# Hedging liabilities becomes age-related

By *Hans Amesz* Photography *Cor Salverius*

Matching liabilities are likely to be considerably different after the introduction of the Wtp than they are now, especially in the benefit phase. The aim of the protection portfolio is for the real pension to reflect wage growth in the accumulation phase and in the benefit phase tracks purchasing power trends.

**The Wtp changes a lot in terms of pension promises and the investments associated with them. What will this mean for investment policy and especially for the L in LDI?** **Bertjan Kobus:** 'The L will remain, but in a slightly different form. There will be shorter hedging and also less on balance, especially in the pension build-up phase.'

**Rik Klerkx:** 'We are moving away from hedging liabilities slightly more towards a model where assets are taken as the basis for hedging. This is already possible now, which amounts to protecting the funding ratio. However, there will be more distancing from liabilities.'

**Mark Rosenberg:** 'The big difference, of course, is that we are going to hedge in cohorts. So that the people who need the most hedging, the older people, also get a lot of hedging, and the younger people get less. We used to have to do it with one percentage across the board, now you can hedge interest rate risk in a much more targeted way.'

**Karin Roeloffs:** 'That's true, but the importance of hedging is still very high. If you don't, a lot of noise is created and that noise ends up in excess returns. Hedging becomes age-related. But how to do it properly technically, nothing has really changed. The technique remains broadly the same, as does the importance of hedging properly and accurately.'

**Jan Willem van Stuijvenberg:** 'The new more volatile. Previously, LDI hedged stable liabilities, but now LDI starts hedging projected cash flows that depend on accumulated assets and expected returns. The accrued assets are volatile and therefore the projected cash flows, or underlying LDI target, also move during the year. You can ignore this by working with a fixed set of cash flows to be hedged each year, but then the underlying, actual hedging rate are therefore volatile. LDI has thus become more complex and may require more frequent adjustments.'

**Kobus:** 'Pension benefits are set once a year. The job of the LDI manager is to hedge cash flows. You have to agree in advance how much noise you want to have in that and then you have to think about what you are going to do when you see that assets fluctuate. Are you going to adjust even then? That's quite a tricky issue.'

**Armijn Eikelboom:** 'The size of the protection portfolio can be seen as a result of the allocation rules for excess return. That protection portfolio, together with the interest rate derivatives, must achieve the desired interest rate hedge per participant. Removing the borrowing constraint then does
a seizure of the euro-size protection portfolio.'

**Daniel Rijs:** 'I see a big difference with matching liabilities now and after the Wtp, especially in the benefit phase. In the accrual phase, there is often a low allocation percentage of protection returns and bonds are also more likely to take on a role of diversifier in an asset-only context. The match will grow more and more as participants get older and closer to the payout moment. Therefore, the average duration of such a match will be shorter than today.'

**Is a shift in the product range also to be expected?** **Arthur Stroij:** 'I think the product range will remain broadly the same in terms of instruments. We will still hedge

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Rosenberg started in banking.

### Martin Sanders

Martin Sanders joined AXA Investment Managers as Head of Pension Investments in 2020. Prior to this, he was Managing Director at Altis Investment Manage- ment for three years. Sanders has worked in the Dutch and European pension world since 1991. During
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forms the basis for this. Then you automatically end up with swaps and high-quality government bonds. Of course, it is true that hedging is getting shorter. As a result, there will probably be a bit more emphasis on fixed income, also because there is a bit more supply there in the shorter maturities. You want to make the swap yield at the same time, so I don't rule out also looking at mortgages and credits to still grab that spread above the swap rate and make the swap yield with your protection portfolio.'

**Van Stuijvenberg:** 'The basic concept will not change. Within LDI portfolios, there will be an allocation shift from long maturities (50 and 40 years) to shorter maturities. In addition, I expect that one will have an incentive to hedge more accurately than now. This is because - in the mostly chosen theoretical variant - one prefers not to offset irregularities in interest rate hedging with the return portfolio.'

**Klerkx:** 'Now, within the FTK, you can include inflation-linked bonds (ILBs) in the LDI portfolio and let young and old benefit from inflation protection. Because of the Wtp, that becomes more difficult. If you go to the protection portfolio, you can allocate it to the elderly, but at a theoretical protection yield, it is more difficult. Then it goes to young people. Besides ILBs, I believe in assets that generate additional returns over the long term versus inflation. I think that is an important source for achieving the ultimate ambition.'

