

Crossroads Commercials Limited Retirement Benefits Scheme

Chair's Statement

1 July 2023 to 30 June 2024

1. Introduction

This is the Chair's Statement for the Crossroads Commercials Limited Retirement Benefits Scheme ('the Scheme') covering the period 1 July 2023 to 30 June 2024.

As the Chair of the Trustee Board ('the Trustees'), I provide you with a yearly statement which explains the steps taken by the Trustees, with help from the Scheme's main adviser (Laura Jones, Purple Wealth Limited) and our other professional advisers, to meet the required governance standards. The law sets out what information must be included in my Statement, and this is designed to help members achieve a good outcome from their pension savings.

The Scheme is a trust based occupational pension scheme which commenced on 1st February 1980. It is a hybrid arrangement containing Defined Benefit ("DB") and Defined Contribution ("DC") benefits. This statement relates to the DC benefits only and any references to investments, benefits and options relate only to the DC section.

The Scheme was contracted out of the State pension on a GMP basis from June 1988 until April 1997 and then subsequently on a Protected Rights basis until June 2001, after which it ceased to be contracted out.

The Scheme was closed to new entrants in 2007, and no further contributions were paid after 2017 by or on behalf of members. When contributions were being paid to the Scheme, they were generally allocated in line with the Scheme's default investment strategy unless a member chose one of the self-select investment options. Investment strategy is explained further in Section 2.

1.1 Queries

If you have any questions about anything that is set out below, suggestions about what can be improved, or queries about your Scheme benefits, please do contact the Trustee Board using the email address: crossroadsrbs@purplewm.com

2. Default Investment Strategy

The Scheme's Statement of Investment Principles (SIP), which sets out the objectives for the Scheme's default investment strategy, can be found at the link below. The SIP is reviewed at least every three years and is updated when necessary (see below section 2.2).

<https://www.dealer.volvotrucks.co.uk/content/dam/volvo-trucks/dealers/united-kingdom/crossroads/Crossroads%20Statement%20of%20Investment%20Principles%20Apr%202023.pdf>

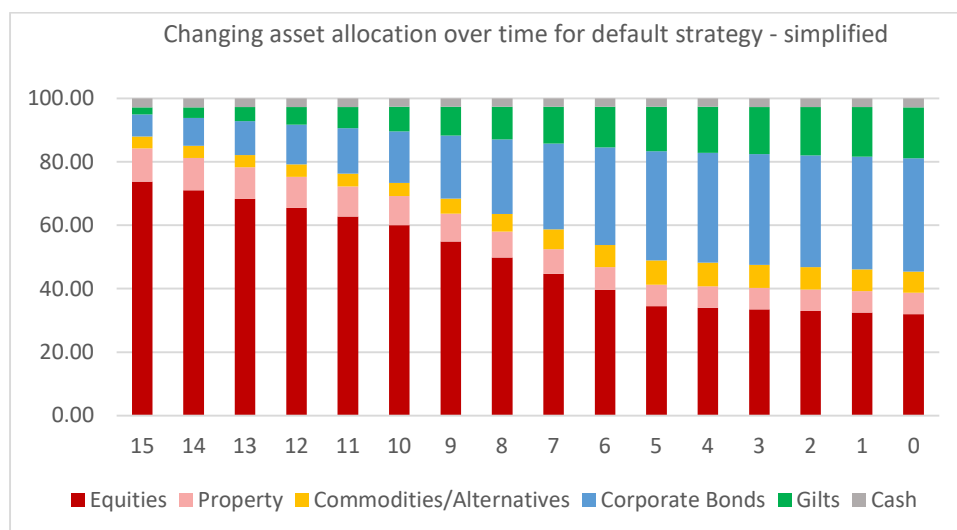
2.1 The default investment arrangement

If members have not made their own investment choices in the Scheme, their funds are invested in the default investment strategy.

