



**SUMMARY  
ANNUAL REPORT  
2014**





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## TRUSTEE BOARD

### P R Murphy

Employer Director, Chairman M  
(appointed Chairman 1 September 2014)

### M J Jess

Officer Director, Vice-Chairman M  
(appointed Vice-Chairman  
1 September 2014)

### P G McEwen MBE MNM

Officer Director  
(immediate past Chairman,  
retired 31 August 2014)

### W D Everard CBE

Employer Director  
(immediate past Vice-Chairman,  
retired 31 August 2014)

### C G Boyle

Officer Director  
(appointed 1 September 2014)

### E J N Brookes TD

Employer Director  
(resigned 31 March 2014)

### R Cunningham

Officer Director

### A M Dickinson

Officer Director M

### G Elliott

Officer Director

### A Graveson

Officer Director A

### D E Jones

Employer Director M

### P Keenan

Officer Director  
(resigned 25 February 2014)

### M MacDonald

Employer Director  
(appointed 1 April 2014)

### J McGurk

Employer Director

### L D Stracey

Employer Director A

### O Tunde

Officer Director A  
(appointed 24 March 2014)

### P Walker

Employer Director A  
(appointed 14 October 2013)

### P R Winter

Employer Director  
(appointed 1 September 2014)

M = Member of the Management Committee  
A = Member of the Group Audit Committee

The appointment of directors is the responsibility of the Joint Officers' Pension Committee (JOPC) formed by the employer and officer organisations.



# WELCOME

## from the Chairman

### What a difference a year makes

Change has been an ever present theme since the financial crisis and last year was no different and the economy, though improving, remains very uncertain.

**Change is not always easy, but it has offered us opportunities to do some good work in the name of our members. Prudence, planning and not a little elbow grease has resulted in a number of achievements we should be rightly proud of.**

This year, we completed the buy-out of the Old Section and policies were issued by our insurers in July, which was followed by the wind up of the Old Section, in August. In reaching this goal, the Trustee was determined to not only complete the buy-out, but ensure our members would be well cared for in the future.

For administrative reasons, some pensioners could have received payments from three separate places but we didn't think that was good enough. So, working closely with the insurers and administrator, we delivered [myMNOFPpension](#) – an innovative payroll consolidator service – to provide members a single point of access to information on their pension, along with a single tax code and payslip.

As the Old Section is now wound up, the remainder of this report will relate only to the New Section unless the Old Section is specifically referred to.

### New Section

The New Section is operating as planned under the guidance of the Trustee. As you will read later in the report, funding has improved over the last year to 87% (up from 85% in 2013) and the New Section remains on course to be fully funded within 10 years. This does mean that there remains a deficit in the Fund and though we hope our investment strategy will make up a large part of the difference, this leaves our employers with a considerable responsibility for additional contributions. The Trustee understands the financial pressures on employers and has introduced a fair and effective way to collect deficit contributions. This offers employers different payment options according to their financial strength, has resulted in a good deal of progress and is working well.

### Investment strategy

Alongside deficit contributions, an investment strategy was put in place by the Trustee to ensure that over time, the MNOFP is fully funded to meet the pension benefits due to members and their dependants.

This involves delegating the implementation of the investment strategy to a Delegated Chief Investment Officer (DCIO) as part of an industry-leading governance structure.

This allows for a wide diversification of investments and investment managers, which is designed to provide the required investment return but with lower risk compared to other investment approaches. Since the DCIO was appointed in December 2010, the Fund's investment return has been very similar to the old portfolio, but has been achieved at considerably lower risk – more than half, in fact. The Fund has, therefore, delivered good returns and made significant progress against the funding objective.

### Industry recognition

It's always pleasing to know you're doing a good job, but even nicer when it is acknowledged by your peers. This has come in a number of industry awards.

In November 2013, MNOFP won the Best Use of Specialist Managers and also Best Fund Investing in Alternatives at the prestigious Investments & Pensions in Europe Awards. Those were followed this year, with Best Investment Strategy at the





Pensions Age Awards in February, Best Popular Report and Accounts at the Engaged Investor Awards in July and Pension Scheme of the Year at the Global Investor Awards also in July.

These awards cover investment, administration, communication and all-round strength and demonstrate the excellent work the Trustee – and the teams it relies upon – has done and all that has been achieved for the benefit of the members.

### Ensign continues to fly the flag

The high standards of governance and administration achieved by the Fund made Ensign Pensions Administration (formerly MNPA) an attractive proposition in the market and contributed to its sale earlier this year to JLT Employee Benefits. Though we are always sad to say goodbye to colleagues, we knew the business, as an award-winning administrator, would be better placed with a larger organisation as we concentrate on reaching full funding over the next decade.

I would like to thank the administration team for all the hard work they have put in for the Fund over the last seven and a half decades.

### And other goodbyes

There were other departures of note this year, one of which makes it possible for me to be writing to you now.

Peter McEwen, Chair of the Trustee and William Everard his deputy, have retired after half a lifetime serving the members of this Fund. Their dedication, determination and commitment to MNOPF and its members has been the driving force for three decades and in no small part why the Fund is in the position it has reached today.

I'd like to thank them for their fantastic efforts and leaving everything ship shape, ready for our next voyage.

### Communication

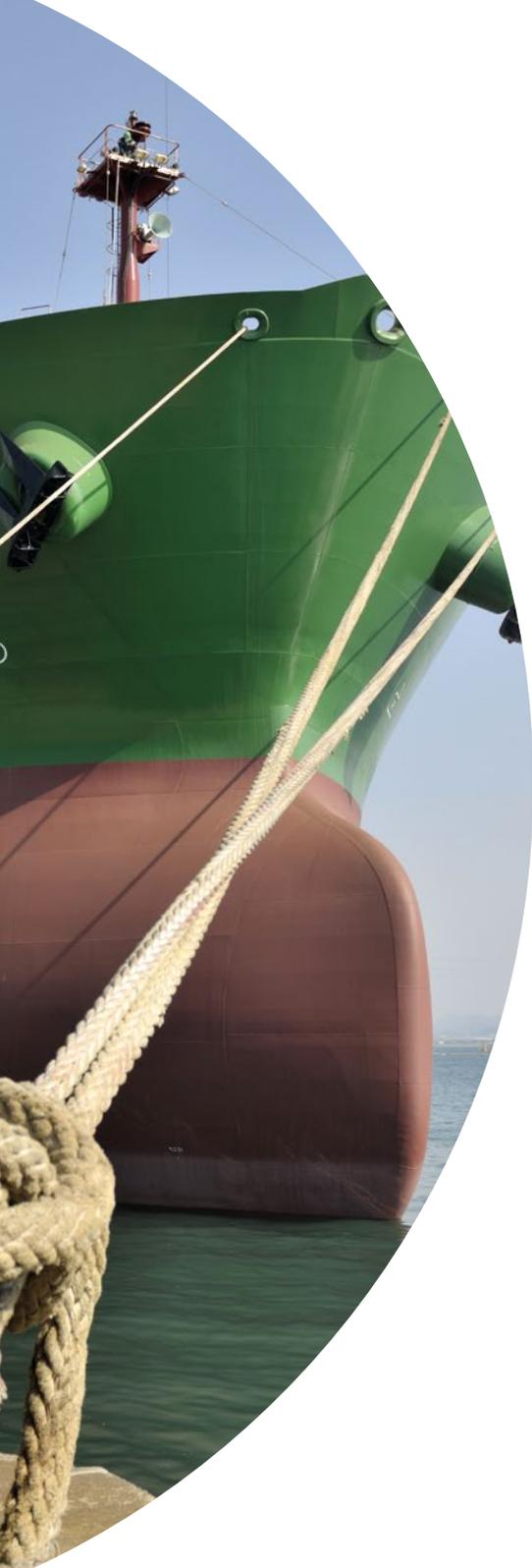
At MNOPF, we are constantly striving to improve the way we communicate with members and if you have any comments about this summary report or any other matter, I would welcome your feedback.

