

Master trust authorisation

Implementation strategy template

November 2018

The Pensions
Regulator

Using this template

This template sets out the key points and information we expect you to provide in an implementation strategy. An implementation strategy is a document setting out how the interests of members of the scheme will be protected following the occurrence of the triggering event.

An implementation strategy must be submitted before the end of 28 days beginning with the following dates:

- For triggering events 1, 2, 2A and 3: the date that the decision to withdraw or refuse the scheme's authorisation becomes final, or
- For triggering events 4-10: the date the triggering event occurred.

When preparing your implementation strategy, you should refer to the following documents:

- Code of Practice no. 15: Authorisation and supervision of master trusts [\[www.tpr.gov.uk/document-library/codes-of-practice/code-15-authorisation-and-supervision-of-master-trusts\]](http://www.tpr.gov.uk/document-library/codes-of-practice/code-15-authorisation-and-supervision-of-master-trusts)
- Guidance on identifying and notifying a triggering event [\[www.tpr.gov.uk/-/media/thepensionsregulator/files/import/pdf/master-trust-triggering-events-guidance.ashx\]](http://www.tpr.gov.uk/-/media/thepensionsregulator/files/import/pdf/master-trust-triggering-events-guidance.ashx)
- Guidance on complying with the charges prohibition [\[www.tpr.gov.uk/-/media/thepensionsregulator/files/import/pdf/master-trust-charges-prohibition-guidance.ashx\]](http://www.tpr.gov.uk/-/media/thepensionsregulator/files/import/pdf/master-trust-charges-prohibition-guidance.ashx)
- Guidance on continuity options [\[www.tpr.gov.uk/-/media/thepensionsregulator/files/import/pdf/master-trust-continuity-options-guidance.ashx\]](http://www.tpr.gov.uk/-/media/thepensionsregulator/files/import/pdf/master-trust-continuity-options-guidance.ashx)
- Pensions Act 2017 (in particular, sections 26-29) [\[www.legislation.gov.uk/ukpga/2017/17/contents\]](http://www.legislation.gov.uk/ukpga/2017/17/contents)
- Occupational Pension Schemes (Master Trusts) Regulations 2018 (in particular, regulations 17 to 20 and Schedule 5) [\[www.legislation.gov.uk/uksi/2018/1030/contents/made\]](http://www.legislation.gov.uk/uksi/2018/1030/contents/made)

Detailed plans can be included as appendices with summaries provided in the appropriate sections.

You can complete this form:

- electronically using Adobe Reader (version 8 and above) and emailed to regulatorytransactions@tpr.gov.uk, or
- by hand (please use block capitals), printed and posted to Regulatory Transactions, The Pensions Regulator, Napier House, Trafalgar Place, Brighton BN1 4DW.

Please note that we will use the information provided in exercising our functions and may contact you for further information.

1. Scheme details

Scheme name	The Crystal Trust (Crystal)		
Pension scheme registration number (PSR)	12010708		
Name of person submitting this implementation strategy	Katie Court	Role in relation to the scheme	Head of Governance

2. Triggering event details

Date triggering event occurred	28 July 2023
Type of triggering event	Trigger event 8
Date TPR notified	28 July 2023
Date employers notified	8 August 2023
Analysis of risks to members' benefits of this triggering event	
<p><i>(Please provide a summary assessment of the risks and impacts to members as a result of the triggering event, including any mitigation put in place to address these risks. You can attach further details in an appendix).</i></p> <p>No immediate increase in risk to members' benefits is apparent as Evolve currently operates Crystal with fully disclosed risk mitigations in line with the master trust authorisation process and completed Supervisory evidence. Controls remain the same as those in place prior to triggering.</p> <p>The Triggering Event has started a transition process which will be robustly controlled to manage risks which could arise, these are outlined in our responses below.</p>	
Analysis of disruption to employer AE duties of this triggering event	
<p><i>(Please provide a summary assessment of the risks and impacts to participating employers being able to meet their AE duties, including any mitigation put in place to address these risks. You can attach further details in an appendix).</i></p> <p>Crystal does not offer assessment services; therefore, the trigger event will not disrupt employer assessment activities.</p> <p>Optess offer third party services to some of our employers and provide assessment services. This affects approximately 340 of 1,500 employers and Optess intends to continue to provide these services during the windup or until such point the employer is migrated to the Smart Pension platform.</p> <p>Assessed (contribution) data can continue to be accepted during the wind up until such point contributions are redirected.</p> <p>The process is being managed robustly with the following controls:</p> <ol style="list-style-type: none">1. Payments into the Trustee bank account are monitored in real-time and on receipt are put in Evolve's control tracker2. Receipt of (emailed) data is also monitored and on receipt are put into the control tracker	

3. If data and money “matches” then the contributions will be uploaded to the Administration platform (except during blackout) and will be invested
4. Where we have money but no data, data but no money, neither money nor data, or money AND data but it mismatches we will work with the Employer proactively to resolve the issue
5. Daily, weekly and monthly control MI (Management Information) is provided to manage the risk.
6. Any issues that are still “open” on the 23rd of the month and our contribution monitoring activities take over
7. We track 1 day late, 30 days late, 60 days late, 90 days late, 120+ day late and persistently late payments
8. Employers are written to at 1 day to 120+ days late
9. Members are written to at 60+ days late
10. Employers are being migrated to the automated evoPlus platform which uses PAPDIS (Pensions and Payroll Data Interface Standard) and GoCardless to collect contributions by DDM. This is monitored by separate MI.
11. Contribution Processing and Monitoring are fixed sections in our monthly Admin Reports and fixed agenda items for each Trustee meeting
12. Removal comms are issued to any Employers over 120+ days late per our removal process
13. Materially late and persistently late Employers are reported via Exchange each month.

Evolve and the Crystal Trustee will continue to be responsible for the contribution monitoring and reporting for any period outstanding up to the last contribution date (est 29th February 2024). The SPMT Trustee will be responsible for any pay periods outstanding from 1st March 2024, at which point the Crystal employers will fall under the SPMT systems and processes. If there are any Late Reporting cases remaining at the point the Crystal accounts are closed (following the bulk asset transfer) then these cases will be handed over to Smart who will take over the responsibility of monitoring and reporting.

