

SEPTEMBER 2024

# PENSION UPDATE

## Welcome from the Chair of Trustee

This latest edition of Pension Update, the newsletter for members of the Northumbrian Water Pension Scheme (NWPS or the Scheme), keeps you up to date on the Scheme and other pensions news that may be relevant and useful to you.

### WHAT'S BEEN HAPPENING

As Scheme Trustee, we've been working together with our advisers to take the Scheme on a journey to further **enhance the security of your benefits and help you understand them better**. The steps we have taken – and will take over coming months – include:

- 💧 **improving our approach to communications** to make it easier for you to understand the benefits and options you have – make sure all your contact details are up to date
- 💧 **regularly monitoring the Scheme's financial health** to make sure it remains strong and delivers the benefits promised to you, our members
- 💧 **making more support available to you online** to improve accessibility (but asking if you'd still prefer to hear from us via paper)
- 💧 **making changes to how you access your Scheme benefits** so you can choose the benefits that best meet your needs

We'll share newsletters regularly but **we'd love to hear feedback on what would make your Pension Update more helpful or interesting**. Please email your suggestions to: [john.pengelly@nwl.co.uk](mailto:john.pengelly@nwl.co.uk)

Finally, I wanted to acknowledge the recent change in the Chair of Trustee role and thank Naomi L'Estrange for her service to the Scheme. I've been working alongside Naomi and the Trustee Directors for the last four years and have taken on the position of Chair, with the support of NWL and the Trustees, after she stepped down. This will not affect you, the Scheme or how it is run, as our goal remains to operate a well-governed pension scheme. You will see on page 4 we are seeking nominations for member-nominated trustees. I encourage you to apply to join this fantastic board and continue to build upon the good work done to date.

Duncan Willsher – Vidett Trustee Services Limited

**NWG**  
*living water*



# IMPROVING SCHEME COMMUNICATIONS

The Scheme is here to provide you or your family with benefits. As Trustee, we're here to act in your interests, make sure you're paid the benefits you've earned and help protect you from pension scammers. We want to **make communications right for you**, our members.

## WE'LL DO THIS BY...

Introducing new or improved types of communication – making more use of websites & digital formats. For example:

- using plain English & avoiding pensions jargon where we can
- explaining things clearly & signposting how you can learn more
- asking you to get involved & look at the benefits you have
- helping you get more support when you need it

## WHEN WILL I SEE A DIFFERENCE?

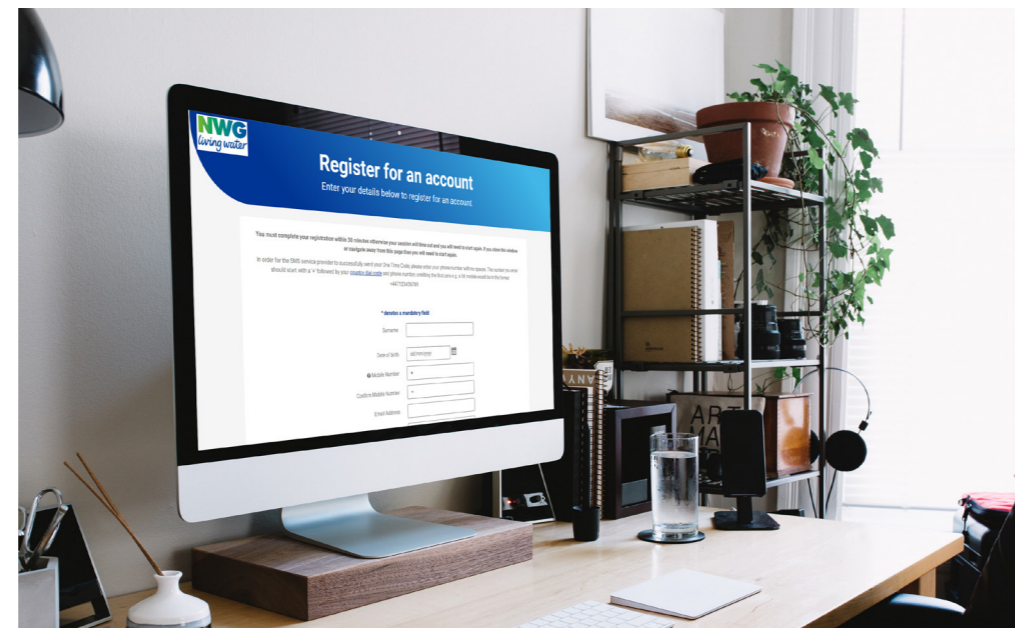
Right now! We've re-vamped this newsletter – hopefully you like the new format and find more of the articles helpful. The great thing is Pension Update is no longer only in hard copy! If you're happy online, you can access an interactive digital version here: [www.nwgpensions.co.uk/northumbrian-water-pension-scheme/documents](http://www.nwgpensions.co.uk/northumbrian-water-pension-scheme/documents)

