

# Pensions in TUPE transfers of staff

## Launch of a new specialist GAD team



Trevor Llanwarne, Government Actuary  
2 July 2009



# Agenda

- > Today's presentation
- > The policy imperatives and the vision for our new dedicated team – Ian Boonin
- > A process designed to work efficiently and how you can help – Adrian Hale
- > Questions and answers
- > Buffet lunch

# Pensions in TUPE transfers of staff

The policy imperatives and the vision for  
our new dedicated team

Launch of a new specialist GAD team

Ian Boonin - 2 July 2009

# Agenda

Background (what is the policy and who are the stakeholders)

Something is not quite right - your feedback

The GAD response: how to make compliance with the policy a better process

What next?

## Background – What is the policy ?

Central Government – “Fair Deal” policy 1999++

1. ‘Broad comparability’ for future service

New scheme not identical to old, but “....overall, materially, at least as good as the public sector pension scheme they are leaving.”

2. Member choice for accrued service

Preserved benefits or bulk transfer

## Background – What is the policy ?

Local Government - “Best Value” Direction 2007

Contract must provide pension protection which is  
“enforceable by the transferring employee”

Benefits the “same as” or “broadly comparable to or  
better than” those they currently have

Admitted Body Status

Facility for making bulk transfers available under existing  
scheme regulations

# Background – who are the stakeholders?

## The contracting authority / department

Compliance with policy, efficient process, value for the taxpayer

## The transferring staff

Know what's going on, how they're affected and their choices

## The contractor

Understand what they are required to do, the costs they are facing and an efficient and cost-efficient process

## Staff representatives

Ensure transferring members are informed and treated fairly

## The pension schemes

Transfers handled promptly, efficiently, with no surprises

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## Something is not quite right - your feedback

GAD has been handling transfer cases for over two decades, dealing with over 100 cases a year.

Unrivalled knowledge and expertise, but not complacent.

Key messages being fed back to us are:

- > Stakeholders want to know what they have to do
- > We need to have more efficient internal processes
- > Timelines need to be explicit
- > Stakeholders need to know about progress
- > GAD's value for money queried

## Something is not quite right - your feedback (2)

Feedback generally positive, but.....

“ At present it is perceived as something you have to do, not something that adds value.”

“ It took forever to sort out pensions. There seemed to be complexity and long delays at every turn.”

“ We just want the process to be efficient and to know what’s going on.”

“ We didn’t know what we were paying for.”

“ [In this area of work, GAD] is regarded .... as a slightly inconvenient distress purchase.”

## GAD's response – Our Vision

In a nutshell: To change / improve the way we do things:

- > Greater efficiency and timeliness
- > Better explanation of the policy and the process
- > Better communication from GAD
- > Dialogue among stakeholders
- > Value for money

# GAD's response – How we are going to do it

## **1. Dedicated team**

Concentrated expertise and knowledge database

Standardised work processes

Workflow monitoring processes

Single point of contact

## **2. Client communication milestones**

## **3. But some things don't change**

The range of services we offer

Giving top quality advice

# Our new Staff Transfers Team

## Team Leader

Ian Boonin

## Consulting actuaries (Point of contact)

Adrian Hale, Wallace Law, Jon Spain, ANO (September)

## Trainees and support

Robert Giddings, Sunil Thakrar, Gerry Ridge, 2xANO

## Other resources

Historic expertise, Research & Technical



## What next?

The benefit to stakeholders of this change will be:

An efficient and timely service

A better understanding of the policy and process

Confidence in our ability and our delivery

Real and perceived value for money

.... and it could be even better if:

Pensions are brought into the loop early

Data provided to us is good quality

More communication between stakeholders

You continue to give us your feedback

## What next?

- > We will continue to develop our processes and workflow management systems
- > Transition to the new team is well underway
- > Ensure sufficient resource in the team
- > Regroup in the Autumn

In the meantime, please continue to feedback – good and bad!

