Concept: Intermediary Involvement is Crucial Upon
Making the Decision to Terminate

An actuarial consulting firm was retained by a corporation to provide bids in anticipation of a plan termination. The employer was extremely concerned about the ability to pull off the termination successfully. It was planning to put two subsidiaries up for sale, and would be required to make a cash contribution to the plan with limited funds allocated for this purpose. Although interest rates were falling, the consultant did not see a problem in purchasing annuities with the amount of cash held by the trust.

The employer had taken the necessary steps to liquidate investments and get into cash. A trustee meeting was scheduled and the deadline for a deciding on an annuity provider was only three weeks away. Upon the prospective bidders' receipt of the bid request , feedback to the consultant was disheartening: "too many bids in house ? can't handle this one at this time"; "too large a case ? won't be able to meet the deadline"; "we'll cost part of it ? maybe you'll be willing to make a decision on that basis."

The actuary asked QAS for assistance in obtaining bids. The data was accepted on a preliminary basis by 6 additional carriers. However, after review it became apparent that only two carriers could meet the deadline. In less than two weeks, QAS received two bids for the entire census: $50,000,000 and $46,200,000. In final negotiations an offer of $45,000,000 met all the client's requirements.

Time Frame:	3 Weeks
High Bid:	$50,100,000
Best Initial Offer:	$45,000,000
Savings:	$1,200,000 / 2.6%