

Society of St Vincent De Paul (Northern Ireland) Pension and Life Assurance Scheme

Chair's Statement

Introduction

This is the Society of St Vincent De Paul (Northern Ireland) Pension and Life Assurance Scheme (the "Scheme") Chair's Statement ('the Statement') for the period 1 January 2018 to 31 December 2018.

This statement has been prepared to provide members with details regarding the steps taken by the Trustees, to meet the governance standards that apply to the Scheme's pension arrangements. The statement covers the following topics:

- Governance and Queries
- The Default Investment Strategy
- Core financial transactions
- Charges and transaction costs
- An illustration of the charges levied on members
- Value for members
- Knowledge and understanding of the Trustees

1. Governance and Queries

The Scheme was established by a definitive trust deed dated 2 April 2004.

If you have any questions or require any further information you should contact the Trustees at svdp.admin@xpsgroup.com or by writing to the Trustees of the Society of St Vincent De Paul Pension and Life Assurance Scheme, C/O XPS Pensions Group, PO Box 205, Huddersfield, HD8 1ET

Set out below are the items that must be covered by this Statement.

2. The default investment strategy

A copy of the latest statement of investment principles prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 is attached.

A full investment review was undertaken during the 2017 Scheme year and a further change is now needed to the default investment arrangement due to the closing of a fund by the Scheme investment manager, M&G, and its replacement with a new fund. Once the further changes have been put in place and the Scheme members informed of the change, the Trustees will revise their statement of investment principles.

The default investment strategy, the Lifestyle Cash Fund, is a combination of the M&G Consensus Fund, M&G Defensive Fund and M&G Cash Fund. The strategy aims to protect the monetary value of a member's fund by gradually transiting toward all investments being in the Cash Fund, on the assumption that a member will take their fund as cash at retirement.

To meet this objective the asset allocation of the Lifestyle Cash Fund changes over time. It invests fully in the Consensus Fund until 10 years before the Scheme's Normal Retirement Age of 65. During the next 7 years, the allocation is automatically switched until the fund is invested 100% in the Defensive Fund 3 years before Normal Retirement Date. During the final 3 years up to Normal Retirement Date

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the allocation is automatically switched so that at Normal Retirement Age it is invested 100% in the Cash Fund.

The most recent review of the default arrangement's strategy and performance was concluded in November 2017.

3. Core financial transactions

During the year the Trustees ensured the requirements of Regulation 24 of the Occupational Pension Plans (Plan Administration) Regulations 1996 were met and that the Scheme's core financial transactions were processed promptly and accurately by:

- having an agreement in place with XPS Pensions Group (as Scheme administrator) committing them to defined service level agreements ("SLAs"). This covers, amongst other matters, the accuracy and timeliness of all core financial transactions. The SLA, which sets maximum timescales for the administrator to complete certain tasks, broadly covers:
 - data, including its maintenance; and
 - calculations and statements, which includes timescales for calculations to be made and provided to members and timescales for payments.
- having the service provider regularly report on their performance against the SLAs; and
- having the Scheme auditor independently test a sample of financial transactions for accuracy and timeliness as part of the annual audit process.

The core financial transactions include:

- the investment of contributions to the Scheme;
- the transfer of assets relating to members transferring into and out of the Scheme;
- the transfer of assets relating to members moving between different investments within the Scheme; and
- payments from the Scheme to, or in respect of, members/beneficiaries.

The processes adopted by XPS Pensions Group include workflow checklists for all financial transactions. Each step is signed off by appropriate members of the team and an audit trail is retained as evidence of the authorisation of financial transactions.

The Trustees are pleased to confirm that in the reporting period there have been no material administration service issues. The Trustees have received the report on internal controls prepared by XPS Administration (in its capacity as the Scheme's administrator) for the year to 31 December 2018. It is satisfied that the processes and controls in place (some of which have been described in the paragraph above) have been subject to independent audit under AAF 01/06 and ISAE 3402 and that the operation of these processes and controls should ensure that the financial transactions which are important to members are dealt with promptly and accurately.

