


CASE STUDY



Helping BTPS reduce pension
overpayments and increase
member satisfaction

One of the UK's largest pension schemes achieves a paradigm shift in reducing overpayments and increasing member/beneficiary satisfaction, with the support of LexisNexis® Risk Solutions.



LexisNexis® Risk Solutions is supporting BTPS in achieving a clearer view of member data, enabling proactive engagement with members and next of kin/beneficiaries. A key result of this has been a significant reduction in overpayments.

BT Pension Scheme

BTPS, one of the UK's largest corporate pension schemes, manages around £37 billion of retirement assets, and pays out c.£2.6bn in pension payments annually. Operating as a separate corporate entity to BT Group, the scheme closed to new entrants in 2001 and to future accruals in 2018. The scheme currently has a membership of c.263,000 people.

BTPS is administered by Brightwell. Brightwell is on a journey to modernisation and digitalisation and is looking to transform pension administration. Brightwell seeks innovative solutions to deliver an industry leading standard, whilst balancing costs and keeping members at the heart.

Meeting BTPS' Challenges

As with all pension schemes, member data plays a critical role in delivering a strong member experience. Having correct and up to date member data is crucial for member engagement and communication, as well as for accurate payments and de-risking.

With the pension dashboard on the horizon for 2026, there is mounting industry pressure for member data to be ready and accurate. Brightwell is ahead of the curve here and is always looking for new ways to improve its processes.

With the current challenging economic situation in the UK, people are looking to manage their savings and investments carefully. More than ever today, members need to be sure their pensions are secure, with a trusted provider, and that they can be accessed safely and easily when the time comes.

LexisNexis Risk Solutions uses a range of data sources, including reference data, to create a 'single member view' and helps to identify when there are changes to member data, including, but not limited to, mortality and address information.



The challenges of paying a pension for life, but not in death

'Defined Benefit' pension schemes and annuity providers pay pensions to members whilst they are alive, up to the point when the member dies. As such, schemes need to keep track of mortality changes so that they know when pension payments to the member should cease.

Mortality data is key here, as is address data, enabling pension schemes to get in touch with appointed beneficiaries on a timely basis, in the event of the member's death. Address data degrades quickly - it's estimated that every year around 11% of UK adults change address, many of whom will forget to inform their pension scheme.

LexisNexis Risk Solutions can support schemes in managing member data more effectively so that they're alerted to changes in member data shortly after they occur, which in turn results in more timely payments and member communications in life, as well as preventing overpayments and unnecessary or insensitive communications at a difficult time when a member has deceased. Keeping up to date with member data and enabling more proactive member engagement results in a much better member experience, with smoother processes and less friction.

Partnering with LexisNexis Risk Solutions, Brightwell has achieved a significant reduction in the time taken to identify overpayments and improve their overpayment process...

A decade ago, BTPS was heavily reliant on the next of kin to inform them of a member's death. In cases where they were not informed, pension payments would continue being made to the member until the scheme became aware of the death. Like many schemes, BTPS administrators would write out to members every few years, asking them to confirm whether they were still living at the address held on record. However, due to lapsed time, any previously unidentified deaths would have received overpayments.

LexisNexis Risk Solutions was uniquely positioned to help. With access to extensive data sources, including address and mortality data (accessing restricted death registries), quick and simple electronic checks could be run against member data, enabling BTPS to stay informed of changes, update the records, append any new information and take any necessary action as a result of the change. A key part of this was the ability to identify member deaths as early as possible, to reduce overpayments and minimise friction with the next of kin during an already difficult time. The partnership has resulted in the average overpayment period decreasing to 40 days, which was a significant reduction for BTPS!

“As with all well-established pension schemes, with over £2.6bn in pension payments each year, maintaining accurate, consistent and complete data is a challenge.”

“Whilst most members keep us informed of changes in contact details, the personal data we hold for our members can degrade quickly once they retire.”

*“Historically we would carry out laborious and cumbersome write-out exercises to improve our data. However, with support from LexisNexis Risk Solutions, the cost of improving our data has reduced so significantly that this can be carried out monthly, using independent tracing under BAU. **This tracing is cheaper, less labour intensive and less intrusive for members and their next of kin.**”*

*“With confidence that we could regularly verify our members, we enhanced our processes to stop pension payments on the date of death, rather than at the end of the corresponding month. We continue to pay members for life, **but can now significantly reduce overpayments, representing savings for the scheme that are exponentially higher than the costs incurred.**”*

*“With so much data available, we continuously review how the relationship can be extended to make further efficiency gains, reduce risk and enhance our member service. Partnering with LexisNexis Risk Solutions has offered us **a truly reciprocal relationship that continues to drive business improvement for us.**”*

David Cheetham – Associate Principal, Brightwell

And it's not just overpayments...

