The Aon Datapool Service™

Drawing on our extensive global longevity expertise and using the power of the Aon Longevity Model, Aon’s Longevity Datapool Service gives plan sponsors access to data analytics on pension plan-specific mortality and benchmarking previously unavailable in Canada.

Membership access to the Aon Longevity Datapool Service allows plan sponsors to proactively manage pension risk, set better assumptions, and accurately budget by:

- Understanding the best-estimate mortality, specific to their plan
- Benchmarking themselves against other members of the Aon Longevity Datapool Service and across Canadian private/public sector plans overall
- Understanding the geographical and socio-economic dispersion of their plan membership, including sub-populations
- For plans that are open to new members, looking for intergenerational equity opportunities to ensure mortality costs are factored accordingly, today and in the future

Providing the data, information and analysis for sponsors to understand the opportunities and implications related to pension risk settlements (annuity transactions and other risk transfers).

First-of-its-kind in Canada
The Aon Longevity Model is a first-of-its-kind proprietary tool developed to help Canadian plan sponsors set best-estimate base table mortality assumptions. Leveraging the modelling capabilities of Aon Hewitt’s global network and our deep data sources has enabled the creation of a model that uses postal codes as a proxy for socio-economic status to create plan-specific mortality adjustments. This approach has proven effective in the United Kingdom, where plan-specific analysis is standard practice for determining assumptions.

The power of data
The power of the Aon Longevity Model is the data behind it. We have used 10 years of mortality experience from a number of large plans across a wide range of industries, geographies and sectors (public and private).

The next generation in longevity modelling
Standard published mortality tables are appropriate without adjustment only for a limited number of pension plans, or where mortality adjustments are not considered necessary due to the materiality of the liability.

To date, with the exception of very large populations, it has not been possible to make pension plan-specific adjustments, as the experience of the plan would not be of sufficient size to make credible adjustments. Industry-wide or collar-specific tables are sometimes available, but these often miss significant variations, and only apply to the “average” within the industry plan.

The Aon Longevity Model now allows sponsors to drill-down and make an allowance for the specific characteristics within their pension plans, irrespective of plan size.

Membership in the Aon Longevity Datapool Service allows plan sponsors to proactively manage pension risk.
Output from the model

The Aon Longevity Model considers information at the individual pension plan member level. The model and our reporting builds a picture of the sponsors’ plans and the socio-economic status of members, creating an individual scaling factor for each member and a distribution of the plan membership. From this, a weighted average scaling factor can be determined. The model can be scaled to any published or custom table.

The Aon Longevity Model uses postal codes of the plan membership and analyzes them to show geographical distribution. The maps are fully capable of zoom focus, allowing an in-depth look at specific cities or provinces to trace where the membership has moved.
Benefits of Membership

Members of the Aon Longevity Datapool Service benefit from access to deep data groups and analysis that provides plan sponsors with a wealth of information that can be used for more effective plan and risk management.

Members’ initial longevity report provides a baseline of the sponsor’s plan and high-level summary of potential financial risk and other impacts as compared to their existing assumptions such as:

- A clear picture of where your pensioners live in Canada
- Information on the plan’s own mortality experience (with confidence intervals) and how this compares to standard published mortality tables
- Information on the socio-economic dispersion that exists within your plan and information on what this means
- Benchmarking information on where your plan sits relative to other plans within our databases
- An indication on the liability impact on the pension plan

In addition to a year-over-year update to the longevity report for each plan sponsor, members have access to commentary and other resources on the latest trends and best practices for pensions, longevity, mortality, risk management and investment strategies.

Aon Hewitt can help organizations address their long-term plan risks

Aon Hewitt is a global leader in advisory services for pension risk settlement transfer solutions, bringing plan sponsors the expertise and the tools they need to effectively assess and mitigate risk.

The company has acted as lead advisor in many of the largest pension risk settlement transfers in the United Kingdom and United States, and in Canada is actively working with pension plans as they consider longevity risk solutions.

Whether plan sponsors are considering the complete settlement of liabilities, are looking to insure against longevity risk or simply want to establish better long-term risk parameters, Aon Hewitt can provide sponsors with a comprehensive view of their plans, participants and options to meet their specific needs.