... now over to Adrian Hale on processes and workflow

# A process designed to work efficiently and how you can help



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# Processes

## Key exercises

- > Broad comparability
- > Bulk transfer values
- > Staff communications

## Process design

- > More transparency
- > Greater standardisation
- > Improved workflow monitoring
- > Creation of communication milestones

# Key Processes

## Broad comparability – for future service

- > New scheme not identical to old, but no material detriment overall to identifiable groups. Both qualitative and quantitative tests.

## Bulk transfers – salary linkage for past service

- > Service credits of an actuarially equivalent value (often day-for-day) in the new scheme for those who elect to transfer past service from the old scheme.

## Communications – to staff

- > Explain clearly what is happening.

# Broad Comparability – Stages

## Individual assessment

(case by case basis)

Proposed benefit structure

Data

Qualitative testing

Quantitative testing

Certificate

## Passport

(all transfers over a fixed period)

Proposed benefit structure

Qualitative testing

Quantitative testing

Interim Passport

Legal review

Final passport

# Broad Comparability – Qualitative Test

Key principles include:

- > Type of scheme must be the same
- > Range of benefits must be as wide as now
- > Benefits available on the same events at the same time
- > No introduction of employer consent
- > Automatic entry
- > Employee cost must not be more (or compensation)
- > Options not usually replicated

Discussions on the proposed benefit structure can be required and GAD will suggest possible changes to satisfy the test

## Broad Comparability – Quantitative Test

Can be avoided if there are no material detriments

Required if there are material detriments in certain areas

- > Value of detriments must be offset by value of compensatory improvements or other compensation arrangements
- > No overall detriment for identifiable groups
- > Passport test is not related to specific membership data
- > Passport test involves generic data sets covering a range of different membership characteristics

Discussions on the proposed benefit structure can be required and GAD will suggest possible changes to satisfy the test

# Broad Comparability – Certificates

## Individual assessment

- > Certificate issued after Qualitative and Quantitative Tests are passed
- > Valid only for the specified transaction and specified staff

## Interim Passport

- > Certificate issued after Qualitative and Quantitative Tests are passed
- > Normally valid for up to 6 months

