



ADMINISTRATION

Transferring administration services – in search of a best practice approach

After almost a decade of banging the drum on this one, the lack of an accepted best practice code of conduct on administration transfers remains one of the top challenges facing our highly fluid industry.

An individual trustee might make the decision to move their administration services once in a lifetime, but providers are transferring schemes every day, all working with similar technology (give or take), so should all have the same shared objective of making sure the transferred scheme is both past and future-proofed.

Project planning

The shape of the plan will vary, but for the best outcomes the outline should be broadly similar:

- **project team** – in a typical three-month implementation window, a robust project plan, experienced project manager and dedicated project support can keep the overall focus on getting the job done
- **start up** – get your roles, responsibilities and project documentation in order. Think about the known and unknown risks and make sure the necessary extra resource is in place – your administration team leader won't be able to fit project management and the nuts and bolts of implementation around an already busy day job
- **fact-finding** – the outgoing administration team are your best source of information. They understand the nuance and variations in practice that have developed over decades. The trustees, employer and auditor will all also have deep wells of historic knowledge, so forge those key contacts and be open and methodical about what you need to know
- **documentation** – it is vital that the new administrator independently reviews all historic scheme documents (Rules, amending deeds, booklets and announcements) and produces a comprehensive benefit specification including full details of all relevant benefit structures and calculation methodologies
- **testing** – this is where the minutia kicks as fresh eyes look at the scheme through the lens of some fairly advanced pension administration technology. Historic errors are highly likely to come to light. In any moderately mature scheme many of the older benefits will have been calculated manually and, inevitably, someone, sometime, will

have made some mistakes. If there are decisions to be made about putting things right for the future, document them, and then move on. Above all else, keep on track

- **reporting** – throughout the project and moving into live administration the trustees need to understand exactly what has and has not been achieved. At every reporting point a detailed progress report should be provided covering the key decisions and discussions that need to happen as each stage is worked through. This could get tricky as live administration moves forward and the trustee focus shifts to the latest regulatory or economic challenges, but, until the last box is ticked, it is the project manager's job to make sure there is complete transparency around every aspect of the transition

Roles and responsibilities

An administration transfer is a collaborative effort, everyone involved has a role to play and failure to clearly define expectations can undermine the entire project.

Outgoing administrator

- understand the challenge facing the new administrator
- provide electronic member data and both electronic and hardcopy member files and know exactly what you're handing over

New administrator

- understand the challenge facing the outgoing administrator
- provide comprehensive data/documentation requests and understand exactly what has been provided – two years later will be too late to ask why only 80% of members appear to have a member file

The likely stumbling blocks (the 'known unknowns')

In most instances where implementation projects don't go to plan, the problem boils down to a refusal by the outgoing administrator to hand over data and/or member files. The industry must take a stand on this - data and documentation belong with the scheme and the trustees, which is where all the existing and future data protection obligations sit. ■



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