



Coyle Hamilton Willis

A Member of the Willis Group

Service Level Agreements (SLAs)

Alan Byrne

21 February 2008

What is an SLA?

- An excellent mechanism for:
 - Managing expectations
 - Enhancing communications
 - Clarifying responsibilities
 - And providing an objective basis for assessing service effectiveness

Why do Trustees need one?

- Be proactive
- Managing service suppliers internal and external
- Do it for the right reasons
- Understand what administrators do
- Establish best practice
- Be reasonable and practicable
- Ensure no conflicts of interest

Steps needed to develop SLA

- Define trustee objectives and scope
- Scope and detail will depend on scheme size
- Standard “off the shelf” SLA from Administrator or bespoke SLA
- Identify service needs and priorities
- Administrator will have standard level of service based on their experiences
- Is this enough?
- Other factors, quality and cost etc

Steps needed to develop SLA cont'd

- Ensure both parties agree about the agreement
- Ground rules may be needed for working together
- Develop, draft, discuss, negotiate and agree
- Generate buy in
- Establish reporting requirements
- Implement and Manage
- How long?

What is administration?

- Day to day running of pension scheme
- Complex
- Heavily regulated
- Need good efficient processes
- Excellent systems
- Well trained and technically competent staff

“Administrators rarely get praise when things are done right whereas the slightest mistake can be costly, damage reputations and relationships.”

“A good administrator is one taken for granted which you don't hear about because there are rarely any problems.”

Administration at the hub of a pension scheme



- Three Key Areas

- Record keeping
- Financial organisation
- Communication/disclosure

Note: Trustees may delegate the function, but not the responsibility



- Annual Renewal Process
- Benefit Statements
- Trustee Annual Report
- Paying Benefits
- Leaver Options
- Keeping Records
- Disclosure of Information Requirements

How to build an SLA

- Map out all key processes
- Incorporate into Administration or Service Guide
- Develop efficiencies
- Understand what can be accomplished
- Define roles and responsibilities
- Turnaround times
- Living document

Plan with your administrator

- Agree a schedule of events each year
- SLA timescales need to be better than compliance requirements
- Trustees need to drive
- Coordinate events e.g. trustee meetings
- Other considerations, e.g. HR objectives

Proactive management

- Good communication
- Regular reports – no surprises
- Incorporating service measurement
- Manage the relationship
- SLA Manager?
- Avoid mistrust
- Address service issues

Service review

- Regular
- Discuss major deviations from service standards
- Resolve conflicts or concerns
- Re-evaluate services in light of needs and resources
- Discuss planned changes or in progress to improve service effectiveness
- Negotiate changes to SLA
- Penalties or credits?

Summary

- Good practice
- Demonstrates proactive management
- Work with not against
- Use it to ensure smooth running of scheme
- Increase effectiveness
- Create efficiencies
- **Meet trustee objectives**



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