



Fiduciary Management Survey 2018

Summary

Aon's ninth survey on fiduciary management for UK defined benefit (DB) pension schemes is the largest and longest-running survey in the UK pensions industry on this area of the market.

This year's survey represents the views of 190 respondents. 100% of these are pension scheme representatives in some form, including chairs of trustees, trustees and pensions managers.

Importantly, this is a survey of the entire industry and not just Aon clients; less than a quarter of respondents with fiduciary management are Aon fiduciary clients. The findings are therefore a good reflection of the entire sector.

More than half of the respondents to this year's survey have some form of fiduciary mandate in place, with large schemes increasingly likely to use a delegated investment approach.

Satisfaction levels also remain very high, with 94% satisfied or better with their overall experience.

The survey examines trends and developments within fiduciary management. It provides expert analysis and practical advice on key topics, including provider selection and performance measurement.

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You can download a free copy of the full survey report [here](#).

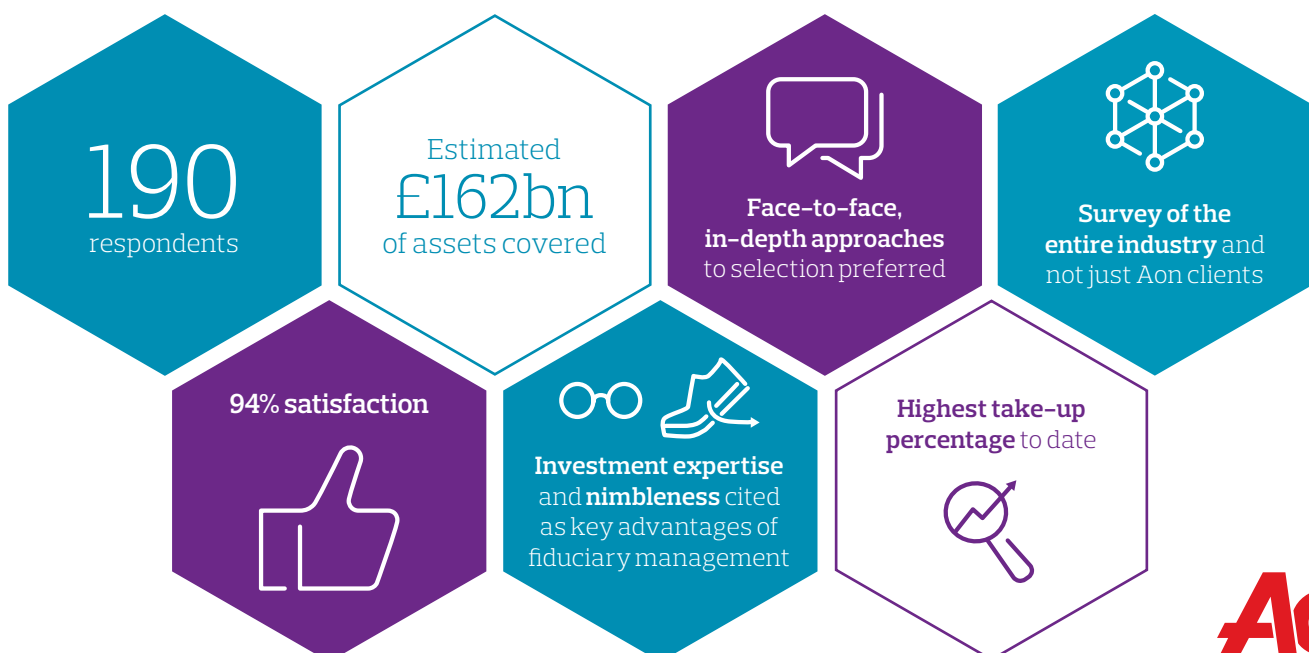
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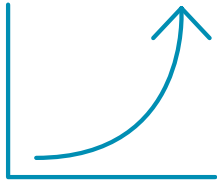
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Demand for fiduciary management continues to increase

- **For the first time, more than half (51%) of respondents to this year's survey have either full (35%) or partial (16%) fiduciary management in place**, up from just 18% when we first asked this in 2011 and compared to 48% in 2017.
- **The biggest growth in fiduciary management since the previous survey has been among large schemes**; 48% of £1bn+ schemes now have either full or partial fiduciary mandates, up from 40% in 2017.
- **Only 13% of respondents have ruled out fiduciary management as an option** – 87% of schemes either have or may consider a fiduciary approach.



