





Combined Nuclear Pension Plan

Chairman's Introduction

I am delighted to welcome you to the 2019 Combined Nuclear Pension Plan (CNPP) Pensions Bulletin.

This bulletin covers Defined Benefit (DB) and Defined Contribution (DC) in one document. To highlight the areas that may be of most relevance to you we have signposted the content:

 DC member  DB member

At the beginning of this year we changed the administrators of the Plan. Equinti have been appointed as administrator for the DB structure and Aegon are the new administrator for the DC structure.



The transitions are a major exercise, but we are confident that this will deliver an improved service you. In particular there will be greater functionality for the DC new joiners structure members. See details about improvements being introduced by both administrators within the bulletin.

The Trustee board has been developing its approach to meet a new regulatory requirement for Defined Contributions (DC) introduced by the Pensions Regulator. Titled 'Master Trust Authorisation' it looks at strengthening the governance of some DC pension arrangements in the UK. The submission requirements required significant input from the Trustee board.

An actuarial valuation of the plan is due at 31 March 2019. This is the regular financial assessment of the scheme that is undertaken every three years. The results will be reported in next year's bulletin.

Allan Whalley
Chairman of the CNPP Trustee



DC DB Trustee Board

Your CNPP Trustee Directors are:

- Allan Whalley (Chairman)
- Philip Greene
- Ingrid Kirby
- Nigel Lowe
- Frank Rainford
- Mike Roberts
- Claire Toole
- Audrey Uppington
- Andrew van der Lem

The Trustee board plays an important role in the running of CNPP with responsibility for the administration of benefits, investment of assets and funding by ensuring assets are sufficient to meet liabilities.

Since 2016 there have been three Independent Trustee Directors on the Trustee board. The Independent Trustee Directors are the Chairman Allan Whalley representing Stretton Independent Trustee Limited, Ingrid Kirby, representing Capital Cranfield Pension Trustees Limited and Mike Roberts, representing PAN Governance LLP.

This high representation of Independent Trustee Directors has raised the standards of Governance of the board through the following attributes:

- Pensions industry and investment knowledge
- Independence and impartiality
- Professional attention and expertise
- Leadership on challenging issues
- Pragmatism and the delivery of good outcomes

They also provide a good balance to the Trustee board working well in tandem with the three employer appointed Directors and the three member elected Trustee Directors.

DB Change of DB Administrator

From April 2019, Equiniti have replaced Aon Hewitt Ltd, as the DB administrator for all sections of the Plan, except Nirex that remains with Barnett Waddingham.

Equiniti will be offering an enhanced service to CNPP members through their commitment to the Plan and their ability to offer additional, dedicated services to CNPP and its members. These enhanced services include:

- a centralised postal service
- a dedicated call handling team
- project support

These features will allow the core administration team to focus on delivering the highest level of service to CNPP and its members.

Self-Service

A core feature of the improvements is the introduction of Equiniti's self-service model for both employers and members. Employers will be able to submit data directly to Equiniti's systems, via a carefully controlled interface which will restrict the type and quality of data it allows onto the system. This will help to improve data management and also resolution of any data issues. Members will be able to view certain elements of their own data in a secure environment and perform some basic calculations, allowing them to plan and manage their retirement when convenient. Self-service is an additional tool to help members. The administration team, who are experts in the Plan, will remain on hand to assist with any queries or concerns which are raised.

Contact Details

As well as the new self-service functions CNPP members are able to contact Equiniti in the following ways:

TEL: 0333 207 6523

EMAIL: CombinedNuclearPensionPlan@equiniti.com

POST: CNPP, PO Box 5167, Lancing N99 9AY

Full contact details for all the Administrators can be found on page 5.



