Superfunds: Key considerations for schemes

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To cover

1. **What is it**
2. **Models so far**
3. **Key considerations**
4. **Potential market**
5. **Analysing member outcomes**

It is not insurance…

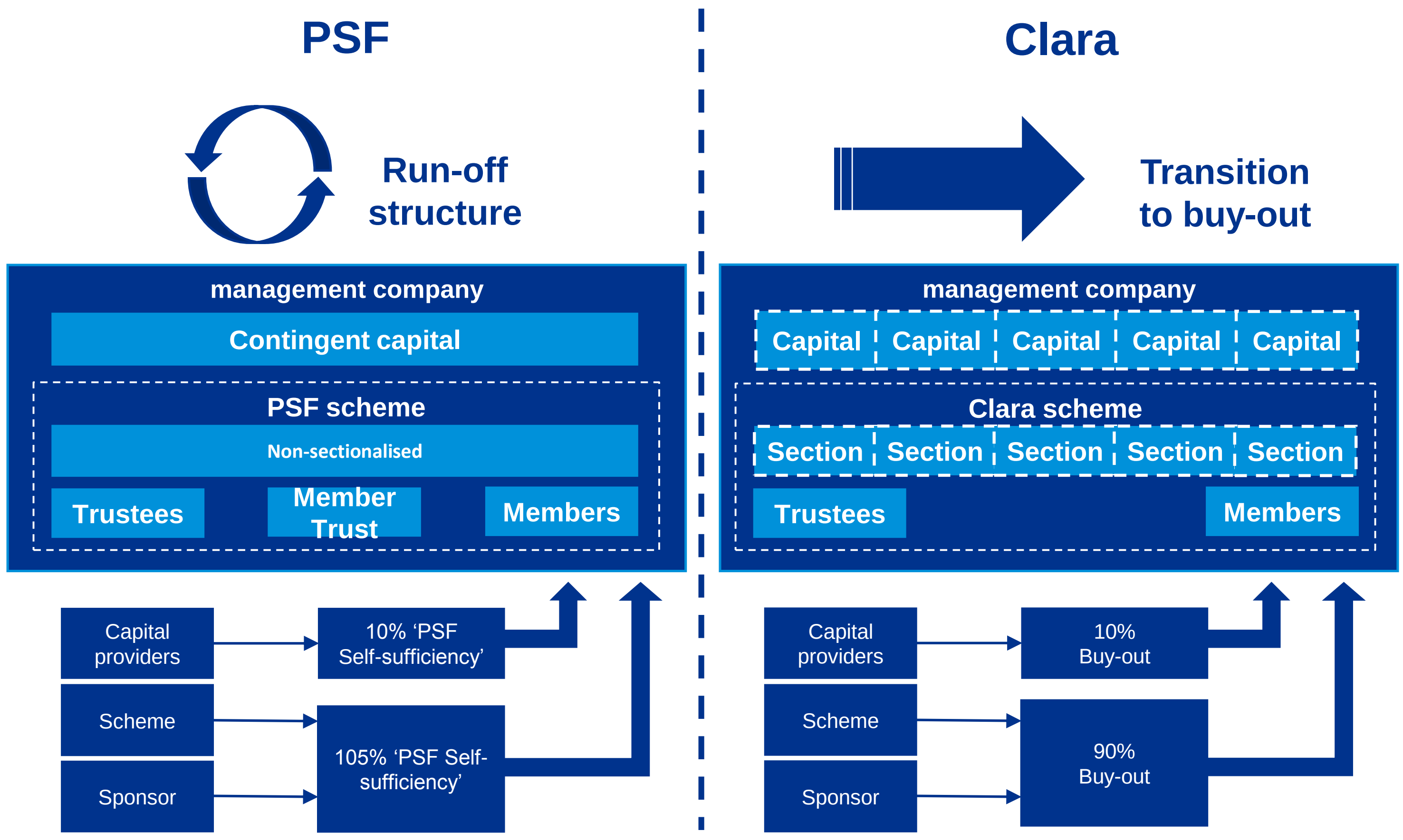
Key differences between Superfunds and Insurance		
	Superfund	**Insurance**
Governance	Superfund directors and Trustees	Company directors
Safety net	PPF	FSCS
Regulated and monitored by	TPR	PRU and FCA
Capital requirements	10 to 20% buffer	20 to 30% buffer

