

# ► Total Retirement Outsourcing Relieves Burdens of Downsizing

**Organization:**

Leading worldwide metal supplier

**Asset Size:**

\$110 million in defined benefit and defined contribution plan assets

**Solution Provided:** Investment management, advisory, trust, benefit payment, and participant education services for defined benefit and defined contribution plans

**Key Benefits:**

- One point of contact for plan sponsor and participants for all retirement-related issues
- Improved participant service
- More accurate, efficient process for participant data management
- Investment portfolio structured to provide downside protection

In 1998, one of the world's leading metal suppliers made the decision to outsource investment management for its defined benefit plan. The manager selection and monitoring process had become cumbersome and the firm made a strategic decision to focus on its core business and hire a professional firm to oversee the assets on a daily basis. The rigorous search process resulted in the selection of SEI and its leading Manager-of-Mangers investment program.

“With SEI as investment manager and trustee, this client still made all the strategic investment and asset allocation decisions, but benefited from improved diversification, expert manager selection and monitoring, and fiduciary protection,” says Paul Klauder, Managing Director of Corporate Sales for SEI's Institutional Solutions Group. “In addition, the firm received a more cost-effective solution that freed up internal resources.”

## THE STRATEGIC OUTSOURCING DECISION

In 2004, the firm entered into a period of downsizing and was challenged by limited internal resources to service the remaining components of its retirement program. One of the biggest challenges was maintaining quality internal servicing of defined benefit participants with a shrinking human resources staff.

The supplier made the decision to extract itself from the daily servicing of the retirement program and look for a provider who could manage their defined benefit and defined contribution plans in a Total Retirement Outsourcing (TRO) arrangement. This arrangement would include not only investment management, but administration and participant communications for the defined benefit and defined contribution plans.

The metal supplier looked at several TRO providers, including SEI and the existing defined contribution provider. Key selection criteria were cost-efficiency, quality of service to participants, data accuracy, and a fast, efficient conversion process. In addition, the firm desired one point of contact for participants, including one website, one call center, and one combined statement.

From a data perspective, the metal supplier literally had boxes of paper based records for the defined benefit plan, and it was critical that this data was converted to the new provider's system quickly and accurately. In addition, the firm wanted to ensure as little employee disruption as possible, so it was critical that the conversion was flawless.



## REAPING THE BENEFITS

SEI's TRO solution met all the requirements laid out by the supply firm and SEI was awarded responsibility for the defined benefit administration and the defined contribution plan.

On the defined benefit administration side, SEI took over all participant communication and efficiently and accurately converted all the paper files to the electronic administration system. SEI began taking retiree calls within about one month of the conversion decision.

Now the supplier enjoys the peace-of-mind of an established, automated benefits system that is accurate and provides useful, timely reporting. In addition, SEI created a custom pension web calculator that allowed participants the ability to model different retirement benefit scenarios in real-time.

### The bundled SEI solution provides one point of contact for the plan sponsor and participant issues.

On the defined contribution side, the SEI solution brought high quality, style-pure investment options, a comprehensive participant education program, 404(c) guidance, and co-fiduciary protection. The defined contribution conversion went flawlessly and met all deadlines.

The bundled SEI solution provides one point of contact for the plan sponsor and participant issues. Call center, web site and statements are all integrated, simplifying the process and improving participant appreciation.

## STRATEGIES FOR THE FUTURE

The metal supplier has most recently gone through SEI's advice and modeling process on the defined benefit side. This process looks at both pension and organizational objectives and crafts plan design, funding and asset allocation solutions to best meet the client's needs.

### Now that the metal supplier is fully converted to SEI, its goal of outsourcing while maintaining quality internal servicing of pension participants, is being met successfully.

Taking into consideration the liability structure and the fact that the firm was already locked into several years of cash contributions, the metal supplier was most focused on downside protection. As a result, the supplier is currently considering a new asset allocation recommended by SEI, which includes alternative investments and targeted duration bonds, designed to minimize portfolio volatility.

The SEI solution was flexible enough to allow the metal supplier to maintain and integrate its existing actuary. Now that the metal supplier is fully converted to SEI, its goal of outsourcing while maintaining quality internal servicing of pension participants, is being met successfully. This metal supplier took advantage of the ability to grow with a provider and received significant benefits!