Annual DC Chair's Governance Statement

– Year ended 31 March 2022

Benenden Healthcare Pension Plan

This statement is being made by the Chair of the Trustees of the Benenden Healthcare Pension Plan (the Plan), to comply with the requirements of the Pensions Regulator and in accordance with the Occupational Pension Schemes (Scheme Administration) Regulations 1996.

This statement is provided to meet the requirement that all relevant Occupational Trust Based Pension Schemes that offer money purchase or Defined Contribution (DC) benefits, produce an annual governance statement demonstrating how governance standards relating to DC arrangements within the Plan have been assessed and met.

This statement will be included in the Trustees annual report and accounts and will be made available on-line at www.benenden.co.uk/pensions

Based on our review and assessment of our systems and controls, the Trustee Board believes that we have adopted the standards of practice set out in the DC code and DC regulatory guidance.

These help to demonstrate the presence of DC quality features, which we believe with help deliver better outcomes for members at retirement.

Whilst we believe this to be true, this statement also provides a summary of changes the Plan sponsor and the Trustees have made to the Plan, which has impacted how future contributions and existing funds are invested and how the Plan's DC benefits are managed. As a result of these changes, this may be the final annual governance statement from the trustees.

Unless where stated, the statement covers the Plan year ended 31 March 2021.

C.D. Richardson

Colin Richardson Chair of
the Trustees

27 October 2022

Appendix 3: Annual DC Chair's Governance Statement – Year ended 31 March 2022 (continued)

Contents

1. Introduction

This statement has been prepared by the Trustees of the Plan in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations ("the Administration Regulations") 1996 (as amended).

The benefits of the DC Section of the Plan were transferred to the Legal & General Master Trust during the Accounting Year. This was because the Trustees considered that this was beneficial in terms of value for money for the members. Therefore, there are no members with benefits in the DC section of the Plan at the time of preparation of this statement and there is no "ongoing" or "future" value for money to assess. This statement is prepared and should be read in that context.

This statement describes how the Trustees have met the statutory governance standards in relation to:

- The default investment strategy
- Requirements for processing financial transactions
- Assessment of charges and transaction costs; and
- The requirement for trustee knowledge and understanding

This statement contains a 'Value for Members Assessment' - an assessment of the Plan in terms of whether and how it represents value for Members, along with details of charges and transaction costs borne by members and illustrations of the cumulative impact of those charges and costs on member funds.

The statement also includes a summary of important changes to the future management of the Plan's DC benefits.

Historically, Scheme members have been able to make Additional Voluntary Contribution (AVC) payments to the Plan's external AVC providers, Utmost Life and Pensions and Countrywide Assured PLC, both of which are closed to contributions, but which retain existing holdings. Where relevant, the content of this statement therefore encompasses these AVC facilities.

2. Default investment strategy

The Trustees recognise that its ultimate objective is to help ensure that members of the Plan can retire on a reasonable level of pension savings, taking into account the contributions paid into their individual accounts, how those contributions are invested and the timescale over which they are invested.

The Plan was used until 2021 as a Qualifying Scheme for auto-enrolment and is therefore required to operate a 'default investment strategy' – a strategy that will automatically apply to a member's ongoing contributions, in the absence of a member making active investment decisions. The default investment strategy was designed and monitored by the Trustees, after having taken suitable investment advice. There is no longer a default investment fund following the 2021 transfer of benefits to the Legal & General Master Trust.

2. Default investment strategy (continued)

Statement of Investment Principles

Details of the Plan's investment options, including the default investment strategy, can be found within the most recent Statement of Investment Principles dated September 2020, a copy of which is provided in Appendix 4.

The statement explains the Trustee's approach to investment governance, objectives and strategy and provides detailed information on the default investment strategy, alternative investment strategies and 'self-select' investment options available to members. The statement also takes account of the Trustees views on Environmental, Social and Governance ('ESG') considerations (including to climate change) and the stewardship in the selection, retention and realisation of their investments (including how any voting rights are exercised). This incorporates details of the arrangements in place with the Plan's investment managers. This includes monitoring and assessing:

- their philosophy for assessing and engaging with the businesses and institutions they invest in.
- the stewardship of those investments, including exercising of rights (including voting rights) attaching to investments.
- the ongoing costs and frequency of trading.
- their approach to Environmental, Social and Governance (ESG) policies.