You will find contact details on page 31.

Finally, I would like to say how much Mike Jess, Assistant General Secretary at Nautilus International and the Fund's new Vice-Chair, and I are looking forward to our roles at MNOPF and are excited by the prospect of working for the members to continue the Fund's great work.

**Rory Murphy**  
Chairman





## DEFICIT COLLECTION and funding update

As with many other pension schemes, recent actuarial valuations have disclosed funding deficits. Funding these deficits is a priority for the Trustee as it continues to protect and secure members' benefits as set out in the Trust Deed and Rules.

Investment returns will make up a part of the deficit but it is necessary for a significant part of the shortfall to be met by additional contributions from Participating Employers.

Given the significance of these additional contributions to the funding of the MNOPF, the Trustee invests considerable time and resources to work with employers to ensure contributions are collected in a timely and efficient manner.

The Trustee understands the financial pressures on employers and recognises that settlement of the amounts due can be difficult in the current economic climate.

To help employers, the Trustee introduced an effective and equitable process of deficit contributions collection. This offers employers different payments options according to their affordability and their financial strength.

With the support of the employers the Fund is successfully managing the deficit collection process - already more than 45% of the 2009 deficit and nearly 40% of the 2012 deficit have been collected. For the uncollected amounts, where the Trustee considers it necessary, security arrangements have been agreed with the majority of employers.

Progress in the collection of the 2009 and 2012 deficits is set out on the opposite page.

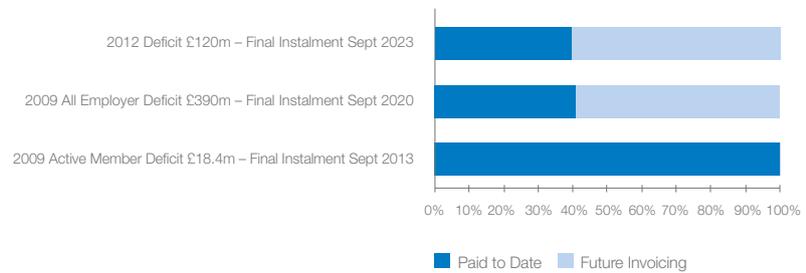
The Trustee is realistic and understanding and accepts that there will be occasions when businesses become financially distressed before contributions have been paid.

In these circumstances, the Fund will liaise closely with the companies to try to negotiate a way forward. However, there are inevitably some situations where the recovery of some deficit contributions may be impossible. The Fund makes every effort to recover all debts, often employing its lawyers and other professional advisors to assist when necessary, but prudence requires that a provision be created in the Fund accounts to recognise the potential bad debts.

Collectively, these plans and policies mean the collection of deficit contributions is fair and consistent for all the Participating Employers in the MNOFP. By having greater certainty about the receipt of contributions, the Trustee can also implement a robust long-term investment strategy.

This is explained in more detail later in this report.

Progress in the collection of the 2009 and 2012 deficits is set out below:



# INVESTMENT UPDATE

## 2013/2014

The Trustee has approved an investment strategy that, together with the deficit contributions from employers, aims to ensure the MNOFP is, in due course, fully funded to meet the pension obligations to members and their dependants. Fundamental to the investment strategy is a careful balance of risk and return.

Another important consideration for the Trustee is the time frame over which members' pensions are payable. Pensions will continue to be paid for many years into the future and the Trustee considers carefully the potential impact of future events on the Fund.

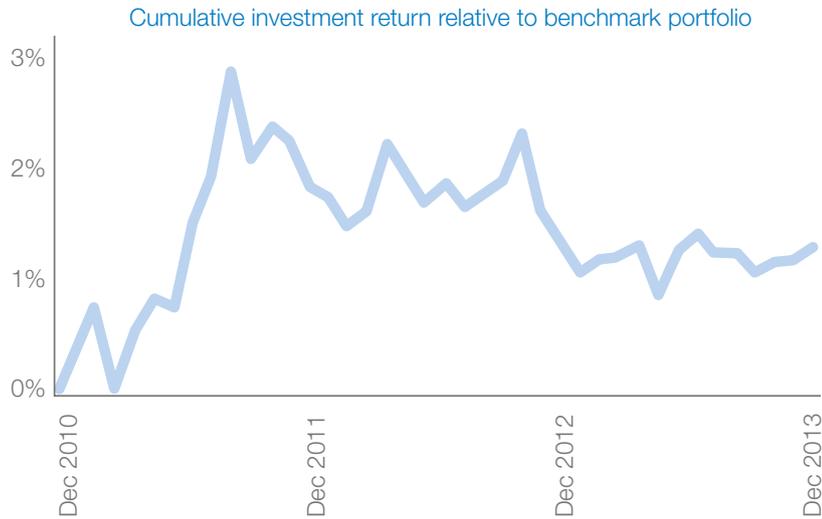
To help the Trustee achieve its strategy and manage risks, an industry-leading governance structure has been established. This has resulted in the delegation of the implementation of the Trustee's investment strategy to a Delegated Chief Investment Officer (DCIO). This structure allows for a wide diversification of investments and investment managers, which is designed to provide the required investment return but with lower risk compared to other investment approaches.

### Investment Performance

The DCIO was appointed in December 2010. One of the investment performance measures considered by the Trustee is a comparison of the Fund's performance against a simple investment portfolio consisting of equities and gilts. Since 2010, the Fund's investment return is very similar to the simple equity/gilt portfolio, but the return has been achieved at considerably lower risk. Significantly the risk in the Fund's portfolio reduced by 52% in 2013 compared to the simple equity/gilt portfolio.

The Trustee also considers the performance of the Fund's investments against a more normal investment benchmark and performance relative to this benchmark is shown on the graph opposite.





The annualised actual performance for one, two and three years to 31 March 2014 was:

	1 Year (%)	2 Years (%)	3 Years (%)
New Section	(0.6%)	5.6%	6.5%
Gilts Based Liabilities	(4.0%)	2.1%	8.0%
Benchmark	(2.0%)	5.5%	5.9%

So overall, the Fund has delivered returns above the liabilities and the benchmark over the financial year to 31 March 2014, and made significant progress against the Trustee’s funding objective. Measured on the same basis

as the Summary Funding Statement detailed later in the report, the New Section’s Funding level has increased from 78% at 31 March 2010 to 87% at March 2014.

The Summary Funding Statement is a snapshot of the funding position at 31 March 2014. We are required to provide this to all members each year.

