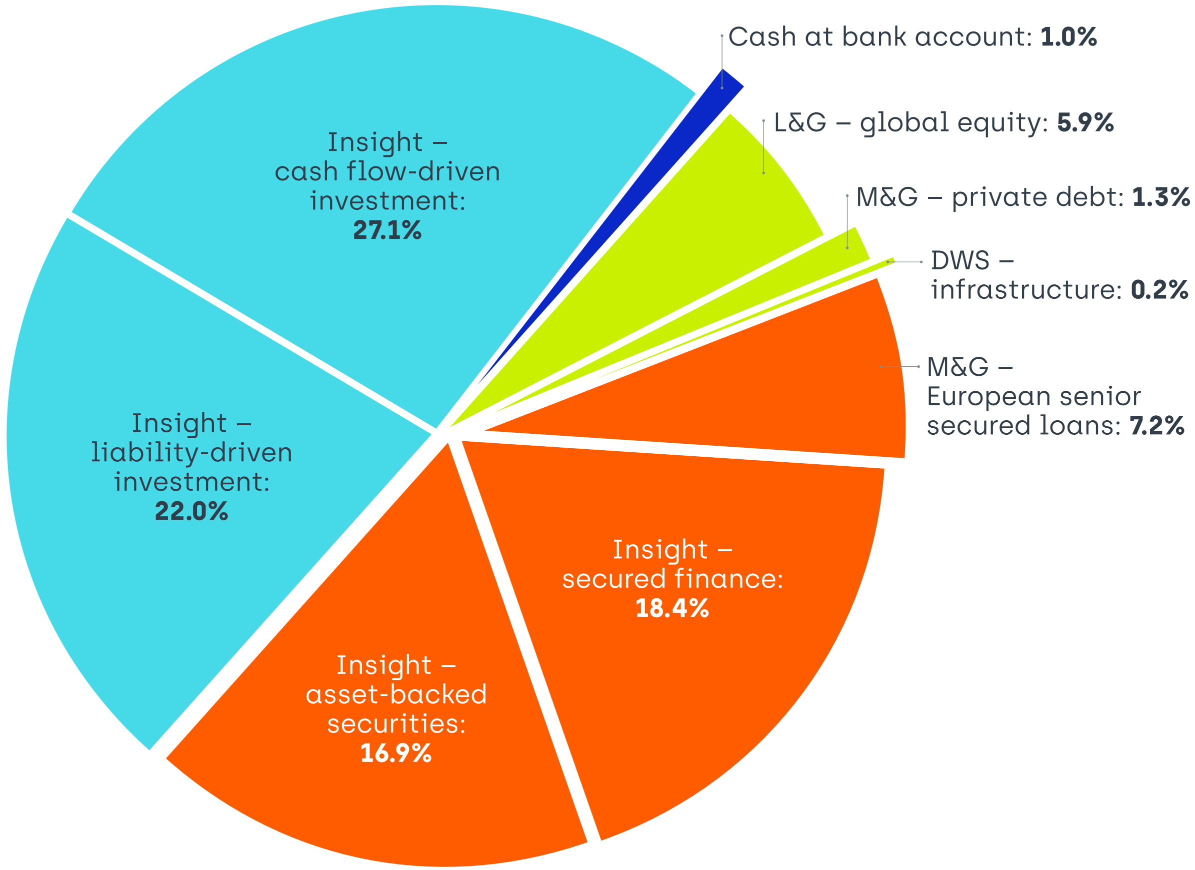
In deciding how the assets should be invested, the Trustee takes account of the Plan's maturity profile, including:

- 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 advisers, 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 2026



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 the benefits of the DB Plan payable as they fall due.

Over the period to 31 March 2026, the following changes to the Plan's portfolio were noted:

- the Trustee introduced a Defined Contributions (DC) Surplus Utilisation Framework over the period, which allows the DB Plan's assets to generate a surplus that can be used to fund the contributions of the DC Plan, subject to strict safeguards in place such that the funding position and funding principles are maintained
- the Trustee decided to exit the Partners Group MAC 2017 Fund with the proceeds used to support the Plan's cashflow and hedging requirements. The Fund continued to distribute capital back to the Plan over the period, with the Plan receiving its final distribution in January 2026.

No further material changes were made to the DB Plan's investment strategy over the 12-month period to 31 March 2026.

Industry news

UK Pensions Dashboards Programme

Pensions dashboards are being developed to allow individuals to see information about their pensions in one secure online place.

Schemes in scope must connect to the dashboard's ecosystem by 31 October 2026 at the latest. We have already connected via Hymans Robertson for the DB scheme.

Your rights in respect of your personal data

The Data (Use and Access) Act 2025 introduced a change intended to ensure individuals are aware of their right to raise data protection concerns directly with the data controller (the Pension Trustee in most cases).

You have a right to make a complaint about how your personal information has been processed, including if you think there has been an infringement of data protection law in relation to your personal data. The Trustee is required to take steps to help members and other people who want to make data protection complaints.

If you would like to make a complaint, please follow the Plan's combined Internal Dispute Resolution Procedure and Data Protection Complaints Procedure. This brings together the process for raising formal pension disputes and data protection complaints in one document. It is available from the Trustee or the Plan's administrator and on the **Pension Portal**.

