



The Pensions Trust

Update

Our Employers Magazine

This Spring 2005 issue includes:

- Multi-Employer Schemes
- Fund Manager Profile
- Trust News
- Government Pension Changes



Pension Scheme
Administrator of the Year





From the Deputy Chief Executive

Welcome to latest issue of Update magazine. Pensions continue to be a hot topic, with the newspapers bombarding us with scare stories about the 'pensions timebomb' and pensions being high on every party's agenda during the run up to the general election. The good news is that, by offering your employees a pension scheme you have done your bit towards making sure that they are not a victim of any pensions crisis.

The long-awaited Government pension changes are now beginning to take shape, with the new Pensions Regulator and the Pension Protection Fund coming into force on 6 April. In this issue of Update we look at the provisions of the Finance Act 2004 which introduces changes to maximum benefits and contributions, among other things.

Other features in this issue include a profile of one of our assets managers, Morley Fund Management and an in-depth look at multi-employer pension schemes. There is also plenty of news from The Pensions Trust including details of the new Board of Directors and profiles of our Chairman John Alleston and Data Manager Fiona Campbell.

I'm delighted to be able to announce that, against some very stiff competition, The Pensions Trust was voted Pension Scheme Administrator of the Year at the recent Professional Pensions Awards. Our Chairman, John Alleston accepted the award on behalf of the team, from Graham Norton. This is now proudly on display at our Leeds office.

We hope you find this magazine interesting and informative. We are always pleased to hear what you think of us - good and bad as this helps us to make sure we are providing the best possible service. Therefore, please do take a few minutes to send us an email or letter with your feedback on Update.

A handwritten signature in black ink that reads "Stephen Nichols". The signature is written in a cursive, slightly slanted style.

Stephen Nichols

Deputy Chief Executive



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News

Launch of New Website

The Pensions Trust has just launched a completely new website for members. This new look uses the latest technology to provide a system that will be used to develop tailored services for both employers and members. It also allows us to develop scheme-specific sites that will help to promote the schemes.

The Trust retains its current address at www.thepensiontrust.org.uk

Richard Stroud, CEO said “It was important to us that the new website provided our employer and employee members with information in the most accessible and user friendly way. We also wanted it to reflect more closely our culture, values and personality.”



The Pensions Commission Interim Report

The Pensions Commission is an independent body set up in 2003 to review UK private pensions and other long-term savings. It will advise the Government what changes, if any, are required to the current 'voluntary' approach to pensions provision.



The Commission produced a fact-finding report in October last year; another report offering proposals and recommendations will be issued later this year.

So, what did the Commission find?

The UK has an ageing population, as individuals and as a nation, we will have to choose between:

- Retiring later
- Retiring poorer
- Saving more
- Paying higher taxes and National Insurance.

The 'poorer pensioner' option isn't attractive, so a combination of the other three offers a possible solution.

The report identifies several barriers to voluntary saving (that is, any saving on top of our compulsory National Insurance contributions) including:

- Pensions - state and private - are very complicated and some people just don't understand them
- Some people don't trust the Government or the financial services industry
- Means-tested benefits are a huge disincentive to saving.

Although it was set up to examine voluntary saving, the Commission concludes in this initial report that the state pension system may need to be changed if people are to be encouraged to save more for their retirement. Other options are to make saving compulsory, or to make voluntary saving easier and more attractive. It is likely that a combination of these will be needed to solve our 'pensions crisis'.

At the moment The Pensions Trust is implementing the changes imposed by the 2004 Pensions and Finance Acts. By the end of this year, the second report of the Pensions Commission may give us an idea of what the next round of reforms might involve. Who said pensions was boring?

Childcare Vouchers and Pensionable Pay

Are they pensionable?

In recent weeks the Trust has received a large number of enquiries from employers asking whether pension contributions should be deducted on the value of childcare vouchers provided to staff.

Many of you will be aware that prior to 6 April 2005, no National Insurance contributions were payable on the full value of childcare vouchers. However, from 6 April 2005, tax and National Insurance savings will apply, but only in respect of the first £50 per week / £217 per month paid as vouchers. This new method generally provides a greater saving to employees than the old one.

The Inland Revenue has, after lengthy correspondence, confirmed that any part of an employee's pay or salary taken in the form of childcare vouchers can be treated as pensionable pay. However, the Revenue also states that because the vouchers are not part

of a person's basic pay they must be treated as 'fluctuating emoluments' as opposed to basic pay. This means that you will need to keep a record of the amounts paid to staff in the form of vouchers.



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Employer / scheme options

It is possible to provide childcare vouchers in addition to existing pay, as opposed to salary sacrifice (i.e. reducing basic pay by a corresponding sum). However, we would advise employers who do choose this route not to treat

the value as pensionable, as this would increase employees' pensions. That is, they would then be entitled to greater pension benefits than colleagues who do not receive the vouchers.

