

# Defined Contribution (DC) Investment change announcement

**A special announcement for members of the Combined Nuclear Pension Plan (the CNPP)**

**Issued from the Trustee of the CNPP  
December 2013**

## **Introduction**

We are writing to you to let you know about some changes to your defined contribution (DC) investments, following a decision by Prudential to close its Fund Delivery Service platform, where certain member's Investment Accounts are currently held. This announcement does not impact the defined benefit funds governed by the Trustee.

Please note that these changes will not affect GPS or Nirex Section members and will have no impact on the State Scheme Spreading Option.

## **After reading this letter there is no action that you need to take.**

This closure will affect all members of the CNPP who are currently making contributions on a DC basis to the Shift Pay Pension Plan (SPPP) and members in the New Joiners structure. It will also affect any members making Additional Voluntary Contributions, or those who wish to do so in future.

The closure of Prudential's Fund Delivery Service platform by 31 March 2014 means that the Trustee has no alternative but to move members' funds. With this in mind, we have undertaken a review of the investments offered to members, and researched an alternative investment provider for the future.

As a result of this review, we have selected BlackRock to provide a similar service to that provided by Prudential. As BlackRock already provide a number of the funds that we currently offer to members, minimal disruption to members is expected.

We will start this automatic process from 23 December 2013 and expect to complete it by the first week of February 2014, when members' funds will have transferred to the BlackRock platform. This letter provides details of the changes that we are making and helps you to understand how your Investment Account will be invested after the changes.

If, after reading this letter you decide you would like to update your investment options, you will need to wait until after the changes have gone through. For more information on how to do this, after your investments have been moved please contact the Plan Administrator, Aon Hewitt at Brims House, Forss Business & Technology Park by Thurso, Caithness, KW14 7UZ; email: [cnpp.mailbox@aonhewitt.com](mailto:cnpp.mailbox@aonhewitt.com); phone on 0845 070 2863.

If you would like more information after reading this letter, we will shortly be adding fund fact sheets and an updated investment guide to the CNPP website, at <http://www.cnpp.org.uk>.

If you have any questions about the changes in the meantime, please contact the Plan Administrator, Aon Hewitt, Brims House, Forss Business & Technology Park by Thurso, Caithness, KW14 7UZ; email: [cnpp.mailbox@aonhewitt.com](mailto:cnpp.mailbox@aonhewitt.com); phone on 0845 070 2863.

Yours sincerely,

The Trustee of the Combined Nuclear Pension Plan

**THE COMBINED NUCLEAR PENSION PLAN**  
NUCLEAR DECOMMISSIONING AUTHORITY CURIE AVENUE HARWELL OXON OX11 0RH

The CNPP is a company registered in England and Wales with registered number 5872585. Registered office: Herdus House, Westlakes Science and Technology Park, Moor Row, Cumbria CA34 3HU, United Kingdom



### A summary of the changes

**You do not need to do anything after reading this announcement.** Following Prudential's announcement that it will no longer be able to hold your investments, the Trustee is automatically moving them to an alternative provider, BlackRock, by the first week of February 2014. After your investments have been moved, you can then write to the Plan Administrator for more information on how you can update your choices. In the meantime, please read this announcement to see how the move to BlackRock will affect you.

### The details behind the changes

As Prudential will no longer allow the Trustee to hold members' investments with them, the Trustee has appointed BlackRock as the future investment provider. The table below shows to which funds your existing Investment Account will be automatically transferred and the names of the equivalent funds in which you will be able to invest in future.

| Existing fund name                            | Name of equivalent fund to which existing fund will move |
|---|--|
| DC Aquila 50:50 Global Equity Index Fund      | CNPP Global Equity Fund                                  |
| DC Aquila UK Equity Index Fund                | CNPP UK Equity Fund                                      |
| DC Aquila World (ex UK) Equity Index Fund     | CNPP Global Equity (ex UK) Fund                          |
| Prudential All Stocks Index-Linked Gilt Index | CNPP Index-Linked Gilt Fund                              |
| Prudential Retirement Protection              | CNPP Pre Retirement Fund                                 |
| Prudential Cash                               | DC Cash Fund   |

A description of these new funds is attached at Appendix A. You can also refer to the investment guide on the CNPP website at <http://www.cnpp.org.uk>

After the changes are made, the Trustee will have moved your investments with Prudential to the equivalent new funds above. The only exception will be if you have invested in the Prudential With Profits fund, in which case your funds will remain with Prudential as this fund is not affected.

