WARWICK
THE UNIVERSITY OF WARWICK

The University of Warwick Pension Scheme ("the Scheme") Defined Contribution Section ("the Current DC Section")

Transfer of assets to the Standard Life Master Trust - Question & Answer Document

This Question & Answer (Q&A) document should be read in conjunction with the letter from the Trustee of the University of Warwick Pension Scheme (the "Trustee") dated 1st June, relating to the transfer of your accrued pension savings from the Current DC Section of the University of Warwick Pension Scheme (the "Scheme") to The Standard Life Master Trust (the "New Plan").

This document has been prepared with the help of our pension advisers, Barnett Waddingham LLP and is for guidance only. It does not constitute financial advice. Barnett Waddingham LLP is authorised and regulated by the Financial Conduct Authority for a range of investment business activities.

1. Why has the University asked the Trustee to transfer the Current DC Section assets to the New Plan?

Over recent years pension legislation has changed significantly, and this has provided members of Defined Contribution (DC) pension arrangements (such as the DC Section) with much greater potential flexibility over their pension savings. A recent review undertaken by the University in consultation with the Trustee was focussed on embracing this new legislation and offering its employees a market leading pension arrangement. The New Plan was selected as it meets these objectives.

As Trustee, we also want to ensure that our members have full flexibility over their pension savings and with the New Plan members will have a wider range of options available. Alongside this, the operation of the Current DC Section has been subject to increasing regulation and new administrative requirements.

The Trustee worked closely with the University when reviewing the Current DC Section and provided input into the selection of the New Plan. The Trustee believes this offers significant enhancements over the Current DC Section and has therefore agreed to transfer the accrued pensions savings from the Current DC Section in respect of all members to the New Plan and close the Current DC Section.

2. Who is the Trustee for the Current DC Section?

The UPS Pension Trustee Limited ("the Trustee") includes representatives from the University and member nominated representatives. The Trustee acts separately from the employer, who holds assets in the trust for the beneficiaries of the scheme. The Trustee is responsible for ensuring that the pension scheme is run properly, and that members' benefits are secure.

3. Can I keep my accrued pension savings invested in the Current DC Section?

No, the Trustee will be transferring all of the accrued pension savings of Current DC Section members to the New Plan. As such, it will not be possible to keep your pension savings invested in the Current DC Section

4. Do I have to transfer my accrued pension savings to the New Plan?

The bulk transfer is due to take place on 16th July 2024, and therefore if you wish to take your benefits or transfer individually to an arrangement of your choice you will need to wait for the bulk transfer to complete and then you will be able to take your benefits or transfer to an alternative pension arrangement of your choice from the New Plan. There are no charges or exit penalties applied by Standard Life if you transfer away.

If you currently have a benefit claim in progress, please contact Scottish Widows on 0800 028 9548.

5. Will this impact the benefits I hold through the DB Section of the Scheme?

If you have DB benefits in the Scheme, these won't be affected by this transfer. They will remain in the Scheme and will continue to be administered by Barnett Waddingham under the oversight of the Trustee.

6. What is a Protected Pension Age ("PPA")

The Government has set the normal minimum pension age ("NMPA") which is the earliest members can start accessing their pension benefits. This is currently 55 and set to rise to 57 from 6 April 2028 which means you will normally need to be aged 57 or older before you can start taking money from your pension.

There are still some circumstances where you can take money earlier, like if you're suffering from ill health and obtain Trustee approval or have a protected pension age.

Under the Current DC Section (on meeting a set of requirements) some members have qualified for a protected pension age ("PPA") on retiring immediately on ceasing employment. The PPA (if qualifying) does not carry over to people retiring at a later period after leaving service.

On receipt of your transfer, Standard Life will register your PPA on their records, and this will allow you to take your benefits as appropriate (i.e. your Current DC Section transfer pot, ongoing contributions, other transfers received into the New Plan and any investment growth) at your PPA. There are a few members who have both defined benefit and defined contribution benefits within the Scheme and as the defined benefits are not being transferred, additional restrictions apply in relation to how the PPA applies to this small cohort.

If you have any queries about this topic, please email **hr.pensions@warwick.ac.uk**

7. How will the transfer of assets to the New Plan work in practice?

The asset transfer to the New Plan is currently planned for 16 July 2024. There are a number of things that need to happen before matters can proceed and the Trustee and their advisers are regularly reviewing the timing of the transfer with all parties.

Assuming that the transfer does take place on 16 July 2024, there will be a period of time around the transfer where you will not be able to take any action in respect of your pension savings in the Current DC Section. This is known as a 'limited access period' and is required in order that the Trustee and the New Plan can arrange for an efficient transfer of funds. There will be two limited access periods which Scottish Widows and Standard Life will operate at different points as set out below.

