

Chair's Annual Report

Year ended 31 December 2020

The PTL Governance Advisory
Arrangement (GAA)

A large, stylized graphic on the right side of the cover features several concentric, overlapping circles. The circles are rendered in various shades of blue, teal, and magenta, with some segments missing, creating a sense of motion and depth. The text 'OneFamily Workplace Personal Pension Plans' is centered within the innermost white circle.

OneFamily
Workplace
Personal Pension
Plans

July
2021



Introduction and Executive Summary

This report on the workplace personal pension plans provided by OneFamily (the 'Firm'), 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 OneFamily, the latest version of which is dated 5 February 2021 and are publicly available (see Appendix 2).

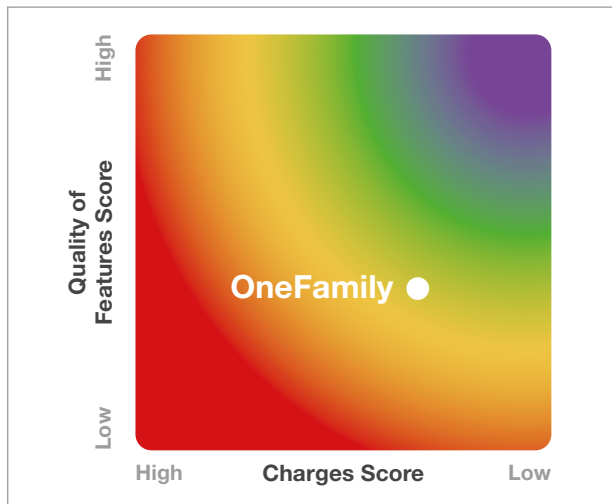
This is our sixth annual report.

As Chair of the GAA, I am pleased to deliver this value assessment of the OneFamily workplace personal pension plans. 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 and further details are set out on page 6.

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

	Weighting toward VFM assessment	OneFamily Workplace Personal Pension Plans
Strategy Design and Investment Objectives	20%	●
Investment Performance and Risk	20%	●
Communication	30%	●
Firm Governance	5%	●
Financial Security	10%	●
Administration and Operations	10%	●
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 is that OneFamily workplace personal pension plans provide satisfactory value for money.

The following have been identified as part of our Value for Money assessment as areas that the GAA has challenged OneFamily to improve for the workplace personal pension plan policyholders:

- » The GAA looks forward to seeing the detail of the investment strategy review carried out in 2021, and expects to see evidence that the fund range available to policyholders has been given an appropriate level of consideration and that changes will be made where identified as being appropriate.
- » While the Firm undertakes customer satisfaction surveys in relation to call handling, it has not attempted to seek wider feedback or engagement from policyholders on the products offered or the fund range. The GAA would like to see more engagement exercises and wider feedback sought from the policyholders.
- » Noting the absence of any automatic [lifestyling](#), the GAA also believes that online case studies would be beneficial.
- » The GAA recommends that the Firm considers adding risk warnings to the fund switch letter.

The GAA also made the following observations:

- » While recognising that [ESG](#) is a developing area and that OneFamily have always had embedded within the policies a strong ethical focus, the GAA anticipate OneFamily implementing a more explicit [ESG](#) focus in the future.
- » The lack of any automated [lifestyling](#) is noted by the GAA, and while it is not ideal, the GAA recognises that this is not unusual for this generation of policies.
- » The GAA would also like to see development of online options, particularly in relation to fund switches and policyholders being able to log on and view their fund value. Whilst this is in the pipeline, it will be some time before this is rolled out to policyholders. Further development of the online offerings may also lead to improved policyholder engagement.

Details of the numbers of policyholders and their funds were supplied to PTL for the assessment and are included in Appendix 4.

The GAA has not raised any concerns with OneFamily during the year.

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:

**The Customer Services, Annuities
and Pensions Team Manager
OneFamily
16-17 West Street
Brighton, BN1 2RL**

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 OneFamily ('the Firm') to its workplace personal pension policyholders by looking at cost 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 cost 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 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 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 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, 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.

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

Policyholders of the OneFamily workplace personal pension plans have a choice of four equity funds, a mixed asset fund (the Higher Income fund), plus a deposit fund. These are each managed by EdenTree Investment Management, who have historically followed an ethically focussed investment policy.

