

# **Edward Nicholson Limited (1986) Retirement Security Plan Annual statement by the Chair of the Trustee for the Scheme year to 31 May 2022**

## **What is this Statement for?**

It's important that you can feel confident that your savings in the Edward Nicholson Limited (1986) Retirement Security Plan ("the Scheme") are being looked after and give good value. This Statement sets out how the Trustee has managed the Scheme in the last Scheme year and what it aims to do in the coming Scheme year. A copy of this Statement, together with other key Statements about how the Scheme is managed are posted on-line on the Peel Ports website.

## **What's in this Statement?**

We've included information on the following areas in this Statement:

1. How the Trustee manages your Scheme – who the Trustee is and what guides the decision making;
2. Investment options and performance – details about the investments in the Scheme;
3. Cost and charges – an explanation of how the costs and charges are not explicit;
4. Value for Members - how the quality of the Scheme's services which you pay for compare to other pension schemes.
5. Administration – how well the Scheme has been administered; and
6. Trustee knowledge – what the Trustee has done to maintain its level of knowledge and obtain the professional advice it needs to look after the Scheme for you

## **What were the highlights from the last 12 months?**

### **1. How the Trustee manages your Scheme**

There have been no changes to the Trustee in the last Scheme year. At 31 May 2022 the Scheme had 7 members.

### **2. Investment options and performance**

The Trustee considered the Scheme's investment strategy, albeit no formal review of the Scheme's investment strategy was undertaken during the Scheme year. The members' benefits under the Scheme are all provided through a policy of insurance issued by Phoenix Life and therefore the Trustee currently has no control over the investment strategy for the policy.

The Scheme does not have a default arrangement because:

- It is not used as a "Qualifying Scheme" for auto-enrolment; and
- The last contributions paid to the Scheme were received before 2006.

The investments of members are invested in a With-Profits Fund provided by Phoenix Life.

### **3. Cost and charges**

You pay for the Scheme's investment and administration while the Company pays for the Scheme's governance. As the only investment available is in a With-Profits Policy, the charges and transaction costs you pay for are implicit in the calculation of benefits by Phoenix Life in its capacity as the provider of the policy.

#### **4. Value for Members**

Each year we look at the costs and charges you pay as well as the range and quality of the services you pay for and see how they compare with similar pension schemes. We found that the Scheme gives fair value in the last Scheme year. Given the nature of the benefits provided, the maturity of the Scheme and the Trustee's desire to secure the funds in the member's own names and wind up the Scheme, the Trustee does not see value in taking action to try to improve value for members.

#### **5. Administration**

It should be noted that whilst members have a number of options available at retirement there are no investment choices for the members. As a consequence, there are very few financial transactions in the Scheme. It should be further noted that the Scheme is closed to new members and has the Scheme is closed to further contributions there is no receipt and investment of contributions. The Trustee receives reports from Phoenix Life on member activity within the Scheme with the Trustee approving any specific transactions requested by a member. The Trustee is comfortable that financial transactions were carried out promptly and accurately.

#### **6. Trustee knowledge**

It's important that the Trustee keeps its knowledge of pension and investment matters up to date and has access to sound professional advice. The Trustee and the individuals employed by the Company who support in managing the Scheme, undertook training sessions during the Scheme year, which included training on pension scams. Overall, the Trustee believes that it has the right skills and expertise together with access to good quality professional advice so that it can run your Scheme properly ahead of the impending wind up of the Scheme being completed.

#### **7. Completed actions and our plans for the next Scheme year**

During the last Scheme year the Trustee continued planning for the steps required to wind up the Scheme. In the coming Scheme year (which will be covered by the next Statement), the Trustee intends to take forward the planned wind up of the Scheme which includes securing your pension in your own name. The Trustee believes that this work will help you get the best out of your benefits earned in the Scheme. There will be separate communications with you in this regard.

We were unable to obtain information in relation to member borne charges as well as transaction costs due to it being unavailable. This is because of the nature of the With-Profit fund that the Scheme is invested in means that the transaction charges are not visible.

We hope the above highlights summary of the Scheme is helpful. The rest of this Statement goes into more detail - please read on if you want to find out more about how the Trustee has managed your Scheme in the last Scheme year.

If you have any questions, please contact us at [pensions@peelports.com](mailto:pensions@peelports.com)

**Introduction**

Governance requirements apply to defined contribution (“DC”) pension arrangements like the Scheme, to help members achieve a good outcome from their pension savings. The Trustee is now required to produce a yearly statement describing how these governance requirements have been met.

**For the record**

This Annual Statement regarding governance has been prepared in accordance with:

- Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (SI 1996/1715) as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015 (SI 2015/879); and
- The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 (SI 2018/233).

This Statement covers the period from 1 June 2021 to 31 May 2022.



