

Chair's Annual Report

Year ended 31 December 2020

The PTL Governance Advisory
Arrangement (GAA)

A large, decorative graphic on the right side of the cover. It features several concentric, overlapping circles or arcs in shades of teal, white, and magenta, creating a sense of depth and movement. The circles are not perfectly aligned, giving it a dynamic, layered appearance.

Options UK
Personal Pensions
LLP Workplace
Personal Pension
Plans

July
2021

Introduction and Executive Summary

This report is on workplace personal pension plans provided by Options UK Personal Pensions LLP (Options UK or the 'Firm') through their Group Self Invested Personal Pension Plans (Group SIPPs). It has been prepared by the Chair of the PTL Governance Advisory Arrangement ('the GAA') and sets out our assessment of the value delivered to policyholders.

Further background and details of the credentials of the GAA can be found in Appendix 2. The GAA works under Terms of Reference, agreed with Options UK, the latest version of which is dated 24 December 2020 and are publicly available (see Appendix 2).

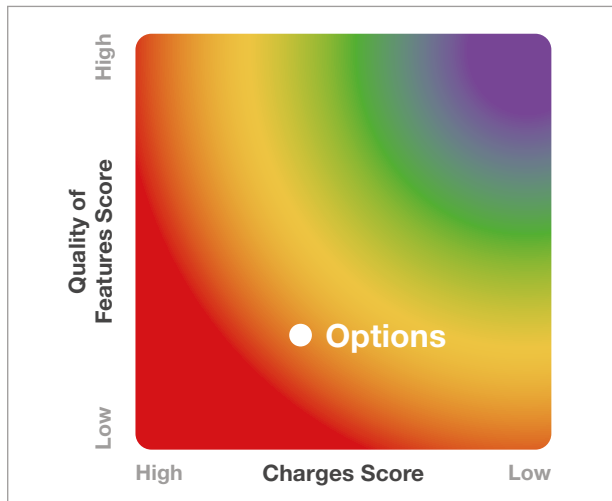
This is our sixth annual report.

As Chair of the GAA, I am pleased to deliver this value assessment for the Group SIPPs provided by Options UK. The GAA has conducted a rigorous assessment of the Value for Money delivered to policyholders over the period 1 January 2020 to 31 December 2020. The GAA has developed a Framework to assess Value for Money (VfM) and further details are set out in the section, Overview of the Value Assessment, which is on page 6.

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

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

Value for Money Scoring



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

The overall conclusion for the workplace pension plans in the form of Group SIPPs provided by Options UK Personal Pensions LLP is that they provide satisfactory value for money.

The GAA has challenged the Firm in the following areas:

- » The GAA would like to see the Firm check on a regular basis that IFAs are making available, to policyholders, fund factsheets with clear aims and objectives.
- » The Firm should check that the IFAs regularly update policyholders with performance and risk information.
- » The onset of the pandemic has highlighted that there is some weakness in the Firm's business continuity plans and the GAA would like to see evidence of increased automation in processes.
- » The Firm should consider further the long-term options for this book of business. This could be through further engagement with policyholders through surveys for example.
- » The GAA notes that while platform charges are low, the Firm did not actively look to obtain indirect cost information. While costs were obtained for a small number of Group SIPPs, on the GAA's request, there is no evidence that these are reviewed. The Firm should make efforts to collect and review this information as there is requirement to report these costs and charges next year.

Details of the numbers of policyholders and the funds under administration were supplied to the GAA for the assessment and these are included in Appendix 4.

The FCA has introduced a new requirement this year for the disclosure of costs and charges where there is a default option. As there are no default funds for any of the Group SIPPs provided by the Firm, there are no further disclosures in this respect.

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

Clare James

Chair of the PTL Governance Advisory Arrangement

July 2021



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

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Options UK Personal
Pensions LLP

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Shirwell Crescent, Furzon Lake
Milton Keynes, MK4 1GA

Alternatively, you can contact the GAA directly at:
gaacontact@ptluk.com

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Overview of the Value Assessment

The GAA has assessed the Value for Money delivered by Options UK to its policyholders through Group SIPPs by looking at costs versus benefits. More detail about how we have done this is set out below.

Our approach

The GAA believes that value for money is subjective and will mean different things to different people over time, depending on what they consider important at that time.