The current default investment strategy is the **Royal London Balanced Lifestyle Strategy** which targets 'income drawdown' at retirement. Income drawdown means that instead of using all the money in your pension fund to buy an annuity (an annual payment for life), you leave your money invested and take a regular income direct from the fund. The default strategy uses the Royal London Governed Portfolio Range of investment funds. More information on these can be found on the Royal London website: <https://www.royallondon.com/pensions/investment-options/governed-range/governed-portfolios/>

When a member is 15 years or more away from retirement, the default strategy invests in a range of largely growth focused investments. This higher exposure to equities and other return seeking assets allows for a greater opportunity to grow the savings, while having enough time left before retirement to make up for any falls in value.

Members' savings are then gradually (and automatically) moved over the last 15 years before their normal retirement date into more diverse and lower-risk assets such as bonds and cash. These investments are typically lower risk than equities and growth assets and are used to protect the value of the pot as the member gets closer to retirement. This is shown in the graph below, with the member's pot split by asset class (equities, bonds, cash etc) shown at each year before retirement. A more detailed breakdown of the asset allocation in each year is shown in Appendix B as required under Regulation 25A of The Occupational Pension Schemes (Scheme Administration) Regulations 1996.



Source: Royal London and Purple Wealth, calculations by MHM.

Members can choose to opt out of the default investment strategy and invest in one or more of the self-select funds (see 2.5). Any requests to switch investment funds must be approved and actioned by the Trustees.

It should be noted that the self-select funds have not been chosen with a specific retirement outcome in mind – unlike the default strategy which has been designed to target income drawdown. It is the Trustee's understanding that most members reaching retirement choose to drawdown income from their retirement pot rather than purchasing an annuity. The default strategy has therefore been designed to meet the likely requirements of the majority of members.

2.2 Reviewing the default investment arrangement

The Trustees are required to review the default strategy and performance at least every three years, or immediately following any significant change in investment policy or in the Scheme's membership profile.

A review of the default strategy has been undertaken by the Trustees and their advisers during September 2024. The last full review was undertaken in 2021, when the current drawdown strategy on retirement was put in place. During the last scheme year there have been no significant changes to the investment policy or the member profile. The Trustees can confirm that there have been no changes to the DC arrangements (including default investment strategy) over the scheme year.

2.3 Investment performance

The Trustees are required to report on the net investment returns for the default strategy and for each fund which scheme members are, or have been able to, select, and in which scheme members are invested during the year. Net investment returns refer to the returns on funds after the deduction of all costs and charges and including them in this Statement is intended to help members understand how their investments are performing.

2.4 Default strategy performance

Royal London provides the Trustees with regular investment performance information to monitor the default strategy, which it reviews during regular meetings.

This table shows how the default strategy has performed for members at four different ages and with a retirement age of 65. Performance is shown over the last one and five years to 30 September 2024 (the most recent performance figures available).

ROYAL LONDON DEFAULT	30/09/2024	1 Year (%)	5 Years (% p.a.)
Royal London Default - Age 50	Fund (gross)	13.22	6.49
	Costs*	0.55	0.55
	Fund (net)	12.67	5.94
	Benchmark	12.75	5.06
Royal London Default - Age 55	Fund (gross)	12.52	5.43
	Costs*	0.55	0.55
	Fund (net)	11.97	4.88
	Benchmark	11.83	4.01
Royal London Default - Age 60	Fund (gross)	10.32	4.10
	Costs*	0.55	0.55
	Fund (net)	9.77	3.55
	Benchmark	9.11	2.58
Royal London Default - Age 65	Fund (gross)	10.56	3.53
	Costs*	0.55	0.55
	Fund (net)	10.01	2.98
	Benchmark	9.20	1.65

Source: Royal London. Figures are shown before and after the deduction of costs and charges.

* Costs figure does not allow for any profit share – see section 2.6

The table above discloses returns at different ages in accordance with the Pension Regulator's guidance for lifestyle strategies.

2.5 Self-Select Funds

For Self-Select funds, performance is also shown over the last one and five years to 30 September 2024. Only funds with current or legacy investments from members are shown.

