TRUST|Pensions™

Adviser Guide

For more information, please visit www.trustpensions.org.uk

TRUST|Pensions is a multi-employer pension scheme and is part of the Corporate Pensions Trust.

For Advisers

Introduction

New laws to encourage saving mean that by 2018, all employers need to automatically enrol many of their workers into a workplace pension scheme if they are not already in one. Other workers will need to be enrolled if they request it. In 2014 alone, some 38,000 employers and 5.3 million workers will be automatically enrolled into a company pension scheme, many for the first time.

Trust Pensions is part of the Corporate Pensions Trust master trust, that has been designed specifically for auto-enrolment, to help employers comply with the new laws on automatic enrolment in a straightforward way and at low cost.

Our scheme has been built around the government's new guidelines for workplace pensions, aiming to deliver 'best practice' investment and administration. Like NEST, the government-backed scheme, we use highly governed age-based funds that simplify the savings journey for members, so that investments remain suitable on an on-going basis. Unlike NEST, there are no restrictions on contributions, transfers in and transfers out.

- We have also designed the resources to help the many thousands of employers and workers who will be enrolling into a pension.
- We make it easy for you to sign up employers once you have all the information to hand.
- We also use an entirely online and hassle-free administration system to improve communication and keep costs down.

We've designed the scheme to help you to help employers. We believe that employers will not only need help signing up and setting up their new pension scheme, but they will continue to consult their advisers about their workplace pension in the long term. The adviser edition of our **App** (available) gives you the toolkit you need to offer a value added service to your client.

Contents

A new opportunity

Workplace pensions are changing the market

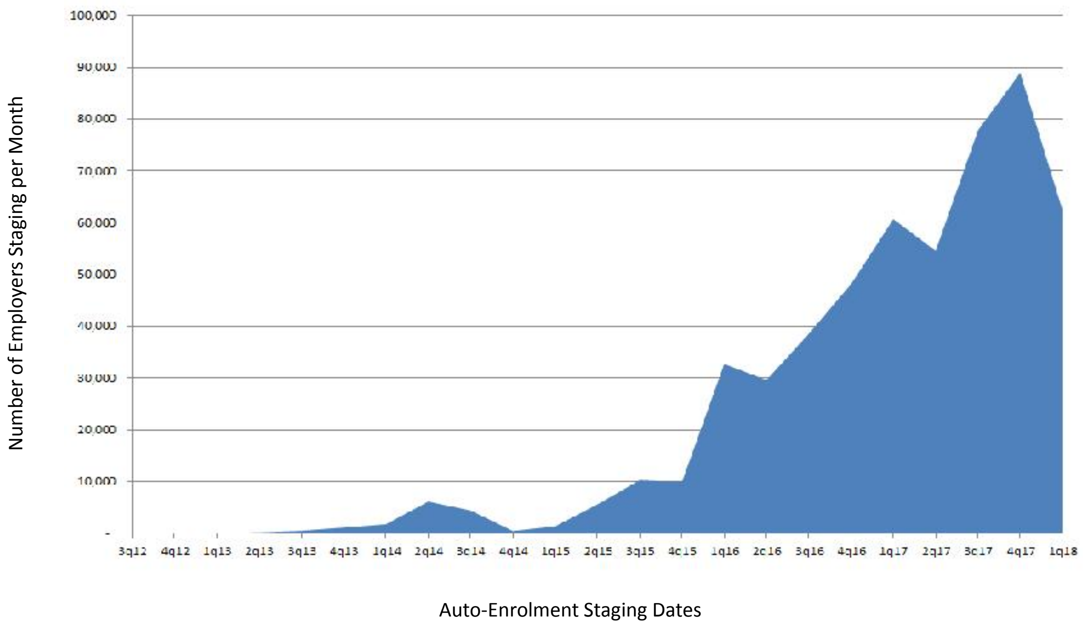
The pensions market is changing. While historically workplace pension provision was for the few, new rules based on years of preparatory work mean that workplace schemes are now for almost everyone.

