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**THE PROFESSIONAL FOOTBALLERS' PENSION  
SCHEME**

Members' Booklet with effect from 5 April 2006

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## **1 INTRODUCTION**

- 1.1 The Professional Footballers' Pension Scheme ("Scheme") provides valuable benefits for Registered Players and their dependants during their playing career and after they leave or retire. This booklet provides a summary of the benefits provided through the Scheme.
- 1.2 The Scheme is sponsored by the Football League and F.A. Premier League. It operates in association with the Professional Footballers' Association. It is available to professional footballers who are registered players with a club in the:
- (a) F.A. Premier League;
  - (b) Football League; or
  - (c) Conference League, provided the club has previously been in the Football League (Income Section only).

The player must be registered on a contract basis in order to be a member of the Cash Section.

- 1.3 The Scheme is the result of the merger of the Football League Limited Players' Non-contributory Cash Benefit Scheme ("Cash Scheme") and the Football League Limited Players' Retirement Income Scheme ("Income Scheme"). It has two sections, one relating to each of its predecessor schemes ("Cash Section" and "Income Section"). With the exception of Cash Section accrual becoming contingent on Income Section contributions and the new Minimum Benefit provisions introduced with effect from 5 April 2006, benefits accumulate through each section in the same way as they did in the predecessor schemes. The manner in which benefits are paid out is, however, subject to new Revenue limits that were introduced with effect from 6 April 2006.
- 1.4 The Scheme is governed by a formal trust deed and rules. This booklet provides only a guide to the Scheme. It does not act as a substitute for the legal documents governing the Scheme. Where there is inconsistency between the terms of this booklet and the governing documents, the provisions of the governing documents shall prevail. It is also subject to any statements or guidance issued by the Revenue from time to time in respect of its interpretation of tax legislation.

### **The Cash Section**

- 1.5 The Cash Section largely replicates the benefits previously provided through the Cash Scheme. The benefits are based upon salary and service with clubs. The salary component for members who joined the Cash Scheme after 1 June 1989 is subject to the Earnings Cap.
- 1.6 Membership of this section is automatic and non-contributory. Prior to 5 April 2006, players accrued benefits through this section irrespective of whether they participated in the Income Scheme. Since 5 April 2006, players only accrue benefits through this section, during periods in which they contribute at least 3.75% of Basic Pay to the Income Section (determined on a monthly basis). Players accrue no further benefits through this section during periods when they contribute less than 3.75% of Basic Pay to the Income Section (but see Minimum Benefit provisions).

- 1.7 Subject to Revenue limits, the benefits accumulated through this section prior to 6 April 2006 can be taken in full as tax-free cash. Benefits accumulated through this section after 5 April 2006 are pooled with the member's fund in the Income Section arising from contributions made after 5 April 2006. Assuming the member has no benefits in other pension arrangements, he will be entitled to take 25% of the total funds accumulated after 5 April 2006 as tax-free cash with the remainder to be used to provide a pension through the Income Section.
- 1.8 This section also provides a life assurance benefit for dependants in the event of the death of a player whilst in Reckonable Service.

### **The Income Section**

- 1.9 The Income Section replicates the benefits previously provided through the Income Scheme.
- 1.10 Membership of this section is voluntary. Since 5 April 2006, players wishing to accrue further benefits through Cash Section must contribute at least 3.75% of Basic Pay to this section.
- 1.11 The contributions are paid into a member's individual account. The account is invested in accordance with a member's instructions.
- 1.12 When the player retires that part of the account which is attributable to contributions paid before 6 April 2006 will be used to provide any cash lump sum which is permitted to be paid by the Revenue as at 5 April 2006 in addition to the cash benefit payable through the Cash Section with the balance being used to provide a pension through the purchase of an annuity.
- 1.13 That part of the account which is attributable to contributions paid after 5 April 2006 will be pooled with the member's benefits accrued after 5 April 2006 through the Cash Section. Assuming the member has no benefits in other pension arrangements, he will be entitled to take 25% of the total funds as tax-free cash with the remainder to be used to provide a pension through the purchase of an annuity.

## **2 DEFINITIONS**

- 2.1 "Annual Allowance" means the amount by which the value of all pension rights accrued may increase each year. The limit is initially set at £215,000 for the 2006/2007 tax year and will be reviewed by the Government annually. The annual allowance will apply to:
- (a) all contributions made to money purchase arrangements by the member and employer
  - (b) increases in the value of benefits accrued from the Cash Section of the Scheme
  - (c) increases in the value of any previously accrued benefits if they increase at a rate above the greater of 5% or the annual increase in the Retail Prices Index.
- 2.2 "ASE" means Apprenticeship of Sporting Excellence.

- 2.3 "Basic Pay" means the basic pay you are entitled to from your club (excluding all bonuses) during each year ending on 31 July and fixed on 1 August for the following year.
- 2.4 "Club" means any Club registered with the F.A. Premier League or Football League.
- 2.5 "Earnings Cap" is £105,600 for the 2006/2007 tax year. The Trustees may increase the Earnings Cap each year in line with the Retail Prices Index subject to a maximum of 3% per annum or at such other rate as the Trustees shall decide from time to time.
- 2.6 "Final Reckonable Earnings" is the average of your highest 3 consecutive figures for your Reckonable Earnings in the last 10 year period ending on the earliest of your Normal Retirement Date, date of leaving the Club, or date of opting out of the Scheme.
- 2.7 "Leagues" means the F.A. Premier League and Football League.
- 2.8 "Lifetime Allowance" is the maximum value of benefits you can receive from the Scheme and all other pension schemes to comply with Revenue legislation. The limit is initially set at £1.5 million for the 2006/2007 tax year and will increase annually as prescribed by the Government annually. Any benefits in excess of the Lifetime Allowance will be subject to a recovery charge when they come into payment.

Members with a Normal Retirement Date of 35 will be subject to a reduced Lifetime Allowance. The lifetime allowance is reduced by 2.5% for each complete year between the date on which an individual's benefits are paid and the date on which he reaches the statutory normal minimum pension age. The statutory normal minimum pension age is moving from age 50 to 55 in April 2010. As a result, where a player retires at age 35 in 2006/2007 (when the lifetime allowance is £1.5 million and the statutory normal minimum pension age is 50) he will have a reduced lifetime allowance of £1.5 million – (15 x 2.5% x £1.5 million) = £937,500. A player retiring at age 35 in 2010/2011 (when the lifetime allowance is £1.8 million and the statutory normal minimum pension age is 55) would have a reduced lifetime allowance of £1.8 million – (20 x 2.5 x £1.8 million) = £900,000.

The reduced Lifetime Allowance also impacts upon the amount of tax-free cash that a Member can take when his benefits come into payment. Unless a member has protected his pre-A-Day tax-free cash entitlement, his cash payment will be limited to 25% of the reduced Lifetime Allowance applicable to him.

Where your benefits exceed the allowances applicable to you, you may be entitled to arrange for Primary or Enhanced Protection. You should take independent financial advice in these circumstances.

- 2.9 "Normal Retirement Date" means, if you joined the Scheme before 6 April 2006, your 35th birthday or such later date as may be agreed by the Revenue being the earlier of:
- (a) The date you cease to be an eligible member of the Scheme; or
  - (b) Your 40th birthday.

For members who joined the Scheme on or after 6 April 2006, your Normal Retirement Date is your 55th birthday.

