



PENSION SCHEME Newsletter

Spring 2018



The NEW and IMPROVED Pension Scheme For Jockeys

The introduction of the improved version of PJAPS (**The Professional Jockeys Association Pension Scheme**) has been a **huge** win for jockeys:

- 89% of active jockeys have joined the new scheme and transferred their accumulated benefits into it.
- 69% of retired jockeys have done the same.

If YOU are one of those not yet to have taken action, do so NOW by completing and returning the short form enclosed.

Why Such a BIG WIN For ALL PJAPS Members?

- £795,000 deducted from the Prize Pool and invested in jockeys' pensions over the 12 months to 31 December 2017. Any professionally licensed jockey only needs 100 rides over the season to qualify.
- £16M accumulated in the pension fund already, to provide jockeys with pensions when they retire. **Have you claimed your share?** Some have not – and yet there are no catches - this is a career benefit for jockeys.
- **Sound investment returns to date** – so your pension fund will grow over the long term, although future returns can never be guaranteed.

- **No private pension is likely to come near PJAPS in terms of costs.** Less cost means more invested and that means a **bigger** pension when you retire. It is a 'no-brainer' so do not be persuaded by anybody to remove your funds from PJAPS – **it will end up costing you £000s.**
- **PJAPS offers its members access to virtually every retail UK investment fund available,** to virtually all retail investment managers and in any combination. **There is no need to move your pension to gain 'investment flexibility'.**
- All pension flexibility introduced by the government in recent years can be exercised under this **NEW** version of PJAPS.
- **No commission or adviser charges** – PJAPS meets the costs of Cartlidge Morland, the City pension consultants who operate and administer the scheme on behalf of the trustees. A limited amount of personal advice is available to members under this arrangement.

For those requiring a more active approach to the management of their investments, Cartlidge Morland has made available to members a series of fund portfolios at a modest charge of 0.25% per annum. This means at a charge of **£25 per annum for every £10000 invested.** This is a fifth of what Cartlidge Morland normally charge for such portfolios.



Investment with PJAPS - First the 'Accumulator'

In the past PJAPS did not give jockeys the option to 'pick winners' in an investment sense. Instead, PJAPS offered jockeys access to 'default funds' offered by Aegon, which is the life assurance company that is the PJAPS trustees' selected pension provider.

On the advice of **Cartlidge Morland**, their pension consultants, the trustees have now selected both a 'balanced' investment fund and a 'cautious' investment fund, so providing a choice of fund into which jockeys can invest their pension funds.

Under the new improved PJAPS the selected 'default' investment fund is the balanced investment (Aegon Mixed Pension ARC). This is the fund which will be used unless jockeys choose to use the cautious investment fund (Aegon 60/40 Cautious Managed Collection).

Over the longer term (10 years or more) the '**Aegon Mixed Pension ARC**' fund is expected to produce the higher return, although it is not guaranteed. Shares usually produce better returns than other investments and this fund is 60% exposed to global shares, with heavy weightings to UK and US shares in particular. This fund has performed consistently well in comparison to similar 'mixed' investment funds.

The '**Aegon 60/40 Cautious Managed Collection (ARC)**' fund has only 40% exposure to shares, with 60% invested in 'bonds' – which are interest bearing loans to governments and to large companies, with high credit ratings. Bonds are generally regarded as lower risk than shares, because the 'fixed interest' they pay means some return is virtually guaranteed, although the value of the bonds fluctuates in value. Similarly, this fund has performed consistently well in comparison to others holding a similar asset mix/approach to risk.

You can also mix these funds in your pension policies – you do not have to choose just one of the funds described above. Alternatively, jockeys may adopt one of Cartlidge Morland's selected portfolios as well. Cartlidge Morland will provide guidance on investment.

We are obliged to remind you that neither investment fund guarantees any return whatsoever, even a return of the capital invested.



‘Picking Winners’ With Cartlidge Morland

What has investment selection got in common with backing the horses?

