A close-up photograph of a woman with dark, curly hair, wearing a light blue surgical mask. She is looking off to the side with a thoughtful expression, her hands are near her ears, adjusting the mask. The background is blurred, showing warm, out-of-focus lights.

The Legal & General Independent Governance Committee (IGC)

Annual report for the year
ending 31 December 2020

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Welcome to your annual update from the IGC

We, the Independent Governance Committee of Legal & General's WorkSave Pension Plan and Group Stakeholder Pension Plan, are delighted to present our latest annual report for the year to 31 December 2020. In this report, we've outlined how we've worked with Legal & General to ensure your pension schemes are well run and managed with your best interests in mind.

Our responsibility to you

We're committed to protecting your pension. We use our combined knowledge, experience and skills to make sure you're getting a good deal from your scheme. We measure how well Legal & General performs across areas like value for money, choice and suitability of funds, communications and access to information, and the way you can access your savings when you retire.

We also offer impartial advice when Legal & General needs an independent view and make suggestions on how they can improve the scheme where we consider it is needed. And if they don't deliver, we have the powers to hold them to account to the regulator, the Financial Conduct Authority.

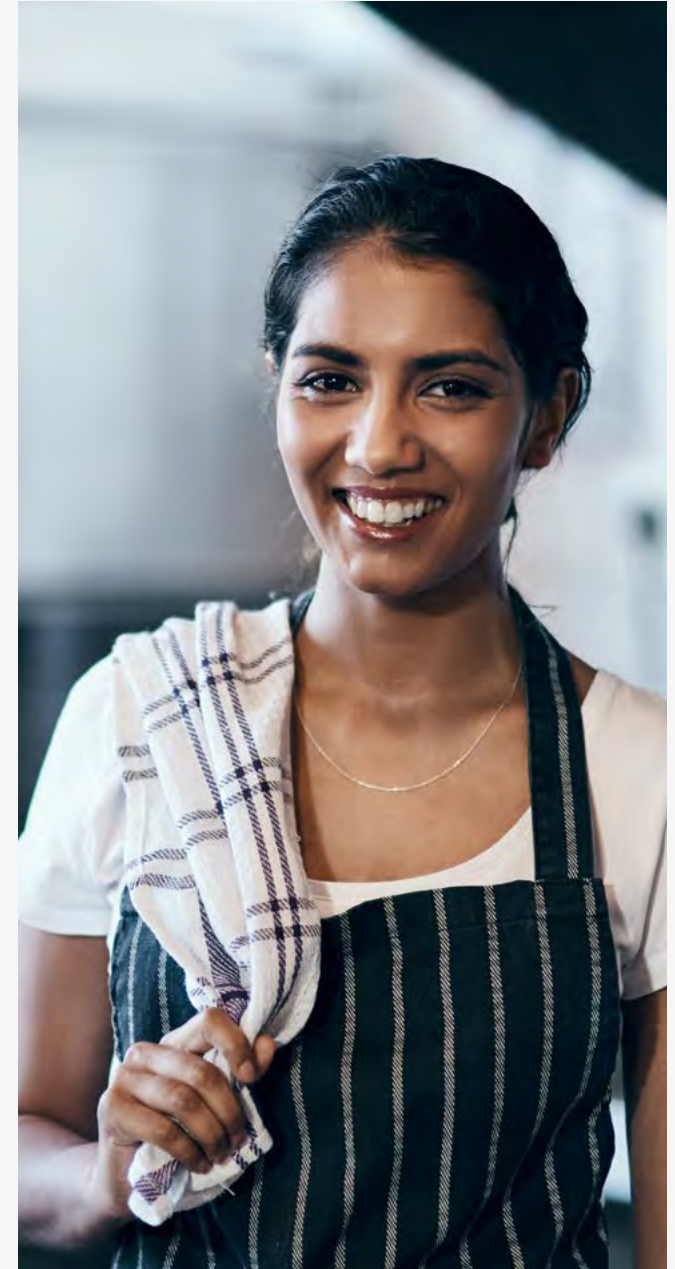
Who we are

There are six of us serving as members of the Independent Governance Committee and our role is to work on your behalf.

Five of us, including the Chair, are fully independent of Legal & General, so there are no conflicts of interest in keeping your interests front and centre when overseeing your pension. The other IGC member is a non-executive director of a subsidiary company. And while we all share the necessary skills and experience to act in your interests, we're fortunate to have a broad diversity of background, personality type, education, subject matter knowledge and career history. We believe that diversity, in the broadest sense, leads to better discussions and better decision-making on behalf of all our members.

In April 2020 Steve Carrodus stepped down and we welcomed Mark Ashworth to the committee. Mark brings a wealth of knowledge and experience to the IGC from more than nineteen years as an independent trustee with Law Debenture.

You can read more about each of us in [Section 9](#).





The IGC oversaw two Legal & General business units in 2020: Workplace Pensions and Mature Savings

Workplace Pensions manage the WorkSave Pension Plan which is available to new employers.

They also manage the policies of members who are still actively saving into two older products; the Group Personal Pension Plan 2000 and the Group Stakeholder Pension Plan. These products are no longer available to new employers.

In September 2020, the Group Personal Pension Plan 2000 was transferred to ReAssure and is no longer within the IGC's remit.

Our work relating to Workplace Pensions is described in [Sections 1 - 6](#).

Mature Savings managed the older pension range that was no longer available to new clients. This included:

- Active members and members who have left their employer (known as deferred members) of the Group Personal Pension Plan No 1
- They also provided the administration for some deferred members of the Group Stakeholder Pension Plan

Legal & General sold the Mature Savings business to ReAssure in December 2017 and the transfer was completed in September 2020. We closely monitored the transfer process and carried out our value for money assessments of the schemes for the period up until the transfer was complete.

Our work relating to Mature Savings is described in [Section 7](#).

How to contact Legal & General

If you have any questions about your pension, you can call Legal & General on 0345 070 8686, open between 8:30am and 7:00pm Monday to Friday. Call charges will vary. Legal & General may record and monitor calls and please be aware that helpline colleagues cannot provide financial advice.

If you have your policy number to hand, they'll be able to help you quickly. You can find it on your pension benefit statement. But if you don't have it, don't worry, they'll still be able to help you – it may just take a little longer.

How to contact us

If you have any questions about this report, or you need to tell us about an important issue that affects your pension, please email us: IGC@lgim.com

Chair's report





Welcome to our latest annual report. We are pleased to be able to share our findings with you and our assessment of the value for money your scheme offers. Our last annual report was for the year to 5 April 2020, but, due to an industry-wide standardisation of the reporting year by our regulator, annual reports will now cover to the year ending 31 December.

Over the year, we've made some good progress with new initiatives for your benefit. You can read more about those and other developments below.

We're assessing and reporting on whether you get value for money

Our duty is to carefully evaluate and examine the value for money offered by the Legal & General pension schemes which we oversee. For the first time this year, our report also assesses the value for money of Legal & General's investment pathways, and you can find details of that review in [Section 6](#).

We raise any concerns we have with Legal & General to remedy, and, if necessary, we will escalate those concerns to the Financial Conduct Authority.

We base our assessment on six criteria:

- **Investment returns** – how are your investments performing?
- **Default strategy and investment choice** – are the default funds (the ones you'll invest in if you don't choose a fund yourself) good value and fit for purpose? And is the range of available investments good and appropriate?
- **Member service and administration** – do you get good customer service, does Legal & General carry out your requests efficiently and accurately?

- **Costs and charges** – are the costs that relate to your pension scheme reasonable?
- **Member engagement** – are the communications you get from Legal & General clear and available in a variety of ways that suit you?
- **Accessing your pension** – can you access your pension savings in a simple and flexible way?

Our overall value assessment

We have scored Workplace Pensions and Mature Savings separately due to the transfer of the Mature Savings business to ReAssure during the reporting period.

For Workplace Pensions, our overall assessment is that Legal & General offers good to very good value for money.

Most scores are the same as last year. The only exception is member service and administration which saw a reduction from 3.5 to 3. Detailed explanations of our scoring are shown in ['How we assess members' value for money'](#).

For Mature Savings, our overall judgement is that Legal & General offered good value for money, with all scores remaining the same as last year. Scores can be viewed [here](#). Mature Savings will not be included in next year's report as they no longer fall under the remit of the IGC.

What we've been focusing on in 2020

Monitoring the schemes carefully in the wake of the COVID-19 pandemic

The spread of COVID-19 initially contributed to a lot of uncertainty in the financial markets. The IGC requested regular updates on the impacts on members' investments and monitored the situation closely. We will continue to do this on an ongoing basis as markets recover. We also carefully monitored the impact of COVID-19 on the service provided to members.

Monitoring the transfer of the Mature Savings business to ReAssure

We received regular updates from Legal & General in the lead up to change of ownership. We are satisfied that the transfer went smoothly and, importantly, that member data was transferred safely and securely.

Working to comply with the Financial Conduct Authority's new regulatory requirements

The Financial Conduct Authority (FCA) introduced new regulatory requirements for IGCs in 2020. We are now required to review and report on:

- how environmental, social, and governance (ESG) factors are incorporated into Legal & General's investment strategy and how well that is managed;



- the value for money offered by Legal & General's investment pathway solutions; and
- an assessment of the quality of communications received by members.

To support this, we set up working groups to work through the actions required to meet the new regulations. Much of this involved us reviewing Legal & General's existing policies and confirming that they were fit for purpose. We also took part in some training sessions to ensure we had the knowledge and expertise to fulfil our new responsibilities. This included sessions on ESG.

We have also introduced additional information for members to help them understand the impact of costs and charges on their pension savings. This can be accessed [here](#).

Holding our Annual Member Forum in October 2020

In 2020, we hosted our first ever fully online member forum which attracted 3,300 members. This event was held jointly with the Legal & General Mastertrust and we were pleased to welcome film director Richard Curtis as a speaker on our panel. Richard Curtis is a founder of [Make My Money Matter](#), an organisation which seeks to ensure the trillions of pounds of pension savings are invested to build a better world. We were delighted with the number of attendees and the level of engagement with this topic. It's clear from the positive feedback that we received after the event that messages about ESG and responsible investing can help members engage with and feel proud of their pension.



How we worked with Legal & General

We continued to work well with Legal & General. We were pleased that Legal & General acted on many of the points we raised this year, particularly our request to incorporate more ESG factors into the default investments. We also asked that the pathway funds were renamed to Target Date Funds to avoid confusion with the newly launched 'investment pathway' post-retirement solutions.

There have also been a number of communication initiatives which have benefited members including: the launch of a new app allowing members to view their pension and make updates online; a new retirement planner to support members in planning for their future; and the fast rollout of a COVID-19 hub with support for members in a time of change and great uncertainty.

During the year we stayed very close to the service level reporting, and requested that regular monthly updates were increased to weekly. This meant we could monitor the experience members were receiving, particularly as there were some significant challenges faced by Legal & General as a result of the COVID-19 pandemic. Further details of the impact of COVID-19 on member service can be found in [Section 3](#).

