

AUTISM INITIATIVES RETIREMENT AND DEATH BENEFIT PLAN ANNUAL GOVERNANCE STATEMENT FOR THE YEAR TO 30TH SEPTEMBER 2019

Objective

This Statement has been prepared by the Trustee of Autism Initiatives Retirement and Death Benefit Plan ('the Plan') in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended). It sets out how the Trustee has met the statutory defined contribution (DC) governance standards during the Plan year ended 30th September 2019 ('the Plan Year').

The Plan has no active members and is not used as a qualifying scheme for the purpose of complying with the Employer's automatic enrolment duties.

Trustee Knowledge and Understanding (TKU)

The current Principal Employer and Trustee of the Plan is Autism Initiatives (UK).

Having considered the TKU requirements for Trustees of Defined Contribution pension schemes as set out in the Pension Regulator's Code of Practice No 7 and supporting Guidance, whilst the directors and officers of Autism Initiatives (UK) believe they have sufficient knowledge and understanding to effectively administer the scheme to the required standard, they recognise that individually and collectively they are not specialists and therefore need to improve their knowledge and understanding in respect of the roles and responsibilities of a pension scheme trustee. In light of this, and given the fact that the Plan is a small DC arrangement with only five deferred members remaining within the plan, the Trustee intends to seek professional assistance during the scheme year to 30th September 2020 with a view to winding-up the Plan.

Administration Standards and Processing Core Financial Transactions

The Trustee has been advised that the administration of the Plan is to be transferred from Canada Life to Scottish Friendly with effect from 1st November 2019 under a legal process known as a Part VII transfer under the Financial Services and Markets Act 2000.

Having reviewed the 'Customer Guide' dated July 2019 which details various aspects of the transfer to Scottish Friendly, including the due diligence and tender process undertaken by Canada Life, the Trustee is of the opinion that Scottish Friendly have sufficient financial strength and resources to continue to administer the Plan in an efficient and effective way.

As all policies have been made 'paid up' with effect from 24 September 2004 (or earlier), there are no 'core financial transactions' other than potential fund switches and/or transfers out of the scheme. Transfers into the scheme are subject to Principal Employer consent in accordance with Rule 8.8 and the Trustee believes it is unlikely, given the paid-up status and the intention to investigate a potential wind-up of the scheme, that such transfers would be approved by the Principal Employer (who is also the Trustee).

As no core financial transactions have been processed in the Plan Year, the Trustee is unable to give an opinion as to whether such transactions have been processed within a sufficient timescale.

Member Borne Charges and Transaction Costs

In accordance with regulation 25(1)(a) of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended), the Trustees are required to calculate the charges and transaction costs paid by members and assess the extent to which these charges paid by members represent good value for money.

Explicit Charges

The Plan provides members with the opportunity to invest in a range of six unit linked funds from within the old Canada Life fund Series C:

- Canlife Managed Fund
- Canlife Property Fund
- Canlife Index-linked Fund
- Canlife Gilt & Fixed Interest Fund
- Canlife Equity Fund
- Canlife International Fund

All six of these funds have an annual management charge of 0.75% which is reflected in the underlying unit price of each fund. Unit prices are only declared twice per month (on the 1st and 15th of the month).

Generic information regarding the long-term impact of annual management charges on the value of an individual's investment is contained within Appendix A to this statement.

Each member is permitted to make one investment switch 'free of charge' in each account year with subsequent switches in a given account year being charged at £25 per switch.

Implicit Charges (transaction costs)

All investment funds have 'transaction costs' which are not charged directly to the investor (member) but are taken from the fund and therefore reflected in the performance of the fund and in the overall return received. At present, the Trustee has been unable to determine the level of transaction costs within the available funds.

Generic information in respect of the both explicit and implicit charges can be found in Appendix B to this statement.

Default arrangement

As this scheme is not being used as a qualifying scheme in relation to one or more relevant jobholders in accordance with Regulation 3 of the 2015 Regulations, there is deemed to be no 'default arrangement' for the purpose of this statement.

As a result, paragraph (1) subsection (a) to Regulation 23 of the Administration Regulations does not apply.

Having said this, the Trustee is aware that all five members are currently 100% invested in the Canlife Managed Fund.

Appendix A

Illustration of Annual Management Charges and Fund Values

The following illustration projects the cumulative value of a pension contribution of £75 paid each month into a pension fund for the entire period under consideration.

These contributions are assumed to increase each year with a notional salary increase of 2.5% per annum.

Annual Management Charges (AMCs) are paid out to the investment fund manager for services involved with the management of the fund and the costs associated with running the fund. The level of these charges affects the final fund value.

