

7 July, 2008

To all active members of the
YMCA Pension and Assurance Plan

Dear colleague,

The Future of the YMCA Pension and Assurance Plan

As you may know, the issue of pensions and how they are provided in the UK has been much in the news recently. You may also know that final salary pension schemes such as that offered by the YMCA Pension and Assurance Plan (“the Plan”) have been under great pressure and there has been a general trend of such schemes closing, including some recent high – profile cases. Unfortunately, the YMCA Plan has also been subject to this pressure and this has forced us to consider a number of difficult choices.

This letter is to inform you about the background to this issue, the current position of the Plan and the recommendations that are being made about its future. The letter is addressed to all active members of the Plan, throughout the three nations of Scotland, Wales and England. Separate letters are being sent to the participating employers and to pensioners and deferred members. Another reason for writing is to invite you to attend one of a series of briefing meetings to be held around the country in order to explain matters in more depth and to answer questions, and to invite your feedback to the recommendations.

A document setting out the background is attached to this letter, together with a Question and Answer paper for employees who are active members prepared by the Trustee and Principal Employer. This is a summary of the key points:

- The recent valuation of the Plan has shown a large projected deficit, as a result of increases in life expectancy and reduced investment returns;
- Recent changes in pensions regulation make the operation of multi-employer schemes more difficult, and place some YMCAs at financial risk;
- The risks to final salary pension schemes described in the information document are great and are likely to grow;
- If the Plan continued in its current form, the likely combined contribution rate for participating YMCAs and members would be around 34%. (The current combined rate is 22.4%).
- The Trustee could insist on that contribution rate but following consultation with the Principal Employer, the Trustee understands that this rate is unlikely to be sustainable.

- The Trustee and the Principal Employer have taken advice and given consideration to the various options open to them. It is with great regret that the Trustee and the Principal Employer recommend that the Plan should close to new members and to future benefit accrual for active members.

We know that the implementation of these recommendations may create significant difficulties for employees who are members of the Plan. However, in making these recommendations the Trustee and Principal Employer are seeking to preserve the earned pension benefits of members whilst complying with the pensions regulations and rules.

To further explain the background and give you the opportunity to ask questions, you are invited to attend one of the briefing meetings that we are arranging to take place during February and March 2006. These will last for 2 hours and be held as follows:

<u>Date/Time</u>	<u>Venue</u>
Wednesday 22 nd February at 2.30pm	Bellshill YMCA (Scotland)
Wednesday 1 st March at 2.30pm	Barry YMCA (Wales)
Wednesday 8 th March at 2.30pm	Doncaster YMCA
Tuesday 14 th March at 2.30pm	London City YMCA
Tuesday 21 st March at 2.30pm	Manchester YMCA
Tuesday 28 th March at 2.30pm	Bristol YMCA

These meetings will be hosted by APS who provide the Member Nominated Directors to the Trustee Company. Representatives of the Trustee and the Principal Employer will be in attendance at each meeting, which will include a presentation of the background information and the opportunity to ask detailed questions. We strongly urge you to attend one of these meetings if you have questions or concerns about the recommendations. Please use the attached booking form to reserve your place.

We will be writing to you in early April in order to update you on any further developments and to relay the questions and feedback received at the meetings. Your comments and responses to the proposals will be invited and a feedback format will be provided to help you tell us your views. The closing date for return of comments following the briefing meetings is 26 April 2006. The aim is for the Trustee and Principal Employer to be able to consider the comments received in order for a final decision to be taken early in May 2006

Yours faithfully,

Angus Henderson
Chairman

Communication documents and other background papers in relation to these issues are available for review. These include the Information Document, Q&As for employers, members and pensioners, the Trust Deed and Rules of the Plan, letters from the Plan's actuary, etc. A website has been set up to enable these to be viewed, this can be found at:

www.pensions.ymca.org.uk

For other queries please contact:

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