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The Pension Insider

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The Pension Insider is a monthly newsletter developed for Actuaries, Third Party Administrators, Attorneys, and Consultants who work in the pension arena. The Pension Insider was created to share ideas, success stories, coming events, and industry specific articles.

BCG Terminal Funding Company specializes in settling pension liability for terminating and ongoing pension plans. Today's Solutions for Tomorrow's Needs.

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Understanding Longevity Risk has become a greater concern to plan sponsors who are hoping to find ways to reduce their pension risk. The article below from [PlanSponsor.com](#) discusses a report that addresses this concern not only for Defined Benefit Plan sponsors, but also for Defined contribution plans.

Paper Addresses Longevity Risk for Pensions

August 7, 2012 (PLANSPONSOR.com) - A true understanding of longevity risk is the needed catalyst for U.S. corporate pension plans to more actively adopt de-risking strategies, according to a report from Prudential.

In the U.S. corporate pensions market, there is broad consensus that the risk position of corporate pension plans is not sustainable, yet U.S. plan sponsors lack awareness of the impact of improved life expectancy on their pension liabilities, and focus almost exclusively on investment risk, the paper says.

Unprecedented pension deficits are front-and-center and the cash required to close them is straining free cash flow. Having endured significant market downturns over the past several years, sponsors are now keenly aware of how volatile that cash call can be. Transferring pension risk through an insurance solution offers a sponsor the opportunity to remove these risks from their balance sheet and focus on their core business.

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The trend continues as NCR is following the footsteps of other plan sponsors. In the article below from [PlanSponsor.com](#) you will see that NCR is following a similar strategy as that used by GM and Ford to reduce pension plan risk.

Another Company Offering Lump-Sums to De-Risk Pension

August 2, 2012 (PLANSPONSOR.com) – NCR Corporation has announced the next phase of its pension strategy to materially reduce the size of its pension liability.

The company will make a contribution to its U.S. pension plan and

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offer a voluntary lump-sum payment option to certain former employees who are deferred vested participants of the U.S. pension plan who have not yet started monthly payments of their pension benefit. The planned contributions will be financed through capital market borrowings.

The company expects to improve its underfunded position by an estimated \$800 million.

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Annuity Rates

Standard Pension Closeout/Terminal Funding Case Rates

No lump sums, no disability or unusual provisions

Immediates - 3.25%

Deferreds - 3.50%

50/50 Split of Immediates and Deferreds - 3.37%



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