

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

This statement has been prepared in accordance with the Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015. It takes account of the guidance published by The Pensions Regulator and the statutory guidance issued by the DWP on the reporting of costs, charges and other information. It explains how the Plan is meeting the governance standards that apply to occupational pension schemes that provide defined contribution benefits. The AVC and DC Top Up Sections of the plan provide defined contribution benefits.

Trustee Knowledge and Understanding

Trustees of occupational pension schemes are required to maintain an appropriate level of knowledge and understanding which, together with the professional advice that is available to them, enables them to properly exercise their functions and duties in relation to their scheme.

During the period covered by this statement the Trustee has met this requirement in the following way:

- The Trustee is a sole professional trustee and its representative for the Plan has many years of experience in the pensions industry
- The Plan's legal adviser regularly attends trustee meetings and provides updates from time to time (supporting a working knowledge of the trust deed and rules and the law relating to pensions and trusts)
- The Trustee obtained advice on pensions law and developments, including interpretation of the trust deed and rules
- The Plan's investment adviser regularly attends trustee meetings (supporting a working knowledge of the SIP and relevant principles of funding and investment of occupational pension schemes)
- Review of the SIP is undertaken with professional advisers (supporting a working knowledge of that document)
- The Trustee has read and understands the Plan's key documents and current policies. The trust deed and rules is maintained in consolidated form to aid understanding
- Trustee training was undertaken; training was delivered during Trustee meetings on subjects including data protection, risk management and various legal issues. The Trustee maintained a log of training undertaken
- The Trustee's representative has undertaken The Pensions Regulator's Trustee Toolkit

The Trustee monitors the training that it has completed and which may be desirable, e.g. in light of forthcoming changes in the law and the Plan's business plan, and is confident that by doing this its knowledge and understanding, together with the advice available to it, enables it to properly exercise its functions as trustee of the Plan. For peer review purposes, the Trustee's approach to training is supported by the Secretary to the Trustee, which is a separate professional organisation.

The Default Investment Strategy

A default investment strategy is an approach adopted by trustees for the investment of pension contributions for members who have not made a choice as to where they want their pension savings invested. Members can also choose to invest in this way.

The AVC and DC Top Up Sections are closed to new members. A default lifestyle investment strategy applies to members of that Section of the Plan who did not choose their own investment strategy. Members are wholly invested in global equities at the time they join, then starting 5 years before their selected retirement age their fund will gradually be moved into the corporate bond and cash funds.

The Trustee receives investment monitoring reports quarterly from its investment advisers, Broadstone. The performance of the default investment strategy during the year were considered to be satisfactory and consistent with their objectives.

Further details of the default strategy are contained in the Plan's Statement of Investment Principles ('SIP'), which is reproduced in the Trustee's Report and Financial Statements. A copy of the SIP is also attached to and forms part of this statement. The SIP can also be found publicly available on the following website: <https://www.gdc-uk.org/>

The default strategy for the AVC and DC Top Up Section was reviewed during the year by the Trustee with advice from Broadstone and was considered to still be appropriate for the Plan's members who do not elect to make their own investment choices and

consistent with the aims and objectives of growing members' savings and reducing risk as members approach their selected retirement date. No changes were made as a result of the reviews.

Charges and Transaction Costs

Trustees are required to report on the charges and transaction costs for the investments used in the default arrangement and the non-default arrangements in which members were invested during the year and explain their assessment of the extent to which these represent good value for members. The performance of the strategy is reported on a quarterly basis in the investment monitoring reports.

The Plan's administration charges are paid by the employer. The only charges paid by members are the investment management charges, which vary according to the fund(s) in which members' contributions are invested.

The investment management charges applicable to the AVC and DC Top-Up Section during the year are set out in Appendix B. An illustration of the cumulative effect of the application of the charges and costs of the fund over time is set out in Appendix C.

