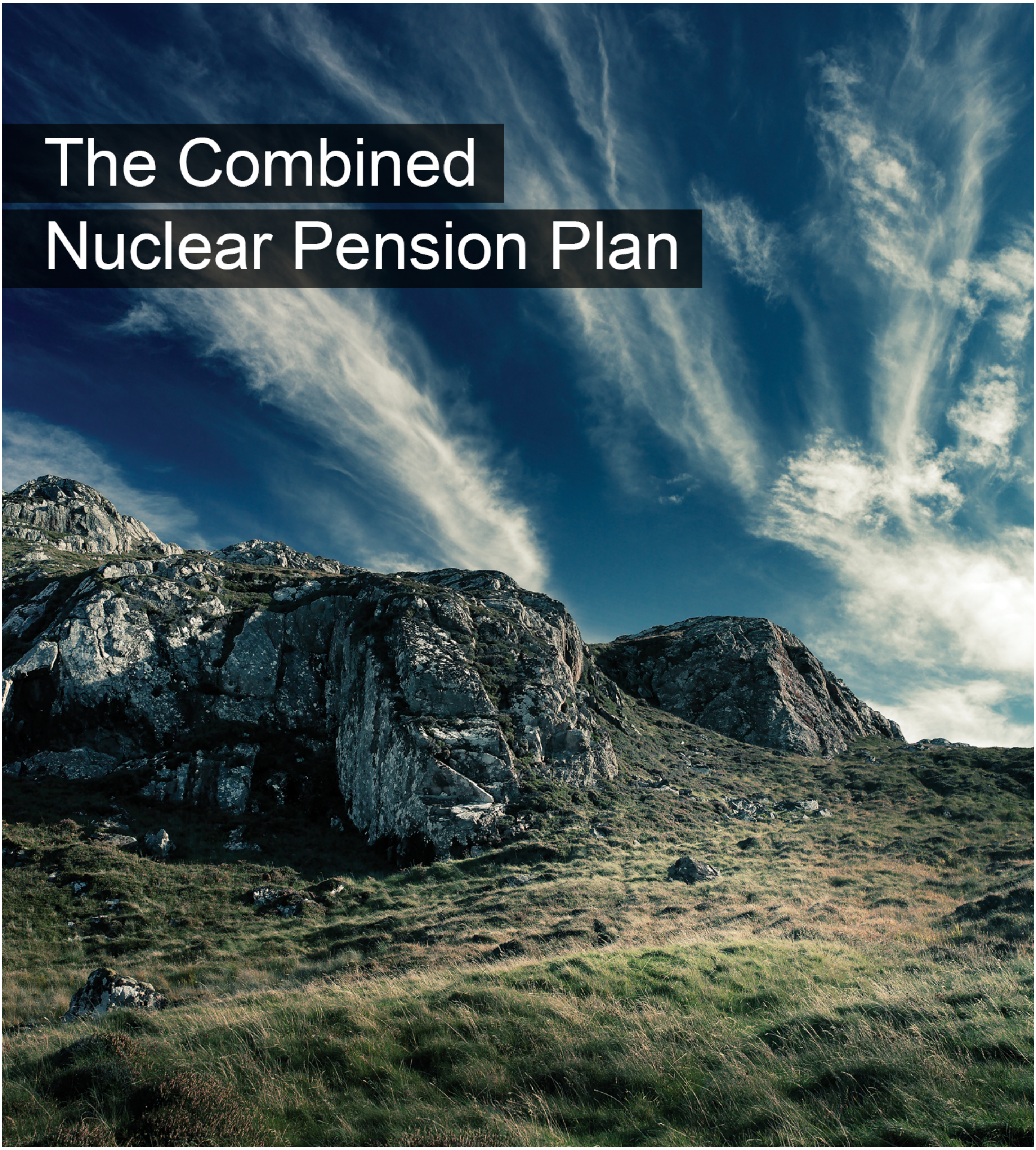
COMBINED NUCLEAR™
PENSION PLAN

The Combined Nuclear Pension Plan



MEMBERS' BOOKLET/04-21
DEFINED CONTRIBUTION STRUCTURE

Your guide to the retirement and other benefits that may be provided under the Combined Nuclear Pension Plan [“the Plan”], established by the Nuclear Decommissioning Authority [“NDA”] for new joiners.

