

# Independent Governance Committee

## Report: 2017

# 1. Summary

**Welcome to the Independent Governance Committee's (IGC) second annual report for members. We hope you will find this report of interest in helping you understand the value of your pension plan.**

- The IGC care about members. Each IGC member has many years of experience working with, and for, members, acting in their best interest and championing good member outcomes.
- The IGC has used its independence to challenge Hargreaves Lansdown in areas of process and delivery for the benefit of members.
- The IGC has checked that what Hargreaves Lansdown says it is doing is actually delivered in practice.
- We are committed to assessing value for money in a consumer-focused way and with an emphasis on ensuring members have the best possible chance of getting good outcomes at retirement.
- Corporate Vantage is a modern workplace pension arrangement with a clear and transparent charging structure. Hargreaves Lansdown is not constrained by complex legacy schemes and historical charging structures. The charges are clear, transparent and compliant with the legislation relating to workplace pensions.
- During the year, the Hargreaves Lansdown investment team reviewed the default strategies offered under Corporate Vantage to ensure they remain fit for purpose and there were not better alternatives in the market. The findings were shared with the IGC.
- The lifestyling arrangements embedded within the default strategies were subject to an internal audit during the year and the processes were found to be appropriate and efficient.
- We considered the charges and fairness on the distribution of the return on cash.
- We drew attention to the issue of members working beyond selected retirement dates who through the lifestyling arrangements have ended up invested in cash. Subsequently, Hargreaves Lansdown wrote to 39 such members, some of whom switched investments.
- Hargreaves Lansdown provided key management information to the IGC in respect of the administration and advise of any complaints.
- The IGC reviewed the transfer-out paperwork and were satisfied with the process. The IGC were satisfied that there were no penalties on transferring out of default funds.
- Individual IGC members have sought direct feedback by observing client governance meetings.
- The IGC discussed future IT developments with Hargreaves Lansdown and were satisfied with responses.
- The IGC met with the Cyber Security team to understand the nature of risk management in place to protect members.
- A key element of ensuring members achieve good member outcomes in retirement is ensuring they are engaged and empowered to make informed decisions. A major strength of the Corporate Vantage offering is the strong communications and proactive engagement with both employers and members. This is supported by helpdesks, employer-branded websites, financial education in the workplace, and a well-rounded retirement service which includes access to financial advice.
- The IGC wrote directly to over 30,000 members to seek feedback.
- We believe members are receiving value for money from the workplace pension arrangements offered by Hargreaves Lansdown.

## 2. Introduction

Hargreaves Lansdown provides a Self Invested Personal Pension (SIPP) as a workplace pension scheme which is distributed under the Corporate Vantage brand operated by Hargreaves Lansdown Asset Management Ltd.

Corporate Vantage was established in July 2010. As at 31 December 2016, there were 353 employers using the platform, encompassing 74,681 members and £2.15 billion assets under administration.

Corporate Vantage is used as a qualifying workplace saving scheme for automatic enrolment. There are no legacy charging arrangements (see section 2.1 below), such as policy fees, initial unit charges or higher charges for members who no longer contribute. All clients have the same product and the same access to the full range of Hargreaves Lansdown services.

Corporate Vantage can be used by employers to meet their automatic enrolment obligations. All such schemes are managed on the Corporate Vantage platform and Hargreaves Lansdown provides full administrative support.

The IGC was established on 1st April 2015. It has a duty to protect the interests of members of relevant workplace pensions. As a minimum, the IGC has a duty to:

- act solely in the interests of workplace pension scheme members;
- operate independently from Hargreaves Lansdown, in accordance with its Terms of Reference;
- assure itself that core financial transactions are processed promptly and accurately; and
- assess and, where necessary, challenge Hargreaves Lansdown on whether the workplace pension scheme provides value for money for members.

The IGC produces an annual report for members on how the Corporate Vantage schemes have performed. This is the IGC's second report covering the period 1st April 2016 to 31st March 2017.

A copy of the IGC Terms of Reference and further information on members of the IGC can be found at [www.hl.co.uk/company-pensions/igc](http://www.hl.co.uk/company-pensions/igc).



