

A stronger future together

An aerial photograph of several sailboats on a deep blue sea. The boats are white with red and blue accents. They are scattered across the frame, with some in the foreground and others further away. The water is a rich, dark blue with white foam from the boats' wakes.

Transform your scheme and become stronger together

By joining Stoneport you will:

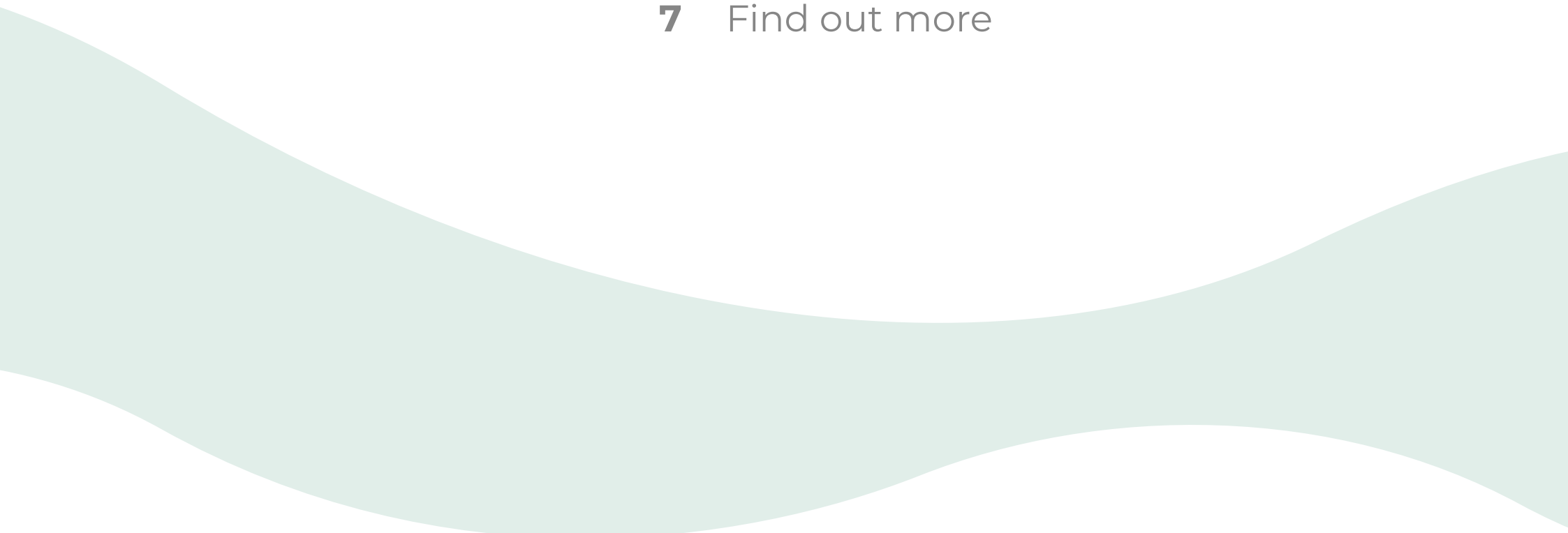
Reduce your scheme's running costs by up to 80%

Increase the chance of your members receiving
their benefits in full to more than 99%

Benefit from the highest standards of governance
and expertise at the lowest possible cost

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“Smaller defined benefit schemes, those with up to 1,000 members, face the challenge of disproportionately high costs and governance burdens when compared to larger schemes.”

