Viewpoint

The official journal of the Pensions and Lifetime Savings Association

Issue 4 2018

THE MINISTER SPEAKS ANNUAL CONFERENCE 2018

WHAT BREXIT MEANS FOR PENSIONS

NOREENA HERTZ: TRUST AND TOMORROW'S SAVERS

COLLECTIVE DEFINED CONTRIBUTION

PENSIONS AND LIFETIME SAVINGS ASSOCIATION

CEO'S *Viewpoint*

Julian Mund reflects on another big year for the PLSA and looks ahead to 2019

LOOKING BACK OVER THE YEAR, THE EASY HIGHLIGHTS TO PICK OUT ARE THE EVENTS, FROM THE BIGGEST EVER INVESTMENT CONFERENCE IN MARCH, TO THE FANTASTIC ANNUAL CONFERENCE & EXHIBITION IN LIVERPOOL IN OCTOBER, TO THE COMPARATIVELY INTIMATE TRUSTEE CONFERENCE LAST WEEK. PUTTING TOGETHER THESE EVENTS OVER SEVERAL MONTHS IS A HUGE EFFORT. PLANNING IS ALREADY UNDERWAY FOR 2019 AND WE'LL BE SHARING SOME EXCITING PROGRAMME NEWS OVER THE COMING WEEKS.

In policy, the main focus of the year has been *Hitting the Target* and our vision for making it easier to get a better income in retirement and easier to understand exactly what that means for individuals with Retirement Income Targets. We're developing these for launch in 2019 and we've got some exciting initiatives in the pipeline.

But for me the story of 2018 has been about the internal effort that we've put into restructuring the PLSA and the way we're run by the executive and with our members. I'm delighted to be working with the new PLSA Board, which was confirmed at the AGM in October. We've added some great skills and personalities and it's now more removed from our policy work and more focussed on delivering for our members. I'm also very pleased that some of our previous Board members joined the new Policy Board, which will look across the full spectrum of policy work to set the agenda for the future of retirement income. The creation of the new Board and Policy Board concludes a long journey of governance change and prepares us for the challenges of the future.

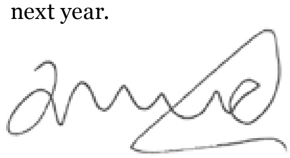
We've also restructured the PLSA executive this year, putting in place a new senior management team to deliver our strategy and operations, with new team structures beneath them. For an organisation our size we run a complex operation, with a significant amount of cross-organisational activity – our world class events are the obvious example – and it's been challenging and enjoyable reconfiguring ourselves around delivering them to the best of our ability.

The membership of the Board, Policy Board and senior management team show our commitment to diversity. In November we signed the Women in Finance Charter and set ourselves an 'equality target' of 50% women in the senior management team by 2021. We are proud to say that we are currently at this target level. We also have targets for the Board and Policy Board. 58.8% of the Policy Board and 37.5% of the PLSA Board are women (50% of our independent/non-executive directors are women).

Looking forward to 2019, there are still many things I want to achieve internally, especially in terms of making sure our people continue to be happy, well-resourced and challenged to keep achieving. But looking outside our new office on Chiswell Street in London – another big change in 2018 - one of the things they'll be doing is continuing our work to engage with our broad and diverse membership, to make sure we understand you and support you in delivering your own objectives.

Reflecting just on this page, it's clear what a busy year it has been and how important the time ahead is for us. So like you I'm hoping to recharge the batteries over Christmas (although it's never easy), and I'm looking forward to working on your behalf in 2019.

I wish you all a very happy festive period, and I look forward to seeing you next year.



Julian Mund

CONTENTS

PENSIONS AND LIFETIME SAVINGS ASSOCIATION

PLSA Team:

Maggie Williams, Editor
Tel: 07876 823 716
Email: maggie.j.williams@googlemail.com
Twitter: @mrsmaggiew

Edward Bogira
Tel: +44 (0)20 7601 1733
Email: edward.bogira@plsa.co.uk

Lisa Hampton
Tel: +44 (0)20 7601 1712
Email: lisa.hampton@plsa.co.uk

Design
arc-cs ltd
www.arc-cs.com

Advertising
Varsha Gowda
Tel: +44 (0)20 7601 1740
Email: varsha.gowda@plsa.co.uk

Ben Harwood
Tel: +44 (0)20 7601 1752
Email: ben.harwood@plsa.co.uk

ISSN 2398-7626

Published by the Pensions and Lifetime Savings Association, a company registered in England and Wales. Company number 1130269.

24 Chiswell Street London EC1Y 4TY

Viewpoint UPDATE

THE BIG BOOK OF SI – DON'T MISS YOUR DOWNLOAD

WE'VE INCLUDED ROBECO'S *THE BIG BOOK OF SI* (SUSTAINABLE INVESTING) WITH THE DIGITAL VERSION OF THIS ISSUE OF *VIEWPOINT*. THE 103-PAGE GUIDE TAKES A COMPREHENSIVE LOOK AT SUSTAINABLE INVESTING, HOW IT IS DEVELOPING AND WHY IT MATTERS TO INVESTORS – INCLUDING PENSION SCHEMES.

Some of the themes covered include:

- Three megatrends shaping the world
- Case studies of sustainable investing in action
- Reporting and performance

You can also download a copy here:
www.robeco.com/docm/docu-the-big-book-of-si-2018.pdf

TOPTWEETS

Great to talk to delegates @ProfPensions' #DCconference today about @ThePLSA's Hitting the Target recommendations. There was lots of support for the PLSA's forthcoming retirement income targets. @GhwCurrie

@KASBANK_UK finds 80% of #pension scheme managers believe more should be done to educate trustees on cost transparency following survey @ThePLSA annual conference @CMS_UK_Pensions

Fiona Frobisuer, head of policy @TPRgovuk says it has just started one-to-one supervision for the largest schemes; will look harder at dividend v.pension funding #PLSAtrusee18. @_FinancialWorld

OUR PICK OF THE BEST HEADLINES

INDUSTRY WELCOMES DASHBOARD FEASIBILITY REPORT BUT STRONG GOVERNANCE 'ESSENTIAL'

Nigel Peaple, director of policy and research, gives his views on the pensions dashboard(s) feasibility study in *Professional Pensions*

www.professionalpensions.com/professional-pensions/news/3067694/industry-welcomes-dashboard-feasibility-report-but-strong-governance-essential

'OPEN YOUR MINDS' TO PATIENT CAPITAL, TREASURY URGES TRUSTEES

Pensions Age reports on exchequer secretary to the Treasury Robert Jenrick's plea to trustees at the PLSA Trustee Conference 2018

www.pensionsage.com/pa/Open-your-minds-to-patient-capital-Treasury-urges-trustees.php

GOVT TOLD TO MANDATE COST DISCLOSURE TEMPLATES

FT Adviser reports on Unison's call to the Work and Pensions Committee to make cost disclosure templates mandatory in the 2019 Pension Bill

www.ftadviser.com/pensions/2018/12/05/govt-told-to-mandate-cost-disclosure-templates/

INTERVIEW: ANDREW MARR

Andrew Marr was keynote speaker at the PLSA's Annual Conference in October – we asked him what kind of future he was expecting for pensions and retirement in the UK

Q
HOW DO YOU THINK BREXIT WILL SHAPE INDIVIDUALS' PERSONAL FINANCES, AND THEREFORE THEIR ABILITY TO SAVE FOR RETIREMENT?

My best guess is that Brexit in the short to medium term – that is over the next decade – will result in higher taxation of incomes as governments, of any persuasion, struggle to reconcile lower growth afterwards with continuing public expectations of high-level services. This would imply a decrease in people's ability to save during that period.

In the longer term, I am mildly bullish about British growth. Although we will lose parts of our manufacturing capacity and financial services as a result of leaving the EU, the ability to regulate ourselves more lightly and to stand aside from the coming euro crash means that by 2030, say, we may be doing better than we are today. Britons by then will be working fewer hours per week but many more years per lifetime: I would anticipate that 'retirement' will become a much more flexible and fluid concept: it will be more a matter of accumulating savings in one's 30s and 40s in order to subsidise a good lifestyle but with a lower income and fewer hours in one's 70s and 80s.

Q
IN WHAT WAYS DO YOU THINK THE UK'S WITHDRAWAL FROM THE EU WILL AFFECT FINANCIAL SERVICES?

On financial services, so far, we have seen nothing like the dramatic move of workers to continental offices that CEOs predicted. For many investment banks – and indeed retail financial operations – having a brass-plate, relatively lightly manned office in Frankfurt, Paris or Dublin seems for the time being enough. So was the City crying wolf? Not entirely. The new legal complexity in honouring past contracts worries a lot of people, including Lloyd's of London. Nobody knows. But my guess is that the City, with its unique international reach, culture and history will survive Brexit; a little truncated or mutilated, but not maimed or fatally ill.

Q
WHAT CAN GOVERNMENT, EMPLOYERS, PENSION SCHEMES AND INDUSTRY BODIES DO TO ENSURE PENSIONS POLICY DOESN'T GET FORGOTTEN OR SIDELINED AMIDST OTHER BREXIT-RELATED ISSUES?

Brexit has so far overwhelmed the British political community that it's hard to get a hearing for much else. As an industry, clearly you have to keep lobbying and reminding ministers that many of the people who actually vote care deeply about their pension situation: from your point of view, there is a real danger that both of the main parties are beginning to look at older, asset-rich people as the last available source of new taxation. It's less the details of the exit treaty that you should be worrying about, and more the effect on savers and pensioners of new proposals to tax assets, particularly homes in the south-east.

BREXIT HAS SO FAR OVERWHELMED THE BRITISH POLITICAL COMMUNITY THAT IT'S HARD TO GET A HEARING FOR MUCH ELSE

Q
IN 10 YEARS' TIME, WHAT MIGHT THE WORK LANDSCAPE OF BRITAIN LOOK LIKE? WHAT PART WILL RETIREMENT PLAY IN THAT?

One of the many issues that Brexit has pushed to one side is the future of work itself as the next wave of AI and robotics-based disruption arrives. As I have indicated already, I think there will be radical changes, many of them painful and difficult but certainly involving a decrease in office-based, long-hours, regular lifetime employment. John McDonnell, the shadow chancellor, was greeted with general derision when he talked about moving Britain to a four-day week, and looking at guaranteed citizens' income. He may be right or wrong about the specifics, but he is absolutely right to be thinking radically about this. Many of us may find we have shortish periods of high-paid work, followed by long, fallow, unpaid periods: smoothing out the peaks and troughs for people may be the next big challenge for the pensions industry.

2018 ANNUAL CONFERENCE

Our Annual conference 2018, **in tweets**

Andrew Marr's keynote speech

Just returned home from #PLSAannual. Feeling reflective on the journey home following a very compelling analysis from @AndrewMarr9 about the impact of the Brexit vote on UK politics and what the future may hold.
@ChrissieEScott

Interesting quote from Andrew Marr on the future of savings. Employees will need to continually retrain throughout their working lives triggered by new technology and AI. It will be about 'what you accumulate through the fat years to get you through the lean years.'
@ferrierpearce

Chance of a second referendum is low @AndrewMarr9 says. Asks, 'this time, what would be the question?'
@Talya_NMA

BBC broadcaster Andrew Marr speaking at #PLSAannual says Theresa May is in 'deep deep danger' as Prime Minister.
@JosephineCumbo

The audience is rapt (and full) listening to @AndrewMarr9. What an amazing talk!
@RachelPine1

Defined Benefit scheme consolidation

Interesting debate about the role of consolidators for DB scheme. Some viewing it as a bridge to buy-out and others consider it the end game for sponsors. Maybe it's either.
@pensionsguy

...can definitely be either depending on the model. Seems to be room for variety of models and pricing levels. Interesting to see which will work. Either way key is demonstrating financial covenant as providing security for member.
@danmikulskis

Are you consolidator curious? DB master trust, the Pension Super Fund or commercial consolidator? Many moving parts when considering which option is right. It may not be the answer but Trustees should ask the right questions.
@lorri_porter

David Fairs sets out to #PLSAannual that TPR can see potential benefits from consolidation but can also see the challenges and risks. We want to hear from people considering setting up a commercial consolidation vehicle and expect them to approach TPR for clearance.
@TPRgovuk

The Pensions Minister's address

Pensions Minister @GuyOpperman MP emphasises govt support for #pension consolidation vehicles and confirms that govt consultation coming soon.
@CMS_UK_Pensions

"The open banking initiative and the @BritishInsurers floodre initiative are potential models for the dashboard" says @GuyOpperman.
@MC Burrell

Guy Opperman says governance for pension dash board is hard and is his job to resolve.
@BenCAltus

Good to hear the Minister and @ThePLSA supporting simpler annual statements, targets and the dashboard to improve the conversation with and outcomes for savers.
@Lesley_FP

Financial Conduct Authority and Pensions Regulator joint strategy

Very supportive of the new joint strategy – really good opportunity to engage with what savers really want from their pensions.
@omorley1

Finally a joint statement from @TPRgovuk and @TheFCA – this has been needed for years.
@mrsmaggiew

Competition and Markets Authority investigation

@CMAgovUK's Alison Gold says there is an aim to publish the final decision on investment consultant market investigation by Christmas.
@PPJamesPhillips

Fred Berry tells #PLSAannual session on next steps in the CMA market investigation that TPR is making its guidance more tailored to different audiences and will focus on where we see the greatest risk of harm.
@TPRgovuk

Looking forward to a busy, interesting day at #PLSAannual. A perk of the job: getting to chair sessions on some favourite topics including #ESG #stewardship the CMA investigation and cost transparency.
@cfjescott

Member engagement

Employed, self-employed, flexible gig worker? Paper or online? The simpler annual statement will help everyone states @RustonSmith1.
@garethfmtancred

Pensions statements have traditionally been eye-wateringly awful! Great to see Pensions Minister @GuyOpperman launch the simpler annual statement at today's #PLSAannual pensions conference. This is a massive improvement and well done to all involved.
@HolleyAMackay

A packed room for the excellent stream session I've just chaired on 'Three steps to better engagement' with a great panel: @GuyOpperman, @RustonSmith1 @YvonneBraun4 and @ThePLSA's Nigel Peaple. Fascinating debate!
@francoisbarker

Really enjoyed speaking at this morning's session with @RButcherptl @PensionsMonkey and Brian Henderson. It was clear we all felt we need to change how we as an industry are engaging with people.
@myers_lam

Plenary speaker Noreena Hertz

Fascinating insight to 'Generation K' from @noreenahertz at #PLSAAnnual. Who knew that I had four of them at home!
@akrlambert

"We need to help them invest, related to how they care about the world" #GenerationK even more committed to #social and #environmental values than #millennials. With overwhelming #data answer is #customisation @noreenahertz.
@anne_marie_will

Generation K fundamentally shaped by technology – 8 hours a day online. Also shaped by recession – they understand precarious nature of success. And finally shaped by terror threats – brutality piped into their smartphones says @noreenahertz.
@mrsmaggiew

Current challenges...

