

# THE BOREALIS UK LIMITED GROUP PENSION PLAN

## CHAIR'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

I am pleased to present the Trustees annual statement of governance, covering the period 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019. This statement describes how the Trustees seek to ensure that the Plan is well-managed and delivers excellent services to members. In doing so, we provide the various statutory disclosures required by the Occupational Pension Schemes (Charges and Governance) Regulations 2015. This statement covers four principal areas:

1. The investment strategy relating to the Plan's default arrangement;
2. Internal controls, with particular focus on the processing of core financial transactions;
3. Value for Members, with particular focus on charges and transaction costs deducted from members' funds. This now includes the new requirements in relation to the disclosure of the impact of costs and charges; and
4. The knowledge and resources available to the Trustees and how these factors help the Trustees to ensure that the Plan is governed effectively.

This statement will be published on a publicly available website. The annual benefit statements will contain the website address and details on how members can locate relevant costs and charges information. The annual benefit statements will also advise members that they are able to request hard copies of this information and the Trustees acknowledge that they are required to provide this information within two months of the date of the member request.

As was confirmed in previous Chair's Statements the Trustees are in the process of securing the members assets and dissolving the Trust. The Trustees have continued to work with Borealis and their legal advisers, Sackers, and there has been much work undertaken to improve the membership data and, in particular, trace members for whom no address was held. This included using the Department of Work and Pensions (DWP) tracing service. At the time this Statement is signed the Trustees are close to commencing formal wind up of the Plan.

**Chair of the Borealis UK Limited Group Pension Plan**

**October 2019**

## **1. The default investment arrangement**

- 1.1 The Plan is not a qualifying arrangement for auto-enrolment compliance purposes and as such, there is no legislative requirement to have a default arrangement. For Plan numbers 19199 and 26462 most members are predominantly invested in AVIVA's Mixed Investment (40-85%) fund. For Plan numbers 24915 and 26465 members are invested in AVIVA's With Profits Fund.
- 1.2 The Plan has fewer than 100 members and is therefore not required to prepare a Statement of Investment Principles.
- 1.3 The Trustees believe the investment options under the Plan no longer would meet all members varying investment needs and risk tolerances but are restricted to the fund range offered by the provider, Aviva.

## **2. Requirements for processing financial transactions**

- 2.1 As required by the Administration Regulations, the Trustees must ensure that core financial transactions are processed promptly and accurately. Core financial transactions are (broadly):
  - Investment of contributions paid to the Plan;
  - Transfers of members' assets into and out of the Plan;
  - Transfers of members' assets between different investment options available in the Plan; and
  - Payments from the Plan to, or in respect of, members and beneficiaries.
- 2.2 Contributions to the Plan ceased in January 2017 and there were no contributions during the period covered by this Statement.
- 2.3 The Trustees recognise the importance of processing financial transactions promptly and accurately as failure to do so may have an adverse effect on member outcomes and may result in members disengaging with the Plan.
- 2.3 The Trustees have delegated the administration of the Plan member records and investment platform services to Aviva.
- 2.5 The Trustees are satisfied that the Plan's core financial transactions have been processed promptly and accurately during the period to which this Statement relates.
- 2.6 The Trustees are committed to monitoring service on a regular basis to ensure that members receive service in line with expectations.

## **3. Charges and transactions costs**

- 3.1 As required by regulation 25 of the Administration Regulations, the Trustees are required to report on the charges and transaction costs for the investments used in the default and non-default arrangements and their assessment of the extent to which the charges and costs represent good value for members.

- 3.2 We note that while transaction costs and charges are an important consideration, they are not the only criteria the Trustees assess. A number of other qualitative and quantitative factors are also considered in a holistic manner when making strategic decisions in relation to investment strategy with good outcomes for members being the ultimate goal for the Plan.
- 3.3 The charge cap of 0.75% p.a. introduced by regulations, applies solely to the default investment option, and is adhered to by the Plan's default option. The Total Expense Ratios ("TERs") payable under the default strategy remains the same irrespective of which stage that each member has reached in the default arrangement's de-risking process.
- 3.4 For premium paying policies within Plans 19199 and 26462 there is an initial policy fee of £54 per annum plus an increment fee of £18 per annum. If a policy has more than four increments no additional increment fees will be applied. For policies which are paid up no annual policy fee applies.
- 3.5 For policies invested in unit linked funds there is a 5% bid/offer spread although this isn't applicable any more given no new premiums are being paid. There is also an annual management charge ('AMC') of 4.125% for initial units and 0.875% for ordinary units. AVIVA have confirmed that the AMC and the Total Expense Ratio ('TER') are the same. The Total Expense Ratio comprises the investment manager's annual charge for managing and operating a fund, but also includes the costs of other services paid for by the fund, such as the legal costs, registration fees and custodian fees.
- 3.6 The TER however excludes the costs associated with trades in and out of a fund as well as the costs of trading a fund's underlying securities, including commissions and stamp duty, which are collectively referred to in this Statement as 'transactional costs'.
- 3.7 The table below shows the TER and transactional cost for each fund in the Plan.
- 3.8 Additionally, the Company pays for all advisory, legal and other communication costs associated with the operating of the Plan.

