

The National Pension Trust

The key to quality
DC pension provision



About us:

Xafinity is one of the UK's leading specialist providers of pension and employee benefit solutions and our experience and award winning solutions speak for themselves.

We are part of the Equiniti Group, a leading provider of complex financial business process outsourcing solutions, professional services and software. We carry out critical, complex and financially sensitive processes on behalf of many of the UK's leading businesses and organisations.

The Equiniti Group leads the market across a range of disciplines, providing services to over 55% of the FTSE100 and is the leading provider of share registration, investment services and employee share plans in the UK.

We're the people
behind our nation's
pensions

Key facts:

We have over

3,000

employees

in 20 locations

We support

2,200

clients

Our services benefit

31m

people

We administer

£38bn

in payments

About the National Pension Trust

The National Pension Trust is a multi-employer occupational pension scheme, written under trust, which can be used by many employers that are not otherwise related.

Independent Professional Trustee

Established in 2009, the **National Pension Trust** is governed by a Professional Trustee, independent of all service providers, avoiding conflicts of interest and ensuring high levels of objective governance.

Market leading

Individual service providers are market leaders in each of their respective fields. The independent Professional Trustee regularly reviews all aspects of service provision.

Tailored communications

All communications can be branded and tailored to make the Trust feel like the employer's own. However, unlike other arrangements, the employer need not incur the time, cost and risk involved in running a governance committee to use the **National Pension Trust**: the Professional Trustee will address all governance aspects on their behalf.

Pension Quality Mark

The **National Pension Trust** is the first mastertrust to have been awarded the Pension Quality Mark in recognition of its high levels of governance, communications and member support.

Auto-enrolment compliant

The **National Pension Trust** can be used as a Qualifying Scheme for auto-enrolment purposes, subject to employers enrolling and paying the requisite level of contributions for eligible employees.

Reduces costs

The **National Pension Trust** can be used as a vehicle for building future benefits and / or act as a home to look after benefits that have been built up, reducing work and costs for sponsors whilst providing members with high levels of support and protection.

All costs can be met via a competitive annual management charge. Alternatively, the employer can elect to meet some of the costs on their employees' behalf.

Supports employees

Research illustrates that individuals better appreciate Defined Contribution (DC) arrangements when these provide support in making investment, contribution and retirement decisions.

The **National Pension Trust** provides members with effective member support, which can result in members receiving significantly greater levels of retirement income than they would otherwise obtain.

High quality, low hassle

The **National Pension Trust** enables employers to provide their employees with access to a high quality pension arrangement without the time, cost and compliance responsibilities normally associated with such an arrangement.

The National Pension Trust can be used for looking after and building benefits, reducing work and costs for sponsors whilst providing members with high levels of support and protection.



Winning the Pension Quality Mark says a lot about us...

The National Pension Trust is the first mastertrust to have been awarded the Pension Quality Mark in recognition of its high levels of governance, communications and member support.

What is the Pension Quality Mark?

The Pension Quality Mark (PQM) standard, launched by the National Association of Pension Funds, (NAPF) to recognise high quality DC schemes, has received support from the pensions industry, employers, employee bodies, consumer organisations and the Pensions Regulator.



What are the PQM requirements?

To be awarded the PQM, employers must provide their staff with access to a high quality pension arrangement that meets certain governance requirements:

- Strong governance structure;
- Regular review of investment options and provide appropriate guidance for members;
- Average member charges should be less than an annual management charge of 1%.

In addition, communications should be clear, engaging, easily understood and issued at three membership stages.

PQM ready

As the National Pension Trust exceeds these requirements, all employers have to do is decide upon their contributions in order to apply for either the Pension Quality Mark or Pension Quality Mark Plus. The Independent Professional Trustee takes care of the rest.

Efficient and effective administration

Administration is the foundation to any well run DC scheme. The National Pension Trust links people, processes and technology to deliver highly robust and quality administration.

Efficient and accurate processing

Specialist administration teams complete all transactions in a consistent and secure manner. Efficient and accurate 'straight through processing' enable a fast turnaround from deduction of contributions to conversion into investment units in individual accounts.

