

LIFTING THE LID: HOW TO BUILD A MODERN RETIREMENT SOLUTIONS BUSINESS



In February, IGA's Managing Director, James Craven, sat down with the CEO of Standard Life Retirement, [Tom Ground](#).

Over the last 4 years Tom has grown the team at this Phoenix Group powered firm from a starting 7 to well over 280 people. Together with his team, Tom has scaled multiple new product lines, driven new business inflows in the billions, all while embedding AI and best in class technology into the fabric of the firm. Today, Standard Life Retirement Solutions is

large enough to be a FTSE 100 company in its own right and in this article, Tom tells us how he did it.

Tom studied Architecture at the University of Edinburgh before spending the first ten years of his career as a management consultant. He joined the pensions industry in 2010 with L&G, where he led some of the largest bulk annuity & longevity transactions. Tom spent over 3 years with Aviva as a Managing Director in the annuities & equity release business, before Phoenix Group approached him to head up the Retirement business at Standard Life.



James Craven: "It's been 4 years since you took the helm of the Retirement Solutions division at Standard Life and the business is thriving. Could you start by giving us an overview of the firm you joined and update us on where you are today?"

Tom Ground: I remember my first day at Standard Life vividly. It was during the heart of Covid 19 lockdown and I signed on to the computer I had been sent and was introduced to my seven person strong Retirement Solutions division over Teams. The team had done remarkably well with minimal resources, were beginning to make some inroads to the BPA market and were funding equity release mortgages. Phoenix had recently bought the Standard Life brand as a route to accelerating its open growth strategy, but the Retirement Solutions area was in its infancy.

Four years on and I am leading a division that for size, market share and revenues could be a FTSE-100 company in its own right. We operate three service lines in

a division that can compete head-to-head with its peers and claim to be one of the top three leaders in each area.

The Bulk Annuity team offers innovative ways for corporate pension schemes and their trustees to exit Defined Benefits pension schemes, by purchasing an insurance contract known as a Bulk Purchase Annuity (BPA). This allows those corporates to focus on their core business while protecting and serving those employees in retirement. Higher interest rates make BPAs more affordable for trustees and are driving record levels of demand with annual inflows of c£40-60bn. Over the last four years the team have written more than £20bn of business, securing the benefits for over 200,000 customers.

Our start-up Individual Retirement business is positioned to meet increasing customer needs for certainty and flexibility in retirement. To address these new market requirements, we successfully launched four new products in the last 18 months – the Standard Life Pensions annuity, a Guaranteed Fixed Term income

product, Smoothed fund proposition with Fidelity and an Interest Reward mortgage. We have sold over £1.5bn of products, serving over 23,000 customers.

Finally, we launched Standard Life Home Finance to provide equity release mortgages that enable customers to access their housing wealth in retirement. This business is going from strength to strength and over the last four years has originated over £3.1bn of mortgages serving over 34,000 customers and is now the leading funder in the market.

My initial team of seven is now well over 280 people, all with one clear purpose – to provide our 1.8 million customers with greater financial security and options in retirement.

James Craven: The growth story is incredibly impressive. Could you tell us how the team approached the project to scale each product line?

Tom Ground: The heritage of the Phoenix Group was that of a very successful ▶



back-book consolidator, but as a result they didn't require the teams needed to support the development and launch of the latest digitally enabled customer products. This meant my team was, in most cases, starting from a blank piece of paper, and had to build things completely from scratch. This included hiring people, designing processes and implementing new technologies. We have turned this into an advantage as it has enabled us to work with best-in-class partners and build what we need rather than relying on existing systems to do things they weren't designed for.

We have a consistent approach to scaling each product line. We start with what the customer wants and then work backwards to design and deliver this in a way that is digitally enabled, faster and better value for money. Having this approach to every decision has let us deliver products that are just that little bit better. Examples are too many to list in full but some successes include significantly faster guaranteed quote times for individual annuities, smoothed managed funds on platform, every process digitally enabled for BPA, and the only Defaqto 5 star rated products for equity release mortgages. Additionally, as we were growing, we made sure we anticipated the changing requirements of our teams to ensure we could provide great service during the sales process and a fantastic set of administration support post sale.

We have been very successful at tempering all this creativity to make sure we could demonstrate disciplined controls and governance to both the FCA, PRA and our group auditors.

James Craven: One of the biggest barriers to success in the retirement solutions market is the availability of talent. What has been your talent strategy and how has that underpinned the growth of the business?

