

## **Veolia Glossary**

Below you will find definitions of many terms found on this website and on forms available on this site.

### **A-Day**

From 6 April 2006 the Government implemented a new single tax regime for pensions. This is known as A-Day.

### **Actuary**

An actuary is an expert on pension plan assets and liabilities, life expectancy and probabilities (the likelihood of things happening). Every pension plan in the UK has to appoint a named actuary to give actuarial advice to the Trustees.

### **Additional Voluntary Contributions (AVCs)**

These are contributions that you choose to pay to the Plan, in addition to any other contributions you are required to make to the Plan. The AVCs are paid into an individual AVC Account set up by the Trustee and maintained on your behalf.

### **Age related rebate contributions**

The part of your Protected Rights that comes from the contributions, based on your age, which the Government makes to the Plan as a result of contracting-out of the Second State Pension (S2P).

### **Annuity**

An annuity is the source of your income at retirement. The annuity is purchased from an insurance company when you retire using the value of your personal account. Annuities are payable for life. The value of the income received depends upon several factors, including primarily, the value of your personal account, the type of annuity you wish to buy and the cost of purchasing annuities at the time of retirement.

### **Bonds**

See Gilts or Bonds.

### **Child/Children**

Please refer to Plan Guide (if applicable).

## **Company**

This means the company within the Veolia Group by whom you are employed.

## **Defined Contributions (DC) Plan**

A Plan where an individual member's benefits are directly related to the investments of the Plan.

## **Dependant**

Please refer to Plan Guide.

## **Earnings Cap**

Pre A-Day, this was the earnings ceiling set annually by the Government for the purposes of calculating maximum contributions and benefits payable from tax approved retirement benefit plans. This affects anyone who joined the Plan (or a predecessor arrangement) on or after 1 June 1989.

The current scheme specific earnings cap is £124,800. This is applicable to the Water Supply Companies Money Purchase Division members from 1 January 2010 and to the VES Staff and VWS Money Purchase Divisions from 6 April 2010.

## **Equities**

Equities are another term for shares in a company's capital. Buying a share is equivalent to purchasing partial ownership in the company. Equities provide investment returns in two ways. Firstly, if the company does well, the value of the share should increase. However, the value of shares can go down as well as up. Secondly, owners of shares may receive a dividend each year. Once a dividend has been paid it cannot be taken away. (Those funds within the Plan that invest in equities automatically reinvest any dividends received and buy more shares).

Equities may be in UK or overseas companies.

## **Flat rate contributions**

The part of your Protected Rights that comes from the rebate you and the Company receive from your National Insurance Contributions as a result of contracting-out of the S2P.

## **Former Protected Rights**

The benefits paid by a pension Scheme which is contracted-out on a money purchase basis which are derived from contracted-out rebates and associated investment returns. Former Protected Rights are subject to rules on how they can be invested and the type of benefits they must provide.

## **Free-Standing Additional Voluntary Contributions (FSAVCs)**

These are AVCs which you pay to an insurance company outside of the Plan.

## **Freestyling**

With this option, you decide where to invest your account. You should be comfortable monitoring your investment choice and switching between funds if necessary. There are a number of investments funds available from the appointed fund managers, and you can invest in any of the funds offered. Before making your selection, you should seek financial advice as appropriate.

Remember that investment returns can be either negative or positive, so the value of your account may go down as well as up.

Post A-Day, Veolia offer 'The Select Option' for members wishing to Freestyle. Please refer to 'Your Investment Choices' document in the Plan Materials area for more information.

## **Fund Manager**

The individual or company responsible for making decisions relating to the portfolio of pension fund investments in accordance with the stated investment goals of the Trustee.

## **Gilts or Bonds**

Gilts are fixed income securities, issued by the UK Government (or a company in the case of bonds), which pay a fixed rate or inflation-linked rate of interest. Various lengths of maturity are offered, from very short-term to very long-term. Interest is paid twice yearly for the duration of the investment and the capital is repaid at the end of the fixed term.

## **HM Revenue and Customs Limits**

HM Revenue & Customs have a number of rules which pension plans must abide by. From A-Day, a number of existing limits have been replaced by new allowances and with the introduction of the Finance Act, pensions will become simpler to understand.

## **Independent Financial Advisor (IFA)**

These are financial advisers who are able to select from all financial products available in the marketplace. All IFAs must be authorised and regulated by the Financial Conduct Authority and are obliged to offer what is termed 'suitable advice'. This means that they have to gain a full understanding of your circumstances and requirements before helping to choose any financial products.

## **Indices**

Indices are used to measure market performance. There are many different indices covering investments in different markets. For example, the Financial Times All Share Index is one of the indices that covers UK shares. The make-up and performance of an index are considered to be representative of the market to which they relate and they are frequently used as benchmarks for Investment Managers in that market.

## **Internal Dispute Procedure**

Occupational Pension Plans are required to have a procedure to deal with disputes between Trustee on the one hand and Members and Beneficiaries on the other hand.

## **Investment – Additional**

This investment is in relation to contributions made in respect of Additional Voluntary Contributions.

## **Investment – Core**

This investment is in relation to contributions made in respect of your core contributions (e.g. employee, employer and protected rights, where applicable).

## **Investment Manager**

An Investment Manager is a professional to whom the Trustee of the Plan delegates investment authority, within guidelines, towards their financial objectives for the Plan.

