



Pension plans

Affinity Water Pension Plan

A guide to the Final Salary Divisions

for former members of the
Veolia Water Supply Companies' Pension Plan

Defined Benefit (DB) members

AffinityWater

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Outline of the Plan

This guide to the **Plan** uses certain words that may require further explanation. All words shown in **bold** print are explained on page 13 of this guide.

This guide describes the provisions of the **Plan** that apply to members of the Final Salary Divisions who are members of the Veolia Water Supply Companies' Pension Plan (**VWSCPP**).

The **Plan** is governed by a trust deed and rules. These are complex legal documents that set out your rights under the **Plan**. Accordingly, the purpose of this guide is to give you a summary of the benefits provided by the **Plan**.

It should be noted that this guide is for information only and does not cover every detail of the **Plan**. It must not be taken in any way as modifying or interpreting the **Plan's** trust deed and rules. As noted above, your legal rights and obligations in connection with the **Plan** are not governed by this guide but by the 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.

Benefits

The **Plan** may provide the following benefits for you and your dependants:

- a pension and lump sum when you retire
- a lump sum if you die in **Pensionable Service** before **Normal Pension Date**
- a dependant's pension on your death before or after retirement
- the option of either a preserved pension or a transfer of benefits if you leave the **Plan** before retirement.

Annual statement

Each year, while you are an in-service (active) member you will receive a personal statement of your **Plan** benefits. You do not get an annual statement once you have left the **Company** but you can request one if needed.

Tax advantages

The **Plan** brings with it several important tax advantages:

- you get full tax relief on your contributions to the **Plan**
- any lump sum death benefits paid to beneficiaries are normally tax-free
- you are not taxed on the **Company's** contributions

These tax advantages are based on current taxation law which may change in the future.

How the Plan works

You and the **Company** pay contributions into a special trust fund. The fund is kept quite separate from the **Company's** assets and is held and invested by the **Trustee**. The aim is to maintain the fund to provide the **Plan's** benefits when they become due.

Your contributions

Members are required to contribute to the **Plan** at different rates, depending on their member classification. These different rates are set out in the Appendix to this guide.

The **Company** pays the balance of the cost of the **Plan**.

The net cost to you is less than it seems as your contributions are deducted from your earnings before income tax is calculated, so you automatically get tax relief on them. If you pay tax at the current basic rate of 20%, each £1 you pay only costs you 80p from your net pay.

The example below shows the contributions payable by a member who pays 6% with a **Pensionable Salary** of £18,000.

Example		
Current Pensionable Salary	£18,000 a year	
Gross contributions	$£18,000 \times 6\%$	= £1,080
Less tax relief [20% at 6/4/2023]	$£1,080 \times 20\%$	= £216
Net cost		= £864 a year
		= £72 a month



Your pension

Your pension at **Normal Pension Date** is worked out as follows:

$$1/80 \times \text{Final Pensionable Salary} \times \text{Pensionable Service}$$

Your pension is paid in monthly instalments and is paid for the rest of your life.

The example below shows how you can work out your pension (assuming you remain in **Pensionable Service** until your **Normal Pension Date**).

Your details	Example
Date of birth	03.10.1958
Date originally joined VWSCPP (although became a member of the Plan on 28.03.2013)	01.04.2003
Normal Pension Date	03.10.2023
Pensionable Service	20 years and 186 days
Present Pensionable Salary	£18,000 a year

Your pension	Example
Final Pensionable Salary (assuming for this example that it is the same as your present Pensionable Salary)	£18,000 a year
Divide by 80 (if 1/80 above)	$£18,000 \div 80 = £225$
Multiply by Pensionable Service	$£225 \times 20.51$ [i.e. 20.5 years]
Your pension	= £4,614.66 a year

Pension increases

Once in payment, your pension is increased each year by the **Index** (currently this is the percentage increase in the Consumer Prices Index). The increases take place on each 1 April following your retirement.

In relation to **Pre-1987 Tendring Hundred Waterworks Members**, your pension increase is subject to a minimum increase each year of 3%.

If your pension has been paid for less than 15 days when the increase is first due, you won't receive an increase.

Your lump sum

When you retire, you will receive a lump sum. The lump sum will be $\frac{3}{80}$ th x your **Final Pensionable Salary** for each complete year of **Pensionable Service** (plus a proportionate amount for each complete day).

Example (using the same assumptions as on page 5)		
Final Pensionable Salary	£18,000 a year	
Divide by 80	$£18,000 \div 80$	= £225
Multiply by (3 x Pensionable Service)	225×61.53 $[3 \times 20.51 = 61.53]$	= £13,884.25
Lump sum	£13,844.250	



Your early and late pension options

Taking your pension early

Following the introduction of Pension Freedoms, you may retire on pension at any time after age 55.