Over the coming months, we're looking at improving the scheme website [www.nwgpensions.co.uk](http://www.nwgpensions.co.uk). This will make it easier for you to find relevant information about your pension and make use of the Scheme administrator's portal, for example to get benefit statements or transfer value requests. There will be signposting to general financial wellbeing support and financial guidance from Pension Geeks at [www.nwgpensions.co.uk/pension-geeks](http://www.nwgpensions.co.uk/pension-geeks)

## WE'RE GOING DIGITAL!

We want to improve accessibility and the environment for the benefit of all by making better use of sending communications digitally. Our plan is to move to digital communications as standard next year.

We understand digital communications aren't for everyone. So, if you would prefer to continue receiving paper communications, please email [nwps@hymans.co.uk](mailto:nwps@hymans.co.uk) or call the Scheme administrator on **0141 227 9800** to opt out of receiving digital communications from the Scheme.



## MANAGE YOUR NWPS PENSION ONLINE

If you've already registered for the Scheme administrator's member portal, known as PRISM, please ensure we have your correct email address and your personal details including communication preference are up to date. If you've not registered online yet, it's not too late!

The best way to keep up with the latest information about the Scheme is via the Scheme website [www.nwgpensions.co.uk](http://www.nwgpensions.co.uk) and to manage your Scheme benefits via the PRISM portal. Registering will give you access to your pension whenever you need it.

Visit <https://secure.nwgpensionscheme.co.uk/register> or scan this QR code to fill in the registration form. All you need is:



- a personal email address
- your National Insurance number
- your preferred method of contact

Once registered, you'll be able to amend your personal details and have access to current information about your pension.

At any time, you can:

- view and update your personal information - remember to let us know your spouse or partner's name and date of birth
- tell us how you prefer us to contact you
- update your address
- get an idea of how much pension you're on track to receive
- request a transfer value quotation
- view and print your payslips and P60 (if you're receiving your Scheme pension)



**MAKE SURE WE KNOW WHO YOU'D  
IDEALLY LIKE YOUR PENSION BENEFITS  
TO BE PAID TO IF THE WORST HAPPENS –  
UPDATE YOUR EXPRESSION OF WISH ON  
THE PRISM PORTAL.**

# COULD YOU BE OUR NEXT MEMBER NOMINATED TRUSTEE?

The current member-nominated directors (MNDs) of the Scheme's trustee company reach the end of their term of office in 2024 and one MND resigned during their term. Although they are eligible to re-apply, they must all stand down from the Trustee Board when their term ends. This creates **four MND vacancies**.

## WHO CAN APPLY?

**No previous trustee experience or pensions knowledge is needed. Training will be given to help make sure you have the knowledge and understanding you need.** We're looking for candidates with the following qualities:

- ◆ **team player** - a collaborative person who enjoys working with others
- ◆ **open to new ideas and willing to learn new things** - to help us provide members with the best experience possible
- ◆ **eager to learn** - there is a lot to learn but it will be of great value to you and all members
- ◆ **balance between empathy and pragmatism** - especially if exercising a discretion, such as allocating benefits upon the death of a member

If you're an eligible member interested in becoming a Trustee Director, please complete the enclosed form and email it to John Pengelly, Secretary to the NWPS Trustee and NWL Pensions Manager ([john.pengelly@nwl.co.uk](mailto:john.pengelly@nwl.co.uk)) no later than **31 October 2024**. Your application must be supported by two other Scheme members in the same constituency.

