

Supposedly, the phrase “may you live in interesting times” is an ancient Chinese curse used to wish disorder and an absence of peace on an unlucky victim. The phrase’s true origins appear to be a little less mystical however, as it seems to be a slight simplification of 17th century historian and novelist Feng Menglong’s quote: “Better to be a dog in times of tranquillity than a human in times of chaos.”

The phrase’s background might be cloudy, but what is clear is that we are now living in interesting times. Most industries have had to adapt in some form to the ongoing global pandemic and pension administration is no different, having encountered new obstacles and challenges. We might even find that these interesting times are set to reshape the landscape of pension administration.

### Obstacles

As an initial step, it’s probably best to wise up on what difficulties the coronavirus crisis has caused for pensions administrators. The majority of issues stem from the fact that the workplace has become a no-go zone for all but key workers, a category that administrators do not fall into. This lack of time in the office already poses a clear challenge.

HS Admin managing director, Graham Hickling, says: “Whilst increasingly administration is reliant on technology it is still in many ways a fairly traditional job, in it being office based with people working effectively and collectively in teams.

“All of the pension administration staff employed by HS Admin are office based and will have been so for their whole careers; working Monday to Friday from the office. They have had to adapt very quickly to a home working environment, which the vast majority will have no prior experience of.”

Buck head of UK outsourcing, Lee Cook, adds to the importance of this issue, commenting that pension administration teams, which have historically been able to “physically collaborate”,



### Summary

- Lockdown conditions have posed a number of problems for administrators, from access to technology to the difficulties of using hard copies of documents.
- These challenges have highlighted the importance of the digitisation of certain processes and the need to replace or update archaic technologies.
- Some administrators appear open to increased home working in the future, while employee wellbeing and productivity are top priorities for others.

## Pension administration in times of chaos

**▶ The nation remains in lockdown and pension administrators are among the employers that have had to adapt to new ways of working. Duncan Ferris investigates some of the problems they have faced and finds out that some of the solutions might be here to stay**

have found themselves under pressure to “adapt quickly to their new virtual operating models without impacting service levels, quality or introducing new delivery risks”.

While employees have had to acclimatise to new workspaces that might also

be occupied by children, games consoles and boxsets, employers have suddenly been required to ensure that everyone has the resources to get on with their jobs from the relative safety of their homes.

Spence and Partners director, Alan Collins, highlights some of the major



technological requirements, stating that “the main obstacles to overcome were ensuring that staff had access to equipment and telephony systems, using Microsoft Teams and changes to operating methods”.

Cook agrees, noting that: “With a prevalence of laptops some organisations could quickly pivot to a temporary home-working solution, but even so, there remains the potential for over-reliance on office-based assets, such as printers, servers, desktop computers and access to paper member files, which presents challenging operational issues to deal with sustained periods of remote working.”

Aside from the problems caused by employees working at home, Collins explains that there has also been an increase in enquiries, with worried members checking “on what they can get and what might happen to their pension on death”.

Finally, he adds: “The other issue we identified was that people were struggling or reluctant to get out and post certificates for retirement or death.”

These issues and concerns all make sense, as each one stems almost entirely from the fact that both employees and members have been instructed to remain cooped up inside and safe from harm.

### Responding

Now that we understand what the most pressing issues have been for administrators, it's time to examine how administrators should conduct themselves during the pandemic and how the pitfalls that they face can be negotiated.

First off, it's important to note that The Pensions Regulator (TPR) and the Pension Administration Standards Association (Pasa) have released guidance that emphasises the need to pay promised benefits, ensure sufficient funds are available, and keep accurate records of any ongoing work.

PensionBee reported a 24 per cent increase in customers completing their first pension transfer in April 2020, showing that staff will still be busy dealing with members moving from scheme to scheme.

However, dealing with defined benefit (DB) transfers is likely taking up less time than ever before, as XPS Pensions data from May showed that DB transfer activity has fallen to record lows and TPR has confirmed it will not use its powers for a period of three months where trustees suspend transfer values.

Pasa called for daily leadership and operations calls to keep employees up to speed with developments, while also stressing the need to communicate with members, to use straight-through processing to adhere to investment instructions as quickly as possible and to review cashflow policy.

Overall, investment in technology also appears to be key in heading off obstacles, allowing employees access to everything that they might take for granted in an office environment. At the most basic level, this means ensuring staff had access to necessary equipment and systems, but there is added complexity beyond this.

Aon UK pensions administration partner and co-lead, Gary Cowler, comments: “Our 650 administration colleagues operate on one software platform, with a single operating model, they've all had laptops for some time and we test home-working and business continuity capability regularly.