Bookies love the ‘average punter’ who hands over £10 bets because they like the name of the horse, the jockeys’ colours (or even the appearance of the jockey!!). They are NOT the racegoers whose bets are most successful!

Studying the form on the race-card will increase even the average punter’s chances of success considerably – if he/she knows little about horses or racing, but enough to understand the information provided – and is willing to devote the time to reading it – the chances of a successful bet will considerably improve.

Then there are the **punting professionals** – the ones making well informed bets who are often considerably more successful than other punters – and much more so over the longer term. They know the horses, the jockeys, their histories, the courses, the conditions, the owners, the trainers. Unless they are rash, they are likely to place better bets than those without such knowledge.

Despite the above – there are no guaranteed ‘winners’ on a racecourse and even the best informed get it wrong sometimes. Furthermore, horses and jockeys are capable of providing surprises ‘on-the-day’, as are the conditions, so there are never guarantees of success.

Investment is very similar – have you the time and inclination to ‘study the form’ so far as investments are concerned? Or the time to acquire the requisite knowledge to make informed choices?

Cartlidge Morland are investment professionals and they select portfolios of investment funds:

- intended to control risks
- achieve investor objectives over the longer term
- increase profit opportunities for investors
- control losses if investment markets fall – which they inevitably do from time to time.

At Cartlidge Morland we know the investment management houses, the individual investment managers and their funds – and we understand what they are invested in. **In other words we know the form.**

Our professional expertise and ‘inside knowledge’ enable us to construct investment portfolios that are more likely than not to achieve the desired results over the longer term. As in betting though – there are no guarantees – but you can greatly improve your odds by taking advantage of the professional expertise PJAPS places at your disposal, at low cost.

Maximising Your Pension and The Tax Benefits

- **Invest more** than the PJAPS cash allocation and you will buy yourself a bigger pension. Subject to certain limits, you can invest lump sums or invest monthly premiums in PJAPS whenever you wish.
- The tax reliefs mean that **£100 will be invested in PJAPS for every £80 you pay in!** This guarantees you an immediate 25% return on your investment, due to the £20 reclaimed in relief for every £80 you invest. You receive this even if you do not pay income tax! For higher rate taxpayers, every investment of £80 will also reduce their final payment of income tax by another £20 or even £25.
- **PJAPS minimises the cost of investing.** Do not forget that the fees PJAPS pay entitle you to some advice from Cartlidge Morland, who are independent experts.
- PJAPS offers some good **investment funds** at minimal cost, the performance of which is monitored by Cartlidge Morland and the PJAPS trustees.
- Under the new Aegon Retirement Choices product **additional investment opportunities** are being offered, including access to portfolios specially constructed by Cartlidge Morland. **These portfolios offer even small investors access to a range of top quality investment funds and managers.**
- **Pension funds do not pay tax** on the capital profits they make for investors, although they pay some tax in respect of dividend income from the shares they invest in. Jockeys do not pay these taxes themselves, as they are all paid within their pension investment funds.



Tax-free retirement lump sum

- From age 55 (younger for those with concessionary earlier retirement ages) you can withdraw 25% of your pension fund as a tax-free lump sum.
- For example, if your pension fund is valued at £100000 at age 55, you will be able to **withdraw £25000 tax-free then.**

Your pension

- From age 55 (or earlier if you have a concessionary retirement date) you can convert the 75% of your pension fund not withdrawn as a lump sum into pension income.
- A £75000 remaining fund should produce an estimated pension of £4125 pa. The pension may be taxable according to individual financial circumstances in retirement. Alternatively, you could draw the remaining £75000 as a lump sum, instead of applying it to produce a pension. The lump sum would be subject to income tax at your personal tax rate in the year in which it was drawn. Such withdrawal may be staggered over several years, in order to minimise the tax payable.
- **Since April 2015, the entire pension fund can be drawn as a lump sum** - either all at once, or in stages. A lump sum equivalent to a quarter (25%) will remain tax-free, but the remaining lump sums drawn may be taxable, according to individual financial circumstances.

