

# Introducing Quantum Advisory

Working in partnership with you



**QUANTUM ADVISORY**

The Actuaries and Employee Benefit Consultants

## What others say...

*"I have worked closely with Quantum for over 4 years in different areas of pension investment, trustee training, actuarial services and general pension administration. During this period I found the company supportive, helpful, attentive to details, friendly and efficient. The team at Quantum provide a 'high quality professional service with a personal touch'.*

*I will not hesitate to recommend Quantum to any size company because they have the capability to individualise their service to meet the customer requirements."*

*Cynthia Ogbonna  
Finance & Administration Director  
Cardiff Bus*

*"Quantum guided us in all the steps of taking over and running our new pension scheme, which now has over 700 members, and took full control of transfers, administration and investments. Their ongoing administration service has been operated without a hitch and the proactive consultancy is brilliant.*

*We have come to rely completely on the people at Quantum and have no hesitation in recommending them to anyone needing a top class pensions operation."*

*Peter Langdon, Vice President, Head of Legal Affairs DCS and Company Secretary  
EADS Defence and Security  
Systems Limited*

*"One of Quantum's strengths is that they are purely pensions, whether it is administration, consultancy, actuarial or financial. They are all specialists in this field and not trying to be anything else. A rarity in this day and age, their advice in all fields has always been first class and based on the business needs and interest.*

*The accuracy and thoroughness of their administration service is excellent... The administration packs for trustees meetings are comprehensive, effective and simple, and are easily understood by all.*

*What Quantum offered and indeed give effectively in all our dealings is a far more professional, knowledge driven, customer orientated service."*

*Sandra Connolly, General Manager  
- People Services  
Panasonic Communications*



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# Introducing Quantum Advisory

Established in 2000, we are an independent, owner-managed actuarial and employee benefits consultancy that provides straight-talking, no-nonsense advice to employers and pension scheme trustees.

## Our guiding principles

Our business is founded on three core principles which form the basis of all that we are and all that we deliver.

### Professionalism:

Promoting high standards so quality and accountability are synonymous with Quantum Advisory

### Innovation:

Finding solutions through imagination and expertise so enhanced results can be achieved.

### Fairness:

To our clients, employees and suppliers, so that everyone knows what's what

We design, maintain and review pension schemes and related employee benefits so that they operate efficiently and effectively. We can also help you communicate these benefits in a straightforward way so your employees understand their real value. This means that you can get on with doing the things that you do best.

We see ourselves as experts, teachers and guardians. Our goal is to help you

undertake your responsibilities with confidence, whatever your experience or level of understanding, so you can perform to the best of your ability.

We cherish long-term client relationships and strive to deliver high service levels at all times. Our record for this is second to none, and we can demonstrate this by our excellent track record of client retention.

## Our team

Our pedigree is first class and there is little pensions work relating to DB and DC pension schemes that we have not undertaken. By investing in talented people, good systems and encouraging proactive solution-based thinking, we offer a premium service that you can rely on.

We are a growing organisation with lots of ambition. That's not to say that we lose sight of what we believe to be important: the service we strive to provide you. If you work with us, you will have the assurance of knowing that you'll be allocated a key contact and have a dedicated, experienced team to work with.

## Our services

We work with companies and trustees to help find practical solutions to their specific pension and employee benefit issues.

We strive to ensure that you pay realistic charges for our services by having a competitive and transparent fee structure. The amount of time we spend on billable client work also tends to be lower than industry averages. This enables our consultants to devote more time to professional and client development, enabling them to excel in their area of consultancy. It also allows us to effectively plan resources.



## Services to companies

We appreciate the need for organisations to find answers to their business challenges, particularly in relation to the provision of pensions and employee benefits for their staff. Our services to companies cover strategic advice, cost control and risk management.

The services we offer companies are as follows:

- Benefit design
- Benefit reviews
- Communication
- Company transactions
- Pension accounting
- Pension change
- Pension funding issues
- Risk benefits

### Benefit design

Our actuaries and consultants are expert at designing new pension schemes, e.g. defined benefit, defined contribution and hybrids to meet your requirements, taking into consideration your own cost and risk criteria. We work with you to ensure they can be administered effectively and satisfy legislative and regulatory requirements.

### Benefit reviews

Our benefit review process looks at your current pension arrangement, where design changes could be made, the benefits that those changes would bring and how you would go about making the changes. The review includes assessing the cost of individual benefits and options such as contracting-in and salary sacrifice.

