

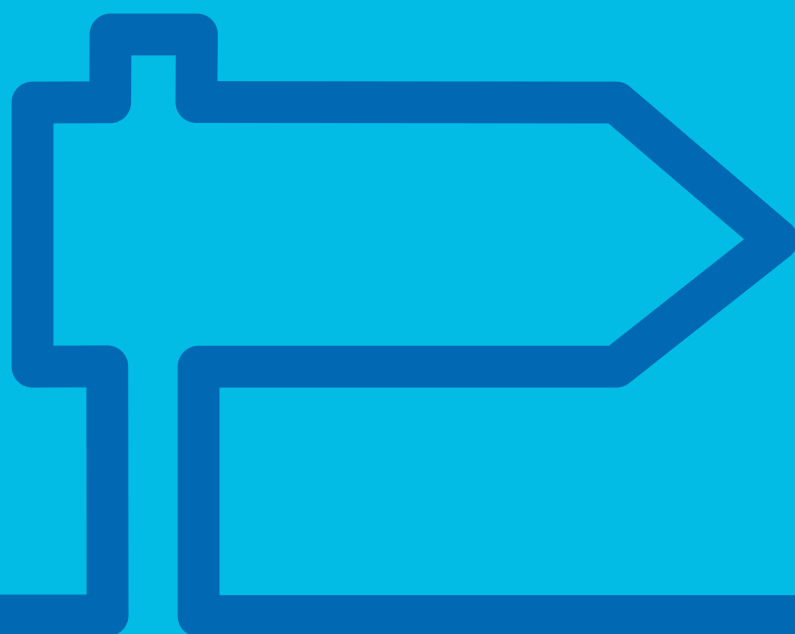
The People's Pension

Technical Guide: Automatic enrolment



For people, not profit

the
people's
pension



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Summary

1. The People's Pension has been designed to offer members the ability to have a single scheme for life. It is already the automatic enrolment solution of choice for many employers, large and small.
2. The People's Pension is provided by B&CE. B&CE is a not-for-profit company that has been running pension schemes for over 30 years.
3. B&CE's unique expertise, together with a purpose built pension proposition makes us able to provide a cost effective, hassle free automatic enrolment solution.
4. The People's Pension has a transparent 0.5% Annual Management Charge.
5. The People's Pension can be used as an employer's only scheme, or in conjunction with other schemes.



Our history

- **Not for profit, with no shareholders**
- **Over thirty years as a pension provider**
- **Running automatic enrolment schemes since 2003**

1. In 1938/9 the Amulree Commission, set up by the Government looked into the provision of holidays in the construction industry. They found that very few construction workers received paid holidays because they moved jobs too frequently or they were laid off before the holiday period.
2. The industry's solution was to set up a company limited by guarantee, the Building and Civil Engineering Holidays Scheme Management Company (B&CE) to provide a centralised "holidays with pay" arrangement. The company was set up in 1942 by Trades Unions and employer organisations with equal representation on the Board of Directors from both groups and an independent chairman, a structure that persists to this day.
3. Over the following seventy years the group created a range of financial products to meet the needs of everyone working in construction; including a stakeholder pension scheme, annuities, accident cover, life cover, holiday pay, personal injury insurance and employee healthcare schemes.
4. Today, B&CE is the largest provider of employee benefits to the UK's construction industry.
5. As a group, B&CE has nearly £2 billion in pension assets, its (now closed) Lump Sum Retirement Benefit Scheme has over 1 million potential beneficiaries and its stakeholder pension is the UK's largest, with more than 500,000 members.
6. Our systems process over 24 million transactions each year. We currently process over 6,000 payroll sources from more than 5,000 corporate clients that range in size from some of the UK's largest companies to single employee firms.
7. B&CE is fully independent and continues to operate on a not-for-profit basis. Surpluses are returned to members through lower charges and improved services.
8. B&CE opened The People's Pension to employers from any industry in 2011. The People's Pension will remain the key product in B&CE's proposition for many years to come.
9. B&CE has over 30 years' of unrivalled experience in running pension schemes for employers with low to moderate earning, transient workforces and in creating processes and communications that engage with employees and support employers.
10. Since 2003, B&CE has pioneered a form of automatic enrolment which does not require an application form.
11. Our experience resulted in a secondment to the Department of Work and Pensions to work in projects looking at the legislative barriers to auto-enrolment. In addition, when the Personal Accounts Delivery Authority (PADA) was formed to create what is now the National Employment Savings Trust (NEST), we seconded members of our staff to them to share our expertise.

