Assessing your Fidelity Workplace Pension

The Independent Governance Committee's 2024 report on contract-based pensions

Begin >>

Fidelity INTERNATIONAL

CONTENTS

NAVIGATION

Click on the coloured bars to navigate through to the opening page of each chapter

Navigate to the contents page

<< >> Navigate through the previous and next page

MEMBER SUMMARY

Welcome to the 2024 annual report from the Independent Governance Committee (IGC) that covers the calendar year of 2023. Our job is to work in the best interests of all members of Fidelity's workplace pension schemes and to assess whether members are receiving Value for Money from their pension plans. This report is our assessment of Value for Money, along with an update on the improvements we have seen throughout 2023 and the areas we'd like Fidelity to work on.

Our Value for Money assessment

We assess in detail the Value for Money members received from Fidelity. We base this on presentations and information from Fidelity, member and employer feedback, and independent advice and benchmarking. In particular, we assess the three areas set out by our regulator, the Financial Conduct Authority (FCA):

- **Costs and charges:** What members pay for their pension
- **Investments:** The performance of their pension and how Fidelity looks after it
- **Quality of service:** Administration, support, member engagement and communications.

For each area, we use ratings that give a view of how Fidelity has done against the expectations we had at the beginning of the review period:

- **Not met –** Where Fidelity has failed to meet our expectations
- **Partly met –** Where Fidelity has met some of our expectations, but we would like to see greater progress
- **Met –** We are happy that Fidelity has achieved the standard we expect
- **Exceeded –** Fidelity has outperformed our expectations.

In addition, the FCA expects IGCs to compare Fidelity against other providers on each of the three factors. We are obliged to highlight to Fidelity or employers where better Value for Money might be available elsewhere. As it has for the last few years, Fidelity participated in an industry benchmarking survey for 2023, which is run by Redington. This is something we are in favour of, as it covers a large number of relevant workplace pension plans and gives us a rich source of information to draw on.

At the end of 2023, the IGC was looking across 278 Group Personal Pension, Stakeholder and Section 32 arrangements, representing the best interests of 375,116 members with £14.5 billion of retirement savings.

The survey uses a cohort approach, which we think is a sensible way of collecting the right amount of detail and market insight to inform our overall assessment on each of the key factors set by the FCA. Looking at different cohorts means the comparisons have a good chance of being on a like-for-like basis.

Our conclusions

Following our assessment this year, and after examining each of these factors, we have concluded that Fidelity has met our expectations. Fidelity continues to offer members Value for Money when saving for retirement and when using drawdown to access their pensions, including Investment Pathways.

There were several areas where Fidelity performed well:

- Fidelity has competitive prices
- FutureWise funds performed well over the year
- Fidelity had a good app and online account, with member visits to PlanViewer (web and app) growing strongly
- Fidelity ran a number of engagement campaigns over the year and improved contact with members who've left their employer
- FutureWise and Investment Pathways take sustainability into account throughout their investment approaches
- Fidelity was one of just three providers to offer drawdown within its pension and keep charges the same.

We raised two areas with Fidelity to consider in June 2024 and we will work with them over the rest of the year to understand their responses to our feedback:

- We want Fidelity to offer more support when members are moving into retirement. As well as making the process easier to complete, this could help members understand their options and see the impact of taking different levels of regular withdrawals.
- We think the 'member journey' as members approach retirement needs to show the bigger picture of the choices members make. For example, including a member's state pension and other retirement savings. This would help members make better decisions.

In addition, we have highlighted two areas to Fidelity that we believe would be worth prioritising, as they could have a positive impact on Value for Money in the years ahead:

- We would like to see an improvement in Fidelity's basic member communications. We think they could be made easier to read, with more support to help members understand the figures that are used.
- We think the standard self-select range needs to be more consistent across employers – with options for members who are interested in sustainability or taking an income in retirement.

Finding out more

We have made a short video that explores the results of our **Value for Money assessment**. Watch it **here**.

Getting in touch with the IGC

Although we receive regular presentations from Fidelity about member views and complaints, we would also like to hear directly from members. This feedback is very valuable as it can help us understand the specific issues members face. We then use this feedback to inform our conversations and the activities we carry out with Fidelity. There are a couple of ways to get in touch with us:

- By email: **ZGL.FidelityIGCChair@zedra.com**
- By post: Fidelity IGC Chair, ZEDRA, Park House, Park Square East, Leeds, LS1 2PW

Kim Nash
Chair, Independent Governance Committee
September, 2024

KEY DEVELOPMENTS FOR FIDELITY IN 2023

There were two key developments for Fidelity's workplace pension schemes during the review period that we would like to highlight.

The evolution of FutureWise

In last year's report, we set out the changes that Fidelity planned to make to FutureWise, its standard default investment strategy, in order to best help members achieve their retirement goals. From November 2022, FutureWise moved from a working lifestyle strategy to a Target Date Fund (TDF) approach. (There's more information about the new FutureWise strategy here.) TDFs are a simple fund arrangement for workplace pensions and we hope they will make it easier for members to understand the direct link between the fund their savings are invested in and their expected retirement date.

We're pleased to say this transition was well managed. Around £5 billion belonging to almost 180,000 members was moved into the TDFs in a transition completed in September 2023. Transaction costs were within expected ranges and there was no impact on Fidelity's business-as-usual work.

The quality of the communications was another strength, and there were fewer-than-expected calls to the service centre about the transition. In part, this was thanks to Fidelity's new focus on segmentation. There were different messages for those far from, closer to and in retirement, plus those who were using the self-select range and those receiving pension payments. Each message was also personalised to the Target Date Fund (or the Retirement Fund) a member would be moved in to. This made it much easier for members to see what was happening for them specifically and there was a range of supporting information to help those who wanted to learn more. There were also additional communications to keep members informed about the progress of the transition. Member feedback was used to make adjustments where appropriate. The process also ensured all 105 employers using FutureWise were kept informed along the way.

KEY DEVELOPMENTS FOR FIDELITY IN 2023

FutureWise TDFs have been in place for a year now and, so far, returns have been as expected, supported by strong investment market conditions. Please see page 15 for our assessment of investment performance for FutureWise. In our report on 2022, we commented that FutureWise produced disappointing performance for members closer to retirement, which was worse than some of its peers. The changes to FutureWise were partly designed to improve future returns for members over the long term. One year on, it is too soon to assess the long-term effect of the changes and it will take some time for the balances of members closer to retirement to recover from the bond losses from late 2022. Fidelity continues to share the ongoing performance of FutureWise with us which we will continue to monitor on behalf of all members.

Overall, we are comfortable that the changes put in place by Fidelity for FutureWise were designed in members' long-term interests. We are pleased that Fidelity's investment governance processes led to specific action to enhance expected member outcomes.

Members who called in response to the FutureWise transition letters were typically looking for general information on their account or an update on transactions. Complaints were low, with a very small proportion of members concerned about the disruption to pension payments and any short-term tax consequences. Fidelity helped affected members deal with this disruption, and it was an important learning for future changes.

While members paid reasonable transition costs in the move to the new FutureWise TDFs, all members now pay the same or less in total ongoing costs and charges than before, with a price reduction of up to 0.12% a year. In addition, the changes in some of the types of funds used by Fidelity to access different investment markets mean there are expected future tax savings on long-term investment returns for members.

> "Fidelity kept the IGC updated on the move to the new Target Date Fund approach for FutureWise. We are pleased that transaction costs were in the expected range, while member communications were well-tested and hit the mark. The key learning for any future changes was the need for better planning around the timing of members' drawdown payments."
>
> **Kim Nash, IGC Chair**

Electronic document delivery

Over the last few years, Fidelity has invested in its digital service and communications capability to meet the expectations of a modern, competitive pension scheme. Its new electronic document delivery system allows each member to set their preferences for either digital or printed and posted communications, so they have far more control over how they receive information. In addition, all communications are now stored online in a secure portal, so members can read them whenever they want.

We feel this is a better service for members and for the environment, as initial analysis suggests it has reduced paper use by over 2.4 million pages (equal to over 280 trees) and brings Fidelity's approach in line with other providers'.

"In 2023, Fidelity started to offer digital communications as standard to all members, including video benefit statements, with the ability to access all past correspondence in PlanViewer. We are pleased with this well-managed change, which brings Fidelity's service in line with other leading pension providers, and we are also happy that members can still choose the traditional mail/paper options if they want to."

Roger Breeden, Independent Member

COSTS AND CHARGES: WHAT MEMBERS PAY

We have concluded that Fidelity's costs and charges – with no exit charges when members leave the scheme – are reasonable for the type of scheme that Fidelity offers and when compared with similar schemes. We are also happy with how Fidelity explains its charges, so members can understand what they are paying.

We are pleased to say that Fidelity has met our expectations in this area.

