Trustee Guide 2025:

An uncertain path

Featuring:

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Navigating uncertainty: Top challenges for trustees in 2025

With insights from industry leaders and experts, *Pensions Age* explores the key challenges trustees face in 2025

Summary
- Regulatory changes such as the DB Funding Code, pensions dashboards and the Pension Schemes Bill will make endgame planning more complex in 2025.
- As member expectations evolve, trustees are under pressure to find new ways to improve engagement whilst simultaneously integrating broader societal goals into their strategies.
- Prioritisation, diverse expertise and long-term planning are expected to be crucial to the success of trustees in 2025.

For UK pension trustees, 2025 is shaping up to be a testing year, with a series of profound changes in store. As stewards of members' financial futures, trustees navigate a complex pension landscape marked by regulatory shifts, economic volatility and growing demands for sustainable investing.

The introduction of the landmark Pensions Dashboards Programme, which is expected to begin connection from April, the updated DB Funding Code and other regulatory changes will also present opportunities and challenges for trustees to contend with over the next 12 months.

To run-on or buyout?

A common conundrum that trustees will continue to face in 2025 is endgame strategy. For both DB and DC schemes, trustees must make crucial decisions to secure long-term sustainability while grappling with resource constraints and administrative complexities. Hymans Robertson head of DB scheme actuary services, Laura McLaren, says: "Improved scheme funding and an expanding range of options mean long-term strategic planning should be at the top of the list for 2025. Trustees must proactively consider all their options."

Pensions and Lifetime Savings Association director of policy and advocacy, Zoe Alexander, suggests that improved funding means trustees are now "increasingly focused" on the complexities of endgame strategies: "With many schemes now in surplus, decisions around buyout, consolidation or self-sufficiency are at the forefront."

Insight Investment head of solution design, Jos Vermeulen, also warns schemes against rushing into buyouts without considering the benefits of running on: "There is a myth that insurance buyout as soon as possible is the only prudent option. Surpluses retained within schemes could unlock significant benefits for members, sponsors, and even the wider UK economy."

Indeed, alongside the economic uncertainties related to surplus management, are opportunities, as strong funding levels and low-risk investment strategies present a chance to reinvest in schemes or unlock value for members and sponsors.

Given this, Vermeulen argues for policies that allow surpluses to be used creatively: "Surpluses retained within schemes could improve pension benefits, spread intergenerational wealth to DC members, and invest in productive projects."

However, regulatory delays are causing frustration, Vermeulen suggests.

"With a new Pensions Bill *[waiting]* to come into force, there is still uncertainty around whether it will include the changes needed to make run-on an option for most schemes," he says. "Trustees are left with a dilemma about what to do. If they buyout and the government make those changes, they could be left with 'regret risk.'"

Whilst some aspects of the upcoming bill have already been revealed, industry experts have been unsure what exactly the bill will contain, particularly after reports revealed that the second phase of the government's Pension Review could be delayed.

Broader regulatory updates are on the horizon though, as the government recently confirmed that it would be sharing an update on DB policy in the new year.

Regulatory changes

This is not the only evolving regulatory challenge trustees should be mindful of in the new year, however, as the recent DB Funding Code and upcoming

pensions dashboards deadlines are creating a complex governance landscape.

Capital Cranfield professional trustee, Michele Hirons-Wood, describes the challenges posed by the new DB funding regime: "This regulatory change demands increased planning and coordination between trustees and employers. For some, it will just be a documentation exercise; for others, it will prompt difficult conversations."

Pensions dashboards, set to roll out from April 2025, will also create new hurdles for trustees, according to Sackers senior partner, David Saunders, who points out that pension schemes must ensure accurate, real-time data is available while navigating new data protection requirements.

"The dawn of dashboards is upon us," he says. "Trustees' data protection processes will be scrutinised, extending their scope beyond current limits to members of the public using dashboards, which will give rise to new and onerous challenges."

Saunders adds that an "ever-increasing" legislative and regulatory burden will make trustees' daily obligations "more arduous and complex" in the coming year.

Operational and administrative pressures

In the face of increasing regulatory challenges, experts suggest that the administrative capacity of trustees will face significant strain as schemes tackle multiple overlapping projects. From preparing for dashboards to executing guaranteed minimum pension (GMP) equalisation, trustees must ensure their plans are deliverable, even though resources are limited.

Spence & Partners head of corporate advice, Alistair Russell-Smith, emphasises the importance of prioritising data projects: "The biggest challenge for trustees in 2025 is planning the right sequencing of projects over the next few years. Prioritising data projects will enable dashboard connection and put schemes in a strong position for endgame strategies."

"This also cleans the scheme," he adds, "putting it in a strong position to implement an endgame strategy as the broader range of options and providers become available in the market."

Across the board, integrating advanced technologies like artificial intelligence (AI), mitigating cybersecurity risks and managing operational risks, such as compliance with dashboard timelines, remain critical priorities for trustees.

"2025 feels like it is going to be yet another busy year. Trustees must balance competing priorities while preparing for the future"

"Another challenge for trustees is to ensure they are taking advantage of new technologies, like AI, and becoming cyber aware of new risks," says Mercer UK wealth strategy leader, Tess Page.

"They also need to progress in preparing for pensions dashboards, the GMP equalisation project and carrying out their risk assessments," she adds.

According to McLaren, the consequences of missing the government's timetable for connection to the pension dashboard would be "serious" for trustees.

"Trustees cannot afford to sit back and wait complacently for their instructions to be carried out," she warns. "They will need to ensure that projects are being actively managed and those managing are fully engaged with the timetable."

ESG priorities

For 2025, trustees will continue to face pressure to incorporate environmental, social and governance (ESG) factors into their strategies.

The Pensions Regulator has previously urged trustees to go beyond minimum compliance with ESG duties after their research found that, while the vast majority of trustees meet their ESG duties, many schemes only achieve minimum competence.

Standard Life bulk purchase annuity transaction manager, Alex Oakley, notes that ESG is also increasingly influencing endgame decisions: "ESG is a key factor, with research showing that this is important for almost half of trustees considering a buyout deal."

Workforce and expertise challenges

A growing concern across the industry is the difficulty of attracting and retaining skilled professionals to support schemes' administrative and strategic needs.

McLaren paints a challenging picture: "Administrators are struggling to attract bright, capable people. Trustees must ensure that projects are actively managed to avoid operational breakdowns. When trustees issue instructions too often, the machinery of administration starts to sputter and groan under the strain."

