



Charles Green & Son Ltd 1992 Retirement Benefits Scheme

Chair's Statement
6 April 2022 to 5 April 2023

01 Introduction

This is the Chair's Statement for the Charles Green & Son Ltd 1992 Retirement Benefits Scheme (the 'Scheme') covering the period 6 April 2022 to 5 April 2023.

As the Chair of the Trustees ('the Trustees'), I provide you with a yearly statement which explains what steps have been taken by the Trustee, with help from our professional advisers, to look to meet the required governance standards. The law sets out what information must be included in my Statement, and this is designed to help members achieve a good outcome from their pension savings.

The Charles Green & Son Ltd 1992 Retirement Benefits Scheme was established to provide retirement benefits for the Company's employees. The operation of the Scheme is governed by the definitive trust deed. The Scheme is a hybrid arrangement, and some of the defined contribution ('DC') section members have a defined benefit ('DB') underpin.

The DC section of the Plan is constructed of two sections:

- The Crest Secure Pension Plan
- The Crest Growth Pension Plan

These sections invest in different investment funds with Royal London and some of the members also have DB underpin benefits in the form of a Guaranteed Minimum Pension (GMP).

The Plan closed to new members and contributions in April 1999.

This Plan is not a qualifying workplace pension scheme for the purposes of auto-enrolment.

If you have any questions about anything that is set out below or queries about your Plan benefits, please do contact Royal London via the following link:

- <https://www.royallondon.com/existing-customers/contact-us/>

02 Investment Performance

02.01 Investments

Within the Crest Growth Fund, members who do not wish to make their own investment decisions are automatically invested in the default fund, the RLP Managed Fund. This is a mixed asset fund which invests in other Royal London Asset Management (RLAM) funds. The manager ensures the maximum potential for capital growth exists for the given level of risk. The underlying investments include the Global Managed, Property, Medium (10yr) Index Linked and Medium (10yr) Corporate Bond funds. The fund is designed to maximise real returns (i.e. returns above inflation) over a ten-year period. Should members wish to make their own investment decisions, Royal London offer a self-select range.

The Trustee has delegated the underlying investment decisions to Royal London. It is the responsibility of the Trustee however to review the suitability of Royal London as the Investment Manager and the current fund selection. The Trustee is also responsible for monitoring the age demographic of the members, as well as the members' fund values when considering the suitability of the fund range as part of any investment strategy review.

The Crest Secure Fund is a policy held with Royal London and operates in a similar format to a with profits fund but with lower exposure to the stock market. As a result, there is no terminal bonus although a regular bonus is added to the fund's value. The Fund has a guaranteed minimum growth rate (which is 0%). The aim of the investment strategy is to maximise the long-term return on investments for policyholders whilst recognising the need for the fund to meet its guaranteed liabilities.

As at 5 April 2023, the Scheme had <100 members with £856,142 invested.

02.02 Investment Fund Performances

The table below shows the fund performance of all of the funds invested in by members over the last one, three and five years with a normal retirement age of 65. The performance figures are net of charges and transaction costs and have been annualised where the period shown is longer than one year. The Trustee has had regard to the statutory guidance in preparing this section of the statement. The Trustee has process in place to publish relevant parts of this section on its website (<https://trade.charles-green.com/pension>). Returns at 5 April are not published (only monthly returns are published), so returns at 31 March are shown instead.

	1 year (01/04/2022 – 31/03/2023)	3 years (01/04/2020 – 31/03/2023)	5 years (01/04/2018 – 31/01/2023)
Scheme Default - RLP Managed			
Age 25	-5.67	8.18	4.12
Age 45	-5.67	8.18	4.12
Age 55	-5.67	8.18	4.12
Self-select funds			
RLP Absolute Return Government Bond	3.58%	1.86%	0.88%
RLP Annuity	-7.53%	-2.31%	-0.50%

RLP Commodity	-10.80%	17.66%	6.14%
RLP Deposit	1.35%	-0.12%	-0.16%
RLP Fixed Interest	-15.34%	-8.38%	-3.10%
RLP Global High Yield Bond	-8.48%	3.74%	0.57%
RLP Global Managed	-2.48%	13.06%	6.21%
RLP Long Corporate Bond	-8.32%	-0.13%	-0.04%
RLP Long Gilt	-21.29%	-12.31%	-4.47%
RLP Long Index Linked	-19.21%	-6.05%	-1.66%
RLP Managed	-5.67%	8.18%	4.12%
RLP Medium Corporate Bond	-15.69%	-4.71%	-2.14%
RLP Medium Gilt	-13.81%	-8.14%	-2.85%
RLP Medium Index Linked	-10.20%	-1.99%	-0.26%
RLP Property	-12.92%	0.40%	1.02%
RLP Short Corporate Bond	-7.65%	-2.00%	-0.94%
RLP Short Duration Global High Yield	-0.86%	2.93%	0.78%
RLP Short Term Fixed Income	1.28%	0.18%	0.00%

