

Annual Report of the ReAssure IGC 2023



Independent Governance Committee

	ReAssure Ltd	ReAssure Life
 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?		
 Investment Performance How are your investments performing?		
 Investment Services Are your investments well managed?		
 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?		
 Investment Pathways Are ReAssure's Investment Pathways performing as they should?		

Welcome to this, the ninth 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 Limited or ReAssure Life Limited (together, “ReAssure”). It is also of relevance to readers who have recently taken out an investment pathways plan with ReAssure Limited. 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.

Readers who would prefer more of a summary view are encouraged to read the Value for Money Summary that can be found on the IGC **webpage** [↗](#).

How to use this report. This report is written in layers, to enable readers to engage at whatever level of detail they want. We envisage that most readers will find the pages **up to and including the Key Messages section on page 17** sufficient, but hope that the structure of the more detailed sections makes it straightforward for those wanting extra detail to get it. We would encourage all readers to consider if any of the Calls to Action on page 7 are particularly relevant to them.

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Value for Money Summary

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, where appropriate, we have provided two separate Value for Money scores. Much more information can be found in the pages that follow.

		ReAssure Ltd*	ReAssure Life
	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?		
	Investment Performance How are your investments performing?		
	Investment Services Are your investments well managed?		
	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?		
	Investment Pathways Are ReAssure’s Investment Pathways performing as they should?		

* **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.

Value for Money Summary – What has changed since last year?

Why have some of the ratings changed?

In the pages that follow, we set out in increasing levels of detail, the results of the 2023 VFM analysis and what has led us to our conclusions. By way of “headlines”, we would highlight the following:

		2023	2022
Costs and Charges	Most ReAssure customers pay significantly below 1% per annum. However, the impact of communications to customers paying closer to 1% per annum informing them of lower charging funds being available in ReAssure has been disappointing. Despite a reduction in average charge for ReAssure Life Limited customers to 0.98% per annum., we remain concerned about the value for money that some customers whose pensions are invested in higher-charging externally-managed funds are receiving.		
Investment Performance	Our analysis resulted in little change to the scores between 2022 and 2023; your funds have generally performed well against inflation, but we remain concerned about how some of them have performed against the competition and other benchmarks.		
Investment Services	The score has improved in 2023 after dipping in 2022, as we have been reassured about changes to procedures to deal with those situations where funds are under-performing.		
Customer Service	The vast majority of customers received adequate customer service, but staffing issues did cause some delays and customer dissatisfaction throughout the year.		
Communication and Engagement	Progress has been made to ReAssure’s communications and customer engagement during 2023, although they are yet to launch an App for customers to use to track and engage with their pension which is commonplace in the market.		
Environment, Social and Governance	Improvements have been made to the already-strong policy and governance framework in place, and also in customer communications – though not as much as the IGC would like. Becoming a signatory to the Stewardship Code is an important external validation of the progress made.		
Investment Pathways	Investment Pathway funds performed reasonably well against competitor funds and long-term inflation in 2022. And some improvements have been made in communication. However some competitors remain significantly cheaper especially for pathways 1, 2 and 4.		

As is our usual practice, we have set out a number of challenges to ReAssure for 2024, and these are set out in the next few pages. We have also highlighted a number of “Calls to Action” in areas which could prove worthwhile for some customers.

Value for Money Summary – IGC Challenges to the Firm

Costs and Charges

- We challenge ReAssure to take action to improve the effectiveness of the of the current approach to make customers aware of lower charging funds available to them.

Investment Performance & Services

- To aim that long-term fund performance remains ahead of inflation.
- To ensure that procedures deal correctly and swiftly with under-performing funds.

Customer Service

- To improve customer service standards to target levels, while transitioning staff to an outsourcer in 2024.
- To ensure the ReAssure website remains fit for purpose, given it will not have any further development while customers are migrated to a new system.

Communication and Engagement

- To take action to increase online registrations and usage with their current capability.
- Develop their existing web based digital capability e.g. addition of the ability for customers to update their nominated beneficiary online.

ESG and Stewardship

- To speed up the application of more explicit responsible investment considerations to the workplace pension funds designed by ReAssure.

Investment Pathways

- To review charging levels for all pension pots.
- To develop additional customer communications to confirm customer's choice of pathway.
- To consider whether any design modifications would be appropriate concerning the risk-return trade-offs for each of the four Investment Pathways.
- To continue to develop Investment Pathway-specific customer servicing management information.

Value for Money Summary – IGC Calls to Action for Customers

Customer Calls to action

We strongly encourage you to review your pension plans.

General

- Are your retirement plans on course? If not, can you or your employer make any extra contributions to your pension?
- We recommend you seek guidance or independent financial advice to help you. If you're aged 50 or over, you can use the government's free Pensions Wise guidance, a service from MoneyHelper backed by the government (<https://www.moneyhelper.org.uk>)
- All in all, as the cost of living matters more, whilst many people are living longer, so everyone needs to plan carefully to ensure they don't run out of money in their retirement. The Pensions and Lifetime Savings Association (PLSA) has suggestions about retirement living standards which are well worth looking at: (<https://www.retirementlivingstandards.org.uk>)

Costs and Charges

- Compare the charges you are paying with ReAssure's Universal Fund range. By taking action you could reduce ongoing annual charges by over 25%.

Investment Performance and Services

- Check you are comfortable with the types of funds you are currently invested in. Do they still fit with your appetite for risk?
- Review your planned retirement date. This may affect how your pension is invested when nearing your retirement date.
- If you are close to retirement, consider whether an annuity rather than income drawdown might be better for your future income.

Customer Service

- We recommend you register for digital access and use it regularly to manage your pension savings.

Communication and Engagement

- Make sure your email address and all personal details are up to date, so you don't lose track of your pension savings.

Investment Pathways – current or potential customers

- Please check that you are in the Investment pathway that is right for you. Should you now be taking action? For example, should you be starting to access your funds or moving to another pathway? Circumstances change over time and it is important that you review your pathway selection.



Provider Response to IGC Challenges

Here at Phoenix Group, our purpose is to ‘help people secure a life of possibilities’. While this includes our employees, investors and those in our wider society, it is our customers that we particularly focus on. We are committed to delivering good outcomes to those who trust us with their savings, and also exploring what more we could do to improve those outcomes and keep ourselves at the forefront of the industry.

This is particularly the case for workplace pensions. While we are pleased to regularly win awards as one of the leading providers in this area, we do not rest on our laurels. Instead, we continually review what we deliver for customers and look for ways to improve it and better meet their developing needs and desires. The IGC plays a key role in this through their detailed and rigorous scrutiny of our pension and investment pathway performance and the value for money that we provide.

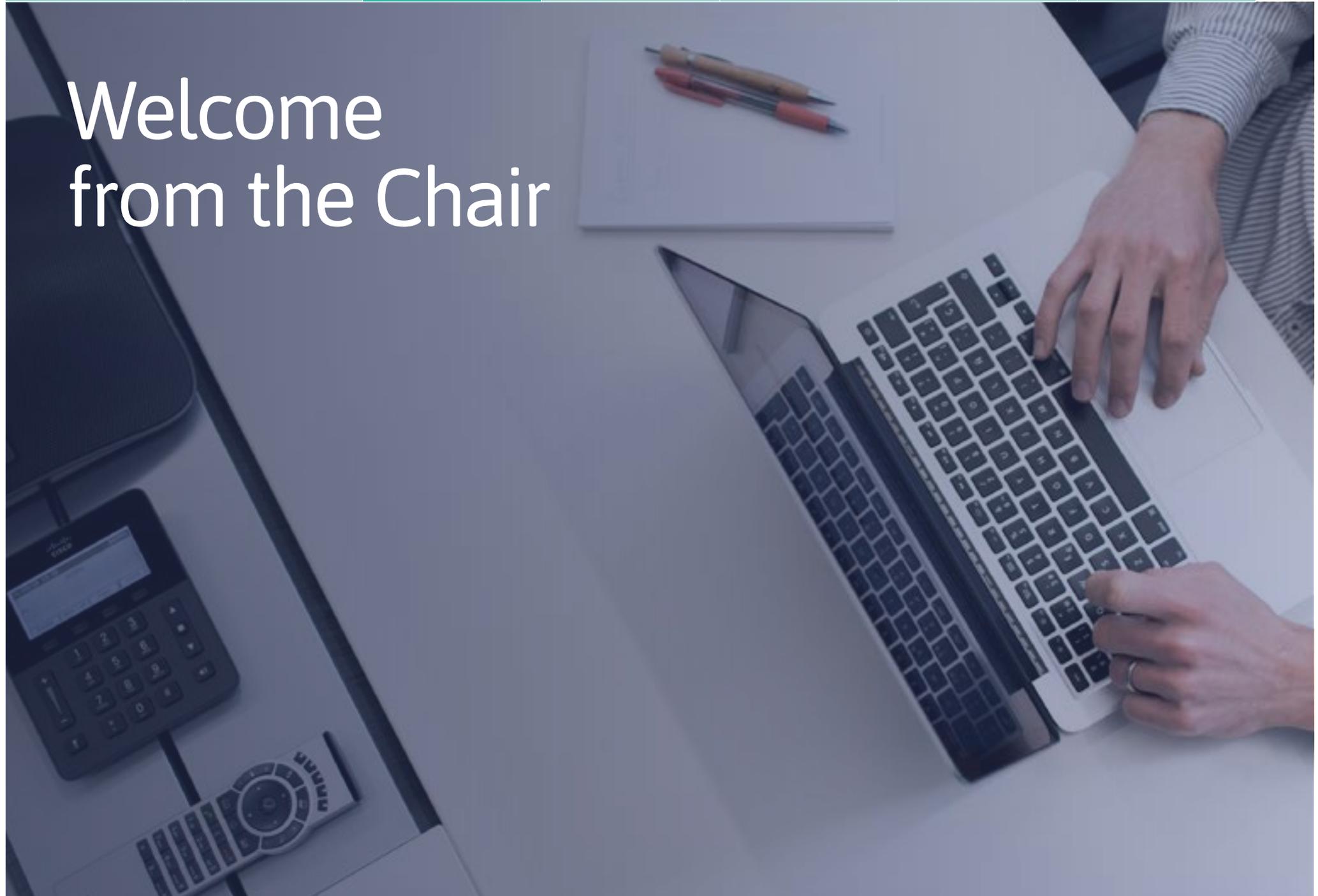
We value enormously the challenge that we receive from the IGC – and also the praise that we sometimes get! It is evidence-based and totally focused on the in-scope customers. It is also fair in recognising where we do perform well, while clear when calling out areas for further improvement.

I have noted the challenges posed by the IGC to us this year and am happy to commit that we will carefully consider them and follow them up as appropriate. As a management team, we need to consider the needs of all our customers when prioritising new initiatives and developments. We have a very ambitious development programme underway, designed to improve outcomes for customers across a number of areas. We will seek to build the IGC’s challenges into that plan at the appropriate points and with the appropriate priorities.

Andy Curran

CEO, Savings and Retirement – UK and Europe

Welcome from the Chair



Welcome from the Chair



Welcome to this, the ninth 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 Limited or ReAssure Life Limited (together, “ReAssure”). It is also of relevance to readers who have taken out an investment pathways plan with ReAssure Limited. 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.

There are other companies within the Phoenix Group that also provide workplace personal pension plans. They have their own IGCs, but with aligned membership across the Group. There are also other pension customers of ReAssure who are not within the remit of the IGC – predominantly holders of individual pension plans, rather than workplace arrangements. While some of our findings may be relevant to other portfolios of business within the Phoenix Group, the focus of this report is on what ReAssure is delivering for its pension customers within our scope.

As you will have seen from the summary pages at the start of this report, despite our concerns around the cost of some of the externally-managed funds offered by ReAssure Life Limited, the IGC is fairly positive about the value for money being delivered by ReAssure. That’s not to say that there isn’t still room for improvement! However, there are a number of areas where the IGC is pleased to report that ReAssure has responded to our challenges and started to take actions to further improve customer outcomes. For example, as we explain later, ReAssure is putting increased focus on understanding why more customers do not take up the option of cheaper fund choices when they are told about them. At the time of writing this report, the IGC is looking forward to receiving the results of customer research which we hope will prove significant in developing effective strategies to improve customer outcomes.

We are also pleased at the way ReAssure responded to our introduction last year of additional thematic reviews, designed to focus attention on areas of particular importance to particular groups of people. As we describe later, the initial area of focus – those customers within 18 months of their planned retirement date – has led to the creation of a new report giving additional information to ReAssure management that should enable timely improvements to be made to the retirement journeys in light of changing customer needs and characteristics.

The IGC continues to review how we go about our value for money assessment on your behalf. During the last year we have significantly developed our approach for the Customer Service and Communication and Engagement areas of our framework and, as we describe later, this has helped to increase our influence for good across the Phoenix Group, and ReAssure in particular.

There have been a number of changes in membership of the ReAssure IGC during 2023 and these are set out later in this report.

While some of the members may have changed, **the primary role of the Committee remains the same – to act solely in the interests of ReAssure in-scope pension and investment pathway customers and assess the value for money that you are receiving from your workplace pension or investment pathway plan.**

Assessing Value for Money (VFM)

The FCA (Financial Conduct Authority, the regulator which oversees the way pension providers like ReAssure treat their customers) wants to make it easier for IGCs to compare the VFM of pension products and services. To that end, they require that IGCs assess ongoing VFM by considering at least the following three factors.

- the level of charges and costs;
- investment performance; and
- the quality of services,

and how what is being provided compares with comparable options across the marketplace.

In order to support the FCA's intention, we have based our VFM framework on these three factors, but with some further subdivisions within the third factor in order to separately assess:

- Communication and engagement;
- Customer service; and
- Investment services (e.g. default investment fund design and execution).

Since last year's report, we have significantly developed our assessment approach for "Communication and engagement" and Customer service", making our analysis much more granular and more closely linked to customer experiences at different stages of their pensions journey. One helpful consequence of this new approach is the development of healthy competition between the internal teams who are responsible for these aspects of customer outcomes across the three main brands that Phoenix Group use in workplace pensions (ReAssure, Standard Life and Phoenix). The IGC sees this as a helpful development that should lead to even better outcomes for customers within our scope. More detail on our VFM approach and how it has been refined can be found in the Supporting Material section [here](#) .

The IGC believes that "ongoing VFM" is fundamentally a forward-looking measure. Thus, of the following three questions:

1. Have you received VFM?
2. Are you currently receiving VFM?
3. Going forward, can you expect to receive VFM? our assessment is mainly addressing questions 2 and 3.

Of course, past performance is still important, since it determines customers' experiences to date and, in particular, the current size of your pension pot. However, past good performance is not a guarantee that VFM will be delivered in the future, nor is past poor performance a sign that VFM cannot be delivered going forward. Nevertheless, where we find:

- poor customer service which is not being addressed, or addressed quickly enough;
- charges that are out of line with appropriate comparators and which are not being reviewed and/or reduced; or
- poor investment performance (relative to the benchmarks set and/or relative to appropriate comparators within the industry) which is not being called out and the reasons for it being not addressed quickly enough,

the IGC would see these as potential barriers to a "clean bill of health" as far as ongoing VFM is concerned. However, where past issues with an aspect of the pension proposition have been addressed and, looking forward, what is being delivered and at what cost, compares well with appropriate comparators across the industry, the IGC's assessment of ongoing VFM from that factor is likely to be positive.

It is currently not possible to get the equivalent level of detail across the market. However, we do what we can to draw conclusions from what other IGCs publish in their annual reports, from the results of the benchmarking exercises that ReAssure takes part in and from our research of other publicly-available information. In particular, this year's analysis has benefited again from the results of a cross-industry comparison exercise that covered a high proportion of the contract-based workplace pensions business across the UK market.

The comparison gave helpful insights on how Reassure performance compared with other providers across all the key VfM areas, and included contracts that are no longer open to new members as well

as current contract designs. The IGC is grateful to ReAssure for willingly supporting our participation in this important cross-industry exercise.

The IGC is not able to compare the VFM under a particular ReAssure workplace pension arrangement with what those employees would experience from other, specific, named providers or specific Master Trusts. This is because the pricing of individual employer workplace pension arrangements will depend on the provider's assessment of the "quality" of the pension scheme (e.g. average size of pot, expected future contributions; number of members etc) and it is not possible to know enough about the bespoke pricing approaches followed by other providers to make the necessary judgements.

What we can do, however, is to compare charges for comparable cohorts across the market – and this forms part of the cross-industry comparisons mentioned above. This enables us to identify ReAssure workplace pension arrangements where the charges look out of line and we then challenge the provider to review the pricing. For a number of years, ReAssure have made available a number of cheaper fund options, but with limited customer take-up. At the time of writing this report, the IGC is awaiting the results of customer research into why customer do not take up the cheaper options. We hope we will have more to say on this in next year's report.

Adding additional value as an IGC

It is now over 9 years since IGCs were introduced by the UK regulator. Over that time, we have developed what we believe is a robust and rigorous approach to assessing value for money. However, of necessity, the VFM judgements are high level and based on portfolio-level considerations. While we still believe such VFM assessments are worthwhile, as an IGC we are keen to go further and explore where our insights and additional challenge could further improve outcomes for the ReAssure customers within our scope.

To that end, we have added to the scope of our work with the introduction of additional thematic reviews designed to focus attention on areas of

particular importance to particular groups of customers. Our aim is to either give comfort that any risk of potential harm to these customer groups is being appropriately guarded against, or to identify areas where ReAssure could do more to ensure good customer outcomes for these people.

Our first area of additional focus concerned those customers expecting to retire over the next 18 months (which, at the time we started the investigation, comprised all of 2023 and the first six months of 2024). Following the economic turmoil of 2022, the IGC felt that it was important to ensure that the retirement journey being provided to such customers appropriately reflected the new circumstances (e.g. higher interest rates, higher inflation and, possibly, smaller pension pots following the fall in investment values). The IGC was pleased that ReAssure welcomed this additional review activity and supported it effectively – both in giving us uninhibited access to the relevant staff and in developing a new internal report that, on a rolling basis, shows appropriate information on those customers who are approaching the retirement date they have previously selected.

In terms of findings from the analysis, the IGC was comfortable that the managers responsible for the design of the retirement experience (or “retirement journey”) across the different pension brands operated by Phoenix Group had taken on board the implications of the economic turmoil, and ensured customer communications were updated accordingly. The new report that has been created can now be used to review, on an ongoing basis, to what extent the needs and characteristics of customers approaching retirement might be changing, enabling timely improvements to be made to the retirement journeys.

We have two areas of focus that we are now following up:

1. The first concerns Investment Pathways plans where, at outset, the customer chooses one of 4 options for what they intend to do with their pension pot over the next 5 years. It is now over 3 years since Investment Pathways were launched and so some customers will soon be approaching the end of their first five year term. The IGC is keen to see what ReAssure will put in place to help customers approaching their five year anniversary, particularly those who may wish to change pathway fund to one with a very different investment strategy.
2. The second is linked to the extensive, multi-year, programme of system migration that is underway within customer servicing across the Phoenix Group. While the aim of the changes is laudable – to move to more modern, scalable and flexible systems, which should facilitate and maintain good outcomes for customers – the IGC is concerned about the implications for customer service during the course of the project. A particular concern of ours is where current communications or digital capability is “behind the times” and needs improving, but where Phoenix Group have chosen to build the improvements into the destination system and not the current one. While this may be reasonable for a short time, the tendency on big projects for deadlines to slip and timescales to be extended creates a risk of prolonged poor customer experience. The IGC is monitoring a number of specific areas in this regard and warning Phoenix Group that, in the event of further delays, we will be expecting appropriate contingency plans to be developed.

Purpose and structure of the report

The requirement on IGCs to produce an annual report, as well as the minimum content that it must contain, are set out in FCA rules and guidance. The IGC is fully supportive of the need for transparency around the work of the Committee, particularly in providing enough information to enable relevant stakeholders to assess how thorough the VFM assessment has been. However, research carried out for the IGC in 2020 and again in 2021 confirmed that, the longer the report, the less likely customers are to engage with it.

In order to cover the detail required, but in as accessible a format as possible, we have again structured this year's report around three levels:

- Key Messages;
- Further Commentary; and
- Supporting Material,

and added additional summary pages at the start. We expect that the content in the Key Messages section will be sufficient for many readers. However, we hope that the clear sign-posting, and the embedded links between the different levels, will enable you to engage with the material at whatever depth works for you. However, we recognise that not many customers may want to engage with such a long document. For those readers who would prefer more of a summary, we have also produced a separate, IGC Value for Money Summary, drawn from the early sections of this report, which is available on the IGC's [webpage](#) .

Our VFM assessment considers all of Phoenix Group's pension products, those that continue to be on sale to customers (open products), and those products that are no longer on sale (legacy products). We look at ReAssure's open products against comparable open products in the market and their legacy products against comparable legacy products from other providers where ReAssure generally compares well.

In last year's report, we stated that we were yet to reach a satisfactory conclusion with ReAssure on whether legacy products should be compared with open products where the IGC is concerned that legacy products offer less value for money. These discussions continued during 2023 and ultimately led to us challenging the Phoenix Life Companies Board on the slow progress being made and, in particular, what this might mean for pension customers currently paying charges in excess of current new business market benchmarks.

We are pleased to report that, in the first half of 2024, and following the taking of external advice on the topic, we have agreed a common understanding with Phoenix Group on this matter – basically that legacy product VFM should be assessed relative to other legacy products, but that new business pricing could still be a valid consideration in certain circumstances.

Building on this common understanding, the IGC is very pleased to report that we are currently working with Phoenix Group on exploring how it might be possible to transfer over 200,000 legacy workplace pension customers (across the three workplace pension brands) from their legacy plans into more modern plans. Not only might this save these customers some money in charges, but it would also provide them with potentially better communications and digital functionality, both now and going forward. We will continue these discussions and look forward to having more good news to share in next year's report.

We are keen to hear what you think – about the report, the additional summary, or any aspect of our work. Please do get in touch with us at www.reassure.co.uk/about-us/our-governance/workplace-pensions 
Many thanks for reading our report.

IGC Independence and Membership Information



IGC Independence and Membership Information

Current membership

Dr David Hare – Chair, Independent

Maggie Craig – Independent Member (from January 2023)

Andy Davies – Independent Member (from September 2023)

Rachel Haworth – Independent Member

Andrew Milligan – Independent Member

Steven Blight – Company Nominee

Members during 2023

Rona Cameron – Company Nominee (until September 2023)

Jo Hill – Independent Member (until September 2023)

Changes of Membership

There were a number of changes of membership during 2023. As mentioned in last year's report, we were pleased to welcome Maggie Craig as a new independent member with effect from the start of 2023.

Following Jo Hill's resignation from the Committee to take up a role at the Bank of England, we were pleased to welcome Andy Davies as a new independent member with effect from September 2023. We were sorry to see Jo go, but wish her all the very best in her now-not-so-new role! We were also sorry to lose Rona Cameron from the Committee, when her time as a company-nominated member came to an end.

As flagged in last year's report, the current Committee Chair reaches the end of his term in 2024. At the time of writing, it has just been announced that his successor will be Andy Davies with effect from the

end of the year, following an appropriate handover period. For further information about the Committee members please [click here](#) .

Independence

The role of the IGC is to make sure that customers are getting value for money from their provider, so it is crucial that we are independent. We maintain our independence in a number of ways.

We make sure that there is a majority of independent members on the Committee and that any company nominees do not have a direct link to any areas they are scrutinising. Company-nominated members are, from time to time, selected to bring valuable in-depth Phoenix Group policy-specific knowledge and understanding to the work of the Committee. In addition, any employee nominees are provided with side letters to their employment contract which made it clear that, when acting on the IGC, they must act solely in the interest of the in-scope policyholders and put aside the commercial interests of Standard Life.

We also instruct independent consultants to carry out research on our behalf to ensure that the customers are getting value for money from their provider.

Competence

Members of the IGC are selected for the skills and experience they can bring to the Committee. In order to ensure we function appropriately, we carefully map the expertise required to provide robust oversight and then seek members who fulfil those criteria. For more information about how members of the Committee are selected please [click here](#) .

We also undertake regular training to ensure that, as a Committee, we maintain the expertise necessary to represent customers.

Key Messages

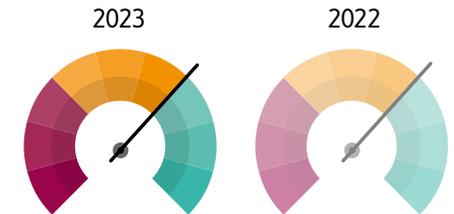
- A. [Costs and Charges](#) 
- B. [Investment Performance](#) 
- C. [Investment Services](#) 
- D. [Customer Service](#) 
- E. [Communication and Engagement](#) 
- F. [ESG and Stewardship](#) 
- G. [Investment Pathways](#) 

Key Messages

Costs and Charges

**Steven Blight, Company Nominee**

“Some customers receive better value for money from charges than others depending on the original issuing company. Lower charge options within ReAssure Ltd are available for some customers.”



