

Chairman's message

It has been a tough year for all occupational pension schemes. The credit crunch and global recession have affected both contributions and investment returns. As Chairman of the Trustee Company of the Plumbing Industry Pension Scheme, I am pleased to report that the Scheme is facing up well to these external challenges.

The pensions we are currently paying to some 8,600 pensioners have been unaffected by recent events and the Scheme continues to add bonuses to pensions being paid and to the pension credits of those who have yet to retire. The funding level (see back page) of the Scheme has to be tested formally every three years and the next actuarial valuation will assess the position at 5 April 2009. The results will not be available until early 2010. The Directors monitor the situation regularly and feel that the Scheme remains relatively well funded in spite of the economic climate.

Newspapers are full of stories about companies closing defined benefit pension schemes, either to new entrants or completely, and it is even being suggested that the days of final salary pension schemes are numbered. This Scheme was designed as a career-average pension scheme back in 1975 and it is interesting that this form of scheme is increasingly replacing final salary arrangements. We are not thinking of closing the Plumbing Industry Pension Scheme and the Board is determined to do everything possible to make sure

the Scheme continues to "provide secure pension arrangements today and into the future". We are actively seeking to increase employer and employee membership of the Scheme, and you may have seen positive messages about the Scheme in the plumbing and heating trade press.

This year we include (overleaf) a simple guide to the Annual Certificate of Pensions Credit which is issued to all members who have not retired from the Scheme. This certificate must give quite a lot of detailed information and I hope you will find the guide useful in explaining what your certificate means to you.

The Scheme is served by a small but dedicated team of people in our Edinburgh offices and I know that they are happy to hear members' comments.



Alan Pickering CBE
Chairman, Plumbing Pensions (UK) Ltd

The Plumbing and Mechanical Services (UK) Industry Pension Scheme is one of the largest industry-wide schemes in the UK. Its trustee company, Plumbing Pensions (UK) Ltd, is pleased to have this opportunity to report on recent progress.

ALSO IN THIS UPDATE

Your certificate explained

The scheme's funding position

Feedback – what our customers say

Early retirement deadline 2010

From 6 April 2010, because of a change in legislation, the earliest age at which a member in good health can choose to retire will increase from 50 to 55.

Survey results

Last year we included a survey asking for feedback on parts of the Scheme. Thank you to everyone who took part. The main results were as follows:

52% fully understand how the Scheme works;
5% have no understanding at all.

Only 9% of those who took part have visited the new-look website.

64% find information that we issue extremely useful while 4% don't think it is useful.

80% think that the Scheme is very well run while 1% think we could do better.

80% feel that the benefits are still of value in today's economic climate while 11% do not.

61% are confident their benefits are safe in today's economic climate but 2% are not sure.

This newsletter goes to members of the extended Plumbing Pensions family, which now includes:

- 671** participating employers
- 6,480** active employee members
- 23,179** employee members not currently contributing
- 8,643** pensioners and other beneficiaries

Helpline: 08457 65 65 65
www.plumbingpensions.co.uk

Your certificate explained

Each year a Certificate of Pensions Credit is issued to all members detailing the full benefits they have accrued. To help understanding, key elements are explained below:

1. Certificate number

This number is for internal use only.

2. National Insurance number

When you contact us you must quote your National Insurance number so that we can locate your records.

3. Accrued pension credit in previous years

Pension credit accrued in previous years (to 2007/08).

4. Accrued pension credit (a) to (g)

Pension credit accrued in previous years with 2008/09 bonus added to show the value as at 5 April 2009.

5. Pension credit (h)

Pension credit accrued in the year to 5 April 2009.

6. Total credit

The total pension credit accrued as at 5 April 2009. This figure is the current value of actual annual pension payable from normal retirement date. It will continue to grow between 5 April 2009 and normal retirement date by accruing annual bonuses awarded.

7. Employers' contributions

Contributions made by your employer(s) in the year to 5 April 2009.

8. Annual Allowance

The figure shown, plus the value of any AVCs, is the value of benefits you have accrued this year within the Industry Pension Scheme that count towards your Annual Allowance.

You will find a full explanation of the Annual Allowance calculation on your Certificate of Pensions Credit.

