



ReAssure

# Independent Governance Committee (IGC)

Annual Report 2019/20



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# CHAIRMAN'S STATEMENT

Dear Member,

**I chair the ReAssure Independent Governance Committee (the “IGC”). We were established to provide independent oversight for ReAssure’s workplace personal pension plans. We have a duty to act solely in the interests of policyholders and ensure that you receive value for money.**

This is our fifth Annual Report. You can find a copy of our formal Terms of Reference along with our previous Annual Reports published on the ReAssure webpage <https://www.reassure.co.uk/about-us/our-governance/workplace-pensions>

We continually strive to improve our effectiveness and have developed a formal business plan including refreshing our Value for Money framework. This will continue to be developed further over time, but already provides more structure to our assessment. The resulting dashboard is shown immediately after this Introduction.

**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 service and outcomes you receive, and how it compares to equivalent alternatives available in the market”.**

We have considered these factors and applied a combination of quantitative measures and subjective judgement, to determine an overall Value for Money assessment.

You will note from our previous reports, that with effect from January 2017, ReAssure capped the ongoing charges you pay at 1% p.a. (see full details in the main report). Many of ReAssure’s workplace pension schemes already have ongoing charges below 1% p.a., but this cap is having a positive impact on the value many of you get from your workplace pension. We have shared a number of illustrative examples (customer personas) throughout this report to help bring this to life and show how this is helping members to achieve a better retirement.

## **What you need to do:**

**ReAssure are also offering you options, which can reduce your ongoing charges to 0.65% p.a. In order to benefit from these, you need to take action.**

In your annual pension statement you will find information from me, regarding the new low-cost funds and alternative product options ReAssure have made available. We strongly encourage you to engage with these communications. By taking action you can reduce your charges to as low as 0.65% p.a.

The timeliness and quality of service remains a key part of our value for money assessment and our monitoring of this over the year has shown ReAssure continue to meet service targets. Customers are supported in making well informed choices at retirement, with access to options that help you get the most out of your retirement savings. IGC members have spent time in ReAssure offices to experience this first hand, listening to customer calls and meeting the staff administering your policies. We have seen evidence of good customer satisfaction feedback scores, low volumes of customer complaints and a strong focus on supporting vulnerable customers, helping to protect you from pension scams.

Last year saw the launch of ‘ReAssure Now’, online capability allowing customers to view their policy information. We are pleased that a number of IGC customers have now successfully registered. We have been receiving regular progress updates to monitor how this is being used. This is going to continue to be rolled



out to customers in phases over the next few years. We encourage ReAssure's customers to register when you receive your invitation to do so, explore the ReAssure Now site, and provide feedback on whether it is delivering the information and services you need.

We continue to keep a close eye on investment performance and the governance arrangements. ReAssure have completed a lot of work rationalising how their funds are managed and we are pleased to see that the majority used by IGC customers have outperformed peers (respective ABI sectors) throughout 2019. The IGC have insisted ReAssure be a lot tougher with their external fund managers this year, raising challenges to improve the timeliness and quality of transaction cost data using the Financial Conduct Authority's (the "FCA") 'Slippage Cost' calculation. On the whole transaction costs incurred compare reasonably against other providers, as you would expect where investments are now tracking the market rather than managers actively choosing individual company stocks.

The FCA have been undertaking a review of the effectiveness of IGCs and ReAssure have been one of the firms included in the information request, as part of this review. We expect the FCA to publish their findings later on this year. Both ReAssure and the IGC have expressed their views and we look forward to the findings.

### **Over the coming year, we will be focused on:**

In developing our business plan for 2020, the IGC were very conscious of the additional responsibilities being placed on IGCs, due to the FCA expanding the remit of IGCs. Thinking through the need for additional resources, the IGC have agreed with ReAssure that we should meet more frequently and that the membership of the IGC should be increased with the addition of another independent member. Areas of focus over the next 12 months include:

- New rules that require IGCs to consider and report on the Company's policies with regard to Environmental, Social and Governance ("ESG") issues when investing your pension funds.
- IGCs will also be required to oversee the new Investment Pathways to help non advised customers (those who don't use the services of a financial adviser) at the point of entering pension drawdown.
- The IGC and ReAssure have agreed to participate in an industry-initiated benchmarking exercise, which will benchmark relevant ReAssure pension policies against similar products with other providers.
- Finally, we will be embedding the workplace pension policies transferring from both Legal & General and Old Mutual Wealth to ReAssure. We have been actively engaging with the respective IGC chairs to support a safe handover.

### **Conclusion**

The overall conclusion of the IGC is that ReAssure workplace pension customers are receiving value for money. The charge caps put in place are supporting good outcomes and providing some protection where customers are not regularly engaging with their pension.

### **COVID-19**

As we have been concluding this year's report, the spread of Covid-19 (coronavirus) pandemic is having an enormous impact on all our lives and on financial markets. The IGC have been briefed on the steps being taken by ReAssure, who are working hard to maintain service, prioritising key tasks like payments and claims, while doing everything possible to look after staff. We have been assured of ReAssure's continuing financial strength and have been impressed at the speed of planning and implementation to ensure the most important needs of customers can be met. ReAssure are providing information to help customers on their website, which is being kept updated as things develop.

I would like to express my thanks to my fellow IGC members, who have remained unchanged over the last 12 months, and to all those within ReAssure who have assisted us this year. 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, [www.reassure.co.uk](http://www.reassure.co.uk), or write to me via ReAssure Limited, Windsor House, Ironmasters Way, Telford, Shropshire TF2 4NB.

Best Wishes



**Zahir Fazal**  
Chairman, Independent Governance Committee



# VALUE FOR MONEY

We have defined our measure of value for money as:

**“ A combination of the charges you pay, the quality of the service and outcomes you receive, and how it compares to equivalent alternatives available in the market”.**

For each of these three factors we have applied a combination of quantitative measures and subjective judgement, to determine an overall Value for Money assessment.

**The IGC have allocated points for value for money components that are satisfactory in our opinion, making deductions for areas where further work is required, but the firm is taking appropriate actions.**

No points are awarded if an area is not meeting our expected standards and no agreed plan of action is in place. In order to simplify this for the annual report, we have summarised the total scores into 3 areas:

<b>Value</b>	<p>In the opinion of the ReAssure IGC we are satisfied that investment returns are reasonable, with appropriate governance oversight. ReAssure has taken steps to ensure it continues to cost effectively access external fund managers through its recent rationalisation program</p> <p>Customers are being encouraged to review their fund choice to ensure it remains appropriate, particularly if invested in deposit funds for prolonged periods. Customer Service is meeting agreed service standards, with low numbers of complaints. ReAssure are undertaking regular product reviews, pro-actively identifying and resolving issues.</p>	<b>9/10</b>
<b>Charges</b>	<p>In the opinion of the ReAssure IGC, the 1%p.a. charge cap means charges benchmark in line with other similar-aged products with other providers. This remains under review. Transaction costs appear comparable, but we have been much tougher with ReAssure to improve timeliness and quality of data from external fund managers this year. Low-cost universal funds and alternative product options are being actively promoted by ReAssure, allowing customers to reduce charges to 0.65%p.a.</p>	<b>8.5/10</b>
<b>Proposition</b>	<p>In the opinion of the ReAssure IGC, good initiatives are in place to offer choices and access to customers. ReAssure's own ESG policy, and online access for IGC customers, are being progressed, but at a steady pace. Lifestyling solutions are taking longer to implement than the IGC would like.</p>	<b>7.5/10</b>
<b>Value for Money Score</b>	<p><b>The combination of good service, comparative returns, reasonable charges and customer choice, have delivered Value for Money. Where challenge has been raised, ReAssure have committed to actions. The IGC would like to see greater levels of customer engagement with their pension, and will continue to work with ReAssure to see what more can be done to help customers.</b></p>	<b>25/30 (83.3%)</b>