Any employers with 'stand-alone' final salary arrangements with the Trust who are thinking about providing vouchers in addition to existing pay should contact their Account Manager.

Reporting requirements

If you offer childcare vouchers to your staff it is important that you contact your Inspector of Taxes to confirm how they wish you to record these. It appears that where employers restrict the vouchers to a maximum of £50 per week / £217 per month, some Inspectors do not require these to be recorded on the employees' P11Ds.

Further information

The Revenue have produced a factsheet on childcare tax and National Insurance

contributions which can be found at the following website:

www.inlandrevenue.gov.uk/childcare/childfactsheet.pdf

The same principle applies to Home Computer Initiatives, which allow employers to provide their staff with home computer equipment. The cost is met by staff, but where the value of this benefit does not exceed £500 per year it is free of tax and National Insurance. Any pay taken in this form may also be treated as pensionable. Information on Home Computer Initiatives can be found on the following website:

www.ukhomecomputing.co.uk

Please do not hesitate to speak to your usual contact at the Trust if you have any questions on the above issues.

Note for employers with 'stand-alone' final salary schemes:

If your scheme has adopted its own definition of pensionable earnings, you will need to check whether the definition needs to be amended in order to allow childcare vouchers and benefits under the Home Computer Initiative to be treated as pensionable. Please contact your Account Manager at the Trust if you are in any doubt.

Civil Partnerships

By the end of 2005, gay and lesbian couples will be able to enter into legally recognised civil partnerships, following the Civil Partnerships Act which received Royal Assent on 18 November 2004.

Those who enter into the new legal partnerships will then have rights similar to those of married couples. This has implications for those providing pensions - however, most of The Pensions Trust's schemes already allow same sex partners (as well as unmarried heterosexual couples and certain family members) to receive survivors' pensions, provided the Inland Revenue's requirements on dependency and interdependency are satisfied.

Richard Stroud, Chief Executive of The Pensions Trust said, "When we introduced survivors' pensions it was to take account of gay and lesbian relationships as well as unmarried heterosexual couples."

On a practical note, The Pensions Trust asks members to make nominations for a survivor's pension on the application form, and provides guidance on who may or may not qualify. Details of who you have nominated to receive lump sum and pension death benefits are included on your annual statement and you can update these nominations at any time.

Spotlight on: Multi-Emp

In his 2002 report 'A Simpler Way to Better Pensions', Alan Pickering identified multi-employer schemes for non-associated employers as offering the potential to increase pension scheme coverage.

The National Association of Pension Funds (NAPF) also picked up on multi-employer schemes later that year in another report, 'Pensions - Plain and Simple'.

These schemes give employers the opportunity to group together to offer an occupational pension scheme that as individual employers they could not afford financially, or that they would not be prepared to risk offering.

Multi-employer schemes for non-associated employers are a step removed from the employer and can take away most of the hassle of

providing a pension scheme. They offer a 'one-stop shop' solution for workplace pension provision, giving participating employers access to all

“A simpler way
to better
pensions”

the services, documentation, membership literature and communications required to operate and support a pension scheme.

The employer's input is limited to submitting forms for joiners and leavers, collecting and forwarding monthly contributions on time, and notifying the scheme's administrators

of salary and data changes. The trustees and managers of a multi-employer scheme can look after everything else - including administration, dealing direct with members' queries, ensuring the scheme complies with legislation, making returns to the Inland Revenue, appointing and managing professional advisers and so on.

Trustees of a pension scheme have a fiduciary duty to operate the scheme in the best interests of its members, and trusteeship can be onerous for a single employer scheme. A multi-employer scheme will organise trustee appointments, including elections where required, design trustee induction and training programmes and provide back-up services for trustee meetings.

As well as the savings in time and administration, being part of a multi-employer scheme allows employers to offer a better scheme for lower costs than they could otherwise hope to achieve.

One large scheme for 100 employers and 5,000 members needs the same services as a smaller scheme for a single employer with 200 members. A multi-employer scheme can have one single, simple benefit structure: one trust deed and rules, standard member literature, one set of accounts and one annual report. Some of these costs are similar whatever the size of the scheme so, in sharing these costs, participating employers and members benefit from economies of scale.



Employer Schemes



The multi-employer approach also allows schemes to increase their purchasing power - for example in negotiating investment management and other professional fees. All told, the cost savings can be significant.

Provided that defined benefit (DB) schemes are not killed off completely by the cost of the Pension Protection Fund and the combined effects of the Pensions Act's scheme-specific funding requirements and the EU Pensions Directive, the multi-employer approach could be key to the survival of DB arrangements among smaller employers in the private sector.

Deficits, Minimum Funding Requirement (MFR) and FRS17 have focussed employers' attention on the risks they run in offering DB pension arrangements. A frequent reaction is to close the scheme, whether to new entrants or to further accrual, and replace it with Group Personal Pensions or stakeholder pensions, often with much reduced employer contributions.

