



ZEDRA

DO MORE. ACHIEVE MORE.

Chair's annual report

LV=

Investment Pathways

- | Year ended 31 December 2024
- | The ZEDRA Governance Advisory Arrangement (GAA)

September
2025



Executive summary

This report on the Investment Pathways policies provided by LV= (“the Firm”), has been prepared by the Chair of the ZEDRA Governance Advisory Arrangement (“the GAA”) for pathway investors. It sets out our independent assessment of the value delivered to pathway investors and our view of the adequacy and quality of the Firm’s policies in relation to Environmental, Social and Governance (ESG) risks, non-financial considerations and stewardship.

Further background on the activity of the GAA and details of the credentials of the GAA can be found in Appendices B and C respectively. The GAA works under an agreed Terms of Reference, the latest version of which is dated 1 March 2022 and is publicly available (see Appendix C).

This report covers Investment Pathways i.e. the [decumulation](#) phase of the products only.

As Chair of the GAA for this Firm, I am pleased to deliver this value assessment of the Firm. The GAA has conducted a rigorous assessment of the Value for Money (“VfM”) delivered to [pathway investors](#) over the period 1 January 2024 to 31 December 2024. The GAA has developed a Framework to assess Value for Money which balances the quality of services and investment performance provided to pathway investors against what they pay for those services and investment performance. Further details are set out on page 6.

A COLOUR CODED SUMMARY OF THE GAA ASSESSMENT

	Weighting toward VfM assessment*	Investment Pathways
1. Product strategy design and investment objectives	13%	●
2. Investment performance and risk	13%	●
3. Communication	20%	●
4. Firm governance	3%	●
5. Security of policyholder benefits	7%	●
6. Administration and operations	7%	●
7. Engagement, innovation and improvements for policyholder experience	3%	●
8. Cost and charge levels	33%	●
Overall Value for Money assessment	100%	●

* May not add to 100% due to rounding.

Quality of service and investment features (1-7)

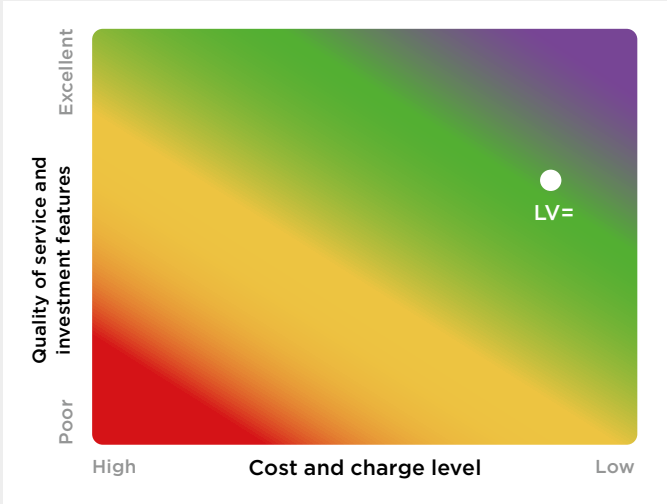
● Excellent ● Good ● Satisfactory ● Poor

Cost and charge levels (8)

● Low ● Moderately Low ● Moderately High ● High

How we determine our Value for Money rating is set out on page 6 of this report. The overall Value for Money is visually represented by the heatmap below.

VALUE FOR MONEY SCORING



Our conclusion is that LV='s Investment Pathways provides **good** value for money.

The GAA has challenged the Firm to:

- | **Communication:** implement additional support for pathway customers as they begin to approach their five year anniversary and complete this in advance of the first customer reaching their five year anniversary.
- | **Administration and operations:** improve their Service Level Agreements for processing [core financial transactions](#) across the LV= customer base.

A number of challenges/observations were raised with the Firm last year and we comment on progress in addressing these within this report.

We also concluded that the Firm's policies in relation to Environmental, Social and Governance (ESG) risks, non-financial considerations and stewardship were adequate and well implemented.

No formal concerns have been raised with the FCA.

The FCA requires a comparison of your investment pathways product with other similar options available in the market. If an alternative scheme appears to offer better value, we must inform the pension provider. I can confirm that we have not considered it necessary to make this notification this year. Our view on each feature that we are required to make a comparison on is included in the relevant section of the report. Details of how we selected the comparator group is set out in Appendix A.

Where we have used technical pensions terms or jargon, these are explained in the glossary in Appendix D.

Details of the numbers of pathway investors and their funds were supplied to ZEDRA for the assessment and are summarised in Appendix E.

I hope you find this value assessment interesting, informative and constructive.

Phil Clark

Chair of the ZEDRA Governance Advisory Arrangement for LV= Pathways

September 2025



If you are a policyholder or pathway investor and have any questions, require any further information, or wish to make any representation to the GAA you should contact:

LV=
Country Gates, Bournemouth, BH1 2NF
investments.governance@lv.com
www.lv.com

Alternatively, you can contact the GAA directly at zgl.gaacontact@zedra.com



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Overview of the value assessment

The GAA has assessed the Value for Money delivered by the Firm to its pathway investors by looking at costs versus investment and service benefits. More detail about how we have done this is set out below.

Our approach

The GAA believes that value for money is subjective and will mean different things to different people over time, depending on what they consider important at that time.

What is clear is that it is always a balance of cost versus investment and service benefits. Our fundamental approach has therefore been to compare all the costs paid by [pathway investors](#) against the investment performance and quality of services provided to pathway investors.

The key steps for the GAA in carrying out the Value for Money assessment are:

- | Issuing a comprehensive data request to the Firm, requesting information and evidence across a wide range of quality features, including [net investment performance](#), as well as full information on all costs and charges, including [transaction costs](#).
- | Attending a number of formal meetings with representatives of the Firm to interrogate the data provided and to enable the GAA to question or challenge on any areas of concern. All such meetings have been documented by formal minutes and a log is also maintained containing details of any challenges raised, whether informally or through formal escalation.

