

CURCIO ♦ WEBB

Curcio Webb helps defined benefit plan achieve funded status through improved OCIO monitoring

Situation

The sponsor of a \$600 million defined benefit plan was concerned about the Outsourced Chief Investment Officer's (OCIO) lack of progress improving the funded status. The plan was only funded at 82%, despite the prior 3 years of record market performance.

Challenge

The defined benefit plan was frozen and closed, and the plan sponsor had mandated a liability-driven investment policy. The OCIO was following the asset allocation guidelines of 60% return-seeking assets and 40% liability hedge – which put a constraint on achieving market returns.

Solution

After reviewing all the relevant documents and interviewing both parties, it became clear that neither the plan sponsor's performance expectations nor the OCIO's investment approach were well understood by the other party. Communication was poor and decisions were not properly documented.

Curcio Webb worked with the plan sponsor and OCIO to negotiate a new investment management agreement and a new investment policy agreement.

Decision

The OCIO firm assigned a new team to the project. The plan sponsor removed the constraints that inhibited the OCIO's ability to manage the defined benefit assets. Quarterly reports were customized to show the plan's progress in achieving its goals.

Results

The plan sponsor reduced the OCIO's fees by over 30%.

The new investment strategy created clarity around benchmarks.

The fund immediately got back on track, making progress towards the plan sponsor's goals.

The relationship between the OCIO firm and plan sponsors improved.

Are you considering hiring an OCIO?

Let us help you save money and reduce risk.

p. 847.279.7341

e. info@curciowebb.com

w. curciowebb.com