

Master trust authorisation

Financial information checklist

- ▶ Part 1: Financial sustainability
- ▶ Part 2: Business plan

About using this checklist

You can use this checklist to help you prepare your submissions to us in relation to:

- ▶ **Part 1: Financial sustainability**
- ▶ **Part 2: Your business plan**

Financial sustainability involves assessing whether your master trust's business strategy is sound and whether it has access to sufficient resources to cover its set up and running costs. It also involves assessing whether there are sufficient financial reserves to cover the costs following a triggering event, including the trustees' strategy for meeting any shortfall between costs and income. Your business plan must include certain information about the scheme and persons involved in running the master trust, and it supports our assessment of financial sustainability. This checklist highlights:

- ▶ the key pieces of information you must include in your application so it meets the requirements set out in the Pensions Schemes Act 2017 (the Act) and the Occupational Pension Schemes (Master Trusts) 2018 Regulations (the Regulations)
- ▶ the expectations and requirements set out in our **Code of Practice 15: Authorisation and supervision of master trusts** (our code)

This checklist focuses on information requirements and signposts you to the key requirements in the Act and the Regulations. However, you should still ensure that you've included all the legislative requirements in your application. If your application only addresses the information points in this checklist, it may not provide sufficient information to satisfy us of your scheme's financial sustainability. You should provide all relevant information about your scheme's financial sustainability to support your application. Where you think your financial submissions and business plan comply with the law but demonstrate it in a way that doesn't follow the expectations set out in our code, you will need to explain the reasons why you have concluded this to be appropriate for your master trust.

Submitting this checklist as part of your application

You should upload this checklist along with your business plan and Costs Assets and Liquidity Plan (CALP), if it's separate, along with any supporting evidence via the application portal. Your completed checklist must include references to the names of documents you have submitted in support of the financial sustainability assessment and include relevant page/paragraph numbers that relate to the requirements set out below.

Part 1: Financial sustainability

Master trusts must be able to demonstrate that they have access to sufficient financial resources to cover their set-up and running costs, and also sufficient financial reserves to cover the costs of a triggering event. To assess whether the master trust satisfies us of its financial sustainability, we must take into account the master trust's business plan and other supporting evidence.

In this checklist, we have noted where certain information is required in legislation and in our code. Broadly, this relates to information about the master trust's costs, income, assets and liquidity. We refer to these requirements in our code as the CALP, which forms part of the business plan.

1. CALP: Costs in relation to money purchase benefits

This section covers the set up and running costs over the course of the period set out in the business plan, the estimated costs for running the scheme during a triggering event period and costs of compliance following a triggering event.

Related template: You must complete a scheme financial template, which covers costs and income aspects of the CALP.

| Considerations for the CALP: Running costs | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/para |
|--|--|--|---|---|-----|---------------|-----------|
| | | Act | Regulations | | | | |
| 1.1 | <p>Set up and running costs</p> <p>Have you provided estimated running costs for each year of the period covered by the business plan? You must include, as a minimum, the following details:</p> <ul style="list-style-type: none"> ▶ any financial and contractual arrangements between the trustees and any scheme funder ▶ any actual or potential financial liabilities arising from any contract between the trustees or scheme funders and any person providing services to the master trust | Matters we must take into account: s.8(2)(b) and s.8(3)(a) | Matters we must take into account: Reg 6, Sch 2, 1(d) Reg 6, Sch 2, 2(c) Reg 6, Sch 2, 2(d) Reg 7(1)(c), Sch 3, P24 | 254 (CALP: costs in relation to money-purchase benefits) 175 and 326 | | | |

Part 1: 1. CALP: Costs in relation to money purchase benefits continued...

| Considerations for the CALP: Running costs | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/ para |
|--|---|-------------|--|---|-----|---------------|---------------|
| | | Act | Regulations | | | | |
| 1.2 | <p>Further examples of running costs Have you considered and included (where appropriate) the following types of running costs as required under 1.1?</p> <ul style="list-style-type: none"> ▶ Fees paid to asset managers, fund managers ▶ Implementation of the investment strategy and costs of investment advice ▶ Remuneration and overheads associated with paying trustees, and costs of professional services commissioned by the trustees, such as audit and legal advice ▶ Scheme administration, receiving and reconciling payments, transfers, compliance and communications to members ▶ Scheme funder, including business development and planning, research, marketing and any dedicated support provided by the scheme funder to the scheme | | Matters we must take into account: Reg 6, Sch 2, 2(c) | 211 (Running costs) | | | |
| 1.3 | <p>Contingent liabilities Have you set out any contingent liabilities that you have allowed for? Contingent liabilities include:</p> <ul style="list-style-type: none"> ▶ correction of administration errors ▶ contract break clauses ▶ additional requirements from service providers and other costs that might arise if things go wrong <p>Have you clearly set out the extent any contingent liabilities identified are to be met by the trustees and/or any scheme funder?</p> | | Matters we must take into account: Reg 6, Sch 2, 1(l) | 258 and 319-320 (Contingent liabilities) | | | |

Part 1: 1. CALP: Costs in relation to money purchase benefits continued...

