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Case study

BACB moves its Defined Contribution scheme to a master trust

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At London-based British Arab Commercial Bank (BACB), there was an increasing focus on getting a better deal for the members of the Defined Contribution (DC) Scheme. First Actuarial helped BACB move the Scheme to a master trust, gaining time and cost savings, and improving the member experience.

Key outcomes



Improved costs and options for members



Reduced governance responsibilities



Cost savings from efficient processes

The challenge | Oversight burden of DC scheme

The Bank's DC pension scheme was a bundled trust-based arrangement. Standard Life managed scheme administration and investments, but the Trustees were responsible for governance oversight, which required specialist knowledge and considerable work.

While there was a professional trustee in place, the remaining Trustees were lay individuals.

"We were keen to reduce the governance burden," says Leigh Bradbury, Head of Reward, Payroll and Remuneration. "And we wanted any change to improve the member experience."

The solution | Successful move to a master trust

Keen to transfer the Scheme to a master trust, which would shift governance to an experienced third-party provider, BACB asked First Actuarial to carry out a market review. They assessed several master trusts including Standard Life's

"We decided to stay with Standard Life," says Leigh. "They had a strong proposal and we have had really good service from them."

Project managing the move to a master trust

A First Actuarial consultant provided end-to-end project management. He coordinated actions, obtained agreements, and aligned with Standard Life's processes at critical stages.

"First Actuarial took us through the process step by step and gave us the opportunity to raise any concerns. They kept the timings on track and held everyone to account," says Leigh.

Employee consultation on the master trust

First Actuarial carried out the formal employee consultation process needed for compliance. They reviewed BACB's communications, set up a dedicated email address, and handled employee queries on behalf of the Bank.

First Actuarial made employees aware of the reduced number of investment funds they would have access to with the master trust. However, there was no pushback from employees.

First Actuarial also checked that the master trust offered a Sharia-compliant investment fund, a non-negotiable requirement for BACB. They tweaked BACB's auto-enrolment process to make it easier for employees to select the Sharia fund in preference to the default.

Setting up the master trust

Once the Trustees had given approval, they worked with First Actuarial to move to the master trust.

First Actuarial helped with the transfer of scheme assets, and made allowances for the different treatment of active and deferred members. They also coordinated with Standard Life to minimise any loss of market trading time and ensure the costs of the asset transfer were covered.

Master trust employee communications

With the master trust in place, First Actuarial carried out a second phase of employee communications, this time in conjunction with Standard Life. They delivered in-person presentations and online webinars, and made recordings available.

"The presentations were well received," says Leigh. "Well over half the workforce attended one, which is high uptake for a pension event! The one-to-one Q&As worked particularly well. A number of people stayed behind to ask questions they didn't want to raise in front of others."

The outcome | Improved member experience at a lower cost

Reduced governance responsibilities

While retaining some responsibility for bank-specific compliance, BACB has achieved its goal of reducing its governance burden. The Trustees of the Standard Life master trust provide oversight, in line with The Pensions Regulator's master trust authorisation framework.

"Staff previously involved in the Scheme management feel the benefit of a lightened workload," says Leigh. "They remain Trustees of BACB's Defined Benefit scheme and can give that more focus."

Cost savings for BACB and scheme members

BACB also gained cost and time efficiencies. Less time is now spent on Scheme management. Master trusts incur lower scheme administration costs for employers. And less advisory support is needed.

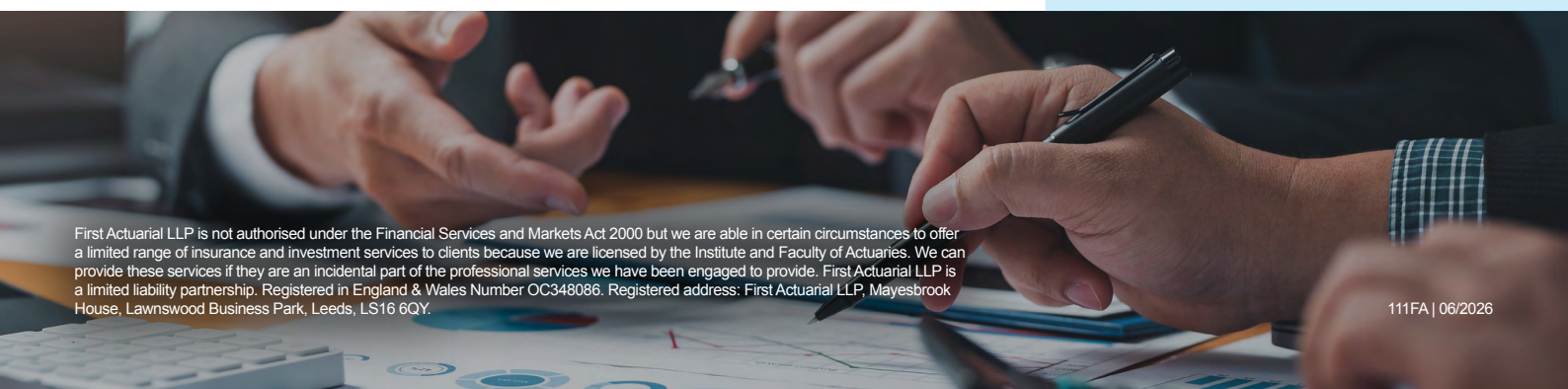
Meanwhile, members benefit from lower scheme charges, and improved technology features.

"Putting people in a strong position for retirement is something we feel passionate about," says Leigh. "We do everything we can to make our pension provision work well for people."

Improved member experience

Members pay less for an improved pension service. And they can contact their pension provider directly if they want to draw down money, transfer out or reconsider their investment fund choices. But if they prefer, they can contact the Human Resources team with any queries, an important point of reassurance.

Leigh concludes: "The overall process gave us the opportunity to reinforce messages about pensions in general – a significant wellbeing benefit – as well as informing people about the new Standard Life offer."



"Working with First Actuarial was a great experience. I had limited pension knowledge at the outset of the project and our First Actuarial consultant stepped me through it. They explained all the areas we had to work through and everything was completed in a timely manner. First Actuarial were across all the details and we hit every milestone successfully. It was great to have somebody I could trust to take me through that process and get us a successful outcome."

Leigh Bradbury,
Head of Reward, Payroll and Remuneration, BACB

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