@greggmcclymont tells the industry 'pension is central to our lives. Sadly it's not for most people'. Yes. To progress we need to see what we do through the eyes of the member.
@RButcherptl

No matter what private pension provision there is the State Pension is a critical underpin against pensioner poverty. AE still to make a big impact.
@MichaelDCrowe

@IgnitionHouse research shows distrust in pensions. Are providers and government the real beneficiaries? Will providers go bust? Do adverts about saving mean you should be more scared?
@ThePLSA

No comfort from @TPRgovuk for non master trust schemes which may inadvertently be caught by the new Master Trust authorisation regime: 'it's a matter of law and the courts will decide marginal cases'.
@francoisbarker

It's rare we see a headline on pensions without the word scandal in front of it. Trust in the industry needs to be earned – @TheFCA David Geale.
@Rachel_sharp

25% of current DC schemes expect to move to Master Trusts in 5 yrs...added to MT consolidation = materially different DC landscape by 2025.
@iworkinpensions

'There's not been a great deal of innovation in the UK decumulation space,' Chris Wagstaff speaking at #PLSAannual. 'Toward the creation of a decumulation nation' session.
@CTinvest_EMEA

Our CEO talks about building on the success of #autoenrolment and outlines a pilot scheme to help savers who don't have a rainy day fund to draw on in case of financial shocks, which can cause them to reduce or stop saving for a pension.
@nestpensions

2018 ANNUAL CONFERENCE (CONTINUED)

Matthew Syed, author and speaker

Do savers need a growth mindset in order to grow their pots? Can pensions professionals foster that mindset? We hope Matthew Syed has the answers.
@PensionsDiva

When mistakes happen, we're hardwired to focus on the person closest to the problem, missing the underlying system failure, says @matthewsyed.
@quietroomtweets

Now hearing from The Ping Pong Guy @matthewsyed on source of high performance – Leadership/Facilities/ Practice. Not, interestingly, genetics or talent.
@GeoffMarchment

...and future directions

There is a growing need for a deferred annuity market to help #DC retirees. I asked Emma Douglas @LGIM what they are planning to do. The answer: Solvency II is making it difficult to offer this and pricing isn't attractive yet but they are hoping to make it work soon.
@Maria_N_Doyle

In the Pensions Dragon Den, I really liked the suggestion of a Future Freedom Toolkit with personalised film trailers and popcorn, all available online to really bring long-term saving and investing to life. The industry's methods need to be far more creative
@ionayoungmoney

The PLSA is continuing to work on retirement targets using a basket of goods model so people can know what their lifestyle may be like in retirement. Emma Douglas, @ThePLSA Policy Board. #HittingTheTarget.
@ThePLSA

Targets should be attainable for people on lower income, average income of NEST members is £18,500 pa. Lessons from the US show it can be risky to use pensions to clear debt warns Douglas @ThePLSA.
@monakdohle

Listening to @robertjgardner at #PLSAannual discuss the challenges for those newbies who will live to 100, and the savings gap they might face. I really need to sit down with my 10 month old son and discuss all this...
@pensionsguy

DC scheme trustees need to assess the ESG risks in their schemes. But the answer isn't just to set up a bespoke, ESG fund. It's about considering risks within the default fund and making appropriate investment adjustments. Tricky!
@PensionsDiva

HYMANS ROBERTSON

Better futures aren't down to chance

Founded in 1921, Hymans Robertson is one of the longest established independent firms of consultants and actuaries in the UK. We have unrivalled experience working with pension schemes and pride ourselves on finding the answers that deliver the right outcomes through fresh, innovative ideas.

By taking a strategic approach, we help our clients build resilient strategies to improve the security of members' benefits. We believe everyone has a right to a better financial future – we help ensure it's not left to chance.

A GENERATION OF SAVERS?

Following her appearance at our Annual Conference, we caught up with economist **Noreena Hertz** to find out more about her groundbreaking studies of 'Generation K'

GENERATION K

ALSO KNOWN AS 'POST-MILLENNIALS', GENERATION K COMPRISES THOSE BORN BETWEEN 1994 AND 2005. NAMED FOR KATNISS EVERDEEN, TOUGH HEROINE OF THE CULT HUNGER GAMES SERIES, IT'S A GENERATION WITH A NEW AND DISTINCT OUTLOOK ON THE WORLD.

1994-2005

Q

WHAT MAKES GENERATION K DIFFERENT FROM PREVIOUS GENERATIONS?

A

This generation has been uniquely shaped by a combination of three distinct forces:

- **The worst downturn the West has faced in decades**. Generation K came of age during the 2008 financial crisis and have grown up in the shadow of economic decline, job insecurity and a lack of financial optimism.
- **A world of growing perceived existential threat**. This generation has been forged by the rise of Al Qaeda and now ISIS. It has terrorism, brutality, and danger piped into living rooms and onto smartphones 24-7 in a way that has never before been experienced.
- **They have been profoundly shaped by technology**. Permanently on, super social, multi-screening and multitasking – this generation shops, searches, learns and banks on their phones. If the older millennials came to the technology party early, Generation K don't even remember that there was an era pre-digital.

Q

WHAT IS THEIR ATTITUDE TO MONEY IN GENERAL – AND HOW WILL THIS AFFECT THEIR APPROACH TO LIFETIME SAVINGS?

A

My research has found that Generation K are already extremely worried about their future economic security. They believe unequivocally that if they don't look after themselves financially no one else will, yet feel that their chances of being able to do so successfully are slim – this is creating huge anxiety.

This helps explain why I found that they are extremely financially cautious, and desperately try to be prudent. My findings suggest that this is a generation of savers. Whether it's the teenage girl saving her babysitting money or the boy working at Topman at the weekends, in the recent series of focus groups I conducted every single participant told me that they consciously saved money. That's not only for short-term purchases, say for a concert they hope to attend two months down the line, but also for later on in life – as they explained, for "when they are fully fledged adults." While they recognise that saving can be painful, they seem willing to accept the short-term pain, for what they recognise as longer term gain.

Q

WHAT DO PENSION AND LIFETIME SAVING SCHEMES NEED TO DO TO PREPARE TO ENGAGE GENERATION K?

A

I have three suggestions on this front:

1. Deploy new technologies to help them envisage what their lives will be like when they are older.
2. Explore whether there is a way to gamify pension contributions and/or lifetime savings.
3. Consider using Generation K as 'Pension Ambassadors' within their family networks. Given their prudent financial mindset, might they have a role to play in helping others around them secure a safer retirement?

GENERATION K ARE ALREADY EXTREMELY WORRIED ABOUT THEIR FUTURE ECONOMIC SECURITY

COGNITIVE DIVERSITY – WHAT IS IT AND WHY IS IT IMPORTANT?

Jane Welsh discusses an important aspect of diversity and looks at how we can harness its power

WHENEVER I DISCUSS DIVERSITY, THE CONVERSATION QUICKLY SHIFTS TO COGNITIVE DIVERSITY. MANY PEOPLE ASSERT THAT COGNITIVE DIVERSITY IMPROVES DECISION-MAKING AND HELPS AVOID 'GROUPTHINK'. I OFTEN HEAR PEOPLE SUGGEST THAT BY HIRING MORE WOMEN OR ETHNIC MINORITIES WE WILL ACHIEVE GREATER COGNITIVE DIVERSITY, THAT COGNITIVE DIVERSITY IS ALWAYS A GOOD THING AND THE MORE OF IT THE BETTER. BUT ARE THESE ASSUMPTIONS CORRECT?

WHAT IS COGNITIVE DIVERSITY?

Jung (1921) contended that cognition relates both to how we gather information and how we take decisions. He suggested that we gather information in one of two ways:

- A *sensing* orientation absorbs data in a literal, concrete fashion
- An *intuitive* orientation generates abstract possibilities from the information that is gathered.

If you've ever been in a meeting with a detail-oriented individual and a big picture person you will have experienced these two approaches in action. We all exhibit both orientations but to different degrees.

Jung also suggested that there are two decision-making approaches:

- A thinking orientation relies on logic and reason
- A feeling orientation focuses more on what someone's values say about what is right.

Both approaches are perfectly valid but we each exhibit a dominant approach.

Those familiar with psychometric testing (eg Myers Briggs) will recognise this terminology. Jung's work underpins these techniques – which, while not everyone agrees on their validity, can help individuals understand both themselves and others and to have a common vocabulary to describe differences.

THERE IS NO POINT BUILDING COGNITIVE DIVERSITY INTO A TEAM IF THOSE DIVERSE VIEWPOINTS ARE IGNORED

WHY IS COGNITIVE DIVERSITY A GOOD THING?

Janis (1983) highlighted how a group of smart people, if they share the same knowledge and thinking styles, may miss key risks (or opportunities) – he called this 'groupthink'. By having people with different cognitive styles, bases of knowledge and external networks, these risks are more likely to be identified.

Anita Woolley Williams' (2010) concept of collective intelligence highlights how a group of people can, together, exhibit more intelligence than their individual levels of intelligence would suggest. Her work found a correlation between collective intelligence and cognitive diversity, *up to a point*. More cognitive diversity helps with problem-solving in groups. She also found that high levels of empathy or emotional intelligence in a group enhanced performance.

Reynolds and Lewis (2017) found that teams with high degrees of variation in knowledge and perspectives took less time to complete challenges than teams exhibiting low levels of variation.

A COMPLEX PROBLEM THAT REQUIRES LOTS OF DIFFERENT INPUTS AND IDEAS LENDS ITSELF TO A COGNITIVELY-DIVERSE TEAM

They also found that variations in demographic diversity, per se, did not affect results. So for a team to be effective, it isn't just cognitive diversity that is needed but also different bases of knowledge.

It is worth revisiting the phrase '*up to a point*'. Too much cognitive diversity can make decision-making less effective. Kirton's (2011) work on the Adaptive-Innovative theory of problem-solving is another perspective on this problem. Adaptive types prefer structure, are sensitive to people and norms, target specific ideas, are masters of detail and are prudent risk-takers. Innovative types prefer less structure, are happy to ruffle feathers, are unconstrained and will come up with lots of ideas, will change their assumptions and will take more risks. Both types are valuable in a team but there will be friction between them, leading to team dysfunction.

This highlights the challenge of cognitively diverse teams: they can be hard work to manage and unsatisfactory for team members. Milliken and Martins (1996) capture this perfectly in the quote

"diversity is like a double-edged sword, increasing the opportunity for creativity as well as the likelihood that group members will feel dissatisfied and fail to identify with the group."

Context is also key. A complex problem that requires lots of different inputs and ideas lends itself to a cognitively-diverse team. But a simple problem, especially one that has been solved many times before, might be best addressed by a more homogenous team. Endless debates about how to stack the dishwasher are probably not helpful; but ensuring that all the possible risks are explored is vital for sending a rocket successfully into space.

HOW CAN LEADERS SUCCESSFULLY BUILD COGNITIVE DIVERSITY INTO THEIR TEAMS?

Establish a diverse team – when building teams or recruiting externally, think about cognitive diversity. That might mean challenging what qualities you think are needed to do the job. It is all too easy to hire people who are like us; but they won't necessarily bring the different skills and perspectives you need.

Build awareness – if each team member understands their own cognitive style as well as those of their colleagues, a team can start to appreciate the value of those differences rather than be irritated by misunderstandings or frustrations. It has to start with the team leader being self-aware about their own preferences, strengths and particular blind spots.

Manage the cognitive style 'gap' – Kirton argues that in order to deal with high cognitive diversity you need to apply 'bridging' and 'coping' mechanisms. Bridging involves someone acting as a bridge or translator to facilitate the discussions. Coping involves the leader being flexible in their style to ensure group cohesion.

Develop good listening skills – there is no point building cognitive diversity into a team if those diverse viewpoints are ignored. Good meeting etiquette around turn-taking and taking particular notice of knowledge or insights that differ from those held by the majority should help address that point.

Demographic diversity can help with cognitive diversity – but if we hire from a narrow range of institutions and subject disciplines, and then apply the same professional qualifications and competency models to assess their ability to do the job, we can end up with homogeneity even if our teams look diverse. Demographic diversity does matter but it won't *necessarily* help with cognitive diversity.

Cognitive diversity in a team is important but knowledge and network diversity are also important. If everyone has the same base of knowledge and the same networks, they are unlikely to bring anything new to the discussion. Empathy or emotional intelligence can also help team effectiveness by ensuring that there is sensitivity to each individual's needs and strengths – and it is essential if cognitive diversity is to be harnessed effectively.

CONCLUSIONS

Cognitive diversity is valuable if our teams are to be effective decision-making bodies and is especially important if we are working on complex problems – something that is common in the investment world.

