The Field Fisher Waterhouse Pension Plan

PSR: 10081026

Chair's Governance Statement, 2021-22

30 November 2022

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Background

Since 6 April 2015, there is a new legal requirement for an annual Chair's Statement to feature in the Trustee Report and Accounts which explains how the Trustees meet certain DC governance standards. This is a requirement for all trust based schemes providing money purchase benefits including the Field Fisher Waterhouse Pension Plan (the "**Plan**"). New details regarding costs and charges were added to the requirements in April 2018.

New requirements

On 6 April 2015, The Occupational Pension Scheme (Charges and Governance) Regulations 2015 introduced new minimum governance standards that apply to all trust-based Defined Contribution (DC) schemes.

The new requirements include ensuring that schemes:

- meet the new governance standards,
- explain how they have done so in an annual statement ("the Chair's statement"),
- have an appointed Chair who signs the annual statement, and
- are compliant with the new charge controls where they are being used by employers to comply with their duties under automatic enrolment legislation.

Because the Plan is not used for automatic enrolment compliance with the fourth bullet does not apply.

The trustee body of any registered pension scheme providing DC benefits must have a chair of trustees who will have a single additional regulatory responsibility compared to other trustees, which is to sign off on an annual Chair's statement. The trustees of the Plan have appointed David Gallagher as Chair.

Chair's Statement for Scheme Year ending 30 April 2022

Introduction

The predecessors to the current trustees designed the Plan's default arrangements in members' interests and the current trustees keep them under review. The trustees take account of the level of costs and the risk profile appropriate for the Plan's membership in light of the overall objective of the default arrangement strategy.

The trustees will also:

- review the default strategy to ascertain whether it remains suitable for the Plan's membership;
- review the net performance of the investment funds underlying the default strategy, focusing on whether the returns have delivered the aims and objectives of the strategy;
- carry out these reviews at least every three years or without delay after any significant change in investment policy or membership demographics; and
- include a report on any review undertaken and changes made in the annual statement.

This section applies solely to non-AVC money purchase assets and would not apply to any AVC arrangements, even if they have a default in place. There are no AVCs in the Plan.

Processing of core financial transactions

There are very few core financial transactions for the Plan as it is closed to further contributions. The transactions that the Plan does have should be processed promptly and accurately. As is common for a scheme as small as the Plan (62 deferred members, approx. £2.0m of assets) there is no formal service level agreement with the Plan administrators. All Plan transfers and retirements involve the Trustees and so they are aware of the speed with which they are administered.

The trustees have assured themselves that this requirement has been met and this is an improvement against past performance. The transaction flow within the Plan is very low and is normally confirmed to 1 or 2 transfers out and 2 or 3 retirements (by external settlement) each year.

In 2021-22 the Plan's default fund (ReAssure's Pen Saver Interest Pension Accumulator Series 01) returned a positive return of 2.8% in a very turbulent year for investment markets. In the light of the review of providers and their charges the Trustees are minded to transfer all members to personal pensions offering greater value for money in terms of performance and charges. Therefore it was considered that a review of the default fud itself was an unnecessary use of resources.

Charges and transaction costs

Trustees are required to determine the charges and transactions costs borne by scheme members on all funds, and also comment on whether these represent good Value for Members. Larger schemes and schemes used for auto-enrolment have a "default arrangement" as defined in legislation (the Occupational Pension Schemes (Charges and Governance) Regulations 2015.). Schemes with such a default arrangement are required to have a formal Statement of Investment Principles which would then be referred to in their Chair's statement. As the Plan has fewer than 100 members and is not used for auto-enrolment for current employees it does not have a "default arrangement" and there is no Statement of Investment Principles to append.

All member accounts under the Plan are invested with Reassure (formerly known as Guardian Royal Exchange) with Plan number MP9610. In August 2017 Reassure confirmed that, retrospective to 1 January 2017, they had reduced all charges to 1% a year and is now 0.98%. They also introduced funds with charges as low as 0.65% a year and no Bid-Offer Spread that members could choose to transfer to. The Trustees cannot give financial advice but members should consider transferring to such funds, taking appropriate advice. Members can review the latest Annual Report by Reassure's Independent Governance Committee at www.reassure.co.uk.

The Trustees have considered the level of charges charged to small occupational money purchase schemes from publicly available information. Approximately 1% a year has historically not been unusual for a scheme with fewer than 100 members and had been reasonably good value for money based on the market data available.

This year, with assistance from Howden Benefit Consultants the Trustees have reviewed those charges against those available from a number of comparable competitor providers. This included a review of a long-list of providers (Aegon, Aviva, Cushion, Hargreaves Lansdown, Legal + General, Royal London, Scottish Widows, Smart Pension and The People's Pension).

The shortlist of 5 providers showed the following Total Expense Ratios: Scottish Widows 0.29%, Aegon 0.18%, Aviva 0.20%, Legal + Geenral 0.24% and Royal London 0.24%.

Therefore, the Trustees' intention is to wind up the Plan with members transferring out to newer pension vehicles which have more modern charging structures. The Trustees consider that this transition provides members with better prospects of obtaining better value for money. Work is ongoing with Howden, the employer's pension advisers, to achieve this.

Member communication

The Trustees have agreed to issue this statement pro-actively to each member with their annual benefit statement. For a small number of members for whom up-to-date addresses are not currently available the Trustees are actively tracing them such as using the Law Society's Find A Solicitor site. It will also be made available on the employer's website.

Trustee Knowledge and Understanding

The trustees are required to demonstrate how the combined knowledge and understanding of the trustees, together with advice, enables them to properly exercise their functions as trustees.

The Chair of Trustees is a professional pensions lawyer with over 25 years' experience and is recommended in leading legal directories. He has reviewed the Plan's trust deed and rules in detail and is satisfied that it is fit for purpose including for the proposed winding up. The second trustee, Emma Cox, has a long record of working in HR and employee benefits and is expected to start working towards completing TPR's trustee toolkit and will undertake self-evaluation of her training needs.

Signed on behalf of the Trustees of the Field Fisher Waterhouse Pension Plan

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David Gallagher – Chair of Trustees

Date of signing____30 November 2022