

# SUMMARY OF THE INDEPENDENT GOVERNANCE COMMITTEE'S 2024 REPORT ON CONTRACT-BASED PENSIONS

Welcome to the summary of 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. The full report (found [here](#)) 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.

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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](mailto: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

