

Tisdale Retirement Benefits Scheme

Annual statement regarding governance

The Trustee of the CB Tisdale Retirement Benefits Scheme (the Scheme) presents its annual Chair statement on governance (the 'Statement') as required under legislation. (Note: Appendix A attached to this Statement sets out the regulatory requirements and is referenced in superscript in the Statement). The Statement covers the period 1 July 2019 to 30 June 2020.

During the year, the former Chair of the Trustee died, and a new Chair has been appointed. Additionally, the scheme administrator left the company and that role is now undertaken by another member of the firm. Because of these changes, the Trustee has taken the opportunity to review trustee arrangements and governance processes.

The default investment option

The Scheme was established on the basis that members must apply for membership and select how their pension savings are invested in the Scheme. As the Scheme has not been utilised as a Qualifying Workplace Pension Scheme by the sponsoring employer, it has not implemented a default investment strategy. The current membership of the Scheme are invested in a number of funds with no one fund representing 80% or more of the Scheme's assets (the highest individual investment fund holding was 57% at the year-end). Therefore, we have concluded that no fund should be deemed a default investment strategy due to the concentration of investment. In addition, as a relevant, wholly ensured scheme with less than 12 members the Trustee understand that it is not required to maintain and Statement of Investment Principles.

As the Trustee has determined there is not a default investment fund in the Scheme no default investment strategy review has been undertaken during the Scheme Year. During the year, the Trustee has monitored the performance of the funds used by members in the available range of investment funds under the insurance policy. To do this the Trustee assess the actual performance of each fund compared with its objective and benchmark stated by the provider of the insurance policy. In undertaking this assessment, the Trustee has concluded that each fund has performed broadly in line with its objective when assessed against these measures during the Scheme year.

The Trustee is in the process of undertaking a wider review of the Scheme to ensure it continues to provide value to members during the coming Scheme Year. As part of this review the trustee will undertake a formal review of the performance and suitability of the fund range, which it will, in future, undertake at least annually going forward.

The Scheme's investment fund range is provided through insurance policies provided by Prudential. The policy with Prudential is eligible for the protection available under the Financial Services Compensation Scheme (FSCS). The Trustee monitors the security of the underlying investments.

Requirements for processing financial transactions

As required by the Administration Regulations, the Trustee must ensure that core financial transactions are processed promptly and accurately.

These include:

- Investment of contributions paid to the Plan;
- Transfer of members' assets into and out of the Plan;
- Transfers of members' assets between different investment options available in the Plan; and
- Payment from the Plan to, or in respect of, members.

The Scheme is not receiving ongoing contributions, so the Trustee can confirm that during the Scheme year there have been no issues or monitoring of payments or investment of contributions during the year. As there have been no contribution or other member transactions, there are no core financial transactions processed for the Scheme during the year. If in future years there were any contribution from the sponsoring employer or members' the trustee would undertake a review at the time of payment, however, the trustee has been advised by the employer that any payments in future are extremely unlikely. The Trustee acknowledges that the current processes for certain core financial transactions, such as retirements and transfers may be delayed due to the need for Prudential to communicate with the member through the Trustee, with limited facilities for direct communication. The Trustee have recently engaged an advisor that specialises in defined contribution pension arrangement with the objective of reviewing the current arrangement and how improvements to members could be achieved.

Charges and transaction costs

As required by the regulations, the Trustee reports on the charges and transaction costs for the investments used and its assessment of the extent to which the charges and costs represent good value for members⁷.

As the Scheme provides members with an earmarked insurance policy the charges are bundled into a single charge against the individual member's fund(s) in the Scheme. This charge is known as the Annual Management Charge (referred to as the Total Expense Ratio by the Scheme) consists of the cost of administering the Scheme, the investment platform manager's annual charge for hosting the fund(s), the underlying investment manager charge to operate and manage the fund(s) together with any additional expenses (such as custodian fees) incurred by the manager.

The data in the table below has been provided by the Scheme's administrator and investment management team and shows the charges applied to individual members' accounts.

Total Expense Ratio	This is the total of the fund's annual management charge and additional expenses. This does not include the Scheme's administration charge over and above the agreed member charge.
Total Transaction Costs	The total annual fund transaction costs. This is the total of the 'Buying and Selling' costs and 'Lending and Borrowing' costs as described below.

