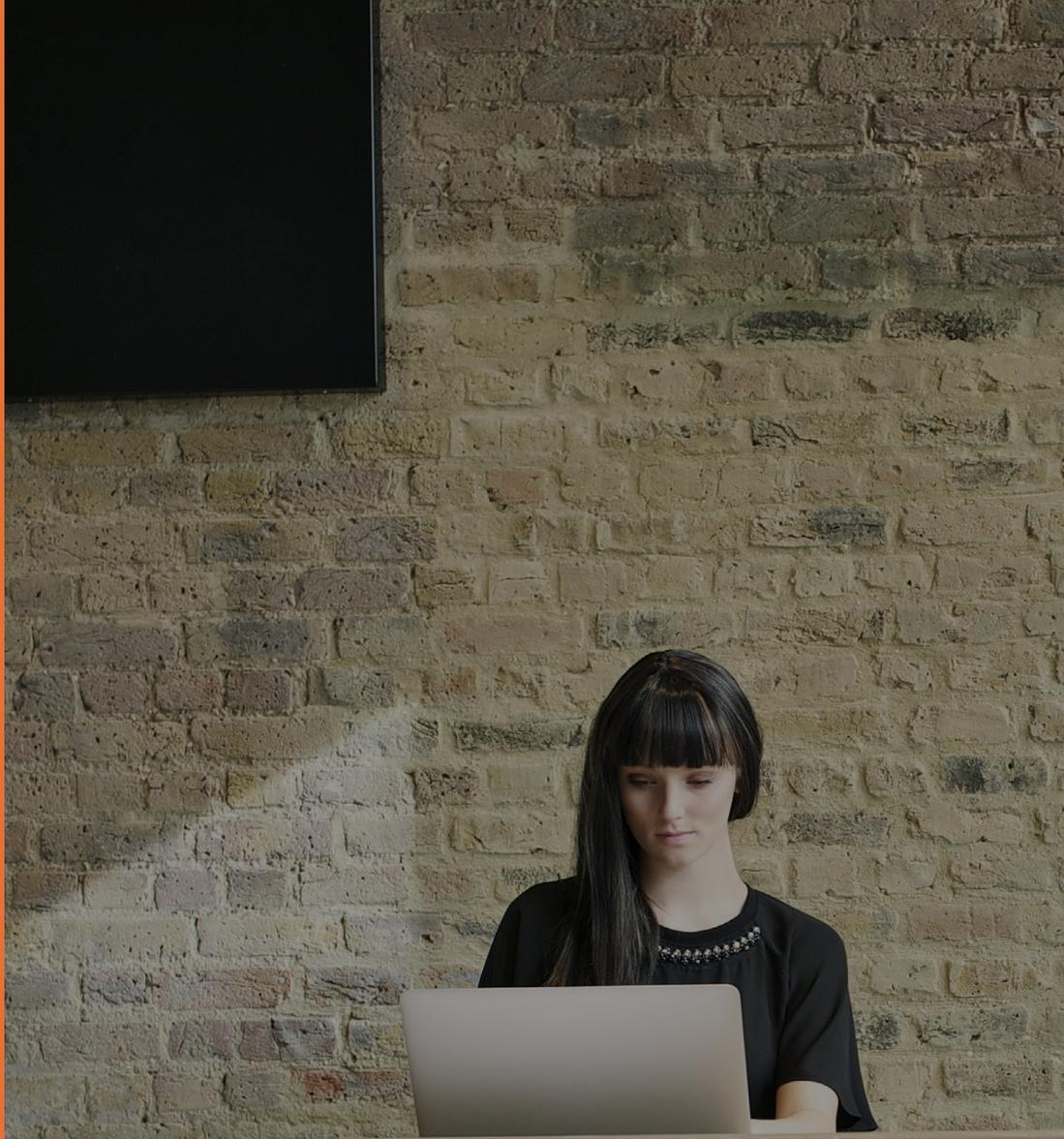


Employers



The Creative Pension Trust

Securing your employees' retirements
- Employer guide



Working Together



Introduction

Working with their strategic partners "Creative Auto Enrolment", Redwood Employee Benefit Services Ltd, has selected the "Creative Pension Trust" as its preferred provider of Auto Enrolment Solutions.

