



# Combined Nuclear Pension Plan

## Chairman's Introduction

I am delighted to welcome you to the new style 2015 Combined Nuclear Pension Plan (CNPP) Pensions Bulletin.

As a major UK pension scheme the CNPP Trustee Board constantly strives to ensure that the service and information it provides to you, the members, is of the highest standard.

Good governance is at the heart of a well-run scheme.

We have therefore undertaken a full review of all our practices from the underlying investments to the day-to-day administration of the Plan, to ensure they comply with or indeed exceed the Pensions Regulators' high expectations.

During the year Dr Peter Vaughan resigned as a Trustee. We are grateful to Peter for his many years of service as a Trustee to the CNPP. I and my fellow Trustees welcome and now look forward to working alongside Peter's replacement, Nigel Lowe.

I hope that you will find this Bulletin interesting and if you want to know more about your benefits under the CNPP please contact the Plan Administrator, Aon Hewitt, at:



[cnpp.mailbox@aonhewitt.com](mailto:cnpp.mailbox@aonhewitt.com)



0845 070 2863

or go to:



[cnpp.org.uk](http://cnpp.org.uk)

David Illingworth  
Chair of the CNPP Trustee

## Trustee Board

Please join us in welcoming our new Trustee, Nigel Lowe, to the Board.

Your CNPP Trustee Directors as at 1 April 2015 are:

- David Illingworth (Chairman)
- Joyce Corbett
- Ian Driver
- Jon Ford
- David Gregory
- Nigel Lowe
- Andrew Oldham
- David Vineall

## Freedom and Choice – providing greater flexibility

The Government has announced major changes allowing members more freedom and choice over how they can take money from their defined contribution (DC) investment accounts at retirement.

The Trustee has been working closely with the Nuclear Decommissioning Authority (NDA) and new options will be available to Plan members from 1 October 2015.

One very important change is that on retirement you will now be able to transfer out your DC investment accounts independent of any final salary benefits.

### ***New flexibilities at retirement available from 1 October 2015***

**Pension** – you can still buy a pension from an insurance company, however there is no longer a requirement to do so. If you decide this is best for you, you can, with professional advice, design a package that matches your own personal circumstances.

**Cash** – you can still have 25% of your DC savings as tax-free cash, but the big difference is that, if you transfer, you will now be able to take the rest of your fund as cash too, but this will be taxed at your marginal rate.

**Transfer** – your DC investment account to an external pension provider, continue to invest it or use it to fund a drawdown arrangement. Under a drawdown arrangement your investment account stays invested in the funds you select, while you withdraw an income from it. You must also look at the charges you might pay as most investments carry charges, and the income you ultimately receive depends on the returns from investments, less any charges.

Drawdown providers are required to deduct tax, where applicable, before the withdrawals are paid. Any withdrawals being added to your income in that tax year are possibly subject to further income tax.

Irrespective of the choices you wish to make, it is always important that you consider your options carefully and seek professional advice.



## Annual Report

The Trustees' Annual Report will be completed later in the year, and will be available on the CNPP website from November 2015. Alternatively, you can request a copy of the document by writing to the Plan Administrator.

You can also find a copy of the investment report within the published Annual Report at:  [cnpp.org.uk](http://cnpp.org.uk)

## Investing for the future

As a member of the New Joiners Defined Contribution (DC) structure you have your own investment account into which you and your employer contribute. You can decide how much you wish to contribute and how to invest your funds to suit your retirement needs. The Trustee has made a range of investment funds available to you.

A guide to your investment fund options is available in the documents library at:  [cnpp.org.uk](http://cnpp.org.uk)

### ***Planning your investment options for retirement***

Your annual benefit statement will give you an estimate of your projected investment account at retirement based upon your current rate of contributions continuing to be paid into your investment account until retirement. The actual value of your investment account will depend upon a number of factors including the:

- amount of contributions that are paid;
- time to when you retire; and
- returns on your investments, including which funds you chose to invest in and how they perform.

Use your statements to compare the value of your investment account with your retirement savings goals and decide whether your investment choices are right for your circumstances. The investment options you choose can make a difference to your retirement savings.

Over the long-term, equities are expected to deliver a higher level of return over bonds and cash but, there have been times when returns on equities have been lower than both bonds and cash. Whilst cash offers more security, it has historically provided only modest rates of return especially against inflation.

It is important that you consider how much investment return you need to seek, the amount of risk you are prepared to take and the time you have left before retirement in which to invest.

Please remember, the value of your investment account may go down or up, depending upon performance of your chosen funds.

