

Speaking to Pensions Administration Standards Association (PASA) chairman Margaret Snowden I realise early into our chat that I am in the company of an admin evangelist.

“An important goal of PASA is to raise the profile of administration because it is absolutely fundamental to all that we do in pensions - and if we don't get the foundations and the basics right we fail,” Snowden states.

As we continue I see that Snowden is not a starry-eyed idealist about the importance of good administration but has a hands-on and practical commitment to the subject. It is not, she admits, the sexiest part of pensions but it is arguably one of the most important. “The administrator is the person who has the most immediate contact with pension scheme members – he or she is the window into the scheme,” she explains.

Best laid schemes...

Snowden grew up in Cumnock, Ayrshire - once a huge mining town – half an hour from Alloway, the home of Robbie Burns. The latter memorably said: “The best laid schemes o' mice an' men, Gang aft agley.” Snowden's role is to try and ensure that poor administration is not the cause of such trauma for pension schemes.

Understanding how things work

Snowden attended Glasgow University to study psychology. She researched ‘ageing and pre-retirement education’ – an early interest in the world of retirement. Her first job in the commercial world followed at Alexander Consulting (now Aon Hewitt) in Glasgow, where Snowden first became immersed in the world of pensions, not as a financial specialist but via, as she puts it, a ‘social route’. This included a fascination for processes - for “understanding how things work” (an inheritance from her engineer father). Servicing clients on pension matters was a crucial grounding in the industry. The next job at Sedgwick Noble Lowndes

Pensions people – Margaret Snowden

✓ Paddy Briggs talks to Pensions Administration Standards Association chairman Margaret Snowden about measuring and improving the quality of administration in pension funds



Margaret Snowden

(SNL) added to this practical experience including, crucially, trusteeship as she became a ‘guardian trustee’ on a number of clients’ funds. SNL was acquired by Mercer and Snowden was to move to London to work in their extensive pensions practice.

Becoming a pensions specialist

Whilst Snowden was furthering her pensions skill set she was also studying, becoming an associate of the Pensions Management Institute and completing courses at Ashridge, Cranfield and Harvard. She extended her experience

with Towers Perrin (later Watson) by taking on consulting roles on wider human resources management matters but says she realised she enjoyed the greater specialisation of the world of pensions.

So in 2003 she branched out on her own, setting up a one-man-band consultancy she called The Pensions Practice. Key consulting areas were pension fund governance and administration – areas that were often overlooked or sub-optimum even among some of the largest funds who called her in for help.

The variety of her clients and the diversity of their needs allowed her to keep up to date with the rapidly changing world of pensions. After 10 years as a consultant Snowdon became involved in start-up insurance company Lucida, joining as operations director. Lucida focused on the bulk purchase annuity market but the financial climate at the time (2006 onwards) was tough, with the buyout market fiercely competitive, and the company was eventually taken over by L&G. She is currently with JLT Employee Benefits where she is a director and chair of research and development.

Volunteer and representational roles

Over two decades Margaret Snowdon has had a series of increasingly senior 'day jobs', which cumulatively have given her a unique experience of the pensions industry.

Along with this she has been active in volunteer and representational roles with The Pensions Advisory Service, the Pensions Policy Institute, the Pensions Management Institute and other similar bodies – this service led to the award of an OBE in 2010.

According to Snowdon, pensions administration had been for many years a rather neglected area – certainly compared with tasks of running a pension fund's finances. There was a body that nominally provided advice and standards (Raising Standards of

Pensions Administration – RSPA) but the whole area was in need of more focused and proactive treatment. This led to the founding of PASA. Snowdon has been involved from the start and is now its chairman.

“Good administration is the bedrock of consumer protection in the world of pensions”

The goals of PASA

PASA, as its name suggests, sets standards for pensions administration and provides help and guidance to enable companies and funds to achieve them.

It operates, Snowdon says, on a “wing and a prayer” relying on volunteers and with no office or employees. PASA is a ‘community interest company’ – an interesting construct that places it firmly in the ‘social enterprise’ category.

It sets itself three main goals: (1) To define what ‘good standards’ in pensions administration are, (2) To record, publicise and provide guidance on these standards and (3) To provide an independent accreditation system.

Snowdon felt that far too great an emphasis is placed on measuring how long tasks take and too little in qualitative areas. “All too often administration may meet the time target but miss the point; it doesn't always pay to do it quickly,” she says. The focus is on five key areas – stakeholder relationships; measurement and reporting; operational risk, data and people. The accreditation (carried out independently after an audit by Baker Tilly) is outcome focused - the actual approach or methodology is far less important than performance.

The importance of data

One of the key areas for improvement in administration is data related. Many

schemes have been around a long time and have changed (e.g. by absorption of other schemes following corporate mergers) and data quality is variable. Snowdon is adamant this demands that funds do not cut corners on administration. “Administration is a third of the cost of running a pension scheme and is all too vulnerable to budget pressure. We want efficient schemes, but ‘cheap and cheerful’ won't do,” she says.

A key challenge is to keep good people – it is essential not to get rid of people with experience and good administrative skills.

The bedrock of consumer protection

“We need more schemes and providers to join PASA so that we don't have to run on a shoestring,” Snowdon says. “Good administration is the bedrock of consumer protection in the world of pensions. It would be a big mistake not to support what PASA is trying to do.”

The advent of pensions freedoms further emphasises the need. “Freedoms impinge upon the whole world of administration but they were introduced very hurriedly without giving people the tools to understand the risks and the options,” she says.

With the shift from defined benefit to defined contribution and the recent ‘liberation’ of workplace savings there has never been a time when retirees need more advice and administrators have to be at the heart of this. “We need people who can speak the language of the consumer and explain the options open to them. There is a huge space for administrators to step in to and help to bridge the ‘guidance gap’ and to be the ‘friend at the shoulder’ that retirees need,” Snowdon says. This may be evangelism – but it is based on sound common-sense.



Written by Paddy Briggs, a former member-nominated trustee of the Shell Contributory Pension Fund