

Amadeus Services Limited Pension and Life Assurance Plan 31 March 2019 Chair's Statement

In accordance with the requirements of the Occupational Pension Schemes (Charges and Governance) Regulations 2015 ('the Regulations'), the Trustee is required to provide a statement relating to the governance of the Plan. This statement covers the period from 1 April 2018 to 31 March 2019 and has been prepared on behalf of the current Trustee directors.

In accordance with the requirements of the Regulations, Richard Howard has been appointed as Chair of the Trustee Board.

In July 2016, the Pensions Regulator issued a revised DC Code of Practice. Within the latest DC Code, the Pensions Regulator sets out its expectations of Trustee boards in a number of areas including the assessment of value for members. The Trustee last carried out a review against the DC Code of Practice and carried out a Value for Money assessment in September 2018.

Governance of the default investment arrangement

The Trustee is keen to ensure that assets are invested in the best interests of members and beneficiaries. To ensure sufficient focus on investments the Trustee monitors the investments on an ongoing basis, and this is considered at every Trustee meeting.

As at 31 March 2019, the defined contribution funds under management in the default funds were:

	Funds under Management
Global Equity Fixed Weight (60:40) Index Fund	£23,810,141
Dynamic Diversified Fund	£2,745,411
The Cash Fund	£2,002,715
Total	£28,558,267

Please note this includes funds for members who have actively selected the default option.

The Trustee has adopted a Statement of Investment Principles which sets out the Trustee's aims and objectives relating to the default investment strategy. This includes the Trustee's policy on risk, return and ethical investing. The Statement of Investment Principles was last reviewed in September 2016. See Appendix 1.

The default lifestyle was last reviewed in September 2016 in light of the pension's freedoms. Changes were made to the length of the de-risking period and the de-risking target for the default lifestyle. Previously the default de-risked over an 8-year period, with a final target asset allocation of 75% index linked bonds and 25% cash. The new default lifestyle moved to an 11-year de-risking period and introduced the Dynamic Diversified Fund to facilitate a switch from an annuity target to a more diversified asset allocation at retirement. The Trustee felt that this better reflects the range of options members now have when taking their benefits and the risk profile of the membership.

The current Amadeus DC default strategy invests contributions in respect of a member;

Up to 11 years prior to age 65 (or other target retirement date as chosen by the member) – 100% Global Equity Fixed Weights (60:40) Index Fund.

Transitioning over the 11-year period, in accordance with a matrix, to 55% - Dynamic Diversified Fund and 45% - Cash Fund.

The investment performance of the funds underlying the default investment strategy and other available funds is reviewed annually, with investment monitoring reports considered at Trustee meetings.

The Trustee is satisfied that the investment performance (net of fees) remains in line with the stated objectives for the funds available to members. These will be reviewed by June 2020.

Charges and transaction costs

The default investment strategy is subject to the following ongoing investment management charge (Total Expense Ratio (TER)):

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- Default investment strategy – 0.16% in the Global Equity Fixed Weight (60:40) Index Fund during the growth phase. The Lifestyle option then blends the Global Equity (60:40) Index Fund with the Dynamic Diversified Fund between years 10 and 6, holds the Dynamic Diversified Fund between years 6 and 4 and then blends the Dynamic Diversified Fund with the Cash Fund from year 3 to retirement. As such, the maximum charge members incur is 0.51% a year between years 6 and 4 of the lifestyling process reducing to 0.33% at retirement.

In addition to the default investment strategy, members are also able to 'self-select' alternative investment funds for their retirement savings. There are currently 10 alternative investment funds available to members within the Plan. These investment funds are subject to the following ongoing investment management charges (TER):

- UK Equity Index Fund – 0.10%
- Global Equity (ex UK) Fixed Weight Index Fund – 0.20%
- Global Equity Fixed Weight (60:40) Index Fund – 0.16%
- Dynamic Diversified Fund – 0.51%
- Ethical UK Equity Fund – 0.20%
- AAA-AA-A Corporate Bond All Stocks Index Fund – 0.15%
- Over 15 Year Gilts Index Fund – 0.10%
- Over 5 Year Index Linked Gilts Index Fund – 0.10%
- The Sterling Liquidity Fund – 0.125%
- The Cash Fund – 0.10%

In addition to these explicit member charges, members also incur transaction costs (incurred as a result of buying, selling, lending or borrowing investments). The transactions costs have been less than 0.01% each quarter for all funds.