Secure access to real time information

Secure web capability enables members to access data, allowing them to be self sufficient in managing their personal accounts. Members are able to access real time fund values and unit prices, initiate investment switches and project likely levels of retirement income. Members also have access to a UK based free helpline.

Quality and award winning

Its administration team has been granted the quality accreditations of ISO 9001:2008 and AAF01/06. Xafinity has also been voted Third Party Administrator of the Year for 2011 and 2009 and has won many industry awards for its pension software.

Strong Governance – Enabling good member outcomes

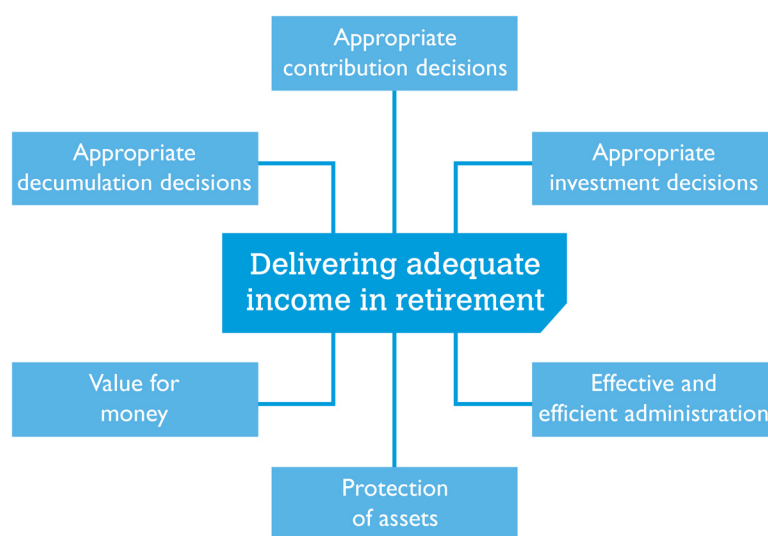
The National Pension Trust is governed by an independent Professional Trustee who regularly reviews all aspects of service provision. Individual service providers are market leaders in each of their respective fields, collectively delivering superior service to both employers and employees.

Regulator view of DC

DC pension provision is not about minimising costs; it is about providing members with the support they need to deal with complex investment, funding and retirement decisions.

Strong and effective governance is crucial to ensure benefits are efficiently administered and the value of assets protected.

The Professional Trustee continually addresses the six elements (shown here) which the Regulator believes are necessary to deliver DC members an adequate income in retirement.



Independent Professional Trustee

The independent Professional Trustee uses their experience and technical expertise to ensure that the **National Pension Trust** is appropriately governed. They bring commitment and energy to make things happen, effectively addressing the constraints, challenges and opportunities presented by DC pension provision.

Importance of independence

Unlike in other arrangements, the independent Professional Trustee:

- Is independent of service providers, avoiding any potential conflicts of interest;
- Is independent of participating employers, removing the requirement for member nominated trustees;
- Continuously monitors and reviews all service providers, to ensure members receive excellent service;
- Does not require the employer to establish a separate governance committee to address investment, communication or retirement support matters.

Looking after accumulated benefits

DC benefits can be transferred into the National Pension Trust, protecting their shape and value, whilst removing the cost, risk and responsibility from the employer / transferring trustees.

Non-consent transfer

DC benefits from trust-based schemes can be transferred into the **National Pension Trust** without the need for member consent. This is helpful where trustees or employers either would like, or are required, to secure DC benefits because:

- The employer no longer wishes to meet the cost of administering former employees' benefits;
- The scheme is being wound-up;
- The scheme is entering the Financial Assistance Scheme or Pension Protection Fund (PPF);
- The trustees recognise that they are unable to devote sufficient time or resource to effectively govern the benefits (e.g. DC section of a hybrid scheme).

Members can also voluntarily transfer accumulated benefits into the **National Pension Trust** at any time, free of charge.

Protect shape and value

The **National Pension Trust** is uniquely able to protect the shape and value of members' benefits at transfer by:

- Protecting valuable pre-A day tax-free cash calculation bases;
- Ensuring death-in-service lump sum benefits remain free of inheritance tax;
- Negating the impact of Market Value Adjustments on with-profit investments;
- Protecting valuable Guaranteed Annuity Rates.