DB GPS EnergySolutions Buyout

In previous newsletters we mentioned the potential buyout of the GPS EnergySolutions Section. The Trustee and EnergySolutions LLC have been working together to secure the liabilities of the section with an insurer. This first stage is now complete with an insurer taking on the assets via an insurance policy ahead of a buy-out of the Section's liabilities and the Section ultimately being wound up. All affected members will receive their full level of benefits and will receive communications from the Trustee throughout the process.

DC DB Annual Report and Accounts

The Trustee's Annual Report and Accounts as at 31 March 2019 will be completed later in the year. From November 2019 the accounts will be available on the CNPP website or you can request a copy of the document by contacting the Plan Administrators. You will be able to find a copy of the investment report and the Chair's Statement, detailing costs and charges information in relation to DC funds, within the published Annual Report at cnpp.org.uk.

DB Common Investment Platform for the Plan's Assets

All sections of the Plan (with the exception of GPS EnergySolutions) participate in a "Common Investment Platform" which is managed by State Street, one of the world's largest custodians. The Common Investment Platform is split into a Growth Fund and a Bond Fund. A number of investment managers have been appointed to manage assets within these funds on behalf of the Plan.

The investments within the Growth Fund are expected to provide a higher rate of investment return over the long term, with a commensurate level of risk. The Bond Fund is expected to provide more stable returns over the longer term whilst also providing a degree of protection relative to changes in the value of the Plan's liabilities.

The allocation of each section's assets to the Growth Fund and the Bond Fund varies depending on a section's investment strategy. This information is set out in the table below, alongside the overall investment return over the 3-year period to 31 March 2019.

Section	Closed	Magnox	LLWR	Sellafield	DSRL	Spring-fields 2	GPS - DRS	GPS - SLC	GPS – Nexia	GPS – WEC	Nirex
Growth Fund	55%	80%	85%	85%	85%	45%	70%	70%	50%	40%	50%
Bond Fund	45%	20%	15%	15%	15%	55%	30%	30%	50%	60%	50%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Return since 31 March 2016	32.5%	32.6%	32.9%	33.4%	32.9%	31.2%	33.7%	32.8%	31.4%	30.9%	32.2%

The liabilities for the GPS EnergySolutions section were secured with an insurer in May 2019. In recent years, the section has been invested in a low-risk investment strategy consisting of UK government and corporate bonds. The investment return for this Section has been 25.7% over the 3-year period to 31 March 2019.



DC DB Annual Allowance and Lifetime Allowance

The Annual Allowance (AA) places a limit on the total amount of contributions that can be paid into defined contribution pension schemes and the total amount of benefits that can be built up in defined benefit pension schemes each year for tax purposes. The current AA is £40,000, although if you have already started to draw a pension a lower reduced limit of £4,000 will apply for DC contributions. If you have started to draw another pension you should seek independent financial advice.

The AA is calculated differently between the Defined Benefit and Defined Contribution sections of the Plan and further details are given in your Annual Benefit Statement. If you exceed the AA you will be subject to tax charge.

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 by way of a deduction from your benefits. If you have any doubts about your tax

position, please obtain independent financial advice.

The Lifetime Allowance (LTA) 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 LTA of £1.03 million you will be taxed at 55% on the excess above that limit.


The percentage used up of your LTA to date as a member of the CNPP is shown on your Annual Benefit Statement.

You can find more information on how the LTA may apply to you on the HMRC website (hmrc.gov.uk). Alternatively, you may wish to discuss your pension matters with your own professional adviser. If you do not already have an Independent Financial Advisor you can find one at unbiased.co.uk or moneyadvice.service.org.uk/directory.

DC Investment Performance Information

The Plan's DC Benefits are provided by Aegon, except for some with-profits funds held by Prudential.

For members who hold defined contribution investment accounts, Quarterly Fund Factsheets are available on the website providing up-to-date information on the performance of individual funds:

 cnpp.org.uk/defined-contribution-dc/fund-factsheets/

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


The table opposite illustrates the performance as at 31 March 2019 of the main default funds available for example members with a retirement date in around 5 and 10 years' time.

