Magnox
Electric Group
Trustees

December 2024

Member booklet

Career Average Revalued Earnings (CARE) and Final Salary benefits

A guide to your options and benefits as a member of the SLC Section of the Magnox Electric Group of the Electricity Supply Pension Scheme

Contents

Introduction

Nuclear Restoration Services Limited (the "**Company**") is one of a number of companies that participates in an industry-wide pension scheme known as the Electricity Supply Pension Scheme (the "**ESPS**"). The ESPS was established under trust on 20 January 1983.

In 2007 the Magnox Electric Group of the ESPS (the "**Scheme**") was divided into four sections and closed to new members. The four sections are:

i) The SLC Section;
ii) The Atkins Section (formerly the Reactor Sites PBO Section);
iii) The Cavendish Nuclear Section (formerly the Project Services Section); and
iv) The National Nuclear Laboratories Section (formerly the Nexia Solutions Section).

The section that you belong to will depend on the identity of your employer.

Who this booklet applies to

The information contained in this booklet (the "**Guide**") applies only to members who are active members of the SLC Section on or after 1 April 2024. If you are a member of one of the other sections of the Scheme, or if you are a member of the SLC Section who stopped being an active member before 1 April 2024, this booklet does not apply to you.

A small proportion of SLC Section members will not accrue benefits on a career-average basis from April 2024 and so will remain subject to the terms applicable to other members of the Scheme. Please see the Appendix for further detail as to whether you are affected by this.

You've received this Guide because you are a member of the SLC Section of the Scheme. This Guide is intended to be an easy-to-read and non-technical guide to the main features of the Scheme as they apply to members.

However, this Guide is not intended to cover all eventualities. The information contained in this Guide is based both on current law and regulatory guidance, which may be subject to change in the future, and on the ESPS' and the Scheme's current trust deed and rules and other governing documentation, as amended from time to time (the "**Clauses and Rules**"). Changes to current law, regulatory guidance or the Scheme's current Clauses and Rules may have implications for the wording in this Guide and the benefits payable under the Scheme. In the event of any inconsistency between this Guide and the Scheme's governing documentation, the ESPS' and the Scheme's Clauses and Rules override this Guide.

Magnox Electric Group Pension Trustee Company Limited is the trustee of the Scheme (the "**Trustee**") and is responsible for organising its administration. This includes investing the assets of the Scheme, which are separate from the assets of the Company. The actual investment is carried out by independent investment managers appointed by the Trustee.

The Scheme was contracted-out of the State Second Pension, also known as S2P (formerly "SERPS" or the State Earnings Related Pension Scheme) up to 6 April 2016. As a result, the Scheme is required to provide a level of benefits that meet a minimum threshold.

The comprehensive details of the Scheme are contained in the Clauses and Rules of the Scheme. If you wish to obtain a copy of the Clauses and Rules, or if you need any further help or advice about this Guide, the Scheme or your entitlement to pension benefits, please contact NRS Pensions Department (see useful contacts).

December 2024

Summary of the main Scheme benefits

As a member of the Scheme the main benefits that you are generally entitled to include:

- An annual pension based on your salary and service, payable for life and subject to annual increases;
- A tax-free lump sum normally equivalent to 3 times your annual pension that accrued before 1 April 2024 (and an option to exchange some of your pre- and post-April 2024 Pension for additional tax-free cash);
- A spouse's/civil partner's pension (or at the Trustee's discretion, a dependent partner's pension), payable from your death;
- Children's allowances payable to any dependent children from your death;
- A lump sum payment if you die in service;
- An ill-health retirement pension if you are forced to retire early because of ill- health;
- The option to provide extra pension for dependants; and
- The option to pay additional voluntary contributions to improve your 'at retirement' benefits.

However, whether you are entitled to the benefits listed above will depend on a number of factors, including, but not limited to, the date you joined the Scheme.

Career average revalued earnings (CARE) and final salary

The SLC Section of the Scheme has two different structures for building up benefits: career average revalued earnings (CARE) and final salary. A final salary pension is a defined benefit pension that pays a guaranteed level of benefit each year. The amount you receive is based on your final pensionable salary and the number of years of Contributing Service in the Scheme. You stopped building up additional final salary benefits on 31 March 2024, though these benefits already built up will be retained within the Scheme. From 1 April 2024 all active members will be building up CARE pension.

CARE is also a form of defined benefit pension, which means you get a guaranteed level of benefit at retirement payable according to a fixed formula. Pension benefits for all active members are calculated using the same method and revaluation rate.

In a CARE scheme your pension is based on your pensionable salary throughout your career. The pension you earn each year is based on actual pensionable salary in that scheme year and is increased by a method, known as revaluation, each year up to the year before retirement or leaving. A 'scheme year' runs from 1 April of one year to 31 March of the following year. The final pension payable is calculated by adding together the revalued pensions earned in each year of membership. This is explained in further detail below.

Eligibility for membership

The Scheme closed to new entrants with effect from the end of 31 August 2007. However, you may have been eligible to join the Scheme if your employment started on or after 1 September 2007 and you were recruited prior to this date.

Transfer of pension rights

If, before you joined the Scheme, you built up pension benefits under a previous employer's pension scheme, a personal pension plan or a stakeholder policy, you might be able to transfer those pension rights into the Scheme subject to the Company's consent.

If you were previously a member of the ESPS whilst in the employment of another electricity company, special transfer arrangements may apply. NRS Pensions Department will be able to advise you further about this.

Re-joining the Scheme

If you leave the Scheme at any time whilst remaining in the employment of your current employer, you will not be able to re-join the Scheme, unless you are an employee with protected rights who has not previously opted out of the Scheme. The Scheme administrators, Railpen (the "**Administrator**") (see useful contacts) will be able to advise you further about this.

Scheme Costs

Your contributions

The amount you are required to contribute to the Scheme depends on how much you earn. This is set out in the table below. Your contributions will increase by around 1% each year for the next three years, but the exact amount varies depending on the salary band, as shown in the table. Your contribution will be a percentage of your salary, excluding overtime and certain other payments and your contributions qualify for tax relief, which is given automatically through the PAYE payroll system. This means, for example, that for a basic rate tax payer, each £100 you contribute costs you £80 (2024/5 tax rates). Tax relief also applies to any additional voluntary contributions ("**AVCs**") you may choose to make up, see page 9 for more information on tax relief. Total contributions, including both the 'normal' rate in the table below and AVCs, are capped at 100% of your salary. AVCs are covered in more detail on page 29.

Contribution rates for CARE members

Salary	If your previous contribution rate was 0%, Your new contribution rate:	If your previous contribution rate was 5%, Your new contribution rate:	If your previous contribution rate was 6%, Your new contribution rate:
For the year 1 April 2025 – 31 March 2026			
£14,181 or less	6%	5%	6%
£14,182 - £55,436	6.66%	6.33%	6.66%
£55,437 - £193,379	8%	7%	8%
More than £193,379	8%	7%	8%
For the year 1 April 2026 – 31 March 2027			
£14,181 or less	6%	5%	6%
£14,182 - £55,436	7%	7%	7%
£55,437 - £193,379	9%	8%	9%
More than £193,379	9%	8%	9%

Salary	If your previous contribution rate was 0%, Your new contribution rate:	If your previous contribution rate was 5%, Your new contribution rate:	If your previous contribution rate was 6%, Your new contribution rate:
With effect from 1 April 2027			
£14,181 or less	6%	5%	6%
£14,182 - £55,436	7%	7%	7%
£55,437 - £193,379	9%	9%	9%
More than £193,379	11%	11%	11%

The salary bands will be increased each 1 of April by the annual increase in the previous September's Consumer Prices Index (rounded to the nearest pound).

SMART PENSIONS

If you are a member of the SLC Section of the Scheme, you might be part of your employer's SMART PENSIONS arrangement, although this is not guaranteed. SMART is an arrangement in place to help you reduce the amount of National Insurance contributions you pay whilst building up your Scheme benefits. However, your employer may remove SMART in the future if this is no longer the case in practice. Under SMART, you don't make any pension contributions yourself. Instead, your employer will reduce your salary by the amount of contributions you would have paid and will pay these contributions on your behalf instead.

If you are part of your employer's SMART PENSIONS arrangement, your pension and other benefits will be based on the full salary you would be entitled to if it had not been reduced through salary sacrifice as part of SMART.

Q: Will I still be required to contribute if I work beyond Normal Pension Age?

If you joined the industry before 1 April 1988, you have a Normal Pension Age of 60 and you may continue to work beyond this age and continue to build up benefits, although you will have to continue to make contributions based on the contribution rate applicable to members whose previous contribution rate was 0% (see the column second from the left-hand side above).

In almost all other circumstances Normal Pension Age is 63 (see page 10 of this Guide) and if you remain in service after Normal Pension Age and continue to build up benefits you will continue to contribute as normal.

