



ZEDRA

DO MORE. ACHIEVE MORE.

# Chair's annual report

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**Options UK Personal Pensions LLP  
Group Self Investment Pension Plans  
(including JLT Premier Pensions)**

- | Year ended 31 December 2022
- | The ZEDRA Governance Advisory Arrangement (GAA)

September  
2023



# Executive summary

**This report has been prepared by the Chair of the ZEDRA Governance Advisory Arrangement ('the GAA') on the workplace personal pension plans provided by Options UK Personal Pensions LLP (the 'Firm') through their Group Self Invested Personal Pension plans ('Options Group SIPPs') and the JLT Premier Pensions ('JLTPP') workplace personal pension plans provided through their Group SIPPs ('the JLTPP SIPPs'). It sets out our assessment of the value delivered to policyholders and our view of the adequacy and quality of the Firm's policies in relation to risks, non-financial considerations and stewardship.**

Further background on the activity of the GAA and details of the credentials of the GAA can be found in Appendices C and D respectively. The GAA works under Terms of Reference, agreed with Options, the latest version of which is dated 5th May 2022 and are publicly available (see Appendix D).

## Acquisition of JLT and consideration in this report

This is our 8th annual report for Options UK Personal Pensions LLP and the first report since STM Group Plc's (the parent company of Options UK Personal Pensions LLP) acquisition of JLTPP's Group SIPPs from JLT Benefits Solutions, part of Mercer, on 31 August 2022. The JLTPP SIPPs

were provided to a small number of clients (JLTPP Client Plans') and for some senior staff of JLT although this was not separately scored ('the JLTPP Staff Plan').

This report assesses the Options Group SIPPs and JLTPP SIPPs separately and considers the JLTPP SIPPs both before and after the acquisition providing separate scoring for each period (although some aspects considered by the GAA are unchanged as a result of the transaction). The Options business is administered in Milton Keynes whilst the acquired JLTPP SIPPs are administered out of Cardiff. There has been limited change to the administration and operations of the JLTPP SIPPs post-acquisition, and the primary impact is the change in ownership from Mercer to STM Group. This principally impacts sections 4) Firm Governance and 5) Financial Security of the assessment.

## Our assessment

As Chair of the GAA for this Firm, I am pleased to deliver this value assessment of the Firm. The GAA has conducted a rigorous assessment of the Value for Money ('VfM') delivered to policyholders over the period 1 January 2022 to 31 December 2022. The GAA has developed a Framework to assess Value for Money which balances the quality of services provided to advised and sophisticated policyholders against what they pay for those services. Less weighting is placed on investment strategy and performance than other criteria within a SIPP wrapper, since the Firm has no role in setting or managing investment strategies. Further details are set out on page 7.

## A COLOUR CODED SUMMARY OF THE GAA ASSESSMENT

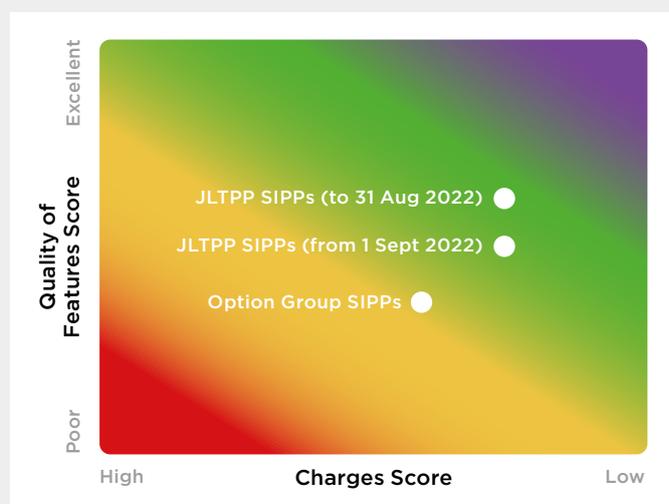
	Weighting toward VfM assessment*	Options Group SIPP's	Client Plans JLTPP SIPP's (pre-acquisition)	Client Plans JLTPP SIPP's (post-acquisition)
1. Product strategy design and investment objectives	7%	●	●	●
2. Investment performance and risk	7%	●	●	●
3. Communication	20%	●	●	●
4. Firm governance	7%	●	●	●
5. Financial security	7%	●	●	●
6. Administration and operations	17%	●	●	●
7. Engagement and innovation	3%	●	●	●
8. Cost and charge levels	33%	●	●	●
<b>Overall Value for Money assessment</b>	<b>100%</b>	●	●	●

\* May not add to 100% due to rounding

Quality and investment features	Cost and charge levels (8)
<ul style="list-style-type: none"> <li>● Excellent</li> <li>● Good</li> <li>● Satisfactory</li> <li>● Poor</li> </ul>	<ul style="list-style-type: none"> <li>● Low</li> <li>● Moderately Low</li> <li>● Moderately High</li> <li>● High</li> </ul>

The Overall Value for Money rating is determined on a rating scale based on the product of the overall scores for the individual features and the weightings shown in the above table. The Quality of Service and Investment Features combined (i.e. 1 to 7 in the table above) representing two-thirds of the overall score and the Cost and Charge Level (i.e. 8 in the table above) representing one-third of the overall score. It is visually represented by the heatmap below.

### VALUE FOR MONEY SCORING



**The overall conclusion is that Options Group SIPPs provide **satisfactory** value for money and the JLTPP SIPPs, covering the Staff Plan and Client Plan, both before and after the acquisition by the Firm provide **good** value for money.**

Overall, the GAA has challenged the Firm to:

- | Put in place a process to obtain annual updates from IFAs to confirm whether policyholders remain advised. Where policyholders have left their employer, employers should be reminded of the need to notify their IFA and the Firm so policyholders can be transferred into an individual policy.
- | Continue to seek to identify any members that no longer have an IFA and are receiving no advice, to set out their options either to move to an individual SIPP or transfer.
- | Improve poor performance against SLAs. In our 2021 report the GAA challenged the Firm to address poor performance against SLAs for the Options Group SIPPs. Performance in 2022, of 70% against SLAs including **core financial transactions** remains poor and needs to be addressed. We expect to see this addressed as part of the Firm's consolidation plans. The GAA also expects the Firm to break down SLA performance by transaction type so the SLAs of core financial transactions can be assessed.

In addition, the GAA also made the following observations:

- | Options has contacted the IFAs connected to the Options Group SIPPs to confirm either that members are deemed advised or sophisticated. However, responses have not been received from all firms and of the five IFAs contacted only one has confirmed all members are advised. Of the other four, one has confirmed that only active members are advised, one has said that members receive no ongoing advice and two have not responded. The GAA expects to see this work concluded by next year's report.
- | The Firm should seek confirmation and provide evidence that IFAs are making available to policyholders regular information relating to performance and risk on the funds in which they are invested.

- | The GAA would like to see greater evidence of the governance processes in place to safeguard policyholders' interests. Whilst Terms of reference have been provided the GAA has not been provided with meeting minutes.
- | The GAA is aware that the Firm has plans to consolidate their product offering and that it is reviewing the Firm's operations and administration. The impact of this will be considered by the GAA in due course.
- | The GAA recognises that bringing together two businesses requires considerable work but hopes that once completed product development will recommence.
- | The GAA understands that the policyholder in the Staff Plan with the higher level of fees due to his account size has previously been made aware of this and the potential for lower fees elsewhere.

In our previous report for the Options SIPPs, we identified that further improvements could be made in the areas of identifying policyholders' status with IFAs. The GAA can report that some progress has been made in addressing the points we raised last year, although there is more work to do.

