



# Quality Statement

For more information, please visit [www.trustpensions.org.uk](http://www.trustpensions.org.uk)

# Selecting a good quality pension scheme for automatic enrolment

## Questions you can ask a provider

As an employer you will want to make sure you are doing the best for your employees now and in the future. We know that you'll think carefully about which scheme you'll use for automatic enrolment. Here are the answers to questions that The Pensions Regulator suggest you ask a provider, as published in their guide for employers *Selecting a good quality pension scheme for automatic enrolment* <http://www.thepensionsregulator.gov.uk/selecting-a-pension>.

If you have any other queries, please do get in touch.

## Scheme simplicity

**Is the setup and structure of your scheme easy to understand?**

The Trust Pensions is part of the Corporate Pensions Trust, ("the scheme") a workplace

pension scheme with an independent Trustee that is designed to meet the needs of most people. It is designed for many different employers who want to use the same 'master-trust' scheme for automatic enrolment. Employers can use it as their sole pension scheme or alongside other pension schemes.

It is a Defined Contribution only scheme: the amount in an individual member's pot at retirement is based on how much has been paid in and how well the investments have performed.

**Will the people that provide and run your scheme ensure that workers' interests are protected even if they do not regularly make active decisions about their pension savings?**

The scheme's Trustee is an independent trustee company called Bridge Trustees Limited, a 100% owned subsidiary of Eversheds LLP, a large global law firm. It is the statutory duty of the Trustee to manage the Trust in the best interests of its members at all times.

The scheme has been designed from the outset to achieve the highest standards of governance and independence, as informed by the Department for Work and Pensions (DWP), The Pensions Regulator's guidance and Office of Fair Trading (OFT) recommendations.

The master trust structure means even small employers can benefit from high standards of governance. This means members have the comfort of knowing there is an independent body overseeing decisions on crucial issues such as charges, investment strategy and administration. Of equal importance is the fact that within master trusts, all members are treated equally regardless of whether they are active or deferred members.

The scheme has a Governance Committee to represent the best interests of the members

and has oversight of, but not responsibility for, Trustee decisions.

For further information please write to the Trustee (all contacts details are in the 'Find Out More' section).

## Investment options

### What measures will you use to ensure that the default investment strategy is appropriate now and in the future?

Unless members instruct us otherwise, the Trustee invests their money into BirthStar® age-based funds. We offer an age-based BirthStar® plan for every year of birth, labelled by members' year of birth. Unless members tell us differently, we will assume they take their money out of the scheme on or around their 65<sup>th</sup> birthday, but we will continue to manage their retirement pot until they have to take their money out age 74.

Whether members are approaching retirement or are a long way from it, we have a BirthStar® plan that is suitable for their age.

For example, if they were born in 1970, they're automatically invested into a BirthStar® 1970 plan that has been designed to grow and manage the retirement pot for people their age, with an expected retirement age of 65 with a target date of 2035. If they want to specify a different expected retirement date, they can choose a different BirthStar® plan using the Investment Options form.

Each BirthStar® plan is managed according to the stage of life of the members in it. If members are older, for example five years from expected retirement, we will manage their money in one particular way, making sure it's ready for them to take it out. If they are younger, for example thirty years from retirement, we will manage their money

differently, focusing on growing it as much as possible.

### How many investment options are available to members? Are all of these options designed with a specific type of worker in mind?

The **Do it For Me** investment option (default investment strategy) has been designed for the average earner and to be suitable for most savers. For workers with a different risk preference, the scheme offers six multi-asset passive funds, labelled by risk preference and a Sharia Fund and Ethical Fund.

Full information is available on the Investment Option form.

### How are the investment options available to your members appropriate to their needs?

The **Do It For Me** option, (the default investment strategy) has been designed for automatic enrolment, to be generally suitable for most savers and optimised for the average earner.