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Welcome to the Plan [Defined Contribution Structure]

Welcome to the Combined Nuclear Pension **Plan** ("the **Plan**"). The **Plan** is a pension arrangement for eligible workers in the nuclear industry. This is your guide to the range of benefits which you are entitled to as a member of the **Plan**.

Defined Contribution Structure benefits will be provided to new employees who join the **Plan**. Subject to any information requirements, membership is automatic.

We explain words in **bold** in the glossary.

1.0 | Introduction

What is the Defined Contribution Structure?

The **Plan** is an 'occupational pension scheme'. The Defined Contribution Structure is a section within the **Plan**. It offers a way of providing you with an income in your retirement. Over the years, you and your employer will both make contributions to the **Plan** which will be invested in funds of your choice from a prescribed range. When you retire, these funds will be used to secure a pension for you with or without **Dependants**' benefits depending on your choice. It should also be possible for you to take some of your benefits as a tax-free lump sum.

The **Plan** is set up as a trust. Contributions paid into the **Plan** by members and employers are held within this trust and can only be used for **Plan** purposes. Responsibility for the operation of the **Plan** rests with a trustee board ("the **Trustee**"). This trustee board includes member-nominated trustees.

Do I have to remain in the Plan?

You have the right to 'opt out' of (leave) the **Plan**. If you do you will then be treated as any other leaver (please refer to section 6 "Leaving the **Plan**" for more details). If you change your mind, you will have one opportunity to re-enter the **Plan**.

Important note

This booklet is a guide to the main benefits and conditions of the **Plan**. It does not cover every aspect – the full details are contained in the Trust Deed and Rules, specifically in the "New Joiners" schedule, which will be the legal basis of the **Plan**. Nothing in this booklet can replace the Trust Deed and Rules, and if there is any difference, the Trust Deed and Rules will apply. A copy of the Trust Deed and Rules can be obtained from the **Plan administrator** or by visiting the **Plan** website cnpp.org.uk.

2.0 | Contributions

How will I pay?

You will pay contributions of at least 3% of your **Pensionable pay**. However, you can choose to pay more than this if you wish: up to 100% of your **Pensionable pay**. There will, however, be a tax charge on payments which exceed the **Annual Allowance** set by the Government.

Please note that the level of your contributions can be a key factor in determining the overall size of your pension fund at retirement. You may need to make higher contributions to meet your retirement income needs.

You will be automatically enrolled into the Plan unless you confirm that you do not wish to become a member, by contacting the **Plan administrator** who will provide you with details about how you can opt out of the **Plan**.

You will have 14 days to complete an application form advising the **Trustee** and your employer of the level of contributions you want to pay and where these contributions are to be invested. If you do not return the form, it will be assumed that you have chosen to pay contributions of 3% of your **Pensionable pay**. These contributions will be invested in the **Plan** default fund chosen by the **Trustee**.

If you would like to increase the level of contributions you pay to the **Plan**, you can do so by providing one month's written notice. Please contact the **Plan administrator** for further details.

What earnings are pensionable?

All permanent items of pay and responsibility allowances together with your **Pensionable shift pay** (if you receive it) are pensionable. If you are on reduced pay during maternity leave (and in certain other circumstances), your employer will make contributions based on the pay that you would have expected to have received if you had not been off work. In most cases, you will make your contributions based on your reduced pay.

What if I work part time?

If you work part time, you and your employer will pay contributions based on your part-time **Pensionable pay**.

How much will my employer pay?

Your employer will make a contribution of at least 8% of your **Pensionable pay** into the fund. However, the more contributions you pay, the more contributions your employer will pay. If you choose to pay more than the minimum rate of 3%, the employer contribution will also be higher. You may pay at any rate above 3% (whole numbers only). The maximum total employer contribution, will be 13.5% of your **Pensionable pay**. See the table below for details of the matching rates.

Salary sacrifice (where applicable)

Some employers may offer a salary sacrifice arrangement for your contributions to the CNPP. Please contact your employer for more information.

The table below summarises the various contribution rates:

MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE
3% (Minimum rate)	8%
4%	9.5%
5%	11%
6%	12.5%
7% or over	13.5%

What if I have periods off work?

You usually only pay contributions if you are actually working. The main exception to this is certain periods of statutory paid maternity leave and if you are on long-term sick leave. For other types of leave such as paternity or adoption leave, please contact your employer for further details. If you are off work on long-term paid sick leave, you and your employer will continue to pay contributions during your absence.

