



Punter Southall
CONSULTING ACTUARIES



Actuarial in depth, commercial in nature

A new era for analysing longevity risk solutions

Longevity risk is a key issue for UK pension schemes. The range of longevity products recently developed offer solutions to these risks, although it is often not clear where these are appropriate and to what extent risks are removed.

Key issues for trustees and sponsors

Pension scheme trustees and corporate sponsors are increasingly facing the challenge of dealing with longevity risks.

- Changes in actuarial predictions over the last 30 years have added more than 40% to a typical pension scheme's assessed value of liabilities.
- Significant uncertainty remains in future projections.
- Longevity is one of a series of risks that schemes face and it is not often clear how these risks compare to each other.
- A variety of longevity solutions are now available, although uncertainty remains over which schemes can take advantage of them, to what extent risks are removed and how much value adoption of these products adds.
- Smaller schemes can have exposure to a large proportion of their longevity risk being concentrated amongst only a small number of members.

Our approach

Our experienced actuarial team work with clients to determine the extent of longevity risk within a scheme and analyse how longevity risk compares with other scheme risks.

For larger schemes, we:

- review the market place for appropriate longevity products and obtain quotes where appropriate;
- provide clear explanations of the structure of products and their capabilities; and
- provide impartial advice on the implications and practicalities of investing in such products.

For smaller schemes, we:

- identify where any concentration of longevity risk lies;
- obtain quotes for purchasing individual annuities; and
- analyse the risk removed versus the quotes received.

We believe our clear, simple and powerful approach to analysing longevity risks benefits our clients in fully understanding their schemes and making optimal decisions.

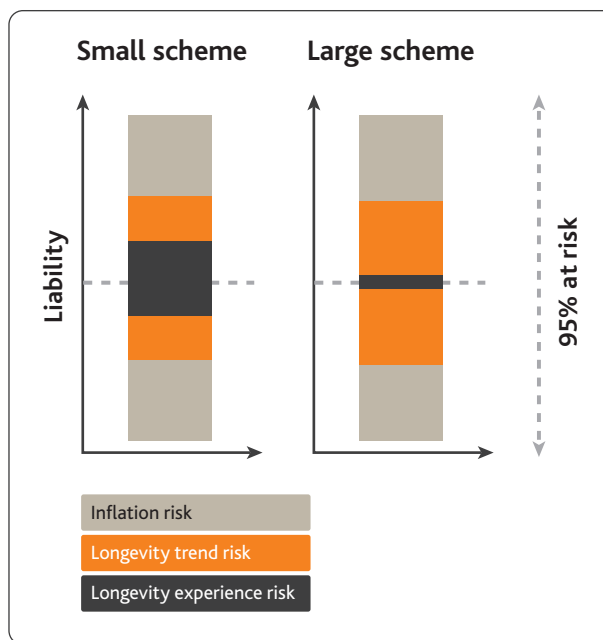
We advise our clients using our market-leading bespoke longevity tool. This incorporates the very latest thinking and analysis on mortality in order to provide credible risk analysis for pension schemes in this area.

How can our longevity tool help you?

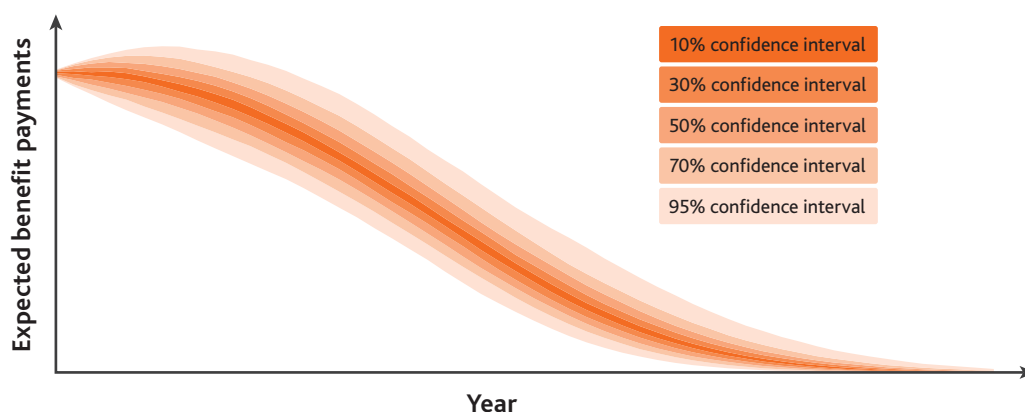
The longevity tool provides you with scheme specific illustrations of the range of uncertainty in the assessment of your scheme's liabilities.

The longevity tool can explain the make-up of your scheme's longevity risk between experience risk (e.g. to what extent your scheme may be affected by a concentration of risk amongst only a small number of members) and trend risk (i.e. the risk of scheme members living longer as a whole).

The longevity tool can show how your longevity risk compares to your other key risks. The following examples shows a combination of longevity and inflation risks.



Pensioner cashflows



Get in touch

For more information about our longevity tools, please contact Adam Gillespie:

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For further information, visit our website at www.puntersouthall.com

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