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DC Seminar

Decoding DC Pensions

8th November 2018



*Future***Kings**

FULCRUM
▲


**Legal &
General**
INVESTMENT MANAGEMENT

 Punter Southall
Aspire



*Future***Kings**

Building the Business
Case for Engagement.

Annette Frem,
Employee Experience Director



**The changing world
of Employee Benefits.**

57%

Employees consider benefits
& perks in top criteria

78%

People more likely to apply
when benefits are listed

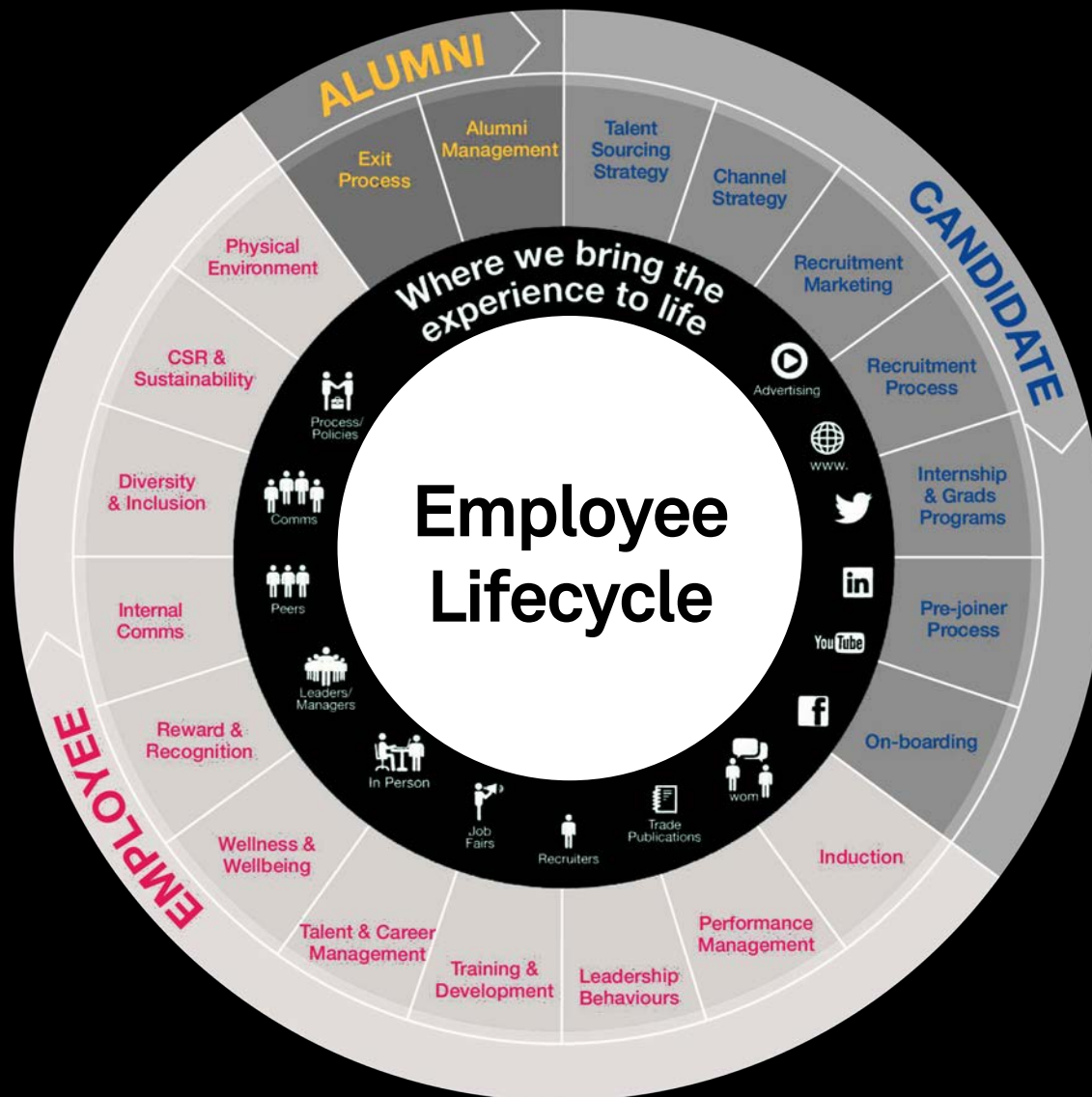
Majority check out;



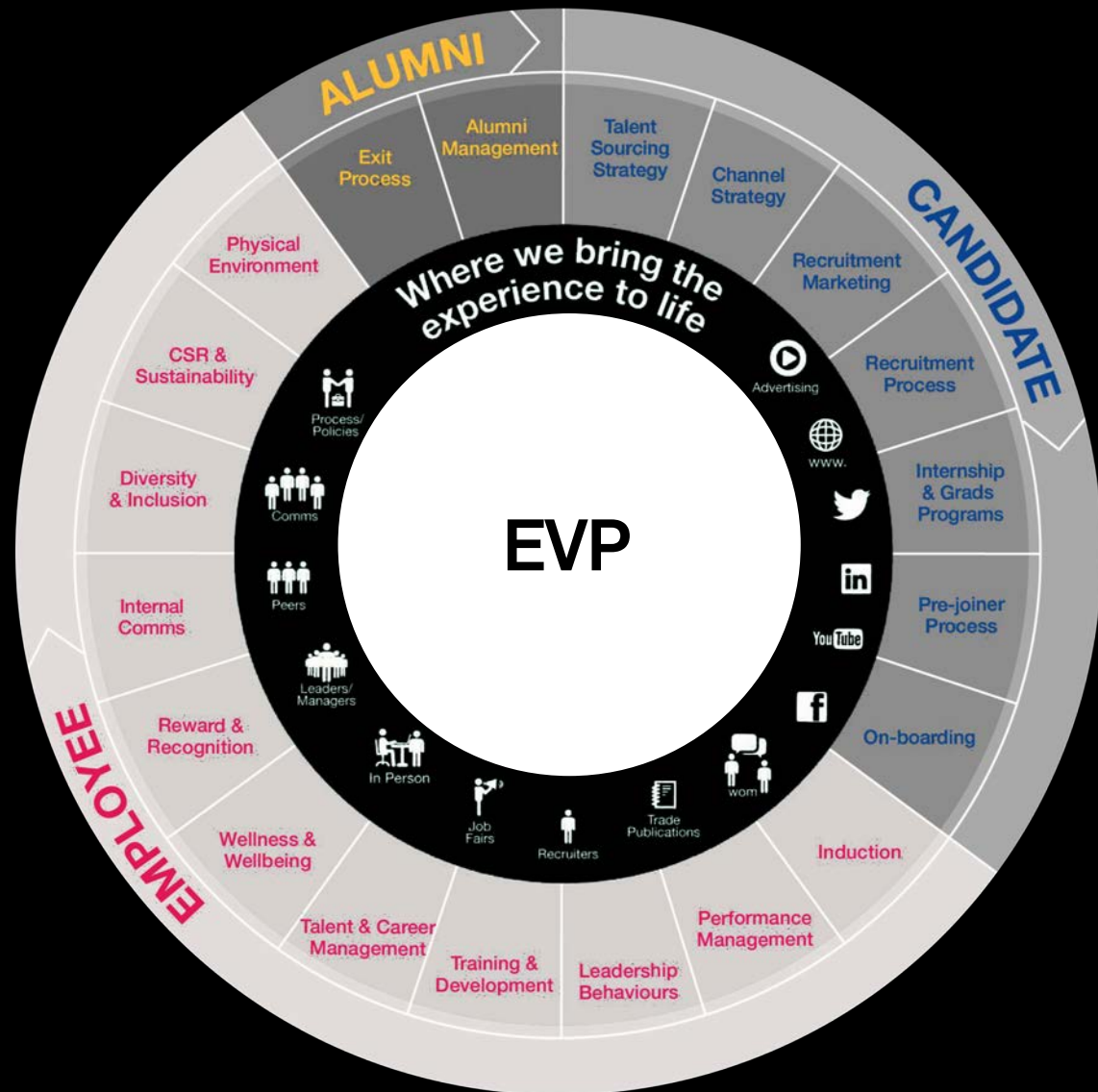
96%

Employees underestimate what their employer spends on benefits

**Building an
compelling
employee
experience.**



Employee Value Proposition
Culture blueprint
Strategic guidance



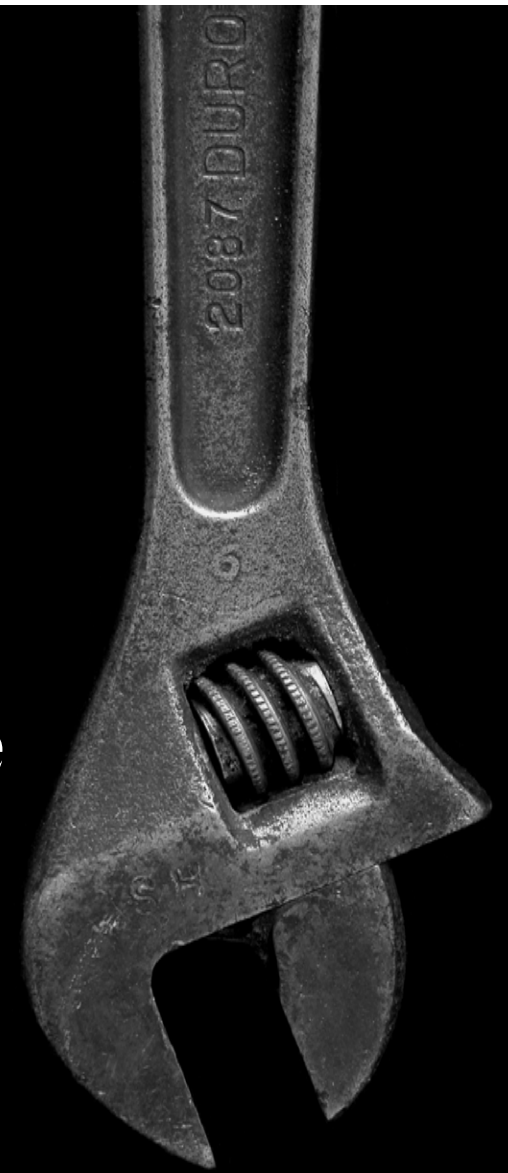


Communicate
Reward
Recognise
Develop
Recruit



**The skills, attitude and
behaviours needed to meet
your business goals.**

“It’s crucial to understand what motivates your employees – and what you can realistically do. The trick is to develop an employee offering that complements who you are, what you do and what you’re aiming for.”





Not all benefits are equal.

1. Flexible working hours
2. Work-from-home opportunities
3. Unlimited paid holiday time
4. Company care or subsidised/free transportation
5. Weekly free lunches

72%

of respondents want their employer to proactively educate them about pensions.



67%

of businesses do not offer any form of financial guidance

A person in a dark shirt is holding a plate. In the background, there is a whiteboard with a diagram. The diagram shows a box labeled 'Data Base' with an arrow pointing to a box labeled 'Cache'. Above 'Data Base' is a box labeled 'P4P' with an arrow pointing to 'Data Base'. There is also a small eraser on the whiteboard.

Not a tick box exercise.

“Based on solid insight and an understanding of your audiences, it’s an opportunity to build a story and working experience that’s unique to your business. One that makes you attractive to talent now and in the future.”



5

**Steps to building the business
case for engagement.**



1

Work with your HR colleagues to understand what attraction, development and retention challenges you have as a business.

2

Link it to the overall strategy as a business, where you are heading and the talent you need.



Research and segment your current and future talent, understanding their influencers, wants and needs.

4

Identify opportunities for developing a compelling EVP and specific offerings and initiatives for core touch points not limited to your C&Bs.

5

Define relevant KPI's and ROI.

Thank you.



Decoding DC Pensions

Post-Retirement Investing

Emma Douglas, Head of DC, Legal & General Investment Management



Spending in retirement is not static



Go-Go
Cruise



Slo-Go
Snooze



No-Go
Ooze

What are the needs of those retiring in the next 5-10 years?



They have multiple savings and income sources for retirement even before property is taken into account



Few households will rely on DC so 'running out of money' is not yet a problem. But will become a problem for the next generations



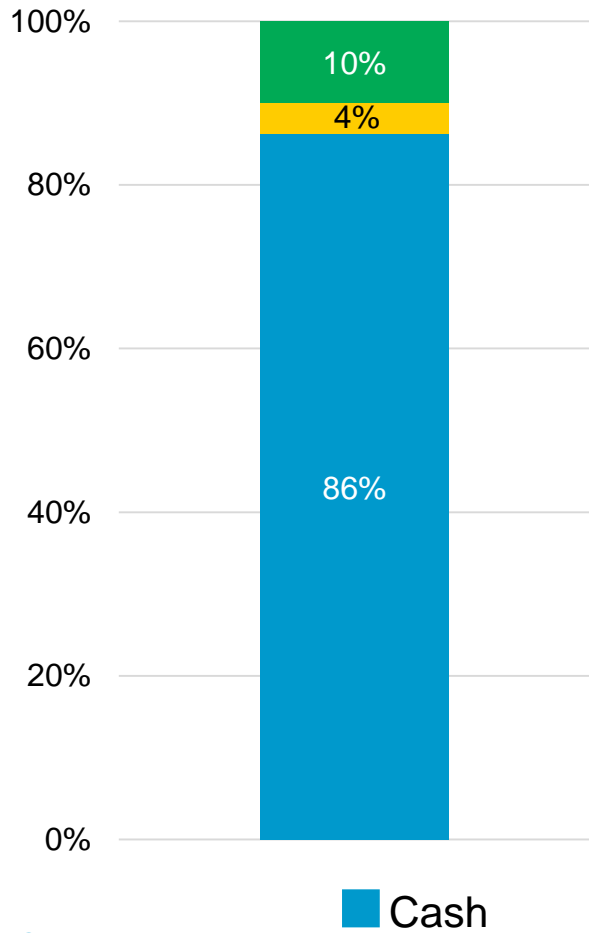
This also makes retirement planning increasingly difficult.

Increased need for online tools, budgeting tools and financial education. From the product perspective this calls for transparency and a "step-by-step" approach

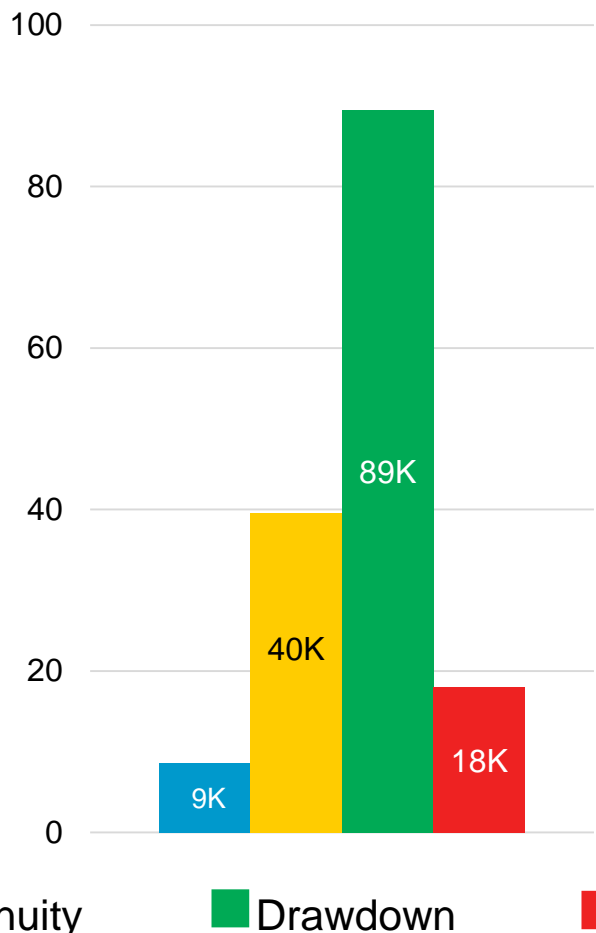
What are DC members doing with their money at retirement?

