

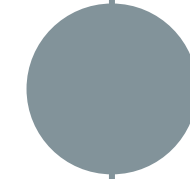
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# **Member Options and how it relates to your schemes long-term strategy**

17 June 2025

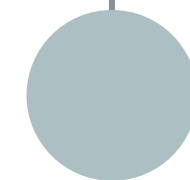


# What we are going to talk about



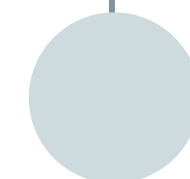
## Why now?

Big data and trends



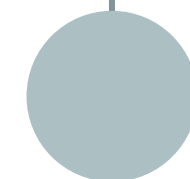
## How are you supporting members?

Insights from 250 clients



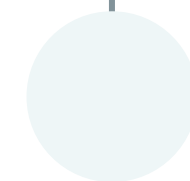
## How might it change?

The views of 10 insurers



## Live cases

How schemes are taking different approaches



## Questions

What do you want to know?

# 1

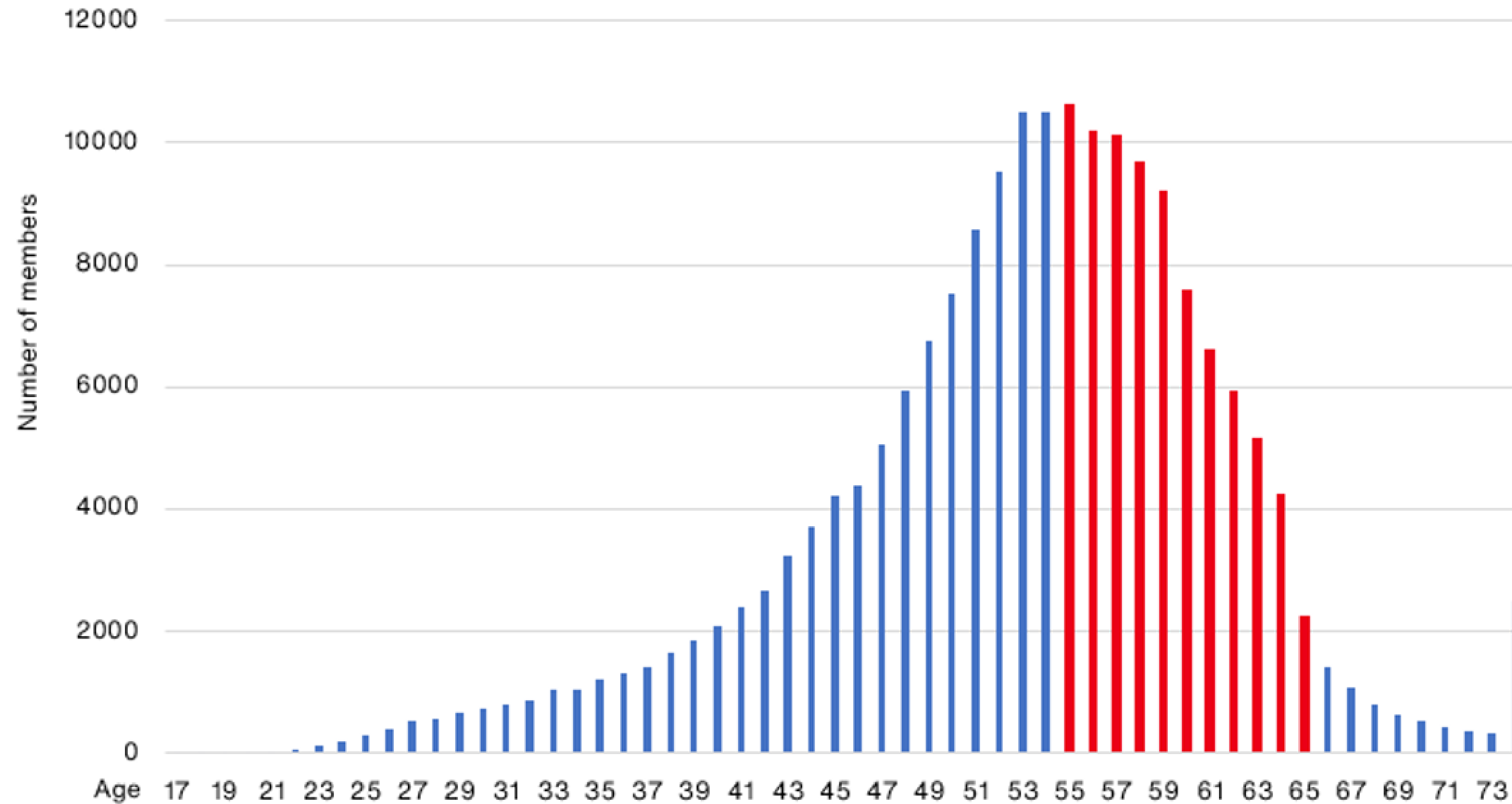
**Why now?**

**AON**



# Demography is destiny....

We are in the peak period of members making retirement decisions



Source: Aon administered pension schemes

Someone retires or  
transfers every  
**hour** of every day



# Rachel Reeves Refunds (RRR)

## £160bn surplus

Low dependency basis

3 in 4 defined benefit schemes in surplus



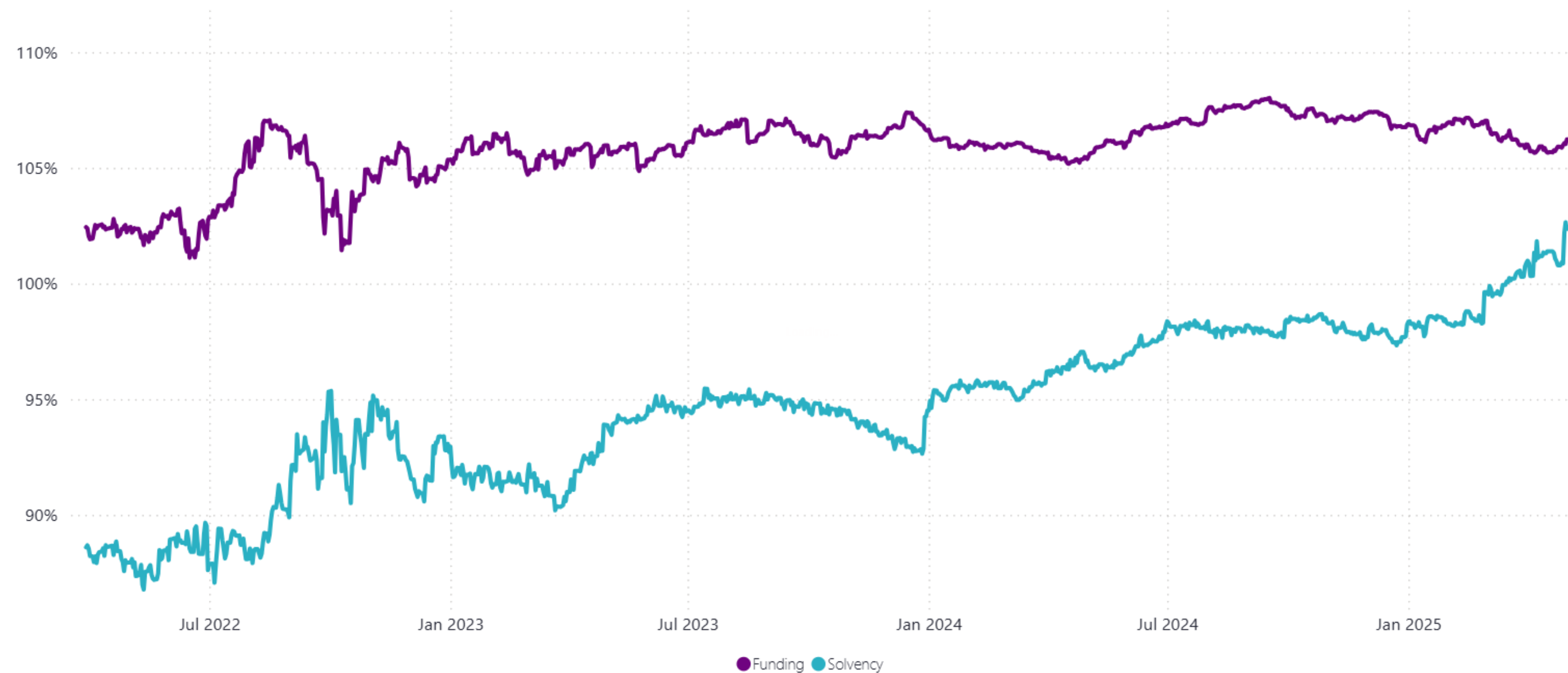
## £40bn out?





