



PENSIONS ADMINISTRATION

Defined Benefit Schemes



## Winding-Up Defined Benefit Pension Schemes

Expert services for quick, compliant and cost-effective discontinuance

**In the current turbulent economic climate defined benefit (DB) pension schemes are hard to sustain. Yet, winding-up these schemes is a difficult and complex task involving rigorous compliance with scheme rules and pension legislation.**

**Assets must be maximised, liabilities carefully defined and the benefits for existing members secured at the best possible rate.**

**To avoid personal liability, trustees need to be satisfied that all due processes have been effectively carried out and scheme liabilities fully discharged.**

**To achieve this within the two year timescale set by the Pensions Regulator requires considerable expertise. It demands robust and proven processes, supported by highly efficient systems and regular communication with key stakeholders.**

**These are just the skills we have developed at Xafinity Paymaster, through our extensive experience in the successful and cost-effective wind-up of schemes.**

### **Winding-up is hard to do**

The challenges in winding-up defined benefit schemes are immense. There is the need to ensure the interests of key stakeholders are met, while delivering the best outcomes for members.

At the same time, there are increasing regulatory pressures that put additional compliance burdens on trustees and pensions administrators.

For the unwary, issues around key areas such as recovering unpaid contributions, funding deficits, outstanding complaints, contracted-out benefit queries, data discrepancies, compliance shortfalls and more can lead to delays and unexpected costs.

Not surprisingly, then, expert help is something of a necessity if a scheme is to be closed on time, at a reasonable cost and in compliance with the relevant legislation and regulation.

### **Leading expertise**

Our dedicated discontinuance teams have the experience gained from handling nearly 100 pension scheme wind-ups.

We have developed the market-leading processes and systems to tackle all the intricacies involved in handling a wind-up.

As a result we can deliver an efficient, high quality and cost effective service for all the parties involved.

Typically, we will complete the key wind-up tasks within the two year timeframe set by the Pensions Regulator. On many schemes it has been quicker – setting new standards within the industry and reducing wind-up costs further.

### **The Xafinity Paymaster solution**

Our approach to winding up a defined benefit pension scheme is designed to give the maximum confidence to everyone involved from trustees, members, and the employer to the Pensions Regulator, HMRC and other interested parties.

Key to the success of the project is the [Protocol](#) – an agreement for the wind-up process, between employer and Trustee, that we are able to facilitate through our considerable experience in this area.

It saves considerable time and cost by identifying and resolving potential issues, in advance.



Additionally, through our close relationship with Scheme Cessation at the HM Revenue Customs (HMRC), NI Services to the Pensions Industry (NISPI) and some of the leading buy-out insurers, we have developed ways to make the most time-consuming tasks quicker and more efficient.

Our market-leading Compendia platform, provides real-time management reporting to track progress and keep clients informed at all times.

Among our people, based in Reading and Stirling, are experienced and qualified pension administrators, technical experts and documentation staff.

They are supported throughout by a specialist actuary to help ensure the best possible financial outcomes.

In addition, we can provide other experts from across the Xafinity group, such as consultants with project management and benefits expertise.

### **How we can help you**

We begin by appointing a dedicated Project Manager who will see the entire project through, ensuring continuity of knowledge and a seamless interface with the client.

Our involvement can be valuable from the earliest stage, before a wind-up is formally triggered, to ensure that the planning is in place to make the process a smooth and timely one.

### **Pre Wind-Up Tasks and Planning**

We will undertake a full assessment of the scheme rules, updating if necessary, and review debt, funding, augmentation, discretions etc. This will enable us to create a project plan and timetable for trustees, with key milestones, that is part of the [Protocol](#) between trustees and employer.

### **Member Communications**

Throughout the process, we'll keep members informed, starting with the initial announcement of the wind-up decision, through to communicating benefit entitlements, member options exercises, member tracing and advertising services, and details of the benefits bought out within three months of wind-up.



### The benefits

- Wind-up achieved within the regulator's required timescale
- Compliance with all legislation and regulation
- Highly cost-effective solution with focus on best financial outcomes
- Minimises Trustees' exposure to personal liabilities
- Robust and proven processes based on extensive experience
- Assurance to members throughout the process
- More time and cost-effective solution through partnership with buy-out insurers

### Specialised Winding-Up Services

These will include:

- Reconciliation of Guaranteed Minimum Pensions (GMPs) with HMRC records
- Benefit and GMP equalisation calculations
- Statutory event reporting to HMRC
- Statutory scheme accounting and reporting
- Ongoing scheme administration during wind-up

### Securing Liabilities

We can help to optimise financial outcomes by obtaining bulk buy-out quotations and make sure benefits are in line with scheme rules. We will also ensure data is accurate, according to our data template developed with leading buyout insurers.

### Actuarial Services

In addition to advising Trustees on investment strategy our specialist actuaries will:

- Prepare Statutory Funding Objectives (SFO) and Pensions Protection Fund (PPF) valuations prior to winding-up
- Determine scheme solvency cover levels and members' shares of fund
- Execute Trustees' equalisation decisions
- Liaise with the PPF or Financial Assistance Scheme (FAS) where appropriate
- Provide IAS/USA-FAS accounting valuations for the employer

### Final Documentation

At the final stages we will make sure that all required tasks have been completed before wind-up, and issue the final documentation including:

- Final Benefit Certificates
- Notification to HMRC and TPR of the wind-up
- Draft Final Resolution to dissolve Trust

### Why choose Xafinity

Xafinity Paymaster's winding-up service is competitively priced, extremely scalable and proven with nearly 100 wind-up projects undertaken for life offices, Trustees and larger Independent Financial Adviser (IFA) firms.

In addition, the Xafinity group's experience in managing DB pension risk, closures and winding-up is extensive.

- Xafinity Consulting is a specialist in exit management strategy, and through its unique Model Solutions platform, offers an unprecedented degree of hands-on insight for Trustees and employers into both asset and liability modelling.
- Our independent trustee firm HR Trustees is the long-term leader in providing professional trusteeship services for scheme wind-ups.
- Xafinity Claybrook provides the UK's market-leading pensions administration platform, Compendia, which has won numerous industry awards, Xafinity Claybrook are the current Pensions Administration Software Provider of the Year 2008 (also won in 2005) and the Pensions Administration System Provider 2008. This provides extremely high levels of member service, self-service and information visibility to members, Trustees, administrators and employers.
- Formed in 1836 and with more than 1,500 staff nationwide, we are the UK's most experienced organisation in delivering cost-effective financial administration. We handle more than £10 billion in pension payments annually, to over 2 million pensioners in 189 countries.

**For more information on how Xafinity Paymaster's expert winding-up services can help you, call us on 01293 604926, email [sales@xafinitypaymaster.com](mailto:sales@xafinitypaymaster.com) or visit [www.xafinitypaymaster.com](http://www.xafinitypaymaster.com)**



Xafinity is one of the UK's leading specialist providers of pension, employee benefits and payments expertise, with 170 years' experience and handling £2 trillion annually.

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.

With 1,400 people nationwide, we have operational and relationship management centres across the UK in Bath, Cardiff, Crawley, Fleetwood, Leeds, London, Reading, Stafford, Stirling and Waterlooville.

## Xafinity paymaster

Xafinity Paymaster is one of the UK's largest financial business process outsourcing companies, providing pensions administration, payments and collections, complaints handling and resourcing services for hundreds of public and private sector organisations. 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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