

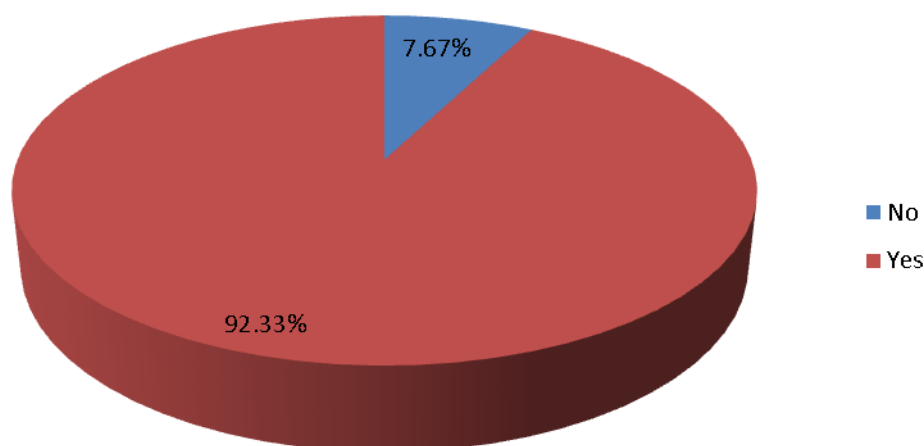
## QUESTIONNAIRE – HAVE YOUR SAY

The Pensions Trust requested employers participating in the CARE Scheme to complete a questionnaire to gauge opinions on possible changes to the Scheme.

The following summary sets out the responses received in terms of weighting by active membership of the respondees and also details additional comments raised by the employers. 58% of active membership is not represented in the responses.

### Question 1

**Do you agree that in order to cap their contingent debt liabilities, all employers should be able to cease building up pension on a Defined Benefit basis and move to the Defined Contribution section?**



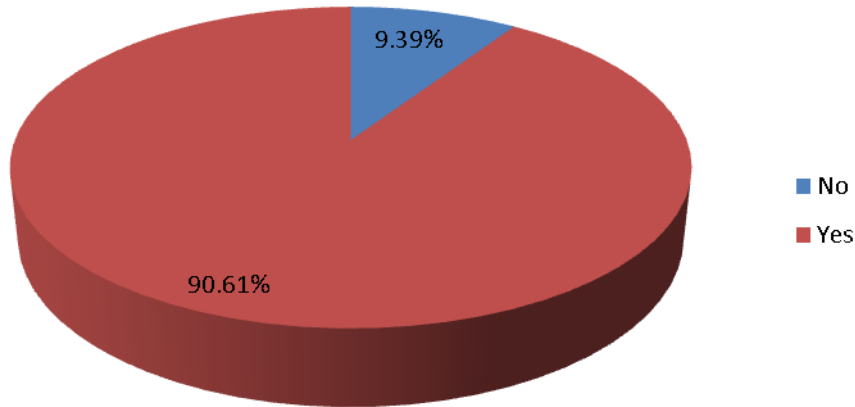
Additional comments were:

- *“We would very much wish this to be framed as an available option but not a default or recommended one. In particular we would not wish the framing of this feature to precipitate a rush away from the current defined basis.”*
- *“Every effort ought to be made to retain as many employers as practicable in a defined benefit scheme.”*
- *“Worried about 2012!”*

### Question 2

**As the opportunity for employers to move to the Defined Contribution section is being offered purely to cap the build up of contingent buy out debt liabilities, do you agree that the contribution basis for the Defined Contribution section should be the same as that currently applicable to the Defined Benefit 100ths section?**

### Career Average Revalued Earnings (CARE) Scheme (the Scheme)

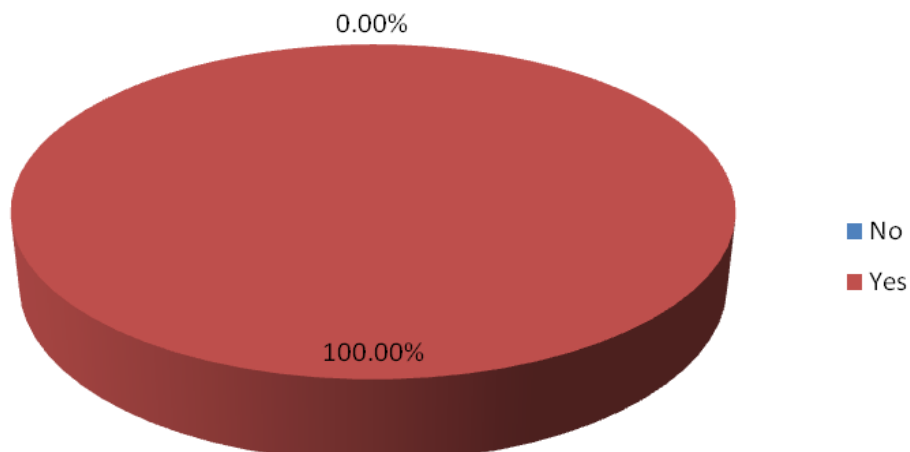


Additional comments were:

- *“Yes, but only in the context: is the 80ths Scheme to cease?”*
- *“We would be willing to accept this, although we would prefer to have a contribution basis which was the same as the 80<sup>th</sup>s section.”*
- *“As a minimum contribution, however employers in the current 80ths scheme ought to maintain their current level of contribution.”*
- *“We are concerned that the defined contribution scheme is more a contract with individual employees. It is important that there is still flexibility for individual employers to vary rates in this scheme. Defined benefits and defined contributions should not be pegged to each other in the longer term.”*
- *“We would like to look at a defined contribution at a reduced rate.”*