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4. Charges and transaction costs

The charges and transaction costs applicable to all the funds are:

Fund name	Annual Management Charge (AMC)	Other Charges & Expenses (including Transaction Charges)	Total expense ratio (TER)*
M&G Cash Fund	0.10%	0.00%	0.00%
M&G Consensus Fund	0.15 – 0.20%	0.10%	0.25 – 0.30%
M&G Index-Linked Passive Fund	0.10%	0.00%	0.10%
M&G Defensive Fund	0.50%	0.10%	0.60%
M&G Long Dated Corporate Bond Fund	0.30%	0.01%	0.31%

Source: M&G

* TER represents the sum of the Annual Management Charge and Additional charges.

Members may select any of the funds above as Self Select options and switch between these options should they wish. Alternatively, there is a default Lifestyle Cash Strategy option. As stated above, over the 10 year period to retirement, a member's fund is gradually transferred to the cash fund.

5. An illustration of the charges levied on members

Below you can find an illustration of the effect of the costs and charges met by members on an example pension pot over time. This is for illustration only. The actual returns received are likely to differ over time as will individual member's pension pot sizes. This illustration is based on:

- The default Lifestyle Cash Strategy – which has assets transitioning to the cash fund over a 10 year period;
- An initial pension pot of £3,000;
- Contributions continuing to be made up to age 65; and
- Assets are transitioned according to the matrix on the next page.

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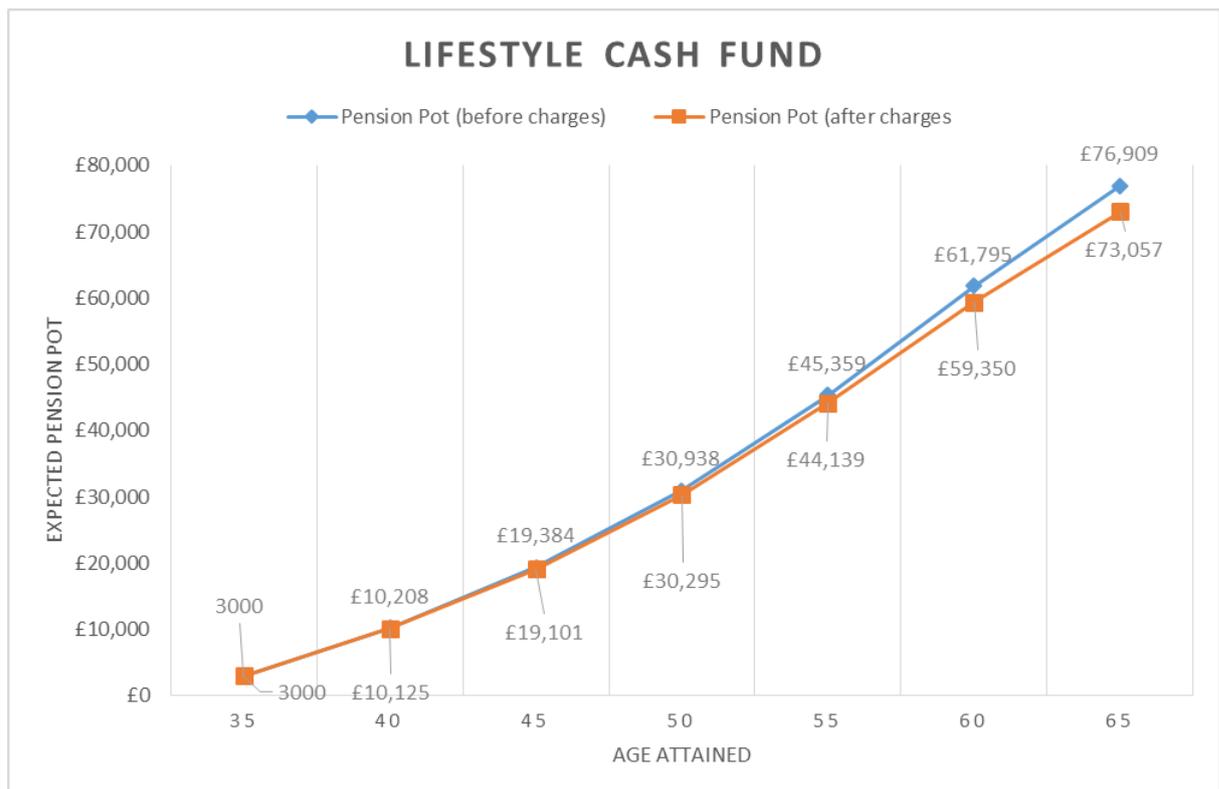
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Age Attained	Consensus Fund (%)	Defensive Fund (%)	Cash Fund (%)
55	100	0	0
56	86	14	0
57	71	29	0
58	57	43	0
59	43	57	0
60	29	71	0
61	14	86	0
62	0	100	0
63	0	67	33
64	0	33	67
65	0	0	100