What is clear is that it is always a balance of costs versus benefits. Our fundamental approach has therefore been to compare all the costs paid by policyholders against the benefits and services provided to policyholders. We have attempted to make appropriate comparisons with other relevant pension providers, although there is limited information available in the public domain.

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

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

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

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

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

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

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

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

For Group SIPP providers like the Firm, where all the vast majority of policyholders are advised by an FCA authorised IFA, the investment aspects of the framework become an assessment of the process by which the provider ascertains that members are advised. It becomes a wider assessment if there are policyholders who are not advised.

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

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

Investment aspects

The FCA has prescribed 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 for individual SIPPs and are only relevant to the GAA due to the classification of Group SIPPs as workplace pensions. In isolation, the SIPP regulations do not require that providers consider these aspects, and we explain this further below.

The FCA requires the GAA to assess:

- » whether default investment strategies are designed and managed taking the needs and interests of [relevant policyholders](#) into account;
- » whether default investment strategies have clear statements of aims and objectives; and
- » whether all investment choices available to [relevant policyholders](#), including default options, are regularly reviewed to ensure alignment with the interests of relevant policy holders.

Under the rules of a SIPP, the policyholder directs the investment strategy, and is usually guided by their FCA authorised IFA, who will suggest strategies and put arrangements in place in conjunction with fund managers or investment platforms to implement those strategies. The SIPP provider has no active role in this.

The SIPP provider does not have a role in designing or managing investment strategies nor in setting their aims and objectives. These roles are fulfilled for a SIPP by the FCA authorised IFA, the member 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. However, for the Firm, all policyholders receive advice from an FCA authorised IFA.

In these cases, our interpretation is the provider can assume that the policyholder, in conjunction with their IFA, is able to design the strategy and evaluate whether they are obtaining value for money over time from their investments.

The Firm is, however, unable in practice to take action to make any necessary changes, because as described, it has no role in setting or managing investment strategies. The Firm is able to 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 table above. Some Group SIPPs have the same investment for each person, but each person has chosen the investment.

Accordingly, the GAA has not assessed the Firm in relation to the first two areas highlighted above. For the third area the GAA has focussed on the processes around determining whether a policyholder is advised by an FCA authorised IFA, and what actions are taken when a policyholder is identified as no longer receiving financial advice.

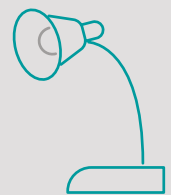
In the sections on the following pages, we have described each of the Firm’s seven quality features, the rating the GAA has awarded, together with any areas for improvement we have identified. There is also a separate section on Costs and Charges and a section setting out the GAA’s views on the adequacy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



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

Strategy Design and Investment Objectives

Value score: Satisfactory



The Firm's approach

The rules for Group SIPPs allow policyholders greater 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. It is the role of the policyholder's FCA regulated Independent Financial Adviser (IFA) to do so, and the Firm has provided the GAA with written confirmation that all policyholders have access to an IFA.

The Firm makes available investment funds based on policyholder, employer or IFA requests. Before doing so, the Firm checks that the investment fund meets the guidelines of permissible investment for this class of investor. 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.

There are no default strategies applicable for any of the Group SIPPs offered by the Firm.

What are we looking for?

Given the limited involvement of the Firm in designing investment strategies, we have sought confirmation that all SIPPs can be considered as fully advised.

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

We are also looking for evidence of a robust review process for all investment options being accepted for investment by the Scheme.

Policies on [ESG](#) financial considerations and non-financial matters are considered separately on page 20.

The Firm's strengths

The range of funds made available to policyholders is extensive. Any investment fund requested by policyholders and/or their employers and IFAs are made available as long as the investment fund is permissible to this class of investor and is a permitted investment for the Scheme listed on the Permitted Investment List under Resources of Self Invested Personal Pensions on the Options UK website at www.optionspensions.co.uk

There are clear triggers in place to ensure policyholders do not invest in a fund that has not been recently reviewed.

Areas of improvement – GAA challenges

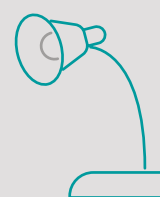


The Firm should seek confirmation, from the appointed IFAs, that policy holders have access to appropriate factsheets with clear aims and objectives.

