

EXAMPLE



THE CHEVIOT TRUST

Mr AB Cee
1 Aday Road
Pensions
PE45 1ON

March 2010

Dear Mr Cee

**THE MONEY PURCHASE SCHEME OF THE CHEVIOT TRUST (the "Scheme")
MEMBERSHIP NUMBER Q01245**

Please find enclosed your benefit statement as at 31 December 2009. This letter contains important information about the Scheme as well as details about your benefit statement so please read it carefully.

1. INVESTMENT CHANGES

Further to the article in last year's Report to Members, we are making progress towards changing the underlying investments in the Cautious, Moderate and Growth Options. The risk profile of each option will remain the same but some diversification is being introduced with the aim of producing less volatile returns going forward without reducing the overall level of returns. We expect the transition to be completed by the third quarter of 2010.

2. THE BRIDGE CASE

The judgement in the Bridge case is now expected to be available on 4 March. This case will only affect you if you have benefits in the With Profits Section. The Trustee Board will be considering its implications at its meetings later in March. It is likely to take some time before any definitive outcome is known.

In the meantime, we are still unable to provide definite information as to the possible impact on transfer values and early retirement benefits should the With Profits Section be classified as a defined benefit scheme. In part this is because the position may change according to the overall funding level of the With Profit Section which will be influenced by a number of factors, including investment returns and market conditions.

We realise that this is not helpful for members planning their retirement. We can confirm our current understanding is that the basis of calculation of transfer values and early retirement benefits is unlikely to change in any material way as this is already generally consistent with the regulations governing defined benefit schemes. There is a small possibility that the basis of the calculation may change in respect of those members who are close to their normal retirement date (within 3 years) but any effect is likely to be marginal. You should also note that the current calculation takes into account movements in the markets and so is liable to change from month to month in any case.



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In summary therefore, whilst we cannot be definitive, we are advised that it is unlikely that any change in the way transfer values and early retirement benefits are calculated, as a result of any reclassification of the With Profits Section as a defined benefit arrangement, will be very significant and any changes would be most likely to affect members who are near their normal retirement date.

3. SALE OF CHEVIOT FINANCIAL PLANNING LIMITED

I am pleased to report that we have sold Cheviot Financial Planning Limited to Price Bailey LLP who will be undertaking account management work for and providing independent financial advice to the Trustee Board going forward. We have made this change because changes in the financial services industry led us to conclude that the best way forward to provide access to these services to our clients was through an introducer arrangement with a much larger corporate Independent Financial Adviser (IFA) which would provide a full range of advice to clients and a more efficient and cost effective service.

We were concerned to ensure that the service provided by an external IFA was consistent with our Cheviot values of providing straightforward financial services to the legal sector with integrity and care. We therefore conducted a thorough selection process and intend to have an ongoing governance role in respect of the new provider in terms of monitoring service standards and client satisfaction.

Price Bailey Chartered Accountants is the 37th largest practice in the UK. Its turnover is £15m, it has 23 partners and 220 staff. It runs 7 offices including two in London and a new office that has recently been set up in Guernsey. The Private Client arm of Price Bailey LLP was set up to provide clients with a one stop shop for all of their financial needs. The Private Client team consists of ten financial planning managers and six tax managers, together with various members of staff that back up these client relationship advisers. The scale is therefore vastly different to that of Cheviot Financial Planning and we feel this will be of real benefit to our clients. It was also important to us to retain the personal element of service which is so much part of Cheviot's approach and I am convinced that Price Bailey Private Client will be able to deliver this to a high standard.

All ongoing advice and communications will in future be from Price Bailey to comply with the regulatory requirements. However, if you do have any concerns about any element of the service or advice provided by them, please contact me direct. It is very important to the Trustee Board to ensure that our clients receive a professional and proactive service.

You can contact Price Bailey on 01223 507614 or refer your query to your usual contact at Cheviot who will forward it to the appropriate individual at Price Bailey.

4. ONLINE ACCOUNT SERVICE

Further to our announcement last year, I am pleased to advise you that we have now launched our Online Account Service.

If you have previously supplied us with an email address and National Insurance number, your account has been created and log in details were sent to you by email in December last year. If you require us to re-send these to you, please contact us using the enclosed comments form.

The Online Service will enable you to view up to date account balance and transfer value information and previous benefit statements. Amongst other options, you will be able to change your basic details, switch your funds and increase/decrease your contributions. The access will be via a secure website and will require you to enter certain personal information and passwords before gaining access.



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If you would like to access your account online, please complete the enclosed comments form with your email address, preferably a personal email address, and confirmation of your National Insurance number. It is very important that we have your correct National Insurance number, so please check this carefully and advise us of any changes.

