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# Bulk annuities

## Securing the best outcome for your client

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# Agenda

- 1 Market overview
- 2 Insurer pricing
- 3 Case studies
- 4 Ingredients of a successful transaction
- 5 Questions / Comments





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# Market overview

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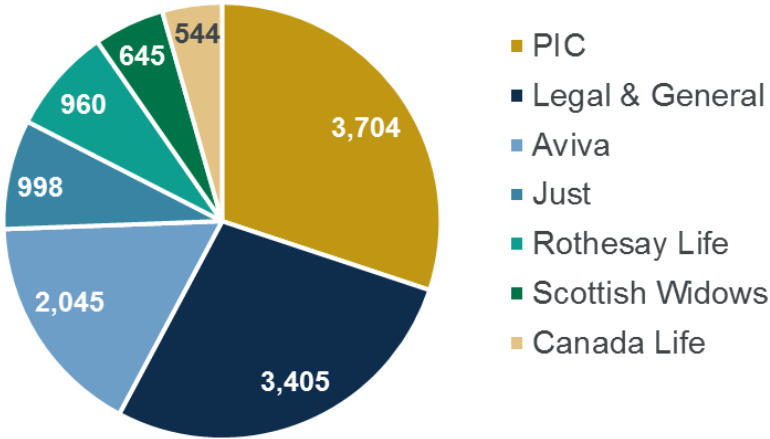
# Market update

2017

- c.£12,301m new business written
- Highly competitive
- Excellent pricing for pension schemes
- Mainly mid-sized buy-ins

