



COMBINED NUCLEAR™
PENSION PLAN

Investment changes

**The Trustee is making changes to your Plan investments.
Please read this booklet carefully. You do not need to take any
action unless you are within 10 years of your retirement date.**

August 2016

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Introduction

In April 2015, ‘freedom and choice’ in pensions was introduced by the Government. This has given pension savers like you more options at retirement. The Trustee thinks it’s important that your investments match your plans for retirement, so after careful consideration of the options it is making some changes to your investment options in the Combined Nuclear Pension Plan (‘the Plan’).

This booklet provides an explanation of your new investment options and explains how your pension savings within the Plan (your ‘account’) will be invested from 7 December 2016.



This booklet is relevant to all members of the Plan who are currently making or have made contributions on a defined contribution (DC) basis to the Shift Pay Pension Plan (SPPP) and the New Joiners DC Structure. It is also relevant to any members with Additional Voluntary Contributions, or those who wish to make them in future. It is not relevant to GPS or Nirex Section members.

If you choose your own investments

If you are a 'self-select' member (i.e. you make your own investment decisions instead of using a Lifestyle strategy), the current fund range will continue to be offered. The Trustee is introducing some new funds, to give you greater choice. You can find out more about them on pages 14-15.

If your account is invested using Lifestyle

'Lifestyle' is an investment strategy which is used by the majority of our members. It automatically changes the way your contributions are invested as you approach retirement.

PLEASE NOTE: where we refer to 'Normal Pension Date' in this document, this also includes 'nominated retirement age' if previously elected.

You will now have a choice of three new 'LifePath' options:

■ **LifePath Flexi**

This is the default investment for members of the New Joiners DC Structure

■ **LifePath Capital**

This is the default investment for SPPP members

■ **LifePath Retirement**

If you are a Lifestyle member who is within 10 years of, or past, your Normal Pension Date, you can choose between these three LifePath options. Please read this booklet carefully, fill out the enclosed Option Form and send it back by 12 September 2016, using the prepaid envelope provided or to the email address on the form. If your form is not received by 12 September 2016, your account will be automatically transferred to the default LifePath option. If you have AVCs in the Lifestyle investment strategy and do not return your form by this date, your account will be automatically transferred to the LifePath Capital option. You will be able to switch your investments in the normal way from 7 December 2016, after a blackout period during which no investment changes can be made.

If you are more than 10 years from your Normal Pension Date, or if you choose your own investments, no action is required at this time.

Your current

investment options

At the moment, you can invest your account in:

