COMBINED NUCLEAR PENSION PLAN™

Investment guide

DC

A guide to investing your Defined Contribution (DC) Structure contributions with the Combined Nuclear Pension Plan (‘the CNPP’ or ‘the Plan’)

Contents

1. Background

This guide gives you an overview of the points you might wish to consider before you decide how you should invest your DC (Defined Contribution) contributions.

Introduction

There is a range of funds in which you can invest your DC contributions. This guide is intended to set out a number of key points about each fund available and will assist you in making appropriate choices for your circumstances.

The CNPP Trustee, on professional advice, has chosen to offer a selection of funds within the CNPP. This will enable you to have a choice of how your contributions are invested, to take account of your personal circumstances. You can choose to invest in one or more of these investment options and you will be able to make changes to your choice of investment(s) at any time. However, if you ask for more than six changes of investments during the year, the DC Plan Administrator may make an administration charge.

There is a Glossary of Terms at the back of this investment guide which aims to explain some of the terms and wording used throughout.

DC contributions are the contributions that you make based on your Pensionable pay. It is essential that you read and understand this document, as your DC investments will fund your income in retirement.

The information provided is not regulated financial advice and is based on information available as at January 2025, including legislation and Plan rules effective at that date.

How does my Investment Account work?

You have a choice to make about which fund or funds you would like to invest your DC contributions into. Your fund selections and contributions will form a pot of money from which your retirement benefits will ultimately be paid. We call this pot your Investment Account. When you start to take your benefits, this Investment Account can be used to do a combination of the following:

Be converted into a pension, otherwise known as an annuity.

Be transferred to an external provider to enable you to take cash or fund a drawdown arrangement.

You may also be able to take some of your Investment Account as tax-free cash.

More details of these options can be found by accessing your TargetPlan account. You can log in by visiting aegon.co.uk/targetplan.

Aegon (the DC Plan Administrator) will write to you close to your selected retirement age with more details about the flexibilities available to you. Aegon will also let you know what options you have; for example, do you want to provide a pension for your spouse after your death, should the annuity only be payable to you, or do you want to transfer your Investment Account to a suitable pension arrangement to access your benefits flexibly?

There are a number of factors that affect the amount of the income in retirement that can be purchased with your DC Investment Account:

- the amount of contributions paid in
- the interest or investment returns built up
- the age at which you decide to retire
- the annuity rates available at the time of retirement
- the form of benefits which you choose
- the amount of tax-free cash that you take

2. Understanding Investments

Generally speaking, different investment funds offer different levels of potential financial return and carry different levels of investment risk. For the purposes of this guide, we are defining risk as the chance that the value of your investment fund will fall, particularly in the short term.

Balancing risk and return

In general, the more risk you take, the greater the chance of higher long-term returns. Growth assets are considered to be a riskier investment than bonds. The majority of investment in growth assets is usually held in equities, which are stocks and shares in companies. In the past, over the long term, equities have given higher rates of return than bonds. In most market conditions, bonds are expected to be less risky than growth assets, however they are still subject to sudden changes in value when interest rates change (referred to as interest rate or duration risk). Cash on the other hand offers more security, but has historically provided modest rates of return, particularly against inflation.

Please note past performance is not a guide to the future.

So, what's the best risk–return mix for you? The answer depends on a variety of factors, including the four key considerations summarised below:

Investment objectives

Don't lose sight of your investment objectives. If growing your retirement savings is your primary objective and you are some years from retirement, you may want to lean more towards growth assets. If protecting the savings you already have is most important, government bonds and/or cash may make more sense, especially if you are close to retirement. If you are looking for some growth with a degree of security, a mix of growth assets and bonds may be the answer. Keep in mind that your objectives are likely to change over time.

Comfort level

Not everyone is comfortable with risk – especially when it comes to their retirement savings. If you're the type of person who lies awake at night worrying about your investments, you might want to think about minimising your exposure to growth assets, even if it means a lower rate of return over the long term. Chances are you'll feel more comfortable – and sleep better – if your portfolio leans more towards bonds and/or cash. However, you have to remember this may have downsides. This investment may not grow as much as an investment with more risk. You have to think about balancing the risk and reward at different times in your life.

Time horizon

In the world of investments, time can often be your friend. Younger members can often take on more risk because they have time to ride out any market falls. As you get closer to retirement, it generally makes sense to move your investments gradually to less risky funds.

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Your current financial situation

If you already have a significant amount of money set aside for your retirement – or if you expect to inherit a substantial sum before you take your benefits – you might be in a better position to take risk. If you will depend entirely on your pension from the CNPP for an income in retirement on the other hand, you may want to reduce your risk exposure (particularly as you near retirement). It is important to note that your benefits from the CNPP may be your main source of income in retirement.

It's important to remember that your finances, investment goals and willingness to accept risk can – and probably will – change over time.