### 2.1. Legacy Business

For the purposes of this report, legacy business is defined as historic, defined contribution pension schemes which are either closed or hosted on an alternative platform and may be subject to different charging. Corporate Vantage contains no legacy business. All members are on the Hargreaves Lansdown Corporate Vantage platform and charging structure. Hargreaves Lansdown is not constrained by any previous platforms or administration systems and therefore does not have an old book of business with complex charges and significant surrender penalties.

### 3. Value for Money

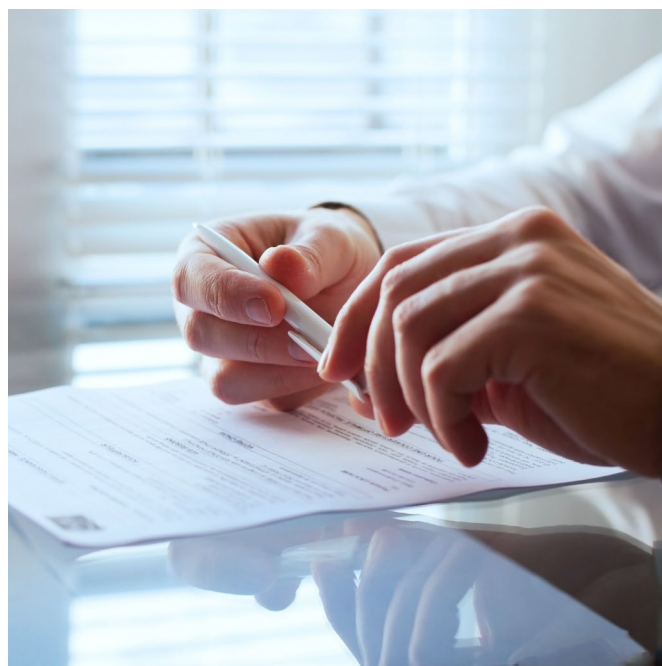
The IGC has created a framework to analyse the value for money that members receive. The framework contains certain principles that reflect what the IGC believe constitutes value for money in delivering good member outcomes at retirement.

#### Value for Money Framework

The IGC is aware of the work undertaken by the Pensions Policy Institute (PPI) in identifying the outcomes that are likely to be seen as positive for members when determining value for money. These outcomes are broadly:

- the value of the pension pot;
- the security of the pension pot; and
- trust in the pension scheme.

The factors detailed in the framework above each contribute to the outcomes identified by the PPI, and the IGC considers it important to focus on all determinants of value for money in making an overall assessment. So whereas charges and investments will have a significant impact on the value of the pension pot, additional contributions from the member are likely to have a greater influence.



In addition, effective communication and good member support are key drivers of higher employee contributions. Such factors are therefore much more important than 'nice to have', and must be taken into account when making an assessment of value for money.

Assessing value for money of the Hargreaves Lansdown Corporate Vantage SIPP, in the delivery of good member outcomes at retirement						
3.1	3.2	3.3	3.4	3.5	3.6	3.7
Investments	Charges	Administration	Member Support	Security/ Strength of Provider	Retirement Flexibilities	Feedback
Default funds ABC funds Other investments Fund research Lifestyle options	Platform fee Fund fees Transaction costs Exit fees	Timely manner of allocating contributions Quickness and efficiency of response Management Information	Face-to-face meetings Financial education Member helpdesk Communications Website	Ratings agency Internal audit reports Product size Commitment to market Expertise, efficiency, and experience	Pension freedoms access Drawdown provider Annuity broker	IGC member survey IGC direct feedback from employers Complaints

### 3.1 Investments

The Corporate Vantage platform has an extensive investment choice. The challenge for the Hargreaves Lansdown workplace pension team is to filter this investment universe down into clear choices for members.

The current default fund range was considered along with alternative approaches. Default funds are the funds that an employer or scheme trustee has chosen for scheme members who don't make an active fund choice. Any members who don't choose a fund will automatically be put into the default fund.

Following the onset of automatic enrolment, Hargreaves Lansdown has concentrated on three default arrangements:

- An actively managed fund
  - currently **Schroder Managed Balanced**
- A passively managed fund
  - currently **Blackrock Consensus 85**
- **Cash**; through treasury services provided by Hargreaves Lansdown Asset Management Ltd.