- | Once the Firm has provided all the information and evidence requested, the GAA has met to discuss and agree provisional Value for Money scoring using the Framework developed by the GAA and to undertake comparisons of the Firm's product against a suitable comparator group of providers for certain Quality of Service and Investment Features and Cost and Charges.

- | The provisional Value for Money score, including a full breakdown, has then been shared and discussed with the Firm.

The Framework developed by the GAA to assess overall Value for Money for pathway investors involves rating the Firm against eight different features covering Quality of Service, Investment Performance and Strategy (the "Quality of Service and Investment Features"), and the Costs and Charges borne by the pathway investors. This assessment is undertaken relative to the GAAs view of good practice.

The Quality of Service and Investment Features have been determined based directly on the FCA requirements for assessing ongoing Value for Money set out in [COBS 19.5.5](#), including services relating to communications with pathway investors and processing of [core financial transactions](#). The assessment also includes other aspects the GAA considers important based on our experience of conducting Value for Money assessments over many years, such as the Firm's governance structure, the financial security for pathway investors, the Firm's approach to engagement, innovation and service improvement and a wider overview of the administration quality and processes.

Within each of the Quality of Service and Investment Features are several sub-features. These sub-features are each scored using a numeric scoring system. Scoring is aided by means of score descriptors, developed for each sub-feature, ensuring the GAA adopts a consistent approach to scoring across clients, each outlining what the GAA would expect to see to achieve the relevant numeric score. The scores for each sub-feature are then aggregated to the feature level based on our view of the relative value of the sub-feature to the pathway investors ranging from Poor to Excellent.

The GAA will then consider the value represented by the cost and charges which pathway investors bear. The assessment of cost and charges is primarily driven by the level of ongoing charges for investment management, administration, and any platform fees. The GAA also considers the underlying transaction costs incurred by the funds invested in and how they are controlled, and any additional costs the pathway investors have to pay in managing their policies. The costs and charges are also rated on a scale from Low to High. This rating takes into account information available to the GAA on general levels of costs and charges for Investment Pathways providers in the marketplace.

The scores for each feature are then combined using the weightings set out in the table in the Executive Summary to determine an Overall Value for Money rating. The weightings used are based on the GAAs views of the relative importance to the pathway investors of each feature. The weightings are tilted towards the features which have been identified in the regulations relevant to forming this assessment of value. Where possible, we have taken into account the likely needs and expectations of this group of pathway investors.

In the sections on the following pages, we have described the Firm's approach to delivering each of the features, and the rating the GAA has awarded, together with any areas for improvement we have identified.

In addition, there is a section setting out the GAA's views on the adequacy and quality of the Firm's policies on [ESG](#) financial considerations, non-financial considerations, and stewardship. Whilst this is a largely qualitative assessment the GAA has considered the Firm's policies in comparison to others the GAA has knowledge of.

A comparative assessment of the Firm's Investment Pathways product has also been made of the net investment performance, quality of communication, quality of the administration service including processing of core financial transactions, and costs and charges relative to a suitable comparator group of [pathway investment](#) providers. Comments on the outcome of these assessments are included in the sections for the relevant features. We have also considered whether, overall, an alternative provider would offer better Value for Money so that we can inform the Firm if we believe this to be the case. Details of how the comparator providers and pathway investment products were determined is set out in Appendix A.

1. Product strategy design and investment objectives

Value score: Excellent Good Satisfactory Poor

What are we looking for?

We expect to see an investment strategy that is designed and managed taking the characteristics of [pathway investors](#) into account, that there is clear rationale for the selection of each fund used to support the investment pathways, evidenced by appropriately defined risk ratings, and consideration of the investment time horizon and age profile of the pathway investors.

We want to see that all investment options have clear statements of aims and objectives – in particular that as well as qualitative objectives, there are quantitative objectives in place, that investment performance outcomes can objectively be measured against. Ideally, we would like to see evidence that these objectives link back to the needs of pathway investors.

We are also looking for evidence of a robust ongoing review process for the [pathway investment](#) options, and evidence that the Firm has taken steps to implement changes to the investment options, where appropriate, to ensure alignment with pathway investors' interests.

Whilst policies on [ESG](#) financial considerations and non-financial matters are considered separately on page 22, we expect to see evidence of how these matters are taken into account in the design of the investment pathways strategies and in investment decision making.

The Firm's approach

The Investment Pathways have been set up for non-advised customers taking drawdown. There were 8 customers using Investment Pathways during 2024. The investment options have been designed in line with the four financial objectives outlined by the FCA. Having reviewed the customer base, LV= believe the risk appetite of their customers is moderate to low, therefore the Pathways options are designed with regards to this belief.

Investment Pathway 1: (for customers who have no plans to touch their money in the next 5 years) takes into account the fact that individuals are likely to stay invested for the full five year duration and during that time the most important factors when aligning to the specific pathway outcomes are: a) ensuring their fund does not reduce in value. This could be as a result of too high exposure to equities that perform poorly, or too little exposure causing the value to stagnate; and b) over the five year period inflation will cause the value of the fund to be worth less than five years prior, and, as such, protecting against the impact of inflation is also important. The fund used is the L&G Multi Index Income 5 fund, which has the objective of providing a combination of income and growth within a pre-determined risk profile.

Investment Pathway 2: (for customers who plan to use their money to provide a fixed income in the next 5 years) takes into account the protection for individuals from potential loss that might occur from delaying the purchase of an [annuity](#). As such, the most important metric here is deemed to be reviewing the income potential: a) the balance of assets currently aligns to annuity compositions, however this fund not only needs to match an annuity purchase but will also need to ensure it beats inflation, so that the individual is not disadvantaged by delaying; b) delaying the purchase of an annuity can sometimes be advantageous due to age as well as unforeseen circumstances such as potential ill health, both leading to being able to obtain a higher income for the policyholder purchase price. The fund used is the Vanguard Lifestyle 40% equity fund, which seeks to hold investments that will pay out money and increase in value through a portfolio comprising approximately 40% shares and 60% bonds and other similar fixed income investments.

