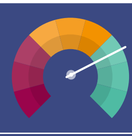
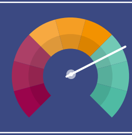
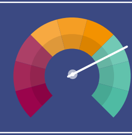
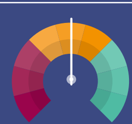
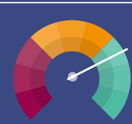
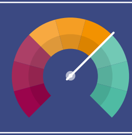
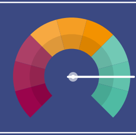
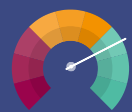
Annual Report of the ReAssure Ltd and ReAssure Life Limited IGC

2020

	ReAssure Ltd	ReAssure Life Limited
Do customers get good value for money?	Yes	Yes
Costs and Charges Are the costs and charges you pay reasonable for what you get in return?		
Investments Are your investments well managed and how are they performing?		
Customer Service What is the quality of the service?		
Communication and Engagement How well do we communicate with you and keep you up-to-date with your pension?		
Environmental, Social and Governance Is enough allowance made for ESG considerations in how your pension savings are invested?		

Independent Governance Committee

Welcome to this, the sixth annual report of the ReAssure Independent Governance Committee (IGC).

This report is particularly relevant to you if you have a workplace personal pension plan provided by ReAssure Ltd or ReAssure Life Limited. It is also of relevance to readers who have recently taken out an investment pathways plan with ReAssure Ltd.

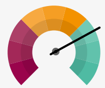
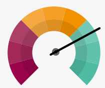
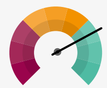
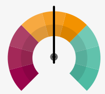
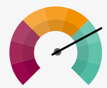
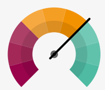
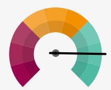
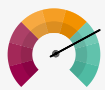
It provides you with important information about your plan and how to compare it with possible alternatives in the market. It also tells you what the IGC thinks of the value for money that you are receiving.

Contents

Value for Money Dashboard

Value for Money Dashboard

This dashboard gives you a summary of whether we think you are getting value for money from your pensions within the remit of the IGC. As there are two distinct entities managing these pensions, we have provided two separate Value for Money scores. Much more information can be found in the pages that follow.

		ReAssure Ltd*	ReAssure Life Limited** (ex-Old Mutual Wealth Life Assurance Ltd)
Do customers* get good value for money?		**Yes** Despite drop in service in Q4, following transfer of policies from L&G	**Yes** Although charges higher than alternatives available, as primarily invested in third party funds
Costs and Charges	Are the costs and charges you pay reasonable for what you get in return?		
Investments	Are your investments well managed and how are they performing?		
Customer Service	What is the quality of the service?		
Communication and Engagement	How well do we communicate with you and keep you up-to-date with your pension		
ESG and Stewardship	Is enough allowance made for ESG considerations in how your pension savings are invested?		 Not Rated

* **ReAssure Ltd** is made up from a range of heritages (including Gan, Crown, Aegon, Gresham, ReAssure, National Mutual, HSBC, and Guardian), and includes the mature savings business acquired from Legal and General, which transferred onto ReAssure systems in September 2020.

** **ReAssure Life Limited** is made up of policies from Old Mutual Wealth Life Assurance Limited which transferred ownership to within the ReAssure Group. These policies have remained as a separate legal entity, maintaining policy administration on existing systems. The name was changed to ReAssure Life Limited in June 2020.

Introduction from the Chair

Introduction from the Chair

Welcome to the sixth annual report of the ReAssure Independent Governance Committee (IGC). This report concerns workplace pension plans and investment pathways provided by ReAssure and ReAssure Life Limited, along with the Environmental, Social and Governance principles and Stewardship considerations applied to investments. It also records the IGC's conclusions on the value for money that customers are receiving from ReAssure and ReAssure Life Limited.

The IGC comprises six 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.

No one could have forecast the extent or length of the pandemic and its devastating effects on people and on businesses. ReAssure has provided the IGC with regular updates on the measures it has taken to try to ensure it continued to look after its customers. Lockdown impacted hugely on the workplace, with 95% of ReAssure's workforce having to switch to remote working. The IGC has been pleased to see that, through the pandemic, the company has kept its call centres open and maintained operations to service its customers through these very difficult times. The IGC has been monitoring the impacts of the adverse market conditions on your pension investments, alongside the operational challenges. The IGC itself, has also continued to operate as normal, making use of video calls rather than face to face meetings to assess value for money on your behalf. While ReAssure's pandemic response was good, a number of customers have experienced a material drop in service in the latter stages of the year for other reasons, exacerbated by pandemic-related challenges.

Last year's report explained that ReAssure Ltd had acquired some mature savings business from Legal and General. This is a mixture of With-Profits and unit linked business, which transferred onto ReAssure systems in September 2020. This has impacted the level of service a number of customers have experienced when transacting with the company, as significantly higher than forecast customer contact and demand has extended the period being taken to 'normalise' the service following the transfer. The IGC has received regular updates and has seen evidence of the significant management actions being taken, including additional recruitment and delivery of solutions to expedite processing and reduce demand. ReAssure have confirmed that payments out are being prioritised and that many customer will not have experienced any impact on the service received. The IGC has challenged ReAssure around the extended time being taken to normalise service and we have reflected this in our value for money assessment. The decline in customer service which occurred in the last quarter of 2020 is clearly concerning for the IGC and ReAssure, and the IGC continues to monitor this closely for improvement.

2020 also saw a number of important changes for ReAssure. The Company, which had previously been part of Swiss Re, was itself acquired by the Phoenix Group, though it continues to operate as a registered insurance company in its own right. As a consequence of the acquisition, ReAssure's governance arrangements are being integrated into those of the Phoenix Group. This has resulted in the change in the membership of the IGC which is mentioned above and is also described in the section on IGC Membership.

In last year's report, it was confirmed that policies from Old Mutual Wealth Life Assurance Limited and its subsidiary, Old Mutual Wealth Pensions Trustees Limited, had transferred ownership to within the ReAssure Group. The sale was completed on 31 December 2019, following a thorough process to ensure customer outcomes were safeguarded and receipt of regulatory approval. These policies have remained within a separate legal entity, maintaining policy administration on existing systems. On 13 June 2020 the company name was changed from Old Mutual Wealth Life Assurance to ReAssure Life Limited. If you are a holder of one of these policies, you should have received a welcome communication from the firm with information about the change in name. Most importantly, that communication will also have confirmed that there have been no changes made to the terms and conditions of your policy as a result of the rebrand.

ReAssure has informed us that it plans to fully integrate ReAssure Life Limited policies onto its main administration platform and proposition, currently targeted to place by the end of 2021. Historically, customers interests have been covered by the Old Mutual Wealth IGC, who handed over responsibility to the ReAssure IGC with effect from 1 April 2020. One of the independent members from the Old Mutual Wealth IGC joined the ReAssure IGC to help maintain knowledge and share insights into the work previously undertaken. We are therefore pleased to be including these policies as part of the ReAssure IGC Annual Report for the first time this year, giving our views on value for money, the service and investment performance during the 12 month period of 2020, as well as the ongoing charges.

The acquisitions by ReAssure were much in line with its business model which is to grow by acquiring products from different originating firms. Since the formation of the IGC, the Company has acquired books of business from HSBC Life and Guardian, but following the activity in 2020 the polices under the scope of the IGC have increased by a factor of 5.

The workplace pension policies under the scope of the IGC can be broken down as follows:

	ReAssure – Legacy	ex-L&G	ReAssure Life Ltd – (ex-OMWLA)
No of Policies	47,325	180,660	26,527

As there are two distinct entities managing these pensions, we have provided two sets of Value for Money scores.

In addition to these corporate changes, there have been a number of other changes that have impacted on the scope of work of the IGC. These include:

- The introduction of Investment Pathways, which went live on 1 February 2021. The IGC has spent a lot of time reviewing these through the design stage and providing input into the supporting customer communications during 2020.
  Investment pathways are a new initiative from the FCA aimed at providing customers who are not receiving a personal recommendation with better retirement outcomes, when accessing all or part of their pension savings.
- As indicated in last year's report we are now required to consider and report on how Environmental, Social and Governance (ESG) and Stewardship considerations are taken into account in ReAssure's investment decisions that impact your pension pots/and or investment pathway funds.
  Environmental, Social and Governance refers to the three central factors in measuring the sustainability and societal impact of how your pension money is invested.
- We are also required to publish more detailed information regarding costs and charges.

Assessing Value for Money (VfM)

The IGC's remit is to act solely in the interests of policyholders and to assess value for money. Towards the end of 2019, the IGC reviewed and updated the framework we use for assessing value for money. This recognised that, since the IGC was established, our remit has grown considerably. We also refreshed the methodology to take into account the additional policies acquired by ReAssure, setting out an action plan to cover our key priorities for 2020. At the end of each quarter, an assessment has been undertaken against a wide range of agreed key measures, applying scores to help assess the RAG status on a comparable basis to demonstrate performance and assess progression over time.

Value for money means different things to different people, but we see it as "**a combination of the charges you pay, the quality of the outcomes you receive, and how it compares to equivalent alternatives available in the market**". During 2020, the IGC has used this updated framework to consider these factors, applying a combination of quantitative and qualitative measures, alongside subjective judgement, to determine our overall Value for Money assessment.

The high level results of this year's assessment of value for money are summarised in the **Dashboard** at the beginning of this report.

As there are two distinct entities managing these pensions, we have provided two sets of Value for Money scores.

The IGC believes it is important, when assessing value for money, to compare what other companies provide and at what price. During 2020, a Comparative Data Study of legacy books was commissioned by a group of 5 IGCs and their providers, including ReAssure. This study was carried out by an independent consultancy, Redington, who reported its results to us in January 2021. The study looked at:

- Engagement (Customer Communications)
- Investment
- Access
- Service
- Charges

The study was not designed to produce rankings, but, rather, to report on findings and make recommendations where appropriate. Overall, ReAssure compared well against the other legacy books that took part. The findings did suggest one or two areas which merited further consideration. More information on these can be found in the Customer Services section of the report. The IGC will be raising these with the company in the coming year.

Investment Pathways

Pension freedoms has given customers more flexibility in how and when you can access your pension savings; but that also means you have to make more complicated choices. The industry regulator, the Financial Conduct Authority ("FCA"), undertook a review of retirement outcomes and identified a concern that many customers were focused only on taking their tax-free cash and did not think through how and when they might want to use their residual pension pot, often taking the 'path of least resistance'. This could result in the remaining pension pot not being invested in a way that meets customers' needs and intentions. To address this concern, the FCA introduced the requirement for firms to offer some ready-made investment pathways. These are designed to help non-advised customers accessing their pension savings to select from four relatively simple choices, designed to meet customers' broad retirement objectives and improve their income in retirement.

The FCA prescribes 4 options that customer can choose from:

- **Option 1**: I have no plans to touch my money in the next 5 years.
- **Option 2**: I plan to use my money to set up a guaranteed income (annuity) within the next 5 years.
- **Option 3**: I plan to start taking my money as a long-term income within the next 5 years.
- **Option 4:** I plan to take out all my money within the next 5 years.

Investment Pathways were intended to be introduced from 1 August 2020 but, due to the COVID-19 pandemic, this was deferred until 1 February 2021. The IGC spent a considerable amount of time during 2020 considering and assessing the suitability of the Investment Pathways which ReAssure designed and assessing whether customer communications were fit for purpose.

The IGC provided ongoing challenge and was proactive in influencing elements of the design and communications. The overall view of the IGC was that it was happy with the clarity of ReAssure's Investment Pathways communications, it considered that the proposition had been designed to meet customers' broad retirement objectives and that these did represent reasonable value for money. Moving forwards, the IGC will be monitoring these closely to see how they are being used in practice and assess if they are improving customer outcomes.

Our initial assessment can be found on ReAssure's website by following this **link**.

The IGC has not included a Red/Amber/Green rating for the Value for Money of ReAssure Investment Pathways in this report since they were only launched in February 2021 and this report covers 2020 performance.

Purpose and Structure of Report

As part of their role, IGCs are required to produce an annual report setting out their opinion on the value for money delivered by contract-based workplace pension arrangements or Pathway Investments, and the adequacy and quality of the Company's policies in relation to Environmental, Social and Governance considerations and Stewardship. The report has a dual purpose in providing information to members and also meeting a number of requirements set by the Financial Conduct Authority (FCA).

In order to cover the detail required by the FCA, but to make the report as accessible as possible, we have structured the format around three levels:

- Key messages
- Further Commentary
- Supporting Material

We hope that the clear sign-posting, with plenty of embedded links between the different levels, will enable you to engage with the material at whatever depth works for you.

As this report covers both ReAssure Ltd and ReAssure Life Limited, we have used two different terms to differentiate. Where we say ReAssure we are referring to ReAssure Ltd and when we say ReAssure Life we are referring to ReAssure Life Limited (the ex-Old Mutual Wealth Life Assurance policies).

We are keen to hear what you think about the report or any aspect of our work. If you have any questions or would like to get in touch with any suggestions or comments, please use the link to the IGC on the ReAssure **website**, or write to the new IGC Chairman, Dr David Hare, via ReAssure Limited, Windsor House, Ironmasters Way, Telford, Shropshire TF2 4NB.

Many thanks for reading our report.

IGC Membership, Experience and Independence

IGC Membership, Experience and Independence

Following Phoenix Group's acquisition of ReAssure Ltd in 2020, the Boards of Phoenix and ReAssure decided to align the membership of their respective IGCs in order to have a consistent approach to value for money assessment across all the contract-based workplace pensions business within the Phoenix Group. This was in line with the established Phoenix practice for governance committees and consistent with what had been done regarding IGC membership following earlier acquisitions by Phoenix Group.

This alignment was achieved by:

- the appointment of the Phoenix IGC chair, Dr David Hare, to chair the aligned IGC with effect from 1 February 2021;
- the selection of an Independent Member, Venetia Trayhurn, to remain as a member of the IGC and also to join the other Phoenix Group IGCs;
- the appointment of the other existing members of the Phoenix IGC to the ReAssure IGC; and
- the appointment of Zahir Fazal, the former chair of the IGC, as an Independent Associate for a period of six months.

The membership ensures an appropriate combination of:

- detailed knowledge of the various blocks of pensions business within the scope of the IGCs;
- understanding of the IGC history and what outstanding issues were still needing to be addressed; and
- relevant industry knowledge of the contract world, and also the wider pensions landscape in the UK and how it is evolving; along with:
- a strong focus on customers and the outcomes they receive; and
- independence of approach and mind-set.

In addition to David Hare and Venetia Trayhurn, the membership of the IGC now is:

- Ingrid Kirby, an experienced investment professional and pension scheme trustee who had been an Independent Member of the Standard Life IGC since 2015;
- Sheila Gunn, an experienced non-executive director with a legal background who had been an Independent Member of the Phoenix IGC since 2015; and

Employee Members:

- Rona Cameron, an experienced lawyer who has spent the last 12 years at Standard Life in various risk management, compliance and governance roles, and joined the Phoenix IGC as an Employee Member in June 2020; and
- Mike Pennell, an experienced actuary with almost 30 years' experience within the Phoenix Group who had been an Employee Member of the Phoenix IGC since 2015.

