

Looking back at 2019/2020

Your Defined Contribution (DC) Pension



Retirement Solutions

Welcome to your annual defined contribution (DC) update from TPT.

This update will tell you more about the way your DC pension scheme is run and – most importantly – what we've been doing to make your membership worthwhile during 2020.

The last year has been challenging for many of our members and employers and, like most organisations, we've had to change the way we work. But, as we begin to move out of lockdown, we're pleased to report that our teams continued to provide a full range of services to you, and delivered them to the same standard. We have also launched a brand new website and member engagement programme to support you on your savings journey. You can find out more about these activities, and our next steps, within this update.

We're always happy to help you understand and make the most of your pension so, if you have any questions, please get in touch using the details at the end of this update.

Joanna Matthews, Chair of the Trustee Board

A safe pair of hands

TPT became an authorised DC Master Trust in June 2019. This means that, having looked very closely at the way we manage your pension scheme, The Pensions Regulator (TPR) is satisfied that your money is in a safe pair of hands.

TPR has concluded that the scheme:

- is financially sustainable;
- is being run by the right people;
- is being managed and governed using the right standard of systems and processes; and
- has contingency plans in place should anything go wrong.

We're committed to running the scheme for your benefit, when you come to take your pension, and will continue to share information that demonstrates this to TPR.

TPT AT A GLANCE



DC members:
264,000*



DC assets:
£1.8 billion*



Over 30 years'
experience managing
DC schemes.



Not for Profit



Sustainable

*Figures as at the end of the Scheme year, 30 September 2020

Protecting your money

A corporate trustee looks after your pension scheme. The Trustee is responsible for overseeing all aspects of the scheme including administration, investment, governance and communications.

The Trustee's primary role is to ensure that:

- we invest in ways that meet your needs;
- your savings are secure; and
- you can access your savings when you retire.

The Trustee Board is chaired by Joanna Matthews – a professional independent trustee with extensive experience of chairing large and high-profile pension schemes. Before moving into independent trusteeship, Joanna was a partner in a top pensions law practice. Members of the Trustee Board, known as Trustee Directors, are appointed through a rigorous selection process to make sure they have the skills, knowledge and experience required to properly manage your pension with TPT. Three of the Trustee Directors are nominated by members, three by employers and a further three are selected by the member and employer-nominated directors.

Making the most of your pensions savings

Your investment options

The money that you and your employer pay into your pension is invested, with the aim of growing a savings pot for your future. Because our members join us at all stages of life and may view their pension differently at each stage, we provide them with a number of investment options. While every option aims to grow your savings, they do it in different ways.

When you first join us, your savings are invested in a target date fund (TDF). A TDF does most of the work for you by choosing where your savings are placed and moving your

savings into more cautious investment funds as you get older and closer to the date that you've told us you want to retire. This fund is a suitable option for many members. On 30 September 2020, over 96% of our DC scheme members' savings were invested in a TDF.

If you want to make a change at any point, you can view your options – including our self-select funds – at members.tpt.org.uk/grow/, and switch funds within your **Retirement Savings Account**.



Clear performance objectives

The way we invest your savings is influenced by a wide range of factors. You can see how we think about important issues such as the environment, our impact on society and the level of risk and reward in our **Statement of investment principles** (SIP). The SIP is reviewed each year, or whenever there is a significant change in investment policy. We look at our investment strategy every year.

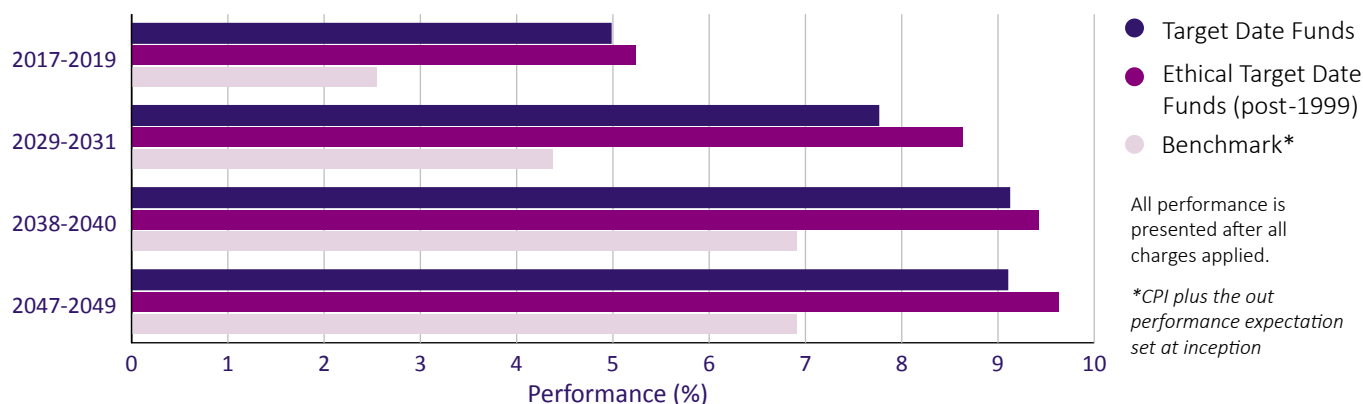
Every three years there is a more formal review which covers:

- the aims and objectives of the default TDFs;
- the performance of the default TDFs and the self-select funds; and
- how well our investment managers have met the objectives we set them.

