

Good Governance for Pension Schemes

Regulatory and market developments have transformed the way in which UK private sector pension schemes operate. This has increased demands on trustees and advisers and the trusteeship governance model must evolve in order to remain fit for purpose.

This volume brings together leading practitioners to provide an overview of what today constitutes good governance for pension schemes, from both a legal and a practical perspective. It provides the reader with an appreciation of the distinctive characteristics of UK occupational pension schemes, how they sit within the capital markets and their social and fiduciary responsibilities.

Providing a holistic analysis of pension risk, both from the trustee and the corporate perspective, the essays cover the crucial role of the employer covenant, financing and investment risk, developments in longevity risk hedging and insurance de-risking, and best practice scheme administration.

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Abbreviations

ABO	Accrued Benefit Obligation
ACAS	Advisory, Conciliation and Arbitration Service
ALM	asset liability modelling
AMWG	Asset Management Working Group
bp	basis point
CAGR	compound average growth rate
CEIOPS	Committee for European Insurance and Occupational Pensions Supervisors
CEO	Chief Executive Officer
CIO	Chief Investment Officer
CMI	Continuous Mortality Investigation
CND	Company Nominated Director
CSA	Credit Support Annex
DB	defined benefit
DC	defined contribution
DWP	Department of Work and Pensions
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EDM	electronic document management
EHTV	Enhanced Transfer Value
EIOPA	European Insurance and Occupational Pensions Authority
ERISA	Employee Retirement Income Security Act 1974
ESG	Environmental, Social and Governance
EU	European Union
EV	enterprise value
FRC	Financial Review Council
FRS	Financial Reporting Standard
FSA	Financial Services Authority
FSCS	Financial Services Compensation Scheme
FTSE	Financial Times and London Stock Exchange
GLM	generalised linear model
GMP	Guaranteed Minimum Pension
HMRC	HM Revenue & Customs

 List of abbreviations

HR	human resources
IAS	International Accounting Standard
IFSL	International Finance Services London
IGG	Investment Governance Group
IMF	International Monetary Fund
IMSDG	Investment Management STP Development Group
IOPS	International Organisation of Pension Supervisors
IORP	institutions for occupational retirement provision
IR	interest rate
ISDA	International Swaps and Derivatives Association
IT	information technology
ITT	invitation to tender
LDI	Liability Driven Investing
LPI	limited price indexation
M&A	mergers and acquisitions
MFR	Minimum Funding Requirement
MND	Member Nominated Director
NEST	National Employment Savings Trust
NHS	National Health Service
NPD	normal pension date
OECD	Organisation for Economic Cooperation and Development
OM	operating model
OPRA	Occupational Pensions Regulatory Authority
PBO	Project Benefit Obligation
PMI	Pensions Management Institute
PPF	Pension Protection Fund
PR	public relations
PRI	Principles of Responsible Investment
QPA	Qualification in Pension Administration
RFI	request for information
RPI	Retail Price Index
SAPS	self-administered pension scheme
SEC	Securities Exchange Commission
SIP	statement of investment principles
SLA	service level agreement
SPV	special purpose vehicle
SSAP	Statement of Standard Accountancy Practice
STP	straight through processing
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TKU	trustee knowledge and understanding
TPA	third-party administrator
TPAS	The Pensions Advisory Service
TPR	The Pensions Regulator
TUPE	Transfer of Undertakings Protection of Employment

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UK	United Kingdom
UN	United Nations
US DOL	US Department of Labor
VaR	Value-at-Risk