Contributions if your pay has reduced

If your pay has reduced because you have changed your work pattern permanently (excluding working part-time) or because the Company has downgraded you other than for disciplinary reasons, you may be able to retain your former salary for the purposes of calculating your final pensionable salary. You have **three months from the date of reduction to contact the Administrator and exercise this option**, and if you do so you will be required to continue to contribute at the same rate as you were doing on your former salary.

If you decide to exercise this option, your former salary will be frozen at its existing level and will not be increased in line with pay awards or incremental progression. Your contributions will continue to be based on your former salary until your new salary, increased in line with pay awards and incremental progression, overtakes your former salary. Whether it is beneficial for you to continue to pay contributions on your former higher salary depends broadly on how many years you are from retirement or leaving service and the level of pay awards. The Administrator will be able to advise you further on this option.

If you are a part-time employee, the above choice only applies where your hourly rate of pay has reduced.

Your employer's contribution

Your employer normally contributes twice the level of your contributions, plus any balance necessary to meet the benefits promised by the Scheme.

Investment

Your contributions to the Scheme, alongside those made on your behalf by your employer, are invested in funds from which Scheme benefits are paid. The funds are invested in a wide range of market sectors to provide income and capital growth to meet the Scheme's present and future commitments to pay benefits. For more information, please refer to your Section's Statement of Investment Principles which can be found here; https://my-magnox-pension.com/library/scheme-documents.

HMRC registration and tax relief

The Scheme is registered with HMRC and therefore qualifies for valuable tax concessions on contributions and investments. Pension arrangements registered with HMRC are generally able to pay any level of benefits and accept any level of contributions (as provided for under the Scheme's Clauses and Rules).

However, where the value exceeds HMRC's Allowances, you may be liable to pay additional tax. Further details on these Allowances can be obtained on the Government's website using the address below:

https://www.gov.uk/tax-on-your-private-pension

Key Terms

Normal Pension Age

If you joined the industry:

i) On or after 1 April 1988 your Normal Pension Age is 63.
ii) Before 1 April 1988 your Normal Pension Age is 60.

However, if you are a man who joined the industry before 1 April 1988 and you choose to retire at or after age 60 but before age 63, the benefits which you earned before 17 May 1990 will be subject to an actuarial reduction. This is because of the *Barber* Judgment which is explained later in this section.

Pensionable Salary

Your Pension relating to Contributing Service before 1 April 2024 will be calculated using your Pensionable Salary. In most cases, your Pensionable Salary will be based on your salary (i.e. the salary you earned, or would have earned but for sickness or injury, excluding any overtime and certain other irregular payments) over the last twelve months before retirement, death or leaving the Scheme, and will be the higher of:

(a) your highest salary in any of the last five years; and
(b) the average of the highest three consecutive years in the last ten,

increased in either case by the percentage increase in the Retail Prices Index up to the date you retired, died or left the Scheme.

Your salary generally includes your actual salary plus any pensionable allowances you may receive.

If for any reason your salary has reduced, your Pensionable Salary may still be based on a higher amount. If your salary was reduced as a result of a change in work pattern payment on or after 1 April 1998, you will receive a service reserve to reflect the proportion that your salary has reduced and the period that you have worked on that pattern. This measure provides additional security if your duties change.

Contributing Service

Your Contributing Service is all the years you have been in pensionable service plus any back-service credit for pension rights transferred to the Scheme and any added years that you may have previously purchased with extra contributions.

Your pensionable service is the number of years' service during which you have contributed to the Scheme (taking into account any adjustment required for part-time employment), or during which your employer contributed on your behalf, plus any years of service after Normal Pensionable Age during which you were not required to make contributions.

If you have more than 5 years' service your Contributing Service will be rounded up to the next highest number of complete years. Where your Contributing Service is rounded up, you are required to pay contributions on the balance of service required to round your pensionable service up to the next complete year. The balance of contributions will be deducted either from your Pension or Lump Sum (see page 13 of this Guide for the definitions of these terms). The extra benefit derived from rounding up your Contributing Service is always more valuable than the deduction which is made.

Barber Judgment

Following the *Barber* Judgment on 17 May 1990, the Scheme lowered the retirement age from 63 to 60 for male members who joined the industry before 1 April 1988 to bring it into line with the retirement age for pre-1 April 1988 female members.

However, the Scheme was only required to equalise benefits in relation to service earned after the date of the *Barber* Judgment. This means that, although pre-1 April 1988 male members can now retire and draw their benefits at aged 60, the benefits which they earned before 17 May 1990 will be subject to an actuarial reduction (discounting) to take into account the fact that they are being paid 3 years early.

Any benefits earned since 17 May 1990 will be paid to all members in full on retirement at age 60. For pre-17 May 1990 benefits, the actuarial reduction diminishes progressively between ages 60 and 63, disappearing altogether at age 63.

Discounting applies only to the member's Pension and Lump Sum. There is no reduction to the spouse's or dependants' benefits, which are calculated based on the member's pension before any reduction is applied.

Pre-1 April 1988 male members previously had the option of purchasing added years (subject to Trustee and Company consent) to offset the effect of discounting if they intend to retire before age 63.

Pre-1 April 1988 female members have always had a normal retirement age of 60 and are therefore not affected by the discounting provisions that apply to pre-1 April 1988 male members.

Below is an example of how discounting works in practice for pre-1 April 1988 males for each year of retirement between 60 and 63. For the discount factors currently in use, please refer to the separate Factor factsheet.

An example of how early retirement works

The reduction factors currently in use can be found on the separate Factor factsheet.

Mr. Smith joined the Scheme on 17 May 1986 and opted to retire when he reached his 60th birthday on 16 May 2018. His Pensionable Salary was £25,000 a year. His benefits were therefore calculated as follows:

Service dates	Actual Service	Discounting Factor	Contributing Service
Pre-17 May 1990 Service *17 May 1986 to 16 May 1990*	4 years	x 0.87	**3.48 years** **(3 years 175 days)**
Post-17 May 1990 Service 17 May 1990 to 16 May 2018	28 years		**28 years**
Total Contributing Service			**31.48 years** **(31 years 175 days)**

Scheme Benefits

Pension:	(31.48 ÷ 80) x £25,000 = **£9,837.50 a year**
Lump sum:	3 x £9837.50 = **£29,512.50**
Spouse's or Civil Partners Pension: (54.33% of Pension before discounting)	54.33% x (32 ÷ 80) x £25,000 = **£5,433.00 a year**

Pension increases

Once in payment, your Pension is increased annually. The Final Salary element and the CARE element of your Pension are increased using different indices:

- Your Final Salary Pension (in respect of your Contributing Service before 1 April 2024) is increased each year based on the change in the Retail Price Index ("**RPI**") in the year to the previous September. If the increase in RPI is more than 5%, the Company may limit the increase to an amount less than the change in RPI. In such circumstances, the minimum increase will be 5%; and

- Your CARE Pension (in respect of your Contributing Service on and after 1 April 2024) is increased by the Consumer Prices Index ("**CPI**") in the year to the previous September. If the increase in CPI is more than 5%, you will still receive the full increase.

The combined increase is applied to your Pension each April.

Your benefits at Normal Pension Age

When you retire, you will be entitled to an annual pension (referred to throughout this Guide as your "**Pension**") and a tax-free pension commencement lump sum. These benefits are calculated as a proportion of your Pensionable Salary (for benefits earned before 1 April 2024) and salary (for benefits earned after 31 March 2024). If you retire at your Normal Pension Age, your Pension and lump sum will be calculated as follows:

SLC Section benefits

Your Pension is made up of two elements: (i) your pension related to your Contributing Service before 1 April 2024 (your "**Final Salary Pension**"); and (ii) your pension related to your contributing service on and after 1 April 2024 (your "**CARE Pension**").

Your Pension is made up of:	**Final Salary Pension**	**+**	**CARE Pension**

Before 1 April 2024: Final Salary Pension

1/80th of your Pensionable Salary x number of years of Contributing Service up to 1 April 2024

Your Pensionable Salary is based on your pensionable salary at the point you leave Contributing Service (taking into account any salary increases you received after 1 April 2024). For example, if you have 30 years Contributing Service before 1 April 2024 and a Pensionable Salary when you leave Contributing Service of £20,000, you will receive an annual pension for your pre-1 April 2024 service of £7,500. This is calculated as follows:

Example Pension:	(£20,000 ÷ 80) x 30 years = **£7,500 a year**

If you were a member of the Scheme prior to 31 March 2003, the benefits you receive may be slightly higher. If this is the case then the adjustments will be explained to you when you retire. If you think that this may be applicable to you and you would like further details please contact the Administrator.

If you work part-time, your Final Salary Pension will be calculated on your equivalent full-time Pensionable Salary with the number of years of service reduced in proportion to the hours you work. An example of how a part-time employee's benefits are calculated is set out below.

