

TISA
Perspective on Pension Risk Transfer Marketplace
29 April

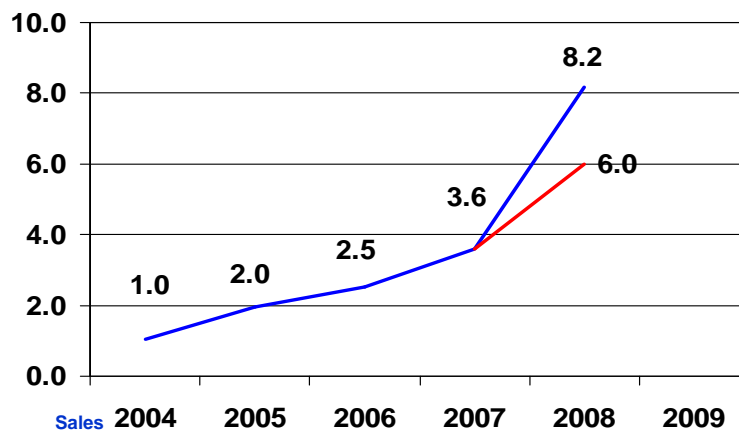


Dan DeKeizer

MetLife

A global leader in pension risk management

Bulk Annuity Sales¹ (£ Billions)







1. Source: ABI's Occupational Pension Business for 2007 and prior and Aon Consulting for 2008

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What are the drivers of annuitization?

- PPF alternative 
- Solvent wind up 
- Opportunistic Purchase 
- Asset allocation 

Trustee interest...

- 55% of trustees believe that there will be increased levels of activity of schemes opting for a bulk annuity¹.
- 44% of trustees expressed greater levels of interest today than in the past in transferring pension scheme risk¹.
- 54% of trustees still planning to opt for a buy-out despite market volatility².
 - 20% of those say within 12 months; 51% say within two years.

¹Research conducted on-line in November and December 2008 by MetLife Assurance and Engaged Investor. Trustees comprised 60% of the 108 unique respondents.

²MetLife Assurance surveyed 96 trustees at the NAPF Annual Conference and Exhibition 2008, held in October 2008.

Finance Director interest...

- 62% of Finance Directors say their company is not considering a de-risking strategy for their pension obligations¹.
- 7% of Finance Directors are considering a bulk annuity¹.
 - Only 2% planning an annuity purchase in the next two years.

¹Research commissioned by MetLife Assurance, and performed by Continental Research in phone interviews conducted in January and February 2009

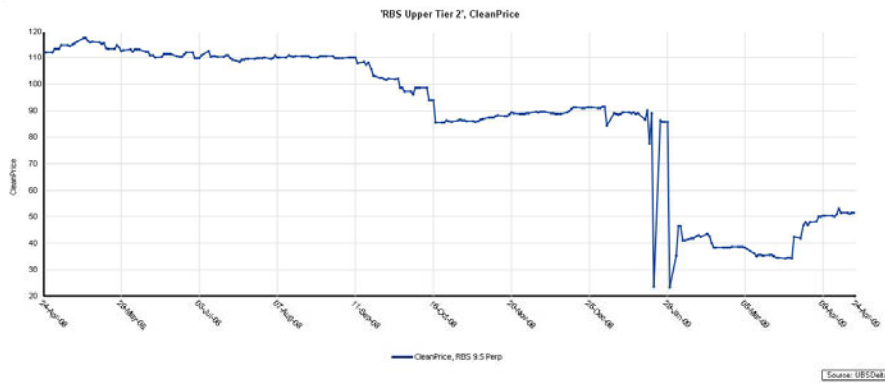
Current Environment

- Public Perception
- Asset Valuation
- Quantitative Easing

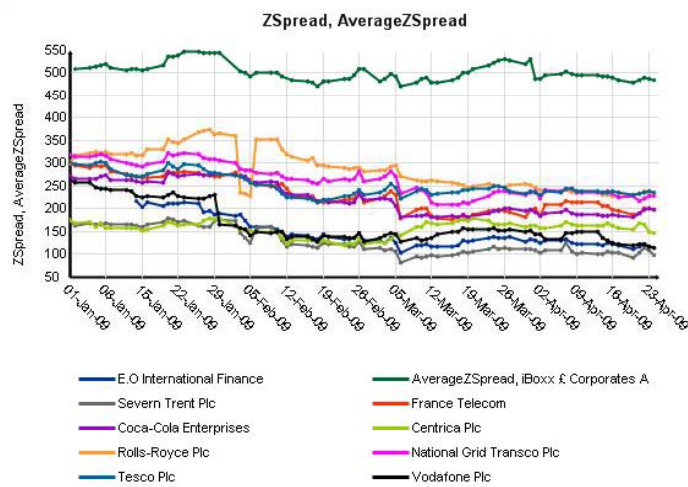


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Asset Valuation



Quantitative Easing



So, what does 2009 hold?

- Consolidating after a boom
- Annuitization is not a panacea, but rather a desired end-state
 - Pre-planning is critical
- Total Bulk Annuity volume very dependent on a few large schemes
- Likely volume ranging £6 to £8 billion

And the future? Speculating, not predicting

- Shorter Term Partial Solutions
 - Deferred Annuities or Periodic Premium contracts
 - Longevity only, via swaps and tail insurance
 - Credit only – “Guaranteed Investment Contracts”
- Longer Term
 - Wrapped target date funds
 - “Annuity inside” managed funds
- Defined Contribution
 - Income Adequacy
 - Should this be employment based?



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