



Pension Corporation appoints Frank Eich as Senior Economist

4 November 2008

Pension Corporation, a leading provider and underwriter of pension solutions, today announces the appointment of Dr Frank Eich as Senior Economist, effective immediately.

Dr Eich will chiefly be responsible for economic issues relating to public and private sector pensions, and will work with the Longevity Risk Management team at Pension Corporation to better assess and manage the risk originating from the uncertainty of future longevity trends – the greatest challenge for pension funds today. He will also collaborate with Dr Amarendra Swarup to develop Pension Corporation’s programme of setting up independent research initiatives with strategic partners such as the London School of Economics to produce high quality thought leadership on pension-related issues.

He joins Pension Corporation on secondment from HM Treasury where until early 2008 he headed the Long Term unit within the Macro and Fiscal Policy Directorate. Dr Eich has worked extensively on issues such as long-term fiscal sustainability, the macroeconomics of pension provision and long-term labour market trends.

In his role at the Treasury, Dr Eich also worked closely with the Department for Work and Pensions, the Government Actuary's Department, National Statistics and the Government’s Foresight Project, and represented the UK at the European level as a member of the Economic Policy Committee’s Working Group on Ageing Populations.

Prior to joining HM Treasury Dr Eich worked as a country economist at the Economist Intelligence Unit. He was a visiting fellow at the International Monetary Fund in 2004 and spent six months in 2008 at the German finance ministry working on European and international economic issues. Dr Eich holds a PhD in Economics from the London School of Economics.

Edmund Truell, Chief Executive of Pension Corporation, commented:

“I am delighted to welcome Frank to Pension Corporation. His wealth of experience and deep knowledge of the key economic issues regarding public and private pensions will be invaluable as we continue to grow and develop our range of solutions for defined benefit pension funds.”

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Notes to Editors:

The Pension Corporation group provides the following solutions to defined benefit pension funds:

- Insurance Buy-out
- Longevity Insurance
- Pension Fund Sponsorship
- Asset Liability Management

These solutions enable pension funds to protect their members' benefits by strengthening and stabilising their financial position, and enable their employers/sponsors to protect themselves against the volatility of their earnings and balance sheet values.

Insurance Buy-out: An insurance policy is issued by Pension Insurance Corporation ("PIC"), which gives the members of the pension fund the security of having their benefits underwritten by a fully FSA-authorized and regulated insurance company and removing the responsibility for the pension fund payments from the balance sheet of the employer/sponsor. PIC can undertake the insurance in respect of all or some classes of the members, according to what the fund can afford, and is able to act quickly and in a flexible way (for example by offering different ways of financing the transaction).

Longevity Insurance: PIC offers a longevity insurance policy, the first of its kind in the world, to protect pension funds and their employer/sponsor against the cost of pensioners living longer than expected. The policy is tailored to the member-by-member profile of the fund so as to provide comprehensive "whole of life" protection against what is perhaps the most significant risk faced by pension funds and their employers/sponsors. Inflation risk can be included or covered separately by an inflation swap.

Pension Fund Sponsorship: Typically used where a fund cannot afford a pension insurance buy-out immediately, Pension Fund Sponsorship involves the Pension Corporation group becoming the owner of the employer/sponsor of the pension fund. In this way, the fund gains the additional backing of the Pension Corporation Group, while continuing to have the backing of the original sponsor and of the assets of the fund itself. Under this model financial returns to Pension Corporation can only be drawn once the pension fund members' benefits have been secured, in much the same manner as funds within an insurance company. For each of the three pension schemes where Pension Corporation has acquired the employer/sponsor, it has advocated a reduction in the risk level of the pension fund assets, which shows the conservatism of Pension Corporation's views on investment management and its emphasis on pensioner security.

Asset Liability Management: Pension Corporation has a highly experienced investment management team, which is able to advise on state-of-the-art asset and liability management. It offers this service on a fee basis or, in the case of funds under the sponsorship of companies owned by it, without charge.

Security

Pension Corporation is backed by large blue chip financial services companies. Its Board and management include a number of expert and highly experienced insurance industry executives, including Sir Mark Weinberg, co-founder of St James's Place Wealth Management Group, John Coomber, former Chief Executive of Swiss Re, Sir Martin Jacomb, former Chairman of the Prudential Assurance Group, Bob Scott, former Group Chief Executive of Aviva and John Fitzpatrick, former Chief Financial Officer of Swiss Re. Pension Corporation has almost £5 billion of pension assets under its stewardship.

www.pensioncorporation.com