HYMANS ROBERTSON

DB consolidation

One year on

April 2019

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DB consolidation: one year on

Momentum continues to build around the consolidation of Defined Benefit pension schemes. Just one year on from the DWP showing its support for consolidation in their 2018 white paper, we've already seen a spark of regulatory and market activity.

Regulatory drive

DWP consultation on the authorisation of commercial consolidators

TPR issued clearance guidelines for DB consolidator transactions

A spike in market interest

Mentions of DB consolidation in trade press increased over 40% in 6 months[1]

Market demand and pipeline increased across all consolidation vehicles

New market entrants

2 new commercial consolidator vehicles launched to the market

1st seed transaction to a commercial consolidator expected imminently

Consolidation has been one of the most significant new trends to shake up the DB industry. Despite many forms of consolidation having existed for decades, the industry-wide drive to lower costs, reduce risks and improve member security has triggered greater awareness and demand for the potential benefits consolidation can achieve.

One year on from our 'when, not if' paper [2], we revisit each form of consolidation to explore how the market has evolved. We look at how each form of consolidation has developed in the past twelve months, the change in market demand, and expectations for what the future holds.

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[1] Hymans Robertson analysis using Signal media data
[2] www.hymans.co.uk/db-scheme-consolidation

What do we mean by consolidation?

Consolidation

Consolidation: the action or process of combining a number of things into a single more effective or coherent whole Oxford Dictionary

Much of the debate and market interest over the past 12 months has been focused around commercial consolidators like the Pension SuperFund and Clara-Pensions. While it's important to understand and consider these new end-game vehicles, we mustn't overlook the wider consolidation spectrum.

Consolidation should be considered by all schemes, no matter what their end goal is or how far away they are from reaching it. Looking at consolidation through a wider lens reveals the full range of solutions available, and the specific needs they can help meet.

The full consolidation spectrum

End game
Swapping the employer covenant for a financial covenant

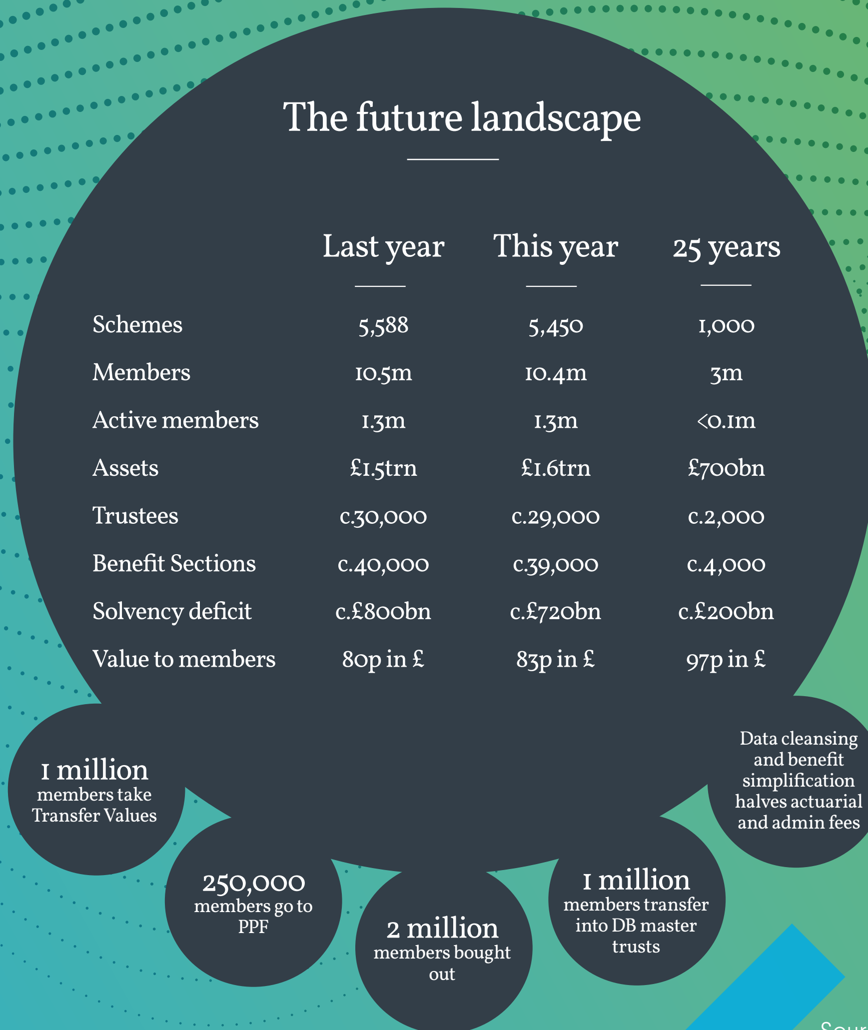
Immediate insurance, e.g. buy-out	Bridge to insurance, e.g. Clara-Pensions	Non-insured run-off, e.g. Pension SuperFund

Getting there more efficiently
Reducing running costs and streamlining governance

Buy-ins	Insured Self-Sufficiency	DB Master Trusts	Investment Platforms	Fiduciary Management	Simplify trustee board and sole trusteeship	Scheme mergers

The future landscape

As market and regulatory momentum behind consolidation continues, we believe the DB landscape will look very different in 25 years.



