

**Broadway Incentives Limited Retirement Benefit Scheme**  
**Annual Governance Statement for the year ended 31 March 2022**  
**Pension Schemes Registry Reference: 10172864**

**Governance Statement from the Chair of Trustee**

**1. Purpose**

As Trustee of the Broadway Incentives Limited Retirement Benefit Scheme (the "Scheme") we have reviewed and assessed the extent to which our systems, processes and controls across key governance functions are consistent with those set out in the Pensions Regulator's:

- *Code of practice 13: Governance and administration of occupational trust-based schemes providing money purchase benefits and*
- *Regulatory guidance for defined contribution schemes.*

This statement aims to summarise, in a way that is proportionate to the size of the Scheme, how those requirements are met by the Trustee.

We are committed to adopting the standards of practice set out in the DC code and DC regulatory guidance which we believe will help deliver better outcomes for members at retirement.

**2. Type of Pension Scheme**

The Broadway Incentives Limited Retirement Benefit Scheme is a defined contribution occupational pension scheme set up under Trust.

By means of a Deed of Appointment and Removal executed on 20 September 2022 Pi Consulting (Trustee Services) Limited was appointed by Brand Addition Limited ("the Employer") as sole trustee to the Scheme. The Scheme is exempt from the requirement to have a member nominated trustee.

Pi Consulting (Trustee Services) Limited (PTS) was not trustee of the Scheme at any time during the year ended 31 March 2022. However, the Trustee has put together this Statement based on factual information gathered as part of the appointment to the Scheme in order that members have information on the investments and charges during the year ended 31 March 2022.

As at 31 March 2022 there were 12 deferred members in the Scheme.

On retirement, members have the option to transfer their fund from the Scheme to another appropriate pensions vehicle, to purchase an annuity policy or to take either a one-off taxable lump sum (UFPLS) or a series of lump sums. Members may need to transfer to another approved arrangement in order to access some of these options. Where an annuity policy is purchased on retirement by the Trustee it is in the name of the Member.

**3. Appointed Advisers**

The Scheme is insured with Aviva "the Insurer". The scheme number is 81413.

The Insurer undertakes the day-to-day administration of the Scheme for the Trustee.

Pi Consulting (Trustee Services) Limited was appointed by the Employer as sole trustee to the Scheme with the intention that the Scheme should be wound up. In order to ensure that members were not in any way disadvantaged by this course of action the Trustee obtained regulated investment advice from Quantum LLP ("Quantum") in October 2022. Quantum confirmed to the Trustee that if the Scheme were wound up and, as a default option, members' benefits were assigned to them by means of an individual policy with Aviva, members would not be disadvantaged as the individual policy would retain all the features and benefits of the group scheme policies as well as retaining the same costs and charging structure.

The Trustee shared Quantum’s advice with the employer and advised it that, as members would not be disadvantaged, the Trustee had triggered the wind up of the Scheme with effect from 28 October 2022 in accordance with the Scheme Rules.

The Trustee will write out to all members for whom it holds a verified address in due course in order to provide them with full details of their options following the triggering the wind up of the Scheme.

#### **4. Scheme assets and investments**

As at 31 March 2022, all of the members’ pension savings in the Scheme were invested in unitised with-profits policies held within the Aviva Life & Pensions UK Limited FLAS With-Profits Sub-Fund.

As at 31 December 2021 the assets in that fund were invested as follows:

Asset Class	%
UK Shares	14.6
International Shares	22.0
Property	8.6
Alternative Investments	5.4
Fixed Interest – Gilts	14.9
Fixed Interest – Bonds	30.6
Cash / money market	3.9

Members also have the option of switching investments to a range of unit-linked funds and this option will continue to be available under the assigned policy with Aviva that will be the default option on the wind up of the Scheme. Details of the available funds can be requested from the Trustee / Aviva.

The policies with Aviva do not have Guaranteed Annuity Rates (GARs). Therefore, pensions at retirement, should a member elect to purchase an annuity, will be dependent on market rates.

#### **4.1 Lifestyle Investing**

The Scheme does not operate a lifestyle matrix and Aviva does not offer a life styling option within the policy (i.e. the option within the policy of automatically switching assets into different funds as a member approaches retirement).