Part-time Employee: Calculation of Benefits

Mr. Smith worked 20 hours a week and receives a salary of £10,000 p.a. He has worked 20 hours a week for the last 20 years up to March 2024 and 25 hours a week for 10 years before that. His benefits would be calculated as follows:

Actual pensionable pay:	£10,000 a year				
Full-time equivalent pay:	£10,000	x	(37 hrs ÷ 20)	=	£18,500 a year.

Full-time equivalent Contributing Service:

20 years of 20 hours per week:	20 years	x	(20 ÷ 37)	=	**10.8108 years**
10 years of 25 hours per week:	10 years	x	(25 ÷ 37)	=	**6.7567 years**
Total Contributing Service					**17.5675 years**

Pension:

Pension of 1/80th for each year of Contributing Service:	(17.5675 ÷ 80) x £18,500 = **£4,062.50 a year**

Lump Sum:

Lump sum:	3 x Pension = **£12,187.50**

From 1 April 2024: Career average revalued earnings (CARE) Pension

Your CARE Pension builds up depending on four factors. These are:

1. **Accrual rate**

   The amount of CARE Pension you earn each year is determined by what is known as the “accrual rate”. For your CARE Pension, your accrual rate is 1/58, so you earn a pension each year of 1/58th of your salary.

2. **Length of Scheme membership (Contributing Service) after 1 April 2024**

   This is your Contributing Service (see page 10) for the period on and after 1 April 2024. Your Contributing Service on and after 1 April 2024 is split into separate “**Scheme Years**”, with each period from 1 April to 31 March being a separate Scheme Year. You will have a separate ‘block’ of CARE Pension for each Scheme Year. The more years of Contributing Service you have after 1 April 2024 then the greater number of annual blocks pension you will earn, leading to a bigger overall pension.

3. Salary

This is the salary that you earned. Your salary generally includes your actual salary plus any pensionable allowances you may receive.

Note that, if you work part-time, your CARE Pension will be calculated on your part-time earnings.

4. Annual revaluation

Each 'block' of CARE Pension you earn each year will be increased by a rate (known as "revaluation") in the period before you retire or leave. For your CARE Pension the revaluation rate is the percentage change in CPI over the 12 months to the preceding September. The block of CARE Pension earned in a Scheme Year (April to March) is revalued on 1 April following and each subsequent Scheme Year until you retire or leave. For example, if CPI was 2% in the preceding September, your pension would be revalued by 2% at the beginning of the following April. Please note that the revaluation rate may go up or down and, if CPI is less than zero for a particular year, may even be a negative amount. The revaluation rate is not applied in the Scheme Year in which you leave Contributing Service.

The revaluation rate is applied to each of your blocks of CARE Pension at the end of each Scheme Year. Your blocks are added together to form your total CARE Pension.

If you leave the Scheme before becoming entitled to claim your retirement benefits, annual revaluation stops and instead revaluation in deferment applies. Revaluation in deferment is used to maintain the value of your pension against rises in the cost of living.

An illustration of how your CARE Pension works is set out on page 16.

Lump Sum

In addition to your Pension, you will also receive a one-off lump sum. The default lump sum is referred to throughout this Guide as your "**Lump Sum**". This default Lump Sum will be equal to three times your Final Salary Pension, less any deductions that may be necessary if you have paid lower contributions to the Scheme in the past.

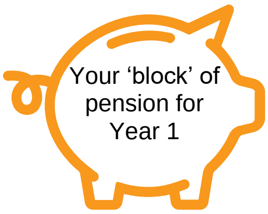
Illustration of how your CARE Pension builds up

The example below shows the way your CARE pension builds up. In this example we have assumed an annual salary of £20,300 and that a cost-of-living increase (CPI) of 2% is applied each year.

How CARE works

1 You earn 1/58th of your salary as pension each year you work after 1 April 2024.

Annual salary X 1/58th accrual rate



For example, Helen earns **£20,300** so her CARE Pension in **year 1** is worked out as: **£20,300 x 1/58th = £350**

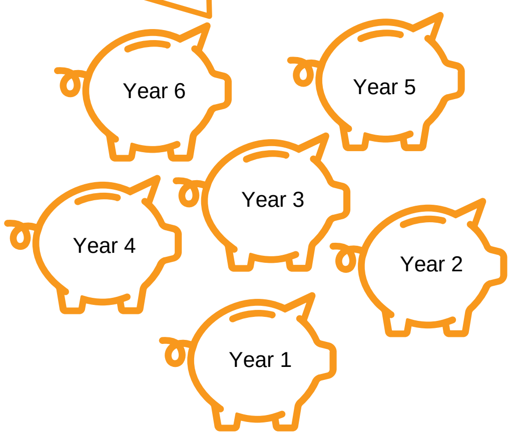
2 This is then revalued in line with inflation (the consumer prices index (CPI)) until you retire or leave (say 2% for the purpose of this illustration).

The **£350** that Helen earns in **year 1** is revalued at the beginning of the next year. So at the beginning of **year 2**, this part of Helen's pension is increased by **£350 x 2% = £7** to give **£350 + £7 = £357**

3 Your CARE Pension continues to be revalued until you retire or leave.

Year 1 retirement 'block'
Helen's block for **year 1** is worth **£402** after **8 years' service.**

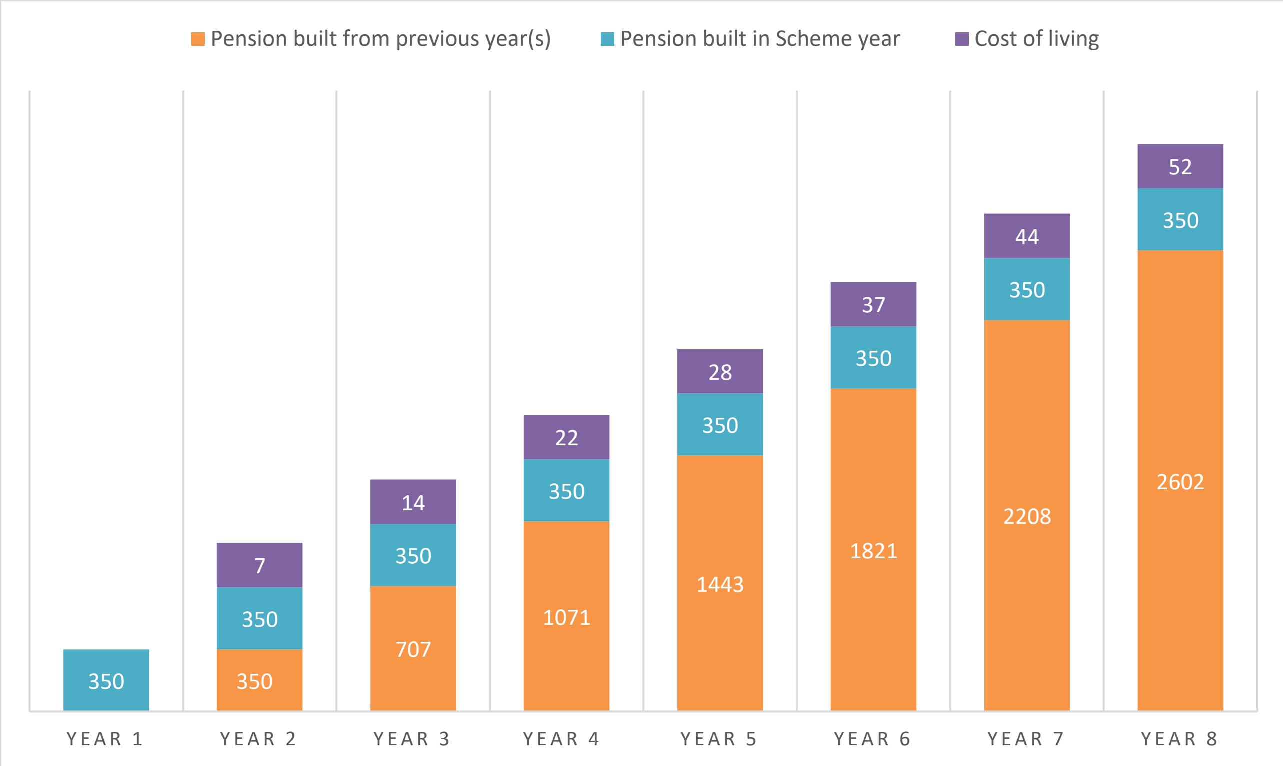
4 You receive a new block of pension for each year you are a member from 1 April 2024.