The **Schroder Managed Balanced fund** is a fund of funds investing predominantly in shares, bonds and cash. The Multi-Asset team decides on the weightings to each of these assets and gains exposure through individual Schroder funds. The fund draws on a well-resourced team of over 100 investment professionals. Hargreaves Lansdown has negotiated a discount on the fund to ensure it is available to members within the 0.75% charge cap.

The **Blackrock Consensus 85 fund** aims to follow the asset allocation of the average manager in the AI Mixed Investment 40-85% shares sector. This data is collected primarily by Lipper on a monthly basis and the fund is rebalanced within 2 weeks of the end of the month to be aligned with the benchmark. The fund invests in Blackrock's in-house range of passive funds, including the iShares ETF range.

**Cash** is primarily used within the lifestyle process for members approaching their selected retirement age. Over a five-year period, member assets are disinvested from the default or other self-selected fund(s) and placed in cash.

Both the **Blackrock Consensus 85** and the **Schroder Managed Balanced** funds have clear aims and objectives as set out in their fund fact sheets. Both default funds have been closely

scrutinised by the IGC and meetings have been held with the fund managers. The Hargreaves Lansdown investment team reviews the suitability of the default funds every 6 months and the IGC is content with this process.

In addition to the three default options, Corporate Vantage offers access to the full range of investments available on the Vantage platform.

Hargreaves Lansdown conducts detailed investment research into hundreds of investment funds and refines this research down into a list of preferred funds. Key criteria are performance potential and competitive management charges.

Members also have access to a wide range of funds, which have gone through the same research processes: the Wealth 150+, the ABC funds, the Master Portfolios, and HL Portfolio Plus. In addition to these, members have the ability to self-select from over 2,000 funds, equities, investment trusts, exchange traded funds, and bonds. The full investment range is detailed on the member websites or via [www.hl.co.uk](http://www.hl.co.uk).

The IGC spoke with Hargreaves Lansdown's research team at length and reviewed the literature available to members, and was satisfied that members are able to select from a range of funds that have been researched thoroughly and presented clearly.

**Evidence of the utilisation of non-default arrangements can be seen in the number of members making alternative investment choices. 28% of members (30% last year) invest outside of the default arrangements and 51% of Hargreaves Lansdown's workplace pension scheme assets (45% last year) are outside of the default arrangements. This reflects a high level of member engagement.**

**Action for 2017:** The IGC intends to review the 'ABC fund' range (Adventurous, Balanced, Conservative) which is available to members seeking to be more active with their pension, based on their attitude to investment risk.

### 3.1.1 Lifestyling

A lifestyling process is added to both default arrangements in the years close to the member's retirement date. Lifestyling involves automatically switching investments away from riskier assets as a member approaches the point at which they intend to draw retirement benefits. This reduces exposure to investment markets which can fall sharply and helps to protect members' pension investments during the period up to retirement.

The lifestyling function was the subject of an internal audit during the year and the IGC has reviewed the findings. No concerns were raised and the IGC took comfort from the audit.

The SIPP currently uses cash as its investment vehicle for lifestyling. The pension freedoms legislation has significantly changed the way members draw their retirement income. Hargreaves Lansdown carried out a detailed review of lifestyling within Corporate Vantage and analysis of retirement trends carried out by the Hargreaves Lansdown investment research team during the year.

In 2016, at the IGC's request, a communication was sent to members over their nominated retirement date who were 100% invested in cash to explain their options. This was sent to 39 members, some of whom took action and switched investments.

**Action for 2017:** The IGC intends to review the use of cash as the default solution for lifestyling.

### 3.2 Charges

The IGC is required to assess whether the investment strategies for default funds;

- are in the interest of customers; and
- include clear aims and objectives.

In 2016, 72% of members on the Corporate Vantage platform held their assets in default options, therefore the main focus of the IGC to date has been on the default offerings.

#### 3.2.1 Default funds charges table

Default funds within Corporate Vantage are subject to the government's charge cap of 0.75%. This means 100% of members have access to a scheme that meets the charge cap; some members choose to take advantage of this while others have elected to invest in other assets that may have higher charges. All charges are clearly disclosed within the fund literature.

