



Glen Shiel Winning 17.10.20

## **IMPROVEMENTS TO PENSION SCHEME FOR JOCKEYS**

### **Qualifying Number of Rides Reduced to 75**

The qualifying minimum number of rides in a season has **reduced from 100 to 75**.

In 2019 this led to an additional **33** jockeys qualifying for a free pension contribution from the Professional Jockeys Association Pension Scheme, with an additional **23** jockeys qualifying in the 2020 season and a further **26** in 2021.

# More than £4.7 Million

## Has Been Paid into Jockeys' Pensions Since 2016

It is a standing rule of racing that 0.6% of the jockey's prize pool is paid into The Professional Jockeys Association Pension Scheme (PJAPS).

Any jockey with more than 75 rides in the 2019, 2020 and 2021 seasons qualifies for a pension contribution from PJAPS and of the 191 who qualified in the 2020 season 164 have now claimed their pension contributions.

### 18 jockeys have still not claimed

If you had more than 75 rides during 2019, 2020 or 2021 and have still not joined PJAPS, make your claim now.

Joining PJAPS costs you nothing and you can claim between £719 and £11856. Your 2022 pension contribution would be based on 75 to 1236 rides in 2021.

Over £21 million is presently invested in PJAPS to support the retirement of PJAPS members.



Top Bend Cheltenham 18.3.2021



Belfast Bander 19.3.2021

## Investment Returns

The 'Aegon ARC' version of PJAPS was introduced in November 2016.

Over 80% of members of PJAPS are by now members of this 'modern' part of the pension scheme and the majority have invested in the 'Aegon Mixed Pension ARC' Fund.

Over the three years to 28 February 2022 the 'Aegon Mixed Pension Fund' return on investment was 33.80%, despite Spring 2020 falls related to Covid-19 and the requirements for 'lockdown'.

The remaining 20% of PJAPS members (mainly retired jockeys) have not so far upgraded their membership to 'Aegon ARC', the most modern version.

There is no charge for an upgrade and all members of the 'old' version of PJAPs are urged to upgrade to the 'modern' version.

Most of those who remain in the 'old' version of PJAPS are invested in the Aegon/ Scottish Equitable Universal Balanced Collection Fund which has returned 27.92% over the past three years – less than the 33.80%\* achieved for members of the 'modern' version.

\*The investment funds used are different and not directly comparable but carry similar degrees of investment risk and potential return.



## Drawing Pension Benefits

You should **not** draw anything from your pension fund until you stop working at any/all jobs and need your pension fund to replace some of the income you have lost as a result of your retirement.

Drawing pension benefits before you retire from work is likely to mean a much lower pension once your earnings cease and you become dependent on pensions for your income.

### Example:

Jack is 37 years old and has just retired as a jockey, and is now commencing a second career. Over the years £88,349 has been invested into his PJAPS pension policy on his behalf – he has not added a single penny himself.

At 37 his PJAPS pension fund is valued at £133,087 and he will leave it invested until he is age 60, when he plans to stop working and retire to France. If he waits until age 60, even on investment return of 5% pa (not guaranteed but low in comparison with long term actual returns) he will have a pension fund of £408,780, capable of providing a tax free lump sum of £102,195 and a guaranteed lifetime pension of £13,563 pa.



## 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.com](mailto:nicola.mcconville@cartlidgemorland.com) 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 so 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 2022 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](http://www.aegon.co.uk/funds/resources/funds-factsheets) or on the PJA website.

## Cumulative performance % (total growth over the 5 years to 28.02.22)

	6 Months	1 Year	3 Years	5 Years
ABI UK - Mixed Investment 40%-85% Shares GTR in GB	-4.85	4.09	20.08	25.48
Aegon Mixed Pension (ARC) GTR in GB	-6.33	3.94	33.80	40.62

## Discrete performance % (over the past 5 years to 28.02.22)

	6 months	1 Year	3 Years	5 Years
ABI UK - Mixed Investment 40%-85% Shares GTR in GB	0.08	5.82	9.03	4.09
Aegon Mixed Pension (ARC) GTR in GB	-1.02	11.15	15.80	3.94

Note: \*All performance figures for 12 month periods are from 1 March to 28 February in the following year. Source: FE Analytics



# The Performance of Aegon's Mixed Pension ARC Fund

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At February 2021, the fund was 60% invested in global company shares, with some lower risk investments held to reduce perceived risks. Over the past 12 months this has changed – with 75% of the fund held in shares, because 'lower risk' assets such as sovereign bonds (loans to governments) and corporate bonds (loans to major companies) are thought by the managers to present greater risks to capital than usual. This view reflects higher inflation and the central banks' desire to eradicate their bond purchases, in order to allow interest rates to rise. This means that bond prices will fall and the percentage income yield from them will increase but for those holding them already, it has been detrimental to capital value.

## Aegon Mixed ARC Pension Fund

Over the course of time, greater exposure to shares will usually maximise investor returns, but that also implies acceptance of greater volatility and risk. After a strong 5 years to February 2021, bonds and shares have been hit in 2022, with both asset classes witnessing falls in value in recent months. Over the 12 months to 28 February 2022, the performance from this fund has dipped and it has returned only 3.94%. The **Aegon Mixed ARC Pension** fund is held by most PJAPS investors and over the 5 years to 28 February 2022 has returned **40.62%** which is equivalent to a compound annual return of **7.89% pa**. Over the same period the fund's benchmark index has achieved a return of only 25.48% pa or a compound annual return of 4.64% pa. Part of the reason the Aegon fund has fared so well is that it has held an overweight position to US shares and in the tech/social media sectors in particular. Conditions in those sectors are presently less favourable, but the fund managers have already reduced their exposures.