For the avoidance of doubt, subject to any determination by the Revenue to the contrary, the relevant Normal Retirement Date is determined by reference to your membership of the Scheme as a whole and not a section within it. As such, where a player has accrued benefits in either section of the merged scheme before 6 April 2006 he will be able to accrue further benefit in one or both sections of the Scheme after 6 April 2006 with a Normal Retirement Date of his 35<sup>th</sup> birthday. Two examples are set out below to clarify this.

Example 1: a player who automatically joined the Cash Scheme on becoming a Registered Player before 6 April 2006 but elected not to join the Income Scheme at that time, can elect to join the Income Section after 6 April 2006 and accrue benefits through Income Section with a Normal Retirement Date of his 35<sup>th</sup> birthday.

Example 2: a player in the Conference League who was eligible to contribute to the Income Scheme but not to be a member of the Cash Scheme before 6 April 2006, can begin accruing benefits in the Cash Section after 6 April 2006 by reference to a Normal Retirement Date of his 35<sup>th</sup> birthday if his club is promoted from the Conference League or he joins a club in the Football League.

- 2.10 "Reckonable Earnings" means the total earnings, subject to the Earnings Cap, you have received from your club (as taken into account for PAYE purposes) during each year ending on 31 July and are fixed on each 1 August for the following year. If those total earnings have not covered a full year's employment or they have been lower than they would normally have been for a full year, your club will estimate the Reckonable Earnings to apply to you until the next 31 July. For example, if you joined the club on 1 February, and had total earnings of £40,000 for the six months to 31 July, the Reckonable Earnings for the following year will be estimated at £80,000.
- 2.11 "Reckonable Service" means the period you spend with your Club whilst a Registered Player after the 6 April 1980 up to the earliest of:
- (a) your Normal Retirement Date;
  - (b) your date of retirement from the Scheme; or
  - (c) the date on which you opt out of the Scheme.
- 2.12 "Registered Players" means a player who is registered with his club in accordance with the requirements of the relevant league.
- 2.13 "Revenue" means Her Majesty's Revenue and Customs.
- 2.14 "Scheme Year" means a period of twelve months starting 1 August.
- 2.15 "Transfer Levy" means the levy collected on player transfers between Clubs.
- 2.16 "Trustees" means the persons who are responsible for the management, administration and investment of the Scheme and who are appointed in accordance with the Scheme's trust deed and rules.

### **3 JOINING THE SECTIONS**

#### **The Cash Section**

- 3.1 Members of the Cash Scheme on 5 April 2006 automatically ceased membership in the Cash Scheme on 5 April 2006 and immediately afterwards become members of the Cash Section. All benefits that were previously payable through the Cash Scheme are now payable through the Cash Section.
- 3.2 Players who become Registered Players with the Premier League or Football League on or after 6 April 2006 and who are playing for a Club on a contract basis will automatically become members of the Cash Section on registration unless they opt out.
- 3.3 If you become a Registered Player having completed an ASE or a period as a Trainee Player or a Scholarship Player, your membership of this section is backdated to the date you began your ASE or became a Trainee Player or a Scholarship Player. The relevant date for the purpose of determining your Normal Retirement Age will therefore be the start of your traineeship, scholarship or ASE.
- 3.4 If you are a Registered Player who is playing for a Club on a contractual basis, a Trainee Player, a Scholarship Player or undertaking an ASE, you will automatically be included in the section for life assurance benefits.

### **Income Section**

- 3.5 Members of the Income Scheme on 5 April 2006 will automatically become members of the Income Section on 5 April 2006. All benefits that were previously payable through the Income Scheme are now payable through the Income Section.
- 3.6 Players who become Registered Players (including where the registration is on a non-contractual basis) with a club in the Leagues (or with a club in the Conference League which has been relegated from the Football League) on or after 6 April 2006 will be eligible to become members of the Income Section. If you wish to join the Income Section you must complete an application form and return it to the Administrator. If you decide not to join the Income Section when first eligible, or to withdraw from the Income Section, you will only be allowed to join (re-join) at a later date with the permission of the Trustees.

### **Membership of Other Pension Arrangements**

- 3.7 Prior to 6 April 2006 limitations applied to the number of pension arrangements in which a member could simultaneously participate. Since 6 April 2006, you are entitled to contribute to any number of other pension arrangements whilst being a member of the Scheme, provided that (a) your total benefits acquired in any tax year do not exceed the Annual Allowance; and (b) your total benefits from all pension arrangements do not exceed the Lifetime Allowance. Please note that benefits payable through other pension arrangements will impact upon the amount of tax-free cash you can claim from the Scheme.

### **Transferring Benefits from a Previous Pension Scheme**

- 3.8 If you are a contributing member of the Income Section, it may be possible, with the consent of the Trustees, for the cash value of any retirement benefits to which you are entitled under other approved pension arrangements to be transferred into the Income Section. Please note, however, that the Scheme cannot accept any contracted out liabilities (Guaranteed Minimum Pension and/or Protected Rights).

## 4 CONTRIBUTIONS

### Cash Section

- 4.1 No member contributions are payable to the Cash Section as the whole cost is met by the Clubs through the Transfer Levy. Before 5 April 2006, benefits accrued in the Cash Benefit Scheme irrespective of whether the member paid contributions to the Retirement Income Scheme. Since 5 April 2006, members only accrue further benefits through Cash Section during periods in which they contribute at least 3.75% of Basic Pay to the Income Section (determined on a monthly basis).
- 4.2 You do not have to pay any contributions to the Scheme in order to receive the life assurance benefits as these costs are again met by the Clubs through the Transfer Levy.

### Income Section

- 4.3 If you are a member of the Income Section, you can decide upon your level of member contributions. You can pay contributions to the Income Section of up to 100% of your earnings, subject to your benefits in all arrangements not increasing in value in any one year by more than the Revenue's annual allowance for that year (£215,000 for 2006/2007).
- 4.4 You will, however, only accrue benefits in the Cash Section during periods where you are contracted to a Club and contributing at least 3.75% of Basic Pay to the Income Section. For the avoidance of doubt, the following players can continue to contribute to the Income Section but will accrue no benefits through the Cash Section, irrespective of the level of their contributions:
- (a) Registered Players with former Football League clubs, which were relegated to the Conference League; and
  - (b) Registered Players who are currently playing for a club on a non-contract basis.
- 4.5 Whether the contributions to the Income Section meet the Cash Section accrual requirements will be determined on a monthly basis. Accordingly, where a player contributes 3.75% of his basic monthly earnings to the Income Section for 8 months of the year and then takes a contribution holiday for the remaining 4 months, he will receive 8 months of accrual through the Cash Section.
- 4.6 A new member of the Income Section must state his desired contribution rate on his Application for Joining form. An existing member can change his contribution rate by submitting a Change of Contributions form.
- 4.7 Your regular contributions will be deducted from your pay and paid to the Income Section each month. It may be possible to pay additional single contributions from time to time up to the Annual Allowance.
- 4.8 Your contributions are deducted from your pay before you are assessed for Income Tax. This means that you get tax relief at your applicable rate.
- 4.9 Since 6 April 2006, salary sacrifice arrangements no longer impact on the amount of contributions that can be paid. However, they can still be negotiated with Clubs as a means of saving National Insurance contributions.

## 5 INVESTMENT

### Cash Section

- 5.1 The funds in the Cash Section are invested at the Trustees' discretion in accordance with professional advice that they receive from time to time. The current investment managers are Legal & General Investment Management and Insight Investment.