# For how long are they “your” members?

Average 'Funding & Solvency Tracking' (by Month Year)

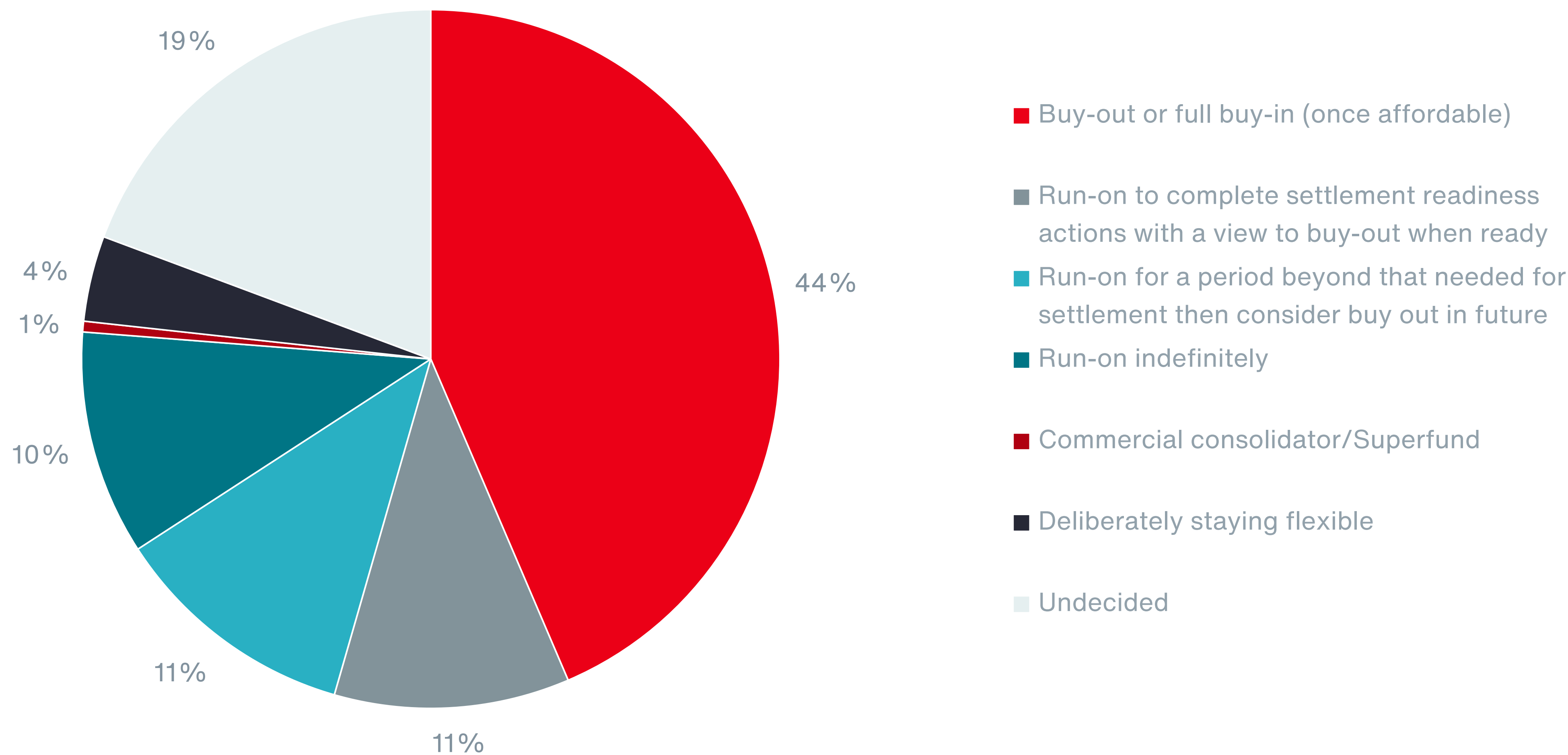


Source: Aon data from 372 schemes, tracking £226bn assets

Nearly **15%**  
improvement in  
average solvency  
funding level

**75%** of schemes  
are funded to at least  
90% on solvency

# So...what does the endgame look like?



# What changes for members and when?

**Running-on**

Member experience driven by Trustee / Sponsor

**Buy-in**

Member experience driven by Trustee / Sponsor, with regard to insurer position

**Buyout**

Member experience driven by the insurer

**The options / support available will differ after a transaction**

**Terms on available options will be different pre/post transaction**



# 1

**How are trustees & sponsors supporting members?**

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“

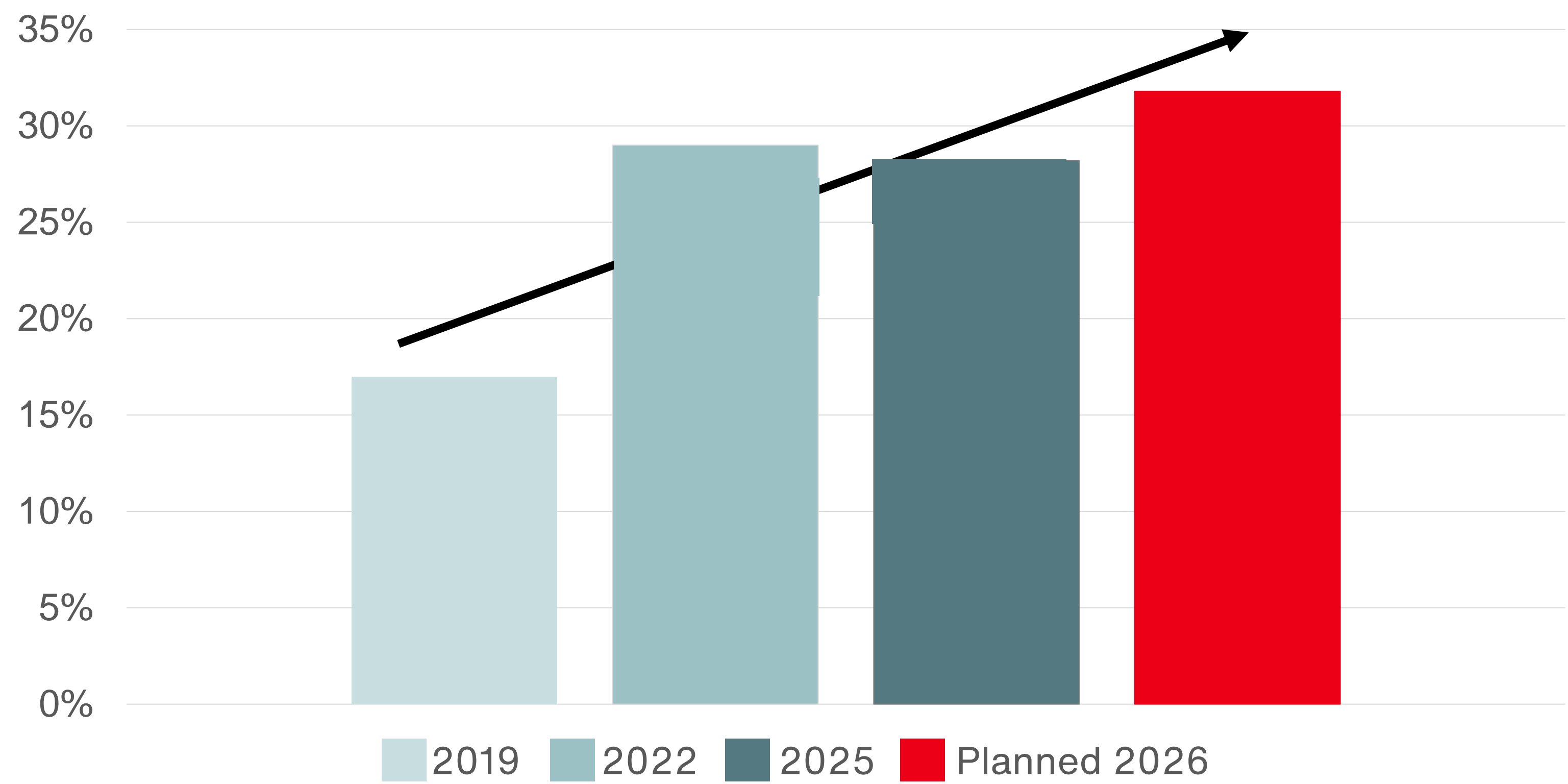
People Aren't Dumb. The World is Hard”





