



The Pensions Trust



Update

Our Employers' Magazine

Issue 4

This Spring 2006 issue includes:

- The Turner Report - Part 2
- Fund Manager Profile
- Trust News
- Pensions Simplification



Pension Scheme
Administrator of the Year



From the Chief Executive

As I write, The Pensions Trust is finalising all the changes needed to our systems, procedures, scheme rules, literature and documentation to cope with the changes to the tax treatment of pension schemes and benefits effective from 'A' day - 6 April 2006.

This huge project – taking place alongside the implementation of the many changes brought in by the Pensions Act 2004 – impacts on most areas of the business. Once again, regulations have been delayed – it seems to me that nothing emanating from Government is ever straightforward now – and we have had to adapt our plans to cope with this. I am confident that once we become familiar with the new rules in practice, this aspect of pensions will be simpler than it has ever been.

Our Annual Report and Financial Statements for the year to 30 September 2005 has been issued and is available on our website. All our members receive a summarised version. Some key information is:

- Our membership grew by 6% to 115,178
- Our assets grew by 28% to £2.979bn

I am pleased to report that The Pensions Trust achieved an overall investment return of 21.3% (against a benchmark of 20.5%) on the main investment portfolio in the year to 30 September 2005. However, there is no room for complacency. Interest rates are low and demand for bonds is very high, so while scheme assets have increased significantly, liabilities have also increased and we feel that we are running very hard to stand still.

Last autumn we told Growth Plan employers that we were planning to introduce new products with a wider investment choice. These are on track to be launched in October this year and more news will follow in summer. We are also working on a version of our CARE scheme that is not contracted out of the additional state pension.

Our Growth Plan and several of our clients' Final Salary schemes are undergoing their 3-yearly actuarial valuation, the first under the new Scheme Specific Funding Regulations which were finally published in December 2005 after months of delays. We have met with the Pensions Regulator to discuss our concerns over scheme funding; I am pleased to report that, so far, discussions have been positive and very constructive.

The Pension Protection Fund has celebrated its first birthday. The Pensions Trust has campaigned vigorously for the special needs of charities and multi-employer schemes to be recognised, with some, albeit limited, success. We will continue to campaign if we believe that the levies are too high.

The Pensions Commission's long-awaited Second Report was published at the end of November 2005 and a Government White Paper is expected this spring. Until the White Paper is published and we have more information, it is difficult to assess what the implications will be for The Pensions Trust and our participating employers.

We welcomed three new Directors to the Board in March 2006. With so much uncertainty surrounding pensions at the moment, we were very encouraged that a total of 36 candidates stood in this year's elections for employer and member nominated directors.

A handwritten signature in black ink, appearing to read 'Richard Stroud', written in a cursive style.

Richard Stroud
Chief Executive



In this issue

4 News

6 Spotlight on: The Turner Report - Part 2

10 Fund Manager Profile: F&C Asset Management Plc

11 Trust News: Changes to Board of Directors

12 Spotlight on: Pensions Simplification

14 Our People: Philip Edwards, Member Nominated Director

15 Our People: David Palmer, Strategic Investment Officer

16 Noticeboard

18 Your Letters

19 Directory

News

National Pensions Debate

National Pensions Day, hosted by John Hutton, Secretary of State for Work and Pensions took place on 18 March 2006. Over 1,000 people gathered in 6 locations across the UK, spent the day discussing issues around pensions.

The day was about giving people the opportunity to find out more about the pension challenges we face and examining the Pension Commission's solutions.

On the day 1,075 people took part, with more women attending than men, and participants ranging from age 16 to 92.

The group discussed:

- Why are we having a National Pensions Debate?
- What are your reactions to the Pensions Commission's recommendations?
- Who should get a State Pension?
- What do you think about gradually increasing the State Pension age?
- What are your views on the proposed National Pension Savings Scheme (NPSS)?

The Outcomes

Attitudes to Pension Reform:

- More than 4 out of 5 agreed that more employers would need to contribute to their employees' pensions

- 60% rejected pensioners getting poorer compared with rest of society
- 16% believed pension issues could be solved by people working longer, 19% by saving, and 12% by greater share of tax being revenue on pensions
- People expect to retire at 63 and be retired for 23 years

State Pension Reform:

The Pension Commission propose that people should receive a basic State Pension based on the number of years spent living in the UK. They also suggest an additional State Pension based on contributions.

- Half the participants agreed years living in the UK (working or not) should count towards the basic State Pension. 35% disagreed with this
- 4 out of 5 people felt if someone is long-term sick or disabled and unable to work, the period of sickness should count towards an additional State Pension
- Over half of the participants agreed on a gradual increase in the State Pension age; one third disagreed

Saving More

- 74% thought employees should be automatically enrolled with the choice to opt out

- 18% thought employees should be automatically enrolled with no choice to opt out
- 8% thought employees should not be automatically enrolled at all
- 17% indicated they would be likely to opt out of a NPSS, 39% said they would be unlikely to do so
- 87% of people agreed that employers should make a contribution as part of the NPSS

Pension Commission Options

Participants were asked to allocate 10 points to the Pension Commission's 4 options for reform:

1. Pensioners being poorer compared to the rest of society
2. A greater share of taxes going to pensions
3. Saving more
4. Increase in average retirement age

The most popular option was a greater share of taxes going to pensions, followed by saving more.



