



# Chair's Annual Report

The PTL Governance  
Advisory Arrangement ('GAA')

April 2019

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## 1

## Introduction and Executive Summary



This report on the workplace personal pension plans provided by Curtis Banks has been prepared by the Chair of the PTL Governance Advisory Arrangement ('the GAA'). It is our fourth annual report.

This report sets out our assessment of the value for money delivered to members (see [Sections 2 and 3](#)). It also explains the background and credentials of the GAA (see [Appendix 3](#)). The GAA works under Terms of Reference, agreed with Curtis Banks, dated 25 November 2015. These are publicly available (see [Appendix 3](#)).

The workplace personal pension plans provided by Curtis Banks are Group Self Invested Personal Pension Plans (SIPPs). More details about the numbers of members and their funds are shown in [Appendix 1](#).

The GAA believes that deciding what represents 'value for money' is subjective and that value for money will mean different things to different people. We think value for money can be judged by looking at the balance of the costs paid by members to the Group SIPP provider against the benefits and services provided from their pension arrangement, together with appropriate comparisons from other similar providers

The GAA has assessed the aspects of value for money which are practical to apply to Group SIPP Providers. The GAA requirements are relevant because Group SIPPS are classified as workplace pensions, although the same requirements do not apply to individual SIPPs. The GAA has highlighted this issue to the FCA. The assessment encompasses the charges, communications, administration, processes, reviews, admissibility and other aspects controlled by Curtis Banks. However, it does not include the elements provided by the Independent Financial Advisers (IFAs), or employers (including investment matters and charges) not controlled by Curtis Banks.

We have also considered the extent to which Curtis Banks has checked that members are either sophisticated or qualified investors, as defined by the FCA, or have been advised by a qualified and authorised Independent Financial Advisor.













To the extent that members are neither sophisticated/qualified investors nor advised, we have considered the investment fund processes as for other workplace pension providers. Curtis Banks has put a process in place to review default funds for schemes where there are members who are neither sophisticated/qualified investors nor advised, and offers an individual annual review service for non-advised members, which is available to Group SIPP members for an additional fee. The scheme review process is being extended to all funds of schemes without advisers, except where it is known that all members are sophisticated/qualified investors.

**The GAA's opinion is that, in the context of protecting members of workplace pension schemes, the aspects of the SIPPs provided or controlled by Curtis Banks provide reasonable to good value for money. Curtis Banks has taken steps to check the advised or sophisticated/qualified investor status of members. This process is complete, with unadvised non-responders now assumed to not be sophisticated or qualified investors. In addition, where there is no adviser, Curtis Banks is providing a review of investments.**

In previous years, we have noted a small number of cases where the charges may be high in percentage terms, because the member has a small fund. In these schemes, the member is at risk of poor value and we have raised these cases with Curtis Banks. Curtis Banks has explained the reasons why these schemes have small funds, which in some cases are unlikely to be added to. Curtis Banks has written to all the individual members concerned to draw their attention to the charges and to recommend that they take financial advice and consider whether a SIPP remains an appropriate vehicle for them. We understand there has been minimal response from the affected members. We have not identified any further such cases this year.

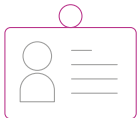
See [Section 3](#) and [Appendix 2](#) for more details of the value for money assessment.

A colour-coded summary of our value for money assessment is shown below:

Good ←      → Poor	Grouped Personal Pensions
Investments: 'Advised' or 'sophisticated' policyholders	
Communications and support	
Risk management: operational and financial	
Other factors: administration, options at retirement, etc.	
Overall benefit	
Level of charges	
<b>Overall value for money assessment</b>	

During the year we have raised concerns with Curtis Banks regarding the level of charges for a small number of members who are at risk of poor value for money. We have also discussed in detail their processes for ensuring that members have continued access to advice, and the role of Curtis Banks in reviewing investments where there is no adviser involved.

Arrangements have been put in place to ensure that the views of the members can be directly represented to the GAA (see [Section 4.3](#)).



