



Department for
Energy Security
& Net Zero

Andrew Bowie MP
Minister for Nuclear and
Renewables

Department for Energy Security
& Net Zero

www.gov.uk

Our ref:
Your ref: AS/SF

Rob Fletcher
CEO, Nuclear Restoration Services

18 March 2024

Dear Rob,

I advised I would write again to inform you when the secondary legislation has been passed. I'm happy to confirm Government has brought forward secondary legislation; the 'Nuclear Decommissioning Authority (Pension Scheme Amendment) Regulations 2024' came into force as of 27th February 2024.

NDA are now required, pursuant to section 311 of the Energy Act 2023 and the above Regulations, to implement the changes in relation to SLC Section of the Magnox Electric Group of the Electricity Supply Pension Scheme (the "MEG Scheme"). I note your planned date for implementation is 1st April 2024.

Pursuant to this legislation, NDA is required to make the amendments to the Meg Scheme and the rules thereof in order to implement the CARE benefit structure, the details of which are enclosed as an appendix to this letter.

As previously noted, the legislation does allow for "ancillary" changes to be made to the MEG Scheme which relate to the introduction of the CARE benefit structure. Provision has been made to allow for Magnox Ltd to make changes to member contribution rates in order to keep the average contribution rate for members of the MEG Scheme as close as practicable to 8.2%. If Magnox Ltd believes such changes are necessary, these should be agreed with the Department.

Finally, I'd like to thank the members of your team for working closely with the Department, your staff and Trade Union representatives in support of delivering this change. I am happy for you to share this letter with staff and other stakeholders.

I am placing a copy of this letter and the associated appendix into the Libraries of the House.

Andrew Bowie MP
Minister for Nuclear and Renewables

Appendix: Magnox Electric Group: Benefit Information

The CARE benefit structure which is to be implemented in the SLC Section of the Magnox Electric Group of the Electricity Supply Pension Scheme (the "MEG") by amendment of the rules which currently govern the MEG (the "MEG Rules") with effect from 1 April 2024 is as follows (subject at all times to applicable legislation, including tax legislation which applies to registered pension schemes):

CARE Benefit structure

The benefits at retirement shall be based on a calculation of average earnings over an individual's career and the length of membership of the MEG, with effect from 1 April 2024.

Accrual Rate

1/58th of Salary.

Salary

This shall be those earnings which are categorised as Salary under the MEG Rules as at 31 March 2024.

Member Contributions

A member's contribution rate shall be that which is applicable to the annual Salary they are receiving on 1 April each year as specified in whichever of the following tables as is applicable to the member, such that the relevant contribution rate shall apply to the member's total actual Salary:

Members who were paying contributions of 5% immediately prior to 1 April 2024

Financial Year	Actual Salary	Active Members' Contribution Rate
1 April 2024 – 31 March 2025	£13,944 or less	5%
	£13,945 - £54,509	5.66%
	£54,510 - £190,147	6%
	More than £190,147	6%
1 April 2025 – 31 March 2026	£13,944 or less	5%
	£13,945 - £54,509	6.33%
	£54,510 - £190,147	7%
	More than £190,147	7%
1 April 2026 – 31 March 2027	£13,944 or less	5%
	£13,945 - £54,509	7%
	£54,510 - £190,147	8%
	More than £190,147	8%
With effect from 1 April 2027	£13,944 or less	5%
	£13,945 - £54,509	7%
	£54,510 - £190,147	9%
	More than £190,147	11%

Members who were paying contributions of 6% or 0% immediately prior to 1 April 2024

Financial Year	Actual Salary	Active Members' Contribution Rate
1 April 2024 – 31 March 2025	£13,944 or less	6%
	£13,945 - £54,509	6.33%
	£54,510 - £190,147	7%
	More than £190,147	7%
1 April 2025 – 31 March 2026	£13,944 or less	6%
	£13,945 - £54,509	6.66%
	£54,510 - £190,147	8%
	More than £190,147	8%
1 April 2026 – 31 March 2027	£13,944 or less	6%
	£13,945 - £54,509	7%
	£54,510 - £190,147	9%
	More than £190,147	9%
With effect from 1 April 2027	£13,944 or less	6%
	£13,945 - £54,509	7%
	£54,510 - £190,147	9%
	More than £190,147	11%

The figures in the second column of the table above shall be increased each 1 April by the increase in the Consumer Prices Index (as published for the immediately preceding September).