### Income Section

- 5.2 All contributions paid by you to the Income Section are credited to your individual member's account. You can decide how your account is invested. Investment returns achieved by investing your contributions are credited to your account.
- 5.3 The Trustees have appointed Standard Life Investments as the primary Investment Manager for the Income Section with effect from 5 April 2006. Standard Life Investments offer a wide range of investment funds, giving you a choice of investment styles and markets in which to invest. The Trustees regularly review the performance of the Investment Manager.
- 5.4 All investments with Standard Life from 5 April 2006 will be made on a non-commission basis. The trustees consider that this arrangement is in the best interests of the members by giving them the maximum value from contributions made. It also enables the Income Section to offer investment management charges, which are extremely competitive in the market place. Members and their advisors will need to come to an arrangement with regard to advisor fees. Clearly, issues regarding adviser remuneration should not distract advisers from their duty to give best advice.

### Core Funds

- 5.5 The Trustees have established, with effect from 5 April 2006, a core range of investment funds that operate on a tracker (also known as passive) basis. They offer professional investment management at a low cost and without the risks associated with active management.
- 5.6 Tracker funds invest monies in such a way that they should always return the same performance (before charges) as the appropriate index for the asset class (e.g. the FTSE All-Share Index for the UK Equity Tracker Fund). This approach should result in a broadly average performance when compared to other managers investing in the same type of assets. However, the investment charges are generally much lower.
- 5.7 Details of the core funds can be found in the Investment Appendix.

### Default lifestyle basis

- 5.8 If you join the Income Section on or after 5 April 2006, and do not make a decision in respect of how your account is to be invested, by default your account will be invested on a lifestyle basis.
- 5.9 If you joined the Income Scheme before 5 April 2006, you will have until 31 July 2006 to determine your new investment basis. If you do not make a decision in respect of how your account is to be invested, by default your account will be invested on a lifestyle basis.

5.10 Details of the default lifestyle basis can be found in the Investment Appendix.

#### Wider Range of Investment Funds

5.11 From 1 August 2006 a member can only invest future contributions in non-core funds in one of two scenarios:

- (a) A member of the Income Section who joined before 5 April 2006 can continue to invest his contributions beyond 1 August 2006 at the previous level and with the previous insurer provided that he submits an application form (including a disclaimer signed by him and his advisers) before 31 July 2006. Should he fail to submit a form his contributions will be invested on the default lifestyle basis. He should review his current arrangements and consult his adviser to determine whether any penalties will apply if he ceases contributions. Re-directed, increased or one-off contributions he shall make after 31 July 2006 must be invested in the core funds or in accordance with paragraph 5.9 (b) below;
- (b) Any member of the Income Section can choose to invest his contributions in other funds available from Standard Life, provided that he submits an application form (including a disclaimer signed by him and his advisers). In the case of a member who joined before 5 April 2006 the form must be submitted before 31 July 2006. Should he fail to submit a form, his contributions will be invested on the default lifestyle basis. More details of the other funds available from Standard Life can be found in the Investment Appendix.

#### Investment Allocation

5.12 100% of your account will be allocated in the applicable investment(s) by reference to the current unit price. No initial charge is deducted.

#### Investment Charges

5.13 The only charges that apply in respect of the Standard Life funds are the annual management charges. Details of the annual management charges for the Standard Life Investments range of funds can be found in the Investment Appendix.

5.14 Please note the following in respect of the Standard Life funds:

- (a) no initial charges or bid/offer spread applies;
- (b) no penalty is applied in the event of a member taking benefits on retirement or death; and
- (c) no penalties apply should a member transfer to another pension arrangement.

#### Other Investment Information

5.15 All funds are valued each working day and a unit price is set which will apply to all units that are bought or sold on the following day. In general, there is a positive cash flow into the pooled funds, which means that an offer basis will be used. This basis takes account of the cost of buying investments. However, if there is an overall cash flow out of any pooled fund, the pricing basis for that fund may be switched to a bid basis. This means that a lower unit price will apply, reflecting the cost of selling the underlying investments. The difference between the bid and offer basis price for a fund depends on actual

transaction costs in the different markets. For funds such as the Managed Fund, the difference depends on the underlying asset mix at any given time. At present, the effect on the Managed Fund is about 1.0%

- 5.16 Details of all the funds available from Standard Life Investments are set out in the attached Investments Appendix. Standard Life Investments can at any time change the investment strategy of its funds, close any fund to new investments or wind-up any fund completely, but will always give existing investors notice of its intention to do so.
- 5.17 Unit prices for each fund are calculated daily and are based on the value of that fund, which tends to rise and fall to reflect the value of the underlying investments. *You should therefore note that the value of the funds may fluctuate and unit prices can go down as well as up. Past performance is not necessarily a guide to the future.*
- 5.18 Individual fund details and unit prices are available from Standard Life Investments website which is [www.standardlifeinvestments.com](http://www.standardlifeinvestments.com). Every effort is made to ensure that the correct prices are quoted, but if there should be an error it will not be binding on the Trustees or Standard Life Investments.

#### Switching between funds

- 5.19 You may switch your existing investment between any of the available funds.
- 5.20 Your first switch within any calendar year is free. Any additional switches will each be subject to a charge levied by the Administrator (as determined from time to time). However, multiple switches (e.g. switching out of two funds and re-applying the proceeds amongst three new funds) on the same day count as one switch.
- 5.21 If you wish to make a switch you should ask the Administrator.

## **6 DEATH BENEFITS**

### **Death while in Reckonable Service before retirement**

- 6.1 If you die whilst a Registered Player under contract to Club, a Trainee Player, a Scholarship Player or whilst undertaking a ASE and before your retirement (either at Normal Retirement Date or later if you continue in Reckonable Service beyond Normal Retirement Date) there will be payable a life assurance benefit equal to four times your Reckonable Earnings (incorporating the Earnings Cap for post 1 June 1989 joiners) , subject to the following limits:
- (a) a maximum benefit of £1,000,000 or any lower amount paid out under the Trustees' policy of insurance; and
  - (b) a minimum benefit of £5,000
- 6.2 If you are a member of the Income Section, the value of your individual account will also be paid as a lump sum benefit subject to Revenue limits. The maximum lump sum benefit allowed from all pension arrangements (including the life assurance benefit) is equal to the Lifetime Allowance. If the value of your death benefits exceed the Lifetime Allowance, the balance of your member's account will be used to purchase a pension for your dependants.

## **Death after leaving Reckonable Service but before Normal Retirement Date**

6.3 If you die after leaving Reckonable Service but before your Normal Retirement Date, the following benefits are payable:

(a) Cash Section

Your cash benefit accrued at the date of leaving, together with any statutory revaluation earned to the date of death will be paid out as a lump sum at the discretion of the Trustees.

(b) Income Section

The value of your individual account will, as far as possible within Revenue requirements, be paid as a lump sum at the discretion of the Trustees. Any part which cannot be paid as a lump sum will be used to provide a pension for your dependants.

## **Death after actual retirement**

6.4 If at retirement you selected a pension which provided a spouse's/dependant's benefit on your death after retirement, that benefit will become payable subject to the terms of the pension selected.

## **Payment of lump sum benefits on death**

6.5 Lump sum death benefits arising above may be paid by the Trustees, at their discretion, to or for the benefit of any one or more of a wide class of your relations, dependants, and beneficiaries. Paying the benefit in this way allows it to be paid quickly and normally free of Inheritance Tax.

6.6 You can notify the Trustees of the person, persons or organisation who you would like to receive a benefit, by submitting a form to the Administrator, although for tax reasons the Trustees cannot be bound by your wishes.