Upon receipt of this form, your account will be created and you should receive your Password and Unique Account Number by email within 2-4 weeks. When you first log in, you will be asked to verify your details. You will only need to do this once. If you change your email address, please let us know, you will then be re-issued with a new Password and Unique Account Number.

If you have any queries or problems accessing your account, please visit the Frequently Asked Questions on the log in page. However please contact us if you have any further queries.

5. BENEFIT STATEMENT AS AT 31 DECEMBER 2009

It is very important that this statement is read in conjunction with the enclosed notes. The statement is based on your personal details as shown in our records which are set out in the enclosed Member Details page. Please let us know if any of the details are incorrect or have changed using the enclosed comments form. This is an important part of our data verification process so please take the time to check the details carefully.

The summary statement shows the total value of your account in the Scheme together with some estimated pension figures at your Normal Retirement Date. The estimates show how much your pension might be worth in today's prices. Please note that your pension at retirement depends on a number of factors and it is, therefore, impossible to predict accurately what your exact pension at retirement will be. The estimates are intended to allow you to compare your pension directly with your current outgoings and assess whether the pension provided is likely to be adequate to meet your needs in retirement.

i. Your Retirement Date

All projections are shown as at your Normal Retirement Date. Your Target Retirement Date is shown for information purposes only but it is important that you check it is accurate. Please tell us if your retirement plans change, as the way we invest your pension funds may be affected. Please see the Members' Explanatory Booklet (available at www.cheviottrust.com) for further details.

ii. Estimated Benefits at Retirement - With Profits Section

The With Profits page includes all the contributions allocated to the With Profits Section received up to 31 December 2002. The With Profits Section was closed to new contributions after 2002. The value of your account will have increased by any guaranteed levels of return.

iii. Estimated Benefits at Retirement – Unit Linked Section

As usual, we have enclosed an investment summary showing the performance of the Unit Linked Section. More details of these investment options are set out in the Members' Explanatory Booklet. You can change which option your future contributions are invested in at any time.

The summary statement estimates benefits at Normal Retirement Date based on the value of your account at 31 December 2009 and future contributions, which are assumed to continue at the current rate. The assumptions used to project your account to retirement and then convert this projected account into pension form are the same for the Cautious, Moderate and Growth options. You should bear in mind that the actual investment returns achieved will vary depending on the underlying investment mix of each option and the performance.



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For the Retirement Protection option, the assumptions used to project your account to Normal Retirement Date and then convert this projected account into pension form allow for the fact that this option is invested wholly in bonds and cash. As a result, the returns are likely to be different to those under the other options. This is in line with the objective of this option, which is to focus on protection against changes in annuity rates rather than investment growth as you approach retirement.

iv. Statutory Money Purchase Illustration

The Statutory Money Purchase Illustration is a legal requirement and is prepared on the basis of assumptions set out in regulations. As a result, the figures and terms differ from those shown on the Cheviot statements. The notes include important information about how this statement has been prepared.

6. FURTHER INFORMATION

If you would like further information about your benefit statement or the Scheme, please complete and return the enclosed comments form. You can also email us at penadmin@cheviottrust.com or visit our website www.cheviottrust.com for all the latest news.

If you require financial advice you should contact an Independent Financial Adviser. If you want to take advantage of the service offered by Price Bailey Private Client, you can contact them on 01223 507614. Price Bailey Private Client is authorised and regulated by the Financial Services Authority.

Yours sincerely

Samantha Chandler

Pensions Administration Manager

Encs

COMMENTS FORM MR AB CEE Q01245

Pensions Administration Department
 The Cheviot Trust
 Cheviot House
 70 Baxter Avenue
 Southend-on-Sea SS2 6JA

Please confirm that the following personal detail is correct by ticking the box or amending where necessary

		Correct	Amend to												
National Insurance number	PE124578N	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Personal Email address	ceeab@exampleemail.com
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If incorrect, amend to	
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Any other comments:

.....
 Signed

.....
 Date

**THE MONEY PURCHASE SCHEME OF THE CHEVIOT TRUST
MEMBER DETAILS**

STATEMENT FOR MR AB CEE Q01245

Employer	The Cheviot Trust
Membership number	Q01245
National Insurance number	PE124578N
Date of birth	20 November 1950
Normal Retirement Date	20 November 2015
Target Retirement Date	20 November 2015
Pensionable Salary	£ 55,000
Contributions	By you 5.00 %
	By your employer 5.00 %
Additional Life Assurance	Y
Contracted-out of State Second Pension through the Scheme	N
Expression of Wish Form	Y
Investment Choice as at 31 December 2009	
Cautious Option	60.00 %
Moderate Option	20.00 %
Growth Option	20.00 %
Retirement Protection Option	0.00 %

