

Pensions Update

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



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CHAIR'S MESSAGE

Welcome to the Autumn 2025 edition of Pensions Update.

This issue provides an update on recent Group activity along with general information that we hope you'll find useful.

Work is underway on the formal 2025 triennial actuarial review. We are expecting the results of this formal valuation towards the end of the year and will issue a further update once they are available.

There have been a few changes to the Trustee Board since the last Pensions Update. Paul Bridgeman and Nick Gore stepped down from the Board respectively at the end of December 2024 and the end of June 2025. The Board will miss their significant contribution, diligence and good humour throughout their tenure and wish them all the best for the future. Following their departure, our two new Member Nominated Trustees, Bill Root and Billy Davies, have successfully completed their shadowing period and joined the Board.

Alison Hammond also stepped down from the Board as chair of the Governance and Audit Sub-Committee at the end of August 2025. Our sincere thanks to Alison for her contribution over the past few years; we wish her all the best for the future. We are pleased to welcome Emma New to the Board from 1 September 2025. In her day job, Emma is a Financial Accounting and Reporting Senior Business Analyst at Nuclear Restoration Services. Emma sits on the Governance & Audit Sub-Committee. We would also like to thank Lisa Thomas who will chair the Governance & Audit Sub-Committee in the interim.

There was also the departure of John Nestor, the previous Chair of the Investment Sub-Committee. The Board would like to thank John for his contribution and wishes him all the best for the future. We were pleased to welcome Joanna Matthews, our new independent Trustee and Chair of the Investment Sub-Committee. Joanna has extensive experience in both participating in and chairing large pension schemes, including their investment sub-committees.

You may also have noticed our new and improved website, **my-magnox-pension.com**. The site was redesigned to make it more accessible and easier for members to get the correct information. We hope you find it useful and encourage you to visit **my-magnox-pension.com** and let us know what you think by using the feedback functionality. You can find out more about your refreshed website on **page 9**.

Susan Jee

Chair





ANNUAL REPORT AND ACCOUNTS 2025

The Annual Report and Accounts of the Magnox Group of the Electricity Supply Pension Scheme provides details of the income and expenditure of the Scheme over the year to 31 March 2025. It is due to be completed in August 2025.

Summary of the draft accounts for the year ending 31 March 2025

Value of net assets at the start of the year	£53.8M	
Total contributions/incoming payments during the year	£1.5M	
Total benefits paid out during the year		(£2.4M)
Total	£52.9M	
Net return on investments	(£3.9M)	
Closing value of assets at 31st March 2025	£49M	

Investments update

Our previous newsletter highlighted the global phenomenon of persistent inflation and high interest rates for the major economies. This trend reversed somewhat over 2024, with the Bank of England reducing its base interest rate by 0.75% to 4.5% in response to inflation falling closer to its long-term target of 2%. Similar cuts were implemented by the US Federal Reserve and European Central Bank.

The year to 31 March 2025 has been dominated by political change. In July 2024, the Labour party returned to government after 14 years. The new Chancellor's budget announced a set of changes to the UK's tax system, amounting to £40bn of tax rises, as well as a series of spending cuts.

The outcome of the November 2024 US Presidential Election resulted in a decisive victory for the Republican Party candidate, Donald Trump. Shortly thereafter, Trump announced a series of tariffs, which have been a cause of volatility in markets in the first half of 2025. At the time of writing the legality of these tariffs is in question, so there is likely more volatility to come.

Despite this market backdrop, the Section's funding position has continued to be stable and in surplus (which means the assets are expected to be more than sufficient to cover your benefits and the long-term security of your benefits remains unchanged). The portfolio is made up of "matching" and "growth" assets.

- **Matching** assets are designed to mirror the change in value of the Section's liabilities and so help protect the funding level (Liability Driven Investment, cash and investment grade corporate bonds).
- **Growth** assets help improve the Section's funding position (multi-asset, private credit and absolute return bonds).

The value of the Section's liabilities is linked to the return equivalent to that available by investing in UK government bonds. In recent years, the return available on UK government bonds has materially increased and consequently the value of the Section's liabilities has decreased (in a similar manner to the example box).