Investment Performance and Risk

Value score: Satisfactory

Excellent
 Good
 Satisfactory
 Poor



The Firm's approach

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

The Firm provides online access to policyholders to view fund pricing and investment pot size, but no performance or risk data is available. In particular, Options UK does not wish to be seen as providing any element of investment advice and the Firm looks to the IFA to provide policyholders with this information as part of the ongoing agreement.

Areas of improvement – GAA challenges



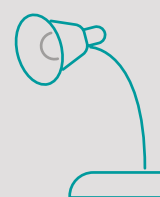
The Firm should seek confirmation, from the appointed IFAs, that policyholders are regularly provided with information relating to performance and risk.

What are we looking for?

Acknowledging the limited role that the Firm plays, in that it makes available investment options chosen by policyholder and their appointed IFAs, but does not assess the performance of those funds, we would nonetheless expect to see a robust framework under which investment performance information is made available, and easily accessed by policyholders and advisers. Performance should be measured against investment objectives, including against a measurable benchmark. We would expect collation of relevant statistics and provision to advisers and policyholders in a straightforward format.

Communication

Value score: Good



The Firm's approach

Options UK 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 the 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 Pensionwise and Unbiased and reminders to seek appropriate IFA advice when they indicate that they want to take action in relation to their pensions. The appropriate retirement warnings, guides to accessing pension and other information are easily available online. This includes guides on flexi-access drawdowns including UFPLS and Small Pots.

The online portal provides information about their investments, but it does not facilitate any transactions. Whilst policyholders are able to telephone, email or write in for additional information, they are required to write in or email with details of any instructions to transact.

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.

What are we looking for?

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

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

We would expect the online offering to be substantial, with a range of online support materials such as online calculators to enable personalised calculations with various selectable options. We would expect telephone support to be available, with good evidence of telephone scripts, call monitoring and staff training.

Additionally, we expect policyholders to be able to switch investment options online and 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.

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

The Firm's strengths

The Firm's communications are clear with all the relevant information clearly displayed. Policyholders are provided with brochures and referred to sources of additional information as required.

Areas of improvement – GAA observations



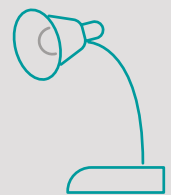
The GAA would, ideally, also like to see development of online functionality, particularly in relation to fund switches, although a budgetary constraint for a small portfolio of policyholders is inevitable.

The GAA would like to see further engagement with policyholders via surveys etc to obtain feedback to inform the future development of the product.

There are no case studies or online calculators available to policyholders. The Firm should consider what developments it could introduce to assist policyholders.

Firm Governance

Value score: Satisfactory



The Firm's approach

The Firm runs its administrative services in-house and appropriate service level agreements are in place, which are regularly monitored internally. The business continuity plans were reviewed following the weaknesses identified as a result of Covid-19.

There is a process in place for reviewing investment funds before they are accepted for investment by the Scheme to ensure they are permitted investments for this class of investor. Requests to switch funds triggers a review if the receiving fund has not been reviewed before or within the last 12 months.

The Firm also carries out regular testing of its IT systems.

What are we looking for?

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

The Firm's strengths

The Firm monitors its administrative services through a range of SLAs. Whilst the onset of the pandemic highlighted an issue with staff being unable to work from home, the Firm was quick to find a solution for socially distanced office working for affected staff.

Areas of improvement – GAA observations



The GAA would like to see greater evidence of the governance processes in place to safeguard policyholders' interests.



Financial Security

Value score: Satisfactory



The Firm's approach

Options UK is part of the STM Group Plc, which is traded on the AIM, a specialist unit of the London Stock Exchange for small to medium size companies. 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.

Over the course of the year, the Firm has completed external penetration testing on all STM Group external public IP addresses. As part of this process, the GAA understands, some remedial work was carried out for the Firm's website. Full penetration testing has also been carried out on all internal networks.

Staff receive annual training for AML and pensions scams awareness.

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

What are we looking for?

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

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

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

The Firm's strengths

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.

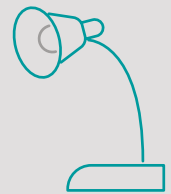
Areas of improvement – GAA observations



The Group SIPP business is only a small part of the overall activities for the Firm, for which there is adequate financial security.

