

Pensions Update

For members of the Cavendish Nuclear Section of the Magnox Group of the Electricity Supply Pension Scheme



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CHAIR'S MESSAGE



Welcome to the Autumn 2022 edition of Pensions Update.

Last year has been a busy period for the Group Trustees. We have been preparing for our future compliance with the requirements of the Task Force on Climate-related Financial Disclosures and evaluating and developing our governance and management arrangements in advance of the publication of The Pensions Regulator's future Combined Code.

In addition, work is underway on the formal 2022 triennial actuarial review. We are expecting the results of this formal valuation towards the end of the year and will issue a further update once they are available.

We also launched PenNet, Railpen's new online services. It allows members to securely view and update their pension records. This is a significant first step for the Group Trustees, and we are looking forward to developing its online functionality over time.

Pension scams are unfortunately still happening and can have devastating consequences for their victims. We've added more information on this topic on page 8, please do take some time to read it.

Lastly, there was a change to the Trustee Board towards the end of 2021 when Chris Wells left the board. We have since been joined by Lisa Thomas, who is a current employee based at Wylfa. The Group Trustees are grateful for Chris's contribution and are looking forward to working with Lisa over the years.

Susan Jee

Chairman

KEEP YOUR DETAILS UP TO DATE

Your pension is very important so it's essential to keep your contact details up to date.

By keeping your details up to date you can help make sure we can pay your benefits promptly and accurately so the Scheme is administered efficiently. You can now update your details anytime you like online by registering and logging in to your myESPS account. You'll see step-by-step instructions on how to do this at **my-magnox-pension.com/your-membership/your-account**.

TRUSTEE BOARD UPDATE



Lisa Thomas joined the Board and the Governance and Audit Committee on 1 December 2021, following Chris Wells' departure.

Please visit **my-magnox-pension.com/support/meet-the-trustees** to see the full Trustee Board.



ANNUAL REPORT AND ACCOUNTS 2022

The Annual Report and Accounts of the Magnox Group of the Electricity Supply Pension Scheme, which provides details of the income and expenditure of the Scheme over the year to 31 March 2022, is due to be completed in September 2022.

Summary of the draft accounts for the year ending 31 March 2022

Value of net assets at the start of the year	£83M	
Plus total contributions/incoming payments during the year	£1.6M	
Less total benefits paid out during the year		(£1.8M)
Total	£82.8M	
Plus net return on investments	£3.8M	
Closing value of assets at 31st March 2021	£86.6M	

The above values include AVCs (Additional Voluntary Contributions) paid by members.

Investments update

The Russian invasion of Ukraine created significant market volatility over Q1 2022 and the fallout continues to have a wider impact on the global economy, most notably causing further delays to supply chains and increasing the price of energy. This in turn has seen inflation rise and caused the Bank of England to raise interest rates to try and keep the level of inflation under control. While the Section had no direct exposure to Russian or Ukrainian assets and therefore was not directly affected by the conflict, high inflation, rising interest rates and higher uncertainty in financial markets have had a material impact on both the Section's assets and liabilities.

The investment strategy of the Cavendish Nuclear Section continues to have two key building blocks: liability driven investment ('LDI') assets and growth assets.

- LDI assets are designed to mirror the change in present value of the future pension payments (i.e. the Section's liabilities) and help protect the funding level.
- Growth assets are invested mainly in equities and credit assets (where the investment serves as a type of loan which is effectively repaid with interest or compensation) or a combination of the two (we call these multi-asset investments).

The Section is invested in LDI assets for risk management purposes. Growth assets are mainly invested in to improve the Section's funding position and make your pension more secure over the long-term.

This approach continues to perform in line with expectations, with the Section's assets returning 4.2% over the one-year period to 31 March 2022 and the funding position being broadly preserved over the same period.

We reported in last year's newsletter that we had committed £8.7m of the Section's assets to a new fund managed by PIMCO, which invests in slightly different credit assets to the other funds held by the Section. We are pleased to report that the commitment has now been fully invested.

We continue to monitor the investment strategy closely and look for ways to better assess and manage risks within the portfolio. Recently we have been evaluating the Environmental, Social and Governance ('ESG') risks within the portfolio and interviewing the Section's investment managers to ensure that they remain responsible stewards of the Section's assets. We have also been working towards meeting the Task Force on Climate-related Financial Disclosures (TCFD) recommendations with respect to managing the Group's climate-related risks. We expect to be able to formally report on how we manage climate-related risks and disclose carbon emissions data in 2023.

The asset allocation as at 31 March 2022 is shown below.

Further information on the Section's investment strategy and engagement with managers can be found on the [my-magnox-pension.com](https://www.my-magnox-pension.com) website.

