

To:

All Active Members

Dear Colleague

8 May 2006

YMCA Pension & Assurance Plan

We are writing to let you know of the outcome of the meeting of the Trustee of the YMCA Pension & Assurance Plan held on 4 May 2006. The recommendations of the scheme's Principal Employer, agreed at a meeting of the Board of the National Council of YMCAs on 29 April 2006, were discussed at the meeting (these recommendations took account of the feedback from Participating YMCAs and Active Members of the scheme during the consultation process). As a result of these discussions on 4 May the following decisions directly affecting Active Members were agreed:

(a) Closure of the YMCA Pension and Assurance Plan

The YMCA Pension and Assurance Plan will close to new members and new accruals but at a later date than was originally proposed. The scheme will therefore remain open to existing and new members until 30 April 2007 at which stage it will close. This will give Participating YMCAs more time to develop plans to manage the consequences of the closure. It would also enable clarification to be sought through an approach to the Pensions Regulator about the regulatory implications of retaining the link to final salary and death in service benefits; it is hoped that the outcome will be that the Regulator does not view the scheme as remaining open simply because the final salary link has been retained. As explained in Paul Smillie's letter of 4 April this is of direct concern to Participating YMCAs with very few members left in the scheme who may be faced with having to make good all their liabilities to the scheme immediately should the last active member leave their employment.

(b) Contribution Rate

The Trustee agreed that a new combined contribution rate of 34% will apply with effect from 1 July 2006. The employees' contribution will remain at 8%; the employers' contribution would increase from 14.4% to 26%.

This means that there will be no change in the contributions you are required to make from 1 July 2006 until the scheme closes on 30 April 2007. The increased contributions required will need to be met by your employer.

(c) Death in Service and Dependents Benefits

The current benefit entitlements for Active Members will remain in place until 30 April 2007. The Group Life arrangements which provide employers with the option of making two-times salary life cover available for all employees who are not members of the Plan will also continue to be available. And the Trustee has agreed that a new option of four-times salary Group Life cover should be made available to Participating YMCAs from 1 July 2006.

The Trustee and the Principal Employer wishes to thank all those who attended the briefing meetings and all those who responded to the invitation to provide feedback during the consultation process. A total of 202 individuals attended the six briefing meetings for members. There were also six consultation meetings with Participating YMCAs. These were attended by 149 individuals, representing 79 participating YMCA's. Paul Smillie reported on the main issues raised by those attending the meetings in his letter of 4 April 2006. In addition written comments were received from Participating Employers and Active Members as follows:

29 Participating YMCAs responded

13 (44.9%) indicated acceptance of the closure of the scheme but asked for this to be delayed to give more time to prepare, accepting that increased contributions would be required

6 (20.6%) indicated acceptance of the closure as originally proposed

4 (13.9%) advocated a restructuring of the scheme to keep it open

6 (20.6%) YMCAs responded without making clear proposals

9 Active Members responded

4 (44.4%) wanted the scheme to be kept open

3 (33.3%) wanted the scheme to remain open with a restructuring of contributions/benefits

2 (22.3%) responded without making clear proposals

The Trustee also received 6 direct communications expressing concern about the basis on which the deficit allocation had been assessed and requesting that this be reconsidered.

We expect that your employer will continue to consult you on the pension and death in service arrangements they are considering to replace the current scheme when it closes on 30 April 2007. In the meantime if you have any queries on the contents of this letter please email paul.smillie@england.ymca.org.uk. Please also see our web site www.pensions.YMCA.org.uk if you wish to refer easily to any of earlier material we have provided.

Yours sincerely

Philip G Walker
Chair of The YMCA Pension Plan Trustee Ltd

Chris Poulard
For the Principal Employer -
National Council of YMCAs
(Incorporated)