



BTG Pensions Advisory

Our aim is to add value and optimise the financial outcome for our clients and business stakeholders.



BTG Pensions Advisory provide, through covenant assessments and independent business reviews, a financial evaluation of business entities with legal and moral responsibilities for underpinning the financial obligations of their defined benefit (final salary) pension schemes.

We aim to assist pension scheme Trustees by providing an independent analysis of their scheme employer, enabling them better to carry out their responsibilities for securing the funding of their scheme and of its ability to meet the expectations of its members on retirement.

Assessing the Employer Covenant

Undertaking an assessment of the Employer Covenant is now a well established expectation of Trustees of defined benefit pension schemes.

This is not surprising as its importance to a pension scheme's funding process continues to be emphasised by the Pensions Regulator in its Codes of Practice and Guidance, which it has reinforced again through its recent series of national scheme funding workshops.

It is fundamental to setting the assumptions underlying the principles on which a scheme's technical provisions should be calculated, assumptions which need to be 'prudent', reflecting the scheme employer's ability and willingness to continue to support its defined benefit pension scheme.

As the Pension Regulator's Code of Practice 03 states: "It is essential for the Trustees to form an objective assessment of the employer's financial position and prospects as well as his willingness to continue to fund the scheme's benefits (the employer's covenant). This will inform decisions on both the technical provisions and any recovery plan needed."

The turmoil brought about by the collapse of global markets and the credit crunch has not gone unnoticed by the Pensions Regulator with guidance first to Trustees and then to scheme employers and more recently consolidated in its June 2009 statement on 'Scheme funding and the employer covenant'.

That statement outlines a number of key questions Trustees should be asking in relation to assessing the employer's ability to provide support for the scheme in the long-term and of the consequences for the scheme in the event of an insolvency of the scheme employer.

Likewise, it addresses the need for professional advisers experienced in making credit and financial assessments in relation to the strength of the employer covenant to consider issues such as the employer's existing financial strength, future prospects and plans, intra-group relationships, its position in its industry sector and the likely impact of the wider economic situation on its financial position.

The success of our company results from the quality, commitment and hard work of our people.



BTG Pensions Advisory

BTG Pensions Advisory is part of the Begbies Traynor Group. The team comprises highly qualified professionals with years of experience in assessing the financial viability of all forms of business ventures including all aspects of business recovery, reconstruction, rescue, refinancing and corporate finance issues.

Our team also comprises individuals with direct regulatory experience having worked on secondment at the Pensions Regulator as members of its Scheme Funding team including the former Head of Scheme Funding.

Our Services and How We Can Support Trustees

Begbies Traynor Group, as the UK's leading business rescue, recovery and restructuring specialist, is uniquely placed to support Trustees in assessing their employer's covenant, addressing those issues relevant to identifying its financial strength and prospects and answering those questions the Regulator has posed for them.

Collectively we have already undertaken many employer covenant assessments ranging from those for SMEs, not-for-profit and charitable institutions to the largest national and international corporate entities.

We Can Support Trustees

- by a tailored approach to undertaking employer covenant assessments providing the Trustees with the information they require in a cost efficient manner
- by providing an in-depth knowledge and understanding of how the Pensions Regulator works and assisting in negotiations with the Regulator in relation to scheme funding
- by identifying the impact of proposed corporate transactions on the employer's covenant
- by assisting in negotiations with the scheme employer in relation to scheme funding issues and the impact of proposed corporate transactions
- by assisting in negotiations with the employer/ Regulator in relation to proposed corporate transactions and clearance applications
- by working with existing advisers and providing clear recommendations
- by encouraging and improving employer disclosure, an enhanced understanding of any group structure and the identification and location of key assets
- by providing innovative solutions for resolving stressed business situations and in negotiations with the PPF when reconstruction involves triggering an insolvency event

- by identifying where an employer could afford increased contributions over and above those offered to meet any Recovery Plan
- by providing Trustees with regular cost effective updates of the employer's covenant position as its circumstances change
- by identifying opportunities to obtain security over real assets or securing contingent asset protection
- by assessing the impact of Section 75 apportionments and other scheme related events.

Key Messages

An employer covenant assessment enables Trustees to fully understand their position and leverage prior to entering into negotiations with the employer.

Global Economic Slowdown

The economic downturn has had a severe impact on the employer covenant of many pension schemes. At a time when asset values have fallen, scheme deficits have increased and the financial viability of the employer has come under pressure.

Increased Risk

The recent dramatic changes in the global economy have created a new environment for Trustees – greater expectations, increased corporate and individual risk.

Decision Making Tool

An employer covenant assessment is a vital tool for utilisation by Trustees in addition to actuarial, investment and legal advice. Why does the employer covenant matter? It affects many key decisions that Trustee boards make!

Financial Strength

An appropriately tailored employer covenant assessment provides Trustees with a measure of the financial strength of the employer.

Tailored Assessments

Value adding and cost efficient covenant assessments are the result of a tailored and commercial approach applied on a case by case basis in a proportional manner.

Skilled Team

Begbies Traynor offer the combination of highly regarded industry experience, sound financial analysis skills and a pragmatic style resulting in a meaningful tool for DB pension scheme Trustees to use in their future interactions with the employer.

Our Approach

- Our team of independent specialists are professional and commercially astute, and focus on providing pragmatic solutions
- We deliver a high quality service which provides value for money
- We emphasise the importance of active communication at the commencement of an engagement to ensure that we understand the specific areas of concern for the Trustees
- The above enables us to tailor our approach and analysis appropriately and allows us to achieve a value adding outcome in a cost efficient manner
- We will not tell you what you already know!

About Begbies Traynor Group

Begbies Traynor Group is an AIM listed specialist professional services organisation, providing independent professional advice and solutions to businesses, financial institutions, the accountancy and legal professions and individuals in the areas of finance, restructuring and insolvency, investigation, risk management, commercial finance, pensions and specialist tax advice.

Our aim is to add value and optimise the financial outcome for our clients and business stakeholders. Begbies Traynor was originally founded as an insolvency practice. Through a strategic process of acquisition and organic growth, we now offer a wide range of specialist professional services to the business community. The success of our company results from the quality, commitment and hard work of our people. We now have more than 600 valued staff and partners based across a network of offices covering the UK.

International Coverage

Begbies Global Network (BGN) is a unique international professional resource, providing practical, cost-effective solutions for stressed and distressed businesses, which reflects the increasing globalization of markets. It offers a one-stop shop solution for stakeholders around the world, deploying a range of skill sets capable of dealing with even the most complex cross-border scenarios. Its members include insolvency practitioners, profit improvement consultants, turnaround and restructuring managers, forensic investigators, corporate intelligence experts and many other firms possessing equally valuable specialisms.

BGN members are not only respected players in their local markets, but are also internationally aware. They have embraced the concept of adding value rather than cost to assignments. BGN has members and associates in 101 jurisdictions, offering the services of over 6,000 partners, professionals and support staff. In addition to its strength in developed economies, the network has a particular focus in emerging markets and offshore financial services.



Offices across the UK (including Channel Islands) and overseas. www.btg-pensionsadvisory.com

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