Understanding the types of charges

There are two key types of cost that we look at in our review:

- **Administration charge:** This is the main charge paid by investors in a fund. The most well-known way of describing it is the total expense ratio (TER). This includes both the annual management charge (AMC), which pays the manager for managing the investments in the fund, and the administration costs for managing the scheme, together with legal and trading costs. The TER is expressed as a percentage that is applied to the value of the investment. For example, a TER of 0.20% means a charge of 20p a year for every £100 invested, which would make a total charge of £200 if someone had £100,000 in their pension account.
- **Transaction costs:** These costs are included within the unit price of each investment fund and relate to the costs of buying and selling investments, such as broker fees, commission and Stamp Duty. They also cover 'slippage' and 'swing pricing'. Slippage tends to happen in very volatile markets and describes any trade when the price that is paid is different to the one that was expected. Swing pricing is a way of ensuring that the transaction costs related to investments or withdrawals from a fund are paid for by the people making them, rather than all the investors in a fund.

"FutureWise now charges a single price for members in each Target Date Fund, whether early in their career, close to or in retirement and it is lower in many cases. We think this simplicity is easier for members to understand and aligns to the new Target Date Fund design. It also provides favourable and fair treatment across all member cohorts as the underlying fund allocations evolve."

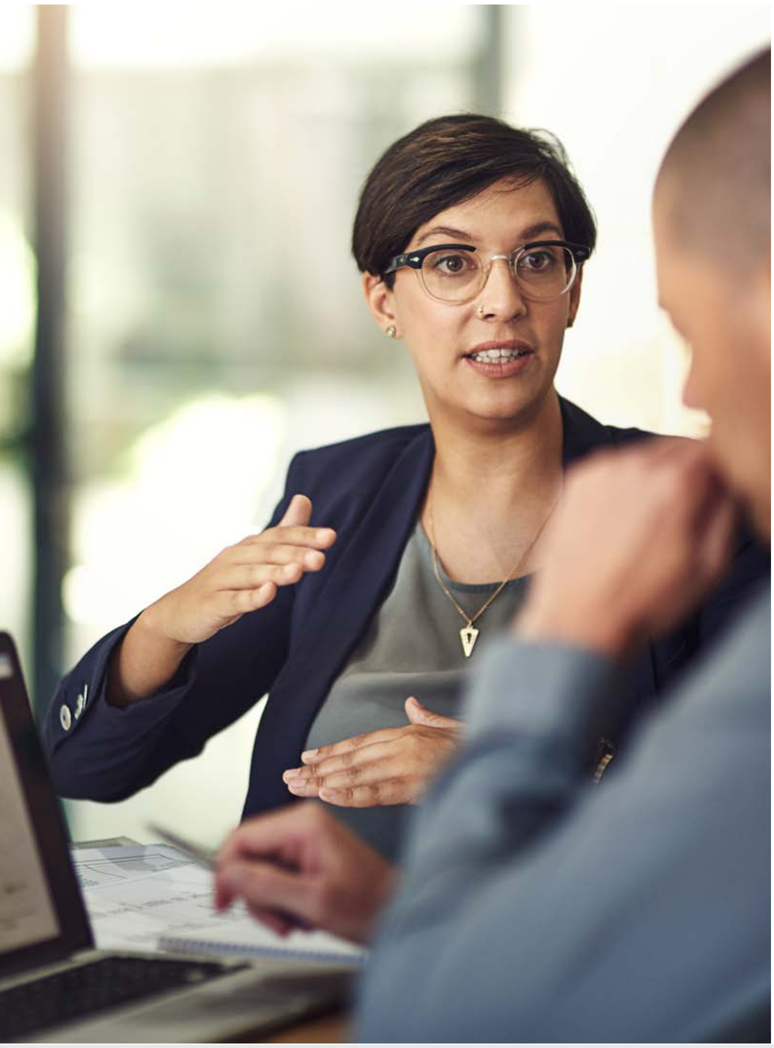
Gerald Wellesley, Independent Member

Administration charges

We use an industry benchmarking survey as a core part of our analysis of administration charges. This is because we believe these charges are best understood in the context of the industry as whole.

The survey compared a number of pension schemes and showed that more members of Fidelity's pension plans were in lower charging bands, with the majority in the lowest charging bands. Where members were in bands with higher charges this was largely because their plans had bespoke default strategies selected by their employer. (There's more information about these on page 12).

We also checked that default strategies, including FutureWise, stayed below the Government's 'charge cap' for auto-enrolment contributions. In 2023, as in the previous year, they did.



Transaction costs

We're happy to say that transaction costs met our expectations this year, with the industry benchmarking survey not flagging any concerns around them.

We like Fidelity's governance process, as it provides us with helpful information to review transaction costs. For example, Fidelity has flagged when fund managers have not provided a full breakdown of their transaction costs or if the transaction costs appear high relative to similar funds on the platform. Fidelity has investigated these cases further with the fund managers and shared their findings with us. These are often cases where further information is required to alleviate any concerns.

Following the FCA's approach for calculating transaction costs, the transaction costs for FutureWise were zero over 2023. The reason for this is that the swing pricing Fidelity uses to protect existing holders of the fund (which is explained on page 8) more than offset the transaction costs incurred by the fund.

We are comfortable with the transaction costs for FutureWise, particularly as the industry benchmarking survey showed they were towards the lower end compared with other providers' default strategies. We also note that the new Target Date Fund structure offers benefits in terms of reduced tax on long-term returns, which is another advantage for members.

We receive a report from Fidelity every six months that outlines the number of funds with transaction costs significantly higher than those of their peers. We also receive examples of the investigations that Fidelity has carried out, where required. This provides us with an ongoing approach for monitoring transaction costs as part of our Value for Money assessment.

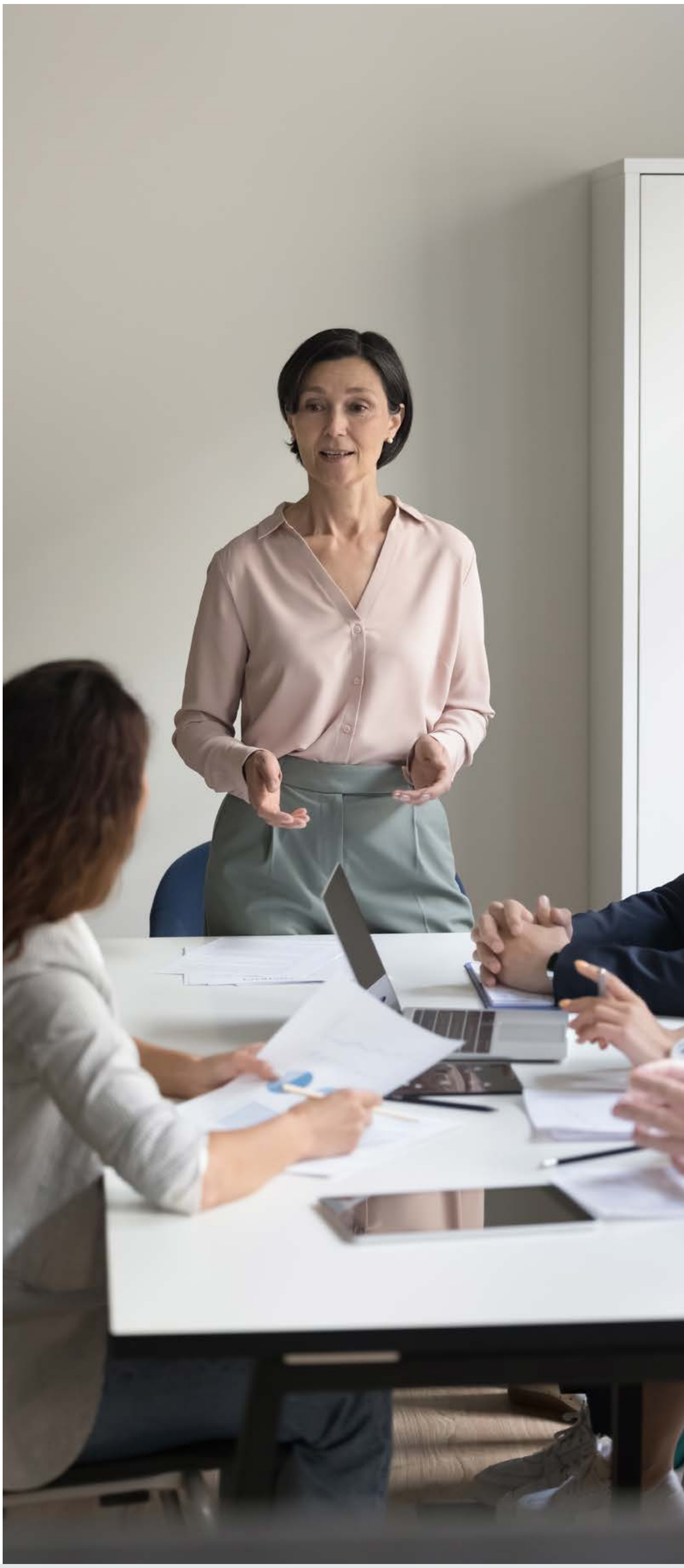
Other costs

Fidelity does not charge exit fees, which we believe is the correct approach and represents good value. In our opinion, members should have the freedom to manage their pension savings in the way they choose. Fidelity also aligns its charges so members pay the same when they are building up their savings and when they go into drawdown or take tax-free cash. We think this is a fair approach.