How we assess our effectiveness

We place great importance on assessing our performance each year, both as individual members and as a Committee. This is to ensure we are operating effectively, have the correct balance of skills to carry out our duties, and can identify areas where additional skills might be required. This year, we appointed an external company to conduct an independent evaluation of both the Committee's and Chair's effectiveness. An independent report was produced, and an action plan has been developed. We will monitor our progress in addressing the actions arising from the evaluation.

Our priorities for the year ahead

Working with employers

We believe that direct feedback from members and employers is invaluable in understanding the experience they have with Legal & General. This helps us to shape the feedback we provide and define the areas we focus on.

During the year, we met with six employers and we are likely to increase this engagement in the year ahead, as well as looking for other opportunities to hear employer views.

The impact of COVID-19

We recognise that the impacts of COVID-19 will continue to be felt and will remain of significant importance. Although markets have stabilised and the service that Legal & General provides to members has improved, we will continue to focus on these areas. We will monitor the impact on the global investment market and economy and will work with Legal & General to ensure that service levels are met and maintained in these very challenging circumstances.

Keep up momentum on Environmental, Social and Governance factors (ESG)

This remains a priority for us and we will monitor and challenge Legal & General on this over the coming months. We will work with Legal & General to understand their progress against their climate impact pledge and towards net zero in 2050.

Continuing to implement the FCA's new regulatory requirements on communications

Our communications working group continues to meet to assess communications and ensure they meet members' aims, objectives and characteristics. We have received updates on member research that Legal & General has undertaken and received updates on their governance processes, and we expect these to have an effect on communications in future months.

Finally, I would like to add a note of thanks to the teams supporting the IGC (see [Section 9](#)) for their hard work throughout the year. Their efforts have ensured the smooth running of the IGC during what has been a challenging year due to the impacts of COVID-19.

Dermot

Dermot Courtier

Independent Chair
July 2021



How we assess members' value for money

Workplace value for money assessment

We have assessed Mature Savings separately from Workplace Pensions in this report, please see [Section 7](#) for our value for money scores for Mature Savings.

Every year we assess the value for money offered by Legal & General's pension schemes. We measure this against six criteria below.

Weightings

Although each of the six criteria is hugely important, we think that some are more important than others. In 2019, we decided to introduce weightings to the various value for money criteria and have applied the same weightings for 2020.

Criteria

Each is scored between 1 and 6:

1. 'unacceptable'. We'd be very disappointed to give this score. This would indicate an urgent need for rapid and significant improvement.
2. 'poor'. We'd be disappointed to give this score. This would reflect a need for rapid and significant improvement.
3. 'acceptable'. Our standards are high, so this score would suggest a need for improvement.
4. 'good'. We'd be happy with this score, but we'd still be encouraging Legal & General to find ways to improve further.
5. 'very good'. We'd be very happy with this score, but we'd still be encouraging Legal & General to find ways to improve further.
6. 'perfect'. There's always room for improvement, so we'd be unlikely to give this score.



Investment returns
Score – 5.0
Weighting – 20%
 Last year – 5.0



Default strategies and investment choice
Score – 5.0
Weighting – 20%
 Last year – 5.0



Member service and administration
Score – 3.0
Weighting – 20%
 Last year – 3.5



Costs and charges
Score – 5.0
Weighting – 15%
 Last year – 5.0



Member engagement
Score – 5.0
Weighting – 15%
 Last year – 5.0



Accessing your pension
Score – 5.0
Weighting – 10%
 Last year – 5.0



Overall Score – 4.6
 Last year – 4.7

Section 1

Investment returns



Score – 5.0

Weighting – 20%



Why investment returns are important

Investment returns are critical to deciding the value for money members get. This is because they affect how much money you will have to live on as you get older, whether you'll be able to do the things you want to and how resilient you'll be to any financial shocks. We look at investment returns after all fund costs and charges, which reflects what you actually get back on top of the money you invest.

Why we gave this score

We base our score largely on the performance of the Legal & General default funds. A great majority of members are invested in these funds as they are the investment option chosen by most employers for members who haven't selected their own funds. Other fund options are chosen either by the members themselves, or by their employer who, after taking advice independently, has decided on a bespoke default option.

As you can see in the table further on in [this section](#), the investment returns of the Legal & General default funds have consistently been very good, regularly doing better than their benchmarks – and often by meaningful margins. Benchmarks are set according to the stated objectives of the funds; they allow members to compare the performance of a fund against a market index, like the FTSE World Index, or similar funds offered by other providers.

To see how all Legal & General's funds have performed, please [click here](#).



How Legal & General and the IGC have worked together to oversee investment returns

We look at short-term (one year), medium-term (three years) and long-term (five years) investment returns for all Legal & General default funds. We pay most attention to the long term; this is because members are typically investing for the very long term – often building their retirement pot for decades and throughout their working life.

Legal & General researches all the funds available for self-selection and those included in the default options. They then continually monitor these funds to ensure they meet appropriate standards. The IGC regularly reviews how Legal & General does this.

An independent investment adviser, appointed by Legal & General, checks that all Legal & General provided funds are appropriate for members, and that any external funds (funds provided by Legal & General but managed by other managers) are properly monitored. This independent analysis shows how the funds have performed compared with their benchmarks and looks at whether individual funds had higher or lower levels of risk than expected.

Following this review, we work with Legal & General to decide whether there are any funds that aren't doing as well as we expect. Legal & General may place these funds on what we call a 'watchlist'. This means that we can keep a close eye on how these funds perform over a reasonable time period.

Depending on what we find, we talk to Legal & General about whether they should remove these funds from the options available to members and switch members into a more appropriate and better managed fund. During the reporting period and into early 2021 there were four funds that were closed. Impacted members were contacted directly and moved to a new fund if they did not select an alternative.





What happened in 2020

Legal & General's default investment strategy continued to perform well

Over the last five years, the main default strategy, the Multi-Asset Fund, has generated an average return of 9.3% each year, which outperformed its stated sector benchmark of 7.2% each year for similar funds. That's an extra £21 each year on a starting fund of £1,000 over and above the benchmark.

Performance of the current product defaults as at 31 December 2020

Default Strategy	Fund	Benchmark	1-Year Performance		3-Year Performance		5-Year Performance	
			Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Main Default								
Multi-Asset Fund	Multi-Asset Fund NTW3	ABI Mixed Investment 40-85 % shares	5.9%	4.1%	5.7%	4.4%	9.3%	7.2%
Alternative defaults employers can choose from								
Multi-Asset Drawdown Lifestyle Strategy	Multi-Asset Fund NTW3	ABI Mixed Investment 40-85 % shares	5.9%	4.1%	5.7%	4.4%	9.3%	7.2%
	Retirement Income Multi-Asset Fund NWD3	Bank of England Base Rate +3.5%	5.0%	3.7%	4.7%	4.0%	7.1%	4.0%
Target Date Funds	Target Date Fund 2050-2055 BE83	Composite benchmark	5.3%	6.5%	5.3%	5.3%	N/A	N/A
Future World Multi-Asset Fund	Future World Multi-Asset Fund BT63	ABI Mixed Investment 40-85 % shares	6.2%	4.1%	N/A	N/A	N/A	N/A

The table above shows the performance of the current default funds, as at 31 December 2020. The fund performance is calculated after all fund costs and charges. Other product charges – like the annual management charges – aren't included.

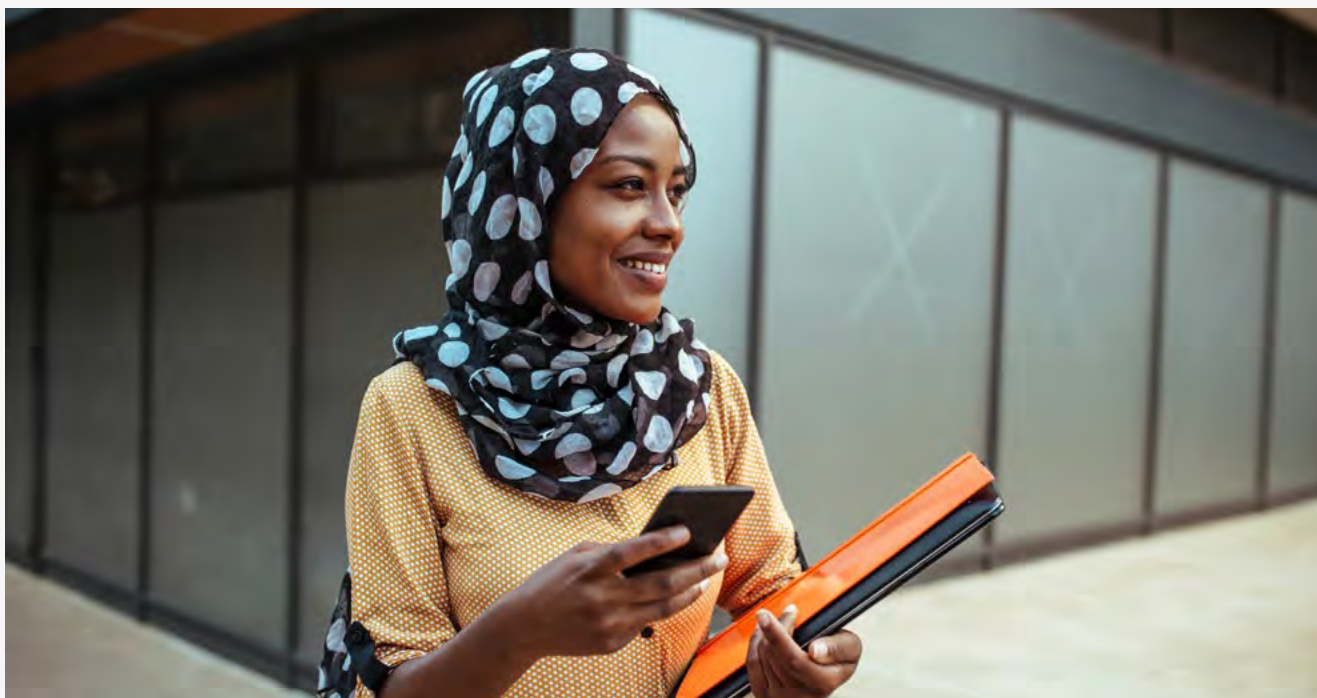
As well as the default investment strategy, some employers have created bespoke default investment strategies. These are designed specifically for their own workforce and consider factors such as age, likely retirement age and contribution levels. Members can see how their own fund choice is performing by logging into [Manage Your Account](#).

To see how all Legal & General's funds have performed, [please click here](#).

Legal & General continued to keep a close eye on fund performance

At the beginning of 2020, there were ten self-selection funds on the watchlist. This is when the Legal & General Fund Risk Oversight Committee and the independent investment advisers pay specific attention to a fund to make sure it remains appropriate or performs as it should. The number of funds on the watchlist dropped to eight by the end of year. Funds can move on and off the watchlist for various reasons.

