

Moving to a Master Trust

Designing your legal route to a transfer to a Master Trust: by the Stephenson Harwood pensions law team



I am pleased to launch this summary guide to a Master Trust transfer. It is built from the Stephenson Harwood pensions law team's extensive knowledge of Master Trust transfers.

Our experts have advised on some of the biggest industry transfers to date, as well as on the acquisition of entire Master Trusts.

We have developed the Master Trust Transfer Architect, which constructs your legal route to a Master Trust transfer. I hope you find this guide insightful reading.



Stephen Richards

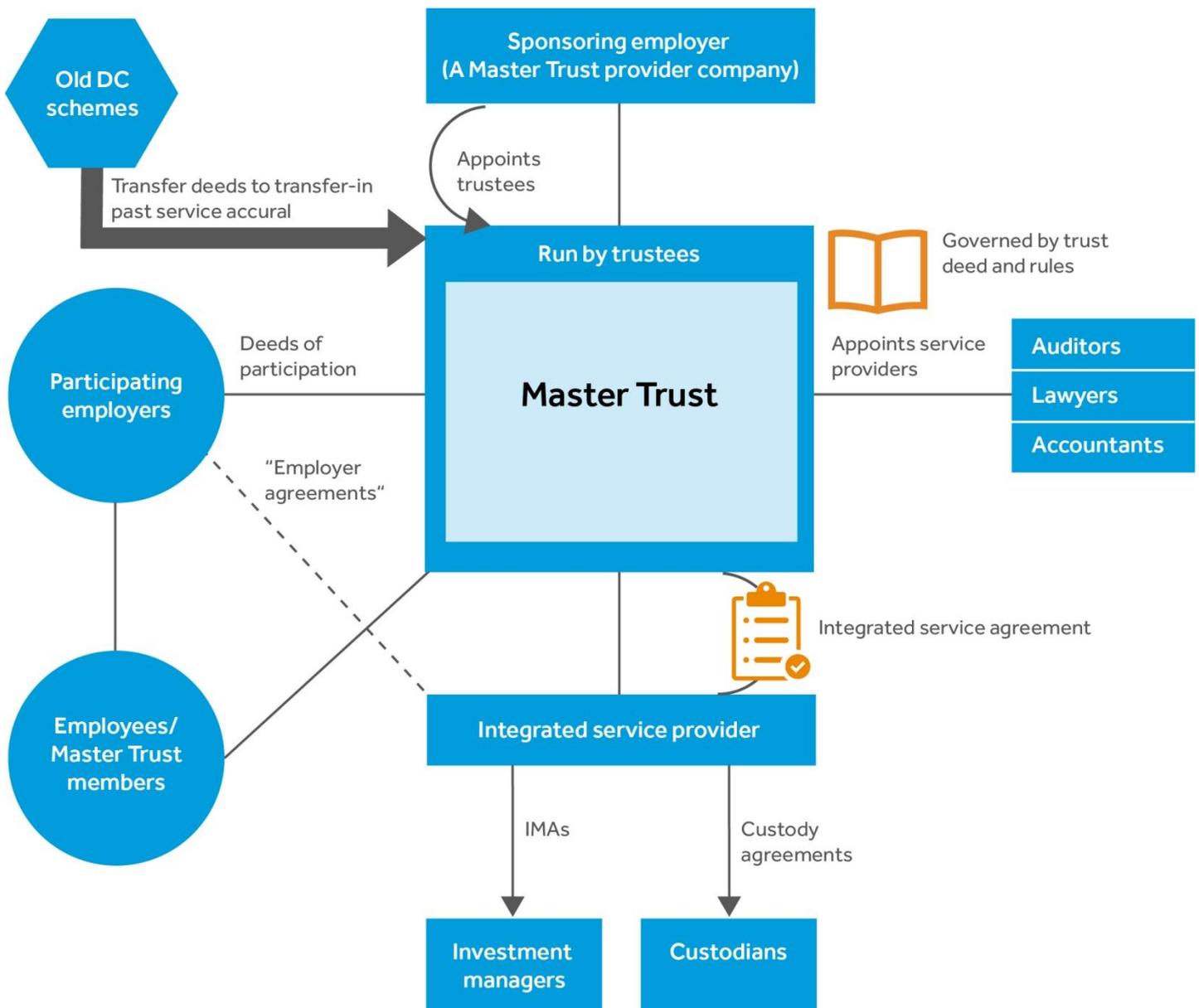
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The Master Trust setup