ROYAL LONDON SELF-SELECT	30/09/2024	1 Year (%)	5 Years (% p.a.)
RL Managed	Fund (gross)	12.50	5.49
	Costs	0.55	0.55
	Fund (net)	11.95	4.94
	Benchmark	11.83	4.01
RL Worldwide	Fund (gross)	19.68	11.36
	Costs	0.55	0.55
	Fund (net)	19.13	10.81
	Benchmark	19.36	10.23
RL Corporate Bond	Fund (gross)	12.48	1.73
	Costs	0.55	0.55
	Fund (net)	11.93	1.18
	Benchmark	8.64	-2.06
RL Property	Fund (gross)	2.89	1.30
	Costs	0.55	0.55
	Fund (net)	2.34	0.75
	Benchmark	1.77	-0.41
RL Deposit	Fund (gross)	5.47	2.18
	Costs	0.55	0.55
	Fund (net)	4.92	1.63
	Benchmark	4.24	1.06

Source: Royal London. Figures are shown before and after the deduction of costs and charges.

* Costs figure does not allow for any profit share – see section 2.6

2.6 Royal London Profit Share

In addition to any investment returns, members also benefit from the Royal London Profit Share Award, where a bonus is applied annually to members plans to reflect a level of mutual profits that Royal London shares with members.

For 2024 this was announced to be 0.15% of the value of members' funds.

The historic profit share rates are as follows:

2023	2022	2021	2020	2019	2018
0.15%	0.15%	0.15%	0.15%	0.18%	0.18%

Source: Royal London. <https://adviser.royallondon.com/pensions/profitshare/>

Profit Share Awards are not guaranteed, and future awards could be higher or lower than those for previous years.

3. Charges & Transaction costs

The Trustees are required to set out the ongoing costs and charges that may apply to members' pots. Members meet what is known as the Ongoing Charges Figure ('OCF') in respect of their individual pension pots. This is comprised of an Annual Management Charge ('AMC') and other indirect costs which are incurred, and for administration services of Royal London. The OCF is calculated as a percentage of the value of all applicable assets under management.

The OCF does not include other costs of running the Scheme including governance, professional advisor costs and some communication costs - these costs are met by the Scheme sponsor.

3.1 Ongoing Charges Figure

The OCF of the Royal London funds is the same for all funds used by the Scheme. This is an annual charge of 0.55% applied to the value of each member's pot. This has been discounted by 0.45% p.a. from the standard fee of 1% p.a., via negotiation with the Scheme's advisers and Royal London.

As all funds used within the default investment strategy carry the same charges, changes to the underlying funds within the default strategy as members move closer to retirement does not change the OCF.

3.2 Transaction costs

Transaction costs are costs associated with the buying and selling of investments and can include, for example, stamp duty and brokerage fees. Transaction costs may be encountered when there are changes to securities held within the investment funds, when switching between funds and when selling investments to take benefits.

Transaction costs are generally difficult to measure and are usually provided by the fund manager directly. The Trustees have asked Royal London to provide this information, but this is not easily obtained in the types of funds used by the Scheme. The funds used are known as 'single priced funds' where any transaction costs are effectively absorbed by all investors in the funds. We would expect the transaction costs for any individual member to be very small. As such, we have chosen to ignore transaction costs in this Statement.

Royal London has, however, confirmed that any transaction costs are included within the OCF. The Trustees are comfortable that they are showing a total fee that is both visible to members and is the actual cost being experienced. The total costs and charges are often referred to as the Total Expense Ratio or "TER", which is the percentage charge paid by members. Royal London have confirmed that there are no additional underlying costs which are passed on to members so the TER for the Scheme is the same as the OCF. This is shown in the table below, along with the expected amount in pounds on a typical member's investment pot.

Fund	TER as % (per year)	Illustrative costs on £50,000 (per year)
Royal London Default Strategy	0.55	£275
Royal London Self-Select funds	0.55	£275

Source: Royal London and Purple Wealth, calculations by MHM.

The charges are deducted directly from the value of investments in each investment fund, pro-rata to the value of each member's account.

3.3 An illustration of the charges levied on members

Over time, the effect of the OCF will reduce the amount available to members on retirement. Example illustrations are shown below showing the effect of costs on member's investments, using certain assumptions that the Trustees believe to be relevant to Scheme members.