# More support for members

Providing personalised figures with online modeller and/or financial advice



Source: Aon Member Option Surveys 2019 - 2025

# A closer look at IFA support

**65%** Fully Paid-for advice

**25%** Preferred IFA **not paid for**

**10%** Subsidised advice

Cost

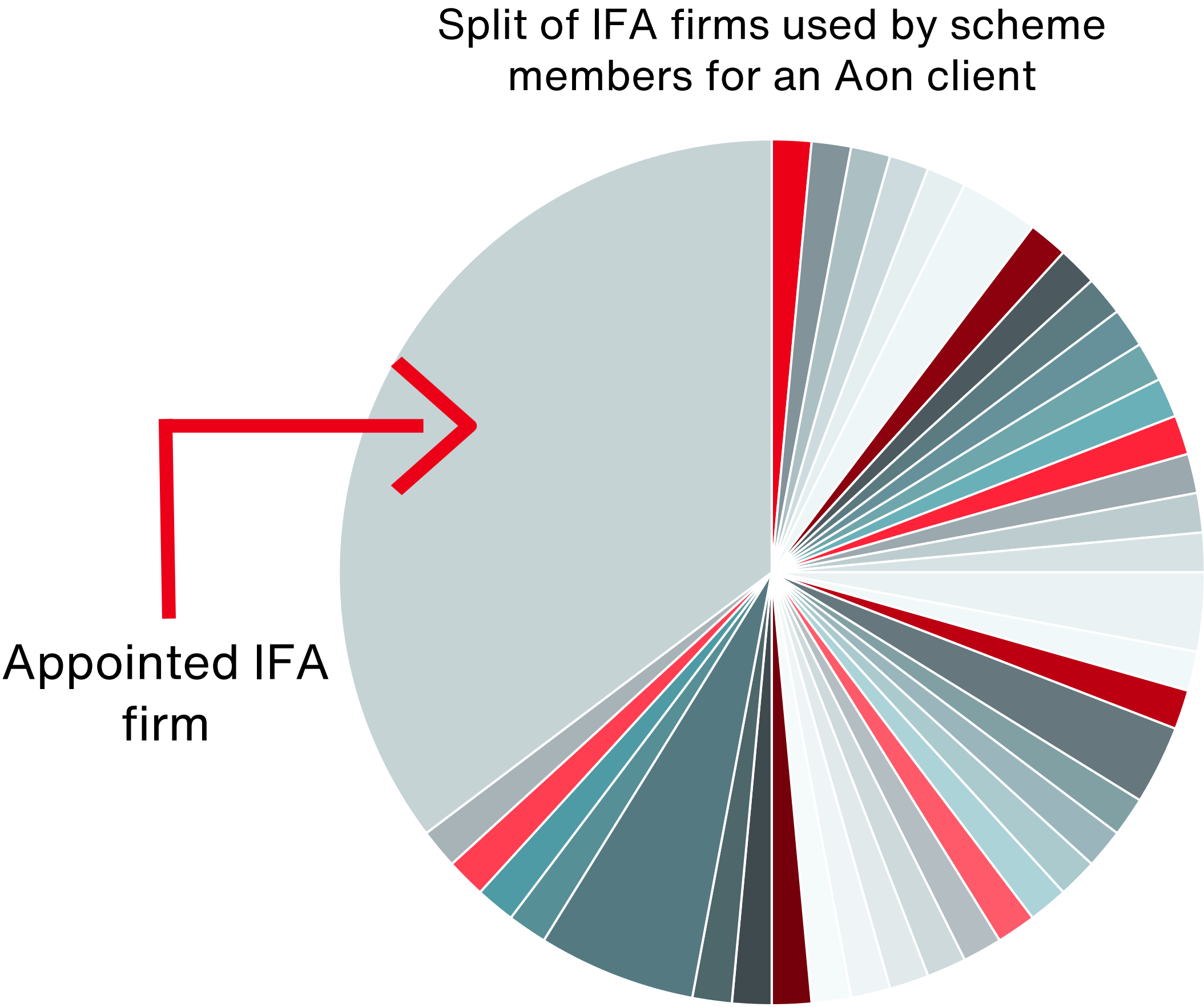
Speed

Protection

*Source: Aon 2025 Member Options and Support Survey*

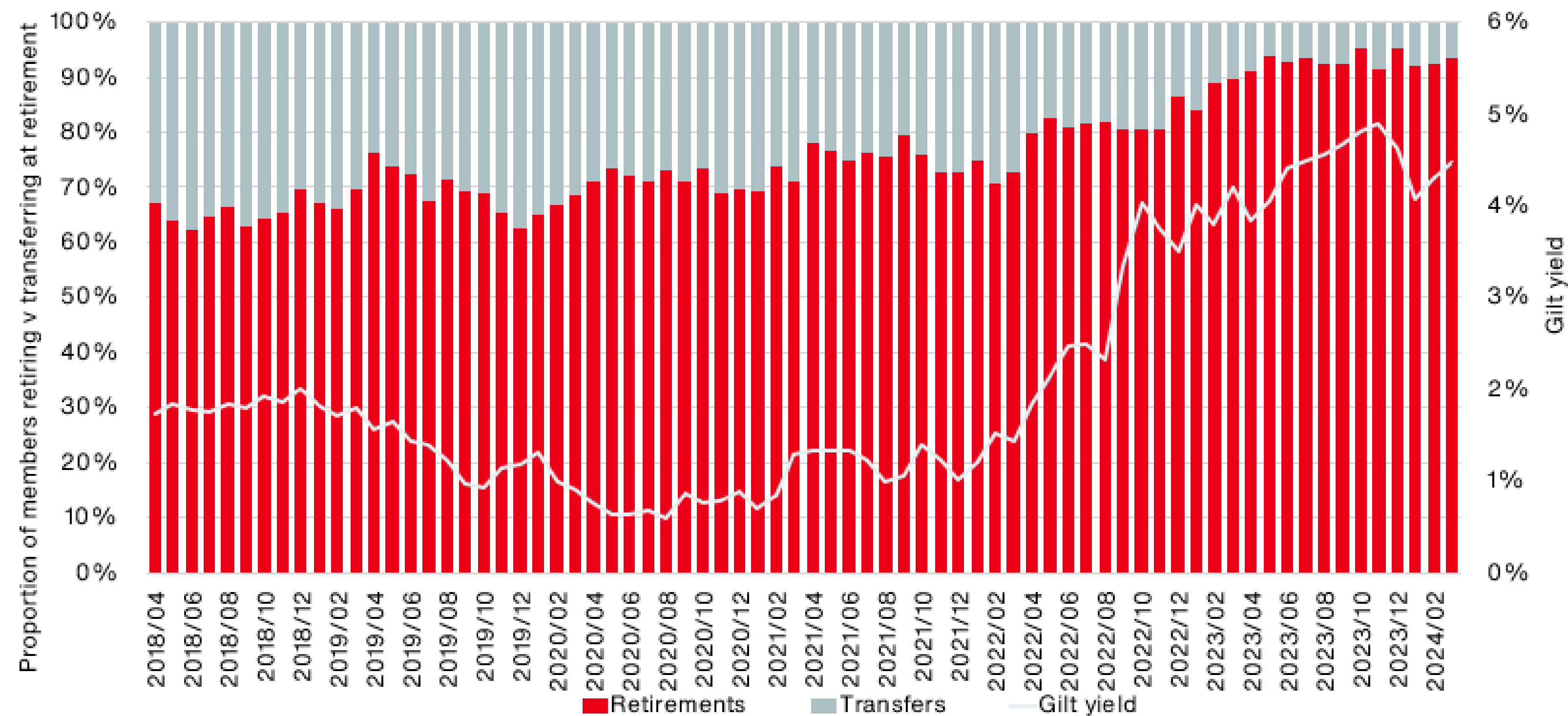