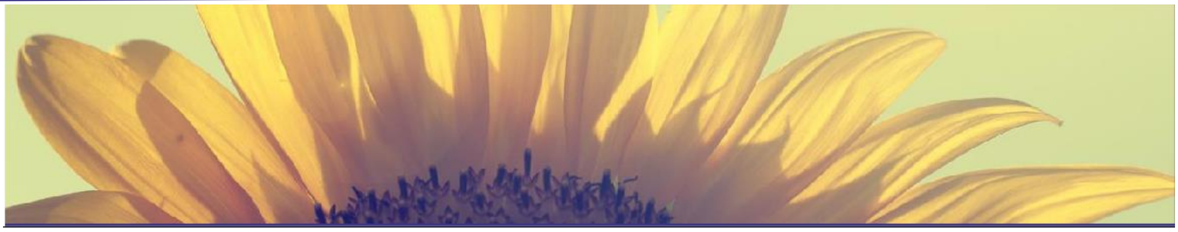
5 Add up the pension you earned each year (after each block has been revalued) to find your total CARE Pension.

Annual CARE Pension at retirement
By adding all of the other years' blocks of pension together, Helen could expect a pension of **£3,004** a year after **8 years' service** (assuming no increases in her salary during that time).

The increase in Helen's CARE Pension can also be illustrated as follows:



Options on retirement



When you retire there are several additional options that you may wish to consider. A summary of these is set out below but you should contact the Administrator if you require further information.

Exchange part of your Pension for additional spouse's/dependant's pension

Prior to it commencing, you may be able to exchange part of your Pension to provide additional pension for your spouse or to provide a pension for any other dependant when you die.

You must give notice in writing during the month before retirement if you wish to exercise this option. The individual named as your dependant can be your spouse or a child. You can also nominate any other person but in order for them to receive a pension after your death they must be (in the opinion of the Trustee) wholly or partly financially dependent on you immediately before your death.

Note that if your nominated dependant is a child, they will not receive a dependant's pension after they reach age 18 unless they have a permanent disability.

If you marry after your Pension has commenced, you may, within three months of the marriage, also be able to exchange part of your Pension to provide a pension for your spouse.

Exchange part of your Pension for an additional lump sum

You may convert part of your benefit entitlement into a lump sum. This would be paid in addition to the Lump Sum paid to you as set out above. This option must be exercised within the two months prior to your pension commencing.

Note that this additional lump sum, when combined with the Lump Sum, cannot exceed 25% of your Scheme benefit entitlement or your remaining Lump Sum Allowance if it is lower than 25% of your Scheme benefit entitlement because you have already started to receive benefits from other pensions arrangements.

The Lump Sum Allowance is the maximum lump sum you can take tax-free from all your pension arrangements. It is currently £268,275 (although for certain members with lifetime allowance protections it could be a different amount).

If you choose to convert part of your Pension into an additional lump sum, the conversion will be applied to both your Final Salary Pension and your CARE Pension proportionately. In other words, you are not able to convert only the Final Salary Pension element or only the CARE Pension of your Pension into an additional lump sum. A conversion will be made to each element of your pension proportionately, based on the rates of conversion for each element.

Each £1 of pension you give up will be converted into a tax-free lump sum amount. The rate of this conversion is known as a "commutation factor". For your CARE Pension, the commutation factor is fixed at 12, regardless of your age. For every £1 of CARE Pension that you give up, you will get £12 of tax-free lump sum (subject to the maximum set out above). The commutation factor applied to your Final Salary Pension is determined by the Trustee and may be different from the one that applies to your CARE Pension. The actual commutation factor used to calculate this part of your benefits will depend on your age at retirement and the commutation factors in force at that time. Please refer to the separate Factor factsheet for further details on commutation factors.

If you have additional voluntary contributions, it is also possible for these to be applied towards your tax-free lump sum. Further detail on this is provided at page 29 of this Guide.

Example conversion of pension into additional lump sum (for a member with no additional voluntary contributions)

John's total Pension at retirement is £25,500 a year, made up of:

- £25,000 from his Final Salary Pension; and
- £500 from CARE Pension.

John's default Lump Sum is £75,000 (3 times his Final Salary Pension).

As part of his retirement options, John has the option to commute Pension for a further tax-free lump sum. Although the default option is to take the Lump Sum of £75,000, he can take a bigger tax-free lump sum by exchanging some of his Pension.

When exchanging Pension for an additional lump sum, this is done by using commutation factors. The commutation factors applied to your Final Salary Pension are reviewed regularly by the Trustee and do change over time. In this example, the commutation factor at retirement for the Final Salary Pension is 20. As mentioned above, the CARE Pension commutation factor is fixed at 12.

John wishes to take the maximum tax-free lump sum available under the Scheme. His benefits are therefore as follows:

Lump sum element of John's benefits		Pension element of John's benefits	
Default Lump Sum	£75,000		
Additional lump sum from Final Salary Pension	£68,750	Residual Final Salary Pension	£21,563 a year
Additional lump sum from CARE Pension	£2,143	Residual CARE Pension	£321 a year
Total Lump Sum payable	**£145,893**	**Total Pension payable**	**£21,884 a year**

An example of converting pension into an additional lump sum for a member with additional voluntary contributions can be found at page 30 of this Guide.

Exchange all or part of your Lump Sum for additional Pension

Alternatively, you can exchange some or all of your Lump Sum to provide extra pension for yourself. You must give notice in writing during the month before retirement if you wish to exercise this option.

Flexible retirement

The Scheme Rules contain a facility for you to commence your pension while continuing in employment. However, your employer’s consent will be required, and it may impose such terms and conditions that it sees fit, including as to a minimum age. For more details on this option, please refer to the Flexible Working Standard available on NRS's intranet.

Commuting your benefit entitlement for one-off lump sum

If the value of your Scheme benefit entitlement (i.e. your Pension plus the pension equivalent of your three times Lump Sum) is a trivial amount (currently defined by HMRC as £30,000 or less) you can ask to receive the total benefit as a lump sum. If you take such a lump sum, your entitlement to benefits under the Scheme will be extinguished, including any entitlement to a spouse’s, civil partner’s or dependant’s pension and any children’s allowances.

Early and late retirement
(current contributing members)

Voluntary early retirement

Current contributing members may take early voluntary retirement from age 55, although this is rising to 57 from 6th April 2028. This is done by giving three months' notice of your intention to retire (or two months' notice in the case of a member who is over age 60 and joined the Scheme after 31 March 1988). It is important to note that, if you decide to take early retirement, your Pension and Lump Sum **will** be reduced because they are being paid early. The reduction will be by reference to your Normal Pension Age, which depending on when you joined the Scheme will be either age 60 (joined before 1 April 1988) or age 63 (joined on or after 1 April 1988).

The current early retirement reduction factors can be found in the separate Factor factsheet. These factors are determined by the Trustee, having taken advice from the Scheme's Actuary. Note that these factors are regularly reviewed by the Trustee and can change.

If you joined the Scheme before 31 January 2003 or have protected status, it is possible for you retire before you reach age 60 **without** an early retirement discount being applied to your benefits. This requires **Company's consent** and you must have at least 5 years' Contributing Service. This threshold includes any back-service credit awarded because of you transferring your benefits in from another pension scheme or added years purchased before your retirement.

Your Pension and Lump Sum would be paid immediately, and would be calculated in the same way as for normal retirement except that Contributing Service would cease at the date of early retirement.

- If this applies to you, no reduction will be made to your benefits for early payment except that a reduction will be applied to the pension benefits that you receive in relation to any back-service credit that you were given arising from benefits transferred into the Scheme on or after 15 May 2003.

Compulsory early retirement

If you joined the Scheme before 1 February 2003 or have protected status:

If the Company retires you early because of redundancy or reorganisation and you have reached age 50, you will receive an immediate Pension and Lump Sum. These would be calculated in the same way as for normal early retirement except that your Contributing Service will be to the date of compulsory early retirement and no reduction is applied for early retirement.

If you are under 50, then you will have the same choices as if you had stopped work voluntarily except that any deferred benefits will be payable to you at aged 50 instead of at Normal Pension Age.

You should note that:

- A reduction will be applied to the pension benefits that you receive in relation to any back-service credit that you were given arising from benefits transferred into the Scheme on or after 15 May 2003; and

- If you leave aged under 50 you may choose at the time of leaving to defer receipt of these benefits until you reach age 63, then in addition to your Scheme benefits, you may also receive a lump sum from the Company.

If you joined the Scheme on or after 1 February 2003 and do not have protected status:

If the Company retires you early because of redundancy or reorganisation and you have reached age 55, you may request an immediate Pension and Lump Sum. The Pension and Lump Sum will be calculated as for normal early retirement except that service will be to the date of compulsory early retirement and your benefits will be reduced for early payment by a factor determined by the Scheme's Actuary.

If you are under 55, then you will have the same choices as if you had stopped work voluntarily except that any deferred benefits will be payable to you at aged 55 instead of at Normal Pension Age.

