

2017

# Abbey Life

## Independent Governance Committee

### March 2017 Report



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# 1. Introduction from Chair

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Welcome to this, our 2nd annual report to you, the workplace pension customers of Abbey Life. This report is relevant to you if you hold one of the following pension products through a workplace pension scheme:

- Abbey Life – Personal Pension Plan
- Hill Samuel Life – Private Income Bond
- Hill Samuel Life – Private Income Plan
- Target Life – Personal Pension Plan

## “We have built upon the foundation we described in last year’s report...”

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We have built upon the foundation we described in last year’s report – our first since we were set up in April 2015, to act solely in your interest, to review the value for money you are receiving from your workplace pension with Abbey Life.

We have undertaken the actions we said we would in last year’s report. The package of charge reductions that we agreed with Abbey Life in 2015 was implemented from 1<sup>st</sup> April 2016 and we are pleased that over 3,500 members, about one third of all the pension scheme members that are within the IGC’s scope of responsibility, have benefitted. This package remains in place, but will soon be replaced by an even better package for members.

We are delighted that Abbey Life has agreed to review the charges again and are aiming to ensure that any ongoing maintenance charge is no more than 1% per annum. At the time of writing, we are still discussing with Abbey Life how they can achieve this and exactly what it will mean for each pension pot within our scope. This will be our key area of focus in 2017, particularly working with Abbey Life to ensure it is implemented as soon as possible. We regard this as a very significant move by Abbey Life which, combined with all of the other improvements we mention in this report, represents a “step change” in the value for money for many members of these Abbey Life workplace pension schemes.

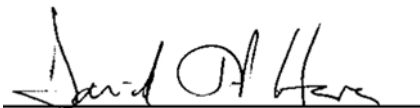
In addition to continuing to monitor the value for money that you receive from Abbey Life in respect of your pension pot, we have given special emphasis to the areas mentioned in last year’s report where we planned particular focus. We believe we have made good progress on your behalf in these areas and have set out below a summary of our activity and our views under six main headings:

- a) Listening to you
- b) Reducing charges for you
- c) Investment performance
- d) Customer communications
- e) Customer service
- f) Transaction costs and how they affect you

We have also kept a close eye on the developments around Abbey Life's change of parent company, following its sale to Phoenix at the start of 2017. Since the acquisition, we have had a number of very helpful discussions with representatives of the new owner and we are confident that the takeover will not hold back our work on your behalf, or adversely affect the value for money you get from Abbey Life.

We hope you find this report an easy and worthwhile read. We would be very pleased to hear what you think – of this report, of the priorities we have set for our work on your behalf or of any aspect of the value for money you receive from Abbey Life.

If you would like to get in touch, you can contact us via the [IGC section](#) of the Abbey Life website, by telephone by calling 0345 600 5405 or by writing to us at Independent Governance Committee, Abbey Life Assurance Company Limited, 100 Holdenhurst Road, Bournemouth, Dorset BH8 8AL.



Dr. David Hare (Chair of the IGC)

31<sup>st</sup> March 2017

## 2. Executive Summary

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### Who are the IGC and what is our role?

The Abbey Life Independent Governance Committee (IGC) was set up in April 2015, in response to regulations from the Financial Conduct Authority (FCA), the UK regulatory body that oversees how financial services providers treat their customers.

### “Our role is to act solely in the interests of the members...”

Our role is to act solely in the interests of the members of the workplace pension schemes using the Abbey Life products listed above and to assess the ongoing value for money they are receiving from their pension pot with Abbey Life. We have Terms of Reference (ToR) that set out our obligations on your behalf, and you can find this on the [IGC section](#) of the Abbey Life website.

The IGC had five members during the period covered by this report: John Burgum, Mike Christophers, David Hare (Chair), Andrew Peck and Andy Thorn. As you can see from our [biographies](#), together we have extensive experience in financial services – collectively in excess of 150 years.