Investment Pathway 3: (for customers who plan to use their money to start taking a flexible income in the next 5 years) takes into account that individuals are likely to need to continue receiving an income for a significant duration. The most important factors when aligning to the specific pathway outcomes are: a) understanding the age at which funds are likely to run out. Depending on percentage taken each year there is likely to be significant emotional reaction to short term falls and as such it was important to include short term max 1 year loss; b) income sustainability metrics which measure the probability of the fund supporting the required income; c) as with Pathway 1, ensuring investors' funds do not reduce in value. This could be as a result of too high an exposure to equities that perform poorly, or too little exposure causing the value to stagnate; and d) over the five year period inflation could cause the value of the fund to be worth less than five years prior, as such measuring the impact of inflation is also important. The fund chosen was the LV= Balanced Index fund, which invests with the aim of achieving a benchmark allocation of 60% in the Vanguard FTSE Developed World Common Contractual Fund and 40% in the Vanguard Global Bond Index Fund.

Investment Pathway 4: (for customers who plan to take all their money as cash in the next 5 years) aims to provide a 'safe haven' for the fund but ensure that the fund value (less any income taken) is not depleted due to inflation. The most important factors when aligning to the specific pathway outcomes are: a) understanding and monitoring the impact of inflation; b) there may be emotional reaction to short-term falls and as such it was important to include short term max 1-year loss; this is less so compared to pathway 3 given the assumption that the income is not required as a primary source or an extended period of more than five years. The fund chosen was the L&G Short-dated Corporate Bond fund, which aims to provide a combination of growth and income by tracking the performance of the Markit iBoxx GBP Corporates 1-5 Index (this objective is after the deduction of charges and taxation).

Pathways investment options are monitored by the Firm's investment governance committee on a quarterly basis to ensure they remain appropriate. Thresholds are defined within the risk metric parameters that are defined within the objectives and any of the risk metrics falling outside of the acceptable thresholds are followed up with the fund managers by a representative of the investment governance committee in order to find the cause and/or adapt the parameters to better suited ones.

LV= have outlined a number of risk metrics for each of the Pathways, which they will be assessed against. During 2024 a fixed return benchmark has been determined for each of the four options and has been communicated to investors, and LV= also has market-related metrics with regards to fund performance and return objectives which it monitors as part of the quarterly review process.

The Firm's strengths

There has been detailed analysis and thought put into designing the risk metrics for each pathway. In designing the Pathway products, the Firm had conducted extensive risk modelling of each of the pathways and had developed metrics which are calculated on an ongoing basis and objectives are compared against. Reports on the funds, which are provided by Moody's and FE Analytics, help the monitoring process, and are used within the review process at the Retail Investment Forum.

Improvements since last year

Last year the GAA observed that it would expect to see continued progress on the integration of ESG financial considerations within the investment options within LV= Investment Pathways, appreciating that this is an evolving area. The Firm has a responsible investment policy and is working towards being able to demonstrate the impact the funds used for pathways have on the environment

and their social impacts. ESG factors were considered in the review of Pathways 1 and 3 during 2024, the outcome of which was to keep the underlying funds for each pathway unchanged.

In last year's report, the GAA challenged the Firm to consider what information is disclosed to investors to ensure they are invested in the most appropriate pathway, and to explicitly set out the investment return target performance objectives within the objectives that are outlined in the fact sheets for each pathway option. The GAA is pleased to confirm that the Fund Factsheets for each option have been re-designed to make it easier for investors to understand the objective of each pathway, and why the investment fund has been chosen for that pathway. A fixed target return has been determined for each pathway option and stated in the factsheets to ensure that investors can now view the performance objectives easily.

Areas for improvement

GAA observations

The GAA is repeating its observation that it would expect to see continued progress on the integration of ESG financial considerations within the investment options for pathways. The GAA notes that the Firm is carrying out a strategic review of its entire pension proposition in 2025 and intends to include pathways strategies in that review.



2. Investment performance and risk

Value score: Excellent Good Satisfactory Poor

What are we looking for?

We would expect to see a robust governance framework under which investment performance is monitored on a regular basis. Performance should be measured against investment objectives, including against a measurable and stated benchmark. Performance should be net of fees. In addition to the stated benchmark, comparison risk adjusted returns should also be considered.

Where there are any concerns over investment performance, we expect to see evidence of appropriate action being taken, which may include engagement with investment managers and/or implementing changes to fund options. We also expect to see evidence that the strategies are effective and take into account the pathway investors' attitudes to risk.

The Firm's approach

Quarterly performance reviews are undertaken. The review is made against the benchmark and the returns are monitored separately on a quarterly basis by the Retail Investment Forum. Detailed monthly reports are provided by Moody Risk Analytics.

Where there is underperformance of a fund for four consecutive quarters, a review of the fund will be escalated with the Firm for action.

Any changes identified in investor behaviour during the quarterly fund performance review will be managed within the investment governance team and tracked at the Retail Investment Forum on a monthly basis. There is also an Annual Risk Assessment and Product Review undertaken at regular intervals.

The Firm's strengths

The Firm has a robust process in place for the quarterly review of investment performance, alongside its other pension products. The performance of each pathway option is reviewed against its peer group for performance, volatility and deviation from objective/sector. Funds that trigger set parameters are monitored more closely and if poor performance continues are subject to a deep-dive investigation.

Improvements since last year

Last year the GAA challenged the Firm to assess performance against a clearer benchmark or composite comparator rather than relative to ABI / peer group average. During 2024, the Firm has worked with their Chief Investment Officer to set specific nominal investment return targets that it believes are appropriate for each fund, and these are quoted on the pathways factsheets.