Please note that this may not be the funds you are invested in. Please visit lwp.aegon.co.uk/targetplan for more details on how your Aegon funds are invested.

Fund	Standardised yearly fund performance (% p.a.)		
	3 months	1 year	5 years
BlackRock DC LifePath Flexi 2028-2030	(2.4%)	4.8%	5.5%
BlackRock LifePath Capital 2028-2030	(2.4%)	4.7%	5.5%
BlackRock DC LifePath Retirement 2028-2030	3.8%	11.1%	7.0%

Please note that the value of investments can fall as well as rise and past performance is not a guide to future investment returns.

If you do not have a professional adviser, you can find your own Independent Financial Adviser at:

 unbiased.co.uk or at moneyadvice.service.org.uk



DC Annual Management Charges

The Annual Management Charges (AMC) is a charge for the investment management of your account and we are pleased to announce that in March this year as part of the transition to Aegon these charges were significantly reduced to between 0.19-0.34% (previously 0.36-0.54%) across the majority of funds. The lower charges were also extended in May to the GPS Section funds (previously 0.65-0.75%).

The current AMCs applying to new joiners can be found in the DC Investment Guide. For Shift Pay and AVC members, the AMCs can be found in the Shift Pay Pension Plan or AVC Investment Guides.

All of the above guides are available on the CNPP website where you can find further information on all of the available funds.

 cnpp.org.uk/document-library

DC DB Pension Scams

Unscrupulous companies who convince pension scheme members to transfer their funds to inappropriate arrangements without making them aware of the risks involved is a concern for the Pensions Ombudsman who receive frequent complaints about this issue.

The Pensions Advisory Service has set out some ways how you can protect your pension from scams. These include:

- If you are approached randomly, be wary. Usually reputable companies do not make unsolicited calls.
- Check the Financial Conduct Authority register to make sure an advisor or company is registered. You can find the register at the following website: fca-consumer-credit-interim.force.com
- Do not rush into making a decision and make sure you read all paperwork properly.
- Ring the Pensions Advisory Service if you have any concerns on 0800 011 3797.

The Pensions Regulator has also released an updated guide, "Don't let a scammer enjoy your retirement" which can be downloaded from

 www.thepensionsregulator.gov.uk

DB Advice Requirements for Transfers

For members with benefits with a capital value of over £30,000, it is necessary for you to obtain advice before you can transfer your benefits to another pension provider and for you to confirm that you have received that advice before any transfer can take place.

DC DB Plan Administrators

There are now three administration points of contact:

- Equiniti (for DB structure members including all AVC or Shift Pay queries):

TEL: 0333 207 6523

EMAIL: CombinedNuclearPensionPlan@equiniti.com

POST: CNPP, PO Box 5167, Lancing BN99 9AY

- Aegon (for DC new joiners structure members):

TEL: 01733 353 414

EMAIL: my.pension@aegon.co.uk

POST: Aegon, PO Box 17486, Edinburgh EH12 1NU

- Barnett Waddingham (for all Nirex structure members):

TEL: 0333 1111 222

EMAIL: Nirex@barnett-waddingham.co.uk

POST: Barnett Waddingham, St James's House, St James's Square, Cheltenham, GL50 3PR

DB Funding of the Plan

Every three years the Scheme Actuary undertakes a financial assessment of the funding of the Plan which is called an actuarial Valuation. The latest completed actuarial valuation was as at 31 March 2016. The valuation as at 31 March 2019 is currently underway.



DB Funding of the Plan continued...

What is an actuarial valuation?

An actuarial valuation is carried out by the Scheme Actuary who determines whether there are enough Plan assets to meet the promised benefits. In order to do this, the Actuary will place a value on the benefits earned to date. All defined benefit members are included in this valuation; those that are still in active service, deferred members who have not yet retired, and those who are already receiving a pension. As part of the actuarial valuation, the Actuary also determines the amount that needs to be paid into the Plan each year by your employer to cover the cost of future benefits earned. This is called a Schedule of Contributions. If the full actuarial valuation of any section of the Plan has lower assets than the liabilities, then an agreement between the Trustee and the respective employer is made to eliminate this shortfall. This is called a Recovery Plan.