Date: 15 / 12 / 2022

Signed by the Chair of Trustees

## 1. How the Trustee manages your Scheme

At 31 May 2022, the Trustee of the Scheme was Peel Ports Logistics Limited. At that date, there were 7 members in the Scheme.

## 2. Investment options and performance

### Default arrangement

The Scheme does not have a default arrangement because:

- It is not used as a “Qualifying Scheme” for auto-enrolment; and
- There have been no contributions paid by any member into the Scheme since 2006.

The Company has expressed its wish that the Scheme should be wound up and benefits secured by policies assigned to individual members.

No review of the Scheme’s investment strategy was undertaken during the Scheme year. The members’ benefits under the Scheme are all provided through a policy of insurance issued by Phoenix Life and therefore the Trustee currently has no control over the investment strategy for the policy. At the time of issuing this statement, Phoenix Life has yet to declare the investment performance for 2022. As such, an updated Chairs Statement will be published when the information is received.

### Investment performance

Year	Investment Return
2022	To be declared by Phoenix Life
2021	3.2%
2020	2.9%
2019	6.1%
2018	-1.8%
2017	11.8%

In addition, as the investments are held in With-Profits funds, a Final (or Terminal) Bonus is applied when members take payment of their benefits at Normal Pension Age.

### 3. Costs and charges

The charges and transaction costs borne by members and for the Scheme's services are:

Service	By members	Shared	By Company
Investment management	✓		
Investment transactions	✓		
Administration	✓		
Governance			✓

#### Charges and transaction costs

The charges and transaction costs borne by members are implicit in the calculation of benefits and bonus rates by Phoenix Life in its capacity as the provider of the policy.

Impact of costs and charges - illustration of charges and transaction costs

No illustrations of the impact of costs and charges have been prepared because of the nature of the Scheme's investments (in a With-Profits Fund) is such that it is not possible to produce meaningful figures.

The Trustee will:

- Continue to seek details of the basis of the deferred annuity rates as well as the charges and costs of the With Profits Fund from as the policy provider; and
- Take into account this lack of transparency when it considers and makes decisions relating to the future of the Scheme.

#### 4. Value for Members

Value is not simply about low cost – the Trustee also considers the quality of the services which members pay for. With the help of its advisers, the Trustee compares the information that is available (including implicit charges and bonuses applied) as well as the quality of the services against other similar schemes.

The Trustee adopted the following approach to assessing Value for Members during the Scheme year:

Rating	Definition
Good	The Scheme offers good value for money, providing services at better quality/cost compared with other typical options or similar schemes in the market.
Fair	The Scheme offers average value for money providing similar services at similar quality/cost compared with other typical options or similar schemes in the market.
Poor	The Scheme offers poor value for money, providing similar services at higher cost for similar quality compared with other typical options or similar schemes in the market.

The assessment took into account the Scheme’s membership profile, the level of retirement benefits, guarantees and the quality of the services for which members bear or share the costs. The key rationale for the conclusion of the assessment was as follows:

Category	Weighting %	Overall rating	Key rationale
Investment	75%	Fair	<p>Due to the nature of the policy and likely value to members of the terminal bonuses, it is difficult for the Trustee to improve the value for members or offer an alternative option which does not carry the risk of reducing the level of benefits members will see at retirement. Nevertheless, the Trustee recognises that for younger members other forms of pension provision offer greater flexibility at retirement and transparency of costs and charges.</p> <p>The Trustee has no concern regarding the security of assets, as the Trustee is comfortable with the strength of Phoenix Life, a large insurance company.</p> <p>The Trustee is carrying out preparatory work to secure member’s benefits in their own name and fully wind up the Scheme, so no further action to improve value for members is proposed at this time.</p>

Category	Weighting %	Overall rating	Key rationale
Administration	25%	Fair	<p>The Scheme is administered by Phoenix Life as the policy provider. Due to the nature of the policy and type of benefits it provides, administration is conducted using Phoenix Life legacy systems and processes.</p> <p>Administration services have been handled efficiently by Phoenix Life as the provider with any information relating to members being sent to the Trustee for their approval prior to issue. These include provision of annual benefit statements and retirement quotations.</p> <p>An annual benefit statement is sent to members and is specifically designed for members who have not taken their plan benefits at the normal retirement age (and whose benefits became non-profit in nature) .</p> <p>The Trustee has no concerns regarding the administration of members' benefits.</p>

#### Approach and preparation

In keeping with the guidance from the Pensions Regulator, the Trustee has:

- Considered the Scheme's features in two areas where costs are borne by members: Investment and Administration as shown in the table above;
- Considered the Scheme's member characteristics and weighted each of the areas according to its likely impact on member outcomes;
- Reviewed how the services perform, taking into account cost, quality and scope of provision;
- As a proportionate approach, decided to publish the results of the Value for Members assessment in the Chair's Statement rather than as a separate document.

