

Master trust authorisation

Continuity strategy checklist

September 2018

The Pensions
Regulator

About using this checklist

You can use this checklist to help you prepare your continuity strategy before you submit it to us. The checklist highlights:

- ▶ the key pieces of information that must be included within the continuity strategy for this to be completed in accordance with the Pension Schemes Act 2017 and Regulations 11 and 12 of the Occupational Pension Schemes (Master Trusts) 2018 Regulations.
- ▶ the key features that are more likely to satisfy us that the continuity strategy is adequate, in line with our expectations set out in our Code of Practice 15: authorisation and supervision of master trusts (the code).

Your continuity strategy should set out how the interests of members will be protected during a triggering event, and it must include a statement of administration charges. The scheme's strategist is required to produce and maintain the continuity strategy. You should consider section 12 of The Pension Schemes Act 2017 (the 2017 Act) and Regulations 11 and 12 of The Occupational Pension Schemes (Master Trusts) 2018 Regulations, to ensure all the legislative requirements have been considered and included in the authorisation application. Where you think your continuity strategy complies with the law but demonstrates this in a way that doesn't follow our expectations set out in our code, you will need to explain in your strategy the reasons why you have concluded this to be appropriate for your master trust.

This checklist is broken down into the following areas:

1. Format of the continuity strategy
2. Being prepared in case of a triggering event
3. Continuing to run the scheme during a triggering event
4. Deciding which continuity option to pursue
5. Costs of dealing with a triggering event
6. Statement of administration charges

Submitting the continuity strategy as part of your application

You should upload the continuity strategy and this checklist via the application portal.

1. Format of the continuity strategy

Information you must include		Legislation		Code reference (paragraphs)	Y/N
		Act	Regulations		
The continuity strategy:					
1.1	Is a written document, setting out how the interests of members will be protected during a triggering event	s12(2)	Reg 12(2)	130	
1.2	Has been prepared by the scheme's strategist	s12(3)		130	
1.3	Has been approved by each scheme funder, each scheme strategist and the trustees	s12(8)		130	

2. Being prepared in case of a triggering event

You should demonstrate in the continuity strategy that you have considered the potential risk and impact to members and employers using the master trust if a triggering event occurs.

Information you must include		Legislation		Key features for satisfying TPR that the continuity strategy is adequate		Code reference (paragraphs)	Y/N	If Yes, include page and paragraph reference
		Act	Regulations	Have you done the following:				
2.1	Main decisions and actions that will be taken to protect members during a triggering event period, including the person(s) responsible for them and timescales for completing them.	s12(6)(a)	Reg 12(b)	a	Assessed (to the extent possible) and summarised the risk of a triggering event occurring for the master trust and included a summary of relevant conditions (where applicable) in the trust deed and rules that would automatically cause a triggering event for the scheme?	138-140 162		

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2. Being prepared in case of a triggering event continued...

Information you must include		Legislation		Key features for satisfying TPR that the continuity strategy is adequate		Code reference (paragraphs)	Y/N	If Yes, include page and paragraph reference
		Act	Regulations	Have you done the following:				
2.1 ctd	Main decisions and actions that will be taken to protect members during a triggering event period, including the person(s) responsible for them and timescales for completing them.	s12(6)(a)	Reg 12(b)	b	Set out the trustees' first response to a triggering event, including how and when the impact on members and employers will be first assessed?	131		
				c	Outlined the main actions, decisions and owners for mitigating the impact on members and employers following a triggering event, including timescales?	141		
				d	Set out how decisions can continue to be made in the absence of a key decision maker, eg through a schedule of delegations or 'clear chain of command'?	141		
				e	Set out the key principles for identifying and managing potential conflicts of interest that may arise following a triggering event, eg by requiring an assessment against your existing conflicts of interest policy following a triggering event?	142		
				f	Set out how you will comply with the following prohibitions during a triggering event: <ul style="list-style-type: none"> i. Prohibition on accepting new employers (under section 32 of the 2017 Act)? ii. Prohibition on increasing or adding new charges (under section 33 of the 2017 Act)? 	144		