We expect that typically 80% of automatically-enrolled employees will select the **Do It For Me** option, rather than manage their own investments. The aim is that the **Do It For Me** option is appropriate and affordable, and is exemplary of The Department for Work and Pensions' guidance on default option design. (See The Department for Work and Pensions, *Guidance for offering a default option for defined contribution automatic enrolment pension schemes*, May 2011).

There are different investment options for members who have different preferences on how to manage their money. Full information is on the Investment Option form.

## Managing investments

### Who is responsible for monitoring the performance of the default investment strategy? And what will happen if any issues are discovered?

The Trustee monitors the performance of the **Do It For Me** option, BirthStar® funds (the default investment strategy), through quarterly updates and formal annual reviews. Every three years, the Trustee will undergo a full review of the design, performance and suitability of the **Do It For Me** option (the default funds) and its investment strategy.

The Trustee will also check the **Do It For Me** option (default investment strategy) if there are any changes that effect whether the funds are suitable for members. For example:

- Change in the charging structure
- Consistent over-performance or under-performance of the underlying funds in the investment strategy, or of the strategy as a whole
- Significant changes in the member demographic
- Significant changes in the financial markets or economy
- Significant and relevant legislative changes

The Trustee has appointed Elston Consulting Limited ('Elston') as Investment Consultant to give investment advice to the Trustee on the scheme's available funds - this includes the **Do It for Me** investment option (the default strategy).

If any issues are discovered, such as the performance of the **Do It for Me** option (default strategy) failing to deliver 'Good Member Outcomes' and good 'Value for Money', this would be raised with the investment manager of the funds.

Furthermore, the scheme's Governance Committee oversees Trustee decisions. It is among the Committee's duties to consider how the investment options have performed; how the Trustee has responded to the formal investment reviews and how the range and style of investment options suit members' best interests.

### Who is responsible for monitoring the performance of the fund managers?

The Trustee to the scheme checks the performance of the fund managers. This is done through quarterly updates, and formal annual reviews.

The Trustee has appointed Elston Consulting Limited as Investment Consultant for the provision of investment advice to the Trustee of the Corporate Pensions Trust under section 36 of the Pensions Act 1995 and is responsible for the recommendation of investment managers within the scheme.

### How will you communicate investment options and information to members and what will you do to ensure that they are able to understand them?

Members are given information about the investment options on joining the scheme or on being automatically enrolled.

They can also find more out about the different investment options on the scheme website, using their online account at the Member Access Portal or using the Member and Employer App.

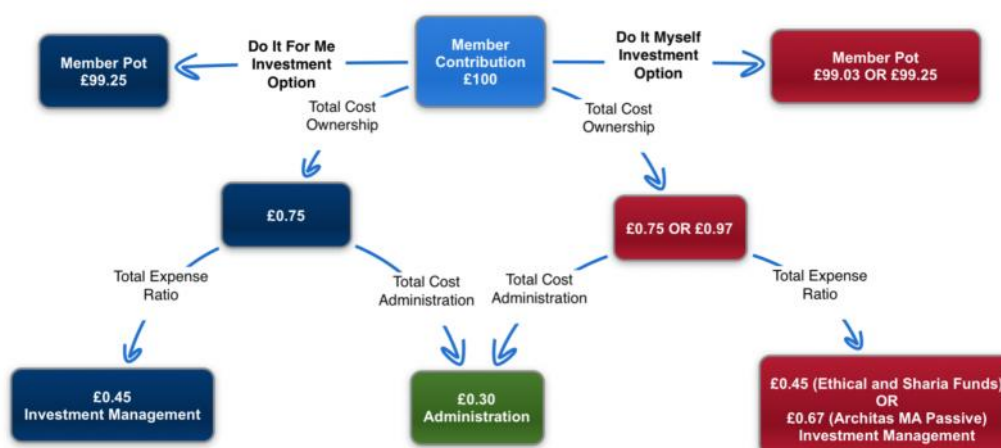
If members are invested in the **Do It For Me** option, BirthStar® age-based funds (the default option), the Fund factsheets and the Member and Employer **App** show members how their money will be invested differently now, and at their target date.

