

Important Announcement to members of the following pension scheme

Handley Ash Retirement Benefits Scheme (“the Scheme”)

Since our appointment as independent trustee to the Scheme, Dalriada Trustees Limited (Dalriada) has issued a number of Announcements to members. The Announcements contain important information about the above named scheme and we thought it would be useful if we put all the key points into a single document.

Who is Dalriada and why did it get involved with the Scheme?

Dalriada is a professional independent trustee who was appointed by Court Order to take over the running of the Scheme on 19 September 2013. Dalriada is experienced in dealing with pension schemes that have complex issues and / or have unusual investments.

Because it is an independent trustee, Dalriada is not linked in any way with the original trustees of the Scheme. Dalriada effectively replaced the original Trustees, Douglas Carter and Lesley Waring (also acting as a company called Portcullis Trustees Limited), and was given exclusive powers to deal with the Scheme. The original trustees have had no involvement in running the Scheme since our appointment.

Dalriada was appointed because the Pensions Regulator (tPR) was concerned that the Scheme was being used for pension liberation.

Pension liberation occurs where individuals are encouraged to transfer their existing pensions to new schemes in the expectation of getting money from their pension fund before the minimum retirement age of 55. This is usually by way of a loan or some form of cash inducement.

Pension liberation can become fraudulent if members have not been given the full facts about the risks and costs involved.

Schemes used for pension liberation generally have high charges and often invest whatever money is left after these charges in risky and unusual investments. They also put members at risk of having to pay large amounts of tax. Pension savings benefit from tax relief because they are meant to provide benefits in old age. If individuals try and take money out of their pensions early, HMRC can charge tax on any payment at a rate of up to 55%.

The Pensions Regulator has been running a campaign warning of the dangers of pension liberation. Because schemes used for pension liberation are often just scams this campaign is now called "pension scams"–

www.thepensionsregulator.gov.uk/pension-liberation-fraud.aspx

Why does the Scheme need a trustee and what does a trustee do?

Like most occupational pension schemes, the Scheme has been set up “under trust”. This means that the funds are held by “someone else” for the benefit of the members and the “someone else”

is known as the trustee or trustees. So for the Scheme to operate at all it needs to have a trustee in place.

Trustees of pension schemes have a lot of responsibilities, the main one being to act in the members' interests.

Pension scheme trustees can't do what they want with schemes. They must run a scheme as set out in the scheme's trust deed and rules. Trustees must also know the laws and regulations which set out what pension schemes can and cannot do.

If something in a scheme's rules contradicts something in law, trustees must do what the law says.

If it is not clear how trustees should apply the rules or the law to their scheme, they must take legal advice, and sometimes ask for guidance from the Court.

What did Dalriada do when it was appointed?

On appointment Dalriada took control of the Scheme's bank accounts and took any member files that were available. Based on these, we created proper administration records on our computer systems.

This is something any company would need to do to be able to run and manage a pension scheme properly and be able to work out members' benefits and provide the necessary benefit statements.

The fact that there did not appear to be a proper pension administration system or proper record keeping meant that the Scheme was in a very poor state of organisation at the time of Dalriada's appointment, much worse than Dalriada is usually used to seeing when dealing with occupational schemes.

Again, Dalriada would expect financial records to be readily available in the case of conventional pension schemes. The need to construct financial records from scratch has meant a significant amount of extra work.

What progress has been made in relation to the Scheme's investments?

Dalriada has established that around £900,000 of the funds transferred into the Scheme (approximately £1,600,000) was paid over to International Financial Placements Limited (IFPL). This company is both registered and regulated in Gibraltar.

This money was on short term deposit and has now been repaid in full with interest. This was the only investment made on behalf of the Scheme.

What is the current position with the Scheme?

Typically, schemes suspected of being used for pension liberation have funds that are invested in high risk investments, with part of the funds being paid to the members, with resulting tax risks, and the balance potentially liable to end up being worthless. It would appear, however, that the timing of the Pensions Regulator's action has prevented pension liberation occurring in this particular case.

Dalriada remain unable to identify a number of members and their funds from the information received. It appears that some members originally transferred into a scheme of which Dalriada is

not trustee, their benefits were then transferred and payments were made in bulk to the Handley Ash Retirement Benefits Scheme.

Dalriada has requested further information in respect of the scheme in question in the hope that this will clarify the position with individual member benefits / transfers in. Until we can identify these funds, we remain unable to calculate member benefits, including transfers in. As soon as we have any further information in this regard, we will be in contact with all members.

Dalriada understands members' frustrations with the length of time being taken to resolve the issues but please be advised that we are doing all we can to get to a position of clarity as quickly as possible. As soon as we are at a point where we can calculate benefits, we will do so.

Member Documentation / Information

Dalriada would like to thank those members who have forwarded correspondence or provided details connected to the Scheme. If you have not done so, we would welcome any material you feel would be appropriate to enable us to continue our investigations.

Please be assured that we are devoting our full attention to this matter and will work closely and co-operatively with all relevant parties on your behalf and in the best interests of all members.

Finally, please be advised that we have set up a page on our website:
www.dalriadatrustees.co.uk/handley-ash

We have included Frequently Asked Questions (FAQs) on this page and will update the website when further information becomes available. We will also upload all Announcements to this page. As you will be aware, the costs of answering queries have to be met from the assets of the Scheme. In order to minimise these costs it would be very helpful if you could, in the first instance, check the FAQs to see if your question is answered there.

Should you, however, have any specific personal queries in relation to this Announcement, your membership of the Scheme or should you wish to provide us with further information, please contact us.

You can contact us as follows:

By Telephone: 028 9085 0934

By Post: Dalriada Trustees Limited
22 Great Victoria Street
Belfast
BT2 7BA

Via e-mail: handleyadmin@dalriadatrustees.co.uk

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