

The Jenkins IP Ltd 1987 Retirement Savings Scheme

Chair's statement regarding the governance of defined contribution arrangements

Scheme year - 1 April 2023 to 31 March 2024

1. Introduction

- 1.1. This statement has been prepared by the Trustees of The Jenkins IP 1987 Retirement Savings Scheme ("the Scheme"), to report on compliance with governance standards.
- 1.2. The governance standards apply to defined contribution (DC) arrangements and are designed to help members achieve good outcomes from their pension savings.
- 1.3. This statement covers the scheme year 1 April 2023 to 31 March 2024.

2. The Scheme's DC arrangements

- 2.1. The Scheme only provides benefits on a DC basis. The Scheme is run on a fully insured basis with earmarked benefits with Aviva as the sole provider. Aviva provide administration and investment services together with annual benefit statements.
- 2.2. The Principal Employer, Jenkins IP Limited, uses the Scheme as a 'Qualifying Scheme' in order to satisfy its auto-enrolment obligations for its employees who are active members of the Scheme. Following a Scheme review by the Trustees and the Employer, an alternative pension arrangement was selected (Group Personal Pension Plan "GPP" administered by Standard Life) which demonstrated better value for money for members. From 1 July 2024, the GPP is now the 'Qualifying Scheme' for all future pension accrual.

3. Default investment arrangements

- 3.1. The Scheme operates a single investment strategy, a 'With-Profits' fund operated and managed by Aviva (Aviva Life & Pensions UK Ltd FLC With-Profits Sub-Fund), which constitutes the default fund (the Default) for the Scheme.
- 3.2. As the Scheme is a 'fully insured' scheme, the Trustees are not responsible for deciding the investment objectives and strategy adopted by the Scheme.
- 3.3. Under the current contract with Aviva, it would not be possible to make significant changes to the structure and services without forfeiting the current terms of the With-Profits Fund. In view of this, the Trustees' ability to make changes to the Scheme is limited.

Aims and objectives of the default

- 3.4. As outlined in points 3.2 and 3.3, Aviva operates a single investment strategy, the objectives of which the Trustees are unable to influence. In addition, should the Trustees and/or members seek to transfer funds away from the Scheme Aviva may apply penalties or 'Market Value Adjustments' (MVA) to member funds. In some cases, the annual bonus rates which are attached to member's accounts could be lost. During the Scheme year, Aviva did not apply a Market Value Adjustment.

Asset Allocation of the default

- 3.5. We have provided further details in the table below of the underlying asset allocation of the default investment arrangement. We have provided this information in line with the statutory guidance.

3.6. Within the default investment arrangement, the underlying assets do not change over time depending on the age of the member. However, fund managers may change the asset mix to improve the long term performance of the Sub-Fund and to ensure that the Sub-Fund continues to meet its obligations.

Default Investment Arrangement (Data as at 31 December 2023, source: Aviva)*

Asset Class	Allocation (%)
Cash	0.2%
Bonds	58.1%
Listed Equities	30.3%
Private Equity	0%
Infrastructure	0%
Property/Real Estate	7.1%
Private Debt/Credit	0%
Other	4.3%

*Aviva produce the given data in this table on a half yearly basis and so the most recent available data has been used.

Review of the default

3.7. As a result of these factors, the default investment strategy offered to members has not been formally reviewed by the Trustees. The Trustees receive and review the annual reports relating to the Aviva With-Profits fund, which can be found here: <https://www.aviva.co.uk/investments/investment-products/select-investment/fund-guides/#flc-with-profits>

Further information on the default

3.8. Details of the Default can be found in the attached Statement of Investment Principles that has been produced by the Trustees, in compliance with Section 35 of the Pensions Act 1995 and regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005. The SIP was most recently updated in the 2022/23 Scheme year.

4. Core financial transactions

4.1. The Trustees have a duty to ensure that 'core financial transactions' are processed promptly and accurately.

4.2. Core financial transactions comprise the following:

- 4.2.1. investment of contributions;
- 4.2.2. transfers into and out of the Scheme;
- 4.2.3. investment switches within the Scheme;
- 4.2.4. payments out of the Scheme.