The eight funds currently being monitored closely by Legal & General are being watched for reasons including performance, changes in the fund management teams, and any changes to market trends that could impact the funds. We will continue to work with Legal & General to make sure funds are replaced if concerns persist.



During 2020 Legal & General's investment adviser advised them that five Active UK Equity Funds were no longer appropriate for workplace customers. Four of these funds were closed during the year and the remaining fund is in the process of being closed.

The members in the impacted funds were notified that their current holdings and any future pension contributions would be switched/redirected into a new fund recommended by the investment adviser. Members were also given the option to select another fund of their choice.

Section 2

Default strategies and investment choice



Score – 5.0

Weighting – 20%



Why default strategies and investment choice are important

A great majority of members are invested in default funds that have been either provided by Legal & General or the bespoke strategies that the member's employer creates with the help of their own independent advisers. The default fund is where a member's money is invested if they haven't selected their own funds. This means that the quality and appropriateness of default strategies are hugely important in generating good outcomes for most members.

At the end of 2020, there were over 2.05 million members with over £27 billion invested across a range of funds. Of these, over one million members had investments totalling approximately £9.8bn in the Multi-Asset Fund and approximately 410,000 with £3.3bn invested in the Multi-Asset 10 Year Lifestyle profile. Members can be invested in more than one fund so there may be some duplication in these numbers, but these statistics give an idea of the scale and importance of default strategies.

Employers should be offered a focused list of appropriately constructed multi-asset funds to consider as default for their schemes. Alternatively, they should be offered facilities to construct their own bespoke default fund. In addition, investment choice is important. This is to allow

- employers to select or construct a default fund best suited to the membership profile of their schemes, and
- members to create an investment portfolio that's tailored to their individual needs and reflects their appetite for risk for their savings.



Why we gave this score

As with investment returns, we base our score largely on the quality of the Legal & General-provided default strategies. This is partly because, as noted above, so many members use them, and partly because, when assessing value for money, this is where Legal & General bears all the responsibility.

We maintained our score of 5 in 2020 due to significant improvements made this year and particularly due to the inclusion of further ESG factors, the development of a [Statement of Investment Principles](#) and the creation of a new guide to assist members. Further details on each of these aspects can be found below.

Legal & General offers four options for a default fund: Multi-Asset Fund, Multi-Asset Drawdown Lifestyle Fund, Future World Multi-Asset Fund, and Target Date Funds. All consider environmental, social and governance (ESG) factors in their investment process but the Future World Multi-Asset Fund is the most ESG focused. Making sure that ESG factors are incorporated into the fund range gives members confidence that they are invested in funds that are, for example, carbon-neutral or exclude fossil fuel extractors, alcohol manufacturers or gambling companies. More information on ESG can be found in [Section 8](#).

Legal & General undertook their triennial product default review during 2020. As part of this, their investment adviser conducted a detailed evaluation of the current and historic defaults for the Workplace Pension Plan, Stakeholder Pension Plan and Group Personal Pension Plan. This included the four funds mentioned above. The review took



into consideration member behaviour and needs, investment objectives and the costs and charges members are paying. The investment adviser confirmed the default strategies to be appropriate, good and flexible. We have considered the investment adviser's report and agree with its conclusion. We also consider the fees and charges to be attractive and competitive. Accordingly, we believe Legal & General default funds are of high quality and offer good value for money.

Legal & General also researches all the funds available for self-selection and they monitor these funds on an ongoing basis to make sure that they meet appropriate standards, remain sufficiently diverse, and are of a good quality. The IGC regularly reviews how Legal & General does this. The last review of the self-selection range completed in 2019 and the next is planned for 2022. You can find out more about how Legal & General supports saver investment needs outside of the default for the WorkSave Pension Plan in the new [Statement of Investment Principles](#).

How Legal & General and the IGC have worked together on default strategies and investment choice

Bespoke default strategies

Legal & General also asks employers to review their bespoke default strategies. This is done with the help of the employer's independent investment adviser. We monitor how these bespoke default strategies are governed, and we oversee the action plan developed by Legal & General to make sure the strategies are properly reviewed and that any necessary actions are completed. If any employer is no longer prepared to take independent advice, we expect Legal & General to conduct the review of the bespoke default strategy themselves, and to reassure us that it's still good and appropriate for members.

Investment choice

Legal & General works with the IGC when a change to the standard investment range is required. This could be due to the launch of a new fund or the removal and replacement of an existing fund.



What happened in 2020

Default strategies

2,000 Group Stakeholder members were switched into a more appropriate default fund

After discussing it with us, Legal & General moved 2,000 group Stakeholder members from their outdated default funds into a multi-asset fund that allows for flexibility in how members take their benefits and meets the Stakeholder regulations. This is immensely beneficial to members because it makes sure that they don't put all their eggs in one basket when it comes to investing their money, and it gives them flexibility for how to take their money when they come to use it. The fund de-risks over five years in the lead up to the member's selected retirement age.

Transferring members to a new fund like this is complex. We monitored the outcome and concluded that it was very well executed and met the agreed timescales.

Triennial review of Legal & General default strategies

One of the recommendations of the review was that Legal & General should consider moving members from an older default fund, the Multi-Asset Fund annuity targeting lifestyle, into a current default strategy that reflects more closely the way members are choosing to take their benefits at retirement. Approximately 410,000 members are impacted by this decision, across 800 schemes, totalling over £3 billion in funds. They will be transitioned into a modern default investment which offers better flexibility to reflect how members are likely to take their retirement benefits. In 2021, Legal & General will begin the process of contacting the affected schemes before changing their default to the product's current default strategy. Legal & General will also write to impacted members who will then be moved to the new default. Because this is a change to the lifestyle profile of the strategy, members who are not yet close to retirement and de-risking out of the Multi-Asset Fund will not incur any costs.

You can find a summary of the assessment of other default strategies below. As noted above, Legal & General's investment adviser has reviewed all these funds and has concluded that they offer suitable level of flexibility, are good and appropriate.

Multi-Asset Fund (MAF)

The multi-asset strategy aims to provide long-term investment growth through exposure to a wide range of asset classes at a risk level that's suitable for a member of any age. The target of risk and reward that the fund manager takes is appropriate for members who do not have a set retirement date in mind or do not know exactly how they may wish to access their benefits. The Multi-Asset Fund outperformed the Fund's benchmark over the one-year period to 31 December 2020 by 1.8%, returning 5.9% whilst the benchmark returned 4.1%.

Future World MAF (Multi-Asset Fund)

Future World MAF has similar investment characteristics to the Multi-Asset Fund (MAF), but with a more intense focus on ESG issues. For example, these funds exclude controversial weapons and 'tilt' away from investments with poor ESG scores in favour of investments with good ESG scores. The manager, Legal & General Investment Management (LGIM), is responsible for defining the ESG scoring process. This process, whilst innovative, follows conventional measurable metrics to calibrate the scores. Legal & General's investment adviser has reviewed the scoring process and considers it sound and effective. The Future World Multi-Asset Fund outperformed the Fund's benchmark over the one-year period to 31 December 2020 by 2.1%, returning 6.2% whilst the benchmark returned 4.1%.

Drawdown Lifestyle

This is a lifestyle strategy where members are invested in the MAF until three years before their expected retirement date. After this point, they then gradually switch into the Retirement Income Multi-Asset Fund (RIMA). This is a suitable default for schemes where most members are likely to take their money as and when they need it in retirement – also called flexi-access drawdown. This is because the RIMA's risk and return profile is designed for post-retirement. Legal & General's investment adviser also considered whether there was additional risk for those who might choose to take cash or buy an annuity at retirement rather than opting for drawdown; this risk was concluded to be relatively low. The Retirement Income Multi-Asset Fund outperformed the Fund's benchmark over the one-year period to 31 December 2020 by 1.3%, returning 5.0% whilst the benchmark returned 3.7%.



Target Date Funds

These enable groups of pension savers that are all targeting a similar retirement date to save together in a single investment fund. The mix of assets within the fund changes over time to reflect the needs of savers as they approach and go beyond their target retirement date. They aim to generate a return above the rate of inflation while members are a relatively long way from retirement before gradually moving the saver's investments into funds that reflect their intended retirement outcome. Target Date Funds are constructed in five-year date periods to match when members expect to retire. The Target Date Fund (2050-2055 cohort), underperformed the Fund's benchmark over the one-year period to 31 December 2020 by 1.2%, returning 5.3% whilst the benchmark returned 6.5%.

More information on these funds are available in the [Statement of Investment Principles](#).

The Legal & General Target Date Funds were improved

Following a review of the Target Date Funds in 2019 we encouraged Legal & General to make improvements. In response to our feedback, they made the following changes in 2020:

- Incorporating ESG more deeply into the growth phase of the funds
- Investing in equities for longer in the early years of the strategy
- Reducing the charges from 0.19% a year to 0.15%
- Dynamically changing the asset mix of the fund to better (i) reflect the different stages of a member's retirement journey and (ii) match their options for taking their money

These funds were previously known as Pathway Funds and were renamed Target Date Funds during 2020. This was to avoid member confusion when the regulatory investment pathways were launched as part of the member retirement journey in late 2020.

Other initiatives undertaken to assist members

During the year, two key initiatives were undertaken to better inform members about the investments being made available to them, how the investments are governed and to provide increased transparency. These were the development of a Statement of Investment Principles (see below) and a new guide to help members understand their investments.

1. A Statement of Investment Principles was created for the WorkSave Pension Plan

We believe that it is important for members to understand the core investment beliefs, principles and strategy of the investment options available to them. To this effect, Legal & General has created a [Statement of Investment Principles](#) (SIP) on our request. The SIP covers all the funds available including the default funds.

The SIP also highlights Legal & General's core policies relating to ESG (financial and non-financial). For non-financial ESG matters, a specific section was introduced in the SIP to highlight the principle investment risks that may impact the performance of an investment and how we approach each risk.



2. A new guide to how funds are managed

A new guide - [Your guide to how your funds are managed](#) - was created to help members understand how their funds are managed and provide increased transparency on the charges they pay.