Evolve will continue to operate the Crystal Trustee bank account up until a time closer to the bulk asset transfer date in order to receipt monies in respect of late contributions up to 29th February 2024. Both the manual administration processes and the evoPlus portal will remain in operation for the same timeframe in order to be able to process the corresponding data files.

In the event there are still contributions outstanding after the Trustee bank account has been closed (i.e., post transition), Evolve has agreed an approach with Smart in terms of how we anticipate to monitor and process contributions (although the finer details are still to be formally agreed). Once the asset transfer date is defined, we will know when the bank accounts will close. At that stage there will be a handover from Evolve to Smart of any outstanding late contributions cases and the Smart team will then pick up and start monitoring these cases in line with SPMT’s Systems and Processes. We believe there is a clear plan in place i.e., that Smart and the SPMT Trustee will assume responsibility in line with their existing Systems and Processes.

3. Pursuing a continuity option

Which continuity option is being pursued?	Continuity Option 1 – Wind up
What is the rationale for pursuing this continuity option?	
<p><i>(Please provide a summary of the factors and issues considered, including your reasons and an explanation as to why you believe the chosen option is in the interests of members. In the case of triggering events 1-3 you may only pursue continuity option 1, therefore a short statement as to this fact will be sufficient).</i> ^[OO]</p> <p>During the sale of the scheme Funder, Evolve, to Smart Pension the Crystal Trustee was included in the due diligence process and is fully satisfied of the suitability of the Smart Pension Master Trust (SPMT) for members of Crystal.</p>	

As part of the sale, the Evolve Executive ensured that Crystal members will benefit from an increase in value for money from the SPMT. With no increase in member charges, comparable investment options and improvements in technology in the form of a virtual assistant, mobile App, financial wellbeing and guidance, the Trustee are confident that all areas of the Membership will experience an improved Member journey.

The Triggering Event has started a transition process which will be robustly controlled with regular updates to TPR.

Analysis of risks to member benefits of pursuing this continuity option

(Please provide a summary assessment of the risks and impacts to members as a result of the triggering event, including any mitigation put in place to address these risks. You can attach further details in an appendix).

The risks to members' benefits remains low throughout the transition project as Evolve continues to operate Crystal in line with normal business practice. Risks to members' benefits which could arise throughout the process are:

- Inadequate staffing to maintain business as usual levels of service to members and employers – this risk will be monitored ongoing; mitigations are in place with retention payments and a commitment from Smart regarding the future employment of all Evolve staff.
- Transaction costs could erode members' benefits – the Trustee and Investment Consultant are undertaking in-depth analysis to ensure transaction costs are kept to a minimum and are balanced with improved member outcomes. In the Investment Committee meeting that took place on 24th April 2023, the Investment Consultant, DWA, confirmed to the Trustee that estimated transaction costs were expected to be less than 0.2% for the Lifestyle members and less than 0.50% for the TDF members for members transitioning into the new default. These are estimates only and will be affected by market conditions at the time of the transition. Once more accurate information becomes available, we will provide TPR with this.
- Timing of asset transition could result in elevated transaction costs – the Trustee and Investment Consultant will monitor the volatility of the stock market and hold a "Go/No Go" call close to the transition date to allow the transition to be deferred if conditions are deemed unsuitable. This ensures the risk of out of market loss is not unreasonably elevated.
- Out of market losses - the Trustee and Investment Consultant are also undertaking assessment of out of market risk and will put in place steps to minimise the time and potential risk. In respect of the LGIM (Legal and General Investment Management) platform a certain amount of reregistration of assets may be possible to reduce costs. Additionally, for the LGIM platform, out of market risk can be managed by prefunding 90%-95% which will then need to be followed up by a catch up trade.
- Members/employers could take actions which adversely affect their benefits or be targeted by scammers – clear, concise communications with phone, email and website support clearly stating how to get further information from Crystal, Smart Pension and MoneyHelper, along with recommendations for independent financial advice where appropriate, will be issued. Scam mitigation steps will remain in place around relevant administrative processes.
- Employers fail to meet their Auto Enrolment duties leading to impact on member benefits – a robust plan to communicate with employers and support them in the transition of their pension provision is in place. Late reporting will continue as business

as usual and reconciled handover of this information will be given to Smart as employers' direct future contributions to the SPMT (anticipated to be March 2024).

Analysis of disruption of employer AE duties in pursuing this continuity option

(Please provide a summary assessment of the risks and impacts to employers being able to meet their AE duties, including any mitigation put in place to address these risks. You can attach further details in an appendix).

Crystal does not offer assessment services; therefore, the trigger event will not disrupt assessment activities.

We have previously stated that a third party (Optess) offers assessment services for some of our participating employers. Optess are aware of the sale of the scheme funder following discussions with their and Evolve's CEOs and the potential for wind up. Optess have agreed to continue to provide AE services and support Evolve as normal during a windup scenario.

Our contribution processing and monitoring process flows will continue to assess and mitigate the risks.

Assessed (contribution) data can continue to be accepted during the wind up for the full period up to the point at which Participating Employers commence payment of contributions to SPMT, estimated to be March 2024.

- Evolve will operate contribution monitoring as BAU. Evolve has protected the internal resource and as such will continue to monitor overdue items (be that data and/or payment) for pay periods ending 29th February 2024, right up to the asset transfer date.
- Evolve will call any Employer that is overdue (given the reduction in affected employers and because Evolve won't be processing any future contributions, there will be sufficient resource to use this method of contact).
- In initial conversations Evolve has held with Smart, it has been agreed that Evolve can still issue employer and member communications (for late payment), but it has been acknowledged we will have to do this carefully to avoid confusion. One risk we are aware of is that of an Employer being told about potentially late payments from two Master Trusts, for two differing amounts and pay period end dates. However, Evolve believes its controls and data are robust enough to mitigate this risk.
- Evolve do not propose to submit any reports to Exchange post 1st March 2024. This safeguards issues should Smart also report an employer on Exchange with the same ePSR.
- Evolve will issue monthly overdue schedules to Smart by each 30th/31st of the month.
- The Crystal Trustee bank accounts will remain open so Employers can pay their outstanding contributions.
- evoPlus will remain open to allow for late data to be uploaded, which in turn will trigger a GoCardless collection.

