



# Chair's Annual Report

The PTL Governance  
Advisory Arrangement ('GAA')

April 2019

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## 1

## Introduction and Executive Summary



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

This report sets out our assessment of the value for money delivered to policyholders (see [Sections 2 and 3](#)). It also explains the background and credentials of the GAA (see [Appendix 3](#)). The GAA works under Terms of Reference, agreed with JLT, dated 5 October 2015. These are publicly available (see [Appendix 3](#)).

The workplace personal pension plans provided by JLT are Group Self Invested Personal Pension Plans (SIPPs). More 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 the costs paid by policyholders to the Group SIPP provider against the benefits and services provided from their policy, together with appropriate comparisons from other pension providers.

The GAA has assessed the aspects of value for money which are practical to apply to Group SIPP providers. The GAA requirements are relevant because Group SIPPS are classified as workplace pensions, although the same requirements do not apply to individual SIPPs. The GAA has highlighted this issue to the Financial Conduct Authority (FCA). The assessment encompasses the charges, communications, administration, processes, reviews, admissibility and other aspects controlled by JLT. However, it does not include the elements provided by the Independent Financial Advisers (IFAs), or employers (including investment matters and charges) not controlled by JLT.

We have also considered the extent to which JLT has checked that policyholders are either sophisticated investors or certified High Net Worth individuals, as defined by the FCA, or have been advised by a qualified and authorised Independent Financial Advisor.

To the extent that policyholders are neither sophisticated investors, certified High Net Worth individuals nor advised, we have considered the investment fund processes as for other workplace pension providers. At this stage this has not been done for JLT.

**The GAA's opinion is that, in the context of protecting members of workplace pension schemes, the aspects of the SIPPs provided or controlled by JLT provide reasonable to good value for money. JLT has taken steps to check the advised, sophisticated or High Net Worth status of policyholders. This process is complete and, so far, it is believed that almost all policyholders are able to make their own evaluation of investment funds and have actively selected this proposition.**

**The GAA are uncomfortable that the remaining policyholders (i.e. neither sophisticated, certified High Net Worth or advised) are not able to make investment decisions unassisted. The GAA has engaged with the provider to see if this can be rectified. If it cannot be rectified shortly the GAA will determine what escalation options are viable, if none are viable the GAA will reconsider its approach to Group SIPPs.**

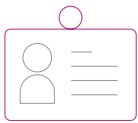
See [Section 3](#) and [Appendix 2](#) for more details of the value for money assessment.

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

| Good ← ● ● ● ● ● → Poor  | Self Invested<br>Personal Pension Plan |
|--|--|
| Investment: 'Advised', 'High Net Worth' or 'Sophisticated' policyholders | ●                                      |
| Communications and support   | ●                                      |
| Risk management: operational and financial                               | ●                                      |
| Other factors: administration, options at retirement, etc.               | ●                                      |
| Overall benefit  | ●                                      |
| Level of charges (excluding investment)                                  | ●                                      |
| <b>Overall value for money assessment</b>                                | ●                                      |

The GAA has not raised any formal concerns with JLT during the year (see [Section 4.2](#)); however the GAA is aware that it is proposed that JLT Group be acquired by Marsh McLennan. Little further has been announced about the specifics of how the groups may merge and what the impact on the JLT workplace pensions will be. We propose to take this into account as information becomes available, probably in the 2019/20 Report.

Arrangements have been put in place to ensure that the views of the policyholders can be directly represented to the GAA (see [Section 4.3](#)).



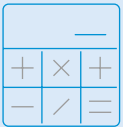
If you are a policyholder and have any questions, require any further information or wish to make any representation to the GAA you should contact:

**Patrick Evans, Senior Technical Manager  
JLT Premier Pensions**

Fitzalan House  
Fitzalan Court  
Fitzalan Road  
Cardiff  
CF24 0EL

## 2

## Value for money assessment framework for SIPP<sub>s</sub>



The GAA has developed a framework for assessing value for money. In broad terms, the benefits offered to members by the workplace pension provider are assessed in three different areas. These areas are Investment, Member Communications and Support and Additional Factors.

