

Tackling the effects of change

✓ Gary Cowler considers how freedom and choice is impacting member engagement

Since the advent of pensions freedoms in 2015, schemes and their administrators have seen an increased number of administration queries, and a change in the nature of those enquiries.

Here we look at how the increase in potential choice for members is changing the landscape for trustees and sponsors – and how you can respond.

Member interactions with administrators increasing

In the past few years, the volume of member interactions with administrators has grown significantly. Our own administrators have seen data change requests leap by over 50 per cent since 2013, for instance, while transfer out enquiries have jumped by a staggering 200 per cent in the same period.

This increase in volumes has been accompanied by heightened member expectations and a growth in IFA involvement. Aon's 2017 *Global Pension Risk Survey* found that while only 10 per cent of UK schemes currently provide paid-for IFA advice for members, a further 23 per cent plan to do so in the near future.

Interaction with IFAs has become a part of the role in this new environment; as that does not look like changing, it is important for schemes to manage it efficiently.

For trustees, sponsors and administrators, this creates both challenges and opportunities.

For schemes, there is potential to encourage employee engagement with their pension provision, with the ultimate aim of improving member outcomes.

For administrators, it brings an increased workload – although this too can be a positive, acting as an impetus to improve processes and systems.

Responding to changing member demands

There are several questions trustees and sponsors can ask their administrators to assess how well they are responding to changing demands.

1. Can they handle a growing number of incoming enquiries? While online contact is growing, members are also increasingly contacting administrators by phone; this can be the quickest way to get in touch, and also enables members to talk through any further queries as their options are explained.

2. Are their call-handling processes as efficient as they can be? Dealing with increasing call volumes is not just about the size of the team, but relies on team members' knowledge and capabilities. The best administrators have invested in their infrastructure and people, ensuring they have the tools, know-how and skills to resolve queries on a single phone call – 75 per cent of Aon's enquiries, for instance, are now resolved on the first call.

3. Do their teams give consistent messaging? Training and knowledge-sharing play a role in making sure members receive reliable, consistent messages, no matter which team member they speak to. This reduces the need for follow-up, improves member experience and increases administrator efficiency.

4. Can they dedicate adequate resource at times of increased enquiry volumes? Administrators should be able to use the management information at their disposal to analyse workflows and resource accordingly. Around the end of the tax year or when there is a material change within the sponsor's business,

for example, they should expect an increase in call volumes and provide commensurate resource.

Member interest in transfers is also impacting enquiry volumes; Aon's *Member Options Survey*, carried out earlier this year, saw 90 per cent of schemes reporting an increase in transfer volumes, while our own data has shown a sevenfold increase in transfers settled since 2014.

5. How is their member communication? AI and robo-advice are predicted to be the next stage in member engagement, with more than a quarter of respondents to our *Global Pension Risk Survey* planning to put in place technological solutions (ie robo-advice). What strategies does your administrator have to embrace new technologies? What do they offer in the way of online member support – modellers, for instance, which can help to make members more informed before they approach their IFA or your administration team?

In all these areas, trustees and sponsors should not just ask what their administrator is doing, but collaborate with them to build an approach that fits with their scheme members' specific needs.

A good administrator will already have strategies to deal with these evolving challenges, and will be working not just with trustees but with their actuarial colleagues and any retained IFAs to deliver integrated responses and the best possible member experience.

If you have not yet asked how your scheme's administrator is reacting to the shifting pensions landscape, now might be the time.



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