

High Inflation

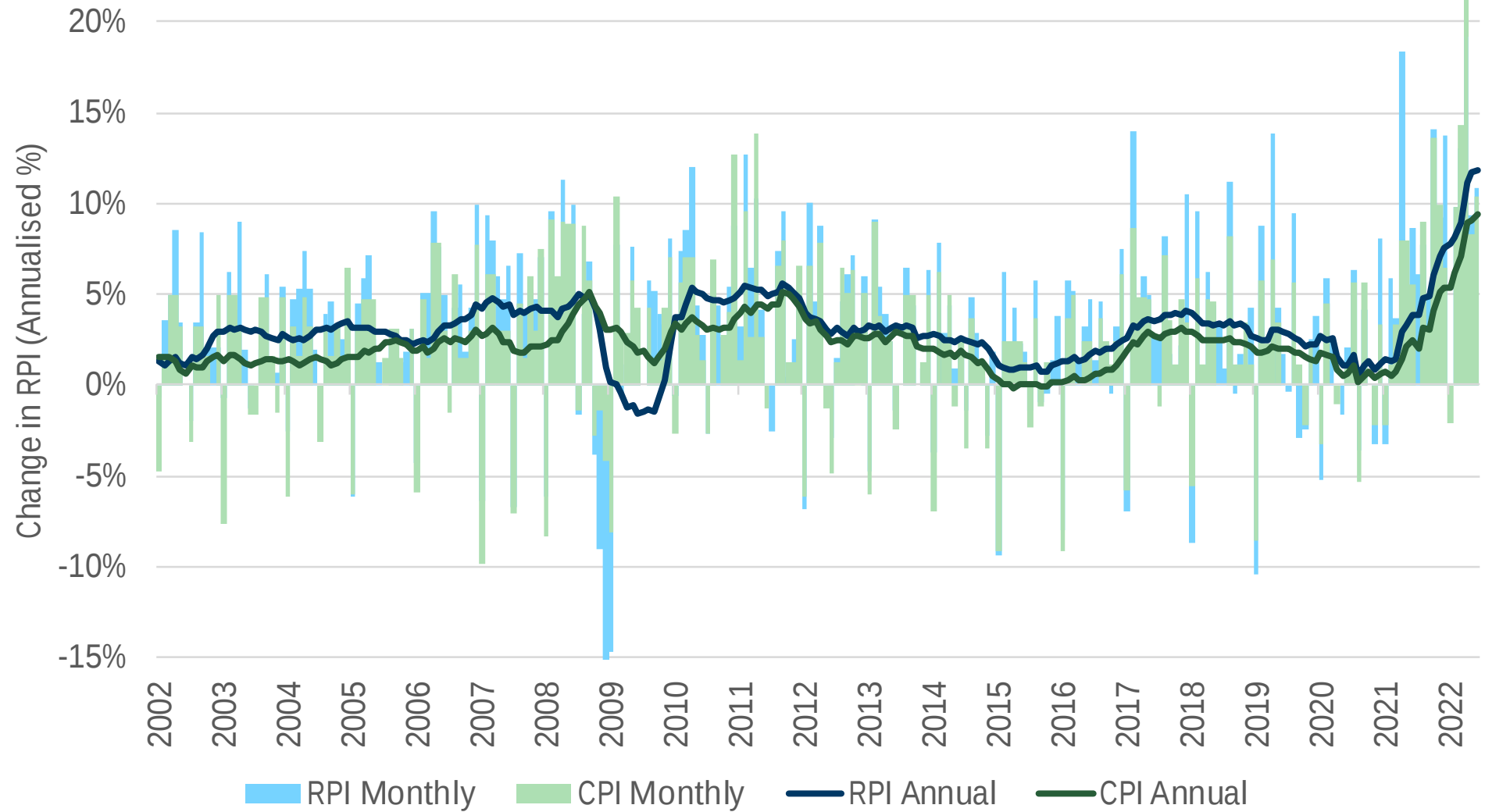
Impact on Pension Schemes

21 July 2022
Sebastian Bleasdale FIA

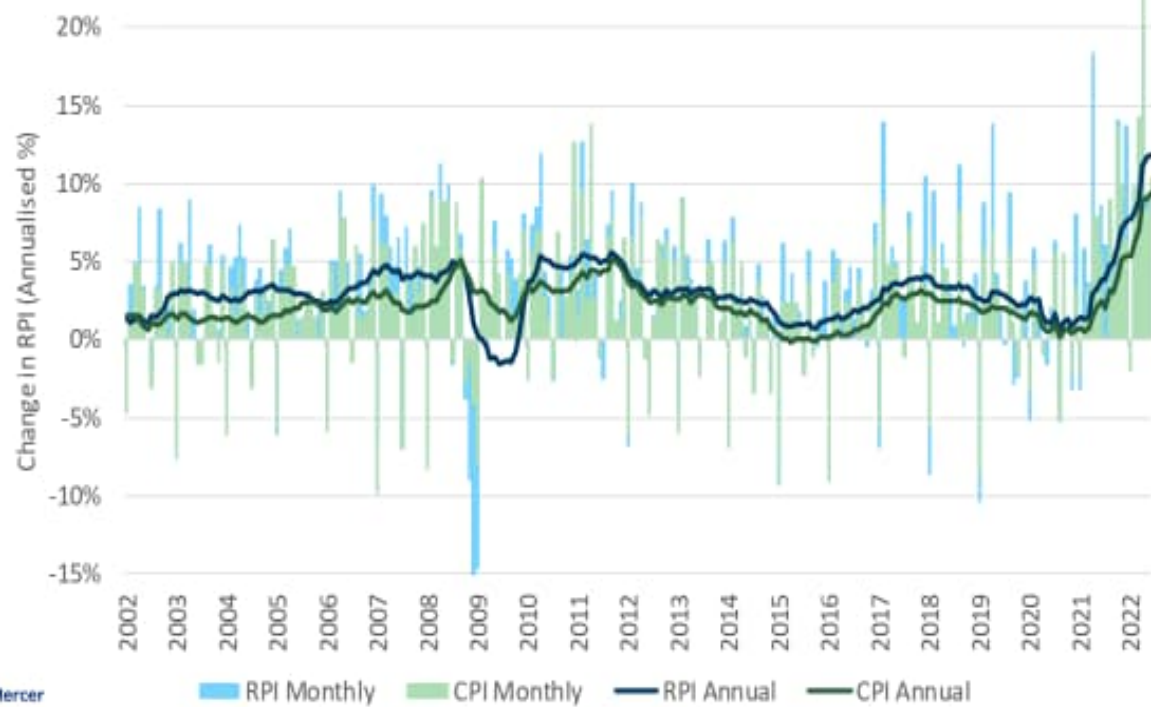
A business of Marsh McLennan



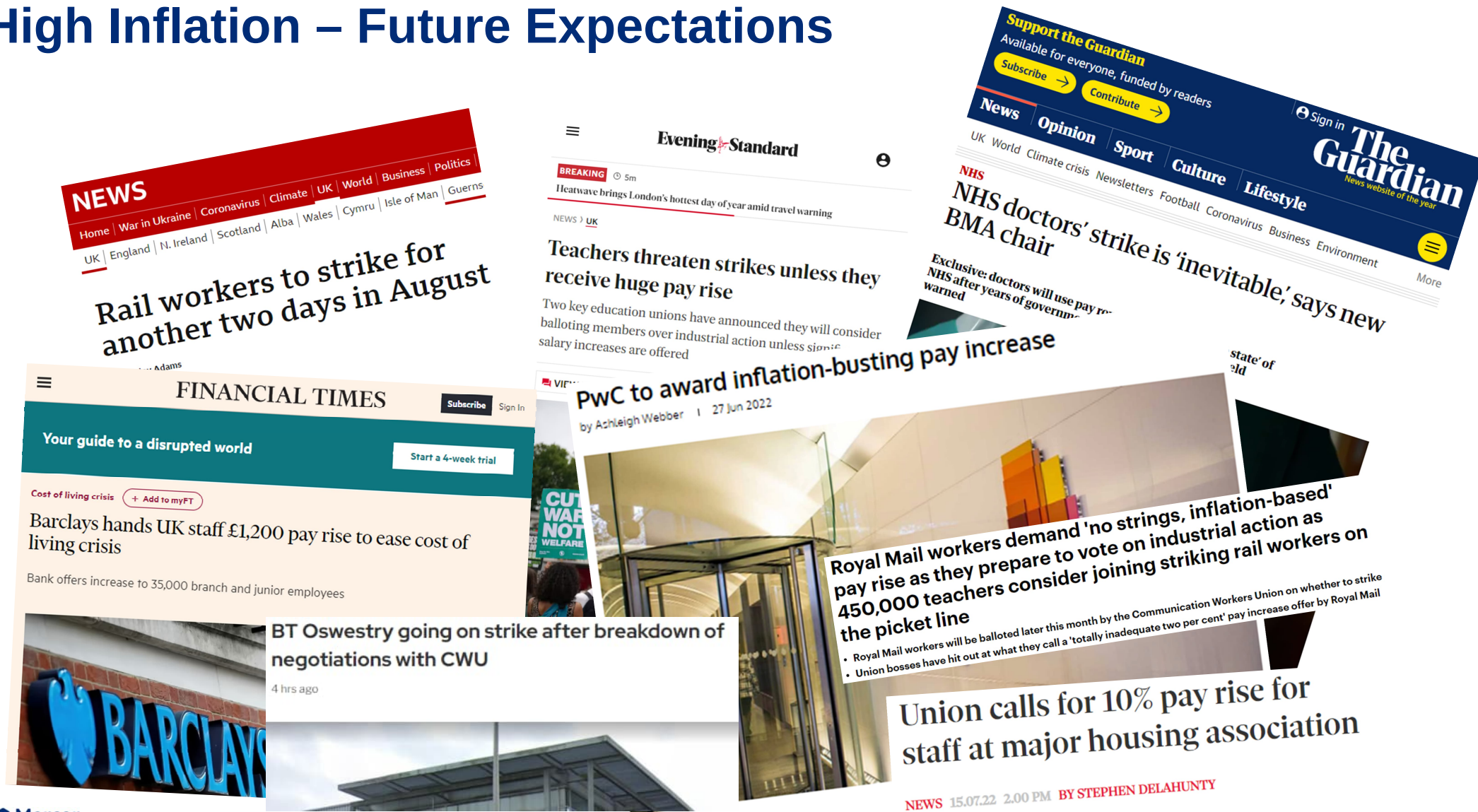
High Inflation – Current Position



High Inflation – Current Position



High Inflation – Future Expectations



High Inflation – Future Expectations

One off shock caused by:

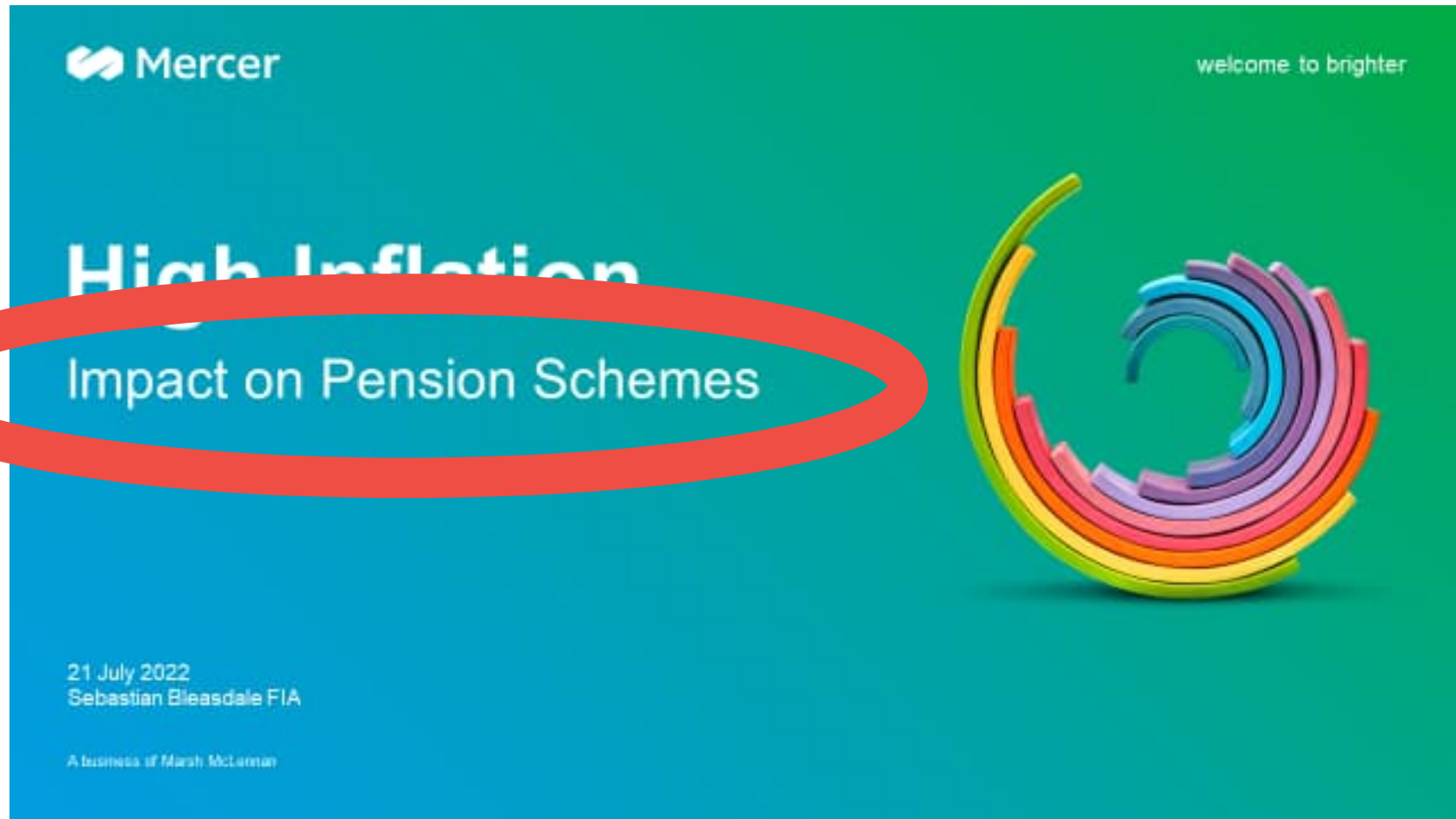
- COVID
- Ukraine
- Brexit



Inflation stays high because:

- Wage spiral
- Global position
- Government

High Inflation – Impact on Pension Schemes



High Inflation – Actuarial Approximations

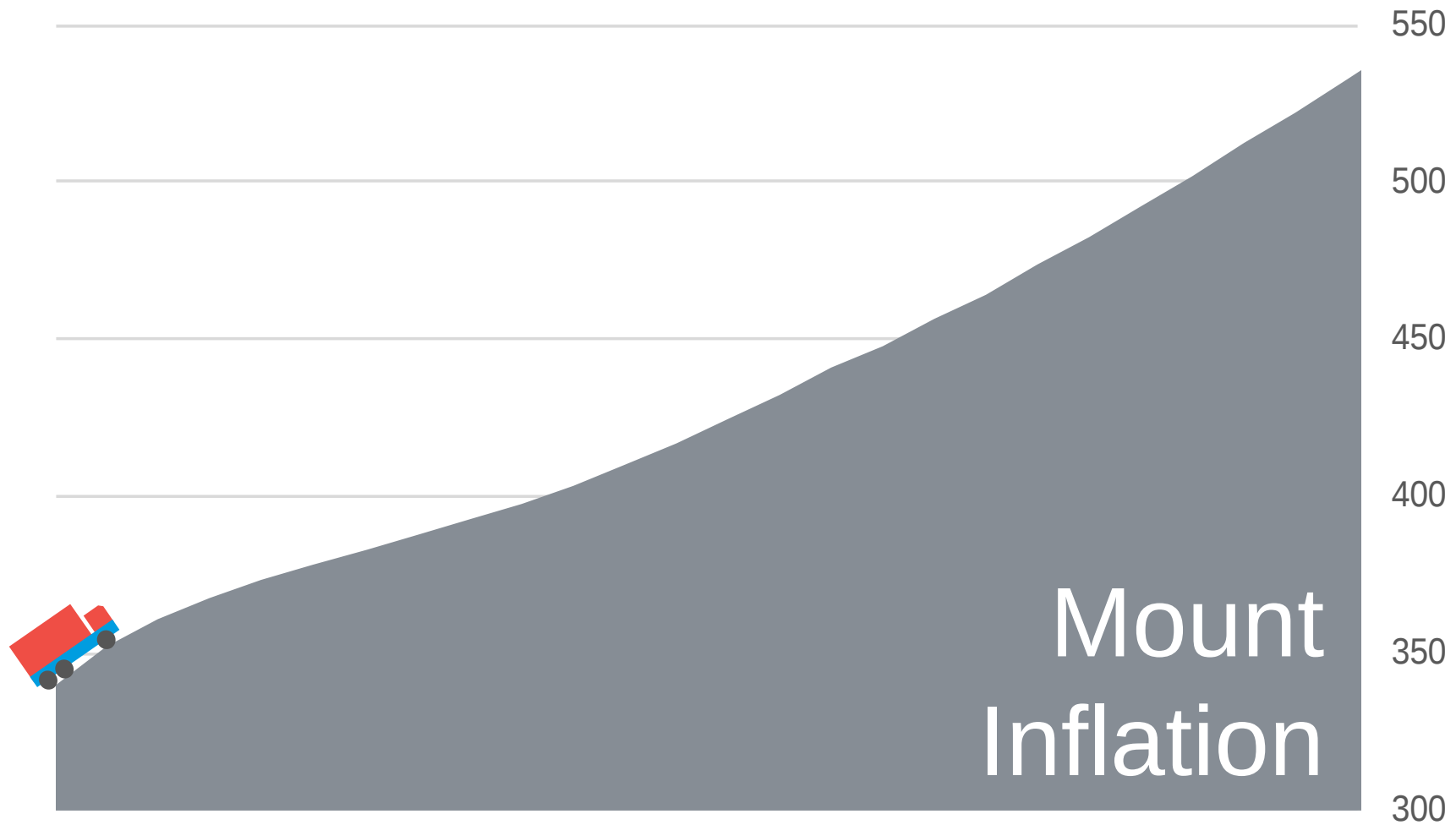
Creating Inflation Curves

Applying Inflation Curves

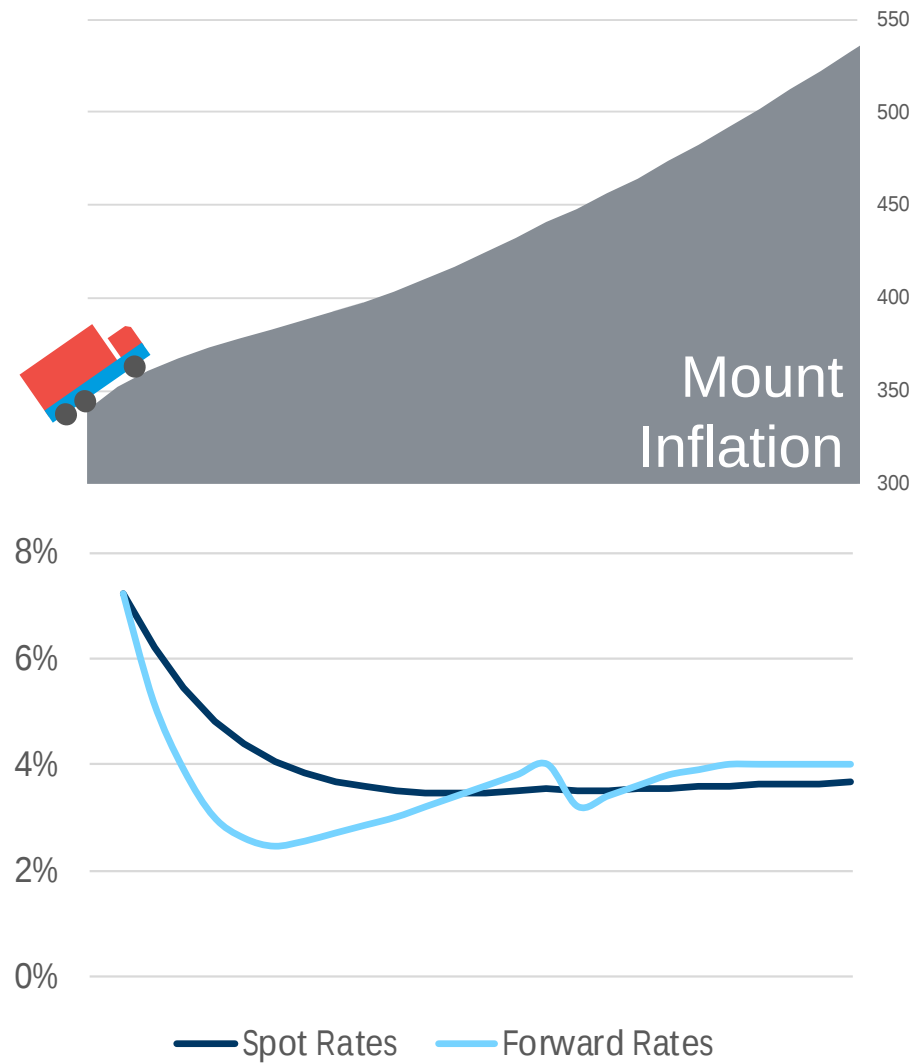
Single Equivalent Rates

Caps and Floors

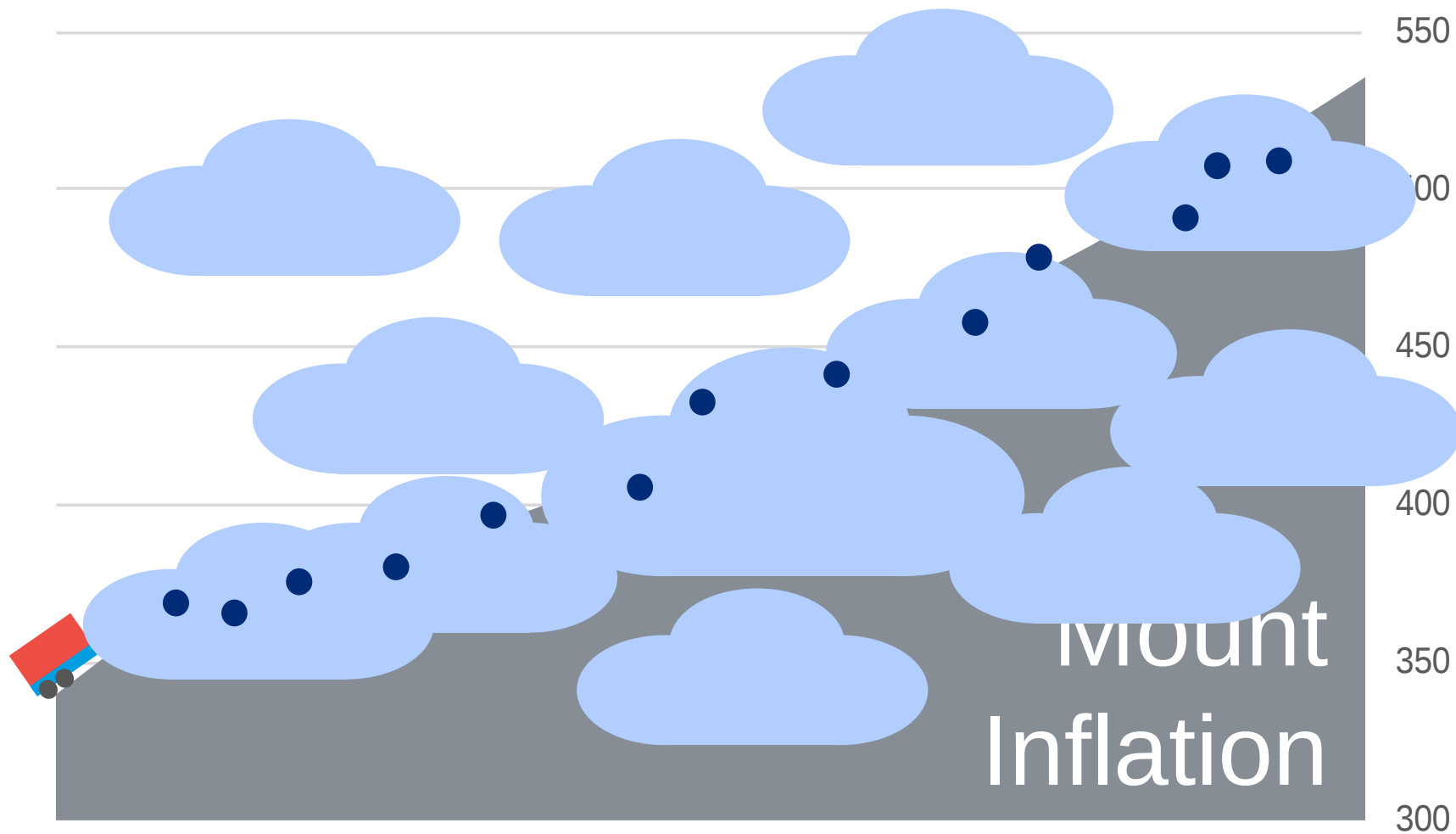
High Inflation – Creating Inflation Curves



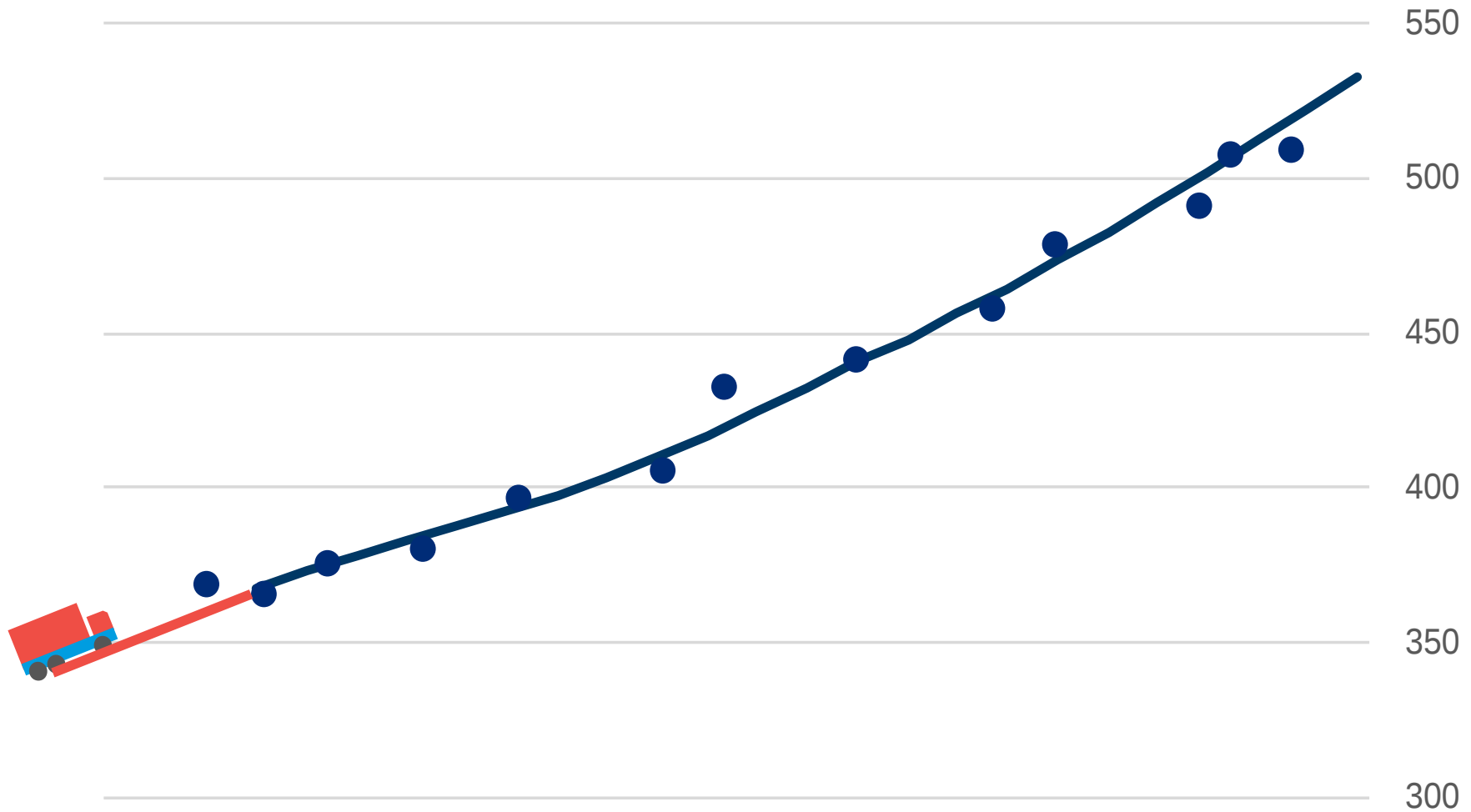
High Inflation – Creating Inflation Curves



