



## **Annual Chair's Statement for the Vario Press Ltd Retirement and Death Benefits Scheme Aegon Exsel Group Pension Plan 93363**

**This statement covers the period from 1 April 2022 to 31 March 2023.**

### **Introduction**

Governance requirements apply to defined contribution (DC) pension arrangements, to help members achieve a good outcome from their pension savings.

The Trustee of the Vario Press Ltd Retirement and Death Benefits Scheme 93363 (the "Scheme") is required to produce a yearly statement (which is signed by the Chair of Trustees) to describe how these governance requirements have been met in relation to:

- the investment options in which members' funds are invested (this means any 'default arrangement' and other funds members can select or have assets in, such as legacy funds);
- the requirements for processing financial transactions;
- the charges and transaction costs borne by members;
- an illustration of the cumulative effect of these costs and charges;
- a 'value for members' assessment; and
- Trustee knowledge and understanding.

The Trustee is Vario Press Ltd.

The Scheme is closed to new members and to further contributions. Members of the Scheme have scheme-specific lump sum protection.

Since 6 April 2006 a pension commencement lump sum (PCLS) is normally limited to 25% of the retirement fund. The PCLS is currently tax-free. Members with scheme-specific lump sum protection may take up to 100% of their retirement fund as a PCLS, depending on their accrued pension rights at 5 April 2006.

**The scheme-specific lump sum will normally be lost if benefits held in  
this scheme are transferred to another policy.**

## **Requirements for processing core financial transactions**

The Trustee must ensure that core financial transactions are processed promptly and accurately. This includes:

- investment of contributions paid to the Scheme (where applicable);
- transfer of members' assets into and out of the Scheme;
- transfers of members' assets between different investment options available in the Scheme; and
- payment from the Scheme to, or in respect of, members.

The processing of core financial transactions (such as transfers in and out of the Scheme, and payments to members) is managed by Aegon ("the Insurer").

The Trustee can request regular Scheme data and transaction quality information from the Insurer and is satisfied that adequate internal controls are in place to ensure that core financial transactions for the Scheme are processed accurately.

Scheme financial transactions, such as the payment of levies and professional fees, are undertaken by the Trustee.

## **Default investment option**

The Scottish Equitable Universal Lifestyle Collection was the default arrangement for the Scheme. The Scheme closed both to new members and further contributions prior to 6 April 2015, so it does not have an active default investment arrangement.

The Scheme is not being used as a relevant qualifying scheme for any members for the purposes of automatic enrolment. As a result, the Trustee has applied a proportionate approach to meeting the relevant governance standards.

## **Charges and transaction costs**

The Trustee is required to set out the on-going charges incurred by members over the period covered by this Statement. The Trustee is also required to disclose transaction cost figures that are borne by members. In the context of this statement, the transaction costs shown are those incurred when the Scheme's fund managers buy and sell assets within investment funds, but are exclusive of any costs incurred when members invest in and switch between funds. The transaction costs are borne by members. The charges and transaction costs have been sourced from the Insurer.

The level of charges for each fund and the transaction costs over the period covered by this Statement are set out in the following table.

Ongoing charges met by members consists principally of the Insurer's fund management costs and additional expenses (such as custodian fees) incurred by the fund manager. In addition, an administration charge may be levied on members to meet the cost of the administration service.

The Trustee reviews periodically reviews its pension arrangements and is currently reviewing the Scheme with its pension adviser.

As at 31 March 2023 members of the Scheme had the following investment profile:

Investment	Holding as % of Scheme	Annual Management Charge (A)	Additional Expenses (B)	Ongoing Charges (A) + (B)	Transaction costs (% each year)
SE Universal Lifestyle Collection	76.4%	1.00%	0.02%	<b>1.02%</b>	0.09%
Global Equity Tracker	12.9%	1.00%	0.02%	<b>1.02%</b>	0.10%
SE Universal 2027	9.0%	1.00%	0.00%	<b>1.00%</b>	0.09%
Retirement Fund	1.7%	1.00%	0.01%	<b>1.01%</b>	0.06%

A large fund rebate of 0.25% applies to policy values over £50,000.