DB AVC funds are held separately, although Investment management is still undertaken by Legal & General Investment Management with administration services being provided by First Actuarial.

The charges are the same as with the main DC section as are the investment options.

Cumulative impact of costs and charges

The Trustee has conducted an analysis of the cumulative impact of the member-borne costs and charges within the various investment funds for typical members of our Plan. These projections, along with the assumptions, for both the DC Plan and the DB AVCs are included in the Appendix to this statement.

Value for Members

In addition to the above member charges, the sponsoring employer meets the cost of ongoing governance and administration services. In assessing value-for-money, the Trustee has only considered the costs and charges met by members.

The Trustee wishes to ensure that the Plan provides good value for members. Previously, regulators and other stakeholders have focused on charging structure, with less attention given to other elements that determine value, such as the robustness of member governance, communications and support, customer service, fund management, performance of funds within the context of the investment objectives and efficiency of administration services. Within its latest draft DC Code of Practice however, the Pensions Regulator has set out its expectations of Trustee boards in several areas including the assessment of value for members.

The Trustee has taken these expectations into account when reviewing value for members of the Plan.

The Trustee is aware of the requirement to engage with members in order to assess their priorities and thus feed into the value for money assessment. The Trustee continues to look at ways to try to increase engagement. There is member representation on the Trustee Board, Trustees attend member presentations and events and feedback is continually encouraged both formally and informally.

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Based on the above definition, the Trustee is satisfied that the Plan does provide value for members compared to similar Plans of a comparable size. The last formal value assessments took place in September 2018; however, the Trustee keeps this under review on an ongoing basis.

Core financial transactions

The Trustee receives and reviews reports from our administrator, First Actuarial, on an annual basis in order to monitor and ensure that good administration services are being provided to our members.

The Trustee has agreed service level standards with the administrators, who report against those standards in their annual report to the Trustee.

The processing of core financial transactions are regularly monitored by our administrators, who have implemented internal controls procedures that help ensure that such transactions are processed promptly and accurately. Investment switches implicit within the default investment strategy are covered by these procedures. Other activities covered include controls and procedures to manage the accuracy of investment allocations, settlement of benefits and individual transfers out.

The Trustees are satisfied that during the period of this statement, there have been no significant delays in processing these transactions.

Trustee Knowledge & Understanding

It is important that the Trustee continues to have sufficient knowledge and understanding to fulfil their duties. This is complemented by having a professional Trustee (ITS Limited) on the Trustee board. All new Trustee directors are required to undertake training following their appointment.

The Trustee is supported by independent and professional advisers who ensure that they are kept abreast of the latest legislative, regulatory and market developments that apply to the Plan. These advisory appointments are also periodically reviewed.


Training is delivered during Trustee meetings when the Trustee is considering issues, the understanding of which is enhanced through training. Relevant training materials are included in Trustee meeting packs, with the training received being minuted and recorded in the Trustee training log.

Trustee Directors have a working knowledge of the Trust Deed and Rules, the SIP and current policies and law relating to pensions and trusts. They also have the sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes.

As a result of the training activities that have been completed and taking account of the professional advice available to the Trustee, it is my opinion that the Trustee Directors are able to fulfil their role to the required standard.

If you have any further queries regarding the Plan, please contact the Secretary to the Trustee. Contact details are on page 2.

A copy of this Statement is publicly available, free of charge, on the Plan website, www.alspensions.co.uk.



Richard Howard

Chair of the Trustee of the Amadeus Services Limited Pension Plan and Life Assurance Plan

Date: 3 Oct 19

Attached: Statement of Investment Principles dated September 2016.