Ill-health retirement

You may be entitled to your pension benefits early on the grounds of ill-health if the Company's appointed medical adviser to the Scheme concludes that you are no longer able to carry out any work that the Company may reasonably offer you (considering your previous job role).

You will only qualify for this if you have completed five years' Contributing Service whilst a member of the Scheme or the full-time equivalent if you work part-time. However, the five-year qualifying period does not apply if your ill-health comes about because of your job. The Trustee also has discretion to waive the five-year qualifying period for other reasons if it sees fit to do so.

Your Pension and Lump Sum will be paid immediately and will be calculated as if you had remained in service until your Normal Pension Age (including any back-service credit and added years that you are buying) subject to a maximum of 40 years' service.

Your Pensionable Salary will be assessed on the date you retire. For your prospective service enhancement between the date of your actual retirement and Normal Pension Age, this would be based on your average annual CARE Pension that you have already accrued, multiplied by the number of years between the date of retirement and your Normal Pension Age (subject to the 40-year maximum).

Your ill-health Pension will be subject to regular monitoring by the Trustee until you reach age 63, and you may be required to attend further medical assessments or submit information about your earnings as part of this monitoring exercise. The Trustee may reduce or suspend the payment if either your health or your earnings improve.

If your ill-health Pension is suspended, you will receive a Pension at Normal Pension Age which will be at least equal to that which you would have received if you had left work voluntarily on the date you retired through ill-health.

Late retirement

When you retire, if you have worked beyond Normal Pension Age, your benefits will be based on:

- For your Final Salary Pension and Lump Sum: your Pensionable Salary and Contributing Service (including any back-service credit awarded and added years purchased) before 1 April 2024; and
- For your CARE Pension, your salary and Contributing Service on and after 1 April 2024.

If you are a man who joined the industry before 1 April 1988 and you retire at or after the age of 60 but before reaching age 63, then part of your benefits will be discounted for early payment. This is explained further in the *Barber* Judgement section on page 11 of this Guide.

Death Benefits

Death in Service

Lump sum

If you die while in service a lump sum will be paid (unless you have opted out of the Scheme). If you are married or in a civil partnership at the time of your death this lump sum will be 3 x Pensionable Salary, whereas if you are not married or in a civil partnership, this lump sum will be 4 x Pensionable Salary. In both cases interest will be paid on the lump sum up to the date of payment.

If you are married or in a civil partnership at the time of your death, your widow/widower will also receive one year's Pensionable Salary as a lump sum, although your widow/widower may, within 3 months of your death, opt to have this converted and paid as an additional pension instead.

Contingent pension

If you are married or in a civil partnership at the date of your death, in most circumstances, your spouse or civil partner will receive an immediate pension equivalent to:

- 54.33% of the Final Salary Pension you would have received; this will be based on Contributing Service up to 1 April 2024 but taking account of changes in Final Pensionable Salary up until death; plus

- 37.5% of: your CARE Pension plus the CARE Pension you would have received if you had remained in service until your Normal Pension Age. For your prospective service between the date of death and Normal Pension Age, this would be based on your average annual CARE Pension that you have already accrued, multiplied by the number of years between the date of death and your Normal Pension Age (subject to a maximum of 40 years' service).

Death after retirement

Lump sum

If you die within five years of retirement, a lump sum will be paid equal to the balance of your Pension that would have been payable for the remainder of the five-year period. This is commonly known as a five-year guarantee.

If you retired early due to ill-health, the lump sum payable will equal the death in service lump sum which would have been payable at the date you retired, less: the tax-free Lump Sum paid at retirement and the total Pension which has been paid since retirement (but ignoring annual pension increases).

Contingent pension

In most circumstances, your spouse or civil partner will receive an immediate Pension equal to:

- 54.33% of your Final Salary Pension at the date of your death, including any pension increases granted since you retired; plus

- 37.5% of your CARE Pension at the date of your death, including any pension increases granted since you retired.

Death Benefits in deferment

If you die while a deferred member of the Scheme, an immediate spouse's or civil partner's (or, at the Trustee's discretion, dependent partner's) pension will be payable where applicable. Any such pension will take into account any pension increases granted since your date of leaving.

In addition, Children's allowances may be payable in respect of any children born before you left the Company.

Finally, your estate will receive:

- a refund of your own contributions in respect of the period up to 31 March 2024 together with interest of 3% a year; plus
- a lump sum equivalent to 3 times the annual CARE Pension you would have received if you had retired immediately before your date of death.

However, if you left the Scheme because of redundancy or reorganisation before reaching age 50 and at the date of your death you had not yet started to receive your benefits...

…a sum will be paid to your estate which is equal to eight times your deferred Pension (both Final Salary Pension and CARE Pension). This is paid instead of a refund of contributions.

In addition, an immediate spouse's or civil partner's (or, at the Trustee's discretion, dependent partner's) pension will be payable where applicable. Please note that any such pension will take into account any pension increases granted since your date of leaving.

Finally, Children's allowances may be payable in respect of any children born before you left the Company (see below).

Q: What if I die after I have retired, having first been a deferred member?

An immediate spouse's or civil partner's (or, at the Trustee's discretion, dependent partner's) pension will be payable where applicable. Children's allowances may be payable to any children born before you left the Company.

If you die within five years of retirement, a lump sum will be paid equal to the balance of your Pension that would have been payable for the remainder of the five-year period. This is commonly known as a five-year guarantee (see the "Death after retirement" section above).

Dependent partner's pension

If you are not married or in a civil partnership at the date of your death, the Trustee may decide to pay the equivalent of the spouse's or civil partner's pension to a dependent partner. If you think that this might be applicable to you, you can write to the Administrator to give details of a potential dependent partner. However, please remember that such a notification is not binding and the Trustee will make the ultimate decision about who (if anyone) to pay this benefit to.

Generally, the Trustee will only consider the payment of a dependent partner's pension if the individual was cohabiting with you prior to your death, a long term stable relationship exists and that person was financially dependent on you at the time of your death.

Child's pension

Q: What will my children get if I die?

If a spouse's, civil partner's or dependant's pension is payable…

…each of your children under the age of 18 (or 21 if they remain in full-time education) will receive a child's pension. The child's pension will be:

- 25% of your spouse's/civil partner's pension that relates your Contributing Service before 1 April 2024; plus
- 30% of your pension that relates your Contributing Service after 31 March 2024, calculated in the same way as for working out your spouse's/civil partner's pension,

(or, if higher, an amount equal to the minimum child's pension payable under the Rules at the relevant time).

The child's pension will continue until either they leave full-time education or reach age 21. If your child continues in full-time education beyond age 21, the Trustee may decide to continue the child's pension, either at the full rate or with a reduction applied. This will then be subject to further review when your child reaches age 23.

You should note that a limit on the combined total of death benefits payable from the Scheme to your spouse/civil partner and children may apply in certain circumstances, including if you have more than two eligible children. Please contact the Administrator for further information.

If your spouse or civil partner subsequently dies while a child's pension remains payable, the amount of that child's pension will be increased to bring your child's pension into line with the pension that would have been payable to them had you not been married or in a civil partnership when you died (see below).

If a spouse's, civil partner's or dependant's pension is NOT payable…

…each of your children under the age of 18 (or 21 if they remain in full-time education) will receive a child's pension. The child's pension will be:

- 37.5% of the pension a prospective spouse, civil partner or dependant would have received (that relates your Contributing Service before 1 April 2024); plus

- 50% of your pension that relates your Contributing Service after 31 March 2024, calculated in the same way as for working out a spouse's/civil partner's pension,

(or, if higher, an amount equal to the minimum child's pension payable under the Rules at the relevant time).

You should note that a limit on the combined total of death benefits payable from the Scheme to your spouse/civil partner and children may apply in certain circumstances, including if you have more than two eligible children. Please contact the Administrator for further information.

Q: Are my non-biological children eligible?

A child's pension is also payable to a legally adopted child, a step child, or if, in the opinion of the Trustee, you were acting as a parent to the child prior to your death.

Q: My child is disabled and therefore unable to earn their own living – will they be looked after?

If your child has a disability that means they will be unable to support themselves permanently, the Trustee has discretion to pay a child's pension for life irrespective of age. Decisions will be made on a case-by-case basis considering both the opinion of the Scheme's medical adviser and any statutory or legislative requirements that may apply.

Other questions about death benefits

Q: How will lump sum death benefits be paid?

The lump sum death benefit is payable under a discretionary trust which means that the lump sum does not form part of your estate. The Trustee decides to whom the lump sum is to be paid, but you can indicate the person or persons you wish the Trustee to consider as possible beneficiaries by completing an "Expression of Wish" form, although your instructions are not binding.

You can amend your "Expression of Wish" form at any time and it is important to update the form as your personal circumstances change. More information about these arrangements, together with the relevant forms, can be obtained from the Administrator.