## **Lifestyling**

Pre-selected funds based on rate of growth depending on how close you are to your Normal Retirement Age (NRA) or Target Retirement Age (TRA).

You can choose from three lifestyle Funds, depending on whether you expect to use your fund to buy an annuity at retirement, take your fund flexibly as cash or use your fund to 'drawdown' over time. You can find out more in the Lifestyle Fund Options Factsheet.

## **Matching Contributions**

Is an amount that the employer contributes towards your retirement account proportionate to your contribution level. (See your Division Addendum for details).

## **Non-Matching Contributions**

Where Employer contribution levels are not calculated by reference to the Employee's contribution rate.

## **One-off lump sum contribution**

An immediate single contribution paid into your personal account i.e. an Additional Voluntary Contribution (AVC)

## **Pension**

A pension (otherwise known as an annuity) is the source of your income at retirement. The annuity is purchased from an insurance company when you retire using the value of your personal account. Annuities are payable for life. The value of the income received depends upon several factors, including primarily, the value of your personal account, the type of annuity you wish to buy and the cost of purchasing annuities at the time of retirement.

## **Pensionable Salary**

Your basic annual salary determined on 1 January each year.

## **Pensionable Service**

This is the period of service as a member of the Plan.

## **Pensions Ombudsman**

The Pensions Ombudsman investigates and decides complaints and disputes about the way that pension plans are run. The Pensions Ombudsman's role and powers have been decided by Parliament, and he is appointed by the Secretary of State for Work & Pensions. He is completely independent and acts as an impartial adjudicator.

The Pensions Ombudsman's decision is final and binding on all the parties to the complaint or dispute. It can be enforced in the Courts. His decision can only be changed by appealing to the appropriate court on a point of law. The Pensions Ombudsman can be contacted at:

11 Belgrave Road

London

SW1V 1RB

*You must follow the Internal Dispute Resolution Procedure before contacting the Pensions Ombudsman.*

**Personal Account**

An individual account set up by the Trustee and maintained on your behalf. The pension you receive under the Plan depends on the contributions you and the Company make to your Personal Account and the investment returns earned on these contributions.

**Plan**

This will depend on which Division of the Veolia UK Pension Plan you are a member of. This will either be:

Veolia Water Systems Money Purchase Division

Water Supply Companies' Money Purchase Division

Veolia Environmental Services Staff Money Purchase Division

Veolia Environmental Services MP1 Division

Veolia Retirement Savings Plan

**Plan Normal Pension Date**

The date of your 65<sup>th</sup> birthday.

**Plan Service**

The length of time you have been a member of the Plan.

**Projected Target Retirement Age**

Target Retirement Date is an age which you choose. It can be earlier or later than your Normal Pension Date. If you choose a Lifestyle investment fund the Target Retirement Date will and is used to decide when the Lifestyle investment start to change for you.

**Protected Rights**

See Former Protected Rights.

**Real Return**

The increase or decrease in value and income achieved by an investment after taking account of inflation.

## **Regular Contributions**

These are the contributions that you and the Company are required to pay to the Plan to provide your retirement benefits. They do not include AVCs.

## **Returns**

The return on an investment is the increase or decrease in its value plus income. Returns are typically measured as a percent increase or decrease in value over a given period.

## **Spouse**

Your legal husband or wife to whom you are married at the time you retire or die.

## **State Pension Age (SPA)**

For many years, the state pension age for men was **65** and the state pension age for women was **60**. But from 2020, both men and women's state pension age will be **66**, increasing to **67** between 2026 and 2028, and then linked to life expectancy after that.

## **State Basic Pension**

This is a taxable weekly benefit for people who have reached State Pension Age, and the amount you receive depends on how many years of full National Insurance Contributions you have made throughout your working life.

## **State Pension Plan**

The State Pension Plan is made up of 2 parts; the Basic State Pension and the State Second Pension.

## **State Second Pension (S2P)**

This is the pension the State provides in addition to the Basic State Pension. It was introduced in 2002 and replaced the State Earnings Related Pension Plan (SERPS).

## **Target Retirement Date**

Target Retirement Date is an age which you choose. It can be earlier or later than your Normal Pension Date. If you choose a Lifestyle investment fund the Target Retirement Date will be used to decide when the Lifestyle investment start to change for you.

## **The Pensions Advisory Service**

The Pensions Advisory Service, is an independent non-profit organisation that provides free information, advice and guidance on the whole spectrum of pensions covering State, company, personal and stakeholder schemes. The Pensions Advisory Service can be contacted at:

11 Belgrave Road

London

SW1V 1RB

Pension Helpline: 0845 6012923

General Office: 020 7630 2250

Fax: 020 7592 7000

Email: [enquiries@pensionsadvisoryservice.org.uk](mailto:enquiries@pensionsadvisoryservice.org.uk)

## **Trustee**

This means Veolia UK Pension Trustees Limited.

The Trustee manages the Plan for and on behalf of the members, operating in their interests at all times. The Trustee must adhere to the Plan's rules and the duties and responsibilities of a Trustee at all times.

## **Volatile**

Apt to change, when used in relation to investments, i.e. the value of your investments can go down as well as up.

Please refer to the Plan Guide and the General Notes Booklet which accompanies it for further details.