Net investment performance

The net investment performance of the investment pathways strategies over 12 months to 31 December 2024 and, where available, the performance of the benchmarks against which those funds are measured by the Asset Manager are set out in the following table.

Investment Pathway	Net Investment Performance	Target return	Performance of comparator fund selected by LV=
1	8.3%	4.0%	9.8%
2	6.4%	3.0%	11.1%
3	12.8%	5.0%	5.7%
4	5.1%	1.5%	3.2%

Comparator results

We have assessed how the net investment performance provided to the Firm's pathway investors compares to other sufficiently similar investment pathways arrangements. This takes account of both the nature of the provider and the performance of the investments being offered relative to an appropriate benchmark.

This assessment identified that the one year net investment performance when considered against the comparator group for each investment pathway solution is as set out in the table below.

Investment Pathway	
1	Below average
2	Average
3	Above average
4	Average

Areas for improvement

GAA observations

The GAA is pleased to see the introduction of specific investment return targets, which are clearly communicated to investors, alongside the peer group analysis of performance that continues to be carried out. The Firm should consider whether the peer group analysis could be refined to ensure the best possible comparators for the Pathways funds are used.



3. Communication

Value score: Excellent Good Satisfactory Poor

What are we looking for?

As a minimum we expect communications to be fit for purpose, clear and engaging and to be tailored to take into account pathway investors' characteristics, needs and objectives.

We would expect to see a comprehensive suite of communications in place suitable for pathway investors, and which enable them to choose the relevant investment pathways.

In a high quality communication service offering we would expect a substantial online offering, with a range of online support materials such as online drawdown modellers to enable personalised calculations with various selectable options. We would expect telephone support to be available, with good evidence of telephone scripts, call monitoring and staff training.

Additionally, we would expect pathway investors to be able to switch investment pathways online and to have support available if they wish to leave or switch from their current investment pathway. In particular, we would expect there to be appropriate risk warnings built into the process.

We would expect the provider to ensure there is clear signposting to pathway investors on where they can obtain additional guidance and advice on their drawdown and retirement options.

The Firm's approach

Customers can speak to a Retirement Operations Specialist to discuss the most appropriate options available to them. Written communications are then sent to the member with details of their options, the decisions to be made and fact sheets for fund information.

The GAA were provided with example copies of written communications from LV=. They contain appropriate risk warnings and there is signposting to appropriate guidance from MoneyHelper.

Factsheets are available online and there is an online portal available for customers to view their fund value, switch between pathways, request new drawdown or update the amount of income they are taking.

A retirement advice service is provided to customers who enter drawdown on a non-advised basis, free of charge. An adviser has a free format telephone consultation with the customer to talk through what their plans are for their retirement; their appetite to risk; the Investment Pathway funds objectives and risks associated with them to help them decide where their remaining pension fund should be invested. 90% of LV= plans have an independent financial adviser actively advising them, including those that move into drawdown on a non-advised basis; if it is thought that a customer is really not sure following the consultation, the customer is recommended to contact their own adviser.

The Firm's strengths

The GAA believe the telephone service with the trained Retirement Operations Specialist (ROS) is a good service based on member feedback received via their customer experience and ROS teams.

A customer portal is also available, which allows customers to view the value of their fund, review the investment holdings, change their funds for investment, update their address or bank details, request new drawdown or update the amount of income they are taking. The usage of this portal has increased significantly since last year.

The Firm uses software which tracks the review of all their documentation. It enables compliance, risk, marketing, customer experience and the technical teams to review documents, make changes or add comments when documents are being reviewed. This software also enables the Firm to keep track of when documents need to come up for review so that they are reviewed on a periodic basis (but at least annually).

Improvements since last year

Last year the GAA challenged the Firm to implement additional support for pathway customers as they begin to approach their five year anniversary and complete this in advance of the first customer reaching their five year anniversary. The Firm has worked with its Customer Experience team to consider the best approach to contact the small number of pathway customers, and will be ratifying the proposed approach through its Retail Investment Forum. We will report on progress of this in our 2025 review.

During 2024 the Firm has continued to develop the online portal available to customers, and customers can now watch their investments to another pathways option online.

Comparator results

We have assessed how the communication materials provided to the Firm's [pathway investors](#) compare to other sufficiently similar investment pathways arrangements. This takes account of the nature of the provider.

This assessment identified that the communication materials provided to the Firm's policyholders over 2024 were average, i.e. relative to the comparator group.

Areas for improvement

GAA challenges

The GAA reiterates its challenge from last year for the Firm to implement additional support for pathway customers as they begin to approach their five year anniversary and complete this in advance of the first customer reaching their five year anniversary.



4. Firm governance

Value score:

Excellent

Good

Satisfactory

Poor

What are we looking for?

We would expect to see a comprehensive governance structure in place where, for example, Terms of Reference are provided for key committees, reviewed on a regular basis, with clearly defined scope. We would expect to see evidence of the key committees operating during the year with minutes or meeting packs demonstrating that the key scope elements of the committee remit have been adequately covered.

There should be a transparent and documented process for appointing and monitoring service providers, with evidence of regular reviews being undertaken and changes being made as required.

The Firm's approach

LV= undertake a full due diligence review and in-depth interviews on any prospective investment company before bringing them onto their panel. A due diligence review is then carried out every other year for all appointed fund managers, of the fund managers, the total fund charges, and the annual growth rate. There are quarterly reviews of performance of the Investment Pathways.

The Retail Investment Forum and Wealth Proposition Forum meet monthly, and are attended by a number of senior members of the Firm. Terms of reference for supporting committees, such as the Monthly Retail Investment Forum, are available online. Anyone providing a service to LV=, including the Administration and IT service providers, has to undergo a full due diligence review before entering a contract with the Firm. The service being provided will dictate how often the contract is reviewed and how often a review of the service provider occurs. We have reviewed the Firm's Third Party Management Policy, which was updated in November 2024 and is subject to annual review.

