

RISK MANAGEMENT IN PRACTICE

- MAKING RISK MANAGEMENT
ADD VALUE FOR OUR FUND



MICKEY LOWTHER

PENSION LAWYERS
ASSOCIATION

IN A MEMBER-CHOICE
DC FUND

GOOD GOVERNANCE
=
RISK MANAGEMENT



RISK MANAGEMENT IN PRACTICE

- OUR RISK-BASED MANAGEMENT STRATEGY
- Mission Statement (Based on s7C/D)
- Identified Risks
 - Strategic s7C
 - Operational s7D
 - Investment
 - Hazard
- Assessed
 - Not yet
- Mitigated
 - Governance Process

RISK MANAGEMENT IN PRACTICE

- MITIGATING DELEGATED RISKS
- E.g ADMINISTRATION SUB-COMMITTEE
- MANDATE
 - Admin agreement
 - Indemnity
 - Monitoring
- HOW MUCH MONITORING IS ENOUGH?

RISK MANAGEMENT IN PRACTICE

- MITIGATING RISKS NOT DELEGATED
- E.g DEATH BENEFITS DISTRIBUTION SUB-COMMITTEE
- MANDATE
 - Wrong use of discretion
 - Process document
 - Information gathering
 - PI cover
- Also some delegated risks

RISK MANAGEMENT IN PRACTICE

- INVESTMENT RISK
 - IPS
 - Communication Policy
 - Default portfolio
 - No member advice



RISK MANAGEMENT IN PRACTICE

- RISK MANAGEMENT STRATEGY
 - Documented
 - Managed
 - Ends with Fidelity & PI cover
- CONFORMANCE VS PERFORMANCE