### Transaction Cost Disclosure for Workplace Pensions

<b>Scheme Name:</b>	Borealis UK Ltd						
<b>Scheme Number:</b>	19199						
<b>Explanatory Notes:</b>	In accordance with FCA & DWP regulations, Governance bodies of workplace pension schemes must perform a value for money assessment for their scheme which includes looking at the costs involved in managing pension funds. This table shows the administration and transaction costs for each fund in your scheme and is provided to assist with value for money / value for member assessments. The FCA has prescribed the 'slippage cost' methodology for calculating transaction costs. The slippage cost methodology calculates the transaction cost of buying or selling an investment as the difference between the price at which an asset is valued immediately before an order is placed into the market and the price at which it is actually traded. Where fund managers have not used this methodology it is shown below.						
	The data in the table below shows the following:						
<b>Administration Cost</b>	This is the total of the fund's administration costs. It also does not reflect any member specific adjustments or enhanced allocation rates, which may be dependent on the policy terms and investment.						
<b>Total Transaction Cost</b>	The total annual fund transaction costs. This is the total of the 'Buying and Selling' costs and 'Lending and Borrowing' costs as described below.						
<b>Buying and Selling Transaction Cost</b>	Where is it an internal fund, which is a fund managed to an investment mandate set by Aviva UK Insurance, these are the costs incurred in buying and selling units in the Aviva insured fund and the costs incurred by this fund in buying and selling its holdings. Where the Aviva insured fund invests in an external fund these are the annual costs incurred in buying and selling units in the underlying external fund and the annual costs incurred by the underlying fund in buying and selling its holdings.						
<b>Lending and Borrowing Transaction Cost</b>	The annual costs incurred by either the Aviva insured fund and / or the underlying fund in lending and borrowing its holdings.						
<b>Transaction Cost Data Missing</b>	The percentage of the fund value for which underlying fund cost data is missing. As a result of this we cannot provide the total transaction costs for this fund. This includes when: a) the fund manager has provided no transaction costs b) the fund manager has not provided costs for a certain percentage of their fund						
<b>Slippage Cost methodology not used</b>	The percentage of the fund for which transaction costs have been calculated using a method other than the slippage cost methodology.						
Fund Name	Administration Cost	Total Transaction Cost	Buying and Selling Transaction Cost	Lending and Borrowing Transaction Cost	Transaction Cost Data Missing	Slippage Cost methodology not used	Comments/ Additional Information
Aviva Index-Linked Gilt (PM) Chargeable Series 01 Pension - Unit Type 75	0.88%	0.1065%	0.0960%	0.0105%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).
Aviva Index-Linked Gilt (PM) Non Chargeable Series 01 Pension - Unit Type 74	0.88%	0.1065%	0.0960%	0.0105%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).
Aviva Equity (PM) Chargeable Series 01 Pension - Unit Type 75	0.88%	0.0636%	0.0530%	0.0106%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).
Aviva Equity (PM) Non Chargeable Series 01 Pension - Unit Type 74	0.88%	0.0636%	0.0530%	0.0106%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).
Aviva Fixed Interest (PM) Chargeable Series 01 Pension - Unit Type 75	0.88%	0.0465%	0.0182%	0.0283%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).
Aviva Fixed Interest (PM) Non Chargeable Series 01 Pension - Unit Type 74	0.88%	0.0465%	0.0182%	0.0283%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).