The future landscape

	Last year	This year	25 years
Schemes	5,588	5,450	1,000
Members	10.5m	10.4m	3m
Active members	1.3m	1.3m	<0.1m
Assets	£1.5trn	£1.6trn	£700bn
Trustees	c.30,000	c.29,000	c.2,000
Benefit Sections	c.40,000	c.39,000	c.4,000
Solvency deficit	c.£800bn	c.£720bn	c.£200bn
Value to members	80p in £	83p in £	97p in £

Source: Hymans Robertson analysis

Insurance

While buy-in and buy-out is often thought of as a risk reduction route for members and scheme sponsors, insurers are also consolidation vehicles for DB pensions.

Pricing for pensioner buy-ins remains at attractive levels and whole scheme buy-out pricing is currently as attractive as we've seen in recent years. Demand from pension schemes wishing to transfer risk to an insurer is therefore greater than ever.

2018 marked a significant new era for the pension scheme risk transfer market, with bulk annuity transaction volumes exceeding £24billion – almost double the volume compared to 2017.

Key market players and market demand

Competitive pricing has increased competition for transactions of all sizes. There is also the potential for boosted competition from new market entrants looking to benefit from the expected volumes of pension scheme buy-ins and buy-outs over the coming years. Appetite from insurers is constantly evolving and varies significantly depending on the size and profile of the transaction. We saw this over 2018, with Aviva entering into a £925m pensioner buy-in with the M&S pension scheme, signalling an expansion of their appetite to the largest transactions.

Increasingly competitive pricing for pensioner buy-ins has also led some insurers to prioritise transactions with deferred liabilities including full buy-outs, where non-price considerations such as the insurer's administration and transition capabilities are more important to trustees.

The table below gives an indication of how the appetite of different insurance companies is likely to vary for different transactions.

	Business written over 12 month period ending 31/12/2018			Appetite by transaction size				
	Number of transactions	Total size	Average size	Deferreds?	‹£50m	£50m - £100m	£100m - £500m	›£500m
Aviva	69	£2,596m	£38m	✓	Target market	Target market	Target market	Target market
Canada Life	4	£1,333m	£333m	×	Target market	Target market	Target market	Unlikely to quote
Just	23	£1,314m	£57m	?	Target market	Target market	Target market / More selective	Unlikely to quote
L&G	18	£8,351m	£464m	✓	Target market	Target market	Target market	Target market
Phoenix Life	3	£796m	£265m	×	Unlikely to quote	More selective	More selective / Target market	Target market
Pension Insurance Corporation	30	£7138m	£238m	✓	More selective	Target market	Target market	Target market
Rothesay Life	5	£925m	£185m	✓	Unlikely to quote	Unlikely to quote	More selective / Target market	Target market
Scottish Widows	10	£1,765m	£177m	✓	Unlikely to quote	Target market	Target market	Target market

Key

✓ Able to write

? More selective

× Unable to write

● Target market ● More selective ● Unlikely to quote

Market developments

A reduction in the cost of insuring deferred member liabilities coupled with improved pension scheme funding levels and lower risk investment strategies, means that 2018 was the first year when demand from pension schemes to complete bulk annuities outstripped supply from insurance companies.

Indeed, all of the eight insurers active in the bulk annuity market had their record year for transaction volumes during 2018, with Legal & General and Pension Insurance Corporation alone completing around £15.5 billion of buy-ins and buy-outs.

