

# Annual Review

## Year to 30 September 2008

# shps

Welcome...

... to the SHPS Annual Review for the year to 30 September 2008. In March 2008, your Summary Funding Statement was included in the Review. This year it will be issued separately, later in the Summer, once the Scheme valuation has been finalised.

### Committee News - Elections

Elections for the SHPS Committee are held every two years. You should have received a Nomination Form for this year's Election with this Review. If a ballot is needed it will take place in July 2009 and new Committee members will take up post on 1 October 2009. Please use your vote!

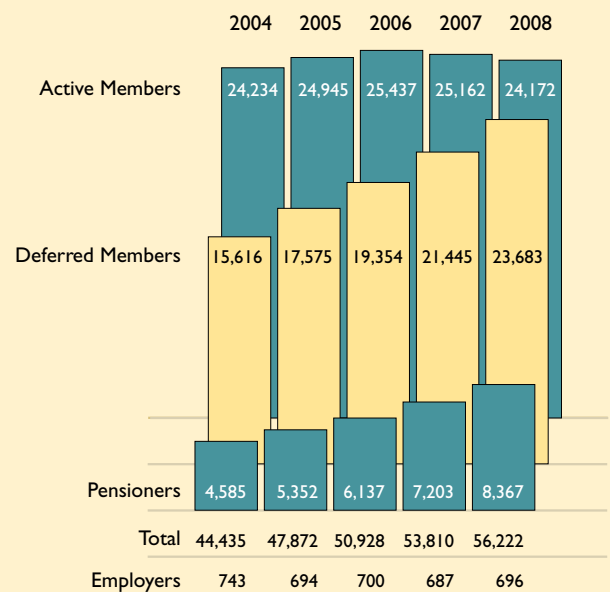


### Committee News - Scheme Valuation

Funding regulations require SHPS to be valued every three years. The valuation checks that the Scheme is on track to pay out the benefits that have been promised to members. The Scheme Actuary is working on the SHPS valuation as at 30 September 2008. Global financial problems combined with people living longer are expected to push up the cost of benefits. Employers will consult with members during the Summer about the valuation results, the effect on contribution rates and some new benefit options.

### Scheme News - Membership

Membership has grown this year by 4.6% to exceed 56,000 and 3,258 new members were enrolled. This is an excellent achievement in very difficult economic conditions which have hit everybody's pockets hard. Survey after survey tells us that pension scheme membership is declining, so we are delighted that SHPS seems to be bucking the trend!



## How secure are your benefits?

During 2008 a survey revealed that security of benefits is a big concern to SHPS members. We hope you will be reassured to know that your pension is protected in lots of different ways. Here are just a few headline points:

### **Safety in numbers**

SHPS has around 700 employers in a well-regulated sector. It's unusual for employers in your scheme to fail, and solvent employers aren't allowed to walk away from their pension commitments. The Government's Pension Protection Fund (PPF) would step in if, ultimately, all the Scheme's employers became insolvent.

### **Pensions are long-term investments**

The global financial crisis has added to people's worries but, in the context of pension scheme funding, returns are expected to improve the position in the longer-term. Your Pensions Committee monitors investment performance and scheme funding very carefully.

### **Pension schemes are heavily regulated**

Your Pensions Committee, the Trustee, Professional Advisers and The Pensions Regulator all play a part in making sure SHPS is run in compliance with the law.

## Fund Statement - For the year ended 30 September 2008

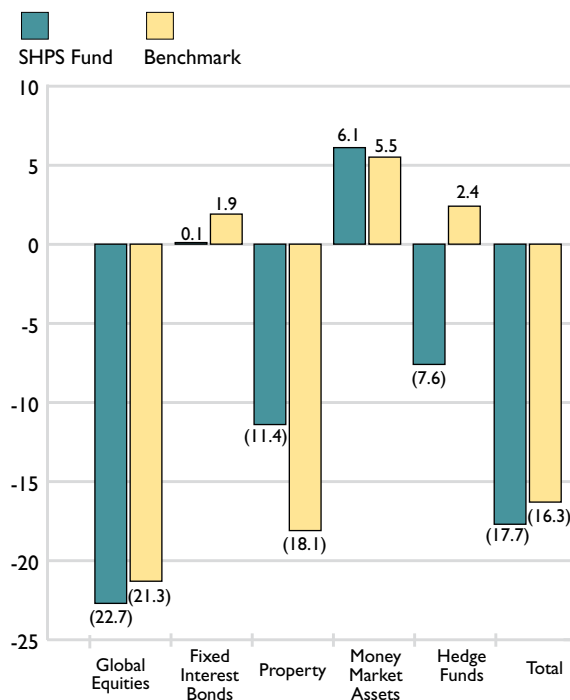
SHPS is a scheme within The Pensions Trust. This Fund Statement summarises the transactions of the Scheme and its proportionate share of expenses, investment returns and investments. The figures shown in the Statement have been extracted from the audited accounts of The Pensions Trust which were approved by the Trustee on 20 January 2009. This summary report is not intended to be a financial statement within the terms defined by SORP (Statement of Recommended Practice for Pension Schemes).

