

Pensions from a professional pension trustee viewpoint

Private sector pension schemes have had to make considerable changes in the last few years due to financial constraints and improvements in the mortality of all (particularly pensioners). It is highly likely that these changes will also need to be adopted by public sector schemes. Evolution could be in many forms:

- Future benefit changes such as career average schemes, changes in employee contribution rates, flexible retirement ages;
- Use of an alternative method of pension saving;
- Introduction of risk reduction strategies such as longevity swaps (to counteract the effect of members living longer);
- Investment strategy, buyouts and buy-ins of benefits; or
- In the more extreme cases, scheme wind up.

Professional trustees can help by:

- Reducing costs, through utilising external adviser services in a more focused manner;
- Fulfilling the Pensions Regulator's Requirements for Trustee Knowledge & Understanding consistently, easily and at low cost, unlike lay trustees who may struggle to keep abreast of new regulations and requirements;
- Supporting the scheme as a sole or joint trustee, providing scheme secretarial services or educating fellow lay trustees;
- Reducing sponsor time spent on scheme management.

Leading UK professional trustee companies see a range of pension scheme issues and, as such, they can bring a wealth of experience to any scheme discussion. We ourselves have brought innovative solutions to complex pension situations in the private and public sector as well as non-governmental bodies. As a professional trustee, we have been involved in negotiations resulting in the Pensions Regulator issuing the very first Financial Support Directions in the much publicised Sea Containers case. We also acted as trustee for the first all risks buy out for the Emap final salary scheme.

In addition, we have worked with public sector and non-governmental body funded schemes and have experience of:

- The government's procurement standards for the appointment and management of new advisers;
- Complex funding negotiations and implementation of sensitive changes with government departments;
- Understanding the restrictions on the public sector;
- Providing assistance on funded schemes for those more used to unfunded schemes.

The need for public sector schemes to evolve is now greater than at any other time as a result of increased financial constraints and the private sector will be used as a benchmark with a professional trustee taking an increasingly pivotal role.