

# Approaching the home-straight to full insurance

## Optimising the route to removing DB pensions from your balance sheet

For most pension scheme sponsors, full insurance is the ultimate long-term ambition, particularly when you take into account the long-term costs and risks associated with running a DB scheme. However, if not properly managed the costs of doing so can be very high and, as a corporate sponsor, you need a clear plan to get there. This should incorporate company initiatives to make the journey optimal for your shareholders and avoid cash/accounting surprises. Given the upcoming changes to the pensions funding regime, companies need to be more proactive than ever before to ensure their objectives drive the journey.

Our integrated framework helps companies set a pension strategy aligned with both their shorter-term and longer-term objectives. While for some, buy-out may be very achievable within, say, three to five years; for others a longer-term plan will be needed. Our 5-step process provides guidance on:

- Likely timescale to reach full insurance funding; and
- Practical steps along the way to:
  - Better manage risks;
  - Reduce costs;
  - Capture any opportunities to accelerate the process.

**This ensures an optimal approach with the focus on the end goal, and you are well prepared to benefit from any short-lived opportunities** (driven by changes in market conditions or insurer appetite) that arise along the way.

### Key benefits of our planning framework



Get to full insurance sooner, at lower cost and with managed risk



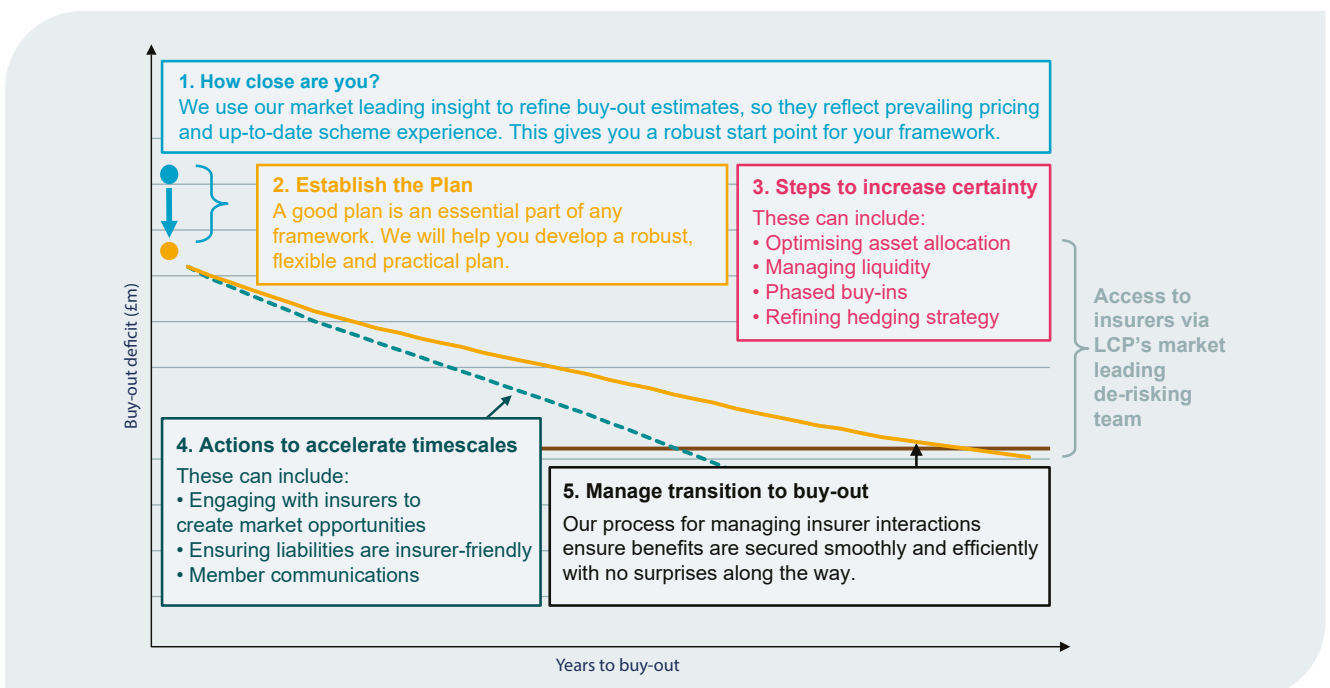
Joined up thinking across funding, investment, covenant and member outcomes



Clear but adaptable plan which incorporates

- Robust decision-making process
- Investing in the right way to move quickly to lock in opportunities
- Being prepared to take advantage of favourable pricing if it arises.

