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Two-year buy-in and wind-up perfectly possible for smaller schemes, says Cartwright

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Cartwright, the pension specialist for defined benefit and hybrid schemes, today said that it's entirely possible for well-funded smaller schemes to complete both a buy-in transaction and a full wind-up within two years.

Julie Yates, Director of Administration at Cartwright commented: "2024 finds many schemes, often unexpectedly, well-funded and wishing to undertake risk transfer and wind-up. Whilst the market is opening up so much more with new insurers, we are still hearing cases where trustees of smaller and medium-sized schemes, in particular, are struggling to get traction. There are two main reasons for this; the legacy issue of many administrators struggling to cope and brokers prioritising transacting larger, and let's face it, more lucrative schemes.

"Even already bought-in schemes often won't get follow through from their administrators. Data & benefit verification, GMP equalisation, buyout and wind-up can drag on for years leading to ongoing running costs and the potential for buy-in terms to be breached. Some administrators are even struggling to complete GMP equalisation within two years let alone anything else. Having a clear two-year plan enables key parts of the project to be run in parallel and prioritised to meet that goal."

Sam Roberts, Director of Investment Consulting added: "You don't have to look far in the news to see smaller schemes transacting buy-ins. If they are in good shape, it is perfectly possible to attract interest from insurers. The key is in preparation and working with an adviser that understands the nuances of working with smaller schemes. Many advisers are tagging on small scheme "streamlined" offerings to larger scheme offerings in an effort to scoop up volume, but without giving each scheme the tailored care and attention they need to get the best value for the scheme at the pace that is right for the trustees and sponsor. Furthermore, trustees and sponsors are now aware that the buy-in transaction is only the first part of the project – it is just as important to have the right adviser/administrator in place for buyout and wind-up. Sadly, this is a trap many schemes are falling into. Smaller scheme expertise, and resourcing capacity ahead of client demand, is crucial for success on both parts of this critical project. We increasingly see trustees exercising caution when selecting their buy-in transaction advisor/administrator to avoid risk getting stuck on what could otherwise feel like an endless treadmill to wind-up.”

-ENDS-

Note to Editors:

Originally formed to fill a gap in the market, Cartwright was established in 1986 to provide specialist pension scheme services to small, medium sized defined benefit and hybrid schemes.

Today, that same pioneering spirit remains at the heart of the company as the company continues to provide actuarial, administration, investment, and scheme management services to over 200 clients.

The company operates nationwide providing services to a customer base featuring trustees and sponsors seeking to manage their pension schemes more effectively and efficiently.

Dedicated to delivering solutions that are both pragmatic and innovative, Cartwright operates with the highest degree of professionalism and integrity and specialises in providing small and medium sized schemes with direct access to experts in their field.

More information can be found on the website:
https://cartwrightbenefits.co.uk
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