Do I get tax relief?

Yes. You pay your contributions out of your gross pay (before income tax is taken out) so the cost to you is reduced.

Example:

Dave earns £18,000 a year (£1,500 a month) and has chosen to pay the minimum contribution rate of 3% **Pensionable pay**.

Dave's contributions to the **Plan** are £45 a month (3% of £1,500) but the net cost to Dave each month will only be £36 as he will get tax relief on these contributions. Dave pays tax at the basic (lower) rate so he will get tax relief at 20%.

Jasmin earns £60,000 a year (£5,000 a month) and has chosen to pay a higher contribution rate of 5% **Pensionable pay**.

Jasmin's contributions to the **Plan** are £250 a month (5% of £5,000) but the net cost to Jasmin each month will only be £150 as she will get tax relief on these contributions. Jasmin pays tax at the higher rate so she will get tax relief at 40%.

What about National Insurance?

The New Joiner Benefit Structure has been contracted-in to the **State Second Pension**. From 6 April 2016 the current basic state pension and **State Second Pension** were abolished and replaced by a **Single Tier State Pension**. You and your employer will continue to pay the full rate of National Insurance contributions.

In addition to your **Plan** pension you will also receive your entitlement to **Single Tier State Pension** when you reach state pension age. The state pension age for men and women will increase to age 66 by October 2020. From 2026 it will rise from 66 to 67 by April 2028. Further information about state pension age, including a calculator to determine your state pension age, can be found on gov.uk.

Can I change the level of my contributions?

You may change your contribution rate at any time during the year. However, if you do so more than once in any period of 12 months, the **Trustee** may deduct the associated costs from your **Investment account**. If you do wish to make a change, please give at least one month's notice to your employer.

Where are the contributions invested?

The contributions made by you and your employer will be invested in funds of your choice from a prescribed range and held in your **Investment account**. If you do not make a decision on the investment of your contributions then they will be invested in the **Plan** default fund chosen by the **Trustee**. The investment guide and further details on the range of funds available such as the fund factsheets can be obtained by contacting the **Plan administrator** or by visiting the **Plan** website cnpp.org.uk.

3.0 | Pension and Lump Sum Benefits

How do you work out my pension?

At retirement, the value of your **Investment account** is used to provide your benefits. The value of the account will depend upon how much has been contributed and the investment returns that the contributions have earned.

What choices do I have when I retire?

At retirement you will be able to choose:

- how much tax-free cash you would like to receive. You will be able to take up to 25% of your **Investment account** as a tax-free lump sum
- to transfer your **Investment account** to an external provider and continue to invest it or use it to fund a **Flexi-access drawdown** arrangement or an **Uncrystallised funds pension lump sum**
- the type of pension you want to receive
- how this will increase whilst in payment (for example, you could choose for the pension not to increase once in payment or you could choose for the pension to increase in line with inflation)
- whether any pension payments will be guaranteed if you die soon after retiring (e.g. you could choose a pension where the first five years' payments are guaranteed)
- the level of **Dependants**' pension that would be payable on your death (for example you might wish to provide a spouse's pension of half or two-thirds of your pension

If you choose to buy a pension with your **Investment** account the amount of the monthly pension will depend on the remaining amount of your account after the lump sum and at the rate at which cash is converted into pension (the **Annuity rate**). The actual conversion of the **Investment account** to a pension will depend on market conditions at the time of retirement. Pension benefits will be secured by the purchase of a pension (known as an annuity) from an insurance company and so the rate cannot be guaranteed in advance. Full information will be provided to you when you retire to help you understand the options open to you.

There may be alternative options available to you at retirement. If you are interested in finding out more about these options and whether they are appropriate for you, you should seek independent financial advice.

Example:

Jenny is age 65 and has an **Investment account** of £275,000. For the purposes of this example, the **Annuity rate** is 18. This means that £1 p.a. of pension for life will cost £18. (Note that this rate is not guaranteed and the actual rate will depend on the market cost of pensions (also known as annuities) at the point the pension is purchased).

This particular **Annuity rate** will provide a pension for Jenny increasing in line with inflation, and will provide a pension of 50% on her death to her partner.

