



BMI UK & IRELAND  
BMI House, 2 Pitfield Kiln Farm  
Milton Keynes, MK11 3LW

## Annual Chair's Statement for the Year 2020

Utmost Life and Pensions – Icopal Pension Scheme  
PSR number: 10171016  
Benefit type: Defined Contribution  
HMRC reference number: 00469278RK  
Trustees: Hannah Lisby, Fraser James Biles

### 1. Introduction

Governance requirements apply to defined contribution (“DC”) pension arrangements, to help members achieve a good outcome from their pension savings. The Trustees of the Icopal Pension Scheme (the “Scheme”) are required to produce a yearly statement (which is signed by the Chair of Trustees) to describe how these governance requirements have been met in relation to:

- the investment options in which members’ funds are invested (this means the “default arrangement” and other funds members can select or have assets in, such as self-select or “legacy” funds);
- the requirements for processing financial transactions;
- the charges and transaction costs borne by members;
- a ‘value for members’ assessment; and
- Trustee knowledge and understanding.

This statement covers the period from 01 January 2020 to 31 December 2020 and is available upon request to all members of the Scheme.

### 2. Default Investment arrangements

The Scheme is not used as a Qualifying Scheme for auto-enrolment as the Scheme has had no contributions since 30 June 2001.

The Scheme of Arrangement and Transfer from Equitable Life to Utmost Life and Pensions completed on 1 January 2020, which converted with-profit policies to unit-linked benefits, thereby removing investment guarantees and transferring the business by a Part V11 Transfer to Utmost Life and Pensions. All legal requirements of the scheme and Transfer were met.

The aim was to ensure that policyholders, with differing levels of financial sophistication and interest, could understand and engage with the Proposal.

The unit-linked investments are managed by Utmost ‘Asset and Liability Committee’ who is responsible for:

- Fund pricing
- Making sure the fund always holds enough units
- The use of discretion in treating policyholders fairly
- Overseeing the performance of HSBC who are an independent specialist fund accounting provider



- Ensuring that each unit-linked fund is invested in a way that meets its investment and risk objectives
- Overseeing the investment performance of J.P. Morgan Asset Management who are the investment partners of Utmost Life and Pensions
- Overseeing the investment performance of Arbdn Standard Investments who were the investment managers of Equitable Life and continue to manage assets in the unit-linked funds

Further information on how the scheme is managed can be found at [Utmost Life and Pensions - guide to how the unit-linked funds are managed](#)

Throughout 2020 Utmost Life and Pensions have maintained a strong solvency position. They began the year with an estimated solvency coverage of 180% (adjusted for the acquisition of Equitable Life), and ended it with an estimated solvency coverage ratio of 176% having also paid a dividend of £40m to Utmost Group.

### 3. Requirements for processing core financial transactions

The Trustees have received assurance from the Scheme's administrator Emma Hewitt, 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.

Following the transfer of members' funds to Utmost Life and Pensions, Service Level Agreements (SLAs) were measured as follows during the first 11 months of 2020:

- 95% of payments out made within 10 days
- 95% of illustrations completed within 20 days
- 90% of general servicing completed within 20 days

From December 2020, SLAs are measured as follows:

- 95% of payments out made within 5 days
- 95% of illustrations completed within 10 days
- 90% of general servicing completed within 10 days

Utmost have confirmed that in the period 1 January 2020 to 31 December 2020, 93% of payments, 85% of illustrations and 91% if general servicing were completed within SLA. This information is based on the whole heritage Equitable Life business and cannot be split into scheme level or policy type detail.

The Trustees receive an annual report about the administrator's performance and compliance with the SLA; using information provided by the administrator, 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.



#### 4. Member-borne 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”). The TER is paid by the members and is reflected in the unit price of the funds.

The stated charges exclude any costs, e.g. administration and investment costs, since these are not met by the members.

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 Scheme’s fund managers buy and sell assets within investment funds.

Following the transfer to Utmost details of costs and charges can be found at <https://www.utmost.co.uk/investment-funds/fund-information-heritage-equitable-life-joining-utmost-1-january-2020/fund-information-heritage-equitable-life/>

##### 4.1 Charges and transaction costs

Over a period of time, the charges and transaction costs that are taken out of a member’s pension savings can reduce the amount available to the member at retirement.

