



ZEDRA

DO MORE. ACHIEVE MORE.

Chair's annual report

JLT Premier Pensions Workplace Personal Pension Plans

- | Year ended 31 December 2021
- | The ZEDRA Governance Advisory Arrangement (GAA)

September
2022



Executive summary

This report on the workplace personal pension plans provided by JLT Premier Pensions (‘JLTPP’) for its clients (‘the Client Plans’) and the workplace personal pension plan that was historically provided for some senior staff of JLT (‘the Staff Plan’) has been prepared by the Chair of the ZEDRA Governance Advisory Arrangement (‘the GAA’) and 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 Environmental, Social and Governance (ESG) 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 JLTPP, the latest version of which is dated 22 March 2022 and are publicly available (see Appendix D). This is our seventh annual report.

As Chair of the GAA, I am pleased to deliver this value assessment of the workplace personal pension plans provided by JLTPP. The GAA has conducted a rigorous assessment of the Value for Money delivered to policyholders over the period 1 January 2021 to 31 December 2021. 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.

On 26 July 2022, STM Group plc, the parent company of Options UK, entered into an agreement to acquire JLTPP’s SIPP and SSAS business from JLT Benefit Solutions Ltd, part of Mercer. The completion of the acquisition of the portfolio, net assets and trustee companies of the SIPP and SASS businesses was on 31 August 2022. As the GAA review only covers a review of the workplace personal pension plans in the period to 31 December 2021, this is not considered further in this report.

A COLOUR CODED SUMMARY OF THE GAA ASSESSMENT

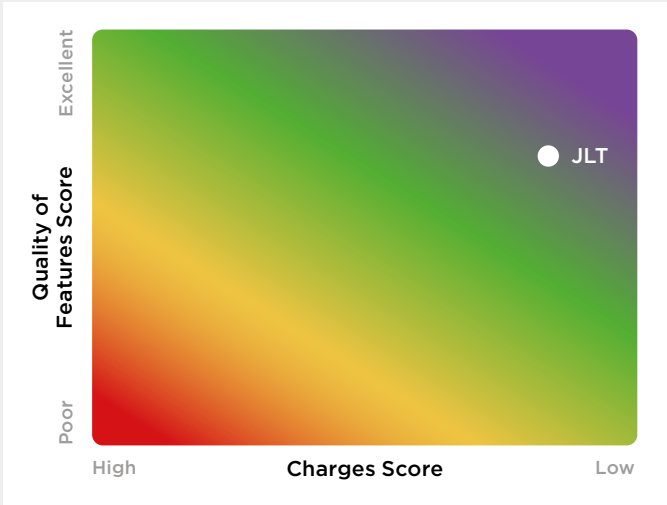
	Weighting toward VfM assessment*	JLTPP SIPPs
1. Product strategy design and investment objectives	7%	●
2. Investment performance and risk	7%	●
3. Communication	20%	●
4. Firm governance	7%	●
5. Financial security	7%	●
6. Administration and operations	17%	●
7. Engagement and innovation	3%	●
8. Cost and charge levels	33%	●
Overall value for money assessment	100%	●

* May not add to 100% due to rounding

<p>Quality and investment features</p> <p>● Excellent ● Good ● Satisfactory ● Poor</p>	<p>Cost and charge levels</p> <p>● Low ● Moderately Low ● Moderately High ● High</p>
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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 Investment and Quality Features combined representing two-thirds of the overall score and the Cost and Charge Level representing one-third of the overall score. It is visually represented by the heatmap below.

VALUE FOR MONEY SCORING



The overall conclusion is that workplace personal pension plans operated by JLTPP provide **good** value for money.

The GAA has challenged JLTPP to obtain **transaction costs** using prescribed methodology to comply with reporting requirements. The GAA also note that transaction costs are not disclosed to all policyholders annually in line with FCA requirements due to the nature of the product taking a view that as sophisticated investors, policyholders in the Client Plans would be able to obtain this information themselves. If the Firm is unable to obtain the transaction costs in the prescribed format the GAA will expect the Firm to escalate this to the FCA.

In addition, the GAA observes that some areas, such as **ESG** and Stewardship are still evolving. The GAA would generally expect to see ongoing developments in this area in line with any development of Mercer's plans and to reflect future developments in the wider marketplace but given that the business has been acquired by STM Group plc from Mercer, the position will depend on what policies are transferred over and whether policies in place with the acquiror are adopted and developed.

In addition, JLTPP has looked to the support provided by the wider Mercer group to demonstrate aspects of the Firm Governance and Financial Security that are considered by the GAA in our overall assessment of value for money. The position and comments in the review for the year ending 31 December 2021 reflect the position of JLTPP and the workplace personal pension plans under the Mercer group.