Since we introduced the TDFs in February 2013, both the standard and ethical options have significantly out-performed their long-term benchmarks. Although some investments were hit by the pandemic in early 2020, they have recovered well and, due to the way TDFs are designed, members who are approaching retirement have been protected from any large changes in value.

Performance from 01/03/2013 to 31/12/2020 - annualised

Year of retirement



Responsible investment

We think carefully about the impact our investment activity has on important issues like the environment and society, and we are always looking into ways to improve this. As an example, our standard and ethical TDFs are not invested in controversial weapons. We also report in line with requirements put in place by the Task Force on Climate-Related Financial Disclosures (TCFD), on a voluntary basis, and support other industry-wide initiatives to promote responsible investment, like the Institutional Investors Group on Climate Change (IIGCC).

You can find out more in our **Responsible Investment Framework**.



What's next?

Responsible investment is a key focus for us and we'll be considering the use of more sustainable investment approaches, like those that align with the UN's sustainable development goals, in 2021.

We'll also be monitoring the success of the low carbon equity allocation we introduced in 2019, and expect to gradually increase this allocation as regulatory, political and social pressures drive the transition to a low carbon economy.

So that you can see the impact of changes like this, we'll be updating our fund factsheets to include more about responsible investment. You can view them [here](#).

Supporting our members

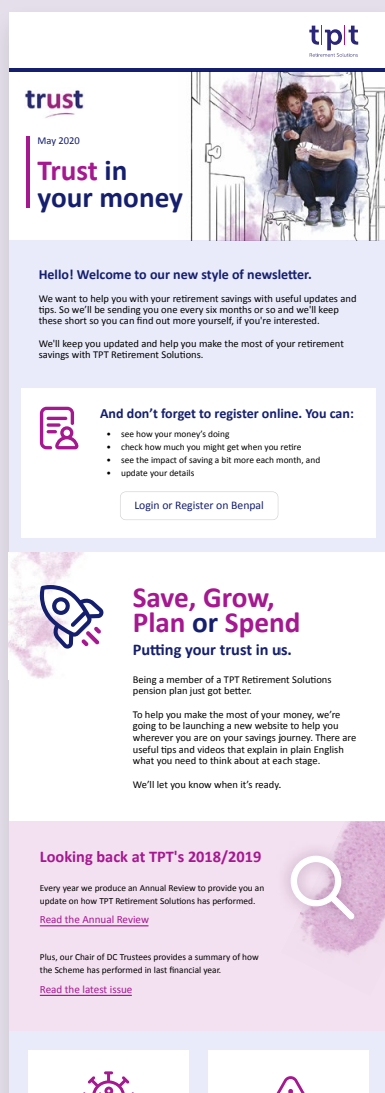
Our mission is to make membership worthwhile. We want to provide you with the right tools and the high quality services you need to engage with us and to make a suitable plan for your future.

Member engagement achievements

Our member engagement programme, now in its second year, was launched to help you make the most of your pension, better understand the level of income it will provide in later life, and make more informed decisions.

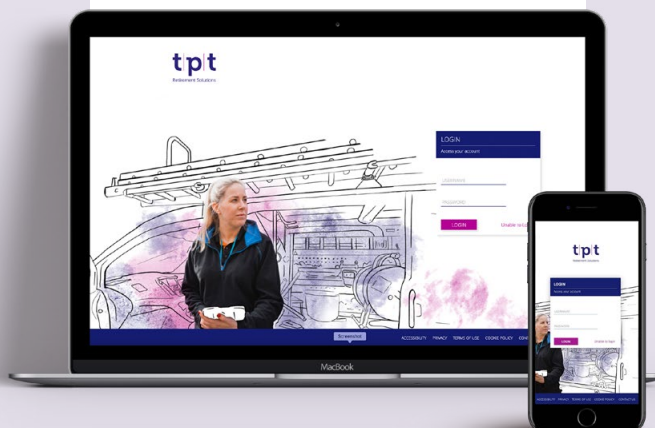
So far, it's made major improvements to some of our most important communications with you.