- | In 2022 the GAA challenged the Firm to obtain **transaction costs** on the prescribed methodology to comply with reporting requirements. We understand the Firm has been unable to obtain the transaction costs in the prescribed format and we understand the Firm is applying to the FCA for a waiver on this requirement. However, at the time of writing the waiver had not been submitted to the FCA nor has a copy been made available to the GAA. This is being raised with the Firm's governing body again and the GAA will consider escalating this if a satisfactory response is not received.

The FCA introduced new requirements last year requiring a comparison with other similar options available in the market. If an alternative scheme(s) would offer better value, we must inform the

pension provider. We have made a notification to the Firm this year in respect of both the Options Group SIPPs and the JLTPP Client Plans in respect of certain aspects of the comparison. Our view on each feature that we are required to make a comparison on is included in the relevant section of the report. Details of how we selected the comparator group, and a consolidated view of our comparator findings is set out in Appendix B.

A consultation was launched in early 2023 between the FCA, the Department for Work and Pensions (DWP) and The Pensions Regulator (TPR). This consultation set out a transformative framework of metrics and standards to assess value for money across Defined Contribution (DC) pension schemes including the workplace pensions reviewed by the GAA. The consultation seeks to

improve retirement outcomes and encourage greater transparency and standardisation across the entire market offering DC pensions. This should result in a more consistent Value for Money review for policyholders irrespective of where their DC pension originated. This consultation does not affect this year's review but may mean a change in the way that Value for Money is assessed for policyholders in the future, if the consultation prescribes a standard way of measuring Value for Money which differs from the approach used by the GAA.

Where we have used technical pensions terms or jargon, these are explained in the glossary in Appendix E.

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

## Sam Burden

Chair of the ZEDRA Governance Advisory Arrangement for the Options UK Personal Pensions LLP Group Self Invested Personal Pension Plans (including JLT Premier Pensions Workplace Personal Pension Plans)

September 2023



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

Jim Bradley, Options UK Personal Pensions LLP  
1st Floor Lakeside House, Shirwell Crescent, Furzon Lake, Milton Keynes MK4 1GA

Alternatively, you can contact the GAA directly at [zgl.gaacontact@zedra.com](mailto:zgl.gaacontact@zedra.com)



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# Overview of the value assessment

The GAA has assessed the Value for Money delivered by the Options Group SIPPs and JLTPP SIPPs to its workplace personal pension policyholders by looking at costs versus investment and service 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 investment and service benefits. Our fundamental approach has therefore been to compare all the costs paid by policyholders against the quality of investment and other services provided to policyholders.

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 quality features, including 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 and to undertake comparisons of the Firm's product against a suitable comparator group of providers for certain Quality of Service and Investment Features and Cost and Charges.
- | 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 eight different features covering Quality of Service, Investment Performance and Strategy (the 'Quality of Service and Investment Features'), and the Costs and Charges borne by the Policyholders. This assessment is undertaken of the Firm's product(s) relative to the GAAs view of good practice.

The Quality of Service and Investment Features have been determined based directly on the FCA requirements for assessing ongoing Value for Money set out in **COBS** 19.5.5, in particular services relating to communications with policyholders and processing of **core financial transactions**. The Quality of Service and Investment Features considered have been 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 engagement and innovation, and a wider overview of the administration quality and processes.

Within each of the Quality of Service and Investment Features are several sub-features. These sub-features 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 across clients. Each set of score descriptors outline what the GAA would expect to see to achieve each numerical score. The scores for each sub-feature are then aggregated to the feature level based on the GAAs view of the relative value of the sub-feature to the policyholders.

The GAA will then consider the value 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 any platform fees. The GAA also considers the transaction costs and how they are controlled, and any additional costs the policyholders pay in the investment and management of their policies. The Cost and Charge Levels are rated on a numerical scale of 1 to 4 where 4 is 'low' charges, 3 is 'moderately low' charges, 2 is 'moderately high' charges and 1 is 'high' charges. This assessment takes into account information available to the GAA on general levels of costs and charges for pension providers in the marketplace.

The scores for each feature are then combined using the weightings set out in the table in the Executive Summary to determine an Overall Value for Money rating. The weightings used are based on the GAA's views of the relative importance to the policyholders of each feature. The weightings are tilted towards the features which have been identified in the regulations relevant to forming this assessment of value. Where possible, the GAA has taken into account the likely needs and expectations of this group of policyholders, based on the information made available by the Firm.

## Value for money assessment framework for Group SIPPs

This section comments on how we have applied our value for money assessment framework in the case of advised group Self-Invested Personal Pension Plans ('SIPPs') such as the Options Group SIPPs and JLTPP SIPPs.

The FCA has prescribed specific features that the GAA must assess, as discussed in the framework described above. However, some of these do not directly apply in the SIPP environment where the policyholder is advised or sophisticated and are only relevant to the GAA due to the classification of Group SIPPs as workplace personal pension plans. In isolation, the SIPP regulations do not require that providers consider these aspects, and we explain this below.

The FCA requires the GAA to assess whether:

1. "default investment strategies are designed and managed taking the needs and interests of **relevant policyholders** into account"
2. "default investment strategies have clear statements of aims and objectives"
3. "all investment choices available to relevant policyholders, including default options, are regularly reviewed to ensure alignment with the interests of relevant policyholders."

Under the rules of a SIPP, the policyholder directs the investment strategy, and is usually guided by their FCA authorised IFA. 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 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 'certified high net worth' or 'sophisticated' investors as defined in FCA Handbook COBS 4.12.6/7/8 R. In these cases, our interpretation is that the provider can 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 and non-advised policyholders, the GAA assesses the provider's process of reviewing the characteristics and performance of the investment strategies.

By their nature, SIPPs can invest in 'non-standard' assets such as the unquoted shares or business premises of the employer. In such cases, it is likely that the policyholder themselves will be much better placed to obtain information on, and understand the characteristics and net performance of, such strategies, rather than the Firm. The Firm is not able to make changes to the investments because, as described, it has no role in setting or managing investment strategies. The Firm can raise concerns but cannot require action to be taken.

Nearly all Group SIPPs, including those offered by the Firm, do not have default funds in operation because each member is choosing their own investments. This removes the first two areas of assessment in the bullet points above.

Accordingly, the GAA has not assessed the Firm in relation to the first two areas highlighted above for such policyholders.

Further, the GAA would only carry out an assessment of the third area where there are unsophisticated or non-advised policyholders. In cases where the policyholders are 'certified high net worth' or 'sophisticated' or advised by an FCA authorised IFA, the GAA has focused on ensuring this is evidenced.

Similarly, the GAA has not assessed the Firm in relation to transaction costs and the charges paid directly to the underlying investment managers over which the Firm has no control or influence, instead focusing on ensuring that such charges are appropriately disclosed to policyholders.

In the sections on the following pages, we have described the Firm's approach to delivering each of the features, and the rating the GAA has awarded, together with any areas for improvement we have identified.

In addition, there is a section to set out the GAA's views on the adequacy and quality of the Firm's policies on **ESG** financial considerations, non-financial considerations, and stewardship to the extent these apply to the Firm. Largely, however, these considerations do not apply to a SIPP provider, on the basis that the Firm is not making any investment decisions on behalf of its policyholders.