The first limited access period – Scottish Widows

This limited access period will run from 2 July to 16 July and relates to a member's inability to carry out any transactional activity on their member account with Scottish Widows. Transactional activity includes switching investment instructions, the ability to access your benefits or changing your retirement age. Members will still be able to view their policy online and be able to see current fund valuations.

During this period, those members who have been contributing to the New Plan will still have full online access through the Standard Life pension app and member site in respect of contributions paid into the New Plan.

The second limited access period – Standard Life

This second period will run from 16 July to 8 August and relates to a member's inability to carry out any transactional activity on their member account with Standard Life. Transactional activity includes switching investment instructions, the ability to access your benefits or changing your retirement age. Former staff that hold benefits with Scottish Widows will be able to register for online access with Standard Life from 8 August.

If you are considering taking your benefits in any of these periods or you currently have a benefit claim in progress, please contact Scottish Widows on 0800 028 9548. If you wish to take your benefits or transfer individually to an arrangement of your choice you will need to complete this action before July or wait for the bulk transfer to complete.

To protect against out of market risks, the Trustee has agreed a process with Standard Life called 'pre-funding'. This allows Standard Life to pre-purchase your funds in the New Plan, on the same day as funds are sold in the Current DC Section (and before the sale proceeds are transferred across from the Current DC Section). Regardless of market movements during the transition period, we can confirm that £100 transferred from the Current DC Section will result in £100 being invested in your account in the New Plan.

8. Will I have to pay any transfer fees by moving to the New Plan?

There are no explicit fees to transfer away from the Current DC Section or to transfer into the New Plan. However, as with all pension schemes, when an investment change is made some implicit costs will normally be incurred, referred to as transition costs. Typically, these costs arise because the price at which investments can be bought is higher than the price at which the investments can be sold.

The Trustee has been working with Scottish Widows and Standard Life to keep these transition costs to a minimum, however, and importantly, the **Trustee has secured agreement from Standard Life to cover these transition costs for all transferring members and as a result, you will not pay any transfer fees.** Standard Life will add this amount to your transfer payment.

Following the transfer to the New Plan if you elect to move your pension savings to a pension arrangement of your choice, you will need to check the position on charges with the administrator of the receiving pension arrangement. Some may charge you an explicit fee to transfer money in.

9. Where will I be invested when I transfer to the New Plan?

Members invested in The Pension Investment Account (PIA).

The Pension Investment Account (PIA) is the default investment strategy used by Scottish Widows and covers the vast majority of the membership. If your transfer letter did **not** contain a form, then you are very likely to be in the PIA.

Due to current Regulations around transfers of this kind, these members' assets will automatically be invested in the New Plan's default investment option. This is called the **Sustainable Multi Asset ("SMA") Universal Strategic Lifestyle Profile** and, if you are a current employee of the University, this is where your future contributions will be invested unless you choose to direct them elsewhere.

You can find further information about this in the guide which is available through the microsite for the University of Warwick Defined Contribution Plan. You can access this microsite via the following link: **www.standardlifepensions.com/universityofwarwick**

If you are a current employee of the University and you choose to make an alternative investment decision for your regular contributions before the transfer, the transfer amount will be invested in the individual funds that make up the SMA Universal Lifestyle. The fund used will depend on how far you are from your selected retirement age, and will be as follows:

- If you are more than 15 years from your selected retirement age – in the SMA Growth Fund
- If you are between 15 and 10 years from your selected retirement age – both in the SMA Growth Fund and the SMA Pre Retirement Fund

- If you are less than 10 years from your selected retirement age – both in the SMA Pre Retirement Fund and the SMA At Retirement Fund
- If you have reached your selected retirement age – in the SMA At Retirement Fund

You will see reference to the term "selected retirement age" (SRA), (formerly referred to as Target Retirement Age by Scottish Widows) and it is important to understand that this helps determine the level of investment risk. The default SRA used by Scottish Widows was age 65 and generally the closer to this age the lower level of expected volatility.

For those contributory members aged 65 or over, we understand that Scottish Widows has mapped the SRA to just under age 75. Going forward Standard Life will map these existing funds to actual age plus one year. So if someone is currently age 67 then the new SRA will be 68 and will continue to be one additional year until the benefits are claimed.

For those members who have already left employment, who are over age 65 and yet to claim their benefits, Standard Life will replicate the SRA as used by Scottish Widows.

Members are therefore advised to review their SRA and decide whether or not to update it or leave alone.

It is always a good idea to review your investment choices to ensure they continue to be suitable for your own circumstances and retirement savings objectives. The value of your investments may go down as well as up and is not guaranteed in any way, so you could get back less than you invest. It is therefore important to understand that past performance is not a guide to future returns.