# VALUE FOR MONEY DASHBOARD

Rating	Key points driving this year's assessment
<b>Fair Costs &amp; Charges</b> <b>5/6</b>	<ul style="list-style-type: none"> <li>The 1% p.a. charge cap was implemented from January 2017, helping to protect customer outcomes.</li> <li>The IGC believe charges are reasonable for the nature of older pension policies, but this remains under review.</li> <li>Annual transaction costs averaged ~£7.07 per £10,000 invested, which look reasonable against peers.</li> <li>The IGC have raised challenges to improve the timeliness and quality of data from fund managers.</li> <li>The IGC considers customers with small pots may be able to get better value by consolidating.</li> </ul>
<b>Communication &amp; Engagement</b> <b>4/6</b>	<ul style="list-style-type: none"> <li>Annual mailing is making low-cost funds and alternative product options available, enabling unit linked customers to reduce charges to 0.65% p.a.; take up and engagement needs to improve.</li> <li>New Single Page Summary very neatly presents key information on your pension policy, with risk warnings to help inform you about the key things to consider.</li> <li>Feedback is being used to help us assess how well we are doing at delivering in the areas important to you. ReAssure and the IGC are taking part in a Legacy Benchmarking exercise in 2020.</li> </ul>
<b>Customer Service</b> <b>6/6</b>	<ul style="list-style-type: none"> <li>The IGC reviewed quarterly management information on key performance indicators; these show ReAssure have met or exceeded targets on customer service.</li> <li>Supported our site visit, low levels of customer complaints and strong customer satisfaction scores evidenced.</li> <li>The IGC have seen evidence of good support and handling of Vulnerable Customers.</li> <li>Pension transfer performance data (Origo) demonstrates ReAssure continues to be upper quartile.</li> <li>The IGC is satisfied that good controls are in place to protect your retirement savings (in terms of, personal data protection and scam prevention). ReAssure inform us that Cyber risk is closely monitored and is regularly discussed at Board.</li> </ul>
<b>Fund Performance &amp; Governance</b> <b>5.5/6</b>	<ul style="list-style-type: none"> <li>The majority of funds are performing well; 69.35% outperformed respective ABI sectors over 2019.</li> <li>No IGC funds are currently on the 'watchlist' due to underperformance.</li> <li>The IGC are satisfied that a suitable range of funds are available (free to switch) with appropriate governance oversight of performance.</li> <li>There are no default funds in place (i.e. all customers nominated funds of their own choosing).</li> <li>Focus on ethical impact of investment decisions; ongoing work as ESG policy develops.</li> </ul>
<b>Proposition &amp; Benefits</b> <b>4.5/6</b>	<ul style="list-style-type: none"> <li>The IGC are satisfied that ReAssure's online tools and service proposition support customers in making informed choices at retirement.</li> <li>New online facility continues to be rolled out in phases, improving the service available.</li> <li>Ongoing work to assess the appropriateness and communications supporting the new Investment Pathways set to come into force in August 2020. These aim to help customers as they start drawing down money out of their pension.</li> <li>The suitability of lifestyle remains a concern (based on a retirement date chosen many years ago, and targeting an annuity purchase, which might not reflect the customer's plans today). ReAssure's on-demand solution and mailings are taking longer to implement than the IGC would have liked to see.</li> </ul>

## Conclusions

The overall conclusion of the IGC is that ReAssure workplace pension customers are receiving value for money. The charge caps put in place are supporting good outcomes and providing some protection where customers are not regularly engaged. Fund performance, transaction costs, service and overall proposition appear fair for the nature of the products. The additional step of making low-cost funds and alternative product options available, enables most customers to reduce charges even further and we strongly encourage you to consider these options. For customers with very small pots, who paid small amounts for very short durations, you should review if you can get better value or benefit from consolidating pension pots.



# ABOUT REASSURE

Originally founded in 1963, ReAssure is a life and pensions company which has over 2.2 million policies on its books, and looks after investments of over £39 billion for its customers. This excludes the recent acquisition of policies from Legal & General, and Old Mutual Wealth Life Assurance Ltd (see below).

The workplace pensions in the IGC's scope represent a small proportion of the total ReAssure portfolio:

- The IGC currently look after 52,595 workplace pension policies.
- 1,324 (2.5%) are with profit pension policies.
- 5,169 (9.8%) workplace pension customers are currently paying regular contributions.

ReAssure's business model is to grow through acquiring products from different originating firms. This has presented us with some interesting challenges, as we worked with ReAssure to assess the wide variety of legacy charging structures. Since the inception of the IGC in 2015, we have also incorporated new blocks of acquired workplace pensions from both HSBC Life (UK) and Guardian, into our remit.

REASSURE IS A LIFE AND PENSIONS COMPANY WHICH HAS OVER 2.2 MILLION POLICIES ON ITS BOOKS, AND LOOKS AFTER INVESTMENTS OF OVER £39 BILLION FOR ITS CUSTOMERS.



## Transfer of policies from Legal and General

- ReAssure announced the acquisition of an additional 1.1 million in force policies from Legal and General, increasing ReAssure's total assets under management to approximately £67 billion.
- The IGC have spent time with the Legal & General IGC Chairman to understand how they have approached assessing Value for Money and regular engagement continues with the Legal & General IGC, sharing information in preparation for receiving the transferring customer policies.
- The transfer of the Legal & General policies to ReAssure was scheduled to take place on 6 April 2020.
- Due to the rapidly changing situation with Covid-19 (coronavirus), ReAssure and Legal & General jointly agreed to postpone the transfer until the situation is more stable. This ensures ReAssure can offer the best possible service to customers and helps protect ReAssure employees at this difficult and unprecedented time.
- The Legal & General IGC will continue to oversee these policies on behalf of members until such time as the transfer is completed. You can find out more on the LGAS-transfer page of the ReAssure website.