### Illustration of Retirement Benefits

Illustrations are not available for with-profits funds. The charges and transaction costs for with-profits funds are deducted from the overall fund before bonus rates are set for all policyholders. As a result, the charges and transaction costs are effectively averaged across all policyholders and it is not possible to determine the exact charges and costs borne by the members of our Scheme. It should be noted that the implicit costs and charges for with-profits funds cover the cost of guarantees, as well as investment management and administration services.

Below is a retirement benefits illustration for a member invested 100% in the Universal Lifestyle Collection.

#### Assumptions:

- Current age 38
- Starting pension pot of £15,885
- Retirement age 65
- No ongoing payments
- Ongoing Charges 1.02% each year
- Transaction Costs 0.09%
- Annual Growth Rate (net of inflation) 2.00%

Year	Before Charges	After Charges
<b>1</b>	£16,203	£16,023
<b>3</b>	£16,485	£16,302
<b>5</b>	£16,772	£16,586
<b>10</b>	£17,513	£17,319
<b>15</b>	£18,286	£18,083
<b>20</b>	£19,094	£18,882
<b>27</b>	£20,251	£20,045

#### Notes:

- Values are not guaranteed
- Projected values are shown in today's terms and do not need to be reduced further for the effect of inflation
- Inflation is assumed to be 2.50% each year

### **Lifestyling:**

The Universal Lifestyle Collection (ULC) is a mixed investment strategy that incorporates a two-stage investment process called lifestyling. In the early years (the growth stage) it invests wholly in the Universal Balanced Collection (UBC). The UBC invests in a mix of different funds, from different fund managers, offering a mix of active and passive fund management, which means it doesn't rely on the performance of one manager or management style alone. Six years before the start of the member's target retirement year, investments in the ULC will be automatically and progressively switched to a retirement fund, with the aim of giving the member more certainty about the level of annuity they will be able to buy at retirement.

### **Alternative Investment Options:**

A broad range of alternative investment options is available to members of the Scheme at <https://www.aegon.co.uk/investments/customers.html>. Charges vary by fund. Some options will be available at the same cost as the ULC; others may cost more. This Trustee considers this to be a plentiful range of options for members.

### **Performance**

Below is the cumulative performance of the Aegon SE Universal Lifestyle Collection against its sector peer group over 1, 3 and 5 years ending 31 March 2023.

<b>Period ending 31 March 2022</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>
SE Universal Lifestyle Collection	-5.6691%	27.4857%	26.9444%
ABI UK Mixed Investment 40%-85% Shares-Pen	-3.7886%	26.5972%	20.7590%

The performance figures for the SE Universal Lifestyle Collection are based on performance during the accumulation period that precedes the lifestyle phase. The Collection has outperformed its peer group over 3 & 5 years and underperformed over 1 year. Investments held in the ABI UK Mixed Investment 40%-85% Shares sector are considered suitable for investors with an average approach to investment risk, and a suitable option for pension scheme members.

### **Trustee knowledge and understanding**

The Scheme's Trustee is required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively. The Trustees have measures in place to comply with the legal and regulatory requirements regarding conversance and knowledge and understanding of the Scheme.

The Trustee has appointed pension advisers to the Scheme to provide support and advice where necessary. The pension advisers are fully qualified and authorised to advise on pension matters having passed all of the relevant professional examinations.

During the Scheme year ended 31 March 2023, the Trustee engaged with its pension adviser and increased its awareness and understanding of initiatives and releases from The Pensions Regulator, HMRC, and the Department for Work & Pensions, and the retirement options available under the Scheme in light of the pension freedoms introduced in 2015.

The Trustee has also been updated on additional regulatory measures to combat pension scams and is aware that this may delay member's efforts to transfer or withdraw pension benefits from the Scheme as the regulations come into force.

### **Value for members assessment**

The Trustee is required to assess the extent to which member borne charges and transaction costs represent good value for members when considered alongside investment performance and other Scheme factors, such as guarantees and services offered by the Scheme, and whether the quality of these services meets the members' needs.

Members also benefit from the additional services offered through the Scheme that do not cost the member any additional money, but are considered to increase the value added for members. The Scheme's pension advisers are able to help address any queries which members may have. This may happen in the form of pension 'surgery days', or on demand at the member's request. The cost of this service is met by Vario Press Ltd.

On balance, the Trustee considers that the Scheme offers value for members. Valuable enhanced benefits will be lost if members transfer benefits to another scheme.

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Signed for and on behalf of the Trustees by Michalina Wiaterek, Chair to the Trustee Board