

THE SOLICITORS' LAW STATIONERY SOCIETY LIMITED PENSION SCHEME

(THE "SCHEME")

ANNUAL GOVERNANCE STATEMENT FOR THE SCHEME YEAR ENDING 5 APRIL 2020

PREPARED IN ACCORDANCE WITH REGULATION 23 OF THE OCCUPATIONAL PENSION SCHEMES (SCHEME ADMINISTRATION) REGULATIONS 1996 (THE "REGULATIONS")

1. INVESTMENT ARRANGEMENT

- 1.1 The money purchase section of the Scheme invested in the Equitable Life With-Profits Fund until 1st January 2020. The Trustee voted to accept the Equitable Life proposal to surrender the minimum investment guarantee of 3.5% per annum for an immediate uplift to the policy value and then covert to Unit-Linked Policies with Utmost Life.
- 1.2 The Scheme is not being used as a qualifying arrangement for automatic enrolment purposes. The Trustee has considered the desired and appropriate outcomes and decided that the Utmost Life "Investing by Age" option is appropriate. The "Investing by Age" strategy gradually reduces risk over time, depending on the members age, by automatic transition from the Utmost Life Multi-Asset Moderate Fund to the Utmost Life Multi-Asset Cautious Fund and eventually to the Utmost Life Money Market Fund. This helps to keep operational and management costs proportionate.
- 1.3 The Trustee is appointed to operate the Trust with its integral investment fund. The With-Profits Fund provided the potential benefit of a smoothed investment return. The Unit-Linked Multi-Asset Fund range provides the potential of a lower volatile investment return for the benefit of the members of the Scheme up to normal retirement age.

2. CORE FINANCIAL TRANSACTIONS

- 2.1 The requirements of regulation 24 of the Regulations have been met and the Trustee, via its administrator, has processed appropriately the financial transactions under the Scheme. From time to time this activity may cover;
- Transfer value requests relating to members of the Scheme
 - Requests from members in connection with the investment fund
 - Settlement of claims for benefits due under the Scheme

3. CHARGES, TRANSACTIONS COSTS AND VALUE FOR MONEY

- 3.1 The Utmost Life annual management charge (AMC) covers the expenses of managing your money, including the administration costs and investment management costs. The transaction charges relate to the buying and selling of assets in the underlying investments. The Equitable Life With-Profit annual management charge and additional expenses was implicit, and comparable to how With-Profit funds operate.

Fund	AMC per annum	Transaction costs per annum	Total Cost and Charges
Utmost Life Multi-Asset Moderate Pension Fund	0.75%	Up to 0.3%	1.05%
Utmost Life Multi-Asset Cautious Pension Fund	0.75%	Up to 0.3%	1.05%
Utmost Life Money Market Pension Fund	0.00%	Up to 0.05%	0.05%
Equitable Life With-Profits Fund	Implicit	Implicit	-

- 3.2 Prior to the conversion, Equitable Life Policyholders shared in the investment profits made through the addition of regular bonuses. The annual bonus was not guaranteed however there was a minimum investment guarantee of 3.5% per annum. The Trustee had reviewed the latest

Investment Summary, the historic and recent declared interest rates, the investment guarantee and considered the fund was appropriate for the level of risk taken.

4. IMPACT OF CHARGES AND COSTS

4.1 The table below illustrates the impact of charges on a member pot of £10,000 (over a 5-year period in respect of the Equitable Life With-Profits Fund) and over a period of 40 years in respect of the Utmost Life Funds. The account size is not necessarily typical but is selected such that members may easily pro rata the table to their account. These examples are expressed in today's money terms and the assumptions are shown below the table. These costs are paid by a member from their Scheme pot. They include total ongoing charges paid by the member.

