2009-2010
Annual Report to the Trustees

of

THE GIORGIANA SSAS

Index

1. Introduction

Pension Practitioner .Com provides administration services to the Trustees, and our responsibility is to ensure that the tax exempt privileges of the pension scheme are maintained.

This report has been prepared to provide you with the following information:

- Disclosures to HMRC and the Pensions Regulator
- A review of the scheme rules in light of legislation in 2011
- An assessment of the scheme yield against inflation for the tax period.
- Provision of member benefits statements
- To draw to the attention of the Trustees any specific matters regarding the scheme's investments and governance.

2. *Tax Return and other disclosures to HMRC & The Regulator*

The pension scheme return provided to HMRC must end after 6th April 2009 and before 5th April 2010. The accounts therefore relevant for the period are to the year ending 5th April 2010. The trustees can have the accounts tie in with the tax year should they choose.

Pension Practitioner .Com has submitted the following disclosures:

Details	
Pension Scheme Tax Reference	00715962RG
Pension Scheme Name	THE GIORGIANA SSAS
Is the scheme an Occupational scheme?	Yes
Tax Year ended	05 Apr 2010
Date submitted	27 Jan 2011
Submitted by	Puzzle Services Limited
Scheme Administrator	Puzzle Services Limited

Amended Return	No
Accounting Period	06 Apr 2009 - 05 Apr 2010

During this period, was the aggregate of payments to and from the scheme greater than £100,000?	No
Specify the aggregate of payments to and from the scheme	£0
At the end of this period, did the scheme have assets with a total value before pension liabilities greater than £400,000?	No
Total value of assets before pension liabilities at the end of the period	£13396

Connected Parties

At any time during the period from 06/04/2009 to 05/04/2010 did the scheme either directly or indirectly own assets that it had acquired from either: a. a sponsoring employer or any person connected with that employer? *or* b. a person who was a director of or a person connected to a director of a close company that was also a sponsoring employer? *or*	Yes

c. a person who was either a sole owner or partner or a person connected with the sole owner or partner of a business which was a sponsoring employer?
or
d. a member or person connected with a member?

Outstanding Loans

Total amount outstanding at the end of the period	£4000
Total amount of any loans made	£4000
Total amount of any loans repaid	£0
Total amount of interest received	£0

Cash and Bank Information

Total amount of all cash and bank balances at the beginning of the period	£13388
Total amount of all cash and bank balances at the end of the period	£9396
Total amount of interest credited to these accounts	£10

No enquiries at the date of this report have been raised by HMRC or the Regulator.

There were no reportable event reports at the date of the return to HMRC

There were no reportable events to the Pensions Regulator at the date of the return

The Trustees retain a general account for the purposes of allocation of contributions as directed by the Employer.

3. HMRC and Regulatory Requirements

HM Revenue & Customs have responsibility for the administration of pension scheme tax reliefs and payments. The Pensions Regulator is concerned with ensuring that member pension benefits are preserved in accordance with the rules of the scheme and that Trustees undertake good scheme governance.

The pension scheme’s operation is not regulated by the Financial Services Authority. The reason for this is because the trustees hold and invest money for themselves as beneficiaries of the pension scheme. This does not mean that investments made by the trustees are not covered by the Investors Compensation Scheme. Where funds are lodged with a firm that is regulated by the FSA (or via a passport EEA country) any institutional failure that arises will qualify for a claim through the investors compensation scheme.

Our role is to act as agent of the trustees and to ensure that the scheme meets it’s reporting and compliance obligations to the respective regulatory agencies. To ensure that all investments made do not give rise to a tax charge, the trustees must notify us in advance of certain transactions. These can be summarised as:

- Purchase of any unquoted shares
- Property purchase/disposal
- Purchase of goods and materials, such as plant and machinery and other tangibles
- New loans and borrowings, failure to meet current pension loan repayments
- Drawings from the scheme as expenses or otherwise
- Transferring money to other pensions

By giving us and your Financial Advisor advance notice, we will help ensure that taxable transactions are minimised. It should be noted that where the scheme cannot meet a liability for a tax charge, the trustees could be personally liable. Please therefore ensure that we are notified in advance of any activities that fall into the above categories.

4. *Pension changes in 2011.*

In 2010, a number of changes were proposed for pension schemes, which will come into effect in 2011 and 2012. This part of the report looks at those changes and how you might be affected.

Annual Allowance

Each person has an annual allowance which limits the scope of pension contributions that can be made for tax relief deduction. Unlike the previous proposals, you or your business will qualify for tax relief at the marginal rate.