Making charges clear

As we highlighted in the introduction, we want charges to be as clear and easy to understand as possible. Fidelity made progress in this area over previous years and it has continued to provide figures in pounds and pence as well as percentages. This is something we encourage, as we believe it helps members see what charges mean for their savings. In addition, Fidelity makes it easy for members to find out what their pension costs, as they can either visit a dedicated website and then search for their plan or get the information on PlanViewer. There are also illustrations that put these costs into context by showing how charges affect pension savings over the years.

One change that we would like to highlight is the introduction of the FutureWise Target Date Funds. These investments have a number of benefits, as we explain throughout this document, but one of them is the simplified approach to charging. Under the previous FutureWise scheme – and many other 'lifestyle' default strategies – members had their money spread across several funds, with the proportions changing over the years. While the costs for each fund were clearly stated, these figures don't easily translate into the specifics of what an individual member is paying. With Target Date Funds, there is one charge and it doesn't change as the holdings within each fund change, so it's much easier for members to see and understand the cost.



INVESTMENTS: HOW FIDELITY MANAGES MEMBERS' SAVINGS

We have concluded that Fidelity's standard default strategy, FutureWise, is designed and executed in the interests of members, with clearly defined aims and objectives. For bespoke defaults, we have checked that Fidelity is continuing to monitor them as required.

We are also happy overall with the self-select range. It offers a selection of funds covering the principal investment areas (equities, bonds, multi-asset and property) and members have the ability to invest in funds that reflect their beliefs around environmental, social and governance issues (ESG) if they wish to do so. However, we are hoping to see more developments with the self-select range in terms of greater standardisation.

We are pleased to say that Fidelity has met our expectations in this area.

Explaining default investment strategies

A default strategy is essential to a pension scheme. Because it's where a member's savings are invested if they don't make a deliberate choice, it is likely to hold a significant proportion of the scheme's assets. In addition, it has to work well across many investor profiles as it is likely to be looking after the savings of people who have limited or no pensions knowledge, but who may still have different requirements from their retirement savings.

The best default strategies go even further and are actively selected by members. They offer an attractive alternative to the self-select fund range – or, as in the case of the FutureWise Target Date Funds, the option of using the default alongside some self-select investments.

FutureWise Target Date Funds: How they work

The new FutureWise default strategy is based around Target Date Funds (TDFs). These are a range of funds that are carefully managed towards specific time periods in the future, which are called their 'target dates'. These target dates are set every five years from 2025 to 2070, with more being introduced over the coming years.

Each TDF aims for higher growth when it is a long way from the target date, holding investments such as equities. At this stage, FutureWise may be suitable for members regardless of what they plan to do with their money when they retire. Then, at a certain number of years before its target, the TDF will start to move members' money from equities into other investments such as bonds to prepare for retirement.

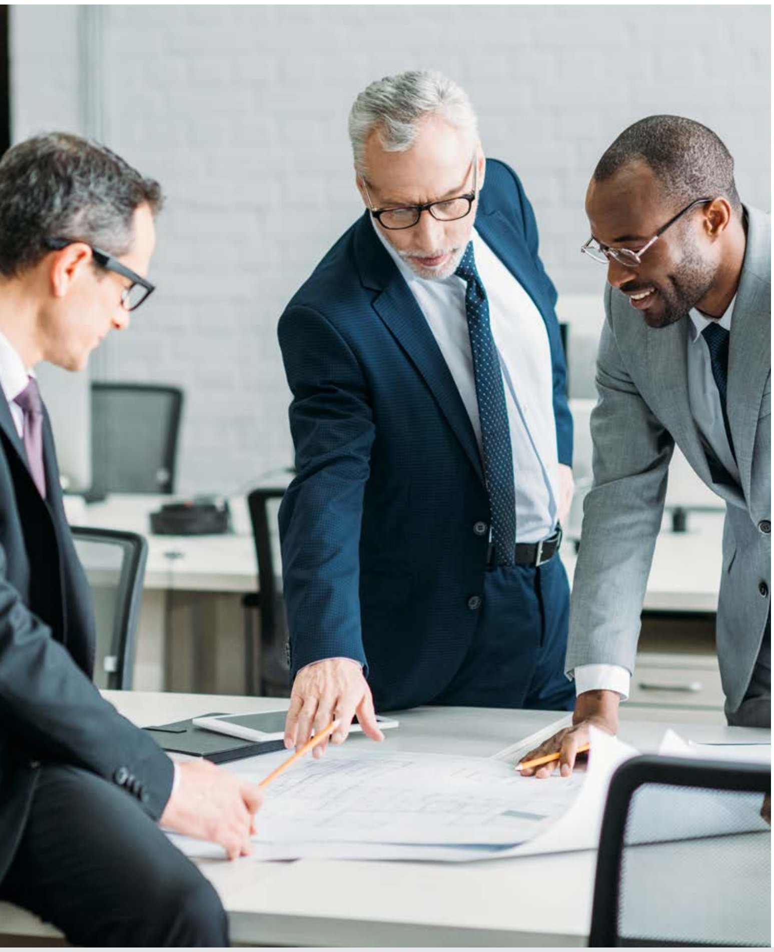
Once the TDF has reached its target date, the fund's investments will be optimised for people who wish to take long-term income drawdown. Around three years after the fund reaches the target date included in the fund name, it will be closed and the money will be moved into the FutureWise Retirement Fund, which will hold the same investments. This fund is designed to provide a steady return over the long term for members who wish to access income drawdown.

The Target Date Fund chosen for a member is based on their selected retirement age, which can be changed by the member to suit their personal retirement plans. We will monitor the correlation between selected retirement age and observed member behaviour to see how members are engaging with this and their choices of Target Date Funds.

FutureWise Target Date Funds: Our view

We are pleased with this new default strategy, in terms of both its relative simplicity, so it is easier for members to understand, and its positive, forward-looking design.

There are two areas that are of particular interest. First, we like the dynamic asset allocation element of the new Target Date Funds (TDFs) in the period approaching a member's retirement, as this gives Fidelity more freedom to adapt the structure of the funds to reflect their economic and market outlook. This is an area we plan to focus on closely in future reports, as we monitor the impact of any dynamic decisions on members' savings.



Second, Fidelity has used the opportunity of this transition to follow our suggestion and change how it talks about investment options to members. It now focuses more on the benefits of FutureWise and why it is a great option for members, rather than encouraging members to turn to the self-select range.

We also note that several schemes that are currently using bespoke default strategies are now planning to transition to FutureWise. We feel this is a very positive indicator of the effectiveness of the TDF approach.

Bespoke default strategies

FutureWise is designed to be a good choice for many different members and pension schemes. However, we do understand there will be times when the members of a specific scheme have individual requirements. To meet these requirements, an employer can choose to use their own, bespoke, default strategy. If they do this, they must commit to receiving ongoing advice from an independent investment adviser and sharing any proposed changes with Fidelity.

Fidelity monitors the strategy in several ways and keeps us informed about its findings:

- A quarterly fund review.
- A yearly check that an adviser is still in place.
- A yearly check that the employer has reviewed the strategy to ensure it continues to be suitable.

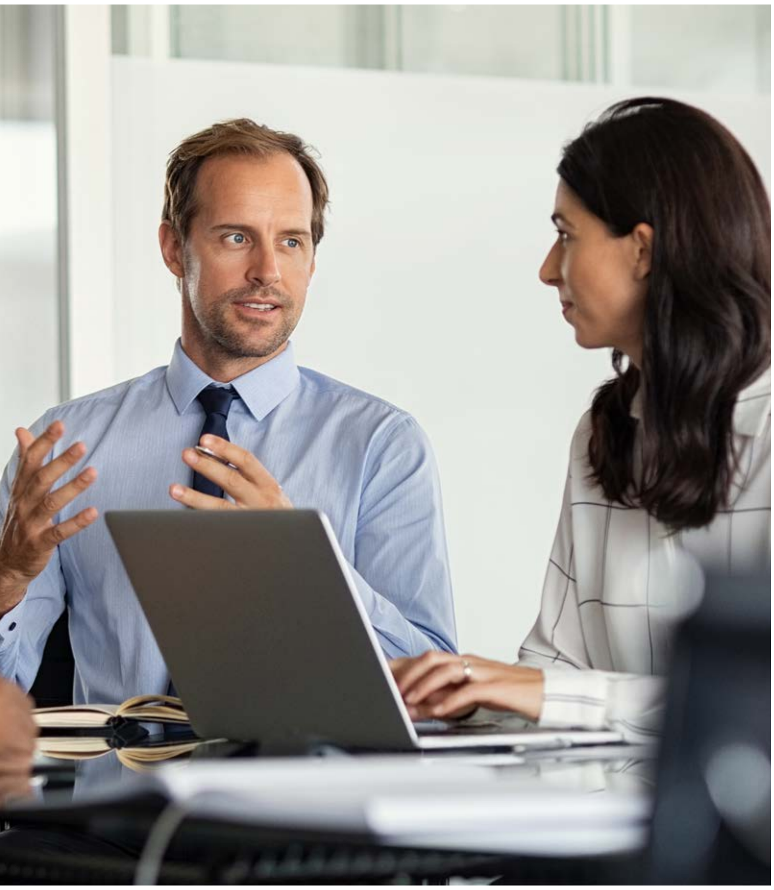
If an employer chooses to stop using a bespoke strategy, Fidelity will move the members to FutureWise, so it can be certain they have a fully-governed default strategy. We are supportive of this approach and note that several larger employers intend transitioning to FutureWise TDFs during the course of 2024.

