

10 years of

# European Pensions Awards



## Happy 10th Anniversary European Pensions Awards

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2017 marks the 10th anniversary of the European Pensions Awards, and what a whirlwind of a decade it has been.

Launched by the team behind *European Pensions* magazine, the awards were the first-ever event designed to give recognition to pension providers working tirelessly across Europe to meet the needs of their members, be they a small firm working in one European country or a major organisation working on a pan-European scale, in either the DB or DC worlds.

The categories span across a multitude of disciplines, from consultancy and fiduciary management; investment management both on a grand scale or in relation to more niche asset classes; to law firms, risk managers, technology providers and administration specialists, to name a few. Over the years, new categories have replaced existing ones, as different investment trends, for example, have come and gone in response to the ever-changing economic

conditions. Likewise, different players in the European space have come and gone, with M&A activity always rife and new firms launching, often in response to changing legislation.

On a wider scale, much more has changed in the industry. Speaking to one of our longest standing European Pensions Awards judges, the Irish Association of Pension Funds (IAPF) CEO, Jerry Moriarty, highlights most notably the shift away from DB and state provision to more of an emphasis on private



# European Pensions Awards



sector and DC provision across Europe. In addition, he reflects, there has been a significant increase in the size of pension schemes and systems, particularly with the large Dutch and Nordic schemes, but also the emergence of funded social security schemes in the CEEC region. Many of those schemes, he explains, are using more sophisticated investment strategies in order to diversify and react to a low-interest rate environment.

Ten years ago, cross-border pensions were very much in discussion, with most pensions experts expecting them to dominate the European pensions landscape going forward. With the pensions directive in place since 2005, however, Moriarty explains that we haven't actually seen the growth of cross-border schemes that would

have been expected, with the revised directive coming into force in 2017 seeking to address that.

We have also seen, continues Moriarty, the growth of power and influence of EIOPA, with a strong push by them for harmonised funding requirements along Solvency II lines, which has been resisted for now, thanks largely to the efforts of PensionsEurope.

A lot has changed in relation to the economy also. Shortly after the first awards, we experienced the financial crisis, reminisces European Pensions Awards judge and International Employee Benefits Association (IEBA) treasurer Tim Reay. This triggered a dramatic drop in interest rates and long-term bond yields around the world, increasing companies' DB liabilities, and that, he argues, was the final nail in the coffin of DB provision. Ever since,

companies have been focusing on de-risking: how to try and manage those liabilities and particularly how to ensure no more arise, by changing future pension provision. This has led to the now largely DC world with which we are familiar.

We are also seeing, continues Reay, the rise of delegated consulting (although different people call it different things) and of master trusts, leading to a blurring of the boundary lines between consulting and investment management.

Finally, he concludes, technology is moving forward at a rapid pace. Ten years ago the iPhone had only just been invented. Now, employees can routinely manage their flexible benefit plans from their mobile phones, and increasingly make their pension decisions online as well. We are also seeing, he says, early steps



# European Pensions Awards

towards “financial wellness” and the blurring of the distinction between savings and investment, perhaps accelerated in the UK by the ability for people to take their pension assets as a lump sum, whether to buy a Lamborghini or to manage the assets themselves.

The European Pensions Awards judging panel chair, and Heathrow Airport Holdings head of pensions, Chris Parrott, also highlights that it has been a decade of – for DB pensions – increasing regulatory burden, with the impact of longevity and dampened investment returns

taking their toll on the DB space. There has also been an increase in the use of insured products. In addition, he says, a manipulated gilts market today arguably artificially overvalues liabilities, and this is all coupled with a lack of real guidance on what a ‘prudent’ approach really is.

DC, he reflects, seems to be at the other end of the spectrum. Freedom and choice in the UK, for example, allows access to pensions in different ways at different times – but there is a general lack of understanding of what those options really mean,

particularly the ongoing and long-term inflation impact on accrued funds. Finally, whilst there has been a move towards greater protection for DC member interests, Parrott argues that we still have a long way to go.

But while so much may have changed over the last 10 years in the European pensions space, what remains a constant is the hard work and dedication of Europe’s pension providers. The quality of the submissions that are put forward by companies across Europe gets better, year on year, as organisations





# European Pensions Awards

striving to showcase their devotion to their day jobs.

Similarly, the criteria our dedicated judges use in order to assess the entries and choose the winners have remained the same since day one. Hours are spent debating who stands out from the rest in terms of the excellence the entrants display in their day-to-day businesses; the innovation they have used in order to set themselves apart; and the efforts they have gone to in order to help improve European pension provision.

On that note, it is important for us

to extend a huge thank you to our judges who over the years have, between them, read thousands of submissions yet continue year-on-year to display enthusiasm for the role, while giving up hours of their own free time in doing so. *European Pensions* prides itself on having one of the most dedicated judging panels in the pensions sphere, and one of the most robust, transparent judging processes possible. As a result, anyone who goes home on awards night with a trophy can do so secure in the knowledge that they are truly worthy winners.

Similarly we must thank our sponsors over the years who have shown so much support, as well as all those firms who always take the time to enter – without you, we would not have an event at all.

This year's European Pensions Awards look set to be even bigger and better than ever, and we look forward to sharing details of the winners with you in the next issue of *European Pensions* magazine.

Congratulations to all our winners over the years – we are sure you are displaying those trophies with pride. ■

