

8 July, 2008

To YMCAs in Scotland, Wales and England
who are or have been participating employers
in the YMCA Pension and Assurance Plan

Dear colleague,

The Future of the Plan

As you are probably aware, the issue of pension provision 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 consideration of a number of difficult choices.

This is a joint letter from the Trustee of the Plan and from its Principal Employer, 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 YMCAs in the three nations who are or have been participating employers in the Plan. Separate letters are being sent to employees who are active members, 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 proposals.

A document setting out the background is attached to this letter, together with a Question and Answer paper for employers. The key points may be summarised as follows:

- 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 future benefit accrual.
- Both the Principal Employer and the Trustee recognise that participating YMCAs will need to consider how implementing the changes might affect contracts of employment. It is anticipated that participating YMCAs will wish to undertake a consultation process with their employees.
- The Trustee and the Principal Employer will, having regard to guidance issued by the Pensions Regulator, agree the period over which the deficit should be collected.
- There will be ongoing costs to be met by employers even after closure and the Trustee is working on how these should be allocated.
- The Trustee has a legal responsibility to collect the deficit from YMCAs who have or had members of the Plan and is currently working on calculations to allocate this;

We know that the implementation of these recommendations may create significant difficulties for some YMCAs and for employees who are members of the Plan and we regret that they have become necessary. However, in making these recommendations we 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 or your YMCA's representatives 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 be held as follows:

<u>Date/Time</u>	<u>Venue</u>
Wednesday 22 nd February at 7pm	Bellshill YMCA (Scotland)
Wednesday 1 st March at 7pm	Barry YMCA (Wales)
Wednesday 8 th March at 7pm	Doncaster YMCA
Tuesday 14 th March at 7pm	London City YMCA
Tuesday 21 st March at 7pm	Manchester YMCA
Tuesday 28 th March at 7pm	Bristol YMCA

Representatives of the Trustee and the Principal Employer will be in attendance at the meeting, which will include a presentation of the background information and the opportunity to ask detailed questions. We strongly urge you to ensure that your YMCA is represented at one of these meetings. 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 YMCAs consider and report their 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 in May 2006

The YMCA Professional Staff Association are writing to all members of the Plan and to pensioners with details of the recommendations. The Member Nominated Directors of the Plan will be hosting briefing meetings and you are encouraged to allow affected employees

reasonable time away from work in order to attend the nearest meeting. Comments will subsequently be invited from active members by the same closing date.

Yours faithfully,

On Behalf of the Trustee

On Behalf of the Principal Employer

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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