

## VALUE FOR MEMBERS ASSESSMENT

Certain DC schemes with a scheme year end falling after 31 December 2021 must carry out a more detailed Value for Members (VfM) assessment and include the findings in the annual Chair's Statement and submit these findings as part of the Annual Scheme Return.

Schemes such as the Royal & Sun Alliance UK Pension Scheme 2002 that meet certain criteria are required to perform the detailed assessment. The criteria are detailed below:

- Less than £100 million total assets
- Operated for at least three years
- A scheme year-end that falls after 31 December 2021

The VfM assessment involves self-assessing the quality of the administration and governance with reference to seven key metrics and comparing the scheme's costs and charges, and net returns, against at least three other comparator schemes.

The three schemes which have been chosen to provide comparison against are Legal & General Master Trust, The People's Pension and Aviva Master Trust. The guidance requires that the scheme performing the assessment must have had discussions with at least one of the comparator scheme about transferring – were the scheme to wind up. The Trustees of the Royal & Sun Alliance UK Pension Scheme 2002 confirm that such a discussion has taken place.

## LEGAL & GENERAL MASTER TRUST

The L&G Master Trust is an authorised Master Trust which was selected for comparison purposes for the following reasons:

- the scheme assets are currently invested with LGIM and therefore it is possible to partially replicate the fund range currently used by the scheme
- given the existing relationship with LGIM, Legal & General could be a possible destination for Defined Contribution assets if the scheme was to wind up
- it is a different style of pension scheme.

## THE PEOPLE'S PENSION

The People's Pension is an authorised Master Trust which was selected for comparison purposes for the following reasons:

- it could be a potential option should the scheme wind up (will generally accept bulk transfer of assets from Defined Contribution schemes but possibly subject to an employer upfront fee – based on the relatively low level of average member fund value)
- Transparent charging structure and access to past performance data via analytical tools
- it is a different style of pension scheme.

# Royal & Sun Alliance UK Pension Scheme 2002

## **AVIVA MASTER TRUST**

The Aviva Master Trust is an authorised Master Trust which was selected for comparison purposes for the following reasons:

- Aviva were prepared to provide terms and could be an option if a decision were taken to transfer Defined Contribution assets from the scheme
- Easy access to past performance data via analytical tools
- it is a different style of pension scheme.

## **SOURCES OF COMPARISON DATA**

Comparisons should be made against information contained in published disclosures from comparators. It is noted that in some cases, equivalent disclosures from comparators may not be available. In such instances, Trustees may wish to request data from the providers, obtain data from other schemes (if available), or use commercially available information.

The following data has been used to perform the assessment of investment returns:

- RSA UK Pension Scheme data has been collated using the Financial Analytics Express analysis tool and information obtained from LGIM
- Legal & General Master Trust data has been obtained using the Financial Analytics Express analysis tool and information provided by Legal & General
- The People's Pension data has been obtained using the Financial Analytics Express analysis tool
- Aviva Master Trust data has been obtained using the Financial Analytics Express analysis tool and information provided by Aviva

The performance figures used for both the RSA UK Pension Scheme and the three comparators has been collated as at 31 December 2023.

## **INVESTMENT RETURNS**

As part of the VfM assessment, Trustees should compare the investment returns of funds offered through their scheme with funds offered through comparators. Trustees should place more weight on investment returns than on costs and charges.

Investment returns achieved by default funds should be given more weight than self-select funds.

Trustees should compare the returns of their default fund against comparison default funds. It is not necessary for each default to have a similar asset allocation.

Self-select funds should be compared with the nearest funds available from the comparison arrangements selected.

## Royal & Sun Alliance UK Pension Scheme 2002

Assessed	Good Performance	Poor Performance
Default/Single Fund	Majority of net returns are closely comparable with/better than the average for comparator funds	Majority of net returns are worse than the average for comparator funds
Overall Scheme	Net returns across a majority of funds offered by the scheme are closely comparable with/better than the average for comparator funds (whilst greater weight is given to the default fund)	Net returns across a majority of funds offered by the scheme are worse than the average for comparator funds (whilst greater weight is given to the default fund)

### PERFORMANCE COMPARISONS

The results of the investment performance comparisons are detailed below. Figures detailed are net average annualised performance to 31 December 2023. It was not possible to go back any further than this due to the commencement date of the funds included in the review.

