

**LCP**sonar

## *Spotlight on all risks*

**Running a pension scheme can involve hoping for the best but preparing for the worst.**

Preparation is key. When you hit a bump in the road (and there have been plenty over the years) the amount of preparation you have done will determine how far you get thrown off course.

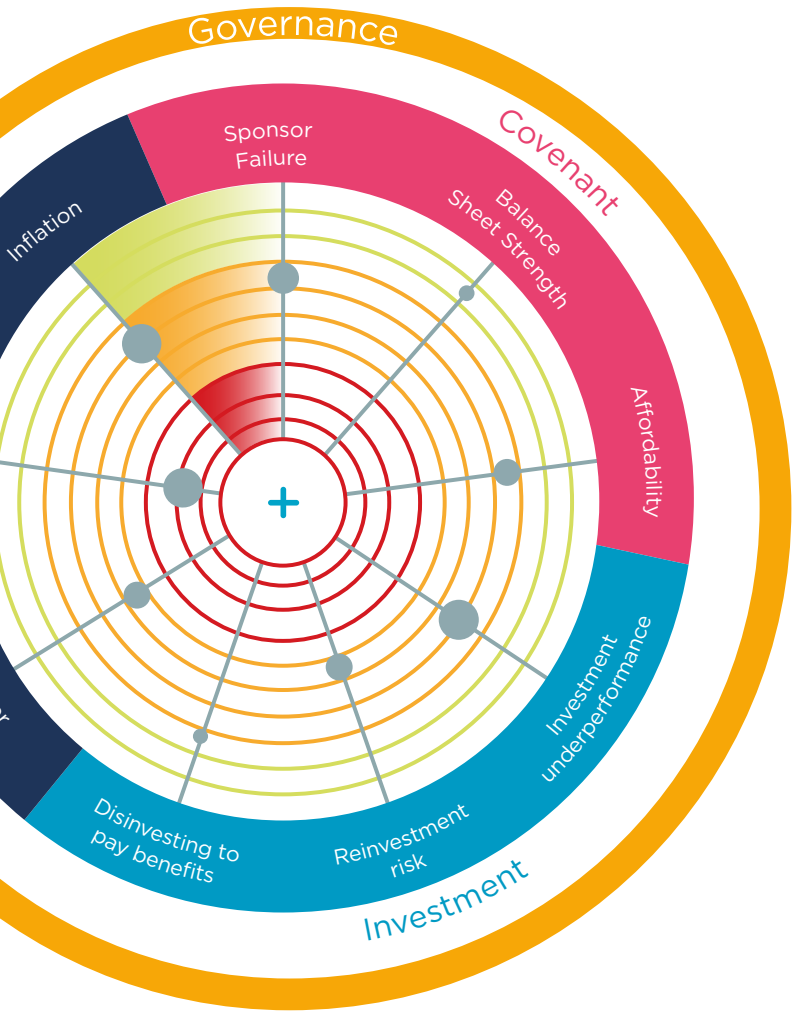
**risks**

*LCP Sonar gives you an innovative way to bring together investment, funding and covenant risks. You can quickly see how your scheme's risk profile compares to others and think about the key risks for you – helping you prioritise and manage your risks more effectively.*

*I'm really impressed with LCP Sonar, which is a great way of starting risk management discussions with the right focus. It's one of the more intuitive and engaging examples I've seen in the market and really helps trustees to focus their time and efforts on the risks most relevant to them. I'm looking forward to seeing more of my schemes use this framework to manage their risks effectively.*

**Chris Martin**, Executive Chairman, Independent Trustee Services Ltd





*Now is a good time to step back, take stock and consider what you can do to more effectively manage your pension risks.*

*How can you make risk management work best for you?*

A full understanding of covenant is key

Plan for uncertainty and evolve your journey dynamically

Keep on top of changing regulation and guidance



## What are the risks I should think about?

Our key risk framework – covering all aspects of your pension scheme in an integrated way - makes thinking about risks accessible and intuitive.

Measure what matters - focus on key risks

Work collaboratively with the sponsor

### Did you know?



On average LCP Sonar schemes have a gilts flat funding level of

**78%**



Over the year to 30 June 2019, LCP Sonar schemes on average increased their liability hedging by

**10%**



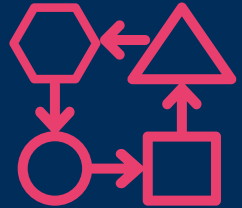
LCP Sonar schemes in net cash outflow positions will need to use their assets to meet benefit payments over the next year - around

**2%**

*LCP Sonar has given us these insights into trends affecting our clients*

# What are the next steps?

*Each pension scheme has a unique set of circumstances and your approach to risk management should be designed to work best for you. Your LCP adviser can use LCP Sonar to help you:*

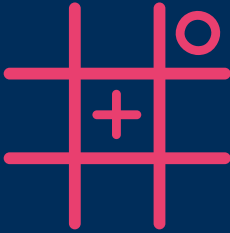


Consider what your contingency plans are in the key risk areas.



Develop your own bespoke metrics and/or dashboard to track your risks with actions taken if certain triggers are breached.

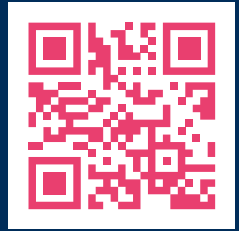




Put in place a de-risking framework or more detailed contingency plans eg in the event of your covenant weakening.



Consider how your scheme stacks up in future possible scenarios.



'Chart your own course' our blueprint for a successful journey.

*Have you identified your key risks and how to best monitor, mitigate and manage them? LCP can help you tackle your risks in an effective way.*

## Contact us

To find out more about LCP Sonar visit [sonar.lcp.uk.com](http://sonar.lcp.uk.com) or contact:



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*At LCP, our experts provide clear, concise advice focused on your needs. We use innovative technology to give you real time insight & control. Our experts work in pensions, investment, insurance, energy and employee benefits.*

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