De-Risking – Recent Practical Experiences

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6 June 2013

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De-Risking Options

Incentive Exercises – PIE, ETV
Flight Paths
Buy ins
Hedging
Future Benefit Reductions / Removal
Trivial Commutation

Code of Practice / tPR's Statement

- Voluntary ?
- Impartial Advice
- Advice or Balanced Deal for PIE?
- Vulnerable members
- "…not ordinarily available…"
- Trustee co-operation and Data Protection

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ETV's - Issues

- When is the right time?
- Size of enhancement
- Appointment of impartial adviser
- Trustees review the CETV basis?
- Selecting a home for the ETV
- Trustee co-operation and Data Protection
- Selection

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ETV's - Discussion

- When is the right time?
- Size of enhancement
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PIE - Issues

- When is the right time?
- One off or ongoing? – Rule changes for future retirements
- Appointment of impartial adviser or Balanced Deal?
- Member only or include Contingent Spouse?
- Legal Issues – Sections 67 and 91 PA95, GMP Equalisation
- Trustee co-operation and Data Protection
- Exclude vulnerable members (over 80)?
- Selection

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PIE - Discussion

- When is the right time?

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- Appointment of impartial adviser or Balanced Deal?

- Member only or include Contingent Spouse?

- Legal Issues – Sections 67 and 91 PA95, GMP Equalisation

- Trustee co-operation and Data Protection

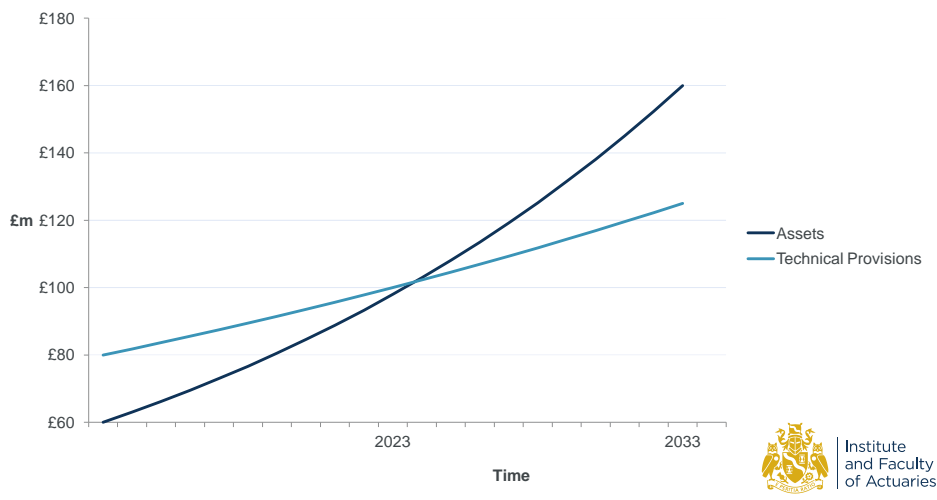- Exclude vulnerable members (over 80)?
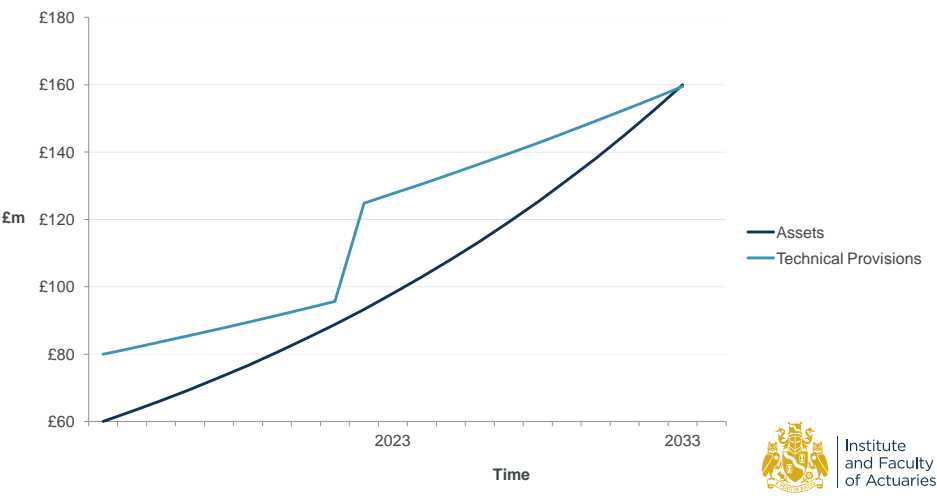
- Selection

