

Navigating our Hurricane Sandy



Policy Decisions for the Pension Landscape

- Ronnie Bowie
- 7 November 2012

The age of scrutiny

Central Government

IORP



IAS19

tPR

Tax Payers Alliance

The Pensions Bill

The key question....

Can we pay our pension promises?
(and, if not, what should we do?)

The state of Illinois



Report: Illinois pension plans on road to ruin

BY **KEVIN OLSEN** | OCTOBER 24, 2012 4:08 PM

    COMMENTS



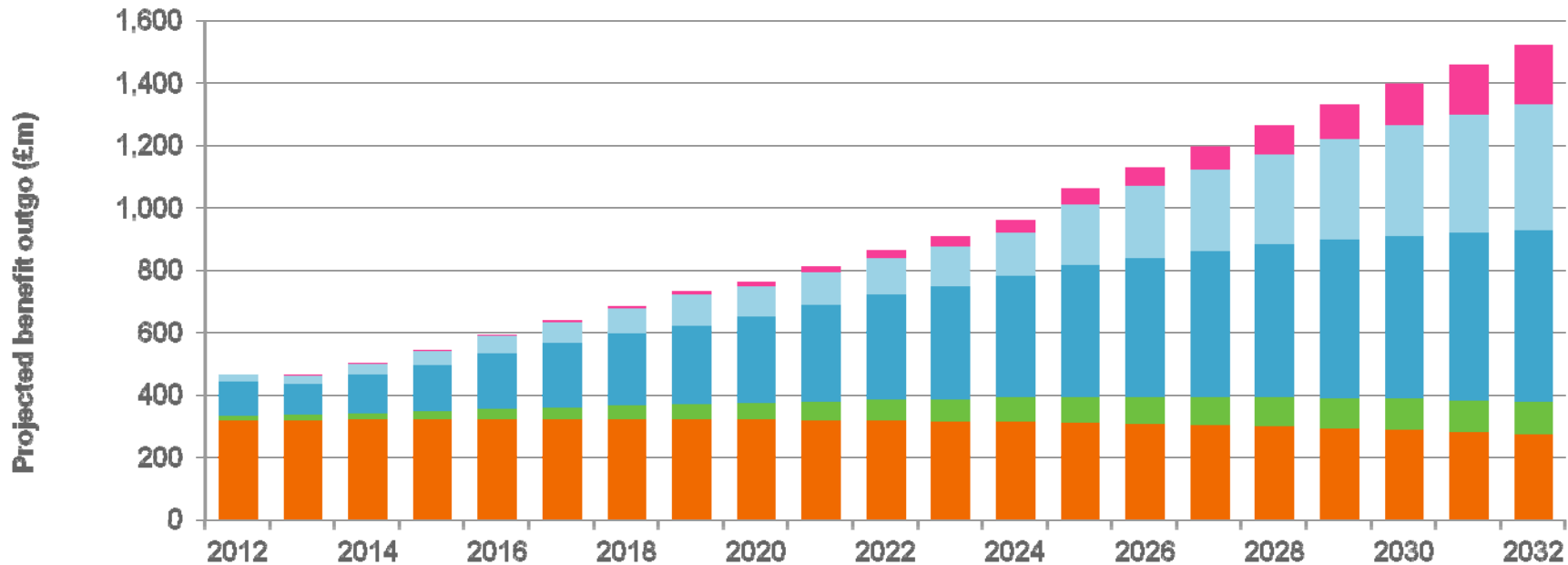
Illinois' state pension plans are heading toward insolvency without any major pension reform, according to a report by the State Budget Crisis Task Force, led by former New York Lt. Gov. Richard Ravitch and former Federal Reserve Board Chairman Paul Volcker.

