

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

Chair’s Statement – 31 March 2024

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 2023 to 31 March 2024 and has been prepared by the Trustees and signed by the Chair of the Trustees – Andre Holtshausen.

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 arrangement. This means that the 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. However, Legal & General continue to provide the investment fund management for members.

Following initial discussions in 2021 and the outcome of the value for member assessment carried out in 2022 and 2023, 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

The Scheme has designated a default fund, i.e. the With Profits Fund into which contributions were initially placed without the member having made a choice as to where the contributions were invested. However, the Scheme has been closed to contributions for some time and has less than 30% of assets are currently invested in this fund.

Despite repeated attempts to obtain up to date membership and asset size information from ReAssure, none has been forthcoming. As a result, the latest information provided in 2023 has been used for the purposes of this Statement.

As of 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 were 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.

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

The asset allocation of the default fund is shown in the table below and has taken account of the statutory guidance. This is not a Lifestyle investment strategy and therefore the asset allocation will apply across all age ranges to normal retirement date. Asset allocation shown is the latest available from ReAssure as of 31 December 2023.

Asset Allocation on 31 December 2023	% Allocation
Bonds	48%
Listed Equity	38%
Private Equity	0%
Infrastructure	0%
Property	8%
Private Debt	0%
Other	6%

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

Investment Returns

Statutory guidance confirms that returns should be net of charges, calculated on a geometric basis and assume a £10,000 fund. The following table shows **net** annualised performance for each fund against their respective benchmarks.

Reassure (Legal & General) Fund	1 year (%)	3 years (%)	5 years (%)	10 years (%)	15 years (%)	20 years (%)
Distribution Fund	7.67	2.19	3.06	4.11	6.78	5.38
<i>Benchmark - ABI Mixed Investment 20-60% Shares</i>	6.56	0.88	2.31	3.29	5.56	4.36
European Fund	3.85	-2.86	5.14	5.02	7.61	6.60
<i>Benchmark- ABI Europe excluding UK Equities</i>	12.70	7.53	9.07	7.56	9.92	8.57
Far Eastern Fund	12.48	4.47	4.82	7.35	8.12	6.31
<i>Benchmark - ABI Asia Pacific including Japan Equities</i>	7.34	0.16	4.78	7.25	8.63	7.60
Managed Fund	9.73	3.81	4.78	5.50	7.45	6.32
<i>Benchmark - ABI Mixed Investment 40-85% Shares</i>	9.74	3.22	4.75	5.40	7.44	6.06
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
With Profits Fund**	6.10%	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.

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

**The actual return of the underlying assets in 2023 for the With Profits Fund was 6.10% 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 With Profits Fund. Reassure provided limited information regarding the absolute and relative performance of the With Profits fund as of 31 December 2023. 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 Profits Fund once they pass the normal retirement date for the Scheme.

The Distribution fund has outperformed the ABI sector benchmark over all time periods, whilst the Managed and Far Eastern funds have outperformed over most time periods. In contrast, the European fund has underperformed over all time periods.

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 considered 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 because 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 (Legal & General) Fund	Annual Management Charge	Investment Management Charge	Total expense ratio (TER) **	Transaction costs***
Distribution	0.75%	0.09%	0.84%	0.09%
European	0.75%	0.07%	0.82%	0.20%
Far Eastern	0.75%	0.04%	0.79%	0.37%
Managed	0.75%	0.06%	0.81%	0.07%
Special Deposit	0.00%	0.00%	0.00%	0.00%
With Profits	1.00%	0.00%	1.00%	0.17%

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

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

***Transaction costs are calculated for the period 1 January 2023 to 31 December 2023.

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 management is met by members through AMCs levied by ReAssure.

Within the default investment arrangement there have been no performance-based fees incurred during the Scheme year, which would be calculated in accordance with Regulation 25(1)(a) of the Administration Regulations 1996.

The Trustees have taken full account of the DWP cost and charge disclosure requirements when preparing this year’s Chair’s statement.

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 and has been carried to meet the Regulator’s requirements despite the Trustees best efforts to find a satisfactorily way to trigger scheme wind up during the last 12 months.

The following three key aspects were the focus of this assessment:

- Costs and charges
- Net investment performance
- Governance and administration

The assessment concluded that the Scheme does not meet the requirements laid down by The Pensions Regulator when looking at all the above areas.

Following significant delays linked to tracing original scheme documentation, recent correspondence with the Regulator now enables the Trustees to press ahead with DC Scheme wind up as quickly as possible. This means that they will be able to discharge their responsibilities and enable assets to be moved to a more appropriate DC buyout solution and improving member outcomes as a result.

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 and covers all of ReAssure’s book of business, including non-occupational policies.

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

The percentage of work completed within 10 business days, which is their agreed service level, is shown below:

Activity	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023 Overall
General Servicing*	96%	93%	89%	93%	93%

* This includes general queries, vesting payments, transfer payments, fund switches, and death claim processing. Some tasks take longer than others to complete, which affects the percentage shown.

Any breaches due to delays or incorrect administration are logged and dealt with in agreed 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.

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.

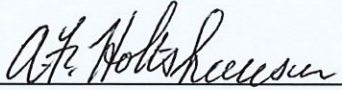
How to Contact the Trustees

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

Andre Holtshausen

Telephone: 01993 460015

Email: finance@opendoorsuk.org

Signed:  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						
Years to NRA	With Profits (default/most popular)		European (highest charge)		Special Deposit (lowest charge)	
	Before charges	After all costs and charges	Before charges	After all costs and charges	Before charges	After all costs and charges
1	£23,584	£23,326	£23,795	£23,564	£22,885	£22,885
3	£24,797	£23,992	£25,469	£24,735	£22,657	£22,657
5	£26,073	£24,677	£27,260	£25,964	£22,431	£22,431
10	£29,557	£26,476	£32,309	£29,311	£21,876	£21,876
15	£33,506	£28,407	£38,292	£33,089	£21,334	£21,334

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 £23,000
3. Inflation is assumed to be 2.5% each year
4. No future contributions are assumed to be paid
5. Values shown are estimates and are not guaranteed
6. The projected growth rate for each fund are as follows:
 - o Unitised With Profit 2.54% above inflation
 - o European 3.46% above inflation
 - o Special Deposit -0.50% above inflation
7. The illustration is based on the youngest member who has 15 years to go until their retirement at age 65. The member has a current fund value of £23,000 and no future contributions are assumed.
8. The illustration is based on the youngest member who has 15 years to go until their retirement at age 65. The member has a current salary of £0, has future contributions of 0% of salary and current fund value of £23,000