



Workplace Savings

An Isio blog

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Is it time to review your DC investment strategy?

Who's this for: Trustees, Pensions Managers and Governance Committees

The Euros are fast approaching, and England are favourites to win after an encouraging performance at the World Cup three years ago. But let's not get carried away. If Germany's demise at the 2018 World Cup taught us one thing, it's that a lot can change in just a few years.

The potential for change is also true in an ever-evolving DC market.

I expect TPR weren't thinking about football when requiring that **'Trustees review their default strategy and the performance of their default arrangement at least every 3 years'**.

This means that for **trust-based Schemes** who last reviewed in 2018, it's time to review the default investment arrangements again this year.

Whilst these regulations don't apply to **contract-based schemes**, we strongly recommend that they also review their investments at least every three years to ensure their chosen Provider continues to provide a suitable strategy for members.

Key areas to look out for are:



Investment markets

- Much like a new, young player bursting on to the scene, is your default strategy investing in the hottest asset classes? Has your default strategy evolved to take advantage of changing market conditions?



ESG

- ESG has been discussed even more than VAR this year, but to what extent is your default incorporating ESG?



Performance

- Your team's league table result is what matters at the end of the season, and this is also true for your DC investments. Are your investments performing in line with expectations? Are other providers / strategies outperforming your default?



Member trends

- Football without the fans is the same as pension schemes without members. Does your default strategy meet evolving member demands? Does your default at-retirement strategy target align with how members are taking their pots?



Value for money

- Nobody wants to waste their money on seeing their team lose. Does your default charge members fair fees that are in line with the market? Do members value the benefits and services they receive for the costs and charges from the Provider?

So, if you haven't reviewed your DC investment arrangements for over three years, then what are you waiting for?

P.s. it's coming home.

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