Mike Christophers, David Hare and Andrew Peck are totally independent of Abbey Life, although remunerated by Abbey Life for IGC work. John Burgum and Andy Thorn are employed by Abbey Life, but have been asked to be members of the IGC with the clear acknowledgement by Abbey Life that, as IGC members, they will act solely in the interests of the relevant members as required by the ToR and FCA rules. Our continuing independence is of great importance to us and so, at every meeting, we are required to disclose anything that might compromise our independence or that could affect our sole focus on your interests.

### Who do we represent?

The contract-based workplace pension schemes that are the focus of the IGC comprise schemes from 3 different providers, all of whom are now part of Abbey Life. Each scheme has been closed to new members for many years and, as the table below shows, a large proportion of members are no longer paying into their Abbey Life pensions (mainly, we suspect, because they have changed employer and now contribute to a different pension arrangement or have ceased employment).

## Membership numbers and total pension pots

Provider of pension plan	Number of Members		Total size of pension pots
	Premium paying	Premiums stopped	
Abbey Life Assurance	453	9541	£245.1m
Target Life Assurance	10	20	£0.8m
Hill Samuel Life	49	52	£7.2m
<b>Total</b>	<b>512</b>	<b>9613</b>	<b>£253.1m</b>

The average pension pot size across the 10,125 members within our scope is around £25,000. However, a large proportion of pension pots are significantly smaller than this – indeed, just over 10% of members have pots less than £1,000. Most of the aspects of value for money that we monitor do not depend on pension pot size. However, some do, as we explain further below.

It is important to emphasise, however, that all 10,125 members are equally important to your IGC. We do not prioritise one group of members above another. We act for you all.

### What have we done?

We have analysed the value for money you are receiving from your Abbey Life pension pot and raised a number of issues with Abbey Life where we felt they needed to improve things for you. Value for money is not just about the financial return you receive for the premiums you have paid, but includes the quality of what you get in return. Thus, we have assessed value for money by looking at:

- All the charges that impact your pension pot
- The investment choices you have and the performance of the funds you invest in
- The customer service you receive if you contact Abbey Life
- The quality of the communications about your pension pot that Abbey Life sends you or otherwise makes available to you

In our report last year (available [here](#) ), we described our concerns over the level of charges many of you were paying, and what Abbey Life had agreed to do about the situation, both in the short term and the longer-term. We also described other concerns that we had raised with Abbey Life, regarding some aspects of investment performance and costs, levels of customer service and customer communications.

This year we have monitored Abbey Life's progress in addressing these concerns. Generally, we are pleased with the improvements put in place for you, which we describe in more detail under the next sub-heading.

### What have we achieved for members so far?

The charge reductions that we agreed with Abbey Life at the end of 2015 were implemented with effect from 1<sup>st</sup> April 2016. As a result, over 3,500 out of the 10,000 members we represent have seen a reduction in the impact of charges on their pension pot.

We have continued to discuss the level of charges with Abbey Life and are very pleased that they have now agreed to review charges again and are aiming to ensure that any ongoing maintenance charge is no more than 1% per annum. At the time of writing, we are still discussing with Abbey Life how they can achieve this and exactly what it means for each pension pot within our scope. This will be our key area of focus in 2017, particularly working with Abbey Life to ensure it is implemented as soon as possible. In the meantime, we are pleased that Abbey Life has agreed to continue to apply the current charge concessions whilst this longer-term solution is finalised.

We have also been stressing to Abbey Life the need to continue with improvements in their written communications with you. Abbey Life had already recognised the issue and had already initiated a major project to review and improve the way they communicate with customers. Changes have already been made to annual statements, which we welcome. We have also reviewed proposed additional communication around investment fund performance and are pleased to note that these are available now on the Abbey Life website. The IGC looks forward to other planned improvements being implemented soon.

At the time of writing last year's report, response times in some areas of customer service were causing concern, with Abbey Life consistently failing to meet some of the service level targets that it had set. We have monitored service levels closely, along with the steps Abbey Life have been taking to address the issues, and are very pleased that service response times are now back within the targets set.