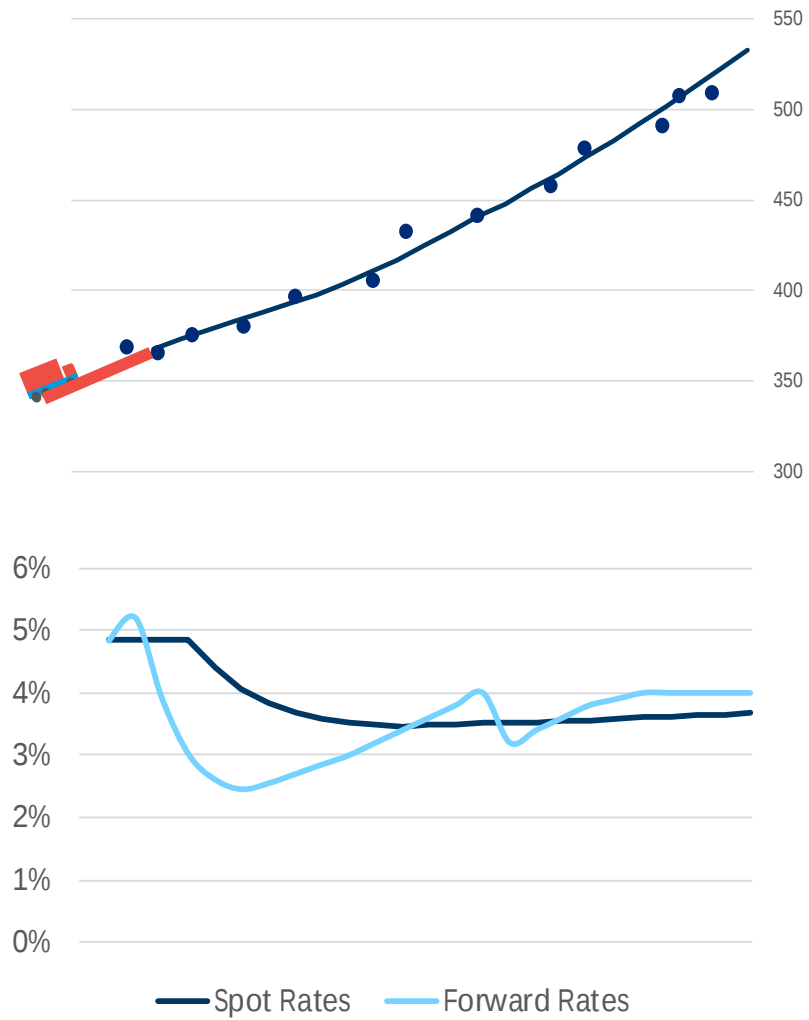
High Inflation – Creating Inflation Curves



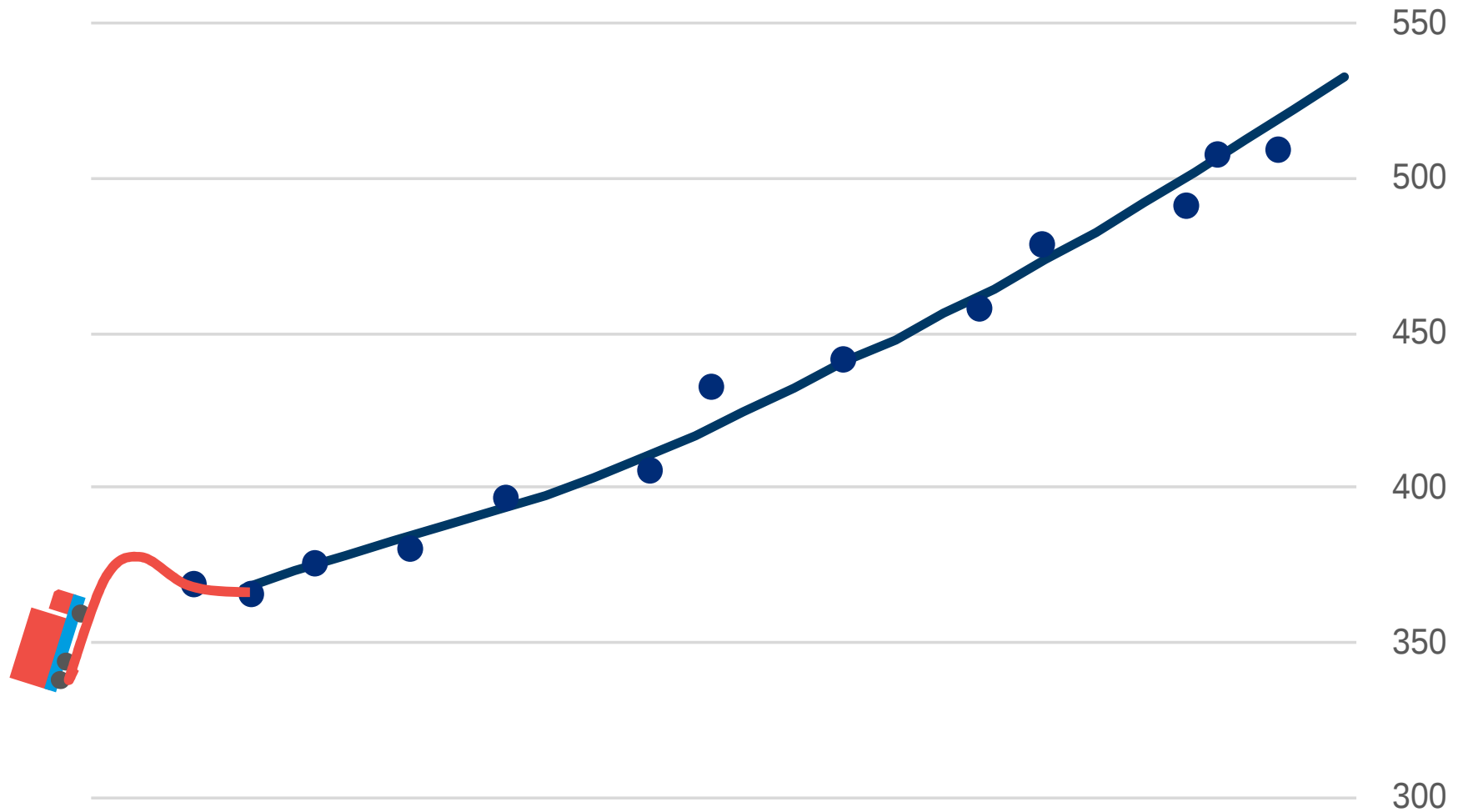
High Inflation – Creating Inflation Curves



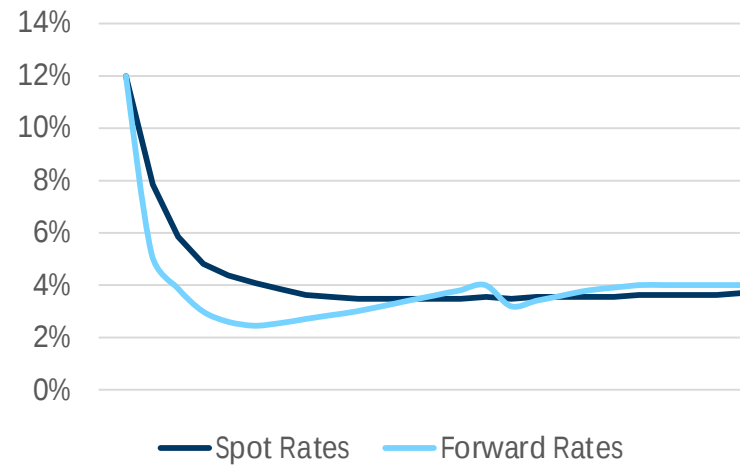
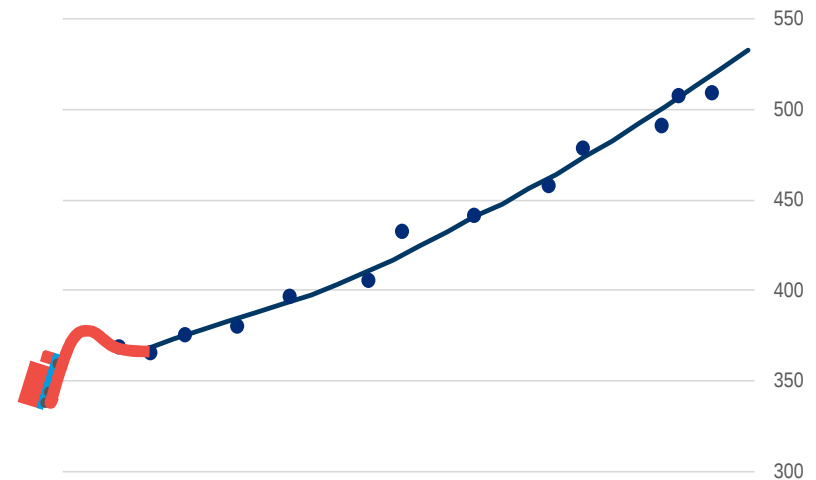
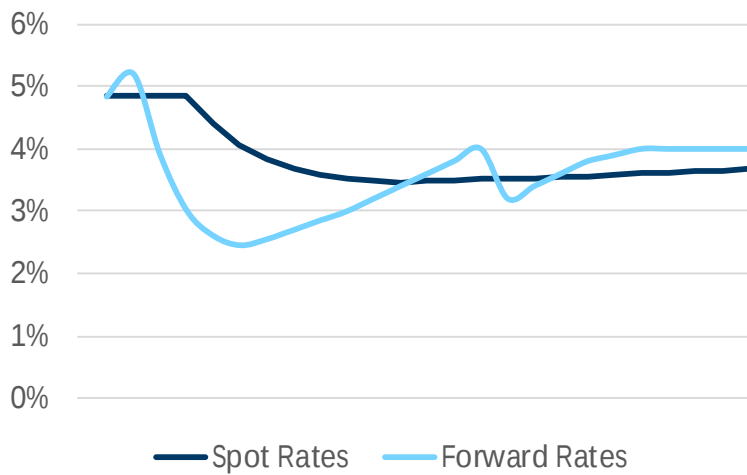
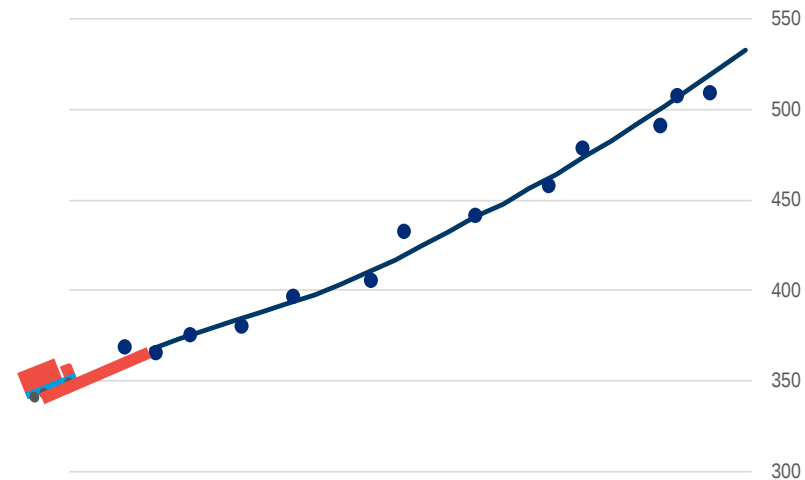
High Inflation – Creating Inflation Curves



