


# Chair's Annual Report

Year ended 31 December 2020

The PTL Governance Advisory  
Arrangement (GAA)

A large, decorative graphic on the right side of the cover features several concentric, overlapping circles. The circles are rendered in various shades of teal, light blue, white, and magenta, creating a dynamic, layered effect. The text 'JLT Premier Pensions Workplace Personal Pension Plans' is centered within the innermost white circle.

JLT Premier  
Pensions Workplace  
Personal Pension  
Plans

July  
2021

## Introduction and Executive Summary

This report on the workplace personal pension plans provided by JLT Premier Pensions ('JLTPP') for its clients ('the Client Plans') and for some senior staff of JLT ('the Staff Plan'). It has been prepared by the Chair of the PTL Governance Advisory Arrangement ('the GAA') and sets out our assessment of the value delivered to policyholders.

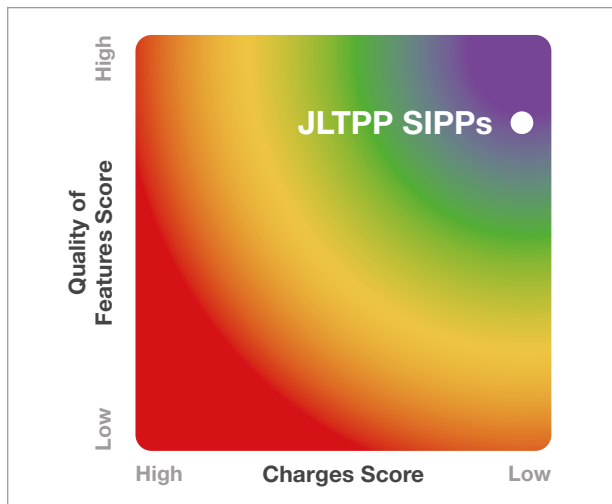
Further background and details of the credentials of the GAA can be found in Appendix 2. The GAA works under Terms of Reference, agreed with JLTPP, the latest version of which is dated 4 December 2020 and are publicly available (see Appendix 2). This is our sixth annual report.

As Chair of the GAA, I am pleased to deliver this value assessment of the workplace personal pension plans provided by JLTPP through their Group Self Invested Personal Pension Plans ('SIPPs'). The GAA has conducted a rigorous assessment of the Value for Money delivered to policyholders over the period 1 January 2020 to 31 December 2020. The GAA has developed a Framework to assess Value for Money and further details are set out on page 6.

**A colour coded summary of the GAA assessment is shown below:**

	Weighting toward VfM assessment	JLTPP SIPPs
Strategy Design and Investment Objectives	10%	●
Investment Performance and Risk	10%	●
Communication	30%	●
Firm Governance	10%	●
Financial Security	10%	●
Administration and Operations	25%	●
Engagement and Innovation	5%	●
<b>Overall Quality of Features</b>	100%	●
Overall Cost and Charge Levels	100%	●
<b>Overall Value for Money Assessment</b>		●

## Value for Money Scoring



The Overall Value for Money rating is determined on a rating scale based on the product of the Quality of Features score and the Charge Levels score and is visually represented by the heatmap opposite.

**The overall conclusion is that the workplace personal pension plans operated by JLTPP provide excellent value for money for the majority of policyholders. This Value for Money assessment reflects that the SIPP charges that apply to the policies are met by the employers for the Client Plans. This assessment does not consider the level of fees from the employer’s perspective.**

During the period we conducted our Value for Money assessment, the GAA raised a formal concern with JLTPP and its governing body regarding the difficulties experienced in obtaining the information required to carry out the Value for Money assessment and the lack of clarity over the status of non-advised policyholders. The process for ensuring all policyholders are either advised, or are considered ‘high net worth’ or ‘sophisticated’, has been a persistent area of weakness identified in previous years’ Value for Money assessments. The GAA is pleased to confirm that in response to the formal concern raised JLTPP has now provided the GAA with all the outstanding information requested and JLTPP has also provided a comprehensive statement to the GAA clarifying the status of all policyholders. As such, the GAA can confirm that the concern has been addressed satisfactorily.

JLTPP has confirmed to the GAA that all policyholders are either certified as meeting the FCA definition of a ‘sophisticated investor’ or are confirmed as being suitably knowledgeable to understand the SIPP product and the underlying investment options available. Furthermore, for most employers covered by this report, the JLTPP SIPP’s are the only way for policyholders to access their employer’s own investment funds.