Benefit Packages Must Recognise Civil Partnerships

The conciliation group ACAS, has warned that Employee Benefit Packages must be available to same sex couples.

New legislation means benefits offered to married employees and their spouses must recognise civil partnerships. The benefits covered include pensions, flexible working, statutory paternity pay, adoption leave and health insurance.

ACAS said the change meant employers would be forced to review their current benefit systems to ensure staff are treated equally and made aware of their new rights.

ACAS Chairman Rita Donaghy said, "This is a significant change. The Civil Partnership Act creates a new legal relationship which, for the first time,

recognises same-sex relationships by giving parity of treatment with married couples across a wide range of legal issues. This has implications for employers."

"For example, if you are making a benefits package like private healthcare available to the spouse of an employee, you now need to make it available to any civil partners of employees too."

Donaghy said wise employers would have already reviewed their internal processes - and ACAS could help those who had not done so.

The best practice guidance is available on the ACAS website: www.acas.org.uk

The Trust Wins Scheme Administrator of the Year



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

The trophy, collected by Deputy Chief Executive, Stephen Nichols on behalf of the team, was presented by comedian Jimmy Tarbuck at the Professional Pensions UK Pensions Awards ceremony on Monday 10 April 2006.

Speaking about the win Stephen Nichols commented "This is great recognition and validation of the hard work put in by everyone connected with The Pensions Trust over the last year."

Audio Annual Review

The Pensions Trust has produced an audio version of its Annual Review 2005. This is available free of charge to any blind or partially sighted members on request.

The CD was produced in collaboration with the Royal National Institute for the Blind.

If you would like a copy of the CD, please contact:

update@thepensionstrust.org.uk



New Guide from the NAPF

There are now more than 1 million people in the workforce over state pension age. New legislation is due to come into force in October 2006 banning age discrimination in the workforce.

The National Association of Pension Funds (NAPF) has produced a new guide 'Extending Working Lives - adapting pensions for an older workforce', which sets out how Schemes can not only comply with the law, but also attract a more age-diverse workforce.

The new guide is produced in association with the Third Age Employment Network (TAEN).

- It sets out the background to the UK's ageing workforce;
- Explains how age discrimination law will affect pension schemes;
- Explains how to adapt pension scheme benefits, using a series of case studies and setting out action points for schemes;

- Explains State Pension scheme rules on deferring State Pension age; and
- Sets out an Action Checklist for schemes to follow

Joanne Segars, NAPF Policy Director said "The pattern for working life has changed significantly over the past 20 years, and is set to change further. More people will have to work longer. For many this will be a positive choice, the desire to stay active, for others this will be a necessity, for example pension income is below expectations. Either way, this means changes for pension schemes. Many are going to need to change their rules to comply with the law.

This timely guide sets out what schemes need to do."

The guide costs £20 for non-members and £10 for NAPF members.

To place an order contact shiona.charlerly@napf.co.uk

Spotlight on: The Turn

The Pensions Commission's Second Report – A New Pensions Settlement for the Twenty First Century

Barely a day goes by without pensions being mentioned in the media. Very little of the coverage is good news. Schemes closing their doors, members left in the lurch, work until we drop, strike action to protect generous public sector pension schemes.... not a lot to celebrate there. So the title of the Pensions Commission's second report, published at the end of November last year, could be described as brave words indeed.

What is the Pensions Commission and what does it do?

The Pensions Commission is an independent body set up three

years ago to “keep under review the regime for UK private pensions and long-term savings, and to make recommendations to the Secretary of State for Work and Pensions on whether there is a case for moving beyond the current voluntarist approach.”

The First Report

The Commission issued its first report, 'Pensions: Challenges and Choices' in October 2004. This report presented the findings of an analysis of the UK pensions and savings system, identifying the trends in place and the challenges to be met. This report did not make recommendations – these would follow in the second report.

We are living longer and having fewer children. Over time, an increasing proportion of our population will be aged over 65 – the current state pension age. Society and individuals therefore have four choices:

- Pensioners will become poorer relative to the rest of society
- Taxes and National Insurance spending on pensions must rise
- We must save more
- We must retire later

The Commission felt that the first option – poorer pensioners – would not be acceptable, and that none of the other options alone would be enough to solve the problem of higher dependency ratios. A mix of saving more, retiring later and higher taxes and National Insurance might be needed.

Without a huge shift in behaviour, the Commission concluded that voluntary private pensions saving system and the current state system would not solve the problem of inadequate pension savings. It proposed three ways forward:

- Boost the voluntary system and/or
- Change the state pension system and/or
- More compulsory private pension saving

Again, the Commission felt it was likely that a combination of some of these options might be required – no single option would be the answer. Analysis of these issues would be the Commission's key focus for the next year.



