Investment advice for a small scheme

Case study.

Our client.

PSGS was appointed Chair of Trustees to a £10 million defined benefit (DB) scheme. An insurance company administered the scheme and provided actuarial services.

Background.

The company and pension trustee board were **keen to control adviser fees**, but also recognised there had been a **lack of investment advice** for a number of years. The trustees, following discussions with the sponsoring employer, agreed to undertake a tender for investment advisory services. Due to increasing costs and service issues, the project expanded to also include a review of the actuary and administrator.

What we did.

PSGS ran the procurement process for full services. With our in-depth knowledge of the pension adviser marketplace, we knew who the five providers that best fitted the size and needs of this particular scheme were. This meant we could run a **streamlined but highly targeted selection process** right from the start.

Following our review of the tender responses, we recommended the pension trustees shortlist three firms for interviews. Although the trustees had initially expected to choose one provider for all services, we helped them understand how choosing one provider for pension scheme administration and actuarial services and another for investment advice could **provide the optimum solution**.

The result.

1 **Service levels improved significantly** following the switch in administration and actuarial services. Before the switch, the trustee board had minimal administration reporting and no indication of performance against service standards. The company HR department also had to get involved with most member queries. We now receive quarterly administration reports and **HR time is no longer taken up with queries** as the pension administrator deals directly with all members.

2 **Trustees have greater control of investments**, implementing a new strategy following advice presented to both the pension trustees and employer at the same meeting to ensure **open dialogue and an efficient process**.

3 **Funding risks have been reduced** without reducing the expected returns on assets, following the implementation of the new investment strategy. This was achieved through **greater diversification** of assets **and implementation of LDI** funds for more efficient management of interest rate and inflation risks.

4 **Investment performance is more transparent** with better and clearer reporting against benchmarks.

5 By implementing an investment platform, the annual management **charges** (AMCs) on each fund **are very competitive** and the cost of switching assets between funds is kept to a minimum.

6 Overall annual adviser fees are 10% lower than before PSGS's appointment, with the cost of investment advice included in the latest year's figures. Excluding this one-off cost, we expect **ongoing fees of around 20% less**.