| Considerations for the CALP: Running costs | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/ para |
|--|---|-------------|---|--|-----|---------------|------------|
| | | Act | Regulations | | | | |
| 1.4 | <p>Cash flows</p> <p>Have you provided details on expected cash flows in and out the master trust, including the extent these come and go from each scheme funder, for every year of the period covered by the business plan?</p> | | <p>Matters we must take into account:</p> <p>Reg 6, Sch 2, 1(d)</p> <p>Reg 6, Sch 2, 2(b)</p> | <p>259</p> <p>(Cash flows)</p> | | | |
| 1.5 | <p>Lending and borrowing</p> <p>Have you set out details of any existing or expected borrowing as set out in the business plan, including the identity of the lender, the loan amount, the interest rate, the repayment date and any security taken by the lender, in respect of borrowing:</p> <ul style="list-style-type: none"> ▶ by the trustees ▶ by any scheme funder, where this is necessary to support the master trust | | <p>Matters we must take into account:</p> <p>Reg 6, Sch 2, 1(e)</p> <p>Reg 6, Sch 2, 2(f)</p> <p>Reg 6, Sch 2, 2(g)</p> | <p>217 and 260-261</p> <p>(Loans, borrowing)</p> | | | |
| 1.6 | <p>Part VII of FSMA</p> <p>Have you stated whether the master trust is required, and has received, the sanction of court under Part VII of FSMA?</p> <p>Where this does apply, have you included an impact assessment on the master trust in the event of a sale or transfer of the business, including impact on the financial sustainability of any such transaction?</p> | | <p>Matters we must take into account:</p> <p>Reg 6, Sch 2, 3(l)</p> | <p>239 and 262</p> <p>(Part VII of FSMA)</p> | | | |

Part 1: 1. CALP: Costs in relation to money purchase benefits continued...

| Considerations for the CALP: Running costs | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/ para |
|--|--|-------------|--|--------------------------------|-----|---------------|---------------|
| | | Act | Regulations | | | | |
| 1.7 | New master trusts or new sections of them For master trusts or sections established on or after 1 October 2018, have you set out the estimated projected or actual cost of setting up the master trust or new section? | | Matters we must take into account: Reg 6, Sch 2, 2(c) | 263 (Set-up costs) | | | |

Financial reserves: Calculating the costs of running the scheme and compliance costs following a triggering event

There are two ways to calculate financial reserves, the basic method or the detailed method. Whichever method you choose, you must include your calculation as part of your authorisation application.

| Basic method This is calculated on a per member head basis as set out in our guidance. | | | | | | | |
|--|--|---|---|--|-----|---------------|---------------|
| Considerations for the CALP: Basic method | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/ para |
| | | Act | Regulations | | | | |
| a) | Have you followed the basic method as set out in our guidance and included your calculation in your business plan? | Matters we must take into account: S.8(2)(b), S.8(3)(b) | Matters we must take into account: Reg 6, Sch 2, 3 | 224 (Basic method) | | | |
| b) | Have you included a statement by the trustees and scheme strategist confirming that they know of no reason why the actual value held should be higher than calculated on this basis? | Matters we must take into account: S.8(2)(b), S.8(3)(b) | Matters we must take into account: Reg 6, Sch 2, 3 | 225 (Basic method, statement by trustees and scheme strategist) | | | |

Part 1: 1. CALP: Costs in relation to money purchase benefits continued...

Detailed method This is a tailored calculation based on the estimated costs identified by the scheme strategist, scheme funder and trustees in relation to transferring and winding up the scheme (continuity option 1) and estimated costs of resolving the triggering event (continuity option 2). In each case, this should include the following:

- ▶ Costs of running the master trust between a period of six months to two years following a triggering event (the run on period), and
- ▶ Additional costs incurred following a triggering event (the compliance costs).

Most schemes will need to assume a run on period for 24 months. However, some schemes may be able to demonstrate that a shorter period is appropriate, depending on the projected time to transfer and wind-up the scheme, or resolve the triggering event (whichever is identified as the most expensive).

| Considerations for the CALP: Detailed method | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/para |
|--|--|-------------------------|--|--|-----|---------------|-----------|
| | | Act | Regulations | | | | |
| a) | <p>Continuity options</p> <ol style="list-style-type: none"> 1. Have you provided your assessment and breakdown of costs for the most expensive continuity option for your scheme? 2. Where continuity option 2 is more expensive, have you also provided your assessment of costs for continuity option 1? 3. Have you included the estimated costs for following the actions and steps identified in the continuity strategy, including: <ul style="list-style-type: none"> ▶ a breakdown of activities required to discharge the duties in the continuity strategy ▶ an estimate of the compliance cost for each activity identified, and ▶ the amount of assets required to meet those costs | S.8(2)(b), S.8(3)(b) | Matters we must take into account: Reg 6, Sch 2, 3 Reg 6 Sch 2, 3(g) | 229 (Detailed method: continuity options) 164-165 (Consistent with the continuity strategy) | | | |

Part 1: 1. CALP: Costs in relation to money purchase benefits continued...

