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# Defined Benefit Master Trusts Working Group

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## Guidance for Completing a DB Master Trust Self-Certificate

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# About this Guidance

## Important note

This Guidance is published by the Defined Benefit Master Trusts Working Group (the “working group”), comprising representatives from industry, the Department for Work and Pensions and the Pensions and Lifetime Savings Association (“PLSA”). It indicates to defined benefit (“DB”) Master Trusts how it is intended that DB Master Trust Self-Certificates are to be completed. This Guidance must be read alongside the accompanying template DB Master Trust Self-Certificate.

The PLSA have kindly agreed to host this Guidance, the template Self-Certificate and completed Self-Certificates on their website.

The purpose of a DB Master Trust Self-Certificate is to summarise factual information about a DB Master Trust to assist other DB scheme trustees and employers to understand the key features of the DB Master Trusts which are available to accept transfers of DB pension schemes. It is not intended to provide comprehensive information on the DB Master Trust.

For the avoidance of doubt, the working group does not verify or otherwise check the information presented in DB Master Trust Self-Certificates. Nor do they verify compliance with this Guidance. The working group reserve the right not to publish or to cease hosting a certificate if they become aware of inaccuracies or non-compliance.

## Guidance version number

This is version number 1 of the Guidance, and applies to version number 1 of the DB Master Trust Self-Certificate template published by the working group.

## Purpose of this Guidance

This Guidance was created by the working group. The Guidance is for entities completing a DB Master Trust Self-Certificate, trustees of DB Master Trusts, and users of DB Master Trust Self-Certificates. The purpose of this Guidance is to encourage consistency around how DB Master Trust Self-Certificates are completed, and so increase the usefulness of Self-Certificates to potential users. **The Self-Certificates are not for superfunds or other arrangements where the link with the sponsoring employers is severed.**

## Submitting a Self-Certificate for publication

DB Master Trusts wishing for a Self-Certificate to be published should follow the instructions on the following internet page:

<https://www.plsa.co.uk/Policy-and-Research/Defined-Benefit/DB-Master-Trust-Self-Certificates>

## Acceptance criteria for publication

DB Master Trust Self-Certificates will be published online subject to certain acceptance criteria which the working group will determine and may change from time to time. These acceptance criteria will be available to view on the PLSA website.

The current acceptance criteria will include:

- A trustee of the DB Master Trust named on the Self-Certificate confirming that the DB Master Trust is a registered occupational UK pension scheme.
- A trustee of the DB Master Trust confirming their consent to the Self-Certificate being published, that the trustee or an entity approved by the trustee has completed the Self-Certificate, and that the scheme meets the description of “Schemes the Self-Certificate applies to” included in the DB Master Trust Self-Certificate template.
- The entity completing the Self-Certificate confirming they have complied with this Guidance.

Self-Certificates can be updated at any time and the working group encourages submission of new updated Self-Certificates at least every 12 months. In general, PLSA will cease hosting Self-Certificates that are more than 18 months old.

### **Voluntary provision of information**

The working group encourages DB Master Trusts to publish a Self-Certificate. However, there is no requirement for DB Master Trusts to do so and completion is done on a voluntary basis.

The working group also encourages full completion of the Self-Certificate. It is recognised though that some information may be confidential or commercially sensitive, and omitting to answer some questions shall not automatically mean refusal to allow the Self-Certificate to be published under the acceptance criteria. However, the working group reserve the right not to allow Self-Certificates to be published which they consider do not contain sufficient information to be useful.

### **Location of Self-Certificate Guidance**

The latest version of this Guidance can be found at this location:

<https://www.plsa.co.uk/Policy-and-Research/Defined-Benefit/DB-Master-Trust-Self-Certificates>

### **Questions about Self-Certificates**

Any queries relating to Self-Certificates should be raised with the entity that has completed the Self-Certificate. The front page of the template Self-Certificate includes a space for the contact details of the entity completing it.

# Completing a DB Master Trust Self-Certificate

The intention of the Self-Certificate is to provide concise, factual, summary information that may be of use to trustees and employers, rather than detailed technical information for professional advisers or an excess of marketing or promotional commentary. Self-Certificates may be published, so confidential or personal data should not be included.

DB Master Trusts may have different structures and there is ongoing innovation in the design, structure and operation of DB Master Trusts. Where appropriate, additional information can be included in the answers to questions where this will assist users' understanding of the DB Master Trust's key features.

