

Total

Pension scheme implementation

“In the complex and difficult merger of the 13 TotalFinaElf UK pension plans, the work of PwC has been characterised by strong focus on the technical issues, combined with the ability to understand and accommodate the needs of the business, whilst delivering project objectives.”

Stephen Cole
Director, Total Pension Company UK Ltd





Total: Pension schemes merger

The issue

Following the merger that led to the creation of the global petrochemical company TotalFinaElf, now known as Total, the UK operations were left with 13 separate pension schemes. As part of the post-merger integration process, Total wanted to consolidate these schemes into one.

There were clear advantages of doing this as follows:

- reduced costs
- reduced management time spent on the pension schemes
- greater control over financial and operational risks
- greater control over pensions aspects of any future Total sales or purchases.

Our approach

Total wanted a lead pensions adviser with strong technical and project management skills to reduce risk in a very complex project and save time, cost and coordination effort. Total chose PricewaterhouseCoopers because of our independence. Total were confident that we would be able to deliver the wide breadth of services that the project would require, including advising on merger strategy, investment, benefit design, administration, vendor selection, tax and audit.

We started by conducting a feasibility study into the legal and funding constraints for this highly complex merger. Achieving a common level of understanding was a big part of this process and we helped by educating business unit management and the pension scheme trustees. After examining options and agreeing the preferred solution with the managing directors of each business unit, we facilitated obtaining Board level approval at Total's headquarters in Paris. Our specialists worked very closely with Total and their legal advisers to implement the agreed option, and co-led six project teams, involving project management, extensive liaison and negotiations with the 13 trustee boards and their sponsoring employers as well as technical issues surrounding pension scheme administration and the introduction of new defined contribution sections.

We played a key role in the communication of plans to the senior management and principal stakeholders through presentations, meetings with the steering group, supporting union liaison and the organisation of a UK Group wide conference. We also provided the technical content to the employee communications project.

As the business is highly decentralised, 11 business units were involved in this project which meant that regular meetings and communication were essential, as was our sensitivity towards Total's culture and reporting lines in order to achieve the necessary agreements.

The outcome

At the end of the project, Total had consolidated their 13 pension schemes into one trustee board and one employer representative body. With around £1bn in assets, and almost 15,000 pension scheme members, the new scheme represents one of the most complex pension scheme mergers to take place in the UK.

Total had fulfilled all of their objectives, including:

- achieving a significant saving in running costs through the reduction of administration, adviser and investment fund manager charges
- increasing their control over pension policy and the funding of the scheme
- reducing risk through clear communication and decision paths and centralised control mechanisms for operating the funds
- creating an in-house pension centre of excellence.

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