Measurement



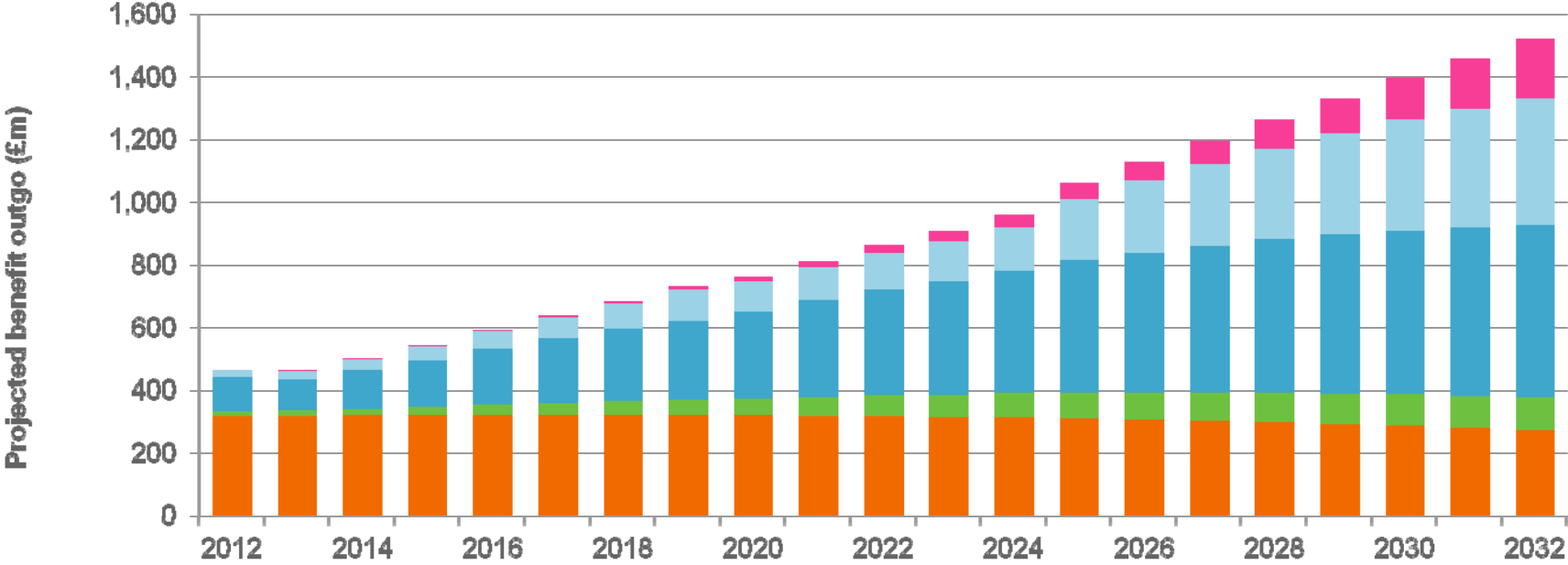
Management

Cashflows are the core



- Demographics
- Inflation
- Longevity

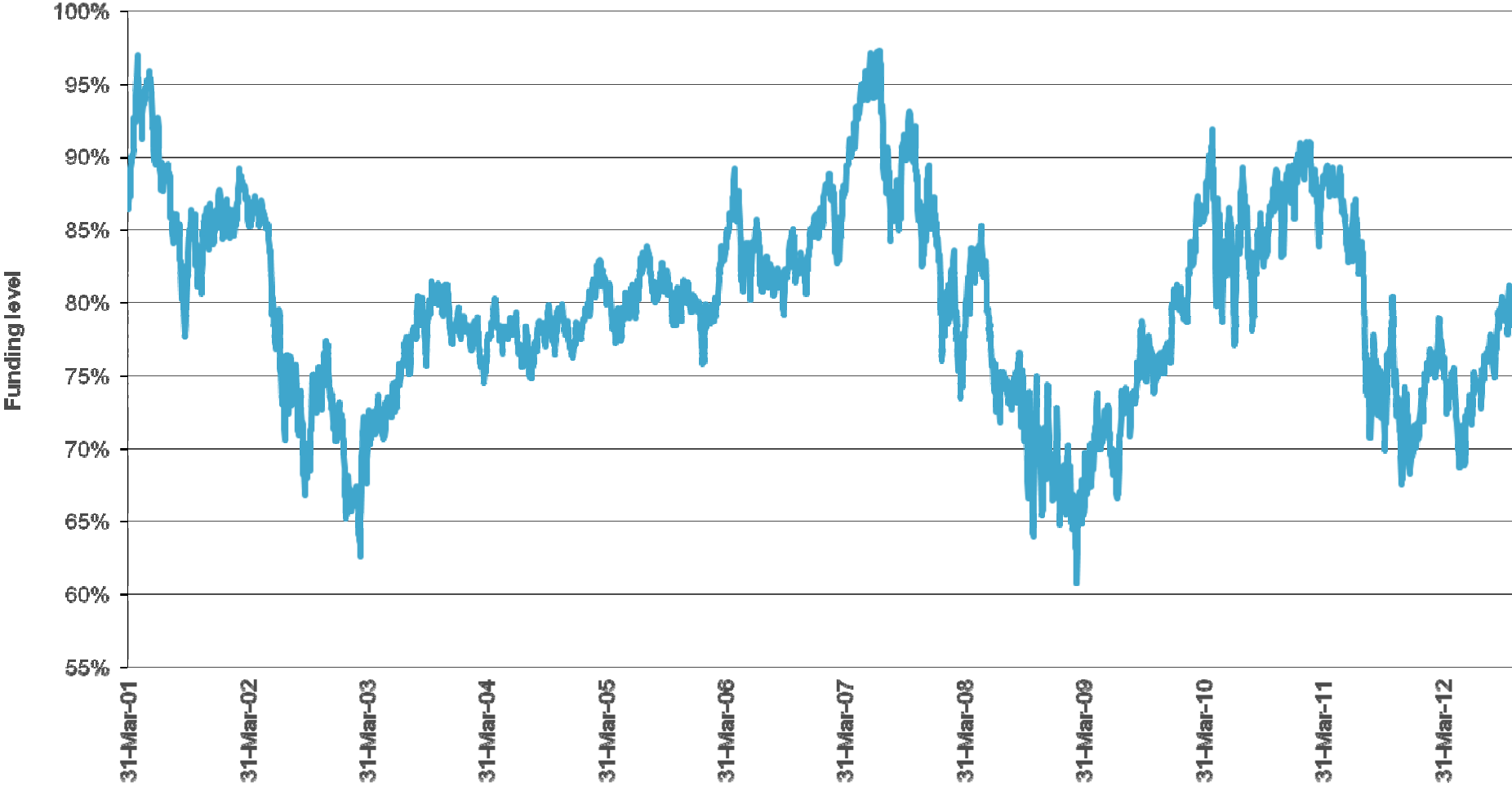
Answering the question...