If Jenny elects to take the maximum lump sum of £68,750 (25% of £275,000), the annual pension will be:

$$\frac{(£275{,}000 - £68{,}750)}{18} = £11{,}458 \text{ p.a.}$$

If Jenny elects not to take any tax-free cash, the annual pension will be:

$$\frac{£275{,}000}{18} = £15{,}278 \text{ p.a.}$$

In addition to this pension, benefits will usually be payable from the State.

Can I transfer in benefits from other pension schemes?

The **Trustee** will not accept transfers of benefits into the **Plan** from previous pension arrangements.

4.0 | Retiring

When can I draw my pension?

You must be at least age 55 to retire. Your pension benefits from the Defined Contributions Structure of the **Plan** will generally come into payment when you choose to retire and make your retirement choices.

You have the choice of who provides your retirement income and you can shop around so that if you do decide to buy a pension you can choose the pension (annuity) that best suits you.

You may retire early after age 55 if you give written notice to the **Trustee** of at least one month. You must confirm that you wish to retire from the **Plan** and be paid your pension via an annuity or alternative option that you select. If you retire early, it is likely that your **Investment account** will be lower than if you had remained in service until Pension age as fewer contributions would have been made and they would have been invested for a shorter period. Your pension will also be more expensive as the insurance company will expect to pay it for a longer period. The Government has issued guidance to all DC members thinking about retiring. You can find the guidance booklet in the document library in the CNPP member website: cnpp.org.uk entitled “Money Advice Service – Your pension: your choices”. It explains the process you'll go through and the decisions you need to make to get the best retirement income.

Can I carry on working after my Pension age?

If you carry on in employment after your Pension age you will pay contributions whilst you remain in service. Your employer’s contributions will also continue during this time.

5.0 | Benefits for your Dependants

What benefits are payable upon my death?

The following benefits may become payable on your death:
- a lump sum, or
- a Dependant's pension

These benefits depend on whether you are in active service, retirement, or have left the **Plan** at the date of your death. You will be asked to complete an Expression of Wish form on joining the **Plan**, which will act as guidance to the **Trustee** when paying certain benefits on your death. However, this will not be binding on the **Trustee** and any lump sum death benefits will be payable at the **Trustee**'s discretion.

Please note, it is very important to complete an Expression of Wish form. The **Trustee** may be unable to pay benefits to an unmarried partner unless they are nominated on an Expression of Wish form.

What happens if I die in service?

We will normally pay a lump sum of four times your **Pensionable pay**. For new joiners to the GPS WEC, GPS DRS, GPS Nexia or GPS INS sections, we will normally pay a lump sum of three times your **Pensionable pay**.

The value of your **Investment account** will be used either to provide an additional lump sum benefit or to provide a pension for one or more of your **Dependants**. Any lump sum will normally be tax-free.

What happens if I die after I leave the Plan?

If you leave the **Plan** and then die before drawing your pension, the value of your **Investment account** at the date of your death will be paid either as a lump sum benefit or used to provide a pension, for one or more of your **Dependants**. Any lump sum will normally be tax-free.

What happens if I die after I retire from the Plan?

If you retire and then die whilst receiving your pension, the benefits payable will depend on the type of pension you chose to purchase when you retired, i.e. if you choose a joint life annuity then there will be a further benefit payable to a **Dependant** on your death.

How do I name someone to receive any benefits when I die?

You can name the person or people you would like to receive any lump sum payment or Dependant's pension due on your death by completing an Expression of Wish form. Payment of the lump sum or pension to your nominee(s) will be subject to the discretion of the **Trustee**.

6.0 | Leaving the Plan

What options do I have if I leave the Plan?

You will leave the **Plan** if your employment with your employer ceases, or if you choose to opt out while remaining in employment with your employer. For further details about how you can opt out of the **Plan** please contact the **Plan administrator**.

You will not be treated as leaving the **Plan** if you leave employment with one employer that participates in the **Plan** and immediately become employed by another employer that participates in the **Plan**. In this case, you would remain entitled to benefits from the **Plan** on the same basis as previously and will continue to make contributions to your **Investment account**.

The law regarding refunds of contributions has changed with effect from 1 October 2015.

If you have less than 30 days of **Qualifying service**, you will receive a refund of your contributions.

If you have 30 or more days of **Qualifying service**, your **Investment account** will remain invested in the **Plan** and will move in line with investment returns between your date of leaving and your Pension age. You have the option of transferring the value of your **Investment account** to another approved pension arrangement.

The **Plan administrator** will inform you of the options available to you in relation to refunds should you decide to leave the **Plan**.