# ABOUT REASSURE

## Transfer of Old Mutual Wealth IGC policies.

- In August 2019, it was announced that Old Mutual Wealth Life Assurance Limited and its subsidiary Old Mutual Wealth Pensions Trustees Limited would be sold to ReAssure.
- This adds an additional ~200K policies and will increase total assets under administration by circa £12bn. On 31 December 2019 this deal was successfully completed.
- There are approximately 23,000 customers in the IGC population, of which 1,500 are premium paying. There are 8 products in scope and just under £1bn of funds under management.
- The Old Mutual Wealth IGC have continued to look after members' interests up until 31st March 2020 and so will report separately on their work over the last 12 months.
- This responsibility is being handed over to the ReAssure IGC from April 2020 and members' workplace pension policies will form part of the ReAssure IGC and its future Annual Reports, from April 2020.
- Around 300 Old Mutual Wealth staff based in Southampton transferred to ReAssure on 1st January 2020, helping to maintain continuous policy administration on existing systems.

## Engagement with the ReAssure Board / The Financial Services Authority (FCA)

**Under the Terms of Reference of the IGC, we have a responsibility to raise and escalate any concerns relating to value for money. In the first instance this would be to the Board. In the event that we do not consider the Board's response to be sufficient then any remaining concern will be escalated to the regulator, the Financial Conduct Authority. A clear escalation process has been put in place and documented. I attended the December 2019 ReAssure Board meeting to provide an update on the work undertaken.**

I am pleased to say that during this period the process of further escalation was not required. Any issues raised at the meetings of the IGC were appropriately addressed by management to the satisfaction of the Committee.

## Proposed acquisition by Phoenix Life

Swiss Re (75%) and MS&AD (25%) are the current ultimate owners of ReAssure Group plc. On 6th December 2019 Swiss Re announced an agreement to sell ReAssure Group plc to Phoenix Group Holdings plc, subject to the necessary shareholder and regulatory approvals. At this time there is no immediate impact for the IGC or the members within its scope. We will communicate further if there are any plans to make changes to the current IGC arrangements.





# CHARGES AND COSTS

In previous reports we confirmed that actions have been agreed and implemented to ensure that the ongoing charges you pay for your workplace pension policy compare reasonably against market equivalents.

## Unit-linked workplace pensions

- Regular ongoing charges have been capped at 1% p.a.\*

\* This excludes the impact of initial units (included on 4.4% of IGC policies) and any additional charges incurred by the 737 customers that have chosen to invest in externally managed funds.

- ReAssure implemented this with effect from 1st January 2017
- For members wishing to access their pension benefits from age 55, a 1% cap is applied to all exit charges (which includes initial units). Initial units remain present on around 4.4% of workplace pensions with ReAssure. These are in essence designed to recoup historic initial set-up costs actually incurred, rather than cover current ongoing costs.

REGULAR  
ONGOING  
CHARGES  
HAVE BEEN  
CAPPED AT  
1% P.A

ReAssure have 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.

### Customer examples

On the following pages you can see some example customer personas which illustrate how projected values for ReAssure's workplace pension customers might look before and after the charge reductions.

The IGC have reflected on the regulatory guidance in respect of workplace pensions, especially the Government's Independent Project Board (IPB) methodology, and are content that the charge cap being applied by ReAssure is consistent with the outcomes that the IPB wanted the industry to achieve. That being said, we continue to monitor and assess the impact of reducing ongoing charges, on individual member outcomes.

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.



Vicky, 59

## 1% cap on workplace pensions charges

Vicky aged 59 has an ex Gan Executive Wealth Plan

- She wants to retire at 75
- Her current pot is worth £22,700, and pays £23.34 pm

Her projected pension pot at age 75 is

- Before her cap on future charges: £31,100
- After her cap on future charges: £31,850
- Boosts Vicky's pension pot by £750 (2.4%)

The 1% charge cap helps increase Vicky's pension pot by

**£750**  
(2.4% rise)



# CHARGES AND COSTS

## Options available to reduce your charges to 0.65% p.a.

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

### Call to action

Please take an active interest in your pension plan and consider taking action. ReAssure are offering their latest new business options that enable you to reduce your ongoing charges further, in some cases to as low as 0.65% p.a.

- Four low cost funds ReAssure offer in new business (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.
  - You can make a free switch into these funds.
  - 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.

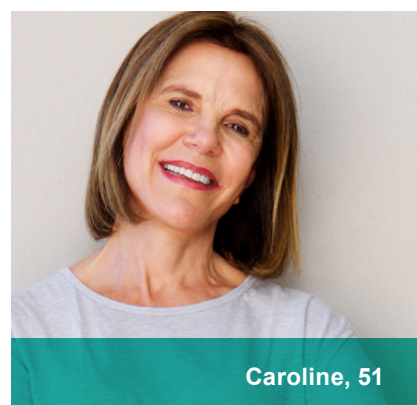
- For any customers in existing funds with an exact investment match to one of the new funds (Primarily Deposit), where the existing fund has a higher charge, the existing fund charge has been automatically reduced to 0.65%.
- You can also transfer your existing policy into ReAssure's low-cost Retirement Account, their 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, so it is good for customers who want to access some of their pension savings but keep the rest of it invested.

ReAssure are supporting members in evaluating whether any valuable benefits are likely to be lost as a result of this action.

- 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.



Caroline, 51

## Switch into ReAssure Low Cost Funds

Caroline aged 51 has an ex Crown Retirement Savings Plan

- She wants to retire at 65
- Her current pot is worth £116,600, and pays £128 pm

Her projected pension pot at age 65 is

- Before her transfer into low cost funds: £116,600
- After her transfer into low cost funds: £122,600
- Boosts Caroline's pension pot by £6,000 (5%)

By making changes Caroline boosts her pension by

**£6,000**  
(5% rise)



# CHARGES AND COSTS



We remain disappointed that response rates to the lower-cost fund options have remained low. ReAssure have made contact with a small sample of members who were sent our targeted communications. This verified these had been received and helped us and ReAssure to review and refine messaging.

The latest inserts (shown above) provides an example of the types of monetary savings a customer might see from switching into these funds

You can make a fund switch free of charge, by ticking a box, phoning the Contact Centre or online via the ReAssure website.

## Call to action

I would strongly encourage all unit linked policyholders to consider the new low-cost funds and alternative product options, which can help further reduce the ongoing charges on your policy.

## With-Profits workplace pension

**As the with-profit fund is closed to new members, a run-off plan is in place to ensure the fair distribution of the fund to the remaining eligible policies over their lifetime. This contribution helps increase the value received by members, but is not guaranteed and can vary over time to reflect the ongoing experience of the fund (such as a material risk event).**

This year we worked with ReAssure to repeat our value for money assessment of with-profits workplace pension policies and are pleased to verify these continue to deliver a positive outcome for our members.

- With-profits workplace pension policies continue to deliver returns which are in excess of that delivered by a comparable unit-linked policy applying a 1% p.a. charge benchmark.

We intend to repeat this comparison exercise every few years, to ensure good comparable outcomes for members.



David, 61

## Switch into ReAssure Retirement Account

David aged 61 has a ex Crown Director's Investment Programme

- He wants to retire at 75
- His current pot is worth £36,800, and no longer pays premiums

**His projected pension pot at age 75 is**

- Before his switch into Retirement Account: £55,300
- After his switch into Retirement Account: £58,000
- Boosts David's pension pot by £2,700 (4.8%)

**By making changes David boosts his pension by**

**£2,700  
(4.8% rise)**



# CUSTOMER SERVICE AND ADMINISTRATION

ReAssure present the IGC with a dashboard of management information each quarter, with key performance indicators on how they are doing against their service standards. This includes information on what happens when you make contact with ReAssure, the quality and accuracy of service and the time taken to deliver key processes.