### Do you need to take action?

No, you do not need to do anything. All transfers will be automatic. However, you may want to take this opportunity to review your investments. If you would like to switch your investments, you will need to wait until after the transition to BlackRock has been completed in the first week of February 2014. For more information on how to do this, after your investments have moved please contact the Plan Administrator, Aon Hewitt, at Brims House, Forss Business & Technology Park by Thurso, Caithness, KW14 7UZ; email: [cnpp.mailbox@aonhewitt.com](mailto:cnpp.mailbox@aonhewitt.com); phone on 0845 070 2863.

### Can you stay in your existing investment fund?

No, as we need to make a change following Prudential's decision to close its Fund Delivery Service platform. However, you can select a different fund from the new range after the changes have gone through in the first week of February 2014.

The only exception is the Prudential With Profits fund. Existing savings invested in this fund will remain invested in it and any future contributions will continue to be invested there.

### Are the new funds unique to CNPP?

Yes, the Trustee has created these funds under the CNPP's name to help you focus on your investment preferences, while the Trustee focusses on individual managers.

In the past, each investment fund was named after its investment manager. However, the Trustee believes it is more important for members to make their investment decisions based on the type of fund listed rather than the individual investment manager hired.

This is because the Trustee will be reviewing underlying managers regularly and could change investment managers if and when appropriate. Members will not need to change funds in these circumstances because the investment strategy and the overall fund objectives will remain the same.

### How will the changes affect you if you invest in the lifestyle option

If you currently invest in the lifestyle option, the funds in which the lifestyle option invests will change to the new funds. For more information on the funds that the lifestyle option invests in, please read the investment guide on the CNPP website at <http://www.cnpp.org.uk>.

### Will there be any charges for the move?

Unfortunately, some costs are inevitable. The Trustee has worked with both the new and old providers to try to keep transition costs to a minimum. Most members will not pay any transaction fees for the move, as their funds will be held in the same “underlying funds”. However, some members invested in two of the six funds that are moving from Prudential to the BlackRock platform could expect a small charge (on average these are expected to be less than £1 per member).

### Will there be any changes to the management fees you pay?

The Trustee’s policy has been to ensure that the Annual Management Charge (AMC) which is levied on your Investment Account is kept to a minimum. This has been reflected over the years since 2010 with AMCs being reduced by 0.20% through to April 2013. The Trustee has worked with BlackRock to keep the AMCs as low as possible and, although slightly higher, the new charges for all but two of the funds will still be less than those that applied in 2012/13. The Trustee will continue to review AMCs for members. The slightly higher fees are because three of the funds were previously managed by Prudential’s platform (see the enclosed summary of the new funds for more information). If you currently invest in these you may experience an increase in the investment charges (including the annual management fee, additional expenses from BlackRock, and the administration charges) that you pay towards the management of your chosen funds over a year, as a percentage of the fund’s value. Some of the costs are related to expenses and this element of the cost may vary from year to year. The investment charges are as follows:

| Existing fund name                            | New fund                        | New Investment charges* | Previous Investment charges (2013) |
|---|---------------------------------|-------------------------|------------------------------------|
| DC Aquila 50:50 Global Equity Index Fund      | CNPP Global Equity Fund         | 0.51%                   | 0.50%                              |
| DC Aquila UK Equity Index Fund                | CNPP UK Equity Fund             | 0.51%                   | 0.50%                              |
| DC Aquila World (ex UK) Equity Index Fund     | CNPP Global Equity (ex UK) Fund | 0.52%                   | 0.50%                              |
| Prudential Retirement Protection Fund         | CNPP Pre Retirement Fund        | 0.45%                   | 0.40%                              |
| Prudential All Stocks Index-Linked Gilt Index | CNPP Index-Linked Gilt Fund     | 0.54%                   | 0.50%                              |
| Prudential Cash Fund                          | DC Cash Fund                    | 0.58%                   | 0.50%                              |

\* Includes BlackRock fees in relation to Additional Expenses for services such as custodian and registrar which can vary year to year.