ABOUT THE AUTHOR

Jane Welsh, MSc
People and Organisational Development

Jane is a founder member of the Diversity Project, an industry-wide initiative to create an inclusive culture in the Investment and Savings Industry. Jane has had a 30+ year career in investment consulting with Russell and Willis Towers Watson.

info@diversityproject.com
@DiversityProj
Diversity Project - Investment Industry
diversityproject.com

REFERENCES

Janis, I.L. in Blumberg, H.H., Hare, A.P., Kent, V. and Davis, M.F. (eds) (1983) Small groups and social interaction

Jung, C.G. [1921] (1971). Psychological Types

Kirton, M.J. (2011) Adaption-Innovation in the Context of Diversity and Change

Milliken, F.J. and Martins, L.L. (1996) Searching for common threads: understanding the multiple effects of diversity in organizational groups

Reynolds, D. and Lewis, A. (2017) Teams solve problems faster when they're more cognitively diverse

Woolley, A.W. et al (2010) Evidence for a collective intelligence factor in the performance of human groups

BREXIT WHAT SHOULD PENSION SCHEMES BE DOING?

Uncertainty is the only certain thing about Brexit, says **James Walsh**, Policy Lead: Engagement and EU, PLSA

DRAFTING A *VIEWPOINT* ARTICLE ABOUT BREXIT SOME WEEKS BEFORE THIS MAGAZINE IS PUBLISHED FEELS LIKE AN UNFAIR CHALLENGE. BY THE TIME YOU READ THIS, THE SITUATION WILL ALMOST CERTAINLY HAVE CHANGED, PROBABLY SEVERAL TIMES – SO THE RISK OF BEING HOPELESSLY OUT OF DATE IS VERY HIGH.

At least that is the case for the politics, where the situation is fluid and fast-moving to say the least. Fortunately pension schemes' concerns remain much more constant and the PLSA has some reliable information, drawn from a recent member survey, on what those are. So this article sticks to that safer ground by focussing on what we know about what pension schemes have told us.

We have been busy writing to ministers in recent days with a briefing on our survey results. The key point – and one that goes straight to the heart of the political debate – is that PLSA members overwhelmingly rate a 'hard exit' (where the UK leaves the EU on WTO terms) as significantly worse than a negotiated arrangement that maintains market access more or less as at present. Fifty-six per cent of respondents said it would be worse than a negotiated deal from a scheme perspective, and even more – 70% – said it would be worse from the employer's point of view.

70%

SAID IT WOULD BE WORSE FROM THE EMPLOYER'S POINT OF VIEW.

Obviously any short-term impact on the markets matters hugely to pension schemes, and the PLSA is as keen as any other organisation to see the country avoid serious economic disruption around Brexit day. But – perhaps more so than some other sectors – our members are well placed to take the long-term view as well, and there is quite a contrast between these short-term and long-term perspectives. Forty-seven per cent of our survey respondents predicted a negative impact from Brexit over the next 12 months, while just 3% expected a positive boost. Over a 10-year horizon, however, the'pessimists' fell to 27% and the 'optimists' rose to 11%.

FORTY-SEVEN PER CENT OF OUR SURVEY RESPONDENTS PREDICTED A NEGATIVE IMPACT FROM BREXIT OVER THE NEXT 12 MONTHS, WHILE JUST 3% EXPECTED A POSITIVE BOOST

Naturally it's difficult for anyone to make predictions so far out, but I thought the contrast was of note. You can ask me in 2028 how things actually panned out!

SCHEME PREPARATIONS

One thing we do know is what schemes have done to prepare for Brexit. Of those that have taken specific Brexit-related actions, 65% have reviewed their asset allocation (41% have actually changed it) and 53% have commissioned extra advice from their professional advisers.

This aligns with the PLSA's Brexit advice to all schemes, which is to ensure you have discussed Brexit-related risks in your trustee board and – crucially – with your sponsoring employer. Schemes with sponsors that trade internationally, or that rely on non-UK skills and labour, will inevitably be more exposed to any disruption.

SCHEMES WITH SPONSORS THAT TRADE INTERNATIONALLY, OR THAT RELY ON NON-UK SKILLS AND LABOUR, WILL INEVITABLY BE MORE EXPOSED TO ANY DISRUPTION

The impact Brexit might have on how pension schemes are regulated depends very much on the shape of the future UK-EU relationship, which is so uncertain at the moment. The PLSA has been reminding ministers of our key point – that any deal on continuing UK compliance with EU Single Market financial services legislation (at the time of writing the UK is proposing an 'equivalence'-based arrangement) should not bind us into future editions of the IORP Directive, as this could expose our defined benefit schemes to a complex and costly EU solvency regime for pensions.

Although the media focus at the moment is on what happens between now and 29 March, the detail of the future UK-EU relationship will only be resolved in the months – perhaps years – *after* that date. This means the negotiations over matters that affect pension schemes are likely to run and run. I can see many more *Viewpoint* updates ahead...

LOCAL AUTHORITY UPDATE

Emma Douglas, chair of the PLSA Policy Board, welcomes Local Authority members to the first in an ongoing series of updates

THE PLSA'S POLICY BOARD IS A NEW BODY CREATED TO TAKE OWNERSHIP OF THE PLSA'S POLICY WORK ACROSS ALL ASPECTS OF PENSIONS AND LIFETIME SAVINGS. I'M DELIGHTED TO INTRODUCE OUR FIRST LA UPDATE.

Because the LGPS is such a large and important part of the PLSA's membership – and because the industry as a whole has so much to learn from their experiences – three of the 16 members of our Policy Board represent LGPS funds:

- Rachel Brothwood, West Midlands
- Nicola Mark, Norfolk
- Neil Mason, Surrey.

At our Local Authority conference in May, Councillor Roger Phillips launched the Scheme Advisory Board's annual report. This showed a huge scheme growing well and dealing with the ongoing increase in employers and savers. And the scheme's strong financial position was confirmed by the Government Actuary in September.

In May too, the Local Government Minister Rishi Sunak praised local authority schemes for the great work they've done to put the pools in place. This is blazing the trail for the private sector DB consolidation that the PLSA is exploring.

Rishi Sunak was a little understated when he said there has "been quite a lot of change in the LGPS in recent years".

No other scheme has overhauled its investment model on such a massive scale while leading the way on issues such as cost transparency. Local authority schemes have played a key role in the Cost Transparency Initiative (see page 32) and ESG investing.

No other scheme has ever had to deal with the administration and negotiation that comes with such a dramatic local authority schemes have in employer profile as you've seen, or in rolling out and maintaining the CARE scheme.

And there's more on the horizon as the Scheme Advisory Board working group looks at third tier employer participation and the government remains committed to consulting on how to implement the New Fair Deal for LGPS.

This change – plus continuing reforms to governance and political and social pressure on budgets – means the way schemes work. The resources they have are changing too, while they deal with unique issues such as the impact of the annual allowance.

To add to these governance challenges, the political climate is also affecting local authority funds more than any other type of scheme.

Of course the PLSA is here to help. We published our guide to recruitment, retention and resourcing issues in May.

And we produced our effective governance toolkit in partnership with KPMG to help schemes of all types understand their performance against best practice. This was launched by Lesley Titcomb, chief executive of The Pensions Regulator, at our 2018 Local Authority Conference in May.

We are also keen to help you to understand and prepare to answer the many questions that lie ahead, including:

- What are the consequences of having breached the cost cap?
- How can you get better access to infrastructure investment opportunities?
- What impact will Brexit have as you tackle local inequality?
- Where next for responsible investment?

I hope that all of our Local Authority members will engage with us on these and other issues of importance to your schemes, so that we can progress them together.

This article is based on Emma Douglas's welcome address to the Local Authority Update event on 6 November.

The 2019 PLSA Local Authority conference takes place from 13 to 15 May 2019

It will be held at the De Vere Cotswold Water Park Hotel in Gloucestershire

Programme details will be available early in 2019.

IORP II ★ WHAT WILL IT MEAN FOR YOUR SCHEME?

James Walsh, Policy Lead: Engagement and EU, PLSA poses the other European question that's on everybody's mind...

BY THE TIME YOU READ THIS WE WILL BE JUST WEEKS AWAY FROM THE EU DEADLINE THAT HAS OCCUPIED SO MUCH OF OUR THINKING OVER THE PAST TWO YEARS. I REFER, OF COURSE, TO 12 JANUARY 2019 – THE CUT-OFF DATE FOR EU MEMBER STATES TO TRANSPOSE THE NEW VERSION OF THE EU'S WORKPLACE PENSIONS DIRECTIVE INTO NATIONAL LAW.

Apologies if this is a disappointment to some readers. If you were hoping for an update on that other 2019 deadline – the one for the UK's departure from the EU – then don't despair; there's another article about that on page 17.

But if you want to know how the revised 'IORP Directive' will be introduced in the UK, then please stay on this page. Frankly, you will find more fact and less speculation here. Unlike with Brexit, we actually have some clarity about what the likely outcome will be in respect of 'IORP II'.

IORP II RECAP

To recap for those who perhaps haven't followed this one so closely, national governments have until 12 January to bring the revised EU Directive on Institutions for Occupational Retirement Provision into force. The 'IORP Directive' (now 'IORP II') is the EU's framework legislation on workplace pension schemes, mainly intended to promote the development of cross-border pension provision.

Given that HM government has consistently said that the UK will continue to meet its EU obligations as long as we remain a Member State, the DWP is planning to go ahead with IORP II.

Plenty of scheme managers and trustees have been asking me what this means in practice. Will they have to change scheme rules, governance practices or member communications to comply with the new EU law? The short answer is probably no – and certainly not any time soon.

The longer answer is that 12 January is very much a deadline for the government – but not for pension schemes. The DWP has until that date to show the European Commission that the UK is taking sufficient measures to introduce the requirements of IORP II. Schemes, however, only have to do what the government or The Pensions Regulator require them to do.

So, while the government has laid down some regulations to amend the law on scheme governance and cross-border schemes, the key thing to watch for is a consultation by The Pensions Regulator on consequent changes in its codes of practice, and we do not expect this until the second half of 2019.

PRACTICAL STEPS

- IORP II requires schemes to have an 'effective system of governance' that is proportionate to the complexity and risk profile of their scheme. In practice, schemes that already have good governance arrangements will be compliant with IORP II and should not need to put any new measures in place.
- The Directive requires schemes to send an annual 'pension benefit statement' to all members. This includes deferred members of DB schemes – a category not covered by existing UK disclosure requirements. In practice, the DWP expects to meet this requirement by introducing the Pensions Dashboard. So – again – there is no need for schemes to change their systems.

We cannot keep Brexit out of this article completely. In the longer run, of course, whether IORP II will apply to UK schemes will depend very much on the shape of the Brexit deal and what it says about continuing UK compliance with EU Single Market legislation.

Until then, IORP II looks like a 'slow burn' issue and any eventual changes resulting from it will most probably be modest in nature.

UNLIKE WITH BREXIT, WE ACTUALLY HAVE SOME CLARITY ABOUT WHAT THE LIKELY OUTCOME WILL BE IN RESPECT OF IORP II

NFOP

Help and support...

for transitioning through later life

NFOP can be a cost effective alternative to a scheme's welfare service, as part of a leavers or retirement package.

The end of working life is no longer a fixed point. As a person transitions towards retirement and beyond NFOP can offer a number of ongoing support services providing help and signposting.

NFOP Membership Services and Benefits

- Initial support over the phone on legal, tax, and financial matters
- IT assistance on computer problems via a dedicated helpline or email address
- A regular informative and entertaining magazine
- Access to the members' area of the NFOP website, filled with useful information and resources
- NFOP Travel Club offers holiday, hotel, cruise and travel insurance deals
- Grants from the NFOP Welfare Fund to help support members in need
- Offers from select third party service providers exclusive to members
- E-newsletter throughout the year keeping members informed on issues relevant to them and any new services
- Private audiology services
- Dedicated team at Headquarters for general support and help

There is a network of independent local groups across the UK , run by their members.

01582 721652 info@nfop.org.uk www.nfop.org.uk

TRUSTEE CONFERENCE 2018

Attendees share their highlights from our annual conference on 6 December

Among the key themes for the day were changing expectations for trustees, presented by **Fiona Frobisher**, head of policy at The Pensions Regulator; trustee responses to the Department for Work and Pensions DB white paper; and streamed sessions dedicated to investment, effective trusteeship and consolidation.

Alan Gander, MNT, Lend Lease

It's been a relaxed and informal day – I go to a lot of conferences and I like the fact that this is aimed solely at trustees. Often at other events, the sessions that are important to us are mixed in amongst other issues which are less relevant.

I'm also on a panel today, and I find it's good to be involved in that way as it really pushes you to think about the topic under discussion and order your thoughts.

A big issue for my scheme that I want to learn more about is engagement. From a trustee point of view, it's our role to engage with members, but we're not always best placed to know how to improve engagement with younger members, for example.

I also think that there is a lot that trustees can learn from other industries – and there are so many MNTs who have experience in other fields. For example, part of the discussion around fiduciary management following on from the Competitions and Markets Authority investigation has been around the tendering process, which is something that the building trade (where I've spent my working life) has always done as a matter of course.

Jas Sandhu, MNT Uniper UK

I've only been a trustee for three days – so this is the first conference I've been to! It's been very well organised and a great venue – and it's been really friendly. For me, finding out about forthcoming legislation has been particularly useful, and I really enjoyed the endangered scheme simulation exercise, which made this topic real for me.

I'm on a very steep learning curve at the moment, so finding out more about trustee requirements and expectations is an important focus. I've got a finance background so I'm hoping that in the future I'll be able to add value for my scheme in our sub-groups.

As well as a full programme, the day was a great opportunity for trustees to share experiences, meet the PLSA team and network with stand and session sponsors.

Robert Jenrick MP, exchequer secretary to HM Treasury, gave the opening plenary for the day, focusing on 'patient capital in impatient times' and launching the PLSA's new guide to patient capital and illiquid investments (see boxout below).

James Walsh, policy lead: engagement & EU, PLSA

There are many pressures on trustees in a complex world. The economic situation is as uncertain as ever and a clearer, quicker, tougher Pensions Regulator is increasing its expectations of trustees. So, our day today is to help trustees achieve the major challenge of being up to speed on the latest thinking and how others are tackling the same issues as they are facing.

