



KEY TAKEAWAYS

TODAY'S TRUSTEE:
UNDER THE MICROSCOPE

**Barnett
Waddingham**
a true partnership approach



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Ruth Thomas and Chris Ramsey, Barnett Waddingham

Risk management solutions for the modern trustee

- Understanding your covenant is key to risk management
- Setting an objective is the first step to meeting it
- Some risk is unrewarded
- Trustees can use liability management for the benefit of members
- Monitoring is effective when it is integrated
- You are doing a lot of this already

Gavin Markham, Barnett Waddingham

Bulk annuities: Opportunities for your scheme?

- Pricing opportunities - pensioner buy-ins - pricing relative to gilts
- Phased transactions - risk/return trade-off
- Medical underwriting - can offer attractive option e.g. top-slicing
- Longevity risk - understand in context of financial risks
- Preparation - attractive to insurer

Paul Latimer, Barnett Waddingham

Pension schemes and cyber risk

- Cybercrime is increasing and evolving
- Do not underestimate its importance
- Ask questions of your providers:
 - Does their management take responsibility?
 - Do they have the necessary controls?
 - What do they do when things go wrong?
 - Are their staff aware of the risks?
- Have they invested in the right solutions?

Damian Stancombe, Barnett Waddingham

Balancing affordability and aspiration

- Why do you have a pension?
 - Does it meet that aim?
 - If not why not and what needs to be done?
- Design needs to be empathetic to today
- Concentrate on what matters, the rest is fluff

Jon Palin, Barnett Waddingham

Recent mortality and implications for pension schemes

- Unexpectedly low mortality improvements since 2011
 - Not just a blip
 - Austerity budget cuts are likely to be a material cause
- Increasing emphasis on initial mortality improvements
 - Due to recent experience, and the new CMI model
 - Market view is still developing as new data emerges
- Lower liabilities, but greater uncertainty

Sam Brown, Herbert Smith Freehills

Legal Update

- **Trusteeship:** trustee boards may wish to examine their governance procedures, paying particular regard to expertise, risk management and effective chairmanship.
- **The Pensions Ombudsman:** the reshaping of the regime is likely to enable trustees and sponsors to engage more informally with TPO when defending a complaint, but may also encourage a greater degree of challenge where determinations do not contain full reasoning.
- **The High Court:** as schemes continue to identify problems with historic drafting, the High Court also continues to demonstrate a more pragmatic approach to applications for rectification.
- **The Government:** the Green Paper has opened a number of issues for consideration including options available to schemes and sponsors to help mitigate the risk afforded by stressed schemes.
- **Watch this space:** there will be a number of legal issues and developments for trustees to grapple with in the year ahead: preparing for implementation of the GDPR, GMP conversion and equalisation and ongoing robust negotiations with sponsors and third parties to name but a few.

