

PROFESSIONAL CORPORATE SOLE TRUSTEE: GET THINGS DONE WITH LAWDEB

"We welcome the APPT's Code of Practice for Professional Corporate Sole Trustee [published 27 October 2020]. It's important that schemes with sole trustees continue to have high standards of governance and decision making. The industry code sets out the additional practices and qualities needed of sole trustees which build on the professional trustee standards."

The Pensions Regulator executive director for regulatory policy, analysis and advice, David Fairs

The 'why & when' of appointing a professional corporate sole trustee, often includes:

- Limited trustee availability
- Overseas parent / slim UK operation
- Corporate activity, prior to or following M&A
- Need to implement key projects, including de-risking transactions and overseeing the final stage of the path to buy-out
- Need for strong, cost effective governance
- Identified need for an efficient professionalised approach

With LawDeb you are appointing a firm of professionals to manage your pension scheme, with access to specialist and varied expertise and flexible resourcing, coupled with effective governance and stewardship

LawDeb: a balanced professional approach

Key aspects of our professional corporate sole trustee model include having:

- a nominated trustee director to oversee your plan as **Lead Director**
- a **second named Peer Director** working alongside the Lead providing support, diversity and challenge
- additional Directors involved as necessary (e.g. where specialist knowledge or experience is required, where non-routine decisions are being made or where spikes in activity require it)
- **flexible reporting structures** tailored to the sponsor's preferred level of engagement, based around stewardship reporting and/or stewardship meetings
- **quarterly peer reviews**
- our Pegasus Pensions Executive team who put **the rigour and control** around our processes, provide governance support and can fulfil the role of outsourced pensions executive
- **continuous decision-making:** not constrained to a quarterly trustee meetings schedule
- **documented protocols for decision-making designed to achieve transparency**

Key differentiators: clients benefit from LawDeb's distinctive approach to professional trusteeship

- Our team approach to professional corporate sole trustee delivers the highest standards of governance and risk management in a cost-effective way.
- The knowledge, experience and business acumen of our team - our 21 Trustee Directors and 16 Pensions Executives have varied professional backgrounds as actuaries, accountants, lawyers, investment and pensions professionals and in corporate roles.
- Our collaborative working approach involves sharing experience across our 200 clients, including many with overseas sponsors.
- Our heritage - LawDeb celebrated its 50th anniversary of providing independent trustee services in 2019. Our trustees know and care about pensions. Together we enable proactive, pragmatic and cost-effective decision making.
- Our ownership by The Law Debenture Corporation business structure – a FTSE 250 listed investment trust - brings us the stability of a large pool of permanent capital and a culture focused on professionalism and delivery of good governance.

LawDeb's team approach to professional corporate sole trustee enables us to deliver a complete governance solution - trusteeship fully integrated with our Pegasus pensions executive service. Our established framework provides rigour of process and a high quality member experience, while producing savings across a number of areas of plan management, including reduced sponsor time, more cost-effective use of advisers and reduced secretarial requirements.



"We consider good communication with the sponsor to be key. This would be a combination of regular calls with the sponsor as well as stewardship meetings attended by the sponsor and key advisers. In addition, the sponsor will receive quarterly stewardship reports covering progress against key objectives, trustee decisions log, updated business plan, governance checklist, risk register and plan budget. Investment and admin reports are also included."

Kathy Turpin,
Senior Pensions Executive, Pegasus



"On the subject of diversity: in moving from a mixed board to professional corporate sole trustee, it's key that processes are in place to make sure that important decisions get debated by a wider group of trustee directors. This brings a blend of skills and experience as well as real diversity of thought to the table so that decisions are only reached after genuine challenge from a number of different vantage points. In my experience these 'peer panels' are thorough, wide-ranging and indeed very challenging (as they should be)."

Alan Baker, Director, LawDeb Pensions.