An assessment has also been made of the quality of communication and quality of the administration service including the processing of core financial transactions, SIPP provider-controlled costs and charges and the disclosure of cost and charges relative to a suitable comparator group of product providers. We have not included an assessment of net investment return as this does not apply to a SIPP provider. Comments on the outcome of these assessments are included in the sections for the relevant features. We have also considered whether an alternative provider would offer better Value for Money so that we can inform the Firm if we believe this to be the case. Details of the comparisons, including how the comparator providers and products were determined is set out in Appendix B.



# 1. Product strategy design and investment objectives

<b>Options Group SIPPs Value Score:</b>	<input type="radio"/> Excellent	<input type="radio"/> Good	<input checked="" type="radio"/> Satisfactory	<input type="radio"/> Poor
<b>JLTPP SIPPs Pre-acquisition Value Score</b>	<input type="radio"/> Excellent	<input type="radio"/> Good	<input checked="" type="radio"/> Satisfactory	<input type="radio"/> Poor
<b>JLTPP SIPPs Post-acquisition Value Score</b>	<input type="radio"/> Excellent	<input type="radio"/> Good	<input checked="" type="radio"/> Satisfactory	<input type="radio"/> Poor

## What are we looking for?

Given the limited involvement of the Firm in designing investment strategies, we seek confirmation that all SIPP policyholders can be considered as fully advised or sophisticated investors.

If there is a limited range of investment options open to policyholders, our assessment is focused on how policyholders are supported when exploring their investment options. We expect to see that all investment options 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. Ideally, we would like to see evidence that policyholders are reminded to review their investments regularly.

We look for evidence of a robust decision process on the suitability for adding new investment funds onto the platform.

For any policyholders who do not receive independent financial advice and who are not sophisticated investors we consider the support provided by the Firm to assist policyholders with reviewing their investment choices to ensure they remain appropriate.

## The Firm's approach

### Options Group SIPPs

The Options Group SIPPs allow policyholders flexibility in the investment strategy adopted. The Firm does not have a role in designing or managing investment strategies nor in setting aims and objectives. There are no default strategies

applicable for any of the Options Group SIPPs. It is the role of the policyholder's FCA regulated Independent Financial Adviser ("IFA") to do so, and the Firm has previously stated to the GAA that all Group SIPP policyholders have access to an IFA and has commenced a review of this as described below.

When Group SIPP policyholders leave service, their employer is expected to notify their IFA and the Firm so that their policy can be converted into an individual SIPP or they can choose to transfer out.

The Firm makes available investment funds based on policyholder, employer, or IFA requests. The Firm permit any investment fund requested by policyholders and/or their IFA to be made available if the investment fund is permissible to this class of investor and is a permitted investment listed on the Permitted Investment List under Resources of Self Invested Personal Pensions on the Options UK website at [www.optionspensions.co.uk](http://www.optionspensions.co.uk)

Reviews of this nature are carried out upon request for a fund to be accepted for investment by the Scheme or when a request to switch funds is made and it has not been reviewed in the previous 12-month period.

Policyholders are also reminded that they should regularly review their investments with their IFA in their annual statement.

## **JLTPP SIPPs**

Operating within the SIPP framework, JLTPP does 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.

The JLTPP SIPPs were not 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. JLTPP 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.

When a new fund is requested JLTPP complete appropriate due diligence before making the new fund available to SIPP policyholders. JLTPP has provided evidence to the GAA of the process undertaken during to make a fund available to the client's SIPP policyholders.

This has not changed as a result of the acquisition.

## **JLTPP Staff Plan**

The JLTPP Staff Plan was historically provided for JLT's senior staff, but the employer no longer contributes to this plan and accrued accounts remain for those policyholders who have not elected to transfer to a new arrangement.

The Staff Plan can include any fund that meets the Firm's (previously JLTPP) due diligence process.

All members are deemed to be advised or sophisticated.

## **JLTPP SIPPs**

The JLTPP Client Plans are provided for asset managers where the SIPP enables employees to invest in the asset managers' own funds, where typically they have a direct fund management responsibility. Investments are limited to these managers' funds only.

All policyholders are deemed sophisticated investors and the employer ensures that JLTPP are satisfied that all the policyholders are suitably knowledgeable to understand both the SIPP product and the underlying investments options available.

## Areas for improvement

### GAA observations

Options have contacted the IFA's connected to the Options Group SIPPs to confirm either that members are deemed advised or sophisticated. However, responses have not been received from all firms and of the five IFAs contacted only one has confirmed all members are advised. Of the other four, one has confirmed that only active members are advised, one has said that members receive no ongoing advice and two have not responded.

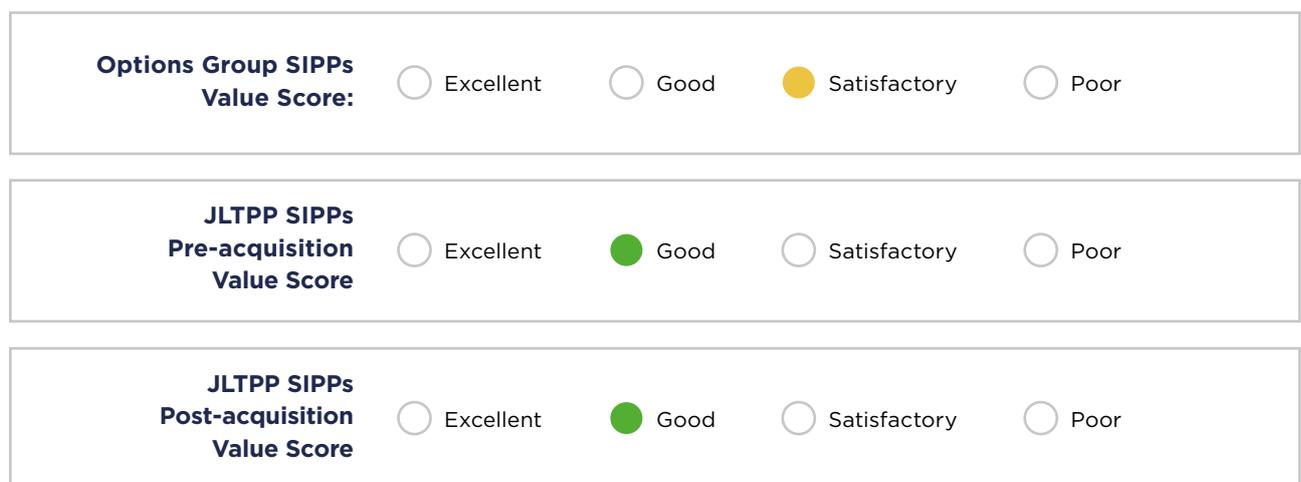
The GAA expects to see this work concluded by next year's report.

### GAA challenge

The GAA expect the Firm to put in place a process to obtain annual updates from IFAs to confirm whether policyholders remain advised. Where policyholders have left their employer, employers should be reminded of the need to notify their IFA and the Firm so policyholders can be transferred into an individual policy.



## 2. Investment performance and risk



### What are we looking for?

Acknowledging the limited role that the Firm plays in that they make available investment options but do not assess the performance of those funds as this falls within the remit of the IFA. We focus on the processes the Firm (and previously JLTPP) has to monitor that IFAs remain in place on an ongoing basis and look for evidence that the Firm regularly reminds policyholders to review their investment choices with their IFA.

Nevertheless, we expect to see a robust governance framework under which investment performance information is regularly gathered and made easily accessible to policyholders and advisers. The performance results disclosed should be assessed against investment objectives, including against a measurable and stated benchmark and should be net of investment fees.

### The Firm's approach

#### Options Group SIPPs

The Firm does not monitor investment performance and risk, as this is considered to fall within the remit of the IFA for this type of product.

