

## **Q&As Cadent Sale for Section C Members**

### **The questions and answers below are provided for active, deferred and pensioner members of Section C of the National Grid UK Pension Scheme June 2019.**

#### **1. What does the sale of Cadent mean for my pension benefits in Section C?**

National Grid has completed the planned sale of its remaining stake in the gas distribution business, Cadent. Over the coming months, Cadent will put in place its own pension scheme and request a transfer of the existing assets and liabilities of Section C of the National Grid UK Pension Scheme to the new scheme, which will require the Trustees' consent.

#### **2. When would the proposed transfer to the new scheme take place?**

The date for the proposed transfer has not yet been agreed but is unlikely to take place before Summer 2020. The Trustee will not make the transfer unless they have satisfied themselves that the transfer would result in members' benefits remaining safe, secure and well supported. They will continue their discussions with Cadent and will work with their legal and actuarial advisers on the proposed transfer. It is likely to take several months for Cadent to set up the new scheme. Cadent and the Trustees will write to you again early next year to keep you informed of the progress.

#### **3. Why am I in Section C?**

This was explained in the Trustees' communications to you in 2016, copies of which can be found on the Scheme website, [www.nationalgridpensions.com](http://www.nationalgridpensions.com) (go to 'Scheme information' and click on 'The sections').

Members were allocated to sections following an agreed robust methodology which was independently verified. To remind you, contributing members were allocated based on where they worked in the business. The Trustees and their advisers worked with National Grid to allocate as many deferred and pensioner members at that time as possible into the section that related to the part of the business for which they last worked. Due to the gas business' long history and past structures, allocation purely based on last employment was not possible for many deferred and pensioner members so an impartial allocation methodology was used, to ensure fairness for all.

The Trustees remain satisfied that the methodology used was robust and fit for purpose and it was independently verified.

#### **4. I wish to change section.**

This is not possible. The Trustees' and National Grid's decision to sectionalise the National Grid UK Pension Scheme to ensure your benefits remain safe, secure and well supported was explained fully in the Trustees' letters to you in June 2016 and September 2016. You can find copies of these letters on the Scheme website, [www.nationalgridpensions.com](http://www.nationalgridpensions.com) (go to 'Scheme information' and click on 'The sections').

#### **5. Would my benefits be safe in the new scheme?**

The benefits you have built up are protected by law and your entitlement to those built up benefits would not change even if they are transferred to the new Cadent scheme. The date for the proposed transfer has not yet been agreed.

If you are an active member and are employed by Cadent, you will continue to build up benefits for future service in the new scheme.

#### **6. Is Section C well funded?**

Section C's assets and liabilities have been ring-fenced since the Scheme was sectionalised on 1 January 2017, with Cadent being the sponsoring employer of Section C. Section C is well funded and Cadent's request is to transfer all the existing assets and liabilities of Section C into the new scheme, which would continue to be supported by Cadent's Ofgem-regulated business.

#### **7. Who will run the new scheme?**

The new scheme would be set up under a new trust and will be run by a new board of trustees, some of whom must be appointed by the membership of the new scheme (i.e. the current members of Section C) and some by Cadent. Further details will be confirmed by Cadent over the coming months.

#### **8. I am a pensioner. Would the proposed transfer affect the payment of my pension or my pension increases?**

Your pension would continue to be paid in the same way as it is now. Pension increases would continue to be applied each year. The trustees of the new Cadent scheme, once it has been set up, would have a legal obligation to ensure your pension payments continue.

#### **9. I am a pensioner. How would this affect the Retired Employee Association (REA)?**

There will be no immediate changes to the current REA arrangements.

## **10. Who do I contact if I have any questions about the proposed transfer?**

For questions about the proposed transfer of Section C to the new Cadent scheme: please read these Q&As carefully and refer to previous communications from the Trustees regarding sectionalisation on the Scheme website, [www.nationalgridpensions.com](http://www.nationalgridpensions.com) – click on ‘Scheme information’ and then select ‘The sections’.

We will keep these Q&As updated so you may wish to check the website from time to time. If you still have a specific enquiry you can email this to [GDpensions@nationalgrid.com](mailto:GDpensions@nationalgrid.com) or telephone 01189 368922.

For general, day-to-day questions about your pension benefits: you should continue to use the Scheme website, [www.nationalgridpensions.com](http://www.nationalgridpensions.com) and the My Online Pension portal (go to [www.nationalgridpensions.com](http://www.nationalgridpensions.com) and click on ‘Log into My Online Services’). Alternatively, you can email [pensions@nationalgrid.com](mailto:pensions@nationalgrid.com)

**Issued on behalf of the Trustees of National Grid UK Pension Scheme, June 2019**