Making the move

Moving to a new consultant/provider can be a challenging time. Therefore, *Pensions Age* looks at the optimal processes to implement before, during and after the move to ensure a smooth transition

Before

Before contemplating a move, first have a conversation with your current provider.

"If the current provider seems expensive, simply ask them if they can improve their terms. Some providers will lower their charges enough to make it unnecessary to switch to a new provider," Quantum senior consultant, Robin Dargie, suggests.

Take the time to consider why you want to move and what you wish to achieve from this.

"Before embarking upon a change, it's important to be clear on your objectives so that you can assess whether the arrangements meet members' needs, both now and in the future," SPP member, Dan Smith, says.

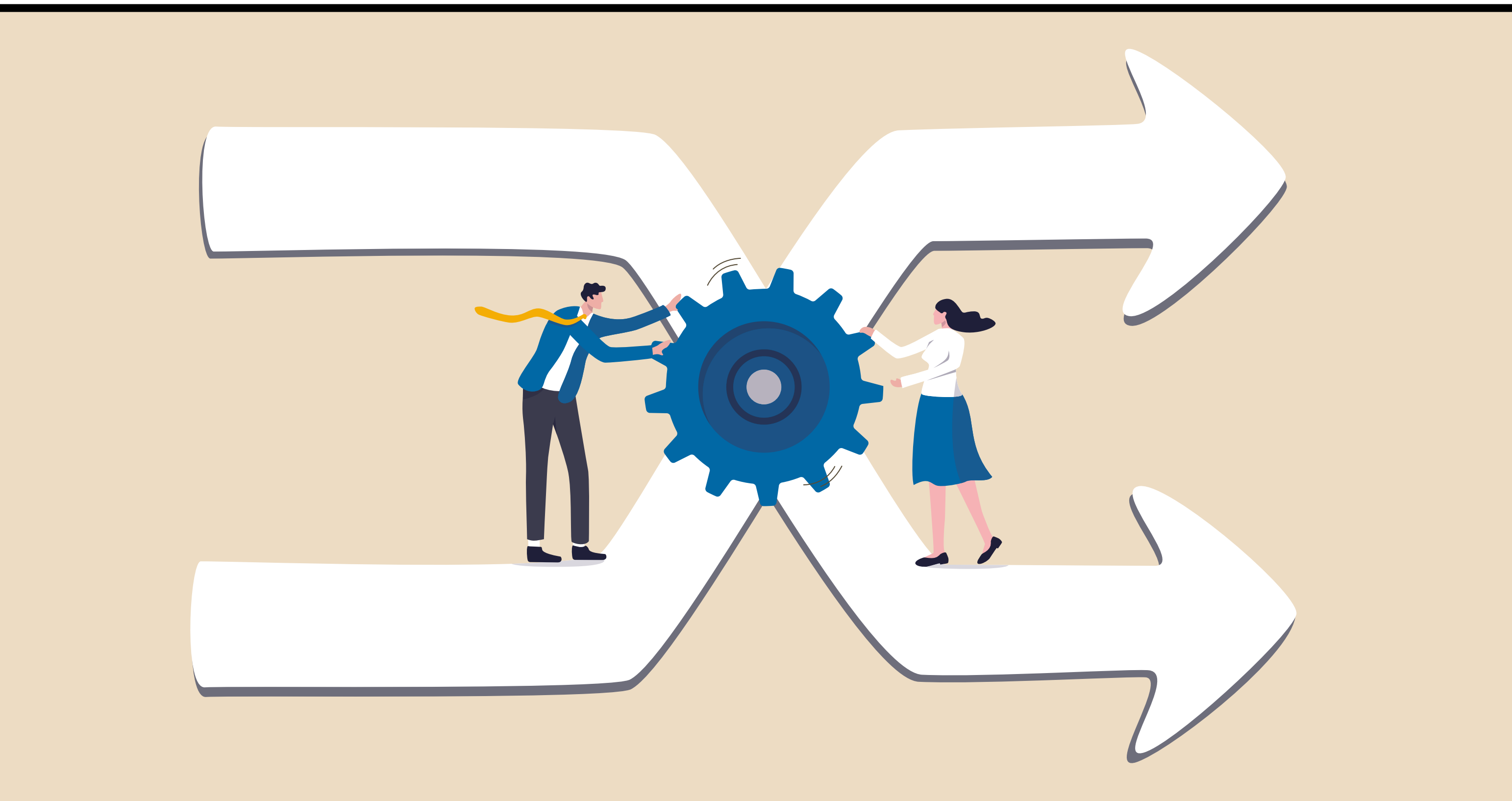
"Think broadly when it comes to your criteria, looking beyond 'cost' alone and approaching the decision in terms of overall value for money. Consider the range of products, benefits and services offered by your provider, as well as how their approach to environmental, social and governance (ESG) issues aligns to your own policies and values," he adds.

For Redington managing director, investment consulting team, Carolyn Schuster-Woldan, "the key is to begin with end in mind".