The Firm provides online access to policyholders to view fund pricing and account size, but no performance or risk data is available. Options UK does not provide investment advice and the Firm expect the IFA to provide policyholders with this information as part of their ongoing agreement.

The Firm reminds members of the need to monitor and review their investments when valuation statements are issued.

## JLTPP SIPPs

JLTPP do not monitor investment performance and risk themselves, as this is considered to fall within the remit of each policyholder. For the JLTPP Client Plans this would be through their expertise as a sophisticated investor and for the JLTPP Staff Plan via the member's IFA or similarly as a sophisticated investor.

JLTPP do not provide investment advice and 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.

This area has not changed as a result of the acquisition.

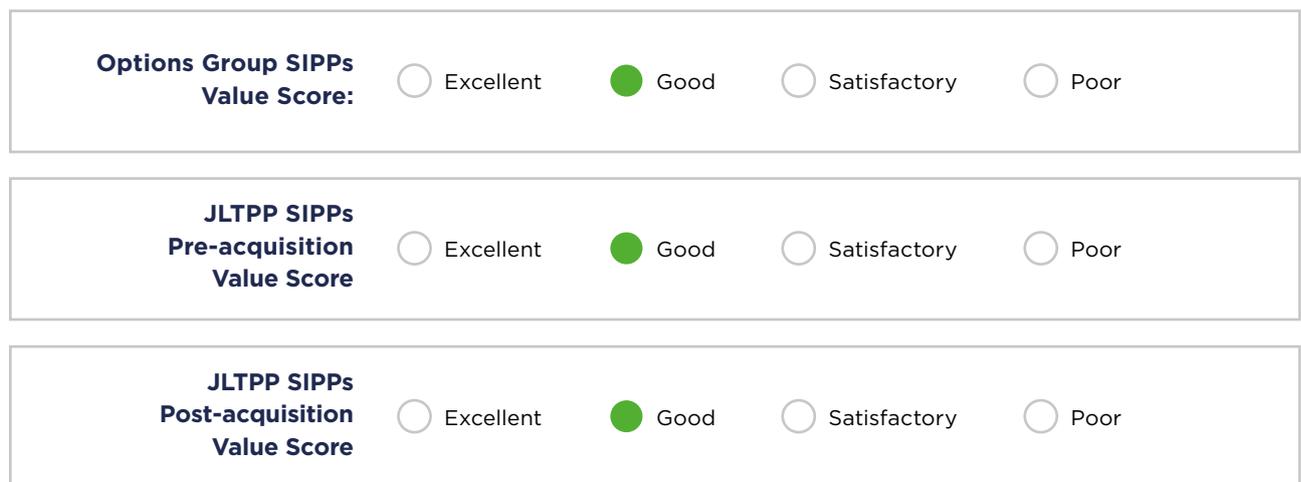
## Areas for improvement

### GAA observations

The Firm should seek confirmation and provide evidence that IFAs are making available to policyholders regular information relating to performance and risk on the funds in which they are invested.



## 3. Communication



### What are we looking for?

As a minimum we expect communications to be fit for purpose, 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.

Information on administration and investment charges, and **transaction costs** should be made available to policyholders on a publicly available website annually, including illustrations of the compounding effect of the administration and investment charges and transaction costs on an annual basis.

Although an advised policyholder would expect to get most of their support from their independent financial adviser, in a high-quality communication service offering we would expect the Firm to offer substantial additional support, with a range of materials such as online calculators to enable

personalised calculations with various selectable options although these may be made available via the policyholders IFA rather than to the policyholder directly. We would expect telephone support to be available, with good evidence of telephone scripts, call monitoring and staff training.

Additionally, we would expect policyholders or their IFAs to be able to switch investment options online and for non-advised policyholders to have support available to help them make appropriate decisions. In particular, we would expect there to be appropriate risk warnings built into the process.

We would expect the provider to be able to offer a range of different retirement options for policyholders, as well as clear signposting to policyholders on where they can obtain guidance and advice on their retirement options.

### The Firm’s approach

The Firm’s communications for both Options Group SIPPs and JLT SIPPs are clear with all relevant information clearly displayed. Policyholders are

provided with brochures and referred to sources of additional information as required.

## Options Group SIPPs

The Firm provides policyholders with annual SMPI statements and the usual wake-up letters, starting at age 50 and continuing through to age 75. These communications are clear with all relevant information. Annual statements remind policyholders that they should regularly review their investments with their IFA.

Policyholders are provided with additional information such as brochures, referrals to Pension Wise and Unbiased and reminders to seek appropriate IFA advice when they indicate that they want to act in relation to their pensions. The appropriate retirement warnings, guides to accessing pension and other information is easily available online. This includes guides on flexi-access drawdown including uncrystallised funds pension lump sum (UFPLS) and Small Pots and how they can access these retirement solutions with the Firm.

The online portal provides information about policyholder's investments, but it does not enable policyholders to switch investments. Policyholders can telephone, email, or write in for additional information. Instructions for investment changes are required to be sent in writing or via email.

There are no restrictions on switching investments and the Firm simply reminds policyholders of the need to take investment advice before progressing with any transaction if they are unsure if the transaction is suitable for their current circumstances.

## JLTPP SIPPs

The JLTPP administration team issue standard annual communications, which include comprehensive annual review packs, retirement wake up packs and retirement options packs.

JLTPP provide online access for members to view personal details, banking transactions, valuations,

transfers, etc. although most policyholders have not set up access for themselves to do so.

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 tailor communications depending on whether members are advised or non- advised, or if members are identified as potentially vulnerable, including direct telephone contact.

The SIPP can be used for advised flexible drawdown or an UFPLS can be taken. Policyholders need to transfer elsewhere for other retirement options. Policyholders are also pointed to Pension Wise for guidance on their retirement options.

This area has not changed as a result of the acquisition.

## Improvements since last year

The GAA notes that the Firm has sought to engage with IFAs to ascertain whether Options policyholders have an advisor in place. Although this has identified that some members no longer have an advisor and need to transfer or move to an individual SIPP.

### Comparator results

We have assessed how the communication materials provided to the Firm's policyholders compare to other sufficiently similar employer pension arrangements.

This takes account of the nature of the provider. This assessment identified that the communication materials provided to the Firm's policyholders over 2022 for Options Group SIPPs and JLTPP SIPPs were below average i.e. relative to the comparator group.

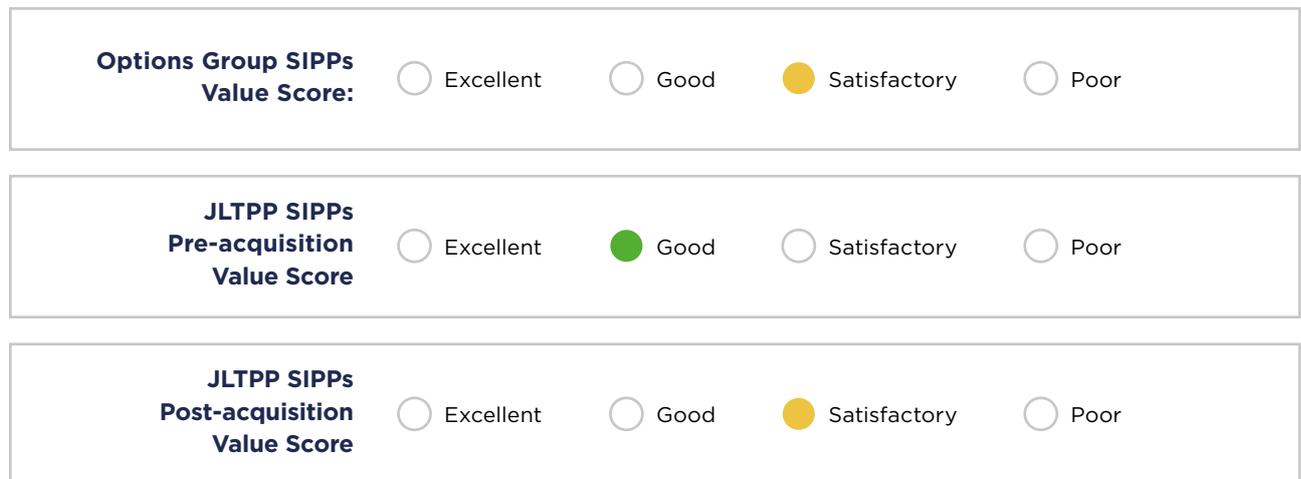
## Areas for improvement

### GAA challenge

The GAA would expect the Firm to continue to seek to identify any policyholders that no longer have an IFA and are receiving no advice, to set out their options either to move to an individual SIPP or transfer.