Overall, the IGC has given ReAssure Ltd a rating of **GREEN/AMBER** for costs and charges for the following reasons:

- ReAssure have previously capped the regular ongoing charges you pay on unit-linked policies at 1% per annum. Many of ReAssure Ltd workplace pension arrangements have ongoing charges below this.
- The average regular **ongoing annual charge** for customers is 0.65% per annum. Splitting this out further, for the policies transferred from Legal & General it is 0.59% per annum on average, and for the ReAssure Ltd (other heritages) it is 0.93% per annum.
- This difference drives the split rating, with ReAssure Ltd (other heritages) customers receiving an Amber rating.
- We believe many ReAssure Ltd customers could get better value for money from the lower cost options available to you within ReAssure Ltd by switching to their Universal fund range. This has an ongoing charge of 0.65% per annum and, in your Annual Statement, you will find information regarding these funds.
- The key challenge in last year’s report, which has been ongoing for some time, was for ReAssure Ltd to review the charges customers are paying given the lower cost funds that are available. ReAssure is undertaking research on the effectiveness of the communications that make customers aware of the lower charging universal fund range. We encourage ReAssure Ltd to take appropriate action to improve the effectiveness of such communications and also consider other, more effective, actions that would result in customers reducing the charges they pay.
- We should also note that some of you pay significantly less than 1% per annum or may have additional valuable benefits that are unavailable elsewhere.
- All of you now have either no **exit charge** or an exit charge capped at 1% of the fund value.
- **Transaction costs** have been benchmarked using industry surveys and were competitive compared to other participants. ReAssure Ltd’s processes for monitoring and the quality of the reporting of this information to us have continued to be good over the year.
- The **with-profits funds** have continued to provide value for money, with ongoing charges expected to be largely offset by future estate distributions.

Key Challenges for 2024

- We challenge ReAssure to take action to improve the effectiveness of the of the current approach to make customers aware of lower charging funds available to them.

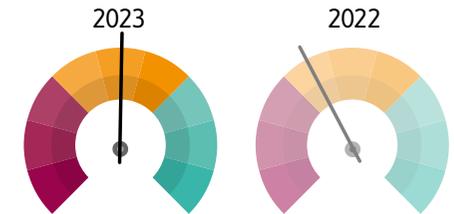
Customer Call to Action

Compare the charges you are paying with ReAssure’s Universal Fund range. By taking action you could reduce ongoing annual charges by over 25%.



Steven Blight, Company Nominee

“The IGC are pleased that customers, on average, have seen a large reduction in the charges they pay due to positive action by ReAssure. However, lower charge options within ReAssure still remain available for most customers.”



Overall the IGC has given ReAssure Life Limited a rating of **AMBER** for costs and charges for the following reasons:

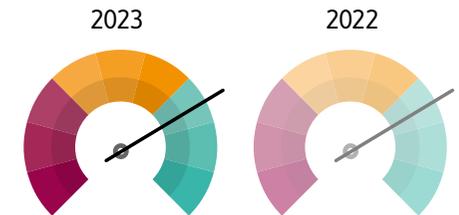
- ReAssure Life Limited policies were initiated through Independent Financial Advisers (IFAs) and have a defining characteristic that investment choice was based on an “open architecture” approach, which gave IFAs access to hundreds of external investment funds. Choosing an external third-party fund led to an additional associated charge.
 - The average regular ongoing annual charge for customers (weighted by fund value) is 0.98% per annum. This is a significant reduction from 1.42% per annum in 2022.
 - Following the migration onto ReAssure systems in 2021, the internal product charge was capped at 1% per annum. During 2023, ReAssure have changed how charge caps are applied for members invested in third-party funds. More of the charges directly linked to the third-party funds have been included within the assessment of the charge cap resulting in an average reduction of 0.44% per annum in ongoing charges. We are extremely pleased with this change which has significantly reduced the level of charge ReAssure Life Limited retain whilst passing this full benefit to the member.
 - We still believe many ReAssure Life Limited customers could get better value for money from the lower cost options available to you within ReAssure by switching to their Universal fund range. This has an ongoing charge of 0.65% per annum and, in your Annual Statement, you will find information regarding these funds.
 - All of you now have either no exit charge or an exit charge capped at 1% of the fund value.
 - One of the key challenges we raised in last year’s report was around the gaps in the reporting of Transaction costs for a number of Third-Party Funds. We are extremely pleased to report that ReAssure have worked with the Third-Party Funds to close these data gaps with coverage now being very close to 100%. This ensures the IGC has valuable data to be able to effectively carry out its value for money assessment in relation to transaction costs and we can confirm these are reasonable when considered against the transaction costs of peers in the industry.
- **Key Challenges for 2024**
- We challenge ReAssure to take action to improve the effectiveness of the of the current approach to make customers aware of lower charging funds available to them.
- Customer Call to Action**
- Compare the charges you are paying with ReAssure’s Universal Fund range. By taking action you could reduce ongoing annual charges by over 25%.

Key Messages

Investment Performance

**Andrew Milligan, Independent Member**

“The performance of ReAssure’s multi-asset and key index funds are reasonable in terms of their growth over time, although there are some signs of slippage versus the competition.”



Overall, the IGC has given ReAssure a rating of **GREEN** for Investment Performance for the following reasons:

- Performance – although the five 5 key ReAssure funds, in which around a third of in-scope IGC assets are held, have had a mixed performance over the last couple of years, the IGC is reassured that the medium and long-term results from ReAssure’s multi-asset and key index funds are reasonable in terms of their growth and hence purchasing power versus inflation.
- Competitors – the full range of ReAssure funds perform relatively well against their competitors. Depending on the time period examined, a little more than 50% of all available funds were ranked in the top two quartiles against similar competitor funds over all the periods we look at. However, when we consider fund performance in relation to other benchmarks, then the results are not quite as strong as we saw in previous years, so we will monitor carefully.
- With-Profits Policies – the IGC is also reassured about the long-term performance of with-profits funds, in terms of policyholder payout values, with good outcomes in relation to inflation for those investing over periods of more than a decade.

Key Challenges for 2024

- To encourage ReAssure to take action where possible to improve long-term performance, for example through strategic asset allocation decisions.

Customer Calls to Action

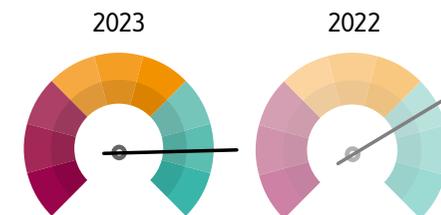
- We suggest that you check whether you are comfortable with the types of funds you are currently invested in. Do they still fit with your appetite for risk? Have you invested too much in the UK vs other countries? Have you reviewed your planned retirement date? This may affect how you wish your pension to be invested when nearing your retirement date. If you are close to retirement, consider whether an annuity, a guaranteed income, rather than income drawdown, a non-guaranteed flexible income, might be better for your future needs.

Key Messages

Investment Services

**Andrew Milligan, Independent Member**

“The IGC is pleased with the overall governance of ReAssure funds, although there is more work to do on the Responsible Investment Policy.”



Overall, the IGC has given ReAssure a rating of **GREEN** for Investment Services, for the following reasons:

- We see continuing evidence of ongoing reviews of fund managers and the briefs they have been given, and suitable changes being implemented where necessary.
- The Strategic Partnerships and Research team, which oversees the governance of your funds, has been further strengthened.
- The IGC had been concerned about the length of time taken to deal with some under-performing funds, but has been reassured about the processes put into place to deal with this issue, and to replace such funds with suitable alternatives; we will continue to monitor this issue into 2024.
- Actions are underway to implement Phoenix’s Responsible Investment Policy in funds where ReAssure controls the mandate.

Key Challenges for 2024

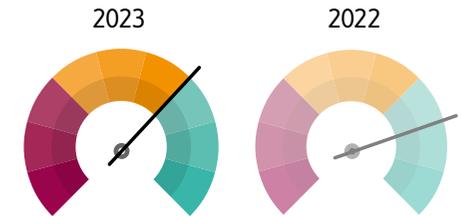
- To ensure that suitable processes remain in place to identify and replace poorly performing funds with sufficient speed.

Key Messages

Customer Service

**Rachel Haworth, Independent Member**

“The vast majority of customers received adequate customer service, but staffing issues did cause some delays and customer dissatisfaction throughout the year.”



Overall, the IGC has given ReAssure Ltd and ReAssure Life a rating of **AMBER for customer service for 2023 for the following reasons:**

This year we have assessed customer service across 23 customer journeys, considering the speed, quality and ease for each:

Did you receive timely service?

- Although transaction processing times had periods below target, particularly through Q2 and Q3, over 89% (90% in 2022) of transactions were consistently completed within their target.
- Bereavement claims continue to be serviced better than the industry standard.
- Complaints handling has stabilised, with over 80% of complaints resolved within 4 weeks.
- Processing delays caused an increase in repeat calls, coupled with resourcing issues this resulted in long wait times and abandon rates missing target in 9 months of the year.

Was the quality to expected standards?

- There was a high volume of new recruits into the customer service departments, which meant quality thresholds were impacted while they built up their knowledge and experience. However, customer outcomes were always protected and there was a very low level of incidents.
- Vulnerable customer support is strong, with those in financial hardship continuing to be prioritised with faster payments.

Did you feel it was easy to service your pension?

- Customer satisfaction was slightly below the target of 88% satisfied/very satisfied for most of the year, falling to a low of 79% in Q3.
- Complaint volumes increased, mainly due to delays rather than errors.
- Some online servicing is available, but the offering is limited and there is currently no App.

Key Challenges for 2024

- To improve customer service standards to target levels, while transitioning staff to an outsourcer in 2024.
- To ensure the ReAssure website remains fit for purpose, given it will not have any further development while customers are migrated to a new system.

Customer Call to Action

- We recommend you register for digital access and use it regularly to review and manage your pension savings.

Key Messages

Communication and Engagement

**Andy Davies, Independent Member**

“The IGC considers that overall ReAssure provides strong communications with good levels of customer engagement and there have been a number of developments delivered.”



Overall, the IGC has given ReAssure Ltd and ReAssure Life Limited a rating of **GREEN for the following reasons:**

Are the communications clear and well presented?

- Most communications from ReAssure provide clear and well laid out information for customers, although there could be some improvement to the overall ‘readability’.
- ReAssure have developed new, simpler annual statements in 2023 for some products with a new layout to help highlight specific content, presentation and increased personalisation.
- Additional self-service processing for Retirement Account new business was also developed, taking the self-service journey from about 60% to over 90%.

Are there suitable options to engage digitally?

- ReAssure have reasonable functionality available online for customers but, disappointingly they do not currently offer an App for customers to track and engage with their pension which is now considered commonplace in the market.
- Secure email has been introduced improving servicing communications, giving customers a choice of how to receive correspondence. Security has also been improved with Multifactor Authentication.
- ReAssure have developed a new digital skills hub to provide assistance to less technical customers.

Are ReAssure engaging with the customers?

- Whilst ReAssure’s communications are generally strong and ‘fit for purpose’, we would like to see more data to understand if customers are really engaging and taking action appropriately.
- Updates have been made in 2023 to retirement related communications, so customers are aware well in advance about the increase in the normal minimum pension age from age 55 to age 57 from 2028.
- Improvements to identify customers who have moved house without providing a new address have resulted in a decrease in the number of ‘gone aways’. ReAssure continues to perform well in reconnecting ‘gone away’ customers with their pensions.

Key Challenges for 2024

- To take action to increase online registrations and usage with their current capability.
- Develop their existing web based digital capability e.g. addition of the ability for customers to update their nominated beneficiary online.

Customer Call to Action

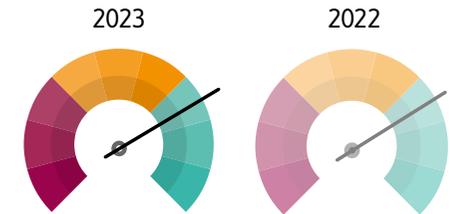
- Make sure your email address and all personal details are up to date, so you don’t lose track of your pension savings.

Key Messages

ESG and Stewardship



David Hare, Independent Member and Chair “ReAssure, and the wider Phoenix Group, takes its responsibilities to the environment and wider society very seriously. 2023 saw further improvements in the framework that has been built to ensure ESG and Stewardship considerations are appropriately taken into account in their investment decisions affecting customer returns.”



Overall, the IGC has given ReAssure (predominantly ReAssure Limited) a rating of GREEN for its approach to ESG and Stewardship in relation to your pension savings for the following reasons:

- ReAssure Life Limited is not rated on ESG as the investment decisions across its fund range of externally-managed funds are not its responsibility, and therefore not covered by the IGC.
- ReAssure continues to have a strong policy framework that sets out clearly how ESG and Stewardship considerations should be taken into account in investment decisions that impact customer outcomes. The policy framework covers factors that can influence the financial return from investments, but also recognises that some customers may wish to have their ethical, non-financial, values reflected in how their pension savings are invested.
- The policy framework is backed up by a strong governance framework, to ensure that the policy intentions are carried out. The governance framework was reviewed by external experts in 2023, with no major issues identified.
- All investment decisions that ReAssure takes are required to meet certain minimum ESG standards. In addition, ReAssure offers a number of investment choices that incorporate more extensive requirements (e.g. screening out certain industries or deliberately focusing investment decisions on companies with positive ESG attributes).
- During 2023, significant progress was made on the development of a range of Climate Aware Equity Benchmarks (the first of which was launched in June 2024) that, in due course, will be used to protect ReAssure-designed policyholder portfolios against the risk of climate change.
- ReAssure, as part of the wider Phoenix Group, continues to take a leadership role in the industry, championing good practice in this important area. Being accepted as a signatory to the Stewardship Code in 2023 was important external validation that Phoenix Group, and ReAssure in particular, are doing what they are claiming.

Key Challenge for 2024

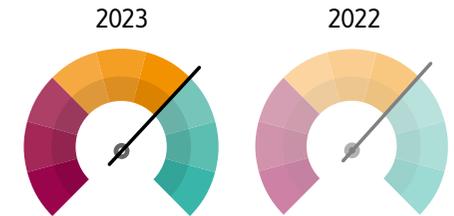
- To speed up the application of more explicit responsible investment considerations to the workplace pension funds designed by ReAssure.

Key Messages

Investment Pathways

**Maggie Craig, Independent Member**

“There are many good features in the ReAssure Investment pathway proposition and business continues to grow. Some challenges remain for 2024.”



The IGC has given ReAssure’s Investment Pathways proposition a **Green/Amber** overall rating for VFM, for the following reasons:

- For some customers the value for money rating is **green** but **amber** is more likely to be the case for others.
- Costs and charges: **amber** – There are two components to the ReAssure investment pathways charges – a fixed annual management charge of 0.65% plus an additional investment management charge that varies by year and by pathway option selected. Some competitors remain significantly cheaper especially for pathways 1, 2 and 4.
- Investment performance: **green/amber** – The pathway options are “passive” by design. Funds are performing broadly as designed, but the IGC is keen that the review of the risk-return trade-offs for all four pathways is carried out as soon as possible.
- Customer service: **green** – Performance is acceptable, and complaints are low.
- Communications and engagement: **green** – Communications are clear, understandable and generally “fit for purpose”. Feedback is generally positive about the customer journey although a fully online journey is not available.
- Investment services: **green** – Oversight confirms the funds were operating as intended during 2023.
- The overall rating for 2023 has remained the same as 2022, because some key challenges highlighted in last year’s report remain to be addressed.

Key Challenges for 2024

1. To review charging levels for all pension pots.
2. To consider whether any design modifications to the risk-return trade-offs for each of the four Investment Pathways would be appropriate.
3. To deliver, during 2024, Investment Pathway specific customer service management information.
4. To work with Standard Life colleagues to develop consistent support, including additional and improved communications, for all Investment Pathway customers to help ensure they continue to make the right decision, especially as they approach their first 5 year anniversary and with particular emphasis on Pathway 1 customers.
5. To work closely with colleagues across the Phoenix group to ensure a smooth transition around the future use of Standard Life’s AMPP product to facilitate Investment Pathways for ReAssure customers.

Customer call to Action

Please check that you are in the Investment Pathway that is right for you. Should you now be taking action? For example, should you be starting to access your funds or moving to another pathway? Circumstances change over time and it is important that you review your pathway selection.

Further Commentary

- A. Costs and Charges [↗](#)
- B. Investment Performance [↗](#)
- C. Investment Services [↗](#)
- D. Customer Service [↗](#)
- E. Communication and Engagement [↗](#)
- F. ESG and Stewardship [↗](#)
- G. Investment Pathways [↗](#)

Further Commentary

Costs and Charges



Further Commentary

Costs and Charges

Overall, Costs and Charges contribution to the 2023 Value for Money for customers is assessed as GREEN/AMBER for ReAssure Ltd and AMBER for ReAssure Life Limited

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 of you have other benefits or services on your plan – certain guarantees that apply to with-profits investments; protection benefits e.g. life insurance or waiver of contribution cover; where customers have specialist investments, or advice from an adviser. Customers typically pay extra for these benefits through '**other charges**'. Additionally, there may be an '**exit charge**' deducted from the value of a plan if it is transferred to another provider.

In determining whether the costs and charges you pay provide you with value for money, our primary driver (in line with Financial Conduct Authority (FCA) rules) in the assessment is against reasonably comparable scheme comparators that are available to you. We have always believed that ongoing charges greater than 1% per annum do not represent value for money unless there are associated additional benefits as described above.

ReAssure does offer a Universal Fund range and alternative product options to all unit-linked customers which have an ongoing charge of 0.65% per annum. Therefore, some of you could experience a reduction in ongoing annual charges of over 25% by switching into these funds.

The key challenge in last year's report, which has been ongoing for some time, was for ReAssure to review the charges customers are paying given the lower cost funds that are available. ReAssure is undertaking research on the effectiveness of the communications that make customers aware of the lower charging Universal Fund range. We encourage ReAssure to take appropriate action to improve the effectiveness of such communications and also consider other, more effective, actions that would result in customers reducing the charges they pay.

If your ongoing charge is significantly above 0.65% per annum and you do not have additional benefits or guarantees, as described above, then you are likely to be able to receive better value for money with ReAssure. It is critical that customers are aware of, and regularly review, their options and take actions where appropriate.

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 for 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. We are concerned if **exit charges** are above 1% of the value of the plan.

Regular Ongoing Charges

ReAssure Ltd

The average regular regular ongoing annual charge on ReAssure Ltd workplace pensions is 0.65% per annum. ReAssure Ltd has capped the regular ongoing charges you pay at 1% per annum (excluding 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 reduce the likelihood of charges on small pots exceeding the expected investment return and hence reducing the policy value.

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

	0%-0.25%	0.25%-0.5%	0.5%-0.75%	0.75%-1%	1%+
Ex-L&G	5,137	68,814	45,881	38,524	0
	(3.2%)	(43.5%)	(29.0%)	(24.3%)	(0%)
Other ReAssure Ltd	987	1,966	3,009	34,545	0
	(2.4%)	(4.9%)	(7.4%)	(85.3%)	(0%)

The table above shows that the level of charge you pay, and hence the value for money you are receiving, depends on the legacy company that your workplace pension was originally with. For ex-L&G customers your average charge is 0.59% per annum, whilst, for the rest of the ReAssure Ltd customers, the average charge you pay is 0.93% per annum.

Compared with last year's report, the proportion of ex-L&G customers reported to be paying charges above 0.75% per annum has decreased. ReAssure has confirmed that this was an issue with the data reported last year, where some charges reported were overstated. Actual charges paid by customers have been confirmed to be correct.

Our review of reports from other IGCs shows that a maximum ongoing charge of 1% per annum is typical amongst other firms with 'legacy' workplace pension policies. 'Legacy' is a term that tends to be used 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 workplace pension providers that supported the conclusion that 1% per annum was in line with other providers of older style pensions taking part in the survey.

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 annum, whilst also offering more in terms of online servicing and support, engaging communications etc. In addition, ReAssure Ltd offers a Universal Fund range and alternative product options to all unit-linked customers, with the option to reduce their ongoing charges to 0.65% per annum. Therefore, if what you are being charged is above this, we would strongly encourage you to review your options.

However, it does remain 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% per annum charge may not in fact cover the costs to ReAssure Ltd of administering the policy.

Exit Charges

The majority of ReAssure plans have no exit charges, with others capped at a maximum of 1% of the plan value. We consider this to be value for money.

Other Charges

There are some 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). The IGC remains comfortable that 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.

As the table below demonstrates, around 2.5% 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% per annum 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. However, 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.

Heritage	Total Policies in Scope	Total Policies with TPF	% of Heritage with TPF	TPF AUM	Average Ongoing Charge (%) (excluding TPFs)
Other ReAssure Ltd	40,507	1,147	2.8%	£51,868,102	0.92%
Ex-L&G	158,356	3,806	2.4%	£185,057,378	0.59%

Costs and Charges

ReAssure Life Limited

The table below shows that, for ReAssure Life Limited customers, the average charge weighted by fund value is 0.98% per annum.

Total Policies in Scope	Total Fund Value	% of Policies with ongoing charges <= 1%	Total Average Ongoing Charge (%)	Average Ongoing Product Charge (%)	Average Ongoing Third Party Charge (%)
22,710	£1,040,977,778	46.8%	0.98%	0.56%	0.42%

The average charge of 0.98% per annum is a significant reduction from 1.42% per annum in 2022. Following the migration onto ReAssure systems in 2021, the internal product charge was capped at 1% per annum. During 2023, ReAssure have changed how charge caps are applied for members invested in third-party funds. More of the charges directly linked to the third-party funds have been included within the assessment of the charge cap resulting in an average reduction of 0.44% per annum in annual charges. We are extremely pleased with this change which has significantly reduced the level of charge ReAssure Life Limited retain whilst passing this full benefit to the member.

In addition to the above, the IGC has seen evidence of some historic actions taken to refund or reduce 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.
- Following migration onto ReAssure systems the product charges were capped at 1% per annum. This could 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. We were pleased that over 3,000 customers saw their charges reduce as a result of this, with an average reduction of 0.63% per annum across those customers.

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.

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 if this might be suitable for you.

ReAssure has made its Universal fund range available to customers which will enable you to reduce your ongoing charges to around 0.65% per annum. Further details will be included within the annual statement you receive.

The IGC is pleased to see that all these actions have been taken but remain concerned at the overall level of charges being applied to members and encourage you to consider if these funds remain the right option for you.

Options available to reduce your regular ongoing charges to 0.65% per annum.

The more you pay in charges, the less you will have invested in your pension pot when you come to retire. Some ReAssure customers already have charges below 0.65% per annum, or valuable guarantees, which is why ReAssure are engaging with customers every year 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 lower cost options ReAssure has made available.

1. Four low cost funds (Global Equity, Bonds, Deposit and the Mixed Investment Fund) have been made available to you within your existing unit-linked pension product. These have an Annual Management Charge of 0.65% per annum 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 any potential 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% per annum.

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% per annum, with no Policy Fee or Bid-Offer Spread. So this option may be 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 can be 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.

Transaction Costs

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

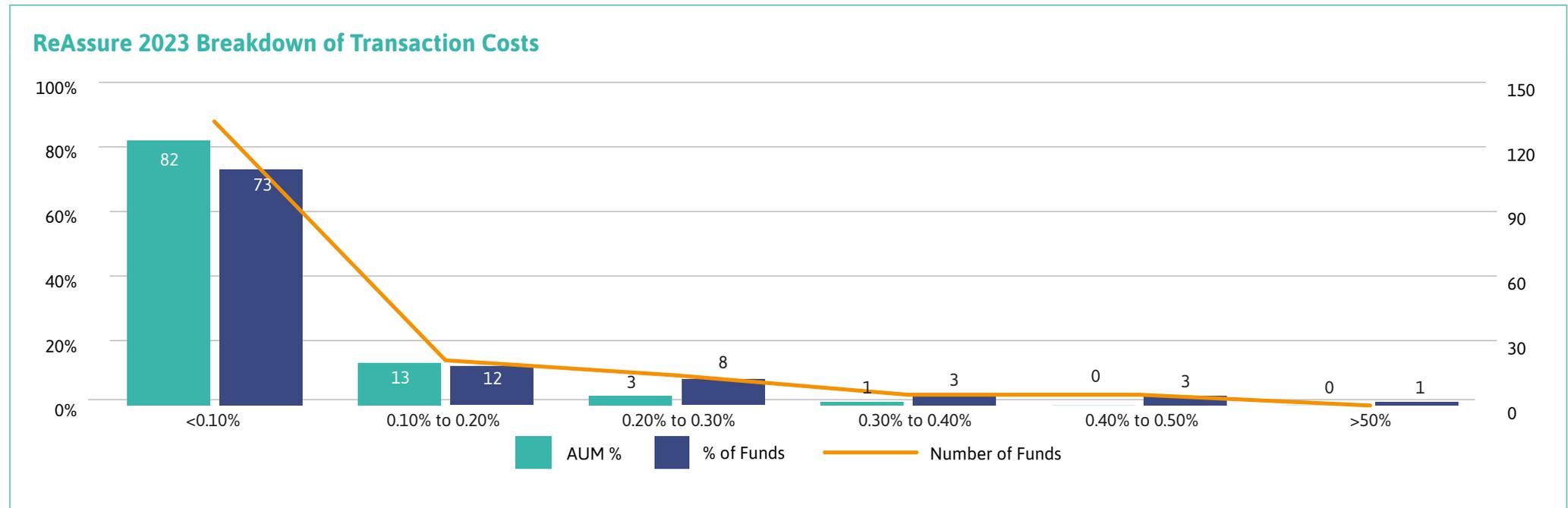
- Explicit costs are things like stamp duty and fees paid to brokers who do the buying and selling.
- Implicit costs are the difference between the price the fund manager expected to receive or pay when they decided to sell or buy an investment and the price they actually got.