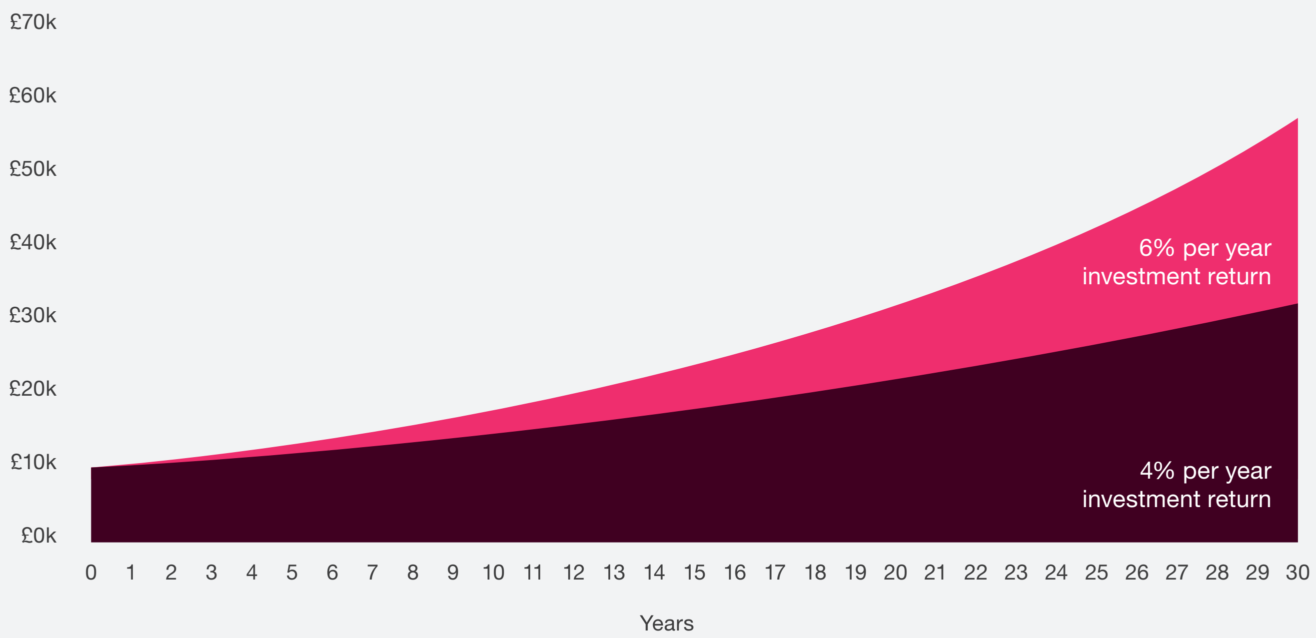
Investing your DC contributions

You choose where to invest the DC contributions that you build up in your Investment Account from a range of different funds. As a guide to some of the key factors you should consider when making investment choices, we have set out the following decision chart:

- What are my financial objectives?
- What is my own financial situation?
- What is my attitude to risk?
- How long is it until I wish to take my benefits?
- Make an investment fund choice

Reaping the rewards

Taking investment risk targets better investment returns. That potentially means more money in your pocket when you take your benefits. As a simple example, the effect that a higher average annual return can have on a lump-sum investment over 30 years if £10,000 of contributions is invested is shown below. You will see that with a 4% per annum return, the £10,000 grows to just over £30,000. However, with a 6% per annum return, the £10,000 grows to nearly £60,000. Please note that higher returns come with higher downside risks and are not guaranteed.



The graph shows that a small increase in your rate of return can have a dramatic impact on your long-term financial picture. In this example, a 2% difference in the average annual rate of return almost doubles the retirement savings.

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3. Your Investment Options

Growth assets

Growth assets are expected to provide the majority of their returns in the form of capital growth and include investments such as equities and other diversified growth assets. They tend to carry higher levels of risk, yet have the potential to deliver higher returns over longer investment time frames. The focus of these funds is on higher risk investments with the objective of growing the value of your Investment Account over the long term. Please note that, although these funds are classified as higher risk, the Trustee, having taken professional advice, is comfortable that they invest in growth assets that are appropriate for pension investments.

The growth funds available to you are the:

- CNPP Global Equity Fund
- CNPP UK Equity Fund
- CNPP Global Equity (ex-UK) Fund
- CNPP Emerging Markets Equity Fund
- CNPP Sharia Fund
- CNPP Multi-Asset Fund
- CNPP ESG Multi-Asset Fund

Details of these funds are given in the tables on the following pages. The relative risk–return characteristics of each fund have been determined by the Plan's investment fund provider, Aegon.

The Total Expense Ratio ("TER") is a measure of the total costs associated with managing and operating an investment fund. It is calculated as total fund costs divided by the total fund assets. If a fund invests in a collective investment scheme it will also bear its share of the costs of other services, such as the fees paid to the trustee/depositary, custodian, auditors and registrar. This figure is reviewed yearly and the total ongoing charge is the sum of the Annual Management Charge and other additional expenses.

The purpose of the growth assets is to achieve long-term capital growth in order to significantly increase the value of your pension contributions over the period they are invested until retirement.

The most significant risk with the growth funds is that a large fall in the value of the assets in which they invest could significantly reduce the size of your benefits.

CNPP **Global Equity Fund**

Underlying fund name on Aegon platform:
Aegon BlackRock 50/50 Global Equity Index (BLK)

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.

Risk-return rating:
This fund has been given a medium to high risk-return rating.

TER:
0.14%

CNPP **UK Equity Fund**

Underlying fund name on Aegon platform:
Aegon BlackRock UK Equity Index Tracker (BLK)

Fund Investment Objective:
Invests in shares of UK quoted companies. The fund aims to produce a return in line with its benchmark.

Risk-return rating:
This fund has been given a medium to high risk-return rating.

Note:
If you were to invest partially in this fund and partially in the CNPP Global Equity (ex-UK) Fund (see next page), you would be able to decide your own split of investments between the UK and overseas stock markets.

TER:
0.14%

CNPP **Global Equity (ex-UK) Fund**

Underlying fund name on Aegon platform:
Aegon BlackRock World (ex-UK) Equity Index (BLK)

Fund Investment Objective:
Invests in shares of overseas companies (Europe excluding-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.

Risk-return rating:
This fund has been given a high risk-return rating.

Note:
If you were to invest partially in this fund and partially in the CNPP UK Equity Fund (see previous page), you would be able to decide your own split of investments between the UK and overseas stock markets.