## 4. Firm governance



### What are we looking for?

We would expect to see a comprehensive governance structure in place where, for example, Terms of Reference are provided for key committees, reviewed on a regular basis, with clearly defined scope. We would expect to see evidence of the key committees operating during the year with minutes or meeting packs demonstrating that the key scope elements of the committee remit have been adequately covered.

There should be a transparent and documented process for appointing and monitoring service providers, including a clear process for monitoring whether all policyholders either continue to have an independent financial adviser in place or remain classified as a 'sophisticated investor' with evidence of regular reviews being completed and appropriate steps being taken, as required.

### The Firm's approach

#### Options Group SIPPs

The Firm runs its administrative services in-house and appropriate service level agreements are in place, which are regularly monitored internally.

The Investment Committee meets monthly where communications to investors and SIPP administration is discussed. The Firm stated that there had been no change to governance processes during 2022.

There is a process in place for reviewing investment funds before they are accepted for investment by the SIPP to ensure they are permitted investments for this class of investor.

As identified earlier in this report the Firm does not have an effective process in place to assess whether all policyholders have an IFA in place.

## JLTPP SIPPs

Prior to 1 September 2022, JLTPP was part of Mercer and subject to Mercer's firm wide governance policies. For example, in relation to business continuity plans and supplier appointments.

Since 1 September 2022, JLTPP is now covered by the Firm's policies as described above for the Options Group SIPPs.

All IFAs undergo due diligence and ongoing monitoring and there is an Intermediary Application Process which requires completion and approval of any new IFA prior to acceptance of any business.

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

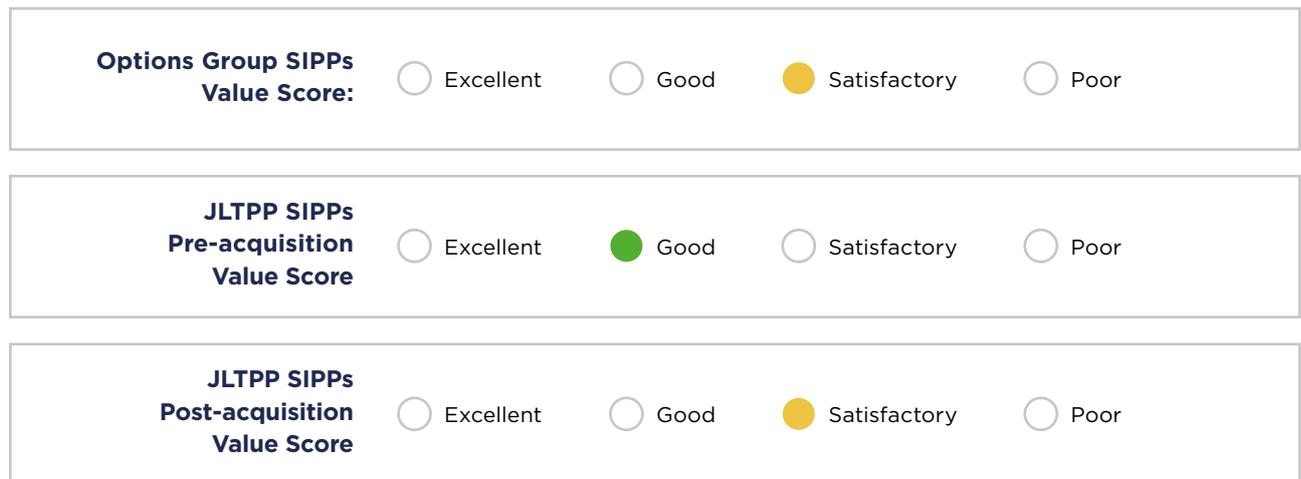
## Areas for improvement

### GAA observations

The GAA would like to see greater evidence of the governance processes in place to safeguard policyholders' interests. Whilst Terms of reference have been provided the GAA has not been provided with meeting minutes.



## 5. Financial security



### 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 also look for information about how the assets are protected, for example in the event of fraud or bankruptcy, at both Firm and manager level. This could relate to FCA or PRA protection, ringfencing or the structure of the underlying product.

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

### The Firm's approach

#### Options Group SIPPs

The Firm is part of STM Group Plc, which is traded on the AIM, a specialist unit of the London Stock Exchange for small to medium size companies. Options Group SIPPs form a small part of the overall business activities. The Firm has assured the GAA that capital adequacy ratios are reported to the FCA on a quarterly basis.

Staff receive annual training for Anti-money laundering and pensions scams awareness.

Policyholders requesting transfers are provided with booklets on how to identify and prevent scams. Receiving schemes are checked against a list of acceptable schemes.

The Firm has demonstrated that it has a policy with regards to transfer requests and that every effort is made to safeguard policyholders against fraud.

Signposting to Pension Wise and the Money Advice Service is included within wake-up packs and retirement communications.

Investment funds are reviewed and signed off by the Technical Review Committee and must meet FCA rules and standards, along with HMRC pension scheme rules.

There is a dedicated in-house training and development manager. A Development Guide is provided with an explanation of staff objectives applicable to their role. Quarterly compliance training plus additional internal training is conducted.

The FCA's Client Assets Sourcebook (CASS) rules are followed, and funds are segregated. The Financial Services Compensation Scheme covers bank deposits and investment firms that are authorised and regulated by the Financial Conduct Authority, the maximum claim that could be made by the SIPP is £85,000.

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

## JLTPP SIPPs

Prior to acquisition, the JLT Premier Pensions was owned and backed by Mercer. Following acquisition by STM Group, with effect from 1 September 2022, the financial position was as set out for Options above.

There is strict adherence to new transfer out protocols and a stringent retirement process in place. Training is in place for staff with a vulnerable customer factsheet available.