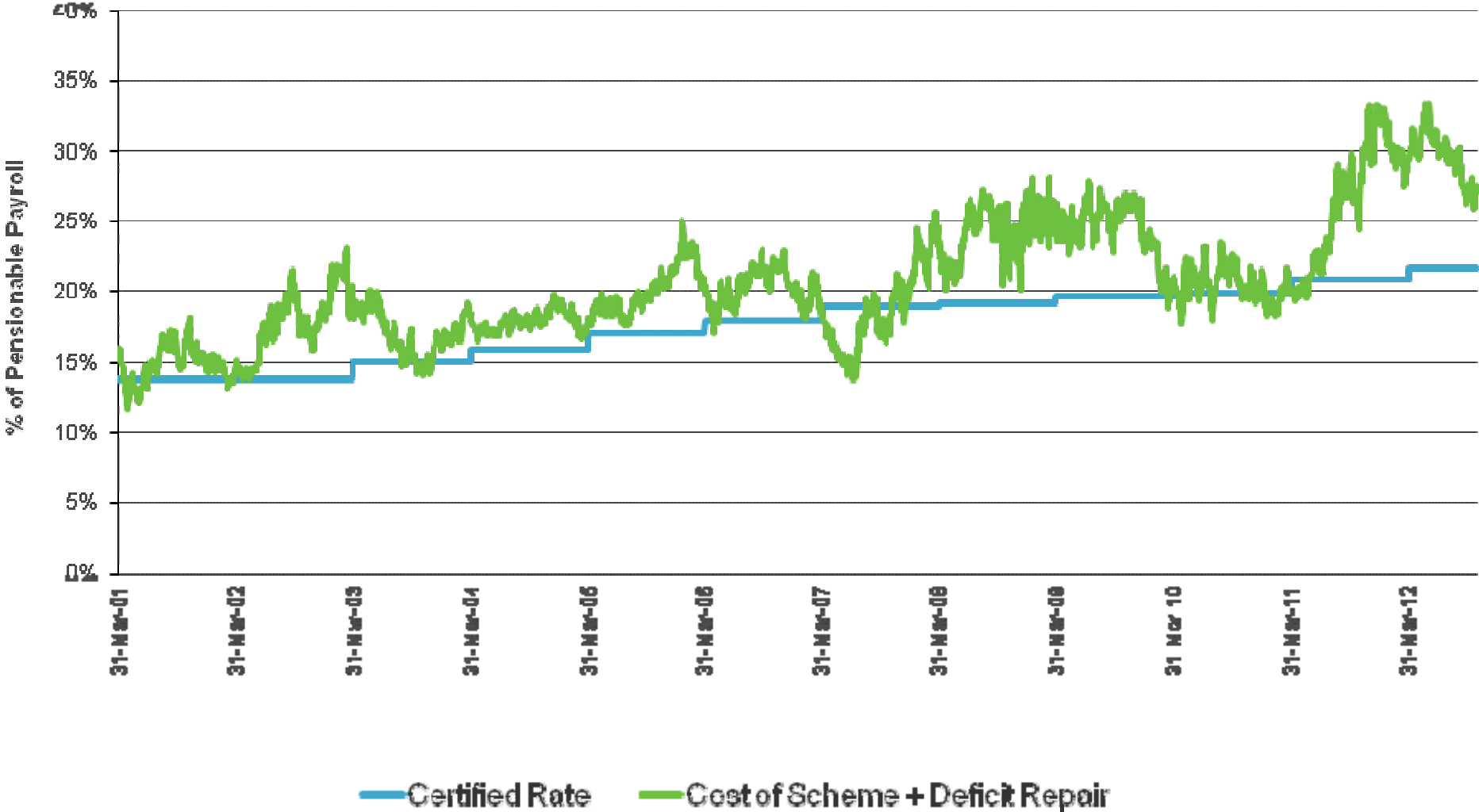
➤ Investment Return

➤ Asset Values

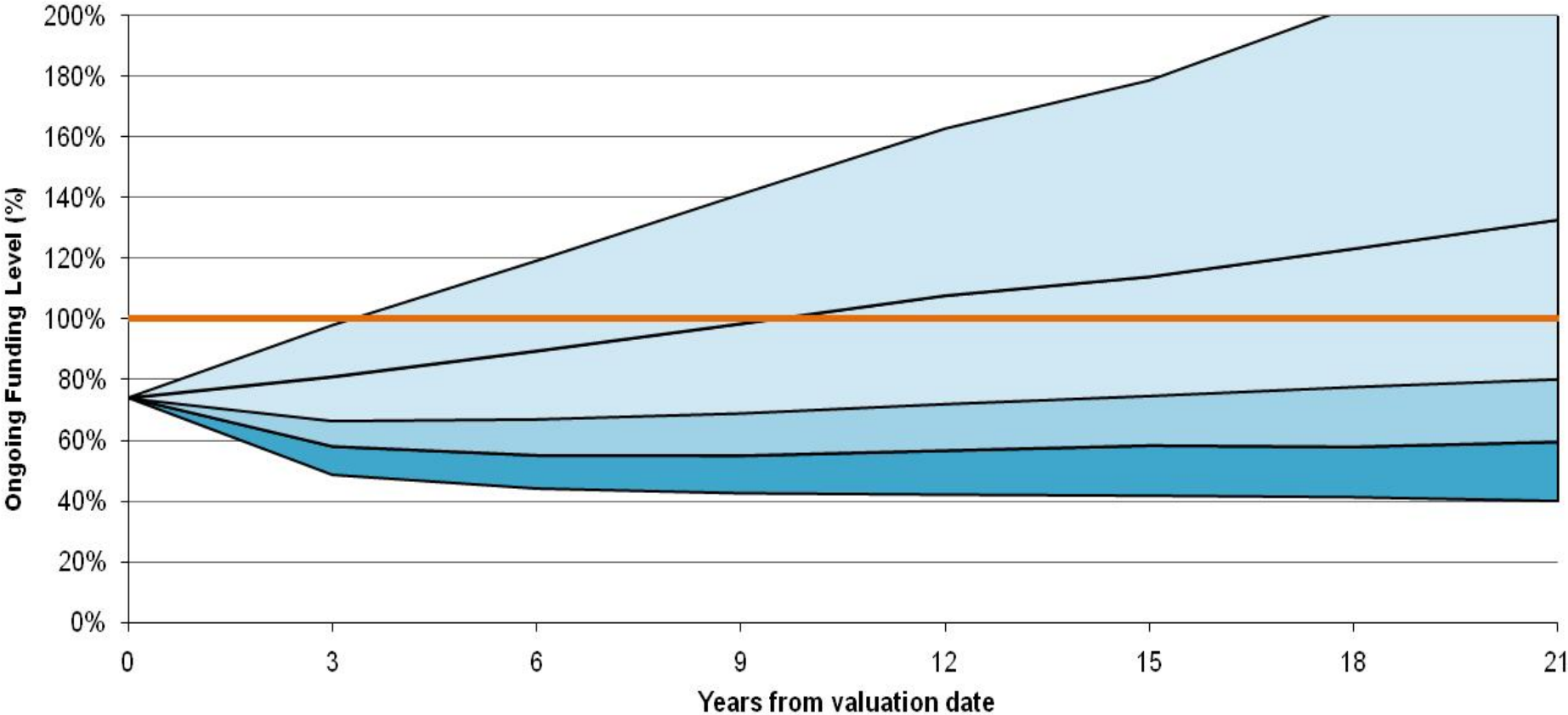
Measurement Output



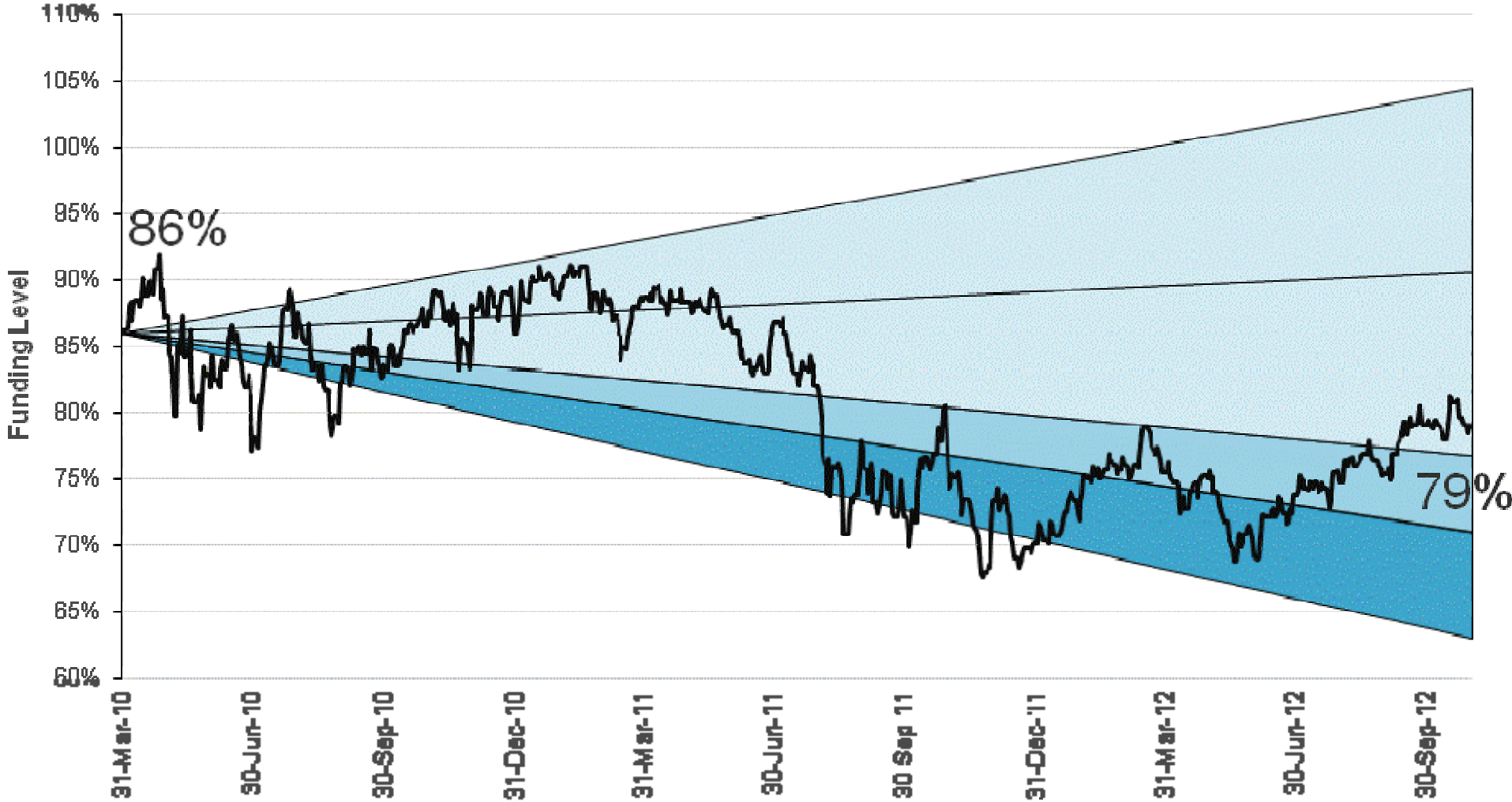
Management Actions



Management – Stewardship in theory



Management – Stewardship in practice



Identifying hot spots

- Funding Level
- Cash Flow
- Employer

Pension Fund Survival Kit

- Engaged stewards
- Clear objectives
- Consistent plan
- Appropriate investment strategy
- Hot spot warning system
- Emergency supplies



Thank you

Any questions?