The IGC wishes to thank those previous members of the ReAssure IGC who left the Committee at the point of alignment:

- Zahir Fazal, Independent Chair since 2015;*
- Ian Costain, Independent Member since March 2020;
- Paul Parsons, Employee Member since 2015;
- Giles Payne, Independent Member since 2015; and
- Simon Thomlinson, Employee Member since 2015.

*Note: Zahir Fazal has been retained as an Independent Associate for a period of six months to assist with the handover and preparation of this annual report.

More details on each of the current IGC members can be found on the **ReAssure website**.

As noted above, most of the six members 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.

Independence

All the members of the IGC take their independence very seriously. At the time of their appointment, each Independent Member of the IGC satisfied the FCA independence criteria set out in COBS 19.5.12G. In future, any additional external appointment being considered by a Committee member is subject to the IGC being satisfied as to the continuing independence of the member concerned and their ongoing capacity to meet all the obligations of their IGC role. At the start of each of our regular IGC meetings, the IGC members verify whether there are any new considerations that might affect their independence.

In addition, both Employee Members were provided with side letters to their employment contract which made it clear that, when acting on the IGC, they must act solely in the interests of the in-scope policyholders and put aside the commercial interests of the Phoenix Group.

Competence

As described above, and in more detail on the **ReAssure website**, across all its members, the IGC has considerable experience in investments, pensions and the type of long-term insurance products that form the business within the IGC's scope. Thus, the IGC believes it is well-placed to carry out its important value for money assessment role on behalf of the in-scope customers and act in their interests. In order to ensure that this remains the case, the IGC maintains a record of the relevant training that each Committee member undertakes (either specially for their IGC work, or as part of their wider professional obligations and activities), and which is subject to regular review. In addition, where it is felt that all members of the IGC would benefit from further training on a particular topic, an appropriate training session is arranged.

Key Messages

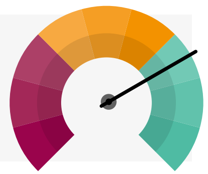
Key Messages

Costs and Charges

Key Messages

Costs and Charges

Overall, the IGC has given ReAssure Ltd a rating of GREEN for costs and charges.



This section considers the costs and charges you pay to ReAssure Ltd for the ongoing administration of your workplace pension. The costs and charges are a vital part of our overall assessment of value for money, as they reduce the amount of your end pension pot, so need to be justified against the benefits delivered to customers.

Regular Ongoing Charges for Unit Linked Customers – You will note from our previous IGC reports that, with effect from January 2017, ReAssure capped the regular ongoing charges you pay on unit linked policies at 1% per annum*. Many of ReAssure Ltd workplace pension arrangements already have ongoing charges below this; in fact, the average regular ongoing annual charge on the unit linked policies is 0.78%. If we look at how this is split out, for the recently transferred policies from Legal & General it is 0.58% on average, and for the existing ReAssure Ltd (other heritages) it is 0.98%. Where customers have very small pots and are no longer paying contributions, the 1% cap is having a positive impact on the value many of you get from your workplace pension, helping members to achieve a better retirement.

*It should be noted the 1% charge cap excludes initial units, which remain present on around 4.1% of workplace pensions within ReAssure.

Whilst we believe these charges are in line with our comparison of charges amongst other providers of older style ‘legacy’ products, we also recognise that there are lower cost products now available in the new business market. ReAssure Ltd offers all unit linked customers the option to reduce their ongoing charges to 0.65% per annum. If your charges are not already below this, in your Annual Statement you will find information regarding the universal funds and alternative product options ReAssure has made available.

CALL TO ACTION: We strongly encourage you to engage with these communications. By taking action you could reduce your regular ongoing charges to 0.65% p.a.

The 1% charge cap excludes **initial units, which remain present on around 4.1% of workplace pensions within ReAssure**. These are in essence designed to recoup historic initial set-up costs actually incurred, rather than cover current ongoing costs. ReAssure has demonstrated that, in aggregate, the presence of such charges did not undermine the economic rationale of the products. These units do have a value on death, so this structure provides an additional benefit to customers over the typical alternative in place for products of that heritage e.g. a nil allocation period structure to cover set-up costs. For these 4.1% of policies, customers would experience a higher charge if they wished to transfer their pension pot before age 55. We continue to challenge ReAssure to consider if any further action should be taken on initial unit charges. For members wishing to access their pension benefits from age 55, a 1% cap is applied to all exit charges (which includes initial units).

The **With-Profits funds** have continued to provide value for money, with ongoing charges expected to be largely offset by future estate distributions.

Following the introduction of new rules, this report now includes additional tables showing the range of costs and charges paid by in-scope customers who invest in the main investment funds offered by ReAssure. The Company's website pages also include this information and sample illustrations showing the effect of charges on the payouts that members might receive at retirement. In future years, this information will be extended to cover all funds that in-scope customers can invest in. You can view this information **here**.

This information further demonstrates to in-scope customers that charges vary across policies and the funds that customers select. For unit linked customers, your Annual Statements show the charges you are paying, along with information about switching funds and alternative product options that have a charge 0.65% per annum. We encourage in-scope customers to regularly review their options and take independent advice.

Key Challenge for 2021

- To consider if further action should be taken on initial unit charges.

Overall the IGC has given ReAssure Life Limited a rating of AMBER for costs and charges.

The average costs and charges paid by policyholders (weighted by fund value) is 1.40% pa, which is significantly higher than those paid by policyholders of other workplace pension providers. These policies were initiated through Independent Financial Advisers (IFAs) and have a defining characteristic that investment choice was based on an “open architecture” approach, which gave IFAs access to hundreds of external investment funds. The IGC has done some work to help verify that the core product charges look reasonable in covering administration costs, but customers are paying additional charges associated with using external third party funds.

Following migration onto ReAssure systems, planned for Q4 2021, the administration of these policies will be aligned with the ReAssure proposition and the internal product charge will be capped at 1%. However, if you continue to choose an external third party fund, then any addition associated charge will still apply.

ReAssure Life has also confirmed that it will make its universal fund range available, actively writing to customers every year with information on alternative funds and product options that can reduce charges to around 0.65% p.a.

The IGC is pleased to see ReAssure has agreed these actions and, whilst we appreciate some changes take time to implement, the IGC remains concerned that this will not be implemented until Q4 2021.

CALL TO ACTION: We strongly recommend that customers review their fund performance and charges with their IFA, to ensure they are happy with their investment choices and decide if these charges are justified by the overall performance.

Key Challenge for 2021

- To ensure that the ex-Old Mutual Wealth Life Assurance (ReAssure LIfe Limited) business continues to deliver Value for Money, in the context of advised business.

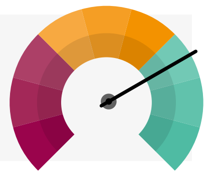
Key Messages

Investment Performance

Key Messages

Investment Performance

Overall, the IGC has given ReAssure Ltd a rating of GREEN for investment performance.



Investment performance (how well your fund does) can make a big difference to the amount you will get back when you choose to take your pension pot. The IGC wants to see evidence that the funds offered to you are well-managed and designed to deliver medium/longer-term returns that will provide a decent outcome when you retire, without taking too much investment risk.

The IGC receives regular reports on the performance of the funds IGC in-scope customers have chosen to invest in. We use this to monitor overall performance and understand what actions are being taken by ReAssure where performance isn't good enough.

The COVID-19 pandemic saw the world go into various degrees of lockdown and, during Q1 2020, global equity markets fell sharply. Since April, markets have rallied considerably, resulting in some reversal of COVID-19-related negative performance.

Over the 5 year period, the majority of unit linked funds used by IGC in-scope customers have performed comparatively well when considered against similar funds that you might have chosen with other providers.

In terms of With-Profits options, aggregate fund performance on the NM With-Profits fund has lagged behind its benchmark over the last 12 months and continues to be closely monitored. Aggregate fund performance on the LG With-Profits fund has been slightly ahead of benchmark. Good governance oversight is in place and the IGC continues to monitor this closely.

A large number of workplace pensions were transferred across to ReAssure Ltd from Legal & General. The money invested continues to be managed by Legal & General Investment Managers, so the investment performance of these policies in 2020 will be the same as it would have been had the policy remained with Legal & General. The IGC has been monitoring the fund performance and is satisfied these funds, have performed comparatively well, with appropriate governance oversight to take action where necessary.

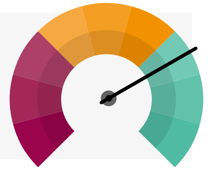
CALL TO ACTION: ReAssure display a wealth of information about all its funds online, with a description of the fund, its objectives, charges, and risks. You can also see how well your fund has performed compared with other similar funds. You can view this information here.

CALL TO ACTION: You should regularly review whether the fund(s) you are investing in are still appropriate for you, the level of risk you are prepared to take and how you intend to use your pension pot in retirement.

Key Challenge

- To continue to monitor and if possible improve fund performance, taking appropriate actions when necessary.

Overall the IGC has given ReAssure Life Limited a rating of GREEN for investment performance

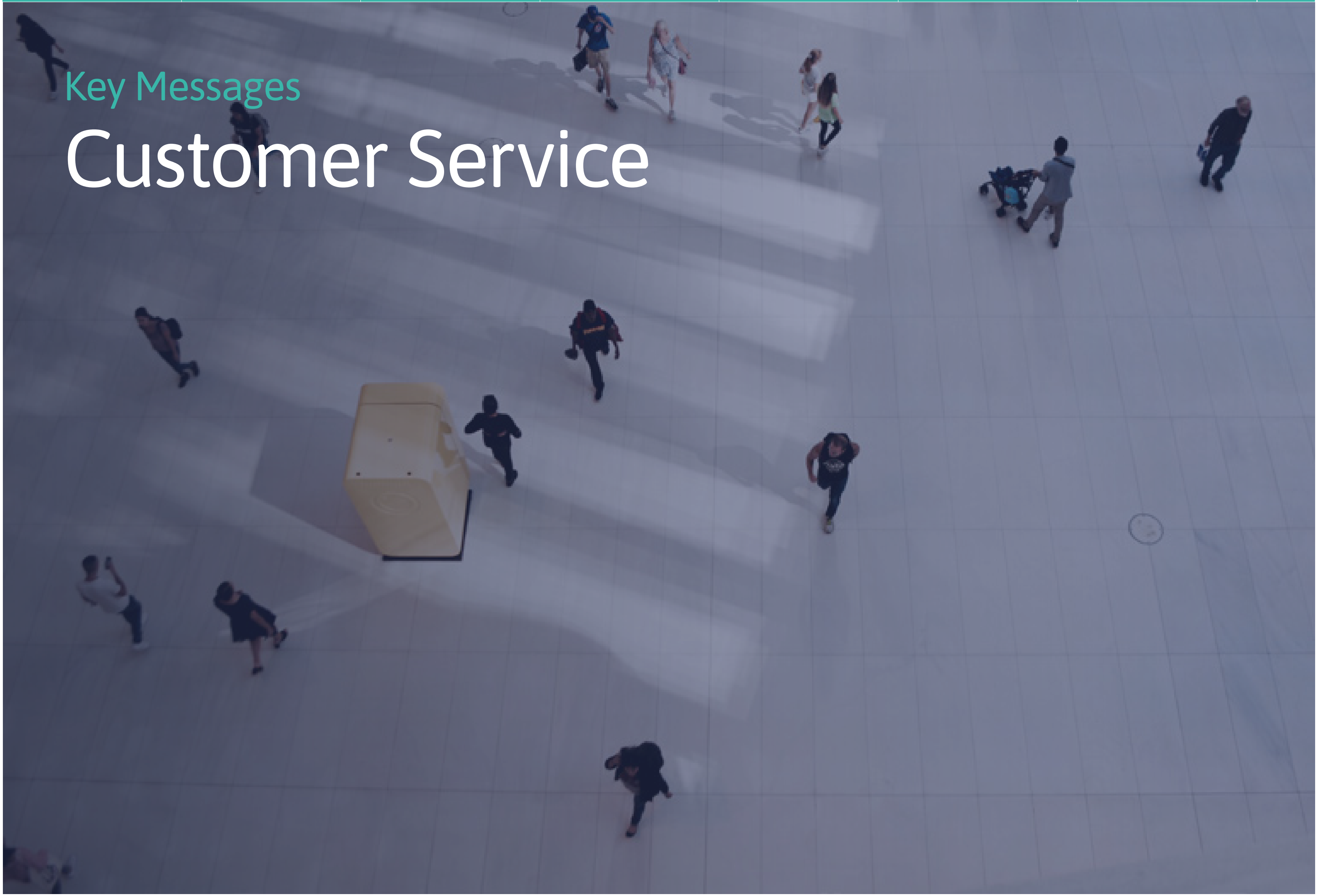


The IGC recognises that customers who effected these policies specifically chose the open architecture nature of this proposition, which can offer good value for money. The IGC has monitored the investment performance of the main Third Party funds used by IGC in-scope customers and has seen evidence that many of these continue to perform well. The IGC has also noted some funds (such as one managed by Invesco) where ReAssure Life has communicated concerns with performance. ReAssure Life maintains a list of all funds currently on 'watch' and publishes this list on the website.

Whilst the fund performance of these third party funds has been reasonable, given the more specialist sectors that the third party fund range covers, we remain concerned that returns must continue to justify the additional cost.

CALL TO ACTION: It is important that policyholders understand that potentially suitable alternative and lower charging options are available and encourage you to regularly review your fund choices and discuss these with your IFA.

ReAssure has agreed that, when these policies are migrated onto ReAssure systems, it will make available its universal fund range and will start actively writing to customers every year with information on alternative funds and product options that could enable you to reduce your ongoing charges to around 0.65% p.a.



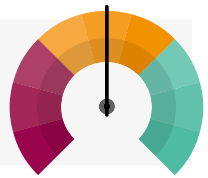
Key Messages

Customer Service

Key Messages

Customer Service

Overall, the IGC has rated ReAssure Ltd AMBER for the customer service element of value for money.



There were two major events impacting customer service during 2020; firstly, of course, the impact of COVID-19 on the lives of all ReAssure Ltd staff and their customers and, secondly, the transfer of 180,606 workplace pension policies from Legal & General to ReAssure Ltd, which took place on the 7 September 2020, and led to a significant spike in customer activity.

Overall, the IGC is satisfied with the commitment shown by ReAssure Ltd to meet the challenges you may have experienced as customers during the year, but there were problems, particularly in the last quarter of 2020. Customer service saw strong performance over the first few months of the pandemic and the first lockdown. However, some customers were negatively impacted by service delays and issues onboarding onto the online proposition, when ReAssure Ltd took over responsibility for the mature savings business from Legal & General in September. Some customers were very unhappy indeed.

The IGC has challenged ReAssure Ltd, who have been transparent over the situation and circumstances and demonstrated to us that they have worked hard to normalise the outcomes for customers. ReAssure Ltd put in place a recovery plan, and we've been monitoring the progress of this closely. Some of the actions which ReAssure Ltd took to try to fix the problems were impeded by the impact of the pandemic e.g. a longer required time to be able to recruit and train up additional new customer service staff, to meet the higher than forecast level of customer contact. At the time of writing, ReAssure Ltd is reporting to the IGC that service has largely normalised, and most of the service delays and problems experienced by customers have now been resolved.

ReAssure Ltd has kept the IGC informed of the challenges and the IGC acknowledges that ReAssure Ltd has taken the situation very seriously and taken significant steps to try to improve the situation for its customers. However these service levels are not normal (hence our AMBER rating), whilst recognising that the Company has been firmly committed to remedying this.

