



An introduction to Master Trust & Scottish Widows

What is a Master Trust?

A defined contribution (DC) master trust is an occupational pension scheme in which multiple employers who are not part of the same group participate. This type of DC scheme has been available for some years and is commonly set up and run by major pension providers or large insurance companies. Master trusts are subject to strict regulations and governance requirements and are authorised and regulated by the Pensions Regulator.

Each employer participating in the Scottish Widows Master Trust has its own section within the scheme. However, scheme-level governance and regulatory responsibilities sit with the independent board of trustees of the Scottish Widows Master Trust. Barratt Developments will retain the ability to make decisions about the contribution rates for members and default investment strategy, and will also maintain additional oversight of the Scottish Widows Master Trust. We will therefore be establishing an internal governance committee to regularly monitor the Scottish Widows Master Trust to ensure that it is delivering a high level of service to our members.

What are the benefits of a master trust?

As master trusts operate for many different employers they are much larger than the BGPLAS, and this offers significant advantages - low operating costs, access to a wide range of investment options, member support including helpdesks, websites and apps, a range of online tools, calculators, videos and services to help plan for retirement, providing 'real time' information on pension savings so you can monitor your pension account and providing a full range of options when taking pension benefits.

Master trusts are more able to offer the options introduced under the "Pension Freedoms" in 2015. These allow flexible ways for members to access their DC pension savings at any time from the national minimum retirement age (currently age 55 but will increase to 57 in 2028).

In addition, master trusts offer the following benefits:

- research into how members feel about investing and how they want to take their benefits at retirement;
- a deep understanding of the participating Employers and funds being offered to members; and
- a robust governance structure.

Who are Scottish Widows?

Scottish Widows are one of the largest pension providers in the UK, helping 2.1 million employees save for their future. They have been helping people plan their financial futures for over 200 years.

Scottish Widows plc was originally established in 1815 as Scotland's first mutual life office. The company was acquired by Lloyd's TSB in 1999. Scottish Widows then demutualised and became part of the TSB group of companies on 3 March 2000. From 2009 They became part of Lloyds Banking Group.

Why Scottish Widows?

Scottish Widows value building strong long-term relationships with their customers and work closely with both employers and advisers. Their flexible proposition means that they can offer support in ways that suit different employers and complement the work of advisers.

Scottish Widows are one of the largest pension providers in the UK, managing over 42,000 schemes for companies of all sizes, across all sectors. They understand that workplace savings is a complex market and their strength is in supporting their customers, putting them at the core of everything they do.

The Scottish Widows workplace savings proposition incorporates a robust Master Trust infrastructure that is backed by over 200 years' experience helping members save for their financial future.

Across their retirement savings business they support over 3.5 million customers with over £70 billion of assets.

The Master Trust is built on 4 key themes that are all underpinned by their financial strength:

1. Strong Governance – an independent trustee board responsible for scheme governance and oversight, ensuring the scheme is run in the members' best interests and helping them achieve good retirement outcomes. The scheme also has a highly experienced strategist committee drawing on expertise from across Scottish Widows and Lloyds Banking Group.
2. Responsible investment – responsible investment framework that's independent on the burden and bias of any in house fund manager.
3. Excellent service – end to end administration systems and services
4. Member engagement – multi-channel engagement approaches tailored to meet member needs.

WHAT WOULD THE NEW PENSION LOOK LIKE?

Where will my pension be invested?

Your regular contributions will automatically be invested in the default investment option, unless you have instructed Scottish Widows to redirect future contributions to a different investment option.

What is the default investment option?

Our default investment option is Balanced – Targeting Flexible Access. This is one of Scottish Widows Pension Investment Approaches (PIAs) and has an established track record since launched in 2006. It's important to note that past performance is not a reliable indicator of future results.

When would the new company pension be effective from?

If the proposed changes go ahead, the new pension would take effect from 1st June 2021. The first contribution would be paid to Scottish Widows from your June salary.

What would the charges be?

The total annual fund charge (TAFC) applied to the default investment option would be 0.165%. This is made up of the annual management charge, Scottish Widows' fund based charge and the additional fund expenses imposed by the fund manager.

What are my options at retirement?

Scottish Widows help members through a step by step retirement planning journey, providing in depth guidance on their retirement options. Members can choose one or more of the following:

1. Annuity Purchase – buying one or more annuities to provide a guaranteed regular income for life.
2. Pension Encashment – taking all (or part of) their pension pot as a cash sum, 25% of which will be tax free, with the remainder normally subject to tax.

3. Flexible Access – adopting a flexible approach by keeping their pension pot invested and then taking income direct from their retirement account as it is needed.

What communications will I receive?

Scottish Widows understand the importance of engaging members with their workplace pension and know it's an important way of helping them plan for their future and achieve the retirement they want. Their Master Trust offers innovative engagement support to help members take on their future with confidence.

Scottish Widows will write or e-mail you to keep you informed of any changes happening to your pension and will notify you if you are required to take any actions.

Throughout the launch and life of the scheme, you will have access to a variety of engaging content such as interactive pdfs, useful tools and educational filmed content. You will also have opportunities to meet Scottish Widows at webinars, face to face and virtual events.

Your scheme will have a dedicated website which hosts a variety of important documents specific to the scheme, your investment options and your options at retirement. You will also have access to various tools and calculators as well as educational guides and films to help answer your pension questions.

Where will I be able to view and make changes to my pension?

As a Scottish Widows pension member, you will be able to view and make amends to your pension through Money4Life which is your secure personal portal. You will be able to access the portal through your scheme's dedicated website.

On your account, you'll be able to:

- view the latest valuation of your retirement account
- view your contributions, as well as their contribution history
- change your retirement age
- view and change your email address
- view current investments and change your current/future investment strategy
- nominate your beneficiaries on death
- access a member library with product literature and historical outputs, including benefit statements
- access a range of tools and calculators.

You will receive your Money4Life account log in details from Scottish Widows in the post.