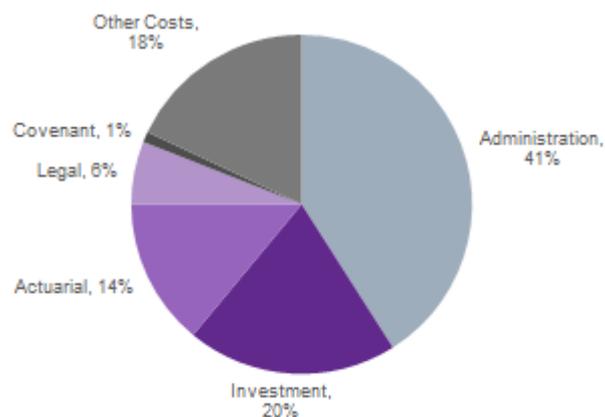
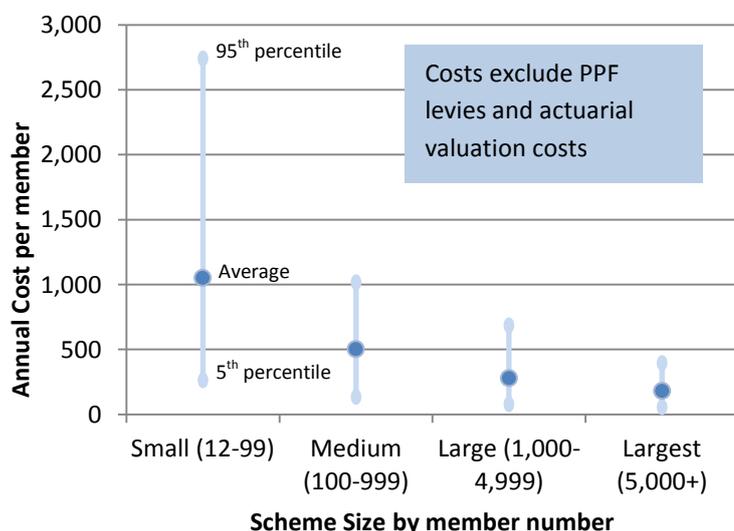


2014 TPR Pension Cost Survey

The Pensions Regulator has carried out a survey¹ of the pension costs paid by 316 private sector 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.

For schemes with less than 100 members the highest 5th percentile are paying almost £2,500 per member more than the lowest 5th percentile. Whilst care must be taken, as no doubt there is some variation in what precise services are being provided, what is clear is that some schemes are paying much more than others.



This will come as no surprise to the industry, the question therefore must be; are higher fees justified?

Argument made for higher fees	Justified	Thoughts
Cutting edge technology	x	Developments in technology and the arrival of specialist third party developers mean smaller providers are able to provide access to systems equivalent to the very best in the market. By adopting a modular approach clients only pay for what they want.
Big scheme innovations	x	Smaller schemes need to take care that these large scheme solutions make sense from a cost benefit perspective. There is also a much greater appetite for providers (such as insurers/investment consultants) to engage with smaller schemes to explore these types of solutions. Having an independent consultant can help you to manage the process and costs to make sure that they are efficient and cost effective.
Specialist teams	x	These tend to focus on the large clients where the costs are not prohibitive. If it does impact on smaller schemes, it tends to be a generic approach which might not suit your circumstances.
Top level consultants	x	We believe smaller schemes face similar problems as larger schemes but with smaller budgets and therefore need a more innovative and commercial approach. It therefore makes sense to have consultants that specialise in these types of schemes and will work on a large number of similar schemes. Also, where consultants charge big scheme hourly rates, they can rarely afford to devote sufficient time to deal with their issues efficiently.

We specialise in providing the full range of pension services to small and medium sized schemes and sit firmly on the side of affordable fees and practical solutions. Our annual per member costs (with an allowance for the investment manager fees) would be £325 for a 100 member scheme, £150 for a 250 member scheme and £100 for a 500 member scheme.

1. <http://www.thepensionsregulator.gov.uk/trustees/db-scheme-costs-tool.aspx>