If you are a member and have any questions, require any further information or wish to make any representation to the GAA you should contact:

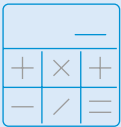
#### **Client Relationship Department**

Curtis Banks  
3 Temple Quay  
Bristol, BS1 6DZ

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## 2

## Value for money assessment framework for SIPP<sub>s</sub>



The GAA has developed a framework for assessing value for money. In broad terms, the benefits offered to members by the workplace pension provider are assessed in three different areas. These areas are Investment, Member Communications and Support and Additional Factors.

For group SIPP providers the vast majority of members are either advised by a suitably qualified and authorised Independent Financial Advisor or are 'sophisticated investors' as defined by the FCA (see below). Therefore, for these providers, such as Curtis Banks, the investment aspects of the framework become an assessment of the process by which the provider ascertains that members are advised or are 'sophisticated investors.' It becomes a wider assessment if there are members who are neither.

The assessment of the benefits as a whole is then balanced against the provider charges borne by members to reach an overall conclusion on value for money.

### Investment aspects

The FCA has prescribed five specific features that the GAA must assess and these have been built into the framework described above. However, some of these do not directly apply in the SIPP environment for individual SIPPS, and are relevant to the GAA due to the classification of Group SIPPS as workplace pensions. In isolation, the SIPP regulations do not require that providers consider these aspects. The GAA has highlighted this issue to the FCA. We explain this below.

The FCA requires the GAA to assess:

- » "whether default investment strategies are designed and executed in the interests of relevant policyholders"
- » "whether default investment strategies have clear statements of aims and objectives"
- » "whether the characteristics and net performance of investment strategies are regularly reviewed by the firm to ensure alignment with the interests of relevant policyholders and that the firm takes action to make any necessary changes."

Under the rules of a SIPP, the member directs the investment strategy, and is usually guided by their Independent Financial Adviser who will suggest strategies and put arrangements in place in conjunction with fund managers or investment platforms to implement those strategies. The SIPP provider has no active role in this. Its role is limited to the administration, except that it is expected by the FCA to act as a 'gatekeeper', for instance by carrying out due diligence on members' advisers and on non-standard investments, monitoring adviser activity in terms of excessive charging and monitoring for unsuitable clients for the SIPP environment (such as those with low fund sizes or who appear to be unsophisticated investors).

The SIPP provider does not have a role in designing or managing investment strategies nor in setting their aims and objectives. These roles are fulfilled for a SIPP by the member under the guidance of their adviser or very occasionally by the employer. In some cases SIPP policyholders choose this type of pension because they are 'certified high net worth' or 'sophisticated' investors as defined in FCA Handbook COBS 4.12.6/7/8 R.

<https://www.handbook.fca.org.uk/handbook/COBS/4/12.html#DES582>

In these cases the provider is safe to assume that the member is able to design the strategy and evaluate whether they are obtaining value for money over time from their investments.

For unsophisticated or non-advised members the provider should undertake some form of review of the characteristics and performance of the investment strategies, and we are able to assess this process. However, by their nature, SIPPs can invest in 'non-standard' assets such as the unquoted shares or business premises of the employer. In such cases, the provider will review investment but it is also likely that the member themselves will be much better placed to obtain information on, and understand the characteristics and net performance of, such strategies.

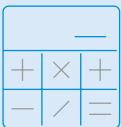
The provider is, however, unable in practice to take action to make any necessary changes, because as described, it has no role in setting or managing investment strategies. The provider is able to raise concerns but cannot require action to be taken.

Group SIPPs generally do not have default funds in operation because each policyholder is choosing their own investments. Some group SIPPs have the same investment for each person, but each person has chosen the investment. Curtis Banks has identified the schemes where there is a genuine default fund (rather than a fund that has been independently chosen by a majority of the policyholder).

**Accordingly, the GAA has not assessed the provider in relation to the first two areas in the table above unless any default funds are present. Our assessment has therefore started with a review of the process and outcome of the work done by Curtis Banks to establish which members are receiving ongoing advice from an independent financial adviser, or can evidence that they are 'certified high net worth' or 'sophisticated investors'. As this work has identified a number of cases where this does not apply, we have also looked at the investment review process undertaken by Curtis Banks. This review applies to both default funds and other funds.**

## 3

## Value for money assessment



The GAA has assessed the value for money delivered by Curtis Banks to its workplace personal pension policyholders by looking at cost versus benefits. More detail about how we have done this is set out in Appendix 2.