Implementation Statement

The Trustees are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the Plan's Statement of Investment Principles during the previous Plan year. The statement also includes the details of any reviews of the statement during the year, any changes that were made and reasons for the changes.

A description of the voting behaviour during the year, either by or on behalf of the Trustees, or if a proxy voter was used, is also included within this statement.

The Trustee's Implementation Statement, covering the Plan year ended 31 March 2022 has been incorporated into the Trustee's annual report and accounts.

Investment Options

The Trustees no longer have a default investment fund to review. It decided to transfer the benefits to a master trust and the benefits were transferred in August 2021.

The last full review had been in May 2017 followed by high level reviews in May 2019 and August 2020 leading to the decision to pursue a transfer to a master trust.

Prior to the August 2021 transfer, the default investment strategy was a ten-year lifestyle strategy which targets a 25% tax-free cash and 75% annuity benefit outcome at retirement. Up to 10 years before the member's retirement age (the 'Growth Phase'), funds are invested in the Legal &General (L&G) Diversified Fund and during the 10 years to retirement (the 'Consolidation Phase'), funds are gradually switched to the L&G Pre-Retirement Fund and the L&G Cash Fund. This default investment strategy was considered suitable for the membership at the time given their profile.

2. Default investment strategy (continued)

Investment Options (continued)

During the Growth Phase, the aim of the default strategy was to invest in a manner that seeks to maximise returns over the long term at a level of risk that is considered appropriate for and is acceptable to members. During the Consolidation Phase, the aim is to invest in a manner that seeks to both reduce risk whilst also investing in assets that target an annuity and tax-free cash benefit outcome at retirement, by progressively switching from growth assets into annuity and cash matching assets.

Members also had the option to choose one of two alternative lifestyle strategies and a range of self-select funds. The range of self-select funds is deliberately constrained to maximise member engagement.

The specific changes following the May 2017 review were as follows:

- The addition of the L&G Pre-Retirement Fund within the default lifestyle investment strategy in place of the L&G Over 15 Year Gilts Fund and L&G Over 5Year Index-Linked Gilts Index Fund.
- The addition of two new ten-year alternative lifestyle strategies for members which target 'encashment' and 'continued investment' benefit outcomes at retirement.
- The addition of the L&G Pre-Retirement Fund as a self-select option.

These measures were designed to offer good investment returns consistent with the level of risk chosen by the member and to provide members with more choice to suit their personal circumstances and preferences.

The range of lifestyle strategies offered was intended to more easily allow members to understand and switch between the different lifestyle strategies as and when their own circumstances change, particularly in terms of their retirement goals.

Consequently, as well as the default investment strategy which targets a benefit outcome of annuity and tax-free cash the Plan offers:

- An Encashment strategy which is geared towards members planning to encash their funds in full at retirement.
- A Continued Investment (Flexible) strategy designed for members expecting to leave their funds invested at retirement and perhaps draw down an income rather than buy an annuity.

The Trustees are required to periodically, and on no less than a three-yearly cycle, review the appropriateness of the default investment strategy.

During the high-level review carried out in May 2019 and August 2020, it was noted by the Trustees that trends in retirement choices indicated that generally, individuals are more likely to opt for an Encashment, or Flexible benefit outcome at retirement rather than an annuity outcome. This, coupled with the change in membership of the DC section following the closure to accrual of the DB Section with effect from 31 December 2018, indicated that a further and more detailed review of the default investment strategy may be appropriate. For the reasons outlined in Section 7 of this Statement, the Trustees determined not to undertake this detailed review during the 2020/21 Plan year. The Trustees determined that there would be a new future default fund in another pension arrangement and the selection of that arrangement encompassed consideration of an appropriate default fund. The existing default fund during this Plan Year was intended to only apply for a further short period, and indeed all funds were transferred out in August 2021 – therefore the default review was the consideration of the default fund in the new pension arrangement. Nonetheless, all existing monitoring of the existing default continued and the trustees were satisfied that the default remained in place until the transfer of funds and that if there were to be any impediment to the transfer of funds then an immediate full default fund review would take place.

