

Pensions Age and Just Summit | 15 November 2019

Completing de-risking – case studies

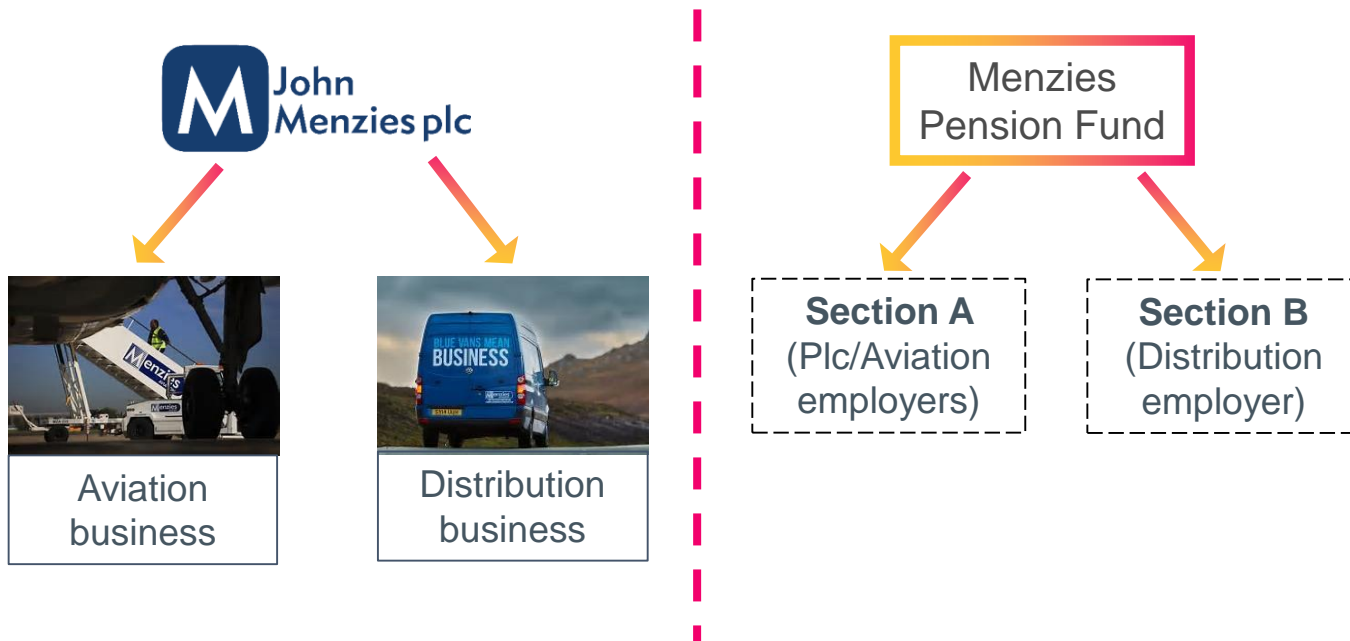
**James Mullins, Partner and Head of Risk
Transfer Solutions**

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Background

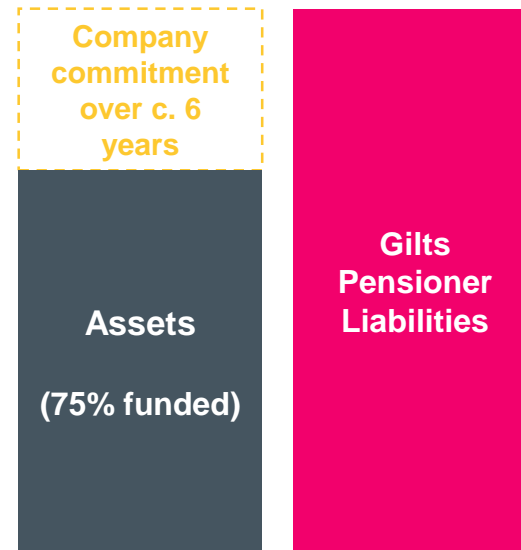
Corporate restructuring and scheme sectionalisation



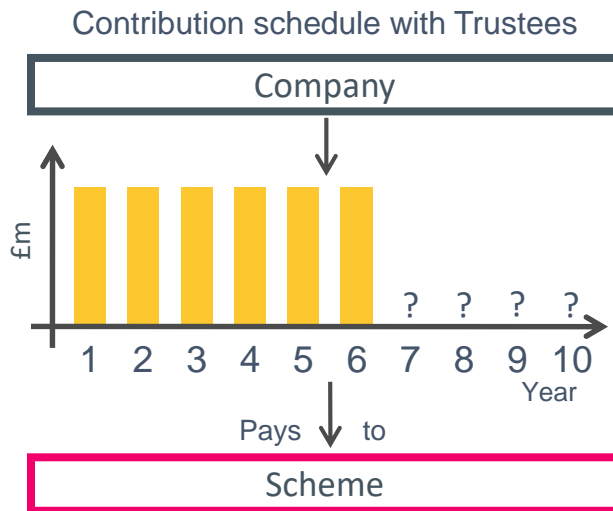
Background

Section B of the Fund

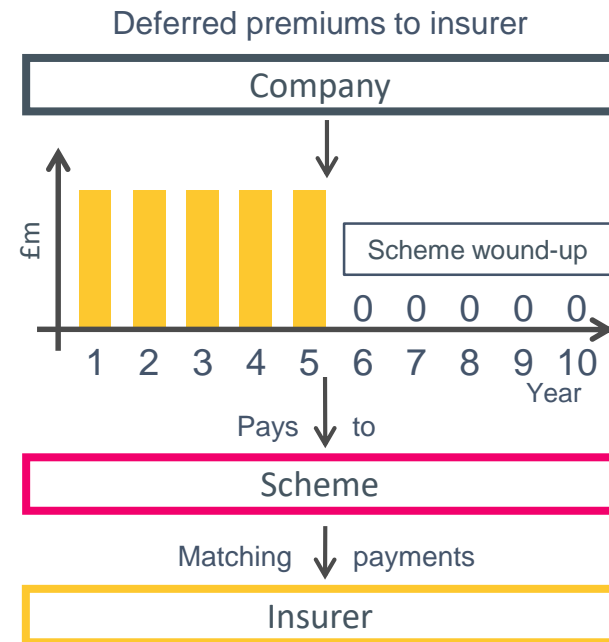
- **Scheme objective: buy-out (potentially through a series of buy-ins)**
- Expected to take c. 6 years
- Exposed to risk in the meantime:
 - Investment
 - Inflation and interest rate
 - Longevity
 - Sponsor covenant
 - Insurance pricing



Solution – deferred premium buy-out



Benefit payments met by scheme
Exposure to scheme risks



Benefit payments met using insurer payments
Scheme risks passed to insurer

Benefits of the solution

Trustees

- Locked into attractive insurance pricing
- Remove major risks today
- Certainty over contributions needed from sponsor
- Option for admin to be transferred to insurer at any point
- Wind-up one year earlier than expected

Company

- Fully locked down, predictable commitment to the Scheme
- Helped accommodate sale of Distribution sponsor
- Beneficial accounting treatment

Looking good in triage

Data

Spouse survey
Spouse pensions
GMP reconciliation
GMP equalisation
Experience data

Benefits

Specification reviewed
and signed off by lawyers
Benefit audit

Governance

Feasibility done
Company and trustee on
board
Joint working party
Independent trustee
Track record – done a
buy-in before

Well planned process

Clear timetable
Price target
Considered any unusual
features

Other

Member option exercises
complete
Clear investment
transition plan
Innovation

Outside your control

Strong brand name
Part of large scheme
Other DB schemes in
group