Aside from the formal concern noted above, the GAA has challenged JLTPP to engage with the relevant investment firms to ensure they will be able to provide [transaction costs](#) on the DC workplace methodology basis, in order to be able to meet the FCA disclosure requirements which, in the case of the JLTPP SIPP’s where there are no default funds, will apply next year. The GAA also encourages JLTPP to evidence that policyholders are provided with regular information about the performance and risk of the fund options available to them.

Details of the numbers of policyholders and their funds were supplied to PTL for the assessment and a summary is shown in Appendix 4.

I hope you find this value assessment interesting, informative, and constructive.

Clare James

Chair of the PTL Governance Advisory Arrangement

July 2021



**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:**

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**Alternatively, you can contact the GAA directly at:**  
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# Overview of the Value Assessment

The GAA has assessed the Value for Money delivered by JLT Premier Pensions (referred to as 'JLTPP' or 'the Firm' throughout the rest of this report) to its workplace personal pension plan policyholders by looking at cost versus benefits. More detail about how we have done this is set out below.

## Our approach

The GAA believes that value for money is 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. Our fundamental approach has therefore been to compare all the costs paid by policyholders against the benefits and services provided to policyholders. We have attempted to make appropriate comparisons with other relevant pension providers, although there is limited information available in the public domain.

The key steps for the GAA in carrying out the Value for Money assessment are:

- » Issuing a comprehensive data request to the Firm, requesting information and evidence across a wide range of areas or quality features, as well as full information on all costs and charges, including [transaction costs](#).
- » Attending a number of formal meetings with representatives of the Firm to interrogate the data provided and to enable the GAA to question or challenge on any areas of concern. All such meetings have been documented by formal minutes and a log is also maintained containing details of any challenges raised, whether informally or through formal escalation.
- » Once the Firm has provided all information and evidence requested, the GAA has met to discuss and agree provisional Value for Money scoring using the Framework developed by the GAA.
- » The provisional Value for Money score, including a full breakdown, has then been shared and discussed with the Firm.

The Framework developed by the GAA to assess overall Value for Money for policyholders involves rating the Firm against seven different overarching quality features. These quality features have been determined based directly on the FCA requirements for assessing ongoing Value for Money set out in COBS 19.5.5, expanded to include other aspects the GAA considers important based on the GAA's experience of conducting Value for Money assessments over the past several years, such as the Firm's governance structure, the financial security for policyholders, the Firm's approach to innovation, culture and service, and a wider overview of the administration quality and processes, not confined to just the processing of [core financial transactions](#).

Within each of the seven quality features are a number of sub-features and these are each scored using a numerical scoring system of 0 to 4, where 4 is 'excellent', 3 is 'good', 2 is 'satisfactory', 1 is 'poor' and 0 is 'non-compliant or insufficient information has been provided'. Scoring is aided by means of score descriptors, developed for each sub-feature, ensuring the GAA adopts a consistent approach to scoring.

Each set of score descriptors set out what the GAA would expect to see to achieve each numerical score. These scores are then combined to produce an overall score for each of the seven quality features, as well as an overall score for the quality features combined. The Framework incorporates relative weightings for this purpose as shown in the table in the Executive Summary.

In making our overall assessment of the Quality of Features the GAA has, where possible, taken into account the likely needs and expectations of this group of policyholders, based on the information made available.

The GAA then went on to consider the Value for Money represented by the Cost and Charge Levels which policyholders have to bear. The assessment of Cost and Charge Levels is primarily driven by the level of ongoing charges for investment management, administration, and platform fees, but the GAA does also consider [transaction costs](#) in isolation and how they are controlled. The Cost and Charge Levels are rated on a scale of Low to High, taking into account information available to the GAA on general levels of costs and charges for pension providers in the marketplace.

The Quality of Features score and the Cost and Charge Level rating are then combined to determine an Overall Value for Money rating.

## Value for Money Assessment Framework for SIPPs

Where policyholders are either advised by an FCA authorised independent financial adviser ('IFA'), or are 'high net worth' or 'sophisticated' investors, the investment aspects of the framework become an assessment of the process by which the provider ascertains that members are advised, or are 'high net worth' or 'sophisticated' investors. It becomes a wider assessment if there are policyholders who are neither.

The provider also has a duty to operate certain filters or screening of investments; for example, that the funds are bona fide investment funds.