A copy of a more detailed, Annual Funding Update is available on the MNOFP website, [www.mnopf.co.uk](http://www.mnopf.co.uk).

### A reminder of how the Fund works

The MNOFP is a defined benefit pension scheme. Set up to provide pension benefits on retirement or death, the benefits are based on a combination of earnings and length of membership. Pensions are paid for the life of each member and their qualifying dependants.

Therefore, the benefits represent a very long-term obligation and it is not possible to know, with certainty, what contributions to the Fund are needed to make sure that there will be sufficient money available to pay the benefits in the future.

The Scheme Actuary is a qualified individual who considers many factors to recommend the level of contributions required to meet the future liability.

Your contributions, and those from your employers, are paid into the MNOFP. The Trustee then invests that money, with the aim of increasing its value so that there is enough to provide your benefits as they become due.

We ask the Scheme Actuary to carry out regular valuations to assess the likely level of benefits to be paid in the future and to compare this obligation to the assets held.

The Actuary's assessment is based on reasonable assumptions as to the future. If he thinks there is more money in the Fund than is necessary, the Fund is said to have excess assets – a surplus. If, on the other hand, the Actuary thinks there is less money in the Fund than is necessary, the Fund is said to have a shortfall – a deficit.

The objective is to have enough money to pay pensions and other benefits now and in the future. After taking into account investment returns this relies on the employers continuing to support the Fund as the funding level can fluctuate. When there is a shortfall they will usually need to put more money in.





## What did the 2014 funding figures show?

	31 March 2013	31 March 2014
Estimated amount needed to provide benefits*	£2,805m	£2,739m
Reserve for expenses	£35m	£35m
Assets	£2,407m	£2,411m
(Shortfall)*	(£433m)	(£363)
Estimated Funding Level	85%	87%

In order to eliminate the deficit, it was determined that deficit contributions with a value of £460 million as at 31 March 2012 would be required by the employers over the period to 30 September 2025. Over the year to 31 March 2014, the funding position improved slightly to give a reduced shortfall of £363 million, mainly due to the deficit contributions paid by employers.

The value at 31 March 2014 of the contributions still to be collected from employers in respect of past actuarial valuation deficits was slightly greater than the £363m shortfall.

### Will the funding improve further by 2015?

Investment conditions change over time and the funding level is likely to change again, either up or down, by 31 March 2015. The Trustee continues to closely monitor and analyse the progress of the Fund against its agreed plans.

### What other valuations of benefits are carried out?

While we have no intention of winding up the Fund in the foreseeable future, under Regulations we must tell you how well the MNOFP is funded if it were to wind up.

### At 31 March 2014, the Actuary estimated that:

- if the MNOFP had been discontinued and
- no further financial support was available from the employers and
- the assets were invested in very low risk investments such as government bonds

the assets of the Fund would have been sufficient to cover about 75% of the liabilities at 31 March 2014, compared to around 68% at 31 March 2013. This improvement is mainly due to the deficit contributions paid by employers.



### What would happen if the MNOPF did wind up?

By law, we have to tell you what would happen if the Fund did wind up, even though there are no plans to wind up the Fund.

In this event, even if the MNOPF were to be fully funded under our funding plan, you might not get the full amount of pension you have built up.

While the MNOPF remains on-going, your benefits will continue to be paid in full. If the MNOPF were to start to wind up, the employers would be required to pay enough into the Fund to make sure that the members' benefits could be completely secured with an insurance company. It is however possible that they might not be able to pay the full amount.

In the very unlikely situation where all the participating employers became insolvent, the MNOPF might be taken over by the Pension Protection Fund, who might pay all or part of the members' benefits.

You can find further information and guidance on the Pension Protection Fund's website, [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk), or you can write to:

**The Pension Protection Fund  
Knollys House  
17 Addiscombe Road  
Croydon  
Surrey CR0 6SR**

### What else you might need to know

**Payments to employers** – we have to tell you whether or not we have made any payment to any of the employers from the Fund in the period covered by this Statement and can advise that no such payments have been made.

**The Pensions Regulator** – we have not received any financial support directions or contribution notices relating to the Fund from the Pensions Regulator during the period covered by this Statement.

**Thinking of leaving the Fund?** – If you are thinking of leaving the Fund for any reason, we suggest that you consult a professional adviser, for example an independent financial adviser, before taking any action. For help with choosing an impartial financial advisor in your area, please contact the Money Advice Service: [www.moneyadvice.service.org.uk](http://www.moneyadvice.service.org.uk) or [www.unbiased.co.uk](http://www.unbiased.co.uk)

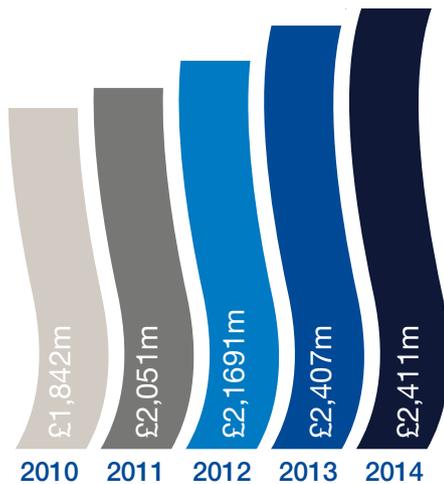
You can find the formal documents relating to the governance of the Fund, including the latest actuarial valuation, on the MNOPF website, [www.mnopf.co.uk](http://www.mnopf.co.uk). Alternatively you can write to request a copy of any of these documents, to:

**MNOPF Trustees Limited  
The Beehive,  
City Place,  
Gatwick Airport,  
West Sussex  
RH6 0PA**

Or email: [comms@mnopf.co.uk](mailto:comms@mnopf.co.uk)

# FUND FINANCES and Membership

Value of the Fund's  
assets at 31 March...