Creative Pension Trust

An asset to your business and employees

With auto enrolment legislation making pension provision compulsory for employers in the UK, more and more employees will benefit from pension savings. In time, many of your employees will build up a sizeable pension pot to help fund their retirements.

Choosing the Creative Pension Trust will benefit your business as well as your employees.

The Creative Pension Trust will be an asset to your business because it can be your qualifying

scheme to help you fulfil your auto enrolment responsibilities, it is simple to run and it is a high quality workplace pension, with investment management from Scottish Widows, one of the UK's most trusted life, pensions and investments brands.*

* More consumers see Scottish Widows as a brand that 'can be completely trusted with your money' than any other major LP&I brand in the UK. Source: IPSOS brand tracking 2012 data is based on 3,287 ABC1 consumers responsible for household financial decisions.'

Pre-accepted terms

The Creative Pension Trust will accept all employers and their employees on the pension scheme terms shown within this document.

Simple

The Creative Pension Trust is simple to understand and operate, with the most appropriate options for businesses staging in 2015 and beyond built in. There are no decisions required in order for you to run a compliant scheme and it works with your existing payroll software.

Qualifying

The Creative Pension Trust can be your auto enrolment pension as it meets the Qualifying Workplace Pension Scheme criteria laid down by law. For example, the scheme does not require employee application forms or decisions in order to join and it meets the minimum contribution requirements.

Online

Employees have access to information about their pensions at any time through secure online accounts.

High quality

The Creative Pension Trust is an HMRC-approved Master Trust pension investing in Scottish Widows funds. It is governed and overseen by specialist independent trustees to ensure it is always managed and run with the best interests of scheme members in mind.

What it is?

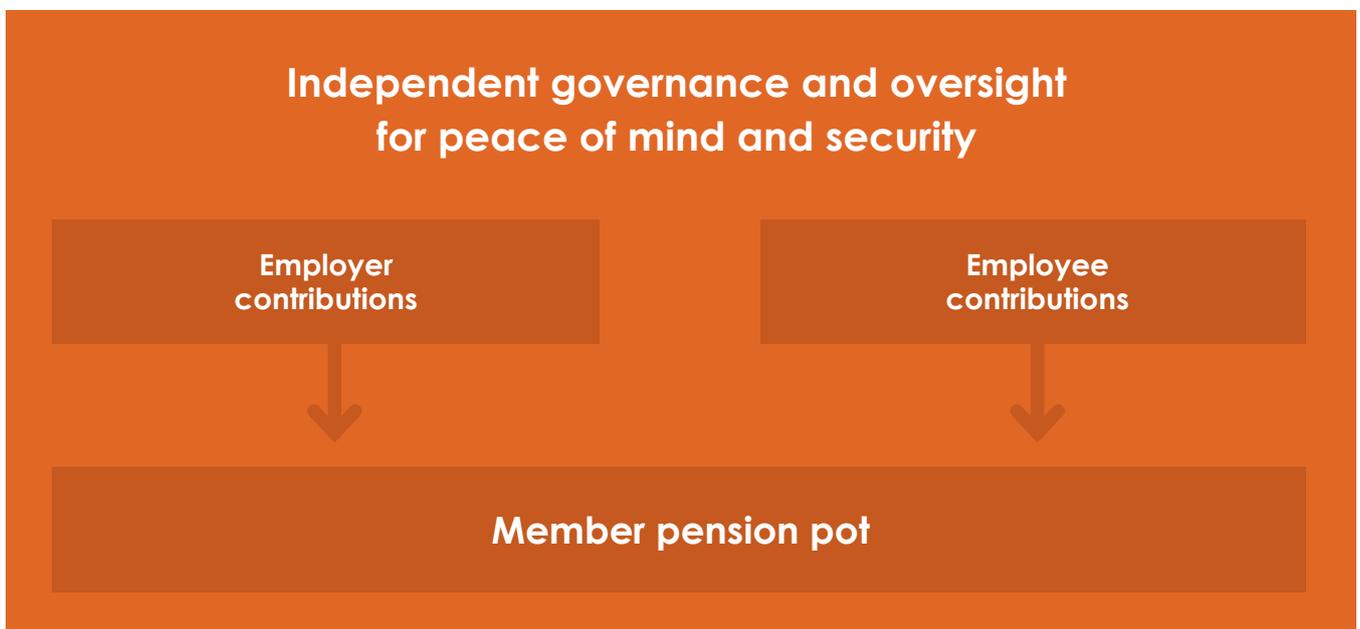
A Master Trust

Protecting benefits and keeping life simple

The Creative Pension Trust is an occupational money purchase pension scheme. It operates as a Master Trust, which means that many different employers can participate in it.

