



The Museums Association Pension Plan

Chair's Statement

1 April 2021 to 31 March 2022

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01 Introduction

This is the Chair's Statement for The Museums Association Pension Plan (the "Plan") covering the period 1 April 2021 to 31 March 2022.

£4.02m

Total MPU funds in the Plan.

As the Chair of Trustee, I provide you with a yearly statement which explains what steps have been taken by the Trustee' Board, with help from our professional advisers, to meet the new governance standards. The law sets out what information has to be included in my Statement and this is designed to help members achieve a good outcome from their pension savings.

The Plan is a defined benefit ('DB') arrangement, established on 1 November 1988, providing benefits to members depending on their membership category. The Plan also operates a Money Purchase Underpin ("MPU") relating to contributions paid in respect of members prior to 1 September 2005. Each member with a MPU is notionally allocated a number of units which increase in value in line with the Plan's underlying investments. The MPU is compared against the value of benefits upon crystallisation, for example death, transfer, or retirement.

The MPU underpin does not have a default investment option and this is explained further in Section 2.

The Plan was closed to future accrual with effect from 31 March 2008. As a result, all employees became deferred members, and no further contributions are payable by members.

The Plan is an "insured scheme" and so the Trustee may only choose from in house investments available from the insurers, the Royal London Mutual Insurance Society ("Royal London"), or those offered through the external fund managers on RLAM's platform.

01.01 Governance and Queries

The Trustee is committed to having high governance standards and we meet regularly to monitor the controls and processes in place in connection with the Plan's investments and administration.

I welcome this opportunity to explain what the Trustee do to help ensure the Plan is run as effectively as it can be. If you have any questions about anything that is set out below, or any suggestions about what can be improved, please do contact The Museums Association at 42 Clerkenwell Close, London, EC1R 0AZ.

The Plan was established by a Trust Deed effective from 1 November 1988 in order to provide benefits for employees of the Museums Association.

The Plan is currently governed by a corporate trustee body registered with Companies House.

I, Heather Lees, was appointed as the Chair of Trustee in 2018 and am signing this Statement in that capacity.

2018

The most recent review of the fund range and investment strategy and performance was concluded on the 26 January 2018.

02.01 The default investment option

The Plan has no default investment arrangement and is not required to. The current investment strategy was implemented following the conclusions of a strategic investment allocation report commissioned by the Trustee and completed by Royal London in 2018.

02.02 Reviewing the investment arrangement

The Trustee reviews the investment strategy and its objectives at regular intervals.

The Trustee continually monitors the investment performance.

03 Charges and transaction costs

03.01 Investment Manager Charges

The Trustee has selected a range of funds which it believes to be appropriate to meet the Plan's investment objectives. All monies are invested in funds managed by the insurer Royal London or those offered by its link fund managers.

The Trustee's principal aim is to ensure sufficient funds are available to provide benefits as and when required by the rules of the Plan. Subject to this objective, the Trustee's policy is to maximise long-term investment performance, having due regard to the nature of the liabilities of the Plan and to the funding objective that has been established.

All expenses relating to the management of funds are charged via an Annual Management Charge calculated as a proportion of the Plan's total assets under management with Royal London.

Under the insurance contract, each fund utilised by the Trustee's has an Annual Management Charge (AMC). The charges for the relevant funds are outlined below. The Trustee are endeavoring to establish the transaction costs relevant to these underlying funds.

Fund Name	Transaction Costs	Total Expense Ratio*
RLP Deposit	-	0.2%
RLP Long (15yr) Index Linked	-	0.2%
RLP Medium (10yr) Corporate Bond	-	0.2%
RLP Long (15yr) Corporate Bond	-	0.2%
RLP/BlackRock ACS Global Equity Index (60:40)	-	0.2%
RLP Property	-	0.2%
RLP Medium (10yr) Index Linked	-	0.2%
RLP Short (5yr) Gilt	-	0.2%
RLP Medium (10yr) Gilt	-	0.2%
RLP Short (5yr) Index Linked	-	0.2%
RLP Short (5yr) Corporate Bond	-	0.2%
RLP Long (15yr) Gilt	-	0.2%
RLP Sterling Extra Yield Bond	-	0.2%
RLP/BlackRock ACS World (ex UK) Equity Index	-	0.2%
RLP/Jupiter Financial Opportunities	-	0.2%
RLP Sustainable Diversified Trust	-	0.2%

(Source: Source: Royal London Mutual Insurance Society)

*TER represents the sum of the Annual Management Charge (AMC) and Additional Fund Expenses (AFEs).