The purpose of the guide is to explain to members:

- The key principles Legal & General follows when managing their funds
- The basics of investing
- How Legal & General values pension investments
- How they work out the charges
- What happens if an unexpected event occurs

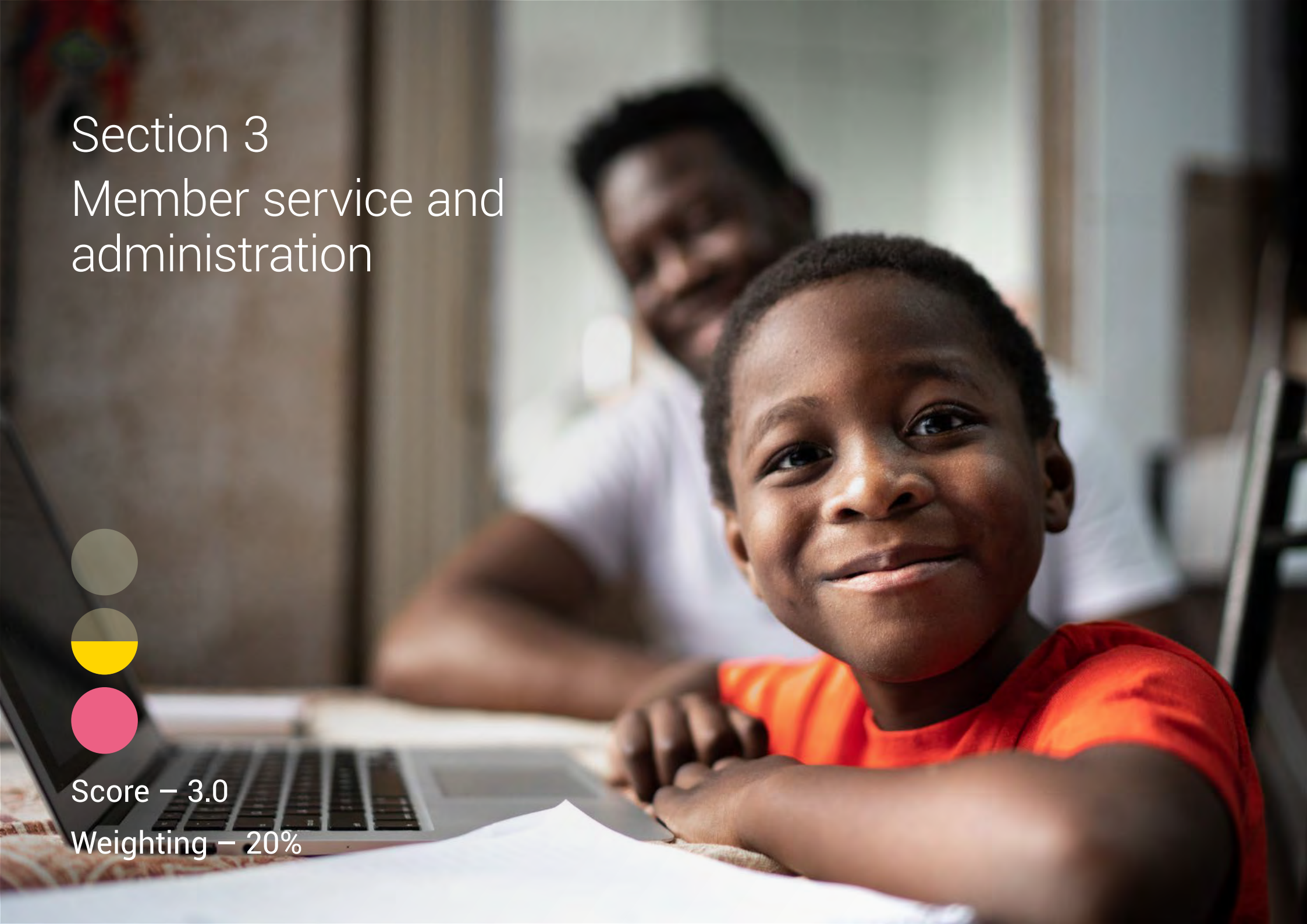
Additional fund information can also be found [here](#).

Investment choice

COVID-19 related property fund suspensions

In March 2020, as a result of the pandemic, several commercial property funds were suspended in response to material uncertainty against the value of the properties held within the funds. The suspensions were made to manage the impact on member investments. The suspensions were lifted in the autumn as the property market normalised. Legal & General suspended any multi-asset fund that invested at least 25% in the suspended property funds. During the suspension Legal & General redirected contributions in suspended funds to a cash (suspension) fund. Once the suspensions were lifted the accumulated cash in the suspension fund and future contributions were redirected back to the original fund unless the member selected an alternative investment choice.

To assist members within five years of their retirement date, Legal & General went beyond their terms & conditions by allowing them to either switch out of or take their retirement benefits from the suspended funds. This meant that Legal & General took on a financial risk that the actual funds might be lower than then surrendered values when the funds are able to trade again.



Section 3

Member service and administration



Score – 3.0

Weighting – 20%

Why member service and administration are important

For many members of a pension scheme, their pension fund will be their biggest asset. For others its value will be second only to the value of their home. So, when members contact their pension provider, they need to be confident that the information they receive is correct and is received in a timely manner.

The administration of pension schemes is also vital. For schemes to run smoothly, there's a vast array of administrative processes that need to happen. These include collecting contributions, processing them and making investments, as well as making sure all records are accurate and investments are kept safe. And if a member wants to get a valuation, switch a fund, take money out, or amend a nomination form, the response needs to be prompt and right first time.

Why we gave this score

The IGC deliberated over the reduction in score from 3.5 to 3 for 2020, as it was an unprecedented year for all and there were some significant challenges faced by Legal & General as a result of the COVID-19 pandemic.

The IGC found things to celebrate as well as disappointments when assessing the support Legal & General provided to members. There were several significant projects and initiatives that Legal & General launched and implemented successfully that could not have been envisaged pre-pandemic.

This included the move to a full remote working model, and there is no doubt that teams and individuals worked tirelessly to support members, often when facing personal challenges themselves.

The IGC was reassured that service levels were met on the critically important but routine, highest-volume processes. These include the collection of contributions and allocating them correctly for members.

The IGC had expected the pandemic to impact some service areas, but we also expected a quicker recovery. This was of particular concern in areas supporting members or their beneficiaries when accessing their money at times of great personal distress as a result of the very sad increase in serious ill health and death notifications, or the increase in members wanting to access their pension or transfer out.

There is no doubt that Legal & General responded to the challenge with great intent and determination, and we did see service improvements in all of these areas at times. However, even in the context of these most challenging circumstances and the great attitude and diligence of the team, we ultimately decided that it was appropriate to reduce the score from 3.5 to 3. This was largely due to a sustained increase in the amount of time it took to complete some very important member service and administration processes. This arose in part because of the impact that IT system availability had on occasion on both remote and office-based employees. As Legal & General worked through the pandemic and the different lockdowns it became challenging to recruit remotely and at times there was a shortage of staff in some areas.

As we have moved into 2021, the IGC continues to challenge Legal & General to improve member service and administration on behalf of members.





The impact of COVID-19 on member service

Within a period of weeks, operational teams moved from an office-based work environment to a fully remote working model. Although there were some logistical challenges, we were impressed by how quickly Legal & General and the teams were able to respond. However, when Government guidelines required the closure of the Cardiff office for the safety of employees, there was not, at that time, enough capacity to enable the helpline to remain open and it was forced to close for a short period of time. Despite this, Legal & General prioritised the most vulnerable members and made sure they had the opportunity to contact and speak directly to Legal & General for important services, such as sensitive claims.

When the offices reopened, they were at reduced capacity due to social distancing measures being introduced and most of the workforce continue to work remotely.

We are aware that for some individuals supporting customers and balancing home life such as educating children or working in difficult environments has not been easy. We fully supported an impressive range of actions that Legal & General took to support employee wellbeing.

In response to the challenges being faced, more individuals were recruited, or reallocated, into the teams where service requests from members were increasing. Members are starting to see the benefits of this recruitment and priority focus in the 2021 reporting period. Legal & General recruited by conducting interviews and training remotely or using social distancing guidelines in the office.

We would like to recognise and give thanks for the efforts of the individuals working in the operations teams during such a difficult time.

How Legal & General and the IGC have worked together to make improvements to Member Service and Administration

Over the last year, we worked with Legal & General to make improvements to enhance member service. Legal & General has made some really good progress with new initiatives identified as a result of tracking member behaviour. They noticed a change in customer needs and service requests as a result of COVID-19. These initiatives deliver improved services for the benefit of members, which include:

- **Pay Me** – Legal & General made it easier for members to take their pension as cash and decreased the time it takes to receive their money through a new phone-based service available to members.
- **Bold 360** – Legal & General introduced web chat and a virtual assistant with a self-serve knowledge library to support members with queries and to enable them to receive answers without having to make a phone call or email. This has proved popular with members and good feedback has been received.
- **Online experience** – the online experience for members was enhanced allowing more self-serve options and enhancements to the online portal, Manage Your Account. There are now more online requests available



to members, such as changes to beneficiaries, or retirement age, or personal changes such as name or National Insurance Number.

- **Automation** – Legal & General delivered a series of automated solutions, to enhance and speed up service for members in an efficient and controlled way. These automated solutions improved the response time for processes such as transfers outs, matching images and documents to policies and responding to customer emails.

- **Demand capture tool** – this was introduced to understand member behaviour. It shows why members are contacting Legal & General. With this insight Legal & General can amend their service to enable members to access the information they need directly, or to streamline their requests.
- **Coll8** – Legal & General widened the number of schemes using this online portal, which allows members to view and service aspects of their pensions from an app on their phone.



What happened in 2020

Some service levels were below target due to the impact of COVID-19

In 2020, the speed of delivery of some services, particularly transfers out and sensitive claims, fell below some of the standards we'd agreed with Legal & General.

As we were concerned with service levels, we asked Legal & General for more visibility of service reporting and to increase the frequency we were seeing those reports. Legal & General moved from monthly reporting to weekly, so we had clear oversight of the situation. This meant we were able to closely monitor service and challenge Legal & General if we saw service levels underperforming.

Due to the operations team moving from an office-based model to home working and a short wait for IT equipment, a queue of work built up for some services that were deemed as lower priority or not impacting vulnerable customers.

The IGC's enquiries found that even when service delays were experienced, members were treated fairly. The operations team kept the IGC updated on their progress with these cases. An internal group conduct risk monitoring audit was commissioned to ensure that customers were treated fairly throughout all processes. The audit, for example, reviewed how Legal & General dealt with delayed transfers out so that members were no worse off from the delay. The audit focused on any complaints received to check that the process robustly supported members. The audit concluded that members were treated fairly and not disadvantaged financially as a result.

Legal & General presented plans to the IGC which showed how they would bring service levels back within target. These included additional resource, cross-skilling and scenario planning. The IGC continues to track progress into 2021 and has been pleased to see a number of service processes improve. We expect to see a more sustained improvement across all areas during the second half of the year.

Business continuity plans were tested

The IGC was kept updated on revisions to Legal & General's business continuity plans to ensure that the firm remained prepared for the various challenges of COVID-19 and accompanying stages of lockdown. The move to a full remote working model was quickly mobilised and became an integral part of the revised business continuity plan. Employees are now fully equipped to work remotely.



The IGC attended a virtual site visit

Each year the IGC meet with the operations team and hold a site visit. The site visit gives the IGC the opportunity to meet with the team and to receive updates on key issues and ask questions. This year the site visit was held virtually and the IGC challenged Legal & General on some service levels and were presented with a plan to bring these back into target. Scenario planning was also an important part of the visit, whereby the IGC were presented with different operational scenarios and mitigating actions. This looked at external threats such as sickness, volume of work requests, or continued remote working and the impact these could have on service levels.