On death

- If your death occurs prior to your 75th birthday, anybody (including your spouse, partner or children) can inherit your pension fund tax free.
- If your death occurs after age 75, any person - or combination of persons - can inherit your pension fund. Income tax will be payable when they receive a share of the pension fund, at their personal tax rate in the tax year concerned. Such inheritance may be staggered over several tax years, in order to reduce the income tax payable.
- Your heirs can even leave your pension fund invested in PJAPS and use the proceeds to provide themselves with a pension when they retire.
- **It is most important to sign a death benefit form, so that the trustees know who to pay the benefit to in the event of your death.**

PJAPS is a very valuable benefit, investing almost £800,000 per year in working jockeys' personal pension policies. Jockeys can increase their security in retirement by investing more in PJAPS from their earnings and the PJAPS trustees recommend they consider doing so.

Guidance is Available

If you are in doubt as to which of the default funds to select, or would like access to the Cartlidge Morland portfolios, please contact Nicola McConville by email nicola.mcconville@cartlidgemorland.co.uk or telephone 020 7709 5560.

It is essential that jockeys remember that PJAPS is not responsible for their individual investment decisions and that they must either take responsibility themselves, seek advice from Cartlidge Morland, or from other independent financial advisers.

What happens when I want to draw my pension?

PJAPS is designed to provide its members with maximum flexibility when drawing benefits, within the rules laid down by HM Government.

There is a range of alternatives available. For instance you can draw 25% of your fund as one tax-free cash lump sum, or you can draw the tax free cash lump sum in stages. You can use all/part of your fund to buy an annuity, or you can leave all/part of it invested then draw an income directly from it in the manner of an investment portfolio.

If you buy an annuity, there will be lots of options available which will affect the amount of income you can draw. For instance, you can provide a spouse's pension payable throughout his/her lifetime, or opt to have your pension increasing gradually, to take account of inflation. These options will all potentially add to your financial security, but they will also reduce the pension you initially receive. Several conflicting factors may need to be reconciled.

Annuity rates vary between life assurance companies, so you do not have to buy an annuity from Aegon, should you choose to buy one. Cartlidge Morland, or other independent financial advisers, can arrange for you to buy your annuity from the life assurance company offering you the best rate at the time you draw your pension.

Alternatively, you may decide to draw your entire fund as cash. In this case, advice should be taken from Cartlidge Morland as to how to do this in the most tax efficient manner, as it is important to remember that only 25% of your pension fund can be withdrawn tax free.

Cartlidge Morland is the appointed adviser to the Professional Jockeys Association group personal pension scheme and PJA members can contact them at any time on matters relating to the pension scheme.



Nicola McConville, Partner

Nicola joined Cartlidge Morland in 2000 as Finance and Practice Manager and was promoted to Director of Finance and Administration at Cartlidge Morland, having qualified as a financial adviser, and has subsequently become a partner in the firm.

The Performance of Aegon's Mixed Pension ARC Fund

This is the 'default' investment fund selected by the PJAPS trustees for the investment of jockeys' pension contributions. Below is a table comparing the performance of the fund against its sector average (source FE Analytics to 28 April 2017 Gross Return UK£). There is no requirement to invest in the default fund selected by the PJAPS trustees. Aegon offer a wide range of investment funds and details of all the options can be found at www.aegon.co.uk/funds/resources/funds-factsheets or on the PJA website.

Cumulative performance % (total growth over the 5 years to 30.04.18)

	3 Months	6 Months	1 Year	3 Years	5 Years
ABI UK - Mixed Investment 40%-85% Shares GTR in GB	3.10	4.26	17.05	26.49	51.05
Aegon Mixed Pension (ARC) GTR in GB	3.05	4.23	18.82	31.74	58.35

Discrete performance % (over the past 5 years to 30.04.18)

	2012/13*	2013/14*	2014/15*	2015/16	2016/17*
ABI UK - Mixed Investment 40%-85% Shares GTR in GB	14.34	4.44	10.81	-2048	17.05
Aegon Mixed Pension (ARC) GTR in GB	14.96	4.56	12.20	-1.19	18.82

Note: *All performance figures for 12 month periods are from 1 May to 30 April in the following year.
Source: FE Analytics

The fund is 60% invested in global shares, although some lower risk assets are held to in order to reduce overall risk, and is benchmarked against similar funds in its sector, using an index representing the returns from all similar UK pension funds offered by the various life assurance companies. Over the 12 months 1 May 2016 to 30 April 2017 the **Aegon Mixed Pension fund adopted by most PJAPS members** achieved a return of 18.82% in comparison to the 17.05% achieved by the comparative benchmark index.