# Making an impact



Source: Aon client

# Less transfers, more options



The graph above shows the number of BAU transfers each quarter from Aon-administered schemes and the gilt yield at the end of each quarter

30%

of schemes to offer additional options at retirement, such as PIE or BPO in next 12 months

36%

Average take up of [PIE](#) at retirement option

55%

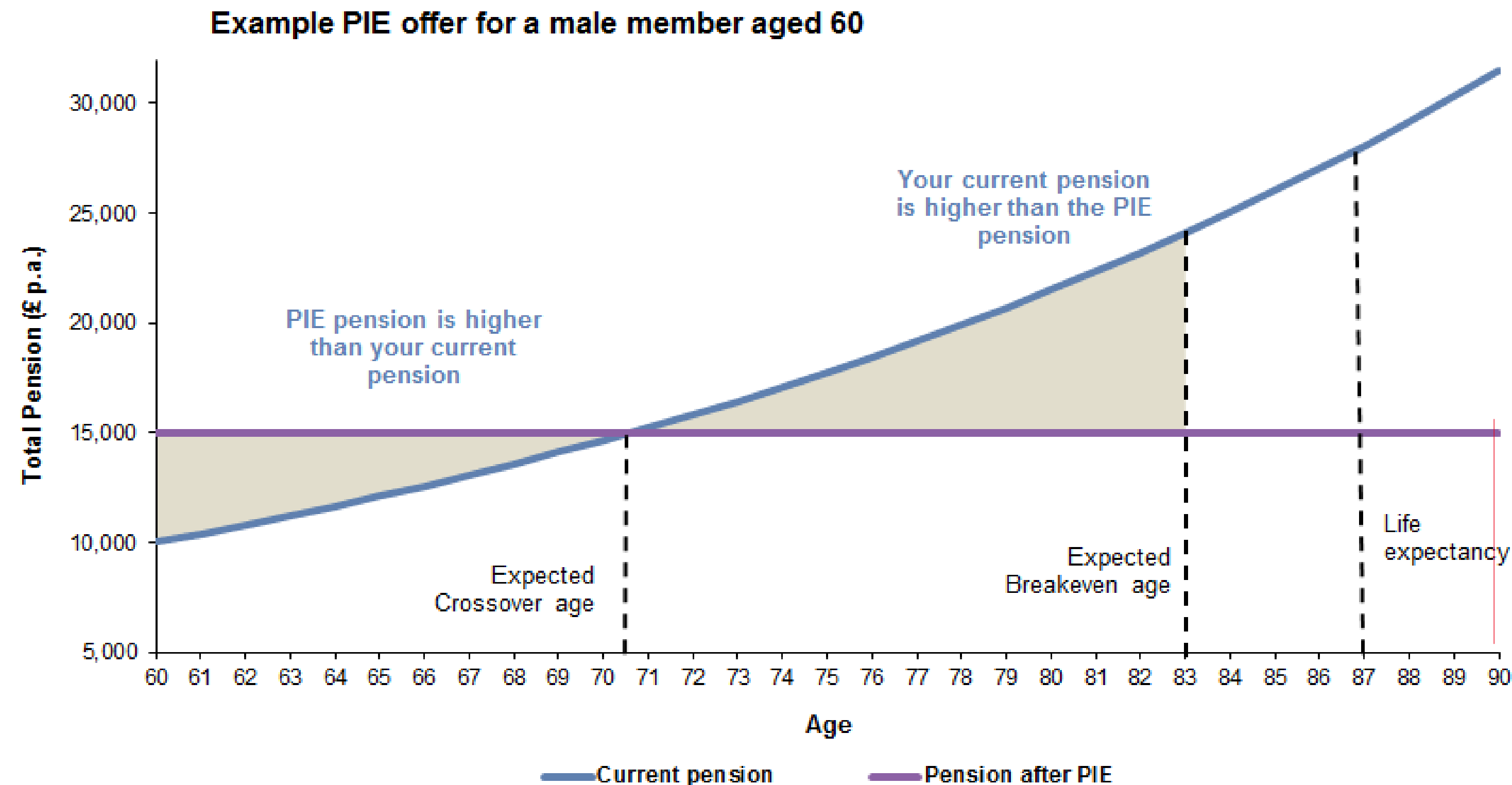
Average take up of [BPO](#) at retirement option