## Investment performance information

Quarterly Fund Factsheets are available on the CNPP website providing up-to-date information on the performance of individual funds:

 [cnpp.org.uk/document-library](http://cnpp.org.uk/document-library)

Please refer to the investment guides to better understand the funds in which you are currently invested and those available to you.

## Service providers

The Trustee appoints organisations to supply services and provide specialist advice on a wide range of pension related matters, and regularly reviews those appointments.



**KPMG LLP**

**Prudential Assurance Company Limited**

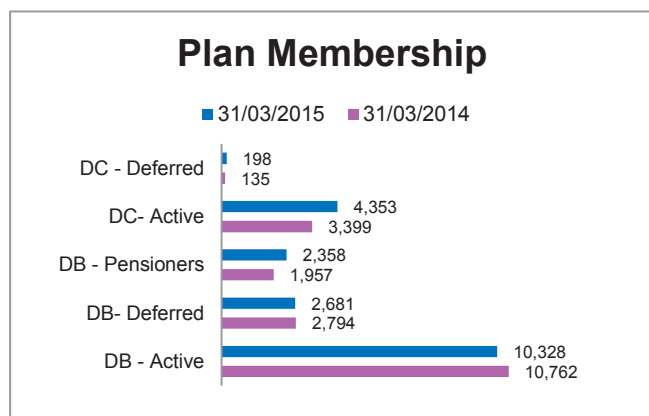
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## Membership

Membership of the CNPP on 31 March 2015 is shown below.

The Annual Report for the year ended 31 March 2015 will contain further information about the CNPP membership.



## Annual Benefit Statements 2015

Annual Benefit Statements illustrate the value of your Plan defined contribution (DC) investment account at 31 March 2015. Please check the personal details quoted on your benefit statements and contact your Plan Administrator with any queries you may have.

## Contribution rates

Your employer also makes pension contributions into your pension investment account. This is a valuable part of your employment package. Also your employer's contribution rate will go up as you increase your own pension contributions.

The minimum employer contribution rate of 8% can rise up to 13.5% of your pensionable pay. The matching contributions your employer will make to your investment account are:

Member contribution rate	Matching employer contribution rate
3% (minimum rate)	8%
4%	9.5%
5%	11%
6%	12.5%
7% or over	13.5%

Making more contributions increases the likelihood that you will accumulate an investment account of sufficient size to fund your retirement.

Members can receive tax relief at their marginal rate on their pension contributions.

## Annual Management Charge

An Annual Management Charge (AMC) is levied on each fund each year. The AMC varies by fund and is expressed as a percentage of the value of the fund throughout the year.

The AMCs applying to a CNPP DC new joiner are:

Fund	AMC
CNPP Global Equity Fund	0.51%
CNPP UK Equity Fund	0.51%
CNPP World (ex UK) Equity Fund	0.52%
CNPP Index-Linked Gilt Fund	0.54%
CNPP Pre Retirement Fund	0.45%
DC Cash Fund	0.58%

For DC New Joiners in a GPS Section the following AMCs apply:

Fund	AMC
BlackRock 50:50 Global Equity	0.75%
BlackRock UK Equity	0.75%
BlackRock World (ex UK) Equity	0.75%
Prudential Retirement Protection	0.65%
Prudential Index-Linked Gilt Fund	0.65%
Prudential Cash	0.75%

## Remember

### New flexibilities on retirement from 1 October 2015

Freedom and Choice in pensions and a greater flexibility over the use of DC investment accounts might increase those options available to you. The Plan Administrator will explain the options available to you as you approach retirement.

The Trustee cannot guarantee that any particular annuity product currently available, including the Prudential State Scheme Spreading Option, will continue to be available in the future as this is a product offered by very few insurance companies.

Remember, seek guidance and consider obtaining independent financial advice to assist you.

A local Independent Financial Adviser may be found at:

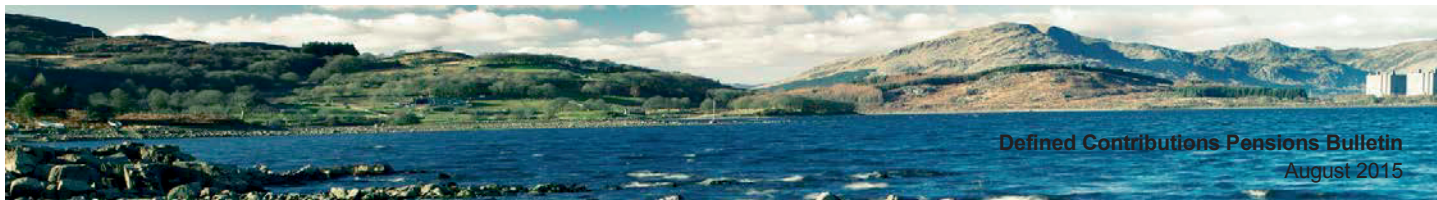


[unbiased.co.uk](http://unbiased.co.uk) or

[moneyadvice.service.org.uk/directory](http://moneyadvice.service.org.uk/directory)



