

## Willis Towers Watson's Covenant service

### **Covenant is one of the central pillars of pension scheme risk management, influencing funding and investment strategies.**

A proportionate and objective assessment of covenant is key for scheme valuations, long-term funding objectives and understanding the impact of corporate activity. Equally, managing contributions and scheme risk is a business essential for all employers.

Our Covenant service offers a bespoke and balanced analysis, with clear opinions and recommendations on all aspects of an employer's financial affairs, including their business model and short- and medium-term outlook, and their legal obligations to the scheme.

In line with the Pensions Regulator's code of practice and guidance, we provide a clear steer on the level of contributions that might be considered appropriate in the context of the scheme and the security provided by the sponsor's support.

We are able to draw on broad experience gained from advising large and small schemes from a range of business sectors both in the UK and overseas, and can advise from either the trustee or corporate perspective.

Willis Towers Watson's Covenant service can support you in a number of areas, including:

- Setting out the strengths and vulnerabilities of the employer covenant and providing specific suggestions on how to work collaboratively to mitigate risks
- Evaluating the sponsor's ability to fund a scheme appropriately in 'business-as-usual' and stress conditions, including considering the scheme's impact on the sponsor
- Supporting trustees in their own covenant assessment process
- Advising on contingent assets and other covenant-strengthening mechanisms
- Assessing the impact of scheme restructuring and corporate transactions and advising on mitigation options where appropriate
- Implementing effective Integrated Risk Management monitoring frameworks

## Testimonials

“It is really refreshing to receive a covenant review in which the professional consultant actually shares some thoughts and expresses personal opinions, rather than simply regurgitating information that is already in the public domain and well known to all parties.”

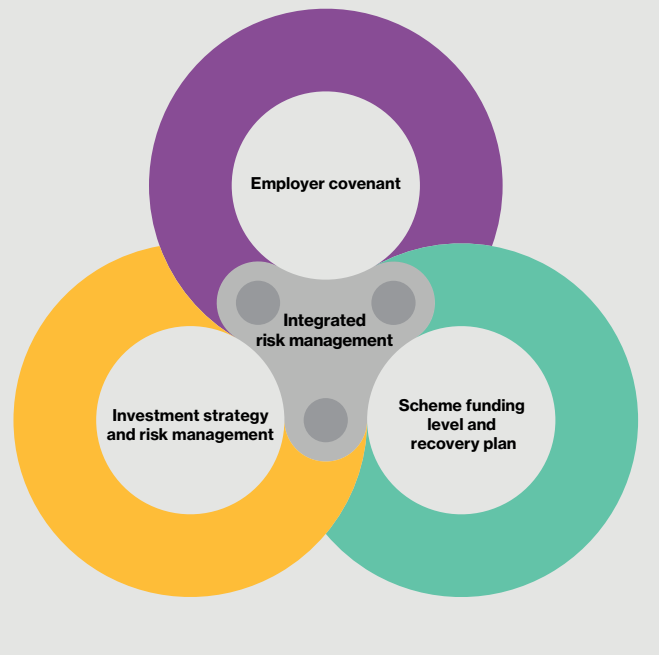
**The Chairman of the Trustees,  
Electronics and retail sector scheme**

“As trustees, we faced some probing challenges from tPR following the implementation of an apportionment arrangement. The Covenant team at Willis Towers Watson took a pragmatic approach and provided commercial advice that quickly allayed tPR concerns, drawing a line under the matter, thus saving the trustees both further time and costs.”

**The Chairman of the Trustees,  
Oil and gas sector scheme**

The Covenant Advisory Team comprises dedicated specialists led by Adrian Bourne. The team has a core background in complex corporate restructurings and the provision of advisory services to large creditors and corporates. Our clients range from small, single-employer schemes to complex multi-employer schemes with over £5 billion of liabilities. The team has a wide range of sector experience including finance, manufacturing, education, insurance, not for profit and retail, as well as expertise in dealing with both the Pensions Regulator and the Pension Protection Fund, where members have spent time on secondment.

Figure 1. Covenant informs funding and investment decisions



## Further information

For more information on Willis Towers Watson's Covenant Advisory Services, please contact:

### Adrian Bourne

Head of Covenant Advisory Services

+44 20 7170 2801

adrian.bourne@willistowerswatson.com

### Helena Mules

Director

+44 20 7170 2709

helena.mules@willistowerswatson.com

## About Willis Towers Watson

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 45,000 employees serving more than 140 countries and markets. We design and deliver solutions that manage risk, optimise benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas — the dynamic formula that drives business performance. Together, we unlock potential. Learn more at [willistowerswatson.com](http://willistowerswatson.com).

Willis Towers Watson  
51 Lime Street  
London  
EC3M 7DQ



[willistowerswatson.com/social-media](http://willistowerswatson.com/social-media)

Copyright © 2020 Willis Towers Watson. All rights reserved.  
WTW387400/01/20

[willistowerswatson.com](http://willistowerswatson.com)

**Willis Towers Watson**