



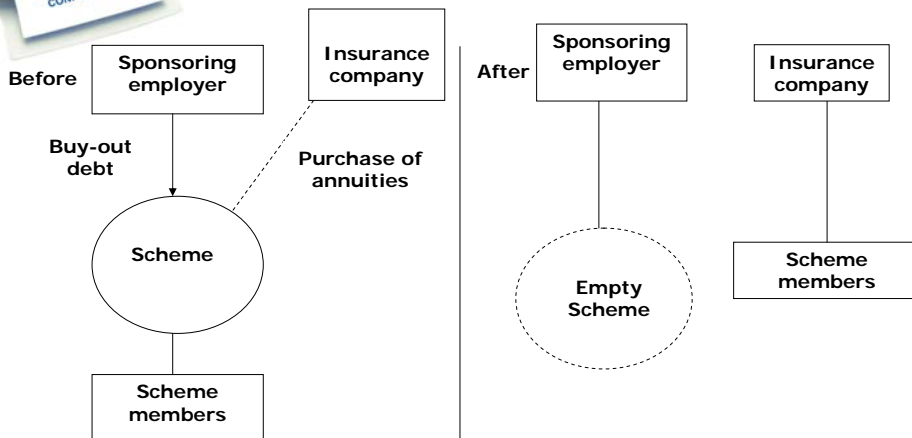
# Buy out – A case study

Liz Fallon

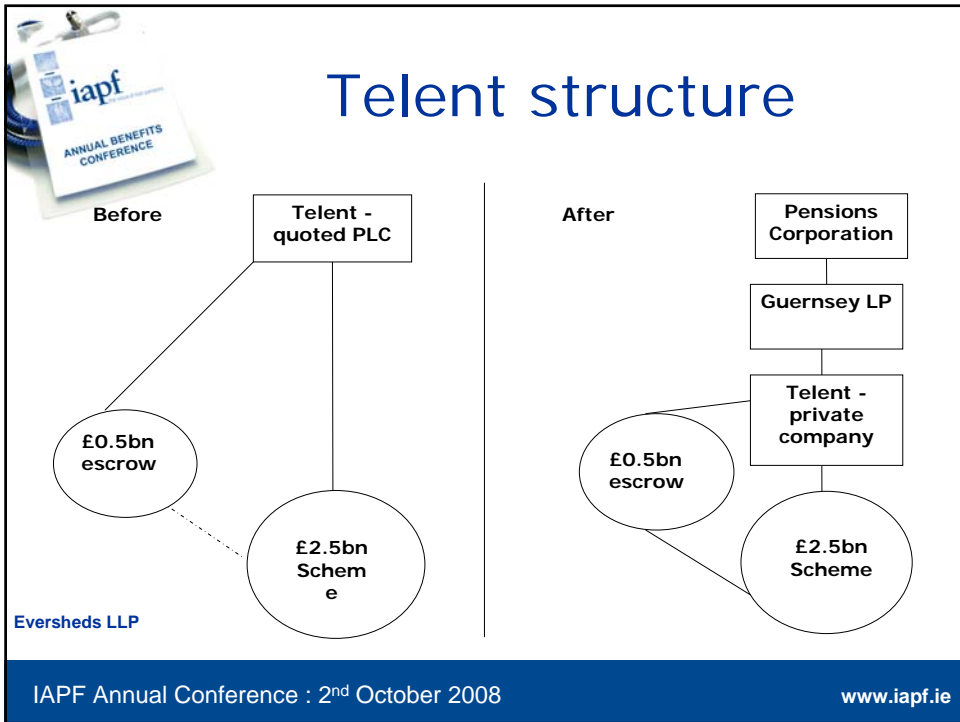
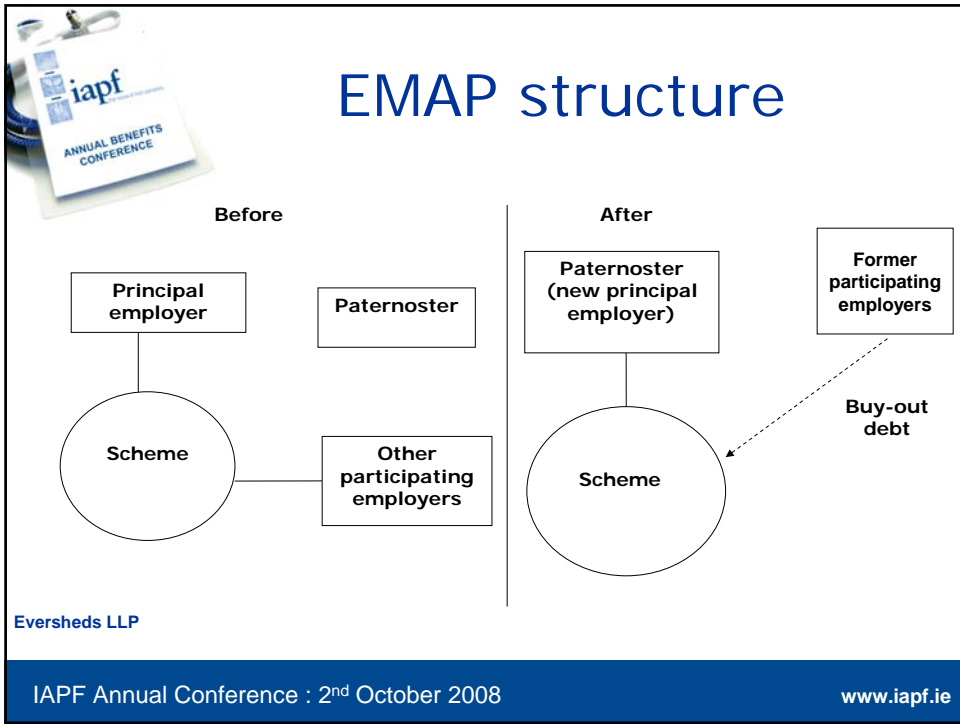
Eversheds LLP

