

## **Veolia UK Pension Plan (the Plan) – Final Salary Divisions**

### **Plan Contributions**

Plan contributions are payments that are deducted from your salary and invested in various funds to ensure that the Plan can afford to pay you a pension when you retire. Contributions are taken from your gross salary meaning that tax is not deductible.

If you are due to be absent from work for any sustained period of time (i.e. maternity or paternity leave) then please contact your local HR or pensions contact for information in relation to how this may affect your pension contributions.

There are different types of contributions:

#### **1) *Core contributions***

The Final Salary (Defined Benefit) Divisions are schemes where your pension at retirement is defined by the Rules of Plan and uses factors such as your service length and salary when determining how much you will receive. Core contributions therefore must take into account how much the company has promised to pay members and must ensure that the Plan has enough to pay members when they retire and benefits fall due.

Consequently, the amount that you pay which is deducted from your salary is a prescribed and set amount which is defined in the Rules of the Plan and the schedule of contributions. Your core Employee contribution rate is initially determined by your age upon joining the Plan, however this rate will fluctuate as you grow older and become closer to retirement.

In addition to those Employee core contributions deducted directly from your salary, the Employer (company) is also required to make monthly contributions to the Plan on your behalf. Core Employer contributions (along with core Employee contributions) are set out in the Plan's Schedule of Contributions. The Schedule of Contributions outlines what needs to be paid so that the Plan has sufficient enough assets to pay benefits when they fall due. This is agreed only after consultation between the Trustee, the Employer and the Plan actuary.

Once contributions have been deducted by payroll, they are then invested in various funds (i.e. equities, bonds, properties) to maximise return and increase the value of the Plan's assets. Contributions must be invested no later than the 19<sup>th</sup> of the following month from which they were deducted from your salary.

#### **2) *Additional Voluntary Contributions***

Additional Voluntary Contributions (AVCs) can be paid in addition to your core contributions to top up your income upon retirement. AVCs are also taken from your gross salary meaning that they can potentially be an efficient way of supplementing your pension.

When you start paying AVCs, you will build up a fund which is held separately from your core contributions. Your AVCs can be invested in funds of your choice, and are managed and administered by our AVC provider Prudential.

Upon retirement the funds you have built up in your AVC account, together with any investment return, is used to secure an annuity (pension) with an insurance provider who then pays you a pension for the rest of your life. Unlike the pension you will receive from your core contributions, the additional pension gained from any AVCs is not guaranteed and depends largely on the value of your contributions, investment return and annuity conversion rate.

You are strongly recommended to seek Independent Financial Advice when making decisions that could affect your pension and income when you retire. Neither the Trustee nor the Scheme Administrator is able to give you financial advice.

**Veolia UK Pension Trustees Limited**  
**March 2017**