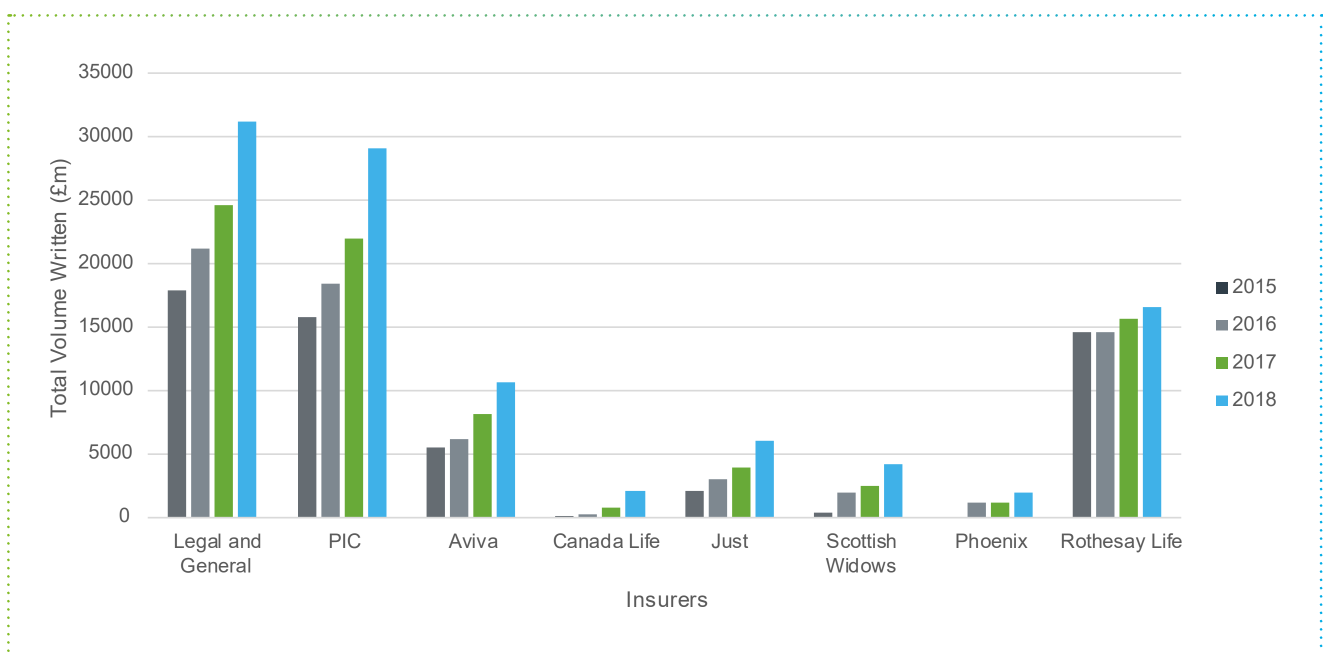
The chart below shows the recent substantial growth in total cumulative bulk annuity business volumes written with pension schemes for each of the insurance companies currently active in this market. This chart excludes annuity back book transactions that some of the insurers (e.g. Rothesay Life, Legal & General and Phoenix) have completed, which would increase the totals further.

What does the future hold?

We expect the strong demand from pension schemes wishing to transfer risk to an insurer will continue. Despite this, we believe that the current pricing opportunities will persist, although trustees and sponsors will need to be smarter and more patient to get the best outcome for their schemes as insurers become more selective.

Insurers continue to be able to offer attractive pricing but are limited in volume by the investment opportunities they can source. Well prepared schemes with an understanding of insurers' investment processes and a clear target in mind will be able to get to the top of insurer lists and gain the best deals.

Total bulk annuity business written to year end, for recent years, split by insurer



Commercial Consolidators

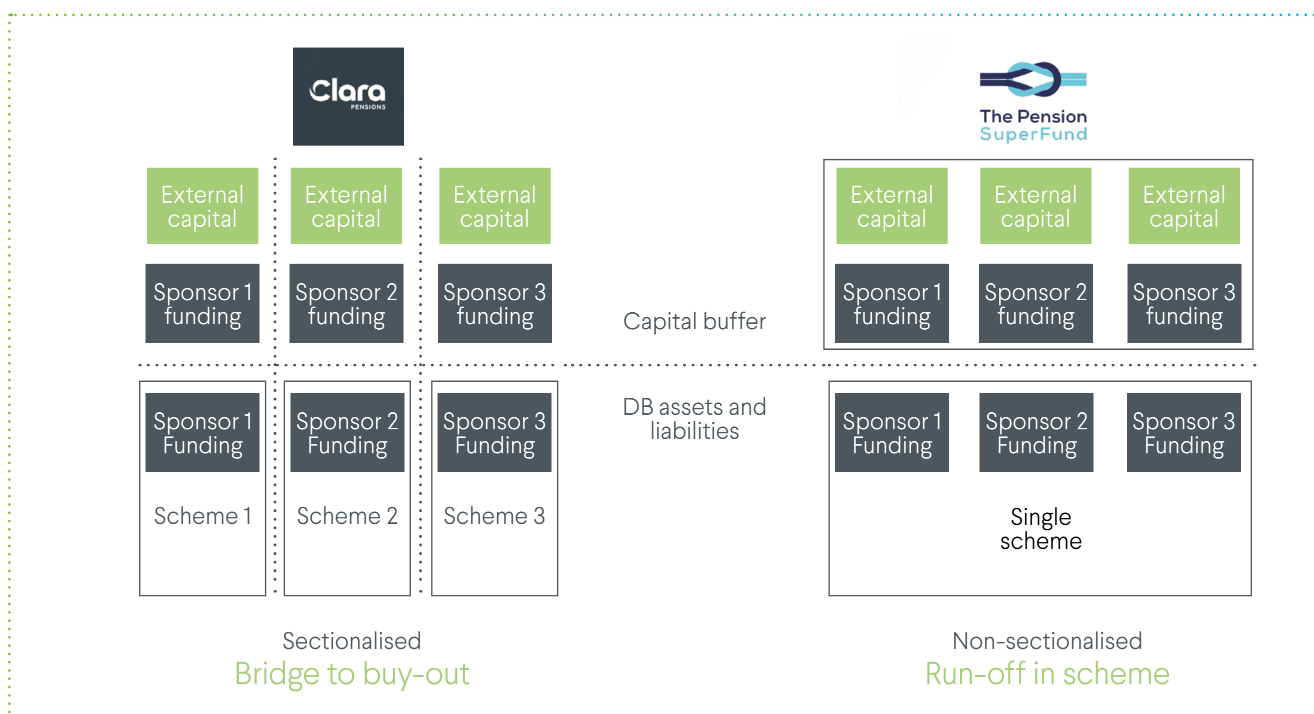
Commercial consolidators are now active in the pensions market, and with the regulatory guidance and clearance process now in place, transactions can start happening ahead of the full authorisation regime coming into force.

