



Affinity Water Pension Plan

Glossary and sources of help and advice

March 2017


Affinity Water

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

This document and the Plan guides summarise the benefits provided by the Plan – they don't cover everything that's in the formal **Trust Deed and Rules**. If there's any conflict between the provisions of the guides and the **Trust Deed and Rules**, the latter will prevail.

You'll find current versions of these and other Plan and pension-related documents, as well as your individual Plan details, on **pensionsWEB** at www.affinitywaterpensions.co.uk

If there's anything you're not clear about, or you need more information, please ask the Affinity Water Payroll & Pensions team, the Plan administrator or contact the **Trustee**.

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



Absence from work

Most **absences from work** (including maternity, paternity and adoption leave) are for a relatively short time and don't affect your membership of the Plan. If you're absent for a long time your membership may be affected.

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 don't 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 doesn't 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).

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

If you're 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. 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.

Active member

This is a member of the **Pension Plan** who is still in employment with Affinity Water and hasn't yet started taking their retirement benefits

Annual Allowance

This is the total amount that can be contributed to your pension each year without being liable to tax. From 6 April 2014 the **Annual Allowance** for tax relief on pension savings in a registered pension scheme was reduced to £40,000 and for high earners (>£110k pa) it is even less. This includes contributions made by anyone else into your pension, such as your employer. If your pension savings exceed this amount you may have to pay a tax charge and give details of this on a self-assessment tax return. **HM Revenue & Customs** (<http://www.hmrc.gov.uk/tools/pension-allowance>) provides a useful checking tool to help you work out if you're affected by this charge.

Annuity

An **annuity** is a financial product, typically sold by an insurance company, that can provide regular pension income. **DC** members can pay up to 100% of their **Personal Account** to buy an **annuity** in order to pay out a stream of payments to the individual and, on their death, possibly their dependant. The income that you can expect from any sum paid depends on your gender, age, health and choice of associated benefits, such as linking payments to inflation. Visit the Pensions Advisory Service website (<http://www.pensionsadvisoryservice.org.uk/about-pensions/retirement-choices/annuities>) for more information.

Auto enrolment

If you are aged between 22 and the **State Pension Age** and earn over the statutory limit (the 'Qualifying Earnings Lower Limit'), your employer must by law continue to maintain your membership of a pension scheme that meets the Government's standards. The **DC** Plan is such a scheme.

This means you will be automatically enrolled into the **DC** Plan when you start a permanent role. You may choose to leave the Plan, but (if still eligible) you will be automatically re-enrolled every three years. It also means that if your membership of the Plan were to end without you choosing to leave it (for example if your employer ceases to operate), you have the benefit of a legal assurance that your employer must put you in another pension scheme straightaway that meets the Government's standards.

A minimum level of combined contributions from you and your employer into the Plan is set by the Government and is scheduled to increase over time.

Beneficiary

Pension arrangements provide benefits to you when you retire. This makes you a **beneficiary**. They can also provide benefits to other people (usually your partner, spouse or children) in certain circumstances, such as in the event of your death. These people are also **beneficiaries**. But the definition of beneficiaries can be broader than that. Dependants are people that are financially dependent on you. **Beneficiaries** don't have to be dependants. It's important to complete your **expression of wish form** – the **Trustee** will take your wishes into account but is not bound by them.

Death in service

This is when a member of the Plan dies while they are still employed by Affinity Water.

Deferred member

This is a member of the Plan who has left Affinity Water employment but hasn't yet started taking their retirement benefits.

Defined Benefit (DB) pension

This is sometimes known as a 'final salary' pension. **DB** pensions are arranged by the Company and the **Trustee**.

Your contributions are calculated according to the Plan rules and, together with contributions from your employer, they are invested by the **Trustee**. The value of your pension when you retire (and other benefits) depends on your **pensionable salary**, how long you've been a member of the Plan and a calculation made under the rules of the Plan.

Defined Contribution (DC) pension

This is sometimes known as a 'money purchase' pension and is arranged by the Company and the **Trustee**.

The money paid in by you and your employer (the contribution) is put into investments by the **Trustee**. You select how much to pay in and your investment strategy from a choice offered by the **Trustee**. The amount you get when you come to take your pension pot depends on how much was paid in and how well the investments have done.

The value of your pension pot can go up or down depending on your investments.

With a **DC pension**, you decide how and when to take your money out.

Dependant's pension

If someone is financially dependent (or interdependent) on you, they may be eligible to receive payments from the **Pension Plan**. **Dependants' pensions** are only paid in line with the **Trust Deed and Rules**.

Divorce

If you 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.

