



# An evolving pension landscape

The pension landscape in the UK has transformed following the shift from defined benefit (DB) to defined contribution (DC) pension provisions for employees. We have seen the introduction of auto-enrolment and pension freedoms combined with an ever-increasing regulatory and governance responsibility.

Employers in a trust-based arrangement are now faced with complex decisions about the level of support and oversight they should provide to employees.

More paternalistic firms have been keen to provide the strong oversight and governance that is facilitated by a trust-based DC solution. However, the regulatory pressures and increased responsibility this brings can make it difficult to recruit and retain trustees with the required level of knowledge, commitment and expertise.

Employers can find a solution to this challenge by partnering with a master trust that has a long heritage in DC provision.

## A provider you can trust:



 Master Trust Assurance

**SINCE 2015**

Approximately

**£2bn**

assets under management

30 June 2022

*This is a marketing communication.*

# A strong governance framework

By outsourcing the pension scheme decision-making to SEI Master Trust's Trustee Body (SEI Trustees Limited), employers can relieve a significant governance burden whilst accessing a strong network of expertise.

The board of SEI Trustees Limited consists of two professional and expert Independent Trustee Directors, including the Chair and one SEI-nominated Trustee Director.

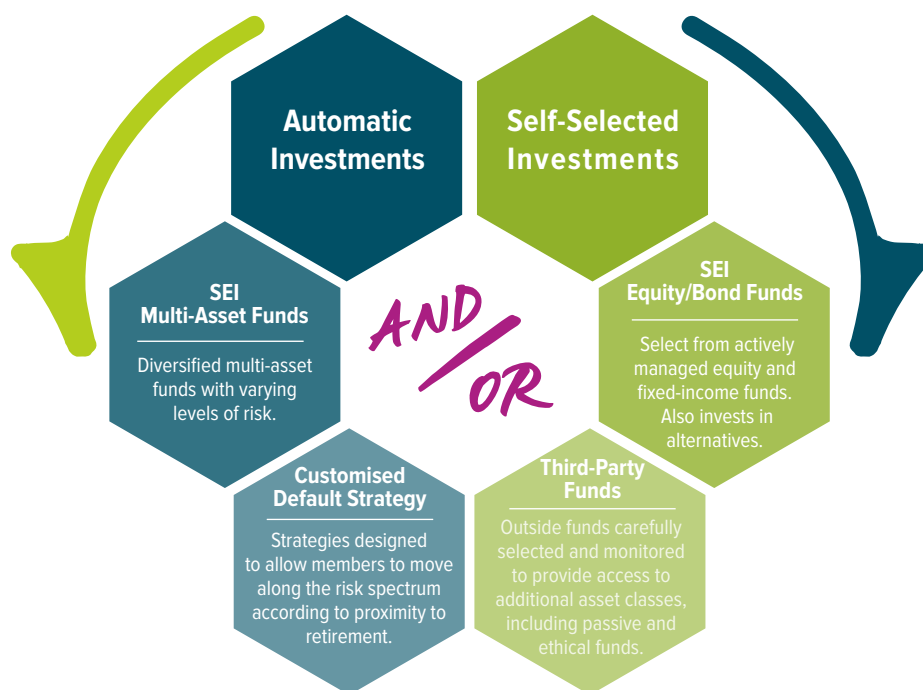


*This Structure Delivers*

-  **Investment management**
-  **Fulfilment of all legal requirements**
-  **Scheme administration**
-  **Multichannel education for members**
-  **Member recordkeeping**
-  **A way to meet auto-enrolment requirements**
-  **A way to meet regulatory responsibilities**

# It's *Your* Decision

SEI offers flexibility in your investments.



## Outcome-focused investments

Most members like the idea of choosing from some of the world's best investment managers, but the choices offered by many DC solutions can be overwhelming. SEI's easy-to-understand DC investment offering provides access to a diversified range of investment managers within a risk-controlled framework, ensuring sufficient choice whilst maintaining a straightforward selection process.

