Next >

Defined Contribution (DC) members

Your pension matters

Information about your Affinity Water Pension Plan

Issue 13 | 2026

Affinity Water

Welcome

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

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 and funding update and information on our annual accounts.

In May, we completed the transition of our DC administration and investment services to Aviva. This was a significant project that took more than a year to deliver, and I would like to thank the team for their commitment and support throughout the process. Our aim was to enhance the experience for members, and we hope you are already benefiting from the improvements introduced through the transition.

We continue to manage the Plan carefully and in members' best interests, working closely with our advisers and administrators.

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**.

Four organisations provide specialist services and advice to the Trustee:

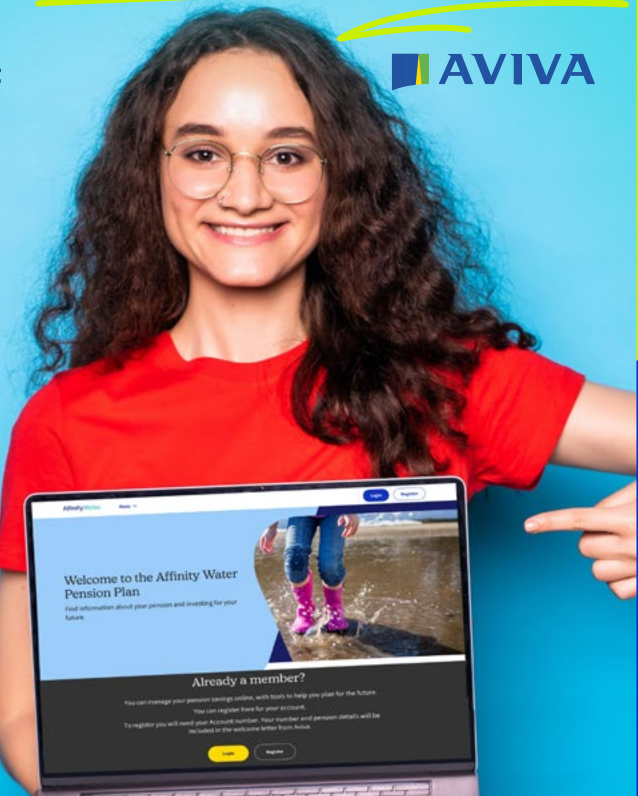
- **Aviva** – administrative and investment management
- **Eversheds Sutherland** – legal
- **Hymans Robertson** – investment consulting
- **KPMG** – the Plan's auditor.

Managing your pension plan

We transferred the administration of the DC Plan to Aviva in March 2026 and the investment portfolio two months later, so as a DC member you now have a new Pension Portal (microsite).

The microsite gives you quick access to your pension information and key documents. From there you can access your account online via **MyAviva**, view *A guide to your Affinity Water Pension Plan Investments*, book a free pension and investment consultation or a retirement preparation review, access a series of helpful how-to video guides, catch up on our recent webinars, plus lots more!

If you have not already registered for **MyAviva**, please visit **https://workplace.aviva.co.uk/affinitywater/**, select 'Register' and enter the details requested. Once registered, you can manage your pension savings, including updating your beneficiaries, reviewing or changing how your funds are invested and using the retirement forecaster to plan your future.



Reminder: update your beneficiary details

It is important to keep your 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. It only takes a few minutes to add or update your beneficiaries, and it's worth checking regularly, especially if you've experienced a life change such as getting married, entering a civil partnership, welcoming a child or separating from a partner.

Please note, the beneficiary details were not transferred to Aviva, so you will need to set these up again.

Recent improvements

The member offering now includes:

- the ability to change your investment choices on **MyAviva**
- a retirement forecaster so you can plan for the future
- an automated form to request a change of contributions: *Pension plan change form*.

However, you currently can't initiate a transfer into the Plan. If you wish to consolidate previous pensions, you'll need to contact **Aviva** instead, via the helpline: (**0345 604 9915**) or email: **mymoney@aviva.com**.