Commercial consolidators are a form of 'non-insured risk transfer'. So the sponsoring employer gets a clean break, but members remain in the pensions regime rather than the insurance regime. From a corporate perspective, employers get a clean break from their scheme at a lower cost than buy-out. From a trustee perspective, the upfront cash injection can improve member security, particularly when there are concerns around the long term viability of the covenant support from the employer.

Key market players

There are currently two consolidators in the market – Clara-Pensions and the Pension SuperFund. Both vehicles involve the transfer of the scheme's assets and liabilities into a new DB pension scheme backed by additional capital from external investors. The sponsor support is replaced by the financial covenant of the external investors.

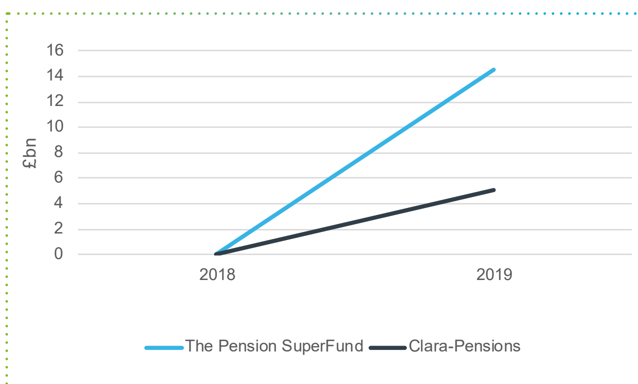
However, the vehicles work very differently. Clara-Pensions is sectionalised and has a stated objective of passing assets and liabilities to the insurance market over time. The Pension SuperFund is not sectionalised and runs off liabilities in the scheme.



Market demand

As shown below, both providers have seen a sharp rise in market interest since they were launched in 2018. The Pension SuperFund and Clara-Pensions are now reporting healthy prospective pipelines, with the first transactions into these vehicles expected imminently.

Value of indicatively priced deals



Source: Data provided by the Pension SuperFund and Clara-Pensions

The last year has been marked by a number of milestones, however the most significant development has been the evolution of the pension industry's attitude to consolidation. There is now wide acceptance that consolidation is a meaningful end-game option for schemes and sponsors.

Adam Saron, Clara-Pensions

While market interest and awareness is rising, there's still some work to do. Over a third of trustees claim they haven't even heard of the Pension SuperFund, and almost two-thirds haven't heard of Clara-Pensions[3].

Trustees should keep an open mind about the potential benefits of commercial consolidation. Our research identified several misconceptions in the market which should be addressed.

Perception	Reality
26% of trustees think moving to a commercial consolidator would **reduce member security**[3]	Consolidators can lead to a **greater than 99% chance** of members' benefits being paid in full[4]
Over ¾ of trustees wouldn't ever consider moving to a commercial consolidator[3]	**Consolidation should be seriously considered** if buy-out isn't realistic in the short term, if the sponsor is willing and able to pay the required cash contribution, and there is uncertainty over long term covenant support
Commercial consolidation is **only for large schemes**	Consolidators are working with **schemes as small as £5m**

[3] Hymans Robertson's Trustee Barometer research, January 2019

[4] Hymans Roberton's A Closer Look at Clara-Pensions analysis

What does the future hold?

As the market develops and momentum continues to build, a shared and common understanding will likely emerge of what commercial consolidators have to offer, when they are in the best interests of members, and the required advice framework and decision making for trustees and employers.

In our view, consolidators provide an opportunity for the next wave of schemes to become fully funded on a low risk basis, improving member security and reducing the risk on the PPF. The number of schemes in this position is significant. 9% of the FTSE350 have schemes insufficiently well funded to buy-out within the next 5 years, but they could transfer to a commercial consolidator with less than 1 month's earnings. Getting the clean break gives a real incentive for employers to pay the required cash injection, so trustees should be raising this option with their sponsoring employers.

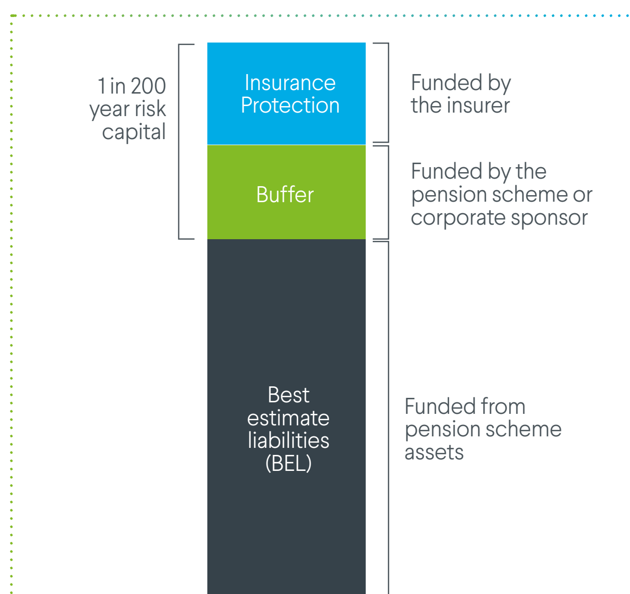
The DWP has now consulted on a legislative framework for authorising and regulating these vehicles, and this is expected to be in place within the next few years. In the interim, there is an established process for transactions, which is to follow the regulatory guidance for employers and trustees issued in December 2018, and to obtain regulatory clearance for the transaction. There are therefore no barriers in place to prevent transactions happening, although in practice the first few transactions will help give the rest of the market confidence.