Your pension and lump sum is based on your **Final Pensionable Salary** and completed **Pensionable Service** at the date you choose to take your pension. The pension and lump sum are then reduced to take account of the earlier start date and the longer period for which it will be paid.

If you retire at the **Company's** request or on account of redundancy or severance, or in the case of a joint appointment, because the other person has left employment, or if you retire due to ill-health, the **Company** may determine that special provisions apply.

Pension increases

Once in payment, your pension is increased each year in the same way as if it had become payable at your **Normal Pension Date**. The rate of increase is set out on page 5.

Taking your pension later

With the **Company's** consent, you may be able to continue working after your **Normal Pension Date**. Subject to **Trustee** and **Company** agreement, benefits may be payable before you actually decide to take your pension. Alternatively, your benefits will be increased to take account of their later starting date. Your normal contributions to the **Plan** usually cease at your **Normal Pension Date**.

Once your pension has started to be paid, it is increased each year in the same way as it is would have been had it become payable at your **Normal Pension Date**.

If you die after your **Normal Pension Date** but before you actually take your pension, your benefits are worked out as if you had retired on the day before you died.



Benefits for your family

Death in Pensionable Service

The benefits payable to your family if you die depend on your category of membership.

If you die before your **Normal Pension Date** while employed by the **Company**, and as a contributing member of the **Plan**, the following benefits are payable.

Lump sum benefits

A lump sum of either three times' your **Pensionable Salary** at your date of death or, if greater, three times' your **Final Pensionable Pay**, or a lump sum of four times' your **Pensionable Salary** at your date of death or, if greater, four times' your **Final Pensionable Pay** if you are a:

- **Section G member** of the Affinity Water Pension Plan Final Salary [Central] Division [who is a former member of the Former North Surrey Water Limited Division of the **VWSCPP**]; or
- **Section J member** of the Affinity Water Pension Plan Final Salary [East] Division [who is a former member of Veolia Water East Limited Division of the **VWSCPP**].

The **Trustee** must decide who receives the money and may follow your wishes provided they have been notified to the **Trustees** beforehand. You should let the **Trustee** know how you would like any lump sums to be paid by completing an *Expression of Wish*.

A dependant's pension

A pension is payable to your spouse equal to: 1/12 of your **Final Pensionable Salary** for three months [short-term pension]; and then either:

- half of your pension had you stayed in service until your **Normal Pension Date** [but based on your **Final Pensionable Salary** at your death]; or
- in the case of **Pre-1987 Tendring Hundred Waterworks Members**, two-thirds of your pension.

Where a spouse's pension is payable, on the cessation of the spouse's short term pension a long-term pension of one-quarter of your pension had you stayed in service until your **Normal Pension Date** [but based on your **Final Pensionable Salary** at your death] is payable for each of your children [up to a maximum of two].

If no spouse's pension is payable, your child(ren) will be entitled to a short-term pension equal to the spouse's short term pension, and then a long-term pension of one third of your pension had you stayed in service until your **Normal Pension Date** [but based on your **Final Pensionable Salary** at your death] for each child [up to a maximum of two].

In relation to **Pre-1987 Tendring Hundred Waterworks Members**, if the pension ceases to be payable on the death of the spouse at a time when there is a surviving child, or if no spouse's pension is payable, the aggregate amount of the children's long-term pensions shall be increased to the amount of the spouse's pension.

Pension increases

Once in payment, dependants' pensions in excess of any Guaranteed Minimum Pension (GMP) are increased each year by the **Index** (currently this is the percentage increase in the Consumer Prices Index), with the minimum increase of 3% each year in respect of **Pre-1987 Tending Hundred Waterworks Members**.

Restrictions on benefits

Normally, the full lump sum death benefit is provided automatically without any enquiry into your state of health. Sometimes however, restrictions are placed on these benefits and you will be told if any apply to you.

The lump sum death benefit is insured under an insurance policy specifically to provide this benefit. Payment of this benefit is subject to acceptance, and any terms and conditions imposed, by the insurer.

Death after retirement

On your death after retirement, the following benefits are payable:

- **Lump sum benefits**

If you die within five years after your retirement, the unpaid balance of five years' pension is paid as a lump sum to your beneficiaries or estate.

- **A dependant's pension**

A pension is payable to your spouse equal to: the pension to which you were entitled immediately before you died (or to which you would have been entitled if you hadn't chosen before you retired to give up part of that entitlement to your dependant) for three months (short-term pension); and then either

- half of that pension; or
- in the case of **Pre-1987 Tending Hundred Waterworks Members**, two-thirds of that pension.

Where a spouse's pension is payable, on the cessation of the spouse's short term pension a long-term pension of one-quarter of your pension is payable for each of your children (up to a maximum of two).

