



Pensions
Law Debenture *Essentials*

Pension Scheme Risk Assessment

Law Debenture has been acting as a professional pension trustee for over 25 years. Our experience, today applied to over 250 pension schemes of all types and sizes, means that we are able to bring a unique perspective to the management of risk.

How trustees manage risk is a cornerstone of good governance. It is about an attitude of mind and a way of thinking and acting. It is not about 'ticking boxes'.

This, the fourth guide in our series of Law Debenture *Essentials*, is designed to help trustees identify and manage the major risks that a defined benefit pension scheme can face. A separate *Essentials* will look at the risks faced by a defined contribution (money purchase) scheme.

We have kept this guide at a 'high level'. As well as covering major risks, we look at the processes trustees should follow to enable risks to be identified. We offer practical suggestions about the steps that can be taken to address and control risk after having had the opportunity to reflect on the different emerging approaches for dealing with risk.

When implementing appropriate controls, trustees will need to exercise judgement and have a proportionate approach. It is not possible to eliminate every potential risk and the costs of controls will need to be justified.

What is important is that the trustees have considered the risks, their potential effects, and what should be done to mitigate them.

We believe that the only effective and sustainable approach to dealing with risk is one which is practical, which becomes integrated with routine activity and which is seen to result in useful and worthwhile improvements in the way a scheme is run. We hope this guide will help trustees find such an approach.



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Pensions
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Pension Scheme Risk Assessment

How to use this document

We have grouped the risks facing a pension scheme under the following broad categories:

- **Governance** – the risks concerned with how a pension scheme is run.
- **Investment & Funding** – the risks of inappropriate investment and insufficient funding.
- **Compliance** – the risks of not administering and managing a pension scheme within the law and regulations.
- **Operational** – the other risks concerned with administering and managing a pension scheme on a day to day basis.

For each of these four broad risk categories we have highlighted the associated risks and suggested practical actions.

For each item, trustees are asked to consider the risks posed, to assign a risk status (red, amber or green), and then to agree and record actions. The risk status will depend on the trustees' assessment of a combination of the probability of the risk occurring, its impact and the urgency of the need to take action to address it.

We have also included at the back of this *Essentials* a 'check-list' to help determine the most significant risks where further advice and action is needed. When action is required it is helpful to identify the action agreed, the person responsible and a target date for completion. Progress on the actions can then be monitored as part of the trustees' business plan.

We recommend that the trustees (or a sub-group, if appropriate) meet to consider this important topic and allocate sufficient time to do so.

It may also be helpful for trustees undertaking this exercise to consider a number of other publications:

- **The Pensions Regulator's Codes of Practice** and any associated guidance, in particular
 - No 1 Reporting breaches of the law
 - No 2 Notifiable events
 - No 3 Funding defined benefits
 - No 7 Trustee knowledge and understanding (TKU)
 - No 9 Internal controls
- **Law Debenture's *Essentials* series**
 - Pension Trustee Self-Assessment
 - Custody
 - Getting the best from your advisers and service providers
- **The Society of Pension Consultants'**
 - Note entitled Monitoring the Employer's Covenant

We also suggest that trustees review their risk assessment annually and as and when there are significant changes in circumstances.

Please note that this document is not intended to constitute advice or replace the need to take appropriate professional advice in relevant areas.

Copies of this document and previous *Essentials* are available to download at www.lawdeb.com under **Trustee and Other Services** click on **Pension Trusts** and then on **Essentials**.

Governance Risks

Governance is about how trustees undertake and discharge their responsibilities for running and managing a pension scheme. Good governance is essential for a well managed pension scheme. Poor governance can put members' benefits at risk.

Knowledge & Experience

Do we have the knowledge and experience needed properly to discharge our duties?

Suggested Actions

- Have an induction process for new trustees which covers both general pensions training and the scheme's specific circumstances.
- Identify training needs and arrange ongoing training.
- Be conversant with the Knowledge and Understanding requirements of the Pensions Act 2004 (see Code of Practice No 7 from the Pensions Regulator).
- Be familiar with the Pensions Regulator's Codes of Practice and Guidance and complete the on-line training programme 'Trustee Toolkit'.
- Maintain and periodically review training logs.
- Include training as a regular item on trustee meeting agendas.
- Agree a budget (money & time) for trustee training.
- Consider obtaining a recognised qualification, such as the Pensions Management Institute Awards in Pension Trusteeship.

