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# COLLECTIVE DEFINED CONTRIBUTION (CDC)

## Building a pension, not just a pot

### HOW DOES CDC WORK?


RISK POOLING

**INCOME FOR MEMBERS**
- Higher potential payouts
- More predictable income
- Lifetime payments

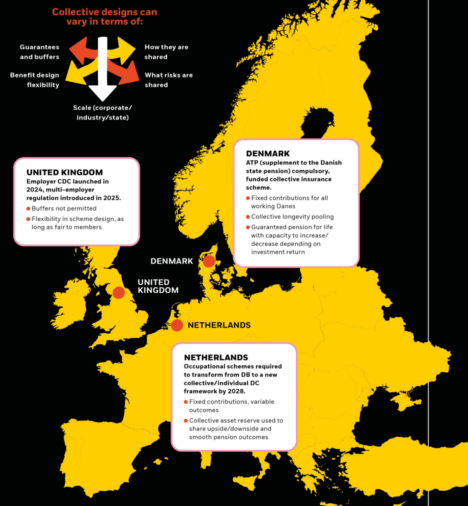
**BENEFIT FOR EMPLOYERS**
- Cost certainty
- No DB funding risk
- Attractive benefit design

**CONSIDERATIONS**
- Intergenerational fairness
- Clear governance
- Transparent communication

# 40–60%

**Expected increase in retirement income from CDC, compared to buying an annuity[1]**

## COLLECTIVE PENSION DESIGNS ARE COMMON IN EUROPE




## LESSONS LEARNT

CDC WORKS BEST WHEN

1. RISK-SHARING IS EXPLICIT
2. ADJUSTMENT RULES ARE CLEAR
3. SCALE SUPPORTS LONG-TERM INVESTMENT
4. MEMBERS UNDERSTAND IT'S A TARGET, NOT A PROMISE

## BOTTOM LINE

**CDC aims to deliver more stable lifetime income through collective risk-sharing and smart design.**

[1] Source: Range of outcomes per analysis by Hymans Robertson, LCP, Barnett Waddingham, 2025

**Capital at risk.** The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested.

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