Source: Royal London

	Return	Enhancement	Total
Royal London Crest Secure			
2023/2024	0.25%	0.80%	1.05%
2022/2023	0.25%	0.80%	1.05%
2021/2022	0.25%	0.80%	1.05%
2020/2021	0.25%	0.80%	1.05%
2019/2020	2.50%	0.80%	3.30%

Source: Royal London

03 Charges and transaction costs

03.01 Investment Manager Charges

Members pay a charge in respect of administration and investment management. All other charges (including governance, communications, and the work of the Trustee) are met by the Employer and this is a valuable benefit to members of the Scheme.

The level of charges borne by members during the plan year amount to between 1.00% and 1.45% of the fund value, depending on which section of the Scheme they are invested in. The charges associated with the Royal London funds are noted on the fact sheets which are available on the Royal London website. Copies of the fact sheets can also be provided to members on request.

Total Expense Ratio ('TER')

Members meet what is known as the Total Expense Ratio ('TER') in respect of their individual pension pots. This is comprised of an annual Fund Management Charge ('FMC') and other indirect fees which are incurred. The TER is calculated as a percentage of all applicable assets under management.

The FMC does not include other costs of running the Scheme outside of administration and investment management.

Transaction costs

The Trustee is also required, as far as is reasonable and practical, to calculate the transaction costs paid by members during the assessment period and assess the extent to which these transaction costs represent good value for members. Transaction costs are incurred when investments are bought and sold. Since investment requires the buying and selling of assets, transaction costs are an essential part of generating investment returns on behalf of Scheme members and managing risk.

The TERs and transaction costs applicable to the funds are set out in the table below, as at May 2024:

	TER (%)	Transaction costs (%)
Royal London Crest Secure	1.45%	0.000%
Royal London Crest Growth		
RLP Absolute Return Government Bond	1.00%	0.060%
RLP Annuity	1.00%	0.070%
RLP Commodity	1.00%	0.000%
RLP Deposit	1.00%	0.000%
RLP Fixed Interest	1.00%	0.000%
RLP Global High Yield Bond	1.00%	0.020%
RLP Global Managed	1.00%	0.035%
RLP Long Corporate Bond	1.00%	0.000%

RLP Long Gilt	1.00%	0.000%
RLP Long Index Linked	1.00%	0.000%
RLP Managed (default arrangement)	1.00%	0.060%
RLP Medium Corporate Bond	1.00%	0.000%
RLP Medium Gilt	1.00%	0.000%
RLP Medium Index Linked	1.00%	0.000%
RLP Property	1.00%	0.045%
RLP Short Corporate Bond	1.00%	0.000%
RLP Short Duration Global High Yield	1.00%	0.000%
RLP Short Term Fixed Income	1.00%	0.000%

Source: Royal London

The charges cap of 0.75% pa does not apply for this Scheme as the Scheme is not used for auto-enrolment purposes.

03.02 An illustration of the charges levied on members

Below you can find illustrations showing the possible effect of the costs and charges met by members on an example pension pot (for members in the DC section) over time. This is for illustration purposes only. The projected figures are not guaranteed and actual returns earned and member fund values are likely to be different. Illustrations are shown for members invested in the DC section, in the Crest Secure Fund and in the RLP Managed Fund (Crest Growth Fund).

The following assumptions have been used to prepare the illustrations:

- > An initial pension pot of £21,000, which was the average pot size during the Scheme year.
- > The member is currently 23 years from Normal Retirement Date.
- > The cost for investing in the Crest Secure fund is 1.45% p.a. plus allowance for the transaction charge of 0.00%. The RLP Managed Fund has an annual management charge of 1.00% and a transaction fee of 0.06% pa. The RLP Medium Corporate Bond Fund has an annual management charge of 1.00% and a transaction fee of 0.00% pa.
- > The expected return for the Crest Secure Fund is assumed to be 3.5% pa.
- > The expected return for the RLP Managed Fund is assumed to be 5.0% pa.
- > The expected return for the RLP Medium Corporate Bond Fund is 4.10% pa.
- > Inflation of 2.50% p.a.

