

DB SOLUTIONS

PENSION RISK TRANSFER

Your balance sheet to ours

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Senior Managing Director

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Journey



Challenge



Environmental factors



Market



Regulatory

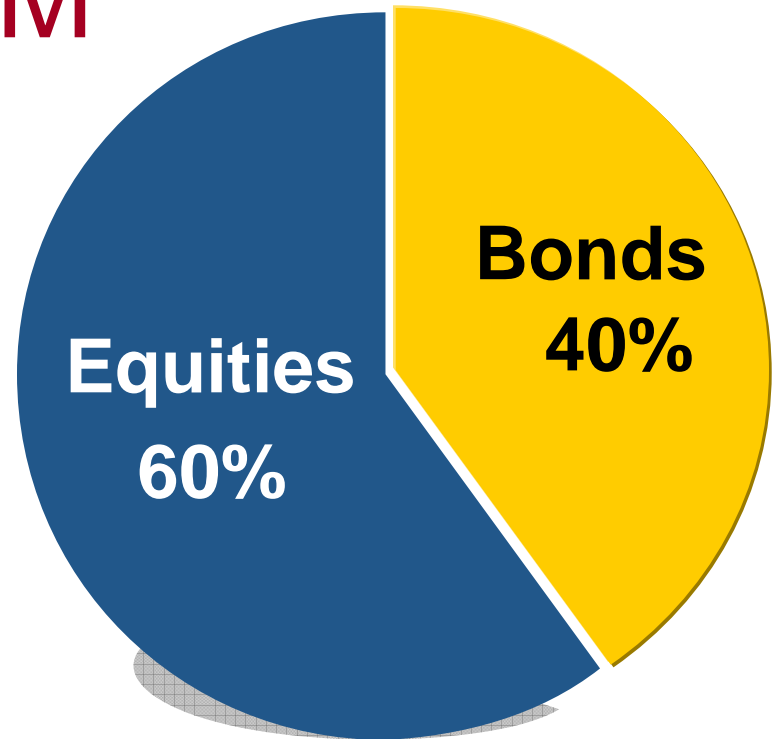


Accounting

Our DB Plan

Liabilities \$1,000M

Assets \$900M



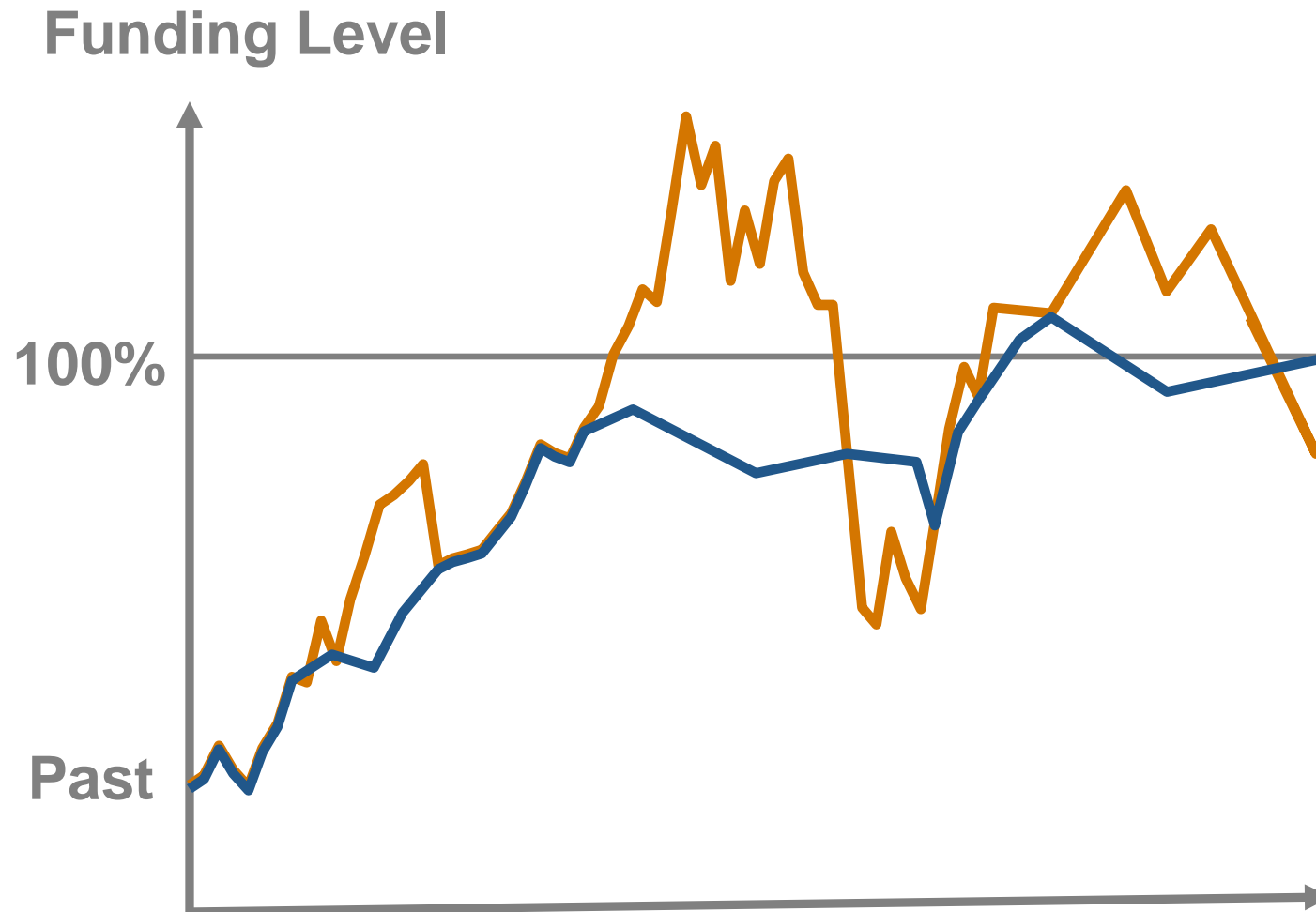
Effects to funding level

Payments

vs.