## What more needs to be done?

We have an ongoing responsibility to keep under review the value for money you are receiving from your pension pot, and we will continue to do this, monitoring relevant management information and digging deeper into areas as appropriate.

One area that we continue to focus on is investment performance and the associated costs. As we describe below, we are not content with some aspects of what Abbey Life is delivering for you and are encouraging Abbey Life to make appropriate improvements.

It is also important that the further charge reductions agreed with Abbey Life are implemented as soon as possible. The same is true of improvements in communications. We will continue to monitor Abbey Life's progress in these various areas and intervene on your behalf if we feel that progress is slower than would be reasonably expected.

If there are any other areas where you feel we should be focusing, please let us know.

## 3. Listening to you

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### "Your views are important to us..."

Your views are important to us – after all, we exist to work on your behalf. As mentioned above, we can be contacted via the Abbey Life website, by telephone or by mail.

In addition, Abbey Life has tried a number of ways of gathering feedback from you:

- For most of last year, a questionnaire was included in your Abbey Life annual statement which asked for your views about different aspects of your pension pot and Abbey Life's performance
- Abbey Life contacted a number of employers who sponsor pension schemes within the IGC's scope
- Abbey Life is currently asking a number of you to carry out an in-depth telephone survey to assess directly your views and experiences regarding your pension pot with Abbey Life

We are grateful to those members who returned an annual statement questionnaire and found the responses very helpful.



There was a wide range of views submitted. Some members seemed quite happy with what they were getting from Abbey Life, while others had specific complaints to make. These comments were helpful to us in illustrating the range of experiences that some of you are having.

Whilst some members who responded had no strong views on the communications Abbey Life sends them, others made comments which were very supportive of your IGC's efforts to improve the quality and content of the information you receive. One respondent put it particularly clearly when they said "Need to have clearer information that the normal person can easily understand". Abbey Life is already in the course of a full review of its customer documentation and we will continue to emphasise the importance of clear, comprehensive and easily understood customer documentation and will give detailed comments on the documents, where appropriate.

Our interaction with employers has also been helpful in demonstrating what additional support some of them have put in place for pension scheme members. We have been pleased to hear that some of you have access to financial advisors through your employer. However, we recognize that this will not be true for all of you, especially those of you who have changed employers since your Abbey Life pension pot was started. While we recognize that having access to clearer information is not the same as having financial advice, these insights have encouraged us to continue putting pressure on Abbey Life to continue with its communication improvements.

We are looking forward to seeing the results of the in-depth telephone survey that Abbey Life is currently undertaking for us, and would encourage you to take part if you are asked. We were sorry not to get more of the annual statement questionnaires returned and are hoping that a telephone survey will be more convenient for many of you. Many thanks in anticipation!

Other IGCs and pension providers have also been gathering feedback on what customers value from their pension pots and what they think of the performance of their respective pension providers. We keep abreast of what information becomes available across the market and, so far, are finding it consistent with what Abbey Life (and its new owner, Phoenix Life) have found out. This information is helpful in highlighting areas that we should prioritise in our value for money assessment. If you have particular views that you would like us to take on board, please let us know.

## 4. Reducing charges for you

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One of the main achievements of our first year's activity was to agree a package of charge reductions with Abbey Life, to address some immediate value for money concerns that we had. We set out some of the details of the package agreed in our [previous annual report](#).

By way of summary, the package was developed in order to limit the impact of charges to the equivalent of the annual rates of charges in the following table:

<b>Transfer Value Band</b>	<b>Cap on impact of charges</b>
£0 - £1000	3.00% pa
£1000 - £5000	1.5% pa
£5000 - £10000	1.25% pa
£10000 +	1.00% pa

The concessions were implemented with effect from 1<sup>st</sup> April 2016 and, so far, over 3,500 members (over one third of the 10,000 members we focus on) have benefitted from these charge reductions.

