

**Trinity College Retirement and Death Benefit Scheme**  
**Annual statement regarding the governance of defined contribution arrangements**  
**Scheme year - 1 April 2021 to 31 March 2022**

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## **1. Introduction**

- 1.1. This statement has been prepared by the Trustees of Trinity College Retirement and Death Benefit Scheme ("the Scheme"), to report on compliance with governance standards.
- 1.2. The governance standards apply to defined contribution (DC) arrangements and are designed to help members achieve good outcomes from their pension savings.
- 1.3. The Scheme commenced wind up on 11 October 2021 but has not yet fully discharged its liabilities and assets.

## **2. The Scheme**

- 2.1. The Scheme provides benefits on a DC basis only.
- 2.2. The Scheme is non-contributory for members. Employer contributions to the Scheme ceased with effect from April 2019.
- 2.3. The Scheme is a wholly insured scheme whereby all the benefits are provided by earmarked policies held with Family Assurance Friendly Society Limited ("OneFamily").
- 2.4. OneFamily is the Trustees' service provider for administration and investment services. OneFamily outsources their administration services to Barnett Waddingham LLP ("Barnett Waddingham").

## **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.

## **4. Core financial transactions**

- 4.1. The Trustees have a duty to ensure that 'core financial transactions' are processed promptly and accurately.
- 4.2. With the Scheme having a single investment option, core financial transactions comprise: investment of contributions, transfers out and payment of benefits out of the Scheme.

### **Controls and monitoring arrangements**

- 4.3. The controls in place in relation to ensuring the promptness and accuracy of core financial transactions are:
  - 4.3.1. OneFamily has a Service Level Agreement (SLA) in place with Barnett Waddingham. The SLA sets out the timeline expected for each step of the Scheme's main administration tasks, including core financial transactions. Barnett Waddingham aims to process at least 95% of core financial transactions within the service level for each type of transaction.
  - 4.3.2. OneFamily and Barnett Waddingham hold regular meetings to discuss Barnett Waddingham's monthly performance against the SLA and overall service to OneFamily's clients, including feedback from both members and Trustees. All feedback is recorded on Barnett Waddingham's centralised database and overseen by the Administration Partner responsible for the contract. OneFamily receives a full report on Barnett Waddingham's administration services on a half-yearly basis.

- 4.3.3. Checking is a vital part of Barnett Waddingham's internal control environment to help maintain the quality of work produced. The administrators work to set controls and processes, of which checking by a senior team member is a standard procedure.
- 4.3.4. Barnett Waddingham's controls and processes are subject to a formal external audit for their annual assurance report on internal controls.
- 4.3.5. Any material issues uncovered regarding inaccuracies with core financial transactions would be discussed in Barnett Waddingham's regular reporting to OneFamily and highlighted to the Trustees.
- 4.3.6. Benefit payments are processed and authorised by OneFamily. On receipt of the payment instructions from Barnett Waddingham, OneFamily authorises and processes the payments promptly and accurately. As part of OneFamily's internal control processes, all payments are peer checked by a senior team member.
- 4.3.7. OneFamily also processes pension payments on behalf of the Trustees. Tax is deducted under PAYE rules and pension increases are calculated each year. OneFamily maintains a record of all monthly/annual payments and deductions and issues P60s to pensioners once a year.
- 4.3.8. OneFamily is required to report retirement income flow data to the Financial Conduct Authority twice a year and maintains a history of all core financial transactions for its defined contributions occupational pension schemes to satisfy this regulatory requirement.
- 4.3.9. OneFamily's internal controls are audited by an external auditor.
- 4.3.10. Additional measures that help to monitor the accuracy of core financial transactions are: the external audit of the Scheme's Payment Schedule and Annual Report and OneFamily's annual checks on data quality.

#### Performance during the scheme year

- 4.4. OneFamily received monthly reports from Barnett Waddingham during the scheme year and were satisfied with their performance against the SLA.
- 4.5. Neither Barnett Waddingham's reports nor the audit of the Payment Schedule and Annual Report identified material issues with the accuracy of core financial transactions.
- 4.6. Barnett Waddingham and OneFamily made necessary adjustments to cope with the impact of the Covid-19 pandemic, continuing to operate as expected but largely from 'remote working' locations and with meetings in a 'virtual setting'.

#### Assessment

- 4.7. In view of the controls and monitoring arrangements in place, and the lack of material issues experienced during the scheme year, the Trustees believe that core financial transactions have been processed promptly and accurately.

### 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 apportions 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 1.45%, comprising maintenance expense charges of 1.20% 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.

## 6. Net investment returns

6.1. The Trustees are required to disclose returns, net of charges and transaction costs, for the default investment arrangement and for each fund that members are able, or were previously able, to select and in which members' assets were invested during the scheme year.

6.2. The Scheme has a single with-profits investment option, the net returns for which are shown below.

1 year to 31 March 2022	5 years to 31 March 2022 (annualised)
-2.08%	1.96%

6.3. The Trustees have prepared the net returns in accordance with the relevant statutory guidance.

## 7. Trustee knowledge and understanding

### The Trustees

7.1. Three individual Trustees comprise the trustee board.

## Trustee knowledge and understanding requirements

7.2. Trustees are required to be conversant with a scheme's main documents, and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets.

### Assessment

7.3. Although aware of the obligations placed on them by The Pensions Regulator, the Trustees have, up until now, largely relied on OneFamily and Barnett Waddingham for the day-to-day management and operation of the Scheme. They are aware of the Codes of Practice issued by The Pensions Regulator and believe the Scheme is being run in accordance with these codes but acknowledge deficiency in the governance reporting.

7.4. With regard to the requirements for trustee knowledge and understanding, the Trustees have rated themselves as follows using a RAG (Red Amber Green) rating basis:

Knowledge of the Trust Deed and Rules (the Scheme's main governing document is not required to have a Statement of Investment Principles)	Amber
Knowledge and understanding of the law relating to pensions and trusts (recognises the services provided by OneFamily and Barnett Waddingham for the day-to-day management and operation of the Scheme)	Green
Knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes (recognises the Scheme is a wholly insured DC scheme)	Amber

7.5. The Trustees are in the process of winding up the Scheme, with guidance and support from OneFamily and Barnett Waddingham.

7.6. Each Trustee has committed to update their knowledge by undertaking the DC training module of The Pensions Regulator's trustee toolkit and reading The Pensions Regulator's winding up guidance. The Trustees believe that this, together with available guidance, will enable them to properly exercise their functions for the remaining term of the Scheme.

## Chair's declaration

This statement has been prepared by the Trustees in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended by the Occupational Pension Schemes (Charges and Governance) 2015, and reflects the Scheme's arrangements to the best of our knowledge.



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Xxxxx, Chair of the Trustees

31 October 2022  
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Date

## 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 value of £3,896 has been used, representing the median fund value of the remaining members below age 65 as at 31 March 2022.

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

A1.5. Timeframe: the illustrations are shown over a 10 year time frame, covering the approximate 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	0.00%	1.45%

\* Projected growth rate, gross of charges and expenses, is 2.50% per year before inflation and 0.00% per year after inflation.

\*\* Recognises maintenance expense charges of 1.20% 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 return gross of charges and expenses; and secondly for the assumed 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 2022.

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 £3,896	
	Before charges	After charges
1	£3,896	£3,840
3	£3,896	£3,728
5	£3,896	£3,622
10	£3,896	£3,367

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 £3,896 on 31 March 2022, the fund value could remain at £3,896 if no charges are applied but fall to £3,367 with charges applied when the member reaches age 65 in 10 years.