

+ Insurers up their game amidst a changing landscape

LCP report on future demand and supply in the
buy-in and buy-out market

November 2025

Contents

We have published an annual report on the pension risk transfer market since 2007. The report, now in its 19th year, looks at the opportunities for sponsors and trustees to transfer the risks associated with defined benefit pension schemes through buy-ins, buy-outs, longevity swaps and DB superfund transfers.

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Insurer overviews: analysis of the eleven insurers in the market



Beat the insurer triage

LCP’s market-leading credentials:

LCP acted as lead adviser for the
£4.3bn
Rolls-Royce full buy-in

LCP led a market-record
7 out of the **14**
transactions over
£1bn in 2024

LCP led
42 transactions
in total over 2024 with
a market share of
29% by volume
– our busiest year ever

LCP has led **320+** transactions totalling over **£90bn** since 2014



**LCP won the 2025 UK Pensions Award
for Risk Reduction Adviser of the Year**

Welcome to LCP's 2025 report

Introduction

The past two years have seen record buy-out funding levels and demand for insurance with buy-in volumes reaching nearly £50bn in both 2023 and 2024. Last year's report predicted the market had reached 'cruising altitude' – with volumes of £40bn to £50bn per year projected to continue over the next decade. We also described how increased interest in longer-term run-on, combined with some schemes taking more time to prepare for insurance, was pushing out demand for buy-ins over a longer period. However, our projected total buy-in volumes over the next decade remained broadly unchanged.

Fast forward 12 months and we've seen an explosion of announcements and developments in the alternative endgame area, with new legislation on superfunds and surplus release going through Parliament. In this report we look at what this means for schemes considering their endgame strategy. Will it move the dial on demand for insurance over the coming decade? And how are insurers and pension schemes navigating this changing landscape?

We hope you enjoy reading our analysis and considering the implications for your pension scheme.



Imogen Cothay
Partner



Ruth Ward
Principal



Charlie Finch
Partner

Key conclusions



Funding remains strong, with 45% of schemes estimated to be fully funded on buy-out – expected to increase to 80% of schemes within the next five years – indicating a substantial potential pipeline of business for insurers.



Recent **announcements in the alternative endgame area** – such as TPT launching a DB superfund – are causing schemes to think hard about their endgame strategies. Our central case is for **£350bn to £550bn of buy-ins over the next decade**. Higher gilt yields are masking actual activity levels – if re-expressed using 2020 yields then the upper end of our projections would exceed £1trn.



Insurer capacity for buy-ins is at record levels, from a capital, asset-origination and operational perspective. We estimate **insurer capacity could stretch up to £70bn in 2026, comfortably supporting projected demand**. Insurer capacity and asset-sourcing capabilities are being boosted by third-party insurer acquisitions and strategic partnerships. This will lead to continued strong competition and **attractive insurer pricing**.



We are seeing **significant innovation** from insurers, with a strong focus on **member experience** and smoothly navigating the **post-transaction** journey. This has come into sharp focus with the number of schemes moving to buy-out forecast at over 250 next year, up from just 15 five years earlier in 2021.

With significant market momentum on all sides, the focus now for pension schemes is on navigating these dynamics to secure the best long-term results.



SECTION 1

Will expected legislative reform move the dial on demand for insurance?

Legislative reform and strong funding levels have combined to drive rapid innovation in the alternative endgame area, leading schemes to think hard about their endgame strategies. We expect insurance to remain the ultimate endgame for most schemes, but with a richer choice of alternatives becoming available.

Ruth Ward, Principal, LCP



Latest developments in a rapidly evolving pension landscape

Expected legislative changes giving DB schemes pause for thought

DB schemes weigh-up endgames from a position of strength

Buy-out funding levels improve further in 2025

Affordability of full buy-in/out has improved significantly since we first started tracking it four years ago. Our latest analysis to 30 September 2025 shows continued improvements over 2025 and a huge increase in funding levels over the past four years.

We estimate:

45% of schemes are already fully buy-out funded (vs under 5% in 2021)...
... **increasing to 80%** within the next five years (vs under 15% in 2021).

Increased focus on endgame strategies

With so many schemes so well funded – and a proportion finding themselves with buy-out surpluses undreamt of just five years ago – discussions on endgame and surplus sharing strategies have really come to the fore.

Our [2024 report](#) compared the range of available endgame options and examined the factors that can influence schemes' decisions on endgame strategy.

In the report this year, we explore the widening endgame options that are emerging and ask whether this will influence schemes' decisions significantly enough to move the dial on future buy-in/out volumes.

What's new for DB schemes in the Pension Schemes Bill 2025?

