Longevity 18

How might the changing attitudes to buy-out and buy-in in the UK change the shape of the longevity reinsurance market?

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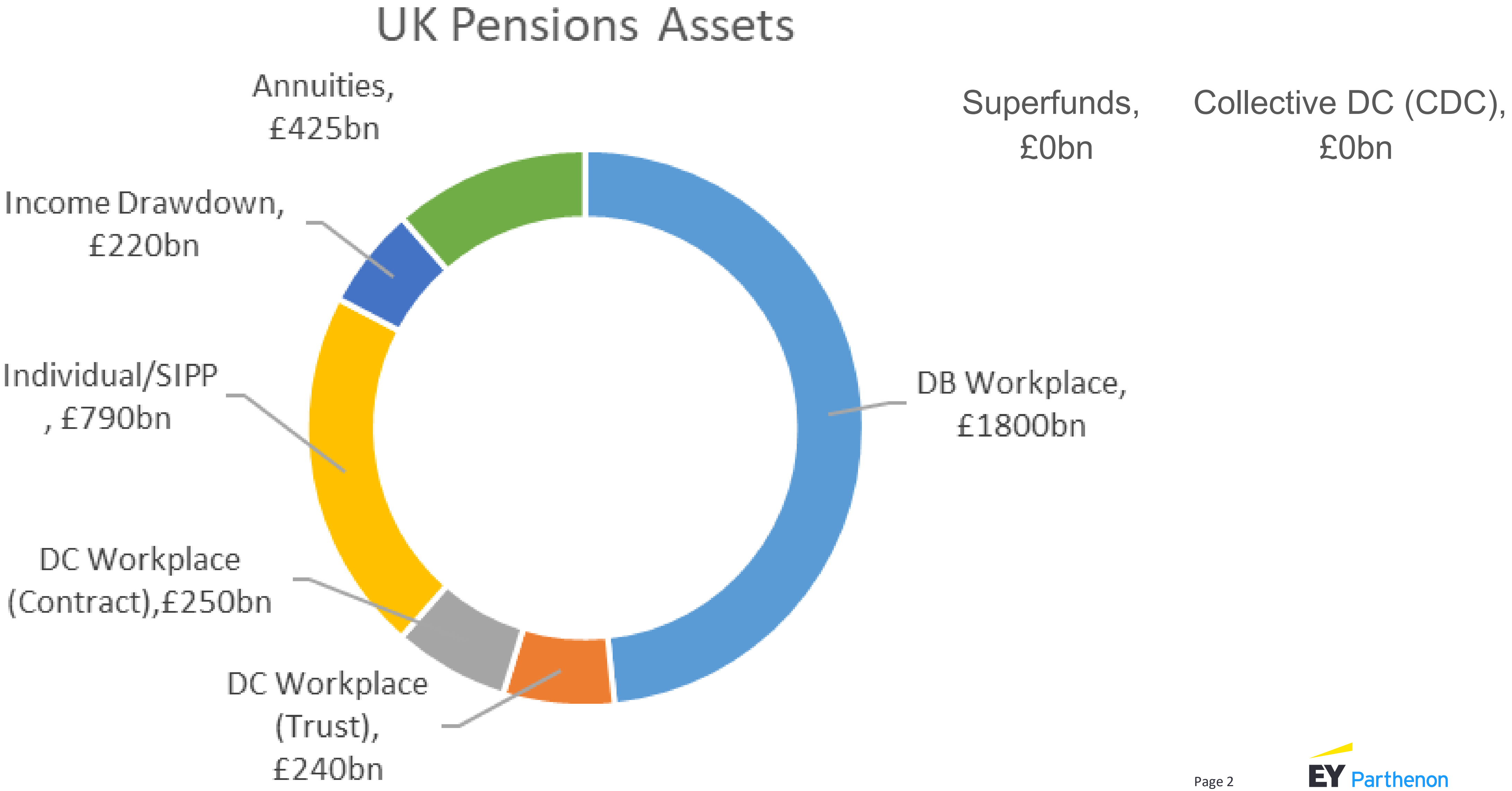
UK Pensions – where does the longevity risk sit?



Historic Approach

Area	Historic approach
DB Workplace	• Mix of accumulation and decumulation • Some longevity protection via Buy-in's and longevity swaps • Ability to novate a longevity swap to a buy-out proven • Typically moving to Buy-out
DC Workplace (Trust and Contract)	• Accumulation • No longevity protection • Typically moving to cash, drawdown and/or annuities
Individual Retail / SIPP	• Mostly Accumulation, but some decumulation • No longevity protection • Typically moving to cash, drawdown and/or annuities (or maintained as quasi-drawdown)
Income Drawdown	• Decumulation • No longevity protection

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Future Approach

Area	Future?
DB Workplace	• Challenges to buy-out market capacity – driven by several constraints • Potential changes to access and use of surplus could support 'run-on' • Potential change of the role of the PPF (or other?) could support a 'run-on' • Increase in pension scheme longevity swaps • Use of partial transfers to unlock different retirement paths?
DC Workplace (Trust and Contract) **Individual / SIPP**	• More engagement in pensions via ESG and potential investment in unlisted equities – may drive more informed decision making? • Role for some form of longevity protection in the accumulation phase?
Income Drawdown	• Some form of guard-rail on longevity extension?

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Future Approach – new models

Area	Future?
Superfund (Clara model)	• Longevity protection over 5-7 year period before buy-out?
Superfund (PSF model)	• Longevity reinsurance likely to be needed
CDC	• Concept of collective pooling means longevity risk shared – but role for some form of extreme risk cover?

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