4.3. Core financial transactions are undertaken by The Scheme administrator, Aviva.

Controls and monitoring arrangements

4.4. The controls in place in relation to ensuring the promptness and accuracy of core financial transactions are:

- 4.4.1. Aviva are unable to provide the Trustees with scheme-level Service Level Agreements (SLA) but are able to provide limited reporting against internal SLAs that Aviva have with the subcontractor for the administration of the scheme, Capita.
- 4.4.2. All of Aviva's processes (including core financial processes) have process guides and workflows for the processors to follow to ensure the correct processes are adhered to. These documents are for internal use only, and scheme-specific information is not available. As such the Trustees do not have a monitoring framework with Aviva in place.
- 4.4.3. The Trustees operate a Bank Account and process all payments via this account. The account is monitored monthly to ensure all payments are made accurately and promptly.
- 4.4.4. Payments are made electronically by BACS or CHAPS, and there is no facility for straight through processing.
- 4.4.5. An annual review is carried out which updates values for every scheme member and ensures all premiums received for the year have been allocated. However, the service is carried out by Capita through a third party agreement with Aviva and so the Trustees receive little information regarding this process.

Performance during the scheme year

- 4.5. During the reporting year core financial transactions, including payment of contributions, transfers out of the Scheme, and settlement of benefits at retirement are, as far as the Trustees are concerned, processed accurately. The Trustees continue to ask Aviva for more detailed reporting to ensure the Scheme is administered compliantly.
- 4.6. Aviva's reports have not identified material issues with the accuracy of core financial transactions.

Assessment

- 4.7. In view of the controls and monitoring arrangements, and the lack of material issues experienced during the scheme year, the Trustees believe that core financial transactions have been processed promptly and accurately.

5. Member-borne charges and transaction costs

- 5.1. Members bear charges and transaction costs, which will differ depending on the investment options in which their pension savings are invested:
 - 5.1.1. Charges: these are expressed as a percentage of the value of a member's holdings within an investment fund, and can be made up of a combination of charges, e.g. annual management charge and additional expenses. We refer to the total annual charge as the Total Expense Ratio (TER).
 - 5.1.2. Transaction costs: these relate to the variable costs incurred within an investment fund arising from the trading activities of the fund, e.g. incurred in the buying and selling of securities, which are not accounted for in the TER charge.

Charges in relation to the DC Section

- 5.2. Members bear charges and transaction costs, which will differ depending on the investment options in which their pension savings are invested:

5.2.1. Charges: these are expressed as a percentage of the value of a member's holdings within an investment fund, and can be made up of a combination of charges, e.g. annual management charge and additional expenses. We refer to the total annual charge as the Total Expense Ratio (TER).

5.2.2. Transaction costs: these relate to the variable costs incurred within an investment fund arising from the trading activities of the fund, e.g. incurred in the buying and selling of securities, which are not accounted for in the TER charge.

Charges in relation to the DC Section

5.3. The following table provides details of the charges and transaction costs for each of the investment options provided through the DC Section over the scheme year (data sourced from each relevant investment manager):

Investment option	TER (p.a.)*	Transaction costs (p.a.)*
Aviva Life & Pensions UK Limited FLC With-Profits Sub-Fund (default investment arrangement)	0.70%	0.0140%

*The Trustees have been unable to obtain performance over the reporting period from Aviva, and on this basis have included performance for the period to 1 April 2023. The Trustees will update this document when performance data becomes available.

Impact of costs and charges

5.4. To demonstrate the impact of charges and transaction costs on members' pension savings over time, Aviva have produced illustrations and these are set out in Appendix 1.

6. Net investment returns

6.1. The Trustees are required to disclose returns, net of charges and transaction costs, for the default investment arrangement and for each fund that members are able, or were previously able, to select and in which members' assets were invested during the Scheme year. When preparing this section of the statement the Trustees have taken account of the relevant statutory guidance.