### Will the changes cause any disruption?

Your funds will start to move to BlackRock from 6 January 2014, and your funds should then be moved by the first week of February 2014.

During this transition period there will be a small disruption, as it will cause a postponement of benefit processing for retirements, leavers and deaths. It will also mean that members will not be able to amend their investment choices. Therefore, if you need to provide any instruction to the Plan Administrator, please ensure this is received by the Plan Administrator in writing before Friday 20 December 2013 as after this date only the complex administrative procedures relating to the transition can be undertaken and these will continue up to the first week of February 2014. Your funds will remain invested throughout the majority of this time, apart from a short period when your funds transfer from one manager to another (approximately 2-3 days).

The Trustee is working with its advisers and providers to ensure that the disruption to members is minimal. If you are concerned you could be affected by any disruption, please contact the administrators to explore whether you can avoid this (see step 5 in “Is there anything you should consider doing now?”).

### Is there anything you should consider doing now?

There is nothing you need to do now. However, following on from reading this announcement, you may wish to consider reviewing your investments once the transition to BlackRock has been completed in the first week of February 2014. If so:

- 1 Read this announcement and Appendix A carefully.
- 2 Refer to the CNPP website for more information on the funds and read the investment guides at <http://www.cnpp.org.uk>.
- 3 Consider if you need to take financial advice. The Trustee cannot offer you advice, although you can find an adviser at [www.unbiased.co.uk](http://www.unbiased.co.uk) if you would like to take this up. Please note that you may be charged for any advice that you take.
4. Review your existing investment choices, and consider if you need to make any changes:
  - 4.1 If you do not want to make any changes, you don't need to take any action
  - 4.2 If you want to change your investments after reading this announcement, you should wait until after the transition to BlackRock has been completed in the first week of February 2014.
5. If you have any questions after reading this announcement and having referred to the CNPP website, please contact the Plan Administrator, Aon Hewitt, at Brims House, Forss Business & Technology Park by Thurso, Caithness, KW14 7UZ; email: [cnpp.mailbox@aonhewitt.com](mailto:cnpp.mailbox@aonhewitt.com); phone on 0845 070 2863.

### Important notes

This announcement is for information only. It does not take into account your personal circumstances and does not constitute financial advice. Please note the value of investments, and income from them, may fall as well as rise. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

The strategies and rules outlined in the announcement are described in general terms. They are not comprehensive and should be used for basic information purposes only. Depending on your personal financial situation, you may require different or additional information.

The information provided in this announcement is relevant at the date of publication. If any of the information provided in this announcement is inconsistent with the approved documents of the Scheme, the approved Scheme documents will prevail. The Company reminds you of its right to amend the CNPP at any time and it may be required to do so in response to changes in the law.

## APPENDIX A

### A Summary of the New Funds

| <b>New Fund Name: CNPP Global Equity Fund</b>   |   |
|---|---|
| Underlying fund name on new BlackRock platform: | DC Aquila 50:50 Global Equity Index fund  |
| Fund Investment Objective:                      | Invests primarily in UK and overseas equities and aims to produce a return in line with its benchmark. Approximately 50% of the fund is invested in shares of UK companies and the remaining 50% is split equally between shares of companies in the US, Europe ex-UK and the Pacific Rim. The fund aims to provide a return consistent with its benchmark. |
| Most significant risk:                          | This fund has been given a medium to high risk-return rating.<br>The most significant risk with this fund is that a large fall in the value of the equities in which it invests could significantly reduce the size of your pension.  |
| Purpose:  | To achieve long-term capital growth in order to significantly increase the value of your pension contributions in the period they are invested until retirement.  |