2018

- Larger number of £1bn+ transactions
- £30bn+ pipeline



	2017 transactions	2018 pipeline
£1bn+	0	8
£500m - £1bn	5	9
<£500m	127	60+



# What is driving demand for buy-ins and buyouts?

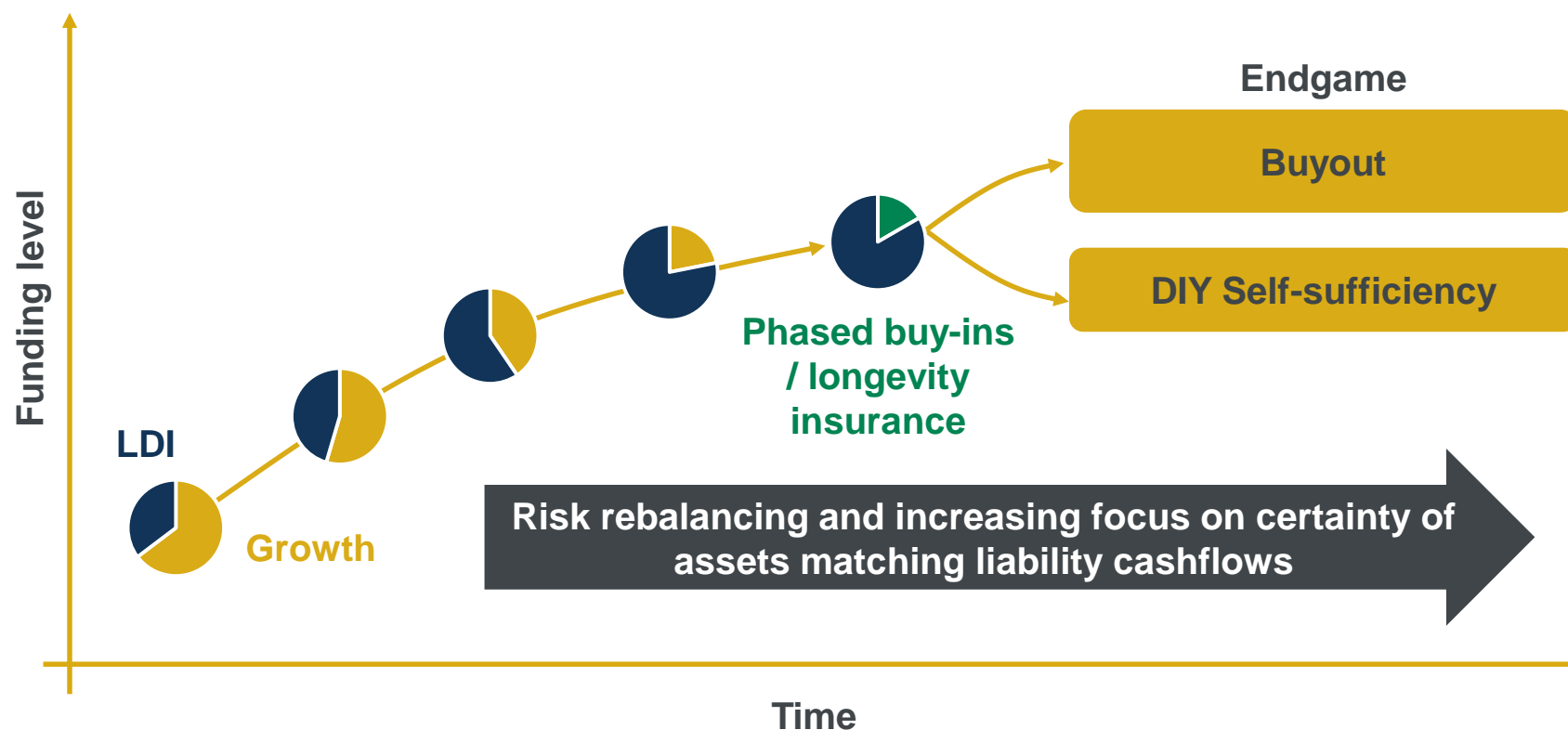
Maturation of schemes

Continued sponsor contributions

Steady investment returns

Lower life expectancies

