

# Holmesdale Building Society Pension Scheme

## Chairman's Statement

(forming part of the Annual Report and Financial Statements for the year ended 31 December 2019)

### Introduction

This statement has been prepared by the Trustee of the Scheme in accordance with regulation 23 of the Operational Pension Schemes (Scheme Administration) Regulations ("the Administration Regulations") 1996 (as amended). It describes how the Trustees have met the statutory governance standards in relation to:

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

Covering the 2018 scheme year ("the Scheme year").

### Default Arrangements

The Scheme is not a 'relevant scheme' for the purposes of the 'Administration Regulations' and therefore does not have a default investment arrangement.

The Scheme does use a single investment fund into which all members' monies are invested. This is the Aviva (Pension) Managed LMP/FPP.

The Scheme is exempt from the Statement of Investment Principles requirement as it does not have a default arrangement, has less than 100 members and closed to future accrual in 2004.

### Review

The Trustee endeavors to review the performance of the investment fund on a regular basis. Performance of the fund is compared not just against its benchmarks but also more importantly against its objective:

The Aviva Pension Managed LMP/FPP is compared against its objective of providing exposure to a diversified portfolio of assets in order to generate capital growth and income, so that members have some assurance that the Scheme will generate sufficient returns for their retirement.

During 2018 the Trustee in conjunction with the Society has considered the appropriateness of the investment options available. It is anticipated that the Scheme will be wound up during the next twelve months and members' DC funds will be secured via a S.32 buyout policy in light of these changes.

In April 2019 the Trustee undertook a review of the current Scheme investments in light of the impending wind up. Investment advice obtained in April 2019 recommended that the Scheme investments be switched to the Aviva Pension Pre-retirement Fixed Interest LMP/FPP fund and the Trustee gave instruction to switch in May 2019.

### Requirements for processing financial transactions

The Trustee monitors the service levels and core financial transactions of the Scheme via the Scheme administrators' annual administration reports. These include the payment and investment of contributions, fund switches and other payments (not transfers).

The Trustee, having considered these reports, has concluded that the Scheme's core financial transactions have been processed promptly and accurately during the Scheme Year which is covered by this statement.

## Assessment of member-borne charges and transaction costs

In accordance with regulation 25(1)(a) of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, the Trustee has calculated the charges and, so far as they are able to do so, the transaction costs, borne by members of the Scheme between 1 January 2018 and 31 December 2018.

During this period the charges applied to the default investment arrangement were a total of 1%, with an additional £20.90 per year being charged to each member for administration costs.

## Level of member-borne charges and transaction costs

The Total Expense ratio currently applicable to the Scheme's default arrangement and broader fund range is as follows:

Aviva Pension Managed LMP/FPP 1%

It is anticipated that the Scheme will be wound up during the next twelve months and members' DC funds will be secured via a S.32 buyout policy. The membership will be provided with all relevant information including the cumulative effect over time of the costs and charges on the value of member's benefits at that time.

## Value assessment

In accordance with regulation 25(1)(b) of the Administration Regulations, the Trustee has assessed the extent to which charges (and transaction costs) borne by the members represent good value for members.

The Trustee is committed to ensuring that members receive value for money from the Scheme.

The Trustee, with the support of their advisers, is continuing to undertake an assessment of the Scheme as a whole.

In accordance with the Pensions Regulator's current DC Code of Practice and the relevant legislation available at the time of this Statement, the Trustee considers that the Scheme's overall benefits and options represent value for money for the following reason:

- Members pay a part of the costs of the Scheme administration but do not pay for the professional adviser costs (other than the annual fund management charge) associated with running the Scheme as these costs are borne by the Sponsoring Employer.

## Trustee knowledge and understanding

During the Scheme year, the Trustee has met the requirements of sections 247 and 248 of the Pensions Act 2004 (requirements for trustee knowledge and understanding). The Trustee's approach to meeting the TKU requirements included:

- Documented induction process for new trustees which includes completion of the TPR Trustees Toolkit and familiarisation with Scheme documentation.
- An annual assessment of learning needs in line with the Pensions Regulator's guidance and refreshment training using the TPR Trustee Toolkit as appropriate.
- Targeted training delivered by their professional advisors on key matters and upcoming projects.
- Delivery of current issues training at quarterly trustee meetings.
- Circulation to each Trustee of hot topics and general updates from professional advisers about matters relevant to the Scheme.

The knowledge and experience of each Trustee, together with advice from their advisors and trustee training enables them to properly exercise their duties as Trustee of the Scheme.

Signed on behalf of the Trustee



Ivan Le Roux  
**Chairman, Skipton Pension Trustees Limited**