

# The Amtico Company Pension Trustee Limited

## Closing Statement regarding the discharge of defined contribution benefits from the Amtico Company Pension Scheme (“the Scheme”)

### 1. Introduction

- 1.1. This statement has been prepared by the Amtico Company Pension Trustee Limited (“the Trustee”). It covers the Scheme year 1 April 2020 to 31 March 2021 and the period up to 15 September 2021.
- 1.2. Over the Scheme year, the Amtico Company Ltd (“the Company”) carried out a review of the Defined Contribution Section (“the DC Section”) of the Scheme with support from the Trustee. This resulted in the DC Section closing to future contributions and the transfer of all DC Section assets and members to the Standard Life Master Trust.
- 1.3. The transfer to the Standard Life Master Trust took place on 15 September 2021 and from this date the Scheme ceased to be a “relevant scheme” for the purposes of the regulations relating to the Annual Governance Statement. Therefore, in line with guidance produced by the Pensions Regulator the Trustee has elected not to produce an Annual Governance Statement this year. Instead, the Trustee has produced this Closing Statement which is designed to:
  - 1.3.1. Provide a summary of the process followed to successfully close the DC Section to future contributions and discharge of the DC Section assets.
  - 1.3.2. Comment on how the Trustee has continued to comply with the appropriate governance standards whilst the DC Section remained in place.
  - 1.3.3. Provide formal confirmation that all DC Section assets have been discharged from the Scheme and that the Scheme no longer has a DC Section.

### 2. Activity relating to the closure and transfer of the DC Section

- 2.1. The process to review the structure of the DC Section was led by the Company which worked closely with the Trustee. The Trustee was consulted by the Company at all stages of the project.
- 2.2. The Company completed its review of the structure of the DC Section in January 2021 and, following discussions with the Trustee, made an in-principle decision to move to a new Master Trust arrangement for the future pension provision of employees. Standard Life was selected as the proposed provider of this Master Trust arrangement following a robust selection exercise, completed in conjunction with the Trustee and the Company’s professional advisers.
- 2.3. Over the period 26 April to 25 June 2021 the Company carried out a formal 60-day consultation with its current employees on the proposed move to the Standard Life Master Trust. Following the completion of the consultation period, the Company revisited its proposals and took the decision to move ahead with them as planned. The DC Section was closed to future contributions on 30 June 2021 via a deed of amendment to the Scheme’s governing rules and a new DC pension arrangement, through the Standard Life Master Trust, was launched on 1 July 2021.
- 2.4. Alongside this, the Company requested that the Trustee consider securing existing benefits for all DC Section members via bulk transfer to the Standard Life Master Trust. The priority of the Trustee is to make decisions which it believes to be in the best interests of members overall and, having considered the advantages of the Standard Life Master Trust over the DC Section, the Trustee elected to transfer the DC Section benefits to the Standard Life Master Trust. The Trustee issued a bulk transfer notice to all DC Section members one month prior to the transfer to advise of its intention.

- 2.5. The Trustee put considerable thought into how best to move the assets to minimise the risks and costs to members, and consulted with its professional advisers and Standard Life to agree a transition plan. The asset transition took place on a single day in order to mitigate out of market risk (as far as possible) and the Trustee secured agreement for Standard Life to meet the transition costs arising from the transfer in full. The Trustee, its professional advisers and Standard Life monitored market conditions as the transfer date approached and the bulk transfer took place on 15 September 2021 as planned.
- 2.6. Following completion of the transfer the Trustee confirms that all assets and members have been transferred out of the DC Section. The DC Section has now been closed and the Scheme now consists of a Defined Benefit Section only.

### 3. The Scheme's DC arrangements

- 3.1. Over the Scheme year, and prior to the transfer of the DC Section noted above, the Scheme's DC benefits comprised the following:
  - 3.1.1. The DC Section which was open to future contributions up until 30 June 2021 and was used as a qualifying workplace pension scheme. The Company now uses the Standard Life Master Trust to meet its automatic enrolment duties.
  - 3.1.2. An AVC arrangement with Utmost Life & Pensions ("Utmost") which held benefits for Defined Benefit ("DB") Section members. Following the transfer of business from Equitable Life to Utmost, the Trustee reviewed the suitability of the Utmost arrangement and concluded that these members would receive better value from having their AVCs invested with Standard Life alongside the DC Section. This transfer took place in June 2020, and these AVCs have since been transferred to the Standard Life Master Trust alongside the DC Section assets. These benefits continue to be held as AVCs in the Standard Life Master Trust.
  - 3.1.3. An AVC arrangement with Scottish Widows which holds benefits for DB Section members. These benefits remain invested with Scottish Widows and continue to be part of the Scheme.

### 4. Ongoing governance of the DC Section

#### Investment monitoring of the Default

- 4.1. Over the Scheme year and up until the transfer of assets in September 2021, the default investment arrangement of the DC Section was the Standard Life Passive Plus IV Universal Strategic Lifestyle Profile ("the Default").
- 4.2. The last strategic review of the DC Section's Default, as well as the range of alternative investment options, was completed by the Trustee in July 2018. Given the intended transfer to the Standard Life Master Trust, no strategic review was conducted over the Scheme year, however the Trustee did take investment advice on an appropriate investment option for the DC Section's assets following transfer to the Standard Life Master Trust.
- 4.3. The advice compared the design of the DC Section's Default with the default investment arrangement selected through the Standard Life Master Trust; the Standard Life Sustainable Multi Asset Universal Strategic Lifestyle Profile. It also considered the regulations surrounding transfers of this kind. The advice recommended that all transferring members be invested in the Standard Life Sustainable Multi Asset Universal Strategic Lifestyle Profile and the Trustee accepted this recommendation.
- 4.4. Alongside this, the Trustee, with assistance from its professional advisers, has continued to monitor the investment options offered through the DC Section on a quarterly basis. The monitoring covered the performance of the default strategy, the alternative lifestyle strategies and the individual fund options to ensure that it was consistent with their stated aims and objectives. The Trustee also regularly considered any developments or changes with the fund managers.