For Group SIPP providers the vast bulk of policyholders are either advised by a suitably qualified and authorised Independent Financial Advisor or are 'sophisticated investors' or 'certified High Net Worth individuals' as defined by the FCA (see below). Therefore, for these providers, such as JLT, the investment aspects of the framework become an assessment of the process by which the provider ascertains that policyholders are advised or are sophisticated investors or High Net Worth. It becomes a wider assessment if there are policyholders who are neither.

The assessment of the benefits as a whole is then balanced against the provider charges borne by members to reach an overall conclusion on value for money.

### Investment aspects

The FCA has prescribed five specific features that the GAA must assess and these have been built into the framework described above. However, some of these do not directly apply in the SIPP environment for individual SIPPS, and are relevant to the GAA due to the classification of Group SIPPS as workplace pensions. In isolation, the SIPP regulations do not require that providers consider these aspects. The GAA has highlighted this issue to the FCA. We explain this below.

The FCA requires the GAA to assess:

- » "whether default investment strategies are designed and executed in the interests of relevant policyholders."
- » "whether default investment strategies have clear statements of aims and objectives."
- » "whether the characteristics and net performance of investment strategies are regularly reviewed by the firm to ensure alignment with the interests of relevant policyholders and that the firm takes action to make any necessary changes."

Further under FCA PS17-20 19.8.3 G (2), 'The role of an IGC (or governance advisory arrangement), under COBS 19.5.5R(2), must include the assessment of value for money delivered by relevant schemes through the assessment of transaction costs (among other things).'

Under the rules of a SIPP, the policyholder directs the investment strategy, and is usually guided by their Independent Financial Adviser who will suggest strategies and put arrangements in place in conjunction with fund managers or investment platforms to implement those strategies. The SIPP provider has no active role in this. Its role is limited to the administration, except that it is expected by the FCA to act as a 'gatekeeper', for instance by carrying out due diligence on policyholders' advisers and on non-standard investments, monitoring adviser activity in terms of excessive charging and monitoring for unsuitable clients for the SIPP environment (such as those with low fund sizes or who appear to be unsophisticated investors).

The SIPP provider does not have a role in designing or managing investment strategies nor in setting their aims and objectives. These roles are fulfilled for a SIPP by the member or in some cases potentially by the employers. In many cases SIPP policyholders choose this type of pension because they are 'certified high net worth' or 'sophisticated' investors as defined in FCA Handbook COBS 4.12.6/7/8 R.

<https://www.handbook.fca.org.uk/handbook/COBS/4/12.html#DES582>

In these cases the provider is safe to assume that the policyholder is able to design the strategy and evaluate whether they are obtaining value for money over time from their investments.

For unsophisticated or non-advised policyholders the provider should undertake some form of review of the characteristics and performance of the investment strategies, and we are able to assess this process. However, by their nature, SIPPs can invest in 'non-standard' assets such as unquoted shares or business premises of the employer. In such cases, it is likely that the member themselves will be much better placed to obtain information on, and understand the characteristics and net performance of, such strategies, rather than provider.

Where a meaningful review can take place, the provider may be unable in practice to take action to make any necessary changes, because as described, it has no role in setting or managing investment strategies. The provider is able to raise concerns but cannot require action to be taken.

The Provider has in place processes and controls to ensure appropriate due diligence is carried out in relation to any new fund managers and/or the underlying asset chosen by the Policyholder. It has the right to reject investments and has done so in respect of its wider SIPP population.

Group SIPPs generally do not have default funds in operation because each member is choosing their own investments. Some Group SIPPs have the same investment for each person, but each person has chosen the investment.

Accordingly, the GAA has not assessed the provider in relation to the first two areas in the table above unless any default funds are present. Our assessment has therefore started with a review of the process and outcome of the work done by JLT to establish which policyholders are receiving ongoing advice from an independent financial adviser, or can evidence that they are 'certified high net worth' or 'sophisticated investors'.