6.7 If due to a change in your personal circumstances you wish to alter your nomination, please ask for a new form to complete.

## **7 RETIREMENT BENEFITS**

### **Introduction**

7.1 This booklet contains a summary of the retirement benefits that are payable from the Scheme. The Revenue rules on how benefits can be taken changed with effect from 6 April 2006. A distinction is, therefore, made between benefits that were accrued as a result of Reckonable Service before 6 April 2006 and Reckonable Service on or after 6 April 2006.

### **Cash Section**

#### Accrual basis

7.2 Prior to 6 April 2006, members accrued benefits through this section irrespective of whether they contributed to the Income Scheme. Since 6 April 2006, members only

accrue benefits through this section, during periods in which they contribute at least 3.75% of Basic Pay to the Income Section (determined on a monthly basis). Players accrue no further benefits through this section during periods when they contribute less than 3.75% of Basic Pay to the Income Section.

- 7.3 As a result, you will accrue benefits through the Cash Section for any periods of Reckonable Service:
- (a) before 6 April 2006; and
  - (b) on or after 6 April 2006 during any month in which you contribute at least 3.75% of your Basic Pay to the Income Section.
- 7.4 During each such period with a Club you will accrue a benefit equal to 3.75% (3/80ths) of your Final Reckonable Earnings for each complete year of your Reckonable Service (with a proportionate amount for each additional complete month) with that Club.
- 7.5 For an example of how this works in practice, assume your Final Reckonable Earnings will be £80,000 and your Reckonable Service will be 10 years. The accrued benefits would be  $3.75\% \times £80,000 \times 10 = £30,000$
- 7.6 If you move from one Club to another, your Reckonable Service and your Final Reckonable Earnings with each Club will be used to calculate the amount of benefit accrued during service with each Club. The amount of benefit accrued with each Club is increased each year between leaving the Club and Normal Retirement Date as set out in the section Leaving the Scheme. All the “slices” of benefit are added together at Normal Retirement Date to arrive at the total benefit payable. More detailed examples of the way in which benefits are calculated are given in the Example Benefit Calculations section of this booklet.

#### Minimum benefit

- 7.7 All members who have completed 1 year of Reckonable Service will receive a minimum benefit from the Cash Section. Upon retirement from the Scheme the value of their benefits in the Cash Section will be the greater of the benefits accumulated using the accrual basis described above and the minimum benefit.
- 7.8 The level of the minimum benefit is subject to review from time to time by the Trustees but was introduced on 6 April 2006 at £5,000 for players who have completed 5 years or more of total Reckonable Service or, if their total Reckonable Service amounts to less than 5 years, £1,000 for each completed year of Reckonable Service.
- 7.9 Where a member's Reckonable Service is less than 5 years as a result of him ceasing to be a Registered Player through injury, the Trustees may at their discretion treat him as having completed 5 years Reckonable Service for the purposes of determining the level of his minimum benefit.

#### **Income Section**

- 7.10 If you contributed to the Income Section before 6 April 2006, your funds accumulated during that period must be used to provide you with a pension, unless you were entitled at 5 April 2006 to take some of the benefits in cash form.

- 7.11 If you contribute to the Income Section on or after 6 April 2006 your funds accumulated through this section will be pooled with your entitlement through the Cash Section. Assuming you have no benefits in other pension arrangements, on retirement you may take a tax-free cash sum from the Scheme which is equal to 25% of the value of your total pension benefits accrued on or after 6 April 2006. Any remaining benefits must be used to provide a pension through the purchase of an annuity.

### **Securing benefits**

- 7.12 Pension benefits will be provided under the Scheme by a life assurance company chosen by the Trustees, unless you ask the Trustees to purchase them from a life assurance company of your own choice. You can also ask the Trustees to transfer your benefits to an individual policy in your own name with a life assurance company of your choice. Further details of the options and benefits available to you will be supplied shortly before your retirement.
- 7.13 Members are advised to seek independent financial advice before securing their benefits. Pensions when in payment will be taxed as income, if the recipient's income makes them liable to tax.

### **Payment of Pension**

- 7.14 You may not normally take the benefit before Normal Retirement Date, except that the Trustees may approve earlier payment if you cease to be a member of the Scheme because of incapacity.
- 7.15 You may defer the payment of your benefits beyond Normal Retirement Date until a date of your choosing before your 75<sup>th</sup> birthday.
- 7.16 If, when you are aged 60 or over and your benefits have not come into payment, your total pension benefits from all pension arrangements are less than 1% of the Lifetime Allowance they may all be taken as cash. However, only 25% of the cash sum relating to benefits accrued on or after 6 April 2006 will be paid tax free. The balancing 75% will be subject to income tax. From 6 April 2006 no "trivial" pensions can be commuted for cash before age 60.
- 7.17 Subject to Revenue limits, the benefits accrued through the Cash Section prior to 6 April 2006 can be taken in full as tax-free cash. Benefits accrued through the Cash Section on or after 6 April 2006 will be pooled with the member's fund in the Income Section arising from contributions made on or after 6 April 2006. Assuming the member has no benefits in other pension arrangements, he will be entitled to take 25% of the total funds as tax free cash with remainder to be used to provide a pension through the Income Section. Benefits accrued (or paid out) through other pension arrangements will impact upon the amount of tax-free cash that can be taken from the Scheme.
- 7.18 When you retire, any funds not paid to you as a cash lump sum must be used to secure a pension for you on retirement by purchase of an annuity. The actual amount of pension (or annuity) you will receive will depend on the funds available, the annuity rate available at the time of your retirement and the particular retirement benefits which you wish to provide. You can, for example, choose from a variety of payment frequencies and death benefits after retirement. The choices include:

### Guaranteed level of pension increases granted whilst in payment

- 7.19 You may choose to receive either no increases or fixed increases of (say) 3% per annum or 5% per annum on the pension purchased from your member's account. Alternatively, you may choose to have increases in payment linked to movements in the Retail Price Index, which will protect the value of your pension against inflation.

#### Spouse's/dependant's benefit payable on death after retirement

- 7.20 You may choose to provide for the payment of a pension to a surviving spouse/dependant on your death after retirement. Usual proportions of spouse's/dependant's pensions are one-half or two-thirds of the pension payable to you at death. You will however have complete discretion as to the level of benefit provided.

#### Guarantee period for payment of the original pension

- 7.21 It is also possible to provide that your pension will continue in payment if death should occur shortly after retirement. You can choose to secure your pension with a five year guarantee period, but it is possible to have either no guarantee period or a guarantee period as high as ten years, if this is required. If you choose a five year guarantee period, it is also possible for the continuing payments to be paid as a lump sum.

#### Payment Frequency

- 7.22 You may choose the payment frequency of your pension being either monthly, quarterly, half yearly or yearly. Payments can be made in advance or in arrears.

#### **Benefits on retirement before Normal Retirement Date**

- 7.23 If you cease to be Registered Player before your Normal Retirement Date due to incapacity, preventing you from playing for a club you may be entitled to an immediate payment of the benefit you have earned to that date, as described in the Retirement Benefits section.

#### **Benefits on retirement after Normal Retirement Date**

- 7.24 You may defer the payment of your benefits beyond Normal Retirement Date until a date of your choosing before your 75<sup>th</sup> birthday.
- 7.25 You may, subject to Revenue limits, continue to contribute to the Income Section during the period of deferment.
- 7.26 Your benefits will be increased during deferment in line statutory revaluation requirements.