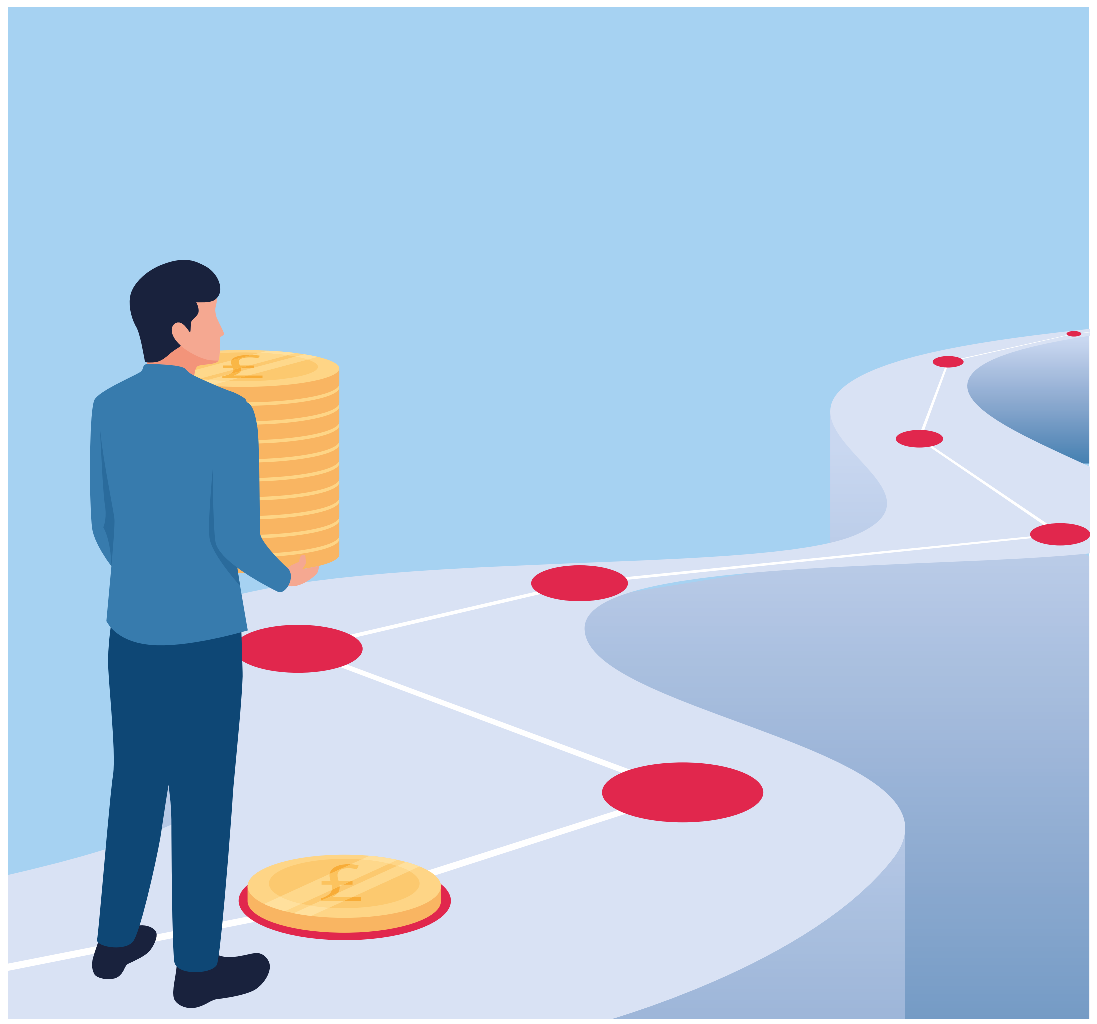
It's a view echoed by Page, who highlights the importance of diversity and expertise: "Trustees should ensure they have access to the right expertise and a diverse range of skills and styles to navigate 2025's challenges."

Rising to the challenge

The challenges facing pension scheme trustees in 2025 are vast, ranging from strategic decision making and regulatory compliance, to operational efficiency and ESG considerations. Workforce constraints and economic uncertainties compound these challenges.

"2025 feels like it is going to be yet another busy year. Trustees must balance competing priorities while preparing for the future," says Hirons-Wood.

Written by Callum Conway



The right support at the right time

Jonathan Watts-Lay looks at the challenges faced by members and what they need to know in the year ahead. He also outlines how trustees, schemes and employers can help members take the right course of action to best optimise their retirement outcomes

It's well recognised that the rising cost of living has caused financial strain on many households over recent times. Our research[1] found that 34% of employees thought their biggest financial concern was not being able to pay basic living costs such as rent, mortgage payments, energy bills, food etc. As well as this, 22% of employees had to borrow money from friends and family and 20% had taken on debt.

The impact of this has also meant that 39% of employees thought that they would never be able to afford to retire, and 81% were concerned that they would have to work longer before retiring to make up for a shortfall of savings[2]. These concerns are also recognised by employers with our research with REBA finding that 71% of employers recognise insufficient retirement savings as a risk[3].

What do members need to know?

Although it may not feel affordable, many don't realise the significant difference a small increase to their pension savings can make. For example, someone in their 20s, saving just 1% more each year into a workplace pension can boost future savings by 25%. With the economic outlook looking uncertain, people will need support around how to best manage their finances. For example, making small changes such as setting a household budget, shopping around and not auto-renewing on things like car insurance, as well as utilising workplace benefits such as discount schemes, can really make a difference.

What about those considering retirement?

Those approaching retirement will need to work out a financial plan including what costs they may face in the future, the impact of inflation and if they can

actually afford to retire. For those that realise that retirement isn't affordable, there are options to be considered such as delaying it or working part-time.

However, for some, retirement may actually be more affordable than they originally thought. This is because retirees are likely to be paying less income tax, no National Insurance, mortgages and loans may be paid off, and there will be no more pension contributions.

Aside from this, there are also many risks that members should be aware of when accessing their pension income. This includes paying unnecessary tax, not shopping around for the most suitable retirement income option, or even falling for a scam which unfortunately people who may be struggling with their finances could be particularly vulnerable to.

Making pensions engaging

As well as affordability issues, it's widely recognised that there are challenges with general pension understanding which impacts overall engagement. We looked into this and found that many people don't realise that their pension is invested (29%), or what it's invested in (49%)[4]. Coupled with this, almost two-fifths (38%) didn't realise that they have a choice over how their pension is invested, and this worsened for those age 55+ (44%). This is particularly concerning, as at this point people may be approaching retirement and need to consider how they plan to generate a retirement income (i.e. take it as cash, buy an annuity, go into drawdown or a combination of options) and ensure their pension investments or 'glide path' is aligned with this.

We know that for people to better prepare for their financial future, it's vital that they engage with their pensions as early as possible. So, it's really interesting to see that our research found that two in five employees (40%) said they would increase their pension contributions if they knew it was invested in funds that aligned with their values and beliefs, and this is despite the cost of living challenges. This is especially appealing for younger workers (48% of 18–34 year-olds), a cohort typically less engaged with their pensions.

In recent years there has been a significant expansion of environmental, social and governance (ESG) considerations, with people wanting to align their pension investments with their values and beliefs. However, ESG is a broad category, and it means different things to different people, with no one size fits all approach. There will be some people who care passionately about environmental issues and others will have religious beliefs to take into account when making decisions. Some might want to invest in companies that promote social cohesion, greater representation and diversity. It may be that others are just wanting to choose investments that are having a positive impact on the world. But simply knowing that pensions can be used to make a difference can be a powerful way to switch people on to better engage with their long-term savings.

What should be done?

Firstly, in the current environment, supporting individuals with their day-to-day financial needs should be an area of focus. This should then sit alongside support around longer-term needs such as pensions and retirement provisions.

When looking at how to best provide this support, it can be difficult to know where to start. The good news is that there are tried and tested ways. Many leading workplaces and trustees now work together with financial wellbeing and retirement specialists to empower employees with programmes that help with a full range of money matters; from debt and money management to understanding pensions and preparing for retirement. This can be delivered through financial education workshops, one-to-one guidance or coaching sessions, and digital tools and helplines, as well as providing access to investment advice.

In particular, when it comes to retirement provisions, employers are viewing the ageing workforce as increasingly important. Our research with REBA[5] found that 24% of employers currently offer pre-retirement planning, and 36% plan to offer it in the future. It also found that 20% currently offer financial advice specific to retirement, with 34% planning to do so.