### Key highlights of our assessment:

- » The GAA has evaluated Curtis Banks using the value for money assessment framework for Group SIPPs.
- » Communications are generally good, and regular communications include a newsletter from time to time as well as the annual review pack.
- » Members can have access to an online portal to see asset values and transactions.
- » Administration is of a good standard.
- » The range of compliance checks is extensive.
- » Charges are generally levied in monetary amounts, with a wide range depending on the complexity of the underlying investments, the degree of automation of the interface between the policyholder and the provider and investment platform and any discounts applied to reflect the economies of scale of grouping policies for people working at the same employer.
- » It has been difficult to obtain any meaningful data on transaction costs for the underlying investment funds, which we believe is primarily because the managers of the funds typically used would not be aware that they are being used for workplace pensions.
- » The GAA focused on ensuring that the majority of members were advised or did not need advice because they understood the proposition.
- » We have also been able to evaluate the support provided by Curtis Banks to non-advised members and found this to be good, subject to the constraint that Curtis Banks has no power to make any changes to the investment strategy or choice of funds used to implement it.



## Overall assessment of value for money

The annual product fee is generally either 0.25% or 0.3% or is expressed in monetary terms and a range of different fees applies (from £78 to £655 per annum), depending on factors specific to each scheme. The higher fees apply to schemes which were not sold or established as workplace pension schemes but where two or more employees use the scheme, which means that they fall within the GAA's remit. Where fees apply in monetary terms, individuals with smaller funds pay a higher percentage charge, but Curtis Banks believes this is fair because the work involved on their part does not depend on the size of the fund. Hence value for money varies according to fund size if considered in percentage terms.

The GAA has assessed the aspects of value for money which are practical to apply to Group SIPP Providers. This encompasses the charges, communications, administration, processes, reviews, admissibility and other aspects controlled by Curtis Banks. However, it does not include the elements provided by the Independent Financial Advisers, or employers (including investment matters and charges) not controlled by Curtis Banks.

We have considered the extent to which the Provider has checked that members are either sophisticated investors, as defined by the FCA, or have been and continue to be advised by a qualified and authorised Independent Financial Advisor. This process is now complete for all employers, and in cases where there has been no response from a member of an unadvised scheme, it is assumed that they are not a sophisticated or qualified investor.

To the extent that members are neither sophisticated investors nor advised, we have considered the investment review process provided by Curtis Banks.

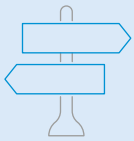
**The GAA's opinion is that, in the context of protecting members of workplace pension schemes, the aspects of the SIPPs provided or controlled by Curtis Banks provide reasonable to good value for money.**

Curtis Banks has taken steps to check the advised or sophisticated/qualified investor status of members. This process is complete and has identified a number of schemes where there is no Independent Financial Adviser and the members cannot be deemed to be sophisticated investors.

Again this year we have noted a small number of cases where the charges may be high in percentage terms, because the member has a small fund. In these schemes, the member is at risk of poor value and we have raised these cases with Curtis Banks. Curtis Banks has explained the reasons why some workplace schemes have small funds, which in some cases are unlikely to be added to. In other cases, the schemes were not sold or established as workplace schemes, but fall within the GAA's remit because two or more employees have chosen the same SIPP and pay contributions via payroll. Curtis Banks has written to all the individual members concerned to draw their attention to the charges and to recommend that they take financial advice and consider whether a SIPP remains an appropriate vehicle for them. We understand there has been minimal response from the affected members.

## 4

## GAA activity and regulatory matters



This section describes the work that the GAA has done over the year and also covers the other matters which we are required to include in our annual report.

### 4.1 GAA actions this year

We prepared and issued a request for data on all the relevant workplace pension policies on 31 May 2018.

On 10 October 2018, members of the GAA met with Curtis Banks staff from the administration and finance and compliance teams. We discussed the nature of the portfolio and the extent to which members may not be advised. The administration team leader described the nature of the support provided to the members and the service standards aspired to, monitored and achieved. We also discussed risk management, including cyber security and data protection. We considered the extent to which Curtis Banks is able to review investment performance on behalf of members who do not have a financial adviser.

Curtis Banks has provided all the information requested by the GAA, including data for schemes with 2 or more members.

