

Open Doors With Brother Andrew Company Pension Plan

Chair's Statement – 31 March 2022

In accordance with the requirements of the Occupational Pension Schemes (Charges and Governance) Regulations 2015 ('the Regulations'), the Trustees are required to provide a statement relating to the governance of the Scheme. This statement covers the period from 1 April 2021 to 31 March 2022 and has been prepared on behalf of the current Trustees.

In accordance with the requirements of the Regulations, Robert McIntyre has been appointed as Chair of the Trustees.

Background to the Scheme's DC benefits

There is limited information relating to the background to the Defined Contribution ("DC") Scheme available from the current trustees. The DC Scheme closed to new joiners in December 2013 and a new DC arrangement was put in place with Royal London with effect from January 2014 for auto enrolment purposes.

The DC Section of the Scheme is operated as a bundled trust based defined contribution scheme. This means that investment management and administration services are undertaken by a single provider. This has been done ReAssure since September 2020 following their acquisition of Legal & General Assurance Society Limited's legacy book of business including this arrangement.

Governance of the Default Investment Arrangement

Members invest in the Unitised With Profit Fund unless they actively selected any of the other range of funds available to them.

As at 31 March 2022, the DC funds under management with Reassure were as follows:

Provider	Fund Value	Transfer Value
Reassure	£136,619.77	£166,604.72

The Trustees are keen to ensure that assets are invested in the best interests of members and beneficiaries.

There are 7 deferred members in the Scheme as of 31 March 2022 and given the number of members, a Statement of Investment Principles which sets out the Trustees' aims and objectives relating to the default investment strategy is not required.

A formal review of the DC Scheme's investment strategy has not taken place since inception and the funds offered to members remain the same following the transfer to ReAssure in September 2020.

A review of the default investment strategy and other available funds has also not been reviewed for appropriateness since the Scheme's inception.

Limited information has been provided by ReAssure regarding the absolute and relative performance of the With Profit fund. We understand from ReAssure that an annual bonus of 5% pa have been added in the last 5 years. Members are switched into the Special Deposit Fund from the With Profit Fund once they pass the normal retirement date for the Scheme.

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Fund performance for the remaining funds selected by members is mixed, with some periods of outperformance against their respective benchmarks and other periods of underperformance. The Distribution Fund has performed well, the Managed fund has performed in line with the benchmark, however the Far Eastern and European funds have mainly underperformed.

Investment Returns

Statutory guidance confirms that returns should be net of charges, calculated on a geometric basis and assume a £10,000 fund. Reassure have been unable to provide us with this information over the required timeframe. The following table therefore shows **gross** annualised performance for each fund against their respective benchmarks. The costs of administration and fund management charges are **not** included.

Reassure Fund	1 year	3 years	5 years	10 years
Distribution Fund	3.60%	4.12%	3.64%	5.78%
Benchmark - ABI Mixed Investment 20-60% Shares	2.35%	3.78%	2.86%	4.73%
European Fund	-8.11%	8.80%	5.41%	8.69%
Benchmark- ABI Europe excluding UK Equities	4.67%	9.13%	6.22%	9.32%
Far Eastern Fund	2.27%	4.32%	4.01%	6.98%
Benchmark - ABI Asia Pacific including Japan Equities	-2.74%	6.93%	5.49%	7.70%
Managed Fund	4.94%	5.81%	4.84%	6.75%
Benchmark - ABI Mixed Investment 40-85% Shares	5.01%	6.39	4.95%	6.68%
Special Deposit Fund*	n/a	n/a	n/a	n/a
Benchmark – n/a	n/a	n/a	n/a	n/a
Unitised With Profit Fund*	n/a	n/a	n/a	n/a
Benchmark – n/a	n/a	n/a	n/a	n/a

Source: Financial Express Analytics - fund performance shown is on a bid-to-bid basis with net income reinvested.

*Full performance information for these funds is not available, having requested it from ReAssure.

The Trustees are satisfied that the investment performance (gross of fees) remains in line with the stated objectives for the funds available to members.

Charges and Transaction Costs

The annual ongoing charges levied by the investment manager and deducted from members' investments depend on the funds used and the table below shows these charges.

The With-Profits Fund available to members is subject to an assumed annual management charge (AMC) of 1.00% per annum. This charge is taken into account when declaring annual bonus rates rather than being an explicit charge deducted from members' funds.

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In addition to these charges, members also incur transaction costs. Transaction costs are defined in regulations as the costs incurred as a result of buying, selling, lending or borrowing investments and they can have a significant impact on members' fund values.

Transaction costs are typically categorised as explicit costs or implicit costs. Explicit costs are directly observable e.g. taxes such as stamp duty. Implicit costs cannot be observed in the same way but will result in a reduction in the total amount of money invested e.g. buying and selling spreads and market impact and can have a significant impact on net returns.

The costs and charges for the default arrangement and the self-selected options chosen by members are regularly reviewed.

Due to the methodology used in calculating transaction costs, these costs may be negative, therefore having a positive impact on the fund. The transaction costs incurred as disclosed by Reassure are shown in the table below.

Reassure Fund	Annual Management Charge	Investment Management Charge	Total expense ratio (TER) **	Transaction costs***
Distribution Fund	0.75%	0.09%	0.84%	0.10%
European Fund	0.75%	0.07%	0.82%	0.18%
Far Eastern Fund	0.75%	0.04%	0.79%	0.02%
Managed Fund	0.75%	0.06%	0.81%	0.05%
Special Deposit Fund	0.00%	0.00%	0.00%	0.00%
Unitised With Profit Fund	1.00%	0.00%	1.00%	0.10%

**The Total Expense Ratio is made up of an Annual Fund Management Charge and other fees and charges incurred by the fund.