As ever with our conferences, we have practical sessions and 'big picture' keynote speeches, for example Tim Shipman's overview of the political environment. It helps to look behind the headlines and be able to understand what broader issues mean for trustees and their schemes.

I've chaired a session this morning, The DB Pensions Odyssey, on making long-term plans for scheme run-off. We heard that only around a quarter of trustees are planning to buy out in the next 20 years. This session should help boards think about the options available to their scheme.

Tim Shipman, political editor at *The Sunday Times* and the author of *All out war: The full story of how Brexit sank Britain's political class* ended the day with a talk on the UK's current political situation.

Caroline Escott, policy lead: investment & stewardship, PLSA

I've introduced Robert Jenrick MP this morning, the exchequer secretary to the Treasury. We're delighted the Minister has given our new guide his backing during today's launch.

We're pleased to be involved in government initiatives to remove the barriers preventing schemes from investing in illiquid assets – such as venture capital, private equity and infrastructure. Pension funds consistently tell us that they value hearing what other schemes do, so we've brought together case studies from pension schemes and asset managers to provide practical insights and tips for trustees who want to find out more.

The long-term view: patient capital and illiquid investment

Robert Jenrick MP, exchequer secretary to the Treasury, launched our new guide for trustees about patient capital and illiquid investment during his speech at the Trustee Conference. He added that the next generation of pension savers "should have the chance to invest in a way that cultivates the type of society they want to retire into."

The guide includes five case studies from pension schemes and asset managers that are already investing in a long-term and patient capital way in illiquid assets. It shares their experiences, successes and the lessons that they've learned. Some of the approaches covered include:

- Infrastructure investment
- Impact investment
- Private equity and debt

The guide follows on from the PLSA's role in HM Treasury's Patient Capital Pensions Investment Taskforce, which explored ways to reduce barriers to investment in high-growth, innovative firms by pension schemes.

TPR AND THE FCA – TOGETHER STRONGER

Lesley Titcomb explains how everyone will benefit from the two regulators working together

THE PENSIONS LANDSCAPE HAS CHANGED DRAMATICALLY IN RECENT YEARS, AND CONTINUES TO EVOLVE AT PACE.

Thanks largely to the successful implementation of automatic enrolment, millions more people are saving. They quite rightly want to be able to see how the pounds and pence they are putting away are growing to help them in their retirements, with all the contrasting requirements for transparency and security that their demands bring.

They want – they need – to be able to trust those to whom they are giving the keys to their financial future.

As regulators, neither we at TPR nor our colleagues at the FCA can afford to stand still as the pensions landscape changes around us. It's only by evolving ourselves that we can keep pace with that change, to ensure that we are protecting members' savings.

Although we each have our own separate remits set by legislation, most of the issues that affect the pensions sector are less easily defined. It has been vital therefore for us to work alongside each other to highlight and tackle problems, while encouraging change for the better.

Just this summer we ran our first joint scams awareness campaign, which has proven hugely successful in encouraging those considering transferring their pension to first make sure they know the warning signs of a scam.

> **AS REGULATORS, NEITHER WE AT TPR NOR OUR COLLEAGUES AT THE FCA CAN AFFORD TO STAND STILL AS THE PENSIONS LANDSCAPE CHANGES AROUND US**

But while we have collaborated on projects, there was a clear opportunity for us to work even more closely together to strengthen our relationship to produce better results both for the industry and, most importantly, pension holders.

A NEW FRAMEWORK

The new joint regulatory strategy that we unveiled at the PLSA conference in October is the framework on which that new approach is being taken forward.

We've begun by setting out our vision for the pensions sector over the next five to 10 years, including highlighting the issues that are contributing to the prospect of people not having enough to get by on when they retire, or at least not to the standard that they expect.

Our strategy is designed to tackle those issues by aiming to ensure pension products provide the income that members expect, with the security they need, at the right price and with the minimum of complexity.

That involves two steps: examining the marketplace in detail to assess how people can be helped to make the best decisions about their pensions, and ensuring that schemes are set up to provide good value for their members. Balancing the use of the carrot and the stick will remain vital.

At TPR we'll take a more hands-on approach to regulation. We'll be more proactive, guiding trustees, investment consultants and fund managers when they need advice and pushing them when they need to act.

A key point is that this isn't about micromanaging schemes, but about building closer, more effective relationships with them so that together we can spot problems earlier and act before issues escalate.

Launching the strategy at the PLSA Annual Conference brought with it great benefits, and we were extremely pleased by the positive response from the audience. Being able to explain our new approach while we had the great and the good from across the industry in one place meant we were able to answer their immediate questions on how we would be working in the coming months and years, rather than leaving people with any doubt in their mind.

My conversations through the day, and over the rest of the conference, each harked back to the same point – that what we were doing was not only valuable but vital.

The joint strategy document is the starting point, not the end of the process. It is necessarily broad – and while some areas of our joint work are already well underway, others will only develop fully as we move through 2019, such as our review of the consumer pensions journey.

As the pensions landscape develops, so TPR and the FCA will have to adapt to meet any new challenges that may arise. Working together will help us address those challenges more quickly and more effectively – meaning better protection for schemes and better results for members.

Lesley Titcomb
is Chief Executive of The Pensions Regulator

ESG AND STEWARDSHIP

This is the year when ESG investment finally broke through into the mainstream, says Caroline Escott

IN A FORMER LIFE I WORKED ON POLICY AT A SUSTAINABLE INVESTMENT TRADE ASSOCIATION. AT THE BEGINNING OF EACH YEAR, THE TEAM WOULD SAY TO EACH OTHER: "THIS IS THE YEAR THAT SUSTAINABLE INVESTMENT IS GOING TO BECOME MAINSTREAM!". HOWEVER, WHILE THERE WAS NO DOUBT THAT MOMENTUM ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) INVESTMENT WAS GATHERING PACE, IT NEVER SEEMED TO ACHIEVE THE BREAKTHROUGH MOMENT WE WERE WAITING FOR.

Until 2018, that is. The past 12 months have seen some significant policy and regulatory developments on ESG investment at a number of levels. In the EU, the European Commission has been taking forward its strategy on sustainable investment in the wake of recommendations from the High Level Expert Group on Sustainable Finance (HLEG), which made a series of proposals including an EU-wide label for green investment funds and a 'taxonomy' to provide market clarity on what 'sustainability' actually means. Although the precise level to which these recommendations come into effect in the UK depends on what form Brexit ultimately takes, HLEG's proposals have been instrumental in shaping the market's attitudes towards ESG investment.

As my colleague James Walsh explains further on page 20, we have more clarity on the implementation of the EU Directive on Institutions for Occupational Retirement Provision (IORP II). IORP II states that ESG issues are important for schemes' investment policy and risk management and that EU Member States should ensure schemes disclose how ESG factors are taken into account in their risk management approach. The deadline for implementation into UK law is mid-January 2019, and we know that the UK will be seeking to leverage much of its existing legislation on all areas in complying with the Directive.

We expect that this will include the recent government changes to the Occupational Pension Schemes (Investment) Regulations 2005, which sought to further clarify how trustees should consider financially material ESG risks in their investments, as well as expanding the definition of stewardship. Although there are many UK schemes who are well advanced on the ESG journey, by 1 October 2019 all DB schemes with more than 100 members will be required to produce a Statement of Investment Principles (SIP) which sets out how they take account of financially material considerations including "those arising from Environmental, Social and Governance considerations, including climate change" over the "appropriate time horizon for the scheme and its members". DC schemes will have to do similarly for their default strategy.

IT IS CLEAR THAT SCHEMES CAN NO LONGER AFFORD TO IGNORE ESG CONSIDERATIONS

For DC schemes, there are further requirements in terms of information disclosure, with affected schemes required to publish their SIP and include a link to this information in annual member benefit statements. Trustees of DC schemes will also be required to prepare an implementation statement, setting out how they have carried out their investment policies, and include this in the annual report. The regulations governing this aspect come into force in 2020.

It is clear that schemes can no longer afford not to pay attention to ESG considerations. The PLSA has been feeding into both the policy initiatives outlined above and others not mentioned here, helping to shape outcomes and ensuring that member viewpoints are heard. We will continue to do so. Attendees at our Trustee Conference will also have the opportunity to hear directly from government officials and lawyers regarding how they should implement the new regulations, and we will also be producing further guidance for schemes in 2019.

I am still in touch with former colleagues from my sustainable finance trade association. While we know that there is no room for complacency, it does seem like 2018 is the year ESG has finally moved centre stage.

IC SELECT FIDUCIARY MANAGEMENT PERFORMANCE STANDARD PART II

Donny Hay, director, IC Select

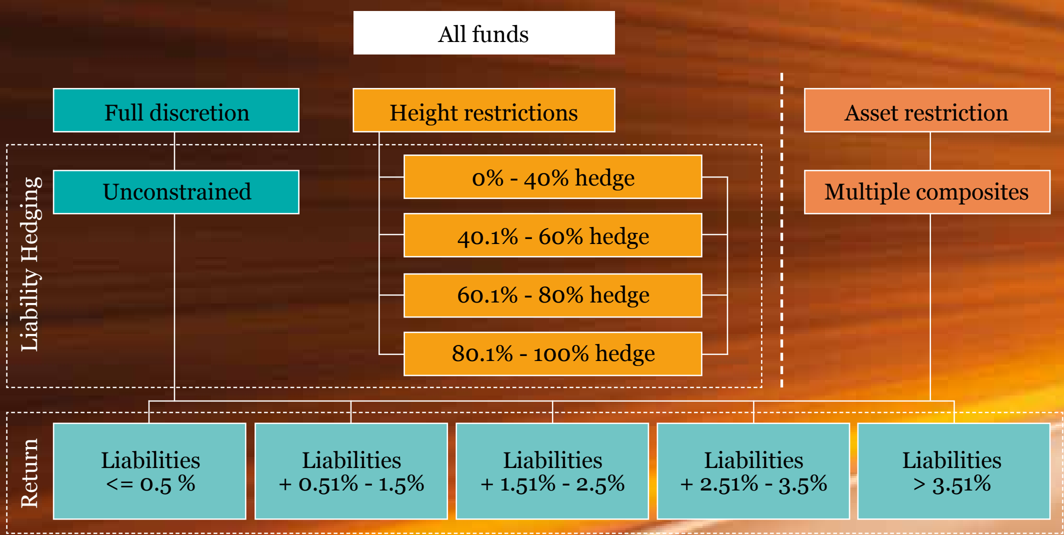
HOW THE STANDARD WORKS, HOW TRUSTEES SHOULD USE IT AND THE WAY FORWARD

IN THE FIRST ARTICLE PUBLISHED IN THE OCTOBER EDITION OF VIEWPOINT WE DISCUSSED WHY THE FIDUCIARY MANAGEMENT PERFORMANCE STANDARD IS NECESSARY AND THE BENEFITS FOR TRUSTEES. IN THIS ARTICLE WE EXPLAIN HOW THE STANDARD WORKS AND WHAT TRUSTEES SHOULD FOCUS ON

HOW IT WORKS – THE IC SELECT SOLUTION

The formation of composites is at the heart of the IC Select Fiduciary Management Performance Standard (FMPS). They comprise similar funds grouped together, with performance and risk calculated on an average basis for funds in the composite. As a result, it is not possible for a fiduciary manager to just show the performance of its best fund.

The FMPS track record utilises the specific liability benchmark of each client and recognises when the trustees have imposed restrictions, over hedging or assets. The illustration below shows the IC Select recommended structure for composite construction agreed by the independent Steering Group:



PENSION SCHEMES WILL HAVE DIFFERENT RETURN TARGETS AND MAY HAVE HEDGING AND ASSET TYPE RESTRICTIONS

FOCUS FOR TRUSTEES

We would recommend that, when trustees are seeking to judge the investment skills of fiduciary managers, they focus upon the blue areas, be cognisant of the gold variables and ignore the orange areas. This is because the blue shaded areas assess the fiduciary manager's ability to add value, on both the asset and liability side, relative to the liability benchmark, without any restrictions. We would expect different investment market conditions to affect the asset mix and the extent to which the interest rate and inflation exposures are hedged at different points during the investment cycle.

The return ranges are IC Select's recommendation agreed by the Steering Group and adherence to the Standard is currently voluntary for fiduciary managers. However, the CMA has recently recommended in its Provision Decision Report that compliance should be mandatory, and this is currently under discussion. The standard also caters for the fact that all pension funds liabilities and therefore objectives are different so, unlike investment products, a single benchmark is unlikely to be appropriate.

Pension schemes will have different return targets and may have hedging and asset type restrictions, where, for example, 30% of its assets are invested in a property that cannot be sold. The FMPS takes the differences into account but allows users to assess the unconstrained full discretion performance of different fiduciary managers. This is the best way to assess their skill.

In practice, most fiduciary managers have around 10 composites and some are consolidating these into fewer umbrella composites. For example, combining narrow return target client portfolios with wider return target client portfolios, such as liabilities +0.51% to 1.0% and +1.01% - 1.5% become an umbrella composite of liabilities +0.51% - 1.5%.

Each fiduciary manager will have a list of all their composites and trustees should request any composites relevant to their situation knowing they will have been calculated on the same basis by all those fiduciary managers adhering to the standard.

NEXT STEPS

The IC Select Fiduciary Performance Standard was frequently referenced by the CMA during its current review of the investment consultant and fiduciary management industry. Responsibility for the standard will transfer to the CFA Institute by 2020, to become part of the Global Investment Performance Standards.

The performance calculations, reporting framework and policies and procedures are currently being verified by IC Select giving the trustees confidence that they represent an accurate and consistent view of fiduciary managers' performance.

Leading third party evaluators of fiduciary managers such as Barnett Waddingham, Hymans Robertson, LCP, KPMG and XPS Investments have publicly backed the standard requiring the fiduciary managers to comply with it or explain why not.