The TER for majority of the funds is 1% p.a. where the unit price is adjusted daily to take 1% over the year. Therefore, the TER for this Plan is effectively 0.2% p.a. as once a year the Plan receives a 0.8% rebate.

Charges and transaction costs

continued

03.02 AVC Charges

Five members of the scheme hold AVC investments with Royal London. Four members are invested in the Cautious Lifestyle Strategy (Annuity) and one member is solely invested in the RL managed fund. The charges are below:

	Transaction Costs*	Total Expense Ratio*
Fund Name		
Cautious Lifestyle Strategy (Annuity)	-	1%
RL Managed Fund	-	1%

*Transaction costs have been requested from Royal London but have not been provided.

03.03 Administration Charge

All administration charges are currently met by the Plan in the form of a fixed fee and an Annual Management Charge taken as a proportion of the total assets. This covers not only administration but also investment and documentation services.

03.04 What are the assumptions based on?

In preparing these illustrations, the Trustee has had regard to:

- > The Department for Work and Pensions' 'Reporting of costs, charges and other information: guidance for trustees and managers of relevant occupational schemes.'
- > Actuarial Standards Technical Memorandum 1 (AS TM1 v4.2) issued by the Financial Reporting Council and
- > The Financial Conduct Authority (FCA) Transaction cost disclosure in workplace pensions Policy Statement PS17/20.

03.05 Investment performance

Changes to legislation introduced in October 2021 require trustees of relevant occupational pension schemes to report on the net investment returns for the default arrangement(s) and for each fund which scheme members are, or have been able to, select, and in which scheme members are invested during the scheme year.

Net investment returns refer to the returns on funds after the deduction of all transaction costs and charges and including them in this statement is intended to help members understand how their investments are performing.

03.06 Fund performance

Royal London provides the Trustees with regular investment performance information to monitor the investment funds. The Trustee raises performance questions directly with Royal London. This table shows how the funds have performed for members at three different ages, over the last one and five years with a target retirement date of 65.

31 March 2022	5 years (annualised)	1 year
Self-Select Funds	%	%
RLP Deposit	0.24%	(0.08%)
RLP Long (15yr) Index Linked	3.36%	5.04%
RLP Medium (10yr) Corporate Bond	2.34%	(6.02%)
RLP Long (15yr) Corporate Bond	2.53%	(7.78%)
RLP/BlackRock ACS Global Equity Index (60:40)	6.29%	11.05%
RLP Property	6.05%	17.61%
RLP Medium (10yr) Index Linked	2.52%	5.89%
RLP Short (5yr) Gilt	0.30%	(3.07%)
RLP Medium (10yr) Gilt	0.59%	(5.01%)
RLP Short (5yr) Index Linked	1.78%	5.02%
RLP Short (5yr) Corporate Bond	1.68%	(4.00%)
RLP Long (15yr) Gilt	1.02%	(6.52%)
RLP Sterling Extra Yield Bond	5.47%	3.95%
RLP/BlackRock ACS World (ex UK) Equity Index	11.81%	15.67%
RLP/Jupiter Financial Opportunities	8.19%	(4.42%)

Source: Royal London are net of fees. Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and members may get back less than they invest

03.07 AVC Performance

31 March 2022	5 years (annualised)	1 year
Fund Name		
Cautious Lifestyle Strategy (annuity)	5.55%	11.09%
RL Managed Fund	3.53%	11.36%

Source: Royal London are net of fees. Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and members may get back less than they invest

04 Core financial transactions

04.01 Assessing Core Transactions

During the year, the Trustee ensured the requirements of Regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 were met and that the Plan's core financial transactions were processed promptly and accurately by:

- > There is an agreement in place with XPS (as Plan administrator), committing them to defined service level agreements ("SLAs") for all services.
- > XPS report on their performance quarterly against the SLAs above so that the Trustee can monitor that the SLAs are being met. Where agreed Service levels have not been achieved, the Trustee has worked with the administrator to understand why this has happened and where improvements can be made.
- > Contribution files received from the Employer are checked and spot checks are also carried out to ensure that the appropriate contributions have been correctly and promptly invested into member's pension accounts.
- > A contribution report is run and monitored, highlighting any members for whom contributions have not been received and the Employer is contacted to resolve any discrepancies.
- > The administrator produces audit reports on a regular basis to show all switching activity that has taken place.