2. Being prepared in case of a triggering event continued...

Information you must include		Legislation		Key features for satisfying TPR that the continuity strategy is adequate		Code reference (paragraphs)	Y/N	If Yes, include page and paragraph reference
		Act	Regulations	Have you done the following:				
2.1 ctd	Main decisions and actions that will be taken to protect members during a triggering event period, including the person(s) responsible for them and timescales for completing them.	s12(6)(a)	Reg 12(b)	g	Set out the role/function or named person who will be accountable for producing the implementation strategy, including how any internal approvals will be obtained?	143		
2.2	Details of strategies for notifying TPR if a triggering event occurs.	s12(6)(a)	Reg 12(d)	h	Set out how and when the trustees will notify TPR and employers following a triggering event?	145		

3. Continuing to the run the scheme during a triggering event period (TEP)

In order to protect members and employers, the scheme strategist, trustees and scheme funder should have made adequate arrangements to continue operating the master trust throughout the triggering event period (TEP). This includes how the trustees will maintain the usual day-to-day services involved in running the master trust.

Information you must include		Legislation		Key features for satisfying TPR that the continuity strategy is adequate		Code reference (paragraphs)	Y/N	If Yes, include page and paragraph reference
		Act	Regulations	Have you done the following:				
3.1	Main decisions and actions taken to protect members during a TEP, including the person(s) responsible for them and timescales for completing them.	s12(6)(a)	Reg 12(b)	a	Set out how the scheme strategist, trustees and scheme funder will ensure the scheme continues to operate as usual during a triggering event period, including how you will maintain services?	132		

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3. Continuing to the run the scheme during a triggering event period (TEP) continued...

Information you must include		Legislation		Key features for satisfying TPR that the continuity strategy is adequate		Code reference (paragraphs)	Y/N	If Yes, include page and paragraph reference
		Act	Regulations	Have you done the following:				
3.1 ctd	Main decisions and actions taken to protect members during a TEP, including the person(s) responsible for them and timescales for completing them.	s12(6)(a)	Reg 12(b)	b	Explained how decisions can continue to be made throughout the triggering event period, including how existing arrangements for appointing key roles and advisers can be achieved quickly to replace any roles left vacant, for example a trustee or scheme strategist?	149		
3.2	How the trustees will comply with any legal requirements and meet any legal costs.	s12(6)(a)	Reg 12 (i)	c	Set out how you intend to maintain compliance with ongoing statutory duties?	146		
3.3	How members' records are to be maintained.	s12(6)(a)	Reg 12(g)	d	Set out how you will continue to maintain up-to-date member records?	146		
3.4	How scheme assets will be reconciled at member level.	s12(6)(a)	Reg 12(h)	e	Set out how you will continue to pay benefits for members already in retirement?	146		
3.5	A plan for dealing with investments during a TEP.	s12(6)(a)	Reg 12(j)	f	Set out how you will continue to handle investments?	146		
3.6	A plan for dealing with outstanding contributions.	s12(6)(a)	Reg 12 (k)	g	Set out how you will seek to recover outstanding employer and member contributions during a triggering event period?	146		

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3. Continuing to the run the scheme during a triggering event period (TEP) continued...

Information you must include		Legislation		Key features for satisfying TPR that the continuity strategy is adequate		Code reference (paragraphs)	Y/N	If Yes, include page and paragraph reference
		Act	Regulations	Have you done the following:				
3.7	Detail how the scheme's administration would continue.	s12(6)(a)	Reg 12 (l)	h	Provided details on how you will maintain the administration of the scheme, ensuring – for example – that the master trust retains access to buildings, hardware, software and staff etc necessary to administer the scheme?	146		
				i	Where applicable, provided a summary of any arrangement or provision under any contract that allows core services to continue during a triggering event period, for example, any contractual arrangement for a service provider to continue providing services for a specified period of time? Set out how these costs will be met?	147		
				j	Set out your plan on how you will ensure core services can continue in the absence of any third party service provider being able to meet its obligations (eg due to insolvency)?	147		
				k	Set out what you will do in order to suspend the operation of certain services quickly in the event this may be required to protect members?	148		
3.8	Details of how service providers will be retained and paid for during TEP	s12(6)(a)	Reg 12 (m)	l	Set out how you will seek to retain access to service providers providing investment, legal, audit and accounting services, including how these will be paid for?	146		