Each member's personal situation will be different, but the illustrations are designed to show the potential impact of charges over time for an average member invested in the default investment strategy and based on financial assumptions made. The assumptions used are set out in Appendix A and include assumptions on the average member's pot size, inflation and investment returns in the future. The actual investment returns received are likely to differ from these over time - as will each member's starting pension pot value and investment strategy.

In preparing these illustrations, the Trustee has had regard to The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018.

The average member of the Scheme is 54 years old, so we have shown a range of outcomes for members between 1 and 15 years to retirement. A longer-term projection is shown in Appendix A.

£ amounts	Projected value after:					
	1 year	2 years	3 years	5 years	10 years	15 years
Before all charges	51,300	54,002	55,406	58,325	66,312	75,392
After all charges	50,838	53,055	53,960	55,842	60,992	66,848
Cumulative charges	462	948	1,446	2,483	5,320	8,545

Source: Royal London and Purple Wealth, calculations by MHM. Note that projections are estimated values only and are not guaranteed. Calculations make no allowance for possible profit share, which could reduce the charges.

This illustration is based on the following assumptions:

- The Scheme's default investment strategy
- Member is 15 years from retirement (average age of members is 54)
- An initial pension pot of £50,000
- Estimated returns for the default strategy are an average of 4.6% per year
- Inflation of 2% p.a.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.

4. Core financial Transactions

4.1 Assessing Core Transactions

During the year, the Trustees worked to achieve the requirements of Regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, ensuring that the Scheme's core financial transactions were processed promptly and accurately by:

- Monitoring Royal London performance and reviewing the performance and querying variances at Trustee meetings.
- Holding regular meetings (in the normal course of events) three times a year to review financial transactions (with ad-hoc meetings as needed).

Royal London aims to accurately complete all financial transactions ***within five working days***.

This covers, amongst other matters, the following activities:

- Investment switches;
- Processing retirements;
- Processing transfers out of the Scheme; and
- Processing death claims.

The Scheme's main adviser (Laura Jones) has sight of all core financial transactions as these are processed by Royal London. Laura (and the Trustees) is therefore able to monitor all core financial transactions against the target SLAs set by Royal London.

Royal London does not prepare administration management information on a Scheme level. Administration reports are however available across all Royal London clients. This is common for small legacy arrangement like this Scheme. The Royal London service is however monitored by the Scheme's main adviser who reports to the Trustees at their regular meetings.

Royal London prepares an annual statement of accounts which details the Scheme's financial transactions during the year. Although these reports do not provide Scheme specific information in respect of service delivery timelines, the Trustee are aware of all member transactions during the Scheme year and members are able to contact the Trustee directly if there are any issues. No member concerns were reported during the Scheme year.

During 2023, the Trustees carried out a review of member data held with Royal London and are currently working with Royal London to ensure that the additional data that will be required for an upcoming GMP equalisation exercise (for members with this underpin benefit) is collected and held on member records.

4.2 Administration

The Trustees recognise that good administration often correlates with positive member outcomes. Administration is a standing agenda item for each Trustee meeting and the Trustees review the following:

- Performance against the five-day target. The Trustees and their main adviser consider administration performance at Trustee meetings, although it is noted that due to the limited Royal London reporting on performance, this is reliant on the oversight by the Scheme's main adviser and the Trustees.

- Membership compliments and complaints during the period of review. If a complaint is received, then the Trustees are provided with the background to the case and what has been done to resolve the issue with the member. The Trustees will also take this opportunity to discuss whether a member complaint is the result of an underlying issue regarding the Scheme's design.
- Whether there have been any data breaches that would be reportable to the Information Commissioners Office ("ICO") under the General Data Protection Regulation ("GDPR").
- Any cases that require trustee discretion. Such examples would include the payment of discretionary benefits to a partner or dependant on the death of a member, or where a formal complaint has been made under the Scheme's dispute resolution process.
- Any forthcoming legislation or guidance that will have an impact on the administration of the Scheme.