The assessment of the Quality of Features or benefits provided by the Firm (excluding the investment aspects not under the control of the Firm) are then balanced against the Cost and Charge Levels levied by the Firm on policyholders (i.e. excluding underlying investment fund charges), to reach an overall conclusion on Value for Money.

### Investment aspects:

The FCA has prescribed specific features that the GAA must assess as discussed in the framework described above. However, some of these features do not directly apply for SIPPs, and are only 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, and we provide further explanation below.

The FCA requires the GAA to assess:

- » whether default investment strategies are designed and managed taking the needs and interests of [relevant policyholders](#) into account;
- » whether default investment strategies have clear statements of aims and objectives;



- » whether all investment choices available to [relevant policyholders](#), including default options, are regularly reviewed to ensure alignment with the interests of relevant policy holders.

Under the rules of a SIPP, the policyholder directs the investment strategy and, with the assistance of an FCA authorised IFA where appropriate, puts arrangements in place in conjunction with fund managers or investment platforms to implement the strategy.

The SIPP provider therefore has no active role in designing or managing investment strategies nor in setting their aims and objectives. These roles are fulfilled for a SIPP by the FCA authorised IFA, the policyholder or, in some cases, potentially by the employers.

For some Group SIPP providers there are policyholders who choose this type of pension because they are 'high net worth' or 'sophisticated' investors as defined in FCA Handbook COBS 4.12.6/7/8 R. JLTPP has confirmed that all policyholders fall under this latter category as they either satisfy the FCA definition referred to above, or are suitably knowledgeable to understand the SIPP product and the underlying investment options available. As such, JLTPP SIPP policyholders are deemed able to evaluate whether they are obtaining value for money over time from their investments.

JLTPP is unable to take action to make any necessary changes to policyholders' investments, because as described, it has no role in setting or managing investment strategies. JLTPP is able to raise concerns, but cannot require action to be taken. The JLTPP SIPPs, in line with most Group SIPPs, do not have default funds in operation because each policyholder chooses their own investments. This removes the first two areas of assessment in the bullet points above. Some Group SIPPs have the same investment for each person, but each person has chosen the investment.

**Accordingly, the GAA has not assessed the Firm in relation to the first two areas highlighted above. Our assessment has therefore focused on a review of the process and outcome of the work done by JLTPP to establish the status of all non-advised policyholders. This has been an area the GAA has challenged JLTPP on in previous years and in the current year the GAA raised a formal concern with JLTPP and its governing body over the lack of clarity of the status of non-advised policyholders.**

**In response, JLTPP provided a clear statement to the GAA confirming that all policyholders are either certified as meeting the FCA definition of a 'sophisticated investor' or are considered suitably knowledgeable to understand the SIPP product and the underlying investment options available. As such, the GAA can confirm that this concern has now been addressed satisfactorily.**

**In the sections on the following pages, we have described each of the Firm's seven quality features, the rating the GAA has awarded, together with any areas for improvement we have identified. There is also a separate section on Costs and Charges and a section setting out the GAA's views on the adequacy and quality of the Firm's policies on [ESG](#) financial considerations, non-financial considerations, and stewardship.**



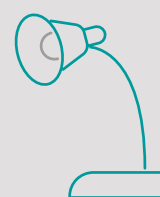
Where we have used technical pensions terms or jargon, these are explained in the [Glossary](#) in Appendix 3.



## Strategy Design and Investment Objectives

**Value score: Satisfactory**

Excellent
  Good
  **Satisfactory**
 Poor



### The Firm's approach

Operating within the SIPP framework, JLTTP do not have a role in designing or managing investment strategies nor in setting their aims and objectives. Rather, this is deemed to be carried out by the policyholder or their IFA. There are no default investment strategies in place for any of the SIPPs provided by the Firm.

The SIPPs were never designed to be marketed as workplace personal pension plans for retail clients. The plans were established before the FCA defined the types of pension arrangement that would be deemed to be a workplace personal pension plan and to fall within the remit of the GAA. JLTTP note that the employers who contribute to these SIPPs also have a separate workplace pension plan that is used for auto-enrolment purposes that the SIPP policyholders must regularly opt out of to remain within these SIPPs.

The Staff Plan which was provided for JLT's senior staff had completely open architecture and any fund that meets the due diligence process can be invested in.

The remaining workplace personal pension plans (the Client Plans) are provided for asset managers where the SIPP facilitates employees to invest in the asset managers' own funds through their pension scheme. All policyholders are required to be part of a scheme where the employer ensures that JLTTP are satisfied that all the policyholders are suitably knowledgeable to understand both the SIPP product and the underlying investments options available.

