



Combined Nuclear Pension Plan

Chairman's Introduction

I am delighted to welcome you to the 2020 Combined Nuclear Pension Plan (CNPP) Pensions Bulletin.

We have decided this year to produce two separate Bulletins, one for DC Contribution (DC) (New Joiners Structure) members like you and a separate one for Defined Benefit (DB) members. Both will be available on the CNPP website for information.

In this unprecedented year of living with a pandemic we have experienced many additional challenges. For the Trustee of the CNPP its main priority has been ensuring the continued and efficient running of the Plan. Making sure pensions continued to be paid, contributions were submitted on time and the administration service continued to be delivered and more. Please see later in the Bulletin the article on what we did in response to Covid-19.

I am pleased to advise that the scheme received confirmation that it is an authorised Master Trust. The Trustee is now continuing to strengthen the governance processes in the scheme to meet the ongoing supervision requirements of The Pensions Regulator.

It's taken longer than we would have liked to get this bulletin out to you, but we hope that you will find it interesting and if you want to know more about your benefits under the CNPP please contact your Plan Administrator, Aegon, at:

Tel: 01733 353 414

Email: my.pension@aegon.co.uk

Allan Whalley
Chairman of the CNPP Trustee

Trustee Board

There have been several changes to the Trustee Board over the last 18 months. Your current CNPP Trustee Directors are:

- Allan Whalley (Chairman)
- Mike Calloway (appointed 20 November 2020)
- Philip Greene
- Pip Hatt (appointed 21 September 2020)
- Ingrid Kirby
- Andrew Oldham (appointed 12 February 2020)
- Frank Rainford
- Mike Roberts
- Claire Toole

The Trustee board plays an important role in the running of the CNPP. Trustee Directors are appointed for up to two terms of three years, so they can be on the board for a maximum of up to six years without a break in service.

There are three different types of Trustee on the Board, three Independent Trustees, three Employer Nominated Trustees and three Member Nominated Trustees (MND).

Last summer the Trustee ran an application and selection process for three scheduled MND vacancies, a change to its previous process of application and election. The Trustee is committed to diversity and inclusion and was keen to encourage all active and pensioner members to consider the opportunity to become an MND. The Trustee was looking for a wide range of skills including working collaboratively, communicating effectively, identifying and managing risk, using judgement to make informed decisions and acting with transparency and integrity.

I am pleased welcome Pip Hatt as a new MND to the board and confirm that Philip Greene and Claire Toole have been re-appointed for their second three year terms. The Trustee would like to thank all those that participated in this successful process.



Covid-19

The Trustee and the scheme advisers have worked incredibly hard to ensure that the key tasks related to running the CNPP can continue through these unprecedented times.

The Trustee identified its key tasks to be:

- Paying the right benefits, to the right people, at the right time ensuring - employer contributions were received on time, interfaces between employers and the administrators continued to work and the management of cashflow.
- Satisfying regulatory requirements including the triennial valuations, annual report and accounts and the Master Trust requirements.

Your administrator Aegon responded to the situation and are able to continue supporting the Trustee and you, our members, to meet its key tasks. Below is a summary of some of the changes to the service that Aegon introduced to support their employees and the CNPP;

- Aegon moved all their employees to remote working on 23 March to maintain a strong service performance.

- Aegon set up their helpline to provide the service. Phone lines were initially opened on reduced hours, but are now back to the normal hours of 9am - 5pm.
- Aegon encouraged you to use self-serve online wherever possible, and we have seen new registrations to TargetPlan, the member website, increase. This has enabled Aegon helpline staff to focus on members who need extra support.
- Aegon maintained an office presence to receive post, scan items as well as arranging printing and posting.

Annual Report

The Trustee's Annual Report has been completed for the year ended 31 March 2020 and is available on the CNPP website now. Alternatively, you can request a copy of the document by writing to your Plan Administrator.

You will also be able to find a copy of the DC investment report and the Chair's Statement, detailing costs and charges information in relation to DC funds within the Trustee's Annual Report, at cnpp.org.uk.

How Pension Scams work and what to look out for

Anyone can be the victim of a pension scam, no matter how savvy they think they are. It's important that everyone can spot the warning signs.

Scammers try to persuade pension savers to transfer their entire pension savings, or to release funds from it, by making attractive-sounding promises they have no intention of keeping.

The pension money is often invested in unusual, high risk investments like:

- overseas property and hotels
- renewable energy bonds
- forestry
- parking
- storage units

Or it can be simply stolen outright.

Warning signs of a pension scam

Scammers often cold call people via phone, email or text – this is illegal, and a likely sign of a scam. They often advertise online and can have websites that look official or government-backed.

Other common signs of pension scams:

- Phrases like 'free pension review', 'pension liberation', 'loan', 'loophole', 'savings advance', 'one-off investment', 'cashback'.

- Higher returns – guarantees they can get better returns on pension savings.
- Help to release cash from a pension before the age of 55, with no mention of the HMRC tax bill that can arise.
- High pressure sales tactics – time limited offers to get the best deal; using couriers to send documents, who wait until they're signed.
- Unusual high risk investments, which tend to be overseas, unregulated, with no consumer protections.
- Complicated investment structures.
- Long-term pension investments – which often mean people who transfer in do not realise something is wrong for a number of years.