Member support

Having spent many years supporting members in their funding, investment and retirement decisions, trustees are typically more comfortable moving members' benefits into the **National Pension Trust** than other pension vehicles. This is because the **National Pension Trust** continues to afford members a high level of support, unlike other buy-out arrangements.

Discharge of responsibilities

Frequently, trustees seek to secure deferred member benefits outside of a wind-up exercise (e.g. deferred members from an ongoing scheme or a scheme entering the PPF).

In such scenarios, the trustees would receive a statutory discharge of their responsibilities if benefits were transferred to the **National Pension Trust**, which they may not receive if they use an insurance buy-out policy (commonly known as a Section 32 policy).

The National Pension Trust removes the cost, risk and responsibility of looking after DC benefits, whilst ensuring members receive high levels of support.



Supporting members' contribution decisions

The National Pension Trust removes the complexity from retirement planning. It helps employees to understand what they have saved and, based upon their current contributions and investments, what additional levels of saving will be required.

Interactive support

The National Pension Trust supports employees to understand, at the point of joining, what level of income they will need in retirement to pay for necessities such as housing, utility bills and luxuries such as holidays.

The National Pension Trust offers a range of interactive on-line facilities, including 'what if?' projection models, news and investment updates, fund fact-sheets, member guides, easily understood risk-based investment tools and real time annuity quotations.

A member helpline is provided free of charge and information can also be provided in hard copy format. Member presentations are available on request.

Tailored communications

The National Pension Trust has developed a comprehensive communications strategy, which can be branded and tailored to an employer's requirements.

Secure access to real time values

Members are able to securely access real time fund values and unit prices, initiate investment switches and project the levels of income they are likely to receive at retirement.

The National Pension Trust helps members to set their personal objective and then assists them to achieve it.

Effective support can result in members receiving significantly greater levels of retirement income than they would otherwise obtain.

The National Pension Trust increases member engagement and understanding, improving employees' appreciation of the value of the benefit provided by their employer.

The screenshot shows the top navigation bar with links: Home, Benefits, Investments, News, Documents, Glossary, Regulation, Contact Us. Below the navigation is a banner with the text: "Access your Personal Account and switch investments securely". On the left is a "Benefits" menu with sub-items: Joining the Trust, Transferring into the Trust, Contributing to the Trust, Retirement Income, Leaving Early, Death Benefits. The main content area is titled "Welcome to your Trust website" and contains a welcome message and information about the website's features and user feedback.

Supporting members' investment decisions

Financial market volatility and auto-enrolment are focussing attention on default investment options. Employers are increasingly expected to consider how investment options are selected, reviewed, and replaced. The National Pension Trust supports members with complex investment decisions, effectively removing the burden from employers.

Governance

The independent Professional Trustee pro-actively monitors asset allocations and underlying investment managers, amending and replacing them where appropriate, unrestricted by any pre-determined range.

Depending on their risk profile, and targeted retirement age, different investments and phasing structures will be employed. These blended strategies contain several asset classes, minimising volatility for targeted levels of investment returns.

Support

The **National Pension Trust** helps individuals to understand conceptually what investment options do, without having to understand in detail the mechanics of how they work.

