

Fair value statement: Personal Pensions

1. Background

Standard Life has been trusted to look after people’s savings and retirement needs for nearly 200 years. We have a long history of delivering products and services designed to improve customer outcomes. Today, as part of the UK’s largest long-term savings and retirement business, our strategic objectives focus on delivering good customer outcomes. We consistently put our customers at the heart of everything we do. Ultimately, we’re here to help people secure a life of possibilities and we’re fully supportive of the direction and intent of Consumer Duty.

2. Product grouping and products

In line with Consumer Duty implementation dates we have divided our products into Open and Closed Products. This document focuses on our approach to open products, but we have used a similar approach for our closed products. Our actively marketed open products fall into the following groupings: Personal Pensions, Workplace Pensions, Self Invested Personal Pensions, Investment Bonds and Annuities.

This statement provides a summary of our Fair Value Assessments for our Personal Pension products, including details on our rationale and approach. It also provides links to target market statements, product charging information and key features for each product assessed. You can find out more about our approach to Consumer Duty online at standardlife.co.uk/adviser/business-support/consumer-duty

3. Personal Pensions Fair Value Assessment (FVA) Summary

We’re pleased to share our annual fair value statement confirming that our Personal Pension products provide fair value to customers and meet the Consumer Duty requirements.

Product grouping	Personal Pensions
Products assessed	Active Money Personal Pension Individual Stakeholder Pension
Assessment outcome	Provides fair value to customers and meets Consumer Duty requirements
Date of assessment	July 2023
Date of next assessment	H2 2024

Product	Manufacturer	FVA Outcome	Target market	Pricing and charges	Features and benefits
Active Money Personal Pension	Standard Life	Meets requirements	ADV17	Charges Guide	Key Features
Individual Stakeholder Pension Plan	Standard Life	Meets requirements	ADV28	See Key Features	Key Features

4. Our approach to Consumer Duty and fair value

Consumer Duty builds on evolving industry regulatory initiatives and guidance, from Retail Distribution Review through to the platform paper, structured products, legacy review and general insurance pricing practices. Delivering good outcomes and fair value to customers are central requirements of the Duty. Our track record and long-term focus on delivering good customer outcomes means we are well placed to meet our Consumer Duty requirements.

Fair Value is a key component of Consumer Duty, but it's not new to us. It's been embedded in our Product Review Methodology since 2005 and has evolved in line with regulatory guidance during this time. Our group-wide Consumer Duty programme continues across the key areas of the Duty: Fair Value; Foreseeable Harm, Customer Understanding and Customer Communications and Customer Service and Support.



Our fair value definition

Value is the relationship between the cost of a product and benefits a retail customer can reasonably expect to get. A product provides fair value where the amount paid for the product is reasonable relative to the benefits provided. We monitor this throughout the life of our products but it only forms part of our overall fair value assessment. We also ensure that:

- We design products and services that meet the needs of target market customers, providing clear and transparent product literature, sales and servicing materials to support customers understanding of the relative costs and benefits.
- We give our customers the support they need to help them make the right decisions at the right times to meet their needs, and they can easily change or exit if the product no longer suits them.

Our approach to fair value assessment

The approach we take to fair value assessment considers design, distribution and delivery.

We assess and monitor a range of dimensions and criteria throughout the product lifecycle of our products.

Dimensions of fair value

Design	Product	Investment	Price
Distribution	Target market	Guidance and advice	
Delivery	Service	Engagement and support	Technology

Our fair value principles

- All costs associated with products, services and benefits are transparently disclosed
- Our prices reflect our costs, and customers are not charged for specific transactions/services unless we directly incur those explicit costs ourselves
- We actively consider the different drivers of value and cost across customer segments, ensuring each segment receives value for money
- We will not facilitate 3rd party charges for customers no longer receiving the relevant service
- We embed fair value and value for money considerations across our activities including investment management, product development and acquisitions

5. How we measure fair value

We conduct Fair Value Assessments every year in line with Consumer Duty timelines and requirements.

To measure fair value we use three pillars of assessment:

- Financial value
- Non-financial value
- Price benchmark

The metrics used within the three pillars vary according to the product being assessed.

Pillars

1 Financial value
Looking at the financial outcomes experienced by customers. For example, investment performance after charges.


2 Non-financial value
Assessing non-financial benefits experienced by customers. For example customer experience and satisfaction levels; product flexibility and options; prompt payments; communications testing results.

3 Price benchmark
Monitoring that product charges satisfy internal, regulatory and market benchmarks, including competitor analysis and positioning.

We then use three core tests for fair value principles across all products.


- Design & distribution
- Benefits & Costs
- Customer support

Tests




Design and distribution

- Product features benchmarking
- Product Development Process for new products
- Target market monitoring
- In-force customer outcome testing to ensure effective engagement and product promises are being met



Benefits and costs

- Price benchmarking
- Product benefit monitoring and benchmarking
- Maintain cost/benefit relationship



Customer support

- In-force customer outcome testing
- Consideration of differing customer needs including vulnerable customers
- Exit/alteration barriers identified and managed
- Monitor customer behaviours and decisions

These tests and pillars of assessment are not stand-alone. They work together to ensure our assessments consider the full range of fair value criteria. The metrics shown in this diagram reflect some of those used for unitised pensions and savings. Other products may use different or additional metrics.

6. Identifying areas of concern in our assessments

If an assessment identifies any concern on whether a product offers fair value, we'll investigate the cause and address the concern.

- We will consider if the concern has had a material impact on the customer outcome and take appropriate action where needed.
- If one of your customers is identified as materially impacted, we'll contact you to inform you of the situation and next steps.

7. Adviser considerations

- **Adviser charging and decency limits**

Since Retail Distribution Review we have applied decency limits to adviser charging. We continue to do this for all our new and existing business requests.

If these limits are exceeded, we'll contact individual distributors to discuss and understand the reasons and any potential impact on the customer outcome.

- **Additional management information needs**

To date we haven't identified any additional management information needed to support our Consumer Duty obligations. If we identify any additional requirements in future, we'll let distributors know.

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