### **8 EXAMPLE BENEFIT CALCULATIONS**

#### Example 1

A player has benefits (all accrued on or after 6 April 2006) in the Cash Section of £30,000, an individual account in the Income Section of £100,000 and no pension benefits elsewhere.

The total value of benefits is £30,000 + £100,000 = £130,000.

The maximum cash sum is 25% of £130,000 = £32,500.

The cash sum payable from Cash Section = £30,000.  
The cash sum payable from Income Section (£32,500 - £30,000) = £2,500.

The balance of the individual account in the Income Section to be used to purchase a pension (£100,000 less £2,500) = £97,500.

### Example 2

A player has benefits (all accrued on or after 6 April 2006) in the Cash Section of £50,000, an individual account in the Income Section of £100,000 and no pension benefits elsewhere.

The total value of benefits is £50,000 + £100,000 = £150,000.

The maximum cash sum is 25% of £150,000 = £37,500.

The cash sum payable from Cash Section = £37,500.  
The cash sum payable from Income Section = £0.

The balance of the individual account in the Income Section plus the excess from the Cash Section is used to purchase a pension (£100,000 plus £12,500) = £112,500.

### Example 3

A player has accrued the following benefits:

- Cash Scheme prior to 6 April 2006 of £20,000
- Income Scheme prior to 6 April 2006 of £60,000
- Cash Section since 6 April 2006 of £40,000
- Income Section since 6 April 2006 of £100,000

The total value of benefits is £220,000.

The total benefits accrued prior to 6 April 2006 are £80,000.

The total benefits accrued since 6 April 2006 are £140,000

The tax-free cash available will be as follows (not taking into account any indexing applicable to the cash entitlement at 6 April 2006):

- 100% of Cash Scheme accrual prior to 6 April 2006 = £20,000
- 25% of benefits accrued from 6 April 2006 = £35,000
- Total £55,000

The following sums are available to purchase a pension:

- Income Scheme funds accumulated prior to 6 April 2006 = £60,000
- Balance of total benefits accrued from 6 April 2006 = £105,000
- Total £165,000

## 9 LEAVING THE SCHEME

- 9.1 If you cease to be Registered Player before your Normal Retirement Date you will cease to be a member of the Scheme. You may leave the Scheme while remaining a Registered Player if you give the Trustees at least one month's notice in writing. Should you leave the Cash Section while remaining a Registered Player you will not be allowed to re-join the Cash Section. Should you leave the Income Section while remaining a

Registered Player you will only be allowed to rejoin the Income Section with the permission of the Trustees.

- 9.2 The benefits you have accrued up to the date of ceasing to be a member, as set out below, will be payable from Normal Retirement Date.

### **Cash Section**

- 9.3 You will be entitled to a benefit as described in the Retirement Benefits section, but based on your Final Reckonable Earnings and Reckonable Service with each Club. That benefit will be preserved in the Scheme until you reach Normal Retirement Date
- 9.4 Your preserved benefit will be increased at Normal Retirement Date in respect of the period of complete years from the date of leaving to Normal Retirement Date by the lesser of the increase in the Retail Prices Index over the period or 5% per annum.
- 9.5 Subject to the terms of the Trustees' insurance policy, you will cease to be covered for life assurance benefit six month's after you cease to be a Registered Player. If you leave the Scheme but continue to be a Registered Player you may, at the Trustees' discretion, continue to be covered for life assurance benefit if you are admitted to the Scheme on a life assurance only basis.

### **Income Section**

- 9.6 Your individual account will remain invested in the fund(s) of your choice until your Normal Retirement Date. The value of your individual account will then become available to provide your retirement benefits, and the various options set out in Retirement Benefits Section will apply.
- 9.7 If you leave the Scheme having completed less than three months of Reckonable Service, you may request a refund of your contributions. If you leave the Scheme having completed more than three months but less than two years of Reckonable Service, you may request a transfer of your Scheme benefits to another arrangement or a refund of your contributions to the Income Section. If you take a transfer or a refund, you will have no further entitlement to benefit under the Income Section. Any refund payable will be subject to a deduction of income tax (at the time of writing the tax deduction was 20% for refunds under £10,800 and 40% on any excess).

### **Transfer of benefits**

- 9.8 You can at any time up to the date on which your benefits come into payment elect to transfer your benefits to another approved pension arrangement. For the avoidance of doubt, members are entitled to take a transfer of benefits from either the Cash Scheme or the Income Scheme, whilst leaving their benefits in the other.
- 9.9 If you are interested in transferring your benefits, you will be provided with a Statement of Entitlement of the current transfer amount available within 3 months of making the request. You will also receive written details of any conditions, which apply. The transfer value from the Income Section will be equal to the full value of your individual account. The method of calculating the transfer value from the Cash Section is established by the Scheme Actuary and agreed with the Trustees.
- 9.10 You are permitted to apply for a Statement of Entitlement each year and once quoted, the transfer value from the Cash Benefit Scheme is guaranteed for 3 months from date of

calculation. The transfer value from the Income Section is not guaranteed, being equal to the value of your member's account on the date of the transfer. As investment conditions change, the transfer value may therefore increase or decrease. If you decide to accept the transfer value, your written request for payment will be carried out within 6 months of the date of the request, although it will normally be much sooner.

### **Re-joining**

9.11 If a member has transferred his benefits from the Cash Section to another arrangement there is no facility for him to re-join the Cash Section.

9.12 If a member has transferred his benefits from the Income Section to another arrangement he can re-join the Income Section with the permission of the Trustees. If he has remained a member of the Cash Section since before 6 April 2006, upon re-joining the Income Section he would accrue further benefits in the Income Section by reference to a Normal Retirement Date of his 35<sup>th</sup> birthday. Otherwise, he would accrue further benefits in the Income Section by reference to a Normal Retirement Date of his 55<sup>th</sup> birthday

## **10 GENERAL INFORMATION**

### **State Pension Scheme**

10.1 The State scheme pension is provided in two parts:

- (a) a Basic State Pension, to which all members are entitled, if they have paid sufficient National Insurance Contributions, and
- (b) an Additional State Pension from the State Earnings Related Pension Scheme (SERPS) and the State Second Pension (S2P), which is related to your earnings between a lower and an upper limit (*your "eligible earnings"*). The lower earnings limit (£4,264 per annum as at 6 April 2005) is approximately equal to the basic State pension for a single person and the upper limit is about seven times that amount (£32,760 per annum as at 6 April 2005). These earnings limits are reviewed each year.

10.2 Members of the Scheme are not contracted-out of the Additional State Pension. This means that both parts of the State scheme pension will be paid in addition to the benefits from the Scheme.

### **Divorce**

10.3 For divorce proceedings commenced after 1 December 2002, the court may order that your retirement benefits be shared between you and your ex-spouse, on terms agreed between you. This process, known as "pension sharing" involves your pension being split, and a part of it being awarded to your ex-spouse, who will ordinarily have to transfer the value of their share to another pension arrangement. Your benefits will be reduced to reflect the amount transferred to your ex-spouse. Pension sharing can happen even if you are already in receipt of your pension.

10.4 As an alternative to pension sharing, it is also possible for the court to make an "ear-marking order" which would provide that a certain part of your retirements benefits are payable to your ex-spouse, when they come into payment.

- 10.5 There are a number of procedural requirements connected with arranging a pension sharing or ear-marking order. If you are getting divorced, and your pension is likely to form part of your financial settlement, you should contact the Scheme Administrator for further information.