SEI's DC solution is underpinned by SEI's manager of managers programme; a solid, time-tested process that is designed to offer significant benefits to DC members. The manager of managers platform gives employers and their employees access to:

- A framework that allows manager changes to be made within SEI funds on behalf of the scheme quickly and efficiently
- Specialist investment teams who continuously research the market to identify the most up-to-date and effective investment techniques
- Actively managed portfolios designed to help meet retirement goals, with the aim of maximising returns, limiting volatility and managing investment risk
- Managers and asset classes that may be difficult to access individually

The investment options available to your scheme members are set up within the SEI Master Trust to target your specific needs and member profile.

## Customised Default Strategies

Over 90% of SEI's Master Trust members are invested in a default.<sup>1</sup> In fact, the vast majority of UK DC members are invested in defaults.<sup>2</sup> Put simply, defaults matter.

And yet, the speed of expansion of auto-enrolment resulted in some providers offering a simplified 'off-the-shelf' default solution rather than an offering that is customised to each scheme.

### What is a customised default strategy?

Customised default strategies are lifestyle strategies that track a pre-defined 'glide path'. This automatically shifts the member gradually from investing in growth assets such as equities to less risky assets as they get closer to retirement. In this way, the employee is freed from the burden of selecting funds from various asset classes, regularly rebalancing the portfolio, and interpreting his or her individual risk tolerance.

### Customised defaults: One size does not fit all

On the face of it, two schemes side by side may look very similar. They may have a similar number of employees, they may belong to the same industry, or reside in suburban parts of big towns.

Yet, when we lift the lid on these schemes, a different picture emerges if we utilise the wealth of data at our fingertips:

- › Trustees hold information on their members
- › Employers hold information on their employees
- › Pension scheme providers hold information about the membership over a number of schemes

When we look back over the data that we can access from these sources, it becomes clear that there is little reason why multiple schemes within a master trust should share one default strategy.

This is the philosophy that empowers us to begin the customisation journey for each and every client. Rather than creating a standardised default, we look to build one that is fit for purpose. And when we design a glide path, we design a benchmark that goes with it.

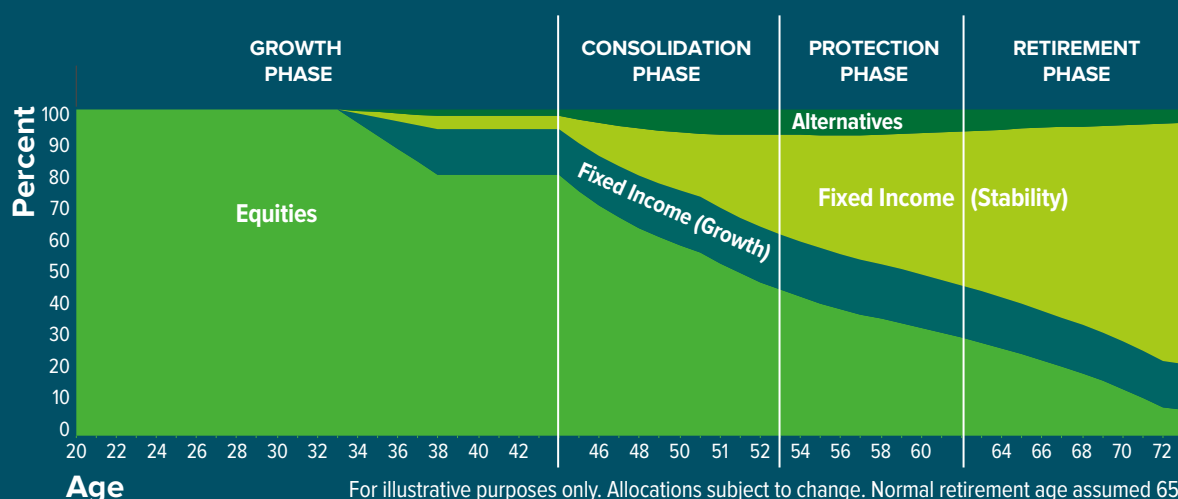
We measure the glide path with the benchmark, using the methodology on which we've designed the arrangement. This means that benchmarks are customised too, and revised on a proactive basis by asking: 'Is the benchmark still fit for purpose? Has anything changed within the benchmark or the assumptions on which it was built?'