***Transaction costs are calculated for the period 1 January 2021 to 31 December 2021.

Details of costs and charges are provided to members in their annual benefit statement. In addition, this statement is available on the Scheme's website, details of which are provided in the annual benefit statement.

The cost of administration services and investment managed is met by members through AMCs levied by ReAssure.

Cumulative Costs and Charges

The Trustees have conducted an analysis of the cumulative impact of the member-borne costs and charges within the various investment funds for typical members of the Scheme, which is set out in the Appendix.

Value for Members

The Trustees commissioned First Actuarial to carry out an independent assessment of the Plan.

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The assessment concluded that the Plan does not meet the full requirements laid down by The Pensions Regulator when looking at costs and charges, net investment performance and governance and administration.

As a result of this it is the Trustees intention to wind the Plan up and arrangements will be made to enable this to happen very shortly.

Core Financial Transactions

ReAssure as scheme administrator, have service standards for all of their processes which include investment of contributions, transfers in and out of the scheme and dealing with members when they take their benefits at retirement.

There are governance frameworks in place to ensure the appropriate monitoring and oversight of these service standards.

According to ReAssure Customer Services', policy transactions on the system are processed in a timely manner when considering service level agreements. The extract from ReAssure's actual performance shown below suggest that this may not always be the case although improvements are noted in several areas over the last 12 months.

Any breaches due to delays or incorrect administration are logged and dealt with in agree timescales. The identification, tracking and rectification of issues is done through a well-governed process, including the establishment of root causes and trends to help prevent future breaches. This is managed by the Compliance function with appropriate monitoring and escalation in place, as necessary.

The following table is an extract from ReAssure's service level agreement based on all schemes and not specific to Open Doors.

Activity	Description	Q4 2021
General Servicing	Percentage of work completed within 10 business days	89%
Customer satisfaction	Percentage of customers leaving "very satisfied" or "satisfied" feedback	92%
Volume of complaints	Number of complaints received per month per 1,000 policyholders	0.36%
Process completeness	Percentage of member option packs at retirement sent out within 20 business days	94%

Whilst some activities appear to be satisfactory in terms of achievement, the timescales to achieve them are longer than would be expected with other DC pension administrators.

The Trustees are satisfied that during the period of this statement, there have been no delays in processing these transactions with all targets met.

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Trustee Knowledge & Understanding

Given the lack of information regarding continuing professional development, it is unclear how the Trustees have demonstrated sufficient knowledge and understanding to fulfil their duties.

Member Communications

Standardised annual benefit statements are issued to members directly from ReAssure and previously Legal & General. No other communications have been issued by the Trustees.

How to Contact the Trustees

If you have any further queries regarding the Scheme, please contact:

Robert McIntyre

Telephone: 01993 460015

Email: robertm@opendoorsuk.org

Signed: Rob M'L. Date: 05/01/23

Robert McIntyre

Chair of the Trustees of the Open Doors With Brother Andrew Company Pension Plan

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Appendix – Cumulative Impact of Costs and Charges

The tables below show the cumulative impact of costs and charges (as set out in the main body of this Statement). The Trustee has taken account of the statutory guidance when preparing these illustrations.

Projected Pension Pot in today's money								
Year	Unitised With Profit Fund – Long Term Policies (Default Fund)		Unitised With Profit Fund – Short Term Policies (Default Fund)		European Fund (Highest Charging Self-Select Fund)		Special Deposit Fund (Lowest Charging Self-Select Fund)	
	Before charges	After all costs and charges	Before charges	After all costs and charges	Before charges	After all costs and charges	Before charges	After all costs and charges
1	£20,108	£19,893	£19,389	£19,175	£20,247	£20,052	£19,224	£19,224
3	£21,343	£20,667	£19,137	£18,508	£21,791	£21,167	£18,652	£18,652
5	£22,654	£21,470	£18,887	£17,864	£23,452	£22,343	£18,097	£18,097
10	£26,296	£23,619	£18,278	£16,352	£28,179	£25,578	£16,779	£16,779
15	£30,522	£25,983	£17,688	£14,967	£33,860	£29,281	£15,558	£15,558
20	£35,428	£28,583	£17,117	£13,700	£40,686	£33,521	£14,426	£14,426
25	£41,123	£31,444	£16,564	£12,540	£48,889	£38,374	£13,376	£13,376
30	£47,733	£34,591	£16,030	£11,478	£58,744	£43,931	£12,402	£12,402
35	£55,406	£38,053	£15,512	£10,506	£70,587	£50,291	£11,500	£11,500
40	£64,312	£41,861	£15,012	£9,616	£84,817	£57,573	£10,663	£10,663

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Assumptions:

1. Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation
2. The starting pot size is assumed to be £19,517 (excluding terminal bonuses)
3. Inflation is assumed to be 2.5% each year
4. No further contributions have been assumed
5. Values shown are estimates and are not guaranteed
6. The projected growth rate for each fund are as follows:

Unitised With Profits – Long Term	3.03% above inflation
Unitised With Profits – Short Term	-0.65% below inflation
European Fund	3.74% above inflation
Special Deposit Fund	-1.50% below inflation