The funds are actively managed, rather than tracking an index, so that an ethical policy can be followed.

There is no default investment fund into which contributions are invested if a policyholder does not make an active investment choice. This means that policyholders had to choose which fund(s) to invest in at the time they first took out their policy. There was no legal requirement to have a default fund at the time the policies were originally sold and, as no new workplace personal pension plans are being sold, there remains no requirement for a default fund.

There is no facility for [lifestyling](#), which is the process whereby funds are automatically switched into less volatile or risky investments as a policyholder gets closer to retirement age. Again, this is not unusual in older pension products. The onus is therefore broadly on the policyholders to ensure that they remain invested in suitable funds as they approach retirement

age. To assist with this, there is an annual reminder, via benefit statements, to policyholders to check that their investment strategy remains suitable for their requirements.

What are we looking for?

We want to see that all investment options have clear statements of aims and objectives – in particular that as well as qualitative objectives, there are quantitative objectives in place, that investment performance outcomes can objectively be measured against. Ideally, we would like to see evidence that these objectives link back to the needs of policyholders.

We are also looking for evidence of a robust ongoing review process for all investment options and evidence that the Firm has taken steps to implement changes to investment options, where appropriate, to ensure alignment with policyholders' interests.

Whilst policies on [ESG](#) financial considerations and non-financial matters are considered separately on page 22, we expect to see evidence of how these matters are taken into account in the design of the investment strategy and in investment decision making.

The Firm's strengths

Fund factsheets are available on the OneFamily website, each with a very clear and measurable statement of objectives. The GAA has seen evidence that the factsheets have each been reviewed during the course of 2020 and of regular ongoing further review since the end of 2020.

OneFamily is currently reviewing the range of funds available to policyholders as part of its ongoing modernisation programme. The GAA has seen a copy of the Terms of Reference and meeting minutes of the Executive Investment Committee, which meets at least quarterly, to consider and review the investment arrangements. While clear evidence of ongoing review of fund performance has been supplied, OneFamily did not specifically consider the underlying policyholders at the Executive Investment Committee level.

While EdenTree Investment Management have always had strong ethical fund management credentials, [ESG](#) financial considerations and non-financial matters were not fully incorporated in all the investment strategy and all investment decision making during 2020. When performance is good, OneFamily don't generally consider the design of the investment options further. However, the GAA has seen minutes and supporting evidence that [ESG](#) is increasingly an area of ongoing focus for both OneFamily and EdenTree, including the formation of an [ESG](#) Strategy Group within OneFamily in 2021. The fund objectives for some of the funds have also recently been amended to reflect an increased focus on sustainability and we look forward to seeing more detail on this as part of next year's review.

Areas of improvement



GAA challenge

The GAA would like to see evidence of thorough consideration and action planned / taken if appropriate, in relation to the fund range, ensuring ongoing suitability for policyholders.

GAA observations

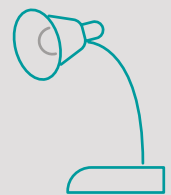
While recognising that [ESG](#) is a developing area and that OneFamily have always had embedded within the policies a strong ethical focus, the GAA anticipate OneFamily implementing a more explicit [ESG](#) focus in the future.

The lack of any automated [lifestyling](#) is noted by the GAA, and while it is not ideal, the GAA recognises that this is not unusual for this generation of policies.

Investment Performance and Risk

Value score: Satisfactory

Excellent
 Good
 Satisfactory
 Poor



The Firm's approach

The performance of the fund range is reviewed every quarter by OneFamily's Executive Investment Committee. The remit as set out in the terms of reference for the committee includes reviewing historical performance figures relative to benchmarks, appointing and terminating investment managers and reporting any material departure or failing of an investment manager, including concerns regarding investment risk to the Board.

What are we looking for?

We would expect to see a robust governance framework under which investment performance is monitored on a regular basis. Performance should be measured against investment objectives, including against a measurable benchmark.

Where there are any concerns over investment performance, we expect to see evidence of appropriate action being taken, which may include engagement with investment managers and/or implementing changes to fund options.

