

LCP member options review: Improve your members' experience and accelerate your journey to your end game



Improved options, communication and support for your DB members enhances their experience, can reduce the funding cost and risks, and ultimately support your journey towards the scheme's end game.

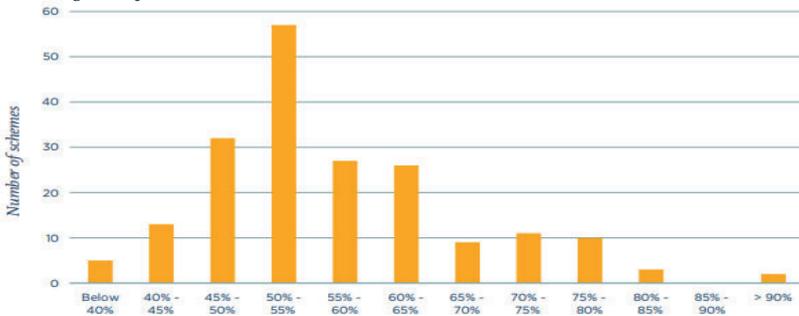
Our review will help you, as trustees and sponsors, to:-

1. understand the options, communications and support currently provided to members;
2. benchmark how this compares to the support provided by other schemes; and
3. prioritise any actions to take forward to improve the experience.

Our review will help you understand how to better support your members with their decision making.

1. We will work with you to understand the key features of your scheme and what you are currently doing (key questions are summarised in the box below).
2. We will provide a report on our review, including a summary of our analysis and recommendations on:
 - **Your pension benefit options for members and the terms on which the options are offered**
 - **Your member communications around retirement options**
 - **Improving administration efficiencies**
 - **Reducing cost and risk – helping you along your journey plan.**
3. We will present our report in a workshop, during which we will also support you to prioritise key actions to take forward to improve the experience for members and to manage the funding costs and risks of the scheme.

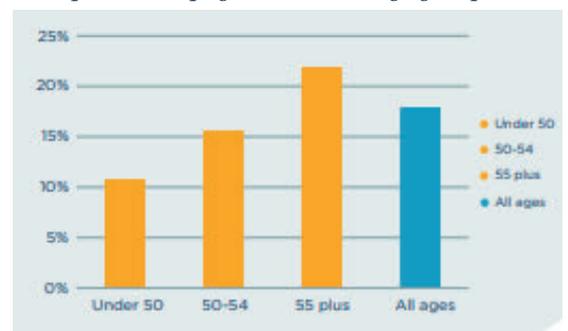
Transfer value as a % of TVC replacement cost (10 years from retirement)



¹ In addition, if a scheme's assets are not sufficient to pay transfer values for all members, transfer values may be reduced for underfunding.

Benchmark your Scheme's transfer terms against an IFA's Transfer Value Comparator ("TVC") to help consider how likely a member will be to transfer.

Proportion of transfer value quotations that proceed to payment in each age group



All change for DB transfers – see [here](#) for more details

LCP's member options review will give you the full perspective on your scheme and your members, and will address a number of questions, including: -

- **When do you write to deferred members?** For example, at age 55, annually, or just before normal pension age.
- **What options do the scheme rules currently allow and what are the trustee/sponsor balance of powers?** For example, commutation, early retirement, partial transfer values, bridging pensions or pension increase exchange.
- **What are current terms, what are take up rates and how are options perceived by members?** How do terms and experience compare to others.
- **What options are communicated in practice, and what options are quantified for members?** Proactive quotations will encourage engagement.
- **Do you / should you provide access to a financial advisor to support your members?** This is increasingly seen as good practice.



Case Study:

LCP undertook a sponsor led review of options and support available to members which led to the understanding that:

- members typically retired at normal retirement age, with few retiring early – often due to a lack of understanding of the early retirement option;
- many members were not aware of the option to take a transfer value at retirement;
- communications could be improved to increase member engagement prior to the point of retirement.

With LCP’s help, a Sponsor and Trustee Joint Working Group was established to:

- appoint an IFA to support members with their decisions at retirement;
- design and implement a new option for members at retirement to help them bridge their income gap until state pension age, enabling more members to retire earlier than their normal retirement age;
- put in place more proactive communications from age 55, including early retirement quotations with the new bridging pension option as well as transfer values; and
- update the communications issued to members six months from normal retirement age, to include the new bridging pension option and a transfer value quotation.

The proactive communications from age 55 were launched with a bulk write out to all members currently over age 55. This led to enhanced take up of transfers and of the new bridging option which has accelerated the timescales to full buyout – with LCP’s support, the Plan is now actively seeking full buy-in quotations, which is earlier than planned.

Why LCP?



Unparalleled industry influence and experience

We have been, and remain, at the forefront of market developments in the member options arena for over a decade, leading the way in supporting trustees and sponsors helping members make better retirement decisions.



A member focused approach

We will put ourselves in your members' shoes to design an appropriate package. We also specialise in supporting trustees and sponsors to appoint and monitor IFAs to support business-as-usual retirements.



Innovation to reduce your risks

We are continually innovating in the member options space to help our clients mitigate risk. Recent innovations include the development of options with the leading IFA firms with abridged/scheme only advice to provide low-cost entry points for members.

Want to find out more or get started?

At LCP we are perfectly placed to help sponsors and trustees navigate this area working with our member options team who have extensive experience of supporting clients, along with our insurance de-risking expertise which is invaluable for considering the impact of member options on the journey to their end game.



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