**THE GENERAL DENTAL COUNCIL 1970 PENSION AND LIFE ASSURANCE PLAN
('THE PLAN')**

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

This statement has been prepared in accordance with the Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015. It takes account of the guidance published by The Pensions Regulator and the statutory guidance issued by the DWP on the reporting of costs, charges and other information. It explains how the Plan is meeting the governance standards that apply to occupational pension schemes that provide defined contribution benefits.

Trustee Knowledge and Understanding

Trustees of occupational pension schemes are required to maintain an appropriate level of knowledge and understanding which, together with the professional advice that is available to them, enables them to properly exercise their functions and duties in relation to their scheme.

During the period covered by this statement the Trustee has met this requirement in the following way:

- The Trustee is a sole professional trustee and its representative for the Plan has many years of experience in the pensions industry
- The Plan's legal adviser regularly attends trustee meetings and provides updates from time to time (supporting a working knowledge of the trust deed and rules and the law relating to pensions and trusts)
- The Trustee obtained advice on pensions law and developments, including interpretation of the trust deed and rules
- The Plan's investment adviser regularly attends trustee meetings (supporting a working knowledge of the SIP and relevant principles of funding and investment of occupational pension schemes)
- Review of the SIP is undertaken with professional advisers (supporting a working knowledge of that document)
- The Trustee has read and understands the Plan's key documents and current policies. The trust deed and rules is maintained in consolidated form to aid understanding
- Trustee training was undertaken; training was delivered during Trustee meetings on subjects including data protection, risk management and various legal issues. The Trustee maintained a log of training undertaken
- The Trustee's representative has undertaken The Pensions Regulator's Trustee Toolkit

The Trustee monitors the training that it has completed and which may be desirable, e.g. in light of forthcoming changes in the law and the Plan's business plan, and is confident that by doing this its knowledge and understanding, together with the advice available to it, enables it to properly exercise its functions as trustee of the Plan. For peer review purposes, the Trustee's approach to training is supported by the Secretary to the Trustee, which is a separate professional organisation.

The Default Investment Strategy

A default investment strategy is an approach adopted by trustees for the investment of pension contributions for members who have not made a choice as to where they want their pension savings invested. Members can also choose to invest in this way.

After taking advice, the Trustee has selected a 'lifestyle' approach for the default arrangement for members of the DC 2014 Section, and such members' contributions are automatically invested in the Plan's Lifestyle Programme. The Lifestyle Programme has been designed with reference to a typical member. If a member has not selected a retirement age, the default lifestyle strategy assumes a retirement age of 65.

The current default investment strategy was adopted on the assumption that the majority of members will no longer immediately purchase an annuity at retirement. However, the strategy does aim to reduce the level of risk within the portfolio as members approach retirement age. Within this lifestyle strategy, the GDC Pension Plan Long Term Growth Portfolio is used until six years before the selected retirement age, before assets are progressively switched to include the GDC Pension Plan Low Volatility Portfolio and the GDC Pension Plan Cash Fund over the period until the selected retirement age.

GDC Pension Plan Long Term Growth Portfolio

This is a composition of 40% Aegon BlackRock 50-50 Global Equity; Aegon BlackRock Market Advantage 30%; Newton Real Return Fund 20%; Standard Life Global Absolute Return Strategies (GARS) Fund 10%. The objective of this portfolio is a weighted average of the individual funds' objectives.

Aegon BlackRock 50/50 Global Equity – The objective of this fund is to produce a return in line with its benchmark of 50% FTSE All Share Index and 50% Fixed Overseas Weights.

Aegon BlackRock Market Advantage – The fund invests in a highly diversified mix of asset classes and aims to achieve smooth returns during extreme market conditions. The comparator for this fund is a composition of 60% MSCI World Index GBP Hedged and 40% BarCap Global Aggregate Bond Index GBP Hedged.

Newton Real Return Fund – the objective of this fund is to produce a return of LIBOR (1month) plus 4% per annum (gross of fees).

Standard Life GARS Fund - the objective of this fund is to produce a return of LIBOR (6month) plus 5% per annum (gross of fees).

GDC Pension Plan Low Volatility Fund

This is the Newton Global Dynamic Bond Fund. The objective of this fund is to produce a return of LIBOR (1 month) plus 2% p.a. (gross of fees).

GDC Pension Plan Cash Fund

This is the L&G Cash Fund. The objective of the fund is to perform in line with the 7 Day LIBID.

The AVC and DC Top Up Section is closed to new members. A default lifestyle investment strategy also applies to members of that Section of the Plan who did not choose their own investment strategy. Members are wholly invested in global equities at the time they join, then starting 5 years before their selected retirement age their fund will gradually be moved into the corporate bond and cash funds.

The Trustee receives investment monitoring reports quarterly from its investment advisers, Broadstone. The performance of the default investment strategies during the year were satisfactory and consistent with their objectives.

Further details of the default strategies are contained in the Plan's Statement of Investment Principles ('SIP'), which is reproduced in the Trustee's Report and Financial Statements and made available to members on the website hosted by Old Mutual. A copy of the SIP is also attached to and forms part of this statement. The SIP was updated during the year to reflect a change in the investment strategy relating to the assets in the Defined Benefit Section of the Plan. No changes were made to the SIP in relation to the DC Sections.