## **Temporary absence**

### General

- 10.6 If you are temporarily absent from playing in circumstances other than those dealt with below, the following will apply.
- 10.7 You will continue to be covered for the life assurance benefit if your absence is due to ill-health or injury so long as your Club treats you as continuing in Reckonable Service. While cover continues it will be fixed at the amount applicable immediately before the absence started.

### Parental Leave

- 10.8 If you are on Parental leave, you will continue to be covered for the life assurance benefit. During any period for which you receive statutory Parental pay or any contractual pay from your Club, you will be required to continue to pay contributions to the Income Section. Your contributions will be based on the amount you are actually paid during this period.

## **Constitution**

- 10.9 The Scheme is constituted by and operated in accordance with a trust deed and rules (as amended from time to time). These documents are available for your inspection on request. Alternatively, a copy of the documents can be made available for your personal use, although a charge will be made to cover the cost of this service.

## **Revenue approval**

- 10.10 The Scheme is approved under Chapter I Part XIV of the Income and Corporation Taxes Act 1988 and will be applying for registration under the Finance Act 2004.

## **Title to benefits**

- 10.11 All benefits under the Scheme are personal and cannot be assigned or offered as security for loans.

## **Amendment or termination**

- 10.12 While the Leagues intend to continue the Scheme indefinitely, they reserve the right to amend or terminate the Scheme at any time in accordance with the provisions of the trust deed and rules. You will be notified in writing of changes which affect you.

## **Change of address**

- 10.13 It is your responsibility to ensure that the Trustees know of any change of your address. This is particularly important if you leave the Scheme before retirement, and also at retirement when benefits are due to be paid. If the Trustees do not have your correct address, they will not be able to make the appropriate payments.

## **Benefit Information**

- 10.14 Each year you receive a benefit statement showing how your Scheme entitlements, together with the benefits that will be paid if you die.
- 10.15 You have the right at any time to ask for details of your benefits, however, the Trustees are only obliged to supply this information once every 12 months.

## **Documents available on request**

- 10.16 A number of documents connected with the Scheme are available on request; the Trustees' Annual Report, the Scheme's trust deed and rules, the Schedule of Contributions (Cash Section), Payment Schedule (Income Section), the Statement of Investment Principles and the Actuarial Valuation Report.
- 10.17 The Trustees reserve the right to make a charge to cover costs where a copy of a document is provided.

## **Internal Dispute Resolution Procedure**

- 10.18 The Trustees of the Scheme operate a dispute resolution procedure.
- 10.19 If you have a complaint about the operation of the Scheme, or if you disagree with any information or details provided about the Scheme or your benefits, you should contact the person below in writing setting out the nature of your complaint, along with details of your full name, address, date of birth and national insurance number:-
- Ms Stephanie Wroe, The Football League Limited, Edward VII Quay, Navigation Way, Preston, Lancashire, PR2 2YF.
- 10.20 Your complaint will be investigated and within two months you should receive a written decision. If this is not possible you will be contacted to explain the reason why and the date you can expect the decision.
- 10.21 If you are not satisfied by the decision you will have up to six months to move on to the second stage of the procedure which will involve a review by the Trustees of the Scheme. Again, you should receive a written decision within two months.
- 10.22 After the review by the Trustees you will be able to refer your complaint to the Pensions Ombudsman, if you wish. Access to this organisation will not be possible until the Trustees' dispute resolution procedure has been completed. You may contact the The Pensions Advisory Service at any time for assistance.

## **The Pensions Advisory Service**

- 10.23 The Pensions Advisory Service ("TPAS") operates primarily through the Citizens Advice Bureau network and provides advice and assistance at any time to members or beneficiaries on occupational and pension matters. TPAS offers a voluntary conciliation service, enabling individuals and trustees or managers of an occupational or personal pension scheme to resolve grievances relating to pension matters which cannot be resolved directly by the parties concerned.
- 10.24 If there is not a Citizens Advice Bureau locally, you may contact TPAS directly at 11 Belgrave Road, London SW1V 1RB.

## **Pensions Ombudsman**

- 10.25 A Pensions Ombudsman has been appointed to oversee disputes between individuals and trustees or managers of an occupational or personal pension scheme which cannot be resolved on a voluntary basis. The Pensions Ombudsman is able to investigate and decide cases where maladministration is alleged. The Pensions Ombudsman also deals with disputes of fact or law including the interpretation of the rules of pension schemes. Any decision made by him will be legally binding on all parties concerned, except that an appeal on a point of law may be made to the High Court.
- 10.26 The Pensions Ombudsman should only be contacted if TPAS has been unable to settle the dispute.
- 10.27 The address of the Pensions Ombudsman is 11 Belgrave Road, London SW1V 1RB.

## **Occupational Pensions Tracing Registry**

- 10.28 A register of occupational and personal pension schemes has been established as part of a pensions tracing registry, to help individuals who have lost touch with their previous employers' pension arrangements to trace their pension rights. In response to enquiries from individuals, information contained on the register will be used to determine the most likely location of their benefits.
- 10.29 The Scheme is registered with the Registrar of Pension Schemes for this purpose and in particular the Registrar has been supplied with the address at which the Trustees may be contacted.
- 10.30 The Pensions Regulator has been appointed as the Registrar and individuals wishing to use this service should apply in writing to The Registrar of Pension Schemes, The Pensions Regulator, PO Box 1NN, Newcastle Upon Tyne, NE99 1NN, using application form PR4 (copies of which are available from TPAS or the Registrar).

## **Pension Regulator**

- 10.31 The Pensions Regulator regulates occupational pension schemes. The role of this body is to protect the interests of members and other beneficiaries where trustees, employers or professional advisers have failed in their legal duties.
- 10.32 Anyone is able to take their concerns about a scheme to the Pension Regulator, including the Scheme Auditor, the Scheme Actuary, the Scheme Administrator and Trustees.
- 10.33 The address of the Pensions Regulator is Invicta House, Trafalgar Place, Brighton, East Sussex, BN1 4DW.

## **Data Protection**

- 10.34 The Data Protection Act 1998 came into force in March 2000. Under the Act the Trustees are "data controllers" in relation to your "personal data". Your personal data is information personal to you, and which identifies you, such as your name, address and National Insurance number. Some of this information may be sensitive (such as details of your health and personal relationships). As "data controllers", the Trustees will process your sensitive and non-sensitive personal data and that of other members and beneficiaries for purposes associated with the Scheme (as indicated below). The

Trustees may process your personal data themselves, or use carefully selected advisers and third parties ("data processors") to help them. Under the Act, as a data subject, you have certain rights in relation to the data we process about you.

- 10.35 Processing personal data about you and others may involve transferring this personal data to third parties who advise or assist the Trustees, the Leagues, the Clubs and any business associated with them, prospective purchasers of any of them (although, in this latter case, where practicable, the Trustees will provide anonymised data), Government bodies, and persons associated with you.
- 10.36 Under the Data Protection Act 1998, you consent to the Trustees (and any data processors or other data controllers they use) processing any personal data about you for any purposes associated with the Scheme.
- 10.37 The Trustees have legal obligations under trusts and pension law to ensure – and therefore a legitimate interest in ensuring – that personal data about members and beneficiaries is processed for the purposes of running the Scheme.
- 10.38 Where you disclose (or have disclosed) to the Trustees personal data relating to other living individuals, you are also regarded:
- (a) as agent on behalf of those individuals, as having given consent on their behalf; and
  - (b) as agent on behalf of the Trustees, as having informed them of the identity of the Trustees as the data controller in relation to the Scheme, and the purposes (as set out above) for which their personal data will be processed.