Risk Status

RED AMBER GREEN

Actions Agreed

Employer

Is our relationship with the employer managed well? Do we have an effective two way communication channel?

A good relationship at a senior level will help to ensure that the employer recognises the legitimate objectives of the trustees.

Suggested Actions

- Confirm that the employer is aware of the nature and scope of the trustees' duties and responsibilities and acknowledges that these are different from the employer's.
- Agree which trustee(s) should liaise with the employer.
- Consider whether a written confidentiality agreement with the employer would encourage/enable the provision of relevant information by the employer.
- Invite the employer to send a representative to selected trustee meetings to discuss appropriate agenda items and for an exchange of information and views.

Risk Status

RED AMBER GREEN

Actions Agreed

Meetings & Minutes

Do we receive meeting papers and agendas in good time? Do we meet sufficiently often and for the right length of time? Do we have accurate, complete and timely records of our meetings and decisions?

Many of the potential risks to a scheme will be increased if trustees do not plan and conduct their business properly.

Suggested Actions

- Appoint a scheme secretary to be responsible for ensuring that agendas and meeting papers are prepared, collated and sent out sufficiently in advance of meetings.
- Ensure that draft minutes are prepared and circulated for comment by attendees soon after the meeting – ideally within 7-14 days.
- For each decision/action point – make sure that an ‘owner’ is appointed to ensure implementation.
- Consider how often and for how long meetings should be held.

Risk Status

RED AMBER GREEN

Actions Agreed

Conflicts

Do we have a process for recognising and managing our own potential conflicts of interest? Do our advisers have potential conflicts of interest?

Most trustees have other responsibilities, e.g. as an employee. Sometimes their other duties or interests may conflict with their duties as a trustee. Advisers may also advise the employer or other related parties.

Suggested Actions

- Maintain a register of interests.
- Be familiar with the Pensions Regulator’s guidance on conflicts of interest.
- Develop a "management of conflicts" policy and procedure.
- Consider appointing separate trustee and employer advisers, or identify the scope of conflict and ensure effective ‘chinese walls’ are in place.
- Ensure trustees understand their duties in respect of relevant information they obtain in another capacity.
- Consider appointing an independent professional trustee.

Risk Status

RED AMBER GREEN

Actions Agreed

Business Plan

Do we have an effective business plan and calendar?

Without a business plan, key responsibilities may be overlooked.

Suggested Actions

- Agree a business plan and calendar which are reviewed on a regular basis.
- Consider whether a ‘governance’ sub-group should be formed to oversee this process.

Risk Status

RED AMBER GREEN

Actions Agreed

Delegation

Do we know what the trustees are directly responsible for? Do we know what responsibilities the trustees have delegated, and on what terms?

Suggested Actions

- If trustee sub-groups/working parties are formed, such as an investment sub-committee, ensure that there are terms of reference clearly stating the extent to which decision making powers have been delegated.
- Specify the frequency and method of reporting by delegates to the trustee board.
- Maintain a central record of all delegated powers.
- Ensure decisions taken by delegates are properly recorded.
- Review delegations periodically.

Risk Status

RED AMBER GREEN

Actions Agreed

Advisers

Have we appointed all the necessary advisers and service providers? Are we satisfied that they are appropriately experienced, qualified and regulated?

Suggested Actions

- For each adviser and service provider ensure there is a formal agreement detailing the terms of appointment, including the service standards required. Ensure advisers and service providers have appropriate service standards, quality control procedures, business recovery plans, external quality accreditations and professional indemnity insurance.
- Review the performance of advisers and service providers on a regular basis (for a practical approach, see Law Debenture *Essentials* "Getting the best from your advisers and service providers").

Risk Status

RED AMBER GREEN

Actions Agreed

Investment & Funding Risks

Investment and funding risks are the risks that there are insufficient monies to pay the benefits that members are due. Trustees must be confident that they have adopted compatible funding and investment strategies, and that together these are consistent with a realistic appraisal of the employer's ability and willingness to pay such future contributions as may be required.

Security for Funding

Do we effectively monitor the strength of the employer covenant?

The strength of the employer's covenant is a vital consideration in many areas of the trustees' decision making. The trustees need to be sure which employers are supporting the scheme and have a good understanding of their businesses.