Insured Self-sufficiency

Insured self-sufficiency ("ISS") is conceptually similar to the Clara-Pensions 'bridge to buy-out' structure, and is an example of how insurers are responding to the emergence of commercial consolidators.

The pension scheme assets are retained by the pension scheme, but managed on an arm's length basis with the aim of reaching an ultimate insurance buy-out. This is achieved by taking a modest amount of investment risk and waiting for the liabilities to mature. External capital is provided by the insurer to give a risk capital buffer designed to cover up to a 1 in 200 year loss event, so the risk of the employer needing to put cash into the scheme again should be low.

The key difference to commercial consolidators is that the link to the employer covenant is not severed, so it can be thought of as covenant enhancement rather than covenant replacement.



As ISS is not full insurance, the capital requirements and hence the pricing are driven more by the insurer's view of appropriate assumptions rather than full Solvency II requirements. This, together with the fact that the covenant is not broken, means that ISS pricing should be around 10% to 15% cheaper than full insurance buy-out for an average scheme.

ISS may be more attractive than commercial consolidation in situations where there is a desire to remove most of the funding risk, but the trustees do not consider it reasonable to break the link with the employer covenant. This could be the case if the employer covenant is very strong or if the scheme is well funded meaning no substantial cash injection is required.

What does the future hold?

If commercial consolidators are to be regulated under a pensions regime rather than an insurance regime, then innovations like ISS are likely to be developed by insurers to compete against commercial consolidators.

Whilst this solution has not been implemented by any schemes yet, there is a pipeline of schemes exploring this solution with Legal & General (the main insurer promoting this solution).

We are currently providing ISS quotations to a number of pension schemes. These include both those with a weak sponsor covenant - where a prudent valuation for liabilities has given rise to a deficit, and high funding and/or risk levels to address this deficit - as well as those with a strong covenant who are aiming for a holistic, risk-controlled, strategy that will ultimately take them to buy-out. We have also recently embedded ISS in a structure that protects against sponsor insolvency.

Russell Lee, Legal & General.

DB Master Trusts

Despite the hype around consolidation, we've yet to see a big take-off in the DB Master Trust market. Master Trusts shouldn't be overlooked.

Master Trusts offer cost, governance and operational benefits which aren't often accessible to standalone schemes. Moving to a Master Trust can reduce running costs by up to 50% and give access to more efficient investment strategies. The saved running costs can be used to bridge the deficit over time and potentially become sufficiently well-funded to transfer to a commercial consolidator or insurer longer term.

Master Trusts also offer potential for smaller schemes to access the risk transfer market efficiently, by aggregating liabilities across multiple sections to give a larger transaction and hence a more competitive insurance process.

Key market players and market demand

DB Master Trusts aren't new. Several have been around for many years. The providers currently in the market are:

- The Cheviot Trust
- Citrus Pension Plan
- Deloitte Master Plan
- Federated Pension Plan
- Prudential Platinum
- The Premier DB Solution
- TPT Retirement Solutions (their DB Complete solution)

Source: Professional Pensions list of DB Master Trusts as at March 2019

Some of the key areas to consider when choosing a DB Master Trust are set out in the table below.

Area	Explanation	Considerations
Running costs	Administration costs are lower, with savings of up to 50%.	Check what costs are included in core fees, and what could trigger additional fees, e.g. corporate accounting fees.
Investment management costs	Investment management costs can be lower because of the scale of the Master Trust.	Check the investment management costs, including the size of the discount and how long this has been negotiated for.
Transition costs	Switching to a Master Trust is more complex than switching service providers, and there can be upfront transition costs.	Be clear on the size of any upfront costs.
Balance of powers	Clarity on the balance of powers (e.g. who sets the contribution rate), and any changes from the current position is critical.	Historically some Master Trusts have had trustee-friendly powers, although many now offer a more equitable balance.
Governance structure	Some Master Trusts have one trustee board that oversees all the sections, whereas others have separate boards for individual sections.	Consider which approach works best for your needs. Having separate trustees for your section may enable a closer relationship with the employer, but also retains more of a governance burden.
Scale and assets under management	The scale of providers varies considerably, both in terms of the number of sections and the assets under management.	Having scale demonstrates a tried and tested approach, and potentially access to lower investment management fees. However, it can also mean a more standardised approach, and further distance from the trustee board.
Funding and investment strategies	Master Trusts generally have a degree of standardisation with their funding and investment strategies. Understanding the available strategies and any flexibility in them is critical.	Understand the range of funding approaches. Some providers have pre-defined growth and matching funds, so understand the risk and return characteristics of these funds and how they fit with your needs.
Provision of MI (management information)	A Master Trust can mean more distance between the employer and the trustee. Timely, relevant MI therefore becomes crucial for the employer to monitor the position.	Understand the content and frequency of MI reporting, and ensure it is readily digestible (for example, you may only want administration reporting on an exceptions basis).
Administration and member experience	The quality of administration and the member experience is an important consideration.	In our experience, the administration and member experience is often very good, but this should be compared between providers.