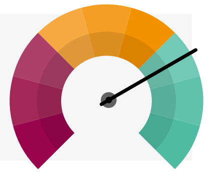
Key Challenge for 2021

- Normalise levels of service.

As mentioned in the 'Introduction from the Chair' section of this report, the IGC participated in a Comparative Data Study conducted by Redington, an independent consultancy. This compared ReAssure Ltd against other pension providers offering similar pension policies to customers. The results indicated that, overall, you're being well served by ReAssure Ltd, although there is of course room for improvement. The data used for this exercise covered the period to 30 June 2020, so **pre-dated the recent service challenges some customers have experienced** after the transition of the mature savings business from Legal & General over to ReAssure Ltd.

Given the service issues some customers experienced in the second half of 2020 (and into 2021), the IGC has particularly focused its attention on complaints data this year, and has reviewed sample cases to assess how well the complaints were being handled. The conclusion was that the IGC is satisfied that, when ReAssure get things wrong, they generally handle it appropriately, and try to put things right for you. Delay in servicing has been the most common cause of complaint.

Overall the IGC has rated ReAssure Life Limited GREEN for customer service.



Key message

The IGC has been pleased to see that the separation and integration of ReAssure Life Limited policies has been handled well.

Overall, a good level of customer service has been maintained throughout the year despite the impact of the pandemic, with a significant proportion (circa 95%) of the workforce transferred to remote working. Servicing teams have seen a significant increase in email communications and online enquiries and have adapted to meet these changes in customer needs.

There are 26,527 ReAssure Life Limited workplace policies in the IGC population. This includes 13,215 distinct employer arrangements and just over £1bn of funds under management. 1,395 of these policies paid premiums over the last 12 months and the average pension pot size for a member is £41,063.

The servicing data provided has shown that core financial transactions have continued to meet all transactional deadlines.

ReAssure has informed us that it plans to fully integrate ReAssure Life policies onto its main administration platform and proposition, currently targeted to take place by the end of 2021. This will move servicing onto a more modern platform, with increased scale and strategic investment that should support an improved servicing environment and the roll out of better digital solutions.

Key Challenge for 2021

- Fully integrate ReAssure Life Limited policies into the main proposition.

Key Messages

Communications and Engagement

Key Messages

Communications and Engagement

Overall, the IGC rated ReAssure Ltd and ReAssure Life Limited GREEN for customer communication. We rated ReAssure Ltd AMBER and ReAssure Life Limited GREEN for engagement elements of value for money.

The IGC has seen ongoing investment into the digital and online capability, to strengthen the services available to customers. The phased roll out of ReAssure Now, ReAssure's online portal for customers, continues. The IGC would like to see more of you offered access to the online portal sooner, and more signing up when offered, as there are definitely benefits for those of you who take it up and get instant access to information on your pension savings.

A major area of focus for the IGC over the second half of 2020 was the review of ReAssure's communication materials for the launch of its new 'Investment Pathways' options, which were launched for customers aged 55 and over from 1 February 2021. The IGC was pleased with the quality of the communications produced, which it assessed as fit for purpose, and believes should serve their objective of helping customers understand the various options available and make the right decision for them. Further information on Investment Pathways is available **here**.

The IGC has rated ReAssure Ltd Amber for customer engagement, because the IGC does not see high levels of customer engagement in a number of important areas, and the IGC believes ReAssure Ltd should aim to be more effective in its engagement activity to drive greater customer action where appropriate. Customers need to be engaged to consider, for example:

- whether the fund(s) you are investing in are still appropriate for you and the level of risk you wish to take depending upon what you want your pension pot to provide, because what might have been right for you when your policy was set up may not still be right for you now;
- ReAssure Ltd has made available some alternative fund and product options to unit linked customers which could reduce your annual charges to 0.65%, and information on these options is included with your Annual Statement; and
- ReAssure Now is an online customer portal which is being rolled out to customers in phases. You may find it useful to register and gain access to more regular information on your pension and tools to help you plan for your retirement.

Key Challenges for 2021

- Increasing the effectiveness of engagement activity.
- Offering a greater proportion of customers access to the online portal.

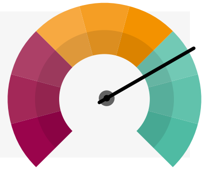
Key Messages

ESG and Stewardship

Key Messages

ESG and Stewardship

Overall, the IGC rated ReAssure Ltd GREEN for its approach to ESG and Stewardship in relation to your pension savings for the following reasons:



Environmental, Social and Corporate Governance ("ESG") refers to the three central factors in measuring the sustainability and societal impact of how your pension money is invested.

ESG considerations and the impact of climate change have continued to move up the agenda in considering investment strategies and policies.

As an insurance company and long-term global and diversified investor, ReAssure regards itself as having a responsibility to act in the best interests of its policyholders, shareholders and other stakeholders.

As owner of a significant volume of assets under management, ReAssure is aware of its responsible investment responsibilities, when investing assets on behalf of policyholders and shareholders. It has an interest in the long-term quality and continuity of the investment universe, as well as in well-functioning markets, economies, sectors and companies. It has therefore integrated responsible investment considerations into its investment management processes and ownership practices.

ReAssure Ltd outsources asset selection and portfolio management to qualified external asset managers and strives to ensure that its external asset managers invest ReAssure money in accordance with ReAssure Ltd's ESG & Sustainability Policy and incorporate ESG principles in their investment process and actively engage in ESG matters with companies. Therefore, this policy is an integral part in the selection and oversight of external managers and the principles of the policy extend to the actual investment approach utilised by the external managers, including voting practices.

As part of the Phoenix Group, ReAssure is bound by its commitment to its operations being net zero carbon by 2025 and its investment portfolio by 2050 and it is also a signatory of the Principles for Responsible Investment. As part of the process of the integration of governance with the rest of the Phoenix Group, ReAssure Ltd's policies will be re-examined and further developments will be coordinated as part of the wider Group.

As indicated in last year's Report, the FCA has extended the scope of IGC responsibilities to considering and reporting on the adequacy and quality of a firm's ESG and Stewardship policies. In future years the IGC will also be required to report on the implementation of these policies. During 2020, the previous IGC received external training on ESG considerations and presentations from ReAssure Ltd on the development of its policies and considered whether these were adequate. The IGC was able to conclude that was the case.

We have not rated ReAssure Life Limited for the ESG elements of value for money.

Not Rated

ReAssure Life Limited customers have specifically chosen the open architecture nature of the proposition which gives them, and their Independent Financial Advisers, access to some 600 external investment funds managed by approximately 70 managers. The Fund Manager oversight team have relationship meetings with the key third party fund managers, and understanding how responsible investment considerations are being applied is an important factor of these discussions.

Given that most customers have chosen to invest in external third party funds, while the IGC can make some observations, we decided it was not appropriate for us to assign a rating in respect of ESG.

A key initiative for the Company is to provide better information on how funds score against responsible investment metrics and ensure that this is sign-posted so that members can easily see for themselves how the managers they have selected apply responsible investment principles. Whilst a start has been made, the IGC would like to see the provision of more ESG information as soon as possible. We would also like to see further consideration being given to whether ReAssure Life ESG and Stewardship policies can be more closely integrated with those of the wider Group.

Key Challenges for 2021

- Providing better information on how funds score against ESG metrics.
- Ensuring that this is sign-posted so that customers can easily see for themselves how the managers they have selected apply ESG.

Key Messages

Investment Pathways

Key Messages

Investment Pathways

The IGC has not included a Red/Amber/Green rating for the Value for Money of ReAssure Investment Pathways plans in this report since they were only launched in February 2021 and this report covers 2020 performance.

However, the IGC carried out a comprehensive pre-launch review of the design, planned implementation and clarity of ReAssure's Investment Pathways proposition and considered it to **represent reasonable value for money at that time**.

Our assessment was based on the following key questions:

Q1. When a customer uses the digital facilities, phone calls or correspondence to start accessing their pension pot, has the 'journey' that the customer will take been designed to be as clear and straightforward as possible, so that the customer is enabled to choose the appropriate Pathway Investment Fund?

Q2. Are each of the Pathway Investment Funds designed in the interests of the customers who have selected them, and are the objectives of each Pathway Investment Fund clear?

Q3. Can the costs and charges made on ReAssure Investment Pathways be expected to provide value for money – and how do they compare to other alternatives in the market?

Q4. Are all communications to Investment Pathways customers 'fit for purpose' – clear and understandable, including in explaining the relevance and purpose of the communication?

Q5. Are the arrangements made for ongoing service, communications and investment management of the Pathway Investment Funds expected to contribute to value for money and offer the prospect of good outcomes for customers?

Our overall view was that ReAssure had been concerned, in all its development of the Investment Pathway process and the Pathway Investment Funds, with enabling customers to make an appropriate choice for them and achieve a good outcome from whichever Pathway Investment Fund they enter. However, at the time of our review, there was only limited comparative data on the charges and investment strategies chosen by competitors and so we were unable to go beyond our "reasonable value for money" opinion.

The detailed findings from our pre-launch review were published on our website in February 2021 and can be found **here**.

Key challenges for 2021:

- Source additional competitor benchmarking information, particularly on charges and investment strategies; and
- Establish the appropriate MI reporting to enable the IGC to monitor ReAssure Value for Money (VfM) performance going forwards.

Further Commentary

Further Commentary

Costs and Charges

Further Commentary

Costs and Charges

What we look for

A number of costs and charges may apply to customers' plans and include:

- charges deducted from plans on an ongoing basis (**'ongoing charges'**); and
- deductions to cover the costs of buying and selling the investments within the plan called **'transaction costs'**.

Some customers may have other benefits or services on their plan – certain guarantees that apply to With-Profits investments; protection benefits e.g. life insurance or waiver of contribution cover; where members have selected to invest in third party funds; or take advice from an adviser. Customers typically pay extra for these benefits through **'other charges'**. Finally, there may be an **'exit charge'** deducted from the value of a plan if it is transferred to another provider.

In the current environment, we think regular **ongoing charges** of a maximum of 1% per annum can offer reasonable value for money when we take into account the benefits delivered to workplace pension customers, but will keep this under review. We continue to challenge ReAssure in respect of initial units which are outside this cap. Lower cost options may be available, but, whether a member will receive better value by taking those options can be a complex decision as value depends on benefits received as well as the costs. ReAssure do offer universal funds and alternative product options to all unit-linked customers, with the option to reduce their ongoing charges to 0.65%. What is critical is that customers are aware of, and regularly review, their options.

We expect **transaction costs** to be within normal market ranges or, where they appear materially higher, to understand why this is the case and any action taken to offset the impact on members. Where customers pay **other charges** for other benefits and services, then we consider this to be reasonable provided customers know that they are paying those other charges, understand (and still need) the benefits or services, and receive adequate communications. We also look to see that these other charges are reviewed periodically to ensure that they remain appropriate.

Regular Ongoing Charges

ReAssure Ltd

The average regular ongoing annual charge on ReAssure Ltd workplace pensions is 0.78%. You will note from our previous IGC reports that, with effect from January 2017, ReAssure Ltd capped the regular ongoing charges you pay at 1% per annum. (This excludes initial units and any additional charge for choosing a third party fund.) We are pleased to see that, for a typical policy (i.e. one that invests in the managed fund), the actions taken will reduce the likelihood of charges on small pots exceeding the investment return and hence reducing the policy value.

The table below shows the spread of regular ongoing charges for in-scope customers – excluding initial units and any third party fund charge.

	0%-0.25%	0.25%-0.5%	0.5%-0.75%	0.75%-1%	1%+
ReAssure Ltd	169	1,586	2,124	41,760	0
	(0.4%)	(3.5%)	(4.7%)	(91.5%)	(0%)
L&G	12,651	88,717	44,397	34,623	0
	(7%)	(49.2%)	(24.6%)	(19.2%)	(0%)

Our review of reports from other IGCs show that a maximum ongoing charge of 1% per year is typical amongst other firms with ‘legacy’ workplace pension policies. ‘Legacy’ tends to be used as a term to describe older style pension policies sold a number of years ago, usually not available to new employers or even open to new members, and rarely used by employers for auto-enrolment. The IGC took part in external benchmarking research amongst ‘legacy’ workplace pension providers that supported the conclusion that 1% per year was in line with other providers of older style pensions.

Whilst this demonstrates that ReAssure Ltd compares reasonably amongst its peers, we hold the view that ‘legacy’ is not a meaningful term for members or necessarily a reason why a member should be charged more than someone in a more ‘modern’ pension product. For example, pensions used for auto-enrolment where the default investment fund is chosen have charges that are capped at a maximum of 0.75% per year, whilst also offering more in terms of online servicing and support, engaging communications etc.

Conversely, it is the case that many (but not all) ReAssure Ltd pension pots are relatively small, are not receiving new contributions, and the number of customers within each employer arrangement may also be small, so even a 1% charge may not in fact cover the costs to ReAssure Ltd of administering the policy. Nevertheless, the IGC is glad that ReAssure continues to invest in making improvements to customer service, the support for vulnerable customers and its digital offering.

Options available to reduce your regular ongoing charges to 0.65% p.a.

The more you pay in charges, the less you will have invested in your pension. Some ReAssure Ltd customers already have charges below 0.65%, or valuable guarantees, which is why ReAssure Ltd are engaging with customers every year and providing additional options. As part of the Annual Statement, unit linked workplace pension customers will find a colourful insert actively encouraging you to consider some lower cost options ReAssure Ltd has made available.

1. Four low cost funds (Global Equity, Bonds, Deposit and the Universal Fund) have been made available to you within your existing unit-linked pension product. These have an Annual Management Charge of 0.65% and no Bid-Offer Spread, so could help reduce the charges on your policy.
   a. You can make a free switch into these funds.
   b. One of the benefits of selecting this approach is that you can reduce ongoing charges and retain existing valuable benefits (such as life cover, waiver, Guaranteed Annuity Rates and Employer Contributions). By staying in your existing policy, you can also avoid exit charges.
2. For any customers in existing funds with an exact investment match to one of the new funds (primarily Deposit), where the existing fund has a higher charge, the existing fund charge has been automatically reduced to 0.65%.
3. You can also transfer your existing policy into ReAssure's Retirement Account, its current New Business product.
   - This has an Annual Management Charge of 0.65%, with no Policy Fee or Bid-Offer Spread. So this option is particularly helpful if your existing policy has a policy fee.
   - The Retirement Account also enables full access to pension flexibility from age 55, and so is good for customers who want to access some of their pension savings but keep the rest of it invested.
   - ReAssure is supporting members in evaluating whether any valuable benefits are likely to be lost as a result of this action.
4. Some customers with very small pots may benefit most from consolidation of policies (either with ReAssure or alternative providers) and ReAssure also encourage you to consider this. This can also make it easier for you to keep track of your pension savings and monitor your investments.

CALL TO ACTION: We strongly encourage customers with a unit linked policy to engage with these communications. By taking action you could reduce your regular ongoing charges to 0.65% p.a.

Initial Units

For some unitised policies, premiums for an initial period (usually the first 2 years) were allocated to initial units which had little or no value on exiting the policy. These were designed to recoup historic initial set-up costs (including advice) actually incurred, rather than cover current ongoing costs. ReAssure has demonstrated that in aggregate the presence of such charges did not undermine the economic rationale of the products. These units do have a value on death, so this structure provides an additional benefit to customers over the typical alternative in place for products of that heritage e.g. a nil allocation period structure to cover set-up costs.