**Stroij:** "I agree with inflation matching, that you want to beat inflation. For the FPR and SPR contract variants with realised returns, more customisation is possible. For older cohorts, you can think here of targeted inflation hedging. But also, for instance, cash flow matching strategies. If you neatly match cash flows for the first few years, with a nice spread on it, for instance, you can still grab some return and generate secure cash flows for older people.'

## 'I see clear modules within the FPR for yield, interest and matching.'

### What is the objective pursued by the protection portfolio?

**Martin Sanders:** 'The aim is for the real product pension to try to keep up with wage development in the accrual phase and purchasing power development in the benefit phase. It is clear that young people can build up capital to buy in a chunk of inflation later, but the older cohorts have not been able to do so to date and it is questionable whether they can do so at all. There is a danger that pensioners will soon be locked into nominal capital with no preservation of purchasing power.'

### Is a purchasable pension even feasible?

**Sanders:** 'For participants up to 50 years of age, this will certainly be feasible: the younger the better. But from the age of 50, and certainly for retirees, it will be difficult. If you can only invest 20% to 30% in a business value portfolio, it might be possible to catch up with 1% inflation, but 2% is probably impossible.'

**Roeloffs:** 'Colleagues of mine have done research on that and it showed that the new schemes are better at inflation correction than the FTK. Whether better is also good enough depends, of course, on what inflation shocks we will actually see.'

**Ralph van Daalen:** 'I read that report and what struck me was that the flexible premium scheme came out even better than the solidarity scheme. So basically the conclusion is: no buffers is better than buffers. The volatility of projected benefits will result in more frequent transactions and changes and also slightly different expectations.'

**Sanders:** 'To date, there has been a lot of focus on the theoretical protection element, probably on the basis that that is the most similar to what we have done so far. I
think there is still too little research

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'The average pension of a Dutch person is not even the amount of the AOW.'

done to the real protection element, because that has the advantage that you can give excess returns to those who need it, namely those in the older cohorts.'

**Kobus:** 'If you have different cohorts, you need to set up different LDI portfolios under the bonnet, because you cannot match everyone's interest rate profile with one LDI portfolio. Those portfolios have to be self-sustaining. It is operationally complicated.'

**Klerkx:** 'There are, I think, still many pension funds that have a large enough LDI portfolio to also provide customisation and flexibility. To return to inflation for a moment: what matters to me is inflation shocks versus more structural inflation. With certain corporate securities, you can track structural inflation very well. But it is precisely the inflation shocks that, if you have just retired and locked into a nominal pension, cause problems.'

**Stroij:** "If inflation persists for a long time, even the solidarity reserve will ultimately not provide sufficient protection for old cohorts.

**Eikelboom:** 'Many pension funds are reformulating the ambition around inflation for the new contract. A 100% indexation seems very ambitious and has actually not been achieved by many funds in recent years. Fixing that ambition in the future scheme has a significant impact on the allocation rules to be determined.'

**Rosenberg:** 'Ultimately, it is the social partners who determine this and things like premium levels also play a role in this.'

**Sanders:** 'The ambition should be 100% indexation. For young cohorts, I am not worried about that. For the oldest cohorts, the BTC simply does not build up enough capital. It is logical that we cannot fully index for the elderly now, but I hope this will be possible in the future.'

'The L remains, but in slightly different form.'

**Van Daalen:** 'The new scheme is designed for that member who is on the eve of his pension accrual. What happened in the past cannot be adjusted for a pension fund with just a new scheme. Incidentally, the first ALM studies show that the new scheme will ultimately improve on the old scheme for the older cohorts.'

**After encashment, LDI no longer hedges liabilities but projected cash flows. Does this create additional complexity? And if so, are there solutions to this?**

**Van Stuijvenberg:** 'I propose to start using an annual forecast file in which the cash flows to be covered are determined in advance for each month.
This avoids unnecessary, frequent adjustments by the LDI manager. This forecast file is adjusted intra-year only when there are significant changes in the forecast cash flows. This way, the LDI manager has a clear objective, frequent adjustments are avoided, and the hedge will also not be able to get too far out of sync with the underlying objective.'

**Stroij:** "Volatility will make it more important for the LDI manager to look not only at the protection portfolio, but also at the return portfolio to find out what is happening in it, so that any changes in the return portfolio that affect hedging can be anticipated.