JLTTP note that policyholders have to meet very narrow criteria before they are allowed to become a policyholder of the SIPPs and that the process supporting the opening of a new plan for fund managers and their employees was reviewed by the FCA in 2014.

However, until June 2021, JLTTP had not been able to provide the GAA with complete assurance that all policyholders were suitably knowledgeable, as there had always been some outstanding confirmations.

## What are we looking for?

Given the limited involvement of the Firm in designing investment strategies, we have sought confirmation that all SIPP policyholders are either fully advised or can be considered, high net worth or sophisticated investors in their own right.

Our assessment has also considered how policyholders are supported when exploring their investment options. Funds should have clear statements of aims and objectives – in particular that as well as qualitative objectives, there are quantitative objectives in place, that investment performance outcomes can objectively be measured against.

We are also looking for evidence of a robust review process for all investment options entering the platform.

Policies on [ESG](#) financial considerations and non-financial matters are considered separately on page 23.

## The Firm's strengths

When a new fund is requested, the Firm completes appropriate due diligence before making the new fund available to SIPP policyholders. JLTPP has provided evidence to the GAA of the process undertaken during the year before making one their client's funds available to the client's SIPP policyholders.

The GAA acknowledges that JLTPP's role in strategy design and investment objectives is very limited.

## Areas of improvement – GAA observation

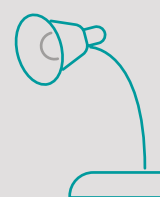


It is positive to finally have clarity on the status of all non-advised SIPP policyholders. JLTPP has provided a statement confirming that all policyholders either satisfy the FCA definition of 'sophisticated investor', or are deemed to be suitably knowledgeable to understand the SIPP product and the underlying investment options available. The GAA expects to see evidence on an ongoing basis that JLTPP continue to monitor the status of its SIPP policyholders.

## Investment Performance and Risk

**Value score: Good**

Excellent
  **Good**
 Satisfactory
  Poor



### The Firm's approach

JLTPP do not monitor investment performance and risk themselves, as this is considered to fall within the remit of each policyholder, and this is standard for a Group SIPP product of this nature. JLTPP do, however, perform due diligence on the funds made available to policyholders under the SIPPs.

In particular, JLTPP do not wish to be seen as providing any elements of investment advice, and they cannot make changes to policyholders' investments without the request of a policyholder.

JLTPP are satisfied that members are provided with clear and detailed fund and performance data to enable them to assess fund performance and investment risk.

### What are we looking for?

Acknowledging the limited role that the Firm plays, in that it makes investment options available but does not have a role in assessing the performance of those funds, we would nonetheless expect to see a robust framework under which investment performance information is made available, and easily accessed by policyholders and advisers.

Performance should be measured against investment objectives, including against a measurable benchmark. We would expect collation of relevant statistics and provision to policyholders in a straightforward format.

### The Firm's strengths

By virtue of the policyholders being considered sophisticated and able to make their own evaluations, JLTPP have a limited role to play in this aspect of the product. They ensure that there is up-to-date performance information available to policyholders through their online offering.

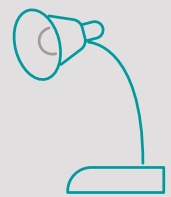
### Areas of improvement – GAA observation



JLTPP should continue to seek confirmation and provide evidence that policyholders are able to access regular information relating to performance and risk on the funds in which they are invested.

## Communication

**Value score: Good**



### The Firm's approach

Standard annual communications include comprehensive annual review packs, retirement wake-up packs and retirement options packs.

JLTPP provide view only online access for members to view personal details, banking transactions, valuations, transfers, etc.

In addition, members have direct email and telephone access to skilled pension technicians for any queries they have and for technical guidance. Members can also request flexible illustrations to assist them with their pension planning.

JLTPP, can also tailor communications depending on whether members are advised or non-advised, or if members are identified as potentially vulnerable, including direct telephone contact to provide members with simple jargon free guidance

The SIPP can be used for advised flexible drawdown or an uncrystallised funds pension lump sum can be taken otherwise policyholders will need to transfer elsewhere for other retirement options. Policyholders are also pointed to Pension Wise for guidance on their retirement options.

### What are we looking for?

We would expect communications to be clear and engaging and to be tailored to take into account policyholders' characteristics, needs and objectives.

