

Break out session- How to monitor and proactively achieve your scheme's pension strategy?

Joanne Livingstone – Head of Client Services, Punter Southall

With an increasing recognition that a significant minority of schemes might fail to deliver the expected benefits in full, the concept of a “pensions strategy” is very much in vogue. In this session we will explore whether this is just the latest pensions jargon, or can meaningfully help trustees to achieve their objectives by setting funding and investment strategies that make the best use of the current and expected sponsor covenant.

We will explore the key requirements for a strategy, namely that it should:

- have allow for clear targets and milestones
- give clarity as to the likelihood and impact of deviations
- contain proactive action plans as to how such deviations should be managed
- address key risks in an integrated fashion
- provide a framework for rational decision making and focused monitoring.

In order to help explore these issues participants might wish to consider some of the following questions:

- 1 Should pensions strategy be different for schemes depending on whether they are open or closed? What about schemes that are open but still becoming increasingly mature?
- 2 What type of monitoring information do participants receive and to what extent does this address the key elements of an effective pensions strategy noted in the bulleted list above?
- 3 Are there frameworks that participants have found useful for choosing their targets and milestones? Is self sufficiency a sensible target as tPR suggests?
- 4 How can integration of covenant, funding and investment risks be achieved? How far ahead is it possible to have clarity over company covenant?
- 5 What level (if any) of potential downside risk to member benefits should Trustees be prepared to countenance to improve the average chance of being able to pay benefits in full?
- 6 How useful are participants finding their IRM plans? What is the experience of setting triggers for action and contingency plans?

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