This means that all employers will need to review their corporate pension arrangements, and by 2018, all UK employers – some 1.6 million firms - will have to have a pension scheme in place. This will increase the number of workers affected by the legislation, rising from about 10 million to about 30 million - almost the entire working population.

Advisers have a key role to play in helping employers comply with the new rules to avoid punitive fines, and provide the on-going support as regards the governance around the scheme selected by the employer.

The winding down of the Defined Benefits market together with the workplace pension reforms means that the Defined Contribution market is expected to grow from £275.00 billion in 2012 to £1.20 trillion by 2020, according to the Pensions Institute.

This represents a genuine business opportunity for intermediaries.



What are employers' legal obligations?

Employers will have to automatically enrol and make minimum contributions to workers who:

- Are not already in a workplace pension scheme
- Are aged 22 or over
- Are under State Pension age
- Earn more than the 'earnings trigger' in a given tax year (this figure may change each April, for current levels, see appendix) and who work, or usually work, in the UK.

The Pensions Regulator calls workers who meet the above conditions **'eligible jobholders'**. Employers also need to enrol the following workers if they ask them to:

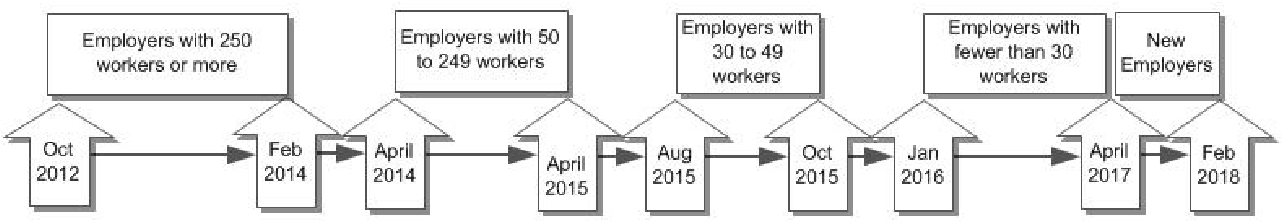
- Workers who are under 22, are State Pension age or over, or earn less than the earnings trigger but over the lower level of qualifying earnings within a tax year (see appendix), called 'non-eligible jobholders'.
- Workers who earn less than the lower level of qualifying earnings within a tax year (see appendix), called '**entitled workers**'.

Employers need to make contributions for non-eligible jobholders as well and can choose to make contributions for 'entitled workers', but don't have to.

Employers have to perform the following duties to set up and maintain an auto-enrolment compliant scheme, for example:

- Assess their workforce
- Review their pension arrangements
- Communicate the changes to all workers according to a statutory timeline based on their staging date
- Select a qualifying scheme, with good outcomes, that is suitable for their workforce
- Register with The Pensions Regulator and keep records
- Calculate and pay contributions to workers' pensions
- Review their scheme in the long term

The new law is being introduced in stages: the date by which employers need to have a scheme in place and be ready to auto-enrol their workers is based on the number of workers that were on their payroll on 1 April 2012.



How can you help?

The complicated nature of the legislation means that employers will turn to advisers to help them comply with their new duties as well as help after their ‘staging date’ that has been set by the government. This is the date by when their scheme has to be registered as active and they can start making contributions for the workers.

Employers may need your help in some or all of the following areas to ensure they are ready to use the scheme:

Initial consultation

Advisers may want to help employers prepare for auto-enrolment by providing:

- Help with understanding the new rules
- Reviewing any existing arrangements they may have
- Checking their staging date, and creating an action plan
- Explaining how a scheme is in line with the guidance from the DWP and TPR with regards to investment options and default funds
- Explaining which workers need to be enrolled, and the relevant timelines

A sample initial consultation check-list can be provided to advisers, on request.