The GAA held 4 meetings during 2018/19 to review and discuss the information we had received and to develop and improve the way that we assess value for money and report on this.

### 4.2 Concerns and Challenges raised with the Provider by the GAA and their response

The GAA has engaged and challenged Curtis Banks extensively during the year covered by this report and in previous years.

In the first year engagement focused on the extent to which the provider was responsible for the entire proposition. It became clear that as a SIPP provider Curtis Banks regarded itself as a facilitator rather than a provider. It expected the members were able to make their own investment decisions and assess their own value for money in the choices that they have made.

In the second year, the GAA challenged the provider to provide complete evidence that members were taking independent advice or were competent to make these decisions by being 'sophisticated investors' as defined by the FCA.

The GAA challenged Curtis Banks to find a solution for other members either by reviewing investment performance as a Provider or by insisting on independent financial advice for members. Curtis Banks chose the former approach and has commenced such investment reviews.

The GAA also raised specific issues on charges for a small number of members, where charges in monetary terms are applied to small funds, which in our opinion puts the policyholder at risk of poor value for money. Curtis Banks has explained the reasons why these schemes have small funds, which in some cases are unlikely to be added to. Curtis Banks has written to the individual members to draw their attention to the charges and to recommend that they take financial advice and consider whether a SIPP remains an appropriate vehicle for them.

In this fourth year, no new issues were raised.

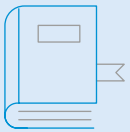
### 4.3 The arrangements put in place for policyholders' representation

The following arrangements have been put in place to ensure that the views of policyholders can be directly represented to the GAA:

- » The role of the GAA and the opportunity for policyholders to make representations direct to the GAA has been communicated via the Curtis Banks website and has been highlighted on annual benefit statements.
- » Curtis Banks will receive and filter all policyholder communications, to ensure that this channel is not being used for individual complaints and queries rather than more general representations which may be applicable to more than one policyholder or group of policyholders. Where Curtis Banks determines that a communication from a policyholder is a representation to the GAA, it will be passed on in full and without editing or comment for the GAA to consider.

## 5

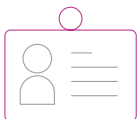
## Next steps



This GAA report is for the year to 5 April 2019. The process of annual reports under the FCA requirements is ongoing and further annual reports will be required.

### In the next year the GAA will:

- » Look in more detail at the schemes with 2 to 4 members, where partial data has been provided for the first time this year.
- » Assess the administration team in Bristol at the site visit.
- » Look at the mechanism for members and advisers to receive transaction costs information for underlying investment funds.



If you are a member this report is for your information only and you do not have to take any action. If you do have any questions, require any further information or wish to make any representation to the GAA you should contact Curtis Banks at the address shown on page 5.

**Keith Lewis**

**Chair: PTL Governance Advisory Arrangement**

# Appendix

## 1

### Summary of workplace pension schemes data at September/October 2018

This is the GAA's fourth annual report in respect of the workplace personal pension schemes provided by Curtis Banks, which are all Self Invested Personal Pensions ('SIPPs').

	Curtis Banks workplace	Curtis Banks 5+ members	Curtis Banks 2 to 4 members	Suffolk Life 5+ members	Suffolk Life Annuities 2 to 4 members	Suffolk Life Trustee 2 to 4 members
<b>Number of employers</b>	17	31	593	34	89	901
<b>Total number of policy holders</b>	1043	620	2962	246	236	2098
<b>Total value of assets (market value £'000)</b>	<b>£36,194</b>	<b>£209,046</b>	<b>unknown</b>	<b>£83,842</b>	<b>unknown</b>	<b>unknown</b>

1. The Curtis Banks workplace group of SIPPs (17 schemes) were sold as Corporate SIPPs by Pointon York, before Curtis Banks acquired the business of Pointon York. Three of these schemes are used for auto-enrolment purposes.
2. Under the Curtis Banks brand is a further group of 31 SIPPs with 5 or more members which were not sold or established as workplace pensions, but a number of employees have chosen the same SIPP and deductions are made from payroll. We have received detailed information about the charges, fund sizes and investment options used for this group.
3. For the first time this year, additional data was provided about the group similar to 2 above, with 2 to 4 members. At this stage, we have simply established the size of this group by number of schemes and members and received details of the general charging structures.
4. A book of SIPPs was acquired from Legal & General under the Suffolk Life brand during 2016. As above, we have received detailed information about the charges, fund sizes and investment options used for schemes with 5 or more members. These schemes were not originally marketed as workplace pension schemes but a number of employees have chosen the same SIPP and deductions are made from payroll.
5. For the first time this year, additional data was provided about two groups similar to 4 above, with 2 to 4 members. At this stage, we have simply established the size of these groups (which relate to two different Suffolk Life entities) by number of schemes and members and received details of the general charging structures.