- the **Lifestyle** strategy

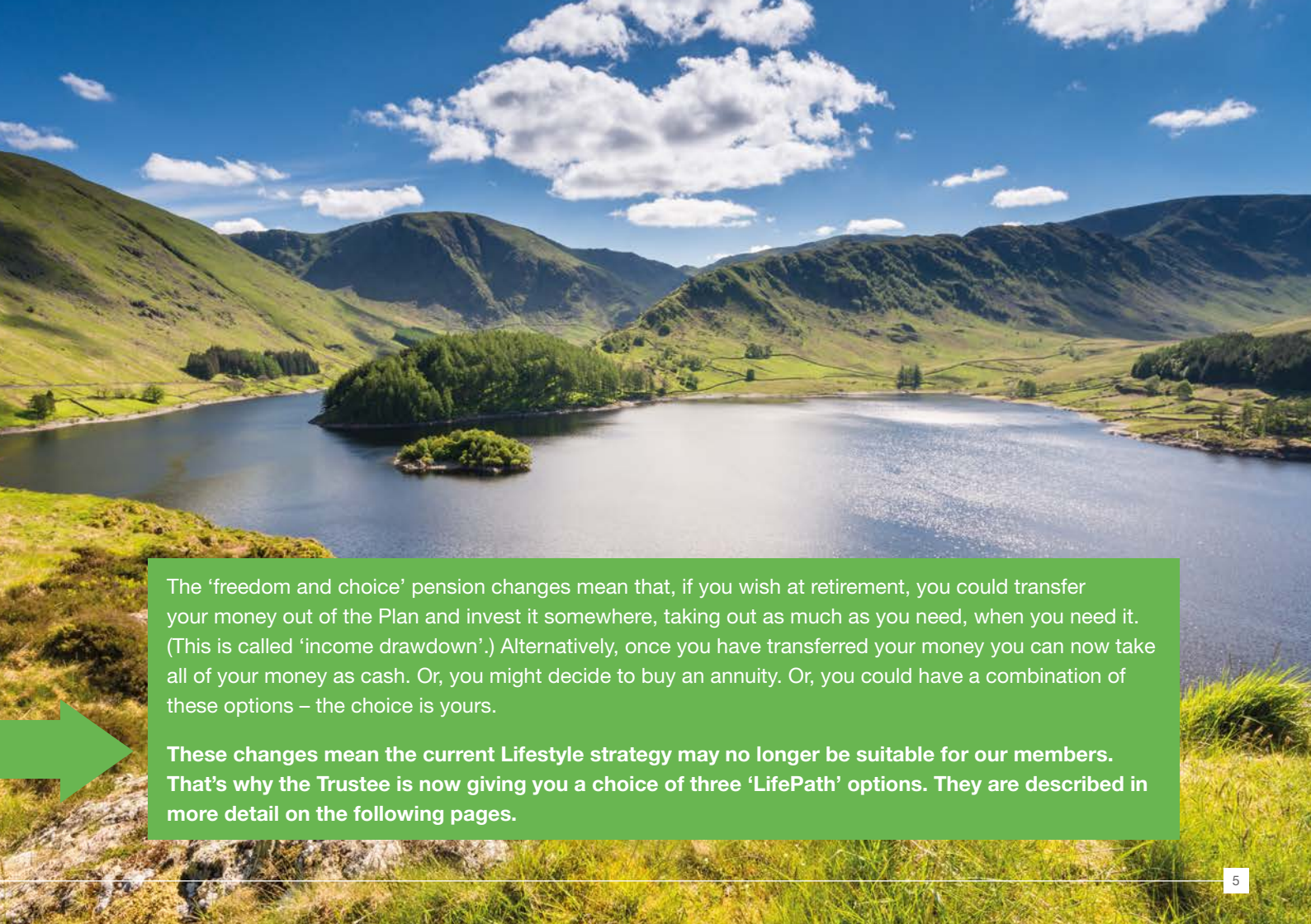
OR

- a selection of six individual funds (your '**self-select**' options).

The Lifestyle strategy is closing from 30 September and your account will be moved into your new relevant default LifePath option from this date.

The current Lifestyle strategy automatically changes the way your contributions are invested as you approach retirement. It starts to switch your funds from the CNPP Global Equity Fund progressively into lower risk bonds. By the time you retire your account is invested to enable you to take your 25% tax-free lump sum and use the rest to buy an annuity (an investment product that provides you with a guaranteed income for the rest of your life).

So what do the new flexibilities offer for you at retirement?



The 'freedom and choice' pension changes mean that, if you wish at retirement, you could transfer your money out of the Plan and invest it somewhere, taking out as much as you need, when you need it. (This is called 'income drawdown'.) Alternatively, once you have transferred your money you can now take all of your money as cash. Or, you might decide to buy an annuity. Or, you could have a combination of these options – the choice is yours.

These changes mean the current Lifestyle strategy may no longer be suitable for our members. That's why the Trustee is now giving you a choice of three 'LifePath' options. They are described in more detail on the following pages.

LifePath explained

LifePath changes the way it invests, based on your Normal Pension Date.

Early career

During your early career (say, 35+ years from retirement), LifePath will be invested in 'growth assets', such as equities (company shares). Over the long term, these have been shown to provide higher growth than other types of investments, but they are more volatile and can go up and down in value. To spread the risk, LifePath invests in equities across many different regions and countries and also invests in other types of assets, such as commercial property and commodities.

Mid-career

When you enter your mid-career phase (say, between 30 and 10 years from retirement), LifePath will gradually reduce its investments in growth assets and introduce a mix of less volatile assets, such as corporate bonds and government bonds (gilts). This aims to protect your account from the ups and downs associated with growth assets.





Approaching retirement

Then, when you get to within 10 years of your retirement date, LifePath will switch into a final investment mix that depends on whether you chose LifePath Flexi, LifePath Capital or LifePath Retirement.

- LifePath Flexi is for people who think income drawdown will suit them best. This is the default investment for members of the New Joiners DC Structure. See page 8.
- LifePath Capital is for people who think they will want to withdraw their account as a one-off lump sum. This is the default investment for SPPP members. See page 9.
- LifePath Retirement is for people who think they will want to buy an annuity at retirement. See page 10.

When you reach your Normal Pension Date and/or you decide you want to retire, to access these flexibilities you will have to transfer the money in your account to an external provider. This will enable you to choose a retirement solution that is best for your circumstances.

You will be given more information on how to do this closer to retirement.