<sup>1</sup>Source, SEI.

<sup>2</sup> The Pensions Regulator, "DC trust scheme return data 2020-2021," 30 March 2021.

[www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis/dc-trust-scheme-return-data-2020-2021](http://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis/dc-trust-scheme-return-data-2020-2021)

## Customised Default Glide Path



# SEI's *Innovation* in DC since 2007

## Master Trust 2.0 forms.

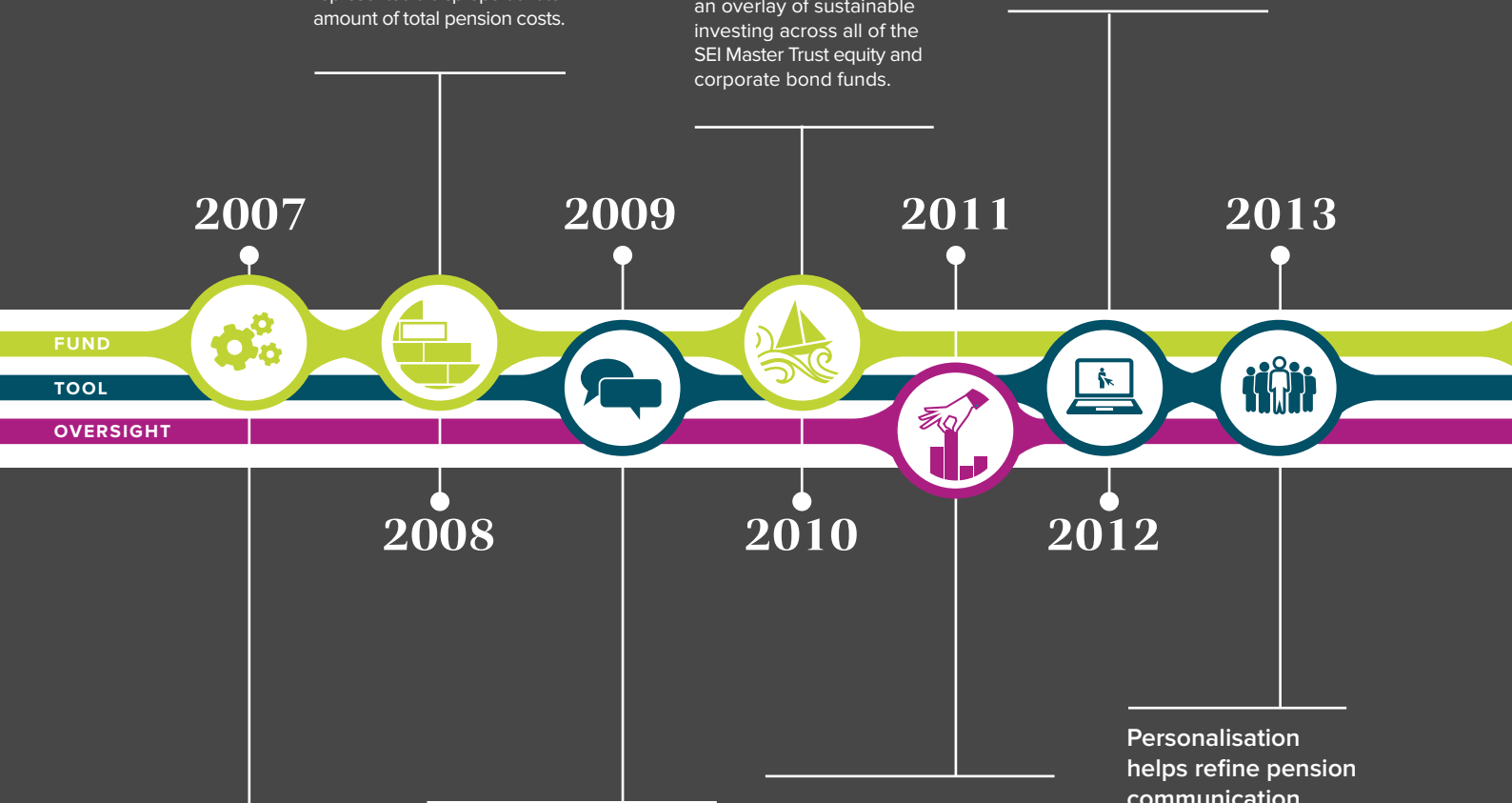
We extended our Master Trust offering to cater for deferred-only schemes. This enabled employers to transfer out deferred members who quite often represented a disproportionate amount of total pension costs.