The default strategies applicable to the DC 2014 Section and the AVC and DC Top Up Section were reviewed during the year by the Trustee with advice from Broadstone and were considered to still be appropriate for the Plan's members who do not elect to make their own investment choices and consistent with the aims and objectives of growing members' savings and reducing risk as members approach their selected retirement date. No changes were made as a result of the reviews.

Charges and Transaction Costs

Trustees are required to report on the charges and transaction costs for the investments used in the default arrangement and the non-default arrangements in which members were invested during the year and explain their assessment of the extent to which these represent good value for members. The performance of the strategy is reported on a quarterly basis in the investment monitoring reports.

The Plan's administration charges are paid by the employer. The only charges paid by members are the investment management charges, which vary according to the fund(s) in which members' contributions are invested.

The investment management charges applicable to the DC 2014 Section and the AVC and DC Top-Up Section during the year are set out in Appendix B. An illustration of the cumulative effect of the application of the charges and costs of the fund over time is set out in Appendix C.

The charges that are applied to all of the DC 2014 Section investment funds, including the funds that form part of the default investment strategies, are well below the statutory charge cap of 0.750% p.a. that applies to funds used for auto-enrolment purposes. The Trustee believes the funds offered represent good value for members and intends to keep this position under review by seeking regular advice from the Plan's investment advisers.

Although the AVC and DC Top-Up Section funds are not used for auto-enrolment, the Trustee is conscious that the charges under one of the funds exceeds the charges cap that is applied to such schemes by a considerable amount, and the charging structure in general, whilst still believed to offer good value for members, is generally not as favourable as the charges applied to the funds that are available to members of the DC 2014 Section.

Details of the investment fund charges are also made available to members on the websites hosted by Old Mutual and Aviva respectively. However, members of the DC 2014 Section are not currently able to view the current value of their funds, or to change their level of contributions or investment instructions online. The overall review of the provision of defined contributions benefits via the Plan took place during the year and arrangements are being made for the DC 2014 Section to be transferred to a master trust arrangement. The master trust arrangement will enable members to access their defined contribution benefits in a format that is more efficient, whilst maintaining a high quality governance structure and service. The details of the default strategy illustration is also attached to and forms part of this statement.

Core Financial Transactions

The Trustee has a specific duty to ensure that core financial transactions (including the investment of contributions, transfer of member assets to and from the Plan, switching between different investments within the Plan and payments to and in respect of members) relating to the defined contribution arrangements are processed promptly and accurately.

These transactions are undertaken on the Trustee's behalf by the Plan's administrator, JLT Employee Benefits, a specialist third party provider of pensions administration services. The Trustee requires JLT to meet high standards and has agreed written service levels with JLT which set out the range of services to be delivered and expectations around such matters as timescales, accuracy and communications with members. A formal report on the administration of the Plan, including performance against those service levels, is provided to the Trustee by the administrator every six months. This is considered in detail by the Trustee and discussed with JLT. Administration updates are provided by JLT between the formal reports, where necessary. The Trustee also annually reviews the processes and controls implemented by JLT and considers them to be suitably designed.

The Plan's auditors perform additional testing of certain transactions to support the Trustee's monitoring of JLT. JLT also has its own auditing arrangements, which provides a further layer of assurance.

The Trustee also liaises with the employer to ensure that the correct contributions are received as and when they are due, and the HR Manager attends Trustee meetings which helps the Trustee and the employer to understand and monitor the efficiency of the processes for all financial transactions within the Plan.

The majority of core financial transactions during the year were processed promptly and accurately and in accordance with the agreed service standards. However, a small number of individual member issues, arose as a result of poor timeliness on JLT's part. The Trustee engaged with JLT on the issues which were experienced to minimise future recurrence and the delivery of the administration service has been closely monitored by the Secretary in tandem with the Trustee and the employer's HR Manager. The individual member issues were resolved by JLT and updated processes and staff training has been rolled out to the team to prevent future recurrence especially in cases were the member's expectation had not been managed. No members have suffered a financial loss as a result of any of the issues that were identified and all issues have been resolved.

Value for members assessment

The Trustee is required to assess the extent to which the investment options and the benefits offered by the Plan represent good value for members, compared to other options available in the market.

The Trustee reviews all member-borne charges (including transaction costs where these are available) on a regular basis, with the aim of ensuring that members are obtaining value.

The Trustee notes that value for members does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered. The Trustee is satisfied that the fund charges are competitive for the types of fund available to members. To help inform its assessment, the Trustee noted the following benchmarking:

- **Defined Contribution 2014 Section**
  - The average charge of the qualifying schemes surveyed by the DWP (in October 2017 the DWP published the result of its survey of charges in defined contribution pension schemes) is higher than the total charge for the DC 2014 Section default lifestyle arrangement, which is 0.558% p.a. in the pre-life styling phase, and ranges from 0.626% p.a. to 0.542% p.a. throughout the life styling phase.
  - Whilst this is a positive for the Plan it is important not to consider fees in isolation.
  - The total charges for other funds currently utilised by DC 2014 Section members range from 0.177% p.a. to 0.408% p.a., which seems a reasonable range based on the results of DWP's survey.
- **AVC and DC Top Up Section**
  - The charge for the funds (other than Investec Cautious Managed) currently utilised by AVC and DC Top Up Section members is 0.50% p.a., which falls below the charge cap of 0.75%.and seems reasonable based on the results of DWP's survey.
  - The Investec Cautious Managed Fund exceeds the charge cap and therefore will be investigated further.
- **Other Costs and Fees**
  - No other administration costs are paid by the member, as all trustee costs associated with running the Plan are paid directly by the Employer.
  - All contributions made by the Employer and the member are invested, there are no deductions made on entry prior to investment.