We have extensive experience in this area and tried and tested processes to ensure that any changes you make following a review happen quickly and efficiently.

### Communication

We have a wealth of experience and specialist knowledge communicating the value of employee benefits to members and non-members alike.

We can help you communicate pension and reward programmes in a timely and straightforward way to employees with varying levels of understanding using a variety of media, e.g. paper, online, face-to-face. Effective, focused communications will help your members appreciate the benefits you are providing them.

We believe that employee research, targeted communication and clear messaging provide the key to successful communication programmes.

### Selected case study

#### Helping drive change through effective communication

We were asked to help a global financial services client roll out a series of pension changes across their UK operations. These changes affected all UK employees who were members of their closed DB and DC pension schemes and an open GPP. The challenge was this: to clearly articulate the reasons for the changes to all populations, ensure that people fully understood the 'before and after' picture, to support and project manage a full consultation process, to create a range of communications and provide feedback mechanisms to ensure that members were supported throughout the process.

Working closely with the head of pensions, we delivered the project on time and to budget, with over 90% of members moving over to the new arrangement. Speaking afterwards, the client felt that the key to success was the clear focus on educating members and ensuring that all of the communications were written in layman's terms.



### Selected case study

#### Avoiding pension pitfalls

One of our Partners advised a client on the implications of purchasing a company with a £4 billion DB pension scheme.

In the course of completing the full pensions due diligence, our Partner uncovered a rule in the target scheme's trust deed which gave that scheme's trustees extremely strong funding powers. So strong in fact, that they could demand the full buy-out cost from the Company, which totalled £200 million.

After discussions between the two parties, the client decided against acquiring the target company due, in part, to the unacceptable risk the target company's pension scheme represented.

Had they not taken advice about the company's pension scheme at this early stage, they may have gone ahead with the transaction without knowing about the full implications of the purchase. As it was, the client was satisfied that they had made the right decision based on all of the facts.

#### Company transactions

Pension schemes and other employee benefit liabilities are an important part of any corporate transaction. We provide specialist advice in this area to you and other third parties so you can ascertain whether the pension scheme of the company you may be looking to acquire is critical to a transaction.

Once any deal is complete, we can assist with setting up the new arrangements, the design, communication and implementation of the changes, along with any changes required to the scheme's investment strategy.

We can also work with you to ensure the pension scheme continues to run efficiently by providing ongoing management assistance.

#### Pension accounting

Under current accounting standards, pension scheme performance has a direct effect on company profitability, as any surplus or deficit has to appear on a company's balance sheet.

We have extensive experience in providing pension accounting calculations and advice for UK company accounts (FRS17), EU (IAS19), US (FAS87) and Canadian (CICA) parent

companies. This includes the determination of the liabilities and assets, the annual cost of providing pensions and the production of draft pension disclosure notes as required.

We are able to provide bespoke advice on the calculation results and the possible options available based on changes in the key actuarial assumptions used.

#### Pension change

A challenge for any organisation is the need to manage and reduce benefit costs where appropriate. This is never more so than where a company has grown by acquisition and has multiple pension schemes or sections.

The disparity in both the benefit offering for employees and the varying risks associated with each scheme are issues that we have successfully addressed for numerous clients.

We have a wealth of experience working with organisations that wish to make changes to their schemes and will advise on how to best consult and communicate with key stakeholders and employees to ensure that you comply with legislation.

#### Pension funding issues

We advise and support companies with their negotiations with trustees regarding issues such as future funding arrangements. We use a variety of tools to help us including 'what if' scenario testing which looks at statistical probabilities to examine risk exposure and the potential for reward.

Our aim is to approach these discussions in a pragmatic way so we achieve a result which recognises the need of all parties involved.

#### Risk benefits

Our team provides consultancy and administration services for risk-based and private medical benefits. Our main objectives are to ensure you get value for money, your risks are managed and you have the right level of cover for your employees.

These are the areas in which we can help:

- group life assurance
- long term disability benefit
- corporate private medical insurance
- dental insurance
- critical illness
- employee assistance programmes
- international benefits and multinational pooling.

We would be happy to audit your existing arrangements, carry out market reviews and provide ongoing administration. As we are not tied to any one provider, we are able to compare the whole of the market to secure the most competitive rates.