Data based on 14,000 schemes, 3 million members

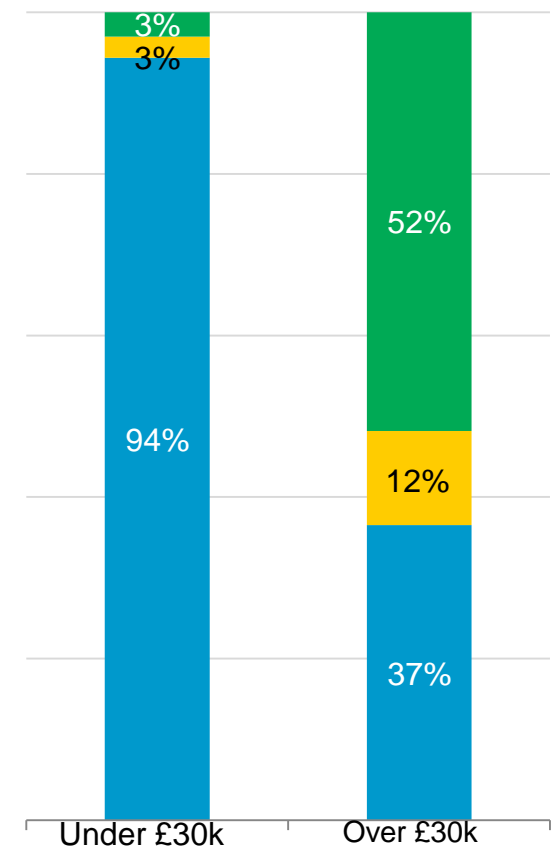
The majority of members are currently choosing to take their pots as cash



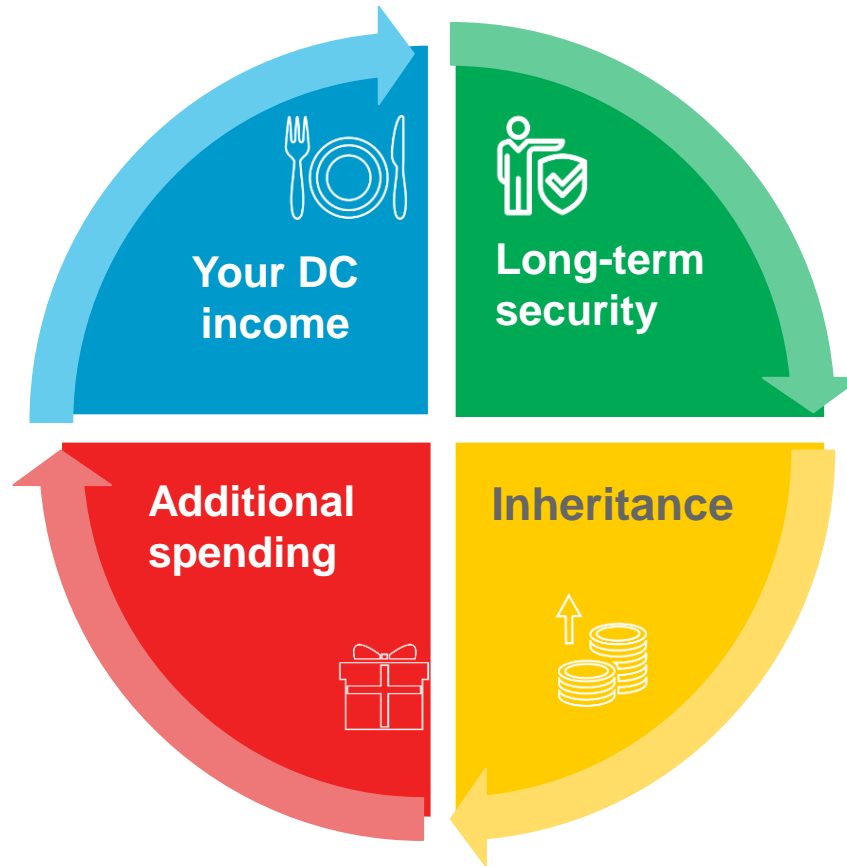
Those that are choosing to drawdown or annuitise have larger pot sizes



As the average pot sizes grow we expect to see fewer members taking their pots as cash

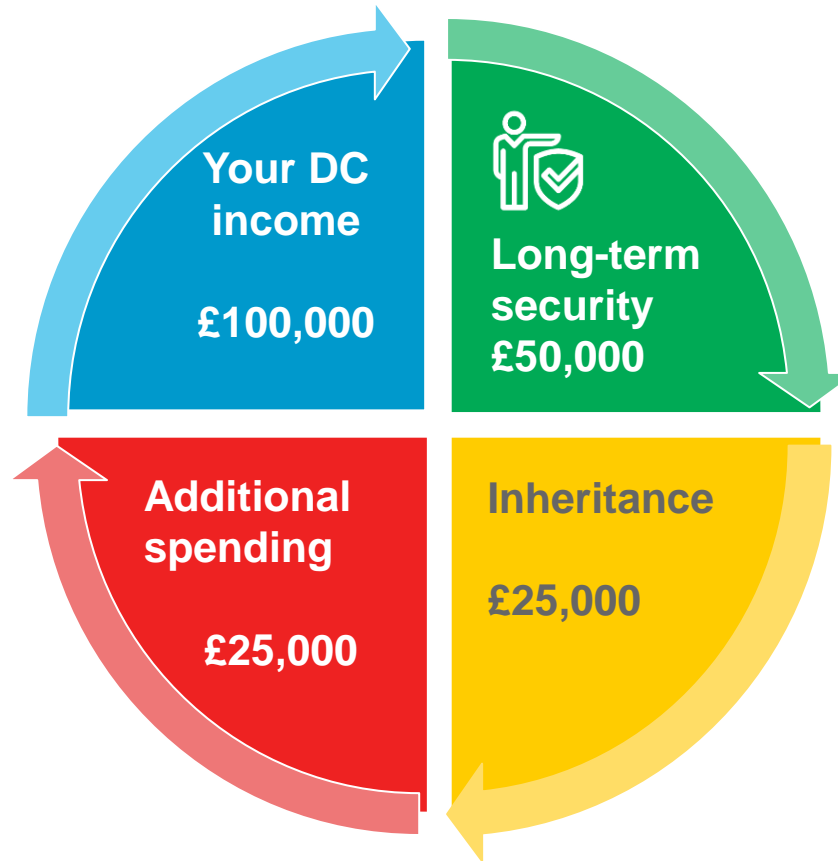


Your DC retirement – 4 pots



Example split - £200,000 DC pot at 65

This could provide you with an annual income of £8,400 for 15 years



From when you are 80, this could provide you with an annual income of £6,000 for life

This could provide you with an additional annual income of £5,500 for 5 years

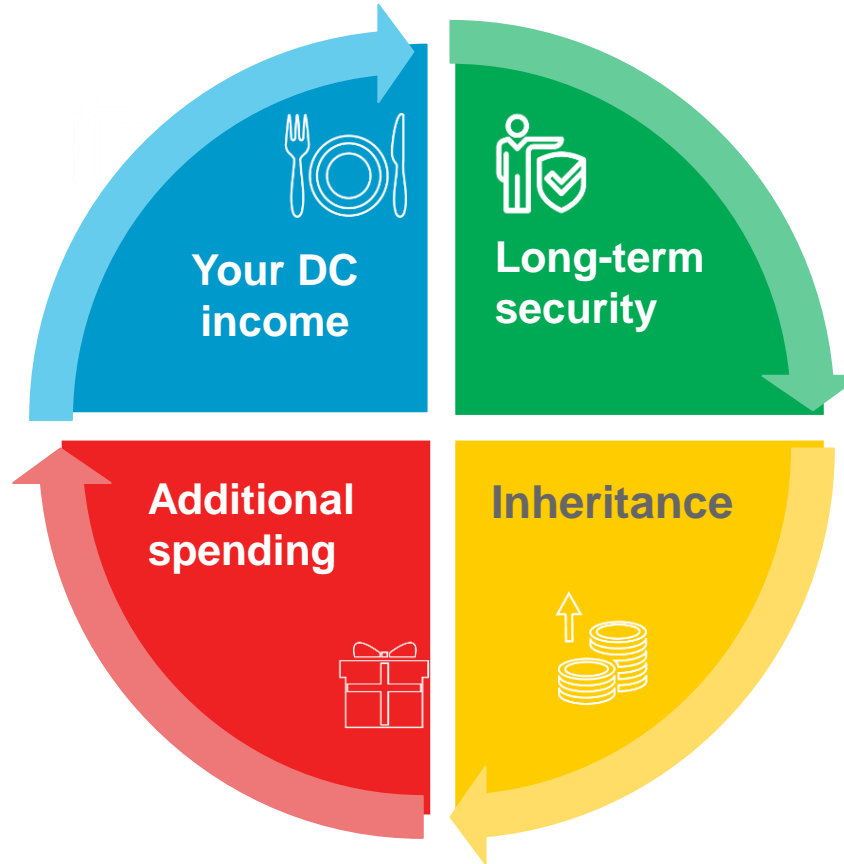
This pot will be left to grow, but you can add to it or take from it at any time. It is expected to grow to £45,000 when you are 80

What are the investments / insurance products behind the 4 pots?

A potential range

- Lower-risk DGF
- Income funds
- Cashflow-matching funds
- Fixed-term annuity

- Lower-risk DGF
- Cash
- Fixed term annuity



- Immediate annuity
- Deferred annuity
- A growth or annuity-matching fund converting to immediate annuity
- Lifetime mortgage

- Higher-risk DGF
- Global equity funds
- Inheritance part of the lifetime mortgage

Working with Smart Pension

Here's how a prototype might look





ANALYSIS DEFINED CONTRIBUTION

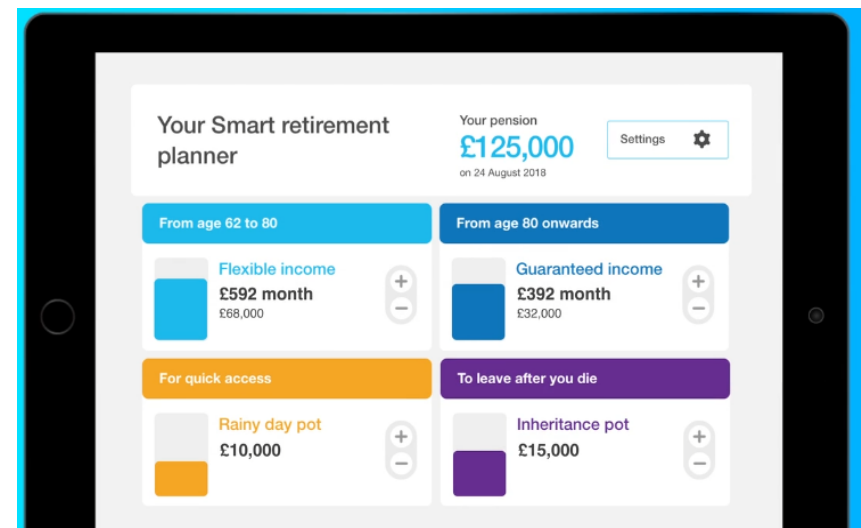
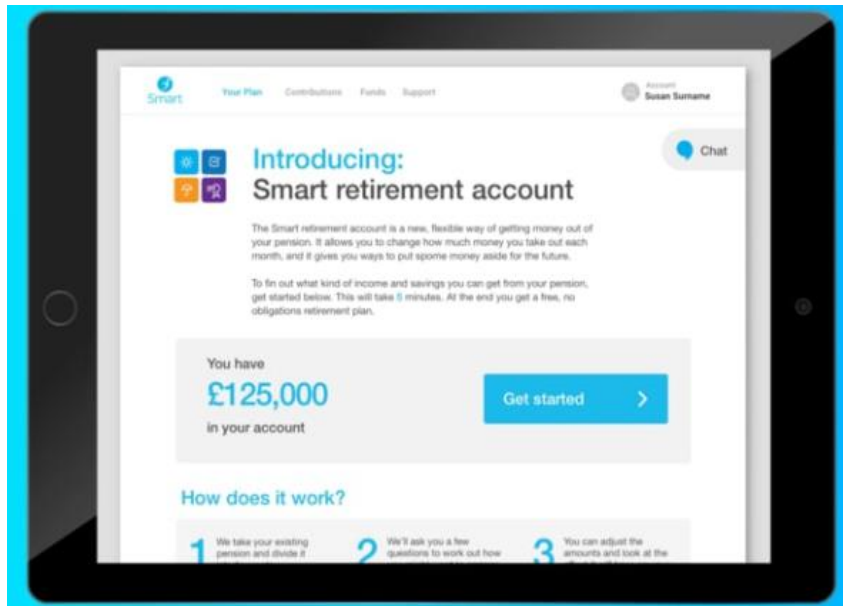
How Smart Pension and L&G are driving retirement product innovation

The providers are going live with a technology-focused retirement product next year in a bid to improve member outcomes. **Kim Kaveh** takes a look at the prototype

What each pot does?

Here's our guide to help you decide:

| | | | |
|---|--|--|--|
|  <p>Flexible income</p> <p>From retirement age to 80</p> <p>We use this pot to pay you an income directly from your investments. It is likely this pot will be used up by the time you reach 80.</p> <p>Read more ></p> |  <p>Guaranteed income</p> <p>From age 80 onwards</p> <p>We use this pot when you get close to age 80. This gives you an income for the rest of your life.</p> <p>Read more ></p> |  <p>Rainy day pot</p> <p>For easy access</p> <p>This pot gives you easy access money, in case you need it for emergencies and luxuries.</p> <p>Read more ></p> |  <p>Inheritance pot</p> <p>To leave after you die</p> <p>This pot will be set aside for your nominated beneficiaries after you die.</p> <p>Read more ></p> |
|---|--|--|--|



What does the future look like for DC?

Main needs of future generations at retirement

Well off

Doing OK

Just About Managing

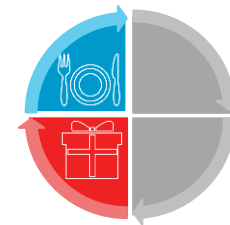
Generation
DB
55-65



Generation
Property
40-55



Generation
DC
20-40



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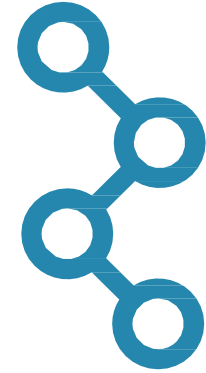
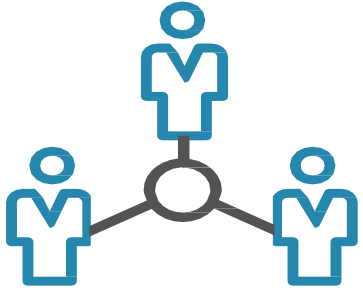
Master Trust Mergers

Paul Budgen

Director of Business Development
October 2018



Our Master Trust Landscape

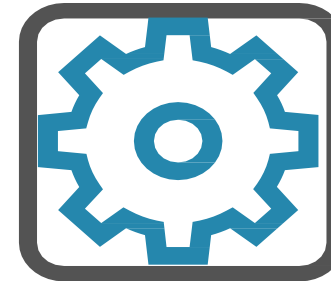


10.4m

MAF and MAF2
Code of Conduct
Price Cap

3
27
58
33
10

The Practical Business Model



Funds under
management
Active members
Deferred members

Governance
Operations Cost
Investment Fees

Scale = 100k members or £100m FUM

Authorisation

The Pensions Regulator

If you operate a master trust you will need to demonstrate that the scheme meets the required standards across the following criteria:

1. **Fit and proper**
2. **Systems and processes**
3. **Continuity strategy**
4. **Scheme funder**
5. **Financial sustainability, including business plan**

The 3 Main Challenges

Compliance

Capital

Future



Smart
Employee App



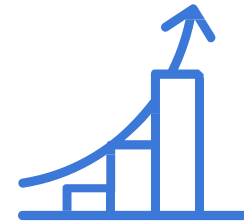
The Characters



Pessimistic



Pragmatic Realist



Optimist

Any Questions?