Fund Name	Administration Cost	Total Transaction Cost	Buying and Selling Transaction Cost	Lending and Borrowing Transaction Cost	Transaction Cost Data Missing	Shippage Cost methodology not used	Comments/ Additional Information
Aviva Mixed Invest (40-85% Shares) (PM) Chargeable Series 01 Pension - Unit Type 75	0.88%	0.0442%	0.0354%	0.0088%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).
Aviva Mixed Invest (40-85% Shares) (PM) Non Chargeable Series 01 Pension - Unit Type 74	0.88%	0.0442%	0.0354%	0.0088%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).
Aviva Overseas Equity (PM) Chargeable Series 01 Pension - Unit Type 75	0.88%	0.0354%	0.0264%	0.0090%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).
Aviva Overseas Equity (PM) Non Chargeable Series 01 Pension – Unit Type 74	0.88%	0.0354%	0.0264%	0.0090%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).
Aviva Deposit (PM) Chargeable Series 01 Pension - Unit Type 75	0.88%	0.0000%	0.0000%	0.0000%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).
Aviva Deposit (PM) Non Chargeable Series 01 Pension - Unit Type 74	0.88%	0.0000%	0.0000%	0.0000%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).
Aviva Deposit (PM) Initial Series 01 Pension – Unit Type 70	0.88%						Required underlying data is not available
Aviva Equity (PM) Initial Series 01 Pension - Unit Type 70	0.88%						Required underlying data is not available
Aviva Fixed Interest (PM) Initial Series 01 Pension - Unit Type 70	0.88%						Required underlying data is not available
Aviva Index-Linked Gilt (PM) Initial Series 01 Pension - Unit Type 70	0.88%						Required underlying data is not available
Aviva Mixed Invest (40-85% Shares) (PM) Initial Series 01 Pension – Unit Type 70	0.88%						Required underlying data is not available
Aviva Overseas Equity (PM) Initial Series 01 Pension - Unit Type 70	0.88%						Required underlying data is not available
Aviva Property (PM) Chargeable Series 01 Pension - Unit Type 75	0.88%						Required underlying data is not available
Aviva Property (PM) Initial Series 01 Pension - Unit Type 70	0.88%						Required underlying data is not available
Aviva Property (PM) Non Chargeable Series 01 Pension - Unit Type 74	0.88%						Required underlying data is not available

## Transaction Cost Disclosure for Workplace Pensions

<b>Scheme Name:</b>	Borealis UK Ltd
<b>Scheme Number:</b>	26462
<b>Explanatory Notes:</b>	In accordance with FCA & DWP regulations, Governance bodies of workplace pension schemes must perform a value for money assessment for their scheme which includes looking at the costs involved in managing pension funds. This table shows the administration and transaction costs for each fund in your scheme and is provided to assist with value for money / value for member assessments. The FCA has prescribed the 'slippage cost' methodology for calculating transaction costs. The slippage cost methodology calculates the transaction cost of buying or selling an investment as the difference between the price at which an asset is valued immediately before an order is placed into the market and the price at which it is actually traded. Where fund managers have not used this methodology it is shown below.

The data in the table below shows the following:

<b>Administration Cost</b>	This is the total of the fund's administration costs. It also does not reflect any member specific adjustments or enhanced allocation rates, which may be dependent on the policy terms and investment.
<b>Total Transaction Cost</b>	The total annual fund transaction costs. This is the total of the 'Buying and Selling' costs and 'Lending and Borrowing' costs as described below.
<b>Buying and Selling Transaction Cost</b>	Where is it an internal fund, which is a fund managed to an investment mandate set by Aviva UK Insurance, these are the costs incurred in buying and selling units in the Aviva insured fund and the costs incurred by this fund in buying and selling its holdings. Where the Aviva insured fund invests in an external fund these are the annual costs incurred in buying and selling units in the underlying external fund and the annual costs incurred by the underlying fund in buying and selling its holdings.
<b>Lending and Borrowing Transaction Cost</b>	The annual costs incurred by either the Aviva insured fund and / or the underlying fund in lending and borrowing its holdings.
<b>Transaction Cost Data Missing</b>	The percentage of the fund value for which underlying fund cost data is missing. As a result of this we cannot provide the total transaction costs for this fund. This includes when: a) the fund manager has provided no transaction costs b) the fund manager has not provided costs for a certain percentage of their fund
<b>Slippage Cost methodology not used</b>	The percentage of the fund for which transaction costs have been calculated using a method other than the slippage cost methodology.