The platform charge for the Corporate Vantage service is higher than many other platform providers; however, as demonstrated by this value-for-money assessment, the IGC is content that from the members' perspective, the services provided within this fee do represent good value. Furthermore, members also benefit from Hargreaves Lansdown's considerable buying power, which enables the funds on the platform, including the default funds, to be offered at significant discounts. The result is that the overall charges (platform fee and fund charges together) are not out of line with the market.

	Platform fee	Fund charge after discount	Hargreaves Lansdown discount	Total fee	Transaction charge	Interest paid
<b>Blackrock Consensus 85</b>	0.45%	0.09%	0.13%	0.54%	Unknown	n/a
<b>Schroder Managed Balanced</b>	0.42%	0.33%	0.29%	0.75%	Unknown	n/a
<b>Cash</b>	0%	none	none	0%	none	0.03%-0.10%



### 3.2.2 Transaction costs

The Financial Conduct Authority (FCA) has issued a Consultation Paper (CP16/30) which proposes rules and guidance to improve the disclosure of transaction costs in workplace pensions. It aims to standardise the disclosure of the transaction costs incurred by pension investments. IGCs are required to request and report on transaction costs as far as they are able. The Consultation Paper consults on rules placing a matching duty on asset managers to provide full disclosure of these costs in a standardised form.

The IGC recognises that the FCA is proposing to place a duty on asset managers to disclose aggregate transaction costs to pension schemes that, directly or indirectly, invest in their funds. The FCA has also proposed that asset managers provide the breakdown of transaction costs on request, with the total broken down into categories of identifiable costs. This could include specific costs like taxes and securities lending costs. The IGC welcomes this initiative and will monitor developments over the coming year.

During the year, the IGC has raised the subject of transaction costs with the providers of each of the default funds, Blackrock and Schroders. Both managers have emphasised their commitment to minimising transaction costs, which are a drag on performance, particularly in a low-interest-rate environment.

**Action for 2017:** The IGC intends to monitor developments regarding the disclosure of transaction costs over the coming year.

### 3.2.3 Exit charges

The IGC also conducted an investigation into exit charges. In particular, it was noted that there were no exit fees for those members invested in default options. Exit charges from other investment options are not excessive either in absolute terms or in comparison with market norms, but in the view of the IGC, they could be displayed in a manner that is more transparent.

**Action for 2017:** The IGC intends to challenge Hargreaves Lansdown to improve how exit fees are displayed.

### 3.3 Administration

The IGC is required to consider whether member contributions are processed promptly and accurately.

The IGC has reviewed relevant internal audit reports and Hargreaves Lansdown has collected and invested monies in a timely manner (all contributions were invested on the following day after being received). It has recently come to light that one employer is in default which has led Hargreaves Lansdown to file a report with the Pensions Regulator. The IGC is therefore satisfied that scheme transactions are processed promptly and accurately, however, having formal service level agreements in place would support the monitoring and measurement of this.

**Action for 2017:** The IGC will challenge Hargreaves Lansdown to create a formalised service level agreement for schemes within Corporate Vantage and look for further assurance with regarding to the monitoring of the receipt of employer contributions.

### 3.4 Member Support

The IGC has considered how the member support services provided by Hargreaves Lansdown contribute to the delivery of value for money.

There are three main areas of support provided to members:

- The member helpdesk;
- The onsite engagement team; and
- The communications – including the member websites.

#### Member helpdesk

The helpdesk receives enquiries from members which range from basic administration queries to complex issues relating to the tapered annual allowance or sophisticated investment products. Whilst the helpdesk does not provide advice, the IGC has observed a high level of competency and support with regard to complex queries. In addition, both calls and email queries were dealt with in an efficient manner. The IGC believes that the member helpdesk is a key contributor to the provision of value for money services to Corporate Vantage members.