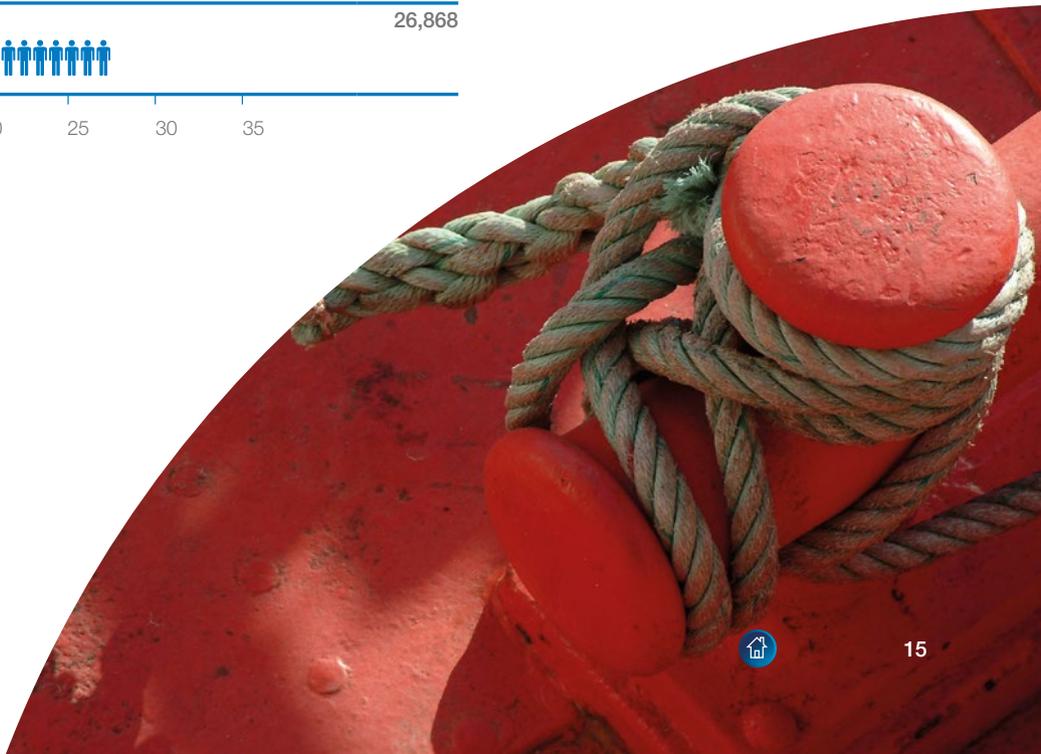
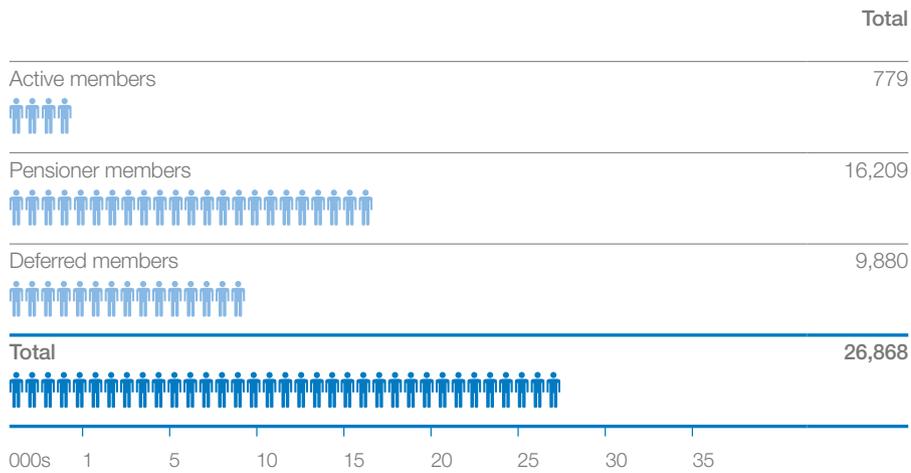
The table below provides a summary of the Fund's finances over the year to 31 March 2014, as extracted from the Fund's Annual Report and Accounts:

	Total £m
Opening balance at 31 March 2013	2,406.5
Income during the year	136.2
<b>Less</b>	
Expenditure during the year	(122.4)
<b>Plus</b>	
Net return on investment	(9.0)
<b>Equals</b>	
<b>Closing balance at 31 March 2014</b>	<b>2,411.3</b>

The Fund's accounts are audited each year by independent auditors, Grant Thornton LLP. Grant Thornton has reported that:

- The Fund's accounts show a true and fair view of the financial transactions during the 12 months to 31 March 2014.
- Contributions were received in accordance with the Schedule of Contributions other than some contributions paid after the due date.

The table below shows Membership Statistics at 31 March 2014:





## NEWS

### Awards

The Trustee was delighted to receive a number of prestigious awards this year, in recognition of the Fund's successful approach to dealing with the investment and governance strategies. The awards include two from IPE Europe in December 2013 for **'Best Fund Investing in Alternatives'** and **'Best Use of Specialist Managers'**. Others were the Pensions Age Awards in February this year, where the MNOFP won **'Best Investment Strategy'**, followed by being crowned **'Pension Scheme of the Year'** at the Global Investor Awards. And finally last year's summary annual report won **'Best Popular Report and Accounts'** at the Engaged Investor Awards!

On winning the Best Popular Report and Accounts, Peter McEwen MBE MNM, the then Chairman of the MNOFP commented "This is further evidence of the excellent work that the Fund does in communicating with its members.

### myMNOFPpension

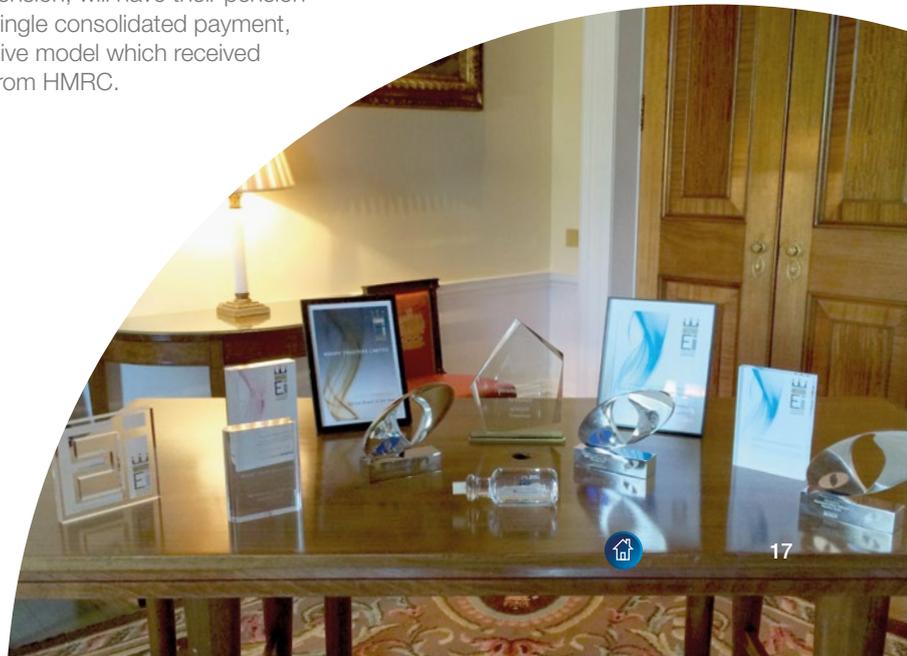
One of the Trustee's concerns when completing the buy-out of the Old Section was the possibility that some members could receive their regular pension from up to three sources; the MNOFP New Section, Rothesay Life and Legal & General.

To provide a seamless transition, the Trustee developed a unique approach to paying members' pension and providing them with a point of contact. This was named **'myMNOFPpension'**.

Through **myMNOFPpension** all pensioners, with more than one source of MNOFP pension, will have their pension paid in a single consolidated payment, an innovative model which received approval from HMRC.

There continues to be a single pension payment on the same payment date, members still have a single tax code, single payslip and a single point of contact.

**myMNOFPpension** is the point of contact for all members, both Old and New Section.



## NEWS

### A Job Well Done

This year saw the retirement of both Peter McEwen, Chairman of the Trustees and William Everard, Vice-Chairman.

Peter and William both became Trustee Directors in early 1983. There have been many changes in pensions during their tenure. The 1980s saw revaluation of deferred pensions followed by the advent of contracted out money purchase schemes and personal pension plans as well as the first earnings cap. In the 1990s pensions had to embrace divorce benefit earmarking and sharing orders, limited price indexation, compulsory member nominated trustees and Guaranteed Minimum Pensions being replaced by the reference test. Into the early 2000s, the pace of change continued with Stakeholder Pensions, the State Second Pension, the establishment of the Pension Protection Fund and annual and lifetime allowances and in recent years, we have seen the launch of NEST and we now enter the age of auto-enrolment.