| Considerations for the CALP: Detailed method | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/ para |
|--|--|---------------------------------|---|---|-----|---------------|---------------|
| | | Act | Regulations | | | | |
| b) | <p>Run on period</p> <p>Does your calculation cover a run on period between 6 and 24 months in relation to the most expensive continuity option?</p> <p>Where the run on period is less than 24 months, have you provided an explanation on how you consider this to be appropriate for your scheme?</p> | S.8(2)(b), S.8(3) (b)(ii) | Matters we must take into account: Reg 6, Sch 2, 3 | 230-231 (Detailed method: run-on period) | | | |
| c) | <p>Compliance costs</p> <p>In your assessment of costs for following the most expensive continuity option, have you included costs relating to the following:</p> <ul style="list-style-type: none"> ▶ member communications ▶ data cleansing ▶ legal and accountancy advice ▶ contract break clauses with service providers ▶ staff terminations and redundancy payments ▶ contracting additional staff to handle increased or temporary workloads | S.8(2)(b), S.8(3) (b)(i) | Matters we must take into account: Reg 6, Sch 2, 3 | 232-234 (Detailed method: costs of compliance) | | | |

2. CALP: Income in relation to money purchase benefits

This section includes a breakdown of both actual and estimated income in respect of money purchase benefits, in line with the planned scale of the master trust as set out in the business plan.

| Considerations for the CALP: Income | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/para |
|-------------------------------------|--|-------------|--|---|-----|---------------|-----------|
| | | Act | Regulations | | | | |
| 2.1 | <p>Sources of income</p> <p>Have you done the following:</p> <ul style="list-style-type: none"> ▶ Identified and set out the sources of income for the scheme, including estimated income, for each year of the period of the business plan? ▶ Identified and set out the principal sources of income of each scheme funder, as detailed by that company's strategic report, to the extent that income is available to the scheme? ▶ Included any estimates in relation to any income expected from investments? ▶ Where income is derived from foreign currencies, have you included an allowance for currency fluctuations or hedging activities in your forecasts? | | <p>Matters we must take into account:</p> <p>Reg 6, Sch 2, 2(b) Reg 6, Sch 2, 2(e) Reg 6, Sch 2, 2(g) Reg 6, Sch 2, 3(a) Reg 6, Sch 2, 3(f)</p> <p>Information that must be provided: Reg 7(1)(c), Sch 3, 26</p> | <p>266-268 (Income in relation to money purchase benefits)</p> <p>314 (Income from investments)</p> | | | |

Part 1: 2. CALP: Income in relation to money purchase benefits continued...

| Considerations for the CALP: Income | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/ para |
|-------------------------------------|--|-------------|---|--|-----|---------------|------------|
| | | Act | Regulations | | | | |
| 2.2 | <p>Income: milestones</p> <p>Have you set out the following:</p> <ul style="list-style-type: none"> ▶ Suitable milestones in line with the master trust's objectives, including the strategy for meeting these, for each year of the business plan? As a minimum this should include those in relation to: <ul style="list-style-type: none"> – number of members accruing money purchase benefits – income from contributions paid in respect of money purchase benefits – income from charges on assets under management or administration in respect of money purchase benefits – income from charges paid by participating employers – number of participating employers in any section of the master trust offering money purchase benefits <p>Have you also included an estimate of monthly gross income due to the master trust for 24 months following a triggering event, with reference to the minimum milestones set out above?</p> | | <p>Matters we must take into account: Reg 6, Sch 2, 1(b)</p> <p>Information that must be provided: Reg 7(1)(c), Sch 3, 26</p> | 264-265 (CALP: income in relation to MP) | | | |

Offsetting: If you are seeking to offset income in relation to costs, you must read our feedback from our Readiness review found [here](#)

3. CALP: Assets

This section includes details in respect of assets held by both the trustees and any scheme funder to meet the financial sustainability requirements.

| Considerations for the CALP: Assets | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/ para |
|-------------------------------------|---|-------------|--|--|-----|---------------|------------|
| | | Act | Regulations | | | | |
| 3.1 | <p>Assets held by trustees and any scheme funder</p> <p>Have you set out the following:</p> <ul style="list-style-type: none"> ▶ A description of assets, including its value, pre and post application of haircuts? ▶ The percentage of the scheme’s financial sustainability requirement to be met by the assets identified? ▶ The strategy for meeting any shortfall between the master trusts income and the costs it will experience during the period covered by the business plan? ▶ Details of any escrow agreement, bank guarantee, letter of credit, guarantee, commitment, indemnity, legally binding agreement or insurance policy held by the trustees intended to cover any aspect of the financial sustainability requirement? ▶ The strategy for maintaining the short-term solvency of business operations supporting the master trust, including information about the master trust’s ability to pay for services and loan interest as those liabilities fall due? ▶ The text of any provision in the trust deed and rules which provides that trustees, scheme funders or employers must pay the amounts shown in the costs of money purchase benefits section of the CALP, for example winding-up costs? | | <p>Matters we must take into account:</p> <p>Reg 6, Sch 2, 2(d) Reg 6, Sch 2, 2(f) Reg 6, Sch 2, 2(g)</p> <p>Reg 6, Sch 2 3(a) Reg 6, Sch 2 3(b) Reg 6, Sch 2 3(f) Reg 6, Sch 2, 5</p> <p>Information that must be provided: Reg 7(1)(c), Sch 3, 25. Reg 7(1)(c), Sch 3, P24</p> | <p>269 (Assets)</p> <p>278-287 (Haircuts)</p> <p>210,254 (Liabilities for wind-up costs)</p> | | | |