All of the risk is transferred to the member; and poor take-up of the replacement arrangements suggests it is a move from DB to nothing for many employees.

The multi-employer model may allow groups of employers to offer a DB scheme - probably a very simple, low accrual career average design, without 'bells and whistles' - while managing their risks. A very prudent funding basis can help to control the risk of increasing contribution rates; if excessive surpluses arise, these can be

allocated to members as discretionary benefits.

The multi-employer approach works equally well for defined contribution (DC) schemes where economies of scale can directly benefit the members.

Given the advantages of multi-employer schemes, why are there not more of them, especially in small and medium sized enterprises?

Under current Inland Revenue rules, 'centralised' or multi-employer schemes can be set up for 'associated' employers (usually companies in a group with the same parent company or shareholders) or by employers that are not associated. However, centralised schemes for non-associated employers have to fulfil more onerous requirements to gain approval.

Alan Pickering felt "legislative and regulatory encouragement of multi-employer schemes in the UK could be a means of ensuring that economies of scale and access to professional services may be extended to the small firm sector." However, he noted the difficulties presented by a legislative and regulatory framework designed for the 'single employer - single scheme' norm.

It was therefore disappointing that there were no specific measures to encourage the development of multi-employer schemes in the Pensions Act or the Finance Act 2004.

Over the last 18 months the NAPF's Multi-Employer Schemes Working Group has been working with the

“ These schemes give employers the opportunity to group together to offer an occupational pension scheme that as individual employers they could not afford financially ”

Inland Revenue and the Department for Work and Pensions (DWP) to achieve a regulatory framework to enable non-associated multi-employer pension schemes to be established under the new tax regime. The Group has addressed measures to limit cross-subsidy and Pensions Bill issues relating to the Pension Protection Fund, scheme funding and requirements to consult with employers in drawing up a model for new multi-employer schemes for non-associated employers.

A combination of the tax reforms and the NAPF's efforts could mean that, from April 2006, it might be easier to establish multi-employer schemes for non-associated employers - whether in the same industry or in, for example, geographical areas.

The industry-wide model is already well established with schemes for, amongst others, construction workers, plumbers, dancers, advertisers, university staff, charities and the motor industry. However, there could be scope for more trade associations or similar organisations to sponsor multi-employer schemes for their members' employees. In the Netherlands, where industry-wide schemes are popular, around 90% of the workforce have some kind of occupational pension provision.

Multi-employer schemes have flourished in Australia since the introduction of compulsory 'super' in 1992. Some of these are multi-industry schemes, including regional arrangements. Western Australia, Queensland and South Australia offer regional schemes for employers in all sectors of industry and commerce.

In the UK, associations such as the Chambers of Commerce, trade unions, the CBI and the Federation of Small Businesses could have a role to play in encouraging the roll-out of multi-employer multi-industry schemes for their member organisations.

It is clear that people need to save more for their retirement. The Pension Commission's initial report outlined four stark choices for better retirement benefits: retire poorer, work for longer, save more or pay higher taxes and National Insurance. The recommendations for action will follow next year, but changes to the state pension system, more compulsion and a major revitalisation of voluntary pension savings are

identified as possible ways forward.

The Employer Task Force is looking at ways to increase pension coverage in the workplace. The Task Force is considering the role multi-employer pension schemes can play, and has met with representatives of several industry-wide schemes as part of its fact-finding exercise. It is due to publish its report before Christmas.



The potential for further change in the pensions environment is enormous, so we may yet develop a regulatory framework that positively encourages the development of multi-employer schemes.

Setting up a new scheme is quite an undertaking. As part of its deliverables, the NAPF's Multi-Employer Schemes Working Group will produce an implementation pack setting out the basic procedures to be followed in order to establish and operate a new multi-employer pension scheme for non-associated employers.

This pack will also include model documents and draft member literature.

Recognising that start-up costs will be a problem, the Group is also compiling a database of individuals and firms who are willing to assist scheme sponsors with aspects of setting up new arrangements. These include general and investment consultancy, legal and actuarial advice, trusteeship, communications, administration and accounting and audit services, among others.

The Finance Act and Pensions Act have been criticised for doing little to extend pension saving. In the next 12 months, the Employer Task Force and Pensions Commission reports could herald a step change in pension provision in the UK.

If multi-employer schemes feature more prominently in the pensions landscape, arguments against using occupational schemes will be more difficult to sustain. Employers and employees who wish to join a multi-employer arrangement should find it as straightforward as joining a Group Pensions Plan or a stakeholder pension, with the added advantage of having trustees with a legal obligation to look after members' best interests. Let's see what happens.

Fund Manager Profile

Morley Fund Management Limited

Morley Fund Management Limited (Morley) is a wholly-owned subsidiary of Aviva plc. Asset management is one of their three core businesses; the others being long-term savings and general insurance.