## Choppy waters led to added sustainable investing options.

Having always recognised the need for ethical investment options, we introduced an overlay of sustainable investing across all of the SEI Master Trust equity and corporate bond funds.

## Digital enrolment enters the scene.

With the entire industry facing auto-enrolment, SEI implemented its first auto-enrolment scheme. Rather than working with companies that were simply meeting their new statutory requirements, we continued to concentrate on paternalistic organisations that were looking to move existing active and deferred members out of their occupational DC schemes to strengthen governance, increase member services, improve member outcomes and reduce their running costs.



2007

2009

2011

2013

FUND

TOOL

OVERSIGHT

2008

2010

2012

## We set the wheels in motion.

We launched the SEI Master Trust with five multi-asset funds, each with a focus on maximising potential returns or aiming to provide downside stability. This enabled the default strategies to deliver dynamic asset allocation decisions based on real-time events.

## Simplified communications for better customer engagement.

As the credit crisis worsened, we developed additional 'risk-based tools' to help members understand what their risk appetites were and used this information to identify which multi-asset funds were most appropriate to their risk profile.

## We raised the bar and aimed for improvements.

In order to maintain a 'best-of-breed' approach, the Trustee appointed new legal advisers to ensure all rules and regulatory requirements were met. Advisers are required to attend all Trustee meetings to guide them on best practice and ensure there were no conflicts of interest.

## Personalisation helps refine pension communication.

In gaining wider access to email and SMS through auto-enrolment, we took the opportunity to refine our communications further. We were now able to provide members with real-time 'nudges', or notifications that would prompt them to take action when certain events occurred.

### Changing rules call for a new strategy.

In 2014, we began preparing for change at the publication of the pension flexibility rules. We recognised that there would be a need for providing drawdown and pension flexibilities; to facilitate this, we introduced new default strategy glide paths that began de-risking members into drawdown, rather than targeting annuities through bonds and cash.