—
Thank you



Assets under Management



Return Performance

Returns to: 30 June, 2018

| Fund Name | Launch Date | Quarter | Fund performance % | | 3 Years Risk ⁴ | 3 years performance % | | | Information Ratio ¹ |
|---|-------------|---------|--------------------|----------------------|---------------------------|------------------------------|------------------------------|------------------------------|--------------------------------|
| | | | 1 Year | 3 Years ⁴ | | Comparator ¹ % | Comparator ² % | Comparator ³ % | |
| Aegon/Scottish Equitable plc - Aegon Growth Tracker (Flexible Target) Pn | 27 Jan 2016 | 6.64 | 6.24 | N/A | N/A | 4.90 | 7.68 | 10.85 | N/A |
| Aviva Life & Pensions UK Ltd - Aviva Diversified Assets II Pn S6 | 09 Mar 2009 | 4.72 | 5.61 | 9.38 | 7.95 | 4.90 | 7.68 | 10.85 | 0.58 |
| Aviva Life & Pensions UK Ltd - Av My Future Growth FP Pn | 26 Mar 2013 | 6.83 | 6.38 | 10.98 | 7.79 | 4.90 | 7.68 | 10.85 | 0.80 |
| Fidelity International (FIL Invt Svcs UK Ltd) - Fidelity Growth Portfolio | 20 Jun 2018 | 6.71 | 7.01 | 11.67 | 9.78 | 4.90 | 7.68 | 10.85 | 0.71 |
| Legal & General Assurance Soc - L&G Multi Asset PMC Pn 3 | 06 Jan 2012 | 3.74 | 3.82 | 9.61 | 6.70 | 4.90 | 7.68 | 10.85 | 0.72 |
| Royal London Model Portfolio - Royal London Governed Portfolio 4 Pn | 12 Jan 2009 | 6.76 | 7.57 | 8.99 | 7.09 | 4.90 | 7.68 | 10.85 | 0.60 |
| Scottish Widows Limited - Pension Portfolio Two Pension Series 2 | 06 Feb 2006 | 5.13 | 4.92 | 10.57 | 10.06 | 4.90 | 7.68 | 10.85 | 0.58 |
| Standard Life Assurance Co - Stan Life Active Plus III Pn S4 | 01 Mar 2012 | 3.24 | 3.82 | 5.30 | 5.13 | 4.90 | 7.68 | 10.85 | 0.08 |
| Zurich Assurance Ltd - Zurich Passive Multi Asset IV Pn CS1 | 02 Dec 2013 | 7.54 | 7.29 | 11.74 | 9.16 | 4.90 | 7.68 | 10.85 | 0.77 |

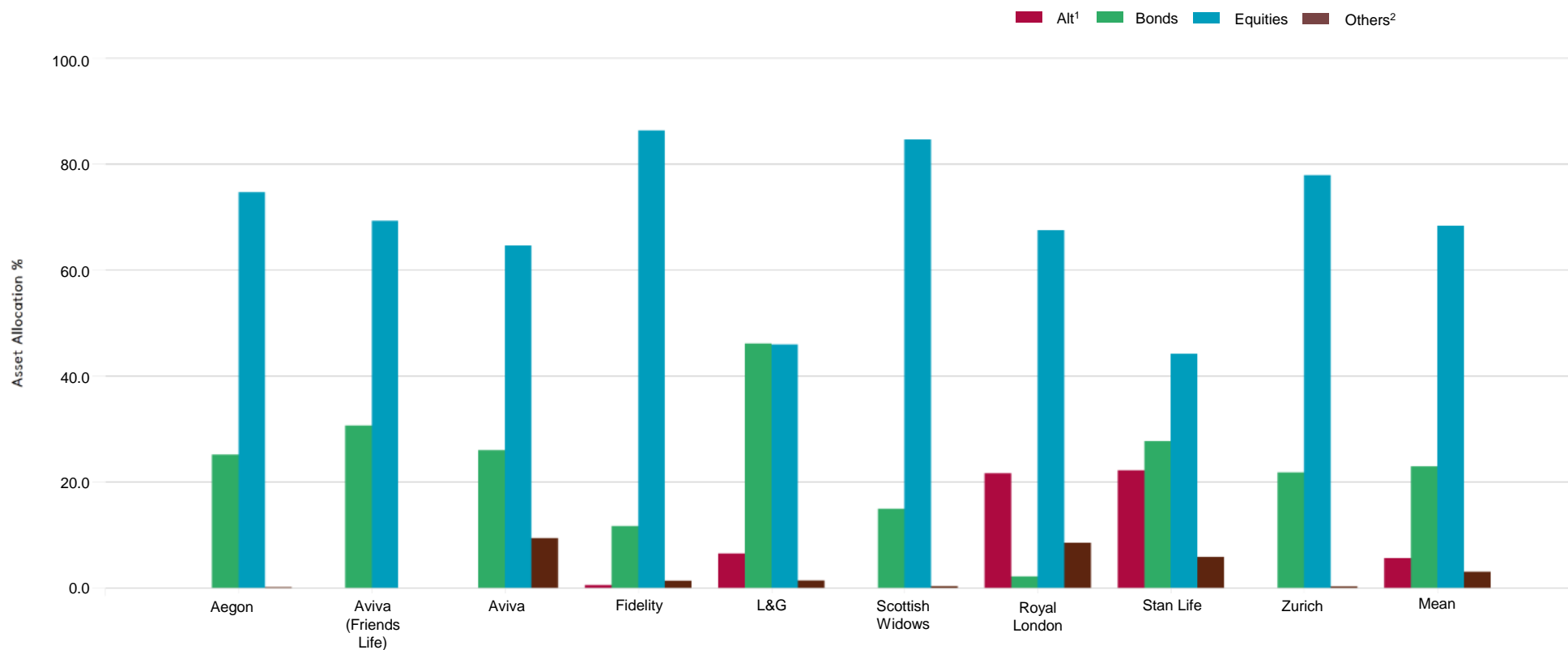
¹ CPI+3%

² ABI Mixed Investment 40%-85%

³ PS Aspire DC Default Composite

⁴ Annualised

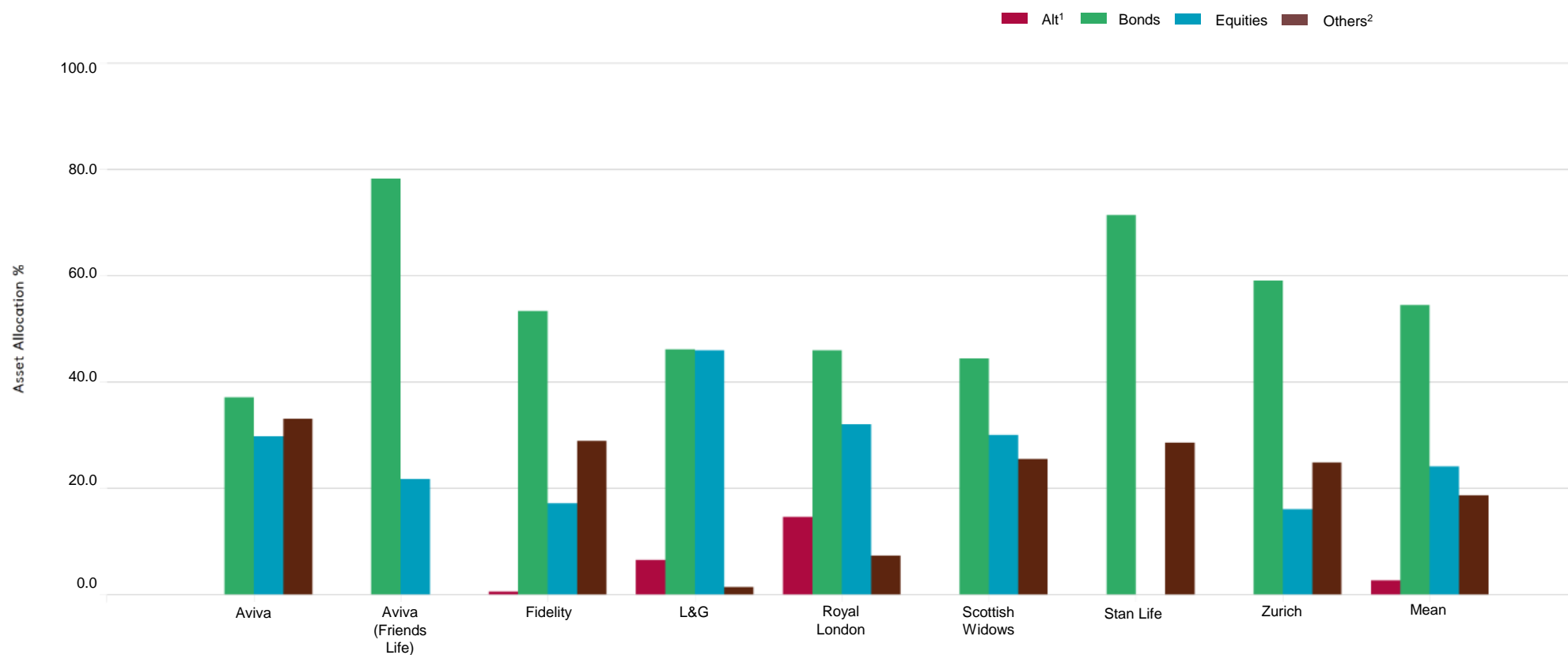
Asset Allocation – Growth Phase



¹ Alternative Assets & Property ² Money Market & Others

| | Aegon Growth Tracker (Flexible Target) Pn | Av My Future Growth FP Pn | Aviva Diversified Assets II Pn S6 | Fidelity Growth Portfolio | L&G Multi Asset PMC Pn 3 | Pension Portfolio Two Pension Series 2 | Royal London Governed Portfolio 4 Pn | Stan Life Active Plus III Pn S4 | Zurich Passive Multi Asset IV Pn CS1 | Mean |
|---------------|---|---------------------------|-----------------------------------|---------------------------|--------------------------|--|--------------------------------------|---------------------------------|--------------------------------------|------|
| Alt | 0 | 0 | 0 | 1 | 6 | 0 | 22 | 22 | 0 | 6 |
| Bonds | 25 | 31 | 26 | 12 | 46 | 15 | 2 | 28 | 22 | 23 |
| Equities | 75 | 69 | 65 | 86 | 46 | 85 | 68 | 44 | 78 | 68 |
| Others | 0 | 0 | 9 | 1 | 1 | 0 | 9 | 6 | 0 | 3 |
| UK Assets | 55 | 50 | 30 | 52 | 19 | 27 | 33 | 20 | 29 | 35 |
| Non UK Assets | 45 | 50 | 70 | 48 | 81 | 73 | 67 | 80 | 71 | 65 |

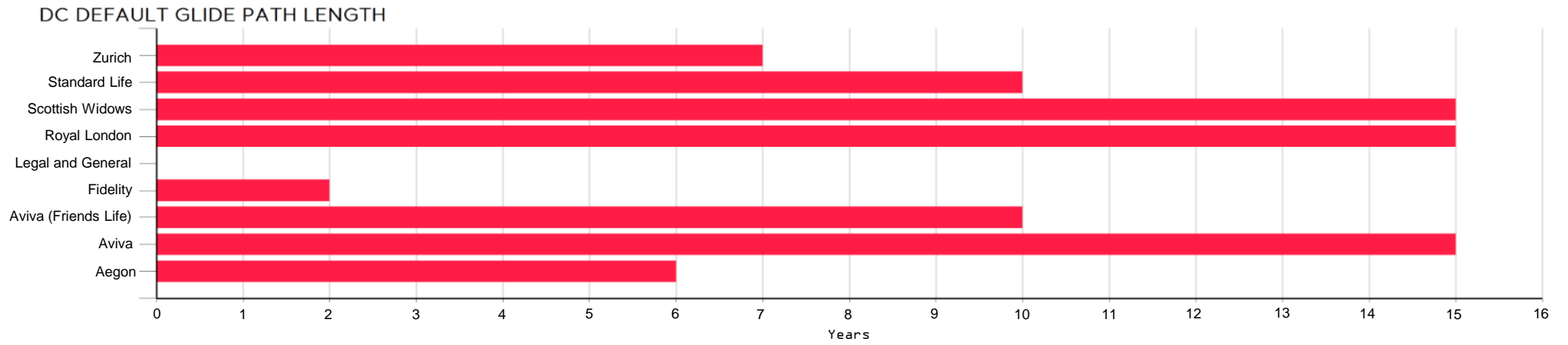
Asset Allocation – At retirement



¹ Alternative Assets & Property ² Money Market & Others

| | Aviva Future Focus 2 | Aviva My Future | Fidelity Futurewise | Legal & General Multi Asset Fund | RLP Balanced Lifestyle Strategy | Scottish Widows Balanced Pension Investment Approach | Standard Life Universal Strategic Lifestyle Prolife | Zurich Passive Interim Lifestyle | Mean |
|----------|----------------------|-----------------|---------------------|----------------------------------|---------------------------------|--|---|----------------------------------|------|
| Alt | 0 | 0 | 1 | 6 | 15 | 0 | 0 | 0 | 3 |
| Bonds | 37 | 78 | 53 | 46 | 46 | 44 | 71 | 59 | 54 |
| Equities | 30 | 22 | 17 | 46 | 32 | 30 | 0 | 16 | 24 |
| Others | 33 | 0 | 29 | 1 | 7 | 26 | 29 | 25 | 19 |

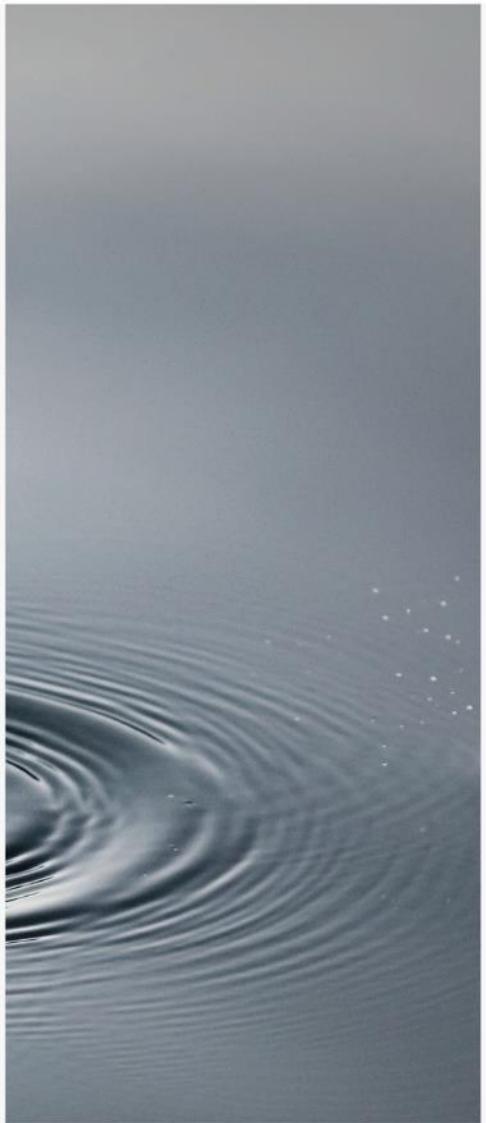
Glide path length



Introducing Alternatives to the DC Default

November 2018

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FULCRUM
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Should a DC Default portfolio include exposure to **alternative** investments?



Liquid

Illiquid

It Depends!

Plan / Member Circumstances

Fees

Responsible Investment

Platform Friendly

Diversifying Properties

Market Research Outcomes

Fees

- Transparency
- Level
- Structure

Platform Friendly

- Part of doing business
- Liquidity
- Fund structure

Responsible Investment

- Care & Attention
- Innovation
- Action

Diversifying Properties

- Different to equities/
bonds/Absolute Return
- Keep line items down!

Delving Deeper – Diversifying Properties of **Liquid** Alternatives



Listed Real Assets



Alternative Credit



Derivatives / Hedge Funds



Real Assets



Alternative Credit



Diversifiers

Three Possible Beliefs

A

Will achieve equity-like returns

AND

Improve overall risk-adjusted returns (net)

B

Will not achieve equity-like returns

BUT WILL

Improve overall risk-adjusted returns (net)

C

Will not achieve equity-like returns

NOR

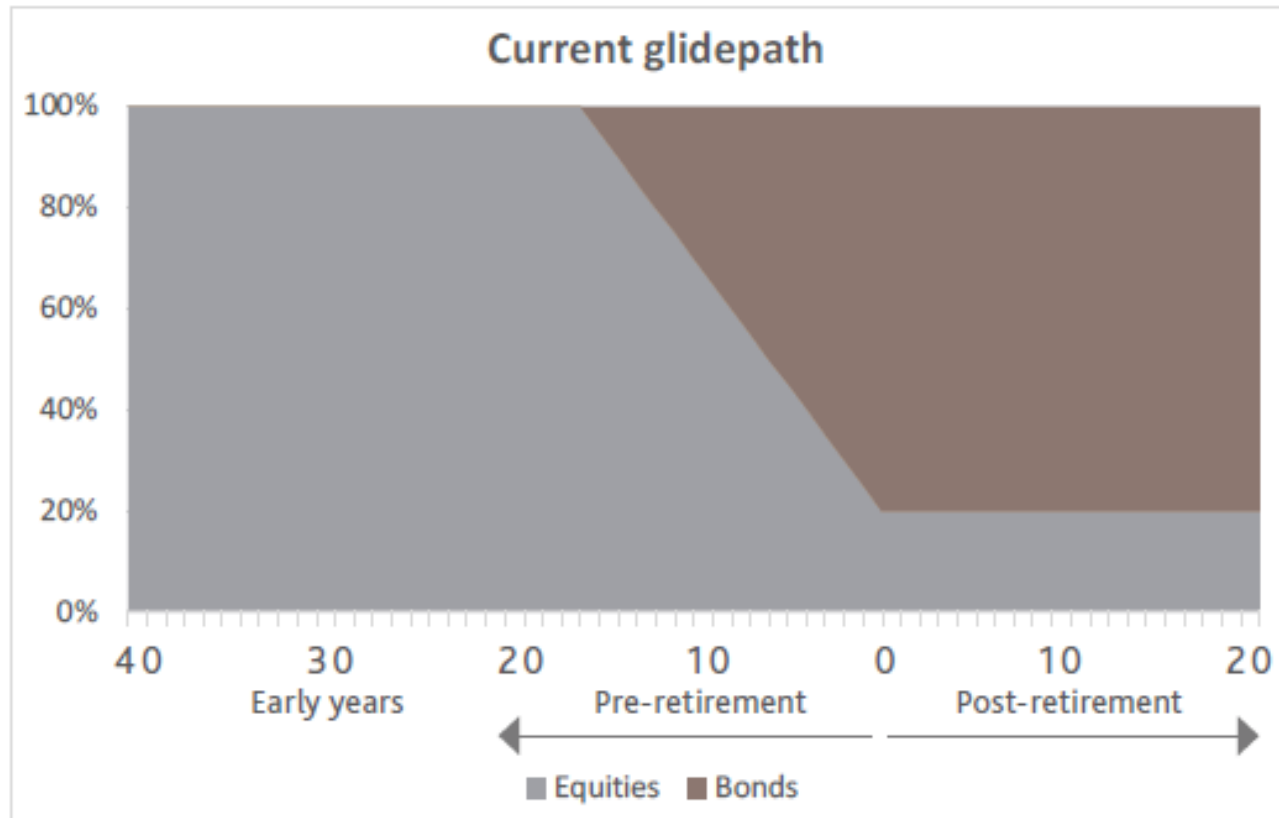
Improve overall risk-adjusted returns (net)

These both assume you can find a product out there that you like

Scenario 1: Simple cost minimiser

Let's look at a few **simplified** scenarios...