Guidance on how individual questions should be answered follows below.

<b>Scheme</b>	Enter the registered name of the scheme
<b>HMRC and TPR registered</b>	<p>Answer "Yes" to confirm the scheme is registered with HMRC for tax relief, and is also registered with the Pensions Regulator.</p> <p>If you are not able to answer "Yes" to this question, the Self-Certificate should not be completed. It is recommended that schemes do <b>not</b> include PSTR or PSR numbers on the Self-Certificate.</p>
<b>Provider</b>	<p>The Provider of the DB Master Trust should be stated. For the purposes of the Self-Certificate, the Provider is the entity which is seeking to promote or market the DB Master Trust, or has a primary commercial interest in the DB Master Trust.</p> <p>This might not be a formally defined role in the scheme's legal documentation, and the kind of entity the Provider is might differ between DB Master Trusts. For example, the trustees may be the Provider, or a professional services firm may be a Provider without being party to the trust deed and rules. A scheme might have more than one Provider.</p> <p>A description of the role of the Provider can be included if desired. For example: "The ABC DB Master Trust is provided by (trustees) who are a not for profit organisation." or "The ABC DB Master Trust was established by (firm) who provide (type of services) services to the scheme".</p>
<b>Structure</b>	
<b>Sectionalisation</b>	<p>Answer "Sectionalised master trust" if a scheme transferring into the DB Master Trust would transfer into a newly created section whose assets and liabilities are "ring-fenced" from the rest of the DB Master Trust.</p> <p>Answer "Non-sectionalised master trust" otherwise.</p>
<b>Employer covenant</b>	<p>Answer "Preserved on transferring in" if (in the absence of any other specific arrangement) the intention for a scheme transferring into the DB Master Trust is that structure of the employer covenant would be unchanged by the transfer.</p> <p>Otherwise answer "Covenant changes on transferring in". This answer would be expected for a scheme which is a non-sectionalised master trust.</p> <p>If employer covenant is removed on a typical transfer, for example as would be the case for a superfund, the Self-Certificate should not be completed.</p>

<b>Benefit structure</b>	<p>Answer “Based on transferring scheme” if member benefits do not change on a typical transfer in.</p> <p>Otherwise answer “Benefits change on transferring in”. Typically this would be the case if member benefits are “streamlined” on transferring in, for example to create a more uniform benefit structure across the DB Master Trust which is more efficient to administer.</p> <p>A brief description of how and why benefits are changed can be included with the answer.</p>
<b>Governance and Advisers</b>	
<b>Trustees</b>	<p>The answer should indicate the trustees (and, for corporate trustees, the directors of the corporate trustee) who will be responsible for the assets and liabilities of the transferring scheme when in the DB Master Trust.</p> <p>An internet link to the names of the trustees (or corporate trustee directors) on a DB Master Trust website can be provided if desired.</p> <p>If any trustees (or corporate trustee directors) do not wish to be named in a publicly available document, the nature of the trustee board can be described.</p>
<b>Trustee appointment</b>	<p>Describe who has the power to appoint and remove trustees (and, for corporate trustees, the directors of the corporate trustee). A brief description of trustee/trustee director selection procedures can be included if desired.</p>
<b>Other governance processes</b>	<p>Any other formal bodies or processes within the governance structure of the DB Master Trust can be named and briefly described.</p> <p>This could include, for example, any employer or member representation bodies.</p> <p>It is not necessary to set out every governance body and process, and the answer can be left blank or confirm that appropriate governance processes are the responsibility of the trustees.</p>
<b>Balance of powers</b>	<p>Summarise how the key powers are operated in the DB Master Trust, and the balance of powers in relation to their operation as between the trustees and employer.</p> <p>This should focus on powers to set contributions, amendment powers, termination and wind-up powers and the power to make bulk transfers out of the DB Master Trust.</p> <p>Alternatively a DB Master Trust can describe how a scheme could obtain further information about the balance of powers before transferring in.</p>
<b>Key advisers and adviser appointment</b>	<p>Where there are key advisers who would be expected to provide services in respect of incoming assets and liabilities, these should be stated.</p> <p>It is envisaged that DB Master Trusts will focus on the administrator and actuarial services provider. Other advisers can be named if desired, however it is not necessary to list every/a large number of advisers.</p> <p>If an adviser does not wish to be named in a publicly available document, it is sufficient to either disclose that the advisor is selected by the trustees (or the body responsible for their appointment), or that further information would be provided as part of discussions to agree a transfer in.</p> <p>This section is not intended to include investment managers though may include investment advisers.</p>