These metrics continue to demonstrate a strong commitment to delivering good service that aims to meet customers' needs. We are satisfied that where issues arise, these are being detected and appropriate remedial actions are being taken.

To get first-hand visibility of ReAssure's customer services operations in action, our newest IGC member, Venetia Trayhurn, spent some time in the Telford offices in October. Here are some of Venetia's observations:

**"I always find it insightful and frequently rewarding to spend time with those working in the customer services operations. These are the people who are there to help customers day to day, and for me, that's a significant part of assessing overall value for money for customers."**

**Having listened in to some 'live' calls coming in, I was impressed at the way these were handled, professionally, but also with a good degree of autonomy. The call handlers were comfortable to address the customers' queries without needing to follow from a script or throw too much 'process' in the way of the conversation. This customer-focused approach is backed by a comprehensive training**

**and mentoring programme, which may explain the confidence with which relatively new team members addressed customer queries and resolved issues, mostly there and then on the phone.**

**During my visit I also spent time with Senior Managers from Customer Services, discussing the handling of customer complaints and the identification and handling of vulnerable customers. This was an area where it's clear considerable efforts have been expended, and team members were rightly proud of the work they had been doing to improve awareness and signpost members for help. I am always keen to see examples of complaints from customers too, as reviewing complaints is a great way to help understand the voice of our members and assess whether the way the complaint has been handled in practice meets expectations."**

ReAssure provide the IGC with regular information about the complaints you have raised, along with customer satisfaction survey feedback, to help us understand your frustrations and views from your interactions with ReAssure.

- Overall, complaint volumes remain low and compare favourably against peers.
- Data published by the Financial Ombudsman Service (FOS) shows us that this independent complaint resolution service is generally in agreement with the decisions being made by ReAssure when customers complain, which suggests that ReAssure's complaint handling procedures are working well.

- Origo pension transfer performance data demonstrates ReAssure continues to be upper quartile against peers in performance terms.
- Customer Satisfaction data shows that 90% of customers who responded are either "satisfied" or "very satisfied", suggesting service is generally meeting expectations.

ReAssure have presented the IGC with information on a range of process improvement initiatives they have run this year, which are aimed at helping to reduce the amount of paperwork that you need to complete and make it simpler and easier for you to transact. For example, ReAssure has started to use the TracelQ tool to verify your information electronically, which means more transactions can be paperless and processed faster, whilst still providing you with appropriate protection from fraud. The IGC consider this to be a positive development for ReAssure customers.

The IGC and ReAssure have agreed to participate in an industry-initiated benchmarking exercise, which will benchmark relevant ReAssure pension policies against similar products with other providers.

Previous benchmarking exercises undertaken by a number of IGCs and pension providers excluded older 'legacy' pension policies, and as a result the IGC have not previously taken part. However, we have regularly reviewed the Annual Reports of other IGCs to identify best practice and see what lessons we can learn. We are excited to now be able to participate in the first such research study into 'legacy books', and look forward to seeing how ReAssure compares.





# CUSTOMER SERVICE AND ADMINISTRATION

## ReAssure Now – ReAssure’s new online portal.

**Last year ReAssure launched ‘ReAssure Now’, which is its new online capability allowing customers to:**

- View their policy information – current values, payments in and details of any cover provided.
- View projected values at retirement.
- Access letters and documents in an electronic format.
- Get in touch with ReAssure by secure message.
- Review personal information, and let ReAssure know if you need to make changes.

We have been pleased to see that a good number of IGC customers have now successfully registered. This new online facility is enhancing the service provided by ReAssure to customers, which can only strengthen the value for money proposition you receive. Getting access to online information at any time makes it easier for you to review and manage your pension pot.

ReAssure Now is being gradually rolled out, having started with some of the former-HSBC pension customers. The IGC have received demonstrations and regular progress updates to track the roll-out. We are also monitoring how this is being used by workplace customers and hope this helps drive better engagement with your pension. The IGC would like to see the speed of the roll out to customers increase, and has challenged ReAssure to see if they can improve this. The IGC are also providing feedback on the options we think would be most valuable to workplace pension customers, including prominent calls to action, to help improve customer engagement.

**If you’re keen to use ReAssure Now but haven’t received your activation code, you can register your interest at [www.reassure.co.uk/interested](http://www.reassure.co.uk/interested).**

## What is a Vulnerable Customer

“Someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care”.

## Identification and treatment of Vulnerable Customers

**Vulnerability itself is as diverse as the people it affects. It can occur at any stage in our lives and can affect any one of us.**

Customers in vulnerable circumstances may have different requirements or behave differently to other customers and could therefore experience different outcomes.

Here are some examples:

- Health conditions or illnesses that affect your ability to carry out day to day tasks
- Major life events such as bereavement or relationship breakdown
- Low ability to withstand financial or emotional shocks
- Low knowledge of financial matters or low confidence in managing money

The fair handling of vulnerable customers remains highly important to us, given what is at stake with pension savings. The IGC want to understand how vulnerable customers may, by nature, have alternative experiences or require alternative means of support.





# CUSTOMER SERVICE AND ADMINISTRATION

The IGC continue to be impressed by the positive examples we have seen and the degree of focus this is receiving from ReAssure. ReAssure have a clear commitment to helping vulnerable consumers to get outcomes that are as good as other consumers. This is particularly important to the IGC, as we recognise that in Financial Services, decisions can have significant long-term impacts for customers.

It's our view that ReAssure have a well thought out policy in place which is regularly updated to take account of evolving experience and the FCA guidance. ReAssure have provided training to their staff on how to recognise customer vulnerability and how to deal with it. The Customer Servicing teams who deal directly with you have had specialist training, building expertise to help pick up on the warning signs or triggers, and handle with appropriate care, skill and sensitivity. They also have easy access to additional internal expertise, with clear guidance on how and when to refer on where special circumstances arise. This is supported by enhanced systems that provide 'in the moment' support, such as contact details for third party organisations that can provide expert help.

We have seen evidence of ReAssure providing increased support, ranging from compassionately dealing with customers diagnosed with a terminal illness or suffering from mental illness, to helping customers where English is not their first language to understand ReAssure's communications. We have also seen fair and proportionate handling of third party carers and Power of Attorney, getting the right balance between 'protecting' customers and 'enabling' them.

- ReAssure inform us that they have built up closer ties with third party organisations in the advice and charity sector and sign-post customers to these for relevant expert help.
- Most ReAssure staff have become Dementia Friends, attending training supported by the Alzheimer's Society to learn a little bit more about what it's like to live with dementia and turning that understanding into action to help customers.
- One area of particular interest to the IGC has been the strong controls and processes in place to identify and act on pension scams, stopping fraudsters trying to access customers' pension savings. Vulnerable customers are more susceptible to scams, fraud and mis-selling.
- ReAssure have also been working on new solutions to help customers who may have difficulty in accessing services, resulting in exclusion and disengagement.