## TO BECOME AN MND YOU MUST BE:

An eligible member of the Scheme – either

- ◆ an 'employed deferred' (ie an employee of a participating company business who has a deferred pension payable from the Scheme); or
- ◆ a 'pensioner' (you are in receipt of a pension from the Scheme and are a former active member)

**You are not eligible if you are a former employee who is not yet receiving a pension from the Scheme or a pensioner who is only in receipt of a spouse's or dependant's pension or if:**

- ◆ you become bankrupt
- ◆ you become prohibited by law from being a director
- ◆ a court order appoints a guardian or receiver to exercise powers with respect to your property or affairs on the ground of mental disorder

## WHAT IS THE TRUSTEE BOARD AND WHAT DOES IT DO?

Our Trustee is a limited company acting as a corporate trustee of the Scheme. MNDs are appointed as directors and their names are recorded by Companies House. The Trustee's Board will consist of eight trustee directors – four appointed by Northumbrian Water and four (the MNDs) who are nominated by eligible members. The Board is responsible for Scheme governance. It holds at least four meetings each year, typically online. There are also sub-committees of the Board that look into issues - like reviewing investments, governance, risk management and member communications - in detail and make recommendations to the Board.

## WHAT IS THE ROLE OF A MND?

The duties of all trustees are the same, whether they are nominated by Scheme members or appointed by the employer. Some of the things you'll need to do as part of the wider Trustee Board include:

- ◆ helping make decisions about the Scheme, acting in the best interests of Scheme members
- ◆ acting prudently and in good faith
- ◆ regularly attending and contributing to discussions at Trustee meetings (virtual or in person)
- ◆ helping make sure the Scheme is managed in a way to meet compliance requirements
- ◆ becoming conversant with Scheme rules and other documents
- ◆ making sure the Scheme's funds are invested wisely
- ◆ maintaining confidentiality and managing conflicts of interest

## HOW LONG WILL I HOLD THE POSITION FOR?

Four years, although this can be extended in some circumstances. In this election, two MND appointments will be for three years. MNDs may resign at any time. At the end of an MND's term, the position is re-advertised although the outgoing trustee director can seek re-nomination. Typically, if an MND ceases to be a member of the constituency which appointed him/her, for example, if a deferred member MND becomes a pensioner or leaves service, they will cease to be an MND from that date. Any MND will automatically cease to be an MND in certain legal situations, such as becoming prohibited from being a director or becoming bankrupt.

## WILL THERE BE TRAINING AND SUPPORT?

All Trustee Directors are provided with regular training. The Board has a range of professional advisers to provide guidance, with most attending Board meetings to help with any decisions to take. There's also a professional trustee available to help you. New trustees must complete The Pensions Regulator's programme within the first six months at: <https://trusteetoolkit.thepensionsregulator.gov.uk>

## HOW ARE MEMBERS SELECTED?

MNDs will be selected by their 'constituency', as follows:

- ◆ two MNDs are selected from and by deferred members of the Scheme who currently work for participating company businesses in the North East of England;
- ◆ one MND is selected from and by deferred members of the Scheme who currently work for participating company businesses in Essex and Suffolk; and
- ◆ one MND is selected from and by pensioner members.







If the number of applicants is equal to or less than the number of vacancies in a constituency, the nominees will be automatically selected. If we have more applicants than positions available with a constituency, a ballot of eligible members will be held for that constituency to select their preferred candidate(s). If there's a ballot, we'll publish each applicant's written statement to eligible members of the constituency who will vote. The candidate(s) who receives the most votes will be appointed as MND.