If no spouse's pension is payable, your child(ren) will be entitled to a short-term pension equal to the spouse's short term pension, and then a long-term pension of one third of your pension for each child (up to a maximum of two).

- **Pension increases**

Once in payment, the dependants' pensions are increased by the same rate as if you had died in **Pensionable Service**.

Leaving the Plan

Opting out of the Plan

You may opt out of membership at any time in the future. You must give the **Trustee** one month's notice in writing.

Your preserved pension

If you leave the **Plan** before your **Normal Pension Date** having completed two or more years' **Pensionable Service**, you are entitled to a preserved pension and lump sum payable from your **Normal Pension Date**. The preserved pension and lump sum are calculated in the same way as your normal retirement pension but based on your **Final Pensionable Salary** and completed **Pensionable Service** at your date of leaving.

Your preserved pension in excess of the GMP is increased each year over the period from your date of leaving to your retirement date by the **Index** (currently this is the percentage increase in the Consumer Prices Index).

Once it starts to be paid, your pension in excess of the GMP will be increased by the **Index**, except that a minimum increase of 3% each year will apply in respect of **Pre-1987 Tending Hundred Waterworks Members**. You still have the same options of providing extra pension for a dependant or retiring early.

Death before retirement

If you die before your preserved pension becomes payable, a lump sum equal to the cash lump sum that you would have been entitled to on retirement (adjusted for early payment, if appropriate) is paid to your estate.

Your dependants will be entitled to the same benefits are payable as if you died in service, except that a short-term pension is not payable if you die before your preserved pension becomes payable.

Death after retirement

If you die after retirement, benefits are paid in the same way as described in the section headed 'Death after Retirement' in 'Benefits for your family' but based on your preserved pension.

Transfer of benefits

If you leave **Pensionable Service** at any time you are able to transfer the cash equivalent of your preserved benefits to your new employer's scheme, to a personal pension scheme or to an individual insurance policy.

The cash equivalent is typically calculated as the lump sum which, if invested at the date of calculation in a notional pension scheme, would be sufficient to provide your preserved benefits at your **Normal Pension Date**. In making the calculation, the **Trustee** has to make assumptions about such matters as future investment returns and mortality rates and allowing for any guaranteed and statutory increases to be applied between the date you leave **Pensionable Service** and your **Normal Pension Date**. In setting the assumptions to be used for transfer value calculations, the **Trustee** will take advice

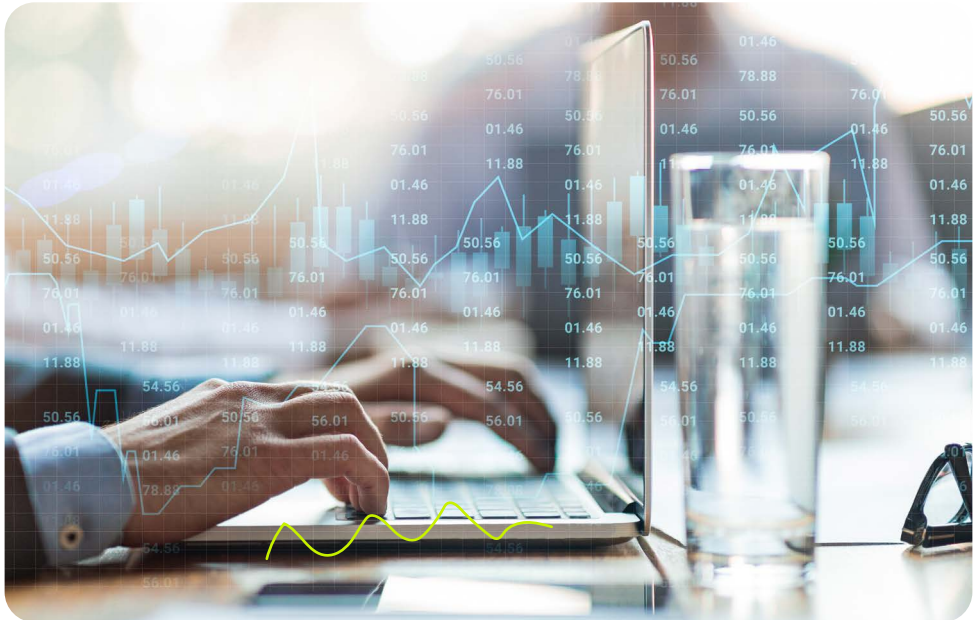
from the **Plan** actuary. Please note that during periods of market volatility the transfer value of a pension may change significantly over short periods of time but this reflects changes in the cost of purchasing the equivalent benefits, not the actual benefits.

As the **Trustee** has no practice of paying any discretionary pension increases over and above those described in this guide, these are not taken into account in calculating cash equivalents.