Our report covers the 2023 calendar year and includes 100% of transaction costs related to trading of assets in the underlying funds (79% in 2022). We are extremely pleased with the improvement in coverage and the work that ReAssure has done to source the remaining transaction costs data allowing us to have a full picture of the impact of transaction costs on members and how they compare across the wider industry.

The transaction cost data supplied to us over the year, in terms of analysis of costs and how these change from period to period, and investigating funds where charges appear particularly high, continues to be of good quality.

The time it takes to report transaction cost data to us continues to remain an issue. This appears to be industry-wide and is 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 2023, 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.
- ReAssure has taken part in industry-wide surveys that consider transaction costs, with the output showing that transaction costs were highly competitive compared to other group participants.

Below we highlight the transaction costs for 2023 for the 5 key funds. These cover the five largest by assets under management.

Fund	AUM (£m) as at 31/12/2023	Aggregate Transaction Costs (%) 2023	Aggregate Transaction Costs (%) 2022
Managed 6	1,815	0.072	0.059
L&G UK Equity Index Fund	431	-0.010	0.037
Unitised-With-Profits Pen Gen 2 CAI	429	0.170	0.120
Global Equity Index Tracker LStyle	245	0.031	0.050
L&G Fixed Interest Fund	239	0.016	0.095

This means the IGC in-scope customers invested in the Managed 6 Fund will have paid £7.20 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 in this report.

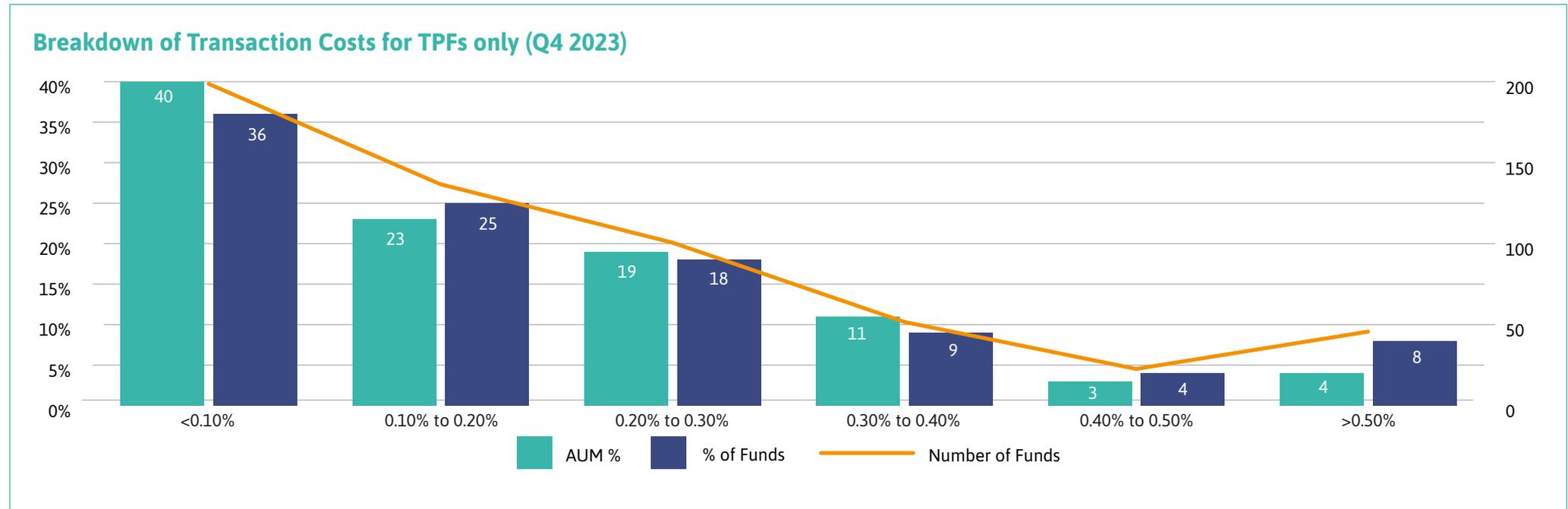
As can be seen from the following table, the main diversified managed funds and with-profit funds have a range of transaction costs. Although some have increased compared to 2022, we remain comfortable that they are reasonable.

Fund	AUM (£m) as at 31/12/2023	Aggregate Transaction Costs (%) 2023	Aggregate Transaction Costs (%) 2022
L&G Managed	1,815	0.072	0.059
L&G with-profit Fund	292	0.170	0.190
ReAssure Master Managed	204	0.102	0.099
Guardian with-profit Fund	17	0.021	0.063
NM with-profit Fund	8	0.152	0.096

ReAssure Life Limited

In respect of ReAssure Life Limited, we are very pleased to report that the challenges described last year (in relation to obtaining transaction cost data to see a complete analysis) have been addressed. ReAssure has taken action to improve the coverage of Third Party Funds Transaction Costs and the data available this year covers 100% of assets under management for Third Party Funds.

The table below shows a summary of the transaction costs during 2023, for Third Party Funds:



The range of transaction costs observed is not out of line 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.

Finally, it should be noted that 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

The tables of costs and charges covering all investment funds are available, along with sample illustrations to show the impact of those costs and charges, on the [website here](#) .

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.

In addition, the Financial Conduct Authority (FCA) rules around assessing value for money in workplace pension schemes require IGCs to consider the most appropriate and proportionate way to assess an employer's scheme so that the IGC can produce a value for money assessment that is the most useful for members.

IGCs have a judgement to make on whether to assess costs and charges at an individual employer level, at an aggregated level or by a combination of both. We have chosen to assess costs and charges at an individual employer level rather than an aggregated level. We feel this is most appropriate, as it is at this level that you experience the service offered for the particular charge that you are paying and allows you to fully understand where your level of charges sits in comparison to others. Whilst we consider individual employer data points available for the business across the Phoenix Group, we are unable to get the same level of detail for external market comparators. Therefore, we also group data based on key employer level characteristics that influence the price you pay (e.g. number of members in an employer arrangement and average fund size of those members) and compare against similar groups from external comparators that we have access to through benchmarking surveys and information published by other IGCs.

Given the legacy nature of the ReAssure business, the vast majority of employer arrangements will no longer be active and only have a very small number of members. Therefore, the ability and likelihood of an employer arrangement transferring to another provider is remote and it will be down to the individual member to make that decision. Therefore, we also feel it is appropriate to additionally consider and report at an individual member level to show how your charges compare to all other ReAssure customers.

In considering our value for money assessment, we have looked at costs and charges information available both internally within ReAssure (with data set out in this report) and also across the wider Phoenix Group. We have considered looking at how charges compare across schemes with similar numbers of members and/or assets under administration as these can be key factors that will have initially influenced the level of charges applied to a particular scheme. However, the legacy nature of ReAssure's business, with small numbers of members in individual employer arrangements that are no longer active, makes this approach less relevant.

Externally, we have taken part in industry-wide benchmarking surveys to understand how the level and spread of charges compare with those across the industry. We will also continue to look at disclosures within our peer IGCs reports to see how ReAssure's costs and charges compare across the industry.

We strongly encourage you to understand how the level of charges you pay compares to charges paid by other employer arrangements with ReAssure. Within this report (for default funds), and on the website (for all funds), there are details that show the distribution of charges at an employer and individual member level. We have chosen to present the data in this fashion as we believe this is a useful and effective way for you to understand how the level of charges you are paying compares with those of other employer arrangements within the same fund and, as such, what relative value for money you may be receiving.

In order to help you to be able to assess this, ReAssure has delivered a digital solution that will allow you to find the level of charges for all funds that you are invested in or are available to you. From the ReAssure [website](#), you are able to enter your policy number and be presented with all relevant costs and charges for both invested funds and funds available to you. You will be able to find your policy number on your annual statement.

In order for you to consider how the charges you are paying compare to those being applied to other members or employer arrangements provided by ReAssure, for each fund available we have set out, using various charge bands, the proportion of members and employers invested within that fund who are paying the level of charges indicated within the relevant band.

For example, the table below shows the distribution of charges for employer arrangements invested in the L&G Managed Fund. If you are invested in this fund and are paying a charge of 0.96% or more, then 97% of other employer arrangements who are invested in this fund will be paying a lower charge than you, some significantly so. There may have been valid reasons for this, but, in this scenario, we would encourage you to consider whether you are receiving value for money given the charges being applied to other members.

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%
L&G Managed Fund	9.7%	21.2%	45.3%	9.7%	5.0%	2.9%	3.2%	2.9%

The distribution of charges for all other default funds can be found within this report (see [Supporting Material](#)). For all other investment funds, the distribution of charges is available on the ReAssure [website](#).

Finally, we are required to publish the charges that apply to each fund that is available to invest in for each individual employer arrangement with ReAssure. We feel that the most effective approach for members to understand the charges applicable to them, and how they compare to the charges of other members or employer arrangements invested in the same fund, is through use of the digital solution described above, in conjunction with the distribution of charges set out in this report. However, we do view it as important that we present data that satisfies the regulatory requirements, and this information is available on the ReAssure [website](#).

Further Commentary

Investment Performance



Further Commentary

Investment Performance

Overall, ReAssure's Investment Performance contribution to Value for Money for Customers is assessed as GREEN. The score of 7 is about the same levels which were seen in 2021 and 2022.

As ever, there are some areas which do proportionately better and some a little worse when reaching our conclusions. For example, our analysis shows that a number of ReAssure funds are not doing quite as well against their competitors. The purchasing power of those of you with with-profits policies has been affected by the return of higher levels of inflation. However, we are reassured that the majority of your funds are still delivering decent long-term returns to build up a pension pot for your retirement. All in all, we will continue to encourage ReAssure and the broader Phoenix group to take action where possible to improve long-term performance and hence Value for Money.

What do we hope to find?

Key managed and default funds are delivering sufficient returns on your retirement savings over the medium and longer-term to provide a decent outcome when you retire, without taking too much investment risk and after taking inflation into account. Although Value for Money is mainly about what you might get in the future, after you actually retire, we also look to see how your investments have performed in the past to confirm our findings. Where we can, we look at how well fund managers have performed against the specific brief that they've been given, and we also look at how well funds have performed against similar funds that you or your employer might have chosen instead. The ultimate test, though, is how your savings pot has grown over time and, for that, we see how funds have performed in real terms, that is after taking past inflation into account.

What did we find?

We start by looking at the economic background facing all fund managers, and then consider how your pension funds have performed over a variety of time periods especially when compared with inflation and then in relation to benchmarks set for fund managers and competitor funds.

By and large, your funds have had a mixed performance in the last couple of years. They delivered strong returns in 2021, as economies started to recover from the worst impacts of the pandemic. However, 2022 was a very difficult year for all fund managers, including those used by ReAssure, as financial markets were badly affected by a series of major economic and geopolitical shocks.

Fortunately, the multi-asset funds in which most of you are invested delivered positive returns in 2023. Although stock markets waxed and waned throughout much of the year, reacting to mixed signals about economic growth, investors became much more confident towards the end of the year that serious recession could be avoided, inflation was slowly coming under control, and central banks might eventually start to cut interest rates. Some equity markets, such as the USA, Japan and India, and some sectors, especially technology, did particularly well.

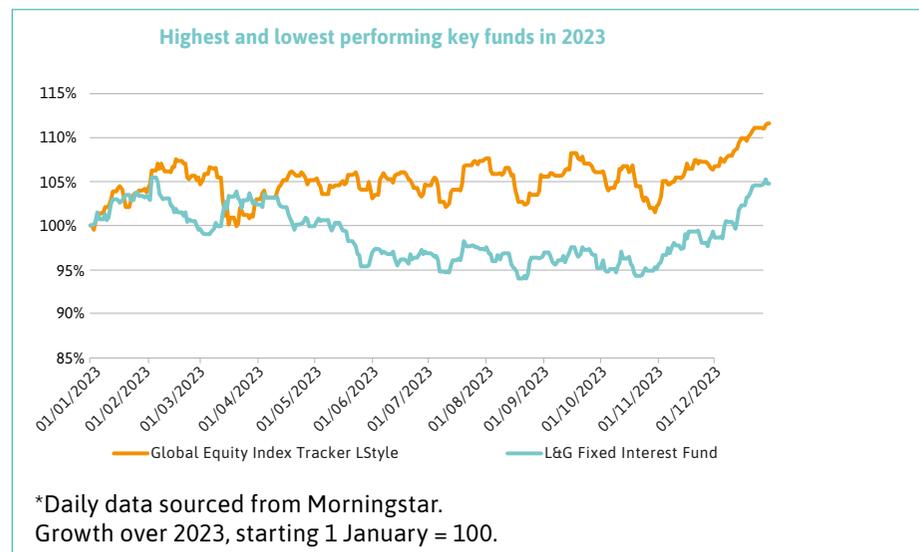
How did the largest funds perform?

We begin by analysing the performance of the five key ReAssure funds, the four largest by Assets Under Management (AUM) and a Universal fund, in total comprising around a third of in-scope IGC assets. The good news is that these have out-performed their ABI (Association of British Insurers) benchmarks over 1 and 3 and 5 year periods. Whilst fixed-income has not performed well in a period of rising inflation and interest rates, mixed assets funds in general, and the global equity fund in particular, have performed well against their ABI competitors.

These trends can be seen in the graph showing the best and worst performing of the 5 key funds in which many of you are invested. Over the course of the year, the worst performing was the L&G Fixed interest fund, affected of course by concerns about inflation and interest rates, whilst the best performing was the Global Equity Index Tracker lifestyle fund, which returned about 11% over the course of 2023.

In particular, the Managed 6 fund, the largest one which many of you are invested in, containing a wide array of bonds, equities and commercial real estate, experienced a return of more than 9% over the course of 2023. The other default funds all showed positive returns. There were some small differences; these were not only due to the performance by the relevant fund managers but can also reflect important variances in the mix of assets between different portfolios, that is how much is contained in bonds or cash, equities or property, in different countries and across different sectors. The relative weighting towards the US equity market, and especially US technology stocks, was a particularly important factor.

If you had invested £1,000 in each of these five funds five years ago, then at the end of last year your money would have been worth just over £1500 in the global equity index tracker, and over £1300 in the UK equity index fund and the two other mixed investment funds. There would have been a small capital loss from holding the fixed interest fund reflecting a period of rising interest rates affecting capital values.



What about the other funds?

We also look at 35 default funds which currently have IGC in-scope money invested in them. About two-thirds of these are used for a L&G auto-enrolment product, whilst about one-third are HSBC life-styling products. Again the good news is that a small majority of such funds have out-performed their ABI benchmarks over 1 and 3 and 5 years. Otherwise, over 80% of such funds are within 1% of their ABI benchmark over a rolling 1 year period, generally meaning that they are performing in line with expectations. After a series of positive results for ReAssure customers, we will continue to monitor such performance carefully.

However, you may be invested in other funds that have performed differently, funds that either you or your previous employer selected some time ago. We include all funds in our overall oversight, but pay particular attention to those which are considered defaults, either because they are used for auto-enrolment or are part of a lifestyle profile.

Many of you are invested in UK-only funds. The UK stock market has had a difficult few years, only making moderate gains compared with some other countries (although there has been a recovery in 2024). It has been affected by the pandemic, and the weakness of the UK economy, whilst investors have not been attracted to a market with a high proportion in energy, commodity and consumer stocks and much less in technology and other growth sectors. All in all, you might wish to consider whether these funds are still the most suitable for your pension savings, and seek advice from your financial adviser if that would be helpful.

What is the impact of inflation?

Inflation is very important for investors. UK headline inflation reached 11% in the year to November 2022, which was the highest rate for 41 years, before slowing to about 4% at the end of last year. This means that most investors have lost some of the purchasing power which they built up over time in their investment pot. Conversely, the recent increase in interest rates in response to the rise in inflation means that annuity rates are much more attractive for any investor who is deciding what to do with their pension pot as retirement approaches (see the chart in the [Supporting Material](#)  section).

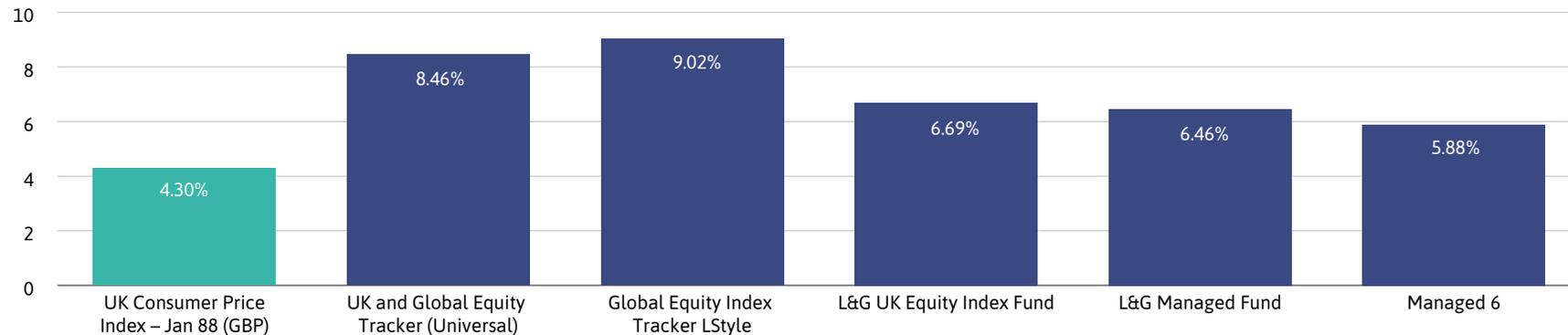
Funds invested in stock markets would hope to beat inflation in most years, but this is not always the case in the short-term when inflation surges. In recent times, those funds targeting returns based on high dividend income rather than capital growth have often not matched or beaten inflation. Over the longer term, however, these shorter-term influences tend to average out.

Taking a longer-term perspective, if you hold one of the larger managed or equity index funds in your pension, then these have still out-performed inflation over periods of 5, 10, 15 or 20 years, with the results depending on the particular fund. For example, over the last five years, inflation has averaged 4.3% a year. The graph below shows that all of the five key funds have performed better than this, with the managed funds achieving an average return of about 6% a year and the index-tracker funds returning 7-9% a year. We have also looked at 10 and 15 and 20 year performance data, and the charts on the following pages show such funds beating inflation over those periods by a healthy margin. This demonstrates the benefits of building up your pension pot and taking a long-term approach to investing.

When we examine the results across all the funds you might invest in, we raise queries on any that have not beaten inflation over five or ten years where it is not immediately obvious why that might be the case (for example, is it a cash fund or a fixed interest fund) and where this has not already been highlighted on other performance grounds. There are also processes in the firm to examine under-performing funds (see the Investment Services section for more details).

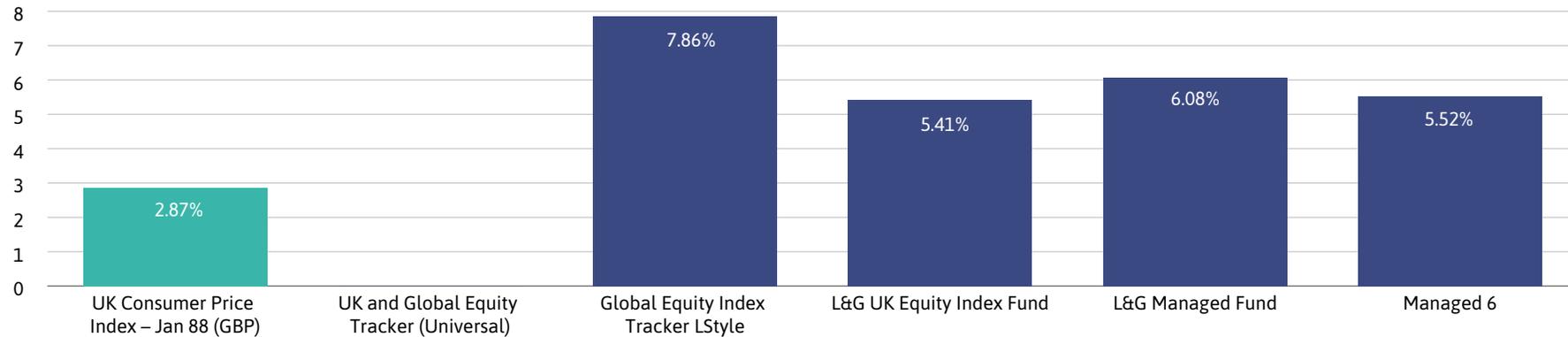
In summary, it is important to look at the performance of available funds over the longest possible timescale in relation to inflation, as many of you will be invested for several decades. The results discussed here provide a good indicator as to how the purchasing power of your savings pot is growing in real terms.

5 year annualised performance of key funds and CPI



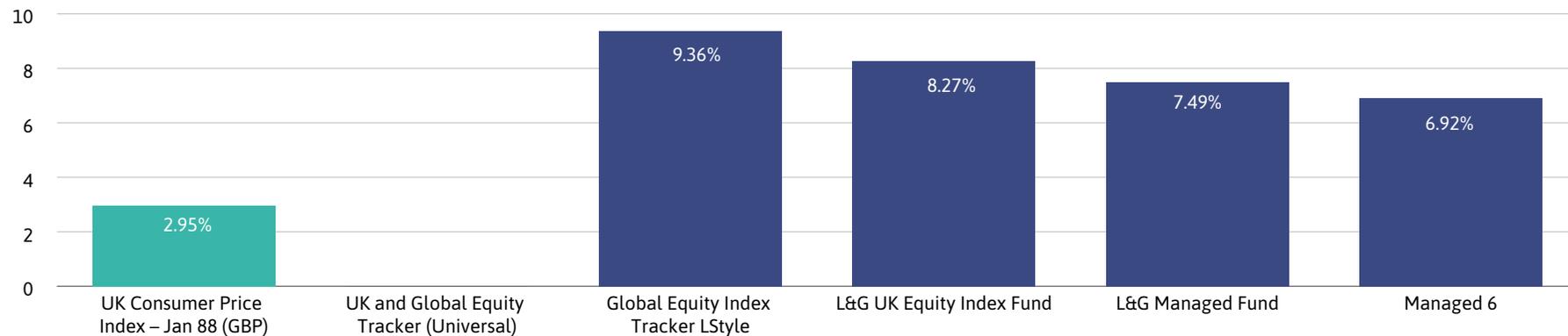
Please note: All data is to 31st December 2023. Data has been sourced from Morningstar.

10 year annualised performance of key funds and CPI



Please note: All data is to 31st December 2023. Data has been sourced from Morningstar. Data not available for the UK and Global Equity Tracker (Universal) fund

15 year annualised performance of key funds and CPI



Please note: All data is to 31st December 2023. Data has been sourced from Morningstar. Data not available for the UK and Global Equity Tracker (Universal) fund

How good a job are the fund managers doing?

To assess this, the IGC has devised a **Red/Amber/Green** (“RAG”) performance flag which indicates how funds have performed compared with the benchmarks that have been set for the managers. The benchmarks could be a published market index like the FTSE All Share, or a customised combination of indices, or the average return of a suitable peer group. However, ReAssure are still working on providing the fund manager benchmarks in some cases, so for the time being this analysis is based on relative performance vs ABI (Association of British Insurers) surveys of average performance. We would anticipate that the proportion of Red funds is likely to be less when we are able to focus on the benchmarks that the managers were actually given.

The good news is that the key funds, which many of you are invested in, have out-performed their ABI sector comparison over the past three and five years. However, we examine the situation closely across a wider array of funds.