Suggested Actions

- Have procedures in place regularly to review employer accounts, credit rating and other financial indicators to help monitor the employer covenant.
- Establish a regular dialogue with the employer about its business and finances.
- Consider appointing a corporate financial adviser.
- Consider the Society of Pension Consultants' note entitled Monitoring the Employer's Covenant.

Risk Status

RED AMBER GREEN

Actions Agreed

Funding Target

Do we have an appropriate funding target both in the short term and in the long term?

The degree of prudence in the measurement of the actuarial value of the liabilities of the scheme (the 'technical provisions') must be considered in conjunction with the assessment of the strength of the employer's covenant and the investment strategy.

Suggested Actions

- Consider whether the current actuarial valuation assumptions for the liabilities of the scheme continue to be appropriate (both individually and as a whole) on a regular basis (e.g. annually); if necessary, commission a fresh valuation.
- Consider the extent to which the funding target might need to be changed in the future, e.g. strengthened in order to move towards a 'buy-out' of the liabilities with an insurance company.
- Obtain regular updates (e.g. quarterly) on the scheme's funding level.
- Be familiar with the Pensions Regulator's regulatory guidance with respect to scheme funding as well as Code of Practice No 3 (Funding defined benefits).

Risk Status

RED AMBER GREEN

Actions Agreed

Response to Change

How well prepared and protected are we in the event that the strength of the employer's covenant weakens or is threatened, or there are significant changes in economic or financial conditions?

Changes often happen quickly, and trustee boards are unlikely to be able to assess the position and react in time without forward planning.

Suggested Actions

- Actively plan for potential changes, know what their impact on the scheme is likely to be, and what the options are for the scheme.
- Ensure that the employer understands in advance what the trustees' response is likely to be to material adverse changes.
- Discuss with the employer ways of providing security other than by making contributions.

Risk Status

RED AMBER GREEN

Actions Agreed

Life Expectancy

Are we satisfied that we are using the most up-to-date information regarding life expectancy? How confident are we that our mortality assumptions are appropriate?

Life expectancy has improved substantially in recent years. The risk for a pension scheme is that this improvement will continue and that the mortality assumptions will not be sufficiently prudent.

Suggested Actions

- Consider with the scheme actuary whether the scheme's mortality assumptions take account of the characteristics of the membership of the scheme, are up-to-date, and make appropriate allowance for future improvements in life expectancy.
- Consider the scheme's sensitivity to further improvements in life expectancy.
- Consider, and keep under review, the full range of options by which the scheme's exposure to mortality risk can be managed.
- Consider the scheme's own mortality experience (the significance of any conclusions will depend on the number of pensioners of the scheme).

Risk Status

RED AMBER GREEN

Actions Agreed

Investment Strategy

Do we have an appropriate investment strategy?

Investment strategy must be set having regard to the nature and term of the liabilities and the strength of the employer's covenant. An inappropriate investment strategy can lead to excessive/inappropriate fund volatility and underperformance relative to liabilities.

Suggested Actions

- Establish the employer's appetite and capacity for risk, and confirm with the employer that the level of investment risk in the scheme is both understood and acceptable.
- Receive appropriate written advice regarding the suitability of the investment strategy and ensure that this takes account of the nature of the liabilities. Advice should be updated regularly (at least once every three years).
- Immediately review investment strategy in the light of any significant changes in the liabilities of the scheme and/or developments affecting the employer.
- Consider forming an investment sub-committee to provide sufficient time and focus for investment matters.

Risk Status

RED AMBER GREEN

Actions Agreed

Diversification

Are our investments sufficiently diversified between asset classes and within the asset classes themselves?

Diversification of assets is a fundamental way to reduce investment risk.

Suggested Actions

- With advice, consider the best way to combine the different asset classes having regard to (i) the level of risk and return desired and the level of complexity that can be managed, and (ii) the diversification of assets to protect against undue political and country specific risk.

Risk Status

RED AMBER GREEN

Actions Agreed

New Investments

Are we aware of new investment opportunities and techniques? Do we understand these sufficiently?

New investment opportunities may offer characteristics not available elsewhere and increase the scope for diversification.

Suggested Actions

- Be prepared to consider new investment opportunities.
- Challenge the investment adviser/fund manager on issues such as track record, correlations with other investments (and potential changes in correlation) and sustainability of returns.

Risk Status

RED AMBER GREEN

Actions Agreed

Performance

Are we achieving our targeted returns on the scheme's assets?