In the event that payment has not been received prior to Crystal ceasing to accept further payments, a full suite of MI and reporting data will be handed over to Smart from Evolve.

Further to discussions between Evolve and TPR, it has been agreed Evolve will work with TPR to carry out a TPR reporting portal data cleanse which both parties believe will help to manage enforcement action.

Additionally, there is a specific workstream under the migration project to discuss and agree the processes and controls required to handle administrative WIP, this includes contribution monitoring. Therefore, the finer details of the processes have yet to be agreed, but in principle there will be twice weekly meetings to review all late reporting cases and agree actions, to ensure that where employers do not follow the instructions provided by the communications, that these cases are identified and resolved.

Both Evolve and Smart would be pleased to have a joint meeting with TPR's late payments team to discuss processes further as part of the transition project.

Additionally, we acknowledge the risk of employers not signing up to SPMT and therefore potentially creating a wider AE compliance issue. During the period following the CO1 communication regarding the default scheme, any employers that declare they do not wish to participate in SPMT will be recorded against a master list of Evolve employers. Once the declaration period has ended, Evolve will start to engage with the employers with details of the next steps and how to sign-up to SPMT. There will then be regular reviews comparing the employer master list to the SPMT new signup list, therefore constantly monitoring the progress being made. Outstanding cases will be periodically chased by email and phone. Once a final list of employers is available, including those employers that are either unresponsive or indicate they do not wish to participate in SPMT, this will be provided to TPR to aid their compliance reviews, and this has been built into the Project Plan.

4. Planning to implement the continuity option

- If you are pursuing a transfer and wind-up (continuity option 1), you should complete section 4(a).
- If you are seeking to resolve the triggering event (continuity option 2), you should complete section 4(b).

4(a) Continuity option 1: transfer and wind-up

Please provide details of the default receiving scheme(s) proposed by the trustees (if known), or set out the approach for identifying this scheme and the date this is expected to be achieved by the trustees:

We expect trustees to identify a receiving scheme or schemes, which must be authorised master trusts, and which are or would be automatic enrolment scheme for transferring members, within six weeks of the triggering event occurring.

You must tell us about the main decisions and actions that will be taken, including the person responsible and timescales for taking them. In relation to the receiving scheme, we expect you to include the following information:

- *Whether you will seek financial, investment, legal or any other advice, and on what matters.*
- *How you will identify a default receiving scheme(s) that is aligned (to the extent possible) to the master trust's current statement of investment principles (SIP).*
- *How you will seek to secure the benefits of members that are already in retirement or decumulation, including draw-down.*
- *What due diligence will be conducted to ensure the receiving scheme(s) is/are appropriate. This should include consideration of charges, investments, governance and value for money.*

To the extent known, you should also provide us with the following:

- *The name of the proposed receiving scheme(s).*
- *The PSR of the proposed receiving scheme(s).*
- *Whether the receiving scheme(s) is/are each an authorised master trust.*
- *Whether the receiving scheme(s) is/are each (or would be) an AE scheme in relation to transferring members.*
- *Whether the receiving scheme(s) is/are each able to accept deferred and pensioner members.*

Receiving Scheme:

- Smart Pension Master Trust (SPMT)

- PSR 12011089
- SPMT is an authorised master trust.
- SPMT is an AE qualifying workplace pension scheme.
- SPMT is able to accept active, deferred and pensioner members.

-Whether you will seek financial, investment, legal or any other advice, and on what matters.
The Trustee has assessed the information provided on the SPMT, including full due diligence evidence.

The Trustee has obtained legal advice in respect of the contents of the Trust Deed including powers and the Reserve Fund. Legal advice has also been obtained in relation to the removal of Bluesky's not for profit status and over the Sale and Purchase Agreement. Legal advice will continue to be sought throughout the process where necessary, including in respect of Trustee Indemnity insurance.

The Trustee has also sought initial Investment advice from their Investment Consultant over the following, as part of the due diligence exercise undertaken:

- Key features of the default strategy option available under SPMT
- A comparison of Crystal's and SPMT's strategies
- Suitability of SPMT's default for Crystal members
- Consideration of the self-select options within SPMT and that they are appropriate for Crystal members
- Consideration of the drawdown options available within SPMT
- Consideration of transaction costs

On behalf of the Trustee, Evolve has formally engaged with DWA to request the following in line with Crystal's Continuity Strategy:

- Formal due diligence on operational aspects and scheme governance, not limited to:
 - Risk and performance analysis of the investment options – this has been carried out on the default but is outstanding on the self - selects and decumulation options.
 - Assessment of charging structure
 - Formal advice on the Potential impact on Members' investment holdings during the wind up period
 - Advice and assistance in asset transition plan and actual asset transition – a separate Transition Plan is included which has been prepared by the Investment Consultant, DWA. Noting that the role to the ceding scheme is limited to deliver assets in line with the requirements of the take on scheme. The final transition plan is the responsibility of the acquiring scheme.
 - Advice on assessing and minimising out of market costs and risks
 - Engage with providers to get a clearer indication of transaction costs. These are currently only estimated, and accuracy will be limited by time to the transition date. It is additionally noted that this is a sub element of the transition plan and depends on the requirements of the plans of the acquiring scheme.

-How you will identify a default receiving scheme(s) that is aligned (to the extent possible) to the master trust's current Statement of Investment Principles (SIP)

The Trustee received investment advice from their Investment Consultant on 24th April 2023 confirming that SPMT's Core Lifestyle default, which is the new proposed default, meets the objectives of Crystal's SIP and SPMT's offering was broadly in line and did not contradict any of the Trustee's own Beliefs, Targets and Objectives set out in the current Crystal SIP.