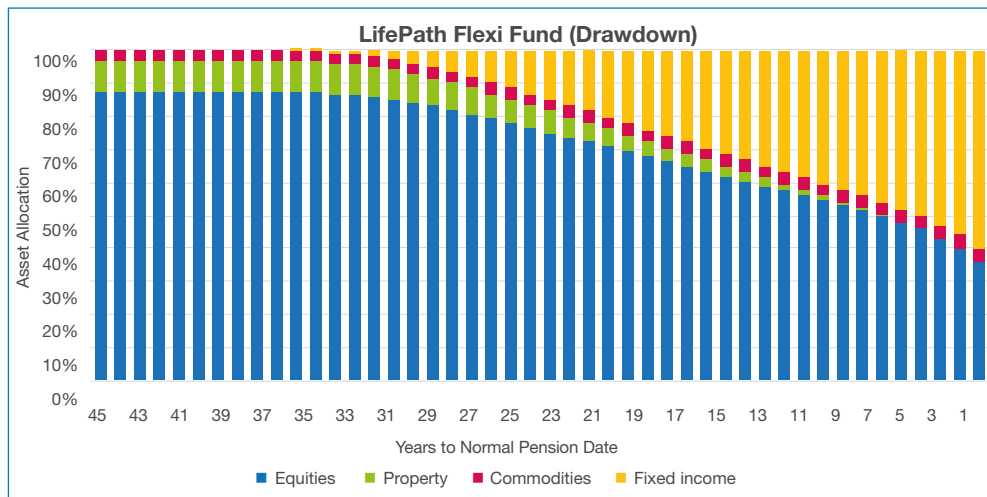
IMPORTANT: You can choose between these three options at any time during your career and it's free to switch up until 10 years before your planned retirement date. However, if you switch within the last 10 years, there may be a cost to the transition because the funds after that point will be invested differently and you would have to be switched out of certain investments.

Your LifePath options

LifePath Flexi

- This is for people who think targeting income drawdown will suit them best. This will be the new default investment option for members of the New Joiners DC Structure.

LifePath Flexi aims to support income drawdown, by providing you with a suitably diversified portfolio that you can continue to invest after you retire. Under a drawdown arrangement, your account stays invested in the funds you select, while you draw an income from it.



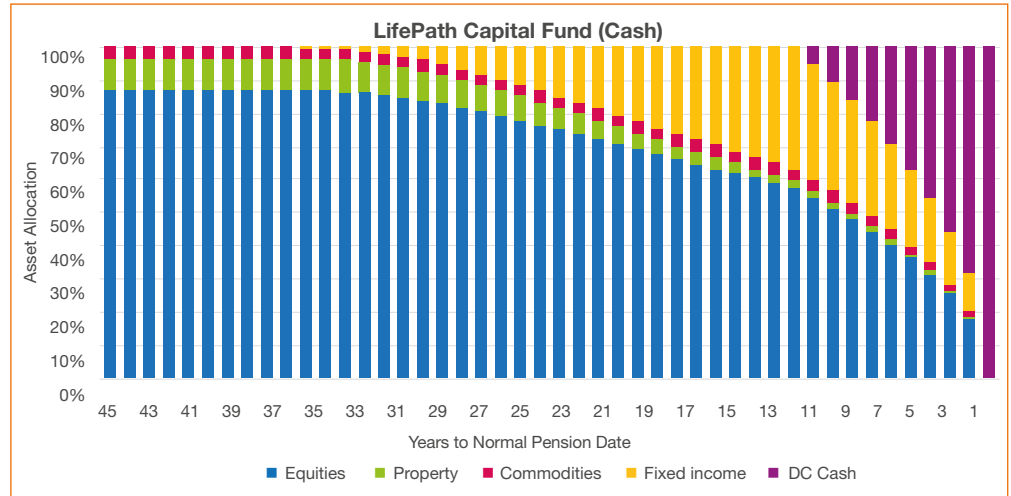
When you are 10 years from your Normal Pension Date, LifePath Flexi will begin to switch into an investment split of approximately 40% global equities and 60% fixed income by its target date.

Please note that income drawdown is not provided directly through the Plan, so you would need to transfer your account to an external provider at retirement.

LifePath Capital

- LifePath Capital is for people who think they will want to withdraw their account as a one-off cash lump sum. This will be the new default investment option for SPPP members.

When you are 10 years from your Normal Pension Date, LifePath Capital will begin to switch into cash-like investments and will be invested fully in the BlackRock DC Cash Fund when it reaches its target date.



