



## Changes to the defined contribution section of the Raleigh Pension Scheme

### The case for change

Pension is undoubtedly one of our most important benefits, helping you plan for your future. Our current arrangement, which is managed by the Trustees of the Raleigh Pension Scheme ("**the Scheme**"), has served us since January 2003 but since the introduction of the new pension freedoms in 2015, the market has changed significantly. In addition, it is incumbent upon the Trustees to examine the adequacy of the arrangements regularly and deem whether they provide value for money for the members. Following a review in 2020, the Trustees deemed that the current arrangements did not provide such value for money.

Raleigh UK Limited ("**the Company**"), working in collaboration with the Trustees of the Scheme, have identified some changes to the defined contribution section, that we believe will benefit both current and previous employees of the Company.

### Summary

The Company proposed to adopt a new pension scheme for future pension savings from (or around) 1<sup>st</sup> June 2021 and asked the Trustees to consider transferring all benefits in the defined contribution section of the Scheme to the new pension plan. The Company believed the proposal would:

- Provide you with greater levels of support, education and guidance so you can make informed decisions regarding your pension savings.
- Give you a broader range of options at retirement, meaning you will have more choice about how to take your pension.
- Provide a wider choice of investments.
- Mean lower charges.
- Give you access to a mobile app, and online access to manage your pension savings.

A few months ago, the Trustees and the Company set up a joint working party so that they could work together to review the Company's proposal. The Trustees are supportive of the changes and believe that they are in the interests of the members.

### **Company proposal**

As part of the review, different ways to improve the pension benefit were explored. We believed that adapting our existing defined contribution arrangement was not the most viable option.

After a comprehensive selection process, in which the current Trustees were involved, the Company selected a preferred provider, Legal & General (known as **L&G**) to create a replacement Scheme in the form of a Master Trust with 'Legal & General Worksave Master Trust' ("**the L&G Master Trust**").

L&G operate one of the largest Master Trusts in the market. They have a strong reputation and we have a high degree of confidence in the security and robustness of the Master Trust. Like the current Scheme, the proposed L&G Master Trust is also set up under trust and is a workplace pension scheme. It is managed by professional Trustees who are legally required to act in the best interests of the membership, i.e. you.

When the move to the L&G Master Trust takes place, your defined contribution 'pot' will be transferred into the L&G Master Trust by a bulk transfer.

### **What is a Master Trust?**

All Master Trusts are authorised by The Pensions Regulator (TPR) and accordingly are required to operate in line with TPR's governance standards to promote excellence in respect of governance and security of member savings. They also need to meet TPR's ongoing supervisory requirements, so your savings will continue to be protected by extensive pension legislation. Further details of the TPR's role in relation to Master Trusts can be found on its website at [www.thepensionsregulator.gov.uk/en/master-trust-pension-schemes/supervision-of-master-trusts](http://www.thepensionsregulator.gov.uk/en/master-trust-pension-schemes/supervision-of-master-trusts).

Each Master Trust is governed by a board of trustees who have a duty to administer the Master Trust in the interests of its members. Unlike our current plan, the trustees of the Master Trust will have no association with the Company, but they will work to ensure that the Master Trust provides a safe, secure and valuable savings vehicle.

Another key difference is that a Master Trust arrangement is open to the employees of many companies (although each employer can establish its own section under the trust), whereas your current arrangement is for the Company's employees only.

Through economies of scale, the expectation is that a Master Trust will provide improved overall service for members, and a better engagement experience.

Recognising the advantages for employees and previous employees, many other major employers and household names in the UK have moved their pension scheme to a Master Trust in recent years.

## Consultation period

The Company has consulted with the current employees, involving webinars with L&G, and following positive feedback made the final decision and communicated this to current employees by 23<sup>rd</sup> May 2021.

Other key dates for your reference are as follows:

- Formally closing the Standard Life Scheme and Establishing the Master Trust for members –1<sup>st</sup> June 2021
- Asset transfer from Standard Life to Legal & General – 21<sup>st</sup> September 2021

## What Fund within L&G will my current investments in Standard Life be transferred into?

Your investments will be applied to the Target Date Fund cohort based on your retirement age as included in the member data provided by Standard Life to L&G. If you have already passed your retirement age your investments will be transferred to the Target Date Fund cohort 2020 – 2025, fund code BE23. You will become a deferred member in the L&G Master Trust. It is appreciated that you may not wish your investment to stay invested in a Target Date Fund and you will be able to move your investments to one of the Sole Governed Fund Range available within the L&G Master Trust.