In the review period, there were only 18 large employers with bespoke default strategies. These amount to 39%, or £5.2 billion, of the total investments in Fidelity's contract-based workplace pensions. 137,000 of Fidelity's workplace pensions members (67%) are invested in these bespoke default strategies, so ongoing governance and advice for their plan is extremely important. We have received confirmation from Fidelity that they all received ongoing advice.

Members in Section 32 arrangements

During 2023, Fidelity announced that it was closing its Section 32 (s32) policy section to new members. Section 32 policies were an option for individuals who had left their employers and wanted to transfer their pension benefits out of their employer's scheme. Each arrangement normally only accepts one transfer and does not accept any regular or single contributions. There are around 40,000 members in Fidelity s32 policies with a total of £1.8 billion in their pensions.

Fidelity is responsible for the investment decisions in these plans. During 2023, Fidelity decided it was in the interests of all members in s32 policies to move into the new FutureWise TDF default strategy. Members were contacted and given alternative choices within a revised self-select fund range. We support this decision, with members benefiting from a well-governed default strategy that will continue to evolve in future.



The self-select range

Every pension scheme offers a selection of funds for members who want to create their own retirement portfolios. This is called the 'self-select' range. We do not provide performance details about these funds in this report, as the range varies from employer to employer. Members can check performance and learn more about all the funds in their pension scheme's self-select range through PlanViewer. Fidelity also provides a selection of tools to help them explore these options.

While most members of Fidelity pension schemes will use a default strategy, the self-select range is still an important area for us. Members who want more freedom and control over their retirement savings should be able to make the most of the opportunity that a self-select range represents.

To review a self-select range, we look at four areas:

- **The number of funds:** As in previous years, the industry benchmarking survey showed that Fidelity had a relatively limited number of funds, which is a decision we support. We also know that Fidelity considers consistency across employers is important, particularly when it comes to sustainable and ethical funds.
- **The appropriateness of funds:** Fidelity is responsible for ensuring that the funds it offers remain appropriate for members. We have checked that it has a clear process for adding, removing and replacing funds when necessary.
- **The ability to move between funds:** A default fund is designed to be a single long-term option that takes members to – and, potentially, through – retirement. With self-select funds, it is unlikely that a fixed portfolio will remain appropriate throughout a member's life, so it is essential that members can easily move between funds. Fidelity offers a number of options, as members can make switches through PlanViewer, the App, over the phone or in writing. It also provides alerts to members who make a lot of switches in a short period of time to ensure they know the risks involved.
- **Providing information about the funds:** Members who use a self-select range need to understand what their options are. We have talked about Fidelity's factsheets on page 22.

One of the challenges of self-selecting funds is that it can sometimes seem like all that's involved is picking a few funds. Members sometimes forget that they need to review their self-select investments regularly and reminders are sent annually to prompt certain members to do this. In last year's report, we highlighted some work that Fidelity was doing to communicate this point to self-select members who aren't part of Workplace Workout (Fidelity's 'fitness regime' for members' finances that provides targeted content across multiple formats) and haven't provided an email address. We're disappointed to say that we are still waiting to see these communications and have asked Fidelity to look at this again.

We also want to see consistency in the standard fund range, including sustainability and retirement options. Fidelity has introduced an agreed self-select fund range for new clients and set out the process it will use to keep it up to date, but we are frustrated with its progress in rolling this out to all members. While we recognise that the FutureWise transition may have held up this project (and that it was a higher priority), we have suggested there needs to be action in this area during 2024.

"Most members use default strategies, and for those employers following a bespoke design, these should be well governed and receive professional advice. Fidelity checks annually to see that advice is in place for both default and self-select fund options. We'd like to see Fidelity hasten a much-needed rationalisation of the standard self-select fund range, so that the funds offered meet Fidelity's expectations and there are a manageable number to enable members to make sensible choices."

Gerald Wellesley, Independent Member

INVESTMENTS: PERFORMANCE AND RETURNS

Our review of investment performance isn't simply about how much a fund rises or falls in value. What really matters is the returns it achieves in the context of the risk that it takes, compared with similar funds. After reviewing the available figures, we are happy with the performance of the default strategies and the funds offered in Fidelity's self-select range.

We are pleased to say that Fidelity has met our expectations in this area.

The market situation in 2023

The year had some good news for equity and bond investors. It saw stronger company earnings and economic performance, inflation began to fall and interest rate rises slowed down, with expectations that rates might start to fall too. However, there were also some challenges along the way. These included rating downgrades on US government bonds, concerns over the US debt ceiling, a global 'higher for longer' view on interest rates from central banks and the unfolding conflict and tragic events in Israel and Gaza.

Against this global backdrop, key regional equities markets ended higher, with the US and Europe (excluding UK) advancing the most. This generally meant positive returns for members further from retirement, as their investment strategies tend to be most heavily invested in equities. However, member returns were partly undermined by sterling rising in value against the US dollar, euro and yen.

Bond markets also performed much better in 2023 than they did in 2022. Corporate investment-grade bonds and high yield bonds, which are generally used more heavily by members closer to retirement, generated positive returns over the period.

FutureWise default strategy

While it is still early days for the FutureWise Target Date Funds, they have been in place for over a year, so we are now starting to see performance figures from them. The performance for the Target Date Funds was strong over 12 months. It's worth noting that the high level of equities in the strategy helped this performance, but it does come with a higher level of volatility as well. We are comfortable with this approach given the long-term nature of pension savings, and the way that Target Date Funds prepare for drawdown as members approach retirement.

Given that members have been invested in FutureWise for some time, we have chosen to use a process known as 'chain-linking' to monitor ongoing, long-term performance. It combines the performance of the Target Date Funds since launch with the performance of the previous FutureWise strategy before that point. This means it shows the sharp falls experienced by members closer to retirement in the later months of 2022. For most members, the recent experience of the Target Date Funds represents only a small part of the performance of their savings so far. Over time, the performance of the Target Date Funds and the Retirement Fund will play a bigger role for members.

Because different schemes transitioned at different times we have used chain-linking on a representative basis. This means it does not show an individual member's experience but it provides a general overview of a strategy's performance over the long term.

FutureWise combined Lifestyle and TDFs 2020-2023:

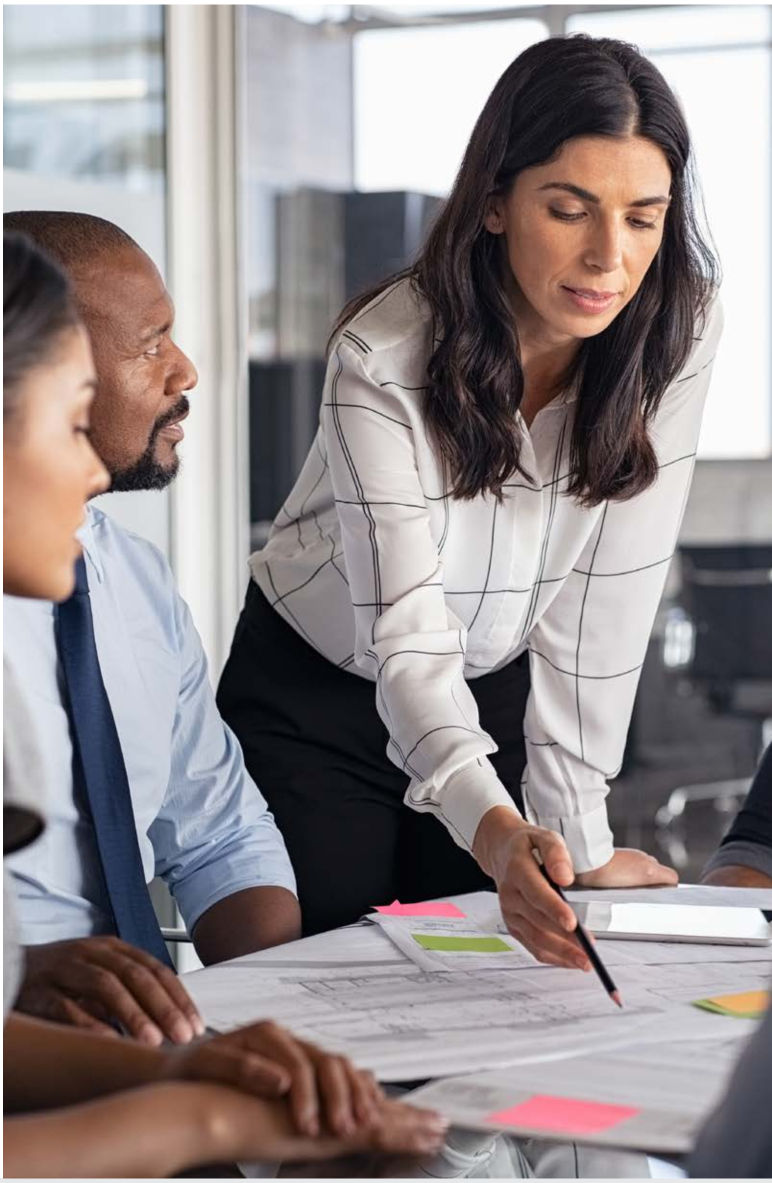
For members 30 years from retirement, returns to 31/12/23 were (after charges)	
1 year	15.7%
3 years	7% a year
5 years	9.6% a year
For members at retirement age of 65, returns to 31/12/23 were (after charges):	
1 year	11.3%
3 years	-0.60% a year
5 years	2.0% a year

Note: This return reflects one year of the new FutureWise Target Date Fund returns in 2023, with the previous years (2019-2022) in the previous FutureWise lifestyle strategy.