Where the Firm is communicating directly with policyholders, we would expect to see a comprehensive suite of communications including annual benefit statements, pre-retirement wake-up letters and retirement option packs.

We would expect the online offering to be substantial, with a range of online support materials such as online calculators to enable personalised calculations with various selectable options. We would also expect telephone support to be available.

Additionally, we would expect the provider to provide clear signposting to policyholders on where they can obtain guidance and advice on their retirement options.

We are also looking for any evidence of regular, proactive engagement with policyholders to obtain feedback.

## The Firm's strengths

The GAA has been provided with sample communications for policyholders including, annual benefit statements, pre-retirement wake up packs and an example of the bespoke illustrations provided to policyholders. Communications are clear and free of jargon, whilst also not being over simplified. There is clear signposting to warn against scams.

JLTPP requests feedback from policyholders through a customer satisfaction survey and the results show that the majority of responses consider the service to be "Excellent".

## Areas of improvement – GAA observation



The JLTPP SIPP offering is fit for purpose and although it has limited functionality it offers a bespoke service, and this appears to suit the requirements of its cohort of policyholders.

## Firm Governance

**Value score: Good**



### The Firm's approach

JLTPP rely on internal teams to operate its platform, e.g. for administration services and IT infrastructure. These functions are monitored regularly within the business, although the results of this monitoring are not reported on at the policyholder level.

There is a process in place for reviewing investment funds before they are made available to policyholders. This is compliant with the due diligence the Firm is required to undertake by the FCA before offering a new investment fund.

JLTPP operate three lines of defence which include risk and compliance monitoring and an annual internal audit programme. Governance incorporates the Audit & Risk Committee, which is chaired and attended by independent Non-Executive Directors.

JLTPP also provide quarterly reports on Treating Customers Fairly ('TCF') to the Risk and Compliance function of Mercer. This provides a broad range of management information and RAG status reports on all aspects of TCF, including client attrition, complaints, data breaches, etc, together with commentary on any actions taken or planned actions.

The business is also required to provide the Mercer Senior Executive team with quarterly operations reports including detailing key service level agreements ('SLAs'), performance summaries, and complaints details.

In addition, the business is also required to maintain a comprehensive and up to date risk register and to report on all risks via periodic Mercer Risk and Compliance meetings.

The SIPP trustees also attend bimonthly board meetings (i.e. six meetings every year) to ensure a strict governance structure is in place.

### What are we looking for?

We would expect to see a comprehensive governance structure in place, with evidence of regular reviews being undertaken and active changes being made as required.

## The Firm's strengths

JLTPP has evidenced a robust operational due diligence process for evaluating funds to be added to the platform.

JLTPP rely on strong internal support from the wider Mercer group in certain areas.

## Areas of improvement – GAA observation



The GAA did not identify any specific areas for improvement.

Now that JLTPP has addressed the process for confirming and establishing the status of all non-advised policyholders, the GAA expects to see evidence on an ongoing basis that JLTPP continue to monitor the status of its SIPP policyholders.





## Financial Security

### Value score: Excellent



### The Firm's approach

The JLTPP SIPP is written under trust. JLTPP is a subsidiary of Mercer which conducts regular stress tests to ensure the business is sustainable through significant market reductions.

JLTPP shared its statement showing support from the parent organisation (Mercer) which is well capitalised and carries a S&P A- rating.

The workplace personal pensions are a small portion of the JLTPP SIPP business and JLTPP is in turn a small portion of the overall Mercer business, therefore the policyholders are well protected.

Customer assets are held in customer segregated accounts, which are covered by FSCS protections.

Systems are protected to a high standard from cyber-attacks and are regularly monitored.

The Firm has strong processes in place to protect policyholders from scams and additional levels of protection were added during the year (telephone verification).

### What are we looking for?

We look for information about the financial position of the Firm supported by evidence such as accounts, as well as ratings from third party rating agencies, where available.

We look for evidence of regular internal and external assurance audits on controls and processes. In particular, we are looking for a robust risk control framework around the security of IT systems, data protection and cyber-security. We would expect to see evidence that cyber-security is considered as a key risk by the Firm's relevant risk governance committee and that appropriate monitoring, staff training and penetration testing is put in place.

We are looking for evidence of a clear process to warn policyholders about fraud and scams and to identify possible scamming activity.

## The Firm's strengths

Standard FSCS protections are available for policyholders in the event of a failure within JLTPP.