If you do not think that the SMA Universal Lifestyle investment option is right for you, then you will be able to choose from the other investment options available in the Standard Life Master Trust once the transfer has been completed. You should read the fund fact sheets carefully to familiarise yourself with the risks associated with choosing any investment.

Self-Select members and Passive Interim Lifestyle (PIL) members.

As mentioned above, most members who are invested in the default investment solution ("Pension Investment Approach") in the Current DC Section will have their pension savings invested in the New Plan's default investment option called the **Sustainable Multi Asset ("SMA") Universal Strategic Lifestyle Profile.**

However, for members in alternative funds (this is either due to being invested in a legacy default option (PIL) or because they have self-selected their own funds), the Trustee has agreed to allow these members the opportunity to select an alternative fund choice prior to the transfer taking place.

You can find more information on the self-select investment options available in the member booklet, which can be accessed on the Plan's website by visiting **www.standardlifepensions.com/universityofwarwick**, and navigating to the 'Investment options'.

We have identified these members and if affected they will have a form appended to their transfer letter with further instructions should they wish to make a decision.

If this cohort does not make an active selection by 30 June, their investments will be mapped across to SMA. Members can change their investments in the future, once the transfer has completed.

10. Can I transfer other pension arrangements into the New Plan?

Yes, normally you can, but it's important to check first with the respective provider as pension schemes can vary significantly; for example some may entitle you to valuable guarantees when you come to take your benefits and others may impose penalties for transferring elsewhere.

You should consider obtaining financial advice in relation to any proposed pension transfer, so that you understand the implications of transferring, and in some circumstances, you may be obliged to take such advice. Any financial advice fees are payable by the respective member.

11. Will I still have the same options for my DC Savings when I decide to retire?

Under the New Plan you'll retain the same retirement options that apply through the Current DC Section. There will also be further options available to you directly from the Standard Life Master Trust.

- You will still be able to take your benefits as a cash lump sum and will have the flexibility under the New Plan to do so as a one-off or series of cash lump sums.
- If you are intending to take benefits through drawdown (where you access some of your retirement savings but leave the rest invested), the New Plan will allow you to do this directly from your account so there will be no need to transfer benefits to an alternative arrangement, albeit you can if you wish.
- If you would prefer to purchase a secure income for life (through an annuity) you will still be able to do this.

The SMA is a universal strategy, which means its asset allocation is built to support any of the options above. However, if you would prefer to target drawdown, annuity or taking a cash lump sum specifically, these lifestyle options are available to select once the transfer has taken place.

12. What charges apply to the New Plan and how do these compare to the Current DC Section?

Under the Current DC Section, you currently pay charges (referred to as a Total Expense Ratio or TER) to cover the cost of investment management and these depend upon the investment fund(s) you have selected. For the default investment strategy of the Current Plan with Scottish Widows, this charge is 0.50%. This means you will pay £5.00 for every £1000 invested.

Through the New Plan the TER for the **Sustainable Multi Asset ("SMA") Universal Strategic Lifestyle** investment option will be **0.39%**. This means you will pay £3.90 for every £1000 invested. If you select alternative investment funds, then the TER may be higher or lower than this - You can find more information on the fund in the member booklet, which can be accessed on the Plan's website by visiting www.standardlifepensions.com/universityofwarwick

The reduction in the TER for the default investment option is one of the reasons why the Trustee has agreed to the transfer. Standard Life reserve the right to periodically review charges.

13. How do I access the Standard Life Master Trust Microsite?

You can find further information about the New Plan through the microsite, which can be accessed through the following link: www.standardlifepensions.com/universityofwarwick

From this link you can also register for and login to the secure online portal where you can see details of your own benefits in the New Plan. If you have already registered for Standard Life's online portal as a member of the New Plan, then you will not need to re-register – you can still use these details to log in. Please note that, if you are not an active employee of the University, you will have to wait until the limited access period has ended on 8 August 2024 before you will have access to your benefits online.

14. What do I need to do now?

The transfer to the New Plan is automatic and you do not need to take any action, however, you should consider whether you wish to make any decisions in advance of the transfer.

You will receive a transfer certificate from the Standard Life Master Trust once the transfer has been completed.

15. Help and support.

If you have any questions about the transfer process you can contact hr.pensions@warwick.ac.uk

If you are unsure about the content of this letter, then you may wish to consult a Financial Adviser. Please be aware that neither the Trustee, the University nor Barnett Waddingham are able to provide you with any financial advice. If you want advice, you can find an independent financial adviser via the following link: www.moneyadviceservice.org.uk/en/articles/choosing-a-financial-adviser.

Please note however that you will be responsible for meeting the costs of any advice.

Any entitlements from either pension scheme are subject to the Trust Deed & Rules of the relevant scheme from time to time.