Turner Report - Part 2

The Second Report

The second report, 'A New Pensions Settlement for the Twenty First Century' also known as the Turner Report was published on 30 November last year. Some two weeks before publication the media gleefully reported the Chancellor's opposition to some of the proposals. The Prime Minister's office was accused of leaking Gordon Brown's private views in an attempt to discredit him. A commentator described the Chancellor as a "roadblock to reform." This goes to illustrate just how controversial pensions reform is, even at the highest political level.

As promised, the Pensions Commission extended and deepened its analysis of UK pension provision and trends in that provision. It concluded that the current system of private funded pensions combined with the current state system will deliver increasingly inadequate and unequal results. The key findings were:

- Changes to the state system alone will not solve the problem, and neither will measures to encourage voluntary provision, but attitudes to compulsion are ambivalent
- Housing wealth may help many people to live comfortably in retirement, but this isn't a solution for everybody
- Long-term pension policy needs to be robust as life expectancy rises
- The UK can learn from pension systems and reforms in other countries. In particular, a system of nationally administered individual

accounts could reduce costs, and automatic enrolment could increase the numbers saving for retirement

Objectives of Reform

The Commission believes major reform of the UK pension system must:

- Deal with major gaps in the current system for carers and people with interrupted careers
- Overcome inertia and high costs, two significant deterrents to voluntary private pension saving
- Maintain employer involvement in good quality pension provision
- Prevent the spread of means-tested benefits
- Be sustainable in the face of rising longevity
- Be less complex and more understandable than now

However, reform must be achieved within constraints. Any changes must maintain the improvements in living standards of the poorest pensioners so far achieved by means testing. The transition to a new system must be acceptable in terms of cost and administrative complexity.

Key Elements of Reform

The Commission advocates creating a low cost, funded National Pension Savings Scheme (NPSS) by 2010. Individuals would be automatically enrolled into this scheme but would have a right to opt out. Both member and employer would be required to contribute at relatively modest levels.

Alongside the NPSS, the Commission proposes a more generous and less means-tested State Pension system. The cost would be offset by increasing State Pension age and increasing the taxes devoted to pensions expenditure.

National Pension Savings Scheme (NPSS)

The report contains detailed proposals but the authors concede that the final design will require further work and consultation.

The NPSS would be run by a quango – a non-departmental public body. It would be compulsory for all employers unless they offer an equivalent or better arrangement to all employees. The Government Actuary's Department would assess and certify these 'equivalent' schemes.

All employees aged 21 and over, earning above the "Primary Threshold" (£97 a week in the 2006/07 tax year) and not covered by an 'adequate' pension arrangement would be automatically enrolled. They could opt out within a month. The self-employed could opt in.

Default contributions would be 8% of earnings between the Primary Threshold of £97 and the Upper Earnings Limit of £645 a week (2006 figures) split 4% employee, 3% employer (both calculated on post-tax income) and 1% representing tax relief or tax credit. Employees and/or employers could make voluntary contributions in excess of the mandatory amounts, though the Commission proposes a cap on the total annual investment.

The report envisages contributions being collected through a national payment system – either the PAYE system or a newly created Pension Payment System – cost efficiently and with minimal administrative impact on business. Contributions would be invested in very low-cost funds bought in bulk from fund managers. A default option would be available.

Charges for contribution collection, investment and administration would be very low – the target annual management charge would be 0.3% of fund value. Most commentators believe this is not achievable without significant state subsidy.

When the scheme matures, a median earner (around £23,000 in 2005) paying the default contribution might expect a pension at retirement of about 15% of earnings. By paying voluntary contributions up to the level of the cap, the same individual could double their pension to 30% of earnings. The lump sum available on retirement from other forms of pension arrangements would not be available under the Commission's proposals.

The Commission recommends that participation levels and contribution rates be monitored for adequacy and reviewed if necessary.

State Pension Reform

The Commission proposes the basic State Pension (BSP) should be increased in line with average earnings, not prices, from 2010 or 2011. The ceiling for means-tested Savings Credit should be frozen. These measures would reduce means-testing, which the Commission recognises will have to be retained to protect poorer pensioners.



In the longer term, rights to BSP would accrue on a personal basis rather than via a spouse, and on residency instead of national insurance history. This would help women and carers who traditionally fare badly under the present system. Shorter term, the Commission proposes that this 'universal' basis should apply to the over 75s.

The State Second Pension (S2P) should become flat rate from 2030 at the latest. S2P credits for carers should be improved.

The savings generated by the increase to state pension age (SPA) for women (to 65 from 2020), and from the shift to flat-rate S2P by 2030, will not be sufficient to offset enough of the cost of these improvements. The Commission therefore proposes that State Pension Age should increase in line with anticipated increases in longevity – to 66 by 2030, 67 by 2040 and 68 by 2050. It recommends fifteen years' notice should be given of changes to SPA.

