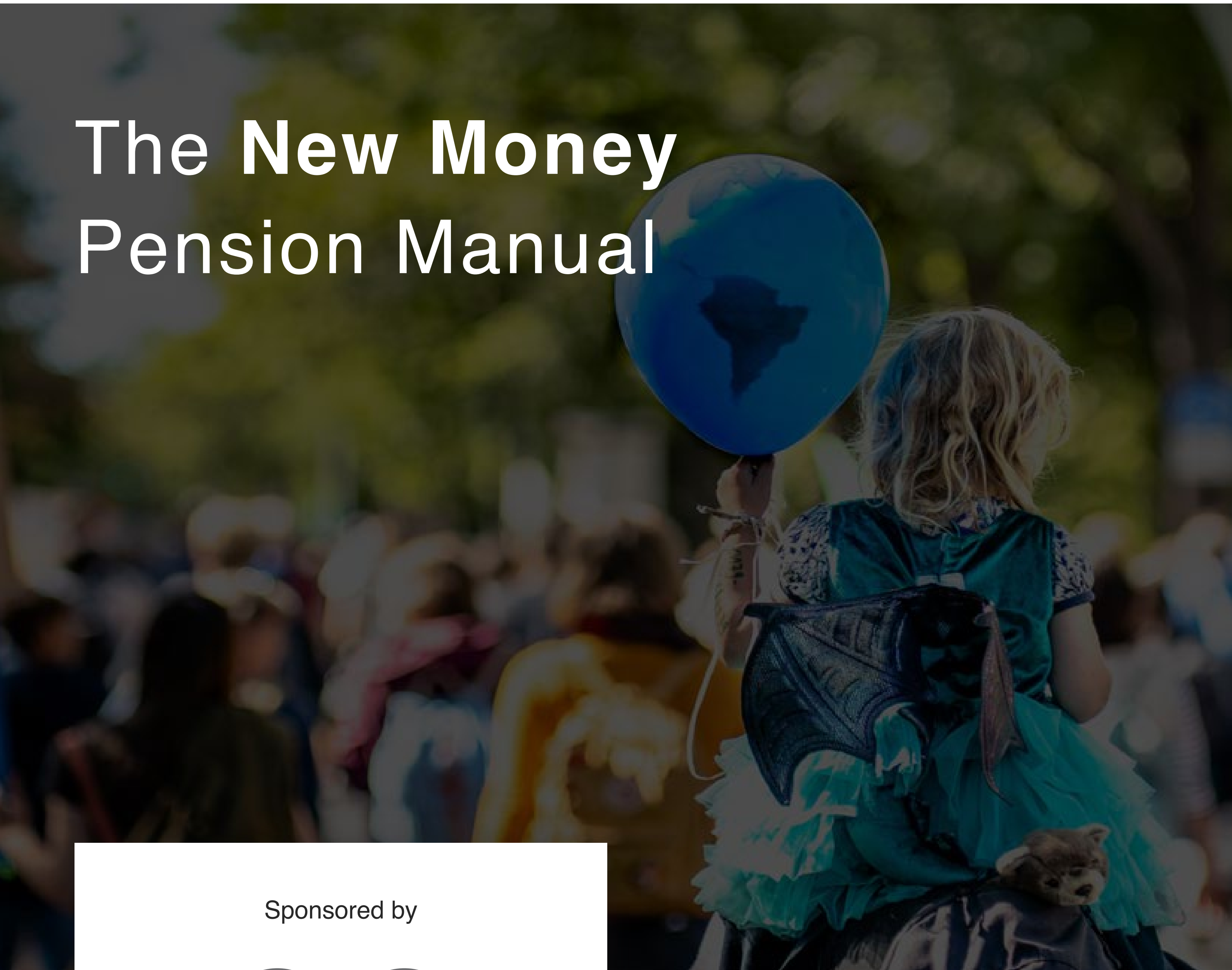
NEW MONEY

The **New Money** Pension Manual



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03. About

About New Money

“The New Money Mission is to change the shape of global capital by making sustainable finance accessible to all.”

New Money is a sustainable finance specialist. We focus on helping people and businesses make their money count the way they want it to. Whether a few hard saved pennies or a multi-million pound portfolio, we know everyone can match their savings with their scruples, provide for a more comfortable future, and help the world to develop sustainably and equitably through their bank accounts, savings and investments. A New Money movement is coming, and we plan to nudge it along.

About EQ Investors

EQ is an award-winning, boutique wealth manager providing financial advice and investment management services to individuals, small businesses and charitable endowments. We are a Certified B Corporation, the international standard for companies who believe in business as a force for good. Our emphasis on doing things the right way has struck a chord with people who are tired of being treated as numbers by organisations only interested in growing their profits. We are one of the fastest growing wealth managers in the UK but we won’t be selling out – we are committed to being a staff owned business with a strong focus on impact investing.

The authors

Rebecca Jones, founder of New Money

A financial journalist and communications consultant for nearly a decade, Rebecca has worked across national media, b2b, charities and for the UK’s most established sustainable investment team.

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Disclaimer: This manual provides general information only. It is not financial advice and is not a recommendation to invest in any product mentioned. Investments can go down as well as up and you may lose all of your capital.

04. Introduction: A new path for pensions

Rebecca Jones

Getting people involved with their pensions has long been a challenge for governments and employers alike. While few disagree on the importance of saving for retirement, less of us are willing to wade through reams paperwork to understand often complex and dull products.

This is a problem. It is a problem because, according to LV=, the average pension pot of a 40 to 55 year old is just £60,000, but also because – unbeknownst to many – pensions are one of the most powerful tools we have to affect mass global system change.

Willis Towers Watson reports that around £32trn is currently sitting in pensions globally – accounting for half of all managed money in the world by Boston Consulting figures. In the UK, pensions total £2.5trn, equivalent to our annual GDP output.