We are focused on preserving the funding position of your scheme to ensure that there are sufficient assets to pay members' benefits in full. The assets are therefore invested in a way to match the change in value of the liabilities, in order to protect the funding surplus. This means the funding position is protected irrespective of whether the return available on UK government bonds increases or decreases. We continue to monitor the investment strategy closely and look for ways to better assess and manage risks within the portfolio. This will include reassessing the investment strategy following the results of the 2025 actuarial valuation.

One of the many risks we consider is climate-related risks and we are required to meet industry standards regarding the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our second formal report covering the Group's climate-related risks and carbon emissions data is now available in the Scheme documents section of **my-magnox-pension.com**, with the third formal report due to be published later this year. Further information on the Section's investment strategy and engagement with managers can be found on **my-magnox-pension.com**.

Example – Pension Scheme Liabilities

Let's say you need to pay someone £1,000 in 20 years' time. You don't need to put this aside straight away, because some of the payment can be covered using the profits from investing the money over 20 years. Assuming you can earn 2% a year investing, you only need to put away £673 now to be able to pay £1,000 in 20 years' time:

- $£1,000 / (1.02^{20}) = £673$, i.e. the "present value" of your liability is £673

Now, let's assume the amount you earn increases to 4% a year. You now only need to invest £456 to be able to pay £1,000 in 20 years' time:

- $£1,000 / (1.04^{20}) = £456$, i.e. the "present value" of your liability has reduced by £217 to £456, even though the payment of £1,000 hasn't changed.

Cavendish Nuclear Section - asset position at 31 March 2025



LDI	47.1%
CASH	1.2%
MULTI-ASSET	9.9%
INVESTMENT GRADE CREDIT	9.3%
PRIVATE CREDIT	21.1%
ABSOLUTE RETURN BONDS	11.4%

ESPS AGM 2025

The next Electricity Supply Pension Scheme (ESPS) Annual General Meeting (AGM) will be held on Tuesday 18 November 2025 at 1pm.

Its purpose is to receive the Scheme Annual Report and Financial Statements 2024/25 and the Auditors' Report, receive the report of the Scheme Trustee, and conduct any general business.

While the event is not specific to the Magnox Group or the other individual Groups of the ESPS, Magnox members are welcome to take part. You can:

- raise resolutions related to the ESPS (but not the Magnox Group specifically) in advance
- attend the annual event online, and
- vote on resolutions.

The Scheme AGM will be a virtual meeting, as in previous years. If you wish to attend, you will need to register in advance by visiting **fieldfisher-events.zoom.us/webinar/register/WN_Qt_0RRF7T0mvB1BYEhulAQ#/registration**

A "test" meeting will also take place at 1pm on 4 November 2025 for those new to the virtual arrangements. Please register for the test if required at **fieldfisher-events.zoom.us/webinar/register/WN_CCy6I-X5TSebyRJYPVmUKQ#/registration**

Members have until **Tuesday 21 October 2025** (28 days before the date of the Scheme AGM) to submit a written resolution to the Scheme Secretary **kevin.groves@capita.com**, with a copy to the Company Secretary **paul.wallis@capita.com**. Written resolutions can also be submitted by post (although as a safety net members may wish to send via both email and post) using the following contact details:

Kevin Groves, Scheme Secretary, The Electricity Supply Pension Scheme, Capita Pension Solutions Ltd, Hartshead House, 2 Cutlers Gate, Sheffield, S4 7T

Any Scheme AGM resolutions received will be subject to approval following advice from EPTL's legal advisers, Fieldfisher. Competent business for the ESPS Members' AGM is defined as 'business which relates to the accounts of the Scheme, the proper functions of the Scheme Trustee, and matters which have a specific effect on members of the Scheme (not just as members of any occupational pension scheme)'.

For more information on the ESPS, including the minutes of the previous Scheme AGMs, please visit **espspensions.co.uk**

YOUR PENSION IS NOW ADMINISTERED BY BROADSTONE

As of 1 July Railpen sold its third party administration business to Broadstone.

