“There are risks and costs to a programme of action. But they are far less than the long-range risks and costs of comfortable inaction.”

JOHN F. KENNEDY
The challenge of managing defined benefit (DB) pension risk has never been greater. Retired members are living longer, gilt yields have fallen, investment returns continue to be volatile, and governance and regulation challenges add further complexity. It is therefore inevitable that finance directors see DB pension schemes as a significant financial commitment and risk, both now and well into the future. As one of the research participants so aptly put it, pension deficits, combined with the impact of quantitative easing (QE), are “a material millstone around corporate UK’s neck”.

Our research revealed a paradox: the environment that makes it important to proactively manage pension risk is also the most difficult environment in which to implement actions. Companies are concerned about being locked into low interest rates, and the scope to increase cash contributions to their pension schemes in the current economic environment is limited.

Despite these challenges, our survey confirms a strong recognition of the need to take action and progressively mitigate or reduce pension risk. Almost 80% of respondents either already have or expect to have a glide-path or journey plan of de-risking triggers in place over the next three years.

There is also a strong level of commitment from companies to ensure implementation: 61% of our respondents said that the responsibility for driving the risk management strategy rests with the sponsor or is held jointly between the sponsor and the trustee. Indeed, in some cases sponsors felt that it was the trustees’ decision-making processes that were a limiting factor in the potential risk management solutions. That said, unsurprisingly, a point of tension between sponsors and trustees is the pace of de-risking, with sponsors preferring to take a much longer-term view.

To support their longer-term time horizon, sponsors are considering a wider range of possible solutions. Although the use of the more recent (and expanding) range of cash and risk management solutions – such as Special Purpose Vehicles, longevity swaps and partial buy-ins – is still limited, it is clear that they are being actively considered as part of the options available.

Applying our experience and expertise to the research findings, our view is that there are some key elements to successful implementation of a risk management journey plan:

- The target (or end state) for the level of risk should be a shared objective with the trustees.
- There should be clarity on the fundamental investment beliefs about the trade-off between risk and reward, so that the market and scheme funding conditions required for de-risking to take place are agreed between the sponsor and trustees upfront.
- There should be a gradual implementation process, which takes market-related opportunities where possible and can be delivered within the “governance budget” available.
- There should be contingency protections to address trustees’ most critical downside concerns.
- There should be sufficient flexibility in the central plan to ensure it is kept as simple as possible and everyone accepts that further adjustments can be made down the line.

In summary, the research supports a view that most organisations believe that it is important to be “ready to act” when they judge conditions to be acceptable. For a pension scheme, this requires considerable advance preparation across a spectrum of areas, ranging from building appropriate relationships with the trustees to addressing any concerns with the completeness of data.
As a result of increasing longevity, difficult market conditions and a tough regulatory environment, defined benefit pension schemes are putting their sponsoring employers under unprecedented pressure. Although recent years have seen many DB schemes close to new members (or even to further accruals by existing members), DB is still an important part of the UK pension landscape. £968.5 billion are still invested in DB schemes (March 2011).

Despite governments around the world announcing new policies to tackle the deepening economic crisis, central banks may yet again be called upon to support growth. The massive purchase of gilts (quantitative easing (QE)) undertaken since 2009 by the Bank of England (BoE) to shore up Britain’s economy has certainly helped to avert a far worse downturn. But the jury is still out on whether this policy is actually achieving the desired effect of stimulating growth. And our research among finance executives dealing with DB schemes shows that one of the main issues faced by these companies in managing their pension schemes is the current depression of long-term gilt yields, with QE often blamed for contributing to inflated scheme deficits.

In research sent to the Commons Treasury Select Committee, BoE has argued that QE inflates not only liabilities through lower yields but also the value of pension fund assets. That is obviously the case for the assets directly purchased under QE (i.e. gilts), but QE also drives up the prices of other sterling-based financial assets. BoE therefore maintains that QE – in itself – is relatively neutral, and that increasing deficits are due to downward pressure on asset prices, caused mainly by the very uncertain economic outlook. However, BoE does concede that if a pension scheme starts in deficit and its assets rise proportionately in line with liabilities, the scheme deficit will increase in money terms.