4. Deciding which continuity option to pursue

The continuity strategy should provide the framework and key steps setting out how the trustees will decide which continuity option to pursue, ie either to transfer and wind-up the scheme (Continuity option 1) or resolve the triggering event (Continuity option 2). In being adequately prepared to make a decision on which option is most suitable for addressing the specific triggering event that may occur, the continuity strategy should be able to demonstrate that matters relating to either option have been adequately considered, along with the general requirement to address how the interests of members will be protected. We have outlined the following matters for each of the continuity options below:

Information you must include		Legislation		Key features for satisfying TPR that the continuity strategy is adequate		Code reference (paragraphs)	Y/N	If Yes, include page and paragraph reference
		Act	Regulations	Have you done the following:				
4.1	Steps taken by trustees to decide which continuity option to pursue.	s12(6)(a)	Reg 12(a)	a	Set out the framework and key steps in relation to how the trustees will decide which continuity option to use?	150-51		
				b	Identified and set out (including your rationale) any preference for automatically pursuing one of the continuity options over another in respect of certain triggering events?	162-163		
				c	Summarised the internal governance on how the trustees will seek to agree the chosen continuity option, including the trustee quorum?	141		
Continuity option 1								
4.1.1	Details of strategy for communicating with employers and members, including the information to be provided and timing of communication.	s12(6)(a)	Reg 12(c)	d	Provided a clear timetable on how the trustees will ensure statutory notices to members and employers are to be complied with, including estimates for costs and how these will be met?	153		

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4. Deciding which continuity option to pursue continued...

Information you must include		Legislation		Key features for satisfying TPR that the continuity strategy is adequate		Code reference (paragraphs)	Y/N	If Yes, include page and paragraph reference
		Act	Regulations	Have you done the following:				
Continuity option 1 continued...								
4.1.2	How the trustees will choose a new scheme.	s12(6)(a)	Reg 12(e)	e	<p>Set out the considerations the trustees will make in selecting a replacement scheme, including:</p> <ul style="list-style-type: none"> ▶ how the interests of members will be protected ▶ whether or not you will seek financial or legal advice, along with estimated costs and how you will meet these ▶ how you will identify a scheme that is aligned to the current SIP ▶ ensuring that the receiving scheme is AE compliant (where appropriate) ▶ summarising the due diligence you will carry out before selecting a scheme, and ▶ how you will secure benefits for members already in retirement/decumulation, including drawdown? 	152		

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4. Deciding which continuity option to pursue continued...

Information you must include		Legislation		Key features for satisfying TPR that the continuity strategy is adequate		Code reference (paragraphs)	Y/N	If Yes, include page and paragraph reference
		Act	Regulations	Have you done the following:				
Continuity option 1 continued...								
4.1.3	Details on how the scheme assets and members' personal data will be transferred to a new scheme.		Reg 12 (f)	f	<p>Set out how you plan to transfer assets and personal data, including:</p> <ul style="list-style-type: none"> ▶ summarising who owns the records and rights to transfer, providing summary of any contractual clauses where relevant ▶ outlining any relevant requirements on transfers, as set out in the scheme deed and rules ▶ providing a timetable for accepting the choice of alternative default scheme from the employer, or from the member, including when contributions will cease and when the transfer takes place ▶ outlining how trustees will ensure the transfer is secure, and ▶ providing details of any quality controls/ checks to ensure the integrity of data has been retained on transfer? 	157		

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4. Deciding which continuity option to pursue continued...

Information you must include		Legislation		Key features for satisfying TPR that the continuity strategy is adequate		Code reference (paragraphs)	Y/N	If Yes, include page and paragraph reference
		Act	Regulations	Have you done the following:				
Continuity option 1 continued...								
4.1.4	How members' records are to be maintained		Reg 12(g)	g	<ul style="list-style-type: none"> ▶ Set out your approach for identifying and rectifying any data issues, including how you will conduct member tracing exercises, based on the current standard of scheme records? ▶ Provided an estimate of costs and how they will be met? 	154		
4.1.5	How scheme assets will be reconciled at member level		Reg 12(h)	h	<p>Set out how you will reconcile scheme assets and member levels, including:</p> <ul style="list-style-type: none"> ▶ how you will ensure there are sufficient assets to cover member benefits ▶ how the trustee will deal with any unallocated funds, setting out a summary of any conditions or limitations in how these funds can be used ▶ how you plan to manage CETV calculations for members and ensure these are done on time, and ▶ how the trustee will deal with any policies held in the name of the trust? 	155		

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4. Deciding which continuity option to pursue continued...

