

## Fujitsu FTS DC Pension Scheme – Improving your options Frequently Asked Questions

We understand that you are likely to have questions about the proposed changes and have set out answers to some of the questions you may have below. We will continue to update this document throughout the consultation with new information so keep checking back.

### 1. What is a Master Trust?

A Master Trust is a type of occupational pension arrangement that can be used by employers to provide defined contribution ('DC') pension benefits to their employees. Master Trusts offer advantages to employers and their employees because the buying power and scale of the Master Trust is increased. This means that the cost of running the Master Trust is generally lower and the quality of the communications and modelling tools may be better than an employer can provide on their own.

### 2. Why did Fujitsu choose a Master Trust as the new pension savings arrangement?

In 2019, Fujitsu changed its main workplace pension plan from the Fujitsu UK Pension Plan to LifeSight, Willis Towers Watson's MasterTrust. LifeSight is the pension plan that Fujitsu uses for all new-starters and it has lots of great benefits, including:

- Full access to the entire range of options available at retirement
- Financial advice to support at retirement decision making
- Competitive costs
- A good range of investment options with a strong focus on Environmental Social Governance (ESG)
- Well-developed member support, communications and online tools
- Robust governance, including a fully independent Master Trust Board

### 3. Who are the LifeSight Master Trust Board?



Jane Platt  
CBE (Chair)

Sharmila  
Nebhrajani  
OBE

Mervyn  
Walker

Caroline  
Fawcett

Helen  
Jones

More information can be found on their website <https://www.lifesight.com/the-board>.

### 4. What input does Fujitsu have to who the LifeSight Trustees are?

None. The LifeSight Trustee Board is responsible for selecting new Board members. Each of the Trustee has a fixed maximum term of office. The Board has already managed the successful on-boarding of new members and will continue to focus on ensuring that the Board has a broad and deep range of skills to ensure that LifeSight remains a well governed proposition operating for the benefit of its members.

Whilst Fujitsu will continue to have an ongoing relationship with LifeSight with regard to developing and improving the pension offering, Fujitsu does not input into the selection of the LifeSight Trustees.

## 5. Who are Willis Towers Watson?

Willis Towers Watson is a leading global advisory, broking and solutions company. With 40,000 employees who are based in more than 140 territories around the world, they offer global solutions in the areas of employee benefits, talent management, rewards, and risk and capital management.

One of their main strengths is benefits administration and they have vast experience in the administration of pension plans. They have built on this foundation to provide these services through the LifeSight Master Trust, which also utilises the strength of the investment and communication services available through Willis Towers Watson.

## 6. Who owns Willis Towers Watson and where is it listed?

Willis Towers Watson is a publically listed company which is listed on the NASDAQ stock exchange in New York. You can read more [here](#).

## 7. What about the LifeSight and Aon merger?

In March 2020, Aon and Willis Towers Watson announced they have agreed to combine to accelerate innovation on behalf of clients.

You may already be familiar with Aon and their broad range of risk, retirement and health solutions. Like Willis Towers Watson, Aon offers its clients expertise, innovation, data-driven insights and market-leading products and professional services.

It is important to note that regulatory approval is required and until it has been approved and the transaction is completed, Willis Towers Watson and Aon must act as separate and independent companies. This means it is business as usual at Willis Towers Watson and LifeSight.

## 8. What makes LifeSight different to the existing FTS DC Scheme?

- Increased value for money as the scale of LifeSight means better buying power when negotiating investment fund charges, meaning that you will pay less than you currently do.
- Access to the full range flexible retirement options available to you at retirement, including in-scheme income drawdown, annuity broking and full cash out.
- Free financial advice at retirement to help you understand how best to use your retirement savings.
- The latest online tools to help you understand how much to save now in order to afford the future you want.

## 9. When will the proposed change take place?

If these proposals go ahead, in the summer 2021 your existing FTS DC Scheme pension savings will be transferred to LifeSight as well as the ongoing pension contributions you and Fujitsu pay.

## 10. Is Fujitsu changing its pension contribution structures as part of the transition to LifeSight?

No, there will be no changes to the current Fujitsu contribution structure. There will be no change to the contribution percentages that you and Fujitsu pay and no changes to any of the benefits you receive which are linked to your membership of the FTS DC Scheme.

## 11. Are there upfront or one-off fees associated with transferring my FTS DC pension savings to LifeSight?

The FTS Trustee with their advisers are currently exploring the options available to them, so that any transaction costs incurred as a result of transferring members' FTS DC Scheme pension savings to LifeSight would be covered. More information will follow.