## Further Information

We understand that you may have some questions about the proposed changes and how these might affect your pension benefits. We have appended to this announcement some possible questions and answers relating to these proposals. We also set out links to: (i) a copy of the booklet relating to the L&G Master Trust; and (ii) an investment guide for the L&G Master Trust below.

- (i) booklet -  
[https://www20.landg.com/DocumentLibraryWeb/Document?lgrouper=CommApp&targetApp=MANAGEYOURSCHEME\\_DOCUMENTLIBRARY\\_ENTRY&reference=Raleigh\\_UK\\_Ltd\\_member\\_booklet\\_05032021.pdf](https://www20.landg.com/DocumentLibraryWeb/Document?lgrouper=CommApp&targetApp=MANAGEYOURSCHEME_DOCUMENTLIBRARY_ENTRY&reference=Raleigh_UK_Ltd_member_booklet_05032021.pdf);

and

- (ii) investment guide -  
[https://www20.landg.com/DocumentLibraryWeb/Document?lgrouper=CommApp&targetApp=MANAGEYOURSCHEME\\_DOCUMENTLIBRARY\\_ENTRY&reference=Raleigh\\_invest\\_guide.pdf](https://www20.landg.com/DocumentLibraryWeb/Document?lgrouper=CommApp&targetApp=MANAGEYOURSCHEME_DOCUMENTLIBRARY_ENTRY&reference=Raleigh_invest_guide.pdf).

We encourage you to read these and then raise any further questions which you may have. In the event that you do not have access to a computer and/or the internet and would like to receive hardcopies of the booklet or the investment guide referred to above please call Legal & General on 0345 070 8686 referencing the Raleigh scheme.

L&G have also produced a microsite for the L&G Master Trust that has further information at [www.legalandgeneral.com/raleighuk](http://www.legalandgeneral.com/raleighuk)

This communication will be posted on the Raleigh Pension Scheme website [www.raleighpension.co.uk](http://www.raleighpension.co.uk).

## Contact Information

The contact at L&G is

Angharad Legge, [angharad.legge@landg.com](mailto:angharad.legge@landg.com), 02920 355473.

The contacts at Standard Life are the phone team, [claims\\_opc@standardlife.com](mailto:claims_opc@standardlife.com), 0345 6060 086 although as a member with defined benefit interests it is best to contact the Scheme's administrators at [raleighpensions@xpsgroup.com](mailto:raleighpensions@xpsgroup.com), 0113 284 8050 initially.

## Members with benefits in the defined benefit and defined contribution section – cash lump sum on retirement

From our records we believe that you also have benefits under the defined benefit (final salary) section of the Scheme. This will apply to members who were in service with the Company prior to 1<sup>st</sup> January 2003. If you have any benefits under the defined benefit section of the Scheme, those benefits will not be affected by these changes.

Under the Rules of the Scheme and relevant pensions legislation you are currently entitled to take up to 25% of the value of all of your benefits in the Scheme as a lump sum when you begin to draw your benefits from the Scheme.

If you have benefits accrued in both the defined contribution and defined benefit sections of the Scheme, you are able to use your defined contribution 'pot' (up to the 25% limit) to provide your tax free cash lump sum on retirement. This reduces the amount of defined benefit pension you would need to commute (if your defined contribution pot is large enough this could leave your defined benefit pension whole). This feature is usually beneficial to members because it leaves more of the defined benefit pension "whole" and it is more valuable to the member to take defined contribution savings as cash, rather than commute defined benefit pension as the conversion factors are generally less favourable.

The Trustees and the Company have come to an arrangement with L&G so that after the transfer to the L&G Master Trust, you will have the option to transfer a portion or all of your defined contribution 'pot' back into the Scheme. The amount you can transfer will be capped to the amount required to provide your 25% cash lump sum on retirement without the need to convert as much (or any) of your final salary pension which is retained in the Scheme. However, if the Trustees of the Scheme were to secure your final salary pension with an insurer in future the ability to use this transfer mechanism may no longer be available but you would be given prior notice of this occurring.

***N.B. The ability to take up to 25% of the value of all your benefits in the Scheme as a lump sum and the ability to make transfers between pension schemes is subject to rules of the relevant scheme(s) and relevant pensions legislation, which may be subject to change from time to time.***

## The Trustees of the Raleigh Pension Scheme

July 2021

**Please confirm that we have your current correct address or otherwise by contacting us at [www.raleighpension.co.uk](http://www.raleighpension.co.uk).**

## Pension Changes Q&A

### For the attention of members of money purchase sections of The Raleigh Pension Scheme ("the Scheme")

Below are some Q&As regarding the changes.