In January 2024 Katherine Carnegie was appointed as Chief Commercial Officer in a permanent role, having been seconded to the role following Clive Bolton's departure towards the end of 2023. Gary Beyer was appointed as the new Protection Proposition Director. Whilst these appointments have not directly impacted Investment Pathways or their investors, they have added further stability to the management of the company.

Areas for improvement

The GAA did not identify any specific areas for improvement.



5. Security of policyholder benefits

Value score:



Excellent



Good



Satisfactory



Poor

What are we looking for?

We expect to see that the Firm is in a sound financial position with sufficient capital backing to enable it to continue to operate for the foreseeable future.

We also look for information about how the assets are protected, for example in the event of fraud or bankruptcy, at both the Firm and investment manager level. For example, this could relate to FSCS or other regulatory protections, ringfencing or the structure of the underlying product.

We are looking for evidence that the Firm has processes in place for protecting policyholder assets against fraud and scams and for Firms to be actively monitoring for possible scamming activity.

The Firm's approach

The Firm and both of the investment managers used for Pathways are registered with the FCA and are covered under the Financial Services Compensation Scheme (FSCS). As the Pathways investment is a unit linked plan, held as a contract of insurance, it is protected up to a maximum of 100% with no upper limit.

The assets of the unit-linked funds are ring fenced from other financial assets of LV= in order to protect policyholder investments.

Good processes are in place to protect customers from scams, with communications alerting customers to risks. Receiving companies that are not on an approved list undergo a rigorous review by the Firm's financial crime team before any funds are released. A comprehensive training programme for the Firm's staff is in place.

The Firm's strengths

LV= have been assessed with a B+ (very strong) rating from AKG and a BBB (stable) rating from Standard and Poor's. In 2024 LV= reported profit before tax of £51 million and operating capital generation of £55 million under Solvency II. This allowed the Firm to maintain its capital coverage ratio at 192%.

Areas for improvement

The GAA did not identify any specific areas for improvement.

6. Administration and operations

Value score:

Excellent

Good

Satisfactory

Poor

What are we looking for?

We expect Firms to have robust administration processes in place with appropriate service standard agreements and regular monitoring and reporting around adherence to those service standards. In particular, we are seeking evidence that **core financial transactions** are processed promptly and accurately, such as processing drawdown payments, transfers processing and death benefit payments.

We look for evidence of regular internal and external assurance audits on controls and administration processes. In particular, we are looking for a robust risk control framework around the security of IT systems, data protection and cyber-security. We would expect to see evidence that cyber-security is considered as a key risk by the Firm's relevant risk governance committee and that appropriate monitoring, staff training and penetration testing is put in place.

We expect Firms to have a comprehensive business continuity plan and evidence of its effectiveness through appropriate testing or in maintaining continuity of business.

We would expect to see a low level of substantive complaints and demonstration of a clear process for resolving complaints.

The Firm's approach

LLV= provided information on core transactions for transfers and payments to members which included external investment instructions, for which the Service Level Agreements (SLA) achieved were lower than the target. LV= confirmed there is no member detriment when the internal 5 working-day target is not achieved as they process the work based on the transaction cost of the required date, with the Firm making good any detriment.

There are no Investment Pathways specific SLAs available, owing to the small number of Pathways customers and the fact that none of those members completed transactions during the year. However, SLAs across the wider book of business show that 49% of drawdown PCLS payments are processed inside the SLA (2023: 56%) and 48% of transfer out requests (2023: 58%). Whilst members may not suffer detriment (see previous paragraph) these are below the level the GAA would expect.

The Firm noted that their Customer Experience team monitor performance weekly against key SLA's with a focus on areas where there may present any customer harm. During the first half of 2024, some of the key processes where automation was utilised (for example, payment of tax free cash) were subject to performance issues. The Customer Experience team worked closely with their IT colleagues to resolve these challenges which resulted in an improved picture during the second half of the year and a far more stable and consistent level of service was delivered to customers.

The GAA will review whether this has continued into 2025 in next year's report.

Annual penetration and additional testing focused on important business systems is carried out. In terms of cyber security, employees have mandatory annual training, with additional breach and penetration testing undertaken on a regular basis.

The Business Continuity Plan is tested by an annual 'dummy run'.

There were no customer complaints in respect of the Investment Pathways.

LV= have control reports in place, which help to identify any instances where process improvements are required. Complaints data is also reviewed to identify any trends and analyse the root cause.

Tasks are quality controlled and within that an individual will be given a percentage of the amount of work completed right first time. Only experienced processers who have demonstrated that they can perform to a high level of accuracy will quality control work.

LV= set a 90% KPI for this 'right first time' metric, and an individual will not increase in the competency level until they can demonstrate that they can achieve this 90% competency on a consistent basis.

The Firm's strengths

LV= have a dedicated team in Hitchin, who handle all of its personal pension processes. To build robustness into its service levels, LV= have focussed on developing their online portal for customers, which during 2024 now also allows fund switches to be carried out online, and utilised robotics for repeat processes.

Comparator results

We have assessed how the quality and timeliness of the administration services, including core transaction processing, provided to the Firm's [pathway investors](#) compare to other sufficiently similar investment pathway arrangements.

This assessment identified that the administration services provided to the Firm's policyholders over 2024 were below average, i.e. relative to the comparator group.

Areas for improvement

GAA challenges

The GAA has challenged the Firm again to improve their Service Level Agreements for processing core financial transactions across the LV= customer base. Whilst we acknowledge that current pathway customers are not being affected, if there is an increase in the number of pathway investors we cannot be confident that they would receive a good service.

7. Engagement, innovation and improvements for policyholder experience

Value score: Excellent Good Satisfactory Poor

What are we looking for?

