



Alexander Forbes

The Journey to Wind-Up

# *Scheme management during the wind-up process*



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## **Administration**

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Increased regulation, guidance and the attention of the Pensions Regulator means that accurate and efficient pension scheme administration is more important than ever before.

Administration providers, whether stand-alone or used as part of a fully bundled package, can only be as good as the data they have to work with. Scheme trustees are ultimately responsible for the quality of the scheme records that are held.

We have been providing advisory and administration services to defined benefit (DB) schemes for over 20 years. We currently provide these services for over 150 schemes, looking after the benefits of 16,000 active/deferred members and 5000 pensioners, with total assets under management of £1 billion.

## **Defined Benefit Implementation**

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On appointment all defined benefit (DB) schemes pass through our Implementation Team before being assigned to a dedicated scheme administrator within one of our Client Service teams.

First we conduct a detailed analysis of the quality of the data received from existing administrators. This provides us with a process for helping scheme sponsors and trustees manage their risk. The interrogation reports are divided into trustee and scheme sponsor issues so that both parties are fully aware of any particular areas of concern. This also gives both parties the opportunity to correct data inaccuracies.

Once you have received the audit report, you can choose to commence data cleansing immediately or allow corrections to be made over the future as crystallisation events, such as a member's retirement, occur. The latter has implications for the ongoing running of the scheme and the accuracy of periodic actuarial valuations. For this reason clients who are taking part in a Managed Wind-Up project will automatically take part in a data cleansing process.

### Pensions Software

Our DB administration system has the capability of administering schemes of all types and sizes. It offers:

- *Easy scheme implementation through data import and export capabilities*
- *Comprehensive functionality including fully automated calculations*
- *Building and running of scheme specific reports*
- *Workflow management.*

### ADDITIONAL SERVICES

#### Trustee Bank Accounts

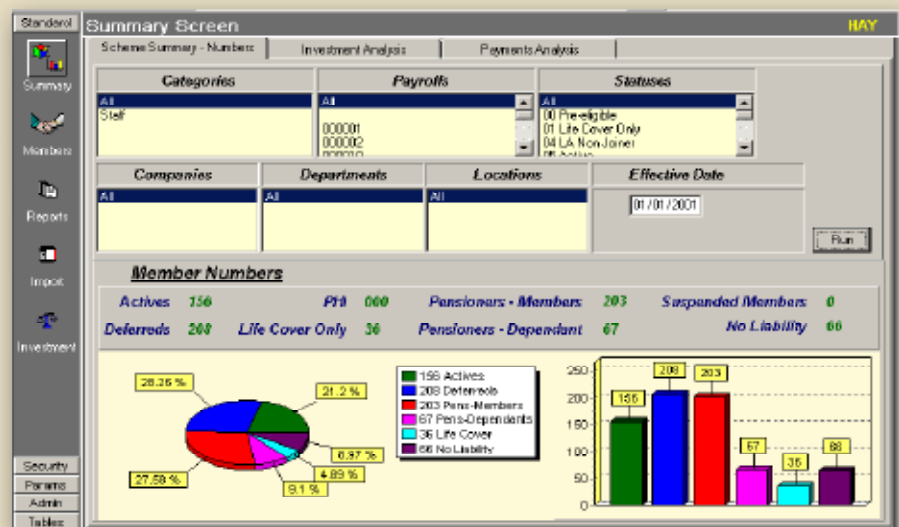
We offer trustee bank account management and cashflow reporting. We can also arrange for scheme disinvestments required to fund, for example, pensions in payment or pension commencement lump sum payments (tax free lump sum at retirement).

#### Pensioner Payroll

We provide pensioner payroll services for over 90 clients paying pension benefits for in excess of 5,000 members, with a total monthly payroll of c.£1.7 million.

### Pension Scheme Accounts

We have a long-standing relationship with a large accountancy practice to help companies and scheme trustees meet their annual accounting scheme requirements. Full scheme reports are prepared to audit stage by our own pension accountancy specialists in a clearly designed and agreed format, which can substantially reduce the time and cost of the audit function itself.



These additional services are made available to all of our clients and can be incorporated into a fully bundled package or as part of a more bespoke service.

### CLIENT MANAGER

#### Your contact at Alexander Forbes

A client manager, will be responsible for the delivery of all our services to you. They will undertake an initial review of your scheme and your future plans, and – throughout our relationship – monitor the evolution of your business and how this affects your scheme, discussing required actions with you. They will also keep you informed of new regulations as well as changes to legislation and the impact on your scheme.

Your client manager attends trustee meetings, prepares agendas and takes minutes. They will also oversee agreed projects and will ensure that the Managed Wind-Up progresses as planned.

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## ACTUARIAL SERVICES

The actuarial services included in our competitive fixed fee broadly fall into three areas Valuation, General Actuarial and Investment:

### Valuation

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- *Advice on actuarial assumptions as required under the Statutory Funding Objective (SFO)*
- *Initial and triennial actuarial valuations in accordance with guidelines issued from time to time by the Actuarial Profession on ongoing, buy-out, cash-equivalent and Pension Protection Fund (PPF) bases*
- *Consulting with the employer and trustees to draw up the SFO and the Statement of Funding Principles (SFP)*
- *Annual actuarial report*
- *Recommendations on contribution rate to meet the SFO, taking into account our advice on assessing the strength of the Employer's Covenant.*

### General Actuarial

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- *Advice on the actuarial factors to be used for cash commutation, early/late retirement and transfer values*
- *Actuarial certification required by the various regulatory authorities, including the PPF Board*
- *Assistance with drafting the Summary Funding Statement*
- *Advice on the appropriateness of purchasing an annuity for retiring members*
- *Analysing the financial impact of changes in legislation, including liaising with third parties (e.g. The Pensions Regulator) where necessary.*



## Investment

- Robust and clear advice on appropriate long-term investment allocation using our interactive model which is based on:
  - consideration of scheme liabilities and expected future cashflow
  - trustee and employer attitude to risk.
- Reviewed on a regular basis
- Asset allocation report
- Drafting Statement of Investment Principles.



*Our Asset Liability Model allows you to match investments to projected future cashflows*

## Fixed Fee Proposition

Running a DB pension scheme means you are already facing many financial risks, so why not fix the cost of carrying out all the trustees required duties? Unlike most consultancies, we believe in charging a competitive and genuinely fixed fee, which can cover the full range of administration, consulting and actuarial services that scheme trustees require, enabling them to fulfil their requirements under the Pensions Act 2004 and other regulations.

**If you would like to discuss your pension scheme with our experts please call**

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### South

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