Set up

Advisers may want to help employers by:

- Explaining to workers what’s happening and why, and what their options are
- Reviewing employers’ payroll systems to ensure they are ready to make contributions
- Establishing the need (or not) for an auto-enrolment compliance hub that can calculate contributions, issue statutory communications to workers and manage worker opt ins to, and opt outs of, the scheme
- Deciding on the earnings basis for contribution rates
- Collecting sufficient information using our questionnaire, for the creation of an employer-specific deed of participation to enable the employer to join the scheme

The Sign-Up Now tool can be used by advisers (with an employer’s permission) to assist with the set-up of the scheme.

On-going

Once an employer is participating in the scheme, their duties don’t stop there, and nor does your support. Employers may need help:

- Processing and submitting contributions
- Enrolling new workers, managing opt ins and opt outs and re-enrolling workers every three years
- Helping workers who are transferring other pensions into or out of the scheme
- Helping workers who are taking their money out at retirement
- Checking that all contributions have been paid
- Helping employers liaise with The Pensions Regulator

- Reviewing the governance of the scheme
- Updating employers on the performance of the investment options

The Real-time Auto-Enrolment (RAE) tool can be used by advisers (with employers' permission) to assist with the on-going maintenance of the scheme. A sample Governance Template can be provided to advisers on request.

Worker assistance

Workers can allow advisers to help them manage their online account, by naming someone, for example an adviser, who can log in for them and help them to:

- Enter and update personal contact details
- Start, stop and adjust their personal contribution levels
- Make one-off contributions on the member's behalf
- Use any other functions that the worker permits

The Member Access Portal (MAP) tool can be used by advisers (with workers' permission) to assist with these functions.

NOTE: Assisting workers with these functions does not constitute financial advice. Advising on a transfer, or advising on investments outside of the scheme, *does* constitute financial advice, and advisers who have the qualifications, regulatory permissions and authorisation to do so, should contract with workers individually.

Delegated Access

Employers can delegate access for advisers to manage some or all of their responsibilities outlined above. This should be clearly agreed and recorded on the Governance Template.

Members can delegate access for advisers to assist them with their choices within the scheme.

Fees

Advisers have a key role to play in supporting employers and ensuring workers get the best possible outcomes from their participation in the scheme. Because of rules on consultancy charging, we cannot and do not allow any deductions from contributions or members' retirement pots to pay for any services that you agree with your client.

Trust Pensions

Pension schemes have previously been the preserve of large employers and employees with higher incomes. Small- and medium-sized employers will need to set up a workplace pension scheme for the first time and many of them will have limited resources and will need your help.

Trust Pensions has been set up for Auto-Enrolment: it has been specifically designed to represent ‘best practice’ in the context of automatic enrolment in line with The Department for Work and Pensions and The Pensions Regulator’s guidance. This means that you can recommend the scheme with confidence that comes from knowing that your clients can comply with their legal obligations.

We've specially created the tools and resources to help you to help employers. The scheme administration has straight-forward online, paperless processing designed to offer scale and help employers meet their staging date.

You can sign up employers online using a dedicated employer web-portal Sign Up Now, **SUN**. When you have all of the relevant information from your client to hand, you fill in an online form which creates a **Deed of Participation.** Employers sign this confirming that they will adhere to the rules of the scheme, and send the document to us in the post.

- Set-Up: Using the optional Auto-Enrolment Compliance Hub and dedicated employer web portal, **Real-time Auto-Enrolment (RAE)** you can manage:
- Employer contributions
- Upload employer data
- Send statutory communications to their workers according to a set timeline
- Update worker records
- View previous reports
- Address any queries you may have, to a dedicated help desk

You can use the advisers' edition of the scheme **App**, designed and approved to give a value added service to employers. This is available via a special licence.

Delegated Access

Employers can delegate access to their trusted adviser when they sign-up online. You can use the Employer Access Portal and Real-time Auto-Enrolment hub to manage their account for them.