Approaching retirement? Please keep your details up to date

If you are around six months away from your chosen 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 **MyAviva** or by contacting the **Aviva helpline**.

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

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

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

Meet the team

During November, **Aviva** will be visiting Hatfield and Folkestone. You'll be given the opportunity to pop along, meet the team and find out more about your pension plan and the support available to you. Look out for an invite in your inbox coming soon!

Save the date!

5 November: Hatfield

10 November: Folkestone

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.

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% Regulatory or legal implications

69% Lack of personalisation to your specific situation

72% AI bias affecting recommendations

80% Receiving inaccurate or outdated information

83% 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 automatically brought together 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 DC assets totalled approximately £105m.

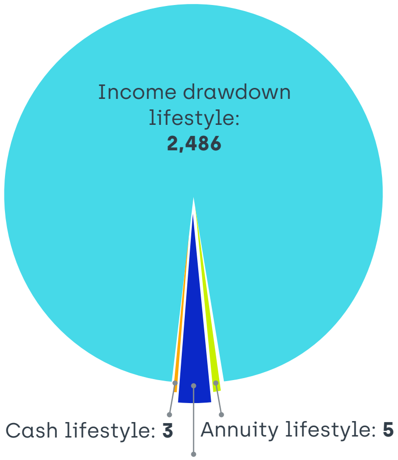
Members can invest in a lifestyle option – this is where investments are made on a member's behalf according to a pre-determined investment strategy.

The My Future Focus Drawdown Lifetime Investment Programme is the default option for members who do not make a decision on their investments or on the type of lifestyle strategy for their DC pot. DC members who wish to make their own investment choice can choose to invest their savings and contributions in any of the self-select range of funds available in the DC section.

There are five different lifestyle investment options. Each automatically changes the funds a member is invested in, based on how close they are to retirement. The options reflect the type of retirement benefit that a member may be expected to target.

You can find more details on how the Trustee constructs the Plan's asset allocation in the *DC Statement Of Investment Principles* on the microsite.

The DC membership of the Plan as at 31 March 2026



Lifestyle	Target retirement benefits	Strategy in the approach to retirement
Income drawdown	Assumes that members will use their DC pot to draw an income in retirement	Assets are gradually moved into the Aviva My Future Focus Drawdown Fund in the 10 years before retirement, aiming to balance continued growth with reduced volatility
Annuity purchase	Assumes that members will use their DC pot to purchase an annuity at retirement	Assets are gradually moved into funds designed to broadly track changes in annuity prices as retirement approaches
Cash	Assumes that members will use their DC pot to take a cash lump sum rather than regular income	Assets are gradually moved into the Aviva My Future Focus Cash Lump Sum Fund, aiming to reduce the volatility and preserve the value of savings close to retirement
Lifetime (universal)	Designed for members who have not yet decided how they will access their retirement benefits	Assets are gradually moved into the Aviva My Future Focus Consolidation Fund, providing a balanced mix of growth and lower risk assets as retirement approaches
Shariah drawdown	Assumes members seeking a drawdown approach are requiring investments that comply with Shariah principles	Invests in Shariah compliant funds throughout and gradually move into the Aviva Shariah Drawdown Fund as retirement approaches

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.

Changes in the DC Plan over the year

The main investment objective of the DC Plan is to facilitate good retirement outcomes for members and to help members to achieve 'benefit adequacy' (an appropriate replacement income when they stop working).

Following a review of the pensions market, and supported by independent external advice, the Plan's Trustee made the decision to change our pension investment and administration providers to Aviva from March 2026. This involved making changes to how your pension is invested to ensure the strategy is sustainable for the long term and keeps pace with developments in the pensions market.

