



The Pensions Trust
for Charities and Voluntary
Organisations since 1946

The SFHA Pension Scheme

Review of the Year 2001

Chairman's Statement

The continuing series of closures of final salary pension schemes by very prominent organisations has caused acute media and political concern for the future of final salary pension schemes in the UK.

We therefore include with this review a separate "Update" sheet commenting on the SFHA Scheme's position in the context of current events.

The summary results for the year to 30 September 2001 are set out in this annual review.

It has been a very busy year for the Pensions Committee and its advisers. The fundamental Scheme financial review culminated in the issue of consultation documents and a series of consultation meetings at various venues throughout Scotland in May 2001. Results and responses were considered by the Committee who took formal implementation decisions at a meeting in late August 2001.

A few days later the events in New York on 11 September 2001 devastated financial markets. The resultant fall in the market value of pension scheme investments is clearly shown in the year end statement at 30 September 2001.

The Scheme financial review had been an early Committee response to concerns over future financial pressures on pension schemes. In the event, the timing of the review proved exactly right.

The review resulted in changes to contributions and benefits, effective from April 2002. These greatly strengthened the Scheme's forward financial position, and, when taken into account by our actuaries, enabled the Scheme to obtain its annual certificate of viability, despite the adverse effects of 11 September. This is a useful demonstration of the Scheme's present strength and resilience even in such extreme financial conditions.

The results for the year should be read with these comments in mind. Although the dramatic effects of 11 September and current controversies in the pensions world focus attention on immediate and short term issues, the fundamental nature of pensions management is long term, and it is long term trends which are most significant.

On this basis the results for the year are satisfactory, with growth in employee and employer membership, and absolute and comparative investment performance reflecting the benefits of investment policies and close attention to fund management.

This period has involved much intensive work and my thanks are due to Pension Committee members, the Scheme Secretary and other Pensions Trust staff and advisers for their help and support during a busy and difficult period.

Thanks and appreciation are also due to employers, whose support during the financial review and in our ongoing Scheme development is crucial to our success.

Although the future is never guaranteed, I wish to reassure members who may be concerned by recent media comment on the threats to final salary schemes.

The Pensions Committee is not complacent, but the Scheme financial review confirmed both our commitment to the final salary principle and the practicability of that commitment on the basis of present financial projections.

The accompanying "Update" leaflet sets that reassurance in the present context and reflects the Committee's policy of keeping members fully informed of the scheme's progress and wellbeing.

Jim Wilson, April 2002

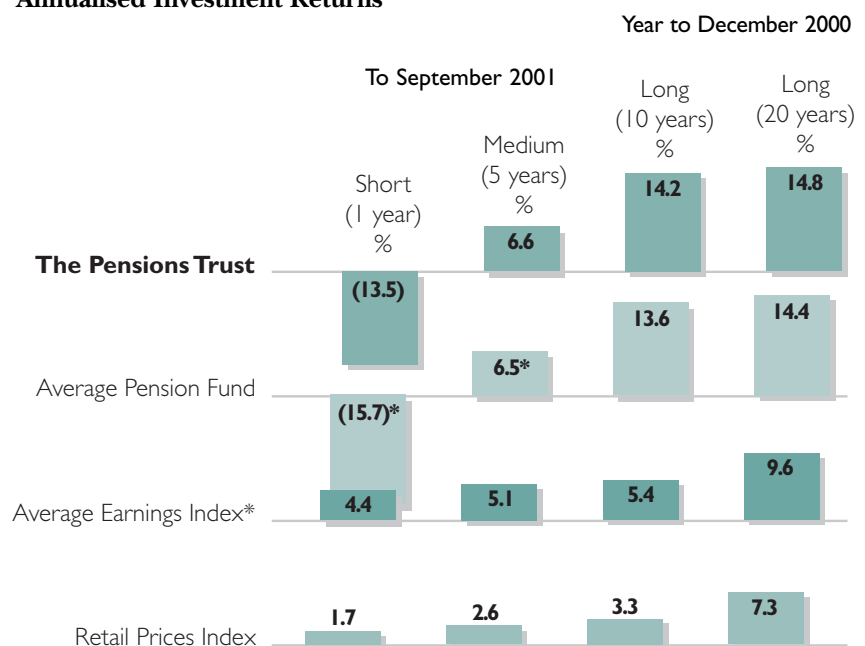
Your Scheme Benefits Include:

- a pension payable from retirement for the rest of your life, related to your salary at retirement;
- guaranteed pension increases in retirement;
- the option of a tax-free lump sum on retirement as well as a pension;
- partner's and/or children's pensions if you die before or after retirement;
- life assurance if you die whilst contributing to the Scheme;
- an immediate pension if you retire due to ill health (in defined circumstances).

Investment Results

Performance over the short, medium and long term compares favourably with the average pension fund. The Pensions Committee continues to monitor investment performance.