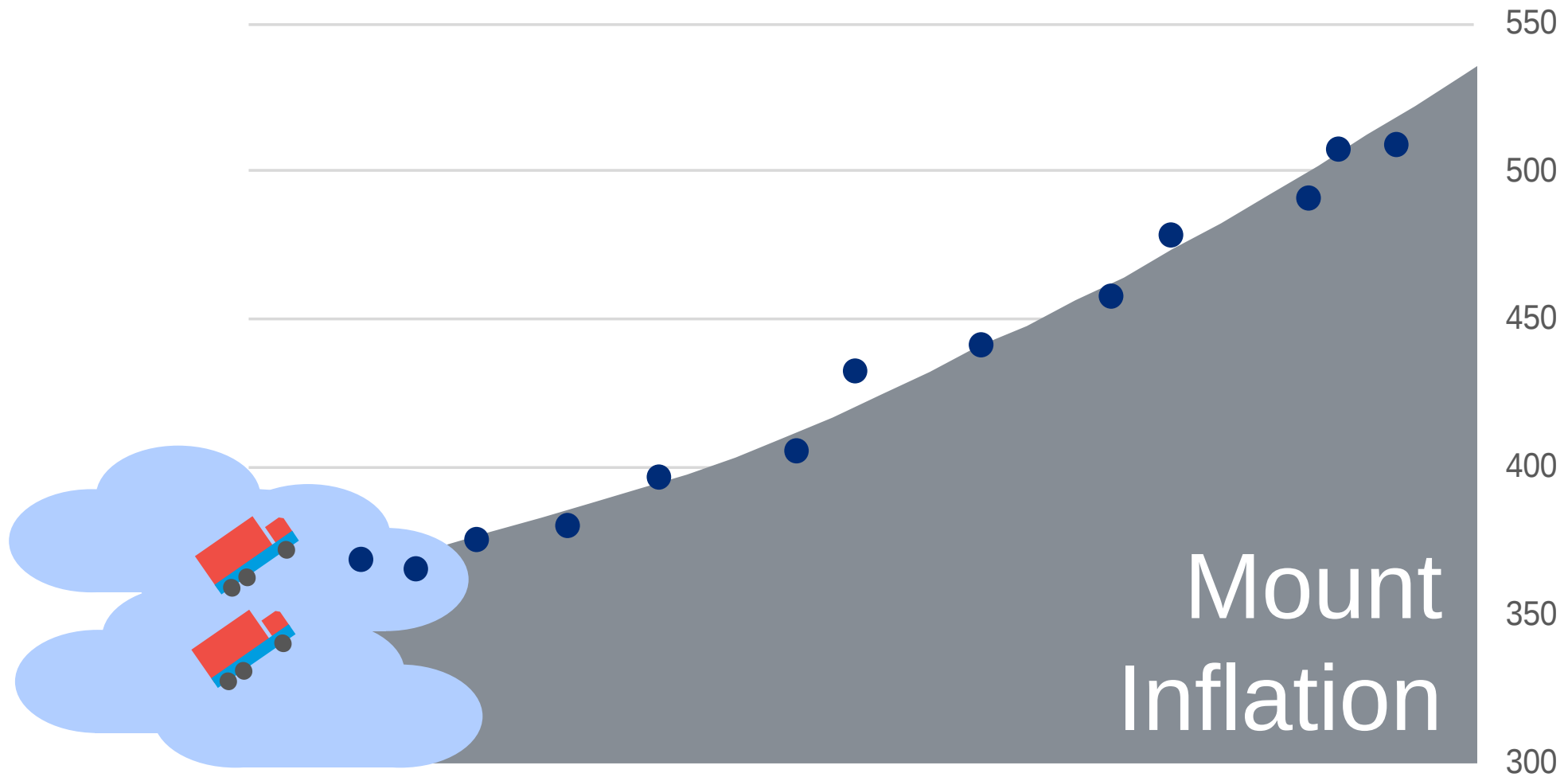
High Inflation – Creating Inflation Curves



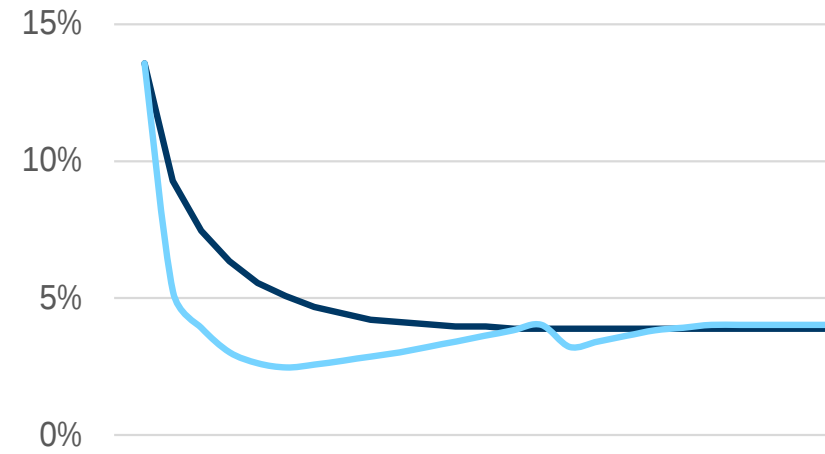
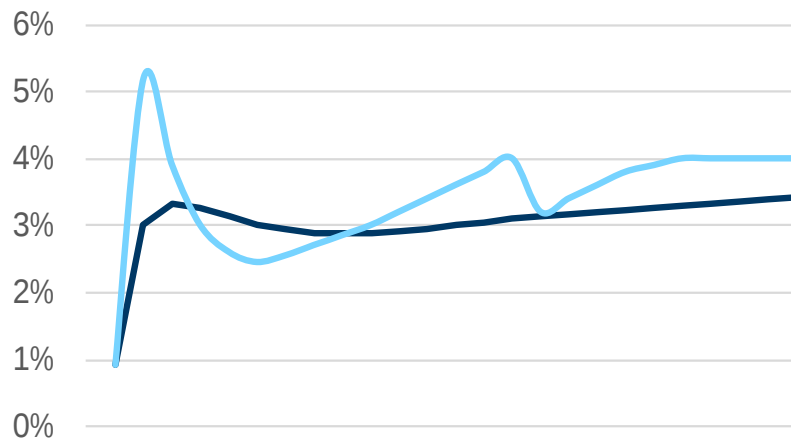
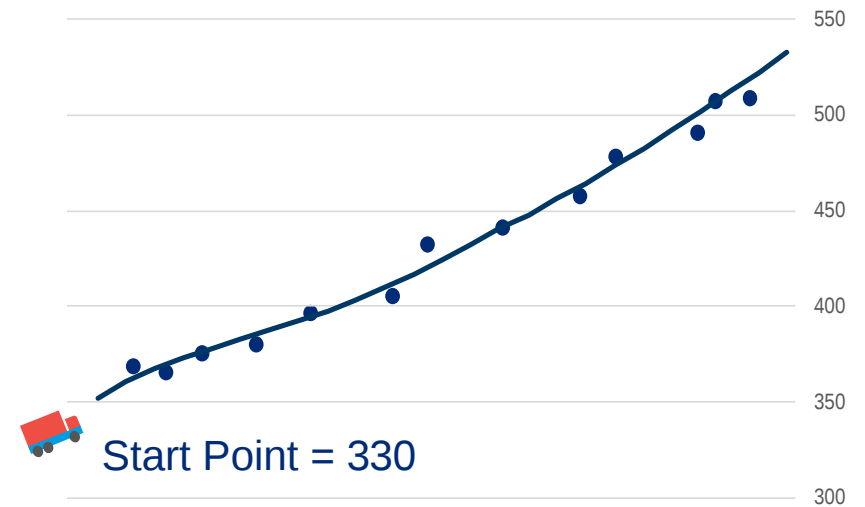
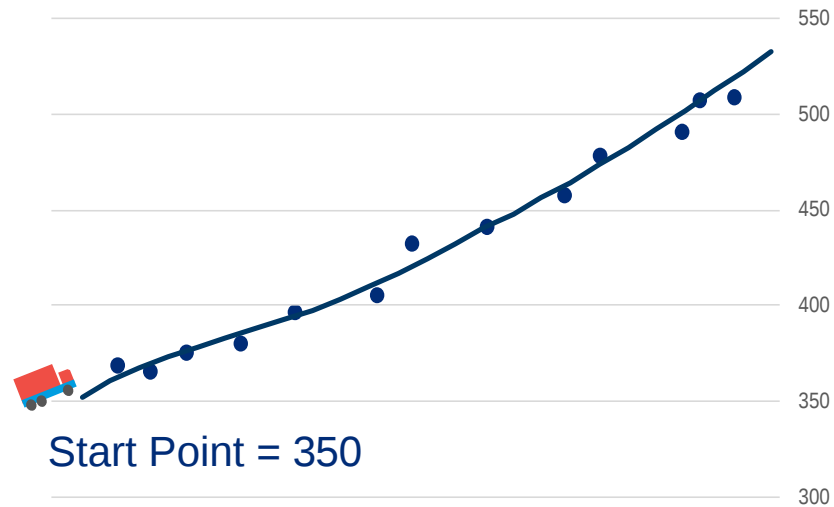
High Inflation – Creating Inflation Curves