Morley is one of the UK's largest asset managers, with over £128 billion of assets under management*. Morley's philosophy, defined by more than three decades managing investments, is simple: to consistently meet the clients' performance expectations. Morley believe this is best achieved by an active approach to the investment of client assets and providing a broad and diversified range of investment services to

vehicles with varied geographical focus. They also offer further specialist capabilities in asset allocation, socially responsible investment, private equity, hedge funds and corporate governance. Morley caters for the needs of retail distributors and investment professionals through individually designed funds and investment services. The expertise across the many varied disciplines of investment management enables Morley to create appropriate and effective investment solutions, whatever the clients' objectives.

Fixed income is a core area of focus and scale. Morley is a committed active manager in all key bond markets and across all the major asset classes, including sovereign debt, corporate debt and high yield. In total, Morley manages some £66 billion of fixed income assets and money market instruments globally. Credit, yield curve, security selection, duration management and currency are all factors analysed carefully to

“Morley is one of the UK’s largest asset managers, with over £128 billion of assets under management.”*

institutional investors, including both pooled and segregated funds, as well as a comprehensive range of retail funds.

Morley's offering includes a wide selection of core products in the form of fixed income, equity and property

identify and exploit areas of excess return in the construction of fixed income portfolios. A top-down approach is used to determine the direction of markets and so drive market selection and duration; bottom-up research selects individual securities and identifies any yield

curve anomalies from which client mandates can benefit. Morley has one of the largest fixed income teams in the City, providing both strength and depth.

Their fixed income fund investment professionals are organised into five separate but well integrated teams:

- UK sovereign bonds
- International bonds (including emerging market debt)
- Corporate bonds
- Aggressive Alpha
- Treasury team managing cash funds and foreign exchange.

In addition, Morley has a credit team based in Boston. The benefits of this structure are that well interacting, dedicated teams provide both depth and strength of coverage and facilitate specialist knowledge.

Client service is at the core of Morley's fund management proposition. Process, philosophy, people and performance, however good, can never carry their full weight unless matched with reliable service that is in tune with customer expectations, and enriched with innovation and initiative. They always seek fresher, smarter and more effective solutions to meet the increasingly sophisticated challenges of the global investment marketplace.

*As at 31 December 2004 (not including mortgage assets)

Trust News:

The Trust Wins Scheme Administrator of the Year



The Pensions Trust is named Pension Scheme Administrator of the Year

The Pensions Trust won the 2005 Pension Scheme Administrator of the year award, against strong competition from many of the top names in the industry.

The trophy, collected by Chairman John Alleston on behalf of the team, was presented by TV celebrity and comedian Graham Norton at the Professional Pensions UK Pensions Awards ceremony on Tuesday 19 April.

Speaking about the win John Alleston commented "This is great recognition of the hard work put in by staff at The Pensions Trust over the past year. This trophy belongs to our employees – we can all be very proud."

The award was presented to the Trust in recognition of its continuous improvement approach, and specifically the measurement and enhancement of its service delivery. During 2004, the organisation achieved the Trustee's target for speed

of member servicing, which improved from around 78% to over 95%. This means that all employer and employee member enquiries are fully dealt with within 10 working days. Many even quicker.

John Alleston further commented "Even though The Pensions Trust has done tremendously well by winning this prestigious award we cannot stop here. Good customer service is really important. We are already identifying more initiatives to further improve the service we provide to our customers."

"During 2004, the organisation achieved the Trustee's target for speed of member servicing"



New Board of Directors Elected

Barry Smith Joins the Board

We are pleased to announce the appointment of Barry Smith to the Board of Directors.

Barry joins the Board in a member nominated capacity, and is accompanied by Philip Edwards, Alison Massie and Jackie Bliss who have all been re-elected.

Barry takes up the position vacated by Jean Dougherty who has retired, after serving on the Board for 10 years.

Barry was officially appointed on the 1 March 2005, and started in his role at the Board of Directors meeting in April.

Barry is a Chartered Accountant, and is currently Finance Director at Safe Haven Yorkshire.

He has been involved with pension schemes for 30 years, both as a Trustee and Administrator. He served as a Trustee of a medium sized, directly invested pension scheme for 16 years.

We would like to take this opportunity to welcome our new Director. He brings a wealth of experience to the team.

Board for 2005

Employer Nominated Directors

- John Alleston - Chair
- Jacqueline Bliss
- Barry Smith
- Lynda Howe
- Dennis Jones
- Richard Marshall
- Clive Unitt
- Maurice Whiteley

Member Nominated Directors

- Claire Smith - Deputy Chair
- Valerie Ching
- Philip Edwards
- John Hanlon
- John Kent
- Alison Massie
- Bruce Nelson
- David Prince

Spotlight on: Governm

The Finance Act 2004

In the last edition of Update we considered the implications of the Pensions Act. In this edition we will look at the Finance Act 2004.

The Finance Act aims to simplify the tax treatment of pension scheme contributions and benefits. This has become extremely complex, as successive reforms have generally avoided retrospection. It also seeks to encourage individuals to work for longer.