Projected pension pot values are shown in terms of current prices.

Charges and transaction costs continued

		RLP Managed Fund (Crest Growth Fund)		Crest Secure Fund - highest charging fund		RLP Medium Corporate Bond - lowest charging fund	
Age	Years to Normal Ret. Age	DC Pensions Pot (Before Charges)	DC Pension Pot (After Charges)	DC Pensions Pot (Before Charges)	DC Pension Pot (After Charges)	DC Pensions Pot (Before Charges)	DC Pension Pot (After Charges)
43	23	21,000	21,000	21,000	21,000	21,000	21,000
45	20	22,574	21,898	21,621	20,725	21,999	21,371
50	15	25,465	23,480	22,696	20,274	23,770	22,004
55	10	28,726	25,176	23,825	19,833	25,684	22,655
60	5	32,404	26,995	25,010	19,401	27,753	23,326
65	0	36,553	28,945	26,254	18,979	29,987	24,017

The Trustees note that the Crest Secure Fund figures show that returns in this fund may not keep up with inflation. While it is expected that these members may find additional value in the Guaranteed Minimum Pension underpins to these benefits, the Trustee will be undertaking an investment strategy review to consider the funds offered to members.

03.03 What are the assumptions based on?

In preparing these illustrations, the Trustee has considered statutory guidance including the following:

- > The Department for Work and Pensions' Reporting of costs, charges, and other information: Guidance for trustees and managers of relevant occupational schemes'
- > The Financial Conduct Authority (FCA) Transaction cost disclosure in workplace pensions Policy Statement PS17/20;
- > Actuarial Standards Technical Memorandum 1 (AS TM1 v4.2) issued by the Financial Reporting Council, and
- > The Pensions Regulator's quick guide to the Chair's Statement and the Technical Appendix

Commented [AT1]: Should I keep projections the same as Attwater?

Commented [PG2R1]: There's also about £560k in funds with about 40 members so let's use £21k as the starting pot. And we need a projection for the lowest charge fund as well - pick any you have the return assumption for

Commented [AT3R1]: Done

04 Core financial transactions

04.01 Assessing Core Transactions

During the year, the Trustees are required to ensure the requirements of Regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 are met and that the Plan's core financial transactions are processed promptly and accurately.

Royal London

Royal London provides administration and investment platform services to the DC section of the Plan.

Royal London provided an account statement showing the individual member holding over the period, how these holdings have changed in value, and the financial transactions that occurred during the period. There have not been any transactions during the period covered by this statement. The Trustees monitor Royal London on the basis of this statement.

Royal London do not prepare a Scheme specific service level report. However, Royal London do make governance reports available to trustees which are not plan specific but cover the aggregate service level that has been achieved in respect of core financial transactions across all of their participating employers. This is comparable to many legacy pension providers for plans of this size.

The Trustees generally believe that the processes in place by the administrator are appropriate and adequate. The Trustee will however discuss reporting with Royal London in an effort to obtain more Scheme specific data.

For the purposes of this statement, Royal London have confirmed that they generally carry out the following core financial transactions (for closed schemes) across the policies they administer:

- > **Monitoring of bank accounts** – Royal London have teams that focus on monitoring the investments and banking transactions.
- > **Payments to members** – Royal London's administration team will ensure that all payments out of the Plan in respect of members' benefits are made in line with standard checks. This includes agreed processes and authorisation levels to ensure any payment made is calculated correctly and in line with the Plan rules and legislation and complies with HMRC rules and guidance.

Based on the above, with no transactions during the period, the Trustee confirms that it is comfortable with the accuracy and timeliness of the core transactions processed in the year.

05 Value for Members

05.01 Assessment of Value

The Value for Members assessment is based on the matters which must be covered, as set out in the relevant regulations and guidance. The Scheme had assets of less than £100m at the date of its last set of audited accounts and therefore must comply with the regulations as set out in that guidance, which state that for scheme years ending on or after 1 January 2022, plans with less than £100m in assets and having been in operation for at least three years, must undertake a VfM assessment each year, based on a set range of matters (including: costs and charges, core financial transactions, record keeping, communications, managing conflicts, investment strategy and trustee knowledge and understanding). This must determine whether the DC benefits provided to members are good value, or not.