You currently own just equities and bonds in your default
(for clarity, limited exposure to listed real assets and no exposure to alternative credit or other diversifiers)



Scenario 1: If you believe liquid alternatives will...

A

Achieve Equity-like returns

YES

Improve Risk Adjusted Returns

YES

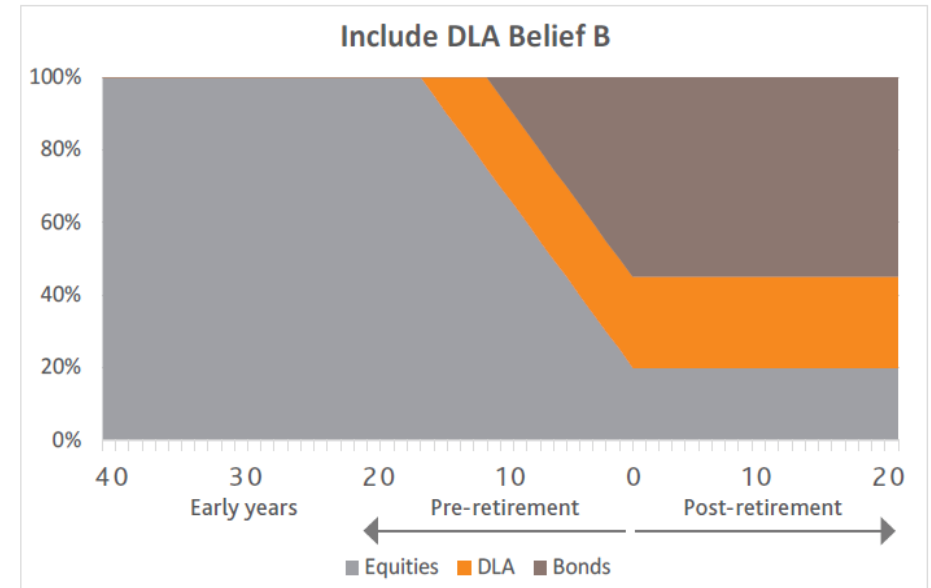
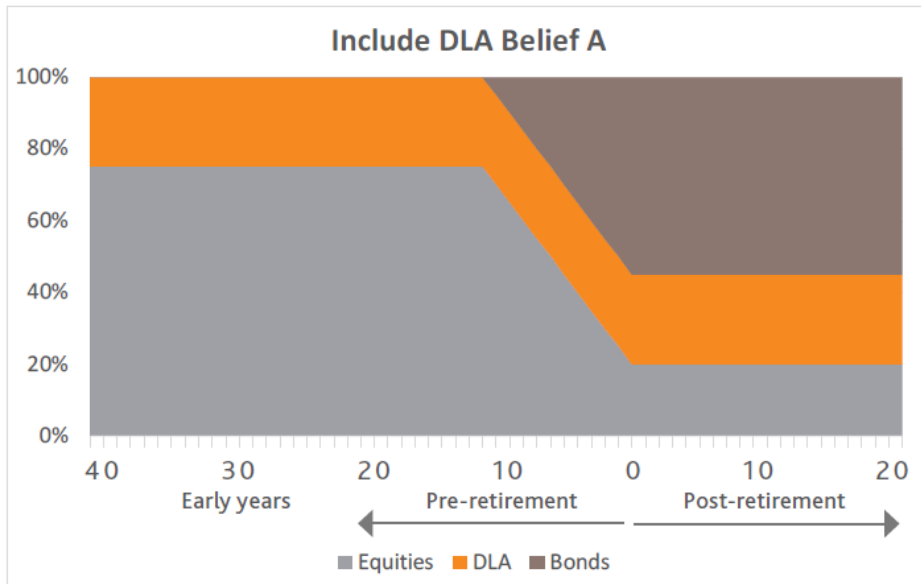
B

Achieve Equity-like returns

NO

Improve Risk Adjusted Returns

YES



Include from the start through retirement

Include during pre-retirement phase

Scenario 2: What about those DGFs?

You currently own some combination of Equities + DGF + Bonds in your default

A

Achieve Equity-like returns

YES

Improve Risk Adjusted Returns

YES

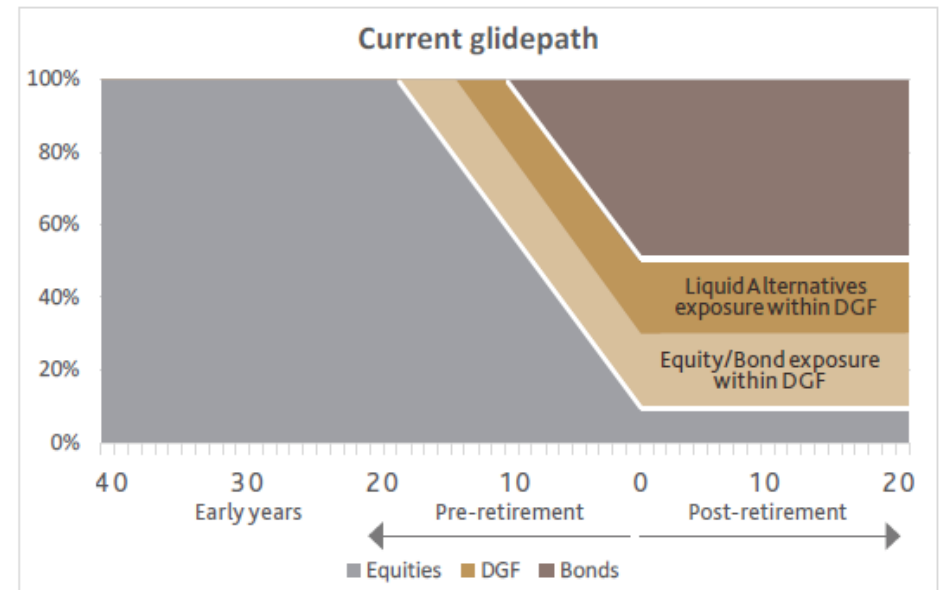
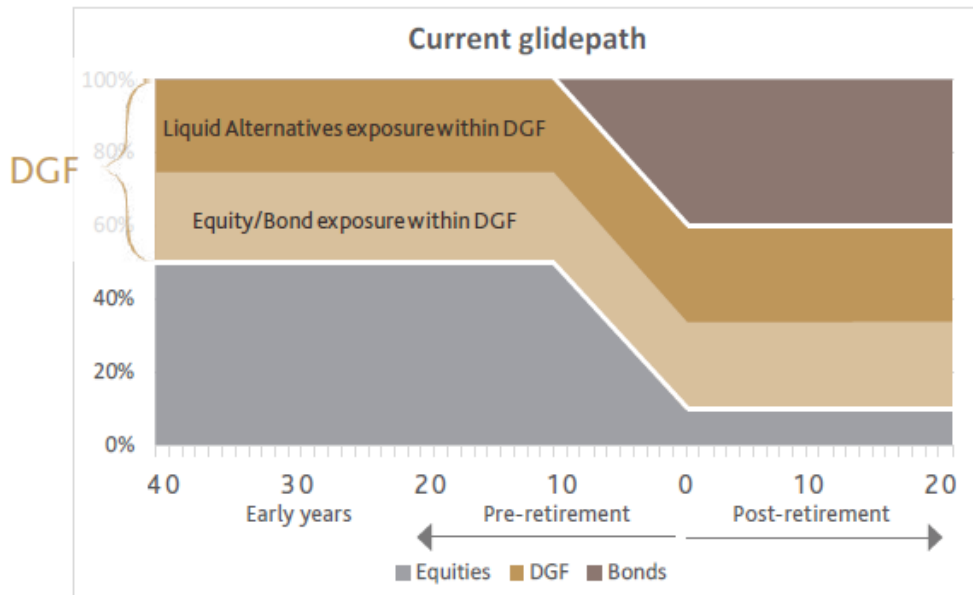
B

Achieve Equity-like returns

NO

Improve Risk Adjusted Returns

YES



Scenario 2: If you believe liquid alternatives will...

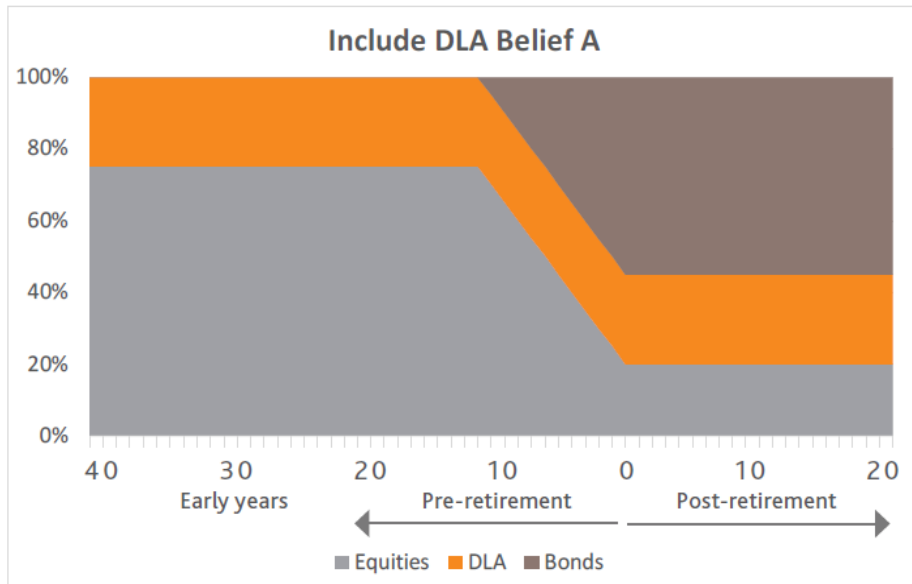
A

Achieve Equity-like returns

YES

Improve Risk Adjusted Returns

YES



Include from the start through retirement

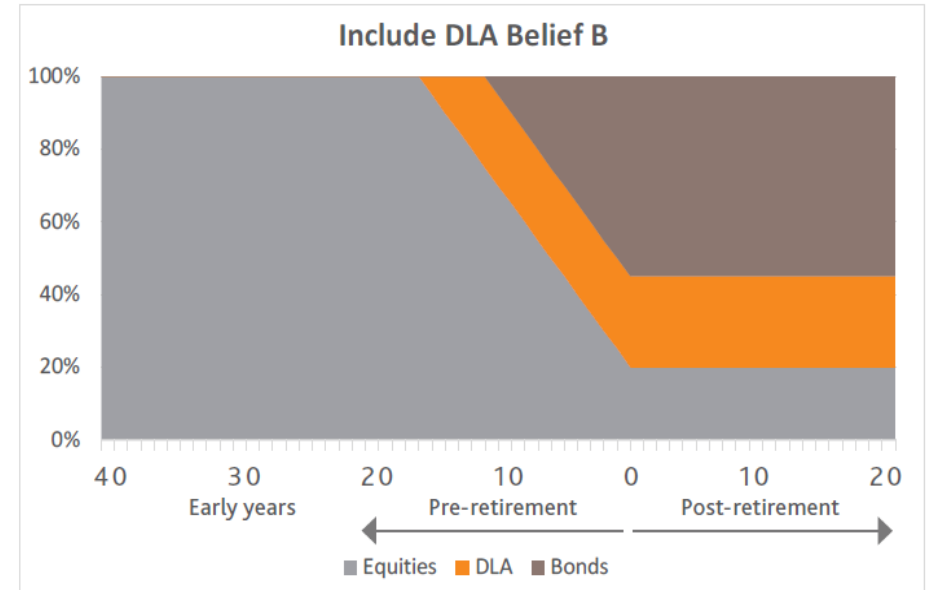
B

Achieve Equity-like returns

NO

Improve Risk Adjusted Returns

YES



Include during pre-retirement phase

Why is it more efficient??

Assume Belief A...

| Investment | Typical Ongoing Charge |
|------------------------|------------------------------|
| Passive Equities | 10bps |
| Active DGF | 65bps |
| Liquid Alternatives | 85bps (fee for our DLA fund) |
| Overall Ongoing Charge | |
| Expected Return (net) | |

+ Potential T Cost savings

Delving Deeper – Diversifying Properties of Illiquid Alternatives

More regulatory guidance coming. Here is some food for thought...

Assumptions

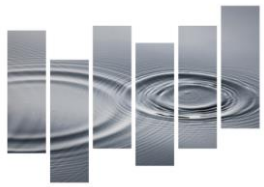
- Default is 80% Equities; 20% high fee illiquids
- Equity markets fall 40%+ (as per 2008)

| | Scenario 1 | Scenario 2 |
|-------------------------------------|--|--------------------------------------|
| Illiquid Fund NAV | UP/FLAT | DOWN |
| Impact on asset allocation | High fee illiquids increase as a proportion of portfolio | Little change |
| Impact on Ongoing Charge of Default | Increase – possible charge cap breach | None |
| Consider Rebalancing? | Yes | No |
| Gating imposed | Probable | Unlikely |
| Summary | Regulatory and investment risk | Downmarket correlation with equities |

Conclusion get the right fee or stay liquid! For now...