The Firm's strengths

OneFamily undertook a fundamental investment strategy review in the first half of 2021. This will be considered in next year's report. In relation to the 2020 period, the GAA has been provided with minutes from the Executive Investment Committee evidencing the review of investment performance that is routinely carried out, and we have also seen evidence of meetings with EdenTree to discuss fees and performance.

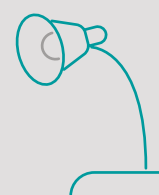
Areas of improvement – GAA challenge



The GAA looks forward to reviewing the outcome of the investment strategy review and expects to see evidence that the fund range available to policyholders has been given appropriate level of consideration and that changes will be made where identified as being appropriate.

Communication

Value score: Satisfactory



The Firm's approach

OneFamily communicate with policyholders predominantly by written communications. There is a dedicated telephone helpline (free of charge) and email address available to support policyholders with any administration queries. However, there is no online access.

Regular communications with policyholders are through the annual benefit statement and policyholders are provided with five-yearly wake-up and options packs from age 50. The wake-up packs confirm the availability of free and impartial pensions guidance, with members signposted to Pensions Wise. Policyholders are referred to the money advice service adviser directory for financial advice. Members can phone or write to switch funds, but instructions must be followed up with a completed switch form.

Policyholders need to transfer to another arrangement to take their benefits other than as a lump sum benefit, but OneFamily point policyholders towards the open market option to take advantage of other options. Members have access to a helpline and are also pointed to Pensions Wise.

OneFamily undertake customer satisfaction surveys in relation to telephone calls, and the statistics provided to the GAA on these for 2020 show consistently high scores.

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.

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 and for this feedback to be taken into account when reviewing the product offering.

The Firm's strengths

The GAA has been provided with a range of sample communications to review. Communications are clear, engaging and free of jargon, whilst also not being over simplified.

The retirement communications contain appropriate risk warnings, highlighting to policyholders the risk of pension scams. The GAA notes that there are no risk warnings contained within the fund switch letter which would remind policyholders to consider the relative risks of different investment fund choices at the time of making a decision. However, policyholders are provided with additional documentation on this. OneFamily are currently reviewing the fund switch letter.

The GAA understands that a web-based portal is currently in the early stages of consideration, but is not likely to be available to the workplace personal pension plan policyholders until 2023 at the earliest.

OneFamily do not maintain any specific telephone scripts for this book of business. Any issues or unusual scenarios faced are shared and highlighted in daily team meetings. Call monitoring also takes place and this is expected to identify any training needs.

Areas of improvement



GAA challenge

While the Firm undertakes customer satisfaction surveys in relation to call handling, it has not attempted to seek wider feedback or engagement from policyholders on the products offered or the fund range. The GAA would like to see more engagement exercises and wider feedback sought from the policyholders.

Noting the absence of any automatic [lifestyling](#), the GAA also believes that online case studies would be beneficial.

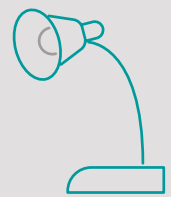
The GAA recommends that the Firm considers adding risk warnings to the fund switch letter.

GAA observations

The GAA would also like to see development of online options, particularly in relation to fund switches and policyholders being able to log on and view their fund value. Whilst this is in the pipeline, it will be sometime before this is rolled out to policyholders. Further development of the online offerings may also lead to improved policyholder engagement.

Firm Governance

Value score: Good



The Firm's approach

OneFamily have an internal audit process, which assesses different aspects of the business in turn, including the in-house administration systems and processes. The performance of the OneFamily fund range is regularly reviewed by the Executive Investment Committee. The Conduct Risk and Culture Committee oversees risks relating to the Group's strategy, products, operations and culture. It also assists the Group in complying with financial crime legislation, regulation and industry guidance. The Executive Investment Committee have regular dialogue with EdenTree.

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

OneFamily have described to the GAA a robust governance framework in place to monitor the internal service providers. They have provided the terms of reference for the Conduct Risk and Culture Committee and details of the review carried out in December 2020 and in May 2021.

OneFamily have provided the terms of reference, and various minutes of the Executive Investment Committee evidencing the close oversight of EdenTree, the external investment manager.

