

**Pensions Insight**  
TRUSTEE CHAIR  
NETWORK

For the full survey results visit Pensions Insight's website: [www.pensions-insight.co.uk](http://www.pensions-insight.co.uk)

The winner of a bottle of champagne in our prize draw for respondents to last quarter's survey on investment consultants was Norman Braithwaite, chairman of trustees at Lafarge, Travis Perkins and LCH.Cleamet.

# Quarterly survey: pensions lawyers

Fees and quality of advice were just two of the topics covered by *Pensions Insight's* survey of the industry's legal advisors, Luke Clancy reports

Nobody particularly likes consulting a solicitor, but pensions schemes have no option, given the gamut of law and regulation that they have to deal with.

To test what the industry thinks about the quality of its legal advice, we carried out a survey covering trustee chairs and managers of pension schemes with a combined £34bn in assets.

Most schemes have tried and trusted relationships with their legal advisers, the survey shows.

Of those surveyed, most (36%) had had their legal advisers in post for more than 10 years, while 23% had employed their lawyers for between five and ten years. A fifth had employed their advisers for less than five years, while 13% had done so for more than 20 years and 9% for more than 25 years.

While 29% of schemes reviewed their legal advisers annually and 34% every three years, 23% did so roughly every five years, while 14% have never conducted a review.

Among the law firms commented on were Eversheds, Freshfields Bruckhaus Deringer, Linklaters, Mayer Brown, Pinsent Masons, Reed Smith, Sackers, Travers Smith and Wragge & Co.

## Issues most pressing

Asked for the most pressing legal concerns their pension schemes face, issues around scheme merger and consolidation ranked highly. Changes to deal with auto-enrolment were also cited as reasons to obtain advice, in addition to options for closure, and trustee powers on wind-up.

The trustee's role in assessing the employer's covenant and negotiating scheme-specific funding together with contingent asset arrangements was important to a number of respondents. One said: "In recent years our legal team has helped us to negotiate with our US sponsor and overcome five years of refusal to agree to permit any discretionary increases which particularly hit hard our pre-1997 pensioners."

Other pressing legal issues cited by trustee chairs included: reviewing deeds and simplifying

and consolidating rules; scheme design and cost mitigation; missing documentation; managing and resolving historic errors in the calculation of benefits; and trustee duties on investment strategy and ensuring the stability of the fund in the face of difficult economic conditions for the employer.

## Value for money?

On fees and charges, only 36% were definitely convinced that legal advisers' fees represented value for money. One respondent said: "Legal teams seem to grow like Topsy, but in an inverse relationship with perceived value for money."

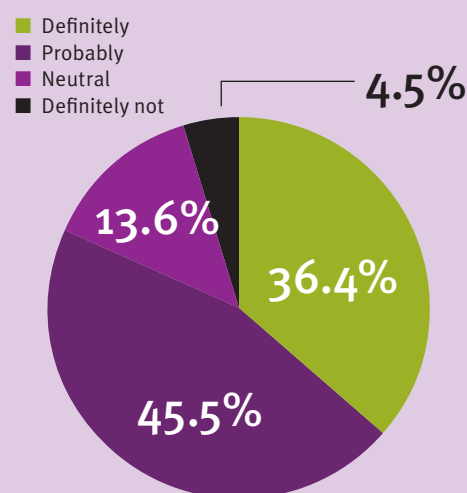
Trustee chairs said they appreciated time sheets submitted with full breakdowns of costs per responsible person. Further comments included "essentially one doesn't know if one could get the same advice and service elsewhere at a lower cost," and "all legal advice is expensive and for a small fund trying hard to keep costs under control such fees sometimes seem disproportionate." Another respondent cautioned: "Be wary of overpaying for advice and also of 'analysis paralysis'."

## Quality of advice

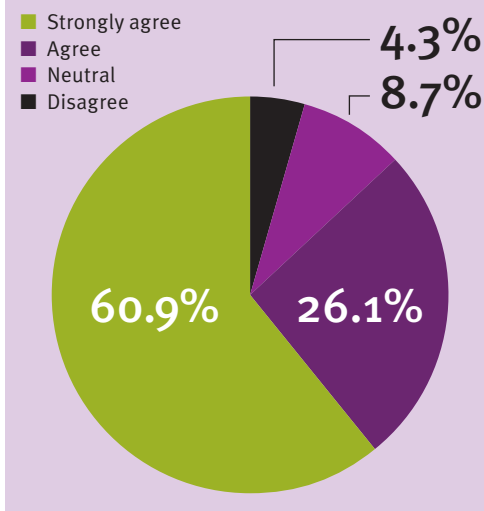
Promptness of response was an appreciated quality, as was having no reason to doubt or challenge advice received and getting counsel focussed on finding solutions rather than just an analysis of the issue at hand. However, the praise was not unanimous, since a significant quarter of respondents were unsure if the views obtained from their lawyer were clear and unambiguous. Further, just under a third (29%) were not sure their lawyer succeeds in providing solutions rather than just advice. One respondent said the quality of advice they received depended very much "on the firm and the partner."