Wellbeing initiatives were rolled out for employees

We asked Legal & General what support they were providing to their employees to ensure that they were physically well and supported in any mental health challenges so that they, in turn, could continue to support members. Legal & General confirmed the following initiatives were available:

- Wellbeing activities every fortnight
- Managers' workshops on supporting colleague wellbeing
- My Family Care – online and telephone support service to help balance work and caring responsibilities

- Individual and group coaching sessions for line managers and senior leaders
- Information on Display Screen Equipment assessments and help to correct workstation set up at home
- Online chair yoga sessions

Working from home has ultimately impacted the effectiveness of some Legal & General employees, but we recognise the support Legal & General has given employees by promoting wellbeing initiatives and through flexible working. It was noteworthy that employee satisfaction, as measured through staff surveys, increased during the year and, particularly during lockdown, from a score of 70 in March to 78 during the first lockdown and settling on a score of 74 in October.

AAF 01/06 Type 2 Report

During the year, a new external audit of the effectiveness of internal controls within the operational team was undertaken which was welcomed by the IGC. The framework for this reporting is provided by the Audit and Assurance Faculty of the Institute of Chartered Accountants of England and Wales, 'Assurance 'Reports on Internal Controls of Service Organisations Made Available to Third Parties' (AAF 01/06) and is an industry-wide recognised reporting framework for practitioners to follow.

The audit measures the effectiveness of the controls used to ensure that operational processes (for example, receiving and investing contributions, making payments and carrying out investment decisions) are carried out accurately, honestly and effectively.

The 2020 audit identified a small number of controls that have not operated effectively within the period. However, these areas have proven not to impact significantly on members and have allowed Legal & General to focus on strengthening these controls.

The audit will be carried out annually and the outcome reported to the IGC.

Investment pathways

Investment pathways were designed to support members who choose to take flexi-access drawdown. They help members choose an appropriate investment approach for the money left invested in their pension pot.

Information about investment pathways is provided to members in the run-up to retirement, with full details given at the point a member requests a quote for flexi-access drawdown. Should a member choose an investment pathway, they are automatically invested in the corresponding investment fund, as part of the drawdown set up process, after tax-free cash is paid.

Investment pathways provides greater flexibility for members about when they take their income payments at no additional charge. They can:

- choose to take a regular income payment at different frequencies;
- take ad hoc lump sum payments on any day of the month; and,
- choose which funds to take their income payments from.

At the same time as launching investment pathways Legal & General introduced a new IT system which automates the administration processes. So far evidence is that the system is speeding up the process, reduces the need for manual intervention and ensures accuracy.

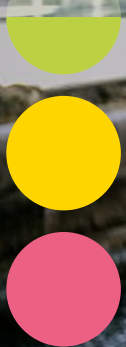
The IGC has received evidence in its monthly service reports from Legal & General that core financial transactions in relation to investment pathways have been processed promptly and accurately during the year and we are satisfied the systems and processes in place are operating effectively. We consider that the improvements made through the year, as well as how investment pathways operate, offer value for money for our members.

The IGC will continue to work with Legal & General to monitor these processes and identify areas for further improvement.



Section 4

Costs and charges



Score – 5.0

Weighting – 15%

Why costs and charges are important

The aim of a pension is to build up a pot of money to provide members with an income when they come to retire. Costs and charges are taken from the pension pot and will reduce the size of pot accordingly. Policies have three types of costs:

1. Scheme charges, which cover the administration or running costs of the scheme.
2. Fund charges, which cover the investment management and fund administration costs. Please note that Stakeholder members have their fund charges included within the scheme charge for Legal & General funds.
3. Transaction costs, which are incurred on buying and selling fund investments when money is either put in or taken out of a fund, or when the fund manager changes some of the investments in the fund to achieve the fund objectives.

Why we gave this score

We gave the same score for costs and charges this year as we did in 2020. This was because:

1. Legal & General's default funds are competitively priced compared to the rest of the market. For example, the Multi-Asset Fund's annual fund management charge is set at 0.13%, which is highly competitive in the market for a diversified growth fund. This enables Legal & General to offer employers a total charge of 0.5% inclusive of administration and fund fees. A recent industry-wide benchmarking survey of contract-based schemes, commissioned by us, positioned Legal & General favourably in this regard.

2. Legal & General believes in sharing the benefits of economies of scale with their customers.

We have been assured that Legal & General always uses their negotiating power, as a major global organisation, to secure preferential terms with their suppliers across all product lines. For pension products, these suppliers include, amongst others, those responsible for the safe custody or management of funds' assets.

Legal & General also believes that customers should benefit from any reduction in the operating costs of managing a fund as the fund grows in size. These enable them to price their products competitively and keep the costs to customers down.

Whilst our discussions with and experience of working with Legal & General provide comfort that their customers benefit from the economies of scale, we have requested to see sight of supporting evidence of this. We have been assured by Legal & General that arrangements have been put in place to demonstrate this and the IGC will be able to report on this next year.

3. Transaction costs of all funds are monitored on a quarterly basis by Legal & General and are also reported to the IGC periodically. Within the reporting period they were confirmed to be appropriate and consistent with the investment strategy of the funds by their independent investment adviser and their Fund Risk Oversight Committee.

We also find them to be reasonable and appropriate based on our experience and judgement. In this reporting year, we did suggest ways in which the review of the transaction costs can be improved; development work on this has already begun and is expected to be completed during 2021.





How Legal & General and the IGC have worked together on costs and charges

The IGC reviews, discloses and publishes all costs. We look for opportunities to reduce costs for members wherever possible.

At least every three years, we analyse all aspects of Legal & General's default investment strategies in depth. These are the funds that members' contributions are invested in unless they consciously choose something different. Our reviews include all the charges for each strategy, and we discuss possible improvements with Legal & General. An example of this is the fund management fee reduction agreed with Legal & General for the Target Date Funds, reducing the fee from 0.19% to 0.15%. We also review the report of the scheme's independent investment adviser for bespoke defaults.

Once a year, we review transaction costs – the costs funds incur when buying and selling investments. To help us do this, Legal & General provides us with a report showing the breakdown of transaction costs into its key components for every fund it offers to members. We are also informed of the results of the assessment of these costs by Legal & General's independent investment adviser which for this year has confirmed the costs to be fair and reasonable for the strategy of the funds concerned.

In addition to the annual reporting, Legal & General's Fund Risk Oversight Committee reviews transaction costs of all funds on a quarterly basis. During the period there were no concerns raised to the IGC on the transaction costs incurred by funds.

Based on these reviews and on our experience, we judge the transaction costs of funds to be reasonable and in line with expectations over the reporting period. However, we had expected to see clearer and more detailed evidence of the work carried out to assess transaction costs. We have made a number of recommendations for the improvement of the assessment process. It is disappointing that they had not managed to complete the work prior to the release of this report. However, we have been assured that they will be fully in place in time for next year's report. The developments include:

- Creation of a value for money (VfM) policy. This policy has now (June 2021) been approved by the Fund Risk Oversight Committee.
- An annual benchmarking exercise of transaction costs against similar strategies, conducted by an independent investment adviser planned to commence in the second half of 2021.
- Inclusion of trade execution and associated costs within the annual review of all internal funds. The first formal annual review took place in June 2021 and will be reported in the 2022 report.

The IGC are also working with an industry benchmarking group to compare Legal & General's transaction costs to other firms in the marketplace.

You can find out more about the transaction costs for each fund in Appendix 2 [here](#).

What happened in 2020

Additional administration charges were removed for WorkSave Pension Plan members taking a flexible income

After discussion with the IGC and a review of the charges members pay at retirement, Legal & General removed their £250 charge for setting up regular payments out of a member's pension pot (known as flexi-access drawdown). Legal & General also removed their £20 charge for making more than one occasional withdrawal in a year.

Legal & General worked with the IGC to respond to the FCA's consultation on improving value for money

Legal & General worked with the IGC to respond to the FCA's consultation on improving value for money. The proposal aims to make it easier for IGCs to compare the value for money of pension products and services, enabling them to be more effective in assessing value for pension scheme members.



IGC members shared their views on the FCA's proposals, possible practical challenges and their impact on members with Legal & General. This resulted in a joint response signed by both the chair of the IGC and Legal & General's Head of Defined Contribution.

Improved transaction cost disclosure

During 2020, changes have been made by Legal & General on how members see the transaction costs which have been incurred within their pension arrangements. This new feature, launched in February 2021, allows members to see the impact of costs and charges on their pension pots in pounds and pence, as opposed to in percentage terms. This should make it easier for the members to see the impact of transaction costs on their savings.

Clearer illustrations of charges for members considering retirement options

Legal & General has enhanced the illustrations of charges provided to members before they take a partial lump sum or go into drawdown. The illustrations now show an estimate of the charges members will pay for the first year. This helps members to understand the potential charges they will pay going forward and allows them to compare charges on the open market before making a decision.

Section 5

Member engagement and communications



Score – 5.0

Weighting – 15%



Why member engagement is important

A pension fund is an asset for members in terms not only of their own wealth and financial security, but as an investment that can be used to reflect their own values, ethics and global concerns. Pension providers must help their members to understand and engage more with their pensions so they can recognise the value of increasing their own contributions and give them the tools, education and services to take greater control of their wider personal financial affairs.

Why we gave this score

We maintained last year's score of 5 as we were pleased with engagement developments over the year, as well as new initiatives and communications provided to members to support them with issues arising as a result of the global pandemic.

COVID-19 impacted everyone in the UK and Legal & General introduced an online hub and email campaign to provide important information, reassurance and useful resources to members at a challenging time.

Legal & General also made improvements to their online account management service - [Manage Your Account](#) - where members can see their Legal & General pension information all in one place.

A new improved version of Legal & General's retirement planning tool was launched in January 2020 to help members understand whether their pension savings are on track to give them the income they need in retirement. Enhancements are also planned for the 2021 reporting period.

During 2020 the IGC was delighted to host our first online annual member forum which allowed us to reach thousands of members with positive feedback received.

How Legal & General and the IGC have worked together to improve member engagement

The IGC meets regularly with the communications team at Legal & General to discuss what they've got planned and what they're doing to improve member engagement.

During the year, the IGC set up a communication working group to take forward the FCA's new regulatory requirement to assess communications to ensure they are fit for purpose and properly consider the relevant members' characteristics, needs and objectives. The IGC looked at the different types of members in the scheme and their needs and worked with the communications team to review communications policies and governance processes.

The IGC also reviewed the welcome packs provided to members when they join their scheme and other documents and recommended improvements to help engagement and to help members understand what it means to be part of the pension scheme. The working group will monitor the progress in implementing improvements.

The working group continues to meet regularly and provide feedback and recommendations to Legal & General on the communications they provide. Subject to responses to the recommended improvements, the IGC determined that the communications they reviewed were, overall, fit for purpose and relevant to members' needs.