TER:
0.14%

CNPP **Emerging Markets Equity Fund**

Underlying fund name on Aegon platform:
Aegon BlackRock Emerging Markets Equity Index (BLK)

Fund Investment Objective:
This fund invests across a number of emerging market countries, including sectors such as information technology, financials and consumer discretionary. The fund aims to achieve a return that is consistent with the return of the MSCI Global Emerging Markets Index.

Risk-return rating:
This fund has been given a very high risk-return rating.

TER:
0.32%

CNPP **Sharia Fund**

Underlying fund name on Aegon platform:
Aegon HSBC Islamic Global Equity Index (BLK)

Fund Investment Objective:
Invests in equities from around the world and is compliant with Islamic Sharia principles. The fund aims to produce a return in line with its benchmark.

Risk-return rating:
This fund has been given a medium to high risk-return rating.

TER:
0.44%

CNPP **Multi-Asset Fund**

Underlying fund name on Aegon platform:
Aegon BlackRock Dynamic Allocation (BLK)

Fund Investment Objective:
The fund invests in a combination of equities, bonds and other money market instruments either directly or indirectly through derivatives or other funds deemed relevant to the investment objective of the fund. The fund aims to achieve a return over the medium to long term (3-5 years) through a combination of capital growth and income which exceeds the Bank of England's Base Interest Rate (as set by the Monetary Policy Committee). Although the fund aims to deliver a total return over the medium to long term, there is no guarantee that this will be achieved over this time period, or any time period.

Risk-return rating:
This fund has been given a medium risk-return rating.

TER:
0.54%

CNPP **ESG Multi-Asset Fund**

Underlying fund name on Aegon platform:
Aegon BlackRock ESG Strategic Growth (BLK)

Fund Investment Objective:
The fund invests across equities, bonds, cash and other alternatives. The fund aims to achieve a return over the long-term (over a 7-year period) of 4.5% per annum, over the Bank of England's Base Interest Rate. The focus is investing with environmental, social and governance (ESG) components and investing principles.

Risk-return rating:
This fund has been given a medium risk-return rating.

TER:
0.37%

Bonds

Bonds offer greater security than growth assets because their price and value tend to be less likely to suffer large falls compared to growth assets, however bonds can be subject to volatility when interest rates change (interest rate or duration risk). Generally, lower risk has meant lower returns and bond returns have been lower than those for equities in the longer term. The bond funds are likely to be of interest to investors who are looking for low to moderate growth or a means of reducing the overall risk of their investments. The bond funds available to you are the:

- CNPP Index-Linked Gilt Fund
- CNPP Pre Retirement Fund
- CNPP Corporate Bonds fund

Details of these funds are given below. The relative risk characteristics of each fund have been determined by the Plan's investment fund provider, Aegon. Please note, all of the bond funds detailed below have increased risk ratings from a lower to an average risk rating, as determined by Aegon. These ratings have been updated in light of the volatility in performance of these funds in recent years.

The Total Expense Ratio is a measure of the total costs associated with managing and operating an investment fund. It is calculated as total fund costs divided by the total fund assets. The total fund costs include annual management charges and other costs. If a fund invests in a collective investment scheme it will also bear its share of the costs of other services, such as the fees paid to the trustee/depositary, custodian, auditors and registrar. This figure is reviewed yearly, and the total ongoing charge is the sum of the Annual Management Charge and the additional expenses.

The most significant risk with these funds is that if you invest all your assets in bonds for a very long period of time, you might not achieve investment growth that is as high as if you had invested in a growth asset fund. Another risk is that bonds can be subject to volatility if there are changes in interest rates.

CNPP **Index-Linked Gilt Fund**

Underlying fund name on Aegon platform:
Aegon BlackRock Over 5 year Index-Linked Gilt Index (BLK)

Fund Investment Objective:
Invests in index-linked UK government bonds with a maturity period of 5 years or longer and aims to produce a return in line with its benchmark.

Risk-return rating:
This fund has been given an average risk-return rating.

Purpose:
To achieve returns that fluctuate broadly in line with the cost of purchasing inflation-linked pension i.e. a pension that increases in line with inflation.

TER:
0.14%

CNPP **Pre Retirement Fund**

Underlying fund name on Aegon platform:
Aegon BlackRock Pre-Retirement (BLK)

Fund Investment Objective:
Invests mainly in UK Gilts, UK Bonds and other fixed income securities and aims to produce a return in excess of a benchmark designed to reflect long-term changes in immediate annuity prices.

Risk-return rating:
This fund has been given an average risk-return rating.

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.

TER:
0.29%

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CNPP **Corporate Bond Fund**

Underlying fund name on Aegon platform:
Aegon BlackRock Corporate Bond All-Stocks Index (BLK)

Fund Investment Objective:
Invests in investment grade corporate bonds denominated in sterling and aims to achieve a return consistent with the iBoxx £ Non-Gilts Index. This index covers the broad spectrum of investment grade corporate bonds in issue.

Risk-return rating:
This fund has been given an average risk-return rating.

Purpose:
To achieve more stable returns in order to try and maintain the value of contributions that have been invested as you approach retirement.

TER:
0.14%

Cash

The Plan allows you to take a proportion of your accumulated fund as tax-free cash at retirement. You should be aware that the amount of tax-free cash you can take is limited to 25% of your DC fund at retirement within the CNPP.

The Total Expense Ratio is a measure of the total costs associated with managing and operating an investment fund. It is calculated as total fund costs divided by the total fund assets. The total fund costs includes annual management charges and other costs. If a fund invests in a collective investment scheme it will also bear its share of the costs of other services, such as the fees paid to the trustee/depositary, custodian, auditors and registrar. This figure is reviewed yearly and the total ongoing charge is the sum of the Annual Management Charge and the additional expenses.