Initial units remain present on around 4.1% of workplace pensions within ReAssure Ltd. Customers with these plans would normally be subject to an exit charge on their initial units if they wished to transfer their pension pot before age 55. For members wishing to access their pension benefits from age 55, a 1% cap is applied to all exit charges (which includes these initial units).

Whilst most members do not look to transfer (and therefore will pay no exit charge), some may wish to do so, and an excessive exit charge will act as a barrier. The nature of the initial unit charge means that the number of members exposed to this charge reduces over time (as some will reach age 55), and the level of charge for each member also reduces, but the previous IGC challenged ReAssure Ltd to consider what cap it could introduce on exit charges for these policies. This action is under review by ReAssure. The new IGC is already building on this previous challenge and is in discussion with ReAssure Ltd over what options there may be to improve value for the customers affected.

Other Charges

The IGC remains comfortable that, for members who have **protection benefits** (the majority of which is waiver of contribution benefit which ensures that contributions to your plan continue if you are unable to work for an extended period through long-term ill health or disability), ReAssure Ltd maintains processes to regularly review the charges for those benefits, and to ensure that letters are periodically issued to members to remind them of these benefits, to consider if they might have a valid claim, and to encourage them to consider if they still want the benefit. The IGC is keen to ensure that the levels of charges for such benefits are reviewed regularly and this will be an area of focus in 2021.

Around 6.6% of ReAssure Ltd workplace policyholders invest in specialist **third party funds** (TPF). Any additional charges incurred by the customers that have chosen to invest in externally managed funds are outside the 1% charge cap. The IGC accepts that such funds were specifically chosen by members and can offer reasonable value for money provided members understand that suitable alternative and lower charging options may be available and/or that the investment performance is adequate given the extra cost. The process that ReAssure Ltd uses to ensure third party funds perform appropriately will be a particular focus for the new IGC in 2021.

Heritage	Total Policies in Scope	Total Policies with TPF	% of Heritage with TPF	TPF AUM	Average Ongoing Charge (%) (of entire Heritage)
NM	2,718	111	4.1%	£2,246,592	0.77%
L&G	180,388	4,489	2.5%	£184,060,172	0.58%

Costs and Charges

ReAssure Life Limited

The table below shows that, for ReAssure Life Limited customers, the average charge weighted by fund value is 1.40%, which is significantly higher than those paid by policyholders in other in-scope workplace pensions. The IGC assessment shows that this is due, in the main, to the open architecture nature of the proposition, which has additional charges associated with using third party funds.

Total Policies in Scope	Total Fund Value	Average Ongoing Charge (%)	% of Policies with ongoing charges <= 1%	Average Ongoing Charge (%) Initial Unit Charges Removed Third Party Fund Charges Removed
26,527	£1,089,280,215	1.40%	24.20.%	0.55%

This table shows the breakdown of the total charge, split by product charge and the cost of using of third party funds.

Product Code	Total Policies in Scope	% of Total Population	Average Product Charge (%)	Average Third Party Fund Charge (%)	Average Total Charge (%)
PPS	94	0.4%	0.89%	1.02%	1.91%
PRA	3,990	15.0%	0.52%	0.56%	1.08%
PP1	114	0.4%	0.84%	0.86%	1.70%
PP2	691	2.6%	0.89%	0.94%	1.83%
PP3	1,194	4.5%	0.90%	0.98%	1.87%
PP4	2,103	7.9%	0.86%	1.00%	1.86%
PP5	7,098	26.8%	0.78%	1.03%	1.81%
PP6	11,243	42.4%	0.42%	0.87%	1.28%
Total	**26,527**	**100%**	**0.55%**	**0.85%**	**1.40%**

Notes : *The average charges above are weighted by fund value, to be consistent with how this information has been published in previous reports.

For the vast majority of policies (69%), the average product charge is between 0.42% and 0.78%, with the cost of using external third party funds making up the main part of the total charge.

The IGC has seen evidence of some historic actions taken to refund some charges to customers:

- This includes the refund of the Contribution Service Charges and cap (at 5%) of Early Encashment charges applied since 1 January 2009.
- The previous IGC had also agreed actions that stopped the payment of ongoing adviser fees, if the financial adviser has stopped providing an ongoing service.
- Policyholders with savings of less than £6,000 have received communications confirming agreement to waive any early encashment charges, allowing a charge-free transfer or withdrawal option. This offer is still available to any policyholder with savings of less than £6,000.

ReAssure has agreed that, when these policies are migrated onto ReAssure systems, the product charges will be capped at 1% pa. This will really help policies which have a very small pension pot value, where the fixed policy fees/maintenance charges become a high percentage of the low fund value.

ReAssure has also agreed to make available its universal fund range and will start actively writing to customer every year with information on alternative funds and product options that will enable you to reduce your ongoing charges to around 0.65% p.a.

Some customers may have selected these policies specifically for the open architecture. These products can offer reasonable value for money as long as customers understand that suitable alternative and lower charging options are available. However, we encourage you to review your fund choices and, where possible, discuss these with your IFA.

You will benefit from the 1% charge cap and universal 0.65% options once policies move onto the ReAssure proposition and core administration system in Q4 2021. The IGC is pleased to see that these actions are agreed with the firm but are disappointed these changes could not be implemented any sooner.

Some customers with very small pots may benefit most from consolidation of policies. For ReAssure Life customers, any encashment charges on pots less than £6,000 in size have been waived, so we encourage you to consider this.

The new IGC is keen to see individual charges rather than averages. It also intends to assess ongoing VFM for these products in the context of the advised market.

Transaction Costs

Transaction Costs are the costs incurred by funds in the process of buying and selling investments.

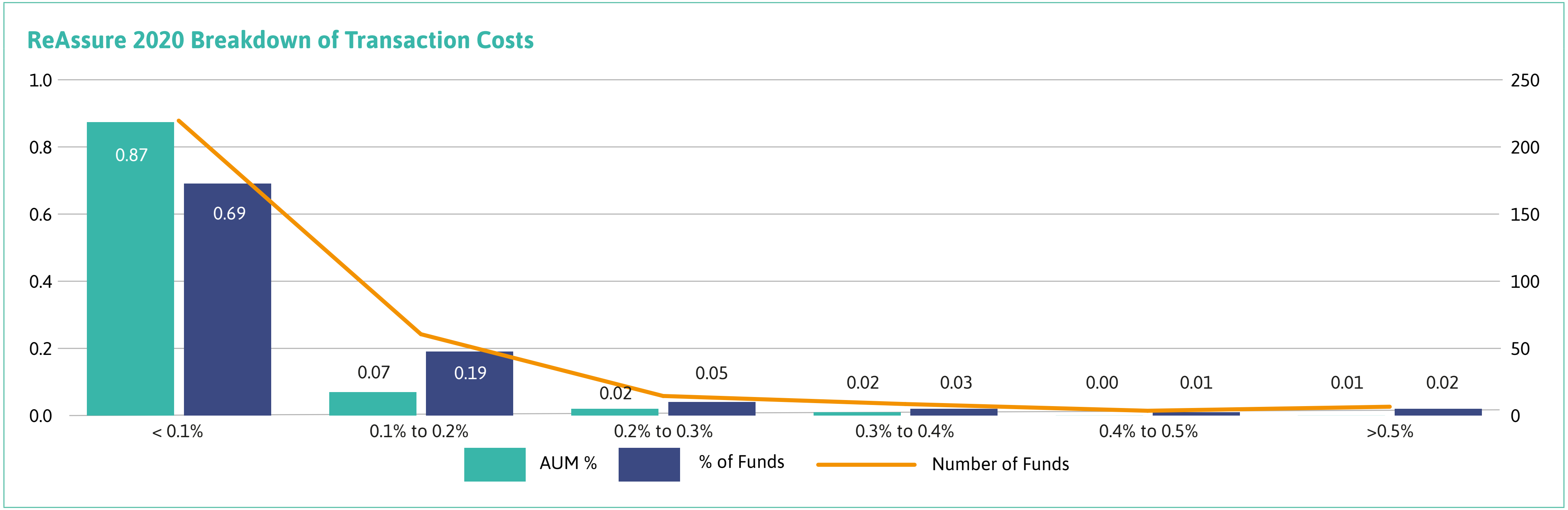
- Explicit costs are things like stamp duty and fees paid to brokers who do the buying and selling.
- Implicit costs are the difference between the price the fund manager expected to receive or pay when they decided to sell or buy an investment and the price they actually got.

The Financial Conduct Authority (FCA) introduced rules requiring fund managers to disclose transaction cost data on request from a governance body such as the IGC and set out how transaction costs must be calculated.

All ReAssure Ltd and ReAssure Life funds are externally managed, so ReAssure obtains this information from its external fund managers on our behalf and the IGC monitors these charges each quarter. There has been a continued improvement in the quality of transaction cost reporting to the IGC. This reflects processes being more embedded in the industry, a continued high level of data coverage, and ReAssure setting out the validations and controls it has in place to ensure accuracy, doing more in terms of analysis of costs and how these change from period to period, and investigating funds where charges appear particularly high.

There remains a particular issue, however, with the time it takes to report transaction cost data to us. This appears to be an industry-wide issue and is in large part due to the delay in fund managers providing data through to firms to enable them to collate, review and report e.g. ReAssure can only report a complete set of data to us when all the fund managers it uses have supplied the necessary data.

This table shows a summary of the transaction costs during 2020, across all ReAssure funds:



- The vast majority of the funds have transaction costs below 0.1%.
- This reflects the largely passive nature of the majority of investments. Relatively little is invested in specialist, higher risk sectors. Higher transaction costs are typically observed on funds with active management and funds with higher trading costs, such as property or emerging markets.
- There haven’t been any major increases in transaction costs over this reporting period.
- Figures are broadly in line with the ranges of industry reported transaction costs, suggesting ReAssure Ltd and ReAssure Life are not outliers.

Based on the data received, if you have £10,000 invested in IGC in-scope funds, on average a ReAssure workplace pension customer would have paid £6.45 in transaction costs last year.

We have included below transaction cost data during 2020 for the ten funds most used by existing ReAssure Ltd IGC customers.

Top 10 Funds (excluding L&G heritage)	Heritage	Invested (£ millions)	% Investment (excluding L&G heritage)	Transaction Costs (%)
Global Equity Index Tracker LStyle	HSBC	192	12%	0.084%
UK All Company Tracker	HSBC	64	4%	0.082%
UK All Company Tracker LStyle	HSBC	58	4%	0.082%
Pensions Balanced	HSBC	50	3%	0.108%
Managed (B)	National Mutual	38	2%	0.108%
Balanced	HSBC	35	2%	0.108%
Global Equity Index Tracker	HSBC	34	2%	0.084%
Choices Managed	Guardian	27	2%	0.108%
UK Tracker	HSBC	27	2%	0.082%
UK Aggregate Fixed Interest LStyle	HSBC	25	2%	-0.002

This means the 12% of IGC in-scope customers invested in the Global Equity Index Tracker will have paid £8.40 last year in transaction costs for every £10,000 invested. It is worth noting that these transaction costs are already deducted from the performance figures described earlier.

Transaction cost data during 2020 for the ten funds most used by the ex-L&G IGC in-scope customers.

Top 10 Funds (L&G heritage)	Heritage	Invested (£ millions)	% Investment (excluding L&G heritage)	Transaction Costs (%)
Managed 6	L&G	1,114	23%	0.066%
L&G Managed Fund	L&G	792	16%	0.066%
L&G UK Equity Index Fund	L&G	312	6%	0.037%
L&G Fixed Interest Fund	L&G	202	4%	0.033%
Unities-With-Profit Pen Gen 2 CAI	L&G	188	4%	0.079%
Managed 5	L&G	159	3%	0.066%
L&G Distribution Fund	L&G	145	3%	0.102%
UK Equity Index 6	L&G	133	3%	0.037%
L&G Consensus Fund	L&G	127	3%	0.024%
L&G Cash Fund	L&G	103	2%	-0.022%

This means the 23% of IGC in-scope customers invested in the Managed 6 fund will have paid £6.60 last year in transaction costs for every £10,000 invested.

As can be seen from the following table, the main diversified managed funds and the large With-Profits fund all have transaction costs in the range 6-12 basis points, which is in line with Industry averages and ranges.

Profile Fund	Assets Under Management	Transaction Costs (%)
L&G Managed	2,083	0.066%
ReAssure Master Managed	208	0.108%
L&G With-Profit Fund	365	0.087%

ReAssure Life Limited

In respect of ReAssure Life Limited, the IGC has had some challenges obtaining the level of transaction cost data it would like to see for a complete analysis. ReAssure have been taking action to implement better processes to collate and report Third Party Funds Transaction Costs in a consistent format and inform us this will be in place shortly.

Based on the Transaction Costs data that has been made available to the IGC, around 40% are under 0.1%, with only 2% over 0.5%. On average, policyholders paid transaction costs of 0.16%, which equates to £16 per year in transaction costs for every £10,000 invested. The range of transaction costs observed would not be unexpected compared to the general level of reported transaction costs by the market, given the typically more actively managed and more specialist sectors that the third party fund range covers.

The IGC will continue to compare ReAssure's transaction costs against the information provided by other providers. Overall, our analysis shows the majority of the transaction costs are below the industry average. Both ReAssure Ltd and ReAssure Life do not appear to be out of line with competitors, given the nature of the investments.

- Transaction costs are mainly driven by the level of trading activity within the fund and are likely to vary from one year to another.
- Transaction costs should be considered alongside how well funds perform overall e.g. lower transaction costs might not be better if the investment performance is poor.

Increased Disclosure of Costs and Charges

New regulations now require IGCs to publish costs and charges information in more detail. For the first year this includes:

- the publication within this report and online of the ongoing charges and transaction costs for each default investment fund that ReAssure makes available to customers, including those treated as default investment funds due to the number of customers investing in them ('quasi default investment funds');
- the publication online of sample illustrations that show the potential effect of ongoing charges and transaction costs on the value of pension pots over time; and
- ensuring that this information is highlighted to individual customers via an annual communication which, for ReAssure, will be part of each customer's Annual Statement.

The table of costs and charges is available **here** and, together with sample illustrations to show the impact of those costs and charges, are available on the website **here**.

In future years, this information will be extended online to include all investments funds that ReAssure makes available to customers within the IGC's scope. The tables show the range of costs and charges incurred by individual customers and demonstrate that not all customers pay the same for the same fund but that costs and charges vary, generally due to the terms agreed at outset. What you pay may also vary by the fund(s) that you are invested in. It is important, therefore, to understand how your charges compare with what you may be able to get elsewhere. The sample illustrations also show how significant ongoing charges can be on the ultimate value of your pension, particularly if you have a larger pot invested over a long period.

Your annual statement will show you how to find what charge you are paying as a percentage, so you can use the table in this report to compare with what others are paying for the same fund.

Although charges may vary, it is not always possible to switch to a lower charging option within ReAssure because what you pay in charges generally depends on the terms agreed, the features of the current policy, the size of the pot and time to retirement. It may not be in a customer's best interests to switch. However, as mentioned above, it is important that customers consider whether their pension pot with ReAssure, and the way it is invested, remains suitable for them. You should consider seeking professional advice before making any changes.

