

The current master trust market

Latest facts and figures

Master trust authorisation was introduced to raise standards for the 10 million members saving into them. From 1 October 2018, master trusts will need to apply to us for authorisation, demonstrating that they meet the required standards across five key areas:

1. **Fit and proper** – All the people who have a significant role in running the scheme can demonstrate that they meet a standard of honesty, integrity and knowledge appropriate to their role.
2. **Systems and processes** – IT systems enable the scheme to run properly and there are robust processes to administer and govern the scheme.
3. **Continuity strategy** – There is a plan in place to protect members if something happens that may threaten the existence of the scheme, including how a master trust will be wound up.
4. **Scheme funder** – Any scheme funder supporting the scheme is a company (or other legal person) and meets the requirement that it only carries out master trust business.
5. **Financial sustainability** – The scheme has the financial resources to cover running costs and also the cost of winding up the scheme if it fails, without impacting on members.

October 2018

The Pensions
Regulator

We have identified 88 master trusts in the market. This figure has fallen since last month's publication where 89 master trusts were reported. The number of master trusts has fluctuated slightly as trustees have sought advice on whether they meet the definition of a master trust as outlined in legislation – our published figures reflect this fluctuation.

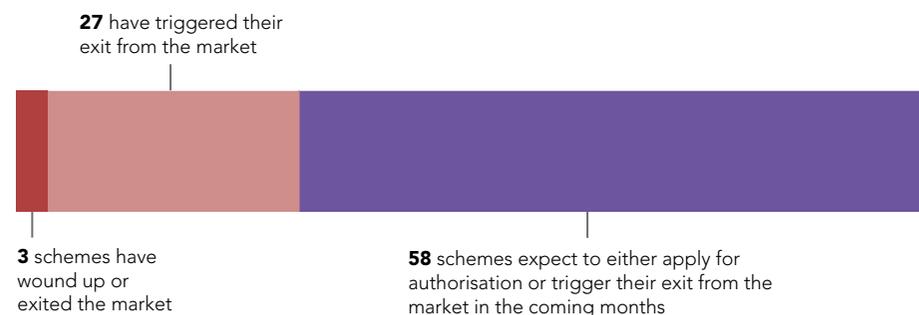
We expected the introduction of authorisation to drive consolidation of the market, and we have already seen evidence of this happening. Three schemes have wound up and a further 27 have decided not to apply for authorisation and are winding up their scheme, transferring their members to an alternative master trust scheme or other appropriate vehicle. The remaining 58 master trust schemes expect to either apply for authorisation or trigger their exit from the market in the coming months. We anticipate more schemes will choose to leave the market before the authorisation window closes in April next year.

Authorisation will increase the quality of master trust products and providers and therefore increase protection for members. For those master trusts that choose to exit the market, or fail to get authorised, we will oversee the process to satisfy ourselves that members are being transferred in a safe and timely manner and employers continue to meet their AE duties – taking enforcement action if necessary. We have already supported the 30 schemes that have exited, or plan to exit the market.

We received draft applications from 33 master trusts as part of our recent readiness review. Readiness reviews were a voluntary process and more schemes accessed the online readiness review portal than submitted a full application. Additionally, a number of master trusts have indicated to us that they still wish to apply for authorisation despite not applying for a readiness review so this number is not indicative of the number of master trusts we expect to apply for formal authorisation from October.

We will update these figures on a monthly basis. From October, we will also include the number of schemes that have applied to us for authorisation.

Chart: The current master trust market



Figures correct as at 19 September 2018

How to contact us

Napier House
Trafalgar Place
Brighton
BN1 4DW

customersupport@tpr.gov.uk
www.tpr.gov.uk

www.trusteetoolkit.com

Free online learning for trustees

www.pensionseducationportal.com

Free online learning for those running public service schemes

The current master trust market

Latest facts and figures

© The Pensions Regulator October 2018

You can reproduce the text in this publication as long as you quote The Pensions Regulator's name and title of the publication. Please contact us if you have any questions about this publication. This document aims to be fully compliant with WCAG 2.0 accessibility standards and we can produce it in Braille, large print or in audio format. We can also produce it in other languages.

The Pensions
Regulator