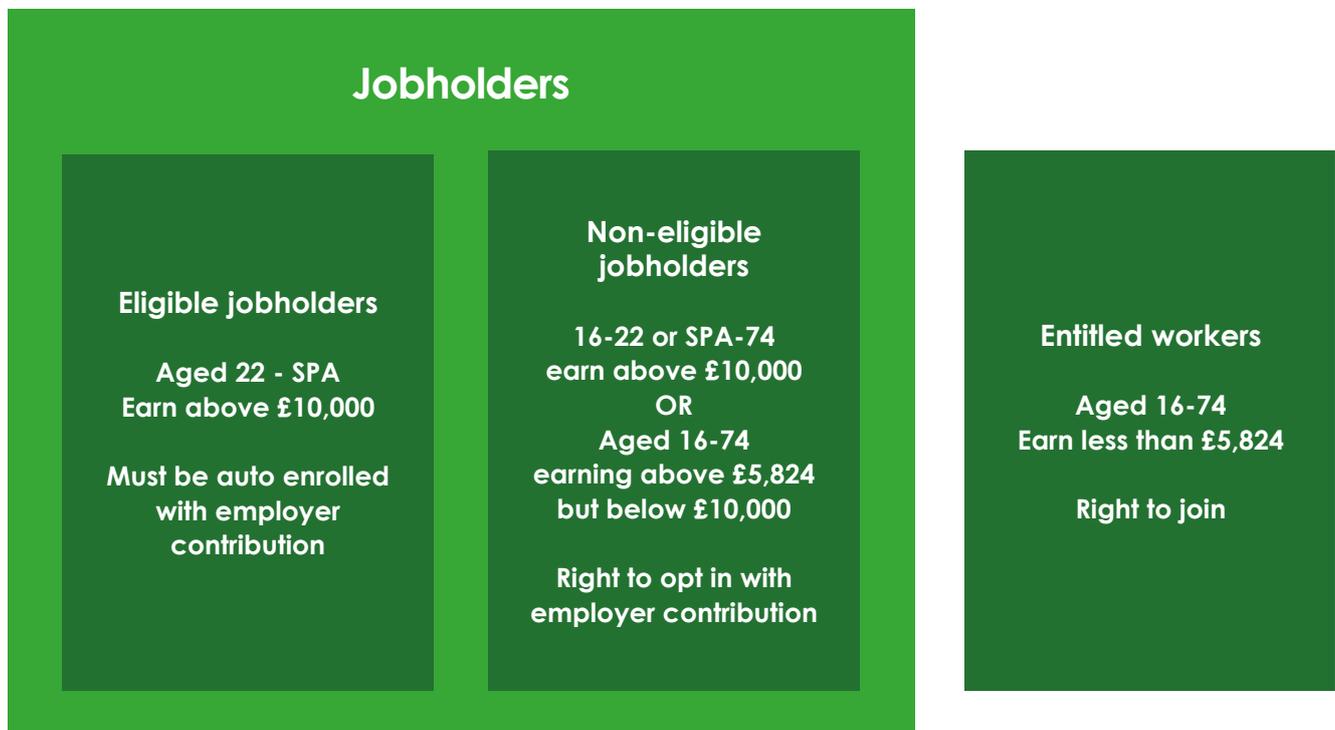
The Creative Pension Trust is overseen by a professional independent trustee. This means that the scheme is subject to independent governance and oversight, providing peace of mind and security. The Creative Pension Trust is approved by HMRC,

which means **your business and your employees will benefit from tax relief** on the contributions paid into the scheme. Employee contributions are made from pre-tax pay, which ensures all of your employees receive tax relief at source at their highest marginal rate. Importantly any growth in the value of the pension is also free of capital gains tax and certain types of dividends paid to the scheme are also free from income tax.