Members can also use the ‘Your Illustrator’ tool accessed via the Member online account, to see their estimated retirement income if they are invested in the BirthStar® **Do It For Me funds or other investment options**. Using the tool, members can input the current value of their pot, their income, the level of member/employer contributions and their retirement date to see the effect these factors have on their retirement income.

## Value for money

### What costs and charges will you take for running the scheme?

We believe the scheme represents good value for members. The **Do It For Me** option (the default strategy), BirthStar® **age-based funds**, total member charges are 0.75% Member Borne Deduction (MBD) of the value of their pension pots each year to cover **all** investment and administration costs. Of this, the cost for administration is 0.30% and the cost for investment is 0.45% TER (Total Expense Ratio).



Compared with other schemes, charges vary depending on administration costs and how the investments are managed. The structure of charges also varies from scheme to scheme. We consider our charges for the **Do It For Me** option (the default investment fund) to be good value for money and competitive considering the degree of oversight and management of members’ money.

- How will you review costs and charges to ensure they are still value for money?

The Trustee will check that the charges are suitable for the members, deliver ‘Value For Money’ and ‘Good Member Outcomes’ as part of the informal quarterly reviews and formal annual reviews. If there are any changes in the charges, the Trustee will review this.

For further information please write to the Trustee - contact details are in the **Find Out More** section at the end of this document.

**Will you present information about costs and charges in a way that allows you to compare them with other pension schemes?**

A breakdown of the charges is clearly explained to members. We quote the full charge each year to cover all investment and administration costs, the *Member Borne Deduction (MBD)*. Of this, we show the breakdown in the Total Cost of Administration (TCA) and the total cost for investment, the *Member Borne Deduction (MBD)*. This should make it easy for members to compare the charges with other schemes. (Please see the flowchart above).

**How will members know about the costs and charges in the scheme, and how will you communicate this information clearly?**

Members are given information about the scheme charges on joining the scheme or on being automatically enrolled. They can also find out the charges on the scheme website, on their online account at the Member Access Portal or on the Member and Employer App. A breakdown of the full costs and charges is shown clearly (please see the flowchart above), so members can see what they're paying for.

**The pension provider**

**Are the people making decisions about investments qualified to do so?**

The Trustee makes the investment decisions and the Trustee is an independent professional Trustee company, Bridge Trustees Limited.

The Trustee decisions are made after taking advice from the scheme's investment adviser Elston Consulting Limited. Elston is a specialist investment consultant appointed under the Pensions Act.

The Investment Managers for the different funds are:

**Do It For Me option** (default investment funds):

BirthStar® funds were developed specifically for auto-enrolment, are managed by AllianceBernstein and have been selected by the Trustee as the **Do It For Me** investment option. For more information, see [www.birthstarfunds.co.uk](http://www.birthstarfunds.co.uk).

AllianceBernstein is a global asset manager, with \$451 billion under management (as at end December 2013). AllianceBernstein has been managing target date strategies for the institutional pensions market since 2005 in the US, and since 2009 in the UK, where it has approximately £1 billion under management. For more information, see [www.abdc.com/uk](http://www.abdc.com/uk).

**Do It Myself options** (self-select investment funds):

Architas Multi Asset Passive Funds: A range of risk profiled Multi Asset Passive Funds, managed by Architas, has been selected by the Trustee as the **Do It Myself** investment option. For more information, please see [http://www.architasmm.com/information\\_centre/](http://www.architasmm.com/information_centre/)

Architas was formed in 2008 to provide investment solutions that aim to meet the varying needs of today's investor. Architas has £12.6 billion under management (as at end September 2013) and 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](http://www.architas-mm.com).

Ethical Fund Option: The Legal & General Group manage the Ethical Global Equity Index Fund. Established in 1836. Legal and General is one of the UK's leading financial services companies. As at 30 June 2013, they were responsible for investing £440 billion worldwide on behalf of investors, policyholders and shareholders. They also had over seven million customers in the UK for life assurance, pensions, investments and general insurance plans. For more information, see [www.legalandgeneral.com](http://www.legalandgeneral.com).