Although the AVC and DC Top-Up Section funds are not used for auto-enrolment, the Trustee is conscious that the charges under one of the funds exceeds the charges cap that is applied to such schemes by a considerable amount. All other funds are believed to offer good value for members

Details of the investment fund charges are also made available to members on the website hosted by Aviva.

Core Financial Transactions

The Trustee has a specific duty to ensure that core financial transactions (including the investment of contributions, transfer of member assets to and from the Plan, switching between different investments within the Plan and payments to and in respect of members) relating to the defined contribution arrangements are processed promptly and accurately.

These transactions are undertaken on the Trustee's behalf by the Plan's administrator, Broadstone, who took over administration of the Plan on 1 December 2021. The Trustee requires Broadstone to meet high standards and has agreed written service levels with Broadstone which set out the range of services to be delivered and expectations around such matters as timescales, accuracy and communications with members. A formal report on the administration of the Plan, including performance against those service levels, is provided to the Trustee by the administrator every six months. This is considered in detail by the Trustee and discussed with Broadstone. Administration updates are provided by Broadstone between the formal reports, where necessary. The Trustee also annually reviews the processes and controls implemented by Broadstone and considers them to be suitably designed.

The Plan's auditors perform additional testing of certain transactions to support the Trustee's monitoring of Broadstone. Broadstone also has its own auditing arrangements, which provides a further layer of assurance.

The Trustee also liaises with the employer to ensure that the correct contributions are received as and when they are due, and the HR Manager attends Trustee meetings which helps the Trustee and the employer to understand and monitor the efficiency of the processes for all financial transactions within the Plan.

The majority of core financial transactions during the year were processed promptly and accurately and in accordance with the agreed service standards.

CHAIRMAN'S STATEMENT (CONTINUED)

Value for members assessment

The Trustee is required to assess the extent to which the investment options and the benefits offered by the Plan represent good value for members, compared to other options available in the market.

The Trustee reviews all member-borne charges (including transaction costs where these are available) on a regular basis, with the aim of ensuring that members are obtaining value.

The Trustee notes that value for members does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered. To help inform its assessment, the Trustee noted the following benchmarking:

- **AVC and DC Top Up Section**
 - The charge for the funds (other than Ninety One Global Income Opportunities fund) currently utilised by AVC and DC Top Up Section members is 0.50% p.a., which falls below the charge cap of 0.75% and seems reasonable based on the results of DWP's survey.
 - The Ninety One Global Income Opportunities Fund exceeds the charge cap. There is currently only one member invested in the Fund and the Trustee has written to the member flagging the relatively high fee and advising them to review their self-select holdings. This fund does not form part of the default investment strategy.
 - The Total Expense Ratio (TER) of the funds and a breakdown of the transaction and ongoing charges are detailed in Appendix B.
- **Other Costs and Fees**
 - No other administration costs are paid by the member, as all trustee costs associated with running the Plan are paid directly by the Employer.
 - All contributions made by the Employer and the member are invested, there are no deductions made on entry prior to investment.

The Trustee determined the costs and charges of the funds offered to be competitive versus peers. Whilst the total expense ratios of the funds in the Plan's Default Lifestyle Strategy were all below the 0.75% charge cap, the total costs and charges were higher than some Comparators' default arrangements, though the assets underlying the Comparators' default arrangements may not be identical to those of the Plan's default.

Investment returns

The Plan's default lifestyle strategy has delivered strong investment performance over the past 5 years across the different age profiles. For those members aged 55 and 45, on a 1-year and 3-year timeframe the current default has performed broadly in line with comparators' default arrangements. At age 65, comparator default arrangements have delivered stronger investment returns versus the current default, also over 1 year and 3 years.

Administration and governance

The Trustee considered and assessed the seven key metrics set out in the 2021 Regulations of:

- Promptness and accuracy of core financial transactions
- quality of record keeping
- appropriateness of the default investment strategy
- quality of investment governance
- level of trustee knowledge, understanding and skills to operate the pension scheme effectively
- quality of communication with scheme members
- effectiveness of management of conflicts of interest

The Trustee advisors considered that the Plan was performing at a satisfactory level from an administration and governance perspective.