# Appendix

## 2

### Value for money assessment

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The GAA believes that value for money is necessarily highly subjective and will mean different things to different people over time, depending on what they consider important at that time. What is clear is that it is always a balance of cost versus benefits. There is not enough publicly available data to perfectly assess value for money in an absolute or relative way. We have, however, been able to carry out limited relative comparison of the costs and benefits of these workplace personal pension plans with similar products from similar providers.

The GAA has assessed the value for money delivered by Curtis Banks to its workplace personal pension members by looking at costs compared against our evaluation of the quality of the benefits.

A key area for Group SIPPS is whether members are either advised by a suitable qualified and authorised Independent Financial Adviser on appropriate investment funds for their requirements, or are deemed 'sophisticated investors' as defined by the FCA (described in [Section 2](#) of this report). Therefore, a central part of the GAA's assessment has been the Provider's process to know this for all members. Curtis Banks also undertakes a review of investments for non-advised investors, and we have assessed this process.

In addition, we have looked at the benefits offered to members in communications, risk management and administration – together with other features such as the range of options available at retirement. In making our overall assessment of the quality of the benefits and standards achieved, where possible we have taken into account the likely needs and expectations of this group of members, based on the information available to us.

We have looked at the ongoing cost of the policy by analysing the charges, which may be applied in a number of different ways.

Finally, we have considered the quality of benefits offered versus the charges deducted, to reach an overall opinion on value for money. Where possible, we have formed our opinion taking into account the benefits and charges of other similar providers.

In each area of benefits, in the tables on the next few pages we have described the features in the left hand column, based on the information given to us. Our opinion on quality is given alongside in the right hand column.

Where we have used technical pensions terms or jargon, these are explained in the glossary at the back of this report.

## Description of arrangements

## GAA assessment and opinion

**Investment – Confirmation that policyholders are ‘advised’ or ‘sophisticated’**

Where a scheme has five or more members, Curtis Banks has provided a list of schemes showing the name of the employer, the number of policyholders, average fund size and typical investment strategy or the name of the discretionary fund manager or platform used.

Curtis Banks has explained their role in accepting schemes and outlined the processes that they follow to assess the suitability of the adviser, fund manager and policyholders.

Curtis Banks has provided evidence that many policyholders are advised or have confirmed in writing that they are ‘certified high net worth investors’ or ‘sophisticated investors’ or ‘qualified investors’.

Curtis Banks has now completed its checks to identify which policyholders fall into one of these groups.

Curtis Banks has attempted to check policyholder status in detail which is welcomed.

In the majority of cases, policyholders are advised by an IFA associated with the scheme.

In a small number of cases, policyholders are neither advised nor sophisticated/qualified investors, and these will be covered by Curtis Banks’ investment review processes and support.

Where a non-advised policyholder has not returned the form, it is assumed that they are not sophisticated/qualified investors.

**Investment – Whether the default investment strategies are designed and executed in the interests of policyholders**

Four schemes have a default investment strategy and in two cases there is an appointed IFA who is responsible for the selection and review of the default. We have not assessed this, as an authorised IFA is separately regulated for this work.

We have not assessed Curtis Banks in this area, as it is not their responsibility. There does, however, remain the gap that it has not been confirmed yet that every policyholder is either ‘advised’ or ‘sophisticated’ even though considerable attempts have been made to complete this process.

**Investment – Range of funds**

As you would expect, as these are Self-Invested Personal Pension Plans, a very wide range of investments is available.

**Investment – Review process and support for non-advised policyholders**

Curtis Banks has an extra service to support policyholders with newsletters and information on investment issues and this extends to Group SIPP members. In addition, it is compulsory for policyholders who are neither advised nor sophisticated investors to receive a light touch annual review of their investment performance, with reminders on the impact of charges and the importance of reviewing their investments in line with their attitude to risk, which may change as they approach retirement. There is an additional fee for this service.