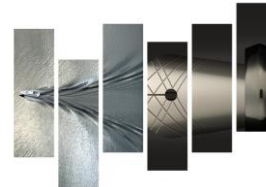
Fulcrum Diversified Liquid Alternatives Overview

Our solutions are:



Diversified Liquid Alternatives (DLA)

DLA UK fund launched 1 May 2018



Bespoke Partnership

We invest in:



Real Assets



Alternative Credit



Diversifiers

Fees

- 85bps all-in
- No performance fees

Platform Friendly

- Daily Liquid
- Available on Fidelity already

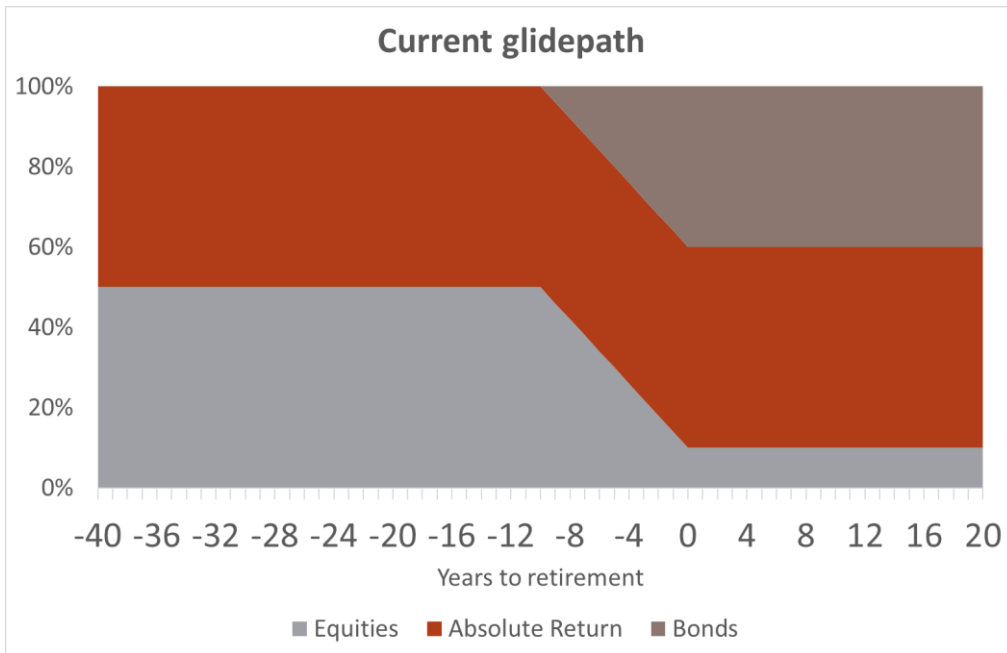
Responsible Investment

- Fully integrated
- Fresh approach

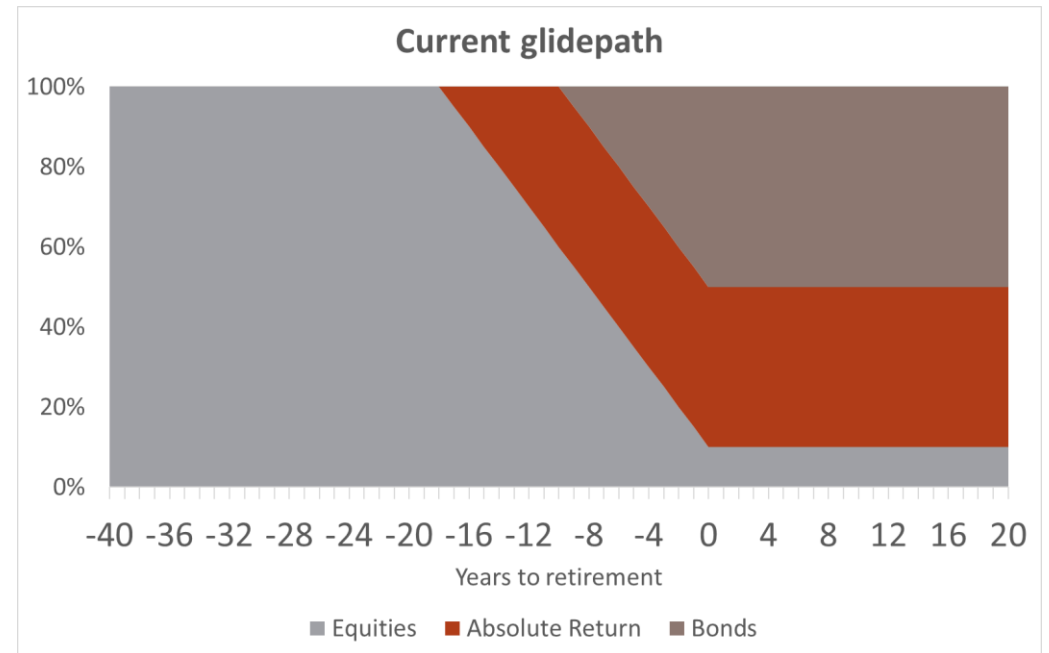
If you believe A or B...

Scenario 3 – Equities + Absolute Return + Bonds

A



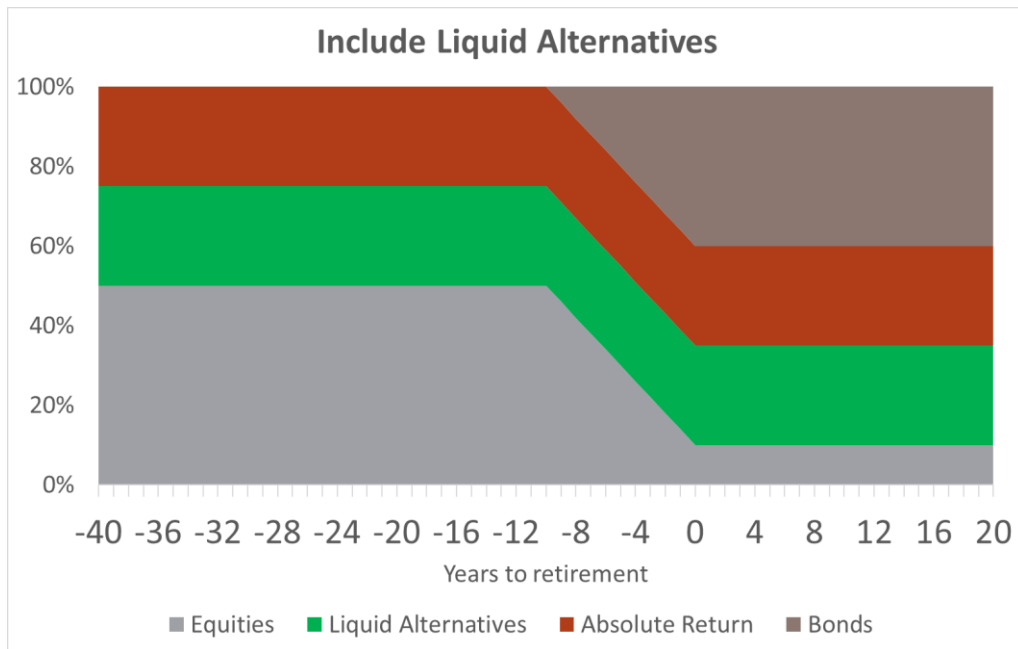
B



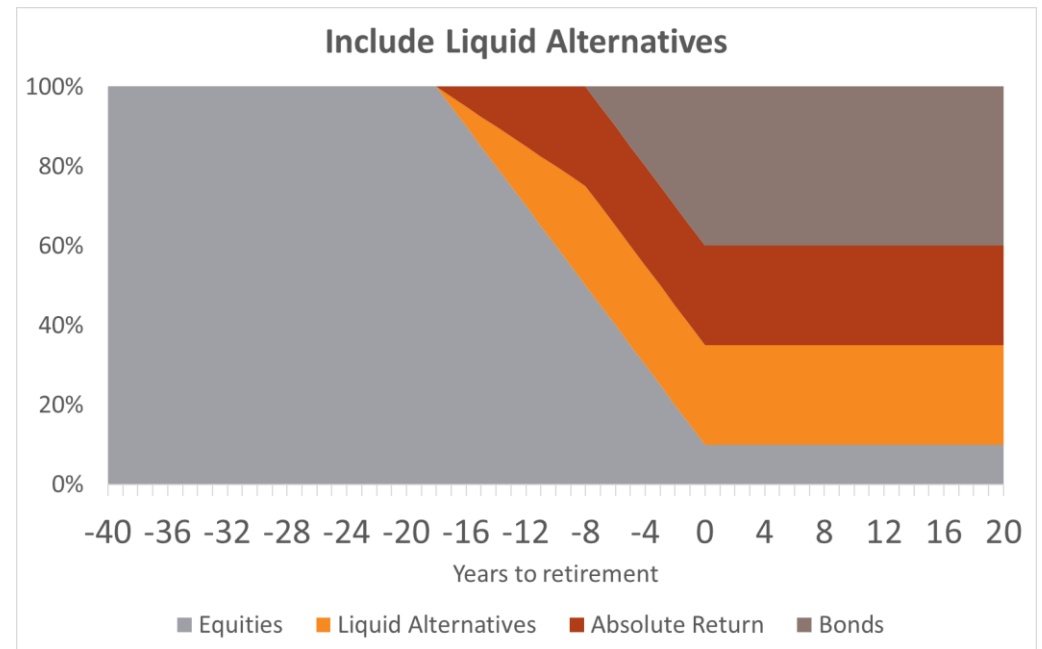
If you believe A or B...

Scenario 3 Solution

A



B



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Punter Southall
Aspire

New Rules of Engagement

Alan Emberson - Director, Workplace Solutions

Theme 1

Pensions are not a priority because 'now matters more than then'.

Competing
Financial Priorities

Competing
Financial Priorities

88%
would prefer £400
now;
than £800 in the
future

50%
paying off a
credit card

Theme 2

People are anxious about their financial future but not actively managing it.

Present
Bias

Short-term
Budgets

66%
don't know if they
are saving enough
for a comfortable
retirement

78%
budget short-
term
(typically,
month to
month)



Theme 3

Apathy about pensions is widespread, with people not making active pension decisions.

Present Bias

Short-term Budgets

1 in 5 of those 16 to 24 years old have no idea if they have a workplace pension

76% will respond to feeling excited

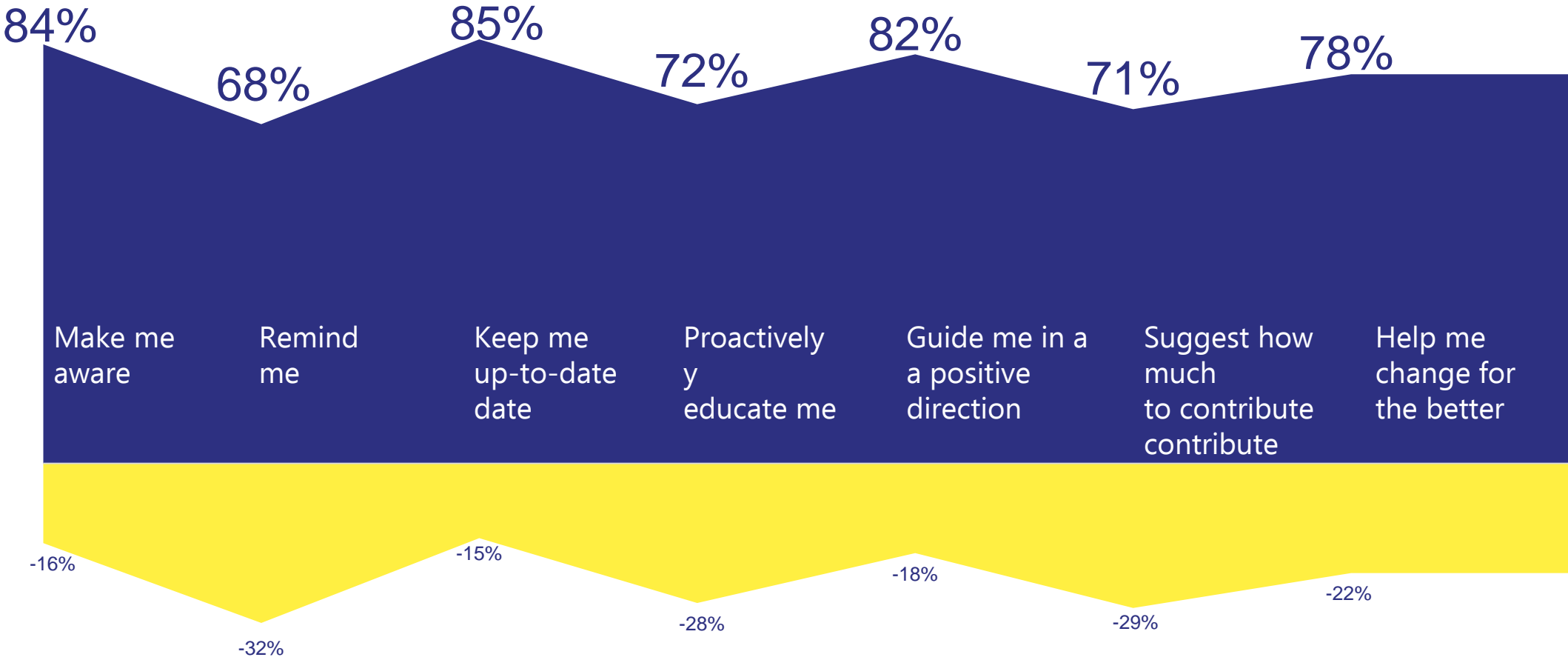




Punter Southall
Aspire

What employees want

Employees say that employers should:



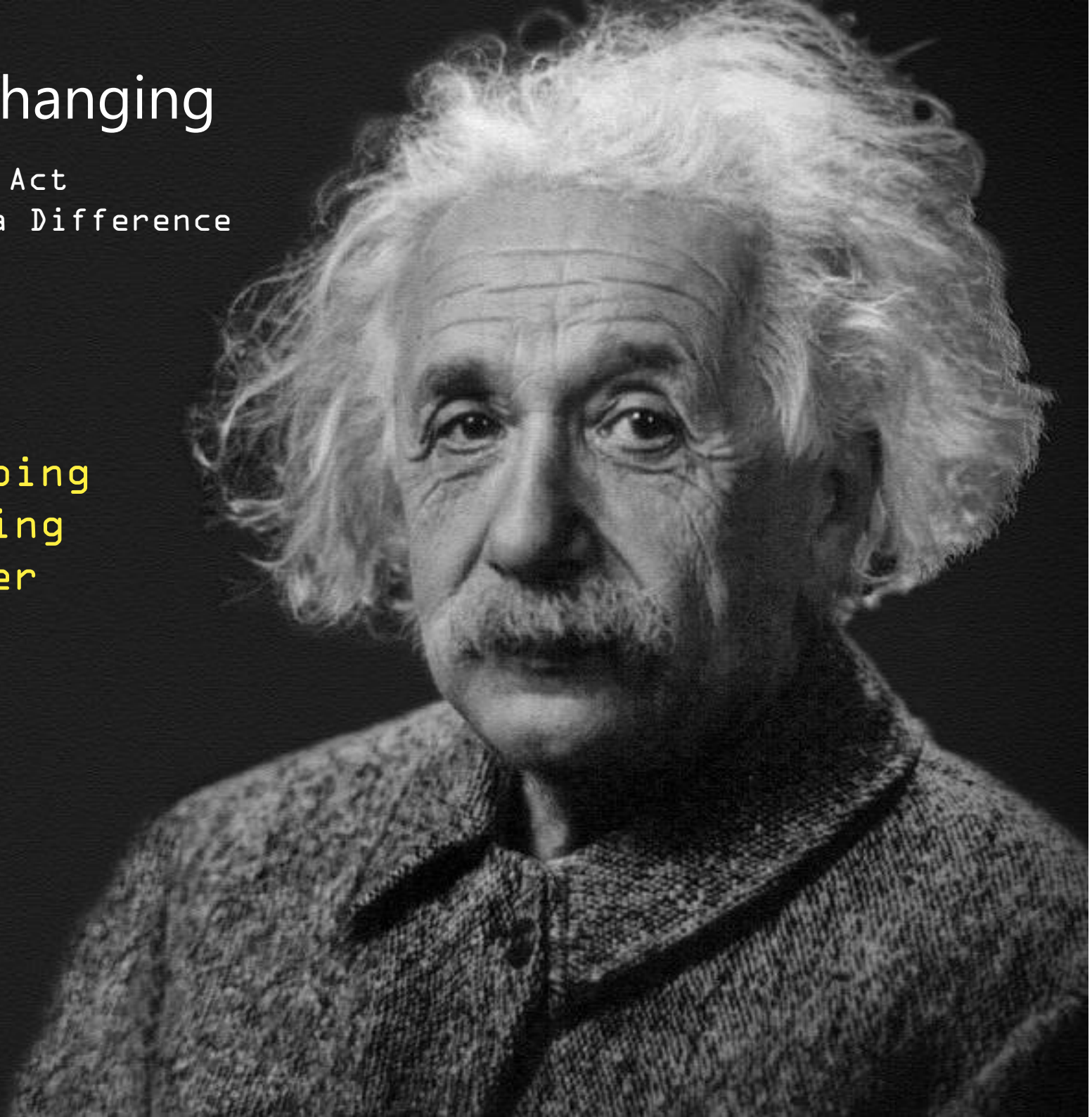
The World is Changing

Think differently, Act
differently, Make a Difference



Insanity: doing
the same thing
over and over
again and
expecting
different
results

