

Singleton Engineering Pension Scheme  
Singleton Engineering (UK) Limited  
Blacknell Lane Industrial Estate  
Crewkerne  
TA18 7HE

10 September 2014

Email Only

Dear Sirs,

**CALCULATION METHODS ADOPTED FOR ADJUSTED FUND SPLIT**

As the Practitioner for this scheme and the firm delegated to act as scheme administrator, it would be helpful if I set out our comments in connection with the procedure to calculate share of fund split.

The standard adopted by the Industry in respect of SSAS is to allocate investment income in proportion to each members share of fund at the end of the scheme year. That allocation is reflective of the annual accounts.

Some would suggest that this is an inaccurate way as investment and expenses is paid over the course of the year, often in unequal amounts.

The most accurate method of calculation would be to allocate investment income and expenses over the scheme year as and when the payment or income is paid. However, this scheme is simply not designed as individual policies. To operate as if the scheme had individual policies, would require a redefining of the pension scheme and individual pension scheme bank accounts for each member. Having discussed this with our actuary, it is simply not workable given the number of years the scheme has been in existence.

Turning to the most recent calculations the following incomes and outgoings arose over the scheme year. The amounts being:

TOTAL EXPENSES FOR	
YEAR	-£23,315
INVESTMENT INCOME	£204,506
LUMP SUM PAID	-£211,073
MARTIN PENSION	-£26,215

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Registered in England No: 6028668; VAT Reg No: 894312018

Authorised and Regulated by the Financial Conduct Authority: 651082

At the trustees meeting following 5<sup>th</sup> April 2013, the share of fund was as follows:

<b>PETER SINGLETON</b>	<b>MARTIN SINGLETON</b>	<b>DAVID JAMES SINGLETON</b>	<b>DUNCAN SINGLETON</b>	
<b>37.02%</b>	<b>16.56%</b>	<b>22.57%</b>	<b>23.85%</b>	<b>100.00%</b>

Taking these as the agreed percentage split of the fund, the following calculations have been undertaken.

First calculation:

The first calculation is for the period 5 April 2013 to 9 August 2013 being 126 days. The total investment income for the year is £204,506 and pro-rata the investment income would be £70,596.59. The expenses for the year amounted to £23,315 and pro-rata would be £8,048.47.

The lump sum is paid on 9 August 2014, therefore after adding net investment income proportionate to each member's share of fund on the opening date, the lump sum paid to Peter is then deducted. A pro-rate pension of £9050 is also paid to Martin. This therefore gives a revised fund split of:

<b>PETER SINGLETON</b>	<b>MARTIN SINGLETON</b>	<b>DAVID JAMES SINGLETON</b>	<b>DUNCAN SINGLETON</b>
<b>30.92%</b>	<b>17.84%</b>	<b>24.91%</b>	<b>26.33%</b>

Second calculation:

On 11 November 2013, a further to £5499 was paid on to Peter and this amounted to 94 days following the 9 August 2013.

The exercise was therefore repeated and the pro-rata investment income of £204,506 was again applied over 94 days, the amount being £52667. The scheme expenses amount pro-rata is £6004 over 94 days. The pro-rata pension for Martin has been calculated at £6752. Using the identical calculation adopted above this produces a share of fund split of:

<b>PETER SINGLETON</b>	<b>MARTIN SINGLETON</b>	<b>DAVID JAMES SINGLETON</b>	<b>DUNCAN SINGLETON</b>
<b>30.84%</b>	<b>17.62%</b>	<b>25.06%</b>	<b>26.48%</b>

You will see that an adjustment has been made but the changes are small.

Third calculation:

Following the lump sum payment to Peter on 9 August, it was therefore necessary to carry through the investment income, expenses and remaining pension (to Martin) for the balancing period. The number of days between 11 November 2013 and 5 April 2014 is 145 days.

Adopting the exact same method adopted above the investment income pro-rata amounts to £81,242 and the scheme expenses amounts to £9,262. The pro-rate pension for Martin amounts to £10,414. There were no further sums paid to Peter over that period.

This produces final calculation produces a slight adjustment in the shares of fund, with Martin's reducing given pension in payment and a corresponding increase in the share for other members. The share of fund as at 5 April 2014 is broken down as follows:

PETER SINGLETON	MARTIN SINGLETON	DAVID JAMES SINGLETON	DUNCAN SINGLETON
£671,003	£372,972	£545,195	£576,177
30.99%	17.22%	25.18%	26.61%

We believe that this is the most consistent method of benefit calculation, having regard to the structure and historical approach for share of fund.

The above is also a summary of the notes and computations used for the fund split.

I hope that this is to everyone's satisfaction, if you have any questions or wish to talk through the figures please let me know.

Yours sincerely

Gavin McCloskey  
**For Pension Practitioner .Com**