**What are the optimal forms of protection portfolio management: e.g. integral or composite?**

**Eikelboom:** "Both are possible. There are so many dynamics in managing the protection portfolio that you sometimes want space to be able to switch between swaps and bonds, for example. The purpose of the protection portfolio, namely the effective hedging of interest rate risk, remains central to this.'

**Rijs:** 'Integral or composite depends partly on the investment beliefs of the fund with regard to achieving risk premiums and spreads within a protection portfolio. I believe that with integral management you have at least some flexibility, especially also in light of collateral management.'

**Stroij:** "I think integral fits very well with a collective portfolio. You can also use building blocks within a collective portfolio to hedge a profile. You could of course develop products that switch between spread products and swaps as the spread changes, which captures the benefits of integral management within a building block. The question is whether there is demand for this from the market. For that matter, the appropriateness of integral management or composite management with building blocks also very much depends on the choice of contract.'

### Will there still be enough room for customisation in the Wtp?

**Klerkx:** 'The LDI portfolios are really big enough to enforce customisation. And that might get stronger once the transition is over.'

**Sanders:** 'A lot of customisation will remain necessary, because every fund is still unique in its structure, wishes, risk profile, the attitude of its participants. And last but not least, to what extent you can make the sustainable character builds in. And then there is also a choice of LDI managers. So there will certainly need to be as much customisation under the Wtp as under the FTK.'

### For the protection return, you may (or must) invest per cohort. For the excess return, you may not, but each cohort gets a percentage of the same excess return. Isn't investing by cohort for excess return a better outcome?

**Rosenberg:** 'You're actually using the collective to spread out.
Actually, it is beneficial that you don't offer customised excess returns. For example, pensioners can more easily have exposure to illiquid categories.'

## 'As a pension fund, you have at least a third of your portfolio in dollar investments.'

**Sanders:** 'You could also allocate the excess return per cohort just like the protection portfolio. If you work with one return portfolio for all cohorts, you could indeed say, for instance: 'What should an eighty-year-old do with private equity?' But that doesn't matter so much, because they have a very small allocation to it anyway.'

**Van Stuijvenberg:** 'The additional feature in the FPR - namely that there can be a different asset mix per cohort - allows for more accurate risk adjustment. For example, pensioners could have a higher proportion of inflation-linked investments in the return portfolio. The extra room for manoeuvre in the FPR allows for more sophisticated risk management as well as better steering for a value-preserving pension.'

**Roeloffs:** 'That is an advantage of the FPR, that you can fine-tune per age cohort better than in the SPR theoretically. A disadvantage, of course, is that you can put together a less optimal portfolio on a total level and less liquid investments into that portfolio.'

## 'Fiduciary managers should be pension funds continue to advise.'

**Eikelboom:** 'Our adage is: first turn and then beautify. The existing porte- feuille and policies are often an excellent basis for a good set-up under the Wtp. Refinements of policies and the introduction of new investment categories are possible, but may be much more appropriate at a later stage. A manageable number of investments in the FPR also reduces costs.'

**Rijs:** 'It might be better to start with a basic lifecycle and over time realise more customisation and fine-tuning of and within the lifecycles.'

**Eikelboom:** 'I see clear modules for return, interest and matching within the FPR. If you tailor those to investment content per pension fund, they can fit well with the risk attitude. Above all, keep it clear.'

**Sanders:** "There is a big difference in assets between people at retirement date. If you have a lot of savings, you might want to invest more in a marketable securities portfolio than your pension fund offers as standard. That option is not offered now, but I think that could be an area for improvement.

At the time it is important to you, you have to be able to make choices. So you want more flexibility in the arrangements.'

### What is the role of illiquid investments under the WTP?

**Klerkx:** 'Pensions are there for the long term. I hope the transition to the At least WTP is not going to reduce illiquid investments. I do think it is possible, but it needs to be looked at carefully.'

**Roeloffs:** 'Within the SPR, there is no reason to invest less in illiquid assets. Within the yield portfolio, it is perfectly possible to invest in them. An allocation to illiquid investments is also appropriate within the FPR. I hope pension funds will continue to have the courage to make that choice.

