MNOPF Member Forum – Newcastle – Q and A

MARCH 2015

Journey Plan

The Journey Plan shows that the shortfall will be made up from contributions and from investments, will the members have to pay to make up this shortfall in the Fund?

No, the deficit contributions are paid by employers. Active members do pay contributions, but these relate to the future accrual of their personal benefits. The shortfall that the Journey Plan seeks to correct relates to past service benefits already in the fund and these will all be met from investment returns and employer contributions.

The MNOPF is currently paying out 100% of benefits to members, but it is not 100% funded. Does this mean that members could be paid less than their entitlement in future?

Definitely not. The MNOPF is committed to paying 100% of member benefit entitlements both now and in the future. The fund is a 'last man standing scheme', which means all employers are jointly responsible for ensuring the MNOPF has the required funds available to meet benefits when they need to be paid. This makes the MNOPF a very safe scheme.

Why in 2012 was the funding level as low as 67%?

The real low point came in March 2009 and this was the low point of the financial crisis and the value of investments was seriously impacted. There was no amount of planning that could have foreseen this crisis, however the Journey Plan is ensuring the recovery of the Fund.

The Sale of Ensign Pensions Administration

When Ensign Pensions Administration was sold to JLT Employee Benefits were 100% of the proceeds given to the Fund?

Yes, the price of the sale has not been disclosed as this amount is confidential but all the proceeds from the sale went into the Fund.

Why was MNPA rebranded to become Ensign Pensions Administration and then sold? Was this not a waste of money?

The rebrand made the administration business look more attractive within the market, which helped the sale. It was not an expensive exercise.

JLT Employee benefits obviously need to make money, is there a limit to the amount of money that they can take out the fund?

When MNOPF sold the administration business they became a client of JLT Employee Benefits, MNOPF has a contract for a fixed fee for 5 years with JLT and after 5 years that contract will be re-negotiated. JLT are not able to take more than their fee and if their fees do not remain competitive, then the MNOPF is able to move to another administrator.

myMNOPFpension

If you take your pension later than the normal retirement age, would you get more?

Yes, because the pension would be in payment for a shorter period of time, this is therefore reflected in the amount you are paid. Similar applies if you take early retirement, the pension will need to be in payment for longer and your pension would therefore be reduced.

Would if affect the fund if a large number of members transferred out?

Typically when members transfer out of a scheme this works in the favour of the fund the member is leaving behind. Whilst the amount transferred out is designed to reflect the amount the fund would have paid out if the member had remained in the scheme, actuaries tend to be cautious in calculating transfer values to avoid favouring the member who is transferring out over those remaining in the fund. The Trustee and Executive do however monitor transfer payments to ensure that there is no danger of impacting upon the funds required to meet the benefits due to other members.

Can members expect increases to their pension in the future?

There are certain statutory increases that must be paid, but other than these, there will not be any discretionary increases paid while the fund is in deficit.