Retirement ages

With effect from 2010, early retirement will be available from the age of 55 rather than 50. Retirement at any age on health grounds will still be permitted as long as there is provision for this in the scheme rules. In addition, members with a 'contractual right' to retire before age 55 (as at December 2003) will retain that right, provided employment ceases before benefits are drawn.

Flexible retirement

In most circumstances it will be possible to draw retirement benefits while continuing to work for, and receive a salary from, the same employer.

Contributions and benefits

From April 2006 there will be major changes to the way members' maximum

The Finance Act 2004 - key provisions

- A lifetime allowance of £1.5m in 2006 for the total value of an individual's pension benefits
- 'Recovery tax' charges on benefits above the lifetime allowance
- An annual allowance for pension savings of £215,000 in 2006
- Members allowed to draw benefits without retiring
- Maximum tax-free cash of 25% of the value of pension benefits
- Transitional protection for members whose benefits exceed the lifetime allowance on 6 April 2006
- Early retirement age up to 55 from 2010

tax-privileged contributions and benefits are calculated. The current system, based on earnings and years of membership, will be scrapped. In its place will be a new 'one size fits all' lifetime allowance for benefits and an annual allowance for contributions.

Tax relief will be available on member contributions of up to 100% of earnings and on unlimited employer contributions, provided the annual allowance is not breached. Anyone can pay £3,600 gross contributions regardless of earnings. This applies to all types of pension arrangement, both occupational and personal.

The annual allowance will be set at £215,000 in 2006 and will increase each year to reach £255,000 in 2010. For defined contribution (DC) schemes it will be applied to the total contributions - employer and employee - in any year. For defined benefit (DB) schemes it will apply to increases in the

capital value of the pension. Tax self-assessment forms will include a section to enable members to check whether their pension savings for the past year fall within the annual allowance.

The annual allowance will not apply in the year leading up to retirement, provided benefits are taken. This allows for augmentations in redundancy or ill-health retirement scenarios and for generous farewell top-ups to continue in plc land.

The lifetime allowance (LA) is the total amount of tax-favoured pension savings an individual can build up. It will be set at £1.5 million in 2006, rising to £1.8m in 2010. On retirement, 25% of the value of pension benefits (up to the LA) can be taken as a tax-free lump sum.

Transitional protection will be available for individuals whose pension or tax-free cash sum rights at on 6 April 2006 are higher than the new limits. The

ent Pension Changes

benefits that can be given transitional protection must be within the current Inland Revenue limits. In some cases (not expected to apply to the Trust) members will have to register with the Inland Revenue, having first obtained valuations from all their pension arrangements, past and present. In some cases, members will have to cease building up future pension benefits.

Exceeding the Lifetime Allowance

At retirement, the member's benefits will be valued, taking account of any transitional protection. Benefits in excess of the LA will be subject to a 'recovery charge', that will cancel out the earlier tax concessions on contributions and investment income. The level of the recovery charge depends on the form in which the 'excess' benefits are taken. If the member takes all of the excess as a pension, a tax charge of 25% applies. The remaining balance is converted to a pension taxed under PAYE. The member may choose instead to take all or part of the excess value as a lump sum taxed at 55%.

The changes also affect death benefits. The four times salary limit on death in service lump sum payments goes and the LA applies instead. Funds in excess of the LA will be subject to the recovery charge of 55%. Provided the lump sum benefit is settled on a discretionary basis, it will be exempt from inheritance tax. Partner's/dependants' pensions will not be tested against the LA. In view of these changes, employers may wish to review their death benefit provision for the future. There are no restrictions on the value of the death benefit that may be paid from the pension fund.

So what does this mean?

The reforms have been promoted under the banner 'simplicity, security and choice'. As far as taxation is concerned, for most individuals the reforms will permit higher pension contributions into a wider choice of arrangements. Otherwise, it is difficult to comment on simplicity until we know exactly what we are dealing with. In the shorter term preparation, implementation and transitional provisions will make for more complexity rather than less. For employers, an early need will be to consider the position of any high earners whose benefits are currently limited by the earnings cap. Once this has gone, will benefits be provided on total earnings? There will also be changes to administration systems and procedures and to member communications.

Whether the reforms will increase members' security remains to be seen. The Pension Protection Fund (PPF) does not seek to replicate an insolvent employer's scheme benefit provisions, so there will still be 'losers'. If it is run as a pension fund, the PPF will be subject to the same pressures as any other DB scheme and may run into difficulties in the future. A group of senior actuaries has asked the Government to clarify its intentions and has cautioned against the use of terms like 'guarantees' unless the PPF will be unsinkable.

The new scheme funding requirements and the cost of the PPF may be the last straw for some employers who currently sponsor DB schemes. If they opt for DC arrangements for the

future, then member security might be reduced rather than enhanced.