2018 record year for insurance transfers but still only c1% of total DB liabilities*

**December 2018 Purple Book Data*

KPMG

Models in the market so far…



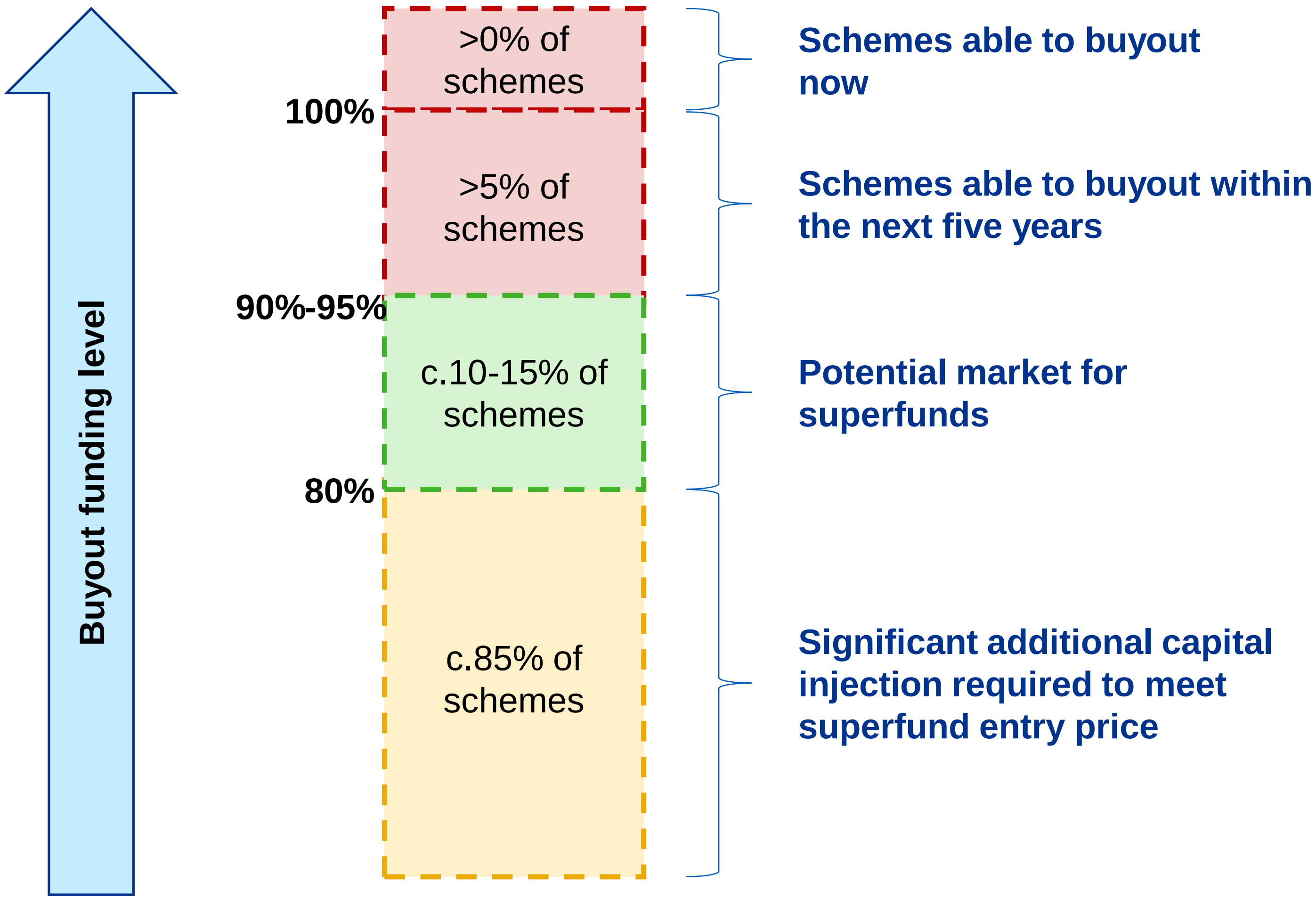
Key considerations for schemes

- **What giving up?** Existing employer covenant, scheme rules?
- **What getting?** Improved funding, superfund 'covenant'?
- **Improve member outcomes?** Under what scenarios?