The Secretary to the NWPS Trustee may reject or amend a statement if it's too long or inappropriate. In this case, the nominee will be notified and can amend it. For more information, please contact John Pengelly at: [john.pengelly@nwl.co.uk](mailto:john.pengelly@nwl.co.uk) or **07894 330501**

# UNDERSTANDING PENSIONS

## HOW MUCH WILL I NEED IN RETIREMENT?

The Pensions and Lifetime Savings Association (PLSA) Retirement Living Standards help people picture what kind of lifestyle they could have in retirement. They suggest:

<b>MINIMUM INCOME</b> Covers all your needs, with some left over for fun	 <b>SINGLE</b> £14,400 a year	 <b>COUPLE</b> £22,400 a year
<b>MODERATE INCOME</b> More financial security & flexibility	 <b>SINGLE</b> £31,300 a year	 <b>COUPLE</b> £43,100 a year
<b>COMFORTABLE INCOME</b> More financial freedom & some luxuries	 <b>SINGLE</b> £43,100 a year	 <b>COUPLE</b> £59,000 a year

### PENSIONS DASHBOARDS

Pensions dashboards (expected late 2026) will allow you to see what you have in your various pensions – including your State Pension – in a single place online.

## HOW AM I DOING?

If seeing how much money you might need in retirement has made you think about how you're doing, take some time to check where you're at with your savings for your future life.

- 1 Check your NWPS pension** – dig out your most recent benefit statement, log in to PRISM or contact the Scheme administrator (Hymans Robertson) using the details on page 12..
- 2 Check your other workplace pensions** – do the same for other pension savings you have from other employers you've worked for.  
  
 If you can't track down all the relevant paperwork, you can trace lost pensions by either contacting the relevant scheme administrator or insurance provider (if you remember who that is) or using the government's free pension tracing service at: <https://www.gov.uk/find-pension-contact-details>.
- 3 Check your State Pension** – you can do this online at [www.gov.uk/check-state-pension](https://www.gov.uk/check-state-pension) or by calling 0800 731 0175.
- 4 Check your decisions** – seek financial advice from Origen (see their details on page 12) before taking any action with your savings.

## LIFETIME ALLOWANCE (LTA) & ANNUAL ALLOWANCE

The government replaced the LTA with a new lump sum allowance of £268,275 for the 2024/25 tax year. It is the maximum amount of tax-free cash you can take from your pension benefits. There is also a new lump sum and death benefit allowance of £1,073,100 for the 2024/25 tax year and is the amount of death benefits that can be paid tax free.

The annual allowance (AA) is the maximum amount of pension benefits you can save each year with the benefit of tax relief. For the 2024/25 tax year, it is £60,000, but if you have a high income or have started to draw money purchase benefits in a flexible way, your AA may be as low as £10,000 a year. If you're impacted by any of the changes, we recommend you seek professional advice before taking any action.

## EQUAL PENSIONS - GUARANTEED MINIMUM PENSION

We're currently working on an exercise to equalise benefits between men and women where a member has an element of guaranteed minimum pension (GMP). A GMP is a benefit provided in respect of the Scheme being contracted-out of the State Earnings Related Pension Scheme (SERPS) between 6 April 1978 and 5 April 1997. A High Court judgment confirmed schemes must equalise pension benefits between men and women for GMPs built up after 17 May 1990.

We have an estimate of the expected cost of making backdated benefit adjustments and correcting future benefit payments. You don't need to do anything as we'll be in touch if your benefits are affected by this.

## SOCIAL GROUPS FOR PENSIONERS

Our associations provide a social calendar of events, from day trips to summer and Christmas lunches. Whether you're in the North or South of England, we have an opportunity for you to make new friends and catch up with old colleagues:

**Northumbrian Water Group Pensioners' Association** – for past employees of Northumbrian Water Group in the North of England. It costs £7 a year to join. If you want to join, please email the membership secretary, Hilary Nelson, at: [hilarynelson35@aol.com](mailto:hilarynelson35@aol.com)

**Essex Water Pensioners' Association** – for past employees in Essex. Membership is only £3 a year. You can email the membership secretary, Steve Bardrick, at: [steve.bardrick@outlook.com](mailto:steve.bardrick@outlook.com)



# STAYING SAFE

## PROTECT YOUR PENSION!

Pension scams are a very real issue. To help protect yourself we recommend you:

- Reject any unexpected pension offers whether made online, on social media or by telephone.
- Check the Financial Conduct Authority (FCA) register or call the FCA contact centre to see if the firm you are dealing with is FCA registered.
- Do not be rushed or be pressured into making a decision.
- Consider getting impartial information or advice.