Please note that full cash withdrawal is not provided directly through the Plan, so you would need to transfer your account to an external provider at retirement.

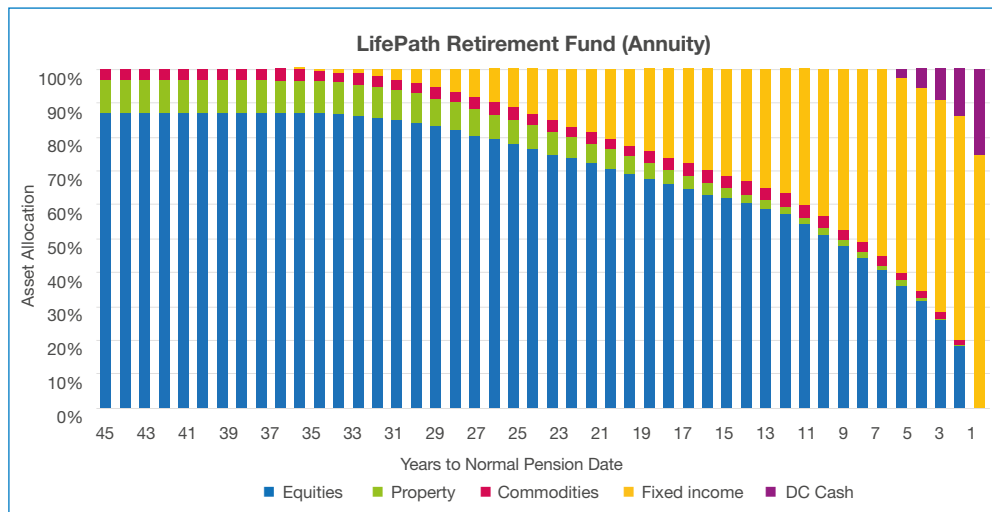
Your LifePath options continued

LifePath Retirement

- **LifePath Retirement** is for people who think they will want to buy an annuity at retirement.

An annuity is an insurance policy that gives you an annual income (commonly known as a 'pension') during your retirement. You would normally buy an annuity from an insurance company using the money that has built up in your account.

When you are 10 years from your Normal Pension Date, LifePath Retirement will begin to switch into the BlackRock DC Pre-Retirement Fund and cash-like investments.



When you retire, 25% will be invested in the BlackRock DC Cash Fund (so that you can take your tax-free lump sum). The balance (75%) will be in the BlackRock Pre-Retirement Fund, which aims to track the cost of buying an annuity. This Pre-Retirement Fund invests mainly in UK government bonds (gilts), UK corporate bonds and other fixed income assets. Please note that annuities are not provided directly through the Plan, so you would need to transfer your account to an external provider at retirement.



Your self-select options

The existing range of six investment funds will continue to be offered:

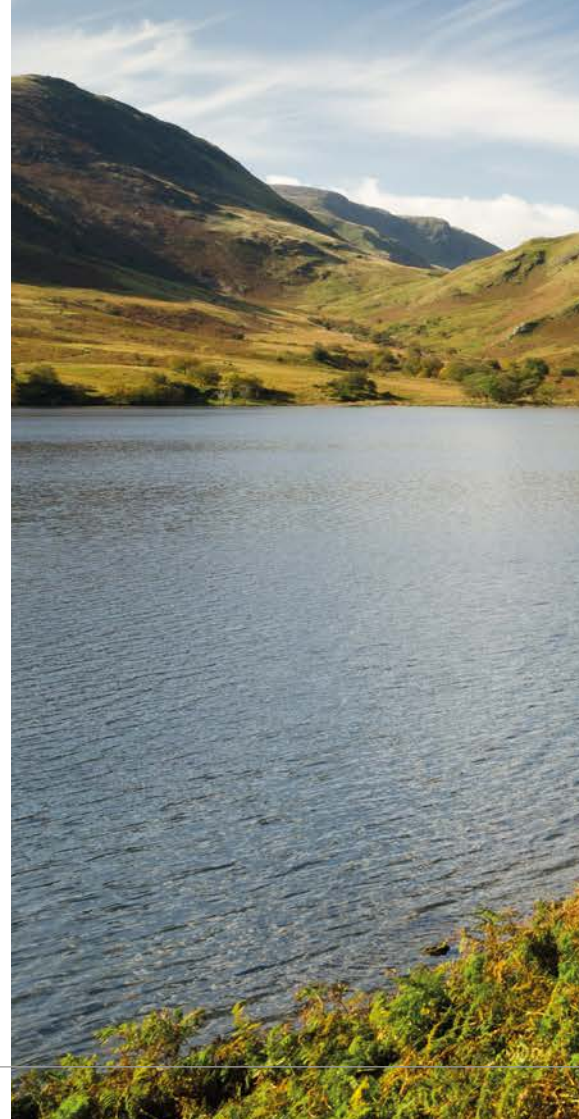
CNPP Global Equity Fund
CNPP UK Equity Fund
CNPP Global Equity (ex-UK) Fund