The Firm described clear cyber security awareness and protections which are distilled from within the wider group.

The Firm demonstrated a keen awareness of scams, and clearly described a robust process for protecting members from scams, including around potential transfers to other schemes (although no evidence was provided demonstrating the processes).

In addition, aside from transfers to an alternative pension arrangement, JLTPP will only ever pay funds to a client's bank account that is held in their name, and not to any third party. The Firm uses robust and strong verification checks prior to payment.

## Areas of improvement – GAA observation

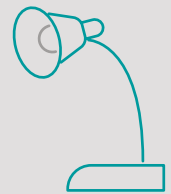


We note financial strength of JLTPP's parent organisation and the support it offers. This combined with the robust processes applied by JLTPP offers policyholders excellent protection.

# Administration and Operations

## Value score: Excellent

Excellent
  Good
  Satisfactory
  Poor



### The Firm's approach

JLTPP's administration function is operated in-house. The GAA have reviewed the SLA summary which shows service levels are usually around 99% although there was a dip to 95% during March/April 2020 due to the initial impact of COVID-19.

Many of JLTPP's core transactions are automated, for example investing contributions, and so these operations happen on the same day as they are instructed.

JLTPP target completing all tasks within 2 working days.

JLTPP have a higher standard of service for accepting and setting up standard investments with a 48-hour turnaround and for non-standard investments, it is a 3-day turnaround due to the additional due diligence required.

JLTPP set their own targets though and aim for a 'same day turnaround'. If payments are in the morning, they hope to invest these by the end of the day or the next day. [Core financial transactions](#) are completed on the same day with a payment touching 3 pairs of hands before being made.

### What are we looking for?

We are looking for evidence of strong administration processes with appropriate service standards in place and regular reporting evidencing adherence to those service standards. In particular, we are seeking evidence that [core financial transactions](#) are processed promptly.

We are looking for a comprehensive business continuity plan and evidence of its effectiveness in maintaining business continuity during COVID-19.

We would expect to see a low level of complaints and demonstration of a clear process for resolving complaints.

## The Firm's strengths

JLTPP were able to confirm a high adherence to administration service standards throughout the year.

Business continuity during the pandemic was resilient and the business continuity plan was updated in both January 2020 and January 2021.

There is a clear complaints handling procedure in place and JLTPP were able to evidence a low level of incidence of complaints overall, with no complaints in respect of the workplace personal pension plans during the period covered by this report.

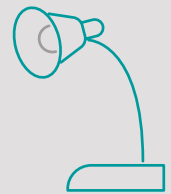
## Areas of improvement



There were no suggested areas for improvement.

## Engagement and Innovation

### Value score: Satisfactory



#### The Firm's approach

JLTPP are not actively marketing their SIPP as a workplace personal pension plan and therefore the business is not seeking to innovate for what is effectively a closed book of business.

Feedback is regularly sought by JLTPP with every email sent to policyholders.

#### What are we looking for?

We expect to see evidence that products are reviewed at least annually, with new products or services being launched on a regular basis, that have been developed taking into account policyholders' characteristics, needs and objectives, including direct feedback from policyholders.

#### The Firm's strengths

This offering is well suited to JLTPP's client base, although we note that the JLTPP staff scheme has ceased contributions as from April 2021. For some employers this is the best way to access their own particular investment funds where it is not generally available as a part of a pension range.

Survey responses suggest client satisfaction is high with 94% of the responses scoring good or above (85% were rated excellent), but the GAA notes that there were also some responses that gave a poor rating.

#### Areas of improvement – GAA observation



JLTPP's offering fulfils a very specific niche offering and is fit for purpose for that niche. Innovation is not necessary for this simplified product.

Engagement with policyholders is good within its own limited parameters.

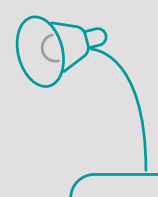
# Overview of Policyholder Charges

## Charges: Low

High charges



Low charges



### The Firm's approach

JLTPP SIPP fees are expressed in monetary terms and are quite high in nominal terms, however as the Group SIPP's have been operating for some time and assets have built up, these fees are now quite modest when expressed as a percentage of assets.

For the Client Plans, all policyholders benefit from subsidies with their employer meeting JLTPP's fees. However, for the Staff Plan, the policyholders meet the JLTPP fee.

As charges are set in monetary terms, the JLTPP charges for the Staff Plan 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.