Areas of improvement



The GAA did not identify any specific areas for improvement.



Financial Security

Value score: Good



The Firm's approach

OneFamily prepare a Solvency and Financial Condition Report (SFCR) every year in accordance with the Solvency II directive. The financial strength of OneFamily is underpinned by management of over £7billion in assets.

OneFamily updated their operational resilience policy in January 2021, which sets out the Firm's approach, governance arrangements and standards to be adhered to in relation to maintaining important business services in the face of disruptive or extreme events.

All employees with the relevant management responsibilities have to complete Operational Resilience training annually.

Risk management, including security of IT systems, is the responsibility of the Conduct Risk and Culture Committee, which meets on a monthly basis to discuss matters such as current, emerging, and potential risks to members and customers, explicitly including those relating to the protection of client assets, as well as management of financial crime risks.

Annual testing of the business continuity and disaster recovery plans is carried out.

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 financial strength of OneFamily is underpinned by management of over £7billion in assets, and the 2020 solvency report shows a strong financial position with a Solvency Capital Requirement Ratio of over 200% at the end of 2020. As a ringfenced insurer, policyholders would be protected in the unlikely event of bankruptcy. As the accounts with asset managers are held in pooled funds OneFamily is relatively protected from fraud at the asset managers. OneFamily has appropriate fraud controls in place.

The terms of reference of the Conduct Risk and Culture Committee provided to the GAA evidence a comprehensive risk management framework in place overseeing IT security, cyber security and data protection.

Standard risk warnings are included in policyholder communications along with due diligence being carried out prior to transfers, to protect policyholders against the risk of pension scams. Arguably, the lack of online capabilities could make it less likely that policyholders would be targeted by scammers, although clearly some risk remains. Additional support and training was undertaken by staff in 2020 to specifically consider customer vulnerabilities, addressing a concern that this might become more prevalent due to the COVID-19 pandemic.

Areas of improvement



The GAA did not identify any specific areas for improvement.



Administration and Operations

Value score: Excellent

Excellent
 Good
 Satisfactory
 Poor



The Firm's approach

The administration is carried out in-house and with service standards of between one and five working days for a range of tasks, including a one day target for new premiums to be credited to an account.

If the agreed service standards are met, [core financial transactions](#) will be processed promptly and accurately.

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 see a low level of complaints and demonstration of a clear process for resolving complaints.

The Firm's strengths

Evidence has been provided of the achievement of service standards of 98% over 2020. This figure applies to the whole pension book (including individual policies) and there is no reason to suppose that the workplace personal pension plans would diverge in experience from the individual pension policies, since they are treated alike from an administrative perspective.

OneFamily maintained full services during the transition to home working, at the outset of the COVID-19 pandemic. Service standards did not dip through that period, and the service standards achieved are consistently very high. The administration team is comprised of experienced team members, who have been able to adapt to the changes and challenges of 2020.

