



## GROUP PERSONAL PENSION (GPP) OR MASTER TRUST – WHAT SUITS YOUR NEEDS?

Choosing your workplace pension scheme is an important decision to make. As the employer, you've got responsibilities. You'll need to make sure you meet all of your duties and do the right thing for your employees – by providing them with a scheme that gives them the best possible outcomes at retirement.

### Why we're not following the pack

We've made a conscious decision not to offer a Master Trust. We're a mutual, so we've always got our members' best interests at heart, and we believe a GPP allows us to offer the best outcomes for our members.

Although the market is made up of both good and bad GPPs and Master Trusts, it's not a one size fits all – so it's important you choose the right scheme for your needs.

We've shared some of the key themes we believe are fundamental and that you'll need to consider when making your decision.

### Key themes

#### **CONFLICTS OF INTEREST**

Conflicts of interest happen in both GPPs and Master Trusts, but it's critical they're identified, disclosed and properly managed. As a mutual, we don't have the inherent conflicts between shareholders and customers. We fully support the need for financial advice and only set up schemes through independent advisers. So if we don't consistently deliver the quality of service, investment performance and value for money that's expected, then we'll lose out.

#### **GOVERNANCE**

We pride ourselves in offering independent governance. Our Independent Governance Committee (IGC) oversees our workplace pension schemes. The majority of our IGC members are independent, including the chairperson. They act on behalf of our members to make sure we're doing the right thing. Our IGC has secured the removal and reduction in charges on our legacy workplace pension plans and continues to provide active challenge and oversight of our business.

There's also our Investment Advisory Committee (IAC) who monitor our investments. Half of our IAC members are independent, including the chairperson. They actively review our investment offering to make sure we're staying in line with our commitments. The minutes from our IAC meetings are available to view at <https://employer.royallondon.com/investment/governance/meeting-summaries/>

#### **RETIREMENT FLEXIBILITY**

We want to help members achieve the right retirement outcomes. That's why we engage with members regularly throughout the life of their plan. And when they're five years away from their chosen retirement age, we'll let them know about the flexible range of retirement options that's available. We believe in working with advisers to help drive the right outcomes for members, so we'll always encourage them to speak to an adviser and take professional advice.

Although Master Trusts do provide retirement options, many offer a more limited choice and insist on members taking all their benefits in one go. Nowadays members look for and expect full retirement flexibility.

#### **CHARGES**

As a mutual, we believe in transparency. All our GPPs are individually priced with a single Annual Management Charge (AMC) applying across all members within a scheme. Depending on the services you've agreed with your adviser, you may pay an additional employer fee on top.

However, within some Master Trusts you'll find the same charge applies to all schemes or a combination of charges applies. In these cases, the better quality

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schemes are subsidising the lower quality schemes or the members who are nearer to their retirement age are paying a disproportionate charge compared to those members who've longer to go until they retire.

One of the benefits we offer to our members is ProfitShare. In 2019 we're sharing £150m of our profits with our members, boosting members' (unit-linked) retirement savings by 0.18%.

## TAX RELIEF

It's important your employees aren't missing out on tax relief. Our GPP operates on the 'relief at source' basis. This means we apply all employee contributions net of basic rate tax. Plus, if they are higher or additional rate tax payers, they can claim back their extra tax relief through their tax return.

Most Master Trusts operate on the 'net pay' basis. This means employee contributions are deducted from a member's gross salary and they receive full tax relief upfront. But if there are any employees who don't pay tax, they'll be effectively losing out on basic rate tax relief compared to under the 'relief at source' basis. And more often than not, they'll not even be aware of this.

## INSOLVENCY

You've got peace of mind that your employees' savings are safe with us. Our GPP is fully protected by the Financial Services Compensation Scheme (FSCS), so if anything was to happen to Royal London they won't lose out.

Most Master Trusts don't have this protection. So if anything was to happen to the Master Trust, members could lose all their hard earned pension savings. Recent changes to legislation are intended to reduce the risk of this happening.

## FIND OUT MORE

If you want to find out more about Royal London or how we can support you and your employees, speak to your financial adviser or visit our website at [employer.royallondon.com](http://employer.royallondon.com).



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