



Administration

## Case study

# A spike in the numbers

## How our client handled a 500% increase in its pension administration workload



It was going to be an awesome spike in the numbers: About 6,000 people would potentially be ready to retire before a change in this nation-wide financial institution's pension plan took effect last October. Administrators, equipped to process about 200 retirement calculations a month, could suddenly — in one month alone — have to handle perhaps 6,000!

These kinds of surges in workload are a major challenge for any plan administrator, one who is often well-equipped to deal with normal variations in demand but might not be ready for an increase of this magnitude. With careful advance planning, we helped our client provide their plan members with superior service, leading to fewer questions and a smooth entry into retirement.

### **A rare “last chance” for members — and a “shot in the dark” for administrators**

The company's pension plan used to allow people who were eligible for retirement to take the lump sum value of their pension (commuted value, or CV) instead of ongoing monthly pension payments. However, the plan sponsor decided to eliminate this option, and amended the plan to discontinue it. The change would happen November 1, 2018.

Because of this, the company expected a huge spike in retirements on October 1st by people wanting to take their CV. They wanted to ensure that, if people did opt to retire and take their CV, the whole process would be a good experience without hiccups, frustrations, or delays.

The catch: They had no idea how many people would actually choose to retire. (They certainly didn't want to poll their employees because they didn't want to be seen as to be encouraging or discouraging the option.) Without knowing the numbers, it was difficult to prepare.

### **Keeping the company's promise**

In light of the employer's commitment to providing quality service to their pension plan members, and beginning a year ahead, the company and Buck worked together to develop a plan. The objectives: Tailor specific communication about the retirement process, revise existing processes to eliminate or pre-empt potential bottlenecks and other sources of member frustration, and increase customer care and administration resources that would guarantee timely handling of paperwork and pension payouts.

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With our assistance, the company communicated with members beyond what was required by regulatory compliance. This ensured that members were well aware that the option of a CV at retirement would not be available to them if they retired after October 1st.

Digging into the plan's data, we identified who would be eligible to retire, and when they would most likely choose to do so — i.e., before the summer, after the summer, or in the actual month of October.

An additional wrinkle involved determining the actual amount to be paid out as a CV. Because applicable interest rates are generally not known when members' retirement packages are put together, the value can often change by the time the member is to be paid out. To make sure that the numbers given to the member were accurate, and to eliminate the need to contact members if the CV dropped, we changed the process to provide option packages later in the cycle for those who intended to choose the CV option. This created a very tight timeframe for option form production, which in turn required additional resources and changes in process.

We added a new step in the process to review member data for any issues as soon as we knew the member intended to retire. That way, any potential problems could be resolved in advance rather than during the short period we had for option packages to go out. And we enhanced the option package forms and communication to resolve known pain points and clarify areas of confusion with members.

The biggest logistical challenge? Practically quadrupling the size of the administration team overnight meant we had to quickly find space and equipment and train the new team members on very specific concepts and processes.

### **And the results?**

Turnaround times on option package preparation and payout processing were maintained, with no delays due to additional volumes, leading to a controlled outcome and happy members — a project well planned and well executed!

### **Let's talk**

To find out more, contact us at **1 866 355 6647** or **talktous@buck.com**.

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