### The Trustee's choice of property fund stands out when others close.

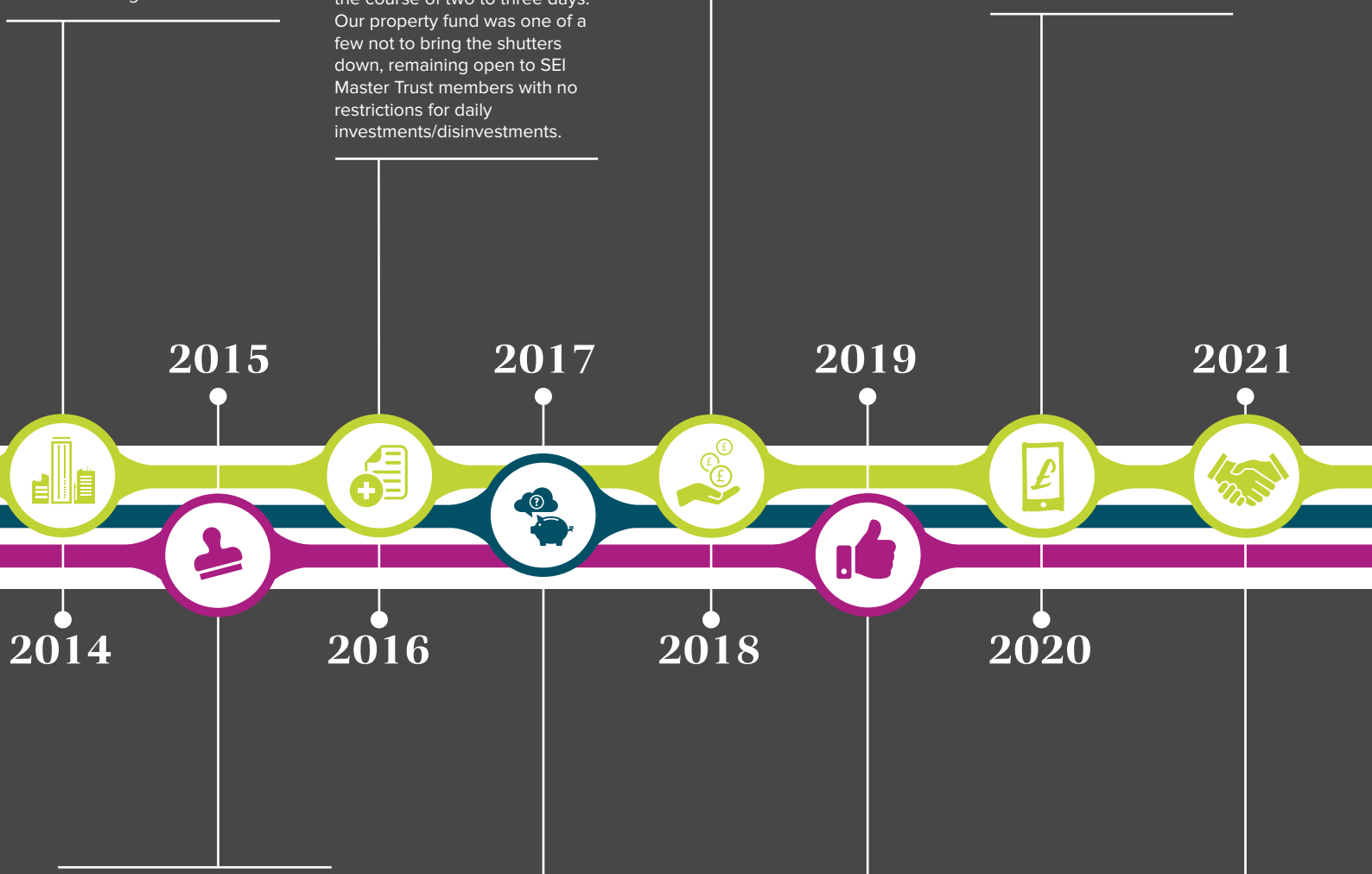
The Trustee had looked for a UK property fund it believed could maintain liquidity even in the most adverse circumstances. The fund was severely tested within six months when, faced with the prospect of Brexit, practically every UK property fund stopped disinvesting within the course of two to three days. Our property fund was one of a few not to bring the shutters down, remaining open to SEI Master Trust members with no restrictions for daily investments/disinvestments.

### Thinking beyond retirement.

As DC pots grow, we are developing sophisticated tools to help members achieve consistent spending into retirement. Our goal is to ensure that members receive continued support within the SEI Master Trust.

### COVID-19 response and Open Banking App launch

We increased our programme of communications to employers and members with personalised videos and simplified statements. In addition, SEI partnered with Moneyhub to help members improve their financial wellbeing.



2015

2017

2019

2021

2014

2016

2018

2020

### Regulators give us their stamp of approval.

The Pensions Regulator introduced a new voluntary assurance process called the Master Trust Assurance Framework. The SEI Master Trust was one of the first schemes to adhere to the framework and earn a place on the Pensions Regulator's 'approved list'.

### New tools help investors plan ahead.

We have launched life-expectancy tools to help members understand how long they can expect to live, and whether their pensions will provide for that. We continue to use augmented governance to link communications, investments and administration to deliver enhanced outcomes for members.