However, before proceeding with a programme, carrying out due diligence on providers is crucial. This should include checking that any financial education providers are workplace specialists with experience in providing support to members. Due diligence on advice firms should cover areas such as qualifications of advisers, the regulatory record of the firm, compliance process e.g. compliance checks of 100% of cases, pricing structure, and experience of working with employers and trustees.

Ultimately, empowering people by providing them with access to the appropriate support at the right time, can enable them to make better decisions and achieve more positive outcomes, which is ultimately what it's all about.

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[1] https://www.wealthatwork.co.uk/corporate/2024/03/18/the-impact-of-money-worries/
[2] https://www.wealthatwork.co.uk/corporate/2024/06/20/retirement-worries/
[3] https://www.wealthatwork.co.uk/corporate/2024/09/25/financial-wellbeing-report-2024/
[4] https://www.wealthatwork.co.uk/corporate/2024/04/17/pensions-engagement-research-survey-results-2024/
[5] https://www.wealthatwork.co.uk/corporate/2024/09/25/financial-wellbeing-report-2024/

You choose the endgame, we'll build the bridge

Buyout, run-on or both? Whatever your scheme's preferred destination, we'll help you construct the way forward.

Experts in endgame
lgim.com/bridge

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Capital at risk. For investment professionals only

You choose the endgame we'll build the bridge

LGIM highlights how it can help schemes develop their optimum investment strategy, no matter the endgame destination

Many schemes are now talking about run-on as their preferred endgame strategy.

This is where they pay pensions and run on the scheme until the final member benefit is paid in full, with a potential surplus to be shared between the scheme members and the sponsor.

So, what does this mean for the scheme's investment strategy?

Overall, there are likely to be three key objectives in a run-on investment approach:

1) Paying pensions and any other expenses

2) Managing risks to maintain a strong funding position

3) Targeting a surplus to keep a funding level buffer, with the potential to distribute capital at a future date

We believe these three objectives lend themselves to a renewed interest in CDI or cashflow-driven investment. Credit-based assets can seek to address all three goals of generating cashflows, hedging interest rate risk and capturing the 'long-term credit premium'.

However, due to the longer investment horizon, schemes may be open to more illiquid asset classes, such as property and private credit, to seek an 'illiquidity premium' as a long-term investor.

Also, some schemes may only need to invest a proportion of assets to match expected pension payments. This means their residual assets can be invested in a cash or growth-based strategy to target an increased surplus that can be used as a rainy day fund or to distribute capital, depending on the risk appetites of the scheme and sponsor.

We are also seeing that schemes may want to run on, with the option of buyout in the future should circumstances change.

For example, as the size of the scheme decreases, running costs can outweigh the benefits of running it on, the support from the sponsor deteriorates, or to target attractive buyout pricing.

Therefore, we believe holding credit in a run-on strategy can potentially be helpful as it can help schemes to hedge changes in buyout pricing. While targeting a buyout down the line may limit the amount of very long-term illiquid assets schemes wish to hold, we believe there is still scope for some shorter-term illiquid exposure.

Whatever your scheme's preferred endgame – buyout, run-on or both – LGIM is here to help your scheme to build a bridge to your chosen destination.

Written by LGIM head of DB solutions distribution, Lisa Purdy, and head of endgame solutions, Mathew Webb

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Key Risk Warnings
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Value for money: What will this mean for the role of trustees?

Donna Walsh assesses the strengths and weaknesses of the value for money framework

Value for money is a term most of us use at some point or another. But what exactly do we mean by it? And what does this look like when it comes to assessing our pension provider?

These questions have been in the spotlight recently, thanks to the FCA's consultation on a value for money (VfM) framework for defined contribution schemes.

Standard Life recently surveyed around 3,000 customers on their attitudes to value for money, accompanied by in-depth interviews.

This research confirms that value for money means different things at different stages of a person's life.

People tend to evaluate value for money more towards the beginning and end of their retirement savings journey, according to our research.

When asked, people in their first job said value for money meant having a pension provider that 'shares my vision'. Young people don't necessarily know how much they'll need in retirement or when they'll retire. So, they want a provider that will take them on that end-to-end journey. Trust is incredibly important.

Savers in their middle years, in the accumulation stage, tend to be less preoccupied with value for money when it comes to pensions. If they had to think about it, this group is more inclined to think about investment returns.

Meanwhile, savers accessing their pension often emphasised that they didn't know what they didn't know about pensions. For this reason, they wanted a provider that provides good information and guidance and is proactive in speaking to them about the key considerations.

So how well do these customer perceptions align with the VfM framework? And what do they indicate about the framework's likely success in delivering better member outcomes?

Are we being served?

The VfM framework has the potential to be a force for good. It should help to remove consistently poor-performing schemes from the industry, induce consolidation, reduce fees, increase average investment returns and most importantly improve outcomes for members.

It should also enable the shift away from a tendency for some employers and advisers to choose schemes based largely on cost.

But how much difference will it make to already well-performing schemes? And what does it indicate about how 'value' might be perceived and measured in future?

Undoubtedly, the framework has limitations. It might be likened to a car MOT. It will tell you which master trusts are 'road-worthy', that is, broadly credible, but not which one will be best suited to the needs of a particular set of employees. This is most evident with respect to 'service'.

Although the framework is right to emphasise the importance of service in evaluating VfM, it is relatively restrained in the metrics it includes for doing this. (In the previous consultation these metrics are described as a 'starting point' and 'not intended to be comprehensive'.)

This approach is understandable. Trying to encompass all conceivable aspects of service into the framework might leave us waiting a very long time.

That said, it risks omitting many of the things that might affect members most. For instance, the framework's focus on 'long-term outcomes' arguably underplays the importance of the member 'journey'.

Indeed, the two are often linked. Seeking to improve members' financial wellbeing in the short term, for example, is based upon the idea that this could improve their more general wellbeing in the short, medium and long term. The net benefits of doing this should not be underestimated. Particularly as

the industry strives to help members to manage their finances more holistically, and to feel confident taking on the increased level of decision-making they face with respect to their pensions and retirement plans.

Member experience

Is there also a risk of the framework becoming a distraction from genuine quality? For example, providers might be asked about engagement with digital journeys and apps without considering the quality and efficacy of these digital journeys and apps.

As we all know, our perception of value for money also often changes during an experience. If an experience goes badly, suddenly the low price we paid can start to feel much less of a bargain (consider the last time you were seriously delayed at an airport). Instead, we might come to appreciate more the quality of the customer service.

At key moments for savers, the care, compassion and knowledge of a customer service representative, the ease of digital journeys and the follow-up communications are also likely to colour savers' perceptions of value for money. It does not seem unreasonable to suggest that such experiences (good or bad) could affect a member's subsequent engagement with their pension and retirement plans.

Moreover, the framework's focus on the accumulation stage – rather than the decumulation point, where many of the most critical decisions are likely to be made by savers – is a missed opportunity. With an at-retirement crisis looming in the UK, now is the time to make clear how different providers are providing value to people as they approach retirement and during retirement.

Eye of the beholder?

It is also still unclear whether the framework will fully iron out the inconsistencies in how trustees of different schemes and different employee benefit consultants (EBCs) might assess value for money.