2. Default investment strategy (continued)

Investment Monitoring

In addition to undertaking regular strategy reviews, the Trustees also regularly monitor the performance of the default investment strategy, alternative lifestyle arrangements and all the funds available under the wider fund range on a self-select basis.

On a calendar quarter basis, the Trustee receives, and reviews Performance Monitoring Reports which are prepared by the Trustees investment adviser and provided by each investment manager. The performance of each fund is compared not just against its benchmarks but also more importantly against its objectives. Such performance reviews of the default investment strategy and other investment options were carried out throughout the Plan year ending 31 March 2021 with the Trustees concluding that the default investment strategy is performing broadly as expected and is consistent with the Trustees aims and objectives as set out within the Statement of Investment Principles.

Details of the investment reviews undertaken, including evidence, rationale and recommendations are available on request. This is also covered in the Value for Members assessment and statement, which can be found in Appendix A.

3. Requirements for processing financial transactions

Service levels and service monitoring

The Trustee Board strives to make continual improvements to meet its regulatory requirements and help deliver better outcomes for our members. A large proportion of our DC administration services are outsourced to a third-party administration service provider Capita Pension Solutions (Capita).

The Trustees are satisfied that the core financial transactions, including investment of contributions, transfers in and out of the Scheme to members and / or their beneficiaries, and transfers/switches of assets between different investments in the Plan, have generally been processed promptly and accurately as evidenced by regular administration reporting, provided by Capita.

Agreed service levels (SLAs) are in place between the Trustees and Capita, with each administration report providing a full reconciliation of work undertaken and timescales achieved against agreed service levels for each 'job type'. These typically cover, but are not limited to, ensuring that the following activities and financial transactions are processed promptly and accurately:

- Contribution receipts and subsequent investment of contributions.
- Benefit/retirement settlements.
- Transfers in/out of the Scheme.
- Investment switches.

Each administration activity is allocated based on job type and age profile. This means, any case where information has returned from a third party will be prioritised and progressed in a timely manner. Further, the prioritisation process ensures key dates are met, sensitive and urgent cases are treated as such, and member experience is protected, particularly where the processing of financial transactions are involved.

For activities completed outside of the agreed service level, specific details of cause, actions taken, and resolution are reviewed, and remedial action taken where required.

3. Requirements for processing financial transactions (continued)

Service levels and service monitoring (continued)

It should be noted that transactions ceased after August 2021 due to the transfer to the Legal & General Master Trust.

During the period covered by this statement, the Trustees and Benenden continued to closely monitor service levels and to proactively address issues arising, with Capita.

The Trustees have not sought to benchmark the Scheme's SLAs against other Capita clients or against other pension schemes which are not administered by Capita.

Internal Controls

In accordance with the ongoing administration reporting arrangements, controls are in place with Capita to monitor and ensure that core financial transactions are and continue to be processed promptly and accurately. This includes regular monitoring of bank accounts, and 'four eyes' checking of investments and banking transactions.

These controls, along with Capita administration reports, service levels and any service issues are reviewed at each Trustee meeting. Ongoing controls include utilisation of a workflow management system to monitor Plan and member related activities and related performance against service levels and forward planning of regular annual activities and events.

The monitoring of administration and core financial transactions is also reflected in the Trustees Risk Register, whilst the Trustees annually review Capita's most recent Internal Controls report (AAF 01/06). The Trustees' annual report and accounts (including financial transactions) are independently audited by Deloitte acting as the Plan's auditor on an annual basis.

In support of the administrator being able to correctly calculate and process member benefits, the Trustees regularly assess the quality of the Scheme's data, by reference to the Pension Regulator's 'common' data requirements.

The Trustee Board is confident that the processes and controls in place with the administrator are robust and will ensure that the financial transactions which are important to members are dealt with properly. The Trustees continue to focus on the monitoring of this area, to ensure tight adherence to service expectations.

4. Assessment of charges and transaction costs

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). This is reflected in the unit price of the funds that members invest in.

The Trustees are also required to separately disclose transaction cost figures that are borne by members. In the context of this statement, the transaction costs shown are those incurred when the Plan's fund managers buy and sell assets within investment funds.