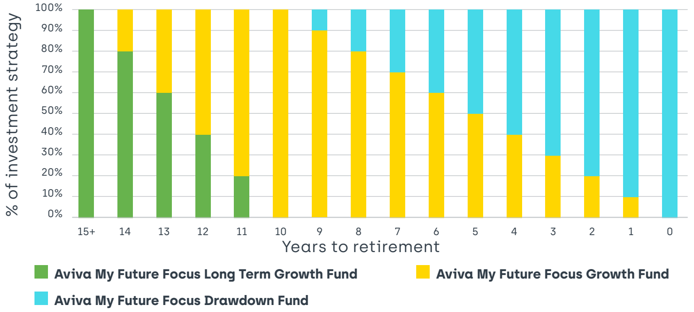
The strategies now invest in a mix of Aviva funds with different risk levels depending on how close you are to your retirement age and your chosen investment programme.

All funds used in the lifestyle options have sustainable investment criteria with an overall net zero target by 2040. The funds 'tilt' towards companies with better environmental, social and governance (ESG) scores. The sustainability criteria involve excluding companies that are involved in:

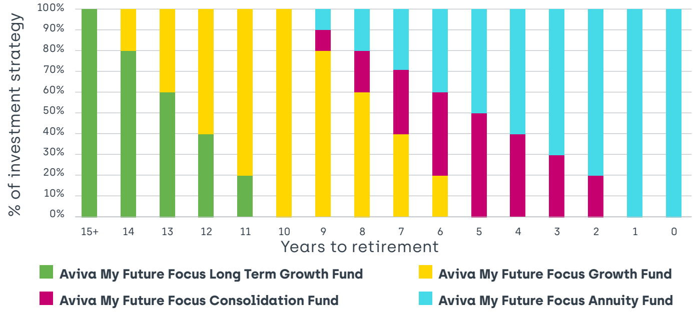
- coal mining
- manufacturing controversial weapons or civilian firearms
- producing and distributing tobacco
- breaching the United Nations Global Compact (laws governing human rights, labour and corruption).

The 'glidepath' charts below show the investment strategy for the five new DC investment strategies offered by Aviva.

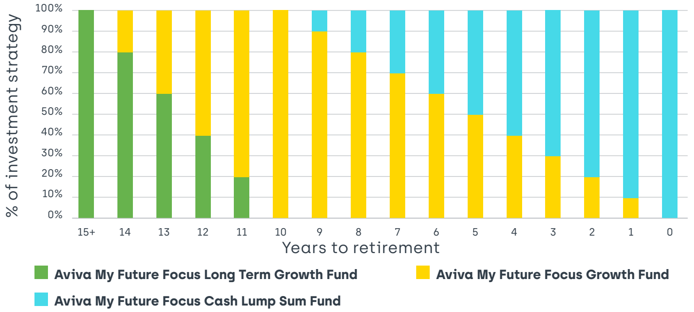
Default Strategy – Drawdown Investment Programme



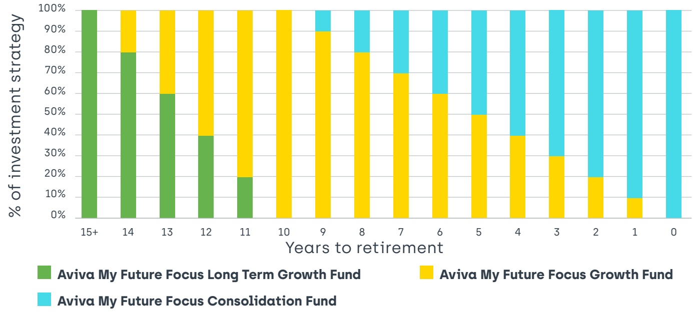
Target Annuity Investment Programme



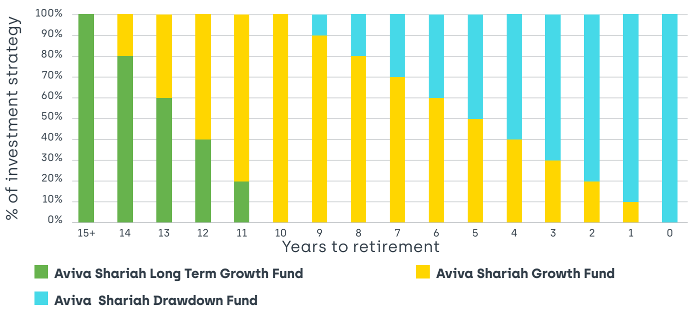
Target Cash Lump Sum Investment Programme



Lifetime ('Universal') Investment Programme



Shariah Target Drawdown Investment Programme



The Trustee and its advisers regularly monitor the range and performance of the Plan's DC funds.

