

YMCA PENSIONS AND ASSURANCE PLAN

Members' Annual Newsletter

AUGUST 2017

Welcome to the Annual Newsletter which provides informative updates to Members. The Trustee welcomes any suggestion from Members which would improve the content and format of the Newsletter.

Finance

YMCA Pension & Assurance Plan – Annual Accounts to 30/04/2016

The annual accounts are now available on the pension website and can be found under the Member section. The accounts to the end of April 2017 will be posted on the website later in the year.

Updated Annual Summary Valuation at 1 May 2016

The valuation is now available and is posted on the Pension Website in the Participating Employer section. Also, see highlights later in this newsletter.

Triennial Valuation 2017

Work is now underway of the three yearly valuation of the Plan. The initial results will be considered by the Pension Trustee at their meeting in September with the aim of discussing these with the Principal Employer and finalising the results in October.

A series of roadshows for Participating Employers will then be undertaken with any changes in the employer's contributions being effective from 1 May 2018.

Any queries regarding the content of this newsletter, should contact **Paul Smillie** (Company Secretary).
Email paul.smillie@ymca.org.uk or telephone
01823 325860

Members

Trivial Commutation (lump sum in lieu of pension)

HM Revenue and Customs (HMRC) has recently increased the amount of cash you can take in lieu of a small pension, referred to as Trivial Commutation.

To qualify for a Trivial Commutation Lump sum, you must currently be at least 60 years old and the maximum overall value of all your pension pots added together (excluding the State Pension) has to be less than £30,000, (this limit used to be £18,000). If the value of your pension benefits are £10,000 or less (increased from £2,000), you may be able to take a cash sum without considering any other pension pots you have. The Trustee would recommend that members take independent financial advice prior to making a decision.

The current process is that for members aged 60 and over the retirement quotations automatically includes the option to take a trivial commutation, where applicable.

The limit on paying death benefits as trivial lump sums has been raised from £18,000 to £30,000 for members who die after a specified date. The trivial commutation rules will allow lump sums to be paid from age 55.

The Pension Trustee has recently reviewed the rates at which pension is converted into a lump sum and decided to increase them in line with the views of the Plan's Actuary. These new rates are automatically implemented where a Member has the entitlement to a trivial commutation.

