



PRESS RELEASE

For immediate release: 12 November 2009

HamishWilson pension fund survey reveals 43% of schemes do not have an overall risk-mitigation strategy

HamishWilson, the specialist pensions adviser, today announced the second batch of results from its recent survey.

The survey, which received 171 scheme responses (sizes ranging from under £50 million of assets to over £1 billion, with the smallest having just 60 members and the largest over 325,000) showed that almost 90% of schemes recognise they need to do more on risk management. Of these, an astonishing 43% appear not to have an overall strategy.

Commenting, John Branford, Partner at HamishWilson said, 'Risk-mitigation must start with a thorough understanding of the sponsor's (and trustees') objectives and timescales. All actions should then be consistent with the strategy.'

The danger comes when a piecemeal 'flavour of the month' approach is adopted rather than a more vital holistic angle. For example, if a scheme has an objective to buy out in five years' time, a longevity swap, whilst 'fashionable', would not be appropriate as it would have to be unwound, which would be messy and costly. However, an enhanced transfer value exercise would make good sense as it can reduce the cost of the buyout and result in a 'win-win' situation between the sponsor and scheme members.'

Branford added, 'Not forgetting of course that, on purely practical grounds, a holistic approach means trustees are more likely to be able to work with the employer if they understand what he wishes to achieve.'

HamishWilson will be announcing further results from the survey in the coming weeks.

The aim of the survey was to establish the main concerns for trustees and employers in relation to their existing defined-benefit (DB) plans and their immediate and longer-term plans for addressing those concerns.

THE END

FOR EDITORS:

About HamishWilson

We are a specialist actuarial and pension consultancy providing fresh perspectives on all pension issues. We deliver advice on all aspects of pensions – not just on the “big issues” of benefit design, funding, investment strategy, transactions and accounting – but also the timely day-to-day care and problem-solving involved in any relationship.

Unlike other consultants, we don't start from the premise that a pre-determined solution is appropriate. We offer thoughts, ideas, concepts, approaches and challenge thinking; embracing your objectives for your schemes. We've seen how clients can be under-served or neglected in bigger consulting firms and are pleased to say our clients choose us because we are an excellent fit to their business. They know we have the commitment and expertise to meet their needs fully to the quality they expect and, crucially, they matter.

www.hamishwilson.com

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