

A safe and robust approach to DB run-on for trustees and employers

Running on a defined benefit (DB) pension scheme to deliver for members and employers requires a number of strategic and operational elements to work in harmony.

XPS Integrated Run-On gives trustees and employers a structured and resilient framework for running on, helping to deliver value for members and employers in a safe and robust way.

This draws on the skills of our Pensions, Investment, Administration, and Insurance consulting practices to deliver three key elements:

1

Strategy: Insurer-like investment and risk management designed to generate stable, predictable surplus while protecting against downside risks.

2

Governance: Tailored oversight and governance that reflects the unique opportunities and risks of running on.

3

Administration: Technology-led data management and member services that ensure accurate surplus and risk assessment, while delivering a high-quality member experience.

To enhance our Integrated Run-On proposition, we've developed a community for schemes that are running on, sharing insight into emerging rules and evolving best practice. The XPS Integrated Run-On Community builds on the operational and strategic elements above, providing:

XPSIntegratedRunOn
COMMUNITY

- Access to a **growing community of schemes exploring run-on**, building on our inaugural run-on forum with 25 large DB schemes with combined assets of over £100bn.
- Invites to regular discussion forums to **hear what peers are doing, share practical experiences and compare approaches to ensure long-term success**.
- **Insight into key developments from the government and TPR**, initially as regulations and guidance are drafted and then, when rules are in place, how approaches are regulated.
- Access to **XPS expertise and insights across all strategic and operational elements** of run-on.

With new surplus legislation and regulatory guidance on the horizon, DB run-on is moving into a new phase. The attention is moving on from the potential value of running on, to instead focusing on how to deliver that value in a safe, and efficient way.

XPS Integrated Run-On brings all of these elements together into a single framework to help trustees and employers optimise their DB run-on approach.



Tom Froggett
Head of DB Run-On

How it works

XPS Integrated Run-On brings together strategy, governance and administration to deliver a safe, robust and efficient approach to running on. Here's how it works across all of those three key elements.

XPS Integrated Run-On STRATEGY	Robust, safe risk management strategies	• We set a strategy that is safe and delivers stable, predictable surplus flows. • Our approach builds on the approaches used by insurers to generate stable returns and protect against downside. • We have a default combined approach to investment strategy, funding buffers, surplus distribution policies, and downside covenant protection with options to change and balance these to suit your specific circumstances. • We have technology that allows you to assess your options and outcomes in real time, monitoring your strategy and respond to changes.
XPS Integrated Run-On GOVERNANCE	Operational oversight tailored to the risks of run-on	• Run-on introduces areas to manage including risk buffers, managing surplus and knowing the up-to-date cost to exit to insurance when needed. • Our bespoke policies and processes help trustees govern and manage their schemes while running on. • This can be further supported by our administration and monitoring tools. • Surplus policy which captures all key elements and helps meet and future proof against TPR guidance.
XPS Integrated Run-On ADMINISTRATION	Modern, technology-driven accurate data and gold standard member service	• Successful run-on relies on having comprehensive data and detailed understanding of benefits – we prepare for run-on in the same way we prepare for buyout. • Our approach includes a comprehensive benefit review and rectification. This ensures liabilities are accurate for surplus distribution and insurer pricing if the scheme needs to pivot to insurance. • Successfully running on and ensuring any surplus released is real and relies on high quality, best-estimate benefit cash flows. This supports a robust assessment of surplus and hedging against economic and demographic risks. • All of this is underpinned by a high quality member communications strategy to ensure members understand and value the benefits of running on.

XPS Integrated Run-On can be adopted either as a **fully outsourced approach** where all elements are run as a 'one-stop-shop', or a more flexible approach where individual elements can be adopted to supplement a scheme's existing run-on framework.

Find out more

To discuss XPS Integrated Run-On or how we can help, please get in touch with **Tom Froggett**. Alternatively, please speak to your usual XPS contact.



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