

# DB Master Trust Self-Certificate

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## Mercer DB Master Trust

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<b>Completed by</b>	Mercer DB Master Trust Tower Place West London EC3R 5BU
<b>Date completed</b>	22 January 2025
<b>Contact details</b>	timothy.ball@mercer.com <a href="https://www.uk.mercer.com/db-master-trust">https://www.uk.mercer.com/db-master-trust</a>

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**Important note**

The purpose of DB Master Trust Self-Certificates is to summarise factual information about a DB Master Trust. This Self-Certificate has been completed by the entity noted above. The information presented has not been audited, verified or otherwise checked by any third party. The Self-Certificate is not intended to provide comprehensive information about the DB Master Trust. Parties considering DB Master Trusts remain responsible for carrying out appropriate investigations, obtaining relevant information directly from relevant DB Master Trusts, and seeking appropriate professional advice in advance of making any decision. See "About this Self-Certificate" at the end of the document for further information.

<b>Scheme</b>	<b>Mercer DB MasterTrust</b>
<b>HMRC and TPR registered</b>	Yes
<b>Provider</b>	Mercer Limited
<b>Structure</b>	
<b>Sectionalisation</b>	Sectionalised master trust
<b>Employer covenant</b>	Preserved on transferring in
<b>Benefit structure</b>	Based on transferring scheme
<b>Governance and Advisers</b>	
<b>Trustees</b>	ITS Limited (Trading as IGG- Independent Governance Group) PAN Trustees UK LLP Zedra Governance Limited
<b>Trustee appointment</b>	Mercer Limited
<b>Other governance processes</b>	The Trustees of the Mercer DB Master Trust are appointed by Mercer in its role as the Plan Provider. The Trustees ensure that the Mercer DB Master Trust is governed in line with legal requirements, regulatory guidance and good practice. The Trustees also have the power to appoint professional advisors and third party service providers. The duty of the Plan Provider is to monitor the operation of the Mercer DB Master Trust by the Trustees.
<b>Balance of powers</b>	Each scheme is transferred into its own segregated section of the Mercer DB Master Trust. Our starting point is that the balance of powers of in each section mirrors that of the transferring scheme. We will make helpful suggestions for better clarity or to make the operation of the section more efficient.
<b>Key advisers and adviser appointment</b>	Mercer provides wide ranging advice to the Trustees, including actuarial, investment, governance, risk transfer, and covenant, and provides scheme secretarial and fiduciary management services.  The Trustees have appointed Stephenson Harwood as their legal advisor and Grant Thornton as scheme auditor.

## Operations and Costs

### Investment

The investment strategy for each section is set by the Trustees of the Mercer DB Master Trust in consultation with the participating employer of that section.

The Mercer DB Master Trust uses Mercer's fiduciary management platform, giving the scheme access to over £300 billion of buying power, which drives down investment costs.

The core approach is to invest in a diversified growth portfolio and a liability matching portfolio. The proportion of the assets allocated to the growth portfolio depends on the investment return required by the funding strategy agreed between the employer and the Trustees. The matching portfolio is designed to hedge the interest rate and inflation risk.

The Trustees agree a journey plan in consultation with the employer. Over time excess investment returns are locked in and used to increase the level of hedging and thereby reduce the volatility of the funding position.

### Scheme funding

The funding strategy for each section is set by agreement between the participating employer and the Trustees of the Mercer DB Master Trust. It is based on the employer's appetite for risk subject to the strength of its covenant.

Typically the funding strategy set for pensioner liabilities places a low reliance on the employer's covenant by adopting a reasonably low risk investment strategy.

For non-pensioner liabilities employers can choose to rely more heavily on their covenant by increasing the risk and return characteristics of their section's funding strategy. The limit of this strategy depends on the strength of the employer's covenant. The Trustees will have the covenant independently assessed by a professional covenant advisor.

### Costs and charges

*Pension scheme costs are complex. Those considering a DB Master Trust are encouraged to contact providers for information on the costs which would apply to their particular scheme.*

Mercer agrees a fee with the client, typically an asset based fee at a fixed number of basis points of the assets invested on the Mercer platform. This is intended to cover all "business as usual" services provided by Mercer.

#### What additional fees may/will apply?

For the administration of member benefits, the Trustees agree a fee with the section's administrator, which is typically a fixed annual amount.

The assets under management fee does not include the PPF levy nor any advice relating to company accounting disclosures.

For any one-off projects, such as member option exercises, GMP equalisation or bulk annuity transfer, a separate fee will be agreed in advance.