Tom Ground: We have successfully expanded our team from 7 people four years ago, to over 280 today. Whilst we have recruited some of the best industry talent from competitors, the vast majority of recruitment has come from a focus on welcoming talent from adjacent industries or identifying those with useful skillsets from outside of financial services. This then requires a big focus on how to grow and develop our own in-house talent.

We have focused on attracting talent from a diverse range of backgrounds, so that we are confident we can analyse issues from a range of different perspectives and bring best practice in from other industries. Whilst we maintain a core of seasoned insurance specialists, we have augmented this with individuals from leading consultants, solicitors, accountants, actuarial practices, tech coders, programme managers, reinsurance, investment banking, capital markets, risk management and customer service specialists.

Choosing people from diverse backgrounds requires us to focus on how we grow talent internally and provide the training and variety of experiences to let people progress. We are now in our second year of an Accelerated Leadership programme, where we recruited high potential

individuals with limited market experience. The programme had a very structured learning programme, including modules with London Business School, and regular rotations around each of the different divisions. We have also just begun our degree apprenticeship programme. This provides a great opportunity for participants to gain a degree level qualification whilst getting "real world" work experience, but most importantly doing this whilst not being saddled with a mountain of debt.

We regularly monitor the "temperature" of our teams across multiple points of interest to them – including communicating our strategy, wellbeing, diversity, sustainability, technology and their own views of the performance of our senior management. My team's satisfaction scores are consistently the highest in the Group, and above industry-wide benchmarks. I believe a well-rounded people strategy is the way to encourage talent into our business and the consistent delivery of that strategy retains them.

James Craven: How have you leveraged technology to develop the offering and how do you see this evolving as AI becomes more prominent in financial services?

Tom Ground: Technology is hugely important to deliver competitive advantage. As I mentioned, we had a total lack of legacy systems which has let us grow systems from scratch. This has let us, wherever possible, buy leading edge technology that is cloud based and scalable.

Our investments into modelling and pricing systems have helped us price our product more accurately and provide pricing quicker for our customers. We have very consciously used transformational outsourcing to support our administration services as we recognise that others have built leading end platforms and have worked out how to service them effectively. We have successfully re-platformed over one million policies in the last two years so that almost all our 1.8 million customers are on modern servicing platforms.

We have started to implement AI-based technology to further improve the efficacy of administrative processes, risk management decision-making and reporting processes. My view is that there is so much further we can go on this and it's an exciting journey. The teams involved in those workstreams are some of the most talented and hard-working in the division.

James Craven: If someone is reading this article and is worried that they're not adequately preparing for retirement, what are your top tips to help them get started?

Tom Ground: Sadly, the statistics tell us that the vast majority of readers will not be adequately preparing for retirement and by the 2040s our analysis finds that the majority of people entering retirement will face a savings shortfall. The combination of the tail off in defined benefit (DB) provision and the relatively low contribution rates offered through defined contribution auto-enrolment create a worrying gap between salaried employment income and retirement income.

A survey we published recently revealed that c.80% of people want income certainty in retirement, but this comes with challenges. Many people are having to face radical lifestyles changes or asset-realisation to fund their retirements as we are all living longer. But we can help. Our latest product developments are designed to address the fact that only one in seven DC savers are on track for their desired retirement income. We already offer annuity product options that can help customers with that. We also recognise the growing number of people over 50 requiring mortgages and are conscious that the majority of homeowners do not necessarily want to downsize their homes in retirement. We have built lifetime mortgage

products and lifestyle annuity products designed to help our customers with these needs. Pension products are the heart and soul of our business, and we will not stop innovating to meet customer needs.

I suppose my best tip would be that it is never too late to start saving. Saving a little more each month can quickly add up, and because you can reclaim tax on your pension contributions, every £100 in your pension only costs you £80 and your contributions may be topped up further by your employer. I would also recommend seeking advice on bringing your pensions together to boost your input and give you one easy-to-manage plan. In addition, for many, the property you own will be your biggest asset and it can also be considered as a tool to aid retirement planning. Again, seek advice and really drill down into what will work for you. Lastly, you have a number of options – whether you prefer flexibility or certainty in retirement, or even both, there are retirement solutions available in the market, such as our Standard Life Pension Annuity, our Guaranteed Fixed Term income product, or our Smoothed fund proposition with Fidelity; again, seeking financial advice for the best solution is never a waste of your time. ■