#### Action on Value for Members

- The Trustee is comfortable that the Scheme provides value for members and believes that it is not practical to take action to improve value for members given the nature of the benefits, the maturity of the Scheme and the fact that the Trustee are preparing to wind-up the Scheme.

## **5. Administration**

It should be noted that whilst members have a number of options available at retirement there are no investment choices. Phoenix Life is appointed as both Insurer and Administrator of the Scheme. The Trustee is satisfied that the core financial transactions are processed promptly and accurately during the Scheme year. Monitoring of financial transactions is notified to the Trustee by Phoenix Life with the Trustee approving any transaction.

The Trustee has a duty to ensure that core financial transactions (principally in the case of the Scheme payments of benefits) are processed promptly and accurately. As noted above, there are no investment choices for members, due to the nature of the investments held, and as a consequence, there are very few financial transactions in the Scheme. It should be further noted that the Scheme is closed to new members and has been closed to further contributions and therefore there is no receipt and investment of contributions.

However, the Trustee receives information from Phoenix Life confirming transfer requests, deaths, retirements and new dependants. This information is used in the Annual Scheme Return which is submitted to the Pensions Regulator on behalf of the Trustee, which confirms the transactions during the reporting period.

The agreed service level is that all work is completed within 10 working days from receipt of a valid request.

The Trustee understands that the administrator monitors its performance against these service levels by:

- Monitoring daily transactions;
- Monitoring workflow items; and
- Reviewing the level, causes and resolution of complaints.

In addition, the Trustee monitors performance of the administrator as part of its role in managing the Scheme and approving any transaction.

The Trustee is confident that the processes and controls in place are robust and will ensure that the financial transactions which are important to members are dealt with properly and promptly.

There were no issues identified regarding the processing of financial transactions during the Scheme year.

No breaches were reported over the Scheme year. No complaints were received over the reporting Scheme year.

### **Security of assets**

The situation regarding the security of where pension contributions are invested is complex. It can vary from scheme to scheme and from fund to fund within each scheme. The Trustee has no concern regarding the security of the assets held with Phoenix Life, as the Trustee is comfortable with the strength of Phoenix Life.



## 6. Trustee knowledge

The Scheme's Trustee is required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively. The Trustee must:

- Be conversant with the Scheme Documentation relating to the administration of the Scheme generally; and
- Have, to the degree that is appropriate for the purposes of enabling the individual to properly to exercise its functions as a trustee, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment the assets of occupational pension schemes.

The Trustee has measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law. Details of how the knowledge and understanding requirements have been met during the period covered by this Statement are set out below.

Training is provided to ensure that the Trustees maintains a working knowledge of the Scheme's Trust Deed and Rules, the Scheme's Statement of Investment Principles as well as the investment concepts and principles relevant to the Scheme, contract documents in relation to administration of the Scheme and the law and legislation relating to pension schemes and trusts; and

The Trustees are encouraged to undertake further study and qualifications which support its work as a trustee.

The Trustees have access to copies of and are familiar with the current governing documentation for the Scheme.

Given the Trustee is preparing for the wind up of the Scheme, the Trustee has not carried out any regular self-assessments nor does it have a plan in place for reviews of the effectiveness of advisers, gaps in knowledge and skills, or training plans. The Trustee will review the position regularly (at least each year) with its advisers to determine what (if any) additional training needs has are required, and will give particular consideration to any training needs (legal, investment or otherwise) in the event of any changes or proposed changes to the Scheme. Ongoing training is provided as and when required.

The Trustee is satisfied that during the last Scheme year it has:

- Taken effective steps to maintain and develop its knowledge and understanding; and
- Ensured it received suitable advice where required.

The Trustee is satisfied that the combination of its knowledge and understanding together with access to suitable advice enabled it to properly exercise its duties during period covered by this Statement.

## Unavailable information

The Trustee has been unable to obtain information on:

- The charges for the investment options covered by the Scheme; and
- The transaction costs for the various fund used by members during the period covered by this Statement.
- 2022 Investment Performance (an updated Chair's Statement will be issued once the performance has been declared)

The Trustee has not been able to obtain the charges and transaction costs due to the With Profits nature of the investments held.

The missing information listed above means that the Trustee has not been able to:

- Compare the funds' charges and costs against other schemes; and
- Prepare full illustrations of how costs and charges affect the size of a typical member's savings.
- Publish the 2022 Investment Performance in this Chairs Statement

The Trustee also notes the following limitations:

- At this time, limited data is available on industry-wide comparisons of pension schemes and has relied heavily on the market knowledge of its advisers; and
- The Scheme's uncommon features and implicit costs and charges make it harder to enable industry-wide comparisons.