Market pricing



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# How are insurers positioned to meet demand?

Capital

Reinsurance

People

Assets



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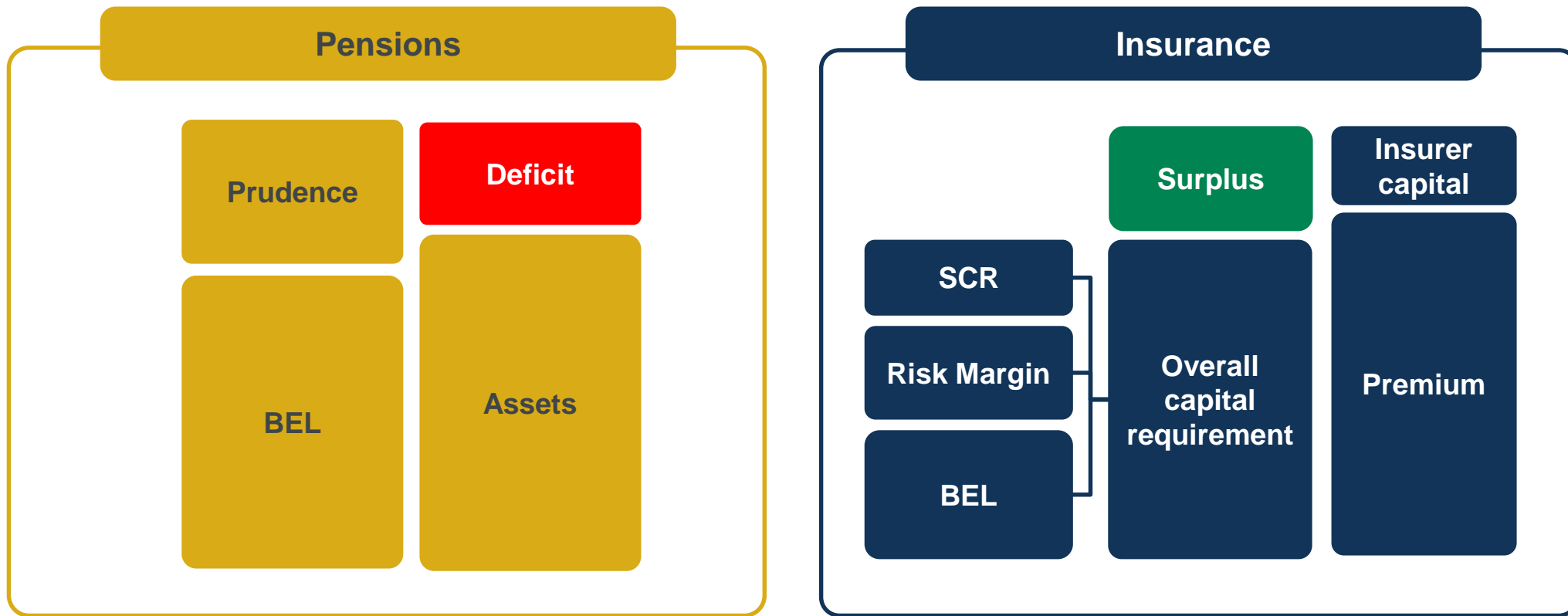
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# Insurer pricing

