



Department for  
Energy Security  
& Net Zero

Andrew Bowie MP  
Minister for Nuclear and  
Renewables

Department for Energy Security  
& Net Zero

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Our ref:  
Your ref: AS/SF

18 March 2024

**David Peattie**  
**CEO, Nuclear Decommissioning Authority**

Dear David

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 the Combined Nuclear Pension Plan (the "Plan"). I note your planned date for implementation is 1st April 2024.

Pursuant to this legislation, NDA is required to make the amendments to the Plan 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 Plan which relate to the introduction of the CARE benefit structure. There is also provision for NDA to make changes to member contribution rates in order to keep the average contribution rate for members of the Plan as close as practicable to 8.2%. If the NDA believes any such changes are necessary, they should discuss it with the Government in advance of any changes.

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: Combined Nuclear Pension Plan: Benefit Information

The CARE benefit structure which is to be implemented in the Combined Nuclear Pension Plan (the "Plan") by amendment of the Third Definitive Trust Deed dated 28 March 2012 (the "Plan 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 Plan, with effect from 1 April 2024.

### Accrual Rate

1/58<sup>th</sup> of Pensionable Earnings.

### Pensionable Earnings

This shall be those earnings which are categorised as Pensionable Earnings or Pensionable Pay (as applies to the member) under the Plan Rules as at 31 March 2024.

### Member Contributions

A member's contribution rate shall be that which is applicable to the annual Pensionable Earnings 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 Pensionable Earnings:

Financial Year	Actual Pensionable Earnings	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%
	£13,944 or less	5%

1 April 2026 – 31 March 2027	£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%

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 Plan 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 Plan will be limited by the applicable tax legislation, and the Plan 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 Plan subject to actuarial reduction for early payment and any consents or approvals provided for under the Plan 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 Plan 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 Plan'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 Plan 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 which would have been paid to the member if they had retired on grounds of ill-health immediately before their death.

In the case of the CPS Benefit Structure, any short-term pension will be paid in accordance with the relevant Plan Rules in place on 31 March 2024.

## Child's Pension

In relation to the CARE pension:

- *Eligibility*                      The same definition and conditions to qualify as a Child under the Plan 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.

## Shift Pay Pension Plan

This will continue to apply to members in accordance with the Plan Rules in force on 31 March 2024.