Alan leads LawDeb's professional corporate sole trustee business and is a member of the APPT's sub-committee on the Code of Practice for professional corporate sole trustees. Alan currently acts as trustee on eight pensions schemes ranging from £7m to £4bn, leading on three professional corporate sole trustee clients.



GET THINGS DONE WITH LAWDEB

At LawDeb we act as trustee on 200 schemes of all different types (DB, DC, hybrid, master trusts) including over 50 where we act as professional corporate sole trustee (from £7m upwards). Sometimes we are appointed as professional corporate sole trustee from the outset; on others we start as independent co-trustee. The team is currently working on three new professional corporate sole trustee transitions, including one appointment that is £750 million.

What Our Clients Say

"It has been fantastic working with LawDeb and we are thrilled to have developed such a valuable and enduring partnership. Our Scheme has undoubtedly reaped the benefits from LawDeb's considerable expertise and commitment to all our scheme members. We are pleased to have been able to deliver such a positive result for our members with a very strong and reputable insurance company."

Henrietta Royle, Chief Executive, the British Bankers' Association (LawDeb PCST client)

Commenting on the £95m buy-in with Aviva, May 2020

The time taken to secure benefits for all our members and finally wind up the Amylum UK Group Pension Scheme was much earlier than might otherwise have been the case, thanks to the knowledge, experience and governance of LawDeb, acting as sole (corporate) trustee."

Steve Amor is Head of Group Pensions at Tate & Lyle Plc

"It is reassuring knowing that our legacy UK pension scheme is being well managed by LawDeb, without causing a burden for us."

Safran Group, LawDeb professional corporate sole trustee client



"Professional Corporate Sole Trusteeship is still predominantly used for smaller schemes. I firmly believe our LawDeb framework can provide very efficient and effective governance for schemes of £1 billion+. Larger schemes interested in professional corporate sole trustee will undoubtedly require more sophisticated governance including features we already use like involvement of several trustee directors with particular skills and use of consultative committees to support engagement and diversity of input. One of our current consultative committees includes a former ENT, a former MNT, and the pensions manager. Alternatively, a Members Group might be formed to represent members' interests. As a result of COVID-19 many schemes are already operating more nimbly, dropping big set-piece quarterly meetings and convening decision-making meetings much more frequently. Shorter, more focused discussions and more nimble decision-making are also features of PCST."

Robert Thomas, Director, LawDeb Pensions

Robert leads professional corporate sole trustee engagement on a multinational professional services 17,000 member DC auto enrolment scheme

Summary Case Study

PCST client: c. £100m DB scheme

- **Driver for change:** Company & Trustee at a stalemate at a time when it was deemed imperative to expedite journey plan
- Key reason for stalemate: perceived risks resulting from legacy issues meant difficult and delayed decision making by Trustee, compounded by a difficult relationship with the Company
- Competitive Professional Corporate Sole Trustee tender: LawDeb appointed (2018)
- Appointment process included interviews with Trustee and Advisers
- As part of Trustee engagement / successful transition, LawDeb called upon to present challenges and 'vision for the future' of the scheme to Trustee Board
- **Key challenges presented clearly and transparently by LawDeb:**
 - Covenant concerns
 - Legacy Administration interpretation of Trust Deed & Rules
 - Inconsistent legacy amendments to Trust Deed: this and Administration issues triggered requirement for QC involvement
 - Ex-trustees concerns with future indemnification
- Appointment documentation structured to ensure ex-trustees remained indemnified
- Post appointment: escrow arranged to address covenant concerns and QC conferences to resolve legacy issues, LawDeb as PCST led with the Company
- Successful insurance buy-in
- Currently undertaking GMP conversion and benefit rectification exercise
- Constructive and collaborative relationship with Company and sponsors
- Expect to complete wind up by mid-2021, having delivered positively for the scheme's members

To discuss LawDeb's Professional Corporate Sole Trustee framework and experience, please don't hesitate to contact



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