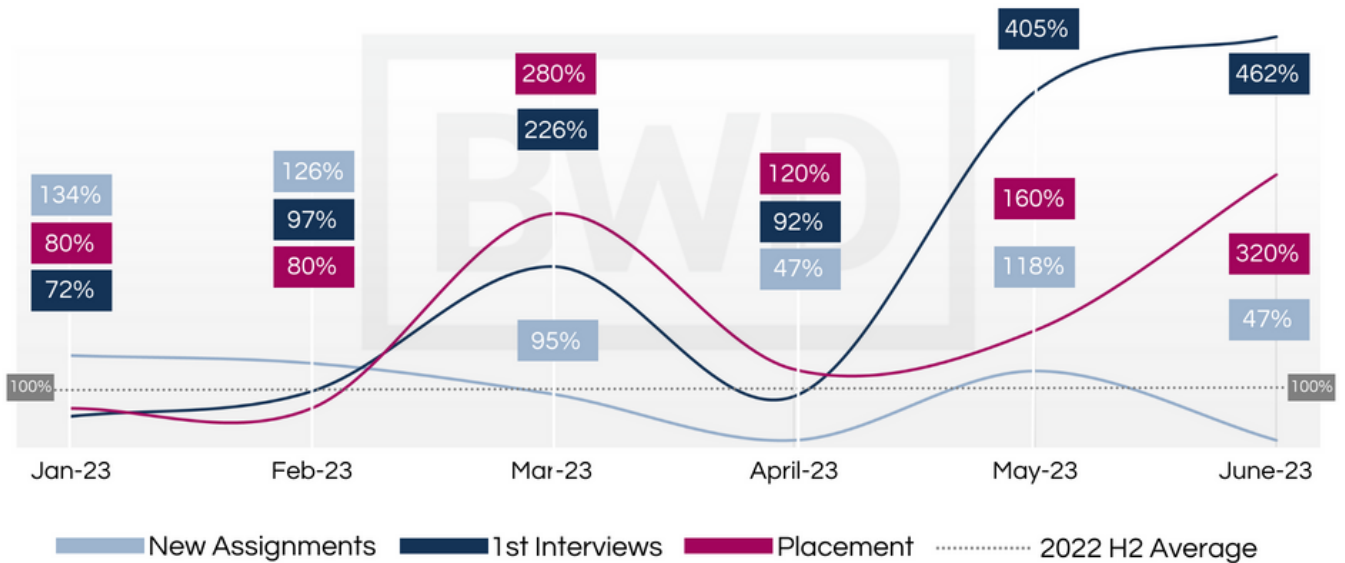


BWD

PENSIONS MARKET REPORT - H1 2023



WELCOME

Whilst other sectors may have taken a hit in a more normalised market across 2023, the Pensions industry still shows signs of growth in an industry where lack of available talent is the No1 issue.

Compared to H2 2022, we have seen an increase in placements and 1st interviews yet a decrease in the number of jobs. Why?

Firms are becoming increasingly open-minded to the type of candidate they wish to see and are becoming more flexible in hiring candidates outside the normal spectrum.

SALARY INCREASES

Those who have moved jobs are seeing good pay rises, with those who are staying loyal to their employers typically receiving incremental pay rises which fall short of the rate of inflation. Some firms are trying to combat this; Cartwright for example have given all staff a one-off £2,000 "cost of living support" payment.



FEMALE: 29%
MALE: 12%

Gender equalisation is taking place, which I expect to continue, females garnering a huge 27% average pay increase when moving roles within the Pensions industry, compared to their male counterparts receiving an average 12% lift. More and more employers are now not asking for a candidate's current salary package and are instead focused more on salary expectations, which has helped generate some exceptional uplifts.

PENSIONS OPERATIONS

Remote working is still the big differentiator when it comes to hiring; those who can offer it are seeing a much larger pool of applicants compared to those who can only offer a hybrid working alternative.

Across administration, Senior Pensions Administrators are the most sought-after level to recruit for, with those who have cradle-to-grave DB Pensions experience in high demand.

I expect to see an increase in contracting opportunities in H2 as we see more pension administrators exit the profession, with many being enticed by the rise of the Professional Trustee firms (more on this on the next page) who seen able to pluck talent from already-stretched admin teams, leaving under-resourced teams unable to cope with demand.

A notable mention too is the sale of Mercer's UK pension administration business (and US health and benefits administration) to a newly-created company, Aptia, that was announced at the end of June 2023.



PROFESSIONAL TRUSTEE

The rise of the Professional Trustee firms is in full flow; H1 2023 has seen continued exponential growth across the industry and seismic mergers amongst the trustee firms, with the merger of Ross Trustees and Independent Trustees Limited forming Independent Governance Group (IGG), shortly followed by the merger of 20-20 and Punter Southall Governance Services (PSGS) to become Vidett – creating the two largest Professional Trustee firms in the sector.