Retirement Age

The Normal Pension Age for pension earned from 1 April 2024 will remain unchanged from an individual's current Normal Pension Age under the MEG Rules as at 31 March 2024.

Normal Pension Age is the age at which a member draws their pension without any reduction and without the need for consent (whether from an Employer or the Trustees).

In-service revaluation

Whilst an active member, the accrued CARE benefit will be revalued on each 1 April by reference to the Consumer Prices Index (as published for the immediately preceding September).

Deferred revaluation

After having left active membership, the member's accrued CARE pension will be increased on each 1 April by reference to the Consumer Prices Index (as published for the immediately preceding September).

Increases to pensions in payment

Whilst in payment, the member's CARE pension will be increased on each 1 April by reference to the Consumer Prices Index (as published for the immediately preceding September).

Retirement Lump Sum

The member will have the option to exchange part of their CARE pension for a cash lump sum at retirement on the basis of a commutation rate of £12 for each £1 of pension which is exchanged.

The total retirement lump sum which the member can receive from the MEG will be limited by the applicable tax legislation, and the MEG Rules will contain a mechanism to provide that the lump sum paid to the member will comprise a proportion from the pre-1 April 2024 benefits and a proportion from the member's CARE benefits.

Early Retirement

Members will have the same options to commence receipt of their benefits before Normal Pension Age as they already have under the MEG subject to actuarial reduction for early payment and any consents or approvals provided for under the MEG Rules as at 31 March 2024.

Ill Health Pension

Active members who qualify to receive an ill-health early retirement pension (using the same conditions as apply to the MEG as at 31 March 2024) will receive an enhancement to their early retirement pension (which shall be paid without actuarial reduction). Such level of enhancement shall be calculated by multiplying the Member's average CARE pension by the number of years enhancement which apply under the MEG's ill-health early retirement rule as at 31 March 2024.

Lump Sum Benefits on Death

The lump sum benefits which are paid on the death of a member will be as follows:

- *Active member* Lump sum benefits will be calculated on at least the same basis as under the applicable MEG Rules as at 31 March 2024

- *Deferred member* Three times the level of CARE pension which would be paid to the member if they had exchanged that pension for a lump sum equal to three times their CARE pension at the time of death

- *After the pension is in payment* Only payable if death within 5 years of starting to receive pension
Five times annual pension at date of death, allowing for increases in payment, minus any pension and lump sum already received

Adult Dependant Pension

A survivor's pension shall be paid to spouse, civil partner or adult dependant of 37.5% of the member's CARE pension at the date of death.

If the member dies as an active member, such survivor's pension will be calculated as 37.5% of the CARE pension with an enhancement which shall be calculated with reference to the years to the member's normal retirement age.

Child's Pension

In relation to the CARE pension:

- *Eligibility* The same definition and conditions to qualify as a Child under the MEG Rules as at 31 March 2024.

- *Duration* Payable until the Child is no longer eligible

- *Benefit (if adult dependant's pension)* One or two children, each receives pension equal to 30% of member's pension
Two or more children, total of their pensions equal to 60% of member's pension, paid in equal shares

- *Benefit (if no adult dependant's pension)* One or two children, each receives pension equal to 50% of member's pension
Two or more children, total of their pensions equal to 100% of member's pension, paid in equal shares

AVCs / Added Pension

- Members will be able to buy Added Pension each year (on terms and conditions agreed with the Trustee and Principal Employer).
- Members will continue to have the option to make additional voluntary contributions on a defined contribution basis.