This work has identified that one or more of these conditions apply to most policyholders however the GAA understands that it has not been possible to make this determination for every policyholder. The GAA has engaged with the provider to see if this can be rectified. If it cannot be rectified shortly the GAA will determine what escalation options are viable, if none are viable the GAA will reconsider its approach to Group SIPP.



## 3

## Value for money assessment



The GAA has assessed the value for money delivered by JLT to its workplace personal pension 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:

- » The GAA has evaluated JLT using the value for money assessment framework for Group SPPs.
- » Communications and administration are of a good standard.
- » The range of communication materials and compliance checks are extensive.
- » The pricing is high in nominal terms and reasonable in percentage terms.
- » The GAA focused on ensuring that all members were advised or did not need advice because they understood the proposition, the evidence we have seen suggests that this is the case.

### Overall assessment of value for money

Fees are expressed in monetary terms and are quite high in nominal terms, however as the schemes have been operating for some time and assets have built up these are quite modest when expressed as a percentage of assets, and in all cases subsidised by the employer. There may be individuals with smaller funds that pay a higher percentage but the GAA has not had sight of the policyholder breakdown. Due to charging in monetary terms the JLT charges are higher as a percentage of individual asset values for policyholders with lower fund values, and hence value for money varies according to fund size if considered in such terms.

The GAA has assessed the aspects of value for money which are practical to apply to Group SPP providers. This encompasses the charges, communications, administration, processes, reviews, admissibility and other aspects controlled by JLT. However, it does not include the elements provided by the Independent Financial Advisers, or employers (including investment matters and charges) not controlled by JLT.

We have considered the extent to which JLT has checked that policyholders are either sophisticated investors, as defined by the FCA, or have been advised by a qualified and authorised Independent Financial Advisor.

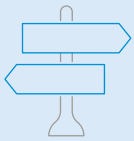
To the extent that policyholders are neither sophisticated investors, certified High Net Worth nor advised, we have considered the investment fund processes as for other workplace pension providers. This was not necessary for JLT.

**The GAA's opinion is that, in the context of protecting members of workplace pension schemes, the aspects of the SIPPs provided or controlled by JLT provide reasonable to good value for money.**

JLT has taken steps to check the advised, sophisticated or certified High Net Worth status of policyholders. This work has identified that one or more of these conditions apply to most policyholders however the GAA understands that it has not been possible to make this determination for every policyholder. The GAA has engaged with the provider to see if this can be rectified. If it cannot be rectified shortly the GAA will determine what escalation options are viable, if none are viable the GAA will reconsider its approach to Group SIPPs.

## 4

## 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.

### 4.1 GAA actions this year

We prepared and issued a request for data on all the relevant workplace pension policies on 31 May 2018.

On 25 September 2018, members of the GAA had discussions with key JLT contacts for the portfolio and representatives from the technical and administration teams. We discussed how the investment funds are managed and governed. We had discussions with the administration teams to see in detail how some of their work is carried out and how they deal with policyholders, as well as service standards and how these are monitored and managed.

JLT have provided all the information requested by the GAA.

The GAA held 4 meetings during 2018/19 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.

### 4.2 Concerns and Challenges raised with the Provider by the GAA and their response

The GAA has engaged and challenged JLT extensively during the year covered by this report and in previous years.

In the first year engagement focused on the extent to which the provider was responsible for the entire proposition. It became clear that as a SIPP provider JLT regarded itself as a facilitator rather than a provider. It expected the policyholders were able to make their own investment decisions and assess their own value for money in the choices that members have made.

Last year and this year, the GAA challenged the provider to provide complete evidence that policyholders were competent to make these decisions or were taking independent advice.

On the staff scheme JLT were able to show that employees are normally enrolled into an auto enrolment scheme and if they wish to enter the staff scheme they have to actively opt out of the auto enrolment scheme and apply to join the staff scheme, thus showing that the staff scheme only has members who wish to exercise more investment flexibility than allowed in the auto enrolment scheme.