Other Recommendations

If State Pension Age is to rise, then measures to facilitate later working are required for those who can work for longer, and some protection is needed for those who cannot carry on working until SPA. Suggestions include:

- Scrapping the default retirement age of 65, and incentivising employers to hire older workers
- Introducing options to defer part of the State Pension entitlement, and publicising them widely
- Public policy should define and encourage best practice in non-discrimination, training and occupational health for older workers
- Making means-tested pensioner benefits available before SPA for those in poor health who are unable to continue to work, and/or

setting different pension ages for BSP and S2P

While recognising that more than half of the £12.3 billion benefits from tax relief are enjoyed by higher earners, the Commission recommends that the current system for tax relief, reformed in April this year, should be retained in the short to medium term.

Contracting-out of S2P should be abolished for defined contribution pensions, whether occupational or personal, and phased out by 2030 for defined benefit pension schemes.

Finally, the Commission recommends the creation of a permanent successor body to monitor progress and help the Government with ongoing pension policy.

Reactions to the Report

The Government, press, industry and public reaction to the report has understandably been mixed. The Treasury believes the costs are understated. Businesses are worried about increasing costs and reducing competitiveness. Employer organisations think employees will be persuaded to opt out. The unions are outraged at this cynicism, but will they support lower wage settlements to compensate for the employer contribution?

The pensions industry fears employers will abandon their current pension schemes in favour of the cheaper NPSS. A Chartered Institute of Personnel & Development survey of around 1,000 employers suggests

these worries may be unfounded; only 1% of respondents would opt for NPSS and 81% have no intention of changing their pension arrangements. The Society of Pension Consultants is not convinced that NPSS will deliver sufficient income in retirement. The insurance industry fears 50,000 job losses.

Within a week of the report's publication, Stephen Timms, Minister for Pensions Reform, challenged the pensions industry to come up with cheaper, better solutions. While Lord Turner and his fellow Commissioners had spent close to three years researching and refining their proposals, the industry was given three months to provide free consultancy advice to Government.

On 28 February 2006 the alternative proposals from the Association of British Insurers, National Association of Pension Funds, Investment Managers Association and the Pension Reform Group were unveiled at a meeting held in the Cabinet War Rooms.

John Hutton, Secretary of State for Work and Pensions, has recently said in a speech to the Institute for Public Policy Research that NPSS is his favoured model for reform.

An online National Pensions Debate has been conducted, and on 18 March 2006, National Pensions Day, 1,000 people were invited to participate in an event run simultaneously in six locations to gather public opinion on pension reform proposals (as outlined on page 4.)



What Happens Next?

The Government has promised a White Paper on pension reform in spring - which could be any time from Easter until the end of June 2006. Days before the Commission's second report was published, John Hutton stated that the package of pensions reform must promote personal responsibility and be simple, fair, affordable and sustainable - a tall order, one might think.

The 'simplification' of the current pensions system intended by the Pensions and Finance Acts of 2004 has so far proved to be anything but; the Pension Protection Fund, far from protecting pension schemes, is a drain on many funds and will lead to further closures; 'consultation' with pension scheme members now means 'telling' them what will happen; the list could run for pages.

Whether the White Paper will propose solutions that meet our understanding of simplicity, affordability, fairness and sustainability remains to be seen. If we and future generations are to enjoy a comfortable retirement, free from financial worries, let us hope that it does.

Fund Manager Profile

F&C Asset Management Plc

F&C Asset Management was appointed by The Pensions Trust in the mid-1980s to manage an ethical UK equity portfolio (i.e. a unitised portfolio of shares in companies that have been screened for suitability). F&C are based in London and as at 30 September 2005 had approximately £29.9 million assets under management for the Trust.

The following article looks at how they screen the portfolio:

F&C Asset Management plc (F&C), are investment specialists managing £129.4 billion of assets for private investors, financial advisers and institutional clients such as The Pensions Trust. F&C are a top ten manager of institutional pension funds in Europe, by size of assets under management, and a specialist provider of ethically screened funds, with one of the largest Governance and Socially Responsible Investment (GSRI) Teams in the UK.

The Stewardship range of funds was launched by Friends Provident in 1984 and was the first of its kind in Europe. The Pensions Trust invests in the Stewardship Managed Pension Fund which is an investment vehicle for UK pension schemes. As this fund seeks to make a positive contribution to society and avoid harm, it excludes

companies which contravene certain criteria. These include, among others, weapons, tobacco or alcohol production, gambling, pornography, human rights abuses and environmental damage.

The Stewardship Committee of Reference is an independent group and has the ability to overrule the fund manager if it believes a company does not meet the ethical criteria. The Committee of Reference meets quarterly to review the ethical criteria and companies in which the fund managers have expressed an interest. The Committee will, following rigorous analysis, either make a company acceptable for inclusion or unacceptable - it will not be in the universe of stocks available to the fund managers.

How are companies selected?

The rigorous process can be broken down to demonstrate how the ethical criteria are put into practice.

Step 1: Fund Manager Selection

The Stewardship Fund Managers select companies they wish to invest in, based on F&C's investment process.

Step 2: GSRI Analysis

F&C's in-house GSRI Team researches these companies and provides recommendations as to whether they meet the ethical criteria.