Part 1: 3. CALP: Assets continued...

| Considerations for the CALP: Assets | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/ para |
|-------------------------------------|---|-------------|---|---|-----|---------------|------------|
| | | Act | Regulations | | | | |
| 3.1 ctd | <ul style="list-style-type: none"> ▶ The text of any provision in the trust deed and rules which empowers trustees to change the rule about who is liable to meet the costs of the scheme? ▶ Details of any existing or expected lending by the trustees, including the identity of the borrower, the loan amount, the interest rate, the repayment date, and any security taken by the trustees? ▶ Where any assets are held non-sterling, an assessment of the currency risk the asset is exposed to or set out the costs of hedging activities? ▶ Where debt instruments are held by the scheme, the investment grade determined by a recognised ratings agency? | | <p>Matters we must take into account:</p> <p>Reg 6, Sch 2, 2(d) Reg 6, Sch 2, 2(f) Reg 6, Sch 2, 2(g) Reg 6, Sch 2 3(a) Reg 6, Sch 2 3(b) Reg 6, Sch 2 3(f) Reg 6, Sch 2, 5</p> <p>Information that must be provided: Reg 7(1)(c), Sch 3, 25. Reg 7(1)(c), Sch 3, P24</p> | <p>269 (Assets)</p> <p>278-287 (Haircuts)</p> <p>210,254 (Liabilities for wind-up costs)</p> | | | |
| 3.2 | <p>Insurance, indemnities and compensation</p> <p>In respect of insurance, have you done the following:</p> <ul style="list-style-type: none"> ▶ Set out details of any insurance policies or indemnities that provide cover for certain costs (example, running costs and/or financial reserves), including the extent of coverage, any limitations and timescales for settling a claim? ▶ Included details of the insurance provider, the policy holder, beneficiary and any limitations of the insurer's liability? ▶ Included the cost of the insurance policy? | | <p>Matters we must take into account:</p> <p>Reg 6, Sch 2, 2(h) Reg 6, Sch 2, 2(i) Reg 6, Sch 2, 3(j) Reg 6, Sch 2, 3(m)</p> <p>Information that must be provided: Reg 7(1)(c), Sch 3, 25</p> | <p>240-243 (Insurance, indemnities and compensation)</p> <p>269 (d) (Indemnity and insurance)</p> | | | |

Part 1: 3. CALP: Assets continued...

| Considerations for the CALP: Assets | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/ para |
|-------------------------------------|--|-------------|--|--|-----|---------------|------------|
| | | Act | Regulations | | | | |
| 3.2 ctd | <p>For indemnities, have you done the following:</p> <ul style="list-style-type: none"> ▶ Provided details of any indemnities held, as well as the level of security, strength and enforceability of any indemnity? <p>For any fixed cost arrangements, have you done the following:</p> <ul style="list-style-type: none"> ▶ Provided details of any arrangement with service providers? ▶ Set out where any services fall outside of the agreement? ▶ Included a summary of when agreements might be reviewed, varied and renewed? <p>For compensation, have you done the following:</p> <ul style="list-style-type: none"> ▶ Set out the extent of any coverage applicable to the master trust from any compensation provider, for example the FSCS? ▶ Set out the basis, timescales over which compensation may be payable and any limits on available compensation? | | <p>Matters we must take into account: Reg 6, Sch 2, 2(h) Reg 6, Sch 2, 2(i) Reg 6, Sch 2, 3(j) Reg 6, Sch 2, 3(m)</p> <p>Information that must be provided: Reg 7(1)(c), Sch 3, 25</p> | <p>240-243 (Insurance, indemnities and compensation)</p> <p>269(d) (Indemnity and insurance)</p> | | | |

Part 1: 3. CALP: Assets continued...

| Considerations for the CALP: Assets | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/ para |
|-------------------------------------|--|-------------|--|---|-----|---------------|------------|
| | | Act | Regulations | | | | |
| 3.3 | <p>Security of assets Have you done the following:</p> <ul style="list-style-type: none"> ▶ Set out how assets used to meet the financial reserving requirement are being held, for example in the trustee bank account or as unallocated assets within the master trust? ▶ Where assets are held by the scheme funder, have you set out how these have been appropriately ring-fenced so that the trustees have first call on them, for example – through a legally binding agreement or escrow? | | <p>Matters we must take into account: Reg 6, Sch 2, 5</p> | 220-221 (Financial reserves; security of assets) | | | |
| 3.4 | <p>Financial sustainability: other regulators Where your master trust is closely associated with a scheme funder that is regulated by another financial services regulator, for example the FCA, PRA, or an equivalent overseas body, have you done the following:</p> <ul style="list-style-type: none"> ▶ Set out any reserving requirements imposed by another regulator to the extent this is relevant to the master trust, including the details of the regulator in question? ▶ Where a funder is reserving against a particular risk, included evidence that the risk is fully covered? This may extend to a legally enforceable indemnity from the master trust provider stating the extent of the protection provided. | | <p>Matters we must take into account: Reg 6, Sch 2, 3(h), (i),(l)</p> <p>Information that must be provided: Reg 7, Sch 3, 19</p> | 235-239 (Other regulators) | | | |