The FMPS will put the trustees in control of the due diligence of the fiduciary managers they are assessing and removes any charge of 'cherry picking' of performance records by the managers. This is good for trustees, good for the managers and good for the industry.

The first part of this two-part article was published in Viewpoint issue 3, 2018.

THE CLEAR CASE FOR COST TRANSPARENCY

Scott Foster of KAS BANK argues for the importance of educating the industry

COST TRANSPARENCY CAN OFFER A COMPREHENSIVE OVERVIEW OF A PENSION SCHEME'S ADMINISTRATION AND INVESTMENT COSTS, PROVIDING A HOLISTIC UNDERSTANDING OF THE UNDERLYING COSTS INCURRED WITHIN A SCHEME. ACCESS TO THIS INFORMATION CAN HELP TRUSTEES MAKE MORE INFORMED DECISIONS ANALYSING THEIR COST DATA, IN CONTEXT OF THE PENSION SCHEME STRATEGY AND/OR PERFORMANCE OF THEIR EXISTING OR POTENTIAL ASSET MANAGERS.

The benefits of widespread cost transparency implementation by pension schemes has been made clear in the Netherlands. KAS BANK, which services around a third of the Dutch pension market, found that the average total cost of ownership (TCO)[1] per pension scheme it services decreased by 37%[2] between 2015-2016. These findings coincide with the introduction of a cost transparency framework, and widespread consolidation of Dutch pension schemes.

KAS BANK launched the first UK pension cost transparency dashboard in 2017, with the Superannuation Arrangements of the University of London (SAUL) leading the way on cost transparency for DB pension schemes. The scheme has been utilising the dashboard to achieve greater visibility of its total costs, with an emphasis on transaction costs at an investment mandate level.

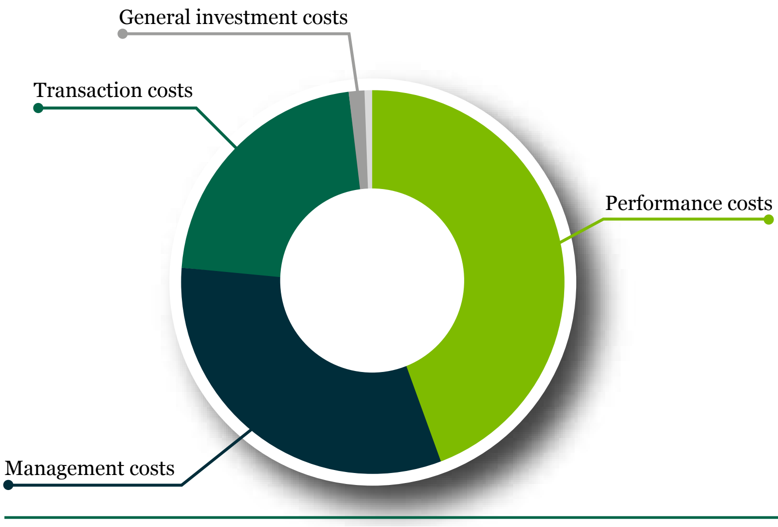
80% THOUGHT THAT MORE WORK NEEDED TO BE DONE ON EDUCATING TRUSTEES ON THE COMPLEX SUBJECT OF COST TRANSPARENCY

1. The total cost of ownership (TCO) is the sum of the pension management costs and investment costs.
2. The reduction in TCO is calculated by the combined decrease in average pension management cost and in average investment cost.

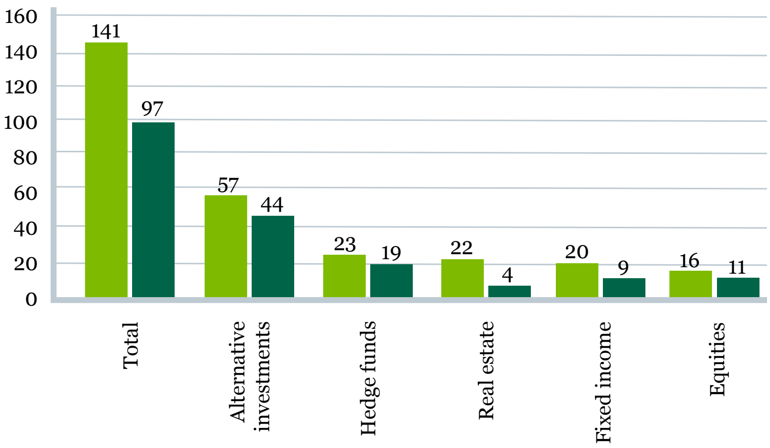
KAS BANK

KAS BANK PENSION COST TRANSPARENCY DASHBOARD

Investment costs



Cost efficiency

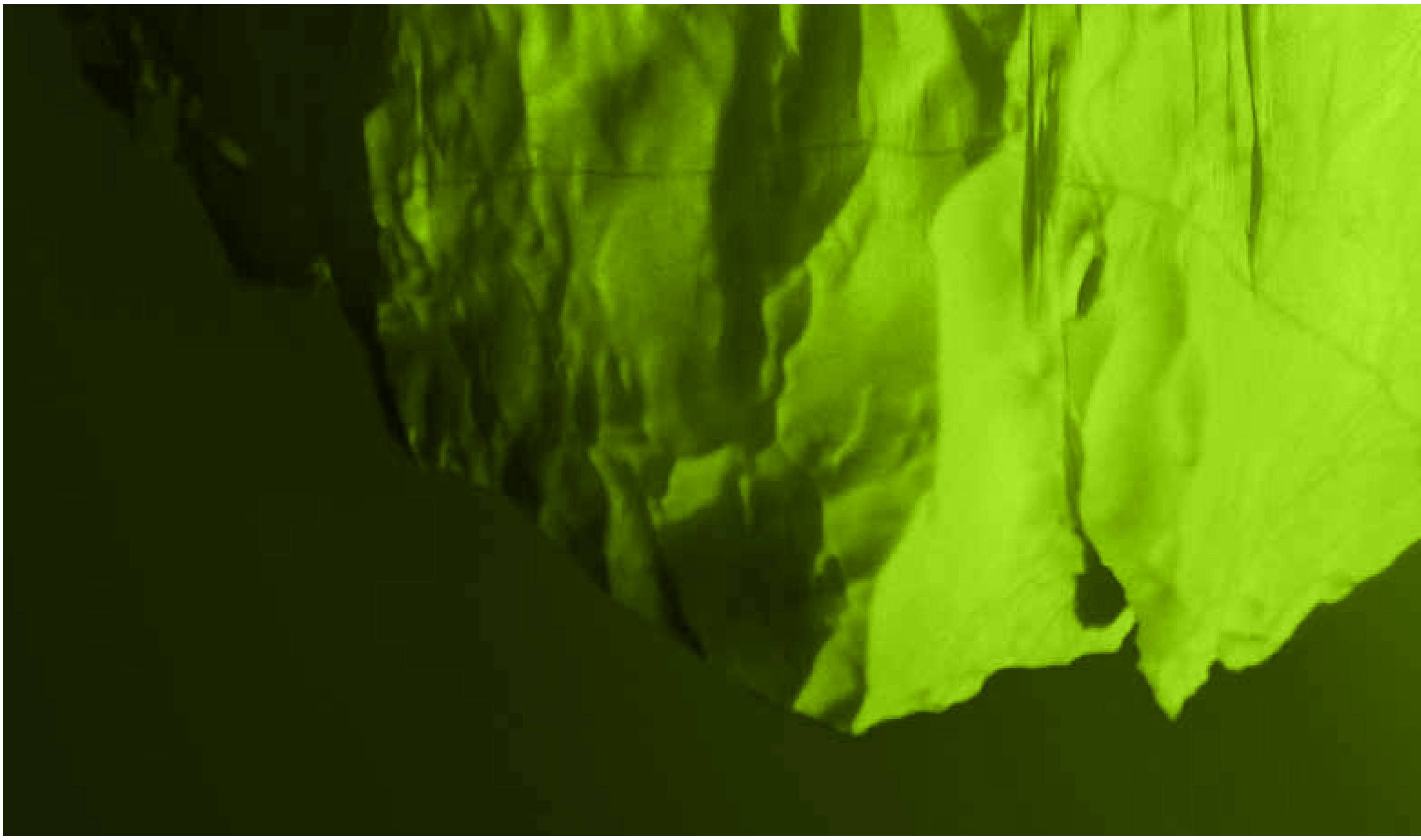


Although it has taken some time for the UK pensions industry to get to grips with cost transparency, and there has been some heated debate, KAS BANK are now seeing a spike in interest from UK pension schemes on the subject. This has come as the industry continues to rally in support of cost transparency, with schemes recognising the benefits of better understanding their costs, and the necessity to assess and report on value for money.

TWO CHALLENGES

Despite the momentum gathered, two key challenges remain, the first being a widespread adoption of cost transparency, the second being the education of trustees and pension scheme executives on the subject.

The announcement of the Cost Transparency Initiative (CTI) – aligning the PLSA, the Investment Association and the Local Government Pension Scheme Advisory Board, to carry on the work of the FCA institutional disclosure working group (IDWG) templates – is a great step forward for the industry. The templates will provide the UK industry with an all-inclusive standardised framework for collecting the costs incurred by a pension scheme. The templates will support a deeper dive into the alternative investment strategies (often criticised for the opaqueness of fees) and will scrutinise custody and administration fees. The templates focus in particular on investment costs, which often make up 75% of a scheme's TCO.



COST TRANSPARENCY IS ON THE REGULATORY AGENDA AS PART OF THE DRIVE FOR IMPROVING GOVERNANCE

KAS BANK

There is also a greater emphasis on investigating the more elusive transaction costs, which can typically make up 20% of the TCO of a pension scheme.

While this will give pension schemes a standard framework to collect costs from their service providers, there remains the challenge for pension schemes to contend with, and effectively digest the large volume of new information coming their way. Clear and simplified reporting on what is relatively unfamiliar to pension schemes will be equally as important.

On the topic of education, the 2017 FCA Asset Management study found that investor awareness of costs and charges is poor, this being the case for both retail and institutional investors. A similar sentiment is shared in the findings of a survey recently conducted at KAS BANKS's Cost Transparency Trustee Learning Zone at the PLSA Annual Conference. The results of the learning zone, attended by over 100 pension professionals,

32%

THE SURVEY FURTHER REVEALED THAT 32% OF THE ATTENDEES EITHER DIDN'T KNOW OR DON'T FACTOR TRANSACTION COSTS WHEN REVIEWING ASSET MANAGERS.

showed that 80% thought that more work needed to be done on educating trustees on the complex subject of cost transparency. The survey further revealed that 32% of the attendees either didn't know or don't factor transaction costs when reviewing asset managers. Both results highlight that further work is needed to ensure that cost transparency is understood and made accessible to all in the industry.

Following an hour-long educational session with the trustees, there was a 30% increase in the number of attendees saying they would now scrutinise investment costs, including transaction costs, when evaluating their asset managers, now that they had a better understanding of the subject and the associated benefits. These findings reveal that trustee confidence, through education, is vital to the successful adoption of cost transparency across the pension sector.

EDUCATION AND REGULATION

KAS BANK is taking the lead on educating trustees and pension executives on cost transparency through a number of initiatives including a Trustee Learning Zone at the PLSA Annual Conference, and the sponsorship of the PLSA Made Simple Guide in 2018. In 2019, KAS BANK will continue its commitment to education, signing on as a PLSA Education Partner for Cost Transparency in the new year. The partnership will include a series of teach-ins and webinars throughout 2019.

In addition to supporting trustees in more informed decision-making, cost transparency is on the regulatory agenda as part of the drive for improving governance, with the regulator demanding trustees assess value for money on the costs. This assessment has to be reported on each DC chair's statement, and non-compliance will incur a fine, so it is important to ensure chairs are well informed and supported to carry out these fiduciary duties. We believe that reporting costs will become a regulatory obligation in the next 12-18 months for DB pension schemes.

Once the CTI has implemented a standardised industry framework, the collection of costs and charges will be simplified.

20%

THERE IS ALSO A GREATER EMPHASIS ON INVESTIGATING THE MORE ELUSIVE TRANSACTION COSTS, WHICH CAN TYPICALLY MAKE UP 20% OF THE TCO OF A PENSION SCHEME.

However, as an industry we need to ensure trustees and pension executives correctly interpret costs and charges in the context of investment strategy, risk and returns, more informed decision-making and potential improved member outcomes.

THE COST BENEFITS OF TRANSPARENCY

CTI
COST TRANSPARENCY INITIATIVE

Mel Duffield introduces the new Cost Transparency Initiative

COST TRANSPARENCY IS A CORNERSTONE OF ANY WELL-FUNCTIONING MARKET AND, WITH BILLIONS OF POUNDS OF SAVERS' MONEY INVESTED IN PENSION FUNDS, ITS IMPORTANCE FOR ENSURING COMPETITION WITHIN THE INSTITUTIONAL INVESTMENT MARKET CANNOT BE OVERSTATED.

It's vital that pension fund trustees are able to quickly and easily understand what charges they face from their asset management services.

However, it has not always been possible to compare costs between different services and providers because of a lack of clarity and consistency.

The Financial Conduct Authority (FCA) recognised this issue when it published its Asset Management Market Study (AMMS) back in 2017; and to tackle it, the FCA set up the Institutional Disclosure Working Group (IDWG). This group was focused on making sure that pension funds would be able to gather and understand information on costs: it went on to develop templates to allow asset management services to present their charges consistently.

Now the templates have been published, it's time for a new group – the Cost Transparency Initiative – to take the baton from IDWG and take forward the Group's recommendations and templates.

INTRODUCING THE CTI

The Cost Transparency Initiative (CTI) has been formed by the Pensions and Lifetime Savings Association (PLSA) working with the Investment Association (IA) and the Local Government Pension Scheme (LGPS) Scheme Advisory Board. Together with other industry representatives, it will work on implementing, monitoring, promoting and encouraging the use of the new cost transparency templates.