If you need help in understanding what level of charge you are paying, you can contact ReAssure.

Finally, we should also note that, before and since the new rules requiring us to publish this information were finalised, the IGC had questioned, including in its response to the consultation on the proposed new rules in May 2019, how some aspects were to be applied. In particular the rules require disclosure of charges for 'relevant schemes'. The IGC's interpretation of 'relevant scheme', is that a 'relevant scheme' is essentially a pension investment vehicle that is registered with Her Majesty's Revenue and Customs because of the tax treatment it receives, with many different employers having their own arrangement within that vehicle, potentially with different charges. We have therefore disclosed the range and distribution of charges that individual customers pay when they invest in particular funds within the relevant schemes as we believe this gives the most useful picture of the variation in charges and allows customers to see how their charges compare with those of other customers.

Shortly before this report was issued, the regulator, the FCA, issued a statement to acknowledge that firms and IGCs were interpreting the rules in different ways and to clarify that it had intended, and now expects, costs and charges information to be disclosed at an employer arrangement level i.e. that we should disclose the range of charges that apply to individual employers (rather than to individual customers). We have therefore included a further table here (please link to page 84)• which shows the range of charges applying to employer arrangements. This shows a distribution of charges that is higher because the charges offered by ReAssure tend to be lower for large employer arrangements with many members.

Further Commentary

Investment Performance

Further Commentary

Investment Performance

Now that the ongoing charges made by ReAssure Ltd on your policy have been mainly limited to 1% per year (this will be applied to ReAssure Life Limited policies upon migration onto the central administration platform in Q4 2021), the performance of the fund(s) where your pension pot is invested is the most important factor to obtain a good outcome from your pension savings.

Assets under management within the scope of the IGC

IGC in-scope customers have c.£6.9 billion of assets under management with ReAssure, of which around 95% is invested in Unit Linked funds (c.231k customers) and around 5% in With-Profits (£384m and c.24k customers).

Policies in the ReAssure IGC	Investment	£ Asset Under Management	# IGC Policies
Existing ReAssure	**Unit Linked**	**£0.9bn**	**46k**
	With-Profits ex-National Mutual WPF	**£19m**	**2k**
ReAssure Customers who recently transferred from Legal & General	**Unit Linked**	**£4.5bn**	**160k**
	With-Profits ex-Legal & General WPF	**£365m**	**22k**
ReAssure Life Limited (previously with Old Mutual Wealth Life Assurance)	**Unit Linked** mainly third party funds	**£1.1bn**	**27k**
	Total	**£6.9bn**	**255k**

ReAssure uses a number of external investment managers to invest your pension savings. In September 2020, a large number of workplace pensions were transferred across from Legal & General. It is important for the unit linked customers to understand that the fund management for these policies remains unchanged. These are managed by Legal & General Investment Managers (LGIM), which ReAssure has added as an external fund manager.

This means that, for the workplace pension pots that the IGC monitors, the majority of policyholder assets in the ReAssure Ltd branded funds are managed by:

- Legal & General Investment Managers (LGIM;
- Aberdeen Standard Investments (ASI), known as abrdn;
- HSBC Global Asset Management;
- Alliance Bernstein; and
- Goldman Sachs

There are also a number of customers that have selected external funds, managed by third parties.

Unit Linked Funds

By using a number of different fund managers, where possible ReAssure has placed different asset classes with the manager judged to have the best expertise in that area.

ReAssure have demonstrated to the IGC that they regularly review the investment philosophy, taking into account current market conditions and the economic outlook. ReAssure disclose this to customers in their Unit Linked Guide which ReAssure makes available on its website. ReAssure has explained to the IGC that, since 2018, it has applied a largely passive investment approach, which means that, in efficient markets, investments are now tracking the market rather than actively choosing individual company stocks. Active management is used in smaller, less developed markets where information asymmetries and manager expertise can achieve outperformance after costs.

With regard to funds which have more recently transferred from Legal & General, these remain in the same configuration as inherited, with asset classes using a mixture of both active and passive investment strategies. We would expect this to be reviewed over time, in line with the overall philosophy. The investment performance of these policies will be the same as it would have been had the policy remained with Legal & General. The IGC has been monitoring the fund performance and is satisfied this has performed comparatively well, with appropriate governance oversight to take action where necessary. Going forward, the IGC is keen to see what steps ReAssure takes to ensure the funds perform well, and the charges remain appropriate.

Where can you get information on how your funds are performing?

As a ReAssure customer, you can get information on your fund(s) from the ReAssure website. This will also show you how well your fund(s) performed compared with other similar funds, along with current fund prices, investment objectives, and information about charges.

- Go to the ReAssure website and enter the fund centre: www.reassure.co.uk/fund-centre.
- Your Annual Statement provides details of the fund(s) that you have selected to invest in.

CALL TO ACTION: You should consider whether the fund(s) you are investing in are still appropriate for you and the level of risk you wish to take, depending upon what you want your pension pot to provide.

- You can switch funds any time free of charge, either online or over the phone.

Looking at the fund choices made by workplace pension customers, around 2% have remained solely invested in the lower risk, low growth deposit fund. Having all your money in this fund for a prolonged period means that the value of your policy could actually be falling, rather than growing. Whilst this risk is clear in the fund risk ratings and objectives, the IGC is pleased that ReAssure has been issuing annual mailings to these customers to highlight the risk associated with this investment choice.

CALL TO ACTION: If you receive one of these letters we encourage you to review your long-term fund choice, and decide if these funds represent the most appropriate option. Where these funds are used for short-term investments or to diversify an investment portfolio, they can perform an important role in aiming to protect the capital value of investments.

How did your funds do in 2020?

We are pleased to see that customers can select funds from a wide range available, which represent the major asset classes. Whilst we receive regular reporting on all funds used by IGC in-scope customers, there are simply too many to replicate in detail within this report. The tables below therefore show the five funds most used by the existing ReAssure Ltd IGC workplace pension customers, along with the five funds most used by IGC workplace pension customers originating from Legal & General. These were used to give the best coverage for the report.

Fund Performance data for the five funds most used by existing ReAssure Ltd IGC workplace pensions

				Annualised Performance						
Top 5 Invested Fund Performance	**Heritage**	**Invested (£ millions)**	**% Investment (excluding L&G heritage)**	**Over 1 Year**		**Over 3 Years**		**Over 5 Years**		**Transaction Costs (%)**
				Fund	**ABI Sector**	**Fund**	**ABI Sector**	**Fund**	**ABI Sector**	
Global Equity Index Tracker LStyle	HSBC	193	12%	0.29%	9.44%	4.08%	6.91%	8.94%	11.52%	0.08%
UK All Company Tracker	HSBC	65	4%	-10.95%	-7.51%	-1.63%	-.062%	3.95%	4.25%	0.08%
UK All Company Tracker LStyle	HSBC	60	4%	-10.95%	-7.51%	-1.63%	-.062%	3.95%	4.25%	0.08%
Pensions Balanced	HSBC	49	3%	2.23%	4.14%	3.76%	3.82%	7.59%	7.07%	0.11%
Managed (B)	National Mutual	37	2%	2.76%	4.14%	4.55%	3.82%	8.14%	7.07%	0.11%

ReAssure Ltd's unit linked funds are allocated to an Association of British Insurers (ABI) Sector. This allows both ReAssure and the IGC to compare performance across similar investment strategies and consider how competitive these are against the wider market. This industry benchmarking supports our assessment of relative performance against peers over a variety of time horizons and is used to help trigger actions where a fund is shown to be underperforming.

Top 5 funds most used by IGC customers originating from Legal & General

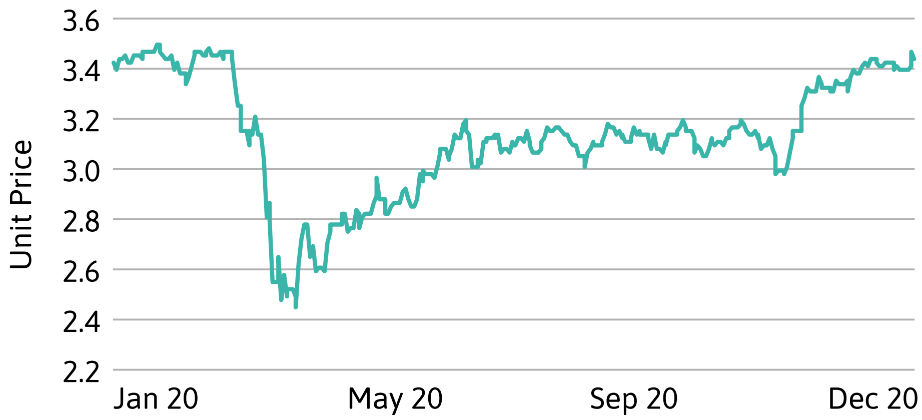
Top 5 Invested Fund Performance	Heritage	Invested (£ millions)	% Investment (excluding L&G heritage)	Annualised Performance						
				Over 1 Year		Over 3 Years		Over 5 Years		Transaction Costs (%)
				Fund	ABI Sector	Fund	ABI Sector	Fund	ABI Sector	
Managed 5	L&G	1,111	23%	3.22%	4.14%	4.11%	3.82%	7.53%	7.07%	0.02%
L&G Distribution Fund	L&G	791	16%	3.77%	4.14%	4.65%	3.82%	8.08%	7.07%	0.02%
UK Equity Index 6	L&G	319	7%	-8.43%	-7.51%	-0.29%	-0.62%	5.51%	4.25%	0.02%
L&G Consensus Fund	L&G	191	4%	8.55%	11.14%	5.26%	4.20%	5.51%	4.50%	0.03%
L&G Cash Fund	L&G	159	3%	2.97%	4.14%	3.85%	3.82%	7.26%	7.07%	0.02%

During Q1 2020 global equity markets fell sharply, in response to concerns over the developing COVID-19 pandemic. Since April 2020, markets have rallied considerably, resulting in a reversal of most COVID-19 related negative performance. Your pension is likely to be a long-term investment,
so IGC customers should consider returns over a longer period than 12 months. Over the 5 year period, the majority of funds used by 2020, IGC customers have performed well against peers (when using the relative ABI sector comparison).

The new IGC's approach will be to focus on three areas of performance – how the funds perform relative to, the chosen benchmark, peers, and inflation.

Here are some examples of what this can mean for customers:

Global Equity Index Tracker Fund 2020 Performance



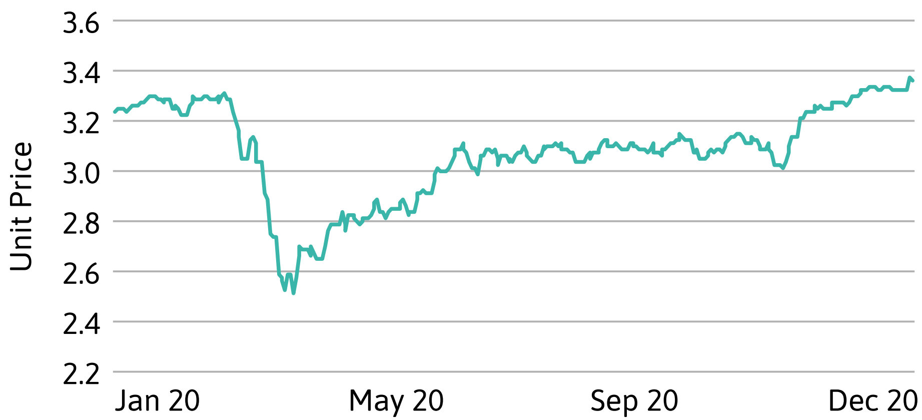
Fund Performance

This graph shows the performance over 2020 of the Global Equity Index Tracker Fund. Below is an example persona highlighting the possible returns from investing in the fund.

(Claire, 36)

- Claire invested £1,000 into ReAssure's Global Equity Index Tracker Fund on 1 January 2016.
- Her fund value was £1,534.51, after investment fees, on the 1 January 2021.
- This would equate to compound interest of 8.94% each year.

L&G Managed Fund 2020 Performance



Fund Performance

This graph shows the performance over 2020 of the IGC's biggest fund by AUM – The L&G Managed Fund. Below is an example persona highlighting the possible returns from investing in the fund.

(Barbara, 68)

- Barbara invested £1,000 into the L&G Managed Fund on the 1 January 2016.
- Her fund value was £1,474.73, after investment fees, on the 1 January 2021.
- This would equate to compound interest of 8.08% each year.

The IGC pays particular attention to any funds where customers' money may have been placed into a specific fund by **default**. This is where a customer did not have to make an active investment choice from the range of funds available and was automatically placed into a fund by default. The IGC had no auto-enrolment workplace pensions prior to the transfer of policies from Legal & General, but we have considered any funds where high numbers (80%) of policyholders are invested as if they were default funds. ReAssure undertook a sample review of cases to help the IGC assess value for money. The IGC is satisfied that investment strategies have been designed and executed in the interests of members and that clear statements of the funds' aims and objectives are provided. The IGC understands that Legal & General IGC had assessed any defaults prior to transfer. A priority for the new IGC will be to review how ReAssure ensures the ongoing appropriateness of these funds and the steps taken to ensure they perform well.

ReAssure Life

In respect of ReAssure Life, the IGC has reviewed the relative investment performance of the many third party funds selected by policyholders and, given the more specialist sectors that the third party fund range covers, the IGC was satisfied that for the majority of funds this has remained acceptable. The IGC has noted some concerns raised on underperformance of a small number of funds used by some policyholders. Details of funds on the 'watch list' are published on the **website**.

The IGC recognises that customers who effected these policies specifically chose the open architecture nature of this proposition, which can offer good value for money provided investment performance is adequate given the extra cost to members. It is important that policyholders understand that suitable alternative and lower charging options are available and we encourage you to regularly review your fund choices and discuss these with your IFA. ReAssure have agreed that, when these policies are migrated onto ReAssure systems, they will make available the universal fund range and will start actively writing to customers every year with information on alternative funds and product options that could enable you to reduce your ongoing charges to around 0.65% p.a.

Life styling

Many customers have pension plans that offer a "**Lifestyle Option**" and a significant number of workplace policyholders have opted for this feature. The Lifestyle Option is designed to switch policyholders' investments over a number of years to provide a smooth progression to annuity purchase at their retirement date (an annuity is an insurance policy that promises to pay you an amount of pension no matter how long you live). Following the Pension Freedoms reforms in 2015, the majority of policyholders no longer buy an annuity. As a result, new alternative options have been introduced to allow policyholders to stay invested in higher growth/higher risk assets, such as company shares, into their retirement.
All policyholders who have previously opted for the Lifestyle Option, or who could select it in future, will have received communications from the firm about the new options now available to them. Policyholders will receive further communication from the firm as they approach the start of the Lifestyle switching program.

CALL TO ACTION: Given the fundamental changes introduced by Pension Freedoms, we encourage all policyholders who have a lifestyling feature as part of their plan to review their investment strategy to make sure it remains suitable.

Are these well-managed and governed in order to meet your expectations?

Internal governance for the unit linked funds is through the Policyholder Investment Committee (PIC) and the Board Investment Committee, which is a sub-committee of the ReAssure Life Board of Directors. These are in place to ensure that the investment of policyholder assets is fair, compliant and in line with customers' reasonable expectations.