## SCHEDULE 1

### INVESTMENT APPENDIX

#### 1 CORE FUNDS

1.1 You can select from one or more of a range of core asset class Investment Funds operated by Standard Life Investments (SLI).

**Core Fund** **(Annual Management Charge - AMC)**

**FTSE Tracker** **(AMC 0.1%)**

**(launched 1 July 1998)**

**Benchmark: FTSE All-Share Index**

**Global Equity Tracker** **(AMC 0.125%)**

Benchmark: Composite of 50% FTSE All-Share, 50% FTSE World excluding UK

**UK Gilt Tracker** **(AMC 0.1%)**

Benchmark: FTSE A All Stocks Gilt Index

**Consensus Tracker** **(AMC 0.125%)**

Benchmark: CAPS Pooled Pension Fund Survey Balanced Fund Section

**Sterling Fund** **(AMC 0.2%)**

The Sterling Fund is a cash fund. The Fund invests not only in bank/building society deposits but also holds other short-term sterling assets.

Tracker funds invest monies in such a way that they should always return the same performance (before charges) as the appropriate index for the asset class (e.g. the FTSE All-Share Index for the UK Equity Tracker Fund). This approach should result in a broadly average performance when compared to other managers investing in the same type of assets (before changes). However, the investment charges are generally much lower.

#### 2 DEFAULT LIFESTYLE BASIS

The lifestyle basis seeks to secure the higher long-term returns available from equities but, acknowledging the volatility of equities, moves your monies into cash as you approach your Normal Retirement Date.

Lifestyling is the name given to the strategy of gradually switching your account out of equities (stocks and shares) as you approach the Scheme's retirement age. Under the Default Lifestyle Basis an individual account will be invested as follows:

Term to Normal Retirement (years)	FTSE Tracker Fund (UK equities)	Sterling Fund (Cash)
5 +	100%	Nil
4	80%	20%
3	60%	40%
2	40%	60%
1	20%	80%
0	nil	100%

Investments are switched between funds annually, on or around your birthday, to achieve amounts set out in line with the above asset distributions.

If you plan to retire early or leave your monies invested in the Scheme past your Scheme Normal Retirement Date this strategy may not be appropriate and you should consider alternative specific funds within the core range.

The range of core funds is monitored regularly by the Trustees and their investment advisor. They look at the performance to ensure that it remains consistent with the benchmark and also at the charges to ensure they remain competitive.

A wider range of 40 or so investment funds are available from the Scheme's investment manager (Standard Life Investments). Details are summarised in the next section of this Appendix.

### **3 WIDER RANGE OF INVESTMENT FUNDS**

Other funds available from Standard Life Investments are managed on an active management basis and have higher charges. The range includes Balanced Managed, Equity, Bond and Manager of Manager Funds.

Your choice of where to invest your funds will depend upon your attitude to risk and your own personal circumstances.

Members choosing to invest outside the Core range into the Wider range are asked to sign an Investment Disclaimer acknowledging that, whilst the funds are made available by the Trustees the member has taken on responsibility for his own investment selection and no investment responsibility or liability remains with the Trustees.

It is strongly recommended that if you are proposing to invest in the Wider range you take advice from an Independent Financial Advisor who will also be asked to sign the Investment Disclaimer form.

**To continue with your pre 5 April 2006 arrangements or to select from this Wider range of Standard Life funds for your new, re-directed or increased contributions, you and your adviser will need to submit an application form (including a disclaimer signed by you and your adviser confirming that you understand that higher charges and risks are associated with these funds).**

#### **Balanced Managed Funds**

#### **(Annual Management Charges – AMC)**

##### **Managed Fund**

**(AMC 0.4%)**

The Managed Fund is primarily equity based and is SLI's most popular investment-linked fund. It is actively managed to take advantage of the opportunities identified by SLI's investment teams. A substantial part of the portfolio will normally be invested in UK equities, with the remainder held in overseas equities, fixed interest stocks and property. The objective is to maximise returns whilst spreading the risk.

##### **Cautious Managed Fund**

**(AMC 0.4%)**

The Cautious Managed Fund has a broad spread of assets, predominantly invested in equities and fixed interest securities. It is intended to be less volatile than the Managed Fund, with a higher percentage of the Fund in lower volatility assets. The Fund will use property and bonds to protect investors from the impact of significant falls in equity markets. SLI's investment team will continuously assess the prospects for specific markets and will vary the proportions held according to the opportunities identified. SLI may, in certain circumstances, use derivatives for asset allocation purposes.

**Ethical Fund** (AMC 0.4%)

The Ethical Fund is invested primarily in UK equities to provide good long-term growth prospects. The Fund also invests in UK corporate bonds to provide an element of price stability. In the medium term this Fund may invest internationally. However, there will always be a bias towards the UK. The choice of equities and bonds is restricted by the Ethical Policy which, for example, prevents investment in companies which damage the environment or test cosmetics on animals. Companies making a positive contribution to society, for example those with environmental initiatives, will be favoured.

**Equity Funds**

**UK Equity Fund** (AMC 0.4%)

The UK Equity Fund is invested in a broad range of UK equities, chosen by the Investment Managers, to give a spread over the most attractive sectors of the market. It may also invest in other companies which have a major part of their business in the UK.

**Institutional UK Equity Select Fund** (AMC 0.6%)

The UK Equity Select Fund invests in a fairly concentrated portfolio of UK equities and therefore adopts more aggressive stock and sector positions than those in the UK Equity Fund. As a result the Fund has higher risk/return characteristics than the UK Equity Fund.

**Overseas Fund** (AMC 0.5%)

The Overseas Fund provides exposure to a range of worldwide economies. It invests in the most attractive shares, chosen by the Investment Managers, of the major global equity markets. The fund may also have some exposure to emerging markets.

**Global Equity 50:50 Fund** (AMC 0.4%)

The Global Equity 50:50 Fund is an equity fund split equally between the UK and overseas equity markets. The proportions held are decided after reviewing the prospects for each market and will vary from time to time around the long term strategic asset allocation of 50% in UK equities and 50% in overseas equities weighted by global market capitalisation as defined by the MSCI World ex UK IndexSM.

**Global Equity Select 60:40 Fund** (AMC 0.5%)

The Global Equity Select 60:40 Fund is a more specialised, balanced equity fund with higher than average risk/return characteristics. A substantial part of the portfolio is invested in the UK Equity Select Fund, with the remainder held in overseas equities. The proportions held are decided after reviewing the prospects for each market and will vary from time to time. Compared to other balanced products such as the Managed Fund, exposure to the UK Equity Select Fund results in more aggressive stock and sector positions being adopted.

**European Fund** (AMC 0.3%)

The European Fund invests in a portfolio of shares representing a wide variety of countries and industrial sectors in Europe. The distribution of the Fund's assets is adjusted in light of changing expectations for European economies, industries and companies.

**North American Fund** (AMC 0.3%)

The North American Fund is invested in a portfolio of shares representing a wide variety of industries in North America, principally in the US.

**Japanese Fund** (AMC 0.3%)

The Japanese Fund invests in the Japanese equity market. It maintains a balanced portfolio covering both export-orientated and domestic related industries.