Broadstone is now responsible for administering your pension from this date.

What this means for you

There won't be any changes to the service you receive and for now the contact details are not changing. Your pension benefits are also completely unaffected by this move.

The people who were looking after your pension at Railpen have also transferred to Broadstone and will continue to deliver the same quality service you are used to receiving.

How to get in touch with Broadstone

If you need to speak to someone about your Magnox pension, you can:

- **Email:** enquiries@railpen.com
- **Call:** 02476 472 582
- **Post to:** 2 Rye Hill Office Park, Birmingham Road, Coventry, CV5 9AB

Keep an eye out for communications from Broadstone.



PENSIONS DASHBOARDS UPDATE

Pensions dashboards is a government initiative being developed in the UK, which will allow people to access information about their UK pensions across different schemes and with different providers, as well as the State Pension, in a single place. The aim is to increase people's awareness and understanding of their pensions, help them find lost pension pots, and help them make informed decisions about how they choose to access their pensions.

In order for dashboards to work, pension providers and schemes such as the Magnox Group must ensure their data is accurate and digitally available before connecting to the dashboard digital framework.

The Trustee is currently working with the Scheme administrator, to ensure everything required is provided accurately and within the correct timescales.

The Department for Work and Pensions (DWP) has set out a staged timetable for schemes to connect to the dashboard digital architecture. Schemes are asked to connect over time according to their size and type. Schemes in scope must be connected by 31 October 2026. However, the date when pensions dashboards will be ready and available to the public is still to be confirmed.



GMP PROJECT UPDATE

You may have seen articles in the media discussing Guaranteed Minimum Pension (GMP) and the rectification and equalisation processes that are taking place in a number of pension schemes throughout the country, including the Magnox Group.

GMP is the minimum amount of pension promised to members of pension schemes that contracted out of the State Earnings Related Pension Scheme (SERPS). You may have a GMP if you were a member of the Magnox Group between 6 April 1978 and 5 April 1997.

During 2023, the Trustee and Railpen carried out the initial stage of the project, known as GMP Reconciliation. As part of this stage, all GMP records in the Magnox Group were checked against those held by HM Revenue and Customs.

Since then, we have started to work on the second stage of the project, known as GMP Rectification. It involves correcting any inconsistencies identified as part of the reconciliation phase and contacting all affected members. We expect to be able to write to affected members in Autumn/Winter 2026.

INHERITANCE TAX AND PENSIONS

Inheritance Tax (IHT) is a tax on your estate that applies when you die. Broadly speaking, your estate is your property, money, and belongings, less any debts. Gifts that are given less than 7 years before you die will also usually be added to your estate to work out if any IHT is due, unless they are exempt, like a gift to your spouse or civil partner.

Not everyone has to pay Inheritance Tax. There is normally no need to pay tax if:

- The value of your estate is below the £325,000 threshold (this is known as the nil rate band)
- You're married or in a civil partnership and leave everything above the threshold to your spouse/partner
- You leave everything above the threshold to an exempt beneficiary, like a charity, community club, or political party
- If you give away your home to your children or grandchildren your threshold can increase to £500,000.

Everything above the £325,000 threshold may be liable for tax at the standard rate of 40%. For more information please visit, moneyhelper.org.uk/en/family-and-care/death-and-bereavement/a-guide-to-inheritance-tax.

Currently, IHT usually doesn't apply when you pass on your pension pot. This is because, unlike other investments, your pension plan isn't normally part of your taxable estate.

However, as part of the Autumn Budget 2024, The Chancellor has proposed bringing certain types of pension and associated lump sum death payments into the scope of IHT from April 2027.

The Government has recently confirmed that dependants' scheme pensions, death in service benefits and charity lump sum death benefits will all be excluded from IHT. However, if the proposal goes ahead unchanged some forms of lump sum death benefits will be within scope of the IHT framework. This would mean that most unused pension funds, such as those arising from income drawdown and death lump sums outside those payable on death-in-service would be included within the value of your estate for IHT purposes. We will update you when more details become available.