	2008 £'000	2007 £'000
Contributions paid by members and employers	142,133	122,920
Transfers in	7,942	14,321
<b>Total money paid in</b>	<b>150,075</b>	<b>137,241</b>
Benefits paid (pensions, lump sums and payment to leavers)	(49,429)	(44,835)
Administrative expenses	(3,900)	(3,806)
Specific expenses allocated	(349)	(216)
Pension Protection Fund	(610)	(694)
<b>Total money out</b>	<b>(54,288)</b>	<b>(49,551)</b>
<b>Net new money available for investment</b>	<b>95,787</b>	<b>87,690</b>
<b>Return on investments</b>		
Investment income and gains	(324,575)	161,586
Investment management expenses	(4,272)	(3,525)
Net returns on investments	(328,847)	158,061
<b>Net (decrease)/increase in the Fund during the year</b>	<b>(233,060)</b>	<b>245,751</b>
<b>Fund summary</b>		
<b>At the beginning of the Scheme year</b>	<b>1,760,483</b>	<b>1,514,732</b>
<b>At the end of the Scheme year</b>	<b>1,527,423</b>	<b>1,760,483</b>

## Scheme Performance - Investment Results

During the Scheme year the investment strategy was changed to reduce the volatility of SHPS investments. The Pensions Committee and Trustee took detailed professional advice before investing 7.5% of the Scheme's assets in a fund of hedge funds. The allocation to global equities was reduced from 75% to 67.5%. 17.5% is invested in fixed interest bonds and 7.5% in property.

Over the year to 30 September 2008 the Fund showed a negative return of 17.7%, under-performing its benchmark by 1.4%. Better than benchmark returns in property and money market assets were outweighed by very disappointing performances in global equities, bonds and the fund of hedge funds. The Committee is monitoring the situation very closely.



## Chair's Commentary

When I penned my commentary for last year's Annual Review I had only just been appointed to the Chair. 12 months on, I can say it has been another exceptionally busy year, with more hard work ahead.

2008 has been a very difficult year for investments. Turmoil in the financial markets saw the Fund value fall by £233 million to £1.527 billion. However, membership has continued to grow and, with over 56,000 members and around 700 employers, the Scheme remains strong and well placed to weather the current economic storm.

It's unfortunate timing that the Scheme valuation coincides with poor market conditions. The valuation results will be difficult. A combination of people living longer, tighter regulation and the effects of the credit crunch mean costs will almost certainly go up.

The Committee is only too well aware of employers' and members' concerns about affordability and we are prepared for this challenge. Our aim is to ensure that every employer who wants to offer good pensions through SHPS can do this. Scheme Adviser Janet Hennessey, assisted by Committee members and staff at The Pensions Trust, has been talking to employers about benefit options. During the Summer employers will be consulting with members about their future pension arrangements based on a revised offering from SHPS.

In closing, on behalf of the Committee I would like to thank employers, members and advisers for supporting the Scheme over the last year. The next 12 months will be challenging but I am confident that the Scheme is well equipped to respond and adapt to these challenging times.

Finally I want to place on record my appreciation to the Committee itself, who have given so much of their time and expertise to make the Scheme the Pension Scheme of choice for the housing sector.

Colin Small, Chair  
SHPS Pensions Committee

If you would like to receive your copy of this Review electronically in the future please email your Name or Organisation Name, Membership or Employer Number, Postcode, and email address to [shps@thepensiontrust.org.uk](mailto:shps@thepensiontrust.org.uk)

## Benefits of the Scheme

As a member of SHPS you will benefit from:

- A pension, payable from retirement for the rest of your life, related to your salary when you left the Scheme or (for some members) your average earnings in employment.
- Retirement age of 65, with the option to take early retirement.
- An immediate pension if you retire due to ill-health (in defined circumstances).
- The option to exchange some pension for a tax-free lump sum – you may choose the amount (within limits) that best suits your needs.
- Annual pension increases in retirement in line with inflation up to 5%.
- Life assurance (of three times your pensionable earnings) if you die whilst contributing to the Scheme (not applicable once contributions cease).
- Partner's and/or children's pensions if you die before or after retirement.
- A lump sum payment to your nominee(s) if you die after leaving the Scheme but before you start to receive your pension, or if you die within five years of commencement of your pension.

## The SHPS Committee Members

### **Alister Green**

Pensioner, formerly Bield Housing Association

### **Colin Small**

Management Consultant to the housing sector, formerly Festival Housing Group

### **Dennis Jones**

Pensioner, formerly Extra Care

### **Douglas Cuthbertson**

Group Company Secretary, the ISOS Group

### **Heather Rutherford**

Formerly Head of Human Resources, Orbit Housing Group (Retired December 2008)

### **Hugh Jones**

Nominated by Community Housing Cymru

### **Nick Horne**

Group Chief Executive, Arcadia Housing Group

### **Richard Sheppard**

Pensioner, formerly Raglan Housing Association

### **Stephen Duckworth**

Nominated by the National Housing Federation

### **Tiyani Behanzin**

Independent Housing Management and Development Consultant

The Committee is assisted by the Scheme Adviser, **Janet Hennessey**, an Independent Pensions Consultant.



Interested to find out more about what the Committee does on your behalf?  
There's more information on the SHPS website at

[www.shps.org.uk](http://www.shps.org.uk)

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