**Stroij:** "The reasons for being in illiquid investments are yield and diversification. Those are not going to change at the SPR. There is a shift towards making more returns, so the return portfolio will get bigger and the protection portfolio will get smaller and smaller. If you make the protection portfolio small, there is less room for illiquid investments because you need liquid assets to fulfil your collateral obligations under swaps. This is sometimes not quite on the radar of pension funds. If you make the protection portfolio small, is there still room to invest in mortgages, for instance? That's a good question, because there are quite a few pension funds that have quite a large allocation to mortgages. Investing a significant part of your match in mortgages is not possible within your protection portfolio if you make your protection portfolio very small.'

**Eikelboom:** 'Illiquid investments remain very important because of the illiquidity premium to be gained. I see plenty of opportunities, both in the FPR and the SPR, provided good shock analysis has been done. One difference, I think, is that value transfers, collective and individual, can be large in the new scheme. There could be large changes in assets, which would make valuation agreements

are important: at what valuation do I get in and out, especially if there are large flows? Analyses of ours show that too.'

**Rosenberg:** 'The liability remains the same under the current system, but soon you will have more fluctuating assets per person. Therefore, you would like to value per month and lagging valuations of illiquid investments does become an issue.'

**Roeloffs:** 'That is a procedural and communication matter.'

**Rosenberg:** 'That's true, but you have to be clear about how big the effects can be and make clear agreements about that.'

**Kobus:** 'In the FPR, that's a bigger issue than in the SPR.'

**Now many pension funds focus on the funding ratio. Other things are important too, of course, but now they will be looked at first. What will soon be the new target point?**

**Rosenberg:** 'It varies by age category, but you can also see great variation within age categories.

Risk preference is important. And what is the ambition of social partners in terms of replacement value? Those should be
calculate and communicate regularly to establish where you are now. It does involve ex-post figures that are not so easy to use as control variables. That's just tricky.'

**Kobus:** 'The retiree will look at the benefit now and next year. The active member will look at the return.'

**Klerkx:** 'Assets are obviously going to be very volatile, depending on interest rates, among other things. It would be good if pension funds could agree on what they communicate about, that they are not all different figures.

Ultimately, you have to keep the focus on the pension. The coverage ratio of a fund like ABP may be fairly stable, but its assets have been very volatile.'

## 'There will be an allocation shift from long maturities to shorter ones.'

**Sanders:** 'The expected pension is indeed the topic that all pension fund managers prefer to communicate about. But they are also obliged to communicate about assets and returns and explain everything if, for instance, interest rates and share prices fall. Pensioners are little affected, as they have protection arrangements and are compensated for falling interest rates. The young face a big minus - why is that and how is it explained?'

**Currently, with the coverage ratio, everything goes up or down. In the new situation, one group may get a positive message, while another group may be told that it will go down.**

**Rosenberg:** "We did a backtest for 2022. It turned out that pensioners were lucky to have solidarity insurance that allowed them to maintain their pensions. But those in their forties simply improved. They may have had a smaller capital, but because of the sharply increased interest rates, they had a higher projected pension. That is very difficult to explain and that does worry me.'

**Van Daalen:** 'I think it becomes a problem the moment people actually start looking more in their pension portal. I don't know if the transition to a new pension scheme is going to bring that about. But if it does, it means that people will become more aware of their pensions. And then the question is what are you going to show them? The younger members will be focused on capital and what it does. There is ultimately a replacement value in that and that, left or right, is going to be very volatile. As you move more towards retirement, you will start to focus on that a lot more. Initially, let's hope that people will

become a little more interested in their >

## 'Information flows are becoming more intense and extensive.'

old-age provision. The average pension of a Dutch person is not even the height of the AOW. There will also be a big difference between how people look at that versus a pension that is many times higher.'

**If we will soon have no funding ratio, will there still be room for dynamic policies?**

**Eikelboom:** 'I think interest rate-dependent policy is going to become much more important again in the coming years. After all, because of age-dependent investing, the difference in exposure to interest rates between the different age cohorts is large. With an interest rate-dependent policy, you may be able to respond better to stabilising (future) pension benefits and to a higher return expectation for interest rate products.'

**Sanders:** 'I totally a g r e e with that. Two or three years ago, when interest rates were extremely low, the reasoning was: who is going to fix something longer at such a low yield? That view has been cast in a very different light by the recent interest rate rises, let alone if interest rates rise even further. You have the long-term effect of interest-on-interest and the diversification of the return portfolio. Those two are just very strong.'