4. CALP: Liquidity

The reserves held by the master trust will need to have a suitable level of liquidity to meet costs as they fall due.

| Considerations for the CALP: Liquidity | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/ para |
|--|---|-------------|--|-------------------------------------|-----|---------------|------------|
| | | Act | Regulations | | | | |
| 4.1 | <p>Liquidity of assets Have you done the following:</p> <ul style="list-style-type: none"> ▶ Assessed and set out the levels of liquidity needed to meet the costs you have identified under section 1, including those following a triggering event? ▶ Given consideration and set out the haircuts that apply to certain assets types, held over different periods? ▶ Where the scheme funder supports more than one master trust, showed that the funds allocated for each scheme are separately identifiable? | | <p>Matters we must take into account: Reg 6, Sch 2, 5</p> <p>Information that must be provided: Reg 7(1)(c), Sch 3, 25</p> | 270-275 (CALP: Liquidity) | | | |
| 4.2 | <p>Cash or near-cash assets Have you set out the following:</p> <ul style="list-style-type: none"> ▶ The percentage of cash/near-cash assets available against: <ul style="list-style-type: none"> – projected running costs (if reserved for), or – financial reserves? <p>Further guidance on this can be found here</p> | | <p>Matters we must take into account: Reg 6, Sch 2, 5(a)</p> | 276 and 303 (Cash/near-cash assets) | | | |

5. Master trusts with mixed benefits

Certain considerations apply to master trusts that provide both money purchase and non-money purchase benefits established before 1 October 2018 with more than one scheme funder, each of which is a participating employer.

| Considerations for the CALP: Mixed benefits schemes | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/ para |
|---|---|-------------|--|--|-----|---------------|------------|
| | | Act | Regulations | | | | |
| 5.1 | <p>Scheme funders that are participating employers</p> <ul style="list-style-type: none"> ▶ Have you set out the extent of any financial support provided by scheme funders that are participating employers, including a summary assessment of covenant support? ▶ Have you provided details of any arrangements with participating employers, which are scheme funders, with regard to meeting any of the financial sustainability requirements? | | <p>Matters we must take into account: Reg 6, Sch 2, 2(b), Reg 6, Sch 2, 2 (e)</p> | <p>290-292 (Mixed benefits: scheme funder)</p> | | | |
| 5.2 | <p>Unallocated assets</p> <p>Have you set out the following:</p> <ul style="list-style-type: none"> ▶ Whether the rules of the master trust allow for any unallocated assets to be used towards the financial sustainability requirement? ▶ If so, have you stated the priority order for dealing with unallocated assets on wind-up, ie does it permit wind-up costs for money purchase benefits to be paid first? ▶ Have you included a summary or extract of the relevant rules that apply in respect of your scheme, including whether you have sought legal advice on dealing with unallocated assets? | | <p>Matters we must take into account: Reg 6, Sch 2, 2(g) Reg 6, Sch 2, 3(a) Reg 6, Sch 2, 3(b)</p> | <p>293-295 (Mixed benefits: scheme assets)</p> | | | |

Part 1: 5. Master trusts with mixed benefits continued...

| Considerations for the CALP: Mixed benefits schemes | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/ para |
|---|--|-------------|--|--|-----|---------------|------------|
| | | Act | Regulations | | | | |
| 5.3 | <p>Financial reserves</p> <p>If you are seeking to use the easement on meeting the financial sustainability requirement, have you demonstrated that 25% of the shortfall between:</p> <ul style="list-style-type: none"> ▶ costs (ie running costs and costs incurred during a triggering event (see section 1), and ▶ available financial reserves are guaranteed by assets that are available to be used when relevant costs fall due after haircuts? | | <p>Matters we must take into account: Reg 6, Sch 2, 6</p> | <p>298-300 (Mixed benefits: financial reserves)</p> | | | |
| 5.4 | <p>Have you also included the following:</p> <ul style="list-style-type: none"> ▶ Details of any financing arrangements, for example binding guarantees, provided from participating employers? ▶ A timetable over which you believe it is possible to increase financial reserves to meet the costs identified in your CALP? This should be consistent within the period covered by the business plan. ▶ Where a master trust is providing non-money purchase benefits, details of how any debt for which the employers may be liable under section 75 of The Pensions Act 1995 (deficiencies in assets) is to be apportioned in accordance with section 75A of that Act (deficiencies in assets: multi-employer schemes)? | | <p>Matters we must take into account: Reg 6, Sch 2, 5</p> <p>Information that must be provided: Reg 7(1)(c), Sch 3, 25</p> | <p>269(h) (S75 debts)</p> <p>301-302 (Increasing financial reserves in the CALP)</p> | | | |

6. Financial sustainability: General requirements

This section summarises the further information you must provide in support of the details provided in the CALP.

