

Housing briefing, March 2021

First Actuarial – First for pensions in the housing sector

First Actuarial has a nationwide team of housing sector pension specialists built on decades of experience.

We believe in what housing associations do – your mission and what you strive for. We admire your innovation and we're keen to play our small part in helping you meet wider objectives for the social good.

Although we tend to be a modest firm, in this month's briefing we're taking a different tack. We'll explain how we believe we can make a positive impact on your housing association and why we're a bit different (in a good way).

The First Actuarial housing team

First Actuarial is the leading pension consultancy in the housing sector. This is no empty claim – the numbers back us up. Over the past five years, we've worked with more than 160 housing associations across England and Wales.

All pension consultancies bring technical expertise, that's a given – or at least it should be. But pensions can be a dull and onerous topic in the wrong hands. Not ours. Where First Actuarial really shines is through our personality-driven approach, along with our creative and innovative thinking.

We definitely do not follow the herd. Not because we just want to be different, but because we believe we can make a real difference to our clients.

Our housing specialists

We have 13 senior consultants (yes, 13) across five offices, all currently working in the housing sector.

Due to our focus on the sector, we have our ears to the ground at all times, keeping up with the latest trends and news. The insights and experiences we share across the team enrich the advice we give to our clients.

Whether your association has housing stock in the hundreds or in the tens of thousands makes no difference to us. We respect every client we work with.

To provide a full suite of pensions services, our senior housing specialists are supported by junior actuaries, Defined Contribution (DC) consultants, investment advisers and the financial wellbeing team.

Our housing specialists are currently hard at work providing advice in five areas in which we excel.

1. First for... Strategy and governance

Regardless of where your pension obligations are held, you'll need a pensions adviser to help keep control of your costs and risks. This is our bread and butter.

We work on the basis that *nothing is ruled out* when reviewing pension strategy. We keep an open mind with all our clients and never walk into a room with a magic bullet solution. Every client has its own distinctive objectives and culture.

Rule 1: Listen to the client. Rule 2: Listen again.

That said, we believe a pension strategy should be in place to support the three Rs:



Now is a good time to revisit pension strategy, with results from the 2020 valuation of SHPS almost with us. We are ready to help.

Around one-third of our clients use our [firstwatch](#) governance service, which is tailored to each association's specific needs.



The phrase **value for money** is used widely in the housing sector and we believe this is fundamental to our role too. Value for money should apply to both pension provision and to adviser fees.

On the face of it, **DC saving schemes** are transparent, as every £1 paid will never cost any more than that original £1. But is that money invested wisely to minimise risk and maximise reward? What about the management charges, are they competitive? And how are ESG (Environmental, Social and Governance) risks managed?

With **Defined Benefit (DB)** schemes, there rarely seems to be any good news. But there are ways to improve the chances of earning a good return, whether your liabilities are in the LGPS, SHPS or your own scheme. These include offering security rather than cash, and a long-term investment strategy aimed at making your money work harder.

2. First for... Bulk transfers

One recurrent theme in recent years has been bulk transfers out of SHPS. This is where a housing association takes its share of assets and liabilities out of SHPS and places them in its own pension scheme – free from the risk of being the last man standing.

Due to our prominence in the sector, we have advised on several bulk transfers and are at various stages of advising on several more. Once a bulk transfer has taken place, it's critical to put robust governance procedures in place, and to have actuarial and investment advice on hand for future negotiations with the scheme trustees.

3. First for... Pension cost accounting

The assumptions used to determine the net pension liability on your balance sheet are yours to make. Although SHPS and each regional LGPS will put forward its own default assumptions, ultimately you can take your own advice and set your own. Our independence from these schemes makes us ideal to propose assumptions that work for you.

4. First for... LGPS exit planning

As outlined in our [October 2020 briefing](#), regulations now allow LGPS employers to end benefit accrual without the one-off shock of a cessation debt. It will not surprise you to read that we've been inundated with housing associations looking to explore this new flexibility.

5. First for... Financial wellbeing

Finally, why do you provide pension schemes? Obvious answer – to help your colleagues save for their future and enjoy a happy and secure retirement.

Pensions form a key part of the remuneration package and, in our experience, most housing associations generously provide pensions far in excess of many other sectors. But do your colleagues value the employer pension contribution you make?

Whether we're delivering a pension change consultation or a financial wellbeing programme, our team has the expertise to help your staff understand their pension saving and take control of their finances.

How First Actuarial can help you

First Actuarial provides independent advice to more housing associations than any other firm.

To discuss this briefing or any area of pensions, please contact your usual First Actuarial consultant or any of our nationwide housing specialists.

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