"Ask yourself, what does good look like? Ensure you know why you are changing so that you can articulate reasons to providers pitching for your work. Be specific on this point. Are you wanting to switch because of the relationship with the adviser, the actual advice given, or how things are being implemented?"

Once you've decided to make the leap, do your due diligence.

"Due diligence is vital for any business selecting a new provider. Evaluate their experience in implementing scheme switches, their financial stability, operational capabilities, and customer service standards," People's Partnership head of business



development, David Lunt, states.

Good preparation around the provider agreement, in terms of factors like pre-funding and employer or trustee guarantees, can help avoid some of the more regular hiccups, particularly if legal can take an early look at any specific conditions within the scheme and new agreements, Broadstone director, David Pye, suggests.

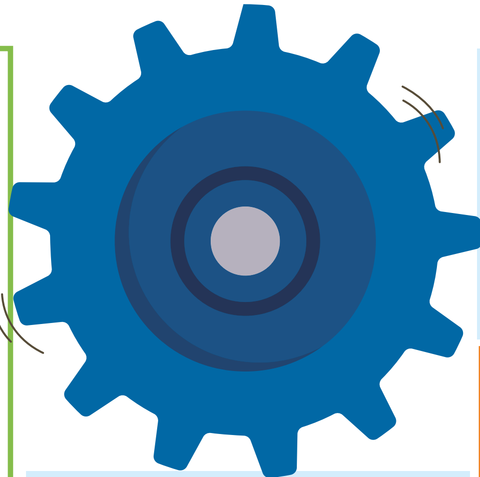
Cartwright consultant, Rob Chandler, highlights knowing your agreements, such as notice period and termination fees. He also stresses the importance of having a complete history of the scheme and relevant documentation as "you may not get priority once the scheme has changed providers to gather this information" and to "have open and honest conversations with the receiving advisers, including disclosing any data issues, historic documentations or legal issues".

"Think of provider reviews as a rare and unique opportunity for service transformation and to set you up to achieve long-term objectives. Be clear on short-term challenges and the long-term road map and ensure that the new service achieves a step change and is aligned to what you need today and future proofs you for tomorrow. Take the time to meet with providers to ensure you get the right fit – it's an important decision," Spence & Partners scheme terminations practice joint head, Tom Pook, states.

During

Once you make the leap, it is important to have "a clear execution plan with an agreed timeframe and little scope for slippage," Lunt says.

"During the transition period make sure your current and new providers are clear on their roles and responsibilities. Member outcomes, data quality and service automation should form the bedrock of deliverables. A robust process will have clear checkpoints, timescales and an understanding on when decisions/input will be required," Pook adds.



However, "your specialist provider should do all the work on your behalf… The key is that you should not have to use internal resource to manage additional information sources – that's the service provider's role," Institutional Protection chief operating officer, John Naughton, says.

Smith recommends using as much data as possible to check that the plan is delivering the levels of engagement you expect. "Setting objectives with your provider will allow you to measure plan success, as well as benchmarking your own progress against similar employers in similar sectors," he explains.

WTW investments team senior investment strategist, Ben Johnson, agrees that "setting up all-party check-ins during the process will help you hold them to task".

"The most seamless transitions I've seen are those where everyone is talking regularly and, most importantly, openly throughout," he adds.

"Your plan will look great on paper," Cartwright director of pensions administration, Julie Yates, says. "However, the reality is that deadlines are missed and sometimes information is not even received. Stick to the plan. Don't be afraid to escalate. Don't forget that the trustees still have some leverage with the ceding provider, such as the payment of the exit fees."

Ultimately, "a high-quality transition sets the tone for your future relationship", Isio head of administration, Girish Menezes, says. "This costs money and takes time. Ensure that senior stakeholders are engaged in the transition, and you have monthly governance meetings to keep things on track. Get a benefit specification drawn up and signed off. Don't rush the process."

After

Once the process of moving providers is complete, identify any issues from the transition and agree future ongoing actions, Lunt suggests.

Hymans Robertson associate DC consultant, Jack Lisamore, states that "whilst the difficult part of the process may be complete, the ultimate objective and ambition must be reviewed against success measures. In addition, to ensure that this still continues to be true, the operating approach and future objectives need to be continually monitored against success criteria".

"The first 18 months are critical to drive behaviours and positive employee benefits perceptions. Understand the provider help available and work with their support team actively," Lunt agrees.

As Schuster-Woldan says: "Invest time getting to know your new provider – having a good rapport will help."

Throughout the entire process and beyond, it is important to communicate to employees or members, to keep reminding them of the benefits of the change, Pye says. "A good example of this might be performance comparisons of a 'new' default fund compared to where the previous scheme was to remind employees of the financial gains they have made."

For Yates, you need to ensure member communications go further than just including new contact details/the change of tax office. "A brief provider bio will reassure them their pension is still in safe hands," she adds.

Written by Laura Blows