The GAA also expects JLTPP to continue to monitor the status of the policyholders to be able to confirm 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.

Details of the numbers of policyholders and their funds were supplied to the GAA for the assessment and are summarised in Appendix F.

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

The FCA has introduced new requirements this year. One of these new changes require us to undertake 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. I can confirm that we have not considered it necessary to make this notification this year. Our view on each Feature 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.

Another new requirement that the FCA has introduced is for the provider to disclose, and make available on a publicly accessible website, the costs and charges, including transaction costs, for all fund options, as well as providing an illustration of the compounding impact over time of the costs and charges, for a representative range of funds. The GAA understands that JLTPP are not likely to meet the specific FCA new disclosure requirements by the 30 September 2022 deadline. The Client Plans are bespoke and allow policyholders to invest in their own firm's investment funds and the Staff Plans allowed access to the whole of the market. Therefore JLTPP do not consider it is feasible to be able to comply with this requirement. The GAA has had discussions with JLTPP on this, and intend to raise a formal concern with JLTPP if the disclosures are not available, or remain in a non-compliant form, by the deadline.

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

Clare James

Chair of the ZEDRA Governance Advisory Arrangement

September 2022



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:

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Alternatively, you can contact the GAA directly at ZGL.gaacontact@zedra.com



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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 policyholders by looking at costs versus investment and service benefits. More detail about how we have done this is set out below.

Regulatory changes

The Framework used for this year’s assessment has been updated to reflect changes to the Code of Business Sourcebook ([COBS](#)) in effect from the 2021 assessment year. This includes a requirement for an explicit assessment of [net investment performance](#), and the assessment of any charges the policyholders might need to pay in operating their policy which are in addition to any [annual management charges](#) and [transaction costs](#). Our framework already included assessment of communications and processing of [core financial transactions](#). These changes have been reflected in the assessments reported on in sections 2. Investment Performance and Risk, 3. Communication, 6. Administration and Operations and 8 Cost and Charge Levels.

In carrying out these assessments we have taken into account that the Firm’s SIPP offering is provided only to advised clients or offered to sophisticated investors. As a result, we have not placed any weighting on the investment performance outcomes or the costs directly payable to the underlying investment manager (including transaction costs) or to an IFA who provides advice. As the policyholder is either

advised or sophisticated either the IFA or the policyholder themselves are directly responsible for making the choice of investment and monitoring how it performs. We recognise that this is a variation from the COBS requirement but feel it is appropriate given the scope of what is within the control of the Firm.

In addition, the regulatory changes introduced a requirement to undertake comparisons of the Firm’s product offering against a suitable comparator group of providers products across net investment performance, communications, processing of core financial transactions, and costs & charges. We have included comments on these comparisons in each relevant section of the report. For the reasons already set out, we have not undertaken a comparison of the net investment performance. Details of how the comparator group was selected and a consolidated view of the comparison outcomes are included in Appendix B.

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.
- | 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, 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 Features 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 features considered has 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 Features and in the assessment of 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 in order 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 then went on to 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 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 GAAs views of the relative importance to the policyholders of each Feature. The weightings are tilted towards the Features and sub-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

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 pensions. 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:

- | “Default investment strategies are designed and managed taking the needs and interests of **relevant policyholders** into account”
- | “Default investment strategies have clear statements of aims and objectives”
- | “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 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. 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 policyholder is “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 they have no control or influence, instead focussing 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 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. We have taken into consideration the limited role the Firm has in setting investment strategy when forming these views. Whilst this is a largely qualitative assessment the GAA has considered the Firm’s policies in comparison to others the GAA has knowledge of.

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. Comments on the outcome of these assessments is 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

Value score: Excellent Good Satisfactory 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.

Our assessment is therefore focussed 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 – 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

Operating within the SIPP framework, JLTTP 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 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 was historically provided for some of JLT's senior staff, but the employer now no longer contributes to this plan and accrued funds remain for those policyholders who have not elected to transfer to the new arrangement (or an alternative pension plan). The Staff Plan 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 JLTPP are satisfied that all the policyholders are suitably knowledgeable to understand both the SIPP product and the underlying investments options available.

JLTPP note that policyholders must meet a very narrow set of criteria before they can 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.

The Firm's strengths

When a new fund is requested, the Firm 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 the year before making one their client's funds available to the client's SIPP policyholders.

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

Improvements since last year

Last year, JLTPP confirmed 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 is still valid. The GAA is pleased to see the Firm has continued to monitor new entrants to the Client Plans. The Firm has confirmed to the GAA that this review is being conducted on an ongoing basis and that JLTPP continues to monitor the status of its SIPP policyholders.