Member aged 25 in 2023	1 Year	3 Years	5 Years	7 Years
RSA UK Pension Scheme 2002	8.51%	3.54%	6.07%	5.19%
Legal & General Master Trust	10.19%	4.36%	7.22%	6.06%
The People's Pension	11.04%	4.27%	7.46%	6.24%
Aviva Master Trust	11.56%	5.21%	7.78%	6.42%
Member aged 35 in 2023	1 Year	3 Years	5 Years	7 Years
RSA UK Pension Scheme 2002	8.51%	3.54%	6.07%	5.19%
Legal & General Master Trust	10.19%	4.36%	7.22%	6.06%
The People's Pension	11.04%	4.27%	7.46%	6.24%
Aviva Master Trust	11.56%	5.21%	7.78%	6.42%

# Royal & Sun Alliance UK Pension Scheme 2002

Member aged 45 in 2023	1 Year	3 Years	5 Years	7 Years
RSA UK Pension Scheme 2002	8.51%	3.54%	6.07%	5.19%
Legal & General Master Trust	10.19%	4.36%	7.22%	6.06%
The People's Pension	11.04%	4.27%	7.46%	6.24%
Aviva Master Trust	11.56%	5.21%	7.78%	6.42%
Member aged 55 in 2023	1 Year	3 Years	5 Years	7 Years
RSA UK Pension Scheme 2002	8.51%	3.54%	6.07%	5.19%
Legal & General Master Trust	10.19%	4.36%	7.22%	6.06%
The People's Pension	11.04%	4.27%	7.46%	6.24%
Aviva Master Trust	11.56%	5.21%	7.78%	6.42%

## CONCLUSION

When assessing the Investment Returns, the Trustees have taken account of the following:

- The scheme asset allocation as at 31<sup>st</sup> December 2023
- The availability of suitable comparable funds in the alternative products reviewed

Whilst the scheme investment returns have underperformed the comparable products over all periods reviewed, the Trustees are aware of the reasons for this.

- It has not been possible to fully replicate the scheme funds with those available in comparable schemes.
- Whilst the overall scheme returns have underperformed against the comparator schemes, the scheme's component holdings have all performed broadly in line with sector returns over the periods under review.
- The Scheme is a hybrid arrangement which provides a GMP underpin in respect of some of the members' benefits. The providers who quoted terms for the purposes of the VfM assessment are not able to replicate the current benefit structure. The Trustees view the GMP underpin as a valuable benefit and have taken account of this when considering whether the scheme provides value for members.

# Royal & Sun Alliance UK Pension Scheme 2002

For the purposes of the investment performance review, the scheme is deemed to provide Value for Members.

The Trustees will continue to review the investment strategy going forward.

## COSTS AND CHARGES

When assessing the Costs and Charges for VfM purposes, Trustees should consider the most up to date charges/transaction costs available on the scheme funds and those of the comparators.

When assessing VfM, total charges/transaction costs for the default arrangement should be given greater weight than those for self-select funds.

Good Performance	Poor Performance
<p>Costs and charges for the scheme are closely comparable with or lower than the average for comparator schemes</p> <p>Higher scheme costs and charges can be justified where substantially higher investment returns have been achieved</p>	<p>Costs and charges for the scheme are higher than those of the comparators, and no justification is provided</p>

The results of the costs and charges comparison is outlined in the table below.

Member aged 25 in 2023	TER	Transaction Costs	Total
RSA UK Pension Scheme 2002	0.28%	0.04%	0.32%
Legal & General Master Trust	0.49%	0.05%	0.54%
The People's Pension	0.50%	0.06%	0.56%
Aviva Master Trust	0.56%	0.09%	0.65%
Member aged 35 in 2023	TER	Transaction Costs	Total
RSA UK Pension Scheme 2002	0.28%	0.04%	0.32%
Legal & General Master Trust	0.49%	0.05%	0.54%
The People's Pension	0.50%	0.06%	0.56%

## Royal & Sun Alliance UK Pension Scheme 2002

Aviva Master Trust	0.56%	0.09%	0.65%
<b>Member aged 45 in 2023</b>	<b>TER</b>	<b>Transaction Costs</b>	<b>Total</b>
RSA UK Pension Scheme 2002	0.28%	0.04%	0.32%
Legal & General Master Trust	0.49%	0.05%	0.54%
The People's Pension	0.50%	0.06%	0.56%
Aviva Master Trust	0.56%	0.09%	0.65%
<b>Member aged 55 in 2023</b>	<b>TER</b>	<b>Transaction Costs</b>	<b>Total</b>
RSA UK Pension Scheme 2002	0.28%	0.04%	0.32%
Legal & General Master Trust	0.49%	0.05%	0.54%
The People's Pension	0.50%	0.06%	0.56%
Aviva Master Trust	0.56%	0.09%	0.65%

### CONCLUSION

The analysis confirms that the scheme costs and charges are lower than all three comparators. Therefore, for the purposes of the costs and charges review, the scheme is deemed to provide Value for Members.