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Fiduciary Management – Findings of the UK's Competition & Markets Authority

Trustee Call to Action

- Relevant to Ireland at least as much as UK
- Relevant to DC as much as DB
- Now!

The CMA Report



Governance issue → Competition Issue



CMA Report Findings



- Concentration
- Blind buying
- Inertia
- Transparency



- Mandatory tendering
- Regular review
- Disclosures
- More details to come

What Should Irish Trustees Do?

Good governance:

Keep an eye on Fiduciary Managers

Fiduciary Management – Practice in Ireland

- LCP Survey –talking points
- DC numbers?



Trustees Like Fiduciary Management...But

- Trustees want FM
- But are not aware independent oversight is available.

“There needs to be a real separation between the stakeholders in our view in order to make fiduciary management workable - that has not been seen by this trustee in the offerings to date. Otherwise, the concept is very appealing to this trustee and if fiduciary management could be offered on an arms-length basis, it would be very favourably considered.”

-Quote from an individual Trustee in LCP survey

Questions a Trustee Should Ask

- Is your fiduciary manager delivering?
- Security of assets?
- Costs –clear and appropriate?
- Performance and risk?
- Continuity?
- Comparisons?



What Ongoing Oversight Can Achieve

- ✓ Errors rectified
- ✓ Communication improved to trustees and members
- ✓ Performance problems fixed
- ✓ Structure of a fund adapted to improve governance – better benchmarks
- ✓ Negotiated cost reduction – based on detailed analysis of costs
- ✓ Higher level of trust by trustees

Next Step




Handover

The Pensions
Regulator

All for the benefit of members and to
help trustees

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