CN Section - asset population at 31 March 2022





Look after your loved ones

Have you made an Expression of Wish recently?

This is where you tell the Trustee where you'd like a tax-free lump sum to be paid if you die before you've taken your benefits, or if you die within the first five years of retiring.

It's important to complete and update your Expression of Wish to enable the Trustee to take your wishes into account when exercising its discretion. It also means any benefits payable do not form part of your estate and therefore are not liable to inheritance tax.

The good news is that you can now quickly and easily make or update your Nominations online. Simply sign in to your myESPS account at magnox.myesps.co.uk and go to My Nominations to get started.

Alternatively, you can print, complete and return a paper form. You can find this at my-magnox-pension.com/pension-benefits/nominations or by telephoning or emailing the Scheme's Administrator, Railpen (see the contact details on the back page).

Register for your online account



Visit magnox.myesps.co.uk/register to register for your online account today!

When you log into your myESPS account, you'll have access to tools and information to help you take control of your future. It's quick and easy.

You'll need your unique activation code to register. You'll find this on the message enclosed with this newsletter. You'll also need your date of birth, National Insurance number and an email address – preferably a personal email address so you can continue using it once you stop working.

Here's what you can do when you register and log in:



View your personal record

Keep track of your pension benefits so you can plan for the future.



Access important documents

If you're a member of the main ESPS sections, you can find a copy of your most recent benefit statement, or payslips and P60 forms (if applicable).



Complete an Expression of Wish

Tell us who you'd like to receive a lump sum from your pension if you die before claiming it (or if you die within the first five years of retiring), so the Trustees can take your wishes into account.



Update your contact information

Regularly review your details to ensure you continue to receive important information about your pension.

Go to magnox.myesps.co.uk to log in and start preparing for a better future! You can find helpfiles and a video explaining how to use your online account at my-magnox-pension.com/your-membership/your-account.

THE NORMAL MINIMUM PENSION AGE IS CHANGING

The normal minimum pension age (NMPA) is the earliest age that you can usually access your pension and is set by the government. This is currently age 55, though this is rising to age 57 from 6 April 2028.

This change will not affect your ability to take your pension earlier than these ages due to ill health, or if you qualified for an earlier Protected Pension Age.

What is a Protected Pension Age (PPA) and does it apply to me?

PPAs essentially protect rights for individuals who had the right to take their benefits prior to NMPA before it increased. Which PPA may apply to you depends on the Magnox Group's rules, your own circumstances, when you joined the scheme, whether you are a 'Protected Person' under the Electricity and Energy Acts and under which type of early retirement you may access your pension.

The table below sets out the details of the Magnox Group's current NMPA and PPA, how it will change from 6 April 2028 and whether any PPAs apply:

Type of early retirement	Affected members	Current position	From 6 April 2028
Voluntary early retirement	All actives and deferreds	From NMPA age 55	From NMPA age 57
Reorganisation or redundancy	Active members who: <ul style="list-style-type: none"> joined on or before 30 January 2003, OR; are 'Protected Members' who joined pre-6 April 2006 	PPA of 50 Note: if a member does not retire immediately upon leaving then they would forfeit their PPA of 50 and the earliest they could subsequently access their pension would be age 55.	PPA of 50 Note: if a member does not retire immediately upon leaving then they would forfeit their PPA of 50 and the earliest they could subsequently access their pension would be age 57.
	Active members who: <ul style="list-style-type: none"> are not 'Protected Members', AND; joined the Magnox Group after 30 January 2003 Deferred members who: <ul style="list-style-type: none"> joined on or before 30 January 2003, OR; are 'Protected Members' who joined pre-6 April 2006, AND; were below age 50 at the time of leaving under Reorganisation/Redundancy 	PPA of 50 Note: provided the member did not waive this right on redundancy.	PPA of 50 Note: provided the member did not waive this right on redundancy.
	Deferred members who: <ul style="list-style-type: none"> are not 'Protected Members', AND; joined the Magnox Group after 30 January 2003 	From age 55	PPA of 55

FIGURING OUT YOUR FUTURE

What does retirement look like for you? And how will you get there?

These simple steps might help you figure it out.

1. Work out your costs

Use the Lifestyle Calculator in the Retirement Planning section of your website at my-magnox-pension.com/lifestyle-calculator. This will help you work out what your chosen lifestyle might cost.

The calculator allows you to estimate a wide range of expenses, and you can adjust each to a level that feels right for you. This includes:

- Transport
- Holidays and leisure
- Household costs
- Food and drink
- Helping others
- Clothing and personal and;
- Anything else you expect to pay for, including care costs or charity donations

It also takes into account the 'Retirement Living Standards' which set a benchmark for affording certain lifestyles. You can learn more about Retirement Living Standards at retirementlivingstandards.org.uk.

