

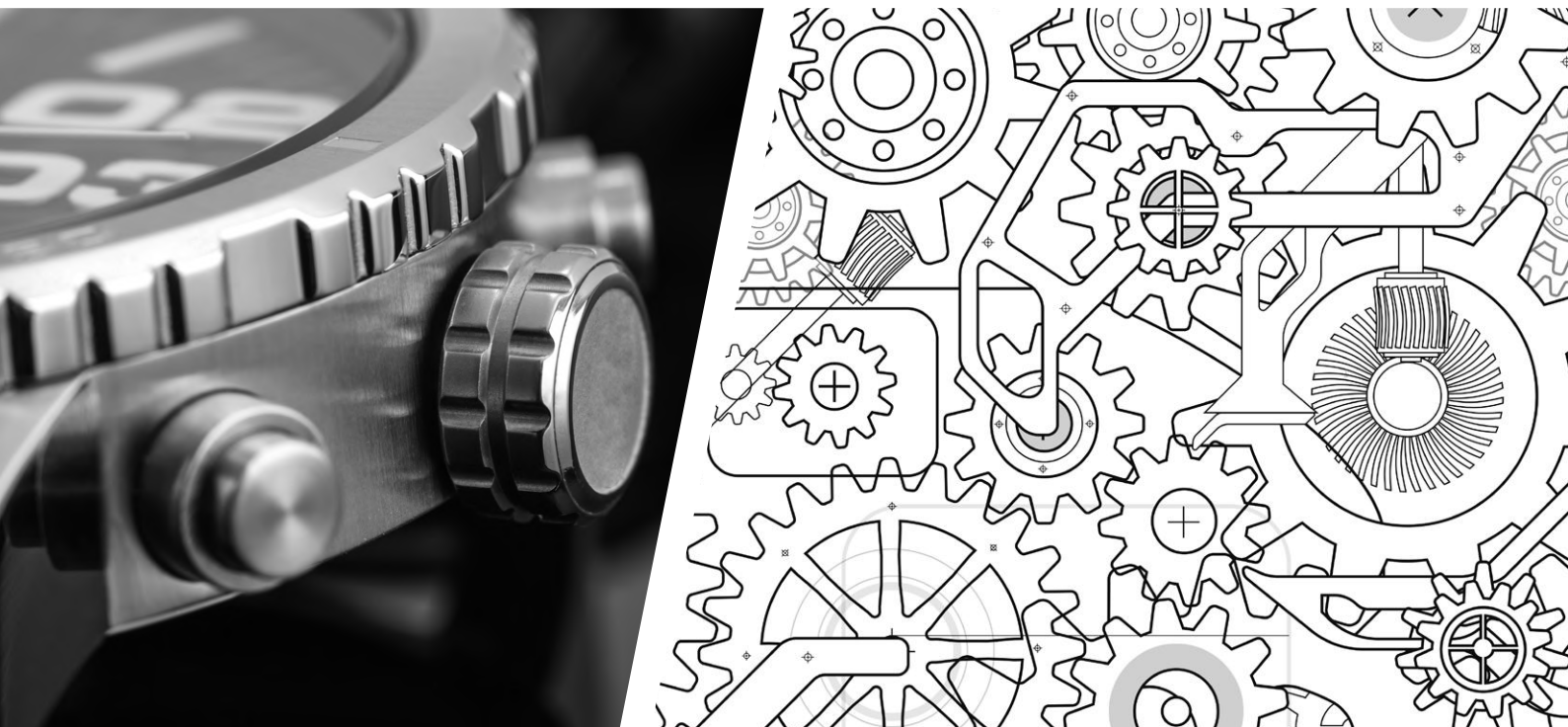
April

ptl

---

20  
20

Chair's  
Annual  
Report



Wesleyan Staff Group  
Personal Pension Scheme

---

The PTL Governance  
Advisory Arrangement  
(‘GAA’)

## 1

## Introduction and Executive Summary

This report on the workplace personal pension plans provided by Wesleyan has been prepared by the Chair of the PTL Governance Advisory Arrangement ('the GAA'). It is our fifth annual report.

This report on the workplace personal pension plans provided by Wesleyan has been prepared by the Chair of the PTL Governance Advisory Arrangement ('the GAA'). It is our fifth annual report.

This report sets out our assessment of the value for money delivered to policyholders (see **Section 2**). It also explains the background and credentials of the GAA (see **Appendix 3**). The GAA works under Terms of Reference, agreed with Wesleyan, effective from 6 April 2015. These are publicly available (see **Appendix 3**).

This report focuses on the Wesleyan Staff Group Personal Pension Scheme ('the Staff Scheme'), details about the numbers of policyholders and their funds are shown in **Appendix 1**.













The GAA believes that deciding what represents 'value for money' is subjective and that value for money will mean different things to different people. We think value for money can be judged by looking at the balance of all the costs paid by policyholders against the benefits and services provided from their policy.

