

Efficiently transferring to a superfund

Growing demand for superfund transactions

The first wave of superfund transactions have now been announced. Clara's total assets under management already exceed £1bn. These first transactions have helped paved the way for other schemes to consider superfunds and we expect this market to now gather pace. It is clear that the bulk transfer process necessary to complete these transactions are very different to entering into a buy-in, and present a different level opportunities and challenges.

Superfunds are subject to interim guidance published by the Pensions Regulator (TPR), which includes a capital adequacy framework and ongoing TPR supervision.

This seeks to create an option for schemes to settle benefits at a lower cost than the price to fully insure benefits with minimum capital requirements calibrated to the level of member security set out by TPR.

The first two schemes that have successfully taken superfund projects through to completion have gained valuable learnings and haven't had to settle for insuring reduced benefits.

Applying learnings from the first transactions

The next wave of superfund transactions now have the opportunity to leverage the learnings from past cases, in doing so:

- Significantly reducing execution risk and avoiding pitfalls that have negatively impacted past cases.
- Benefiting from an experienced advisory process and access to precedent material, which reduces the need to 'reinvent the wheel'
- Benefiting from experience of navigating TPR requirements, including the level of documentation that is required. In doing so, avoiding the time and cost associated with either unnecessary additional work or having to repeat submissions
- Accelerating timescales, by identifying and prioritising workstreams that are on the critical path
- Conducting negotiations underpinned by a strong commercial understanding of where superfunds may be able to be flexible and where there may be limits

Our experience means that we can offer a quick and more efficient process with reduced execution risk and ultimately better member outcomes.

Hymans Robertson and Osborne Clarke offer streamlined service

To support the next round of transactions, we've partnered with Osborne Clarke to offer a joint service to trustees and sponsors considering a superfund transaction.

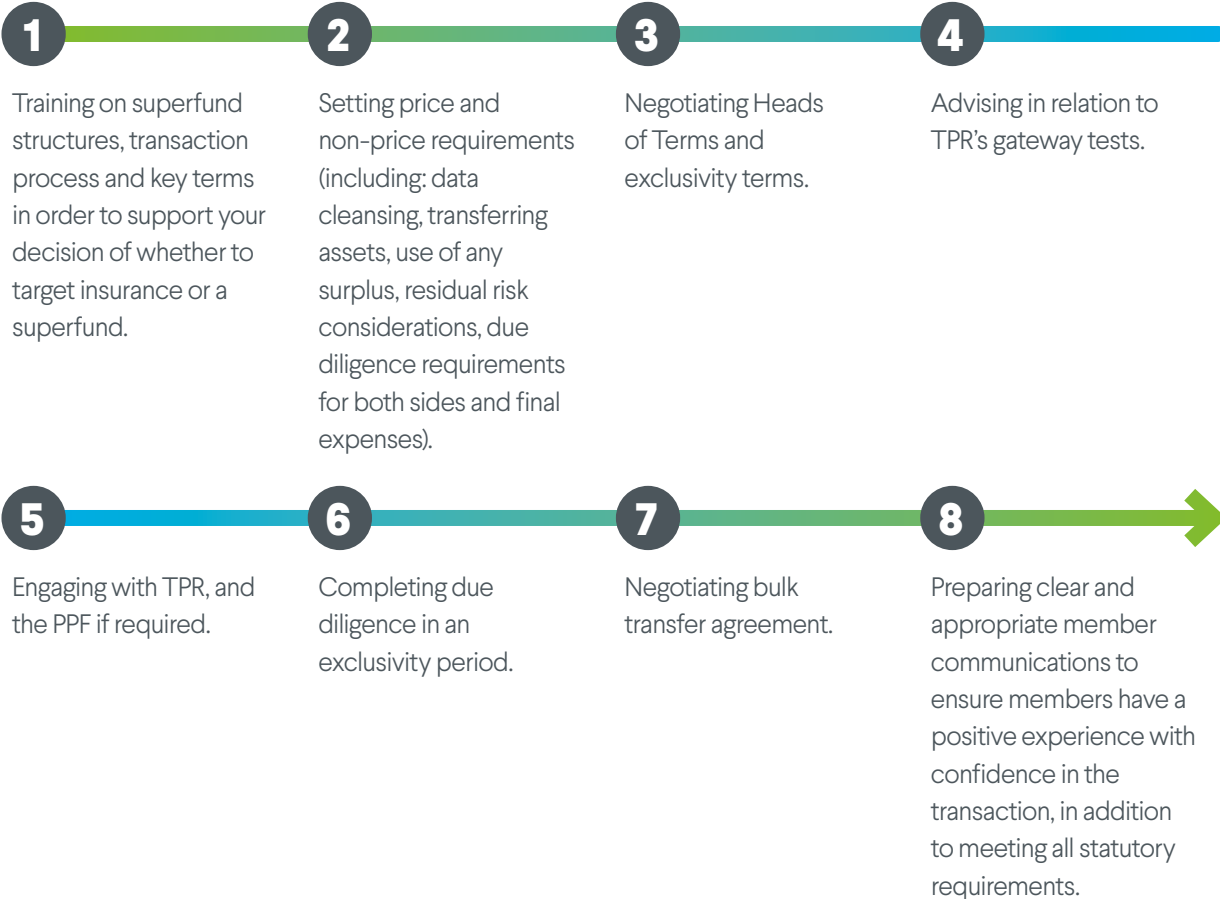
These transactions require your risk transfer adviser and legal adviser to work closely together, to negotiate attractive terms and ensure that all of your advice is joined up without duplication or gaps.

In doing so, we're able to leverage our experience from the successful transfer of the assets and liabilities of the Debenhams Retirement Scheme to the Clara Pensions Trust.

During the transfer we were able to secure full benefits for members and avoid having to insure a reduced level of benefits that was the most likely alternative.

Where we're not your existing actuarial or legal adviser, we would join your advisory team, working closely with your existing advisers to ensure a smooth and efficient transaction process.

Our services would include all advice required to assess and complete a bulk transfer to a superfund, including:



Following the successful Debenhams transaction, we're now in a position where we have well-developed templates and so are able to offer fixed or capped fees for many of these tasks. We recognise that each scheme has its unique set of circumstances and so we'll provide our competitive budgets on this basis following an initial exploratory conversation.

Testimonials

“... transacting with a superfund is not yet common so it has presented a number of unique challenges for trustees and sponsors. When working with the Hymans Robertson broking team on the Debenhams transaction, their commitment to the market and ability to articulate the key issues to their client was clear. Together we were able to effectively formulate solutions for Debenhams which clearly addressed all the key concerns on both sides – we really valued the clarity and energy which Hymans brought to that process and would have a great deal of confidence working with them in the future.”

Simon True, CEO | **Clara Pensions**

“The Trustees were delighted with the strategic advice from Iain and Jonathan throughout the whole project. They really understand what Trustees care about and were focussed on securing a great outcome for members. It was clear that they are already experts in this new area and were confident in getting off the fence and giving clear recommendations which was key to achieving a great outcome for our members with this groundbreaking transaction.”

Tom Stockley, Trustee Director | **Debenhams Retirement Scheme**

“We’re delighted to have worked closely with Hymans Robertson and Osborne Clarke to ensure that member benefits have been secured in full with Clara. These transactions are very different to putting in place insurance with a different range of issues to be considered and advised on. As part of our panel of PPF specialists, we have seen first hand how Hymans Robertson and Osborne Clarke demonstrated a clear detailed understanding of this market and expertly guided all stakeholders through this journey towards an efficient transaction.”

Dan Collins | **Pensions Protection Fund**

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