Assets

Destination fully funded



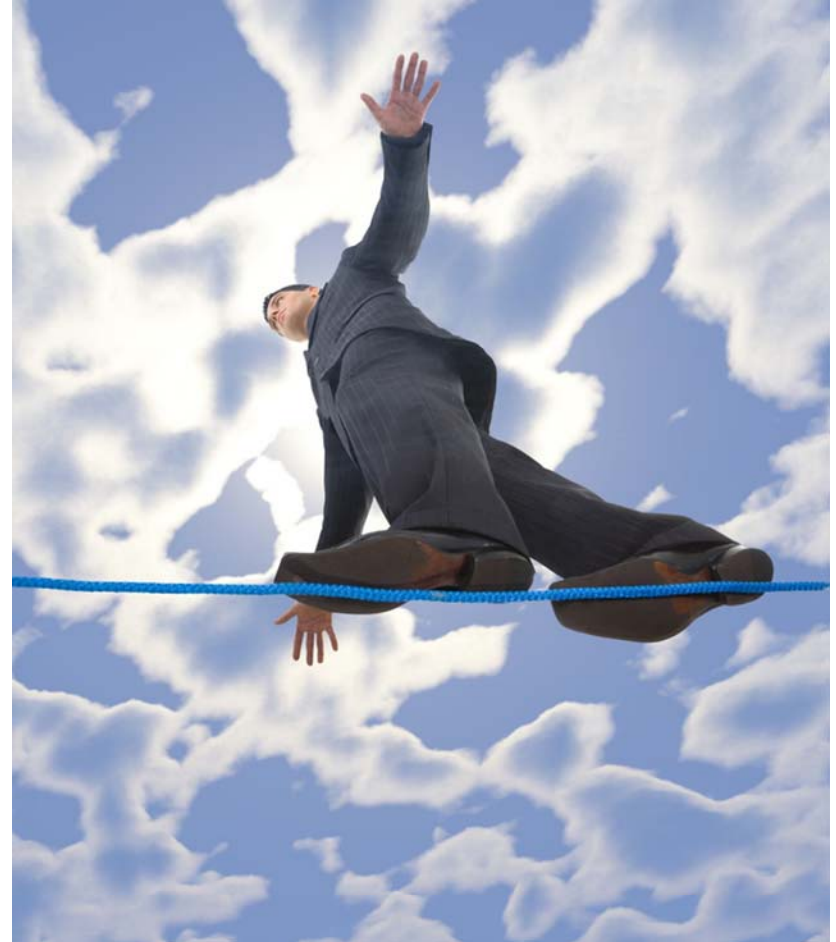
Risk factors

Equity

Interest rates

Inflation

Life expectancy



Risk factors

Equity



25%

Interest rates



0.8%

Inflation



1.7%

Life expectancy



4 years

Risk options

Option

1

Company's
balance sheet

Option

2

Insurer's
balance sheet

UK experience



Source: NAPF

UK experience



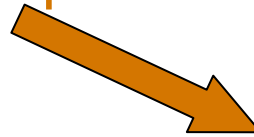
Source: Pension Capital Strategies

Annuity buy-out