The Bill currently making its way through the UK's legislative review process introduces two significant developments for DB schemes considering their endgame strategies, alongside welcome [proposals](#) to address the Virgin Media issue.

DB superfunds

The Bill will introduce a statutory framework for the authorisation and supervision of DB superfunds to replace the Pension Regulator's interim regime.

DB surplus flexibility

The Bill will introduce additional flexibilities for ongoing DB schemes to share surplus assets with the scheme sponsor and/or scheme members.

Addressing the Virgin Media issue

The Bill will include provisions that seek to address the Virgin Media 'section 37' actuarial confirmation issue and thereby remove current benefit uncertainties that are delaying some schemes moving to buy-out.

2025: a year of building momentum in the superfund market

Developments over 2025 have built momentum in the fledgling UK DB superfund market. The year started with a single provider, Clara-Pensions, with three superfund transfers totalling £1.4bn under its belt. Over 2025, strong support by the DWP and TPR for the superfund market has been reflected in both public statements and through the Pension Schemes Bill 2025, paving the way for growth in the use of DB superfunds over 2026 and beyond with new entrants and increasing numbers of transfers and structures anticipated.

Transfers to superfunds employing a 'bridge to buy-out' type model (as used by Clara-Pensions) are not expected to materially impact future buy-in/out volumes; in fact, the Clara-Pensions model is intended to accelerate timings for transferring schemes to move to buy-out. However, alternative 'run-on' solutions are now emerging, providing increased choice and flexibility for pension schemes in this new area of the pension risk transfer market alongside the continued growth of the more established insurance buy-in route.

1) Pension Schemes Bill 2025 is putting the superfund regime on a firmer footing

The Bill provides for a **new legislative framework** applicable to the authorisation and supervision of DB superfunds, to replace TPR's so-called interim regime. This includes rules on capital extraction (in a similar way to insurers) and gives investors confidence to back fledgling superfunds, paving the way for **new providers** to enter the market and giving pension schemes confidence that DB superfunds are a **robust model** to which to entrust their members' pensions.

2) Simplification of the superfund 'gateway tests' under the Pension Schemes Bill 2025

The Bill **simplifies the onboarding conditions** for schemes to transfer to superfunds, proposing to remove the 'second gateway test' requiring that a buy-out is not affordable in the foreseeable future. We expect this to **open up the market of schemes considering DB superfund transfers from current levels**.

3) Clara-Pensions completes an innovative fourth transaction

The **'connected covenant' DB superfund transfer for the Church Mission Society Pension Scheme in June 2025** marked the **first superfund transfer below £100m**, the **first charity scheme to transfer** and the **first transfer to maintain a link to the original sponsor's covenant** (via a continuing contingent guarantee), demonstrating broader reach for superfund transfers.

4) TPT announces its intention to launch a DB superfund

In October 2025, **TPT announced its intention to launch a new DB superfund**, having secured capital to fund £1bn of transfers. It plans to offer a long-term run-on model (rather than acting as a bridge to buy-out) with an intention to distribute surplus to scheme members after five years. TPT will need to work through TPR's assessment process (expected over H1 2026). TPT's market entry will **provide increased choice** for schemes and we anticipate **further new entrants over 2026**.

Potential impact of proposed new DB surplus flexibilities

Schemes weigh up a wide range of potential surplus sharing strategies combining run-on and insurance

DB pension schemes are already employing a diverse range of surplus distribution strategies

Current scheme rules and pension legislation already permit a range of surplus sharing strategies, whether at the point of wind-up and/or on an ongoing basis. These include member benefit augmentations, a return of surplus to the scheme sponsor (typically on wind-up) and using surplus to fund DC contributions.

Scheme trustees, sponsors and their advisers have therefore been thinking hard about the best approach for their scheme's/membership's specific circumstances, weighing up a wide range of factors including risk appetite and tolerance, current benefit structure/indexation, member expectations, and how the surplus has arisen.

We illustrate overleaf, through LCP-led case studies, how two outwardly similar schemes can arrive at very different solutions to optimise outcomes for their stakeholders.

Will the widening endgame options move the dial on insurance?

The extent to which the widening endgame options impact demand for insurance and volumes of buy-ins/outs depends on the extent to which schemes choose to run-on for longer – eg as part of an ongoing strategy involving surplus generation/sharing before moving to full insurance (examples – [p8](#)) or via emerging DB superfund run-on solutions.

We have illustrated our central projections for buy-in/out volumes on pages [9](#) and [10](#), making detailed behavioural assumptions about the choices schemes may make.

Ultimately, the individual strategic decisions reached by the largest schemes will be a key determinant of the buy-in/out volumes over the coming decade.

What could change in the Pension Schemes Bill 2025?