We have also reviewed 'forward-looking' risk and return figures for the Target Date Funds. These project how the funds may perform in the coming years (though, of course, this is by no means a guarantee). It showed us that there is the potential for higher performance from the Target Date Fund strategy than there was with the lifestyle approach. This analysis was supported by the industry benchmarking survey, which showed Fidelity's strategy had the highest return projections for those furthest from retirement (though it did also have the greatest projected variation in those returns).

Self-select fund range

Fidelity monitors all the self-select funds used by all the schemes closely. Its governance process uses a rating system that flags any areas of concern around quarterly performance that Fidelity can then act on to remove the fund. At the time of writing this report, no action has been required on funds used by members of workplace pension plans. Fidelity's investment team also picks up on more minor concerns and investigates these with the relevant investment manager on a qualitative basis. We have seen examples of these investigations, and they appear thorough and timely.



Governance reporting

We receive and review updates every three months from the committees that form Fidelity's Investment Governance Framework. These are:

- **Asset Range Governance Committee (ARGC)** – Focusing on fund performance.
- **UK & Ireland WI Solutions Forum (WISF)** – Focusing on workplace investment strategy performance.
- **Investment Pathways Sub-Forum (IPSF)** – Focusing on Investment Pathway performance.

This structure is working well in terms of reviewing performance. During 2023, there were no funds that were rated with the lowest 'red' rating. As outlined above, the ARGC receives reports of any funds where the Fidelity investment team has concerns. If the manager is taking appropriate action and performance improves, the funds remain available to members. Otherwise, if the funds are considered poor value for money, they are removed.

"2023 saw strong performance from investment markets. One year into Fidelity's new FutureWise strategy, returns have been promising for members of all ages. However, it is early days and we will continue to monitor how Fidelity adds value to the FutureWise investment mix according to members' different time horizons."

Dianne Day, Independent Member

QUALITY OF SERVICE: ADMINISTRATION AND SUPPORT

While people might not notice the administration of their pensions, as elements of it happen behind the scenes, it can still have a significant effect on the member experience. This is why we explore a wide range of areas in our assessment.

We are happy with the accuracy and timeliness of administration, the overall use of automation and the processes Fidelity has to minimise the number and impact of errors. We also looked at member feedback on transactions and the levels of complaints Fidelity receives – both of which met our expectations.

The member experience and support has also met our expectations overall, such as how easy it is to change contributions, transfer into or out of a Fidelity pension and get help from Fidelity's helpline when needed. We also confirmed that Fidelity has good levels of contact data, so it can provide important information when it is needed. Finally, we believe Fidelity offers a good level of support to employers – in terms of information and systems – which is important as this can help enhance the delivery of the employee benefit programme.

We are pleased to say that Fidelity has met our expectations in this area.

Member administration

We were satisfied with Fidelity's member administration last year and we're pleased to say that there were improvements this year. There was a low level of errors and Fidelity continues to put members back in the position they should have been in when an error is identified. Investment in the call centre improved its performance too, which we confirmed through call listening and other data points during the year.

In previous years, we've highlighted how Fidelity's cautious approach to capturing complaints can mean it has a higher level of them than other providers. This is because Fidelity automatically treats any expression of dissatisfaction as a complaint, even if it is very mild. We are in favour of this approach, as it helps drive improvements for members. This year, Fidelity saw a reduction in complaints (on a 'per 1,000 members' basis) and had a below average (using the median) level of upheld complaints compared with other providers. The industry benchmarking survey also noted that Fidelity appeared to resolve complaints quickly and there were a low proportion of complaints that were escalated to the Ombudsman.

We have noted that there was positive feedback from members in Fidelity's regular surveys. Data like this can be affected by investment performance, so it is important to keep in mind that it may not be a pure measure of service quality. That said, we also recognise that Fidelity is highly regarded for its service across the industry. In 2023, Fidelity was a gold award winner in the UK Customer Experience Awards. It continues to score well on a range of member feedback measures, such as Net Promoter Scores, which improved over 2023.

In terms of developments, Fidelity completed an AAF (Audit and Assurance Faculty) Type 2 report early in the year. This checked that the 120 controls identified in last year's interim report were working, so it gave us an extra level of independent governance oversight for Fidelity's processes. This type of report is standard across workplace pensions and it ensures that a company's processes are in line with industry expectations. The report found no areas of concern, which was good news.

Fidelity also implemented a digital signature system towards the end of the year that we hope will speed up its retirement process. Given the importance of this process to members, it is an area we have been talking about for some time and we are pleased to see this change. However, we do also have to note that it does not solve our concern about the support members receive to help them make decisions when they access their pension savings. The industry benchmarking survey noted that Fidelity is lagging behind its peers in this area, as other providers have taken at least parts of the journey online. An improved retirement journey would allow members to focus on important investment decisions and withdrawal levels, while also increasing ease of use.

Where Fidelity uses automation within its administration, we feel it is done well. The industry benchmarking survey showed that Fidelity had high levels of automation in several key areas including fund switches and transfers in. That being said, we would like to see Fidelity using more automation, as it continues to rely on manual processing in some areas. Our worries about this leading to a higher level of errors have been addressed by the introduction of AAF reporting, as it has strengthened the controls Fidelity has in place. However, manual processing is still a lot slower than a fully automated process.

We would like to see a focus on automation to speed up the service Fidelity offers members – so it is encouraging to know that Fidelity will invest in this area in 2024. We also believe this could support Fidelity's ability to grow.

Providing support when it's needed

In our previous report, we highlighted a small concern that Fidelity representatives didn't always test the understanding of callers in sufficient depth. We added that while we were happy with the general quality of Fidelity's calls, we still wanted to see continuous improvement in 2023.

We carried out extended call listening during the year under review and we're pleased to say that the quality was in line with our expectations. The service offered by the call centre was also stabilised after staffing issues in 2022 and it is now operating within the ranges we expect. This was supported by the research in the industry benchmarking survey. It showed improvements in call wait times and call drop off rates, with Fidelity having one of the best results for this measure of service, as well as some of the most positive member feedback in the industry for transactions.

A focus on data quality

Fidelity introduced a new tracing provider in January with the aim of improving the proportion of members for whom it has accurate contact details. This is important as we want Fidelity to keep in touch with all members. The new tracing approach started in 2023 and it will continue in 2024. We will monitor its progress and provide more information in our next report.

We are also keen for Fidelity to communicate by email as much as possible. We like its new emphasis on collecting personal email addresses, as a problem for many workplace pensions has been that members tend to register using their work email addresses. These stop working when members move jobs, so it's harder to keep in touch with them. Having personal email addresses helps with this challenge. It is also a good development that personal email addresses can now be added in PlanViewer by 'deferred' members (those who have already left their employer and are no longer actively contributing to their pension).

In 2023, Fidelity made greater efforts to get in touch with deferred members, through specific campaigns for the FutureWise and digital communications services. This led to it collecting over 20,000 email addresses, which means those members can now keep in touch with their Fidelity pension and the support services provided.

Employer support

While we mainly look at what members receive, we also consider the support that Fidelity provides to employers. We like the fact that they receive the same member information and management information that we do. Employers are also provided with quarterly investment reports, receive support from relationship directors and have the option of developing bespoke member communications with Fidelity's communications teams.

The result of this support has been positive feedback scores in client surveys. We have also heard from relationship directors that client responses are generally positive. Feedback has generally been more around changes to Fidelity's proposition than problems with its day-to-day service. For example, some employers have echoed the IGC's feedback about making improvements in the member retirement journey and the effectiveness of member tools and calculators to support retirement planning.

"Member service improved in 2023 on most measures, including better call centre response times, reduced complaints and lower errors. There was also a strong jump in the contact data held for members, especially those who've left their employers and can forget to stay connected. We were reassured that Fidelity's administration controls were tested by external auditors and found to be solid – and we welcome Fidelity's commitment to undertake this review each year."