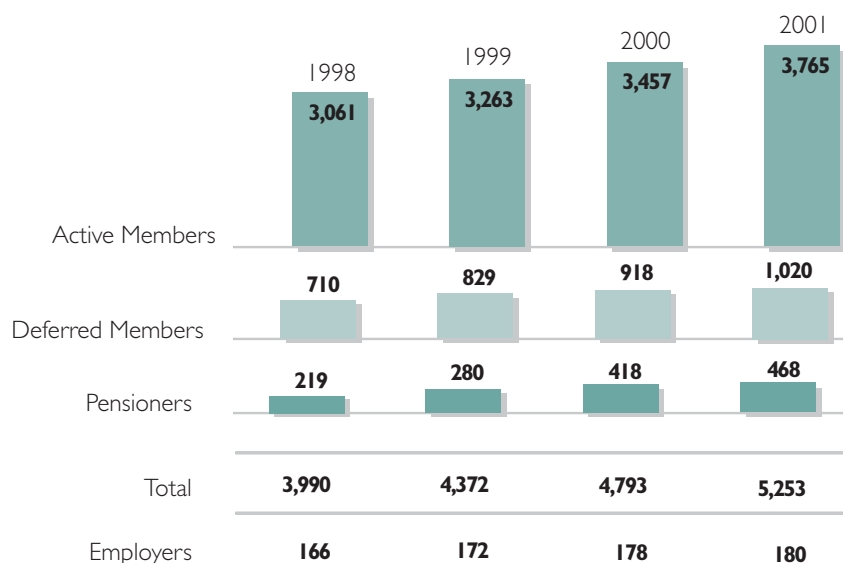
Annualised Investment Returns



* Figures are provisional

Membership Growth

Active membership continues to increase steadily, and showed growth of 8% between 2000 and 2001. Active membership at 30 September 2001 was 3,765.



Fund Statement

Brackets denote negative figures.

	2001	2000
	£000	£000
Contributions paid by members and employers	11,002	9,947
Group and individual transfers in	1,092	1,663
Total money in	12,094	11,610
Benefits paid (pensions and lump sums)	(2,092)	(1,826)
Payments to leavers	(609)	(625)
Administrative costs	(480)	(442)
Specific expenses allocated	(53)	(16)
Total money out	(3,234)	(2,909)
Net new money available for investment	8,860	8,701
Return on investments		
Investment income (after management expenses)	1,649	2,485
Change in market value of investments	(20,127)	11,335
Net returns on investments	(18,478)	13,820
Fund summary		
At the beginning of the Scheme year	128,682	106,161
At the end of the Scheme year	119,064	128,682

The fund summary at the end of the Scheme year, 30 September 2001, should be seen in the context of the substantial general fall in share prices due to the effect on financial markets of events in New York on 11 September 2001.

The SFHA Pension Scheme is a part of The Pensions Trust and this statement summarises the transactions of the Scheme and its proportionate share of expenses, investment returns and investments. The figures shown in the statement have been extracted from the audited accounts of The Pensions Trust, which were approved at a meeting of the Trustees on 13th December 2001.

This summary report is not intended to be a summary financial statement within the term defined by SORP (Statement of Recommended Practice for Pension Schemes). The full Report & Accounts of the Trust and the Scheme are available on request.

Your Committee

The Committee meets at least four times a year to monitor the Scheme. It has responsibility for the successful management and operation of the Scheme in the interests of all members. The Committee is made up of:

- Three individuals elected by members
- Three individuals elected by employers
- One co-opted member

The Committee members currently are:

Jim Wilson (Chair) – Member nominated

Malcolm MacDonald (Deputy Chair)
– Member nominated

Neil Hall – Co-opted member

Alison Massie – Member nominated

Jim Michael – Employer nominated

David Molyneaux – Employer nominated

Ann Scott – Employer nominated

The Scheme Secretary is Jacki Johnston, who is based in The Pensions Trust's Edinburgh office.

AVCs

If members of the SFHA Pension Scheme wish to increase their benefits, they are entitled to pay contributions to The Pensions Trust's Growth Plan or Unitised Ethical Plan. Information is available on request from your administration team.

Members may choose to have a free standing AVC or, if eligible, a stakeholder with another pension provider.

Professional Advisers and Bankers

Investment Consultant

Watson Wyatt

Scheme Actuary

Peter Lofthouse of Watson Wyatt Partners

Auditors

KPMG

Solicitors

Mayer, Brown, Rowe & Maw

McGrigor Donald

Bankers

The Royal Bank of Scotland plc

Property Managers

Insignia Richard Ellis

Edward Charles & Partners

Measurement of Investment Performance

The WM Company

Investment Managers

Legal & General Investment Managers

Fidelity Pensions Management

Barclays Global Investors Ltd

Capital International Ltd

Henderson Global Investors Ltd

Friends Ivory & Sime plc

Custodians

The Northern Trust Company

Mayer, Brown, Rowe & Maw (for property deeds)

Pension Consultants

SBJ Benefit Consultants Ltd

Hymans Robertson Financial Services

Keeping us up to date:

- we need to know if you change your home address or if your circumstances change (eg, you get married);
- if you have not told us or have changed who you would like to nominate to receive the life assurance benefit and/or survivor's pension if you were to die, please inform us in writing;
- in all correspondence, please quote your membership number.

Please note:

Individual annual benefit statements will be issued in summer. Anyone nearing retirement can request a statement at any time.

The SFHA Pension Scheme is an occupational pension scheme, administered by The Pensions Trust. The Trust works solely for organisations involved in charitable, educational, social, voluntary or other similar work. If you require further information about the scheme or your own benefits, please contact The Pensions Trust at the address below.

Administered by



The Pensions Trust

for Charities and Voluntary
Organisations since 1946

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