Expertise remains the key driver of growth

- **The need for expertise in pension scheme decision making remains the most important factor when selecting a fiduciary provider.** 62% cite this among the top three criteria when choosing a provider.
- **Fiduciary management's ability to speed up investment implementation and decisions and a lack of trustee time** – both cited by 35% – are the second biggest factors.



Fiduciary management benefits

- **In 2018, nimbleness has overtaken investment expertise as the main advantage of fiduciary management** – 46% cite nimbleness, against investment expertise with 45%.
- **Schemes with fiduciary providers remain happier with the speed of investment decision making than those without.**
- **Those with fiduciary management continue to enjoy more diversified investment portfolios** than those without.



Fiduciary management continues to deliver high levels of satisfaction

- **Confidence in fiduciary management remains exceptionally high.** 97% say their client service is excellent, good or satisfactory.
- **95% report the same about their funding levels**, 96% about their risk controls, 94% about their reporting and 94% about their overall experience.



Selecting a fiduciary provider

- **A proven track record has returned to the top spot as the most important indicator when selecting a fiduciary provider.** 52% of respondents chose this, up from 47% in 2017.
- **The need for a dedicated fiduciary team has overtaken investment experience as the second most important criterion.**
- **94% of respondents cite transparency of performance and risk as an important feature of a potential fiduciary provider**, up from 90% in 2017, with 88% citing transparency of all fees and costs (up from 85% last year).
- **Schemes continue to use robust, face-to-face selection processes when choosing fiduciary providers**, 67% use beauty parades and/or site visits to get to know potential fiduciary managers. 55% of schemes carry out due diligence and 49% issue an RFP.
- **Fewer schemes than in 2017 are taking advice from third-party evaluators (TPEs)**, 32% take or would take advice from a third-party evaluator (TPE), down from 42% in 2017. Small and medium-sized schemes are more likely to use a TPE than their larger counterparts.



Measuring and monitoring provider performance

- **Schemes still prefer to monitor the success of their fiduciary manager against their own investment objectives**; this is the chosen measure for 79%, with medium-sized and large schemes particularly likely to favour this approach (82%).
- **This monitoring is carried out by the trustees in 72% of schemes.** Up from 70% in 2017 and 61% in 2016.
- **The use of TPEs to monitor performance seems to be less commonplace, with 24% reporting that a third-party evaluator monitors performance**, compared to 32% in 2017.



Top issues for DB pension schemes

- **DB schemes continue to be concerned about funding and returns**, particularly in the context of global political uncertainty and stock market volatility.
- **Sponsor covenant issues are an ongoing concern**, while those with schemes in surplus are interested in de-risking and self-sufficiency

About Delegated Consulting Services

Aon's fiduciary offering (Delegated Consulting Services) is focused on helping trustees and sponsors work towards better outcomes for their scheme members. We do this through helping you meet your unique long term objectives and, importantly, through improving your scheme's funding level. What makes us different? Only we ask the best questions and then really listen to exactly what our clients tell us. By working in partnership in this way we can then create a truly bespoke solution that is designed to meet your unique requirements. We don't just say bespoke, we live by it.

Aon has won fiduciary manager of the year awards for five years in a row. Our ability to create truly bespoke solutions has been cited as part of these award wins and is one of the reasons why our clients vary significantly in size and how we work with them. Examples of some of the solutions we can offer clients include full fiduciary with bespoke growth and liability matching portfolios and daily monitoring of triggers. We also offer single solutions (partial fiduciary mandates) such as hedge funds, alternatives mandates and flight planning with dynamic de-risking.

About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

For further information on our capabilities and to learn how we empower results for clients, please visit <http://aon.mediaroom.com>.

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