Based on the above, the Trustees have concluded that core financial transactions are monitored appropriately based on the size of the Scheme and are comfortable that these transactions were processed promptly and accurately in the period covered by this Statement.

5. Value for Members ("VFM")

5.1 Assessment of Value

In November 2024, the Trustees appointed MHM Pension Services Ltd ("MHM") to carry out an assessment of the extent to which the Scheme continues to deliver value to its members. In carrying out the assessment, MHM considered the latest guidance from the Pensions Regulator and Department for Work & Pensions for Relevant Schemes such as this.

The Trustees received a report from MHM Pensions in December 2024 summarising their findings, which was reviewed at a meeting on 5 December 2024.

The assessment carried out by MHM included consideration of i) the member-borne costs and charges, ii) the net investment returns achieved by the Scheme's default strategy and other investment funds (net of all costs and charges), and iii) the overall level of support and communication provided to members.

These factors were compared to those of three other, much larger schemes, at least one of which being willing and able to accept a transfer of the benefits of the Scheme, should the Trustees conclude that members would be better served by moving to another pension scheme.

Having completed the VFM review for this scheme year, including a comparison against the three larger schemes, I am pleased to report that the Trustees' concluded that the Scheme continued to deliver value for its members.

This decision was arrived at on consideration of this 2024 VFM assessment plus previous VFM assessments and specifically based on the following:

- The current arrangements offer flexibility for members, both before and after retirement. Arguably, the current arrangements offer more flexibility than other potential providers with Royal London able to provide a wider range of alternative funds and strategies than the comparators.
- The current default strategy has been designed around the actual member demographics and provides a drawdown fund to reflect the actual investment decisions of members.
- In terms of performance and fees, any differences between the current default strategy and other larger comparator schemes are not considered significant by the Trustee. This is especially true when taken in the context of the hybrid scheme structure. We have compared fees for a DC only investment strategy and the costs may be different when both the DB and DC assets are considered.
- The direct cost to members relates to the Royal London investment and administration charges. As explained earlier in this Statement, certain other costs are met by the Employer and the Trustees feel that the costs borne by members are reasonable for a scheme of this size and complexity.
- There have been no changes to the administration or overall governance of the Scheme over the year ending 30 June 2024. The Trustees see no reason to arrive at a different conclusion for these aspects from that of the Scheme's benefits adviser, XPS, in its detailed Value for Members assessment produced in December 2023. Administration and Governance standards continue to compare favourably to the other Schemes and allow the scheme sponsor and the Trustees to maintain close links to the members. Furthermore:
 - The processes that are in place to ensure the efficient administration and governance of the Scheme (which include those explained in the 'Core financial transactions' and the 'Trustee Knowledge and Understanding' sections of this Statement). The Trustees are currently working with Royal London to assess, collect and hold further data that will be required for GMP equalisation – this exercise will help strengthen the quality of the data held.
 - The quality of communications and other services, such as administrative support, delivered to members on both an annual and ad-hoc basis provide members with clear and coherent information on their benefits and the options available to them. The Scheme adopts the communications strategy offered by Royal London with additional bespoke communications as needed that are more scheme specific for members.

In summary, it was felt that there was no obvious advantage to be gained by moving to an alternative pension scheme at this time and so *the Scheme continued to deliver value for its members*. This is particularly true given the hybrid nature of the Scheme as discussed at the start of this paper.

6. Trustee Knowledge and Understanding

6.1 Knowledge and understanding of the Trustees

The Trustees are required to have appropriate levels of knowledge and understanding in relation to pensions. This includes a working knowledge of the Scheme's Trust Deed and Rules, Statement of Investment Principles and documents setting out the Trustees' current policies.

Further, the Trustees must have sufficient knowledge and understanding of the law relating to pensions and trusts; and the principles relating to the funding and investment of occupational pension schemes.