Aside from investment management charges and investment transaction costs, all other costs associated with running the Plan, are borne by the employer and therefore have no bearing on the charges borne by members. However, for completeness we have referred to these as part of our assessment of Value for Members, which can be found in Appendix A.

4. Assessment of charges and transaction costs (continued)

The charges and transaction costs for each fund that comprise the default investment strategy, alternative lifestyle strategies and for each fund which members are able to select and in which assets relating to members are invested during the Plan year are recorded in Appendices A and B. Examples of the cumulative effect of costs and charges on member funds are set out in Appendix C.

In preparing Appendices A to C, the Trustees have had regard to statutory guidance published by the Department for Work and Pensions and have not deviated from that guidance.

Appendices A to C do not currently include details of charges and transaction costs that relate to AVC funds invested with Utmost Life and Pensions and Countrywide Assured PLC as relevant details were not available.

The Annual Management Charges applicable to the funds that comprise the default investment arrangement fall below the cap of 0.75% required by pension scheme regulations. The charges for all other funds are also below the 0.75% charge cap, whilst transaction costs are generally negative or minimal.

All charges and transaction cost details disclosed, have been provided by Legal & General Investment Management Limited (LGIM) and cover the period 1 April 2020 to 31 March 2021. In preparing this statement, we were able to obtain all relevant charge and transaction cost information.

The DC benefit were transferred out in August 2021 and the Trustee did not consider it proportionate to seek to obtain transaction cost information for the 5 month period since the previous accounting year end date to the date of transfer.

The Trustees are comfortable that the member borne charges are competitive, offer value for money and are kept under a continuous review.

5. Trustee knowledge and understanding

The Trustees spend an appropriate and considerable amount of time running the Plan and in doing so are also required to maintain an appropriate level of knowledge and understanding, which together with professional advice enables them to properly exercise their functions and duties in relation to the Plan. During the period covered by the statement, the Trustees held 4 Board meetings.

To maintain an appropriate level of knowledge and understanding, each Trustee must:

- Be conversant with the trust deed and rules of the Plan, the Plan's Statement of Investment Principles and any other document recording policy for the time being adopted by the Trustees relating to the administration and management of the Plan. The Trustees will refer to the Trust Deed and Rules as part of considering and deciding to make any changes to the Plan and, where relevant, deciding individual member cases.
- Have, to the degree that is appropriate for the purposes of enabling the individual to properly exercise his or her functions as a Trustee, knowledge and understanding of the law relating to pensions and trusts and the principles relating to the investment of assets within occupational pension schemes.

5. Trustee knowledge and understanding (continued)

To help achieve the above, each Trustee is also expected to ensure that he or she meets the Pension Regulator’s (TPR) Trustee Knowledge and Understanding requirements. This includes completing TPR’s Trustee Toolkit. The Trustee Toolkit is an online learning program aimed at trustees of occupational pension schemes. It contains modules and resources on the law relating to pensions and trusts, and the principles relating to the funding and investment of occupational pension schemes. It is designed to help trustees meet the minimum level of knowledge and understanding required under the Pensions Act 2004.

At the time of publication of this statement, each Trustee has completed all relevant Toolkit modules.

Additional training is provided based on the individual and collective needs of the Trustee Board with the intention of ensuring the Trustee board always has enough understanding overall to operate the Plan in an effective manner.

All individual and collective training activities are recorded on a Trustee training log.

The Trustees periodically undertake a self-assessment of knowledge and understanding to recognise strengths and enable a targeted approach to training where areas for improvement are identified. This will help maintain a bespoke training programme. Together with further assessments the Trustees will evaluate training and knowledge needs as they continue to properly exercise their duties and look after member interests in changing environments.

The employer has also appointed a Professional Trustee, Zedra Governance Limited, currently represented by Colin Richardson.

Colin is a qualified actuary with 30 years’ experience as a pensions’ consultant. Colin sits on several trustee boards, including DC master trusts and 5 schemes with DC sections. He regularly attends industry training sessions and can also draw on the wider knowledge within Zedra to assist the Trustees with training requirements. Colin is a member of the committee which have created standards for professional trustees and is himself accredited as a professional trustee by the Association of Professional Pension Trustees.

Overall, the Trustees are satisfied there is sufficient knowledge and understanding of all subject areas within the Board.