The Annual Management Charge is usually reviewed at least annually to make sure it is fair whilst also covering Utmost Life and Pensions expenses. If the proposal goes ahead the charge would be guaranteed to be no more than 0.75% if the funds invested for at least one year after the transfer to Utmost Life and Pensions. Beyond a year, the Annual Management Charge would only be increased from these levels in limited circumstances, and will not exceed 1% in any event.

##### Costs and Charges – Utmost

Utmost Funds	TER
Utmost Secure Cash Fund	0.50%
Utmost Managed Fund	0.75%
Utmost Money Market Fund	0.50%

#### 5. Value for members assessment

The Trustees are required to assess the extent to which member borne charges and transaction costs represent good value for members. It is difficult to give a precise legal definition of “good value”, but the Trustees consider that it broadly means that the combination of costs and the quality of what is provided in return for those costs is appropriate for the Scheme membership as a whole, when compared to other options available in the market”. The assessment was undertaken taking account of the Pensions Regulator’s Code of Practice No.13 (Governance and administration of occupational trust-based schemes providing money purchase benefits).

The Trustees review all member-borne charges (including transaction costs where available)



annually, with the aim of ensuring that members are obtaining value for money 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 also been considered in this assessment.

The Trustees' assessment included a review of the performance of the Scheme's investment funds (after all charges) in the context of their investment objectives.

In carrying out the assessment, the Trustees also consider the other benefits members receive from the Scheme, which include

- the oversight and governance of the Trustees, including ensuring the Scheme is compliant with relevant legislation, such as the charge cap, and holding regular meetings to monitor the Scheme and address any material issues that may impact members;
- the design of the default arrangement and how this reflects the membership as a whole;
- the range of investment options and strategies;
- the quality of communications delivered to members;
- the quality of support services such as the Scheme website where members can access fund information online; and
- the efficiency of administration processes and the extent to which the administrator met or exceeded its service level standards for the Scheme year.

As detailed in the earlier section covering processing of financial transactions, the Trustees are comfortable with the quality and efficiency of the administration processes.

The Trustees believe the transaction costs provide value for members as the ability to transact forms an integral part of the investment approaches, and we expect this to lead to greater investment returns net of fees over time.

Overall, the Trustees believe that members of the Scheme are receiving value for money for the charges and cost that they incur.

## 6. Trustee knowledge and understanding

The Scheme's Trustees are required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively. Each Trustee must:

- Be conversant with the trust deed and rules of the Scheme, the Scheme's statement of investment principles and any other document recording policy for the time being adopted by the Trustees relating to the administration of the Scheme generally,
- Have, to the degree that is appropriate for the purposes of enabling the individual properly to exercise his or her functions as trustee, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment the assets of occupational pension schemes.
- The Trustees have measures in place to comply with the legal and regulatory requirements regarding conversance and knowledge and understanding. Details of how the conversance and knowledge and understanding requirements have been met during the period covered by this statement are set out below.
- The Trustees, with the help of their advisers, regularly consider training requirements to identify any knowledge gaps. The Trustees' investment advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. The Trustees' advisers would typically deliver training on such matters at Trustee meetings if they were material.

All the Trustees are familiar with the current Scheme governing documentation, including the



Trust Deed & Rules (together with any amendments), the SIP and key policies and procedures. In particular, the Trustees refer to the Trust Deed and Rules as part of considering and deciding to make any changes to the Scheme and, where relevant, deciding individual member cases, and the SIP is formally reviewed at least every three years and as part of making any change to the Scheme's investments.

Further, the Trustees consider that they have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil their duties.

All the Trustees are required to commit to completing the training, either at the relevant meetings or by personal study.

Taking into account the knowledge and experience of the Trustees with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisors (e.g. investment consultants, legal advisors), the Trustees believe they are well placed to exercise their functions as Trustees of the Scheme properly and effectively.

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*Hannah Lisby*  
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11 Aug 2022

Date: \_\_\_\_\_

Hannah Lisby

Chairman of the trustees, on behalf of all trustees of the Icopal Pension Scheme