

# Aligning governance, surplus strategy and long-term decision-making for a US-parent UK DB plan

## Client Context

The client is a US-headquartered multinational with a large UK defined benefit pension plan. The plan has assets of approximately £2bn and is currently in a significant surplus position of around £500m, following a sustained period of improved funding and risk management.

Four years ago, the plan was in deficit and required a clear long-term strategy to address funding risk, investment approach and endgame considerations. The sponsor and trustees recognised that moving from deficit to surplus would introduce a new and complex set of governance challenges.

IGG was appointed as professional trustee based on strong cultural and personal fit, and the ability to work effectively with both the UK trustee board and the US parent sponsor.

## Challenge

As funding improved, the focus shifted from recovery planning to strategic decision making around surplus, endgame options and long-term plan management.

However, the governance environment was constrained by:

- UK legislative limitations on surplus use
- Trustee rules requiring employer consent for surplus deployment
- A lack of established dialogue between the UK trustee board and the US parent
- The need for trustees to challenge advisers more robustly on run-on versus buy-in strategy

Without careful governance design, there was a risk that the surplus would remain locked within the plan indefinitely, delaying decisions and increasing frustration on both sides.

## At a glance



**Plan size**  
**£2bn**



**Funding journey**  
**£500m surplus**

from deficit in four years



**Core challenge**  
**Surplus trapped**  
by governance



## Solution

IGG’s role has been to strengthen governance, accelerate decision making and create the conditions for constructive dialogue between the UK trustees and the US sponsor.

A dedicated working party was established with the US employer to address long-term strategy from both trustee and corporate perspectives. Over the past 12 months, trustees have worked closely with advisers, under IGG leadership, to challenge assumptions and develop a clearer framework for surplus use and run-on strategy.

To support this next phase, IGG was appointed as Chair, with a mandate to strengthen challenge, improve decision discipline and lead engagement with the US sponsor. IGG also appointed a second trustee with specific governance and data expertise to support the next stage of delivery.



## Result

Over a four year period, the plan moved from a deficit to a £500m surplus, within a scheme of approximately £2bn. Improved funding discipline, risk management and governance enabled the scheme to transition from recovery planning to strategic decision making.

Progress has focused on:

- strengthening the funding position
- reducing downside risk
- establishing governance readiness for future endgame activity

Trustees completed a structured review of surplus options, including buy-in versus long-term run-on, agreed principles and guardrails for surplus use, and scenario modelling over a 10 to 15 year horizon. Although final decisions remain subject to legislative change, the strategic framework was completed, positioning the scheme to engage constructively with the US parent sponsor.

Decision making pace improved materially. Dedicated trustee meetings and away days separated training from decision forums, and adviser input was reshaped to support trustee challenge rather than drive outcomes. As a result, the scheme eliminated months of delay caused by misaligned expectations and created earlier alignment on the direction of travel.

## IGG Delivered



Governance redesigned



Decision pace accelerated



Months of delay removed



Sponsor-trustee alignment restored

# Why This Matters for US-Parent Sponsors of UK DB Plans

US-parent sponsors of UK pension plans operate within a governance framework that sits structurally outside corporate management.

Financial exposure - funding volatility, surplus position and transaction impact - rests on the corporate balance sheet. Decision-making authority, however, sits with an independent trustee board operating under UK fiduciary and regulatory obligations.

Without deliberate structure, complexity accumulates. Decision-making becomes layered, adviser involvement expands and corporate visibility narrows. Funding strength alone does not deliver strategic flexibility.



## IGG's role

Our focus is to ensure that UK pension governance operates with clarity, predictability and disciplined execution, aligned to corporate priorities while fully preserving fiduciary integrity.

In practice, this includes:

- ✓ Simplifying layered trustee structures
- ✓ Clarifying decision rights and escalation pathways
- ✓ Introducing proportionate meeting cadence
- ✓ Aligning trustee processes with corporate reporting frameworks
- ✓ Managing adviser cost with discipline
- ✓ Establishing defined oversight for surplus and long-term risk strategy

The result is a governance framework that is proportionate, predictable and capable of supporting corporate objectives.



## The value

For US-parent sponsors, funding level is only one dimension of pension exposure. What matters equally is the clarity and predictability of the governance framework through which that exposure is managed.

Where governance is proportionate and clearly defined:

- Decisions progress within agreed timeframes
- Corporate time commitment reduces
- Adviser cost is transparent and controlled
- Surplus and long-term strategy are governed within structured, accountable frameworks

The outcome is greater confidence that UK pension oversight operates with clarity and discipline, supporting long-term capital planning and corporate objectives.



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