Another area of expertise is the provision of consultancy advice relating to the design and communication of integrated healthcare programmes which promote general employee wellbeing, enabling your employees to get back to full performance quickly.

### Selected case study

#### Reducing risk and cost

Following our appointment as advisers to a defined benefit pension scheme for a global logistics organisation, we recommended a review exercise to ascertain whether the life assurance benefit should be self-insured or placed with an insurance company.

A detailed evaluation of the scheme design and subsequent negotiations with insurers resulted in a significant reduction in risk exposure for the pension scheme.

The most competitive premium negotiated also resulted in a cost saving of over £250,000 in annual charges.



## Services to trustees

The focus of our services to trustees is on the administration, governance and financial management of a pension scheme and how it is communicated to employees.

- Actuarial consultancy
- Administration for DB schemes
- Administration for DC schemes
- Communication
- Governance
- Investment consultancy
- Secretarial service
- Trustee training
- Bespoke projects

### Actuarial consultancy

Our actuaries provide strategic and day-to-day actuarial consulting to a range of occupational pension schemes. They combine personal experience and technical skills, e.g. in mathematical modelling, to work with you to find the most acceptable balance between the levels of financial risk and investment return.

We can support you with recurring actuarial tasks such as triennial valuations, managing pension expenditure, member calculations, funding costs and the impact of

legislation. We have developed an in-house valuation system for the production of actuarial valuations and calculations. This reduces the time taken and costs involved in producing manual valuations and places a special emphasis on accuracy and ensuring reliability.

We believe that the scheme actuary plays a central role in the financial risk management of a pension scheme. This includes helping the trustees in such areas as the employer covenant assessment process and negotiations on the scheme funding requirements.

### Selected case study Expert negotiations

As the scheme actuary, we provided advice and support to the pension scheme trustees in advance of, and during, a change in company ownership after a management buy-out.

The potential impact of the buy-out was that the security of the pension scheme could have been reduced.

Through careful negotiations with the principal employer and their advisers, we helped agree a strengthened basis for funding the scheme, a significant increase in the ongoing employer contributions and a shortened recovery plan which included a large immediate cash injection into the scheme.

The trustees also agreed a further level of security through a charge on alternative assets in case the new company was to become insolvent.

The outcome was a solution that all parties were happy with, and which resulted in a significant increase in the security and funding position of the pension scheme, safeguarding the benefits of all of the pension scheme members.



### Selected case study Quality restored

We advised a UK-based global company that acquired a subsidiary retail chain and their associated benefit arrangements, including a final salary pension scheme.

In the course of the due diligence and the purchase process, a series of errors and omissions in the pensions data (administered by a third party) were uncovered by the client which could have seriously jeopardised the acquisition. Quantum Advisory was brought in to provide immediate administration resources, assess the extent of the data errors, and feed back our findings to the client. We then rectified all of the data issues within a matter of days so that the administration of the pension scheme could be brought in-house and the deal brought back on-track.

We were able to achieve the project objectives within the timeframe and the fee budget set by the client, and the transaction went ahead successfully.

### Administration for DB schemes

If asked to name the three most important elements of pension administration, we would say accuracy, timeliness and communication. Without these, pension schemes fail to run effectively.

**Accuracy:** to ensure the validity of data, programming and calculations.

**Timeliness:** on all key deliverables such as the payment of benefits and the production of retirement, transfer, annual, death or leaver statements.

**Communication:** with all parties, including the trustee and employees.

Every pension scheme we take on, whatever its size, goes through a thorough data audit process prior to it being loaded onto our administration database. This valuable process highlights inconsistencies and missing data that can cause unforeseen problems further down the line and helps to provide the members and trustees with the service they deserve. As the data is being cleansed, the scheme is also being programmed from source documents onto our database. This enables us to check our programming against previous calculations to verify accuracy and

identify discrepancies and the reasons behind them. This is all part of our standard service.

We agree bespoke service standards up front so that everyone can be confident that our service meets agreed timescales and quality levels.

### Administration for DC schemes

In theory, administering a DC scheme is a straightforward activity, with the primary focus being the collection and investment of member and employer contributions. However, experience has shown us that this is by no means clear-cut, as high levels of manual intervention may be required between HR, payroll and pension scheme reporting systems whenever contributions change, perhaps as a result of pay, age or the exercise of member options.