Fund Name	Administration Cost	Total Transaction Cost	Buying and Selling Transaction Cost	Lending and Borrowing Transaction Cost	Transaction Cost Data Missing	Slippage Cost methodology not used	Comments/ Additional Information
Aviva Index-Linked Gilt (PM) Chargeable Series 01 Pension - Unit Type 75	0.88%	0.1065%	0.0960%	0.0105%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).
Aviva Index-Linked Gilt (PM) Non Chargeable Series 01 Pension - Unit Type 74	0.88%	0.1065%	0.0960%	0.0105%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).
Aviva Equity (PM) Chargeable Series 01 Pension - Unit Type 75	0.88%	0.0636%	0.0530%	0.0106%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).
Aviva Equity (PM) Non Chargeable Series 01 Pension - Unit Type 74	0.88%	0.0636%	0.0530%	0.0106%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).
Aviva Fixed Interest (PM) Chargeable Series 01 Pension - Unit Type 75	0.88%	0.0465%	0.0182%	0.0283%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).
Aviva Fixed Interest (PM) Non Chargeable Series 01 Pension - Unit Type 74	0.88%	0.0465%	0.0182%	0.0283%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).

Fund Name	Administration Cost	Total Transaction Cost	Buying and Selling Transaction Cost	Lending and Borrowing Transaction Cost	Transaction Cost Data Missing	Slippage Cost methodology not used	Comments/ Additional Information
Aviva Mixed Invest (40-85% Shares) (PM) Chargeable Series 01 Pension - Unit Type 75	0.88%	0.0442%	0.0354%	0.0088%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).
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Aviva Overseas Equity (PM) Non Chargeable Series 01 Pension - Unit Type 74	0.88%	0.0354%	0.0264%	0.0090%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).
Aviva Deposit (PM) Chargeable Series 01 Pension - Unit Type 75	0.88%	0.0000%	0.0000%	0.0000%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).
Aviva Deposit (PM) Non Chargeable Series 01 Pension - Unit Type 74	0.88%	0.0000%	0.0000%	0.0000%	0%	0%	The costs provided represent those incurred by the underlying fund in buying and selling its holdings and do not include those incurred by the Aviva fund in buying and selling units in the underlying fund(s).
Aviva Deposit (PM) Initial Series 01 Pension - Unit Type 70	0.88%						Required underlying data is not available
Aviva Equity (PM) Initial Series 01 Pension - Unit Type 70	0.88%						Required underlying data is not available
Aviva Fixed Interest (PM) Initial Series 01 Pension - Unit Type 70	0.88%						Required underlying data is not available
Aviva Index-Linked Gilt (PM) Initial Series 01 Pension - Unit Type 70	0.88%						Required underlying data is not available
Aviva Mixed Invest (40-85% Shares) (PM) Initial Series 01 Pension - Unit Type 70	0.88%						Required underlying data is not available
Aviva Overseas Equity (PM) Initial Series 01 Pension - Unit Type 70	0.88%						Required underlying data is not available
Aviva Property (PM) Chargeable Series 01 Pension - Unit Type 75	0.88%						Required underlying data is not available
Aviva Property (PM) Initial Series 01 Pension - Unit Type 70	0.88%						Required underlying data is not available
Aviva Property (PM) Non Chargeable Series 01 Pension - Unit Type 74	0.88%						Required underlying data is not available

- 3.9 In accordance with regulation 23(1)(ca) of the Administration Regulations, as amended, the Trustees have obtained illustrations detailing the impact of the costs and charges typically paid by a member of the Plan on their retirement savings pot.



## Your pension scheme

### Borealis UK Ltd

## Costs and charges illustration

### What is this illustration for and how could it help you?

The information in this document is an 'illustration'. This is to show you the possible effect of costs and charges on your pension savings to help you plan for your retirement. The figures shown in it are not personal to you and do not show the actual pension benefits you could get from the pension scheme.

Your pension scheme benefits depend on many things such as contributions from you or your employer, how your investment funds have performed, and costs and charges. You may get back less than you put in.

### How charges affect your pension scheme's investment funds

On page 2 are tables which show how different costs and charges can impact the pension pot over certain periods of time, based on a selection of investment funds. Table 1 shows typical funds for your pension scheme. Table 2 shows funds with different growth rate assumptions and charges.