Based on Aon experience



# What is a Pension Increase Exchange?

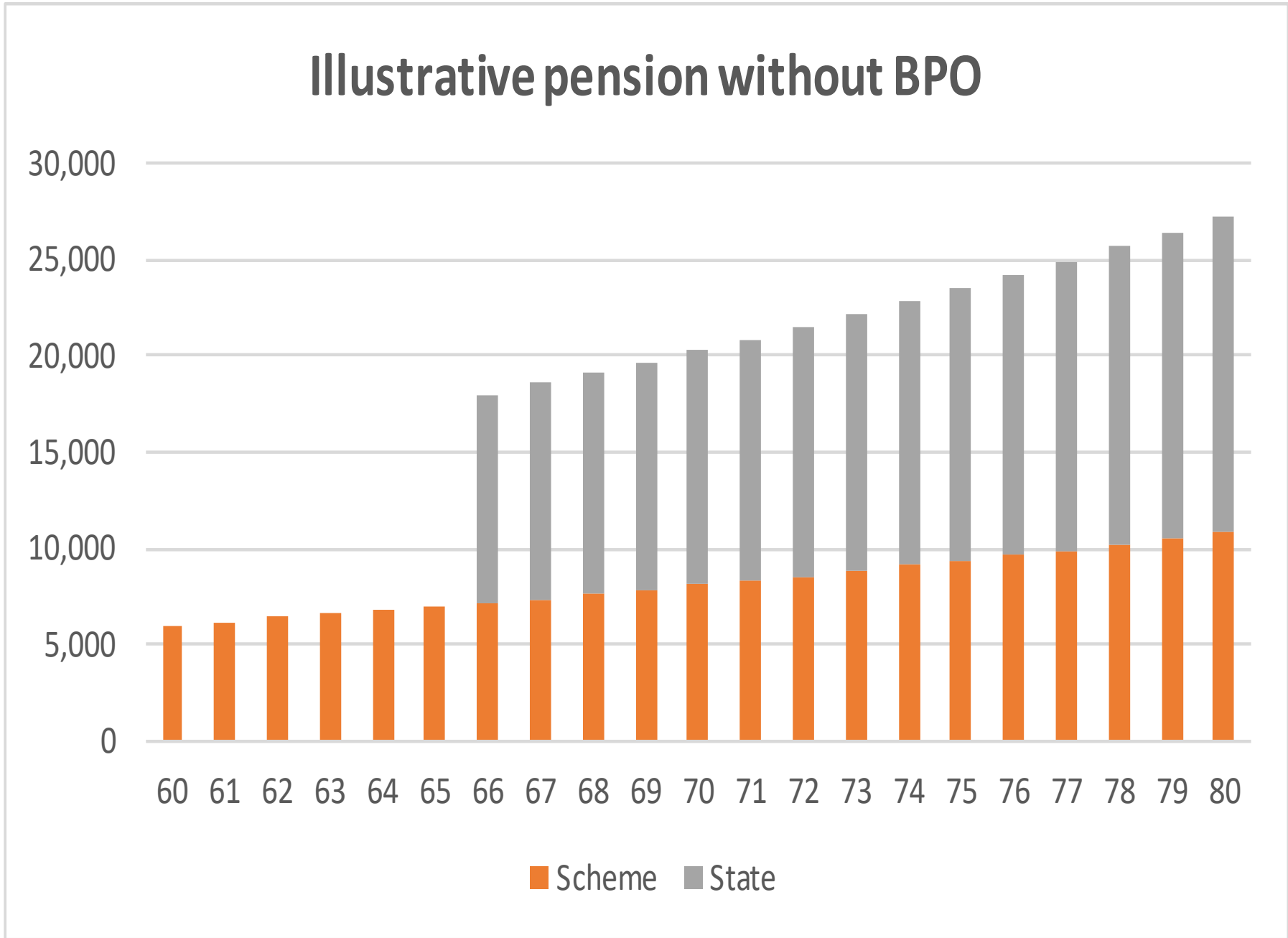
...the chance to exchange current inflation-linked pension for a higher level of non-increasing pension



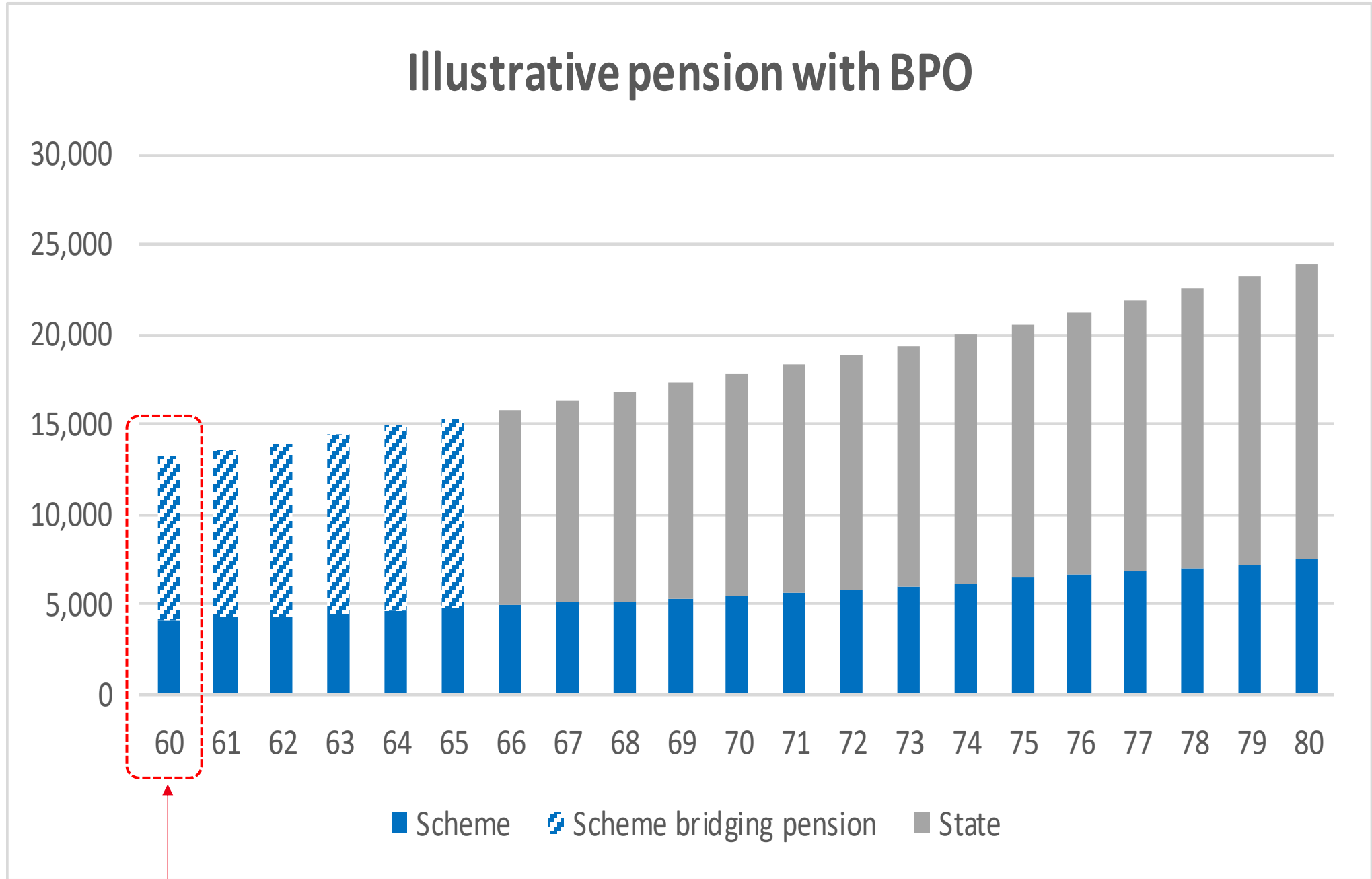
- Initial pension is higher
- ...as a result tax free cash is higher
- Generally limited to Pre97 pension (non-statutory pension increases)

