

Live Trustee webinar:  
11 February 2019

## Q&A for advisers



### Q1. What happens to a member's pension savings if a master trust doesn't apply for authorisation?

Any master trust that fails to apply for authorisation by 31 March 2019 or for schemes that have already notified The Pensions Regulator of a triggering event to exit the market, the Trustees will be required to wind-up the scheme and transfer their members to an alternative master trust or other appropriate vehicle.

Trustees in wind-up are required to undertake various tasks, such as:

- selecting a default receiving scheme for transfers and ongoing contributions
- communicating with employers and members of their rights in respect of the transfer
- setting a cut off point for no further contributions into the scheme.

The Pensions Regulator provides various forms of guidance regarding scheme wind-ups to ensure that ceding scheme member benefits are transferred in a safe and timely manner and participating employers continue to meet their auto-enrolment duties.

For more about winding up visit [The Pensions Regulator's website](#).

### Q2. When are you going to apply for authorisation for your master trust?

We're in the process of finalising our application and will be applying to The Pensions Regulator for authorisation by the end of February 2019.

Please note, the information in this Q&A is correct as at 11 February (the day of the trustee webinar for advisers).

### Q3. Can you name the master trusts looking to consolidate?

We don't know the names of the master trusts who are looking to consolidate. According to a report from The Pensions Regulator on 31 January 2019:

- There are 90 master trusts in the market.
- The regulator has received 8 applications for authorisation.
- 7 pension schemes have exited the master trust market.
- 31 have told the regulator of their triggering event to exit the pensions market and will transfer their members to another master trust or appropriate scheme.
- The regulator expects the remaining 44 will either apply for authorisation or trigger their exit from the market in the upcoming months.

For more about the current master trust market, take a look at the regulator's [report on master trust pension schemes](#).

### Q4. Can employers increase their contributions with The People's Pension?

Yes, they can. If they'd like to contribute more than the legal minimum contributions, they'll need to add these employees to a new worker group with the higher contribution rates.

By law the minimum contributions are set to increase from 6 April 2019. If they're using the qualifying earnings basis, between 6 April 2018 and 5 April 2019, the minimum contribution is 5% with at least 2% being contributed by the employer. From 6 April 2019, the minimum contribution will be 8% with at least 3% from the employer.

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### **Q4. Can employers increase their contributions with The People's Pension? continued...**

Members can pay more into their pension with The People's Pension if they choose to do so. They can do this either by asking their employer to increase their payments via payroll, or by setting up a Direct Debit payment from their own bank account. More information on members making personal payments is available in our [help and support](#).

### **Q5. When referring to increases to contribution rates why do you only mention qualifying earnings? For some employers the increases might be 5% employee and 4% employer (basic salary) or 4% employee and 3% employer on total earnings.**

Most of our customers are set up on the qualifying earnings basis and this is why we've focused on using these rates. We make it clear in our information that these percentages can vary if an employer calculates contributions using different elements of pay. You can find out more about calculating pension contributions on [The Pensions Regulator's website](#).

### **Q6. Have you any new employee benefits?**

#### **Employee Life Cover (ELC) increase to benefit rates** (benefit provided by B&CE, not The People's Pension)

This is available for construction employers who'd like to offer reassurance with Employee Accident and Life Cover (EAC/ELC). From 1 January 2019, we increased how much we pay out for Employee Life Cover (our Employee Accident Cover benefits have remained the same). The combined cost of Employee Life Cover and Employee Accident Cover also went up as a result – but it only increased by 10p a week per employee for standard Life Cover.

So, if your employer clients provided Employee Life Cover and Employee Accident Cover to their employees before January 2019, they'll need to have changed the amount they pay B&CE accordingly. Visit our webpage on [Employee Life Cover \(ELC\)](#) for the benefit rates.

#### **Online calculators**

We have 2, the 'life expectancy calculator' and 'future budget calculator'. These will help the member work out how much money they'll need to save, to enjoy their retirement. These were launched in December 2017. Members can visit our [online calculators](#) webpage for more information.

#### **Flexible retirement options**

We provided our members more flexibility when accessing their pension in 2017. Members were given 2 ways to take their money out a bit at a time. They could already take their tax-free cash gradually (as an uncrystallised funds pension lump sum), but we offered them the option to take their tax-free cash upfront through flexi-access drawdown. To support our members' retirement needs we:

- gave our website a refresh so they could [compare their options at retirement](#)
- created [handy animations explaining their options](#)
- updated our [help and support knowledge base](#).

For more information about the retirement options we offer our members, take a look at our webpage about [how they can take their money](#).

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### **Q7. Having improved the asset mix of your default funds are there any plans to introduce additional funds?**

Although we have no immediate plans to introduce new funds, the Trustee continually reviews the fund offering to ensure that it remains appropriate for the membership.

Visit our webpage on **investments** for more about the investment options we offer our members.

### **Q8. I've heard that you are reviewing the annual management charge of The People's Pension. When will this review be completed by?**

Great news! From the summer of 2019, we'll be lowering our annual management charge (AMC). A member will pay a reducing AMC as their savings move through the following bands:

- The first £3,000 of every members' savings will be charged at 0.5%
- Savings above £3,000 and up to £10,000 will be charged at 0.4%
- From £10,000 and up to £25,000 will be charged at 0.3%
- Above £25,000 and up to £50,000 will be charged at 0.25%
- Any remaining savings above £50,000 will be charged at 0.2%

For example, a member with a pot size of £80,000 will be charged 0.26%, rather than the existing flat rate charge of 0.5%. We believe this new charging structure is fairer for everyone. This change will help members save more towards their retirement as more of their money will remain invested.

For more details take a look at our webpage on **changes to our annual management charge**.

### **Q9. How do you deal with members wanting advice at retirement?**

Information for members can be found on our **guidance and advice webpage**. We signpost members to Pension Wise and recommend that they should take advice from an independent financial adviser.

We've also **teamed up with LV=** to provide members with guidance and advice options to help them plan for their retirement.

For more information about how your employees could get guidance and advice take a look at our podcast, **'What happens as my employees approach retirement?'**

### **Q10. What are you going to be saying in this year's Trustee Chair Statement about responsible investment?**

We will be addressing how we take account of financially material risks including climate change. We will also explain our policies in relation to the stewardship of investments, including engagement, monitoring and exercising voting rights associated with investments.

the  
**people's**  
pension

**Want to know more?**

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

 **01293 586666** (Monday to Friday 8.30am - 5.30pm)

  
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