## THINKING OF LEAVING THE SCHEME?

Legal requirements mean certain conditions need to be met before any transfer can go ahead from a pension scheme like NWPS. This means we may have to ask you for details about a scheme you want to transfer to or to take specialist pension scam guidance from MoneyHelper (you'll find their contact details on page 12).

Before making any decisions, we strongly recommend you seek financial advice from Origen (see their details on page 12) before taking any action. You can find out how to get this advice in your retirement pack. If you're considering transferring out of the Scheme, you can get an indicative transfer quotation through PRISM or by contacting the Scheme administrator. To understand more about transfer values, watch the guidance video by Pension Geeks at [www.nwgpensions.co.uk/pension-geeks](http://www.nwgpensions.co.uk/pension-geeks)

## STAY CYBER SAFE

To help keep yourself and your data safe, we encourage you to:

- look out for phishing emails or fraudulent activity on your pension or other online accounts
- use strong, unique passwords for each online account you have
- reset passwords on your pension and other online accounts regularly
- remain vigilant for pension scams and unauthorised or unusual use of your personal data



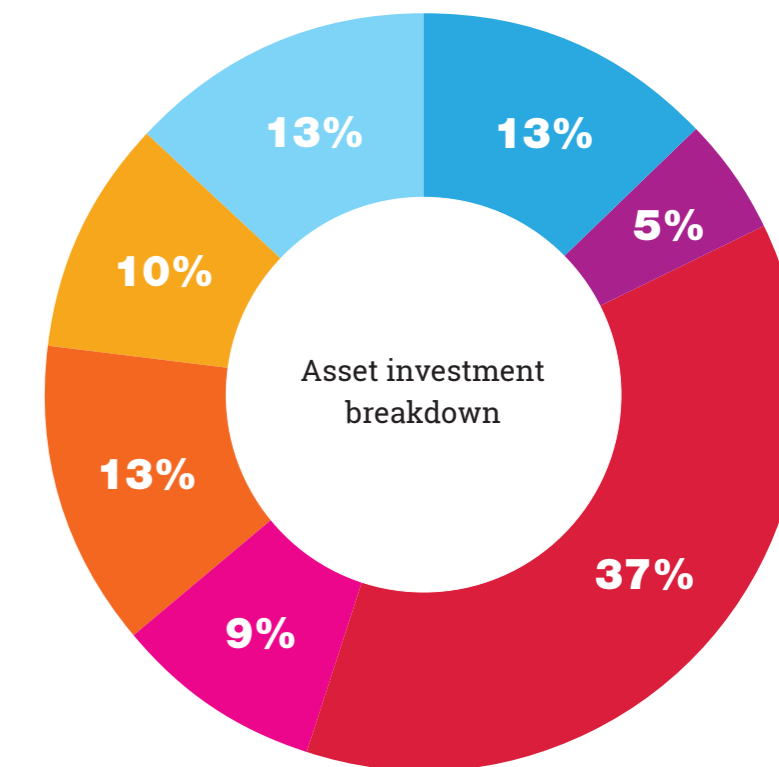
**FOR HELPFUL ADVICE AND TO FIND OUT MORE ABOUT YOUR PERSONAL DATA RIGHTS, VISIT <https://ico.org.uk/for-the-public>**

# SCHEME ACCOUNTS

Key facts and figures from the 2023 annual report and accounts:

