

Latest facts and figures

The current master trust market

Master trust authorisation was introduced to raise standards for the 14 million members saving into them. Since 1 October 2018, existing master trusts had until 31 March 2019 to apply to us for authorisation, demonstrating that they meet the required standards across five key areas:

1. **Fit and proper** – All the people who have a significant role in running the scheme can demonstrate that they meet a standard of honesty, integrity and knowledge appropriate to their role.
2. **Systems and processes** – IT systems enable the scheme to run properly and there are robust processes to administer and govern the scheme.
3. **Continuity strategy** – There is a plan in place to protect members if something happens that may threaten the existence of the scheme, including how a master trust would be wound up.
4. **Scheme funder** – Any scheme funder supporting the scheme is a company (or other legal person) and meets the requirement that it only carries out master trust business.
5. **Financial sustainability** – The scheme has the financial resources to cover running costs and also the cost of winding up the scheme if it fails, without impacting on members.

As at 31 May 2019, 33 applications have been submitted for authorisation, including one from a new master trust, and six schemes have been authorised so far.

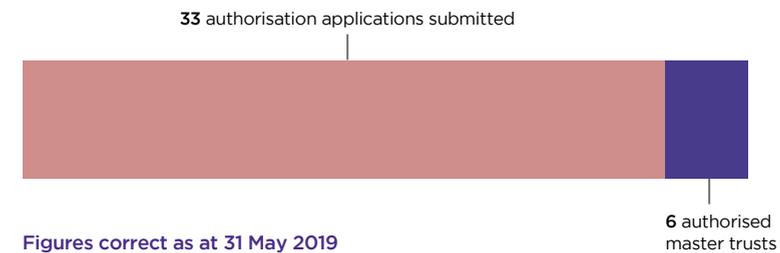
New master trusts can apply to enter the market at any time. They must provide evidence outlining how a scheme will meet the standards in five key areas. However, new schemes will be more intensely supervised than existing schemes because they will not have an operational track record. High intensity supervision will give these new master trusts the opportunity to demonstrate that they continue to meet the authorisation criteria.

We expected the introduction of authorisation to drive consolidation of the market, and we see evidence of this continuing. Ten schemes have exited the master trust market so far, and a further 35 have notified us of a triggering event to exit the market and will transfer their members to an alternative master trust scheme or other appropriate vehicle.

Authorisation will increase the quality of master trust products and providers and therefore increase protection for members. For those master trusts that choose to exit the market, or fail to get authorised, we continue to work closely with trustees and associated key people to make sure the exit plans for their scheme are orderly and meet our expectations as part of our role to ensure savers are not put at risk.

This is our final monthly numbers publication, now that the application period for existing master trusts to apply for authorisation has ended. We are required to publish a list of authorised master trusts on our website, and we will update the list as more schemes receive authorisation. We will also publish further information on the consolidated master trust market near the end of 2019, once all existing master trusts have had a decision on their applications for authorisation.

Chart: Master trust application and authorisation numbers



Figures correct as at 31 May 2019

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