



A brighter pension
SOLUTION
for everyone.

Introducing LifeSight



Why have master trusts taken off?

DC pensions have been going through unprecedented change over the last decade, during which time schemes have had to deal with increasing governance and compliance requirements, extraordinary economic conditions and the historic shake-up of pension freedoms. Employers seeking to future proof against this uncertainty are increasingly looking to master trusts as a high quality, low maintenance solution for their employees.

Cutting costs

With pressures on internal budgets, another inevitable challenge is reducing the cost of running the pension scheme. For schemes under a single employer trust, the company will be paying the day-to-day running costs for both current and past employees, costs of providing (and recruiting) trustees and other pension scheme advisers. Master trusts take over all these tasks.

Investment fee savings are likely for members who make the transition. Master trusts with the benefit of economies of scale can negotiate the most competitive rates, with smart funds that offer the best value for money. Moving to a master trust and ongoing cost savings for the company and member are inextricably linked.

Transferring risk

Using a master trust allows key risks to be shifted to a third party. Outsourcing to a master trust mitigates a range of risks, the primary one being that of changing legislation and how that impacts the cost and time needed to run the scheme. Volatile costings such as administration fees will also fall away.

Master trusts are increasingly seen as an effective way to outsource pensions while retaining strong trust-based governance. The employer retains control and personalisation of their scheme with transparency of service delivery.

The best master trusts take on all the governance burden for the employer ensuring a high quality professionalism to the day to day running of the pension scheme. External accreditation from the master trust assurance framework and PLSA's PQM Ready mark provide reassurance that members' funds will be safe and demonstrate the provider has robust administrative and operational processes in place.

Changing needs

Traditionally, a DC plan would look after members until their retirement, at which point they would leave the plan with an annuity. With the introduction of pension freedoms, there is no longer a legal requirement to annuitise and the line between working and retirement is blurring.

Opening up drawdown arrangements extends the period of responsibility for members to potentially the whole of the member's remaining life and we know single employer trusts have been reluctant to offer this facility within their own trust. Master trusts are able to offer this service seamlessly for members with no additional risk or cost placed on the employer. A further attraction is that employers are no longer meeting the long term costs for members who no longer work for them.



Master trusts now form an established and growing market, against a background of:

- ➔ One in five DC schemes planning to review their DC arrangements in the next year
- ➔ A clear message from trustees that they expect there to be fewer single employer trusts in the future
- ➔ An increase in DC funds as DB winds down

Master trusts now form an established and growing market.

75% of DC members of occupational trust schemes are currently in master trust arrangements according to the Pensions Regulator*

Master trusts can enable pension scheme members to have access to market leading resources that may not be available or affordable in other pension vehicles. These include interactive tools and apps, online self-service and innovative communications approaches using the latest techniques such as personalised videos and nudging.

Trying to improve retirement outcomes in the face of an increasing governance burden is a challenge we expect schemes to continue to face. It is this, along with auto enrolment, that has helped to make master trusts an increasingly attractive alternative.

Master trusts can deliver:

- ➔ Economies of scale
- ➔ Cost-effective and robust, independent governance
- ➔ Effective, engaging member communications
- ➔ Easy access to retirement flexibilities