What factors influence the actuarial valuation?

An actuarial valuation requires the Actuary to use expert judgement. The Actuary will make various assumptions, including:

- how the assets of the Plan will grow in the future;
- what future inflation will be;
- how pensionable earnings will increase; and
- how long people will live (life expectancies).

The Trustee takes advice on these assumptions and then has to agree them with the employers. Once the assumptions have been agreed, they are used to place a value on the benefits earned to date to obtain the Plan's liabilities. The liabilities are then compared with the value of the Plan's assets. If there is a shortfall between the Plan's assets and liabilities, the Trustee and employers will have to agree the contributions to eliminate this shortfall (in addition to the contributions needed to cover the cost of future benefits earned).

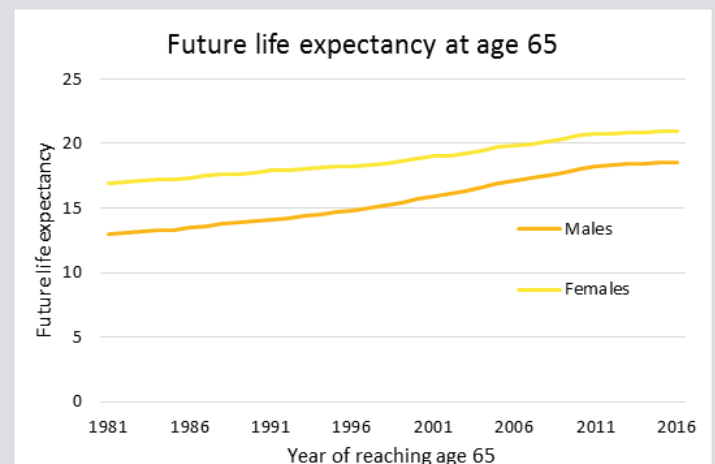
How life expectancy affects the funding of the Plan

The assumption for how long members are expected to live is a key assumption in the actuarial valuation as it determines how long benefits will be paid for. The higher the life expectancy, the longer pensions will be paid for and the higher the liabilities for the Plan. Historically in the UK, the life expectancy for males and females has been increasing due to various reasons such as improvements to medical treatments, lower rates of smoking and changes in exercise habits.

Current trends suggest that while life expectancies will continue to increase, the rate of increase is slowing compared to those seen in the past.

The liabilities of the Plan are very sensitive to changes in life expectancies and if all members were to live for one more year than expected then it would add around 4% to the liabilities or over £100m.

Below is a graph showing how long people in the UK are expected to live once they reach age 65. For a member aged 65 in 1981, they were expected to live for another 13 years whereas for a male aged 65 at today's date, their expected future lifetime is closer to 19 years. Similarly, for a female aged 65 in 1981 they would be expected to live for 17 more years but for someone aged 65 today this is over 20 years.



How does the Trustee measure the life expectancy in the actuarial valuation?

The Continuous Mortality Investigation is the main authority in the UK for supplying mortality tables for insurers and pension scheme in the UK. They are supported by the Institute and Faculty of Actuaries. The tables that they provide contain the probabilities of death that vary based on age, year and gender. They can also vary by other factors such as health or size of pension.

The assumed life expectancies for members of the Plan are derived by analysing the actual mortality experience of members of the UKAEA Pension Scheme, as this provides a larger sample to assess the experience compared to using data from CNPP on its own. As the occupations and membership profiles of the UKAEA Pension Scheme are similar to CNPP, the UKAEA data should provide a good indicator for life expectancies in the CNPP.



DC DB Self Service functions for DC and DB Members with Aegon funds

Welcome to TargetPlan

Managing your retirement savings has never been easier.