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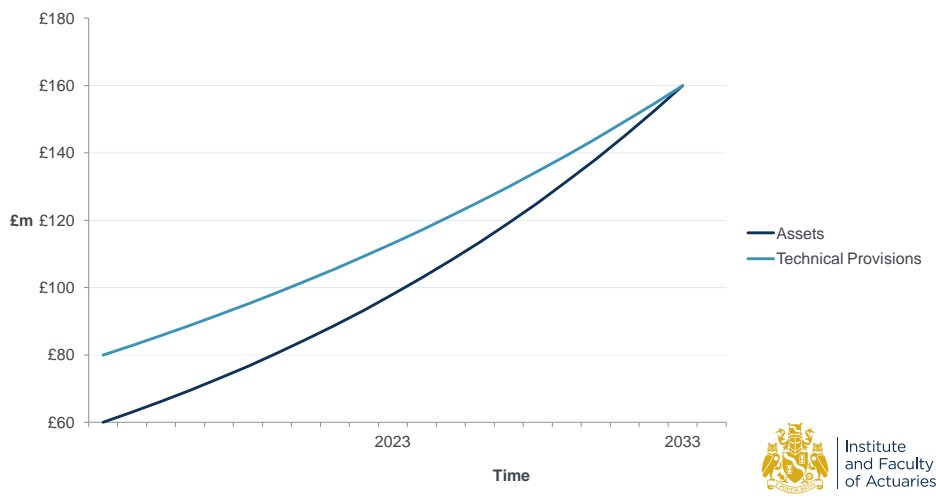
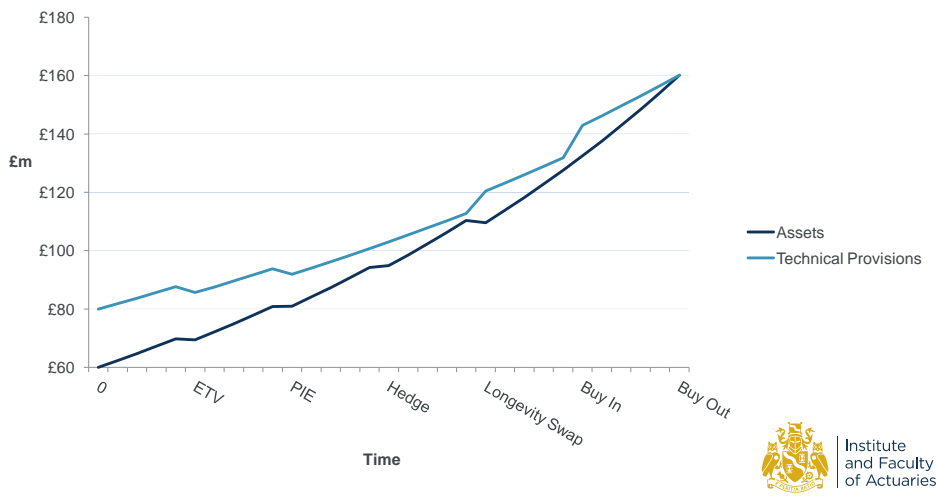## De-Risking