As with the current FTS DC Scheme, there are charges deducted from your fund. If the proposals go ahead the charges deducted from your account are made up of an administration charge plus an amount for managing the investments. The charges made by LifeSight are all currently less than the equivalent funds in the FTS DC Scheme due to the buying power of LifeSight, compared to the FTS DC Scheme, plus a move towards more passive investments.

## 12. What about ongoing costs? Will I know what these are?

Yes. Transparency is very important to the LifeSight Trustee Board so you will be able to see the prices of the funds that you are invested in and you will be able to see the deductions that are made to meet ongoing investment costs. You can view a demonstration of LifeSight and how this works [here](#).

## 13. How will my LifeSight Account be invested?

Your LifeSight Account is invested in a range of LifeSight funds that have been designed to help individuals save for their retirement in a cost-effective way aiming to provide good returns whilst not being too exposed to changes in particular investment markets, especially as members approach retirement.

**Future contributions:** If you are making contributions to LifeSight, your contributions along with any contributions from Fujitsu will be invested in the Lower Risk Drawdown Lifecycle strategy. You can change investment strategy by taking more or less investment risk and by changing your retirement objective between income drawdown, annuity and cash. Further information on these options is in Q28.

**FTS DC Scheme savings:** For assets transferred to LifeSight from the FTS DC Scheme, if you were invested in the default investment fund in the FTS DC Plan your assets will also be invested in LifeSight in the Lower Risk Drawdown Lifecycle strategy. This strategy aims to reduce exposure to investment risk as you approach retirement, if the proposal goes ahead.

If you made your own selections on how your assets were invested in the FTS DC Scheme, your investments will be mapped to broadly similar funds in LifeSight, unless you choose to invest your funds elsewhere before the transfer from the FTS DC Scheme to LifeSight. We and the FTS DC Scheme Trustees will provide you with more information on this nearer the time.

## 14. How do the charges under LifeSight compare to those in the FTS DC Scheme?

Currently, the proposed charges for the default investment option in LifeSight is in the range 0.24%- 0.29% (or 24-29 pence for every £100 invested). Under the FTS DC Scheme, the charge for the default investment option is currently between 0.33% and 0.39% (or 33-39 pence for every £100 invested).

## 15. Am I able to transfer in previous defined contribution (DC) pensions into my LifeSight Account?

LifeSight allows you to transfer in any other DC pension savings that you have previously built up in other plans or schemes. To transfer in other pension savings, simply use the 'Transfer-in enquiry' form which will be made available to you as part of the online access you will be given to your LifeSight Account. You may want to speak to a financial adviser before choosing to transfer in previous savings, just to check that it's the right thing for you to do.

## 16. If I am non-resident in the UK am I still able to participate in LifeSight?

Yes, as long as you are employed by an employer with whom LifeSight is contracted, you can participate in LifeSight irrespective of where you are living. However, your eligibility for tax relief on your contributions and the impact on your tax position will depend on your specific circumstances.

## 17. Can I transfer my LifeSight Account overseas?

Yes - subject to the country you wish to transfer your LifeSight Account to. However, please note that this is a complex area and you should consider seeking independent financial advice both in the UK and the country you wish to transfer your LifeSight Account to. You can find details of a local Independent Financial Adviser for advice at [www.unbiased.co.uk](http://www.unbiased.co.uk). You should also read the Pensions Regulator's advice regarding how to look out for pension scams: <https://www.thepensionsregulator.gov.uk/en/pension-scams>

## 18. What if I die before retirement?

If you die before you take anything from your pension, it will usually be paid as a lump sum to your nominated beneficiaries. You can complete an online nomination of beneficiaries form in your LifeSight Account upon joining and make changes to your nominations at any time.

**19. Will I receive any advice or guidance regarding the options available to me at the time I decide to draw my benefits?**

LifeSight will provide you with a free report from a financial adviser, called HUB, to help to educate and inform you on the options available when accessing your benefits. HUB will provide a report based on the options available to you within LifeSight as well as reviewing annuities on the open market. Access to free financial advice is not currently offered under the FTS DC Scheme.

**20. Can I take income drawdown?**

Yes. This is a new option that we can make available to you if the proposal goes ahead. You will be able to take income drawdown in a way that suits you, for example as either monthly payments or you can take lump sum payments as and when you want them. You will not have to pay a fee to set up the withdrawals and you would be able to amend these at any time through your LifeSight Account, but please see Q41 for more detail. Your remaining LifeSight savings will stay invested for you and you will be able to see how long your pot could be expected to last to help you make appropriate decisions on your spending.