If you do not expect to pay more than £50,000 for 2011/12 onwards, then you will not be affected by the change. If you expect to pay more than this, then you could incur a tax liability on the payment above £50,000.

To ensure that there is not a surge in pension contributions prior to the new contribution limits, anti-forestalling rules have been introduced by HMRC. Not everyone is affected by the anti-forestalling rules and we will take this into consideration in our guidance.

Your financial advisor will give specialist guidance on this. Please therefore get in touch with your advisor as soon as possible, if you think you might be affected. The closer it gets to 5th April 2011 the more limited he will be on the assistance we can give you.

Pension Income and Inheritance Tax Changes

In last year's emergency Budget on 22 June 2010 and published in the Finance Bill 2010, further changes were proposed to the treatment of inheritance tax. It affects any member who reaches the age of 75 on or after 22 June 2010.

It allows those persons who reach 75 to continue drawing their pension as unsecured income from the scheme up to age 77. This normally allows higher levels of income to be paid than would otherwise be the case where a member at 75 was required to adopt other forms of pension income.

If a member of the pension scheme dies after reaching the age of 77 any of the remaining fund not used to pay either pensions to dependants or a charitable donation, is subject to tax charges up to 70 per cent. We can give specific scheme tax guidance in this area if requested.

State Pensions

The method of calculating state pension increase will change. State pension was up-rated by the higher of price inflation or 2.5 per cent. CPI (Consumer Price Index) will be introduced used as a third measure for pension increases from April 2011. The new changes will introduce CPI, and therefore where CPI (it is presently about 3.4%), is greater than earnings or 2.5% the basic state pension will increase by that higher amount. It will not be extended to the earnings related pension/state second pension.

From 6th April 2011, any member who crystallises his fund and elects for the crystallised benefits on death to be paid as a lump sum death benefit will incur a scheme tax charge of 55%. Members may therefore wish to consider a scheme life policy to meet the tax liabilities that could arise on the distribution of funds on death in the form of a lump sum; we will work in conjunction with your financial advisor on scheme tax guidance nearer to each member's retirement date.

5. *Changing the rules of your pension scheme*

Your pension scheme is governed by pension scheme rules that cover pension legislation up to an including 6th April 2006.

Since this time new acts of Parliament have been passed, but your scheme rules are regarded as "future proof" as the wording of the rules give the trustees maximum flexibility to how you invest and operate the pension scheme.

Unfortunately, Government policy for pension schemes has moved significantly since 5th April 2010 to the extent that in parts pension schemes are no longer "simplified". Therefore to ensure that you can continue to operate the pension scheme with the same degree of control over investments, benefits and management whilst being protected as a tax registered pension scheme we will be sending to all clients an amending deed for adoption over the summer.

This will allow the trustees to:

- to defer taking any lump sum or pension indefinitely, not just until 75;
- pay out the member's whole fund as an "authorised" lump sum on death at any age, not just before 75;
- draw unlimited amounts as "flexible drawdown" where the minimum income requirement is met;
- protection against accidental triggering of penal tax charges once flexible drawdown taken;
- changes to the overall language of the tax legislation, e.g. "unsecured pension" and "alternatively secured pension" become simply "drawdown";
- clearer scope for reallocating funds tax-free within the scheme to "unconnected" beneficiaries (including "common law" partners) on a member's death (this becomes potentially attractive in drawdown at any age, as the 35% tax on lump sum payments out of schemes is rising to 55%);
- potential for a member to allocate funds for dependant's pensions, where that would be a tax-efficient way of keeping within the lifetime allowance;
- strengthened wording re investment powers;

We have been asked as to whether such changes are necessary given that acts of Parliament may over-ride pension scheme rules. It is not sensible for schemes to rely long term on such a "clause". The purpose of scheme rules is to set out clearly and precisely the right framework for benefits: exactly what choices a member has, when he can exercise them, what death benefits are payable and when, and to give adequate safeguard to you any investments you hold in the pension scheme, plus any enquiry from the Regulators.

We have agreed with our pension solicitors a cost of £310 per deed plus VAT; which is broken down as £300 per deed plus £10 for cost of certification and forwarding to the banks operating the scheme accounts.

Thankfully pension scheme rule changes only arise once every 5-10 years when a significant shift arises in pension legislation and we do not expect such a change to arise until at least 2017.

