

LCP case study

Employee benefits change management programme

MARCH 2011

Background and objectives

Our client had a significant defined benefit (DB) pension arrangement in the Caribbean that they wanted to change to defined contribution (DC). The closed DB benefits were to be indexed against the US dollar and were to be bought out and a new DC scheme created. A reserve was to be established within the scheme to fund future DC contributions. Pension scheme assets had to be transitioned to fund the buyout, including the sale of several properties.

The client lacked the skills and resources on the ground to undertake such a complicated change programme themselves.

Approach

- Provide an experienced change management consultant to work on site overseeing all project work streams, including procurement, complex asset transition arrangements and property sales.
- Implement an innovative buyout deal structure to secure member benefits.
- Understand the complexities of working in a different cultural environment and within a close knit pensions industry community.

Solution

- LCP acted as Chair of a joint Trustee and Company Task Force for a five month duration.
- We managed the various stakeholders and advisers and provided clear communications to keep the trustees and the global company up to date on progress.
- We liaised with the national bank and regulatory authorities as the deal was significant to the local economy.

Client benefits

- The project was completed within a challenging time frame.
- The solution was ground breaking for the local market.
- The company secured a significant refund from the surplus left in the scheme following the change programme.

CASE STUDY

Quick Summary

Client with overseas defined benefit (DB) pension arrangement changing to defined contribution (DC).

Objective

Deploy skills and resources needed to undertake such a complex change.

LCP

Our methodology has the flexibility to account for local culture while maintaining best practice.

The expert's view

This was a particularly complicated change programme due to the nature of the benefits under review.

The first step for LCP was to adapt our processes to take into consideration cultural differences whilst maintaining best practice.

Another key challenge was to manage the multiple parties involved, particularly the numerous legal teams. Having an independent Chairman provided objectivity. It ensured that there was someone to drive the projects and act as a central point of focus for all communications. Our main aim was to run the project in a streamlined manner, ensuring that the parties involved, including the external stakeholders, were kept up to date and fully informed. In this case, it was necessary for the country's Treasury to be aware of progress as the nature of the funds meant that the strength of the local currency could be influenced.

LCP's extensive project management experience ensured that the project ran smoothly and that all aspects were legally compliant.

A key requirement was also to keep the country's Treasury informed as the project could affect the strength of the local currency.



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LCP's Employee Benefits Consulting team has extensive practical experience in helping clients with their administration, governance, risk management and communication issues. If you are interested in learning more about how we can help you, please contact the partner who normally advises you, one of our specialist team below or visit our website at www.lcp.uk.com.

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