Information you must include		Legislation		Key features for satisfying TPR that the continuity strategy is adequate		Code reference (paragraphs)	Y/N	If Yes, include page and paragraph reference
		Act	Regulations	Have you done the following:				
Continuity option 1 continued...								
4.1.6	A plan for dealing with investments during a TEP		Reg 12 (j)	i	<p>Outlined your approach for handling investments, including:</p> <ul style="list-style-type: none"> ▶ how you will approach disinvestment, transferring appropriate assets and deal with any non-market traded assets ▶ the timescales and arrangements in disinvesting, for example, where approval is needed and/or provided, summary of relevant contractual obligations ▶ whether you will look to seek investment advice ▶ an outline of costs and impacts of disinvesting, for example costs of exit fees, early redemption penalties or costs for advice, and ▶ how these costs will be met? 	156		

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4. Deciding which continuity option to pursue continued...

Information you must include		Legislation		Key features for satisfying TPR that the continuity strategy is adequate		Code reference (paragraphs)	Y/N	If Yes, include page and paragraph reference
		Act	Regulations	Have you done the following:				
Continuity option 1 continued...								
4.1.7	Details of how the scheme's administration would continue		Reg 12(l)	j	<p>Set out your plan for maintaining adequate resource, including:</p> <ul style="list-style-type: none"> ▶ how you will retain and pay for continuance of service providers, including access to professional advice, for example legal, audit, accountancy ▶ how you will handle spikes in work volumes, including handling increases in the number of member and employer queries ▶ details of any preferred provider or supplier list ▶ any contingency to facilitate the above steps if unable to retain service providers ▶ a summary of any termination clause, and transitional arrangements, for ceasing relationships with service providers ▶ your plan for handling any changes to payment terms by a third party provider, for example changes to the date when invoices become due for payment, and ▶ how you will ensure you have the funds to meet financial obligations when they fall due, including those relating to staff, property, leases, software and systems? 	158		

4. Deciding which continuity option to pursue continued...

Information you must include		Legislation		Key features for satisfying TPR that the continuity strategy is adequate		Code reference (paragraphs)	Y/N	If Yes, include page and paragraph reference
		Act	Regulations	Have you done the following:				
Continuity option 2								
4.2.1	Steps taken by trustees to decide which continuity option to pursue.	s12(6)(a)	Reg 12(a)	k	<p>Identified and set out the possible options for resolving a triggering event, including:</p> <ul style="list-style-type: none"> ▶ a summary of any potential mitigation options available to the trustees. For example, the ability to secure new funding or identify contingent assets. ▶ how you would look to replace a scheme funder, if relevant. ▶ whether you will seek legal or professional advice and how these costs can be met, and ▶ any other event that you are aware of that could put the scheme at risk, including how you may look to resolve this? 	159		

continued over...

4. Deciding which continuity option to pursue continued...

Information you must include	Legislation		Key features for satisfying TPR that the continuity strategy is adequate		Code reference (paragraphs)	Y/N	If Yes, include page and paragraph reference	
	Act	Regulations	Have you done the following:					
Continuity option 2 continued...								
4.2.1 ctd			l	<p>In relation to timescales:</p> <ul style="list-style-type: none"> ▶ set out clear timescales for resolving the event using any of the mitigation options identified as being available for the master trust ▶ provide any critical milestones, setting out the maximum time period you will attempt to resolve an event before switching to continuity option one, and ▶ set out a contingency plan to cover the costs of resolving an event, should the resolution exceed the expected time line? 	161			
4.2.2	Communication with members and employers in resolving triggering event	s12(6)(a)	Reg 12(c)	m	Explained whether or not you intend to engage with members and employers in considering options for resolving the event, including how and when you will seek their views, along with how the costs of doing this will be met?	160		

5. Costs of dealing with a triggering event

The continuity strategy should provide enough detail on the key actions and decisions to allow for a realistic estimate of costs, including how those costs will be met.