Step 3: Independent Committee Decision

The Committee of Reference scrutinises the GSRI Team's analysis

and decides whether the companies meet the ethical criteria.

Step 4: Fund Manager Investment

If the Committee approves the companies for Stewardship, the fund managers may purchase these stocks.

Step 5: Monitoring and Review

The Committee regularly monitors companies and unethical practices may result in a company becoming unacceptable. In such cases, the fund managers are informed and must dispose of the stock within six months.



Stewardship's strong ethical approach means that many large companies are excluded, for example some oil companies and pharmaceutical companies. This in turn leads to a pronounced smaller company bias with only 25-30% of the All Share Index by market capitalisation being eligible for investment. This means that there will be periods when the fund underperforms the UK Equity market, particularly if those sectors/companies which are excluded perform well. Equally, there will be periods when it will outperform UK Equity non-screened funds.

Trust News

Changes to Board of Directors

We are pleased to announce the election of 3 new Directors to the Board, the re-election of an existing Director, plus the election of a new Deputy Chair.

The newly-elected Deputy Chair is Clive Unitt (Employer Nominated Director).

The newly-elected Employer Nominated Directors are:

- Keith Nunn
Distinguished Advisor Geophysics,
BP Exploration

- Stephen Duckworth (previously a member nominated Director but re-elected as an Employer Nominated Director)
Finance Policy Director, Retired

The newly-elected Member Nominated Directors are:

- Allan John Herring
Manager of New Milton Quaker Housing Association Limited,
Retired
- Joe Robertson
Retired Pensions Regulator

These elections follow the retirement of John Kent (Member Nominated Director) and Maurice Whiteley (Employer Nominated Director) and the resignation of Jacqueline Bliss (Employer Nominated Director) due to other business commitments.

We would like to take this opportunity to welcome our new Directors. They bring a wealth of experience to the Team.



Clive Unitt



Keith Nunn



Stephen Duckworth



Allan Herring



Joe Robertson

Board for
2006

Employer Nominated Directors

- John Alleston - Chair
- Clive Unitt - Deputy Chair
- Stephen Duckworth
- Lynda Howe
- Dennis Jones
- Richard Marshall
- Keith Nunn
- Barry Smith

Member Nominated Directors

- Valerie Ching
- Philip Edwards
- Allan John Herring
- Alison Massie
- Bruce Nelson
- David Prince
- Joe Robertson
- Clare Smith

Spotlight on: Pension

The Government's much heralded 'Pensions Simplification' has arrived. However, mention the words 'pension' and 'simplification' in the same sentence to anyone working in pensions at the moment and you may not receive the politest response!

On 6 April 2006 (known as 'A' day), the new rules introduced by the Finance Act 2004 became law. The aim of these new rules was to give members more choice and simplify the legislation which existed in the UK.

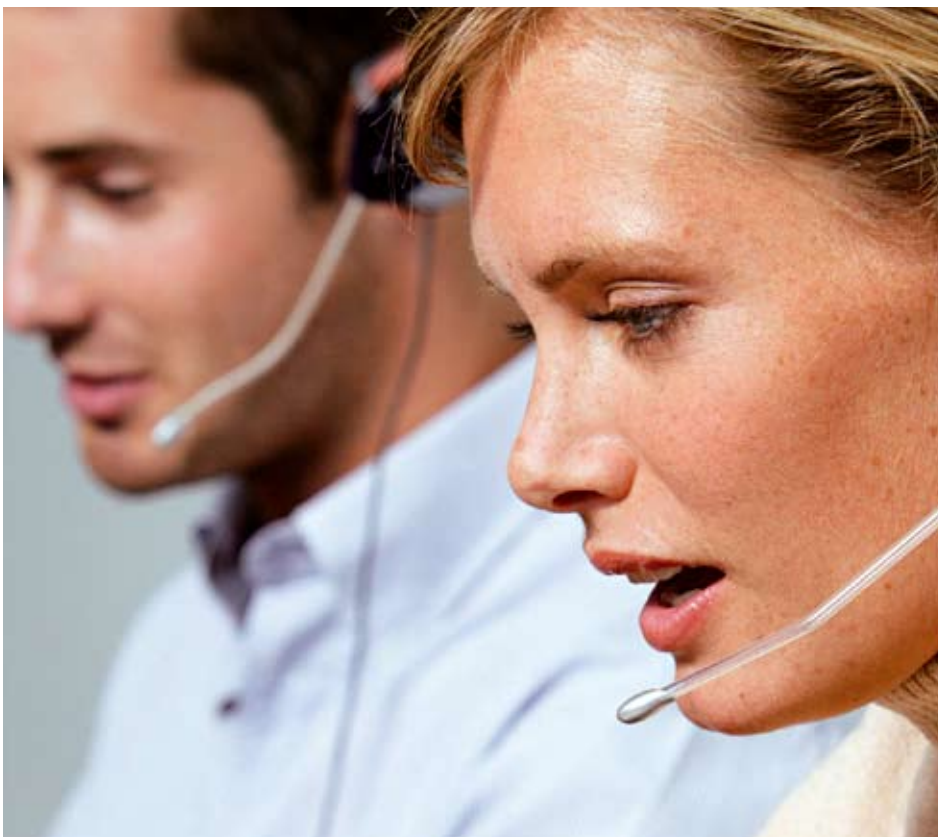
For The Pensions Trust and other pension administrators, the countdown to 'A' day has been anything but simple. The changes in the law have touched every aspect of our operations. Since the first drafts of the legislation were announced, we have been working hard in all areas of the Trust to ensure that we are ready to meet all the new requirements.