Rather than financing the futures of savers, though, the majority of this money is invested in main markets; which means fossil fuel producers, mining giants, tobacco companies and arms manufacturers, among other less-than positive corporate actors.

Claiming our future

To some of us, this won't be news. To most of us, however, it will be. As a recent survey conducted by activist investor group Share Action showed, most Britons do not know their pensions are – in most cases – invested; let alone invested in companies that are antithetical to their values, everyday habits and future lives.

A report from the Bank of England recently underlined the enormous risk posed by maintaining this status quo. Fossil fuel, for example, is rapidly being regulated out of existence, posing the threat that trillions of pounds of investor money will become stranded.

The time has come for system and – crucially – perception change. Far from being beyond the intellectual reach of the average saver, money and pensions are not difficult, or even boring: they are logical, vital and – if used well – empowering.

That is the New Money view, as well as that of our sponsor EQ Investors, which helps clients to save for a clean, safe and financially secure future through its Positive Portfolios – a £2,000 investment in which can remove 0.4 tonnes of Co2 from the atmosphere.

Through this guide and our wider work at New Money, we aim to show every single saver and investor that they can affect positive change through their financial decisions. Global capital belongs to everyone, and it's time everyone got a say in how it's used.

05. Key terms translated

Bonds: Company or government debt packaged and made tradable. Government bonds are also called ‘Gilts’.

DB: Short for Defined Benefit and is a type of workplace pension. Also known as a final salary scheme, it pays a guaranteed income throughout retirement.

DC: DC, or defined contribution, is now the most common pension scheme. Retirement income will depend on contributions and investment performance.

Default fund: This is a standard fund offered by a pension scheme. Most are typically invested in main markets with no exclusions of destructive industries.

Equities: Shares in a company

ESG: ‘Environmental, Social and/or Governance’ (ESG) is an investment approach that considers how well companies are managing challenges in each category.

Ethical fund: These exclude ‘sin stocks’ like tobacco, arms, gambling or pornography. Most will still invest in fossil fuel, but increasingly not coal or tar sands.

Impact fund: A fund that invests in companies making a direct positive impact on the environment and/or society.

Index tracker/tracker/ETF/passive fund: Terms for cheap funds with no manager that spread investments evenly across companies in an index like the FTSE 100. ESG trackers exclude some destructive industries like tobacco.

LISA: The Lifetime Individual Savings Account (LISA) allows savers to contribute up to £4,000 a year toward either a first home or retirement.

Mastertrust: A large pension fund that any employer can sign employees up to.

Portfolio: A collection of investments that can include any mix of funds, equities or bonds.

SIPP: A Self-Invested Personal Pension (SIPP) allows savers to invest as they wish and offers the same tax treatment as a workplace pension.

Sustainable fund: A fund that invests in companies contributing to sustainable development targets.

Trustees/Board of Trustees: The group that oversees a DB pension fund portfolio.

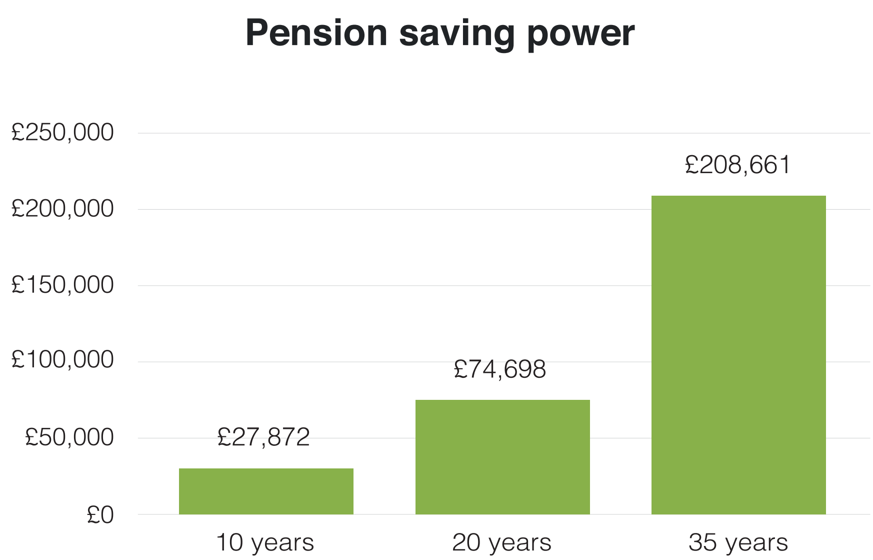
06: Pension facts

Investment

For most people, a pension is fundamentally an investment portfolio. In the UK, exceptions include teachers and NHS workers, whose pensions are funded directly by the government. For most, however, our retirement savings will typically be invested in any mix of equities, bonds, cash, infrastructure or property.

Financial security

Most importantly, a pension will ensure savers can retire comfortably, and the sooner we start saving, the better – as the below chart from EQ Investors shows. This is why the UK government introduced auto-enrolment in 2012, with all workers now automatically enrolled into a pension scheme.



DATA EXPLAINED: The above is based on the current minimum auto-enrolment levels of 4% of annual salary from the employee, 3% from the employer, and 1% tax relief (8% total) for someone earning the average UK salary of £25,884 per year. EQ Investors assumes investment growth of 5% per year and a salary increase of 0.5% per year.