Most individuals will have greater choice and flexibility regarding where, when and how much to invest in pension saving than they do at present. Whether they will choose - or can afford - to avail themselves of these opportunities is another matter.

It is largely agreed within the pensions industry that the reforms do little to encourage new pension savings on the scale Government is looking for. Means-tested benefits remain a huge disincentive to private saving for lower- and middle-income groups. Until this is addressed, the Government's 'aspiration' (downgraded very quietly from 'target') of reversing the 60% state: 40% private pension ratio for income in retirement is unlikely to become a reality.

The Way Forward

The Pensions Trust is already planning implementation of these changes. However, there is much that cannot be done until the regulations are available. We will keep you updated on progress in future issues of Update and will let members know individually of any changes that affect them.

Our People

Introducing John Alleston Chair



John Alleston, Chair of the Board of Directors, has been re-elected as Chair for the second year. He brings a wealth of relevant experience. He has served on the Boards of a number of housing associations and charitable trusts.

John has been a Director of The Pensions Trust since 1999. He has chaired both the Audit and Compliance Committee and the Investment Committee and is also on the Remuneration and Appointments Committee. Before he retired, John was Administration Director of The Guinness Trust (1989-2000). Previously, John worked for the Housing Corporation for 13 years, latterly as Registrar. Prior to this he worked for Ford Motor Company in product planning roles and as a consultant specialising in benchmarking.

What do you see as the role of the Trust? Simply to provide decent pensions so that our members can enjoy a comfortable and rewarding retirement. Regrettably this is not all within our gift; we do not

control how long people live, how long they work, how much is paid towards their pension. Nor do we control the tax regime for pensions or how financial markets perform. We try to offer pension products that minimise risk and to invest widely with the aim of modestly outperforming the markets and at low cost.

What are the main challenges facing you and the Board?

The first is to deal with the more hostile environment that we now face; the problems associated with increasing longevity, insufficiently high contribution rates and lower investment returns. This is our biggest challenge; we have to get our product offerings and our investment returns right for the 21st century.

The second is how to respond to our members' expectations in an environment where people are more distrustful of pension providers than ever before. We have to maintain our governance standards, respond quickly to the outside world and, when needs must, "tell it as it is", both the good news and the bad.

Thirdly, we need to be more responsive to the needs of our members and their employers. Not just about the quality of the service we offer but also about the choices we can offer to members and matching what we offer to the needs and capacity of employers.

What is the role of the Board and why is it important?

Someone has to take the ultimate responsibility for all that the Trust does. Although the Board formally delegates much authority to its committees, to the Chief Executive and to the officers, it remains responsible for all that is done in its name. Where the Board makes

decisions it takes advice from actuaries and lawyers, but the responsibility for these decisions rests with the Board.

Would you encourage others to stand as Directors?

I wonder sometimes but on balance, yes I would. We particularly need people with business, risk management and financial/investment experience.

The Government and the pensions regulator are likely to require greater financial knowledge and skills from those responsible for pension schemes. This cannot be argued against, but it may mean that we have to change our long-standing governance model to allow co-option and payment of Directors to fill any skills gaps.

With all the changes going on, what worries you the most and excites you the most?

I am far from certain that excitement is a good thing for pensions. I rather think that our members are better served in the long run if pensions are a bit boring, that they accumulate steadily and without too much fuss.

I believe that we can deal with the internal challenges that I have already mentioned and we can certainly cope with the latest round of legislative changes. I am most worried about the external environment and fear that we will look back on the 1990s as the heyday of occupational pensions and that history will be less kind hereon. However, as things stand, private occupational pensions remain practically the only way that people on modest incomes like most of our members can save for their retirement and I for one, am determined to provide the best framework we can for them to do this.

Introducing Fiona Campbell Data Manager



Second in the series of profiles of key staff at The Pensions Trust we quiz Fiona Campbell, Data Manager. We find out how she arrived at her current position, what her job involves and what she feels makes The Pensions Trust different - as an employer and as a pensions provider.

Fiona has been with The Pensions Trust for over 6 years and has been Data Manager for the past 4 years, based in the Leeds office. Fiona heads up Pension Support Services, part of the Customer Services Department, and a team of eight benefit assistants. Pension Support Services are responsible for processing members' contributions and enrolling new members.

Where did you work before you joined and what was your role?

I left school and went to work as a Data Assistant with the NHS. After 9 years I decided a change was in order and left to work as a receptionist in a dental surgery but that wasn't really a good move. So after 2 years I went back to data input with a fleet insurance company in Edinburgh, working my way into a supervisory position. I was with them for 8 years before joining The Pensions Trust in Edinburgh in March 1998. When the new Leeds office opened in 2000, I moved down to Yorkshire to take on the role of Data Manager there.

How did you first get involved with pensions?

I didn't really get involved with pensions per se. It was the data inputting side of things that I enjoyed doing. I like problem solving and there are plenty of opportunities for this in my current role.

