



Talent management for occupational pension schemes - a rethink is needed

Lisa Mühlner and Claudio Thum

May 2024

Talent management for company pension schemes - a rethink is needed

Shortage of skilled workers also affects company pension schemes

Experts are the key to the entire value chain and the further development of occupational pension management. Due to demographic change in Germany, attracting and retaining talent is becoming increasingly important for the occupational pensions sector. This is due both to structural changes within the workforce and to changing conditions in the German labor market.

As the baby boom generation retires, the portfolio structures to be managed are changing. An increasing proportion are near-retirees or pensioners. The near-retirement cohorts have a greater and more detailed need for information about their expected pension provision. It is not surprising, therefore, that this structural change has also led to an increase in administrative work, due to a growing number of enquiries, benefit cases and beneficiaries. In addition, the population is gradually becoming aware that the level of benefits provided by the statutory pension scheme is being put to the test as a result of demographic change and that occupational pensions will play an increasingly important role in individual provision. As a result, there will be a growing need for information about occupational pension provision for all generations. The administration of occupational pension schemes must meet these demands in terms of both quantity and quality.

Demographic change is already having an impact on the labor market.¹ Younger cohorts entering the labor market are fewer in number than the baby boomers retiring, which means that there are fewer workers available in the market overall. This leads to competition for workers. In the medium term, this will lead to a macroeconomic transformation process that will increase the use of technology and redistribute the labor force to the most attractive sectors. In the short term, there will be a shortage of skilled workers. This skills shortage will also affect occupational pensions. To cope with this competition, the occupational pension community will have to compete with other sectors.

The labor market for occupational pension experts is particular

Occupational pension scheme is a professional field that differs from others in that it requires a high level of expertise in a variety of areas. These include occupational pensions, but also financial management, accounting, regulatory issues, actuarial mathematics,

¹ See Claudio Thum and Silke Übelmesser: "Gerüstet für die Verrentungswelle", Personalführung 12/2023-01/2024, Link: <https://www.wtwco.com/de-de/insights/2023/12/geruestet-fuer-die-verrentungswelle>

administration, process optimization and technology. In recent decades, a high degree of specialization has developed, often combining several areas of expertise. Due to the complexity and interdependence of the different areas of expertise, it takes several years to acquire the necessary knowledge.

As a result, occupational pension experts are in high demand on the labor market. As described above, demographic change will further exacerbate the skills shortage. In addition, the demands on the job profile will continue to evolve as digitalization and regulation progress. This will require the necessary role profiles to be adapted and employees to undergo continuous training.

An adapted strategy for recruiting and retaining employees is required

From a company perspective, there are several ways to address the skills shortage in occupational pensions. Without fundamentally changing the organisational and sourcing model,² one option is to refocus talent management. A viable strategy is to focus more on new entrants or career changers without relevant experience and to build up the necessary expertise through training. Essentially, this means identifying more high-potential candidates from the applicant pool and then providing more individualised training, with the aim of increasing the loyalty of technical experts to the company.

1 Attracting the right talent

The reorientation of talent management goes hand in hand with an adaptation of the recruitment process. Whereas the focus used to be on specific specialist knowledge, the emphasis is now on experience and the potential to learn new areas of expertise on the job. This approach will be explained using the example of a job profile for processing occupational pension schemes. As a rule, very good German language skills are required for these positions, since reading comprehension and the ability to understand mathematical relationships are the basis for effective training. (In the future, this requirement will change with the increasing use of AI technologies). Skills such as accuracy, numeracy and the motivation to learn new, complex subject areas over an extended period of time should ideally be demonstrated through existing work experience or through appropriate potential analysis. If the candidates identified meet the requirements defined in this way, there is a very good chance that the specialist expertise can be achieved with appropriate training. This reorientation runs through the entire recruitment

² See also Michael Paulweber and Claudio Thum, "Occupational pension schemes: assessment of the organization and recommendations for decision-makers", WTW, April 2024, Link: <https://www.wtwco.com/de-de/insights/campaigns/the-future-of-occupational-pension-services-current-topics>

process. For example, the approach via suitable job advertisements must be geared towards the desired role profiles of potential newcomers or career changers. The same applies to interviews, where potential needs to be assessed to an even greater extent.

At the same time, this new approach offers a unique opportunity to build a pool of diverse talent with a mix of skills and experience. In the medium term, this can increase overall innovation and performance. Another positive side effect is that it can increase diversity.

As competition for talent intensifies, it is important that the entire recruitment process meets new market standards. These include speed and support through social media and other communication channels.

2 More individualized qualification

Career changers and newcomers without relevant work experience have different qualifications and experience. In this respect, the qualification of new talent is particularly important. Whereas in the past it was possible to provide generalized training and induction trainings for a homogeneous workforce, much more individualized training is now required.

Individualized trainings tailored to the specific needs of the company can shorten the induction period and increase efficiency. Onboarding is particularly important here. A new employee's first impressions of their new employer are crucial to their loyalty.

Ongoing training is particularly important in the context of changing conditions in all relevant areas of occupational pensions. Individualization and personalization of training can be achieved through digital training.

3 Focus on stronger employee loyalty

This strategic reorientation is only economically viable if qualified employees are retained in the long term. Only then will the employer's investment pay off.

There are a number of ways in which concrete measures can be taken to retain employees. These include:³

- Increasing the attractiveness of the workplace, for example through working time models, valuable benefits and targeted employer services.
- Using flexible retirement and part-time working models

³ See also Lisa Mühlner and Claudio Thum: „More talents for the occupational pension sector!“, WTW, January 2023, Link: <https://www.wtwco.com/de-de/insights/campaigns/the-future-of-occupational-pension-services-current-topics>

- Adapting training and development
- More flexibility by offering attractive office/home office options

Contact:



Lisa Mühlner

Director

Willis Towers Watson GmbH
Wettinerstraße 3
65189 Wiesbaden
Germany

Phone: +49 611 794 4515
Lisa.Muehlner @wtwco.com



Dr. Claudio Thum

Senior Director

Willis Towers Watson GmbH
Am Heilbrunnen 47 | Wettinerstraße 3
72766 Reutlingen | 65189 Wiesbaden
Germany

Phone: +49 160 9622 3040
claudio.thum@wtwco.com
LinkedIn: www.linkedin.com/in/claudiothum

About WTW

At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help you sharpen your strategy, enhance organisational resilience, motivate your workforce and maximise performance. Working shoulder to shoulder with you, we uncover opportunities for sustainable success — and provide perspective that moves you. Learn more at [wtwco.com](https://www.wtwco.com).