Information you must include		Legislation		Key features for satisfying TPR that the continuity strategy is adequate		Code reference (paragraphs)	Y/N	If Yes, include page and paragraph reference
		Act	Regulations	Have you done the following:				
5.1	Details of how following the steps set out in the continuity strategy will be paid for	s12(6)(a)	Reg 12(n)	a	<ul style="list-style-type: none"> ▶ Summarised the costs for carrying out the key activities identified in the continuity strategy, along with how these costs will be met? ▶ Set out how you will secure funding in the absence of a scheme funder? ▶ Ensured the costs and estimates for carrying out the steps in the continuity strategy have been cross-referenced and sign-posted to the business plan where relevant? 	164 165 254(c) 255(a) 257(a)		

6. Statement of administration charges

The continuity strategy must include a statement of administration charges.

Information you must include		Legislation		Key features for satisfying TPR that the continuity strategy is adequate		Code reference (paragraphs)	Y/N	If Yes, include page and paragraph reference
		Act	Regulations	Have you done the following:				
6.1	The statement sets out all levels of charges for current scheme year, against each charge structure, for each arrangement (including the default). It must include any different levels within any one arrangement.	s12(5)	Reg 11(2)(a)	a	<ul style="list-style-type: none"> ▶ Clearly labelled each arrangement within the master trust, including the default arrangement? ▶ For each arrangement identified, set out the charge structure(s) that apply? ▶ For each arrangement and each charge structure, set out all levels of charges for the current scheme year? ▶ Provided this on an annualised basis and mapped against: <ul style="list-style-type: none"> i. The relative size of assets under management? ii. The total number of members subject to that charging level? iii. The total number of employers subject to that charging level? 	167-170		
				b	Ensured that the charges statement is compatible with Excel and includes appropriate data labels, clearly showing each arrangement, charge structure and charge levels that apply?			

6. Statement of administration charges continued...

Information you must include		Legislation		Key features for satisfying TPR that the continuity strategy is adequate		Code reference (paragraphs)	Y/N	If Yes, include page and paragraph reference
		Act	Regulations	Have you done the following:				
Statement of administration charges continued...								
6.2	Sets out whether additional, third party, or any other types of charges apply, including the reason for imposing them.	s12(5)	Reg 11(2) (b),(c)&(d)	c	Set out whether or not there are any of the following charges, including the amount and reason for the charge: i. Additional charges? ii. Third party charges? iii. Any other charges that may apply?	171		
6.3	Sets out whether there are any discounted levels, including the reason for the lower level.	s12(5)	Reg 11(2)&(4)	d	Set out whether or not any discount levels apply, including the reason for the discount? These reasons may include, for example: i. Contribution levels ii. Fund value iii. Size of employer (number of employees). iv. Any discount for bundled services. v. Any bespoke or tailored services offered to members/employers. Where you operate a bespoke pricing model, set out the key principles and framework used to set the charging level and structure for new business?	172-174		

Form completed by:	
Role within the scheme:	
Date completed:	

Data protection statement

The Pensions Regulator (TPR) is a data controller for the purposes of the General Data Protection Regulation (GDPR) and the Data Protection Act 2018. We process personal data held by us for the purpose of the exercise of any of our statutory functions and objectives. We may also process personal data under other legislation such as the Fraud Act. This includes, for the avoidance of doubt, taking regulatory or enforcement action for breaches of any of this legislation.

We will only store your personal data for as long as our retention schedule allows. During this time, you may be able to exercise certain rights in relation to your personal data such as the right to access, objection and data portability. If you feel that we have handled your personal data in a manner inconsistent with your rights, you may lodge a complaint with the Information Commissioner's Office (ICO).

If you have any questions about how we handle your personal data please contact our Data Protection Officer (DPO) by email at: dpa@tpr.gov.uk or write to us at Telecom House, 125-135 Preston Road, Brighton, BN1 6AF. Further information on how your personal data is used, kept secure and your rights can be found by reading our privacy notice.

Any information, including any third party data, supplied to TPR may be used (including further disclosure) in connection with any of our statutory functions. TPR may check information it receives about you with what it already holds on its records. This includes information that you have provided as well as that given by others, such as government departments. We will not give information to anyone outside TPR unless the law allows us to do so.

How to contact us

www.tpr.gov.uk

www.trusteetoolkit.com

Free online learning for trustees

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