

Case Study E : *Independent Review of Future Accrual Closure Proposals*

- Company E is a NYSE-listed company with UK operations sponsoring a DB pension scheme
- Lincoln International was appointed as financial adviser to the Trustee of the Scheme
- As part of a broader cost-reduction programme, Company E proposed closing the Scheme to future DB accrual
- The Trustee asked Lincoln to review independently the validity of the “business case” being put by the sponsor to the Scheme in support of the Proposal
- We reviewed the proposals in light of Company E’s financial strength, market position and sector outlook
- Our role involved:
 - **Employer Covenant:** considering the short and medium-term viability of the wider Company E group and the impact on the employer covenant of Scheme closure;
 - **Affordability:** considering whether, in affordability terms, and taking account of matters including Company E’s competitive environment and its profitability, the Proposal was a proportionate response by Company E
 - **Appropriate:** assessing whether the Proposal could be in the members’ interests
- The Trustee negotiated certain improvements to the Proposal to augment the proposed DC arrangements
- In light of the actuarial, legal and covenant advice received, the Trustee supported the Proposal