

Over my career, the defined benefit risk transfer market in the UK has moved from occasional landmark deals, to a near continuous flow of celebratory LinkedIn posts announcing the latest transaction. Improved funding, insurer capacity, and the emergence of solutions such as superfunds have moved many schemes closer to their endgame, faster than expected. The quality of data and accuracy of benefits (including GMP equalisation, of course) is often seen as the most crucial issue in respect of transaction readiness.

I increasingly see a sharp distinction between schemes that think about data and benefits as a technical clean up, and those that treat it as a strategic lever. That distinction in mindsets is now shaping who gets insurer attention, secures the best terms and avoids unpleasant post transaction surprises; and those who don't.

A pricing asset, not an operational chore

Trustees and sponsors know that data matters. They understand that inaccurate or incomplete records lead to queries and delays. In practice, many schemes approach "data readiness" as a checklist exercise: identify gaps, tidy up addresses, reconcile membership counts, produce a refreshed data file, and move on.

Insurers, however, are pricing a long term, non callable liability. They are not simply looking for a neat extract; they are making a judgement about how much faith they can place in the entire system of information and governance sitting behind that file, and the risks they are exposed to. From that perspective, the question is less "is the data clean?" and more "has this scheme really understood and de risked its data and benefits?". KPMG risk transfer specialist, Jenny Richards, who spent over six years at a bulk annuity provider, notes that "insurers want confidence in the liabilities they are taking on. This comes from the

Leading with data, succeeding with mindset

▶ Ranjit Shoker discusses the most effective way pension schemes can present themselves to insurers and superfunds, leading to efficient risk transfer processes



data, but also understanding the steps undertaken and why. The right suite of information and evidence can be powerful and an accelerator".

This is where our advice can prove particularly valuable. Internal teams and long standing advisers can be woven into the history of a scheme – legacy systems, GMP projects, benefit redesigns, mergers – making it harder to spot where assumptions have quietly hardened into blind spots. An external lens can challenge the narrative: do the benefits you think you are insuring align with what members are being paid? Do the rules, data and administration practice all tell the same story? And does the level of governance give confidence around unexpected liabilities?

Treating data and the governance

around it as a pricing asset, something that can actively improve insurer appetite and reduce margins for risk, is one of the most important mindset shifts trustees can make.

Moving from checking to understanding

At KPMG, we use technology to turn data validation into genuine insight. Traditional approaches relied heavily on sampling and manual checking. This meant trustees were, in effect, hoping that a relatively small number of test cases were representative of the wider population. For some schemes, that leaves a lot of risk on the table.

Modern methods can examine trends and patterns at speed. For example, technology allows us to quickly:

- Compare admin data against the benefits to be insured, with targeted sampling, to see whether the benefits members receive match what is being modelled.
- Run systemic checks to identify cohorts whose outcomes look distinctly 'off' compared with expectations.
- Analyse patterns to find inconsistencies that signal rule interpretation or implementation issues.

The point is not merely to certify that the data 'passes' a set of technical tests. The point is to understand what the data is telling us about a scheme's underlying story: where the risks lie, which issues are isolated errors, and which are embedded in the fabric of a scheme.

This moves us from validating inputs to identifying systemic behaviours, that influence how a transaction is structured and priced.

Confidence rather than perfection

There is a myth that schemes must achieve near perfect data to be attractive to insurers. That is neither realistic nor necessary. Most insurers know they are dealing with schemes that have been around for decades, often through multiple restructurings and changes in administrative platforms.

However, it is helpful to give confidence that a disciplined approach has been taken to understanding data and benefits, and that the most material uncertainties have been surfaced and resolved.

Credible assurance for insurers does more than list the errors fixed. It explains how the data and benefits were tested, why those tests were chosen, what patterns emerged, and the actions that were taken. This level of detail, with a focus on materiality, and the ability to quantify any residual uncertainties, can be very effective.

Insurers can then differentiate between schemes that have simply been through a 'data cleansing exercise' and

those that have genuinely de risked their information and benefit structures. The latter group is more likely to be offered stronger engagement, sharper pricing and fewer hurdles as the transaction moves towards more efficient completion. In an environment where insurer capacity is finite and timing is crucial, that differentiation matters.

Strategic decision making

Data and benefit quality are often framed as technical issues, but the decisions around them are increasingly strategic.

Trustees, and employers as ultimate bearers of the cost, must decide how far to go pre transaction: What to fix, what to disclose and price explicitly, and what to park for post buyout resolution. These are judgements about risk appetite, reputation and value, not just compliance. These decisions benefit from deep insights, and an articulation of the trade offs between cost, timing and residual risk in a way that speaks to the sponsor's broader financial strategy. KPMG head of DB corporate advisory, John Gething, says: *"Sponsoring employers are increasingly aware that pension scheme data can be a barrier to optimal and efficient decision making. That could relate to risk transfer, or equally other scenarios such as corporate transactions. Ultimately, moving at pace and the confidence that deep insights can create, reduces the chance of a nasty surprise and the cost of unexpected delays. All employers welcome this certainty"*.

Schemes that navigate these strategic decisions well are those that explicitly recognise data and benefit quality as a board level risk. Independent review not because regulators insist on it, but because they understand that weak data and unclear benefits are, ultimately, a financial exposure.

Also, I often find myself myth busting that this approach applies only to the largest schemes and comes at a premium price. In fact, the opposite can often be true, with many smaller schemes most

likely to benefit from the efficiencies that technology can bring, alongside deeper insights into data where good quality has not been maintained.

Members and trust

We must not, when focusing on pricing and insurer requirements, forget the human dimension. At the end of every bulk annuity or buyout are members who have built their retirement plans around the promises made by their employer and trustees.

Independent scrutiny of data and benefits, supported by powerful analytics, is not simply about satisfying insurers. It is about ensuring that those promises are correctly understood, properly recorded and faithfully transferred. When trustees can demonstrate, to themselves as much as to insurers, that they have interrogated their scheme's history, resolved systemic weaknesses and aligned practice with intent, they are doing more than protecting pricing. They are reinforcing trust in the pension contract itself.

What next?

The DB risk transfer market will remain busy. Insurers will continue to refine their expectations and selectivity. In that environment, schemes that treat data and benefit quality as a strategic asset, and invest in independent advice and cutting edge analytics to better understand and de risk that asset, will have a clear advantage.

Ultimately, transaction readiness is a measure of how well trustees and sponsors understand the liabilities they are trying to transfer, and of the confidence that both insurers and members can place in the journey they are about to undertake.



Written by KPMG UK head of trustee advisory, Ranjit Shoker

In association with