It is clear that historically low yields, together with asset prices held back by the uncertain economic outlook, are adding to the challenges faced by companies supporting DB schemes in this volatile climate. Worse still, they cannot do anything to reduce their exposure because capping liabilities is just too expensive in the current economic conditions. This means that companies could be stuck in this unproductive cycle, paying large sums into their pension funds to try to reduce soaring deficits, until the economy improves.

We therefore believe that the Pensions Regulator may in future need to allow companies to take more account of these wider economic factors when considering the duration of recovery plans, so that companies are able to invest the money in growth and job creation that our economy so desperately needs.
KEY FINDINGS
Although each case is different, DB pension risk and the impact of schemes on companies’ financial health is a concern for many organisations. Executives tell us that the size of the scheme relative to UK and group turnover, the scheme’s maturity, and the scale of any deficit determine where DB pension risk sits in the organisation’s overall risk agenda.

DB pension scheme risk is seen as unique and somewhat independent of other risks facing organisations in the UK: it can be bigger, and it is more complex and long-term than some broader financial and operational risks.

Quantitative easing is seen as having a significant and negative impact on schemes, and the current economic uncertainty and market volatility present a substantial challenge.

Though many organisations are cautious about de-risking in the current low interest rate environment, within the next three years a third of the respondents (34%) plan to increase their investment in assets which more closely match the pension scheme’s liabilities and 80% expect to have a glide-path of de-risking triggers in place. Finance executives think the frequency with which they monitor funding levels – typically every one to three months – is adequate for their purposes, though they do not object to more frequent monitoring where it could drive investment changes.

On the surface, sponsors have a positive relationship with trustees, though some concerns emerge around their ability and capability to act quickly, with some executives believing there is room for improvement in these areas. Sponsor organisations are dedicating large amounts of time and resource to the management of the complexities of DB pension risk and building up trustees’ knowledge and capabilities.

While all organisations covered by our survey have taken at least some steps towards managing DB pension risk, the widespread use of more complex financial instruments is currently limited. Our research shows that it is likely to increase over the next three years.
MANAGING DB PENSION RISK A PRIORITY FOR UK COMPANIES

With a vast number of DB pension plans in the UK currently in deficit and with liabilities continuing to rise for many, executives recognise the pressing need to manage this risk effectively. Management of DB pension scheme risk is a priority in almost all companies (98%). For almost two-fifths (39%) DB pension risk is “one of the most”, or “the most important” risk management priority for their organisation.

THE IMPACT ON COMPANIES’ FINANCIAL HEALTH IS A CONCERN FOR MANY

Research respondents tell us that their attitudes to DB pension risk are determined by the size of their scheme relative to the balance sheet or turnover, its maturity and the scale of any deficit. The perceived impact of the DB pension scheme on the wider organisation will no doubt influence how much emphasis is placed on managing the associated risks. Three in five (60%) executives say the DB pension scheme will have an impact on the financial performance of their organisation in the next three years, virtually all of whom expect the impact to be either “somewhat negative” or “very negative”.

![Expected impact of DB pension scheme on financial performance in next three years](chart)

- Very negative: 11%
- Somewhat negative: 46%
- Both positive and negative: 1%
- Somewhat positive: 2%
- Very positive: 0%
- No impact: 40%

Base number of respondents: 95

CASH DEMANDS RESTRICTING STRATEGIC FLEXIBILITY

Deficit funding or deficit reduction is one of the most frequently cited concerns, and executives tell us it is restricting their organisation’s strategic flexibility. Finance executives must strike a sustainable balance between business expenditure, providing shareholder returns and managing their organisation’s pension schemes. Using cash to pay down the pension scheme deficit restricts the cash available for other business uses, such as investment in expansion, developing new products and acquisitions.

“The outcome of how we manage that pension scheme risk then determines what else we can do in the rest of the business. If we didn’t have to pay [£X million] a year into that scheme we’d have a lot more options available to us.”

A FTSE 100 company
A CHALLENGING ENVIRONMENT: THE NEGATIVE IMPACT OF QUANTITATIVE EASING

Pension scheme funding in the current economic environment is an immense challenge for UK organisations. Executives responsible for managing DB pension risk identify a number of different factors at play. Some factors, like the rate at which new liabilities are accrued, are to an extent under their control. But many are external factors over which they have no control, and it is these issues that cause them most concern. Executives tell us that achieving the right level of risk in the current economic uncertainty and market volatility is a continual challenge.