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 a growth asset fund.

CNPP **Cash Fund**

Underlying fund name on Aegon platform:
Aegon BlackRock Cash (BLK)

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.

Risk-return rating:
This fund has been given a very low risk-return rating.

Purpose:
To target capital protection for a tax-free cash lump sum to be paid on retirement.

TER:
0.13%

4. Aegon LifePath options

If you are not comfortable choosing your own investments, you could opt to choose from the Aegon LifePath options.

These do not provide a guaranteed return and do involve investment in higher risk investment types. However, the Aegon LifePath options have been designed to manage some of the risks for you as you approach retirement.

An Aegon LifePath investment option provides a mechanism for matching the asset allocation of your pension assets to your likely investment objectives at different stages of your working life. LifePath changes the way that investments are held based on your Normal Pension Age. The changes will happen automatically depending on the Aegon LifePath or LifePaths which you have chosen.

The Total Expense Ratio is a measure of the total costs associated with managing and operating an investment fund. It is calculated as total fund costs divided by the total fund assets. The total fund costs includes annual management charges and other costs. If a fund invests in a collective investment scheme it will also bear its share of the costs of other services, such as the fees paid to the trustee/depositary, custodian, auditors and registrar. This figure is reviewed yearly and the total ongoing charge is the sum of the Annual Management Charge and the additional expenses.

Early career

During your early career (say, 15+ years from taking your benefits), the Aegon LifePath will be invested in growth assets, such as equities (company shares). Over the long term, these have been shown to provide higher growth than other types of investments, but they are more volatile and can go up and down in value suddenly. To spread the risk, LifePath invests in equities across many different regions and countries and also invests in other types of assets, such as commercial property and commodities.

Mid-career

When you enter your mid-career phase (say, between 15 and 5 years from taking your benefits), the Aegon LifePath will gradually reduce its investments in growth assets and introduce a mix of less volatile assets, such as bonds. This aims to protect your account from the ups and downs associated with growth assets.

Approaching retirement

Then, when you get to within 5 years of your retirement date, the Aegon LifePath will begin to switch into a final investment mix that depends on whether you chose Aegon LifePath Flexi, Aegon LifePath Capital or Aegon LifePath Retirement.

The Aegon LifePath Flexi option is for people who think income drawdown will suit them best. This is the default option for members of the New Joiners DC Structure.

The Aegon LifePath Capital option is for people who think they will want to withdraw their account as a one-off lump sum.

The Aegon LifePath Retirement option is for people who think they will want to buy an annuity at retirement.

Important

If you choose to invest in one or more of the Aegon LifePath options, they will normally be set up using your Normal Pension Age which may be different to when you actually plan to take your benefits. Please note that if you select more than one Aegon LifePath option, they must all target the same retirement date. You can change your target retirement date at any time and if you wish your Aegon LifePath option(s) to target a different retirement date, you will need to advise the DC Plan Administrator. You can do this through TargetPlan.

You can choose between these three options at any time during your career and it's free to switch up until 5 years before your planned retirement date. However, if you switch within the last 5 years, there may be a cost to the transition because the funds after that point are very different and you would have to be switched out of certain investments.

Please note that at retirement, income drawdown or full cash withdrawal are not provided directly through the Plan. To access either of these two options you would need to transfer your account to an external provider at retirement.

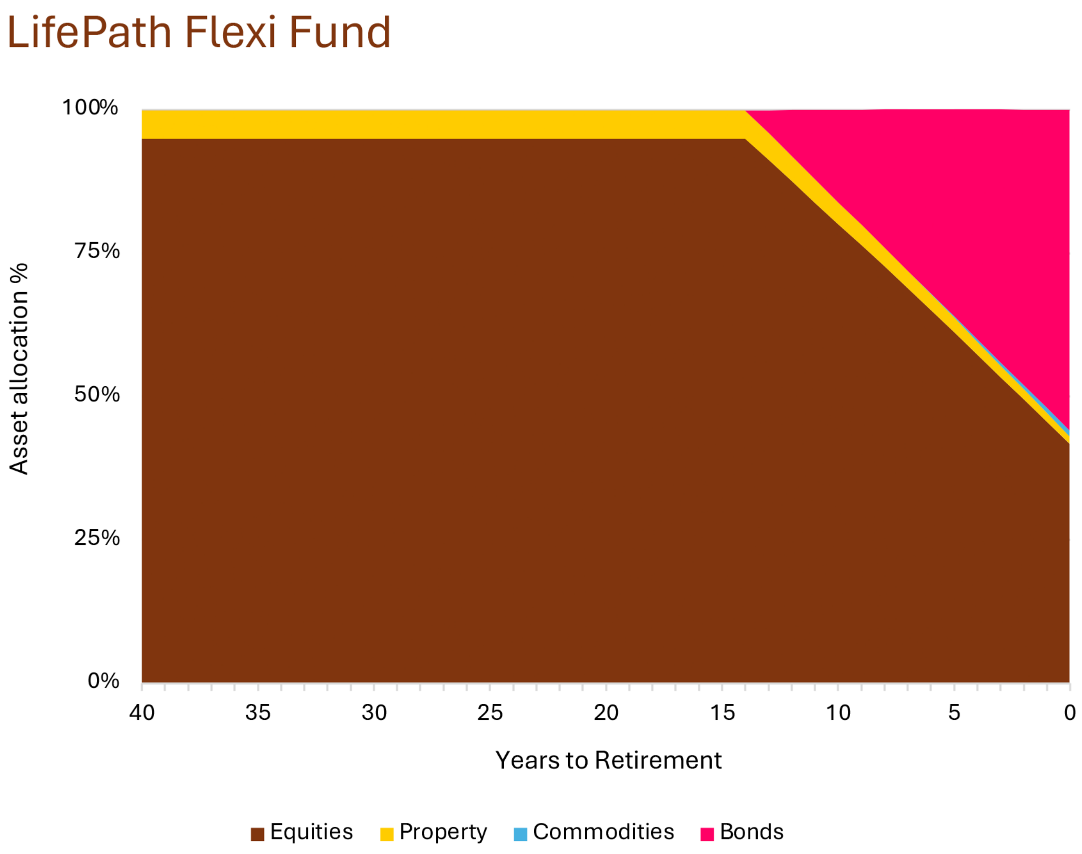
However, the Trustee has negotiated with service providers to help you access these options, and the DC administrator (Aegon) can provide you with details upon request.