High Inflation – Creating Inflation Curves



High Inflation – Creating Inflation Curves



High Inflation – Actuarial Approximations

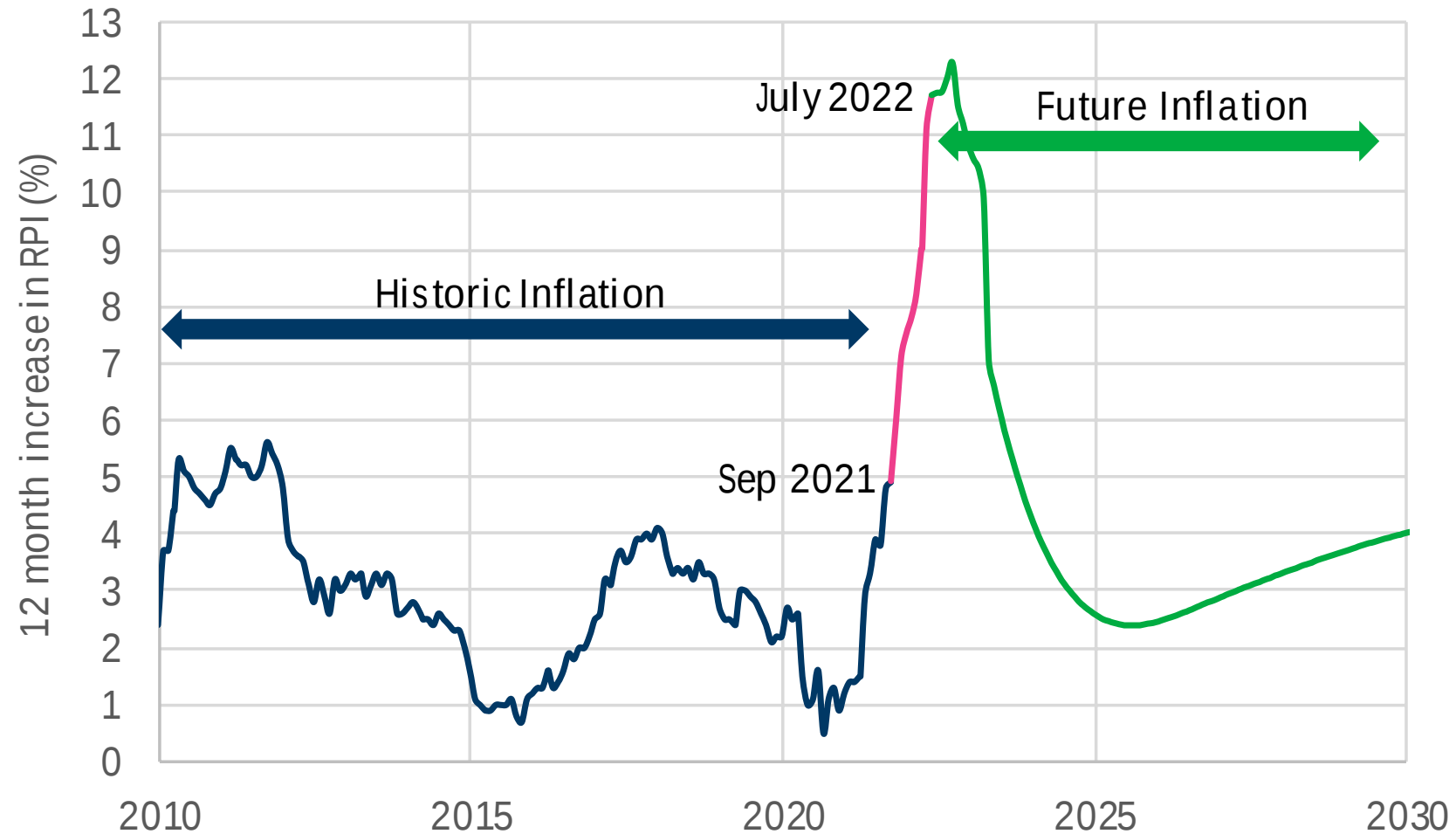
Creating Inflation Curves

Applying Inflation Curves

Single Equivalent Rates

Caps and Floors

High Inflation – Applying Inflation Curves



High Inflation – Actuarial Approximations

Creating Inflation Curves

Applying Inflation Curves

Single Equivalent Rates

Caps and Floors

High Inflation – Actuarial Approximations

Creating Inflation Curves