| General considerations for the CALP | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/para |
|-------------------------------------|--|-------------|---|--|-----|---------------|-----------|
| | | Act | Regulations | | | | |
| 6.1 | <p>Estimates and assumptions</p> <p>Have you:</p> <ul style="list-style-type: none"> ▶ explained the reasons for estimates and/or assumptions used within the CALP? ▶ set out a level of prudence in relation to the figures and estimates used, clearly stating what these levels are? ▶ included a range of likely outcomes for estimates that are highly variable, and included an explanation as to how this has been reached? ▶ assessed and accounted for the effects of inflation in relation to asset holdings? | | <p>Matters we must take into account:</p> <p>Reg 6, Sch 2, 1(c)</p> <p>Reg 6, Sch 2, 3(c)</p> | <p>252 and 288: (Prudent estimates)</p> <p>286 (Impact of inflation on assets)</p> | | | |
| 6.2 | <p>Review and revisions</p> <p>Have you included the following:</p> <ul style="list-style-type: none"> ▶ Your plans to review and revise the CALP on a periodic basis? ▶ Plans for increasing reserves as a result of any future planned expansion in line with the master trust's objectives, and in particular membership? | S. 9(4) | <p>Matters we must take into account:</p> <p>Reg 7 (1)(c)</p> | <p>321 (Planning)</p> <p>315 (Reviewing financial reserves in line with plan)</p> | | | |

Part 2: The business plan

The business plan is a document that must be produced by the scheme strategist, setting out the objectives for the master trust and how these will be achieved. It supports our assessment on whether the business strategy is sound and whether the master trust meets the financial sustainability requirements. It also links to requirements under fit and proper, as it is required to set out how persons involved in the running the scheme have the relevant knowledge, experience and skills. It also needs to set out succession planning, in line with system and process requirements.

1. Setting out the business strategy

| Considerations for the business plan | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/ para |
|--------------------------------------|--|-------------|---|--|-----|---------------|------------|
| | | Act | Regulations | | | | |
| 1.1 | <p>Business strategy</p> <p>Have you clearly set out the business objectives for your master trust? Business objectives will be specific to each scheme, though they may include those relating to:</p> <ul style="list-style-type: none"> ▶ assets under management ▶ number of members ▶ services offered to the market ▶ reducing service charges to members ▶ whether you intend to reach sustainable break-even <p>In relation your scheme's objectives, have you set out:</p> <ul style="list-style-type: none"> ▶ how you intend to meet those objectives, including how these will be paid for? | | <p>Matters we must take into account:</p> <p>Reg 6, Sch 2, 1(a)</p> <p>Reg 6, Sch 2, 1(b)</p> <p>Reg 6, Sch 2, 2(a)</p> <p>Reg 6, Sch 2, 3(c)</p> <p>Reg 7(1)(c), Sch 3, 23</p> | <p>309 (Objectives of the master trust)</p> <p>310-320 (Business strategy)</p> | | | |

Part 2: 1. Setting out the business strategy continued...

| Considerations for the business plan | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/ para |
|--------------------------------------|--|-------------|--|---|-----|---------------|------------|
| | | Act | Regulations | | | | |
| 1.2 | <p>Target market Have you set out the target market in which you operate, or intend to operate in? This must include whether or not the master trust is:</p> <ul style="list-style-type: none"> ▶ used, or proposed to be used, as a qualifying scheme for automatic enrolment ▶ planning to, or currently operates, in the consolidation of other schemes. This may be through the intention to acquire other schemes, or to market itself as an alternative master trust for members and assets from employer's own scheme, or from other master trusts. <p>Where you intend to acquire other schemes, have you set out the types of acquisitions and costs for doing this, along with how this will be funded?</p> | | <p>Matters we must take into account: Reg 6, Sch 2, 1(a) Reg 6, Sch 2, 1(f) Reg 7(1)(c), Sch 3, 23</p> | 312, 347-350 (Target markets) | | | |
| 1.3 | <p>Milestones and measurement Have you set out the following:</p> <ul style="list-style-type: none"> ▶ Key delivery milestones, for example monitoring performance against the master trust's objectives? This may include, as examples: setting targets on membership numbers, reviewing charges, contracts and/or agreements by a particular date? ▶ Clear intervals for reviewing milestones, for example quarterly or annually, over the period covered by the business plan? ▶ Included an assessment of how critical each milestone is, in relation to meeting the financial sustainability requirement? ▶ The strategy adopted for meeting milestones? | | <p>Matters we must take into account: Reg 6, Sch 2, 1(a) Reg 6, Sch 2, 1(b) Reg 7(1)(c), Sch 3, 23</p> | 344-346 (Milestones and measurement) | | | |

Part 2: 1. Setting out the business strategy continued...

| Considerations for the business plan | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/para |
|---|-------------|---|---|-----|---------------|-----------|
| | Act | Regulations | | | | |
| <p>1.4 Significant events: Failure to meet milestones or targets A significant failure to meet a milestone, target, estimate or assumption within the business plan is a significant event and must be reported to us.</p> <p>In line with your own milestones and targets for your master trust, have you set out the tolerance levels and trigger points for notifying us, including your reasons for this? As a minimum, this should cover those relating to:</p> <ul style="list-style-type: none"> ▶ membership numbers ▶ classes and proportions of assets ▶ future income from participating employers, and ▶ changes to support available from scheme funders | | <p>Relates to: Reg 14(e)</p> <p>Matters we must take into account: Reg 6, Sch 2, 1(c)</p> | <p>351-355 (Failure to meet milestones)</p> <p>376 (Significant events)</p> | | | |