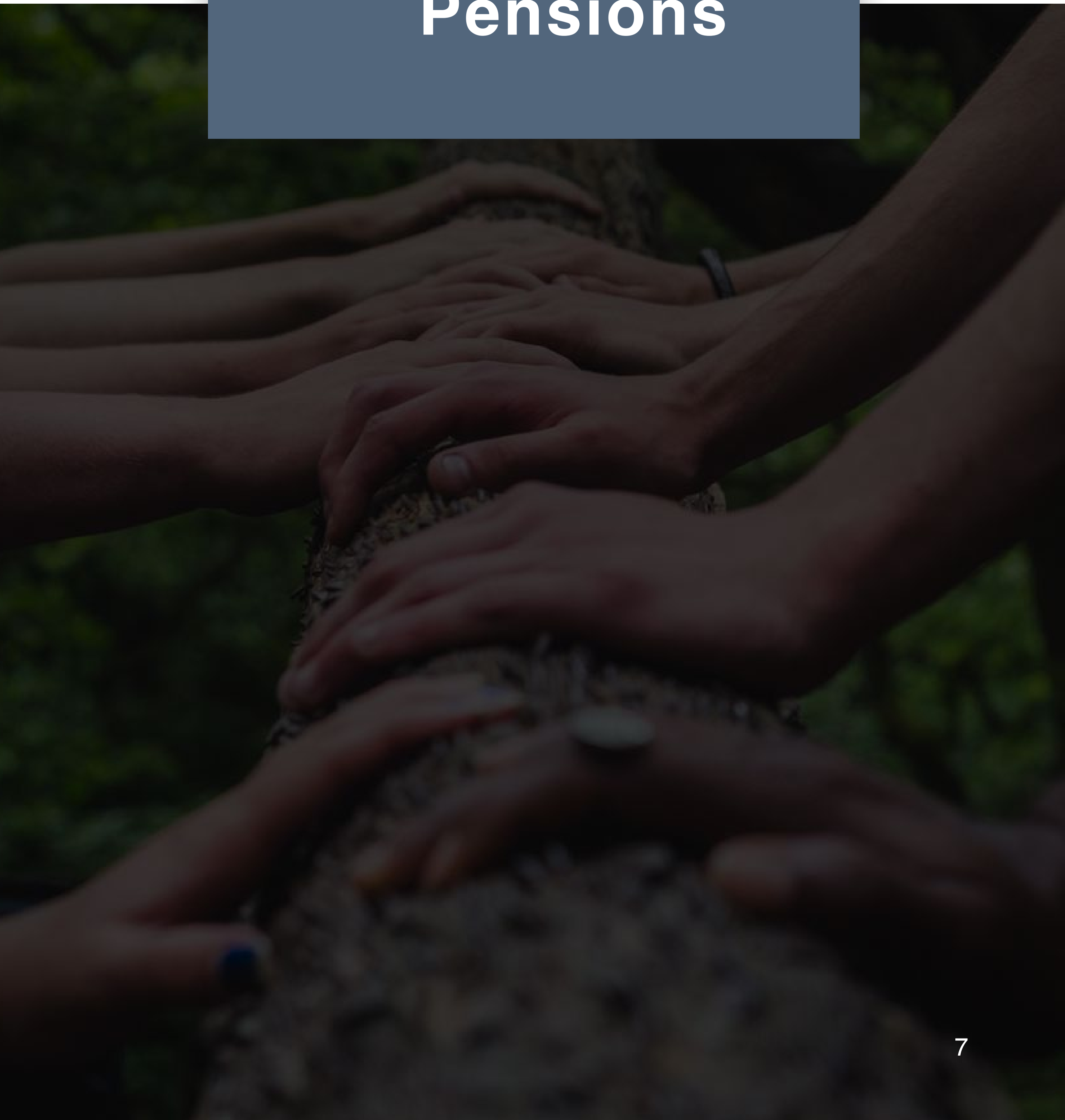
Tax benefits

A pension also attracts tax benefits. Savers can currently contribute up to £40,000 per year to a pension income tax free[1], up to the Lifetime Allowance of £1.05m. When they retire savers can then withdraw 25% of their pot income tax free, after which they will pay tax on withdrawals above the national tax-free allowance (currently £12,500 per year).

As we tend to pay less tax in retirement, tax on the way out rather than on the way in is usually a benefit and is a further incentive to save into a pension.

[1] UK workers pay different levels of income tax, ranging from 20% to 45%, and receive income tax relief on their pension contributions according to their rate. The first 20% is applied to all pensions automatically, while higher and additional rate tax payers usually have to apply for a rebate at the end of the tax year.

07. Workplace Pensions



08: DB and DC explained

There are two types of workplace pension: defined benefit (DB) and defined contribution (DC). DB, also called a final salary scheme, defines a certain level of income in retirement, usually calculated based on the salary a worker retires on.

A DC scheme, on the other hand, defines only the contributions. The size of the final pot will depend on how the portfolio has performed over its lifetime, and the pay-out by how it is saved or invested through retirement.

DB schemes are far more generous than DC schemes and their withdrawal has shifted the responsibility of saving for retirement onto the individual – some say unfairly. However, as we are all living longer and longer, DB schemes are supporting greater numbers of pensioners and can no longer sustain themselves.

Security vs. sustainability

One benefit of this shift, however, is that a DC scheme can give savers more control. The investments in a DB scheme are typically overseen by a board of trustees, who may work with an investment manager to run the portfolio. Savers can lobby for change, but have no direct control. The pension fund UK MPs pay into, for example, invests £10m in BP and Shell, despite Green Party objections.

A DC scheme, however, is usually run by an external asset manager – Aviva, Standard Life or Legal & General, for example – and often (though not always) these managers offer ethical or sustainable fund options. If they don't, savers can open a Self Invested Personal Pension (SIPP), where they can invest in sustainable funds and ask employers to pay their contributions there instead.[2]

Am I in a DB or DC scheme?

DB	DC
• **Public servants** are almost always in a DB scheme. As mentioned earlier, though, the pension schemes of teachers and NHS workers are not invested in stock markets. • **Private sector workers that joined their current employer before 1995** may also be in a DB scheme.	• **Private sector workers that joined their company after 1995** are more likely to be in a DC scheme. • More than 60% of all private sector pensions in the UK are now DC schemes, with **9 out of 10 private sector workers** now paying into one.

[2] Not all employers will contribute to a SIPP instead of their chosen DC scheme, so be sure to check before opening an account.