**21. I want a pension when I retire. Can I have one?**

Yes. In the same way as you can in the FTS DC Scheme, you can use your savings to buy a pension payable for your life. You will still be able to buy a pension from an annuity provider of your choice from those available on the market. You will still also have the option to take up to 25% of your pension savings in LifeSight as tax free cash with the balance used to buy your pension.

**22. Can I take all of my LifeSight Account as a cash lump sum?**

Yes. There may be tax implications to taking all of your LifeSight Account as cash. You can take up to 25% of your LifeSight Account tax free, the remaining 75% will be taxed at the appropriate rate of income tax in the year that you take the lump sum. This may mean that you pay tax at a higher rate than the standard 20% tax rate. This option is already available now under the FTS DC Scheme so there is no change.

**23. What about the other benefits that I get as a FTS DC Scheme member? Are they changing?**

You may receive life cover, spouse's pension and income protection benefits because you have joined the FTS DC Scheme. These will all continue to be provided to you.

**24. When will I hear more about the plans for the transfer of my funds in the FTS DC Scheme?**

We are working closely with the FTS Trustees and their advisors about this at the moment. We will update you throughout the consultation.

**25. Can I change my contributions every month?**

Yes, you will continue to have the same opportunities to do this as you do now.

**26. What happens if I leave Fujitsu?**

You will be able to leave your benefits in the LifeSight account where they will continue to be invested and available for you to manage as you want to. You will not be able to pay any further regular contributions into LifeSight, but you can still transfer-in benefits from other pension arrangements. If you prefer you can transfer your benefits from LifeSight to a new employer's pension scheme or to your own private arrangement. LifeSight does not charge you for transferring out.

## 27. Where can I see the performance of the LifeSight Funds?

The performance of the LifeSight funds can be found in the quarterly fund factsheets using the links below. More regular fund performance information is available to LifeSight members which can be accessed at any time via their personal online account.

<ul style="list-style-type: none"> <li>○ <a href="#">LifeSight Equity</a></li> <li>○ <a href="#">LifeSight DGF</a></li> <li>○ <a href="#">LifeSight Bonds</a></li> <li>○ <a href="#">LifeSight Cash</a></li> <li>○ <a href="#">UK Equity</a></li> <li>○ <a href="#">Europe (ex-UK) Equity Fund</a></li> <li>○ <a href="#">North American Equity</a></li> <li>○ <a href="#">Asia Pacific (ex-Japan) Equity</a></li> <li>○ <a href="#">Japan Equity</a></li> <li>○ <a href="#">Emerging Market Equity</a></li> <li>○ <a href="#">Global Equity Smart Beta</a></li> <li>○ <a href="#">Infrastructure Smart Beta Fund</a></li> </ul>	<ul style="list-style-type: none"> <li>○ <a href="#">Developed Markets Equity</a></li> <li>○ <a href="#">Ethical Global Equity Fund</a></li> <li>○ <a href="#">Shariah Equity</a></li> <li>○ <a href="#">UK Corporate Bonds</a></li> <li>○ <a href="#">Emerging Market Government Bond</a></li> <li>○ <a href="#">Global High Yield Bond</a></li> <li>○ <a href="#">Annuity Matching</a></li> <li>○ <a href="#">Inflation Linked Annuity Matching</a></li> <li>○ <a href="#">UK Fixed Interest Gilts</a></li> <li>○ <a href="#">UK Index-Linked Gilts</a></li> <li>○ <a href="#">Global Property</a></li> <li>○ <a href="#">Property</a></li> </ul>
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## 28. Where can I see the charges that apply to the LifeSight funds? How do these compare to the FTS DC Scheme?

### Default investment option:

Currently, the proposed charges for the default investment option in LifeSight is in the range 0.24%- 0.29% (or 24-29 pence for every £100 invested). Under the FTS DC Scheme, the charge for the default investment option is currently between 0.33% and 0.39% (or 33-39 pence for every £100 invested).

The two tables below shows a summary of the Free Choice fund charges in LifeSight and the FTS DC Scheme respectively:

Table 28.1 LifeSight Member Charges (p.a.)

Type	Fund	Charge %	Type	Fund	Charge %
<b>Building block funds</b>	LifeSight Equity	0.25	<b>Equities</b>	Japan Equity	0.17
	LifeSight Diversified Growth	0.29		North America Equity	0.17
	LifeSight Bonds	0.19		Shariah Equity	0.46
	LifeSight Cash	0.20		Infrastructure Smart Beta	0.38
<b>Bonds</b>	UK Corporate Bond	0.19		UK Equity	0.17
	Emerging Market Government Bond	0.32		Global Equity ESG Smart Beta	0.29
	Global High Yield Bond	0.39		Europe (ex UK) Equity	0.17
	Inflation Linked Annuity Matching	0.21		Emerging Markets Equity	0.31
	Annuity Matching	0.21		Developed Market Equity (hedged)	0.21
	UK Index Linked Gilts	0.17		Developed Market Equity (unhedged)	0.20
	UK Fixed Interest Gilts	0.17		Ethical Global Equity	0.29
<b>Property</b>	Global Property	0.28		Asia Pacific (ex Japan) Equity	0.17
	Property	0.72			

Charges quoted are as 1<sup>st</sup> December 2020 and may be subject to change.

