



Alexander Forbes

## *The Journey to Wind-Up*





# Managed Wind-Up overview

## The DB problem

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The almost universal closure of defined benefit (DB) pension schemes to new entrants and the reinvigoration of the buy-out market is evidence that UK employers have recognised the burden and uncertainty DB creates for their company and are beginning to do something to alleviate the harm.

If you have the resources, you can terminate (wind-up) your DB scheme by securing (buying-out) the members' benefits with an insurance company and freeing your company from the liabilities.

Unfortunately it is rare that any company, but especially small to medium-sized enterprises (SMEs), can afford the massive amounts needed for this immediate solution, when most schemes are only funded at about 50% of the buy-out amount, i.e. they would need twice the assets they currently hold.

Our Managed Wind-Up service, is specifically designed for SMEs, who wish to remove the uncertainty and risk their DB scheme poses for their future. It operates at whatever stage you are currently at, and at a cost which is affordable to you.

## Our solution for SMEs

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Managed Wind-Up is a planned approach to removing your DB liabilities, focusing on every element from closing to future accrual (if not already done) all the way through to affordable wind-up.

We will help you target when, and at what cost, you want to wind-up your scheme. We will plan this process in a rational and controlled way, taking into account the degree of risk you wish to face.

The process involves reducing and managing down liabilities while simultaneously devising investment strategies to control risk and return for closed



schemes. This is then combined with individual advice and communication programmes to scheme members into one all embracing package aimed at ultimately winding-up a pension scheme in as short a period as possible at minimum cost to your company.

## The phases of managed wind-up

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- 1. DB to DC: Targeted Conversion**  
Closing your DB scheme to future accrual without incurring employee relation problems
- 2. The Sweet Spot**  
Calculating acceptable, targeted enhanced transfers within a budget
- 3. Enhanced Transfers: Member Communication**  
Making sure your members understand your transfer offer, an essential element in a successful transfer exercise
- 4. Pension Increase Mitigation Service**  
Removing the unnecessary uncertainty created by non statutory pension increases



### Managed Wind-Up for your business

What makes our service different to that of other consultants in this area is that we provide a holistic service, aimed from the very beginning to achieve what you most want, removing the uncertainty and burden of your DB scheme, the iceberg which could sink your company.

We believe that the journey to wind-up is best accompanied by a single financial advisor. We have the resources at our disposal to ensure every stage helps to reduce liabilities until wind-up is achievable and affordable.



#### 5. **Aligning Your Investment Strategy**

Winding-up changes your investment objectives and time horizons, we will help you develop an effective strategy to reflect this

#### 6. **Ongoing Scheme Management**

Ensuring that all administration tasks adhere strictly to regulatory guidance over the Managed Wind-Up period

#### 7. **Buying-Out benefits**

Helping you identify the best options available to your company for buy-out

#### 8. **Winding-Up**

Your ultimate goal and by this point achievable and affordable

Your requirements for each stage will depend on where you are in the journey at the moment. Not all may be necessary.

Information guides are available explaining each step of the journey and how each service operates.

We are happy to work with any existing advisers you may have across any stage of the process.

*Your pension arrangements should help your company, not sink it!*

**If you would like to discuss your pension scheme with our experts please call**

North	South	
<b>Andrew Mobberley</b>	<b>Gordon Blum</b>	<b>Steve Johnson</b>
<b>0121 712 7900</b>	<b>0208 253 7826</b>	<b>0208 253 7883</b>
<b>07770 647169</b>	<b>07771 955191</b>	<b>07824 858513</b>



**Alexander Forbes Consultants & Actuaries**

**Leon House, 233 High Street, Croydon, Surrey CR9 9AF.**

**Tel: 020 8686 0660 Fax: 020 8681 4093 Web: [www.alexanderforbes.co.uk](http://www.alexanderforbes.co.uk)**

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