Aegon LifePath Flexi option

This is for people who think targeting income drawdown will suit them best. This is the default investment option for members of the New Joiners DC Structure. Income drawdown is not provided directly through the Plan. To access this option you would need to transfer your account to an external provider at retirement.

Aegon LifePath Flexi aims to support income drawdown, by providing you with a suitably diversified portfolio that you can continue to invest in after you take your benefits. Under a drawdown arrangement, your account stays invested in the funds you select, while you draw an income from it.

Aegon LifePath Flexi has an investment split of approximately 40% global equities and 60% fixed income when it reaches your targeted retirement date. The investment splits for each year from 45 years before your targeted retirement date are set out in the graph below, with the switching process beginning 15 years before your targeted retirement date.

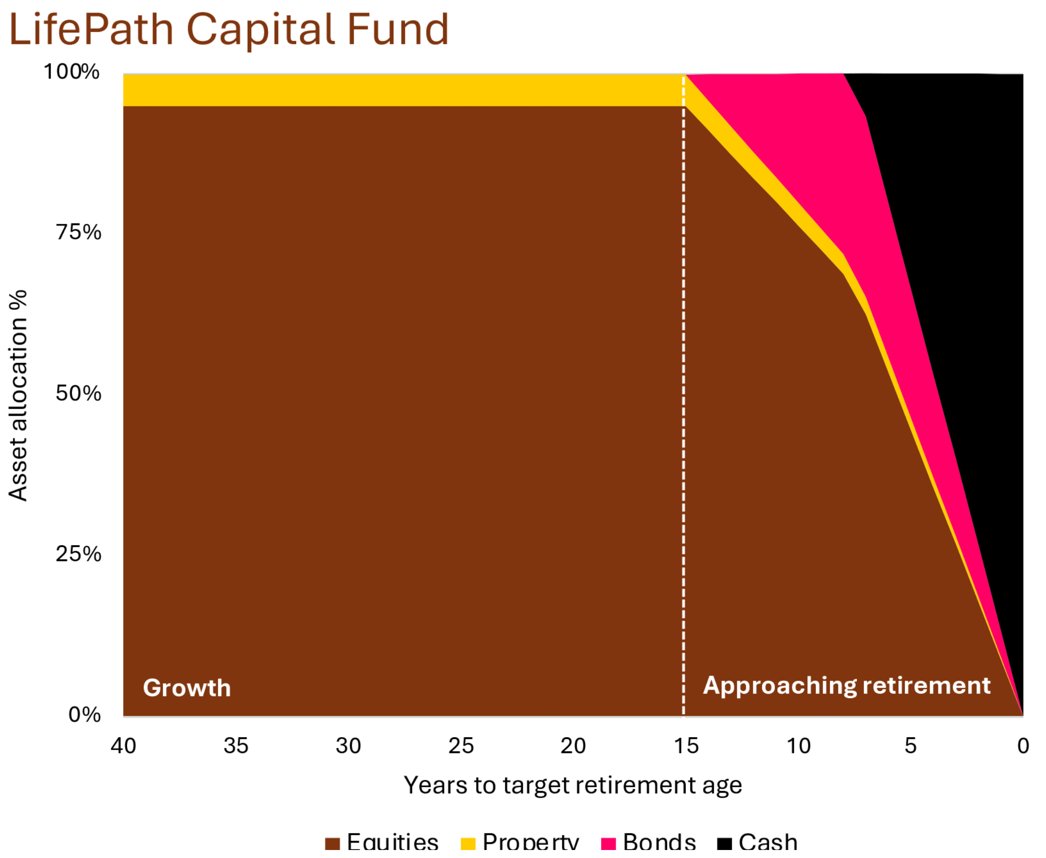


TER:
0.21%

Aegon LifePath Capital option

Aegon LifePath Capital is for people who think they will want to withdraw their account as a one-off cash lump sum at retirement. Full cash withdrawal is not provided directly through the Plan. To access this option you would need to transfer your account to an external provider at retirement.

When you are 5 years from your Normal Pension Age, Aegon LifePath Capital will begin to switch into cash-like investments and will be invested fully in the Aegon BlackRock Cash Fund when the LifePath Capital option reaches your targeted retirement date. The investment splits for each year from 45 years before your targeted retirement date are set out in the graph below, with the switching process beginning 15 years before your targeted retirement date.



