



Annual Benefit Statements

What is an Annual Benefit Statement?

This is an annual statement that all pension providers must, by law, send to each member to show them the status of their pension fund and projected income on retirement. Defined Contribution (DC) schemes used to be known as Money Purchase schemes, so these statements are sometimes referred to as SMPI (Statutory Money Purchase Illustration) statements.

What do The Statements Show?

- Introductory information about projected benefits, stock market performance and ways to increase your pension.
- Key data that we hold about you including your chosen retirement date, current salary and current contribution rate.

If any of this information is incorrect, please contact Hymans Robertson on 020 7082 6182 to get it updated. Please note that due to the timing of the statements the salary shown will not reflect any increase that may have been applied in April as part of any company-wide pay agreement.

- Benefits upon leaving the Plan and death in service benefits that your dependants may receive.
Please check at www.affinitywaterpensions.co.uk that we have received an Expression of Wish form from you. This allows the Trustees to consider your wishes in the event of your early death and without it, the trustees will have to make assumptions about what you would have wanted to do with any death benefits.
- 'Projected Benefits At Normal Retirement Date' is an estimate of your pension at your nominated retirement date. This calculation uses a number of assumptions around the growth of investment, salary increases, inflation etc. determined by the Trustees and its advisors. As you may imagine, if you are only 25, you can expect a wide fluctuation in inflation, salary increases etc. over your working life and so using a single figure for some of these variables is a very crude calculation and the actual outcome may be very different in reality. In this regard, it is recommended that the projections be treated with some caution although they will generally become more accurate the closer you get to your actual retirement date.

It should be noted that the calculated retirement income is based on the purchase of an annuity, as this used to be required on retirement. However, since the introduction of Pension Freedoms in 2015 members have much greater flexibility, so this illustration may not reflect what you actually do with your pension pot when you do retire. The introduction of Pension Freedoms also had a negative impact on the annuity market and rates have generally fallen, so the projection based on current annuity rates may underestimate your actual retirement income.

- The last part of the statement summaries your contributions during the year and details the change in your fund value over the year.

The annual statement is a legal requirement but is generally recognised as being likely to give a poor level of accuracy for projections. For this reason, the Trustees have worked with Hymans to provide annual Guided Outcome (GO) statements and these are discussed in the Guided Outcomes factsheet.

Where Can I Get More Information?

All information about the Plan and your Personal Account can be found at www.affinitywaterpensions.co.uk