We expect to see evidence that the investment pathways product is reviewed on a regular cycle of not more than every three years, with new product features or service innovations being launched when appropriate and in line with relevant improvements being made to other similar products offered by the Firm. We expect these changes to have been developed taking into account pathway investors' characteristics, needs and objectives, including direct feedback from pathway investors.

We are looking for evidence of regular, proactive engagement with pathway investors to obtain feedback and for this feedback to be taken into account when reviewing the product offering.

The Firm's approach

The Firm undertakes a product review at least every five years, with the last Pathways review in 2023.

In 2024, LV= continued to develop its member portal, with investors now able to switch their investments online and a web chat functionality launched to increase the number of ways the customers can get in contact with Firm. Other portal developments were also made, but these will not benefit the Pathways customers. LV= removed

any monies held on the client bank account from the annual management charge calculation, reducing the amount customers have to pay.

Robotic processing is used by the customer experience team and the Firm are continuing to look at ways to improve operational efficiencies.

The Firm's strengths

LV= has proactively tried to make improvements on available options within their customer experience and Retirement Operation Service teams as well as introducing more automated administration capabilities.

Improvements since last year

Last year the GAA observed that the Firm should consider how to develop its proactive engagement with policy holders in order to obtain broader feedback on its product, for example through the use of policyholder surveys. In 2024 the Firm carried out a survey of all of its non-advised drawdown customers from the last 12 months, which included its Pathways customers, to better understand and gain insight into customer behaviour. The response rate was positive, and the resulting data provided rich insight into the process for customers and their knowledge of pathways.

Areas for improvement

The GAA did not identify any specific areas for improvement.

8. Cost and charge levels

Value score: Low Moderately Low Moderately High High

What are we looking for?

The GAA has considered the overall level of charges borne by pathway investors over the year. This included assessing:

- | the annual fund management and administration charges being borne by [pathway investors](#);
- | the [transaction costs](#) incurred by the underlying investment funds, which reduce the investment return experienced by pathway investors;
- | any other charges being paid by pathway investors to manage, access and invest their drawdown funds;
- | the Firm’s process for collecting and monitoring overall member charges, including transaction costs;

We expect fund management charges to be comparable to charges for similar investment products in the wider pensions market after considering the active or passive nature of the investment and the type of assets involved. We take into account where the majority of relevant pathway investors’ assets are invested.

In looking at transaction costs we also consider the overall level of volatility in the markets, recognising that in highly volatile markets transaction costs may increase.

We assess whether the overall level of administration charges are reasonable, bearing in mind the types of services provided to pathway investors.

Whilst we have considered the average total costs and charges payable by pathway investors we have noted where there may be significant outliers such as high charges for small pots.

The Firm’s approach

LV= undergoes a total charge review for their entire insured fund range twice a year.

All of the insured funds may include a charge of up to 0.05% for the Firm’s own investment governance costs (which is included in the AMCs). An Ongoing Adviser Charge of 0.05% to 1.0% applies to a Pathway customer who has been placed in the Pathway fund at the recommendation of their adviser, but these charges are outside of the control of LV=.

The Firm's strengths

The costs of a customer referral to their Retirement Option Service team are entirely borne by the Firm, and the charges for using the Moody's analytical services and the costs associated with this GAA report are not passed on to pathways customers.

Customer charges are reviewed twice a year by LV= and compared against its natural competitors. There are no additional charges, other than those described above, borne by members.

The GAA was provided with comprehensive details of pathway investor charges including transaction costs calculated on the DC workplace methodology.

The GAA was provided with evidence of a robust governance framework for reviewing costs and charges, including transaction costs.

We observed a range of charges across the investment pathways offered with the average charge applied being as follows (excluding the advisor charge, which are outside of the scope of the GAA review):

Investment Pathway	
1	0.26%
2	0.24%
3	0.12%
4	0.16%

The GAA rating reflects the charges applied for the investment pathways made available by the Firm, and we believe that the Firm offers appropriate charges to pathway investors. The GAA considers the charges to be low.

Comparator results

We have assessed the overall cost and charge levels payable by the Firm's pathway investors in comparison to other sufficiently similar investment pathways arrangements. This takes account of the nature of the provider and each investment pathway solution.

This assessment identified that the overall cost and charge level paid by the Firm's policyholders over 2024 were below average, i.e. relative to the comparator group.

Areas for improvement

GAA observations

The Firm should ensure that policyholders understand the adviser charges that apply.

ESG financial considerations, non-financial matters and stewardship

What are we looking for?

Where the Firm has an investment strategy or makes investment decisions which could have a material impact on pathway investors' investment returns, the GAA will assess the adequacy and quality of the Firm's policy in relation to [ESG](#) financial considerations, non-financial matters and stewardship. The GAA will consider how these are taken into account in the Firm's investment strategy and investment decision making. We will also form a view on the adequacy and quality of the Firm's policy in relation to stewardship.

We expect the Firm's policy in relation to these considerations:

- a) sufficiently characterises the relevant risks or opportunities;
- b) seeks to appropriately mitigate those risks and take advantage of those opportunities;
- c) is appropriate in the context of the expected duration of the investment; and
- d) is appropriate in the context of the main characteristics of the actual or expected pathway investors.

We also expect that the Firm's processes have been designed to properly take into account the risks or opportunities presented. Where ESG considerations have been delegated to external investment managers we expect the Firm to have a suitable oversight and stewardship process in place.

Whilst this formal requirement falls outside the overall Value for Money assessment, the GAA's Value for Money framework does take into account, where relevant, when scoring the area of Product Strategy Design and Investment Objectives on page 8, how the Firm has integrated ESG financial considerations and non-financial matters in the Firm's investment strategy and investment decision making.

The Firm's approach

LV= have a Responsible Investing Framework, which covers Investment Philosophy, Corporate Strategy, Implementation and Monitoring.