CNPP Pre-Retirement Fund
CNPP Index-Linked Gilt Fund
BlackRock DC Cash Fund

From 7 December 2016 you will also be able to invest your account in one of the following new funds:

CNPP Emerging Markets Equity Fund
CNPP Sharia Law Fund
CNPP Property Fund

CNPP Multi-Asset Fund
CNPP Corporate Bonds Fund





You will also be able to invest in any of the three LifePath options:

LifePath Flexi
LifePath Capital
LifePath Retirement

If you choose to invest some of your account in a LifePath option, it will have to be set up using your Normal Pension Date, which may be different to when you actually plan to retire.

There is more information about the new funds on the following pages. If you want more detail you can read the fund factsheets in the documents library at: **cnpp.org.uk**

Overview of

investment options

Fund name	Invests in	Risk rating	Total annual management charge %	Previous total annual management charge %
NEW BlackRock LifePath Flexi	See page 8	Medium risk	0.523	N/A
NEW BlackRock LifePath Capital	See page 9	Lower risk	0.523	N/A
NEW BlackRock LifePath Retirement	See page 10	Lower risk	0.523	N/A
CNPP Global Equity (ex-UK) Fund	Shares of companies in Europe (not including the UK), Japan, Pacific Rim, US and Canada)	High risk	0.453	0.52
NEW CNPP Emerging Markets Equity Fund	Companies in emerging markets, such as Brazil, India, Mexico and Russia	High risk	0.633	N/A
CNPP Global Equity Fund	Shares in UK companies (around 50%) and overseas companies (around 50%)	Medium to high risk	0.453	0.51

Fund name	Invests in	Risk rating	Total annual management charge %	Previous total annual management charge %
CNPP UK Equity Fund	Shares in UK companies	Medium to high risk	0.453	0.51
NEW CNPP Sharia Law Fund	Companies around the world and is compliant with Islamic Shariah principles	Medium to high risk	0.813	N/A
NEW CNPP Property Fund	Commercial property, such as offices, shopping centres and industrial estates	Medium risk	1.293	N/A
NEW CNPP Multi-Asset Fund	A mix of different asset types, including equities, commodities, bonds, cash and derivatives	Medium risk	0.763	N/A
NEW CNPP Corporate Bonds Fund	Investment-grade UK corporate bonds	Lower risk	0.463	N/A
CNPP Pre-Retirement Fund	Long-dated UK government bonds (around 50%) and long-dated UK corporate bonds (around 50%)	Lower risk	0.463	0.45
CNPP Index-Linked Gilt Fund	Index-linked UK government bonds with a maturity period of five years or longer	Lower risk	0.453	0.54
BlackRock DC Cash Fund	Cash, deposit and money-market instruments	Lower risk	0.493	0.58

Questions & Answers

How will my investments change?

This depends on which benefit structure you are in, how far you are from your Normal Pension Date, and also how your account is currently invested.

IF YOU ARE **LESS THAN 10 YEARS FROM OR PAST YOUR NORMAL PENSION DATE AND YOU CURRENTLY USE LIFESTYLE:**

If you are in the New Joiners DC Structure

You can tell us which LifePath option you would like to follow: LifePath Flexi, LifePath Capital or LifePath Retirement. A form is enclosed, which needs to be returned by 12 September 2016. If you do not make a choice, or if your form arrives after this date, then your account will be invested in LifePath Flexi.

If you are in the CNPP CPS Members' Benefit Structure and are making/have made contributions to the SPPP and/or AVCs

You can tell us which LifePath option you would like to follow: LifePath Flexi, LifePath Capital or LifePath Retirement. A form is enclosed, which needs to be returned by 12 September 2016. If you do not make a choice, or if your form arrives after this date, then your account will be invested in LifePath Capital.

IF YOU ARE **MORE THAN 10 YEARS FROM NORMAL PENSION DATE AND YOU CURRENTLY USE LIFESTYLE:**

If you are in the New Joiners DC Structure

Your account will be moved into LifePath Flexi.