### Call metrics (January 1st – 31st December 2016)

Calls taken	Calls Missed	Missed %	Immediate answer (<5sec)	% immediate answer	Missed below 5 secs	Net Missed	Average Abandoned (sec)	Average Pick up time (sec)	Max Delay
20291	843	4%	8306	40.9%	197	3.1%	25	20	04:09

### Member email contact (January 1st – 31st December 2016)

Enquiry completed within	Overall	Percentage	Cumulative %
Same day	5472	78%	78%
1 day	1291	18.5%	96.5%
2 days	159	2.5%	99%
3 days +	86	1%	100%

### Onsite support

From 1st Jan – 31st Dec 2016 the engagement team conducted 1,154 days at employer sites. This included 9,014 individual meetings and 700 financial education presentations. This is part of the core service which the IGC believes provides added value to members. The IGC has observed presentations and it is noted that the Hargreaves Lansdown team have also presented during unsociable hours to suit the membership's needs.



### Communications

The majority of Corporate Vantage schemes are provided with a branded website. Members can review and change their investments online, plus there is a wide range of pension guides and interactive calculators to assist with members' pension forecasting.

Corporate Vantage members can also access their account via the individual Hargreaves Lansdown site or via an iPad app, iPhone app, or Android app. Currently 59% of Corporate Vantage members are registered online.

The multi-channelled communications are significantly valued by members as evidenced in the IGC's own survey of the membership.

One area the IGC felt could be improved was the clarity and accessibility of the default fund fact sheets.

**Action for 2017:** The IGC has challenged Hargreaves Lansdown to produce new default fund factsheets that provide greater clarity around what the funds are, how they work, and the importance of the investment decision in relation to the members' personal needs and investment risk appetite.



### 3.5 Security/Provider Strength

As previously noted, one of the PPI's stated outcomes around value for money is the security of the member's pension pot. In determining how secure Corporate Vantage members' pots are, the IGC has considered Hargreaves Lansdown's financial strength, capital management policy, and client champion framework. These are described below.

#### Financial Strength

Hargreaves Lansdown maintains adequate financial resources at all times. The Financial Conduct Authority (FCA) regulates the investment services provided by Hargreaves Lansdown and the European Directive CRD IV is directly binding on firms in the UK. As a result of this, Hargreaves Lansdown is required to carry out, at least annually, a comprehensive assessment of its risks and the amount of capital it must hold against these. The Hargreaves Lansdown Board must demonstrate to the FCA that it understands its risks, knows how they could manifest, and the impact they could have on the Group.

The Group has a strong balance sheet with large cash balances and no external debt. It has not previously issued debt, has never undertaken any external borrowing, and is not seeking to raise additional capital. The Group operates three main divisions:

1. **Vantage:** a direct, non-advisory investment service for private investors and wrap platform that offers consolidated reporting and dealing services.
2. **Discretionary:** investment management provided via a Portfolio Management Service ("PMS"), Portfolio+, and range of HL Multi-Manager Funds ("HLMM"); and financial advice.
3. **Third Party and Other Services:** distribution of third party investment products including group pension schemes, annuities, certificated dealing service and CFDs.

These divisions are supported by central services (finance, operations, IT, marketing, compliance, risk, audit and HR) and the costs are shared.



#### Capital Management

Hargreaves Lansdown operates a Capital Management policy to ensure a strong capital base. The Group's objectives when managing capital are:

- i. to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- ii. to maintain a strong capital base and utilise it efficiently to support the development of its business; and
- iii. to comply with the regulatory capital requirements set by the Financial Conduct Authority ("FCA").

Capital adequacy and the use of regulatory capital are monitored by the Group's management and Board.

#### Client Champion framework

Hargreaves Lansdown Asset Management Ltd (HLAM) manages client money to ensure that cash deposits are placed only with highly credit rated institutions, in accordance with the Treasury Policy and overseen by the Treasury Committee. In order to protect against the risk that a banking counterparty could fail, the Group's Treasury Committee monitors the credit ratings of the counterparties on a regular basis.



In order to ensure that a fair return is paid to the clients on their SIPP cash balances (clients include Corporate Vantage members), HLAM has adopted certain principles when making interest rate decisions.

These principles ensure that the net client outcome is market competitive and the details are clearly communicated to clients within general terms and conditions and within product key features illustrations.