Pension Plan



Single premium

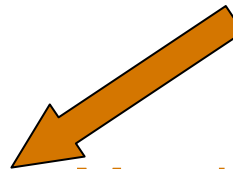


Insurer

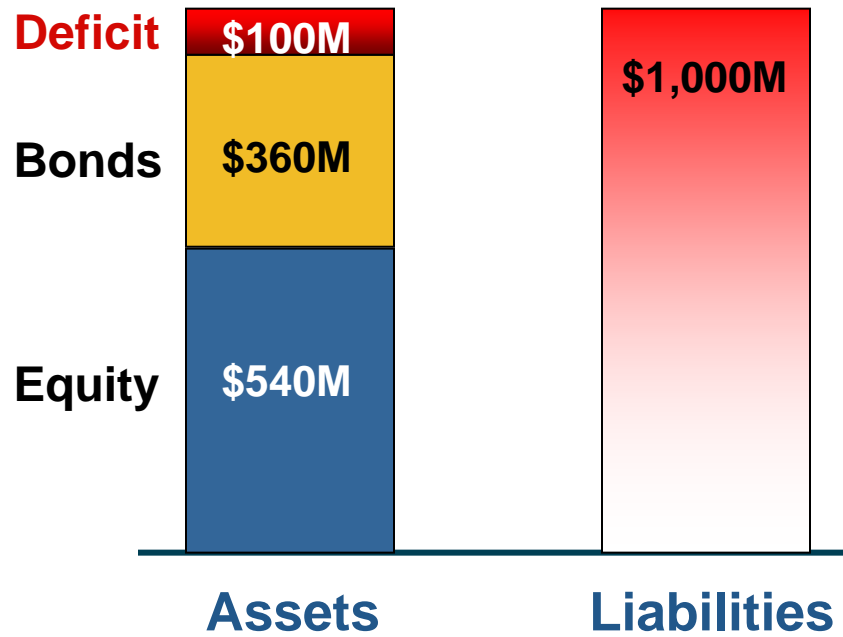


Retirees

Monthly pensions



Our DB Plan



Risk transfer

\$300M annuity buy-out

\$270M



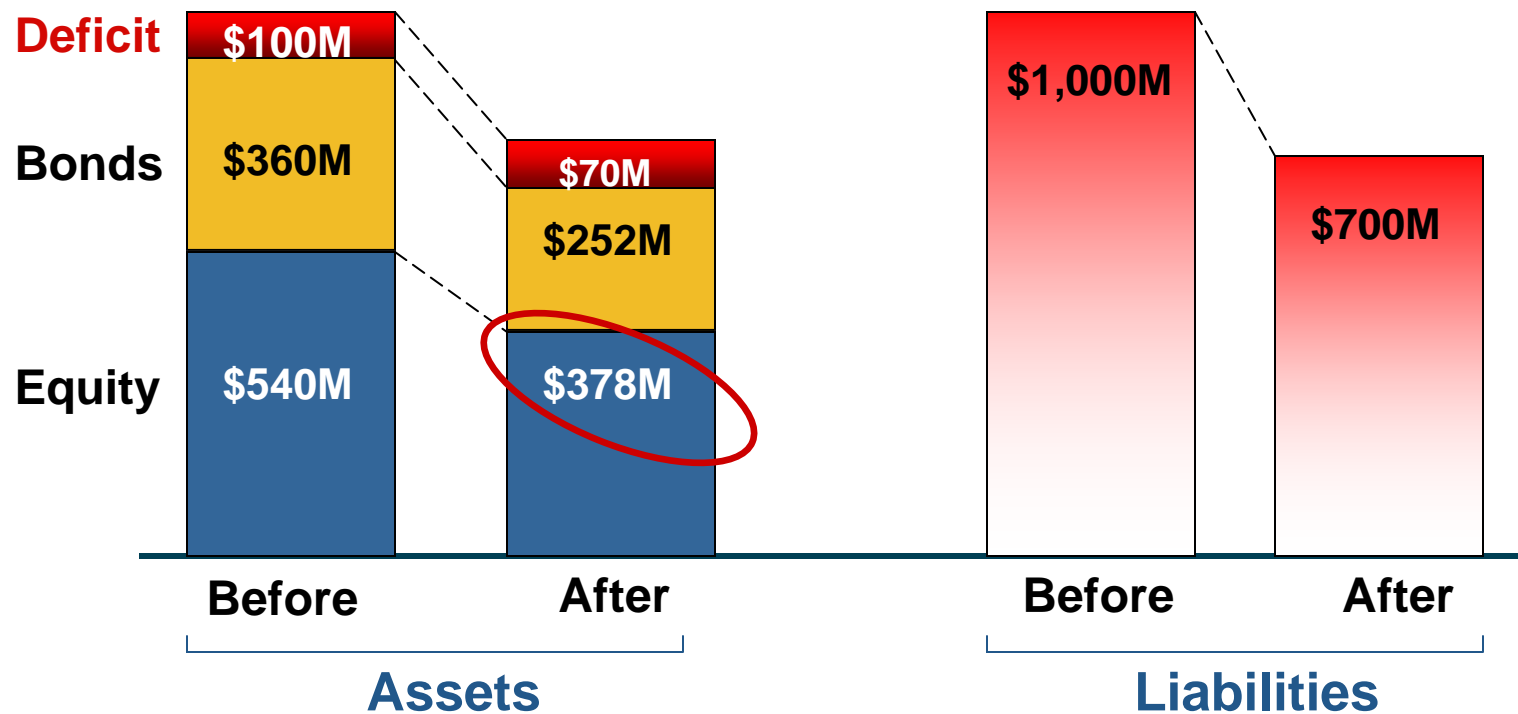
Plan

\$30M



Company

Reduced dollar risk



Annuity implications

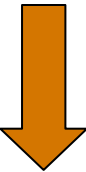
	Buy-out	Buy-in
Risk transfer	Yes	Partial
Top up contribution	Yes	No
Accounting Settlement	Yes	No

