

Pension Settlements Strategies Conference

New York | September 18, 2014

7:30 am - 8:30 am

Registration and Networking Breakfast

8:30 am - 8:40 am

Opening Remarks

*Speaker: Ari Jacobs [Conference Chair]
Global Retirement Solutions Leader, Senior Partner
Aon Hewitt*

8:40 am - 9:10 am

KEYNOTE P&I CHAT: Aviva's Record-Breaking Longevity Swap

Earlier this year, one of the largest pension deals took place in the United Kingdom, transferring longevity risk arising from £5 billion of pensioner in payments liabilities to the external market. It has some very unique aspects which included working with multiple reinsurers as well as utilization of one of Aviva's own insurance companies as the risk transfer vehicle. Both decisions added complexity to the deal, but the execution of the transaction also paved the way for yet another possible solution to consider when making any risk transfer decision. Hear first-hand insights from Aviva's Head of Capital Projects as he outlines the distinctive elements which allowed the company to make such a dynamic decision - the first of its kind within the market.

Interviewer: Ari Jacobs, Global Retirement Solutions Leader, Senior Partner, Aon Hewitt

*Speaker: Carl Moxley
Head of Capital Projects - Group Finance Team
Aviva Plc*

9:10 am - 9:50 am

WORKSHOP: Understanding Pension Risk and the Benefits of De-Risking

The pension landscape is changing. While the average plan sponsor saw their funded status increase in 2013, other risks loom on the horizon including the mortality exposure draft released by the Society of Actuaries, expected to result in increased pension liabilities of 5 percent or more, and increased PBGC premiums. But does the market broadly understand the reach of pension risk and the benefit of de-risking? Does pension overhang impact industry and company valuation? This session will cover:

- Where pensions sit in the capital structure
- Insights into equity and credit analysts, and investor views of pension risk
- The risks and benefits of a pension settlement option
- Effect of de-risking on stock price and credit profile

*Speakers: Rohit Mathur, Ph.D.
Senior Vice President
Prudential Retirement*

*Glenn O'Brien
Managing Director
Prudential Retirement*

agenda

9:50 am - 10:30 am

WORKSHOP: Minimizing Conflicts within Complex Plan Transactions via an Independent Fiduciary

Dual-hatted corporate officers serving as a plan's fiduciary may find it especially challenging to serve both the interests of the plan sponsor and the plan they represent. To minimize potential conflicts in those situations, and the associated ERISA liabilities, the best solution may be for the internal fiduciaries to recuse themselves and retain the services of an independent fiduciary to represent the plan's interests. This presentation will describe the role that an independent fiduciary may play in analyzing and making decisions in the best interest of the plan, in a wide range of situations, such as:

- Pension "de-risking" strategies (through annuity purchase, LDI or otherwise)
- "In-kind" or other non-cash plan contributions to DB plans
- Proxy voting (in connection with major corporate transactions)
- Settlement negotiations with the sponsor or other interested parties

Speaker: *William E. Ryan III, Esq.*
 Chief Fiduciary Officer and Managing Director
 Evercore Trust Company, N.A.

10:30 am - 11:10 am

PANEL DISCUSSION: Construction of an In-Kind Asset Portfolio

A number of factors make in-kind asset transfers preferable for plan sponsors exploring larger pension buy-out transactions. This panel will help plan sponsors determine which assets are preferred by insurers and how to construct an acceptable portfolio.

Moderator: *Ari Jacobs, Global Retirement Solutions Leader, Senior Partner, Aon Hewitt*

Panelists: *Scott Campion*
 Partner
 Oliver Wyman

Brian Curran, CFA
 Investment Senior Vice President
 Prudential Retirement

Martin Mair
 Managing Director
 MetLife Investments

Matt Stroud, CFA
 Head of Delegated Portfolio Management, Americas
 Towers Watson

11:10 am - 11:30 am

Networking Break

11:30 am - 12:10 pm

WORKSHOP: The Roadmap to Implementing an Insurance Solution

The road to de-risking can be a long and winding one. Plan sponsors and plan advisors need to undertake careful preparation and analysis of many aspects. This presentation will consider the timeline and major milestones along the road, from the early stages of contemplating a de-risking transaction, through the selection, execution and implementation of an insurer solution including:

- Initial stages of preparation for de-risking: plan design, data, assets, triggers
- Assessing and preparing for the impact of de-risking
- Execution of the transaction and implementation with the selected insurer

Speakers: *Wayne Daniel*
 Senior Vice President
 MetLife U.S. Pensions

 Eric Schwartz
 Assistant Vice President
 MetLife U.S. Pensions

12:10 pm - 12:50 pm

PANEL DISCUSSION: Cornerstones of Success that Go Beyond the Analytics

Factors like transparency, education and governance are critical aspects of effectively managing any de-risking program. However, plan sponsors in the midst of a pension risk transfer may find it extremely challenging to find sufficient time and resources to balance these important roles, given all the multiple responsibilities they face during this period.

In this session, industry experts will discuss their best solutions for prioritizing those aspects which should be addressed prior to engaging in a risk transfer, such as:

- Setting clear goals for each aspect of the de-risking program (from liability hedging to return-seeking assets)
- Providing education to ensure sound decision-making and effective stakeholder communications
- Building a de-risking governance structure to ensure long-term success

Moderator: Ari Jacobs, Global Retirement Solutions Leader, Senior Partner, Aon Hewitt

*Panelists: William E. Ryan III, Esq.
Chief Fiduciary Officer and Managing Director
Evercore Trust Company, N.A.*

*Norman P. Stein, JD
Professor of Law
Drexel University School of Law*

*Carolyn Wood
Director of Retirement
Bimbo Bakeries USA*

12:50 pm - 2:15 pm

Networking Luncheon

2:15 pm - 2:55 pm

KEYNOTE: P&I Chat - Insights from the PBGC

ERISA created the Pension Benefit Guaranty Corporation to help protect benefits in private sector defined benefit plans. So even if the employer fails to pay the required premiums, the participant is still covered. In the case of a pension risk transfer, however, the rules can sometimes change – which is why the PBGC is taking a stand. Hear insights regarding pension settlements from the former Director of the PBGC in the P&I Keynote chat.

Interviewer: Ari Jacobs, Global Retirement Solutions Leader, Senior Partner, Aon Hewitt

*Speakers: Josh Gotbaum
Former Director (CEO)
Pension Benefit Guaranty Corporation (PBGC)*

2:55 pm - 3:35 pm

WORKSHOP: De-risking the Plan: The Pros and Cons of Hibernation and Annuity Buyouts

Plans deciding on a de-risking strategy can compare an LDI hibernation approach to an annuity transaction on multiple dimensions. While both of these strategies can significantly reduce the funded status risk of a typical plan, those tasked with selecting a de-risking approach will also want to consider:

- What goes on under the hood in managing a hibernation strategy
- How could the choice of de-risking strategy impact the sponsor in terms of credit rating and cash flow
- How good is hibernation at reducing pension risk

*Speaker: David G. Eichhorn, CFA
Managing Director, Investment Strategies
NISA Investment Advisors, LLC*

agenda

3:35 pm - 4:15 pm

PANEL DISCUSSION: What Plan Sponsors Need to Know and Remember About Making a Settlement Decision

As pension plans become better funded, many organizations are realizing that the end-state in their de-risking strategies may be just around the corner. Hear from plan sponsors who have gone through the process, from asset managers with experience structuring de-risking strategies, as well as from pension advocates who represent plan participants affected by de-risking decisions. The discussion will provide insights to the following questions and more:

- What should a plan sponsor have in mind when making the settlement decision?
- What happens when that end-state is achieved?
- Is hibernation a stop along the way or an end-state on its own?

Moderator: Ari Jacobs, Global Retirement Solutions Leader, Senior Partner, Aon Hewitt

*Panelists: David G. Eichhorn, CFA
Managing Director, Investment Strategies
NISA Investment Advisors, L.L.C.*

*Michele L. Varnhagen
Senior Legislative Representative for Social Security and Retirement
AARP, Inc.*

*Kathleen Gallagher
Chief Investment Officer - Benefit Plans
Ford Motor Company*

4:15 pm - 5:30 pm

Closing Cocktail Reception