How it works

Each time you pay your employees, they have to be assessed. When the payroll data is assessed each pay period, every employee is assigned to one of the three auto enrolment categories. The action required will depend on which category each employee falls into which is outlined in the diagram below:



Earnings figures shown are correct for the 2015/16 tax year.

Employees that must be enrolled into the Creative Pension Trust will have contributions collected from their salaries that are then invested for them. The contributions are made up of two elements – those payable directly by the employer and those collected from payroll in respect of the employee's own contributions. Both elements are then payable together as one combined monthly payment that is collected by direct debit from the employer's bank account.

How much is payable

The pension contributions payable into the scheme must meet the government's minimum criteria for auto enrolment purposes. The standard contribution basis for all employers participating in the Creative Pension Trust will be based on each employee's earnings between a lower and upper threshold. This is known as the 'Qualifying Earnings' basis.

It is the most cost effective way to meet the statutory minimum criteria for most employers.

The Qualifying Earnings basis typically gives the lowest cost because only those earnings between a lower and upper limit are subject to pension contributions. This band of earnings for the 2015/16 tax year is earnings between £5,824 and £42,385.

Example: An employee earns £20,000 pa. Instead of basing pension contributions on this full amount, you will only need to pay contributions on earnings of £14,178.

The auto enrolment rules state employers and employees must pay contributions on a rising scale in line with a set phasing schedule of minimum contribution rates set down by law. The table below shows the percentage of Qualifying Earnings that must be paid:

If you or your employees would like to pay more than these minimum contributions, you can do so however by law you cannot pay less. All contributions payable will be collected by direct debit from the employer's bank account. Please call our helpdesk on 0845 606 0424 for further information.

	To October 2017	To October 2018	From October 2018
Employer	1.00%	2.00%	3.00%
Employee (gross)	1.00%	3.00%	5.00%

How the money is invested

The Creative Pension Trust has both a default investment approach (as required by law) and access to some alternative investment options for employees should they decide the default investment strategy is not the most suitable for them.

The default investment strategy is the Strategic Pension Approach. This is set by the Trustees of the scheme, having taken advice from our in-house Investment Committee which comprises members of our Group company Creative Benefits Limited. The Investment Committee members are twice winners of the Financial Adviser Life and Pensions awards.

On joining the scheme all contributions are automatically invested into this unless the individual member chooses otherwise. All of the scheme's investments are managed by Scottish Widows.

Within the Strategic Pension Approach, the level of investment risk to which members are exposed reduces as they approach the normal retirement date. As members get closer to retirement, the investment funds used gradually adjust to lower risk investments automatically. Although this reduces the growth potential of members' pension funds at this point, it helps to protect the value as their normal retirement date draws near. This de-risking process is called 'lifestyling' and is widely used. Importantly, the whole process is automatic.

The table below shows how the Strategic Pension Approach works at key landmarks leading up to a member's retirement.

As the table shows, the changes in investments are made over time to try to smooth out market volatility.

Years to retirement	Asset mix		
	Shares	Bonds	Cash
15+	70%	30%	0%
10	40%	60%	0%
5	40%	60%	0%
0	0%	0%	100%

Member benefits

On joining the scheme, each employee will have their own pension pot. The money in each member's pot is then used to provide retirement benefits for the member, or for their beneficiaries should the member die before they take their benefits.

Welcome pack

Each new member will be provided with a Welcome Pack. This will provide details of the scheme and ensure that your employees have a point of contact should they have any questions.

Easy online access

Members will be able to go online to access information about their pension scheme.

Transfers in

Members with pension pots elsewhere can transfer these into Creative Pension Trust. On transfer the funds would then be invested in the same way as the rest of their pension contributions unless the member instructs us otherwise.

Transfers out

Members who leave the scheme can transfer their accumulated pension pot to another pension scheme. There are no penalties or charges applied to any funds transferred from the scheme.

Retirements

The Creative Pension Trust is designed to provide members with a pot of money at retirement and to allow them to use this money as they wish (subject to statutory rules and legislation).