The ESG scores for each fund underlying the investment pathway solutions will be reviewed on an ongoing basis, although this was not considered at inception of the investment pathway solutions. The ESG rating by Morningstar given for each of funds underlying the investment pathway solutions are looked at and assessed as part of the review process and provided to the GAA.

LV= have stated that in future ESG will become even a larger and more integral part of the review of the Investment Pathways solutions as well as subsequent fund selections from these reviews. Aside from their Responsible Investment Policy, LV= have stated that the two fund managers (Vanguard and LGIM) are committed to their ESG approach including non-financial matters and stewardships by giving the descriptions and details of these policies.

The Firm's strengths

As an independent mutual and with profit policy holders, LV= has a responsible investing policy which can play an active part in the decisions the Firm makes. The Firm states that it prides itself on its community and volunteering activities such as working with Surfers Against Sewage, Brownsea Island and local rangers in Exeter and Hitchin to conduct natural habitat preservation work. LV= support accredited projects like Amazon rainforest deforestation prevention and wildlife sanctuary preservation, and offsets its emissions by 110%.

Areas for improvement

The GAA did not identify any specific areas for improvement, beyond the Observation made in section 'Product Strategy Design and Investment Objectives'.

Appendix A: Approach to comparisons

The FCA requires that a comparative assessment be made of certain sub-features of the Value for Money assessment. The GAA is required to compare the Firm's offering against a selected group of other similar product options available in the market based on publicly available information. If an alternative scheme(s) would offer better value, we must inform the pension provider.

ZEDRA's GAA operates for a number of Firms, all of whom have agreed that the GAA can make use of the data we have gathered on their offerings to carry out the required comparisons this year. This is done on an anonymised basis.

How the comparators were selected

The GAA has selected a number of comparator products that we determined are sufficiently similar products to those provided by the Firm for this purpose. The selection was based on the following broad criteria:

- | Type of product i.e. whether accumulation or pathways, and within accumulation whether the product is a SIPP or workplace group personal pension.
- | Products where Firms provide similar services, for example, whether the provider has responsibility for setting and monitoring the investment strategy.

Based on these criteria we believe that the comparator products chosen will provide a reasonable comparison for the [pathway investors](#) of the Firm.

Comparison of net investment performance

We have assessed how the net of fees investment performance provided to the Firm's pathway investors compares to other Investment Pathways arrangements. This takes into account the performance of the investments being offered. Where multiple investment funds are made available, we have taken into account the amount invested by relevant pathway investors in each fund.

Comparison of communication provided to pathway investors

We have assessed how the full range of communication materials, including any websites and modelling tools, provided to the relevant pathway investors compared to other sufficiently similar investment pathways arrangements. This takes account of the type of pension product provided, and whether the communication materials are fit for purpose considering the age profile of the relevant pathway investors.

Comparison of administration services

We have assessed how the quality and timeliness of the administration services, including core transaction processing, provided to the Firm's pathway investors compares to other sufficiently similar investment pathway arrangements.

Comparison of costs and charges

We have undertaken the comparison of cost and charge levels considering three categories of charges:

| [Annual management charge](#)

| [Transaction costs](#)

| Other costs and charges

We have assessed the overall cost and charge levels payable by the Firm's pathway investors in comparison to other sufficiently similar investment pathways arrangements. This takes account of the nature of the provider.



Appendix B: GAA activities and regulatory matters

This section describes the work that the GAA has done over the year and also covers the other matters which we are required to include in our annual report.

GAA engagement and actions this year

We prepared and issued a request for data on all the relevant workplace pension policies in early 2025.

Members of the GAA met with representatives of the Firm to kick off the Value for Money assessment process for the 2024 calendar year and to discuss and agree timescales.

We subsequently had a meeting with representatives of the Firm to discuss the information that had been provided in response to the data request. This was an opportunity for members of the GAA to meet key personnel with responsibility in the various different areas including investment strategy and how this has evolved, investment governance, approach to [ESG](#), non-financial matters and stewardship, administration and communications and risk management.

We discussed the GAA's provisional scoring of Value for Money of the Firm's in-scope [pathway investment](#).

As part of the Value for Money assessment process, the Firm has provided the GAA with all the information that we requested, including evidence in the form of minutes and other documentation to support areas of discussion at the site visit.

Over the last year the GAA reviewed our Value for Money assessment framework and scoring methodology to ensure this continued to be suitable and can be applied consistently. Whilst the Value for Money assessment framework itself remains largely unchanged from the previous year, work was undertaken to improve the data request to make the overall process more efficient.

The GAA documents all formal meetings with the Firm and maintains a log which captures any concerns raised by the GAA with the Firm, whether informally or as formal escalations.

The key dates are:

Item	Date
Issue data request	23/01/2025
Kick off meeting	03/02/2025
Site visit	07/04/2025
GAA panel review meeting	22/05/2025
Discuss provisional scoring	29/05/2025

The arrangements put in place for pathway investors' representation

The following arrangements have been put in place to ensure that the views of pathway investors can be directly represented to the GAA:

- | The role of the GAA and the opportunity for pathway investors to make representations direct to the GAA has been and will continue to be communicated to pathway investors via www.lv.com/pensions-retirement/investment-pathways.
- | The Firm will receive and filter all pathway investor communications, to ensure that this channel is not being used for individual complaints and queries rather than more general representations which may be applicable to more than one pathway investor or group of pathway investors. Where the Firm determines that a communication from a pathway investor is a representation to the GAA, it will be passed on in full and without editing or comment for the GAA to consider.

In addition, the GAA has established a dedicated inbox at zgl.gaacontact@zedra.com so that pathway investors can make representation to the GAA directly. The Firm has included details of this contact e-mail address on www.lv.com/pensions-retirement/investment-pathways.