TER:
0.21%

Aegon LifePath Retirement option

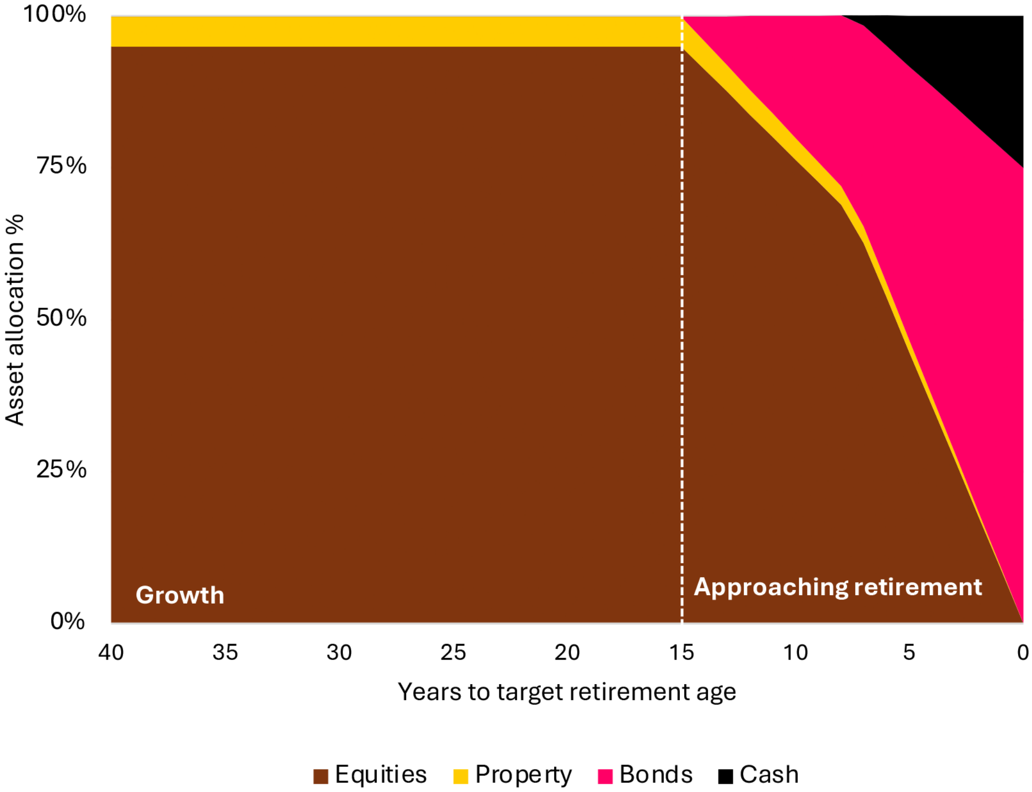
Aegon LifePath Retirement is for people who think they will want to buy an annuity at retirement. An annuity is an insurance policy that gives you an annual income during your retirement. You would normally buy an annuity from an insurance company using the money that has built up in your account, and this annuity would provide you with a pension for the rest of your life.

When you are 5 years from your Normal Pension Age, the Aegon LifePath Retirement option will begin to switch into the Aegon BlackRock Pre-Retirement Fund and cash-like investments.

When you reach your targeted retirement date, 25% will be invested in the Aegon BlackRock Cash Fund (so that you can take your tax-free lump sum). The balance (75%) will be in the BlackRock Pre-Retirement Fund, which aims to track the cost of buying an annuity. This Pre-Retirement Fund invests mainly in UK government bonds (also known as gilts, or fixed-interest bonds), UK corporate bonds and other fixed income assets.

This strategy is designed to better protect the value of your fund relative to both the cost of purchasing a pension and the value of the tax-free cash element as you approach retirement. The investment splits for each year from 45 years before your targeted retirement date are set out in the graph below, with the switching process beginning 15 years before your targeted retirement date.

LifePath Capital Fund



TER:
0.21%

The Trustee would like to remind you of the importance of regularly reviewing your investment choices in line with your retirement plans.

5. Investment performance history

How have the different types of investment performed in the past?

In the long term, growth assets are expected to deliver the highest level of long-term investment return, significantly above that of both bonds and cash. The main type of asset typically held with growth asset portfolios is equities.

Over the past 40 years, equities have, on average, given a better return than bonds and cash by approximately 2% and 3% each year respectively. However, this cannot be guaranteed. There have been years, especially in the recent past, where the returns on equities have been significantly below both bonds and cash and have led to significant falls (upwards of 40%) in the value of equity investments. This highlights the importance of considering how much of an investment return you require and the amount of risk you are prepared to take when making your investment choices.

For a visual representation of this information, please refer to page 8 of this document.

It is also important to consider the amount of time left until your retirement. If you are close to retirement, you will have less time to make up any significant fall in your investments.

It is important to note that past performance is not a guide to future performance.

