The changing role of the in-house pensions manager

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The role of the in-house pensions manager is one that has not stood still in the whole of our history... shaped by changes in the legislative and regulatory environment, wider economic impacts and evolving corporate strategies. As we look ahead, the role of pensions manager is poised for further evolution, influenced by emerging trends in technology, sustainability, and demographic shifts.

Pensions managers have had to adapt and develop swiftly, managing uncertainty and complexity as they supported their Trustee Boards, Sponsors and members through periods of great change. No mean feat!

Over nearly two decades...

Eighteen years ago the pensions manager's role was largely centred on stability and security. Trustees of defined benefit schemes were focused on ensuring those schemes were able to meet their long term obligations on an ongoing basis. Much effort was focused on securing the right level on funding. Some were also settling in defined contribution sections as the slow march from defined benefit to defined contribution gained momentum. Pensions managers had incorporated the requirements arising from the 1995 Pensions Act into their governance frameworks and many were also getting to grips with the different needs and challenges of defined contribution. The years that followed were eventful...

The new Pensions Regulator was born in 2005 with greater powers than its predecessor, OPRA. Pensions managers focused on Codes of Practice and worked to reshape existing governance frameworks to ensure legislative requirements and regulatory expectations were met. New scheme specific funding requirements replaced the MFR giving schemes greater flexibility to determine their funding strategies and the PPF arrived to replace the PCB. New employer debt provisions focused employers' attention on their defined benefit schemes and those schemes became a major factor in commercial transactions. A steep learning curve for pensions managers, trustees and sponsors alike.

In 2006 a new tax regime replaced the existing regimes. Ostensibly a simplification, it presented some significant challenges for pensions schemes operationally.

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The financial crisis of 2007/8 hit many pension schemes hard; ensuing market volatility was unprecedented. Pensions managers were challenged with enabling and supporting complex and sensitive negotiations between trustees and sponsors to secure funding arrangements and liability driven investment strategies that would ensure that long term liabilities could be met. Sponsors who had not yet made the decision to move away from defined benefit now did so and for trustees investment derisking was high on the agenda.

In time, as funding positions improved pensions managers were tasked with managing buy-in transactions which inevitability involved forensic review of trust documentation and member data.

Multi-tasking to the max

Through this period pensions managers also had to turn their attention to anti-discrimination closely followed by auto enrolment. Though very much an employer responsibility, auto enrolment nevertheless found its way on the pensions manager's agenda. Implementation was complex and ongoing monitoring could be challenging.

This was closely followed by GMP reconciliation and rectification, which together with GMP equalisation required pensions managers to tackle past data issues. The work to determine the most appropriate way to achieve equalisation and implement decisions led to long running multifaceted projects with many twists and turns along the way.

The master trust regulatory framework came into force in 2018; some pensions managers had to address the fact that their schemes were caught by the legislation. For others this new era for defined contribution regulation kick-started a migration from own trust defined contribution schemes to these new multi employer schemes, and pensions managers were there to manage the transition.

Finally the gilts crisis of 2022 was the perfect storm. It was an intense period for all involved in defined benefit schemes. This led to a sustained period of higher yields and strong funding positions accelerating the move to buy-in and buy-out for some schemes.

This is just an overview and things continue to change and evolve. The statutory and regulatory requirements on trustees and sponsors are far greater today than ever before. As a result the pensions manager's role is more dynamic and multifaceted than ever before. Pensions managers are now expected to be strategic leaders, contributing to broader corporate objectives.

It's been a fascinating whirlwind of a journey and we look forward to supporting clients through what's to come. Do get in touch if you'd like to chat about how we can help you.