First and foremost, it will roll out the new templates to the industry starting with an initial pilot phase running until early 2019 – and then it will make sure that the templates remain relevant both now and in the future.

The pilot phase will give the CTI the opportunity to test the templates in the real world with an initial group of schemes, while also giving it the chance to make amendments where needed before they go into wider circulation.

The templates are available on the PLSA website, and a key task for the CTI will be to ensure widespread take-up of them.

There's a real belief among IDWG members that this solution to cost transparency can go a long way towards both simplifying the process and ensuring cost-effectiveness for pension funds, helping them get the best deal for savers.

That belief is being continued by the CTI, of which I'm proud to act as the first Chair. Being invited to the position was a real honour, and one that I was delighted to accept. The work of the IDWG to date – and the CTI in the future – is giving the industry a golden opportunity to make a real difference and remove some of the fog that had previously shrouded the issues regarding cost.

It's not going to be easy but it's a challenge that I wholeheartedly welcome.

NEXT STEPS

The CTI will now be looking to appoint further members to the group in the near future, before having our first meetings to kick off all-important initial discussions about how we can measure success and adapt the templates where necessary before mass roll-out.

Along with the pilot phase we'll also be engaging with schemes, providers and other industry partners about the CTI's work and next steps. We're going into this wanting to hear from those who'll be using the templates, so it's important that their views are reflected in our work.

I'm excited about the challenges ahead. I firmly believe that the expertise we'll have within the CTI can help shape this project into something beneficial for all concerned. Achieving cost transparency for the sector is of paramount importance. By doing this we'll be another step along the road to helping pension funds achieve value for money and improve trust, while helping all savers achieve a comfortable retirement when the time comes.

THIS SOLUTION TO COST TRANSPARENCY CAN GO A LONG WAY TOWARDS BOTH SIMPLIFYING THE PROCESS AND ENSURING COST-EFFECTIVENESS

You can find out more about the CTI and download the current templates at **www.plsa.co.uk/Policy-and-Research-Investment-Cost-Transparency-Initiative**

Mel Duffield is Chair of the Cost Transparency Initiative

AN EYE ON THE DASHBOARD

George Currie, Policy Lead: Lifetime Savings, PLSA provides an update on the Pensions Dashboard, reporting on how the government is approaching the project

THE GOVERNMENT HAS BEEN CLEAR FOR SOME TIME NOW THAT IT EXPECTS THE PENSIONS DASHBOARD PROJECT TO BE "INDUSTRY-LED" AND "GOVERNMENT-FACILITATED". JUST WHAT THIS MEANT IN PRACTICE, THOUGH, WAS UNCLEAR PRIOR TO THE PUBLICATION OF THE FEASIBILITY STUDY. WITH ITS RELEASE ON 3 DECEMBER, THE GOVERNMENT'S VIEW CRYSTALLISED INTO A SET OF CONCRETE PROPOSALS, WHICH THE PENSIONS INDUSTRY WILL NOW HAVE THE OPPORTUNITY TO SHAPE OVER THE COURSE OF THE CONSULTATION PERIOD.

THE CONSULTATION

Central to the proposals set out in the consultation are important design principles by which the government believes the project should be defined. They aim to put the individual at the heart of the process, ensure individuals' data is secure, accurate and simple to understand, and guarantee the individual is always in control over who has access to their data. These principles provide important safeguards that will be essential to savers' confidence in the Dashboard.

Confidence will also stem from comprehensiveness, and the consultation outlines a means of achieving a far-reaching picture of people's pension savings on a single online platform. All schemes, according to the consultation, will be compelled to prepare and submit the data they hold on savers' pensions to the Dashboard, though it leaves some room for exemptions of particular schemes. This will take place over a phased implementation period.

IN THE LONG TERM, OUR VIEW IS THAT THE DASHBOARD INFRASTRUCTURE AND ITS GOVERNANCE SHOULD BE FUNDED THROUGH AN INDUSTRY LEVY

The government intends to play its part by making the State Pension available on the Dashboard. However, this may not happen immediately, as the appropriate systems may take some time to develop. The £5 million allotted to the project in this year's Budget will be used, in part, to help to develop the technical solution required to place State Pension data on the Dashboard.

Although it's clear that the government wants to empower the industry to offer multiple commercial dashboards in the future, the consultation is clear that the project's initial output will be a single, non-commercial dashboard, hosted by the Single Financial Guidance Body. Before schemes and providers are allowed to offer commercial alternatives, the government will ensure that there is an appropriate regulatory framework in place.

To create a regulatory framework that is fit for purpose, it will be important to ensure that the governance of the project is up to scratch. The governance proposals set out in the consultation indicate that the government has been heavily influenced by the example of open banking and, specifically, the implementation entity that was created to deliver it. Pensions Dashboard governance proposals

WHAT WE THINK

Our views on the Dashboard project have been shaped by our members. They have told us that there should, at least initially, be a single 'public service' dashboard, focused on providing information to savers about their various pensions, and that pension schemes should be compelled to provide their members' pensions data. Crucial to achieving this will be the presence of a public entity, possibly the Single Financial Guidance Body, in the governance of the project.

Although the industry-led approach worked very well during the prototype 'proof of concept' phase in 2017, the challenges of involving the many and varied parts of the pensions sector are real and require a guiding hand. We believe that a strong public sector role in the governance of the project can provide the sort of cross-industry coordination that is required and continue to make this case to the government.

A clear public sector voice in the project's governance arrangements would also make it easier to include the State Pension on the Dashboard. We have consistently argued that this is essential. For most savers, the State Pension is their biggest single source of retirement income. If it were not to be included on the Dashboard, savers would not be able to "view all their retirement savings in one place", which was a central element of the original remit of the project.

Funding for the project could be provided directly by the government, through a government loan, or by the industry. We welcome the Treasury's commitment to provide interim funding in this year's Budget. In the long term, our view is that the Dashboard infrastructure and its governance should be funded through an industry levy. This should mean that all those who stand to benefit from the Dashboard, including financial advisers, should play a role in funding it.

NEXT STEPS

We intend to respond to the Feasibility Study with a detailed submission. To add maximum value to the government's deliberations on the future course of the Dashboard project, we would welcome input from as wide a cross-section of the PLSA's membership as possible: we'll be in touch to gather members' thoughts in due course.

THE PENSION PROTECTION FUND ANNOUNCES SME FORUM

A new initiative will make sure that the needs of smaller pension scheme receive increased attention in 2019 and beyond

THE PENSION PROTECTION FUND (PPF) HAS CONFIRMED THAT IT IS LOOKING TO ESTABLISH A NEW SME FORUM IN THE NEW YEAR, AND IS KEEN TO HEAR FROM DB SCHEMES WITH SMALL AND MEDIUM SIZED EMPLOYERS WHO WOULD LIKE TO TAKE PART. THE FORUM IS INTENDED TO IMPROVE TWO-WAY COMMUNICATION BETWEEN THE PPF AND THE SME DB SCHEMES.

The decision to set up the Forum was taken following the results of recent research commissioned by the PPF. This showed that smaller schemes are more reliant than larger schemes on communications direct from the PPF, and that the PPF could do more to consider and support trustees of small schemes.

That is not to say that the PPF has not already been considering the needs of SME DB schemes. In recent years the PPF has taken into account the position of schemes with SME employers when updating the model used to assess most schemes' insolvency risk. It has also simplified the process for smaller schemes to get credit for additional scheme contributions, so long as they meet certain conditions. Nevertheless, the PPF accepts that there is more to do, and hopes that the Forum will help ensure other policies address the needs of SMEs.

David Taylor, Executive Director and General Counsel at the PPF, comments:

"Our research has shown what we always suspected – that although we provide good quality service to our levy payers, it is rather generic and needs to consider better the different needs of our customer groups. This Forum will not only help us to respond to this and improve our performance, but will also give SMEs the space to express their views directly to us, with confidence that those views are being heard and their feedback taken into account.

"We do seek views and hear from SMEs as part of our annual levy consultation, but we want to make sure that we are genuinely hearing the views of SMEs, not restricted to those who engage with that process.

"It's really important to us that we understand the issues facing our customers, and that when we provide information, it is in a format and language that is accessible. We are absolutely committed to making this Forum a genuine channel for two-way communication, for sounding out ideas and hearing feedback."

The PPF expects that the Forum will meet twice a year, with the first meeting taking place early in 2019.

Anyone representing a DB scheme with a small or medium sized employer who would like to take part in the Forum should email **corporateaffairs@ppf.gsi.gov.uk** to register an interest.

WE WANT TO MAKE SURE THAT WE ARE GENUINELY HEARING THE VIEWS OF SMES

LGPS UPDATE

Joe Dabrowski reports on the varied work of the LGPS Advisory Board

THE LOCAL GOVERNMENT PENSION SCHEME ADVISORY BOARD WAS ESTABLISHED UNDER THE PUBLIC SERVICE PENSIONS ACT 2013 TO ADVISE THE SECRETARY OF STATE FOR HOUSING, COMMUNITIES AND LOCAL GOVERNMENT ON THE DESIRABILITY OF CHANGES TO REGULATIONS GOVERNING THE LGPS, INCLUDING SPECIFIC PROVISIONS ON THE INVESTMENT AND MANAGEMENT OF FUND MONIES. THE BOARD'S WORK IS SUPPORTED BY TWO COMMITTEES, ONE ON INVESTMENT, GOVERNANCE AND ENGAGEMENT AND THE OTHER ON COST MANAGEMENT, BENEFIT DESIGN AND ADMINISTRATION.

As you will see from what follows, the work of the LGPS's Advisory Board is as wide-ranging as it is diverse.

COST MANAGEMENT

The Board's main focus at present concerns the statement made by the Chief Secretary to the Treasury on 6 September regarding the scheme valuations for the public service pension schemes, including the LGPS, under the Treasury's own cost cap arrangement. However, the Board has its own cost management process which will now be allowed to progress to completion with any resultant changes to benefits being taken into account in the HM Treasury process.

Based on work undertaken by the Board's actuarial adviser, the total cost of the scheme (employer and employee) under the Board's process is 19% against a target total scheme cost of 19.5%.

The Chair and a representative from both the employers and employees' sides, assisted by a small technical group, were given responsibility for agreeing a package of benefit changes to return the scheme to its total target cost of 19.5% while also looking at employee contributions at the lower end. The resultant package will be put to the full Board for agreement as soon as possible to ensure that scheme changes are on the statute book by April 2019.

The Board was also advised that discussions are underway to move local fund valuations to a quadrennial timeframe to ensure consistency with future scheme valuations. This will not, however, have any bearing on the 2019 valuation which will proceed as normal.

Work on the academies sector within the scheme continues with particular attention being paid to agree a standard monthly data extract for consideration at the next Board meeting in January. Any solution will have a clear read-across to all scheme employers within the scheme.

Similar work is being undertaken in respect of third tier employers in the scheme, that is, those employers whose liabilities in the event of a scheme exit would not be covered by sponsorship, guarantee or insurance. A report commissioned by the Board was published by Aon on 24 September. A small working group from within the Board's membership will now assess and evaluate the options for change included in the report and report back to the Board with recommendations for scheme changes to put to Ministry of Housing, Communities and Local Government ministers.

Work on the Board's Cost Transparency Code continues at pace. To date, 93 signatories had signed up to the code of transparency covering in excess of £180 billion of the scheme's assets. To ensure compliance with the Code, a procurement exercise is underway and has reached the stage where an OJEU contract notice has been posted. The Board is also one of the founder members (alongside the PLSA and the Investment Association) of the Cost Transparency Initiative (CTI) which was launched recently. This body will introduce new templates for a wider range of asset types including private markets and property.

RESPONSIBLE INVESTMENT

Responsible investment continues to be a hot topic in the media and elsewhere. Following concerns raised by a number of administering authorities and in response to the consultation by the government on the duties and responsibilities of trustees responsible for making investment decisions, the Board is continuing to develop the draft guidance on responsible investment with particular emphasis on ESG factors.

The government has recently introduced new regulations which, with effect from October 2019, will require trustees to publish their policy on all financially material considerations, including those associated with climate change. However, these regulations will not apply to the LGPS. The Board is therefore keen to ensure that those responsible for making investment decisions in the scheme are fully aware of their legal position when considering issues like climate change and other ESG factors. The Board will soon undertake an informal consultation with scheme stakeholders and relevant special interest groups to ensure that the guidance is relevant, robust and fit for purpose.

THE 'SEPARATION' PROJECT

Finally the Board is currently considering bids to assist it with what has become known as the 'separation' project. Despite its name, this project will not be looking at ways to remove the scheme from local government structures. It will be seeking the views of those working hard at making the scheme better and exploring if there are any issues or barriers caused by the scheme's unique structure (management within an employer rather via a separate trust body). The purpose of the project is primarily to look at options for best practice, guidance or regulation to better support those charged with managing the scheme within existing structures. It will, as a potential alternative, also explore the benefits of and issues with other structures which would remain firmly within local government such as the South Yorkshire model.

These are just some of the topics that the Board and its committees are busy with at the moment. We know only too well how volatile and uncertain public service pension schemes' policy can be but experience tells us that the Board is well placed to respond to such challenges and act in the best interests of those who it represents.

Full details of the Board and committees can be found at **www.lgpsboard.org.**

Pensions Management Institute
ACHIEVING PENSIONS EXCELLENCE

CDC: A DUTCH SUCCESS STORY?