#### **4.2 With-Profits Fund – Bonuses and Investment Performance**

All members’ pension savings are invested in the Aviva Life & Pensions UK Limited FLAS With-Profits Sub-Fund in unitised policies. Investments in with-profits aim to provide steady capital growth over the medium to long term by investing in a broad range of assets, while smoothing out some of the fluctuations of investment markets. There are various levels of bonus awarded / reductions that may apply to these investments as follows:

Type of bonus / adjustment	Rate	Description
Regular bonus	Variable	Regular bonuses are designed to be sustainable and provide steady growth over time. Regular bonuses are decided at least once a year. Regular bonuses are provided in the form of additional units that are added to a member’s policy.
Final bonus	Variable	A final bonus (also known as terminal bonus) may be payable when pension savings in are used to provide retirement or death benefits or on surrender. Final bonus aims to pay any balance between the regular bonuses already added and the performance of the with-profits fund over the whole period in which a member’s savings have been invested in the with-profits fund. It is intended to ensure that a member receives a fair share of the return their investment has earned. Final bonus rates are normally reviewed twice a year, but they can be



		reviewed more frequently if there are large changes in investment markets. Final bonus rates can change at any time and could be zero.
Market Value Reduction (MVR)	Currently Nil	<p>A Market Value Reduction (MVR) may be applied when the pension savings invested in the with-profits fund are disinvested. A MVR reduces the amount paid out to ensure that the value paid is not unfairly higher than the underlying value of the with-profit Fund assets, and that the interests of remaining policy holders are protected.</p> <p>Aviva confirmed in July 2022 they are not currently applying a MVR but this situation cannot be guaranteed to apply in future.</p>

For information the recent performance of the assets in which the with profits fund invests is shown below. These returns are considered by Aviva along with a number of other factors, including costs of running the with profits fund, before Aviva agree the bonuses described in the table above. The value of members' investments in the with profits fund is not directly related to the investment performance figures below.

Investment Fund	Net performance over the period to 31 March 2022 (the returns are annualised not cumulative)		
	1 year	3 years	5 years
Aviva Life & Pensions UK Limited FLAS With-Profits Sub-Fund	6.45% p.a.	not supplied.	9.64% p.a.

#### 4.3 General

The Scheme is not a qualifying scheme for the purposes of the Occupational Pension Schemes (Charges and Governance) Regulations 2015 as it is not used for auto-enrolment purposes. As such there is no "default arrangement" (as defined in those Regulations).

#### 5. Statement of Investment Principles

As the Scheme has fewer than 100 members, a Statement of Investment Principles (prepared in accordance with regulations 2A of the Occupational Pension Schemes (Investment) Regulations 2005) is not required. As the Scheme does not have a default investment strategy a Default Investment Statement is not required.

#### 6. Investment Review

The Trustee recognises a number of risks for the members and the main ones are:

- **Inflation risk** – the risk that the purchasing power of their investment account is not maintained.
- **Pension purchase risk** – the risk that the value of pension benefits that can be purchased by a given defined contribution amount is not maintained.
- **Capital risk** – the risk that the value of the element to provide a tax-free cash sum is not maintained.
- **Communication risk** – the risk that as, up until the appointment of Pi Consulting (Trustee Services) Limited as sole Trustee on 6 May 2022, member address records have not been maintained and no attempts have been made to trace members meaning that members have not been communicated with for some time.
- **Inappropriate member decisions** – the risk that members make inappropriate decisions regarding their investments.

Other risks, in addition to the above, include mismatching risk, manager risk, liquidity risk and concentration risk.

The varying nature of the risks faced by a defined contribution investor through time means that no single investment product will necessarily adequately meet the needs of the investor throughout the investing period.

## 7. Charges and transaction costs

The Trustee understands the importance of the charges and transaction costs applicable to members' investments.

In accordance with regulation 25(1)(a) of the Administration Regulations, the Trustee has calculated the "charges" and, so far as it was able to do so, the "transaction costs", borne by members of the Scheme for the year ending 31 March 2022.

Transaction costs are those incurred by fund managers as a result of buying, selling, lending or borrowing investments. These costs are taken into account via the unit price for each of the funds. The Trustee is aware that the Financial Conduct Authority (FCA) has now published its final policy statement on transaction costs which, effective from 3 January 2018, introduced an obligation on asset managers to disclose transaction costs to Trustee Boards as well as a prescribed methodology under which asset managers should do so.

The Trustee has corresponded with Aviva to obtain the various costs reported in this statement.

The charges are as follows:

Type of charge	Charge per annum	Description / How deducted
Administration Costs including Annual Fund Management Charge (AMC)	1.65%	<p>According to the Principles and Practices of Financial Management for the Aviva Life &amp; Pensions UK Limited FLAS With-Profits Sub-Fund expenses charged to with-profits policies invested in the fund include:</p> <ul style="list-style-type: none"> <li>Fees paid by the Sub-Fund for management and administration services relating to with-profits policies.</li> <li>Commission paid to intermediaries relating to with-profits policies.</li> <li>Fees paid to Aviva Investors Global Services Ltd and other managers in respect of investment management services relating to assets backing with-profits policies.</li> <li>Other expenses directly related to investments, for example dealing costs.</li> </ul> <p>These costs will be taken into account by Aviva, along with other factors such as the investment return on the assets backing the with-profits fund when deciding on regular and final bonus rates for the with-profits fund. The charge shown will not be explicitly charged to members' investments.</p>
Investment transaction costs	0.019%	This is the cost of the underlying investment transactions. These will be taken into account when determining regular and final bonus rates for the with-profits fund.
Trustee charges	Nil	These are paid for by the Company. There is no charge to the member.