01

The need for change

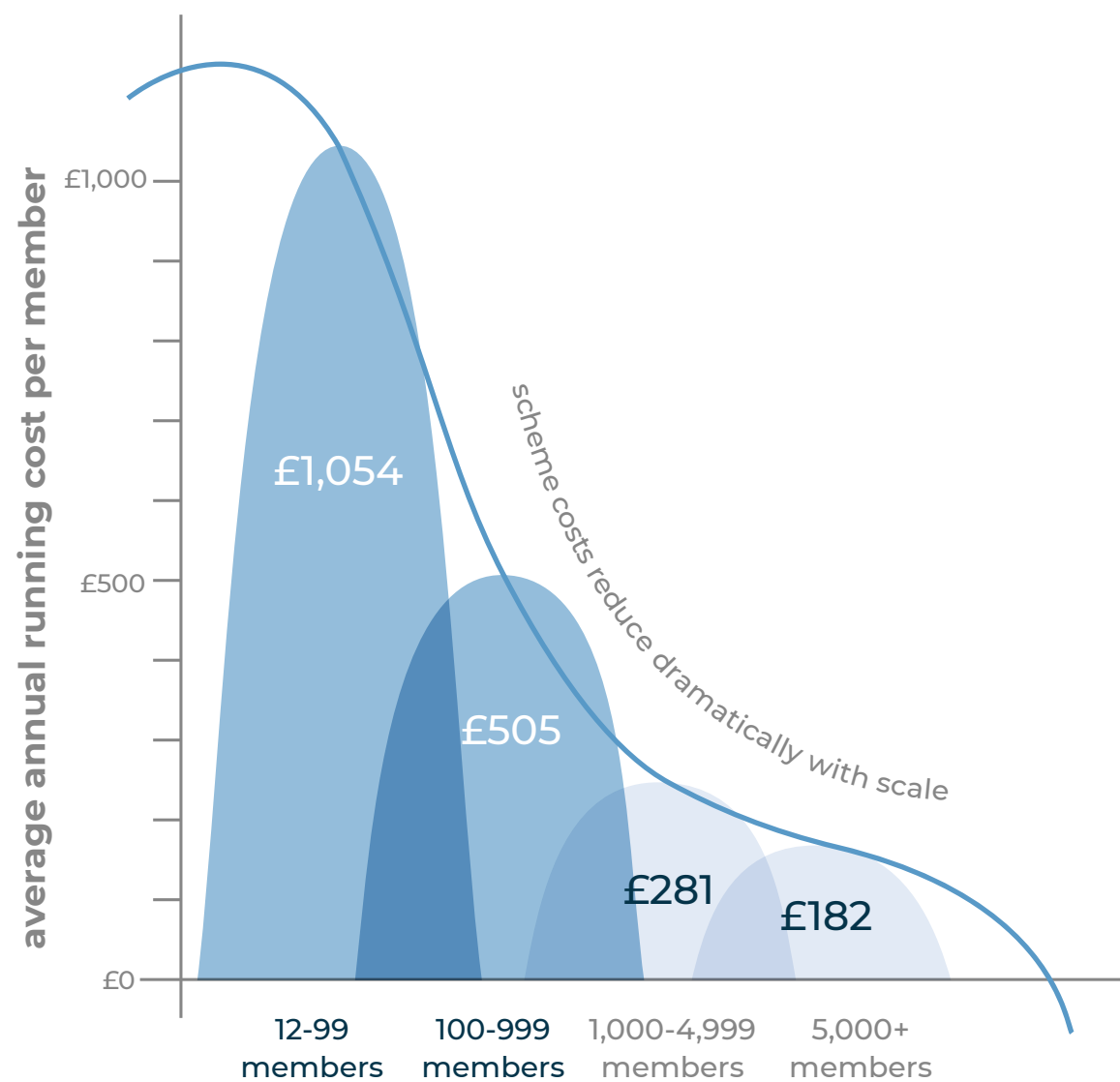


Defined benefit pension schemes were set up with the best of intentions, but the need for strong governance to protect members' benefits has placed an ever increasing burden on employers. In terms of compliance, schemes take significant time, money and effort to manage.

For smaller arrangements in particular, these costs can be very material. Research by the Pension Regulator indicates that the running costs alone of the smallest schemes (those with less than 100 members) are typically over £1,000 per member per year, more than five times the cost of the largest schemes.

Lack of scale is not the only problem facing smaller schemes. Running a pension scheme is complex and challenging with good governance being the bedrock of a well-run scheme. When risk is managed effectively it can be minimised and opportunities for the scheme and members can be maximised. But often smaller schemes struggle to access the range of investments available to larger schemes. They fail to achieve the same level of investment returns or provide a comparable level of support to their members.

For many schemes, the cost of simply meeting red tape restricts them from being able to run as well as they should do or want to. Effective and conclusive action is required to protect member benefits, improve governance and save costs.



Source: Report for the Pensions Regulator prepared by IFF Research, April 2014

02



A new
but trusted
name

“Our success is rooted in innovating to solve clients’ problems. Stoneport is the next step in our journey, with a simple but bold aim: to transform the pensions landscape for smaller DB schemes.