In addition, for schemes where there is no adviser and it cannot be confirmed that all the members are sophisticated investors, Curtis Banks will review the characteristics and net investment performance of each fund and communicate their observations to the employer.

We believe the individual annual review service represents reasonable value for money based on the small additional fee.

We will continue to work closely with Curtis Banks to monitor the effectiveness of the fund review process and evolve it as appropriate.



## Description of arrangements

## GAA assessment and opinion

## Investment – Transaction costs

The FCA published a prescribed method for calculating transaction costs for disclosure to Independent Governance Committees (and the GAA) in September 2017 to be effective from 3 January 2018. This is relevant to policyholders because their funds are subject to deductions for known direct costs (such as the annual management charge and explicit known charges levied by Curtis Banks) but also indirect and transaction costs which are incurred by the investment funds and paid out of the funds in the course of investment management.

Providers are under a duty to provide information on these costs from 3 January 2018 onwards. This is complex for Group SIPP Providers because many different investment managers and funds may be used.

Notwithstanding this, in terms of costs and charges the GAA has looked at charges levied by Curtis Banks and not the charges levied by the investment managers. The selection of investment funds and their ongoing review of suitability is the responsibility of the policyholders' IFA and they have the responsibility for this, including transaction cost information.

Despite contacting all managers with a clear request, very little, if any, meaningful data on transaction costs was obtained by Curtis Banks. We believe this is because the managers of funds typically used by SIPP members would not be aware that their funds are being used by a workplace pension scheme. They may be provided via a platform or be retail, rather than institutional, funds.

The issue to resolve with GSIPP providers is that only the GAA can request transactions data from asset managers, through the provider, but the members or their advisors need the data as they have discretion over their investments. Even if it is provided to the GAA it will be difficult to interpret as the policyholder has made the fund selection decision.

In this light, the IFAs need a mechanism to receive such information and investment managers have a duty to provide the information under the FCA Rules. The IFAs and Curtis Banks need to find a way to receive this information in the future, in order for the IFAs to fulfil this responsibility.

## Communications and Support – Overall quality of written communications, including education on pension saving

Sample policyholder communications have been provided including an annual benefit statement, newsletter, pre-retirement wake up letter or pack and retirement option packs.

In our opinion, written policyholder communications are generally of a good standard for the typical SIPP member, who will usually have the support of an IFA.

## Communications and Support – Other support, including telephone and online

Curtis Banks explained that telephone support is available direct to policyholders but in general most contact is made via the financial adviser or the employer, by telephone or email.

Policyholders can obtain fund values over the telephone or online if they belong to an eSIPP. Online access has been extended during the year.

In our opinion, the dedicated portfolio manager should provide policyholders with a good level of support, although we have been unable to obtain specific evidence of this.

**Description of arrangements****GAA assessment and opinion****Communications and Support – Regular reminder to policyholders to review investment choice**

There is a regular reminder to review investment strategy in the annual benefit statement pack.

This is satisfactory, bearing in mind the nature of the product and that most policyholders will have an adviser.

**Communications and Support – When choosing retirement options**

The options available are set out to policyholders, with links to websites providing guidance and information, but no additional support is available. There is no annuity broking service.

The level of support is reasonable, bearing in mind that most policyholders will have access to independent financial advice.

**Communications and Support – Proactive engagement with policyholders to seek their feedback**

An explanation of the role of the GAA is included in the annual benefit statement pack, with an invitation to provide feedback.

In general, most contact is made via the IFA.

We are satisfied that the level of proactive engagement is appropriate for this product.

**Risk Management – Financial strength and stability**

Curtis Banks is a leading provider of SIPP products with significant assets under administration. It is listed on AIM. A financial strength assessment has been prepared by AKG and shared with us.

As Curtis Banks is providing an administration wrapper and platform, its financial strength is not a primary security concern to policyholders. – albeit it still has some relevance. No concerns are apparent at present.

**Risk Management – Security of IT systems and Data Protection**

We discussed the security of IT systems and physical security measures at the site visit. Secure messaging is now used rather than email when communicating with members, employers and advisers regarding financial transactions.

