

**From:** [BCG Terminal Funding Company](#)  
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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.

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### Not the Time for In-Plan Income Solutions, Structural Challenges for Multi-employer Plans

NewsDash from PLANSPONSOR

Not the Time for In-Plan Income Solutions, PEI Says: Current conditions in the retirement benefits arena make in-plan lifetime income solutions a difficult proposition for many plan fiduciaries, despite growing demand for the products. A new analysis from Portfolio Evaluations, Inc. (PEI) suggests while in-plan lifetime income solutions can be a powerful tool for some participants to address lifetime income needs, the current regulatory framework governing such products is ambiguous as to the extent of fiduciary risk involved. This makes it exceedingly difficult for prudent plan officials to implement in-plan income guarantees. PEI suggests this perceived fiduciary risk and regulatory uncertainty is enough to scare most plan sponsors and advisers off of in-plan income solutions fearing they will somehow be on the hook for participants' lifetime income needs should a provider of an in-plan income product fail to deliver "promised" benefits. However unlikely that is, PEI says, it's still a risk to be taken seriously.

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### De-risking Trend Redefining the Global Pension Market

From Employee Benefit News - Amy Kessler August 14, 2014

On July 4, 2014, the trustees of the BT Pension Scheme in the U.K. announced a record-breaking longevity risk transfer transaction that will provide long-term protection and income to the pension scheme in the event that members live longer than expected.

In an important step for the market, the trustees established a wholly owned insurance company, which has reinsured the longevity risk with the Prudential Insurance Company of America. The transaction covers approximately £16 billion (over \$27 billion) in pension liabilities or 25% of BTPS' longevity risk exposure.

The BTPS transaction is the largest transfer of pension risk to date and proves that the biggest defined benefit pension funds in the world have a clear and tested path to a lower risk future. They can combine their own world-class asset management with cost-effective longevity risk cover, which is available in the global reinsurance market in the tens of billions.

The innovative structure and approach pioneered by BTPS can be used in any country to prudently manage pension risk. With its immediate relevance to U.S., Canadian and Dutch pension funds, this important transaction represents a watershed moment in a pension de-risking trend that is expanding globally.

The global pension risk transfer market has exceeded \$200 billion since 2007