Meeting members' benefits in full in the longer term may depend on consistently achieving adequate investment returns.

Suggested Actions

- Obtain regular reports from managers and advisers and meet and review each fund manager at least once a year.
- Regularly review overall investment performance against benchmark and target (net of fees).
- Regularly review the investment objectives set.

Risk Status

RED AMBER GREEN

Actions Agreed

AVCs

Do we review money purchase AVCs periodically?

If insufficient time is spent reviewing and monitoring AVC provision the returns on members' AVCs may suffer or they may be more likely to choose inappropriate investment options.

Suggested Actions

- Obtain regular annual written advice on AVC provision covering whether there is an adequate range of investment options and how the funds are performing.
- Devote adequate attention to communication material and make sure that it is approved by the scheme's investment consultants.

Risk Status

RED AMBER GREEN

Actions Agreed

Compliance Risks

This is the risk that trustees or their advisers or service providers do not comply with regulatory requirements and the trust deed and rules.

Legal

Do we ensure that we operate our scheme within the law, applicable standards and codes, and our own trust deed and rules? Do we keep abreast of new legislation and other requirements?

Not doing so may mean that expensive corrective action has to be taken at a later date when additional funds may not be available. Trustees also risk personal censure and penalties.

Suggested Actions

- Ensure that any delegated functions are made to people or organisations that the trustees are confident have a full grasp of current legal and other regulatory requirements.
- Ask those carrying out delegated duties, e.g. the administrator, to certify quarterly or annually that they have complied with all relevant scheme rules, legal and other regulatory requirements.
- Receive regular updates from advisers on legislative matters and ensure that advice is acted on.
- Monitor the Pensions Regulator's website and sign up to 'news by e-mail' which is available free from 'on line services'.

Risk Status

RED AMBER GREEN

Actions Agreed

Events

Do we have a process for identifying and reporting notifiable events and reportable breaches?

Notifiable events are potentially high risk situations that the Pensions Regulator requires to be reported. There is a list of events (see Pensions Regulator Notifiable Events Regulations 2005) that trustees are required to report and a separate list that companies are required to report.

Suggested Actions

- Maintain a working knowledge of the Pensions Regulator's Codes of Practice No 2 (Notifiable events) and No 1 (Reporting breaches of the law) and associated guidance.
- Establish a procedure for timely notification of events and breaches to the Pensions Regulator.
- Ensure relevant persons receive a copy of the procedure. Ask for confirmation from the employer that it has its own procedure.
- Ask for written confirmation for each trustee meeting that no notifiable events have occurred.
- Ensure trustees receive copies immediately of any events notified by the employer and consider promptly what actions are required on notification.

Risk Status

RED AMBER GREEN

Actions Agreed

Documents

Do we have a complete set of documents governing the scheme?

Suggested Actions

- Appoint an individual to keep an up to date central database of all the key documents (some advisers and specialist providers provide online electronic databases).
- The appointed individual should also ensure that there is a summary prepared of key trustee powers and duties.
- All trustees and advisers should have access to the database.
- Consider having a chronological summary of key documents showing the purpose of each document.
- Ensure governing documents are kept up to date as part of the scheme's business plan and that they accurately reflect changes in legislation and members' entitlements. Ensure that a consolidating deed is prepared from time to time.
- Check that documents are consistent (in particular the trust deed and rules, the members' booklet, announcements to members and the forms of benefit statements – annual, leaver's and retirement).
- Maintain an archive of previous original documents.

Risk Status

RED AMBER GREEN

Actions Agreed

Operational Risks

These are the other risks connected with administering and managing a pension scheme on a day to day basis.

Accountability

Who is responsible for the day to day interface between the trustees and the service providers?

There is a risk that decisions taken at meetings are not promptly or fully implemented and the relationships with service providers are not effectively managed.

Suggested Actions

- Appoint individual(s) (with clear job descriptions) who are responsible for the day to day interface between the trustees and their service providers.
- Ensure that there is an identified individual who is responsible for ensuring that each decision reached at trustee meetings is implemented.
- The appointed individual(s) should report regularly to the trustees.
- Ensure that each adviser has a named contact of sufficient seniority with whom concerns/issues can be effectively raised and resolved.

Risk Status

RED AMBER GREEN

Actions Agreed

Administration

Are we confident that the scheme is being administered correctly?