Administration and Operations

Value score: Poor



The Firm's approach

The Firm carries out the administration of its Group SIPPs in-house with a dedicated team. The onset of the Covid-19 pandemic had an adverse effect on the Firm as its administration was not set up to deal with remote working. Staff members were not fully equipped to work from home and service standard saw a significant drop to less than 50% during Q2 2020. It is acknowledged that the pandemic was an unprecedented situation but, nonetheless, other providers were able to maintain service levels much closer to normal than the firm. In particular, the GAA has noted that the Firm has made it possible for staff to return to working in the office, although this provides less flexibility than seen elsewhere and means the Firm is not well equipped to work remotely. The GAA notes that SLAs recovered to c. 78% during Q3 and Q4.

Following the Covid-19 crisis, the business continuity plans, which the GAA has seen, have been reviewed. It is possible that the recovery would have been faster had there been greater automation in the systems.

The recent acquisition by the STM Group is expected to result in a review of all services during 2021 and the impact will be reviewed in subsequent reports.

There is a clear complaint handling procedure in place and there were no complaints during the year under review.

What are we looking for?

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

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

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

The Firm's strengths

There were no complaints during the year.

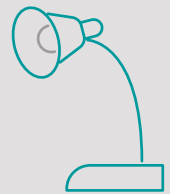
Areas of improvement – GAA observations



The GAA would like to see further automation of processes to ensure service is not disrupted by an inability to work in the office.

Engagement and Innovation

Value score: Poor



The Firm's approach

Operating within the Group SIPP wrapper, there is limited scope for product innovation. Nevertheless, the Firm has sought to assist policyholders migrate to auto-enrolment workplace pensions provided by a subsidiary of the Firm, Group SIPPs with other providers or to personal SIPPs, when requested by policyholders or employers. A full review of the product is expected in 2021.

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

It is acknowledged that this is a small portfolio of Group SIPPs classified as workplace pensions and that some Schemes may complete a transfer to a master trust or other arrangement.

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.

Areas of improvement – GAA challenges



The GAA would like to see the Firm consider the long-term options for this book of business and transition policyholders as appropriate.

There is no engagement with policyholders and the GAA would like to see more done in this respect. Although the GAA accepts that this might be via IFAs.

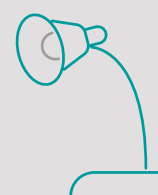
Overview of Policyholder Charges

Charges: Moderately High

High charges



Low charges



The Firm's approach

Policyholders are charged an annual administration charge of c. 0.25% for the administration of the members' schemes.

Options UK does not consider fund manager fees as it has no insight into these fees and considers it to be outside of its remit. However, the Firm does assess the level of fees an IFA would charge clients as part of its approval of IFAs.

Fund switches are executed on request.

GAA comment and view



The GAA would normally consider the overall level of charges borne by policyholders over the year. This would include assessing:

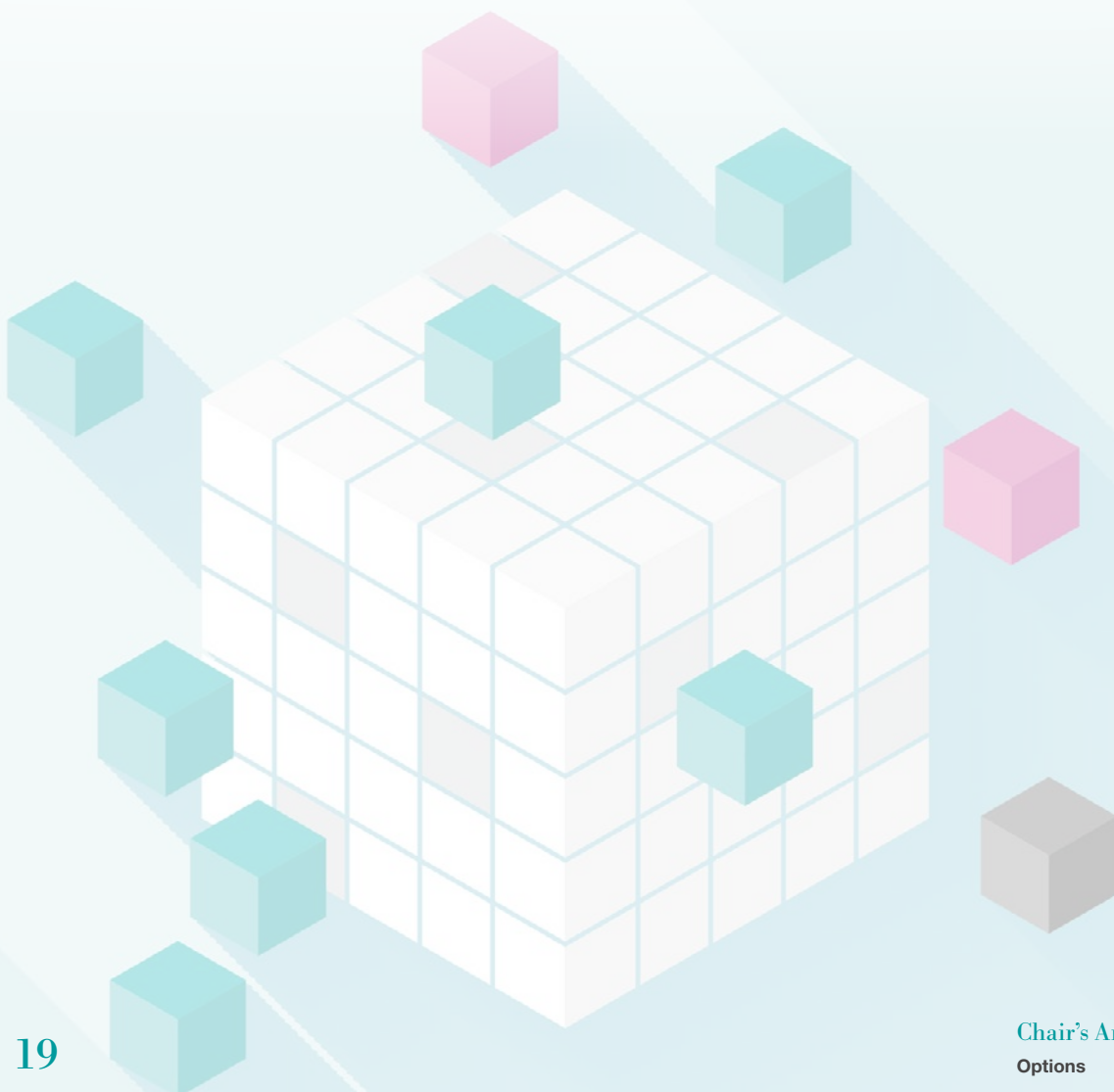
- » the process for collecting and monitoring overall member charges, including [transaction costs](#);
- » how the Firm monitors charges;
- » whether the overall level of charges are reasonable, bearing in mind the nature of the investment, level of performance, and degree of risk management; and
- » the distribution of charges across policyholders.

PTL comment and view (continued)



However, the GAA has not been able to assess fully the Firm's costs as information provided largely relates to administrative costs. Whilst the cost for administration is competitive, it is difficult to evaluate other costs such as fund manager costs and [transaction costs](#). The Firm should evaluate these costs further as it is a requirement to disclose these next year. The Firm currently considers the assessment of transaction and fund manager costs to be the remit of the IFAs.

The FCA has introduced new requirements that the administration charges and transactions costs information, in relation to each relevant scheme must be published by 31 July each year, in respect of the previous calendar year: These disclosures must include the costs and charges for each default arrangement and each alternative fund option that a member is able to select. They should also include an illustration of the compounding effect of the administration charges and [transaction costs](#), on a prescribed basis and for a representative range of fund options that a policyholder is able to select. For this year, the requirement only applies to default funds but in subsequent years this is extended to all self-select fund options as well. As none of the workplace pension plans offered by Options UK have a default, no further reporting is required in this respect.



ESG, Non-Financial Matters and Stewardship

What are we looking for?

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

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

GAA comment and view



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

Appendix 1:

GAA Activity and Regulatory Matters

This section describes the work that the GAA has done over the year and also covers the other matters which we are required to include in our annual report.