PENSION NEWS

Legislative and Government developments

Chancellor of the Exchequer, Rachel Reeves, delivered the Spring Statement on 26 March 2025. There were no major updates included on pension policy or tax rules.

However, Reeves did say that the government is focused on growing the economy by reforming pensions, creating a National Wealth Fund, and cutting red tape. These plans are likely to be detailed further in the new Pension Schemes Bill.

At the time of Pensions Update being written, the Pension Schemes Bill was awaiting its first reading in Parliament and full details had not yet been revealed.

Early indications are that the bill will legislate on several areas of pension policy, including the creation of a small pension pots consolidation scheme, to help reunite savers with small pensions that may have otherwise been lost as they changed employers throughout their career.

Market fluctuations and how they affect your benefits

You may have seen headlines in the news recently about stock markets going down in value. This is largely due to events in the US, as President Trump announced trade tariffs in early April which caused uncertainty among investors about how companies would perform in future.

As a defined benefit (DB) member, your pension is based on your salary and how long you are an active member of the Magnox Group (i.e. building up pension) rather than on daily market movements. So even though markets can go up and down, your DB pension remains unchanged.

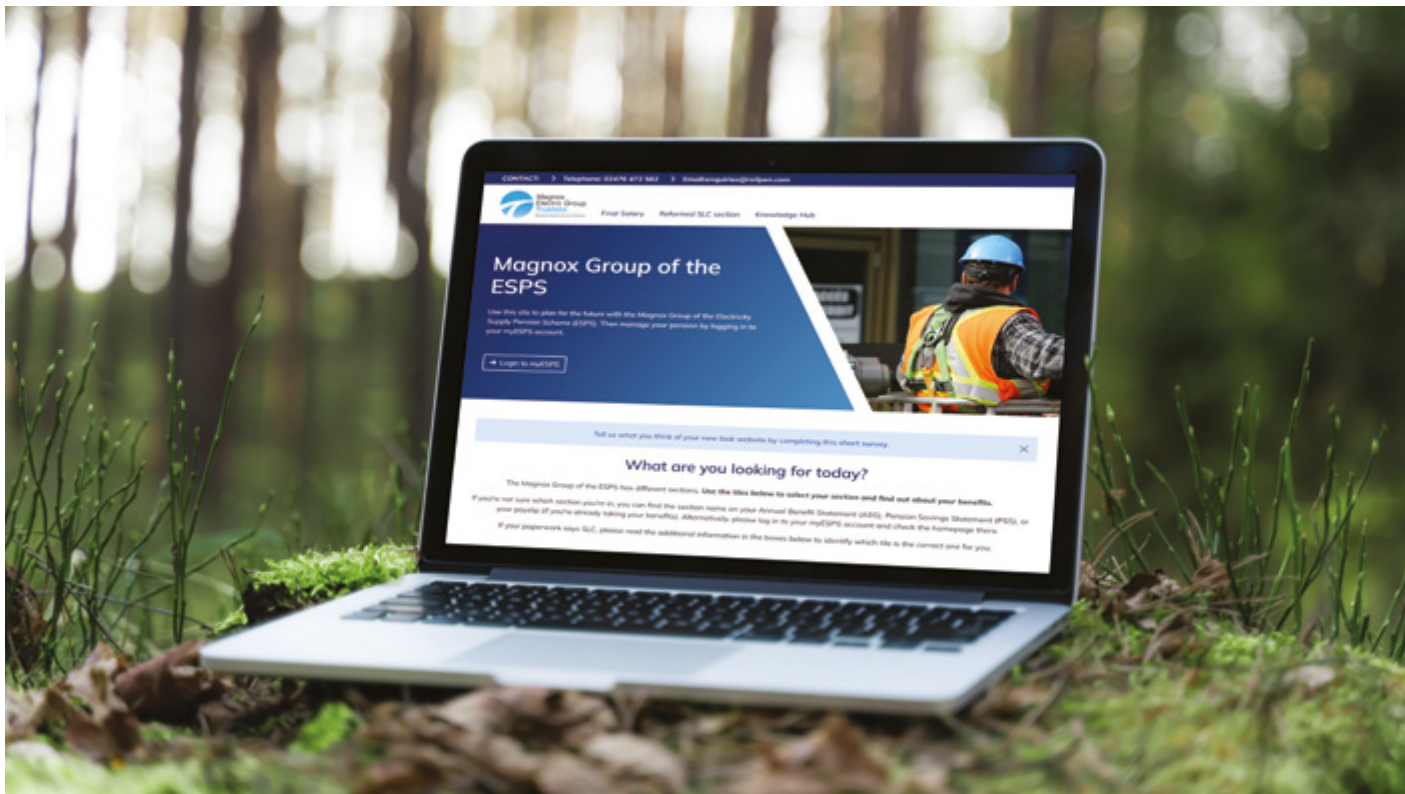
If you're paying Additional Voluntary Contributions (AVCs), then investments do play a significant role in determining the value of your AVC pot. Whilst it can be unsettling to see your investments drop in value, it is important to not panic and to monitor your investment choices regularly to make sure they're still right for you. You may also want to speak to an independent financial adviser (IFA), who can help you make the right decision for your situation. This website, **unbiased.co.uk** can help you find an IFA.