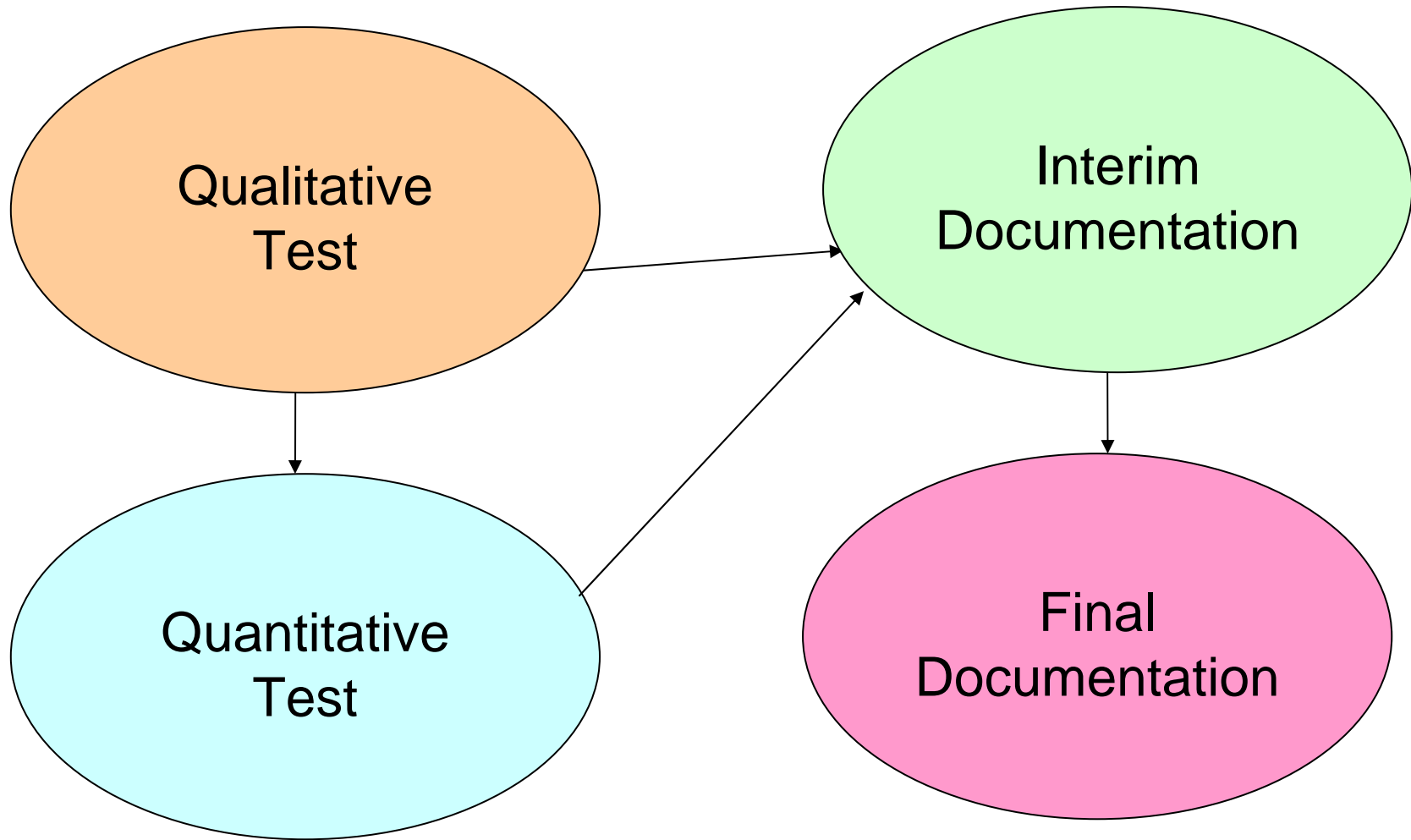
## Final Passport

- > Legal documentation to give effect to the proposals
- > Review by external lawyers
- > Discussions on documentation can be required
- > Issued after the lawyers have signed off
- > Normally valid for up to 2 years

## Broad Comparability – Process

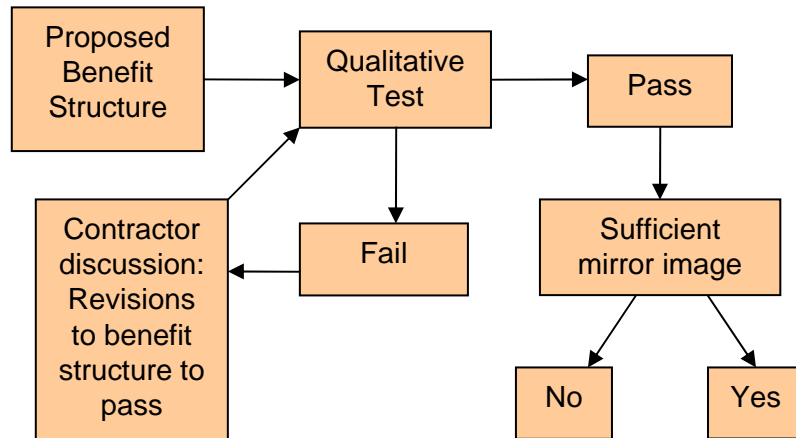
- > A lot of work to be done
- > Several stages of work
  