Applying Inflation Curves

Single Equivalent Rates

Caps and Floors

High Inflation – Actuarial Approximations

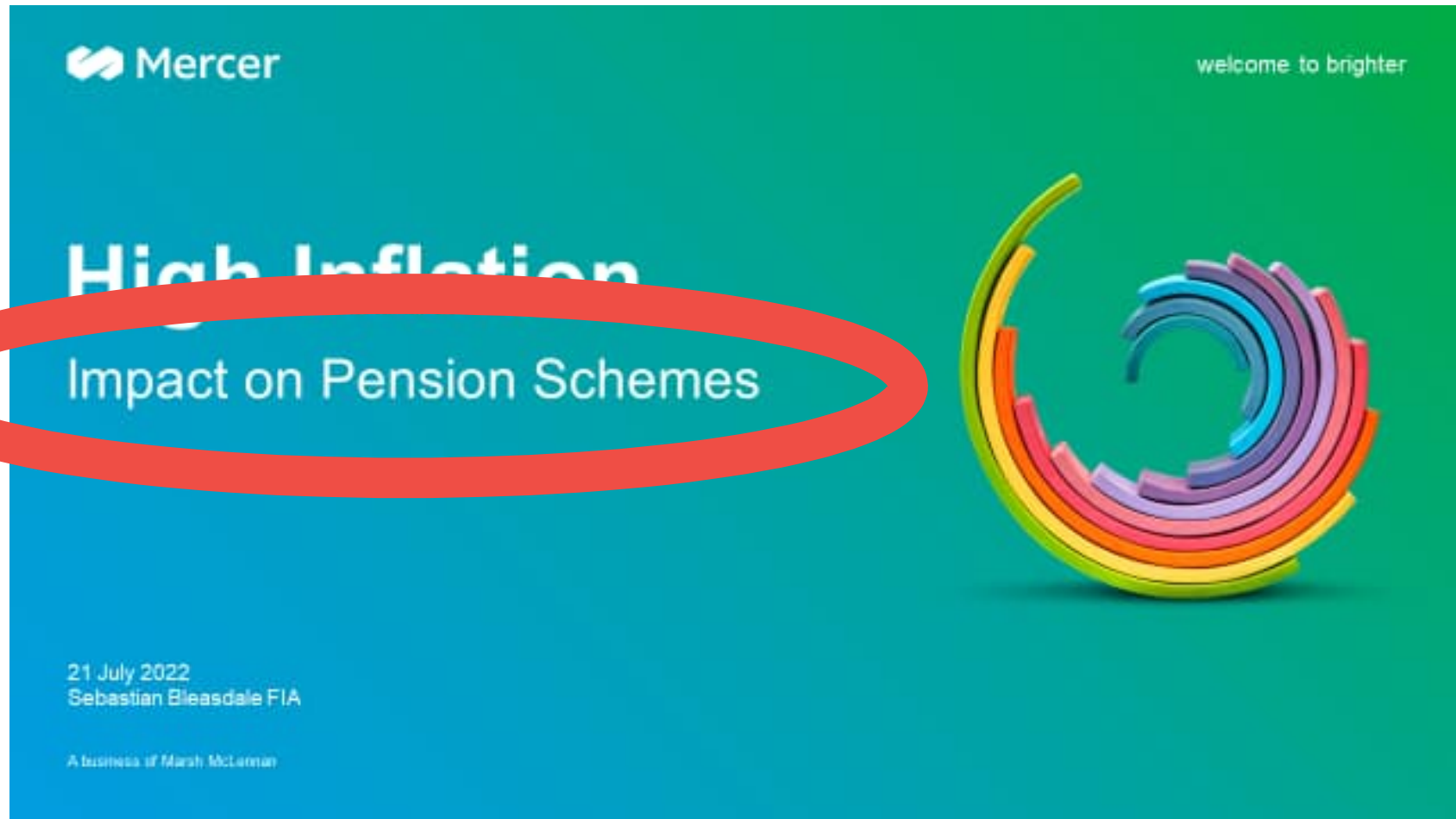
Creating Inflation Curves

Applying Inflation Curves

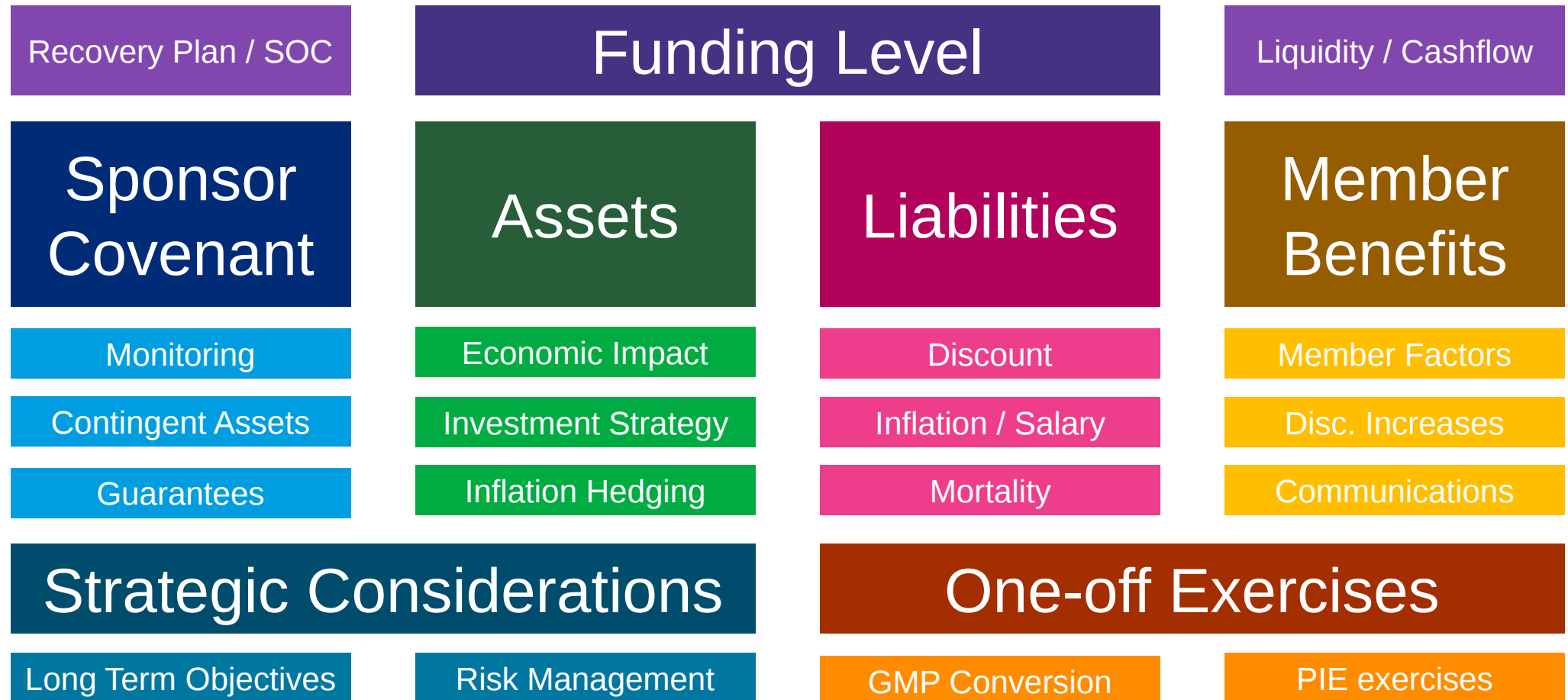
Single Equivalent Rates

Caps and Floors

High Inflation – Impact on Pension Schemes



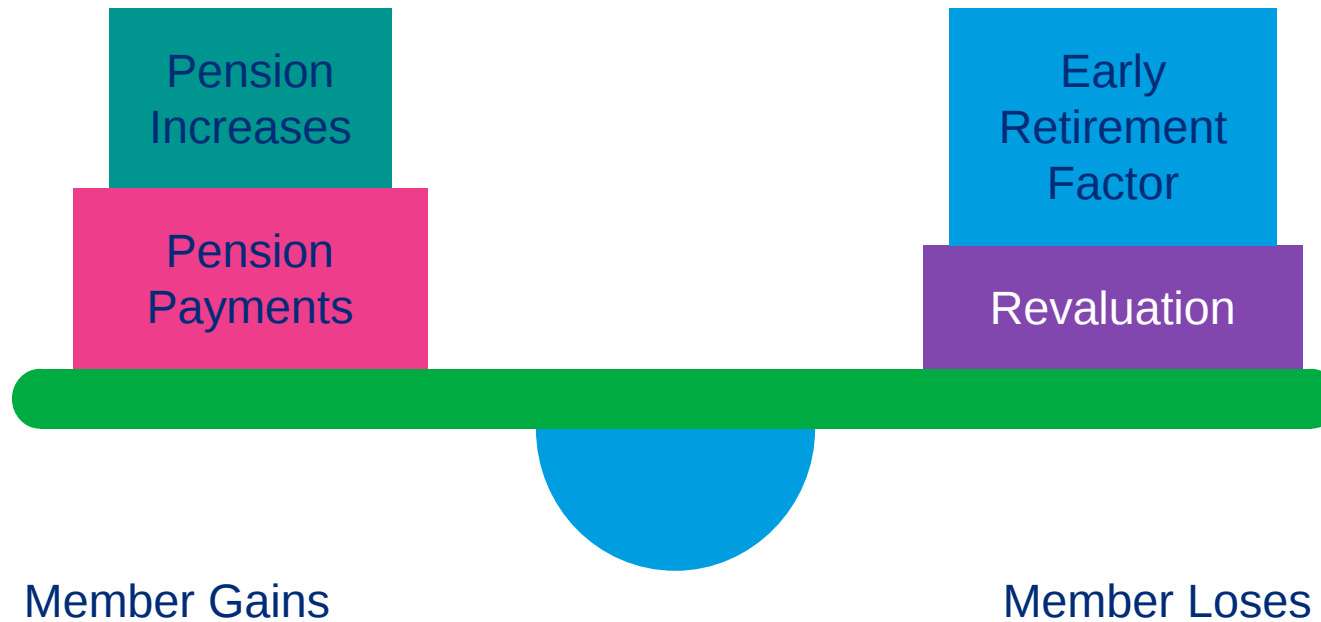
High Inflation – Impact on Pension Schemes



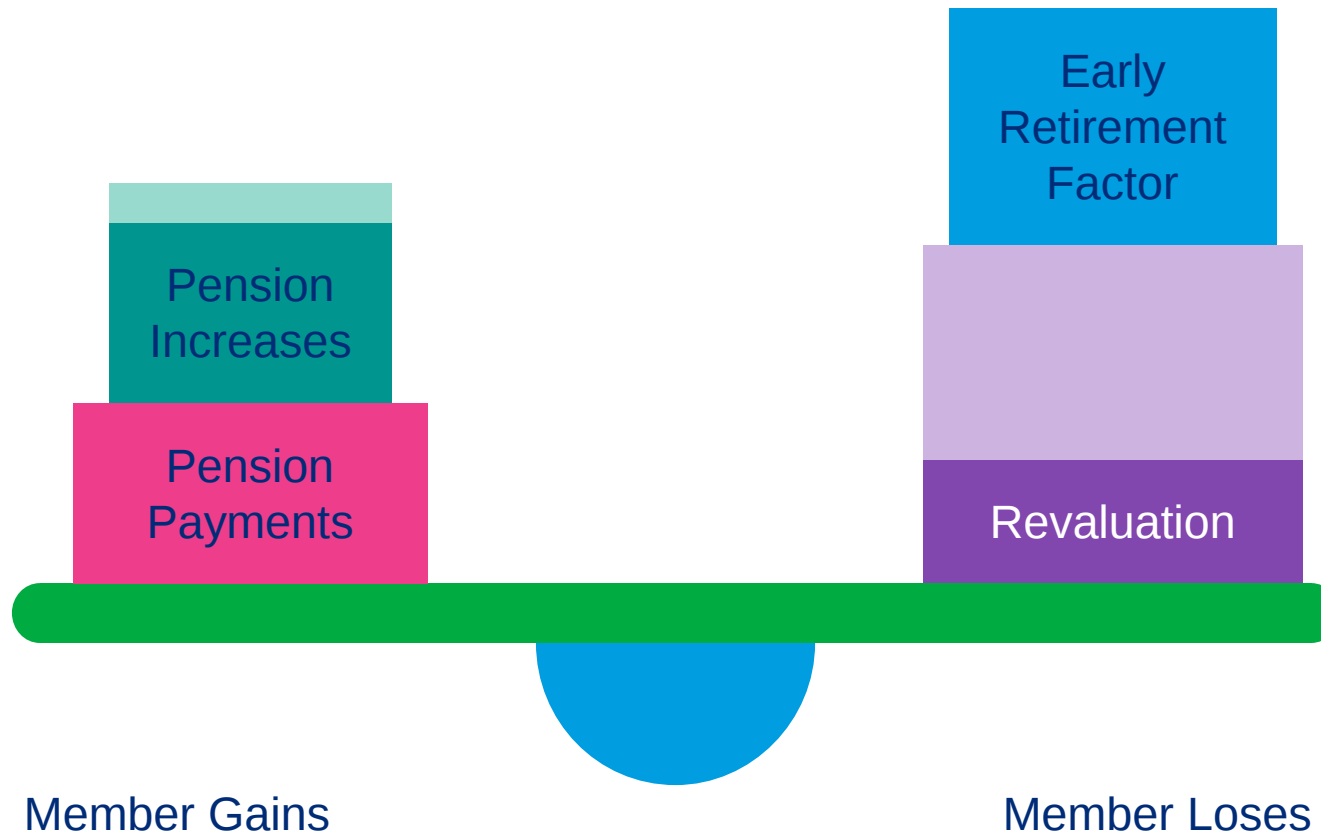
High Inflation – Impact on Pension Schemes



