

Value for Members report – RNLI’s UK Group Personal Pension Plan – 2023

The RNLI offers UK employees membership of the RNLI Group Personal Pension Plan (GPP). The GPP is a Defined Contribution (DC) pension also known as a ‘workplace pension’.

On 31 December 2023, 94% of the RNLI’s UK employees were members of the GPP.

The GPP is provided and administered by Aviva. Aviva are required to have an Independent Governance Committee (IGC) to oversee their workplace pension schemes and produce a report each year on whether Aviva’s workplace pension contract provides ‘**value for money**’ (VFM).

The Financial Conduct Authority (FCA), who regulate workplace pensions, stipulate that the following three areas should be used to assess ‘value for money’:

1. costs and charges
2. investment performance
3. quality of services.

The IGC reviews the following areas for Aviva schemes:

- better member outcomes
- costs and charges
- investment performance
- service and communications
- environment, social and governance factors
- investment pathways.

The IGC’s assessment of VFM in their 2023 report was largely positive but they have challenged Aviva to make improvements to the following areas:

- To reduce charges for members in older policies, who do not benefit from the 0.75% a year charge cap introduced by the Government for schemes used for auto-enrolment. (The base Annual Management Charge for the RNLI scheme is 0.26%).
- Further integrate environment, social and governance (ESG) factors within investment funds.
- Continue to improve services and develop greater member engagement.

Aon UK Limited (Aon) provide advice and recommendations to the RNLI relating to the Aviva scheme. This includes providing investment recommendations relating to the structure of, and constituent funds in, the Default Investment Option (DIO). This is where payments to the scheme are invested if a member does not choose their own investments. Aon regularly monitors and reports on the DIO’s performance to the RNLI. The RNLI will notify you if any change is recommended. Aon also regularly reviews Aviva’s suitability as a provider of workplace pensions across various aspects such as financial strength, administration capability, investment in their proposition and DIO options.

The RNLI’s **DC Pensions Governance Committee** reviews data, reports and presentations from Aon and Aviva each year on the GPP. This includes Aviva’s annual Value for Money report issued by the IGC.

The RNLI’s Pensions Administration Manager regularly reviews the activity in relation to the scheme that Aviva has completed in comparison with their service level agreement, to ensure that Aviva complete the work they do for members in a reasonable timeframe.

During 2023, Aviva has continued to set up new member policies, allocate pension contributions to records, confirmed the age/earnings assessment outcome for new employees, managed the opt-out process, posted an annual statement to members in July, reminded pension members of the importance of reviewing their planned retirement age with Aviva and promoted their new pension app called My Workplace.

As Chair of the RNLI's DC Governance Committee, I produce this annual Value for Members report, which provides the Committee's view on whether the GPP provides value for pension members. I also provide a summary of any changes that have occurred to the GPP in the past 12 months.

For more information on the GPP, please see the Member Handbook, which is updated every April:

<https://rnlipensions.org.uk/documents/rnli-gpp-member-handbook.pdf>

The RNLI DC Governance Committee summary of value for members continued:

<p>Aon pension review</p>	<p>Aon assess all their clients' pension provision against eight separate factors to establish an overall score known as the Aon Workplace Scheme score. In 2023, Aon scored the RNLI GPP at 94 out of 100, which is classed as 'exceptional'. The previous score in 2022 was 91/exceptional.</p> <p>Aon's Provider & Platform Administration score for the Aviva NGP Platform has increased in Q3 2023, which helped to increase the overall score.</p>
<p>Costs and charges</p>	<p>The AMC is well below the cap on charges.</p> <p>Legislation states a maximum charge of 0.75% must apply when investing in a scheme DIO. All members pay an Annual Management Charge (AMC) to Aviva, which for the RNLI GPP is 0.26%. In addition to the AMC, each individual investment fund is subject to a Fund Management Charge (FMC). The FMC for the GPP DIO varies depending upon your years to retirement and are within a range of 0.024 and 0.058. The total annual charge applicable to the GPP is the AMC plus the FMC (this is called the Total Expense Ratio or 'TER').</p> <p>The same protection will now be applied to around a quarter of a million policies over the next year 12 months as a result of Aviva accepting the IGC's challenge to cap charges in older policies to 0.75% (noting exclusions for policies with additional features).</p> <p>The Aviva IGC is happy charges are now being brought down for members in older policies and feel that Aviva has risen to the challenge. With added features you have with Aviva, the IGC feel that charges now offer good value for money.</p>
<p>Service and administration</p>	<p>Aviva measures the 'end to end' time for all their work on the GPP. Aviva had 2,014 customer work requests in 2023. The average time to resolve each request was 3.19 days.</p> <p>The IGC asked an independent consultancy firm to undertake benchmarking against a number of Aviva's peers, looking at the time taken to process a number of key tasks, telephony and complaints. This research confirms Aviva is equal to or ahead of its peers in terms of the speed and quality of service it provides. Member feedback has been positive.</p>
<p>Communication</p>	<p>Communication with members is good.</p> <p>Aviva clearly explain options to members in plain English and avoid complicated industry jargon. Aviva continue to develop ways to give members digital access to their pension through MyAviva or MyWorkplace in a straightforward and user-friendly manner. https://rnlipensions.org.uk/documents/MyAvivaA5Flyer.pdf</p>

The RNLI is the charity that saves lives at sea

The Royal National Lifeboat Institution, a charity registered in England and Wales (209603), Scotland (SC037736), the Republic of Ireland (CHY 2678 and 20003326), the Bailiwick of Jersey (14), the Isle of Man (1308 and 006329F), the Bailiwick of Guernsey and Alderney.

<p>Product design and suitability</p>	<p>The GPP Default Investment Option strategy is kept under review to ensure it is appropriate and suitable for the majority of members. This is work currently in progress with Aon. However, members wishing to access their pension fund can, and should, shop around to see if an alternative pension provider offers better value at retirement. Aviva offers flexibility in terms of how members can turn their pension pot into an income at retirement.</p>
<p>Investment pathways</p>	<p>Aviva offers a good range of investments for members who wish to select their own funds, which state the risk profile and charges that apply to each fund.</p> <p>The IGC concluded that investments failed to provide good value in 2022. Investment markets were turbulent, and all providers saw falls in the performance of their default funds. Aviva's falls were less severe than others, and the IGC remain of the opinion that longer term performance has compared well with Aviva's peers.</p> <p>The RNLI's Pensions Governance Committee reviews the performance of the DIO against the objective of the strategy. This is work currently in progress with Aon, as above.</p>
<p>Environment, social and governance (ESG) issues</p>	<p>Aviva remains one of the leaders within the financial world and its policies are strong.</p> <p>Aviva has set ambitious net-zero targets by 2040. Aviva has made good progress on these ambitions over the last year, continued success may be very difficult without further policy changes from regulators and governments.</p> <p>https://www.aviva.com/sustainability/climate/</p>
<p>Aviva's financial strength and sustainability</p>	<p>Aviva plc is the largest life cover and pensions provider in the UK with 18.7 million customers. Aviva has more than £218bn of assets under management (as at 30 September 2023). Aon check Aviva's credit rating on a regular basis and continue to recommend Aviva as a pension provider to their clients.</p> <p>To find out more about what Aviva is doing to support Sustainable Development Goals and the governance they use to run their business, visit https://www.aviva.com/social-purpose</p>
<p>The security of your money and your data</p>	<p>The RNLI's IT Security Team checks each year that the channels used to send data and funds to Aviva are as secure as possible. This year's check was completed in June 2023.</p>

Other developments:

The Pension dashboard programme has a new deadline of 31 October 2026.

Aviva have launched a cost of living hub <https://www.aviva.co.uk/aviva-edit/campaigns/managing-your-money/>

Angela Rook

Chair, RNLI DC Pensions Governance Committee

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