

To hedge or not to hedge?

The value of pension scheme liabilities has risen dramatically in the last decade. This has been driven mostly by plummeting interest rates. Whether a scheme has hedged or not has therefore been one of the most important factors in the success of a scheme.

Discussions on interest rates and hedging can be tough for Trustees to get comfortable with. The amount of jargon and complexity can make this seem inaccessible.

This session will be part training on liability hedging, keeping things simple, and part interactive game to bring the rationale on hedging to life. We will discuss:

- What is liability hedging
- What instruments are used in liability hedging
- How to really understand current market conditions for interest rates
- Then in groups we will play out how the success of a scheme is impacted by different scenarios

The session will be led by Matthew Simms, a Director at P-Solve.