Overall

Whilst the current Plan is compliant and has served the members well in its current form, the Trustee has undertaken a review and concluded that there may be better value options for the DC members of the Plan and their benefits in other types of arrangement and are considering the best way for these to be adopted.

Signed:

Name:

Position: Chairman of the Trustee of the General Dental Council 1970 Pension and Life Assurance Plan

Date:

The General Dental Council 1970 Pension and Life Assurance Plan

Value for Members Assessment – 2022 Annual Review

In accordance with regulation 25(1)(b) of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended), trustees of Pension Schemes need to assess the extent to which charges paid by members represent good value for money.

This document covers the Defined Contribution Section (AVC and Top Up Section) (collectively, “the Plan”).

1. Current Charges

The Charges for the funds used by members of the Plan are currently as follows:

	Total expense ratio	Transaction costs	Total Costs
	(TER)	Year ending 31 March 2022	
Ninety One Global Income Opportunities	1.42%	0.4642%	1.8842%
Multi-Asset Index Growth	0.50%	0.0958%	0.5958%
Stewardship Managed	0.50%	0.1739%	0.6739%
BlackRock Aquila Connect (50:50) Global Equity Index	0.50%	0.0689%	0.5689%
BlackRock Aquila Connect UK Equity Index	0.50%	0.2386%	0.7386%
BlackRock Aquila Connect 15+ Yr Corporate Bond Index	0.50%	0.0988%	0.5988%
Cash	0.50%	0.0000%	0.5000%
Greater than 5 years before retirement	0.50%	0.0689%	0.5689%
5 years before retirement	0.50%	0.0689%	0.5689%
4 years before retirement	0.50%	0.0699%	0.5699%
3 years before retirement	0.50%	0.0710%	0.5710%
2 years before retirement	0.50%	0.0720%	0.5720%
1 years before retirement	0.50%	0.0731%	0.5731%
0 years before retirement	0.50%	0.0741%	0.5741%

Members of the AVC and DC Top Up Section who opt in to the Lifestyle investment strategy are wholly invested in the BlackRock Aquila Connect (50:50) Global Equity Index Fund at the time the programme starts. Then, starting 5 years before their retirement, their fund will gradually be moved into the BlackRock Aquila Connect 15+ Yr Corporate Bond Index Fund and Cash Fund.

The table above details the TER for the Aviva funds (formerly Friends Life) as well as a breakdown of the transaction and ongoing charges.

In October 2017, the Department for Work & Pensions (DWP) conducted a survey of pension scheme charges and published their findings in the “Pension Charges Survey 2016: Charges in defined contribution pension schemes”.

The research team worked with 14 pension providers and 237 unbundled trust-based schemes to collect charges data covering 15.1 million pension pots across 228,000 employers. The following tables are extracts from their report.

2. Percentage of members of each scheme type that paid each level of charge

Charge Level	Qualifying schemes (column percentages)			
	Contract-based	Master trust	Trust-based	Unbundled
Total number of members	4.3M	6.3M	0.7M	0.6M
>1.25%	-	-	-	-
1.0% - 1.25%	1	-	-	1
0.75% - 1.0%	<0.5	-	1	2
0.5% - 0.75%	57	3	15	32
0.25% - 0.5%	30	97	70	38
0% - 0.25%	11	-	15	26
Average charge	0.54%	0.48%	0.38%	0.42%
Percentage within the charge cap	98%	100%	99%	96%

Average ongoing charge (as a percentage of funds under management) paid by members of each scheme type, by scheme size

Scheme size	Qualifying schemes (mean ongoing charge)			
	Contract-based	Master trust	Trust-based	Unbundled
Total	0.54	0.48	0.38	0.42
1-5	0.72	-	0.72	-
6-11	0.69	-	0.66	-
12-99	0.65	-	0.61	-
100-999	0.56	-	0.44	-
1,000+	0.45	-	0.37	-

