

Rejuvenating the BCT pension; meeting sustainability requirements whilst reducing charges

The Bat Conservation Trust (BCT) is a UK not for profit organisation devoted to the conservation of bats and the landscapes on which they rely.

In 2021 BCT chose to review their pension offering, wanting a scheme that was aligned with their values around conservation, whilst remaining compliant and fit for purpose for their people.

BCT's existing pension arrangements had been in place since October 2015, in line with the organisation's automatic enrolment requirements. Working with Second Sight, advisers to BCT for more than 15 years, Second Sight recommended:

- a full market review;
- governance report; and
- review of the ESG / sustainability options available.

Enhancements identified

It was identified that BCT's existing pension had an annual management charge (AMC) of 0.72%, close to the annual management charge cap of 0.75%. It was felt that this could be reduced.

The annual management charge is an important factor, as a lower annual management charge can lead to a bigger pension fund for employees in retirement.

With BCT leading the charge when it comes to bat conservation, to align the organisation's ethos with their pension, BCT wanted to explore the option of having an ethical / socially responsible ESG fund for their pension.

Many providers have been offering access to ethical funds for years, but ESG goes further. ESG shows a more proactive attitude towards investing in companies with a positive aim in regard to environmental, social and governance factors. This is a shift from the sole approach of 'negative screening', where most ethical funds are screened for negative investment in alcohol, gambling, genetic engineering, tobacco to name a few. ESG funds focus is toward the investment into companies that do good and to engage with those companies not currently adhering to international norms and principles.

With a strong mandate for the change, BCT worked with Second Sight who produced a governance report, which led to a full market review and a series of recommendations in order to meet BCT's objectives.

Implementing change

BCT's existing pension scheme was no longer meeting the objectives set by the organisation resulting in Second Sight conducting a full market review which took into account:

- annual management charges;
- the suitability of funds available, fund range and performance; and
- suitability of the default charge structure.

The result of the market review, looking at the existing scheme and other providers, resulted in lower charges. The most competitive offer was made by Aviva using its standard default fund "The My Future Focus" fund at an annual management charge of 0.29%, that represented a reduction in charges of circa 60%. However, charges aren't the only consideration so when selecting a sustainable default fund the final cost reduced from 0.72% to 0.49%.

“We were surprised and impressed by the results of Second-sight’s market review negotiations and were delighted that they achieved a great deal for our staff, whilst taking into consideration our investment priorities.” Kit Stoner, CEO, Bat Conservation Trust.

Bat Conservation Trust are now in the process of implementing a new Group Personal Pension (GPP) with Aviva, a lower annual management charge of 0.49%, access to a range of ESG funds and a default fund that has been specifically designed with ESG considerations integrated throughout the construction and ongoing management of the fund.

Benefits to BCT employees

The Trustees were supportive of the recommendations allowing BCT to consult with staff about the changes and arranged for Second-sight to deliver presentations to their workforce. BCT recognised that education was key and implementing changes was an opportunity to re-engage their staff with their workplace pension and saving for retirement.

Second-sight held presentations that not only highlighted the changes and enhancements of the new scheme, but they also reminded employees of the importance of taking an active interest in their pension that covered reviewing pension contributions and the impact making changes can have on their future retirement savings. Employees were reminded about attitude to risk and the ability to review their pension fund.

In summary

By working with Second-sight and conducting the initial Governance review, BCT realised they could quite easily make a difference to their people. Employees are now in a pension scheme that is aligned to their values, with other fund options available to further support ESG. Employees are saving money and are likely to see a better return on their pension due to the lower AMC.

BCT can firmly state they are meeting their obligations to their employees, and The Pension Regulator’s six principles for good design and governance of their workplace pension.

Kit Stoner, CEO Bat Conservation Trust added, “We knew that the changes we were implementing to our pension alone would make a difference to our people, particularly the focus on ESG, but we wanted to go further. Through Second-sight’s educational presentations, we were able to give our people a better understanding of pension planning and the kind of retirement they might want when the time comes.

I’m delighted that by working with Second-sight we have improved the pension offering for our staff This investment by us has been invaluable in helping to demonstrate our commitment to staff financial wellbeing.”

“It was a pleasure to work with BCT on improving their workplace pension offering. I’m delighted that we have introduced a series of changes, at little cost to BCT that are improving member outcomes.”

Ian Bird, Business Development Director and Partner, Second-sight.

To find out more about Second-sight’s work with BCT or how we could support you with your next pension review, contact us today on:

call 0330 332 7143*;

email info@second-sight.com; or

visit www.second-sight.com

*Calls are charged at your standard landline rate

A pension is a long-term investment. The fund value may fluctuate and can go down, which would have an impact on the level of pension benefits available.

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