More details on the investment strategies are available in the *A guide to your Affinity Water Pension Plan investments* and the *Trustee's DC Statement of Investment Principles* on the microsite.

Full fund range available with Aviva

The table below shows the full range of the DC funds (please note that past returns are not a guide to the future).

Source: Aviva, 31 March 2026

Funds	31 March 2026 12-month performance (after fees)	31 March 2026 12-month benchmark/ target	Description	Strategic purpose
Aviva My Future Focus Long Term Growth Fund	14.0%	16.9%	Diversified growth fund investing mainly in global equities, property and other growth assets.	Drive long-term growth through investment in global equities and other growth assets.
Aviva Shariah Long Term Growth Fund	20.3%	–	Shariah-compliant global growth fund investing in global equities.	
Aviva My Future Focus Growth Fund	12.6%	14.6%	Diversified multi-asset growth fund.	Target long-term growth through a diversified mix of asset classes.
Aviva My Future Focus Consolidation Fund	7.9%	6.1%	A combination of growth and defensive assets.	Reduce investment risk while maintaining modest growth potential as retirement approaches
Aviva My Future Focus Drawdown Fund	9.7%	10.8%	Diversified multi-asset portfolio designed to support income drawdown in retirement.	Support members intending to draw an income from their pension in retirement
Aviva Shariah Drawdown Fund	15.9%	–	Shariah-compliant diversified fund designed for members approaching drawdown.	
Aviva Shariah Growth Fund	19.2%	–	Shariah-compliant diversified growth fund.	Long-term growth through investment in Shariah-compliant growth assets.
Aviva My Future Focus Annuity Fund	2.5%	–	Predominantly invested in UK government and corporate bonds with the aim of broadly aligning with annuity purchase pricing.	Modest growth to capture the returns of the gilt and corporate bond markets, while broadly tracking annuity prices.
Aviva My Future Focus Cash Lump Sum Fund	3.7%	3.3%	Low-risk fund investing in cash and short-term fixed income assets.	Provide lower-risk investments for members intending to take cash at retirement or pursue a very low-risk strategy.
Aviva Pension MyM BlackRock Emerging Markets Equity (Aquila C)	26.5%	26.2%	Passive fund providing exposure to emerging market equities.	Target long-term growth through investment in higher-risk assets such as equities.
Aviva Pension MyM BlackRock MSCI World Index	14.2%	16.9%	Passive fund tracking developed global equity markets.	
Aviva Pension MyM BlackRock Developed World Fossil Fuel Screened Index	10.7%	–	Global equity index tracking fund with enhanced fossil-fuel exclusions.	
Aviva Pension MyM Vanguard FTSE UK All Share Index	21.5%	21.5%	Passive equity fund tracking UK equities.	
Aviva Pension MyM LGIM Diversified	11.4%	–	Invested across a wide range of traditional and alternative asset classes with the aim of providing long-term investment growth.	Target long-term growth through a diversified mix of asset classes.
Aviva Pension MyM BlackRock Over 5 Year Index-Linked Gilt Index Tracker	2.6%	2.7%	Passive fund investing in inflation-linked UK government bonds with a maturity of greater than five years.	Provide exposure to inflation-linked UK government bonds.
Aviva Pension MyM BlackRock All Stocks UK Gilt Index Tracker	2.2%	2.2%	Passive fund tracking UK government bonds across the full range of available maturities.	Target modest growth in excess of equivalent government-backed securities.
Aviva Pension MyM BlackRock Corporate Bond All Stocks Index Tracker	4.0%	4.1%	Passive fund tracking UK and global corporate bond markets.	
Aviva Pension MyM BlackRock Sterling Liquidity	4.3%	4.0%	Cash and money market fund.	
Aviva Pension MyM CT Pensions Property	4.9%	4.3%	Fund investing in UK commercial property.	Target long-term growth through investment in higher-risk assets.