The People's Pension

- **Multi-employer mastertrust**
- **Managed & administered in the UK**
- **Contributions gross or net of tax**
- **Enrolled over 300,000 members in 2013**

1. The People's Pension is a defined contribution multi-employer occupational pension scheme (with non-associated employers) established under Pensions Act 2004 and is regulated by The Pensions Regulator. Each participating employer has their own section of The People's Pension, but members can move between them according to their career progression.
2. The People's Pension has been designed to achieve the principles of a super trust as outlined by the NAPF in their response to the Government's consultation, "Enabling Good Member Outcomes in Work Based Pension Provision." These principles require a super trust to have certain key features:
 - to be a not-for-profit arrangement,
 - to use its scale to deliver low costs,
 - to be run in the interests of its members,
 - to have an independent Trustee ensuring good governance for its members.
3. The People's Pension has all of these features.
4. In an automatic enrolment environment The People's Pension can be either a qualifying scheme or a non-qualifying scheme. It can also operate outside of automatic enrolment if an employer wants a scheme in place ahead of their staging date.
5. We prefer member contributions to be made gross, before the deduction of income tax. However, it is possible to use the relief at source collection method, as used by Group Personal Pensions (GPPs). If relief at source is used member contributions will immediately be grossed up, rather than waiting to claim it back from Her Majesty's Revenue & Customs (HMRC).

Growth

6. It is expected that by the end of the introduction of automatic enrolment membership of The People's Pension will cover the majority of our existing clients, encompassing a workforce of over a million individuals. Furthermore, new customers from sectors such as retail, hospitality, healthcare and transport. Have been drawn by our experience. A small sample of our customers is shown in Appendix VII – Sample customers.
7. Over 600,000 workers from more than 250 employers will have access to The People's Pension by the end of 2013.
6. Our customer and administration services are handled in-house at our head office in Crawley. Investment management is performed by Legal & General Investment Management and HSBC Global Asset Management. An overspill call-handling facility and communication fulfilment are the only services outsourced. None of our business offering is provided directly or indirectly from outside of the UK.

Automatic Enrolment

- **Automatic enrolment employer assistance service**
- **Compatible with all payroll systems**
- **Enrolment communications issued at no extra charge**
- **B&CE hosts the whole opt-out process**
- **Postponement and contractual enrolment supported**

1. B&CE has developed a free web-based employer assistance service, available to all customers that works with all modern payroll systems.
2. Employers can upload contribution and membership data in a user defined electronic format. Our systems have been designed to cope with payroll and HR system outputs in .csv, .xls and .xlsx file formats, and are flexible enough to cope with the various ways in which data are presented on the file.
3. If an employer's own payroll software is unable to perform the assessment of its workforce then functions within our file upload process can perform the assessment using a 'two pass' methodology.
4. Our systems are designed to provide straight-through processing (STP) for contributions. Before the start of business B&CE's system evaluates and collates all outstanding STP instructions. Integrity checks are performed and subsequently all instructions are sent to B&CE's fund managers without the need for human intervention.
5. All transactions and unit purchases are reconciled daily with comprehensive reconciliations carried out quarterly.
6. Employer Online Services enables employers to access and receive full histories of all contributions made, and any opt-outs in perpetuity.
7. Our file upload process has been externally audited for compliance with automatic enrolment regulations and will continue to be on a regular basis to ensure that the outputs it gives to employers remain accurate and reflect the very latest amendments to automatic enrolment legislation.
8. The database is already developed and designed for high volume traffic and the processing of large files. As part of the development for automatic enrolment we have designed the system to be able to process up to 1 million active individuals on a monthly basis. System capacity can be expanded to 2 million active individuals if the need arises.
9. Where an individual joins the Scheme, whether automatically, contractually or voluntarily, we will issue the appropriate enrolment information. The enrolment information will be sent by email where an email address is provided, or in paper form to a member's home address where no email address is available. This is done at no cost to the employer.
10. The People's Pension hosts the whole opt-out process. Employers need not get involved in handling their employees' requests to opt out. Instead, members can opt out by a 24 hour automated phone line, online or by post. We will then advise their employer, on a daily basis, of any opt-outs received. Employers can collate this information daily or as a combined report that matches their payroll frequency or processes.
11. During the opt-out period The People's Pension will hold any contributions received for members in cash, ensuring that if a valid opt-out is received the individual will be no worse off from their brief time in the Scheme.