What attracted you to working at The Pensions Trust?

The Trust offered me the opportunity and the training to progress to the next stage in my career. Also, I liked the caring attitude that it has towards its staff. Our mission statement at that time did say that one of our aims was 'encouraging our staff to achieve their full potential'.

What would you say are the most important aspects of your job?

Definitely providing good customer service. Without our customers, we are all out of a job.

What do you like best about your job?

The problem solving. Also, the pressure. Deadlines can be very tight, but it feels good when you meet them, even if it is by the skin of your teeth.

If there is such a thing, describe a typical day. Does a typical day exist?

Most days start off according to plan but usually end up being hastily re-arranged in order to incorporate some unexpected task that has appeared. At the moment, I'm working on auditing pensions contributions. I'm also, heavily involved in a project to implement a new employer information database that is involving a lot of cleansing of the data that we currently hold.

How do you feel The Pensions Trust makes a difference to its members?

We are constantly working towards reducing our costs to our members whilst not giving up the good customer service. We also offer our members the opportunity to invest their money ethically should they have particularly strong feelings in this direction.

If you could change one thing about your job what would it be?

I would like to get more involved in the technical IT side of things, but probably not full-time. I like what I do at the moment but a little more knowledge never hurt anyone did it?

If you were not working for The Pensions Trust what would you like to be doing?

That's easy. Running my own restaurant with me doing the cooking. I like nothing better than having a house full of people to experiment on. So far they have all lived to tell the tale! Unfortunately, finding the cash to do something about it is another matter. Oh well...roll on Saturday and the next Lotto ticket!

Noticeboard

Actuarial Valuation

The CARE multi-employer scheme is currently undergoing an Actuarial Valuation as at 30 September 2004.

If you participate in the above scheme and would like to receive a copy of the valuation report, please contact your account manager or e-mail:

enquiries@thepensiontrust.org.uk

A copy of the signed valuation will be sent to you as soon as it is available.

A Fond Farewell.....

We would like to wish Trevor Smith (Consultant to the Chief Executive) all the best for the future and hope he enjoys his retirement. He will be missed.

Electronic Data Submission

Please contact Pension Support Services (PSS) if you would like to begin providing contributions and salary information in an electronic format. This creates less paper and, if done correctly, helps us to reduce the cost of administering your schemes. Please contact the PSS team on 0113 394 2894

Trust Success

We have been awarded the Investors in People standard for commitment to our employees, customers and partners.

We were judged on 12 separate areas such as equal opportunities, business planning and communications.

Intouch

The members' magazine Intouch will be re-launched in May, with a new look and feel. We would appreciate any feedback from you or any of your employees.

If you would like copies for your staff, or an electronic version, contact us at:

update@thepensiontrust.org.uk

The next edition of Intouch will be Autumn 2005.

Exhibitions

We will be attending the following exhibitions this year:

- ISBA
- Welsh Federation of Housing Associations
- CIH Wales
- NAPF Warwick
- NHF England

If you are visiting any of these events please come along and introduce yourself; we would be delighted to see you.

For an up-to-date list of exhibitions we are attending, visit our website at www.thepensiontrust.org.uk

Welcome...

We would like to welcome the following employers who have joined the Trust in the past six months:

- Partnership Housing
- Adult Placement Services
- Wirral Partnership Homes
- The Trafford Housing Trust
- Amnesty International
- Shoreline Housing Partnership

SHPS Board Elections

Employers and Members should have received nomination papers for the SHPS Board Elections.

The Ballot papers will be sent out in June.

Remember your vote does count!

Know Your ABCs

The Pre-Retirement Association has recently launched a free access interactive website and CDROM to educate the public on financial matters.

The Multimedia site contains interactive tools and games. It provides all the information needed to make decisions about loans, pensions, investments and other money issues.

The first 9 modules can be downloaded from:

www.learnaboutmoney.org

Dates to Remember

June

16-17

Welsh Federation of Housing Associations Supported Housing Conference

21-24

CIH Exhibition
Harrogate International Conference Centre

28

Board Meeting

July

18-19

NAPF Warwick

September

8

Investment Committee
SFHA Committee

13

SHPS Committee

14-16

NHF Social Housing Exhibition
International Conference Centre,
Birmingham

27

Board Meeting

Fund Performance

Over 12 months ended 31 March 2005; The Pensions Trust's main investment portfolio returned 11.1%. This represents a continuation of positive returns following negative performance over 2001 and 2002. By comparison, the World Markets (WM) Company's latest estimate of the average UK pension fund return for same period is also 11.1%. It should be noted that following the implementation of the new investment strategy on 1 October 2004, The Pensions Trust no longer invests in line with the average UK pension fund. Therefore this comparison will become less relevant in the future.