Long-term opportunities: Your governance service

When employers review their workplace pension arrangements, they will want to return to the adviser who helped them comply. Our dedicated adviser **App** is available to approved advisers via special licence. It gives you all the tools to hand, that you need to assess whether the default option meets the particular employer requirements, and offers a value added service to your client. We provide proprietary and third-party materials as provided by leading independent consultants:

- Investment Philosophy
- Investment Principles
- Target Group
- Assessing Suitability

- Dynamic Asset Allocation
- Intermediary FAQs
- Technical FAQs
- Manager Due Diligence
- Performance Analysis
- Peer Group Analysis
- Strategic Asset Allocation Review
- Glidepath Analysis
- Fund Risk Profiling
- Standard Projection
- Outcome-based Projection
- Benchmarks

Advanced Estimation Tool

There is an Advanced Estimation Tool available for advisers through the scheme **App** and web portals.

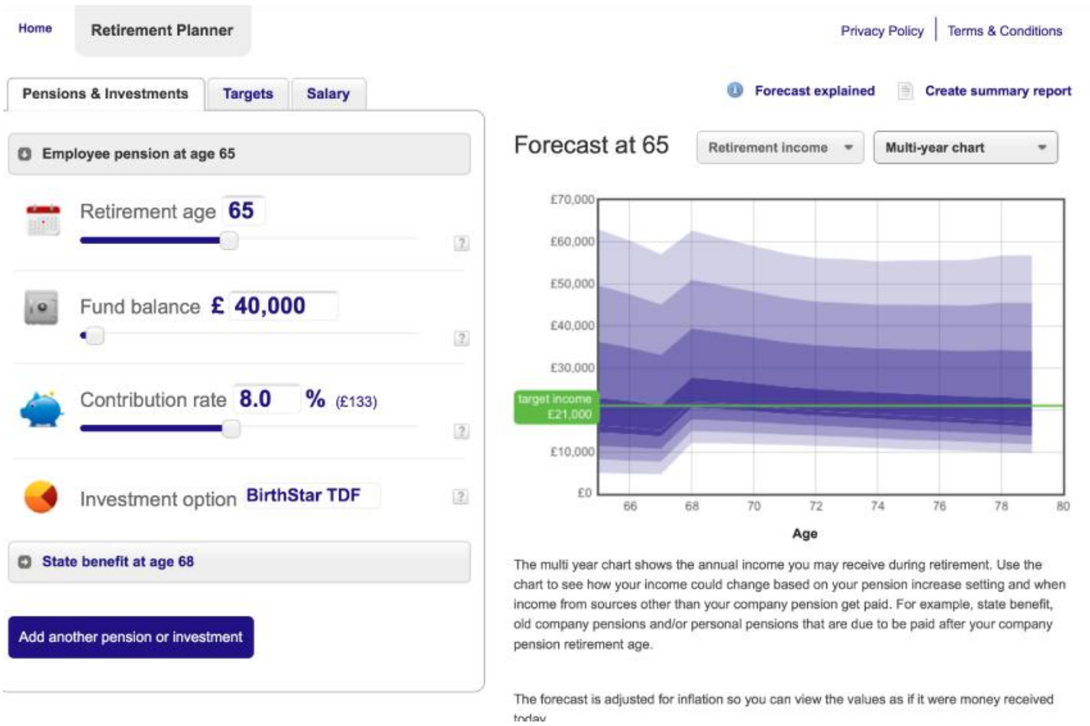
The Advanced Estimation Tool shows projections of the likelihood of the individual or the average workforce meeting a 70% income replacement ratio including the State Pension. The member outcomes (income replacement ratio to 5th, 50th and 95th percentiles probabilities) are modelled using Economic Scenario Generator and Monte Carlo simulations.

You can compare the estimated member outcome for savers invested in:

- BirthStar® default fund
- Other investment strategies

It allows the adviser to input variables such as:

- Size of current pot
- Income
- Contribution rates
- Retirement date



Using the scheme

The scheme is completely flexible and can be used as an employer's sole pension scheme or alongside an existing or different scheme.

Sole scheme: Employers can use the scheme for all of their workers.

Dual schemes: Employers can use our scheme alongside an existing scheme. For example, it can be used just to enrol new workers.

You may find it more convenient to manage and serve your employer clients efficiently by suggesting they use one scheme for auto-enrolment.

Who runs the scheme?