Customer calls are listened to and the handling carefully examined to ensure customers in potentially vulnerable circumstances are being identified and handled with appropriate levels of care. These examples are been used to share good practice, whilst also providing individual development feedback to help learn and build best practice.

ReAssure flag vulnerable customers on the system to enable better ongoing handling. This means staff don't have to identify consumer's needs and vulnerabilities each time they are spoken to and ReAssure can use this flag to help improve the service provided.

Overall, we have been pleased to see evidence of increased awareness, appropriate escalations and fair handling, with a 'human' and customer-centric approach to interacting with members. ReAssure have demonstrated that they expect all employees to do the right thing for vulnerable consumers, embedding this in its culture, with appropriate training. This is reinforced with ongoing review, feedback and oversight.

## Communications

**We know how important good communications are in enabling customers to engage with their pension, which is vital in supporting you in making decisions about your pension pot. ReAssure have undertaken a lot of work to review and improve its customer communications.**

- Working with customers to explore different options and assess how best to express complex matters, using appropriate language and layout.
- As well as considering what information customers need at key points, helping to protect and grow your pension savings.
- The improved letters more clearly explain policy features and benefits, along with all associated charges in monetary terms.



# CUSTOMER SERVICE AND ADMINISTRATION



## Retirement Outcomes Review

This year we have been encouraged to see ReAssure's delivery of the new Single Page Summary required under the FCA's Retirement Outcomes Review, applicable from November 2019. These very neatly present key information on your pension policy, with risk warnings to help inform you about the key things you should consider when making a decision about retirement and the open market options available to you. This also signposts to the availability of guidance, currently provided by Pension Wise. The FCA introduced this as a remedy to address the issues they identified in the retirement market. The IGC will keep promoting the importance of customer understanding and engagement, to ensure key messages are clear, prominent, and accessible.

The IGC continue to monitor the work ReAssure undertakes to trace customers where they no longer hold a valid address on their systems. ReAssure use Equifax, a third party specialist tracing agent. ReAssure took action to strengthen success rates further, by repeating tracing activities every two years, as well as making

better use of mobile phone numbers and email addresses held. As a result, the IGC have seen a positive reduction in the volume of customers with no valid address. This is important, as it reduces the risk that customers are unable to engage actively with their policy, as they are not receiving important communications.

## Helping you make good decisions in retirement

ReAssure have shared their approach and provided evidence of how they help deliver good retirement outcomes for customers:

- ReAssure removed the concept of a pre-set retirement date, as their customers were no longer choosing to retire on a date originally selected many years ago. From age 55, each year ReAssure write to you providing information on what you would get if you retire and show projected values at different retirement ages. This enables you to see what you can get if you retire at different dates, managing expectations and enabling you to make an informed choice on when best to take your retirement savings.

- ReAssure provide an online Retirement Planning Toolkit and telephone support to help customers understand their different retirement options and assess their income needs.

- Supporting customers who choose to take their whole pension pot as a cash lump sum. We are pleased to see ReAssure helping customers understand the tax implications of doing so and the associated risks - in particular, that customers spend their retirement savings now and are left with nothing in old age, as well as helping to protect customers from scammers.

- Offering products that enable you to leave your money invested and make withdrawals when you need via a ReAssure Retirement Account product or Flexible Access Drawdown policy.



# CUSTOMER SERVICE AND ADMINISTRATION

- For members who want a guaranteed income in retirement, rather than selling their own annuity, ReAssure offer the option to take an annuity from a wide panel of the UK's best-known providers. This means that you get a competitive market rate, with access to both conventional and enhanced annuities, which can give you a higher rate of income due to your health or lifestyle (overweight, smoker, heavy drinker).

These decision can be quite complex and we are pleased to see how committed ReAssure are supporting customers, providing information and online tools to help you make well-informed choices, so you get the most out of their retirement savings.

## Investment Pathways

**Pension freedoms has given customers more flexibility in how and when you can access your pension savings, but this also means you have to make more complicated choices. The FCA undertook a review of retirement outcomes and identified that many consumers are focused primarily on taking their tax-free cash. They felt customers needed additional support to ensure that once you start accessing your pension savings, your remaining pension pot is invested in a way that meets your ongoing intentions and the level of investment risk you are comfortable with.**

Investment pathways are a new initiative from the FCA, designed to help support customers not receiving regulated financial advice, as they start drawing down money out of their pension.

Pension providers like ReAssure will be required to offer a range of ready-made investment options ('investment pathways'), enabling you to select from four relatively simple choices, designed to meet your broad retirement objectives, and helping you to maximise your income in retirement. i.e.

- No plans to touch your pension savings in the next 5 years;
- Plan to set up a guaranteed retirement income (annuity) within the next 5 years;
- Plan to start taking withdrawals as a long-term income within the next 5 years;
- Plan to take all the money out within the next 5 years.

The new investment pathways are set to come into force in August 2020. As your IGC, we have a new duty to oversee that ReAssure deliver pathway solutions that offer value for money. This means costs and charges are good value relative to the quality of the pathway solution and associated services. The IGC are going to be assessing the appropriateness of the pathway solutions to meet their intended aims and objectives, whilst taking account of the characteristics of the customers likely to be using each option. We have formulated our action plan, which includes additional training and providing feedback on the formation of these new pathways.

It is very clear to us that the supporting communications are very important in enabling customers to make informed decisions. It will be part of our role to consider whether communications to customers are fit for purpose and properly take into account customers'

characteristics, needs and objectives. We do not want consumers to select a pathway solution if the risk profile of the solution does not match your attitude to, or capacity for, risk.

ReAssure will be creating new profile funds for each investment pathway, using its 0.65% ('low cost') universal funds. We will be reviewing the rationale supporting the underlying asset allocations, so we can consider if the investment solutions are appropriate to match customers' broad retirement objectives. We will also be assessing the transparency about fees and charges for each pathway, and ReAssure will be providing annual information on all the costs and charges you have paid on your pension pot.

The option to invest in cash (or cash like assets) needs to be an active decision by customers. The IGC will be reviewing ReAssure's warnings about the likely impact on long-term pension income of investing predominantly in cash, when you enter drawdown.

Pathways solutions need to be reviewed at least annually and the IGC have been informed of the governance arrangements ReAssure have put in place to facilitate this requirement. Where ReAssure change the pathway solutions they offer, the IGC will be keen to understand if it is appropriate to move existing customers to the new pathway solution. The timing of this Annual IGC Report means our assessment is ongoing, with lots to do ahead of the August 2020 go live date. In next year's report we will be able to share more on our conclusions and give our view on whether investment pathways are proving to be effective.



# INVESTMENT PERFORMANCE AND MONITORING

## Governance

**After the level of contributions that you put into your pension, the thing that will make the most difference to the level of your pension at retirement is the investment returns that have been achieved over its life.**

The majority of policyholder assets in the ReAssure branded funds remain managed by Aberdeen Standard Investments and HSBC Global Asset Management, along with Alliance Bernstein and Goldman Sachs. There are also a small number of customers that have selected external funds, managed by third parties.