### Other costs

The following are examples of additional costs that are not covered by the annual fee:

- PPF levies.
- Underlying fund manager chargers (AMCs).
- Administration charges to ensure compliance with the Pensions Dashboard.

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<b>Provider and trustees' remuneration</b>	The fixed basis point fee for assets under management covers ongoing costs including trusteeship and Mercer's own costs as provider.
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### Joining and Leaving

<b>Entry process and costs</b>	Where possible, instead of charging an entry fee, Mercer's upfront costs are spread over the life of the contract and included in the fixed basis point fee for assets under management.
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Note that the transferring trustees and the employer will likely incur third party costs in respect of the transfer, for example for advice sought from their own legal advisors or current Scheme Actuary.

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<b>Exit process and costs</b>	It is straightforward to exit. The members will be bulk transferred to the new provider along with all assets and liabilities, and the employer's section of the Mercer DB Master Trust will be wound up. The administrator will provide the necessary data and if required can help with any transition queries. In essence this is the reverse process we use for migrating the scheme into the Mercer DB Master Trust.
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We do not charge an exit fee, but we do charge for any additional work caused by the transition or to cover any legal costs incurred as part of the exit process.

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## Provider Summary

### What is involved in running a pension scheme?

Running a DB pension scheme can be a challenge. Sponsors and trustees are faced with ever increasing demands on their time. Many organisations are struggling to find volunteers to take on these responsibilities as trustees.

### Save time and money

By consolidating your scheme into the Mercer DB Master Trust, Mercer take on the responsibility for all aspects of running the pension scheme – all covered by a single assets under management fee. Your existing scheme can wind up and the trustees can step down. Mercer appoints independent professional trustees to govern the master trust, and it's all included in the single fee.

### What are the benefits of the Mercer DB Master Trust?

The Mercer DB Master Trust brings together Mercer's range of pension expertise with the buying power of our fiduciary management platform. This means you will benefit from:

1. **Greater economies of scale** - our pooled buying power has the potential to reduce your investment fees.
2. **Greater efficiency** – sponsors need only agree the endgame, be that buy out or run off, and let the master trust team get on with achieving it.
3. **Greater certainty** - the combination of our high-quality governance and investment management teams means you can be more certain of achieving your goals, providing a better outcome for your members, and you.

<https://www.uk.mercer.com/db-master-trust>

# About this Self-Certificate

## Important note

All information in this Self-Certificate is provided by the entity shown on the front cover as having completed the Self-Certificate. No reliance should be placed on this information and parties considering defined benefit (“DB”) Master Trusts remain responsible for carrying out appropriate investigations, obtaining relevant information directly from relevant DB Master Trusts, and seeking appropriate professional advice in advance of making any decision.

The template for this Certificate was created by the Defined Benefit Master Trusts working group. At the time the template was issued, the working group comprised the Department for Work and Pensions (“DWP”), the Pensions and Lifetime Savings Association (“PLSA”), ABRDN, Deloitte, Hymans Robertson, Mercer, the Pensions Management Institute, Punter Southall, TPT and Travers Smith (henceforth called “the working group”). The PLSA have kindly agreed to host completed Self-Certificates on their website.

For the avoidance of doubt the working group does not audit, verify or otherwise check the information presented in DB Master Trust Self-Certificates.

## Self-Certificate version number

This Self-Certificate is based on template version number 1, issued by the working group on 27 October 2021.

## Purpose of the Self-Certificate

The Self-Certificate is intended to summarise factual information to assist DB scheme trustees and employers to understand the key features of 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.

DWP support the creation of this template, to encourage the consolidation of DB pension schemes where it can benefit the schemes by reducing costs, enabling more effective investment strategies and improving governance.

## Schemes the Self-Certificate applies to

The Self-Certificate is for registered UK occupational defined benefit pension schemes that offer to accept transfers of the defined benefit pension assets and liabilities of non-associated employers while maintaining the transferring employers’ responsibilities for the liabilities. The template is not for superfunds or other arrangements where the link with the sponsoring employers is severed.

## Guidance

The working group has published “Guidance for Completing a DB Master Trust Self-Certificate”. Self-Certificates should be considered in conjunction with the Guidance, which contains information on how entities are expected to complete the various fields.

## Location of Self-Certificates

Completed Self-Certificates are published online subject to certain acceptance criteria summarised in the Guidance. Self-Certificates together with the template and 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 should be raised with the entity that has completed the Self-Certificate using the contact details provided on the front cover.