An external audit of cyber security has been carried out, together with disaster recovery and penetration testing and cyber security training for all staff.

We believe that IT security and plans for GDPR compliance are adequate, based on the description of the frameworks given to us.

Note that we have not taken any independent advice from cyber security or data protection experts to support this opinion.

**Risk Management – Independent assurance of Firm controls**

External assurance of certain business areas was carried out in 2018. Further areas will be identified for review in 2019.

We are pleased to note that external assurance has been successfully carried out and will continue going forward.

## Description of arrangements

## GAA assessment and opinion

**Risk Management – Product Development process to assist policyholder outcomes**

The business has grown by acquisition and, although it is not intended to write new Group SIPP business, further workplace pension schemes may be acquired in future. On acquisition, product features and charges are reviewed and brought into line with Curtis Banks standards.

Curtis Banks do not accept unadvised transfers from Defined Benefit schemes, nor insistent customers.

There is a new structure for the Product Review Committee and the corporate SIPP is due for review in 2019.

We look forward to seeing the results of the product review process.

**Risk Management – Protecting the policyholder against fraud and scams**

Staff are trained annually to recognise possible scams and fraudulent activity. The 'scorpion leaflet' is now issued with all transfer enquiries.

We believe these processes are satisfactory.

**Administration service and core financial transactions**

Curtis Banks carry out the administration in Bristol and Ipswich, working to high standards which are published on their website. Their aim is to complete most standard tasks within 5 working days.

If the agreed Service Standards are met, core financial transactions will be processed promptly and accurately.

More comprehensive service standards data was available this year and we are satisfied that members receive a good service and that core financial transactions are processed promptly and accurately.

Member complaints have been dealt with.

**Other governance or support arrangements**

There are no additional (financial or other) benefits to policyholders by virtue of their membership of a Curtis Banks Group SIPP.

**Retirement options**

At retirement, policyholders can take one or more UFPLS from their fund or select flexible drawdown, without transferring to a different product or provider. Alternatively, policyholders can arrange an annuity purchase on the open market, as Curtis Banks does not offer annuities.

Policyholders can access the full range of options at retirement, with an external transfer only required if an annuity is purchased.

## Description of arrangements

## GAA assessment and opinion

### Charges and direct and indirect costs borne by policyholders

The GAA has ignored set up fees in this review as no new Group SIPPs are being put in place.

Practice will vary as to whether these fees are borne by the policyholders or met by the employer. Different charges can apply to different schemes but information about the full range has been provided.

Curtis Banks' fees are generally expressed in monetary terms rather than as a percentage of the fund except in a few cases where a percentage fee is charged on an annual basis, sometimes capped to a monetary amount.

Curtis Banks has no control over fund management charges, which are payable in addition to Curtis Banks' fees, and in any event do not benefit from them.

For most policyholders the charges from Curtis Banks will be small in percentage terms.

Policyholders will bear investment charges and, where applicable, advisory charges in addition to Curtis Banks' charges, but these are not under Curtis Banks' control.

## Overall assessment of value for money

Where fees are expressed in monetary terms and are quite high in nominal terms, value for money will be improved as the member's fund size increases. Where fees are expressed as a percentage of the fund value for money is better for members with small funds.

The GAA has assessed the aspects of value for money which are practical to apply to Group SIPP Providers. This encompasses the charges, communications, administration, processes, reviews, admissibility and other aspects controlled by Curtis Banks. However, it does not include the elements provided by the Independent Financial Advisers, or employers (including investment matters and charges) not controlled by Curtis Banks.

We have considered the extent to which the Provider has checked that members are either sophisticated investors, as defined by the FCA, or have been and continue to be advised by a qualified and authorised Independent Financial Advisor. This process is ongoing, as advisers change from time to time, but for the cases that have been completed, we are satisfied that the process is thorough and effective.

To the extent that policyholders are neither sophisticated investors nor advised, we have considered the investment review process provided by Curtis Banks.

