



## **Wolverhampton Citizen's Advice Bureaux**

### **Chair's Statement in relation to The Wolverhampton Citizens Advice Bureaux Pension Scheme (the "Scheme") for the year ending 28 November 2023**

As the Chair of the Trustees, I am required to provide an annual statement which explains what steps have been taken by the Trustees, with help from professional advisers, to meet the relevant government standard. The law sets out what information has to be included in the statement and this is covered below.

The Scheme is a Money Purchase arrangement established for the benefit of the employees of the Wolverhampton Citizens Advice Bureaux. The Scheme was closed to new members in 2006 but has remained active for the benefit of the members with deferred assets. The Scheme is currently in wind-up and is going through the final stages of assigning the members benefits in their own names. The Scheme is wholly administered by AEGON, who hold all of the Scheme's assets.

#### **DEFAULT INVESTMENT STRATEGY**

As the Scheme is not used as a Qualifying Workplace Pension Scheme, there is no mandatory default investment strategy in place, instead members can choose from a small range of investment funds. The fund does have a built-in lifestyle strategy (the Balanced 2027 Fund) where assets are held for members approaching retirement age, typically from 3 years prior.

#### **SETTING & REVIEWING THE INVESTMENT STRATEGY**

The Trustees are responsible for the governance of the Scheme's investments. This includes setting and regularly reviewing the investment strategy for the Scheme's default arrangement. Details of the investment strategy and the investment objectives of the default arrangement are regularly reviewed to ensure that they remain fit for purpose and that they will ensure good outcomes for members.

The Trustees work with their professional advisers to ensure there is robust governance in place and that these regular reviews take place. However, the Scheme is currently hosted by AEGON and the available investment options are limited for this type of arrangement. It is also worth noting that the Scheme is in wind-up.

## **ADMINISTRATION STANDARDS & CORE SCHEME TRANSACTIONS**

The Trustees assets are directly invested with AEGON, in a range of unitized funds, including their Mixed Fund, Cash and the AEGON High Equity Fund. There is a lifestyle fund in place (Balanced 2027 fund) for use with members within 3 years of their retirement age.

As the Scheme is closed to new entrants and future contributions and is now in wind-up, the relevant core financial transactions are;

- Payment of transactions in and out of the Scheme's assets
- Investment Switches
- Payment of benefits to members on settlement

The Trustees have received assurance from the Scheme's administrator AEGON and has taken steps to try and ensure that there were adequate internal controls to ensure that core financial transactions relating to the Scheme were processed promptly and accurately during the Scheme Year. This includes the investment of contributions, processing of transfers in and out of the Scheme, transfers of assets between different investments within the Scheme, and payments to members/beneficiaries

There are no regular payments being made to the Scheme and therefore member's policies as the Scheme is closed. AEGON can arrange switches of investment assets between funds but Aegon have confirmed that none have taken place during the Scheme year. There have also been no settlements during the Scheme year.

Aegon's approach is to disinvest the funds for members on settlement requests, but the closure of the Trustee bank account in 2021 has made this non-standard. AEGON have provided a 'workaround' approach but this is complex and can affect member's access to any built-up tax free cash.

In accordance with regulation 24 of the Occupational Pension Schemes (Scheme Administration) 1996 (as amended), the Trustees have reviewed the core financial transactions to ensure that they continue to be processed promptly and accurately and is satisfied that there have been no breaches during the Scheme year.

Ongoing monitoring of the accuracy is undertaken through periodic checking of the Scheme's membership data. The Trustees have reviewed the data management procedures and taken steps to ensure that the gaps are limited, this included an extensive search for some missing deferred member's details, such as home address. The data management processes are in compliance with the General Data Protection Regulation (GDPR).

The Trustees are satisfied that over the period covered by this statement the administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA; there have been no material administration errors in relation to processing core financial transactions; and all core financial transactions have been processed promptly and accurately during the Scheme year. This view is based on the fact that, as previously stated, there have been no transactions this scheme year.

## **COSTS & CHARGES**

The Trustees are required to set out the on-going charges borne by members in this statement, which are annual fund management charges plus any additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio ("TER"). The TER is paid by the members and is reflected in the unit price of the funds.