As schemes begin to look at consolidation through a wider lens, our expectation from talking to market participants is that demand will accelerate.

We're seeing strong interest in the benefits of consolidation from a wide range of organisations. Few schemes are in a position to buy-out in the near future, and cost reductions from economies of scale quickly add up on a year-by-year basis. We're also seeing companies choose consolidation as a solution for good governance for pension schemes. Now that more schemes are consolidating, and a range of innovative solutions are available to achieve the benefits in a way that's right for your scheme, we expect the pace of consolidation to increase significantly.

Paul Yates, Deloitte Master Plan

What does the future hold?

The DWP will soon consult with the industry on proposals for a new voluntary accreditation regime for DB Master Trusts. The aim is to create confidence in Master Trusts through transparency on key issues, demonstrating that schemes are well managed and meet clearly defined standards. We expect this will contribute to a growth in demand for DB Master Trusts.

DB Master Trusts are also the legal structure under which the commercial consolidators operate, so it is possible that some of the DB Master Trust providers may evolve their solutions to provide a clean break for their sponsoring employers once schemes become sufficiently well funded, competing directly with the commercial consolidators.

It's encouraging to see DWP's enthusiasm for DB Master Trusts. The recommendations outlined for the upcoming accreditation regime will not only provide much needed transparency on costs and investment performance, but will also allow trustees to conduct more accurate comparison exercises between other master trusts and their own standalone scheme. This will enable them to make a better informed decision in which they can feel confident.

Lindsay Davies,
Trustee Secretary at
Citrus Pensions

Investment Platforms

All schemes want to minimise their investment management fees without compromising on quality. In particular, smaller schemes are often unable to access the best fees from their managers.

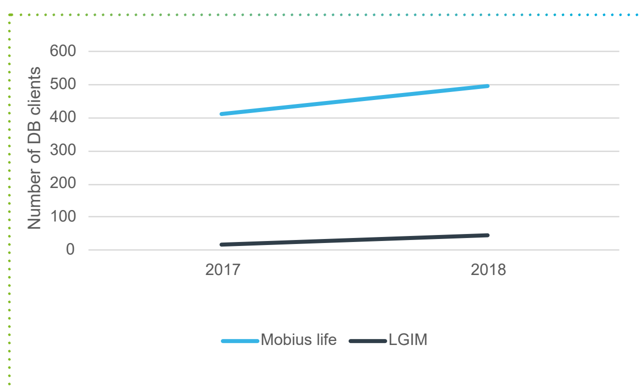
By aggregating with other schemes through an investment platform they can receive “big scheme” discounts, which can more than offset the additional fees charged by the platform. It can also save time and consulting fees when a scheme wants to add a fund or switch between existing funds, particularly useful for implementing trigger based de-risking which can be time critical.

Key market players and developments

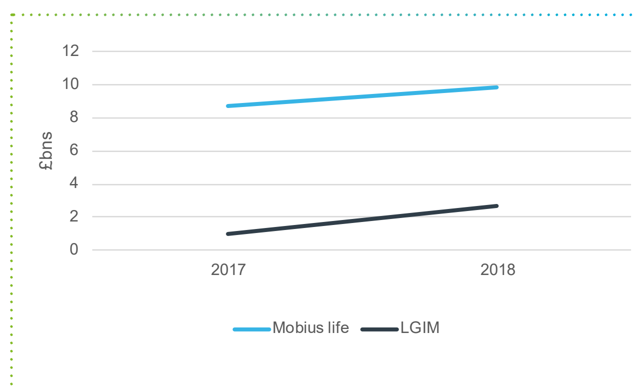
Legal & General Investment Management and Mobius Life are the two main players in the UK after Old Mutual Wealth announced the closure of its institutional investment platform in 2017. We would expect most trustees to make a choice between the two based on price and fund choice.

The other key differentiator between the two is ownership, Mobius being a privately owned specialist platform provider whilst Legal & General is a FTSE100 company with an insurance and asset management background. Both providers have experienced significant growth over the last year, although the Legal & General platform is still much smaller than Mobius as they only started making their platform available to external clients in 2016.

Client volume



DB Assets under management



Source: data provided by Mobius Life and LGIM

We have seen continued demand for platform offerings from a number of different consultants. On the whole we find the market is consultant driven, where consultants are looking to help clients with their governance challenges. Investment solutions can often be simplified on platform to drive cost efficiencies. In some cases we see more sophisticated investment strategies adopted, leveraging the transitioning and rebalancing benefits provided by our platform. This all sits against the backdrop of broader consolidation themes, whether that be pure fiduciary, platforms, Master Trusts or consolidator vehicles.