“[With regard to] investment performance, the current situation is incredibly volatile, [so that] it is very difficult in the short-term picture to make sure long-term decisions are right.”

A FTSE 100 company

Our research revealed executives’ top concerns for DB pension risk management include bond and gilt yields, funding requirements, deficit volatility, investment strategy and investment performance.

Executives’ top concerns for DB pension risk management include:

• The impact of low bond or gilt yields increasing liabilities
• The level of funding required or reducing the deficit in the DB pension scheme
• Investment strategy – e.g. deciding the correct level of risk, the type of asset or credit to invest in or how to match assets to liabilities
• Volatility in the size of the deficit in the scheme and the required funding ratio
• Investment performance – e.g. ensuring the return on investments matches the DB scheme liabilities
**QE INFLATING DB PENSION SCHEME DEFICITS**

When we explored these concerns in more detail, it became clear that one of the biggest concerns relates to the effects of the Bank of England’s programme of QE on gilt yields. This is seen to be having a significant and negative impact.

Company executives explained that because the method of calculating liabilities is often linked to the long-term yield on UK government bonds, scheme liabilities and deficits have increased significantly. In the words of one Finance Director, this has placed “a material millstone around corporate UK’s neck”.

The effects of QE also make it prohibitively expensive to cap liabilities, so many organisations are biding their time until gilt yields recover.

“We intend to de-risk, but the position is quite simple at the moment: we don’t want to de-risk at current gilt yields. I think a lot of people are in the same place. Some trustees may well be pushing through and de-risking the yields and the trustees have got lots of rights in these things, but we’ve had this mountain of quantitative easing: we’ve got 20-year gilts down at 2.5%.”

A FTSE 250 company

Earlier this year the Pensions Regulator took a cautious line on the extent to and circumstances in which a future increase in yields could be relied on, and “waiting for yields to increase” may become a source of tension for UK organisations and their political stakeholders in the future. The Regulator acknowledged that current economic conditions and volatility are putting pressure on pension scheme funding but urged organisations to make more prudent provisions based on current market conditions instead of relying on near-term improvements in gilt yields. However, executives tell us that open negotiation between pension scheme trustees and sponsors will often lead to a mutually acceptable outcome that captures the reality of the economic environment and the funding and investment solutions available.
MANAGING DB PENSION RISK: A UNIQUE AND COMPLEX UNDERTAKING

Finance executives consider DB pension scheme risk as a component of their company’s broader risk management priorities. Almost all companies have a plan to manage DB pension risk and say it is aligned with their broader corporate risk management approach (89%), although only two-fifths (44%) say it is “closely aligned”.

Aligning DB pension risk with an organisation’s broader risk framework is seen as useful for understanding the relative scale of risks. Some though believe a systematic approach is too simplistic to address the various characteristics of organisational risk.

“I think many categories of risk have very different characteristics and therefore need to be looked at in different ways and ... there’s little incremental benefit in trying to systematise an approach.”

A large private company

While some organisations have formal group-level approaches to identifying risk, it appears from our in-depth conversations that most examine and address different types of risk in different ways. In particular, DB pension risk is seen as being somewhat distinct. It can be bigger and is a more complex, long-term risk than some broader financial and operational risks – and so requires a customised approach that is independent of other risks.

Recognising the multifaceted nature of DB pension schemes, sponsor organisations are dedicating significant amounts of time and resource to managing the complexity of DB pension scheme risk. A perceived lack of knowledge and understanding of lay trustees is seen by some companies as a barrier to effective and timely implementation. Finance executives recognise the depth and breadth of knowledge necessary to implement an effective risk management strategy, and they are investing time in educating and supporting lay trustees to enable them to undertake their responsibilities.

A NIMBLER APPROACH TO INVESTMENT STRATEGY

Similar to the management of DB pension schemes and the associated risks, there appears to be no single way of measuring risk. Some companies look at cash flow exposure or use “value at risk”, while others monitor the funding level.
In terms of monitoring risk, most organisations (71%) review the funding level of their DB schemes every one to three months. From their perspective, finance executives think the frequency of monitoring funding levels is generally adequate but explain that they believe the frequency of monitoring must align to specific objectives. In their view it makes little sense for them to monitor funding levels more often for information purposes only, given the long timeframes associated with pension fund liabilities and if the decisions on investment strategy and funding are made relatively infrequently.