Communications

- **Full communication suite available**
- **Multi-language website**
- **AE animation available**
- **Clear communications**

1. We believe in providing informative communication materials that use simple language to meet the needs of the entire workforce.
2. We recognise that many employers have members of their workforces whose first language is not English our website (www.thepeoplespension.co.uk), which contains a wealth of information about the Scheme, is available in 55 languages. This is a feature that we believe is currently unique for any pension provider.
3. Members benefit from dedicated telephone helplines and also have access to our secure website where they can view their own details, change investments and use various tools to help engage with their pension and understand their own income requirements in retirement.
4. Examples of our communication style can be found on our website. Printed communications have been designed to be easily read and engaging, and even so that they fit into a shirt pocket to be read later.
5. We have a range of communications to support enrolment (automatic or otherwise) and have developed a suite of on-line, printed and digital material to support communication at pre-staging, staging and post-staging. This has been developed in conjunction with some of our key clients to ensure its suitability and effectiveness with its target audience.

Pre-staging

6. Employers can select the most appropriate content and media which best fits their workforce from our suite of literature and communication material. Our communication suite includes a short animated film about automatic enrolment and how it will affect members. This is available for use by you as a standalone presentation, through a link on an intranet, or as part of a broader communication strategy. We also offer printed and audio visual guided employee presentations for employers to use at site or branch meetings.
7. We ask employers to issue certain key information to their workers, for which we will provide a template. This note introduces automatic enrolment and many of the terms and categorisations used in the process. The employer is able to customise our template, or to use one of those available from the website of The Pensions Regulator.

Post-staging

8. When a worker joins the Scheme, is assessed as eligible for automatic enrolment, or opts in, we will issue a full joiner pack on the employer's behalf.
9. Members also receive an annual benefit statement and Statutory Money Purchase Illustration (SMPI) each year in the month after their birthday. We also make additional communications in the years before retirement, for example at the start and during the glidepath and in the run up to retirement.

Charging structure

- **0.5% Annual Management Charge (AMC)**
- **No contribution or monthly charges**
- **No employer charges**

1. The only charge under The People's Pension is a transparent AMC of 0.5% levied on members' funds.
2. Our AMC includes asset management and administration charges along with costs of any support provided to the employer. The charge applies to both active and non-active members, regardless of fund selection or size. Our AMC is equal to the Total Expense Ratio (TER).
3. The AMC is collected from the unit price on a daily basis, at a rate of 1/365th of 0.5% per day, not by unit cancellation.
4. We are members of the Association of British Insurers' (ABI's) working group on disclosure of charges and have participated in the NAPF's work on charge disclosure for occupational pension schemes.
5. In common with the ABI guidance, transaction charges are reported separately to the AMC. Although they vary slightly, the typical transaction costs within each of our funds are 0.05%, equivalent to the current rate of stamp duty.
6. We do not offer commission terms, active member discounts or facilitate consultancy charging.
7. Because of the complexities involved in running separate charging structures within the same scheme, particularly where members move between employers within the scheme, we do not currently permit employers to pay any element of the AMC on their employees' behalf.
8. As a not-for-profit organisation we are determined that the costs borne by members should only reflect the costs of running the Scheme. We are committed to reducing the AMC and the first such review is likely to be at the end of the phasing of automatic enrolment contributions. However, a review will be brought forward if The People's Pension exceeds current membership and contribution projections.

Appendix I – Awards



Excellence in Institutional Pensions WINNER 2012!



DC Mastertrust/Bundled Services WINNER 2013!



Auto-Enrolment Provider of the Year WINNER 2013!



Investors in People AWARD 2013!



PQM Ready AWARD 2013!



League of Excellence WINNER 2013!