-How you will seek to secure the benefits of members that are already in retirement or decumulation, including drawdown.

SPMT has its own drawdown solution, Smart Retire, which has been reviewed by the Trustee's Investment Consultant who has confirmed that although it is different to Crystal, it is a cheaper strategy which could be seen to be more aligned with the FCA (Financial Conduct Authority)

Investment Pathways. The Trustee's Investment Consultant also confirmed that Crystal members would have sufficient tools to approach retirement in the way that they want to.

Consideration of moving Crystal's decumulation members to Smart is already underway and forms part of the transition project. The Trustee will receive further Investment advice from DWA to ensure a smooth transition to the SPMT.

-What due diligence will be conducted to ensure the receiving scheme(s) is/are appropriate. This should include consideration of charges, investments, governance and value for money. The Trustee and the Evolve Executive have undertaken thorough due diligence, which included full assessment of information and documentation provided by SPMT, Pinsent Masons (legal advisor) and DWA (Investment Consultant), to approve the Sale and Purchase Agreement. To summarise:

Charges - It has been agreed by Smart Pension that total member charges in respect of a default arrangement will be no higher than before the purchase of the Scheme Funder for a minimum period of 5 years from signing of the Sale & Purchase Agreement. This is stated in the Sale & Purchase Agreement which has been reviewed by the Crystal Trustee and Pinsent Masons.

Additionally, estimated transaction costs have been considered by the Trustee at an Investment Committee meeting that took place on 24th April 2023. Transaction costs were discussed at high level and DWA confirmed it would be difficult to estimate what the transaction costs would be, given that the anticipated transition date is 30 May 2024, however they are expected to be less than 0.2% for Lifestyle members and less than 0.50% for the TDF members for members transitioning into the proposed default. DWA also confirmed they will look to minimise transaction costs as much as possible over the coming months and will form part of the separate Transition Plan that is included.

Investments - As above, the Trustee, via the Investment Committee at the meeting that took place on 24th April 2023, considered both accumulation and decumulation investment options available in SPMT for Crystal Members. The Committee agreed that the proposed default option (Smart Sustainable Growth Core Strategy) is suitable for Crystal Members.

Formal Investment advice as outlined above has been requested from DWA in line with Crystal's Continuity Strategy and will be reported to the Trustee as part of the monthly wind up meetings that are now taking place or via the quarterly Trustee meetings, where applicable.

Governance - As confirmed above, the Trustee and the Evolve Executive have undertaken thorough due diligence which included full assessment of documentation provided by Smart Pension such as SPMT's Business Plan, Continuity Strategy, SIP and Supervisory return.

Value for money – By conducting their due diligence as outlined above, the Trustee and the Evolve Executive have ensured that Crystal members will benefit from an increase in value for money from the SPMT. With no increase in member charges, comparable investment options and improvements in technology in the form of a virtual assistant, mobile App, financial wellbeing and guidance, we are confident that all areas of the Membership will experience an improved member journey and are likely to have better member outcomes.

Please provide details of any other pension vehicle you intend to use, including your reasons for this. Please note the following: N/A

- An alternative retirement vehicle can only be used where you cannot identify an appropriate authorised master trust to transfer a member's accrued rights and benefits to.

- Any alternative vehicle must be an arrangement consisting of one or more policies purchased by one or more issuers authorised by the FCA, offering suitable benefits comparable to those held by the member in the transferring scheme.
- You must notify members before making alternative arrangements.

Where this section applies, we expect you to provide a summary of the following:

- *The steps taken to identify an authorised master trust and the reasons for concluding that no appropriate master trust is available to transfer rights and benefits to.*
- *How members will be notified.*
- *What due diligence you will conduct to ensure any alternative is suitable.*
- *To the extent known, details of the insurer(s) and policies chosen, along with how they offer comparable benefits to those in the transferring scheme. This should include consideration of charges, investments, governance and value for money.*

This section does not apply.

Please provide details of how you will transfer members out of the scheme.

You must set out your plans for the following:

- *Ensuring scheme level assets are reconciled with assets held at the member level.*
 - *Transferring members assets, for example whether this will be an in-specie transfer or cash transfer, as well as how the trustees will ensure the transfer is secure.*
 - *Outstanding contributions due from employers and members.*
 - *Maintaining the integrity of members' records – this will involve data reconciliation and member tracing exercises before the transfer takes place.*
- Currently the administration team undertake monthly reconciliations of member units. At the point of transition, a 'black out' period will be entered where member units cannot change. This reconciliation will be the basis for the overall sale of existing units and purchase of new ones.
 - The Trustee will take advice from the external Investment Consultant, DWA. The Trustee will work with DWA and Smart Pension to ensure the asset transition is carried out in the most cost efficient manner, although it is likely that the majority of the transfer will be cash.
 - Evolve and the Crystal Trustee will continue to be responsible for the contribution monitoring and reporting for any period outstanding up to the last contribution date (est 29th February 2024). The SPMT Trustee will be responsible for any pay periods outstanding from 1st March 2024, at which point the Crystal employers will fall under the SPMT systems and processes. If there are any Late Reporting cases remaining at the point the Crystal accounts are closed (following the bulk asset transfer) then these cases will be handed over to Smart who will take over the responsibility of monitoring and reporting.
 - Evolve will continue to operate the Crystal Trustee bank account up until a time closer to the bulk asset transfer date (timeframe not currently decided), in order to receipt monies in respect of late contributions up to 29th February 2024. Both the manual administration processes and the evoPlus portal will remain in operation for the same timeframe in order to be able to process the corresponding data files.
 - In the event there are still contributions outstanding after the Trustee bank account has been closed (i.e., post transition), Evolve has agreed an approach with Smart in terms of how we anticipate to monitor and process contributions (although the finer details are still to be formally agreed). Once the asset transfer date is defined, we will know when the bank accounts will close. At that stage there will be a handover from Evolve to

Smart of any outstanding late contributions cases and the Smart team will then pick up and start monitoring these cases in line with SPMT's Systems and Processes. We believe there is a clear plan in place i.e., that Smart and the SPMT Trustee will assume responsibility in line with their existing Systems and Processes.