Q: Will the pension my spouse or civil partner receives be affected by my choices at retirement?

The amount that your spouse or civil partner receives may differ if, for example, in the past you opted not to provide for a spouse's pension at the highest rate or if, at the time of your retirement, you chose to surrender a portion of your Pension in return for an additional spouse’s or civil partner’s pension.

If discounting applied to your Pension because you voluntarily retired early, a discount will be applied when calculating the spouse or civil partner's pension, calculated based on a Normal Pension Age of 60 (even if your Normal Pension Age is 63). This discount will apply whether you started to receive your Pension immediately upon leaving work or after a period in deferment.

Q: Will my spouse or civil partner’s pension be increased?

Yes, regardless of whether you died while working or after retirement, your spouse’s or civil partner’s pension will be increased annually each April in the same way as your Pension would have been. See page 12 for details on the increases that will be applied.

Additional contributions to the Scheme

The following section is meant to be read in conjunction with the AVC Guide which can be found on our website. If you have any questions regarding these options please contact Railpen.

Additional Voluntary Contributions ("AVCs")

You may choose to pay AVCs out of your salary to secure additional benefits for yourself or dependants on or after your retirement or death. These payments are invested separately from the Scheme's monies.

Members with AVCs have the option to take their AVCs as an additional tax-free lump sum, buy a pension (annuity) with another pension provider, or alternatively they can transfer their whole AVC fund to another pension provider. If you are interested in buying a pension you can have a look at annuity rates here : https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/compare-annuities

The amount of money available to you at retirement from your AVC fund depends on how much money you have paid in and how the investments have performed. For more details on your options please refer to the separate AVC Guide.

Added Years

Previously some members had a right to buy added years of Contributing Service. However, since 1 April 2024 no new added years contracts can be arranged. Any arrangement to purchase added years that was put in place before 1 April 2024 will, however, continue.

Added pension

From 1 April 2024 it is possible to enter into an agreement to buy 'added pension' with your AVCs, subject to Company consent. This is an annual option which runs concurrent to a Scheme Year. Please contact the Administrator for further details.

Other additional contributions

If in the past you have paid contributions at a lower rate than 6%, you can at any time make additional contributions to clear these arrears (referred to as abatements). If you do not do so your benefits at retirement will be reduced accordingly.

Taking a lump sum from your AVCs after 1 April 2024

If you wish to use your AVCs as an additional tax-free lump sum, the Rules first require a mandatory amount of CARE Pension to be given up for the tax-free lump sum, equivalent to the default Lump Sum you would have built up in the Scheme had CARE not been introduced. Beyond that, your AVCs can be used up to the maximum allowed tax-free lump sum.

The steps to calculate your tax-free lump sum are as follows:

- step 1 – work out the maximum tax-free lump sum you can take from the Scheme. As a general rule this is up to 25% of the total cash value of all your benefits in the Scheme.

- Step 2 – before you can use your AVCs as part of your tax-free lump sum, you first need to take the mandatory lump sum from your CARE Pension. If this amount is greater than your maximum tax-free lump sum, no AVCs are used.

- Step 3 – if you can take a larger tax-free lump sum than is covered by your mandatory lump sum from your CARE Pension, your AVCs are used to make up the remainder of your maximum tax-free lump sum where possible.

- Step 4 – if the remaining tax-free lump sum <u>can</u> be taken wholly from your AVCs, your AVCs will be used for the rest of your tax-free lump sum. Any remaining AVCs can be used for additional benefits in the ways set out in the AVC Guide.

- Step 5 – if the remaining tax-free lump sum <u>cannot</u> be taken wholly from your AVCs, you will need to give up further pension in the same proportion from both your Final Salary Pension and your CARE Pension.

If you have AVCs, the maximum tax-free lump sum you can take from the Scheme will therefore be calculated as follows:

Total Scheme maximum lump sum = pre-April 2024 automatic lump sum + permitted proportion of AVCs + pre-2024 maximum lump sum + post-2024 maximum lump sum

If you would like further information about using your AVCs as part of your tax-free lump sum, please contact the Administrator.

Example conversion of Pension into additional lump sum for a member with AVCs

The following example illustrates how members can take an additional tax-free lump sum from their AVCs.

Adam is retiring at age 60. He has 30 years' Contributing Service before 1 April 2024 and 5 years' Contributing Service since 1 April 2024. Adam's Pensionable Salary is £30,000.

Adam's total Pension at retirement is £13,750 a year, made up of:

- £11,250 from his Final Salary Pension; and
- £2,500 from CARE Pension.

Adam's default Lump Sum is £33,750 (3 times his Final Salary Pension). Adam also has an AVC fund of £48,000.

In this example, the commutation factor at retirement for the Final Salary Pension is 16, while the CARE Pension commutation factor is fixed at 12.

Before being able to use his AVCs to fund his additional tax-free lump sum, Adam will have to take a mandatory amount of CARE tax-free lump sum equivalent to the default tax-free lump sum he would have built up pre-April 2024 had CARE not been introduced. The mandatory lump sum from CARE Pension is calculated using Contributing Service since 1 April 2024 and final Pensionable Salary.

In this example that is 5 years' Contributing Service post-1 April 2024 and Pensionable Salary of £30,000, giving a mandatory CARE lump sum for Adam of £5,625 (i.e. 5 x 30,000 x 3/80).

Adam wishes to take the maximum tax-free lump sum available under the Scheme. His benefits are therefore as follows:

Lump sum element of Adam's benefits		**Pension element of Adam's benefits**	
Default Lump Sum	£33,750		
Mandatory CARE lump sum	£5,625		
AVC fund	£48,000	Residual AVC fund	£0
Additional lump sum from Final Salary Pension	£276	Residual Final Salary Pension	£11,232 a year
Additional lump sum from CARE Pension	£498	Residual CARE Pension	£1,990 a year
Total Lump Sum payable	**£88,149**	**Total Pension payable**	**£13,222 a year**

Leaving the Scheme

Your Scheme membership will terminate automatically if you leave the Company's employment unless you start work immediately with one of the other electricity companies which participate in the Scheme. In this case, you should speak to the relevant person at your new company about the transfer arrangements that will apply.

You can opt-out of the Scheme at any time whilst still employed by the Company, but you must give two months' notice in writing. Your opt out can take effect from the last day of the second full calendar month after the month in which you give notice. If you opt out of the Scheme, you will not be permitted to re-join.

Deferred benefits

If you leave the Scheme and do not elect to immediately receive your Pension you can either become a deferred member or request a transfer value payment to enable you to move to another tax registered pension arrangement.

If you become a deferred member, you may leave your benefits in the Scheme until you reach Normal Pension Age. If you do so, your:

- Final Salary Pension and Lump Sum at retirement will be calculated using your Contributing Service accrued before 1 April 2024 and Pensionable Salary at the date of leaving; and

- CARE Pension at retirement will be calculated using your Contributing Service on and after 1 April 2024 and salary at the date of leaving.

The Scheme also provides an underlying guarantee that the value of your deferred benefits must be at least equal to the value of your contributions.

If you leave deferred benefits in the Scheme, please remember to notify the Administrator of any change of address or change in personal circumstances. You can also update your details on your online account, https://magnox.myesps.co.uk/.

Revaluation

For your Final Salary Pension and Lump Sum

Prior to payment, both the deferred Final Salary Pension and the Lump Sum will be increased each year in line with the increases being paid to pensioners in respect of Contributing Service before 1 April 2024. If RPI is negative, you will receive no revaluation in deferment increase in respect of that year.

For your CARE Pension

If you leave Contributing Service part way through a Scheme Year (each year from 1 April to 31 March is a separate Scheme Year), you will receive a full year's revaluation in deferment to your CARE Pension on the next 1 April immediately following your date of leaving. You will then receive a revaluation in deferment increase to your CARE Pension on each subsequent 1 April until you retire.

For your CARE Pension (in respect of your Contributing Service on and after 1 April 2024) the revaluation in deferment increase mentioned above is the increase in CPI in the 12 months to the previous September. If CPI is negative, you will receive no revaluation in deferment increase for that year.

Early payment of deferred benefits on compulsory early retirement

If you joined the Scheme before 1 February 2003 or have protected status:

If you leave the Scheme because of redundancy or reorganisation, you will be able to take your deferred benefits at age 50 unless you waive this right when you leave.

You should note that:

- A reduction will be applied to the pension benefits that you receive in relation to any back-service credit that you were given arising from benefits transferred into the Scheme on or after 15 May 2003; and
- If you leave aged under 50 you may choose at the time of leaving to defer receipt of these benefits until you reach age 63, then in addition to your Scheme benefits, you may also receive a lump sum from the Company.

If you joined the Scheme on or after 1 February 2003 and do not have protected status:

If you leave the Scheme because of redundancy or reorganisation, you will be able to take your deferred benefits at age 55 unless you waive this right when you leave. Please note that discounting will be applied for early payment by a factor determined by the Scheme's Actuary.