Most surprisingly, despite the range of proactive services such as e-alerts, bulletins and seminars which law firms deploy for their clients, over a third of respondents (34%) believe their pensions lawyer does not take responsibility for keeping the scheme advised of legal matters that may affect it.

I am satisfied that the fees charged by my pensions lawyer represent value for money

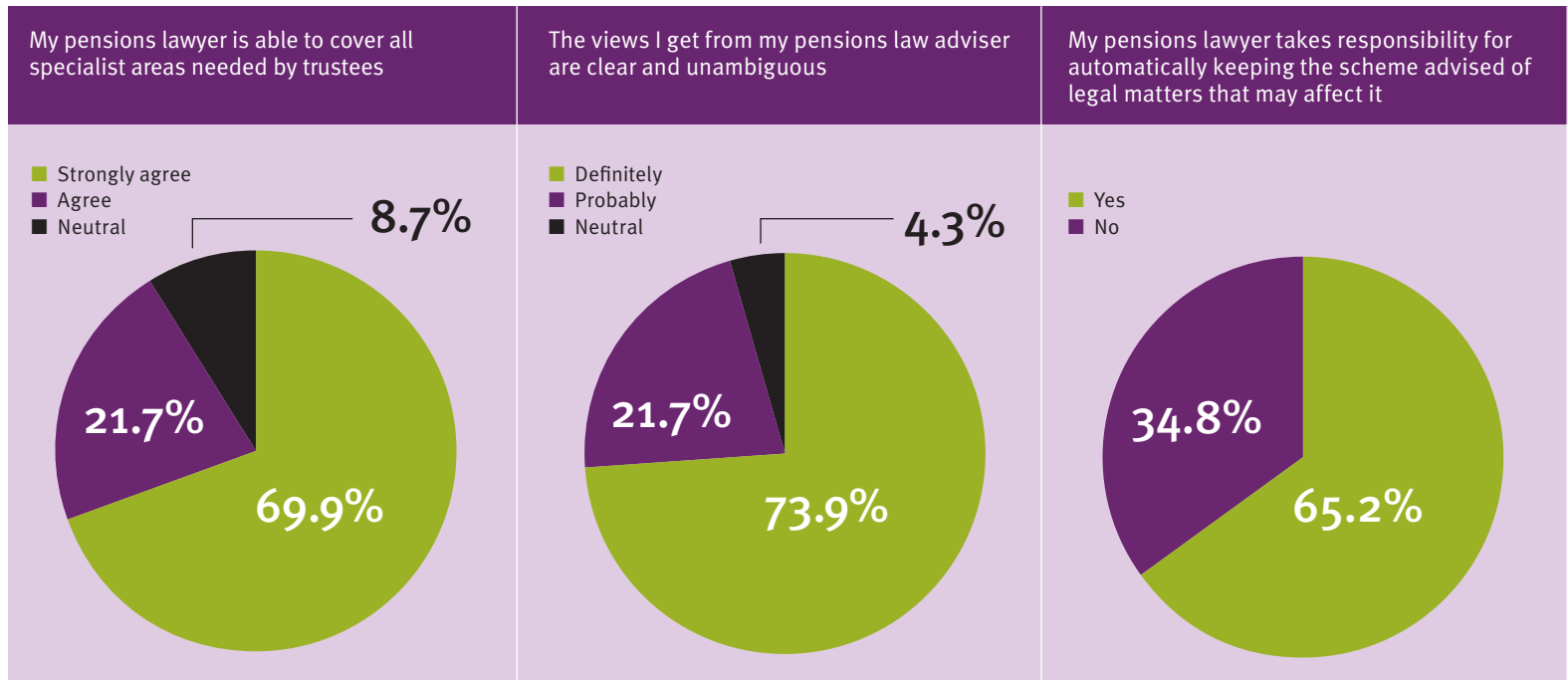


My lawyer understands the business realities in which my sponsoring employer operates