Employee expectations - a snapshot



1 in 5 UK employees expect to work to age 70 or beyond

73% will rely on their employer's retirement plan to save for retirement

More than 9 out of 10



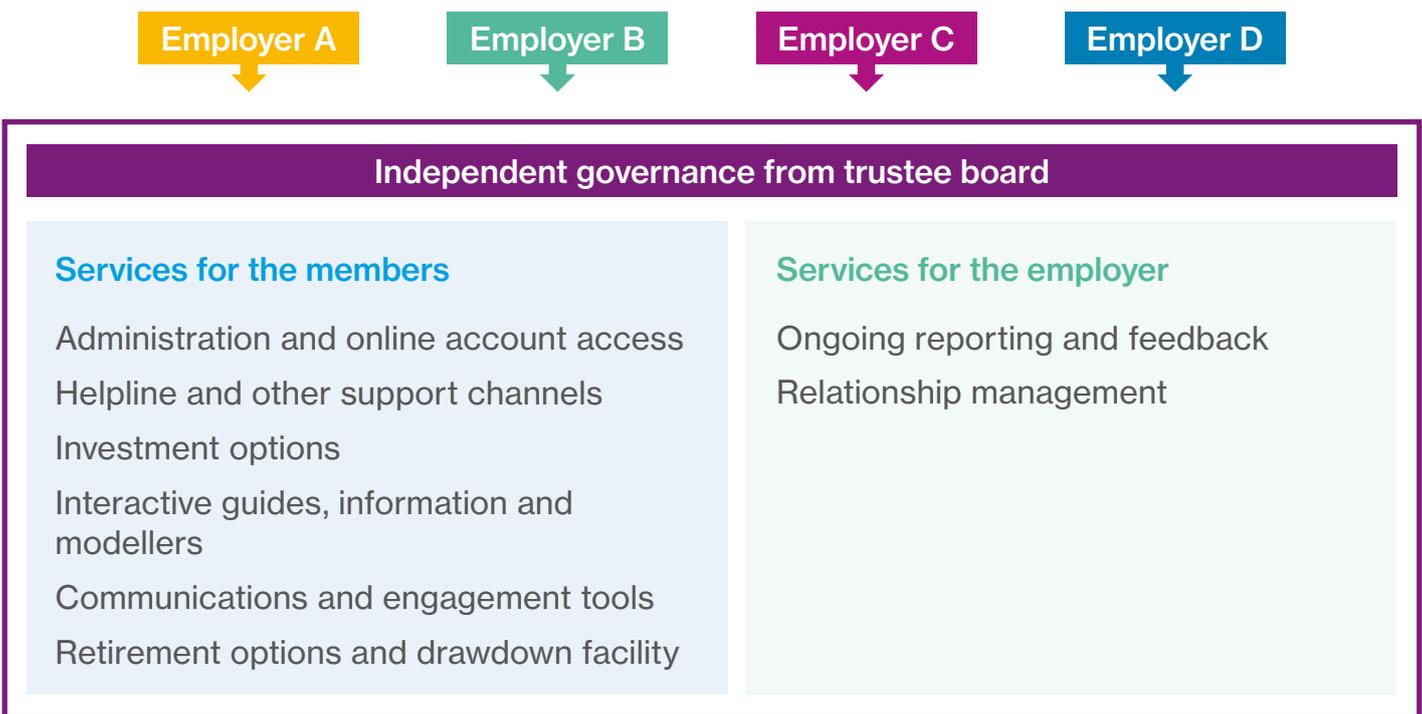
employers expect demand from members for access to the new flexibilities

What is a master trust and what makes it different?

What is a master trust?

A master trust is a multi-employer occupational pension arrangement whereby each employer has its own section within the master trust. There is one single legal entity with a single trustee board governing the trust, which is independent of the participating employers. This governance body typically has responsibility for investment options, service provision and communicating with the members.

There remains an important role for employers who outsource to a master trust. Employers will still be responsible for the contribution structure of their scheme and how the wider reward strategy is communicated, both of which can have a significant impact on savings levels and perceived value. It is also worth noting employers must be comfortable with the auto enrolment duties that will remain their statutory responsibility.



How is this different from other DC arrangements?

At one end of the spectrum, there are single-employer trusts where the trustees have complete ownership and control of the DC scheme. Costs and risk sit with the employer and trustees govern the scheme according to their aspirations and budget.

At the other end of the spectrum, there are contract-based schemes, typically established by insurance companies. Such schemes are run by the provider rather than by a set of trustees, who determines the investment and the member services. Providers must maintain an Independent Governance Committee which

represents the members, assessing the value for money of pension schemes and challenging providers to make changes where necessary. The employee bears the costs and the role of the employer is to appoint the provider and pay the contributions.

Master trusts aspire to offer the best elements of these arrangements, with a trust-based governance structure, no employer costs, low employee charges and the opportunity for multi-media communication and engagement resources that are best in class.

How LifeSight operates

As many of our clients began to question the value of running their own pension schemes, we became convinced that we could work with them to offer a better alternative. This is why we decided to shape our own solution, combining our award-winning administration platform that already hosts 60 DC schemes (£20bn assets), investment expertise and engaging communications.

Value for money investment options

Investments that are simple to understand yet smartly constructed are crucial in achieving the best outcomes for DC members. LifeSight offers a range of value for money investment options within a decision-making framework that really works.