**The GAA's opinion on the value for money delivered is that the Staff Scheme offers good value for money.**

See **Section 2** and **Appendix 2** for more details of the value for money assessment.



A colour-coded summary of our value for money assessment is shown below:

Good ←      → Poor	Staff Scheme
Investments	
Communications and support	
Risk management: operational and financial	
Other factors: administration, options at retirement, etc.	
Overall benefit	
Level of charges	
<b>Overall value for money assessment</b>	

The GAA has not raised any formal concerns with Wesleyan during the year (see **Section 3.3**).

Arrangements have been put in place to ensure that the views of the policyholders can be directly represented to the GAA (see **Section 3.4**). We have received no representations to date.

**If you are a policyholder and have any questions, require any further information or wish to make any representation to the GAA you should contact:**

**James Needham**  
**Wesleyan Assurance Society**

Colmore Circus  
 Birmingham, B4 6AR



## 2

## Value for money assessment

The GAA has assessed the value for money delivered by Wesleyan to its Staff Scheme policyholders by looking at cost versus benefits. More detail about how we have done this is set out in **Appendix 2**.

### Key highlights of our assessment for Workplace Personal Pensions

- » There have been key changes in management at Wesleyan during the year, with the appointment of a new CEO and COO. This is expected to bring some cultural and structural changes which are expected to improve governance and customer experience. This has had no impact on the products under review to date but we will review this next year.
- » A review of the life-styling option has been carried out and a revised life-styling strategy, targeting drawdown was introduced in June 2019 alongside a self select life-styling option which targets cash at retirement. This reflects the choices members have been making and is a welcome change which addresses a challenge that was raised by the GAA last year.
- » The investment options available continue to provide a reasonable range of funds, but we do note that the Staff Governance Committee have asked if it may be appropriate to make more fund choice available.
- » The objectives of each investment fund are clearly stated and published in factsheets.
- » Investment performance is reviewed monthly via a robust structure of specialist teams and committees who analyse performance and it's attribution to ensure appropriate action can be taken. If there is sustained underperformance, action is taken to revise the relevant element of performance.



- » Some changes have been made in the investment framework to introduce external managers to increase the exposure to overseas investment and to allow the managers more freedom to increase holdings in defensive assets if this is felt appropriate.
- » Wesleyan have carried out work to ensure that transaction costs are available and processes in place to produce these figures as required (although some require manual intervention and there are currently no plans to alter this).
- » Policyholder communication is generally of a high-level. Wesleyan have improved communications to encourage members to take an active interest in their investment and retirement choices and issue an annual newsletter.
- » Administration services have been below Wesleyan's expected standards, with a significant backlog of cases. Positive action has been taken over the year to restructure the team, provide additional training, improve review processes and clear all back log. Plans are in place to increase automation to improve service further in the future.
- » At retirement, policyholders are able to access their pension flexibly, although they are required to transfer into a different policy to take advantage of drawdown. Wesleyan have waived the advice charge on transfer to drawdown for active members, but a charge of 3% remains for deferred members.
- » An internal DC Governance Committee and a Staff Forum exists with the objective of promoting the highest levels of governance for the Staff Scheme and ensuring members' voices are heard.
- » Wesleyan has invested additional resource into managing operational and financial risks. A strong focus has been placed on ensuring optimal cyber security and a very high level of capital adequacy is maintained.

**The GAA's opinion on the value for money delivered is that the Staff Scheme, with a default fund option available with no annual management charge for policyholders, represents good value for money.**



## 3

## GAA activity and regulatory matters

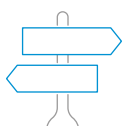
This section describes the work that the GAA has done over the year and also covers the other matters which we are required to include in our annual report.

### 3.1 GAA engagement and actions this year

We prepared and issued a request for data on all the relevant workplace pension policies on 18 June 2019.

On 07 November 2019, members of the GAA visited Wesleyan to meet our main contacts and representatives from the investment, administration, governance and cyber security teams. Key items of the discussion included:

- » Update on the management changes within Wesleyan and changes to the organisation of the teams and governance structures.
- » Outcome of the review of the fund choices and life-styling strategy, including changes to the existing lifestyling strategy and the introduction of an alternative lifestyle strategy.
- » Performance of the investment funds and changes to investment approach as well as discussion on governance of the review of performance
- » Results of the internal Regulatory Monitoring Team's review of the Staff Scheme and it's findings that centre on the need to formalise the relationship between the employer and the provider of services to document governance processes.





- » Overview of the administration function including analysis of the issues that have been encountered over recent years and the clear actions that have been taken to improve the position and service to members.
- » Cyber security processes that are in place, internally and through the use of external experts and the current processes and plans to further increase the robustness of the data security processes.

The GAA held 4 meetings during the year to review and discuss the information we had received and to develop and improve the way that we assess value for money and report on this.