Based on the costs and charges paid by members, which are highlighted in this document, the charges for funds adopted remain competitive and appear to fall below the industry average. The default arrangement for all periods falls significantly below the 0.75% charging cap.

Together with the services and support provided to members, the Plan's governance standards and the level of fees paid by members we conclude that the Plan represents good value for members.

As detailed in the previous section covering processing of core financial transactions, the Trustee will continue to monitor the Plan's administrator to ensure that service standards are being maintained within agreed standards.

Overall, the Trustee believes that members of the Plan are receiving good value for their DC membership.

Signed:

Name: Giles Payne

Position: Chairman of the Trustee of the General Dental Council 1970 Pension and Life Assurance Plan

Date: 23 September 2019

Appendix A

The General Dental Council 1970 Pension and Life Assurance Plan

The General Dental Council 1970 Pension and Life Assurance Plan
Statement of Investment Principles

Introduction

This Statement of Investment Principles has been drawn up by the Trustee of the General Dental Council 1970 Pension and Life Assurance Plan ('the Plan') in accordance with Section 35 of the Pensions Act 1995, amended by Section 244 of the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005.

The Plan has three sections as follows:

- The Final Salary Section
- The Defined Contribution Section (Additional Voluntary Contributions Top up Section)
- The Defined Contribution 2014 Section

1. Investment governance structure

1.1 The Trustee

The investment of the Plan's assets is the responsibility of the Trustee and the Scheme Rules give the Trustee broad powers on investment. There are no restrictions (however expressed) on any power to make investments by reference to the consent of the Employer.

The Trustee's policy is to seek professional advice on investment strategy. They decide on the investment strategy after considering investment advice from the Investment Consultant. The Trustee recognises that their level of investment expertise must be kept under review in order to be able to critically evaluate this advice.

The Trustee board meets regularly and ensure that adequate time is set aside to discuss investment issues. In determining their investment strategy, the Trustee addresses the following:

- the need to consider a full range of asset classes
- the risks and rewards of a range of alternative asset allocation strategies
- the suitability of each asset class
- the need for appropriate diversification
- the Plan's Investment and Funding Objectives

1.2 The Investment Consultant

The Investment Consultant advises on an investment strategy appropriate to the investment objectives. This advice is provided after each formal actuarial valuation and on a regular basis between formal valuations. The Investment Consultant also monitors and reports on the performance of the pooled funds selected.

Broadstone Corporate Benefits Limited has been appointed as Investment Consultant to the Trustee on the basis that the Trustee believes them to be suitably qualified and have the appropriate knowledge and experience of the management of the investments of such Schemes.

Broadstone Corporate Benefits Limited is authorised and regulated by the Financial Conduct Authority.

1.3 The Employer

The Trustee will consult with The General Dental Council (the 'Employer') as part of the process for deciding on their investment strategy.

1.4 Delegation

The Trustee has a policy of delegating all day-to-day powers of investment to the Investment Managers who are authorised and regulated under the Financial Services and Markets Act 2000.

The safe custody of the Plan's assets is delegated to professional custodians via the use of pooled vehicles.

2. Final Salary Section

2.1 Investment Objectives

Funding Objective

The primary funding objective of the Plan is to ensure, as far as possible, that there are sufficient assets to provide benefits to the Plan members as and when these fall due.

Investment Objectives

The Trustee's high level objectives with regard to investing the Plan assets are to:

- Achieve a return which is sufficient, over the longer term, to meet the Funding Objective.
- Adopt an approach that recognises the need to balance risk with the achievement of a satisfactory investment return.
- Ensure that sufficiently liquid assets are available to meet benefit payments as they fall due.
- Take into account the strength and interests of the Sponsoring Employer in relation to the size and volatility of the Sponsoring Employer's contribution requirements.

The Trustee understands, following discussions with the Sponsoring Employer, that it is willing to accept a degree of volatility in their contribution requirements in order to reduce the long term cost of the Plan's benefits.

Performance Objective

The Investment Managers have each been set Performance Objectives to achieve returns in line with, or in excess of, a benchmark.

2.2 Investment strategy

The last full investment strategy review was conducted in 2018.

Currently, the Plan's assets comprise an insurance policy with Aviva and investments in pooled funds.

Insurance Policy Asset
The insurance policy provides investment returns on a with-profits basis and includes a small element of embedded guaranteed annuity rates which are considered more generous than open market rates. At retirement, member's pensions have been secured through the purchase of annuities held in the insurance policy to take advantage of the guaranteed annuity rates. It is intended that the small remaining element of the insurance policy with embedded annuity rates will be extinguished when a suitable opportunity arises. New pensions are paid directly by the Plan from cash flow, income or through the disinvestment of non-insurance assets. No new money will be invested in the Insurance Policy Asset.

Non-insurance assets
The Plan receives cash flows in the form of contributions from the Employer and its members, which it intends to invest in line with their benchmark.