# What is a Bridging Pension Option (BPO)?

A Bridging Pension Option (BPO) provides members with a higher starting pension which reduces at State Pension Age to provide members with greater flexibility and a smoother total income when combined with the state pension.



*Note: The chart is illustrative*



The higher starting pension typically used when calculating the maximum permitted tax-free cash



# 2

**How might it change?**

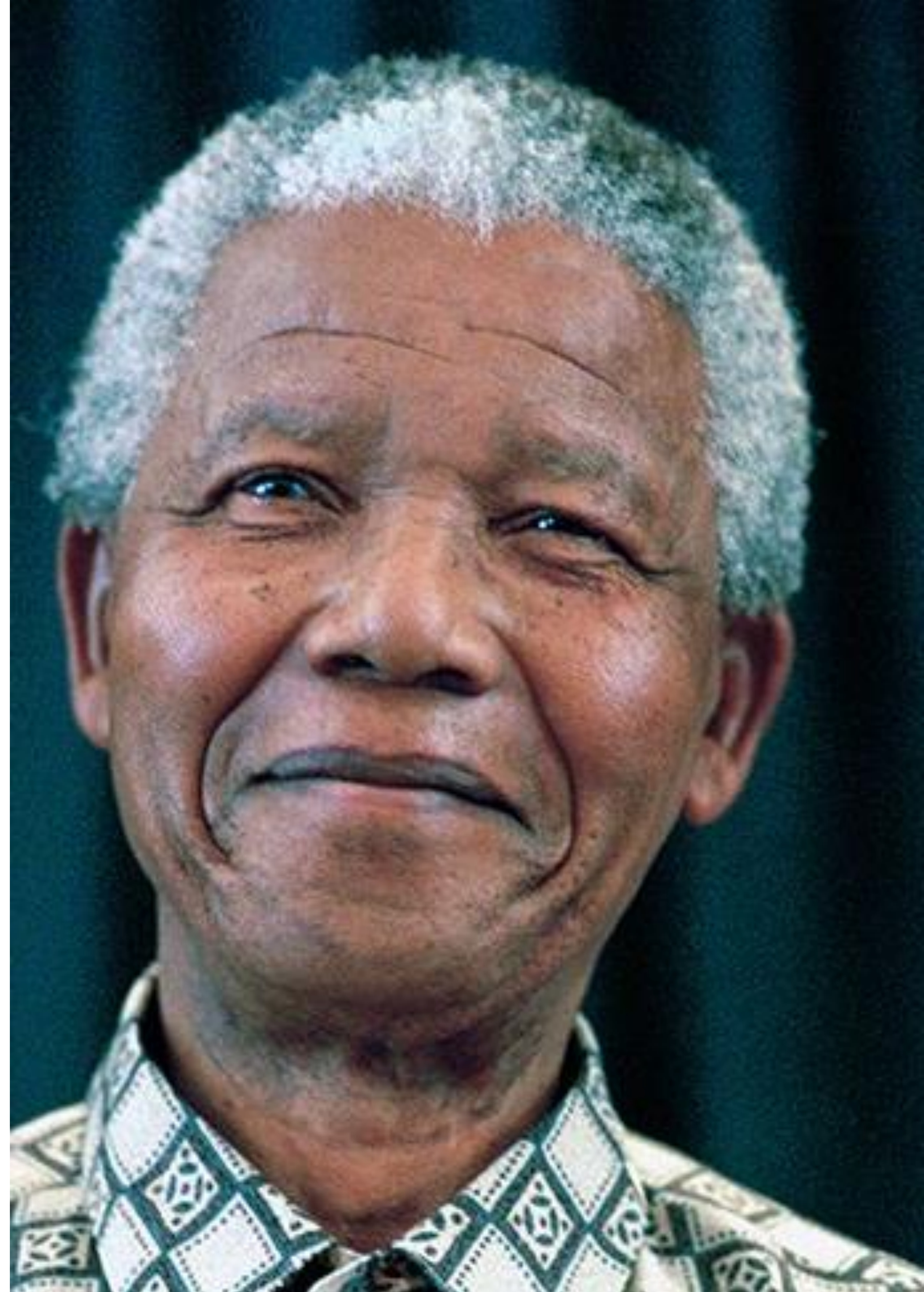
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“

Education is the most powerful  
weapon which you can use to change  
the world”





# Insurer member experience thoughts and priorities





# Insurer survey responses – from 10 insurers

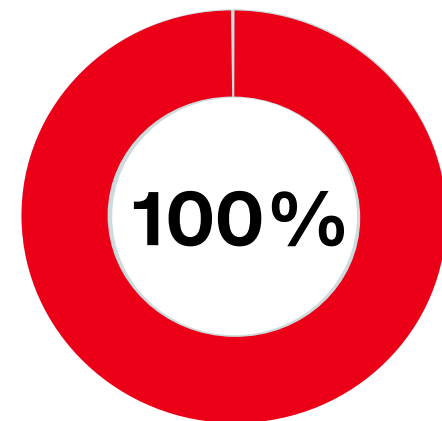
**Question:** “If approached to quote for a transaction within the next 12 months, would you expect to quote to offer the following options to members at retirement post-buy-out?”