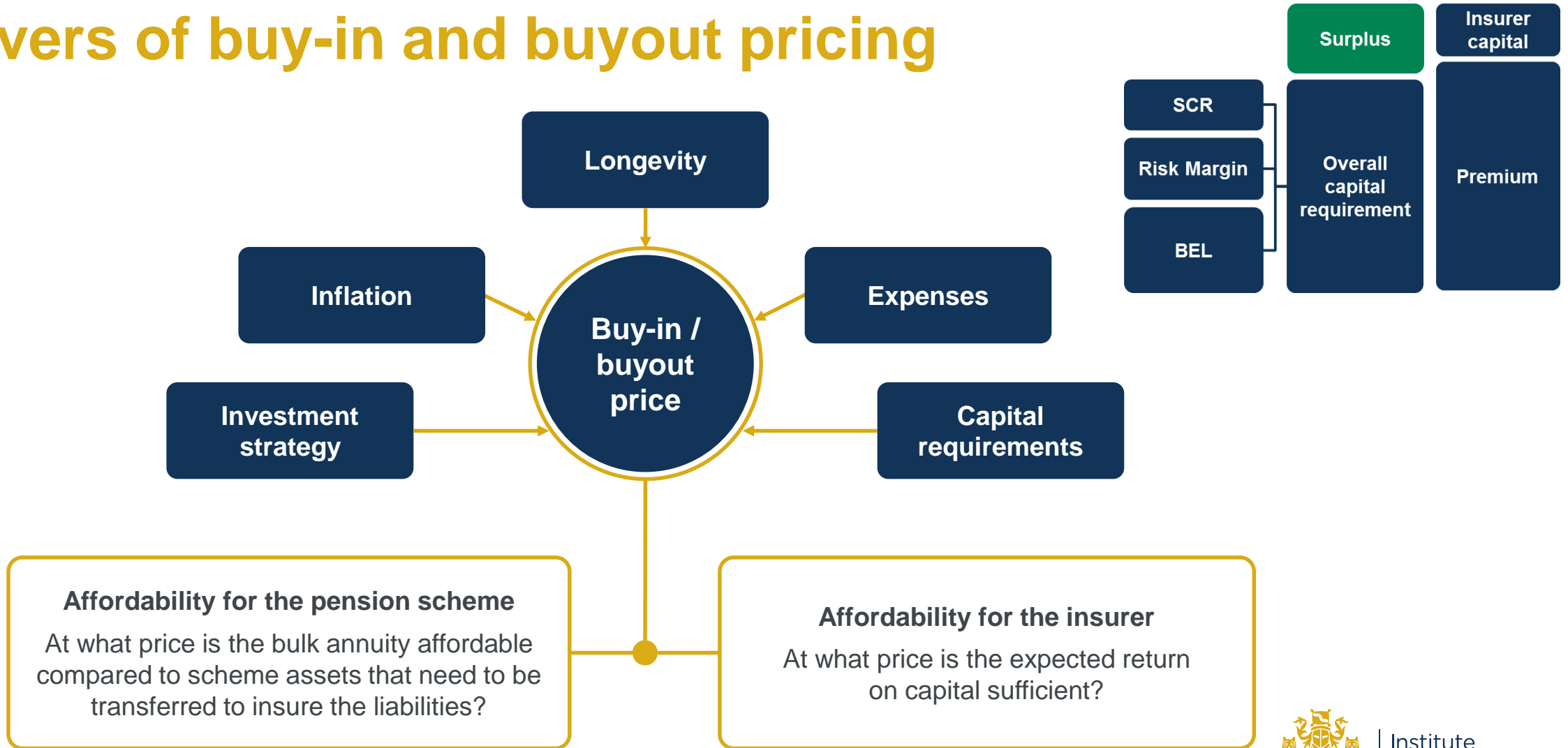
Key features

# How insurance secures and protects members' benefits





# Drivers of buy-in and buyout pricing





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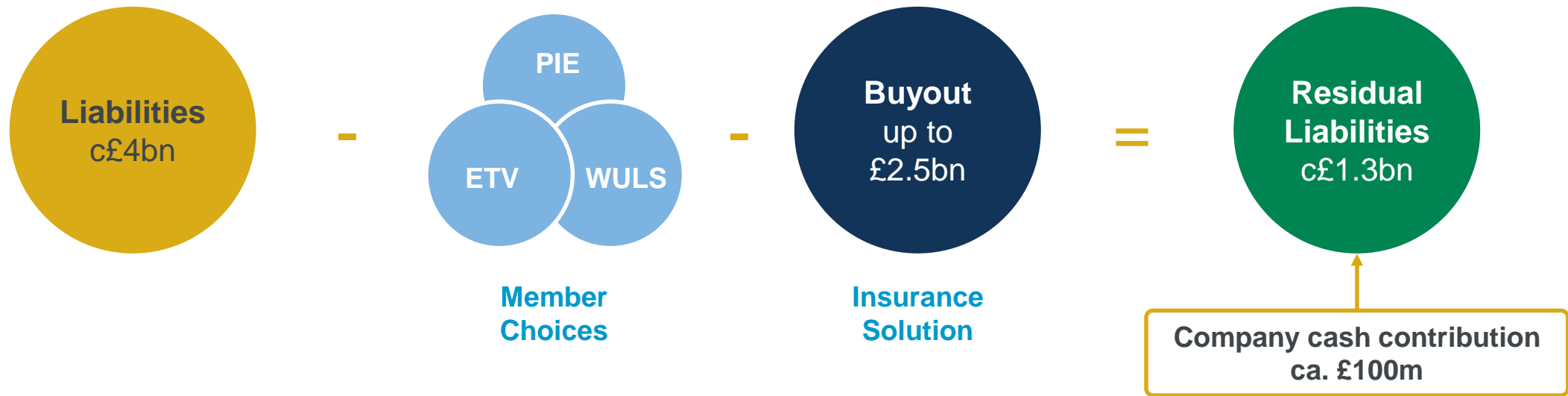


# Case studies

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# Combining liability management with a buyout project

By offering members choices around how they receive their pensions, the Trustees were able to bridge an affordability gap and buyout more than they initially thought possible