09: The UK's biggest DB schemes

Despite being almost all closed to new members due to funding issues, DB schemes remain the biggest pension funds in the UK, with the top 100 pension schemes all DB and accounting for more than £1trn of the UK's £2.5trn total pension assets.

DB schemes rarely publicly disclose their portfolios. One of the few exceptions is the Universities Superannuation Scheme, which looks after staff at UK universities and is our largest pension fund. It publishes its top 100 equity investments on its website, and its single largest is Royal Dutch Shell, in which it invests £463m.

UK's top 10 biggest pension funds

	Fund name	Fund size	Members
1	Universities Superannuation Scheme	£60.5bn	396,278
2	BT Pension Scheme	£49.3bn	297,454
3	The RBS Group Pension Fund	£44.1bn	212,609
4	Barclays Bank Retirement Fund	£31.8bn	215,256
5	Electricity Supply Pension Scheme	£31.2bn	185,588
6	HSBC Bank Pension Scheme	£27.3bn	112,723
7	Railways Pension Scheme	£25.5bn	338,019
8	BP Pension Fund	£24.5bn	-
9	Greater Manchester Pension Fund	£21.3bn	358,111
10	Lloyds Bank Pension Scheme No.1 Defined Benefit Section	£19.8bn	102,806

(Source: Professional Pensions, 2017)

In 2017, activist group gofossilfree.org submitted freedom of information requests to UK local authority pension funds and found that, collectively, they invest £16bn in fossil fuel companies. According to this data, the Greater Manchester Pension Fund invests more than £285m in Royal Dutch Shell and £275m in BP.

You can see how much your local authority invests in fossil fuel using the group's interactive map at www.gofossilfree.org/uk/fuellingthefire/#map

In May 2018 the Environmental Audit Committee published responses from the UK's 25 largest pension funds, including the above funds, detailing their approach to climate change risk. It found that 14 out of 25 had 'considered' climate risk at board level, however only 7 had committed to publicly reporting on their climate risk in line with the Bank of England-led Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

10: Six DC providers reviewed

We review six of the UK's biggest DC pension providers, covering key points on investment range, ESG policies and practices ('Principles'); and member communications and fund performance between March 2014 – March 2019 ('Member results'). **i**

Aviva: UK's biggest insurer I TFCD disclosures I ESG default

Investment range: Aviva's default funds include the Future Focus II and My Future Growth range, and – from 2019 – the ESG screened 'Stewardship Lifestyle Strategy' range, which exclude both tobacco and coal. Members of its Group Personal Pension and Group Self Invested Personal Pension schemes also have access to external sustainable funds, including most of the highly-rated Liontrust Sustainable Future fund range. See the Aviva fund centre for more.

Principles: In a 2018 report from Share Action, Aviva scored highly for responsible investment. It discloses its climate risks in line with TFCD recommendations and regularly votes against boards of investee companies on controversial issues like zero-hours contracts. Internally it is addressing inequality by cutting executive pay and has committed to the Women in Finance Charter and Diversity Project.

Member results: Aviva actively works to educate and inform members. Its educational video 'Can you protect the planet with your pension?' is of particular note, while annual statements are clear and regular. Its default funds perform averagely, while its fund fees are in line with the market.[3]

Legal & General: FTSE 100 insurer I ESG default I Strong engagement

Investment Range: L&G's main default funds are its Multi-Asset and Pathway funds, which invest according to the age of the saver. It also offers the ESG screened L&G Future World Fund as a default option in its mastertrust, which targets companies with lower carbon intensity and better governance than average.[4] As with Aviva, some members can also access internal and externally managed ethical funds, including L&G PMC Ethical Equity Global Equity Index and F&C Responsible Equity.

Principles: Through its Climate Impact Pledge, L&G is encouraging the world's top companies to meet global climate goals and leads the industry on voting for climate resolutions at board meetings. It has also pledged to divest from coal. On diversity L&G is targeting 40% women at board level and also commits to campaigns such as the 30% Club, Diversity Project and Women in Finance Charter.

Member results: Legal & General is strong on member communications, using videos to summarise benefit statements and age profiling to prompt members to consider increasing contributions at key life stages. The L&G Multi Asset fund is an average performer, as is the newly launched Future World Fund so far. L&G ethical funds do well and fees are in line with the market.

[3] Default fund fees are capped at 0.75% p/a. Non default fees vary, but are typically between 1-2% per year.
[4] No absolute exclusions are applied and the fund's top ten holdings include Royal Dutch Shell.

Nest: Gov. backed mastertrust | Tobacco divestment | Climate risk policy

Investment range: Government backed Nest is the UK's biggest mastertrust (a large pension fund any employer can enrol into easily) with more than 8m members. In addition to the default Retirement Fund range, Higher Risk, Lower Growth, Pre-Retirement, Ethical and Sharia. The Ethical fund's exclusions include tobacco, coal and arms, while Sharia invests according to the Islamic faith. All funds invest in a mix of passive and active funds run by external managers including UBS, Legal & General and BlackRock.

Principles: Nest is considered the leading pensions provider on responsible investment. It is the only workplace pension provider to incorporate climate-related financial risks in the investment process of its default funds while this year it became the first national provider to pledge to divest completely from tobacco. In September it also announced it will be making direct investments in the debt, or bonds, of private companies, including solar and wind farms and social housing providers.

Member results: Unlike the major insurers, Nest has a clear, easy to use and understand website through which it publicly discloses fund holdings and quarterly reports. Its funds perform well, with both the Ethical and Sharia funds strongly outperforming the default options. See nestpensions.org.uk for more.

The People's Pension: Mastertrust | Ethical and Sharia funds | Transparent

Investment range: The People's Pension, run by B&CE, offers eight funds in addition to its default retirement age fund range: three Global Investment funds (up to 100% shares, 85% shares and 60% shares), Ethical, Shariah, Annuity, Cash and Pre-Retirement.