Longevity Risk

The risk of members living longer than expected becomes a significant part of the residual risk to the funding of a defined benefit pension scheme. BTPS' industry leading £16bn 'longevity swap' in 2013, with a large re-insurer¹, meant they shared the risk of members living longer than expected. As part of the arrangement, BTPS built robust processes to ensure member payments are as accurate as possible – avoiding inaccuracy and overpayments.

After assessing the market, BTPS chose LexisNexis Risk Solutions to support them with de-risking, largely due to their proven track record in Life and Pensions. LexisNexis Risk Solutions ticked all the boxes: outstanding UK data coverage, competitive prices and the ability to manage, cleanse and append very large volumes of data and trace lost members quickly and accurately, with a high success rate.

*“LexisNexis Risk Solutions stood out for us as a partner of choice. Not only are they willing to work closely with us to understand and help address our challenges, **but the strength and breadth of their data sets, combined with their tracing and existence services, stand out clearly amongst other leading providers.**”*

“We regularly review what LexisNexis Risk Solutions offers, compared with others in the market, and they consistently exceed our expectations.”

David Cheetham – Associate Principal, Brightwell

¹ Deal of the year: BT swap 'the way forward' for longevity risk



Whilst mortality and address data tracing play a key role in BTPS' processes, LexisNexis Risk Solutions also provides further services and datasets to help schemes know their members better...

Marital Status Prediction

Prediction of a member's marital status proves useful for member analysis and de-risking. For defined benefit pension schemes that pay spouse's pensions upon the death of a member, knowing the proportion of married members is helpful for estimating expected future pension payments. This proves popular and useful for valuations and insurance buy outs. LexisNexis Risk Solutions uses algorithmic analysis of consumer data, drawn from various public sources, to predict, with a high degree of accuracy, an individual's marital status. Marital status is categorised as single, married, widowed or cohabiting, therefore not solely relying on legally married members. This service provides a quick and cost-effective way of assessing member risk and making better informed decisions.

In preparation for its recent £5bn longevity swap with another re-insurer², BTPS needed to verify the proportion of its pensioners who were married. LexisNexis Risk Solutions was able to provide an electronic solution with results that the insurance industry could reasonably rely on.

GMP Equalisation

Following a High Court ruling, pension schemes are responsible for equalising the 'Guaranteed Minimum Pension' (GMP) for members who built up GMP between 17th May 1990 and 5th April 1997, including those members who transferred out.

LexisNexis Risk Solutions has extensive electronic tracing capabilities to help trace members with whom pension schemes have lost contact a long time ago. LexisNexis Risk Solutions supported BTPS in tracing these legacy members, as well as verifying that the traced members were in fact who they said they were. As a result, BTPS was able to confidently release payments, whilst keeping the costs of administration low and relieving internal resource.

Bank Account Verification

During the in-sourcing of the administration in 2018, BTPS reviewed all the controls in place to ensure the accuracy of pension payments. To verify controls were working as intended, BTPS wanted to carry out independent, scheme-wide checks, matching bank accounts to the recipients' names.

BTPS asked LexisNexis Risk Solutions to build a check that could verify bank account payees, at scale. LexisNexis Risk Solutions quickly developed a batch solution, matching names against bank account details, to provide BTPS this assurance.

² BTPS agrees £5bn longevity swap with RGA



Conclusion

LexisNexis Risk Solutions has become a key partner, supporting BTPS with data and technology, to help reduce costs and improve administrative practices. It's a strong and successful partnership built on impressive results and mutual trust.

"It is a highly collaborative relationship, LexisNexis Risk Solutions are very proactive with exchanging ideas about ways to reduce costs, risks and enhance services. Their services and insight into future trends, enables BTPS to see the big picture across their membership and across the pension industry as a whole. For broader issues such as identity verification, we can now take a wider, macro-level view.

"The LexisNexis Risk Solutions team makes suggestions and strategic investments that position them strongly to continue to be our partner of choice for the benefit of members now, and for the future. What's great about them is they're working hard to find solutions today for tomorrow's problems."

David Cheetham – Associate Principal, Brightwell



About LexisNexis® Risk Solutions

LexisNexis® Risk Solutions harnesses the power of data and advanced analytics to provide insights that help businesses and governmental entities reduce risk and improve decisions to benefit people around the globe. We have offices throughout the world and are part of RELX (LSE: REL/NYSE: RELX), a global provider of information-based analytics and decision tools for professional and business customers across industries. For more information, please visit risk.lexisnexis.co.uk and www.relx.com.



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