'The emergence of master trusts is one example with the potential to offer scale coupled with independent governance.'

Source: OFT, Defined Contribution workplace pension market study.

The scheme is a multi-employer master trust designed from the outset to achieve the highest standards of governance and independence, as informed by The Department for Work and Pensions and The Pensions Regulator's guidance and OFT recommendations.

Bridge Trustees

The scheme is run by a board of independent professional trustees called Bridge Trustees Limited, a 100% owned subsidiary of Eversheds, a large global law firm. It is the responsibility of the Trustees to manage the Trust in the best interests of the members.

Governance Committee

The scheme has a Governance Committee to represent the members and has oversight of, but not responsibility for, Trustee decisions. .

Investment Managers

Default Investment Option: BirthStar®

BirthStar® funds were developed specifically for auto-enrolment, are managed by AllianceBernstein and have been selected by the Trustees as the default investment option. For more information, see *www.birthstarfunds.co.uk*.

More on AllianceBernstein

AllianceBernstein is a global asset manager, and pensions specialist. AllianceBernstein has been managing target date strategies for the institutional pensions market since 2005 in the US, and since 2009 in the UK. For more information, see *www.abdc.com/uk*.

Self-select Investment Option: Architas Multi Asset Passive Funds

A range of risk-profiled Multi Asset Passive Funds, managed by Architas, has been selected by the Trustees as the self-select option.

More on Architas

Architas was formed in 2008 to provide investment solutions that aim to meet the varying needs of today's investor. Architas is part of the global AXA Group, a worldwide leader in financial services with over 160,000 employees worldwide. For more information, see *www.architas-mm.com.*

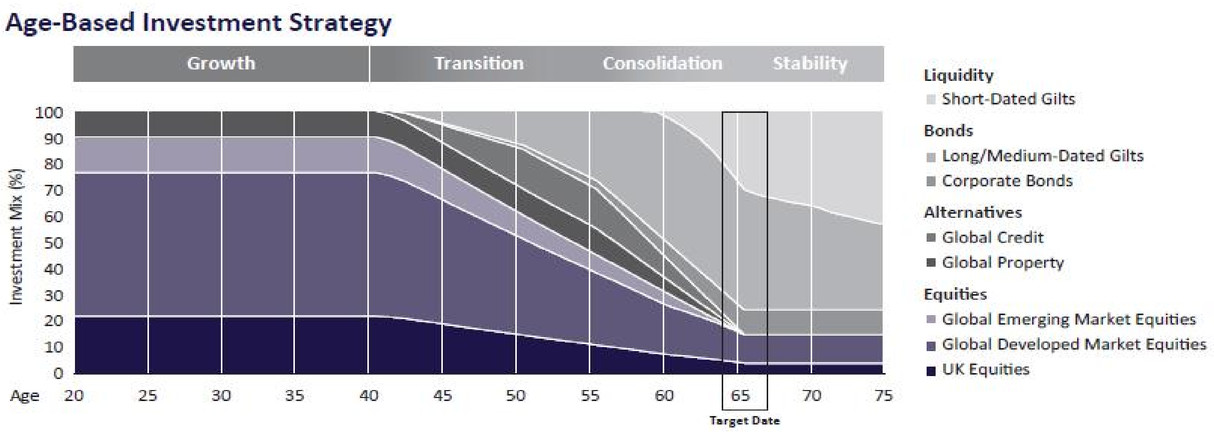
Do it For Me investment option

Target Date Funds

Target Date Funds are particularly suited as pensions defaults in which members do not actively engage with their retirement savings. If savers delegate investment responsibility to the default managers, they expect it to be professionally and carefully managed.

The in-built risk management that TDFs provide makes them particularly attractive as a default fund in a context where savers may be reluctant to engage with their savings choices.