Principles: State Street Global Advisers manages the funds, investing largely in passive index trackers (see page 05 Key Terms Translated). This makes managing climate and broader ESG risk more difficult, however TPP says it is aiming to reduce the carbon intensity of its default fund by 50% by changing the way it selects equities. At board level the firm has 20% women, which is around average.

Member results: Like Nest, TPP has a clear, easy to use website through which it publicly discloses fund information – including performance – and reports. In an industry leading policy, it aims to ensure all its member facing communications have a reading age of less than 10. TPP's default and Global Investment funds also perform in-line with averages, while the Ethical and Shariah funds have, like Nest's, outperformed its other funds strongly.

Standard Life: Sustainable funds I Member engagement I Climate laggard

Investment range: Standard Life's default funds – managed by Phoenix Group since 1 September 2018– are its Active Plus and Passive Plus range that take the standard age-based approach (funds for younger savers invest more in 'riskier' equities while older savers move increasingly into 'safer' government bonds). It does not have an ethical option as default, but any member can switch into any fund from the main range, which includes a number of ethical and sustainable options.

Principles: Standard Life does not fare well on climate in its portfolios, with Share Action finding that the firm has no discernible approach to climate risk within its default funds, while it has historically voted largely in-line with company boards at meetings, rather than challenge on issues such as labour rights or pay. It excludes two out of six controversial weapons from its default funds.

Member results: Standard Life was the second strongest performer on member engagement in Share Action's report, which found the firm's annual benefit statements clear and educational. It also has an app that allows members to make single payments into their pensions, which is highly innovative for a big insurer. Its default funds are not top performers, with its default for the mastertrust (Standard Life Active Plus III Universal Strategic Lifestyle Profile) significantly underperforming both Nest and TPPs offerings.

Scottish Widows: 1.5°C pledge I Arms exclusions I Carbon analysis

Investment choice: Scottish Widows, default funds are the Scottish Widows Pension Portfolio Two, which invest in a range of tracker funds run mostly by State Street Global Advisors, or the SW Passive Multi Asset IV, also invested passively. It's ESG options include the Scottish Widows Ethical fund, the Environmental fund, the Columbia Threadneedle UK Social Bond fund[5], as well as a number of former Zurich funds as part of a recently completed acquisition. Members can contact Scottish Widows to see the full range.

Principles: Scottish Widows is one of only three pension providers assessed by Share Action to analyse the carbon intensity of its default funds. It is also the first insurer to sign a pledge to limit global warming to 1.5°C by 2030 and says it will use only renewable power by 2022. It is also a signatory of the UN's Principles for Responsible Investment (PRI) and excludes cluster munitions and landmine manufacturers across all of its funds. It fares well on diversity too, with one of the smallest gender pay gaps in the industry, although its parent company, Lloyds Banking Group has come under fire for the £6.3m salary of its CEO Antonio Horta-Osario.

Member results: Scottish Widows also scored highly for member engagement in Share Action's report, not least for the "pensions bus" it sends to workplaces that invites employees on board to discuss their retirement savings. The default funds have performed well against benchmarks, as have the Ethical and Environmental funds, though both Nest and TPP's Ethical funds have done much better.

[5] Not available to members of the Scottish Widows Group Stakeholder plan

13: New Money Matrix: DC providers

In the table below we summarise the above findings on the UK's six biggest DC providers, awarding 'Leading', 'Average', 'Behind' in each category to come to an overall assessment.

	Aviva	L&G	Nest	TPP	Standard Life	Scottish Widows
Investment range	Leading*	Leading*	Average*	Average	Average	Leading
Principles	Leading	Leading	Leading	Behind	Behind	Leading
Member results	Average	Average	Leading	Leading	Leading	Average
NM Measure	**Leading**	**Leading**	**Leading**	**Average**	**Average**	**Leading**

*Aviva and L&G lead Nest in investment choice as they have ethical or ESG funds as a default option. Nest's default Retirement Fund range, however, leads other equivalent default funds on ESG considerations – particularly its upcoming exclusion of tobacco.

Important note to readers: DC schemes with major insurers vary from employer to employer, so be sure to check your own scheme for what you do and can invest in. Up to date, detailed performance data can be obtained from your provider, either through the website or by direct request, while you may also find some funds listed on trustnet.com.

14: Time for a New pension?

As the above suggests, not all of us are with a pension provider leading on ESG policies and practices. Those that are can be reasonably assured that, even if their pension is not invested exactly how they would like it to be now, this is likely to change in the future – as seems the case with Nest.

Many savers also have the opportunity to switch to an ethical or sustainable fund within their scheme: of the six DC providers we reviewed, only Aviva and Legal & General do not allow all of their members to move freely through their fund ranges, but both do have an ESG default option for employers to select for employees.