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Appendix – Cost and Charges projections

Projections and assumptions relevant to the DC Plan are as follows:

Projected Pension Pot in today's money									
Years	Global Equity Fixed Weights (60:40) Index Fund		Dynamic Diversified Fund		Cash Fund		Over 15 Year Gilts Index Fund		
	Before charges	After all costs and charges	Before charges	After all costs and charges	Before charges	After all costs and charges	Before charges	After all costs and charges	
1	£79,222	£79,078	£78,229	£77,854	£75,976	£75,875	£75,947	£75,875	
3	£102,392	£101,873	£98,858	£97,547	£91,166	£90,831	£91,070	£90,831	
5	£127,713	£126,691	£120,813	£118,294	£106,368	£105,758	£106,193	£105,758	
10	£201,788	£198,794	£182,071	£175,154	£144,426	£142,943	£144,000	£142,943	
15	£294,275	£287,963	£253,647	£239,934	£182,560	£179,942	£181,808	£179,942	
20	£409,751	£398,235	£337,281	£313,737	£220,770	£216,757	£219,615	£216,757	
25	£553,932	£534,605	£435,002	£397,821	£259,057	£253,386	£257,422	£253,386	
30	£733,951	£703,251	£549,184	£493,617	£297,421	£289,837	£295,229	£289,837	
35	£958,717	£911,809	£682,601	£602,758	£335,861	£326,103	£333,036	£326,103	
40	£1,239,353	£1,169,728	£838,490	£727,101	£374,378	£362,189	£370,844	£362,189	

Assumptions:

- Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation
- The starting pot size is assumed to be £68,386
- Inflation is assumed to be 2.5% each year
- Contributions are assumed from age 25 to 65 and increase in line with assumed earnings inflation of 2.5% each year
- Values shown are estimates and are not guaranteed
- The projected growth rate for each fund are as follows:

Global Equity Fixed Weights (60:40) Index Fund	4.54% above inflation
Dynamic Diversified Fund	3.16% above inflation
Cash Fund	0.04% above inflation
Over 15 Year Gilts Index Fund	0.00% above inflation

Projections and assumptions relevant to the DB AVC Plan are as follows:

Projected Pension Pot in today's money									
Years	Global Equity Fixed Weights (60:40) Index Fund		Dynamic Diversified Fund		Cash Fund		Over 15 Year Gilts Index Fund		
	Before charges	After all costs and charges	Before charges	After all costs and charges	Before charges	After all costs and charges	Before charges	After all costs and charges	
1	£19,996	£19,958	£19,733	£19,633	£19,136	£19,109	£19,128	£19,109	
3	£21,853	£21,728	£21,001	£20,685	£19,151	£19,071	£19,128	£19,071	
5	£23,883	£23,655	£22,350	£21,792	£19,166	£19,033	£19,128	£19,033	
10	£29,819	£29,254	£26,115	£24,828	£19,205	£18,938	£19,128	£18,938	
15	£37,231	£36,177	£30,514	£28,286	£19,243	£18,843	£19,128	£18,843	
20	£46,486	£44,739	£35,654	£32,227	£19,282	£18,749	£19,128	£18,749	
25	£58,041	£55,327	£41,660	£36,716	£19,320	£18,655	£19,128	£18,655	
30	£72,468	£68,422	£48,677	£41,890	£19,359	£18,562	£19,128	£18,562	
35	£90,481	£84,615	£56,877	£47,657	£19,398	£18,470	£19,128	£18,470	
40	£112,972	£104,641	£66,457	£54,295	£19,436	£18,378	£19,128	£18,378	

Assumptions:

- Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation
- The starting pot size is assumed to be £19,128
- Inflation is assumed to be 2.5% each year
- Contributions are assumed from age 25 to 65 and increase in line with assumed earnings inflation of 2.5% each year
- Values shown are estimates and are not guaranteed
- The projected growth rate for each fund are as follows:

Global Equity Fixed Weights (60:40) Index Fund	4.54% above inflation
Dynamic Diversified Fund	3.16% above inflation
Cash Fund	0.04% above inflation
Over 15 Year Gilts Index Fund	0.00% above inflation