

**PENSIONS AND
LIFETIME SAVINGS
ASSOCIATION**

PLSA MEMBER SUBSCRIPTIONS CONSULTATION 2021

MAY 2021



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WHO WE ARE

We are the Pensions and Lifetime Savings Association (PLSA) and our mission is to help everyone achieve a better income in retirement. We work to get more people and money into retirement savings, to get more value out of those savings and to build the confidence and understanding of savers.

We represent the defined benefit (DB), defined contribution (DC), master trust and local authority pension schemes that together provide a retirement income to more than 30 million savers in the UK and invest over £1.3 trillion in the UK and abroad. Our members also include asset managers, consultants, law firms, fintechs and others who play an influential role in the governance, investment, administration and management of people's financial futures.

EXECUTIVE SUMMARY

The PLSA has existed for nearly a century. In that time the pensions sector has changed almost unrecognisably, and it keeps changing at an ever faster pace. That means our membership profile is changing too.

As we face the next 100 years it's crucial that we have the resources necessary to continue to make the pensions system work for our members and for savers, deliver world-class events and training, undertake ground-breaking research and policy work, produce invaluable practical guidance and create content that communicates all of this to our members.

KEEPING PACE WITH A FAST-CHANGING SECTOR

- ▶ Workplace pensions are changing. From DB schemes going to buyout or DC schemes transferring into master trusts, consolidation is happening – and faster than many expected. In future there will be fewer, larger pension schemes and providers.
- ▶ The PLSA's membership model needs to keep pace. Doing nothing would leave us with fewer members and less income. We wouldn't be able to provide the high-quality services our members expect, such as our conferences, events and policy and lobbying work.
- ▶ Part of our response involves strengthening our partnerships with our Business Members – the vital service providers to the pensions sector – to generate new streams of income. But we need to make changes to our membership model as well.
- ▶ This consultation sets out three key proposals:
 1. We propose to increase the maximum subscription for Fund Members (pension schemes), aligning it with the maximum for Business Members.¹
 2. We will create a new membership category for Master Trusts, with the subscription based on assets under management. Master Trust Members will receive the same member benefits as Fund Members and will be added to the PLSA's Master Trust Reference Group.
 3. Changes in fees will be phased over three years from 2022 to 2024.
- ▶ This is a consultation. We want your views before we put final proposals to the PLSA Board. We are also speaking to the members directly affected.

¹ The maximum subscription for Fund Members would increase from £9,998 in 2021 to £18,743 by 2024.

ENHANCED MEMBER BENEFITS: DOING MORE FOR MORE

In asking our larger Fund Members to pay more to support us, we recognise that we need to continue improving our services. Our plans include:

- ▶ The new ESG Conference that we are introducing this year – a three-day event from 30 June to 2 July, free for all Fund Members.
- ▶ Setting up a new CIO Network to get this crucial group of our members more involved in what we do.
- ▶ More high-quality information, guidance, practical support and industry updates in a members-only area of our website.
- ▶ Making our events easier to access, regardless of where you are based, by building on the switch to online webinars and conferences we have introduced over the past year.
- ▶ Reintroducing face-to-face events – with their highly-valued networking opportunities – when the rules permit, while also making event content available online.
- ▶ Involving more members more closely in our Policy and lobbying work, by strengthening the Reference Groups introduced last year.

These are just a few of our plans to deliver more value to our members. If there is something you particularly want us to do, please let us know. This is your PLSA.

HOW TO RESPOND

We welcome responses from all PLSA members.

Please respond by email to James Walsh, Head of Membership Engagement:
james.walsh@plsa.co.uk by 5pm on 10 June 2021.

FACING THE FUTURE IN AN EVOLVING INDUSTRY

The Pensions and Lifetime Savings Association has been around for nearly a century and over that time UK pensions have seen huge transformation.

The past decade alone has seen considerable consolidation within the pensions market, with the number of DC schemes falling by 12% in 2019 and continuing at a rate of 5-10% a year according to DWP.² This is largely a result of the successful automatic enrolment reforms, but naturally it is changing the size and nature of our membership base.

At the same time the issues faced by PLSA members are not shrinking, either in number or in their impact on schemes and savers. That is why so many of our members download our guides to areas such as [GMP Equalisation](#) and [ESG regulation](#), make use of our [CTI](#), [DC Chair's Statement](#) and [Implementation Statement](#) templates in their governance, and come to our digital events to learn about and discuss pensions issues. We need to ensure our future sustainability as a membership organisation, so that we can continue to deliver the invaluable guidance and support upon which our members depend.