ASSETS	2023 - £000
Net assets at start of year	<b>793,719</b>
<b>MONEY IN</b>	
Member income	<b>113,643</b>
<b>MONEY OUT</b>	
Member payments	<b>(50,108)</b>
<b>INVESTMENTS</b>	
Investment returns	<b>34,631</b>
Net assets at end of year	<b>891,885</b>

MEMBERSHIP	2023
Deferred members	<b>1,789</b>
Pensioners	<b>3,221</b>
<b>Total</b>	<b>5,010</b>



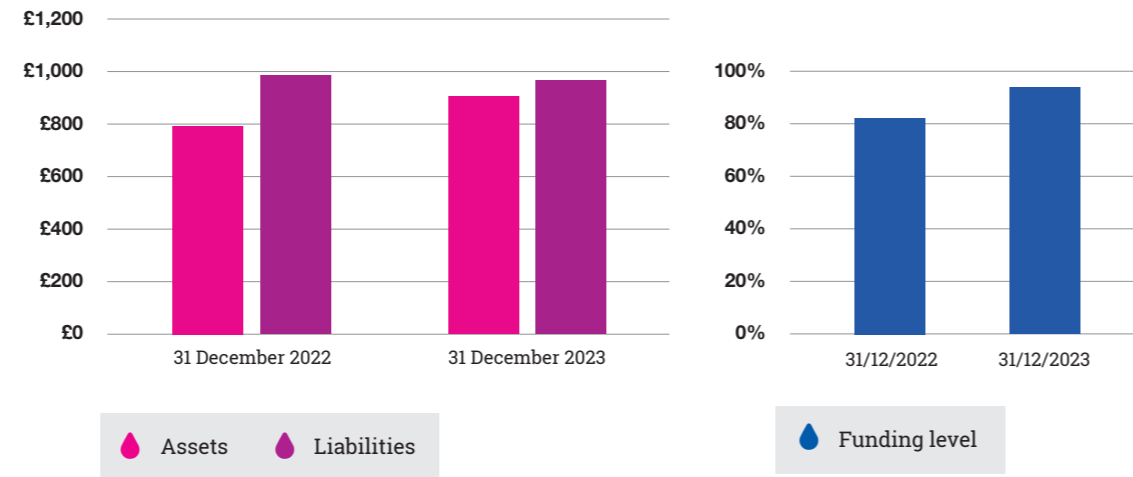
- Equities
- Diversifying strategies
- Liability matching assets
- Secure income
- Credit
- Asset backed funding
- Other

# SUMMARY FUNDING STATEMENT

## THE LATEST ACTUARIAL VALUATION

Every three years an in-depth look at the Scheme's finances is carried out, known as an actuarial valuation. This is done by a qualified, independent professional called an Actuary and was last carried out at 31 December 2022. The Actuary also checks the Scheme's financial position regularly in between the actuarial valuations.

The chart shows the funding position at the 31 December 2022 valuation and the updated position at 31 December 2023.



## CHANGE IN FUNDING POSITION

The shortfall (the difference between the assets and the liabilities) has reduced from £182 million at 31 December 2022 to £52 million at 31 December 2023. The improvements are due to the asset backed funding (ABF) arrangement valued at £92 million, the £23 million contributions paid by Northumbrian Water Limited (the Company) and changes in market conditions.

## REMOVAL OF THE SHORTFALL

The reduced shortfall of £52 million is expected to be removed via investment returns as no further deficit contributions are due from the Company.

## HOW IS THE SCHEME MANAGING CLIMATE CHANGE?

We have published a Taskforce for Climate-Related Financial Disclosure (TCFD) report online for the year to 31 December 2023 at [www.nwgpensionscheme.co.uk/resources/nwps-tcfd-group-report-31-december-2023](http://www.nwgpensionscheme.co.uk/resources/nwps-tcfd-group-report-31-december-2023). It covers our identification, assessment and management of climate change risk. Hard copies are available on request to the Scheme administrator (see page 12).