As part of assessing value for money the IGC want to ensure that a suitable range of funds are available to workplace pension customers and that ReAssure have appropriate governance oversight in place to ensure these are being managed in your interests. In particular, ensuring performance and fund objectives are regularly reviewed and appropriate actions are taken when necessary.

The IGC therefore pay close attention to the work that ReAssure carry out to review the investment performance achieved, to ensure action is taken where appropriate. ReAssure have two committees that are specifically tasked with overseeing the investment management and governance of all the policies that ReAssure administer – The Policyholder Investment Committee (PIC) and the Board Investment Committee (BIC).

IGC member, Giles Payne has attended a PIC meeting to witness this first hand. We also get access to the minutes of their meetings which ensures that the IGC are kept up to date with the key areas of focus and actions. We have seen evidence to demonstrate these Committees undertake extensive analysis 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.

- Members can select funds from a wide range available, which represent the major asset classes.
- ReAssure have shown us that they allow customers to switch funds free of charge, either online and over the phone to make this easier for members.
- Fund objectives are reviewed and updated to ensure these remain clear and representative of actual practice.
- Morningstar is used to display a wealth of information about all ReAssure funds online, including descriptions, objectives, risks and performance, to help support greater customer engagement, in an accessible and user friendly way. You can view all funds here: [www.reassure.co.uk/fund-centre](http://www.reassure.co.uk/fund-centre).

REASSURE HAVE TWO COMMITTEES THAT ARE SPECIFICALLY TASKED WITH OVERSEEING THE INVESTMENT MANAGEMENT AND GOVERNANCE OF ALL THE POLICIES THAT REASSURE ADMINISTER .



# INVESTMENT PERFORMANCE AND MONITORING

One of PICs recent areas of focus has been to review and rationalise the fund management arrangements with the aim of ensuring that the investments meet their performance targets and provide appropriate value for money. Part of this exercise has been to analyse where there is a real possibility of adding value from active management and where the probabilities are lower. This has been reflected in the revised portfolios where in efficient markets, investments are now tracking the market rather than actively choosing individual company stocks. This is because in an efficient market it is less likely that active management will be able to generate sufficient additional return to offset the higher associated costs.

There are still some sectors where ReAssure believe active stock selection is in customers' best interests and continue to adopt this strategy. These include smaller or less efficient markets where ReAssure think it's in customers' best interests to select individual company stocks; or specialist asset classes where it's not possible to invest across the market, such as investments in property.

Two key areas where we will be focussing our attention are the various charges that are taken during the management of the assets and the Environmental, Social and Corporate Governance (ESG) of the assets –

- Charges are important because the lower the charges the greater proportion of the investment returns are passed onto the policyholder.
- ESG is important as ReAssure aim to be good stewards of your investments and ensure that the companies they invest in behave in an appropriate manner.

## Default Funds

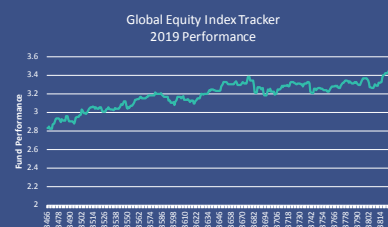
ReAssure did a lot of analysis to verify that no customers' money had been placed into specific funds by default. This means that members had to make an active investment choice from the range of funds available and were not automatically placed into a default fund. This position will be reviewed again with the incoming policies from Legal & General and Old Mutual Wealth.

- We have not seen any evidence to suggest that investment strategies are not designed and executed in the interests of members.
- Clear statements of the funds' aims and objectives are provided.



John, 48

## Fund Performance



The graph above shows the performance of the Global Equity Index Tracker Fund over 2019. Below is an example persona highlighting the possible returns from investing in this fund.

- John invested £1,000 into ReAssure's Global Equity index Tracker Fund on 1st January 2015.
- His fund value was £1,571.17, after investment fees on 1st January 2020.
- This would equate to compound interest of 9.46% each year.





# INVESTMENT PERFORMANCE AND MONITORING

			Annualised Performance						
Top 5 Invested Fund Performance	Total Invested £ millions	% of IGC Total Investment	Over 1 Year		Over 3 Years		Over 5 Years		Transaction Costs
			Fund	ABI Sector	Fund	ABI Sector	Fund	ABI Sector	
Global Equity Index Tracker (ABI: Global Equities Pen)	170	21%	21.07%	21.03%	7.90%	8.60%	9.46%	10.35%	0.06%
UK All Company Tracker (ABI: UK All Companies Pen)	120	15%	18.81%	17.50%	5.99%	5.20%	6.39%	6.05%	0.08%
ReAssure Managed Pension Standard (ABI: Mixed Investment 40% - 85% Shares Pen)	80	10%	16.31%	14.32%	6.86%	5.53%	8.08%	6.48%	0.10%
Pensions Balanced (ABI: Global Equities Pen)	50	6%	15.70%	21.03%	5.98%	8.60%	7.56%	10.35%	0.10%
Managed Pension Accumulator (ABI: Mixed Investment 40% - 85% Shares Pen)	30	4%	15.56%	14.32%	6.18%	5.53%	7.38%	6.48%	0.10%

## Fund Performance

- ReAssure offer a lot of different funds, so for this report we have shown data relating to the five funds most used by IGC customers, to give best coverage.
- Your Annual Statement details the funds that you have selected to invest in. If this is not one of the 5 funds listed below, you can view all funds on the Reassure fund centre: [www.reassure.co.uk/fund-centre](http://www.reassure.co.uk/fund-centre). This shows current fund prices, investment objectives, past performance data and information about charges.

ReAssure'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 market competitiveness. 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.

Throughout 2019, most funds and sectors have been facing short-term positive returns, and owing to these, the 1, 3 and 5 year performance figures have increased.

**When comparing the funds to their ABI sectors, 69.35% of the funds (or 76.3% of the IGC assets under management) have outperformed their respective ABI sectors throughout 2019, meaning that the rest of the market faced returns that were more negative.**



# INVESTMENT PERFORMANCE AND MONITORING

## Environmental, Social & Governance factors (ESG)

**These are the three main factors used to measure the sustainability and ethical impact of investment decisions on the world in which customers live and will retire into.**

ESG considerations have moved right up the agenda for policy makers and regulators. Current thinking says that if ESG factors including climate change are not properly taken into account investors could be running a long term financial risk which they are not aware of and which could affect future investment performance. As a result, regulations now require trustees of occupational pension schemes to adopt a policy with regard to ESG and make this clear in their Statement of Investment Principles.

In parallel, the FCA has extended the scope of all IGCs and requiring them to consider the appropriateness of, and report on, the ESG policies of the provider and also on how these have been implemented. Additionally, we will need to consider how concerns of consumers are taken into account by ReAssure in investment strategies and investment decision making. This will form part of next year's Annual Report.