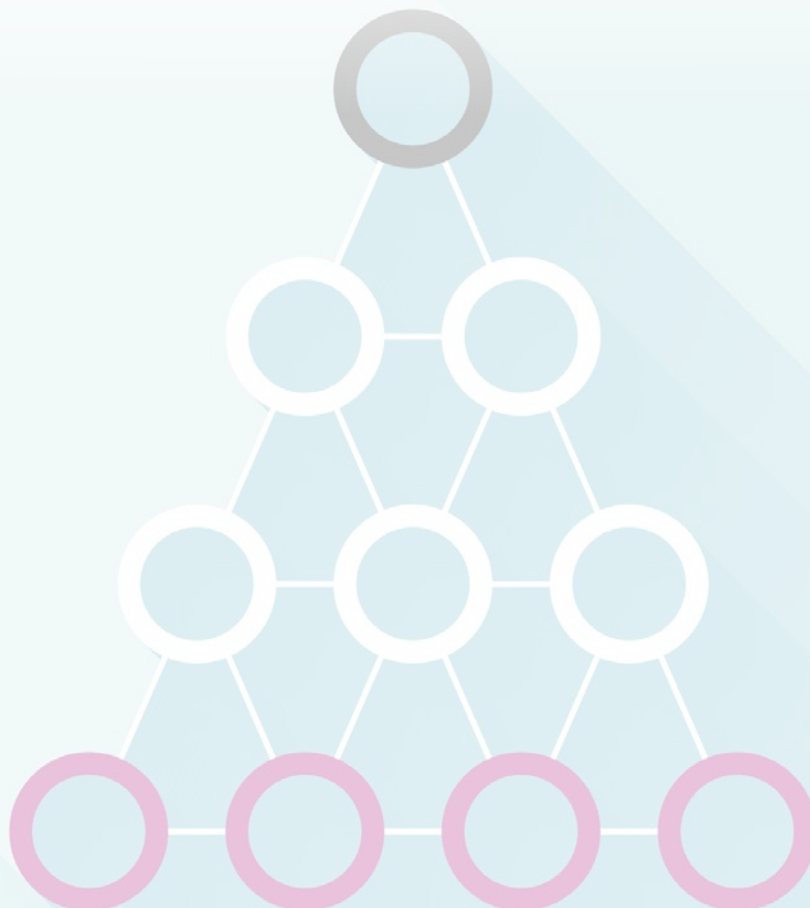
No direct complaints were received in 2020 in relation to the workplace personal pension plans provided by OneFamily, but in the event of any complaints, there is a complaints handling procedure available on the OneFamily website. OneFamily identified two minor breaches in 2020 in the policies covered by this review resulting in updated procedures produced aiming to prevent a reoccurrence.

Business continuity was maintained throughout the year, and OneFamily updated their operational resilience policy in January 2021, following the disruptions over 2020 arising from COVID-19.

Areas of improvement

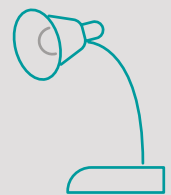


The GAA did not identify any specific areas for improvement.



Engagement and Innovation

Value score: Satisfactory



The Firm's approach

OneFamily is a mutual organisation, owned by, and run for the benefit of, their members. In general, because of this, there is a strong engagement with its entire membership focussing on the benefits of being a mutual. OneFamily consider this to be a big area of focus. For example, during 2020, as a result of the impact of COVID-19, the OneFamily Foundation made a series of community grants available that all policyholders were able to put forward an application for a worthy local group, charity or cause.

The workplace personal pension plan policies are a historical and small book of business for OneFamily and as such, do not benefit from specific engagement exercises. For example, although customer feedback is sought on customer calls, there have been no targeted policyholder surveys for this population carried out in the last couple of years.

There are very limited online capabilities for policyholders of the workplace personal pension plans, and while this is in the pipeline it is not expected to be available for these policyholders until 2023 at the earliest. There have been very limited new developments over 2020 specific to these policies, or going back further over recent years.

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.

The Firm's strengths

OneFamily clearly adapted well in the changing environment that was 2020, however, the GAA has not seen evidence of a culture of innovation for the policies in the scope of this review. This is understandable and not unusual where considering a historical and small book of business, but it does mean that policyholders are not benefiting from the kinds of online offerings and web-based assistance that can be seen elsewhere.