You may retire early after age 55 if you give written notice to the **Trustee** that you wish to retire from the **Plan** and be paid your pension via an annuity or alternative option that you select. If you retire early, it is likely that your **Investment account** will be lower than if you had remained in service until Pension age as fewer contributions would have been made and they would have been invested for a shorter period. If you do decide to buy a pension, your pension may also be lower, as the insurance company will expect to pay it for a longer period. Please see Section 4.0 - Retiring for more information.

For further details about the options available if you leave the **Plan**, please contact the **Plan administrator**.

Once you have left the **Plan** you may, under certain circumstances, re-join the **Plan** (but please see Section 1.0 - Introduction, for more information).

7.0 | Finding Out More

Trustee

The **Plan** is run by a board of trustee directors (the **Trustee**). The Trustee board includes both employer and member nominated directors who are there to serve the best interests of the beneficiaries of the **Plan**. The **Trustee** is responsible for the **Plan**'s administration and for the investment of the **Plan**'s assets. Details of the **Trustee** and its advisors, as well as the **Plan**'s audited accounts, are published in the **Trustee**'s Annual Report, a copy of which can be obtained on request from the **Plan administrator**.

How do I find out more about the Plan?

In the first instance you should contact the **Plan administrator** at the address below if you need assistance or have any questions regarding the operation of the **Plan**.

The **Trustee** will write to you once a year with an annual statement of benefits and therefore it is important that you notify the **Plan administrator** if your contact details change. Details on how the investments you have chosen to invest in have performed are available at cnpp.org.uk or by contacting the **Plan administrator**,

Aegon Workplace Investing
Sunderland
SR43 4DH
Telephone: 01733 353 414
Email: my.pension@aegon.co.uk

How do I find out more about state pensions?

Look under the pensions section of the Government's website. See their website at gov.uk

What if I have a complaint?

If, having raised matters for the **Trustee**'s attention in writing via the **Plan administrator**, you do not feel that your concerns have been adequately dealt with the **Trustee** has an Internal Dispute Resolution Procedure that should be followed. A copy of the Internal Dispute Resolution Procedure may be obtained from the **Plan administrator**.

If, having followed the Procedure, you remain unsatisfied you are entitled to raise your case with The Pensions Advisory Service (TPAS) whose address is Money and Pensions Service, 120 Holborn, London, EC1N 2TD. Telephone 0800 011 3797; overseas +44207 932 5780. Web: pensionsadvisoryservice.org.uk . TPAS is available to assist members and beneficiaries of the **Plan** in connection with any pension query they may have or any difficulty they may have or any difficulty that they have failed to resolve with the **Trustee**.

In the event that TPAS cannot resolve your dispute, you can ask for the Pensions Ombudsman to investigate. The Pensions Ombudsman can consider any complaint or dispute of fact or law relating to the **Plan**. You can contact the Ombudsman at 10 South Colonnade, London E14 4PU. Telephone 0800 917 4487; overseas +44207 630 2200. Web: pensions-ombudsman.org.uk.

The Pensions Regulator

The statutory regulator for occupational pension plans is The Pensions Regulator (TPR). TPR's remit is essentially to make sure that pension plans are run lawfully. TPR is able to intervene in the running of plans where trustees, employers or professional advisers have failed in their duties.

You can write to TPR at: Napier House, Trafalgar Place, Brighton BN1 4DW; telephone 0345 600 1011. Web: thepensionsregulator.gov.uk

Another of TPR's duties is to run the Register of Occupational and Personal Pension Schemes. The **Trustee** is required to provide information about the **Plan** to the Register.

Pension Tracing Service

A tracing service is available for members to track any pension arrangements they had in the past. If you want to use the tracing service, you can contact the service by telephone on 0800 731 0193; overseas +44(0)191 215 4491; Website address: https://www.gov.uk/find-pension-contact-details.

Plan security

The **Plan** is set up and run according to a Trust Deed and Rules. The **Plan**'s assets are held entirely separately from those of the **Lead Company** and employers.

Assigning your benefits under the Plan

You are not allowed to assign your benefits under the **Plan** or use them as security for any loans.

Plan limits

The **Plan** is registered with HM Revenue & Customs under the Finance Act 2004 because registration provides certain tax advantages. In order for the **Plan** to obtain registration, it has been designed so that only payments which are authorised under the Finance Act 2004 can be paid from the **Plan**. Therefore, if ever the payment of a benefit described in this booklet is limited or withheld because it would otherwise be unauthorised, alternative authorised benefits of equivalent value will be paid if practical.