#### Peter McEwen

Peter joined Nautilus International in 1978 and was deputy general secretary for many years with a wide responsibility for policy issues including finance, pensions and welfare. He remained as a part-time senior policy adviser with Nautilus since 2011, a role he finally relinquished in August 2014. Peter was Chairman of the Fund from 1999.

#### William Everard

After building ships in Holland and on the Clyde, William returned to the family business, FT Everard & Sons and rose to managing director by 1988. William's CV is like a manifest – if there's an important role in merchant shipping, he has held it and with the full support of his peers. In every role he has displayed commitment, a hard-working nature and an understanding for those he worked with.



William Everard



In the decade and a half since, both Peter and William took the rough with the smooth. In an environment of ever increasing governance expectations and restrictive legislation, Peter and William's watch covered fair weather and foul.

In its 75 year history, MNOFF may never have faced a greater storm than in 2008 and 2009, when the true horror of the global financial crisis was fully revealed. Markets had been volatile since the turn of the century, but this was a new situation. The Fund's innovative DCIO approach delivered results far in excess of expectation and far quicker than anyone could have hoped to achieve. Full insurance of the Old Section was achieved seven years ahead of schedule and put the Old Section into a position to buy-out and wind up.

We wish both Peter and William a long and contented retirement. In the words of Mark Twain, *"Twenty years from now you will be more disappointed by the things you didn't do than by the ones you did do. So throw off the bowlines. Sail away from safe harbour. Catch the trade winds in your sails. Explore. Dream. Discover"*.

The New Section recovered its poise and now has a well-defined journey plan, with the funding level back up to 87% and on a trajectory to full funding.

In 2008, the DCIO was a new and untested approach in the UK market. It required a fundamental reassessment of the governance and investment decision making arrangements. Between them, Peter and William steered a course into uncharted waters and the awards received by MNOFF are evidence of the pensions industry recognition of their excellent work over recent years.

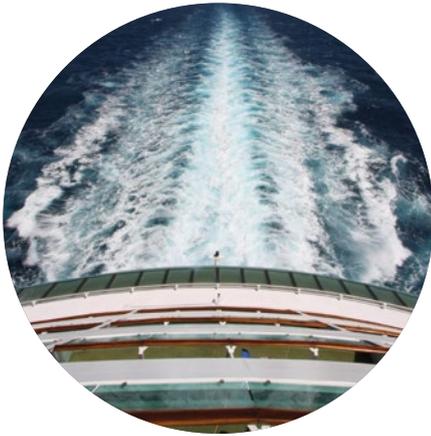
Their legacy is a scheme that is ship-shape and Bristol fashion, re-commissioned and ready for a new era. Our work is not yet done but we are well on the way.



Peter McEwen



## News Continued



### Race to the Stones

On Saturday 19th July at 8am a brave team from MNOFP and Nautilus International joined forces to take part in the mighty Race to the Stones, a 100km charity walk non-stop along the ridgeway from Chinnor to Avebury!

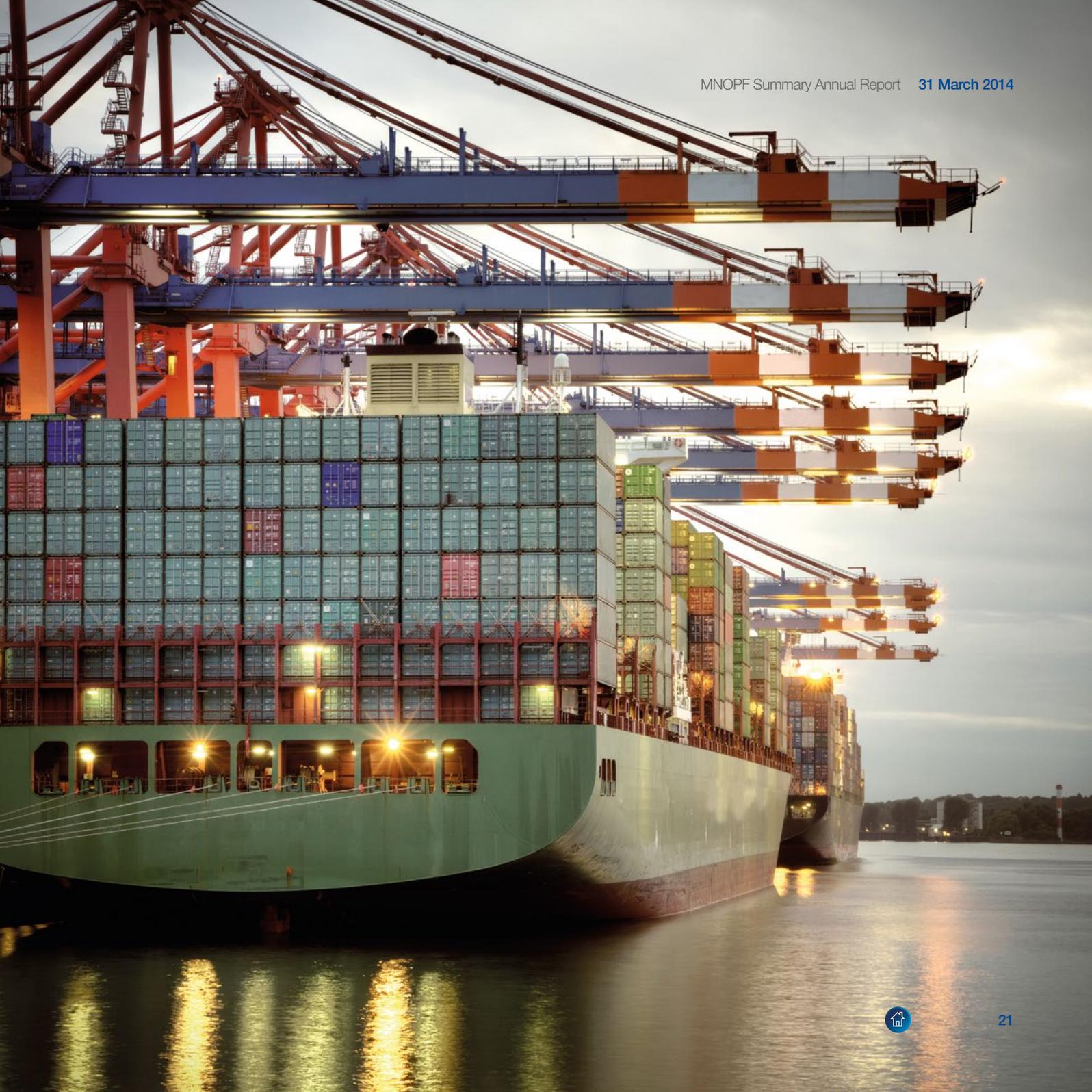
The team had been training hard but nothing could prepare them for the humidity and thunder storms that they had to endure along the oldest path in Britain. They passed Iron Age forts, ancient burial chambers, crossed the mighty Thames and the mystical downlands of Salisbury plain on the way to the finish line at the 3,000-year-old stone circle at Avebury.

