



Driving pensions data forward – Another Ford first

▼ **Four months on from the launch of the first worldwide pensions data analytics tool, Sophie Smith talks to Ford EMEA pensions manager, Oliver Payne, to discuss how the system has helped the firm analyse its company pension schemes globally, and the key findings so far**

Ford may well be best known as the manufacturer of the world's first automobile to be mass-produced on a moving assembly line, but now, it has turned its attention to the individuals and employees behind that assembly line. Becoming somewhat of a guinea pig earlier this year, the firm was onboarded to Redington's technology platform, ADA, creating the first worldwide pensions data analytics tool.

In February, the two firms launched a unique analytics and scoring system, designed to allow side-by-side comparison of the value of Ford's pension provision across both defined benefit (DB) and defined contribution (DC) schemes on a global scale. The platform allows Ford to collate and compare its pension provision data for over 120 schemes across 36 countries, covering over 200,000 employees.

Based on key factors such as investment performance, costs and charges, contribution rates, and retirement outcomes, the system uses a pension scoring system across all schemes. The platform provides one central point for data and analytics, acting as a visualisation of how assets and costs are distributed across countries, and schemes, to show areas for improvement as well as aggregate value. Now, almost four months since the launch of the system, Ford EMEA pensions manager,

Oliver Payne, sits down with *Pensions Age* reporter, Sophie Smith, to discuss the findings so far, and the key lessons already learned.

► How has the digital platform supported you since its launch?

ADA has been very helpful in lots of different ways for various projects. Overall, the main benefit is that it acts as a single source of 'truth' for useful, comparable pension plan information (rather than having to access multiple data items from a variety of sources).

► Equally, what initial findings have you been able to pull from the new scoring system, has anything surprised or disappointed you?

Most surprising to me is the overall diversity of all of the pension systems around the world. At the start of this project, I naively assumed that most pension plans would follow similar models. In general they do, but it's surprised me how (pretty much) every country's pension system has unique aspects.

There have been lots of interesting and surprising results. I was particularly surprised by which plans stood out versus others, but I'm not sure anything has disappointed me (yet).

► How has the system helped from a

governance and data perspective?

Our pension scheme governance has always been strong at Ford (as you would expect from a process-driven manufacturer). What's been great about the ADA platform is that it brings all of our data into one place and allows us to sort and compare the information in multiple ways. This has helped easily highlight data items that stand out, and also point to where is best to focus our attention. For example, we can prioritise pension plans by size or amount of risk to easily quantify potential impacts.

► What benefit has the system had for both the scheme itself, and for individual members?

Overall, we now have a much more proactive, forward looking way of analysing our pensions around the world. Before ADA, our pension scheme information came from multiple sources, currencies, languages etc, so a lot of work would often go into looking back at what we had for each scheme and making various adjustments to align data.



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Now ADA gives us all the useful data for each scheme in one place and in a format that allows for easy comparisons around the world and multiple ways of drilling down to the required level of detail.

The other main benefit of ADA is that it is very transparent. So, we can always drill down plus download to excel for further calculations to fully understand our own data and scoring. It is also very easy to upload new data either through Excel or manually through ADA – with a useful audit trail feature for tracking updates.

From an employee's perspective, we now have a much better understanding of the value of each of scheme. We are conscious there are many aspects to value, for example the amount the employer pays in, what members get at retirement, impact of tax, state pensions etc.

We have built the ADA platform to give us a much better understanding of the value of all of these aspects so we are much better placed to help our employees around the world.

➤ What are the next steps for both the scoring system and digital platform?

The next step for the scoring system is to review the weightings we have applied to each of the key metrics that add up to get the overall score out of 100. We always intended the weighting of the scoring system to be an iterative process, so the platform was set up so that we can always breakdown exactly how the score is calculated and make adjustments to the overall weighting (if needed).

My hunch is some slight tweaks to the weightings could improve the distribution and sensitivity of the scores to give a better reflection of the cost and value of each scheme. We have had lots of great discussions about expanding the platform to increase functionality and pull in other sources of data and I'm really excited to see where this might lead.

➤ One of the initial aims was to provide analysis of employees' retirement readiness. But what

does retirement readiness look like, and how is it communicated with members?

The current approach to retirement readiness, and how it is communicated, varies around the world with each country applying different levels of focus. But the general aim is that we would like employees to be able to retire when they are ready without any major surprises.

Exactly what retirement readiness looks like will be different for each individual but, to simplify the analysis, we used replacement ratio calculations (effectively showing how much less income employees might get in retirement). This gave us really useful data that could be used for comparison purposes across all schemes/countries.

There have been surprises when considering this, both in how generous some schemes look and how low some of the replacement ratios are.

➤ Written by Sophie Smith