2. Information requirements

| Information that must be provided: business plan | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/para |
|--|--|-------------|--|--|-----|---------------|-----------|
| | | Act | Regulations | | | | |
| 2.1 | <p>About the master trust Have you set out the following information?</p> <ul style="list-style-type: none"> ▶ The name of the registered name of the master trust ▶ Any trading or brand name under which the master trust is promoted or marketed, including trading names of any different section(s) within the master trust ▶ The date when the scheme was established ▶ The pension scheme registry (PSR) number ▶ The HMRC reference number (PSTR) ▶ The address of the master trusts registered office ▶ The number of employers participating in the master trust as at the effective date ▶ The number of scheme members at the effective date, broken down by status, for example, active, deferred and pensioners ▶ A breakdown of the membership movements in the master trust to include those joining, receiving refunds, transferring from and leaving the master trust, in each of the three years ending with the effective date | | <p>Information that must be provided: Reg 7, Sch 3, 6 Reg 7, Sch 3, 7 Reg 7, Sch 3, 8 Reg 7, Sch 3, 9 Reg 7, Sch 3, 12 Reg 7, Sch 3, 13 Reg 7, Sch 3, 14 Reg 7, Sch 3, 15 Reg 7, Sch 3, 16</p> | <p>329 (Information about the master trust)</p> <p>330 (New schemes providing information)</p> | | | |

Part 2: 2. Information requirements continued...

| Information that must be provided: business plan | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/para |
|--|--|-------------|--|---|-----|---------------|-----------|
| | | Act | Regulations | | | | |
| 2.2 | <p>The benefit structure Have you included the following:</p> <ul style="list-style-type: none"> ▶ Details of any decumulation options that the master trust provides, or intends to provide? ▶ Details of non-money purchase benefits offered by the master trust? <p>For master trusts with mixed benefit schemes Have you set out the following:</p> <ul style="list-style-type: none"> ▶ Whether the money purchase and non-money purchase benefits are provided in segregated or separate sections? ▶ Whether separate money purchase and non-money purchase sections are fully segregated, or whether there can be cross subsidies between sections in certain situations (for example winding up), and details of what those are? ▶ Whether there is a recovery plan to address a deficit in relation to a non-money purchase section? ▶ Whether any non-money purchase section is open or closed to new members and/or accruals? | | <p>Matters we must take into account: Reg 6, Sch 2, 1(a) Reg 6, Sch 2, 2(a)</p> <p>Information that must be provided: Reg 7(1)(c), Reg 7, Sch 3 22</p> | <p>316 (Decumulation) 333 (Decumulation)</p> <p>334 (Information about the benefit structure)</p> | | | |

Part 2: 2. Information requirements continued...

| Information that must be provided: business plan | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/ para |
|--|---|-------------|--|---|-----|---------------|------------|
| | | Act | Regulations | | | | |
| 2.3 | <p>Scheme funders/in the event of no scheme funder</p> <p>Have you set out whether or not you have a scheme funder? Include the following where applicable:</p> <ul style="list-style-type: none"> ▶ The name of each scheme funder ▶ Whether each scheme funder is participating employer in the master trust ▶ Whether the scheme funder has a single shareholder or multiple shareholders ▶ Where the scheme funder are themselves reliant on a shareholder who exercises or controls – alone or with another person – 33% or more of the votes (or 33% or more of the share capital), details of succession planning covering the event where that shareholder ceases to act <p>Where you have no scheme funder, have you set out how you will meet the financial sustainability requirement?</p> <p>Where you intend to ask us to give greater consideration to 'lead' scheme funders, have you included your reasons for this and provide supporting evidence, including details such as the registered office and any Companies house number (or equivalent)?</p> | | <p>Matters we must take into account: Reg 6, Sch 2, 1(i) Reg 6, Sch 2, 1(k)</p> <p>Information that must be provided: Reg 7, Sch 3, 17 Reg 7, Sch 3, 18 Reg 7, Sch 3, 19 Reg 7, Sch 3, 10(b)</p> | <p>216 (Lead scheme funders)</p> <p>335-339 (Information about scheme funders)</p> <p>318 (Scheme funder that is also a participating employer)</p> | | | |

Part 2: 2. Information requirements continued...

| Information that must be provided: business plan | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/ para |
|--|--|-------------|--|---|-----|---------------|---------------|
| | | Act | Regulations | | | | |
| 2.3 ctd | <p>Where the scheme funder requirements under s10 (3) applies, have you provided a description of its activities that do not relate to the master trust?</p> <p>Where it is applicable, have you set out whether a scheme funder is regulated by another financial regulator? If so, have you included the identity of that regulator?</p> | | <p>Matters we must take into account: Reg 6, Sch 2, 1(i) Reg 6, Sch 2, 1(k)</p> <p>Information that must be provided: Reg 7, Sch 3, 17 Reg 7, Sch 3, 18 Reg 7, Sch 3, 19 Reg 7, Sch 3, 10(b)</p> | <p>216 (Lead scheme funders)</p> <p>335-339 (Information about scheme funders)</p> <p>318 (Scheme funder that is also a participating employer)</p> | | | |