The calculator will give you a personal target to aim for with your income.

2. Work out your income

Think about the money you expect to have coming in when you stop work.

You can find out how much your Magnox Group pension could be worth by logging in to your myESPS account at magnox.myesps.co.uk. There you can ask for an estimate of your benefits to show how much you might have saved at your normal pension age.

Once you find out what your pension could be worth, add this to any other expected sources of income. This could include some or all of the following, depending on your specific circumstances:

- Your State Pension – the amount of State Pension you receive is set by the Government. You can request an estimate online at gov.uk/check-state-pension.
- Other pensions – you may have a private pension or pensions linked to previous employment. You'll need to speak to each of the providers individually for estimates on those accounts. If you've lost their contact details,

the Pensions Tracing Service may be able to help. It's a free, Government-backed, service available online (gov.uk/find-pension-contact-details) and over the phone (**0800 731 0193**). Other companies offer a similar service but many charge a fee.

- Savings and investments – any non-pension savings you may have which you intend to use to fund your retirement.

Combined, these figures should give you an idea of how much money you might get when you stop work. You can then compare this to your target income from step 1.

3. Compare your costs with your income and take action if needed

If you're worried that your income in retirement won't cover your costs, there are a number of things you can do:

- Consider topping up your pension pot if you're still an active member of the Scheme – think about paying more into your pension if you can. This is known as making Additional Voluntary Contributions (AVCs). It's tax-free up to certain limits. You can find out more at my-magnox-pension.com/retirement-planning/avcs. Remember to check your position against the Annual and Lifetime Allowances to make sure you are comfortable with your choices at moneyhelper.org.uk/en/pensions-and-retirement/tax-and-pensions
- Get guidance and advice – visit the MoneyHelper website at moneyhelper.org.uk for guidance on your retirement options or consider speaking to an Independent Financial Adviser advice tailored to your individual circumstances.
- Think about changing your retirement age – you can retire later than your Normal Retirement Age. If you are still an active member of the Scheme, this will give you more time to pay money into your pension and increase it. It's not a decision to be taken lightly and we suggest you speak with a Financial Adviser first.
- Clear your debts – if possible, try to pay off any debts you owe before you retire.

Visit the website at my-magnox-pension.com/lifestyle-calculator to get started.

PROTECT YOURSELF FROM SCAMS

Don't fall for a pension scam. Knowing the warning signs will help you protect your savings.

According to Action Fraud, thousands of victims each year are losing their pensions through crime. Scammers are often charming, persuasive and financially knowledgeable, so no matter how savvy you are about money, you must be on your guard.

If you're lured into an illegal pension transfer, you may never see your pension again and you could face a large tax bill too.

How to protect yourself

1. Always reject unexpected calls, emails, texts or social media approaches about pensions
2. Be very wary if you're offered a free pension review
3. Never allow yourself to be rushed into a decision
4. If a pension or investment offer sounds too good to be true, it probably is
5. Do your own research on anyone offering you financial advice. Check the Financial Conduct Authority (FCA) register at [fca.org.uk](https://www.fca.org.uk) or call **0800 111 6768** to make sure that they are FCA-authorised.



Do you suspect a pension scam? For more information, visit [fca.org.uk/scamsmart](https://www.fca.org.uk/scamsmart), or call The Money and Pensions Service (MaPS) on **0800 138 7777** for free pensions guidance and information.

You can find more information on scams online at [my-magnox-pension.com/support/pension-scams](https://www.my-magnox-pension.com/support/pension-scams)

Specifically for members thinking about transferring their pension, Help & Advice ([helpandadvice.co.uk/about-us](https://www.helpandadvice.co.uk/about-us)) has launched an assessment tool, at [helpandadvice.co.uk/pension-scam-predictor-tool](https://www.helpandadvice.co.uk/pension-scam-predictor-tool), to help protect members against pension scams.

The tool asks around 20 questions about your pension transfer and gives a score as to the likelihood of the transfer being a scam. This is a useful tool but it provides a guide only.

CONTACT INFORMATION

If you would like details of, or have any queries concerning, your benefits, options, or pensions in payment, please contact Railpen, who deal with administration of the Group. The contact details can be found at the bottom of this page.

The Trustees can be contacted through the Scheme Secretary, Kelly Capdeville, the Oldbury Technical Centre, Thornbury, South Gloucestershire, BS35 1RQ or at group.pensions@magnoxsites.com.

Let us know if you would like a larger print version of this document by emailing group.pensions@magnoxsites.com

RAILPEN

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