

Press Release



19 March 2019

PTL's first DB Risk Survey for 2019 reveals fears of Brexit and General Election have fuelled employer covenant risk concerns,

PTL, the leading independent trustee and governance services provider, today announced the results of its latest DB Risk Survey. With the threat of Brexit and a possible General Election hanging over the UK, concern about the potential impact on employer covenant risk has increased since respondents were last questioned.

The survey, which has been running since July 2017, asks respondents to indicate the top three risks facing DB pension schemes at a current point in time.

Risk	Jan 19	Oct 18	May 18	Sep 17	Jul 17
Employer covenant risk	26.09%	24.29%	27.59%	24.76%	13.87%
Brexit investment implications	16.67%	16.95%	13.79%	10.95%	14.60%
Cyber security	8.70%	11.30%	10.92%	7.14%	7.30%
New deficit funding rules	8.70%	6.21%	13.22%	10.00%	5.84%
GMP equalisation	8.70%	8.47%	5.17%	6.19%	4.38%
Change of government	8.70%	6.21%	-	-	-
Longevity increases	6.52%	7.91%	7.47%	12.86%	14.60%
Inflation	5.07%	6.78%	6.90%	10.00%	12.41%
Compulsory scheme mergers	2.90%	1.13%	1.72%	1.43%	2.92%
Transaction cost opacity	2.17%	2.26%	4.02%	3.81%	3.65%
GDPR compliance	0.72%	1.13%	4.02%	6.19%	8.03%
Other	5.07%	7.34%	5.17%	6.67%	12.41%

Richard Butcher, Managing Director at PTL, said: "Our first round of results for 2019 has uncovered some fascinating findings. At first sight, it's surprising that a possible change of government has only had an uptick of just over 2% despite it being far more likely in January 2019 than it was in October last year, while Brexit investment implications is down by just a fraction. But don't take these results at face value.

“In June 2017, one year after the European Referendum, concerns about employer covenant risk were at around 14%, but fast forward to the start of this year with an exit from the EU on the horizon but no deal agreed, and that figure has risen to 26%. While direct concerns about Brexit and Government are not rising significantly, the things that they impact are. It’s clear that the unclarified terms of Brexit are causing an ever-increasing circle of uncertainty over everything in its path.

"Inflation concerns are down massively versus 18 months ago when we were still in the midst of so called ‘project fear’ post the Referendum, perhaps as the Brexit train continues to trundle along and nothing much really changes. Thankfully GDPR and cyber security concerns are down – GDPR is now behind us in terms of stepping up to the plate to meet the standards laid out, while a bold response from the media and industry on cyber security ensured the threats were laid bare. Pension savers, members, trustees, employers and schemes were able to educate and be educated, and take action as a result.

“Also interesting is the fact that concern around compulsory scheme mergers has almost doubled. The Department of Work and Pensions has recently expressed support for the idea but here hasn’t yet been a clear description of the regime that will apply to superfunds. Given that risks could exist, compulsion would seem a bold policy outcome.”

PTL will continue to run the survey every quarter. If you’d like to be involved in the next quarterly risk survey, please contact info@ptluk.com.

ENDS

NOTES TO EDITORS:

PTL is a top five independent trustee firm with offices in London, Leeds, Reading and Birmingham.

PTL acts as an independent trustee and provides a range of governance services, predominantly to occupational pension schemes, including trust based defined benefit and defined contribution schemes and contract-based pension schemes including group personal pension plans. PTL also provides a range of governance services to other non-pension trusts.

PTL is a member of the Pensions and Lifetime Savings Association, the Association of Corporate Trustees and the PMI Independent Trustee Group.

More information can be found on our website – www.ptluk.com

Media Contacts:

For all PTL media enquiries please contact KBPR using the details below:

KBPR

kate@kbpr.agency – 07930 442883

adam@kbpr.agency – 07444 407138

helena@kbpr.agency – 07958 270938

sophie@kbpr.agency – 020 3150 2558