They bravely walked throughout the night with the first members of the team crossing the line at 6.30am and the last at 11.30am after a total of 27.5 hours walking!

Their gallant effort was all in the name of raising money for the Merchant Navy Fund, the joint fundraising initiative launched in a partnership between 'Seafarers UK' and the 'Merchant Navy Welfare Board'. Seafarers UK is a charity that helps people in the maritime community, by providing vital funding to support seafarers in need and their families.

[www.justgiving.com/  
TeamNautilus2014/](http://www.justgiving.com/TeamNautilus2014/)





## PENSIONS

### News

#### State Pension Changes

The Government has now published the Pensions Bill 2013 which introduces the single tier State Pension from April 2016. For people reaching State Pension Age on or after 1 April 2016, this will provide a single flat rate State Pension, replacing the current Basic State Pension (which is earnings related.) This universal pension will be £144 per week payable from State Pension Age.

The Pensions Bill also introduces further changes to State Pension Age, accelerating the increase in State Pension Age to age 67 between April 2026 and March 2028, instead of between 2034 and 2036 as is currently the case. This will affect people born between 6 April 1960 and 5 March 1961; those born after 6 March 1961 will reach State Pension Age when they are 67 or older. The time scale for further increases in State Pension Age to age 68 remains unchanged.

These provisions will not affect any members already receiving their State Pension. To find out more about these changes or calculate your own State Pension Age, visit the Government website:  
**[www.gov.uk/calculate-state-pension](http://www.gov.uk/calculate-state-pension)**

#### Pensions Liberation

Pension Transfer Fraud, also known as Pensions Liberation, is on the increase. This is a scam where pension scheme members are offered the chance to release the value of their pension, often by transferring it to an overseas scheme, in exchange for which they receive a cash lump sum or a loan. This should not be confused with the option to transfer your pension rights to another registered occupational or individual pension arrangements, or the right to request early payment of your MNOFP pension after age 55, both of which are legal.

Members are often targeted by texts or telephone calls with claims that there are loopholes in the law allowing you to release the value of your pension in this way. This is not the case and any such transactions will be subject to tax at 55%. Your money may be transferred into high-risk investments and you risk losing most, or all, of your retirement fund before you even reach retirement age.

If you are concerned about any offer being made to you, or you are being pressured into making a quick decision, please contact [myMNOFPpension](http://myMNOFPpension) before signing any papers. If you think you may have been a victim, or if you have information regarding pension liberation fraud, you can contact Action Fraud on **0300 123 2040**.



## New flexibility for defined contribution (DC) arrangements and transferring your MNOFP pension rights to another pension scheme

From April 2015, members of DC pension arrangements will no longer have to buy a regular income (an “annuity”) at retirement but instead, will have the flexibility to draw as much or as little cash as they like from their DC pension. Currently, 25% of this can be taken tax-free, with the rest being taxed at your marginal rate.

There is no change to the treatment of your Defined Benefit (DB) rights in the Merchant Navy Officers Pension Fund, and on retirement you will continue to be able to take 25% as tax-free cash and the remainder as pension. If you wish to access the new flexibilities for your DB pension, you have the option of transferring your benefits to a DC pension plan that offers this flexibility.

Following these Budget changes, Members are advised that the Trustee has agreed to use discretionary powers to allow members to transfer their benefits from the MNOFP to another registered pension scheme, individual pension arrangement or Qualified Recognised Overseas Pension Scheme (QROPS) anytime up to age 63.

After this time, transfers can only take place with the express agreement of the Trustee. Currently the Trustee will only consider such requests where the receiving scheme is registered in the UK and advice has been obtained from a UK based Independent Financial Adviser registered with the Financial Conduct Authority. This is because the Trustee, which has a duty to protect the interests of all MNOFP members, is concerned about the possibility of member benefits being eroded close to retirement.

You will need to obtain independent financial advice before transferring from a DB to a DC arrangement. Please note that neither the Fund nor the employers will contribute towards the cost of this advice. For help with choosing an impartial financial advisor in your area, please contact the Money Advice Service:  
[www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk) or  
[www.unbiased.co.uk](http://www.unbiased.co.uk)

## Changes to taxable allowances

From April 2014, the maximum value of benefit you can build up across all registered pension schemes has reduced to £1.25 million. Known as the Lifetime Allowance, scheme benefits are tested against this limit on retirement, and benefits in excess of this amount will be subject to tax.

From the same date, the Annual Allowance has also reduced; this is the maximum amount of pension saving that you can build up in any one year and still receive tax relief (excluding your State pension) and has been set at £40,000 from April 2014.

If you are still contributing to the Fund you should have recently received a ‘Pension Savings Statement’. This statement illustrates how your pension savings in the Fund, known as ‘Your MNOFP Pension Input Amount’, compare with the Annual Allowance. It should be noted that this amount is not related to the actual amount of contributions paid by you or your employer. Broadly speaking, it is the increase to your Fund pension over the relevant year (allowing for your pension as at the end of the previous year to be revalued by the Consumer Price Index percentage) and this is then multiplied by 16. For further details about how this is calculated refer to HMRCs website:  
[www.hmrc.gov.uk/pensionschemes/understanding-aa.htm](http://www.hmrc.gov.uk/pensionschemes/understanding-aa.htm)

If you think you may be in danger of breaching these new, reduced limits, it may be possible to protect your current level of benefits from incurring the extra tax. In the first instance you should refer to the HMRC website: [www.hmrc.gov.uk/pensionschemes/calc-aa.htm](http://www.hmrc.gov.uk/pensionschemes/calc-aa.htm) for further guidance.

### Changes to commutation of benefits on retirement

Following the changes announced in the budget, now embodied in the Finance Act 2014, the threshold below which members can exchange the whole of their pension for cash has been raised. There are a number of conditions that must be satisfied in order to be able to fully commute benefits in this way, and you will be advised whether this option is available to you at the point you decide to draw your MNOPF benefits.

### Equitable Life Payment Scheme

Following regulatory failures within Equitable Life, a Payment Scheme has been set up by the Government to compensate members who invested in the with-profits fund between 1 January 1993 and 31 December 2000.

Equitable Life has appointed National Savings & Investments (“NSI”) to administer the scheme and the MNOPF’s administrators have provided the necessary information on AVC payers to enable NSI to carry out their calculations. The time scales for assessing compensation have been revised a number of times and the Trustee has requested that it is notified of any payments made to MNOPF members. However, it is likely that where compensation is due, members will be notified directly by NSI, or their appointed agents ATOS.

### Sale of Ensign Pensions Administration (formerly MNPA)

On 24 March 2014 JLT Employee Benefits (JLT) announced the acquisition of Ensign Pensions Administration (EPA) from the MNOPF.

EPA’s origins go back more than 75 years starting life as the in-house management and administration team for the MNOPF. Under its previous name, MNPA, it began offering third party administration services in 1986 and since then its third party administration business grew to become an award winning administrator for 45 UK schemes with approximately 375,000 members.