### Authorised!

SEI Master Trust gains authorisation from the Pensions Regulator.

### SEI acquires the Atlas Master Trust from Capita.

This acquisition combines Capita's expertise in pension administration and our expertise in delivering improved member outcomes through investment and technology solutions.

### Principles guided by experience

This approach may sound familiar, and indeed it should. It is built upon our significant experience as a fiduciary management provider to defined benefit schemes for over 25 years.

DB schemes build their journey plan, or glide path, with the funding objectives of the trustees, the sponsor and potentially a recovery plan in mind. We believe there are lessons to be learned from DB that go over and above the types of assets used and styles of investing applied. If a DB scheme is guided by a journey plan toward an objective, why wouldn't a DC scheme be guided in the same way? Shouldn't the glide path for a DC default, given that it is so important to the bulk of the membership, reflect that journey plan too?

### Best ideas for DC

Whilst it is our belief that each scheme should have a bespoke glide path design, we are able to meet the requirements of employers who simply require a 'best ideas' glide path that incorporates our research and experience gathered from many years of developing defaults.

This can be useful in a scenario where several schemes have merged, or there is a large number of deferred members and their plans for accessing their retirement benefits are less clear.

## Self-select Investment Funds

In addition to customised default strategies, the SEI Master Trust can make available a range of funds from which the investor can self-select.

These include active, factor-based funds and passive funds, including SEI's risk-rated, multi-asset (stability and growth-focused) funds.

## Quality service and administration technology

High-quality member administration is crucial for the success of any DC solution, and with this in mind, SEI has partnered with Capita to deliver recordkeeping and auto-enrolment assessment.

Capita is one of the largest independent pensions administrators in the UK, with **45 years'** experience, delivering a wide range of administration services to pension scheme members.

SEI's client service team, in conjunction with Capita, manages all scheme administration, including the provision of full assistance in meeting auto-enrolment requirements where required.



# A helping hand for members: engagement and education

Clear and accessible communications are essential to ensure members make the most of their pension opportunities.

The SEI Master Trust enables employers to offer member communication and education that will guide them from enrolment right through to retirement, delivering relevant information through a variety of different channels. Through the SEI education curriculum “What are you up to after work?” members will learn about relevant topics they will need to plan for their life after work; that being a comfortable and enjoyable retirement.

The curriculum is complemented with easy to understand content that explains key investment concepts, discusses the various scheme features, and promotes appropriate action by the member.

Scheme members are provided with access to the latest tools and technology, including a comprehensive website, dedicated phone line, and text and email ‘nudges’.

## **SEI’s educational resources include:**

- A well-designed and easy-to-read joiner pack
- Quarterly newsletters
- Knowledgeable representatives to answer members’ questions on all aspects of the scheme
- Professionally run educational seminars that can be delivered initially and then as needed
- Secure, online access to account details as well as educational information to assist in decision-making



## Retirement and Beyond

As an employer, it is reassuring to know that when your employees reach retirement age they will continue to be well supported within the Master Trust environment. This starts 10 years before retirement with a 'wake-up' call, and contact increases as they head towards retirement day.

The SEI Master Trust offers all pension freedoms options, but most importantly

gives members the option to stay invested and take drawdown in the same investment vehicle they have used to accumulate their savings. This means retirees can continue to benefit from institutional pricing and the economies of scale produced by pooling multiemployer assets, as well as retaining access to our best-of-breed investment managers.

## Why SEI?

### Governance you can trust from a Master Trust specialist

#### An independent Trustee Body that delivers:

- › Customised investment and default funds, created and tailored to your specific needs and employee profile
- › End-to-end administration and multichannel member communications
- › The option of a fully fledged, cost-efficient solution for employers looking to meet their auto-enrolment requirements
- › Fee, administrative and legal cost economies of scale, all whilst retaining an individual investment strategy and scheme specific options
- › A multi-asset diversified portfolio that invests in a selection of today's world-class managers

#### A long heritage of experience, scale and quality in Master Trust

- › Over 15 years providing a UK Master Trust Solution
- › Master Trust Assurance since 2015
- › Approximately £2bn in assets under management\*


\*As at 30 June 2022

## Searching for a master trust provider?


### Not all master trusts are created equal

Asking some key questions early in the selection process can help you identify which master trusts fit best with your needs and can truly customise to your requirements.