- > Build a mini-process around each stage
- > Combine into a single process
  
- > Picture map of the process
- > Colour-coded stages

# Process – Broad Comparability – Passports



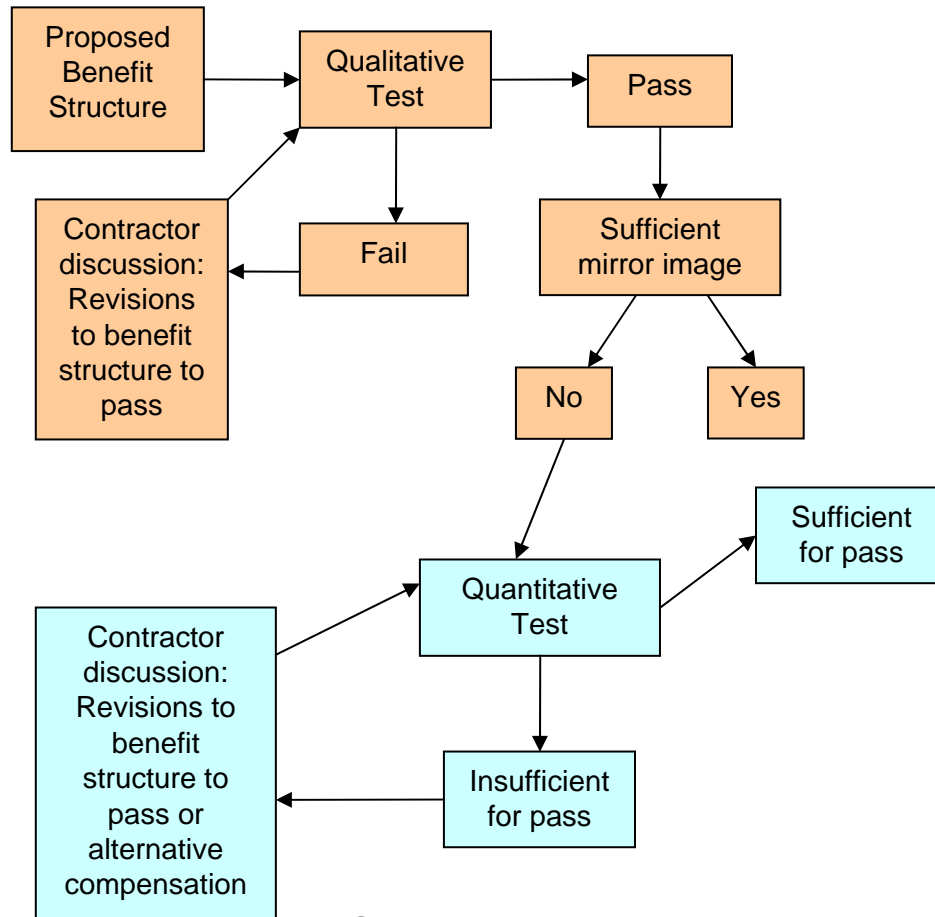
# Process – Broad Comparability – Passports