Areas for improvement

GAA observations

The GAA expects to see evidence on an ongoing basis that JLTPP continue to monitor the status of its SIPP policyholders.

2. Investment performance and risk

Value score: Excellent Good Satisfactory Poor

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, we nevertheless 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

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.

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.

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.

Although JLTPP rely on the policyholders' (or their advisors') ability to review investment performance, during 2021, JLTPP also conducted a review of the information provided to the policyholders in the Client Plans. The GAA has been provided with evidence of this and the Annual Review Pack that is sent direct to the policyholders.

Areas for improvement

GAA observations

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.

3. Communication

Value score:

Excellent

Good

Satisfactory

Poor

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. 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

JLTPP issue standard annual communications, which 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. although the majority of 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 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 Pensions Wise for guidance on their retirement options.

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.

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 2021 were close to the median relative to the comparator group.

Areas for improvement

GAA observations

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

4. Firm governance

Value score:

Excellent

Good

Satisfactory

Poor

What are we looking for?

We would expect to see a comprehensive governance structure in place 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

JLTPP relies 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 provides 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 SIPP trustees attend bimonthly board meetings (i.e., six meetings every year) to ensure a strict governance structure is in place.

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 Firm's strengths

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

For the period under review, JLTPP rely on strong internal support from the wider Mercer group in certain areas.

Areas for improvement

GAA observations

As noted earlier in our report, on 31 August 2022, STM Group plc, the parent company of Options UK, acquired JLTPP's SIPP and SSAS business from JLT Benefit Solutions Ltd, part of Mercer. This GAA annual report only covers a review of the workplace personal pension plans in the period to 31 December 2021 and therefore the above comments and score reflect the position of the workplace personal pensions under the Mercer group.



5. Financial security

Value score:

Excellent

Good

Satisfactory

Poor

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

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 their 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.

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

The Firm's strengths

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

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.

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

GAA observations

As noted earlier, this GAA annual report only covers a review of the workplace personal pension plans in the period to 31 December 2021 and therefore the above comments and score reflect the position of the workplace personal pensions under the Mercer group.

The GAA expect to review and comment on any changes to the Financial Security provided to policyholders following the acquisition by STM Group plc in our next report covering the period to 31 December 2022.

6. Administration and operations

Value score:



Excellent



Good



Satisfactory



Poor

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. 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

JLTPP's administration function is operated in-house. The GAA have reviewed the SLA summary which shows service levels have been above or close to the target rate of 98% that was in place at the beginning of the year. The worst performance against the SLAs was 94.4% in April 2021. The target rate was revised to 95% in December 2021. 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 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.

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

The Firm's strengths

Mercer's Information and Cyber Security program guidelines was provided to the GAA and confirmed that all systems are protected to a high standard from cyber-attacks and are regularly monitored.

The Business Resiliency Management Statement of Recoverability was also provided to the GAA. Where the GAA observed the strong business continuity plan that can be followed. JLT PP confirmed no incidents occurred throughout 2021 that resulted in bringing this plan into action.

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

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.

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

Comparator results

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

This assessment identified that the administration services provided to the Firm's policyholders over 2021 were at the top end, relative to the comparator group.

Areas for improvement

GAA observations

JLTPP revised the target for SLAs down from 98% to 95% at the end of 2021 and does not consider this to be a deterioration in the level of service offered, but just a small relaxation in what was perhaps a very high target.

The GAA does not expect to see a fall in service standards due to this change. The GAA would prefer to see the statistics for core financial transactions reported separately.



7. Engagement and innovation

Value score: Excellent Good Satisfactory Poor

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 considering 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 considered when reviewing the product offering.

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.

In addition, the Staff Plan is now effectively a historical workplace personal pension plan with employer contributions having ceased from April 2021.

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

The Firm's strengths

This offering is well suited to JLTPP's client base. 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 generally high, but no specific customer feedback was received by JLTPP for this book of business during the year.

Areas for improvement

GAA observations

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. The GAA expect the Firm to engage with its clients on any changes as a result of the acquisition by STM Group plc.

8. Cost and charge levels

Value score: Low Moderately Low Moderately High High

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

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 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).

The Firm's strengths

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 most of the 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 fees is approx. 0.64% of the fund value.

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 expect to be provided with evidence or confirmation that JLTPP is obtaining costs and charges including transaction costs in DC workplace methodology and passing these on to policyholders, as this is required by the FCA.

The GAA has not been provided with full information relating to transaction costs and 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.

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 policyholders over 2021 were lower than the average charges relative to the comparator group.

Areas for improvement

GAA challenge

The GAA has challenged the Firm to obtain transaction costs on the prescribed methodology to comply with reporting requirements. If the Firm is unable to obtain the transaction costs in the prescribed format the GAA will expect the Firm to escalate this to the FCA.