The scheme has a normal retirement date of 65, although members can take benefits at any time between age 55 and 75, even if they are still working. The member might be able to take their retirement benefits before age 55 if they are seriously ill.

Members will receive communications in advance of their retirement to give them time to prepare and consider their choices. Should members wish to purchase an annuity, they will have access to an Open Market Option, which allows members to secure the best possible annuity terms at retirement.

Deaths

If a member dies before they have taken their benefits, the value of their pension pot will be paid at the discretion of the trustees, usually to the member's nominated beneficiaries. By using the discretion of the trustees, the benefits paid will typically fall outside of the member's estate, making them free of any inheritance tax liabilities.

Charges

The government has set out the maximum amount that workplace pension schemes can charge for automatic enrolment purposes. The charges collected within Creative Pension Trust are within this framework.

There are no employer charges or other employer fees for participating in the Creative Pension Trust.

Members pay charges within their pension pot. That is, there are **no fees or charges they have to pay on top of their pension contributions**. These charges are taken from the pension pot to pay for

things like the scheme administration, investment management, the independent auditors, the independent trustees and everything else needed.

The charges are made up of two parts: an annual management charge and a monthly policy fee. The annual management charge is 0.4%pa of the value of the pension pot. The monthly policy fee varies depending on the employee's earnings and whether they are active members (paying contributions) or deferred members (they have left or stopped paying in). The charges are summarised in the table below:

	Qualifying earnings* above £12,228 pa	Qualifying earnings* below £12,228 pa		
		Until 30/09/2017	From 01/10/2017	From 01/10/2018
Active	£2.00	£0.60	£1.20	£2.00
Deferred	£1.20	£0.60	£1.20	£1.20

The variable monthly fee is designed to give all members fair value, irrespective of how much they pay in. As a further safeguard, for those paying in small amounts (less than £5 per month) there are no monthly fees. Similarly, once an employee has left the scheme no monthly policy fees are collected if the value of their pension pot falls below £50.

* Qualifying Earnings is made up of salary, wages, commission, overtime, bonuses, sick pay and maternity pay between £5,824 and £42,385 per year, or £486 and £3,532 a month, or £112 and £815 a week.

Investment management

Scottish Widows is part of Lloyds Banking Group, one of UK's largest and best known financial services companies. It has been helping people plan their financial futures for almost 200 years and is seen by more consumers as a brand that can be 'completely trusted with your money' than any other major life and pensions business in the UK, according to IPSOS brand tracking research.

Scottish Widows manages the Creative Pension Trust investments.

Scheme sponsorship and management

Redwood Employee Benefit Services Ltd. specialises in providing UK businesses with the most appropriate solutions to auto enrolment – it's the only thing we do. We build better solutions by combining our extensive knowledge of pensions and our clients with a creative, entrepreneurial approach to problem solving. The result is a radically simple approach to auto enrolment.

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Creative Benefits Group

Creative Auto Enrolment is part of the Creative Benefits group of companies. Creative Benefits is a Chartered Financial Planning business regulated by the Financial Conduct Authority (FCA) that provides the members of our in-house investment committee, which advises the Trustees on the Creative Pension Trust investment strategy.

Chartered status is the highest level of professional standing for advisory businesses like ours. It means we work in an ethical manner that always places our clients' interests at the heart of the advice we provide.



How to contact Redwood



If you have any questions or would like more information about anything covered in this Member Guide, please get in touch.

Phone: 01604 661144

between 9am and 5pm (Monday to Friday, excluding Bank Holidays)

Email: admin@redwood-ebs.co.uk

Creative Pension Trust is an occupational pension scheme governed by Pan Governance LLP (company number OC333840) of 3 Castlefield Court, Church Street, Reigate, Surrey, RH2 0AH. The scheme is sponsored by Creative Auto Enrolment (company number 8554978), a subsidiary of Creative Benefit Solutions Limited (company number 6293305), which is authorised and regulated by the Financial Conduct Authority, reference number 473893. Both companies are registered in England and Wales. Their registered office is 125 London Wall, London, EC2Y 5AL.

Helpdesk phone number: 0845 606 0424

Online: www.creativeautoenrolment.co.uk.

Email: info@creativeae.co.uk

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