Now that Aegon have been appointed as the administrator for the DC structure, you can access your account through TargetPlan – Aegon’s secure member website – to help you manage your retirement savings.

Similar to online banking, TargetPlan enables you to securely manage your account on your mobile, tablet or laptop, any time you like. It gives you a complete picture of your retirement savings in a way that’s visual and easy to understand. TargetPlan can help you become more knowledgeable about saving for retirement, so that you can make informed choices and take greater control of your financial future.

What you can do onTargetPlan

Getting started

The first step in taking control of your financial future is to simply log in and become familiar with your account, so why not log in today.

It only takes a few minutes to register, go to: lwp.aegon.co.uk/targetplan



1. View the value of your account.
2. See the details of your account at a glance.
3. View your Plan documentation.
4. Check your transactions and contributions.
5. Access your fund choices and fund factsheets, and use the investment fund comparison tool to see how different funds have performed in the last few months and years.

6. See where your account is invested and make changes if you want to – including your target retirement age.
7. See the current level of contributions. If you want to change your contributions, you can complete a form and send it to HR/Payroll.

8. Learn about your choices at retirement and what you should be thinking about to reach your goals.
9. Use myTarget to help you understand what your retirement income might look like. And if you're not on track, see what you might need to do to help you achieve your target income.



DB Pension Wise

The Government's free and impartial service called Pension Wise is aimed at helping individuals to understand retirement choices. It is available online, over the phone or face-to-face. You can visit their website at pensionwise.gov.uk or, alternatively, you can call 0300 330 1001 to make an appointment.


DC DB Keeping Your Data Safe

As the Trustee of the Plan, we hold certain information on you which is required to administer the Plan and pay your benefits. The Trustee, as data controller for the Plan is required to provide you with specified information about the personal data we hold about you, how we use it, and the safeguards that are in place to protect it.

The Trustee issued its privacy notice last year to provide you with further details on how it complies with General Data Protection Regulations and a copy of this document is available on the member website at cnpp.org.uk

DC DB A Timely Reminder - Expression of Wish

The 'Expression of Wish' form is how you can inform the Trustee of the name of a person or persons to whom you would wish any lump sum benefit to be paid in the event of your death. It is important that you complete a form and keep it up-to-date if your circumstances change. You can obtain a form from the CNPP website, Plan Administrators, or Employer Representative.

 cnpp.org.uk and search for "Expression of Wish".

Please return your completed Expression of Wish forms to your Plan Administrator as listed on page 5.

DB Pension Increase and Pensions in Payment

The increase applied in April 2019 to pensions in payment, in excess of any Guaranteed Minimum Pension element was 3.3% for the CPS and GPS

Benefit Structures and 2.7% for the Nirex Benefit Structure. These amounts differ as the different structures do not use the same dates to calculate inflation.

Pensions in payment are now paid on the 28th day of the month, or the preceding working day, by the Administrator.

DB GMP Equalisation

In October 2018, a High Court decision was made which requires pension schemes to remove any inequalities in respect of Guaranteed minimum pensions (GMPs) built up between May 1990 and April 1997 (members who joined after April 1997 are not impacted). This impacts only some members of the Plan, mainly in the GPS Sections, but there remains uncertainty about how the GMP benefits will be equalised.

The Trustee is working with their advisors on what the decision means for the Plan and its members. This is a complex process that may take a number of years to resolve. We will update the CNPP website once decisions have been made and also then communicate with any members impacted individually.

DC DB Member Feedback

Good communication is very important to the Trustee board. We want you, our members, to understand the valuable benefits that the Plan provides and what they mean for you. Feedback on this bulletin or any other aspect of the plan should be forwarded to the contact details below.

Contact us

DB DB members:

EMAIL: CombinedNuclearPensionPlan@equiniti.com

TEL: 0333 207 6523

DC DC members:

EMAIL: my.pension@aegon.co.uk

TEL: 01733 353 414