1. All projections are shown at your Scheme Normal Retirement Date (NRD). Your contractual retirement date and State Pension Age may differ from this. The Target Retirement Date (TRD) is as advised by you and is shown for information purposes only.
2. If you have reached your NRD, the estimated benefits are shown as at your next birthday.
3. Your Pensionable Salary is shown at 31 December 2009. Please contact The Cheviot Trust if the figure shown is not correct. Your Pensionable Salary may not include overtime or bonus payments.
4. The contributions are shown either as a percentage of your Pensionable Salary or as an annual figure based on the level of fixed contribution. The Notes explain the effect of this on the estimated pensions shown. Your contributions include any regular Additional Voluntary Contributions (AVCs).
5. This statement shows whether you were contracted-out of the State Second Pension (previously SERPS) through the Scheme at 31 December 2009. If you have subsequently ceased to contract-out, this will be reflected on next year's statement. The rebates/incentives received from Her Majesty's Revenue and Customs (HMRC) are as a result of being contracted-out of the State Second Pension. No allowance has been made for future contributions or rebates.
6. It is important that you keep your Expression of Wishes/Nomination Form up to date with regards to any benefits payable in the event of your death. Forms can be downloaded from the website www.cheviottrust.com or requested from The Cheviot Trust.
7. The investment choice shown is at 31 December 2009. This choice applies to your contributions paid from 31 December 2009. Changes in investment markets and any change in your investment choice in the past mean that the relative size of each part of your account may differ from the percentages shown.

THE MONEY PURCHASE SCHEME OF THE CHEVIOT TRUST
SUMMARY STATEMENT FOR MR AB CEE AS AT 31 DECEMBER 2009

Your account

	With Profits Section	Cautious	Moderate	Growth	Retirement Protection	Total
Main Fund	£ 231,384.56	£ 33,581.73	£ 35,684.40	£ 41,429.78	£ 0.00	£342,080.47
Protected Rights	£ 27,506.59	£ 0.00	£ 0.00	£ 0.00	£ 0.00	£27,506.59
Total Account	£ 258,891.15	£ 33,581.73	£ 35,684.40	£ 41,429.78	£ 0.00	£ 369,587.06

Estimated Lifetime Allowance

21.11%

Estimated benefits at Normal Retirement Date

Main Fund			Protected Rights		
Assumed return above price inflation (net of expenses)	Lower rate	Higher rate	Assumed return above price inflation (net of expenses)	Lower rate	Higher rate
Assumed interest rates at retirement	0% per year	2.5% per year	Assumed interest rates at retirement	0% per year	2.5% per year
Estimated value of account	£ 394,630	£ 424,266	Estimated value of account	£ 28,037	£ 30,235
Estimated annual pension	£ 18,170	£ 25,974	Estimated annual pension	£ 1,064	£ 1,594
Estimated annual pension assuming current interest rate (-0.9%)	£ 16,222	£ 17,419	Estimated annual pension assuming current interest rate (-0.9%)	£ 931	£ 1,004

Transfer value

	With Profits Section	Cautious	Moderate	Growth	Retirement Protection	Total
Main Fund	£ 238,217.56	£ 33,581.73	£ 35,684.40	£ 41,429.78	£ 0.00	£348,913.47
Protected Rights	£ 26,970.19	£ 0.00	£ 0.00	£ 0.00	£ 0.00	£26,970.19
Total transfer value	£ 265,187.75	£ 33,581.73	£ 35,684.40	£ 41,429.78	£ 0.00	£ 375,883.66

Assumed returns above price inflation are (net of expenses):

Investment Option	Lower rate	Higher rate
With Profits Section, Cautious, Moderate and Growth Options	0.5% per year	2.5% per year
Retirement Protection Option	0.25% per year	1% per year