Lindsey Bass, Head of UK Consultant Relations, LGIM

What does the future hold?

We expect more schemes will utilise investment platforms in the coming years, particularly as the range of funds available on them expands and pricing improves further with the growth in assets under management.

We believe that the growth in the number of pension funds utilising a platform for DB implementation will continue to be strong for the foreseeable future. Mobius is looking to provide greater flexibility with the platform proposition in 2019 to ensure that clients of all sizes and governance budgets have the access to the tools they need to meet their objectives. This includes the provision of greater fund choice such as illiquid/ alternatives and income distribution funds.

Craig Brown, Institutional Distribution Director, Mobius Life

Fiduciary Management

Fiduciary management may not spring to mind as a natural consolidator but there are numerous instances where it can be used by trustees to consolidate or simplify aspects of their investment arrangements.

Fiduciary management covers a wide range of approaches, but the essence of all of them is that trustees delegate authority to an external investment manager to make investment decisions on their behalf. There's a sliding scale in terms of the level of decisions which are delegated away. Typically trustees continue to set the strategic asset allocation (which determines what level of risk is taken) however things like selection and monitoring of investment managers are passed to the fiduciary manager.

In this model, ultimate responsibility remains with the trustees, but the number of investment management relationships which the trustee deals with is reduced. For example, instead of dealing with ten separate investment managers the trustees may now deal with a single fiduciary manager.

Key market players

The number of established fiduciary managers operating in the market at the moment is relatively small (under 20), but this doesn't mean there isn't a sufficient degree of choice to serve trustees well. The heritage within this group of fiduciary managers is varied, but most have well-developed propositions (which have particularly come on over the last ten years).

The group can be split into three categories:

1. **Asset managers** – traditional asset management businesses which run fiduciary mandates for some of their clients. These managers typically have strengths in day-to-day management of assets and are often more active in changing asset allocations to suit different market conditions.

2. **Original start-ups** – firms which grew their businesses primarily around serving fiduciary clients. As they've 'grown up' thinking about pension scheme issues they can have innovative approaches to dealing with them, such as structured products or bespoke derivative trading capabilities.

3. **Consultants** – firms which started out from investment consulting businesses and have begun to manage assets. These firms have significant investment manager research capabilities and global reach.

Market developments and demand

The market for fiduciary management has grown rapidly in recent years. KPMG estimates that in the ten years from 2008 to the end of 2018 the number of fiduciary mandates has ballooned from 59 to 862 with a corresponding rise in assets from £12bn to £142bn. It's important to note that many of the fiduciary mandates captured within this figure are not full fiduciary mandates. This means that the fiduciary manager is only managing a portion of the scheme's assets (e.g. the growth assets, but not the protection assets).

What does the future hold?

While the rate of growth in number of fiduciary mandates slowed somewhat last year, we expect a steady increase to continue over time. In December 2018 a recommendation report by the Competition and Markets Authority (CMA) has given more clarity to trustees on the nature of the market and what might be expected from them to ensure conflicts are well-managed and that mandates are competitively tendered. TPR has also issued guidance for trustees identifying the need for independent advice in the appointment and ongoing oversight of fiduciary managers.

Over time, as schemes get closer to potential end game scenarios, we think that the current fiduciary offering will need to adapt to remain relevant, but in the medium-term fiduciary management will remain a relevant option for many schemes.

Sole Trusteeship

Consolidation suggests fewer pension schemes and fewer trustees looking after those pension schemes. Sole Trusteeship is the ultimate in a consolidated board, with just one sole corporate trustee in place to oversee and manage the scheme.

Sole trusteeship can be an attractive option for those seeking to reduce the governance burden of quarterly meeting cycles and a full trustee board, and becomes more attractive as schemes become more of a legacy issue for employers.

Market developments

Slow but steady increase

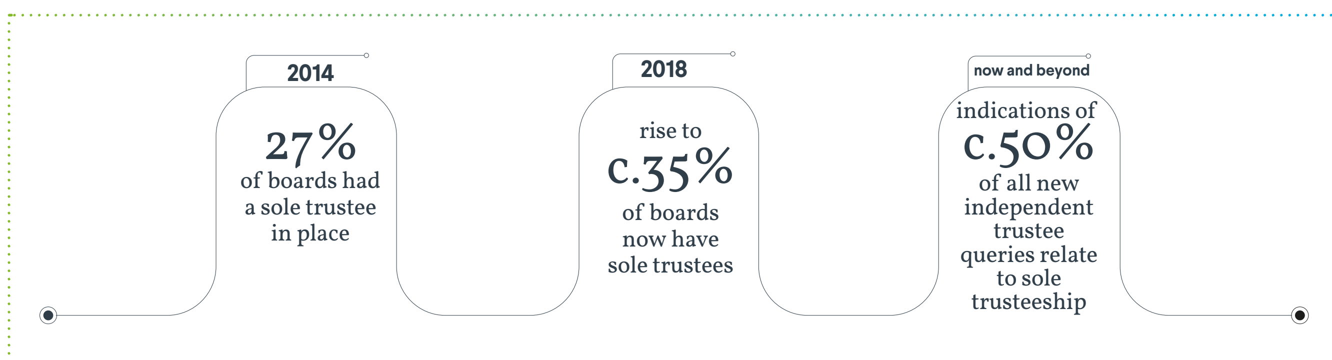
Professional trustee firms continue to report a lot of interest in this model, with some indicating that 50% of all new queries relate to sole trusteeship. However, we are still some way off a landscape that has 50% of schemes with sole trusteeship. The Pensions Regulator's 2015 Trustee Landscape research revealed 27% of boards had a sole trustee in place. Since then Sole Trusteeship has grown slowly but steadily – we estimate the proportion of schemes with this model in place is now c.35%.