The risks are that members suffer due to the wrong benefit amounts being paid, that there is a breach of the trust deed and rules, that trustees face sanctions and criticism, and that correcting mistakes is expensive.

Suggested Actions

- Have an administration agreement that includes service level standards (this applies both to in-house providers and to third party providers).
- Ensure adequate resources are provided to carry out the trustees' requirements of service delivery to members.
- Decide who will monitor the administrator and how performance against the service level standards will be reported.
- Consider what arrangements are in place for making an independent check on the administrator's procedures and work. For example, the scheme auditor or the internal audit department (if available) could be asked to do this.
- Put in place procedures for the prompt reporting of administrative non-compliance, member complaints and errors and omissions, so that significant matters are brought to the attention of the trustees in a timely fashion.
- A statement of compliance should be made quarterly (or more frequently if desired) by the administrator to the trustees.
- Consider what information the trustees require to monitor members' satisfaction with the service they receive.
- Request any comments on administration from the scheme's auditors and ensure that their management letter is considered by the trustees.
- Agree a policy regarding the retention of scheme records.

Risk Status

RED AMBER GREEN

Actions Agreed

Systems

Do systems upon which the scheme depends and used directly by the trustees or the employer, properly reflect the scheme's characteristics and requirements? Are these systems properly documented and supported? Are they secure? Are they compatible with each other?

This risk applies to employer systems used by internal administration, payroll and other HR departments. If these fail, the trustees may not be able to administer the scheme and to pay pensioners.

Suggested Actions

- Trustees, or someone acting on their behalf, should ask what if any are the issues with the current systems, how they are supported and how readily they can be adapted to cope with future changes in requirements.
- Consider whether these systems are compatible and are able to communicate well with each other.
- Arrange for the internal audit department (if available) or an external provider to review the systems for security and robustness to confirm that they adequately reflect the scheme's characteristics and requirements.
- Ensure that there are disaster recovery plans in place and that these have been recently tested with a satisfactory outcome.

Risk Status

RED AMBER GREEN

Actions Agreed

Key People

What would be the consequences of the loss of one or more key people?

Often the operation of the pension scheme depends on one key person with specialist knowledge, e.g. the pension manager.

Suggested Actions

- Consider where there is potential key person risk and how to respond in the event of his or her loss.
- Make sure that activities and procedures are documented so that they can be undertaken by a replacement.
- Have succession plans.

Risk Status

RED AMBER GREEN

Actions Agreed

Communication

Are we communicating the right information, at the right time and in a clear manner? Is it clear who the communication is from?

The risk is that members do not understand their rights under the scheme and take inappropriate decisions or fail to act.

Suggested Actions

- Ensure that members have access to sufficient information which is up to date, consistent and clear and will enable them to understand the benefits of the scheme.
- Ensure there is a periodic review on the trustees' behalf of standard letters issued to members.
- Be clear by whom (trustee or employer or both) each member communication is issued.

Risk Status

RED AMBER GREEN

Actions Agreed

Fraud

Have we examined the risk of fraud?

Trustees are ultimately responsible for detecting and reporting fraud and putting in place procedures for its prevention and detection.

Suggested Actions

- Trustees, or someone on their behalf, should consider the potential vulnerability of operations, particularly the segregation of duties between authorising a transaction and carrying it out.
- Seek assurance that there are appropriate controls in place to both prevent and detect fraud (e.g. pensioner checks, signing authorities).
- Ask advisers and service providers if they take part in the National Fraud Initiative scheme (where applicable).
- Be satisfied that advisers and service providers have documented and regularly review their procedures for the prevention and detection of fraud.
- Ask advisers and service providers to confirm that they will report any incidence of fraud promptly and fully to the trustees.

Risk Status

RED AMBER GREEN

Actions Agreed

Audit Reports

Have we considered and implemented any qualifications/recommendations made in the latest audit report, the auditors' statement about contributions and management letter (if any)?

Member' benefits could suffer and the trustees face sanctions if the issues highlighted are not addressed. Expensive corrective action may be required at a later date.

Suggested Actions

- Ensure that the audit report, the auditors' statement about contributions and management letter (if any) are considered at a trustee meeting.
- Review progress on recommendations during the year.
- Consider the brief to be given for the next year's audit. Consider whether there are any particular issues which should be examined.
- Consider supplementing with an internal audit review (if available).