Default investment arrangement – Aviva With-Profits Fund

Extra Credit	Annualised Return – 1 year to 01 April 2023*	Annualised Return – 5 years to 01 April 2023*	Annualised Return – 10 years to 01 April 2023*
0%	4.00%	5.50%	4.74%
8%	12.00%	7.04%	5.52%

*The Trustees have been unable to obtain performance over the reporting period from Aviva, and on this basis have included performance for the period to 1 April 2023. The Trustees will update this document when performance data becomes available.

7. Value for members

7.1.1. Under section 62(4) and (5) of the Pensions Act 2004, the Trustees have notified TPR of its intention to wind up the Scheme, and as such are no longer required to complete a value for member assessment.

7.1.2. In line with the Value for Member assessment undertaken during the previous reporting period, the Trustees conclude that overall the Scheme provides moderate value for members based on assessment of the costs and charges applicable to the available investment options.

8. Trustee knowledge and understanding

The Trustee Board

- 8.1. The Trustee Board comprises nine trustees, seven of these are employer nominated trustees, all of whom are equity partners of RGC Jenkins & Co., and two were nominated by the membership, all of whom are active members of the Scheme.
- 8.2. One of the Firm appointed trustees, Katie Cameron, is the current Chair of Trustees for the Scheme.

Trustee knowledge and understanding requirements

- 8.3. Trustees are required to be conversant with a scheme's main documents, and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets.

Approach

- 8.4. The Trustees aim to remain conversant with the Scheme's trust deed and rules as well as all other Scheme documents such as the statement of investment principles, the risk register and current policies, e.g. conflicts of interest. They do so through their experience in governing the Scheme, as well as specific activities over the scheme year and access to professional advice.
- 8.5. The Trustees aim to achieve and maintain knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets through a combination of training, taking professional advice.
- 8.6. Trustees complete the Pensions Regulator's Trustee toolkit. They also complete a Conflict/Bribery and Corruption training annually as part of the Firm's L&D requirements.
- 8.7. The Trustees consult with professional advisers as and when required, for example on consultancy, investment, and legal matters. The professional advisers are engaged to pro-actively alert the Trustees on relevant changes to pension and trust law. Professional advisers also provide support in relation to understanding and reviewing the Scheme's documents, attending trustee meetings and often in the delivery of training at these meetings.

Activities over the scheme year

- 8.8. The Trustees reviewed the following Scheme documents:
 - 8.8.1. the risk register;
 - 8.8.2. Chair statement and value for member assessment;
 - 8.8.3. annual report and accounts.
- 8.9. The Trustees received training during the scheme year on the following topics:
 - 8.9.1. DC pension vehicles;
 - 8.9.2. DC provider market;
 - 8.9.3. wind up considerations.
- 8.10. During the scheme year, the Trustees took professional advice on:
 - 8.10.1. reviewing the training needs of the trustee;
 - 8.10.2. undertaking the annual value for members assessment;
 - 8.10.3. disclosure of costs, charges and investments;

8.10.4. legislative updates.

Assessment

8.11. The Trustees consider that their combined knowledge and understanding, together with their access to professional advice, enables them to properly and effectively exercise their trustee functions.



Katie Cameron, Chair of the Trustees



Date

Appendix – Illustrations on the impact of cost and charges

To demonstrate the impact of member-borne charges and transaction costs on the value of members' pension savings, the Trustees in conjunction with Aviva have produced illustrations in accordance with statutory guidance. These show the impact of charges and transaction costs for representative active and deferred members.

Your pension scheme

JENKINS IP LTD 1987 RETIREMENT SAVINGS SCHEME

Costs and charges illustration

What is this illustration for and how could it help you?

The information in this document is an 'illustration'. This is to show you the possible effect of costs and charges on pension pots. The figures shown are not personal to you and do not show the actual pension benefits you could get from the pension scheme.

