# Administration platforms: Starting again

**Graeme Riddoch explains the challenges old administration platforms face in tackling today's pension scheme needs**

"**Well, I wouldn't have started from here.**"
There's an old joke about getting directions to somewhere hard to find. The punch line is "well I wouldn't have started from here". It's a pretty good metaphor for the technology underpinning DB pensions.

The technology and processes have grown up over decades. As such they are often disjointed and inefficient with data being moved between administration platforms to actuaries and other scheme advisers.

Many of the administration platforms were conceived years ago and as a result struggle to deliver to the needs of schemes and members now.

Typically, there can be a myriad of technology platforms used to run and support a DB scheme.

### The administration platform
Often legacy platforms struggle to automate all benefit calculations, with the resulting inefficiency and delays in meeting member requests.

Having their roots in the distant past, few can deliver a modern engaging digital member experience, as they were never designed to.

Allied to a lack of full automation is the difficulty in serving estimated retirement incomes (ERIs) to the pensions dashboards. If you can't do it automatically then it's a manual process with the associated cost. One scheme we know of just received a £600,000 bill to validate data & calculate ERIs. You could replatform for that and still have money to spare!

### Actuarial systems
Typically, the scheme actuary will require a data cut from the administration platform at least every three years to allow for the valuation. That requires an extract that needs to be formatted and loaded to the actuary's own system, with the associated cost.

It's hard to get a live funding position as calculations are only as current as the member data and asset position. This knocks on to decision making.

Where there is a corporate actuary, they typically will need their own data cut, which will require different configuration to marry up with their valuation software.

The related issue is that as different actuarial systems are being used with different calculation routines. Results can vary even when based on the same underlying data.

All this extraction and manipulation adds time and cost to the process.

### What about the member?
The member is often on the receiving end of the service that can be delivered, rather than the service they should get. This is primarily a function of the capability of the administration platform to enable a responsive first-time right service, allied to the number of administrators supporting the scheme.

Trying to get to an efficient modern model, you wouldn't start from here. With a clean sheet of paper, you would start with a single system that would deliver first class administration whilst meeting the scheme's requirements, and that of all the advisers.

An administration, actuarial and risk management system running from live member data and asset feeds would always be up to date. Valuations would be available daily, resulting in improved decision making. Change the member data and it automatically feeds into the valuation calculations.

All scheme advisers could access the system with appropriate permissions to extract data or run their own calculations.

DB pensions lag other sectors such as banking in terms of online member services. That's generally due to the inability of the administration platform to serve up accurate numbers.

The key to getting members online is an easy registration process. Smartphones are now the way that most people access the internet, with apps predominating.

Hooked up to a modern fully automated administration platform, an app would make it easy for the member.

The other benefit of making it easy for the member to self-serve is reduced demand on the administrator, by up to 30 per cent.

### Conclusion
Going back to first principles on systems can benefit all stakeholders.

If you look after the data well you get 100 per cent automation of calculations, which acts as the foundation of all the scheme services meaning:
- Operational costs reduced.
- Visibility improved.
- Decision making improved.
- Dashboard calculations are easy.
- Members get the service they deserve.

▶ **Written by Mantle head of sales and marketing, Graeme Riddoch**

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