

**DEFINED CONTRIBUTION REPORTING TEMPLATE: TRUSTEES**

1. [insert name of pension scheme](the "Scheme")
2. Annual Governance Statement for the Scheme Year ending [●][[1]](#footnote-1)
3. prepared in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the "Regulations")[[2]](#footnote-2)

# DEFAULT ARRANGEMENT

* 1. A copy of the [*first*]/[*latest*] statement of investment principles prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 is attached.
  2. [A review of the default strategy and the performance of the default fund were undertaken during the Scheme year.  *[Include a description of the review and any changes resulting from the review.]* ]*/[*No review was undertaken during the Scheme year. The last review was completed on [●][[3]](#footnote-3)].

# CORE FINANCIAL TRANSACTIONS

* 1. The requirements of regulation 24 of the Regulations have been met and core financial transactions have been processed promptly and accurately by:

[*set out how the Trustee[s] [has/have] complied with the obligation to process core financial transactions promptly and accurately*][[4]](#footnote-4).

# CHARGES AND TRANSACTION COSTS[[5]](#footnote-5)

* 1. [The level of charges and transaction costs applicable to the default fund[s] during the Scheme year are]/[The range of the levels of charges and transaction costs applicable to the default arrangements during the Scheme year are]:

[*insert appropriate details of charges and transaction costs*]

* 1. The range of the levels of charges and transaction costs applicable to the Scheme's other investment funds during the Scheme year are:

[*insert appropriate details of charges and transaction costs*]

* 1. [The Trustee[s] [has/have] not been able to obtain the following information about transaction costs:

*[insert description of any information about transaction costs which the Trustee[s] [has/have] not been able to obtain].*

The Trustee[s] [is/are] taking the following steps to obtain this information in the future:

[*list steps being taken*].

* 1. The Trustee[s] [has/have] assessed the extent to which the charges and transaction costs set out above represent good value for members[[6]](#footnote-6) and have concluded:

[*explain the Trustee[']s['] assessment of value for members in relation to the Scheme's charges and transaction costs*].

# TRUSTEE KNOWLEDGE AND UNDERSTANDING

* 1. The requirement under section [247]/[248] of the Pensions Act 2004 (requirement for knowledge and understanding)[[7]](#footnote-7) has been met during the Scheme year by:
  2. [explain how the statutory requirement for knowledge and understanding has been met during the Scheme year]
  3. The combined knowledge and understanding of the Trustee[s], together with the advice which is available to [it/them] enables [it/them] to properly exercise [its/their] functions as Trustee[s] by:

[*explain how the Trustee[']s['] combined knowledge and understanding together with the advice available to them enables [it/them] to exercise [its/their] functions as trustee[s].*]

# MES/MASTERTRUSTS - NON-AFFILIATION OF TRUSTEES AND MEMBER REPRESENTATION[[8]](#footnote-8)[[9]](#footnote-9)

* 1. The requirements of regulation 27(2) of the Regulations for a majority of the Trustees to be non-affiliated have been met during the Scheme year by:

[*explain how the non-affiliation requirements have been met*].

* 1. [●] was appointed during the Scheme year. The requirements for an open and transparent appointment process were met by:

[explain how the appointment process met the 'open and transparent' requirements].

* 1. The arrangements the Trustees have put in place to encourage members of the Scheme or their representatives to make their views on matters relating to the Scheme known to the Trustees comprise:

[*explain what arrangements have been put in place to encourage members/their representatives to make their views known*].

Signed for and on behalf of [*insert name of Trustee*] Date ………………………...

/[the Trustees of the Scheme] by

………………………………………………………………

Chair of Trustees/Chairman[[10]](#footnote-10)

1. If the first Scheme year ends before 5 April 2016 references to Scheme year are to the part of the Scheme year starting on 6 April 2015 (e.g. where a Scheme year ends on 31 December 2015, this statement should cover the period 6 April 2015 to 31 December 2015).

   If the Scheme year ends before 6 July 2015 no statement is required for the period from 6 April 2015 to the end of the Scheme year. The first statement required to be prepared will cover the period from 6 April 2015 to the Scheme year ending on or between 6 April 2016 and 6 July 2016. [↑](#footnote-ref-1)
2. The statement must be signed within 7 months of the end of the Scheme year. A copy of the statement must be included in the Scheme's annual report. The trustee[s] will need to confirm that the statement has been prepared when completing the Scheme return via Exchange. [↑](#footnote-ref-2)
3. Regulation 23(a)(iv) requires the trustees to include the date of the last review. As the review will be carried out over a period of weeks or months we suggest that the Trustee[s] insert the date on which the revised SIP is signed. [↑](#footnote-ref-3)
4. The Trustee[s] [is/are] required to secure that certain core financial transactions in relation to the default fund are processed promptly and accurately. Examples of core financial transactions include (but are not limited too):

   * + 1. investment of contributions to the Scheme;
       2. transfers of members' assets into and out of the Scheme;
       3. transfers of members' assets between different investments within the Scheme; and
       4. payments from the Scheme to, or in respect of, members.

   [↑](#footnote-ref-4)
5. The FCA/DWP paper 'Transaction Costs Disclosure: Improving Transparency in Workplace Pensions" notes that the disclosure of transaction costs will be introduced in two phases. In the first phase from 6 April 2015 IGCs and trustees are encouraged to report transaction cost information in as full and useful a way as possible. However, there is flexibility in the first phase for governance bodies to choose how best to do this, based on the needs of their scheme and the information they have obtained. The second phase will build on these reporting requirements to require disclosure of information about transaction costs and administration charges in a standardised, comparable format. [↑](#footnote-ref-5)
6. tPR's 'Regulatory guidance for DC schemes' includes a 4-step model process for assessing value for money. tPR sees value for members as being wider than value for money and the wording is intended to ensure that trustees look wider than just investment costs. [↑](#footnote-ref-6)
7. The law requires the Trustee[s] to be conversant with the Scheme documents and to maintain knowledge and understanding of the law relating to pensions and trusts and the principles relevant to funding and investment. [↑](#footnote-ref-7)
8. Where the Scheme is a relevant multi-employer scheme (i.e. a scheme in relation to which some or all of the participating employers are not connected employers, or is promoted as a scheme where participating employers need not be connected employers (subject to certain exclusions set out in regulation 21(1)(2)). [↑](#footnote-ref-8)
9. Include 5.1 to 5.3 as appropriate. [↑](#footnote-ref-9)
10. The statement must be signed by the Chair of Trustees/Trustee Chairman appointed in accordance with regulation 22 of the Regulations or someone other than the Trustee[s] in accordance with the Scheme's trust deed and rules. [↑](#footnote-ref-10)