- Before and after any movement of member funds, full reconciliations are undertaken by the administration team and reviewed by Evolve's Business Improvement Manager.

You must also provide details on the following:

- *How they will comply with any legal requirements.*
- *How investments will be managed – for example, the timescales and costs for disinvesting assets, and whether there are any matters you will seek investment advice on. Where you have any uninvested or un-reconciled contributions, we expect you to set out your plan for dealing with these.*
- *How the scheme's administration can continue and how you will implement the continuity option. For a transfer and wind-up, this will include, for example, how the handover from your current administrator to the receiving scheme administrator will be managed, including how you will handle any termination clause and transitional arrangements for ceasing relationships with service providers.*
- *How you will support employers and members in understanding their options, and ongoing duties.*
- *Whether any additional resources are needed to pursue this option.*
- The Trustee's legal advisor, Pinsent Masons, has been involved with the scheme for many years. Prior to each Trustee meeting and ad hoc, as required, Evolve's governance team liaise with the Trustee on any item that would require legal advice, and this is set out in a paper prior to any meeting taking place.
- DWA has produced a draft transition plan, included, that will be shared with and approved by Smart.
- At each stage in the process, unit reconciliations will be carried out pre and post any movement of funds. This process may take place over several transactions, rather than one encompassing transfer to reduce out of market risk. From the point at which contributions are collected by Smart Pension, in principle, all Smart Pension processes with regards to late contributions will be adopted where possible. Defining the practical processes to be used for these and other administration cases during the transition phase are still under discussion, but once the process is finalised, we will confirm to TPR.
- Evolve is the administrative provider to the scheme and this business is being acquired by Smart Pension as part of the overall transition, meaning the current administrator will be in place throughout the transition. A strategy will be in place and followed to move member data and functionality to Smart Pension at the appropriate time.
- Both Evolve and Smart Pension have teams of a client servicing nature. These teams will be responsible for the various methods of communications, digital and paper, as well as having a helpline for any employer needing support. Additionally, Evolve's administration team will be trained in the overall transition plan to ensure members understand how it may affect them.
- Evolve and Smart Pension are working closely together to ensure there is sufficient resource throughout the project.

When do you expect ongoing contributions to cease?

**Estimated 29th February
2024**

By what date do you expect to have transferred members out of the scheme?	Estimated June 2024
By what date do you expect to have wound up the scheme?	Estimated 30 September 2024
Please provide details of any the other steps to ensure the scheme is wound-up	
<p><i>This should include consideration of preparation of final accounts, notices in the London Gazette, runoff insurances, deeds, HMRC reporting and de-registration.</i></p> <p>Upon completion of the transfer of Member assets the final Scheme Report and Accounts and audit will be conducted. The Scheme auditor, RSM and Scheme Accountant, Burgess Hodgson are aware of this action and have timetabled it into their schedule of work for Crystal.</p> <p>The Trustee will arrange to post a public and legal notice in the London Gazette confirming the wind up of Crystal and providing contact details for potential beneficiaries to come forward before the wind up is completed. This notice will be posted in tandem with the circulation of the second member communication.</p> <p>Evolve is currently investigating run off insurance for the Crystal Trustee Company which in any event will be in place ahead of formal wind up of Crystal.</p> <p>All formal notifications to TPR (including Exchange updates and section 72A reports) and HMRC will be conducted immediately following the signing of the Deed of Termination, which will be prepared by the Trustee's Legal Advisor. Exchange was updated on 3rd August 2023 to confirm that Crystal has triggered wind up.</p>	

4(b) Continuity option 2: resolve the triggering event N/A
Please provide a summary of how you intend to resolve the triggering event: N/A
<p><i>You must include details of the main decisions and actions that will be taken in relation to the continuity option being pursued, the person responsible and the timescales associated with those decisions and actions. For resolving a triggering event, we expect this to include the following:</i></p> <ul style="list-style-type: none"> <i>The parties (if any) that the scheme will be engaging with to help reach resolution of the triggering event.</i> <i>Any changes to or additional service providers you will need to resolve the triggering event.</i> <i>How you will address any legal requirements arising from the triggering event or pursuit of continuity option 2.</i> <i>The key risks identified in the resolution process.</i> <i>The key dependencies to successful resolution.</i> <i>How you will plan to rebuild financial reserves after addressing the issue that brought about the triggering event.</i> <i>Details of how data will be reconciled.</i>
Estimated length of time in which you expect to resolve the triggering event: N/A
<p><i>This should outline the length of time in which you expect to address the issue(s) that brought about the triggering event, the length of time expected to rebuild financial reserves, and the expected dates on which these actions will be completed.</i></p>
When do you need to switch to pursuing continuity option 1? N/A

How long you can attempt to resolve a triggering event is part dependent on the level of scheme income and financial reserves they have access to. The trustees should retain access to enough income and financial reserves to complete a transfer and wind-up in case it becomes clear that resolution is no longer possible, or in case a further triggering event occurs that requires you to automatically transfer and wind-up.

We expect you to set out how you have considered the following:

- *The level of financial reserves and income you have access to. The cost of running on for the scheme during a triggering event.*
- *When you will need to take the decision to switch to continuity option 1.*
- *Whether there are critical milestones that, if not met, are more likely to result in pursuing continuity option 1.*
- *When you will need to begin pursuing continuity option 1 in order to transfer members out and wind up the scheme.*

5. Keeping your scheme running throughout the triggering event period

Running the scheme during a triggering event period

Please provide a summary of how you intend to continue to run the scheme during the triggering event period. If you are including detailed plans in an appendix, please ensure your narrative summary here references your plans appropriately.