Cash Commutation Factors

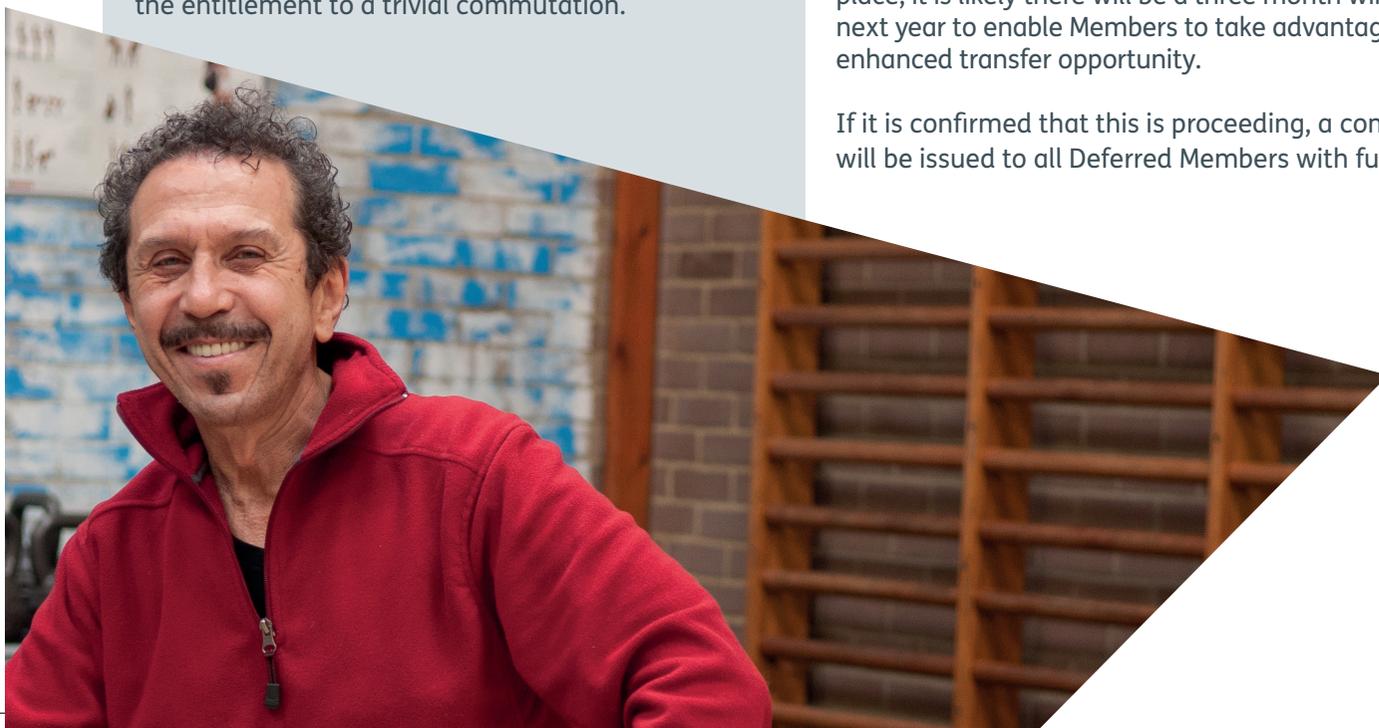
These are the rates used to convert part of your pension into a tax-free lump sum at retirement. Alongside the review of trivial commutation rates, the Pension Trustee has now also reviewed these factors with the Plan's Actuary. Upon retirement a Member has the right to give up a percentage of their annual pension (up to 25%) and receive a tax-free cash lump sum instead. For example, at age 65 a Member would have received £12.20 for every £1 of annual pension they give up. This has now changed to £16.20. The changes vary dependant on age and the applicable new rate is communicated to Members when a retirement quotation is sought.

Transfer Values

Until recently if a Member wished to transfer out of the final salary scheme, the transfer value was reduced to 70% of the full value to take account of the underfunding of the Plan. The Trustee has recently reviewed this and following advice from the Plan's Actuary, the Trustee has agreed a new basis for these transfers at a level of 100%. Members wishing to seek a transfer value should contact Xafinity in the first instance. YMCA@xafinityconsulting.com

Currently a joint working party of the Pension Trustee and the Principal Employer has engaged in an exercise to consider the possibility of an enhanced transfer value exercise for Deferred Members (those members still to receive a pension) to enable them to take advantage of the new HMRC flexibility over how to draw their retirement benefits, if this is appropriate for them. Work is still being undertaken on this and if such an exercise should take place, it is likely there will be a three month window early next year to enable Members to take advantage of the enhanced transfer opportunity.

If it is confirmed that this is proceeding, a communication will be issued to all Deferred Members with further details.



Pensions liberation – beware pension scams

The Trustee wishes to highlight the concerns with regard to companies which claim they can give you access to your pension by giving you cash from your pension fund before you reach the minimum age for early retirement. This is achieved by persuading you to transfer your pension out of the Scheme and into an arrangement set up by them. Both The Pensions Regulator and HMRC have noted an increase in these scams and have recently launched a new campaign urging members of pension schemes not to be taken in by website promotions, cold callers or advertisements encouraging transfers to new arrangements in order to access a cash payment or loan.

More information can be found on The Pension Regulators website, using the following link: www.thepensionsregulator.gov.uk/individuals/dangers-of-pension-scams.aspx

The key message the Regulator wants to get across is that 'Pension Loans' or cash incentives are being used alongside misleading information to entice savers as the number of pensions scams increase.

This is known as 'pension liberation fraud'. In rare cases – such as terminal illness – it is possible to access funds before age 55 but for the majority promises of early cash will be bogus and are likely to result in serious tax consequences and the loss of money.