ReAssure have developed and adopted a new ESG policy which we will report on next year. The Company also intends to become a PRI (Principles for Responsible Investment) signatory, potentially in 2020. Even now, ReAssure uses only external fund managers that have strong ESG considerations as an integral component to their investment process. Specifically:

- All managers have received an UNPRI A+ rating for Strategy and Governance, which is the highest possible rating for UN PRI signatories.
- Through engagement and exercising voting rights, Fund Managers actively support ESG considerations to improve corporate standards in the companies in which they invest, while helping to preserve and grow their financial assets.
- Apply exclusions. For example - HSBC Global Asset Management exclude investment in companies linked to the production and/or marketing of cluster munitions, anti-personnel mines and depleted uranium.

ReAssure currently has 3 ESG fund offerings for policyholders (the ReAssure NM Ethical Standard Series Fund; ReAssure Gan Credit Suisse Fellowship 1990 Acc; and ReAssure HL Global Socially Responsible). We understand from ReAssure that the policyholder proposition is under review, looking to progress a new ESG fund available to all unit linked pension customers, with costs more relative to sector average.

As preparation for having to report on ESG, the IGC have had external training by a leading firm of lawyers and a detailed briefing from ReAssure's Head of Portfolio Implementation, Asset Management and the Company's Chief Risk Officer.

## Lifestyling (switching your investment funds over a phased period as you approach retirement)

Many ReAssure pension plans offer a 'Lifestyling' option, which was selected by workplace pension customers. As you approach retirement, the 'Lifestyling' option was originally designed to switch your investments over a number of years to provide a smooth progression to annuity purchase at your retirement date (an annuity is an insurance policy that promises to pay you a regular pension income amount no matter how long you live).

Since the implementation of Pension Freedoms in April 2015, you now have more choice around both how, and when, you can take your retirement benefits.

- The majority of customers are not choosing to take their pension at a retirement date selected many years before.
- Less than 10% of customers are choosing to use their pension savings to purchase an annuity (a guaranteed income for life).



# INVESTMENT PERFORMANCE AND MONITORING

We highlighted these concerns in last year's report and ReAssure have been providing us with updates on the actions it has taken:

- ReAssure have updated their proposition to offer new Lifestyling options that target moving your pension funds into assets appropriate for the three most common retirement choices made by customers:
  - (a) Take the full fund value in one cash payment;
  - (b) Take up to 25% tax free cash and transfer the remaining funds into Drawdown; or
  - (c) Take up to 25% tax free cash and purchase an annuity.
- Customers are sent communications to verify and update this option prior to its commencement, as you approach retirement and have a clearer idea of your intentions.
- ReAssure have been writing to customers who selected historic Lifestyling, targeting the purchase of an annuity at a set date, encouraging you to assess if this still remains appropriate (i.e. triggers at the right age for you and targets assets that reflect your retirement intentions).

## Call to action

We encourage you to consider the communications ReAssure is issuing about Lifestyling and assess if this remains appropriate for you.

## Transaction Costs

Transaction Costs are those 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.

One of the IGC's responsibilities is to review transaction costs; these are the total level of costs incurred when trading or maintaining the underlying investments. 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 funds are externally managed, so we asked ReAssure to obtain this information from their external fund managers on our behalf and we monitor these charges each quarter.

- Based on the data received, if you invested £10,000 into IGC funds, on average a ReAssure workplace pension customer would pay £7.07 in transaction costs per year.
- We have included a table on page 22 showing transaction cost data for the ten funds most used by IGC customers.

- This means the 21% of IGC customers invested in the Global Equity Index Tracker will have paid £6 per 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.

ReAssure have carried out an exercise comparing their top 5 most selected funds (used by 56% of IGC members), plus 3 other funds of interest, based on information in last year's IGC Reports of other providers.

- The analysis showed the majority of the transaction costs for the ReAssure funds analysed are below the industry average. ReAssure do not appear to be out of line with competitors.

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.

Obtaining timely Transaction data from the external Asset Managers continues to be a challenge, with fund managers adopting slightly different formats, using mixed methodologies. Increased pressure has been applied to try and improve this, recognising that this is not acceptable.

Over time we expect fund managers to refine their processes which combined with more emerging experience will lead to stronger conclusions as to the 'market norm' and ReAssure's exact position in the market.



# INVESTMENT PERFORMANCE AND MONITORING

Top 10 Invested Funds	% of IGC	Transaction Costs
Global Equity Index Tracker	21%	0.06%
UK All Company Tracker	15%	0.08%
ReAssure Managed Pension Standard	10%	0.10%
Pensions Balanced	6%	0.10%
Managed Pension Accumulator	4%	0.10%
UK Tracker	2.6%	0.08%
Pensions Global Equity	2.0%	0.28%
U.K. Equity (B)	1.9%	0.08%
UK Aggregate Fixed Interest Lstyle	1.9%	0.01%
European Equity Index Tracker	1.7%	0.02%

*Transaction cost data for the ten funds most used by IGC customers.*

Annualised Performance						
Transaction Costs						
Based on data received from external Managers over a 12 month rolling period						
	<0.1%	0.1% - 0.2%	0.2% - 0.3%	0.3% - 0.4%	0.4% - 0.5%	>0.5%
Number of Funds	182	36	5	1	3	0
Number of Funds as %	80.53%	15.93%	2.21%	0.44%	1.33%	0.00%
AUM (£m)	£139.8m	£2.7m	£3.8m	£0.1m	£0.6m	0
Main ABI Sectors	<ul style="list-style-type: none"> <li>(ABI) Money Market</li> <li>(ABI) UK All Companies</li> </ul>	<ul style="list-style-type: none"> <li>(ABI) UK Direct Property</li> <li>(ABI) Asia Pacific Equities</li> </ul>	<ul style="list-style-type: none"> <li>(ABI) Global Equities (Pen)</li> </ul>	<ul style="list-style-type: none"> <li>(ABI) Mixed Investment 40% - 85% Shares (Pen)</li> </ul>	<ul style="list-style-type: none"> <li>(ABI) Global Emerging Markets Equities (Pen)</li> </ul>	-

*This table shows a summary of the transaction costs across all funds*



# CONCLUSION

**Saving to provide for retirement is one of the most important financial decisions we make, offering valuable tax benefits to most of us. The amount you contribute, the fund choices you make and the level of charges deducted, can all make a significant difference to the amount of money you will have in your retirement.**

The IGC exists to assess the quality of the workplace pension schemes provided by ReAssure and seeks to ensure these provide value for money for the members of the schemes.

The overall conclusion of the IGC is that ReAssure workplace pension customers continue to receive value for money. The charge caps put in place are supporting good outcomes and providing some protection where customers are not engaged. Fund performance, service and overall proposition appear fair for the nature and age of the products. The additional step of making low-cost funds and alternative product options available, enables most customers to reduce charges even further and we strongly encourage you to consider these options. For customers with very small pots, who paid small amounts for very short durations, you should review if you can get better value or benefit from consolidating pension pots.