Given their investment objectives, the Trustee has agreed the following strategic asset allocation:

	Strategic Asset Allocation	Control Range
UK Equities	40.0%	+/- 5.0%
Overseas Equities	40.0%	+/- 5.0%
Total Return Seeking Assets	**80.0%**	**+/- 5.0%**
LDI Real	20.0%	+/- 5.0%
Total Matching Assets	**20.0%**	**+/- 5.0%**

The assets are held in a combination of pooled funds and are fully and readily realisable.

The Trustee agreed the range of funds used in the strategy taking into account the maturity of the liabilities. The Trustee is satisfied that the funds selected are consistent with their investment objectives and that the range agreed is sufficiently robust to allow easy adjustment between the funds as the risk appetite changes and the Plan matures.

The Trustee may, from time to time, decide to change the funds used within the overall investment strategy and the investment allocation between the funds as alternatives emerge, funds change and the Plan develops

2.3 Expected Return

The Trustee expects the return on assets to be consistent with the investment objective and investment strategy outlined above.

The Trustee expects to generate a return over the long-term of c2.0% per annum (net of expenses) above a portfolio of long dated UK Government bonds (which are considered to change in value in a similar way to the Plan's liability values). This return is a 'best estimate' of future returns that has been arrived at given the Plan's longer term asset allocation and in the light of advice from the Investment Consultant.

The Trustee recognises that, over the short-term, performance may deviate significantly from this long-term expectation. This 'best estimate' will also generally be higher than the estimate used for the actuarial valuation of the Plan's liabilities. For this purpose, a more prudent estimate of returns will generally be used, agreed by the Trustee on the basis of advice from the Scheme Actuary.

2.4 Liquidity, cash flow and rebalancing

New money will be used to meet benefit payments and any surplus contributions will be invested on a mechanical basis into the LDI funds and disinvested from the diversified growth funds and equities (as advised by the Investment Consultant) to move the allocation towards the benchmark over time. Where appropriate, Member's pensions will be secured through the purchase of annuities held in the insurance policy to take advantage of the guaranteed annuity rates and will be until all funds in the insurance policy have been used.

The Trustee is mindful of the need to periodically consider rebalancing the assets of the Plan in line with the Plan's strategic benchmark asset allocation.

The Trustee will monitor the Plan's actual asset allocation on a regular basis and will decide on a course of action which may involve redirecting cash flows, a switch of assets or taking no action, taking into account advice from the Investment Consultant.

3. Additional Voluntary Contributions – Defined Contribution Top Up Section

3.1 Objectives

For Additional Voluntary Contributions and the Defined Contribution Top Up Section assets are invested differently from the Plan's Final Salary Section and Defined Contribution 2014 Section assets.
The Trustee aims to provide a range of pooled funds which members can choose to invest. In addition, the Trustee has designed a default lifestyle arrangement for those members who do not wish to make an investment choice.
The Trustee considered specific objectives in setting the default investment strategy, they are as follows:

- To meet perceived needs of the broad cross section of membership.
- The likelihood of the default strategy providing a reasonable return above inflation over the long term.
- The Trustee recognises that the default strategy will represent a trade-off between achieving sufficient expected growth versus the spread of returns and risk of capital loss.

3.2 Default Fund

If members do not wish to make a decision as to where to allocate their funds they will automatically be invested in the Lifestyle Programme. If a member has not selected a retirement age, the default lifestyle strategy will assume a retirement age of 65 years.

3.3 'Lifestyle Programme' for the Additional Voluntary Contributions and the Defined Contribution Top Up Section

The Trustee offers a Lifestyle investment strategy for those members who do not make their own selection.

After taking advice, the Trustee has selected a lifestyle approach for the default arrangement. The lifestyle strategy has been designed with reference to a typical member.

This means that so long as the members are wholly invested in Global Equities fund at the time the programme starts, then starting 5 years before their retirement their fund will gradually be moved into the corporate bond and cash funds.

It is possible for members to join the 'Lifestyle' scheme either at their inception into the Plan or at any time once they are a member.

Further details are contained in the separate 'Funds Currently in Use' document which may change from time to time.

3.4 Range of Funds

The Trustee has selected a range of funds in which members may choose to invest.
The selection was chosen in order to ensure members are able to meet their personal needs. In choosing investment options, it is the policy of the Trustee to consider:

- An appropriate range of asset classes, including alternative assets.
- The suitability of the possible styles of investment management and the need for diversification.
- The suitability of each asset class for defined contribution schemes.
- The need for appropriate diversification.

Members may alternatively select the Lifestyle arrangement in which to invest.
Further details are contained in the separate 'Funds Currently in Use' document which may change from time to time.

3.5 Expected Returns

The Trustee expects each of the funds selected to perform in line with their respective benchmark objectives. Further details are contained in the separate ‘Funds Currently in Use’ document which may change from time to time.

3.6 Platform Provider

The Trustee has appointed Aviva (formerly Friends’ Provident Life & Pensions Limited) to manage the Additional Voluntary Contributions and Defined Contribution Top Up Section assets. AVIVA is regulated under the Financial Services and Markets Act 2000 and has been selected in order to effect cost and operational efficiencies in the management of the assets.

4. Defined Contribution 2014 Section (DC 2014 Section)

4.1 Objectives

The Defined Contribution 2014 Section assets are invested differently from the Plan’s Final Salary Section assets.