ReAssure regularly reviews the performance of all the funds chosen by in-scope IGC customers and reports on these to us. The IGC also gets reports on actions being taken by ReAssure where performance isn't good enough. Any funds which are consistently poor performers (i.e. exhibit consecutive 4th quartile performance for a sustained period) are flagged as being on 'Watch' status. The fund manager must explain the reasons and take prompt action. Funds on watch will be closed if performance does not improve. The IGC has active discussions with ReAssure about funds on the watch-list where the performance is in quartile 4 (i.e. in the bottom 25% of similar funds).

In 2020 a member of the IGC has attended a ReAssure PIC meeting to witness the governance oversight first hand and the IGC received the minutes from these meetings which ensured it was kept up-to-date with the key areas of focus and actions.

Conclusion:

The IGC has seen evidence to demonstrate that extensive analysis is undertaken to support healthy review, discussion and decision making, with detailed performance reports. Analysis compares investment performance against the market and applies benchmarks to detect and trigger actions where underperformance occurs. The IGC remains satisfied that ReAssure is keeping sufficiently close to the ongoing performance of its fund managers. Going forward, the new IGC is extending the multi-faceted oversight approach used for Phoenix and Standard Life branded funds to the in-scope ReAssure funds. The 2020 Standard Life and Phoenix IGC reports give a flavour of what the ReAssure IGC report might say next year.

With-Profits Policies

NM With-Profit Fund

Prior to the transfer of the mature savings business of L&G into ReAssure, the only With-Profits policies within the scope of the IGC were in the NM Fund.

This is a 100:0 fund; that is to say that policyholders in the fund are entitled to 100% of all distributions of surplus – no transfers are made to the shareholder.

The fund closed to new business in 2002 and commenced distribution of the estate (broadly the assets in the fund in excess of that expected to be needed to meet policyholder commitments) to policyholders. The overarching aim is to distribute the estate by means of a relatively stable addition to asset shares each year so that the fund is exhausted over the remaining lifetime of the policies. The scheme of transfer that established this fund within ReAssure includes provisions for the fund to be merged with another or converted to non-profit when it falls below certain thresholds.

The IGC's previous value for money assessment for the in-scope policies in this fund, in addition to qualitative reviews of for example service metrics, considered a comparison of the value of sample policies against a hypothetical unit linked policy with a 1%p.a. charge and a broadly equivalent underlying investment mix.

- Whilst With-Profits policies that only paid premiums for a very limited period of time provided a lower return, on balance the returns compared favourably with the unit linked benchmark. This was because of the low ongoing fund-based charge to asset shares, the augmentation of asset shares from the distribution of the estate, the absence of any charge to asset shares for underlying guarantees, and broadly equivalent underlying investment returns.
- No new members to existing schemes are permitted to invest in With-Profits and consequently there should not be further members with very short periods of contribution.

Governance of the With-Profits business is overseen by ReAssure's Fairness Committee. The Fairness Committee agreed two notable updates to aspects of managing the NM fund. The first was a change to the approach to crediting investment returns to asset share, to fairly reflect the experience of the fund and avoid an artificial gearing of the capital requirement. The Fairness Committee also agreed a change to the approach to final bonus methodology on conventional business, to help reduce discontinuities in bonus rates. No change has been made to the charges to asset shares during 2020. By way of example, the notional AMC charged to asset shares for unitised With-Profits policies is 0.36%p.a. No charge is deducted for guarantees.
A distribution of 1.35% in respect of 2019 was approved during 2020.

The investment return credited to asset shares is a key determinant of the overall value provided to policyholders. Whilst the policy return is smoothed, it is insightful to consider the underlying investment performance. In aggregate the performance over 2020 has lagged behind the benchmark.

Conclusion

Given the low level of ongoing charge, coupled with the ongoing estate distribution, the policies within the NM fund continue to offer value for money. However, the IGC notes that recent investment performance has lagged behind the benchmarks. If this were to persist, it would undermine the return to policyholders and could require closer oversight from the IGC.

Past NM With-Profit Estate Distribution Rates

Year	Increase to investment return
2002	0.25%
2003	0.25%
2004	0.53%
2005	0.71%
2006	0.84%
2007	1.15%
2008	1.60%
2009	1.00%
2010	1.80%
2011	1.90%
2012	1.90%
2013	6.95%
2014	0.25%
2015	1.80%
2016	0.00%
2017	1.85%
2018	1.85%
2019	1.35%

LG With-Profits Fund

The mature savings business, a mixture of With-Profits and unit linked business, of L&G was transferred into ReAssure Ltd on 7 September 2020. This established the LG With-Profits fund. It contains all the assets and liabilities that were in the corresponding L&G With-Profits Fund. This includes a number of unitised With-Profits policies that fall within the scope of the IGC. There is a further block of unit-linked business that sits outside the LG With-Profits Fund (and also a block of unit linked business in the LG With-Profits fund itself).

The LG With-Profits Fund is a 90:10 fund, that is to say that With-Profits policyholders in the fund are entitled to at least 90% of all distributions of surplus and up to 10% is transferred to the shareholder. The fund, from which it came, closed to new business (other than certain new members to existing employer arrangements) in 2015 but did not commence distribution of the estate until 2018. The estate distributions were 0.30% for 2018 and 0.50% for 2019. No distribution was made for 2020 but the IGC has been told there is a reasonable excess of assets over liabilities recognised in the reported ReAssure position. Whilst the amounts actually distributed in future years will depend upon future experience, it is indicated to the IGC that in the central case there will be a meaningful contribution from the estate going forwards.

The principles that outline how the fund is managed are set out in the Principles and Practices of Financial Management and were not changed on the transfer of the business from L&G to ReAssure. However, a number of key changes were made to the underlying methodology. These were all subject to the scrutiny of the ReAssure Fairness Committee, the L&G With-Profits Committee, the Chief Actuaries of L&G and ReAssure, the With-Profits Actuary of L&G, the Independent Expert for the Part VII transfer and ultimately, as part of the approval of the overall scheme, the regulators and Court.

In addition, the IGC notes that a fixed expense agreement was introduced for the fund in exchange for a one-off payment from the fund. ReAssure Ltd has also invested heavily in the development of modelling systems to support the ongoing management and reporting of the LG With-Profits Fund.

Although there is some variation by product, nearly all unitised With-Profits pensions business have a deduction of 38bps or less, with the largest product group averaging 31bps. There is a small product line (total asset share of £3m out of a total asset share for the relevant unitised With-Profits policies of c£2,700m) that has a deduction of 88bps. Investment management expenses would equate to around an additional 15bps, so the largest product group is subject to a total deduction of around 0.46%.

Investment performance is a key determinant of the overall return. Although the business has transferred from L&G to ReAssure, key asset managers, in particular LGIM, have been retained. It is therefore informative to consider investment performance prior to the date of transfer. The IGC has therefore reviewed the Investment performance over 2020, which in aggregate is slightly ahead of the relevant benchmarks.

Conclusion:

It is reasonable to conclude that, from a quantitative perspective and at an aggregate level, the unitised With-Profits pension policies provide value for money with the prospect of future estate distributions broadly offsetting the deductions from asset share for charges, investment expenses and shareholder transfers. Recent investment performance has compared favourably to the benchmarks. Continuation of quality investment performance is pivotal to the ongoing value for money. The IGC will continue to monitor the With-Profits funds in 2021.

Further Commentary

Customer Service

Further Commentary

Customer Service

ReAssure Ltd

Processing of financial transactions

An important part of the value for money assessment is the quality of service and administration you experience. ReAssure Ltd reports to us on a quarterly basis, showing performance data across a wide range of processes and measures. In the first three quarters of 2020, the IGC was satisfied that core financial transactions were being processed promptly and accurately, and you were getting good value for money in relation to the administration of policies and customer service. However, performance took a serious dip in the last quarter of 2020, which would be a significant concern to us if it persisted through 2021. However, the signs are that service has stabilised and is more or less back to the normal levels you should be able to expect, as at the time of writing (Q2 2021).

Highlighting some of the core financial transactions data for ReAssure Ltd customers:

- **Contributions** – Premiums are collected automatically by Direct Debit on the due date and allocated straight onto the policy. Any ad-hoc lump sum contributions are processed with the price guaranteed, using the price on the day after receipt, to ensure a fair customer outcome regardless of actual processing time.

- **Transfers** – 11.2 days was the average time for ReAssure processing transfers out (ORIGO industry average was 11.8 days) and 3.5 days for transfers in (industry average 3.7 days). Historically, ReAssure Ltd has had strong rankings against peers, so this reflects, that whilst processing of transfers has deteriorated slightly during the normalisation period following the L&G transfer, this has remained better than the industry average.

- **Fund Switches** – The IGC notes that the volume of fund switches remains low, suggesting customers are not regularly reviewing and engaging with this option. We have seen evidence that requests are processed promptly, again with the price in any case guaranteed on the day after receipt of the request.

‘Goneaways’ (no customer address held by ReAssure)

7.9% of customers within the scope of the IGC are marked on ReAssure Ltd’s systems as a ‘goneaway’, meaning that the firm no longer holds an accurate current address for them on its system. This is comparatively low given that most policies have been acquired from elsewhere, and is normally because a customer has moved address and not yet updated the firm. The IGC is satisfied that effective systems and procedures are in place to try and trace these customers using Equifax, with repeat tracing activity every two years if not successful. This is important in reducing the risk that customers do not receive important communications and miss opportunities to act to improve their retirement outcomes.

Customer Satisfaction

In the first 9 months of 2020, satisfaction scores from ReAssure Ltd’s customers continued to indicate high satisfaction with the service received, with 92% of customers rating themselves ‘very satisfied’ or ‘satisfied’ (similar to last year’s, 90% ‘very satisfied’ or ‘satisfied’). The final quarter of 2020 was a different picture, shortly following the transfer of contracts from L&G to ReAssure, with the number of customers rating themselves as ‘very satisfied’ or ‘satisfied’ dropping to 80% in October, 64% in November, and 65% in December. Another measure of customer satisfaction is ReAssure Ltd’s Trustpilot rating, although we recognise that this is more self-selective than ReAssure’s own customer service questionnaire. ReAssure Ltd’s Trustpilot rating fell from 3.9 to 1.9 stars over the last quarter of the year. The decline in customer satisfaction which occurred in the last quarter of 2020 is clearly concerning for the IGC and ReAssure, and the IGC monitors this closely for continuous improvement.

Vulnerable Customers

ReAssure Ltd continues to take its responsibilities to vulnerable customers very seriously. This was already an area of strength for ReAssure Ltd, and unfortunately it has been well-tested throughout the pandemic, where many more customers found themselves in need of extra assistance. During 2020, the FCA also issued further guidance on the fair treatment of vulnerable customers. ReAssure Ltd reported to the IGC on the work it had been doing to improve the way it interacts with vulnerable customers. This included the gap analysis that ReAssure Ltd had undertaken, to identify where further action would be beneficial for customers. The IGC was satisfied with ReAssure’s efforts. In 2021, we will be looking to see whether ReAssure has taken appropriate action to improve how it is recording vulnerability to help better understand the scale and nature of vulnerability across the population with the IGC’s remit. With an increase in financial hardship and more complex cases surrounding mental health, the IGC has seen evidence of positive actions taken to protect Vulnerable Customers, taking special care of customers who need extra support.

Complaints

The IGC looked at a range of quantitative and qualitative measures, both from ReAssure Ltd internal data and Financial Ombudsman Service data.

Complaint volumes during the first half of 2020 remained consistently low at c.18 complaints per 100,000 policies administered. This compared favourably against industry peers, based on the complaints data collated and published by the FCA for all firms. The IGC uses this information to help inform our assessment of value for money and help us gauge if ReAssure is meeting customers' needs and expectations. There was a significant spike in the volume of complaints at the end of 2020, during the normalisation of the servicing for the policies that transferred from L&G. ReAssure Ltd received nearly 3 times their normal level of complaints, with around 70% being upheld, in most cases compensating customers for mainly delay-related servicing issues.

In order to form a judgement on the quality of complaint handling at ReAssure Ltd, one of the IGC independent members reviewed a sample of complaint files. We were looking for whether ReAssure had addressed all aspects of the complaint raised, was honest in acknowledging where service had fallen short, and whether it took appropriate action to put things right when it was in the wrong, including offering financial compensation and an apology. In all cases, whilst it would obviously be preferable that customers didn't experience delays and errors in the first place, the IGC was satisfied that ReAssure responded appropriately to the complaints raised, both in terms of the outcome and the tone of the letters to customers.

The results from the **Comparative Data Study**, reported to the IGC in January 2021, showed that, over the year to June 2020:

- ReAssure was one of the quickest responders to your calls over the period analysed, and had one of the lowest maximum call waiting times of the providers participating in the Study. **We're aware that ReAssure would not compare positively based on customer experience in the last quarter of 2020 (and the first quarter of 2021), but the positive 'base line' identified through the Study sets the standard which we expect ReAssure to strive to return to in 2021, and we will be closely monitoring this.**

- ReAssure data showed that, in relation to customer contribution processing and fund switches, it was performing well, with the shortest number of days taken to process these tasks. However, it had some of the longest average processing times for other types of financial transactions, including retirement payments and death claims. On questioning, ReAssure Ltd felt that much of the perceived delay was actually time waiting for actions to be completed by other parties, and the data submitted to the study had included probate and trust cases which can take longer to pay beneficiaries than standard claims. ReAssure has informed the IGC that it has been increasing the use of Paperless Death Processing, which has allowed simple cases to be processed much faster, using systems to complete relevant checks and then processing the discharge by phone. **The IGC therefore expects to see improvements in average processing times over 2021. ReAssure data showed 100% 'right first time' processing of core financial transactions, which was described as "a standout amongst all providers".**

ReAssure Life

An important part of the IGC's value for money assessment is the quality of service and administration. We have seen evidence that all important financial transactions are processed promptly and accurately.

The following table summarises the key areas we reviewed and the performance achieved.

Process	Performance (figures in brackets from previous year)
Regular Contributions	97% (98%) of regular contributions allocated within 24 hours of receipt
Lump Sum Contributions	90% (95%) of lump sum contributions allocated within 24 hours of receipt
Transfers Out	97% (98%) of transfers made within 3 days of receipt of a complete application
Fund Switches	89% (96%) of switches processed within 24 hours
Annuity Purchase (Open Market Option)	75% (67%) of complete instructions processed within 3 working days and 100% within 5 working days
Lump Sum Withdrawals at or after retirement	50% (55%) of complete instructions processed within 24 hours and 99% (98%) within 8 working days

Note: The numbers here include non-workplace pension processing. The fund switches number excludes online switches (which happen within 24 hours).

Overall, the IGC is satisfied that a good level of service has been maintained by ReAssure Life throughout the year, despite the impact of the pandemic on the Customer Service operation, with a significant proportion (circa 95%) of the workforce transferred to remote working. The servicing data provided has shown they have continued to meet all transactional deadlines both through the transitional period and beyond.

The IGC has challenged fund switching activity, which has seen a reduction compared to 2019 volumes. Investigation has shown that fund suspensions due to the pandemic have impacted the number of requests that ReAssure Life has been able to complete without referral.

