



Gallagher

Insurance | Risk Management | Consulting

How cleaning up your retirement plan data can help you save money

Stop sweeping your dirty data under the rug.

When was the last time you reviewed your valuation data against your administration data? Never? You aren't alone. That's typically what we find. What was acceptable practice in the 1990s is no longer good enough.

Administration-quality data is very different from valuation-quality data. If your actuary has to make assumptions for missing or inaccurate data elements, up to 40% or more of your annual valuation charges may be for reviewing bad data. Why?

When data is not readily available, your actuary will often make an 'educated guess', which tends to be conservative, meaning an overstatement of benefits and liability. This will typically end up costing the plan additional funds — and wasting time searching for information — that wouldn't be necessary if the data were accurate. And unfortunately, it will happen every year until the data is finalized.

If any of the following apply to you, we can help you clean up your data once and for all:

- Terminated vested participants are carried by your actuary year after year with estimated or inaccurate benefits
 - » These may be resolved with data questions, but often there are too many data questions to be able to reconcile one by one
- Participant work histories are incomplete due to mergers and/or acquisitions
- You have pre-conversion outsourcing or data stored in legacy systems
 - » Data was outsourced for administration purposes, but not all historical benefits were validated at conversion
- Incomplete data requires your actuary to make assumptions.
 - » Retirees with a joint and survivor optional form but a missing contingent annuitant date of birth, name, or social security number
- Historical annuity purchases and cashouts were not updated in the SSA filing
 - » A participant was cashed out but received a notice from the SSA that a benefit was still payable; Plan Sponsors may end up paying the participant a second time
- Pension plan has been frozen, but accrued benefits have not been calculated and finalized



The benefits of our data clean-up service

- Avoid annual charges for manipulation of incomplete valuation data
- Store legacy data electronically and in a searchable format
- Help ensure the accuracy of participant data necessary to calculate a benefit
- Satisfy auditors
- Report your plan’s financial status accurately

- Only 450 had finalized benefits
- Over 500 had estimated benefits that were higher than the actual finalized benefits

As a result, the pension plan saved:

- \$7.7 million in funded status improvement
- \$1.0 million in annual expense savings
- Over \$800,000 in PBGC premium savings in the next five years

Along with those savings, ongoing actuarial charges were reduced as finalized records were incorporated into the automated valuation data process.

Learn more

Data clean-up isn’t easy, but we have the tools and experience to help you get your data back on track, accurate, and up-to-date.

For more information about how our administration data clean-up service can help your plan, contact your Gallagher Retirement Plan Consultant.

Administration data clean-up service helped a pension plan save nearly \$8 million.

A large energy-sector firm’s pension plan was carrying approximately 1,200 terminated vested participants with estimated or inaccurate benefit amounts for many years. The plan sponsor asked us to review this population against the data on the administration system and determine if a final benefit was due, and if so, calculate the final benefit.

We found that:

- Over 100 participants were not due a benefit and were removed from the valuation. Some were not vested at all, some were deceased participants where the beneficiary was already in pay status, and some were already cashed out

AJG.com The Gallagher Way. Since 1927.

For Institutional Use Only. Not for Public Distribution.

The example’s results are for illustrative purposes only and should not be deemed a representation of past or future results. This example does not represent any specific product, nor does it reflect sales charges or other expenses that may be required for some investments. It is in no way intended to be used as a primary basis for benefits, fiduciary, or securities decisions. Similar results are not guaranteed and will vary based on individual client situations.

This material was created to provide information on the subjects covered, but should not be regarded as a complete analysis of these subjects. The information provided cannot take into account all the various factors that may affect your particular situation. The services of an appropriate professional should be sought regarding before acting upon any information or recommendation contained herein to discuss the suitability of the information/recommendation for your specific situation.

Gallagher Fiduciary Advisors, LLC (“GFA”) is an SEC Registered Investment Advisor that provides retirement, investment advisory, discretionary/named and independent fiduciary services. **GFA** is a limited liability company with Gallagher Benefit Services, Inc. as its single member. **GFA** may pay referral fees or other remuneration to employees of AJG or its affiliates or to independent contractors; such payments do not change our fee. Neither Arthur J. Gallagher & Co., **GFA**, their affiliates nor representatives provide accounting, legal or tax advice.

Securities may be offered through **Triad Advisors, LLC (“Triad”)**, member FINRA/SIPC. **Triad** is separately owned and other entities and/or marketing names, products or services referenced here are independent of **Triad**. Neither **Triad** nor their affiliates provide accounting, legal or tax advice. **GFA/Triad** CD (6586417)(exp042026).