Flight Paths
Buy Ins
Hedging

Flight Path - Default

Staged Move to Self Sufficiency

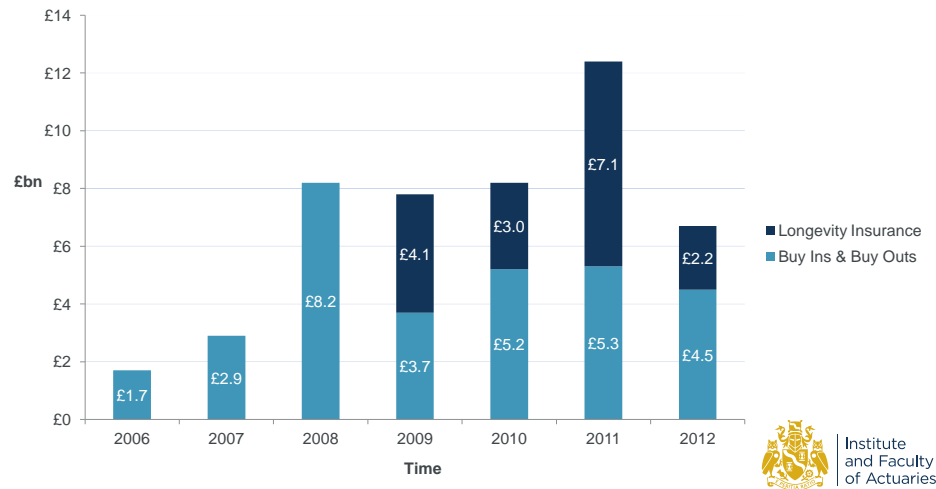## Gradual Move to Self Sufficiency

De-Risking Move to Self Sufficiency

Flight Paths

- Do Scheme's Need one?
- Default Flight Path
- Affordability
- Review
- Triggers – Yields or Funding Levels

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De-Risking Market

Buy Ins

- Affordability

- Pensioners or Deferreds or Both

- Data

- Market

- Negotiation

- GMP Equalisation

- CPI/RPI

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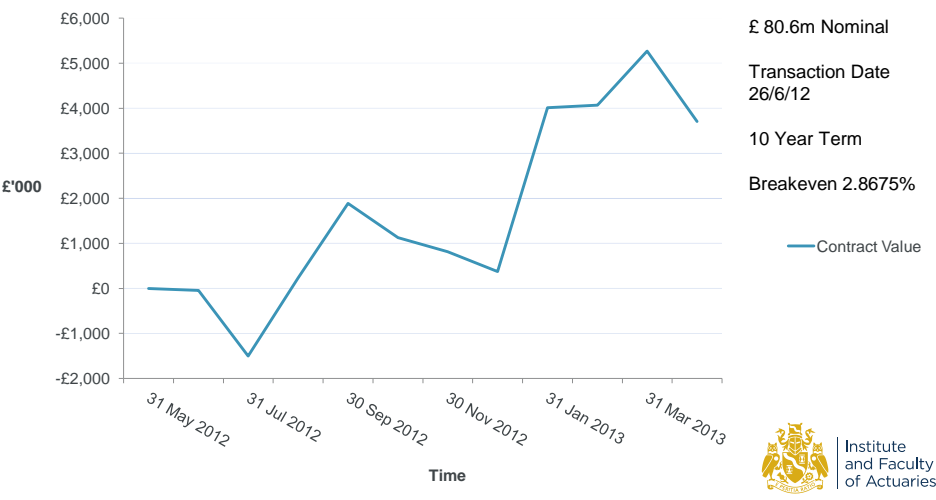## Inflation / Interest Rate Hedging

- Why Do it
- Timing
- Negotiation
- Monitoring
- Exit Strategy/Trigger
- Expenses/Cost

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RPI Swap

£ 80.6m Nominal

Transaction Date
26/6/12

10 Year Term

Breakeven 2.8675%

—— Contract Value

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De-Risking
Is it Worth it?