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

Actuarial funding update

The annual *Summary Funding Statement* for the Plan was issued in March 2026 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 compared to the date of the last full valuation:

	Dec 2023	Dec 2025
The Plan had assets of:	£376.8m	£338.3m
The amount the Plan needs to provide benefits was:	£372.0m	£316.1m
This gave a surplus of:	£4.8m	£22.2m
This is the same as a funding level of:	101.3%	107.0%

The funding level increase since 31 December 2023 was primarily due to movements in long-term interest rates, which have 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 2025.

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

Inheritance tax on pensions

From 6 April 2027, unused pension savings under money purchase arrangements and some pension death benefits are expected to fall within the inheritance tax regime.

This means that inheritance tax may be payable on unused DC pension savings, AVCs, dependants' drawdown arrangements and most lump sums paid following a member's death from the Plan. Spouses' and dependants' pensions, annuities and death-in-service benefits for active members are excluded.

Where inheritance tax is due, personal representatives and beneficiaries may need to provide information to or ask for payment from the Trustee of the Plan. In some cases, part of a benefit may be held back while the tax position is confirmed.

Members may want to review beneficiary nominations and consider wider estate planning. We cannot provide financial or tax advice, so you may wish to speak to an independent financial adviser.

Report and accounts summary

Shown below is a summary extract from the latest Trustee's report and accounts (completed in July 2026). It details the monies coming into and out of the DB section of the Plan between 1 January 2025 and 31 December 2025.

Opening balance as at 1 January 2025 = £344,105,000

Monies in	£000
Employer's contributions	606
Employees' contributions (ordinary)	132
Net investment gains	11,071
Change in market value of investments	3,338
Group and individual transfers into the Plan	25
Total income	**15,172**

Monies out	£000
Pensions paid	(18,383)
Cash sums on retirement and death (including returns of contributions on death)	(1,829)
Fees and expenses*	(452)
Investment management fees	(589)
Total expenditure	**(21,253)**

Closing balance as at 31 December 2025 = £338,024,000

* Costs of administration of the Plan were paid by the Employer up until 30 September 2025.

Membership of the Plan

130 active members at 1 January 2025

9 retirements

7 leavers

114 active members at 31 December 2025

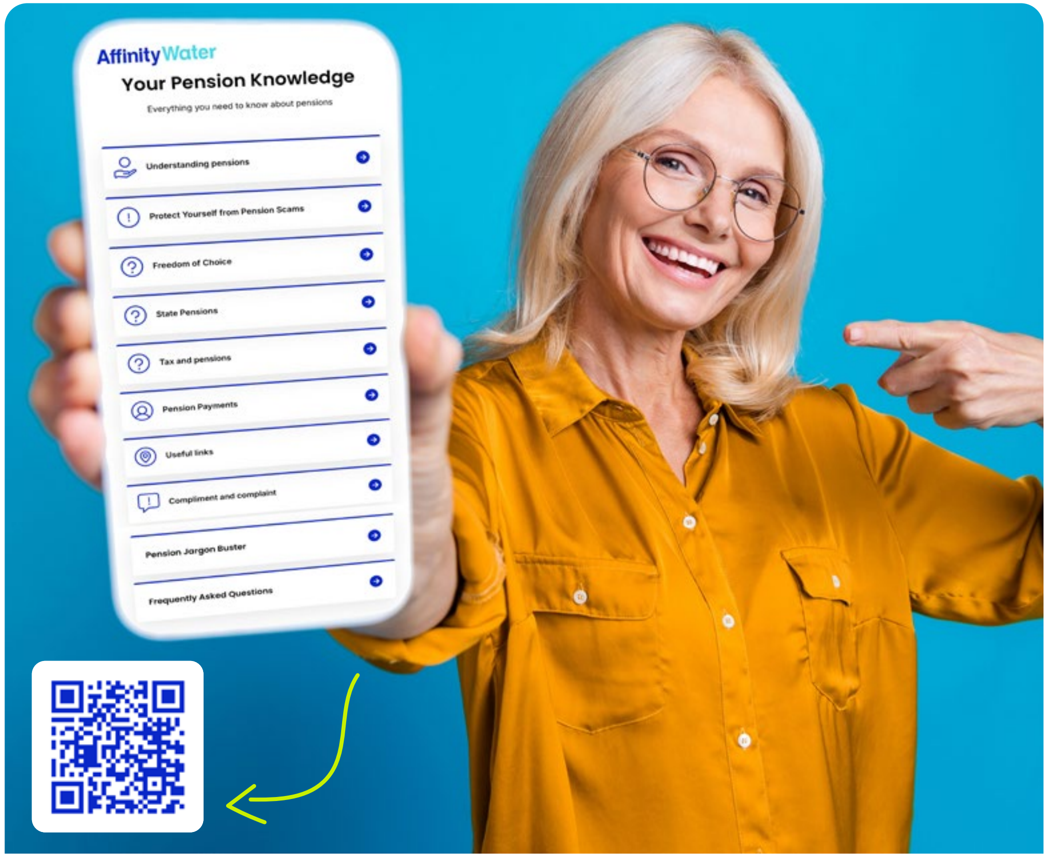
1,391 pensioners at 31 December 2025

455 members with preserved benefits at 31 December 2025

To find out more...

There's loads more information on the Pension Portal, including a range of factsheets and useful documents. Click on the four 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)



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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