We are proud to be the first to join Stoneport, to effect real change for trustees, employers, and members alike.”

Jonathan Punter

Chief Executive, Punter Southall

Punter Southall has been successfully established within the pensions market for more than 30 years.

Stoneport’s purpose is to dramatically reduce the costs and concerns of pension schemes for their employers, whilst enhancing the long-term benefit security and experience of members. In short, Stoneport enables employers to return their focus to where it should be - on running their businesses - safe in the knowledge their members are being well looked after.

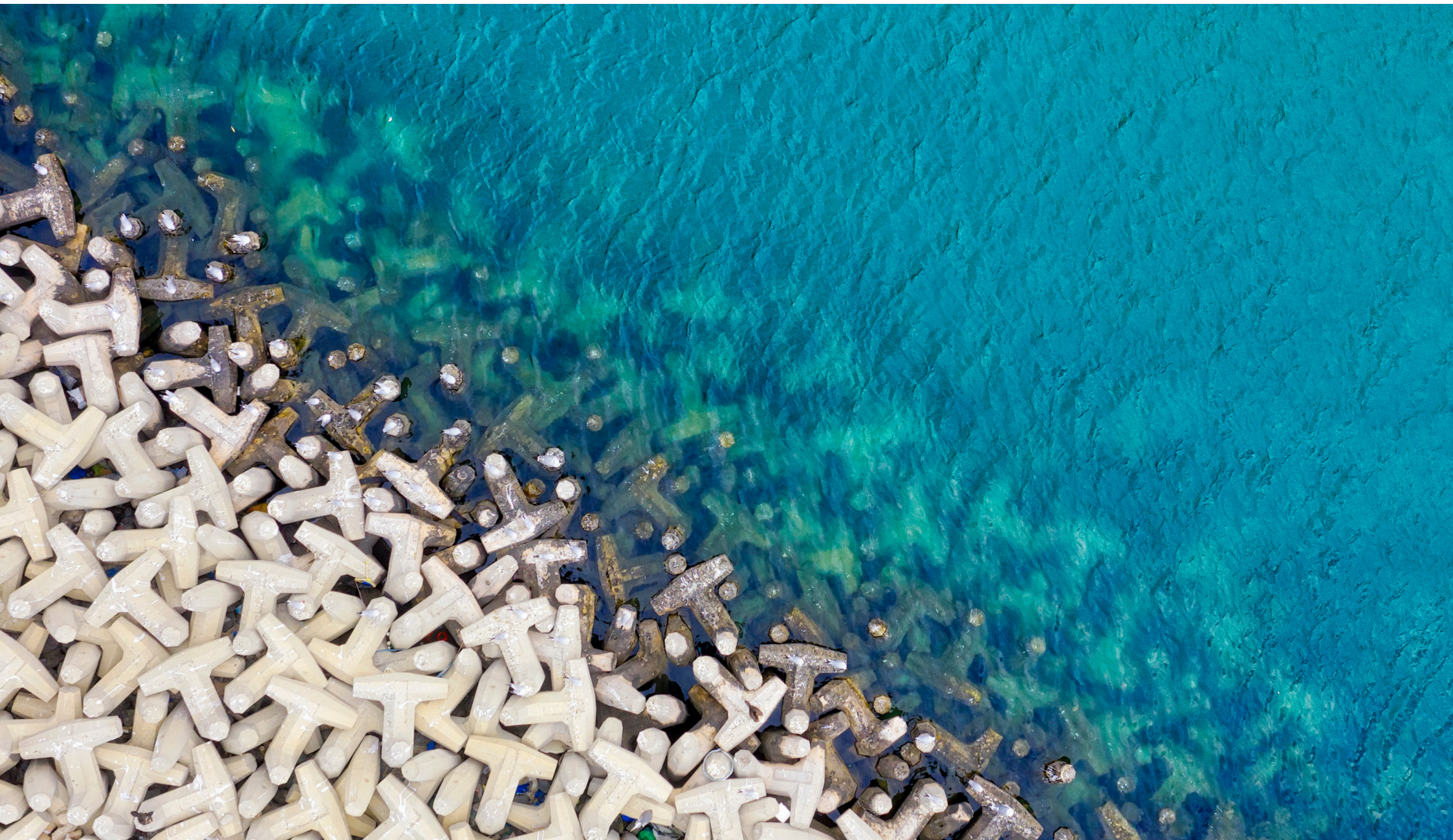
03

The most cost effective solution in the market

There are a number of existing consolidation options available for smaller pension schemes, most notably **DB Master Trusts**. Whilst they deliver some cost savings, none come close to achieving either the level of savings or the enhancement in members' benefit security that is possible under Stoneport. This is because individual schemes still maintain their independence, therefore not benefiting from the increased security.