- A Target Date Fund is a fund that is managed towards a specific year at which the asset allocation of the funds reaches its most conservative point.
- Instead of switching investments through a series or risk-targeted funds as they get older, a Target Date Fund does this for you within the fund itself. It has an asset allocation whose objectives evolve with time as the fund gets closer to its target date.
- TDFs can be viewed as age-based funds whose asset allocation typically start with a 'growth' objective when far from the target date (for younger savers), move through a 'transition' objective (for mid-life savers), and end up with a 'consolidation/stability' objective at the target (for older savers).
- BirthStar® Target Date funds are managed by AllianceBernstein, a leading developer and manager of target date strategies for the UK pensions market.
- BirthStar® funds are intuitive age-based funds labelled by year of birth and expected 'target date'.



Dynamic asset allocation

Dynamically-managed TDFs, such as those provided by BirthStar® and NEST, offer a higher level of fiduciary care than traditional lifestyle strategies. NEST's decision to use a dynamically-managed Target Date Fund as the default for the national pension scheme has set the standard of what a good default fund should look like.

Target Date Funds that use Dynamic Asset Allocation make short-term tactical changes to the strategic asset allocation based on prevailing market conditions.

- This is done with the aim of supplementing the more long-term strategic positions either by taking short-term opportunities or by providing additional downside protection.
- This should help narrow the dispersion of possible returns, thereby improving consistency of outcome which is one of the key criteria of The Department for Work and Pensions' (DWP) Default Option guidance.

Regulatory guidance for default investments

We have designed our investment approach around The Department for Work and Pensions and The Pensions Regulator's guidance to improve outcomes for savers in qualifying defined contribution schemes. You can find the guidelines at:

- The Pensions Regulator *www.thepensionsregulator.gov.uk*.
- The Department for Work and Pensions, Guidance for offering a default option for defined contribution and automatic enrolment pension schemes. *https://www.gov.uk/government/publications/guidance-for-offering-a-default-option-for-defined-contribution-automatic-enrolment-pension-schemes--2*
- The Investment Governance Group, Principles for investment governance of work-based DC pension schemes. *http://www.thepensionsregulator.gov.uk/about-us/principles-igg-dc.aspx*

The Pensions Regulator's guidelines for Defined Contribution schemes default option:	Trust Pensions
The scheme's Default Option should be designed with the likely membership profile in mind.	The investment strategy has been designed to be generally suitable for most savers and optimised for the average earner. Please see the report *BirthStar®: Our Target Group* which sets out the earnings characteristics of the Target Group for whom our proposed fund range is suitable.
The Default option should have a high-level objective, which explains in broad terms what the Default Option aims to do and the strategy it will use in order to achieve this aim. This should be reflected by its name.	The high-level objective is to offer a default fund that remains suitable to a typical investor in our target group over time and even in the context of inertia. To indicate suitability, the funds are labelled by year of birth of our typical investor, and their expected target date (typically retirement, assumed to be 65 years of age).
The overall objective should cover a simple description of how the investment strategy will manage risk, including what it aims to achieve for member outcomes.	The Fund's investment objective is to achieve long-term capital growth in real terms, net of fees for investors planning to withdraw substantial portions of their investment in or after the Target Date. The Fund's investment strategy aims to achieve a balance between the potential for growth and the management of risk by using an appropriate and diversified strategic asset allocation that becomes increasingly conservatiTve towards the Target Date. Tactical asset allocation decisions within set ranges can be made with the intention of improving consistency of outcomes in the face of changing economic and market conditions.
The Default Option should, as far as is reasonable, take account of the likely characteristics and needs of employees who will be automatically enrolled into it.	By using Target Date Funds to deliver the BirthStar® default solution, this is inherent to their design. For example, a BirthStar® 1970 (Target Date 2035) fund will be managed appropriately for someone who in 2014 is aged 44, and whose target date (retirement at age 65) is 2035. The asset allocation will therefore be appropriate for the investor who is twenty-one years away from retirement.

Do It Myself investment option

Architas Risk Preference Funds:

The self-select option includes risk-profiled Multi Asset Passive funds managed by Architas, a leading developer and manager of multi-asset strategies.