**Kobus:** 'Dynamic hedging can be done in different ways: at balance sheet level or at allocation rule level. That is still in its infancy, though.'

**Stroij:** "The reason you use an interest rate ladder is often because you have a certain interest rate vision and hedge a bit more at a high interest rate level and a bit less at a low level. If you are going to use an interest rate tier within the new schemes, you do so in the knowledge that an older age cohort wants security, or in other words just a certain interest rate match that will not be compromised. If you're going to do something with the interest rate taper, that mainly targets the younger cohorts. Then you get into the operational stuff. Doesn't it

become very complicated to do that for different

arrange age cohorts? Is that doable? There are still a few snags, which is why I think in principle we will see fewer interest rate bands. Once we get used to the new contract for a bit longer, maybe that will change.'

### Will currency hedging soon be necessary?

**Rosenberg:** 'With one of my funds, we looked at that. That's a fund with relatively a lot of illiquid investments and euro investments. The equity portfolio is, of course, heavily in dollars and also partly in EMD. We came to the conclusion that we are going to stop hedging currencies. A long-term ALM study showed that we were mostly incurring costs with hedging, making pension results worse. Year-on-year deviations were very limited. I can imagine that, for instance, a pension fund that invested a lot in private equity in the US and other non-euro countries would come to a slightly different conclusion than completely stopping currency hedging. But the high hedging percentages now in place at some pension funds are, I think, going to disappear.'

**Roeloffs:** 'Currency hedging remains important as it removes unrewarded risk and therefore provides a higher risk-adjusted return. However, with the removal of FTK and VEV requirements, we can look purely at the optimal degree of hedging. And that, in many cases, is lower than 100%.'

**Van Stuijvenberg:** 'I largely agree with that. For many years, I have seen in my risk tooling that currency hedging increases rather than decreases solvency risk. The underlying reason here is mainly the US dollar, which is dominant in the currency hedge and behaves as a 'flight to safety asset' in the most negative scenarios. Hedging the US dollar eliminates its dampening effect in the portfolio and increases solvency risk. Because of the current DNB capital requirements (S Model), people usually hedge the dollar anyway, but that argument comes to an end in the new system

expire. In the future, one may choose to hedge the US dollar sharply less, while for other currencies a 100% hedge is chosen from the point of view of 'always hedge non-rewarding risks'.

**Klerkx:** 'I would still be a bit careful with backtests for currency risk and look a bit more ahead in an ALM study and put some more scenarios next to each other. After all, the past period has been extraordinary for the dollar. I am glad that we are going to map more of our own risks and thus also distinguish between an exposure to, for instance, the S&P, with a lot of revenues not coming from the dollar, and US treasuries, which are simply 100% in dollars.'

**Stroij:** 'Surely, as a pension fund, you have at least a third of your portfolio in dollar investments. Surely it makes sense to look at the total dollar exposure of the portfolio and to hedge part of it. After all, who guarantees me that in the event of the next crisis, the dollar will remain a safe haven? That is obviously not guaranteed, especially because of the debt burden of the United States.'

### How can lifecycles be used dynamically?

**Rijs:** 'In the current investment policy, you often see elements of dynamic policy, depending on funding levels. Something similar no longer exists under the WTP. An alternative could be to use relative valuations of capital markets as a dynamic policy to realise more or less exposure within lifecycles. After all, as a long-term investor, you have to deal with over- and undervalued markets at regular intervals.'

**Klerkx:** 'We're talking about dynamic policies within an LDI portfolio, perhaps within cohorts. That might be possible for the somewhat larger pension funds, but for many pension funds it is about dynamic policies between different portfolios and cohorts.
That you set up allocation rules there in a certain way, so that you use

'We are going to stop hedging currency.'

can make belief in mean reversion or not.'

### What is the role of the fiduciary during the transition phase to the Wtp?

**Roeloffs:** 'Broadly speaking, I think there are two roles. One is to advise. In some pension funds this role will be bigger than in others, but it is important either way, because as a fiduciary you know the pension fund's portfolio and clients better than anyone else. The other role is operational. As a fiduciary, you have to make sure that all the processes are well set up, so that in the run-up to the transition, at the time of investment and also afterwards, the portfolios are well managed, monitored and reported.'