Since we agreed this package, two things have changed in the marketplace:

- The FCA has introduced a cap on charges that apply on transfers out from the sort of workplace pension scheme you are a member of. The cap has been set at 1% of pension pot size and is to apply to transfers of members aged 55 or over from 31st March 2017
- The range of products available in the market to transfer into for people with only a relatively small pension pot has increased during the past year

Both of these developments have implications for what good value for money looks like and have influenced our continuing discussions with, and challenging of, Abbey Life on your behalf.

We are very pleased to confirm that Abbey Life have agreed to review charges again, particularly for the smaller pots, and we are working with them to understand exactly what that will mean for each of your pension pots.

When finalised and implemented, we expect that the outcome of the review will result in an improvement in value for money for pension pots of less than £10,000 and will reflect the increase in market alternatives that those of you with smaller pots now have compared to what we found last year. At that time, we felt that a cap of 3% on the impact of ongoing charges for the smallest pension pots was not unreasonable, given the alternatives then available. Given the changes in the market since, we informed Abbey Life that we were no longer comfortable with such a level of cap.

These new changes are likely to represent a very significant reduction in charges by Abbey Life. We are keen that the extended package of changes is finalised and implemented as soon as possible and, on your behalf, will be monitoring closely Abbey Life's progress in doing so.

## 5. Investment performance

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The performance of the assets in which your pension pot is invested is an important part of the value for money that you receive. The range of investments available to you to choose from, and how clearly they are explained, are also important considerations.

We have, as last year, considered:

- The range of investment choices available under the different Abbey Life workplace pension schemes listed at the start of this report
- Abbey Life's processes for monitoring the performance of these investment funds (all of which continue to be managed externally by a third party)
- The costs and expenses charged to each of the investment funds and in particular the "transaction costs" (see later, in section 8, for more discussion on this) incurred within these funds

Additionally, this year, we have considered:

- The descriptions and information available to you on Abbey Life's website regarding these different funds
- The impact of BREXIT on the Abbey Pension Property Fund
- The performance of the investment funds over both the recent past and the longer term

We have concluded that:

- The range of investment choices available to you remains reasonable, whilst still being more limited than some other insurance companies
- Abbey Life's processes for monitoring the performance of the various investment funds remain appropriate and, as commented upon below, the performance of these funds has generally improved
- The costs and charges remain reasonable as far as the greater part of the investment funds are concerned (the charges within the funds are covered under the section below on transaction costs)
- We have agreed with Abbey Life that the information on the funds shown on the [website](#) could be enhanced and are pleased to note that this has happened

One result of the BREXIT vote in 2016 was a dramatic impact on the UK commercial property market, with a number of investment funds in that sector suspending trading for a time and significantly reducing unit prices in anticipation of large withdrawals. The external investment manager who manages the Abbey Pension Property Fund was one of those that suspended trading. While we had no reason to think that the fund manager's actions were inappropriate, we were keen to find out if any workplace pension scheme members within our scope had been affected.

We were glad to discover, however, that no member of Abbey Life’s workplace pension schemes had asked Abbey Life to take any action which would have changed any interest in the Property Fund during the period of suspension.

## Investment performance

The following section sets out our analysis of the performance of investment funds which together manage 98% of the pension pots for the members we focus on. Different funds are available, depending on which historic provider your pension scheme was originally set up with – hence the three different sub-sections below.

The tables show the relative performance of those funds compared with similar funds from other pension providers. The percentage increase in each fund’s unit price is compared with increases in the other companies’ fund prices. Those funds with performance in the top quarter (or 25% - also known as a “quartile”) by number of all relevant funds are ranked 1, the next 25% 2, the next 25% 3 and the lowest (worst) performing funds 4. Thus, all funds in quartile 2 or 1 have performed over the relevant period at least as well as the middle ranking (or “median”) fund.

### Abbey Life Funds:

The number in the tables shows the quartile ranking of the fund (this is explained above).