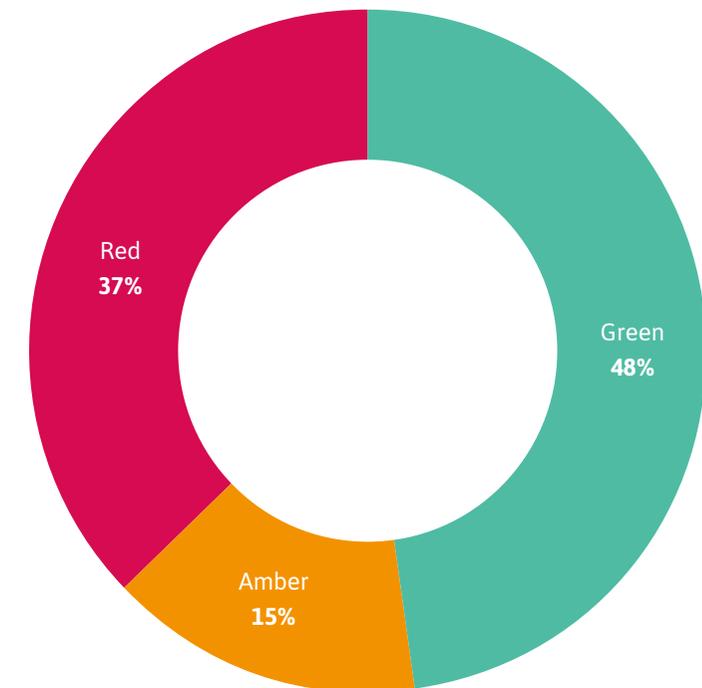
In the pie chart opposite, **Green** represents funds which have out-performed the selected ABI average performance, **Amber** includes those funds which have under-performed by up to 1%, and **Red** covers those funds where the under-performance is greater than 1%. The comparisons are over the past three years.

The proportions of **Red/Amber/Green** across all ReAssure funds in which workplace customers such as you are invested have been calculated. Sadly, the proportion of funds rated **Green** has declined from 55% in 2021 to 50% in 2022 and 48% in 2023. In contrast, the percentage for **Amber** has oscillated between 15% and 18% over these three years, whilst the percentage in the **Red** zone has risen from 30% to 32% to 37%. In other words, many of the competitor funds measured by the ABI have been doing relatively better than have the ReAssure funds.

How do these funds compare with peers?

The quartile rankings of funds which can be compared against ABI sectors of similar competitor funds over various periods are set out on the next page.

RAG rating as a percentage of number of funds (3 Years)



Green – outperformed ABI (>)

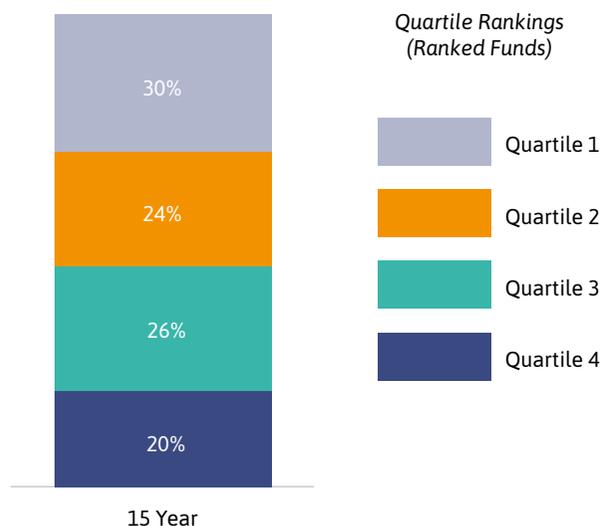
Amber – underperformed against ABI (Between 0% and -1%)

Red – Underperformed against ABI (<-1%)

'Quartile ranking' involves arranging in order all similar funds from the best to worst performing, and then dividing the list into four, with quartile 1 reflecting the best performing quarter of the list, quartile 2 the next, and so on, hence quartile 4 comprises the worst performing group.

Although 2023 has seen a continuation of the generally strong performance seen in recent years, with about half of funds over all periods in the top two quartiles (ie in the top half of the table), this outcome is a little worse than the situation seen in 2021 and 2022. The 5-year outcome is not quite as good as that over 10 and 15 years. All in all, it appears to be the case that the more recent performance of ReAssure funds vs their peers is not quite as good as it was in the past.

Quartile Rankings (Ranked Funds)



*Daily data sourced from Morningstar.

This part of our assessment is potentially a concern. There is a possibility that better results could have been obtained elsewhere if you (or your previous employer) had made different provider choices. However, it is not always clear what has driven these results. Although we can analyse ReAssure's performance, we don't know how competitor results were achieved and, in particular, how much risk was taken. Nonetheless, we will monitor the situation closely, and encourage ReAssure to ensure that its fund managers focus on long-term performance vs their peers.

What external validation do we have for our assessment?

Each year, Redington, a firm of investment consultants, carries out a broad review of Phoenix Group pension products, comparing them with other major providers. ReAssure funds were included in this assessment. We are reassured that this external analysis by Redington has not highlighted any issues that were not already known and understood. Information about how the Redington survey was carried out is in the [Supporting Material](#)  section.

What does the Redington study say about ReAssure?

Most default funds are structured as lifestyle strategies; these have a growth phase during which the pension pot is built up, then a de-risking phase when more of the assets are moved into safer bonds and cash before the normal retirement date. However, as ReAssure does not use such a flagship default strategy, instead Redington used two of the firm's largest managed funds in the comparative study. Such managed funds have a mixture of assets including equities, bonds and commercial property. The asset allocation therefore remains the same during the growth and retirement phases, that is regardless of a customer's age. Analysis by Redington in previous reports to the IGC indicated that the managed funds were more suitable for the later years of saving for retirement rather than the early years, but that was appropriate given the average age profile of customers invested in these legacy funds.

A few important features can be emphasised from the Redington study: during the growth phase, the risk vs. return profiles of the ReAssure managed funds are towards the lower end of the range. The reason is that the asset allocation of such funds has a relatively lower weighting towards growth assets such as equities and a higher weighting towards assets such as bonds that have been included to dampen volatility. Conversely, during the pre and at retirement phases, these managed funds have a higher equity weighting than those other default strategies which use a life-styling approach. As Redington concluded 'this approach has resulted in past performance been generally towards the lower quartiles are during the growth phase, but towards the upper quartile closer to retirement'. All in all, such analysis means that it is even more important that the policyholder, or their adviser, decides whether such an approach is fit for their retirement purposes.

The Redington study also included analysis of with-profits funds, although on a rather smaller scale. Six providers gave data for 18 funds over different time periods. ReAssure funds showed mid-range long-term performance, although the precise details of each fund (such as guarantees) will matter considerably. Transactions costs and other charges were also broadly in line with competitors. We discuss with-profits in more detail in a later section.

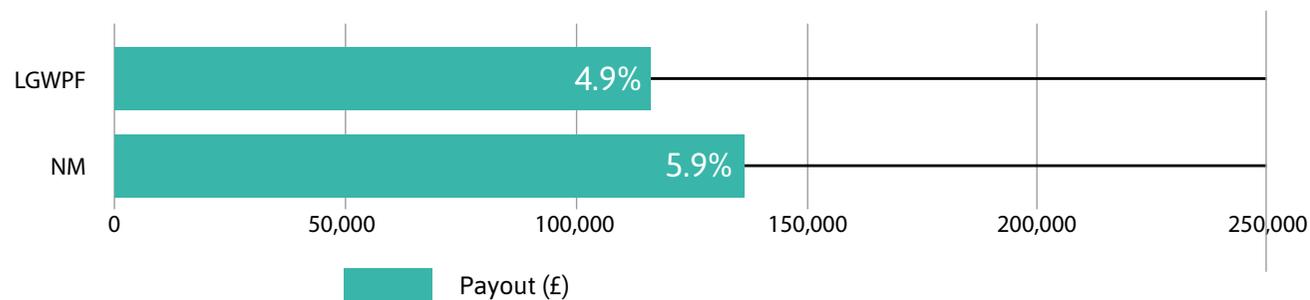
How is Phoenix's Responsible Investment Policy reflected in investments?

We also consider how Environmental, Social and Governance (ESG) aspects are considered in your investment funds. You will find much more information about these issues in the ESG pages of this report. Following the publication of the Phoenix Group's Responsible Investment Policy, over the past year the company began discussions with key Asset Management Partners (AMP) about the likely impacts on mandates under their control (see also the Investment Services section). The IGC monitored these developments during 2023, including an in-depth discussion on the topic at year end with experts from the company. The Phoenix Group has required its AMP to evidence how they ensure material ESG considerations are embedded effectively in their funds. This is followed up with detailed discussions on such issues as climate change or biodiversity, voting and engagement. It is early days but over time we consider that such reviews should ensure a better balance of risk versus reward for your investment funds.

What about the performance of with-profits funds?

It is not straightforward to compare short-term performance in with-profits funds against unit-linked funds. Year to year bonus rates will be affected by smoothing, whereas eventual payouts will reflect both the performance of the underlying asset shares, any estate distribution or final bonuses, and any investment guarantees. In addition, a Market Value Reduction (MVR) may apply (see section below). VFM can really only be assessed once the benefits from a with-profits policy are finally taken.

Example 25 year payouts and return on premium



LGWPF = Legal & General With Profits Fund. NM = National Mutual.

In relation to with-profits funds managed by ReAssure, we look at returns and examine how reasonable these are in relation to inflation. The IGC tracks the performance of the underlying assets, and monitors the asset allocation for likely future performance.

By their very nature, with-profits funds are long-term investments. We check performance over a variety of time periods compared with headline inflation. It is the case that many ReAssure with-profits funds have not out-performed the inflation rate over 5 year periods, although they have over 10 years. As with-profits funds are generally held for several decades, we also examine payouts over 20 or 25 or even 30 year periods. The good news is that such long-term returns on premiums for someone retiring in 2023 were reasonable compared with UK inflation averaging about 2.5%pa over the same period, although again not quite as good as in the past. There were better results seen from National Mutual than Legal & General due to historically higher estate distributions. The IGC will continue to encourage with-profits managers at ReAssure to focus on long-term growth over and above inflation rather than dampening fund returns from a policy of holding too few risk-seeking assets in portfolios.

You are encouraged to consider the details of your particular scheme; to repeat, different with-profits funds can have very different characteristics, for example whether it contains an annual guarantee and the ability of the scheme to provide additional bonuses. By their very nature, with-profits funds are a long-term investment.

Market Value Reductions

We have been concerned about one aspect of with-profits funds, namely Market Value Reductions (MVR). If a policyholder decides to surrender, or transfer the policy, or retire before the selected retirement date, then the company does not guarantee the amount they will get back from the policy and may apply an MVR. This ensures fairness, so that the surrender or transfer value is not unfairly higher than the policy holder's share of the underlying value of the fund. The size of any MVR applying depends on the timing of investments made; it can be up to 37% for contributions paid in some specific years, but lower or nil for contributions in other years.

The good news is that we have seen evidence that in practice large MVRs are only applied in a small number of cases. The company always pays the retirement value when policy guarantees apply, and may pay the retirement value at other times, for example if retirement benefits are being taken immediately – whether via an annuity, or transferring to another plan to take flexible income, or cashing in the plan and taking the payout as a lump sum. This is a discretionary practice and is not guaranteed. Hence, MVRs are only applied if the customer is transferring to another plan but not taking retirement benefits before their normal retirement date.

Lastly, we are reassured that the potential difference between transfer values and retirement values relating to with-profits products (that is the effect of the MVR) are clearly set out and explained to you both in your regular statements, examples of which we have examined, and in anonymised recordings of phone calls with customers, which members of the IGC have listened to.

Further Commentary

Investment Services



Further Commentary

Investment Services

Overall, ReAssure's Investment Services contribution to 2023 Value for Money for Customers was assessed as GREEN. The overall score has improved from 7 in 2022 to 8 in 2023, which means Excellent, above the market benchmark.

What do we hope to find in our analysis of Investment Services?

That the funds offered to you are well-designed, well-managed and governed in order to meet your expectations. To assess this we look at regular governance reports, particularly focusing on actions taken to address any issues which have been uncovered.

What did we find?

We concluded that:

- Oversight of key manager relationships has been integrated into the wider Phoenix Group Strategic Partnerships & Research team (formerly known as the Manager Oversight team), with enhanced resources, increasing the leverage in important relationships with fund managers such as abrdn.
- ReAssure Life customers now have access to cheaper ReAssure Universal funds, following a successful platform migration.
- However, Phoenix Group's Responsible Investment Policy has yet to be fully reflected in the funds you invest in. We talk about the Responsible Investment Policy below, and in more detail in the sections on ESG and Stewardship later in this report.

What were the key challenges for 2023?

These were to embed the Phoenix Group Responsible Investment Policy more fully in mandates under ReAssure's control, where there was some progress, and to ensure that any poorly-performing funds are addressed as soon as practicable, where there has been more progress.

What are the key challenges for 2024?

These remain – to embed the Phoenix Group Responsible Investment Policy more fully in ReAssure's mandates, and to ensure the processes continue to remove or turn around poorly-performing funds with sufficient speed.

What evidence is there of ongoing review of my funds?

During the year, the Strategic Partnerships & Research (SP&R) team was strengthened, with four new analysts and the integration of three members from the Relationship Management team. Oversight scope was also increased, with the addition of new external Asset Management Partners (AMP) taking the total now to twenty-six companies collectively looking after your pension pots. Enhancements have been made through improved performance Management Information from managers delivered in a consistent format, efficiencies in actions following quarterly governance meetings, and a new monthly Policyholder Investment Forum chaired by the Head of Policyholder Assets.

What improvements have been made to fund ranges?

The migration of ReAssure Life policies onto the ReAssure platform had facilitated access to ReAssure's cheaper Universal fund range. Customers have been encouraged to review their existing fund choices with their financial adviser, to make sure that they are the most suitable for them now that cheaper options are available.

We have been interested to discuss with the Group the development of various new products for customers. A prime example is the development of Sharia type investment funds for those clients who wish to invest using this approach. There are plans to offer a wider array of such funds in 2024, which we will monitor with interest.

What about poorly-performing funds?

The IGC had been concerned on occasion at the length of time it took for some poorly-performing funds to be replaced with suitable alternatives. However, we undertook a deep-dive analysis with the company at the end of last year, and have been reassured that lessons have been learned and systematic improvements made to the processes to deal with such funds. The SP&R team explained their work with the key asset management partners who manage your pension funds. The governance process necessarily takes time, involving rectification discussions with the company, then potentially a search for a new strategy or recommended new partners. However, the process has been tightened, and we will continue to monitor this issue closely into 2024.

How will Phoenix's Responsible Investment policy be reflected in your investments?

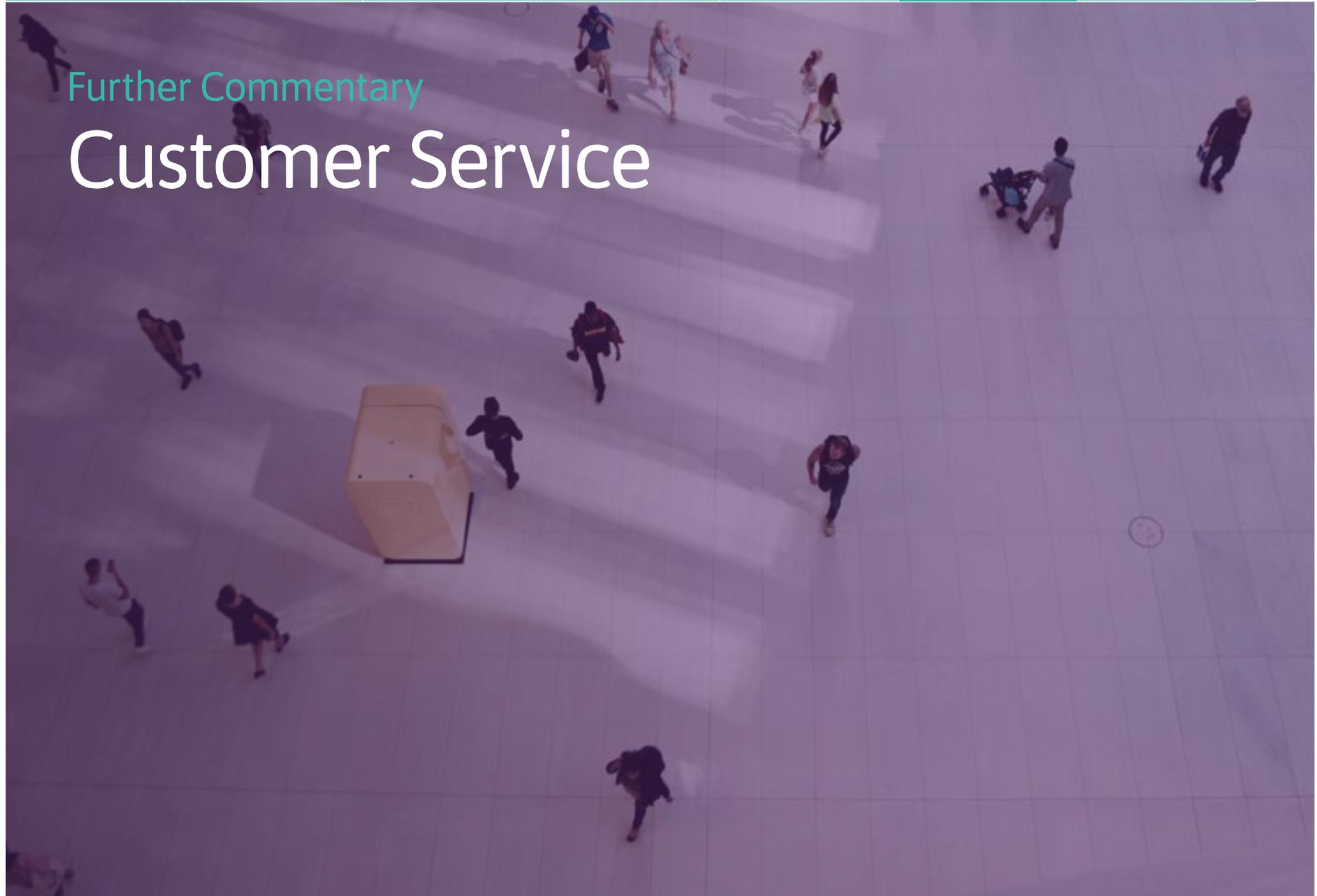
As featured in the ESG section of this report, Phoenix's group-wide Responsible Investment Policy (RIP) reflects a series of items for specified funds, such as exclusions of certain stocks and sectors, tilting portfolios towards others, and incorporating explicit carbon-reduction targets. Following the publication of that policy, the company began discussions with key asset management partners (AMP) about the likely impacts on mandates under their control. The IGC monitored these developments during 2023, including an in-depth discussion at year end. The Phoenix Group has required its AMP to evidence how they ensure material ESG (Environmental Social Governance) considerations are embedded effectively in their funds. This is followed up with detailed discussions on such issues as climate change or biodiversity, voting and engagement.

It is early days but over time we consider that such reviews should ensure a better balance of risk versus reward for your investment funds. For active mandates under ReAssure's control, the SP&R team is currently engaging with ReAssure's strategic managers to implement the exclusion policy, but not immediately the tilts or carbon-reduction targets which are deemed to be too great a change for these legacy funds which were chosen by you or your ex-employer long ago. However, discussions are ongoing in relation to implementing customised benchmarks across all funds in 2024, and also in relation to passive mandates.

None of these initiatives, however, will affect ReAssure Life customers, as external funds are not under ReAssure's control. The new ESG-themed funds which have been launched are, however, available for customers to switch into.

Further Commentary

Customer Service



Further Commentary

Customer Service

Overall, the IGC has given ReAssure a rating of **AMBER for customer service in 2023 with a score of 6.**

The IGC's responsibility in respect of customer service under the FCA's regulations is to determine "whether core scheme financial transactions are processed promptly and accurately". Our actual assessment of customer service is much wider than this and in 2023 we looked at customer service across 23 customer journeys, considering: **Did you receive timely service? Was the quality to expected standards? Did you feel it was easy to service your pension?**

We trialled a new scoring methodology which looks at each of the 23 journeys on a quarterly basis across these three lenses, scoring 7-9 for good-excellent, 4-6 for adequate but with areas for improvement and 1-3 for poor customer service. This methodology has proved incredibly helpful and has enabled different parts of the Phoenix Group to more easily compare and calibrate their customer service offering. The IGC expects to further refine this methodology throughout 2024.

To inform our assessment we consider a variety of information across the three lenses, including:

Did you receive timely service?

- Performance against target service levels.
- How complaints are dealt with.
- Call centre answer and abandonment rates.
- The results of external benchmarking conducted by independent consultants.

Was the quality to expected standards?

- How the firm services vulnerable customers.
- The output of internal assurance activity and testing.
- Data security standards.

Did you feel it was easy to service your pension?

- Customer survey satisfaction scores and feedback.
- Complaint levels, themes and the action taken by the firm in response.
- The number of complaints overturned by the Financial Ombudsman Service.
- Availability and functionality of online and offline channels to service your pension.

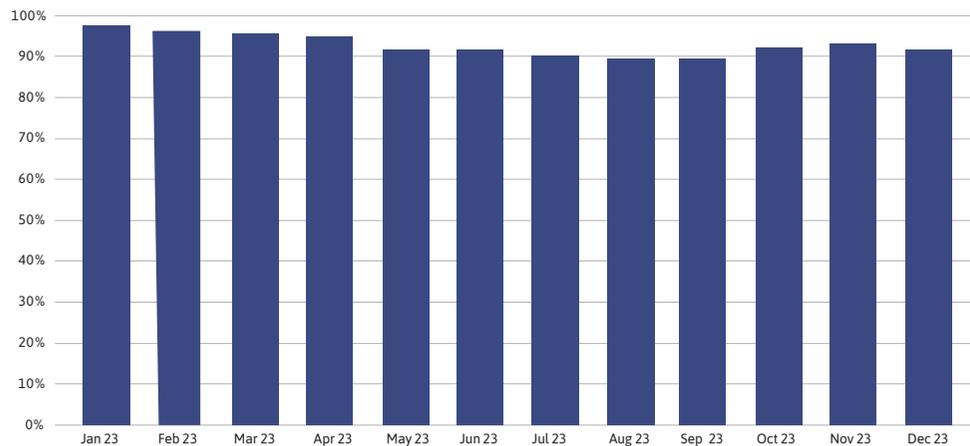
2023 Service Levels and Performance

The vast majority of customers received adequate customer service, but staffing issues did cause some delays and customer dissatisfaction throughout the year.

Processing Times

- Overall, 89% (90% in 2022) of transactions were consistently completed within their target.

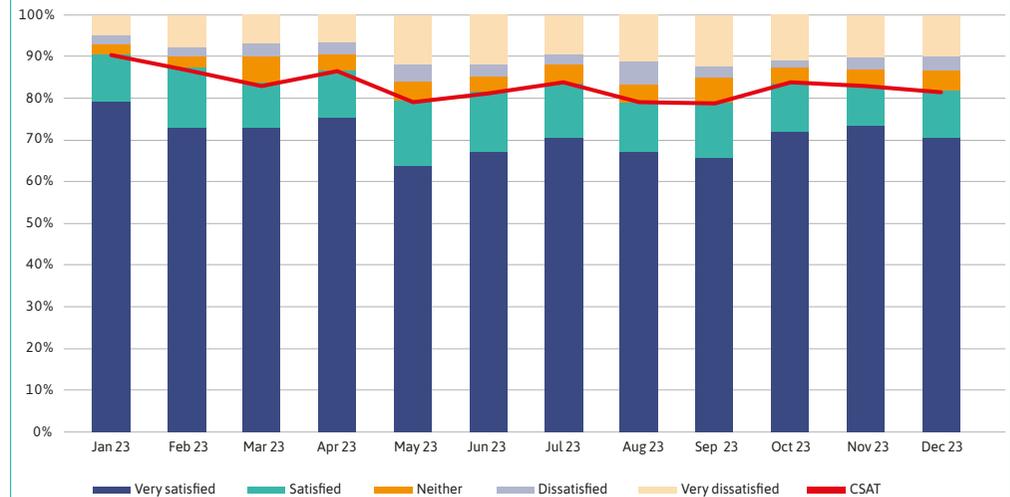
% of work completed within SLA



Customer Satisfaction

- Customer satisfaction was slightly below the target of 88% satisfied/very satisfied for most of the year, falling to a low of 79% in Q3.

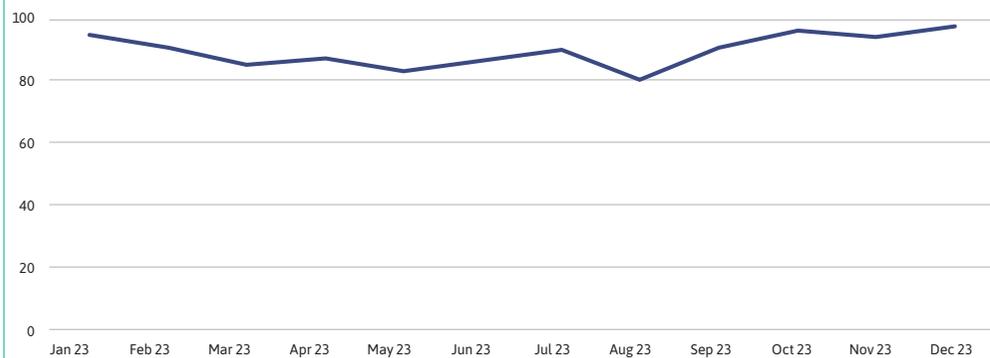
ReAssure Customer Satisfaction



Call Centre abandon rate

- Processing delays caused an increase in repeat calls. Coupled with resourcing issues, this resulted in long wait times and abandon rates missing target in 9 months of the year, but had improved by year end.