All members should speak to an independent Financial Conduct Authority-authorized adviser before making a transfer, and in some cases are required to do so. Our pension administrators are also required to carry out checks on behalf of the Trustee but will be unable to spot every scam as the scammers get more sophisticated.

Visit thepensionsregulator.gov.uk to read their booklet on **how to spot a scam**.

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

Planning your investment options for retirement

Your annual benefit statement, which you will have received earlier in the year, gives 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. The article on page 5 of the bulletin explains how Aegon's TargetPlan can also help with your retirement planning.

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

The Plan's DC Benefits are provided by Aegon, except for some With Profits funds held with the 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 investment guides to better understand the funds in which you are currently invested and those available to you. The below table illustrates performance to 30 September 2020 of the following main default funds available, for example, to members with a retirement date in around 5 and 10 years' time. Please note that these may not be the funds you are invested in.

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

Fund	Standardised yearly fund performance (% p.a.) as at 30th Sept 2020		
	3 months	1 year	5 years
BlackRock DC LifePath Flexi 2028-2030	(2.59%)	2.42%	7.58%
BlackRock LifePath Capital 2028-2030	(2.46%)	2.30%	7.58%
BlackRock DC LifePath Retirement 2028-2030	2.47%	2.54%	7.63%

Annual Benefit Statements 2020

Your Annual Benefit Statement was issued by Aegon in June 2020. If you did not receive it or if any personal details quoted were incorrect please contact Aegon.

Annual Management Charge

An Annual Management Charge (AMC) is levied on each investment 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	0.19%
CNPP UK Equity Fund	0.19%
CNPP Global Equity (ex-UK) Fund	0.19%
CNPP Emerging Markets Equity Fund	0.34%
CNPP Sharia Law Fund	0.48%
CNPP Property Fund	0.78%
CNPP Multi-Asset Fund	0.58%
CNPP Pre Retirement Fund	0.30%
CNPP Index-Linked Gilt Fund	0.19%
CNPP Corporate Bonds Fund	0.20%
Aegon BlackRock Cash Fund	0.23%
Aegon BlackRock LifePath Flexi (default option)	0.26%
Aegon BlackRock LifePath Capital	0.26%
Aegon BlackRock LifePath Retirement	0.26%

Remember

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

A local Independent Financial Adviser may be found at:



unbiased.co.uk or moneyadvice.service.org.uk/directory

Are my pensions being invested responsibly?

Responsible (or sustainable) investment is increasingly being discussed, especially in the wake of the ongoing climate change issues that are being faced around the world. One of the terms used to describe this way of investing is ‘ESG’.

What is ESG?

In the context of responsible investment, ESG stands for Environmental, Social and Governance factors. These are headings used to refer to areas of risk that could affect the long-term value of investments, yet do not typically appear in a company’s reports and accounts. Responsible investment is increasingly being understood to mean incorporating ESG factors into the risk assessment when making investment decisions (i.e. in the same way that a company’s risk of defaulting on a loan is assessed before investing in corporate debt).

Responsible investment therefore, does not necessarily mean, for example, that all fossil fuel companies are excluded, but any investment in these companies had to pass a risk assessment of whether climate change and the increasing regulations around climate activity could negatively affect the value of the investment over the time horizon when the money will be invested.

How does ESG differ from ethical investing?

Ethical investing refers to sector or specific company exclusions (for example tobacco or weapons) based on ethical criteria, regardless of whether doing so will be detrimental to returns or increase the risk of the investment.

These are typically referred to as screened or thematic investments, as described in detail in the table below.

What does this mean for DC pensions savings with CNPP?

The Trustee Board recognises that ESG risk factors, including climate risk, can have a financially material impact on members’ defined contribution (“DC”) savings as they are invested in the market. Therefore, these are taken into consideration when considering the investment options in CNPP.

The Trustee selected the LifePath Target Date Fund range managed by BlackRock as the default investment strategy for CNPP members. This means that BlackRock (as the asset manager) has been delegated the responsibility to manage the day-to-day investment of members’ DC savings.

BlackRock are responsible for both setting the mix of assets members’ savings will be invested in, and the funds used to achieve this mix of assets.

They continue to develop how members’ investments can be better positioned against potential risks arising from ESG factors. Part of this development has led to a change in part of members’ exposure to broad equity markets. Previously all of members’ investment in equities based in developed countries was through a passive fund that tracked the largest companies in the world (MSCI World Index). Now, around half of members’ equity investments remain invested in that way, but the other half is based on a new index, the MSCI World ESG Focus Low Carbon Screened Index. This index has a greater allocation towards companies that show positive ESG characteristics (based on scoring by the MSCI rating agency), whilst minimising the carbon exposure of the investments. The aim is to reduce the level of carbon emissions exposure by at least 50% compared to the standard MSCI World index.

This is BlackRock’s first step in incorporating ESG considerations into the LifePath range of funds. Responsible investment and ESG risk management is an ongoing consideration for the BlackRock team, who manage over £200bn assets globally within the LifePath platform. Members will benefit from BlackRock’s future improvements in the LifePath range to incorporate ESG risk management in other asset classes in addition to equities.