The other schemes are all for asset managers who set up these SIPP's to allow staff to invest in their own products. These schemes were set up prior to policyholders having to sign forms to say they were 'certified high net worth' or 'sophisticated' investors. The GAA has called on JLT to provide evidence that all policyholders of these schemes are competent to manage their own investment affairs. As a result JLT has engaged with the employers and provided evidence that most of the relevant Policyholders are either 'certified high net worth', 'sophisticated' investors or those who are advised. The GAA has engaged with the Provider to see if the remaining Policyholders can be classified in one of these categories – if this cannot be rectified shortly the GAA will determine what escalation options are viable, if none are viable the GAA will reconsider its approach to Group SIPP's.

The issue that remains unresolved is that in certain cases JLT know that all policyholders at outset were within these categories of investor but it may be possible that not all subsequent new policyholders are as such. JLT are undertaking a series of checks to confirm this point and have identified some exceptions. The GAA are engaging with JLT to ensure that these cases are rectified.

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

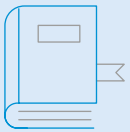
The following arrangements have been put in place to ensure that the views of policyholders can be directly represented to the GAA:

- » The role of the GAA and the opportunity for policyholders to make representations direct to the GAA has been communicated via the JLT website and has been highlighted on annual benefit statements since April 2016. A paragraph has been added to the Key Features Document for any new policyholders.
- » JLT 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 JLT 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.

No representations were received from Policyholders during the reporting year.

## 5

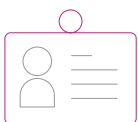
## Next steps



This GAA report is for the year to 5 April 2019. 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:

- » Reassess the confirmation of investor status as advised or sophisticated. If this is not rectified the GAA will consider how best to escalate the issue to protect all policyholders.
- » Assess the investment review process of any exceptions.
- » Continue to review the administration service levels.
- » Assess the future consideration of charging structure.
- » Look at the mechanism for policyholders and advisers to receive transaction costs information for underlying investment funds.



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 JLT at the address shown on page 5.

**Keith Lewis**

**Chair: PTL Governance Advisory Arrangement**

# Appendix

## 1

### Summary of workplace personal pensions data at 31 December 2018

This is the GAA's fourth annual report in respect of the workplace personal pension schemes provided by JLT, which are all Self Invested Personal Pensions ('SIPPs'). These fall into a number of different categories:

1. The majority of the SIPPS were set up more than 5 years ago for asset managers who wished to be able to invest in their own investment funds. These have then been available to all staff but are not being used for auto-enrolment.
2. JLT's own executive scheme where members opt out of the company money purchase occupational scheme and select this scheme if they want a wider range of investment options. The GAA therefore assume these members are more able to select their own investments and have actively chosen to be in the scheme.

|  | JLT SIPP     | Silchester SIPP | Highclere SIPP | Kiltearn SIPP | Edgbaston SIPP |
|--|--------------|-----------------|----------------|---------------|----------------|
| <b>Number of employers:</b><br>qualifying for auto-enrolment     | 0            | 0               | 0              | 0             | 0              |
| <b>Number of employers:</b><br>not qualifying for auto-enrolment | 1            | 1               | 1              | 1             | 1              |
| <b>Total number of policyholders</b>                             | 14           | 26              | 25             | 18            | 14             |
| <b>Total value of assets (market value)</b>                      | <b>£5.9m</b> | <b>£11.3m</b>   | <b>£7.3m</b>   | <b>£3.5m</b>  | <b>£3.5m</b>   |
| <b>Asset type</b>  | Various      | UCITS           | UCIS           | UCITS         | UCIS           |

# Appendix

## 2

### Value for money assessment

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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 JLT to its workplace personal pension policyholders by looking at costs compared against our evaluation of the quality of the benefits.