You must set out the following:

- *How you will maintain the scheme's administration throughout the triggering event, for example whether you will need additional resource to manage increases in employer and member queries, or how you will ensure core financial transactions continue to be processed promptly and accurately.*
- *How you will comply with any legal requirements, including ongoing statutory duties that continue to apply, for example producing the annual chair's statement.*
- *How you will comply with the prohibition on accepting new employers and, where the scheme is used as an automatic enrolment (AE) scheme, a plan for dealing with employers in the process of staging or re-enrolment.*
- *If you identify any employers that are likely to breach their AE duties because of the triggering event and/or continuity option being pursued, you should set out any steps you will take to help employers meet their AE obligations.*
- *Your plan for managing investments during the triggering event period.*
- *Your plan to retain service providers during the triggering event period.*
- *Your plan on how data integrity is to be maintained during the triggering event period.*
- *Your plan for dealing with outstanding employer and member contributions.*

Maintain Scheme's Administration

We anticipate no disruption to the day-to-day administration activities as the Administration staff will transfer under TUPE to the new provider. Therefore, retaining scheme and employer knowledge during and post the windup process.

All senior administration personnel will remain in post. We will continue to monitor staff turnover and undertake succession planning as the task falls due under our internal controls. Normal administration service will continue until Crystal has been wound up. We will continue to provide weekly dashboard MI and monthly administration reports to the Trustee as normal, together with wind up monthly reporting which will form part of the monthly wind up meetings the Trustee have scheduled.

All systems used to provide the administration service and maintenance will continue to be provided by the service providers and Evolve's IT & Delivery Team.

Comply with any legal requirements

The Trustee's legal advisor, Pinsent Masons, has been involved with the scheme for many years. Prior to each Trustee meeting and ad hoc, as required, Evolve's governance team

liaise with the Trustee on any item that would require legal advice, and this is set out in a paper prior to any meeting taking place.

All Governance personnel remain in post and as such, the governance function will remain in place as described above.

Normal administration, governance and administration project management activities will continue as normal.

All Crystal activities will continue as 'business as usual' including the preparation of the annual Report and Accounts, Chair's Statement, SIP and other regulatory documents, to ensure Crystal continues to meet the Authorisation criteria.

Prohibiting new employer sign ups

The electronic process of new employer sign-ups was turned off immediately on the Triggering Event date.

All links to register as a new employer to Crystal have been disabled and a message will direct enquiries to the dedicated new employer page on the Smart Pension website. Any other requests received via phone or email for terms or enquiries about joining the scheme will be directed to the new landing webpage with the new provider.

The Employer Support team will maintain a record of all enquires and requests received post the Triggering Event date.

Identification of employers breaching AE

Evolve / Crystal does not offer AE assessment services.

If during our robust contribution monitoring activities, we have reasonable cause to believe there has been an AE breach, we will report this via the usual channels to TPR. We have a robust Late Contributions process in place which details how Evolve and the Trustee process breaches. (For example, employers who we understand have induced employers to opt out have been removed from the Scheme and reported to TPR).

There is a specific workstream under the migration project to discuss and agree the processes and controls required to handle administrative WIP, this includes contribution monitoring. The finer details of the processes have yet to be agreed, but in principle there will be twice weekly meetings to review all late reporting cases and agree actions, to ensure that where employers do not follow the instructions provided by the communications, that these cases are identified and resolved. Both Evolve and Smart would be pleased to have a joint meeting with TPR's late payments team to discuss processes further as part of the transition project.

During the period following the CO1 communication regarding the default scheme, any employers that declare they do not wish to participate in SPMT will be recorded against a master list of Evolve employers. Once the declaration period has ended, Evolve will start to engage with the employers with details of the next steps and how to sign-up to SPMT. There will then be regular reviews comparing the employer master list to the SPMT new signup list, therefore constantly monitoring the progress being made. Outstanding cases will be periodically chased by email and phone. Once a final list of employers is available, including those employers that are either unresponsive or indicate they do not wish to participate in SPMT, this will be provided to TPR to aid their compliance reviews, and this has been built into the Project Plan.

Managing investments

Internal investment management activities will continue during windup as the staff concerned are to be TUPED to the new provider.

The Investment Consultant, DWA will remain in place until windup has been completed and all risk monitoring, performance reviews, suitability assessments and other management activity in relation to investments will continue as normal.

Investment monitoring activity and reporting will continue during the windup as per business as usual activity.

Retain service providers

All IT and Delivery staff are to be retained during the windup process and will transfer under TUPE to the new provider, thus maintaining continuity.

All service providers will remain in place until windup has been fully completed, with all contracts in place to continue and be renewed until windup has been fully completed.

Evolve will continue to maintain all systems, websites, member/employer tools, including carrying out any required enhancements/updates or regulatory updates.

Maintain data integrity

We have a Data Management Plan which complies with the PASA (Pensions Administration Standards Association) guidance.

Common, scheme specific and employer data will continue to be tested and reported to the Trustee monthly. We undertake > 3.4m data tests monthly.

Using LexisNexis, mortality screening, member tracing and data enrichment (address, email, mobile numbers, etc.,) will also be undertaken across the entire membership. Shortly before the data migration, the results of the screening, tracing and enrichment will be refreshed so the highest possible quality of data is passed to Smart Pension.

Data Integrity is a fixed section in our monthly administration report and a fixed agenda item in each Trustee meeting.

Outstanding contributions

Our robust contribution monitoring will continue up to the point contributions are redirected to SPMT, which is currently expected to be March 2024.

Evolve and the Crystal Trustee will continue to be responsible for the contribution monitoring and reporting for any period outstanding up to the last contribution date (est 29th February 2024). The SPMT Trustee will be responsible for any pay periods outstanding from 1st March 2024, at which point the Crystal employers will fall under the SPMT systems and processes. If there are any Late Reporting cases remaining at the point the Crystal accounts are closed (following the bulk asset transfer) then these cases will be handed over to Smart who will take over the responsibility of monitoring and reporting.