“We have monitoring by our investment advisers on a weekly basis who will flag up any issues, but quite honestly we don’t feel we can justify the cost of putting more resource into managing the risk in the plan any more frequently. There’s no particular benefit, quarterly balance sheet position is perfectly adequate from my perspective of risk management.”

A FTSE 250 company

However, the potential need for more frequent monitoring is recognised by sponsors where it could drive investment changes.

“I think if people are thinking of taking an action and [when] they’re close to where they want to take some action, then obviously monitoring it very regularly becomes very important.”

A FTSE 250 company

Executives tell us they are working with trustees to implement a nimbler approach to investment decision making – pre-agreeing frameworks that allow schemes to react quickly and make investment decisions to take better advantage of market opportunities available to them without convening the full trustee board.

“Actively encouraging people to think through where we would use swaps and therefore putting in place relevant documents such that if there were market opportunity, we haven’t got to waste six weeks negotiating that with the bank … we’ve got the components in place and we can move pretty quickly.”

A large private company
MANAGING DB PENSION RISK: THE FINANCE DIRECTOR’S TOOLKIT

In the context of low interest rates, QE and market volatility, finance executives are wary of locking into high costs and unfavourable yields, although there is still appetite for further action. Reducing investment risk in an affordable way is the focus of attention – 94% have a plan to manage the risk associated with their DB pension schemes, with many expressing intent to implement additional risk management measures in the next three years. There are a range of options open to organisations, and it appears gradual steps are being taken to address DB risk, with all companies surveyed undertaking at least one risk management measure.

There is a sense from company executives that in the absence of a more certain external environment, organisations are keen to address the risks they do have control over.

“You know we can’t control the market and we can’t control the bond yields, but anything else we can do we’re dealing with.”

A FTSE 100 company

One of the first questions for executives is whether additional liabilities should be allowed to accrue and if so, at what level. Almost all (93%) have closed their schemes to new members and half (51%) have closed them to future accrual. Some of those who have not closed their DB pension scheme to future accrual say the number of active members is very small, therefore they see no need to act.

“We think it is more disruptive to stop the handful of people who are accruing benefits compared to the minor reduction in the overall liability profile. The personnel or HR downside of closing is worse than the benefit of managing that liability.”

A FTSE 250 company
Executives are conscious that inaction may leave their organisation exposed to greater risk but are reluctant to engage in measures that lock the organisation into a cash position that is not sustainable in the long term. Organisations appear to favour a more flexible approach to risk management and executives tell us that ensuring the organisation has sustainable cash flow is their main priority. Many organisations have no plans in the current economic environment to commit to solutions that increase their investment risk or divert a significant proportion of their cash flow to the scheme.

One of the key barriers to action is current yields, which can make the total transfer of risk prohibitively expensive. A number of organisations appear to be biding their time until gilt yields recover to some extent.

“It would be lovely to be able to eliminate the risk, but we can’t see a way of doing that at this point because it would require significant cash contributions from the company – more than the company can afford.”

A large private company

<table>
<thead>
<tr>
<th>Use of measures for managing DB pension risk</th>
<th>Implemented</th>
<th>Possibly</th>
<th>No specified plans to implement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing DB scheme to new employees</td>
<td>93%</td>
<td></td>
<td>3%</td>
</tr>
<tr>
<td>Investing in assets that more closely match liabilities</td>
<td>56%</td>
<td>34%</td>
<td>2%</td>
</tr>
<tr>
<td>Closing DB scheme to future accrual</td>
<td>51%</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>Developing a glide-path or journey plan of de-risking triggers</td>
<td>42%</td>
<td>38%</td>
<td>20%</td>
</tr>
<tr>
<td>Delegating some or all investment decisions to a third party</td>
<td>29%</td>
<td>11%</td>
<td>59%</td>
</tr>
<tr>
<td>Increasing employee contributions</td>
<td>27%</td>
<td>5%</td>
<td>64%</td>
</tr>
<tr>
<td>Employing alternative funding or contingent assets</td>
<td>21%</td>
<td>20%</td>
<td>58%</td>
</tr>
<tr>
<td>Offering Enhanced Transfer Values (ETVs)</td>
<td>14%</td>
<td>22%</td>
<td>9%</td>
</tr>
<tr>
<td>Using SPVs (Special Purpose Vehicles)</td>
<td>12%</td>
<td>5%</td>
<td>80%</td>
</tr>
<tr>
<td>Buyout/buy-in</td>
<td>8%</td>
<td>20%</td>
<td>7%</td>
</tr>
<tr>
<td>Implementing longevity swaps</td>
<td>5%</td>
<td>18%</td>
<td>9%</td>
</tr>
<tr>
<td>Increasing investment risk</td>
<td>4%</td>
<td>7%</td>
<td>86%</td>
</tr>
</tbody>
</table>