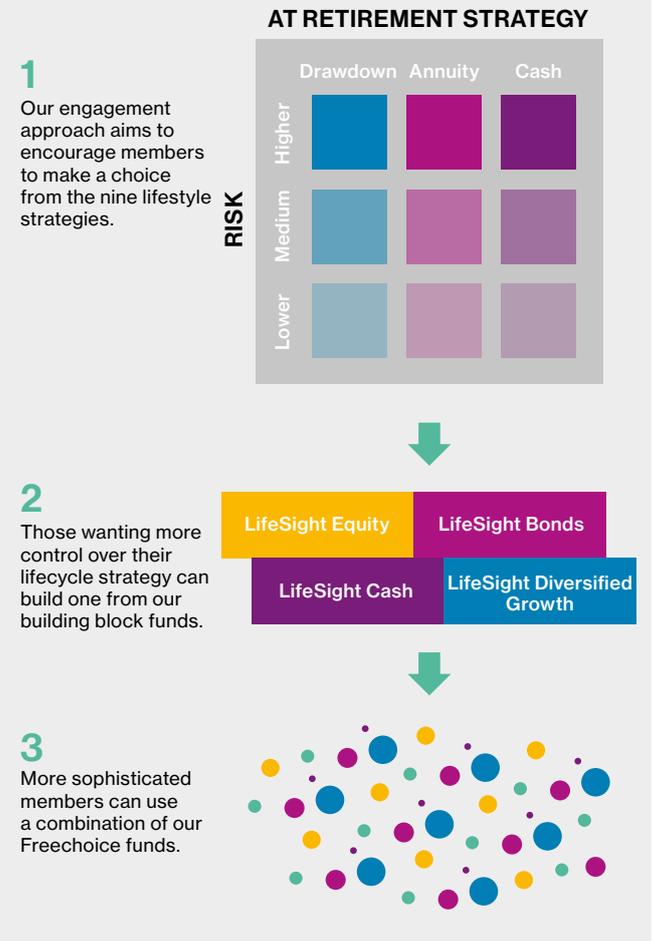
Smarter investments

Value for members is essential and LifeSight achieves this through a combination of low provider costs and our expertise in asset allocation. The LifeSight Diversified Growth fund in particular, used throughout our strategies, is able to offer excellent risk-adjusted returns and protection from volatility using smart beta techniques that keep costs down for members.

Simple decision-making

LifeSight's simple decision-making framework makes investments more engaging and allows personalisation beyond the default strategy. Asking members just two questions - how much risk they are comfortable taking and (as they are approaching retirement) whether they want to take cash, buy an annuity or use drawdown - allows us to guide members into one of nine lifecycle strategies. Members wanting more involvement can build their own lifecycle or select from our Freechoice fund range. When ready, they can then make any changes quickly and easily online.

Decision-making framework



Industry leading governance standards

The accreditations LifeSight has gained under the PQM Ready mark and the master trust assurance framework demonstrate the LifeSight Trustee's commitment to govern LifeSight to the most exacting standards.

The LifeSight Trustee Board comprises five high-calibre individuals with a diverse skill set. Crucially, they are fully independent from Willis Towers Watson. On behalf of your members, the Trustee Board provides an impartial, expert perspective and genuine challenge to us to deliver a consistently first-rate service.

We use a Client First approach to ensure your expectations and ambitions are continually met, your feedback is heard and our ideas for improvement are shared with you early and often. We offer 24/7 access to management information tailored to your needs and providing everything you require to oversee our delivery.

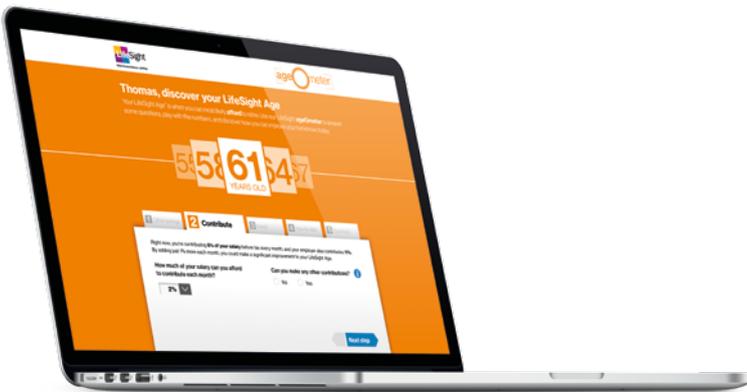
We see LifeSight's commitment to the highest standards of governance as a key differentiator.

How LifeSight operates

Personalised engagement for life

LifeSight aspires to be a game changer when it comes to member engagement. Our extensive consumer testing has shown that people are comfortable interacting with the simplicity of the personalised LifeSight tools, which draw on a powerful age-based metric to help members work out when they might be able to afford to retire and what they can do to influence that age.

We stay connected to each member's journey from the moment they join us to build up their savings, through retirement and beyond into drawdown. Simple, intuitive concepts help people become more involved with their pension savings and improve their outcomes at retirement. Members who feel involved are more likely to revisit their LifeSight Account on a regular basis and gain a deeper appreciation of saving for retirement.