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

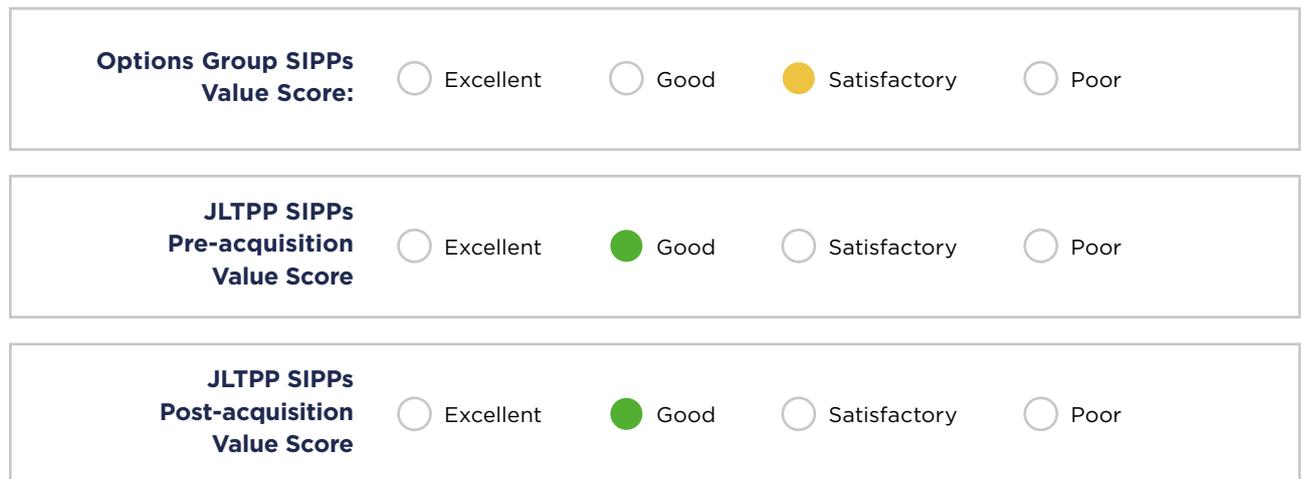
As per the Options Group SIPPs, JLTPP has incorporated scam awareness within relevant processes i.e. transfers and retirements. In addition, aside from transfers to an alternative pension arrangement, JLTPP will only ever pay funds to a client's bank account that is held in their name, and not to any third party. The Firm uses robust and strong verification checks prior to payment.

## Areas for improvement

The GAA did not identify any specific areas for improvement.



## 6. Administration and operations



### What are we looking for?

We expect Firms to have robust administration processes in place with appropriate service standard agreements and regular monitoring and reporting around adherence to those service standards. In particular, we are seeking evidence that **core financial transactions** are processed promptly and accurately, such as processing contributions, transfers processing and death benefit payments.

We look for evidence of regular internal and external assurance audits on controls and administration 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 expect Firms to have a comprehensive business continuity plan and evidence of its effectiveness through appropriate testing or in maintaining continuity of business during the COVID-19 pandemic.

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

### The Firm's approach

#### Options Group SIPPs

The Firm carries out the administration of the Options Group SIPPs in-house with a dedicated team. The Firm has Service Level Agreements ('SLAs') of between 2 and 5 days for administration tasks which includes core financial transactions.

The Firm has extensive information technology policies covering core areas such as network security, email, and hardware. This includes the

National Cyber Security Centre – Cyber Essentials Certification. Cyber Essentials is a government backed scheme that provides protection for organisations against a whole range of the most common cyber-attacks and the standard necessary to bid for Government contracts.

The Firm provided the GAA with copies of the cyber policies currently in place which included, Penetration Testing, Process & Schedule, Patch Management Policy and Security Monitoring Policy.

A number of policies (Mobile and Remote Access, Network Security and Penetrations testing) were updated over 2022.

Along with providing the Business Continuity Plan there was also a test undertaken in April 2022.

### JLTPP SIPPs

The JLT SIPPs Administration and Operations have not changed as a result of the acquisition. JLTPP's administration function is operated in-house and located in Cardiff. They have a target to complete all tasks within 2 working days and an overall SLA target of 95%. The GAA have reviewed the SLA summary which shows they have been broadly achieved this although SLAs are not broken down by type i.e. core financial transactions are not reported separately.

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

JLTPP set their own targets and aim for a 'same day turnaround'. If payments are in the morning, they invest these by the end of the following day. Core financial transactions are completed on the same day with a payment touching 3 pairs of hands before being made.

### Comparator results

We have assessed how the quality and timeliness of the administration services, including the core financial transaction processing, provided to the Firm's policyholders compare to other sufficiently similar employer pension arrangements.

This assessment identified that the administration services provided to the Firm's Options Group SIPPs policyholders over 2022 were below average relative to the comparator group.

JLTPP SIPPs policyholders over 2022 were average relative to the comparator group.

## Areas for improvement

### GAA observations

The GAA is aware that the Firm has plans to consolidate their product offering and that it is reviewing the Firm's operations and administration. The impact of this will be considered by the GAA in due course.

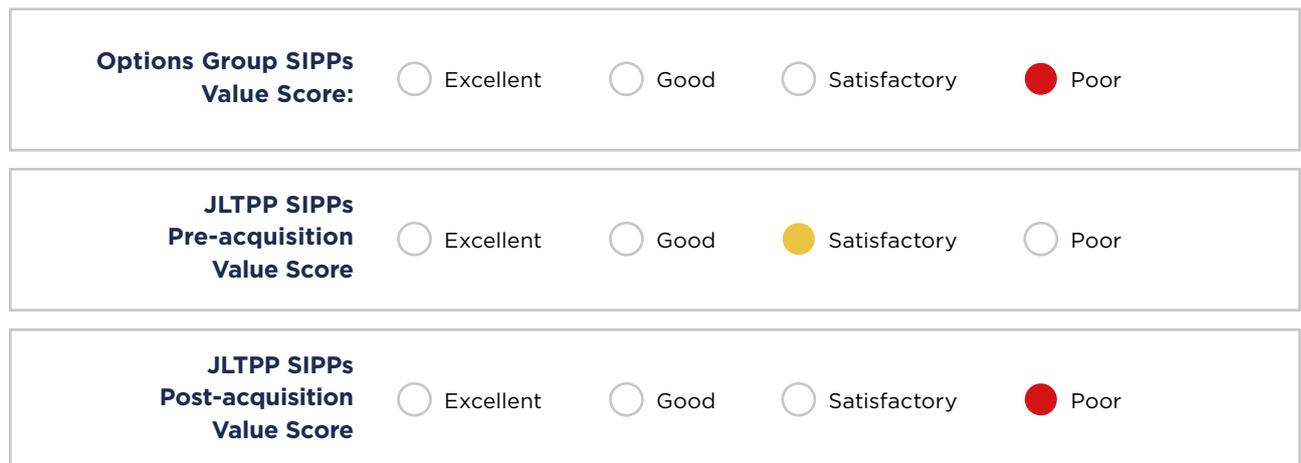
### GAA challenge

In our 2021 report the GAA challenged the Firm to address poor performance against SLAs. Performance in 2022, of 70% against SLAs including [core financial transactions](#) remains poor and needs to be addressed. We expect to see this addressed as part of the Firm's consolidation plans.

The GAA expects the Firm to break down SLA performance by transaction type so the SLAs of core financial transactions can be assessed.



## 7. Engagement and innovation



### What are we looking for?

We expect to see evidence that the product is 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.

We are looking for evidence of regular, proactive engagement with policyholders or their advisers to obtain feedback and for this feedback to be taken into account when reviewing the product offering.

### The Firm's approach

#### Options Group SIPPs

The Firm is operating within a Group SIPP wrapper and has no plans for product innovation or development as

the focus during 2022 has been meeting the new Consumer Duty requirement and the integration of the Options and JLTPP businesses.

There were no surveys or attempts to engage with policyholders other than the annual and retirement related communications.

#### JLTPP SIPPs

JLTPP were 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.

The acquisition meant that no product development happened prior to completion. Feedback was regularly sought by JLTPP with every email sent to policyholders but this did not continue after the acquisition.