ALBERT EINSTEIN

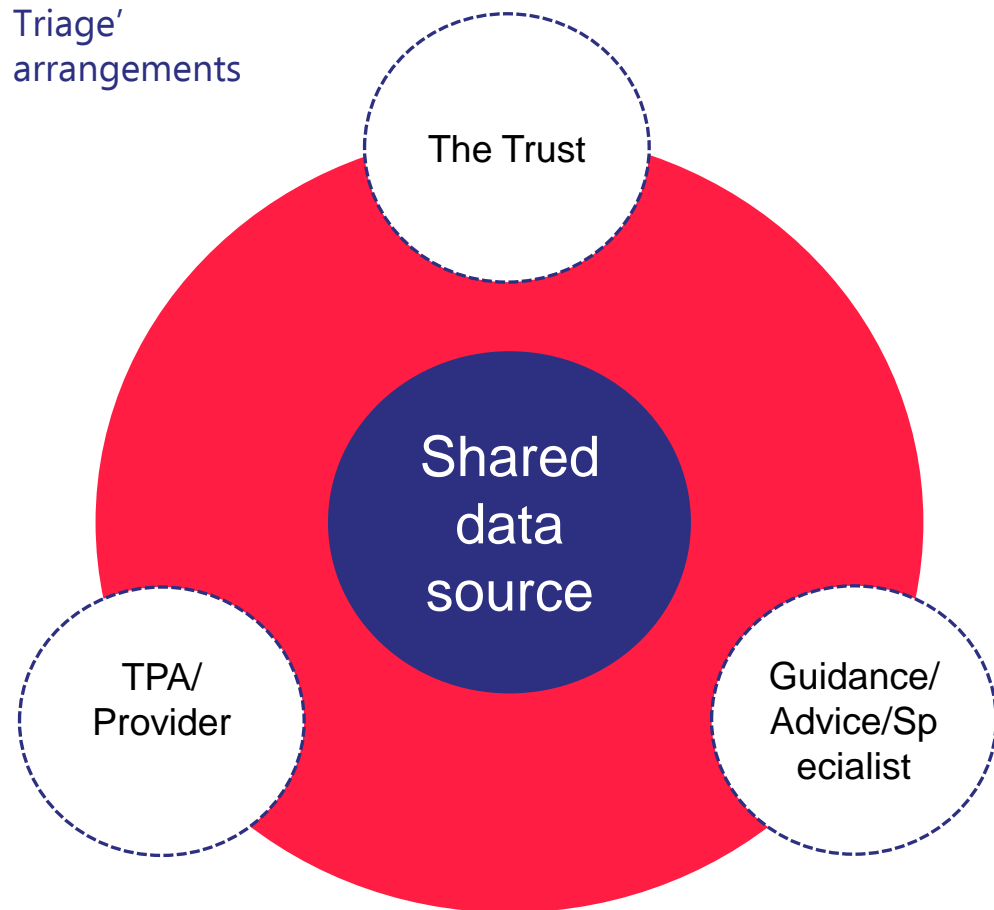
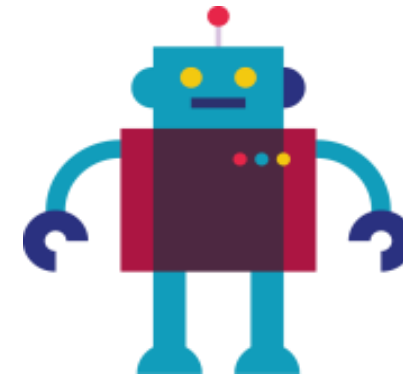




Developments beyond nudging

myAspire

- Aggregation of financial data & savings
 - Single view (Dash-board)
 - Include Bank Accounts & Credit Cards
- CRM /Data analytics:
 - Monitoring interactions:
 - Delivery form and content adapts:
 - Use of “BOTS”/AI





my Dashboard

my Aspire my Dashboard Me Help Log Out
Last logged in 13/12/2017 10:09:32

Viewing as Martin

- Martin
- my Workplace Savings
- my Dashboard
- my Money
- my Pensions
- my Investments
- my Protection
- my Planning
- my Documents
- my Details
- Contact Us

Account Balances

| | |
|---------------------|---------|
| Banking | |
| Lloyds | £1.00 |
| Credit cards | |
| Barclaycard | £500.00 |

Spending

| | |
|-------------------------|---------|
| Property Costs (13.98%) | £3,188 |
| Living (67.67%) | £15,433 |
| Leisure (18.35%) | £4,184 |

Income

| | |
|---------------------|---------|
| This month | £18.10 |
| Last month | £17.78 |
| Total for 12 months | £197.33 |

Investments Overview

Total Valuation: £6,286,399

Personal Portfolio

| | |
|--------------------------------|------------|
| Physical Assets (31.65%) | £1,973,981 |
| Retirement (9.78%) | £610,047 |
| Savings & Investments (55.49%) | £3,460,708 |
| Stocks & Shares (3.02%) | £188,103 |
| Other (0.06%) | £3,560 |

Net Worth

I own: £7,092,896

I'm worth: £6,902,091

I owe: £190,805

Property Valuation

Powered by moneyinfo



my Pensions

my Aspire Pension Summary Me Help Log Out

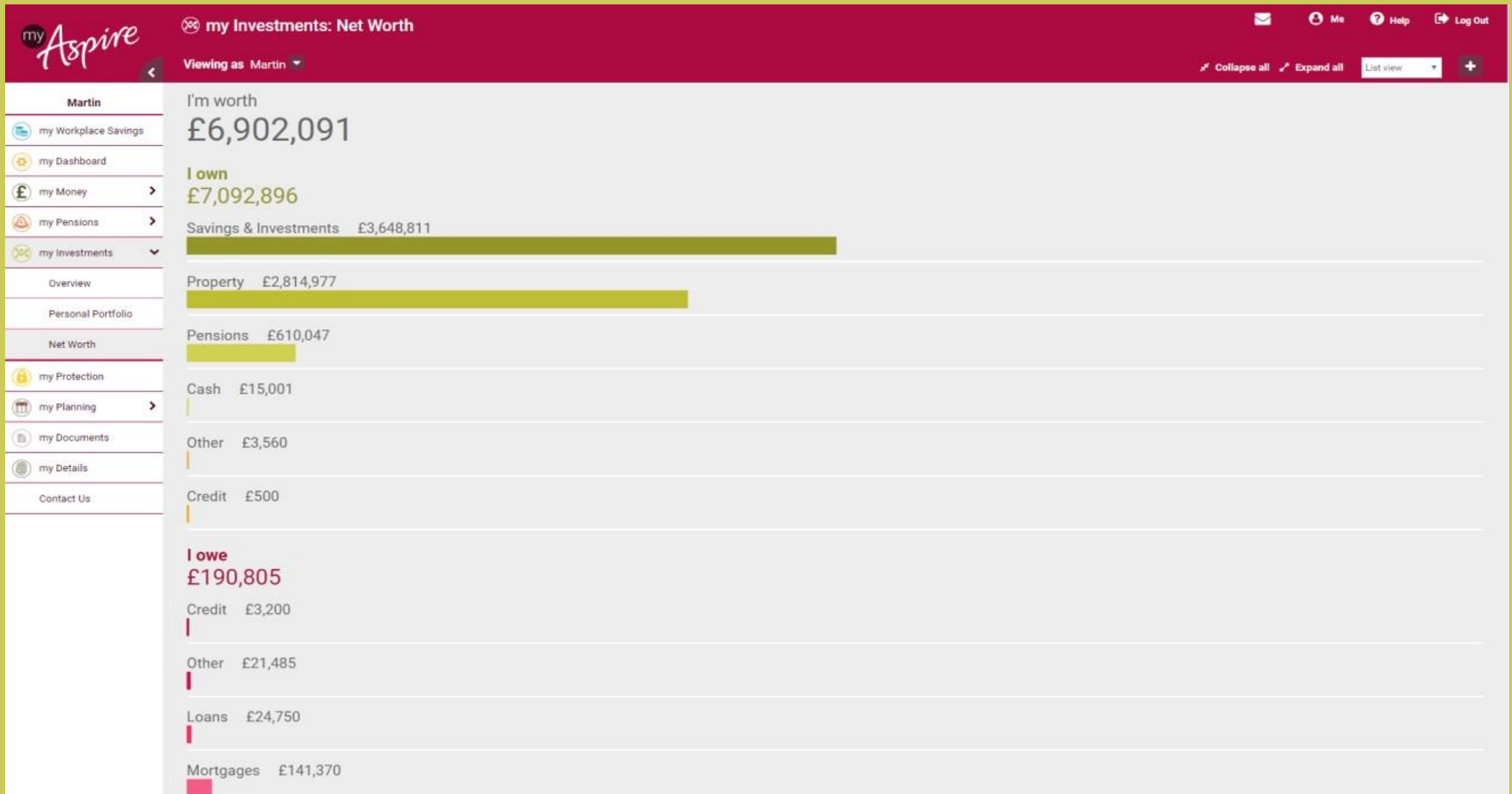
Viewing as Martin Collapse all Expand all

| | |
|----------------------|---------------------------|
| Martin | £610,047 |
| my Workplace Savings | Workplace Pension £56,353 |
| my Dashboard | |
| my Money | Personal Pension £120,669 |
| my Pensions | |
| Aspire Pension | SIPP £433,025 |
| Pension Summary | |
| my Investments | |
| my Protection | |
| my Planning | |
| my Documents | |
| my Details | |
| Contact Us | |

Powered by moneyinfo



my Investments






my Planning

my Aspire my Planning: Videos Me Log Out
Last logged in 13/12/2017 15:04:18

Tom

- my Workplace Savings
- my Dashboard
- my Money
- my Pensions
- my Investments
- my Protection
- my Planning
 - Lifestyle and money
 - Planning for the future
 - Accessing my savings
 - Planning tools
 - Videos
- my Documents
- my Details
- Contact Us


Videos



When facing retirement, you'll need to make a lot of decisions about your pension provision. You'll have to consider your personal circumstances on various stances, from deciding how much risk you're willing to take to if you're ready to touch your pension pot.

We've created these video guides to make the decision easier. They're full of case studies, guides and walkthroughs. But if you're still having trouble deciding what is best for your individual circumstances, feel free to get in touch by contacting [myAspire](#).

C



Case study - take it all

An example of someone who might benefit from taking all their pension pot in one go as a lump sum.



my Documents

my Aspire my Documents Me Help Log Out

Viewing as Martin

- Martin
- my Workplace Savings
- my Dashboard
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- my Protection
- my Planning
- my Documents
- my Details
- Contact Us

+ New Folder

- my Personal Documents
 - my Aspire Documents
 - Member Guides
 - Statement of Benefits
 - my Employment Documents
 - my Document Library
 - Pension Guides
 - New folder
 - Recycle bin

my Personal Documents

| Name | Uploaded on | Uploaded by | Size |
|--------------------------|-------------|-------------|------|
| cli-reference - Copy.pdf | 03/07/2017 | me | 32kB |

cli-reference - Copy.pdf

Rename Remove Move Download

Open

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my Protection

my Aspire **my Protection** Me Help Log Out

Viewing as **Martin** Collapse all Expand all +

Martin

- my Workplace Savings
- my Dashboard
- my Money
- my Pensions
- my Investments
- my Protection**
- my Planning
- my Documents
- my Details
- Contact Us

Group or Company Protection Insurance

Abc Business Travel Insurance - GI-BTA021 £2,500.00

Health Protection

Health Protection added 21-Nov-2017

Income Protection

Abc Accident, Sickness & Unemployment - GI-ASU016 £15,000.00

| Details | Provider Description | Description | Policy Number | Owners | Start Date | Status |
|-----------|----------------------|---|------------------------|--------------------|--------------------|-------------------|
| Documents | ABC Inc | Abc Accident, Sickness & ... | GI-ASU016 | Martin | 30 Sep 2015 | Current |
| | Plan Premium | Next Payment Due | Plan Premium Frequency | End Date | Benefit Amount | Benefit Frequency |
| | £15.00 | 28 Dec 2017 | Monthly | 30 Jul 2016 | £15,000.00 | Single |
| | Benefit To Age | Benefit Def Period | | | | |
| | 0 | 0 | | | | |

Life Protection

Life Cover added 23-Jun-2017 - P0678931Z £100,000.00

| Details | Provider Description | Description | Policy Number | Owners | Start Date | Status |
|-----------|---------------------------|-------------------------------------|------------------------|--------------------|--------------------|-------------------|
| Documents | Wesleyan Assurance | Life Cover added 23-Jun-2... | P0678931Z | Martin | 21 Jun 2017 | Current |
| | Plan Premium | Next Payment Due | Plan Premium Frequency | End Date | Life Assured | Life Assured Name |
| | £11.56 | 22 Dec 2017 | Monthly | 25 Jun 2025 | Partner | M Hughes |
| | Life Cover | Critical Illness Cover | Terminal Illness Cover | Is In Trust | | |
| | £100,000.00 | £0.00 | £0.00 | Yes | | |

[Edit Details](#)

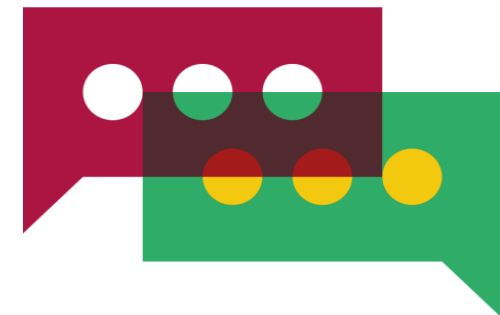
Norwich Un Term Assurance (CGNU) - TA001 £15,000.00

Norwich Un Term Assurance (CGNU) - TA002 £10,000.00

Zurich Convertible Term Assurance - TA003 £10,000.00

Types of employee/member interactions

- **Keep the content day-to-day relevant** e.g.
 - debt refinancing a good example of what may focus younger minds
- **Help employees establish good financial habits:**
 - Improve cash-flow management
 - Creating savings opportunities/formulating plans
 - Use available annual tax allowances
- **Provide information the user wants/needs/expresses an interest in** e.g. could be most interested in mortgages etc.
- **Keep the messaging positive** – no fear tactics



It's about finances not a product

Help people to organise their finances in order to maximise their future savings opportunities. Spin off benefit = simplifying guidance/advice and reducing associated costs
£

VFM (National Audit Office) – “Optimum use of available resources to achieve required outcome”



Example as to why we should be helping clients to think “holistically” i.e. not just leading with the pension

Using guidance and advice and thinking more broadly than just the pension.

Imagine a client aged 60 is retiring:

- needs £25,000 per year income
- has £500,000 pension pot
- £150,000 in ISA's and £50,000 in a bank savings account

By drawing income across all of their savings they can substantially reduce the amount paid in tax.

This involves keeping Tax Free Cash within the product and using that for future income, along with drawing regular income from other non-pension products. Doing this can save £1,000's in tax.




Example as to why we should be helping clients to think “holistically” i.e. not just leading with the pension

The traditional solution:

- take £125,000 tax free cash, which they'd probably save - in a taxable savings account, whilst making this liable to Inheritance Tax too as part of their estate
- drawing a regular income from their pension will lead to tax i.e. on anything above personal allowance level

Simplistic Example:

- £12,500 from the pension (using IATA)
- £12,500 from the ISA
- Using £50,000 to fund annual ISA allowance over 2.5 years.
- Then, using partial TFC to top-up when ISA's run out



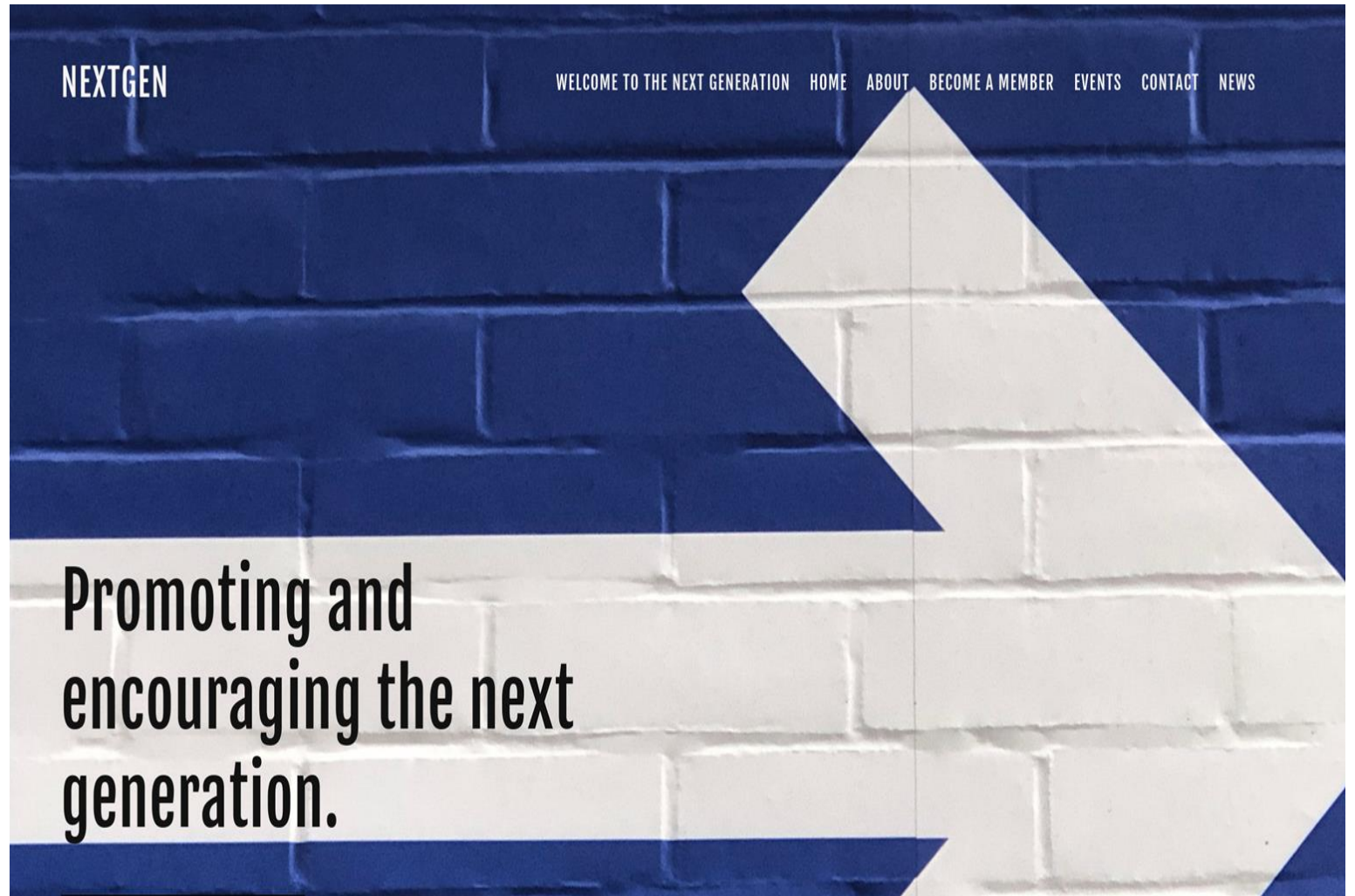
Technology is the game
changer and it's now
easily accessible!