Finally, the Trustees employ several advisers including Capita, to provide advice and to ensure that Plan governance, controls, skills, and knowledge are current and meeting the expectations of the Pension Regulator and Plan members.

Capita (and where required other advisers) also attend each Trustee meeting and where appropriate, training is provided within Trustee meetings. Current and potential upcoming changes in pension legislation, regulation and industry best practice that affect the Plan are also covered in detail with support from the Trustees advisers.

6. Value for Members Assessment

The Trustees are committed to ensuring that members receive value for money from the Plan. There is no legal definition of "good value" and so the process of determining good value for members is a subjective one.

The Trustees, in association with the employer, undertook a value for money assessment in August 2021.

Given the DC benefits transferred out in August 2021 the Trustees did not consider it proportionate to undertake another assessment as there are no DC benefits in the Plan since that date.

The Trustees concluded that the Plan's overall benefits and options represented reasonable value for money which include (but which may not be restricted to) the following reasons:

- The oversight and governance of the Trustees, including ensuring the Plan is compliant with relevant legislation, such as the charge cap, and holding regular meetings to monitor the Plan and address any material issues that may impact members.
- The Trustees were comfortable with the quality and efficiency of the administration processes, including processing of financial transactions.
- The Trustee regularly reviews the service standards being provided in terms of scheme administration (including processing core financial transaction, scheme records and scheme governance), member communication and investment returns are effectively monitored and managed.
- Administration charges applicable to the Plan (including administration costs, governance costs and the cost of advice) are borne by the employer.
- Members do not pay for the costs of Plan administration, professional adviser costs or indeed any costs (other than investment management) associated with running the Plan.
- The investment management costs (annual management charges – AMCs) are within the 0.75% pa charge cap which applies to funds that comprise the default investment strategy.
- The Trustees are satisfied, based on advice received, that the investment charges and transaction costs borne by members are competitive for the types of funds available to members and compare favourably with similar schemes.
- Members have access to various asset classes, all of which have competitive fund management charges.
- The investment choices offered to scheme members are subject to regular review and reflect the specific demographic profile of the Scheme's membership and Scheme 'experience' in terms of the actual benefit outcomes selected by members and future expectations.
- Both the investment manager and the funds under management are assessed by the Trustees in liaison with its investment advisers on a regular basis and at each Trustee meeting.
- The annual newsletter and other communications issued to members provide all the Plan news and highlights from the Trustees' report and accounts, as well details of all legislative or regulatory changes.
- Member communications provide a clear explanation of the available investment strategies and options, along with the benefits and risks of each option, to enable members to assess their own situation and therefore make an appropriate and informed investment choice.

6. Value for Members Assessment (continued)

- The Trustees regularly review member communications to ensure that they continue to be appropriate, based on their understanding of the membership of the Plan. Further communications and member support are developed where this is deemed necessary to ensure members have the appropriate information to enable them to make appropriate and informed investment decisions that reflect their ability and willingness to take risk, to manage investment decisions and to select investment strategies and options that reflect members target benefit outcome at retirement.
- The Plan website allows members to access Plan documents, obtain current fund valuations and make changes to investment choices.
- More broadly, member communications provide a clear explanation of the available investment strategies and options, along with the benefits and risks of each option, to enable members to assess their own situation and therefore make appropriate and informed investment choices.

The Trustees have also considered the Pensions Regulator's Code of PracticeNo.13 (Governance and administration of occupational trust-based schemes providing money purchase benefits (DC benefits)).

Notwithstanding this conclusion of reasonable value for money, the Trustees considered that value for money could be improved by a transfer of DC benefits to Legal & General Master Trust.

7. Ongoing management of the Plan's DC benefits

On 15 March 2021 Benenden Healthcare Society Limited and Benenden Hospital Trust ("Benenden") started a formal consultation with affected employees regarding potential changes to the Plan. This consultation concluded on 14 May 2021.

The consultation process saw high levels of member engagement. All feedback received, was reviewed under the remit of providing the best outcome for members and the findings and outcome of the consultation were communicated to employees.