Imagine, for example, an EBC recommending a move to a new master trust based on their value assessment, but the ceding trustees not approving the bulk transfer of members because their value assessment of the new master trust differs from that of the EBC. In such a scenario, both master trusts might easily pass the metrics as laid out by the framework, so who then decides who provides the better value?

It is easy to see how such inconsistencies could pose a barrier to consolidation.

Lessons from Australia

Of course, it will be difficult to improve value for money for members without greater consolidation, thereby enabling greater economies of scale and providing greater investment opportunities, such as those outlined in the Mansion House Compact.

Here, the Australian experience is salient, where the rate of consolidation in recent years has been eye-catching. Much of this has been down to the country's performance test, which is sometimes likened to the VfM framework in the UK.

The performance test, however, is more penal than the UK's VfM framework and arguably even narrower in scope.

Applied by the regulator, the test assesses investment outcomes against pre-determined benchmarks – with onerous consequences for failure. Undoubtedly it has removed under-performing schemes. That said, in some respects the Australian model is simpler: there is one default per provider, on which their survival depends. So the pressure is on.

In the UK, on the other hand, it appears that, under the VfM framework, the regulators are proposing that you will be allowed to run multiple defaults. If one of them doesn't work, members can be transferred to another default. It will be interesting to see how this interplays with the recent DWP consultation looking at 'megafunds'.

There's also an argument that Australia's performance test should be more complex. Currently, it tests performance against a benchmark and choosing a benchmark effectively means choosing an asset allocation structure. So, the test compares how well a scheme has delivered against that asset allocation, but it doesn't compare different asset allocation approaches.

This means that a higher performing fund could fail the performance test, because it falls below its own benchmark, while a worse-performing fund could pass the test.

There is also a lot of homogeneity among Australian schemes. The range of funds and the asset allocations within them are very similar, generally leaving savers with little meaningful choice. And could it be a consequence of the focus on investment that the administration service level agreements are met less than 50 per cent of the time?

This perhaps points to how value for money can be more effectively measured in the UK – by factoring in service and decumulation as well as more forward-looking forms of value.

In summary, value for money will continue to be front of mind for trustees. But the framework itself is unlikely to challenge or change the focus of trustees of good quality schemes.

Instead, the role of EBCs is likely to prove essential in providing advice on the relative strengths and weakness of different master trusts, which may not be proportionally captured by the framework – but which may prove to be of increasing value to members.

Written by Standard Life head of master trust, Donna Walsh

In association with

For Professional Clients Only

Pension schemes are evolving to changing demands

Michelle Burgess, associate partner at Aon, looks at the evolving landscape of pension governance and the challenges faced by pension schemes. With increasing regulatory demands and the need for specialised knowledge, trustees and in-house pension teams must navigate a challenging environment to ensure effective management and compliance

Pension trustees play an essential role as stewards in protecting member's benefits and supporting the retirement outcomes of some 22 million[1] UK workers. Yet, in today's volatile and increasingly regulated environment, the demands on them have reached new highs.

Trustees must not only ensure compliance and manage risks, but also oversee strategic projects and continually anticipate future challenges. For the day-to-day administration of these tasks, many trustees rely on in-house pension teams. This resource is being increasingly stretched and as pressures mount, it can find it difficult to keep up. The use of external support can be a potential lifeline to help these important functions and maintain momentum on strategic objectives.

A perfect storm

The regulatory pressure on trustees has grown significantly in recent years. The Pensions Regulator's (TPR) General Code of Practice is a prime example of how compliance expectations have risen. This consolidation of existing codes introduces more robust requirements for schemes to have an effective system of governance, risk assessments, cyber resilience, and more.

Adding to these regulatory demands is the pressure for trustees to steer strategic projects, ranging from considering of master trust consolidation, through to developing an endgame strategy. The stakes are high; successful execution paves the way towards a secure future for the scheme, while missteps can delay key projects and potentially lead to poor outcomes for members – the people trustees set out to serve.

Yet, as both strategic and regulatory pressures increase, in-house pension teams are struggling to resource and meet the trustees' needs. Many in-house pension teams work tirelessly, but resources are tight, often making it difficult to handle the peaks and troughs of workloads. Recruitment into this field is difficult in such a busy sector, with in-house teams competing for resources with consultancies, professional trustee firms and insurers. Furthermore, experienced professionals who entered during the Maxwell era are reaching retirement and busy areas such as GMP equalisation and risk settlement are exhausting available resources.

The role of trustees: Balancing oversight and action

When in-house pension teams lack the bandwidth needed to implement projects effectively, it leaves trustees

needing to step into more hands-on roles which may distract from their strategic priorities. Thus, the problem is less about the governance activities themselves and competence of all of those involved, and more about just the sheer volume of work. This makes it hard to progress projects as quickly as trustees and sponsors would like. Many hard-working in-house pension teams are stretched incredibly thin and accept the volume of work that comes their way but it often has an impact on timescales for delivery.

Flexible support models to close the gaps

To address these challenges, trustees and their fellow pension stakeholders need governance models that are flexible and forward-looking. The right solution depends on each scheme's particular needs and goals, so it is important to ask the right questions, not only about what your governance model looks like today, but also how it may need to look in the future:

- What is our long-term vision for pensions governance?
- What skills and resources will we need to achieve that?
- What risks exist in our current approach, and how can we address them?

There is a spectrum of support options, from entirely in-house teams to entirely outsourced models.

1. **Fully in-house teams:** Ideal for schemes requiring continuity, though this approach is unable to flex to work demands and can involve high key-person risk.
2. **In-house teams with contracted support:** Supplementing in-house teams with contracted specialists or secondments provides the extra capacity to manage busy periods and specialised projects, while maintaining the continuity offered by the in-house team.
3. **Outsourcing of key projects or functions:** The delegation of specific tasks allows trustees and their colleagues to focus on strategic oversight, while using external expertise exactly where it is needed.
4. **Full outsourcing:** Outsourcing the entire governance function allows firms to focus on their core business activities while tapping into deep pension and governance expertise.

Case studies: Our solutions in action

Aon has partnered with many leading UK organisations to develop governance solutions that suit their needs and manage their risks. Here are just two of our successes.

Helping a large retail client get scheme tasks under control

After losing several key people, this client faced significant operational and compliance risks and struggled to keep pace with simple operational demands. With such high key person risk, the remaining team was unable even to identify which tasks were being neglected.

Aon sent in a multi-disciplinary team to identify the areas where they were struggling and to help stabilise the scheme, with the client only paying for skills and personnel as required, on an ad-hoc basis. Within 18 months, Aon's support allowed the client to rebuild its in-house team and introduce a sustainable governance framework, before we transitioned out seamlessly.

Helping a FTSE 100 client improve its senior decision-making

Struggling to recruit senior and strategic decision-makers, this client relied on a flurry of early career recruitment, resulting in an in-house team full of administrators but without much guidance.

Aon provided a team of seconded professionals who integrated into the in-house team, operating as an extension of the client's business as they delivered key projects. This flexible arrangement allowed the client to access specific resources as its needs evolved and upskill its existing entry-level workforce. Aon stayed on as a permanent support, which aligned with the client's view of outsourcing to focus on its core business activities without the distractions of ancillary work.

Empowering trustees through tailored support

To thrive in today's environment, trustees must address their immediate governance challenges while anticipating the future direction of their scheme. By using the right mix of in-house expertise and external support, trustees can focus on strategic direction, while feeling reassured that operational tasks are being executed efficiently. Crucially, this right mix varies from business to business.