## Qualitative Test



# Process – Broad Comparability – Passports

## Qualitative Test



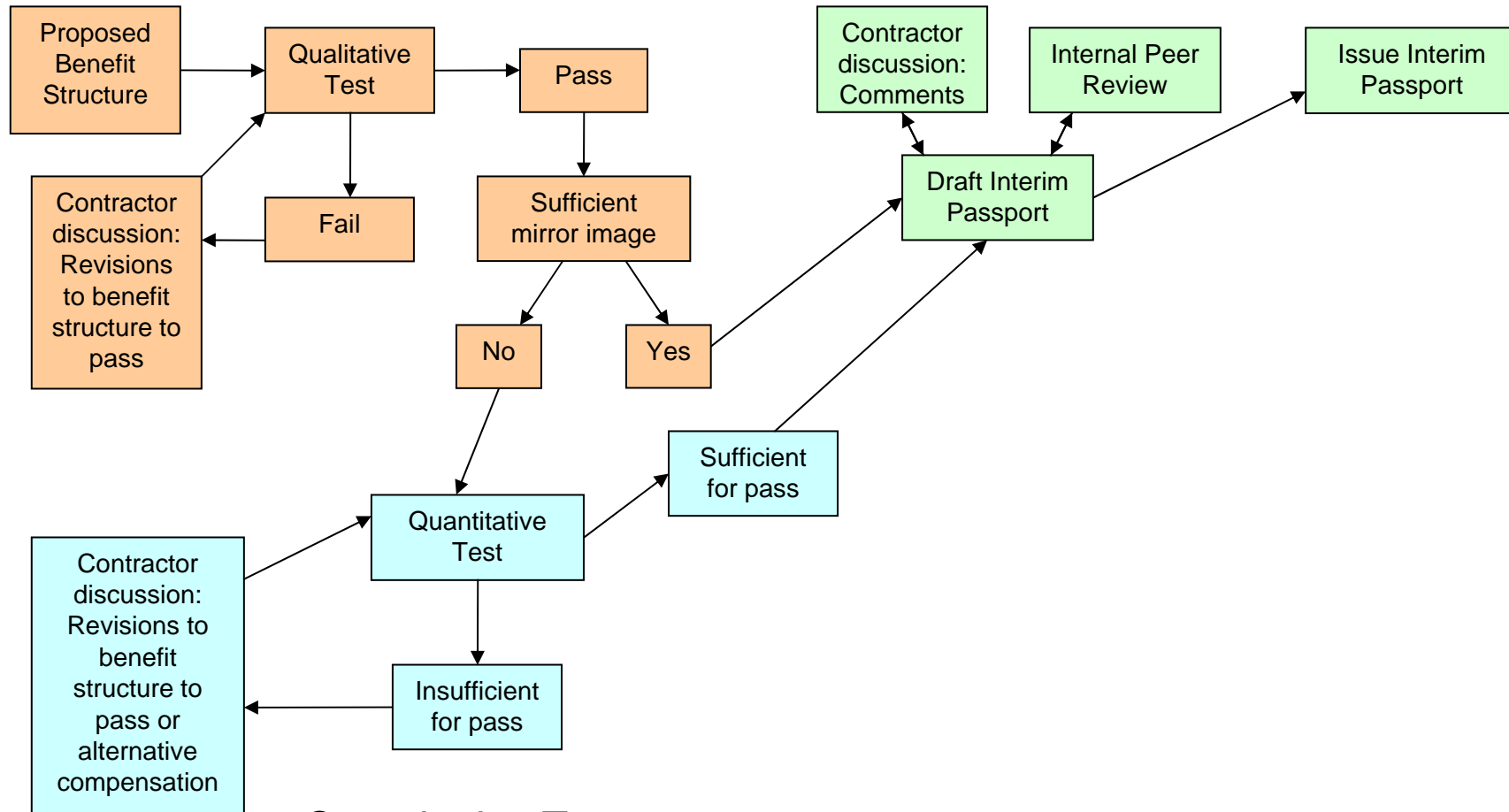
## Quantitative Test



# Process – Broad Comparability – Passports

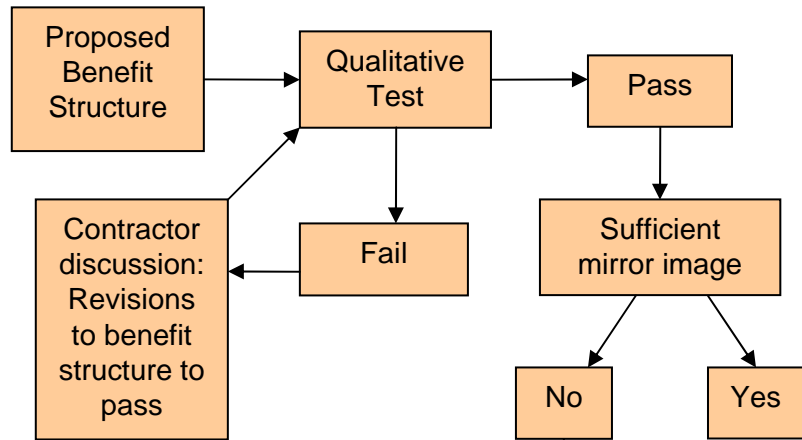
## Qualitative Test

## Interim Documentation

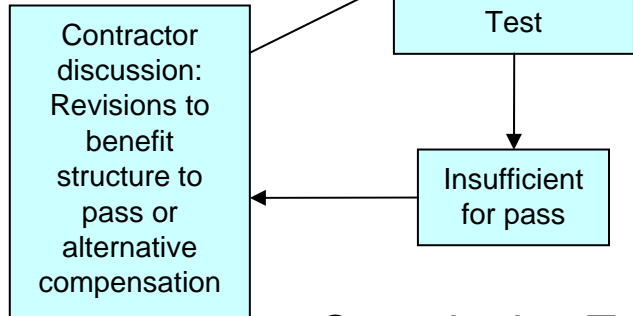


# Process – Broad Comparability – Passports

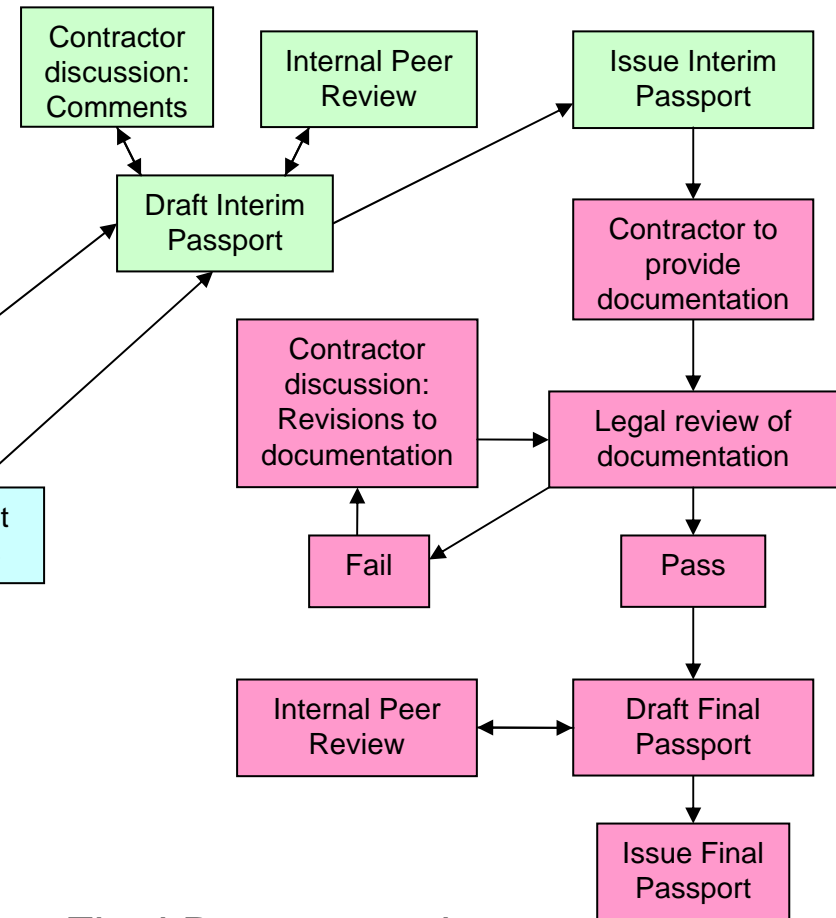
## Qualitative Test



## Quantitative Test



## Interim Documentation



## Final Documentation



## Broad Comparability – Processes

Opened the black box and designed processes with

- > More transparency
- > Greater standardisation
- > Improved workflow monitoring
- > Communication milestones
  
- > Make compliance with policy a more efficient process
- > Greater understanding of what is required
- > Better knowledge of what is happening

## The new Staff Transfers Team – Our vision

Greater efficiency and timeliness

Better explanation of the policy and the process

Better communication from GAD

Dialogue among stakeholders

Value for money