A key area for Group SIPPS is whether policyholders are either advised by a suitable qualified and authorised Independent Financial Adviser on appropriate investment funds for their requirements, or are deemed 'sophisticated investors' as defined by the FCA (described in [Section 2](#) of this report). Therefore, a central part of the GAA's assessment has been the Provider's process to know this for all policyholders.

In addition, we have looked at the benefits offered to policyholders in communications, risk management 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 – Confirmation that policyholders are ‘advised’, ‘sophisticated’ or ‘certified high net worth’**

JLT have provided a list of schemes showing the name of the employer, the number of policyholders, average fund size and typical investment strategy or the name of the discretionary fund manager or platform used.

JLT have explained their role in accepting schemes and outlined the processes that they follow to assess the suitability of the adviser, fund manager and policyholders.

JLT has provided evidence that almost all policyholders have either actively selected being in the SIPP or they have provided evidence to their employer that they are ‘certified high net worth investors’ or are advised. JLT are in the process of completing their checks that all policyholders fall into one of these groups.

JLT are checking policyholder status in detail which is welcomed. The GAA have not been provided with comfort that the status is clear or will be clear for all policyholders. This means the GAA cannot assume all policyholders have self-selected into the schemes and are able to design and evaluate their own investment strategy. The GAA is engaging with JLT to rectify this.

**Investment – Transaction costs**

The FCA published a prescribed method for calculating transaction costs for disclosure to Independent Governance Committees (and the GAA) in September 2017 to be effective from 3 January 2018. This is relevant to Policyholders because their funds are subject to deductions for known direct costs (such as the annual management charge and explicit known charges levied by JLT) but also indirect and transaction costs which are incurred by the investment funds and paid out of the funds in the course of investment management.

Providers are under a duty to provide information on these costs from 3 January 2018 onwards. This is complex for Group SIPP Providers because many different investment managers and funds may be used. The GAA have, as the only body to have the power to request transaction data from investment managers for policyholders, provided a request to JLT to pass on to the investment managers.

Notwithstanding this, in terms of costs and charges the GAA has looked at charges levied by JLT and not the charges levied by the investment managers. The selection of investment funds and their ongoing review of suitability is the responsibility of the policyholders’ IFA and they have the responsibility for this, including transaction cost information.

The issue to resolve with Group SIPP providers is that only the GAA can request transaction cost data from asset managers, through the provider, but the members or their advisors need the data as they have discretion over their investments. Even if it is provided to the GAA it will be difficult to interpret as the policyholder has made the fund selection decision.

The GAA have not seen any evidence that transaction costs are available for policyholders. We intend to investigate this further next year.

**Description of arrangements****GAA assessment and opinion****Communications and Support – 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. Details of telephone scripts have been provided.

In our opinion, written policyholder communications are comprehensive and are of a good standard for most SIPP policyholders who will usually be more able to make pension and investment choices than most pension scheme policyholders.

**Communications and Support – Other support, including telephone and online**

Telephone support is available, and new web portal is about to be rolled out.

JLT are investing in developing their services for policyholders.

**Communications and Support – When choosing retirement options**

A normal retirement process is in place to provide 'wake up' letters prior to retirement. In addition drawdown, including UFPLS is available within the SIPP.

Reasonable support is provided for policyholders.

**Risk Management – Security of IT Systems and data protection**

Security of IT systems is the responsibility of HCL and JLT's own IT department.

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

Note that we have not taken any independent advice from cyber security or data protection experts to support this opinion.

**Risk Management – Financial strength and stability**

JLT is a significant financial services group, although the Group SIPPs represent only a very small proportion of its overall business activities.

As JLT is providing an administration wrapper and platform, its financial strength is not a primary security concern to policyholders.

**Risk Management – Independent assurance of firm controls**

There is no independent assurance of internal controls. PwC carry out an annual audit of JLT's 'CASS' procedures and reconciliation of the bank accounts.

Whilst there is no external audit, the internal controls seem adequate.

## Description of arrangements

## GAA assessment and opinion

**Risk Management – Product development process to assist policyholder outcomes**

There is a regular process of internal product review to ensure that products remain fit for purpose and suitable for policyholders.