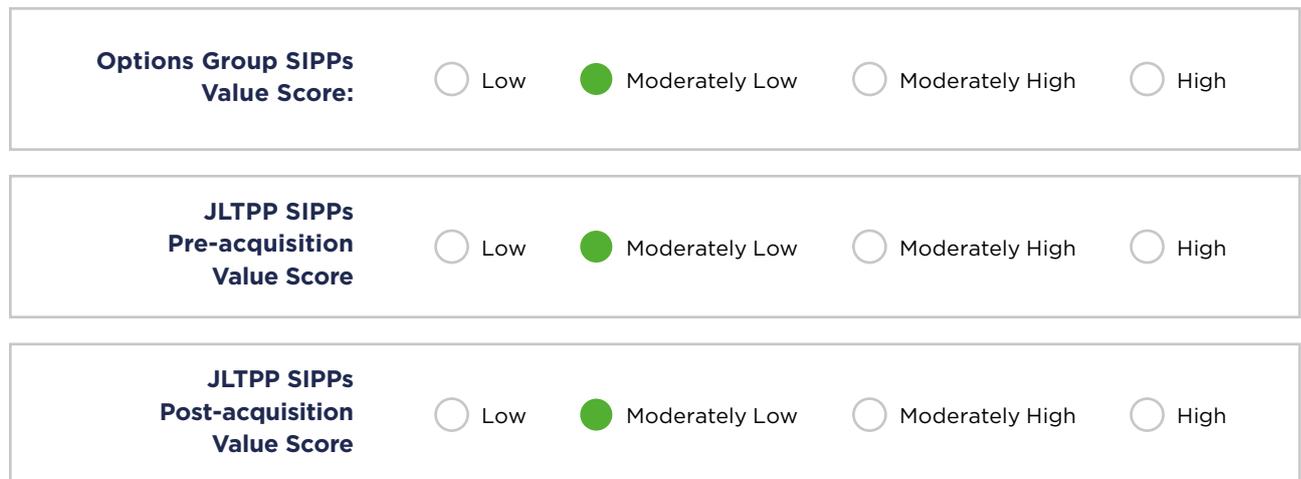
### Areas for improvement

#### GAA observations

The GAA recognises that bringing together two businesses requires considerable work but hopes that once completed product development will recommence.



## 8. Cost and charge levels



### What are we looking for?

The GAA has considered the overall level of charges borne by policyholders over the year that are within the control of the Firm. This included assessing:

- | the annual account administration charges being borne by policyholders;
- | any other charges being paid to the Firm by policyholders to manage and administer their workplace pensions;
- | the process for collecting and monitoring overall member charges, including [transaction costs](#);
- | whether the overall level of charges within the control of the Firm is reasonable, bearing in mind the nature of the services provided by the Firm;
- | the distribution of charges across policyholders.

Whilst we have considered the average total costs and charges payable by policyholders we have noted where there may be outliers such as high charges for small pots.

Where policyholders are advised or sophisticated investors, we do not include 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 since both are outside the control of the Firm.

Required disclosures relating to costs and charges payable by the Firms policyholders can be found in Appendix A.

### The Firm's approach

#### Options Group SIPPs

The charging structure varies with policyholders charged an annual administration charge ranging from 0.25% to 0.3% per annum and minimum feed applying from £50 to £250 and others subject to a fixed £195 annual charge. The Options Group SIPPs charges are scheme specific and details of the charge applied can be requested from: [enquires@optionspensions.co.uk](mailto:enquires@optionspensions.co.uk)

The Firm does not consider fund manager fees, it has no insight into these fees and considers this to be outside of its remit.

The Firm does assess the level of fees an IFA would charge its clients as part of its approval of an IFA for Terms of Business and upon receipt of new business.

In addition to the [annual management charge](#) Options publishes a list of charges on its website covering SIPP transactions, such as transfers and costs associated with different investments.

## JLTPP SIPPs

The JLT SIPPS costs and charges have been aligned with Options following the acquisition. For the JLTPP Staff Plan, the policyholders meet the JLTPP fee. As charges are set in monetary terms, the charges for the JLTPP 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. For the JLTPP Client Plans, the fees are generally low and as the annual fee is met by the employer. From the policyholder's perspective, there is no annual charge payable to JLTPP. This assessment does not consider the level of fees from the employer's perspective.

For most of the JLTPP Staff Plan policyholders, JLTPP's charges are less than 0.25%. However, there is one member with a fund of less than £100,000 where the JLTPP SIPP fee is approx. 0.64% of the fund value.

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). 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.

## Comparator results

We have assessed the overall cost and charge levels payable by the Firm's policyholders in comparison to policyholders of other sufficiently similar employer pension arrangements. This takes account of the nature of the provider.

This assessment identified that the overall cost and charge level paid by the Firm's Options Group SIPPs policyholders over 2022 were average relative to the comparator group.

JLTPP SIPPs policyholders over 2022 were below average relative to the comparator group.

## Areas for improvement

### GAA observations

The GAA understands that the policyholder in the Staff Plan with the higher level of fees due to his account size has previously been made aware of this and the potential for lower fees elsewhere.



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# ESG financial considerations, non-financial matters and stewardship

## What are we looking for?

Where the Firm has an investment strategy or makes investment decisions which could have a material impact on policyholders' investment returns, the GAA will assess the adequacy and quality of the Firm's policy in relation to **ESG** financial considerations, non-financial matters, and stewardship. The GAA will consider how these are taken into account in the Firm's investment strategy or investment decision making. We will also form a view on the adequacy and quality of the Firm's policy in relation to stewardship.

Largely, however, these considerations do not apply to a SIPP provider, on the basis that the Firm is not making any investment decisions on behalf of its policyholders.

## GAA comment and view

The GAA has not considered these issues as the Firm is a SIPP provider and as such is not responsible for having an investment strategy or making investment decisions.



## Appendix A: Cost and charge disclosures

The FCA requires that administration charges and transactions costs in relation to each **Relevant Scheme** must be published by 30 September, 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 policyholder is able to select. They should also include an illustration of the compounding effect of the administration and investment charges and **transaction costs**, on a prescribed basis and for a representative range of fund options that a policyholder is able to select.

Disclosures in respect of all non-default fund options for the period 1 January 2022 to 31 December 2022 are required to be provided on a publicly accessible website.

The JLTPP Client Plans are bespoke and allow policyholders to invest in their own firm's investment funds, whilst the JLTPP Staff Plan allows for access to the whole of the market. Similarly, the Options Group SIPPs allows policyholders access to investment funds based on policyholder, employer or IFAs requests subject to Options own due diligence process.

Neither the Options Group SIPPs nor the JLTPP SIPPs have any default funds.

The GAA understands that Options UK and JLTPP are unlikely to make available the required disclosures on costs and charges within the required timescale. This includes information on administration charges and transaction costs to be made available on a public website for all funds, as well as illustrations of the compounding effect of the administration charges and transaction costs for a selected range of representative funds.

The GAA have discussed this with Options UK and JLTPP and last year raised a formal concern with the Firm. We understand that the practical difficulties of providing this information across the extensive range of funds offered means it is not feasible to do so. The GAA understands that the Firm has applied to the FCA for a waiver in respect of this requirement. However, at the time of writing the waiver had not been submitted to the FCA nor has a copy been made available to the GAA. This is being raised with the Firm's governing body again and the GAA will consider escalating this if a satisfactory response is not received.



## Appendix B: Comparison report

The FCA requires that a comparative assessment be made of certain sub-features of the Value for Money assessment. The GAA is required to compare the Firm's offering against a selected group of other similar product options available in the market based on publicly available information. If an alternative scheme(s) would offer better value, the GAA must inform the pension provider.