Sharia Fund Option: The HSBC Life Amanah Pension Fund is managed by HSBC Amanah, the dedicated Islamic services division of the HSBC Group. It has the global resources of the group at its disposal and the largest Islamic finance team of any international bank, enabling it to be uniquely positioned to understand, structure and distribute Shariah compliant products. For more information see [www.assetmanagement.hsbc.com](http://www.assetmanagement.hsbc.com).

**How will you ensure that the interests of scheme members are considered when making commercial decisions?**

The Trustee, who is responsible for the running of the scheme, has a statutory duty to take decisions in the best interests of all members at all times.

**Are decisions independently reviewed to ensure that you make them in members' interests?**

The Trustee of the scheme is an independent professional Trustee company, called Bridge Trustees Ltd. The scheme has a Governance Committee to represent the best interests of members. The committee has oversight of, but not responsibility for, Trustee decisions.

For further information please write to the Trustee - contact details are in the **Find Out More** section at the end of this document.

**What is your conflicts of interest policy?**

The Trustee has a documented conflicts of interest policy and records all conflicts of interest in a conflict of interests register. This is to ensure conflicts are identified, managed, monitored and that decisions are made in the best interests of members and without being compromised by any conflict of interest.

**Can your administration systems deliver an efficient service to my organisation and workers?**

The administrator of the scheme has been the subject of extensive due diligence on their capacity for processing the large number of employers setting up a pension scheme and enrolling their workers due to automatic enrolment. The administration systems are paperless, which help the administrators to deliver an efficient service to a large number of employers. There is a dedicated helpdesk for employers and members, to handle any queries or problems that they may have.

### **What compensation is available if anything goes wrong?**

Funds are held on AXA's institutional platform, the Corporate Trustee Investment Plan (CTIP). AXA Wealth will make the blended funds available to investors via an insurance contract under which the benefits payable are linked to the performance of the underlying funds and other assets. In the event of AXA Wealth Limited being unable to meet its obligations, compensation, subject to eligibility criteria and limits, may be available from the Financial Services Compensation Scheme.

<http://www.fscs.org.uk/>.

### **How often do you review records for accuracy?**

Administrator controls are in place to ensure the member data are complete and accurate. Data is subject to daily evaluation by the scheme administrators and quarterly reporting is provided to the Trustee.

The Trustee will monitor on an annual basis the quality of the data and for compliance with the Pension regulators guidance on data quality.

### **Who pays for any activities that replenish or update member details?**

Members can update their details using their secure online account, the Member Access Portal. Employers can also update employee details using their secure online account, the Employer Access Portal.

Members or Employers will not be charged any extra for this.

### **What is your complaints process and how do you communicate this to members?**

Members can find out how to complain in the **Find Out More** document that they are given on joining the scheme or on being automatically enrolled. They can also find out

how to complain on the scheme website, on their online account at the Member Access Portal or on the Member and Employer **App**.

In the first instance the member should contact the scheme administrator and in most cases the query or complaint can be resolved at this stage. If that is not the case then the scheme has a formal internal disputes resolution procedure where members can formally complain to the scheme and Trustee and receive a written response. The communication to members also provides details of the Pension Advisory Service, which provides free advice to members, and the Pension Ombudsman who will assess complaints should the member not be satisfied with the Trustee's response.

### **Can you demonstrate the financial stability of your organisation?**

The scheme's running costs are met from the Total Cost of Administration of 0.30%. Additionally, the Trustee maintains an unallocated reserve account, funded by payments from the employers, to cover the operating costs of the Trust and finally have recourse to the principal employer (sponsor) of the scheme, which is Corporate Pensions Limited.

### **Will your workers be protected if your organisation enters insolvency?**

The Trustee has a documented **Discontinuance Plan** which you can obtain from the Trustee - contact details are available on the **Find Out More** section at the end of this document.