The decisions taken by Benenden included:

- To close the Plan to new employees and cease the future build-up of benefits with effect from 31 May 2021.
- To set up a new Master Trust DC Scheme that all future employee and employer pension contributions will be paid into, with effect from 1 June 2021. This will be achieved through participation in the Legal & General WorkSave Mastertrust.

Benenden made the Trustees aware of its intentions and the Trustees actively engaged with Benenden throughout and after the consultation process.

Subsequent to Benenden's decision, the Trustees have considered how the Plan should continue to be managed, the options being to continue to operate the Plan, albeit as a closed scheme, or to transfer all members and members individual accounts to a new arrangement and subsequently wind-up the Plan's DC section.

The Trustees concluded that the interests of members would be better served by pursuing the transfer approach because the current scheme cannot offer all the advantages of the new pension rules and the innovations being introduced to the market. Furthermore the regulatory requirements for standalone trust-based pension arrangements are becoming much more onerous and the time is right to make a change.

After having taken advice on the suitability, the Trustees also concluded it appropriate to transfer members individual accounts in the same direction as ongoing contributions – to the Legal & General

7. Ongoing management of the Plan's DC benefits (continued)

WorkSave Mastertrust. The Trustees were satisfied this approach will likely provide better 'value for members' compared with continuing to operate the Plan as a closed scheme.

The transfer took place in August 2021.The members have been contacts with further information and to explain the transfer process in more detail.

Members can read about the new arrangement at:

https://www.legalandgeneral.com/workplace/b/benenden-health/

Reflecting the above, we expect this will be the last annual statement prepared by the Trustees.

Signed for an on behalf of the Trustees of the Benenden Healthcare Pension Plan.

Signed Date: 27/10/2022

Colin Richardson, Chair of Trustees

Appendix A: Assessing member borne costs on behalf of Plan members

Cost borne by members

The Trustees have obtained from Legal & General Investment Management Limited (LGIM) details of ongoing charges and transaction costs that applied (or may have potentially applied) to the investment funds available to members. Actual and potential transaction costs disclosed by LGIM include:

- Transaction taxes
- Broker commission
- Implicit costs
- Entry/exit charges
- Other transaction costs
- Indirect transaction taxes
- Indirect broker commission
- Indirect implicit costs
- Indirect entry/exit charges
- Indirect other transaction costs
- Indirect transaction costs - external funds
- Anti-dilution offset (anti-dilution provisions protect an investor's equity stake from dilution, where a company issues new shares)
- Indirect anti-dilution offset

Details of the ongoing charges and transaction costs disclosed by Legal & General Investment Management Limited are set out in Appendix B. Appendix C shows the cumulative effect of costs and charges on member funds.

Cost borne by the employer

As mentioned previously in this statement, in carrying out this assessment, the Trustees have taken the view that costs borne by the employer on behalf of members will have a positive effect on Value for Members. The employer-borne costs which have been taken into consideration are as follows:

1. Administration costs
2. Governance costs e.g., the Trustee Board
3. Cost of advice

Appendix B: Member Charges and Transaction Costs

Charges and transaction costs for funds within the default investment strategy for the year ending 31 March 2021:

Fund	Total Expense Ratio (TER)*	Transaction costs**
L&G Diversified Fund	0.317%	0.001%
L&G Pre-Retirement Fund	0.151%	0.037%
L&G Cash Fund	0.125%	-0.002%

Charges and transaction costs for funds within the alternative investment strategies (Encashment and Flexible Investment) for the year ending 31 March 2020:

Fund	Total Expense Ratio (TER)*	Transaction costs**
L&G Diversified Fund	0.317%	0.001%
L&G Over 5 Year Index-Linked Gilts Fund	0.100%	0.025%
L&G Active Corporate Bond - All Stocks - Fund	0.256%	0.016%
L&G Cash Fund	0.125%	-0.002%

Charges for all funds members can invest in, on a self-select basis, for the year ending 31 March 2020:

Fund	Total Expense Ratio (TER) *	Transaction costs**
L&G Diversified Fund	0.317%	0.001%
L&G Pre-Retirement Fund	0.151%	0.037%
L&G Cash Fund	0.125%	-0.002%
L&G Over 5 Year Index-Linked Gilts Fund	0.100%	0.025%
L&G Active Corporate Bond - All Stocks - Fund	0.256%	0.016%
L&G Global Equity Fixed Weights 50:50 Index Fund	0.184%	0.002%
L&G Ethical Global Equity Fund	0.302%	-0.005%
L&G Over 15 Year Gilts Index Fund	0.100%	0.001%

Notes

* Includes the AMC, plus various other expenses including index licensing fees, legal fees, administration, marketing, regulation, auditing. Due to the size and purchasing power of LGIM’s index funds, the AMC and TERs are effectively the same.