Part 2: 2. Information requirements continued...

| Information that must be provided: business plan | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/para |
|--|--|-------------|--|--|-----|---------------|-----------|
| | | Act | Regulations | | | | |
| 2.4 | <p>Scheme strategist Have you set out the following:</p> <ul style="list-style-type: none"> ▶ The name of each scheme strategist? ▶ Any position held by the scheme strategist in relation to the scheme funder's business, or the nature of the connection with the scheme funder (where applicable)? ▶ Where you have multiple persons carrying out the scheme strategist role, a summary of any delegation of accountability to specific persons performing the scheme strategist role? <p>Competence Have you included the following:</p> <ul style="list-style-type: none"> ▶ A declaration as to the experience, knowledge and professional qualifications and competence of the scheme strategist, including plans to improve/maintain knowledge and experience? ▶ A description of the experience and competence of others involved in running and controlling the master trust, for example the trustees, any other scheme strategist and scheme funder? | | Information that must be provided: Reg 7, Sch 3, 10 Reg 7, Sch 3, 20 | 340-343 (Information about the scheme strategist) | | | |

Part 2: 2. Information requirements continued...

| Information that must be provided: business plan | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/para |
|--|--|-------------|--|--|-----|---------------|-----------|
| | | Act | Regulations | | | | |
| 2.4 ctd | <p>Persons with influence</p> <p>Have you included the following:</p> <ul style="list-style-type: none"> ▶ The name, role and responsibilities of anyone else in a position of influence, including persons subject to the fit and proper assessment? ▶ A statement demonstrating how the scheme strategist has satisfied themselves that these persons possess the relevant skills, knowledge and experience, including contingencies in place where these individuals cease acting in their role? | | <p>Information that must be provided:</p> <p>Reg 7, Sch 3, 10 Reg 7, Sch 3, 20</p> | <p>340-343 (Information about the scheme strategist)</p> | | | |
| 2.5 | <p>Trustees, auditor and scheme administrator</p> <p>Have you included the following?</p> <ul style="list-style-type: none"> ▶ The name and correspondence address of each trustee? ▶ The name and address of the scheme auditor? ▶ The name and address of the scheme administrator? | | <p>Information that must be provided:</p> <p>Reg 7, Sch 3, 10 Reg 7, Sch 3, 11 Reg 7(1)(c)</p> | <p>329 (Information about the master trust)</p> | | | |

3. General requirements of the business plan

| Other requirements of the business plan that must be met | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/para |
|--|--|-------------|--|---|-----|---------------|-----------|
| | | Act | Regulations | | | | |
| 3.1 | <p>Effective dates and period of the business plan</p> <p>Have you done the following:</p> <ul style="list-style-type: none"> ▶ Stated the effective date of the business plan? (This must be no earlier than six months before the date of your application)? ▶ Included the period of the business plan (which must be between three and five years)? | | <p>Information that must be provided:</p> <p>Reg 7(4) Reg 7, Sch 3, 1 Reg 7, Sch 3, 2</p> | 323, 327 (Requirements of the business plan) | | | |
| 3.2 | <p>Have you provided the name of the person who prepared the business plan?</p> | | <p>Information that must be provided:</p> <p>Reg 7, Sch 3, 4</p> | 331 (Person who prepared the business plan) | | | |
| 3.3 | <p>Estimates and assumptions</p> <p>Have you provided the assumptions behind any estimates used within the business plan? Including whether any level of prudence has been used?</p> | | <p>Matters we must take into account:</p> <p>Reg 6, Sch 2, 1(c)</p> <p>Information that must be provided:</p> <p>Reg 7, Sch 3, 3</p> | 313, 328 (Estimates and assumptions) | | | |

Part 2: 3. General requirements of the business plan continued...

| Other requirements of the business plan that must be met | | Legislation | | Code reference (paragraphs) | Y/N | Document name | Page/para |
|--|--|-------------|---|---|-----|---------------|-----------|
| | | Act | Regulations | | | | |
| 3.4 | <p>Statement of approval</p> <p>You should include a statement signed by the trustees, each scheme funder and all scheme strategists. The statement should confirm the following:</p> <ul style="list-style-type: none"> ▶ Each scheme funder (or in the case where there is no scheme funder, the trustees) believes that the business plan represents a true and fair representation of the matters it covers ▶ The business plan and any revisions to it have been approved by the trustees, each scheme funder and, if different, the scheme strategist <p>NB: This requirement doesn't apply where the scheme has multiple scheme funders that are participating employers, and was established before the commencement date, offering both money purchase and non-money purchase benefits.</p> | | <p>Information that must be provided: Reg 7, Sch 3, 5 Subject to Reg 28(1) and Reg 28(2)(c)</p> | <p>331-332 (Statement of approval)</p> <p>297, 332 (Certain schemes exempt from requirement to have each scheme funder approve business plan)</p> | | | |

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