The Architas Risk Profiled Funds are managed in a way that aims to manage the amount of risk you are exposed to. The portfolios are constructed in accordance with risk target levels that the fund must not exceed or fall below. The fund manager selects investments in a way that, when all the underlying funds are combined, the overall portfolio remains within its targeted risk band.

Each fund is allocated a risk target or profile which acts as a guide to how much risk you may be exposed to by investing in that fund. The lower risk profile funds are less risky than the higher risk profile funds. Generally the more risk you are willing to take the greater the opportunity for a higher return on your investment. However this also means there is a greater opportunity for loss. There are no guarantees and you may get back less than the amount you originally invested.

Passive management is a style of investing that aims to match or track the performance of a market index as closely as possible by holding in the fund assets in similar proportions to the index or, alternatively, by selecting a limited sample of the assets which may behave similarly to the index. As such, passive investment strategies do not rely on the views of a fund manager to determine where they invest. Passive investment strategies tend to have lower costs than actively managed funds.

Strategy	Investment Strategy	MBD*
Architas MA Passive Reserve Fund	Aims to achieve medium to long term total returns with low volatility through exposure to a diversified range of asset classes	0.97%
Architas MA Passive Moderate Fund	Aims to achieve medium to long term total returns with a below median volatility by investing in a diversified range of asset classes	0.97%
Architas MA Passive Intermediate Fund	Aims to achieve medium to long term total returns with a median volatility by investing in a diversified range of asset classes	0.97%
Architas MA Passive Progressive Fund	Aims to achieve medium to long term total returns with an above median volatility by investing in a diversified range of asset classes	0.97%

Strategy	Investment Strategy	MBD*
Architas MA Passive Growth Fund	Aims to achieve medium to long term total returns with moderately high volatility through exposure to a diversified range of asset classes	0.97%
Architas MA Passive Dynamic Fund	Aims to achieve medium to long term total returns with high volatility through exposure to a diversified range of asset classes	0.97%

*MBD means Member Borne Deductions and includes investment total expense ratio and scheme administration costs

Sharia Fund

The fund provides an investment approach for members who want an investment approach based on Islamic principles and judged to meet Sharia standards. It invests entirely in global equities and therefore carries a higher level of investment risk than our other fund options.

HSBC Life Amanah Pension Fund passively tracks the Dow Jones Islamic 100 index, a global equity index compromised of companies that comply with Sharia principles.

The Member Borne Deductions (MBD) includes all investment and administration costs is 0.75%.

Ethical Fund

The fund provides an investment approach that invests in companies which meet globally-recognised corporate responsibility standards including the impact that companies have on areas such as human rights, fair labour practices and the environment.

The ethical fund is not a target date fund and is not lifestyled, so members need to monitor their investments as they approach retirement. It is also invested predominantly in global equities and therefore carries a higher rate than our other fund options.

Legal & General (PMC) Ethical Global Equity Index Fund seeks to track the sterling total returns of the FTSE4Good Global Equity Index (including re-invested income, less withholding tax) to within +/- 0.5% per annum for two years in three.

The Member Borne Deductions (MBD) includes all investment and administration costs is 0.75%.

Value for Money

Total Costs

We believe the scheme represents good value for members. Member charges for the default option are 0.75% per annum of Member Borne Deductions (MBD) each year to cover investment and administration of their pot.

Charges for pension schemes vary depending on the investment and administration costs of the scheme. We measure costs in terms of Member Borne Deductions (MBD) which includes investment Total Expense Ratio (TER) and scheme Total Cost of Administration (TCA). The MBD of the default investment options is 0.75%.

How our charges compare

The DWP has set a price cap for schemes used for automatic enrolment at 0.75% MBD This scheme's charges are in line with this cap and with the National Association of Pension Funds (NAPF) Pension Quality Mark.

Value for members

We consider this scheme to be good value for money given the extent of fiduciary oversight of the scheme's governance. We believe that the expected cost of investments is directly related to the investment design and to the degree of fiduciary control over the asset allocation, in terms of:

- The asset allocation strategy, whether it is static with no tactical overlay or dynamically managed with a strategic tactical overlay
- How that asset allocation is implemented using either passive, active or management components

Academic research suggests that asset allocation is the main determinant in the variability of long-run returns. Hence, dynamically-managed default strategies offer a greater degree of fiduciary oversight that more than compensates for the slight additional cost relative to traditional lifestyle approaches where asset allocation risk is not managed, in our view.

