

2003 Pensions Convention

1 - 3 June
Grand Hotel, Brighton

Advising Closed Schemes

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Definitions

- Closed to new entrants
- Discontinuance
- Wind up

ACA's 2003 Survey

- 338 firms in 2002
- 208 firms in 2003
- 1.8m employees
- Range 10 - 50,000

ACA's 2003 Survey

- 72% DB schemes closed or discontinued
- DC schemes are not increasing contributions
- DB costs continuing to rise

The Issues

- Increasing maturity
- Funding approaches
- Investment issues
- Internal "client" issues

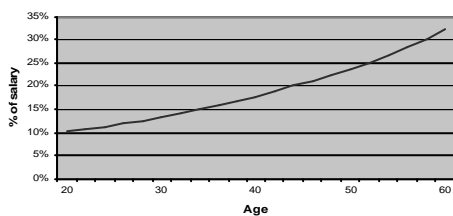
Increasing Maturity

- How fast
- Average age
- Risks

Funding Approaches

- PUM
- Attained age method
- % of pay/monetary amounts
- Valuation assumptions
- Explicit reserves

Increasing Cost by Age



1/60th accrual
50% contingent spouse's pension
LPI increases

Funding Approaches

- PUM
- Attained age method
- % of pay/monetary amounts
- Valuation assumptions
- Explicit reserves
- Communication

Investment Issues

- Matching
- Cashflow
- Disinvestment strategy
- Risk
- Asset/liability modelling

Internal Client Issues

- Size relative to scheme
- FRS17
- Take up rate/turnover
- Legal obligations
- Paternalistic attitude
- The end game
- Publicity
- Unions

The Replacement Scheme

- Employee comparisons
- Managing expectations
- Communications

Miscellaneous

- Challenge for pensions actuaries
- Communications