Abbey Pension:	Over 1 year:	Over 2 years:	Over 3 years:
<b>Managed Fund</b>	2	1	2
<b>International Fund</b>	2	2	2
<b>Security Fund</b>	2	2	2
<b>Ethical Fund</b>	2	3	3
<b>Property Fund</b>	4	3	3

We have also looked at the performance of the two main funds (Managed and International) over 20 years. Over this period, the Managed Fund has achieved a cumulative return of 5.33% per annum, falling behind the median of similar insurance companies’ funds (5.69%), and the International Fund, which has achieved a return of 5.35% pa, has been behind the median (6.06%) but by rather more so. It is in the context of these results that we continue to express our view to Abbey Life to remain diligent in pursuing with the fund manager the continued enhanced performance that has been shown over the past 3 years.

## Hill Samuel Funds

Hill Samuel Pension:    Over 1 year:    Over 2 years:    Over 3 years:

<b>Managed Fund</b>	2	2	2
<b>International Fund</b>	2	4	4
<b>Property Fund</b>	4	4	4

The performance of the Hill Samuel main funds is shown above. The Managed Fund over 20 years has achieved a return of 5.56% per annum – almost exactly the same as the median fund, whereas the International Fund has lagged seriously behind at 4.23% per annum (compared with median return of 6.06%), only improving over the past year.

## Target Life Fund

Target Managed Fund:    Over 1 year:    Over 2 years:    Over 3 years:

<b>Managed Fund</b>	2	2	2
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The performance of the main Target Life fund has been acceptable over more recent periods. Over 20 years, however, the fund achieved a return of 5.28% per annum compared to the median return of 5.69%.

## Conclusion

The main funds that we consider have not achieved an acceptable level of performance in recent years are thus the Abbey Life Ethical Fund and the Hill Samuel International Fund – both small funds with only a few members with their pension pots invested in them - and the Abbey Life and Hill Samuel Property Funds. We are actively discussing with Abbey Life how they propose to achieve an improved outcome for customers invested in these funds.

## 6. Customer communications

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We noted in our report for last year that there was more to be done in relation to communications to customers and that we would continue to monitor the progress of Abbey Life in this area. We have, therefore, continued to review the way in which Abbey Life keeps you up-to date. In particular, we have focused on two topics:

- Abbey Life's programme of reviewing customer communications to improve the quality and relevance of the information it gives to you

- Abbey Life's efforts to reduce the significant number of customers with whom, over the years, the provider has lost contact (and who, therefore, have not been receiving annual statements or any other communications from Abbey Life)

## Customer communications

During the year, we have been monitoring Abbey Life's review of its core customer documentation. In a number of instances, we have been able to make comments on revised documents and have been pleased at Abbey Life's receptiveness to our suggestions.

A significant number of documents have been reviewed and are now in use for customers, including the new annual pension statement. This process also ensures that Abbey Life's documents are updated to take account of changes to pensions regulation, so that pension scheme members have all the necessary information (and, where appropriate, risk warnings) to enable them to make informed decisions about their pensions.

## Customer tracing

Our second principal area of focus has been to monitor Abbey Life's efforts to re-establish contact with the large number of customers whose current contact details are not held by Abbey Life. Over the years, Abbey Life has lost contact with these customers because it has not been given new contact information after, for example, customers have moved house or changed job. The number of customers affected has been a concern to the IGC, and we have actively supported Abbey Life's ongoing programme to reengage with those customers it had previously lost contact with.

Abbey Life is now in the process of implementing a new system using new electronic tracing tools and a new contractor, supported by an online verification process (accessible through the Abbey Life website) which it hopes will significantly improve the number of customers whose current contact details are held by the Company. There are already indications that the new procedures are having a beneficial impact.

## Digital communications

Abbey Life has also been looking at enhancements to its website. This has not yet achieved as much as we would have wished, in terms of providing better digital communication between the Company and you, its customers. However, the IGC acknowledges that steps are being taken to improve the quality of information available to customers, and more information on the funds in which you can invest has recently been added to the website. We will be continuing discussions with Abbey Life in the current year to see how this can be enhanced further.