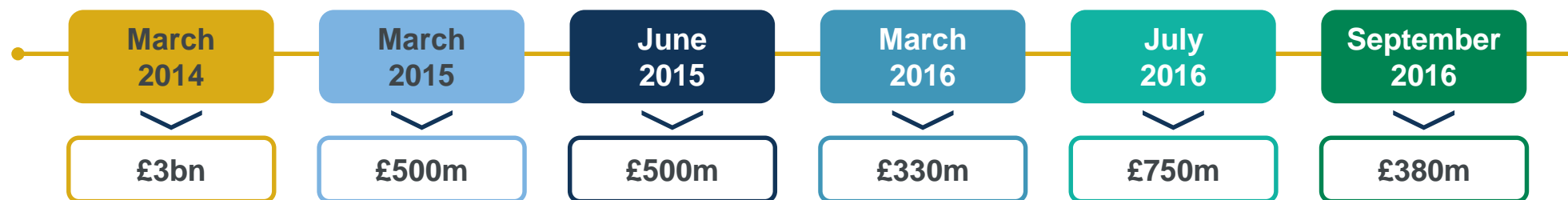
# Capturing opportunities with a phased approach

Mature pension plan – 75%+ liabilities are pensioners

Strategy to de-risk overtime. Following initial buy-in, the Plan implemented follow up buy-ins on the same terms.

Enables the Plan to move quickly and efficiently to capture attractive market opportunities

## Buy-ins with Legal & General



A regular pricing feed between L&G and the Fund's advisors identifies further opportunities to transact:

Market conditions

Asset sourcing

Reinsurance pricing



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# Capturing opportunities with a phased approach