Unlike other DB Master Trusts, Stoneport's unique, purpose-built structure enables it to achieve significantly higher levels of cost saving, and dramatically improves members' benefit security, by bringing different employers' schemes together to run as if they were one larger and stronger scheme.

Employers will benefit from the significant cost savings and simplicity Stoneport will bring, annually, during its expected 25-year lifetime. There is also a financial benefit and saving as the remaining obligations are insured at the same time, as a result of joining together.



The highest standards of governance at the lowest cost

Stoneport has been designed to transform the governance arrangements of smaller schemes for employers and members alike giving:

- **Access to the best investment opportunities**

Stoneport will provide smaller schemes access to a much wider range of investments, as well as more sophisticated strategies, offering effective scheme management.

Compared to less well-governed schemes, good governance through effective investment has been shown to add a 'good governance premium' of 1 – 2% per annum to returns. Stoneport will be more effective at making your money work harder, for you and your members.

- **High quality administration and advice**

The day-to-day running of Stoneport will be undertaken by Barnett Waddingham, a long-standing and well-respected name in pensions administration, actuarial and investment advice.

- **Professional trustee oversight**

Stoneport is overseen by professional trustees, ensuring the highest standards of expertise underpin its operation with a commitment to deliver the best outcomes for all members.

- **Comprehensive advice**

Stoneport has the scale and resources to ensure all issues are considered, in appropriate depth.

- **Enhanced member experience**

Members will benefit from having immediate access to their benefit statements and information, with Stoneport using its scale and technology to deliver industry best-practice on member communication and engagement.

Evidence for the 'good governance premium' on investment returns

As the DWP highlighted in their 2018 White Paper, Protecting Defined Benefit Pension Schemes, better governance is linked to better outcomes and worth pursuing:

- A 2016 study by Willis Towers Watson concluded that for most pension schemes there was an “overwhelming” investment case for improving governance.
- In a study of 81 schemes from around the world, Keith Ambachtsheer and colleagues found that the good governance premium – the difference in investment performance between well run and poorly managed schemes – was expected to add around 1 – 2% per annum to returns.
- Separate research by Gordon Clark and Roger Urwin found the schemes they classified as having governance 'best-practice' outperformed their benchmarks by at least 2% per annum.
- A Swiss academic study found positive relationships between governance structures and investment performance and also that larger schemes performed better than smaller ones.

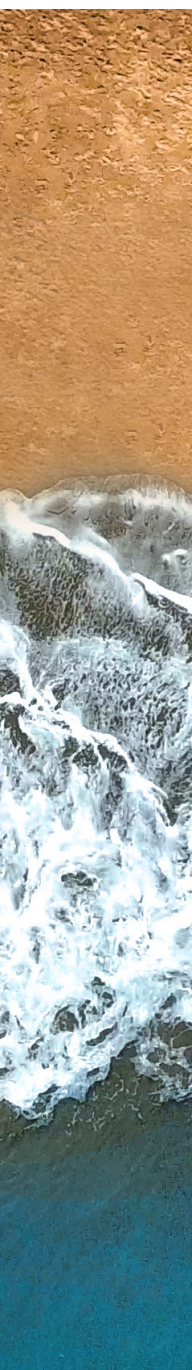
Stoneport expects to enhance investment returns for smaller schemes who join both from the benefits of scale it can bring, and from the strength of its governance arrangements.

04

What you need, when you need it

Stoneport has been designed to focus employers' engagement on where it is needed to ensure the appropriate support for their members whilst freeing management to focus on their **businesses**. Employers are supported by experienced advisors who, on their behalf, manage the engagement with Stoneport's trustees. This simplifies the process for employers, making it quicker and easier to take decisive actions with appropriate guidance and support from Stoneport's advisors.

Employers will be provided with monthly up to date information on investments and funding levels, simplifying the preparation of financial statements.



The flexibility to meet your pension promises

The regulatory and funding landscape is evolving, with the burden of evidence for what is prudent and appropriate falling on trustees and employers rather than the Pensions Regulator.