### 3.2 Independent Project Board (IPB)

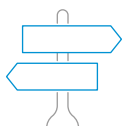
The IPB issued a report into workplace pensions in December 2014 following a previous report from the Office of Fair Trading in 2013. The FCA required all pension Providers who were subject to the IPB report to make proposals to governance committees (in this case the GAA) by 30 June 2015, and for the Provider to agree a plan to address the risk of high charges of workplace pension savers in group pension arrangements. Wesleyan provided their proposals to the GAA in line with this timescale and proposals were agreed with the GAA for this purpose.

### 3.3 Concerns and challenges raised with the Provider by the GAA and their response

The GAA has raised a number of challenges with Wesleyan for their consideration in the past. Last year, the GAA raised two challenges regarding a review of the default strategy and the charges for advice on transfer to drawdown at retirement. The first has been addressed this year and the second has been partially addressed.

Over the next year, we would like Wesleyan to consider the following:

- » We welcome the fact that Wesleyan is now meeting the advice charge for active members should they choose to move to drawdown at retirement. However, the GAA is concerned with value for money for all members and would ask Wesleyan to consider a solution that will ensure that deferreds members are also not subject to the 3% advice fee so that drawdown is equally accessible for all members.
- » We understand that, for the High Risk and Reward fund, the fund managers choose the best funds to continue to provide value for money for members and that members actively choose to invest in this fund with full knowledge that there is a charge. Given that the Ongoing Charges Figure can be up to 1%, we welcome the fact that Wesleyan are looking at potential options for alternative funds that could result in a lower charge on the High Risk and Reward fund option.



### 3.4 The arrangements put in place for policyholders' representation

The following arrangements have been put in place to ensure that the views of policyholders can be directly represented to the GAA:

The role of the GAA and the opportunity for policyholders to make representations direct to the GAA has been communicated via the Wesleyan website and has been highlighted on annual benefit statements since April 2017. A paragraph has been added to the Key Features Document for any new policyholders. Wesleyan have been pro-active in making policyholders aware of the GAA and its role.

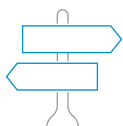
Wesleyan will receive and filter all policyholder communications, to ensure that this channel is not being used for individual complaints and queries rather than more general representations which may be applicable to more than one policyholder or group of policyholders. Where Wesleyan determines that a communication from a policyholder is a representation to the GAA, it will be passed on in full and without editing or comment for the GAA to consider.

### 3.5 FCA extension of remit – PS19/30

The Financial Conduct Authority (FCA) has consulted on an extension of the remit of the GAA in two areas, which will apply from 6 April 2020.

The first is that the GAA will need to assess and report on Wesleyan's policies on ESG issues for the pension policies and products that fall within our remit. This would include reporting on how they take account (if at all) of customer/policyholder/member views and concerns about ESG issues. It also extends to reporting on stewardship, which means looking at how the provider works with the asset managers to ensure that they are engaging with the underlying companies whose shares and bonds they hold, for instance to use voting rights and other mechanisms to influence the governance of those companies. The GAA will be looking at both the policies themselves and also how they are implemented in practice.

The second area involves 'investment pathways' for customers who go into income drawdown without taking financial advice. Wesleyan has confirmed that they do not expect to have any such customers.





## 4

## Next steps

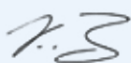
This GAA report is for the year to 5 April 2020. The process of annual reports under the FCA requirements is ongoing and further annual reports will be required.

### In the next year the GAA will:

- » Assess the impact of any cultural or structural changes introduced following the changes in management.
- » Monitor the performance of the administration team and understand the improvements that have been made to the service to members.
- » Look at the results of any further internal reviews carried out on the scheme, including the potential review of the High Risk and Return Fund to reduce charges.
- » Seek to fully understand the approach that Wesleyan is taking to Environmental, Social and Governance factors and the impact that this may have on their fund performance and risk characteristics.

If you are a policyholder this report is for your information only and you do not have to take any action.

**If you do have any questions, require any further information or wish to make any representation to the GAA you should contact Wesleyan at the address shown on page 3.**



**Keith Lewis**

Chair: PTL Governance Advisory Arrangement



## Appendix 1

### Summary of workplace personal pensions data at November 2019

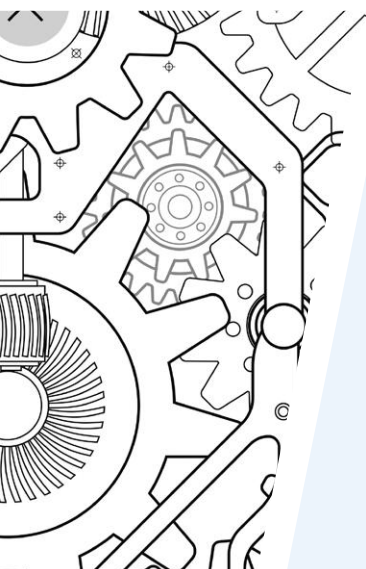
#### Staff Scheme

<b>Charges</b>	No AMCs on default and most investment options OCF of up to 1.0% on High Risk / Reward (currently 0.8%)
<b>Number of policyholders</b>	2,541
<b>Assets under management</b>	£89.1m

Wesleyan has confirmed that all policyholders within the Staff Scheme can be identified from Wesleyan's data.

