

## **CHAIR'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2025**

### **The Purpose of this Statement**

This Statement has been prepared in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended). It sets out how the Trustee has met the statutory defined contribution (DC) governance standards during the Scheme year ended 31 March 2025.

This document covers the Defined Contribution Section (AVC and Top Up Section) of the General Dental Council 1970 Pension and Life Assurance Plan ('the Scheme'). The AVC and DC Top Up Section of the Scheme provides defined contribution benefits.

Governance requirements apply to DC pension arrangements, to help members achieve a good outcome from their pension savings. The Trustee of the Scheme is required to produce a yearly statement (which is signed by the Trustee Chair) to describe how these governance requirements have been met in relation to:

- the investment options in which members' funds are automatically invested (this means the "default arrangement" and other funds members can select or have assets in, such as self-select or "legacy" funds);
- the requirements for processing financial transactions;
- the charges and transaction costs borne by members;
- an illustration of the cumulative effect of these costs and charges;
- a 'value for members' assessment; and
- Trustee knowledge and understanding.

The Trustee has reviewed and assessed systems, processes and controls across key governance functions to determine whether these are consistent with those set out in the Pensions Regulator's:

- General Code of Practice
- Regulatory guidance for defined contribution schemes.

This Statement and the Statement of Investment Principles (SIP) are available to view and download from the Scheme website:

<https://www.gdc-uk.org/about-us/our-organisation/reports/pension-trustee-reports>

There has not been a review of the strategy over the year to 31 March 2025, though the Trustee has reviewed the performance of the arrangements as part of its latest Value for Members assessment, with the conclusions highlighted further down in this Statement.

### **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.

The AVC and DC Top Up Section is closed to new members, and it is not being used as a qualifying scheme for auto-enrolment purposes. A default lifestyle investment strategy applies to members of that Section of the Scheme who did not choose their own investment strategy. Members investing in the Lifestyle Investment Programme who are five or more years from their selected retirement age, will have 100% of their funds invested in the Aviva BlackRock Aquila Connect (50:50) Global Equity Index Fund.

On reaching the 5-year anniversary before a member's selected retirement age, the holding will begin partly switching into a less volatile corporate bond fund and cash, so that at retirement they will be invested 75% in the Aviva BlackRock Aquila Connect Over 15 Year Corporate Bond Index Fund and 25% in the Aviva Cash Fund.

The Trustee receives investment monitoring reports quarterly from Broadstone. The performance of the funds in the default investment strategy during the year were considered to be satisfactory and consistent with their objectives.

Further details of the default strategy are contained in the Scheme's SIP, which is reproduced in the Trustee's Report and Financial Statements. A copy of the SIP is also attached to and forms part of this statement. The SIP can also be found publicly available on the following website:

<https://www.gdc-uk.org/about-us/our-organisation/reports/pension-trustee-reports>

The default strategy for the AVC and DC Top Up Section has not been reviewed during the year by the Trustee. However, the Trustee has received previous advice from Broadstone which concluded the default strategy remains appropriate for the Scheme's members who do not elect to make their own investment choices and is consistent with the aims and objectives of growing members' savings and reducing risk as members approach their selected retirement date. The last review was carried out by the Trustee in September 2020. No changes were made as a result of the latest review.

### **The default investment strategy – asset allocation**

The Trustee is required to disclose the full asset allocation of investments for each default strategy – namely the Aviva Lifestyle Investment Programme.

The table below shows the percentage of assets allocated in the Scheme's default strategy to specified asset classes as at 31 March 2025. This information is provided in line with statutory guidance.

#### **Aviva Lifestyle Investment Programme**

<b>Asset Class</b>	<b>Allocation (%) at Age 25</b>	<b>Allocation (%) at Age 45</b>	<b>Allocation (%) at Age 55</b>	<b>Allocation (%) at Age 65</b>
Cash	0.0	0.0	0.0	25.0
Bonds	0.0	0.0	0.0	75.0
Corporate Bonds	0.0	0.0	0.0	75.0
Fixed interest government bonds	0.0	0.0	0.0	0.0
Index-linked government bonds	0.0	0.0	0.0	0.0
Other bonds	0.0	0.0	0.0	0.0
Listed Equities*	100.0	100.0	100.0	0.0
Private Equity	0.0	0.0	0.0	0.0
Infrastructure	0.0	0.0	0.0	0.0
Property / Real Estate	0.0	0.0	0.0	0.0
Private Debt / Credit	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Aviva, as at 31 March 2025. \*At aged 65, a member will have 25% in the Aviva Cash Fund and 75% in the Aviva BlackRock Aquila Connect Over 15 Year Corporate Bond Fund. There is no look-through equity exposure available.

