

# EVOLUTION OF MASTERTRUSTS

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# BENEFITS OF MASTERTRUSTS

- Master trusts can offer great value for members
- Economies of scale
- Competitive investment options – including ESG
- Independent board can ensure member interests looked after
- Competitive market incentivises improved quality and value

# MASTERTRUST AUTHORISATION

- Cost up to £67,000
- Aim to improve member protection
- And improve standards of operation
- Initial regime too lax
- Capital adequacy rules long overdue – members need protection
- If no other resources, wind-up costs could drain members' funds

# MASTERTRUST CONSOLIDATION

- Cost of authorisation will drive mergers
- Some will be too small to be cost-effective
- IFAs or small firms find difficulty to become profitable
- Small providers already in merger talks
- Capital adequacy rules long overdue – members need protection
- If no other resources, costs of wind-up could drain members' funds

# AUTO-ENROLMENT CONTRIBUTIONS TRIPLE

- More customers starting auto-enrolment and paying in more money
- Some contract-based schemes are considering becoming MasterTrusts
- Regulatory arbitrage?
- Will tPR and FCA merge to oversee pensions as one Regulator?

# EVOLUTION

- Expect more emphasis on new products
- Accumulation and decumulation
- Integrate financial education into auto-enrolment in workplace
- Continued focus on governance, charges and transparency
- More engagement
- Pensions dashboard

...THANK YOU FOR LISTENING

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