

Putting the 'trust' in master trusts

✓ Mark Condron considers the role master trusts have to play in the success of auto-enrolment

This year, we mark the 10th anniversary of the rollout of auto-enrolment. Since its introduction, more than 10.6 million workers have been enrolled into a workplace pension¹. Considering the UK labour market is estimated to cover around 32 million people², this represents great progress and a positive shift in saving for retirement.

Over this period, we've also seen growing numbers of employers placing their trust in master trusts to help their employees improve their financial futures. Having recently celebrated our own 10-year birthday at The People's Pension, we've seen our scheme grow to nearly six million members over the past decade to become one of the UK's largest private master trusts – an amazing achievement.

So, what's driving more pension savers towards master trusts? Looking at the wider market, it's clear to me that there are a number of 'push' and 'pull' factors influencing this trend.

For one, master trusts offer several features that are becoming increasingly attractive for employers and members. This includes low charges, transparency and incredibly high standards of governance and oversight.

At the same time, there's a 'push' created by the increasing governance on single employer DC schemes. We've seen, for example, further scrutiny on schemes to demonstrate they're offering improving value to their members. The government has made it clear that if they're failing to do so, they must make sweeping changes or wind up and consolidate with a pension provider.

Many master trusts have the economies of scale and frameworks in place to quickly adapt to these new challenges. However, no two master trusts are the same, and employers will need to think carefully about which scheme will benefit them and their employees most in the long and short term.

Having served on the trustee board at The People's Pension over the past two years, I've learned a lot about how we differentiate ourselves to best meet our members' needs.

Coming into the role, I knew that the governance requirements for such a large master trust would be high. The strength, depth and quality of the framework we operate has been way beyond my expectations. The trustee board is supported by our excellent in-house pensions management team, who have very high standards and take a great deal of pride in what's been achieved so far.

These high standards extend to the options and services we offer to our members. For example, our rebate on our annual management charge helps give back £12 million to savers each year – rewarding them for saving more.

Our carefully selected range of investment options gives people more choice to select a pension fund that's right for them. We've been meticulous in our design of fund choices to ensure we offer a very clear range for members, but without overwhelming them with hundreds of options.

We also work hard to ensure that we're investing in companies who demonstrate good practice. Many

people talk about doing this, but we've actually divested £226 million³ from companies failing to meet our strict environmental, social and governance (ESG) standards, and are continuing to do so to better protect our members' money.

As a profit for member scheme with no shareholders to pay, we can focus on offering great value for money to members. We want to help them make good decisions so they can benefit from the money they've worked hard to save.

It's a privilege to now be taking over from Steve Delo as chair of the trustee at The People's Pension. Steve has been instrumental in developing The People's Pension to where it is today. To grow the scheme to nearly six million members – and accumulate more than £17 billion in pension savings – since its inception 10 years ago has been an incredible accomplishment.

We're now at an important point in our evolution and continuing to build on this success as the UK pension system develops. This will involve more tools to help members make better choices, and providing more support as members move towards and through retirement.

As more people choose to move their pension savings to a master trust, I'm confident that if they choose The People's Pension, they'll find that we have the right structure and people in place to meet this growing demand.



✓ Written by The People's Pension chair of the trustee, Mark Condron

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¹ Review of the automatic enrolment earnings trigger and qualifying earnings band for 2022/23: supporting analysis - GOV.UK (www.gov.uk)

² <https://commonslibrary.parliament.uk/research-briefings/cbp-9366/>

³ The People's Pension divests £226m - The People's Pension (thepeoplespension.co.uk)