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 www.plumbingpensions.co.uk
 Fax 0131 225 8565

Plumbing Pensions (UK) Ltd.
 4 Walker Street, Edinburgh E1

Plumbing Pensions
 Plumbing & Mechanical Services (UK) Industry Pension Scheme

CERTIFICATE OF PENSIONS CREDIT YEAR TO: 05/04/2009

EXAMPLE

1. CERTIFICATE NO:

2. NATIONAL INS. NO.
 DATE OF BIRTH
 SEX
 SCALE

TOTAL PRE APRIL 1978 PENSION CREDIT B/F FROM LAST YEAR	1314.84	+ BONUS AT 4.20% =	1370.06	(a)
GMP ACCRUED FOR A PERIOD OF SERVICE WHICH ENDED PRIOR TO 6.4.97	0.00	+ BONUS AT 4.20% =	0.00	(b)
GMP ACCRUED FOR A PERIOD OF SERVICE WHICH ENDED AFTER 6.4.97	1339.44	+ BONUS AT 4.20% =	1395.70	(c)
PENSION CREDIT IN EXCESS OF GMP ACCRUED BETWEEN 6/4/78 AND 5/4/04	2154.68	+ BONUS AT 4.20% =	2245.18	(d)
PENSION CREDIT ACCRUED BETWEEN 6/4/04 AND 5/4/05	545.10	+ BONUS AT 5.00% =	572.36	(e)
B/F PENSION CREDIT ACCRUED FROM 6/4/05	1980.10	+ BONUS AT 5.00% =	2079.11	(f)
POST APRIL 2005 ADDITIONAL CREDIT	0.00	+ BONUS AT 5.00% =	0.00	(g)

EMPLOYER CODE	EMPLOYER NAME	GROSS PAY	YOUR CONTRIBUTION	PENSION CREDIT
A12345	Anyname Limited	25000.00	937.50	312.50
				7974.91
				TOTAL CREDIT (a) TO (h)

7. EMPLOYERS CONTRIBUTIONS

8. ANNUAL ALLOWANCE

ADDITIONAL VOLUNTARY CONTRIBUTIONS FOR YEAR

AVC FUND VALUE

The Trustee Company of the Plumbing & Mechanical Services (UK) Industry Pension Scheme. PSO Ref 19/20555.
 Robert D. Burgon BA., M.LITT., FPMI., Hon. FIPHE, Secretary & Pensions Manager.
 Registered Office: 4 Walker Street, Edinburgh, EH3 7LB.

Investment performance

The Scheme has appointed a team of investment firms to manage its investments. Different firms are responsible for each type

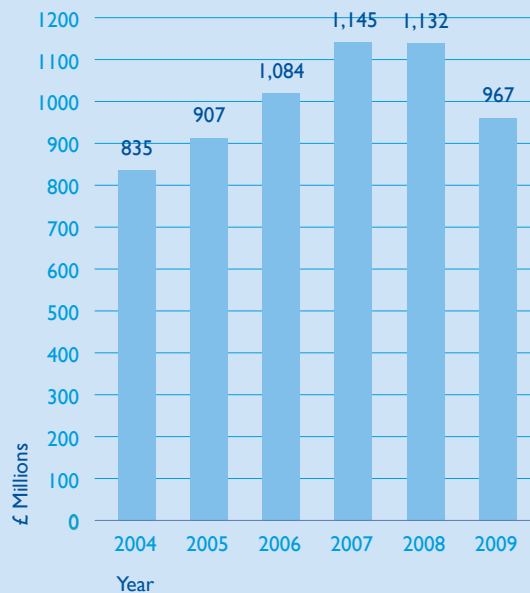
of asset. The Directors review the investments at each quarterly meeting and take advice from our investment consultants Hewitt.

A number of changes were made to the team of investment managers during the year.

The financial crisis affected all risk-bearing asset classes, especially equities. Fixed interest gilts were the only major asset class to deliver positive returns. The fund valuation as at 5 April 2009 was £967m (down from £1,132m at 5 April 2008). The Directors monitor investment performance regularly and compare the fund's performance against the benchmark they set for the Scheme. Although the Scheme made a loss during the year, the fund's return of -12.8% was better than the benchmark return of -13.3%. Looked at over the longer term, the investment performance is broadly in line with the benchmark.

The Directors will continue to monitor the Scheme's investments closely and will make any appropriate changes in the investment management arrangements.