ReAssure Life has explained to the IGC the quality check processes that are in place for all important financial transactions. Quality-check tools are used to record the accuracy of processes for each administration team. Reports from the Quality-check tools are used in employees' performance reviews to identify training needs, quality issues and productivity. Reports are also used to track team quality and identify any trends. Errors found during the quality-checking process are then rectified before the financial transaction is completed. Where the firm was the cause of a delay when processing a financial transaction, it will backdate the effective date. The IGC considers this to be the right approach, as it means no customer would lose out as a result of a delay by the firm.

Following the rebrand from Old Mutual Wealth to ReAssure Life, online servicing was made available via the ReAssure website. This gave ReAssure Life customers access to the educational materials available on the site, including information about building a bigger pension pot, how to identify and avoid pension scams, as well as additional information about the rebrand. Alongside this, customers have retained access to online tools previously available to you via the Old Mutual Wealth site. This included rebranded instances of the unit-linked fund information tool provided by Financial Express and the Online Customer Centre, ReAssure Life's secure online portal. When customers have been fully transferred onto ReAssure's systems, (currently scheduled to take place around the end of 2021), you will benefit from access to unit-linked fund information via a bespoke Fund Centre application and ReAssure's own, more modern, secure online portal, ReAssure Now.

It was noted that 6.9% of customers are marked as a 'goneaway', meaning that the firm no longer holds an accurate current address for them on its system. This is relatively low when compared against peers and is normally because a customer has moved address and not yet updated the firm. The IGC is satisfied that effective systems and procedures are in place to maintain, and re-establish, contact with customers, which is important in reducing the risk that customers do not receive important communications and miss opportunities to act to improve their retirement outcomes.

We have noticed that incoming work volumes have continued to increase, which has caused some challenges for ReAssure Life's customer contact centre over the year. The number of complaints received from policyholders during 2020 remained relatively low, suggesting this has not had a material impact on the customer experience. Servicing teams have seen a significant increase in email communications and online enquiries and have adapted to meet these changes in customer needs. With an increase in financial hardship and more complex cases surrounding mental health, the IGC has seen evidence of positive actions being taken to protect Vulnerable Customers, taking special care of customers who need extra support. The IGC feels it's very important that service levels continue to be carefully monitored in the run off period, to ensure supply meets customer demand, ahead of transfer onto ReAssure's systems. This will move servicing onto a more modern platform, with increased scale and strategic investment that should support an improved servicing environment and the roll-out of better digital solutions.

Further Commentary

Communications and Engagement

Further Commentary

Communications and Engagement

In 2020, the IGC received a demonstration of the further developments in the functionality of the 'ReAssure Now' online customer portal. Overall, the Committee felt that it was a valuable tool for customers, and suggested some ideas of how this could be developed, such as by providing customers with clear reminders of any calls to action when they log on. ReAssure confirmed that this would be taken forward in their development plans. During 2020, the key areas of focus for ReAssure have been onboarding customers that transferred from L&G, and improving the self-service functionality.

As part of its consideration of the quality of ReAssure's written communications to you, the IGC reviewed ReAssure's 'Tone of Voice and Style Guide' which sets out how ReAssure wants its staff to communicate with you. The IGC considered this to be a very helpful resource, clearly setting out ReAssure's expectations and guidance on how to make customer communications as clear, straightforward and transparent as possible, given the often complex information which needs to be conveyed.

The results from the Comparative Data Study, reported to the IGC in January 2021, showed us that **over the year to June 2020**:

- ReAssure was doing well compared to other providers in capturing email addresses for customers, increasing from 16% to 22% of customers over the period.
- ReAssure was unique within the participating providers in permitting and actively encouraging customers to use the Pensions Advice Allowance to access financial advice from third party financial advisers (ReAssure doesn't offer financial advice itself to customers). The Allowance lets customers take £500 from their pension savings on a tax-free basis to put towards the cost of financial advice for planning their retirement, so helps you cover the upfront cost of getting financial advice to help you make decisions on what to do with your pension savings.
- Of all the participating providers, ReAssure had the highest number of online tools available to help you with financial planning, such as its **Retirement Planning Toolkit**, and you don't need to log in to access these tools. ReAssure could do better at signposting the availability of these useful tools to you in its written communications. ReAssure also provides guidance in the form of telephone support to help you understand your retirement options and assess your income requirements. If you want to take your pension as a single lump sum, it was noted that ReAssure particularly focuses on explaining the financial and tax implications of doing so.

- In the annual statements sent to you, a number of areas for improvement have been identified, although it was noted that ReAssure's annual statement was one of the shortest, which was considered overall positive for customers. Some potential improvements for ReAssure to consider are: including more fund performance and annual management charge information; including information on protecting yourself against pension scams; and information on pensions tax relief available.
- The 'wake up pack' letters issued to you at ages 50, 55, 60 etc. could benefit from further clarity in a couple of areas i.e. what the calls to action are, and risk warnings that accessing pension savings at age 55 may not be the best option, even though it is permitted from age 55 for most people under UK tax rules.

Overall, ReAssure's data (up to June 2020) compared favourably or was aligned with the data of other participating providers in the Comparative Data Study, which supported our view that, overall, you are getting value for money with regard to the communications and engagement options available to you from ReAssure. The results of the Study came too late for IGC activity in 2020, but, over the course of 2021, we will be using the information from the Study to challenge ReAssure to make further improvements to its written communications, such as potentially including more information in your annual statement (although this has to be weighed against making statements even longer), and better signposting to the online tools and guidance available to you.

The new IGC will also be overseeing the implementation of the "fit for purpose protocol" that is currently used by Phoenix and Standard Life. This protocol is designed to ensure that any communication that is drafted for customers within the scope of the IGC is written with a clear outcome in mind, has been tailored to the audience for whom it is intended and is then measured for effectiveness.

Further Commentary

ESG and Stewardship

Further Commentary

ESG and Stewardship

As indicated in the Key Messages part of this report, ReAssure Ltd has integrated ESG considerations into its investment management processes and ownership practices. This section provides more detail on how this is done and the principles that ReAssure follows.

Principles

ReAssure aims to adhere to the six Principles for Responsible Investment developed by the PRI by applying the following principles for the incorporation of ESG considerations into its investment process:

- Responsible Investment as articulated in the ESG Investment Policy is fully embedded within ReAssure's commitment to corporate responsibility and Asset Management governance processes;
- ReAssure's ESG Investment Policy defines ReAssure's commitment with respect to Responsible Investment;
- ReAssure's investment process incorporates ESG considerations;
- ReAssure prudently monitors its investments including ESG considerations;
- ReAssure implements investment exclusions on certain countries and companies as stipulated by its ESG and Sustainability Policy and the Group Code of Conduct, while at all times considering customer outcomes and ensuring any measures are compliant with ReAssure's conduct and customer fairness principles;
- ReAssure make sure to take advantage of its voting rights considering ESG interests and reports on voting records in line with the ReAssure's Voting Policy; and
- ReAssure is committed to continuously develop its approach to Responsible Investing.

Selection of Investment Managers

Asset selection and portfolio management for ReAssure's assets are fully outsourced to external asset managers. To ensure that external asset managers invest assets in line with ReAssure's approach to responsible investing, responsible investment considerations are incorporated in the selection and oversight process for external managers.

The selection of external managers includes an assessment of their approach to ESG and alignment with ReAssure's ESG and Stewardship Investment policy. For existing managers, the approach toward ESG is captured as part of the regular manager oversight process. Managers are also asked to report on their ESG, voting and engagement practices to ReAssure investment oversight committees.

For any new managers, ReAssure includes a detailed questionnaire on ESG considerations in Requests for Proposals, and performs a thorough due diligence of the external managers' investment process, including the review of ESG considerations in investment decisions and monitoring, and of their commitment to Responsible Investing.

Voting

ReAssure recognises the rights and responsibilities inherent in being a significant asset owner and, in particular, in share ownership as an integral part of its commitment to be a responsible investor.

ReAssure may delegate the exercise of its voting rights to its external investment managers or to proxy advisors (third party providers). In doing so, ReAssure aims to ensure wherever possible that votes cast on its behalf are done so in a manner that is consistent with its commitment to Responsible Investing and its ESG Investment Policy. To fulfil this objective, ReAssure aims to align the manager's voting practice to the extent possible with ReAssure's voting principles.

ReAssure will benchmark all external asset managers' voting policy to ReAssure Voting Principles during the due diligence process and as part of its ongoing manager oversight.

Engagement

Given that asset-selection and portfolio management are outsourced, ReAssure does not generally engage directly with invested entities on ESG issues. However, ReAssure strives to use its influence as a large asset owner via external managers who incorporate ESG considerations in their engagement with investee companies and to ensure such engagement is consistent with ReAssure's ESG policy. This includes the following:

- ReAssure regularly verifies and reviews that investment mandates and fund guidelines for both shareholder and policy holder assets comply with the ReAssure ESG policy;
- ReAssure selects external managers who engage with the investee companies in a number of ways in line with their ESG investment policy to raise awareness on the importance of sustainability initiatives; and
- ReAssure requires external managers to regularly report on their ESG investment activities, including voting practices, engagements with investees on ESG topics and development of their Responsible Investment strategy. ReAssure will reference as to where such voting information has been published by each of the external managers.

ReAssure requires external managers to regularly monitor investee companies on relevant matters, including:

a. Strategy;

b. Financial and non-financial performance and risk;

c. Capital structure; and

d. Social and environmental impact and corporate governance.

Developments as part of the Phoenix Group

During the latter part of 2020, ReAssure's ESG and Stewardship polices have been fully integrated with those of the Phoenix Group.

Phoenix Group puts Responsible Investment (and hence ESG and Stewardship considerations) at the heart of how ReAssure, as part of the Phoenix Group, is required to carry out its business.

The Group has also produced a number of key supporting documents which set out how its aspirations and commitments will become embedded into business operations. These documents are:

- A Sustainability Risk Policy for the Group;
- A Responsible Investment Philosophy setting out what is expected of investment managers; and
- Responsible Investment Principles and Practices that apply to customer investment decisions.

Central to Phoenix's approach is its commitment to the United Nations supported Principles of Responsible Investment (PRI). Phoenix Group became a signatory to the PRI in December 2020. As such, the Group is now publicly committed:

- To incorporate ESG issues into investment analysis and decision making processes;
- To be active owners and incorporate ESG issues into the Group's ownership policies and practices;
- To seek appropriate disclosure on ESG issues by the entities in which the Group invests;
- To promote acceptance and implementation of the Principles within the Investment industry;
- To work together to enhance effectiveness in implementing the Principles; and
- To report on activities and progress towards implementing the Principles.

Key challenges for 2021:

- Communication – particularly helping customers like you to see the beneficial impact on the environment and society of how ReAssure and ReAssure Life Limited pension pots and drawdown funds are being invested;
- Widening the range of Responsible Investment fund choices available to you; and
- Greater focus on identifying and mitigating non-financial risks.

Supporting Material

Supporting Material

Costs and Charges

Supporting Material

Costs and Charges

Disclosure of costs and charges by individual customer

The table below shows the range of charges applied to individual customers' policies for each of the main unit linked and default funds used by customers within the relevant employer arrangements. Customers can see from their annual benefit statement the name of the fund they are invested in. For example, the table shows that, if you are invested in the L&G Managed Fund, around 43% of customers using that fund by default pay charges of between 0.40% and 0.49% per year.

Some customers pay different types of charges but, in the table below, these have all been converted to an equivalent percentage ongoing charge to make comparisons easier. Some of the Default funds only have a small number of members invested in, so the % splits need to be viewed in this context. For example, the L&G Consensus Fund (GEN14) only has 3 members invested, but 1 of these has a charge of >1%. This is expressed as 33.3% of the total – which in reality means 1 policy in this fund has a charge of over 1%. Of the cases where the charges are above 1%, this is due to initial units and third party funds not being capped.

Fund Name	< 0.3%	0.30 – 0.39%	0.40 – 0.49%	0.50 – 0.59%	0.60 – 0.75%	0.76 – 0.85%	0.86 – 0.95%	0.96 – 1.00%	1.01 – 1.25%	1.26 – 1.40%	> 1.40%	Transaction Cost
L&G Managed Fund	22.83%	15.64%	42.99%	5.67%	4.84%	3.23%	2.96%	1.75%	0.07%	0.01%	0.00%	0.0659%
L&G (PMC) Multi-Asset Fund	30.38%	14.71%	45.76%	6.93%	1.44%	0.65%	0.10%	0.02%	0.01%	0.00%	0.01%	0.0659%
L&G Cash Fund	22.07%	20.68%	33.31%	11.44%	5.93%	2.92%	2.26%	1.08%	0.20%	0.06%	0.04%	-0.0218%
L&G UK Equity Index Fund	37.41%	15.37%	23.98%	10.56%	6.53%	3.26%	2.37%	0.37%	0.13%	0.02%	0.01%	0.0371%
L&G Fixed Interest Fund	22.51%	20.79%	33.08%	11.17%	5.87%	2.63%	2.34%	1.44%	0.13%	0.02%	0.02%	0.0329%
L&G Consensus Fund	19.26%	39.25%	24.04%	5.91%	2.54%	1.46%	4.40%	3.04%	0.09%	0.00%	0.01%	0.0241%

Fund Name	< 0.3%	0.30 – 0.39%	0.40 – 0.49%	0.50 – 0.59%	0.60 – 0.75%	0.76 – 0.85%	0.86 – 0.95%	0.96 – 1.00%	1.01 – 1.25%	1.26 – 1.40%	> 1.40%	Transaction Cost
Global Equity Index Tracker LStyle	0.00%	0.00%	0.00%	0.00%	0.09%	0.01%	0.04%	99.86%	0.00%	0.00%	0.00%	0.0835%
Global Eq Fixd Ws 50:50 Index Fund	17.33%	8.62%	69.47%	2.04%	1.85%	0.16%	0.36%	0.11%	0.03%	0.00%	0.04%	0.0303%
L&G Distribution Fund	35.68%	12.53%	31.82%	5.33%	5.22%	2.74%	4.51%	1.88%	0.27%	0.02%	0.00%	0.1024%
UK All Company Tracker LStyle	0.03%	0.00%	0.00%	0.00%	0.00%	0.06%	0.00%	99.91%	0.00%	0.00%	0.00%	0.0818%
Global Eq Fixd Weigh 60:40 Index Fund	21.52%	48.46%	17.96%	5.05%	2.54%	0.88%	3.32%	0.20%	0.07%	0.00%	0.00%	0.0318%
L&G Over 15 Year Gilts Index Fund	27.34%	23.45%	34.95%	10.32%	2.92%	0.76%	0.11%	0.00%	0.11%	0.00%	0.05%	-0.0065%
UK Aggregate Fixed Interest LStyle	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.06%	99.94%	0.00%	0.00%	0.00%	-0.0015%
L&G Index Linked Gilt Fund	26.42%	23.93%	24.94%	11.69%	5.38%	4.13%	1.87%	1.33%	0.31%	0.00%	0.00%	0.0275%
Unitised-With-Profits FPF2	17.34%	10.55%	20.64%	10.64%	8.53%	13.49%	11.01%	7.52%	0.28%	0.00%	0.00%	0.0867%
Money Market LStyle	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.12%	99.88%	0.00%	0.00%	0.00%	0.0129%
L&G Managed Fund (GEN 14)	1.75%	1.75%	14.29%	15.87%	23.49%	24.29%	5.24%	5.56%	7.78%	0.00%	0.00%	0.0659%
Pensions UK Fixed Interest LStyle	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.0000%
L&G Cash Fund (GEN 14)	0.00%	1.25%	13.40%	21.81%	27.41%	20.25%	4.05%	5.92%	5.92%	0.00%	0.00%	-0.0218%

