



Value for Money

The Legal & General Mastertrust Guide



The purpose of this guide

Since 31 December 2021, trustees and administrators of certain DC schemes have been required to carry out detailed assessments to see if their current pension plan is offering value to its members when compared with three other schemes.

Referred to as either 'value for money' or 'value for members' assessments, the findings must be recorded in the chair of trustees' annual report along with a recommendation of whether the scheme's membership should remain in the current plan or be consolidated into one that, evidence suggests, would offer them better outcomes.

If you're an administrator, trustee, adviser or other stakeholder, we've put together this guide to help support you with these assessments and reporting requirements. It covers the broad points of what to consider when assessing value for money – as we often refer to it at Legal & General – and signposts you to sources of more detailed information.

Finally, the Legal & General WorkSave Mastertrust is open to accepting transfers from own trust schemes and so if, as we hope, you're considering ours as one of your three comparator schemes, we've put together some information to help you with your assessments. We've highlighted what we consider to be strong features of our Mastertrust and provide a way for you to contact our DC Business team if you wish to find out how our costs and charges might specifically apply to your membership.



Assessing value for money

Determining the value of a pension scheme isn't just a question of finding out its costs and charges. An assessment of value also needs to consider the scheme's investment options and investment returns plus the quality of services that are offered to members, including member engagement.

The [government guidelines on assessing value for money for members](#) lists three factors that trustees must consider when carrying out the value for members' assessment:

1. Costs and Charges
2. Net investment returns
3. Administration and Governance

In assessing the standards of administration and governance, features to check include how well the scheme performs in the following areas:

- Promptness and accuracy of core financial transactions
- Quality of record-keeping
- Appropriateness of the default investment strategy
- Quality of investment governance
- Level of trustee knowledge, understanding and skills to operate the pension scheme effectively
- Quality of communication with scheme members
- Effectiveness of management of conflicts of interest

For a detailed look at the factors to consider when assessing value, please see:

- the guidance on value for members on the Pensions Regulator's website: [Value for members | DC pension schemes | The Pensions Regulator](#).
- the Department for Work & Pensions guidelines on completing the annual value for members assessment and reporting of net investment returns on the government's website: [Completing the annual Value for Members assessment and Reporting of Net Investment Returns - GOV.UK](#).

Legal & General also has general information on the pension consolidation requirements on our website at [lgim.com/scheme-consolidation](#), and our document, [Do the consolidation quickstep](#), offers some pointers on the regulations.



About the Legal & General WorkSave Mastertrust and how its value for money is assessed

The Legal & General WorkSave Mastertrust was set up by Legal & General in 2011 using the company's resources and investment capabilities but is managed by an independent board of trustees who act on behalf of scheme members.

The trustee's primary responsibility is to ensure that the Mastertrust is well-run in the interests of members. They do not work *for* Legal & General but work *with* the company to oversee the operational delivery of the scheme. Where necessary, the trustees will challenge Legal & General on any areas where there may be opportunities to improve.

The focus of the trustees is to give confidence to members of our Mastertrust that the scheme delivers:

- well-designed investment options that meet their needs and help to deliver good returns over time
- clear and engaging communications that help members to make the best decisions on their current and future pension savings
- smooth and accurate administration, including the investment of the contributions that members make into their pension scheme
- all of its legal requirements, so members can be assured that their scheme is in safe hands and that someone is actively looking after their interests
- a competitively costed package when judged against other options available in the pension marketplace

What do the trustees check in assessing value for money?

[Legal & General WorkSave Mastertrust Value for Members Framework](#) sets out in detail how the trustees approach the task of assessing value and the processes they undertake to ensure this.

In short, the trustees' assessment framework looks at how the Legal & General WorkSave Mastertrust has performed in terms of its:

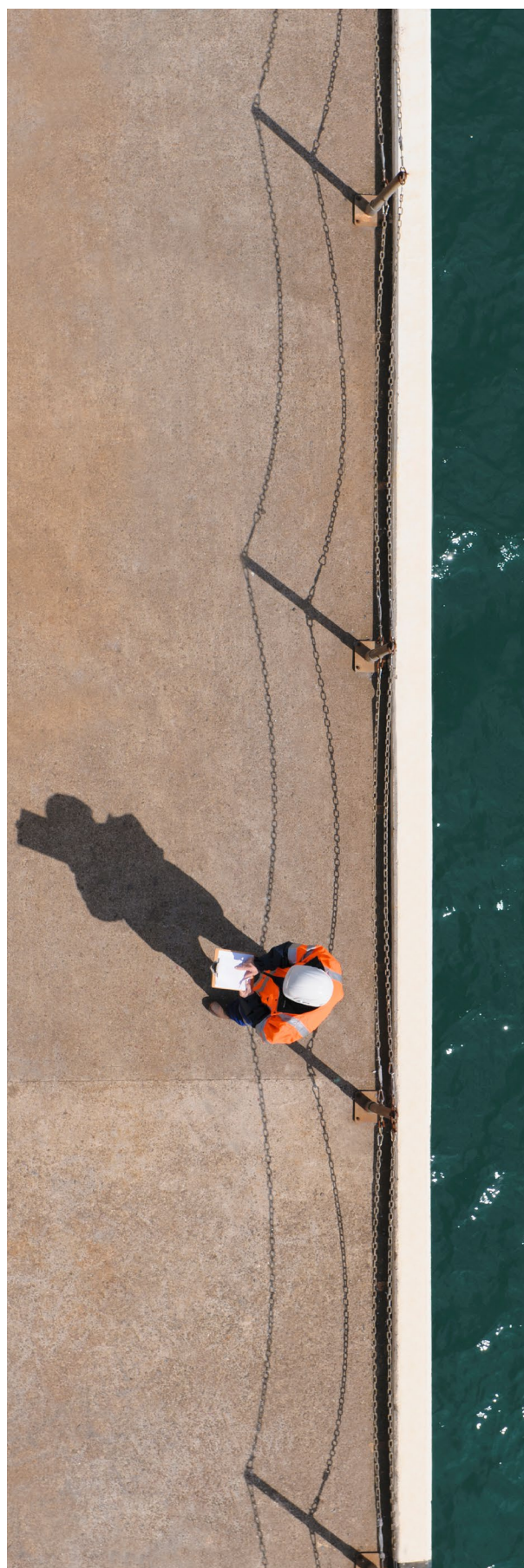
1. costs and charges
2. default investment strategies and investment choice
3. investment returns (which are influenced by the investment strategy)
4. arrangements for allowing members to access their pension savings
5. customer service and administration
6. member engagement
7. approach to environmental, social and governance matters, known collectively as ESG issues

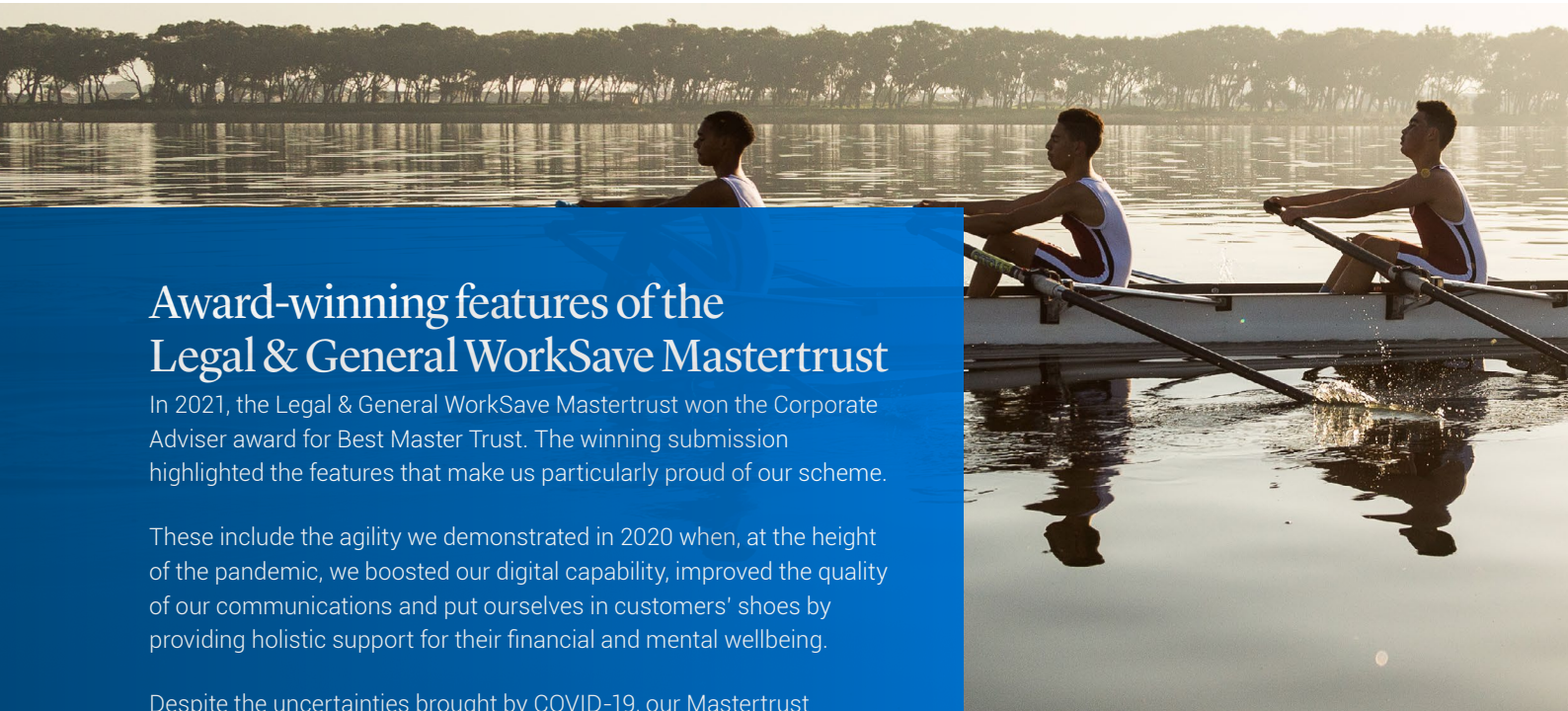
Then trustees have four committees which oversee key areas of the trust's operations. To gather evidence for their assessment, they regularly meet and receive reports from the relevant Legal & General business areas covering investment performance, administration service standards, and developments in investment strategy (including default arrangements), operational performance and member engagement. The trustees also conduct benchmarking exercises which allow them to compare Legal & General to other providers.