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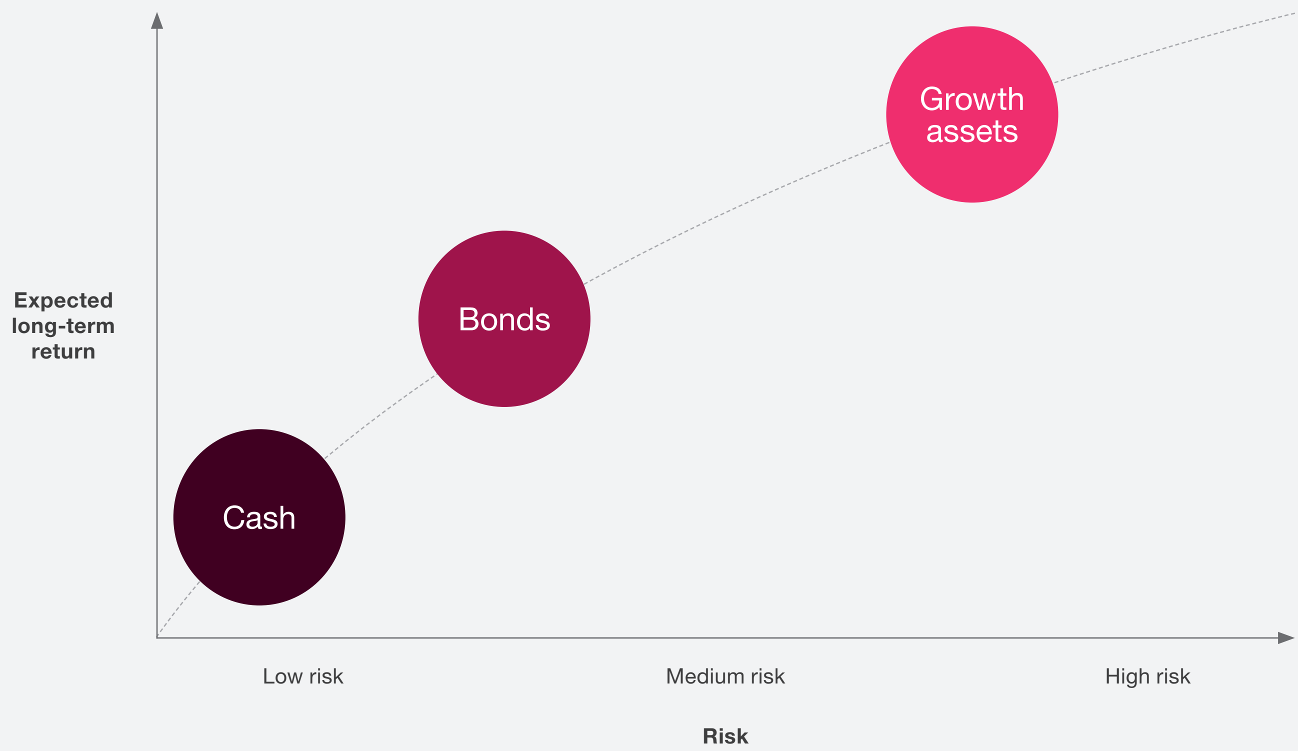
The risk-return of assets

The following chart compares the risk–return characteristics of the main investments available to you within the Plan:



6. Making an investment choice

It is important that you make your investment choice based on your personal circumstances as your DC investments will form your benefit from the CNPP.

However, as an example of the thought processes that might assist you in making the appropriate choices, we include two examples of how imaginary members, Jo and Fred, might go about making their investment choices.

Please note that these are only examples of the thought process that might be required to make an appropriate investment choice. It is not a suggestion that all 25-year-olds or 55-year-olds should invest in the same manner as Jo and Fred, or that the fund choices above are appropriate for any member. It is important that you make your own fund choices based on your own circumstances.

Jo

Currently 25 and planning to work until 65

Jo's attitude to risk

Jo has a long time to retirement and feels she can ride out the shorter term ups and downs of the stock market. Jo is not averse to taking risk but doesn't believe in taking excessive risk. She would like to target a substantial growth in her pension contributions during her working life in order to maximise the potential value of pension she can take.

Jo's investment strategy

Jo has also thought about what sort of income she may want when she reaches retirement. She thinks that at that point she might want to use her investments to drawdown regular sums of money from her investment account to provide an income. So she invests all her contributions in the Aegon LifePath Flexi option believing that in the early years of her investing, this gives an appropriate balance between targeting growth in her investments whilst ensuring a broad spread of investments across the companies of a number of different countries. She knows that when she is 5 years away from retirement the investments will be automatically switched into appropriate investments so that at retirement she can transfer out her investment fund to another provider and can effectively draw an income from it whilst it remains invested.

As Jo nears her selected retirement age, she changes her mind about what she wants to do at retirement. She is now just 5 years from retirement and she decides that she wants to use her investment fund to buy a pension at retirement. Jo moves her funds to the Aegon LifePath Retirement option and because she is more than 5 years from his retirement age, she can do so without any transaction charges.

She knows that her investments will now be switched into a different investment strategy that targets moving her assets progressively into funds which aim to track the cost of her buying a pension at retirement.

Fred

55, planning to work until 60 and he wants to select his funds himself

Fred's attitude to risk

Fred has already built up a substantial final salary pension in a separate set of arrangements that he feels are very secure. Fred is happy that the pension he will receive from that final salary arrangement will therefore be more than adequate to meet his needs in retirement. Fred therefore feels he can take a significant amount of risk with his DC investments in the CNPP in order to target maximising the value of his pension.

Fred's investment strategy

Fred invests 100% of his DC contributions in the CNPP Global Equity Fund, in the remaining five years to his retirement, believing this gives the best chance of maximising the value of his investment.

Making your decision

We would like you to choose how you wish to invest your DC contributions. Once you have made your decision, you need to sign up via TargetPlan.

You can change your investment strategy between the LifePath option and the other funds or change your own fund allocation at any time.

The Trustee will monitor the funds on a regular basis to ensure that they are performing at satisfactory levels and in accordance with the established investment policy. Funds may be added or replaced as necessary.

If you need help activating your TargetPlan account, you can call Aegon on 01733 353 414 or email my.pension@aegon.co.uk

Further information

The Trustee hopes that the information set out in this document has been both informative and helpful. If you would like further information you can contact your local employer representative.

You should also seek independent financial advice if you are unsure about which fund or funds may be suitable for you. The following website may help you search for an authorised/independent adviser in your local area: unbiased.co.uk. To help work out how much you might need in retirement try an online pension modeller. MoneyHelper has one on their website: moneyhelper.org.uk/en/pensions-and-retirement/pensions-basics/pension-calculator. Additional information can also be found at aegon.co.uk/targetplan.

Please remember that your employer, the CNPP Trustee or the DC Plan Administrator (Aegon) cannot provide any regulated financial advice.

It is important to note that the objective of saving for your pension is to provide an appropriate level of income in retirement. An investment in a low-risk fund (such as cash or bonds) may not provide sufficient capital growth to provide you with the level of income required in retirement, especially when taking into account the effect of inflation.