We understand that the High Risk / Reward investment option is a Fund of Funds and that the up to 1.0% AMC is purely as a result of the charges levied by the external managers. Wesleyan do not apply any charges in relation to their services for this option and can not control the level of fees directly. However, Wesleyan do regularly monitor the value for money provided by this option.





## Appendix 2

### Value for money assessment

The GAA believes that value for money is necessarily highly subjective and will mean different things to different people over time, depending on what they consider important at that time. What is clear is that it is always a balance of cost versus benefits. There is not enough publicly available data to perfectly assess value for money in an absolute or relative way. We have, however, been able to carry out limited relative comparison of the costs and benefits of these workplace personal pension plans with similar products from similar providers.

The GAA has assessed the value for money delivered by Wesleyan to its Staff Scheme policyholders by looking at costs compared against our evaluation of the quality of the benefits.

We have looked at the benefits offered to policyholders in three main areas – investment, communications and administration – together with other features such as the range of options available at retirement. In making our overall assessment of the quality of the benefits and standards achieved, where possible we have taken into account the likely needs and expectations of this group of policyholders, based on the information available to us.

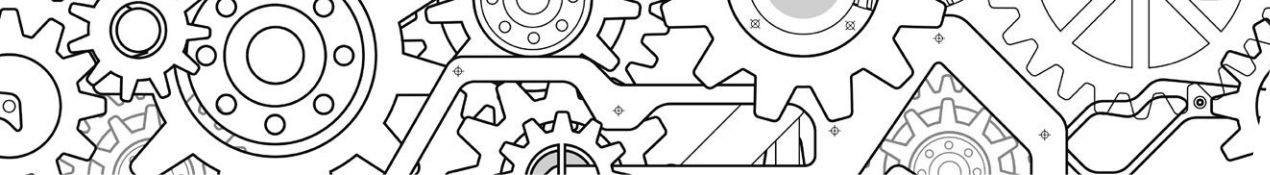
We have looked at the total ongoing cost of the policy by analysing all the charges, which may be applied in a number of different ways.

Finally, we have considered the quality of benefits offered versus the charges deducted, to reach an overall opinion on value for money. Where possible, we have formed our opinion taking into account the benefits and charges of other similar providers.

In each area of benefits, in the tables on the next few pages we have described the features in the left hand column, based on the information given to us. Our opinion on quality is given alongside in the right hand column.

**Where we have used technical pensions terms or jargon, these are explained in the glossary at the back of this report.**





Description of arrangements

GAA assessment and opinion

## Investment

### Design and performance of investment strategies

The default investment strategy with life-styling was reviewed and changes made in June 2019. The default lifestyle strategy targets drawdown. Life-styling occurs in the 10 years before retirement, starting in the Pensions Managed Fund and gradually moving over the nine years prior to retirement out of this Fund and into the Pension Low Risk / Reward Fund. By the selected retirement date, money will be invested 75% in the Pension Low Risk / Reward Fund, 25% in the Pension Managed Fund.

An alternative life-styling self select option was also introduced in 2019, which targets cash at retirement. This lifestyle strategy moves out of the Pensions Managed Fund from nine years prior to retirement towards a 30% Managed Fund, 70% Low Risk / Reward Fund holding at 3 years before retirement. Over the 3 years to retirement, the money is gradually switched to the Pension Deposit Fund.

Policyholders are contacted specifically about life-styling and asked if they wish to opt out. Those who opt out are contacted subsequently to check they are still happy with their decision.

Wesleyan write regularly to members to encourage them to consider the appropriateness of their investments for their retirement plans.

We welcome the outcome of the review of the default fund and life-styling strategies. The revised approach has been based on the choices being made by members and is designed to provide good investment returns, yet protect against risk appropriately.

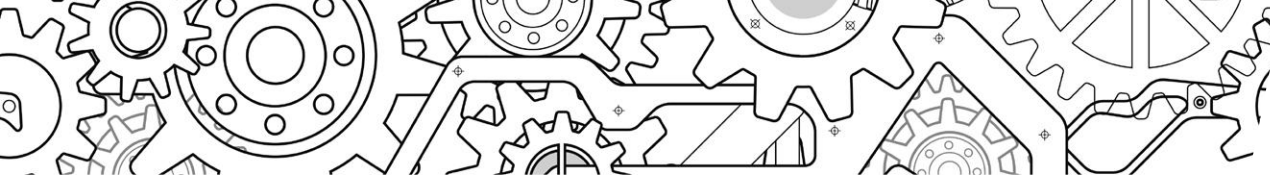
### Fund range available

For the Staff Scheme there are 5 separate funds available in addition to the life-style options – Pension Deposit, Low Risk / Reward, With Profits, Managed and Higher Risk / Reward.

