KPMG

cutting through complexity

Member options post freedom and choice

A corporate perspective

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ACA Sessional Meeting

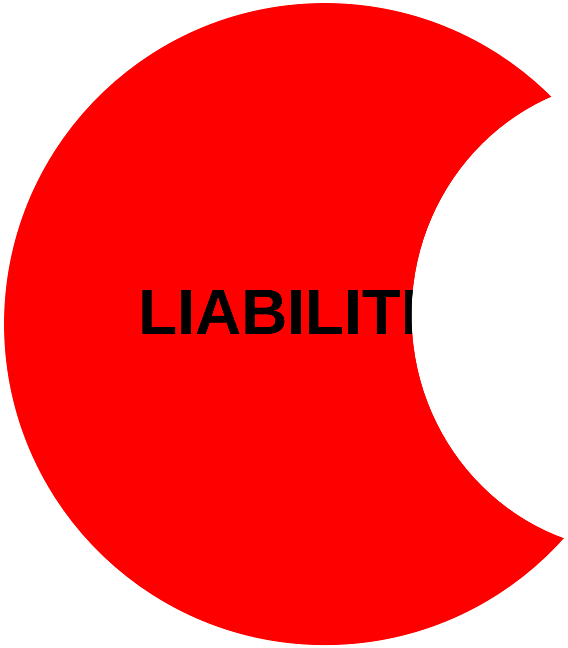
6 November 2014

DC schemes

- Employee value perception
- Obligation to educate and support?
- Alignment with wider reward and other savings

DB schemes

OPPORTUNITY



Impact for DB schemes

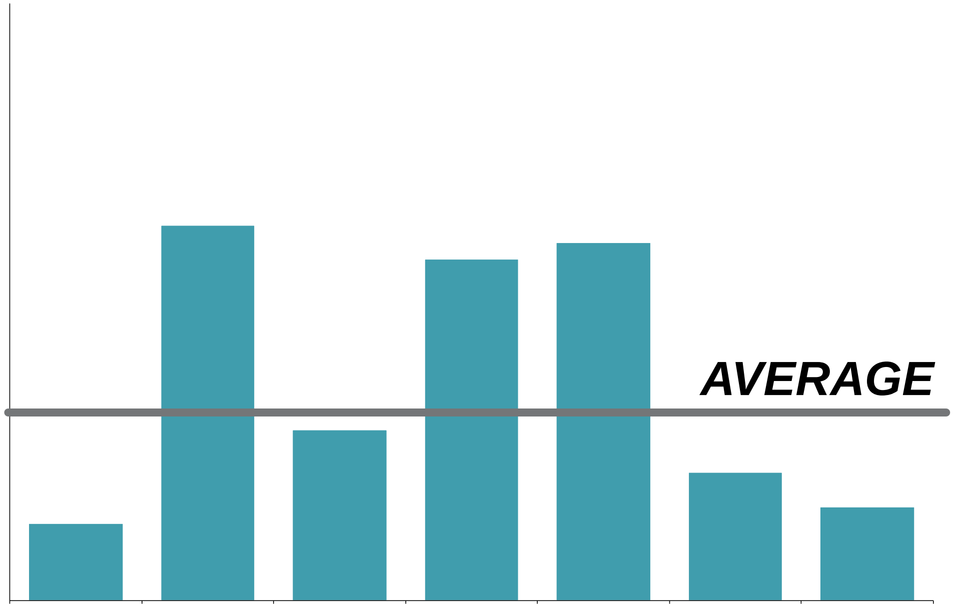
Liabilities discharged

Non-pensioner liability X Member transfer take-up X Saving between TV basis and funding

