

# Open Doors With Brother Andrew Company Pension Plan (“the Scheme”)

## Chair’s Statement – 31 March 2023

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 2022 to 31 March 2023 and has been prepared on behalf of the Trustees.

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

### Background to the Scheme’s benefits

The Scheme is a defined contribution (“DC”) arrangement. There is limited information relating to the background to the Scheme available from the current Trustees. The 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 Scheme is operated as a bundled trust-based DC scheme. This means that investment management and administration services are undertaken by a single provider. This has been provided by ReAssure since September 2020, following their acquisition of Legal & General Assurance Society Limited’s legacy book of business, which included this arrangement.

Following initial discussions in 2021 and the outcome of the value for member assessment carried out in 2022, the Trustees have sought to wind up the Scheme to offer members better value in an alternative DC arrangement. However, this has been delayed by the documentation required to enable this to happen following the transition to Reassure in 2020. The Trustees are actively seeking to find a solution to enable wind up to take place as quickly as possible.

### Governance of the Default Investment Arrangement

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

As at 31 March 2023, the funds under management with Reassure were £160,704. These values include terminal bonuses and a market value reduction of £2,154.

There are 7 deferred members in the Scheme as of 31 March 2023 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 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.

## Open Doors With Brother Andrew Company Pension Plan (“the Scheme”)

### 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	15 years	20 years
Distribution Fund	-4.32%	6.94%	2.33%	4.13%	4.58%	5.75%
<i>Benchmark - ABI Mixed Investment 20-60% Shares</i>	-5.75%	4.37%	1.63%	2.99%	3.83%	4.78%
European Fund	-2.80%	9.62%	2.72%	6.53%	5.21%	7.81%
<i>Benchmark- ABI Europe excluding UK Equities</i>	6.13%	15.40%	6.36%	8.05%	6.50%	9.53%
Far Eastern Fund	-0.50%	11.45%	3.31%	5.35%	5.12%	7.89%
<i>Benchmark - ABI Asia Pacific including Japan Equities</i>	-3.35%	9.55%	3.58%	5.81%	6.63%	9.14%
Managed Fund	-2.55%	8.78%	3.88%	5.21%	5.34%	6.92%
<i>Benchmark - ABI Mixed Investment 40-85% Shares</i>	-4.16%	7.62%	3.82%	4.94%	5.12%	6.68%
Special Deposit Fund*	n/a	n/a	n/a	n/a	n/a	n/a
<i>Benchmark – n/a</i>	n/a	n/a	n/a	n/a	n/a	n/a
Unitised With Profit Fund**	-8.00%	n/a	n/a	n/a	n/a	n/a
<i>Benchmark – n/a</i>	n/a	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 actual return of the underlying assets in the Unitised With Profit Fund was -8.00% after an allowance for tax. However, members received a 5% bonus addition given the smoothing of investment returns.

It has not been possible to obtain updated bonus rates for the Unitised With Profit Fund. ReAssure provided limited information regarding the absolute and relative performance of the Unitised With Profit fund as of 31 December 2022. We understand ReAssure added annual bonuses of 5% per annum for the previous 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.

Fund performance for the remaining funds selected by members is mixed. The Distribution and Managed funds have performed well, outperforming their benchmarks over all time periods. The Far Eastern fund has some short-term outperformance, however, has generally underperformed its benchmark. Finally, the European fund performance has underperformed over all time periods.

## Open Doors With Brother Andrew Company Pension Plan (“the Scheme”)

### 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 Unitised 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.

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%	0.09%
European Fund	0.75%	0.07%	0.82%	0.17%
Far Eastern Fund	0.75%	0.04%	0.79%	0.02%
Managed Fund	0.75%	0.06%	0.81%	0.06%
Special Deposit Fund	0.00%	0.00%	0.00%	0.00%
Unitised With Profit Fund	1.00%	0.00%	1.00%	0.12%

\*\*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 2022 to 31 December 2022.

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.

# Open Doors With Brother Andrew Company Pension Plan (“the Scheme”)

## 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 Scheme.

The assessment concluded that the Scheme 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 and the previous value for member assessment the Trustees have sought to initiate the process to wind the Scheme up, however this has been delayed by the documentation required to enable this to happen being unavailable despite attempts to source copies. Further investigation is taking place to expedite this so that member outcomes are improved as quickly as possible.

## 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.

Service level performance is not available specifically for the Scheme.

However, the ReAssure Independent Governance Committee receive quarterly reporting showing performance across a range of processes. They report the following:

*“ReAssure seek to process 90-95% of transactions within 10 working days. In 2022, over 90% of activity was completed within a target time of 10 days, with 95% being completed in some months. This is a large improvement from 2021 when the migration of Legal & General policies had a significant impact on service levels.*

*A significant number of staff were recruited to ReAssure’s call centre in 2022, as well as additional training provided to existing staff to enable them to assist with more complex calls.*

*Customer satisfaction levels continued to improve with over 90% of customers saying they were satisfied or very satisfied with their experience”.*

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 required.

# Open Doors With Brother Andrew Company Pension Plan ("the Scheme")

## 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. 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:

Andre Holtshausen

Telephone: 01993 460015

Email: [finance@opendoorsuk.org](mailto:finance@opendoorsuk.org)

Signed: *A. Holtshausen* Date: 21/11/2024

Andre Holtshausen

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

# Open Doors With Brother Andrew Company Pension Plan (“the Scheme”)

## 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						
Fund name	Unitised With Profit (most popular)		European (highest charge)		Special Deposit (lowest charge)	
Year	Before charges	After all costs and charges	Before charges	After all costs and charges	Before charges	After all costs and charges
1	£23,713	£23,456	£23,935	£23,707	£23,322	£23,322
3	£25,207	£24,395	£25,919	£25,186	£23,980	£23,980
5	£26,796	£25,371	£28,068	£26,758	£24,656	£24,656
10	£31,218	£27,987	£34,254	£31,131	£26,431	£26,431
15	£36,369	£30,873	£41,802	£36,218	£28,333	£28,333
20	£42,371	£34,056	£51,013	£42,136	£30,373	£30,373
25	£49,363	£37,568	£62,255	£49,022	£32,559	£32,559
30	£57,510	£41,441	£75,974	£57,032	£34,903	£34,903
35	£67,000	£45,714	£92,716	£66,352	£37,416	£37,416
40	£78,057	£50,428	£113,147	£77,194	£40,109	£40,109

### Assumptions:

- Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation
- The starting pot size is assumed to be £23,000
- Inflation is assumed to be 2.5% each year
- No further contributions have been assumed
- Values shown are estimates and are not guaranteed
- The projected growth rate for each fund are as follows:

Unitised With Profit	3.10% above inflation
European Fund	4.06% above inflation
Special Deposit Fund	1.40% above inflation