All funds are managed in house by Wesleyan with the exception of the Higher Risk / Reward Fund which is a Fund of Funds.

In our opinion, the fund range for the Staff Scheme is likely to be appropriate for most policyholders. However, we do note that the Staff Governance Committee have asked if it may be appropriate to make more fund choice available and we look forward to Wesleyan's thoughts on this next year.





Description of arrangements

GAA assessment and opinion

**How investment performance of the fund range is reviewed and any changes made**

All funds have a statement of objectives which are published in factsheets. Performance is reviewed monthly by the Investment Committee. The With Profits Committee also reviews management of the With Profits Fund.

The DC Governance Committee also reviews investment performance. This Committee enables policyholder engagement and reviews investments to aim to continue to ensure the funds meet the needs of policyholders.

There is clear responsibility allocated to specialist teams within Wesleyan to review performance and attribution of performance so that action can be taken at the appropriate point to correct sustained under performance.

The investment philosophy is a 'buy and hold' strategy with low turnover.

The funds previously had a UK bias, but the overseas exposure is now being increased through the use of external managers, with the intention of adding value. The managers have also been given more freedom to increase holdings of defensive assets where they believe this would be appropriate.

Information on investment performance has been provided but, for the purposes of this report, the GAA has not reviewed in detail the investment performance of each available fund by reference to consistency with its objectives and the expected degree of volatility.

Investment performance is reviewed on a monthly basis and the GAA has been provided with examples of actions that have been taken to revise stock and manager selections to improve performance in previous years.

The investment management is fairly cautious. Aggressive funds are not available although most policyholders may not be expecting such funds from Wesleyan. The philosophy is clear and the investment team is stable.

The volatility within the main funds is very consistent over time showing stable management.

**Transaction costs**

Wesleyan have processes in place to ensure that they are able to provide full transaction cost information on all of their Funds in a timely manner.

The information is available at a Fund level and will be included in the Wesleyan annual report. There are no plans to break down the costs to customer or arrangement level.

Most information can be produced automatically, but the Fixed Interest trading is less transparent and requires some manual intervention.

The investment philosophy of Wesleyan leads to an expectation that transaction costs will be relatively low. Wesleyan have implemented processes to ensure that they are able to provide full transaction cost information on all of their Funds in a timely manner.



## Description of arrangements

## GAA assessment and opinion

## Communications and Support

### Statement of aims and objectives of investment strategies

Factsheets are available setting out the stated aims and objectives of the investment strategies.

In our opinion, communication of the stated aims and objectives of the investment strategies is satisfactory.

### Overall quality of written communications, including education on pension saving

Sample policyholder communications have been provided including an annual benefit statement, pre-retirement wake up letter or pack, and retirement option packs.

Improvements have been made to the communication process and an annual newsletter is sent to members to help with education and engagement.

Feedback is regularly sought from members, particularly current employees through team meetings, the DC Governance Committee and a quarterly Staff Forum.

In our opinion, policyholder communications are of a good standard overall and policyholders have access to very good telephone support. Continued focus on this area is welcomed to enable the Staff Scheme to keep pace with market developments.

### Other support, including telephone and online

Staff Scheme policyholders who are Wesleyan employees have access to a dedicated page on the intranet. There is a Handbook with detailed information on the Scheme and its benefits.

Deferred members are still required to call for fund values as there is no on line support.

Online capability for Staff Scheme policyholders is to be reviewed as part of Wesleyan's digital strategy and we look forward to hearing about the plans for enhanced online access in the future.

In our opinion, policyholders have access to good telephone support but would benefit from enhanced on-line capabilities which we understand Wesleyan have plans to consider.

### When choosing retirement options

Policyholders can contact Wesleyan Head Office to speak to a dedicated pensions team for general information. There is also the option to seek further specialist advice from a Wesleyan Financial Consultant and access to a specialist panel for annuity purchase.

Policy information and requests for changes are available online if a policyholder registers for the My Wesleyan facility. There is also a secure online web chat facility.

Wesleyan issue a series of 'wake-up' communications to policyholders before the expected retirement date. These commence within 5 or 10 years from retirement according to policy type.

Communications and the support available are generally of a high quality.





## Description of arrangements

## GAA assessment and opinion

## Risk Management

### Security of IT and data protection

Wesleyan have a dedicated team specialising in cyber security and data protection. The Group Security strategy also includes proactive management of cyber risks using a specialist external supplier and links to the National Cyber Security Centre. Wesleyan also operate a business continuity management system for managing business interruption events.

Wesleyan have reviewed policies, updated communications and carry out regular training for staff on GDPR requirements. They also employ software to ensure data is reviewed and proactive challenge is made as to whether data is required or can be deleted.

We believe that IT security and plans for GDPR compliance are robust based on the description of the frameworks given to us.

