Scheme Review 2014/15

The pensions landscape has never been so dynamic and so daunting for Trustees, employers or those in the public sector. However, with the right advice there also many opportunities. We have picked out some of the key areas you may want to be thinking about at the moment.

Budget 2015 offers opportunities: the new flexibility offered in DC schemes plus the increase to the trivial commutation limits is an opportunity to review liability management options to see if risks and costs can be reduced or better controlled. Such an exercise can benefit all stakeholders by providing members with benefits that might suit them more whilst reducing potential liabilities.

Benchmark your pension costs: The Pensions Regulator has carried out a survey of the pension costs paid by DB schemes. The research shows that, for smaller schemes especially, there is still a huge variation in the amount paid in fees based on the cost per member with some schemes paying more than 10 times others.

When considering whether you are getting value for money from your advisors you need to consider what you are paying and what you are getting. As a minimum we would expect the following;

Cost	• Will depend on specifics so we can provide an indication of what reasonable fees might be • Fees should be transparent and, where possible, fixed
Service	• Online valuation tool with ability to model assumptions live at meetings • Innovative, personal and commercial advice taking into account scheme specifics • Reliable, accurate administration based around member experience

If you would like to benchmark your current providers, we can provide an indicative quote based on the number of active/deferred and pension members and number of Trustee meetings each year.

Strategic goals and how to achieve them: we have put together a proposition for pension schemes, which focuses on agreeing with the Trustees and Company the long term goals for the Scheme and how they might be achieved through a combination of liability management options, investment strategy and contributions from the company.

Experian Scoring: changes in the methodology has meant that some of our clients have moved from Band 1 (lowest risk of insolvency) to Band 8 (out of a possible 10 bands). We have put together a modeller to help our clients understand their levy and the options available to them.

New Funding Objective: what are the implications of the new statutory objective of TPR to minimise any adverse impact on an employer’s sustainable growth and how it can be taken into account without paying for an expensive third party review.

Admitted Bodies/participating in LGPS: Taking on ex-public sector employees usually means taking on their existing pension and redundancy rights. Consequently, employers can end up saddled with unanticipated and significant costs. It is vital that you obtain your own independent advice in order to understand these liabilities and ensure that you are being treated fairly.

Multi-employer Defined Benefit Schemes: If you belong to a multi-employer scheme how will the end of the opt out under which it was possible to just show the annual contributions payable through the income and expenditure account impact on your scheme.

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