Table 28.2 FTS DC Scheme Member Charges (p.a.)

Fund	Member Charge %
Mercer Growth (default strategy)	0.33 – 0.39
Mercer Defensive	0.30
Mercer Moderate Growth	0.33
Mercer High Growth	0.33
Mercer Annuity Retirement	0.25
Mercer Drawdown Retirement	0.39
Mercer Cash Retirement	0.37
Mercer Active UK Equity	0.82
Mercer Active Global Equity	0.82
Mercer Cash	0.22

### 29. Is my money safe in LifeSight?

LifeSight member assets are held by the Trustee on your behalf and can only be used to pay benefits to you, the members.

In the unlikely event of the failure of the investment managers, the LifeSight Trustee would be able to make a claim for compensation under the Financial Services Compensation Scheme (FSCS). This is because LifeSight funds are held in an insured, regulated pooled investment vehicle. For investments made through a life policy (all of the funds except the LifeSight Shariah Fund), the LifeSight Trustee should generally be entitled to make a claim to the FSCS in relation to 100% of the value of the policy. More info [here](#).

### 30. Why isn't the Shariah Equity Fund subject to FSCS compensation?

In most cases Shariah funds aren't eligible to compensation under the Financial Services Compensation Scheme (FSCS) due to a combination of how the funds are held and some of the underlying objectives of the funds.

### 31. Does LifeSight offer any environmental or sustainable investment options?

Yes. The LifeSight Trustee believes that sustainable investment practices should produce better outcomes for members over the long-term. The LifeSight Equity fund is currently the best example of this belief, with over half of the fund now invested in strategies that explicitly assess the Environmental, Sustainable and Governance (ESG) scores of global companies and weights the investment in them accordingly, while applying strong stewardship focusing on ESG factors across all underlying holdings. You can read more [here](#).

### 32. How frequently are the lifecycle strategies rebalanced?

LifeSight lifecycle strategies are rebalanced monthly in line with the target asset allocations. The phasing between assets throughout the lifecycle is carried out on a quarterly basis.

### 33. How often can I change my fund choices and will I have to pay if I decide to change them?

You can alter your fund choices whenever you want to and you could decide to just alter where your future contributions will be invested or you could decide to change how your existing pot is invested or you could adjust them all if you want to. You can make these changes on LifeSight and will not have to pay any administration costs to make the changes.

However, there are costs involved in buying and selling investments so please make sure you have understood these before you take action to make sure your choice is right for you.

**34. Can I choose both a lifecycle option and from the Free Choice funds?**

If you decide that you want your contributions to be lifecycle, this choice applies to all of your future contributions. You can decide to make changes at any time though so you could have your contributions paid in to a lifecycle strategy and then change to free choice in future. You can switch your existing investment pot in and out of the free choice and life cycle funds as suits you.

**35. How can I switch my investments within my LifeSight Account?**

You can switch your investment within your LifeSight Account online via the 'My Investments' tab. You can do this at any time, through any device.

**36. How long would it take for an investment switch to take place?**

If an investment switch is requested online prior to 7am, the investment trade should be completed the same day (day 1) and member records updated the following day (day 2). If an investment switch is requested after 7am then the investment trade will take place the following day (day 2) and member records will be updated the day after (day 3).

**37. Should I get independent financial advice if I am choosing from the Free Choice funds? Who will pay for this?**

That's entirely up to you. You will find lots of information to help you understand all about the funds available in LifeSight. If you want to get independent financial advice on the investment options to help you decide what is best for you, that would be for you to pay for. You can find details of a local Independent Financial Adviser at [www.unbiased.co.uk](http://www.unbiased.co.uk).

**38. If the proposal goes ahead, can I opt out of the proposed transfer from the FTS DC Pension Scheme?**

If you don't want your existing funds to be part of the proposed transfer, you could choose to transfer your benefits out to a personal pension arrangement instead. You would still become a member of LifeSight for any future pension contributions. You will not be able to leave benefits in the FTS DC Pension Scheme, as if the proposal goes ahead, once all of the assets have been transferred to LifeSight, the FTS DC Pension Scheme will be closed.