We launched a mobile-first website (members.tpt.org.uk) split into four key stages – save, grow, plan and spend.



We simplified key member communications, like the member newsletter, so that it is easier to find the information you need.

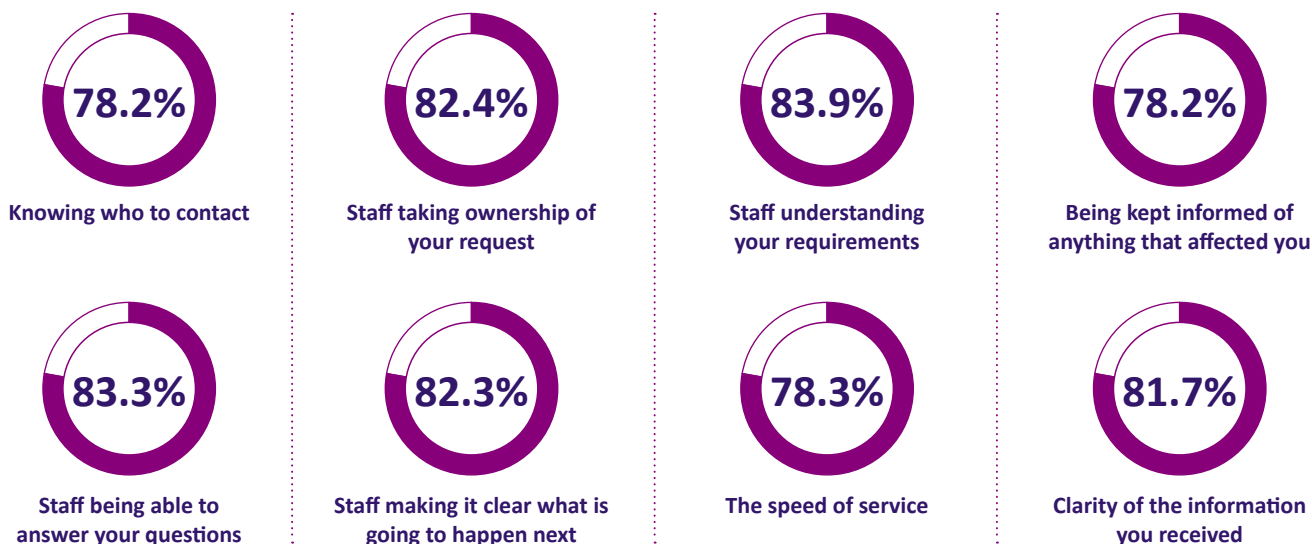
We've made members' online Retirement Savings Accounts more visually appealing and easier to use.



Member satisfaction

We are pleased to report that, despite the challenges posed by the pandemic, our service continued to run as normal throughout 2020. The independent customer satisfaction surveys that many of you completed, tell us that the standard of our work in all eight key areas has improved, and our service level agreements have exceeded 95%.

The results of our monthly surveys are crucial in helping us understand what we're doing well and what we can improve. They're shared throughout our business every month, including the administration teams who deliver the bulk of our frontline services, through to members of our Trustee Board. The average monthly satisfaction scores, from October 2019 to September 2020, are shown below.



Delivering value for money

A small proportion of your pension savings is deducted each year to cover the costs of key services like scheme governance, investment management, administration and communications. This deduction is called the annual management charge (AMC).

Target date fund charges

- **TDFs: The AMC is 0.5% a year**
- **ETDFs: The AMC is 0.7% a year**

ETDFs have slightly higher charges because of the extra screening needed to make sure that they meet certain ethical standards. The only exclusion is members who joined the Ethical Fund before 1999, who pay a lower AMC of 0.5% because they paid a fixed price when they joined.

Self-Select Charges

The AMC for TPT's self-select options varies from 0.45% to 1%. You can see the charge for each self-select fund in TPT's **Value for members report**.

If you'd like to find out more about the costs you pay, and the benefits and services you receive in return, you can read our latest **Value for Members report**.

What's next?

In 2021, our member engagement programme will introduce:

- personalised videos to guide you through your annual benefit statement;
- educational videos to help you understand your pension better; and
- clearer communications and easier ways for you to contact us when you need to take action.

You'll also see more references to the Pension and Lifetime Savings Association's (PLSA) **Retirement Living Standards** in our communications, to help you plan for your future.



About TPT

TPT is one of the UK's premier workplace pension providers and the leading combined DB and DC Master Trust.

Members and employers have been trusting us to manage their pensions for over **75 years** during which time our combined assets under management have grown to over **£13 billion**.

We have no shareholders and are run purely on a not-for-profit basis with any surplus reinvested back into the business for the benefit of **our members**.

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