## Conclusion

We are satisfied that, although work remains to be done in continuing the programmes for reviewing customer documents and for tracing customers, Abbey Life has appropriate processes in place which are improving your value for money in relation to its communications to you and which should continue to do so in the future.

Nevertheless, your IGC will keep monitoring Abbey Life’s communications with a view to ensuring that the clarity and timeliness of those communications continues to improve. In addition, we will be encouraging Abbey Life to improve the quality of information available to you on its website, as well expanding the ability of customers to interact with Abbey Life via the internet.

## 7. Customer service

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### “We recognise the importance of customer service...”

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We recognise the importance of customer service and, throughout 2016, have reviewed service levels in order to be satisfied that, each time you engage with Abbey Life, and through whatever route (in writing, via the website or the contact centre), the service you receive is to an appropriate standard. Where it appears that service levels are not being maintained, we have monitored the actions taken by Abbey Life to improve them and challenged the effectiveness of these actions when we have felt it necessary to do so.

Throughout the period we have continued to assess:

- How Abbey Life engages with you and the service and the responses provided when you contact Abbey Life
- The targets that Abbey Life has set for service standards (e.g. the time it expects to take to respond to an enquiry or to pay benefits to you) and whether, when these are met, they ensure an acceptable level of service for you
- Abbey Life’s processes for dealing with complaints and whether there are new or emerging themes that require process improvements to be made

On the whole, we are satisfied with the progress Abbey Life has made over the last year, as the following commentary explains:

From a services perspective, we have monitored the implementation of the plan established in 2015 to improve service delivery and have assessed how effective it has been improving standards. We are pleased to report that:

Written/ Website related  
engagement

- Written/Website related engagement – standards set for quality and delivery have been consistently achieved (and, in some cases, exceeded) throughout 2016 and this reflects a clear improvement when compared to the results achieved during 2015.

## Contact Centre engagement

- Contact Centre engagement – Abbey Life has expanded the size of its contact centre considerably. This has helped ensure service standards improve and these standards have now been achieved for 6 consecutive months from July 2016.

Although individual service measures are in place and are now being consistently achieved, we have questioned whether these measures in isolation will consistently lead to good outcomes for pension scheme members. For example, if any step in the process is not fully effective, resulting in repeated contact with the customer or their adviser, then the process could be extended to the detriment of the overall quality or timeliness of the service to the customer, even if each individual service standard in the process has been met (in other words, that the “end-to-end” process of an action for the customer has a satisfactory outcome).

We are, therefore, keen to see information produced for us on a regular basis for each of the main events which trigger an engagement with Abbey Life’s customers (such as taking your retirement benefits or making a claim on death) that measures the outcome from the customer’s perspective of the entire process of dealing with the event. The information that we have seen to date has confirmed that, for some interactions, the end-to-end time taken compares well with others in the industry. However, for other end-to-end processes, we believe improvements can and should be made.

In relation to complaints, we are pleased to note that service levels have now been re-established in respect of quality and speed of complaint handling. We asked Abbey Life to investigate the treatment of complaints that came from pension scheme members within our scope. Abbey Life reviewed every concluded complaint which was related to a relevant pension policy and which was received between 1<sup>st</sup> January 2015 and 10<sup>th</sup> November 2016. Out of 97 complaints, 39 were upheld (found in the customers’ favour) during the period. Of those upheld, the vast majority (28) related to delay or poor customer service.

It is our expectation that the core improvements made re-establishing the service standards will have addressed the main reason customers previously had cause to complain, but we will check for you in due course.

## 8. Transaction costs and how they affect you

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The area of transaction costs (which are the costs of buying and selling individual investments) is very topical at the moment. There is a concern that there is not enough visibility to savers of the costs of investment dealing that are being incurred on their behalf, and this has led to a fear that, in some cases, savers might be paying too much.