Expression of wish form

You use this form to nominate which dependants you would like to benefit from your Plan in the event of your death. The **Trustee** will take your wishes into account but ultimately will decide how any remaining benefits will be distributed.

Giving up your benefits

Except in the limited circumstances allowed by law and by the **Trust Deed and Rules**, you aren't allowed to give up, cash in or forfeit your benefits, or to use them as a security for a loan.

Guided Outcomes (GO) statement

The **GO statement** is an annual personalised statement that shows how much you are saving and estimates your retirement income. The figures calculated in this statement are illustrative only; they aren't guaranteed, so you may get more or less than the levels estimated.

HM Revenue & Customs (HMRC)

The Plan is registered with **HMRC** as a tax approved pension scheme under the Finance Act 2004.

Income Drawdown

Income Drawdown (also known as an unsecured pension) is a Lifestyle option whereby, from age 55, you can take some money directly from your **Personal Account**, but leave the remainder of your pension pot invested. At retirement, instead of using the money in your pot to buy a regular income (an **annuity**) from an insurance company, you may withdraw money when you wish – the remaining pot investments will hopefully increase over time. To access these flexible benefits on retirement you will need to arrange transfer of your funds from the Plan to an **Income Drawdown** supplier.

Inheritance tax

This is tax levied on property and money acquired by gift or inheritance. Under present legislation your lump sum death benefits are not normally subject to **inheritance tax**. Further details can be found on the Government's Pension Wise website (<https://www.pensionwise.gov.uk/when-you-die>).

Lifetime Allowance

The **Lifetime Allowance** is a limit on the amount of pension benefit that can be drawn from pension schemes – whether lump sums or retirement income – that be paid without triggering an extra tax charge. For more information, visit the Pensions Advisory Service website (<http://www.pensionsadvisoryservice.org.uk/about-pensions/saving-into-a-pension/pensions-and-tax/the-lifetime-allowance>).

Normal Pension Age

Normal Pension Age is the same as your **State Pension Age** – it's not fixed at 65.

Normal Retirement Date (NRD)

You should advise the **Trustee** of the date when you expect to retire – this is known as the **Normal Retirement Date**. You can have different NRDs for different pensions. Your **NRD** could be different to the date at which you reach your **State Pension Age**. Your **NRD** must be after your 55th birthday but you are free to choose the date. The **Trustee** takes your **NRD** into account when implementing your investment strategy and will assume it's the date you reach **State Pension Age** unless you choose another date. If you want to amend your NRD, visit **pensionsWEB** to find out how to do this.

Part-time service

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

Pension plan

A **pension plan** is a means of providing you with retirement benefits. The benefits are funded by money paid in by both you and your employer that is invested by the **Trustee**. For **DC** members the value of the benefits that you receive will depend on the contributions paid and investment returns, and may only be known when you decide to withdraw money or retire. **DB** members will receive benefits defined by the **Trust Deed and Rules** and it is up to the employer and **Trustee** to manage long-term investments that will deliver sufficient funds to provide these benefits.

Pensionable salary

This is defined as the value of your annual income that's subject to contributions from yourself and your employer. Full details are given in the **Trust Deed and Rules** but in general it takes into account your basic salary and regular items like shift and standby allowances. Variable items like expenses, general overtime and bonuses don't generally form part of your **pensionable salary**.

pensionsWEB

Visit **pensionsWEB**, the Affinity Water Pension Plan website (<http://www.affinitywaterpensions.co.uk>), to securely access your personal pension information, Plan documentation and relevant topical news items.

Personal Account

For **DC** members, this is the combined value of contributions made by you and your employer, together with any investment growth. This is commonly referred to as your 'pension pot'. You can see the up-to-date value of your pot at any time by visiting **pensionsWEB**.

Report and accounts

Each year the **Trustee** produces a report detailing the Plan's progress and the formal accounts. You can access the latest one on **pensionsWEB**.

State Pension

The new State Pension is a regular payment from the Government that most people can claim in later life.

You can claim the new **State Pension** at **State Pension Age** if you have at least 10 years of National Insurance contributions. The **State Pension** is paid in addition to your Affinity Water Pension Plan, which may be paid at a different date. Full details can be found on the Government's website (www.gov.uk/new-state-pension).

State Pension Age

This is the age at which you're entitled to claim your State Pension. It currently varies with gender and date of birth – you can check your own **State Pension Age** on the Government's website (www.gov.uk/state-pension-age).

Statutory Money Purchase Illustration (SMPI)

For **DC** members, this is an annual statement on the value of your **Personal Account** together with projections about possible future retirement benefits. The assumptions made in these statements are determined by law and are fixed regardless of the type of investment in which you have placed your money, so your actual benefits may be different from these projections. Statements are normally posted to you around April each year.