- Investment Returns as follows, as taken from the 2018 Statutory Money Purchase Illustrations ("SMPI") assumptions adopted:

	% p.a.	
	Before Charges	After Charges
Consensus	5.4%	5.1%
Defensive	4.2%	3.6%
Cash	2.5%	2.4%

- Inflation (CPI) is assumed to be 2.5% p.a.



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In preparing these illustrations, the Trustees have had regard to:

- The Occupational Pension Plans (Plan Administration) Regulations 1996;
- The Occupational Pension Plans (Administration and Disclosure) (Amendment) Regulations 2018;
- The Pensions Regulator's Code of Practice number 13 on 'Governance and administration of occupational trust-based Schemes providing money purchase benefits'; and
- The Pensions Regulator's quick guide to the Chair's Statement and the Technical Appendix.

6. Value for members ('VfM')

The Trustees have concluded that the Annual Management Charges and other charges and expenses shown in this Statement represent good VfM for members for the following reasons:

- the robust processes that are in place ensure the efficient administration and governance of the Scheme (which include those explained in the 'Core financial transactions' and the 'Knowledge and understanding of the Trustees');
- the charges and expenses levied (as set out in this Statement) seem reasonable for the services provided to members;
- the investment options available give members various options and asset types in which to invest;
- a broad range of benefit options available to members at retirement which include cash options and annuities
- the high quality of communications and other services provided to members on an annual and ad-hoc basis by the Scheme's administrator provide members with clear and coherent information on their benefits and the options available to them; and
- Society pays the expenses of running the Scheme over and above the charges noted as met by members in this Statement, which is of benefit to the members.

7. Knowledge and understanding of the Trustees

The requirement under section 247 of the Pensions Act 2004 (requirement for knowledge and understanding) has been met during the Scheme year by:

- The Trustees relevant knowledge and understanding has been assessed and where necessary, additional training has been provided.
- Further trustee training provided by our advisers at each Trustee meeting.
- The Trustees maintain a log of training received.
- The combined knowledge and understanding of the Trustees, together with the advice which is available to them enables them to properly exercise their functions as Trustees.

As a result of the training activities which have been completed by the Trustees, and taking into account the professional advice available to the Trustees, the Trustees are confident that they have

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met the legislative requirements for knowledge and understanding and that the combined knowledge and understanding of the Trustees, enables them to properly exercise their functions.

Conclusion

The Chair and Trustees submit this report in compliance with the Chair's Statement requirements, in the belief that in the reporting period the Scheme has been operated and governed appropriately.

Signed for and on behalf of the Trustees of the Society of St Vincent De Paul Pension & Life Assurance Scheme by

R Brady

Chair of Trustees

Date: 30th May 2019