<b>Operations and Costs</b>	
<b>Investment</b>	<p>Summarise how the investment strategy for a transferring scheme's assets is set. This can be a simple statement of who determines the strategy, or summary information on investment strategies which would typically be used for transferring scheme assets can be included.</p> <p>If applicable, the answer can comment on whether the DB Master Trust might enable access to a greater range or sophistication of investment options, and/or benefit from economies of scale in pursuing its investment objectives, than might be available to a standalone pension scheme.</p> <p>As investment managers are in general not included under "Advisers and adviser appointment" above, if a DB Master Trust wishes to disclose investment managers they should be included here. It is not necessary to list any investment managers, and it is also acceptable to list only a sub-set of all investment managers available.</p>
<b>Scheme funding</b>	<p>Summarise how the funding strategy for a transferring scheme's liabilities is set. This can be a simple statement of who determines the strategy, or if desired summary information on how a journey plan might be constructed for transferring scheme liabilities.</p>
<b>Costs and charges</b>	<p>The complexities of pension scheme costs and charges are acknowledged, and that this makes cost comparisons between "typical" DB Master Trust charges difficult – both between DB Master Trusts and between DB Master Trusts and standalone schemes.</p> <p>Those considering a DB Master Trust are encouraged to contact Providers for more detailed information on the costs which would apply.</p> <p>For the purposes of the Self-Certificate, this section should include a high level summary of the way in which the costs and charges are calculated/charged, and how they are met (e.g. payable by employers or met from pension assets).</p> <p>It is not expected that answers to the question will include financial quantification or lengthy scopes of work of service providers.</p>
<b>Provider and trustees' remuneration</b>	<p>Describe the key features of the remuneration arrangements for the Provider and the trustees, e.g. fees payable or part of an annual management charge, fees charged to individual sections, etc. Indicate whether fees are payable out of scheme assets or paid directly by the employer.</p> <p>Financial quantification of these costs is not expected here, nor detailed statements of remuneration arrangements. The intention is that readers will gain a general understanding of how costs work in the DB Master Trust through the answer to this and the previous question.</p>
<b>Other costs</b>	<p>State any other ongoing costs which are likely to be payable within the DB Master Trust. This may be a simple statement that the scheme remains liable for payment of levies such as the Pension Protection Levy.</p> <p>Financial quantification of other costs is not expected.</p>

## Joining and Leaving

### Entry process and costs

Summarise the entry process. This can be a brief statement e.g. "Schemes can join the ABC DB Master Trust via a bulk transfer of assets and liabilities" and details of the full process is not required.

A description of the main sources of costs of joining should also be included, e.g. by stating that costs associated with transferring into the DB Master Trust such as legal advice would be payable by the employer or ceding scheme trustees, or stating that a fee may be payable to advisers (such as the administrators and actuary) in respect of transition of services and client take-on.

A statement should be included that the employer and trustees of the ceding scheme retain responsibility for the remainder of the scheme post transfer into the DB Master Trust, unless such costs are met by the DB Master Trust.

Financial quantification of costs is not expected.

### Exit process and costs

Confirm whether a scheme that transfers in to the DB Master Trust can subsequently leave, who would decide whether the scheme would leave (i.e. whether an entity would typically be required to give approval before an exit), and what the process would be.

The main sources of costs of exit should be stated, including a statement as to whether an exit fee might be applied.

Any funding obligations that would be imposed on an employer on ceasing to participate in the DB Master Trust should also be described here. This should include any scheme specific funding obligations that are imposed under the provisions of the DB Master Trust.

Financial quantification of costs or fees is not expected.

## Provider Summary

### Provider Summary

Enter the registered name of the scheme at the top of the box.

A summary of the DB Master Trust may then be entered below. Those completing the form are encouraged to include:

- a high-level description of how the DB Master Trust generates cost efficiencies
- a summary of other benefits available to schemes joining the DB Master Trust in addition to cost efficiencies
- any specific features of the DB Master Trust which might enhance members' experiences.

The summary could also include a note of particular sizes or characteristics of schemes to which the DB Master Trust might be well suited.