Tim Middleton, technical consultant at the Pensions Management Institute, gives an overview of collective defined contribution

AFTER MUCH INDUSTRY DISCUSSION, THE APPEARANCE TOWARDS THE END OF OCTOBER OF A DWP CONSULTATION DEMONSTRATED UNAMBIGUOUSLY THAT THE GOVERNMENT IS ABSOLUTELY SERIOUS ABOUT THE INTRODUCTION OF DUTCH-STYLE COLLECTIVE DEFINED CONTRIBUTION (CDC) SCHEMES. POLITICAL MESSAGES HAVE UP TO THIS POINT BEEN SOMEWHAT MIXED. CDC HAD FORMED PART OF FORMER PENSIONS MINISTER STEVE WEBB'S DEFINED AMBITION PROJECT, AND WHEN THIS WAS UNCEREMONIOUSLY DUMPED THREE YEARS AGO, MANY COMMENTATORS BELIEVED THAT FUTURE DISCUSSION OF CDC WOULD END TOO.

However, a key development was the ground-breaking deal made between the Royal Mail and the Communication Workers Union. This saw the establishment of a CDC arrangement as a replacement for a closed defined benefit (DB) scheme. Nothing like this had been agreed in the UK before, and primary legislation would be necessary to incorporate key characteristics of CDC into British pensions law.

The main appeal of CDC lies in the extent to which it offers a viable compromise between traditional DC and DB provision. Firstly, the scheme is deemed to be DC in that the formal benefit promise consists of fixed rates of contribution from the employer and membership. However, contributions are allocated not to individual member pots but instead invested in a single fund as with DB schemes. Member benefits are provided in the form of scheme pensions rather than through annuitisation or drawdown. Crucially, these benefits are not guaranteed but are based on 'target' benefits calculated on a basis which reflects a member's service and earnings levels as well as their contribution history. Benefits can, if necessary, be scaled back both before and after retirement if there is a funding strain. However, research by Aon has suggested that CDC benefits paid to Dutch pensioners are significantly higher than benefits paid in the UK through conventional DC.

Perhaps the single greatest appeal of CDC is that it offers – for the first time – equitable risk-sharing between the scheme's sponsor and membership. While benefits are not guaranteed, the Dutch experience has been that there is reasonable stability, and, in any event, the unpredictable factors associated with traditional DC decumulation are avoided altogether.

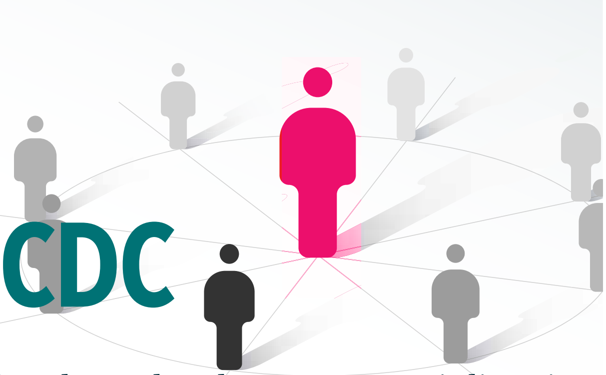
However, CDC has its critics. Many are concerned at the possibility of cross-subsidies seeing younger members paying the benefits of pensioners at the expense of their own prospects. Others fear the kind of funding problems which have come to plague DB schemes.

We are at the beginning of an exciting new chapter in the provision of workplace pensions in the UK. Whatever an individual's views on the merits of CDC, it is clear that that its introduction will see a permanent change to UK pensions culture.

Tim Middleton is a Technical Consultant at The Pensions Management Institute

CDC BENEFITS PAID TO DUTCH PENSIONERS ARE SIGNIFICANTLY HIGHER THAN BENEFITS PAID IN THE UK THROUGH CONVENTIONAL DC

CREATING A FRAMEWORK FOR CDC



The detail of the CDC consultation shows that the government is listening to key industry concerns. **George Currie**, Policy Lead: Lifetime Savings, PLSA reports

THE AGE OF COLLECTIVE DEFINED CONTRIBUTION (CDC) PENSIONS IN THE UK IS NIGH! OR, AT LEAST, THE LEGISLATIVE AND REGULATORY FRAMEWORK THAT WILL ENABLE EMPLOYERS TO OFFER SUCH SCHEMES WILL SOON BE IN PLACE. THAT'S BECAUSE, ON 6 NOVEMBER, THE GOVERNMENT RELEASED ITS MUCH-ANTICIPATED CONSULTATION ON CDC. THE PENSIONS MINISTER, GUY OPPERMAN, HAILED ITS PUBLICATION, STATING THAT CDC IS AN "IMPORTANT INNOVATION WHICH WILL PROVIDE MORE CHOICE AND FLEXIBILITY FOR PENSION SCHEME MEMBERS AND EMPLOYERS."

WHAT'S IN THE CONSULTATION?

The DWP has gone to great lengths to show that it is aware of concerns raised in the past by industry stakeholders regarding CDC schemes. It is crucial that all future CDC schemes recognise the importance of avoiding member uncertainty around pension benefit levels, which is a real possibility with this type of provision. This can only be achieved through good communication with scheme members. Equally, employers who choose to offer CDC need to understand the possible intergenerational problems that can arise if CDC schemes are not properly governed. Encouragingly, the consultation addresses these key issues in detail.

The government believes that fresh primary and secondary legislation is needed to deliver an appropriate framework for CDC schemes. The DWP intends to define CDC in legislation, so that it can design a regulatory and assurance regime appropriate to this type of provision. It is clear that although the CDC schemes will possess characteristics of both DB and DC pensions, the government intends to situate them as close to DC as possible. As such, they will be defined as money purchase, occupational trust-based schemes, which will give employers certainty about their responsibilities to savers.

The consultation is clear that CDC schemes will be subject to an authorisation process, similar to master trusts. Alongside fit-and-proper tests, systems and processes tests, the submission of a continuity strategy and financial sustainability plan (i.e. a business plan), CDC schemes might also be required to submit material on their approach to member communication, investment and funding arrangements, and member options (e.g. approach to transfer values).

Target benefits should be realistic. The government favours placing a requirement on CDC schemes to undertake a peer review of their underlying actuarial assumptions prior to seeking authorisation by The Pensions Regulator. This peer review would be undertaken by actuaries independent of the scheme actuary. Moreover, any increase or decrease in benefits resulting from scheme performance or changed assumptions should apply across the entire membership. To help ensure this operates in an impartial way, adjustments should be based on a mechanism set out in scheme rules, rather than being at trustees' discretion.

As CDC benefits will be a type of money purchase benefit and, consequently, members will bear all the investment risk, the value of their pension will be affected by the level of charges. As a result, the government proposes that CDC benefits be subject to the automatic enrolment charge cap (75 basis points). The detail of how that is applied is likely to need adjustment to reflect the nature of pooled benefit provision rather than individual pots.

WHAT DO PLSA MEMBERS THINK?

Within the PLSA's membership, as in the pensions sector as a whole, there are both advocates of CDC and those who are concerned by its appearance. Proponents argue that there are several potential upsides to such schemes, including a potential reduction in the prospect of significantly different retirement outcomes in different generations – due to the smoothing of investment returns – and the possibility of higher retirement incomes per pound invested compared to conventional DC.

Others contend that there are competition and regulatory issues raised by CDC, particularly for insurers. Insurers offering products similar to CDC would have to reserve capital against the business under the EU's Solvency 2 regulations. Asset managers intending to develop CDC-based products outside of the Solvency 2 regime are seen as attempting regulatory arbitrage. There are also those who contend that CDC bears a strong similarity to 'with profits' vehicles, bearing similar risks, and that the need to de-risk in individual DC schemes is much less pronounced than it was prior to the introduction of the pension freedoms in 2015.

WHAT WE'LL DO NEXT

CDC is an exciting innovation that has the potential to improve the retirement incomes of generations of savers. However, to achieve this end, it needs to be designed and delivered in the right way. This means that good member communications and rigorous protections for savers of all ages will be essential; and we intend to emphasise these aspects of scheme design and operation in our consultation response.

CDC IS AN EXCITING INNOVATION THAT HAS THE POTENTIAL TO IMPROVE THE RETIREMENT INCOMES OF GENERATIONS OF SAVERS

ON BOARD FOR THE FUTURE!

As the members of the PLSA's new Policy Board are confirmed and begin their work, **Edward Bogira** takes a look at the tasks ahead

THE MEMBERS OF THE PLSA'S POLICY BOARD WERE CONFIRMED AT OUR AGM IN OCTOBER. THIS NEW BODY IS THE PLACE WHERE THE PLSA'S WORK TO IMPROVE THE PENSIONS SYSTEM FOR ALL KINDS OF PENSION SCHEMES AND GET THE BEST FOR EVERYONE WHO BELONGS TO THEM WILL REALLY HAPPEN, WITH PLSA MEMBERS AT ITS HEART. IT WILL SHAPE THE AGENDA FOR ALL ASPECTS OF RETIREMENT INCOME ACROSS THE PLSA'S POLICY WORK, UNDERPINNING OUR STRENGTH AS THE LEADING VOICE WITHIN THE PENSIONS INDUSTRY.

Getting the right membership was, clearly, crucial. We wanted to ensure we have continuity in taking forward our policy work programme, strong representation of all of our member types and, of course, a diverse group of people around the table. The make-up of the Policy Board not only reflects the breadth of the PLSA's membership, but also has a range of ages and backgrounds represented. More than 50 per cent of the members are women, which unfortunately is still relatively rare within our industry. At the PLSA we're all excited to be working with this group to shape the pensions and savings landscape for the benefit of both schemes and savers.

Another key part of the Policy Board is flexibility. Its diverse membership means we can tackle any policy issue that comes up in the short term and put together a coherent and achievable vision for the longer term. In governance terms, the way it's set up is far more modern than the old PLSA (and NAPF) Councils, which means we can evolve the structure and membership as our environment and the needs of PLSA members change.

All of this is built on the support of the PLSA's membership. In October 2017 we consulted members on proposals to create the Policy Board, alongside wider governance changes including removing the PLSA's 1970s Constitution and restructuring the PLSA Board (on which I also sit to ensure that our policy work and broader organisational strategy continue to be aligned). With members' support we've been able to go ahead and implement the changes and make sure the PLSA and the policy positions it advocates remain relevant to members and fit for the future.

The first meeting of the Policy Board is later this month. It has already given some thought to the key policy priorities for the next three years and now its members are excited to begin work to establish consensus on policy issues across the Policy Board and the broader PLSA membership. It will develop workable solutions and, as advocates and ambassadors, support the PLSA Executive in presenting them to the government and regulators.

Last but by no means least, it will make sure PLSA policy work supports the PLSA's overall mission, helping everyone to achieve a better income in retirement, however they're saving for it.

> **WE CAN EVOLVE THE STRUCTURE AND MEMBERSHIP AS OUR ENVIRONMENT AND THE NEEDS OF PLSA MEMBERS CHANGE**

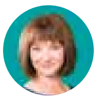
TABLE: MEMBERS


Anna Rogers, ARC Pensions Law


Teresa Fritz, Croydon Pension Fund


Laura Myers, Lane Clark & Peacock LLP

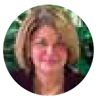

Emma Douglas, Legal & General Investment Management Ltd – Chair


Jackie Peel, Mars UK


Brian Henderson, Mercer


Chris Hogg, National Grid


Zoe Alexander, NEST


Nicola Mark, Norfolk Pension Fund


Adrian Boulding, Now: Pensions

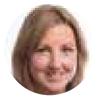

Carol Young, Royal Bank of Scotland


Michael Watkins, Smart Pension


Jamie Jenkins, Standard Life


Neil Mason, Surrey County Council


Gregg McClymont, The People's Pension


Mel Duffield, Universities Superannuation Scheme (USS)


Rachel Brothwood, West Midlands Pension Fund

TESCO NETS PQM AWARD

THE PENSION QUALITY MARK (PQM) COMMUNICATIONS DISTINCTION AWARD RECOGNISES BEST PRACTICE IN COMMUNICATING WITH MEMBERS. EACH YEAR, A WINNER IS SELECTED BY A PANEL OF THREE JUDGES FROM THE SCHEMES THAT HAVE ACHIEVED THE PQM AND PQM-PLUS STANDARDS OVER THE COURSE OF THE LAST 12 MONTHS.

Six schemes were shortlisted for this year's award. The winner was Tesco, which impressed the judges with engaging materials designed for the needs of the retailer's workforce.

"I thought that Tesco was the best by some way," said one of the judges. "Despite being a large company, their communications have a real sense that the scheme is for 'people like me'." The judges praised the use of realistic photos, engaging materials and "getting to what people want to know, rather than what the company thinks it should tell them."

Emma Taylor, Tesco UK & ROI People Director, received the award from Matthew Doyle, PQM Managing Director, at the PLSA's Annual Conference in Liverpool (pictured).

"We are committed to offering a total reward package that is competitive, simple, fair and sustainable, and recognises the important contribution employees make in helping to serve our shoppers better every day," said Taylor.

"Ensuring colleagues understand the importance of planning for retirement is something we work hard to achieve. We are proud to have won this award, recognising our simple and engaging communications that help colleagues understand what can be a complex subject."

WAYS TO BOOST GOOD COMMUNICATIONS

Simpler Annual Statement – this was launched at the PLSA's Annual Conference and aims to give members the information they need about their pension savings in an easily accessible A4 format. You can read more about the Simpler Annual Statement in the previous issue of *Viewpoint*.

Good Communications Guide – the PQM guide is full of ideas and insights into best practice to help trustees, pensions managers and businesses improve the way that they communicate with members.

Make your benchmark 'great communications' not just 'great pension communications'. One of the judges for the Award said: "We can learn lessons from other types of customer experiences. Ask yourself: if you were to show these materials outside the pensions world, would they stack up against communications in the retail sector, for example?"

MEMBER NEWS

WELCOME TO NEW MEMBERS

BRODIES

Brodies LLP is Scotland's largest law firm, delivering high quality legal services to Scottish, UK and global organisations. The firm offers legal advice to private and public sector clients in its core business areas of corporate and commercial; energy; property; litigation; banking and financial services; employment, pensions and benefits; personal and family and tax.

The pensions team advises on all aspects of pensions law relating to trustee and employer matters. With wide-ranging experience and expertise in defined benefit, contribution and hybrid arrangements, the team provides support to a range of clients including pensions trustees, institutional pension and life assurance providers and public sector bodies.