## The Default Investment Strategy – Investment Returns

This section states the annual return, after the deduction of member borne charges and transaction costs for the default arrangement and investment options that members are able, or were previously able, to select and in which members' assets were invested during the Scheme year. When preparing this section of the statement the Trustee has taken account of the relevant statutory guidance.

The investment returns, net of all fees borne by members of the Scheme, are provided in the table below for the default arrangement in place. The net investment returns of the "self-select" options are also show below, which includes the funds which form the default arrangement and those funds which constitute the AVC arrangements. The net investment returns are provided below over various periods to 31 March 2025. The returns illustrated for the default arrangement are those that a typical member at various ages as at 31 March 2025 would have experienced, allowing for the life-styling in place.

### *Net of Fees Investment Returns of Scheme's Default Lifestyle Strategy*

Fund	3 Month (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)
<u>Age 65</u>				
Current Default	-0.6	-1.2	-0.9	5.6
<u>Age 55</u>				
Current Default	1.4	4.8	6.2	11.9
<u>Age 45</u>				
Current Default	1.4	4.8	6.2	11.9

Source: Aviva.

### **Net of Fees Investment Returns of Member Self-Select Funds in the Current Arrangements**

<b>Fund</b>	<b>3 Months (%)</b>	<b>1 Year (%)</b>	<b>3 Years (% p.a.)</b>	<b>5 Years (% p.a.)</b>
Aviva BlackRock Aquila Connect (50:50) Global Equity Index Fund	1.4	4.8	6.2	11.9
<b>vs ABI Global Equities</b>	<b>4.8</b>	<b>1.4</b>	<b>0.5</b>	<b>-0.3</b>
Aviva BlackRock Aquila Connect Over 15 Year Corporate Bond Index Fund	-1.2	-5.2	-8.7	-6.0
<b>vs PN Sterling Long Bond</b>	<b>-0.7</b>	<b>0.3</b>	<b>2.1</b>	<b>2.8</b>
Aviva Cash Fund	1.0	4.7	3.7	2.1
<b>vs ABI Money Market</b>	<b>-0.1</b>	<b>-0.4</b>	<b>-0.4</b>	<b>-0.4</b>
Aviva BlackRock Aquila Connect UK Equity Index Fund	0.1	5.8	2.2	8.0
<b>vs FTSE All Share</b>	<b>-4.4</b>	<b>-4.7</b>	<b>-5.0</b>	<b>-4.1</b>
Aviva Multi-Asset Index Growth Fund	-4.2	2.9	5.3	11.5
<b>vs ABI Mixed Investment 40% - 85% Shares</b>	<b>-6.3</b>	<b>-6.3</b>	<b>-2.9</b>	<b>4.9</b>
Aviva Ninety One Global Income Opportunities Fund	2.1	5.4	1.3	4.5
<b>vs ABI Mixed Investment 20% - 60% Shares</b>	<b>1.9</b>	<b>2.1</b>	<b>-0.1</b>	<b>0.1</b>
Aviva Stewardship Managed	-4.8	-1.9	0.9	7.3
<b>vs ABI Mixed Investment 40% - 85% Shares</b>	<b>-3.5</b>	<b>-5.1</b>	<b>-1.7</b>	<b>0.4</b>

Source: Aviva

### **Costs and Charges borne by Members**

The Trustee is 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 Scheme's administration charges are paid by the employer. The only charges paid by members are the charges made on investment funds, although an element of these will be associated with the Aviva's costs of administering the arrangements. Charges vary according to the fund(s) in which members' contributions are invested.

The Trustee is also required to separately disclose transaction cost figures that are borne by members.

Transaction costs arise as a result of buying and selling the funds' underlying investments in order to achieve their investment objective or to raise or invest cash. Transaction costs are comprised of both explicit and implicit components and include payments such as stockbroker commissions and transaction taxes such as stamp duty. Costs can be negative due to the prescribed method for calculating them. Negative transaction costs would show where an overall beneficial pricing environment has occurred at the point of trading underlying assets over the period, which has more than offset the costs of the trades.

The charges and transaction costs have been provided by Aviva. Details of the investment fund charges are also made available to members on the website hosted by Aviva.

When preparing this section of the Statement the Trustee has taken account of the relevant statutory guidance.

The default arrangement is the Aviva 5 Year Lifestyle Investment Programme; made up of the Global Equity Fund, the Corporate Bond Fund, and the Cash Fund. The relevant charges of the current arrangements are set out below.