The above tables show that the average charge for a member in a Trust based qualifying scheme of similar size to the Plan was 0.44% p.a. We can also observe the following:

3. AVC and DC Top Up Section

- The charge for the funds (other than Ninety One Global Income Opportunities) currently utilised by AVC and DC Top Up Section members is 0.50% p.a., which falls below the charge cap of 0.75% and seems reasonable based on the results of DWP's survey.
- The Ninety One Global Income Opportunities Fund exceeds the charge cap. There is currently only one member invested in the Fund and the Trustee has written to the member flagging the relatively high fee and advising them to review their self-select holdings. This fund does not form part of the default investment strategy.

4. Other Costs and Fees

- No administration costs are paid by the member as all cost associated with running the Plan are paid directly by the Employer.
- All contributions made by the Employer and the member are invested, there are no deductions made on entry.

Based on the costs and charges paid by members, which are highlighted in this document, the funds adopted remain competitive. However the total costs and charges are higher than some Comparators' default arrangements, though the assets underlying the Comparators' default arrangements may not be identical to those of the Plan's default. The default arrangement for all periods falls below the 0.75% charging cap.

5. Net investment returns

Net Investment Returns of Plan's Default Lifestyle

Fund	3 Month (%)	1 Year (%)	3 Year (% p.a.)	5 Year (% p.a.)	10 Year (% p.a.)
<u>Age 65</u>					
Current Default	-9.0	-3.2	3.7	4.4	n/a
<u>Age 55</u>					
Current Default	-1.5	10.3	8.2	6.4	n/a
<u>Age 45</u>					
Current Default	-1.5	10.3	8.2	6.4	n/a

Net Investment Returns of Scheme's Self-Select Fund Range

Fund	3 Month (%)	1 Year (%)	3 Year p.a. (%)	5 Year p.a. (%)	10 Year p.a. (%)
<u>Current Self Select</u>					
Aviva BlackRock (50:50) Global Equity Fund	-1.5	10.3	8.2	6.4	n/a
vs Objective	1.7	0.2	-3.6	-2.4	n/a
Aviva BlackRock Over 15 Year Corporate Bond Fund	-12.0	-8.8	0.8	1.7	n/a
vs Objective	-0.1	-0.5	-0.5	-0.4	n/a
Aviva Cash Fund	0.1	0.3	0.5	0.5	n/a

vs Objective	0.0	0.2	0.2	0.1	n/a
Aviva BlackRock UK Equity Index Fund	-0.2	11.8	4.6	4.2	n/a
vs Objective	-0.7	-1.2	-0.7	-0.5	n/a
Aviva Multi-Asset Index Growth Fund	-2.0	11.9	11.8	8.4	n/a
vs Objective	1.5	6.9	5.2	3.4	n/a
Aviva Ninety One Global Income Fund	-5.2	-2.1	0.1	-0.6	n/a
vs Objective	-1.7	-4.5	-3.8	-3.5	n/a
Aviva Stewardship Managed	-3.9	7.2	12.7	9.9	n/a
vs Objective	-0.4	2.2	6.1	4.9	n/a

The General Dental Council 1970 Pension and Life Assurance Plan Default Strategy Illustration

Illustration of total charges (including transaction costs) on fund values over time

The following illustrations project the cumulative value of pension contributions paid in the following way, based on a current salary of £20,000.

Age of member	Total Contribution
Under age 36	6.5%
Age 36 to age 44	9.0%
Age 45 to age 65	11.5%

Contributions are assumed to increase each year with a notional salary increase of 2.5% per annum and increase in line with the age band structure above.

For comparison purposes Table 4 overleaf provides an illustration assuming that no contributions would be payable into the fund.

Annual Management Charges (AMCs) are paid out to the investment fund manager for services involved with the management of the fund. In addition, most funds incur transaction costs. The level of these combined charges affects the final fund value and can vary from year to year. The Employer pays all other costs of running the Plan.