Matt Cuhls, Independent Member

QUALITY OF SERVICE: MEMBER ENGAGEMENT AND COMMUNICATIONS

Helping members make the most of their retirement savings isn't just about the returns they achieve. Information, guidance and support are also essential. This is why we take a close look at Fidelity's communications to make sure they are fit for purpose and help members make good decisions.

We feel Fidelity is working to improve the relevance and readability of its communications, not least with its investment in the Fairer Finance and Plain Numbers initiatives. It has also increased the level of segmentation, which helps it take account of the needs of different member groups and segments (such as employer level, active/deferred, vulnerability, income levels and levels of financial understanding). Development is still ongoing, with the new wake-up pack being introduced in November 2023. Fidelity has also made progress in reflecting a member's journey, so it is offering effective, pro-active support at the times the member needs to make decisions.

We also like the way Fidelity uses a variety of media so members can get information in the way that suits them. This includes a redesigned member portal that's easier to access and some progress with its online tools, though we feel there is further to go in this area. As a final point, Fidelity is starting to gather more feedback and using this to make improvements in member communications and engagement.

We are pleased to say that Fidelity has met our expectations in this area.

Communications in general

Fidelity introduced a style guide this year to make sure communications meet its standards. The tone of voice is described as 'clear and simple for everyone'. We think this is a good approach and we will be looking for evidence it is being implemented. Another positive step is the new focus on segmentation rather than the quantity of messaging, as this should help ensure members receive communications that are more relevant to them. We explore an example of this segmentation in the FutureWise section of the report.

Fidelity also brought on board external experts during 2023 to help with its communications – a process that is set to continue throughout 2024. Fairer Finance is providing assistance with the readability and structure of its communications, while Plain Numbers is helping it talk more clearly about numbers and performance. We are fully in favour of these developments, as we believe the reading age of all communications needs to be lowered to make them accessible to everyone.

The first document to be reviewed was Fidelity's wake-up pack for those approaching retirement age. At the end of the process, it was awarded the 'clear and simple' kite mark from Fairer Finance and Plain Numbers certification. We now look forward to seeing how this process supports members as Fidelity's full suite of documents are reviewed. On a related note, we are also pleased with Fidelity's focus on vulnerable members in its communications and the steps it is taking towards being more inclusive.

This being said, we would like to see Fidelity redirect some of its resources from producing a lot of engagement campaigns over the year to improving basic member communications. Basic member communications need to be simple and in language that members can easily understand. We would like to see an improvement in the ease-of-use score and in the structure of all communications issued, extending the application of Fairer Finance and Plain Numbers, which has produced good results on selected materials. We are encouraged that the 2024 communications plan is a reduced but more effective programme, with increased focus on segmentation.

Supporting members' self-select choices

One area where we hoped to see more development from Fidelity during 2023 was its fund factsheets, which is something we highlighted in our previous report. For members who are thinking about self-selecting their investments, these play an important role in helping them learn more about where their money is invested and to understand their options. We said that we thought the information could be more current, with more details about sustainable investing, and there could be improvements in how risks are communicated and labelled. While Fidelity did make some structural changes to the information on factsheets, it still needs to work on clearly identifying and communicating risks.

Another development we would like to see also relates to members using the self-select range. There needs to be a process that supports members in building a sensible self-select portfolio rather than merely selecting funds. We think this is consistent with the requirements of the new Consumer Duty regulations. It can avoid foreseeable harm by reducing the risk of members choosing unsuitable strategies, such as one that lacks diversification.

We have also encouraged Fidelity to be mindful of the potential unintended consequences of making switching too easy and we highlighted the importance of warnings during the process. In particular, we think it is important that members should be provided with details of potential risks upfront when they are switching between self-select funds.

Online tools and PlanViewer

It was a mixed picture for Fidelity's tools and PlanViewer online member engagement over the year, though overall usage and visitation increased for both compared with the previous year.

PlanViewer was redesigned based on feedback from members about information they want to see. The results were a strong increase in post-login digital engagement on PlanViewer, with 54% more people coming back to engage online than in 2022. Monthly web and app visits and unique logins were also up over 2022.

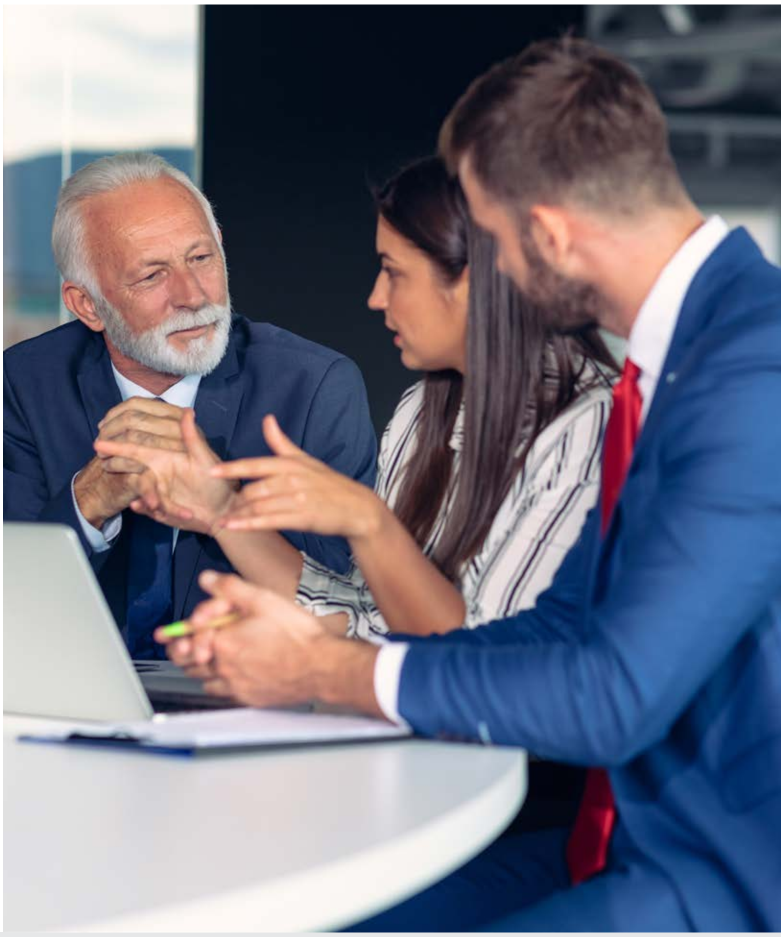
Fidelity has worked hard on developments, with changes to the naming convention and structure of its existing tools, alongside mobile optimisation and a new focus on actions to members. It also launched some brand-new financial wellness tools that go beyond simply talking about pensions. They are designed to help members with their overall financial wellbeing in what remains a difficult market and economic environment. Usage of the existing tools increased by over 50%, while the new tools had strong engagement, particularly with members under the age of 40.

However, we would like to see Fidelity go even further. We feel that its tools need a more fundamental rework so they can be integrated within member journeys and provide members with a full retirement picture. This would allow members to include state and private pensions and plan their retirement income needs in relation to accepted rules-of-thumb, such as the PLSA retirement living standards. Ideally, these tools would be included within PlanViewer so members can save their progress and go back to review the tools at a later date. We also note that the market leaders in financial wellness offer more interactive capabilities than Fidelity has been able to do so far. A relaunch of a retirement planning tool is targeted for later in 2024, and we encourage Fidelity to meet this target.

Other technology developments

Fidelity implemented video benefit statements from July 2023. This is a development we are in favour of, as we feel it is important to offer members a range of ways to engage with their pensions. Engagement so far has been varied, though examination of the response from some employers' member bases suggests that providing the right media to the right clients can play an important role. For example, one employer in the retail industry recorded that 82% of active members viewed their 2023 video benefit statement, whereas only 1% opened their emailed annual benefit statement in 2022. Video benefit statements save paper as well. In this case, a reduction of over 800,000 pages and envelopes in 2023.

The review period also saw Fidelity roll out its electronic document delivery system. This went well and we think it is a definite improvement for members, and the environment, that all communications can now be received and kept electronically.



The new member testing panels

One recent Fidelity development that we are particularly pleased about is the focus on obtaining member feedback through member forums. These bring together members' views on a wide variety of media. We have supported this development for a while, and it now feels fully joined-up and tested, so we look forward to seeing its impact on the member experience as more feedback is collected.

From an initial review, we saw a wide variety of member views among the testing panels, which meant it produced some valuable insights. That said, we think it is important to be mindful of the weight this type of research places on small focus groups and the importance of maintaining diversity on the panels. We intend to monitor its use in practice closely as it may change over time.

A clear example of its effectiveness in 2023 was in its review of the communications around the electronic document delivery system. These communications tested poorly, so they were redrafted to make them more engaging, which included drawing on member feedback. We believe all key documents sent to large groups of members should now be tested in this way.