The Plan administrator carries out an annual audit to check that internal control procedures are being followed. The XPS Administration team is accredited against ISO9001:2008 and AAF 01/06 audit requirement.

We can confirm there were no material issues in the Statement period on which to report.

The core financial transactions include:

- > **The investment of contributions** - The Plan's administrator monitors the payment of contributions to the Plan by the Employer, ensuring that these are paid within statutory timescales. Any late payment outside these timescales is reported directly to the Trustee and appropriate action taken. The settlement of all DC funds is actioned promptly by the administrator and the Trustee monitors the service standards of the Plan's administrator.
- > **The transfer of assets relating to members into and out of the Plan** – The Plan's administrator maintains and reconciles comprehensive records of individual member's fund values. Any investments withdrawn or transferred to another scheme are processed following receipt of all relevant paperwork, subject to any investigations required where there is evidence of a pensions scam.
- > **Monitoring of bank accounts** – There is a dedicated processing team, checking investment and banking transactions.
- > **Payments to members** – All payments out of the Plan in respect of members' benefits are made in line with standard checks. This includes agreed processes and authorisation levels to ensure any payment made is calculated correctly and in line with the Plan rules and legislation and also complies with HMRC rules and guidance. In addition, every effort is made to check for possible pension scams.

Noting the requirement for accurate member data to process contributions and payments correctly, the Trustee is taking steps to continually review and where necessary, correct any problems with the member data which is held by the Plan administrator XPS.

05 Value for Members

05.01 Assessment of Value

The Trustee has reviewed value for members considering the latest guidance from the Pensions Regulator.

The value assessment included the consideration of the member borne costs and charges and the net returns for the Plan's investment options (net of all costs and charges) against alternative arrangements (including master trust arrangements). Within the assessment, the Trustee also considered a number of other areas.

Net investment returns

The Trustee compared the Net investment returns of the two most popular funds to three comparators. The analysis showed that the Plan's most popular fund, the RLP/BlackRock ACS Global Equity Index (60:40) performed relatively well against the comparators. However, the performance of the second most popular fund, the RLP property fund, underperformed against the one comparable fund.

Costs and charges

The Trustee compared the member borne costs and charges of the two most popular funds to three comparators. The analysis showed that the charges borne by members within the Plan's funds were lower when compared against the comparator arrangements.

Administration

The Trustee has a service level agreement in place with the service providers covering all expected tasks, with varying timescales for different tasks. The Trustee receives reports from the Plan administrators that enable it to monitor the administration service and that agreed service levels are being met. The Trustee keeps providers' service levels under review and ensures that the services provided reflect the SLA and continues to meet the needs of the members. There have been no material errors in relation to the service providers and the administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA.

Governance

The Trustee Board has adopted a governance structure that provides the Trustee with sufficient resource to govern the Plan. Guidance is provided to the Trustee concerning technical matters of relevance by their professional advisors. Overall, despite identifying a few areas in which the governance could be further developed and improved, the Trustee considers the current level of governance as suitable.

Communications

The Plan is committed to producing clear and concise communication materials that are appropriate for its members. It appoints a professional administrator (XPS) to provide these items to members. The Trustee has identified several areas in which communications could be developed and improved.

Value for Members

continued

05.02 Flexibility - accessing benefits

The range of options available to members has increased since the introduction of the 'Freedom and Choice' legislation which came into effect from April 2015. This legislation affords members the opportunity to draw their benefits more flexibly than previously possible. However, these options are not available under the plan and members are required to transfer their benefits to another type of pension arrangement to access them.

05.03 Conclusion

Assessment of value for members is an ongoing process and the Trustee has undertaken a review to ensure the Plan continues to offer good value, and that any changes in legislation, market conditions or member views are reflected for benefits of members. Despite identifying areas in which the plan's Administration and Governance practices could be improved and developed, the Trustee has concluded that the net investment returns and charges within the Plan compare well to the market. Therefore, the Trustee concludes that the Plan provides good value for members currently.

06 Trustee Knowledge and understanding

06.01 Knowledge and understanding of the Trustee

The Trustee is satisfied that they have complied with the knowledge and understanding requirements set out in section 248 of the Pensions Act 2004.