Data Protection

As the Trustee of the **Plan** we hold certain information about you ("personal data") which we need to administer the **Plan** and pay benefits from it e.g. data of birth, national insurance number and bank account details. When processing this data we must comply with the data protection legislation.

The Trustee is considered a 'Data Controller' for the purposes of the data protection legislation and has a legal obligation and a legitimate interest in processing the data held about you for the purpose of operating the **Plan**. This may include passing on data about you to the Scheme Actuary, auditor, administrator and other third parties as may be necessary for operating the **Plan**. Further details about how the Trustee processes your data and your rights in respect of this data can be found at cnpp.org.uk . If you have any other enquiries about your data you should contact the **Plan administrator** on 01733 353 414 or email my.pension@aegon.co.uk.

Providing information

Each member or prospective member must provide to the **Trustee** any documents or information which the **Trustee** may ask for. If you do not provide the information requested, this may impact on the benefits you receive from the **Plan**.

8.0 | Glossary

We have used a number of special terms in this booklet.
These are needed to make sure that we accurately describe the **Plan**'s benefits to you.

- **Annual Allowance (2020/21 tax year)**
  The limit set by the Government each year on the amount of pension savings that you can make tax free. The limit is currently capped at £40,000 although a lower limit of £4,000 may apply if you have already started accessing your pension. The annual allowance applies across all of the schemes to which you belong, it is not a 'per scheme' limit and includes all of the contributions that you or your employer pay or anyone else who pays on your behalf. There is a tapered annual allowance for those with an "adjusted income" of over £240,000. You should seek advice from a financial adviser for further details.

- **Annuity rate**
  The rate charged by an insurance company to provide a pension.

- **Civil partner**
  Your registered same sex partner as defined under Section 1 of the Civil partnership Act 2004.

- **Dependant**
  A Dependant can be your husband, wife, partner, **Civil partner**, Same sex spouse, child or anyone else who relies on you financially (as determined by the **Trustee**).

- **Flexi-access drawdown**
  Is a way of taking an income from the money in your **Investment account**. It is not available within the **Plan**. You will need to transfer your **Investment account** to an external provider to take advantage of this flexibility. More information can be obtained from the Money Advice Service at moneyadviceservice.org.uk .

- **Investment account**
  The accumulation of your contributions, the contributions made by your employer, and the investment return earned.

- **Lead Company**
  The Nuclear Decommissioning Authority, or any other company or organisation that may take over the role from them.

- **Pension age**
  Age 65.

- **Pensionable pay**
  This is your permanent basic pay, responsibility allowances, **Pensionable shift pay** plus any other allowances which are specified by the **Lead Company** to be pensionable.

- **Pensionable shift pay**
  This is the element of shift pay that your employer has designated as pensionable.

- **Plan**
  The Combined Nuclear Pension Plan.

- **Plan administrator**
  The **Plan administrator** has been appointed by the **Trustee** to carry out the day-to-day administration of benefits under the **Plan** on the **Trustee**'s behalf. If you wish to contact the **Plan administrator** please refer to the website at cnpp.org.uk

- **Qualifying service**
  This is the years and days that you have been a member of the **Plan**.

- **Same sex spouse**
  A person who has entered into a marriage with another person of the same sex in accordance with the Marriage (Same Sex Couples) Act 2013.

- **Single Tier State Pension**
  From 6 April 2016 contracting-out ceased and the basic state pension, State Earnings Related Pension Scheme and **State Second Pension** were replaced by the **Single Tier State Pension** for those members reaching state pension age after this date**.** The amount you receive depends on your National Insurance contributions made during your working lifetime.

> **State Second Pension**
Contracting-out ceased on 6 April 2016 and from this date the basic state pension, State Earnings Related Pension Scheme and **State Second Pension** were replaced by the **Single Tier State Pension.**

> **Trustee**
The Trustee board of the **Plan**.

> **Uncrystallised Funds Pension Lump Sum**
Is a way of taking one-off or regular cash withdrawals from the money in your **Investment account**. It is not available within the **Plan**. You will need to transfer your **Investment account** to an external provider to take advantage of this flexibility. More information can be obtained from the Money Advice Service at moneyadviceservice.org.uk .