To complicate matters, 'A' day followed hard on the heels of the Pensions Act 2004 as a result of which a number of changes have been implemented over the last year.

The combination of the two Acts has resulted in the most radical and far reaching changes to Pensions Legislation ever seen.

The following are just some of the actions that have been necessary:

- Studying the new rules and keeping up to date with changes as they were announced
- Communicating changes to our schemes, employers and members
- Where appropriate, discussing changes to Scheme rules with employers and committees
- Administration system changes
- Changes to marketing material and Scheme literature
- Identifying individual members who may be affected by the new limits
- Website changes
- Training our employees on the new rules
- Reviewing our processes and procedures
- Changes to standard letters



s Simplification

To complete all of this work has required a large amount of time and resource.

As you can imagine, this has been an interesting and challenging experience which has ensured an extremely busy time for everyone in the pensions industry over the last 24 months. Although we are now past 'A' day, the challenges will continue for a bit longer as we ensure that all the changes that have been made have bedded in and are continuing to work well.

It would be nice to think that we will now see a period of stability, free from further rule changes which may bring confusion and complication and lead to further costly amendments. However, the Government continue to consult on the future of pensions and it seems more likely that further legislation will follow. Perhaps the best we can hope for, therefore, is a period of relative calm before the future framework for pension provision in the UK is altered again.

“The countdown to 'A' day has been anything but simple.”

A New Ethos?

Will you Notice the Difference?

The results from our Customer Satisfaction Survey (reported in the Winter 2005 edition) highlighted the need for our letters to members to be easier to understand.

As well as reviewing our letters to ensure that we make any changes required by the new Finance Act, we have also taken the opportunity to implement a new ethos for our standard letters.

The letters have been reviewed with the aim of making them:

- easier to understand
- more friendly
- more courteous
- more helpful

Our proposed new letters were issued to a number of employers where they were road-tested by current scheme members. This

exercise gave us some valuable feedback. We would like to thank all of those employers and members who gave us their time to assist in this exercise.

The new letters will begin to come into operation from April 2006 – we hope you notice the difference!

Our People

Introducing Philip Edwards Member Nominated Director



Philip was elected to the Board of Directors in 2001, and served on the Chair's committee until it dissolved in 2003. He currently serves on the Audit & Compliance Committee having been elected in 2003 and appointed Chair in 2004.

Philip retired in 1999, having spent 40 years in pensions. From 1984 to 1999 he was Pensions Manager at Price Waterhouse Pension Fund. He also worked as Deputy Pensions Manager at The Pensions Trust.

Since retiring he has undertaken ad-hoc project work and consultancy advice.

What first made you decide to stand as Director?

I have always been a supporter of the Trust's philosophy of providing good quality, value-for-money pensions for employees working in the not-for-profit sector. When I retired from full-time employment I was keen to use my pensions experience in some small way to try and help the Trust continue to achieve its objectives.

What are the most important aspects of your role?

There are really three separate aspects:

- (1) To ensure that members receive the pensions to which they are entitled.
- (2) To ensure that the Trust continues to comply with the onerous and ever-increasing legislation that applies to all pension schemes.
- (3) To help the Trust adapt to the different environment that now exists for company pension schemes.

Did you have any specialist pensions knowledge before you joined the Board?

My entire working career of nearly forty years was spent in pensions, including a spell in the 1980s with the Trust (then known as the Social Workers Pension Fund and based in Borough High Street).

When I retired I was Pensions Manager at Price Waterhouse. I am a Fellow of the Pensions Management Institute.

How easy is it to fit in being a Director with your work?

Being retired, I do not have any real problems in devoting sufficient time for my duties. I am also a trustee of two other pension schemes and difficulties can arise when meetings clash.

As well as a Director you also sit on the Audit & Compliance Committee. What is the role of the Audit & Compliance Committee?

The Committee is responsible for ensuring that the Trust operates within the law, the provisions of the Trust Deed and Rules and the requirements of the Board. In turn this involves monitoring and reviewing the effectiveness of internal controls and procedures. We are also responsible for reviewing the Annual Report & Financial Statements and recommending these to the Board for approval.

How often does the Audit & Compliance Committee meet and how much of your time does it take up?

The Committee meets four times a year. I am also Chair of the Committee. The total time commitment is probably about 10 days a year.

Introducing David Palmer Strategic Investment Officer



Next in the series of profiles of key staff at The Pensions Trust, we quiz David Palmer, Strategic Investment Officer.

We find out how he arrived at his current position, what his job involves and what he feels makes the Trust different as an employer and as a pensions provider.