**We greatly appreciate all the contact we have had with ReAssure customers. It is vital that we represent your views and are keen to fully understand your needs. So please get in touch.**

ReAssure have made this simple by adding a link to the ReAssure website, [www.reassure.co.uk](http://www.reassure.co.uk).  
Or write to me via ReAssure Limited, Windsor House, Ironmasters Way, Telford, Shropshire TF2 4NB.  
We are here to act solely in your interests so would be delighted to hear from you.

The IGC have readied ourselves for the busy year ahead. With the safe transfer of ~190,000 workplace pension policies from Legal & General, along with incorporating 23,000 workplace pension policies from Old Mutual Wealth, this will be a fivefold increase in the number of policies under the IGC remit and these will need to go through our own value for money assessment during 2020. In addition, the FCA has increased the remit of all IGCs, requiring us to report on Environment, Social & Governance factors (ESG) and also on the appropriateness and value for money of Investment Pathways. We have agreed additional resources with ReAssure to cope with the increased volume of work. All said and done, 2020/21 will be a very busy time for your IGC.

One area which continues to exercise us and where progress has been much less than we would have liked is with regard to member engagement or the lack of it. This remains an area of concern not just for your IGC, but across the sector. We will continue to engage with ReAssure to see what more we should be doing to improve matters.

I would like to express my thanks to ReAssure for the level of detail shared to assist the IGC, providing open and transparent information, analysis and responses to our many challenges. We will continue to monitor changes in the pension industry and champion value for money to help improve the retirement outcomes for all our workplace pension customers.



**Zahir Fazal**  
Chairman, Independent Governance Committee





# STATEMENT OF IGC CREDENTIALS

## The purpose of the Independent Governance Committee is to:

- To act solely in the interests of scheme members
- Provide independent challenge to, and oversight of ReAssure, in respect of their workplace pensions
- Assess the ongoing value for money provided by workplace pension policies
- Publish an annual report of our work for the year
- Act on any concerns relating to value for money

## Acting solely in your interests

**The IGC was designed to be independent of the workplace pensions provider (ReAssure in this case). We have powers and processes in place to ensure this:**

- Clear and public Terms of Reference for the committee requiring us to act solely in the interests of scheme members.
- A committee composed of a majority of independent members.
- Independent members who are not remunerated or incentivised to act other than impartially.
- A requirement to monitor and report any conflicts of interest.
- The power to escalate matters to the Board of ReAssure, if required.

- The power to escalate and report matters directly to the Financial Conduct Authority, if required.
- An Annual report summarising our work and judgements.

## Selection Process

- The IGC members were carefully selected to ensure that, individually and collectively, we have the appropriate skills, knowledge and experience in relation to workplace personal pensions to be able to execute our duties, assess and make judgements on value for money.
- ReAssure determined that a key skillset related to the ability to act as independent “trustees” and thus external members were sourced from leading professional services firms providing such skills to the well-established Defined Benefit Pension Scheme trustee market.
- An open and transparent recruitment process was implemented, which involved me, as the IGC Chair, in the appointment of other IGC members to ensure credibility and independence.
- The two non-independent members were selected to bring valuable in-depth ReAssure policy-specific knowledge and understanding to the work of the Committee. They are bound to act in the interests of scheme members in their capacity as IGC members.

## The Committee is, and remains, independent of ReAssure

**The IGC consists of five members with the majority, including myself as Chair, being independent of ReAssure. I’m satisfied we fulfil the definition of being independent as specified by the Financial Conduct Authority and I confirm that I, and my fellow independent members:**

- Are not currently employees of ReAssure and are not paid for other roles in the Company
- Have not been employees of ReAssure within the previous five years
- Have not had a material business relationship with ReAssure within the previous five years

Conflict of Interests requirements are formally verified annually and in the December 2019 meeting members confirmed there were no issues that may impact on their judgement or ability to represent customer’s best interests. All IGC members individually confirmed no changes that would cause a conflict or derive personal benefit from actions or decisions made in their official capacity.



# ABOUT YOUR IGC MEMBERS

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## Zahir Fazal - Chairman

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Zahir is a Chartered Accountant and a Director of BESTrustees plc. His current appointments cover a wide range of pension schemes, both defined benefit and defined contribution, and diverse industry sectors. He has several appointments as Chair of Trustees and also chairs two Governance Committees for contract based pension arrangements. Prior to joining BESTrustees in June 2008, Zahir was a partner in a major accountancy practice, where he established their highly successful Pensions Group. A Fellow of the Institute of Chartered Accountants, he is the immediate past Chairman of the Institute's Pensions Sub-

Committee and has recently acted as Chairman of the Pensions Research Accountants Group. In these capacities, he has regular contact with the Department for Work and Pensions (DWP) and the Pensions Regulator on regulatory developments.

## Giles Payne

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Giles has over 30 years' experience in pensions, having worked for consultancies, an insurance company, an asset manager and now as an Independent Trustee. Before joining Capita Cranfield in January 2018, he worked as a trustee for HR Trustees Ltd. Prior to this he worked for ten years for Legal & General Investment Management as a client manager, looking after a range of schemes covering various investment mandates, including both defined benefit and defined contribution.

He was involved in the design and implementation of strategies including liability driven investment solutions and multiple managers. Before moving into investment management, Giles gained experience within pensions, including administration, legal documentation, technical training and consultancy, covering both defined benefits and defined contributions arrangements.

## Venetia Trayhurn

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Venetia is a professional independent trustee and a Director of The Law Debenture Pension Trust Corporation plc. She sits on a variety of pension scheme boards. Before becoming an independent trustee, she worked as an ombudsman at the Financial Ombudsman Service, specialising in resolving members' complaints about problems they had experienced with pension products or about financial advice they had received. Prior to that, she spent ten years as a lawyer working with pension scheme boards, employers

and pension providers, like ReAssure. She is passionate about helping members and employers understand the value of pensions saving, and make good decisions about contributions, investments, and accessing money from pension savings in retirement.

# ABOUT YOUR IGC MEMBERS

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## Paul Parsons

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Paul has worked in Management and Executive positions within the Customer Services and Information Technology functions of ReAssure and other group companies for the past 30 years. During that time he has contributed towards the implementation of the key business administration and system strategies of the company and played a key operational role in historic business acquisitions and migrations. His current focus is to guide the development of future strategies, systems and processes to support growth within the

business and provide strong customer outcomes. Paul has a Bachelor's degree in Economics and Accountancy from the University of Southampton.

## Simon Thomlinson

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Simon has over 25 years of experience in financial services in both mutual and proprietary organisations. He joined ReAssure in 2006 with the acquisition of the GE Life group of companies, where he was responsible for the development of individual pensions business. He sat on the Trustee Board of the defined benefit pension scheme, with particular focus on the terms on which schemes were merged. Prior to that he was the Deputy Actuary for National Mutual Life. His initial focus within ReAssure was the transfer

of the business into a single company. He was appointed Actuarial Function Holder of ReAssure in 2010, responsible for actuarial reporting and the transfer of successive acquisitions into ReAssure.

**Produced by Zahir Fazal,  
IGC Chairman, to reflect the  
opinions and findings of the  
Independent Governance  
Committee as a whole.**

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**ReAssure**



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