**Pacific Basin Fund** (AMC 0.3%)  
The Pacific Basin Fund invests in a portfolio of shares in the Pacific Basin area, excluding Japan. Eligible areas include Australia, Hong Kong, Singapore and the Indian sub-continent. This Fund, like the Japanese Fund, maintains a balanced portfolio covering both export-orientated and domestic related industries.

**European Equity Tracker** (AMC 0.15%)  
Benchmark: FTSE W Europe excluding UK index

**US Equity Tracker** (AMC 0.15%)  
Benchmark: FTSE AW USA Index

**Japanese Equity Tracker** (AMC 0.15%)  
Benchmark: FTSE AW Japan Index

**Pacific Basin Equity Tracker** (AMC 0.15%)  
Benchmark: FTSE AW Developed Asia Pacific excluding Japan Index

**Overseas Equity Tracker** (AMC 0.15%)  
Benchmark: FTSE World Ex UK Index

### **Bond Funds**

**UK Fixed Interest Fund** (AMC 0.3%)  
The UK Fixed Interest Fund invests in UK government securities as well as other fixed interest stocks, such as corporate bonds. Although the income from fixed interest stocks is fixed, the price of the underlying assets can go down as well as up.

**Overseas Fixed Interest Fund** (AMC 0.3%)  
The Overseas Fixed Interest Fund provides exposure to a range of worldwide bond markets. As with other bond funds, although the income from fixed interest stocks is fixed, the price of the underlying assets can go down as well as up.

**Long Corporate Bond Fund** (AMC 0.3%)  
The Long Corporate Bond Fund invests principally in the UK, non-gilt, fixed interest market. The Fund will provide appreciation in the unit value from capital growth and income using a portfolio of mainly UK corporate bond securities. When appropriate, the Fund may invest in other UK fixed interest securities e.g. gilts and debentures. This Fund is measured against the Over 10 Years Merrill Lynch Sterling Non-Gilt Index.

**Long Bond Fund** (AMC 0.3%)  
The Long Bond Fund invests principally in the UK long gilt market with up to 25% being invested in non-gilt, sterling fixed interest bonds. However, non-gilt bonds will only be invested in when conditions are suitable and the relative valuations with gilts look attractive. The Fund will identify bonds which represent good fundamental value and where this value is likely to be realised on a six to twelve month view, will be one of the main driving forces behind the Fund.

**Corporate Bond Fund** (AMC 0.3%)  
The Corporate Bond Fund is managed in a similar way to the Long Corporate Bond Fund in that it invests principally in the UK, non-gilt, fixed interest market. The Fund will provide appreciation in the unit value from capital growth and income using a portfolio of mainly UK corporate bond securities. When appropriate, the Fund may invest in other UK fixed interest securities e.g. gilts and debentures. The benchmark for the Corporate Bond Fund is the Merrill Lynch Sterling Non-Gilt All Stocks Index.

**Gilt Fund****(AMC 0.3%)**

The Gilt Fund invests in a diversified portfolio of conventional UK Government fixed interest securities. In addition, we may invest up to 10%, in aggregate, in UK Government Index-Linked securities and cash.

**Index Linked Fund****(AMC 0.3%)**

The Index-Linked Fund is invested principally in UK government issued index-linked treasury stock. It may also be invested in any similar UK stocks issued in the future. The returns from index-linked treasury stock are linked to the Retail Price Index; however, the returns from the Fund are not. They are linked to the underlying price of the stock which can go up or down.

**Protection Fund****(AMC 0.3%)**

The Protection Fund aims to minimise any charges to the level of pension income which could be secured at retirement resulting from changes in the cost of purchasing pensions in the period before retirement. To achieve this the Fund invests primarily in long dated Government Gilts which will rise and fall broadly in line with the cost of purchasing pensions.

**Overseas Bond Tracker****(AMC 0.125%)**

Benchmark: JP Morgan Traded World ex. UK Bonds Index

**Other Funds****Pooled Property Fund****(AMC 0.5%)**

The Property Fund is invested in a diversified portfolio of properties throughout the UK with the assets of the Fund held in a mix of freehold and leasehold retail, commercial and industrial properties. The Investment Managers may invest a small part of the Fund in properties elsewhere in Europe and in property developments, if opportunities arise. The value placed on the holdings in the Property Fund is based on independent valuations of each property on a quarterly basis.

**Manager of Manager Funds**

These funds are independently managed to provide access to leading fund managers in each asset class.

**MoM Balanced Managed Fund****(AMC 0.8%)**

The Fund is primarily equity based containing a significant exposure to UK equities, with the remaining assets held in overseas equities, fixed interest stocks and property. Asset allocation reflects the balanced managed sector consensus as measured by Lipper.

The asset mix is rebalanced regularly to reflect the consensus market view.

**MoM UK Equity Fund****(AMC 0.8%)**

The objective of the Fund is to provide capital appreciation, investing in an actively managed portfolio of mainly UK Equities. The aim is for the annualised investment performance to exceed the FTSE All-share Index over rolling 3 year periods.

**MoM Global Equity Fund****(AMC 0.8%)**

The Fund is designed for investors who are looking to obtain a broadly based exposure to global equity markets in conjunction with a core holding in UK equities. Wilshire Associates undertake extensive research and select a number of fund managers within each global equity asset class, blending managers with differing investment styles and market capitalisation bias. Wilshire monitor the selected managers to ensure a continued performance contribution over the market cycle in line with the manager's investment philosophy and process. Managers can be replaced if evolving organisational, personnel or other qualitative factors are likely to impact on the ability to achieve the benchmark objectives. The Fund maintains half the portfolio in UK

equities with the remaining asset mix diversified according to the geographical weighted asset mix within the FT World (Ex UK) Index.

**MoM Overseas Equity Fund (AMC 0.8%)**

The Fund is designed for investors who are looking to obtain a broadly based exposure to global equity markets outside the UK. Asset allocation reflects the geographical weighted asset mix within the FTSE World (Ex UK) Index.

**MoM North American Equity Fund (AMC 0.8%)**

The objective of the Fund is to provide capital appreciation, investing in an actively managed portfolio of mainly US equities. The aim is for annualised investment performance to exceed the S&P 500 Index over rolling 3 year periods.

**MoM European Equity Fund (AMC 0.8%)**

The objective of the Fund is to provide capital appreciation, investing in an actively managed portfolio of mainly European equities. The aim is for the annualised investment performance to exceed the MSCI Europe (ex UK) Index over rolling 3 year periods.

**MoM Pacific Basin Equity Fund (AMC 0.9%)**

The objective of the Fund is to provide capital appreciation, investing in an actively managed portfolio of equities within the Pacific Basin region. The aim is for the annualised investment performance to exceed the MSCI All Country Asia Pacific Free (Ex Japan) Index over rolling 3 year periods.

**MoM Japanese Equity Fund (AMC 0.9%)**

The objective of the Fund is to provide capital appreciation, investing in an actively managed portfolio of mainly Japanese equities. The aim is for the annualised investment performance to exceed the MSCI Japan Index over rolling 3 year periods.

**MoM UK Bond Fund (AMC 0.75%)**

The Fund is designed for investors who are looking to obtain a diversified portfolio of mainly UK Fixed Interest securities. The aim is for the annualised investment performance to exceed an equal composite of the FTSE Actuaries UK Government All Stocks and the Merrill Lynch Sterling non-Gilt indices over rolling 3 year periods.

**Fund AMCs are as at January 2006 and are subject to review. Further details of each fund are available on Standard Life Investments website:**

**[www.standardlifeinvestments.com](http://www.standardlifeinvestments.com)**