

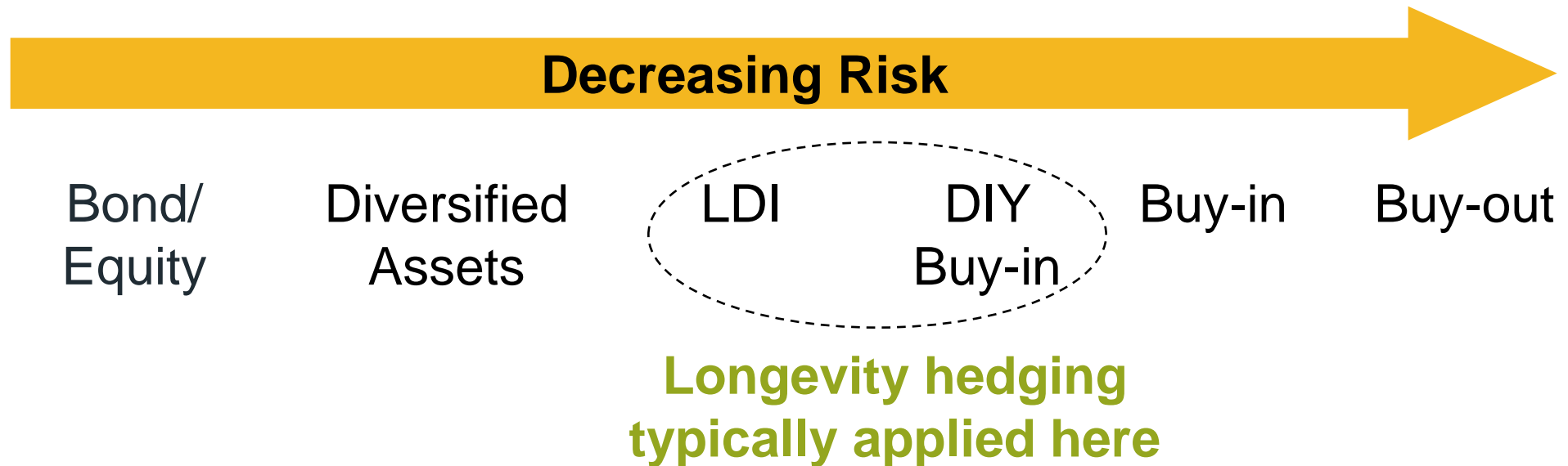
# Latest Developments in longevity hedging for pension schemes



## Banks Perspective Chris Watts

12 October 2010

# Pension Scheme Risk Management Strategies



- Important to think of longevity hedging in the overall context of the pension scheme
  - An extension to LDI
  - A component to a DIY Buy-in
  - To help with the glide-path to Buy-in or Buy-out

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# Banks Roles in the Longevity Market

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- Where does the risk end up at the moment?
  - Credit intermediation
- Fronting to market
  - Both pension and investors
- Structuring of transactions
  - Economics
  - Legal terms
- Asset solutions

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# Challenges and Future Market Developments

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- Increasing standardisation
  - Life & Longevity Markets Association
  - Documentation and valuation
  - Indices for hedges
  - Development of a liquid market
- Capital markets investors?
- Hedges for smaller sized schemes?
- Hedges for deferred pensioners?