"We are encouraged to see Fidelity do more testing of member communications. We also like that it is having more direct engagement with members through focus groups and the new member panels, and using the feedback gained to improve engagement. It is important that these events capture the views of a diverse range of members, in terms of capabilities and vulnerabilities, and that feedback is cross-checked against other sources to ensure that conclusions are valid. We also welcome the use of Plain English principles in communication materials and look forward to seeing this approach adopted more extensively to improve further Fidelity's already good levels of member engagement."

Jackie Wells, Independent Member

INVESTMENT PATHWAYS

Investment Pathways are designed to ensure that anyone who has taken tax-free cash from their pension, or started to use pension drawdown, has access to good-value investments that broadly match a range of goals. This means they are an important area for us, but as it has been three years since they were launched, we are looking at them even more closely this year. We believe the Pathways have met our expectations around suitability, performance and costs.

We are pleased to say that Fidelity has met our expectations in this area.

Exploring performance and suitability

We look at performance and suitability against the criteria set out in the table, plus we look at the absolute and relative performance of the underlying funds that are used.

With the launch of FutureWise, we asked Fidelity to take a closer look at Investment Pathway 3. This Pathway has the same goal as FutureWise – focusing on income drawdown – but it used a different fund.

Having explored the options, Fidelity has decided to align Investment Pathway 3 with FutureWise. Fidelity plans to replace the fund currently used for Investment Pathway 3 with an investment aligned with the FutureWise Retirement Fund, which is designed to support income drawdown throughout retirement. We think this is a sensible change that will offer a smoother investment transition between FutureWise and Investment Pathways for members seeking income drawdown in the years ahead.

One area that we have highlighted in the past and tested Fidelity on again is whether a money market fund is the best option for members using Pathway 4. It has performed well in the difficult conditions we have seen recently, but it also has very limited growth potential for a time period that could last as long as five years. Fidelity has reconfirmed that it believes a money-market fund is suitable for this Pathway, especially given its short-term focus. Through the design of this Pathway, Fidelity has focused on protecting capital value rather than increasing risk for the prospect of slightly higher returns. We also note that it has led to relatively good performance for members over 2023, given that cash fund returns are much higher than in the previous decade.

Investment Pathway	Aim	Main criteria we monitor
1	I do not plan on touching my money within the next 5 years	The performance of the Pathway over the long-term
2	I plan on purchasing a guaranteed income (annuity) within the next 5 years	How well the Pathway reflects changes in annuity rates over time
3	I plan on starting to take a long-term income drawdown within the next 5 years	How much income the Pathway is generating relative to its objective
4	I plan on taking all my money as cash within the next 5 years	The performance of the Pathway over the short-term

INVESTMENT PATHWAYS

Investment Pathways were introduced to members in October 2020 and reached a three-year track record during 2023. While it is too soon to assess whether the five-year objectives have been achieved, we do have an interim review that looks at the Pathways' performance and returns, together with analysis from the industry benchmarking survey.

In terms of the context for this performance, the three years to October 2023 saw a sudden spike in inflation in the aftermath of the global pandemic, followed by a sharp increase in interest rates after a decade of historic lows.

- **Investment Pathway 1:** This is designed for members who do not plan on touching their money within five years. Currently, the Pathway lags behind inflation over the three years it has been in place (its target is to beat inflation), while its volatility is slightly above its target of 6% to 8%.
- **Investment Pathway 2:** This is designed for members who wish to purchase an annuity within the next five years. It aims to help members achieve this by aligning its returns to the change in annuity rates, with the aim of ensuring the value of the annuity that members can purchase remains relatively constant over time. The Pathway has achieved this main goal, but it's worth noting it also aims to achieve returns that are above zero and its performance was -9.2% a year over the three years. As such, this isn't suitable for members not looking to purchase an annuity.
- **Investment Pathway 3:** This is designed for members who plan on taking long-term income drawdown. It aims to generate a positive absolute return over five years and provide an ongoing income of more than 3% a year over the same period. Although the Pathway has underperformed the comparable Pathway from other providers, it is on track to meet its objective.
- **Investment Pathway 4:** This is designed for members who plan on taking their money as cash within five years. When compared with other Pathways through the benchmarking survey, it has seen lower returns over one year and higher over three years – largely because of its unusual focus on investing 100% in money markets. It is currently achieving its aim of no capital loss on a monthly basis.

While we have identified several aspects of the performance that we want to look at more closely in the coming years, we think it is in line with expectations given the market backdrop. We have also asked Fidelity to make sure the objectives remain aligned with members' goals.

Costs and charges

The four Pathways are designed to give members access to good-value investments that broadly match a range of goals, so we want to be confident their charges are reasonable.

The industry benchmarking survey showed that the charges and transaction costs for the four Pathways funds were reasonable. We are also happy that the costs for using the Investment Pathways are aligned with what people pay when they are building up their savings, which we think is the fair approach.

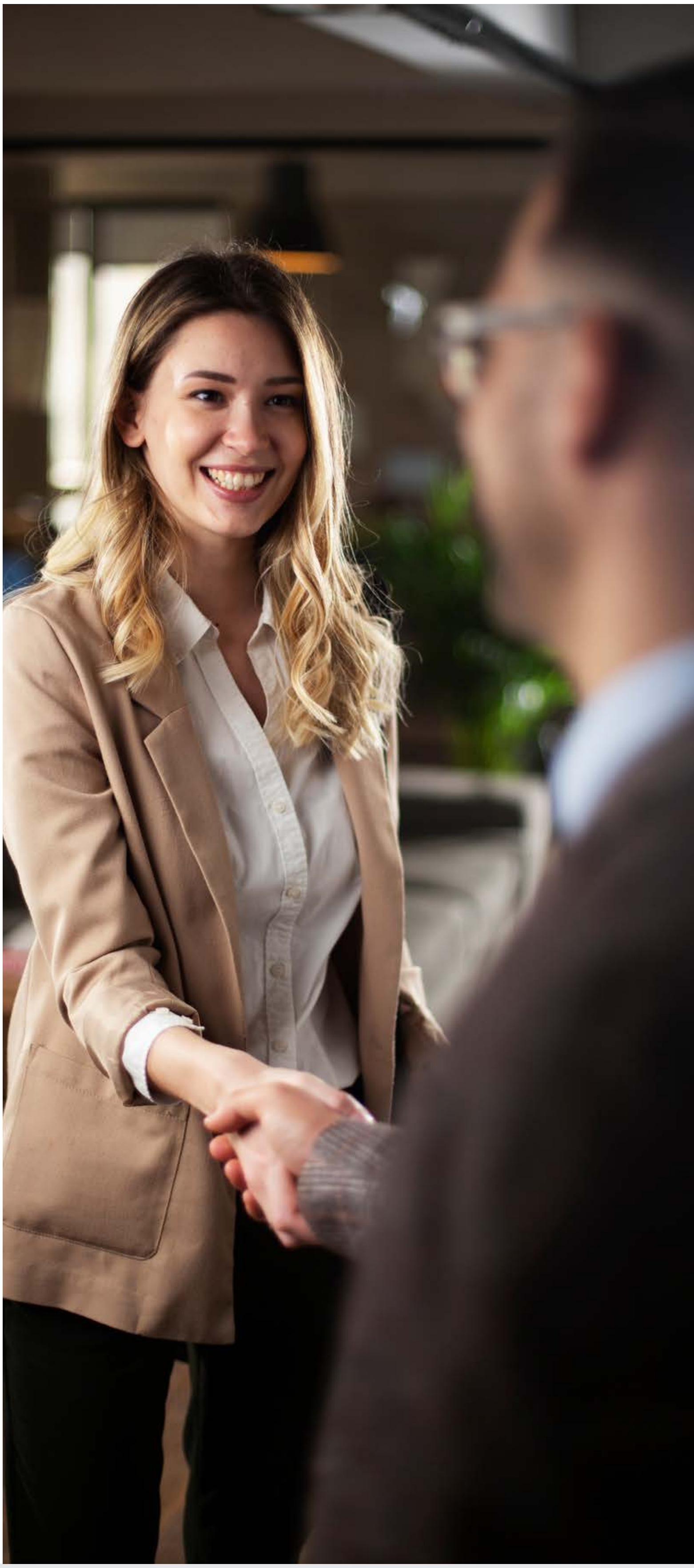
Investment Pathway transaction costs for the year to end December 2023

	Transaction costs	In £ and pence
Investment Pathway 1: I do not plan on touching my money within the next 5 years	0.18%	18p per £100
Investment Pathway 2: I plan on purchasing a guaranteed income (annuity) within the next 5 years	0.00%	0p per £100
Investment Pathway 3: I plan on starting to take a long-term income drawdown within the next 5 years	0.15%	15p per £100
Investment Pathway 4: I plan on taking all my money as cash within the next 5 years	0.00%	0p per £100

Member usage of the Investment Pathways

We are slightly disappointed to say that fewer members are using the Pathways than we expected. In part, this may be a result of the new FutureWise approach, as its focus on drawdown overlaps with one of the Pathways. However, after listening to several calls on this subject, we feel there may be another factor involved. It seems people may not be expecting to make an investment decision during a call about taking money out of their pension, so after a long discussion about the withdrawal itself, they just opt to stay with their current investment rather than using the Pathways – particularly when they are invested in the default.