“This means that we were able to shift 100 per cent to a remote working model in under a week in March and, crucially, every team in each of our locations has remained fully operational throughout the crisis.”

In response to the issues surrounding post from members, Collins states that Spence and Partners “accelerated a plan to introduce online identity verification”, which means that members “can now settle most benefits without having to send us certificates”.

He adds: “In relation to treasury management, we have also adopted Adobe Sign for electronic completion of investment and disinvestment instructions.”

Technological adaptations of processes appear to be the name of the game, with hard copies of all manner of documents falling by the wayside due to the lack of convenience under pandemic conditions.

Cook explains that some of Buck's operations have been tweaked in order “to digitise wet signatures and to streamline the various approvals”, while he adds that the firm also “added some prudence to our cashflow modelling and available reserves to counter any liquidity or disinvestment concerns”.

Pasa board director, David Pharo, highlights “requiring members to send certificates on benefit settlement, submit paper forms by post, investment managers requiring instructions by fax, or a reluctance by trustees to embrace offering members the option of self-service via a website” as practices that now appear to be “stuck in time”.

“Solutions are also being evolved to address the challenge of making cheque payments to pensioner members who are

reluctant (or unable) to move away from receiving a physical cheque,” he adds.

Cowler states that, once the fundamental operational needs have been fulfilled, businesses can turn their attention to other important issues that their employees might be struggling with.

He comments: “For instance, colleagues are operating effectively so we have considered what we can do to ensure they are comfortable when home-working; providing monitors to support working with laptops has helped with this.

“We’ve also been able to focus on wellbeing, supporting flexible working patterns and keeping people connected regularly. It’s interesting that, although we’ve had the supporting technology in place for some years, it’s taken this crisis for us to embrace it fully and so many of us have been more connected to colleagues than ever before.”

Buck senior pension administration manager, Ross Wilson, agrees with this focus on wellbeing, stating: “Perhaps most importantly, we are keen to reinforce our cultural values in this difficult time. Technology has enabled us to keep close to our teams through daily huddles to ensure everyone feels supported and no one feels alone, irrespective of their circumstances.”

### Long-term changes

With such a litany of changes having been made in order to adapt to life in interesting times, it appears that a number of administrators are now questioning which changes they might keep hold of in the long term.

The matter that appears dominant in the mind of administration firms is whether working from home could be

increasingly adopted once society goes back to something that we might refer to as normal.

Cowler states that it has become clear that “we can make a more flexible model work better and in the interests of clients and colleagues – and that’s the intent we will take into the future”.

Collins agrees, commenting: “Working from home is really working for us and our staff. We invest heavily in technology and this has paid back. We are actively reviewing how we work in the future post-Covid. It will certainly provide us and our staff with more flexibility and has clearly demonstrated that remote working works.

“It also demonstrates that location is likely to become less and less of an issue going forward – very much “work from anywhere” rather than say ‘work from home’ or ‘work from office.’”

While this sounds like an enticing prospect, as I’m sure many of us would love our working day to take place by a pool and a plateful of calamari in Santorini, not everyone is quite so excited about the idea.

Hickling states: “We don’t envisage that there will be any major changes once the crisis is over. Whilst home working is working well, we see definite benefits of our administration staff being office based in terms of working collaboratively together in their respective teams. This is most easily achieved by employees being together physically.”

With opinion split on the benefits of working from home, or sun-kissed Hellenic isles, most administrators seem to agree that their coronavirus adaptation measures have highlighted other ways in which their operations could be improved.

Pharo sees the importance of this, as he says: “Reflecting on the situation we have all found ourselves in, we shouldn’t lose sight of the fact that this has presented the industry with an opportunity to review certain practices.”

Collins says the situation has increased the importance of the development of a new phone and web app, which is designed to offer members everything they need for self-service and will reduce the need for administrators to field routine enquiries.

Hickling comments: “We do see that virtual meetings will continue post coronavirus. These have generally worked well during lockdown and are much more effective than voice-only conference calls.

“Whilst regular quarterly trustee meetings may well continue face-to-face post-lockdown, we see that many other face-to-face meetings and voice-only conferences can be carried out at least as effectively, if not more so, by video calls.”

It seems that, as humans living in chaotic and interesting times, pensions administrators can now examine how they will adapt to a ‘new normal’ where there are new opportunities to improve the wellbeing of their employees and members, alongside improvements to archaic processes.

Cook sums up the situation well as he says: “Through what has undoubtedly been a horrendous and uncertain time for many, there are many opportunities for us to learn and support better work-life balances, open up new talent pools and continue to innovate and drive more efficient ways of working.”

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