Your defined benefit (DB) pension plan is frozen. Now what? Effective DB exit strategy requires more than simply terminating the plan—it involves thorough strategic planning, disciplined execution, and careful monitoring. To achieve the most favorable outcome, sponsors must:

- Develop a distribution strategy
- Understand terminal funding costs
- Establish a target termination date
- Design a glide path to de-risk as the termination horizon shortens
- Monitor terminal funding levels to seize opportunities when presented by the financial markets

CUSTOMIZED ANALYSIS & STRATEGY

A thorough evaluation of your plan is a critical first step. Leveraging extensive knowledge of risk-transfer solutions and powerful monitoring tools, our consultants can provide all the key information needed to understand your distribution options and map out the distribution phases, including:

- Annuity purchases
- Lump-sum payouts
- Establish and monitor your plan termination horizon based on your distribution strategy
- Implement and manage a dynamic investment policy statement that enables your plan to respond rapidly to market changes within a strategic policy framework

The path to plan termination is more certain when it follows a systematic approach. That’s why our DB Exit Planning Roadmap includes activities and processes that eliminate the ineffectual wait-and-see policy that many plan sponsors adopt and put you in control of your DB Exit Strategy from beginning to end.

The DB Exit Planning Roadmap

The Right Outcome

Your participants have a critical decision to make: what will they do with their benefit? We can help you give them the tools to make wise decisions. Lockton can also help your organization enhance your defined contribution plan so that it is a highly attractive alternative or supplement to the current DB program. Auto-enrollment, auto-increase capabilities, and different matching strategies can build participation and deferral rates increasing the likelihood of a secure retirement for your participants.