

**Trinity College Retirement and Death Benefit Scheme**  
**Extract from annual statement regarding the governance of defined contribution arrangements**  
**Scheme year - 1 April 2019 to 31 March 2020**

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### **3. Default investment arrangements**

- 3.1. The Scheme has never been used as a 'qualifying scheme' for the purposes of automatic enrolment, so has no default arrangements within the meaning of the governance regulations.

### **5. Member-borne charges and expenses**

- 5.1. The Scheme's investments are held in the OneFamily (ELL) With Profits Fund, to which OneFamily applies administration and investment management charges and apports expenses. Further details are available in the Principles and Practices of Financial Management document for the OneFamily (ELL) With Profits Fund.
- 5.2. The overall effect of the charges and expenses applied over the scheme year was 1.40%, comprising maintenance expense charges of 1.15% and investment expense charges of 0.25%.
- 5.3. No charges or expenses are applied for members age 65 and over.

#### **Impact of charges and expenses**

- 5.4. To demonstrate the impact of charges and expenses on members' fund values over time, the Trustees have produced illustrations and these are set out in the appendix.

#### **Value for members**

- 5.5. The Trustees are required to assess the extent to which the member-borne charges and expenses represent good value. In the Trustees' view, these are likely to represent good value for members where the combination of member-borne costs and what is provided for the costs is appropriate for the scheme membership as a whole, and when compared to other options available in the market.
- 5.6. The member-borne charges and expenses relate to: investment, administration and communication services.
- 5.7. The Trustees concluded that the Scheme offers reasonable value in relation to the charges and expenses borne by members.
- 5.8. In reaching this conclusion, the Trustees recognised:
- 5.8.1. Whilst the Scheme offers a single investment option only, the with-profits basis and associated guaranteed value are broadly suitable for low value pension savings that are rarely taken early.
- 5.8.2. The administration requirements of deferred DC pension savings with a single investment option only relate mainly to good record keeping and controls for core financial transactions. The Trustees are satisfied with Barnett Waddingham's processes and reporting to, and monitoring by, OneFamily.
- 5.8.3. The communication services provided to members are basic, but nevertheless could be regarded as broadly sufficient for low-value, deferred DC pension savings with a single investment option and limited retirement options.

- 5.8.4. The charges and expenses are broadly in line with other traditional with-profits investments and there is very limited opportunity for the Trustee to change either the investment strategy or service provider.

### **Further information**

If members would like to receive further information, they should contact Andrew Lucas at Trinity College on [execdirector@trinitycollegebristol.ac.uk](mailto:execdirector@trinitycollegebristol.ac.uk) or Sophie Davis on [sophie.davis@trinitycollegebristol.ac.uk](mailto:sophie.davis@trinitycollegebristol.ac.uk).

## Appendix – Illustrations on the impact of charges and expenses

A1.1. To demonstrate the impact of member-borne charges and expenses on the value of members' pension savings, the Trustees have produced illustrations in accordance with statutory guidance.

### Parameters used for the illustrations

A1.2. The membership were analysed in determining the parameters to be used.

A1.3. Fund value: a values of £3,089 has been used, representing the median fund value as at 31 March 2020.

A1.4. The illustrations recognise that no future contributions are payable.

A1.5. Timeframe: the illustrations are shown over a 14 year time frame, covering the duration that the youngest member would take to reach age 65 (from when no charges or expenses are applied).

A1.6. The overall charges and expenses and the assumed investment return are shown below:

Investment option	Assumed return after inflation*	Charges and expenses**
OneFamily (ELL) With Profits Fund	-0.90%	1.40%

\* Projected growth rate, gross of charges and expenses, is 1.60% per year before inflation and -0.90% per year after inflation.

\*\* Recognises maintenance expense charges of 1.15% per year and investment expense charges of 0.25% per year. Although the guidance suggests using a five year average of 'transaction costs', this terminology is not directly applicable to the with-profits investments.

### Guidance to the illustrations

A1.7. For each illustration, the fund value has been projected twice: firstly for the assumed investment return gross of charges and expenses; and secondly for the assumed investment return net of charges and expenses.

A1.8. Projected fund values are shown in today's terms, so do not need to be reduced for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations, at 2.5% per year.

A1.9. Values shown are estimates and are not guaranteed.

A1.10. The starting date for the illustrations is 31 March 2020.

A1.11. The illustrations do not make any allowance for maturity or death guarantees, which may mean higher payouts than the illustrations suggest, irrespective of the level of actual returns earned or charges applied.

A1.12. The illustrations do not make any allowance for distribution of profits, which again may mean higher payouts than the illustrations suggest.

### Illustrations

A1.13. The table below illustrates the impact of charges and expenses on members' fund values.

Years from age 65	Starting fund value £3,089	
	Before charges	After charges
0	£3,089	£3,089
1	£3,060	£3,010
2	£3,030	£2,940
3	£3,000	£2,880
4	£2,970	£2,810

Years from age 65	Starting fund value £3,089	
	Before charges	After charges
5	£2,950	£2,750
6	£2,920	£2,680
7	£2,890	£2,620
8	£2,870	£2,560
9	£2,840	£2,500
10	£2,820	£2,450
11	£2,790	£2,390
12	£2,770	£2,340
13	£2,740	£2,280
14	£2,720	£2,230

A1.13.1. How to read this table: Noting the guidance in A1.11 and A1.12, for a member age 55 with a fund value of £3,089 on 31 March 2020, the fund value could change to £2,820 if no charges are applied but to £2,450 with charges applied when the member reaches age 65 in 10 years.