Policyholders may also pay fund management charges and may pay fees to an IFA where they have appointed one, which may also be deducted from their fund. JLTPP do not control these charges and do not benefit from them.

The GAA has not been provided with any information on investment charges borne by policyholders. The GAA has also not been provided with any information on indirect investment costs (including [transaction costs](#)).

### GAA comment and view



The GAA has considered the overall level of charges borne by policyholders over the year, relating specifically to JLTPP rather than the underlying investment charges. This included assessing:

- » the process for collecting and monitoring overall member charges, including [transaction costs](#);
- » how the firm monitors charges;
- » whether the overall level of charges levied by JLTPP is reasonable, bearing in mind the nature of the product and the associated features. This does not include assessment of the [Annual Management Charges](#) which policyholders will incur specifically in relation to the underlying investment funds, nor the charges which a policyholder may incur in relation to obtaining advice;
- » the distribution of charges across policyholders.





The GAA was provided with details of policyholder charges levied by JLTPP.

For the Client Plans, the fees are generally low and as the cost is met by the employer, from the policyholder's perspective, there is no charge payable to JLTPP. This assessment does not consider the level of fees from the employer's perspective.

For the Staff Plan, there is one member with a fund of less than £100,000 where the JLTPP [SIPP](#) fees represent a higher percentage of fund value (approx. 0.46%) than for the other members (which are all less than or equal to 0.25%).

Our score shows a low level of costs and charges overall due to the high proportion of policyholders with nil or low charges.

The GAA has not been provided with full information relating to [transaction costs](#). Full [transaction costs](#) are not available to policyholders through JLTPP. JLTPP believe that as the investors are considered sophisticated, they are able to source this information directly. This is particularly true of those schemes where the employer is an asset manager, and the policyholders are often the actual managers of the funds invested in. We have not reflected these costs in the score as JLTPP do not benefit from them.

The FCA has introduced new requirements that the administration charges and transactions costs information, in relation to each relevant scheme must be published by 31 July each year, in respect of the previous calendar year: These disclosures must include the costs and charges for each default arrangement and each alternative fund option that a member is able to select. They should also include an illustration of the compounding effect of the administration charges and [transaction costs](#), on a prescribed basis and for a representative range of fund options that a policyholder is able to select. For this year, the requirement only applies to default funds but in subsequent years this is extended to all self-select fund options as well. Since JLTPP do not offer any default funds, no additional disclosures are required this year.

JLTPP has been made aware of the FCA disclosure requirements which will apply from next year, which will require [transaction costs](#) to be calculated on the DC workplace methodology. The GAA have challenged JLTPP to engage with the relevant investment firms to ensure they can provide the required [transaction costs](#) on the DC workplace methodology basis next year to enable JLTPP to comply with these new disclosure requirements.



# ESG, Non-Financial Matters and Stewardship

## What are we looking for?

The FCA requirements set out in COBS 19.5.5 state that where the Firm has an investment strategy or makes investment decisions which could have a material impact on policyholders' investment returns, the GAA should assess the adequacy and quality of the Firm's policy in relation to [ESG](#) financial considerations, non-financial matters, how these are taken into account in the Firm's investment strategy or investment decision making, and assess the adequacy and quality of the Firm's policy in relation to stewardship. Whilst this formal requirement falls outside the overall Value for Money assessment, the GAA's Value for Money framework does take into account, where relevant, when scoring the area of Strategy Design and Investment Objectives on page 9, how the Firm has integrated [ESG](#) financial considerations and non-financial matters in the Firm's investment strategy and investment decision making.

Where the COBS requirements apply, the GAA expected the Firm to be able to provide a clear explanation of the Firm's approach to taking into account [ESG](#) financial considerations, non-financial matters and stewardship, together with evidence of how these are implemented in practice. The GAA expected any policies to take into account the expected investment duration and be aligned with the interests of policyholders.

## GAA comment and view



Largely, these considerations do not apply to a SIPP provider such as JLTPP, where the Firm is not making any investment decisions on behalf its policyholders.

JLTPP has not set out how, as a business, they are committed to minimising their environmental impact in all areas, however we believe this falls under the Mercer [ESG](#) policy.

This is an area which is evolving and the GAA will continue to monitor developments in this area.

## Appendix 1:

# 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.

### GAA engagement and actions this year

We prepared and issued a request for data on all the relevant workplace pension policies on 25 September 2020.