*It should be noted that the following Q&A relates to the money purchase section of the Scheme. In the event that you have accrued benefits under both the final salary and money purchase sections of the Scheme, the following should be read as applying to benefits you have accrued under the money purchase section only.*

**1. Why have you decided to change providers?**

Raleigh UK Limited ("the Company") decided to review the current provider against others in the marketplace to assess if there was an overall better proposition available.

**2. Why has the company chosen a master trust as the new pension scheme?**

The Company felt that a master trust would provide the following benefits:

- well-developed member support, communication and online tools
- better future proofing against changes in the pension environment

**3. Why has Legal & General's Master Trust been selected?**

After an exhaustive market review, the Company decided that Legal & General's 'Legal & General Worksave Master Trust' ("the L&G Master Trust") provided a better opportunity for its employees. Legal and General is a leading master trust provider, chosen for its pensions expertise. They offer a high standard of service to members, as well as providing a tailored approach for members of the Scheme. The Company believes that the change in provider to Legal & General and access the L&G Master Trust will deliver better value for members, in addition to offering a wide range of funds, a market leading retirement service and interactive tools and modellers to help retirement planning.

**4. What are the key differences between the current pension plan and a master trust?**

The Scheme and the L&G Master Trust are both trust-based occupational pension schemes. This means that they are run by trustees who are legally required to act in the best interests of the membership. The key differences between the Scheme and the L&G Master Trust is that the master trust arrangement is run by a board of professional trustees on behalf of multiple employers, whereas the Scheme is run by a board of trustees selected partly by the Company and partly by associate members of the pension plan.

Many leading UK employers have adopted a master trust for their pension scheme.

**5. Who regulates master trust arrangements? Is my pension fund protected?**

Master trusts are regulated by the Pensions Regulator and your funds are protected by extensive occupational pension scheme legislation. They are managed on your behalf by independent professional trustees who have a legal duty to act in the best interests of the membership.

**6. When will the move to Legal & General take place?**

Your money purchase benefits accrued under the Scheme, currently held with Standard Life,

will transfer to the L&G Master Trust on 21<sup>st</sup> September 2021.

**7. What will happen to the money purchase 'pot' I have built-up in the Scheme?**

All pension savings you have built up in the money purchase section of the Scheme will transfer to the L&G Master Trust. You have the option to make other arrangements for your funds if you wish.

Closing a pension scheme and transferring the funds is a complex exercise, governed by pension legislation to protect members' interests. The transfer of existing funds from the money purchase section of the Scheme to the L&G Master Trust will take place on 21<sup>st</sup> September 2021.

**8. Will I have to complete any paperwork to join the Legal & General arrangement?**

The transfer of funds will take place automatically and you will not need to complete any paperwork.

**9. Do I have to join the Legal & General arrangement?**

If you wish to transfer your benefits to another pension arrangement you may have the option to do so. If you wish to transfer your money purchase benefits to another pension arrangement:

- prior to the transfer to the L&G Master Trust, the transfer will be subject to the rules of the Scheme and Standard Life must be advised prior to 31<sup>st</sup> August 2021. This date will also apply for any requests for fund switches within Standard Life.
- following the transfer to the L&G Master Trust, the transfer will be subject to the rules of L&G Master Trust.

**10. How will funds be invested by Legal & General?**

All funds will initially be invested in the default option of the L&G Master Trust which is currently Legal & General's Target Date Funds (see link below for more information).

<https://www.legalandgeneral.com/adviser/workplace-benefits/workplace-pensions/investments/investment-zone/target-date-funds/>

Following this; members will be able to choose from various investment options available from Legal & General's Sole Governed Fund Range (see link below for more information).

<https://fundcentres.lgim.com/uk/workplace-adviser/fund-centre/#Product=Mastertrust-sole-governance-fund-range>

**11. What do Legal & General charge for their services?**

All providers impose charges for their services (including administration, investment management and communicating with members). As part of the selection process, the Company negotiated charges with Legal & General that are considerably lower than those under the current scheme.

The charges consist of an annual management charge (AMC) which is fixed at 0.15% per year and fund management charges (FMCs). FMCs differ depending on funds you are invested in. The FMC for the default investment option is 0.15% per year, therefore if you remain invested in the default, the total charge will be 0.30% per year.

**12. Where can I get financial advice?**

Financial Advisors can be found by visiting [www.moneyadvice.service.org.uk](http://www.moneyadvice.service.org.uk) or [www.unbiased.co.uk](http://www.unbiased.co.uk).

The Scheme cannot provide financial advice and is not responsible for any costs incurred due to you gaining financial advice.

**13. What if I have further questions?**

If you have any further questions at this stage please direct them to our dedicated website at [www.raleighpension.co.uk](http://www.raleighpension.co.uk).