Impact on funding deficit

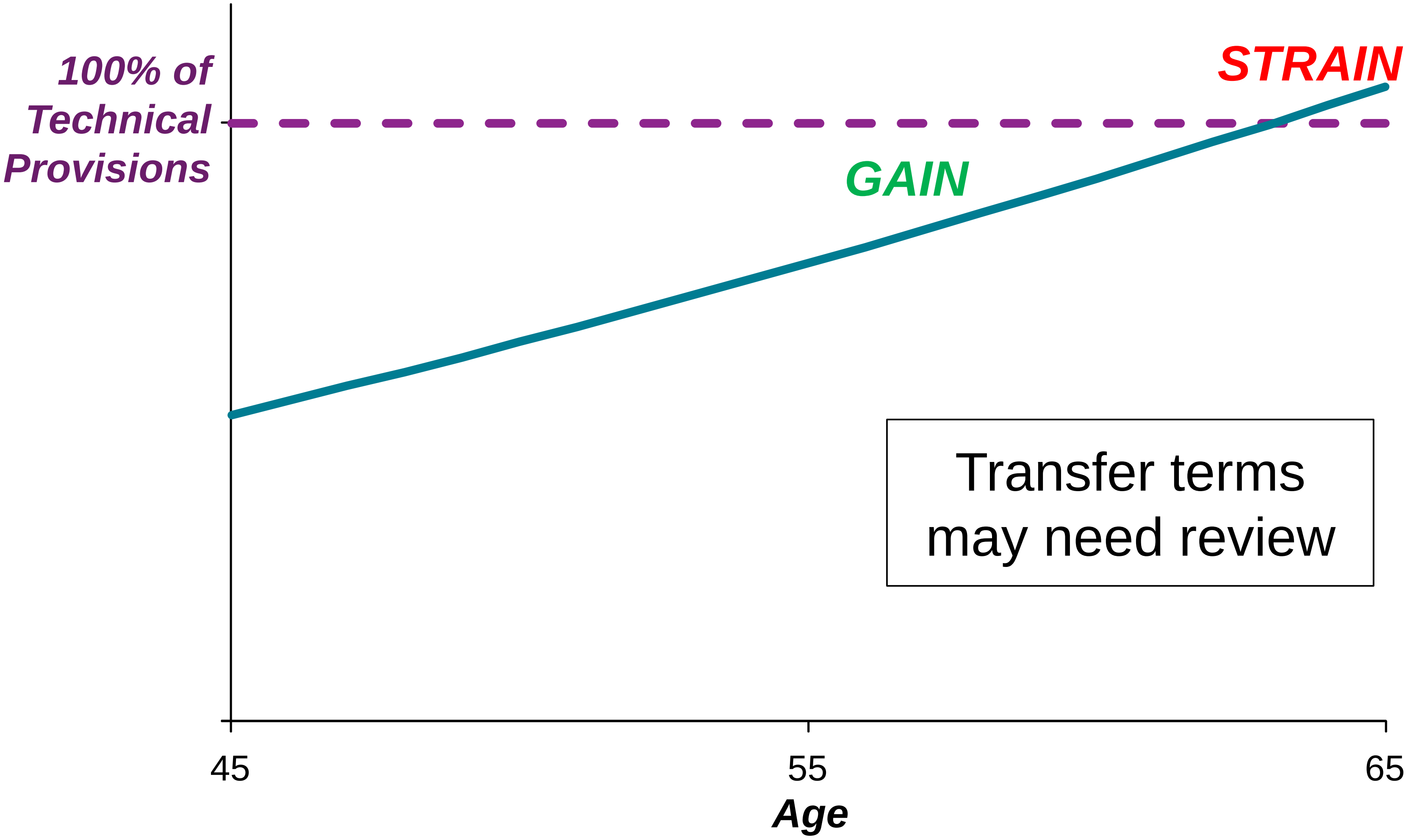
Member transfer take-up

- At retirement (55+)
- Survey data
- Experience from similar exercises



30%

Cash Equivalent Transfer Values as % of funding liabilities



Other considerations

- Impact on other financial metrics (IAS19, self-sufficiency)
- Mis-selling risk
- IFA costs
- Workforce management – the ‘Lamborghini’ effect
- Consistency with lump sum commutation terms
- Unintended consequences
- Pressure on admin
- Partial transfers

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