



PENSIONS AND
LIFETIME SAVINGS
ASSOCIATION

THE
INVESTMENT
ASSOCIATION

Local Government Pension
SAB
England and Wales

COST TRANSPARENCY INITIATIVE

EASY STEPS TO UNDERSTANDING YOUR COSTS

1. WHAT THE CTI IS FOR

The pensions industry has developed the Cost Transparency Initiative as a standard framework for reporting costs and charges information. The framework is for your benefit and will be used by your asset manager and service provider (for example, consultant or utility) to report costs and charges to you, to help assess the value for money of any investments. The CTI does not gather or hold cost data.

The standards are open source and free and can be used by Defined Benefit and Defined Contribution schemes. The CTI webpages have 'How To' guidance and technical information as well as tools to help you understand your scheme's costs and charges.

The CTI is compatible with existing regulatory requirements, including the relevant disclosure obligations in MiFID II. Expectations around use of the CTI framework are referenced in [TPR DC Code guidance](#) and the FCA [welcomed the launch](#) of the CTI. Fiduciary managers are required to disclose some of the key cost elements in a format similar to the CTI if they do not use the CTI.

TOP TIP

You should consider how you could use the CTI tools and guidance, to help discharge your legal obligations, including in relation to reporting how you deliver value for money.



2. UNDERSTANDING THE DIFFERENT TEMPLATES

There are three different templates to familiarise yourself with.

- ▶ The **User Summary**, can be used by schemes and their advisors to provide a summary of key information across all investments.
- ▶ The **Account Template**, which is the main cost disclosure template to be completed by your investment manager(s) and covers the majority of assets and product types.
- ▶ The **Private Markets Template**, is the private equity, debt and real estate template to be completed by investment managers of closed-ended private markets funds.
- ▶ The **Fiduciary Management Template** is designed for completion by managers of fiduciary arrangements (and has been designed in line with the CMA Order).
- ▶ The **LDI Template** is designed for completion by managers of Liability Driven Investments.

The templates are available to download in different formats and incorporate technical guidance and definitions to use as an aid when managers are completing them. In some cases, these more technical definitions might help you to interpret the information you receive.

TOP TIP

Information about the templates, including guidance, FAQs and definitions can be found on the CTI webpages.





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3. DECIDING HOW AND WHEN YOU WANT TO USE THE CTI TOOLS

You should discuss with your trustee board, manager and service providers when, and how often, you would like to receive costs and charges information. Your adviser may also offer you tailored services to help you to collect costs and charges data on your behalf. We recommend you review your costs and charges at least annually.

We expect most managers will seek to automate reporting, but this may not be available immediately. We expect managers to have had sufficient time to prepare to report using the CTI framework by no later than the relevant reporting year end of their client schemes. For example, this may be either December 2019 or April 2020. You should discuss your managers' preparedness with them to help inform your expectations as soon as possible.

You may choose to use professional advisers or other service providers who may be able to provide online platforms or tools to obtain or analyse the information in different ways.

The Local Government Pension Scheme (LGPS) has now completely transitioned to the CTI framework and uses a system to collect and disseminate cost information.

Assessing the costs of any investments is a component of any wider value for money assessment you undertake. The CTI framework makes this easier for you to get this information. But remember that it is your responsibility to determine which aspects of any investment are most relevant in assessing overall value.

TOP TIPS: TIME MANAGEMENT

- ▶ You will need to prepare and set aside sufficient time to analyse the information you receive - especially if you have not previously carried out a similar exercise.
- ▶ You may also wish to take professional advice, where appropriate, to provide context, benchmarking or to assess your next steps.
- ▶ Some asset managers will need time to collect the information and check it before sharing it with you, and you will need to factor this in to your timelines.



4. INTERPRETING CTI TEMPLATES AND YOUR NEXT STEPS

You can ask your manager for any further explanation about the types of costs and charges they report. You can also ask your asset manager whether there is any additional or contextual information they would like to supply alongside the information provided in the template.

First of all, you should consider whether the templates are completed to the degree of detail you expected. Depending on the structure of the product or service, your manager may not need to complete all the data fields. If in doubt, speak directly with your service provider.

You may also wish to consider:

- ▶ The quality of service
- ▶ Investment performance (over an appropriate timescale)
- ▶ Comparable market rates
- ▶ Comparable products or services
- ▶ Comparable asset classes

Finally, review anything that surprises you in further detail with your service provider and advisers, they will be able to provide assistance interpreting the information.

TOP TIP

- ▶ The information provided in the CTI templates should help form the start of a conversation, not the end of one!
- ▶ Some cost information may be referenced in other information you receive from your service provider.





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KEEP IN TOUCH

The CTI will evolve over time to provide expanded solutions for asset classes and service types not currently well addressed by the framework. Please watch out for updates.

The CTI relies on your feedback to improve and update guidance, templates and other tools. If you have any feedback or questions, please contact us.

Visit the [CTI webpages](#) to learn more.