Andrew Waring, Chief Executive of the MNOPF commented on the acquisition: “In view of the winding-up of the Fund’s Old Section and the New Section targeting full funding in around 10 years’ time, the Trustee of the MNOPF reviewed its continued ownership of EPA and concluded that the time was right for the business to be acquired by a strong third party. The Fund was impressed with JLT’s vision and ambition for the future and is confident that with the acquisition of EPA, JLT is the right partner to continue to deliver high quality member services both to the MNOPF and other EPA clients.”

### Request for Photos

In previous years we have run several photo competitions to capture images that illustrate the rich history of the Merchant Navy. If you would like your pictures to be featured in future MNOPF publications please send them by email to: [comms@mnopf.co.uk](mailto:comms@mnopf.co.uk).



# IN 2015

## Look out for...

May

Annual payslips and P60s (for the 2014/15 tax year) will be sent to those members with pensions in payment.

September & October

Benefit Statements will be sent to those members still contributing to the Fund

October & November

The 2015 Summary Annual Report will be sent to all members.

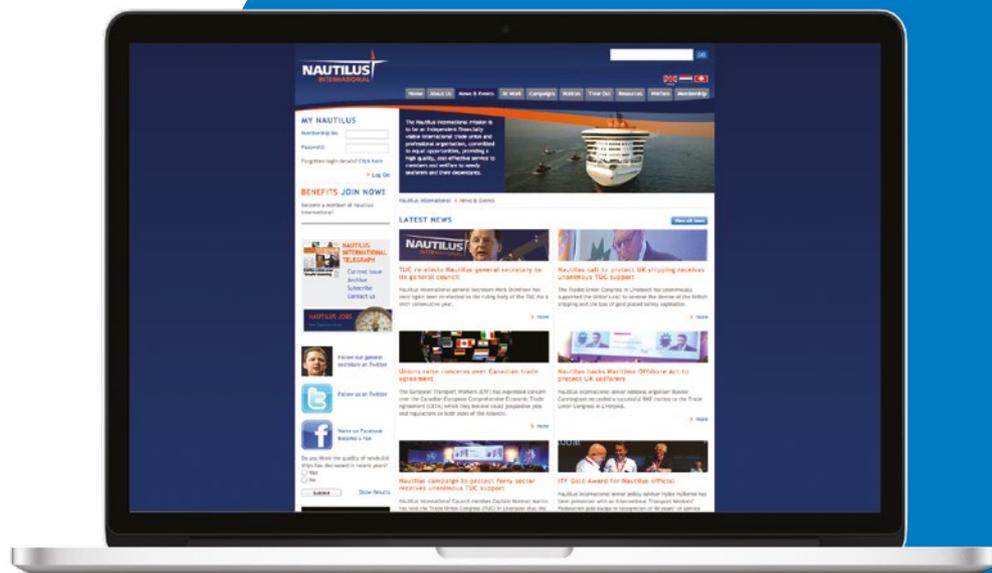
### Throughout the year

As in previous years, Nautilus International continues to hold regular Pension Forums on a wide range of subjects. You should contact Nautilus International if you are interested in attending one of these meetings:

 [npa@nautilusint.org](mailto:npa@nautilusint.org)

Published once a month, the Nautilus Telegraph contains news, features and special reports on a wide range of issues of interest, including pension's matters, to maritime professionals. It is circulated to more than 33,000 subscribers. You can find the latest copy on the Nautilus website under the News and Events section:

 [www.nautilusint.org](http://www.nautilusint.org)



## A SHORT STORY

### The Junior's Progress

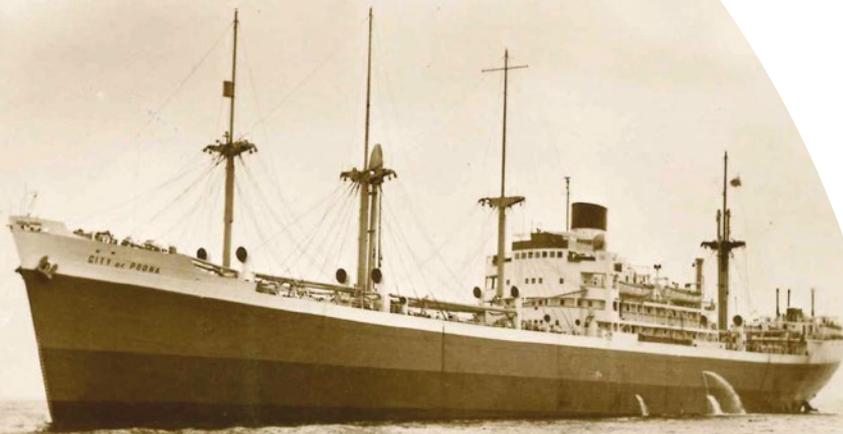
Like many others I have always believed that Chief Engineers should stay out of the engine room unless requested by the Second. A Chief and Second both running the ship's engine room is like having two men in the driving seat of a double decker bus in heavy traffic. Good Chiefs are only there if the Second needs advice or assistance and many Chiefs and Seconds I have sailed with think this way also. Provided, of course, both know their jobs which was not always the case.

I joined the good ship 'MV City of Poona' on a Sunday afternoon. I had been Second Engineer for more than two years and apart from my first five months with a neurotic idiot, I loved every minute of it. On the 'Poona' the Second I was relieving has his bags packed and trying to communicate with him was like trying to hold a conversation with a transistor radio on full volume. Minutes after meeting, he was off and away.

The Ship was quiet, it was Sunday and I surmised most of the lads would be ashore. No sign of the duty engineer, so I slipped into my new boiler suit, had a walk round the engine room and found it was a mess.

Up top again, back in uniform, knocked on the Chief's door, no answer, so I made my way to the Officers Smoke Room.

I found five crew members there, three behind the bar, two at the bar. The three behind the bar were the Chief, the Fourth and the Electrician, with their heads inside the bar's refrigerator.



The Chief stood up, looked at me and ignored my introductory stretched out hand, scowled and returned to fiddling with the refrigerator's electrical intestines.

'Right Fourth, switch it on.'

The Fourth obliged, the refrigerator gave one little 'Ping' then fell into absolute silence again.

'Switch the bliddy thing off,' he snarled. 'We'll try again tomorrow.'

He then wiped his hands and left the smoke room without a backward glance. The exasperated Lecky and Fourth shook their heads apologetically and they left too. Most of my Chiefs were great men, highly competent engineers and good friends that I could look forward to sailing with again. This wasn't one of them.

I found the two characters sitting at the bar were the Second Mate, Brian St. John Early, and a bright little first trip Seventh Engineer, Gerard O'Hare.

'They won't let us use the pantry fridge,' Brian informed me. 'Captain's orders. We've had warm beer for nearly a week now.'

I sighed. 'Tell me, gentlemen, did the refrigerator go 'ping' when they switched it on?'

They looked at each other, bewildered and answered 'Yes.'

'Well, Mister Gerard O'Hare, would you be so kind as to go into the pantry or the galley and bring us a couple of ice trays with ice cubes therein?'

When Gerry returned from the pantry he was carrying two trays of ice cubes.

'Aha! Clever laddie. Now make your merry way behind the bar put the ice cube trays into the freezer box in the refrigerator. That's it. Now close the freezer box, shut the refrigerator door and switch it on.'

