



## **THE PROFESSIONAL FOOTBALLERS' PENSION SCHEME**

### **Member Newsletter**

#### **Q: What is the Professional Footballers' Pension Scheme?**

A: The Professional Footballers' Pension Scheme is a tailor made pension scheme designed to provide retirement benefits to professional footballers. The scheme has two sections – the cash section and the income section.

- The cash section is entirely funded by the employers and provides a defined amount of benefit at normal retirement age plus life assurance cover for all professional footballers under contract with Premier League or Football League clubs.
- The income section is a pension scheme funded by player contributions and provides a benefit at normal retirement age based on contributions made to the scheme.

#### **Q: What are the benefits of the cash section?**

A: The cash section provides a defined benefit computed as follows:

- A minimum benefit equivalent to £1,000 in value for each year of contracted employment with a club, capped at £5000;
- A full benefit at the rate of 3/80 of final (capped) salary for each complete year of contracted employment. In order to accrue this full benefit, players must contribute at least 3.75% of (capped) salary to the income section.

#### **Q: How can scheme benefits be drawn?**

A: Any cash section benefits accrued for membership before 6 April 2006 can be taken as 100% tax free cash at normal retirement age. Any cash section benefit accrued after 6 April 2006, must be pooled with all other pensions savings (including those in the income section) and 25% of the total can be taken as cash (remainder must be used to buy your pension). The balance of the cash and income section benefits can be used to provide a pension income (either secured through an annuity or unsecured through a drawdown arrangement – see later).

#### **Q: What is normal retirement age?**

A: Normal retirement age for professional footballers who were in membership of the scheme before 6 April 2006 is 35 years of age. For members who joined after that date, the normal retirement age is 55 years of age.

#### **Q: What is the income section?**

A: The income section is a 'defined contribution' pension arrangement which uses the contributions paid by players to create a pension fund available at normal retirement age. Players must contribute at least 3.75% of (capped) salary to the income section in order to accrue full cash section benefits. Players may contribute more than this minimum amount provided that it is within Revenue limits.

Player contributions benefit from tax relief. Basic rate relief is provided automatically under the PAYE system. Higher rate relief may be claimed direct from the tax office.

**Q: What happens to the contributions to the income section?**

A: Players can choose to invest their income section contributions in a number of specially chosen funds administered by Standard Life with reduced administration/policy costs. Additional Standard Life funds are also available but at an increased cost. You are recommended to obtain independent financial advice from a qualified independent financial advisor.

**Q: How do I join the Professional Footballers' Pension Scheme?**

A: When you sign a contract as a professional footballer, you are automatically enrolled into both the cash section and the income section of the scheme unless you sign an opt out letter. On automatic entry to the income section, contributions of 3.75% of (capped) salary will be deducted from your salary by your employer, paid across to the scheme and invested in the Standard Life tracker lifestyle fund. You retain the right to change your level of contributions and where they are invested.

**Q: Are there any special arrangements that I should be aware of?**

A: You should consider whether you would benefit from protecting the value of your pension benefits (across all the schemes you participate in) by registering for protection with the Revenue. Since 6 April 2006, a new maximum lifetime allowance (currently £1.65m for Members with a retirement age of 55 reducing to £1.03m for Members with a protected low normal retirement age of 35) has applied. Any benefits in excess of the relevant life time allowance are subject to a tax charge. However, if your total pension savings are at or around the applicable limit you can obtain protection from the tax charge provided you meet certain conditions – this may involve opting out of the scheme. The deadline for applying for this protection is 5 April 2009. You are advised to speak to an independent financial advisor regarding this valuable protection.

**Q: Does the PFPS allow income drawdown?**

A: The Trustees of the PFPS have recently agreed to introduce an income drawdown facility into the scheme. This secures members' low normal retirement age and tax free cash entitlement which can be threatened when they transfer to other arrangements. In addition it allows members to control their pension income and gives them the option to take an income whilst preserving their pension capital until later life. You are advised to consult an independent financial advisor in this respect.

**Q: Is there anything else I should know?**

Scheme administration

The scheme administrator will provide you with benefit statements every year, usually issued by the end of November. These will show the funds accrued on your behalf at the scheme renewal date (1 August). Additional copies are available at any time on request.