Transfer value

The **transfer value** is the value of your benefits that could be transferred to another scheme if you were to leave the Plan. If you are a **DC** member, this is usually the value of your **Personal Account**. For **DB** members the value needs to be calculated on an individual basis.

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 **HMRC** and other government agencies.

This document and your copy of the Plan guide summarise the benefits provided by the Plan and don't cover everything that's in the **Trust Deed and Rules**. You can access the current version of a range of pension-related documents on **pensionsWEB**.

Trustee

The **Trustee** is responsible for managing the Plan and delivering members' benefits. It is a company run by a board of six individual **trustee directors**. The **Trustee** holds assets in trust for the **beneficiaries** of the Plan and is responsible for ensuring that the pension scheme is run properly and that members' benefits are secure.

Trustee director

A **trustee director** is an individual who is on the Trustee Board. **Trustee directors** are either nominated by the employer or by the members, or they are specialist professional independent trustees.

Voluntary Contributions (VCs)

For **DC** members these are contributions to your **Personal Account** above 6% of your **pensionable salary**. These extra contributions are not matched by your employer.

Your Pension Matters newsletter

Each year you will receive a ***Your Pension Matters newsletter*** that gives you information on the Plan in general (it's not specific to your individual **pension plan**). It summarises the current value of **DC** investments and the funding position of the **DB** scheme and includes articles on UK-wide pension issues.

SOURCES OF
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're 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 haven't been able to resolve any complaint about the Plan informally, there is a formal procedure you may use. Full details can be obtained from **pensionsWEB**.

You should put your case in writing to the **Trustee** so that it can be considered. If you wish, you may use a representative to act on your behalf.

The internal dispute resolution procedure applies to matters concerning the Plan that affect members and others who may have an interest in the Plan. They don't apply to disputes between employees and the Company, disputes where court proceedings have started or disputes that are being investigated by the Pensions Ombudsman.

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 that you fail to resolve with the **Trustee** or administrators of the Plan, you can contact TPAS:

- By post – 11 Belgrave Road, London, SW1V 1RB
- By phone – 0300 123 1047
- Online – www.pensionsadvisoryservice.org.uk
- Through your local Citizens' Advice.

The 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 TPAS and normally insists that the complaint has been investigated under the Plan's internal dispute resolution procedure and still remains unresolved before he'll accept the matter for investigation.

If you have any complaint or dispute that cannot be resolved by the internal dispute resolution procedure nor by TPAS, you can refer it to The Pensions Ombudsman:

- By post – 11 Belgrave Road, London, SW1V 1RB
- By phone – 020 7630 2200
- By email – enquiries@pensions-ombudsman.org.uk
- Online – www.pensions-ombudsman.org.uk

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.

You can contact The Pensions Regulator:

- By post – Invicta House, Trafalgar Place, Brighton, East Sussex BN14DW
- Online – www.thepensionsregulator.gov.uk

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. This 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.

You can contact the Pension Tracing Service:

- By post – Tyneview Park Whitley Road, Newcastle upon Tyne NE98 1BA
- By phone – 08000 271 300
- By email – enquiries@pensiontracingservice.co.uk
- Online – www.pensiontracingservice.co.uk

Personal Information and the Data Protection Act 1998

By completing an application form to join the Plan, you and the Company 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 the Company during your membership. The **Trustee** is required to comply with the Data Protection Act 1998 in respect of this personal information, including:

- What kinds of information the **Trustee** will hold about you
- Where the **Trustee** obtains this information from
- How this information will be used
- 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
- (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 **HMRC** 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 how this information may be used, please contact the Plan administrator or the Payroll & Pensions team.

Who will information about you be disclosed to?

In the course of administering the Plan, the parties that personal information may have to be disclosed to fall into three categories:

- The **Trustee**, the Plan's administration staff and advisers – this would include the **Trustee**, the Company, 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 **HMRC**, the DWP, 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.

It would also include 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
- 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, contact the Plan administrator or the Payroll & Pensions team.

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 document 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.

Further information

Log onto **pensionsWEB** in the first instance. You will find information, be able to complete or change your **expression of wish form** and amend your bank details.

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

- Phil Parsons on 01707 398548 (phil.parsons@affinitywater.co.uk)
- Karen Austin on 07801 677561 (karen.austin@affinitywater.co.uk)

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

- Alan Wiseman on 01707 277270 (alan.wiseman@affinitywater.co.uk)
– Affinity Water Limited staff only
- The Hymans Robertson helpline on 0207 082 6182 (affinity@hymans.co.uk)
– all members

If you are a retired or deferred 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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