

# First Actuarial works with Hachette UK to increase pension administration efficiencies and improve staff engagement



## Key outcomes



**New cost-effective and responsive pension provider in place**



**Staff time savings of two days per week**



**Dramatic increase in pension engagement – from 17% to 74% of staff**

*Hachette UK, one of the UK's largest publishing groups, turned to First Actuarial to help improve staff engagement with pensions.*

### The challenge | An inflexible scheme with an unresponsive provider

Hachette UK was experiencing a decline across all areas of its trust-based pension scheme. Among the membership, engagement with the scheme was poor, with only 17% of staff regularly accessing the website.

The company's defined contribution pension scheme was trust-based. "Occupational trust schemes impose a heavy administrative burden on employers," says Jan Corcoran, Group Pensions Manager at Hachette. "I had to communicate formally with leavers, validate names and addresses with the Department of Work and Pensions, and process large numbers of forms

manually. All of this took at least two days a week of my time."

Jan agreed with HR Director Dominic Mahony that it was time to review the fundamentals of the defined contribution scheme. First Actuarial had previously supported Hachette when it was closing its two defined benefit schemes to future accrual. "It was a complex and difficult project, but we worked very happily with First Actuarial," says Dominic. "That made them our first port of call, as we already knew them to be practical and pragmatic in their advice."

### The solution | A group personal plan with a new provider

#### ► Selecting a new pension provider

First Actuarial advisers started by examining the sustainability and financial strength of potential providers. They balanced cost efficiencies with the quality of their proposition and administration service. From this, they produced a shortlist of providers, and advised them throughout the provider presentation day.

First Actuarial advisers produced a report exploring a full range of

options. "It was very thorough," says Dominic, "so we were able to move quickly to the decision-making stage."

Supported by First Actuarial, Hachette identified a leading provider, Aegon, and moved forward to the due diligence phase. A First Actuarial consultant accompanied Jan Corcoran on a site visit, meeting the Aegon pension investment team, watching the administration team at work and visiting the call centre.

## ► Moving to a group personal pension

The report included recommendations on the most suitable defined contribution pension arrangement for Hachette. “With the help of our advisers we realised that a group personal pension would be the best option,” says Dominic.

A group personal pension (GPP) would give Hachette employees more flexible pension options without affecting contributions or benefits. They would each have their own

pot which they could manage directly with the provider. This freed Hachette up from the complexities of formal trusteeship, reducing the administrative overheads of managing the scheme. The company would simply deduct contributions and pay them to the provider.

## The outcome | An efficient pension scheme with high staff engagement

### ► Time and cost savings on pension administration

“Although this was never a cost-cutting exercise, by moving to a GPP we no longer had to produce annual accounts or a report, or take specific legal advice on the scheme, and that has saved us thousands of pounds a year,” says Jan.

In day-to-day administration, Hachette has saved about two days a week

of staff time. Name and address updates, along with the submission of transfer-in and other forms are now carried out efficiently online. It means there is more time available for talking to members and getting the right information to them.

### ► Increased flexibility for employees

First Actuarial had recommended the GPP arrangement partly on the basis of the flexibility it gives employees. “Staff can choose which funds to invest in, which some have already done,” says Dominic. “And when they retire, it’s easier to switch

from a savings pension to another arrangement such as drawdown. At Hachette, we have a deeply-felt responsibility for our employees, and that includes helping to offer the best options for saving for the future.”

### ► Increasing staff engagement pensions

Hachette sees employee engagement as an important part of that ethos, and Aegon was keen to work with them to promote online access to pension information. “We wanted to get young employees in particular in the habit of saving,” says Jan, “and we wanted everyone to know when they needed to put more money in.”

Along with a team of trainers from Aegon, Jan ran engagement sessions for staff at their workplace. “The sessions were very hands-on,” says Jan. “People logged into their accounts using their own devices, and we showed them what to do.”

74% of scheme members have now activated their online accounts. They can access all their personal information, get an up-to-date statement of funds and see what they’ve invested in.

Employees can also use Aegon’s impressive software tool, Retiready, which rates their plans on the basis of contributions and planned retirement date. Another Aegon tool suggests ways of bridging any gaps, for example by adjusting the retirement date or paying more money into the scheme.

## Moving forward with the GPP

Hachette is now very happy with Aegon, which has proved to be a proactive and efficient provider, and with First Actuarial in its ongoing advisory role in areas such as scheme governance.

“One of the things I like about First Actuarial is that they’re very responsive,” Jan concludes. “You never have to chase them for anything. They’re pragmatic and cost-effective.”



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Dominic Mahony, HR Director at Hachette