The Trustee aims to provide a range of pooled funds which members can choose to invest. In addition, the Trustee has designed a default lifestyle arrangement for those members who do not wish to make an investment choice.

The Trustee considered specific objectives in setting the default investment strategy are as follows:

- To meet perceived needs of the broad cross section of membership.
- The likelihood of default strategy providing a reasonable return above inflation over the long term.
- The Trustee recognises that the default strategy will represent a trade-off between achieving sufficient expected growth versus the spread of returns and risk of capital loss.

4.2 Default Fund

If members do not wish to make a decision as to where to allocate their funds they will automatically be invested in the Lifestyle Programme. If a member has not selected a retirement age, the default lifestyle strategy will assume a retirement age of 65 years.

4.3 ‘Lifestyle Programme’ for the Defined Contribution 2014 section

The Trustee offers a Lifestyle investment strategy for those members who do not make their own selection.

After taking advice, the Trustee has selected a lifestyle approach for the default arrangement. The lifestyle strategy has been designed with reference to a typical member.

Within this lifestyle strategy, the GDC Pension Plan Long Term Growth Portfolio will be used until 6 years before normal retirement age before assets are progressively switched to include the GDC Pension Plan Low Volatility Portfolio and the GDC Pension Plan Cash Fund over the period until normal retirement age.

Further details are contained in the separate ‘Funds Currently in Use’ document which may change from time to time.

4.4 Range of Funds

The Trustee has selected a range of funds in which members may choose to invest.

The selection was chosen in order to ensure members are able to meet their personal needs. In choosing investment options, it is the policy of the Trustee to consider:

- An appropriate range of asset classes, including alternative assets.
- The suitability of the possible styles of investment management and the need for diversification.
- The suitability of each asset class for defined contribution schemes.
- The need for appropriate diversification.

Members may alternatively select the Lifestyle arrangement in which to invest.
Further details are contained in the separate 'Funds Currently in Use' document which may change from time to time.

4.5 Expected Returns

The Trustee expect each of the funds selected to perform in line with their respective benchmark objectives. Further details are contained in the separate 'Funds Currently in Use' document which may change from time to time.

4.6 Platform Provider

The Trustee has appointed Old Mutual Wealth to manage the Defined Contribution 2014 Section assets. Old Mutual Wealth is regulated under the Financial Services and Markets Act 2000 and has been selected in order to effect cost and operational efficiencies in the management of the assets.

5. Responsible Investment

The Trustee believes that the consideration of financially material Environmental (including climate change), Social and Governance (ESG) factors in investment decision making can lead to better risk adjusted investment returns. The Trustee expects its investment managers, when exercising discretion in investment decision making, to take financially material ESG factors into account. On an ongoing basis the Trustee (delegating to the Investment Consultant where appropriate) assesses the ESG integration capability of its investment managers.
Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustee believes these should not drive investment decisions. The Trustee expects its Investment Managers, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a material reduction in the efficiency of the investment. Members' views are not sought on non-financial matters (including ESG, quality of life considerations and ethical views) in relation to the selection, retention and realisation of investments.
The Trustee believes that in order to protect and enhance the value of the investments, over the time horizon over which the benefits are paid, it must act as a responsible asset owner. The Trustee cannot exercise its responsibilities directly as it does not hold investments in its name. The Trustee expects its Investment Managers, to exercise voting rights at annual and extraordinary general meetings of companies. The Trustee has seen the policy objectives of each of the Investment Managers regarding voting and engagement and believes that they are compatible with its own policy. The Trustee expects the Investment Manager to report to it on the implementation of, and any changes to, their policies on voting and engagement.
The Trustee expects its Investment Managers, to exercise ownership rights attracted to investments, including voting and engagement rights, in order to safeguard sustainable returns over this time frame. On an ongoing basis the Trustee will assess the stewardship and engagement activity of its Investment Managers (delegating to the Investment Consultant where appropriate). This will be done by reviewing the Investment Manager's voting and engagement policy, summary reports detailing the engagement and voting activity undertaken by the Investment Managers, and asking questions directly to the Investment Managers.
The Trustee has also made available to members in the DC 2014 Section a self-select option, where members can chose to invest in an ethical global equity index fund. The Trustee has also made

available to members in the AVC/DC Section a self-select option, where members can chose to invest in a fund with a stewardship focus.

6. Risk management approach

The Trustee recognises that a number of risks are involved in the investment of the assets of the Plan. They have identified the following principle risks which have the potential to cause deterioration in the Plan's funding level:

- **Solvency risk:** The risk that the fund has insufficient assets to meet all its liabilities as they fall due

- **Mismatching risk:** The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors

- **Manager risk:** The failure by the Investment Managers to achieve the rates of investment return assumed

- **Liquidity risk:** The risk of a shortfall of liquid assets relative to the Plan's immediate liabilities

- **Custodian risk:** The risk of failed or inadequate performance by the custodian

- **Concentration Risk**: The risk that the performance of any single investment that constituted a large proportion of the assets would disproportionately influence the overall level of assets

- **Political risk:** The financial risk that a country's government will suddenly change its policies

- **Sponsor risk**: The possibility of failure of the Plan's sponsoring employers

- **Counterparty risk**: The risk that other parties in any trade or position will default, i.e. will renege on their contractual obligations, resulting in a financial loss to the Plan

Due to the complex and interrelated nature of these risks, the Trustee consider the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review. Some of these risks may also be modelled explicitly during the course of such reviews.