Aon's team of more than 100 specialists across the UK is exceptionally well connected, meaning they can collaborate and be scaled up or down according to each of our client's needs. With our depth of experience in the pension sector and the breadth of our capabilities, there is unlikely to be a governance problem our experts cannot solve.

Trustees and sponsors may struggle to know where to start with reviewing their governance structure and understanding how their requirements are evolving. Resources including the [2]Trustee Effectiveness Hub provide an ideal starting point, but a good external support provider can identify the risks to which a scheme is exposed and suggest potential solutions.

In association with AON

[1] https://www.gov.uk/government/statistics/workplace-pension-participation-and-savings-trends-2009-to-2023/workplace-pension-participation-and-savings-trends-of-eligible-employees-2009-to-2023#:~:text=Trends in Workplace Pension Participation,-The workplace pension&text=The overall participation rate of,million) participati

[2] https://aon.io/3DtL7SS

Shariah-compliant investing: Sustainable investing's not-so-distant cousin

Sefian Kasem explores the relationship between Islamic faith-based investments and sustainable investing

Islamic faith-based investments are growing in popularity. On the face of it they seem distinctly niche, but there is far more philosophical and practical overlap with sustainable investments than most investors realise.

In this guide we explore the screening methodologies employed, the nature of equivalent fixed income products, known as Sukuk, and how Shariah-compliant investment portfolios can target a number of risk-return profiles using just a moderate number of Shariah-compliant asset class.

Shariah philosophy

Shariah-compliant investments are assets that have been screened according to a set of principles commonly associated with Shariah law. Examples of such principles include risk sharing between parties to a financial transaction, the limiting of unnecessary uncertainty in business or financial contracts, a prohibition on interest (Riba) and hoarding of capital with no productive intention, whilst at the same time there is a strong emphasis on property rights and fair treatment of employers, employees, customers, and other stakeholders.

Very often when screening companies for Shariah compliance, the nature of the screening has two dimensions:

1. Business activity: Ensuring the company has no significant exposure to non-permissible revenue sources such as selling goods or services related to gambling, weapons, alcohol, tobacco, pork products, adult entertainment, and other prohibited offerings.

2. Financial screening: This addresses the tolerance limits for prohibited (haram) interest-based investments, interest-based debts, liquidity, and other forms of prohibited income.

Typically speaking, companies or other entities which pass these two screening methodologies are deemed to be Shariah compliant.

When managing Shariah-compliant investment products of any kind, governance and oversite by a reputable Shariah board is crucial. At HSBC we are proud to have a well-known and respected Shariah board that is intricately involved in the development and oversite of our Shariah-compliant investment. Whether it is monitoring the portfolio management practices and operational set-up of our funds and platform, ensuring legal documentation is correctly reflective of investment features, or applying the correct methodology for calculating impure income; our Shariah board ensure our products are created and managed in an entirely Shariah-compliant way and meet AAOIFI standards.

Shariah-compliant investments should have a dividend purification system in place where the proportion of total revenue for applicable companies that comes from non-permissible sources is used as a guide to ring fence some of the dividend income which investors are then required to donate to charity. At HSBC Asset Management we carry out this process on behalf of investors, under the watch and guidance of our Shariah board, to ensure our products remain Shariah-compliant.

What are 'Sukuk' bonds and how do they differ from conventional fixed income?

Sukuk are Shariah-compliant equivalents to conventional fixed income securities. These securities are typically issued by governments, corporates, supranationals and other entities to raise capital, but despite their differences to conventional fixed income securities, the Sukuk market displays similar dynamics to conventional fixed-income markets and emerging-market bonds in particular.

Sukuk bonds have a high correlation to their conventional counterparts and have low average credit spreads. These measures are a good gauge of investor perception of interest rate and credit risk for Sukuk versus conventional bonds. Although periods of volatility (such as the pandemic in 2020 and the broad market sell off in 2022) briefly impacted spreads, spread differentials have continued to tighten over the years.

But there are other distinct features of the asset class too, including:

- A fixed maturity period and coupon as with conventional fixed income
- Typically, Sukuk are asset backed which has culminated in a low default rate
- They are assessed and rated by

- international rating agencies which investors use as a guideline to assess risk/return parameters of the security
- Sukuk are tradable in the secondary market, depending on the structure, and they are becoming increasingly liquid instruments given the impressive growth of the market in recent years

Conventional bonds are instruments where the issuer has an obligation to pay bondholders cash flows in the form of interest and principal on certain specified dates. In contrast, Sukuk are based on the ownership of a share of an asset, as well as the associated cashflows and risks. In practice, investors are considered as part owners rather than creditors given the transfer of ownership of certain assets. Every Sukuk bond is generally tied to a tangible asset or project.

Additionally, conventional bonds pay interest – this is not permitted by Shariah law, so the periodic payments of Sukuk instruments are structured from the profits from the underlying assets. Sukuk issuers ensure that funds that are raised are invested in areas that do not contradict Shariah law. Like any other credit instrument, investors do face default risk, although as mentioned these numbers are quite low. As of end H1 24, less than 0.25 per cent of all issued Sukuk had defaulted.

Overall, Sukuk can be considered as Shariah-compliant versions of conventional bonds, although there are differences in the way they are structured.

Pension investors have been selecting Shariah-compliant equity strategies for many years. However, following requests from scheme members for broader choice, several providers now offer a full suite of equity, fixed income, and multi-asset options. Rather than a traditional 60/40 equity/bond portfolio, the scope for a much broader Shariah multi-asset approach now exists, for example;

- Sukuk Bonds (18.28%)
- Global Equity (18.04%)
- All Country World Equity (17.60%)
- Supranational Sukuk Bonds (12.68%)
- US Equity (11.41%)
- Commodities (10.71%)
- Global Emerging Markets Equity (5.05%)
- Europe Equity (2.13%)
- Liquidity (1.60%)
- Property (1.41%)
- Japan Equity (1.09%)

What is the overlap with sustainable investment products?

Sustainable investment products aim to create long-term value for investors by integrating environment, social and governance factors into investment analysis and portfolio construction. Islamic investment products on the other hand are aimed at ensuring products are compliant with Shariah law. The screening process used by Shariah-compliant investment products and sustainable investment products share many similarities, though they are guided by different principles.

Both aim to align investments with a set of moral or ethical standards, whether derived from religious beliefs or broader societal values, and as such, there is considerable overlap in their approaches.

Both types of screening processes exclude companies operating in industries considered harmful or morally questionable. These exclusions reflect a shared commitment to promoting investments that minimize harm to society and uphold ethical conduct.

In addition, both Shariah-compliant and ethical investments tend to focus on stability and risk reduction, with both approaches aiming to minimise exposure to speculative, high-risk ventures, preferring companies with stable financial foundations. For instance, investments in highly leveraged companies or speculative financial instruments are typically avoided under both frameworks.

However, it is important to note that, unlike sustainable products, Shariah-compliant investment products do not have sustainability goals (carbon emission reductions, ESG uplift, etc.). They are better viewed as complementary rather than substitutes.

Our range of Shariah-compliant investment options enables investors to create richer, more diverse portfolios.

Summary

- There is considerable overlap between Islamic and sustainable investment strategies
- Understand the screening methodologies used to create Shariah-compliant portfolios
- Explore the role of a Shariah board in the development and oversite of our products
- A broad choice of equity, fixed income, and multi-asset options mean numerous risk-return profiles can be created using a moderate number of Shariah-compliant asset classes.

