



## Pensions and Reward

The issue of how to properly reward and motivate management and staff at all levels whilst satisfying other key stakeholders is one which concerns most organizations. Market conditions may mean that people can make the difference between success and failure.

Our international team comprises pensions, employment lawyers and tax advisers who have considerable experience in developing and implementing cost-efficient reward, compensation arrangements and stock-based incentive schemes tailored to each client's unique human resource and corporate strategy.

Our highly respected teams work together on executive and employee compensation arrangements to provide a one-stop integrated service.

### RELATED SERVICES

- Global Equity Compensation
- Tax

## CAPABILITES

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### Pensions

We have a dedicated team who understand the latest issues and work at the very heart of the pensions world. We are among a select group of firms with the global experience and resources to deliver seamless cross-border services. The scheme asset values of our clients typically range from £25m to £500m. We also advise a number of schemes significantly above this asset range.

Our pension lawyers cover every aspect of pension provision, including the creation, operation, regulation and restructuring of all types of pension fund in the private and public sectors, as well as the management of pension disputes.

We advise on all aspects of pension scheme regulation, management, litigation and restructuring, regularly acting for employers and scheme trustees. Our aim is to deliver practical, commercial advice, combining technical knowledge with a solutions-driven approach. We want to be our clients' trusted legal and business advisers so that they consider us part of their team.

#### **Our services include:**

##### **Scheme design and advisory**

We can advise trustees and employers about their duties and responsibilities in a clear and accessible way, helping them reduce the risk of non-compliance. Advising on over 500 schemes, including the second largest occupational pension scheme in the UK, our pensions team is well placed to help clients with the full spectrum of pensions issues. As well as advising on compliance with existing legislation, we make sure that we are fully aware of new legislation on the horizon so that we can alert clients to action they need to take. This is demonstrated by recent work we have completed for a number of clients in relation to automatic enrolment.

##### **Liability management**

Longevity and poor market conditions increasingly mean that employers who sponsor defined benefit pension schemes are increasingly looking for ways to manage their funding liabilities.

We have experience of advising employers and trustees on the full range of liability management activity. In particular, we have advised on a number of asset-backed funding structures and longevity swaps.

Many of these solutions require knowledge of a range of legal disciplines in addition to pensions, such as structured and asset finance, funds, tax, employment and insurance. As a large full-service law firm, we have lawyers in all of these fields and are therefore able to provide an integrated, experienced team to help clients implement their chosen strategy. We have also formed a cross-practice longevity hedging group comprising members of our pensions, structured and asset finance, tax and insurance groups in the UK and US to harness our experience in this highly complex area.

### **Mergers, acquisitions and other transactional work**

We have experience advising on all stages of corporate transactions from the initial due diligence exercise assessing what pensions issues arise to documenting the transaction by drafting and negotiating appropriate pensions warranties and indemnities.

We have a wealth of experience advising on all of the issues involved in these scenarios. If a transaction is cross-jurisdictional and a client needs to understand the way that pensions arrangements operate in different countries and the impact of the transaction on those arrangements, as a leading global law firm, we are able to call on an international team to provide this advice and we regularly co-ordinate the seamless provision of advice across multiple jurisdictions.

### **Pensions and retirement plan litigation**

Disputes arising out of pension schemes come in many different shapes and sizes, from references to the Pensions Ombudsman to multi-million pound disputes over such matters as surplus, statutory debts and investment returns. A dispute may be relatively insignificant in isolation, but its outcome may affect many members and thus have wide-ranging implications, both financial and otherwise. Also, such disputes often need sensitive handling owing to the trustee-member-employer relationships involved.

As a result of this, and given the highly technical nature of pensions law and the unique procedures used for pensions disputes, pensions litigation has become a specialised area. We are dispute resolution specialists who are in tune with the requirements of pension schemes. We understand the nature of the various relationships involved and we have both the specialist knowledge of pensions law and the experience of dealing with pensions disputes to be able to guide clients to successful solutions.

### **Pension fund investment and fiduciary compliance**

The pensions team, working together with our funds, regulatory and tax teams, are able to provide an integrated approach to the area of pension scheme investment. Investment advice will be crucial to trustees when they decide to enter into an investment, and our pensions team will work with your investment advisers to advise trustees on the nature of their fiduciary duties, compliance with the scheme's investment rules and we review the investment advice received to ensure it covers everything that the legislation requires it to.

Our funds team is highly experienced in undertaking reviews of arrangements and advising clients on negotiating the terms of their investment. Through our experience of also acting for a number of managers on the establishment of similar funds we are able to provide up to date advice on commercial norms and developing trends in these arrangements, whether within the UK or elsewhere, for the benefit of our clients.