Brexit: Preparation creates opportunity

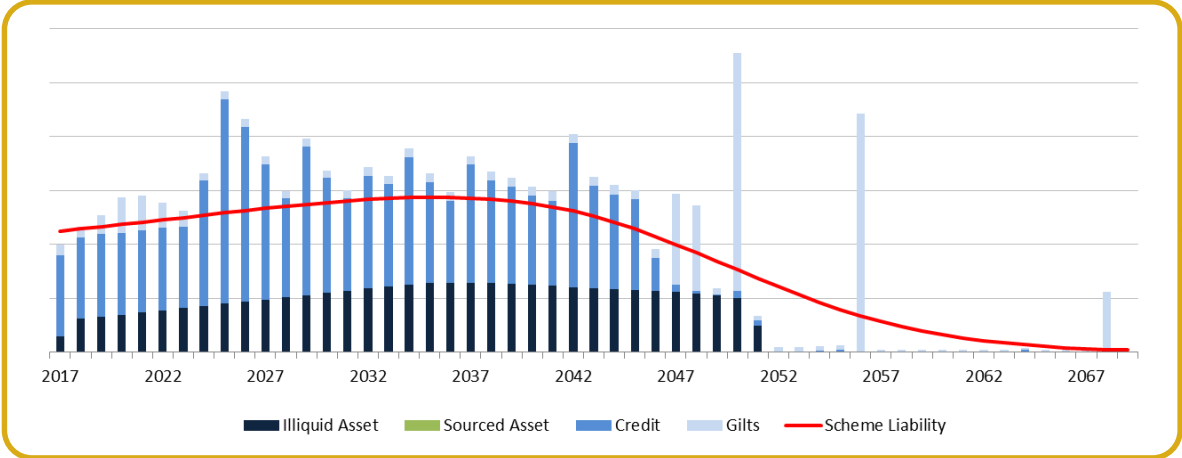


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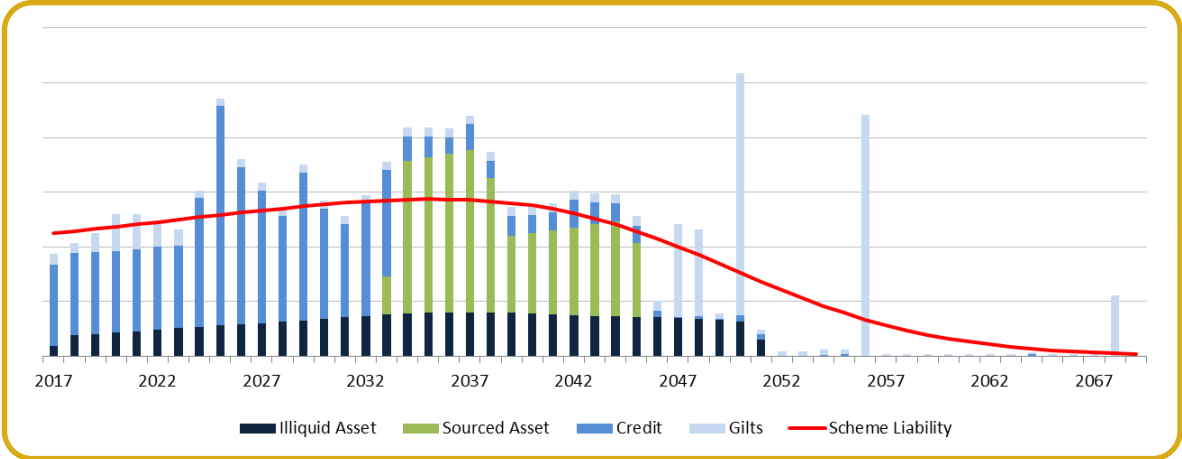


# Capturing opportunities with a phased approach

The importance of asset sourcing to insurer pricing



Initial pricing portfolio

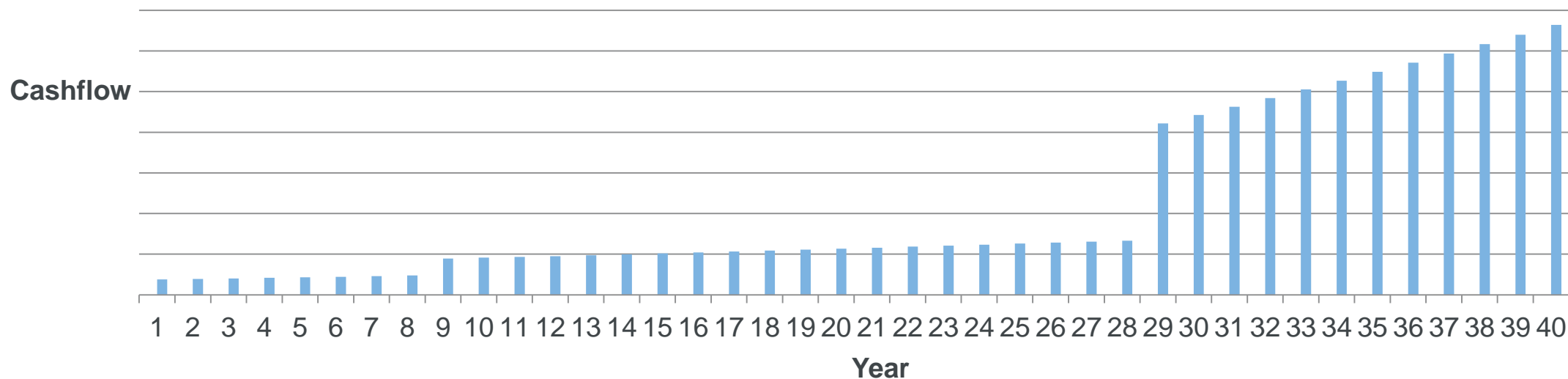


Enhanced pricing portfolio including asset sourcing



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# Corporate debt issuance to support a bulk annuity