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## Annual Allowance and Lifetime Allowance

The Finance Act 2004 introduced the 'Annual Allowance' and limits the amount of pension a member may build up in a tax year before a tax charge arises. Annual Allowance is based on total pension savings across all of your pension schemes. You must notify your tax office if the total increase in value of your benefits exceeds the current £40,000 Annual Allowance.

If you have taken money out of another DC pension scheme or have started taking income from a flexi-access drawdown or a flexible annuity you may be subject to the lower Money Purchase Annual Allowance, £10,000 in 2015/16, instead of the normal Annual Allowance.

If you are liable for a tax charge you may ask the Plan to pay that part of the charge that is applicable to your CNPP benefits, but this will incur a deduction from your investment account. If you have any doubts about your tax position, please obtain independent financial advice.

You can save as much as you like towards your pension but you will only receive tax relief up to the Lifetime Allowance. This is the maximum amount of pension savings you can build up over your life in all of your pension schemes. If your pension savings are above the current Lifetime Allowance of £1.25 million (reducing to £1 million from 6 April 2016) you will pay a tax charge on the pension excess above that limit.

Most people may never have to pay the Lifetime Allowance charge but your annual benefit statement shows the value of your CNPP pension benefits expressed as a percentage of the HMRC Pension Lifetime Allowance as at 31 March 2015.

You can find more information on how the Lifetime Allowance may apply to you on the HM Revenue & Customs website.

## A timely reminder

### Expression of Wish

Plan members have a facility, called an 'Expression of Wish', to inform the Trustee of the name of a person or persons to whom they would wish any lump sum benefit to be paid in the event of their death. You can obtain a form from the CNPP website, your Plan Administrator, or Employer Representative:



[cnpp.org.uk](http://cnpp.org.uk) and search for "Expression of Wish".

Please note that the Trustee does not have access to the nomination of beneficiary form you may have completed for your employer or another pension scheme.

Expression of Wish forms should be returned to the Plan Administrator.

### Keep us up-to-date

Your personal circumstances may change during your lifetime so please remember to review and update your Expression of Wish from time-to-time.

If you leave the Plan, please tell the Plan Administrator if you change address to enable us to contact you about accessing your pension when you approach retirement.



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## Plan Administrator

Your first point of contact is Aon Hewitt at e-mail address:



[cnpp.mailbox@aonhewitt.com](mailto:cnpp.mailbox@aonhewitt.com)

Aon Hewitt, Benefits Administration, Brims House, Forss Business & Technology Park, Thurso KW14 7UZ



**0845 070 2863**

## Additional information for members

The CNPP Trustee has also prepared a 'Frequently Asked Questions' to provide more Information about the options for DC investment account holders as they approach retirement:



[cnpp.org.uk](http://cnpp.org.uk)

### Be aware of



## Pension scams

Please visit [pension-scams.com](http://pension-scams.com) to find out more. Be alert to any offers and scams and if in any doubt take advice from a registered adviser.

For warnings about Pension Liberation Fraud and pension scams, also impartial information and guidance, please contact the Pensions Advisory Service on 0300 123 1047 or visit: [pensionsadvisoryservice.org.uk](http://pensionsadvisoryservice.org.uk)

### What you should do if you spot a scam

- Never be rushed or pressured to make a decision
- Before signing, call the Pensions Advisory Service on 0300 123 1047
- If you have already accepted an offer, or think you may have been made such an offer, contact: ActionFraud on: 0300 123 2040

## Pension Wise – Your money – Your choice

The Government has introduced a free and impartial service called Pension Wise. This is aimed at helping individuals to understand their retirement choices. This help is available to members online, over the phone or face-to-face.

Members holding DC investment accounts within the CNPP are directed to visit the government website Pension Wise at: [pensionwise.gov.uk](http://pensionwise.gov.uk) or, alternatively, you can call 0300 330 1001 to make an appointment.

If you do not have a professional adviser, you can find your own Independent Financial Adviser at: [unbiased.co.uk](http://unbiased.co.uk) or [moneyadviceservice.org.uk](http://moneyadviceservice.org.uk)

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