

SEI DC Master Trust

A solution to resolve legacy DC benefits

Why are deferred members an issue for occupational Defined Contribution (DC) pension schemes?

Deferred members, such as individuals who are no longer employed by the company but still receive Trustee oversight, administration and communication for their legacy benefits, currently make up over one third of all UK occupational money purchase schemes with the number set to increase dramatically over time.

They can be a drain on the pension scheme and its active members for a number of reasons:

Cost: Deferred members can cost DC pension schemes up to £94.00¹ per member per annum in administration, communication and advisory costs.

Time: Trustee time spent on deferreds detracts from time which could be spent on active members.

Resources: Trustee, advisory and communications resources are spent on deferred members distracting resources from active members.

How can the SEI DC Master Trust help to alleviate the issue of legacy benefits?

The SEI DC Master Trust can provide employers and Trustees with the ability to outsource the management of deferred members to SEI via the Master Trust. This will not compromise the service offered to deferreds but will allow the pension fund Trustees to focus time and resources entirely on active members who are still working for the company.

Main features and benefits of the SEI Master Trust include:

- A professional governance body which offers the same level of oversight to deferred members as active members
- A range of active, passive and ethical funds to allow schemes to replicate their current fund range
- Professional third party administration with strict service levels
- A comprehensive communications package including a fully transactional website
- Regular feedback to sponsoring employer and Trustees on service levels
- A more cost effective solution due to pooling of resources with other similar schemes
- Comfort from the backing of a financially strong and publicly listed company

In addition to the deferreds, the SEI Master Trust can also be used to transfer AVC members of existing Defined Benefit (DB) or DC schemes, allowing them to continue making contributions directly to the SEI Master Trust.

How can a Trustee body transfer deferreds to the SEI DC Master Trust?

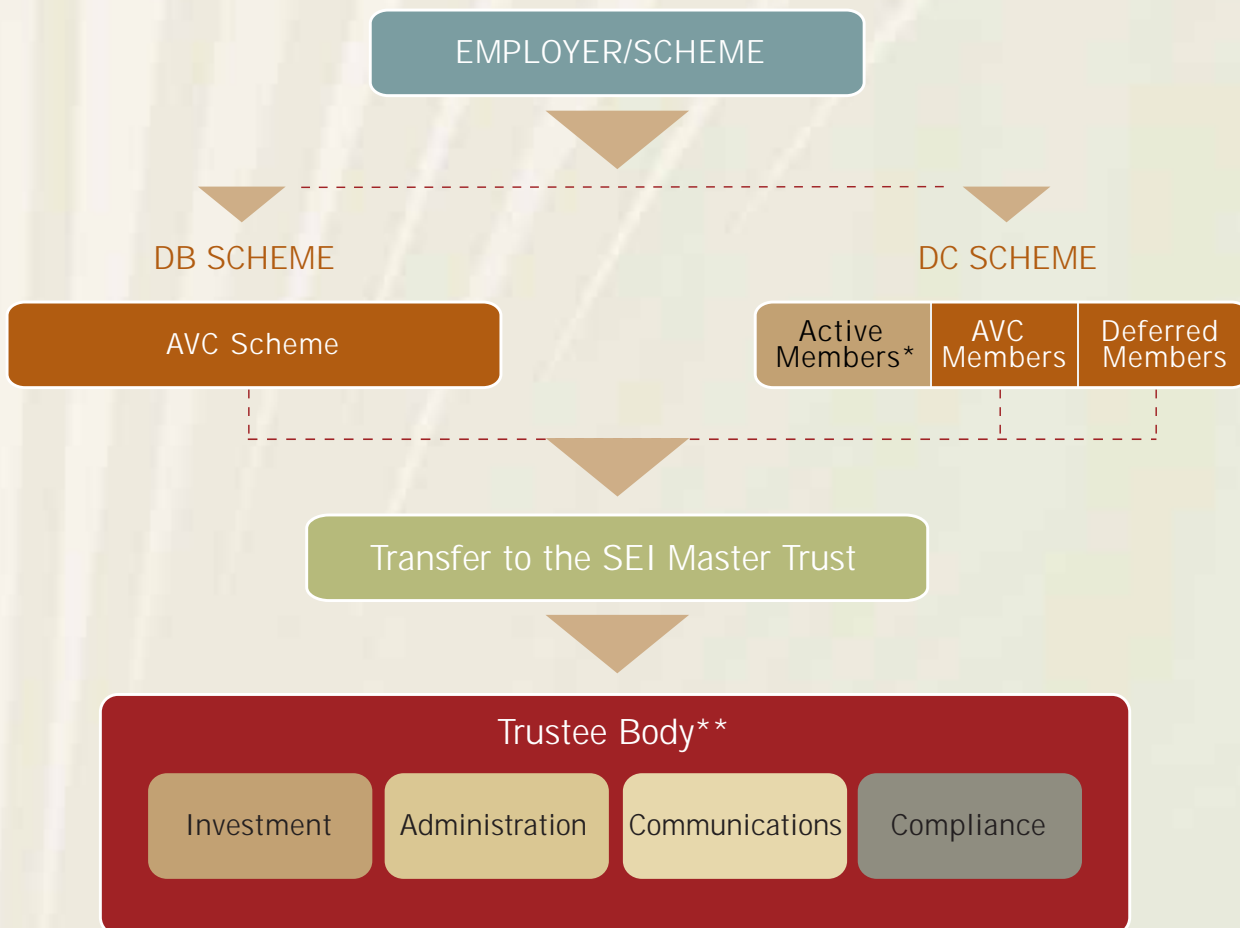
The SEI DC Master Trust is a multi-employer occupational pension scheme similar to the trust-based DC or DB schemes currently in operation across the UK. The Trust Deed and Rules of most occupational pension schemes allow members to be transferred to another scheme or section in a number of different circumstances. Depending on the Trust Deed, this can often be done without members' consent (after giving sufficient notice). This allows the Trustees to choose to transfer part of a scheme, such as the deferred members or the AVC scheme, to another similar trust based arrangement such as the SEI Master Trust.

In order to transfer these members the Trustees will need to take a number of simple steps:

Step One: Speak to a legal adviser and obtain confirmation that the Trust Deed and Rules allow for transfer to a similar trust based arrangement.

Step Two: Decide on the scheme design including the range of funds to offer, how members' assets will be mapped across and the member communication package.

Step Three: Arrange for the Scheme Actuary to certify that the receiving scheme (the SEI Master Trust) will be broadly no less favourable than the transferring scheme.



*Active members can also be included if required
 **Trusteeship is optional

Once these steps are complete SEI will set up a separate ring-fenced section within the SEI Master Trust and will assume the management of the section following transition of member data and assets. The SEI Master Trust trustee body will take responsibility for oversight including scheme administration, annual benefit statements and investment management.

Any costs associated with the operation of this arrangement can either be billed to the sponsoring employer or deducted from the member's account.

A flexible option for Trustees wanting to retain governance

In cases where either the Trust Deed and Rules will not allow transfer or the trustee body wants to maintain their own governance, SEI can also provide the investment, administration and communication service *inside* the existing Trust. This will mean that the existing Trustees will maintain fiduciary responsibility for the members but the day to day management and costs of the deferred members can be outsourced to SEI.

For more information about SEI and how the DC Master Trust could benefit your scheme please call **0207 518 8985** or visit our website **www.seic.com**



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