

Collaborative governance through major corporate and scheme change

Client Context

The client is a global business headquartered in the United States, with a long-established UK pension arrangement comprising both defined benefit (DB) and defined contribution (DC) sections. The plan has total assets of approximately £900m, with around £750m in DB assets and £150m in DC assets, and covers approximately 3,700 DB members and 1,500 DC members.

The DB section is closed to new entrants and future accrual, although certain benefits remain salary-linked. The DC section includes cohorts both with and without a Reference Scheme Test (RST) underpin, creating additional structural and governance complexity.

The Trustee is a corporate trustee within the multinational organisation. IGG was appointed as a Trustee Director in Q1 2023, and following a period of close engagement and delivery, was appointed Chair in Q2 2023. Day to day sponsor interaction is primarily with UK and EMEA benefits teams with reporting into regional and global finance, treasury and executive stakeholders in the US.

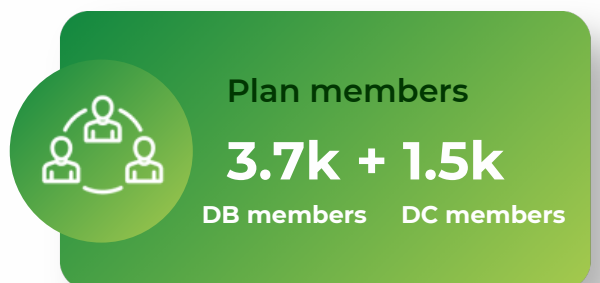
Challenge

The pension plan faced a series of high-impact, non-routine challenges, each carrying regulatory, legal and reputational risk. These included a major UK business sale that fundamentally altered the employer covenant, complex historic benefit issues arising from legacy scheme integration, and structural constraints within the DC section due to RST underpins.

In parallel, sustained poor service from the existing administrator required a full administration transition, while sponsor engagement was evolving across UK, regional and US stakeholders.

A central issue during the corporate transaction was the need to reassess covenant support and group guarantees spanning multiple jurisdictions. Without strong, collaborative governance, there was a risk that these issues would become prolonged, adviser-led negotiations, creating delay, cost and misalignment between trustee and sponsor objectives.

At a glance





Solution

IGG’s role was to provide experienced, structured and collaborative governance, enabling complex issues to be addressed efficiently and in a way that both trustees and sponsors could support. As Chair, IGG established regular and structured engagement with sponsor representatives, ensuring trustees understood the sponsor’s commercial objectives and constraints, and sponsor teams understood trustee fiduciary duties and regulatory boundaries. Issues surfaced early, allowing proposals to be shaped before positions became entrenched.

A key focus was covenant and guarantee design following the UK business sale. Historically, the plan had relied on a group guarantee from an entity that also included a large business in another jurisdiction. As part of the transaction, this was restructured, moving from a contribution-based guarantee to a look-through guarantee more closely aligned with trustee covenant requirements. In parallel, an additional guarantee was introduced from another group company, providing further contribution support.

Because of established trustee–sponsor dialogue, the employer was able to bring forward proposals that reflected trustee priorities from the outset, reducing friction and accelerating progress.



Result

The governance framework enabled trustees and sponsor to manage multiple complex issues in parallel, without loss of pace or control.

On covenant and guarantees:

- Existing guarantees were strengthened and restructured
- Additional group support was introduced
- Trustee concerns were addressed without prolonged negotiation

On administration and DC structure:

- Alternative DC structures capable of accommodating RST underpins were evaluated
- A bundled provider solution was assessed
- A large-scale administration transition was delivered across 3,700 DB members and 1,500 DC members

Across these projects, governance remained collaborative rather than adversarial. Adviser input was focused, sponsor engagement was timely, and decisions were taken with clarity and confidence.

A defining feature of IGG’s role has been depth beyond the individual appointment. Trustee Directors draw on wider IGG expertise across covenant assessment, governance policy design, administration transitions, risk management and complex corporate activity.

This strengthened trustee challenge, improved confidence in adviser input and supported effective, proportionate compliance without duplicating formal advisory roles.

IGG Delivered



Large scale transition delivered



Confident decisions



Complex issues progressed efficiently



Proportionate risk without duplication of advisory roles

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.



Grant Suckling
 Chief Commercial Officer
 and Professional Trustee
grant.suckling@weareigg.com



Tannaz Rastegar
 Head of Business
 Development
tannaz.rastegar@weareigg.com