



Pensions Conference  
2 November 2010

Clive Grimley

# To set the scene

Number of over 85 year olds in UK	<b>2009</b> 1.4m	<b>2032</b> 3.5m (5% of population)
Number of people in UK reaching age 100 in year	<b>2009</b> 5,000	<b>2050</b> 75,000
Ratio of workers to pensioners	<b>2010</b> 4.5:1	<b>2030</b> 2.5:1

Sources: ONS  
Public Sector Pensions Commission

# Charles Dickens – A Christmas Carol

## The Ghosts of Christmas

- Past
- Present
- Yet to Come



# Past

DB closed to new entrants

DB closed to future accrual

Broken link to future salary rises

Unions

De-Risking strategies started

# Present

Eliminated some risk

Overcome costs and disruption

Still funding deficit

Ongoing costs of DB

Costs of replacement plan

# Present: Replacement Plan

## A few hybrids

- Career average

## Mostly DC

- Trust-based
- Contract-based

## Death in service

# Present: Contributions

## Contribution design

- Flat rate
- Banded
- Matched

## Salary sacrifice

# Present: Use of default

Good or bad?

Rename

Lifestyle design

Range of funds

- Few or many

Risk profiling

- Trustee toolkit

## Present: Other

PPF

Wind ups

Anti-forestalling

# Yet to Come

## New default

- Target dated
- DGF
- Derivatives to reduce risk?

## New tax rules – high earners

- Simplification?

## Auto-enrolment

## Yet to come

### No more pensions?

- State
- Public sector
- Private sector

### Corporate wraps

### Group ISA

### Flexible benefits

# Happy Christmas!





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