The policy of the Trustee is to monitor, where possible, these risks on a regular basis. The Trustee therefore considers:

- The actual funding level versus the Statutory Funding Objective
- Actual performance versus the Plan's investment and funding objectives
- Investment Managers' performance versus their respective benchmarks and targets
- Any significant issues with the Investment Managers that may impact their ability to meet investment performance objectives set by the Trustee

7. General Investment Principles

7.1 Investment Managers

The Trustee utilises a number of Investment Managers to manage the assets of the Plan. The Investment Managers are regulated under the Financial Services and Markets Act 2000. The Trustee holds assets with these managers through the Platform Provider. The Trustee has decided to invest in pooled funds, other collective investment vehicles, and cash. The Plan does not invest directly in stocks, shares, bonds, derivatives etc.

The Trustee has decided to invest in pooled funds because:

- the Plan is not large enough to justify direct investment in equities or bonds on a cost-effective basis
- pooled funds allow the Plan to invest in a wider range of assets, which serves to reduce risk
- pooled funds provide a more liquid form of investment than certain types of direct investment

The Investment Managers appoint individual custodians to hold the securities owned by the Plan.

The Trustee may, from time to time, decide to change the funds used within the overall investment strategy and the investment allocation between the funds as alternatives emerge, funds change and the Plan develops.

7.2 Investment Beliefs

The Trustee has agreed a set of Investment Beliefs that are used as a framework when making decisions and agreeing investment strategy. The Investment Beliefs are reviewed annually.

7.3 Investment Governance Group Principles

In October 2008, the Government published the results of its consultation on revisions to the Myners' principles in response to recommendations made by the National Association of Pension Funds (NAPF) in 2007. This takes the form of six high level 'Best Practice' principles set out below, supported by best practice guidance and trustee tools that can be used to assess compliance.

1. Effective decision-making
2. Clear objectives
3. Risk and Liabilities
4. Performance assessment
5. Responsible ownership
6. Transparency and Reporting

The Trustee periodically reviews its compliance with the best practice Principles. The Trustee believes that they comply with the spirit of the Principles. There may be some instances of deviation from the published 'Best Practice Guidance' on the Principles where the Trustee believes this to be justified.

In addition to monitoring adherence to the Principles, the Trustee also maintains an Investment Business Plan to assist them in the routine management of the Plan's investments. This is reviewed on a regular basis.

7.4 Exercise of Voting Rights

The Trustee cannot usually directly influence the managers' policies on the exercise of investment rights (such as voting and engagement) where the Trustee holds assets in pooled funds. This is due to the nature of these investments.

The Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code, and is supportive of the Code. The Trustee understands that investment rights will be exercised by the investment managers in line with the investment managers' general policies on corporate governance, which reflect the recommendations of the Code, and which are provided to the Trustee from time to time.

7.5 Employer Related Investments

The Trustee's policy is not to hold any employer-related investments as defined in the Pensions Act 1995, the Pensions Act 2004 and the Occupational Pension Scheme (Investment) Regulations 2005.

7.6 Monitoring

The Platform Provider provides the Trustee with monthly reports setting out a valuation of the funds and quarterly performance reports.

Where necessary, the Trustee may request the Investment Managers to attend Trustee meetings in order to report on their activity and performance, to outline their views on future investment conditions and to answer any questions the Trustee may have.

The Investment Consultant will provide periodic advice to the Trustee, commenting on the managers, performance, asset allocation and an estimate of the impact of changing financial conditions on the funding level of the Plan.

7.7 Fee structures

The Platform Provider and Investment Managers are paid a management fee on the basis of assets under management which are reflected in the Platform Provider's unit price. The Consultant is paid on a project basis which may be a fixed fee or based on time cost, as negotiated by the Trustee in the interests of obtaining best value for the Plan.

7.8 Review of this statement

The Trustee will review this Statement at least once every three years and without delay after any significant change in investment policy. Any change will only be made after having obtained and considered the written advice of someone who the Trustee reasonably believe to be qualified by their ability in, and experience of, financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.

For and on behalf of the Trustee of the General Dental Council 1970 Pension and Life Assurance Plan

29 March 2019

Date

March 2019

Appendix B

The General Dental Council 1970 Pension and Life Assurance Plan

Value for Members Assessment – 2019 Annual Review

In accordance with regulation 25(1)(b) of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended), trustees of Pension Schemes need to assess the extent to which charges paid by members represent good value for money.

This document covers the Defined Contribution 2014 Section and the Defined Contribution Section (AVC and Top Up Section) (collectively, "the Plan").