Note we have not taken any independent advice from cyber security or data protection experts to support this opinion. Recent experience discussed with Wesleyan and Wesleyan's interactions with the FCA gives us confidence in this assessment.

### Financial strength and stability

Wesleyan is required to hold capital to protect against the impact of downside events. At the end of 2018 Wesleyan's capital coverage was 376%. Regular stress and scenario testing is undertaken to check the impact on financial strength and a capital breach management action plan is in place.

We are satisfied that financial strength of the organisation should not be a concern to policyholders.

### Independent assurance of Firm controls

An extensive program of internal controls is undertaken. The Product Risk and Governance Committee consider risk including internal controls. The risk universe is assessed annually and those risks rated as high are assessed annually, medium risk reviewed every 2 years and low risk every 5 years.

An audit is also carried out by Deloitte with the next audit due during 2020.

The internal Regulatory Monitoring Team carried out stage one of a review of the systems and controls in place for compliance in connection with the Staff Scheme during 2019. Their key findings centred around a need to formalise the governance arrangements between the employer and the provider, such as formal agreements, terms of references for the DC Governance committee and the need to put in place a full risk register as well as the need for a more detailed level of reporting on service standards.

The internal controls seem appropriate and set high standards of compliance and provide clear challenge.



### Product development process to assist policyholder outcomes

The approach to product review was restructured last year to enable individuals to specialise in one product type and the process of internal product review to ensure that products remain fit for purpose and suitable for policyholders has been enhanced. A Product Governance Committee which considers reviews in more depth has also been introduced.

Product development is considered regularly and there is a process in place to look at potential changes.

### Processes for protecting policyholders against fraud and scams

Wesleyan have outlined their process for transfer and open market option payments and provided a copy of the checklists in use for these processes. The checklists are detailed, well thought out and designed to identify any potential fraudulent activity.

Wesleyan are taking all reasonable steps to protect policyholders against fraud and scams.

### Administration service and core financial transactions

Wesleyan have explained that they had experienced a large back log of member cases but that this is now clear and the team is now able to meet SLAs effectively.

Wesleyan have clearly given a lot of focus to the administration services this year and brought in new staff and changed processes and training to ensure that the service will be of a high standard in future.

Consideration is being given to the automation of many tasks that are currently carried out manually to minimise errors and increase turnaround times.

The DC Governance Committee acts as a forum for feedback on service in relation to the Staff Scheme.

Wesleyan have experienced issues with meeting service standards over the last year or so. There has clearly been given a lot of attention and steps have been put in place to restructure the team, alter responsibility levels, amend checking procedures, improve management information and ensure good customer service.

### Other governance or support arrangements

Additional governance structures for the benefit of policyholders include the with profits committee for relevant policyholders. There is a governance committee for the Staff Scheme which includes policyholders and acts as a forum for Staff to give their views on the Staff Scheme.

There are additional benefits to policyholders by virtue of their membership of the Wesleyan, as follows:

- » Policyholders are entitled to participate in the Annual General Meeting, which gives them a say in the administration of Wesleyan.
- » Policyholders receive a discount on general insurance policies taken out with Wesleyan.

There is strong governance in place.

There are additional financial benefits to policyholders by virtue of their membership of these workplace pension schemes.



## Description of arrangements

## GAA assessment and opinion

### Retirement options

At retirement, Policyholders have access to the full range of flexibilities which now includes Partial UFPLS following member interest.

Members must make a transfer to another Wesleyan arrangement if they wish to draw benefits through Flexi-Access Drawdown (FAD). To do so, members must take advice – this can be provided by Wesleyan Financial Services, a separate company. This company charges 3% of Fund Value for this advice. This cost is met by Wesleyan for active members as a staff benefit, but must be met by the member if they are deferred. Wesleyan withdrew the option to buy the standard Wesleyan annuity from 1 March 2018 as it was not competitive and members are instead given a whole of market annuity choice via a 3rd party.

The range of flexibilities at retirement is good.

We welcome the removal of the charge to access drawdown for active members, but ask that consideration is given to making drawdown easily accessible to deferred members at no or a lower cost.

### Charges and direct and indirect costs borne by policyholders

Policyholders of the Staff Scheme pay no charges for the default fund (the Managed Fund) but do pay a 1% Annual Management Charge (AMC) if they select the Higher Risk/Reward Fund.

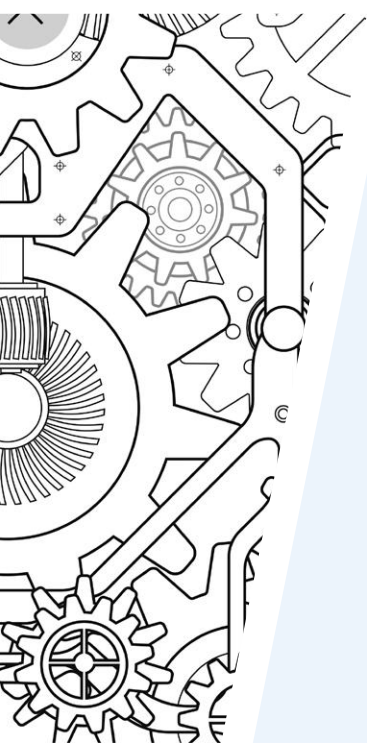
As there are no AMC's for most of the investment options, overall investment charges are very low.