On 3 December 2020, members of the GAA had a meeting with representatives of JLTPP to discuss the data request. This was an opportunity for members of the GAA to meet key personnel with responsibility in the various different areas including fund range, investment governance, approach to [ESG](#), non-financial matters and stewardship, administration and communications and risk management. Given government restrictions in light of COVID-19, this meeting was virtual.

Members of the GAA held other meetings during the year with representatives of JLTPP regarding the provision of data and the status of non-advised policyholders.

Additional engagement by e-mail has taken place between the GAA and JLTPP throughout this process.

On 15 July 2021, members of the GAA had a meeting with representatives of JLTPP to discuss the GAA's provisional scoring of Value for Money of the in-scope workplace pensions.

As part of the Value for Money assessment process, JLTPP has provided the GAA with all the information that we requested, including confirmation that data supplied in previous years remained valid and other documentation to support areas of discussion at the site visit.

The GAA held several meetings during the year to review and discuss the information we received and to develop and improve the way that we assess Value for Money and report on this.

Over the last year the GAA reviewed and evolved our Value for Money assessment framework to include a broader range of evaluation criteria, which is reflected in this report. The GAA documents all formal meetings with JLTPP and maintains a log which captures any concerns raised by the GAA with JLTPP, whether informally or as formal escalations.

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

As part of our assessment, the GAA raised a formal concern with JLTPP and its governing body regarding the difficulties experienced in obtaining the information required to carry out the Value for Money assessment and the lack of clarity over the status of non-advised policyholders. This resulted in definitive confirmation from JLTPP on the status of all non-advised policyholders and the provision of all outstanding information the GAA had requested. The GAA has not yet received a direct response from the Firm's governing body.

## 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 and will continue to be communicated to policyholders via the online platform.
- » JLTPP 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 JLTPP determine 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.

In addition, the GAA has established a dedicated inbox at [gaacontact@ptluk.com](mailto:gaacontact@ptluk.com) so that policyholders can make representation to the GAA direct. JLTPP will include details of this contact e-mail address on their website.

## Appendix 2:

# PTL GAA Credentials

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 ('the GAA') 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)

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 [relevant policyholders](#) or pathway investors.

The Board of PTL has appointed PTL Governance Ltd to the GAA, including as Chair. All of PTL's Client Directors act as representatives of PTL Governance Ltd on the GAA and Clare James currently represents PTL Governance Ltd in the capacity of Chair. More information on each of PTL's Client Directors, their experience and qualifications can be found at [www.ptluk.com/Our-Team](http://www.ptluk.com/Our-Team)

Dean Wetton, acting on behalf of Dean Wetton Advisory UK Ltd, is also appointed to the GAA. Dean Wetton and Dean Wetton Advisory UK Ltd are independent of PTL. Information on Dean's experience and qualifications can be found at [www.deanwettonadvisory.com](http://www.deanwettonadvisory.com)

The GAA has put in place a conflicts of interest register and maintains a conflicts of interest policy with the objective of ensuring that any potential conflicts of interest are managed effectively so they do not affect the ability of PTL Governance Ltd or Dean Wetton Advisory Ltd to represent the interests of [relevant policyholders](#).

The terms of reference agreed with the Firm can be found at [www.uk.mercer.com/what-we-do/wealth-and-investments/jlt/sipp-and-ssas/self-invested-personal-pension/sipp-literature.html](http://www.uk.mercer.com/what-we-do/wealth-and-investments/jlt/sipp-and-ssas/self-invested-personal-pension/sipp-literature.html)

## Appendix 3:

# 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 / 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.

### 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.

### Lifestyling

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.

### Relevant policyholder

A member of a relevant scheme who is or has been a worker entitled to have contributions paid by or on behalf of his employer in respect of that relevant scheme.

### SIPP

A Self-Invested Personal Pension Plan which is a pension that allows a policyholder to invest money for when they retire. It is a type of personal pension that gives policyholders flexibility with the investments they can choose.

### 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.

**Appendix 4:****Summary of Workplace Personal Pension Plan Data at 31 December 2020**

	<b>Client SIPPs</b>	<b>Staff SIPP</b>
<b>Number of employers</b>	4	1
<b>Total number of policyholders</b>	86	10
<b>Total value of assets (market value)</b>	£44.5m	£5.2m

**Notes:**

The workplace personal pension plans are not used for auto-enrolment purposes.  
Contributions to the SIPP provided for JLT's senior staff (the Staff SIPP) ceased after April 2021.

**ptl**

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**Personal**  
**Pragmatic**  
**Professional**