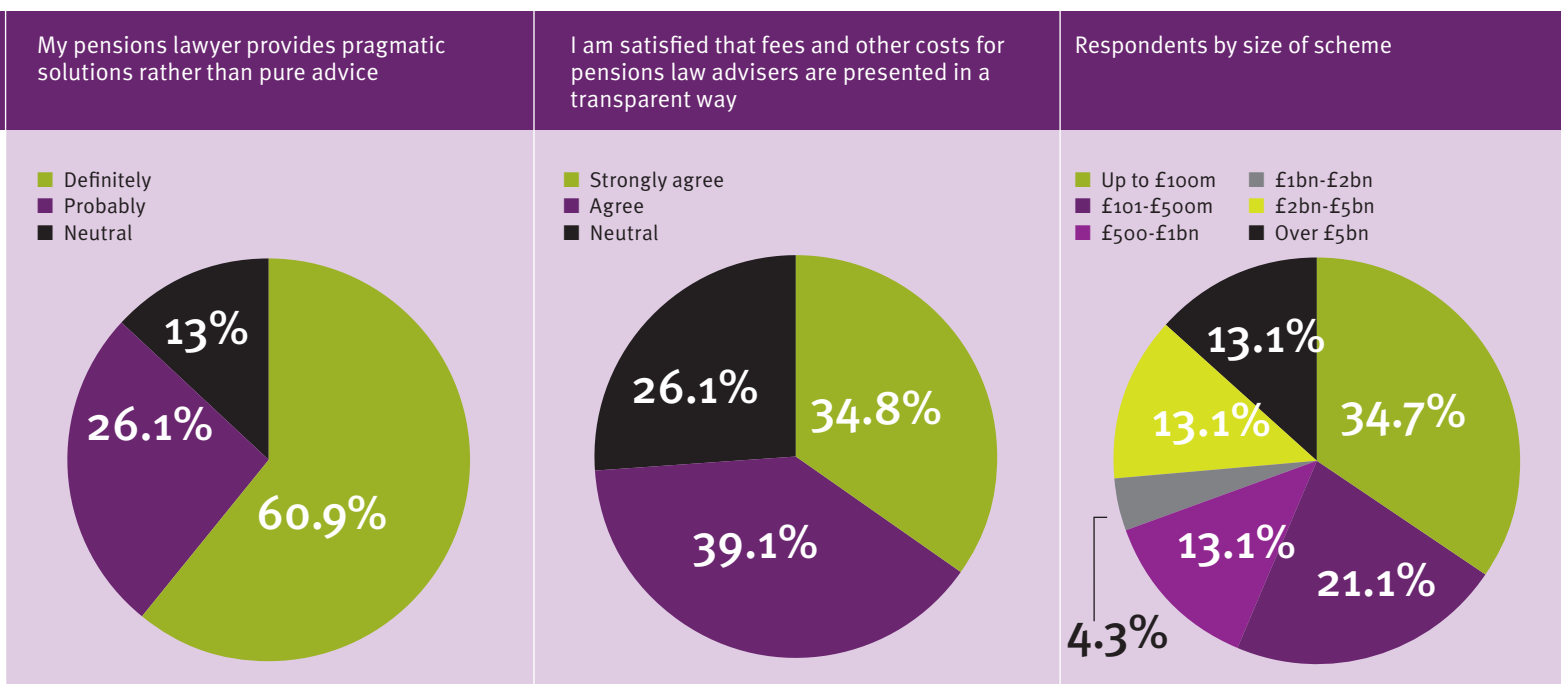
## Level of understanding

Asked about their lawyer's understanding of the business realities in which the sponsor operates, a minority (13%) were either neutral or dissatisfied with their adviser's understanding. However, a sizable majority were content with their adviser's understanding of the pension fund and its sponsor, especially those with larger advisers able to draw on expertise from other offices. ▶