The Ongoing Charges Figure on the Higher Risk / Reward Fund can be up to 1% (currently around 0.8%). This represents a level of charge slightly above average. We understand that Wesleyan have no direct control over this charge and do monitor value for money.

### Overall assessment of value for money

The GAA's opinion on the value for money delivered is that the Staff Scheme, with a default fund option available at no charge to policyholders, represents good value for money.





## Appendix 3

### **Background and credentials of the PTL Governance Advisory Arrangement**

In February 2015 the Financial Conduct Authority (FCA) set out new rules for Providers operating workplace personal pension plans (called relevant schemes) to take effect from 6 April 2015. From that date, Providers had to have set up an Independent Governance Committee or appointed a Governance Advisory Arrangement whose principal functions would be to:

- » Act solely in the interests of the relevant policyholders of those pension plans; and to
- » Assess the 'value for money' delivered by the pension plans to those relevant policyholders.

The FCA rules also require that the Chair of each Independent Governance Committee and Governance Advisory Arrangement produce an annual report setting out a number of prescribed matters.

The PTL Governance Advisory Arrangement was established on 6 April 2015 and has been appointed by a number of workplace personal pension Providers. PTL is a specialist provider of independent governance services primarily to UK pension arrangements. Amongst other appointments we act as an independent trustee on several hundred trust based pension schemes and we sit on a number of IGCs. We have oversight or responsibility for in excess of £120bn of pension assets. More information on PTL can be found at [www.ptluk.com](http://www.ptluk.com).



All of PTL's Client Directors have been appointed to the GAA. More information on each of them, their experience and qualifications can be found at [www.ptluk.com/Our-Team](http://www.ptluk.com/Our-Team)

Dean Wetton is also a member of the GAA. Dean is independent of PTL. Information on his experience and qualifications can be found at [www.deanwettonadvisory.com](http://www.deanwettonadvisory.com)

PTL, its Client Directors and Dean Wetton are independent of all of the Providers participating in the GAA in so far as:

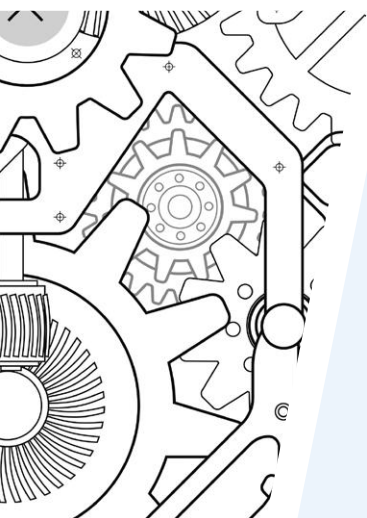
- » They are not directors, managers, partners or employees of any of the Providers, or any company within their groups, or paid by them for any role other than as members of the GAA, nor are they members of the share option or performance related pay schemes of any of the Providers nor have they been within the last five years.
- » They do not have a material business relationship of any description with any of the Providers, or any company within their groups, and have not done so within the last three years.

Any potential conflicts of interest are recorded in a log and considered by the GAA in accordance with its conflict of interest policy.

The members of the GAA are appointed by the board of PTL. The board is satisfied that individually and collectively the members of the GAA has sufficient expertise, experience and independence to act in the interests of the members of the Providers' pension plans.

The terms of reference agreed with Wesleyan can be found at:  
[www.wesleyan.co.uk/pdf/62860/gaa terms of reference](http://www.wesleyan.co.uk/pdf/62860/gaa_terms_of_reference)





## Glossary

### Active management

The investment of funds where the skill of the fund manager is used to select particular assets at particular times, with the aim of achieving higher than average growth for the assets in question

### Annual Management Charge or AMC

A deduction made by the pension provider or investment manager from invested assets, normally as a percentage of the assets. The AMC is generally how the pension provider or investment manager is paid for their services.

### Annuity

A series of payments, which may be subject to increases, made at stated intervals, usually for life. If the annuity is 'joint life', it will continue to a spouse (usually at a lower rate) after the death of the original person receiving the payments ('the annuitant').

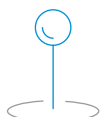
### Core financial transactions

The essential processes of putting money into a pension policy or taking it out, namely:

- » Investment of contributions
- » Implementation of re-direction of future contributions to a different fund
- » Investment switches for existing funds, including life-styling processes
- » Settlement of benefits – whether arising from transfer out, death or retirement

### Default investment strategy

The investment funds into which contributions are invested for policyholders who do not select other specific investment funds from the full range of funds available.