At any time, whether you have left **Pensionable Service** or not, you may ask the **Trustee** for an estimate of the cash equivalent of your **Plan** benefits on a particular date.

If the estimate of the cash equivalent is needed because of a divorce settlement, you should tell the **Trustee** this when asking for the estimate as the **Trustee** may need further information from you. Within three months of your request, the **Trustee** will give you a written statement showing your entitlement. The cash equivalent is guaranteed for three months from the date it was calculated and the statement is normally given to you within ten days of this date. The **Trustee** is not obliged to give you another statement within 12 months of your last request.

If you want to transfer the cash equivalent to another scheme or insurance policy, you must apply in writing to the **Trustee** within three months from the calculation date shown on the statement of entitlement. If you do not apply within three months, the cash equivalent is not guaranteed to be the same as that quoted to you. If the transfer is over £30,000 in value then by law you must provide evidence that you have consulted an approved independent financial advisor. This rule is to help protect members from potential financial scams.



Appendix

in relation to former members of the VWSCPP

Member contribution rates (as a % of your Pensionable Salary)

- **Section B members** of the Affinity Water Pension Plan (Shared Services) Final Salary Division (who are former members of the Veolia Water UK Final Salary Division of the **VWSCPP**) and **Section F members** of the Affinity Water Pension Plan Final Salary (Central) Division (who are former members of the Three Valleys Water Plc Final Salary Division of the **VWSCPP**).

Member	Member contribution
Manual employees	5.0%
Employees other than manual employees	6.0%

- **Section G members** of the Affinity Water Pension Plan Final Salary (Central) Division (who are former members of the Former North Surrey Water Limited Division of the **VWSCPP**).

Member	Member contribution
All such members	6.0%

- **Section H members** of the Affinity Water Pension Plan Final Salary (Central) Division (who are former members of the Former Central Division of the **VWSCPP**).

Member	Member contribution
Manual employees	5.0%
Employees other than manual employees	6.0%

- **Section J members** of the Affinity Water Pension Plan Final Salary (East) Division (who are former members of Veolia Water East Limited Division of the **VWSCPP**).

Member	Member contribution
All such members	5.0%

- **Section L members** of the Affinity Water Pension Plan Final Salary (Southeast) Division (who are former members of the Veolia Water Southeast Limited Division of the **VWSCPP**).

Member	Member contribution
All such members	5.0%

Definitions

This guide uses certain words that may require further explanation. The definitions below should help you understand any technical terms that may not be familiar to you.

- **Company**
This means the company within the Affinity Group by whom you are employed.
- **Final Pensionable Salary**
This is your Pensionable Salary on your Normal Pension Date, or the date you retire or leave Pensionable Service if earlier. If higher, either of the two immediately previous figures for Pensionable Salary may be used. Special terms apply in respect of Pre-1987 Tendring Hundred Waterworks Members.
- **Index**
This is the percentage increase determined by Regulations made under the Pensions (Increase) Act 1971 or section 59 of the Social Security Pensions Act 1975.
- **Normal Pension Date**
Your 65th birthday or, if earlier, the date on which you complete 25 years' service in this Plan. If you completed 25 years' service in this Plan before attaining age 60, your Normal Pension Date shall be the date you attain age 60.
- **Pensionable Salary**
This is your basic salary and contractual overtime earned in respect of the relevant pay period. Special terms apply in respect of Pre-1987 Tendring Hundred Waterworks Members. The Company may determine from time to time that other allowances or payments (including the taxable value of benefits in kind) are also pensionable. The amount of your Pensionable Salary may be subject to restrictions.
- **Pensionable Service**
This is the period of continuous service with the Plan in years and days from the date you become a member of the Plan to your Normal Pension Date or date of leaving the Plan or death if earlier, subject to a maximum of 40 years.
- **Plan**
This is the Affinity Water Pension Plan.
- **Pre-1987 Tendring Hundred Waterworks Member**
This is a Section J Member of the Affinity Water Pension Plan Final Salary (East) Division who was on 1 November 1987 a member of the Tendring Hundred Waterworks Company Retirement Benefits Scheme and who joined the Veolia East Limited Division of VWSCPP from The Water Companies' Association Pension Scheme on 1 April 1996.
- **Trustee**
This means Affinity Water Pension Trustees Limited.
- **VWSCPP**
This means the Veolia Water Supply Companies' Pension Plan.

Further information

If you have any questions or comments on this guide, please contact the Trustees:

- Trustee mail box: pensiontrustee@affinitywater.co.uk

If you are a member of the Plan and have any day-to-day queries about your pension, please contact:

- the Hymans Robertson helpline on **0207 082 6182** (affinity@hymans.co.uk).

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