#### *Is the potential provider a focused master trust provider?*

 Look for providers that have a master trust as a core part of their service offering. Probably the most important component of any master trust is the quality of the trustee board, and trusteeship is uncharted territory for many providers. Providers, who are both administrator and investment manager, must also be able to demonstrate that their trustees have the legal power, experience and authority to enforce change when necessary.

#### *How important will you be to them?*

 Find out what their existing client portfolio looks like and think about how you would fit in. Becoming their largest client is fine, as long as they can demonstrate they have the skills, experience and resources to meet your needs. You probably don't want to be the smallest client if that places you last in the pecking order for updates and support. Look for providers that you believe would value you as a customer and provide you with dedicated support from appointment through implementation and into 'business as usual'.


#### *Will they offer you customised investment strategies, administration and communications?*

 One size does not fit all as contribution rates, salaries and financial knowledge vary greatly among organisations. For this reason, default investment strategies, administration processes and communications should be tailored to suit your scheme's membership and be adapted as it evolves. Where providers claim to offer this capability, ascertain the number of clients for whom they already do this and the extent to which their solutions are truly customised. Do they offer an option that is built for the demographic of your employees?

The lure of a new client can encourage some providers to offer you services they have never provided before, which could mean manual processes and workarounds, which are prone to failure and potentially disastrous results.

Providers with a long history of administering trust-based DC schemes, and with a clean bill of health from all of their master trust Assurance reports, are more likely to be able to provide a customisable scheme with suitably robust processes and governance.

#### *Do they have a track record?*

 How long has the master trust been established? Can it offer you economies of scale? Does it have Master Trust Assurance? What is the size of the trust and how many members is it providing for? The answers to these questions should give you reassurance that you're considering an experienced provider, evidenced by their track record.

# For more information

about SEI and how the SEI Master Trust could benefit your scheme, please contact Aron White and Ryan McGowan, DC Account Executives on 020 3810 7921 or [institutionsuk@seic.com](mailto:institutionsuk@seic.com), or visit [seic.com/mastertrust](http://seic.com/mastertrust).



**Aron White**  
DC Account  
Executive



**Ryan McGowan**  
DC Account  
Executive



**Steve Charlton**  
Head of DC  
and Solutions



**David Snowdon**  
DC Director



**Toby Cross**  
DC Manager



**Nicky Benstead**  
DC Client Relationship  
Manager

## SEI ♦ MASTER TRUST

**1st Floor, Alphabeta,  
14-18 Finsbury Square,  
London EC2A 1BR  
+44 (0) 20 3810 7921**

### Important Information

*This brochure has been created in relation to the SEI Master Trust, an occupational pension scheme which is authorised by the Pensions Regulator. This brochure is issued and approved by SEI Investments (Europe) Ltd. ("SIEL") 1st Floor, Alphabeta, 14-18 Finsbury Square, London EC2A 1BR.*

*This brochure and its contents are directed only at persons who have been categorised by SIEL as a Professional Client, for the purposes of the FCA Conduct of Business Sourcebook. SIEL is authorised and regulated by the Financial Conduct Authority.*