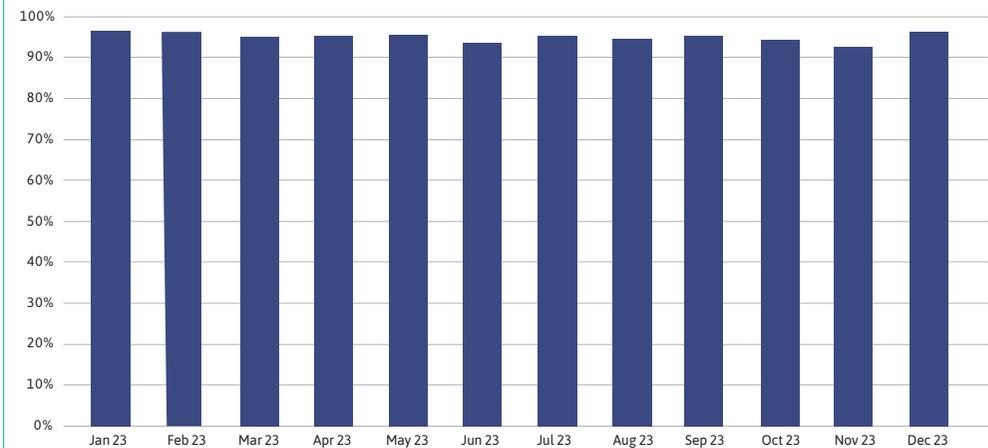
ReAssure Contact Centre – Call Answer Rates



Quality scores/incidents

- Quality of customer service remained high throughout the year and all errors were corrected to ensure no customer detriment.

Customer operations overall quality 2023



Areas of particular focus for the IGC in 2023 were:

Processing retirement and transfer out requests

Gaining access to your pension money is often the key transaction customers wish to make. Although there were some periods when delays caused customer dissatisfaction, particularly in Q3, ReAssure has generally processed retirement and transfer-out requests well, with transfers using the Origo transfer service completing in 10.1 days vs the industry average of 13.6 days.

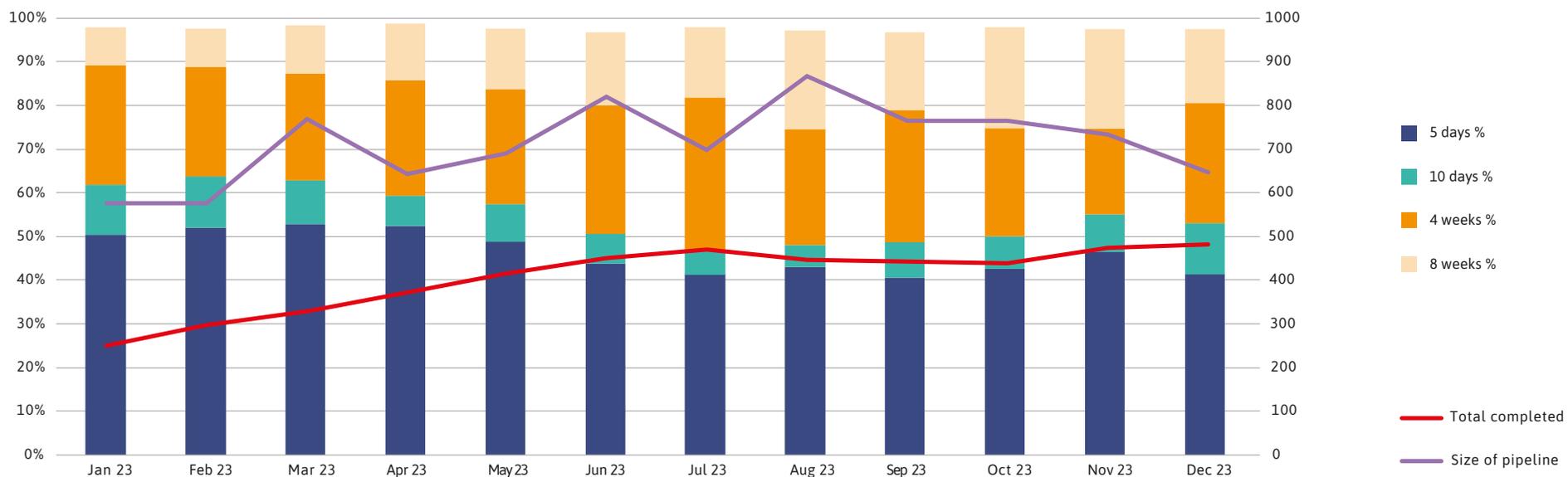
Bereavement

The service given to those who have recently experienced a bereavement is a key focus of the IGC given the emotional and financial impact this can have on individuals and families. ReAssure have a dedicated Bereavement team with experienced colleagues supporting these individuals. In 2023 ReAssure completed a bereavement claim in an average of 35 days, well ahead of the target of 40 days.

Complaint Handling

Complaint volumes were higher than desired throughout 2023, mainly due to customers experiencing delays. However, the handling of complaints remains strong with 82% resolved within 4 weeks and 98% within 8 weeks, with 5.1% referring to the Financial Ombudsmen Service (FOS).

Speed Of Case Resolution & Pipeline



During 2023 ReAssure continued to proactively re-review aged FOS complaints created when external resources were used to clear a backlog of complaints during a migration of customers to ReAssure. This shows as a drop in the FOS agreement rate in 2023 to 53% vs an industry average for 2023 of 60%. However this is improving with more recent cases showing a 68% agreement rate.

The IGC completed a deep-dive into complaint volumes and root cause analysis in 2023, gaining reassurance that complaints are taken seriously and good customer outcomes continue to be the priority.

Vulnerable Customers

Phoenix Group have a group-wide Vulnerable Customer Framework with a set of VC Principles and Standards, which fully embeds the latest FCA guidance and has won numerous industry awards. There is a dedicated VC Centre of Excellence team responsible for embedding this Framework across the Group.

As part of the Phoenix Group, ReAssure have fully aligned their operations to this framework including training, system enhancements and process improvements. Specific ReAssure Vulnerable Customer MI has been developed and is reviewed by the IGC. Focus has been placed on supporting customers in extreme financial hardship, prioritising payments to these customers and signposting additional support. Increased quality assurance checking is also evidencing strong customer outcomes.

Channel choice

Alongside the telephone and postal channels, ReAssure provides you with the ability to view your pension online and contact ReAssure through secure messages. However under 10% of you are now registered. While the migration activity to Diligenta continues, ReAssure will not be promoting the online facility or developing it further. They will maintain the site and continue to add webforms that you can complete and send in online. ReAssure do not currently offer an App. The IGC will continue to pursue future development of digital options for you to service your pension.

Cyber/Data security

Keeping your money and personal data safe and secure is of paramount importance. The key risk to manage across financial services companies worldwide, is the increasing frequency and sophistication of cyber-attacks, both on ReAssure and the companies that it works with to supply your products and services.

Throughout the year, the IGC has continued to monitor the controls the Phoenix Group (including ReAssure) has in place to protect your information and money, and in November 2023 reviewed the results of the Annual Cyber Threat Assessment.

A few key highlights from this assessment include:

- A focus on strengthening the oversight of third party suppliers, by performing additional due diligence and assurance on its most critical suppliers.
- Recertification of Standard Life Workplace business's ISO27001 certification by an annual independent audit (although this is a separate brand within Phoenix Group, it demonstrates the firm's Information Security policies are in line with international standards).
- Improvements to the Information Security operating model across the Phoenix Group.
- Enhanced monitoring of cyber threats and internal vulnerabilities.
- Improving the security culture throughout the organisation, by enhancing its employee education and awareness capabilities.

The business recognises that there is a constant need to improve in this area, due to the growing sophistication of cyber-attacks and emerging risks such as Artificial Intelligence and Quantum computing.

Our conclusion is that Phoenix Group (including ReAssure) has an acceptable information Security strategy and, although they have improvements to make, are taking appropriate action to keep your data and money safe.

Key Challenges set for 2023

1. To maintain service levels during the outsourcing of operational activities. This was partly achieved as discussed above, and will require ongoing focus throughout the transition to Diligenta.
2. To continue to develop services for vulnerable customers. Achieved.

Key Challenges for 2024

1. To improve customer service standards to target levels, while transitioning staff to an outsourcer in 2024.
2. To ensure the ReAssure website remains fit for purpose, given it will not have any further development while customers are migrated to a new system.

Further Commentary

Communication and Engagement



Further Commentary

Communication and Engagement

Overall, the IGC has given ReAssure a rating of **GREEN for communication and engagement.**

Communications in whatever form, by letter, email, text message, through the website, app, or by telephone, are essential to provide you with information about your pension and services that ReAssure offers you.

Your IGC is responsible for determining whether ReAssure's communications to customers are fit for purpose and properly take into account customers' characteristics, needs and objectives.

We have assessed a wide range of communications, including digital, produced by ReAssure during 2023, across each stage of a customer's journey from joining to retirement and evaluated them in terms of:

Are the communications clear and well presented?

- **Good content** e.g. appropriate use of tone and terminology, written in plain English and easy to understand, relevant and informative.
- **Layout** e.g. well presented, professional in appearance with good use of imagery and graphics.
- **Personalised** e.g. relevant to each reader with customer specific data and Issued In a timely manner to enable customers' to make Informed decisions.
- **Supports vulnerabilities** e.g. takes Into account any disabilities or vulnerabilities of customers.

Are there suitable options to engage digitally?

- **Multi-channel** e.g. web site and/or Apps and consistency of communication across online and paper.

Are customers engaging with the communications?

- **Reaction** e.g. if the communication is opened and read.
- **Interaction** e.g. the extent that customers use the information or Interact further with ReAssure.
- **Action** e.g. if customers take action as a consequence of the communication.

Are the communications clear and well presented?

Most communications from ReAssure provide clear and well laid out information for customers, although there could be some improvement to the overall 'readability'. ReAssure has developed new, simpler annual statements in 2023 for some products with a new layout to help highlight specific content, presentation and increased personalisation. Additional self-service processing for Retirement Account new business was also developed, taking the self-service journey from about 60% to over 90%.

ReAssure has made updates to key retirement related communications, so customers are aware well in advance about the increase in the normal minimum pension age from age 55 to age 57 from 2028, enabling them to receive yearly reminders ahead of the change, through their annual statements as well as relevant exit journeys.

Focus on Consumer duty has led to improvements to communications to various stages of the customer journey leading to improved understanding. Testing has been undertaken on some ReAssure communications to assess the 'reading age' and ease of understanding with some positive results.

Are there suitable options to engage digitally?

ReAssure have reasonable functionality available online for customers but, disappointingly, they do not currently offer an app for customers to track and engage with their pension which is now considered commonplace in the market.

Last year we challenged ReAssure to enhance its digital servicing options which it has done so to a reasonable extent. Developments in 2023 have included:

- introduction of integrated secure email which has improved servicing communications, giving customers a choice of how to receive correspondence;
- additional security with the introduction of Multifactor Authentication on the portal;
- providing help through a new digital skills hub for less technical customers.

The number registered and using the digital solutions is growing (e.g. c15% of registered customers have changed their personal details through the digital self-service functionality), however we would like to see more customers engaged and utilising these services.

Customers are able to communicate via secure email and ReAssure hold email addresses for c34% of customers.

Are customers engaging with the communications?

It can be difficult to measure the true degree that customers are actually engaging with any communication, particularly if paper-based. We can however, ensure that ReAssure hold both up-to-date physical and email addresses to ensure they are being received. Additionally, for digital communications, we can track 'open rates' and viewing data to determine if customers are opening the communications and their level of engagement.

ReAssure has improved identification of customers who have moved house without providing a new address resulting in a decrease in the number of 'gone aways'. The IGC are particularly interested in the efforts the firm goes to, to reunite customers with their pensions. c11% of ReAssure customers under the scrutiny of the IGC is considered 'gone away'. ReAssure has a strong 'gone away' tracing process which is repeated every 2 years using external tracing specialists, as well as at key stages and one-off traces as part of a migration process.

Whilst ReAssure's communications are generally strong and 'fit for purpose', we would like to see more data to understand if customers are really engaging and taking action appropriately.

In addition to communications specific to your pension, we also encourage ReAssure to engage on wider, but relevant, financial matters. The IGC is conscious that events in the market and the wider economy can have a significant impact on members of workplace schemes. This was a particular cause for concern in relation to customers who were approaching retirement during recent market turbulence. We were very aware that many of these customers were likely to have been unable to delay taking their benefits in order to wait for calmer times.

There is clearly a limit to what any firm can do to protect its customers from the type of extreme conditions we saw during that time. As an IGC, our focus was therefore on what ReAssure did to make their customers aware of the situation, understand the impacts on their personal situation and take the best decisions in the circumstances. We were pleased to see that ReAssure made changes to retirement journeys and communications to support customers. This included changes to retirement webinars and support for vulnerable customers and, for example, market turbulence Q&As. We were also pleased to note that they followed this internally with a 'lessons learned' approach to consider improvements for future communications.

Update on 2023 challenges

1. In the continuing uncertain economic environment ReAssure will need to continue to tailor its communications on timely, actionable information to support your decision making. Partially achieved.
2. Focus on further roll out of Paperless Retirement Account and ReAssure Help Centre consider including a target. Achieved.
3. To enhance digital servicing options to include more transactional services. This was partially achieved. Enhancements have been made but there is still no App available to customers.
4. Increase digital registration and usage. This was only partially achieved. Customer registration and usage is growing but remains at relatively low numbers.

Challenges for the year ahead

- We would like to see the launch of a customer app, however, ReAssure is currently undergoing a systems transformation project which, until completed, will hamper development in 2024/25. In preparation to capitalise on future digital enhancements, we are challenging ReAssure to take action to increase online registrations and usage with their current capability.
- Develop its existing web-based digital capability e.g. addition of the ability for customers to update their nominated beneficiary online

Conclusion

SCORING: ReAssure has further developed its communication and customer engagement in 2023 and is demonstrating a commitment to continue to further enhance. The majority of their communications are strong, so we would award them with a **GREEN rating.**

Further Commentary

ESG and Stewardship



Further Commentary

ESG and Stewardship

IGCs are required to consider and report on how ESG considerations and other aspects of what is often called “Responsible Investment” are taken into account in the provider’s investment decisions that impact in-scope customers’ pension pots and/or investment pathway funds. This is an important part of the Government’s strategy to ensure that pension savings play their part in combatting climate change and promoting good outcomes for society as well as good outcomes for pension savers.

Our role is to review three key areas of investment considerations, looking at what the provider intends to do regarding each (i.e. their “policy”) and how good they are at doing it (i.e. “implementation”). The three areas are:

- ESG financial considerations (“environmental, social and governance factors (including climate change) that are material to the sustainability of an investment”);
- Non-financial matters (“factors which may influence a firm’s investment strategy or decision, and which are based on the views (including ethical concerns regarding environmental, social and governance issues) of the firm’s clients or relevant policyholders”); and
- Stewardship (which the FRC (Financial Reporting Council) define as: “Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society”).

The Phoenix Group, of which ReAssure is a part, takes its responsibilities to the environment and wider society very seriously. For many years, it has published reports of its activities in these areas, and these can be found on the Phoenix Group [website](#) . While setting a helpful context for the IGC’s assessment, our focus is narrower and concentrated on the adequacy and quality of the policies that impact the investment returns that in-scope customers receive.

In recent years’ reports, we have outlined the important steps that ReAssure had taken, as part of a wider initiative across the whole of the Phoenix Group, to ensure Responsible Investment principles were taken into account in their investment decision-making.

[It should be noted that ReAssure Life Limited does not take investment decisions that impact its customers’ outcomes. This is because the business model of that provider is to provide access to a fund range that consists of externally-managed funds rather than ones that are the responsibility of ReAssure. The ESG and Stewardship policies within Phoenix Group (and which apply to all of ReAssure) differentiate between these two situations and recognise that, in the former, the potential for significant influence over investment decisions and their impact on climate change, for example, is limited. Nevertheless, the policies require ReAssure to do what it can to influence in line with the requirements placed upon investment decisions that are the responsibility of Phoenix Group (and ReAssure Limited In particular). However, given this distinction, the IGC’s assessment in this regards should be considered to apply predominantly to ReAssure Limited.]

In 2023, significant further progress has been made to strengthen the policy framework that applies and ensure that it is robustly implemented. In particular:

- ReAssure has further strengthened its [policy framework](#). The existing policies that deal with ESG and Stewardship considerations have been put through their annual review and updated as appropriate. In addition, the conflict of interest process has been strengthened, following an external review that Phoenix Group commissioned. A new Sustainable Investing Risk Policy is under development which will strengthen and centralise the monitoring and managing of the relevant risks.
- During 2023, Phoenix Group obtained a review of the governance infrastructure around Responsible Investment, to ensure that the policy intentions are definitely carried out, and can be seen to be. The ESG assessment framework that applies to the Group's five strategic asset manager partners has been enhanced, and extended to cover six of the managers with smaller mandates from the Group. The framework supports the evaluation of a manager not only on its ESG capabilities at the firm level, but also on how a relevant strategy integrates ESG issues into investment analysis and stewardship activities.
- During 2023, further improvements were made on extending the amount of reliable and relevant data available to ReAssure and the wider Phoenix Group in order to assess progress on their climate change targets and inform relevant decision-making. This data is key to the work of the team that oversees the investment decisions carried out on ReAssure's behalf by its fund manager external partners and the extent of scrutiny on ESG and Stewardship activity that they carry out. The data also forms a key foundation for the implementation of the Voting Policy that was first developed in 2022.
- ReAssure continues to improve the visibility of its ESG and Stewardship activities to you as customers. There is a whole suite of related documents available on the Phoenix Group website, including the annual [Group Climate](#), [Sustainability](#) and [Stewardship Reports](#), the [Group's Net Zero Transition Plan](#) (published in 2023) and, new this year, the [ReAssure Fund Climate Report](#) that gives, as at 31 December 2023, information on what climate change could mean for each of the unit-linked and with-profits funds that ReAssure offers. They also published a [Climate Information Guide](#) that aims to explain what many of the commonly-used terms and metrics mean, along with a helpful Responsible Investing "jargon buster".
- Phoenix Group carries out regular research on what customers want regarding ESG investment choices and associated communications. The findings are used to inform the range of funds made available to you and the publications produced. The results of the 2023 survey were published in May 2024 (available on the Standard Life website [here](#)). The document includes an explanation of the actions that are being taken in response to the customer views expressed – one of which is the development of the "jargon buster" mentioned in the previous bullet.
- During 2023, no additional funds were added to the range of self-select responsible investment funds, leaving the total available to ReAssure workplace pension customers at 6. However, as noted earlier, significant progress was made on the development of a range of Climate Aware Equity Benchmarks that, in due course, will be used to protect ReAssure-designed policyholder portfolios against the risk of climate change.

- Last year's report contained two Key Challenges for 2023:
 - To widen further the range of Responsible Investment fund choices available to customer, and enhance the climate risk management within the investment approaches; and
 - To extend fund-level reporting on ESG considerations, enabling customers to see the beneficial impact on the environment and society of how ReAssure funds are invested.

The key development related to the first challenge was the development of the new Climate Aware benchmarks mentioned above. The first two benchmarks, covering UK and US equities, were launched in 2024 and these will soon be incorporated into the operation of ReAssure-designed funds. The IGC was pleased to see these new developments being implemented and is keen that they be incorporated into the operation of all ReAssure-designed workplace pension managed funds as soon as possible.

The key development related to the second challenges was the publication of the Fund Climate Report mentioned above. While a step in the right direction, the IGC is still keen to see the helpful ESG-specific reporting that has been introduced for a key Standard Life pension fund extended to ReAssure workplace pension choices.

- Phoenix Group is also continuing to take more of a leadership role in the industry, championing good practice in this important area. Amongst the key developments in 2023 were Phoenix Group being accepted by the Financial Reporting Council (FRC) as a signatory to the UK Stewardship Code, and also Phoenix Group signing up to the UK government's Mansion House Compact and supporting the opportunity to unlock more pension fund assets to stimulate growth and support progress to net zero whilst also keeping policyholder protection at its core.

The IGC has been pleased to see continued progress in 2023. There is still more to be done, particularly in the implementation of ESG-influenced investment choices in the workplace pension fund range and in the area of communication – helping customers to see the beneficial impact on the environment and society of how their pension pots and drawdown funds are being invested, and also responding to new FCA requirements concerning the ways sustainably-related investment strategies should be labelled. Nevertheless, 2023 has been another good year as far as ESG and Stewardship are concerned.

IGC conclusion

ReAssure's policy on ESG matters and Stewardship is clearly set out.

- It covers the key financial risks, and also opportunities, arising from ESG considerations.
- It sets out clear standards that must be followed in the investment of in-scope customers' savings, where that investment is carried out on behalf of ReAssure.
- It highlights the importance of being responsible investors, having a policy of active engagement with the firms that are invested in, including exercising voting rights and holding management to account over their governance standards and business behaviour.
- The policy framework also recognises the significance of non-financial matters to many customers, and a range of appropriate investment options is available to respond to their ethical concerns.

The standards are linked to the United Nations Principles for Responsible Investment, which is a helpful reference point as to adequacy and quality. Another helpful reference point is the acceptance by the FRC of Phoenix Group's March 2023 application to become a signatory to the UK Stewardship Code, something which was repeated in 2024.

Thus the IGC is able to confirm that the ReAssure policy on ESG financial and non-financial matters, along with Stewardship, is both adequate and of an appropriate quality.

In the comments above, the IGC has given a flavour of what has happened over 2023. Those readers who wish to know more about any area highlighted here can find additional information in the appropriate [Supporting Material](#) .

The IGC is pleased to rate ReAssure **GREEN** in this area, and looks forward to see what further developments 2024 will bring.

Further Commentary

Investment Pathways

Further Commentary

Investment Pathways

The IGC has given ReAssure's Investment Pathways proposition a **GREEN/AMBER overall rating for VFM, for the following reasons**

ReAssure launched its Investment Pathways (IP) proposition in February 2021 in line with rules introduced by the regulator the Financial Conduct Authority.

Investment Pathways were introduced by the regulator to enable providers like ReAssure to develop a proposition aimed at customers taking retirement benefits who did not want to speak with a financial advisor as part of the process. The regulations require that these customers are asked to choose between one of four options. The provider then offers an investment option it believes appropriate for the customer, in line with the customer's plans on how and when to take their benefits. The four Pathways are:

- I have no plans to touch my money in the next five years.
- I plan to use my money to set up a guaranteed income (annuity) within the next five years.
- I plan to start taking my money as a long-term income within the next five years.
- I plan to take out all my money within the next five years.

Before ReAssure launched its Investment Pathway proposition, the IGC reviewed the potential value for money the proposition represented. We concluded it offered the prospect of good outcomes for customers and set out our detailed findings in a [separate report](#) including a note of the areas we would be particularly monitoring post launch.

Investment Pathways have proved a popular choice for many and ReAssure now has 14,676 IP customers in total with this number expected to continue to grow. Pathway customers originally came to ReAssure from a significant number of pension providers which have sold all or part of their pension business to ReAssure. Windsor Life, New Zealand Life, Continental Life, Grosvenor Life, Gresham Life, Aetna Life, Crown Financial Management, Combined Life, RFSG (UK) plc, GAN UK plc, National Mutual Pension Ltd, Barclays, HSBC Life (UK), Guardian Financial, Legal and General and Old Mutual Wealth Life Assurance.

The IGC has continued to monitor the value for money being delivered by ReAssure's Investment Pathways proposition using the same assessment areas as we use for the rest of our value for money analysis, which are:

- costs and charges;
- investment performance;
- customer service;
- communication and engagement; and
- investment services.

We have worked with ReAssure to develop management information to enable us to monitor the ongoing VFM. We have also ensured ReAssure took part in industry benchmarking of Investment Pathways which helps inform our VFM analysis.

This further commentary provides more details on our VFM assessment (summarised in the corresponding key messages section) together with some relevant statistics on Investment Pathways business.

ReAssure is working with Phoenix and Standard Life colleagues to enable Standard Life's AMPP product to be used to facilitate Investment Pathways for ReAssure customers. The aim is to have this in place by early 2025. Following on from this, the existing Retirement Account which supports Investment Pathways will be closed to new business.

ReAssure also plan to move their Investment Pathway customers on to the same administration platform as Standard Life customers. Having all policies administered on a single platform means ReAssure will be able to focus investment into customer propositions in one place, making it easier to provide a connected and consistent experience for all customers.

In the IGC's 2022 report, we set a number of challenges for ReAssure for the 2023 year; more detail is given below. Both the charges review and the review of the underlying fund decision have been postponed until the migration of ReAssure Investment Pathway new business to Standard Life is complete. The IGC understands the commercial rationale for this delay. However, this is disappointing from an existing customer perspective, particularly when timescales for review are proposed to extend to 2025.

At the end of 2023 ReAssure had 14,676 Investment Pathways customers in Investment Pathways funds totalling £584.9 million. The table shows the spread across the four Investment Pathway options at the end of 2023.

