

## Letter to all Employers

«Name»  
«JobTitle»  
«CoName»  
«Address»

Our Ref: AGW/PMcE/mw/09-020

9 February 2009

Dear «Dear»

**Merchant Navy Officers Pension Fund ("MNOFF")**  
**«ReCompany» - «Ercod»**

We refer to our letter dated 12 August 2008 and are writing to update you regarding the Trustee's strategic review of the MNOFF.

### **Old Section**

The Trustee embarked on its strategic review in 2008, with the objective of enhancing the security of members' benefits. Much work has been undertaken on the strategic review since then, but the turbulence in global investment markets over recent months, combined with the current economic climate, has inevitably had a significant impact on progress.

However, the Trustee continues to progress the development of a strategy to ultimately secure Old Section benefits. The Trustee believes that securing benefits, possibly through the purchase of annuities with one or more insurance companies, might well be in members' best interests. Therefore, the Trustee is continuing to investigate the possibility of securing Old Section liabilities perhaps partially through the purchase of annuities, provided that the cost, terms and security arrangements are acceptable.

It should be noted that the Trustee's goal of securing benefits does not mean that the Old Section will cease to exist. The Trustee fully expects the Old Section to continue. Any decision by the Trustee to secure benefits, in full or in part, with an insurance company would be an investment decision, in much the same way as any other investment decision, but with the added safeguard of enhancing the overall security of the investments of the Old Section. Benefits would continue to be paid to members in the usual way.

With the fall in investment values over 2008, it is probable that the ability of the Trustee to award bonuses to Old Section pensions in future will be severely restricted and no bonus award will be made this year. An actuarial valuation is due as at 31 March 2009 and the position regarding future bonuses will be re-assessed. However, members will be made aware that it is most unlikely that bonuses will be awarded for several years.

This situation does not affect the current benefit entitlement of members and pensions will continue to be paid as at present.

### **New Section**

The New Section has not been immune from the market turbulence in 2008 and whilst the strategic review continues, the matters under consideration have inevitably become more complex but nevertheless continue to be actively pursued. Naturally, views that were expressed by some employers at the time of the initial consultation may no longer be as appropriate in the current economic climate. We will continue to keep you advised of progress.

The timing of the strategic review also coincides with the actuarial valuation due as at 31 March 2009. Employers will be consulted during the actuarial valuation process.

### **Statement of Investment Principles**

Finally, we would like to take this opportunity of advising you that the Trustee has recently revised its Statement of Investment Principles (following appropriate consultation) and that the current version may be viewed on the MNOPF website, [www.mnopf.co.uk](http://www.mnopf.co.uk).

If you have any questions or concerns relating to this letter, it would be helpful if you could put them in writing to us at the address shown at the head of this letter or alternatively, please send an e-mail to [employerenquiries@mnopf.co.uk](mailto:employerenquiries@mnopf.co.uk).

Yours «Yours»

**Andrew Waring**  
**Chief Executive**  
**MNOPF Trustees Limited**

**Peter McEwen**  
**Chairman**  
**MNOPF Trustees Limited**