** Transaction costs that applied (or may have potentially applied) to the investment funds available to members, based on charges outlined within Appendix A.

Appendix B: Member Charges and Transaction Costs (continued)

Note that a negative transaction cost can refer to things like anti-dilution measures put in place by the manager to protect existing investors. It is effectively a 'saving' to existing members and reduces the impact of other charges. As it is an implicit, calculated cost, it would ordinarily be reflected within the unit price.

Transaction costs quoted is the average cost incurred over the year as a necessary part of buying and selling. LGIM capture these costs using the implicit cost methodology set out in the Financial Conduct Authority (FCA) rules and the Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulations. Implicit transaction costs have been calculated as the difference between the price at which a deal was struck and the mid-market price of an asset at the time the order was placed in the market. Where the arrival price was not available, the implicit cost was calculated as the difference between the price at which a deal was struck and the mid-market opening price on the day of the trade. Where the mid-market opening price was not available, the mid-market previous closing price was used. Where the previous mid-market closing price was not available, a fixed fee was used to estimate the implicit costs of each trade.

Indirect transaction costs have been calculated assuming a static fund structure as at 31 March 2020.

For any funds which hold an investment managed by a third party, the transaction costs provided by the third-party manager are represented as an indirect external fund transaction cost. Where transaction cost information was not made available by the third party, transaction costs incurred by the externally managed fund have not been included.

All charges and transaction costs have been provided by Legal & General Investment Management Limited.

Appendix C: Projected Values

Default investment strategy - projected pension pot showing effect of charges and transaction costs produced in accordance with DWP guidance

Projected pension fund in today’s money – we have assumed a starting value of £8,000, and a 35-year-old member, but other ages can be assessed using the following table		
Default Investment Strategy		
Years	**Before costs and charges**	**After charges deducted**
1	£11,084.80	£11,060.86
3	£17,352.84	£17,252.60
5	£23,754.47	£23,538.90
10	£40,361.82	£39,677.88
15	£57,868.22	£56,440.11
20	£76,322.34	£73,849.67
25	£94,432.80	£90,784.39
30	£109,077.18	£104,572.05

Notes (for the above and the following tables)

1. Projections are based on a 35-year-old member, but other ages can be assessed using the table
2. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation
3. The starting pot size is assumed to be £8,000 - approximately the average value within the scheme
4. The salary assumption is £30,000, broadly the average for the scheme’s membership
5. A contribution rate of 10% has been used (6% from the employer and 4% from the member, resulting in a contribution of £3,000 in this example) – this is the default rate for the scheme
6. Inflation is assumed to be 2.5% each year

Values shown are estimates and are not guaranteed.

Appendix C: Projected Values (continued)

Alternative Investment Strategy (Encashment)		
Years	**Before costs and charges**	**After charges deducted**
1	£11,084.80	£11,060.86
3	£17,352.84	£17,252.60
5	£23,754.47	£23,538.90
10	£40,361.82	£39,677.88
15	£57,868.22	£56,440.11
20	£76,322.34	£73,849.67
25	£94,007.15	£90,274.66
30	£105,658.95	£101,040.04

Alternative Investment Strategy (Flexible Investment)		
Years	**Before costs and charges**	**After charges deducted**
1	£11,084.80	£11,060.86
3	£17,352.84	£17,252.60
5	£23,754.47	£23,538.90
10	£40,361.82	£39,677.88
15	£57,868.22	£56,440.11
20	£76,322.34	£73,849.67
25	£94,996.47	£91,201.68
30	£111,980.19	£106,748.54

Self-select funds - funds that members can self-select (including individual funds that comprise the default investment strategy) are shown below;

