

Important Announcement to members of the following pension scheme (“the Scheme”)

TWM Pension Trust

Further to our previous Announcement issued in April 2015 we are writing to you to provide an update on the recent developments which have occurred in relation to the Scheme.

Background

As we advised previously, the Pensions Regulator (“tPR”) appointed Dalriada Trustees Limited (“Dalriada”) as independent trustee with exclusive powers to the Scheme on 13 June 2013. All trustee powers and rights are now held by Dalriada. As Dalriada is an independent trustee, Dalriada is not linked in any way with the original trustees or promoters of the Scheme.

Dalriada’s role as independent trustee is as follows:

- to administer the Scheme,
- to manage the Scheme 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 Pensions Regulator’s concerns that it had been used for ‘pension liberation’ or was simply a scam where members were at risk of losing their entire 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. This is either by way of a loan or some form of cash inducement and often without being given the full facts about the risks and costs involved. Pension liberation can become fraudulent if members have not been made aware of the risk of tax payments, or the charges involved made by those setting up the schemes or because of the way in which the funds are being invested.

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 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

Elysian Fuels No. 27 plc

Dalriada has carried out extensive work into the investments made on behalf of the Scheme.

Approximately £2.7m was paid to Castle Trust, a company registered in Gibraltar, and the funds were then invested in Elysian Fuels No. 27 plc, a company registered in England and Wales. The Scheme received shares in Elysian Fuels in return for the investment.

Dalriada was originally advised that Elysian Fuels was set up to construct and run a bio-ethanol plant in the North of England but this approach was later changed to the commissioning of an existing plant in Virginia, USA.

As mentioned in our previous announcement, Dalriada has had concerns that this long term investment will have little or no value ultimately.

Dalriada has now learned from newly published accounts that the Elysian project has not performed as originally projected. The accounts detail how it is now more likely than not that Elysian Fuels No. 27 plc will not receive a return from its original investment. As the company is not expected to make any return, the shares held on behalf of the Scheme for its members have now been devalued to £0.

At this time, it appears highly likely that the investment in Elysian Fuels is worthless. If so, this will heavily impact the value of members' benefits from the Scheme.

Dalriada will continue to investigate this latest development and work with any relevant parties to establish what can be done to recover funds on behalf of the Scheme.

NewGalaxy

An investment of £125,000 was made in NewGalaxy Services Limited, a company registered in England and Wales. In return, the Scheme received 125,000 5% preference shares in the company. No dividends have been paid to date and NewGalaxy has confirmed that the interest will be rolled forward to the end of the 3 year investment term. The Scheme therefore aims to redeem the investment in early June 2016.

Dalriada continues to correspond with NewGalaxy regarding a return of funds to the Scheme. As and when new information becomes available regarding this investment, Dalriada will inform members accordingly.

Current position

Dalriada remains keen to obtain as much information as it can and would repeat its request made in previous Announcements for members to supply copies of any information they have received or confirm the following:

- 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,

- confirm, if you were offered a cash payment, 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.

This information could be very helpful with regard to possible recovery of monies into the Scheme and Dalriada would like to thank those members that have already been in contact.

HMRC

As mentioned previously, there is evidence that the Scheme was used as a vehicle for pension liberation.

Any member who has received a payment and has not yet reached the minimum retirement age (age 55) is potentially subject to a significant tax charge.

Payments to members over the age of 55 are also assessed for tax. Some arrangements may permit tax free cash sums but the amount that can be taken tax free is limited by HMRC. Funds accessed in excess of this limit may be subject to tax.

It might be some time before the tax position is clarified.

Whilst, generally, it is not for Dalriada to get involved in individual members' tax affairs, those members who have received a payment as a result of joining the Scheme might want to think about raising the matter with HMRC.

When will I be able to get information about my benefits, draw benefits from the Scheme, or transfer from the Scheme?

Until Dalriada is clear as to the value of the Scheme investments and what HMRC's position will be with regard to any tax charges, it is impossible for us to say what the value of members' benefits are, or will be. It may be some time before we are able to do so.

Dalriada appreciates that this will be concerning for members but feels it is important that members are aware of the situation.

Dalriada will progress matters as quickly as it can and will update members whenever something significant occurs or when we have important 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. As above, please also supply copies of all correspondence or other communications which you may have received in relation to your membership of the Scheme.

You can contact us as follows:

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Issued by Dalriada Trustees Limited

November 2015