The Trustees are satisfied that they have complied with the knowledge and understanding requirements set out in section 248 of the Pensions Act 2004, for the following reasons:

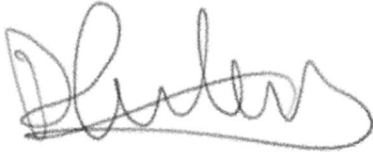
- Trustees are required to take personal responsibility for keeping up to date with relevant developments and consider training requirements.
- The Trustees receive advice from professional advisers and the relevant skills and experience of those advisers is key in the selection of advisers to the Scheme. The Scheme's main adviser (Laura Jones) attends all Trustee meetings.
- Training needs and requirements are documented at regular meetings by the Scheme's main adviser and training is provided as necessary by appropriate persons with assistance from the Scheme's main adviser.
- New Trustees are required to complete the Pensions Regulator's Trustee Toolkit within six months of taking up office. No new trustees were appointed during the period of review.

Based upon these actions taken individually and by the Trustees collectively, with professional advice available to them, the Trustees consider that they have sufficient skills and resources to properly exercise their function as Trustees and have done so throughout the Scheme year.

7. Conclusion

7.1 Conclusion

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 Scheme was operated and governed appropriately during the reporting period, and the Scheme continued to provide good value to members.

Signature**Date**

05/12/2024

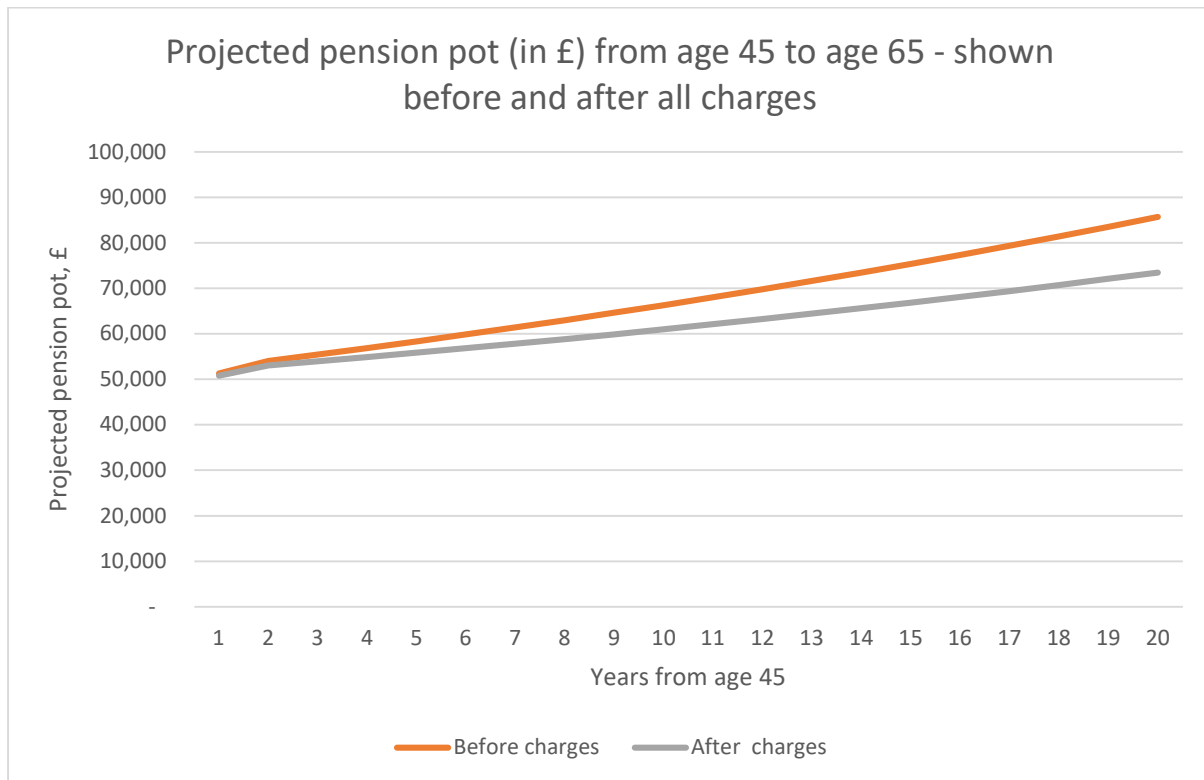
Name

David Crowley

Qualification

Chair of the Trustee Board

Appendix A – Illustration of member benefits taking into account costs and charges

