

Important Announcement to members of the following pension scheme

Handley Ash Retirement Benefits Scheme (“the Scheme”)

Background

Dalriada Trustees Limited (Dalriada) wrote to you previously regarding your membership of the Scheme and we now want to update members on the current position and the actions we have taken since our appointment.

To confirm, on 19 September 2013 Dalriada was appointed by Court Order as independent trustee with exclusive powers to the Scheme. All trustee powers and rights are now held by us.

Dalriada’s role as independent trustee is as follows:

- To administer the Scheme,
- To manage the Scheme’s assets and understand the nature of all assets held,
- To act in the best interests of all members and beneficiaries,
- To assist the Pensions Regulator with any enquiries in relation to the management of the Scheme.

Dalriada was appointed to the Scheme because of the Pension Regulator’s concerns that it had been used for ‘pension liberation’ or was simply just a scam where members were at risk of losing all of their pension fund.

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, either by way of a loan or some other form of cash inducement, often without being given the full facts about the risks and costs involved.

Schemes used for pension liberation 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 will 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

Generally, schemes that are scams and/or are used for pension liberation have high charges and often invest whatever money is left after these charges in risky and unusual investments. This can result in members losing their entire pension fund.

Members are not usually told about the risk of tax payments, or the charges involved made by those setting up the schemes, or about the way in which funds are being invested.

Administration

Dalriada has received copies of the member files from the previous administrators. Based on those records we have now 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 the previous administrators did not provide this electronic information or even appear to use a proper pension administration system suggests that the Scheme was never intended to be a conventional pension scheme.

As well as taking control of the Scheme's bank account, Dalriada has also obtained copy bank statements for the Scheme. As far as possible, these have been reconciled against the member files and we have created the necessary accounting and financial records that will enable us to prepare annual Report and Accounts for the Scheme as we are required to do under pensions law.

Once the Scheme Report and Accounts has been prepared and audited, it will be made available to members. Dalriada will contact members again at that time.

Again, Dalriada received no financial records from the previous administrators which it would expect to be readily available in the case of a conventional pension scheme. The need to construct financial records from scratch has meant a significant amount of work for us.

Dalriada has set up a dedicated helpline number and e-mail address (shown below) should members wish to contact us with regard to their membership of the Scheme or to provide further information – see the **'What should I do if I have any further questions?'** section below.

Investments

Dalriada has established that around £1.6m was transferred into the Scheme by way of individual member transfer payments. £900,000 was paid over to International Financial Placements Limited (IFPL), a company registered and regulated in Gibraltar.

Of the remainder, about £137,000 was paid in fees to the previous trustees and their advisers and the balance, £563,000, held in cash.

The money paid to IFPL was on short term deposit and has now been repaid together with interest.

Typically, schemes suspected of being used for pension liberation have funds notionally invested in high risk investments, with part of the funds being paid to members, with resulting tax risks, and the balance potentially liable to end up being worthless.

It is quite possible that the timing of the Pensions Regulator's action prevented pension liberation occurring with all of the resulting problems that it causes.

There remains an administrative issue with regard to the identification of member funds. However, once this is resolved Dalriada hopes to be in a position to advise members of their benefits and options.

Costs

Usually, where a scheme is an occupational scheme, some, if not all, of the costs of running the scheme would be met by the employer. The employer linked to the Scheme does not appear to have ever actively traded nor does it appear to have any assets or means to contribute to the costs of running the Scheme. This means that the costs of the previous trustees and its administrators and advisers, as well as Dalriada's costs and legal costs, have been, and will continue to be, met from Scheme funds. The fact that there was no genuine employer behind the Scheme is further evidence that it was not a conventional occupational pension scheme and might simply be a scam.

Whilst Dalriada will do all it can to minimise costs, because of the number of complex issues associated with these types of scheme, not least the work involved in setting up proper administration records, costs will be significant and will impact on the value of the Scheme's funds.

Previous trustees

The previous Trustees of the Scheme were Douglas Carter and Lesley Waring (also acting as trustee via a company called Portcullis Trustees Limited). They received £12,000 in fees.

The previous administrators and advisers (Marley and Turnberry Wealth Management, both companies controlled by Martin Brown) received over £38,000 between them.

A further firm of administrators (Pensions Administration Team) received over £86,000 in fees.

Generally, the Scheme's previous trustees and their administrators and advisers have been unhelpful and uncooperative, particularly with regard to the Scheme's investments which has made the job of Dalriada more difficult.

Current position

Dalriada is currently waiting on information with regard to a number of transfers into the Scheme that were received in bulk and it has not been possible to complete a reconciliation of the monies transferred into the Scheme and, as such, the allocation of available assets across the members.

As soon as this information is received, we will be in a position to move forward in bringing some clarity to members as to the value of their benefits under the Scheme.

We will update members at that time. However, it would still be very helpful if members could:

- provide copies of any information you were provided with about the Scheme (for example a booklet or any other explanatory literature)
- say if you were provided with any information about how your pension fund would be invested
- confirm whether you were offered any form of cash payment (possibly by way of a loan) in return for joining the Scheme
- if you were offered a cash payment, confirm if the possible tax consequences were explained
- confirm if you received a payment and, if so, how much was it for, who arranged it and where was it paid from.

Dalriada would like to thank those members that have already been in contact and provided some information.

What should I do if I have any further questions?

Should you have any queries in relation to this announcement or your membership of the Scheme, 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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