The Lifetime Allowance abolition

As covered in the last Pensions Update, the Lifetime Allowance (LTA) was abolished on 6 April 2024. Two sets of regulations addressing technical inaccuracies identified with the legislation that abolished the LTA have been finalised. Both sets of regulations came into force on 18 November 2024. They are in effect for the tax year 2025-26 and subsequent tax years.

INTRODUCING YOUR NEW-LOOK WEBSITE

We've made some changes to your member website to help you on your pensions journey and make it easier than ever for you to find, and understand, the information you need.



What's new?

You've probably already noticed the website looks a little bit different than before. We hope this new style will make it easier and more enjoyable for you to read; whatever device you visit us on. More importantly, we hope the new layout will make it easier for you to find the information that's relevant for you, and your stage of the pensions journey.

If you're a member of the Atkins, Cavendish Nuclear or NNL sections, or a member of the SLC section who left the scheme on, or before, 31 March 2024 or are a Scottish Protected Person, you will find all of the details you need in the Final Salary section. This includes separate areas for active, deferred and pensioner members.

If you were employed by NRS or Sellafield and were an active member of the SLC section at 1st April 2024, you'll find information specifically for you in the reformed SLC section. Again, this is split into dedicated areas for active, deferred and pensioner members.

If you're not sure which section you're in, you can find the section name on your Annual Benefit Statement (ABS), Pension Savings Statement (PSS), or your payslip (if you're already taking your benefits). Alternatively, please log in to your myESPS account and check the homepage there.

If you're looking for more general information about the Scheme, and pensions, you can find this in the new Knowledge Hub area, which also offers sources of support and ways to get in touch when needed.

All of this can be accessed via the new menu at the top of the site, which shows immediately what is available and lets you go to almost any page in one, simple click.

Using your myESPS account

There are no changes to your myESPS account as a result of the site revamp. You can still log in as normal via this website, including a log in button on the homepage. You can also log in to myESPS directly at **magnox.myesps.co.uk**.

Tell us what you think

We understand it might take you a little while to familiarise yourself with the changes to the site, but we really hope you find them useful.

The revamp was based on feedback from members, so we'd really love to hear what you think of it. You can let us know your thoughts by filling in our online survey at **surveymonkey.com/r/Magnoxwebsite25**.



TAX AND YOUR PENSION

Here's an overview of some of the key things you need to know about tax when it comes to your pension. Please bear in mind that tax allowances are set by the government and are subject to change. You can get the latest updates at **gov.uk**.

Tax relief

Saving with your Magnox pension is tax efficient, because the money you pay in is taken from your salary before tax is deducted. That means you pay less tax on your salary and save more instead.

The Annual Allowance

The Annual Allowance (AA) is a limit on the amount of your pension savings that can benefit from tax relief each year.