Areas of improvement

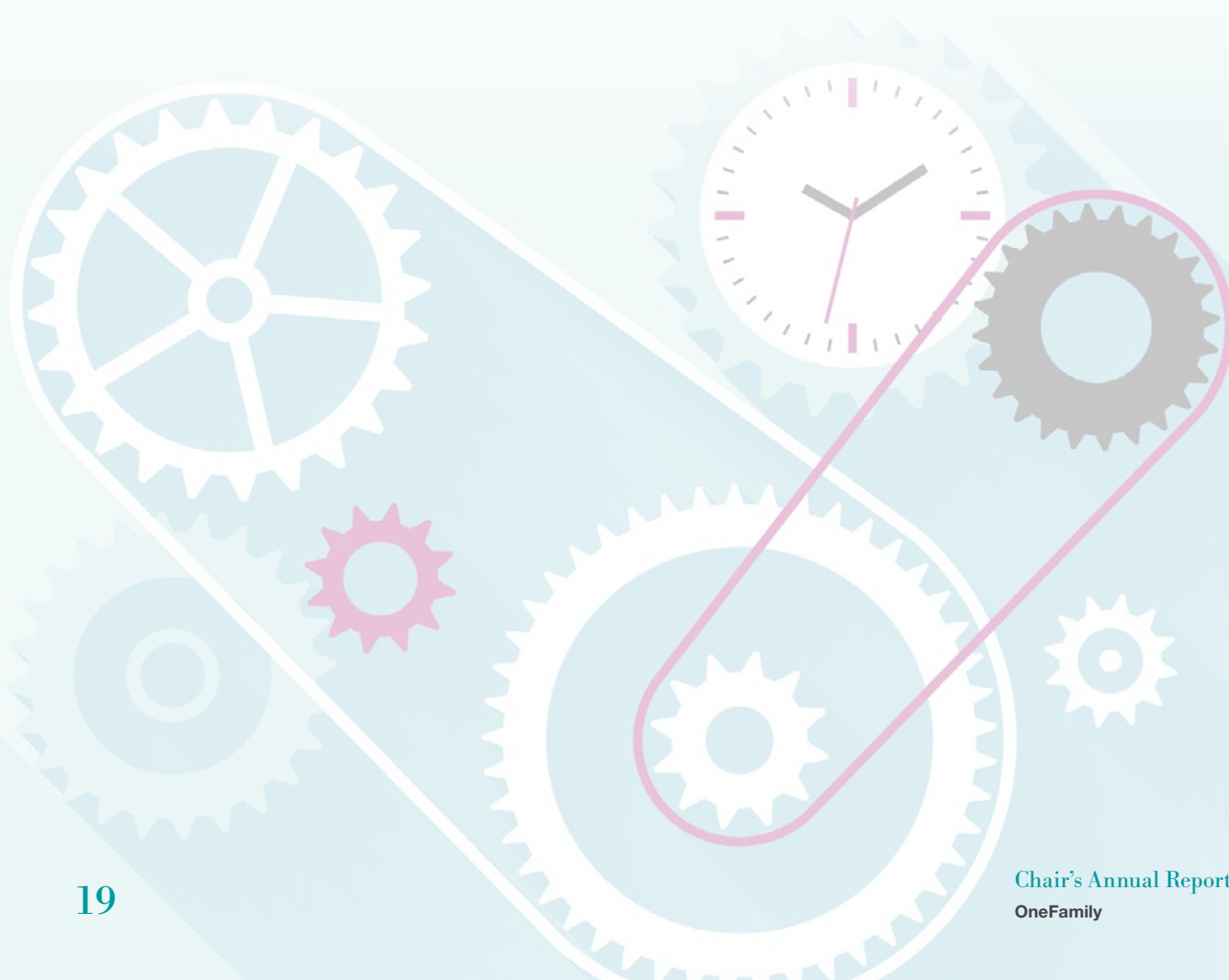


GAA challenge

While the Firm undertakes customer satisfaction surveys in relation to call handling, OneFamily should consider how to develop proactive engagement with policyholders in order to obtain greater feedback on its product.

GAA observations

Development of the OneFamily online offerings is in progress although the roll out for the workplace personal pension plan policyholders is some time off. This may lead to improved policyholder engagement.



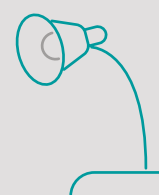
Overview of Policyholder Charges

Charges: Moderately Low

High charges



Low charges



The Firm's approach

The GAA's assessment of the costs and charges was Moderately low with a low [Annual Management Charge](#) (AMC) of 0.5% for the main funds albeit with a contribution charge partially offset by higher allocation rates.

The four equity funds and the mixed asset fund (the Higher Income fund) which policyholders can choose from all charge an AMC of 0.5% per annum, after allowing for a loyalty discount (which applies to all policyholders for the policies under review in this report). The deposit fund charges an AMC of 0.25%.

The contribution charge is 5%, but enhanced allocation rates are given depending on the size of the premium resulting in net allocation rates which vary between 95.23% and 99.04% depending on the size of the premium.

There are no exit charges when transferring funds elsewhere; nor switching charges when changing from one investment fund to another.