## **Compensation**

We help businesses to create compensation arrangements, employee benefit and equity incentive plans that comply with the complex and rapidly changing rules of tax, pensions, employment and securities laws. Our services cover the full range of compensation arrangements, including employment, severance and change-in/of-control agreements, and stock option, equity and other incentive compensation plans.

We advise clients on the creation and implementation of efficient executive and employee bonus plans and profit-sharing arrangements, assisting businesses in devising bonus policy in the light of corporate objectives and shareholder issues, to reviewing existing employment contracts and terms to determine how the policy is best implemented, through to drafting of the plan terms and other appropriate documentation.

We also advise on alternative business structures and vehicles to the typical employer/employee relationship.

## Employee benefits

We advise clients on the full range of employment-related benefits, including flexible benefits, salary sacrifice arrangements and beneficial loan arrangements, and how to incorporate these arrangements into employees' existing compensation arrangements.

## Equity incentives

We have particular experience in designing, implementing and operating share-based incentive arrangements, from long-term incentive plans and stock option plans in a domestic context to plans that work across jurisdictions, to tax efficient ratcheted equity arrangements in the private equity sector. Our advice covers tax, employment law, transfer pricing, local services law regulation and filing and withholding and compliance obligations in relation to share-based remuneration.

## Global mobility services

We have a team of lawyers and tax advisers who come together to provide a holistic service assisting businesses through all stages of handling postings of internationally mobile employees from an initial evaluation to implementation and exit/re-assignment strategies.

## EXPERIENCE

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### Pensions

- Acted on a pioneering transaction in which we advised the trustees of a leading financial services insurance pension scheme on a high-profile, cutting-edge £1.9 billion longevity risk transfer/swap arrangement with a leading global investment bank
- Litigation on behalf of a Dutch pension fund with regard to instructions given by the Dutch Central Bank to phase out the fund's investment in gold
- Advice on modifications to previous pension schemes after an acquisition for a global beverage company
- Advising a leading hotel group on the pension aspects of its debt for equity swap, hailed at the time as the biggest debt for equity swap in UK corporate history
- Advising a trustee of a fund on nine separate hedge fund/pooled fund investments over the course of 18 months as part of the implementation of a new investment strategy
- Advised a parent company on the provision of guarantees to the trustees of a UK defined benefit pension scheme, as part of the funding negotiations which the UK employer had with the trustees. We also advised the same company on the provision of benefits for internationally mobile senior employees

### Compensation

- Designing and implementing a benefits cafeteria system for a major international IT company, including obtaining clearance for the system with the Dutch tax authorities
- Advising a multinational in the semi-conductor business on a claim by a Belgian ex-employee, temporarily working in the US, for a top-up on his pension plan, taking into account his higher US remuneration
- Advising a telecom company on the grant of options to its France-based employees in order to qualify for the French preferred tax/social security regime
- Advising an Italian company on the tax issues relating to a secondment of managing directors to its German subsidiary
- Advising a multinational client on the tax issues relating to the secondment of the managing director of one group company to serve as managing director of several other companies located in different jurisdictions
- Review of numerous stock option plans and other employee participation programs for various companies, both for national and international companies
- Advising on carried interest schemes and lucrative interest schemes for managers and other staff of private equity houses

## INSIGHTS

## Publications

### **Pension Schemes Act 2021: The new criminal offences and their potential impact on restructuring transactions**

25 October 2021

The Pension Schemes Act 2021 received Royal Assent on 11 February 2021. Most notable among its provisions is the introduction of two key new criminal offences into the Pensions Act 2004 (PA 2004). It is anticipated that these new offences will become effective at some point in autumn 2021.

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### **Pensions Round-Up November 2019**

20 December 2019

#### **PENSIONS ROUND-UP UK SERIES**

In this edition of Pensions Round-Up we look at developments from November 2019 including an update to the Regulator's guidance on DB to DC transfers and conversions and a DWP consultation on simpler annual benefit statements.

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## Events

### Previous

#### **How to handle long term sickness absence in the Netherlands, a high risk area for employers**

16 November 2021

Webinar

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#### **Global Employment Webinar on Return to Work Strategies, Vaccines and Testing**

25 May 2021

Webinar

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## NEWS

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### **DLA Piper advises Heidelberger Druckmaschinen AG on the restructuring of the company pension scheme**

2 July 2020

DLA Piper has advised Heidelberger Druckmaschinen AG on the restructuring of the company pension scheme, covering all employees in Germany. This was agreed by the Management Board and employee representatives of the company together with the IG Metall trade union.

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