

# Delivering pensions across borders: Overcoming the challenges



Once upon a time pensions did not overcome national borders, nor did they like to be transferred overseas or exchanged into different currencies. Martino Braico, senior manager at Previnet, explains to Francesca Fabrizi how this is all changing

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## **Previnet has been a pension scheme administrator for over 20 years. How has the company managed to keep pace with changing market trends?**

As you can expect, we started locally, administering Italian pension schemes. As a main driver, we decided from the very beginning to rely on our in-house software. It was the right decision. Over the years we've been able to expand into other areas of business, namely insurance and finance, and also across Europe. We are currently managing local pension schemes, cross-border pension arrangements, IORPs and international pension plans.

As 'smart'-technologies improved, we understood that customers demanded more than just pure record-keeping and basic investment solutions. The only way to maintain and improve our role as an independent outsourcer was to offer, and continue to offer, something more. Our proposition today therefore is made up of web portals capable of managing multiple currencies, languages and countries, customised investment solutions

including default, free-style, lifecycles, target date funds, mobile apps, eLearning tools, pension projections, business intelligence, central reporting and so on. A single admin platform, accessible by our clients, caters for single and multi-country DC and DB pension solutions.

## **What are the biggest issues facing pension administrators today?**

Pensions today are nothing like they were in the past. Members are provided with so many more options, be that in relation to the way they receive benefits at retirement, the possibility to switch across investments as quickly as possible or get the latest updates on their fund's performance on the go. Third party administrators must deal with the other side of the coin: complex back-end administration where straight-through processing is mandatory, a wide array of rules and requirements (relating to the client but also to the individual country) that need to be complied with, while keeping up with the pace of innovative technologies, not to

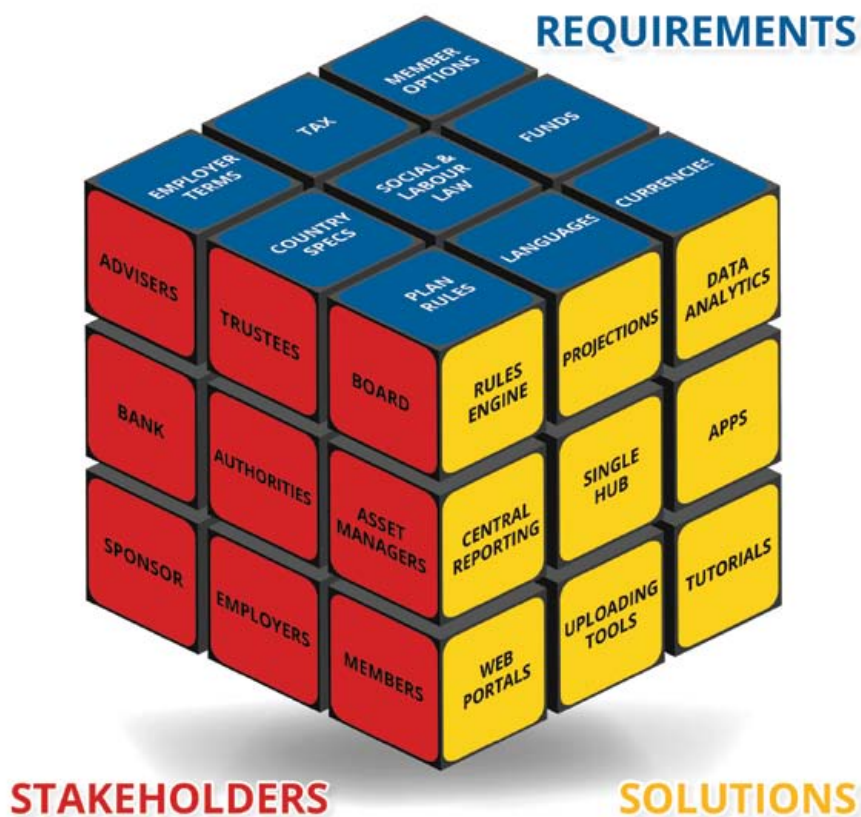
mention competitors, and the increasing demand for more transparency from members.

## **Despite the growing complexity of the market, big names such as Nestlé, RESAVER IORP and NATO are shining on your customer portfolio. How have you achieved this?**

To succeed in this market, there can be no one-size-fits-all solution. Due to the changing nature of pension funds and local regulations, market players may find it hard to compete and may feel they are 'chasing' local entities and authorities. Previnet is capable of offering an effective combination of flexibility and IT innovation, backed by 20 years of experience in different countries. Over the years we've seen, learned and developed a lot. Clients do recognise that.

## **Speaking of technologies and innovation, should we expect new tools and gadgets to enter the market?**

Previnet is focusing on getting members properly engaged. This is



vital, particularly in case of defined contribution schemes. The member experience is now mainly online, if not mobile. No matter the device – pc, laptop, tablet or smartphone – Previnet strives to present information in a friendly and transparent way, taking advantage of different ‘layers’ to display more detailed data. Interactive online functionalities, such as a switch request or pension projections, are a must have. In the last year we’ve been asked, when a degree of investment freedom is available, to assign a risk profile to each participant: this enable us to send out ‘alerts’ when investment choices are not within a pre-defined threshold. A new eLearning project is about to be released and other new features are planned.

**There has been a lot of talk about cross-border pensions not really moving ahead. What is your**

**experience and the challenges you are facing?**

Cross-border pensions are actually moving on, but discreetly. We are directly involved in the process. For now IORPs are indeed an exercise mainly reserved for multinationals and large organisations, but there are initiatives that aim to target medium-small employers as well.

In terms of how Previnet tackles the challenges, we think that expertise and technology is the answer to most of these challenges. Tax, social and labour law (SLL) issues – probably the real challenge, are dealt with by Previnet through co-operation with a network of selected local partners acting in the European and international space. We translate into our systems the compliance requirements addressed by our local partners.

But of course, as you suggest, cross-border pensions are a challenging game. We even tried to

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make this challenge more visual. Smart players need a strategy that combines the needs of different stakeholders and users, a large set of different rules and several layers of requirements. Previnet’s way to make this challenge possible is to combine dedicated solutions on a country-by-country basis, taking advantage of a single administration platform. ■

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