Base number of respondents: 95 (lowest)
Nearly half (47%) of respondents have some targeted inflation hedging and two in five (38%) have targeted interest rate hedging already in place. Around one in ten (9%) are using a mix of inflation, interest and longevity hedging to reduce DB pension risk. But half (48%) of the organisations surveyed aren’t currently using any of these tools.

Executives do recognise the need for further action – for example, over the next three years 80% will expect to have implemented a glide-path or journey plan of de-risking triggers.

The use of longevity swaps and buy-ins appears to be of increased interest. Our survey shows that 23% of respondents are likely to have longevity hedging in place and 28% expect to have some level of buyout or buy-in policy in place over the next three years.

Executives say the main barriers to hedging are cost, perceived complexity – mainly for trustees, but in some cases from a sponsor perspective – and whether it is too risky in the current market. This further highlights the challenges faced by those trustees who do not have financial backgrounds.

“We’ve had some review of whether we should go into slightly more esoteric asset class investments that allow some protection from markets … we’ve stuck to being quite plain vanilla … I think that’s partly a genuine strategic view of how we want to invest and where we see ourselves at this point in the lifecycle of the fund … and partly a reaction to it being a bit too complicated to understand, particularly for trustees.”

A large private company
SPONSOR-TRUSTEE RELATIONSHIP IS POSITIVE BUT NOT ALWAYS PRODUCTIVE

Half (51%) say their organisation’s working relationship with the trustee board is excellent and two-fifths (43%) consider it good. The survey reveals that the majority also feel that trustees have the necessary governance structures, experience, time and expertise to manage investment arrangements and trustees are considered able to implement the most appropriate investment strategy.

Managing the DB pension scheme is considered to be a partnership and there is a sense that the sponsor and trustees are “in it together”. A fundamental part of the relationship is understanding the other side’s point of view and finding a mutually agreeable solution, as well as recognising that the long-term sustainability of the pension scheme depends on the long-term viability of the sponsor.

“Ultimately, the only way the pension trustees and the pension members will get the liabilities fully paid is by the performance of the company and the strength of the company, and therefore it is inherent on the company to make sure that [it is] managing the risk accordingly ... it’s a two-way street. The pension trustees could stamp their feet and shout and rant and rave that they want more money, but ultimately if that means it’s going to damage the company, then they’re putting their repayment plan at risk. So there has to be a good working relationship between the sponsor (i.e. the principal employer) and the trustees, and in our case we work hard to make sure that that stays in place.”

A FTSE 100 company

Views on trustees’ effectiveness in managing DB pension scheme investment arrangements

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Tend to agree</th>
<th>Tend to disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trustees have the necessary governance structures in place</td>
<td>56%</td>
<td>37%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Trustees have the necessary amount of experience</td>
<td>32%</td>
<td>51%</td>
<td>14%</td>
<td>3%</td>
</tr>
<tr>
<td>Trustees have the necessary amount of time</td>
<td>25%</td>
<td>58%</td>
<td>14%</td>
<td>3%</td>
</tr>
<tr>
<td>Trustees have the necessary amount of expertise</td>
<td>30%</td>
<td>49%</td>
<td>19%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Total agree

Trustees have the necessary governance structures in place: 93%
Trustees have the necessary amount of experience: 83%
Trustees have the necessary amount of time: 83%
Trustees have the necessary amount of expertise: 79%

Base number of respondents: 100
Sponsors will also be mindful of the views of trustees – for example, the attention trustees are giving to the financial health of the organisation. Half (52%) say trustees already link investment strategy “very closely” to their assessment of the organisation’s covenant, and, given regulatory developments, one might expect this to increase further. Yet during our discussions with executives, some underlying issues did come to light. While the relationship is harmonious, it is clearly not always as productive as it might be.

