

Charles Wilson Engineers Ltd (1983) EBP

Scheme number 004006

Annual statement regarding governance

The Trustee of the Charles Wilson Engineers Ltd (1983) EBP (the Scheme) presents its annual Chair's statement on governance (the 'Statement') of the DC Section as required under legislation. (Note: Appendix A attached to this Statement sets out the regulatory requirements and is referenced in superscript in the Statement). The Statement covers the period 1 October 2020 to 28 September 2021.

The default investment option

The Scheme is not used for automatic enrolment purposes so is not required to provide members with a default investment strategy. In addition, at the outset of the scheme members were asked to select their investment fund and so the Trustees does not have a designated default investment strategy. Therefore, no default investment strategy review is required under regulation 2A(2) of the Investment Regulations 2005.

There are currently less than 50 members within the scheme (actives and deferred) and in accordance with regulation 2A of the Investment Regulations 2005, the Trustee is not required to produce a Statement of Investment Principles.

Investment performance

All members of the scheme are invested in the Phoenix Life Traditional With Profits Fund (the With Profits Fund).

The With Profits Fund pays out an annual bonus to each members policy. The below table sets out the With Profit Bonus rate history for the last 10 years, which represents the annual investment return net of charges pay by the member -

Period	% of guaranteed basic sum	% of existing bonuses
31/12/2012	0.05	0.05
31/12/2013	0.05	0.05
31/12/2013	0.05	0.05
31/12/2014	0.05	0.05
31/12/2015	0.05	0.05
31/12/2016	0.05	0.05
31/12/2017	0.05	0.05

31/12/2018	0.05	0.05
31/12/2019	0.05	0.05
31/12/2020	0.05	0.05
31/12/2021	0.05	0.05

Source: Phoenix Life

The bonus rate is monitored annually as part of the Value for Members assessment undertaken by the Trustee.

Please note that in addition to the annual bonus rate, members are entitled to a guaranteed annuity rate at retirement and may be entitled to a terminal bonus on vesting of the policy. Neither of these elements are reflected in the above table as they are not known until vesting and so returns may be higher than the annual bonus rates represented above.

Requirements for processing financial transactions

As required by the Administration Regulations, the Trustee must ensure that core financial transactions are processed promptly and accurately.

These include:

- Investment of contributions paid to the Scheme;
- Transfer of members' assets into and out of the Scheme;
- Transfers of members' assets between different investment options available in the Scheme; and
- Payment from the Scheme to, or in respect of, members.

There were no core financial transactions during the Scheme year as there are no active members within the scheme.

Administration

The Trustee has not reviewed the quality of the Scheme's data during the Scheme year and cannot confirm the percentage of common data held. The Trustee has engaged with its administrator to assess the quality of data over the coming year.

Charges and transaction costs

As required by the regulations, the Trustee reports on the charges and transaction costs for the investments used by members and its assessment of the extent to which the charges and costs represent good value for members.

All members of the Scheme are invested in the With Profits Fund. There are no charges met directly by members for this fund nor are there any transaction costs reported against the annual bonuses. All running costs, tax and any other charges are taken into consideration when declaring the Fund's bonuses and not directly from the members policy. Where a member is making contributions to the Scheme, Phoenix Life apply and ongoing charge, which is paid by the employer. There are currently no other funds being utilised by members.

Transaction costs for the With-Profits Fund are not available. As this is a traditional With Profits Fund, the member does not hold units in the underlying investment and so does not incur any transaction costs. The With Profit Fund's annual bonuses will be declared after taking into account any transaction costs incurred by the underlying assets but are not reported to members. Therefore, the Trustee are unable to obtain this information.

Illustrative impact of charges

This section provides a detailed illustration of the likely impact of charges for a short, medium- and long-term member invested in the With Profits fund compared to the charge cap requirements of a qualifying workplace pension scheme with a starting pot of £0.

	Total expense ratio (TER)*	Short term (5 years)	Medium term (15 years)	Long term (25 years)
With Profits fund No charges	0.00%	£6,188.45	£20,124.49	£36,471.56
Charge cap	0.75%	£6,118.48	£18,975.40	£32,993.92

Starting assumptions:

- Starting salary: £25,000.
- Contributions: £100 per month.
- Salary increase: 2% p.a.
- Nominal fund growth: 4% p.a.
- Figures in today's terms based on an assumed inflation rate of 2.2% pa.

Source: Punter Southall Aspire Pension Calculator.

Value for Members

The Trustee is required to undertake an assessment of the charges and transaction costs incurred by members in order to ascertain whether or not they represent good value for members.

The Trustee appointed Muse Advisory to undertake a value for money assessment. The Trustee received a report of Muse's professional view on the value for members provided, which the Trustee considered in conjunction with its own knowledge of the Scheme and its membership. Within the Trustee's assessment, the considered costs and charges met by members, administration, communication, investment and governance. Within this assessment, the Trustee and its adviser, considered the features of the With-profits investments utilised by members including the Guaranteed Annuity Rates available.

The Trustee concluded that the Scheme overall benefits and options represent good value for members. The reasons underpinning this conclusion include:

- There are no member borne charges incurred.
- The members benefit from guaranteed annuity rates, which outweighs any potential improvement in scheme management, administration, investment governance or communications that would likely be achieved from an alternative arrangement.
- The guaranteed annuity rates are a valuable benefit of the policy to members. If members moved their policy to a different pension arrangement the guarantee would be lost. For members with less than 15 years to retirement the likelihood of recouping any losses from moving away from a guaranteed annuity rate is low. For members with more than 15 years until retirement, it is possible they may benefit from a better outcome in an alternative pension plan, however given there is a guarantee of benefits this is unlikely to be the case.

Trustee knowledge and understanding


The Trustee is required to maintain an appropriate level of knowledge and understanding which, together with professional advice which is available to them, enables them to properly exercise their functions and duties in relation to the Scheme.

As part of the latest Value for members assessment carried out in April 2022, the trustee would have been expected to ensure their training requirements were up to date. The assessment provided the Trustee with a refresh of their governance duties to the Scheme and regulatory requirements.

In addition, representatives of the Trustee have completed The Pensions Regulator's online Trustee toolkit.

Therefore, the Trustee concludes that its knowledge and understanding of the Scheme and its regulatory duties are adequate in supporting good member outcomes.

I confirm that the above statement has been produced by the Trustee to the best of our knowledge.



[Trustee name]

MAX WILSON

Chair of the Trustee of the Charles Wilson Engineers Limited (1983) EBP

Appendix A – Chair’s Statement legislation and regulations

Reference	Regulation
1	Reg 23(1) – Administration Regulations 1996
2	Reg 23(1)(a)(i) – Administration Regulations 1996
3	Reg 23(1)(a)(ii) – Administration Regulations 1996
4	Reg 23(1)(a)(iii) – Administration Regulations 1996
5	Reg 23(1)(a)(iv) – Administration Regulations 1996
6	Reg 23(1)(b) – Administration Regulations 1996
7	Reg 23(1)(c)(i) – Administration Regulations 1996
8	Reg 23(1)(c)(ii) – Administration Regulations 1996
9	Reg 23(1)(c)(iii) – Administration Regulations 1996
10	Reg 23(1)(c)(iv) – Administration Regulations 1996
11	Reg 23(1)(ca) – Administration Regulations 1996
12	Reg 23(1)(d) – Administration Regulations 1996
13	Reg 23(1)(e) – Administration Regulations 1996