Written by HSBC Asset Management Global Head of ETF and Index Investing, Sefian Kasem

In association with HSBC Asset Management

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Implementing DE&I

Sharon Bellingham explains how using diversity, equity, and inclusion can unlock opportunities and improve retirement outcomes

Diversity, equity, and inclusion (DE&I) is essential for creating fair and sustainable pension systems. But when it comes to implementing DE&I strategies, there is little in the way of accessible support available for trustees to help bridge the gap between theory and practice.

Beyond trustee board diversity

Much of the focus on DE&I in pensions has been on trustee board diversity. The Pensions Regulator has highlighted that "trustee boards that are not diverse risk knowledge gaps, entrenched ideas, biased thinking, and poor decision-making, which puts savers at a disadvantage".

While this is true, and a diverse board will lead to better decision-making, the successful implementation of DE&I must extend beyond the trustee board.

Embedding DE&I is pivotal in addressing the diverse needs of pension scheme members. With more people than ever before saving into workplace pensions, all with differing needs, it is crucial to support diverse populations, particularly when we consider factors such as:

- An estimated 15-20% of the UK population is neurodivergent.
- 49% of working-age adults in England have numeracy levels equivalent to those expected of primary school children.
- The average reading age of adults in the UK is age 9.
- 23% of working-age adults are disabled.

Regulatory initiatives

Although regulators may be implementing slightly different initiatives, it's clear that they are heading in the same direction and focusing on;

- Driving robust decision-making.
- Unlocking and encouraging diverse talent in the industry.
- Improving how pension firms, trustee boards, and governance committees support diverse member needs.

The outcome of The Pensions Regulator's *2023 Trustee Survey* highlighted the diversity challenges across the industry; however, it provides a baseline to measure improvements as we move forward.

The FCA Consumer Duty (the Duty) is a hugely positive initiative that raises the bar for considering and supporting member needs. It does, however, highlight disparities across workplace pensions, with occupational schemes not regulated by the FCA not meeting the requirements of the Duty. This disparity is particularly notable when it comes to how customers with a vulnerability are supported.

Vulnerability can be permanent or temporary, but it is certain that everyone will experience vulnerability at some point in their lives. The principles of the Duty should be considered by trustees, with a view to integrating elements of best practice which can support member needs.

Pension adequacy

Pension adequacy is a huge and complex challenge, and it is important to remove as many barriers and as much friction as possible.

A positive step towards fairer access will be to deliver on the auto-enrolment commitments already made to lower the minimum age and lower earnings limit.

Our research shows inequitable access to pension benefits for marginalised groups. Different societal groups, such as women (especially divorced women), those with physical disabilities, and ethnic minority groups, are falling behind in saving for their future.

Then there's the persistent pension gender gap between men and women.

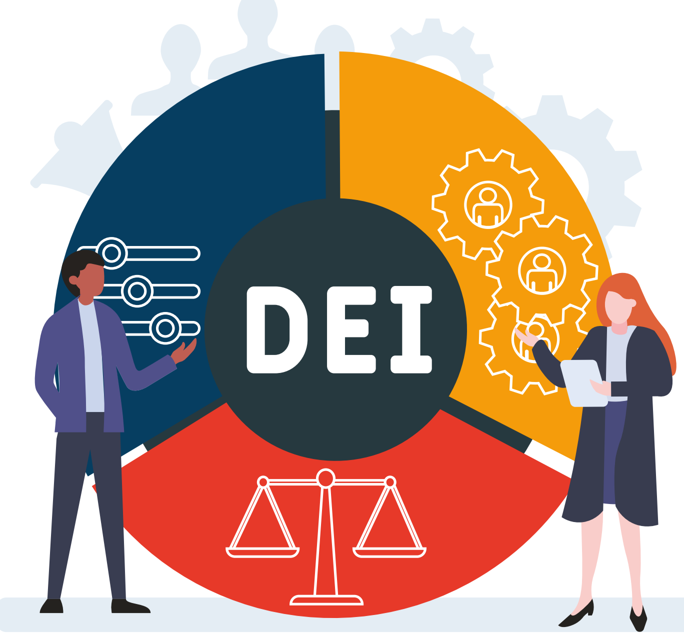
The challenge is clear, and there is a level of mistrust and disengagement with pensions that needs to be addressed to give more people a better chance of a comfortable retirement.

Use of AI

AI can play a transformational role given the relative ease that it can analyse data to spot differences across various groups – like gender, ethnicity, or income level. This will allow pension providers and trustee boards to create and shape products and support services that meet member needs, especially those who are often underrepresented.

AI tools can also be leveraged to make pensions more personal through tailored financial guidance and communication, making it easier for people from diverse backgrounds to truly engage with, and understand, their options. Given the wide pension engagement gap for demographics such as younger women, this could be a real game changer.

There's also a role for AI to play across our industry more generally, for example by removing bias in hiring and promotion processes. This opportunity will help trustee boards build more



diverse and representative teams, which will go some way to addressing some of the challenges which are still present.

Where to begin

It is well recognised that trustees' agendas are already groaning under the weight of busy scheme schedules; many boards are time poor, with limited resources that are continuously under pressure.

When embedding the Scottish Widows Master Trust holistic DE&I framework, the focus and activity has been driven by three pillars:

- Inclusive governance and behaviours – DE&I aims, beliefs, principles, and behavioural expectations are clearly established and embedded across the governance framework, with DE&I becoming a standing agenda item for every meeting, with progress continually measured and the approach refined when necessary.
- Inclusive insight and design – having a clear understanding of members through research and insight, which is used to inform decisions and actions. It's important for us to really understand who our members are so we can ensure our actions are meaningful and support their diverse needs.
- Inclusive support and experiences – support services and experiences are designed to reflect the diverse backgrounds, changing needs, and vulnerabilities of members.

To create a strategy that works for your scheme here are 10 key things to consider:

- UNDERSTAND THE BASICS
  Consider and agree what DE&I means to your trustee board, with your members in mind.
- UNDERSTAND YOUR MEMBERSHIP
  Develop a deep understanding of your members through surveys and other insight.
- SET CLEAR GOALS
  Identify specific goals related to DE&I. These should be measurable and achievable.
- INTEGRATE DE&I INTO EVERYTHING YOU DO
  Embed DE&I principles and involve your stakeholders.
- TAKE INSPIRATION FROM YOUR ESG POLICY
  Investment and stewardship strategies can have a massive impact on member engagement, wider diversity efforts and the world we'll retire in.
- LEVERAGE YOUR PARENT COMPANY
  Make the most of wider resources, insight and training.
- SUPPORT YOUR CHAIR
  The role of the Chair is pivotal, but they need to be supported. Think about nominating a DE&I lead to help drive action.
- MEASURE PROGRESS
  Regularly monitor and review the effectiveness of your DE&I initiatives.
- STAY RELEVANT
  Things change. Keep abreast of regulatory guidance and best practices related to DE&I.
- CONTINUE TO LEARN
  Commit for the long haul. We're still at the beginning of our journey and it's important to listen, learn and understand what we can all do better.

Leaving no one behind

What was once a footnote in company policy can now drive change in the pensions industry. Regulatory guidance and a growing awareness of its transformative power have put DE&I higher on everyone's agenda.

In pensions, DE&I is as much about social responsibility as it is about fairness. It's incumbent on all of us to ensure that no one gets left behind. DE&I is broader than trustee board diversity and integrating DE&I into everyday practices will help improve member outcomes.