Early payment of deferred benefits following voluntary retirement

You may opt to take your deferred benefits at any time from age 55 (rising to age 57 from 6 April 2028). If you do so your benefits will be reduced to reflect early payment by the reduction factors set out in the separate Factor factsheet. The table applicable to you will depend on your Normal Pension Age.

If the above circumstances apply to you and you wish to receive further details about the options available, you should contact the Administrator.

However, if you are a male and joined the Scheme before 1 April 1988 and you left service on or after 1 May 1990 for reasons other than redundancy, then…

…you may opt to take your deferred benefits at aged 60. The benefits you earned before 17 May 1990 will be subject to an actuarial reduction to reflect the fact that they are being paid 3 years early. This is explained further section on the *Barber* Judgment on page 11 of this Guide.

If you wait until you reach age 63 to take your benefits, no actuarial reduction is applied to your deferred benefits. In addition, if you take your deferred benefits after age 60, an actuarial enhancement will be applied to your post-17 May 1990 benefits to reflect late payment.

Q: What if I fall ill before I have taken my deferred benefits?

If you fall ill and the Scheme's Medical Adviser confirms that you are unable to work due to ill-health, then your deferred benefits may be paid early.

Transferring your benefits out of the Scheme

You may transfer your deferred benefits to another UK pension arrangement registered with HMRC, or certain overseas pension arrangements. A transfer value cannot be paid if you are already in receipt of your pension.

The transfer value is the value of assets that it is assessed that the Scheme needs to hold to provide your benefits in the future having regard to future investment returns and inflation. It is calculated using tables approved by the Scheme's Actuary and the Trustee. The amount of the transfer value is also subject to a special minimum guarantee under the Rules. The Rules provide that it will not be less than the value of your own contributions, plus a sum equal to the rebate in National Insurance Contributions obtained by the Company as a result of your being contracted out of the State Earnings Related Pension Scheme, both increased by interest up to the date of transfer.

The arrangements for requesting quotations and receiving payment are as follows:

- You may request a transfer value estimate at any time before your deferred benefits become payable. If you are an active member of the Scheme, you will need to leave the Scheme and become a deferred member before your benefits can be transferred.

- You are entitled to one free transfer value estimate in a 12-month period. Any additional transfer value estimates within this period will be subject to a fee.

- You will then receive from the Trustee a "statement of entitlement" to a "guaranteed cash equivalent" transfer value. The amount of this will be honoured so long as the payment confirmation is received within three months of the date of calculation (this is the "guarantee date"). You will also receive information about the different types of arrangement into which it is possible to transfer, and confirmation of whether you will be required to take regulated financial advice before transferring (this applies where the transfer value is £30,000 or more).

- In exceptional circumstances, the Trustee can adjust the "guaranteed cash equivalent", though in this case you will be notified quickly and will then have a further three month guarantee period.

- If the special minimum guarantee under the Scheme's rules exceeds the "guaranteed cash equivalent", this higher amount will be paid.

State Benefits

State Earnings Related Pension Scheme (“SERPS”) and the Second State Pension (“S2P”)

SERPS was introduced by the Government in April 1978 and was designed to provide an additional state pension which is related to earnings within certain upper and lower limits. SERPS was replaced by S2P in April 2002.

Prior to April 2016, it was possible for pension schemes to contract-out of the second tier of the old state pension. This meant that both individuals and employers would pay lower levels of National Insurance contributions and in return the pension scheme had to provide a pension for members that was at least as good as the SERPS/S2P they would have received from the state.

Q: Was the Scheme contracted out?

Yes, between April 1978 and April 2016, the Scheme was contracted-out of firstly SERPS and then S2P on a salary-related basis. Because the Scheme contracted-out, both you and the Company paid less National Insurance contributions. Pension earned since April 1997 and before April 2024 is increased in payment by the change in the Retail Price Index (the Company may limit the increase to 5% when RPI is higher than this). Your Pension earned since April 2024 is increased by the change in CPI – see page 12 of this Guide for further detail.

Q: What about my pre-April 1997 service?

Prior to April 1997, the Scheme had to provide a Guaranteed Minimum Pension (“**GMP**”). This guaranteed that the amount of pension that you and your spouse receive from the Scheme would not be less than that which you would have received under SERPS.

Any GMP earned between April 1988 and March 1997 is increased in line with the Consumer Price Index (“**CPI**”) up to 3%.

There are no guaranteed increases under the Scheme to GMP accumulated before April 1988, or to any excess of CPI over 3% for GMP accumulated between April 1988 and April 1997. However, If you reached state pension age prior to April 2016 (65 male and 60 female) and therefore are in receipt of the old state pension, the way that the state pension and GMP interacted meant that any SERPS/S2P that you receive effectively includes an amount equivalent to increases on the GMP.

If you reached state pension age on or after 6 April 2016 you will not receive any SERPS or S2P. This means that the element of those benefits which was equivalent to GMP increases will no longer be paid.

Winding up

Winding up the Scheme

The Scheme (as distinct from the entire ESPS) can only be wound-up in the unlikely event of the Company being liquidated.

Winding up the ESPS

Although the Company intends to continue the Scheme, the entire ESPS can be discontinued if the agreement of all of the ESPS' original employers (with the exception of Electricity Association Services Limited) is obtained. This would of course lead to the discontinuation of the Scheme.

Q: What happens to my pension benefits if the Scheme is wound up?

The Rules specify what will happen if the Scheme were to be wound up, and provide that the investments of the Scheme must be used to provide the benefits earned by members up to the date of winding-up, either in another scheme or by the purchase of annuities. Any surplus assets must be used to improve certain assets before any money can be returned to the Company.

However, where either the ESPS (including the Scheme) or the Scheme is being wound-up, there is an option for the Trustees (with the Company's approval) to administer the Group on a closed basis (i.e. with no further contributions being paid in and no further benefits accruing).

Amendments to the Clauses and Rules of the Scheme

The Clauses and Rules may be amended at any time by the Company subject to certain safeguards which are built into the Scheme. The Company has an obligation to consult the Trustee about any changes to the Clauses and Rules.

If you joined the Scheme before 1 September 1991 or joined after that date but are a protected member, any change that would result in either a worsening of future benefits or an increase in the future contribution rate is prohibited, unless at least 2/3rds of the affected members who vote on the change support it. If you joined the Scheme after 1 September 1991 and are not a protected member, accrued benefits are protected in a similar way, although the Company may amend the future contribution rate or the benefit structure for future service.

One exception to this is the introduction of CARE Pension. This is because CARE Pension has been introduced by special legislation under the Energy Act 2023.

Other useful information

The Trustee – Magnox Electric Group Pension Trustee Company Limited

The Trustee board consists of six member-nominated Trustee Directors who are appointed through a selection process and five Company-appointed Trustee Directors, including an appointed Chair who has a casting vote. The Trustee has responsibility to administer the Scheme's Clauses and Rules.

The ESPS Trustee

There are several Groups in the ESPS, each with its own set of trustees. Electricity Pensions Trustee Limited is the "Scheme Trustee" and has overall responsibility for the running of the ESPS.

The Scheme Trustee is a Trust Corporation and has responsibility for the custody of the fund and for the preparation of the ESPS' Annual Report and Accounts. The board of the ESPS Trustee is made up of eight trustee directors drawn from the trustees of the different pension groups within the ESPS.

Disclosure of Information

You are entitled to receive certain information about the Scheme. The basic details of the Scheme and the ESPS are contained in this Guide. You are also entitled to see, on request, a copy of the Clauses and Rules of the Scheme and the ESPS, the Report and Accounts and the Actuarial Report.

Each year the Trustee publishes the Annual Report and Accounts of the Scheme, which is available on request to all current members and pensioners. Copies can be obtained by writing to the Administrator.

A consolidated Scheme Report and Accounts is produced and a copy of this is also available on request from the administrator of the ESPS. The consolidated report covers all participating electricity companies in England and Wales. Please contact the Administrator in the first instance for further details.

Data Protection

The Trustee processes data relating to you for the purpose of administering and operating the Scheme and paying benefits under the Scheme. This may include passing on data about you to your employer, the Scheme's pension administration team, actuary, auditor, administrator, investment providers, legal advisers, insurers and such other third parties as may be necessary for the administration, operation and investment of the Scheme.

The Trustee is regarded as a Data Controller under data protection laws in relation to the data processing referred to above.

Full details of the personal data the Trustee holds, how it uses that information and who it shares it with are set out in the Trustee's Privacy Notice. The Privacy Notice also sets out your rights in connection with the personal data held about you by the Trustee, and who to contact if you want to exercise those rights, make a complaint, or generally have any questions.