### Question 3

**As there are concerns about the continued build up of contingent buy out liabilities by employers who may subsequently leave the Scheme with unfunded liabilities, do you agree that employers unable to demonstrate their ability to fund defined benefits in future should provide some form of security or be required to accrue future benefits in the defined contributions section only?**



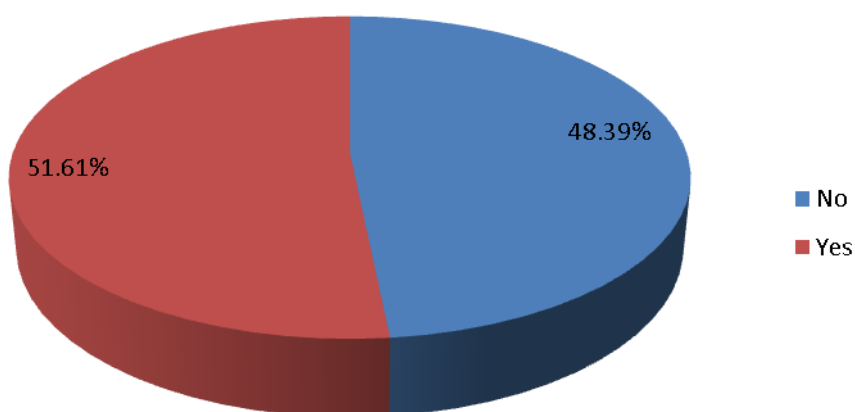
## Career Average Revalued Earnings (CARE) Scheme (the Scheme)

Additional comments were:

- *“Yes, in principle, although much depends on the nature of the security etc. Again we would not wish this to be framed in such a way that it became a device for encouraging or forcing a shift to a defined contribution basis.”*
- *“The Pensions Trust ought to investigate the possibility of risk assessed contingent bonds being available on an insured basis therefore allowing employers to insure against unforeseen future liabilities or alternatively a higher contribution rate ought to be considered for staff & employers. Perhaps a range of options.”*
- *“Yes, if to apply to new members.”*
- *“In agreement in principle, but we wish for further clarity on the criteria that would be used to determine employers’ ability to fund defined benefits in future.”*

### Question 4

**Do you agree that future Limited Price Indexation (LPI) increases for active members should be capped at 2.5% from a future date?**



Additional comments were:

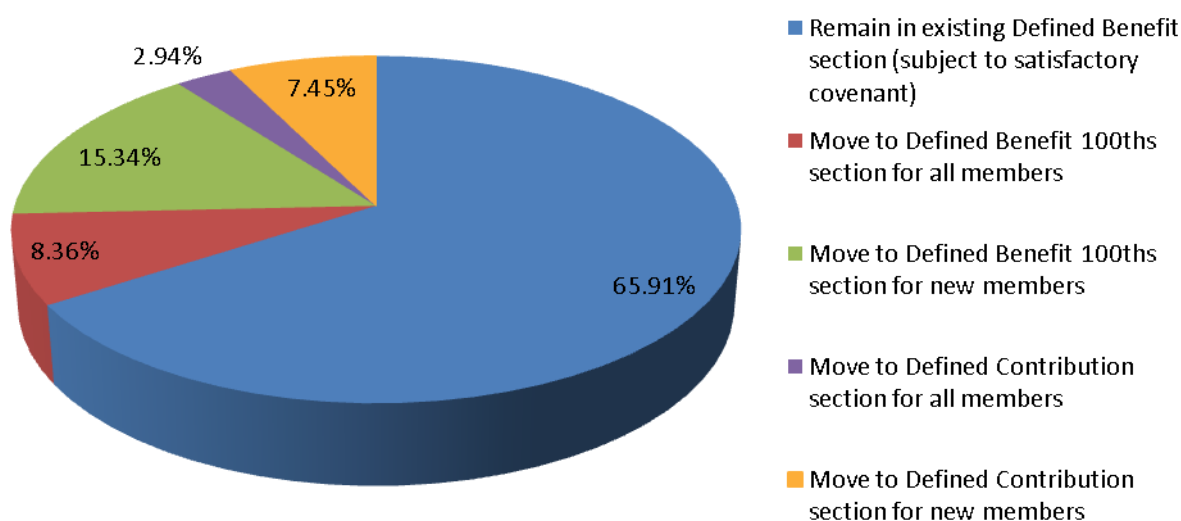
- *“I don’t agree at this stage and would require future evidence before agreeing. If inflation peaks presumably dividends and capital values will follow.”*
- *“Yes, happy with the introduction of a cap. No particular view on the level except that we would not wish to see it set at less than 2.5%.”*
- *“The current provision should remain unchanged and only be reviewed should LPI exceed 2.5%.”*
- *“There is a need for flexibility.”*

### Career Average Revalued Earnings (CARE) Scheme (the Scheme)

- *“This seems unfair particularly in times of high inflation where pensions will fall in real terms. If capping is to be introduced then consideration should be given to introducing it at a higher level - say 5%.”*
- *“However, a 5% cap would be supported, in line with our other Final Salary Scheme.”*

### Question 5

**As an employer, at this stage, which option do you think that you would elect?**



Additional comments were:

- *“We are mindful that we may not be able to sustain the 80ths scheme in the future.”*
- *“If for any reason we did not elect for this option, we would opt for one of the other defined benefit options.”*
- *“Every effort ought to be made to retain the CARE 80ths Scheme.”*
- *“We are unable to answer at this stage. We intend to review our position after sight of the evaluation, and to embark on urgent and extensive consultation before giving our reply.”*
- *“This situation is crippling for small charities like us and it would appear that years of unwise decisions have been taken by incompetent financial advisers.”*
- *“We may have to run two schemes!”*
- *“If some existing members are disadvantaged by the change we would like to consider AVC’s.”*