GAA engagement and actions this year

We prepared and issued a request for data on all the relevant workplace pension policies on 11 September 2020.

Members of the GAA had a meeting with representatives of Options UK Personal Pensions on 25 March 2021 to discuss the Value for Money assessment for the 2020 calendar year.

Discussions focused on the information 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 fund range and how funds on the platform have evolved, relationship of the Firm with policyholders and their IFAs, firm governance, administration, communications and response to the Covid-19 pandemic. Given government restrictions in light of the pandemic, this meeting was virtual.

On 6 May 2021, members of the GAA had a meeting with representatives of Options UK Personal Pensions to discuss the GAA's provisional scoring of Value for Money of the in-scope for the Firm's workplace pensions.

Additional formal meetings and engagement by e-mail have taken place between the GAA and Options UK Personal Pensions throughout this process.

As part of the Value for Money assessment process, Options UK Personal Pensions has provided the GAA with the information that was requested, including evidence in the form of minutes and other documentation to support areas of discussion at the site visit. In particular, the GAA has seen evidence of communications provided to policyholders at various milestones to retirement.

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

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

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

The GAA has not raised any concerns with Options UK Personal Pensions during the year covered by this report.

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.
- » Options UK Personal Pensions 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 Options UK Personal Pensions determines whether or not a communication from a policyholder is a representation to the GAA, it will be passed on in full and without editing or comment for the GAA to consider.

In addition, the GAA has established a dedicated inbox at gaacontact@ptluk.com so that policyholders can make representation to the GAA direct. Options UK Personal Pensions will include details of this contact e-mail address on its website at: www.optionspensions.co.uk/group-sipps

Appendix 2:

PTL GAA Credentials

In February 2015 the Financial Conduct Authority (FCA) set out new rules for providers operating workplace personal pension plans (called relevant schemes) to take effect from 6 April 2015. For Options UK, this relates to the Group SIPPs which fall under the remit of workplace personal pension plans. From that date, providers had to have set up an Independent Governance Committee or appointed a Governance Advisory Arrangement whose principal functions would be to:

- » act solely in the interests of the [relevant policyholders](#) of those pension plans; and to
- » assess the 'value for money' delivered by the pension plans to those [relevant policyholders](#).

The FCA rules also require that the Chair of each Independent Governance Committee and Governance Advisory Arrangement produce an annual report setting out a number of prescribed matters.

The PTL Governance Advisory Arrangement ('the GAA') was established on 6 April 2015 and has been appointed by a number of workplace personal pension providers. PTL is a specialist provider of independent governance services primarily to UK pension arrangements. Amongst other appointments we act as an independent trustee on several hundred trust-based pension schemes, and we sit on a number of IGCs. We have oversight or responsibility for in excess of £120bn of pension assets. More information on PTL can be found at www.ptluk.com

The members of the GAA are appointed by the Board of PTL. The Board is satisfied that individually and collectively the members of the GAA have sufficient expertise, experience, and independence to act in the interests of [relevant policyholders](#) or pathway providers.

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

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

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

The terms of reference agreed with the Firm can be found in the Self Invested Personal Pensions area at www.optionspensions.co.uk/resources

Appendix 3:

Glossary

Active management

The investment of funds where the skill of the fund manager is used to select particular assets at particular times, with the aim of achieving higher than average growth for the assets in question.

Annual Management Charge / AMC

A deduction made by the pension provider or investment manager from invested assets, normally as a percentage of the assets. The AMC is generally how the pension provider or investment manager is paid for their services.

Annuity

A series of payments, which may be subject to increases, made at stated intervals, usually for life. If the annuity is 'joint life', it will continue to a spouse (usually at a lower rate) after the death of the original person receiving the payments ('the annuitant').

Core financial transactions

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

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

Environmental, Social and Governance (ESG)

These are the three main factors looked at when assessing the sustainability (including the impact of climate change) and ethical impact of a company or business. ESG factors are expected to influence the future financial performance of the company and therefore have an impact on the expected risk and return of the pension fund investment in that company.

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.

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 4:

Summary of Workplace Personal Pension Plan Data at 31 December 2020

Number of employers	8
Total number of policyholders	274
Contributing	482
Non-contributing	67
Total value of assets (market value)	£19.3m

ptl

Personal
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Professional