Pathway	Total AUA (£)	% of IP Policies	No. of Policies	Average Pot Size (£)	Avg. Age at Report Date
ReAssure Inv Pathway Option 1	£179.4M	26.3%	3,857	£46,513	59
ReAssure Inv Pathway Option 2	£50.2M	8.1%	1,195	£42,010	60
ReAssure Inv Pathway Option 3	£220.4M	30.3%	4,449	£49,539	62
ReAssure Inv Pathway Option 4	£134.9M	35.3%	5,175	£26,075	61
Grand Total	£584.9M	100.0%	14676	£39,857	61

As the table shows, the most popular option is Pathway 4 closely followed by Pathway 3 with relatively few customers choosing Pathway 2.

Costs and Charges

Some competitors apply charges that vary by the size of the Investment Pathway pot, so it is important to see the proportion of customers with different sizes of pot.

Percentage of customers within each Investment Pathway by pot size						
	up to £25k	£25k-£50k	£50k-£100k	£100k-£250k	£250k-£500k	£500k +
Pathway 1	32.20%	33.86%	25.58%	7.49%	0.76%	0.11%
Pathway 2	36.34%	32.54%	24.10%	6.17%	0.66%	0.19%
Pathway 3	31.67%	31.60%	25.46%	10.12%	1.05%	0.10%
Pathway 4	58.10%	28.35%	11.42%	2.08%	0.05%	0.00%

Costs and Charges – Amber

There are two components to the ReAssure Investment Pathways charges. There is a fixed annual management charge of 0.65% plus an additional investment management charge that varies by year and by Investment Pathway option selected. The current levels ranging between 0.02% and 0.10%.

As a consequence, no Investment Pathway customer is paying more than 0.75% per annum in charges. In many cases this is a lower charge than the customer might have been paying prior to choosing their Investment Pathway.

Therefore, based on an internal comparison, ReAssure Investment Pathway charging levels do not look unreasonable. However, based on a comparison looking at the wider market, the same is not necessarily true. Other Investment Pathway providers typically offer charges which fall with increasing pot size. Some providers also charge less than ReAssure for some Pathway options, particularly for option 4.

Consequently, the comparative position of ReAssure Investment Pathways charges is less competitive.

- at the top end of market for Pathways 1, 2 and 4 even for small pots, and with the differential increasing with pot size; and
- towards the bottom of the upper “pack” of providers who charge an excess of 0.7% per annum for Pathway 3, and above the “pack” where pot size is over £200,000. That said, some well known providers charge around 0.5% or lower for this option.

As noted earlier, ReAssure has postponed their review of Investment Pathway charges until the work to enable Standard Life’s AMPP product to be used to facilitate Investment Pathways for all ReAssure customers is complete. The aim is to have this in place by the end of 2024.

The **amber** VFM rating for charges therefore remains the same as 2022 and the IGC looks forward to a charges review as soon as possible.

- ReAssure’s Investment Pathway charges are at the higher end of market competitors particularly for larger pot sizes. Competitor charges tend to fall with increasing pot size while ReAssure charges do not vary by pot size. Some competitors charge more for Investment Pathway 3, so potential savings against ReAssure charges would be likely to be greatest for these customers choosing Investment Pathways 1, 2 and 4.
- As noted above, the charges review has been postponed. The IGC is keen that this should be carried out at the earliest possible opportunity.

The transaction costs occurred in the investment management of the four Investment Pathway funds appear reasonable and do not raise any value for money concerns as can be seen from the following table.

		Aggregate Transaction Costs (%) over preceding 12 months		
Fund code	Fund Name	AUM (£m) as at 31/12/2023	12 months to Q4 2023	12 months to Q3 2023
IPA02	Investment Pathways 1 S2	2.231	0.041	0.046
IPB02	Investment Pathways 2 S2	0.596	0.063	0.072
IPC02	Investment Pathways 3 S2	1.304	0.031	0.034
IPD02	Investment Pathways 4 S2	1.035	0.034	0.038

Investment performance

The four Investment Pathway funds were launched in 2020, so only somewhat limited past performance data is available. The data available demonstrate that the four funds are performing broadly in line with the target set. Independent benchmarking supports this.

As noted above, the review of the Pathway fund designs has been postponed. The IGC is keen that this should be carried out at the earliest possible opportunity.

The funds used by the four ReAssure Investment Pathway options are “passive” by design i.e. they aim to track a particular market index closely and do not seek to outperform through “active” stock picking decisions.

In terms of the one year performance against the customised benchmark set by Standard Life for their more actively-managed Investment Pathways performance to December 2023 has been reasonable.

Investment performance to 31st December 2023 (gross of charges)						
	1 year fund performance	Comparator	Difference	Feb 21 to Dec 2022	2 Year Comparator index	Difference
Pathway 1	6.93	7.77	-0.84	-0.94	-0.78	-0.16
Pathway 2	6.4	3.34	3.06	-7.75	-13.81	6.06
Pathway 3	5.74	7.06	-1.32	0.09	-2.00	2.09
Pathway 4	4.84	4.46	0.38	-1.79	-0.16	-1.63

- Performance of the ReAssure Investment Pathway funds has been compared against the customised benchmarks set by Standard Life for their Investment Pathways. Within this context performance has been reasonable over both 1 and 2 years to 31 December 2023. Over 1 year, the Pathway 1 fund benefited from the strong performance of equity markets and, to a lesser degree, corporate bonds. Pathway 3 fund also provided a positive return over the 1 year due to its investment in UK and overseas equities and corporate bonds. The performance of the Pathway 2 and 4 funds reflected a better year for corporate and government bonds.
- Performance over the 2 years for all Pathway funds should be considered in light of the turbulent market conditions experienced in 2022, when most equity, government bond and corporate bond markets fell over the year. In this market environment, the performance of Pathway 3 held up reasonably well, helped by its allocation to money market instruments. It should also be noted that Pathway 2 is designed to track the price of a guaranteed income stream (i.e. through purchasing an annuity) and over this period, while the performance of the fund was negative, the cost of purchasing an annuity also fell.

Customer Service – Green

- The customer service for Investment Pathways customers is carried out by the same teams that carry out all the other retirement-related servicing across Standard Life. The IGC monitors the associated performance data every quarter and the results for 2023 show acceptable levels of performance across retirement customer journeys against a challenging background for customer service.
- During 2023 the target service level for retirement customer demand measure that covers the setting up of an Investment Pathway was generally met.
- The IGC reviews complaints for Investment Pathways specifically and these have continued to remain extremely low.

As the IGC noted last year, we would like to be able to review focused management information specific to Investment Pathways and are pleased to note that the enhanced MI project will deliver during 2024. In the meantime, we believe it continues to be sufficient to monitor the aggregate data supplemented by complaints data which is specific to Investment Pathways.

The results of a comparative benchmarking study across a limited number of Investment Pathway propositions from other providers also supports our conclusion that there are no VFM issues arising from ReAssure customer servicing – either in terms of levels of service or range of servicing options and tools offered by the firm.

Communication and engagement

- Communications remain clear and understandable.
- However, independent benchmarking suggests that the “reading age” is often higher than would be desirable (this is also true of some competitors).
- The “fit for purpose” approach used by the firm is designed to ensure customers consistently receive good quality communications.
- Customer feedback is generally positive about the Investment Pathway customer journey although a fully online journey is not available.
- Many customers seem focused on using Investment Pathways to access their tax-free cash rather than focusing on longer term decisions about future income in retirement. All customers who take an action out of line with their Pathway choice are contacted and informed of the purpose of the Pathway and the risks of acting differently.
- Communications explain their purpose and set out the relevant information clearly and understandably. A comparative benchmarking study across a limited number of Investment Pathway propositions from other providers supported this conclusion.
- However, ReAssure has identified areas of emerging best practice which could enhance customer communications. The IGC is pleased to note that during 2023 work has started on improving customer communications for Investment Pathway customers and we look forward to these improved communications being made available to customers as soon as possible. The IGC would also encourage the firm to work with colleagues in Standard Life to ensure that improved customer communications are consistent for all Investment Pathways customers across the Phoenix group.

Following up inconsistent actions

ReAssure previously analysed data from customers who have taken up Investment Pathways since launch and has not found anything to suggest that customer behaviour is materially out of line with what might have been expected on the basis of the Pathway chosen.

However, there has been and continues to be a small proportion of customers who take cash after choosing an Investment Pathway that would have suggested this was not going to be their intention. This raises the question of whether the customers sufficiently understood the Pathway proposition and, if not, what changes should be made to the communications. Previous research indicates that customers who have behaved inconsistently to the Pathway they selected do understand the five year objective of the Pathway they have chosen. But they also know that they can access their fund at any time and are taking cash to deal with unexpected events. ReAssure continue to send warnings to such customers at the point of the inconsistent behaviour. These customers will also receive ongoing annual communications that highlight that their actions may mean their Pathway choice is no longer appropriate for their needs and they may wish to review it.

Investment services – Green

- The same high standards of oversight apply to the operation of the four Investment Pathway funds as applied to the other Standard Life designed funds within the IGC's scope. Quarterly governance reviews carried out during 2023 confirm that the funds were being operated as intended given the published fund descriptions.
- The design of Investment Pathway funds varies quite considerably across the market. As noted earlier, ReAssure has postponed its review of Investment Pathways. The IGC looks forward to that review taking place as soon as possible.

Key challenges for 2023

In the IGC's 2022 report we set a number of challenges for ReAssure for the 2023 year. Progress on these challenges is outlined below.

1. To review charging levels for all pension pots.

ReAssure did not review charging levels for Investment Pathways customers but will do this once the new business and service platform changes are complete. The IGC understands the operational rationale for this decision but from a customer perspective would like to see this review done as soon as possible.

2. To develop additional customer communications to confirm customer's choice of Pathway.

There is ongoing good work on communications but there is more to do.

3. To consider whether any design modifications would be appropriate concerning the risk-return trade-offs for each of the four Investment Pathways.

ReAssure did not consider any modifications during 2023. ReAssure plans to approach to review the design of their Investments Pathways in 2025 following the closure to new business. The IGC understands the operational rationale for this decision but from a customer perspective would like to see this review done as soon as possible.

4. To continue to develop Investment Pathway-specific customer servicing management information.

A project was established in 2023 to ensure the requirements of PS 21/12 are met. As part of this project there has been significant work undertaken throughout the year to split out this servicing data. The IGC has had regular updates on this work and looks forward to the project output being in use 2024.

Final Comments

ESG

The four ReAssure Investment Pathway funds do not as yet have any particular ESG features. They are, however, included within the overall approach to Responsible Investment that applies across all the IGC in-scope funds where ReAssure makes the investment decisions that impact customer returns. The IGC has rated ReAssure Green for this performance area over 2023, as can be seen elsewhere in this report.

IGC approach to VFM comparison

FCA Regulations require IGC to assess Investment Pathway investments to produce a value for money assessment that is useful for Pathway investors but is also appropriate and proportionate in the circumstances. This can be done on a) an individual basis, b) an aggregated basis (i.e. using cohorts of sufficiently similar invest Pathway investments) or c) a combination of both.

Much of the ReAssure Investment Pathway proposition is common whichever Investment Pathway option is chosen. For example, the customer journey to access Investment Pathways or the annual statement mailing. The IGC therefore believes it makes sense to carry out the investment value for money assessment at the level of the overall proposition.

On the other hand, charges across the market vary by size of pension pot and in some cases also by which Investment Pathway option is chosen so our analysis of costs and charges is on a more granular basis and reflects both pot size and fund chosen. We have used publicly-available data for a wide selection of other Investment Pathway providers for FM assessment of costs and charges investment performance and some areas of investment service. For the other value for money areas, we have used internal MI supplemented by detailed comparative results from a specially commissioned benchmarking exercise amongst a relatively small number of Investment Pathway propositions.

Supporting Material

- A. Costs and Charges [↗](#)
- B. Investment Performance and Services [↗](#)
- C. Communication and Engagement [↗](#)
- D. ESG and Stewardship [↗](#)
- E. Value for Money Assessment [↗](#)

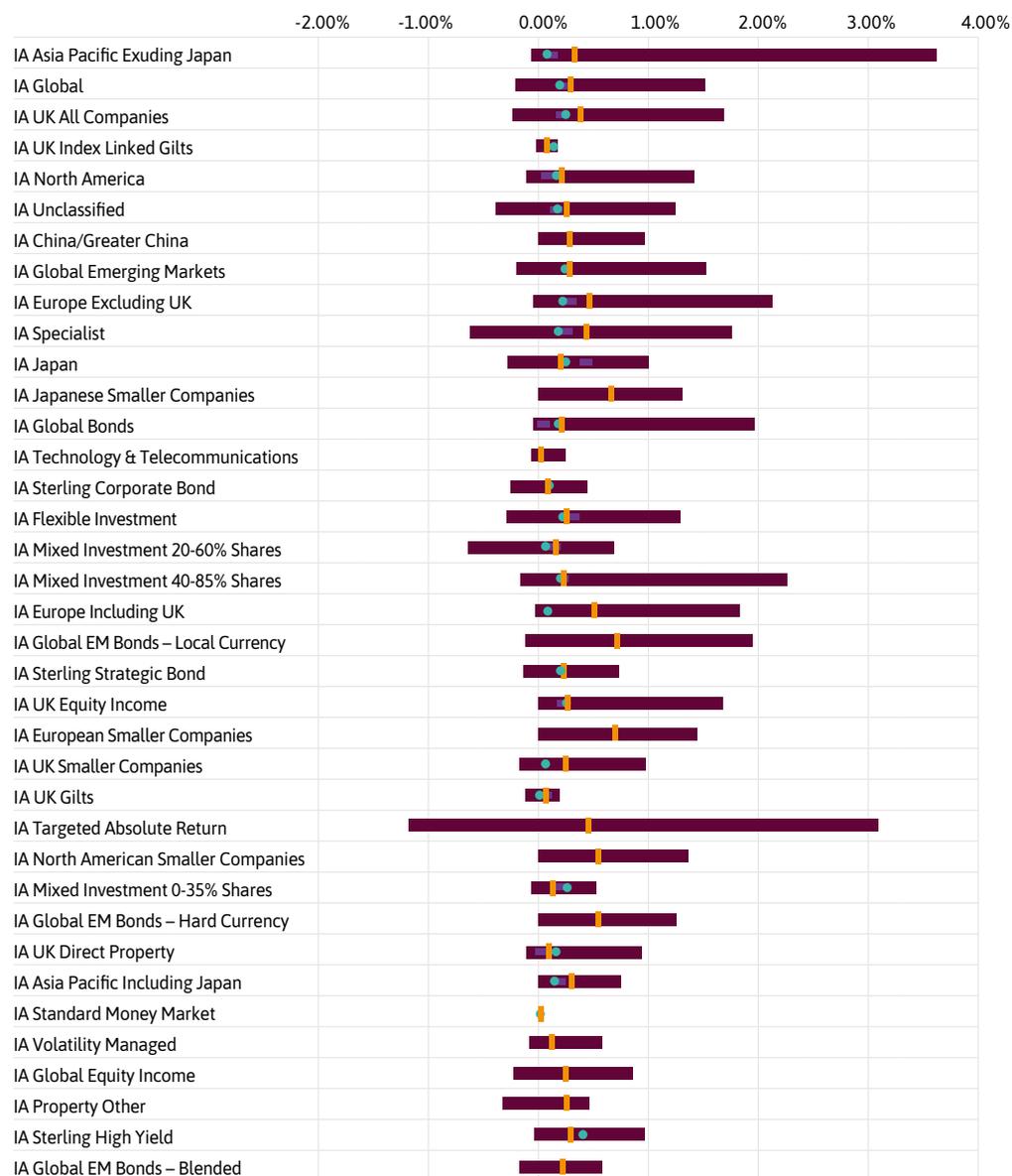
Supporting Material

Costs and Charges



Supporting Material

Costs and Charges

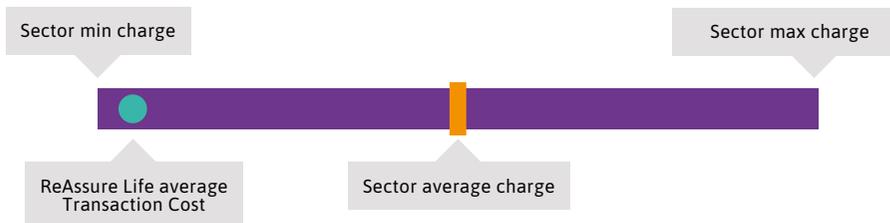


Transaction cost – benchmarking

The chart illustrates that the average ReAssure transaction costs relative to those of other companies in the market are within normal market ranges for funds with a similar strategy, albeit that market participants may use a range of different interpretations and methodologies.

Methodology

- The chart shows the range of transaction costs being reported in the Investment Association (IA) sectors.
- Each bar demonstrates the minimum, maximum and average transaction cost reported for each IA sector.
- The average ReAssure insured fund transaction cost has been overlaid for comparison purposes. Insured funds have been aligned to IA sectors based on their respective ABI sector. Where no average is shown, there is either no comparable ABI sector or no ReAssure fund within scope in that sector.



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 across all employer arrangements. (Last year's report only considered this across default products.) Customers can see from their annual benefit statement the name of the fund in which they are invested. For example, the table shows that if you are invested in the Managed 6 Fund, around 34% of customers using that fund by default pay charges of between 0.60% and 0.75% per annum.

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. Of the cases where the charges are above 1% per annum, this is due to initial units and third party fund charges 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
Managed 6	0.6%	2.3%	3.9%	17.5%	34.0%	9.9%	14.9%	16.9%	0.0%	0.0%	0.0%	0.072343%
L&G Managed Fund	3.5%	14.2%	34.2%	27.1%	8.1%	4.3%	4.5%	4.0%	0.1%	0.0%	0.0%	0.072343%
L&G UK Equity Index Fund	6.0%	21.3%	16.8%	22.2%	14.6%	4.4%	6.2%	8.4%	0.1%	0.0%	0.0%	-0.010007%
Global Equity Index Tracker LStyle	3.0%	0.3%	0.0%	0.7%	0.7%	1.0%	2.0%	92.0%	0.2%	0.1%	0.0%	0.031499%
L&G Fixed Interest Fund	3.7%	17.5%	28.2%	22.1%	12.4%	4.5%	5.6%	5.8%	0.1%	0.0%	0.0%	0.015771%
L&G Distribution Fund	2.7%	27.0%	13.8%	25.4%	9.6%	5.7%	7.9%	7.4%	0.6%	0.0%	0.0%	0.094116%
Managed 5	1.6%	0.8%	4.4%	3.3%	10.1%	22.3%	35.2%	22.3%	0.0%	0.0%	0.0%	0.072343%
UK Equity Index 6	0.4%	1.5%	3.1%	59.9%	18.6%	4.3%	4.9%	7.2%	0.0%	0.0%	0.0%	-0.010007%
L&G Consensus Fund	2.1%	28.6%	44.4%	11.3%	3.5%	1.4%	4.9%	3.8%	0.1%	0.0%	0.0%	-0.002271%

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
Special Deposit 6	37.3%	17.1%	13.0%	7.2%	5.9%	1.8%	7.6%	10.0%	0.0%	0.0%	0.0%	0.000000%
Unitised-With Profits Pen Gen 2 CAI	1.3%	0.6%	0.6%	1.1%	10.0%	20.6%	47.9%	18.0%	0.0%	0.0%	0.0%	0.169658%
L&G Cash Fund	4.6%	17.4%	27.6%	22.9%	11.8%	4.6%	5.2%	5.8%	0.2%	0.1%	0.0%	-0.028074%
Global Eq Fixd Ws 50:50 Index Fund	1.0%	9.3%	77.3%	6.6%	3.3%	0.8%	0.8%	0.8%	0.1%	0.0%	0.0%	0.000673%
Global Eq Fixd Weigh 60:40 Index Fund	2.6%	18.8%	52.1%	13.6%	6.0%	1.4%	3.3%	1.9%	0.1%	0.0%	0.0%	-0.001334%
L&G (PMC) Multi-Asset Fund	6.5%	19.8%	32.5%	33.7%	2.3%	0.7%	1.0%	3.4%	0.0%	0.0%	0.0%	0.000000%
Equity 6	0.7%	2.2%	3.7%	33.3%	26.9%	7.8%	12.3%	13.1%	0.0%	0.0%	0.0%	0.291808%
UK All Company Tracker	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	1.0%	98.7%	0.0%	0.0%	0.0%	0.044982%
OMR Index Balanced S2	6.0%	41.4%	19.8%	14.0%	11.1%	1.1%	1.4%	0.6%	3.7%	0.6%	0.3%	0.021800%
Unitised-With Profits Pen Gen 2	9.6%	9.8%	19.1%	19.0%	13.6%	4.3%	8.8%	15.7%	0.0%	0.0%	0.0%	0.169658%
Unitised-With Profits Pen Gen 4	2.1%	0.6%	2.0%	24.2%	25.9%	9.5%	16.8%	18.9%	0.0%	0.0%	0.0%	0.169658%
Fixed Interest 6	0.3%	0.6%	2.1%	47.8%	25.3%	6.6%	6.7%	10.6%	0.0%	0.0%	0.0%	0.015771%
UK All Company Tracker LStyle	0.0%	0.0%	3.2%	0.1%	1.0%	1.4%	2.1%	92.2%	0.0%	0.0%	0.0%	0.044982%

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
Special Deposit 5	38.9%	4.4%	12.2%	9.0%	8.5%	4.5%	8.4%	14.1%	0.0%	0.0%	0.0%	0.000000%
L&G Global Equity 70:30 Index Fund	6.7%	23.7%	23.1%	16.1%	11.3%	5.3%	5.9%	7.4%	0.4%	0.0%	0.0%	-0.002905%
OMR Prof Index Balanced	2.1%	0.5%	2.7%	8.7%	16.7%	11.5%	13.5%	26.3%	12.5%	2.4%	3.0%	0.305917%
OMR QI Cirilium Balanced Blend Port	20.9%	1.3%	1.0%	1.2%	1.6%	1.9%	2.6%	7.6%	48.3%	6.9%	6.6%	0.219082%
L&G Property Fund	3.2%	12.0%	11.6%	15.7%	19.5%	10.7%	11.6%	13.4%	2.0%	0.2%	0.2%	0.040440%
Pensions Balanced	0.3%	0.0%	0.0%	0.0%	0.1%	0.2%	0.8%	98.6%	0.0%	0.0%	0.0%	0.102065%
L&G US Equity Index Fund	5.6%	21.6%	17.6%	10.7%	18.2%	9.8%	9.4%	5.9%	1.3%	0.0%	0.0%	0.007684%
BNY Mellon Global Equity Fund	1.7%	7.2%	10.8%	13.1%	21.0%	13.6%	13.4%	13.0%	5.9%	0.1%	0.1%	0.276279%
L&G International Fund	6.1%	23.7%	16.5%	13.6%	14.0%	8.4%	9.8%	6.7%	1.1%	0.0%	0.1%	0.095996%
Global Equity Index Tracker	0.1%	0.0%	0.0%	0.1%	0.2%	0.4%	4.0%	91.6%	3.4%	0.1%	0.0%	0.031499%
L&G North American Fund	3.2%	19.9%	16.7%	13.9%	17.7%	9.6%	9.5%	7.0%	1.8%	0.7%	0.1%	0.055832%
Balanced	0.0%	0.0%	0.0%	0.0%	0.2%	1.0%	4.4%	90.7%	2.9%	0.6%	0.2%	0.102065%
Managed (B)	0.2%	11.4%	54.0%	14.6%	11.3%	1.8%	2.3%	4.4%	0.0%	0.0%	0.0%	0.102065%

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
OMR Prof QI Cirilium ModBldPfl	2.3%	0.2%	0.2%	1.3%	1.6%	3.9%	10.1%	25.9%	25.7%	17.0%	11.7%	0.198945%
North American 6	0.3%	3.5%	3.5%	47.0%	27.6%	5.6%	4.1%	8.5%	0.0%	0.0%	0.0%	0.055832%
L&G Far Eastern Fund	3.0%	19.9%	17.2%	14.8%	17.8%	8.7%	8.4%	7.4%	2.0%	0.4%	0.4%	0.373137%
BNY Mellon Multi-Asset Balanced Fund	2.3%	2.9%	7.7%	11.1%	17.6%	12.9%	18.3%	23.7%	3.4%	0.0%	0.0%	0.047801%

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. (Last year's report only considered this across default products.) Customers can see from their annual benefit statement the name of the fund in which they are invested.