Fund	Total Expense Ratio* (p.a.)	Transaction Costs** (p.a.)	Total Charges and Costs (p.a.)
<b><u>Self-Select Funds</u></b>			
Aviva BlackRock Aquila Connect (50:50) Global Equity Index Fund	0.50%	0.04%	0.54%
Aviva BlackRock Aquila Connect Over 15 Year Corporate Bond Index Fund	0.50%	0.20%	0.70%
Aviva Cash Fund	0.50%	0.03%	0.53%
Aviva BlackRock Aquila Connect UK Equity Index Fund	0.50%	0.15%	0.65%
Aviva Multi-Asset Index Growth Fund	0.50%	0.09%	0.59%
Aviva Ninety One Global Income Opportunities Fund	1.25%	0.12%	1.37%
Aviva Stewardship Managed Fund	0.50%	0.11%	0.61%
Aviva With Profits Fund	0.50%	0.00%	0.50%

Source: Aviva. \*Total expense ratio (TER) includes annual management charge and additional fund expenses.

\*\*Transaction costs relate to the friction costs incurred over the past year due to investment dealing activity.

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 (the Ninety One Global Income Opportunities Fund) exceeds the charges cap that is applied to such schemes by a considerable amount.

The Trustee is required to provide members with information on the effect of costs and charges on their pension pot. An illustration is provided below.

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

Over a period of time, the charges and transaction costs that are taken out of a member's pension savings can reduce the amount available to the member at retirement. The Trustee has set out below illustrations of the impact of charges and transaction costs on different investment options in the Scheme. The illustrations have been prepared in accordance with the DWP's statutory guidance on "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes" on the projection of an example member's pension savings.

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 costs. The level of these combined charges affects the final fund value and can vary from year to year. The Employer pays all other costs of running the Scheme.

As each member has a different amount of savings within the Scheme and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustee has had to make a number of assumptions about what these might be.

The assumptions are explained below:

- The "before costs" figures represent the savings projection assuming an investment return with no deduction of member borne fees or transaction costs. The "after costs" figures represent the savings projection using the same assumed investment return but after deducting member borne fees and an allowance for transaction costs.
- The transaction cost figures used in the illustration are based on the most recently available information provided by the managers as described above.

The illustration is shown for the current default arrangements, i.e. the Aviva Lifestyle Investment Programme. Two funds from the Scheme's self-select fund range have also been shown, in particular:

- the fund with the highest costs – this is the Aviva Ninety One Global Income Opportunities Fund
- the fund with the lowest costs – this is the Aviva Cash Fund.

**TABLE 1 – illustration of the projected retirement fund values for the “average” and “young” members in the default arrangement**

Years to retirement	Aviva Lifestyle Investment Programme			
	Average Member – Aged 45		Youngest Member – Aged 25	
	Before charges	After all charges and costs deducted	Before charges	After all charges and costs deducted
40	n/a	n/a	£40,000	£40,000
30	n/a	n/a	£58,657	£55,746
20	£40,000	£40,000	£86,015	£77,691
15	£48,438	£47,221	£104,161	£91,717
10	£58,657	£55,746	£126,134	£108,275
5	£71,031	£65,810	£152,743	£127,822
3	£75,663	£69,357	£162,704	£134,711
1	£78,448	£71,071	£168,693	£138,041
0	£79,064	£71,182	£170,018	£138,256

Source: Broadstone calculations.

**TABLE 2 – illustration of the projected retirement fund values for members in the self-select funds**

Years to retirement	Self-Select Funds			
	Aviva Ninety One Global Income Opportunities Fund		Aviva Cash Fund	
	Before charges	After all charges and costs deducted	Before charges	After all charges and costs deducted
40	£10,000	£10,000	£10,000	£10,000
30	£13,093	£11,509	£10,000	£9,495
20	£17,143	£13,246	£10,000	£9,015
15	£19,616	£14,210	£10,000	£8,784
10	£22,446	£15,245	£10,000	£8,559
5	£25,684	£16,355	£10,000	£8,340
3	£27,106	£16,821	£10,000	£8,254
1	£28,607	£17,300	£10,000	£8,169
0	£29,389	£17,545	£10,000	£8,127

Source: Broadstone calculations.

Notes:

1. The projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. The starting pot size is assumed to be £40,000 for the “average” member, with a salary of £40,000 per annum, assuming an age of 45 years.
3. The starting pot size is assumed to be £10,000 for the “young” member, with a salary of £25,000 per annum, assuming an age of 25 years.
4. Inflation is assumed to be 2.5% each year, and it is assumed that no future contributions will be paid.
5. Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund.
6. The projected growth rate for each fund is as follows:
  - a. BlackRock (50:50) Global Equity Fund: 4.0% p.a. above inflation
  - b. BlackRock Over 15 Year Corporate Bond Index Fund: 0.6% p.a. above inflation
  - c. Aviva Cash Fund: return is in line with inflation
  - d. Ninety One Global Income Opportunities Fund: 2.8% p.a. above with inflation

### **Administration Standards and Core Financial Transactions**

The Trustee has received assurance from the Scheme's administrator during the period covered, Broadstone Corporate Benefits Limited (“Broadstone”), that there were adequate internal controls in place to ensure that core financial transactions relating to the Scheme were processed promptly and accurately during the Scheme year to 31 March 2025.

