

Media Release

20 April 2009

For immediate release

Survey highlights two-tier outsourcing

The 8th Watson Wyatt survey highlights a two-tier approach to outsourcing where the best outsourcers are reducing costs and the worst are increasing them.

Xafinity Paymaster warns that outsourced schemes should realistically expect to cost 10-20% less than schemes handled in-house; furthermore outsourced schemes should have seen at worst an inflationary only rise in the last year, circa 2% to 5% and the figure of 20% indicates that many schemes appear to be receiving a poor deal from their outsourcer. Furthermore, a number of schemes could anticipate a reduction in costs as professional outsourcers are often expected to produce year-on-year efficiency savings.

James Doyle, administration director, Xafinity Paymaster, comments:

“Research such as that provided by Watson Wyatt is invaluable as it highlights an ongoing issue with some poor value outsourcers in the pensions industry. There are still far too many suppliers where pension administration is a sideline and they are obviously providing poor value. The time for consolidation of the industry is way past due.

My recommendation to any scheme that has seen anything like a double digit rise in outsourced costs is to speak to your scheme advisers and review your outsourcing contracts as soon as possible.”

ENDS

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Founded in 1836, Xafinity Paymaster has an unparalleled 170 years' experience in large-scale financial administration. Over 2 million members throughout the world rely on Xafinity Paymaster to pay their pensions, with transaction values exceeding £10 billion every year.

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The group provides consulting, software, resourcing, training and business process outsourcing services that enable public and private sector organisations to deliver employee benefits more efficiently.

In 2008, we were voted Pensions Administration System Provider of the Year and won the Pensions Administration Software Award, as well as winning Best Pensions Software provider in 2007. We are the accredited software supplier to the UK Principal Civil Service Pension Scheme.

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