



Glossary

Active Investment Style	An investment approach where the fund manager holds a bias in their fund to the investments they think will perform the best. The aim is to out perform an index, market average or benchmark
Annual Allowance	This is the maximum amount you may contribute to registered pension schemes in any tax year. The Annual Allowance for 2016/2017 is £40,000, however this will be reduced by £1 for every £2 of income between £150,000 and £210,000. The minimum allowance for those earning £210,000 or more will be £10,000
Annual Management Charge (AMC)	This annual charge is deducted directly from the fund to cover through unit price adjustment all of the costs of the Master Trust
Annuity	This is a financial product that allows you to convert your pension savings into a regular income that will last you for the rest of your life
Auto Enrolled Eligible Jobholder	This is a worker who is: <ul style="list-style-type: none">▪ age 22 or over▪ not reached the State Pension Age▪ earns more than the Qualifying Threshold
Auto Enrolment	This means that employers will need to automatically enroll certain workers into a pension arrangement and make contributions towards it
Auto Enrolment Date	Your Auto Enrolment date is the later of: <ul style="list-style-type: none">▪ when you have been informed of the Auto Enrolment, or▪ your employer's Staging Date, or▪ the date you were employed
Auto Enrolment Opt Out Period	This period lasts for one month following your Auto Enrolment Date
Bonds	These are also known as fixed interest investments. They are loans issued by the government (also called gilts), local authorities, financial institutions and companies (also known as corporate bonds). In return for an investment, they will pay interest for a given period and return the money at the end of the agreed period of the loan. The price of the loan will vary during its lifetime so there is some element of risk, although not as high as for shares (equities)
Cash-based Investments	Cash is generally considered the least volatile of all the main investment types. This means its price does not tend to move much either up or down on a daily basis. The downside is that cash tends to have far less potential to grow than other investments and it can actually fall in value in real terms because of inflation. This is why it is most suited to investors as a shorter-term investment. Cash generally includes money, typically held in bank deposits, and other types of money market investments, which pay the investor regular interest

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Comms Date	This is the date your employer writes to inform you about your enrolment
Compulsory Purchase Annuity	A compulsory purchase annuity is purchased with the proceeds of a pension arrangement. It provides a guaranteed income for life
Eligible Jobholder	This is a worker who is between age 22 and State Pension Age and who earns more than the current qualifying threshold
Enhanced Protection	Protection from a potential lifetime allowance charge is available for individuals with pension rights at 5 April 2006 whether they are valued at more than £1.5 million or not. It is a means to protect pension rights built up before 6 April 2006 from the lifetime allowance charge when those rights crystallise after that date. Enhanced Protection would be lost if any benefits are accrued in a pension arrangement after 5 April 2006
Entitled Worker	This is a worker who is not Auto Enrolled as he/she earns less than the Lower Contribution Threshold
Equities	Equities, or shares, offer part-ownership in a company, unlike bonds, which are loans. Equities are generally considered the most risky type of investment as their value tends to go up and down more than other investment types, in some cases quite dramatically. However, shares are widely considered to offer the greatest potential for returns. Due to the potential for significant gains or losses in value, shares are better suited to investors who are prepared to invest for the medium to long term
Fixed Protection	The Lifetime Allowance reduced from £1.8 million to £1.5 million on 6 April 2012 and reduced further to £1.25 million on 6 April 2014, and to £1.0 million on 6 April 2016. An individual can elect for fixed protection to retain the preceding Lifetime Allowance. It is not possible to accrue any additional benefits after the date of the lifetime allowance changes if fixed protection applies
Freestyle	Please see the Investment Choices document
Gilts	Loan stocks with varying maturity dates issued by the UK government to fund the public sector cash requirement that pay a fixed rate of interest until their repayment date. Gilts are traded in the bond market and their value will be influenced by a number of underlying economic factors such as interest rates and inflation
Investment Manager	The person/company who manages a fund. They make investment decisions on behalf of the investors in a fund by conducting interviews, research, and statistical analyses of companies, markets, and trends to determine what investments to make or avoid
Lifestyle	Please see the Investment Choices document
Lower Contribution Threshold	This is currently £5,824 (tax year 6 April 2016 to 5 April 2017)
Managed Fund Type	Managed funds usually invest across the main types of investment types. Some may include other investment types like property. Managed funds generally give access to bond and stock markets worldwide

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Non-Eligible Jobholder	This is a worker who is not Auto Enrolled as he/she earns between the Lower Contribution Threshold and the Qualifying Threshold, or is under age 22, or over State Pension Age
Open Market Option (OMO)	This option allows a person who is approaching retirement to have the opportunity to choose their annuity provider in order to achieve the best income available
Opt Out – Of Auto Enrolment	When an employee, who has been Auto Enrolled, chooses not to remain in their employer's occupational pension scheme and informs their employer in writing within 1 month of receiving their auto enrolment information
Opt Out – Of The Master Trust	When an employee chooses not to join or leaves an employer's occupational pension scheme
Passive Investment Style	A style of management associated with mutual and exchange-traded funds (ETF) where a fund's portfolio mirrors a market index
Pension Commencement Lump Sum (PCLS)	This is the cash sum you can take at retirement, which is currently tax free
Pension Input Period (PIP)	The PIP is used to calculate the total amount of contributions received in a period to determine if the Annual Allowance has been breached. From 9 July 2015 all PIPs are changing. The PIP for the Master Trust has become the 6 April to the following 5 April. As members are unable to contribute more than the Annual Allowance in the Master Trust there will be no additional tax charge due. The administrator will review this on a yearly basis and contact members individually if they are approaching the Annual Allowance
Pension Scheme Tax Reference	A Pension Scheme Tax Reference (PSTR) number is the unique reference allocated by HMRC when a pension scheme has been successfully registered for tax relief and exemptions. The Master Trust's PSTR is 00776863RW
Pensionable Earnings	This is determined by your employer, however, it will be at least Qualifying Earnings
Pensions Regulator	This is one of the pensions industry's regulatory bodies
Qualifying Earnings	This is the amount you earn less the Qualifying Threshold
Qualifying Threshold	This is currently £10,000 (tax year 6 April 2016 to 5 April 2017)
Shares	Shares, or equities, offer part-ownership in a company. Shares are generally considered the most risky type of investment as their value tends to go up and down more than other investment types, in some cases quite dramatically. However, shares are widely considered to offer the greatest potential for returns. Due to the potential for significant gains or losses in value, shares are better suited to investors who are prepared to invest for the medium to long term

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Staging Date	This is the date from when the Auto Enrolment duties come into force for your employer
State Pension Age	This is the earliest age you can get your State Pension. It can be between 60 and 68, depending on whether you are a man or woman and when you were born
Statutory Money Purchase Illustration (SMPI)	This is an illustration, provided annually, of your future pension that could be payable on retirement but in terms of today's money
Stock market	A stock market or stock exchange is a market for stocks and shares. Organisations can raise capital by selling securities through a stock exchange
Stocks	Another word for equities or shares
Switch	Moving money from one fund to another
Target Retirement Age (TRA)	This is the age by which a member aims to retire. If an age is not chosen by a member of the Master Trust then it is assumed to be the default TRA specified in the Employer Fact Sheet
Tracker fund type	A type of fund that aims to perform in line with a particular index by investing in the same shares and in the same proportions as those reflected in the index
Upper Contribution Threshold	This is currently £43,000 (tax year 6 April 2016 to 5 April 2017)