Evolve will continue to operate the Crystal Trustee bank account up until a time closer to the bulk asset transfer date (timeframe not currently decided), in order to receipt monies in respect of late contributions up to 29th February 2024. Both the manual administration processes and the evoPlus portal will remain in operation for the same timeframe in order to be able to process the corresponding data files.

In the event there are still contributions outstanding after the Trustee bank account has been closed (i.e., post transition), Evolve has agreed an approach with Smart in terms of how we anticipate to monitor and process contributions (although the finer details are still to be formally agreed). Once the asset transfer date is defined, we will know when the bank accounts will close. At that stage there will be a handover from Evolve to Smart of any outstanding late contributions cases and the Smart team will then pick up and start monitoring these cases in line with SPMT's Systems and Processes. We believe there is a

clear plan in place i.e., that Smart and the SPMT Trustee will assume responsibility in line with their existing Systems and Processes.

- Evolve will operate contribution monitoring as BAU. Evolve has protected the internal resource and as such will continue to monitor overdue items (be that data and/or payment) for pay periods ending 29th February 2024, right up to the asset transfer date.
- Evolve will call any Employer that is overdue (given the reduction in affected employers and because Evolve won't be processing any future contributions, there will be sufficient resource to use this method of contact).
- In initial conversations Evolve has held with Smart, it has been agreed that Evolve can still issue employer and member communications (for late payment), but it has been acknowledged we will have to do this carefully to avoid confusion. One risk we are aware of is that of an Employer being told about potentially late payments from two Master Trusts, for two differing amounts and pay period end dates. However, Evolve believes its controls and data are robust enough to mitigate this risk.
- Evolve do not propose to submit any reports to Exchange post 1st March 2024. This safeguards issues should Smart also report an employer on Exchange with the same ePSR.
- Evolve will issue monthly overdue schedules to Smart by each 30th/31st of the month.
- As stated above, the Crystal Trustee bank accounts will remain open so Employers can pay their outstanding contributions.
- evoPlus will remain open to allow for late data to be uploaded, which in turn will trigger a GoCardless collection.

In the event that payment has not been received prior to Crystal ceasing to accept further payments, a full suite of MI and reporting data will be handed over to Smart from Evolve.

Further to discussions between Evolve and TPR, it has been agreed Evolve will work with TPR to carry out a TPR reporting portal data cleanse which both parties believe will help to manage enforcement action.

6. Communication

Communications plan

What information will you communicate to members about the continuity option being pursued and why have you chosen to communicate this?

(Outline the information you'll include in first notice to members, and the information you'll include in the second notice).

The first notice to members will include confirmation of the decision to wind up Crystal and that members will transition to SPMT. Details of the improved technology that will be available to members and the additional financial wellbeing support and guidance will be included.

The communication will also include an estimated timeline, links to information pages, FAQs and confirmation of the relevant contact points for queries and support.

The initial communication will provide the key messages in a positive way. Reassurance will be provided regarding the security of members retirement saving, confirmation that Crystal

will continue to operate as usual until the wind up date and provide a summary of the benefit to members of the move to SPMT.

The communications will clearly state that the member has the right to choose to transfer their retirement savings to an alternative arrangement and how to initiate this process.

The second communication will provide updates on the transition timeline, provide updated FAQs, and links to Smart Pension's information pages. Further information will also be provided regarding charges and investment options.

All communications issued will include information on where members can receive advice and a link to the MoneyHelper website.

What are the key milestones to be communicated to members?

(This may include other member communications, for example – when contributions will cease and be passed on to the receiving scheme)

The Initial announcement confirms the decision to wind up Crystal and members will transition to the Smart Pension Master Trust and provides estimated timelines around this transition, contact points to gather additional information and where to obtain advice.

Future member communications will provide: -

- Confirmation of the investment options available from SPMT. Including new options for those members in decumulation.
- Confirmation of the default investment option to be provided to members and explanation of the transition process. Including new options for those members in decumulation.
- Confirmation of when active member contributions will be redirected to SPMT.
- Confirmation of when decumulation members will be transitioned to SPMT.
- A final announcement to confirm the transfer of Retirement Savings to SPMT. The Crystal Trustee will provide members with a closing statement confirming the value of the transfer payment made to SPMT and the closure of Crystal.
- All communications issued will include information on where members can receive advice and a link to the MoneyHelper website.

As confirmed previously to TPR, future communications have not been finalised because we believe feedback from employers and members after the first communications will help to create better subsequent communications. As agreed with TPR, Evolve will share copies of the further stage communications later in the process.

What information will you communicate to employers about the continuity option being pursued and why have you chosen to communicate this?

(Include information communicated to employers within 14 days of the triggering event, and information to be included in further notices to employers).

The first employer communication was sent on 8th August 2023, along with a FAQs and a transition page for employers to refer to. A copy of the communication is included. The first notice to employers included confirmation of the decision to wind up Crystal and that members will transition to SPMT. Details of the improved technology that will be available to members and the additional financial wellbeing support and guidance was also included.

The communication also included links to information pages, availability of the Implementation Strategy, FAQs and confirmation of the relevant contact points for queries and support.

The communication aimed to provide the key messages in a positive way, confirming that Crystal will continue to operate as usual until windup and provided reassurances about the safety of the members' Retirement Savings.

The communication included a reminder that employers must continue with their auto enrolment duties before and after the transfer to SPMT. The employer will be advised that it is able to select an alternative provider, how to communicate this decision to the Crystal Trustee and where to find information and guidance.

What are the key milestones to be communicated to employers?

(This may include other employer communications, for example – date contributions will cease and date of the expected transfer).

The Initial announcement confirms the decision to wind up Crystal and that employers and members will transition to SPMT. The communication provides estimated timelines around this transition, contact points to gather additional information and where to obtain support.

Future employer communications will provide: -

- Access to a copy of the Implementation Strategy
- Confirmation that members have been provided with information regarding the transition.
- Confirmation around the registration as a participating employer to SPMT, providing guidance and support on this process.
- Confirmation of the redirection of future ongoing contributions to SPMT.
- A final announcement to confirm the transfer of Retirement Savings to SPMT and the closure of Crystal.