| <b>New Fund Name: CNPP UK Equity Fund</b>       |   |
|---|---|
| Underlying fund name on new BlackRock platform: | DC Aquila UK Equity Index Fund  |
| Fund Investment Objective:                      | Invests in shares of UK companies. The fund aims to produce a return in line with its benchmark.  |
| Most significant risk:                          | This fund has been given a medium to high risk-return rating.<br>The most significant risk with this fund is that a large fall in the value of the equities in which it invests could significantly reduce the size of your pension.  |
| Purpose:  | To achieve long-term capital growth in order to significantly increase the value of your pension contributions in the period they are invested until retirement.<br>If you were to invest partially in this fund and partially in the CNPP Global Equity (ex-UK) Fund (see below), you would be able to decide your own split of investments between the UK and overseas stock markets. |

| <b>New Fund Name: CNPP Global Equity (ex-UK) Fund</b> |   |
|---|---|
| Underlying fund name on new BlackRock platform:       | DC Aquila World (ex-UK) Equity Index Fund   |
| Fund Investment Objective:                            | Invests in shares of overseas companies (Europe ex-UK, Japan, Pacific Rim, US and Canadian markets) according to market capitalisation weightings. The fund aims to produce a return in line with its benchmark.  |
| Most significant risk:                                | This fund has been given a medium to high risk-return rating.<br>The most significant risk with this fund is that a large fall in the value of the equities in which it invests could significantly reduce the size of your pension.  |
| Purpose:  | To achieve long-term capital growth in order to significantly increase the value of your pension contributions in the period they are invested until retirement.<br>If you were to invest partially in this fund and partially in the CNPP UK Equity Fund (see above), you would be able to decide your own split of investments between the UK and overseas stock markets. |

| <b>New Fund Name: CNPP Pre Retirement Fund</b>  |   |
|---|---|
| Closest match to the Prudential fund that was offered previously i.e. the Prudential Retirement Protection Fund |   |
| Underlying fund name on new BlackRock platform:   | DC Pre-Retirement Fund  |
| Fund Investment Objective:  | Invests mainly in long-dated UK government bonds (around 50%) and long-dated UK corporate bonds (around 50%). The fund aims to produce a return in excess of its benchmark.   |
| Most significant risk:  | This fund has been given a lower risk-return rating.<br>The most significant risk with this fund is that if you invest all your assets in this fund for a very long period of time, you might not achieve investment growth that is as high as if you had invested in an equity fund. |
| Purpose:  | To achieve returns that fluctuate broadly in line with the cost of purchasing a fixed pension i.e. a pension with no annual increases.  |

| <b>New Fund Name: CNPP Index-Linked Gilt Fund</b>  |   |
|--|---|
| Closest match to the Prudential fund that was offered previously i.e. the Prudential Index-Linked Passive Fund |   |
| Underlying fund name on new BlackRock platform:  | DC Aquila Over 5 year Index Linked Gilt Index   |
| Fund Investment Objective:   | Invests in index-linked UK government bonds with a maturity period of 5 years or longer. The fund aims to produce a return in line with its benchmark.  |
| Most significant risk:   | This fund has been given a lower risk-return rating.<br>The most significant risk with this fund is that if you invest all your assets in this fund for a very long period of time, you might not achieve investment growth that is as high as if you had invested in an equity fund. |
| Purpose:   | To achieve returns fluctuate broadly in line with the cost of purchasing inflation-linked pension i.e. a pension that increases in line with inflation.   |

| <b>New Fund Name: DC Cash Fund</b>   |   |
|--|---|
| Closest match to the Prudential fund that was offered previously i.e. the Prudential Cash Fund |   |
| Underlying fund name on new BlackRock platform:  | DC Cash Fund  |
| Fund Investment Objective:   | Aims to produce a return in excess of its benchmark principally from a portfolio of Sterling denominated cash, deposits and money-market instruments.   |
| Most significant risk:   | This fund has been given a lower risk-return rating.<br>The most significant risk with this fund is that if you invest all your assets in this fund for a very long period of time, you might not achieve investment growth that is as high as if you had invested in an equity fund. |
| Purpose:   | To target capital protection for a tax-free cash lump sum to be paid on retirement.   |