

PENSION **PROFILES**

Claiming Ownership and ROI

Lufkin Easily Handles Pension Administration with PensionGold® Solution

Computer software is never permanent. Applications and operating systems are released, are maintained regularly with updates, and eventually reach their end of life. Companies that depend on software understand that, periodically, they have to migrate to a new version of software or, at times, change to new software.

Manufacturing heavyweight Lufkin Industries, Inc. was in that position in early 2005. Lufkin had been informed that its pension administration software was being “sun-setted,” and the software, installed on a PC that ran Windows 95, was an operating system that had already reached its end of life. Lufkin decided it was time for a change.

“We really wanted to own our hardware and software,” said Sondra Bennett, Employee Benefits Manager for Lufkin. “So many vendors wanted to do everything. They wanted to host the software and do all the administration

for us. Ownership was a prime consideration for us.”

The pension administration software and hardware were located at Lufkin’s offices, but they were owned by the actuarial firm that had developed the software. That’s the usual arrangement for software licensed from actuarial firms — the actuary commonly keeps control of the software and hardware.

Over a century old, Lufkin Industries manufactures and sells oil field equipment, power transmission products, and highway trailers. Headquartered in the East Texas city of Lufkin, the company has more than 2,500 employees.

Lufkin’s staff members were manually posting all employment dates, statute changes, and salary records to run calculations during the year. Data from the HR and payroll systems was uploaded to the actuary annually.

As Lufkin analyzed available options, it found that PensionGold® software from Levi, Ray & Shoup, Inc. offered exactly what the company wanted. The software could interface with Lufkin’s existing HR and payroll system to eliminate the need for manually entering employment data; it could run on servers that Lufkin would own; and it would significantly cut costs by putting responsibility for administering the pension plan into the hands of Lufkin employees instead of outsourcing all the work – and without increasing staff.

Smooth Implementation

Once Lufkin made the decision to purchase a PensionGold software license, it faced the process that many organizations fear: implementing a new system. Lufkin’s data needed updating before conversion with the PensionGold software, but implementation went smoothly.

Executive Summary

After relying on pension administration software and hardware that was owned by a third party, Lufkin Industries implemented a PensionGold system on its own hardware and took on the responsibility of administering its pension system. The result has been increased efficiency and responsiveness. In addition, Lufkin will be able to produce its own annual statements, which will help pay for its investment.

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Sondra Bennett
Employee Benefits Manager
Lufkin Industries, Inc.

“The implementation process included us sending LRS a sequential file of our data with format layouts that we obtained from our actuary,” recalled Stephen Conway, Senior Project Manager. “LRS then converted the data to their format and loaded it into the PensionGold system. LRS reviewed our plan documents and calculations; then configured tables, formulas and factors to calculate according to our plan specs. The implementation team definitely met our expectations and met our implementation schedule.”

After data conversion and system implementation, Lufkin had what it was seeking: ownership of its system, its data, and the entire pension administration process. Lufkin was now in the driver’s seat.

Full Responsibility

“Our HR staff has taken full responsibility for administering the pension system,” Bennett said. “The PensionGold software has helped them be more responsive to employees, auditors, and anyone who needs pension information.”

Now that Lufkin employees don’t have to rely on a third party for pension administration duties, Conway noted, everything is more efficient. Estimates and retirement paperwork are processed more quickly than ever.

“Our staff is much more efficient because the PensionGold system is so easy to use and has current, up-to-date data,” Bennett said.

When they have questions, Lufkin employees can turn to PensionGold’s support team. “We certainly view LRS and the PensionGold staff as our partner,” Bennett said. “They offer continuing education at their annual conference, quick responses to any questions we may have, and a friendly staff who knows us and who’s always willing to help.”

Hard Dollar Savings

In addition to taking ownership of its system and data, Lufkin is going to see hard dollar savings with the PensionGold solution as well. Businesses usually expect some measurable return on any software investment. Paul Perez, Vice President, General Counsel/Secretary, mentioned one of several specific sources of savings.

“We are now able to produce our annual statements ourselves instead of paying someone else to issue them,” Perez noted. “That alone will pay for a significant part of the investment we made in the PensionGold system.”



To get the whole story about PensionGold solutions, just call our pension specialists at 217-793-3800 or visit us online at www.LRS.com/pengold