We have asked Fidelity to review the process to see if there's anything it can do to simplify the decision-making for members. It's worth noting this also ties in to the wider retirement process, which is a key area that we would like Fidelity to focus on.



SUSTAINABLE INVESTING AND CORPORATE ENGAGEMENT

We recognise that sustainability is a key issue for many members and employers, so we have decided to give it a dedicated section within this report. We have checked that a sustainable investing policy exists, with accountability for its development, content and operation, along with a review and sign off process that ensures effective input, challenge and oversight. We are happy this incorporates ESG ratings and there is a process in respect of non-compliance and escalation.

We have also confirmed that our expectations around engagement practices have been met. Investment managers have a programme of active corporate engagement which holds companies to account for ESG-related policies in the default strategies. We challenged Fidelity about the ongoing governance steps that investment managers are taking and we agreed some improvements to the process that will be introduced during 2024 and 2025.

We are pleased to say that Fidelity has met our expectations in this area.

Our role

As the IGC, we cannot directly affect Fidelity's approach to sustainability or corporate engagement. However, it is our responsibility to check it has the appropriate policies in place, which set out what is expected, and that it is following these policies.

It is important to understand that Fidelity's investments are held in a number of different structures that are managed by a range of companies who all have their own approaches to sustainability. This means Fidelity cannot directly influence what these companies do. However, it does review and assess their voting, engagement policies and sustainability activities (including those of managers within the Fidelity group) to make sure these are aligned with members' long-term interests.

Our review

We have reviewed a wide range of Fidelity's policies including those looking at the financial considerations around sustainable investing, non-financial matters, other financial considerations and stewardship.

We expressed some concerns about how the policies were being implemented and sought evidence to show how Fidelity goes about checking that investment managers are aligned to its sustainability policies in a way that benefits member outcomes. In response, Fidelity has expanded the questions it asks managers about sustainability to gather more tangible examples of sustainability in practice.

We also met with BlackRock – Fidelity's largest third-party fund provider – so we could explore their stewardship practices and performance against industry standards.

SUSTAINABLE INVESTING AND CORPORATE ENGAGEMENT

Sustainability and investments

As we note in the FutureWise section of this report, sustainability is an integral part of the new Target Date Fund strategy.

Fidelity also has five sustainability-focused funds in its self-select range. By the end of 2023, there was £18.3 million invested in these funds, which was a 29% increase in usage compared with the end of 2022.

Communicating sustainability

During 2023, Fidelity launched an innovative partnership with Tumelo to offer members the new Illuminate tool. This uses a single sign on approach to give members a way to explore what the funds they invest in are doing in terms of sustainability. They can even offer their own opinions about future fund management decisions.

While it is unfortunate that member take-up has been low so far, there has been positive feedback from those who have used the tool. We have suggested that Fidelity look for ways to encourage more members to get involved.

Who we are

The Independent Governance Committee (or IGC, for short) is responsible for assessing Fidelity's Group Personal Pension, Stakeholder and Section 32 plans, to see if they provide members with Value for Money. We also review the four Investment Pathways funds designed for non-advised members at retirement. The document that sets out what we do and how we do it is called a Terms of Reference and ours can be downloaded here.

Skills, experience, and independence

The IGC Board changed significantly during 2023. On 30 June, Fidelity Representatives James Carter and Daniel Smith stepped down. This made the Board fully independent. We then added two new independent members during the second half of the year – Jackie Wells and Matt Cuhls. As a group, we have the expertise and independence to act solely in members' interests when assessing the Value for Money of members' Fidelity pensions.

Reviewing our effectiveness

At the end of every meeting, we discuss how we operate and look at ways we can improve our governance, with a process of continual improvement in mind. This was no different in 2023. With the addition of two independent members, we took the opportunity to review the way we collect and review information from Fidelity throughout the year, for our Value for Money assessment.

To streamline this process and increase inclusivity of all IGC members, we decided to do this as one committee. This led to the elimination of sub-committees in favour of meeting more frequently. So far, we have found this more streamlined approach effective. We have a full effectiveness review proposed for 2026.

We remain comfortable with the support provided by Fidelity. There has been an investment in meeting the costs of independent advice and the benchmarking study, alongside the internal governance framework to support the IGC.

Members of the IGC at the end of 2023

Kim Nash – Independent Governance Committee Chair

Kim is Managing Director at ZEDRA Governance Limited (ZEDRA), joining them in February 2012. Kim is a qualified actuary and previously worked for Willis Towers Watson as an actuarial benefits consultant. Kim is able to bring her significant DC experience both as a Trustee and a member of a governance committee to lead the IGC to develop the Value for Money framework and make comparisons on Fidelity's performance against the wider industry. Kim was reappointed to the Chair in 2020, for her final five-year term.

Dianne Day – Independent Member

Dianne is a Client Director at Independent Trustee Services Ltd (ITS). She joined ITS in 2015, specialising in defined contribution (DC) schemes. Dianne holds the PMI Certificate in DC Governance and is a Fellow of the Financial Services Institute of Australasia. She has worked for major investment firms in senior communications and management roles. Dianne applies her extensive DC governance and communications experience to help with the evaluation of Fidelity's member service, communications and engagement programmes. Dianne was appointed in January 2020 for an initial five-year term.

Gerald Wellesley – Independent Member

Gerald is a Professional Trustee and Client Director of Vidett Trust Corporation Limited. He has over 35 years' experience in the finance industry, 20 years as pension trustee and 3 years in HR management. His current portfolio of trusteeships includes chair, sole trustee and subcommittee positions with DB and DC schemes and DC Master Trusts. He brings strengths in the investment and financial management disciplines, together with more broadly-based trustee skills. He was previously at BNY Mellon where he led the corporate strategy for the UK and European pensions industry. Gerald was appointed in April 2020 for an initial five-year term.

Roger Breeden – Independent Member

Roger Breeden is a Trustee Executive with independent trustee company BESTrustees, which he joined in 2021, and specialises in workplace Defined Contribution and Master Trust pension schemes. His financial services experience spans more than 40 years, the majority of which was with Mercer where most recently as a Partner he led the launch and successful authorisation of a Master Trust establishing operational and governance systems and processes. He started his career as a personal financial adviser which provided him with day-to-day experience of the needs of pension scheme members while both building and drawing down on their savings. Roger was appointed in September 2021 for an initial five-year term.

Jackie Wells – Independent Member

Jackie is an independent policy consultant and a governance professional. She has worked in the pension sector for many years and was involved in a wide range of policy initiatives, including stakeholder pensions and the implementation of the Pensions Commission recommendations. Jackie then completed an MSc in Gerontology and shifted her focus towards a wider range of ageing issues including later life finances. Jackie is an associate of PPI, a trustee of Age UK Wiltshire and an insight expert at the International Longevity Centre UK.

Matt Cuhls – Independent Member

Matt has 23 years of experience in the pensions industry having performed a variety of senior roles delivering or overseeing customer service, product and process design and investment management. He is currently a Board member of Scottish Widows and Chair of a not-for-profit community bank, and has previously been a Managing Director within Phoenix Group and CEO of ReAssure Ltd for ten years. He has been closely involved with the work of Independent Governance Committees since their inception.

Former members of the IGC who left during 2023

Daniel Smith – Fidelity Representative

Daniel is Head of UK Full Service – Workplace Investing, leading the overall strategic and corporate management of Fidelity's DC businesses in the UK. He joined Fidelity in 2002 and has more than 25 years' experience in the corporate pensions market. Daniel ensures that the Independent Members of the IGC are provided with all the necessary support and information to undertake their roles effectively.

James Carter – Fidelity Representative

James is Head of Pension Products and Policy with more than 20 years' experience in the workplace pensions market. He is responsible for the product implementation and management of Fidelity's workplace pension products. James also leads Fidelity's engagement with the government, regulators and industry bodies in the development of pension policy, and the business analysis of the impact and opportunities of new pensions regulations. Prior to joining Fidelity, James was a Director in Willis Towers Watson's pension consulting business, having also worked for KPMG and Aon, advising trustees and employers operating large DC pension schemes.

Independence

ZEDRA, ITS, Vidett, BESTrustees, Jackie Wells and Matt Cuhls are independent of Fidelity and are satisfied that they continue to meet the independence criteria set by the FCA:

- They or their representatives are not directors, managers, partners or employees of Fidelity, or any company within the groups, or paid by them for any role other than as members of the IGC, nor are they members of the share option or performance related pay schemes of Fidelity, nor have they been within the last five years
- They do not have a material business relationship of any description with Fidelity or any company within their group, and have not done so within the last three years (except as a Trustee of Fidelity's Master Trust)

We record any potential conflicts of interest in a log and consider them in accordance with our conflicts of interest policy.

IGC-full-report-2024_20240918 WI0624/WF1926808/SSO/0625