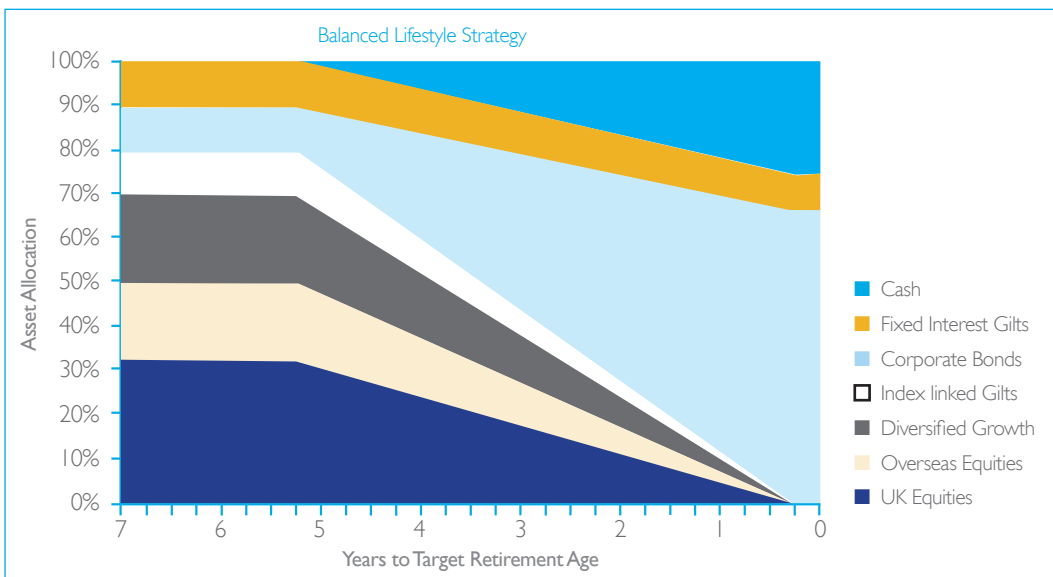
For the more investment aware, a range of sixteen self select investment options are also available.

Members who only wish to make limited investment decisions are supported to identify which, of a core range of multi-asset lifestyle strategies, is appropriate for them.

Flexibility

Members may change investments or their Target Retirement Age at any time, free of charge.

Capital Risk	Investment Option
High	UK Equity High Alpha Fund Unconstrained Global Equity Fund Ethical Fund UK Equity Fund Overseas Equity Fund Global Equity Fund Property Fund Adventurous Managed Fund
Moderate	Balanced Managed Fund Diversified Growth Fund
Cautious	Cautious Managed Fund Corporate Bond Fund Pre-Retirement Fund Fixed Interest Gilt Fund Index-Linked Gilt Fund
Minimal	Cash Fund



Supporting members' retirement decisions

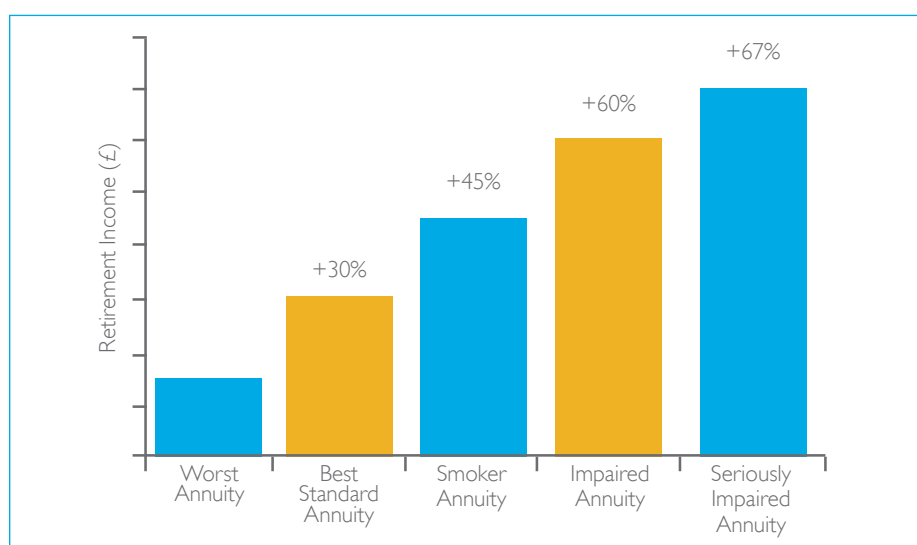
The National Pension Trust supports members, given their individual circumstances, to select the most appropriate benefits for them personally be that tax-free cash, an annuity or income drawdown. Where an annuity is selected, the National Pension Trust supports members to obtain the most competitive terms available.

Open market option

If a member elects to take part or all of their benefits in the form of an annuity at retirement, they are legally afforded an open market option. However, the Pensions Regulator's research reveals that most members are not provided with adequate support to make sure they select the best available option. This is not the case with the **National Pension Trust**.

The **National Pension Trust** provides members with access to a regulated service, via a secure website, where they can obtain real time annuity quotes on a variety of bases. Members are able to access an unlimited number of quotations, free of charge.