1. Current Charges

The Charges for the funds used by members of the Plan are currently as follows:

Defined Contribution 2014 Section	Total Expense Ratio (TER)	Transaction costs Year ending 31 March 2019	Total Costs
GDC Pension Plan UK Equities	0.133%	0.0435%	0.177%
GDC Pension Plan World Equities	0.175%	0.0081%	0.183%
GDC Pension Plan Diversified Growth	0.380%	0.1472%	0.527%
GDC Pension Plan Long Dated Bonds	0.175%	-0.0225%	0.153%
GDC Pension Plan Long Dated Index-linked Gilts	0.150%	0.0183%	0.168%
GDC Pension Plan Corporate Bonds	0.310%	0.0187%	0.329%
GDC Pension Plan Sharia Equity	0.400%	0.0081%	0.408%
GDC Pension Plan Ethical Funds	0.300%	0.0032%	0.303%
GDC Pension Plan Cash Fund	0.175%	0.0015%	0.177%
Defined Contribution 2014 Section - Default Arrangement			
Greater than 6 years before retirement	0.440%	0.118%	0.558%
6 years before selected retirement age	0.440%	0.118%	0.558%
5 years before selected retirement age	0.451%	0.130%	0.581%
4 years before selected retirement age	0.462%	0.142%	0.604%
3 years before selected retirement age	0.473%	0.153%	0.626%
2 years before selected retirement age	0.465%	0.153%	0.618%
1 year before selected retirement age	0.439%	0.142%	0.581%

0 years before retirement	0.412%	0.130%	0.542%

Defined Contribution 2014 Section – Long term growth portfolio	Total Expense Ratio (TER)		
BlackRock Aquila Connect (50:50) Global Equity	0.137%	0.013%	0.150%
BlackRock Aquila Connect Market Advantage	0.372%	0.147%	0.519%
Newton Real Return	0.900%	0.241%	1.141%
Standard Life Global Absolute Return Strategies	0.940%	0.212%	1.152%
Overall	0.440%	0.118%	0.558%

The table above details the Total Expense Ratio (TER) and the derived transaction costs over the year to 31 March 2019 applicable for each fund where members are invested. The TER is an explicit charge levied on the member by the investment manager in respect of administration costs, such as custody and fund accounting. The requirement to disclose transaction costs is new under the FCA's PS17/20 and these are calculated using a prescribed formula.

Annual Management Charge AVC and DC Top Up Section	(AMC)
Investec Cautious Managed	1.40%
Balanced Index Fund of Funds	0.50%
Stewardship Managed	0.50%
BlackRock Aquila Connect (50:50) Global Equity Index	0.50%
BlackRock Aquila Connect UK Equity Index	0.50%
BlackRock Aquila Connect 15+ Yr Corporate Bond Index	0.50%
Cash	0.50%

Members of the AVC and DC Top Up Section who opt in to the Lifestyle investment strategy are wholly invested in the BlackRock Aquila Connect (50:50) Global Equity Index Fund at the time the programme starts. Then, starting 5 years before their retirement, their fund will gradually be moved into the BlackRock Aquila Connect 15+ Yr Corporate Bond Index Fund and Cash Fund.

The table above details the AMC for the Aviva funds (formerly Friends Life). A breakdown of the transaction and ongoing charges is not currently available, but has been requested from Aviva.

In October 2017, the Department for Work & Pensions (DWP) conducted a survey of pension scheme charges and published their findings in the "Pension Charges Survey 2016: Charges in defined contribution pension schemes".

The research team worked with 14 pension providers and 237 unbundled trust-based schemes to collect charges data covering 15.1 million pension pots across 228,000 employers. The following tables are extracts from their report.

2. Percentage of members of each scheme type that paid each level of charge

Charge Level	Qualifying schemes (column percentages)			
	Contract-based	Master trust	Trust-based	Unbundled
Total number of members	4.3M	6.3M	0.7M	0.6M
>1.25%	-	-	-	-
1.0% - 1.25%	1	-	-	1
0.75% - 1.0%	<0.5	-	1	2
0.5% - 0.75%	57	3	15	32
0.25% - 0.5%	30	97	70	38
0% - 0.25%	11	-	15	26
Average charge	0.54%	0.48%	0.38%	0.42%
Percentage within the charge cap	98%	100%	99%	96%

Average ongoing charge (as a percentage of funds under management) paid by members of each scheme type, by scheme size

Scheme size	Qualifying schemes (mean ongoing charge)			
	Contract-based	Master trust	Trust-based	Unbundled
Total	0.54	0.48	0.38	0.42
1-5	0.72	-	0.72	-
6-11	0.69	-	0.66	-
12-99	0.65	-	0.61	-
100-999	0.56	-	0.44	-
1,000+	0.45	-	0.37	-

The above tables show that the average charge for a member in a Trust based qualifying scheme of similar size to the Plan was 0.44% p.a. We can also observe the following:

3. Defined Contribution 2014 Section

- The average charge of the qualifying schemes surveyed is slightly lower than the total charge for the DC 2014 Section default lifestyle arrangement, which is 0.558% p.a. in the pre-lifestyling phase, and ranges from 0.626% p.a. to 0.542% p.a. throughout the lifestyling phase.
- Although the average ongoing charge paid by members of the DC 2014 Section works out to be slightly more expensive than a scheme of a similar size it is important not to consider fees in isolation.
- The total charges for other funds currently utilised by DC 2014 Section members range from 0.177% p.a. to 0.527% p.a., which seems a reasonable range based on the results of DWP's survey.

4. AVC and DC Top Up Section

- The charge for the funds (other than Investec Cautious Managed) currently utilised by AVC and DC Top Up Section members is 0.50% p.a., which falls below the charge cap of 0.75% and seems reasonable based on the results of DWP's survey.
- The Investec Cautious Managed Fund exceeds the charge cap and therefore should be investigated further.