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

**Risk Management – Processes for protecting policyholders against fraud and scams**

All members of the administration team are required to complete internal compliance training on fraud every year, which requires an assessment to be passed. JLT has reviewed its processes to identify areas where fraud could occur in relation to the SIPP. In terms of money being paid out it has robust controls that require at least 3 different levels of authority before any funds can be released outside the SIPP; this limits the chances of an internal fraud and gives JLT the opportunity to spot external fraud, such as fraudulent invoices. In terms of scams it has robust processes to ensure transfer payments are only made to other registered pension schemes and they fully comply with HMRC and FCA requirements.

The GAA is satisfied that there are appropriate controls in place to protect members from fraud and potential scams.

**Administration service and core financial transactions**

JLT carry out the administration, working to high standards. Their aim is to complete all standard work within 2 working days and where possible on the same day.

If the agreed Service Standards are met, core financial transactions will be processed promptly and accurately. Between 95% and 98% target service standards have been achieved in historic data with average turnaround times of just less than one working day. This has slipped to percentages lower than this in the last year.

There have been no complaints from policyholders in Group SIPPs.

Administration service levels are monitored closely and good standards are targeted and broadly attained based on historic statistics.

For the 2018 reporting year Service Standards have slipped to around 90%. However, the target standards are relatively short.

**Other governance or support arrangements**

There are no additional (financial or other) benefits to policyholders by virtue of their membership of a JLT Group SIPP.

**Retirement options**

At retirement, policyholders can take one or more Unfunded Pension Lump Sum ('UFPLS') from their fund or select flexible drawdown, without transferring to a different product or provider. Alternatively, policyholders can arrange an annuity purchase on the open market, as JLT do not offer annuities.

Policyholders can access the full range of options at retirement, with an external transfer only required if an annuity is purchased.

## Overall assessment of value for money

Fees are expressed in monetary terms and are quite high in nominal terms, however as the schemes have been operating for some time and assets have built up these are quite modest when expressed as a percentage of assets, and in some cases subsidised by the employer. There may be individuals with smaller funds that pay a higher percentage but the GAA has not had sight of the policyholder breakdown. Due to charging in monetary terms, the JLT charges are higher as a percentage of individual asset values for policyholders with lower fund values, and hence value for money varies according to fund size if considered in such terms.

The GAA has assessed the aspects of value for money which are practical to apply to Group SIPP Providers. This encompasses the charges, communications, administration, processes, reviews, admissibility and other aspects controlled by JLT. However, it does not include the elements provided by the Independent Financial Advisers, or employers (including investment matters and charges) not controlled by JLT.

We have considered the extent to which the provider has checked that policyholders are either sophisticated investors, as defined by the FCA, or have been advised by a qualified and authorised Independent Financial Advisor.

To the extent that policyholders are neither sophisticated investors nor advised, we have considered the investment fund processes as for other workplace pension providers. This was not necessary for JLT.

**The GAA's opinion is that, in the context of protecting members of workplace pension schemes, the aspects of the SIPPs provided or controlled by JLT provide reasonable to good value for money.**

JLT has taken steps to check the advised, certified High Net Worth or sophisticated status of policyholders. This process is complete and, so far, it is believed that almost all policyholders are able to make their own evaluation of investment funds and have actively selected this proposition. The GAA are uncomfortable that the remaining policyholders are not able to make investment decisions unassisted.

# Appendix

## 3

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

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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 [ptluk.com](http://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 [ptluk.com/team](http://ptluk.com/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 have sufficient expertise, experience and independence to act in the interests of the members of the providers' pension plans.

The terms of reference agreed with JLT can be found at:

[www.jltemployeebenefits.com/what-we-do/sipp-and-ssas-solutions/sipp-literature](http://www.jltemployeebenefits.com/what-we-do/sipp-and-ssas-solutions/sipp-literature)

# Glossary

## 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 lifestyling 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.

## Lifestyling

means 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.

# ptl



## Contact

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