As well as dealing with the practical and regulatory issues of today, we need to make sure the pension system works for our members and for savers in the future. That means influencing primary legislation such as the Pension Schemes Bill and leading the industry to find solutions to the challenges of DC Decumulation, saver engagement and climate-aware investing.

We need to make sure the PLSA maintains the resources needed to continue this support and the capacity to keep improving our services. In recent years we've modernised our own governance structures to better serve our membership, but our membership categories and subscription structure were last updated in October 2012 – the very beginning of automatic enrolment.

This is why we are consulting on changes to our subscription model as outlined in the following section.

² <https://www.gov.uk/government/consultations/improving-outcomes-for-members-of-defined-contribution-pension-schemes/chapter-2-encouraging-consolidation>

PROPOSED SUBSCRIPTION CHANGES AND MEMBERS AFFECTED

Our current membership subscription model

At present we have two membership categories: Fund Members – including pension schemes and local authority funds – and Business Members – i.e. service providers such as asset managers, consultancies, law firms and fintechs.

- ▶ Fund Members' subscriptions are based on the number of individual members they have in their scheme (actives, deferreds and pensioners) at a rate of 23.12 pence per member, subject to a maximum of £9,998 (in 2021). This means all of our Fund Members with more than 43,243 members pay the same maximum rate of £9,998.
- ▶ Business Members' subscriptions depend on what they do:
 - ▶ 'Type A' Business Members (asset managers) have subscriptions in 8 bands according to their assets under management, from £938 subs for those with up to £499 million AUM, to a maximum of £18,743 for those with more than £9.99 billion AUM.³
 - ▶ 'Type B' Business Members (all other service providers) have the same 8 subscription bands, but the key metric is their pensions-related turnover. Those with less than £1 million turnover pay £938 and those over £25 million pay the maximum of £18,743.

Proposed changes to the PLSA member subscription model

At the beginning of 2020 we conducted a review of our subscription model in response to this transformation and the necessity to continue delivering the best possible service to members. As part of the review, Julian Mund, PLSA Chief Executive, conducted 35 member meetings.

Our subscriptions review produced three main proposals:

1. We propose to increase the maximum subscription for Fund Members to the same amount as the maximum subscription for Business Members (£18,743 for 2021).
2. We will create a new class of membership, Master Trust Members, for which the subscription will be based on assets under management (AUM) using the same rates as for Business Members with subscriptions based on AUM.
3. Changes from January 2022 should be phased over the three years 2022 to 2024 in equal steps.

Approximately 100 Fund Members and master trusts (currently Fund or Business Members) will be affected by the changes, including a group of 35 with whom our proposals were discussed last year.

³ For the full banding system, see Annex A, Table 2 (underneath paragraph 36).

Business Member subscription rates will not increase at the current time. There will not be a significant impact upon the Fund to Business member funding ratio, which is approximately 30%:70%. We are not looking to increase the proportion of our subscription income from pension schemes.

New Master Trust membership category

Master Trust members who are currently Fund Members will see any increase or decrease in their fees, as a result of these changes, phased over three years.

Master Trust members will get the same member benefits and services as Fund Members (e.g. free entry to PLSA Conferences). All Master Trust members will be added to the PLSA's Master Trust Reference Group, which meets regularly and has an active programme of contributing to our Policy work.

How we propose to use the additional revenue

Consolidation in the UK pensions market has seen our membership base contract, with further shrinkage expected in the future. This has led to a decrease in the overall revenue we receive from membership subscriptions.

It is important that we investigate ways of filling this shortfall to protect the long-term future of the organisation, which is why we are proposing the changes set out in this document. The additional revenue raised from the increases in membership subscriptions will fill this revenue gap.

TIMING AND TRANSITION ARRANGEMENTS

These proposals were in development before the Covid-19 pandemic, but the crisis has exacerbated the need for the PLSA's financial base to be more stable. Our critical policy work is largely funded by our events income, which cannot be sustained at pre-pandemic levels.

We appreciate that many members are also facing financial pressures, so to minimise the impact on the 100 schemes affected by these changes, we will phase them in over three years from 2022 to 2024.

