

## CASE STUDY | ARTS COUNCIL RETIREMENT PLAN

# Stability and sustainability for an open scheme

Hymans Robertson are the full service provider for a scheme that's open to new members and allows transfers in. The open nature of the scheme presents challenges but also opportunities.

## Cost savings and stability

One of the first things we did as scheme actuary was to probe the PPF levy and proactively engage with the ratings agency to ensure that the employer's scores were properly benchmarked and accurately reflected its covenant. As a result, the scheme's levy is around £250,000 a year less than it was before our appointment in 2008.

But we didn't leave it there. Since 2008, the scheme has maintained stable contributions for all five of its private-sector employers, thanks to the long time horizon of an open scheme.

**The funding level recently improved from 93% to 125% in just under a year, and buy-out funding improved from 63% to 95%.**

The better-funded scheme can support enhanced member outcomes through discretionary increases – the most recent being **10.1%**.

## Sustainability for the employer, members and wider society

Funding levels improved materially as a result of an investment strategy that had already proved successful for our open scheme clients with strong covenants. The scheme avoided significant balance sheet hedging, instead taking a long-term view and putting it in a strong position during the market volatility of late 2022.

As a long-term investor, the open scheme can accept illiquidity and think differently about expected return and risk from closed schemes. We know which investment strategies are appropriate for the long term, and we developed a vision that aligns with the employers' priorities: sustainability for the scheme, through the generations and for wider society. All equities have already moved into sustainability-related businesses, and we are always exploring other sustainable investment instruments.

Open scheme trustees are special with a huge potential to influence quality of life across generations.

They have an interest in the investments working out in the long term. They approach investment decisions with progressive change in mind – and so do we.

## The human touch

In an open scheme, frequent communication is crucial – with the employer and with members.

Our briefing sessions to help members understand their pension were so well-received that we were asked to run another series for new members.

As well as communicating effectively with members, we have many employer touchpoints, including the finance and HR departments.

Our dedicated team in Glasgow handles all the administration, and the team is growing as we invest in the future.

We're bringing in not just staff, but also digital tools to automate our work, and make both the employers' and members' experience easier.

## Contact us

If you want more information about anything covered or how we can help your scheme, don't hesitate to get in touch:



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