The Trustees take professional advice on whether this is the case and having considered the advice provided by its advisers, has concluded that the Scheme does not generally offer good value for members, although some members who have a GMP underpin to their money purchase benefits may find additional value in this benefit. In summary, the Trustee concluded that:

- > The net returns achieved by the funds do not provide good value to the members of the Scheme in comparison to the three large comparator plans used for the assessment. The performance of the Crest Secure fund were above the comparators over the 1 year period, however, the longer time periods show that the returns were below all comparators and in some cases by a considerable margin. The RLP Managed fund underperformed all comparators over all time periods.
- > The Trustees believe that the charges associated with the Scheme represents poor value to members as the overall charge of 1.00% - 1.45% is noticeably higher than the charges for the three large comparative plans. However, current charges are fairly typical for a legacy style arrangement like the Scheme which also includes a defined benefit underpin. The annual management charge covers the administrative costs of Royal London and their investment management charges. There are other costs associated with the administration of the Scheme which are all borne by the Employer, which is valuable benefit for members of the Scheme.
- > The processes that are in place to ensure the efficient administration of the Scheme (which include those explained in the 'Core financial transactions' of this Statement) are generally deemed to be appropriate.
- > Although Scheme level reporting could be improved, this is not expected to be pragmatic as bespoke reporting would be required (which is likely to be cost prohibitive). The Trustees will approach Royal London to see whether additional reporting information can be made available on a scheme specific basis (particularly in respect of service levels). It is worth noting that the Scheme membership is low and the Trustees are therefore able to reasonably monitor individual cases with the administrator on an ad-hoc basis when there are transactions (which are limited to transfers out or retirements as the Scheme is closed).
- > The Trustees rely on the standard communications issued out by the Scheme's administrators. These communications satisfy the regulatory requirements for the

arrangement. The Trustees do not send out any further communications, however this is a pragmatic approach given the size and structure of the Scheme.

Following this assessment, the Trustees do not believe that the Scheme represents good value for the members.

The Trustee will be considering options to improve member value, which could include a wind-up of the Scheme. However, there may be some statutory work that would first need to be completed by the Trustees in relation to the GMP benefit overpins that some members have, specifically to review GMP benefits and potentially adjust scheme benefits to remove possible inequalities that may have arisen from unequal GMPs. In addition, Royal London provide a valuable guarantee in respect of the GMP benefits which could be lost on transfer, and this will need to be considered before any changes are made. In the interim, the Trustees will be undertaking an investment strategy review which will consider whether there are alternative funds that could improve member value.

06 Trustee Knowledge and understanding

06.01 Knowledge and understanding of the Trustees

The Trustees are required to have appropriate levels of knowledge and understanding. This includes a working knowledge of the Scheme's Trust Deed and Rules and documents setting out the Trustee's current policies. Further, it must have sufficient knowledge and understanding of the law relating to pensions and trusts; and the principles relating to the funding and investment of occupational plans.

The Trustee is satisfied that they have complied with the knowledge and understanding requirements set out in section 248 of the Pensions Act 2004.

The Trustee has access to, and knowledge of, the Scheme's documentation (e.g. Deed and Rules). These documents are available to the Trustee via the Chair of the Trustees.

The Trustees receive updates from its advisors on pensions law developments and any other areas of particular importance, including appropriate training. However, no direct training relating to DC matters has been received during the reporting period.

Any new trustee would be expected to carry out this training and be fully conversant with the Scheme's documentation within 6 months.

The Trustees will also develop a DC training plan to ensure that all Trustees are able to acquire and maintain the required level of knowledge and understanding.

07 Conclusion


07.01 Conclusion

The annual production of this Statement provides members with a narrative of how the Trustees look after members' interests, especially in the areas of the five key elements within this Statement listed below.

- > Fund range
- > Charges and transaction costs / net returns
- > Core financial transactions
- > Providing Value for Members
- > Trustee Knowledge and Understanding

The Trustees will continue to monitor these key areas and report to members both via the annual Chair's Statement and other communications as appropriate.

In conclusion, I submit this report in accordance with the Chair's Statement requirements.

Signature		Date	31/7/24
Name	TL Green	Qualification	Chair of the Trustees



Contact us
xpsgroup.com

Registration

XPS Pensions Consulting Limited, Registered No. 2459442.

XPS Investment Limited, Registered No. 6242672.

XPS Pensions Limited, Registered No. 3842603.

XPS Administration Limited, Registered No. 9428346.

XPS Pensions (RL) Limited, Registered No. 5817049.

XPS Pensions (Trigon) Limited, Registered No. 12085392.

Penfida Limited Registered No. 08020393.

All registered at: Phoenix House, 1 Station Hill, Reading, RG1 1NB.

Authorisation

XPS Investment Limited is authorised and regulated by the Financial Conduct Authority for investment and general insurance business (FCA Register No. 528774).