The examples below show how the proposals would affect Fund Members' subscriptions as the new system is phased in from 2022 to 2024:

Table 1:

PLSA FUND MEMBER	NO. OF MEMBERS	CURRENT SUBS (2021)	2022 SUBS	2023 SUBS	2024 SUBS	NOTES
Member A	30,000	£6,936	£6,936	£6,936	£6,936	Under current max threshold of 43,243 members, so not affected by changes.
Member B	45,000	£9,998	£10,133	£10,268	£10,404	Currently a max payer as >43,243 members. Will see a small increase.
Member C	60,000	£9,998	£11,289	£12,580	£13,872	Currently a max payer as >43,243 members. Will see a larger increase.
Member D	85,000	£9,998	£12,913	£15,828	£18,743	Currently a max payer as >43,243 members. Will be just over the new max threshold of 81,068 members, so will pay the new max subs of £18,743.

PLSA FUND MEMBER	NO. OF MEMBERS	CURRENT SUBS (2021)	2022 SUBS	2023 SUBS	2024 SUBS	NOTES
Member E	200,000	£9,998	£12,913	£15,828	£18,743	Currently a max payer as >43,243 members. Will be well over the new max threshold of 81,068 members, so will pay the new max subs of £18,743.

Please refer to Annex A for the new PLSA rules for membership and subscriptions where the proposed changes are highlighted.

ENHANCED MEMBER BENEFITS

In asking our larger members to pay more to support us, we recognise that we need to do more to support you. This paper is not the place to set out all our future plans in detail, but plans in the pipeline include:

- ▶ The new ESG Conference that we are introducing this year – a three-day event from 30 June to 2 July, free for all Fund Members.
- ▶ Setting up a new CIO Network to get this crucial group of our members more involved in what we do.
- ▶ More high-quality information, guidance, practical support and industry updates in a members-only area of our website.
- ▶ Making our events easier to access, regardless of where you are based, by building on the switch to online webinars and conferences we have introduced over the past year.
- ▶ Reintroducing face-to-face events – with their highly-valued networking opportunities – when the rules permit, while also making event content available online.
- ▶ Involving more members more closely in our Policy and lobbying work, by strengthening the Reference Groups introduced last year.

These are just a few of our plans to deliver more value to our members. If there is something you particularly want us to do to help you, please let us know. This is your PLSA.

ANNEX A

NEW PLSA RULES – MEMBERSHIP AND SUBSCRIPTIONS

Existing members

1. Members of the PLSA at the date of adoption of these Rules shall continue to be members until their membership is terminated in accordance with them.

Eligibility for membership of PLSA

2. Any organisation which supports the objects of PLSA may be admitted as a member.
3. 'Organisation' includes a company or other body corporate, an unincorporated body of trustees or a partnership.
4. An individual may only be admitted as a member if they are a sole trader with employees for whom they are making pension arrangements.

Classes of members

5. There shall be **three** classes of members:
 - a. Fund Members
 - b. **Master Trust Members**
 - c. Business Members
6. **A member shall be admitted as a Master Trust Member if their business includes an authorised master trust.**
7. A member **other than a Master Trust Member** shall be admitted as a Business Member if their business includes the provision of services to other members of PLSA and they intend to promote that business to other members during the course of their membership.
8. Subject to Rules 6 and 7 the following members shall be admitted as Fund Members:
 - a. The trustees and sponsoring employers of trust-based pension arrangements
 - b. The participating employers in multi-employer pension arrangements
 - c. Employers who participate in GPP arrangements for their employees
 - d. Participants and funds within the Local Government Pension Scheme
 - e. Any other member the Board, in its absolute discretion, considers should be admitted as a Fund Member.
9. All other members shall be admitted as Business Members.

Admission to membership

10. The Chief Executive shall have delegated authority to admit members if they:
 - a. Are eligible for membership
 - b. Complete the application form required
 - c. Pay their initial subscription
11. The Chief Executive may:

- a. Require any applicant for membership to supply such additional information as they may reasonably require
- b. Refuse any application for membership, notifying the applicant that they may apply to the Membership Panel for it to be reconsidered
- c. Refer any application for membership to the Membership Panel on their own initiative.

Exclusion from membership

12. Applications for membership may be refused on any of the following grounds:
 - a. That the conduct of the applicant, at any time before the application, has been such that the reputation of PLSA might be adversely affected by their membership
 - b. That the PLSA believes that the applicant intends to use PLSA membership to promote their business to retail customers or to other persons who are not members of PLSA.