These are exceptionally strong returns and it would be wrong to assume they can be achieved every year. The average return over the 5 year period to 30 April 2017 has been 11.67% pa – still better than the benchmark return of 10.21% pa and much better than returns from bank/building society deposits. Investment conditions have remained generally favourable and although it cannot be guaranteed, favourable returns are anticipated over the twelve month period to 30 April 2018, although probably not as strong given markets have fallen back over February 2018.

A lower risk 'cautious' fund has been introduced by the PJAPS trustees for jockeys and retired jockeys who favour lower risk or perhaps those who are closer to drawing their pensions.

THE PROFESSIONAL JOCKEYS ASSOCIATION PENSION SCHEME

SUMMARY OF 2016 RIDE ALLOCATIONS

	2016	2015
Total payments from Prize Money Pool to Weatherbys	£819,671	£805,381
Prior Year Forfeiture (due for allocation in current year)	<u>£6,085</u>	<u>£8,888</u>
	£825,756	£814,269
Less: Expenses	<u>(£33,623)</u>	<u>(£32,975)</u>
	£792,133	£781,294
Interest Received	<u>£3,572</u>	<u>£5,844</u>
TOTAL DUE FOR ALLOCATION	<u>£795,705</u>	<u>£787,138</u>

ALLOCATION BASED ON 71,678 (2015: 70,751) ELIGIBLE RIDES AT A RATE OF £11.10 (2015: £11.13) PER RIDE:

Aegon Scottish Equitable	£598,638	£584,565
Other Third Party Schemes	£94,914	£107,461
Jockeys with no forms completed (in respect of current year)	<u>£102,152</u>	<u>£95,112</u>
	<u>£795,705</u>	<u>£787,138</u>

REPRESENTED BY

Cash held at Weatherbys at 31 December 2016	£751,420	£759,401
Second December 2016 collection (due to be allocated) but not received into the 2016 account until 5 January 2017	£38,063	£18,576
Interest earned on prior years accounts (due to be allocated) but not transferred to the 2016 account until 4 January 2017	£111	£220
Interest earned on 35 day contingency account (due to be allocated but not transferred to the 2016 account until 4 January 2017)	£ 26	£53
Prior Year Forfeiture Debtor	<u>£6,085</u>	<u>£8,888</u>
	<u>£795,705</u>	<u>£787,138</u>

THE PROFESSIONAL JOCKEYS ASSOCIATION PENSION SCHEME

ALLOCATION OF RIDES FROM PREVIOUS YEARS DURING 2016

	2015 Account	Previous Year
Cash held at Weatherbys at 1 January 2016	£787,138	£140,475
Closure of 2015 Account	(£96,133)	£96,133
	<u>£691,005</u>	<u>£236,607</u>
Less: Allocations made in year	(£691,005)	(£65,778)
Less: Forfeiture debtor 2013	-	(£6,085)
Other	<u>-</u>	<u>-</u>

Cash held at Weatherbys as at 31 December 2016	<u><u>0</u></u>	<u><u>£164,745</u></u>
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REPRESENTED BY

Prior Year Account	-	£57,427
Prior Year 35 Day Account	-	£82,250
Prior Year Contingency Bond	<u>-</u>	<u>£25,068</u>
	<u><u>-</u></u>	<u><u>£140,475</u></u>

