

# PROFESSIONAL PENSIONS

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INSIDE

How the BT Pension Scheme is working to revolutionise service and communications

Why good preparation is key for small scheme derisking

UK Pensions Awards: Meet the finalists

**WHO'S WHO**  
From left  
Naomi L'Estrange  
Shehzad Ahmad  
Colin Richardson  
Julie Stothard  
Steve Delo  
Adrian Kennett  
Jonathan Reynolds  
Kevin Clark

## The bigger picture

Eight professional trustees tell us how they are evolving to meet the governance challenge

'Professional trusteeship has been a real force for good – it has made a lot of schemes better'

# Getting a better price from your insurer

Good preparation and nimble footwork enables small schemes to compete with the big boys

**T**HE GIANTS OF THE PENSIONS world, defined benefit (DB) schemes who measure their assets in billions, have little trouble in offloading their liabilities to insurers, with ten mega deals of at least £1bn of liabilities each completing last year. With such choice low hanging fruit, insurers have been accused of neglecting small schemes who may have dodgy data and a host of other problems.

CBC Pension Services director and professional trustee Michael Clark says these are “absolutely justified concerns. The world of buy-ins and buyouts is dominated by the ‘big is beautiful’ mantra.”

Indeed, fewer smaller transactions have taken place recently, according to Lane Clark & Peacock partner David Stewart, who says: “Based on data to H1 2019 we have seen

a 30% reduction in the number of transactions below £100m over the last five years. The position may get worse as more and more schemes look to do these transactions.”

PTL managing director Richard Butcher disagrees: “I’ve not really seen any smaller schemes struggling to get insurer attention. I agree the focus has been on the bigger deals, but that’s against a background of lots of bread and butter work and deal making being done unobserved.”

Insurers also hotly dispute the existence of a small schemes’ transactions desert.

## VIEW FROM THE INSURERS

“There are no signs that the market lacks the capacity or appetite for small schemes,” says Just Group head of DB business development Rob Mechem. “Last year our average de-risking transaction value was £50m and our smallest was £1m.”

Aviva distribution director Jamie Cole stresses: “At Aviva we serve the whole of market and have been a leading player with small schemes for many years.”

“Even small schemes, say below £10m, can get multiple quotes if they are well-prepared and well-advised,” adds Canada Life managing director of annuities Ian Watson, while Scottish Widows bulk annuities director Emma Watkins says: “We will typically consider any scheme above £100m. Over 2018 and 2019 we completed 10 transactions below £200m.”

K3 Advisory managing director Adam Davis agrees: “Above £50m you can easily get interest from the



**Penny Cogher:** Schemes need to spend time and money to iron out questions over scheme benefit design and documentation

bulk annuity market. For example, I recently took a £50m transaction to market and got five of the eight active insurers in the market to quote. One thing the insurers liked was the scheme has a narrow definition of spouse. It also had low pension increases.”

## SMALL IS NOT BEAUTIFUL

Success in this field is not easy however. Peter Neville, a committee member of the Association of British Insurers but speaking in a personal capacity, says timing is crucial: “Some insurers with large exposures to large schemes may decide they want to rebalance or diversify their risk by including some



**Michael Clark:** ‘The world of buy-ins and buyouts is dominated by the “big is beautiful” mantra’