

What makes an effective pension oversight group?

Your organisation's provision and spend on a pension scheme is significant and comes with both risk and responsibility. Having an effective pension oversight group in place is key to ensuring you are getting good value from your pension spend and to help your employees achieve a great outcome in retirement.

How can you ensure you're getting the best from your oversight group? Or what should you be thinking about if you're looking to set-up an oversight group? We set out what makes an effective group below.



An engaged and diverse group

Having the right people on your oversight group is key! This doesn't mean they need to be pensions experts, but an effective oversight group should be:

Diverse with a mix of ages, skills and experience that represent the make-up of your workforce and understand their challenges. A diverse group with a range of views will have stronger debates and will help you assess what will resonate well with different members. A diverse group should understand they have been selected for this reason and, with real encouragement, be ambassadors for 'people like them' in the scheme.

Engaged with a real passion for delivering good retirement outcomes for their colleagues. It means being curious about how they can practically achieve this and have an ambition for continuous improvement.



Clear aims and processes

Great people alone won't do the job. If your group isn't organised with focused objectives and clear meeting arrangements, then you won't be getting the best out of your group. An effective oversight group should:

Set clear, measurable objectives focused on member outcomes. By doing so, the group can effectively prioritise budget and time on the things that will have the biggest impact on member outcomes. Establishing clear measures of success will also help demonstrate the value added by the group.

Draft a clear Terms of Reference to ensure everyone understands the remit and objectives of the group.

Keep a high-level risk register to identify and track risks that may impact your objectives.

Keep meetings short and focused. If there are meeting papers, allow these to be read before the meeting to ensure that meeting time can be devoted to discussion and debate. Maximise effectiveness by making meetings accessible, whether online, face-to-face or through a rotating format that best suits the group.

▶ **Review the effectiveness of your group** to ensure people, processes and structure all remain sharp and fit for purpose. Examples include training, a permanent member forum for quick and effective feedback, a business plan for the year, and 'themed meetings' that delve into specific topics, preventing a repetitive agenda.



Leveraging support and advice

Engage with advisers to keep your oversight group updated on the latest DC market developments and forthcoming trends. This will ensure that you can make more informed decisions. An effective oversight group should:

Engage with the scheme provider. Invite your provider to present their governance report, their latest ideas and developments, and answer questions from the group. By focusing closely on the specific needs of your membership, a pension oversight group can ensure that the unique challenges and work environments of your members are well considered by your provider as they make developments.

Leverage knowledge from an adviser who understands your pension scheme, the broader business goals of your company and has insight into the wider market. An advisor can help you secure improved deals and services from your provider, offer you market insights on how your competitors are shaping their pension strategy, and ensure you are effectively managing the risks within your scheme today and in the future.



Aligning with corporate strategy

Your organisation has likely invested a lot of time developing its corporate strategy, including setting ESG and DE&I policies and commitments. It's crucial for the oversight group to ensure that there is proper alignment between these corporate policies and the pension strategy. Given the scale of an organisation's pension, this will be critical to maintaining the credibility of your executive team's overall actions.

Ensuring your oversight group is aligned with corporate strategy is also a great way for your employees to recognise the relevance of the pension scheme and encourages engagement with their retirement savings. An effective oversight group should:

Understand your sponsor's key corporate policies. Examples can include sustainability, Diversity, Equity & Inclusion, plus wellbeing and people strategies.

Challenge whether more can be done to improve alignment in strategies. This involves understanding how well your provider's delivery and service support your corporate policies, and challenging if the oversight group or corporate should make changes to better achieve these goals.

If you'd like to hear more about the benefits of setting up a pension oversight group, or would like some hints and tips on how you can improve the way your oversight group currently operates, please don't hesitate to get in touch:



Rachel Haggarty

DC Consultant

rachel.haggarty@hymans.co.uk