Three different annual management charges have been used to provide a broad spectrum of projections demonstrating how a higher annual management charge may results in a lower final fund value at the end of the period.

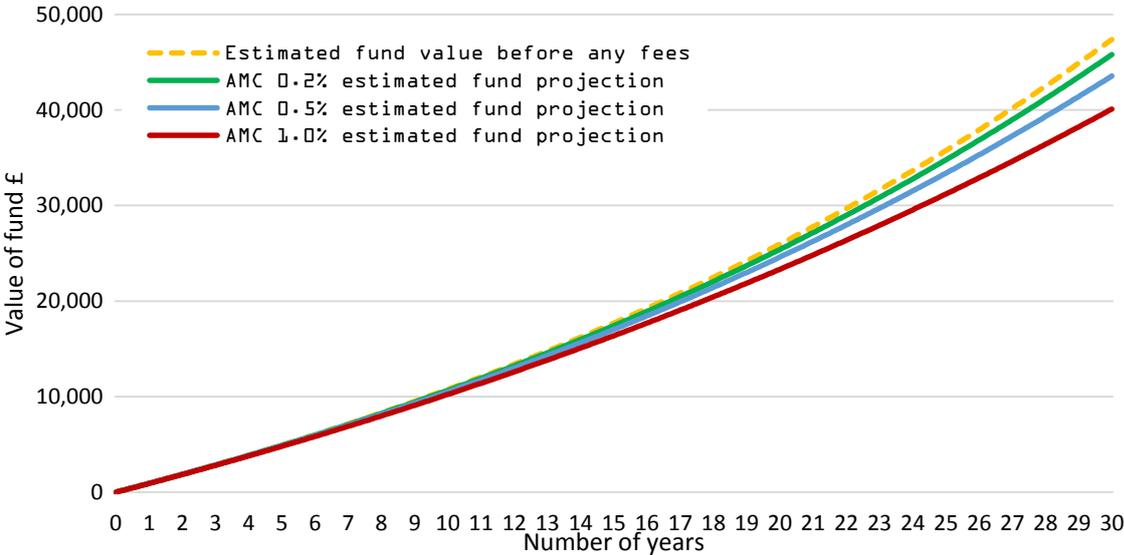
A gross investment return of 6% per annum has been assumed over all illustration periods and the annual management charges applicable for each example are deducted from this.

The illustrations have been reduced to reflect the effects of anticipated inflation over the period of projection, assumed to be 2.5% per annum.

The value of the fund based on each different Annual Management Charge is shown at three separate periods 10 years, 20 years and 30 years.

It should be noted that these are only illustrations and actual fund values will depend on actual investment returns achieved on investments, the time under investment and the amounts invested.

Illustration of the effect of Annual Management Charges (AMC) on projected fund values



	No Charges	0.2% Charge per annum	0.5% Charge per annum	1.0% Charge per annum
Value at 10 years	10,764	10,655	10,493	10,230
Value at 20 years	25,948	25,396	24,595	23,324
Value at 30 years	47,366	45,793	43,546	40,087

Appendix B

Transaction Costs

Component parts of transaction costs

Explicit	+	Lending & Borrowing Transactions	<ul style="list-style-type: none"> Costs associated with lending or borrowing underlying assets in the fund Examples:- financing costs on borrowing, non-financing stock lending and borrowing costs 	=
	+	Explicit Costs Taxes	<ul style="list-style-type: none"> Transaction taxes such as stamp duty (UK), financial transaction taxes in other jurisdictions 	
	+	Explicit Costs Fees & Charges	<ul style="list-style-type: none"> Broker commissions Dealing fees Other explicit non-tax transaction costs 	
Implicit	+	Implicit	<ul style="list-style-type: none"> PS17/20 stipulates that this is calculated by using the 'slippage methodology' This method is the difference between:- <ul style="list-style-type: none"> a) arrival price:- price of asset at the time the trade is instructed b) execution price:- price at which the trade is carried out This can result in negative values, e.g. if the market falls between arrival and execution, which has a spuriously positive impact on aggregate fund costs. 	
	+	Indirect	<ul style="list-style-type: none"> Costs incurred through sub-components. These typically occur when the fund invests in one or more underlying funds This 'look through' is calculated using the most recent aggregated transaction costs of the underlying funds in their relevant proportions during the period. 	
	-	Anti-Dilution Offset	<ul style="list-style-type: none"> All costs listed above include impact on existing investors of those buying and selling the fund. Anti-dilution levies may be applied to those buying and selling the fund, to ensure that existing investors do not unfairly bear such costs. This benefits the fund as it offsets adverse buy/sell impacts 	
				Total
				Txn Costs %