The Bill aims to provide increased flexibility for well-funded DB schemes to 'safely' release surplus to support sponsors' investment plans and to benefit scheme members through the following provisions for ongoing schemes:

Statutory resolution power

Aimed at allowing wide-ranging changes to the rules around surplus release to scheme sponsors on an ongoing basis

Adjusted legislative test to release surplus

Removing the requirement the trustees are satisfied that the surplus release is in the interests of members (noting they maintain their general fiduciary duties)

Revised measurement of surplus

Assessing 'available' surplus on a low-dependency basis (rather than a buy-out measure) or such higher level as the trustees and sponsor agree

Assessing the economic value of running-on

To make a robust decision on whether to run-on for a period it is important to fully assess the alternatives and the risk/reward trade-offs.

LCP's analysis shows there can be substantial economic value from a long-term run-on strategy. This must be weighed against a scheme's appetite and tolerance for the associated downside investment, covenant, funding and legislative risks – a highly scheme-specific decision.

Case studies: wide-ranging DB surplus sharing strategies

Run-on: £1.5bn open-to-accrual DB scheme funded to 110% on buy-out with a strong US parent – run-on agreement with funded discretionary increases

LCP led a strategic review for the sponsor and negotiated an agreement with the trustee, including:

-  Investment strategy designed to grow surplus over a 15-year period in a risk-controlled way and looking to preserve a buffer against full buy-in affordability
-  Tax-efficient structure to utilise emerging surplus to meet future accrual for actives, expenses and discretionary increases for members, subject to maintaining a pre-agreed risk buffer
-  Package of downside security measures including a surety bond and triggers for buy-in

Outcome: £300m projected to be available over the 15-year period to benefit members and the wider business, with protections in place against downside risks.

Full buy-in: £1.8bn open-to-accrual DB scheme funded to 120% on buy-out with a strong sponsor covenant – immediate full buy-in with ‘win-win-win’ surplus sharing agreement

LCP led the strategy and transaction advice to the sponsor, including:

-  Immediate buy-in of vast majority of DB liabilities to remove funding volatility and improve member benefit security
-  Transfer of DC scheme into the DB trust with agreement to use surplus DB assets above an agreed risk buffer to fund sponsor DC contributions and DB accrual
-  Agreement to share part of surplus above the risk buffer with members via a future benefit augmentation following successful completion of data cleansing

Outcome: A win-win-win outcome with cost certainty for the sponsor and continued accrual with no DC or DB contributions, funding stability for the trustees and potential future benefit improvements and increased benefit security for DB members

The impact on the demand for buy-ins and buy-outs

Strategic direction increasingly influential as funding levels continue to improve

Projected demand for buy-ins and buy-outs

With buy-in volumes over the last two years at a record level of nearly £50bn per year, we have carried out updated analysis to explore how demand for buy-ins/outs from DB schemes could unfold over the next decade.

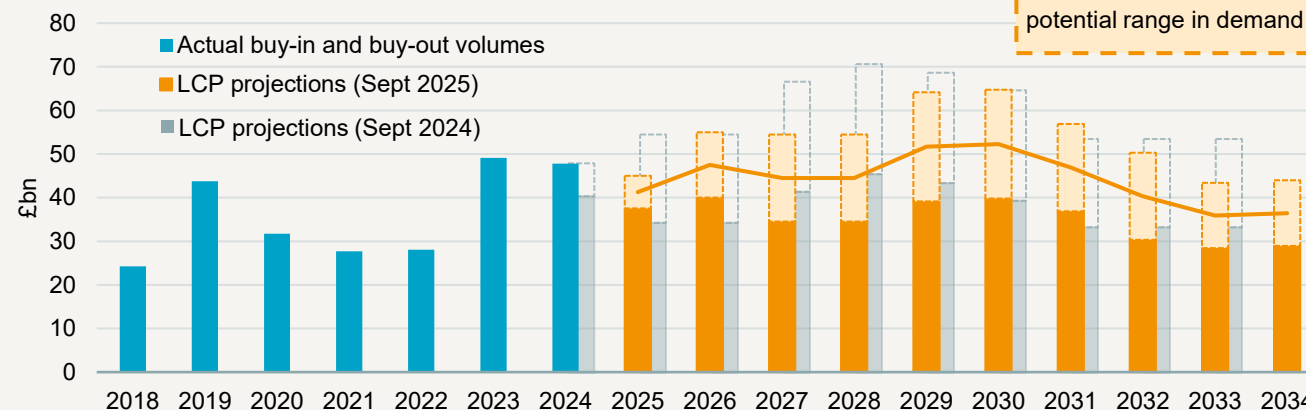
By modelling projected buy-out funding levels into the future and overlaying assumptions around scheme behaviour towards endgame strategies, we are able to form a forward-looking projection of buy-in/out volumes:

- The widespread improvements in scheme buy-out funding levels (described on p5) point to a substantial pipeline of schemes that can afford to enter the insurance market should they choose to do so.
- As a result, schemes' strategic decisions on endgame strategy – whether they decide to insure, run-on for a period or opt for an alternative endgame – are expected to be the driving force behind the future demand for insurance.