Gerry solemnly went behind the bar, carried out my instructions under our

supervision and the refrigerator went 'ping.' A long three minutes later it went 'ping' again, one minute after that, another 'ping' then more 'pings' that soon faded to become a quiet purring sound.

We three smiled warmly at each other, comforting smiles of satisfaction at our achieved success.

'When did the fridge go wrong, Brian?'

'Er, Tuesday, Bob. The ice box was choked solid with ice and the Second started to de-frost it. Then the Chief intervened and they had a shouting match so the Second left it to him. The Chief has been working on it since then.' His eyes turned to the refrigerator and he gave a contented smile. 'I've got a cat at home that purrs like that.'

The ice box was performing nicely when the dinner gong sounded so we tramped along to the dining saloon. We three were the first there and we knew our places at the tables.

## A Short Story

### Continued

The Chief arrived and though I was sitting at his elbow at the table, he still didn't even acknowledge my existence. To him, I was the invisible man. No wonder my predecessor was eager to leave.

A few others arrived, sat down, and then finally the immaculate Captain Gilchrist entered. The Chief scowled and his eyes briefly flicked sideways at one of the noblest of sea captains in the company.

The silence was deafening.

In a sweet saccharin voice, the Captain asked: 'Is the officers smoke room refrigerator working yet, Chief? How long has it been off? Tuesday, was it?'

'She is bliddy well clapped out. It must be quite a good age and the guts just wear so much, there's nothing much anyone can do with it. You'll just need to buy a new one before we sail. See the agent. There's nothing ship staff can do with it. I've had this problem before on other ships...'

'Ah! You are Mr Jackman?' Captain Gilchrist interrupted the Chief's flow of garbage then raised his eyebrows and turned to me: 'Our new Second Engineer Officer. And Mister Gerard O'Hare, Seventh Engineer Officer?'





Welcome on board, gentlemen. I do hope you like warm beer. You will just have to get used to it. The Chief has been working on the refrigerator all week.' He added dryly, 'and achieved nothing.'

Hooray what a gentleman he was! I liked the man. 'The refrigerator is working very well, Captain. I smiled. 'Mr O'Hare put it right then started it up before we came up for dinner. Only took three minutes and its icing up quite nicely.'

The dining saloon atmosphere crackled like static electricity.

'What was wrong with it, Mister O'Hare?' The Captains eyes widened as he looked at Gerry. They all looked at Gerry.

I answered for him because he was still in awe of his fellow officers and his surroundings. 'There was nothing wrong with it, Captain. Just the Chief didn't know how to start it properly.'

So the days passed and the Chief lasted a few weeks more before his time with the company came to an end. His successor was an Indian gentleman called Pascal and Mister Pascal was a pleasure to have on board. As the weeks went by, the engine room was put into good order and everything now ran sweetly.

## A Short Story

### Continued

The smoke room refrigerator ran sweetest of all and it was always full of nice cold beer.

If junior engineers were studying for their qualifications in thermo-dynamics, electro-technology, refrigeration, naval architecture, engineering drawing, higher mathematics, sciences of latent heat, specific heat etc. I often gave them some assistance.

Gerry spent all his spare time with his books and I gave him time off to allow him to study. I carried five A4 science notebooks with me on most ships I joined as Second, five note books with all my notes on the lessons I learned, all practical knowledge not usually found in normal marine text books.

Wee Gerry absorbed every word I taught him. Months afterwards I learned later he passed his Second's Ticket, or the Board of Trade Certificate Second Class Marine Engineering (Motor) to give it its proper title and then continued on his merry way a few years later to Glasgow University to achieve a BSc Engineering (with Honours).

With his wife Betty and three children to provide for, he applied for jobs in his native Glasgow and surrounding areas to no avail. He also applied further south in the north of England but, as in Glasgow, salaries offered were pathetically low.

One company in Manchester sounded promising so he travelled there by train and met one of the managers, to be told, quote: 'Our personnel director didn't come in today. Can you come back tomorrow?'

A very dejected Gerry O'Hare returned to Glasgow. He had received three letters from America offering a position but he had tossed them aside and the children had torn them to get the American postage stamps.

Then one night the telephone rang. 'I is calling you, Mr O'Hare and I knows you sure has good qualifications. We want you to come to look over what we has to offer. You have family? Great! Bring them with you. We got our Mister Koraz who will call on you and escort you all the way right to our doorstep.

All expenses will be paid, you won't need to put your hands near your pockets at all and I sure means it.'

Two weeks later Gerry, Betty and the three kids were in America and Gerry had become a very important person in a firm that did quote: 'Advanced Marine Engine Designs' in Newport News, South East Virginia, United States of America.

Some years later, he and Betty returned to Glasgow for a family meeting, then hired a car and raced all the way up to Scotland to Kingussie to pay a visit to my Mary and Me. But Mary and I were at sea for a spell so, regretfully, we didn't meet again.

Well, dear pal Gerry O'Hare, you've gone a long way since the day you fixed the refrigerator on the 'City of Poona.'

Cheers, Gerry and Betty, a thousand best wishes to you and the kids. God bless you.

*Story taken from 'Merchant Navy Retired!', by Bob Jackman.*

# CONTACTS

## Questions about your benefits? Need to find out more?

The MNOPF website [www.mnopf.co.uk](http://www.mnopf.co.uk) is a good place to start. Here you will find copies of recent publications, as well as the latest news from the Fund. There is also a dedicated area for members under [myMNOPFpension](#) and active members can find out information in the Members Area.

For specific queries about your benefits, or if you have any issues about the payments of your pension, you should contact the Fund's administrator, [myMNOPFpension](#), their contact details are:

**myMNOPFpension**  
**JLT Employee Benefits**  
**Leatherhead House**  
**Station Road**  
**Leatherhead**  
**Surrey KT22 7ET**

**Tel:**  
**01372 200200**

**Email:**  
**[enquiries@mymnopfpension.com](mailto:enquiries@mymnopfpension.com)**

## Don't forget...

Please keep [myMNOPFpension](#) informed if you move house. This is very important, particularly if you are receiving benefits from the Fund as if we lose touch with you this could lead to an interruption in payment of your benefits.

## Expression of Wish Form

### Who will get your benefits after your death?

Last year the Fund paid £0.5million in respect of lump sum death benefits for the families of members who died in service or shortly after going on pension. These valuable benefits are there to help your dependants in the event of your death and are currently paid free of inheritance tax when paid directly to your beneficiaries at our discretion.

This is why we asked you to complete an 'Expression of Wish' form when you joined the Fund. This form provides details of your dependants, and we periodically remind you to review your wishes, especially if your circumstances have changed, for example, if you have recently married, divorced or have had a child. Although your wishes are not binding on the Trustee, it always takes your

wishes into consideration, so it is important to keep the Form up to date. You can find a copy of the Expression of Wish form on the website, which should be returned to [myMNOPFpension](#) to ensure we are holding the correct details for you.

You may have included in your will an instruction for the distribution of your benefits from the Fund. If so, please indicate this on your Expression of Wish Form.

Remember, you can request the Trustees to make a payment to a charity or charities registered to the Charities Commissioners from the proceeds of your death benefits, but in this case, regardless of any instruction in your Will, you must specify your request on your Expression of Wish Form.



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