Appendix C: ZEDRA GAA credentials

In February 2015 the Financial Conduct Authority (FCA) set out new rules for providers operating workplace personal pension plans (called [relevant schemes](#)) to take effect from 6 April 2015. From that date, providers had to have set up an Independent Governance Committee or appointed a Governance Advisory Arrangement whose principal functions is to:

- | Act solely in the interests of the [relevant policyholders](#) of those pension plans, and to
- | Assess the “value for money” delivered by the pension plans to those relevant policyholders.

These requirements were then extended to Firms providing investment pathways from 1 February 2021.

The FCA rules require that the Chair of each Independent Governance Committee and Governance Advisory Arrangement produce an annual report setting out a number of prescribed matters.

The ZEDRA Governance Advisory Arrangement (“the GAA”) was established on 6 April 2015 and has been appointed by a number of workplace personal pension providers and investment pathways providers. ZEDRA is a specialist provider of independent governance services primarily to UK pension arrangements. Amongst other appointments we act as an independent trustee on several hundred trust-based pension schemes and we sit on a number of IGCs. More information on ZEDRA can be found at as www.zedra.com/GAA

The members of the ZEDRA GAA are appointed by the Board of ZEDRA Governance Ltd. The Board is satisfied that individually and collectively the members of the GAA have sufficient expertise, experience, and independence to act in the

interests of relevant policyholders and [pathway investors](#).

The Board of ZEDRA Governance Ltd has appointed ZEDRA Governance Ltd to the GAA. The majority of ZEDRA Governance Ltd’s Client Directors act as representatives of ZEDRA Governance Ltd on the GAA.

The Board of ZEDRA Governance Ltd has also appointed Dean Wetton, acting on behalf of Dean Wetton Advisory UK Ltd, to the GAA. Dean Wetton and Dean Wetton Advisory UK Ltd are independent of ZEDRA.

The Board of ZEDRA Governance Ltd has appointed either a specific named Client Director of ZEDRA Governance Ltd or Dean Wetton of Dean Wetton Advisory Ltd to act in the capacity of Chair of the GAA in respect of each Firm.

More information on each of ZEDRA’s Client Directors, their experience and qualifications can be found at www.zedra.com/people

Information on Information on Dean’s experience and qualifications can be found at <https://deanwettonadvisory.com/>

The GAA has put in place a conflicts of interest register and maintains a conflicts of interest policy with the objective of ensuring that any potential conflicts of interest are managed effectively so they do not affect the ability of ZEDRA Governance Ltd or Dean Wetton Advisory Ltd to represent the interests of relevant policyholders or pathway investors.

The terms of reference for the GAA agreed with the Firm can be found at: www.lv.com/pensions-retirement/investment-pathways

Appendix D: Glossary

Please note that some of the terms referred to in this glossary may not be applicable to your product.

Active management

The investment of funds where the skill of the fund manager is used to select particular assets at particular times, with the aim of achieving higher than average growth for the assets in question.

Annual management charge (AMC)

A deduction made by the pension provider or investment manager from invested assets, normally as a percentage of the assets. The AMC is generally how the pension provider or investment manager is paid for their services.

Annuity

A series of payments, which may be subject to increases, made at stated intervals, usually for life. If the annuity is “joint life”, it will continue to a spouse (usually at a lower rate) after the death of the original person receiving the payments (“the annuitant”).

COBS

The Conduct of Business Sourcebook prepared by the Financial Conduct Authority (FCA). In particular when we use COBS in this report we are referring to Chapter 19 of the COBS which sets out the provisions relevant to the Value for Money Assessment of workplace pensions.

Core financial transactions

The essential processes of putting money into a pension policy or taking it out, namely:

- | Investment of contributions
- | Implementation of re-direction of future contributions to a different fund
- | Investment switches for existing funds, including life-styling processes
- | Settlement of benefits – whether arising from transfer out, death or retirement.

Decumulation

The process of converting pension savings to retirement income.

Environmental, social and governance (ESG)

These are the three main factors looked at when assessing the sustainability (including the impact of climate change) and ethical impact of a company or business. ESG factors are expected to influence the future financial performance of the company and therefore have an impact on the expected risk and return of the pension fund investment in that company.

Flexible access

This refers to accessing pension savings in the form of income and/or lump sums. Pension savings that are not being accessed immediately will generally remain invested.

Life-styling

an automated process of switching investment strategy as a policyholder approaches retirement, in a way that is designed to reduce the risk of a policyholder's retirement income falling.

Net investment performance

the investment performance of the fund after deducting all asset management charges, administration charges, taxes and fees for managing the fund including any transaction costs.

Pathway investor

A retail client investing in a Firm's pathway investment offering.

Pathway investment

A drawdown fund which is either a capped drawdown pension fund or a flexi-access drawdown pension fund.

Relevant policyholder

A member of a Relevant Scheme who is or has been a worker entitled to have contributions paid by or on behalf of his employer in respect of that Relevant Scheme.

Relevant Scheme

A personal pension scheme or stakeholder pension scheme for which direct payment arrangements are, or have been, in place, and under which contributions have been paid for two or more employees of the same employer.

Transaction costs

A combination of explicit and implicit costs included within the price at which a transaction (i.e. buying or selling an asset) takes place.

With Profits

An insurance contract that participates in the profits of an insurance company. The insurance company aims to distribute part of its profits to with-profits policy holders in the form of bonuses.

Unit-Linked

A type of investment where the investments of a number of people are pooled together and divided into units of equal value. The value, or price, of each unit depends on the value of the assets of the unit linked fund. The unit price determines the number of units the policyholder receives when they invest money in the fund, and the sum they receive when they sell their units.



Appendix E: Data table

Pathway investors	Number of customers during 2024	Assets under management as at 31/12/24
Pathway 1	2	£303,300
Pathway 2	2	£173,186
Pathway 3	4	£247,834
Pathway 4	1	£48
Total	8*	£724,368

* One policyholder is invested in two Pathway options.



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