	Insurer 1	Insurer 2	Insurer 3	Insurer 4	Insurer 5	Insurer 6	Insurer 7	Insurer 8	Insurer 9	Insurer 10
Transactions <£150M										
TV*	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
PIE	✗	✗	✗	✗	✗	✗	✗	✓	✓	✗
BPO	✓	✓	✓	✗	✗	✗	✓	✓	✓	✓
Transactions £150M - £750M										
TV*	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
PIE	✗	✗	✗	✗	✓	✗	✗	✓	✓	✗
BPO	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓
Transactions > £750M										
TV*	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A
PIE	✗	✗	✗	✓	✓	✗	✓	✓	N/A	N/A
BPO	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A

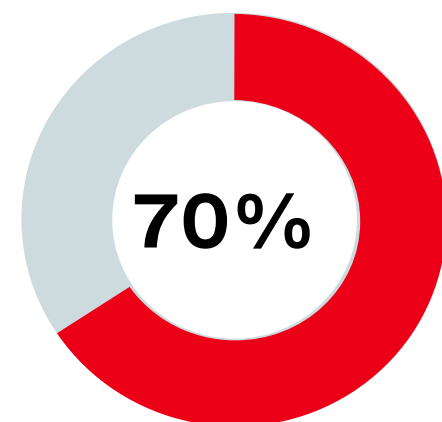
\* Either quoted automatically in retirement packs or available via admin self-service tools.

# Insurers current at-retirement offerings

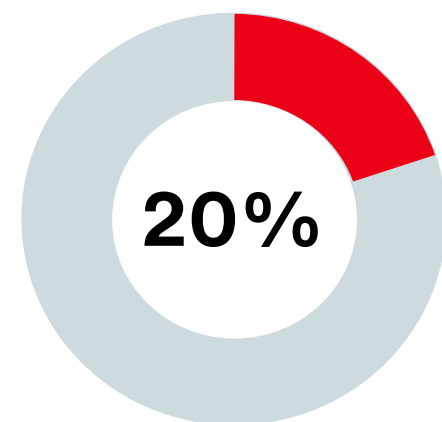
## Smaller Schemes (<£150M)



Transfer  
Values

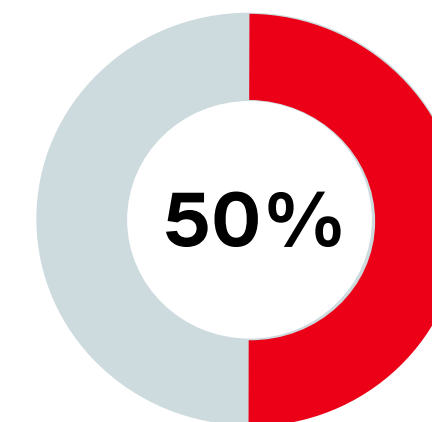
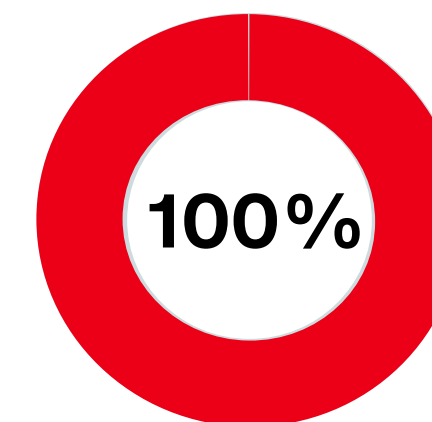
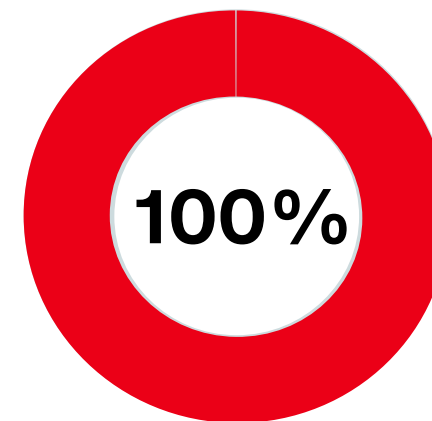