Low cost for employers

Employers can choose to use the Trust Pensions Automatic Enrolment compliance hub that manages member information, contributions and communications. This service is provided to employers by the administrators of the scheme and is a tried and tested process that helps employers comply with their duties in a time-efficient and cost-effective way.

There are rules that protect members from indirectly paying for employers' obligations, so there is a an additional charge per member for this optional service per worker/employee per year.

Taking money out

Helping members get the most out of their retirement pot is an important part of the adviser’s role. This is especially true with the move from Defined Benefit (final salary) to Defined Contribution schemes.

Many people are confused about what to do with their savings at retirement so they ask their employer. You will be able to offer members advice if they want it so it’s straight-forward for their employer. We send communications to members at least six months in advance of their retirement, before we expect them to take their money out of the scheme.

- We set out the options available for taking their retirement income
- We give details of where they can obtain further advice

The information members receive on retirement helps them to decide on the retirement income that is most suitable for them based on their circumstances. We ask members to consider:

- What other sources of retirement income they might have, for example, personal pensions or the State Pension
- Whether they have a spouse or partner that is financially dependent on them
- The length of time they’re likely to spend in retirement.

Members taking their money out of the scheme can use our annuity broking service which is provided free of charge. We also encourage members to shop around for an annuity and explore the Open Market Option to get the best deal that they can.

Appendix

Allowances referenced in the guide for current and next tax year.

	2014/15	2015/16
Qualifying earnings bands and earnings trigger for automatic enrolment **(annual basis)**	Lower level: £5,772 Earnings trigger: £10,000 Upper level: £41,865	Lower level: £5,824 Earnings trigger: £10,000 Upper level: £42,385
Annual allowance	£40,000	£40,000
Trivial commutation	Pension pot value below £10,000 per pot, or £30,000 across all pots.	Pension pot value below £10,000 per pot, or £30,000 across all pots.
Lifetime allowance	£1.25m	£1.0m

For further information, please refer to:

http://www.thepensionsregulator.gov.uk/employers/automatic-enrolment-earnings-threshold.aspx

Find Out More

To find out more about pensions and saving for retirement, you can go to:
www.gov.uk/workplacepensions

If you have any queries, need more information or want to make a complaint about the Scheme, please e-mail:

Employers:
contact@trustpensions.org.uk
Members:
contact@trustpensions.org.uk

OR contact the Trustees at the address below:
TRUST|Pensions
PO Box 128
Swanley
Kent
BR8 9BJ

Pensions Advisory Service

The Pensions Advisory Service (TPAS) is available to help members and beneficiaries with any pensions query they may have, or any difficulty they've failed to resolve with the Scheme.

You can find more about The Pensions Advisory Service at:
www.pensionsadvisoryservice.org.uk

Pensions Ombudsman

If you're still not satisfied once your complaint has been taken through our internal dispute resolution procedure and raised with TPAS, you can take your case to the Pensions Ombudsman. The Pensions Ombudsman investigates complaints about how pension schemes are run. The service is free and open to people who have a complaint against those responsible for the running or administration of pension schemes.

You can find more about the Pensions Ombudsman at:
www.pensions-ombudsman.org.uk

The Pensions Regulator

The Pensions Regulator (TPR) is the UK regulator of work-based pension schemes. It works with trustees, employers, pension specialists and business advisers to protect members' benefits and encourage high standards in running pension schemes. TPR is able to intervene in the running of schemes where trustees, providers or employers have failed in their duties.

You can find more about The Pensions Regulator at:
www.thepensionsregulator.gov.uk

Pension Scheme Details

TRUST|Pensions is part of the Corporate Pensions Trust, a multi-employer defined contribution only master trust, Pension Scheme Tax Reference 00805962RF.