NextGen

What is NextGen?



Why do we exist?



Our goals.



What's next?





Capital Cranfield

LONDON | NOTTINGHAM | EDINBURGH



The Role of the Fiduciary in the DC Landscape

capitalcranfield.com

Tony Filbin

Chairman

8th November 2018



What Must Fiduciaries Do?

- ◆ Mastertrusts
- ◆ IGCs
- ◆ Occupational DC



Fiduciaries – Common to All

- ◆ Value for Money / Members
- ◆ Default oversight and investment governance
- ◆ Nuts and bolts - particularly with AE



Mastertrusts

- ◆ Trustees at the heart of the proposition
- ◆ Key role in Authorisation process
- ◆ Relationship with other stakeholders



IGCs

- ◆ Legacy products and platforms
- ◆ Treating Customers Fairly



What Should Fiduciaries Do?

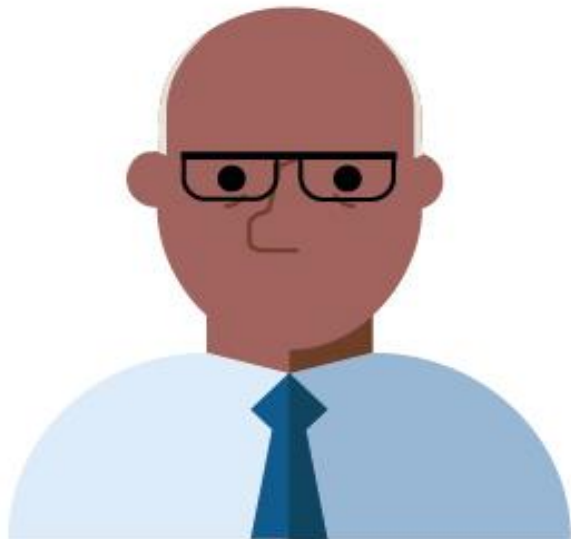
- ◆ Raising the bar
- ◆ ESG
- ◆ Member engagement
- ◆ Dashboard



Punter Southall
Aspire

DC scheme reviews and member outcomes





A group of people are high-fiving each other in a celebratory gesture. The scene is set outdoors at sunset, with a warm, golden light illuminating the scene. In the background, there are buildings and colorful bunting flags. The people are smiling and appear to be in a festive or social setting. The text 'Improving member outcomes' is overlaid on the left side of the image in a dark red, serif font.

Improving member outcomes

Three key areas



Make your scheme
as efficient as
possible



Contribute for
as long as
possible



Get employers
and employees to
pay more in



Significant factors

Charges

Volatility

Performance



The impact of a reduction in charge

Starting point

Employee joins the scheme at age 25

Salary of £25,000

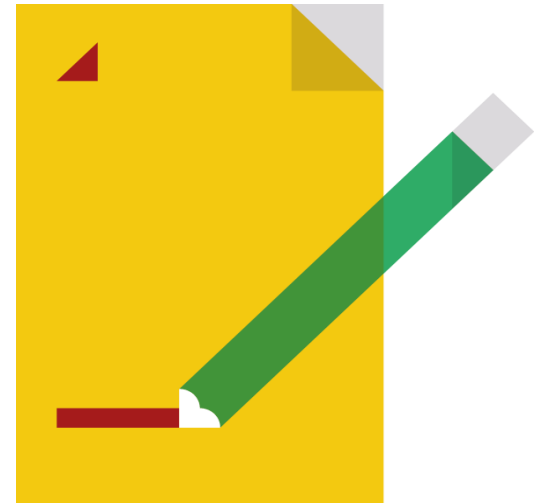
Contributions 8% of basic salary

Taking benefits at age 68

Salary increases of 2% per year

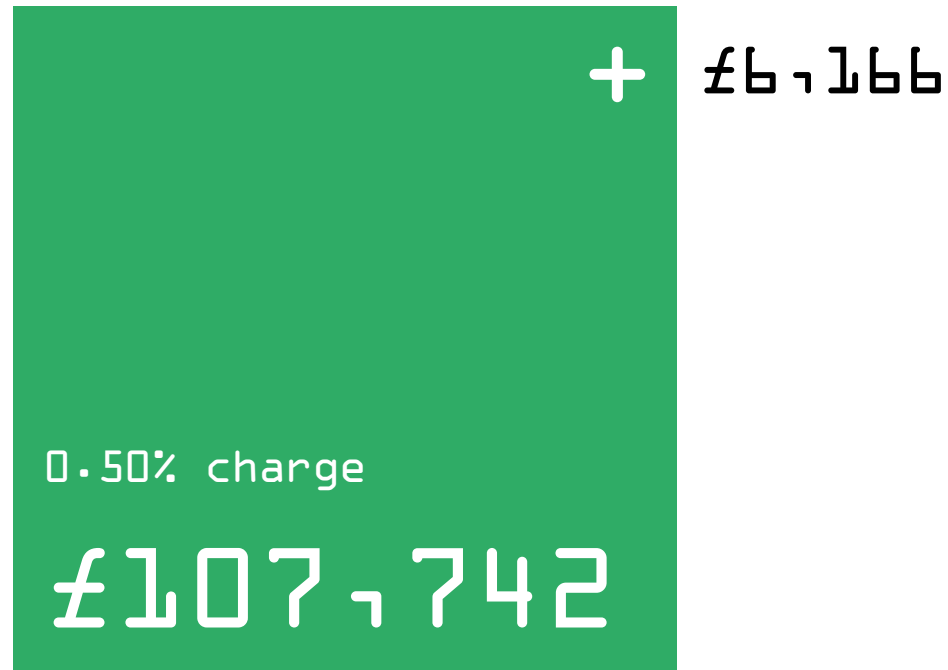
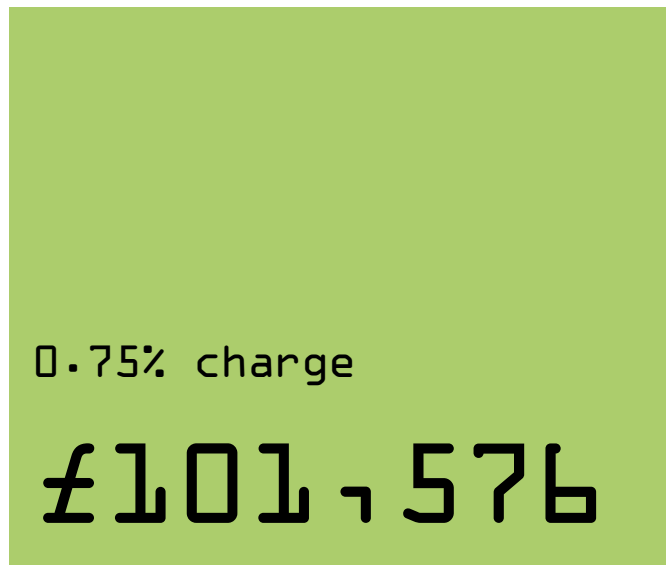
Fund growth of 4% per year

Charge of 0.75%



The impact of a reduction in charge

Pot at age 68



Starting assumptions:

- Age 25
- Starting salary £25,000
- Contribution 8% of salary
- Retirement age 68
- Salary increase 2% p.a.
- Fund growth 4% p.a.
- Charge of 0.75%
- Figures in today's terms
- Source: Punter Southall Aspire Pension Calculator



Workplace Default



AVIVA INVESTORS

Diversified Assets II



Growth Portfolio



My Future Growth



Multi Asset



Governed Portfolio 4



Pension Portfolio 2



Active Plus III

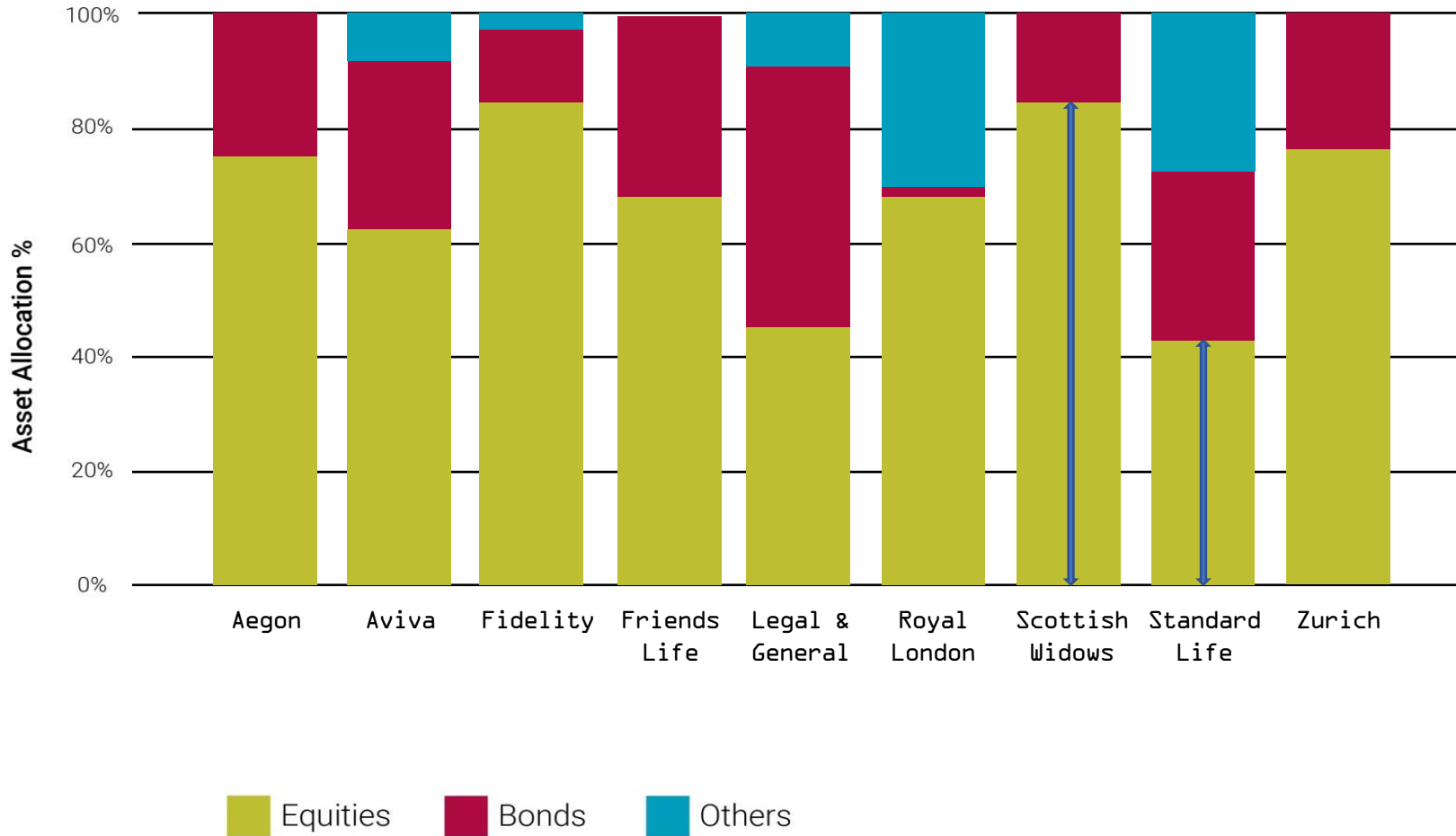


ZURICH

Passive Multi-Asset



Variance of asset classes



Improvement of 0.5% in fund performance

Pot at age 68



+ £12,247

Starting assumptions:

- Age 25
- Starting salary £25,000
- Contribution 8% of salary
- Retirement age 68
- Salary increase 2% p.a.
- Fund growth 4% p.a.
- Charge of 0.75%
- Figures in today's terms
- Source: Punter Southall Aspire Pension Calculator

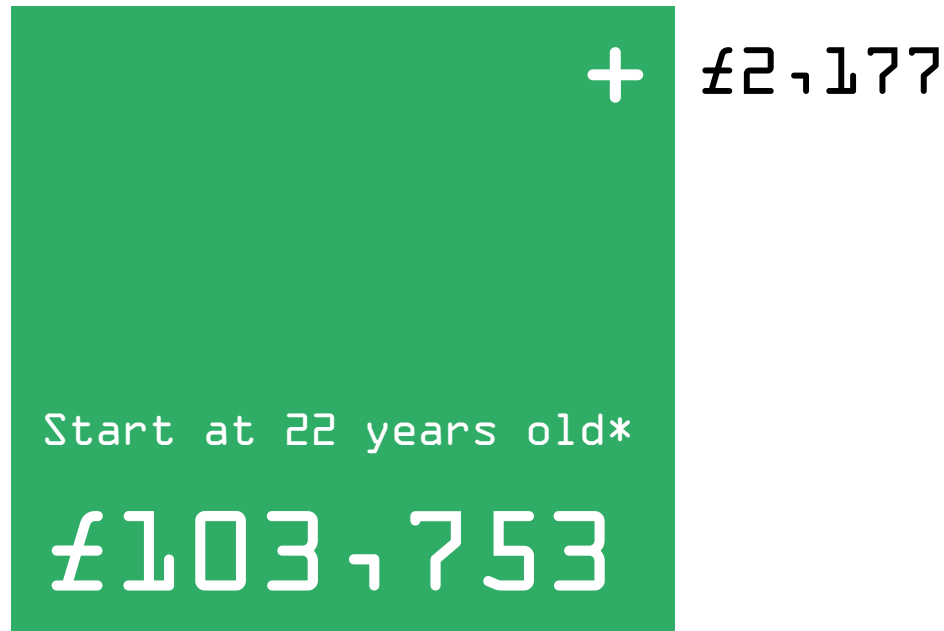
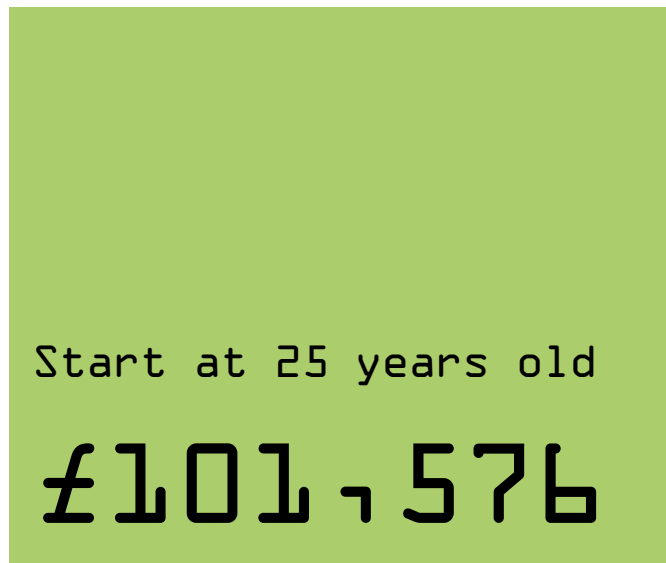




Contribute
for as long as
possible

The benefit of three years' additional contributions

Pot at age 68



Starting assumptions:

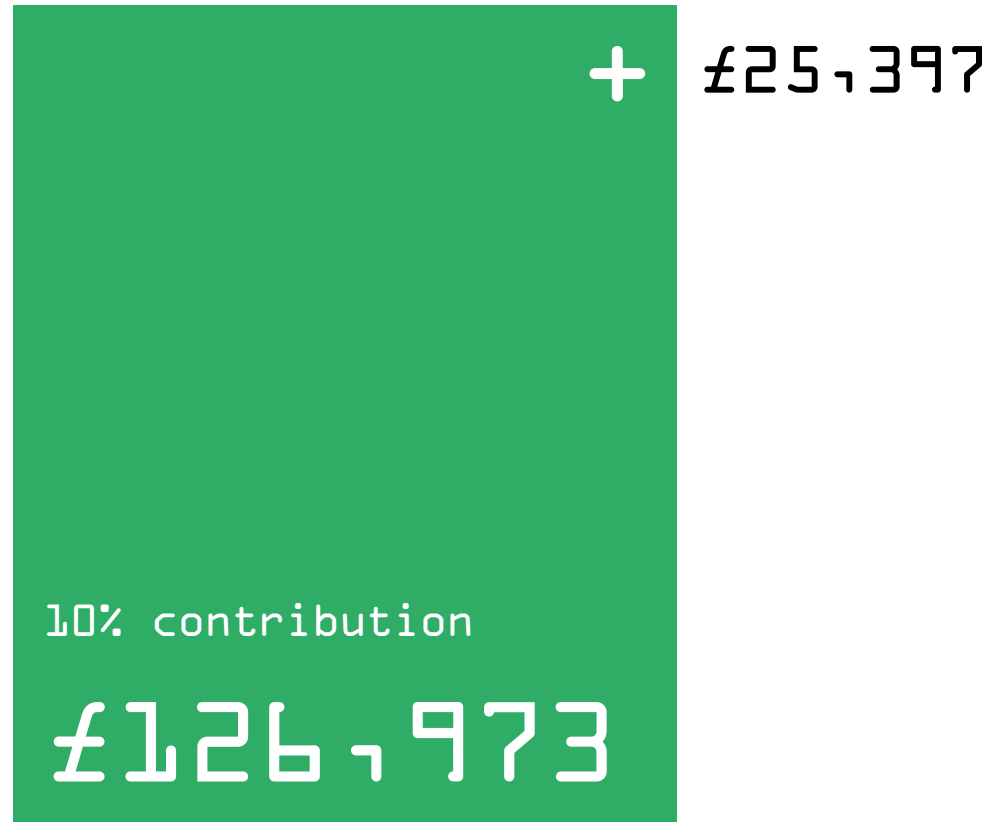
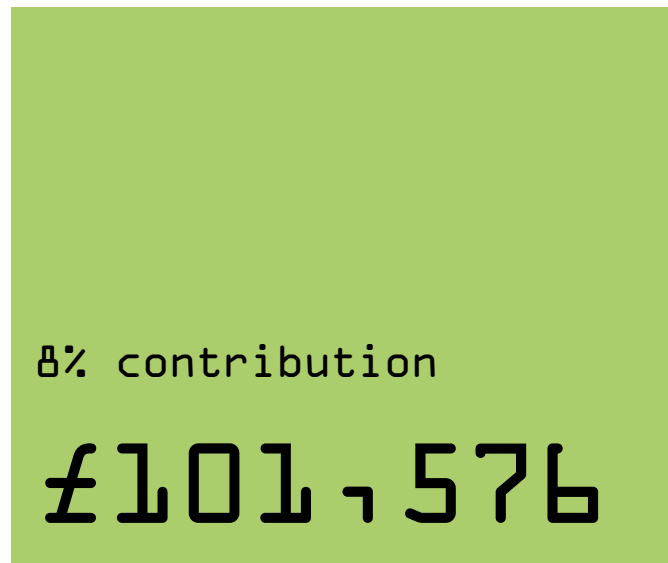
- Age 25
 - Starting salary £25,000
 - Contribution 8% of salary
 - Retirement age 68
 - Salary increase 2% p.a.
 - Fund growth 4% p.a.
 - Charge of 0.75%
 - Figures in today's terms
 - Source: Punter Southall Aspire Pension Calculator
- *Revised starting salary of £23,560

Pay more in



The impact of higher contributions

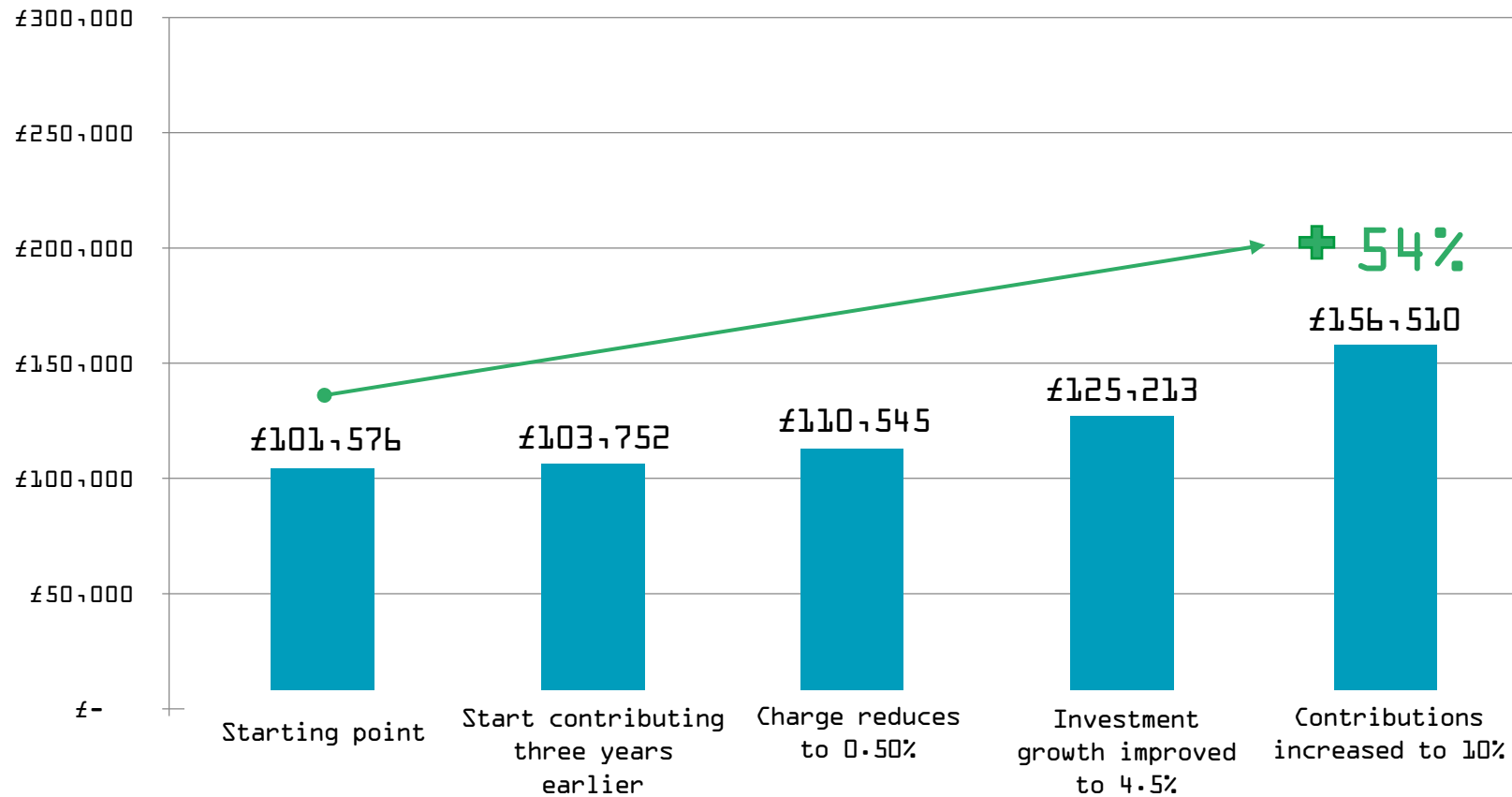
Pot at age 68



Starting assumptions:

- Age 25
- Starting salary £25,000
- Contribution 8% of salary
- Retirement age 68
- Salary increase 2% p.a.
- Fund growth 4% p.a.
- Charge of 0.75%
- Figures in today's terms
- Source: Punter Southall Aspire Pension Calculator

Step changes in action

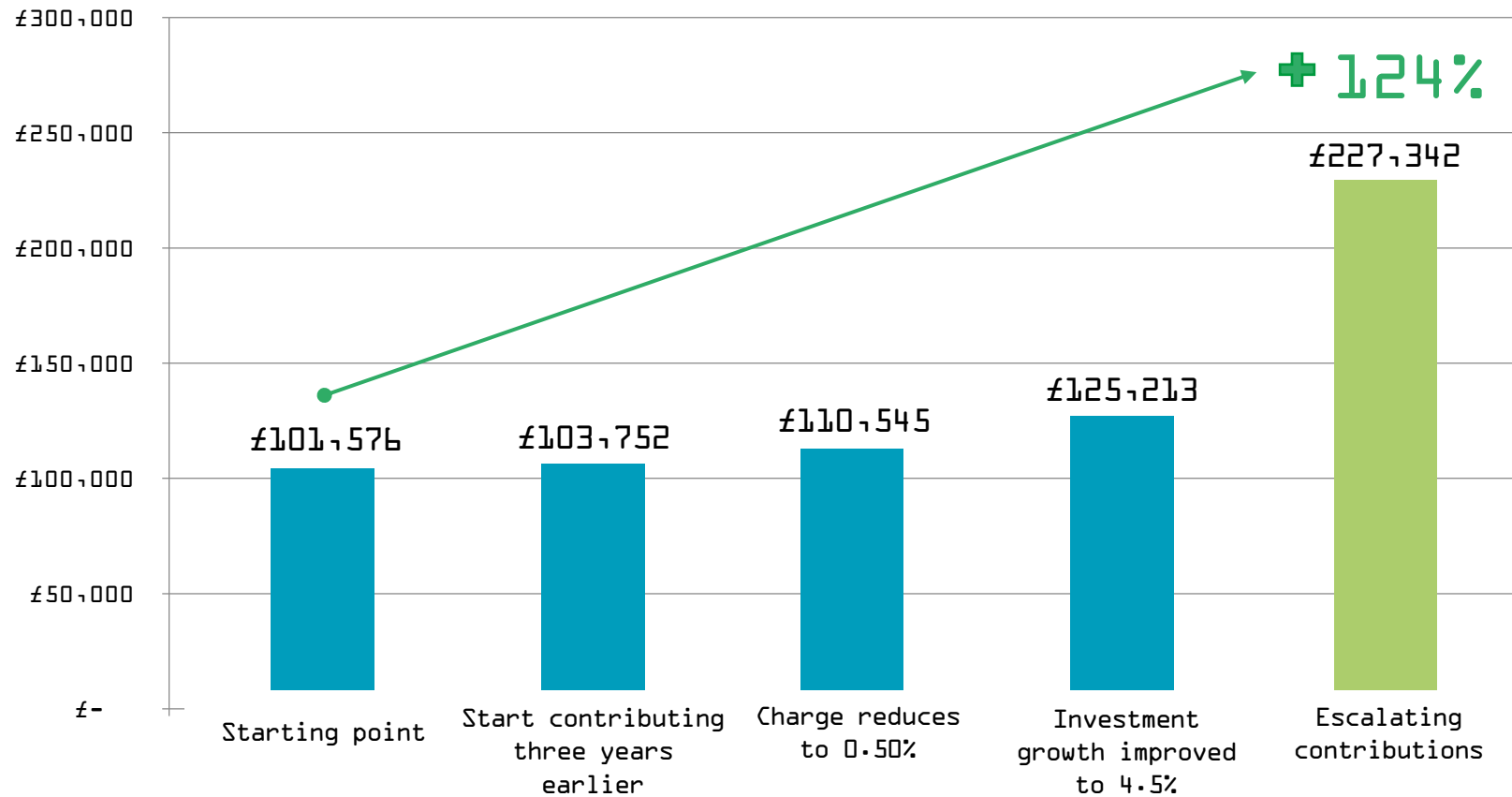


Starting assumptions:

- Age 25
- Starting salary £25,000 (£23,560 for 22 year old)
- Contribution 8% of salary
- Retirement age 68
- Salary increase 2% p.a.
- Fund growth 4% p.a.
- Charge of 0.75%
- Figures in today's terms
- Source: Punter Southall Aspire Pension Calculator



Step changes in action



Escalating contributions

Assumes an additional 1% contribution each year, for the first five years of membership, starting at 10% from age 22 and increasing to 12.5% by age 27.

Starting assumptions:

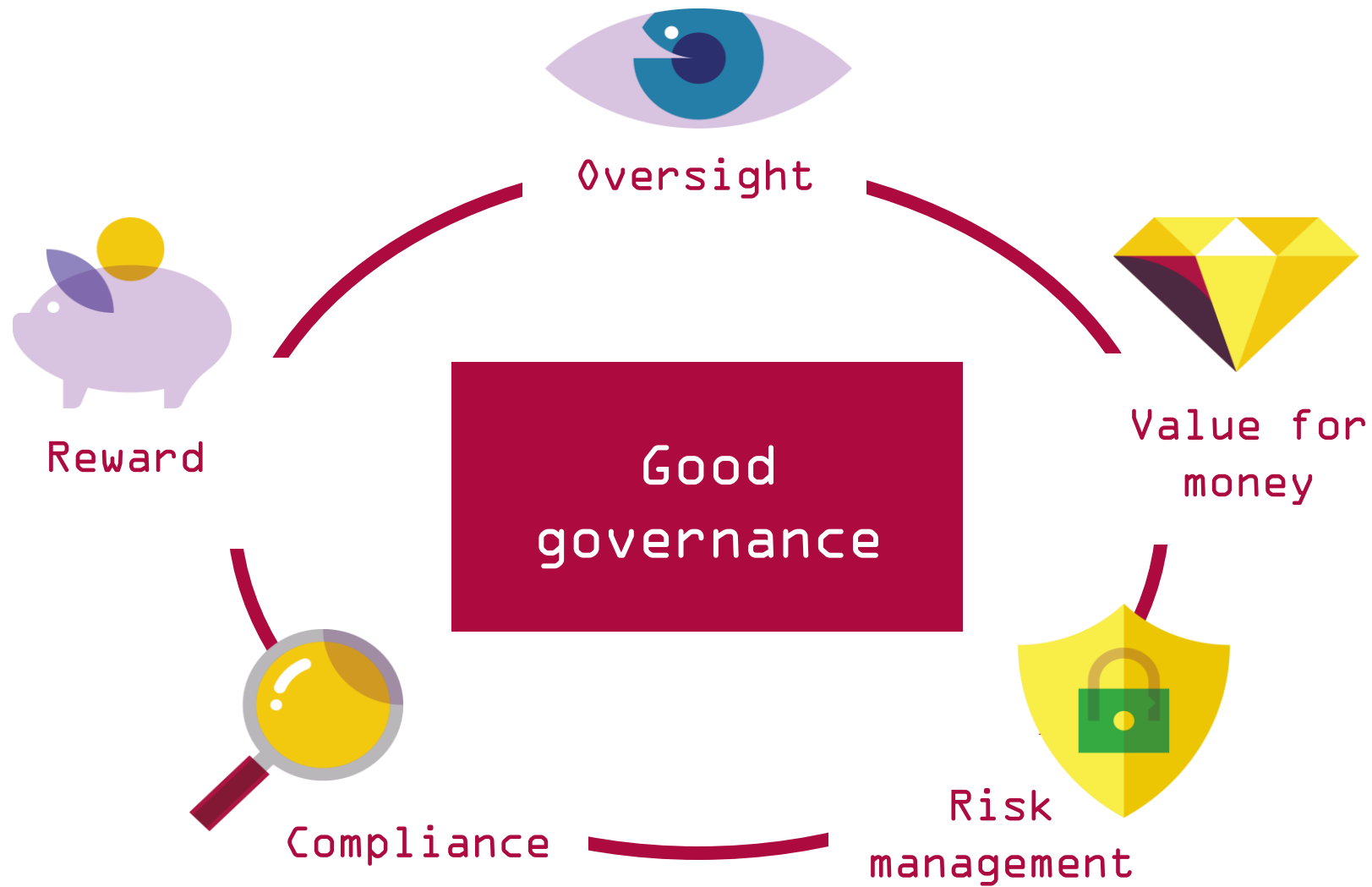
- Age 25
- Starting salary £25,000 (£23,560 for 22 year old)
- Contribution 8% of salary
- Retirement age 68
- Salary increase 2% p.a.
- Fund growth 4% p.a.
- Charge of 0.75%
- Figures in today's terms
- Source: Punter Southall Aspire Pension Calculator









A close-up, side-profile shot of a male tailor with glasses and a goatee, wearing a white shirt and a dark vest. He is focused on measuring the back of a dark navy blue suit jacket that is hanging on a wooden mannequin. He holds a yellow measuring tape across the width of the jacket's back. The background is a blurred workshop or tailor's shop with wooden elements.

The importance of
scheme reviews

Good governance



Regular review

-  Monitoring contributions - the amounts paid and whether they were applied on time
-  Plan membership trends
-  Investment performance
-  Provider performance, administration and financial strength
-  Benchmarking contributions and member charges
-  Projected member outcomes



PS Aspire governance toolkit



Thanks

For any further questions, please contact
a member of our team on:

+44 (0) 20 3327 5500
sayhello@psaspire.com

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funds europe

DC Seminar

Decoding DC Pensions

8th November 2018