Under each investment fund, there are two columns. The first shows the projected pension values assuming no charges are taken. The second shows the projected pension values after costs and charges are taken. By comparing the two you can see how much the charges over the years will impact your pension fund.



**Table 1**

Illustration of effect of cost and charges for typical funds within your scheme – Borealis UK Ltd										
	Aviva Mixed Invest (40-85% Shares) (PM)		Aviva Deposit (PM)							
	Assumed growth rate 4.6% p.a.		Assumed growth rate 1.5% p.a.							
	Assumed fund costs and charges 0.92% p.a.		Assumed fund costs and charges 0.875% p.a.							
At end of year	Projected value assuming no charges are taken	Projected value with charges taken *	Projected value assuming no charges are taken	Projected value with charges taken *	Projected value assuming no charges are taken	Projected value with charges taken *	Projected value assuming no charges are taken	Projected value with charges taken *	Projected value assuming no charges are taken	Projected value with charges taken *
0	£50,000	£50,000	£50,000	£50,000						
1	£51,000	£50,600	£49,500	£49,100						
2	£52,100	£51,100	£49,000	£48,200						
3	£53,100	£51,700	£48,600	£47,300						
4	£54,200	£52,300	£48,100	£46,400						
5	£55,300	£52,900	£47,600	£45,600						
10	£61,200	£55,900	£45,300	£41,500						
15	£67,800	£59,100	£43,200	£37,900						
20	£75,000	£62,500	£41,100	£34,500						
25	£83,000	£66,000	£39,100	£31,500						
30	£91,900	£69,800	£37,300	£28,700						

\* Includes product charges

**Table 2**

Illustration of effect of costs and charges for funds with different growth rates and charges within your scheme – Borealis UK Ltd									
	N/A		Aviva Deposit (PM)		N/A		Aviva Mixed Invest (40-85% Shares) (PM)		
	N/A		Assumed growth rate 1.5% p.a.		N/A		Assumed growth rate 4.6% p.a.		
	N/A		Assumed fund costs and charges 0.875% p.a.		N/A		Assumed fund costs and charges 0.92% p.a.		
At end of year	Projected value assuming no charges are taken	Projected value with charges taken *	Projected value assuming no charges are taken	Projected value with charges taken *	Projected value assuming no charges are taken	Projected value with charges taken *	Projected value assuming no charges are taken	Projected value with charges taken *	Projected value with charges taken *
0	N/A	N/A	£50,000	£50,000	N/A	N/A	£50,000	£50,000	£50,000
1	N/A	N/A	£49,500	£49,100	N/A	N/A	£51,000	£50,600	£50,600
2	N/A	N/A	£49,000	£48,200	N/A	N/A	£52,100	£51,100	£51,100
3	N/A	N/A	£48,600	£47,300	N/A	N/A	£53,100	£51,700	£51,700
4	N/A	N/A	£48,100	£46,400	N/A	N/A	£54,200	£52,300	£52,300
5	N/A	N/A	£47,600	£45,600	N/A	N/A	£55,300	£52,900	£52,900
10	N/A	N/A	£45,300	£41,500	N/A	N/A	£61,200	£55,900	£55,900
15	N/A	N/A	£43,200	£37,900	N/A	N/A	£57,800	£59,100	£59,100
20	N/A	N/A	£41,100	£34,500	N/A	N/A	£75,000	£62,500	£62,500
25	N/A	N/A	£39,100	£31,500	N/A	N/A	£83,000	£66,000	£66,000
30	N/A	N/A	£37,300	£28,700	N/A	N/A	£91,900	£69,800	£69,800

\* Includes product charges

## Product Charges

Along with the fund costs and charges, the following product charge is assumed in the 'Projected value with charges taken' figures.

Capital units	Not applicable
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The following additional product features may also apply depending on your personal circumstances. Please contact Aviva for further details.

### How we worked out the figures in the tables

It's important to understand how much or how little difference charges make to your pension pot, but we can't predict exactly what will happen in the future so we've had to make some assumptions. The values shown are estimates and are not guaranteed.

These assumptions are:

1. We've assumed a starting pot representative of a typical member in your scheme. It doesn't assume any on-going contributions into the pension pot.
2. The figures illustrate the pension pot value in 'today's money' which means they take inflation into account by reducing values at 2.5% a year. Seeing the figures in this way shows you what they could be worth today. It's important to note that inflation reduces the worth of all savings and investments. The effect of this is shown in the illustration and could mean the fund may reduce as well as grow in 'today's money'.
3. Transaction costs may not have been included where data was not available from the fund managers.