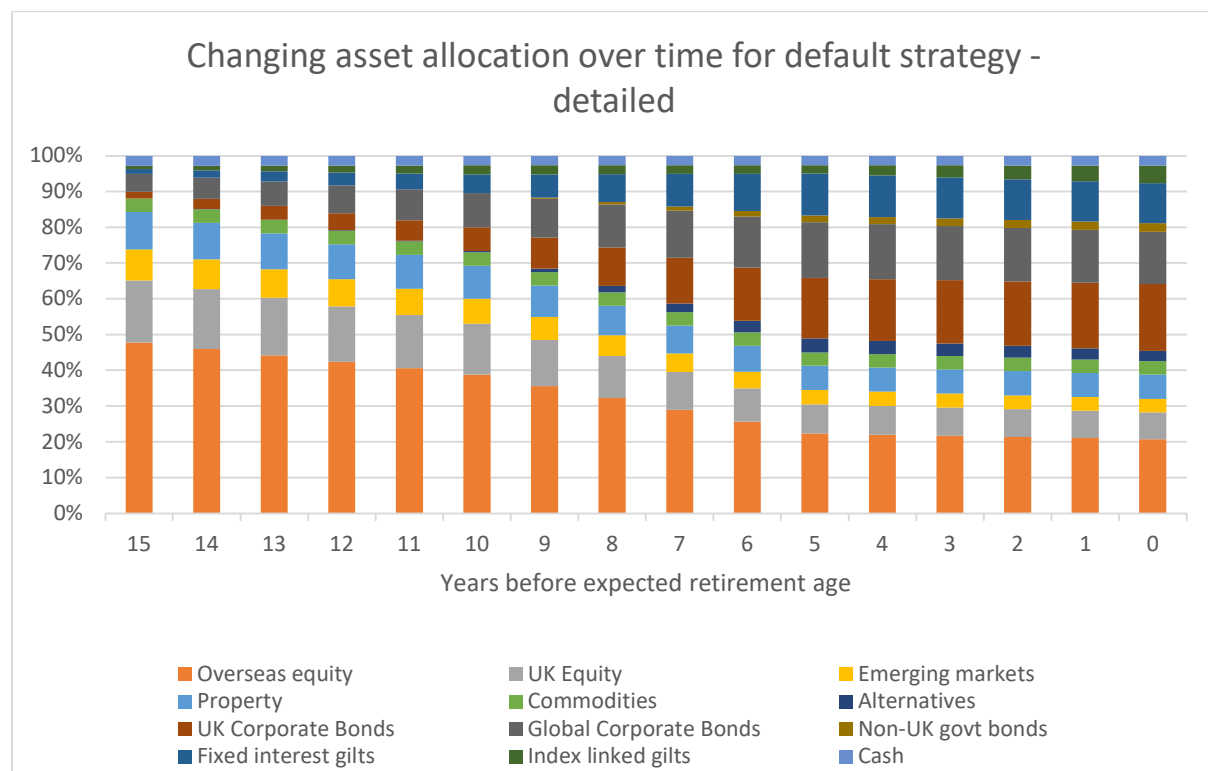


Source: Royal London and Purple Wealth, calculations by MHM. Note that projections are estimated values only and are not guaranteed. Calculations make no allowance for possible profit share, which could reduce the charges.

This illustration is based on the following assumptions:

- The Scheme's default investment strategy
- Member is 20 years from retirement
- An initial pension pot of £50,000
- Estimated returns for the default strategy are an average of 4.6% per year
- Inflation of 2% p.a.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.

Appendix B – Detailed asset breakdown for the default investment strategy



Source: Royal London and Purple Wealth, calculations by MHM.

As required under the regulations, the Trustees have noted that:

1. The allocation to equities consists only of listed equities.
2. The allocation to Alternatives consists of absolute return funds. There are no allocations to infrastructure assets.