Range of different investment approaches

Screened Investment	Responsible Investment	Thematic Investment	Impact Investing
Objective: Strict criteria used to exclude / limit exposure to specific sectors / industries.	Objective: ESG factors are viewed as risks with potential financial impact on investments.	Objective: Focus on identifying themes / companies that solve sustainability challenges.	Objective: Investments aiming to generate measureable social / environmental impact.
Implementation: Negative screening / restrictions on investments.	Implementation: Analysis is integrated into the investment process.	Implementation: Invest in stocks that fit specific values or themes.	Implementation: Tends to be via private market structures.
Examples: CNPP Sharia Law Fund. Other typical screens include tobacco, or fossil fuels.	Examples: CNPP’s default investment strategy is increasingly being run in a responsible investment manner.	Examples: Not currently available in CNPP, but themes can include focus on resource efficiency or well-being.	Examples: Not currently available in CNPP, but typical investments include wind farms and social housing projects.

How much will I need in retirement?

It's an important question, most of us focus on our immediate needs and find it difficult to know how much we need to save for the future.

Last year, the Pensions and Lifetime Savings Association (PLSA) launched new Retirement Living Standards designed to help people picture the lifestyle they want when they retire. The standards are based on three levels of income – minimum, moderate and comfortable – to cover typical costs of living in retirement, from food and drink to holidays.

You can take a closer look at what life in retirement might look like in each of the income levels by visiting <https://www.retirementlivingstandards.org.uk/>

The CNPP helps you save towards the retirement you may want with both you and your employer making contributions to your account. You can monitor your account any time you want by logging into TargetPlan – Aegon's secure member website – but, most importantly, you can use myTarget, a retirement planning tool in TargetPlan, to help you understand what income you might be on track for in retirement.

myTarget starts by showing you what income you might get based on your CNPP account. You can choose if you want to look at using income drawdown or buying an annuity – more information on your retirement options can be found on TargetPlan and in your member booklet.

myTarget then enables you to add details of any other pensions you might have so that you have a more complete picture of what you are on track for.

You can use a retirement income planner to work out what you might spend in retirement. This then creates your own target income in retirement and you might want to compare this with the **Retirement Living Standards**.

Once you've added all this information, you can try adjusting your contributions, target retirement age or investment choice to see what you might need to do to hit your income target.

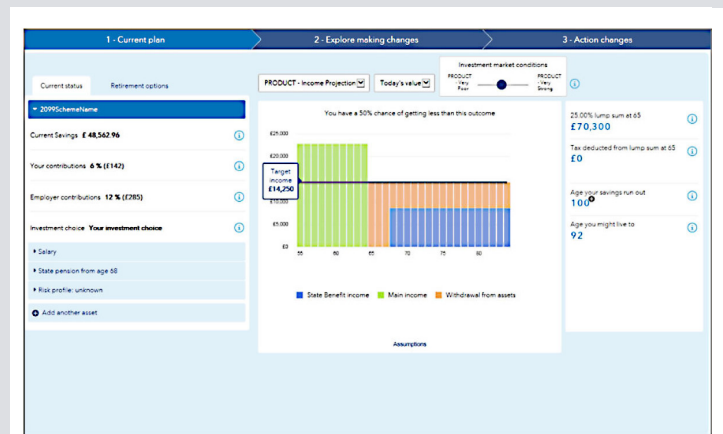
myTarget uses different assumptions to the **Retirement Living Standards** – these are all detailed in the respective sites – and, of course, we don't know what the future holds.

However, the sooner you start planning the more you'll

understand what you might need to do to help you achieve your goals.

If you haven't visited TargetPlan, it only takes a few minutes to activate – all you'll need is your account number and national insurance number.

Go to aegon.co.uk/targetplan and click on 'activate'.



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, however if you have already started to draw a pension a lower limit of £4,000 may apply.

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 additional tax.

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 £1.07 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



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 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.

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.

EMAIL: my.pension@aegon.co.uk

TEL: 01733 353 414

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

Plan Administrator

Your first point of contact is Aegon using one of the following options:

Aegon:

TEL: 01733 353 414

EMAIL: my.pension@aegon.co.uk

POST: Aegon, PO Box 17486, Edinburgh EH12 1NW
From April 2021: Aegon Workplace Investing, Sunderland SR43 4DH

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

Pension Wise

Pension Wise was set up by the government to provide free and impartial government guidance about your defined contribution pension options.

Who?

Pension Wise can help if you:

- are aged 50 or over
- have a personal or workplace pension
- want to make sense of your options

What?

What is a Pension Wise appointment?

- specialist pension guidance
- 45 to 60 minutes
- over the phone or local to you

How?

How to book an appointment?

- phone
- online

Just visit pensionwise.gov.uk to find out more information.

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

Latest news

Aegon have launched a member App.

You can now manage your DC benefits on the move. In January Aegon launched the new Aegon App where you can easily access information about your pension.

If you haven't done so already you will need to activate your TargetPlan online account before you can download and register for the app 24 hours later.