Regulatory Gateway tests

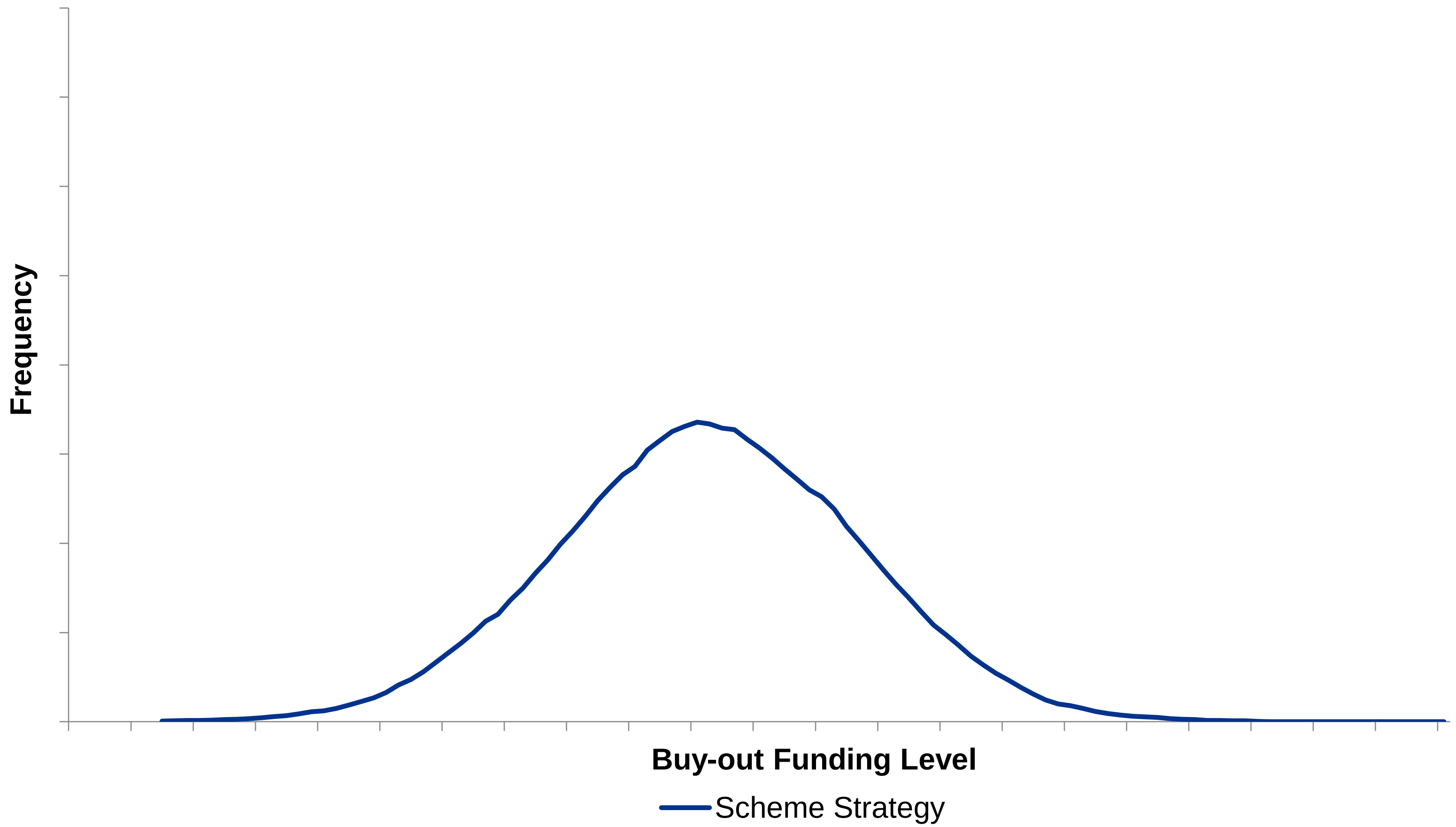
1. Can the scheme afford buyout today?
2. Can the scheme afford buyout in next 5 years?
3. Is the likelihood of members receiving full benefits enhanced?