## Benefit to scheme

- Reduced premium

## Benefit to sponsor

- Reduced cost volatility
- Reduced funding requirement

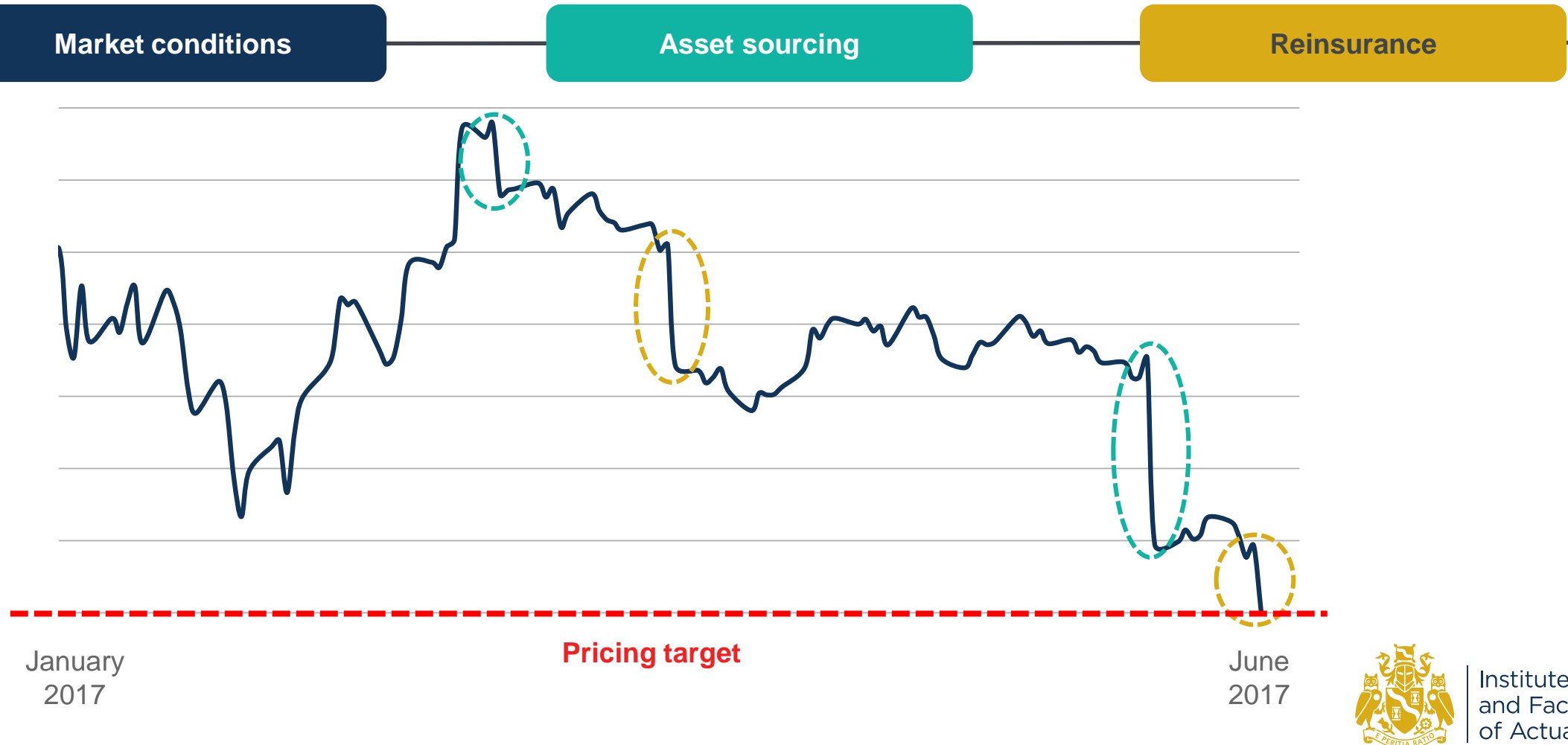
## Benefit to insurer

- Bespoke asset
- Benefits wider pipeline



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# Selecting a preferred insurer and setting a price target





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# Ingredients of a successful transaction

Securing the best outcome for your client

# Getting to the front of the queue

- 1 Clean data
- 2 Establish governance process
- 3 Define pricing target
- 4 Liability management exercises (TV, PIE)
- 5 Source quotes
- 6 Consider innovative solutions





# Questions

# Comments

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