Your IGC is very alert to these issues, and we are pleased that Abbey Life is too.

Of the pension funds available to members within the IGC's scope, 38% is invested through investment vehicles (called "unit trusts") that already have an obligation to publish transaction cost information (covering what are known as "direct costs", comprising things like stamp duty, which is the tax payable on investment purchases, and the fees paid to the brokers that do the buying and selling). We have reviewed the latest published information carefully, and also compared it to the equivalent figures last year. We have paid particular attention to the funds we highlighted last year as having higher transaction costs than we would have expected, including the Abbey Life Ethical fund and the Property fund.

The analysis completed so far suggests that, for most funds, transaction costs were lower over the last 12 month period than in the previous year. We were particularly pleased to see that the direct transaction costs for the two Abbey Life funds mentioned above were significantly lower this year than last, with the figure for the Ethical Fund falling from 0.41% to 0.07% and the figure for the Property Fund falling from 2.27% to 0.54%. (To put this into context, for every £1000 of pension pot money invested in the Ethical Fund, direct transaction costs would have used up 70p of the investment return achieved by the fund managers; for the Property Fund, direct transaction costs would have used up £5.40 of the return achieved.)

The other 62% of funds are not invested through unit trusts and the transaction cost data is not currently published. Nevertheless, your IGC has pushed for Abbey Life to obtain the relevant figures and we await the latest results with interest. Once these are available, we will publish details of what we have received and our conclusions on the [IGC section](#) of the Abbey Life website.

While recognising that it only affects a proportion of the funds within our scope, your IGC is pressing for more transparency over the transaction costs that are not currently published. This is something which the FCA is also keen to see too, and have recently been consulting on what obligation should be placed on fund managers to supply the relevant information to bodies like IGCs. We support most of the FCA's proposals in this regard and look forward to the publication of the FCA's conclusions as this will make it much easier for us to review the transaction costs of the funds your pension pot is invested in.

The Investment Association (the trade body that represents many of the UK's fund managers) is currently developing a standardised template to be used for the reporting of transaction costs. The project is supported by an Independent Project Board of which your IGC chair is a member, and we are working on your behalf to make sure that the template and the information that it will contain covers all that is needed for monitoring this aspect of your value for money.

## 9. Value for Money assessment now

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In light of what we have reported above, we have concluded that, so long as Abbey Life implements the additional charge reductions mentioned above soon, and continues to maintain the progress being made on investment performance, customer communications and customer service, the Abbey Life workplace pension schemes within our focus represent reasonable value for money in the current environment and would not appear to be out of line with similar schemes from other pension providers.

## 10. Plans for 2017

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We will continue to keep under review all aspects of the value for money you are receiving from your pension pot, monitoring relevant management information and digging deeper into areas as appropriate.

As noted above, however, there are a number of areas to which we will be giving particular focus over the next year, including:

- Investment performance and the associated costs – we are not content with some aspects of what Abbey Life is delivering for you and are encouraging them to make appropriate improvements
- Pension pot charges – now that we have agreed a further package of charge reductions, we will be keen to see them implemented as soon as possible
- Communication improvements – we will continue to encourage Abbey Life to embrace the digital age when it comes to customer communications and service
- Customer service – we will continue to review and challenge service levels to ensure they result in good customer outcomes. We will also pursue the establishment of end to end service levels to again improve the speed of engagement at key times (like switching funds, or taking your benefits)

In addition, we are very conscious that, from 1<sup>st</sup> January 2017, Abbey Life was acquired by Phoenix, an insurance provider that specialises in running off existing portfolios of insurance and pensions business like the Abbey Life pension schemes. We are discussing with the new owner how best to continue the momentum of progress that has been built up over the last two years. Should there be any changes in IGC arrangements as a consequence, we will let you know via our website page. If there are any other areas where you feel we should be focusing, please let us know. We are always pleased to hear from members.