Risk Status

RED AMBER GREEN

Actions Agreed

Assets

Are we satisfied that the assets of the scheme are safe?

The risk to the scheme is an irretrievable financial loss.

Suggested Actions

- Understand and be aware of the variety of ways that assets can be held and be satisfied that those used are appropriate.
- Review custody arrangements and procedures where the scheme has a global custodian (see Law Debenture *Essentials* "Custodians").
- Be satisfied that a reconciliation of custodian and fund manager report(s) is undertaken at appropriate intervals.
- Review who can give instructions and keep lists of authorised signatories up to date.
- Consider how cash is held by the scheme and third party providers to ensure that it is not unduly exposed to the failure of a single bank.
- Ask the investment adviser to confirm that the scheme is not unduly exposed to counterparty risk in respect of any derivatives (such as swaps) and stock lending.
- Ensure that any asset transfers have been reconciled and reviewed.

Risk Status

RED AMBER GREEN

Actions Agreed

Cash Flows

Do we manage our day to day cash flows effectively? Is our policy for investment and disinvestment of monies appropriate?

If investment of contributions or disinvestments are not planned properly then the scheme's investment strategy could be compromised. This is especially important for large transactions.

Suggested Actions

- Carry out a regular review of investment/disinvestment procedures and ensure that these are complied with.
- Put in place reporting processes to ensure contributions due are received on time.
- Take advice in relation to significant transactions.
- Maintain a regular cash flow report.

Risk Status

RED AMBER GREEN

Actions Agreed

Transitions

Have we considered the risks associated with asset transfers (e.g. between investment managers)?

Mis-management of asset transfers can lead to substantial losses.

Suggested Actions

- Appoint an appropriate professional (e.g. the investment adviser and/or a transition manager) to plan and minimise the risks and costs of asset transfers.
- Ensure that a full reconciliation is undertaken of any asset transition and that the transfer costs incurred are identified and considered.

Risk Status

RED AMBER GREEN

Actions Agreed

Data

Are we satisfied that the scheme's membership data is up-to-date, accurate and complete?

The risks are that incorrect benefit amounts are paid, that payments are made to those without proper entitlement, and that there are missing beneficiaries.

Suggested Actions

- The administrator should be asked (regularly) to reconcile the data held and to certify its completeness and integrity.
- Ask the scheme actuary and the scheme auditor to disclose what, if any, issues they have encountered with respect to quality, accuracy and completeness of membership data.
- Consider commissioning a specific audit by a third party of the adequacy and completeness of the membership data.
- Conduct a GMP reconciliation with DWP.

Risk Status

RED AMBER GREEN

Actions Agreed

Insurance

Do we have adequate insurance cover?

The risk is that the funding of the scheme may be strained if there is inadequate insurance.

Suggested Actions

- Establish that the benefits covered by insurance correspond to those promised under the rules of the scheme.
- Identify the areas of potential insurance and consider whether insurance would be cost effective and/or desirable when compared to self-insurance.
- Identify any significant limitations and exclusions in cover.
- Consider whether any liability caps required by advisers are reasonable.
- Consider whether the scheme is subject to any concentrations of risk such as members employed at a single location; consider catastrophe insurance.
- Seek confirmation that there are procedures for ensuring premiums are paid on time and reconciled.

Risk Status

RED AMBER GREEN

Actions Agreed

Check List

GOVERNANCE RISKS	RISK STATUS			PRIORITY			ACTION REQUIRED
Knowledge & Experience	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Employer	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Meetings & Minutes	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Conflicts	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Business Plan	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Delegation	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Advisers	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO

INVESTMENT & FUNDING RISKS	RISK STATUS			PRIORITY			ACTION REQUIRED
Security for Funding	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Funding Target	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Response to Change	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Life Expectancy	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Investment Strategy	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Diversification	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
New Investments	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Performance	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
AVCs	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO

COMPLIANCE RISKS	RISK STATUS			PRIORITY			ACTION REQUIRED
Legal	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Events	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Documents	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO

OPERATIONAL RISKS	RISK STATUS			PRIORITY			ACTION REQUIRED
Accountability	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Administration	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Systems	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Key People	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Communication	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Fraud	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Audit Reports	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Assets	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Cash Flows	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Transitions	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Data	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO
Insurance	RED	AMBER	GREEN	HIGH	MEDIUM	LOW	YES / NO



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