5. Other Costs and Fees

- No administration costs are paid by the member as all cost associated with running the Plan are paid directly by the Employer.
- All contributions made by the Employer and the member are invested, there are no deductions made on entry.

Based on the costs and charges paid by members, which are highlighted in this document, the funds adopted remain competitive.. The default arrangement for all periods falls significantly below the 0.75% charging cap.

Together with the services and support provided to members, the Plan's governance standards and the level of fees paid by members we conclude that the Plan represents good value for money.

Appendix C

The General Dental Council 1970 Pension and Life Assurance Plan
Default Strategy Illustration

Illustration of total charges (including transaction costs) on fund values over time

The following illustrations project the cumulative value of pension contributions paid in the following way, based on a current salary of £20,000.

Age of member	**Total Contribution**
Under age 36	6.5%
Age 36 to age 44	9.0%
Age 45 to age 65	11.5%

Contributions are assumed to increase each year with a notional salary increase of 2.5% per annum and increase in line with the age band structure above.

For comparison purposes Table 4 overleaf provides an illustration assuming that no contributions would be payable into the fund.

Annual Management Charges (AMCs) are paid out to the investment fund manager for services involved with the management of the fund. In addition most funds incur transaction cost. The level of these combined charges affects the final fund value. The Employer pays all other costs of running the Plan.

Within the default lifestyle strategy, members remain in the GDC Pension Plan Long Term Growth Portfolio until they are six years from retirement after which assets are progressively switched into the GDC Pension Plan Low Volatility Portfolio and the GDC Pension Plan Cash Fund. The expected investment returns and charges will differ depending on where you are in the lifestyle arrangement.

The effect these combined charges could have on your total fund values are illustrated in the tables below based on the expected charges associated with the Default option. A summary of the charges and the expected investment returns used in these illustrations is shown in Table 1.

Table 2 provides an illustration of the projected retirement fund values for various ages and starting fund values.

Table 3 provides these values in today's terms. These figures have been reduced to reflect the effect of anticipated inflation over the period of projection, assumed to be 2.5% per annum.

Table 4 assumes no further pension contributions are paid into the Plan.

6. TABLE 1 – Assumed Investment Returns and Charges on the current Default Arrangement

Years to Retirement	Gross Investment Return	Expected Annual Charges including transaction costs
10 or more years	6.0%	0.558%
9	6.0%	0.558%
8	6.0%	0.558%
7	6.0%	0.558%
6	6.0%	0.558%
5	5.6%	0.581%
4	5.2%	0.604%

3	4.8%	0.626%
2	4.4%	0.618%
1	4.0%	0.581%
0	3.5%	0.542%

The total charges above are based on the blended current annual management charges for each of the funds used in the Default arrangement and the blended transaction costs over the year to 31 March 2019 for these funds.

Appendix C
The General Dental Council 1970 Pension and Life Assurance Scheme
Default Strategy illustration

7. TABLE 2 – projected fund value at retirement

Current Age	Current Fund Value £0		Current Fund Value £20,000		Current Fund Value £30,000		Current Fund Value £40,000	
	Without fees	With fees	Without fees	With fees	Without fees	With fees	Without fees	With fees
Age 20	**£0**	**£0**						
Age 30	19,775	19,234	**£20,000**	**£20,000**				
Age 40	64,234	60,765	58,332	55,920	**£30,000**	**£30,000**		
Age 50	166,870	153,722	144,958	134,444	85,360	81,780	**£40,000**	**£40,000**
Age 60	372,225	332,518	316,926	284,150	197,652	182,486	106,620	101,980
Age 65	506,597	444,005	428,762	376,773	271,907	245,890	152,081	142,311

TABLE 3 – projected fund value at retirement adjusted for the effects of anticipated inflation at 2.5% per annum

Current Age	Current Fund Value £0		Current Fund Value £20,000		Current Fund Value £30,000		Current Fund Value £40,000	
	Without fees	With fees	Without fees	With fees	Without fees	With fees	Without fees	With fees
Age 20	**£0**	**£0**						
Age 30	15,448	15,025	**£20,000**	**£20,000**				
Age 40	39,200	37,083	45,569	43,685	**£30,000**	**£30,000**		
Age 50	79,554	73,286	88,464	82,047	66,683	63,886	**£40,000**	**£40,000**
Age 60	138,628	123,840	151,092	135,466	120,621	111,366	83,291	79,667
Age 65	166,759	146,155	180,668	158,761	146,664	132,631	105,007	98,261

TABLE 4 – projected fund value adjusted of the effects of anticipated inflation at 2.5% per annum with no further contributions

		Current Fund Value £20,000		**Current Fund Value £30,000**		**Current Fund Value £40,000**	
Current Age		Without fees	With fees				
Age 30		**£20,000**	**£20,000**	Without fees	With fees		
Age 40		27,980	26,542	**£30,000**	**£30,000**	Without fees	With fees
Age 50		39,144	35,223	41,970	39,812	**£40,000**	**£40,000**
Age 60		54,763	46,744	58,717	52,834	55,960	53,083
Age 65		61,112	50,681	65,524	57,285	62,448	57,555

It should be noted that these are only illustrations and actual fund values will depend on actual investment returns achieved on investments, the time under investment and the amounts invested and the total charges applied.