Value for money is assessed every year and the results, including performance ratings in the relevant categories, are published in the annual trustee chair's report on the trustee website. An explanation of how the trustees arrived at their conclusions are given in the 'value for members' section of the latest chair's statement which you'll find here: [Legal & General - Chair's statements](#).

For more information about the trustees and their work, please visit their member website:

[Legal & General - Mastertrust](#).





Award-winning features of the Legal & General WorkSave Mastertrust

In 2021, the Legal & General WorkSave Mastertrust won the Corporate Adviser award for Best Master Trust. The winning submission highlighted the features that make us particularly proud of our scheme.

These include the agility we demonstrated in 2020 when, at the height of the pandemic, we boosted our digital capability, improved the quality of our communications and put ourselves in customers' shoes by providing holistic support for their financial and mental wellbeing.

Despite the uncertainties brought by COVID-19, our Mastertrust surpassed £16 billion in assets under management as of December 2021, making it the largest commercial master trust in the UK.

Digital solutions

We are continually enhancing our secure pensions portal 'Manage Your Account' (MYA) which includes a virtual assistant and messaging function so members can receive rapid and targeted online support.

During the pandemic, MYA's improved infrastructure allowed up to 75% more visitors to be served at peak times than the pre-lockdown average and laid foundations for developments like the pensions dashboard. The dashboard is a site where users will be able to see all their pension information online, securely and in one place. For information on the dashboard programme, visit:

pensionsdashboardsprogramme.org.uk

Our interactive 'Retirement Planning tool', available through MYA, helps our pension scheme members to understand their retirement future with the use of the Pensions and Lifetime Savings Association (PLSA) Retirement Living Standards. Our planner is unusual in that it extends the standards to cover rental and other annual costs. Indeed, our planner so impressed the PLSA that we were announced as winners in the Fintech/ Innovation category at the PLSA's Retirement Living Standards awards 2021.

Our app, Coll8, allows members to access information about their pensions via their chosen digital device.

The app easily links to any website that's optimised for mobile screens, including HR systems and employee discount schemes. Having a suite of tasks available via one digital platform helps our clients to encourage their scheme members to be more proactive in their retirement planning.

Wellbeing

Our wellbeing site, Go&Live, provides a one-stop platform addressing financial welfare issues from accumulation to retirement.



Engagement

A guiding principle of our approach to the Legal & General Worksave Mastertrust is the importance of member engagement. It's only by listening to members' views that we can tap into their concerns and address them in a language they can relate to, on platforms they're comfortable using.