### Some important things to remember

Your scheme will offer other funds to those illustrated, with different growth potential and different charges, and may also offer some form of lifestyling investment approach. If you have selected the lifestyling investment approach your pension pot will automatically be moved into different funds as you approach your retirement date and your scheme literature will provide details of how this works. As the individual funds used in a lifestyling approach have different growth potential and different charges, the overall growth rate and overall charge will change over time.

For these reasons, we have shown a range of funds with a range of charges which are available to you and which could apply to your pension pot during the life of your plan. A personal projection of your pension pot is included in your annual benefit statement and you should read that to get an individual view of your projected pension benefits. You'll also find details of the actual charges applicable to you in your scheme literature.

The figures shown here:

- Shouldn't be used to make investment decisions, so if you need to do that, we recommend that you take financial advice.
- May not be relevant to your personal circumstances. Your money may be invested in different funds, for example.

Aviva Life & Pensions UK Limited.

Registered in England No. 3253947. Registered office: Aviva, Wellington Row, York, YO90 1WR. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Firm Reference Number 185896. [aviva.co.uk](http://aviva.co.uk)

TEMP GF1NG071309 09/2018



## Your pension scheme

### Borealis UK Ltd

#### Costs and charges illustration

##### What is this illustration for and how could it help you?

The information in this document is an 'illustration'. This is to show you the possible effect of costs and charges on your pension savings to help you plan for your retirement. The figures shown in it are not personal to you and do not show the actual pension benefits you could get from the pension scheme.

Your pension scheme benefits depend on many things such as contributions from you or your employer, how your investment funds have performed, and costs and charges. You may get back less than you put in.

##### How charges affect your pension scheme's investment funds

On page 2 are tables which show how different costs and charges can impact the pension pot over certain periods of time, based on a selection of investment funds. Table 1 shows typical funds for your pension scheme. Table 2 shows funds with different growth rate assumptions and charges.

Under each investment fund, there are two columns. The first shows the projected pension values assuming no charges are taken. The second shows the projected pension values after costs and charges are taken. By comparing the two you can see how much the charges over the years will impact your pension fund.

**Table 1**

Illustration of effect of cost and charges for typical funds within your scheme – Borealis UK Ltd										
	Aviva Mixed Invest (40-85% Shares) (PM)		Aviva Equity (PM)		PIM High Rate Fund		PIM Low Rate Fund		Aviva Property (PM)	
	Assumed growth rate 4.6% p.a.		Assumed growth rate 5.5% p.a.		Assumed growth rate 3.9% p.a.		Assumed growth rate 3.9% p.a.		Assumed growth rate 4.5% p.a.	
	Assumed fund costs and charges 0.92% p.a.		Assumed fund costs and charges 0.939% p.a.		Assumed fund costs and charges 0.6% p.a.		Assumed fund costs and charges 0.6% p.a.		Assumed fund costs and charges 0.88% p.a.	
At end of year	Projected value assuming no charges are taken	Projected value with charges taken *	Projected value assuming no charges are taken	Projected value with charges taken *	Projected value assuming no charges are taken	Projected value with charges taken *	Projected value assuming no charges are taken	Projected value with charges taken *	Projected value assuming no charges are taken	Projected value with charges taken *
0	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000
1	£25,500	£25,300	£25,700	£25,500	£25,300	£25,200	£25,300	£25,200	£25,500	£25,300
2	£26,000	£25,600	£26,500	£26,000	£25,700	£25,400	£25,700	£25,400	£26,000	£25,500
3	£26,600	£25,800	£27,300	£26,500	£26,000	£25,600	£26,000	£25,600	£26,500	£25,800
4	£27,100	£26,100	£28,100	£27,000	£26,400	£25,800	£26,400	£25,800	£27,000	£26,100
5	£27,700	£26,400	£28,900	£27,600	£26,800	£26,000	£26,800	£26,000	£27,500	£26,400
10	£30,600	£27,900	£33,400	£30,400	£28,600	£27,000	£28,600	£27,000	£30,300	£27,800
15	£33,900	£29,500	£38,500	£33,500	£30,600	£28,000	£30,600	£28,000	£33,400	£29,300
20	£37,500	£31,200	£44,500	£36,900	£32,800	£29,100	£32,800	£29,100	£36,800	£30,900
25	£41,500	£33,000	£51,400	£40,700	£35,100	£30,200	£35,100	£30,200	£40,500	£32,600
30	£45,900	£34,900	£59,400	£44,900	£37,600	£31,400	£37,600	£31,400	£44,600	£34,400