Based in London, David is responsible for investment reporting and monitoring managers' compliance with their written agreements, especially in the area of risk. He also works closely with the Investment Committee in developing the Trust's, investment strategy.

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

I spent six years at Buck Consultants (an employee benefits consulting company) where I worked as an investment consultant. Prior to that I worked for another large employee benefits consulting firm on the pensions side of the business.

How did you first get involved with pensions?

Like most people I wandered into pensions. I was looking for work in the financial services sector after leaving university and the pensions industry was recruiting quite heavily at the time.

What attracted you to working at the Trust?

I liked the idea of being part of the in-house investment resource for one of the UK's largest and fastest growing pension schemes, especially as the Myners' Review had identified the need for this type of role. The Pensions Trust itself was attractive because the wide variety of pension schemes under one umbrella and the need to develop appropriate investment solutions for all of them.

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

It would not be fair to say any one aspect of my job is more important than any other. What is important is that I manage a wide variety of projects and tasks (e.g. reviewing investment

performance, receiving the appropriate advice from our consultants and looking at the instructions we give to our fund managers) to ensure that the Investment Committee has the right information and resources to deliver a good service.

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

There isn't really a typical day but there is some routine to the job because certain events happen at regular times, e.g. the Investment Committee meets at least four times a year and investment performance figure are calculated monthly and quarterly. I therefore have to make sure the appropriate reports and papers are produced.

Outside of the more routine work, I have to turn my hand to a wide variety of tasks from sitting at my desk setting up spreadsheets to going out to meet our clients.

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

I am happy with the course I have taken but if I was to consider something completely different, I would like be involved in researching the energy sector given that this is one of the most important issues we face other than pensions!

Alternatively, I would be starting my coaching job at the Emirates Stadium having just retired as Arsenal's record goal scorer.

Noticeboard

SHPS Recruitment Logo

If you would like a copy of the SHPS Recruitment Logo please email us at:

shpslogo@thepensiontrust.org.uk

Keep Us Informed

In order for us to keep our data accurate and up to date please inform us if you move address or an employee leaves the organisation. Email any changes to enquiries@thepensiontrust.org.uk

Intouch Magazine

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

update@thepensiontrust.org.uk

Exhibitions

We will be attending the following exhibitions this year:

- ICAS Charities Conference
- ISBA Annual Conference
- The Gathering 2006
- Chartered Institute of Housing Exhibition

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

A full list of exhibitions we are attending can be found on our website at www.thepensiontrust.org.uk

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.

If your Scheme is administered in Leeds please call the PSS team on:

0113 394 2894

If your Scheme is administered in Edinburgh please call the PSS team on:

0131 341 1215

Membership Statistics

	2004	2005
Actives	54,283	54,115
Deferred	38,102	43,275
Pensioners	16,247	17,788
Total Members	108,632	115,178
Employers	4,150	*4,012

*The reduction in the Employer figure for 2005 is due to a data cleansing exercise carried out by the Trust.

Dates to Remember

May

10
ICAS Charities Conference
The Motel House Hotel,
Glasgow

17-18
ISBA Annual Conference
Harrogate International Centre

June

19-21
The Gathering 2006
Scottish Exhibition Centre,
Glasgow

20-23
Chartered Institute of Housing
Exhibition 2006
Harrogate International Centre

September

20-22
National Housing Federation
Social Housing Exhibition
ICC Birmingham

Fund Performance

Over the 12-month period ending 30 September 2005, the performance of the four main funds used by most of our pension schemes was as follows:

Name	Fund Performance %	Benchmark Performance %	Relative Performance %
Global Equity Fund	26.8	26.6*	+0.5
Fixed Interest Fund	8.9	8.7	+0.2
Index Linked Fund	9.0	8.7	+0.3
Property	17.4	7.8	+9.6

*The benchmark performance does not allow for the impact of the currency overlay.

We are pleased to inform you that all four funds have outperformed their benchmarks.

Equity Markets

Superior returns have been provided from equities over the past 12 months, which has been a 'mini bull' market.

In the 12 months ending 30 September 2005, positive returns were received across all markets. Japan has bounced back since our last report with an annual return of 29.5%.

Bond Markets

Once again bonds did not perform as well as equities over the 12 months to September 2005. Fixed Interest Government bonds (the FTSE UK Gilts All-Stock Index) returned 8.2% and corporate bonds (the iBoxx Sterling Non Government All-Stock Index) returned 9.7%.

The index linked gilt market as represented by the FTSE UK Gilts Index

Linked Index returned 8.7% over the year to 30 September 2005.

Property Markets

Property has maintained its position as one of the more stable investment vehicles, returning 17.4% over the 12-month period to 30 September 2005 (as represented by the performance of the IPD Monthly Index).

Money Market Fund

During the quarter ended 30 September 2005, The Pensions Trust set up a new fund (The Money Market Fund). This fund invests in high quality short-term debt securities and money market instruments, and is managed by Morley Fund Management. We look forward to reporting on the performance of this fund in the next issue.