The Trustee has now introduced further checks for those individuals who wish to proceed with a transfer of benefits out of the Plan. The check is in the form of a telephone call with the member to verify certain information.

Summary Funding Statement – at 1 May 2016 – concise version

The purpose of the Statement is to give members an update on the Scheme's financial health (or funding position). The Trustee looks after the Scheme on behalf of its members. We produce an annual statement to provide members with updated information about the funding of the Scheme. The funding level has slightly improved since the 2015 update. The main reason for the improvement was the Employer's contributions in relation to the recovery plan and the S75 debt payments. However, this was offset by the decrease in the underlying gilt yields leading to an increased value in the Plan's liabilities.

The ongoing funding level

The latest approximate valuation was carried out as at 1 May 2016 and the final results are shown in the table below together with the results of the latest formal actuarial valuation as at 1 May 2014.

A comparison of the funding positions	1 May 2016	1 May 2014
Assets	£114.2m	£90.8m
Amount needed to provide benefits (on an ongoing basis)	£153.5m	£129.5mm
Deficit (ongoing)	£39.3m	£38.7mm
Funding level	74%	70%

For information, the estimated amount needed, in addition to the existing Plan assets, to ensure that all member's benefits could have been paid in full if the Plan had started winding up at 1 May 2016 was about £101 million. Inclusion of this information does not imply that the Trustee is thinking of winding-up the Scheme.

Since 1 May 2015 participating employers are making contributions of approximately £3 million per year towards the deficit. In addition they are also making annual contributions towards the expenses of the Plan.

Legal

Data Protection – Fair Processing

From time to time the Trustee will be required to notify YMCA employers of the data held by the Trustee, i.e., the dates between which the member was employed by the YMCA employer, date of birth, gender and whether the member is deferred or pensionable member. The information provided will have been held by the employer during the member's employment. No contact details or other information is provided to the employer.

The General Data Protection Regulation (GDPR) is a new Regulation being brought in by the EU from May 2018 to introduce greater control over the use of personal data. The GDPR contains more specific requirements for the use and protection of personal data than the existing legislation. This will impact on UK based occupational pension schemes such as the YMCA. Clearly the YMCA Pensions Department holds personal data of Members and steps are being taken to ensure our policies and procedures, as well as those external partners who hold data, comply with the new Regulations.

General

Deferred Member Online Access – Compendia web portal

All Deferred Members should have received letters confirming their unique username and password to access the Compendia website, www.compendia-asp.co.uk/xafinityconsulting/

Feedback with regard to your user experience would be helpful and which will be passed to Xafinity to enable them to make the necessary adjustments. If you have difficulty in accessing the Compendia website, you can contact the Compendia Helpdesk directly CompendiaHelpdesk@xafinityconsulting.com



Deferred Members with no internet access to the pension scheme website

For members who do not have internet access or are unable to open a PDF document, please call Xafinity on 0118 918 5750 for a hard copy of any document you may wish to view.

Change of contact details

Should you change your contact address, please notify Xafinity either email, including your date of birth and national insurance number to help with identity checks and to ensure that you continue to receive correspondence and details of any future benefits due to you.

Advisers to the plan

The Plan's advisers are as follows:

Legal Hogan Lovells	Auditors Crowe Clarke Whitehill
External Administrator Xafinity Consulting	Investment Manager Mercers
Plan Actuary Colin Price, Xafinity Actuarial	

If a Member has a query, Xafinity, through the email contact below is the first point of contact.
Email: YMCA@xafinityconsulting.com

YMCA Pension & Assurance Plan
10-11 Charterhouse Square
London EC1M 6EH

YMCA Switchboard:
020 7186 9500

Pension Website:
www.pensions.ymca.org.uk

Company Number: 5138299



YMCA enables people to develop their full potential in mind, body and spirit. Inspired by, and faithful to, our Christian values, we create supportive, inclusive and energising communities, where young people can truly belong, contribute and thrive.