**Eikelboom:** 'I would say in this case: invest in the triangular relationship. By that I mean the pension fund itself, the pension administration and the fiduciary. That is important to organise the lines, the information flows and the coordination between people well, so that you can find each other blindfolded at the moment of transition. You can already work hard on this now by, for example, discussing joint preparations every week.'

**Kobus:** 'The switch is a challenge because the FTK portfolio is not the same as the portfolio in the new system. You are on the front or back end with a different portfolio. In doing so, it is a big risk that you all have to go through the same door.'

**Klerkx:** 'In the run-up to moment X, you see a bit more defensive investing and a bit more interest coverage. After that, you take a different course. We advise our clients in this exceptional case, where you therefore know that at a moment
in the future is going to deviate from your adopted investment policy, buy options to ensure a good outcome. The moment of entry must then be clear. However, there is a lot of uncertainty about that. But if you know, it is worth looking at an options strategy.'

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'A lot of customisation will continue to be needed.'

**Stroij:** 'You buy options to protect the funding ratio at the time of inflation and thus ensure a smooth transition to the new system. As a pension fund, you need to prepare well for this. You want to have the necessary tools in your toolbox. When using options, preparing the operational set-up is also important. Again, it has probably been said a hundred times: start this in time, because this takes time.'

**Van Stuijvenberg:** 'When you opt for swaptions, you are protected up to the moment of entry and retain the possible 'upside gains' of an interest rate rise. As you get closer to the end date, the delta becomes higher and the protection more accurate. So in that respect, an options strategy works fine. I also see several parties looking at it, but often shocked by the high option premium.'

**Rosenberg:** 'Many pension funds are not properly set up to use options strategies. Not just because not every manager understands them, but as a pension fund you can't say to your fiduciary: 'There's a crisis, so let's start trading options now.' You have to take at least six months to set that all up.'

### What are the biggest risks in the transition phase to the new pension contract for the (matching) portfolio of pension funds?

**Stroij:** 'The moment of transition that is often chosen is 1 January. There is a danger, as mentioned, that pension funds all have to go through the same door at the same time. The last two weeks of December are historically illiquid and so it is difficult to make changes in your portfolio unless, for instance, you are already deliberately anticipating this at an earlier stage. Pre-sorting can of course be done in various ways with, for example, a gradual transition to the new portfolio, but a plan of action is recommended. Of course, you can also choose a different time than 1 January and avoid the illiquid period of December.

## 'It is worth looking at an options strategy.'

This gives you a window of time closer to the transition date to make the turn in your portfolio.'

### What will change for fiduciary managers once the Wtp is introduced?

**Roeloffs:** 'I think the role of the fiduciary will remain at least as important as it is now. The expectation is that there will be much more communication about what is happening in the different cohorts for the different participants. The fiduciary is the one who has to enable the pension fund to share that investment information with its participants. Those information flows will become more intensive and extensive.'

**Rijs:** 'If the WTP is in place, fiduciary managers will have to continue advising pension funds. Currently, this is done on investment categories, strategic asset allocations (including dynamic policies), frameworks and guidelines. After the introduction of the Wtp, advice on asset allocations in particular will be replaced by advice on lifecycles, which are also subject to change. Everything will have to be reviewed every so often: is it still optimal, does the composition of the building blocks of the lifecycle match the attitude to risk? Basically just like now.'

**Klerkx:** 'In the run-up to the introduction of the WTP, fiduciary managers and pension fund boards are very busy with the transition. That takes a lot of time and energy, and rightly so. I hope that after the transition, they can really start focusing on the investments again and try to make nice returns and ensure a positive impact on the climate and society.'

**Van Daalen:** 'I expect that there will continue to be a need for the fiduciary to be the director of the entire investment chain and that pension funds will continue to trust that the fiduciary has built the right infrastructure to do so.' ■

## IN BRIEF

Previously LDI hedged stable liabilities, in the new regime LDI will hedge projected cash flows which depend on accumulated assets and expected returns.

Research has shown that the new schemes are better at inflation adjustment than the FTK.

Within the SPR, there is no reason to go less into illiquid investments.

With interest rate-dependent policies, it may be possible to better anticipate stabilisation of (future) pension benefits.

There is a danger that at the time of transition, pension funds will all have to go through the same door at the same time.

The role of the fiduciary will remain at least as important as it is today.