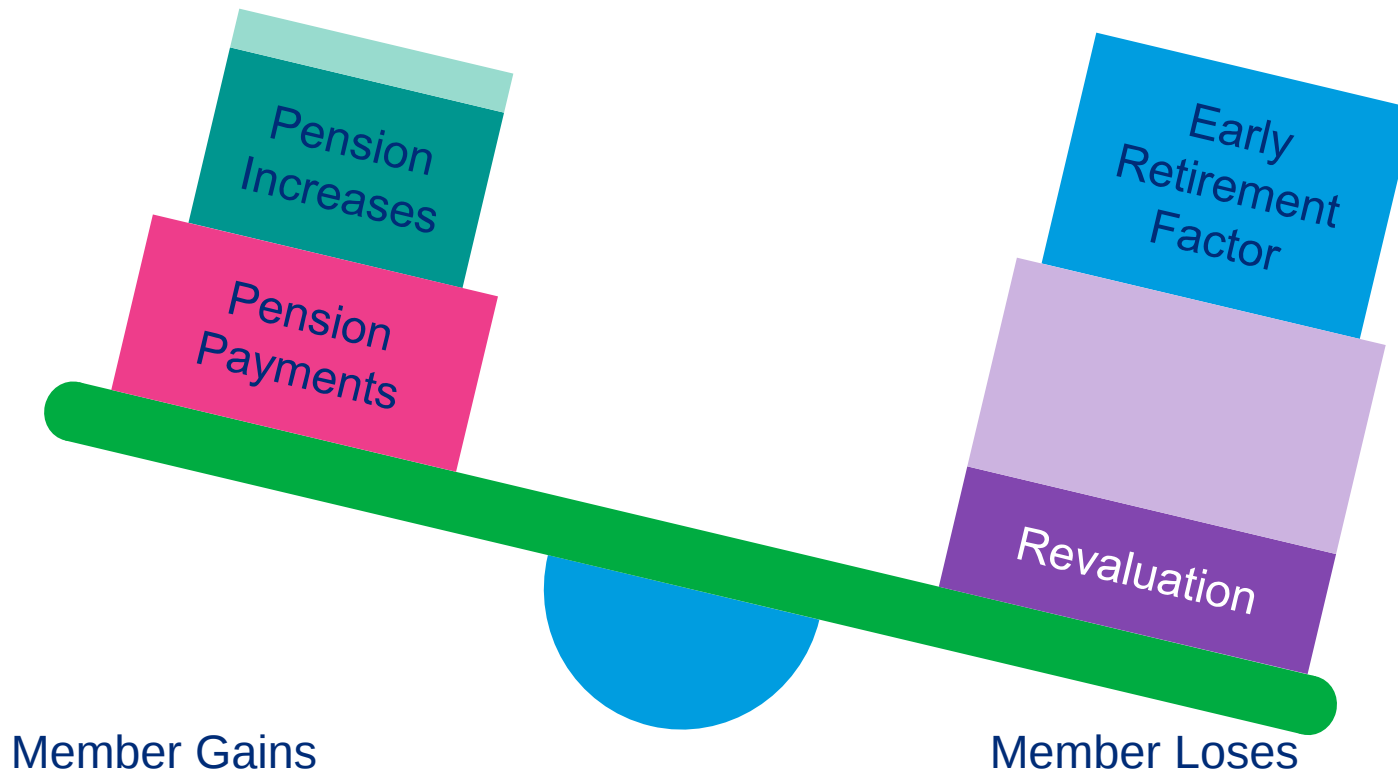
High Inflation – Early Retirement Factors



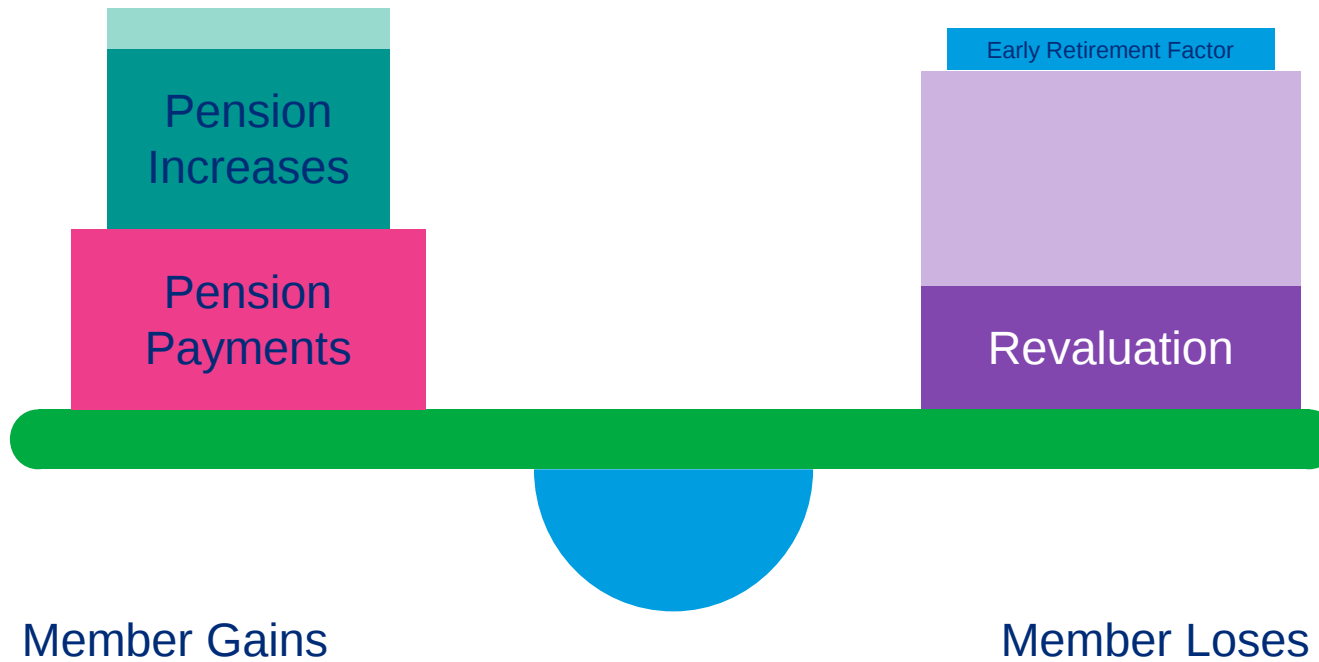
High Inflation – Early Retirement Factors



High Inflation – Early Retirement Factors



High Inflation – Early Retirement Factors



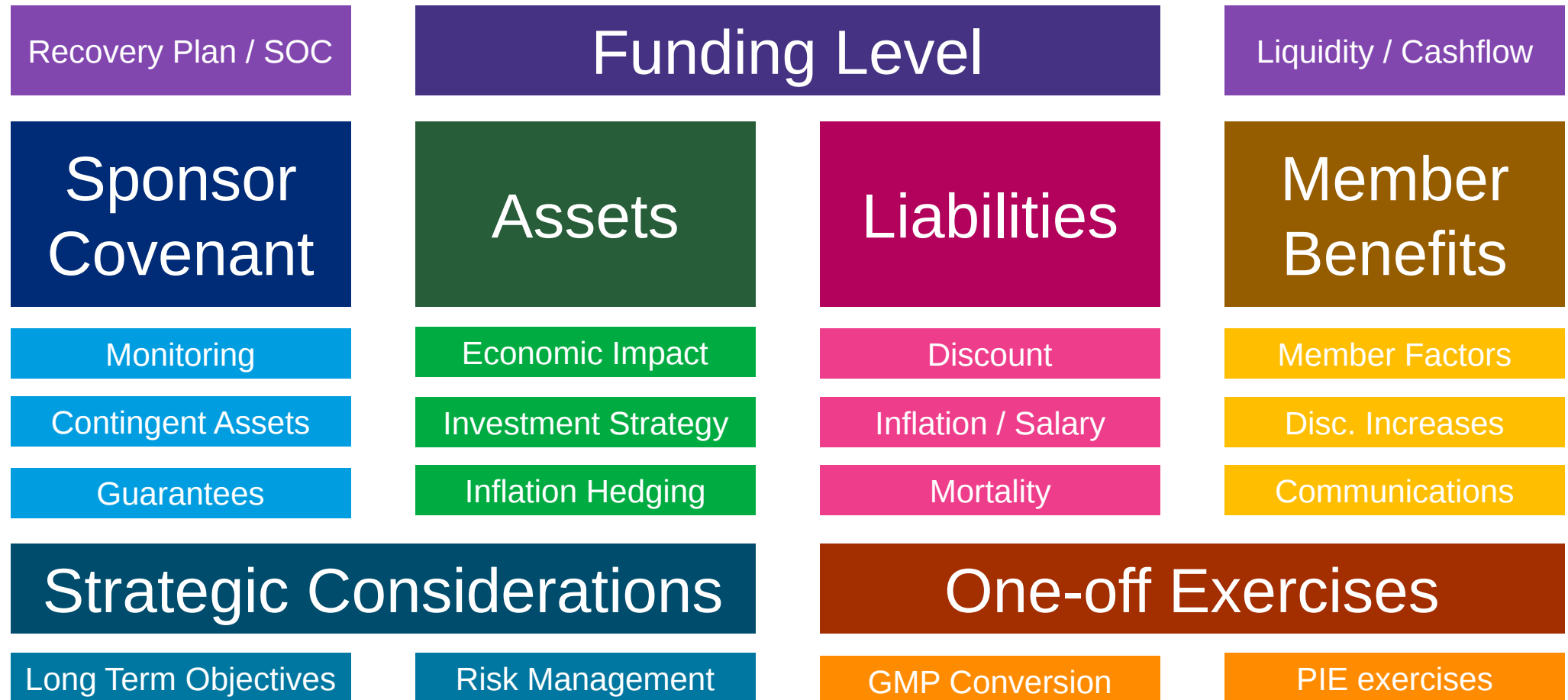
High Inflation – Impact on Pension Schemes



High Inflation – Impact on Pension Schemes



High Inflation – Impact on Pension Schemes





Mercer Limited is authorised and regulated by the Financial Conduct Authority. Registered in England and Wales No. 984275. Registered Office: 1 Tower Place West, Tower Place, London EC3R 5BU

A business of Marsh McLennan

Copyright © 2022 Mercer Limited. All rights reserved.