Fund Name	< 0.3%	0.30 – 0.39%	0.40 – 0.49%	0.50 – 0.59%	0.60 – 0.75%	0.76 – 0.85%	0.86 – 0.95%	0.96 – 1.00%	1.01 – 1.25%	1.26 – 1.40%	> 1.40%	Transaction Cost
L&G Fixed Interest Fund (GEN 14)	0.00%	1.28%	13.74%	20.77%	27.48%	20.45%	4.47%	6.07%	5.75%	0.00%	0.00%	0.0329%
Pensions Money Market LStyle	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.0129%
L&G UK Equity Index Fund (GEN 14)	0.80%	4.00%	18.80%	30.40%	24.40%	18.80%	1.60%	0.80%	0.40%	0.00%	0.00%	0.0371%
Unitised-With-Profits FPF1	38.78%	8.16%	23.47%	13.27%	14.29%	1.02%	1.02%	0.00%	0.00%	0.00%	0.00%	0.0867%
UK Balanced Equity Pen Standard LStyle	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.0000%
L&G US Equity Index Fund (GEN 14)	0.00%	32.00%	36.00%	8.00%	16.00%	0.00%	4.00%	0.00%	4.00%	0.00%	0.00%	0.0267%
L&G Distribution Fund (GEN 14)	0.00%	4.17%	16.67%	16.67%	25.00%	12.50%	8.33%	12.50%	4.17%	0.00%	0.00%	0.1024%
Fixed Interest Pen Standard LStyle	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.0050%
Fixed Interest Pen Staff LStyle	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.0050%
L&G Index Linked Gilt Fund (GEN 14)	0.00%	0.00%	33.33%	33.33%	16.67%	0.00%	0.00%	0.00%	16.67%	0.00%	0.00%	0.0275%
Money Market Standard LStyle	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.0129%
L&G Consensus Fund (GEN 14)	0.00%	33.33%	0.00%	0.00%	33.33%	0.00%	0.00%	0.00%	33.33%	0.00%	0.00%	0.0241%
Global Equity Index Tracker LStyle	0.00%	0.00%	0.00%	0.00%	50.00%	0.00%	0.00%	50.00%	0.00%	0.00%	0.00%	0.0835%

Fund Name	< 0.3%	0.30 – 0.39%	0.40 – 0.49%	0.50 – 0.59%	0.60 – 0.75%	0.76 – 0.85%	0.86 – 0.95%	0.96 – 1.00%	1.01 – 1.25%	1.26 – 1.40%	> 1.40%	Transaction Cost
UK Aggregate Fixed Interest LStyle	0.00%	0.00%	0.00%	0.00%	50.00%	0.00%	0.00%	50.00%	0.00%	0.00%	0.00%	-0.0015%
Global Equity Index Tracker LStyle	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.0835%
Glo Eq Fix W 60:40 Index Fund (GEN 14)	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.0318%

Disclosure of costs and charges by individual employer arrangement

The table below shows the range of charges applied within each employer arrangement for the main unit linked and default funds used by customers. Customers can see from their annual benefit statement the name of the fund they are invested in.

Some customers pay different types of charges but, in the table below, these have all been converted to an equivalent percentage ongoing charge to make comparisons easier. 99.75% of the employer arrangements which are invested in one or more of the below funds have ongoing charges of 1% of less per year. Of the cases where the charges are above 1%, this is due to initial units and third party fund charges not being capped. Some of the arrangements only have a small number of members within them, so the % splits need to be viewed in this context.

Fund Name	< 0.3%	0.30 – 0.39%	0.40 – 0.49%	0.50 – 0.59%	0.60 – 0.75%	0.76 – 0.85%	0.86 – 0.95%	0.96 – 1.00%	1.01 – 1.25%	1.26 – 1.40%	> 1.40%	Transaction Cost
L&G Managed Fund	25.7%	13.5%	37.4%	7.2%	6.0%	3.7%	4.0%	2.4%	0.1%	0.0%	0.0%	0.0659%
L&G (PMC) Multi-Asset Fund	31.2%	11.1%	46.1%	9.0%	1.9%	0.6%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0659%
L&G Cash Fund	25.3%	18.6%	27.1%	13.7%	7.3%	3.3%	2.9%	1.4%	0.3%	0.1%	0.0%	-0.0218%
L&G UK Equity Index Fund	38.2%	12.3%	22.5%	12.7%	7.5%	3.8%	2.5%	0.3%	0.1%	0.0%	0.0%	0.0371%
L&G Fixed Interest Fund	25.5%	18.9%	26.7%	13.3%	7.4%	3.1%	3.1%	1.8%	0.1%	0.0%	0.0%	0.0329%

Fund Name	< 0.3%	0.30 – 0.39%	0.40 – 0.49%	0.50 – 0.59%	0.60 – 0.75%	0.76 – 0.85%	0.86 – 0.95%	0.96 – 1.00%	1.01 – 1.25%	1.26 – 1.40%	> 1.40%	Transaction Cost
L&G Consensus Fund	20.5%	31.3%	28.3%	6.8%	3.2%	2.0%	3.7%	4.1%	0.1%	0.0%	0.0%	0.0241%
Global Equity Index Tracker LStyle	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	99.7%	0.0%	0.0%	0.0%	0.0835%
Global Eq Fixd Ws 50:50 Index Fund	25.6%	12.2%	55.0%	3.2%	3.0%	0.3%	0.5%	0.1%	0.1%	0.0%	0.0%	0.0303%
L&G Distribution Fund	22.5%	11.9%	39.3%	7.4%	6.4%	4.0%	5.4%	2.6%	0.5%	0.0%	0.0%	0.1024%
UK All Company Tracker LStyle	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	99.9%	0.0%	0.0%	0.0%	0.0818%
Global Eq Fixd Weigh 60:40 Index Fund	22.1%	54.7%	11.9%	5.6%	2.6%	1.0%	1.9%	0.2%	0.0%	0.0%	0.0%	0.0318%
L&G Over 15 Year Gilts Index Fund	30.7%	18.1%	32.6%	13.6%	3.8%	0.9%	0.2%	0.0%	0.1%	0.0%	0.0%	-0.0065%
UK Aggregate Fixed Interest LStyle	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	99.9%	0.0%	0.0%	0.0%	-0.0015%
L&G Index Linked Gilt Fund	26.2%	19.1%	25.3%	14.1%	6.4%	4.9%	2.1%	1.5%	0.5%	0.0%	0.0%	0.0275%
Unitised-With-Profits FPF2	19.0%	11.2%	19.4%	11.2%	8.4%	13.6%	8.4%	8.1%	0.5%	0.0%	0.0%	0.0867%
Money Market LStyle	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	99.8%	0.0%	0.0%	0.0%	0.0129%
L&G Managed Fund (GEN 14)	1.4%	1.8%	14.7%	15.9%	23.5%	24.5%	5.3%	5.5%	7.4%	0.0%	0.0%	0.0659%
Pensions UK Fixed Interest LStyle	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0000%

Fund Name	< 0.3%	0.30 – 0.39%	0.40 – 0.49%	0.50 – 0.59%	0.60 – 0.75%	0.76 – 0.85%	0.86 – 0.95%	0.96 – 1.00%	1.01 – 1.25%	1.26 – 1.40%	> 1.40%	Transaction Cost
L&G Cash Fund (GEN 14)	0.0%	1.3%	13.4%	21.9%	27.5%	20.0%	4.1%	5.6%	6.3%	0.0%	0.0%	-0.0218%
L&G Fixed Interest Fund (GEN 14)	0.0%	1.3%	13.8%	20.8%	27.6%	20.2%	4.5%	5.8%	6.1%	0.0%	0.0%	0.0329%
Pensions Money Market LStyle	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0129%
L&G UK Equity Index Fund (GEN 14)	0.4%	4.1%	19.8%	31.0%	24.0%	17.8%	1.7%	0.8%	0.4%	0.0%	0.0%	0.0371%
Unitised-With-Profits FPF1	38.5%	8.3%	24.0%	13.5%	13.5%	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0867%
UK Balanced Equity Pen Standard LStyle	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0000%
L&G US Equity Index Fund (GEN 14)	0.0%	32.0%	36.0%	8.0%	16.0%	0.0%	4.0%	0.0%	4.0%	0.0%	0.0%	0.0267%
L&G Distribution Fund (GEN 14)	0.0%	4.2%	16.7%	16.7%	25.0%	12.5%	8.3%	12.5%	4.2%	0.0%	0.0%	0.1024%
Fixed Interest Pen Standard LStyle	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0050%
Fixed Interest Pen Staff LStyle	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0050%
L&G Index Linked Gilt Fund (GEN 14)	0.0%	0.0%	33.3%	33.3%	16.7%	0.0%	0.0%	0.0%	16.7%	0.0%	0.0%	0.0275%
Money Market Standard LStyle	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0129%
L&G Consensus Fund (GEN 14)	0.0%	33.3%	0.0%	0.0%	33.3%	0.0%	0.0%	0.0%	33.3%	0.0%	0.0%	0.0241%

Fund Name	< 0.3%	0.30 – 0.39%	0.40 – 0.49%	0.50 – 0.59%	0.60 – 0.75%	0.76 – 0.85%	0.86 – 0.95%	0.96 – 1.00%	1.01 – 1.25%	1.26 – 1.40%	> 1.40%	Transaction Cost
Global Equity Index Tracker LStyle	0.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	0.0835%
UK Aggregate Fixed Interest LStyle	0.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	-0.0015%
Global Equity Index Tracker LStyle	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0835%
Glo Eq Fix W 60:40 Index Fund (GEN 14)	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0318%

Supporting Material

Value for Money Assessment

Supporting Material

Value for Money Assessment

1. **Absolute Value for Money Test**

   When the product was sold, would it reasonably have been expected to deliver a positive net value for members in aggregate?

2. **Market Equivalent Comparison**

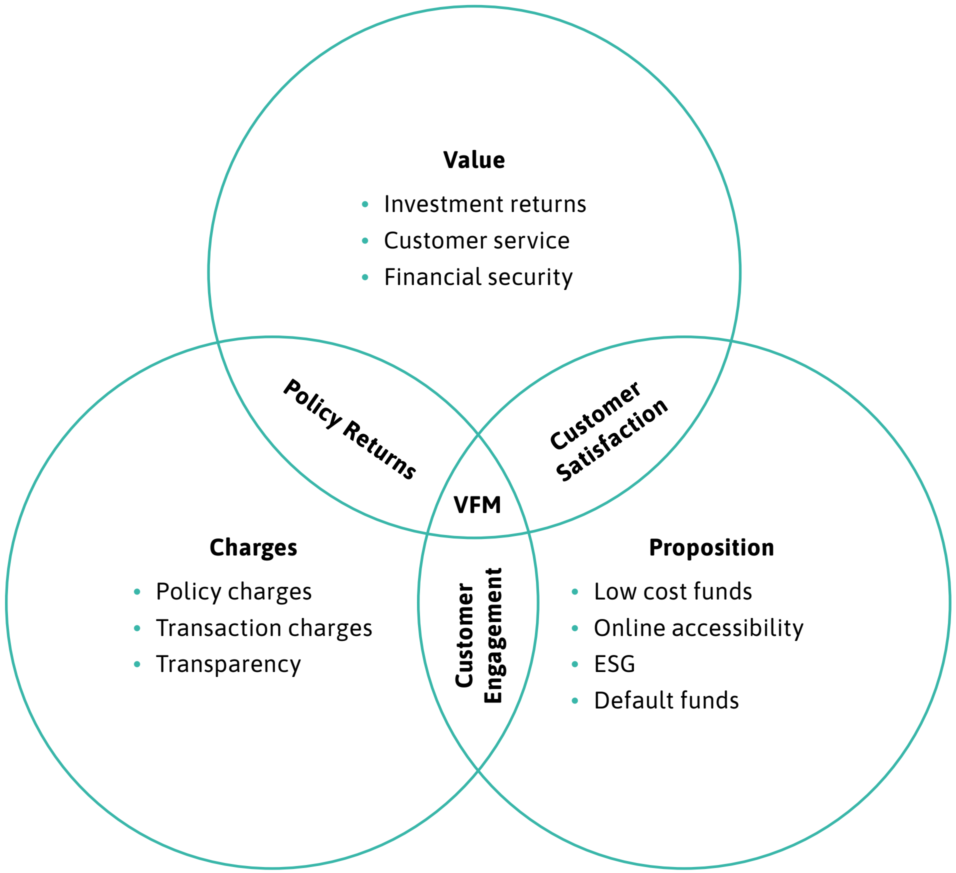
   How do the charges compare to policies available in today's market?

3. **A Balance of Cost Versus Benefits**

   Subjective review of soft benefits, such as ReAssure and ReAssure Life's service, communications, long-term financial security, and governance.

Value for money means different things to different people, but we see it as **"a combination of the charges you pay, the quality of the outcomes you receive, and how it compares to equivalent alternatives available in the market"**.

The IGC has considered these factors and applied a combination of quantitative measures and subjective judgement, to determine an overall Value for Money assessment for each of ReAssure and ReAssure Life's contract-based workplace pensions.



Rating provider performance

The IGC has reviewed and updated the framework it uses for assessing value for money. This recognised that, since the IGC was established, our remit has grown considerably. The refreshed methodology encompasses ESG considerations and Investment Pathways, whilst taking into account the additional policies acquired by ReAssure, which increased the amount of investment in both With-Profits and external third party funds. The new quarterly scoring assessment adds more formality and structure to the way the IGC works, with scored measures to help us evaluate performance each quarter, monitoring changes and progress over the year. At the start of the year, the IGC also set its action plan to agree the key priorities for 2020.

In arriving at the performance ratings for each performance area, the IGC carries out a rigorous and wide-ranging analysis of the performance of both ReAssure and ReAssure Life Limited. We review lots of different information, including regular management information packs that are produced within ReAssure and specially-produced information packs containing the results of detailed investigations that we request.

Where possible, we try to assess ReAssure and ReAssure Life Limited performance relative to other workplace pension providers. We also get the opportunity to meet relevant ReAssure senior managers and in past years have visited the servicing teams, listening to calls. We value these opportunities to question and challenge them on any aspects of performance that we feel it is important to raise.

We recognise that assessing value for money is not an exact science because some aspects are more difficult to measure than others and individual customers value things differently. Nevertheless, we try to be as objective and fact-based as possible. Value for money means different things to different people, but we see it as **"a combination of the charges you pay, the quality of the outcomes you receive, and how it compares to equivalent alternatives available in the market"**. During 2020 the IGC has used this updated framework to consider these factors, applying a combination of quantitative and qualitative measures, alongside subjective judgement, to determine its overall Value for Money assessments.

All of the performance areas have been assessed on a Red/Amber/Green scale, based on a numerical score from a detailed assessment across a number of sub-areas, focused around Value, Proposition and Charges. For the purposes of this report, with have used "speedometer gauges" to give readers a simplified indication of relative positioning of performance within the broad RAG bands.

Green – performance score greater than 80% – no material concerns

Amber – performance score between 60% and 80% – some concerns found that affect some members – appropriate actions being taken

Red – performance score less than 60% – major concerns found/not satisfied that appropriate actions are being taken

Independent Governance Committee

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