Projected pension fund in today's money		
L&G Diversified Fund (Gross Accumulation Rate = 3.56%)		
Years	**Before costs and charges**	**After costs and charges deducted**
1	£11,084.80	£11,060.86
3	£17,352.84	£17,252.60
5	£23,754.47	£23,538.90
10	£40,361.82	£39,677.88
15	£57,868.22	£56,440.11
20	£76,322.34	£73,849.67
25	£95,775.48	£91,931.56
30	£116,281.73	£110,711.73

Annual DC Chair's Governance Statement – Year ended 31 March 2022 (continued)

Appendix C: Projected Values (continued)

Projected pension fund in today's money		
L&G Pre-Retirement Fund (Gross Accumulation Rate = 2.04%)		
Years	**Before costs and charges**	**After costs and charges deducted**
1	£10,963.20	£10,952.71
3	£16,848.77	£16,805.88
5	£22,680.32	£22,590.05
10	£37,026.08	£36,753.97
15	£51,044.91	£50,504.18
20	£64,744.27	£63,852.79
25	£78,131.42	£76,811.51
30	£91,213.49	£89,391.75

Projected pension fund in today's money		
L&G Cash Fund (Gross Accumulation Rate = 0.90%)		
Years	**Before costs and charges**	**After costs and charges deducted**
1	£10,872.00	£10,861.70
3	£16,478.88	£16,437.52
5	£21,907.77	£21,822.23
10	£34,737.96	£34,490.27
15	£46,574.06	£46,100.49
20	£57,493.09	£56,741.24
25	£67,566.11	£66,493.45
30	£76,858.67	£75,431.33

Projected pension fund in today's money		
L&G Over 5 Year Index-Linked Gilts Fund (Gross Accumulation Rate = 0.90%)		
Years	**Before costs and charges**	**After costs and charges deducted**
1	£10,872.00	£10,854.18
3	£16,478.88	£16,407.40
5	£21,907.77	£21,760.02
10	£34,737.96	£34,310.84
15	£46,574.06	£45,758.73
20	£57,493.09	£56,200.61
25	£67,566.11	£65,724.88
30	£76,858.67	£74,412.19

Appendix C: Projected Values (continued)

Projected pension fund in today's money		
L&G Active Corporate Bond - All Stocks – Fund (Gross Accumulation Rate = 2.70%)		
Years	**Before costs and charges**	**After costs and charges deducted**
1	£11,016.00	£10,992.77
3	£17,066.11	£16,970.19
5	£23,140.44	£22,936.81
10	£38,432.89	£37,806.23
15	£53,878.88	£52,608.56
20	£69,479.95	£67,344.10
25	£85,237.66	£82,013.16
30	£101,153.57	£96,616.03

Projected pension fund in today's money		
L&G Global Equity Fixed Weights 50:50 Index Fund (Gross Accumulation Rate = 4.90%)		
Years	**Before costs and charges**	**After costs and charges deducted**
1	£11,192.00	£11,176.38
3	£17,807.66	£17,740.76
5	£24,744.69	£24,597.79
10	£43,597.53	£43,107.70
15	£64,823.94	£63,750.04
20	£88,722.76	£86,770.46
25	£115,630.44	£112,442.92
30	£145,925.78	£141,072.95

Appendix C: Projected Values (continued)

Projected pension fund in today's money		
L&G Ethical Global Equity Fund (Gross Accumulation Rate = 4.91%)		
Years	**Before costs and charges**	**After costs and charges deducted**
1	£11,192.80	£11,168.47
3	£17,811.09	£17,707.00
5	£24,752.23	£24,523.81
10	£43,622.78	£42,862.33
15	£64,879.51	£63,214.87
20	£88,824.14	£85,802.60
25	£115,796.57	£110,871.02
30	£146,179.66	£138,692.56

Projected pension fund in today's money		
L&G Over 15 Year Gilts Index Fund (Gross Accumulation Rate = 0.90%)		
Years	**Before costs and charges**	**After costs and charges deducted**
1	£10,872.00	£10,860.22
3	£16,478.88	£16,431.62
5	£21,907.77	£21,810.04
10	£34,737.96	£34,455.06
15	£46,574.06	£46,033.34
20	£57,493.09	£56,634.88
25	£67,566.11	£66,342.07
30	£76,858.67	£75,230.36