## Impact of charges

The Trustee is required to produce projections that show the impact of costs and charges on member's funds in today's terms over the period up until the member's expected retirement date. The Trustee has not been able to obtain sufficient information from Aviva to enable the required projections to be produced. Although information on the costs and charges has been supplied Aviva have, to date, not provided any information on the expected investment returns for the with-profits fund. As far as the Trustee can determine the annual benefit statements



produced by Aviva do not include the required illustration of the potential benefits at a member's NRA that would provide the necessary information. This matter has been queried with Aviva and the required information requested, but no response was received prior to the deadline for publishing this Chair's Statement.

The only information that the Trustee has been able to obtain from Aviva are sample pay-out values for policies as at July 2022 and these are as follows:

Product (term)	Investment details (started on)	Total Investment	Pay-out value in July 2022 (Annual return)
Unitised Pension (30 years)	£200 per month from 1 July 1992 (based on male, policy maturing at age 65)	£72,000	£284,184 (8.0% pa)
Unitised Pension (25 years)	£200 per month from 1 July 1997 (based on male, policy maturing at age 65)	£60,000	£151,857 (6.8% pa)

## 8. Value for Money

Although the Scheme is a "specified scheme" for the purposes of Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended by the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 the Trustee is not required to carry out a detailed value for members assessment required by the 2021 Regulations as the Scheme wind up has been triggered. This detailed assessment would require a comparison of investment performance and costs and charges with three comparator schemes with over £100m of assets along with a detailed assessment of the Scheme's administration and governance across seven key areas.

However, the Trustee is still required to assess the extent to which the (ongoing) charges and transaction costs represent good value for members whilst the scheme is winding up. The Trustee understands the importance of ensuring that the service levels, charges and transaction costs represent good value for members.

The Trustee believes that the current level of costs and charges levied on the funds in which members are invested are acceptable, given the nature of the investment in a with-profits fund, and notes that these will continue to apply in the event that members end up with the default option on wind up of having their benefits under the Scheme assigned to them by means of an individual policy with Aviva.

## 9. Administration, including processing of financial transactions

The Trustee understands the importance of being able to effectively monitor core financial transactions of the Scheme, including transfers into and out of the Scheme, benefit payments out of the Scheme as well as the administration service and in particular, that agreed service levels are being met.

The processing of core financial transactions is regularly monitored by the insurer, Aviva, who have internal control procedures that help ensure that core financial transactions are processed promptly and accurately. This includes controls and procedures to manage the payment of benefits to members.

The Trustee is not aware that the previous trustee monitored the service standards of the insurer on an ongoing basis but has noted that one member was able to access their pension savings in the July 2022. As noted above, the Scheme is now in wind up and the Trustee is therefore content with the Aviva policy for the period up until the wind up is complete.

## 10. General

As part of its oversight and effective administration of the wind up of the Scheme, the Trustee will aim to meet as frequently as deemed necessary. A Trustee Meeting was held to consider the investment advice obtained from Quantum at which a decision was made to trigger the wind up of the Scheme. As a minimum, one further meeting

will be held once all the required actions to complete the wind up have been carried out in order to determine that there are no further outstanding matters and that the wind of the Scheme can be formally recorded as being completed. The Trustee will continue to correspond with the Company during the wind up process and prepares and maintains recommended governance documentation. Most member communications are prepared by Aviva.

#### **11. Trustee knowledge and understanding**

The Trustee is required to have appropriate levels of trustee knowledge and understanding. This is achieved in a number of ways including:

- Pi Consulting (Trustee Services) Limited is an independent professional trustee.
- The staff of Pi Consulting (Trustees Services) Limited undertake appropriate training at or outside of regular Trustee meetings.
- Staff also benefit from experience gained from managing other occupational pension schemes

Staff on the trustee team are required to complete continual professional development (CPD) of at least 25 hours a year, of which only 10 hours can be reading. Training throughout the year included attending internal and external seminars, training sessions, and webinars hosted by various pension services providers and industry bodies and reading material.

During the year topics included Trustee Effectiveness, GMP Equalisation, ESG and DC pensions, Moving schemes to DC Master Trusts, Investment markets and future expectations of interest rates and inflation, Single Code of Practice and new TV regulations

Training is logged and reviewed annually. In addition, the various pension professional bodies, like the Pensions Management Institute and Institute of Actuaries, have their own CPD requirements that relevant staff adhere to. These CPD requirements were achieved during the year under review. The lead representative at the Trustee is an Accredited Professional Trustee with the APPT.

The Trustee ensures that all members of the trustee team have knowledge of the Scheme's governing documents. The Trustee is supported by the Scheme's insurer and the Company, Brand Addition Limited.

Signed by the Chair of Trustee of the Broadway Incentives Limited Retirement Benefit Scheme



Date – 28 October 2022