Includes product charges

**Table 2**

Illustration of effect of costs and charges for funds with different growth rates and charges within your scheme – Borealis UK Ltd								
	PIM High Rate Fund		PIM Low Rate Fund		Aviva Overseas Equity (PM)		Aviva Equity (PM)	
	Assumed growth rate 3.9% p.a.		Assumed growth rate 3.9% p.a.		Assumed growth rate 5.5% p.a.		Assumed growth rate 5.5% p.a.	
	Assumed fund costs and charges 0.6% p.a.		Assumed fund costs and charges 0.6% p.a.		Assumed fund costs and charges 0.91% p.a.		Assumed fund costs and charges 0.94% p.a.	
At end of year	Projected value assuming no charges are taken	Projected value with charges taken *	Projected value assuming no charges are taken	Projected value with charges taken *	Projected value assuming no charges are taken	Projected value with charges taken *	Projected value assuming no charges are taken	Projected value with charges taken *
0	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000
1	£25,300	£25,200	£25,300	£25,200	£25,700	£25,500	£25,700	£25,500
2	£25,700	£25,400	£25,700	£25,400	£26,500	£26,000	£26,500	£26,000
3	£26,000	£25,600	£26,000	£25,600	£27,300	£26,500	£27,300	£26,500
4	£26,400	£25,800	£26,400	£25,800	£28,100	£27,100	£28,100	£27,000
5	£26,800	£26,000	£26,800	£26,000	£28,900	£27,600	£28,900	£27,600
10	£28,600	£27,000	£28,600	£27,000	£33,400	£30,500	£33,400	£30,400
15	£30,600	£28,000	£30,600	£28,000	£38,500	£33,600	£38,500	£33,500
20	£32,800	£29,100	£32,800	£29,100	£44,500	£37,100	£44,500	£36,900
25	£35,100	£30,200	£35,100	£30,200	£51,400	£41,000	£51,400	£40,700
30	£37,600	£31,400	£37,600	£31,400	£59,400	£45,300	£59,400	£44,900

\* Includes product charges

## Product Charges

Along with the fund costs and charges, the following product charge is assumed in the 'Projected value with charges taken' figures.

Capital units	Not applicable
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The following additional product features may also apply depending on your personal circumstances. Please contact Aviva for further details.

### How we worked out the figures in the tables

It's important to understand how much or how little difference charges make to your pension pot, but we can't predict exactly what will happen in the future so we've had to make some assumptions. The values shown are estimates and are not guaranteed.

**These assumptions are:**

1. We've assumed a starting pot representative of a typical member in your scheme. It doesn't assume any on-going contributions into the pension pot.
2. The figures illustrate the pension pot value in 'today's money' which means they take inflation into account by reducing values at 2.5% a year. Seeing the figures in this way shows you what they could be worth today. It's important to note that inflation reduces the worth of all savings and investments. The effect of this is shown in the illustration and could mean the fund may reduce as well as grow in 'today's money'.
3. Transaction costs may not have been included where data was not available from the fund managers.

### Some important things to remember

Your scheme will offer other funds to those illustrated, with different growth potential and different charges, and may also offer some form of lifestyling investment approach. If you have selected the lifestyling investment approach your pension pot will automatically be moved into different funds as you approach your retirement date and your scheme literature will provide details of how this works. As the individual funds used in a lifestyling approach have different growth potential and different charges, the overall growth rate and overall charge will change over time.

For these reasons, we have shown a range of funds with a range of charges which are available to you and which could apply to your pension pot during the life of your plan. A personal projection of your pension pot is included in your annual benefit statement and you should read that to get an individual view of your projected pension benefits. You'll also find details of the actual charges applicable to you in your scheme literature.

**The figures shown here:**

- Shouldn't be used to make investment decisions, so if you need to do that, we recommend that you take financial advice.
- May not be relevant to your personal circumstances. Your money may be invested in different funds, for example.