In accordance with regulations, the Trustees are required to calculate the charges and the transaction costs paid by members and assess the extent these charges paid by members represent good value for money. The charges and transaction costs have been supplied by the AEGON who are the Scheme's investment managers. The assets held with AEGON are in the form of direct investments and each fund carries an Annual Management Charge (AMC) effectively paid for by the members through allocation. This AMC is around 1% across the Scheme membership, however there are slightly higher charges depending on which fund is selected, the overall AMC ranges from 1% to 1.28% for the Managed Balanced Fund.

There is a 5% bid/offer spread as is typical for this type of arrangement, but given that there has been no movement of Scheme assets this is irrelevant.

Members of the Scheme pay the 1% (or higher as stipulated) AMC, which cover the cost of the Administration by AEGON and the management of the underlying investments. As the Scheme is not used as a Qualifying Workplace Pension Scheme (QWPS) and the impending wind-up completion, it is felt that the investment charges are fair.

Several plan members have an early surrender charge but this is not across the whole fund or the full scheme membership.

There are no additional direct or indirect transaction costs for the Scheme.

All other administration costs are met by Wolverhampton Citizens Advice Bureau separately. The Trustees carefully consider these additional costs and review from time to time to ensure they remain fair and represent good value for money.

There is a limited range of investment options available to members and these may carry an additional charge but this would be a personal decision by the member.

## **THE IMPACT OF THESE COSTS & CHARGES**

The Trustees are required to provide members with information on the effect of costs and charges on their pension accounts. As there is no requirement for a default investment strategy, any mapping of the impact of these charges would be on an individual plan basis and not common across the Scheme.

## **VALUE FROM MEMBER BORNE CHARGES**

It is the Trustees intention to review the member-borne charges through the Scheme on a regular basis to aim to ensure that they represent value for money for the members, given the circumstances of the Scheme. The Trustees note that value for money does not necessarily mean the lowest fee and the overall quality of the service received has been taken into account in the value for member's assessment.

## **TRUSTEES KNOWLEDGE & UNDERSTANDING**

The law requires the Trustees to possess or have access to sufficient knowledge and understanding to run the whole Scheme effectively. The Trustee is a Corporate Trustee and the Chair is a Director of the Sponsoring Employer, Wolverhampton Citizens Advice Bureau. There were no changes to the Trustee board during the Scheme year.

The following are a list of guidance and actions that the Trustees have available to them to demonstrate their knowledge and understanding of the role of the Trustee of this type of Occupational Pension Scheme. They are reminded of their duty as a Trustee from time to time and are encouraged to continue professional development.

1. The online Trustee Toolkit – The Pensions Regulator
2. The Trustees will self-assess any gaps in their knowledge and seek appropriate training
3. The Trustees are conversant with the governing Trust Deed & Rules and the powers granted to it, as well scheme specific policies and procedures.
4. The Trustees are aware of the Investment strategy for the Scheme and comfortable with the procedures and safeguards laid-out for the regular review.
5. The Trustees keep up to date with developments in the Defined Contribution pensions landscape and new guidance by the Pensions Regulator.

During the Scheme year, the Trustees have met the requirements of Section 247 and Section 248 of the 2004 Act (requirement for knowledge and understanding) by holding regular Trustee meetings monitoring Scheme governance and ensuring it is run in accordance with the Scheme Rules and the Pension Regulator guidance notes.

The Trustees, with any professional Advisers and AEGON, ensure the Scheme is run properly and for the benefit of the membership. They apply their combined knowledge and understanding of pension law, Scheme rules, legal requirements and the Pension Regulator guidance to ensure the Scheme is run effectively. Ensuring good governance practices helps the Trustees determine whether the funds offer good value for money and whether members and beneficiaries are being treated fairly.

This Chair's statement has been made publicly available on our corporate website and the website address will be made available to members periodically.

**Full Name**

Jonathan William Crockett

**Signature**

A handwritten signature in black ink that reads "Jonathan Crockett". The signature is written in a cursive style with a large, looping initial "J" and a distinct "C" at the end.

**Date**

27<sup>th</sup> June 2024