Appendix II – Comparison

This comparison of The People's Pension to NEST and NOW:Pensions is taken from the Money Advice Service (<https://www.moneyadviceservice.org.uk/en/articles/multi-employer-pension-schemes>) which provides an impartial comparison of the Scheme to its major peers.



	National Employment Savings Trust (NEST)	NOW	The People's Pension
What is it?	Set up by law to make sure a suitable scheme was available to all employers	Run by the ATP, an organisation set up by law in Denmark to provide pensions there	Run by B&CE, a not-for-profit organisation that has for many years provided pensions for the construction industry, but now for anyone
Type of scheme	Defined contribution	Defined contribution	Defined contribution
Charges	0.3% a year + 1.8% charge on contributions as made	0.3% a year + £1.50 per month* administration	0.5% a year charge
Investment choice	Target date fund recommended corresponding to your intended retirement date; or choice of five other funds if you prefer	No choice. Single investment strategy	3 risk-based profiles; or if you prefer to choose your own investments there are 7 funds
Lifestyle fund	Yes	Yes	Yes
Shariah-compliant fund	Yes	Yes	Yes
Cap on amount of contributions that can be paid	Yes (due to be lifted in April 2017)	No (subject to HM Revenue & Customs limits)	No (subject to HM Revenue & Customs limits)
Allowed to transfer in savings from other pensions?	No (the transfer restrictions are due to be lifted in April 2017)	Yes, no charge	Yes, no charge
Can you carry on contributing after leaving your job?	Yes	No	No**
Can self-employed people join?	Yes	No	No

* Lower administration charge applies until 2018 if you earn less than £18,000.

** MAS actually have this wrong, a member can continue to contribute after they leave employment, and if they become self employed.

Appendix III – TPR’s Questions to ask a provider

The Pensions Regulator has created a number of questions for employers to ask a prospective pension provider <http://www.thepensionsregulator.gov.uk/docs/employer-select-pension-automatic-enrolment.pdf>. Here are The People’s Pension’s responses to those questions.

Scheme simplicity

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

A We’ve tried to make it as simple as possible, and will try to take the hassle away from you. If you have a problem we have people on hand to help out. If you think of something that might make life simpler, let us know, we welcome ideas from anyone.

Q 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?

A The Trustee of The People’s Pension has a duty to look after the interests of members first and foremost. The directors of the Trustee are professionals who have been doing just that for many years.

Investment options

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

A The Trustee and their investment adviser will keep a close eye on the default strategy and will make changes where and when they are needed.

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

A Our investment options are designed to offer a range of simple investment options to members. Our limited

range includes three lifestyle strategies that move into less risky assets as a member approaches retirement, and seven investment funds. These include an ethical fund and a Shariah compliant fund for those who want their savings to have a moral outlook.

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

A We know from experience that most members of The People’s Pension will stick with the default fund. For those that do want to choose their own investments we’ve kept things simple. The Trustee will make sure that the funds we have remain appropriate and will respond to requests and comments from members.

Managing investments

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

A The Trustee, their investment adviser and representatives of B&CE form an investment sub-committee. If any issues are identified with any funds, historic or future, the Trustee will take the appropriate action to rectify or amend them.

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

A The investment sub-committee that monitors the performance and suitability of the investment managers.

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

A By offering a simple fund choice to members we believe that they’re better able to consider the options available to them. Fund options are detailed in the member’s joining pack, and online.

Value for money

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

A Our only charge is a transparent 0.5% Annual Management Charge (AMC) taken from members’ funds.

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

A We are committed to ensuring that the costs faced by members reflect the costs of administering the scheme and we will review them periodically. The first such review is planned towards the end of the automatic enrolment process, but may be brought forward if our experience is better than projected.

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

A Yes. Our AMC includes asset management and administration charges and costs of any support provided to the employer. The AMC is equal to the Total Expense Ratio (TER). Although transaction charges vary slightly, the typical transaction costs within each of our funds are 0.05%, equivalent to the current rate of stamp duty.

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

A Our costs and charges are the same for all members, active or deferred, regardless of their employer. As and when we change our AMC we will ensure that all members are aware of this.

The pension provider

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

A Yes. They are professionals with many years combined experience.

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

A The People's Pension Trustee Limited is entirely independent of B&CE, ensuring that their primary objective can remain the operation of The People's Pension in the interests of the members. B&CE is happy to do this, because, as a not-for-profit organisation we do not have to consider the demands of shareholders.