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 funds only have a small number of employer arrangements invested 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	9.7%	21.2%	45.3%	9.7%	5.0%	2.9%	3.2%	2.9%	0.0%	0.0%	0.0%	0.072343%
Global Equity Index Tracker LStyle	0.1%	0.1%	0.0%	0.0%	0.6%	0.3%	0.7%	98.2%	0.0%	0.0%	0.0%	0.031499%
UK All Company Tracker	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	99.6%	0.0%	0.0%	0.0%	0.044982%

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	13.2%	25.6%	37.0%	11.4%	5.1%	3.3%	1.8%	2.6%	0.0%	0.0%	0.0%	0.015771%
L&G UK Equity Index Fund	14.4%	24.6%	36.9%	8.6%	4.8%	3.2%	5.9%	1.6%	0.0%	0.0%	0.0%	-0.010007%
UK All Company Tracker LStyle	0.0%	0.0%	0.5%	0.0%	0.6%	0.9%	0.5%	97.5%	0.0%	0.0%	0.0%	0.044982%
L&G (PMC) Multi-Asset Fund	7.8%	16.9%	66.2%	6.5%	0.0%	2.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.000000%
L&G Consensus Fund	6.0%	32.5%	37.3%	7.2%	7.2%	1.2%	4.8%	3.6%	0.0%	0.0%	0.0%	-0.002271%
Global Eq Fixd Ws 50:50 Index Fund	15.4%	38.5%	33.3%	5.1%	0.0%	2.6%	5.1%	0.0%	0.0%	0.0%	0.0%	0.000673%
L&G Distribution Fund	12.0%	17.6%	38.4%	16.0%	5.6%	1.6%	5.6%	3.2%	0.0%	0.0%	0.0%	0.094116%
Managed (B)	0.5%	16.7%	43.0%	17.2%	10.5%	1.4%	4.0%	6.7%	0.0%	0.0%	0.0%	0.102065%
Pensions Balanced	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	99.1%	0.0%	0.0%	0.0%	0.102065%
Global Equity Index Tracker	0.2%	0.0%	0.0%	0.1%	0.4%	1.3%	1.3%	96.7%	0.0%	0.0%	0.0%	0.031499%
L&G Cash Fund	22.5%	24.4%	32.9%	8.5%	3.9%	3.3%	2.6%	2.0%	0.0%	0.0%	0.0%	-0.028074%
Balanced	0.3%	0.0%	0.0%	0.0%	0.4%	1.7%	2.7%	94.8%	0.0%	0.0%	0.0%	0.102065%
Global Eq Fixd Weigh 60:40 Index Fund	16.9%	33.9%	23.7%	8.5%	6.8%	1.7%	8.5%	0.0%	0.0%	0.0%	0.0%	-0.001334%

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
Managed 6	7.0%	0.0%	0.0%	24.6%	45.6%	15.8%	3.5%	3.5%	0.0%	0.0%	0.0%	0.072343%
L&G Global Equity 70:30 Index Fund	12.0%	34.0%	40.0%	4.0%	4.0%	0.0%	4.0%	2.0%	0.0%	0.0%	0.0%	-0.002905%
L&G US Equity Index Fund	21.7%	30.4%	37.0%	4.3%	4.3%	0.0%	2.2%	0.0%	0.0%	0.0%	0.0%	0.007684%
L&G International Fund	26.7%	21.7%	31.7%	6.7%	8.3%	1.7%	1.7%	1.7%	0.0%	0.0%	0.0%	0.095996%
L&G North American Fund	17.9%	35.7%	28.6%	5.4%	5.4%	3.6%	1.8%	1.8%	0.0%	0.0%	0.0%	0.055832%
BNY Mellon Global Equity Fund	4.2%	0.0%	39.6%	20.8%	31.3%	2.1%	2.1%	0.0%	0.0%	0.0%	0.0%	0.276279%
L&G Property Fund	11.7%	33.0%	27.7%	10.6%	5.3%	4.3%	4.3%	3.2%	0.0%	0.0%	0.0%	0.040440%
L&G Far Eastern Fund	13.5%	36.5%	28.4%	12.2%	5.4%	4.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.373137%
Unitised-With Profits Pen Gen 2	52.4%	14.3%	9.5%	0.0%	19.0%	4.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.169658%
BNY Mellon Multi-Asset Balanced Fund	9.1%	6.1%	24.2%	21.2%	30.3%	0.0%	0.0%	6.1%	3.0%	0.0%	0.0%	0.047801%
Special Deposit 6	92.9%	7.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.000000%
OMR QI Cirilium Balanced Blend Port	5.0%	0.0%	0.0%	1.7%	0.0%	3.3%	3.3%	11.7%	68.3%	3.3%	3.3%	0.219082%

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
Unitised-With Profits Pen Gen 4	7.7%	0.0%	15.4%	46.2%	30.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.169658%
Equity 6	0.0%	0.0%	0.0%	50.0%	37.5%	0.0%	12.5%	0.0%	0.0%	0.0%	0.0%	0.291808%
Managed 5	0.0%	0.0%	0.0%	0.0%	60.0%	40.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.072343%
OMR Prof QI Cirilium ModBldPfl	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	33.3%	16.7%	50.0%	0.0%	0.0%	0.198945%
Unitised-With Profits Pen Gen 2 CAI	0.0%	0.0%	0.0%	0.0%	37.5%	62.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.169658%
Fixed Interest 6	6.7%	0.0%	0.0%	40.0%	40.0%	0.0%	6.7%	6.7%	0.0%	0.0%	0.0%	0.015771%
OMR Prof Index Balanced	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	0.0%	0.305917%
North American 6	0.0%	0.0%	12.5%	12.5%	75.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.055832%
UK Equity Index 6	0.0%	0.0%	0.0%	50.0%	25.0%	25.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.010007%
OMR Index Balanced S2	50.0%	0.0%	50.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.021800%
Special Deposit 5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Supporting Material

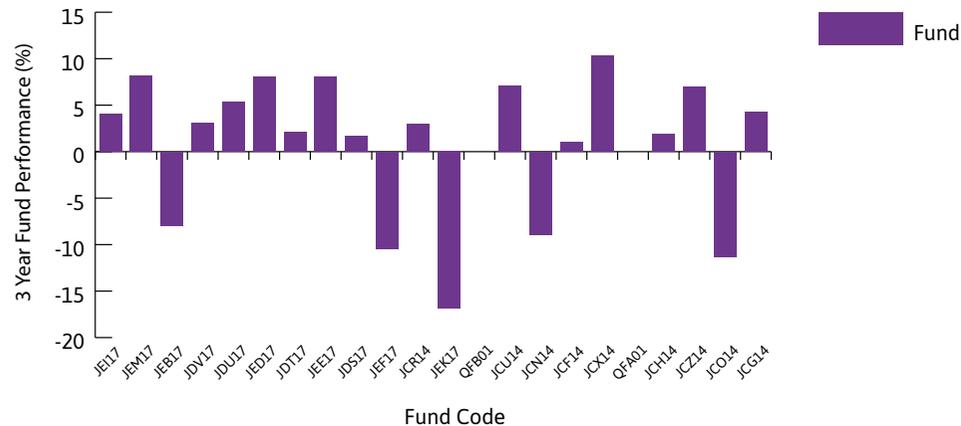
Investment Performance and Services



Supporting Material

Investment Performance and Services

3 year performance for Auto-Enrolment Default funds

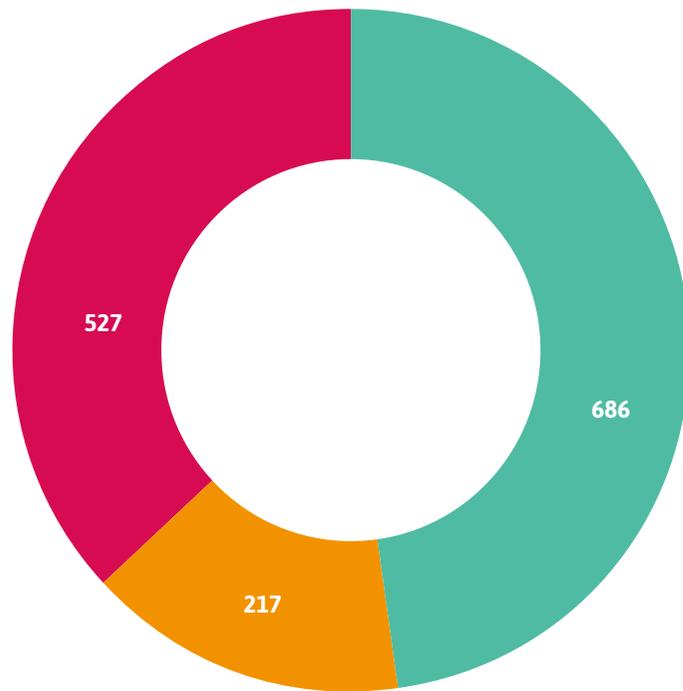


*Daily data sourced from Morningstar.

'Auto-enrolment Default Funds' are those funds which are used for auto-enrolment of workplace pension schemes, plus those which are part of a life-style strategy.

Fund	Fund Code
L&G Managed Fund	JEI17
L&G UK Equity Index Fund	JEM17
L&G Fixed Interest Fund	JEB17
L&G Distribution Fund	JDV17
L&G Consensus Fund	JDU17
Global Equity Fixed Weights 50:50 Index Fund	JED17
L&G Cash Fund	JDT17
Global Equity Fixed Weights 60:40 Index Fund	JEE17
L&G (PMC) Multi-Asset Fund	JDS17
L&G Index Linked Gilt Fund	JEF17
L&G Index Linked Gilt Fund (GEN 14)	JCR14
L&G Consensus Fund (GEN 14)	JEK17
L&G Over 15 Year Gilts Index Fund	QFB01
Unitised-With Profits FPF2	JCU14
L&G UK Equity Index Fund (GEN 14)	JCN14
L&G Fixed Interest Fund (GEN 14)	JCF14
L&G Cash Fund (GEN 14)	JCX14
L&G US Equity Index Fund (GEN 14)	QFA01
Unitised-With Profits FPF1	JCH14
L&G Distribution Fund (GEN 14)	JCZ14
Global Equity Fixed Weights 60:40 Index Fund (GEN 14)	JCO14
L&G Index Linked Gilt Fund (GEN 14)	JCG14
L&G Consensus Fund (GEN 14)	JCG14

RAG rating by number of funds (3 Years)



Green – outperformed ABI (>)

Amber – underperformed
against ABI (Between 0% and -1%)

Red – Underperformed against ABI (<-1%)

Summary (Proportion of overall fund range in each Quartile)	Quartile rankings		
	5 Year	10 Year	15 Year
Quartile Summary (% of Ranked funds in each quartile over stated periods)			
Quartile 1	27%	26%	30%
Quartile 2	25%	25%	24%
Quartile 3	24%	24%	26%
Quartile 4	24%	25%	20%

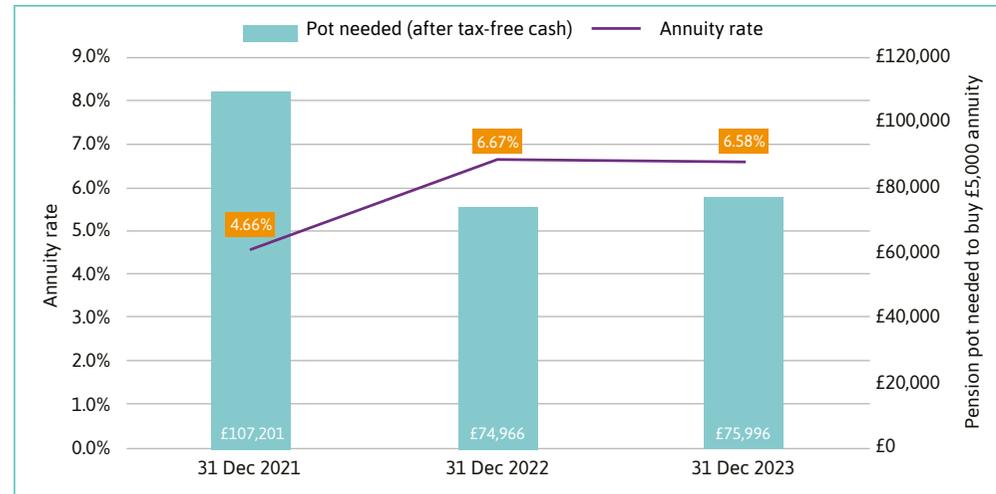
Source – Morningstar and ReAssure.

Total number of funds in-scope	1459	1337	1017
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Source: Quartile rankings and ABI Pension Sector: FE. The rankings range from 1 to 4, with 1 representing those funds within the top 25% of sector and 4 those funds within the lowest 25% of their sector. Where funds are in the ABI Unclassified and Specialist sector, Quartile rankings are not appropriate due to the diverse nature of their components.

The following chart shows how changes in annuity rates as well as the size of any investment pot affects the amount of annuity which you could purchase at different points in time. In brief, although stock markets fell in 2022 and recovered in 2023, the higher annuity rates available in the market place were also important to determine final outcomes for those entering retirement.

Source: Phoenix Group (best in market rates for a 65 year old, single life, level contract with a 5 year guarantee at an average postcode).



Background on the Redington survey

Several years ago, the ReAssure IGC (now aligned with the Phoenix IGC) began work with Redington, a firm of investment consultants. The aim was to devise a framework for assessing the ongoing Value for Money for relevant policyholders included in workplace pension arrangements. This comparative data study has developed over time; last year Redington worked with eight major pension providers, including ReAssure and the Phoenix Group. Altogether these companies provide pensions for over 15 million people involving more than £300 billion of assets under management.

The purpose of the study is to make an assessment which can be used by IGCs as an input into the work required to comply with their regulatory duties as set out by the regulator, the FCA. It compares both investment and non-investment data using a variety of metrics, standards and disclosures, examining data supplied by Standard Life, Phoenix Life, ReAssure and the other major providers. In the Investments area, items covered in the study included: an assessment of flagship default strategies, active/passive building blocks, risk vs. return profiles, strategic asset allocation across all the major markets, and performance during the 'growth', 'de-risking' and 'at retirement' phases of investing. Performance data examined returns over different time periods, the volatility of returns and the maximum drawdown. Such industry benchmarking is very useful for the IGC, as it enables us to compare a variety of important issues across an array of key products or default funds.

The Redington report made some general conclusions which the IGC and the company will consider. For example, currently full fund withdrawal is the most popular ways of accessing defined contribution pension savings (nearly 60% according to recent FCA data). Despite this, most policy holders in the study are invested in a default fund that targets flexible drawdown. This raises an interesting debate about whether default design should reflect current or future customer behaviour. The IGC will consider this issue in its discussions with the company.

Supporting Material

Communication and Engagement



Fit for Purpose Protocol

1. What is the PURPOSE of this communication and desired outcome for:

- i. the provider
- ii. the customer

(NB: purpose could be to provide information, inform a decision, prompt action or give comfort that an existing decision is still fine)

2. How are the contents FIT for the identified PURPOSE – that is:

- i. contains at least the minimum information required for the identified purpose, or indeed more than the minimum if it can make the document more accessible and/or appealing
- ii. how the minimum information (and anything additional) has been tailored to the characteristics, needs and objectives of the customer e.g. age, sex, risk appetite, level of financial understanding.

3. How has the communication been designed and/or presented to make it as accessible and appealing as possible to the relevant customer? (E.g. appropriate reading age, colour, use of diagrams etc.)?

4. What evidence exists to demonstrate that the desired outcome has been achieved? (i.e. customer research re extent to which the communication has been i. read; ii. understood; and iii. acted upon).

Supporting Material

ESG and Stewardship



Supporting Material

ESG and Stewardship

In the **ESG and Stewardship** sections of the **Key Messages** [↗](#) and **Further Commentary** [↗](#) parts of the report, we listed some of the key developments that ReAssure and the wider Phoenix Group have put in place during 2023. The purpose of what follows in this part of the report is to explain a bit more about the framework that is in place and what has been done to strengthen it in 2023 and why the IGC continues to be impressed with the progress made.

The Phoenix Group sustainability strategy

Phoenix Group, of which Phoenix Life is a part, is (to quote their 2022 Sustainability Report):

“a purpose-led organisation that strives to be an uncompromising force for good in our society, while maximising value for our customers and investors.”

The 2023 Sustainability Report (published in March 2024 and available [here](#) [↗](#)) explains how the Group’s purpose of **“helping people secure a life of possibilities”** and its vision **“to be the UK’s leading retirement savings and income business”** is delivered through three strategic priorities (**“Grow”, “Optimise” and “Enhance”**) and a three-component **“sustainability strategy”** encompassing:

1. **People:** “We want to help people live better longer lives. This means tackling the pension savings gap and supporting people to have better financial futures through promoting financial wellness and the role of good work and skills”;
2. **Planet:** “We want to help shape a better future. This means delivering good outcomes for our customers, playing a key role in delivering a net zero economy by 2050 and reducing our impact and dependency on nature”; and
3. **Building a sustainable business:** “We are committed to embedding sustainability and best practice governance to maintain high standards of oversight, integrity and ethics.”

The Group's approaches to sustainable investing and stewardship are seen as key enablers to fulfilling its business strategy, purpose and vision. To quote from the 2023 Stewardship Report (also published in March 2024 and available [here](#) 

- “We believe that considering ESG factors makes our portfolios more resilient over the long-term. This is why our series of policies defines our expectations of asset management partners on integration, engagement and voting practices.”
- “We support effective stewardship of our customers' and shareholders' assets based on dialogue, feedback, relationships and clear outcomes-oriented objectives to foster more sustainable returns. This applies to us when we conduct activities through our stewardship team and it is part of our expectations of asset managers who undertake interactions with investee companies on our behalf.”

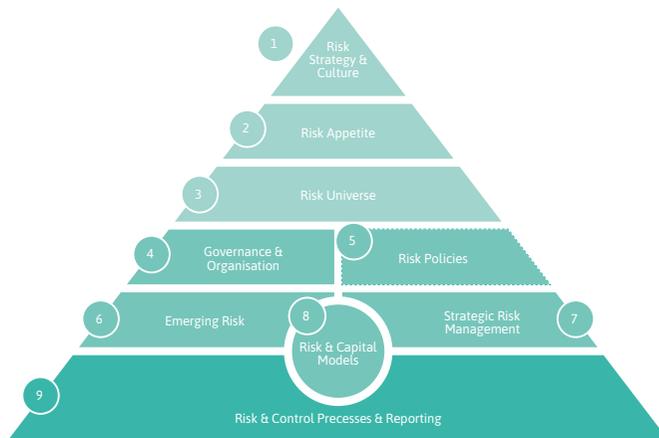
The IGC continues to be pleased to see such a strong “tone from the top” on ESG issues, with its strong focus on customer interests and outcomes.

Strengthened policy framework

That Phoenix Group is serious about following through on these commitments can be seen from the way Responsible Investment considerations have been built into the Group's Risk Management Framework (RMF). The RMF sets out how the Group identifies, manages, monitors and reports on the risks to which it is, or could be, exposed, including climate-related risks. The diagram below summarises how climate change is reflected across the Group's RMF.

Phoenix Group Responsible Investment (RI)

Embedded within the Group Risk Management framework



1. Risk strategy and culture The Group's Risk strategy is: 'To take rewarded risks which are understood, managed effectively and consistent with our overall Social Purpose and Enterprise Strategy'. This includes ensuring climate risk is appropriately considered and managed throughout the Group Strategy.

2. Risk appetite Climate risk is considered as a key component of Sustainability risk, which is a Tier 1 risk in the Group's Risk Appetite Framework and has a defined risk appetite. Climate risk is also embedded into the risk appetites of other key risks to ensure it is considered throughout the business. A climate change specific risk appetite is to be developed over 2024.

3. Risk Universe The Group considers climate change as a cross-cutting risk within the Sustainability Risk Management Strategy component of its Risk universe as the risk can manifest in many ways and can potentially impact all risk categories underlying the risk universe.

4. Risk policies The Group Risk Policy Framework supports the delivery of the Group's Social Purpose and Enterprise Strategy by establishing the

operating principles and the expectations for managing the key risks. This is supported by each material risk having an associated Group risk policy to ensure complete coverage of each of the Group's material risks.

5. Governance and organisation Governance of climate risk is led by the Board Risk Committee and Board Sustainability Committee, plus supporting management committees. In addition, there is clarity on the roles and responsibilities across the three lines of defence model.

6. Emerging risks Climate and sustainability risks continue to be monitored via the Group's established emerging risk processes. This currently includes nature risk and greenwashing risk as key emerging sustainability risks for the Group and the wider industry.

7. Strategic risk management The impact of climate change is considered as part of the Line 2 oversight of strategic developments. This is largely performed via the Annual Operating Plan ('AOP'), Own Risk and Solvency Assessment ('ORSA'), contingent/management actions assessments and the Stress and Scenario Testing programme. Annual climate scenario analysis looks at a range of transition and physical risk scenarios to determine whether they would threaten the ongoing viability of the Group and how the Group would respond to them.

8. Risk and capital models External tools and data have been sourced to support carbon footprinting and climate scenario analysis and models continue to be further developed to understand the potential implications of climate risk and Group's exposure to it.

9. Risk and control processes A climate risk dashboard covering key climate risks is integrated into regular risk reporting for the Life and Group Board committees. Minimum control standards relating to climate risk are also in place for key policies. Deep dives have been performed to ensure the risk and control processes remain appropriate for the evolving climate risk environment. In 2023, this included an external/independent review to assess the greenwashing risks the business may face and the controls in place to mitigate those risks.

The Group Risk Policy Framework is a key component of the RMF. Group risk policies support the delivery of the Group's strategy by establishing the operating principles and expectations for managing the key risks to the Group's business. They set the risk appetite within which these key risks should be managed and the minimum control standards that the business must adhere to in order to operate within the stated risk appetite.

The Group has six "macro" Risk Appetite Statements that shape what is done across the whole Group. They set out the Group's approach to Capital, Liquidity, Shareholder Value, Control, Conduct and Sustainability. The Sustainability statement is particularly relevant to this section of the IGC report:

“Sustainability – The Group seeks to be a leader in informing system change on the key sustainability issues linked to our purpose and strategy. We want to use our position in the market to drive positive change for customers and wider society over the long term. Our Sustainability Strategy is designed to take advantage of sustainability opportunities and manage sustainability risks in a way that is transparent, affordable, and aligned with good customer outcomes and regulatory requirements.”

The IGC sees this as particularly significant, as it puts sustainability (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.

Following on from this, a number of key supporting documents have been produced, setting out how these aspirations and commitments become embedded in business operations:

- The **Sustainability Risk Policy** for the Group;
- A more detailed set of **Responsible Investment Principles and Practices** that apply to customer investment decisions;
- An **Investment Exclusion Policy** setting out the principles that should guide the focused use of portfolio exclusions alongside other ESG engagement and investment strategies;
- A **Stewardship Policy** for the Group;
- A set of **Global Voting Principles** that summarise Phoenix Group's high-level beliefs and expectations of good corporate governance, environment and social practices that should be followed by the Group's asset management partners;
- A **Human Rights Policy** for the Group, that includes reference to collaboration with the Group's asset management partners to integrate human rights considerations into the investment processes and support effective stewardship of assets;
- A document setting out **ESG expectations of companies on Key Sustainability Issues**, consistent with the expectations set out in the Global Voting Principles; and
- A **Sustainable Investment Risk Policy** for the Group.

All these documents were reviewed and updated in 2023. In addition, the following new documents were introduced:

- A **Classification Framework for Private Markets** that applies to the investments in private markets for Phoenix Group; and
- A document entitled **Our Approach to ESG Integration** that sets out ReAssure's approach to integrating ESG into its investment analysis and decision-making.

The **Sustainability Risk Policy** sets the control objectives relating to the management of sustainability risks throughout the Group. The document is one of a group of risk policies and intends to identify and manage potential sustainability risks. Sustainability risk is defined as financial failure, poor customer outcomes, reputational loss, loss of earnings and/or value arising from a failure to manage the impacts of ESG matters on the Group strategy and the impacts of the Group on ESG issues. Amongst the key highlights in the policy from the perspective of the IGC's scope are the following:

- The policy confirms that Phoenix Group has a “very low appetite” for failing to maintain and continually evolve an adequate and effective Responsible Investment Philosophy and for failing to maintain an appropriate framework to integrate sustainability activities in the investment activities of the business;
- The policy requires that the Group's Responsible Investment Philosophy is reviewed, embedded, monitored, reported on, and action progressed in a timely manner across the Group, overseen by the relevant governance committees;
- It also requires the setting of sustainable investment targets, providing regular updates and tracking, continually striving for improvement in order to aid in the delivery of the overarching sustainability strategy; and
- The policy requires the Group to maintain a suitable level of expertise, relevant governance documentation, and appropriate management of investment activity within the business in order to integrate sustainability activities in the investment activities of the business.

The **Approach to ESG Integration** is a public document, available on the Group's [website](#) . It sets out ReAssure's commitment to Responsible Investment, and what that means in practice. The approach document applies to all the Group's investment portfolios across with-profits, unit-linked and non-profit policies, where Phoenix Group has the ability to determine the investment strategy and investment guidelines that apply. Where customers choose to invest in externally-managed investment options, then ReAssure has less influence over the ESG policies followed.

The IGC recognises this distinction, but continues to encourage ReAssure to make the most of whatever influence it might have in the latter situations.

Central to ReAssure's approach is its commitment to the United Nations-supported Principles of Responsible Investment (PRI). Phoenix Group became a signatory to the PRI towards the end of 2020, one of the first insurance groups in the UK (rather than just the fund management subsidiary) to do so. Phoenix Group are therefore 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.

