Why administration is the strategic engine of DB Pensions

The Society of Pension Professionals' new report, A Stronger System, Harder Choices, comes at a pivotal moment for the UK's defined benefit ecosystem. The DB pension scheme industry and their sponsors, after years of uncertainty around how to fund deficits, are navigating an era defined by surpluses, new endgame options, run on strategies and an accelerating shift in the regulatory environment. Despite these developments offering a genuine opportunity, they also expose weaknesses in the way we think about the operational foundations of our schemes.

The one theme that consistently emerges from the SPP's analysis and our own work at Aptia is this – that the future of DB pensions will be shaped not only by investment strategy or funding innovation, but by the quality of the data and administration that underpins every strategic decision.

The research we are carrying out at Aptia into unlocking DB surpluses highlights a structural challenge - schemes cannot make confident decisions about surplus extraction, run on strategies or long term risk transfer unless the underlying data is accurate, complete and continuously maintained – a 'lifetime data strategy'. Incredibly, billions of pounds of capital could be redeployed more productively, but only if trustees, sponsors and advisers have absolute confidence in the numbers they are relying on.

As the industry debates the merits of superfunds, other consolidators and alternative endgames, it's easy to focus on the macroeconomics. Yet reliable, high quality data delivered through robust administration underpins it all.

Administration is not operational – it's strategic too

For too long, administration has been viewed as a functional necessity rather than a strategic enabler. Thankfully, most of us now recognise that this mindset is no longer sustainable. Administrators are the custodians of member records, the implementers of scheme rules, and the teams who translate regulatory change into operational reality.

Treating administration as a back office process does it an injustice, and ultimately limits the ambition of trustees and sponsors who want to take advantage of new opportunities.

Why member experience is the real measure of success

Beyond strategy, administration is where members feel – or in some cases fail to feel - the value of their scheme. Clear communication, timely service and confidence in how their benefits are managed are equally as important as funding levels or investment returns. As schemes evolve their long term plans, ensuring service consistency through periods of change has never been more critical. And it is the administration teams that sit at the heart of that experience, safeguarding standards as schemes adjust to new regulatory expectations and shifting endgame pathways.

What should the industry prioritise next?

The SPP rightly highlights the progress being made across the DB landscape. But if the industry wants to really realise the full potential of this new chapter, it must:

- Elevate administration to a strategic priority - not just a cost line
- Invest in data quality and modern administration systems to enable faster, more confident decisions

- Strengthen collaboration between administrators, advisers, trustees and sponsors
- And finally – put member experience at the centre of scheme planning and transformation.

A stronger future depends on stronger operational foundations

The next decade of DB pensions will be defined by innovation - new structures, new opportunities, new expectations. But this can't succeed without the operational resilience and data integrity delivered through high quality administration.

If we are serious about capturing the benefits of surplus utilisation, whether that is buy out, run on strategies or alternative endgames, then administration must be recognised for what it truly is – a profession, strategic pillar of the DB ecosystem and a critical driver of better outcomes for members, employers and the UK economy.

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