The Legal & General Independent Governance Committee



Hearing what members have to say

The IGC are very keen to hear directly from members. Each year, we hold a member forum to provide valuable updates to members. We were really pleased that so many attended our first virtual forum with over 3,300 members watching the event online. The theme of the forum was responsible investing covering environmental, social and governance (ESG) factors. We were joined by film director Richard Curtis who helped found [Make My Money Matter](#), a movement calling for the trillions of pounds invested in UK pensions to build a better world. We issued a survey after the event to gather member views and were delighted that so many members are supportive of addressing ESG issues and that they found the forum of value to them.

Our Relationship Director represents us at Legal & General's Customer and Client Experience Forum meetings. These meetings explore members' experiences of dealing with Legal & General, and review complaints and customer satisfaction indicators. The group then identifies what can be done to improve the service that members get and what changes to systems, processes and communications need to be made. The Relationship Director then reports this back to the IGC for our comment and feedback.

Working directly with employers

An IGC member always attends Legal & General's quarterly DC User Group. This is a group of employer representatives from across different schemes. In these meetings, employers hear Legal & General's plans to improve member engagement and experience across Workplace Pensions. We also listen to feedback from the group about past projects and invite their views on projects that are coming up.

On top of this, we get in touch with employers directly and ask for feedback. We speak directly with employer representatives who administer schemes day to day, as well as some of their employees, to understand, what they think of Legal & General as a provider. During the year we met with six diverse employers and made recommendations to Legal & General based on the feedback we received, such as how to improve engagement with members. This feedback also helps us decide where to challenge Legal & General and what to encourage it to focus on.

What happened in 2020

A COVID-19 hub was rolled out to support members

Legal & General introduced a [COVID-19 hub](#) to support members with questions they may have about the impacts of COVID-19 on their pension. The hub covers protection from scams, redundancy and furlough support, managing pensions online, the measures Legal & General put in place to manage the impact on investments and support for members' mental wellbeing.

A new retirement planner tool was launched

Legal & General's retirement planner helps members to see if their pension savings are on track. They can explore their options for taking their money and experiment with the income they could achieve based on how much they save, how long for and how they choose to take their money. The planner complements the life events and data available in the secure member website - [Manage Your Account](#) (MYA).

In MYA the planner provides personalised projections based on a member's actual investment strategy, with specific charges deducted. This ensures consistency with a member's pension benefit statements.

The launch of the pre-populated retirement planner forms part of a suite of tools to aid members in making decisions about their pension.



Go&Live

Legal & General re-launched their wellbeing hub with a new look and re-named it [Go&Live](#).

Go&Live brings together a range of information, tools and step-by-step guides to help members deal with life events and supports members through their journey in the lead up to and through retirement. The content has been enhanced to include more information to support retirement planning. In [Go&Save](#), members are invited to consider tailored solutions to increasing their contributions into their pensions, whilst balancing other financial demands. [Go&Retire](#) supports members up to their retirement and beyond, with bespoke information about a range of retirement products to suit individual circumstances, in addition to a practical range of support and advice for wellbeing and accessing care.

Legal & General also added additional content to support mental wellbeing and links to support and advice for members dealing with redundancy.

The app Coll8 was launched

Last year we told you about Coll8 (previously known as Unu). Coll8 is an app that allows members to access their pension details through Manage Your Account and request transactions. Additionally, employers can set up their own spaces in the app to give their employees access to their specific staff benefits alongside their pension, such as wellbeing tools and features such as viewing payslips or managing holiday requests.

Legal & General completed several pilots with clients and saw high levels of registration and member engagement. They are now rolling the app out to other schemes.

Initial indications are that giving members access to additional services alongside their pension significantly increases user interest and engagement with their pension.



More digital documents were introduced

Legal & General has made a wider range of documents available online in Manage Your Account and introduced email notifications to let members know when they are available to view. A number of schemes were converted from paper-based communications to digital during 2020.

More documents will be added in 2021 and more schemes will move to digital as a default.

Video benefit statements were improved

Two new versions of the successful video benefit statements were launched. Both benefit from updated visuals and are consistent with the look and style used throughout Legal & General's communications.

The new standard version is shorter and links to the pre-populated retirement planner in Manage Your Account for members to interact with the tool.

The new interactive version enables the member to play in real time and see the impact a change in their contribution level, or retirement age, could have on their retirement outcome.

The PLSA retirement living standards benchmarks (which can be viewed [here](#)) have been integrated into the videos bringing member outcomes to life in an engaging way that help inform planning and contributions.

Bulk registration made it easier for members to sign up for Manage Your Account

Legal & General developed a new tool to help streamline registering members for Manage Your Account. A personalised link can be sent to members with quick and easy instructions to complete their registration. This has led to a rise in registrations, giving more members oversight of their pension savings.

More videos were introduced to help members better understand their pension

Legal & General added to the range of videos available for members. These now include a video about nominating beneficiaries (telling us who you would like to benefit from your pension pot in the event of your death), and a video explaining Go&Live.

Legal & General also invested in new software to help deliver bitesize scheme-specific videos that have been popular with members.

Section 6

Accessing your pension



Score – 5.0

Weighting – 10%

Why accessing your pension is important

There are more ways than ever now for members to take their pension benefits, and it's vital that the full range of options available at retirement is explained clearly and is easy to access. It's important that members have access to a range of tools, information and advice to help them make an informed choice.

Why we gave this score

This year, Legal & General continued to provide a high-quality experience for members when they access their pensions. We maintained last year's score due to the ongoing developments being made and we were particularly pleased that investment pathways were brought forward at our request and delivered in October 2020, ahead of regulatory timescales.

How Legal & General and the IGC have worked together to improve the ways you can access your pension

The IGC regularly meets with Legal & General to review the process members go through when they want to start taking their money.





What happened in 2020

Investment pathways were launched ahead of regulatory timescales in June 2020

Legal & General was the first to launch investment pathways in the personal pension market. They included investment pathways as an option in their online application and received positive customer feedback on the simplicity of the journey.

Members pay a service charge for their pension and a fund management charge for their chosen investment pathway. There are no additional costs to them for choosing to take a flexible income. The service charge is one of the lowest in the market.

We asked Legal & General to bring forward the introduction of investment pathways and include them as an option in maturity packs from October 2020. The early launch meant that members could take advantage of the support that the regulations provide as soon as possible and before the regulatory deadline.

Members can choose from one or more of four pathways, which reflect the options available to them for taking their money in the future. Legal & General then invest their money for them in a way that supports their choices.

The communications have been designed to be as simple and easy to understand as possible at a point in a member's pension journey when they are taking complex decisions.

They also balance the fact that not all members are interested in drawdown (accessing their benefits in the form of flexible income), whilst providing the right level of information for those who are interested, to allow them to request a quote.

There are no additional charges for a member choosing to take a flexible income or selecting an investment pathway.

The IGC continues to monitor investment pathways closely to ensure they offer value for money and perform for members.

Legal & General closely monitored the effects of the global pandemic on investment pathways

During March and April 2020, the global pandemic meant that stock markets and investments were unusually volatile. Legal & General used these extreme market events to check that the intended investment solutions for investment pathways were still appropriate, and carried out a "stress test", using the real-world scenario, on the investment solutions. These checks were made before the funds were made available to members.

Legal & General's independent investment adviser concluded that the funds would continue to meet the FCA member objectives and that they were sufficiently robust. No changes were required.



Adherence to new FCA regulatory requirements relating to investment pathways

The FCA has introduced some additional regulatory requirements for the IGC. These stipulated that the IGC were required to assess the value for money of investment pathway solutions.

The IGC formed a working group during the year to take the new regulatory requirements forward. The IGC found that:

- Pathway investments were designed and managed in the interests of members and had clear aims and objectives
- The characteristics and performance of the pathway investments were regularly reviewed by Legal & General to ensure alignment with the interests of members

- Core financial transactions were processed promptly and accurately
- Charges were reviewed
- Communications to members were fit for purpose and considered the characteristics, needs and objectives of members

None of the underlying Workplace funds used in the investment pathway solutions are new to the platform, and so all were already monitored by Legal & General and the IGC. On-going quarterly fund monitoring takes place and will continue as usual.

The design, objectives and charges of the propositions were approved in 2019 and have not materially changed since then.

Legal & General continues to engage with the IGC to define and refine the metrics the IGC would like to see, to best monitor investment pathways in the future. The first formal review is due by 1 Feb 2022. However, Legal & General anticipates working closely with the IGC to monitor the proposition ahead of that deadline.



Looking ahead - members will soon be able to request retirement lump sums from their pension accounts online

Following on from the launch of Pay Me, Legal & General made it easier for members to take their pension as cash through a new phone-based service. The IGC has been discussing a new online process that will allow members to access their retirement benefits through Legal & General's secure site, [Manage Your Account](#), rather than through the existing process.

Manage Your Account will include new features that will make the process of taking a full or partial lump sum more efficient. The new features include:

- a tool to help members understand how much tax they'll pay on any lump sum they take;
- risk warnings that are easier for members to understand than the current ones; and
- real-time identity and bank account validation, so that members won't have to send in copies of their bank statements.

After receiving their maturity pack and individual risk warnings, members will be able to continue the process to access their funds online, rather than completing paper forms. If they pass the system's identity checks, the money will typically be in their account five working days after they request it.

While these improvements benefit members, Legal & General also wants to make sure members are aware of pension scams – especially as their money can now be received so quickly. There are more details about how Legal & General helps to protect members from pension scams below.

Protecting members from pension scams

We've encouraged Legal & General to continue their work in signalling clearly to members how they can protect themselves from scams – particularly when they're thinking of transferring money out of their pension into a different scheme.

We support Legal & General in their persistence in trying to spot scams and stopping them in their tracks. A warning notice prepared by the Pensions Regulator is sent with each transfer request, as well as additional warnings if a member has requested a transfer to a scheme that shows warning signs of a scam.

Legal & General always follows the pension scams industry code of good practice. This means it:

- Checks that a scheme a member wants to transfer money to is registered with the Pensions Regulator and HMRC
- Checks that advisers are registered with and authorised by the FCA where appropriate
- Completes politically exposed person (PEP) and sanctions scans for small self-administered schemes
- Asks for extra documents including scheme bank account statements, plus trust deed and rules
- Gets proof of employment status from occupational schemes
- Checks if the member has had independent financial advice

If the necessary checks can't be completed and HMRC can't confirm the scheme is registered with them then Legal & General would refuse to pay the transfer.

Section 7

Mature Savings



Overall Score – 4.1

How we assess members' value for money

Mature Savings value for money assessment

Every year we assess the value for money offered by Legal & General's pension schemes. We measure this against six criteria below.

Weightings

Although each of the six criteria is hugely important, we think that some are more important than others. In 2019, we decided to introduce weightings to the various value for money criteria and have applied the same weightings for 2020.