Your Letters

Dear The Pensions Trust

Excellent publication - is it printed on recycled paper ? If so, say so. Very re-assuring to have staff e-mail addresses even if we never use them. Well done!

Response

Update is printed on Chlorine free paper from sustainable forests. It can be recycled.

Dear The Pensions Trust

Many thanks for issue 3 of 'Update' magazine. I must admit I was extremely surprised by two articles in the magazine, firstly the news item on page 5 entitled 'The Trust Wins Award for Best Ongoing

Communication' and then, on pages 6-8 the coverage of the Customer Satisfaction Survey. The coverage of The Pensions Trust as an organisation was not one that I, or any of my colleagues, would recognise.

In our experience over the last two years the communication of the Trust has been and remains extremely poor at communicating with member employers. I have requested that we as an employer could meet with a representative of the Trust but was told that this was not normal practice. We find it extremely difficult to contact any individual at the Trust, and regularly find that our requests for membership are ignored.

Response

I am sorry and surprised to hear of your experience of poor communication with the Trust. We generally deal with all requests within 10 working days and we certainly do offer that representatives from the Trust will visit upon request.

I have attached a contact sheet which gives details of all the direct line numbers for the various people within the Trust who are dedicated to your pension scheme.

As Client Relationship Manager for the Trust my role is to ensure that all of our participating employers receive a good service. As well as being available by phone and email I am happy to arrange to visit your offices and discuss any problems you are having with the Scheme and/or deliver a presentation to members emphasising the benefits the Scheme offers.

Pamela Jenkinson



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

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:

Suzy Brear
The Marketing Team,
The Pensions Trust,
6 Canal Wharf,
Leeds LS11 5BQ

Or email
update@thepensionstrust.org.uk

Directory

Board of Directors

John Alleston (Chair)

Retired, Former Administration
Director, The Guinness Trust

Valerie Ching

Administrator, Medina Valley Centre

Stephen Duckworth

Retired, Finance Director

Philip Edwards

Retired, Pensions Manager

Allan John Herring

Retired Manager, New Milton Quaker
Housing Association Ltd,

Lynda Howe

Finance & IT Director,
York Housing Association

Dennis Jones

Payroll Manager,
ExtraCare Charitable Trust

Richard Marshall

Retired, Finance Director

Alison Massie

Executive Director of Finance & IT
Services, Trust Housing Association

Bruce Nelson

Chartered Accountant

Joe Robertson

Retired Pensions Regulator

Barry Smith

Finance Director,
Safe Haven Yorkshire

Clare Smith

Director of Human Resources,
Leonard Cheshire

David Prince

Accountant, Cheadle Hulme School

Clive Unitt (Deputy Chair)

Finance Director,
Sadeh Lok Housing Group Ltd

Board Secretary

Frances Klejnow

If you would like to contact any of the
Board please do so via Frances Klejnow at
the following e-mail address:

frances.klejnow@thepensionstrust.org.uk

Heads of Department

Logan Anderson

Head of Customer Relations

0113 394 2515

logan.anderson@thepensionstrust.org.uk

Martin Hoskins

Head of Customer Services

0131 341 1264

martin.hoskins@thepensionstrust.org.uk

Stephen Nichols

Deputy Chief Executive

0113 394 2514

stephen.nichols@thepensionstrust.org.uk

Karen Parry

Head of Compliance

0113 394 2711

karen.parry@thepensionstrust.org.uk

Mark Rogerson

Head of Finance

0113 394 2630

mark.rogerson@thepensionstrust.org.uk

Richard Stroud

Chief Executive

020 7788 0101

richard.stroud@thepensionstrust.org.uk

Andrew Walsh

Head of Resources

0113 394 2520

andrew.walsh@thepensionstrust.org.uk

Account Managers

Leeds

Glenn Austen

0113 394 2683

glenn.austen@thepensionstrust.org.uk

Paul Coward

0113 394 2688

paul.coward@thepensionstrust.org.uk

Billy Wheeler

0113 394 2713

billy.wheeler@thepensionstrust.org.uk

Edinburgh

Pam Jenkinson

0131 341 1234

pam.jenkinson@thepensionstrust.org.uk

New Business Team

Leeds

Philip Bradish

Sales Manager

0113 394 2682

phil.bradish@thepensionstrust.org.uk

Gary Bradley

New Business Consultant

0113 394 2723

gary.bradley@thepensionstrust.org.uk

Bob Fletcher

New Business Consultant

0113 394 2761

bob.fletcher@thepensionstrust.org.uk

Ruth Yates

New Business Co-ordinator

0113 394 2686

ruth.yates@thepensionstrust.org.uk

Margaret Hemsworth

New Business Administration Assistant

0113 394 2756

margaret.hemsworth@thepensionstrust.org.uk

Edinburgh

Roddy Hoffman

New Business Consultant

0131 341 1272

rodny.hoffman@thepensionstrust.org.uk



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 ref TA2005

www.thepensiontrust.org.uk

“Made to measure?
Certainly. I'll measure,
you make it.”



Pension Scheme Administrator of the Year