

Delivering Good Outcomes

Default investment fund solution



The problem

A US-owned, City-based investment boutique with 80 UK staff, split evenly between investment and support roles, faced two issues with their pension plan.

1. The level of staff investment expertise had created a demand for greater investment choice within their pension plan.
2. The firm had to designate a suitable default investment option for automatic enrolment purposes.



The issues

The existing plan was administered on an older insurance company platform with an outmoded charging structure. It needed a review and the key criteria were to:

Recommend a "suitable" default option for all members, keeping charges low.

Improve the investment range and include a Self-invested Personal Pension (SIPP) option.

Source a financially strong provider, and deliver a future proofed contract with active product development.



The solution

A full market and default investment review to ensure the scheme and its investment strategy were both correctly aligned with members' needs.

After deliberation, we selected a diversified growth fund (DGF) for the growth phase with a lifestyle profile to reduce risk in the years prior to retirement.

Charges were minimised by using static asset allocation and passive funds.

The selected provider demonstrated market share, commitment to product development, investment expertise and low charges for their packaged default option.

Salary sacrifice was introduced in conjunction with auto-enrolment to optimise the tax efficiency of the members' contributions.

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How we helped

The new plan offers a compliant default investment option and meets the firm's regulatory responsibilities for their qualifying workplace pension scheme.

The increased fund range (>250) allows investment staff access to funds from over 30 fund management groups.

Full SIPP functionality is available to members as part of the plan, making it simple for payroll to administer and very flexible for investment staff.

Lower charges were obtained for all members.

A communications campaign saw staff engagement increase and staff feedback was very positive.

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