Criteria

Each is scored between 1 and 6:

1. 'unacceptable'. We'd be very disappointed to give this score. This would indicate an urgent need for rapid and significant improvement.
2. 'poor'. We'd be disappointed to give this score. This would reflect a need for rapid and significant improvement.
3. 'acceptable'. Our standards are high, so this score would suggest a need for improvement.
4. 'good'. We'd be happy with this score, but we'd still be encouraging Legal & General to find ways to improve further.
5. 'very good'. We'd be very happy with this score, but we'd still be encouraging Legal & General to find ways to improve further.
6. 'perfect'. There's always room for improvement, so we'd be unlikely to give this score.



Investment returns
Score – 5.0
Weighting – 20%
Last year – 5.0



Default strategies and investment choice
Score – 4.0
Weighting – 20%
Last year – 4.0



Member service and administration
Score – 4.0
Weighting – 20%
Last year – 4.0



Costs and charges
Score – 4.0
Weighting – 15%
Last year – 4.0



Member engagement
Score – 4.0
Weighting – 15%
Last year – 4.0



Accessing your pension
Score – 3.0
Weighting – 10%
Last year – 3.0



Overall Score – 4.1
Last year – 4.1

Transfer to ReAssure

The transfer of the Mature Savings Division to ReAssure went ahead on 7 September 2020 following approval by the courts. The transfer included the Group Personal Pension Plan 2000 (GPP2000) which included Workplace members.

Up to the point of the transfer the IGC received regular updates on the progress of the project and we continued to monitor the risks associated with this.

Why we gave this score

The IGC have assessed the value for money for members of Mature Savings and have allocated the same scores as last year, given service levels were quickly recovered following the onset of the COVID-19 pandemic as well as performance in other areas being similar to last year. We feel that Mature Savings offered good value for money up until the transfer to ReAssure. As Mature Savings no longer falls under the IGC's remit since the transfer, we will not be required to assess value for money in future reports.

How the IGC worked with Mature Savings to monitor service standards

The IGC continued to monitor service standards and were especially interested in the response to the impact of COVID-19. Immediately after the first lockdown in March, there was a brief reduction in performance whilst home working contingency plans were executed; however important business services were maintained throughout. By the end of April 2020, 85% of the operations team serving Mature Savings members were fully operational, allowing

business as usual service to be recovered. By the end of May 2020, Mature Savings were operating at green service levels. This position was maintained into quarter three ahead of the transfer. During quarter two of 2020 customer satisfaction survey results increased to 93%.

Turnover of staff remained low in 2020 and employee engagement improved from an already high standard.

All customers whose policies were transferred to ReAssure received a letter from Legal & General explaining the transfer, and a joining letter from ReAssure.

Data Security

Data security was an important consideration during the transfer. Data was transferred from Legal & General to ReAssure in strict compliance with the group's data protection and security policies. Data was shared across a dedicated, securely encrypted network connection to keep member data safe.



Section 8

Environmental, social and governance (ESG) investing



In previous reports the IGC has commented on the impact of ESG on the funds that members invest in. This year the IGC remit was formally extended by the FCA to cover oversight of firms' ESG policies and we are pleased to include more of this information in our report.

What is ESG investing?

ESG investing involves integrating consideration of environmental, social, and governance factors into an investment strategy. Doing this can reduce long-term risks – for instance from climate change – and improve investment returns. The goal is to help members achieve their financial objectives, whilst investing in a way that aims to ensure they can enjoy their returns in a world that's worth living in. It's a balancing act. Members should be encouraged to understand that where they choose to invest the money in their pension pots can have a real-life impact on environmental and social issues, without compromising long-term returns.

How does Legal & General incorporate ESG factors?

We expect Legal & General to identify and – where possible – quantify ESG risks in all the investments they make on behalf of members. We also expect them to take appropriate steps to protect the value of members' money, either through engaging with companies to change their behaviour or by stopping investment in certain companies (also called 'divesting').

We support Legal & General's policy of using their influence with companies – and if necessary, their votes – to drive positive change that means less harm is done. Like them, we believe engagement leads to better outcomes for clients. Only where it's clear that this won't work do we support divestment, and Legal & General agree with us on this.

We also expect Legal & General to incorporate ESG factors while taking a very long-term view. Long-term ESG risks are important because many members will be saving into their pensions for decades, and then using that money to give themselves an income for decades after that.





What's included in each of the three ESG criteria?

We ask Legal & General to explain their policies and their approach for each of the three ESG elements – environmental, social, and governance.

Environment includes:

- Climate change and its impact on the value of companies they invest in
- The risk these companies pose to the climate
- Land, sea, and air pollution that may damage food supplies, the ecosystem, and people's health



Social includes:

- The attitude, policies and practices of the companies Legal & General invest in regarding:
 - Paying the living wage
 - Developing their people
 - Paying tax
- The role these companies play in their communities
- The record of these companies on Corporate Social Responsibility, modern slavery and human rights



Governance includes:

How the companies Legal & General invests in govern themselves in terms of:

- The composition of the Board
- Executive pay
- Diversity
- Risk management
- Appointing auditors and controlling risk

We also ask for evidence that Legal & General has engaged with companies and used their voting power as investors to put their policies into practice.

What happened in 2020

We asked Legal & General to address frequently asked member questions on ESG

To help members understand how their money is invested and how ESG factors are considered, Legal & General launched an [ESG hub](#).

Legal & General noted an increased trend of members accessing the ESG hub at the end of 2020. The site will continue to be enhanced in 2021 with additional material to help members see the impact that they can make through their pension funds and the actions that Legal & General takes on their behalf.

Annual member forum

The IGC hosted its first online annual member forum providing members with information as to how investment in companies that look after their employees, manage their environmental impact and have robust governance should be in a better position to provide sustainable long-term returns. The member forum attracted over 3,300 members. Film director Richard Curtis was a speaker at the forum representing [Make My Money Matter](#), which was founded to help ensure the trillions of pounds invested in UK pensions seeks to build a better world. The IGC received extremely positive feedback from members on the event.

ESG and default strategies

Last year we asked Legal & General to further integrate ESG factors into their default strategies.

Legal & General achieved this through:

- Increasing the exposure to ESG in the Target Date Funds through investment into the Future World Multi-Asset Fund in the growth phase. This change was implemented gradually to reduce transaction costs for members.
- Further developments in the Climate Impact Pledge that enhances the ESG oversight across all the product defaults.

The Future World Fund focuses most on ESG issues. For example, these funds exclude controversial weapons and 'tilt' away from investments with poor ESG scores and towards investments with good ESG scores.





Climate Impact Pledge

We back the enhancements that Legal & General made to its Climate Impact Pledge in October 2020.

The expansion of the pledge means that Legal & General assesses more than 1,000 of the world's companies on their climate change credentials. They will score each company and engage with them specifically on climate change and their commitment to net zero by 2050. As part of this engagement Legal & General holds organisations to account by voting against those that fall short of minimum standards or even ceasing to invest in them altogether (divestment).

Legal & General's challenge committee reviews companies which they are considering divesting from or reinvesting in. Recommendations are reviewed along with supporting evidence for any actions taken by each company. Following discussion, investment decisions are made and implemented by the relevant fund managers.



External fund managers

The IGC asked Legal & General to increase their understanding of how effectively external fund managers are applying ESG principles. We asked for this across the full range of funds available to members.

The newly launched [Statement of Investment Principles](#) (SIP) for the WorkSave Pension Plans includes confirmation of the ESG policy for external fund managers. While it is expected that investment managers take ESG considerations into account, Legal & General does not insist upon this and will not exclude a fund purely on these grounds. Legal & General asks several due diligence questions relating to ESG as part of their fund governance process, and their investment adviser also takes ESG and responsible investment into consideration when reviewing the funds available to savers. The IGC was provided with the opportunity to consult on the draft statement of investment principles ahead of its launch.

Legal & General makes sure that a good range of ESG funds is available to those members who want to select their own funds and are committed to making information available to members to help them make an informed choice.

Legal & General and the IGC continue to oversee ESG policy and practice.

The IGC supported Legal & General in gathering member views on ESG

A Legal & General survey completed in 2019 showed that 68% of members would engage with their pension more if they knew it was invested in environmental initiatives. Last year, to test whether combining ESG with familiar technologies inspired by social media can help get scheme members' attention, Legal & General trialled a new initiative in partnership up with FinTech company, Tumelo.

Tumelo's platform allows members to see the pension funds they are invested in on a dashboard. It encourages members to learn more about the companies held by those funds. It displays upcoming shareholder votes at annual general meetings (AGMs) and allows members to submit vote preferences. After casting their own vote on an issue using a 'like' button, members are 'nudged' by an email or push notification to view the result of that vote at the meeting, see how other scheme members and the fund manager voted and read a statement explaining the fund manager's decision. These action-led functions, borrowed from social media, keep the administrative burden on the user low whilst creating a high level of individual engagement.

In 2021, there are 30-40 employers aiming to roll out the Tumelo functionality.

Legal & General continues to monitor feedback to understand the impact on member engagement.

The IGC engaged with Legal & General on plans to commit to net zero by a target date

Legal & General has committed to achieve net zero by 2050. Net zero is the balancing point where no more planet-warming greenhouse gases are emitted into the atmosphere than the Earth can absorb. This means that the things that absorb carbon in our natural world – trees, soil, oceans and new technologies for carbon capture – need to match the things that emit carbon (industry, agriculture, energy production and other activities).

The IGC will be kept informed and monitor the journey of progress towards this commitment.

Legal & General has set out four areas of investment risk related to climate change:

- Legal & General will reduce the carbon emissions of the assets on their balance sheet to align with the Paris Agreement. Legal & General interprets the Paris Agreement as targeting 1.5 degrees Celsius of warming
- Legal & General advocates for urgent action to mitigate the climate emergency from both governments and the companies they are invested in
- Legal & General will use their influence as a large investor to promote a transition to a low carbon economy
- Legal & General supports the UK Government legislation to achieve carbon neutrality by 2050

Additionally, Legal & General has several other commitments to achieve net zero carbon emissions by 2050:

- From 2030, all homes built by Legal & General's housing business will be capable of operating at net zero carbon emissions. In addition, Legal & General is seeking to understand and monitor the embodied carbon associated with the construction of their homes
- From 2030, Legal & General's operational footprint (occupied offices and business travel) will operate with net zero carbon emissions
- Legal & General will develop energy efficient commercial properties in their urban regeneration business and set Science Based Targets that are aligned with the Paris Agreement



The IGC received updates from Legal & General on member research initiatives

Legal & General kept the IGC updated on their work with Nest Insight to produce the research paper Responsible Investment as a motivator of pension engagement.

The report notes that how Legal & General frames issues is crucial. For example, actively choosing to invest in the themes members care about chimes more with them than avoiding badly behaved sectors. This is backed up by Legal & General's own research and reflected in their [active ownership](#) investment approach, where they work with companies, policymakers and other investors to create sustainable value over a long-time horizon.

