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**INTERNAL USE ONLY**

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## SALES SHEET

# DEFINED BENEFIT CASH-OUT SOLUTION

### OVERVIEW

Mercer's defined benefit (DB) cash-out solution is a comprehensive, end-to-end offering that addresses an employer's financial, administrative, and legal considerations prior to moving forward with a lump-sum offering, and then provides complete administrative support and employee communication for the employer's cash-out program.

### CONTEXT / TRIGGERS

A growing number of DB plan sponsors are considering a cash-out program to alleviate administrative costs and mitigate potential risks, such as low interest rates, an increase in 2014 PBGC premiums, and an anticipated increase in plan costs and lump-sum payouts due to mortality improvements starting in 2015. These programs are commonly offered to vested, terminated participants who have yet to start receiving benefits. However, with IRS approval, plan sponsors may also be able to offer a lump-sum cash-out program to retirees who have already commenced their pension benefits.

### TARGET ORGANIZATIONS / CONTACTS

The primary buyers for Mercer's DB cash-out solution are CFOs and benefits managers at the following types of organizations:

- Plan sponsors with high numbers of vested, terminated participants for whom benefits have not yet commenced.
- Any company seeking to reduce the administrative costs and financial exposure related to DB plans.
- Plan sponsors with well-funded DB plans.

### QUALIFYING QUESTIONS

- Do you have the resources and expertise necessary to address the data analysis, communications, and fiduciary responsibilities required for a smooth implementation?
- Is your pension data accurate and complete?
- What is the funded status of your plan?

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#### FEATURES

Mercer's custom DB cash-out solutions include:

- Consultative guidance to help clients meet their goals and objectives, and prepare for a lump-sum offering.
- Sound project management capabilities to ensure adherence to timelines and maximum effectiveness of the program.
- Deep pension-administration knowledge and experience covering every type of DB plan, as well as proven expertise in data cleanup and lump-sum cash-out offerings.
- Flexible program designs that address a client's specific situation and business objectives.
- Personalized participant communications that provide objective information across all touch points — through the mail, online, and by phone.

#### CLIENT OUTCOMES / BENEFITS

Mercer first helps organizations fulfill their role as a fiduciary, guiding them through the steps necessary to evaluate the feasibility of a cash-out program and protect the financial wellbeing of their plan. Mercer's advanced diagnostics help plan sponsors know they have complete and accurate data — the key to making an accurate initial assessment and to maintaining the integrity of the project from start to finish.

Once the decision is made to move forward, Mercer can provide information and guidance to help program participants understand different distribution options, including a lump-sum cash-out. However, because the impact of a given choice will depend on the individual's particular circumstances, participants should always consult with a tax advisor before making their election.

Mercer also helps organizations communicate a clear business rationale supporting their lump-sum offering, so that other stakeholders (current employees, investors, customers, industry constituencies, and media) avoid drawing any incorrect conclusions about the decision.

#### MERCER CONTACTS

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#### WHY MERCER

As a global leader for trusted advice and solutions in talent, health, retirement, and investments, Mercer has the expertise and in-depth resources to help companies evaluate the feasibility and merits of a lump-sum cash-out offering and then execute it successfully.

#### LEARN MORE

[www.mercer.com/pension-cash-outs](http://www.mercer.com/pension-cash-outs)

*Note: Plan sponsors should consult with their legal counsel before choosing to implement a lump-sum cash-out provision or making any other change to the administration of their individual plan.*