### **Environmental, Social and Governance (ESG)**

These are the three main factors looked at when assessing the sustainability (including the impact of climate change) and ethical impact of a company or business. ESG factors are expected to influence the future financial performance of the company and therefore have an impact on the expected risk and return of the pension fund investment in that company

### **Life-styling**

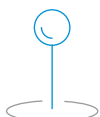
An automated process of switching investment strategy as a policyholder approaches retirement, in a way that is designed to reduce the risk of a policyholder's retirement income falling.

### **Transaction costs**

A combination of explicit and implicit costs included within the price at which a transaction (i.e. buying or selling an asset) takes place.

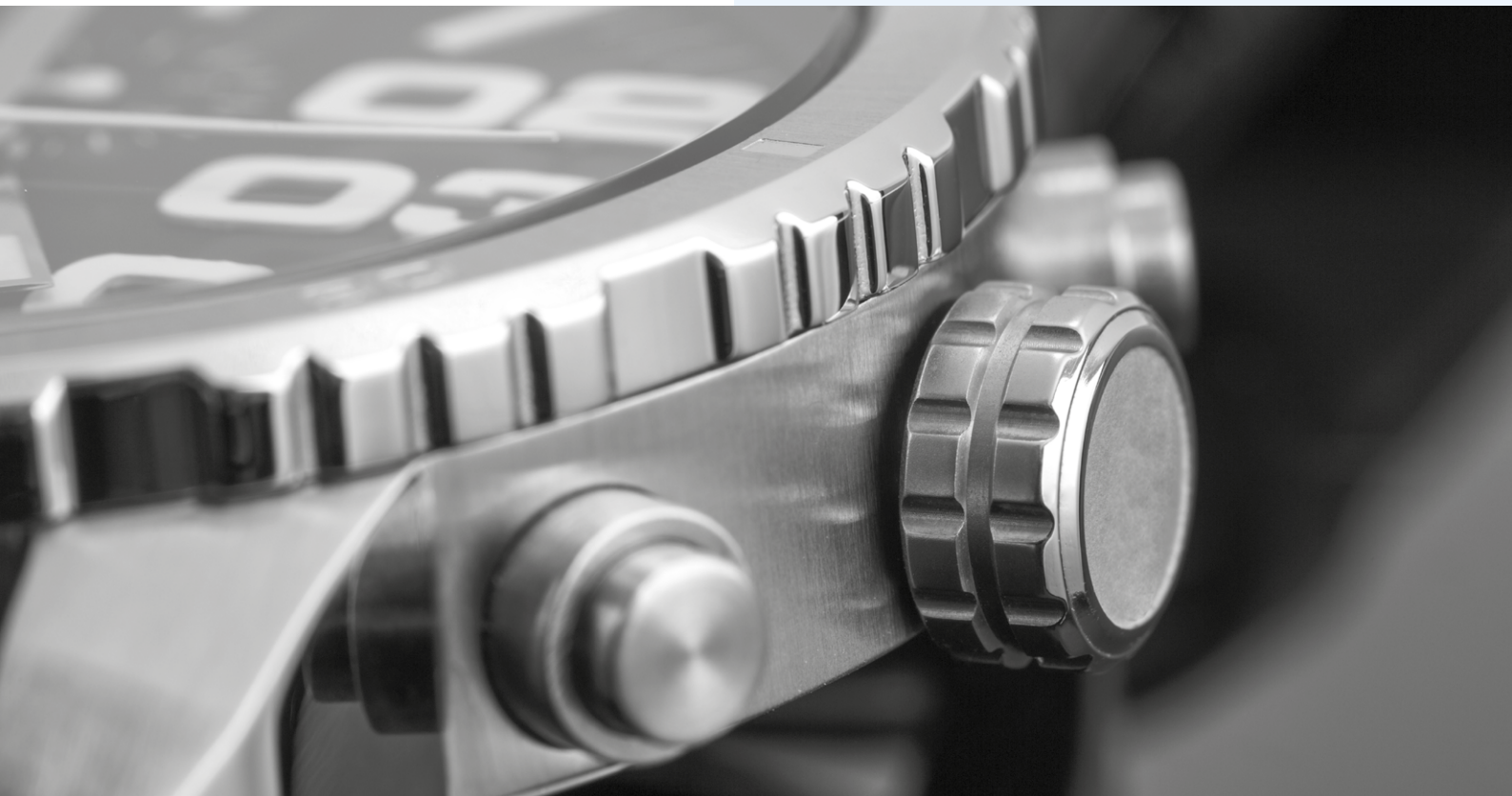
### **With profits**

An insurance contract that participates in the profits of an insurance company. The insurance company aims to distribute part of its profits to with profits policy holders in the form of bonuses.



ptl

---



## Contact

info@ptluk.com  
0303 366 0100

**ptluk.com**

Reading · London · Leeds · Birmingham

Personal  
Pragmatic  
Professional