Your pension scheme benefits depend on many things such as contributions from you or your employer, With-Profits Fund performance and costs and charges.

How charges affect your Retirement Savings Scheme

The two tables below show how different costs and charges can impact your pension benefits over time. Table 1 is for members where contributions are being paid into their pension pot. Table 2 is for members where contributions are not being paid into their pension pot.

The second column shows the projected pension benefits assuming no charges are taken. The third shows the projected pension benefits after costs and charges are taken. By comparing the two columns you can see how much the charges over the years might impact your pension benefits.

Table 1

Example: current pension pot where contributions are being paid		£33,800
At end of year	Pension value assuming no charges are taken	Pension value with charges*
1	£40,400	£40,600
2	£47,100	£47,500
3	£54,100	£54,600
4	£61,200	£61,800
5	£68,600	£69,200
10	£108,000	£108,000
15	£154,000	£153,000
20	£207,000	£202,000
25	£268,000	£257,000
30	£337,000	£319,000

Table 2

Example: current pension pot where NO contributions are being paid		£32,600
At end of year	Pension value assuming no charges are taken	Pension value with charges
1	£33,100	£32,900
2	£33,600	£33,200
3	£34,200	£33,500
4	£34,800	£33,800
5	£35,400	£34,200
10	£38,400	£35,800
15	£41,700	£37,600
20	£45,300	£39,400
25	£49,200	£41,300
30	£53,500	£43,300

* The Extra Credit has a positive effect on your pot value and may outweigh the effect of other charges. Therefore the pension value with charges may be higher than the pension values assuming no charges are taken. Please refer to assumption 3 below for more information.

Please note: These projections are purely to illustrate the year-on-year effect of costs and charges over time. This is a generic projection and does not reflect your own pension pot.

How we worked out the figures in the table

It's important to understand how the charges make a difference to your pension pot, but we can't predict exactly what will happen in the future so we've had to make some assumptions. The values shown are estimates and are not guaranteed.

The figures shown here shouldn't be used to make investment decisions, so if you need to do that, we recommend that you take financial advice.

These assumptions are:

1. The value of your investment grows by 3.7% each year before charges and the effect of inflation. This growth rate reflects our view of the long term expected returns of the FLC With-Profits Sub-Funds in which you are invested. The growth rate is not guaranteed.
2. The current charges continue to apply. Some charges depend on the total contributions paid into the scheme. It's assumed the total scheme contributions continue unchanged.
3. The following charges are currently applicable to your scheme:
 - With-Profits Fund Management Costs**
 - > Investment expenses and administration costs: 0.7% each year.
 - > Transaction costs: 0.026% each year.

The With-Profits Fund management costs represent the assumed **cost of professionally investing and administering your schemes' money in the FLC With-Profits Sub-Funds**. These costs are already reflected in the declared with-profits bonuses.

RSS Product Charges

> Extra Credit: 8% of contributions paid in scheme year. If no contributions are paid into your pot, the extra credit does not apply. The Extra Credit is an addition to your policy and therefore a benefit. This is determined by the amount all members and your employer are currently contributing to the scheme as a whole.

4. Where contributions are still being paid into your pot (Table 1) it is assumed that £500 is being paid each month, increasing by 3.5% each year. This is the total member and employer contributions to each pension pot.
5. **The figures illustrate your pension pot value in 'today's money'** which means they take inflation into account by reducing values by 2.00% each year. Seeing the figures in this way shows you what they **could be worth today**. It's important to note that inflation reduces the worth of all savings and investments.
6. The policy is held until normal retirement age.
7. Both policyholders and shareholders share in the profits of the With-Profits Fund. For every £9 of bonus added to your policy, shareholders are entitled to a maximum of £1. The impact will vary year to year and is allowed for in the assumed growth of 3.7% each year. Further details of how the FLC With-Profits Sub-Funds operates can be found in the Principles and Practices of Financial Management available at www.aviva.co.uk/ppfm.

Aviva Life & Pensions UK Limited.

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