



Pension Corporation launches Pensions Tomorrow initiative with London School of Economics and Political Science

4 November 2008

Pension Corporation, a leading provider and underwriter of pension solutions, yesterday launched *Pensions Tomorrow*, a new initiative in association with the Department of Management at the London School of Economics and Political Science (“LSE”).

The *Pensions Tomorrow* initiative aims to bring together industry leaders, government, regulators and think-tanks to debate the growing issues of pensions and longevity in an independent forum. It will produce high-quality and timely commentary for a broad audience, and independent peer-reviewed research on the major issues facing pensions.

Last night’s inaugural seminar at the LSE was chaired by Professor Paul Willman, Department of Management, and featured speeches from Howard Davies, Director of the LSE, and Edmund Truell, CEO of Pension Corporation. The event welcomed around thirty guests including Lawrence Churchill, Chairman of the Pension Protection Fund, David Norgrove, Chairman of The Pensions Regulator, John Hills, Director of the Centre for Analysis of Social Exclusion and Peter Moon, Chief Investment Officer of the Universities Superannuation Scheme Limited.

Pensions Tomorrow will be an ongoing forum with a broad remit, examining all aspects of the pensions landscape including policy and regulation, the role of capital markets in pensions provision, asset-liability management, public and private sector pensions,

longevity, socio-political considerations, labour market issues and the economic history of pensions, both in the UK and internationally. Drawing on expertise within Pension Corporation and the Department of Management, as well as other LSE departments such as Accounting, Finance, Economics and Sociology, *Pensions Tomorrow* will subject widely held assumptions regarding pension provision to scrutiny.

Edmund Truell, Chief Executive of Pension Corporation, commented:

“Pension Corporation is delighted to have launched this new initiative with the LSE and the Department of Management, which has an enviable global reputation. I would like to thank everyone who attended yesterday’s seminar for making it such a success. We are confident that the broad remit of *Pensions Tomorrow* and the wealth of expertise amongst all those involved will provide the catalyst for an open debate about the tough questions that need to be answered regarding the future provision of pensions.”

Paul Willman, Professor, Department of Management, LSE, commented:

"We are delighted to welcome Pension Corporation on board as the Founding Sponsor of this bold new venture. We intend to establish a multi-disciplinary centre for the examination of pension provision and the implementation of sustainable retirement systems. Our central question for *Pensions Tomorrow* is simple: how do we structure the future provision of pensions, taking into account wider economic, demographic and societal considerations both at home and abroad?"

A podcast of the seminar will be available at

<http://www.lse.ac.uk/collections/management/pensionsTomorrow/newsandevents.htm>

For more information on *Pensions Tomorrow* please visit

<http://www.lse.ac.uk/collections/management/pensionsTomorrow> .

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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