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

A The People's Pension Trustee Limited is entirely independent of B&CE.

Q What is your conflicts of interest policy?

A The Directors of The People's Pension Trustee Limited are each required to declare any actual or potential conflicts of interest at each quarterly Trustee meeting.

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

A Our administration systems have been developed in-house and are designed to offer employers a simple, functional and efficient service.

Q What compensation is available if anything goes wrong?

A Compensation terms would be determined by the nature of the event requiring compensation.

Q How often do you review records for accuracy?

A Our systems contain records of over 1.6 million individuals. Batch testing of data integrity takes place at various times throughout the year. In addition the file upload system verifies data held against data supplied to ensure that records stay up-to-date.

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

A These are paid for as part of the Annual Management Charge.

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

A The People's Pension operates a two stage dispute resolution procedure. Initial complaints are handled by B&CE, and reported to the Trustee. Should a complainant be unsatisfied with the result of their initial complaint they are able to escalate the matter directly for the Trustee. After this they are able to engage the services of the Pensions Ombudsman, and can refer to The Pensions Advisory Service for assistance at any time in the process. This process is detailed in the member's joining pack, and online.

Q Can you demonstrate the financial stability of your organisation?

A B&CE has been providing financial services for over seventy years, and has been operating pension schemes for the last thirty of those. Our financial strength has been rated by AKG Actuaries & Consultants as B (Strong).

Q Will your workers be protected if your organisation enters insolvency?

A The assets of The People's Pension are entirely separate from those of the participating employers and from B&CE, meaning only the members and their beneficiaries have any call on the assets.

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

A The compensation available to members would depend on the exact circumstances of any error.

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

A B&CE and the Trustee will work to ensure that if an error occurs that is their fault members will not suffer as a result.

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

A The Trustee receives regular updates from B&CE on the progress of all work carried out by them and outsourced service providers.

Communications

Q 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?

A We have a well practiced, simple and fair retirement process and actively encourage members to consider alternative annuity providers and obtaining financial advice.

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

A We provide a simple booklet, called "Your Options at Retirement" which outlines the main options a member has and provides details about how they might access them.

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

A We do not currently provide an at retirement advice service to members.

Appendix IV – Sample customers



For people, not profit

B&CE is a not-for-profit organisation, which operates for the benefit of its members and their dependants. Established in 1942 and founded in construction, B&CE's current offerings include a workplace pension, employee accident cover, employee life cover and employee healthcare. Today it manages assets of £1.9 billion, with 2 million members and provides financial benefits to over 590,000 active individuals on behalf of over 6,700 corporate accounts.

(Information correct as of 28 February 2014)

For over 30 years, B&CE has been providing workplace pensions to employers with transient, low to moderate earning workforces, both large and small. B&CE has been operating a form of automatic enrolment for over ten years through its stakeholder product. In November 2011 B&CE announced details of The People's Pension, as an additional product to assist employers in complying with their automatic enrolment duties.

The People's Pension, a Master Trust, is a multi-employer scheme with independent trustees. It is a hassle-free, flexible and portable workplace pension designed for people, not profit and is suitable for any organisation, large or small, in any sector.

B&CE, as the provider of The People's Pension, was awarded Auto-Enrolment Provider of the Year at the UK Pensions Awards 2013 and best 'DC Master Trust' at the Pension and Investment Provider Awards 2013.

The People's Pension is the choice for any organisation, large or small, in any sector. It's for people, not profit.

To find out more, or to register:

→ **www.thepeoplespension.co.uk**

✉ **thepeoplespension@bandce.co.uk**

☎ Or call us on:
Existing clients: **01293 586666**
Advisers: **01293 586637**
New enquiries: **0800 612 8080**

This information in this document is correct as at December 2013 and may be subject to change.



B & C E Financial Services Limited
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Registered in England No. 2207140. To help us improve our service, we may record your call. B&CE Financial Services Limited is Authorised and regulated by the Financial Conduct Authority. Ref: 122787. The Company is a distributor of, and an administrator for, The People's Pension and the Employee Life Cover Scheme which are occupational pension schemes to which different law and regulation applies. Further details, can be found on our website www.bandce.co.uk/legal