To ensure that contributions are allocated correctly, they all go through Quantum's unique validation checking system. This process ensures a high level of data accuracy by trapping errors before they become issues and providing the trustees with an effective early warning system. This is all part of our standard service.

### Communication

We are experienced in delivering pension and reward projects, drafting communications and giving technical input to ensure compliance and overall project management.

From a member newsletter through to a bells and whistles website, we have specialists who can deliver tailored material to fit your brand identity and deliver your message in a clear and jargon-free manner.

We use a variety of media to help communicate including written, online and face-to-face, e.g. member surgeries and presentations. This ensures that individuals are equipped with all the facts so they can begin to appreciate the benefits you are providing them. We will also work with you on the timing of any communication, to avoid information overload.

### Governance

As the pace of legislative and regulatory change continues to accelerate, there are a number of issues facing trustees which potentially impact upon pension schemes.

We provide independent consultancy

advice on risk management, control and mitigation which includes the compilation of risk registers which identify the many different risks faced and a consideration of how those risks may be addressed.

### Investment consultancy

Quantum provides a range of investment consulting services which we deliver on a client-led, bespoke basis. This service includes defining objectives and setting strategy, strategic asset allocation advice, investment manager research and selection, advice on governance and regular performance monitoring.

Our aim is to provide individual solutions that are the best possible fit for your situation, objectives and needs.

Investment risk is increasingly seen as an area of concern by trustees and sponsors alike. We will work with you to select investments that provide the potential for future returns consistent with scheme funding requirements, while minimising exposure to risk within those requirements.

### Selected case study Strategic benchmark review

**Selected case study**  
**Bespoke consulting advice**

We were asked by a large conglomerate and their lawyers to provide independent actuarial consulting advice and calculations relating to the historic adjustment of the scheme's retirement age made to comply with sex discrimination legislation.

The existing process put in place by their incumbent advisers was felt to be in question. We were approached to provide a second opinion relating to the various cost and funding implications of putting right the problem.

Following preparation of detailed calculations, discussion on the cost implications and legal negotiations, the incumbent adviser agreed to a compensatory settlement with the client.

**Secretarial service**

We act as the secretary for a number of trustee boards. This service includes the preparation of trustee meeting packs (drawing together enclosures as required from all parties with whom the trustees interact), compiling agendas, organising attendance of the relevant advisers and investment professionals and drafting meeting minutes.

In addition, our secretarial service incorporates a scheme event planner, holding details of, and arranging, trustee training as appropriate and maintaining a risk/governance register.

**Trustee training**

We specialise in providing scheme-specific trustee training programmes, tailored to meet your needs.

Our training services are designed to guide you through the scope of the knowledge and understanding requirements as recommended by the Pensions Regulator, keep you abreast of changing regulation and its impact on your scheme, give you access to leading technical knowledge, and provide a robust and independent point of view.

**Bespoke projects**

We are happy to work with you on any specific challenge or unusual project you may have that does not fall into any of our standard service categories.

We would welcome the opportunity to discuss your requirements. Contact us to see how we can help with your pensions and employee benefit challenges.





## Intelligent pension solutions

### Selected case study Creative thinking

We provided advice to the trustees and sponsoring employer of a defined benefit scheme with approximately 1000 members. The circumstances of this scheme were unique, as most of the members were entitled to small lump payments and only a few were entitled to a small defined pension. In addition, many of the members could not be traced.

The employer was becoming increasingly concerned as the costs were becoming disproportionate to the actual benefits being provided by the scheme. We came up with an innovative solution, which was to transfer all the members to a defined contribution scheme. This was achieved using a dedicated portfolio of gilts so that we could accurately predict future investment performance and guarantee that members would receive the same level of benefit that they would have received under the defined benefit arrangement.

This satisfied the demands of the trustees and the scheme actuary and sidestepped the need to trace all members. Crucially, it also cut future servicing costs dramatically by removing the need for actuarial valuations, PPF levy and other costly requirements.

We pride ourselves on the quality of people we employ, our personal approach to client care and the smart solutions we come up with which offer greater choice, more flexibility and personal tailoring.

Our latest innovation is the **adapt** facility for occupational DC schemes which allows members to withdraw income to meet their needs rather than buy an annuity at retirement. If you'd like to know more about this or any of our other services, please contact us.

**Your local contact**

We have offices in Amersham, Birmingham, Cardiff and London. Call us to see how we can help with your pensions and employee benefit challenges.

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