

The R.N.D. Industrial Doors Ltd Pension and Life Assurance Scheme (the "Scheme")
Annual governance statement for the Scheme year ending 31 May 2020

1. Introduction

As Trustee of the Scheme, we have reviewed and assessed that our systems, processes and controls across key governance functions are consistent with those set out in the Pensions Regulator's:

- code of practice 13: governance and administration of occupational trust-based schemes providing money purchase benefits (the "**DC code**"); and
- regulatory guidance for defined contribution schemes ("**DC regulatory guidance**").

Based on our assessment, the Trustee continues to work towards adopting the standards of practice set out in the DC code and DC regulatory guidance.

As at the date of this statement there are two deferred members of the Scheme. Both Scheme members have passed their normal retirement dates.

2. Governance of the Default Arrangement

The Scheme's assets are invested wholly in an insurance policy provided by Aviva Life & Pensions UK Limited ("**Aviva**"), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The Trustee has not prepared a statement of investment principles ("**SIP**") in relation to the Scheme because:

- the Scheme has fewer than 100 members, it is exempt from providing a SIP under regulation 2 of the Occupational Pension Schemes (Investment) Regulations 2005; and
- the Scheme ceased to receive contributions before 6 April 2015 and Aviva does not operate a default arrangement in relation to members of the Scheme. As such, the Trustee is not required to prepare a default fund SIP under regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005.

3. Objectives of the Scheme's default approach

Aviva does not operate a default arrangement for members of the Scheme.

4. Core Financial Transactions

The Trustee has a duty to ensure that core financial transactions (including the investment of contributions, transfer of member assets into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members) relating to the Scheme are processed promptly and accurately. The Trustee delegates the processing of some of these transactions to Aviva and then retains responsibility for processing the remaining transactions itself.

So far as the Trustee acts as administrator in respect of those transaction, an independent auditor undertakes an external audit of the Trustee's administrative processes and controls (AAF 02/07) on an annual basis. In addition, the Trustee has internal controls policies and a Scheme specific risk register in place to mitigate potential risks relating to core financial transactions. This is reviewed by the Trustee at least annually.

The Pensions Regulator appointed Open Trustees as trustee of the Scheme on 11 July 2019. As we were appointed to act as Trustee shortly after the year end being reported on in this statement we cannot comment on whether the former trustees identified any issues in terms of the processing of core financial transactions during the Scheme year. However, we have not been made aware of any since our appointment. Additionally, following our appointment we are keeping the processing of core financial transactions under regular review and will report on it as part of our annual audit process.

5. Charges and Transaction Costs

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the "**Administration Regulations**") require the Trustee to make an assessment of charges and transactions costs borne by the Scheme members and the extent to which those charges and costs represent good value for money for members.

Following our appointment as Trustee of the Scheme, we wrote to Aviva to request details of the charges and transaction costs borne by the Scheme members in order to make this assessment. In response, Aviva has confirmed that the benefits for both remaining members are currently invested in a deposit account with no ongoing administration charges. The members' benefits were previously held in a With-Profits Fund but were switched to a deposit account when the members attained the Scheme's normal retirement age.

The Scheme does not benefit from guaranteed annuity rates, guaranteed bonus rates or guaranteed minimum pensions. However, if members' benefits are held on deposit they are subject to a deposit rate of interest (currently 1.75% per annum).

Illustrations

We have set out in Appendix A an illustration of the charges and transaction costs provided to the Trustee by Aviva as required under the Occupational Pension Schemes (Administration and Disclosure) Amendment Regulations 2018 and relevant statutory guidance.

Conclusions

Given that the annual management charge is less than the charge cap allowed for under the Administration Regulations and the Scheme is in the process of being wound up, the Trustee is sufficiently comfortable that the charge and costs referred to by Aviva in respect of the Scheme represent good value for money for the members. The Trustee, therefore, has concluded that the Scheme's assets should remain invested in the Aviva policy until the Scheme is wound up.

6. Trustee Knowledge and Understanding (TKU)

Section 248 of the Pensions Act 2004 requires the Trustee to possess, or have access to, sufficient knowledge and understanding to run the Scheme effectively.

The Trustee takes training and development responsibilities seriously and each member of the board of directors of the Trustee maintains a record of all training completed during the Scheme year. This record is reviewed annually in order to identify any gaps in knowledge and understanding and a training plan is then put in place over the course of the following Scheme year.

Each of the members of the board of directors is a UK qualified lawyer, either specialising in UK pensions law or insolvency and restructuring law. The Trustee combines the knowledge and understanding of the members of the board, together with the advice which is available to them through their consultants and advisers, to enable them to properly exercise their function as Trustee of the Scheme.

Over the course of the Scheme year, members of the board of directors have met the statutory requirement for trustee knowledge and understanding through a combination of attending structured internal training sessions relating to pensions law and practice in order to support their continuing professional development obligations.

Additionally, each of the members of the board of directors also have access to the Scheme's governing documents, in order to ensure they are conversant with those documents.

Signed:

Date: 15 December 2020

Director of Open Trustees Limited (Chair of Trustees)

Appendix 1

Illustrations of charges and transaction costs prepared by Aviva

Assuming NO further contributions				
Assumed current pension pot		£10,000	Assumed current pension pot	
			£50,000	
Duration (years)	Projected Fund assuming no charges	Projected Fund assuming 0.552% a year costs	Projected Fund assuming no charges	Projected Fund assuming 0.552% a year costs
5	£10,500	£10,200	£52,500	£51,100
10	£11,000	£10,400	£55,100	£52,200
15	£11,600	£10,700	£57,800	£53,400
20	£12,100	£10,900	£60,700	£54,600
25	£12,700	£11,200	£63,700	£55,800
30	£13,400	£11,400	£66,900	£57,000

Assuming further conventional With-Profits contributions				
Assumed current pension pot		£10,000	Assumed current pension pot	
			£50,000	
Assumed monthly contribution of		£10	Assumed monthly contribution of	
			£50	
Duration (years)	Projected Fund assuming no charges	Projected Fund assuming 0.552% a year costs	Projected Fund assuming no charges	Projected Fund assuming 0.552% a year costs
5	£11,100	£10,800	£55,400	£54,000
10	£12,100	£11,500	£60,700	£57,700
15	£13,200	£12,200	£66,000	£61,200
20	£14,300	£12,900	£71,300	£64,500
25	£15,300	£13,500	£76,600	£67,700
30	£16,400	£14,100	£82,000	£70,700

The benefit amounts represent a projected fund value resulting from a range of initial pots and contributions, over a range of investment periods. They do not reflect the level of nature of benefits you will be eligible for under your pension scheme arrangement. Your pension benefits are not in the form of a fund or 'pension pot' but the promise of future pension benefits when you reach retirement. The table is only illustrating the cumulative effect of costs on a notional investment pot.

Assumptions

1. With-Profits Fund Management Costs of 0.552% a year
 - i) Investment expenses and administration costs: 0.54% a year
 - ii) Transaction Cost: 0.012% a year

The With-Profits management costs represent the assumed cost of administering your policy and professionally investing your scheme's money in the FPLAL With-Profits Sub Fund in which you are invested. We have assumed the current costs continue to apply throughout the projections.

These costs are Aviva's current view of the costs applicable to your policy which are reflected in the With-Profits declared bonuses.

2. Fund Growth Rate
 - i) The projected fund is assumed to grow at 3.5% a year, which is the assumed growth rate of the FPLAL With-Profits Sub Fund in which you are invested.
 - ii) The benefit values are shown in 'today's money' which means they take inflation into account by reducing values at 2.5% a year. Seeing the figures in this way shows you what they could be worth today.