If you would like a copy of the Privacy Notice, please contact the NRS Pensions Department.

Keeping your information up-to-date

It is your responsibility to keep the Trustee up-to-date with any changes to your personal information, including your contact and other personal details. Without this information, there may be delays in paying benefits to you or your dependants.

The easiest way to do this online by logging into your ESPS account: https://magnox.myesps.co.uk/

Useful Contacts

The Scheme Administrator

You can contact the Scheme Administrator at:

Railpen, 2 Rye Hill Office Park, Birmingham Road, Coventry, CV5 9AB
Telephone: 02476 472582
Email: enquiries@railpen.com

NRS (previously Magnox) Pensions Department

You can contact NRS Pensions Department at:

Oldbury Technical Centre, Oldbury Naite BS35 1RQ
Email: group.pensions@magnoxsites.com

The Pensions Regulator

The Pensions Regulator is the body responsible for regulating work-based pension schemes in the UK. You can contact The Pensions Regulator at:

The Pensions Regulator, Telecom House, 125-135 Preston Road, Brighton, BN1 6AF
Telephone: 0345 600 0707
Email: customersupport@tpr.gov.uk
Website: pensionsregulator.gov.uk

The Money and Pensions Service

The Money and Pensions Service is available at any time to assist members and beneficiaries with pensions questions and issues you have been unable to resolve with the Trustee of the Scheme. You can contact The Pensions Advisory Service at:

MoneyHelper Pensions Guidance, Money and Pensions Service,
Telephone: 0800 011 3797
Email: pensions.enquiries@moneyhelper.org,uk

Website: moneyhelper.org.uk

Pensions Ombudsman

If you have a complaint or dispute concerning your workplace or personal pension arrangements you should contact the Pensions Ombudsman. You can contact the Pensions Ombudsman using the following details:

The Office of the Pensions Ombudsman, 10 South Colonnade, Canary Wharf E14 4PU
Telephone: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk
Website: pensions-ombudsman.org.uk

Internal Disputes Resolution Procedure

As protection for members and as required by law the below sets out the formal process to resolve any complaint raised relating to the Magnox Group of the Electricity Supply Pension Scheme (the Scheme) which has not been able to be resolved informally. Before you raise a formal complaint please do contact us (using the details below) to allow all parties to work together to resolve the matter informally.

When should this procedure be used?

Complaints or disputes about the Scheme are rare and should initially be raised with RAILPEN, the Scheme administrators.

RAILPEN can be contacted at:

- RAILPEN, 2 Rye Hill Office Park, Birmingham Road, Coventry, CV5 9AB
- Email: enquiries@railpen.com
- Tel: 02476 472 582

You can also use the Early Resolution Service operated by the Pensions Ombudsman to help you with your complaint / dispute. Please refer to this factsheet for more information: https://www.pensions-ombudsman.org.uk/sites/default/files/publication/files/ERS%20factsheet_0.pdf

If this fails to resolve the issue then this Internal Dispute Resolution Procedure (IDRP) should be followed.

Who can use this procedure and when can it be used?

You can use this procedure if you are:

- an active, deferred, pensioner or pension credit member of the Scheme
- a spouse, civil partner, or dependant of a deceased member
- a prospective member
- any other person entitled to benefits on the death of a member; or
- disputing whether you fall within one of the above categories

Complaints may be made by people who have ceased to have an interest in the Scheme (i.e. have transferred out), however they will normally only be considered within six months of the date when they ceased to be within one of the categories set out above.

A complaint can be made by you personally, or by a representative you have nominated.
In addition, complaints can be made on behalf of persons who have died, by their personal representatives, or by a family member, or other suitable person if the person complaining is a child, or not capable of representing him or herself for some other reason.

You cannot use the IDRP procedure if:

- your complaint or dispute is with the Employer (as opposed to the Trustee).
- your complaint or dispute is already under investigation by the Pensions Ombudsman, or
- the complaint or dispute is already subject to Court or Industrial Tribunal proceedings.

How do you register a complaint under the IDRP?

You will need to put your complaint or dispute in writing (by either letter or email) to the Trustee, providing your full name and the details of your complaint.

The Trustee can be contacted at:

- Pensions Department, Oldbury Technical Centre, Oldbury Naite, South Gloucestershire, BS35 1RQ
- Email: group.pensions@magnoxsites.com
- Tel: 02476 472 582

What Happens Then?

Your complaint will be acknowledged within one week of receipt of your complaint as outlined above.

You will receive a written reply within four months of receipt of the complaint. (In practice the Trustee will review your complaint at its next scheduled meeting. You will be notified of the Trustee's decision within fifteen days of that meeting so you may get a response sooner).

The IDRP is a one stage procedure, there is no subsequent appeal process within the Trustee's arrangement. However, further detail is set out below if you are not satisfied.

What if I am not satisfied with the Trustee's response?

If your complaint has not been resolved to your satisfaction, then you have the right to refer the matter to the Pensions Ombudsman free of charge. They are an independent organisation and will act as an impartial adjudicator in disputes that are considered within their remit.

The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes and would normally have expected you to have used the IDRP first.

The Pensions Ombudsman will only consider a complaint made within three years of the date on which the event(s) you are complaining about happened – or, if later, within three years of when you first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:

- Pensions Ombudsman Service, 10 South Colonnade, Canary Wharf, E14 4PU
- Email: enquiries@pensions-ombudsman.org.uk
- Tel: 0800 917 4487
- Website: www.pensions-ombudsman.org.uk
- You can also submit a complaint form online here: https://www.pensions-ombudsman.org.uk/submit-complaint

Other Sources of Help?

Money Helper is a government backed organisation providing free information and pension guidance which you may find helpful at any stage.

They can be contacted at:

- Email: pensions.enquiries@moneyhelper.org.uk
- Tel: 0800 011 3797
- Website: https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-problems

How your personal data is processed

The Trustee takes your privacy very seriously. You can get more information about how the Trustee uses personal data in the Scheme's Privacy Notice, copies of which are available from the Administrator.

Withdrawing your consent

You may withdraw your consent to the processing of your sensitive personal data at any time by contacting the Administrator.

If you withdraw your consent, the Trustee will stop processing your sensitive personal data for this purpose unless it has another lawful reason to continue doing so. However, withdrawing your consent will not affect the legality of any processing which has already taken place.

If you do not give your consent, or you subsequently withdraw your consent, this may affect the Trustee’s ability to process your IDRP complaint. For example, it may prevent the Trustee taking certain factors or information into account.

Information about other individuals

Your IDRP application may include personal data about other individuals. This could, for example, be because:

- you have provided information about other persons which is relevant to your complaint;
- you have appointed a representative to handle your complaint on your behalf; or
- you are not a Scheme member and have provided information about the Scheme member whose benefits your complaint relates to and/or about other potential beneficiaries of those benefits.

If you do include other individuals’ personal data, it is your responsibility to notify them accordingly.

You should also share a copy of the Scheme’s Privacy Notice with them so that they can understand how the Trustee uses personal data and can exercise their rights.

The Appendix

CARE Pension does not apply to some Scottish "protected persons"

Background

The implementation of CARE Pension for future benefit accrual after 1 April 2024 does not apply to any employees who are "protected persons" under the Electricity (Protected Persons) (Scotland) Pension Regulations 1990 (the "**Scottish PP Regulations**").

If you are a "protected person" under the Scottish PP Regulations, then you may be exempt from the CARE pensions reform to the SLC Section. If so, you will continue to build up pension benefits on a final salary basis.

How to check if this applies to you

It is important to note that, to qualify, this does not just depend on where you are currently employed.

To be a "protected person" under the Scottish PP Regulations you need to meet the following criteria:

1. Immediately before 31 March 1990, you were:

    a. an existing employee of either the North of Scotland Hydro-Electric Board or the South of Scotland Electricity Board (or an employee of a Consultative Council for a district of such a Scottish Board); and
    b. a participant in either the Hydroboard Superannuation Fund (known as the "North Scheme") or the South of Scotland Electricity Board's Superannuation Scheme (known as the "South Scheme") – or you joined either such scheme after 31 March 1990 but within 3 months of reaching the minimum age for participation,

AND

2. Since that time, you have:

    a. remained in continuous employment – i.e. within the same employer group or your employment has been transferred to a different employer under TUPE or otherwise at the requirement of your employer; and
    b. not elected to cease to be a protected person (in line with the prescribed format under the Scottish PP Regulations); and
    c. not chosen to cease to participate in a scheme where you were a protected person (as opposed to this being at the requirement of your employer) without subsequently joining another scheme as a protected person and transferring your accrued pension rights to the new scheme within two years.

If you believe this applies to you, then please get in touch with NRS Pensions Department: group.pensions@magnoxsites.com. They can provide a form for you to fill in.

Once NRS Pensions Department has received your information, they will review it alongside their records and let you know the outcome.