Contact: Juliet Bayne
E: juliet.bayne@brodies.com
T: 0131 656 0049
www.brodies.com

GPS CAPITAL MARKETS LTD

GPS Capital Markets provide corporate foreign exchange services that help businesses mitigate their risk to currency fluctuations. Leveraging years of banking experience from the world's largest financial institutions to assist companies globally, within all sectors. Combining a suite of tailored financial products and knowledge, to offer clients the very best service when dealing internationally from identifying exposures to execution.
Our unique treasury solutions enable larger corporations and funds to automate the FX reporting of their balance sheet, therefore significantly reducing any gains/losses. If you would like to discuss the impact of Brexit and associated risks, please contact us now.

Contact: Jake Bavister
E: jbavister@gpsfx.com
www.gpsfx.com/Home/ContactUs

LIONTRUST ASSET MANAGEMENT

Liontrust has eight fund management teams that invest in equities, fixed income and multi-asset by applying distinct and rigorous investment processes to ensure the way they manage money is predictable and repeatable. Staying true to their investment processes helps to create an in-built risk control for the fund managers. Liontrust has created a culture in which fund managers can focus on managing money and not get distracted by day-to-day aspects of running a business. Launched in 1995 and listed on the London Stock Exchange in 1998, Liontrust has £12 billion in AUM (as at 30 September 2018).

Contact: Frank Doyle
E: frank.doyle@liontrust.co.uk
T: +44 (0)203 908 8735
www.liontrust.co.uk

MANDATEWIRE

MandateWire, a service from the Financial Times, is a financial information database delivering high-value sales intelligence, market data, directories and analysis to the European, North American and Asian institutional investment market. By leveraging close relationships with global institutional investors, MandateWire provides dependable intelligence on investor strategies and business opportunities.

Contact: John Trevanion
E: john.trevanion@ft.com
T: +44 (0)20 7775 6080
www.mandatewire.com

MITSUBISHI UFJ ASSET MANAGEMENT (UK)

MUFG: AM (UK) is the London based arm of Mitsubishi UFJ Financial Group (MUFG), one of the largest asset management companies in Japan by AUM with US$519 billion.

MUFG has been providing asset management services for over 60 years and an unparalleled breadth of expertise has been built up, in particular in the management of Japanese Equities and Global Fixed Income assets.

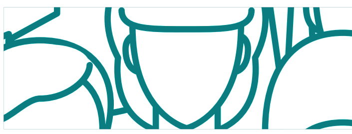
One of the first Japanese signatories (May 2006) to the UNPRI, MUFG is also one of the largest managers of corporate and public pension assets in Japan.

Contact: Claire Johnson
E: claire.johnson@uk.am.mufg.jp
T: 020 7648 5123
www.uk.am.mufg.jp

THE PENSION SUPERFUND

The Pension SuperFund is the UK's first consolidating pension 'superfund'. We offer a safe and affordable way for British businesses to keep their pension promises to employees. Many UK businesses are struggling to ensure they have adequate resources to honour the Defined Benefits pension schemes promised to their employees, which is where the Pension SuperFund can help. We allow employers to minimise their future exposure to this long-tail risk. The Pension SuperFund offers the potential of higher returns at lower costs which will be shared with pension scheme members, whilst guaranteeing existing benefits. This allows employers to focus on growing their business without the ever-present concerns around long-term pension funding.

E: enquiries@thepensionsuperfund.com
T: +44 (0)203 968 5571
www.thepensionsuperfund.com/



PHOENIX CORPORATE INVESTMENT SERVICES

Phoenix Corporate Investment Services are an investment only platform provider who deliver bespoke investment solutions to some of the largest DC and DB occupational pension schemes in the UK. Now part of the Phoenix Group and with over 20 years' experience, we continue to be one of the most significant platform providers in the market.

Clients select our platform due to the range and complexity of investments on offer, including blended and white-labelled funds, TDFs and ETFs, the platform's end to end automation and our expertise in safely restructuring assets as clients' investment requirements evolve.

Contact: Rob Taylor
E: rob.taylor@phoenixcis.co.uk
T: 0203 7350489
www.ThePhoenixGroup.com

PUNTER SOUTHALL GOVERNANCE SERVICES

PSGS are the trusteeship and pension governance experts. We share extensive knowledge and experience and find really smart solutions to benefit clients.

We provide trusteeship for DB & DC schemes, healthcare and group life trusts. Outsourced services include scheme secretarial, pensions management, board effectiveness and governance reviews.

We seem new, but we're not. We rebranded following the merger of PS Independent Trustees and HR Trustees. We seem small, but we're not. We're now probably the UK's largest professional trustee firm.

Professionalism and personality have got us a long way. We work with c210 clients covering 420,000 members and £40 billion assets.

Contact: Suzi Lowther
E: suzi.lowther@psgovernance.com
T: 0845 313 0024
www.psgovernance.com

PZENA INVESTMENT MANAGEMENT

Pzena Investment Management is an independent, equity investment manager. Pzena has, since its inception more than 20 years ago, adhered to a classic value, research-driven investment approach, rigorously applied. We do not tolerate "style drift," which we believe sacrifices long-term premium returns. We manage approximately £27 billion in regional and global equity portfolios on behalf of a substantial and diversified client base including pension funds, wealth managers, endowments, foundations and high-net-worth individuals. We have a strong and long-tenured team of investment and operational professionals working together toward a common goal of long-term success.

Contact: Adrian Jackson
E: jackson@pzena.com
T: 020 3696 8255
www.pzena.com

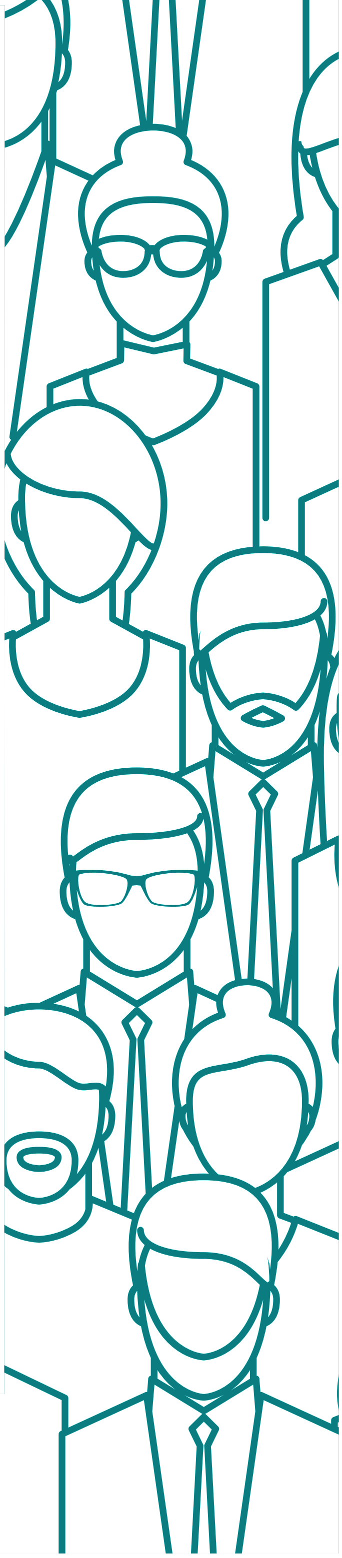
STANDARD LIFE ASSURANCE LTD

At Standard Life, we've been helping customers with their life savings for nearly 200 years. Today we support over 4.5 million customers, helping them to manage their life savings so that they and their families can enjoy a better future. Customers come to us through advisers, through their employers and direct to Standard Life.

We know that customers need more support than ever to make important financial decisions, so we use our expertise to help them get good advice and make better financial choices for their future. And our close relationship with Aberdeen Standard Investments allows us access to world-class investment solutions.

Through Standard Life Assurance Limited, we offer a range of high quality products for workplace pensions, personal pensions, savings, investments and retirement. These are sold in the UK, Ireland, Germany and Austria. Standard Life Assurance Limited is now part of the Phoenix Group and uses the Standard Life brand under licence from the Standard Life Aberdeen group.

Contact: Andy Dickson
E: andy_dickson@standardlife.com
T: +44 (0) 131 245 2315
www.standardlifeworkplace.co.uk/workplace/index.page



THOMSON REUTERS
PRACTICAL LAW™

LEGAL UPDATE

Loreto Miranda
Head of Thomson Reuters' Practical Law Pensions service

IN THE COURTS

Guaranteed minimum pension (GMP) equalisation has long been a thorny issue for contracted-out salary related schemes. Many awaited the judgment in **Lloyds**[1], one of the first reported English cases on pensions equalisation.

The High Court ruled that the trustee of defined benefit schemes sponsored by the Lloyds group was under a duty to adjust scheme benefits in excess of GMPs so that the total benefits received by male and female members with equivalent age, service and earnings histories are equal. Guidance was given on the permissible methods to achieve equalisation. There is no limitation period unless specified in the scheme rules. This case will have significant consequences for schemes with GMPs, but leaves unanswered certain questions including how to address historical transfers out.

In **Barnardo's**[2], the Supreme Court confirmed that the definition of RPI in the Barnardo Staff Pension Scheme rules meant RPI or any index that replaced RPI and was adopted by the trustees. The trustees could not switch from RPI to CPI while RPI remains in place. This turned on specific wording, but many schemes have uncertainties over their indexation rules and switching between RPI and CPI is a recurring issue. The imminent decision of the Court of Appeal in a similar matter concerning the BT Pension Scheme may shed further light.

In **Hampshire v PPF**[3], the ECJ confirmed that the Insolvency Directive[4] had direct effect and required member states to guarantee each employee 50% of the value of their entitlement to old-age benefits. The case returns to the Court of Appeal to consider how the ECJ's ruling will apply to this matter. The PPF expects the number of individuals affected to be very small, but in light of the potential knock-on effects of the judgment, it is working with the DWP to understand what action it can take prior to any change to the law and before the UK proceedings are concluded[5].

REGULATORY ACTION

The Pensions Regulator's latest quarterly compliance figures[6] reveal that 35 mandatory penalty notices were issued in relation to failures to publish an annual chair's governance statement (121 in Q2, 2018) and 33 financial penalties were levied for failing to provide a scheme return (25 in Q2, 2018). The Regulator also obtained nine production orders under section 345 of the Proceeds of Crime Act 2002 (a High Court Order) (five in Q2, 2018). Its bulletin included a number of case studies, including one highlighting the importance of keeping track of ongoing auto-enrolment duties, where they ordered payment of a contributions shortfall of £700,000.

1. *Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank PLC and others [2018] EWHC 2839 (Ch)*
2. *Barnardo's v Buckinghamshire and others [2018] UKSC 55.*
3. *Grenville Hampshire v Board of the Pension Protection Fund (C-17/17) EU:C:2018:674.*
4. *(2008/94/EC)*
5. PPF statement of 25 September 2018, www.pensionprotectionfund.org.uk/News/Pages/details.aspx?itemID=495
6. The Pensions Regulator, Compliance and enforcement quarterly bulletin July to September 2018.

For more information on Thomson Reuters' Practical Law knowhow service for pensions professionals visit **http://uk.practicallaw.com/practice/uk-pensions** or contact **loreto.miranda@thomsonreuters.com**

INVESTMENT CONFERENCE 2019

6-8 March | EICC, Edinburgh

WHEN WE MEET IN MARCH, THE UK WILL BE JUST DAYS AWAY FROM EXITING THE EUROPEAN UNION.

And it's not just Brexit.The complicated global geopolitical environment, the heightened urgency of risks posed by climate change, the future impact of technology on industry as well as society, and the waning of the economic cycle comprise a scenario which may see unsettled financial markets for some time to come. What keeps the UK's chief investment officers and scheme trustees up at night, and how and where are they looking for returns?

Schemes and savings vehicles of all sizes must navigate the coming uncertainty to the benefit of savers, who trust them to make the right decisions on their behalf.

So, what are the bright spots on the investment horizon, and how can investors take advantage of them?

The PLSA's Investment Conference 2019: Investing on the brink, explores these topics in full, with a top-level roster of speakers to guide us through the current and future investment environment. The programme features high level ideas as well as practical direction on more than just how to steer through the difficult investment environment, but how we may flourish in it and provide savers with the best possible outcomes.

The event brings together over 950 pensions professionals; including chief investment officers, pension managers, trustees and their advisers.

Keynote speakers already confirmed include:

- Alistair Darling, former Chancellor of the Exchequer
- Paul Johnson, Executive Director, Institute for Fiscal Studies
- Katya Adler, Journalist and Broadcaster
- Elizabeth Corley, Vice Chair, Allianz Global Investors
- Jeremy Coller, Founder, FAIRR Initiative
- Nathan Sheets, Chief Economist and Head of Global Macroeconomic Research, PGIM; former Under Secretary for International Affairs, US Treasury

WHAT TO EXPECT FROM THE THREE DAY CONFERENCE

The conference consists of plenary and specialist stream sessions focusing on Defined Benefit, Defined Contribution, Investment & Governance as well as a new stream on Asset Allocation. We'll also have our Trustee Learning Zone, specialist sessions, an exclusive exhibition and various networking events, including the PLSA drinks reception.

As a thank you to our members for supporting our events, we are holding the 2018 business member price for our 2019 Investment Conference when you book on or before 21 December 2018. Fund members booking before this date will be entered into a prize draw to win complimentary hotel accommodation for the duration of the conference at The Sheraton, terms and conditions apply.

For queries or further information about the event please contact Nikolina Hudi **nikolina.hudi@plsa.co.uk** or **0207 601 1710**.

YOUR DATA OUR SOLUTIONS

Our unique approach to specialist technology and data management solutions enables you to meet key objectives:

NOW WITH ADDED TRACING!

/ Beneficiary tracing
/ Mortality screening
/ External data validation
/ Data enrichment

itm
Solution delivered...

www.itmlimited.com / 020 7648 9990