

Succession Planning for Pension Administration and the Case for Evaluating Outsourcing

Embracing A Prudent Evaluation Process

By Christopher Rowlinson

Following several client meetings earlier this year, one concern appeared to resonate broadly across the public fund community: the need for more deliberate succession planning for internal pension administration functions. In many organizations, pension administration is highly centralized and often led by long-tenured public sector employees who hold significant institutional knowledge. As that workforce ages, the risk of knowledge loss, operational disruption, and inconsistent administration has moved the succession planning issue to the forefront. Pension administration is increasingly exposed to a convergence of risks: an aging and specialized workforce, growing plan complexity, heightened participant service expectations, legacy technology constraints, cybersecurity and data governance concerns, and the ongoing need for accurate, timely benefit delivery. Therefore, succession planning is not simply a human resources exercise; it is an operational resilience, fiduciary oversight, and participant trust issue.

For many plan sponsors, a prudent response is not an automatic decision to outsource pension administration, but a disciplined evaluation of whether outsourcing could mitigate key-person risk, improve service consistency, strengthen controls, and create a more sustainable operating model. Therefore, it is helpful to examine succession planning challenges, the strategic purpose of considering outsourcing, potential benefits and risks, and a practical framework to guide fiduciaries and administrative leaders through the evaluation process.

The Succession Planning Challenge in Pension Administration

Pension administration relies on highly specialized knowledge. Staff must understand plan provisions, eligibility rules, benefit calculation formulas, service credit, forms of payment, retiree payroll, death benefits, tax reporting, participant communications and vendor relationships. Unlike many general administrative functions, much of this knowledge is developed over years and is often embedded in individual experience, historical exceptions, undocumented practices, and institutional memory.

When experienced administrators retire or leave, the organization may lose not only capacity but also interpretive judgment; specifically, the ability to recognize unusual cases, apply plan provisions consistently, reconcile data discrepancies, and know when an issue should be escalated. Industry commentary has emphasized that succession planning for pension leadership and administration must preserve institutional knowledge and support continuity before transitions occur.

Concerns regarding succession planning seem to center around numerous factors, including:

- a small number of employees handling mission-critical tasks,
- limited documentation of procedures,

- manual workarounds outside core systems,
- reliance on spreadsheets for benefit calculations or reconciliations,
- difficulty cross-training staff, and
- repeated dependence on outside counsel or consultants for routine administration questions.

Why Succession Planning Is a Fiduciary and Operational Priority

Effective pension administration directly affects participants and beneficiaries. Errors in eligibility, payment timing, beneficiary records, or retiree payroll can create a host of issues, including financial hardship for participants, reputational harm for the sponsor, and remediation costs for the plan. Administrative continuity is therefore central to good governance.

A strong succession plan should address more than the replacement of individuals. It should document critical processes, define ownership and backup coverage, evaluate technology dependencies, identify training paths, assess service levels, and establish escalation protocols. Administrators should revisit the plan regularly because plan provisions, workforce demographics, technology capabilities, and participant expectations continue to evolve.

The Purpose of Evaluating Pension Administration Outsourcing

Evaluating pension administration outsourcing does not require an organization to relinquish control. Rather, it provides a structured way to determine whether external knowledge, technology, and scalable operating capacity can strengthen the plan's administration model. Options may include full administration outsourcing, co-sourcing selected functions, project-based support, calculation review, retiree payroll support, call center services, data remediation, document management, or technology modernization support.

