

Counterparty considerations



Financial strength



Member
experience



ESG

Strategic planning

Buy-in

Buy-out

Insurance
vs
Consolidation
vs
Run-off

- Choice of insurer
- No. of counterparties
- Enhancements

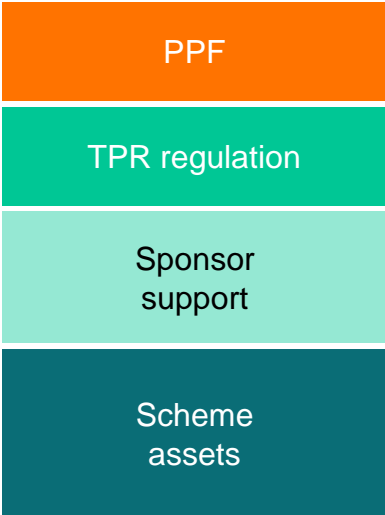
Covenant
severance

- Will the correct benefits be paid on time?
- Member queries and complaints?
- Seamless move from buy-in to buy-out?
- Are the insurer's ESG policies aligned to the Trustee and sponsor views?

Financial strength – the ‘gold standard’



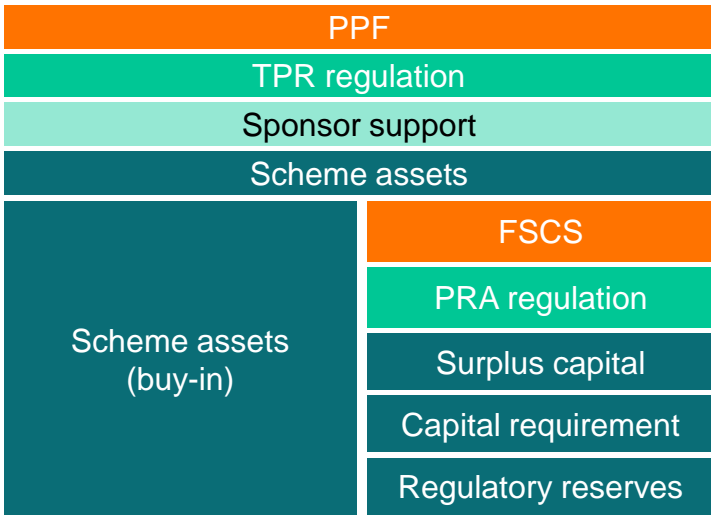
Employer covenant
pensions regime



Buy-out
insurance regime



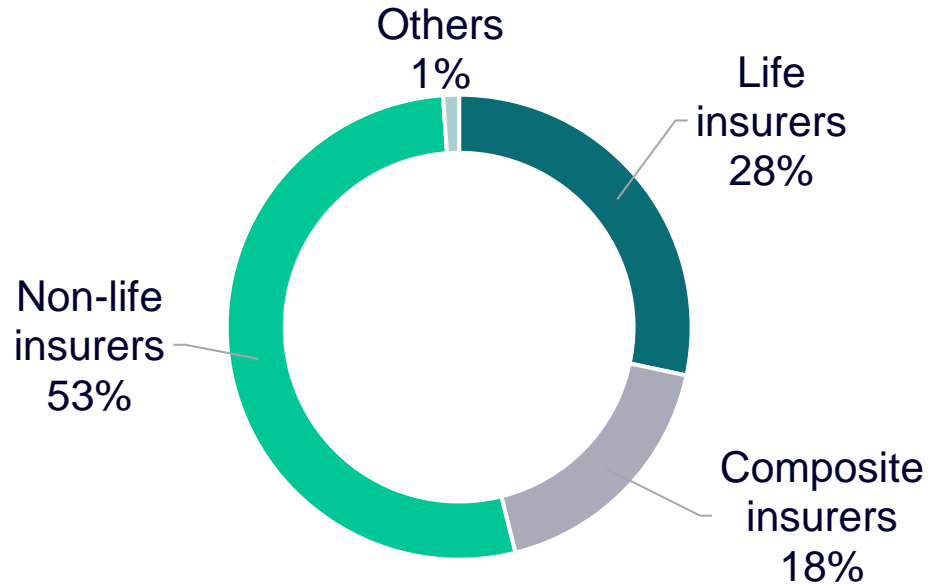
Buy-in
pensions + insurance regimes



Financial strength – not all insurers are equal

Insurance regulators will rarely report near failures

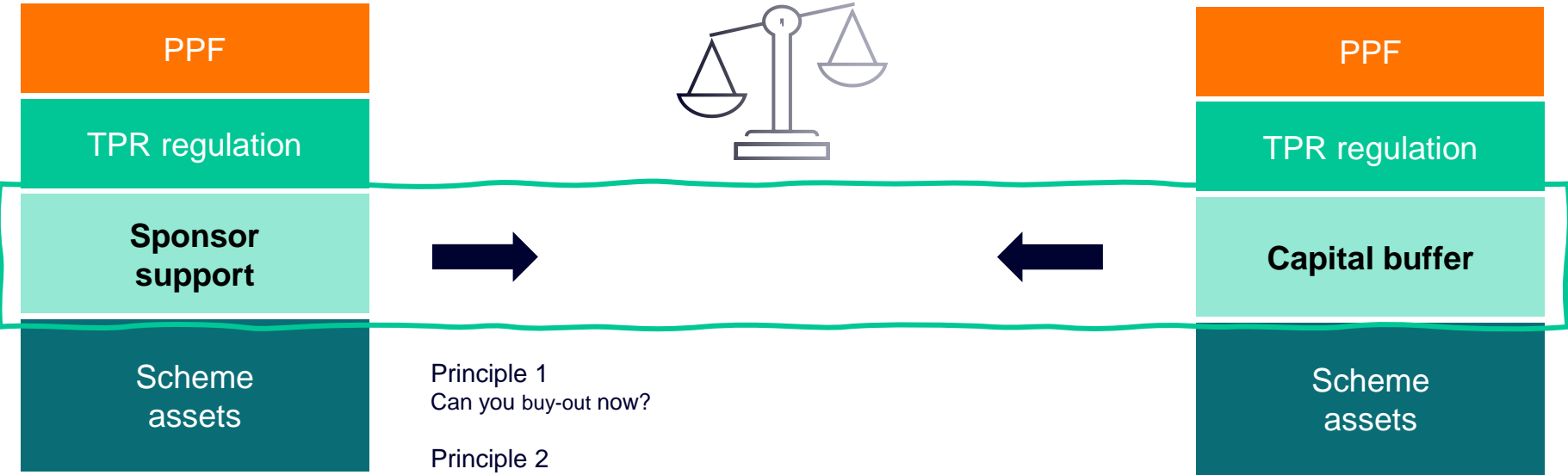
180 failures & near failures across Europe (1999-2016)



Superfunds v1.0

Employer covenant
pensions regime

Superfund
pensions regime



PPF

PPF

TPR regulation

TPR regulation

Sponsor
support

Capital buffer

Scheme
assets

Scheme
assets

Principle 1
Can you buy-out now?

Principle 2
Can you buy-out in the foreseeable future?

Principle 3
Does it improve the likelihood of members receiving full benefits?