### Core financial transactions

- 4.5. In line with governance standards, the Trustee has continued to monitor the quality of the Scheme's administration, and in particular ensure that 'core financial transactions' had been processed promptly and accurately. For the DC benefits provided through the Scheme, these comprise:
- 4.5.1. The investment of contributions
  - 4.5.2. Transfers into and out of the Scheme
  - 4.5.3. Investment switches within the Scheme
  - 4.5.4. Payments out of the Scheme

### DC Section administration

- 4.6. The administration functions of the DC Section were completed by Standard Life. Standard Life provided the Trustee with quarterly administration reports that documented its performance against agreed Service Level Agreements (SLAs) and provided a record of core financial transactions processed over each quarter. Standard Life aims to ensure that 90% of all tasks (in aggregate) are completed within 10 working days
- 4.7. The Trustee considered these reports in detail as a regular item at its quarterly meetings and shared these with the Company so that contributions could be reconciled. The Trustee notes that Standard Life continued to perform broadly in line with its agreed SLAs over each period reviewed.
- 4.8. Whilst outside of the Scheme year, the transfer of DC Section assets to the Standard Life Master Trust in September 2021 represented a significant core financial transaction. The Trustee prepared for this transfer by liaising closely with the Company, Standard Life and its professional advisers to ensure that the data held was of the required standard, suitable processes were in place and a robust transition plan had been agreed to support the efficient transfer of assets without detriment to members.
- 4.9. Standard Life will shortly provide the Trustee with a post-transition reconciliation report confirming the amounts transferred, the transition costs and the dates the transfer activity took place. Once received, the Trustee will scrutinise this report to ensure the transfer was executed promptly and accurately.

### AVC administration

- 4.10. As the administrator of the Defined Benefit Section ("the DB Section") of the Scheme, the Trustee has delegated the administrative oversight of the separate AVC arrangements held with Scottish Widows and Standard Life to Barnett Waddingham.
- 4.11. There are no formal SLAs in place with the AVC providers, however Barnett Waddingham reports back to the Trustee as part of the quarterly Trustee meetings with any specific issues relating to the administration of the separate AVC policies. There were no issues reported to, or identified by, the Trustee in connection with the promptness or accuracy of the processing of core financial transactions for the AVC policies.

### Trustee view of core financial transactions

- 4.12. Taking the above into consideration, the Trustee is confident that core financial transactions have been processed promptly and correctly.

## 5. Value for members and costs and charges

- 5.1. In previous years, the Trustee has been required to assess the extent to which the charges and transaction costs borne by members represent good value for members. For the DC Section, these member-borne deductions covered the cost of providing the investment management, administration and communication services.
- 5.2. As part of the overall review of the structure of DC Section, the Trustee was asked by the Company to assess the value for members delivered through the DC Section relative to the Standard Life Master Trust.

This compared the overall structure of the two arrangements and considered the range of complimentary services and support available through the Standard Life Master Trust.

- 5.3. Whilst recognising that the DC Section continued to provide excellent value for members, the Trustee concluded that overall the value for members would be improved on transfer to the Standard Life Master Trust. In reaching this conclusion the Trustee specifically noted the lower ongoing Annual Management Charge (AMC) that would apply and the ability for members to take retirement benefits through drawdown 'in-scheme'.

## 6. Trustee knowledge and understanding

- 6.1. The Amtico Company Pension Trustee Limited is a trustee company which had 5 Trustee Directors as at the end of the period. Bill Newman, an independent professional Trustee Director, continued to act as Chairman of the Trustee throughout the period.
- 6.2. Following the transfer to the Standard Life Master Trust the Trustee is no longer responsible for overseeing the benefits formerly held in the Scheme's DC Section; this is now the responsibility of the Trustee of the Standard Life Master Trust. The Trustee continues to oversee the benefits in the Scheme's DB Section.
- 6.3. Over the Scheme year and throughout the process to transfer the DC Section benefits, the Trustee regularly consulted with its professional advisers, on consultancy, governance and legal matters pertaining to the DC benefits. Its professional advisers have proactively alerted the Trustee of specific issues relating to the transfer and provided advice and training as required.
- 6.4. Over the Scheme year and in advance of the transfer of DC Section benefits the Trustee has taken advice in the following key areas:
  - 6.4.1. The Trust Deed & Rules and the ability to transfer DC benefits without consent
  - 6.4.2. Amending Deeds and legal agreements to allow for the transfer of DC Section assets
  - 6.4.3. The suitability of the Standard Life Master Trust as a receiving arrangement for DC Section benefits
  - 6.4.4. The recommendation of a suitable receiving investment option
- 6.5. The Trustee has also received training in the following key areas:
  - 6.5.1. DWP's consultation on improving member outcomes and the impact on the DC Section
  - 6.5.2. Wider regulatory environment, capturing recent and upcoming legislative changes
  - 6.5.3. Implementation statement requirements
  - 6.5.4. Integration of ESG into investment strategy design
  - 6.5.5. Master Trusts, the selection process and the issues to consider when transferring assets.
- 6.6. The Trustee considers that the combined knowledge, skills and understanding of the Trustee Directors, together with the advice and training received from its professional advisers, enabled the Trustee to properly and effectively exercise its Trustee functions, both in respect of overseeing the DC Section benefits and the subsequent bulk transfer of benefits to the Standard Life Master Trust.

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Bill Newman, for and on behalf of the Trustee of the Amtico Company Pension Scheme  
Chairman of the Trustee

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