ASSET LIABILITY STUDY

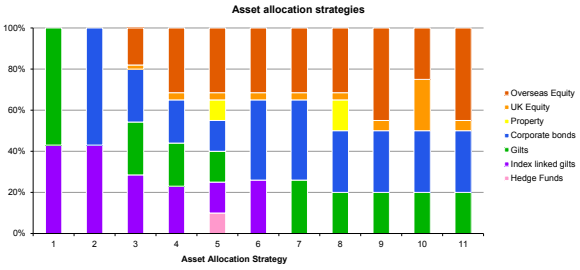
BWCI

THE STUDY AND REPORT

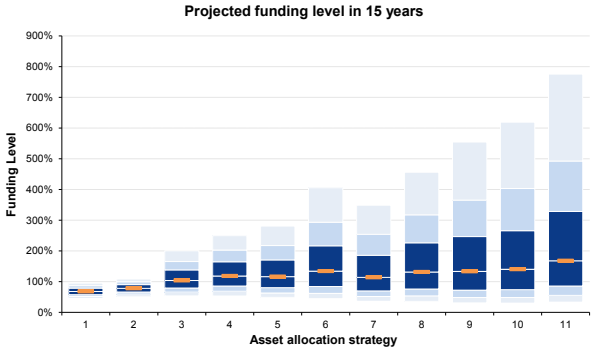
An asset liability study is used as a tool for understanding the impact of investment strategy on a defined benefit scheme's funding level and contributions.

The asset liability model provides detailed results by using sophisticated projection techniques. A set of assumptions about mortality, leavers, joiners, economic factors, asset returns and how these returns are correlated is used. The asset liability model covers the following:

- projections fifteen years into the future of:
  - Funding level
  - Surplus/deficit
  - Deficit contribution correction
  - Probability of success and average shortfall where success is not achieved
  - Net cashflows over the period
- projections on an ongoing funding valuation basis
- projections on the scheme's current asset allocation and up to 10 alternate asset allocation strategies



- the projected funding level and the projected surplus/ deficit expressed in terms of ranges representing likelihoods of outcome



- the format of the reporting to the trustees is a set of Powerpoint slides, which include the assumptions, asset allocation strategies, results and relevant commentary.

WHO WOULD FIND THIS SERVICE USEFUL?

Trustees and sponsoring employers of Defined Benefit ("Final Salary") pension schemes who have recently received an actuarial valuation and wish to review the impact of possible changes to the asset allocation of the scheme.

HOW LONG DOES THIS PROCESS TAKE?

The length of time taken will depend on the availability of the latest actuarial report. In order for us to use data and assumptions consistent with the actuarial valuation we would expect close contact with the scheme actuary. The estimated timescale following receipt of the necessary data and agreement of objectives is 10-13 weeks. This includes relevant discussions with the client/scheme actuary.

CHARGES

The cost of the service is calculated on a time-spent basis. A guide fee based on our experience of similar work we have undertaken can be provided upon request.

BWCI

Focused

because we are focused on our clients' needs and provide a service to suit their individual requirements.

Practical

because we deliver solutions in practical, commercial and cost-effective ways.

Innovative

because we seek innovative solutions to complex financial problems using advanced analytical tools and software.

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