Initial Amount £10,000	Utmost Life Multi-Asset Moderate Pension Fund		Utmost Life Multi-Asset Cautious Pension Fund		Utmost Life Money Market Pension Fund	
	Investment Return		Investment Return		Investment Return	
End of year	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
1	£10,250.00	£10,145.00	£10,150.00	£10,045.00	£9,900.00	£9,895.00
3	£10,768.91	£10,441.34	£10,456.78	£10,135.61	£9,702.99	£9,688.30
5	£11,314.08	£10,746.33	£10,772.84	£10,227.03	£9,509.90	£9,485.91
10	£12,800.85	£11,548.37	£11,605.41	£10,459.22	£9,043.82	£8,998.25
15	£14,482.98	£12,410.26	£12,502.32	£10,696.68	£8,600.58	£8,535.66
20	£16,386.16	£13,336.47	£13,468.55	£10,939.53	£8,179.07	£8,096.85
25	£18,539.44	£14,331.82	£14,509.45	£11,187.90	£7,778.21	£7,680.60
30	£20,975.68	£15,401.45	£15,630.80	£11,441.90	£7,397.00	£7,285.74
35	£23,732.05	£16,550.91	£16,838.81	£11,701.67	£7,034.48	£6,911.19
40	£26,850.64	£17,786.15	£18,140.18	£11,967.34	£6,689.72	£6,555.89

Equitable Life With-Profits Fund £10,000 initial amount	End of year 1 £10,000	End of year 2 £10,000	End of year 3 £10,000	End of year 4 £10,000	End of year 5 £10,000
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Note

Values shown are estimates and not guaranteed

Fund growth is assumed to be linear

Inflation is assumed to be zero throughout

Assumed growth rate:

- Multi-Asset Moderate Pension Fund, inflation +2.5%
- Multi-Asset Cautious Pension Fund, inflation +1%
- Money Market Pension Fund, inflation -1%
- Equitable Life With-Profits Fund, inflation, net of charges
- Projection rates do not include any investment guarantee

5. GOOD VALUE FOR MEMBERS

5.1 The Trustee has assessed the investment and its associated guarantee and consider it to be good value for the level of risk taken. This is as the Trustee expects and had been advised by the Investment Adviser.

5.2 The Trustee considers, based on the information available to them from their Investment Adviser, that the impact of the charges that the members meet, is comparable with those applied to similar With-Profits packaged defined contribution pension arrangements. The defined contribution element of the Scheme therefore represents good overall value for the benefit provided to members.

5.3 When assessing good value, it is not just the direct and indirect costs that are reviewed but all the factors which make up each member’s experience. Currently, there is no legislation setting out how ‘good value’ should be assessed and what criteria should be reviewed as part of the assessment. The Trustee has undertaken a ‘value for money’ assessment focusing on member charges and the features of the Scheme. The main categories that the Trustee considers, and their views are:

Member costs and charges- Good	Administration- Good	Investment- Good
Member communication- Good	Trustee governance- Good	

6. TRUSTEE KNOWLEDGE AND UNDERSTANDING

6.1 The requirement under section 247-248 of the Pensions Act 2004 (requirement for knowledge and understanding) has been met during the Scheme year by an ongoing programme of training by the Trustee Directors.

6.2 The Trustee is Winterbourne Trustee Services Ltd. As an Independent Professional Trustee Winterbourne provide an experienced representative to attend Trustee director meetings and matters connected with the Plan. The Team at Winterbourne includes experienced professionals who are well versed in the operation and practices of occupational pension schemes. The wider team hold qualifications and have professional experience appropriate to all aspects of managing an occupational pension scheme. Each member of that team undertakes continuous professional development appropriate to their specific discipline. The team expertise extends to Scheme Administration, Scheme Governance including specifically DC aspects, Legal Documentation and Regulation, Investment and Actuarial matters. Each of their team maintains adequate professional knowledge by undertaking more than 25 hours of professional training annually in their chosen specialty and has undertaken the Pensions Regulator Trustee toolkit training.

6.3 The combined knowledge and understanding of the Trustee Directors, together with the advice which is available to the Trustee enables the Trustee to appropriately exercise its governance functions as Trustee of the Scheme.

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Chair of Trustee
Director

September 2020

**Signed for and on behalf of Winterbourne Trustee Services Limited
As Trustee of the Solicitors' Law Stationery Society Limited Pension
Scheme**