BPO



PIE

## Larger Schemes (>£750M)



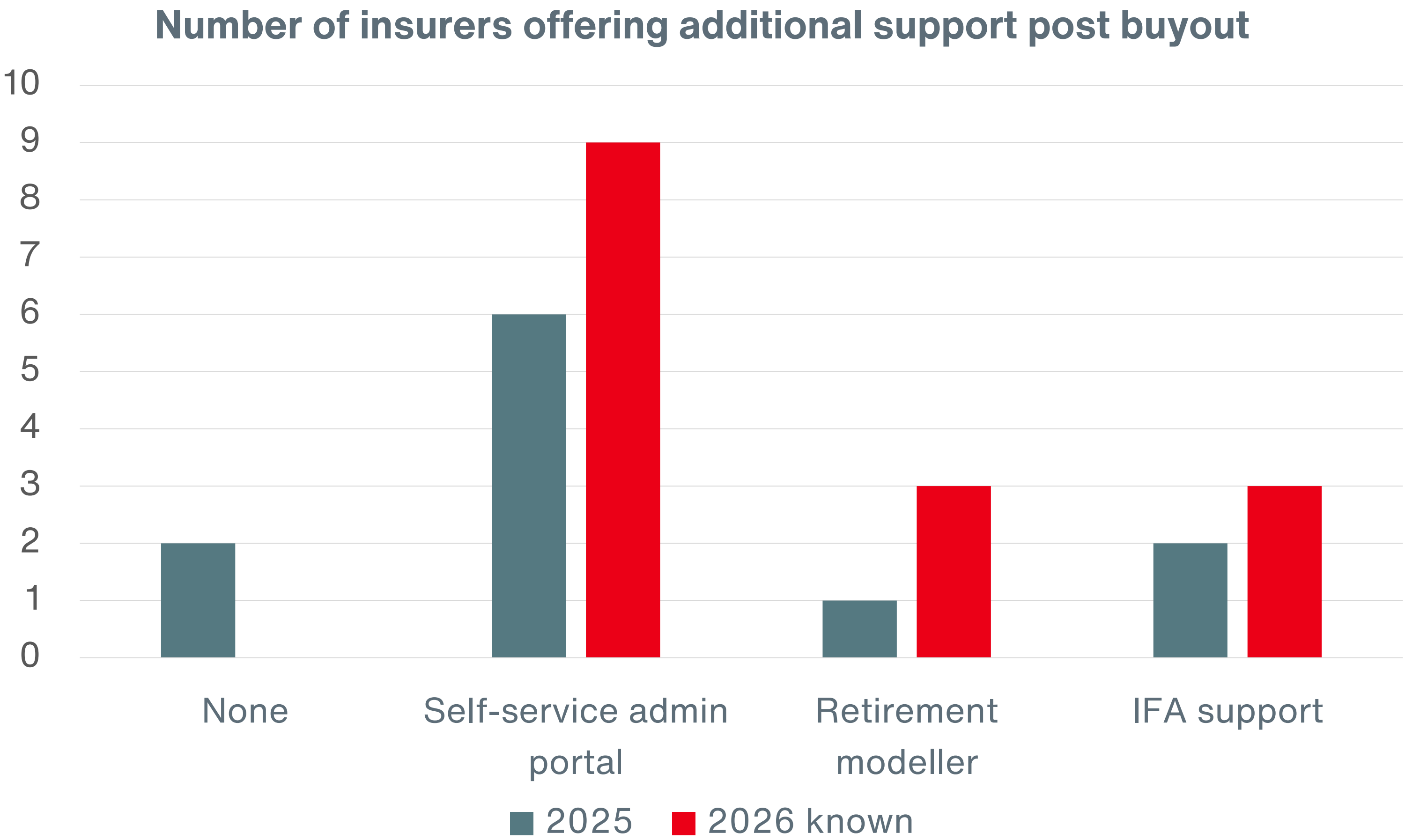
**Size of scheme  
makes a difference**

**Opportunities for  
smaller schemes to  
negotiate**

**BPO more popular,  
but market moving  
on PIE**

*Source: Aon 2025 Member Options insurer Survey*

# Additional support offered by insurers



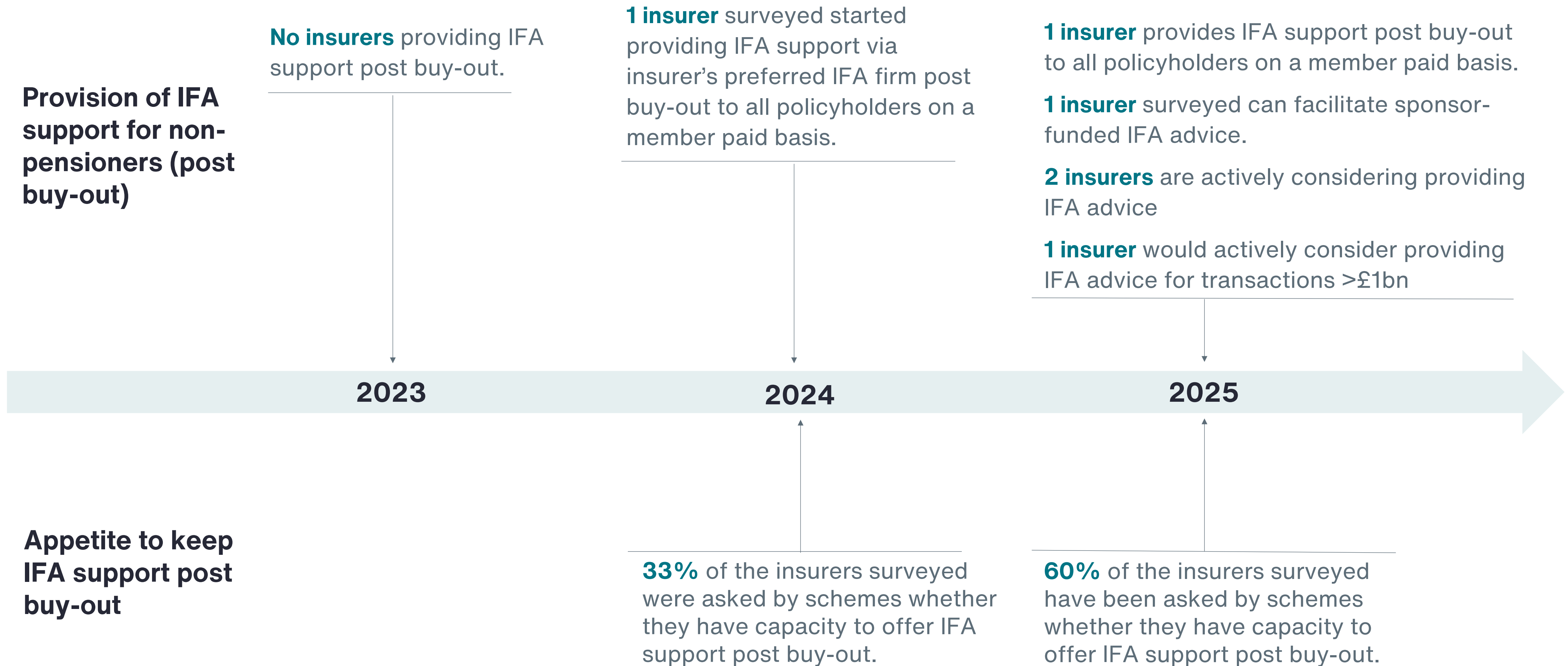
Source: Aon 2025 Member Options insurer Survey





# Insurer survey responses – IFA support

IFA support – key area of most focus from member support perspective



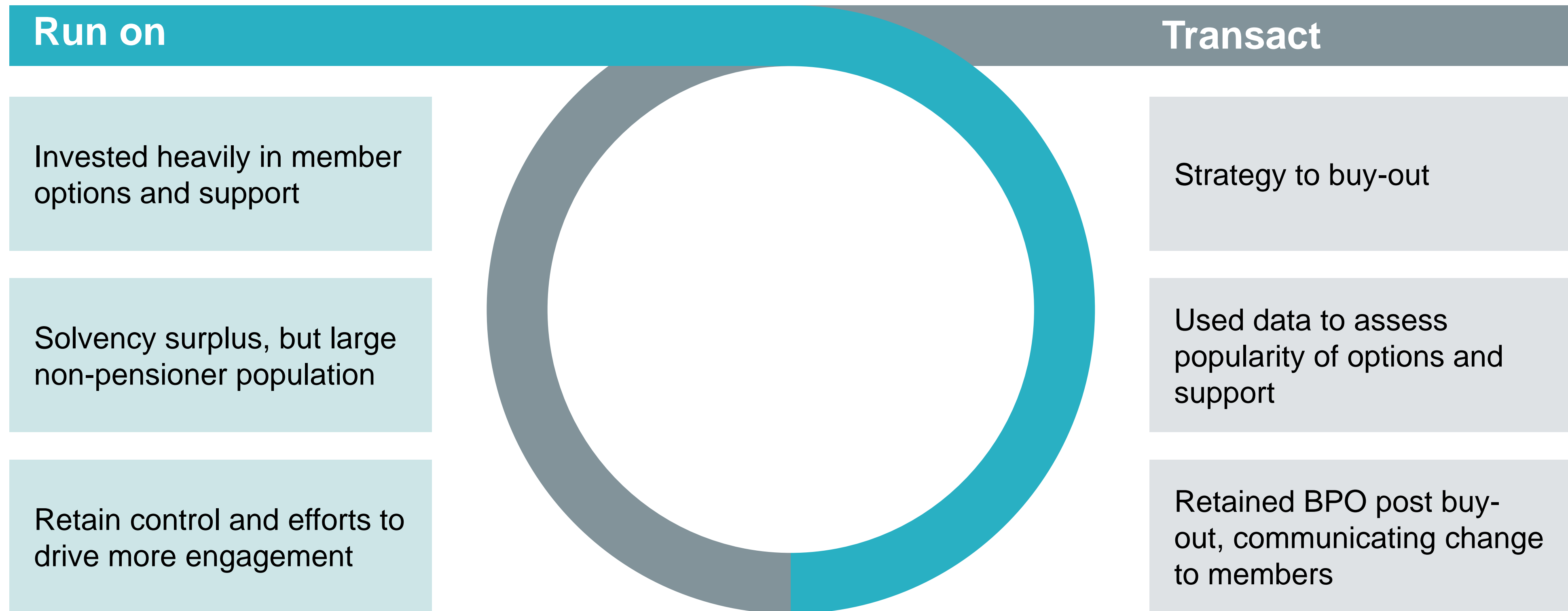
# 3

**Live cases**

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# So what do you do?





# Key takeaways

- 1** Link member strategy with your endgame discussions
- 2** Members place huge value on options and support
- 3** Engage with insurers earlier – rapidly evolving area





# Questions

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