Phoenix Group requires all the fund managers that it uses to be signatories of the UN PRI too, and to have the necessary resources and operational structure to embed ESG considerations into their investment and decision-making processes. There is a regular programme of oversight in place to ensure that fund managers are delivering to these standards.

The **Responsible Investment Principles and Practices** were first published in 2020, building on the September 2019 Standard Life (another brand within the Phoenix Group) publication entitled: “Integrating a responsible approach to your pension investments”. They set out a more clear and more measurable set of outcomes that Phoenix Group is targeting in respect of customers’ investments.

- There are six principles, that set out the key objectives in all the relevant areas – e.g. how ESG impacts investment strategy decisions and how they are implemented; how customer views are taken into account; what Phoenix expects of the fund managers it appoints etc. – See box opposite.
- Each Principle is accompanied by a number of Practices that explain the specific actions that follow from the Principles.
- The Principles are not expected to change often. However, they are kept under regular review, and any changes would need to be approved by the Investment Committee and/or the Board. Minor revisions were made to some of them in 2022, to improve clarity and emphasise the need for asset manager partners to continually enhance their practices in this important area.
- The Practices are expected to evolve as the business environment changes. Any change will follow formal consultation with the management responsible for the relevant blocks of business and/or processes. Material changes to the practices would need approval from the Investment Committee and/or the Board. Minor changes were made to some of the Practices in 2022, to reflect the escalation process with asset manager partners in case of poor performance on ESG practices, and also the current process for the customer survey on Ethical funds.
- The Principles and Practices apply to all policyholder assets of the Phoenix Group, but not to External Fund Links (EFLs) that ReAssure, particularly ReAssure Life Limited, provides some customers on a self-select basis, as ReAssure has no direct control over how these funds are run.

The 6 Principles in the “Principles and Practices – Responsible Investment for Policyholder Assets”

Principle 1 – Strategy

We invest responsibly with ESG risks and opportunities incorporated into our investment analysis and decision-making processes. We will hold investments where we and our asset managers have considered and assessed financially material ESG risks and opportunities. We also consider non-financial risks where appropriate in our investment decisions.

Principle 2 – Customer voice

We actively seek views from customers and reflect these in our fund range and investment strategies, as there are many who want to invest in ways that align to their own values.

Principle 3 – Asset manager selection

We only appoint asset managers who meet our minimum requirements or align with them in an agreed timeframe. We ensure that existing and new asset managers keep enhancing their practices in alignment with our expectations through our due diligence processes.

Principle 4 – Active stewardship

We are responsible asset owners and actively foster effective stewardship of all investments that are managed on our behalf. We promote good ESG practices by investee companies through engagement activities conducted internally and through our asset managers. We monitor our asset managers’ voting policies and practices.

Principle 5 – Disclosure and reporting

We seek appropriate disclosures on ESG issues and responsible investing practices from the asset managers with whom we invest and partner. We also report on activities and progress relating to our own principles and practices in an open and transparent way.

Principles 6 – Industry leader

We strive to play a leadership role in Responsible Investing and liaise with industry bodies in order to be at the forefront of industry development. We will promote Responsible Investing within our industry, using our voice as a large insurer and long-term global investor to influence and drive change throughout the industry.

The IGC was very pleased when these Principles and Practices were developed, as we had been pushing for some time for a clearer articulation of what impact ESG considerations and Stewardship is actually having on the pension savings of in-scope customers. The 2022 changes were helpful developments, improving clarity and reflecting the strengthened framework that is now in place.

The Investment Exclusions Policy was first published in September 2021. It starts from the Phoenix Group's commitment to "putting Sustainability at the heart of its business by integrating environmental, social and governance factors (ESG) into the investment process", but recognises that there may be times when it is better not to invest at all in certain companies or industries, rather than investing and trying to push for positive change from within.

The policy sets out four principles which, if satisfied, would be expected to lead to those assets being excluded from investment portfolios controlled by Phoenix:

Principle 1: Sectors or companies that face acute social or environmental challenges that are very likely to translate into financially material risks;

Principle 2: Sectors or companies where Phoenix Group do not believe that engagement will be effective;

Principle 3: Sectors or companies that do not adhere to international standards of minimum acceptable behaviour as identified in relevant international treaties and United Nations initiatives; and

Principle 4: Sectors or companies that do not align with Phoenix's pledges and commitments, corporate values and present reputation risk.

"Exclusion" means that Phoenix will not make additional investments and will sell existing holdings from in-scope portfolios within 12 months. The policy also allows for a waiver process to be followed where particular extenuating circumstances suggest that a particular asset or sector should not be excluded at that time (for example, because the company is making good progress in responding to previous challenges from Phoenix and/or further opportunities for engagement with management exist).

The policy applies to all assets where Phoenix Group (and hence ReAssure) has direct control over the investment mandate. For those assets where Phoenix does not have control (e.g. investment fund choices managed by third parties that ReAssure makes available to its customers), Phoenix will use whatever influence it has to engage with the relevant investment manager to encourage implementation of a consistent approach.

The initial list of potential exclusions was drawn up in July 2021 and included 544 issuers, covering such areas as:

- Manufacturers of controversial weapons;
- Tobacco producers; and
- Companies where more than 20% of revenues come from certain forms of fossil fuel production (e.g. thermal coal, oil sands and arctic drilling).

Of these, 21 issuers were proposed for waivers, leaving 523 issuers on the final list. The Exclusions Policy was implemented for the majority of policyholder mandates by the end of 2022. In 2023, Phoenix Group updated the policy to introduce a 1% revenue threshold on tobacco production. (For a small number of UK and US equity tracker mandates, implementation was delayed in order to reduce tracking error – the Group’s intention is, in early 2024, to introduce new climate transition benchmarks for these portfolios to track, and these new benchmarks will incorporate the Exclusions Policy.)

It is not the IGC’s role to opine on what criteria are applied by Phoenix Group, and ReAssure in particular. Rather, we are looking for evidence that principles are in place to address climate-related and other factors that could lead to financially material risk, that the principles are based on a robust process of analysis and review, their approval is subject to appropriate internal governance, and they are implemented in a controlled and transparent way.

In the IGC’s opinion, the Investment Exclusions Policy meets these standards, and plays an important role as part of the overarching approach to Responsible Investment that applies within Phoenix Group (and hence ReAssure).

The development of the **Group Stewardship Policy** was another important milestone in recent years. Approved in November 2021, it sets out what Phoenix Group (and hence ReAssure) mean by “Stewardship” and their commitment to support effective engagement with the companies in which they invest (whether using customer money or shareholder money).

In terms of definition, Phoenix embraces the Financial Reporting Council’s definition that:

“Stewardship is the responsible allocation, management and of oversight capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.”

For Phoenix, “Stewardship” refers to their “use of the rights and position of ownership to influence the activity or behaviour of the companies they invest in”. Where they hold shares (i.e. equity) in a company, this means engaging with the company’s management, influencing on issues of concern and voting on company resolutions at shareholder meetings. For other types of investment, voting may not be applicable, but Phoenix would still aim to engage as appropriate. The policy sets out what Phoenix sees as the characteristics of effective stewardship, including:

- robust ESG research on material risks and opportunities, using internal and external data;
- dialogue with corporate top decision makers;
- setting of goals;
- continuous evaluation of progress against objectives; and
- influence on investment decision-making.

The policy recognises that the majority of Phoenix’s engagement activity with investee companies will be conducted by their asset manager partners. However, importantly, the policy also makes clear that Phoenix reserves the right to deal direct with investee companies and also join collaborative engagements with other investors.

The policy also recognises that Phoenix does not have the same influence over externally-managed investment fund choices (EFLs, external fund links – which are particularly relevant to ReAssure) as it does over the investment funds where it chooses the investment strategy and fund manager partners implement it on Phoenix’s behalf.

In 2023, Phoenix Group updated the document to add more information on its alignment with the UK Stewardship Code and its approach to monitoring EFL managers.

That Phoenix Group (and hence ReAssure) is definitely committed to such responsible behaviour can be seen, not just from this public policy, but also from the huge amount of work that went into the Phoenix Group submission to the Financial Reporting Council (FRC) in order to become a signatory to the UK’s Stewardship Code in 2023. In May 2024, Phoenix Group published its second annual Stewardship Report, available on the Group’s [website](#). After becoming a signatory to the UK’s Stewardship Code in 2023, with its 2022 Stewardship Report, the Group submitted the 2023 report to the FRC with the aim of remaining a signatory to the Code, which was confirmed by the FRC in July 2024.

In the IGC’s opinion, the Phoenix Group policy on Stewardship, which applies within ReAssure, is of a high quality and appropriately addresses ReAssure’s Stewardship obligations. While it is still early days in its implementation, what is in place already would seem robust and effective to the IGC. The FRC’s announcement, in August 2023, that Phoenix’s application to become a Stewardship Code signatory had been accepted was important external validation of the effectiveness of the Phoenix Group’s (and hence ReAssure’s) approach.

Strengthened governance framework

By embedding Responsible Investment and ESG considerations in the established RMF, the Group’s performance in this area is then automatically subject to the routine review and reporting of compliance with the targets set, along with escalation, as appropriate, of any failure to meet the standards set. The IGC sees this as a key strength of the approach being taken to implement Responsible Investment considerations into the management of in-scope customers’ pension savings. For example, the Group’s Market Risk and Credit Risk policies, which apply to all investment decisions made by Phoenix Group (and ReAssure in particular), both set out a number of minimum controls that must be in place regarding Responsible Investment, including, in respect of climate risk, the following ongoing controls:

- i. Monitor and report current carbon/climate contribution of existing asset portfolio and progress against interim targets to deliver net zero on a phased basis;
- ii. Maintain a process to review data feeds from external providers to ensure they meet requirements for monitoring and reporting of climate change risks;

- iii. Maintain a process to perform portfolio analysis using best in-class metrics e.g. value at risk (taking into account physical and transition risks) and warming potential; and
- iv. Maintain a process to use climate scenario analysis to inform understanding of range of physical and transition impacts on investments.

The Investment Committee that oversees ReAssure’s investment decisions has, in its Terms of Reference, a specific responsibility to “ensure that all activities within the remit of the Committee are conducted in accordance with the Responsible Investments ethos and strategy of the Company and the Group”. As part of this, it has responsibility for the development, implementation and monitoring of the Responsible Investments Principles and Practices mentioned above.

In carrying out these responsibilities, the Investment Committee is supported by a separate management committee, the **Sustainable Investment Forum**, that has been set up to provide direction, oversight, scrutiny and challenge on sustainable investment matters, including stewardship. The purpose of the Forum is to embed ESG issues into the investment process and decision-making used across the Phoenix Group (including ReAssure) in a way that is consistent and aligned with the Group’s overall sustainability strategy.

The IGC receives regular updates on the oversight activity carried out by Phoenix Group on its 5 key fund manager partners and also the many other fund managers whose funds are made available to Phoenix Group customers. Where ReAssure is responsible for the investment decisions being made that impact IGC in-scope customer investment returns, we can confirm that ReAssure is keeping a careful eye on how its Responsible Investment framework is being implemented by its fund manager partners, and ensuring appropriate action plans are agreed and progressed wherever it perceives gaps exist that need closed.

Another key element of the governance framework around ESG and Stewardship is the Group Board’s **Sustainability Committee**. First set up in 2020, the role of this Committee is to assist the Board in overseeing the achievement of the Group’s sustainability strategy, including stewardship activities. A number of management committees and working groups feed into it, providing updates against strategy, KPIs and targets (as can be seen from the governance framework diagram set out on page 39 of the 2023 Sustainability Report). The Terms of Reference of this important Committee are available on the ReAssure [website](#)  and cover such matters as:

- Oversight of the Group’s Sustainability Strategy and the setting of appropriate key performance indicators;
- Review, challenge and support the implementation of the Sustainability Strategy consistently across all business within the Phoenix Group; and
- Keeping up-to-date with sustainability best practice and thought leadership.

While the remit of this Committee is much wider than the application of Responsible Investment considerations to the investment of pensions savings within the remit of the IGC, the IGC welcomes its existence as a tangible sign that the “tone from the top” across Phoenix Group is consistent with, and supportive of, the developments seen within this important area.

The 2023 Sustainability and Stewardship Reports, both available on the Phoenix Group [website](#) set out the breadth of activity that is underway across the Group in this important area and demonstrate the effectiveness of the framework that is now in place in delivering on the targets set and aspirations described.

Customer Research

Approximately every year, Phoenix Group carries out a Responsible Investing Survey to monitor how customers' attitudes to ESG and other Responsible Investment considerations are changing. While carried out amongst customers with Standard Life products (as noted earlier, another pension brand offered by Phoenix Group), the mix of customers surveyed was considered broad enough to be considered representative of Phoenix Group customers more generally. Amongst the findings from the 2023 survey were the following, where the equivalent results from the previous (2022) survey are shown for comparison:

- Customers surveyed still ranked “return” (88%) and “risk” (84%) as the most important factors to take into account when investing. However, “good corporate governance” was also rated highly (79%);
- 89% (down from 90%) of respondents believe that protecting the environment is important;
- 65% (down from 66%) of respondents believe that responsibly-invested funds perform much or slightly better over the long term;
- 67% (down from 70%) of respondents believe that it is important to invest in a way to positively influence change in industries that need to improve their impact on society, corporate governance or climate impact;
- 67% (down from 70%) of respondents feel that it is important to exclude companies that have a negative impact on society, poor corporate governance or are damaging the environment; and
- 61% (down from 64%) of respondents said that they want to invest in a way that commits to net-zero carbons emission status by 2050 (or earlier).

The consistency in findings since the previous survey is striking and confirms that Phoenix Group's emphasis on sustainable and responsible investment is well-placed and aligns with widely-held customer views.

The top 5 responsible investment issues according to surveyed Phoenix Group customers are:



1. Climate change;



2. Human rights;



3. Recycling;



4. Clean fuels;



5. Energy conservation

In addition to this regular survey, in late 2023 the Phoenix Group commissioned an external agency to carry out research across Standard Life, Phoenix and ReAssure customers in order to explore customer understanding and attitudes towards sustainable/responsible investing, net zero and ESG factors and inform the Phoenix Group's approach to communicating to customers on these topics and what they may mean for them and their pensions saving. The research explored areas such as:

- Do customers expect Phoenix Group to be making decisions on their behalf and invest responsibly?
- Are customers aware of what proportion of their pension is invested responsibly?
- Which areas of responsible investing would customers be interested in hearing more about?
- How would customers like the Phoenix Group to communicate with them about these topics (e.g. website content, infographics, etc)?

The research also took the form of in-depth customer workshops and produced a lot of rich, in-depth feedback. In particular, the research confirmed that:

- When it comes to pensions and investments, ESG considerations are not “top of mind” and many customers are not aware of sustainability-related actions being taken by financial services providers like Phoenix Group. However, customers are increasingly worried about the future of the planet and are therefore taking actions to live more sustainably.
- For most Phoenix Group customers, their priority is to grow their money, but they want to avoid harm if they can.
- When ESG considerations are discussed with them, many customers feel more interested in these issues and would like to consider them in relation to their pension investments, particularly when this relates to “Social” activities. However, customers tend to balance this interest with their desire for good investment returns.
- Customers are open to more communications related to ESG considerations as it helps to build relevance with their products, with interest in the use of a range of content formats.

The insights from all the research undertaken are now being used by ReAssure to shape its Responsible Investment planning and communication developments.

They have already led to certain new funds being launched – see below – and the IGC is looking forward to seeing what further developments are put in place in 2024.

Impact on default funds

In keeping with the research findings mentioned previously, and in response to demand from current and prospective employer clients, in December 2020, Phoenix Group, under the Standard Life brand, launched its new “Sustainable Multi-Asset Default Fund”.

Designed for those workplace pension arrangements that are looking for a low cost Responsible Investment option for their default fund, the fund aims to deliver good customer outcomes by investing predominantly in component funds that track ESG-oriented indices rather than whole of market indices.

In particular, the fund aims to deliver a similar risk/return profile to a fund that tracks market indices, but, in addition, to meet the following investment criteria:

- Screening out financially material ESG risks, e.g. controversial weapons, tobacco, thermal coal and unconventional oil/gas, UN Global Compact Violators and severe controversies;
- Sustainable targeting of positive ESG outcomes, reducing carbon intensity by 50% and uplifting green technology solutions by 50%; and
- Influencing positive change through stewardship utilising proxy voting and company engagement to drive positive behaviour.

At launch, 64% of the fund was invested in ESG index-tracking equity portfolios, with the intention of moving as much of the balance (comprising mainly property, bond and cash investments) into appropriate ESG index-tracking funds as soon as they become available from the investment partners that Standard Life uses. At the time of writing this report, that percentage had risen to 83%.

The IGC welcomed this new initiative, and also the transition in 2022 of the over £13bn of pension savings invested in Standard Life’s range of Active Plus and Passive Plus default funds into new funds with a more explicit focus on ESG considerations. However, we are keen that this increased focus on ESG is extended to the equivalent funds that ReAssure offers. As a key part of the preparations for this, 2023 saw significant progress being made on the development of new Climate Aware Equity Benchmarks.

The first of these was launched in June 2024, as part of Phoenix Group's portfolio decarbonisation strategy. The index series, which was launched in collaboration with FTSE Russell, will focus on national and regional markets and will be grown over time. This launch forms part of Phoenix Group's decarbonisation strategy for equity investments, in line with its Net Zero Transition Plan published in 2023. The index series will enable Phoenix to introduce benchmarks that aim to increase the resilience of customers' portfolios to climate change related transition risks. The indices and benchmarks developed with FTSE Russell aim to protect policyholder portfolios against the risk of climate change by reducing exposure to companies which might face negative impact for lacking well-developed plans on how to successfully navigate the climate transition. The construction follows core principles set by Phoenix which include the pace of the decarbonisation trajectory and the inclusion of forward-looking data, ensuring that climate risk management and that engaging for change are at its core. Phoenix's exclusion policy is embedded within the design, removing companies engaged in products and business practices that are not aligned to Phoenix's principles.

The IGC receives regular updates on the progress of development of the index series, as a milestone within Phoenix Group's decarbonisation strategy after the launch of its Net Zero transition plan.

Supporting Material

Value for Money Assessment



Supporting Material

Value for Money Assessment

Assessment Framework

Assessing VFM is not just about what something costs. You also need to look at the quality of what you get in return and how it compares with similar alternatives. That's why, since the IGC was formed in 2015, our VFM assessment has taken into account a number of different aspects of your workplace pension experience, to form a holistic view of the value for money that ReAssure's providing.

As noted in the Chair's introduction, for this year's assessment, we have followed a VFM framework that is closely aligned to the VFM factors that the FCA now require IGCs to use, but with additional granularity in respect of the "quality of services". While two of the areas that were previously included in our VFM assessment ("Risk and Governance" and "Management Culture") are still monitored by the IGC, as they can influence the outcomes customers receive, we felt it was better to focus our assessment on the FCA's definition of VFM. Thus, our VFM framework covers the following 5 areas:

- Costs and Charges;
- Investment Performance;
- Investment Services;
- Customer Service; and
- Communication and Engagement.

ESG is still being reviewed by the IGC, but as a separate assessment alongside the VFM analysis.

ReAssure's Investment Pathways proposition has been included in the IGC's assessment of ReAssure's 's VFM performance, but with a separate rating alongside the opinions on the pension savings propositions.

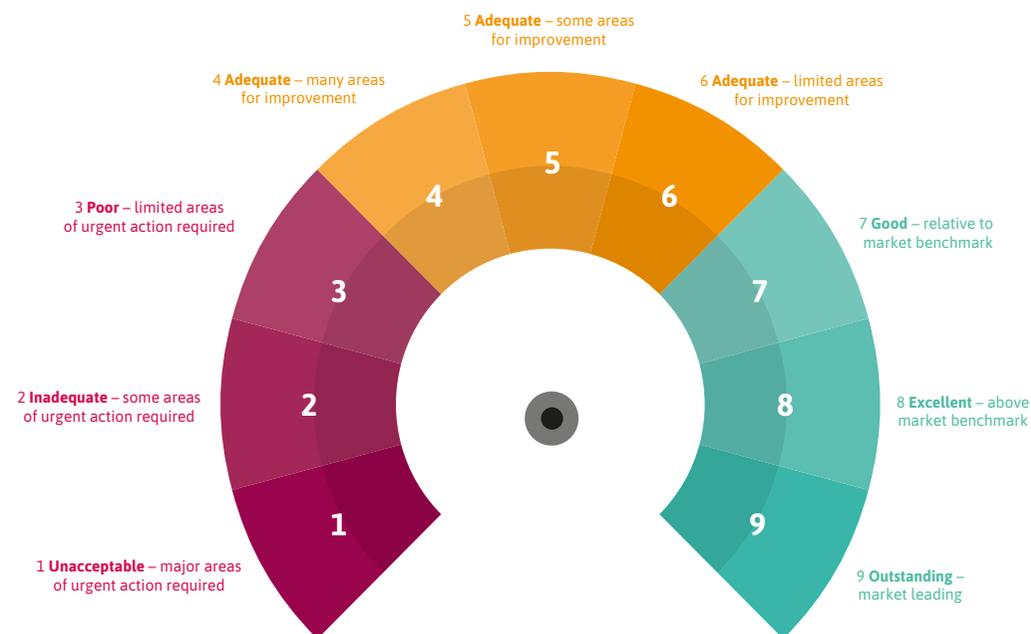
Rating provider performance

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

To the extent we can, we assess ReAssure’s performance relative to other workplace pension providers, using data drawn from other IGC reports, industry publications and specially-commissioned benchmarking exercises. The information available tends to be at provider proposition level, rather than at a more granular, employer scheme level. However, where it is possible to identify different groups of customers that get different treatment (particularly on levels of charges), we make sure we are comparing “like with like” as far as we can, in order that any VFM challenges that we make are soundly-based. We also use this approach to compare performance across ReAssure and the other pension providers within the Phoenix Group. As explained earlier in the report, the quality of communications and the extent of online facilities varies for different groups of workplace customers across the Group and we do what we can to encourage best practice to be available to all in-scope customers. Also as referred to earlier, we follow a similar approach when assessing Investment Pathway value for money.

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.

All of the performance areas are assessed on a Red/Amber/Green scale, with “speedometer gauges” used to give readers an indication of relative positioning of performance within the broad RAG bands.



The “Costs and Charges” and “ESG” areas are not currently scored in such a granular way as the four performance areas (“Investment Performance”, “Investment Services”, “Customer Service” and “Communication and Engagement”), although the assessment is similarly rigorous and wide-ranging. Rather, the IGC feels it is sufficient to assign a performance rating using a colour-based scale as follows:

Green – no material concerns.

Amber – some material concerns found that affect some members.

Red – major concerns found (i.e. material concerns that affect a large number of members, or very material concerns that affect some members).

Numerical scoring

For two of the four VFM areas for which we use this approach (Customer Service and Communication and Engagement), ReAssure's performance was rated on a numerical scale (from 1 to 9) across a number of sub-areas, based on the evidence provided to the IGC as well as our own knowledge of the workplace pension market.

For the other two VFM areas for which we use a quantitative approach (Investment Performance and Investment Services), we have retained the 0 to 3 numerical scoring at sub-area level that we have used in previous years. However, for consistency, we have then expressed the aggregate score for each of the two areas out of 9, rather than present as a percentage as in the past.

By using a similar approach to last year's report, we are able to continue with the historic trend analysis that the previous ReAssure IGC was developing. It also enables comparisons to be drawn across the various books of business in the different companies within the Phoenix Group and highlights areas where internal best practice could be further shared.

We have retained the development introduced several years ago, to identify the key one or two performance sub-areas and give them double weighting in arriving at the final score allocated. This is to ensure that the individual RAG ratings are not unduly influenced by less important, but still nice to have, elements of performance.

The sub-areas used for this assessment are as follows, with those that receive a double weighting shown in bold.

Investment Performance

1. Lifestyling approach and profiles are suitable.
2. Performance of all funds vs their stated goals.
3. Long-term performance of all funds vs peer group competitors.
4. With-profits fund performance vs inflation.
5. Performance of key default funds versus inflation over 15 and 20 years.
6. **Performance of key default funds versus inflation over 5 and 10 years.**

Investment Services

1. Design and description of default funds.
2. Regular reviews of funds, asset allocation and manager selection.
3. Adaptability of funds to changing circumstances.
4. Range and suitability of additional fund choices.
5. **Poorly performing funds identified and addressed appropriately.**

Service quality

1. Timeliness of service including performance against target service levels.
2. The quality of service including servicing of vulnerable customers and data security.
3. **Customer feedback on service including complaints.**

Customer Comms and Engagement

1. **Good content.**
2. **Strong layout and presentation.**
3. Personalised and relevant to each customer.
4. Support for vulnerable customers.
5. Multi-channel and utilisation of digital solutions.
6. Extent of customer engagement (reaction, Interaction and action).



Independent Governance Committee