

# Raising the bar for master trust standards

The People's Pension has lobbied for more robust master trust regulation for some time. Ultimately, we want the best possible outcomes for people who are saving for later life.

So, we welcome the government's introduction of a new specific authorisation and supervisory regime, which has this at its heart. It means master trusts must pass 5 strict criteria to operate. And they have six months from **1 October 2018** to apply.

**The Pensions Regulator criteria that master trusts can't operate without:**

1. All schemes must be run **by individuals assessed as fit and proper** for their role.
2. Schemes must be **financially sustainable**.
3. Any scheme funder must **meet specific requirements**.
4. **Systems and processes** must be sufficient to ensure the scheme is **run effectively**.
5. Schemes will need an **adequate continuity strategy**.

## Running a master trust: new world hurdles

In this new more regulated world, some of the costs of running a smaller master trust may be hard to justify:

- Applying for this compulsory authorisation will **cost £41,000**.
- This thorough criteria means **more time, planning and resource** will be needed by schemes – adding more cost.

## How The People's Pension can help

The People's Pension is the UK's largest private-sector master trust. We've got over 4 million members whose needs (today's and tomorrow's) are looked after by an independent Trustee.

So, if the schemes you're working with are at risk of not being authorised, you could consider consolidating now. And safe to say, The People's Pension would be a good home.

A number of master trusts have already consolidated – April 2018 saw almost £20m in funds under management and nearly 9,000 members transfer to The People's Pension from Your Workplace Pension (YWP). Commenting on this major master trust merger, Tom Pook of JLT said:

*"Winding-up the YWP master trust offered some significant challenges, but through focused project management and co-operation with each of the two trustee boards, we were able to achieve a smooth transition for members and employers."*

**Any questions?** You can get in touch with your usual contact at The People's Pension or email us at

 [busdevsupport@bandce.co.uk](mailto:busdevsupport@bandce.co.uk)



**B & C E Financial Services Limited**  
Manor Royal, Crawley, West Sussex, RH10 9QP. Tel 0300 2000 555 Fax 01293 586801.

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