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 DC section of the Plan between 1 January 2025 and 31 December 2025.

Opening balance as at 1 January 2025 = £86,071,000

Monies in	£000	Monies out	£000
Employer's contributions	8,406	Cash sums on retirement and death (including returns of contributions on death)	(601)
Employees' contributions (ordinary)	442	Fees and expenses*	(1)
Interest on cash deposits and other miscellaneous income	32	Investment management fees	(42)
Change in market value of investments	12,939	Individual transfers between AWPP sections and to other pension schemes	(1,621)
Income from insurance	491	Annuities purchased	(76)
Group and individual transfers into the Plan	233		
Total income	**22,543**	**Total expenditure**	**(2,341)**

Closing balance as at 31 December 2025 = £106,273,000

* Costs of administration of the Plan are paid by the Employer, except as included here.

Membership of the Plan

1,251 active members at 1 January 2025

194 new entrants

6 retirements

105 leavers

2 deaths

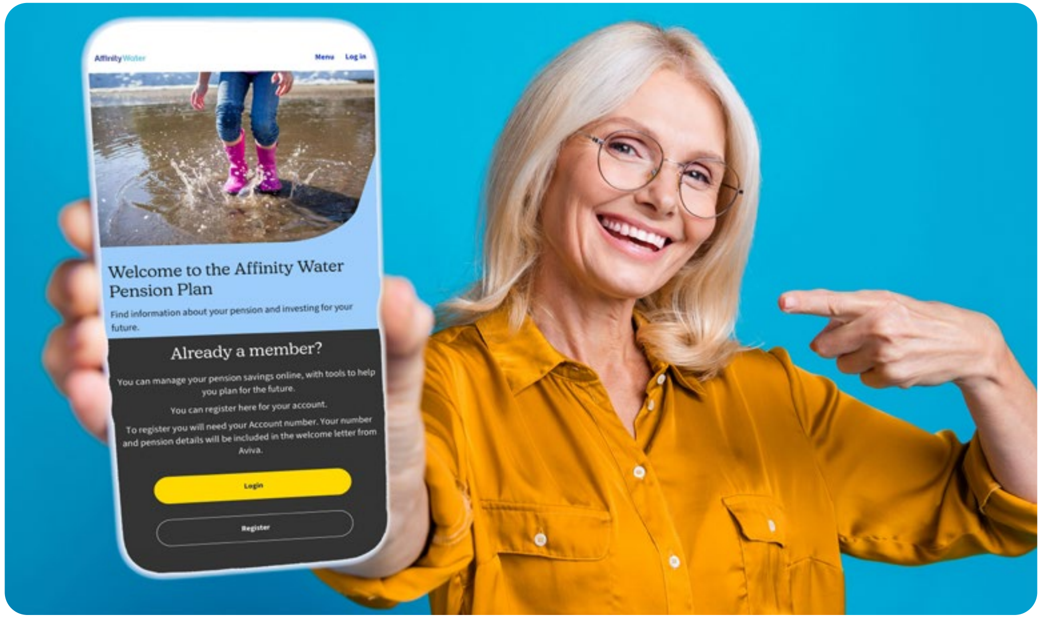
1,332 active members at 31 December 2025

1,304 members with preserved benefits at 31 December 2025

To find out more...

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

For administration queries, please contact **Aviva** using the contact details provided on the microsite **https://workplace.aviva.co.uk/affinitywater/**



Affinity Water

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Tamblin Way
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Hertfordshire
AL10 9EZ

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 are in the process of doing so as part of the Aviva transfer for the DC 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**.