## Our Five Step planning framework to reach full insurance

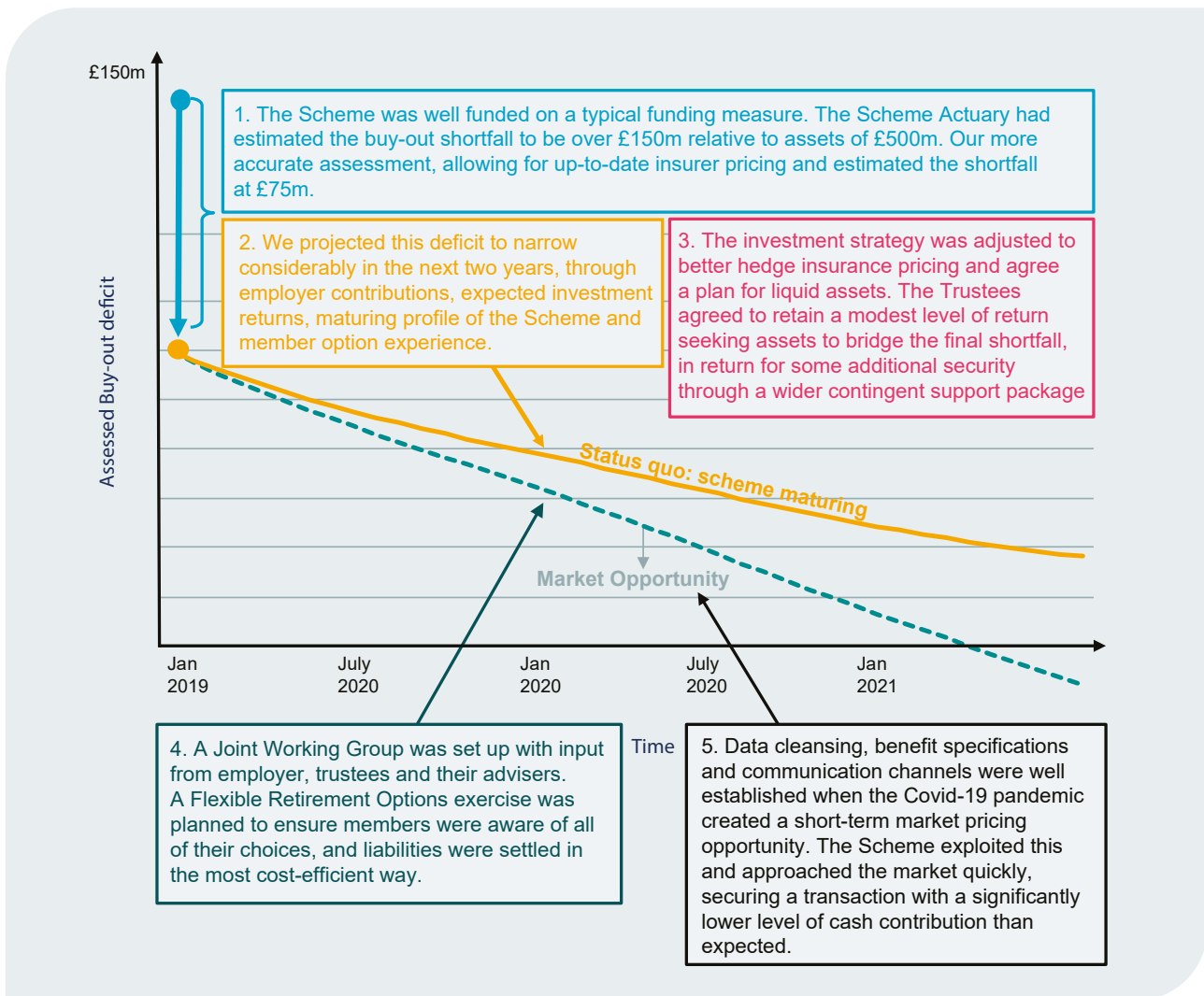


# Full insurance planning framework in practice

In recent years, many **sponsors have found themselves significantly ahead of their long-term pension plans, and unexpectedly within touching distance of full insurance.** However, this can be a missed opportunity and without planning, it can be difficult to fully take advantage of this favourable position. For example, there could be significant data and benefit specification work still to be undertaken.

In this case study, the sponsor, RockRose Energy, together with the trustees had agreed to target a full buy-in within a three year period. They followed a structured process that meant that when markets moved, the trustees and their sponsor were in the optimal position to transact and at a lower cost than anticipated.

In isolation each individual stage in our framework contributes to closing the gap to full insurance. When combined, full insurance can go from being an ambitious long-term aim to an actionable plan.



## Contact us

For further information please contact our team.



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