Savers expect and deserve to be part of a well-run pension scheme that supports their best interests, regardless of their differing needs and personal circumstances. Until we all act, the risk is DE&I remains just a concept.

https://www.scottishwidows.co.uk/global/mastertrust/dei.html

Scottish Widows master trust & IGC lead, Sharon Bellingham

In association with

From pension pots to income streams: Overcoming retirement challenges

Geoff Marchment, head of master trust development at Aviva, discusses how the stages of retirement are changing and how guidance could help to ensure a financially comfortable journey

The pension landscape has undergone a profound transformation over the past decade, marked by pivotal initiatives aimed at increasing both the participation rate and flexibility for using pots. Automatic enrolment in 2012 and the introduction of pension freedoms in 2015 provided the legislation, and schemes provide the facilitation.

With two successive Mansion House statements from two governments, coupled with the launch of the recent Pensions Investment Review consultation, the stage seems set for yet more change.

A very personal problem

A host of challenges face today's defined contribution (DC) pension members as they navigate the complex journey of converting their pension pots into sustainable income streams for retirement.

Compounding this challenge is the rising cost of housing and the decline in home ownership, which have left many workers with less financial security as they approach retirement. Additionally, increased longevity means that retirees must plan for longer periods of financial independence, a task made even more daunting by the potential for cognitive decline, which can impair financial decision-making abilities. As a result, today's retirees face several obstacles that require careful planning and support to ensure a stable and secure retirement.

Aviva's *Working lives* research in 2024[1], found that more than a quarter (28 per cent) of employees are not confident planning for a financially comfortable retirement. More than one in five (23 per cent) have not done any planning and three-quarters (75 per cent) want more support and guidance from their employer about planning for a financially comfortable retirement. Additionally, many of those sought more information on how to make their pension pot last throughout retirement (60 per cent) and more information on how they can build up their pension pot (51 per cent).

Unlike defined benefit (DB) schemes, DC pensions have placed the onus on individuals to manage their retirement savings. It has been shown that people who take financial advice have boosted their wealth by an average of £47,000 over the past decade.[2]

For those that do not seek out support from an adviser – and there are many reasons why advice is not sought – that leaves both an advice gap and a confidence gap. Whilst only 9 per cent of the population have funded advice in the past two years, falling from 11 per cent in 2023[3], scheme members increasingly seek to fill these gaps through support provided by their trustee, their employer, their pensions provider, the government, friends and family, ChatGPT and TikTok.

These all carry varying degrees of both perceived trust and risk. Some have a duty to act in members' interests, others may only have their own interests at heart.

From a members' perspective, holistically planning for their retirement can be viewed simply as a few straightforward steps: **what do I have?, what do I need?,** and **how do I turn what I have into what I need?**

What do I have?

This initial step involves taking stock of all available resources, including DB and DC pensions, state pension eligibility, savings, investments, and any other financial assets. However, this seemingly simple task can be fraught with challenges. Many individuals may not have a clear understanding of their total financial picture, especially if they have multiple pension schemes from different employers or various investment accounts.

Trustees should make it straightforward to provide members with both a current valuation and a valuation at retirement. Consolidation of pots into active arrangements may also be beneficial to their long-term outcomes.

What do I need?

This involves estimating the amount of money required to maintain their desired lifestyle throughout retirement. This step can be complex, as it requires members to consider a range of factors such as life expectancy, inflation, healthcare costs, and potential changes in living expenses. For instance, retirees may need to account for increasing healthcare costs as they age, or the possibility of needing long-term care. The Department of Health and Social Care estimates that one-in-seven individuals over 65 will face lifetime care costs of more than £100,000[4].

Financial literacy challenges every member, and understanding their investment options, tax implications, and withdrawal strategies can help them optimise their retirement income.

Trustees should look to offer varying degrees of support for this part of the process, whether through guidance tools and modellers, or providing access to pre-retirement financial education or advice services.

How do I turn what I have into what I need?

Turning accumulated retirement savings into a sustainable income stream is a critical challenge for many retirees.

Whilst members may have been able to navigate the first two questions, developing a comprehensive withdrawal strategy that considers taxation, investment risk, pot erosion and inflation may be challenging.

Trustees should be clear with scheme members and provide clarity regarding the options that are available to them under their scheme rules. Increasingly, members are seeking income options through drawdown rather than cash or annuitisation. Where these options are not available within the trust, trustees may consider partnership with a drawdown provider to make these options available.

An increasing challenge for our industry

Aviva's research suggests almost 3.4 million 32-40 year-olds saving into their defined contribution pension could accumulate £225,000 or more in pension savings by the time they retire in 2050[5]. This significant number of savers with defined contribution pensions will need to navigate complex decisions about how

to convert their pension wealth into a sustainable income stream throughout retirement.

At Aviva, we support employers and trustees with detailed insights on their scheme through our Insight Hub. A key recent development which projects every member pot through to retirement, and maps these against the PLSA Retirement Living Standards. With the ability to segment the data, this allows targeted strategies to be developed to help members make informed decisions about their contributions, investments, and options for using their pension pots, ensuring they're on track to meet retirement goals.

With the increasing value of DC pension pots and a greater reliance on DC pensions funding retirement, attention is now turning to innovative developments in the workplace market for those members looking to convert those pots into an income throughout their retirement.

Default decumulation legislation

Ensuring adequate retirement income is also a key objective from a regulators point of view.

Legislation is under consideration[6] which aims to ensure that all pension schemes offer a set of decumulation options including a default income solution for members who do not engage actively with their retirement planning. This legislation is expected to have significant implications for trustees who will need to decide on their default income solution that members will be opted into if they do not make an active choice. This ensures that all members have access to a secure retirement income. Trustees could opt to provide decumulation service through partnerships with schemes such as the Aviva Master Trust.

Supporting trustees to deliver retirement solutions

The Aviva Master Trust already supports employers and trustees who need to provide retirement solutions outside their existing trust-based arrangement. With a rigorous focus on a positive member experience, these partnerships enable trustees to access the full range of pension freedom options. They also provide access to Aviva's extensive development and innovation expertise to support members throughout their retirement.

For more information search "Aviva Master Trust"

Written by Aviva head of master trust development, Geoff Marchment

In association with

[1] Working Lives Report 2024 : Working for the Future - https://www.aviva.co.uk/business/workplace-wellbeing/working-lives-report/
[2] Financial advice not only pays for itself, but boosts confidence and preparedness for retirement, Nov 2020, Longevity Centre - https://ilcuk.org.uk/financial-advice-not-only-pays-for-itself-but-boosts-confidence-and-preparedness-for-retirement/
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[5] Aviva's research in conjunction with WPI Economics – Planning for retirement in the 2050s - https://static.aviva.io/content/dam/aviva-corporate/documents/newsroom/pdfs/reports/Aviva%20Report%20Planning%20for%20retirement%20in%20the%202050s.pdf
[6] https://www.gov.uk/government/consultations/helping-savers-understand-their-pension-choices-supporting-individuals-at-the-point-of-access

Company Profiles

WEALTH at work

WEALTH at work is a leading **financial wellbeing** and retirement specialist – helping employees and pension scheme members to improve their financial future.

This is achieved by providing support in the workplace on a range of financial matters from **financial wellbeing** issues such as debt and money management through to pensions and preparing for **retirement**.