Master Trusts are occupational pension schemes set up for multiple employers and their employees. A summary of a typical Master Trust arrangement works as follows:



The Master Trust journey

Key actions



1a

DC only transferring scheme due diligence including:

- transfer rule
- underpins
- charges
- governance
- winding-up provisions
- indemnities
- benefit options
- discharges
- costs

1b

Hybrid transferring scheme due diligence including:

- transfer rule
- HMRC protections
- use of DC for tax-free cash
- underpins
- charges
- governance
- indemnities
- benefit options
- discharges
- costs

2

Provider selection process including:

- governance
- charges and costs
- benefit security
- investment options
- member services
- contracts
- data protection
- authorisation and credibility

3

Active member consultation and notice:

- consult for at least 60 days
- explanation of before and after effects of transferring
- future service only or past DC accrual as well?
- minimum one month transfer notice to each member containing information about the proposed transfer and details of the value of the rights to be transferred

4

Transfer and future benefits:

- consider life assurance
- transfer deed
- HMRC protections or beneficial use of cash for tax-free lump sum cost? Need solutions?
- out of market costs?
- administration issues and go-live date
- ensure legal requirements met
- trustee to approve transfer

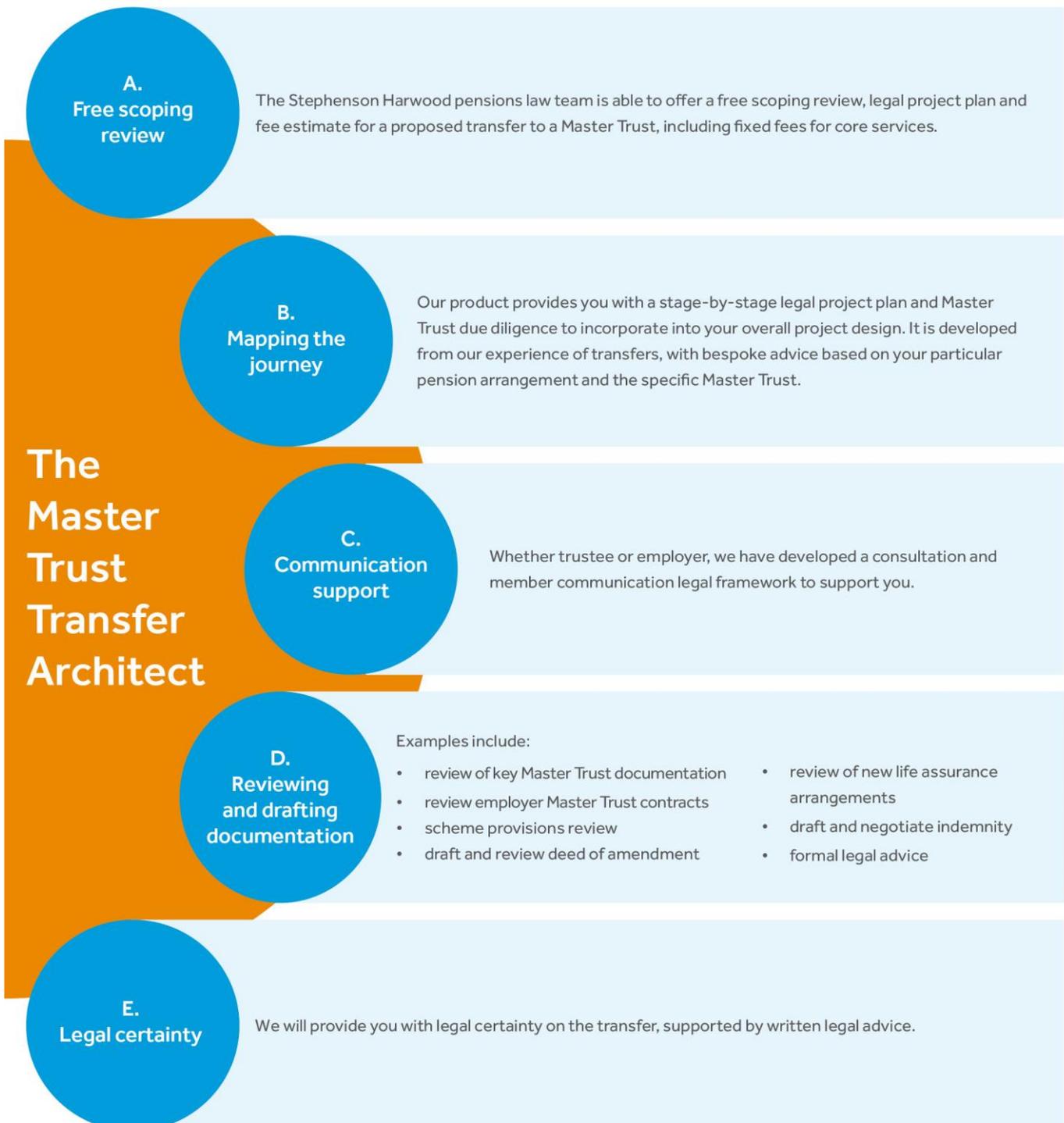
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Discharges and winding-up:

- obtain discharges
- wind up stand-alone DC scheme
- ongoing indemnities?
- future role in Master Trust monitoring?

Our product: The Master Trust Transfer Architect

"Constructing your legal route to a Master Trust transfer"



An overview of our Master Trust team

Our team



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“They have excellent knowledge and a solution-oriented approach”

Chambers UK 2018

Examples of our expertise

- Advising a bank on its transfer to a Master Trust for all DC members
- Advising on the acquisition of a major Master Trust provider
- Advising a household name's pension scheme on the transfer of DC assets from multiple sections of its hybrid scheme

Awards

- Recognised in Chambers and Partners UK and The Legal 500 UK
- Tier 1 for Pensions Dispute Resolution in The Legal 500 UK
- European Pensions Awards – Law Firm of the Year finalist 2018
- Pensions Age Awards – Pension Law Firm of the Year finalist 2018
- Pensions Age Awards – Pensions Law Firm of the Year winner 2017



Our pensions team

Stephenson Harwood has provided specialist pensions advice for over 30 years and is acknowledged in The Legal 500 and Chambers & Partners – the pre-eminent independent guides to the legal profession – as a leading pensions and pensions litigation law firm. We advise a wide range of sponsoring employers, trustees and industry bodies in relation to all manner of arrangements – from those with less than £20 million of assets to those with over £20 billion of assets.

Our pensions group is a multidisciplinary team, advising on both litigation and advisory matters. For over 30 years we have provided a "full service" legal and support function to our clients.

Known for our clear and commercial advice that reflects market practice, we have a wealth of experience and are valued for our sensible approach. We focus on efficiency and finding a solution for our clients.



Stephenson Harwood is a law firm with over 1000 people worldwide, including more than 170 partners. Our people are committed to achieving the goals of our clients.

We give the right advice from the right person at the right time. Dedicating the highest calibre of legal talent to overcome the most complex issues, we deliver pragmatic, expert advice that is set squarely in the real world.

Our headquarters are in London, with ten offices across Asia, Europe and the Middle East.