If your personal circumstances should change and you wish to amend your instructions to the scheme trustees regarding the benefits payable on death before retirement, you should complete a new "expression of wish" form (available on the Scheme web site [www.footballerspensions.com](http://www.footballerspensions.com)).

You should contact the scheme administrator within 6 weeks of your intended retirement date for details of the funds and benefits available under both the cash and income sections of the scheme.

**It is extremely important that you consider all the options available to you and we recommend that you seek independent financial advice before making any decisions.**

If you have any queries regarding your benefits, please contact the scheme administrator at the following address:

Mr George Gunn  
Football League & PFA Administration Ltd  
International House  
Trinity Business Park  
Wakefield  
WF2 8EF

tel. (01924) 331240  
fax (01924) 383118  
[www.footballerspensions.com](http://www.footballerspensions.com)

### Member nominated trustees

The Pensions Act 2004 introduced requirements for trustee boards to have at least one-third of the trustees nominated by the members with effect from 6 April 2006. In previous communications we informed you of the process that the PFPS would be adopting for nominating and electing member nominated trustees following the scheme merger.

The current composition of the trustee board, following the implementation of these arrangements, is Ian Stott (Chairman) and Ken Brown (Football League nominees), Maurice Watkins and Steve Kind (Premier League nominees), David Grimes (independent trustee), Gordon Taylor, Simon Barker and Richard Jobson (member nominated trustees).

Although the trustees have overall responsibility for running the scheme, they have appointed professional advisers to assist in the management of the scheme. The current advisers are:

<b>Actuary</b>	I Pope, Pope Anderson LLP
<b>Investment adviser</b>	Pope Anderson LLP
<b>Investment managers - cash section</b>	Insight Investment Ltd Legal & General Investment Management Ltd
<b>Investment manager - income section</b>	Standard Life
<b>Administrator</b>	Football League & PFA Administration Ltd
<b>Legal advisers</b>	Hammonds LLP
<b>Auditors</b>	Rushtons Accountants Ltd

### Scheme membership as at 31 October 2008

Cash section:

Active members	2,525
Trainees & Scholars (Life Assurance only)	89
Deferred members	7,029

Income section:

Contributing members as at 31 July 2008 (of which 20 contribute below the minimum requirement and 4 are not eligible for inclusion in the Cash Section)	879
New members joining since 1 August 2008	39
Total membership at 31 October 2008	918

### Cash section actuarial valuation

The cash section of the scheme has an actuarial valuation every three years to ensure that there is sufficient money invested to pay all the members' projected benefits. The last such valuation was as at 6 April 2006 and showed an on-going funding level of 130%. In view of the healthy funding position of the scheme, the trustees have agreed the following annual increases in the scheme specific earnings cap:

- 2006/2007: £105,600
- 2007/2008: £112,800
- 2008/2009: £116,160
- 2009/2010: £123,600

From 2009/2010 the cap will increase annually in line with the notional earnings cap published by the Revenue.

### Investment

The assets of the cash section are invested both with Legal & General Investment Management and Insight Investment. The Trustees regularly take professional investment advice from Pope Anderson LLP and monitor the performance of the investment managers. In relation to the income section, the trustees offer a range of asset classes available on a tracker basis through Standard Life. Other investment funds with Standard Life are available should your own individual financial advisor feel that these offer a better investment opportunity for your own circumstances, but you will need to sign the disclaimer on the application form to confirm that you have taken such advice.

### Revaluation of deferred benefits

The trustees have decided to maintain the current level of inflation-proofing of scheme benefits in deferment, despite legislation allowing a reduction from 6 April 2009. Currently deferred cash section benefits are increased during the period between a player leaving the game and reaching his normal retirement date based on inflation (as measured by the retail prices index), subject to a cap of 5%. From 6 April 2009 the statutory cap will reduce to 2.5% in respect of future service benefits. Although the rules of the scheme would have meant the reduction in the cap would automatically apply, the trustees are proposing to amend the scheme in order to maintain the cap at the higher level. This will benefit members during periods in which inflation exceeds 2.5%.

### Scheme governance

The scheme is governed by a trust deed and rules and legislation. There is also a members' booklet, which provides a more detailed guide to the scheme. Where there is any inconsistency between the deed and rules, the booklet and this newsletter, the deed and rules shall prevail.

Trustees of the Professional Footballers' Pension Scheme  
February 2009