## Aegon 60/40 Defensive Managed Fund

For those requiring less risk to capital and potentially lower volatility, the '**Aegon 60/40 Defensive Managed**' fund is available as the PJAPS default defensive option. This fund is 60% invested in Sterling corporate bonds and UK government bonds and whilst quantitative easing is unwinding, inflation is elevated and inflation rising it is unlikely to provide much defence.

## Lower Risk Options

There are even lower risk options – and **cash deposit** options – available for any PJAPS member who is especially risk averse, or potentially close to retirement and who wishes to conserve their funds built-up, without continuing investment market volatility. PJAPS' pension consultants.

Cartlidge Morland, will provide advice to members on this by request.

# THE PROFESSIONAL JOCKEYS ASSOCIATION PENSION SCHEME

## SUMMARY OF 2021 RIDE ALLOCATIONS

	2021	2020
Total payments from Prize Money Pool to Weatherbys	£853,084	£545,855
Prior Year Forfeiture (due for allocation in current year)	<u>£2,676</u> £855,760	<u>£3,184</u> £549,039
Less: Expenses	<u>(£40,590)</u>	<u>(£34,325)</u>
	£815,170	£514,714
Interest Received	<u>£492</u>	<u>£972</u>
<b>TOTAL DUE FOR ALLOCATION</b>	<b><u>£815,662</u></b>	<b><u>£515,686</u></b>

## ALLOCATION BASED ON 85,031 (2020: 69,176) ELIGIBLE RIDES AT A RATE OF £9.59 (2020: £7.45) PER RIDE

Aegon Scottish Equitable	£675,227	£434,684
Other Third Party Schemes	£50,409	£38,176
Jockeys with no forms completed (in respect of current year)	<u>£90,026</u>	<u>£42,827</u>
	<b><u>£815,662</u></b>	<b><u>£515,686</u></b>

## REPRESENTED BY

Cash held at Weatherbys at year end	£810,502	£492,648
Second December collection (due to be allocated) but not received into the 2021 account until 4 January 2022	£5,159	£19,651
Interest earned on previous years accounts (due to be allocated) but not transferred to the 2021 account	£0	£197
Interest earned on 35 day contingency account (due to be allocated) but not transferred to the 2021 account	£0	£6
Forfeiture Debtor (2018)	<u>£0</u>	<u>£3,184</u>
	<b><u>£815,662</u></b>	<b><u>£515,686</u></b>



# THE PROFESSIONAL JOCKEYS ASSOCIATION PENSION SCHEME

## ALLOCATION OF RIDES FROM PREVIOUS YEARS DURING 2021

	2020 Account	Previous Year
Cash held at Weatherbys at 1 January 2021	£515,686	£127,214
Closure of 2020 Account	(£419,447)	£419,447
	<u>£96,239</u>	<u>£546,661</u>
Less: Allocations made in year	(£96,474)	(£412,635)
Less: Forfeiture debtor 2018	-	(£2,675)
Other	<u>£235</u>	<u>£30</u>
Cash held at Weatherbys as at 31 December 2021	<u><u>£0</u></u>	<u><u>£131,381</u></u>

### REPRESENTED BY

Prior Year Account (587979)	-	£89,058
Prior Year 45 Day Account (304853)	-	£17,252
Prior Year Contingency Bond (304854)	<u>-</u>	<u>£25,071</u>
	<u><u>-</u></u>	<u><u>£131,381</u></u>

## RECONCILIATION OF WEATHERBYS ACCOUNTS TO SCHEME LIABILITIES

### BANK BALANCES AS AT 31 DECEMBER 2021

Prior Year Weatherbys Account (587979)	£89,058
Current Year Weatherbys Account (30003683)	£815,662
Prior Year 45 Day Notice (304853)	<u>£17,252</u>
	<u><u>£921,972</u></u>

### LIABILITIES AS AT 31 DECEMBER 2021

### FUNDS HELD PENDING ALLOCATION

Jockeys with no forms completed and insufficient relevant earnings regarding 2020 allocations and before	£106,048
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### 2021 ALLOCATION

Aegon liability	£675,226
Other third party schemes/jockeys who have not completed an application form for the 2021 allocation	<u>£140,435</u>

### TOTAL LIABILITIES

£921,709

### BANK BALANCES IN EXCESS OF LIABILITIES

£263

## TRUSTEES



### **Peter Medham**

#### **The Professional Jockeys Association Chairman**

Peter worked as a VAT consultant for over 30 years - concentrating on clients involved in the bloodstock industry. He was also a non-executive director of Weatherbys Ltd for 10 years. When he retired from the board in 2010 he became Chairman of Weatherbys Ltd and Weatherbys Ireland Ltd Pension Schemes - positions which he still holds. Peter has also been a trustee board member of the Thoroughbred Breeders Association Ltd and until recently a trustee of the British European Breeders Fund. Peter has had a lifelong interest in racing and at various times been an owner, breeder and pinhooker - mostly with limited success!



### **Ian McMahon**

#### **The Professional Jockeys Association Chief Executive**

Ian began his sports career at 16 years old as a professional footballer, playing over 100 games before injury curtailed his career at 21. He worked as a senior sports executive in rugby, football and golf prior to joining racing. Ian lived and worked in the USA and Hong Kong for over 18 years before returning to the UK in 2017. He is also a published author.



### **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.



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