Potential Market

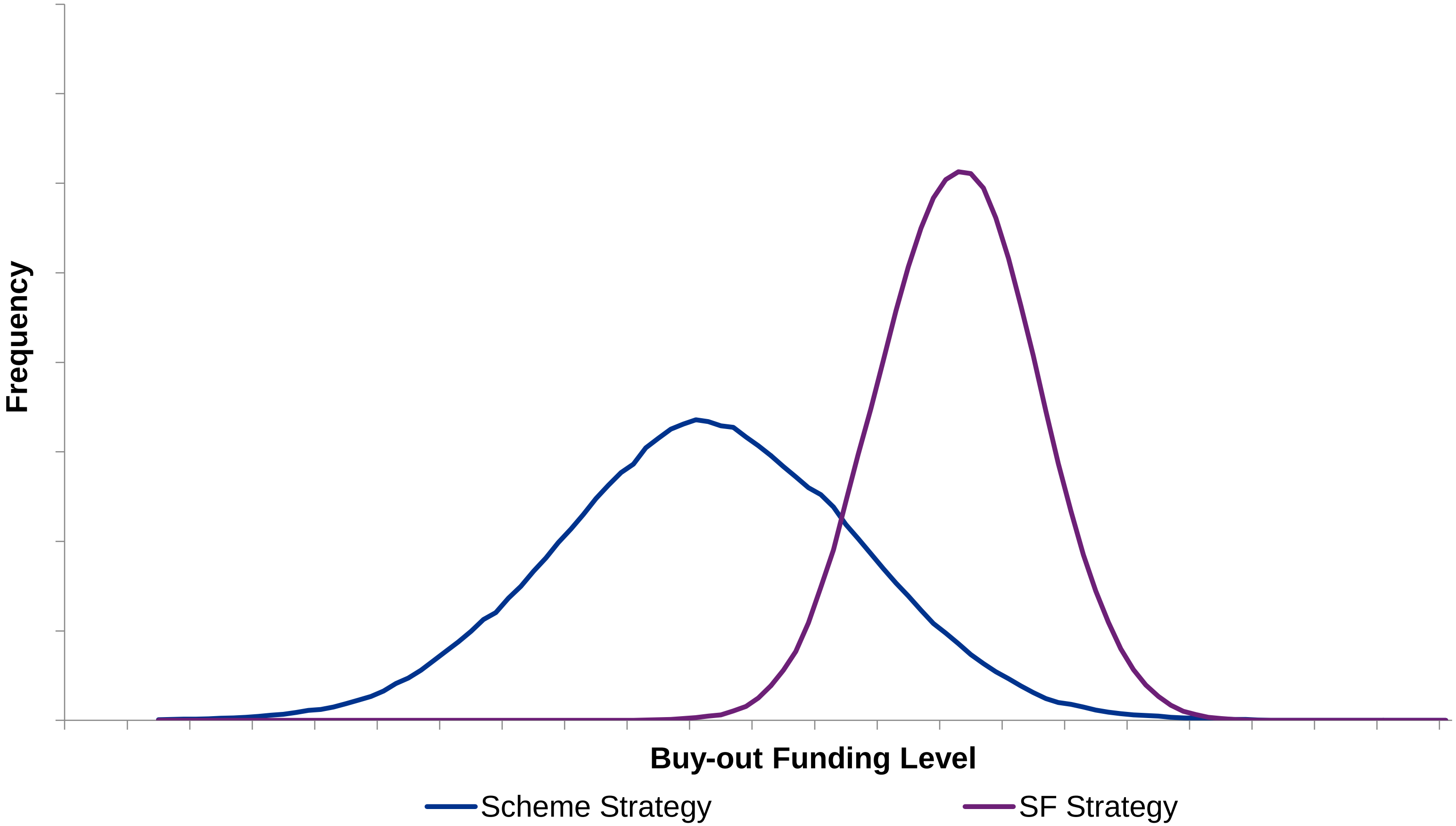


Source: Pensions Regulator Scheme Funding Statistics 2018 and KPMG analysis

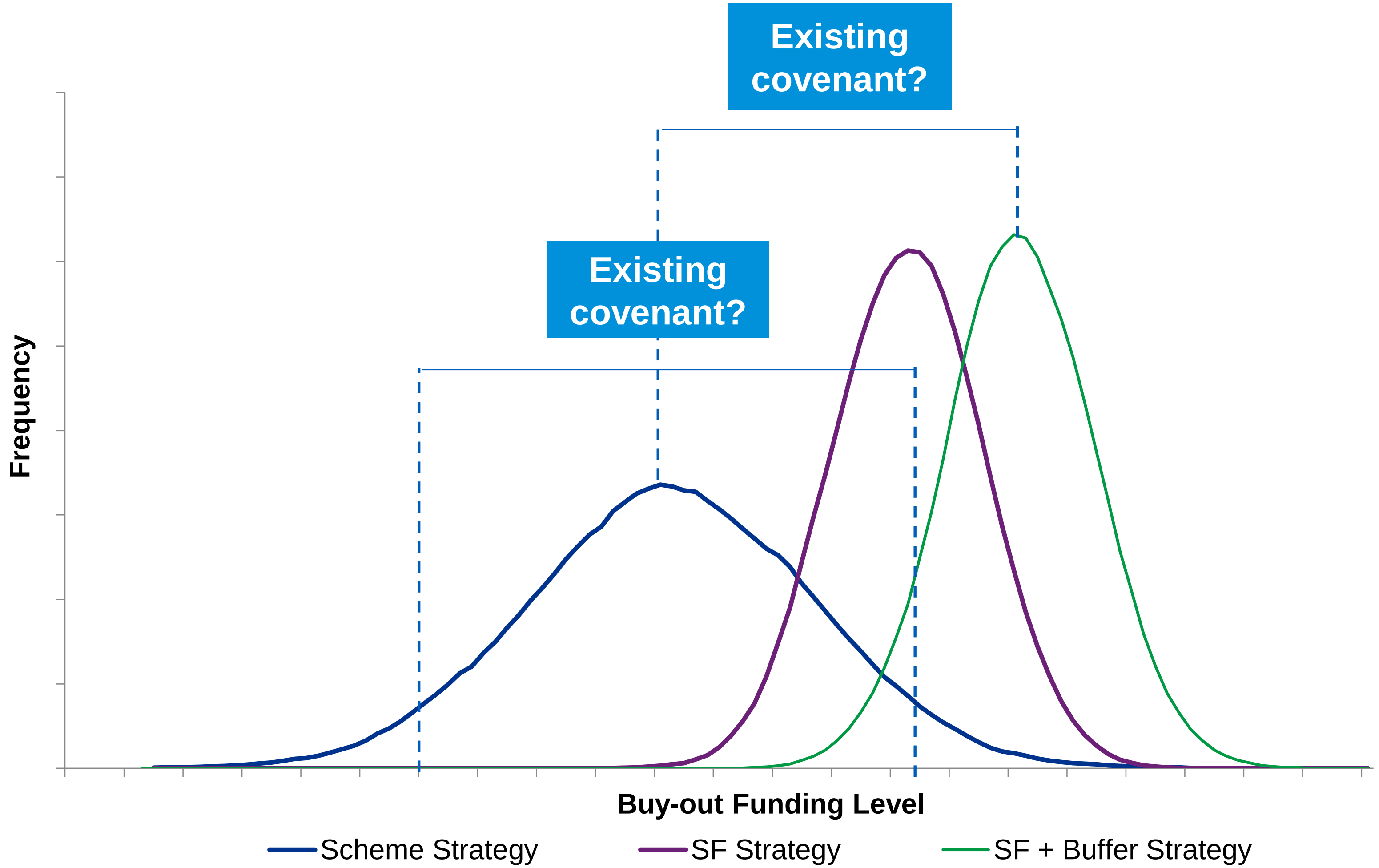
Member outcomes analysis



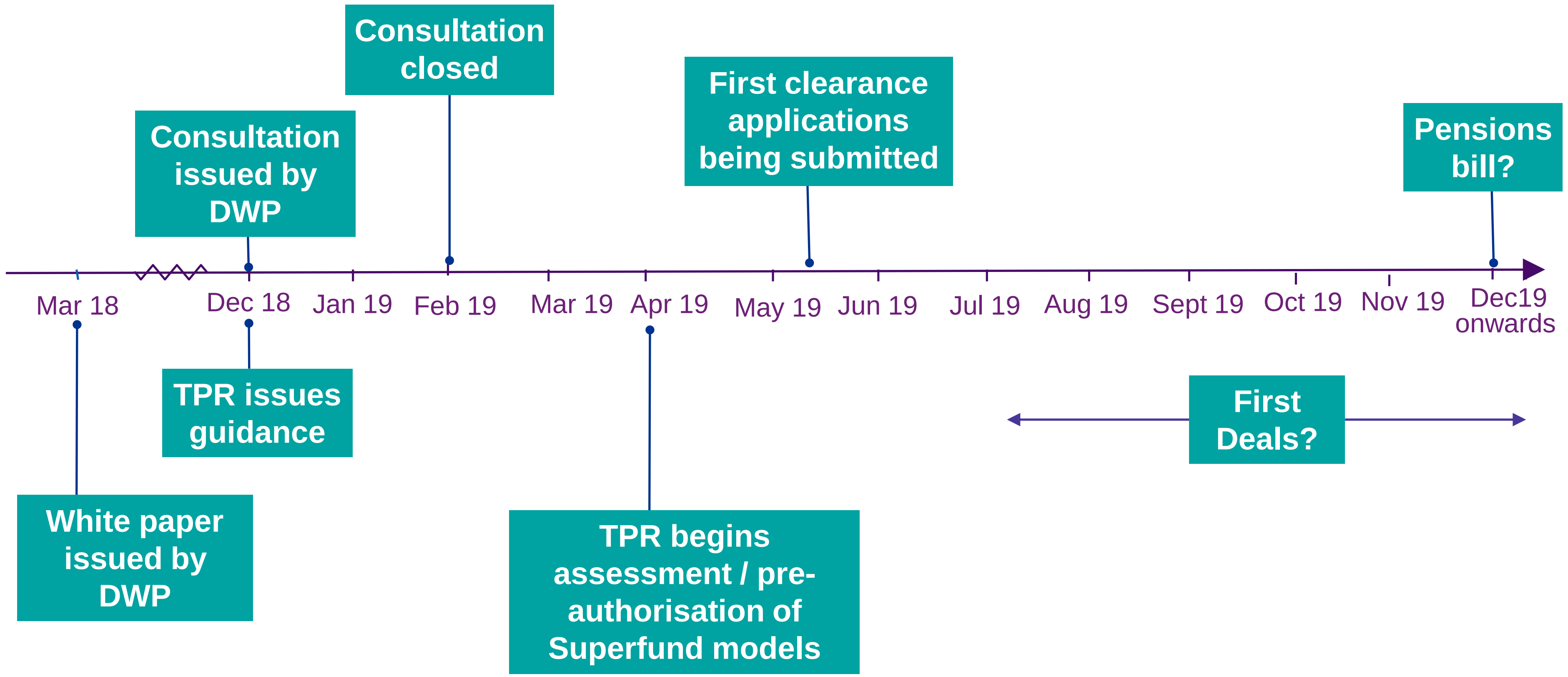
Member outcomes analysis



Member outcomes analysis



Timeline



Consultation closed
Consultation issued by DWP
First clearance applications being submitted
Pensions bill?
Mar 18
Dec 18
Jan 19
Feb 19
Mar 19
Apr 19
May 19
Jun 19
Jul 19
Aug 19
Sept 19
Oct 19
Nov 19
Dec19 onwards
TPR issues guidance
First Deals?
White paper issued by DWP
TPR begins assessment / pre-authorisation of Superfund models

Key points

- Interesting new option worth considering…
- … but its not insurance
- Consistency with endgame planning & long term objectives
- New areas of modelling & joined up advice needed
- Deals already being submitted for clearance