Over the 12 months ended 31 March 2005, investment performance was driven by strong figures from equity markets (with the UK, Europe, the Pacific Basin and Emerging Markets all posting double digit returns). Japan on the other hand was the only major market that failed to provide positive returns. Property was the other outstanding asset class with bonds producing more modest, albeit positive, returns.

The weighted average return of The Pensions Trust's main portfolio over the last three calendar years was 3.8% p.a. compared to the WM average fund return of 3.9% p.a. Both returns were ahead of price inflation, which is estimated at 2.9% p.a.

The table below shows how The Pensions Trust's main investment portfolio has performed over longer periods.

Period ended on 31 December 2004	Performance per annum
5 years	0.9%
10 years	7.7%
15 years	8.7%
20 years	10.7%

Membership Statistics

	Sept 03	Movement	Sept 04
Actives	54,976	▼	54,283
Deferred	33,884	▲	38,102
Pensioners	13,832	▲	14,913
Total Members	103,674	▲	108,808
Employers	3,986	▲	4,150

Your Letters

Dear The Pensions Trust

I am very concerned (and annoyed) that in the pursuit of your customers' opinions you have spent your customers' money on first class stamps and full-size envelope to post one piece of A4 paper. This is unacceptable use of funds - you could have mailed second class and used an ordinary sized envelope.

Response

I am sorry to read about your disappointment in our decision to send the recent survey letters 1st class. The majority of our mail is sent 2nd class. However, in this case we only wrote to a small number of members and employers in SHPS. I wanted to ensure that potential participants of this survey were informed in advance, both as a matter of courtesy and to allow them the opportunity to give thought

to the matter in advance; therefore I took the decision to send the mailing 1st class.

As far as the envelopes are concerned, because the mailing was going to a small number of recipients, it was handled in-house, at the Trust for reasons of economy. My team were able to do this quicker using A4 envelopes, than having to fold the letters into smaller envelopes.

Dear The Pensions Trust

Though not unexpected in view of past comments, I was sorry to learn that Trevor (Consultant to the Chief Executive) has decided to fully retire from The Pensions Trust.

We shall miss his sound advice. I always considered that our size did not always deserve the amount of time that he

gave to us and even more importantly the degree to which he absorbed the detail. We will be pleased to benefit from having Bob Fletcher to continue the service.

Dear The Pensions Trust

Thank you for your letter dated March 2005. The Review is excellent and I shall be returning the questionnaire card shortly. As you may know I have written to the Pensions Trust previously about the governments' "rip off" of the pension schemes and now it seems they are to continue as they started out! The latest idea - to take money from existing funds to protect schemes that go bust is nothing short of theft!



We have included a selection of letters received from employers which we felt might be of interest to readers.

If you are interested in a presentation for your staff, please contact our New Business Team on:
0845 123 6660

Going forward we would be delighted to hear your views on this magazine, our services or any specific issues you are facing that you would like to share with fellow members.

Please write to us at:

Update,
The Marketing Department,
The Pensions Trust,
6 Canal Wharf,
Leeds LS11 5BQ.

Or email
update@thepensionstrust.org.uk

Directory

Board of Directors

John Alleston (Chair)

Formerly, Administration Director,
The Guinness Trust

Jacqueline Bliss

Formerly, Director of Finance &
Administration, Coram Family

Valerie Ching

Administrator, Medina Valley Centre

Philip Edwards

Retired, Pensions Manager

John Hanlon

Consumer Representative

Lynda Howe

Finance and IT Director,
York Housing Association

Dennis Jones

Payroll Manager,
ExtraCare Charitable Trust

John Kent

Retired, Management Accountant

Richard Marshall

Retired, Finance Director

Alison Massie

Finance Director,
Kirk Care Housing Association

Bruce Nelson

Chartered Accountant

Barry Smith

Finance Director,
Safe Haven Yorkshire

Clare Smith (Deputy Chair)

Director of Human Resources,
Leonard Cheshire

Clive Unitt

Finance Director,
Sadeh Lok Housing Group Ltd

Maurice Whiteley

Chartered Accountant

Board Secretary

Frances Klejnow

Board Secretary

If you would like to contact any of the Board please do so via Frances Klejnow at the following e-mail address
frances.klejnow@thepensiontrust.org.uk

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The Pensions Trust

You wouldn't put up with it in any other walk of life. So why is it that when you pay someone to administer your occupational pension, you often end up doing a lot of the work yourself?

The Pensions Trust is a unique 'one stop' comprehensive pension service, designed exclusively for the not-for-profit sector.

As a not-for-profit organisation ourselves, we understand your requirements and offer a cost effective service that takes care of everything.

Over 4,000 organisations are already enjoying peace of mind with our award-winning service. Why not join them today? Then the only job you'll have to do is your own.

To find out more about us, call our new business team on 0845 123 6660 or e-mail contact@thepensiontrust.org.uk quoting refTA2005

www.thepensiontrust.org.uk

“It's only an appendix,
we're sure you can whip
it out yourself.”



Pension Scheme Administrator
of the Year 2005