The evaluation should be framed around business purpose: reducing key-person dependency, enhancing accuracy and consistency, improving participant experience, creating scalable capacity during peak periods, strengthening controls and reporting, supporting compliance, and helping to ensure that institutional knowledge is captured in established processes rather than concentrated in a few individuals. Key areas of potential value include:

- **Continuity and risk mitigation:** A qualified provider can reduce dependency on a small internal team and create documented, repeatable processes.
- **Specialized knowledge:** Providers often maintain teams with focused knowledge in pension calculations, retiree payroll, compliance support, data management, and participant service.
- **Scalable capacity:** Outsourcing can help absorb seasonal peaks, retirement surges, special projects, data cleanup, or implementation work without requiring permanent headcount increases.
- **Technology enablement:** Modern administration platforms may provide workflow automation, participant self-service, integrated records, audit trails, and more timely reporting.
- **Service consistency:** Standardized procedures, service level agreements, and quality controls can improve timeliness and reduce variation in participant experience.
- **Governance transparency:** Reporting, metrics, issue logs, and escalation protocols can give fiduciaries better visibility into administrative performance.

Risks and Considerations – A Prudent Approach

Outsourcing is not risk-free. A plan sponsor must evaluate whether the provider understands the plan's complexity, including offering support for legacy provisions and historical exceptions. Any outside vendor must also have the ability to protect participant data through maintaining strong cybersecurity controls. Transparent pricing and accountability will likewise be important considerations for plan sponsors. Transition risk is also significant: poor data conversion, incomplete procedure documentation, weak project governance, or insufficient testing can create disruption during implementation.

The sponsor should also clarify what responsibilities remain internal. Even when administrative work is outsourced, fiduciary oversight generally cannot be delegated away entirely. The organization must retain sufficient expertise to monitor performance, review reports, manage the relationship, approve policy interpretations, and help ensure participant issues are resolved appropriately. To help plan sponsors assess whether outsourcing is a viable solution, a review of current practices as outlined in the steps below can document a prudent, disciplined evaluation process.

1. **Conduct a current-state assessment:** Inventory pension administration functions, staffing, documentation, system dependencies, service levels, controls, and known pain points.
2. **Map succession exposure:** Identify mission-critical roles, likely retirement or turnover risks, cross-training gaps, and areas where knowledge is concentrated.
3. **Define the future operating model:** Determine which functions should remain internal, which may be co-sourced, and which could be outsourced without compromising governance.
4. **Develop requirements:** Establish service, technology, security, compliance, reporting, transition, and pricing expectations before engaging the market.
5. **Evaluate providers through a formal process:** Use a structured request for information or request for proposal to compare capabilities, experience, implementation approach, references, fees, and contractual protections.
6. **Preserve oversight:** Maintain internal accountability for vendor management, policy interpretation, performance monitoring, and fiduciary reporting.

Pension administration is too important to depend on informal knowledge transfer or a narrow group of experienced employees. A disciplined succession planning strategy should protect operational continuity, participant service, administrative accuracy, and fiduciary confidence. Evaluating outsourcing is a practical extension of that strategy. It allows plan sponsors to test whether external expertise, modern technology, scalable capacity, and stronger process controls can help sustain administration quality over the long term.

With more than 30 years of experience advising public pension clients, [we can help](#) plan sponsors assess their current administration structure and evaluate whether an outsourced pension administration model may strengthen long-term continuity, service quality, and governance oversight.

Wealthspire Advisors LLC and certain of its affiliates are separately registered investment advisers. © 2026 Wealthspire

This material should not be construed as a recommendation, offer to sell, or solicitation of an offer to buy a particular security or investment strategy. The information provided is for informational purposes only and should not be relied upon for accounting, legal, or tax advice. While the information is deemed reliable, Wealthspire cannot guarantee its accuracy, completeness, or suitability for any purpose, and makes no warranties with regard to the results to be obtained from its use.

Please Note: Limitations. The achievement of any professional designation, certification, degree, or license, recognition by publications, media, or other organizations, membership in any professional organization, or any amount of prior experience or success, should not be construed by a client or prospective client as a guarantee that he/she will experience a certain level of results or satisfaction if Wealthspire is engaged, or continues to be engaged, to provide investment advisory services, nor should it be construed as a current or past endorsement of Wealthspire by any of its clients or a third party.

Registration of an investment advisor does not imply that Wealthspire or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.