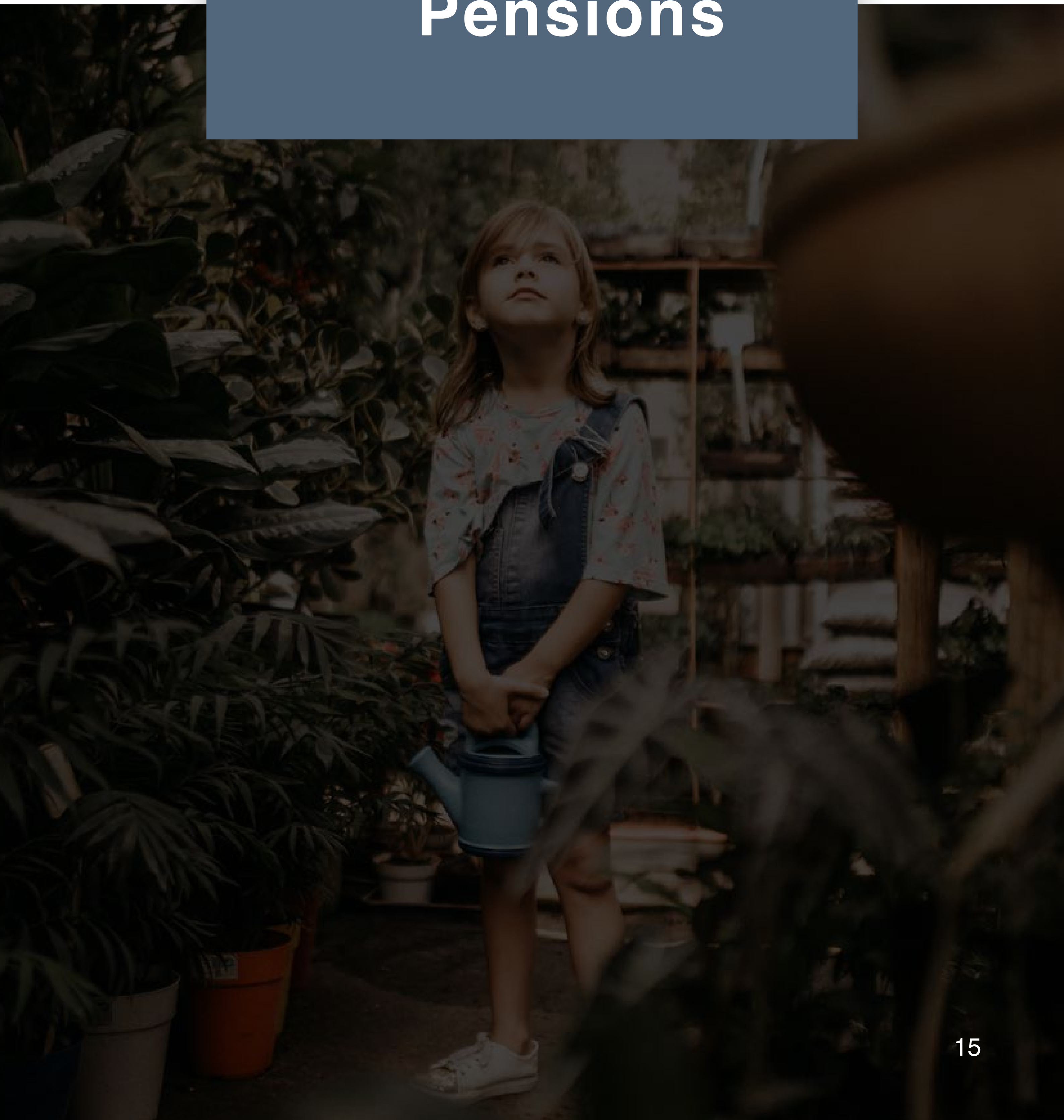
However, as highlighted earlier, those in DB schemes have little to no control over how and where their pension is invested: including government ministers. For these savers options are limited and giving up DB benefits is almost never advisable, and often not even possible.

In this situation a private pension may be a way to direct some savings toward more sustainable investments. While saving minimum amounts into a DB scheme, for example, further contributions could be made into a Self Invested Personal Pension (SIPP) which still offers the tax treatment of a pension, but allows complete control over investments. A Lifetime Individual Savings Account (LISA) could also help boost retirement savings while allowing savers to invest as they wish.

The self-employed will also need to consider a private scheme, be it a SIPP, LISA or a more traditional stakeholder pension with an insurer. Recent studies suggest the UK's growing number of sole traders are not saving enough, or indeed anything, for their retirement: and this is a missed opportunity on a number of levels.

In the following section we explore private pensions in the UK, including an overview of another six providers. **Remember, however:** retirement savings are perhaps the most important any of us have, and so savers in any doubt should seek out the advice of a qualified financial adviser – not least where DB schemes are concerned.

15. Private Pensions



16: Personal pensions, SIPPs and LISAs explained

As with workplace pensions, there are effectively two types of private pensions: personal stakeholder pensions and Self Invested Personal Pensions (SIPPs). The former you might open with an insurer like Legal & General, while the latter you can open though an adviser or via a low-cost online platform.

The emergence of low-cost platforms has seen the numbers of SIPPs opened in the UK swell significantly: with account openings rising from just over 230,000 per year in 2012 to over 950,000 in 2017 according to Financial Conduct Authority data. This has in turn spurred innovation in the personal pension market, with new providers including Nutmeg and PensionBee offering digital and app-based solutions for those looking to open a personal pension in just a few clicks.

In 2017, the UK government also introduced the Lifetime Individual Savings Account (LISA) which can be used either to fund a first home, or retirement – but not both. A LISA benefits from being tax free on both the way in and out, while the government will top up all savings by 25% when you retire. However, LISA savers can only contribute £4,000 per year, where up to £40,000 per year can be saved into a pension. In addition, LISAs cannot be accessed until age 60, while SIPPs can be withdrawn from age 55.

Personal Stakeholder, SIPP or LISA?

Private pension type	Pros	Cons
Personal stakeholder	• Easy to open and manage • Income tax relief from government • Tax free on the way in	• Less control over investments
SIPP	• Complete control over investments • Can hold funds, trusts, direct shares and property • Income tax relief from government • Tax free on the way in • Can access at age 55	• Fees are typically higher and more complex than personal pensions • Requires more administration
LISA	• Complete control over investments • Can hold funds, trusts and direct shares • 25% top-up from government • Tax free on the way in and out	• Can only contribute £4,000 a year • Cannot access until age 60

17: Six private pension providers reviewed

We review six of the UK's biggest private pension providers **ii**, covering key points on investment range, ESG policies and practices ('Principles'); and member communications and fund performance between March 2014 – March 2019 ('Member results'). **iii**

AJ Bell YouInvest: SIPPs I Low cost I Wide fund choice

Investment range: AJ Bell YouInvest is a low-cost online investment platform, offering SIPPs and other accounts, and is one of only two providers to offer the LISA unrestricted. It has a good range of quality sustainable investment funds, though users need to know what they are looking for.