The Treasury Committee observes these principles when making decisions about the rate of interest payable on SIPP accounts. HLAM has appointed an independent, Non-Executive Client Champion to challenge, influence, and oversee the firm's decisions. The IGC has reviewed the Principles of Fairness and met with the Client Champion during the year. The IGC is comfortable with the governance and consideration of outcomes.

**Action for 2017:** The IGC has requested a review of the process for cash distributions to gain assurance that the process is robust.

### 3.6 Retirement Flexibilities

Corporate Vantage members have full access to Hargreaves Lansdown's retirement services. The communications sent to members approaching retirement have been reviewed by the

IGC and are of a good standard. This part of the service will become increasingly important as the membership grows. The IGC will increase its focus on these services as the number of members accessing these services increases.

### 3.7 Feedback

The IGC believes it is crucial that members' own views are sought on what constitutes value for money, as for the most part the IGC assessment will be driven by what matters to members.

In 2016 the IGC commenced research with a survey sent to over 30,000 members to better understand members' overall views on value for money. The IGC's research builds on in-house research carried out by Hargreaves Lansdown which has been useful for the IGC's initial deliberations.

The IGC is pleased to note that in both the Hargreaves Lansdown and IGC surveys the responses have broadly been very positive.

#### 3.7.1 IGC Member Survey 2016

As previously stated, the IGC understands there can be no one-size-fits-all assessment of value for money, so to better understand what this concept means to Corporate Vantage members, the IGC asked members to share their views with a focus on the following:

- Which features of their pension they found most important (based on a prescribed list);
- How they rate those features;
- Whether they feel their employer has chosen a good pension plan, and if they do why?
- Whether they feel the Corporate Vantage SIPP represents value for money; and
- Whether they feel there are any areas of their pension that could be improved.

Of the 1,573 members who responded to the survey, a summary of their responses to each of the questions asked by the IGC can be found below:

1. The IGC provided members with a list of features that the IGC believe relevant in driving good member outcomes. While the IGC understands this list is not exhaustive, it was felt it provided a robust set of features in

determining the relative importance of each to members in the context of assessing value for money.

The member responses have been ranked below with regards to the importance of these features based on their weighted average, with number one being ranked the most important and number eight the least important:

- 1) Investment performance
- 2) Cost of the plan
- 3) Administration of pension contributions
- 4) Quality of information available (e.g. online)
- 5) Quality of communications
- 6) Knowledge/helpfulness of the [pension] consultant
- 7) Responsiveness of the pension helpdesk
- 8) Opportunity to meet a pension consultant

While these have been ranked in relative order of importance, it is worth noting most features were ranked very similarly, with most features being deemed 'important' or 'very important'.

The quality of the information available to members and the quality of the communications received are each important in engaging members with their pension and driving members towards good outcomes at retirement. These features were rated highly by members, as either 'Good' or 'Excellent', by over 75% of all respondents.

2. Members were asked to rate each of the eight features listed above as either 'Poor', 'Satisfactory', 'Good', 'Excellent', or 'I don't know'. The responses for each feature were positive, with most features receiving an assessment of 'Good' or 'Excellent' by over half of all respondents, and in some cases as noted above, by the majority of respondents.

However, as all members are subject to charges within their pension plan and given that the results of this survey rank 'cost of the plan' as the second highest feature in terms of importance, the IGC will seek to better understand why nearly a quarter of respondents felt they did not know whether or not the cost of the plan was good or bad. This will be an area of focus for the IGC in 2017.

3. Members were asked: To what extent do you agree with the statement 'I feel my employer has chosen a good pension plan'. A high proportion of respondents, 66%, either agreed or strongly agreed with this statement.

The IGC did not attempt to define within the survey what a 'good' pension plan looks like, but instead, asked members who answered positively why they feel their employer has chosen a good pension plan.

Most of the responses were in relation to flexibility of the plan in general, but particularly in respect of investment options; quality of communications; availability of the helpdesk; and the ability to meet with the Hargreaves Lansdown consultants/advisers. A representative sample of these comments is shown below:

- ***"It is well managed with excellent communications on how the plan is progressing"***
- ***"...gives me the flexibility and freedom to manage the investments myself. This is very important to me"***
- ***"The regular updates are good, as is the information online generally. The people on the helpdesk are always really helpful and it's brilliant to be able to get through to a real person and very quickly too."***

4. Members were also asked: To what extent do you believe the HL Group SIPP represents value for money? Again, the response to this question was very positive, with nearly two-thirds of respondents (64%) agreeing or strongly agreeing.

