

Transcript of the video for the IGC Annual Report

Hello. As the Chair of the ReAssure Independent Governance Committee or IGC, I am delighted to have this opportunity to tell you about our work and introduce our latest annual report.

The IGC, as its name suggests, is an independent oversight committee that pension providers, like ReAssure, are required to have. Our role is to act solely in the interests of ReAssure's workplace pension policyholders and investment pathways customers, by assessing the value for money they are receiving from ReAssure. In 2020, the regulator expanded the role of IGCs into two other areas – one to do with investments and one to do with the disclosure of costs and charges.

In terms of investments, we are now required to assess how well ReAssure fulfils the stewardship responsibilities that come with being a significant investor in UK companies, and how well it takes account of climate risk and other aspects of what is called ESG (Environmental, Social and Governance factors) when investing the pension savings of the customers within our scope. This is an important part of the UK Government's strategy to ensure that pensions savings play their part in combatting climate change and promoting good outcome for society as well as good outcome for pension savers.

The other new responsibility is to publish the costs and charges that apply to all the funds that pension savers within our scope could invest in. This is to happen in a two phase approach. This year, we are required to publish the costs and charges that apply to all the commonly-used investment funds, including all the funds that customers savings are put into by default if they do not expressly choose one of the other options available to them. Next year, we are to ensure the costs and charges for all the other funds are also made public.

The IGC comprises 6 members, and you can find out a bit about us in the report and on our website page. Most of us only became members of the ReAssure IGC in February of this year, when the membership of the various IGCs across the Phoenix Group was aligned, following ReAssure's acquisition by Phoenix in 2020. Thus, most of the value for money analysis that we present in our report was carried out by the previous IGC. However, the new members have been fully briefed on the work our predecessors carried out and the data they reviewed. We have also carried out our own analysis in a number of areas, in order that we can express well-founded opinions on the value for money being provided. The membership of the Committee might have changed, but our focus remains the same – to act solely in the interests of the relevant ReAssure customers and assess the value for money that is being provided to them.

Turning to our report, those of you who have read any of the previous reports of the IGC will notice quite a change in this one. Because of the amount of information that we are required to include, we have completely changed the format that was used in previous years, in order to make it easier for you to pick and choose the level of detail on each area that you want to read.

In terms of our value for money assessment, like the previous IGC, we believe that value for money is not just about what something costs. You also need to look at the quality of what you get in return and how it compares with similar alternatives. That's why our value for money framework takes into account a number of different aspects of customer experience, to form a holistic view of the value for money that Standard Life is providing.



This year, we have slightly adjusted the framework, to more closely align it to the value for money factors that the regulator has proposed that IGCs should use. Thus, you will see that our report's assessment is structured around four key value for money areas:

- 1) Costs and charges – are the costs and charges reasonable for what customers get in return
- 2) Investments – are customer's investments well managed and performing well
- 3) Customer service – what quality of service do customers receive
- 4) Communication & engagement – How well does ReAssure communicate and keep customers up to date with their pension

I am happy to confirm that in this year's report we found that, customers are receiving good value for money in most of these four key areas. Towards the end of 2020, there was a drop in customer service for some customers that concerned us, and we are pleased that ReAssure has been working hard to address the issues. Another area that we highlight in the report is that there are some customers with charges higher than the alternatives available. We are investigating the reasons why this is the case and challenging ReAssure to do what it can to improve the comparison.

I am also pleased to confirm that ReAssure has made good strides in how it allows for ESG considerations and fulfils its stewardship obligations in the investment of customers' pension savings. This is one of the areas where the IGC expects to see benefits from ReAssure becoming part of the Phoenix Group in 2020.

You can find a great amount of detail on each of these areas in our annual report.

We have not included a full review of Investment Pathways value for money this year. Investment Pathways are new guided investment options designed to support customers who are moving into retirement without taking advice from a financial adviser, and the product was only launched in February of this year. The IGC carried out a pre-launch review of the likely value for money that the product would offer. We produced a report on the findings, and you can find this on our website page. Our initial view was that ReAssure's investment pathways represented reasonable value for money at that time. During 2021, we are monitoring the value for money that the product is providing, and how this compares with what we can tell of what other providers offer.

What this report cannot confirm is if a customer's pension will provide the benefits they are hoping for as there a number of factors, such as how much they pay in, which will impact that. We strongly recommend that customers regularly review their pension arrangements, including how much they are saving and where their money is invested, and hope that the information in our report might help with this.

Moving forward, the IGC will continue our on-going assessment of value for money to ensure we keep being a strong advocate for customers. In advance of our next report, we are challenging ReAssure to keep adding positive value to customers in a number of areas. Full details of the areas we are challenging ReAssure on can be found in our annual report.

Thank you for watching this video. The IGC would love to hear your thoughts on this video and our annual report. You can find our contact details on our website.