

# Mergers and Acquisitions



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MBWL helps clients globally to identify and address M&A risks related to pensions and benefits through all transaction stages, from due diligence and negotiations to day-one readiness and post-completion integration.

We have extensive M&A experience supporting PE firms as well as corporates. Whether you are buying or selling a business, our consultants can tailor their support to complement your in-house M&A team. We have the global coverage to ensure you get prompt access to local expertise, with a single point of accountability and consistent delivery.

M&A challenges to look out for:

## Retirement and long-term benefits:

- Open supplementary DB remain in certain countries. Others have legacy DB plans
- Mandatory DB termination indemnities in several countries
- Some post-retirement medical plans
- Supplementary DC plans in some markets
- Long-service/jubilee plans – cash, gifts, leave
- Statutory fund compliance
- Executive plans.

## Other employee benefits considerations

- In some countries overall spend on benefits can be 30% of payroll or more
- Significant private healthcare and insurance provision
- Benefits are strongly protected in some countries
- Presence of unions/collective agreements
- Restructuring implications
- Flexible benefits in some markets
- Benefits are an attraction and retention tool in a generally tight talent market.

Our global M&A services include:

### Target evaluation

- Review available information for benefit and reward strategies to identify potential risks and issues, and local labour law requirements.

### Due diligence

- Identify liabilities, cash and accounting implications, current and legacy programs, gaps vs local market practice, statutory requirements, and any individual contract issues
- Input to the Sale & Purchase Agreement.

### Deal preparation

- Advise on integration strategy, challenges, risks and mitigation plans
- Structure interim arrangements, set up necessary benefit plans and retention programs.

### Project Management Office (PMO)

- Strong project management across multiple workstreams and countries.

### Integration

- Implement new or combined plans
- Manage transition (potentially including asset or liability transfers)
- Monitor interim arrangements.

Throughout the process, we can further support you in negotiations, communication with employees, works councils/ unions and other stakeholders.

## Case study 1

### Acquiring a multinational business with significant pension obligations

Working to tight deadlines, our team helped a multinational business understand their potential pension exposure and model DB pension costs allowing them to quickly decide whether to proceed with the acquisition.

#### Challenge

- Reviewing pension matters associated with the purchase of a business with significant pension liabilities
- The client's key concern was the expected cash cost of the UK pension plan.

#### Solution

- Advised stakeholders on the UK and Swiss pensions arrangements, including the associated risks, as well as market practice for funding and investment
- Developed a strategy regarding these matters post-transaction and gained a full understanding of their potential exposure.

#### Results

Following our initial advice, we analysed a number of DB pension cashflow scenarios. This allowed the client to integrate these scenarios with their valuation model for the business. They were then able to quickly make an informed decision on whether to proceed, based on their preferred approach to pension funding post-purchase.

## Case study 2

### Private equity firm looking to acquire division of U.S. defence contractor

Our team helped a private equity firm understand the potential benefit obligations, risks and assets associated with the acquisition of a division of a U.S. defence contractor.

#### Challenge

- Assess financial and non-financial risks in significant retirement and healthcare plans
- Help client decide whether to take legacy pension and retiree medical, and negotiate with unions.

#### Solution

- Perform independent financial analysis of plans (liquidation basis)
- Estimate cost of health and other welfare benefits
- Review sale agreement.

#### Results

Successfully negotiated an agreement to keep union benefits whole through a new carve-out pension plan, in a financially sustainable and low risk manner. This meant our client was able to retain talent that was critical to the success of their business post-transaction.

# The MBWL difference – independent global expertise

At MBWL, we harness the combined expertise, systems and experience of over 6,000 professionals across Milliman, Barnett Waddingham and Lurse.



Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in healthcare, property & casualty insurance, life insurance and financial services and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe.



Barnett Waddingham is a leading independent UK professional services consultancy at the forefront of risk, pensions, investment and insurance. The firm acts as a trusted partner to a wide range of clients, including almost 25% of the FTSE 100. They have over 1,500 people in nine offices, including over 90 partners, each delivering on the values and the promise of the firm, ensuring the highest levels of trust, integrity and quality.



Lurse is a leading independent German advisory and solution company focusing on compensation, pensions and talents. They manage and administrate pension schemes, optimize HR systems and cultivate talents. In every interaction and with every solution, Lurse acts in its clients' best interest.

## MBWL – delivering real value



### Quality

Globally consistent systems, protocols and ongoing investments to maintain the highest industry standards.



### Expertise and Senior leadership

With over 6,000 dedicated professionals in over 30 countries, we can support all your needs in all locations with senior experts.



### 75 years of consulting experience

We have been at the forefront of actuarial consulting since 1947. As well as being one of the largest consulting, analytics and actuarial firms – we have a deep-rooted culture of innovation.



### Competitive, transparent pricing and value

Clear plans and budgets monitored to ensure “no surprises”, and a focus on adding value in all we do.



### Independence

To provide a fresh look and identify opportunities to unlock real business value from your plans globally – and no “off the shelf” advice and solutions.



### Clear communication and control

Open, frequent communication with key stakeholders locally and globally, so our clients stay in control and we are always on the same page.

## Key contacts



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