A SIGNIFICANT SHIFT OF PEOPLE TRANSITIONING ACROSS FROM THE PENSIONS ADMINISTRATION TO THE PROFESSIONAL TRUSTEE INDUSTRY

The Professional Trustee firms now provide a range of services – from pure Trustee Executive roles to broader, governance and support services – stimulating a significant shift of people transitioning across from the pensions administration (and similar sectors) to the Professional Trustee industry, attracted by more client interaction and responsibility, higher salaries and greater career progression potential.

Most of the growth in the Professional Trustee market still comes from pension schemes appointing a professional trustee for the first time which, coupled with retiring experienced professional trustees, is attracting a new wave of Professional Trustees in the middle of their career (rather than the end of their career) from a diverse range of backgrounds including actuarial, investment, pensions covenant, legal, administration and in-house pension managers to name just some.

PENSIONS ACTUARIAL

The Pensions Actuarial market still has a significant shortage at the Part Qualified/Nearly/Newly Qualified level. In an effort to combat this, a few firms are able to offer sponsorship to those without the right to work in the UK. This has allowed firms to attract talent from a wider talent pool.

Whilst more firms can offer sponsorship, not all firms can cover the costs which can be as much as c£10,000 for someone to make the move; those firms who are able to cover the upfront costs of sponsorship are seeing a much higher success rate than those firms who don't cover the costs, or simply cannot offer sponsorship.

Average processing time from receiving a CV to making an Offer across H1 was 8 working days, which is a marked improvement on last year. Speed is the order of the day – I've lost count on the number of firms who have missed out on stellar candidates because they have a broken, inefficient system which causes very avoidable delays.

Actuaries leaving the pensions industry is as consistent as it has been in previous years; Pensions Actuaries (particularly at the part-qualified level) are typically remunerated much lower compared to their Life & Non-Life counterparts; this continues to allow the insurers to pluck out top talent from the pensions industry.

CONTRACTING

We've seen a big increase in demand for those who operate within the Pensions & Investment complaints space – we only expect this to continue to rise through the year.

Contracting across the Pensions Actuarial and Operations space has seen a decline compared to last year's levels, however, we expect to see an increase again across H2 to meet the demand for interim and project-based resource.

More candidates are considering moving into the contracting world, but are not prepared to give up a permanent job until they've landed the new role; it's unlikely for those on a 3-month notice period to have much success with this and firms are unwilling to wait for that time period to run its course when need is typically required immediately.

5 REASONS TO HIRE CONTRACTORS:

- 1. Specific Skillset:** Contractors have knowledge of specific areas which can be particularly useful on projects that have a shelf-life; This can include knowledge of specific areas (e.g. GMP equalisation or Pensions Dashboards), expertise in using certain software or tools, or experience working on similar projects.
- 2. Stretched teams:** Already stretched teams often need immediate help, contractors plug gaps and add support to teams quickly - optimising growth and decreasing turnover.
- 3. Economic Uncertainty:** Contractors are hired on a temporary basis; you can scale up or down as you see fit through particularly busy periods or quieter ones.
- 4. D&I:** Help increase inclusion by providing an entry point for individuals who are underrepresented.
- 5. Immediate Solutions:** Has a crucial member of your team left? Contractors can be the solution to a problem you didn't foresee coming.

ACTUARIAL INVESTMENTS - PENSIONS MARKET

UNMASK THE COST BENEFITS OF CONTRACTORS

	PERMANENT HIRE	CONTRACT HIRE (12 MONTH CONTRACT)
SALARY	£120,000	£700
EMPLOYER NI	£17,788.20	£0
PENSION CONTRIBUTIONS (8%)	£9,600	£0
RECRUITMENT FEE (20%)	£24,000	INCLUDED IN DAILY RATE
BONUS (15%)	£18,000	£0
LOST PRODUCTIVITY	25 DAYS HOLIDAY 7.5 SICK DAYS (AVERAGE FOR THE UK)	ONLY PAID FOR DAYS WORKED
NOTICE PERIOD	3 MONTHS	1 WEEK
HEALTH & WELLBEING BENEFITS	£3,5000	£0
DAYS WORKED	221	251
TOTAL COSTS	£186,076.20	£175,700
COST PER DAY	£842	£700

UNMASK THE COST BENEFITS OF CONTRACTORS:

PERMANENT HIRES VS CONTRACT HIRES

[CLICK HERE TO READ](#)

OUTLOOK FOR H2 2023

2022 saw the third-highest year on record (behind 2019 and 2020) for the UK's pension risk transfer market, reaching £44.7bn across buy-ins, buy-outs and longevity swaps.

And 2023 is showing no sign of slowing down:

“Busyness in the Risk Transfer market is at an all-time high, with around £25bn of bulk annuity transactions expected to be secured in the first half of 2023...”
announced Lara Desay, Partner and Risk Transfer Specialist at Hymans Robertson.