This document describes the procedures in place and steps to be taken to ensure that business and commercial risks do not compromise the durability of the scheme. The procedures are to ensure that actions are taken to protect the interests of the membership in the event of the scheme:



- Winding up or closing
- Transferring ownership to another entity
- Employer becoming insolvent or unable to continue supporting the scheme, to pay contributions or to pay the administration fees

In the event of an organisation entering insolvency and being unable to support the Trust, the Trustee will utilise the reserve fund or, if insufficient, set aside assets to pay any expenses and then apply the assets to secure member benefits with an insurance company, to make transfer payments or winding up lumps sums to members in accordance with the rules of the scheme.

**What compensation is available if members suffer losses due to problems with the pension provider?**

The scheme has controls in place to ensure a high standard of controls and governance is in place to reduce the occurrence of the risk of loss to members.

If the loss is due to error of the service provider, then please refer to the section on service provider losses below.

If there are problems with the employers or scheme, the Trustee has a documented **Discontinuance Plan** which you can obtain by writing to the Trustee - contact details are available on the **Find Out More** section at the end of this document.

On wind up the Trustee will utilise the reserve fund or, if insufficient, set aside assets to pay the expenses of the trust and then apply the assets to secure member benefits with an insurance company, to make transfer payments or winding up lumps sums to members in accordance with the rules of the scheme.

**Are your workers and you protected from the effects of errors by your service providers?**

The Trustee checks that all advisers and third-party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received. This mitigates the risk of fraud, poor advice or acts of negligence.

The service providers report on a quarterly basis to the Trustee and service levels and performance are monitored.

The Trustee seeks to mitigate counterparty risk by predominantly using pooled investment funds (e.g. the purchase of an insurance policy or units in a pooled vehicle). Insured funds are covered by the Financial Services Compensation scheme (FSCS).

Additionally, each year the Trustee will receive details of each investment manager’s analysis of their counterparty risk.

**Who is in charge of ensuring that outsourced work is carried out properly?**

The Trustee appoints and reviews all third-party suppliers. Service level agreements and performance targets are agreed and monitored on a quarterly basis. A more formal review of providers is carried out at least every three years and more regularly should there be concerns over the level of service.

The Governance Committee and ultimately The Pensions Regulator has oversight over Trustee decisions.

**Communications**

**What clear and simple plans do you have to ensure that workers are able to take their savings when they retire – even if they retire earlier or later than expected?**

Members can choose to take their retirement income at any time from the age of 55. We assume that members take their money out of the scheme on or around their 65<sup>th</sup> birthday, but we will continue to manage their retirement pot until they have to take their money out age 74.

The **Do It for Me** option (default investment strategy) is BirthStar<sup>®</sup> age-based funds that manage members' money based on their age. For example, if they were born in 1970, they're automatically invested into a BirthStar<sup>®</sup> 1970 plan that has been designed to grow and manage the retirement pot for people their age, with an expected retirement age of 65 with a target date of 2035. If they want to specify a different expected retirement date, members can choose a different BirthStar<sup>®</sup> plan using the Investment Options form.

**How are members' options clearly communicated as they approach retirement?**

Members are informed of their options on retirement, and the different options they have for turning their retirement savings into an income. The 'Open Market Option' for shopping around for a retirement income is clearly signposted to members.

They are informed of their options for taking a retirement income on joining, when the investment strategy begins to de-risk and at repeated intervals from five years before they are due to retire.

The information is presented in an understandable way, without using jargon and with all financial terms explained.

**Do you provide any advice to members and is there any cost for this to the member?**

As they approach retirement, members will be sent details of where they can get advice and they are clearly advised how much this advice will cost.

# Find Out More

To find out more about pensions and saving for retirement, you can go to:

[www.gov.uk/workplacepensions](http://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](mailto:contact@trustpensions.org.uk)

Members:

[contact@trustpensions.org.uk](mailto: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](http://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](http://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](http://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.