GAA comment and view



The GAA has considered the overall level of charges borne by policyholders over the year. This included assessing:

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

The GAA was provided with comprehensive details of policyholder charges including [transaction costs](#) calculated on the DC workplace methodology.

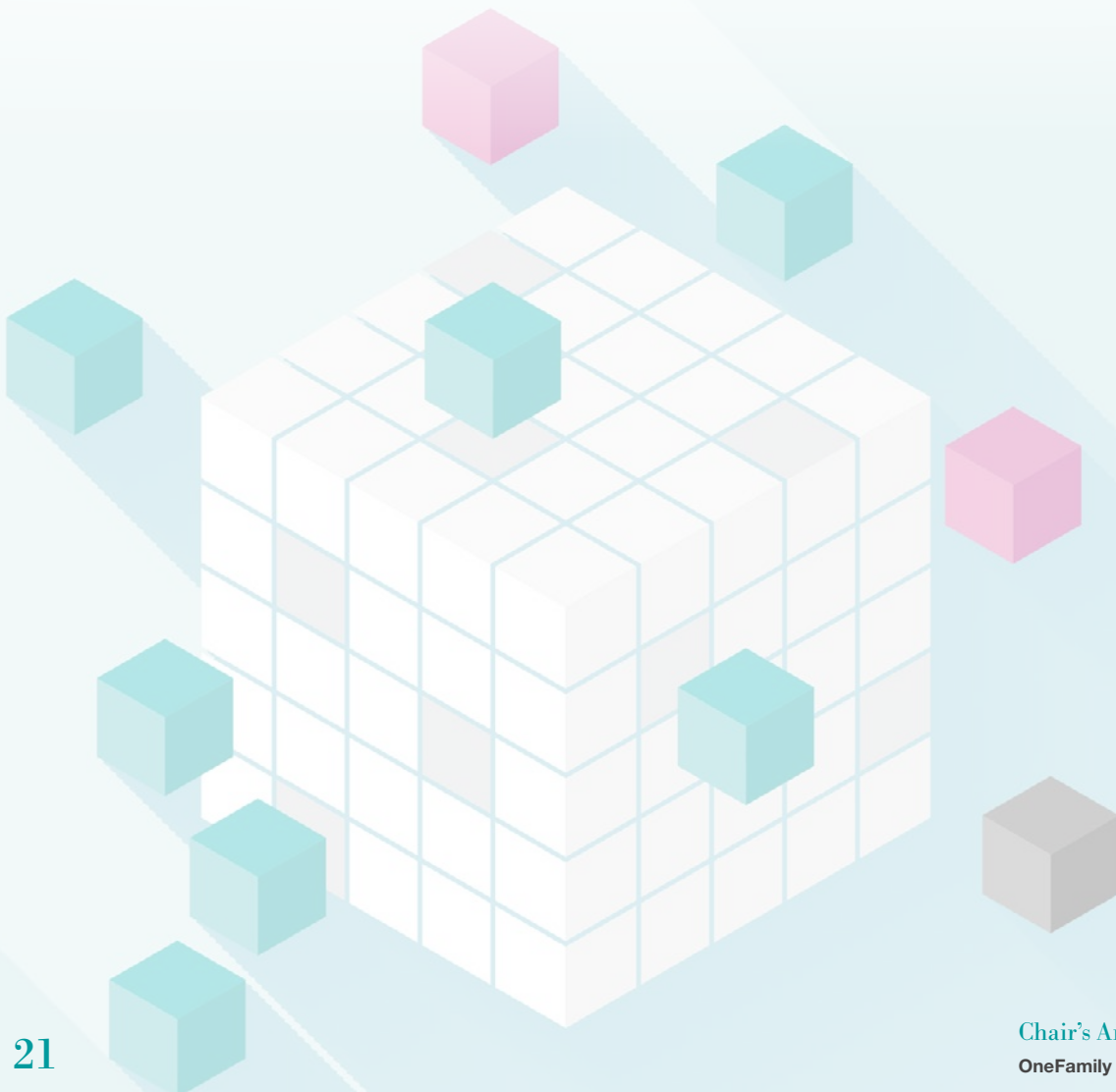
GAA comment and view (continued)



The GAA was provided with a description of how the Firm reviews costs and charges, including [transaction costs](#) calculated on the DC workplace methodology, and we have been provided with evidence of OneFamily reviewing fee structures with EdenTree.

