

**METHODIST LOCAL PREACHERS MUTUAL AID ASSOCIATION PENSION SCHEME
(the "Scheme")**

MEMBER ANNOUNCEMENT

Date: 6 December 2019

This announcement is to inform you of a procedural correction being made to the Scheme. Your pension is unaffected and will continue to be paid as normal.

You may recall that in 2003, it was reported that the then sponsoring employer of the Scheme, Methodist Local Preachers Mutual Aid Association ("MLPMAA"), had decided to close the Scheme to future accrual of benefits with effect from 31 March 2003. This meant that members would not be able to build up any more final salary pension benefits in the Scheme from that date. This was likely to have been referred to in some communications as the Scheme "becoming paid up".

In order to stop future benefits accruing in the Scheme the Trustees and MLPMAA executed a Rule amendment in June 2003 (the "2003 Amendment"), which both parties understood had validly closed the Scheme to future benefit accrual. Since the 2003 Amendment was executed, the Scheme has been funded and administered as if benefits stopped accruing in the Scheme from that date and all pensions and other benefits have been paid out on that basis.

However, the purpose of this announcement is to advise you that it has recently come to light that a mistake was made in the drafting of the 2003 Amendment. As a result of this mistake, we have now been advised that the Scheme did not, in fact, close to future benefit accrual in 2003. Clearly this is not what was intended.

The Trustees and the Scheme's current employers (Leaders of Worship and Preachers Homes ("LWPH") and Leaders of Worship and Preachers Trust ("LWPT")) are now in the process of taking legal advice to establish what can be done to correct this mistake. We are very confident that there is a legal route to fix this mistake retrospectively and we will be in touch with you again with an update on progress in due course. In the meantime, pensions will continue to be paid as usual.

However, we have been advised by our legal advisers that it would be prudent for steps to be taken now to stop any further benefits unintentionally accruing in the Scheme. The only way that this can be done is by going through a second legal exercise to close the Scheme to future accrual of benefits. This exercise requires us to notify all members of the proposed closure to future accrual. LWPH, as the Scheme's current sponsoring employer, has also chosen to carry out a short period of consultation with Scheme members in case anyone wants to express a view.

We recognise that this re-closure of the Scheme to accrual now seems odd, given that MLPMAA already made the decision and took steps to do this back in 2003. However, LWPH is simply following specialist legal advice in making the procedural correction described in this letter. We fully expect that that after some further steps are taken, we will be able to write to members to re-confirm that benefits did correctly cease to accrue in 2003.

For the purposes of consultation, the change being proposed is to close the Scheme to accrual of benefits with effect from 31 December 2019. This is being done simply as a "stop-gap" pending the legal steps being taken to re-close the Scheme to the accrual of benefits in 2003. If you have any questions or want to make any comments, please contact Broadstone. The consultation period starts on the day after the date of this letter and ends on 27 December 2019.

At the end of the consultation period LWPH will write to you to announce the outcome of the consultation. If the proposal goes ahead, a new legal document will be executed to amend the Rules of the Scheme to stop any further benefits accruing in the Scheme, with effect from 31 December 2019. At the same time as this consultation is being run, we will finalise with our legal advisers the legal steps needed to correct the impact of the original mistake in the 2003 Amendment.

Please rest assured that the action we are proposing does not affect the benefits you have already built-up in the Scheme; this process is simply a legal formality that is required to correct the defective drafting of the 2003 Amendment. Your pension will still be paid as usual and, if you are not yet at retirement age, your built up benefits will continue to be treated as deferred (or "preserved") benefits, as they have been since 2003.

We apologise for sending you such a complicated letter. We hope this is clear but if you do want to ask any questions about what we are doing, or give feedback on the proposal, you may do so by contacting Broadstone using the contact details below:

Telephone: 0114 256 7774

Email: MLPMAAPS@broadstone.co.uk

[This "helpline" will close on 27 December 2019]. If you do not have any questions or feedback about this letter then you do not need to take any action.

Please note that neither LWPH, the Trustees nor Broadstone can give you financial advice. If you want financial advice you will need to contact an Independent Financial Adviser (IFA) who is authorised and regulated by the Financial Services Authority. The website www.unbiased.co.uk contains details for IFAs in your local area.

From: Chris McCarthy

On behalf of LWPH and the Trustees of the Scheme