The trustees take seriously the decisions they make on behalf of members and so opportunities for direct member engagement helps validate their assumptions on what is, or is not, important to members.

Adapting to the lockdown necessities of 2020 saw clients and members engaging with us via virtual environments. This included hosting our first virtual Mastertrust Employer Group (MEG) meeting which attracted twice the previous number of participants, and our first virtual annual member forum.

Called, 'Pensions Actually!', the forum featured film director Richard Curtis. A record 1,100 members joined us for the event, generating hundreds of responses and providing valuable feedback on members' views. The event was watched 3,282 times.

In 2021, we hosted our second virtual annual member forum on pensions basics which attracted 9,612 members live on the day, with 4,186 questions submitted before and during the live event. Two months after the forum, we were still registering thousands of downloads to view the recording of this event with more than 18,000 views by January 2022.

The interactive webinars and virtual reality events that we've staged since 2020 have allowed us to reach more members than ever before to discuss topics including scheme refreshes, financial wellbeing, redundancy, high earner issues and pre-retirement.

For those without access to digital devices or the knowledge to operate them, we've continued to provide traditional communications.

The trustees also have a Member Advisory Panel which was established in June 2021. The panel consists of a diverse range of members from a range of industries. It meets quarterly to provide trustees with an opportunity to hear direct feedback from members and understand what matters most to them. The information which the panel provides on members' priorities helps the trustees to decide on content for the Annual Member Forum.



Focusing on issues our members care about

Many of our clients and members care about matters that affect the environment, society and the way organisations are governed, known collectively as ESG issues.

In terms of seeking to understand and give a voice to members' views on ESG, Legal & General has collaborated with investment transparency technology provider Tumelo. The Tumelo platform gives members greater transparency about the companies they are invested in and allows them to express opinions about their investments to their fund managers.

To help members understand the interplay between investment returns and environmental and societal imperatives, we have a straightforward ESG page on our Mastertrust website which links to Legal & General's member-friendly [ESG Hub](#)

In their [Statement of Investment Principles](#), the Mastertrust trustees outline their belief that in the long term, investments which take into account a range of ESG factors may outperform those that don't. They also backed the significant expansion of Legal & General's Climate Impact Pledge which assesses more than 1,000 of the world's companies on their climate change credentials and holds them to account.

Legal & General and the Mastertrust trustees are both committed to achieving net zero carbon across all our default funds by 2050 or sooner and have published some ambitious targets to support this aim.

As for our choice of funds, while all our defaults and the self-select fund range take account of ESG to varying extents, our Mastertrust also includes our Target Date Funds. This is a unique default fund which offers a 'to and through retirement' strategy. A growth component with this strategy is the Future World Multi-Asset Fund which we believe could help clients who also wish to offer their members a default arrangement with an even more positive ESG stance.



Member choice

Tied in with effective retirement planning is recognising that we also make sure we provide choice and flexibility in how members take their pension when the time comes:

- Members can access income drawdown within the Legal & General Mastertrust without the need to transfer to a separate vehicle, which makes the transition from saving to spending seamless
- There is no cost for this change and the administration charge remains the same, making it really easy for a member to understand
- Members can use income drawdown to take regular payments and or occasional cash lump sums. Drawdown payments are treated as taxable income
- Members can take some or all of their pension pot as a lump sum, with a minimum partial withdrawal amount of £2,000. The first 25% will usually be tax free and the remaining 75% treated as taxable income
- Members may choose an annuity from any provider.

Specific costs for your scheme

For a broad guide on how our costs and charges might apply to your scheme, and to find information on net returns, please see our [self-service fund centre](#).

Please note that each plan is individually underwritten based on your specific member data. So, to provide an indicative administration charge for your scheme, please complete the form on our [pension consolidation web page](#) and a member of our DC business team will get back to you.

Contact us

For further information about Legal & General, please visit legalandgeneral.com or contact your usual Legal & General representative

Important information

Key Risks

Past performance is not a guide to the future. The value of an investment and any income taken from it is not guaranteed and can go down as well as up, you may not get back the amount you originally invested.

Legal & General WorkSave Mastertrust and Legal & General WorkSave Mastertrust (RAS) are authorised and regulated by The Pensions Regulator. **Administrator:** Legal and General Assurance Society Limited. Registered in England and Wales No. 166055
Registered office: One Coleman Street, London EC2R 5AA Legal and General Assurance Society are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

D003155