The AMC of around 0.5% pa represents a level which is below average for this type of provider (i.e. a provider with historical books of business). Where small premiums are being paid, there is a risk of high charges, arising from the contribution charge, which is not fully offset by the allocation rates. We understand that this applies to a very small number of policyholders.

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 personal pension plans offered by OneFamily have a default, no further reporting is required in this respect, this year.



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 Strategy Design and Investment Objectives on page 8, how the Firm has integrated [ESG](#) financial considerations and non-financial matters in the Firm's investment strategy and investment decision making.

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



OneFamily are actively considering all the components of [ESG](#) and how they deliver their [ESG](#) goals more effectively. OneFamily's goal is to be at the forefront in its [ESG](#) offerings. OneFamily have launched two new climate friendly funds into its full fund range in 2020, and while these aren't directly available to the workplace personal pension plan policyholders in the scope of this report, it does evidence OneFamily's commitment in this area which the GAA hope will be reflected in future years with these or similar funds offered to policyholders. Of direct relevance to the policyholders of the workplace personal pension plans, the fund objectives were amended for some of the funds in scope of this review, to have a more explicit sustainability objective. The GAA has been provided with evidence of OneFamily's ongoing discussions with EdenTree in relation to building sustainability objectives into the fund range.

While OneFamily does not have an explicit standalone [ESG](#) policy, OneFamily has recently launched its "Inspiring Better Futures" vision which underpins their commitment to doing the right thing at every level, sustainably and responsibly.

The GAA considers OneFamily are actively engaged in [ESG](#), and are encouraged that OneFamily are continuing to develop and implement their policies in this area. This is clearly an area which is continuing to evolve and the GAA will continue to monitor developments in this area.

At present, OneFamily do not have a policy on stewardship or non-financial matters. This is because they rely on their asset managers approach to investments. OneFamily monitor the stewardship activities of EdenTree through their regular meetings.

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 2 September 2020.

Members of the GAA had a meeting with representatives of OneFamily on 14 December 2020 to kick off the Value for Money assessment process for the 2020 calendar year, and to discuss the information that had been provided in response to the data request. This was an opportunity for members of the GAA to meet key personnel with responsibility in the various different areas including investment strategy and how this has evolved, fund range including design of defaults, investment governance, approach to [ESG](#), non-financial matters and stewardship, administration and communications and risk management. Given government restrictions in light of COVID-19, this meeting was virtual.

As part of the Value for Money assessment process, OneFamily has provided the GAA with all the information that we requested, including evidence in the form of minutes and other documentation to support areas of discussion at the site visit.

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

Over the last year the GAA reviewed 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 OneFamily and maintains a log which captures any concerns raised by the GAA with OneFamily, 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 OneFamily 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.
- » OneFamily 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 OneFamily 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 gaacontact@ptluk.com so that policyholders can make representation to the GAA direct. OneFamily will include details of this contact e-mail address on the online platform.

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. From that date, providers had to have set up an Independent Governance Committee ('IGC') 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 IGC 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 investors.

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 at: www.onefamily.com/downloads/documents/gaa-terms-of-reference.pdf

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 lifestyling 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.

Lifestyling

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 30 November 2020

Group Personal Pension Plans and Individual Personal Pension Plans¹

Number of employers:	
Non-qualifying for auto-enrolment ²	11
Number of policyholders	1,300
Contributing	91
Non-contributing	1,209
Total value of assets (market value)	£35.6m

Notes:

1. It is suspected that the vast majority (if not all) of the individual personal pension plans do not fall under the scope of this GAA report. However, it is possible that there are some accidental workplace policies by virtue of two or more individual personal pension plan policyholders being employed by the same employer. For this reason, and as there are no material differences between the Group Personal Pension Plans and the Individual Personal Pension Plans, the GAA (in agreement with OneFamily) has kept all of the Individual Personal Pension Plans in the scope of this report. This position might be reconsidered in future years if a review is carried out.
2. The workplace personal pension plans are not used for auto-enrolment purposes.

ptl

Personal
Pragmatic
Professional