Joined-up, agile administration

LifeSight has a proven award-winning DC administration service. The administration platform is highly automated, uses the latest in web design technology and is run entirely in-house from a single UK location. This enables us to provide an agile solution that continually improves and evolves. The member contact centre is located in the same UK site.

What does a transition with us look like?

You, your trustees and members will experience a smooth transfer from your current GPP or trust-based plan into LifeSight. The experience we bring is second to none and delivers:

- ➔ A hassle-free, seamless transition managed by a knowledgeable implementation team who have extensive experience of launching pension schemes ranging in size and complexity
- ➔ Access to a creative, highly qualified team, full of ideas to ensure your brand shines through
- ➔ Reassurance of working with an organisation founded on deep consulting expertise that will support you in solving all actuarial, administrative, investment and HR challenges as you transition

Key principles of engagement

- ➔ Talk about saving for retirement clearly in conversational English - not pensions jargon
- ➔ Capture members' interests early to increase the likelihood of an ongoing conversation
- ➔ Allow members instant access to their account on any device they want, be that laptop, tablet or smartphone
- ➔ Use member data such as age profiles or life events to make communications more timely, motivating and personal
- ➔ Use a variety of channels and tools to engage
- ➔ Understand members have different preferences about how they want to receive information

Helping members make decisions at retirement

Our communications outline the support available, highlight the modelling tools that might be most useful at this point in their journey and how members can access further guidance and advice. All members will be offered an individual (one-to-one) session with an FCA-regulated financial adviser at point of retirement. The adviser will explore the choices for the individual to use their LifeSight account taking into account their attitude to risk and their other pensions and investments and make a personalised recommendation to the member. Some of your members may have particularly complicated circumstances, for example, ill-health or a recent divorce, in which case they will be advised to seek full independent advice before making decisions.

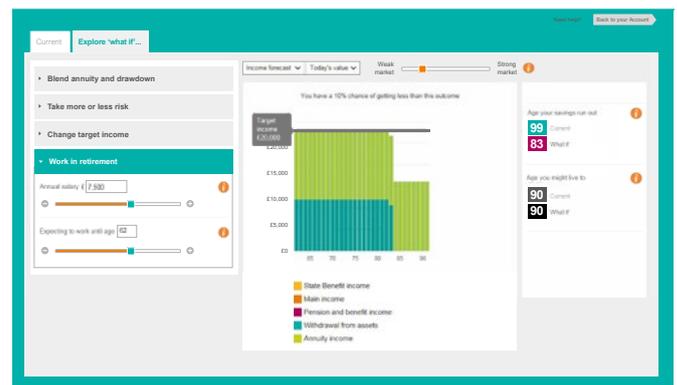
What you need to know about LifeSight Drawdown

- ➔ Open to all members regardless of fund size
- ➔ No member entry fees
- ➔ Unlimited online withdrawals (£100 minimum)
- ➔ No restrictions on payment patterns or frequency
- ➔ No exit fees
- ➔ Option to secure guaranteed income through access to open market annuity bureau
- ➔ Financial Advice at point of retirement at no cost to the member

LifeSight's drawdown service

LifeSight's drawdown options are both flexible and simple to understand, giving members the freedom to spend their savings in a way that suits their lifestyle. The intention is for the drawdown account to be as easy and transparent to use as any other savings account that members are using to fund their retirement.

To help members manage their account in retirement, they will have the same easy access to their account information, administration helpline and support team, ongoing personalised communications and intuitive modelling tools. These will be invaluable in helping them understand the impact of the decisions they are making, including the risk that they run out of money early, the implications of adjusting income or making one-off withdrawals, and help with selecting a suitable investment strategy. When members are ready, they can transact all their decisions online at no cost. We also link to an annuity bureau to enable members to get the best annuity to meet their needs at any time if and when they decide to change the way they use their funds.



Members are offered a choice of three pre-built investment allocations according to a simple scale of higher risk, medium risk and lower risk, along with an additional option for those looking to annuitise in the medium term. This will cater for the majority who wish to manage their accounts in a straightforward, self-sufficient way. For those seeking to have more control over their investments, the full range of individual Freechoice funds will be available to choose on a self-select basis.

For more information on LifeSight please contact:

Jo Kite

jo.kite@willistowerswatson.com

or on: 0131 221 7808

Stuart Reid

stuart.reid@willistowerswatson.com

or on: 020 7170 2232

www.lifesight.com

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