ZEDRA's GAA operates for a number of Firms, all of whom have agreed that the GAA can make use of the data we have gathered on their offerings to carry out the required comparisons this year. This is done on an anonymised basis. How the comparators were selected

The GAA has selected a number of comparator products that we determined are sufficiently similar products so as to be comparable to those provided by the Firm for this purpose. The selection was based on the following broad criteria:

- | Type of product i.e. whether accumulation or pathways, and within accumulation whether the product is a SIPP or workplace group personal pension.
- | Products where Firms provide similar services, for example in the case of a SIPP whether the provider has responsibility for setting and monitoring the investment strategy.
- | Similar membership cohort, for example staff schemes for staff of the provider.

Based on these criteria we believe that the comparator products chosen will provide a reasonable comparison for the policyholders of the Options Group SIPP and JLTPP SIPP.

### Comparison of Net Investment Performance

As all policyholders are either advised or sophisticated investors, we have not included a comparison of **net investment performance** as the funds are selected directly by the policyholder and their adviser.

### Comparison of Communication provided to policyholders

We have assessed how the communication materials provided to the Firm's policyholders compare to other sufficiently similar employer pension arrangements. This takes account of the nature of the provider.

This assessment identified that the communication materials provided to the Firm's policyholders over 2022 for Options Group SIPP and JLTPP SIPP were below average i.e. relative to the comparator group.

## Comparison of Administration Services

We have assessed how the quality and timeliness of the administration services, including the core financial transaction processing, provided to the Firm's policyholders compare to other sufficiently similar employer pension arrangements.

This assessment identified that the administration services provided to the Firm's policyholders over 2022 for Options Group SIPP's policyholders over 2022 were below average relative to the comparator group whilst those provided to the JLTPP SIPP's policyholders over 2022 were average relative to the comparator group.

## Comparison of costs and charges

We have undertaken the comparison of cost and charge levels considering three categories of charges:

### | [Annual administration charge](#)

### | [Other costs and charges](#)

### | Approach to cost data collection and disclosure

We have assessed the overall cost and charge levels payable by the Firm's policyholders in comparison to policyholders of other sufficiently similar employer pension arrangements. This takes account of the nature of the provider.

This assessment identified that the overall cost and charge level paid by the Firm's Options Group SIPP's policyholders over 2022 were average relative to the comparator group. JLTPP SIPP's policyholders over 2022 were below average relative to the comparator group.



## Appendix C: 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 in early 2023.

Members of the GAA had a meeting with representatives of the Firm to kick off the Value for Money assessment process for the 2022 calendar year and to discuss and agree timescales.

Members of the GAA had a meeting with representatives of the Firm to discuss the information that had been provided in response to the data request. This was an opportunity for members of the GAA to meet key personnel

with responsibility in the various different areas including investment strategy and how this has evolved, fund range including design of defaults, investment governance, approach to [ESG](#), non-financial matters and stewardship, administration and communications and risk management. In some cases this meeting was virtual.

Members of the GAA had a meeting with representatives of the Firm to discuss the GAA's provisional scoring of Value for Money of

the in-scope Options and JLT workplace pensions and the approach for meeting the cost and charges disclosure requirements in [COBS](#) 19.5.13.

As part of the Value for Money assessment process, the Firm has not provided the GAA with all the information that we requested. There were a number of gaps on account of the acquisition by Mercer where certain documents were no longer available. In addition, the Firm did not provide all of the information requested in respect of the Firm's committees. The information provided did not include evidence in the form of minutes 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 our Value for Money assessment framework and scoring methodology to ensure this continued to be applied consistently. Whilst the Value for Money assessment framework itself remains largely unchanged from the previous year, significant work has taken place reviewing and developing the data request and the approach for Firms to provide information in response to the data request, to make the process more efficient.

The GAA documents all formal meetings with the Firm and maintains a log which captures any concerns raised by the GAA with the Firm, whether informally or as formal escalations.

The key dates are:

Item	Date
Issue data request	16/02/2023
Kick off meeting	11/04/2023
Site visit	11/05/2023
GAA panel review meeting	19/05/2023
Discuss provisional scoring	19/06/2023

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

During the year the GAA raised a formal concern with the Firm in relation to the publication of costs and charges.

## 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 [www.optionspensions.co.uk/group-sipps](http://www.optionspensions.co.uk/group-sipps)

The Firm 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 the Firm 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.

In addition, the GAA has established a dedicated inbox at [zgl.gaacontact@zedra.com](mailto:zgl.gaacontact@zedra.com) so that policyholders can make representation to the GAA direct. The Firm will include details of this contact e-mail address on [www.optionspensions.co.uk/group-sipps](http://www.optionspensions.co.uk/group-sipps)



## Appendix D: ZEDRA 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.

These requirements were then extended to Firms providing investment pathways in respect of [pathway investors](#) from 1 February 2021.

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 ZEDRA Governance Advisory Arrangement ('the GAA') was established on 6 April 2015 and has been appointed by a number of workplace personal pension providers and investment pathway providers. ZEDRA 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. More information on the ZEDRA GAA can be found at [www.zedra.com/GAA](http://www.zedra.com/GAA)

The members of the ZEDRA GAA are appointed by the Board of ZEDRA Governance Ltd. 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 ZEDRA Governance Ltd has appointed ZEDRA Governance Ltd to the GAA. The majority of ZEDRA Governance Ltd's Client Directors act as representatives of ZEDRA Governance Ltd on the GAA.

The Board of ZEDRA Governance Ltd has also appointed Dean Wetton, acting on behalf of Dean Wetton Advisory UK Ltd, to the GAA. Dean Wetton and Dean Wetton Advisory UK Ltd are independent of ZEDRA.

The Board of ZEDRA Governance Ltd has appointed either a specific named Client Director of ZEDRA Governance Ltd or Dean Wetton of Dean Wetton Advisory Ltd to act in the capacity of Chair of the GAA in respect of each Firm.

More information on each of ZEDRA's Client Directors, their experience and qualifications can be found at [www.zedra.com/people](http://www.zedra.com/people) Information on Dean's experience and qualifications can be found at [deanwettonadvisory.com](http://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 ZEDRA Governance Ltd or Dean Wetton Advisory Ltd to represent the interests of relevant policyholders or pathway investors.

The terms of reference agreed with the Firm can be found at: [www.optionspensions.co.uk/resources](http://www.optionspensions.co.uk/resources)



## Appendix E: 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').

### COBS

The Conduct of Business Sourcebook prepared by the Financial Conduct Authority (FCA). In particular when we use COBS in this report we are referring to Chapter 19 of the COBS which sets out the provisions relevant to the Value for Money Assessment of workplace pensions.

### Core financial transactions

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

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

### Decumulation

The process of converting pension savings to retirement income.

### 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 'Flexible Access' refers to accessing pension savings in the form of income and/or lump sums. Pension savings that are not being accessed immediately will generally remain invested.

## Life-styling

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

## Net Investment Performance

The investment performance of the fund after deducting all asset management charges, administration charges, taxes and fees for managing the fund including any transaction costs.

## Pathway investor

A retail client investing in a Firm's pathway investment offering.

## Pathway investment

A drawdown fund which is either a capped drawdown pension fund or a flexi-access drawdown pension fund.

## 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.

## Relevant Scheme

A personal pension scheme or stakeholder pension scheme for which direct payment arrangements are, or have been, in place, and under which contributions have been paid for two or more employees of the same employer.

## 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.



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