

LCP Fiduciary Management Health Check

With the CMA review complete, many schemes who appointed a fiduciary manager over the last ten years will need to run a competitive tender process. LCP's **Fiduciary Management Health Check** service allows trustees to satisfy this basic requirement and additionally helps you review whether your fiduciary arrangements have been delivering what you require.

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Time to act

The CMA review resulted in a number of positive outcomes for investors, focused around improving the transparency of costs of fiduciary arrangements, and ensuring that your fiduciary arrangements provide value for money.

If your scheme uses fiduciary management for more than 20% of its assets and hasn't carried out a competitive tender process yet, you are required to do so. The Pensions Regulator has released its guidance to help trustees who are required to run a tender.

In our view, for many full fiduciary arrangements, this should be quite a straightforward exercise, and satisfying this requirement needn't be a major drain on trustee and sponsor resources. We have designed the LCP Health Check service to help.

What's covered in the LCP Health Check

We provide trustees and sponsors using fiduciary management with everything they need to evaluate their arrangements, whilst also delivering a CMA-compliant retender exercise. Our review is also aligned with the best practices set out in The Pension Regulator's guidance.

For an agreed fixed fee, it comprises:

- An initial call with you to discuss any areas of concern you may have, update you on the wider fiduciary market, give you our high-level views on your fiduciary manager, and agree the most suitable providers to approach for quotes.
- A report setting out:
 - views on your fiduciary management arrangements
 - the strengths and weaknesses of your provider;
 - bids from at least two other suitable providers with supporting information to allow you to evaluate the providers relative to each other (the CMA requirement);
 - performance of your assets versus your objectives – how is your manager delivering on their promises; and
 - fee benchmarking.
- A meeting to discuss our report and agree next steps with one of our fiduciary management experts.
- Guidance to help you document the process you have followed.

Ensuring your strategy remains fit for purpose

Reviewing your fiduciary manager may be a mandatory requirement, but we think it is also a great opportunity to check whether the arrangement has delivered what you expected it to and remains fit for purpose.

The CMA retender requirement aims to address past competition issues, and potential conflicts of interest. Satisfying this requirement is a straightforward exercise and may help you negotiate better fee terms.

However, we believe that the real value in fiduciary oversight is in considering your arrangements from an investment perspective. Most fiduciary arrangements will provide an institutional-quality asset allocation, but we want to help our clients ensure that their investment strategies, and their investment outcomes, are the best they can be.

Why LCP

- We are the UK's largest, independent owner-managed firm specialising in pensions, advising on over £330 billion of assets, with over 130 investment specialists. We know the market for managing pension scheme assets as well as anybody.
- We do not manage money or offer any form of asset/fiduciary management products ourselves. Our business is based around providing clear, pragmatic high-quality investment advice.
- We believe that our size and experience means that we have the best and deepest understanding of the market for managing pension scheme assets, amongst our peers.

Want to find out more?

If you have a full or partial fiduciary management arrangement in place, get in touch with one of our experts to find out how you can benefit from an LCP Fiduciary Management Health Check or any of our other investment management oversight services.



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