Legal & General also asked 1000 savers from three generations to reveal the themes that matter most to them, and you can view their findings [here](#).

These insights help the IGC and Legal & General to understand more about what is important to members and ensure that messages about ESG are clear and linked to their pension funds. Research feeds into projects such as the creation and further enhancement of the ESG hub for members, Tumelo and further action taken on members' behalves by the Investment Stewardship teams.

Legal & General scored highly in ShareAction's report

The IGC was pleased to see Legal & General's leadership in investment stewardship was acknowledged in the 2020 [ESG report](#) from Share Action.

Legal & General ranked third out of the world's largest asset managers based on their approach to responsible investment.

FCA regulatory requirements

During 2020, new regulatory requirements were introduced by the Financial Conduct Authority. Regarding ESG, the IGC was required to report on the adequacy and quality of Legal & General's policy in relation to ESG financial considerations.

A number of training sessions were provided to the IGC members throughout the year and an ESG working group was established.

An overview of Legal & General's policies allowed an opportunity for the IGC to ask questions directly to the Investment Stewardship Team. The IGC carried out their assessment of adequacy and quality and determined the policies in place were fit for purpose and met the requirements, and indeed, that Legal & General is recognised as a market leader in this area.



Let us know what you think

We ask members to give us their feedback on ESG IGC@lgim.com. Although this feedback helps to shape our views and challenge Legal & General, these views won't represent those of every member. So, not all feedback will be included in the Legal & General ESG policy. If members want to exclude certain activities from their investment portfolios, they can do this by choosing their own investment funds.

Section 9

Meet your IGC





Dermot Courtier, Independent Chair

Dermot became the Independent Chair of the Legal & General IGC in March 2017. He also acts as Independent Chair of the Legal & General WorkSave Mastertrust.

Dermot has a wealth of experience in the pensions sector. As well as being our Chair, he's also Director of Group Pensions at Kingfisher plc and Secretary to Kingfisher Pension Trustee Limited. Since 2007, Dermot has had an executive role in the governance of the Kingfisher Pension Scheme (KPS) – including overseeing a high-impact initiative to reduce risk and enhance defined contribution (DC) benefit structures and investment funds. KPS has won numerous awards for this work, and for its pioneering financial education programme for DC members.

Dermot's experience includes senior pension roles at Hachette Livre Group, Towers Perrin HR Services (now Willis Towers Watson) and Royal Mail Group. He's also a current member of the Pensions and Lifetime Savings Association's DC Committee. He has an ongoing interest in local community and infrastructure, which is reflected in his past role as the Vice Chair of Curo Group, a social and affordable housing group in the Bath & Bristol area.

Dermot has a degree in Economics from the University of Bath and a MBA specialising in Industrial Relations from the University of Bradford Management Centre and he is passionate about team sports and is a rugby enthusiast. He holds a Bath Rugby Union season ticket and his local team sports club is Keynsham RFC Rugby Football Club Limited.



Mark Ashworth, Independent IGC member

Mark chairs the LawDeb Pension Trustees practice which is part of The Law Debenture Corporation p.l.c., a FTSE250 company.

He has experience of a wide range of schemes and sponsoring employers, gained in more than nineteen years with Law Debenture, and has encountered most situations likely to face pension schemes. He was appointed to the IGC in April 2020.

Mark has chaired DC committees for several large DC schemes and the governance committee of a large contract-based scheme; scheme governance and operational issues are amongst his other key areas of expertise. He currently chairs and serves on four other trustee boards of major UK pension schemes.

Mark qualified as a Barrister and as a Chartered Secretary. In his spare time Mark enjoys cars which are almost as old as he is.



Rachel Brougham, Independent IGC member

Rachel is a trustee executive at BESTrustees Limited. Rachel qualified as an actuary and has worked in the pensions industry since 1988.

Her experience includes advising both defined benefit (DB) and defined contribution (DC) trustee boards, and the governance committees of various contract-based DC arrangements. This experience has helped her build a detailed knowledge of the regulatory environment.

At her previous employer, the global consultant Mercer, Rachel led a number of national initiatives including pension fund governance (both DB and DC) and pensions automatic enrolment.

Since she joined BESTrustees in 2014, Rachel has held appointments on two master trust boards and two independent governance committees and has had a particular focus on member engagement. She also works with a number of DB schemes.

Away from pensions, music is a big part of Rachel's life. She sings with a North West based choral society that has performed in St Paul's Cathedral, and with Lesley Garrett and Russell Watson. For 15 years, Rachel was a chair of school governors at two local primary schools. She also enjoys walking and baking.



Daniel Godfrey, Independent IGC member

Daniel studied Economics at The University of Manchester and went on to become Marketing Director of Robert Fleming (now JP Morgan Asset Management).

He's worked in various senior positions including Chairman of pfeg (Personal Finance Education Group), Director General of The Association of Investment Companies and Director of Corporate Communications at Phoenix Group Holdings Plc. He was Chief Executive of the Investment Association between 2012 and 2015, where he was responsible for a team that significantly grew the organisation's voice in governance and stewardship.

Daniel is currently a Non-Executive Director of Digital Moneybox, a FinTech start-up. He's also a Senior Adviser to Federated Hermes International. Daniel is a Member of the Advisory Board of the IoD's Centre for Corporate Governance and of the City of London's Sustainable Development Capital Initiative.

He enjoys watching football, eating good food, and going to the theatre and cinema.



Joanne Segars OBE, Independent IGC member

Joanne holds a number of non-executive trustee and consultancy roles.

She joined the IGC in January 2019, the same year she became Chair of NOW: Pensions, one of the UK's largest auto-enrolment pension providers. In May 2017, she became the first Chair of LGPS Central Ltd, the asset manager for nine Midlands-based local authority pension funds. In January 2021 Joanne was appointed to the Pension Fund Governing Board at CERN in Geneva.

Currently a Governor of the Pensions Policy Institute, Joanne has held many other high-profile roles. These include Board memberships of the Environment Agency, PensionsEurope and the Pensions Infrastructure Platform. She's also been Chair of these last two organisations, as well as an expert adviser to the CERN pension fund working group, Chair of the Joint Expert Panel on the Universities Superannuation Scheme and Chief Executive of the Pensions and Lifetime Savings Association (formerly the NAPF). She joined that organisation from the Association of British Insurers where she was Head of Pensions and Savings and previously held the pensions brief at the TUC.

As well as a degree in economics from John Moores University, Joanne has an MA in Industrial Relations from the University of Warwick. She was awarded an OBE for services to pensions in the 2003 Queen's Birthday Honours.

Joanne is a keen traveller and photographer – especially documentary, street and portrait photography – and is currently taking a Higher National Certificate in photography.



Ali Toutounchi, IGC member

Ali has over 30 years of experience in investments. He was formerly Managing Director of global index funds at Legal & General Investment Management (LGIM), overseeing the management of over £275 billion of assets on behalf of pension funds, institutional and retail investors. In this role, he was also closely engaged with a number of large UK corporate and public pension fund schemes. He is currently the non-executive chair of a subsidiary company of Legal & General.

Ali joined Legal & General in 1995 from NatWest Securities. He's held senior roles at UBS Asset Management and Wood Mackenzie stockbrokers. He has a first-class honours degree in Economics and Statistics from University College, London, and a PhD in Actuarial Mathematics from Heriot-Watt University, Edinburgh.

Ali's diverse and extensive experience of investment, trade execution and working with pension fund clients is of great value to the IGC.

Ali is a founding trustee of a newly established charity that aims to make sure all young adults with learning disabilities have a choice in where and how they want to live.

Despite years of disappointment and heartbreak, Ali remains an Arsenal supporter.

Support team for the IGC



Andrew Fairhurst, Secretary to the IGC

Andrew worked on the launch of the IGC and has been Secretary to the IGC since it began. He makes sure it operates efficiently and effectively to the highest governance standards, and that it fully embraces its position at the forefront of changing governance practice.

Andrew reports to the independent Chair of the IGC and also has an independent non-operational reporting line to the Group General Counsel.

Andrew has held a number of senior company secretarial roles within Legal & General Group and is Head of the Company Secretariat. He is a Fellow of the Institute of Chartered Secretaries, and a member of the ICOSA's Company Secretaries forum.



Gaby Renault, Assistant Secretary to the IGC

Gaby has provided company secretarial support to the IGC since 2019. She supports Andrew Fairhurst in making sure the IGC fulfils its role in looking after members' interests.

Gaby joined Legal & General in 2019 as an Assistant Company Secretary, having completed a number of company secretarial secondments at Eversheds Sutherland. Gaby has a degree in Law with Sociology LLB from Cardiff University and completed the Chartered Governance Qualifying Programme with the Institute of Chartered Secretaries and Administrators (ICSA) this year.



Kim Brown, Pension Scheme Director

Kim joined Legal & General as Pension Scheme Director in February 2020 and reports to the Independent Chair of the IGC. Before that, she worked for the Pensions Regulator for 12 years in a number of roles. Most recently, Kim was responsible for both the design and delivery of master trust authorisation and supervision. Her extensive experience in DC pensions will be of great help to the IGC in delivering value for members and in making sure governance is of the highest standard. Kim heads up a dedicated IGC support team that includes Tessa Watson, Shaun Eldred and Sarah Pengilly.

In her spare time, Kim enjoys playing netball with a very amateur but determined local side. Living in Brighton, she enjoys the outdoor life, both in her garden and by the pebbly seaside.



Sarah Pengilly, Pension Scheme Manager

Sarah joined Legal & General as the IGC's Pension Scheme Manager in January 2020. Sarah reports to the Independent Chair of the IGC and to Kim Brown, Pension Scheme Director. She brings wide-ranging industry experience having held previous pensions roles at Sainsbury's, Barclays and the Post Office.

Sarah holds a BA (Hons) degree in History from Cardiff University. In her spare time, she likes going to gigs and festivals.



Tessa Watson, Pension Scheme Manager

Tessa joined Legal & General in September 2018 as Pension Scheme Manager to the IGC. She reports to the Independent Chair of the IGC and to Kim Brown, the Pension Scheme Director.

Before joining Legal & General, Tessa worked for nine years at Rothschild & Co, most recently as the Assistant Pensions Manager for their workplace pension scheme.

Tessa studied Economics at the University of Sheffield and holds a Diploma in Retirement Provision from the Pensions Management Institute. In her spare time, she enjoys long walks in the country with her dog, Harry.



Shaun Eldred, Pension Scheme Manager

Shaun joined Legal & General in May 2020 as Pension Scheme Manager to the IGC. He reports to the Independent Chair of the IGC and to Kim Brown, the Pension Scheme Director.

He brings with him a variety of investment industry experience having previously held roles at MFS Investment Management, PwC, Mercer and Towers Watson.

Shaun is a Chartered Alternative Investment Analyst Charterholder and a Chartered Financial Analyst Level 3 Candidate.

In his spare time, Shaun enjoys cycling and trying to find London's best burger joint.