Members also receive a personalised report, in paper format, that is easy to read and quotations are bespoke to personal circumstances. Regulated financial advice can also be provided on request.



Whole of market

The retirement service will undertake a review on a whole of market basis, unrestricted by a pre-determined range.

Members are not obliged to utilise the retirement service – they are free to search the market themselves or appoint their own independent financial advisor.

Selecting the most appropriate form of benefits at retirement is one of the most important investment decisions a member will ever make. The National Pension Trust supports members to make the right decision for them personally.

Protection of assets

The National Pension Trust is an occupational pension scheme, governed by a Professional Trustee who is wholly independent of all other service providers. The independent Professional Trustee regularly reviews all aspects of service provision.

Governance

Unlike many pension arrangements, there is a statutory responsibility on the independent Professional Trustee to govern the **National Pension Trust** to a high level. In addition to this, the independent Professional Trustee seeks to follow 'best practice' in all aspects of service provision to members.

Safeguards

Safeguards are in place to ensure that contributions are correctly invested in a timely manner; investment options remain appropriate and effective support is provided to members on an ongoing basis and at retirement. The **National Pension Trust** only provides DC benefits and thus is unaffected by any pressures or conflicts of interest inherent with Defined Benefit arrangements.

Member choice

If they wish, members are able to switch investments or transfer their benefits away from the **National Pension Trust** at any time, without charge.

Regular Review

The independent Professional Trustee reviews and acts upon the recommendations and findings of its advisors.



Value for money

The National Pension Trust is a high quality, yet cost effective, pension arrangement. It enables employers to reduce costs and focus on running their business, for trustees to secure members' benefits safely and securely and for members to receive high levels of support.

For employers

The **National Pension Trust** is a high quality, yet cost-effective solution that will support the employer and its employees now and in the future.

All forms of communication, including the interactive website, can be branded and tailored to make the benefit truly feel like the employer's own.

The **National Pension Trust's** independent Professional Trustee addresses all of the governance responsibilities on the employer's behalf, freeing up management time to run the business. There are no requirements for member nominated trustees or for the employer to establish or run a governance committee.

For trustees

The **National Pension Trust** can accept transfers of benefits on a non-consent basis, discharging trustees' responsibilities, whilst ensuring that members continue to receive high levels of support.

Transferring benefits to the **National Pension Trust** avoids most of the work, cost and pitfalls traditionally involved in discharging DC liabilities. The **National Pension Trust** is uniquely able to protect the shape and value of members' benefits.

For members

Individual service providers to the **National Pension Trust** are market leaders in each of their respective fields, collectively delivering superior service to members.

The **National Pension Trust** is governed by a Professional Trustee, wholly independent of all other service providers. The Trustee's primary aim is to support members in their pension planning.

The **National Pension Trust** provides all members (active and deferred) with effective support in connection with contributing, investing and retiring. Members of the **National Pension Trust** are likely to receive significantly greater levels of retirement income than they would otherwise receive without the benefit of such support.

All costs can be met via a competitive annual management charge. Alternatively, if the employer wishes to subsidise the annual management charge, a fee based option is available.



The National Pension Trust reduces the time, cost and risk involved with servicing workplace pensions, eliminating exposure to legacy issues and protecting the business from increasing governance pressures.



Xafinity, part of the Equiniti Group, is one of the UK's leading specialist providers of pension, employee benefits and payments expertise, with 170 years' experience. The group provides consulting, software, resourcing, training and business process outsourcing services that enable public and private sector organisations to deliver employee benefits more efficiently.

In 2011 Xafinity was recognised as Third Party Administrator of the Year at the UK Pension Awards and in 2010 won the award for Pension Software Provider of the Year for the fifth time in six years. At the Pension and Investment Provider awards in 2010 Xafinity won Best Pension Administration Software and in 2009 were voted the best Third Party Administration Provider. Xafinity is the accredited software supplier to the UK Principal Civil Service Pension Scheme.



Xafinity Consulting is one of the UK's leading specialists in pensions and employee benefits. Our expertise addresses the needs of both trustees and companies in pensions and actuarial services, flexible benefits, healthcare and training. We are committed to working in partnership with our clients, providing tailored solutions to maximise the returns of their benefit strategies.

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