If you are in the CNPP CPS Members' Benefit Structure and are making/have made contributions to the SPPP and/or AVCs

Your account will be moved into LifePath Capital.

You can select one or more of the other LifePath options at any point from 7 December 2016, although please note there may be a cost to the transition if you do so within the 10-year period leading up to your Normal Pension Date. In addition you can choose your own investments as you always have been able to do; this is called self-select (see below).

IF YOU CHOOSE YOUR OWN INVESTMENTS (I.E. YOU DON'T USE LIFESTYLE):

You do not need to take any action now. Your account will remain invested in the same way as it is now. However, if you want to invest in one or more of the five new funds provided by the Trustees, or move into one of the new LifePath options, you will be able to switch your investments in the normal way from 7 December 2016.

Will there be any charges for the move?

Unfortunately, some costs are inevitable where we set up new funds and switch from one fund into another. These will be a one-off deduction from members' accounts and will vary, depending on where you are invested and your Normal Pension Date. The potential costs are estimated to be up to a maximum of 0.53% for some members. The Trustee has worked to keep transition costs to a minimum, by adopting the most cost-efficient transition approaches available to implement the investment changes.

Will there be changes to the fees I pay?

The new funds have different annual management charges (AMCs) to the existing fund arrangements. The AMC includes the annual management fee, BlackRock expenses and administration charges and is charged as a percentage of your fund value. See pages 14-15.

Can I move from Lifestyle to self-select?

You can change your investments in the normal way up to 21 September 2016. Between 30 September and 7 December 2016, no-one will be able to make investment changes. You can switch investments in the normal way from 7 December 2016.

Can I move from self-select to LifePath?

If you want to invest in one of the new LifePath options, you can switch investments in the normal way from 7 December 2016.

I am a self-select member. Can I leave my funds where they are?

Yes, if you are a self-select member, your funds will remain where they are.

I have Prudential With Profits AVCs, are these affected?

No

I am a current Lifestyle member. Can I leave my funds where they are?

- No. If you are a current Lifestyle member and are more than 10 years from your Normal Pension Date, your funds will be automatically transferred to the appropriate default LifePath option.

- No. If you are a current Lifestyle member and are 10 years or less from, or past, your Normal Pension Date, you have the opportunity to invest your account in a different LifePath option. You need to complete an option form and return it to the Plan Administrator by 12 September 2016 to action your request. If the form is received after this date, your account will be switched automatically to the appropriate default LifePath option and any changes you have indicated on the Option Form will be undertaken as soon as possible after 7 December 2016 once the new investments are 'live'.

Is there a blackout period?

There will be a blackout period between 30 September and 7 December 2016, during which time you will not normally be able to make investment changes or withdraw monies from the Plan. If you wish to withdraw monies from the Plan before this time, please contact the Plan administrator by 21 September 2016 and let them know so your account can be disinvested and not transferred across to the new investments.

My retirement falls during the period from 21 September to 7 December 2016. What actions do I need to take regarding my DC investment account, SPPP and/or AVC accounts?

The Plan administrator will already have written to you to provide you with your retirement information and forms. Once you have made your decision as to what you wish to do with your DC investment account/SPPP/AVCs you need to return your retirement form(s) to the Plan administrator by 21 September 2016 so that your DC funds can be disinvested from your investment account before the blackout period starts. If you do not make a retirement decision or your form is received after this date, then the Plan administrator will process the disinvestment of your DC funds as soon as possible after the blackout period has ended.

Any request for withdrawals during the blackout period will be prioritised for processing once the blackout period has ended.

How do I find out how my account is invested now?

You should refer to your 2015 annual benefit statement, which shows how your account is invested. Please contact the Plan administrator if you need a more up to date investment breakdown.

When are the changes taking place?

If you are a self-select member, there will be no change to your investments. However, if you want to make any switches or fund changes, you must get your instructions to the Plan administrator by 21 September 2016. You will not be able to make investment changes from 21 September to 7 December 2016.

If you are a Lifestyle member, your account will switch to the new LifePath option during the two-month period from from 30 September to 7 December 2016.

Where can I find out more about ‘freedom and choice’?

The August 2015 Pensions Bulletin summarised the new flexibilities that are available to you at retirement. You can download it from the documents library at: cnpp.org.uk

You can find out more about your retirement options at: pensionwise.gov.uk

Get in touch

If you have any questions about the information in this booklet,
please contact the Plan administrator:

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