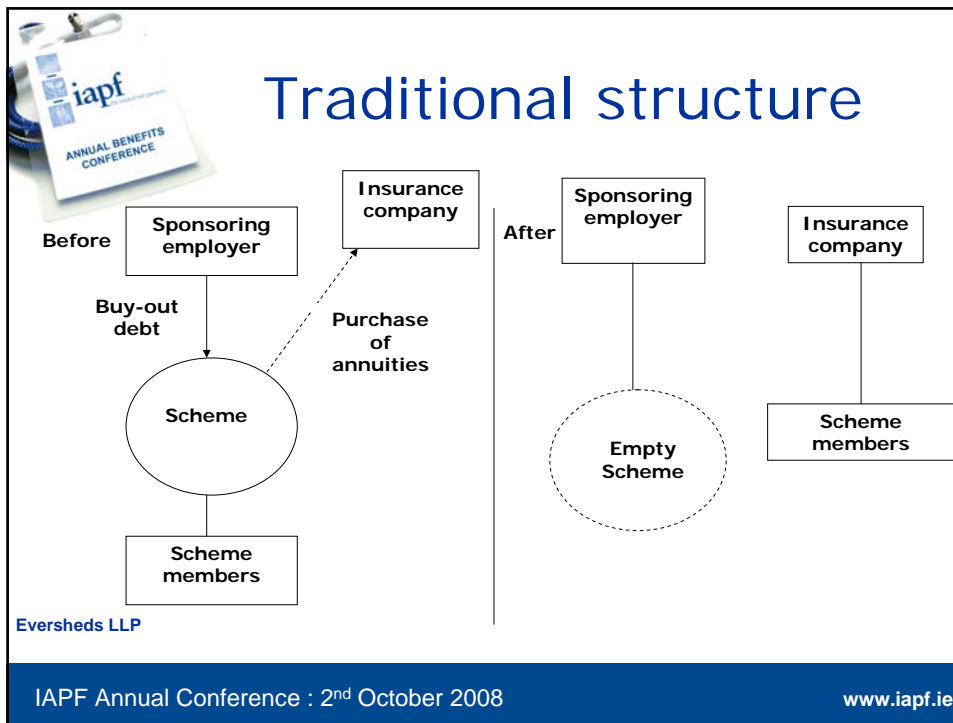


## Traditional structure



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- 
- Case study – the facts**
- Austrian parent
  - UK Group
  - Traditional industry, manufacturing
  - Steady, but unspectacular
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## Case study – the facts

- Defined benefit UK pension scheme
- Closed to accrual
- Deficit
- Included acquired businesses
- Large raft of pensioners and deferreds

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## Case study – the facts

- Parent concerned about risk and volatility
- Pensioners bought out
- Full buy-out too costly?
- Market more competitive
- Plugging the gap

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## Key steps

- Conflicts of interest
- Project plan
- Members' best interests
- Is scheme amendment required?
- Who has the power to amend?

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## Key steps

- Engaging with insurance companies
- Indicative quote
- Membership data
- Benefit specification
- On line auction

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## Price not the only factor

- Administration systems
- Member communication
- Financial strength
- Compare sponsoring employer covenant
- What if insurance company fails?

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## Any other obstacles

- Equal treatment of men and women
- Indemnity for the trustees
- Insurance cover
- Transfers out
- Administrative steps of wind up

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