Regulatory developments

The recently published standards for professional trustees single out sole trusteeship as a model requiring particular care around governance procedures and processes. They state that such appointments should not be taken on by sole traders and that two dedicated professional trustees from a firm with adequate business continuity and fraud prevention plans should be assigned to each sole trusteeship case. Peer review of key decisions will also now be required – something which some, but not all, already practice.

What does the future hold?

In our experience, board sizes are generally reducing, professional trustees are increasingly being appointed, and the importance of technology in streamlining decision-making is on the up. The consolidated board of the future may therefore consist of a mixture of models: sole trusteeship for some schemes, and smaller, more nimble, technology-enabled boards for others, with all boards moving towards a trajectory of at least one professional trustee.



Mergers & Simplification

Corporates with more than one DB scheme can consider merging or simplifying their schemes. Merging multiple schemes, reducing the number of advisors or bundling of services can significantly reduce running costs and simplify governance.

Market developments

Merging schemes

We're seeing a steady trend towards scheme mergers, especially those that have closed to accrual. Merging schemes reduces running costs significantly, and while there is an upfront cost, we've seen payback periods of just 2 years or less.

A barrier to a merger can be one of the schemes suffering a dilution of funding level or covenant support as a consequence. However, this does not necessarily have to block a merger. In particular, provision of security to the merged scheme can mitigate a dilution in funding level without an upfront cash cost, as well as implementing robust contingency plans.

LGPS mergers

There has also been some ground-breaking work in the public sector. The end of 2017 saw FirstGroup announced as the first private sector employer to consolidate its assets from three LGPS funds into one £1bn fund. With a further 100 private sector employers currently participating in multiple LGPS funds, we may see further activity in this space following FirstGroup's precedent.

Bundling of services or advisers

Where merging schemes isn't feasible (perhaps because of a dilution in funding level or covenant support), engaging a single provider across multiple services or schemes can still be beneficial. This can reduce running costs, ensure consistency of management information, and simplify the governance. Efficiencies can also be achieved on trustee boards by having common trustees across schemes and combining trustee meetings.

Even with single schemes, there is a trend towards service bundling, particularly amongst smaller schemes looking to drive efficiencies and maximise value for money. However, larger schemes are still more likely to have different advisers for different services, either to have 'best of breed' for each service or to ensure adequate adviser challenge and breadth of view. As the benefits of integrating teams, processes and technology are more widely realised, and scheme funding improves and risk reduces, it is likely that bundling will extend beyond the smaller end of the spectrum.

What does the future hold?

We expect to see more scheme mergers taking place as corporates look to reduce running costs and management time. A significant number of organisations could benefit from this, with 52% of the companies in the FTSE 350 currently running more than one DB scheme.

Combining services can definitely create value, particularly actuarial and administration services, and more of our clients are moving in this direction. The full potential can only be realised with a joined up digital infrastructure. We've invested heavily in this area and our clients are seeing the benefits, with 1 in 5 of our actuarial clients adding administration to the services we provide in recent years. The largest of these has over 30,000 lives so even the biggest schemes can benefit by combining actuarial and administration services.

Susan McIlvogue, Head of Trustee DB Consulting, Hymans Robertson

Concluding remarks

Consolidation has captured the imagination of the DB industry over the past year. While much of the spotlight to date has been on commercial consolidation, we've also seen significant developments across the full spectrum of solutions.

As a result, DB trustees and sponsors now have much more choice around the ultimate goal for their scheme, and how they can get there most effectively.

The market and regulatory drive to lower running costs, reduce risk and improve member security is set to continue. In tandem, we expect to see a continued rise in market awareness of the potential benefits the wider consolidation landscape can offer.

What we can be sure of is that the future DB landscape will look very different. Consolidation will have a significant role to play in this. We believe this is a positive step, as consolidation can, and will, improve outcomes for many DB schemes and members.

Want to know more?

Look out for more to come on consolidation as we continue to explore this new landscape in depth. We will soon be issuing a more practical guide on when each option may be right to consider, and how they each fit into your long term strategy. We're also producing a 'closer look' series where we take an in-depth look at each consolidation vehicle in turn.

You can view these materials here our website

www.hymans.co.uk/db-scheme-consolidation

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