TRUSTEE EXPERTISE CAN BE A BARRIER – “IF I DON’T UNDERSTAND IT, I DON’T WANT TO DO IT”

Executives recognise that they have an obligation to educate and support trustees to help them implement the most appropriate investment strategy. However, there does appear to be room for improvement in how the two parties work together. Three-quarters (77%) say that they have at some time missed market opportunities due to a delay in reaching an investment decision.

The main reasons for delays in reaching an investment decision between the trustees and the sponsor include:

- Time taken for all parties to come to an agreement
- Time taken to coordinate meetings with all parties involved in the decision-making process
- General lack of information and resulting delay in developing knowledge or obtaining advice
- Trustee lack of knowledge and subsequent time taken to educate trustees
- Complex and unclear decision-making processes
Although most have confidence in trustees’ ability to implement the most appropriate investment strategy, only 53% of respondents say they are “very confident”, suggesting at least some reservations exist. When questioned further, executives tell us that lack of trustee knowledge and understanding results in increased demand on their time to educate trustees before an investment strategy can be discussed. This lack of knowledge sometimes prevents effective solutions being implemented.

Some problems are seen to stem from unhelpful governance structures – described by one executive as “cumbersome” and “turgid” – that slow down decision making. This is another reason why executives are keen to implement a more nimble approach to investment strategy to bypass these issues in the future.

Trustees can be seen as over-cautious, partly as a result of needing to take advice and meet certain statutory requirements but also because of a lack of confidence stemming from a lack of deep technical expertise – a case of “If I don’t understand it, I don’t want to do it.”

“What we’ve got is trustees who are really interested, but don’t necessarily ... understand the nuances of the more technical areas of pensions in terms of funding, investment strategy, cash flows and risk. They’re very engaged, they’re very committed, they spend a huge amount of time on it and we do all the right things, but the ability and experience around the table is mixed and I think that’s an issue for all decent size schemes.”

A FTSE 100 company

Widespread use of more complex financial instruments such as hedging is seen in part as being frustrated by trustees, some of whom are thought to be averse due to lack of understanding and their perceptions of risk.
IMMEDIATE ACTION VS. A LONG-TERM APPROACH: A SOURCE OF TENSION BETWEEN TRUSTEES AND SPONSORS

One source of tension is balancing what executives see as the sponsor’s longer-term view for DB pension risk management with trustees’ desire for more short-term solutions. The long timeframes associated with liabilities appear to be driving some sponsors’ thinking, in that the opportunity to address deficits is seen over a number of years and decades through measures including a glide-path of de-risking triggers.

“These are decade-long cash flows and therefore sometimes it’s just about holding your nerve, believing that over the long term equities will perform, but locking in gains as and when you see them coming up.”

A FTSE 100 company

OPEN AND HONEST COMMUNICATION ESSENTIAL: “YOU SHOULDN’T SURPRISE THE TRUSTEES”

From a sponsor’s point of view, a good working relationship is built on openness and transparency, and taking the time to explain proposals ahead of the decision making. Regular communication and face-to-face meetings support this process. As one executive said, “You shouldn’t surprise the trustees”. Trustee training and ready access to pension experts is essential to facilitate a strong trustee-sponsor relationship.

“I give them [the trustees] six-monthly updates on company performance and ... quarterly written statements on key financial metrics, so that they can see how the company is performing and how the other stakeholders [perceive] the company in terms of credit rating and that sort of thing. So it’s communication, openness, transparency that engender trust, and if you’ve got a relationship built on trust, a bit like most relationships, then they tend to be fairly strong as a result.”

A FTSE 100 company
If you have any questions about this report or would like to discuss other aspects of managing DB pension risk, please contact your usual Mercer consultant or:

**MERCER**
Ali Tayyebi  
Senior Partner and UK DB Risk Consulting Leader  
ali.tayyebi@mercer.com  
+44 121 644 3508

Adrian Hartshorn  
Partner, Financial Strategy Group  
adrian.hartshorn@mercer.com  
+44 20 7178 7261

**ICAEW**
Liz Cole  
Manager, Company Law, Insolvency & Pensions  
+44 20 7920 8746  
liz.cole@icaew.com

*Note: The information contained within this document may not be copied or reproduced in any form without the prior permission of Mercer Limited.*