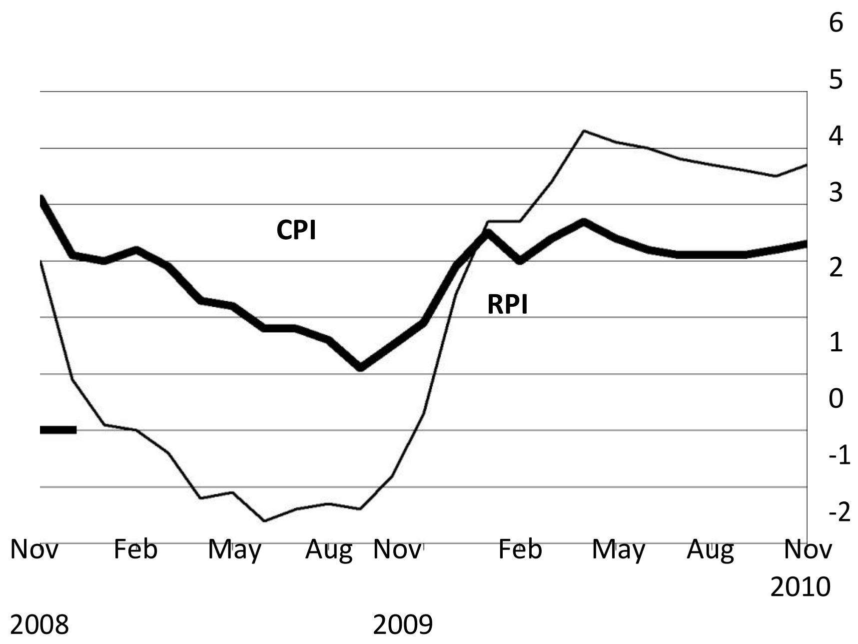
6. *Investment Yield*

The objective of the scheme is to exceed inflation and sustain retirement income.

The Consumer Price Index (CPI) is now regarded as the preferred approach to the measurement of inflation, it does this by tracking the changing cost of a fixed basket of goods and services over time. RPI, which is also an inflation measurement index is presently adopted for the cost of indexed linked gilts and other market indices. RPI is therefore more relevant when measuring the cost of pensions in payment and CPI the present and historical measure of inflation.

CPI Inflation for the tax period of 2009/10 was <u>averaged</u> at 3.1%. RPI for the same tax period average at 4.4%. A graph below illustrates the trend of both CPI and RPI.

Percentage changes



By way of a guide to the industry average, the yield achieved by the average of occupational pension funds for 2009/10 was 13.4% as a bench mark index. This yield is the first positive yield for some time, following a drop of -13.4% in 2008. Next year, we shall be giving a yield comparison against the cumulative average of return of other schemes under our administration.

7. Pension Schemes Online

Since 2008, we have been developing a secure online service for clients to help get the best benefit out of their pension scheme in conjunction with Booth Financial Services Limited

The secure online gateway will allow you and your professional advisors a number of innovative solutions that are not offered by any other pension administration company.

- We have uprated the pension calculators which were formerly on the Pension Practitioner website to host the most current pension rates in the market and give a greater range of calculation options.
- You can view all of the best pension bank account and building society rates in the UK. You may select the best deals and download the application form direct from the provider. This service is not available through money supermarket or any other pension website.
- View all land and property auctions and download the most current listings
- Join our online directory which will allow you to showcase your services through your business to others firms. This will add internet traffic to your business and help you grow. By way of an example, our key domain words are searched 13.500 every month in the UK.

Please feel free to find out more by visiting www.pensionschemesonline.com We will be in touch with you shortly on registering for this service. This service is covered by your annual administration fee.

Retirement Benefits Statement for
Mr Paul Roberts

In the event of your death before taking benefits from the scheme, as at 5 April 2010 your beneficiaries will be entitled to receive your share of fund as a capital sum on death without deduction of tax from the assets of the scheme.

In the event that you elected to take benefits from the scheme as at age 65, you could draw a tax-free lump sum of £6,609. This is based on a total fund on retirement of £26,436.

The balance of the fund must be used to provide you with a pension which is taxed as earned income. The pension amount you may draw could be £1,180 p.a.

Notes:

This benefit statement is for illustrative purposes only and is not guaranteed.

1. It has been assumed that:

Investment Growth	0.05
Expenses Before Retirement	0.01
Rate of increase in Salary	0.025
RPI	0.025
Spouse's pension	0.5

   The pension is payable monthly in advance

2. The figures are based on criteria set down by the Institute of Actuaries and are based on a given set of assumptions which may be indicative of future returns generated by the pension scheme.

Should you require a more detailed calculation specific to your requirements, including a targeted benefits statement for retirement at a future date please contact Pension Practitioner .Com.