THIS STATEMENT MUST BE READ IN CONJUNCTION WITH THE ENCLOSED NOTES AND THE MEMBERS' EXPLANATORY BOOKLET

STATUTORY MONEY PURCHASE ILLUSTRATION AS AT 31 DECEMBER 2009
TOTAL FUND STATEMENT FOR MR AB CEE Q01245

	With Profits Section	Cautious	Moderate	Growth	Retirement Protection	Total
Account at 01 January 2009						
Main Fund	£ 222,121.24	£ 26,678.91	£ 27,657.19	£ 30,421.71	£ 0.00	£ 306,879.05
Protected Rights	£ 26,326.43	£ 0.00	£ 0.00	£ 0.00	£ 0.00	£ 26,326.43
Contributions paid by you						
Main Fund <i>note 7</i>	£ 0.00	£ 1,978.36	£ 1,695.86	£ 1,978.50	£ 0.00	£ 5,652.72
Protected Rights <i>note 7</i>	£ 0.00	£ 0.00	£ 0.00	£ 0.00	£ 0.00	£ 0.00
Contributions paid by your employer						
Main Fund <i>note 7</i>	£ 0.00	£ 2,225.67	£ 1,907.78	£ 2,225.71	£ 0.00	£ 6,359.16
Protected Rights <i>note 7</i>	£ 0.00	£ 0.00	£ 0.00	£ 0.00	£ 0.00	£ 0.00
Transfer payments and HMRC rebates/ incentives received	£ 0.00	£ 0.00	£ 0.00	£ 0.00	£ 0.00	£ 0.00
Change in value of account						
Main Fund	£ 9,263.32	£ 2,698.79	£ 4,423.57	£ 6,803.86	£ 0.00	£ 23,189.54
Protected Rights	£ 1,180.16	£ 0.00	£ 0.00	£ 0.00	£ 0.00	£ 1,180.16
Account at 31 December 2009						
Main Fund	£ 231,384.56	£ 33,581.73	£ 35,684.40	£ 41,429.78	£ 0.00	£ 342,080.47
Protected Rights	£ 27,506.59	£ 0.00	£ 0.00	£ 0.00	£ 0.00	£ 27,506.59

Estimated total benefits at Normal Retirement Date *note 8*

Assumed return ABOVE INFLATION <i>note 5</i>	With Profits Section 3.25% per year	Cautious, Moderate and Growth 3.5% per year
Assumed interest rate at retirement		0.6% per year
Estimated pension per year <i>notes 6, 8 & 9</i>		£ 18,400

**THIS STATEMENT SHOULD BE READ IN CONJUNCTION WITH THE STATUTORY MONEY PURCHASE ILLUSTRATION NOTES
ON THE FOLLOWING PAGE**

THE MONEY PURCHASE SCHEME OF THE CHEVIOT TRUST
NOTES ON THE STATUTORY MONEY PURCHASE ILLUSTRATION

1. The information provided is for the purposes of illustration only and does not represent any promise or guarantee as to the amount of benefit which you may actually receive.
2. The actual amount of any pension payable in respect of your benefits from the Scheme will depend on various factors including the actual performance of investments and the cost of buying an annuity at the time the pension becomes payable. These are likely to be different from the assumptions made for the purpose of this illustration.
3. The illustration should not be considered in isolation when making any decisions about your pension arrangements.
4. The illustration has been prepared on various assumptions specified in legislation and set out in Technical Memorandum 1 issued by the Board of Actuarial Standards (BAS). These make general assumptions about the nature of investments and their likely performance, which may not correspond with the investments actually made or their actual performance. Further details can be found at www.actuaries.org.uk/pensions/topics/smpi or by contacting Samantha Chandler at The Cheviot Trust (tel 01702 354024).
5. The investment returns shown are before deductions for expenses but the illustration takes account of the expenses under the Scheme. The Retirement Protection option has an assumed return above inflation of 1.5% per year before deductions for expenses.
6. The illustration is expressed in current monetary terms (i.e. at current prices).
7. The illustration assumes that your, and your employer's, rates of contributions at 31 December 2009 will continue up to retirement (see also note 10d below). Where these are linked to your salary it is assumed your salary will increase by 2.5% per year.
8. The illustration assumes that you will retire at the Normal Retirement Date shown on the member details page.
9. No future contributions are included in the illustration for members who left the Scheme before 31 December 2009.
10. The illustration differs from your normal Cheviot benefit statement in several ways, the main ones being:
 - a. It provides only one projection.
 - b. It assumes pensions in payment will increase in line with price inflation with no 5% per year upper limit. The assumed interest rate at retirement shown on the illustration is the assumed return above inflation, again with no limit.
 - c. It assumes you will be married when you retire and that wives will be three years younger than their husbands, except for Protected Rights benefits, where it assumes your spouse is three years older. If your circumstances are different than this, then your pension could be different than shown.
 - d. It assumes that if you are currently contracted-out of the earnings related part of the State Second Pension through the Money Purchase Scheme, you will continue to contract-out until Normal Retirement Date. Future contracted-out rebates are included in this illustration but are not included in the normal Cheviot statement.

THESE NOTES SHOULD BE READ IN CONJUNCTION WITH YOUR STATUTORY MONEY PURCHASE ILLUSTRATION ONLY.
THEY DO NOT RELATE TO YOUR NORMAL SCHEME BENEFIT STATEMENTS