

# **Professional Footballers' Pension Scheme (Cash Benefit Section)**

## **Members' Summary Funding Statement 2012**

As Trustees of the Professional Footballers Pension Scheme ("the Scheme") we are writing to you to give you an update of the Scheme's funding position. This Statement reflects the results of the 31 July 2011 actuarial valuation. Similar statements will be issued each year providing up-to-date information about the funding of the Scheme.

### **The last ongoing funding valuation**

The most recent funding valuation of the Scheme showed that on 31 July 2011 the funding position of the Scheme, on the assumptions agreed between the Trustees and the Premier and Football Leagues (as representatives of the Clubs) having received advice from the Scheme Actuary, was that the assets of £84.7m were 145% of the amount needed to provide benefits.

As at 31 July 2011 the Cash Benefit Section of the Scheme was in a strong position. It had a funding level over 100% and enough funds to pay for retirement benefits.

### **Change in funding position since last statement**

The funding position has improved since the last statement (from 128% at 31 July 2010 to 145% at 31 July 2011). This is mainly due to improved data quality, following a data cleanse performed by the administrators, and contributions paid to the Scheme by the Clubs being higher than the cost of the benefits accruing.

### **Payment to the Leagues and Clubs**

There has not been any payment to the Leagues or Clubs out of Scheme funds since the last statement was issued.

*Important: If you are thinking of transferring your benefits out of the Scheme for any reason, you should consider obtaining professional financial advice before taking any action.*

## How the Scheme operates

### How is my benefit paid for?

Contributions are paid by the Premier and Football Leagues, on behalf of the Clubs, so that the Scheme can pay retirement benefits to scheme members when they retire.

The money to pay for members' retirement benefits is held in a common fund. It is not held in separate funds for each individual.

### How is the amount the Scheme needs worked out?

The Trustees have a funding plan (the Statement of Funding Principles) agreed with the Premier and Football Leagues, as representatives of the Clubs, which aims to make sure there is enough money in the Scheme to pay for retirement benefits now and in the future. The amount of money payable into the Scheme may go up or down following regular funding checks by our Actuary (Actuarial Valuations).

### The importance of the Clubs' support

The Trustees' objective is to have enough money in the Scheme to pay retirement benefits now and in the future. However, the success of the Scheme relies on the Clubs' continued financial support for the Scheme because:

- the Trustees will have to pay the future expenses of running all sections of the Scheme on an annual basis;
- the funding level can fluctuate and, if there is a funding shortfall, more money will usually need to be put in; and
- the target funding level may turn out not to be enough so that the Clubs will need to put in more money.

### What would happen if the Scheme started to wind up?

As at 31 July 2011 the assets covered 121% of the estimated amount needed to buy out members' benefits in full if the Scheme had started winding up (full solvency).

If the Scheme were to start to wind up and the assets were not sufficient to cover the costs of buying out members' benefits then you might not get the full amount of cash benefits you have built up even if the Scheme is fully funded on the ongoing basis. However, whilst the Scheme remains ongoing, even if funding levels temporarily fall below target, benefits will continue to be paid in full. If the Scheme were to start to wind up and the assets were not sufficient then the Premier and Football Leagues and Clubs would be required to pay enough into the Scheme to enable the members' benefits to be completely secured with an insurance company. If the Premier and Football Leagues and Clubs were insolvent and unable to pay this full amount the Pension Protection Fund might be able to take over the Scheme and pay compensation to members. This would not be the full Scheme benefits.

Inclusion of this information is a statutory requirement and does not imply that the Premier and Football Leagues or the Clubs are thinking of winding up the Scheme.

# Professional Footballers' Pension Scheme

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Further information and guidance is available on the Pension Protection Fund's website at [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk), or you can write to the Pension Protection Fund at Knollys House, 17 Addiscombe Road, Croydon, Surrey, CR0 6SR.

## **Why does the funding plan not call for full solvency at all times?**

The full solvency position assumes that benefits will be secured by buying insurance policies. Insurers are obliged to take a very cautious view of the future and need to make a profit. The cost of securing benefits in this way also incorporates the future expenses involved in administration. By contrast, our funding plan assumes that the Leagues and Clubs will continue in business and support the Scheme.

## **What is the Scheme invested in?**

As at 31 July 2011, the Scheme invested in the following broad asset classes:

Target Return Funds	85%
Corporate Bonds	10%
Cash	5%

## **Where can I get more information?**

The following additional documents are available on request.

- **Statement of Investment Principles.** This explains how the Trustees invest the money paid into the Scheme.
- **Statement of Funding Principles.** This sets out the Scheme's funding plan.
- **Schedule of Contributions.** This shows how much money is being paid into the Scheme.
- **Annual Report and Accounts.** This shows the Scheme's income and expenditure in the year up to 31 July 2011.
- **Report on the Actuarial Valuation.** The full report following the actuary's check of the Scheme's funding as at 31 July 2011.
- **Scheme Booklet.** You should have been given a copy when you joined the Scheme, but we can let you have another copy.

Please help us to keep in touch with you by telling us if you change address. Please quote your full name, date of birth and National Insurance number if known.

If you have any other questions, or would like any more information, please contact us:

## **The Trustees of the Professional Footballers Pension Scheme**

c/o Ms Stephanie Wroe, The Football League Limited, Edward V11 Quay, Navigation Way, Preston, Lancashire, PR2 2YF.