Principles: AJ Bell has a good reputation in the investment world. It doesn't ask for discounts from fund managers to feature their funds on its recommended lists and is overseen by a board of directors that includes Laura Carstensen, former deputy chairman of the Competition Commission who also served a term at the Equality and Human Rights Commission.

Member results: Fees are among the lowest for SIPPs and LISAs, with no annual fee, a 0.25% custody charge on the value of your investments and other fixed fees for buying and selling investments (dealing fees), transfers and withdrawals. See here for a full breakdown. Account management is online, where users can generate and download portfolio reports at any time, with telephone and email support.

EQ Investors: SIPPs I Fully managed portfolios I Impact reporting

Investment range: EQ Investors (EQ) runs the Positive Impact Portfolios: a range of risk rated portfolios invested in bundles of impact funds selected by the investment team that can be put inside a SIPP. The firm regularly reports on the impact the Positive Portfolios are having on people and the planet, providing measurements on areas including carbon emissions and water management.

Principles: EQ is a certified B Corporation, a structure that recognises responsible companies and requires a higher level of accountability to customers, employees, suppliers, local communities and the environment. The firm is also a PRI signatory and so integrates ESG into all of its investment decisions, as well as a signatory of the Climate100+ group of investors that pressures carbon intensive companies to reduce their emissions and improve reporting and governance.

Member results: EQ's website has free tools such as a financial fitness check and an impact calculator for the Positive Portfolios, which allows visitors to see how their savings can benefit people and the planet. It posts the performance of the adventurous portfolio online, which over five years has performed in line with top DC provider funds like Nest. SIPP fees range from 1.19% for the first £100,000 to 0.69% for investments over £1m, plus annual fund charges of 0.7% to 0.8%. SIPPs can be opened online with a minimum investment of £100 p/m or clients can contact EQ for more in-depth advice (fees apply). Visit www.eqinvestors.co.uk for more.

Fidelity Personal Investing: SIPPs l Simple pricing l ESG search function

Investment choice: Like AJBell, Fidelity Personal Investing offers the SIPP alongside other types of investment account, including stocks and shares ISAs, but does not offer the LISA. It has a similar range of quality sustainable funds plus allows users to filter for socially responsible funds in an advanced search – a rarity.

Principles: The platform is part of Fidelity International, an asset manager with £221bn of assets under management across global markets. In its 'Commitment to Responsible Investing' the firm says it applies ESG criteria to all of the companies it invests in while it is a 'named supporter' of the TFCD. Fidelity's CEO Anne Richards recently said the firm has 'a long way to go' to make its internal governance as robust as its investment policy. However, her appointment is itself arguably a good sign.

Member results: The platform is one of the more modern and attractive on the market and, along with the ESG search functions mentioned above, Fidelity regularly publishes insights from managers on sustainability issues. The firm charges one simple service fee of 0.35% and a dealing fee for shares, but none for funds and no transfer fees or fees once you start withdrawing your pension – which is notable. See here for a full breakdown.

Nutmeg: Simple plan l ESG options l Responsible investor

Investment choice: Online 'robo-adviser' (the name for automated advice platforms that place people in investments according to their answers to certain questions) Nutmeg offers a range of ten fully managed portfolios and ten 'Socially Responsible Investment' (SRI) portfolios in its pension offering. All of them invest in index trackers run by different ETF providers based on ESG criteria provided by US index-maker MSCI and are risk rated from 1 (lowest risk) to 10 (highest risk).

Principles: Nutmeg is a signatory of the UN PRI, which it signed when it launched its SRI range in 2018. In its member literature it also gives details on the impact investors are having with their investments across its fund range based on MSCI's research into its indices (which Nutmeg uses to invest). Internally it reports that 29% of its management staff is female, though it is aiming for 50% and has a number of initiatives in place.

Member results: Members are satisfied with the service they get from Nutmeg, with the majority of users from online money forum Boring Money praising the platform's accessibility and ease of use and scoring it 4 out of 5. Fees for the pension products are 0.75% on savings up to £100,000 then 0.35% on assets above that, plus an annual fee of 0.33% for the SRI funds or 0.19% for the fully managed options. This makes Nutmeg more expensive than PensionBee (see below), which provides a similar service.

PensionBee: Helps bring pensions together I ESG plan I App-based

Investment choice: PensionBee helps savers to bring all of their workplace and private pensions together and then put them into one of seven plans: Tracker (global tracker funds); Tailored (lifestage approach); 4Plus (target annual growth of 4%); Preserve (lower risk); Match (average pension strategy) and the Future World Plan, which is its ESG option that invests in the L&G Future World fund (see page 10).

Principles: Like AJBell, PensionBee is a pure platform provider and so is unencumbered by the challenges that face mega insurers and fund houses that manage investments both for clients and as companies. It far exceeds its peers on gender diversity, boasting 60% women at board level (the founder and CEO is female) and it works closely with groups such as ShareAction on how to engage more Britons with their pensions to ensure they save for a better future.

Member results: Perhaps unsurprisingly for a firm that helps people find and consolidate their old pensions (a task usually so overwhelming that an estimated £20bn is sitting in lost pension schemes), PensionBee is a hit with users. Customers can log-in to their personal 'BeeHive' via an app where they can view and contribute to their plan anytime. Fees are also lower than Nutmeg's, ranging from 0.5% to 0.95% on the first £100,000 depending on the plan (Future World is 0.95%), then half that fee for savings over £100,000.

Virgin Money: Simple to use I No ESG investments I Good internal governance

Investment choice: Virgin Money offers five index tracker funds in its personal pension plan: Bond and Gilt; Bond Gilt and UK Share; Bond Gilt UK and Overseas Share; Pension Global Share; and Pension Growth. It does not offer any ethical or sustainable options.

