Case study

Lessons learned from a £600m buy in

Our client

A £1.3bn defined benefit (DB) scheme with over 16,000 members.

WOLSELEY

Background

The pension trustees decided to test the market to see if the time was right to secure a buy in of pensioner liabilities. There was a clear deadline for it to happen – the sponsor's year end. If it went ahead, the buy in would **affect the company's balance sheet** so open discussions between the pension trustees and the scheme sponsor were vital.

The big issue

The existence and quality of contingent spouse data!

The trustees wrote to members to collect and clarify data relating to contingent spouses, which they then had to reconcile via an agency search.

What we did

Keeping things moving – and overcoming issues encountered on the way – required intense **project management**. We took on this role, which also included organising lots of meetings, ensuring detailed minutes were taken and swiftly made available and liaising between all parties.

The result

We **achieved the buy in within the target timescale** and got the trustees **a good deal** (well, it was worth £600m!). It was a very competitive market, with **Pension Insurance Corporation** being selected in the end.

Punter Southall
Governance Services

Our top tips

1. Start the data reconciliation process immediately after the transaction is completed.

2. Make sure your pension administrators buy into the deal and are fully aware of timescales – data issues will need resolving and they need to factor that in.

3. Get contingent spouse data sorted before the transaction, if possible.

4. Writing to members may not be the best option. It may be more time and cost efficient to go straight to an agency.

5. Don't forget the GMP reconciliation process. It's an important part of the data reconciliation.

6. Have frequent calls with the administrators and the insurance company – they don't need to take long. It keeps everyone in the picture and helps pick up the small problems before they become bigger issues.