However, there were a relatively large number of 'I don't know' and 'Neither agree nor disagree' answers (33.4% in total) to this question. This may be directly linked to point 2, which highlighted the potential lack of understanding of the costs of the plan with the relatively high number of 'I don't know' responses to that question also. The IGC will seek to understand this further in 2017.

5. Finally, members were asked whether they feel there are any areas of their pension that could be improved. Many of the comments were in relation to Hargreaves Lansdown providing greater clarity on charges and the cost of the plan to individuals. A representative sample of these comments is shown below:

- ***"Greater clarity about fees and charges. Greater clarity about when non stock market investments will actually take place."***
- ***"More transparent cost structure."***
- ***"More insight on monthly charge summary..."***

**Action for 2017:** The IGC will challenge HL to review how overall member charges are displayed.

It is worth noting that while the IGC's focus for the 2016 survey was to understand what members value most within their pension, the IGC also strongly believe members who are in control of their pensions and retirement planning will achieve the most positive outcomes in retirement.

The IGC did not ask members how they felt about this in relation to their pension as Hargreaves Lansdown had asked this within their 2016 Annual Client Satisfaction Survey. In answer to the

question: 'Compared with your previous company pension, do you now feel more in control of your retirement planning?', of the 500 respondents, 56.5% said 'Yes', 13% said 'No', and 30.4% said 'Much the same'. The IGC believe that a majority answering a definitive 'yes' is hugely positive, however it should not be overlooked that those members who responded to the survey are likely to be more engaged with and therefore potentially more in control of their pension in the first place.

**Action for 2017:** It is one of the aims of the IGC to understand how we can better connect with, and understand, those members who are less engaged with their pension.

## 4. Summary of IGC actions for 2017

In addition to the IGC's continuing assessment of whether Corporate Vantage provides value for money for members, the IGC will also prioritise the following areas for consideration and review in 2017:

- The IGC will review the 'ABC fund' range (Adventurous, Balanced, Conservative) which are available to members seeking to be more active with their pension based on their attitude to investment risk.
- The IGC intends to review the use of cash as the default solution for lifestyling.
- The IGC will monitor developments regarding the disclosure of transaction costs over the coming year.
- The IGC will review the process for distribution of returns on cash
- The IGC will challenge Hargreaves Lansdown on how exit fees are displayed.
- The IGC has challenged Hargreaves Lansdown to provide a more robust management information report and to create a formalised service level agreement for corporate schemes. We look forward to the ongoing delivery of this management information.

- The IGC has challenged Hargreaves Lansdown to produce new default fund factsheets that provide greater clarity around what the funds are, how they work, and the importance of the investment decision in relation to the members' personal needs and investment risk appetite. We will check to ensure this progresses.
- The IGC will challenge Hargreaves Lansdown to review how overall member charges are displayed.
- It is one of the aims of the IGC to understand how we can better connect with, and understand, those members who are less engaged with their pension.

The IGC will ensure that all actions raised during 2016/17 are completed by the end of 2017 as part of the continual program of improvements.

## 5. Member Representation

Hargreaves Lansdown has put in place the following arrangements to be used by members who would like to make representation to the IGC:

**Email: [IGC@hl.co.uk](mailto:IGC@hl.co.uk)**

Or by writing to;

**FAO: IGC**

**Freepost, HARGREAVES LANSDOWN**

## 6. Conclusion

Corporate Vantage continues to represent value for members and we will maintain the approach of seeking improvements that increase the chances of better outcomes for members.

We have aimed to balance the assessment of value for money between each of the areas within our framework, on the basis that different members will place a different emphasis on the importance and relevance of each, understanding that there can be no one size fits all assessment to cover the entire membership.

Our view to date is that this is a quality scheme which is well run with an emphasis on proactive member engagement and support.

We will further test this view in 2017/18 and provide you with a report of our findings in 2018.