Annuity buy-in

Pension Plan

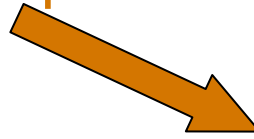


Monthly pensions



Retirees

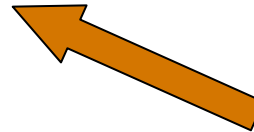
Single premium



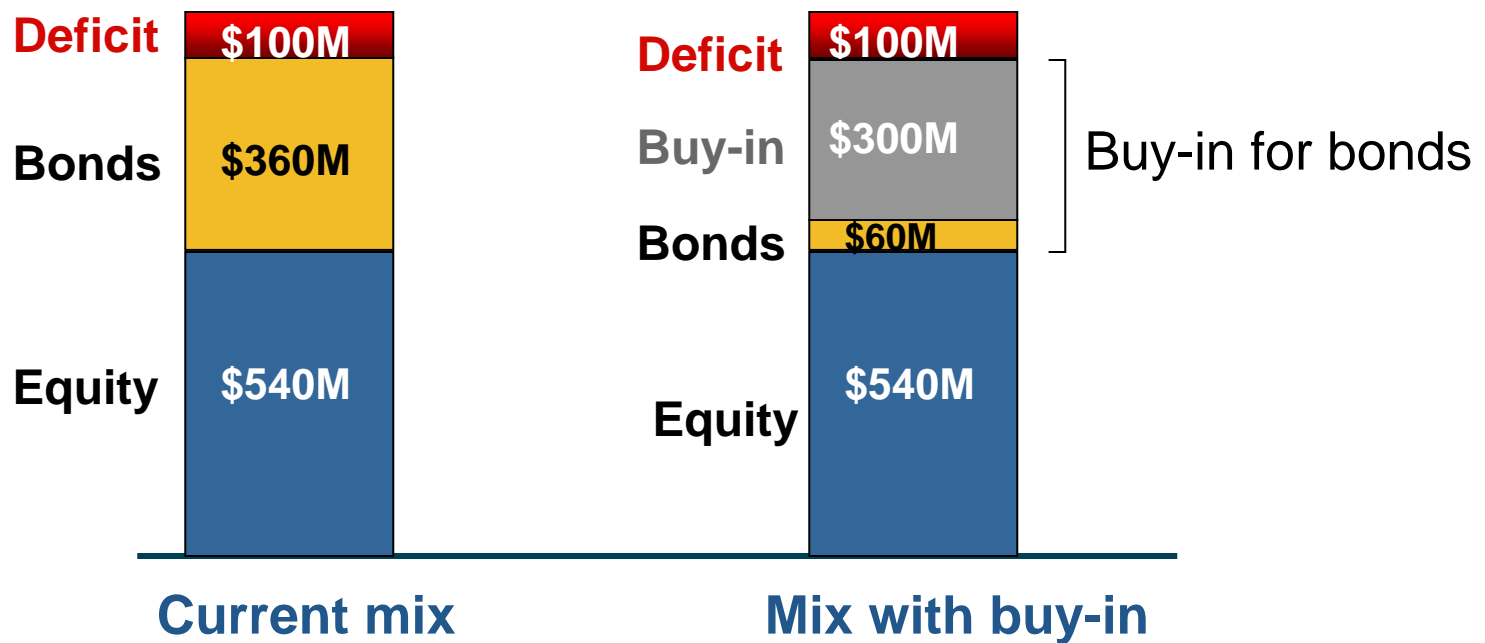
Insurer



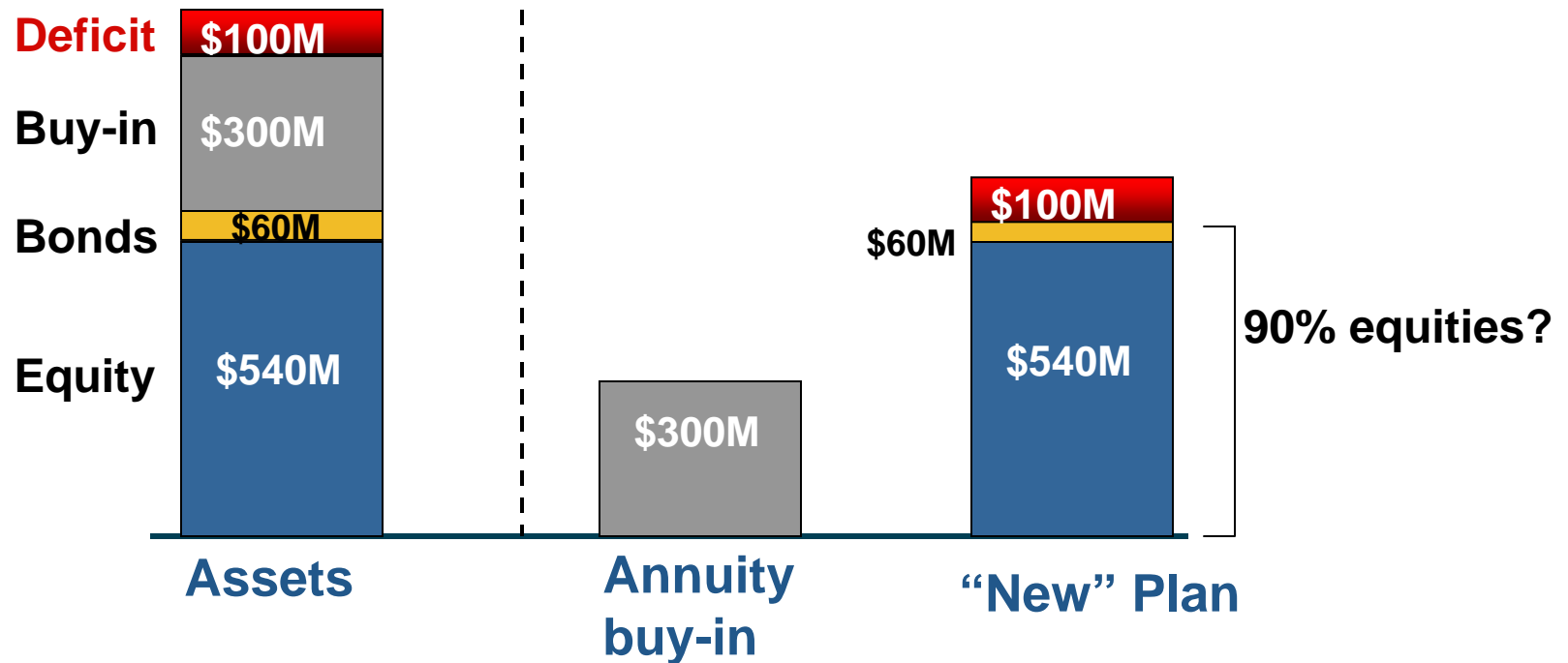
Bulk monthly payments



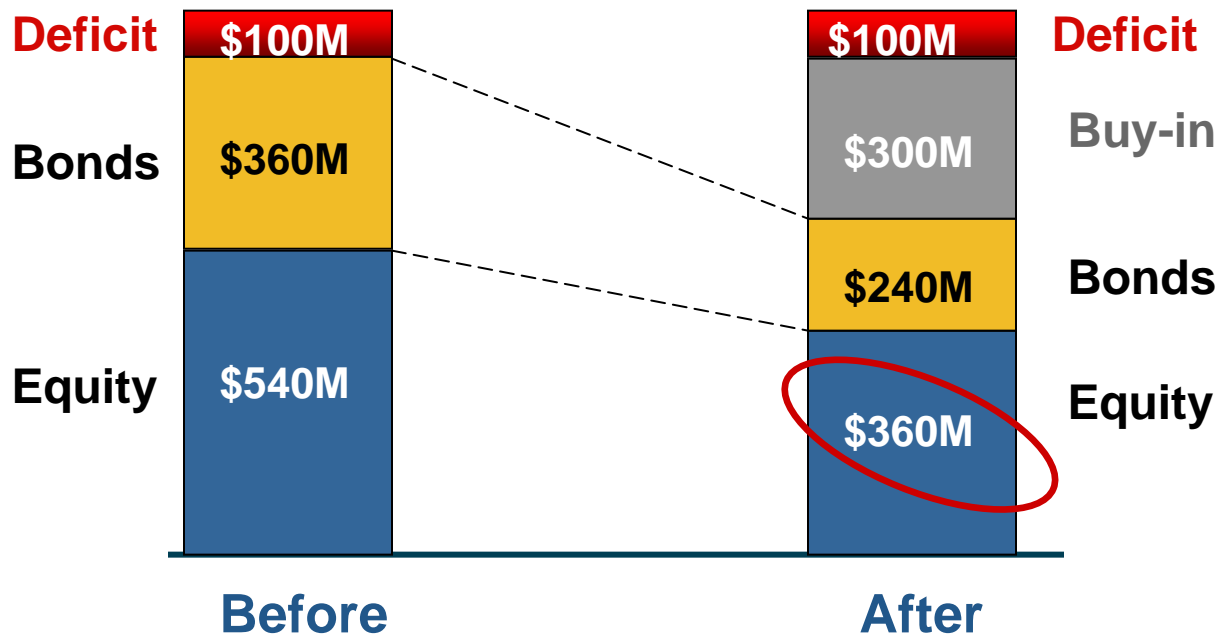
Hedge retiree liabilities



New plan, new asset mix?



Reduced dollar risk



Why not just more bonds?

	Bonds	Buy-in
Longevity risk hedged	x	✓
Interest rate risk hedged	Credit risk	✓
Diversified investments	x	✓
Risk transfer at no cost	?	✓



THANK YOU

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LIFE'S BRIGHTER *under the sun*