7. Glossary of terms

Aegon
Aegon is the DC Plan Administrator for all members with DC pension benefits. Aegon is the brand name of Scottish Equitable plc, Aegon UK plc and Aegon Investment Solutions Ltd.

Annual Management Charge
The Annual Management Charge (AMC) is a fixed percentage applied to each fund. The AMC represents the percentage deducted from the fund's value over a year. The AMC includes the cost of managing the investments of the fund and the costs of administration and other services such as maintaining a record of your savings and calculating the value each day. Your account value reflects the amount of money in your account after charges have been deducted.

Annuity
A pension that is purchased from an insurance company on retirement.

Assets
Assets are the investments that you hold. An asset can be an equity, property, cash or bond holding (in fact there are other types of assets that are not covered here). An asset class describes a particular type of investment; for example, equities are an asset class.

Asset Allocation
This is how your assets are allocated to different countries (UK and overseas) and between the different assets listed above.

BlackRock
BlackRock is one of the world's largest fund managers and is a subsidiary of BlackRock Inc.

Bond/Fixed Income
See Fixed-Interest Bond, Index-Linked Bond and Corporate Bond.

Capital Protection
This is a means of holding an asset which is considered low risk and aims to maintain its value.

Cash
This is where money is invested in short-term deposits and securities with returns similar to high street banks and building societies.

Commodities
These can be a raw material or primary agricultural product that can be bought and sold, such as copper or coffee. The sale and purchase of commodities is usually carried out through futures contracts on exchanges that standardise the quantity and minimum quality of the commodity being traded.

Corporate Bond

Corporate bonds are debt obligations issued by a corporation, rather than by a government. The type of debt varies greatly in quality and liquidity depending on the financial health of the company issuing the bond.

ESG

Stands for Environment, Social and Governance factors. This set of factors can be used to measure or evaluate investments or companies that are 'socially responsible'.

Equity/equities

An equity is a shareholding in a company. For example, company shares listed on the London Stock Exchange.

Fixed-Interest Bond

A fixed-interest bond is an investment asset issued by the Government in order to raise money. In return the bond holder will receive regular interest payments as well as the repayment of the original face value used to purchase the bond (the capital) at a specified date in the future. Interest payable is received as fixed amounts. A fixed-interest bond issued by the UK Government is also known as a gilt.

FTSE (Financial Times Stock Exchange) All-Share Index

A broad UK stock exchange index (covering around 800 – 900 companies) prepared by the Financial Times together with the Faculty and Institute of Actuaries and the London Stock Exchange.

FTSE All-World (Ex UK) Index

This is a stock exchange index covering a large range of overseas equities (excluding the UK).

Growth Assets

Growth assets increase in value from capital gain (the rise in asset value) and earn income from rent or dividends. Growth assets have a higher risk level than defensive assets but often generate higher gains. They are more suitable for long-term investment as they can be volatile meaning their value can fall or rise dramatically. Growth assets include equities, property, commodities and currency amongst others (see also Multi-Asset Funds).

Index Fund

See Passive.

Index-Linked Bond

An index-linked bond is an investment asset issued by the Government in order to raise money. In return, the bond holder will receive regular interest payments as well as the repayment of the original face value used to purchase the bond (the capital) at a specified date in the future. The interest payments and the amount of capital repaid increase in line with annual inflation.

Inflation

Inflation is the general increase in prices over time. The Consumer Prices Index (CPI) is the benchmark of inflation in the UK and is used in the Government's target for inflation. It represents the changing cost of an average household's purchases of goods and services.

Investment Account

Your DC contributions are invested in an Investment Account for you that is set up in your own name. You can then use the contributions that you have saved to do a combination of things for example, take some of your Investment Account as cash, buy an annuity (pension), transfer your Investment Account to an external provider and continue to invest it or use it to fund a flexi-access drawdown arrangement.

Long-Term Capital Growth

This is where the fund aims to grow the sum of money invested as much as possible whilst accepting the risk of the ups and downs in the investment markets. This may mean you might not get back what you invested.

Multi-Asset

These are funds which invest in a wide array of asset classes (such as equities, property, commodities, currency) in order to generate capital growth over the medium to long term. The objective of this type of fund is usually to try and achieve returns similar to equity funds over the long term, but with lower risk (see also Growth Assets).

Passive

A passive fund aims to reproduce the performance of a relevant index. For example, if a passive fund is designed to provide the same performance as the FTSE 100, then this fund will hold the stocks of the 100 companies included in this index in the same proportions as the index, and therefore aim to achieve the same performance as the index.

Portfolio

Your portfolio is the collection of investments that you hold. In this case, your portfolio will be your investment funds within the CNPP.

Risk–Return Rating

A risk–return rating is an assessment of the risk–return characteristics of a fund as determined by the investment fund provider. It provides an assessment of the level of expected (but not guaranteed) return over the long term, along with an assessment of the chance that the value of your investment might fall (even below the levels at which it was purchased). A fund with a high risk–return rating might be expected to give a higher level of return over the long term but with a greater risk of substantial falls in value. The risk rating for each fund is based on its risk relative to other funds in Aegon's full TargetPlan fund range. It is not its risk compared against industry benchmarks. Aegon regularly review the risk ratings, so they can change.

Remember that the higher the risk rating, the greater the potential for good long-term growth. However, the higher risk funds are also likely to display greater volatility over the shorter term.

Total Expense Ratio

The Total Expense Ratio "TER" is a measure of the total costs associated with managing and operating an investment fund. It is calculated as total fund costs divided by the total fund assets. The total fund costs include annual management charges and other costs.

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