*The SEI UCITS funds are structured as open-ended collective investment schemes and are authorised in Ireland by the Central Bank as a UCITS pursuant to the UCITS Regulations. The funds are managed by SEI Investments, Global Ltd ("SIGL"). SIGL has appointed SEI Investments (Europe) Ltd ("SIEL"), an affiliate of SIGL, to provide general distribution services in relation to the fund. SEI Investments (Europe) Ltd ("SIEL") is the distributor of the SEI Irish UCITS Funds ("Funds") and also serves an investment manager and/or fiduciary manager for clients who invest all or a portion of their assets in such Funds. SIEL provides the distribution and placing agency services to the Funds by appointment from its associate, the manager of the Funds, namely SEI Investments Global, Limited, a company incorporated in Ireland ("Manager"). The Manager has in turn appointed another associate, as investment adviser to the Funds, namely SEI Investments Management Corporation ("SIMC"), a US corporation organised under the laws of Delaware and overseen by the US federal securities regulator. SIMC provides investment management and advisory services to the Funds.*

*While considerable care has been taken to ensure the information contained within this advert is accurate and up-to date and complies with relevant legislation and regulations, no warranty is given and no representation is made as to the accuracy or completeness of any information and no liability is accepted for any errors or omissions in such information or any action taken on the basis of this information.*

*The information in this brochure is for general information purposes only and does not constitute investment advice. You should read all the investment information and details on the funds before making investment choices. Please refer to our latest Prospectus (which includes information in relation to the use of derivatives and the risks associated with the use of derivative instruments), Key Investor Information Document, Summary of UCITS Shareholder rights (which includes a summary of the rights that shareholders of our funds have) and the latest Annual or Semi-Annual Reports for more information on our funds, which can be located at Fund Documents (<https://seic.com/en-gb/fund-documents>). And you should read the terms and conditions contained in the Prospectus (including the risk factors) before making any investment decision. If you are in any doubt about whether or how to invest, you should seek independent advice before making any decisions.*

*The UCITS may be de-registered for sale in an EEA jurisdiction in accordance with the provisions of the UCITS Directive.*

*The portfolio allocation may include exposure to Irish Common Contractual Funds ("Irish CCFs") which are authorised by the Central Bank of Ireland pursuant to the Investment Funds, Companies and Miscellaneous Provisions Act 2005 and the European Union (Alternative Investment Funds Managers) Regulations (as amended) (the "AIFM Regulations"). The Irish CCFs are managed by SEI Investments Global, Limited an Irish private limited liability company which is authorized by the CBI pursuant to the AIFM Regulations. The Irish CCFs are subject to the Central Bank of Ireland's regulatory regime for alternative investment funds contained in the AIF Rulebook and qualify as qualifying investors scheme for the purpose of the AIF Rulebook. As such, the Irish CCFs may be marketed solely to Qualifying Investors. SEI Investments (Europe) Ltd acts as the distributor of the Irish CCFs.*

*The portfolio allocation may include exposure to non-EEA Alternative Investment Funds managed by SEI Investments Management Corporation ("SIMC") which may not be subject to the AIFM Regulations or equivalent legislation or regulatory oversight in those particular jurisdictions.*

*SEI Alternative Investment Funds may be non-standardised and bespoke, and may invest in a variety of underlying assets such as shares in unregulated collective investment schemes which do not provide a level of investor protection equivalent to collective investment schemes, debt securities including collateralized loan instruments, asset backed securities and other forms of structured credit, property, commodities or fund-of funds mutual funds. Alternative Investment Funds by their nature involve a substantial degree of risk, including limited liquidity, lack of regulatory oversight, tax risks, investment risks, risks inherent to investments in highly volatile markets, risks related to international investment, risks pertaining to various investment techniques that may be employed by the fund, risks related to the ability to diversify investments, risks related to the accuracy of valuations of investments, and conflicts of interest and the risk of complete loss of capital and are only appropriate for parties who can bear that high degree of risk and the highly illiquid nature of an investment.*

*SEI Alternative Investment Funds often engage in leveraging and other speculative investment practices that may increase the risk of investment loss. It should be noted that they may not be required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information, are not subject to the same regulatory requirements as SEI's range of UCITS or the Irish CCFs, and may often charge higher fees and offer limited liquidity.*

*Neither this document nor any part of its contents may be reproduced or redistributed without the written consent of the Trustee.*

*Past performance does not predict future returns. Investment in the range of the SEI Master Trust's funds are intended as long-term investments. The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested.*