

New requirements for schemes to tender for Fiduciary Management Services

To improve competition and transparency in the provision of fiduciary management the CMA has now published the Order which implements the remedies that were set out in its final report in December 2018.

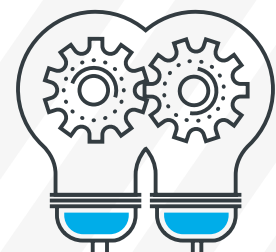
The Order confirms that:

- ▶ **Trustees wishing to appoint an FM for the first time for more than 20% of assets are required to run a competitive tender process.**
- ▶ **Trustees who have already appointed an FM without a competitive tender process for more than 20% of scheme assets, are required to run a competitive tender process within 5 years from the original appointment or by 9 June 2021, if later.**

These duties take effect from 10 December 2019.

Benefits of re-tendering

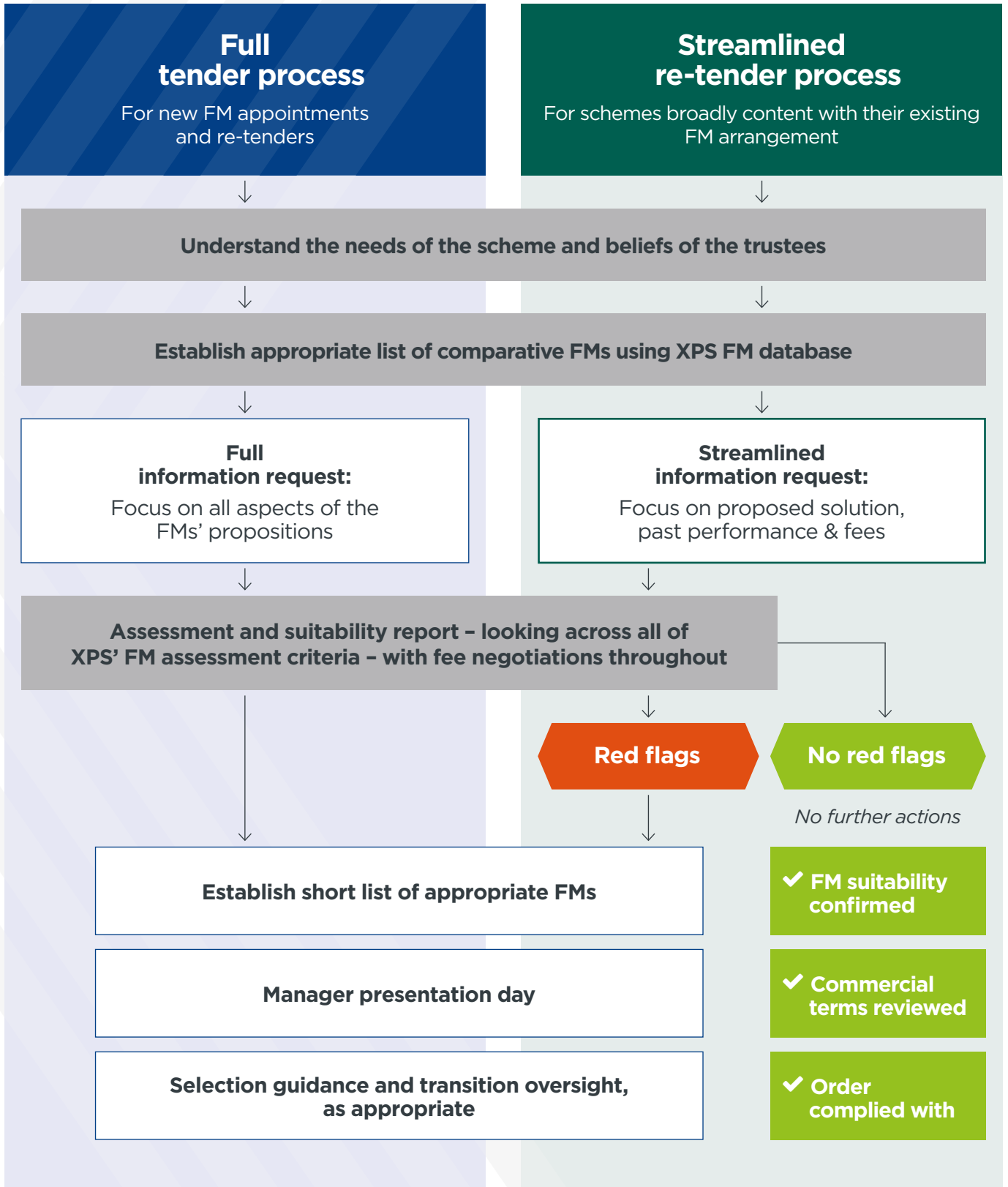
We have spoken with a number of clients that already use an FM arrangement and understand that the benefits to them of going through a re-tendering exercise will differ greatly, depending on their circumstances. Put simply, we believe that the approach that each scheme takes when undertaking a review of their existing fiduciary arrangement should be proportionate to their needs and that schemes will generally fall into one of two categories.



We were delighted with the support provided by [the XPS] team for our fiduciary manager selection process. In helping us to prepare a longlist and RFP, they demonstrated a deep knowledge of the market and worked hard to understand our beliefs and needs. Their report summarising the responses enabled us to shortlist three managers and XPS then organised an excellent day of site visits, which ensured that we could make a final decision efficiently and with confidence.

XPS supporting trustees with Fiduciary Management tendering

Full market reviews and streamlined re-tendering options



How XPS can help you

Our aim is to add value to you throughout a selection or oversight project.

1

We individually tailor our approach and advice for each client.

Our advice is independent and we have no bias to any of the 18+ UK fiduciary managers.

2

We have a thorough knowledge of all UK fiduciary managers, we helped the Pensions Regulator on their fiduciary manager selection guidance and we sit on the committee shaping the industry performance standard. We've advised on £7.8bn of FM mandates over the last year.

We'll help you concentrate on what's really important and select a fiduciary manager that is aligned to your investment beliefs.

3

We have extensive experience of Fiduciary Management.

We know from first-hand experience how they really work and can help you provide robust challenge when needed.

4

We have investment consulting and actuarial knowledge and so deeply understand the fiduciary managers' portfolios.

We can help you ensure your fiduciary manager is really focused on achieving your funding objectives.

- Each client's requirements are **understood and clarified**
- The outcomes of each exercise are **designed according to those requirements**
- The budget and project length for each exercise are **consistent with those requirements**



André Kerr – Partner, Head of FM Oversight, XPS



We designed this process to help trustees through the required re-tendering in a pragmatic and efficient way. Importantly, our aim is to help trustees to retain or appoint the right FM for their beliefs and their scheme's needs, whilst at the same time reviewing the commercial terms with the current provider.

FM Watch

XPS publishes FM Watch, an assessment of the full market of fiduciary managers.

Copies are available from:
www.xpsgroup.com



About us

XPS Pensions Group is the largest pure pensions consultancy in the UK, specialising in actuarial, investment consulting and administration. The XPS Pensions Group business combines expertise, insight and technology to address the needs of over 1,000 pension schemes and their sponsoring employers on an ongoing and project basis. We undertake pensions administration for over 870,000 members and provide advisory services to schemes of all sizes including 25 with over £1bn of assets.

XPS Investment provides clear and independent investment advice that can be quickly and effectively implemented. We advise pension schemes and their corporate sponsors and have over £20bn of assets under advice.

For further information, please get in touch with André Kerr or Guy Plater.



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