

<<Prefix>> <<First\_Name>> <<Surname>>  
<<Title>>  
<<Employer Name>>  
<<Address 1>>  
<<Address 2>>  
<<Address 3>>  
<<City>>, <<Postal\_Code>>

Date: dd Month yyyy

Employer Number: E<<Employer Number>>

Dear <<Prefix>> <<Surname>>

## SFHA Pension Scheme

### Valuation Results and Benefit Review

I am writing to you with important information on the results of the SFHA Pension Scheme's latest valuation, its impact on contribution rates, and the SFHA Pensions Committee's ('the Committee') proposals regarding the Scheme's benefit options. Please ensure that this correspondence is shared with the appropriate individuals within your organisation.

Like most defined benefit schemes, the Scheme has been affected considerably by the current financial crisis and falls in investment markets. The provisional results of the triennial valuation reflect this showing a deficit of £160 million as at 30 September 2009. This means that the funding level of liabilities represented by assets is 64.8%.

This is a significant change since the last triennial valuation in September 2006 when the deficit was £53.6 million and liabilities were 83.4% funded. Therefore, the total contribution rate must increase on average by 7% of pensionable earnings for all existing benefit options structures from April 2011.

In light of this required contribution increase, the Committee has examined a number of alternative benefit options including a lower level defined benefit option and a defined contribution option and has agreed to consult with employers on its conclusions.

The enclosed 'Briefing Paper for Employers – May 2010' details the results of the valuation and the Committee's considerations including the contribution rates which will apply to the different benefit options and the alternative benefit options that were considered.

After careful consideration, the Committee's view is that introducing additional benefit options is neither in the members' best interest, nor that of the employers which share its aim of providing worthwhile pension for members of staff (as explained in more detail in the enclosed 'Briefing Paper'). The Committee stands by the fundamental principle that the SFHA Pension Scheme exists to provide worthwhile pensions for its members and, with this in mind, has decided not to propose the introduction of any new benefit options at this stage.

A period of consultation now begins during which time you are invited to respond to the Committee's proposals. In support of the consultation you are invited to attend a forum to discuss the Valuation Results and Benefit Review (see Appendix 2 for details). Where requested, we will provide an online meeting facility for employers wishing to access the forum presentation remotely.

A detailed 'Employer Consultation Guidance Notes' and an 'Important Information for Members' booklet will be issued, by 31 October 2010, to assist employers with statutory consultation requirements.

If you require further information please do not hesitate to contact us via email at [sfha@thepensionstrust.org.uk](mailto:sfha@thepensionstrust.org.uk), telephone on 0131 200 6159 or in writing to the address at the bottom of the previous page. Please quote your Employer Number E«Refno» and your scheme name as this will help us deal with your enquiry more efficiently.

Yours sincerely



Logan Anderson  
Head of Customer Relations  
The Pensions Trust

Enclosed:

- Appendix 1                      Briefing Paper for Employers – May 2010
- Appendix 1A                    Key Valuation Assumptions
- Appendix 1B                    Workplace Pension Reforms
- Appendix 1C                    Summary of Contributions and Benefits
- Appendix 2                    Employer Forums, June 2010 – Reply Slip
- Appendix 3                    Employer Consultation – Response Form