

Information for Section B members only

An update on the plans to transfer Section B to a new scheme sponsored by National Gas Transmission (NGT)

This information is only relevant for active, deferred, pensioner and dependant members of Section B of the National Grid UK Pension Scheme.

The Trustee continue to work closely with National Gas Transmission (NGT) on their plans to set up a new scheme for Section B sponsored by NGT, and to transfer the transfer of assets, liabilities and members of Section B to the new scheme in due course. We had hoped to update you on the next steps by the end of 2023.

Work is continuing on the transfer and the Gas Scheme Trustee will update you during 2024. If you're a member of Section B, we will write to you within four weeks of the transfer taking place to confirm what's happening. The Trustee of the new National Gas Transmission pension scheme will write to you shortly after the transfer takes place to welcome you to the new scheme and provide you with their contact details.

Just to reassure you, there's no need to be concerned about the plans to transfer Section B to a new scheme. There will be no change to your pension, your benefits or the services you currently receive as a member of Section B of the NGUKPS. There's nothing for you to do in this respect and there's no action we're asking you to take. The Trustee will write to you in due course.

26 February 2024

Questions & Answers

1. When would the proposed transfer to the new scheme take place?

The proposed transfer is expected to take place on or around 31 December 2023 but it can only proceed with the consent of the NGUKPS Trustee as it has the sole power to make transfers out of the Scheme under the Trust Deed and Rules which governs the Scheme. There are also conditions in overriding legislation which would have to be met before a transfer could go ahead.

The NGUKPS Trustee continues to discuss the proposed transfer with NGT and taking independent legal and actuarial advice on the proposed transfer. The NGUKPS Trustee will aim to write to you again before the end of the year with an update on what's happening.

2. Will my benefits be safe in the new scheme?

The benefits you have built up as a member of Section B are protected by law and your entitlement to those built-up benefits would not change even if they were transferred to the new NGT scheme. If you are an active member, employed by NGT or Xoserve, you will continue to build up benefits for future service in the new scheme sponsored by NGT.

3. Is Section B well-funded?

Section B is well funded and NGT's request is to transfer all existing assets, members and liabilities of Section B into the new scheme. This would continue to be supported by NGT's Ofgem-regulated business.

An update on the valuation results for each Section as at 31 March 2022, was issued to members in October 2023. If you're registered online, a copy is available from BWebstream.

4. Who will run the new scheme?

The new scheme will 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 B) and some will be appointed by NGT. Further details on how the Board of the new scheme will be comprised will be confirmed by NGT over the coming months.

5. I am a pensioner; would the proposed transfer affect the payment of my pension or pension increases?

Your pension will continue to be paid in the same way as it is now. (On the 15th day of the month or on the previous working day when the 15th falls on a weekend). Pension increases would continue to be applied each year. The trustees of the new NGT scheme, once it has been set up, would have a legal obligation to continue your pension payments.

6. Can I choose not to transfer my benefits to the new scheme and leave them with NGUKPS instead?

That's not an option under the circumstances of the sale of NGT. As NGT is the lead sponsoring employer of Section B and you are a member of Section B, you will be legally transferred to the new scheme, which is currently being set up, as part of the assets and liabilities.

7. Why is this happening?

On 31 January 2023, National Grid completed the planned sale of its 60% stake in the gas transmission and metering business. The new company is called National Gas Transmission (NGT) and is the sponsoring employer of Section B of the National Grid UK Pension Scheme

Since then, NGT has been putting in place its own pension scheme and in due course will request a transfer of the existing assets, members and liabilities of Section B to the new scheme; this requires the NGUKPS Trustees' consent.

The NGUKPS Trustee is working closely with NGT to facilitate the transfer, taking due legal advice and following a detailed process. As part of this they will carefully consider whether a transfer will result in members' benefits remaining safe, secure and well supported. We understand there are no proposals to change members' benefits as part of the transfer.

In July 2023, National Grid announced they have agreed to sell a further 20% stake in NGT to the same Macquarie-led Consortium. This sale would bring the Consortium's ownership to 80% of NGT. National Grid has also agreed a new arrangement where the Consortium has the option to purchase the remaining 20% during 2024

8. Is National Gas Transmission's new pension scheme the same as the NGUKPS?

Like the NGUKPS, the NGTPS is a defined benefit pension scheme which will be run by a Board of Trustees who have a legal obligation to administer the NGTPS in accordance with its trust deed and rules, all relevant laws and fiduciary duties of trustees of pension schemes, including acting in the best financial interests of its beneficiaries.

The NGTPS benefits are the same as those currently provided in Section B of the NGUKPS. There will be no change to your pension benefits as a result of the bulk transfer. This includes no change to your spouse's benefits, your death benefits, or the way your pension increases:

- If you are already in receipt of a pension, it will continue to be paid as it always has been; and
- If you are not yet receiving your pension, there are no changes to the age at which you can start receiving your pension.

9. Who is the sponsoring employer of the NGTPS?

National Gas Transmission, in the same way as it was with Section B, NGT will have responsibility for providing financial support to NGTPS and will remain the lead sponsor of your pension. NGT's new scheme will be backed by National Gas Transmission networks, with assets, and Ofgem safeguards, in the same way as Section B was.

As part of the transfer NGT has agreed to pay to the NGTPS the same contributions and to put in place the same security arrangements that it had in place with Section B of the NGUKPS.

10. I am a member of Section B but I also have benefits with Section A, how does the bulk transfer affect my benefits in other NGUKPS sections?

The bulk transfer only applies to the benefits you hold within Section B of the NGUKPS; it does not apply to, or affect, any other pension benefits you might hold within Section A of the NGUKPS.

You will continue to receive updates from the NGUKPS on any benefits you hold within Sections A, in the same way as you do now; and you will receive separate updates from the NGTPS Trustees on the benefits you hold within the NGTPS.

11. I'm a member of Section A, does this affect me?

No. There is no change for members of Section A who will remain members of the National Grid UK Pension Scheme (NGUKPS). The transfer is specific to Section B members only (people who have benefits within Section B of the NGUKPS). It doesn't affect Section A members or any other pension benefits Section B members may have in Section A of the NGUKPS Scheme.

12. Do I have to do anything?

No, you don't have to do anything. The information provided here is simply for awareness. While work is still ongoing, we can assure you that from your perspective there should be no change to your pension or benefits, nor in how Section B is funded as the new scheme going forward; nor in the standard of service you currently receive from the pension administration team.

13. What happens next?

The NGUKPS Trustee is committed to keeping you informed during this process and further communications will be issued to Section B members by the end of the year.

14. Who do I contact if I have any questions about the proposed transfer?

This exercise is being managed by Trustee Executive Limited (TEL), the team of specialist pensions experts who are owned by the Trustee Company and provide dedicated support to the NGUKPS Trustee.

If, after reading this Q&A, you have a specific enquiry about this exercise, please email NGUKGasPension@Barnett-Waddingham.co.uk or call Freephone: +44 **0808 175 3612**.

We'll get back to you with a response from TEL as soon as possible (likely to be within a few weeks).