Our investment manager, Cardano, has introduced a biodiversity strategy, outlining its ambitions to reverse biodiversity loss, achieve no net deforestation and water neutrality by 2030 and achieve net zero GHG emissions, pollution and waste neutrality by 2050. Read their latest annual sustainability report at [www.cardano.co.uk/wp-content/uploads/sites/3/2024/07/Cardano-Annual-Sustainability-Report-2023.pdf](http://www.cardano.co.uk/wp-content/uploads/sites/3/2024/07/Cardano-Annual-Sustainability-Report-2023.pdf)



## HOW DOES THE SCHEME WORK?

The Scheme provides a pension that is calculated based on your salary and length of service. The Company and members previously paid contributions to the Scheme, until it was closed to active members on 31 May 2022. These contributions are invested in assets which are expected to provide income and to increase in value. The combination of contributions, investment income and growth, which is all held in a common fund, is expected to meet the cost of providing members' benefits

## WHAT WOULD HAPPEN IF THE SCHEME WERE TO WIND UP?

Providing information about winding up is a legal requirement - it doesn't imply the Company or Trustee intend for the Scheme to be wound up. If the Scheme were to wind up, its assets would be used to purchase policies from an insurance company to pay pensions. As at 31 December 2022, the Scheme actuary estimated it would cost £1,038 million to secure all the benefits in this way. As this was more than the value of the Scheme's assets at that time (£799 million), there would have been a shortfall of £239 million. There's a larger shortfall compared to the position on page 10, because buying policies from an insurance company is relatively expensive and the wind up shortfall doesn't allow for the ABF arrangement as it wasn't in place at that time.

In the unexpected event the Company were to become insolvent and be unable to provide any further funding to the Scheme, the Pension Protection Fund (PPF) might be able to take over the Scheme and pay compensation to members.

The PPF aims to provide compensation to members of pension schemes if their employer becomes insolvent and the scheme doesn't have enough money to pay the benefits promised. The PPF doesn't provide full cover but, should a scheme get into difficulty, it aims to provide members with the majority of their pension. Further information is available at [www.ppf.co.uk](http://www.ppf.co.uk).

## HAVE THERE BEEN ANY PAYMENTS TO THE COMPANY FROM THE SCHEME?

We can confirm there haven't been any payments to the Company out of Scheme funds since the last funding statement and The Pensions Regulator hasn't intervened in the funding of the Scheme or the benefits provided to date.



# GETTING MORE SUPPORT

If you have any general questions about the Scheme or your benefits, or if you'd like to request a copy of a Scheme document, you can contact the Company's Pensions Manager, John Pengelly at [john.pengelly@nwl.co.uk](mailto:john.pengelly@nwl.co.uk).

We hope you're happy with our service but, if you have any complaints, please raise them via Hymans Roberston using the contact details below. If you're dissatisfied with the response you may ask for a copy of the Scheme's Internal Dispute Resolution Procedure, which sets out the dispute process. Here are some websites and contact addresses you may find useful.

## SCHEME ADMINISTRATOR

If you have any other queries, please get in touch with Hymans Roberston at:

**Tel: 0141 227 9800**

**Email: [nwps@hymans.co.uk](mailto:nwps@hymans.co.uk)**

## PENSIONS OMBUDSMAN

If you have a complaint about the Scheme or any other pension you hold, you can contact:

**Tel: 0800 917 4487**

**Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)**

## ORIGEN FINANCIAL SERVICES

For free advice to help you make sure your retirement choices are right for you, you can contact:

**Tel: 0800 107 4437**

**Email: [NWPS@Origenfs.co.uk](mailto:NWPS@Origenfs.co.uk)**

## MONEYHELPER

This free service helps make your money and pension choices clearer, with impartial help backed by the government.

**Tel: 0800 011 3797**

**Web: [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)**

**IT'S IMPORTANT TELL US IF YOU'VE MOVED HOUSE, GOT MARRIED OR HAVE A LONG TERM PARTNER SO WE CAN KEEP OUR RECORDS UP TO DATE. PLEASE CONTACT THE SCHEME ADMINISTRATOR IF YOUR DETAILS HAVE CHANGED.**