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 Scheme, switching between different investments within the Scheme 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 a combination of Aviva and the Scheme's administrator, Broadstone, who took over administration of the Scheme in December 2021. The Trustee requires Broadstone to meet high standards and has agreed written service levels with Broadstone 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 Scheme, 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 Broadstone. Administration updates are provided by Broadstone between the formal reports, where necessary. The Trustee also annually reviews the processes and controls implemented by Broadstone and considers them to be suitably designed.

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

The HR Manager also 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 Scheme.

The majority of core financial transactions during the Scheme year were processed promptly and accurately and in accordance with the agreed service standards.

### **Value for members assessment**

Trustees of specified schemes must carry out a holistic assessment of how their scheme delivers value for members. The outcome of this assessment must be reported in the annual DC Chair's Statement and include consideration of reported costs and charges, fund performance (and net investment returns) and other measures of scheme governance and administration. The new regulations now require the Trustees to test the Scheme against comparable schemes or DC arrangements.

The Trustee has carried out a value for members assessment as at 31 March 2025. The conclusions of this assessment are set out in the table below:

<b>Assessment area</b>	<b>Conclusion</b>
<b>Costs and charges</b>	The total expenses paid by members in the current default arrangements are reasonable within the context of the wider DC market but are broadly more expensive versus the total expenses members would pay in the comparator scheme default arrangements, across all age profiles.
<b>Net investment performance</b>	The assessment includes a review of the performance of the Scheme's investment funds (net of fees) in the context of the investment objectives. The current default arrangements used by the Scheme have delivered strong investment returns for members aged 45 and 55, having outperformed the median comparator over periods of 3-years or more. Meanwhile, the returns for a member aged 65 are mixed, with the current default arrangements underperforming the median comparator over 3-years but outperforming over 5-years.
<b>Governance and administration</b>	In assessing the governance and administration of the current arrangements against the seven key metrics, Broadstone are satisfied that the Scheme is performing at a satisfactory level in these areas. However, the historical nature of the Aviva contract means it is paper based which does not provide a good member experience. It is also difficult for the Trustee to monitor key elements such as the processing of core financial transactions.
<b>Overall</b>	<p>Given that the majority of the investments in the current arrangement are in respect of members who are invested in the default strategy, we have placed a greater weighting towards the higher investment returns of the default strategy compared with the comparators. We have therefore concluded that whilst the DC Section of the Scheme is broadly providing value for members, we believe there is scope to improve value for members to a level that would bring the DC arrangements into line with some of the large master trusts currently operating.</p> <p>We note that the Trustee will be considering the transfer of the DC liabilities to another arrangement in conjunction with the buy-in of the Scheme's defined benefit liabilities in due course, which is expected to improve the value for members' defined contribution arrangements. It should also be noted that members with DC holdings may be able to use these to provide the Pension Commencement Lump Sum at retirement from the DB Section, so it may not be in their interests to discharge these liabilities at the current time, and to consider discharging these liabilities as part of the upcoming buy-in purchase shortly.</p>



## **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.

The Trustee must:

- Be conversant with the Trust Deed and Rules of the Scheme, the Scheme's Statement of Investment Principles and any other document recording policy for the time being adopted by the Trustees relating to the administration of the Scheme generally; and
- Have, to the degree that is appropriate for the purposes of enabling the individual properly to exercise his or her functions as a Trustee, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment of the assets of occupational pension schemes.

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 representatives for the Scheme have many years of experience in the pensions industry. All Capital Cranfield Trustee representatives have Association of Professional Pension Trustees accreditation and comply with associated requirements for continual development.
- The Scheme'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 Scheme'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 Scheme's key documents and current policies. The Trust Deed and Rules are 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 Scheme'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 Scheme. For peer review purposes, the Trustee's approach to training is supported by the Secretary to the Trustee, which is a separate professional organisation.

Given the nature of the sole professional trustee structure no Board Effectiveness Review was deemed necessary during the year.

### **Communicating with members**

The Trustee endeavours to provide Scheme communication that is regular, accurate, clear and understandable.

In conjunction with its advisers, the Trustee regularly reviews member communications (including retirement options packs and benefits statements) to ensure members are aware of their benefit entitlements and, in respect of the Scheme, the need to review their investment choices to ensure that they remain appropriate to their circumstance. Retirement packages cover all disclosure requirements, including retirement choices and the details of the Government's Pension Wise service.

Members receive an annual benefit statement which sign-posts them to where they can find this Statement to understand the default strategy, the returns on investment, the charges/transaction costs and how these represent value for members.

**Signed:** G Payne

**Name:** GILES PAYNE

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

**Date:** 30 October 2025