Principles: Virgin does not apply ESG considerations to its investment decisions, however says that it does apply them when voting at company meetings. The firm's newly established Sustainability Committee has set a goal of net zero carbon emissions by 2030, while it claims a 'zero tolerance' policy on slavery and human trafficking in its annual report. On diversity it aims to have a 50/50 gender split across the company by 2020.

Member results: Virgin Money Pensions does not attract the most positive member feedback, not least due to high fees on its default funds, although these have now been dropped from 1% to 0.6%. Boring Money visitors give it a mediocre 3.5 out of 5, while more than 80% of TrustPilot users give it a bad review.

20: New Money Matrix: Private pension providers

In the table below we summarise the above findings on the six private pension providers we reviewed, awarding ‘Leading’, ‘Average’, ‘Behind’ in each category to come to an overall assessment.

	AJBell YouInvest	EQ Investors	Fidelity Personal Investing	Nutmeg	Pension Bee	Virgin Money
Investment range	Leading	Leading	Leading	Average	Average	Behind
Principles	Average	Leading	Average	Leading	Leading	Average
Member results	Average	Leading	Leading	Average	Leading	Behind
NM Measure	**Average**	**Leading**	**Leading**	**Average**	**Leading**	**Behind**

Important note to readers: We have made every effort to be as thorough and accurate as possible, however be sure to contact providers for up to date information and data. You may find some funds listed on trustnet.com.

21: EQ Investors: “People, Planet, Pension”

Jeannie Boyle

At EQ Investors, we understand how important pensions are. In the past, a worker might not have considered saving for their retirement until well into their 30’s. Today, however, things are different.

With the increasing withdrawal of DB schemes, a pension should now be one of the first things on a new employee’s to-do list. Indeed, since the introduction of auto-enrolment in 2012, unless they opt-out every worker currently saves at least 4% of their annual salary into a pension, with employers and the government adding another 4%.

As shown on page 06, the power of compound interest – where interest builds on interest – means that getting started on a pension aged 20, rather than 30, can make a difference of nearly £130,000 in a final pot come 55. Those able to save more can benefit even further.

Perhaps even more important than ensuring we have a pension to draw from, though, is ensuring we have a planet to live on when we retire. We founded the Positive Portfolios in 2012 in recognition of the urgent global need to direct capital toward sustainable development and to give anyone the opportunity to do so.

Positive pension difference

Our Positive Portfolios now manage over £100m of our clients savings. In our 2019 impact report, we estimate that for every £1m invested we avoided 228 tonnes of CO_2 emissions (equivalent to taking 50 cars off the road); treated 15m litres of water and recycled 24 tonnes of waste material.

Moreover, an investment in our Adventurous Positive Portfolio has returned 55.5% (before fees and charges) for every one of our clients over the past five years to 31 August 2019 – significantly beating the 5% a year growth that is the typical target for most pension and investment funds.*

For us, this is really the most important point: not only can saving sustainably save the planet and support communities, it can save your pocket too. Ensuring that our pensions are invested in line with our principles is an urgent task – for both our existential ***and*** financial futures.

Jeannie is a director and chartered financial planner at EQ Investors

***Risk warning: The value of investments can go down as well as up and you may lose all of your capital. Past performance is not a guarantee of future performance.**

22: New Money Message: “It’s the money, dummy”

Anna Fedorova

Now that you know about investing sustainably in a pension, you are left with the million-dollar question: why go to the trouble to do it? Well, here comes the punchline: sustainable investing isn’t just about doing the ‘right’ thing, it could also make you more money in the long-run.

We saw proof of this time and time again in our analysis of the pensions fund market – **sustainable funds perform better over time**.

This is no surprise, really. Sustainable funds invest in businesses that treat their employees fairly and focus on long-term sustainable goals. It seems logical that these types of business will have a better future.

And if our planet is to survive its current climate catastrophe, then fossil fuel giants no longer have a place here, while businesses that can help us find a way out – such as renewable energy providers and electric car manufacturers – will prosper. It’s a no-brainer.

Better world, better returns

But don’t just take our word for it. There is a growing body of research out there showing that sustainable investments do better. A recent study published by data provider Morningstar found that around two thirds of sustainable funds beat the average fund in their category.

Sustainable funds did particularly well last year when main markets were choppy, too, because sustainable companies are usually not as volatile.

This holds true across global markets: another Morningstar study found that sustainable American funds outperformed the wider market, while research by asset manager BlackRock has shown that indices which took into account ESG factors were the winners in emerging markets too.

BlackRock also found that companies which reduced their carbon footprint every year did better financially than those that lagged behind.

So, you see: this isn’t about altruism. This is a wake-up call to each and every one of us that wants our money to pay for a long and happy retirement. Pick up that phone, dial your pension provider, and start that conversation today. In decades to come, when you kick back to enjoy your retirement on a living planet, you’ll be glad you did.

***Risk warning: The value of investments can go down as well as up and you may lose all of your capital. Past performance is not a guarantee of future performance.**

23: Notes

i: In our analysis of DC workplace pension providers we have utilised a responsible investment report published by Share Action in June 2018 ('The Engagement Deficit'); research and ratings from Ethical Consumer; information and data supplied by providers' and from publicly available sources; and fund data from FE Trustnet and FE Analytics. All figures cited or alluded to are correct to 31 March 2019 and are available upon request.

ii: We have chosen not to include the UK's biggest online investment platform, Hargreaves Lansdown, due to concerns raised by the Financial Conduct Authority over how it compiles its recommended fund list, the Wealth 50, following the collapse of the Woodford Equity Income fund, which the platform recommended until it was closed following mass withdrawals.

iii: In our analysis of private pension providers we have utilised research and ratings from Ethical Consumer, Boring Money and TrustPilot; information and data supplied by providers' and from publicly available sources; and fund data from FE Trustnet and FE Analytics. All figures cited or alluded to are correct to 31 March 2019 and are available upon request.

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