Termination of membership

13. A member shall cease to be a member:
 - a. If they have not paid their subscription three months after it has fallen due, and the Chief Executive so determines
 - b. If they resign in writing to the Chief Executive
 - c. Under Rules 14 to 16.
14. If it appears to the Chief Executive that the conduct of a member, whether before or during membership, has been such that the reputation of PLSA might be adversely affected by their continued membership, they may notify the member that they are minded to terminate their membership giving their reasons, inviting the member to make representations within 28 days and notifying the member that they may request that the matter be referred to the Membership Panel.
15. If the member fails to respond within 28 days, the Chief Executive may terminate their membership.

16. If the member responds the Chief Executive shall consider any representations made and shall either accept them or refer the matter to the Membership Panel for determination.

Membership Panel

17. A Membership Panel of the Board shall comprise any three non-executive directors selected by the Chair.
18. A Membership Panel shall be convened whenever necessary, and shall have delegated authority from the Board, to determine:
- a. Whether an applicant should be admitted to membership under Rules 12 b) or c)
 - b. Whether a member's membership should be terminated under Rule 15.

Representatives of Members

19. A member may be represented within the PLSA by any person connected with them who the Chief Executive considers appropriate.

Membership Benefits of Members in Subscription Arrears

20. Notwithstanding that their membership may not have been terminated under Rule 13a, the Chief Executive may withhold any or all of the benefits of membership from a member at any time when their membership subscription has not been paid after the due date.

Provision of information

21. Members shall provide on request any information reasonably required by PLSA to determine their membership category and subscription rate.
22. If a member fails to provide information when requested, the PLSA may make such assumptions as it considers appropriate in determining a member's subscription rate.

Subscriptions

23. Membership subscriptions are set for a calendar year and are due on 1 January of that year.
24. Members who are admitted after 1 January in a year shall pay a subscription for that year pro-rata to their period of membership. Members who are admitted on or after 25 August in a year shall pay a pro-rata subscription for the remainder of that year and for the whole of the following year at the time of admission.
25. No refund shall be due to a member if their membership is terminated for any reason during a year.
26. All subscriptions in these rules are exclusive of VAT, which will be charged in addition where required.

Fund Member Subscriptions

27. Subject to rule 28, the subscription of a Fund Member for 2021 shall be 23.12p for each of the total number of members of all the pension arrangements relating to the Member, including active, deferred and pensioner members.
28. The minimum and maximum subscriptions payable by a Fund Member for 2021 shall be £305 and £9,998 respectively.
29. From 1 January 2022 the maximum subscription payable by a Fund Member shall be £18,743, subject to the transitional arrangement in rule 30.
30. A Fund Member at 31 December 2021, whose subscription is increased as a result of rule 29 shall have their subscription for 2022 increased by one third and for 2023 by two thirds of the additional increase due under that rule. The full amount payable under Rule 29 shall become payable in 2024.

Master Trust Member Subscriptions

31. Until 31 December 2021, a Master Trust Member's subscription shall be determined as if they were a Fund Member.
32. From 1 January 2022, a Master Trust Member's subscription shall be determined by the band into which they fall in the table set out below, by reference to the value of UK pension assets under their management at the 31 December of the preceding year.
33. A Master Trust Member at 31 December 2021, whose subscription is increased or reduced as a result of rule 32 shall have their subscription for 2022 increased or reduced by one third and for 2023 by two thirds of the additional increase or decrease due under that rule. The amount payable under Rule 32 shall become payable in 2024

Business Members Subscriptions

34. The subscription of Business Member for 2021 shall be determined by the band into which they fall in the table set out below.
35. Business Members whose business is principally the management of assets for UK pension funds shall have their band determined by the value of UK pension assets under management at 31 December of the preceding year.
36. All other Business Members shall have their band determined by their turnover derived from business in any way relating to pensions in the UK in the preceding year.
37. International Business Members, i.e. those having no establishment of any kind in the United Kingdom, and not being companies registered in the United Kingdom shall fall into the International Band

Band	UK Pension Assets Under Management (£m)	UK Pension Turnover (£m)	Subscription (£)
A	0 – 499	Less than £1m	938
B	500 – 999	£1m-£2m	2,499
C	1000 – 1999	£2.1 - £5m	4,999
D	2000 – 2999	£5.1-£10m	7,497
E	3000 – 3999	£10.1 - £15m	9,374
F	4000 – 4999	£15.1 - £20m	12,496
G	5000 – 9999	£20.1-£25m	15,620
H	>9999	More than £25m	18,743
International			2,499

Subscriptions for later years

38. The amounts set out in Rules 27 to 37 may be increased by the Board for 2022 and subsequent years by an amount not exceeding the percentage increase in the Retail Prices Index in the year to August preceding the year in question, without this Rule being formally amended.