Underlying fund	Total Expense Ratio	Annual impact of charges on £1,000	Total transaction costs
Prudential Cash Fund	0.875%	£8.75	n/a*
Prudential Managed Fund	0.955%	£9.55	n/a*
Prudential European Pension Fund	0.905%	£9.05	n/a*

Transaction cost information is not currently available to the Trustee. The Trustee are working to ensure suitable reporting mechanisms are in place should the Scheme continue in its current format.

The Scheme's investment platform manager does not apply an explicit charge to switch investments between unitised funds.

No active member discount charging structures apply to the Scheme. The charges for the investment funds used by the members are above the DWP's charge cap for qualifying workplace pension schemes default funds, which the Trustee acknowledge is not applicable to the Scheme.

Illustrative impact of charges

This section provides a detailed illustration of the likely impact of charges for a short, medium and long-term member invested in the default fund compared to the charge cap requirements of a qualifying workplace pension scheme with a starting pot of £0.

	Total expense ratio (TER)	Short term (5 years)	Medium term (15 years)	Long term (25 years)
If there were no charges.	0.000%	£10,926	£13,044	£15,573
Prudential Cash Fund	0.875%	£10,458	£11,439	£12,512
Prudential Managed Fund	0.955%	£10,416	£11,303	£12,264

Starting assumptions:

- Contributions: £0 per month.
- Starting fund size £10,000
- Nominal fund growth: 4% p.a.
- Figures in today's terms based on an assumed inflation rate of 2.2% pa.

Source: Punter Southall Aspire Pension Calculator.

Value for Members

The Trustee is required to undertake a review of the charges and transaction costs incurred by members in order to ascertain whether or not they represent good value for money¹⁰.

The Trustee appointed a specialist defined contribution consultancy – Punter Southall Aspire to undertake a value for money assessment.

The Trustee, based on the advice from its advisor has concluded that improvements to the value for members provided by the Scheme could potentially be achieved and that the overall benefits and options did not represent value to members compared to newer defined contribution pension saving arrangements. The reasons underpinning this conclusion include:

- The current set up of the Scheme is such that all communications must go through the Trustee with limited facility for direct contact with Prudential as the provider. Although the Trustee endeavour to ensure any actions required are taken at the earliest opportunity, the additional step may add time to member processes.
- Member engagement with the Scheme is relatively low. A direct arrangement with a provider may enhance engagement through the providers platform. Providers now offer engagement tools, including online access, to support members in achieving good outcomes.
- A more modern scheme structure can reasonably be expected to have the necessary resources to undertake additional member tracing and communication
- Members are no longer linked to the sponsor as the original employers are no longer active. Therefore, there is a no added value from the current sponsors remained involvement in the scheme
- Relatively high charges in comparison to more modern pension arrangements, although these are not out of line with arrangements of a similar size.

Therefore, the Trustee is undertaking a review of the options available to secure the member's benefits in alternative policy to protect the members outcomes while providing a more efficient and effective governance structure.

Trustee knowledge and understanding

The Trustee is required to maintain an appropriate level of knowledge and understanding which, together with professional advice which is available to them, enables them to properly exercise their functions and duties in relation to the Plan¹². The Trustee has received training from its advisers on the current requirements of DC Trusteeship as well as the current practices available in the market. This training focused on the options available to the Trustee to secure members benefits and wind-up the Scheme should this be achieved. Additionally, the Trustee attend biannual pension governance meetings for the sponsoring employer's group personal pension scheme. Within this role, training and updates are provided by the adviser on current pension matters, changes in legislation and market practice.

I confirm that the above statement has been produced by the Trustee to the best of our knowledge.



Janis Stylianou
Chair of the Trustee of the Tisdale Retirement Benefits Scheme

Appendix A – Chair’s Statement legislation and regulations

Reference	Regulation
1	Reg 23(1) – Administration Regulations 1996
2	Reg 23(1)(a)(i) – Administration Regulations 1996
3	Reg 23(1)(a)(ii) – Administration Regulations 1996
4	Reg 23(1)(a)(iii) – Administration Regulations 1996
5	Reg 23(1)(a)(iv) – Administration Regulations 1996
6	Reg 23(1)(b) – Administration Regulations 1996
7	Reg 23(1)(c)(i) – Administration Regulations 1996
8	Reg 23(1)(c)(ii) – Administration Regulations 1996
9	Reg 23(1)(c)(iii) – Administration Regulations 1996
10	Reg 23(1)(c)(iv) – Administration Regulations 1996
11	Reg 23(1)(ca) – Administration Regulations 1996
12	Reg 23(1)(d) – Administration Regulations 1996
13	Reg 23(1)(e) – Administration Regulations 1996