**The GAA's opinion is that, in the context of protecting members of workplace pension schemes, the aspects of the SIPPs provided or controlled by Curtis Banks provide reasonable to good value for money. Curtis Banks has taken steps to check the advised or sophisticated investor status of policyholders. This process is complete. In addition, where there is no adviser, Curtis Banks is providing a review of investments.**

We have identified a small number of cases where the member is at risk of poor value and we have raised these cases with Curtis Banks. Curtis Banks has explained the reasons why these some of these schemes have small funds, which are unlikely to be added to. Curtis Banks has written to the individual policyholders to draw their attention to the charges and to recommend that they take financial advice and consider whether a SIPP remains an appropriate vehicle for them.

# Appendix

## 3

### Background and credentials of the PTL Governance Advisory Arrangement

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In February 2015 the Financial Conduct Authority (FCA) set out new rules for Providers operating workplace personal pension plans (called relevant schemes) to take effect from 6 April 2015. From that date, Providers had to have set up an Independent Governance Committee or appointed a Governance Advisory Arrangement whose principal functions would be to:

- » Act solely in the interests of the relevant policyholders of those pension plans and to
- » Assess the 'value for money' delivered by the pension plans to those relevant policyholders.

The FCA rules also require that the Chair of each Independent Governance Committee and Governance Advisory Arrangement produce an annual report setting out a number of prescribed matters.

The PTL Governance Advisory Arrangement was established on 6 April 2015 and has been appointed by a number of workplace personal pension Providers. PTL is a specialist provider of independent governance services primarily to UK pension arrangements. Amongst other appointments we act as an independent trustee on several hundred trust based pension schemes and we sit on a number of IGCs. We have oversight or responsibility for in excess of £120bn of pension assets. More information on PTL can be found at [ptluk.com](http://ptluk.com).

All of PTL's Client Directors have been appointed to the GAA. More information on each of them, their experience and qualifications can be found at [ptluk.com/team](http://ptluk.com/team).

Dean Wetton is also a member of the GAA. Dean is independent of PTL. Information on his experience and qualifications can be found at [www.deanwettonadvisory.com](http://www.deanwettonadvisory.com).

PTL, its Client Directors and Dean Wetton are independent of all of the Providers participating in the GAA in so far as:

- » They are not directors, managers, partners or employees of any of the Providers, or any company within their groups, or paid by them for any role other than as members of the GAA, nor are they members of the share option or performance related pay schemes of any of the Providers nor have they been within the last five years.
- » They do not have a material business relationship of any description with any of the Providers, or any company within their groups, and have not done so within the last three years.

Any potential conflicts of interest are recorded in a log and considered by the GAA in accordance with its conflict of interest policy.

The members of the GAA are appointed by the board of PTL. The board is satisfied that individually and collectively the members of the GAA have sufficient expertise, experience and independence to act in the interests of the members of the Providers' pension plans.

The terms of reference agreed with Curtis Banks can be found at:

<http://www.curtisbanks.co.uk/group-sipp.html>

# Glossary

## Annual Management Charge or AMC

A deduction made by the pension provider or investment manager from invested assets, normally as a percentage of the assets. The AMC is generally how the pension provider or investment manager is paid for their services.

## Annuity

A series of payments, which may be subject to increases, made at stated intervals, usually for life. If the annuity is 'joint life', it will continue to a spouse (usually at a lower rate) after the death of the original person receiving the payments ('the annuitant').

## Core financial transactions

The essential processes of putting money into a pension policy or taking it out, namely:

- » Investment of contributions.
- » Implementation of re-direction of future contributions to a different fund.
- » Investment switches for existing funds, including lifestyling processes.
- » Settlement of benefits – whether arising from transfer out, death or retirement.

## Default investment strategy

The investment funds into which contributions are invested for policyholders who do not select other specific investment funds from the full range of funds available.

## 'Flexible drawdown' or 'Flexi Access Drawdown'

An option for an individual to receive payments from their pension fund as they choose.

## Lifestyling

An automated process of switching investment strategy as a policyholder approaches retirement, in a way that is designed to reduce the risk of a policyholder's retirement income falling.

## Transaction costs

A combination of explicit and implicit costs included within the price at which a transaction (i.e. buying or selling an asset) takes place.

## 'UFPLS' or Uncrystallised Funds Pension Lump Sum

A method of drawing cash from a pension pot without buying an annuity or using drawdown.



# ptl



## Contact

info@ptluk.com · 0118 957 0610

**ptluk.com**

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