

DC hot topic

April 2017

Five top tips for your chair's annual statement



The chair's annual statement is a legal document which confirms the steps the trustees have taken to ensure good governance of their DC arrangements over the previous scheme year.

Depending on your scheme's timetable you should either be planning for, or already preparing, your second annual statement.

Timing



- You must meet the statutory deadline, which expires seven months from the end of your scheme year.
- Failure to meet the deadline will result in an automatic fine from TPR of between £500 and £2,000 (very likely the higher end if you have professional trustees).

Support



- To properly address certain of the requirements for the chair's statement you will need input from your lawyers and investment advisers. You should involve your advisers early on in the process.
- In particular, you are likely to need help with:
 - identifying your default arrangements
 - establishing whether you have complied with the charge controls
 - assessing the extent to which your member-borne charges represent good value for members.

Five top tips for your chair's annual statement cont.

Content



- This is your statement; it should reflect the trustees' views and be tailored to meet the needs of your membership.
- Remember that TPR's DC guidance suggests you explain the measures that have been taken to achieve compliance, as well as reporting on whether compliance has been achieved.

Evidence



- Keep a detailed record of your assessment of your governance processes. You may be required to provide TPR with evidence to support your conclusions at a future date.
- For example, if you conclude that your scheme has efficient administration processes, make sure you will be able to demonstrate this in practice.

Objectives



- Prioritise improving areas which will make the most difference, particularly when considering what changes could improve value for members.
- Focus on areas where the scheme is not reaching the standards you want and / or expect.



For further information, training and assistance with meeting your legal requirements, please speak to *Helen Ball*, *Jacqui Reid*, *Emma Martin* or your usual Sackers contact. You can also visit www.sackers.com/dc-schemes.