

Aon Hewitt Delegated Investment Solution

Cost, Risk and Governance Take Centre Stage for Defined Benefit Plans

In the current environment of volatility and change, many plan sponsors are finding that traditional solutions for investment strategy, plan design, and committee governance are no longer meeting their needs. Managing defined benefit retirement plans in light of their rising costs and balance sheet risk is one of the most significant issues they face today.

Aon Hewitt's approach to the problem focuses on:

- **Cost:** We help plan sponsors gain control of the rapidly rising cash and P&L costs, using our transparent and independent model to reduce the economic cost of benefits.
- **Risk:** We manage volatile corporate pension obligations holistically and dynamically with our integrated glide path of investment, benefit, and funding policies.
- **Governance:** The most critical factor for successfully managing costs and risks is being able to proactively execute dynamic policies. We team with investment committees to execute dynamic policies, reducing decision cycle times from 6-12 months to a few days.



Delegated Investment Solutions—A Dynamic Approach

Aon Hewitt's Delegated Investment Solutions team offers ongoing management of qualified retirement plans. We assume our clients' investment management and fiduciary operations to effectively manage the cost, risk, and governance of defined benefit plans.

Our process involves three steps:

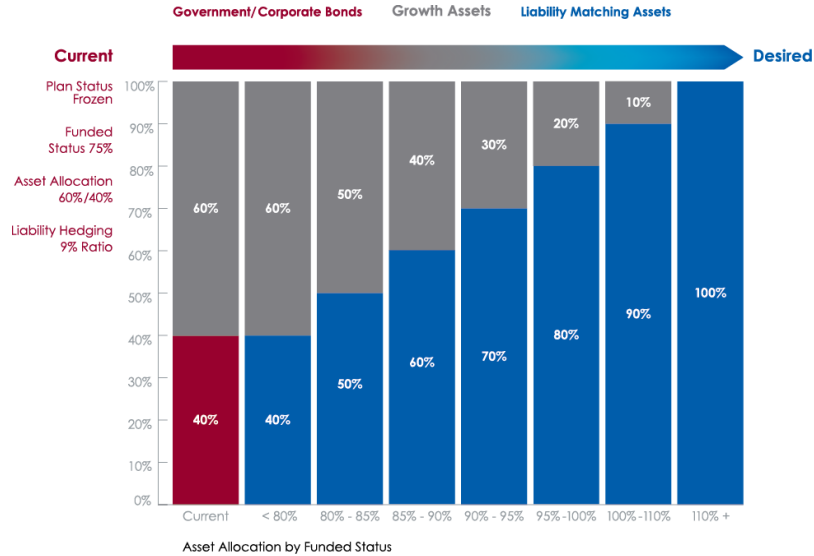
1. Define the End Game

Organizations are managing their plans either to long-term sustainability or exit. Based on needs, Aon Hewitt can either budget risk to make a plan sustainable or help identify the unique qualities that dictate when it will be ready for termination. We help define the destination and how to get there in the most cost-effective manner.

2. Create a Risk Management Roadmap

Leveraging our world-class risk management services for defined benefit plan sponsors, we partner with each client's investment committee to develop investment policy statements that

directly incorporate our risk management toolkit. Core tools include our proprietary approach to building a dynamic de-risking glide path, shown below:



Our risk management approach reduces uncompensated risks and, in many cases, the economic cost of plan benefits.

3. Execute

Aon Hewitt's governance model delegates decisions to the prudent experts prepared to make them. Building on the experience of our Global Investment Management team, our Delegated Investment Solutions team takes full discretion for the selection, implementation, and replacement of investment managers to execute our clients' risk management strategies.

Aon Hewitt's Delegated Investment Solutions deploys an active monitoring process so that when the market moves—for better or worse—the plan is prepared to execute its dynamic policies. The resulting shorter decision cycle times and the disciplined execution of plan strategies improve benefit security for plan participants and can lead to lower economic cost and volatility to plan sponsors.

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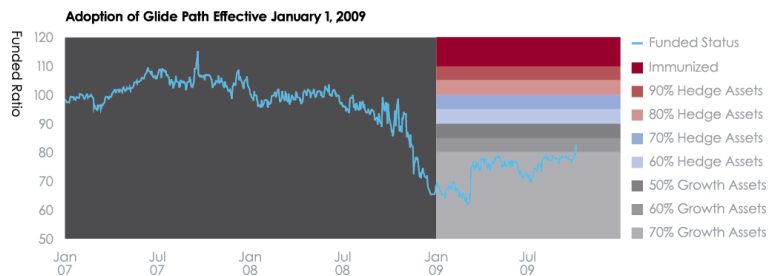
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About Aon Hewitt

Aon Hewitt is the global leader in human capital consulting and outsourcing solutions. The company partners with organizations to solve their most complex benefits, talent and related financial challenges, and improve business performance. Aon Hewitt designs, implements, communicates and administers a wide range of human capital, retirement, investment management, health care, compensation and talent management strategies. With more than 29,000 professionals in 90 countries, Aon Hewitt makes the world a better place to work for clients and their employees.

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For more information on Aon Hewitt, please visit www.aonhewitt.com.