GAA observations

The policyholder in the Staff Plan with the higher level of fees due to his fund size has been made aware of this and the potential for lower fees elsewhere during our review as the GAA met with this policyholder as part of the GAA's interactions with the Firm over the year.



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, 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.

The Firm's approach

The firm have a clear and ethical approach to ESG and have provided the GAA with the latest ESG report and policy.

Mercer for the wider business set out an initiative that ensures ESG is central to the business strategy and identity.

The Firm's strengths

As the main policy and approach is driven by Mercer's main business strategy, the GAA believe that governance risks and opportunities pertaining to ESG decision making and management is paramount.

The Firm has a commitment to continuing to grow a strong ESG philosophy and strategy going forward.

Areas for improvement

GAA observations

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



Appendix A: Cost and charge disclosures

The FCA has introduced requirements that the administration charges and transactions costs information, 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 in respect of the period 1 January 2021 to 31 December 2021 are required to be provided on a publicly accessible website.

The Client Plans are bespoke and allow policyholders to invest in their own firm's investment funds whilst the Staff Plans allowed access to the whole of the market. Neither are available to the general public. JLTPP does not have any default funds.

Therefore, the GAA understands that JLTPP are therefore 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 has had discussions with JLTPP on this and intend to raise a formal concern with JLTPP if the disclosures are not available, or remain in non-compliant form, by the deadline.

The GAA will provide an update in next year's report.

Appendix B: Comparison report

Commencing with the 2021 year assessments the FCA introduced a requirement 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 other similar product options available in the market based on publicly available information. If an alternative scheme(s) would offer better value, we must inform the pension provider.

As this is the first year when these disclosures are required the availability of public information relating to the sub-features that need to be compared is limited prior to the publication of this year's reports. ZEDRA Governance Ltd'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 in order to improve the meaningfulness of the comparisons undertaken 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 provide

Based on these criteria we believe that the comparator products chosen will provide a reasonable comparison for the policyholders of the workplace personal pension plans provided by JLTPP.

Comparison of net investment performance

As all policyholders are either advised or considered to be 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 2021 were close to the median 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 2021 were at the top end, 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 policyholders over 2021 were lower than the average charges 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 late 2021.

Members of the GAA had a meeting with representatives of JLTPP to kick off the Value for Money assessment process for the 2021 calendar year and to discuss and agree timescales.

Members of the GAA had a meeting with representatives of JLTPP 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 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, given COVID 19 considerations, this meeting was virtual.

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 JLTPP 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, JLTPP has provided the GAA with the majority of the information that we requested, including evidence in the form of minutes and other

documentation to support areas of discussion at the site visit. However, details have not been provided of the **transaction costs** incurred on the funds.

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. Some of these changes were made in response to regulatory amendments relating to the Value for Money assessment criteria and what must be disclosed to workplace pension fund members.

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. The key dates are:

Item	Date
Issue data request	17/12/21
Kick off meeting	14/01/22
Site visits	22/03/22
GAA panel review meeting	16/05/22
Discuss Provisional scoring	24/06/22

Concerns raised with the Provider by the GAA and their response

The GAA will be writing to the Governing Body of JLTPP to formally raise a concern over the new costs and charges disclosures, if the requirements are not met by the 30 September 2022 deadline.

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 zgl.gaacontact@zedra.com so that policyholders can make representation to the GAA direct. JLTPP will include details of this contact e-mail address on annual statements and can be found in the GAA annual reports published on the JLTPP website.

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 Governance Ltd 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 ZEDRA Governance Ltd can be found at www.zedra.com/pension-schemes

The members of the 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, including as Chair. All of ZEDRA Governance Ltd’s Client Directors act as representatives of ZEDRA Governance Ltd on the GAA and Clare James currently represents ZEDRA Governance Ltd in the capacity of Chair. More information on each of ZEDRA Governance Ltd’s Client Directors, their experience and qualifications can be found at www.zedra.com/zedra-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 ZEDRA Governance. Information on Dean’s experience and qualifications can be found at 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 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



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

This 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.

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.

With profits

An insurance contract that participates in the profits of an insurance company. The insurance company aims to distribute part of its profits to with-profits policy holders in the form of bonuses.



Appendix F: Summary of Workplace Pension Plan Data at 31 December 2021

	Client Plans	Staff Plan
Number of employers	5	1
Total number of policyholders	105	9
Total value of assets (market value)	£57.1m	£5.4m

The workplace personal pension plans are not used for auto-enrolment purposes.

Contributions to the SIPP provided for JLT's senior staff (the Staff Plan) ceased after April 2021.



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