**Aviva Life & Pensions UK Limited.**

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#### 4. Value for Members

- 4.1 The Trustees are committed to ensuring that members receive good value for money. In the Trustees opinion, the charges for the Plan's unit linked funds are above the charging cap of 0.75% per annum and do not offer good value for members.
- 4.2 A new pension arrangement was established by Borealis early in 2017 and it is the Trustees intention to secure the members assets and dissolve the Trust. As confirmed earlier the Trustees have undertaken a tracing exercise and now have the addresses for all but two members.
- 4.3 Tracing and communicating to members will help them to decide whether they wish to retain their benefits with AVIVA. Some members who joined the Plan prior to April 1998 are able to access Guaranteed Annuity Rates (GAR's) which could be very valuable to them.
- 4.4 For those members invested in With Profits, the first two years regular contributions (and first two years of any increments) are invested in AVIVA's With Profits '*lower rate*' fund. All subsequent contributions are invested in AVIVA's With Profits '*higher rate*' fund. The *higher rate* fund has a guaranteed annual interest of 3.25% in addition to any reversionary bonus declared for the *lower rate* fund.
- 4.5 Payouts on surrender and maturity will reflect all charges incurred, though they are not separately identified. Moreover, the actual performance received by members, net of charges, is only ever known upon maturity/surrender, after any augmentation for guaranteed terms and after the effect of 'smoothing'.
- 4.6 'Smoothing' is an additional comfort factor within with-profits funds. In years when investment performance is high, some of the return is held back to 'top-up' returns when lower performance occurs. Hence, at the point a specific member disinvests, smoothing may reduce or increase the payout relative to the underlying investment performance of the assets, thereby reducing investment risk for the individual investor.
- 4.7 By their nature the charging structure of the with-profits investment option is not transparent – for example, investment returns are earned in the form of discretionary bonuses calculate by Aviva. Assessing the value for money of a with-profits fund is directly related to an individual's attitude towards, and capacity for, investment risk. An individual may find comfort in the fact that a with-profits fund provides guarantees; whether that is a guaranteed pension, investment return or "just" capital security. Therefore, we consider it inappropriate to reach a general conclusion on value for money from the AVIVA With-Profits Fund, as this will vary by member. The Trustees will continue to review these funds as part of its ongoing oversight.
- 4.2 Members are also in receipt of additional benefits, for example:
- The cost of maintaining a Trustee board with duties to act in the best interests of beneficiaries is ultimately borne entirely by the Company. These costs include the Trustee board's advisory costs.
  - The Company bears the cost of the communication services such as the production of notices, Plan communications and other explanatory material.


## **5. Trustees' knowledge and understanding**

In accordance with sections 247 and 248 of the Pensions Act 2004, the Trustees are required to maintain an appropriate level of knowledge and understanding that, together with professional advice available to them, enables them to properly exercise their functions and duties in relation to the Plan. This requirement has been met during the period to which this Statement relates as follows:

- a) The Trustees undertake ongoing training both collectively as a group and individually to keep abreast of pension legislation and regulations, and relevant developments; all such training is recorded on a training log.
- b) The Trustees have completed the relevant modules of the Trustee toolkit.
- c) Time is allocated at Trustees meetings for the provision of relevant training. The Trustees continue to seek out and undertake relevant training to support the governance of the Plan.
- e) Through their advisers, the Trustees receive DC current topic updates regularly in order to stay updated on relevant developments and their impact on the Plan and its members. Action is considered where necessary, and advice is sought where required.
- f) The Trustees also receive advice from professional advisers and the relevant skills and experience of those advisers is a key criterion when evaluating advisor performance or selecting new advisers.
- g) To support the Trustees, the secretariat function is outsourced to professional advisors. Consequently, the Trustee's agendas are prepared by professional advisors who do so with a view to ensuring compliance and best practice. The Trustee's professional advisors attend all of their formal trustee meetings and are responsible for the co-ordination of the business plan.
- h) Legal advice in relation to winding the Plan up has been received from Sackers during the Statement period.
- i) Taking into account the actions taken individually and as Trustees, the knowledge and experience of the Trustees, and the professional advice available to it, the Trustees consider that they are able to exercise their function as Trustees appropriately.

### **Chair's declaration**

I confirm that the above statement has been produced by The Borealis UK Limited Group Pension Plan and was approved by the Trustees on 8<sup>th</sup> October 2019 and signed on its behalf by:

Signature: 

Name: ROBERT NIXON

Date: 8<sup>TH</sup> OCTOBER 2019