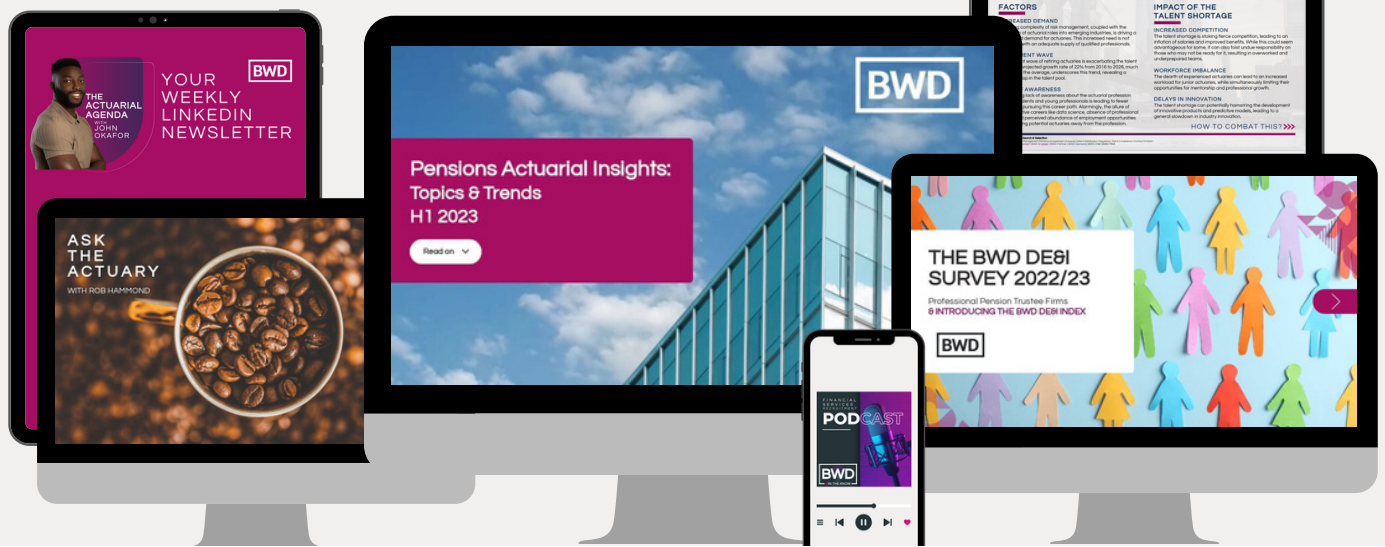
Indeed, February 2023 saw the largest ever buy-in/out in the UK – a £6.5bn full buy-in by RSA's pension schemes with PIC – and more ‘mega-deals’ are expected to follow.

2023 also saw the re-entry of M&G (which owns Prudential) to the market, taking the number of insurers up to nine, with other potential entrants surely to follow. Despite the growing number of insurers in the market, the huge surge in demand means insurers are being very selective on which schemes they will quote on, and simply being well-funded is no longer enough – scheme sponsors, trustees and their advisors therefore need to make sure their schemes are as attractive as possible, which can mean getting governance in place, hedging interest rates, inflation and credit spreads as well as managing illiquid assets, liability management exercises, cleaning member data and considering GMP equalisation.

This provides plenty of work for the whole pensions industry – professional trustees, pension scheme administrators, actuaries and investment consultants, and many more.

INTERESTED IN MORE?

Click on any of the below to find out more...



OUR ADVICE FOR CLIENTS

- There's a rich talent pool abroad - tap into it!
- Consider hiring contractors – for projects with tight deadlines or for filling temporary staffing gaps
- Embrace remote working and cast your net wider to attract talent right across the UK
- Keep the time between interview and offer stages short if possible - this will involve streamlining your interview process and remaining focused on the qualities you're looking for
- Consider a heavier focus on training for all new hires (not just graduate hires)
- Keep consistent contact with new joiners, even after they've accepted your offer
- Benchmark market pay using our [salary calculator](#)

STRUGGLING TO FIND TALENT?

Talk to our experienced Financial Services recruitment consultants today to develop a talent-ready strategy.

[BOOK A CALL](#)

OUR ADVICE FOR CANDIDATES

- Gain clarity on your needs and wants before committing to a move
- Speak to a recruitment firm with detailed industry knowledge – or Ask the Actuary (see previous page)
- Consider becoming a contractor – and be your own boss!
- Expect a quick interview process and make sure they answer all your questions
- Ask about their training schedule and personal development plans during the interview
- Know your CV inside out and back to front, read through it the night before an interview to give yourself the best chance of success
- Research the company prior to interview, fail to prepare, prepare to fail.
- Benchmark your salary using our handy [salary calculator](#)

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And we're not all talk either. Based on feedback using Recruiter Insider, we are ranked in the top 5 agencies for both [client](#) and [candidate](#) experience.

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