The Trustee has over a decade of combined experience directly relating to the Plan, and so have built up a strong working understanding and knowledge of the law relating to pensions and trusts, principles of investment and the requirements for funding a pension Plan. This is evidenced by the Trustee's interaction with its advisers as shown in the Trustee's Meeting minutes, and the governance framework established by the Trustee to review the performance of the Plan.

The Chair of Trustee has a background in finance and is a qualified accountant.

The Trustee has exercised its discretions and powers in line with the Trust Deed and Rules, current legislation and, where required, legal advice has been taken, demonstrating its working knowledge of the Plan's Trust Deed and Rules.

The Trustee Board has implemented arrangements to ensure that at least one third of directors of the trustee company are member nominated.

06.02 Trustee's Training

In-house training is offered, use of the Pensions Regulator's (TPR's) online Trustee Toolkit is encouraged, and the Trustee may attend external seminars and updates. Any new trustee would be expected to carry out this training and be fully conversant with the Plan's documentation within 6 months.

The Trustee has put in place arrangements for ensuring that each Trustee takes personal responsibility for keeping themselves up to date with relevant developments.

The Trustee has regular training during the courses of each meetings and this covers both regular governance and management of the Plan in addition to specialised investment training. A log of trustee participation in training is maintained. During the period covered by this Statement the Trustee did not receive any DC training.

The Trustee also makes use of a team of expert advisers. Investment advisers and representatives from the Plan's administrator, regularly attend meetings of the Trustee's Board.

Trustee Knowledge and understanding

continued

06.03 Conclusion

As a result of the activities completed by the Trustee (both individually and collectively as a Trustee Board), and taking into account the professional advice available, I am confident that the combined knowledge and understanding of the Board has enabled the Trustee to exercise properly its functions.

07 Conclusion

“Overall, the conclusion is that the Plan is continuing to deliver value for money to the members”

The annual production of this Statement provides members with a narrative of how the Trustee looks after members’ interests, especially in the areas of the 5 key elements within this Statement listed below.

- > investment strategy
- > Charges and transaction costs
- > Core financial transactions
- > Providing value for members
- > Trustee Knowledge and understanding

The Trustee will continue to monitor these key areas and report to members both via the annual Chair’s Statement and other communications as appropriate. In conclusion, with the continual monitoring and the reviews detailed here, I am pleased to be able to submit this report in accordance with the Chair’s Statement requirements, in the belief that the Plan was operated and governed appropriately during the reporting period.

Signature

Date



31.03.23

Name

Heather Lees

Qualification

Chair of Trustee

The Museum Association Pension Plan

Appendix A Projections

The chart shows in money terms the accumulative effect of charges taken from a member's fund over time.

(Most popular fund) RLP/BlackRock ACS Global Equity Index (60:40)		
Years from Now	<i>Pension Pot (before Charges)</i>	<i>Pension Pot (after charges)</i>
1	£30,975	£30,916
2	£31,981	£31,860
3	£33,020	£32,833
4	£34,093	£33,836
5	£35,200	£34,869
6	£36,344	£35,934
7	£37,525	£37,031
8	£38,744	£38,162
9	£40,002	£39,327
10	£41,302	£40,528

Assumptions

Projected pension pots are shown in today's terms and do not need to be reduced further for the effects of inflation. The assumed investment returns before the effect of inflation are:*

Before Charges: 5.83% p.a. to retirement.

After charges: 5.63% p.a. to retirement

The assumed level of inflation is 2.5% pa

Pension Pot Value at Start: £30,000

* *The figures illustrated above are only examples and are not guaranteed - they are not minimum or maximum amounts*

Appendix A Projections Continued

The chart shows in money terms the accumulative effect of charges taken from a member's fund over time.

(Second Most popular fund) RLP Property Fund		
Years from Now	<i>Pension Pot (before Charges)</i>	<i>Pension Pot (after charges)</i>
1	£30,770	£30,711
2	£31,559	£31,439
3	£32,369	£32,185
4	£33,200	£32,948
5	£34,051	£33,729
6	£34,925	£34,528
7	£35,821	£35,347
8	£36,740	£36,185
9	£37,683	£37,043
10	£38,650	£37,921

Assumptions

Projected pension pots are shown in today's terms and do not need to be reduced further for the effects of inflation. The assumed investment returns before the effect of inflation are:*

Before Charges: 5.13% p.a. to retirement.

After charges: 4.13% p.a. to retirement

The assumed level of inflation is 2.5% pa

Pension Pot Value at Start: £30,000

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Registration

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Authorisation

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