Law firm	Year founded	UK offices	No. of UK pension clients	Size/type of pension funds targeted
Allen & Overy	1930	3	100	All sizes of occupational schemes, from executive schemes with a few members to schemes with several billion pounds of assets
Arthur Cox	1920	2	N/D	All
Baker & McKenzie	1949	1	200	Half are pension scheme trustees. Majority are defined benefit, £100-500m. Five schemes with assets in excess of £1bn
Biggart Baillie	1894	2	500	Typically £10m+ and 250+ members
Charles Russell	1891	3	60	£5-300m, particularly independent trustees and not-for-profit
Clifford Chance	1802	2	N/D	Principally large pension funds requiring complex high-end legal advice
Dickinson Dees	1975	4	200	£100-300m
DLA Piper	1790	8	500	£75-100m average size
DWF	1977	9	110	All types
Eversheds	1988	10	750	Medium to large defined benefit pension schemes
Field Fisher Waterhouse	1835	2	200	£50-600m
Freshfields Bruckhaus Deringer	1743	1	N/D	All types
Herbert Smith	1882	1	N/D	N/D
Hogan Lovells International	1899	1	500	20 clients with assets over £1bn and clients with assets below that level
Lawrence Graham	1730	1	70	All types
Macfarlanes	1875	1	30	Companies, investors and trustees (including independent trustees). Small schemes up to those with assets in excess of £1.5bn
Maclay Murray & Spens	1871	4	200	N/D
Maurice Turner Gardner	2009	1	N/D	A range of clients of varying sizes and type
Mayer Brown International	1863	1	350	Approximately 20 with assets in excess of £1bn, but bulk of trustee clients have assets in hundreds of millions
Norton Rose	1794	1	200	Approximately 60% are trustees. Average scheme £300m
Osborne Clarke	1748	3	100	£25m to £1bn
Pinsent Masons	1831	6	700	£10m to £1bn, DB, DC and hybrid
Sackers	1966	1	600	Top 200 by assets actively targeted
Shoosmiths	1845	8	250	£10-150m, mainly DB and hybrid with some DC
Simmons & Simmons	1896	1	50	Occupational pension schemes of all sizes
Slaughter & May	1889	1	N/D	Clients of all sizes, ranging from very small to very large schemes
SNR Denton UK	2010	2	45	£2m-£20bn
Stephenson Harwood	1875	1	300	DB schemes worth £5m to £7bn, although the majority £25-300m. Adviser also to DC schemes and PPF. Many clients not-for-profit
TLT	2000	2	80	£20-150m
Travers Smith	C19th	1	N/D	All types but mainly trustees of schemes over £500m
Wedlake Bell	1973	1	50	Employers, trustees, insurers and individuals. Schemes range in size
Wragge & Co	1843	2	300	All types

N/D: Not disclosed



UK pensions partners	Largest three clients (assets)	Proportion of annual turnover pensions related	Fees charged (£/hour):
3	HBOS Final Salary Pension Scheme (£7bn); ICI Pension Fund (£6.7bn); Pfizer Ltd Group Pension Scheme (£1.6bn)	N/D	N/D
1	N/D	N/D	N/D
4	Merchant Navy Officers Pension Fund (£3.1bn); Alstom Pension Scheme (£1.3bn); Serco Pension and Life Assurance Scheme (£1bn)	10%	Variable depending on lawyer
3	N/D	10-15%	£290
2	N/D	N/D	£385
4	N/D	7%	N/D
4	N/D	N/D	N/D
9	Universities Superannuation Scheme (£20bn); E.ON UK and National Grid Pension Schemes (£20bn); Royal Insurance Group Pension Scheme (£1.5bn)	3%	N/D
6	N/D	N/D	£100-375
15	Railways Pension Scheme (£20bn), New Airways Pension Scheme (£8bn) and Airways Pension Scheme (£6.5bn), J Sainsbury Scheme (£4bn)	4%	N/D
4	Electricity Pensions Trustee Ltd (£23bn); British Energy Generation Group (£2.9bn); Inchcape Motors Pension Plan (£500m)	3%	Up to £575
2	N/D	N/D	N/D
4	Railways Pension Scheme; Electricity Supply Pension Scheme employer body; E.ON	N/D	N/D
7	BT Pension Scheme, another major scheme which prefers no publicity and ITV plc Pension Scheme	2%	N/D
3	BMW (£4bn); L&G (£1bn), National Farmers Union Mutual Insurance Society (£800m)	3%	£300-525
3	N/D	N/D	Negotiable depending on work
4	RPMI (£16.4bn); Coats Pension Plan (£1.4bn) Weir Group plc	N/D	Negotiable depending on work
2	N/D	20%	£420-525
8	Prudential, P&O and Santander	N/D	N/D
7	Invensys Pension Trustee Ltd (£3.9bn); BMW (£3.8bn)	N/D	N/D
4	N/D	4-5%	N/D
18	N/D	N/D	N/D
29	Royal Mail Pension Plan (£25bn); Lloyds TSB Group Pension Schemes (£13.6bn); National Grid UK Pension Scheme (£13bn)	100%	N/D
3	N/D	£1.4m	£280-320
4	N/D	N/D	N/D
5	N/D	N/D	Does not have fixed hourly rates
3	Royal Bank of Scotland Group Pension Fund (£20bn); Sainsbury's Pension Scheme (£5.5bn); First Data Pension Scheme (£500m)	2%	Negotiable depending on work
4	TUI Travel, The McGraw Hill Companies, Barnardo's	4%	N/D
1	UPS; MITIE, Travelers	N/D	£135-350
4	N/D	7%	N/D
1	N/D	N/D	£130-410
7	Philips Pension Fund (£2bn); Mitchells & Butlers Pension Plan (£1.4bn); Fujitsu Services Ltd ICL Group Pension Plan (£2.2bn)	9%	N/D