Stoneport's strength and scale achieved by bringing employers together, coupled with the expertise from its professional management structure, provides the flexibilities needed to successfully navigate the new regime.

Stoneport gives employers an appropriate level of flexibility over how they chose to meet their pension promises, including how much investment risk they take and when, and the profile of contributions to reach Stoneport's long-term funding target.



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Stoneport brings different employers' schemes together to form one larger stronger scheme, not only to generate significant savings for employers, but to radically improve the security of members' benefits. The considerable risks to employers of running their schemes on a standalone basis are much reduced.

The transformative improvement in members' long-term benefit security is best illustrated by considering the anticipated reduction in the risk-based levy payable to the Pension Protection Fund for a scheme joining Stoneport, which is expected to exceed 90%.

Unlike a standalone scheme, where the ultimate cost of paying the benefits may hinge on whether an individual member with a large pension lives to 100, or dies aged 70, Stoneport pools these risks, removing what can be a very material risk for smaller schemes, making employers' funding outcomes more certain.

**Enhancing
member security,
reducing
employer risk**

An aerial photograph of a lighthouse situated on a small, rocky island. The lighthouse is a white, cylindrical structure with a glass-enclosed lantern room at the top. It is surrounded by dark, jagged rocks. The ocean is a deep blue, with white foam from the waves crashing against the rocks and the lighthouse. A concrete walkway leads from the right side of the frame towards the lighthouse. The overall scene is dramatic and evokes a sense of resilience and guidance.

The reassurance of better outcomes

The trustees of schemes looking to join Stoneport will take significant comfort from the high standards of governance and positive member experience Stoneport is able to offer their members.

Moreover, once Stoneport reaches scale to be able to operate as one larger, stronger scheme (from the end of 2022) the transformative impact on members' benefit security is activated. From then on, the benefits of Stoneport's members are collectively supported, dramatically reducing the risk of members not receiving all their benefits in full.

Trustees also know that stronger employers mean stronger pension schemes. Schemes joining Stoneport have a shared goal of reaching its long-term funding target, with appropriate levels of engagement and support through the journey, allowing employers to refocus on their businesses.

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The right decision for employers

Stoneport has been designed to solve the problems facing smaller defined benefit pension schemes, fundamentally improving the outcomes for employers and members alike. For employers, the cost savings alone are likely to amount to around 10% of liabilities, with further savings for the smallest schemes and the additional risk and governance benefits as set out. For members their security position is transformed and with it, their experience. Nonetheless, Stoneport will not be appropriate for all of the 4,000-plus smaller schemes and their sponsors.



Stoneport is for employers of schemes:

- **With less than 1,000 members**

Stoneport has been purpose-built to address the issues and needs faced by smaller schemes. If your scheme has less than 1,000 members, Stoneport can make a positive difference.

- **Who are strong enough to provide appropriate support to their members**

To protect the interests of all employers and ensure fairness between those who join, Stoneport has strict entry criteria to confirm each employer is willing and able to provide appropriate support for their pension scheme commitments.

- **Who have a longer-term goal**

Stoneport is designed for those schemes and their employers who have a longer-term goal in mind for meeting their pension commitments. Stoneport will run-off members benefits over the next 25 years, targeting an insured buy-out of the remaining commitments in 2046. If your scheme is close to achieving full funding of an insured buy-out or aiming to achieve this within the next few years, Stoneport is less likely to be suitable for your scheme.

- **Recognise the benefits Stoneport can bring**

Stoneport can bring very significant cost savings for employers, alongside dramatic security and governance enhancements for members. To realise these benefits, employers must be willing to invest in the work required to join Stoneport.

At its heart, Stoneport is for all those employers who are looking to take effective, conclusive action to dramatically reduce their costs whilst in turn, materially improving governance outcomes and protecting members' benefits for the long-term.

Punter Southall is proud to be the first employer to join Stoneport, demonstrating our commitment to changing the landscape for members, trustees, and their employers.

Find out more

Stoneport is an innovative new consolidation vehicle bringing economies of scale and benefit security to smaller defined benefit pension schemes in the UK.

To find out more and start your Stoneport journey, please contact one of the team at:

enquiries@stoneport.co.uk

stoneport.co.uk

Created and managed by



**Punter
Southall**