Value of the fund for the year ended 5 April

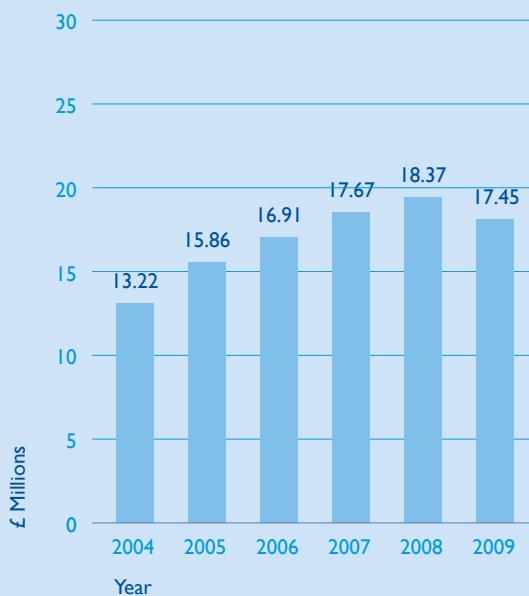


Contributions and benefits

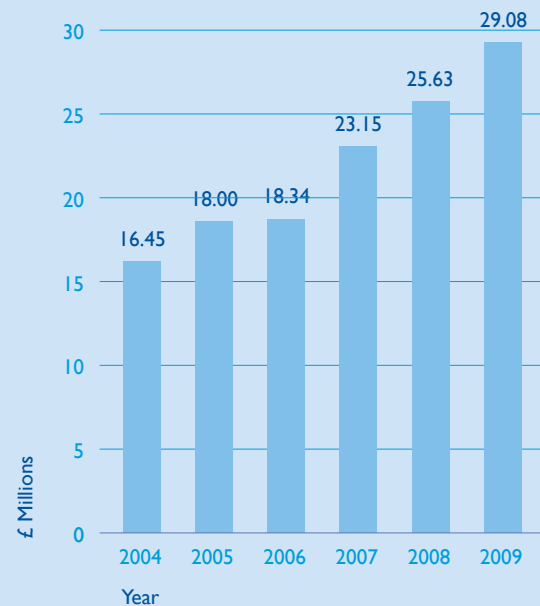
There was a slight fall in contributions received in the year to 5 April 2009 to £17.45m. This was expected because of the difficult trading conditions for many firms.

There are now over 8,600 pensioners and dependants receiving benefits from the Scheme. The benefits payable to April 2009 increased from £25.63m to £29.08m.

Contributions



Benefits



The Scheme's funding position

As Trustee of the Plumbing and Mechanical Services (UK) Industry Pension Scheme (the Scheme), we must provide a summary funding statement, and the last one was issued in October 2008. Usually a summary funding statement is not issued when the three-year actuarial valuation of the fund is due, but we wish to keep you up to date.

Planning for the future

Most Scheme members will not retire for some time and their pensions may be drawn over many years. This means that the Scheme does not have to meet all its commitments straight away and also that we have to make several assumptions about the future. Inevitably, the future is likely to differ from today's assumptions so we need to be able to adapt to future events. This will ensure there are enough assets to cover future pension payments.

Valuing the Scheme

The Scheme has a formal actuarial valuation completed at least once every three years. The last valuation was at 5 April 2006, and the actuary found that the Scheme would be able to cover all liabilities.

Because our next valuation will be as at 5 April 2009, the funding level at this date will not be known until early 2010.

The latest summary funding statement showed that the Scheme's position had improved slightly over the year to 5 April 2008, with assets more than covering liabilities (by about 109%). It is expected, however, that because of the poor investment conditions, the Scheme's position will have deteriorated over the year to 5 April 2009. We will give you an update on the Scheme's funding position once the valuation results are available.

Rate of contributions

There has been no change to the level of employee or employer contribution rates. No changes, directions or Schedule of Contributions have been imposed on the Scheme by the Pensions Regulator.

Payment to participating employers

There have not been any payments out of the Scheme's funds to any of the participating companies since the date of the last statement.

Where can I get more information?

If you have any questions, or would like any further information, please contact: The Pensions Manager, Plumbing Pensions (UK) Ltd, 4 Walker Street, Edinburgh, EH3 7LB.

Expression of Wish Form

All members who have not yet received benefits should complete an Expression of Wish Form. The Directors take this form into account when deciding who should receive lump sum death benefits. If you have not yet completed or wish to update a previous form, you can download a copy from our website (address below) or request a copy by phone or letter.

Annual report

for year to 5 April 2009

If you wish to have a copy of the full Annual Report of the Scheme for the year to 5 April 2009, please contact the Scheme or download the report from our website (see details below).



Plumbing Pensions

Plumbing & Mechanical Services
(UK) Industry Pension Scheme

Feedback – members' comments

"I have been retired since 1993. In the last eight months I have opened my bank statements with anxiety expecting the pension to decrease because of the credit crunch. I was therefore pleased to note that even this year we still had an increase which I find amazing under the conditions of the present day."

Pensioner, Kent

"Thank you so much for sending me the Pensions Update for 2008. I would like to thank you and all the Board members

for your work in connection with the pension and to express my gratitude for the payments I receive each month."

Pensioner, Inverness

"I would like to thank you for the cheque from the Plumbing Pensions scheme. This was very much appreciated. In these days of the 'credit crunch', people losing out on pensions etc, it was a real pleasure to hear such good news from yourselves."

Pensioner, Perth

Contact for further information

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