It means the most you can save tax-free in all your pension arrangements in a single tax year including any AVCs you may have paid as well as any added pension or added years you may have bought, is the lower of either 100% of your earnings, or the AA limit, which is currently £60,000.

Different limits apply for high earners (the Tapered Annual Allowance) or anyone who has already taken money from a defined contribution (DC) pension pot (the Money Purchase Annual Allowance).

Your AA renews at the start of each tax year. So, if you can afford to, you might think about paying more into your pension now, to use up your remaining AA before the new tax year starts in April 2026. See below for details on how to save more.

If you've already used your AA for this tax year, you can carry forward any unused AA from the previous 3 years. This may mean you can pay more into your pension, without having to pay any extra tax.

For more information, please visit **moneyhelper.org.uk/en/pensions-and-retirement/tax-and-pensions**.

Tax when you take your benefits

Along with allowances while you're saving, there are allowances when you come to take your benefits too. This includes limits on the amount you can take as a tax-free lump sum (the Lump Sum Allowance) and the possibility of exceeding your Personal Allowance or going into a higher tax bracket if you take your benefits and continue to work.

You can find out more on the on the Tax Allowances page of your member website.

THE WORK OF THE TRUSTEE

The Trustee Board consists of eleven Trustee Directors – Four Employer Nominated Trustee Directors and the Chair, both appointed by the Principal Employer, Nuclear Restoration Services Ltd (formerly Magnox Ltd) and six Member Nominated Trustee Directors selected by the existing Trustee Board.

Chair: Susan Jee

Trustees: Ann Lee, Emma New, Bill Root, Billy Davies, Ceri Davies, Fergus Hall, Joanna Matthews, Lisa Thomas, Martin Turner, Martin Veasey

The Board operates with two Committees to consider its two main areas of responsibility (funding and investment, governance and member experience) and focus on each of these in detail.

The Board delegates certain responsibilities and decisions to the Committees to improve its effectiveness. The Committees are responsible for making recommendations to the Board and providing feedback on progress and actions.

The Investment Committee (IC)

Chair: Joanna Matthews

Committee members: Martin Veasey, Ceri Davies, Bill Root

The IC and Group's advisers follow an appropriate long-term approach to funding for the Group, with a corresponding investment strategy.

The IC, on behalf of the Board, monitors the Group's progress towards this objective, making appropriate changes to the Group's investments as required, taking account of changes in the Group's risk profile.

The Governance & Audit Committee (GAC)

Interim Chair: Lisa Thomas

Committee members: Ann Lee, Fergus Hall, Emma New

The GAC focuses its attention on governance to ensure compliance with the ever-changing nature of pensions legislative and regulatory requirements, as well as adhering to the Scheme Rules. The GAC has also oversight of the administration service and considers the overall experience and engagement of Group members.

If you have any questions regarding your benefits, please contact Broadstone in the first instance, using the contact details included in this newsletter.





KEEP YOUR CONTACT DETAILS UP TO DATE

It's important that we have your correct contact details, so that you don't miss important information about your pension. The easiest way to do this is with your myESPS account, so make sure to register for one if you haven't already at magnox.myesps.co.uk/register.

Have you made and updated your Nominations?

Complete a Nomination to tell us who you'd like to receive a tax-free lump sum from your pension if you die before claiming it (or if you die within the first 5 years of retiring). It's a good idea to review and update your Nominations regularly, so the Trustees can consider your wishes.

It's quick and easy to review your Nominations and complete a Nomination form online in the 'My Nominations' area of your myESPS account at magnox.myesps.co.uk.

Or you can download a form at my-magnox-pension.com/final-salary/active-final-salary/nominations and return it to Broadstone at the address below.

The Nuclear Industry Benevolent Fund (TNIBF)

TNIBF is a registered charity supporting those working, or who have worked, in the UK nuclear industry through the provision of support, signposting and financial assistance.

The fund can provide assistance to cover short or long-term problems, where help cannot be obtained from any other source. Assistance is tailored to the individual's needs and circumstances. All you need to do is provide details of your income and expenditure and the type of assistance you require.

Further information is available on their website tnibf.org.

CONTACT INFORMATION

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

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

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

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