We also specialise in delivering projects such as defined benefit scheme closures, redundancy, share scheme launch and maturity and so much more.

Established in 2005, we provide **financial education** and one to one **guidance** on a bespoke basis, which can be delivered globally. As part of the **Wealth at Work group**, we deliver these services for hundreds of organisations, reaching millions of the workforce.

Employee engagement is driven by designing campaigns to create awareness of upcoming programmes and then digital nudge technology is used to encourage participation to maximise take-up.

Knowledge can also be supported through the creation of informative and stimulating content from our **digital communication** specialists who produce webcasts, animations, interactive calculators and tools including our Financial Healthcheck, as well as the implementation of websites and portals to support any programme.

Following this, for those wishing to understand their personal financial situation, support is provided through our helpline. At this point, we can offer access to **investment advice,** which provides specific recommendations on, for example, retirement planning and can adapt in line with changing needs.

We also offer other investment options (on a non-advised basis) for those with simpler investment requirements. These can be initiated at individual level or arranged at employer level by setting up and offering a Corporate ISA.

Disclosure

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Legal & General

We are one of Europe's largest asset managers and a major global investor across public and private markets, with £1.122 trillion in assets under management.* Our clients include individual savers, pension scheme members and global institutions, who invest alongside Legal & General's own balance sheet.

We are present where our clients most need us – from Hong Kong and Singapore, to major European financial hubs, to Chicago – operating under the L&G and LGIM brands. Our work is underpinned by our enduring commitment to purpose-driven, responsible investment, dedicated to creating long-term, sustainable value for our clients and partners.

We provide investment solutions across the full spectrum of asset classes, ranging from index-tracking and active funds to liquidity and liability-based risk management strategies. Through our private markets business, we utilise our rich heritage and extensive network of partners to offer access to a wide range of purposeful investment opportunities, including specialist real estate, clean energy, infrastructure, venture capital, unlisted equities and private credit.

Asset management is a critical driver of our Group's strategy. By combining deep expertise in asset management and origination with global distribution capabilities, we aim to work synergistically with L&G's Institutional Retirement and Retail divisions to benefit our clients and customers, and deliver enhanced shareholder returns.

**Source: Legal & General internal data as at 30 June 2024. The AUM disclosed aggregates the assets managed by LGIM in the UK, LGIMA in the US and LGIM Asia in Hong Kong (2018-2019 only) and LGIM Singapore from July 2023. Excludes joint ventures and assets managed by associates.*

Standard Life

At Standard Life, we care about our customers and their futures – that's why they've trusted us to look after their retirement savings for almost 200 years.

We've seen a lot of change in the last two centuries. People are living longer, and they have more options in retirement than they used to – which means more decisions to make. We want to support them at every stage of their journey to and through retirement, and provide innovative solutions that suit their needs, so they can enjoy a life more certain.

That's why, as part of Phoenix Group, we offer a wide range of support, guidance and retirement solutions to support you and your clients. We have something to suit anyone, at any stage – whether that's workplace or personal pension plans, financial wellness support, annuities, or equity release solutions.

Aon

Aon exists to shape decisions for the better – to protect and enrich the lives of people around the world.

We provide our clients with advice and solutions that give them the clarity and confidence to make better decisions to protect and grow their business.

Aon is in the business of better decisions.

Company Profiles

HSBC Asset Management

HSBC Asset Management is a major global asset management firm managing assets totalling USD 765 billion as at 30 September 2024, with well-established businesses in the Middle East, Europe, Asia-Pacific and the Americas. We are the asset management division of, and wholly-owned by HSBC Holdings plc (HSBC Group), one of the largest financial services organisations in the world. Our investment capabilities span across different asset classes – alternatives, equities, fixed income, multi-asset and liquidity. HSBC Asset Management is well placed to provide a globally-consistent, disciplined investment process across our capabilities, drawing on the local knowledge and extensive expertise of our team of over 675 investment professionals across over 20 locations around the world.

For more details, please visit www.assetmanagement.hsbc.co.uk.

Source: HSBC Asset Management as at 30 September 2024

Scottish Widows Master Trust

The Scottish Widows Master Trust (SWMT) is a flagship component of the Scottish Widows workplace pension business and future strategy. Scottish Widows has been helping people plan for their future for over 200 years. This means participating employers and members not only benefit from demonstrable commitment to market, but also the knowledge, know-how and experience of one of the UK's largest pension providers.

No other Master Trust has the backing of the UK's largest bank nor the security and regulatory rigour that this entails. The innovation and investment the SWMT enjoy from being part of Lloyds Banking Group ensures it continues to deliver even more tomorrow and in the future for members and Employers.

The SWMT is a fully outsourced workplace pension solution designed for medium to large employers. It enables employers to retain their identity whilst creating efficiencies for their business, improved outcomes for members and a partnership which will take overall pension engagement to the next level.

A highly skilled and experienced independent Trustee board is responsible for governance and oversight of the Scheme. The Trustees' extensive expertise and active governance of the SWMT ensure that they meet their strategic objective "to be trusted by all members to help them achieve good retirement outcomes and value for money".

Company Profiles

Aviva

Aviva Master Trust – delivering for its members

Aviva Master Trust has been chosen to provide pension saving for over half a million workers and more than 500 employers across the UK. The scheme looks after £12 billion of retirement savings entrusted to it by scheme members.

The Aviva Master Trust brings together the skills, knowledge, and expertise of the trustee board with Aviva's product design, digital technology, and investment capability. Hearing the voice of the member is crucial. One route for members to share their views is through Aviva's innovative member research panel known as the Discovery Hub. All these areas combine with the aim of delivering the best possible retirement outcomes for members.

Key areas of focus are:

Retirement solutions – the scheme offers a broad range of pension freedoms, with communications designed to promote good decision making. Innovations to support members turn pots into flexible and secure income is a core part of the trust's focus.

Managing sustainability risks and opportunities in Investments – our strategic objective is to deliver and maintain high quality investment solutions which, for our standard and alternative defaults, are aligned to climate change targets, where in the interests of investors. The trustee directors believe that integrating ESG factors, including climate change, into the Aviva Master Trust's investment arrangements can lead to better outcomes for members over the long term, both through benefiting from investment opportunities and through better management of risk.

Member engagement – the trustee can take advantage of Aviva's compelling digital proposition to enhance the member experience and improve engagement. Supported by highly rated apps, members carry their 'pension in their pocket,' making it incredibly easy to view, model and manage their pension.

Pensions Age

Pensions Age is the leading title targeting those managing UK pension funds and their consultants. Published monthly in print since 1996, and daily online, we invest heavily in our circulation and content to ensure we are the clear market leading title. Our in-house editorial team of Francesca Fabrizi (Editor in Chief), Laura Blows (Editor), Natalie Tuck (Associate Editor), Jack Gray (Deputy Editor), Sophie Smith (News Editor) and reporters Paige Perrin and Callum Conway, ensure we cover the latest news and topical industry issues to help our readers make the best-informed decisions.

www.pensionsage.com is the leading website for pension funds and we look to cover the breaking stories as they happen. With over 24,000 subscribers to our email newsletter service, we offer our readers an unrivalled service. At the core of this is high-quality, news-breaking journalism, combined with in-depth knowledge of the target market and heavy research into data.

Pensions Age also runs highly successful conferences, along with the Pensions Age Awards.

We also publish *European Pensions*, which targets pensions funds across Europe, as well as running the European Pensions Awards and Irish Pensions Awards.