**39. How will Fujitsu make sure that the charges remain good value for money?**

The LifeSight Trustees have a duty to all of their members to deliver value for money as part of their obligations to the Trust. This is also a key part of the Pension Regulator's MasterTrust Accreditation Framework. The Trustees will therefore keep the charges under close review and will adjust them as needed to make sure that LifeSight continues to offer value for money to all of its members.

**40. Can I partially retire and use only part of my pension fund?**

Yes. LifeSight offers its members flexibility in how and when they use their pension savings. This includes the ability to start taking drawdown on part of your pension savings whilst still in employment and contributing.

**41. Do the member charges change if I decide to start taking drawdown payments from my pension's savings?**

Yes. If you elect to start using some or all of your pension savings to make regular drawdown payments, the LifeSight member charge increases by 0.21% (or 21 pence for every £100 invested) in addition to those set out in the table in Question 28. Please note the higher charge will only apply to the pension savings you have elected to use for drawdown payments.

#### **42. If I start making drawdown payments can I stop or change my drawdown payments?**

Yes. You can use your LifeSight account at any time to update and change the frequency and amount of any drawdown payments you receive. If you decide to stop receiving drawdown payments your remaining pension savings will remain invested within your drawdown account, and will continue to be subject to the drawdown charges set out in Q41.

Please note that if you elect to take your tax free cash lump sum and leave the balance of your pension savings untouched (i.e. you do not make any drawdown payments) these savings may be subject to the drawdown charges set out in question 41.

#### **43. Can I continue to pay contributions to LifeSight whilst using income drawdown?**

Yes, if you are still employed by Fujitsu. However, please note that by using income drawdown, you would trigger the Money Purchase Annual Allowance. This means that the maximum amount of pension contributions you can have paid into your pot tax efficiently is reduced to £4,000 per tax year.

#### **44. How will my retirement pot be taxed when I start taking it?**

That depends on what you decide to do...

- If you decide to take up to 25% of your pot as tax free cash, which is what lots of people do, that first 25% is completely tax free. If you decided to take the rest of the pot as cash too then all of the rest of it would be taxable at your highest marginal rate (either 20%, 40% or 45%) which could result in a big income tax bill.
- If you decide to take income drawdown, you can either take 25% tax free cash and then each drawdown that you take will be taxable at your highest marginal rate when you draw on the money. If you decide not to take the 25% tax free cash up front then, instead, a quarter of each drawdown would be free of tax e.g. if you draw £100 only £75 would be taxable at your highest marginal rate.
- If you decide to take a pension payable for life, each pension payment would be taxed at your highest marginal rate.

#### **45. Partial transfers**

Yes, LifeSight will allow you to partially transfer out a percentage of your pension pot. You can transfer your accrued fund in LifeSight to your own private pension arrangement. LifeSight does not charge you for transferring out.

If you are still employed by Fujitsu and eligible for membership of LifeSight, you and Fujitsu will continue to pay future contributions into your LifeSight account. This is a complex area and you should consider seeking independent financial advice if you wished to effect partial transfers from your LifeSight Account. You can find details of a local Independent Financial Adviser for advice at [www.unbiased.co.uk](http://www.unbiased.co.uk). You should also read the Pensions Regulator's advice regarding how to look out for pension scams:

<https://www.thepensionsregulator.gov.uk/en/pension-scams>

#### **46. Can I transfer other pensions into LifeSight after I leave Fujitsu?**

Yes, even if you decide to leave Fujitsu in future, you could still choose to transfer further benefits in to LifeSight although you won't be able to continue to pay in regular contributions and Fujitsu's contributions to LifeSight on your behalf would stop at the point that you leave Fujitsu.

#### **47. When can I receive the at retirement advice from HUB?**

You can only access the free HUB advice service once, so we suggest that this happens around six months before your planned retirement.

**48. Can I have more detailed independent financial advice on things other than my LifeSight benefits from HUB at a reduced rate?**

Yes, you can if you want to but you would need to pay for that yourself, although they would be available at a competitive rate.

**49. Is there any impact to LifeSight or Fujitsu if another employer leaves LifeSight?**

Fujitsu and its members would not be affected by another employer leaving LifeSight.

**50. The proposal sounds really good but is there a catch?**

There is no catch, we believe that the proposal offers significant improvements to our existing pension proposition which is why we are making the proposal and consulting employees about it.

**51. Who will decide if the proposal to move pension provider to LifeSight will go ahead?**

Fujitsu will work through all of the feedback received throughout the consultation. The final decision will be taken by Fujitsu.