As confirmed previously to TPR, future communications have not been finalised because we believe feedback from employers and members after the first communications will help to create better subsequent communications. As agreed with TPR, Evolve will share copies of the further stage communications later in the process.

7. Costs and funding of running the scheme during a triggering event period and pursuing your chosen continuity option

Costs

Please provide details of how you will fund the steps identified in the implementation strategy, including the plan for calling on financial reserves to cover costs

In setting out how costs are to be met, we expect you to set out the following:

- *The costs of continuing to run the scheme during the triggering event period, and how it will be funded.*
- *A breakdown of projected costs and income on a month-by-month basis, for the expected duration of the triggering event.*
- *What the compliance costs are for pursuing the continuity option, and how this will be funded.*
- *Whether any additional resource will be needed to carry out the continuity option, and if so, what this will cost and how it will be funded.*
- *The available financial reserves available within the scheme's Cost, Assets and Liquidity Plan (CALP).*
- *You should explain the reasons for estimates and/ or assumptions used in setting out costs.*

Evolve's Finance Team has created a 'Wind Up Budget' in line with the continuity strategy. This budget will be assessed daily and shared with the Trustee monthly. This budget will be funded by a movement of money from the 'Reserve Fund' in the sum of £500,000, this amount being 'run down' as Evolve manages the Trustee transition costs. When the

£500,000 has been utilised, a further £500,000 will be requested, and ongoing until the transition is complete. If further funding is required, Evolve, as the sponsor, will fund this.

A breakdown of projected costs and income on a month by month basis, including compliance costs and how this will be funded is available as the 'Wind Up Budget' which is attached.

No further resource at Evolve is needed to carry out the functions in connection with the continuity strategy and ongoing resourcing will be reviewed by both Evolve and Smart Pension to ensure a smooth process.

Crystal has a Reserve Fund of £2,473,081.00 held under a cash account with LGIM. This amount is held by the scheme to only support any wind up/transition and cannot be used for any other purpose, in line with the Trust Deed and Rules. As this is now the case, the Wind Up budget, as mentioned above and attached, will be funded by the Reserve Fund. It is important to note that the Reserve Fund value will change monthly because in addition to the termination expenses being deducted, it receives a monthly interest rate of 3.1% (both of which will affect the starting amount each month).

The estimate wind up budget is attached and will be updated monthly after receiving timesheets from the Transition Team and any corresponding costs from the Trustee or service providers. The Trustee will be sent the Wind Up Budget monthly as part of its monthly wind up meetings to inform of the financial position and provide clarity over the fees Evolve will be experiencing. The latest estimate is that £1.5m will be used leaving approximately £950k. This is on a basis the scheme winds up by 31st June 2024. A later date will result in more of the Reserve potentially being used.

It is important to note that the total wind up budget will remain an estimate, as future costs are unknown and therefore estimated. Additionally, the wind up budget is also a working document, and will be enhanced to reflect a comparison of actual figures vs estimated figures for absolute clarity.

On 13th April 2023, the Trustee sought formal legal advice from Pinsent Masons over the use of the Reserve Fund. Pinsent Masons confirmed:

- Under the Scheme Rules, the Trustee can apply the Reserve Fund for 'Scheme purposes' e.g., meeting administration expenses and termination expenses.
- The Trustee is able to transfer any balance of the Reserve Fund once member benefits have been secured and termination expenses have been met, to Smart Pension to form part of SPMT's statutory Reserve Fund.

The options outlined to the Trustee for use of any surplus post wind up are:

- 1) Proportion the amount remaining between all members of Crystal;
- 2) Offset transaction costs; or
- 3) Transfer to receiving scheme's Financial Reserve

With regards to option 1, the Trustee note that due to the volume of members in Crystal, it is unlikely that they will receive an amount high enough to outweigh the administrative cost of carrying out this exercise. For example, in the event the surplus is £1m, based on current membership of approx. 127,300 members this would equate to £7.86 per member. The Trustee have previously noted this is unlikely to be a viable option.

With regards to option 2, high level estimates of transaction costs currently sit at approximately £3m. Based on this, it seems likely that the transaction costs will be in excess of any Reserve Fund surplus, however it is not possible to confirm at this early stage of the process as both termination expenses and transaction costs are still unknown.

As previously confirmed to TPR, the Trustee has not made a final decision over how any surplus will be used because the Trustee wanted to have progressed further along in the wind up to have a better idea of the amount of any surplus. Once transaction costs and termination expenses are more certain, the Trustee will be in a better position to make a decision over this and will inform TPR of this decision once it has been made.

8. Statement of administration charges

Administration charges

(You must include your calculation of the levels of administration charges (fixed charge levels) with your implementation strategy for the purpose of demonstrating compliance with the restrictions on charges that apply during the triggering event period). Further guidance on how to do this can be found at www.tpr.gov.uk/-/media/thepensionsregulator/files/import/pdf/master-trust-charges-prohibition-guidance.ashx

All charges to members during the full transition period will remain unchanged from the previous year.

Crystal is separated into operational sections for the purpose of setting different operating parameters on the internal database system, which allows flexibility in setting different charging rates and investment options. The charges for these sections remain unchanged and are included on the attached 'Charges document'.

The current approach, pre transition, for calculating the Bluesky Section charges involves the Evolve CEO creating the new budget for the following financial year in January of the year in question, updated in March. Next, the Evolve CEO calculates the charging of the Bluesky Section of Crystal on a non-profit basis using a fixed formula. A copy of the calculation spreadsheet is attached for reference.

The remaining charges across the 5 Crystal charge structures are assessed for their suitability and income projections for the year.

If the income is less than the spend, adjustments can be recommended to the Trustee for its approval, but any such adjustments would not affect member charging.

9. Timeline

Based on the summaries above and any detailed plans you have provided, please provide the timeline of key decisions and actions to be taken, those responsible, and the start and end dates (or expected start and end dates) for each milestone, decision and action.

Please see the attached PDF of the current project plan.