RECONCILIATION OF WEATHERBYS ACCOUNTS TO SCHEME LIABILITIES

BANK BALANCES AS AT 31 DECEMBER 2016

Prior Year Weatherbys Account	£57,427
Current Year Weatherbys Account	£795,705
Prior Year Fixed Rate Bond	-
Prior Year 35 Day Notice	£82,250
35 Day Contingency - interest only	<u>-</u>
	<u><u>£935,382</u></u>

LIABILITIES AS AT 31 DECEMBER 2016

FUNDS HELD PENDING ALLOCATION

Jockeys with no forms completed and insufficient relevant earnings regarding 2016 allocations and before.	£139,677
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2016 ALLOCATION

Aegon liability	£598,638
Other third party schemes/jockeys who have not completed an application form for the 2016 allocation	£197,067
Roundings	<u>-</u>

TOTAL LIABILITIES	<u><u>£935,382</u></u>
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LIABILITIES IN EXCESS OF BANK BALANCES	<u><u>-</u></u>
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Trustees



Adrian McGlynn

Chairman of the Trustees, Weatherbys Ltd Company Secretary/Director

Joined Weatherbys' Racing Division in 1994 with responsibility for production of Racing Calendar and Programme Books. Appointed Company Secretary in 2000 and joined the Board of Directors in 2001. Responsibility for legal and contractual matters for the whole Weatherbys organisation. Prior to joining Weatherbys, spent two years as assistant to the Director of the British Racing School and two years at the Professional Jockeys Association in Newbury, leading the team responsible for the introduction of overnight declaration of jockeys. Deeply and passionately immersed in the sport.



Paul Struthers

The Professional Jockeys Association CEO/Director

Paul was appointed as Chief Executive of the Professional Jockeys Association in 2012 and appointed as a Trustee of PJAPS in the same year. He is also a Trustee of the Jockeys Employment & Training Scheme and the Jockeys Association Trust. Directorships include the Professional Jockeys Association, the Horsemen's Group, Racing Enterprises Ltd, PJA Commercial Ltd and Jockeys Association Services Ltd. Paul has worked in the racing industry for many years and moved from the British Horseracing Authority as Head of Communications to join the Professional Jockeys Association.



Ann Saunders MBE

The Professional Jockeys Association Executive Director

Ann is an Executive Director and Company Secretary of the Professional Jockeys Association. She was appointed as a Trustee of PJAPS in 2002 having been its secretary since the scheme's inception in 1984. Ann undertakes the day-to-day administration of the Scheme in conjunction with appointed advisers Carlidge Morland. She is also a Trustee of the Jockeys Association Trust and a director of PJA Commercial Ltd and Jockeys Association Services Ltd.



Ron Atkins

Retired Jump Jockey/Racing Consultant

Ron's riding career spanned some 26 years starting with a 5-year apprenticeship on the flat with Les Hall at Winchester. Increasing weight saw him switch to the jumps and he rode over 400 winners for various top trainers. He was riding in 1969 when the Jockeys Association was formed and served as their first safety officer and as a Vice President until his retirement in 1987. He is an ardent supporter of the Injured Jockeys Fund and acts as a 'visitor', a role which he finds rewarding and worthwhile. Ron is the longest serving Trustee having been instrumental when the scheme formed in 1984.



Andrew Thornton

Licensed Jump Jockey/PJA Director/PJA Safety Officer

In May 2017, Andrew was formally appointed as a Trustee of PJAPS. During his riding career, spanning two decades, Andrew has enjoyed success in the King George VI Chase and the Cheltenham Gold Cup, as well as the Scottish and Welsh Nationals. He reached the milestone of riding 1,000 career winners at Wincanton on Boxing Day 2016. Andrew is always on hand to offer advice and help to young up and coming jockeys. His appointment is an invaluable asset to the PJAPS, especially as he understands the importance of jockeys signing up and claiming their entitlement in the PJAPS.



The Professional Jockeys Association (PJA)
39B Kingfisher Court, Hambridge Road, Newbury, RG14 5SJ

T: 01635 778108 F: 01635 37932
E: info@thepja.co.uk
W: thepja.co.uk

Published by the Professional Jockeys Association, based on information supplied by Cartlidge Morland.

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Published Spring 2018