Members of the AVC and DC Top Up Section who opt in to the Lifestyle investment strategy are wholly invested in the BlackRock Aquila Connect (50:50) Global Equity Index Fund at the time the programme starts. Then, starting 5 years before their retirement, their fund will gradually be moved into the BlackRock Aquila Connect 15+ Yr Corporate Bond Index Fund and Cash Fund. The expected investment returns and charges will differ depending on where the member is in the lifestyle arrangement.

The effect these combined charges could have on the total fund values are illustrated in the tables below based on the expected charges associated with the Default option. A summary of the charges and the expected investment returns used in these illustrations is shown in Table 1.

Table 2 provides an illustration of the projected retirement fund values for various ages and starting fund values.

Table 3 provides these values in today's terms. These figures have been reduced to reflect the effect of anticipated inflation over the period of projection, assumed to be 2.5% per annum.

Table 4 assumes no further pension contributions are paid into the Plan.

TABLE 1 – Assumed Investment Returns and Charges on the current Default Arrangement

Years to Retirement	Gross Investment Return	Expected Annual Charges (including transaction costs)
10 or more years	6.0%	0.57%
9	6.0%	0.57%
8	6.0%	0.57%
7	6.0%	0.57%
6	6.0%	0.57%
5	6.0%	0.57%
4	5.4%	0.57%
3	4.8%	0.57%
2	4.2%	0.57%
1	3.5%	0.57%
0	2.4%	0.57%

The charges above are based on the blended current annual management charges for each of the funds used in the Default arrangement.

TABLE 2 – projected fund value at retirement

Current Age	Current Fund Value £0		Current Fund Value £20,000		Current Fund Value £30,000		Current Fund Value £40,000	
	Without fees	With fees	Without fees	With fees	Without fees	With fees	Without fees	With fees
Age 20	£0	£0	Without fees	With fees				
Age 30	19,775	19,223	£20,000	£20,000	Without fees	With fees		
Age 40	64,234	60,699	58,332	55,874	£30,000	£30,000	Without fees	With fees
Age 50	166,870	153,479	144,958	134,247	85,360	81,712	£40,000	£40,000
Age 60	372,225	331,796	316,926	283,550	197,652	182,203	106,620	101,891
Age 65	506,015	443,226	428,279	376,139	271,585	245,592	151,882	142,211

TABLE 3 – projected fund value at retirement adjusted for the effects of anticipated inflation at 2.5% per annum

Current Age	Current Fund Value £0		Current Fund Value £20,000		Current Fund Value £30,000		Current Fund Value £40,000	
	Without fees	With fees	Without fees	With fees	Without fees	With fees	Without fees	With fees
Age 20	£0	£0	Without fees	With fees				
Age 30	£15,448	£15,017	£20,000	£20,000	Without fees	With fees		
Age 40	£39,200	£37,043	£45,569	£43,649	£30,000	£30,000	Without fees	With fees
Age 50	£79,554	£73,170	£88,464	£81,927	£66,683	£63,833	£40,000	£40,000
Age 60	£138,628	£123,571	£151,092	£135,181	£120,621	£111,193	£83,291	£79,597
Age 65	£166,567	£145,899	£180,464	£158,494	£146,490	£132,470	£104,869	£98,192

TABLE 4 – projected fund value adjusted for the effects of anticipated inflation at 2.5% per annum with no further contributions

	Current Fund Value £20,000		Current Fund Value £30,000		Current Fund Value £40,000	
Current Age	Without fees	With fees	Without fees	With fees	Without fees	With fees
Age 30	£20,000	£20,000				
Age 40	£27,980	£26,514	£30,000	£30,000	Without fees	With fees
Age 50	£39,144	£35,150	£41,970	£39,771	£40,000	£40,000
Age 60	£54,763	£46,599	£58,717	£52,725	£55,960	£53,028
Age 65	£61,059	£50,555	£65,467	£57,202	£62,393	£57,530

It should be noted that these are only illustrations and actual fund values will depend on actual investment returns achieved on investments, the time under investment and the amounts invested and the total charges applied.