

How to tackle your evolving administration challenges

Gary Cowler looks at highlights from Aon's new guide to pensions administration

Last month, we published our *Guide to Emerging Trends in Pensions Administration*. Based on evidence from our own experience, the guide identifies the challenges faced by schemes and their administrators and strategies to tackle them. Here, we summarise some highlights.

Increasing enquiry volumes

Whether your members have a positive experience of the scheme depends largely on the success of your administration. In recent years this has been truer than ever, as members seek to interact more with their schemes.

Pensions Freedoms have led to a sea-change in the levels and types of queries administrators face. Across the 250 or so schemes Aon administers, we have seen an increase in work volumes and activity levels of between 30-50% since 2013. This represents heightened member expectations and an increase in IFA involvement.

The changing landscape for transfers

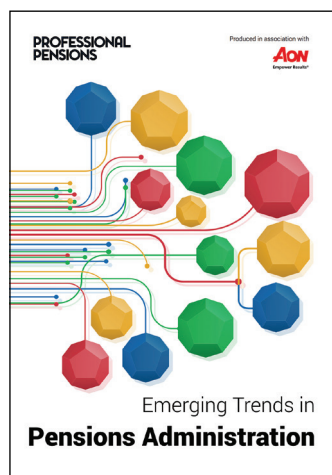
This has been most evident in the number and nature of enquiries around transfers.

Aon's 2018 *Member Options Survey* saw 90% of schemes reporting an increase in transfer volumes, with 40% seeing a significant increase.

Administration approach impacts member outcomes

As these volumes have grown, it has become clear that administrators play a key – and perhaps overlooked – role in optimising member outcomes. The way the administrator frames the transfer options available can have a significant impact on member choices.

There is a broad spectrum of



approaches trustees, sponsors and their administrators can take here.

You can be reactive and simply respond when asked for a transfer – the statutory minimum. You can broadcast generic information about transfer values or – and this is where it really makes a difference – explicitly quote the member's transfer value as part of the retirement quotation. The most proactive schemes also offer full support, including retirement modelling tools and IFA advice.

Whichever route you take, the decision architecture you or your administrator puts in place has a significant impact on members' choices and therefore their major life decisions. As practical or financial barriers or impediments to transferring are removed, the likelihood of transfer prior to retirement increases significantly. It is crucial that trustees and administrators are aware of this when shaping their approach.

Balancing the big picture with the day-to-day

Alongside their daily workload of queries and transfers, administrators are increasingly being asked to undertake major projects. These might be strategic

projects to support schemes' journeys to their long-term objectives; they might be driven by an external trigger – GMP equalisation, for instance.

We are working on more of these projects than ever before.

It is crucial to recognise the different skillset needed to support these. For instance, managing the data requirements around a complex buyout project is very different to dealing with day-to-day member activities. Equally, resource levels need to be flexible so that important projects can be delivered on time while maintaining a great member experience on the BAU front.

Changing nature of administration

As well as changes driven by external factors, members' needs and expectations are evolving, and this too is driving changes.

Schemes and administrators need to be alive to the implications of people working longer; of expectations around communication timescales – with email and social media driving an expectation of instant responses – and people's growing interest in their overall financial wellbeing.

How should you respond?

Operationally, your administrator needs to be equipped to tackle these changing challenges. The skillset and resource model must be fit for today's world. For instance, training call handlers to increase their 'first call resolution' means members go away happy and the administrator frees up resource to manage increased volumes elsewhere. Our experience is that by investing in this, 75%+ of members' queries or requests can be satisfied on that first call.

Work with your administrator to explore potential new

approaches and solutions to their challenges. A good administrator will use the lessons they have learned from past changes – and solutions developed in response to them – to inform their future approach.

Make sure they can balance your larger-scale projects with a great day-to-day service. Do they have the scale to deliver on major projects without risking everyday member service?

Do they work effectively as part of a wider integrated approach? For example, the increase in transfer requests, in tandem with heightened member expectations, demands ever-slicker responses. In this new world, a seamless process between administrator, actuary and investment consultant, to manage everything from the calculation to the communication to the cashflow, is more important than ever, for scheme and member.

A future-ready approach to administration

Effective administration will always be key to member experience, but it must be ready to deliver much more than that. Trustees, sponsors and administrators must work together to ensure your scheme can tackle your challenges and deliver against your objectives. ■

If you would like a copy of Aon's Guide to Emerging Trends in Pensions Administration, please email talktous@aon.com



Gary Cowler
Partner and co-lead,
UK Pensions
Administration, Aon

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