Our forecasts are underpinned by detailed assumptions about the endgame strategies schemes will adopt, as well as the timelines over which these strategies are likely to unfold, based on our latest experiences from advising clients.

The chart opposite shows our central projections for buy-in/out volumes over the next decade, with total volumes estimated to be between c£350bn to c£550bn, and annual volumes peaking at the turn of the decade. Our mid-point estimate is reflected by the **orange line**.

Projected buy-in and buy-out volumes over the next decade



Source: LCP analysis as at 30 September 2025.

Our central projection is for £350bn to £550bn of buy-ins over the next decade.

Our latest central projections reflect a modest reduction from last year which had £400bn to £600bn of buy-ins over the next decade with a peak in 2028. The main drivers of the change are a combination of:

- **Higher gilt yields**, which directly reduce buy-in prices leading to lower volumes all else equal. We explore on p10 how the projections compare when re-based to reflect the lower gilt yields under '2020 conditions'.
- **A small increase in the period schemes run on for prior to moving to full buy-in**. We made a significant change to our behavioural assumptions last year reflecting an expectation that more schemes would run-on, resulting in a flattening of the projections, and have refined this slightly this year.

The timing and size of when large transactions come to market is likely to be the biggest single driver of the actual volumes in any future year. There has been a baseline level of broadly £20bn per year for the past five years of volumes from transactions under £1bn, with volumes above this level driven by £1bn+ transactions.

How higher yields have masked the scale of market activity

The impact on demand for buy-ins and buy-outs

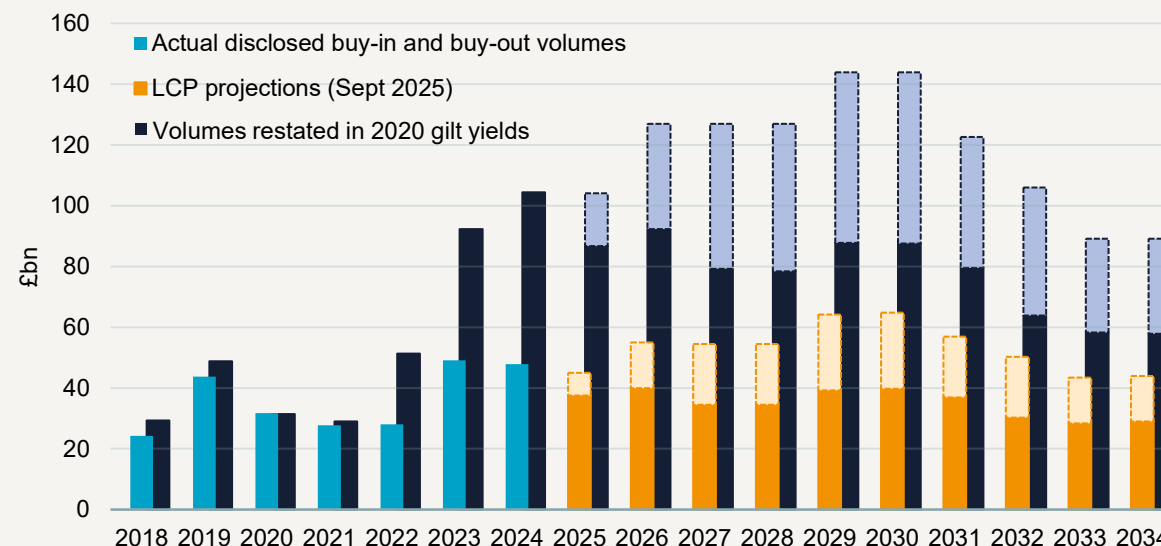
Gilt yields have continued on an upward trend over the past year, with 20-year real rates having increased by around 5% pa in the past five years. This has been the key driver in improving buy-out funding levels. Many schemes have now largely locked-in these gains with funding levels well-hedged against interest rates and inflation expectations. This means that further changes in gilt yields are only likely to have a limited impact on future demand for buy-ins/outs.

The other impact of higher gilt yields is that it has shrunk the size of buy-ins/outs, with a typical scheme now only around half the size that it was five years ago.

This can be seen in the chart opposite which illustrates how LCP's projections of future buy-in/out volumes (the blue and orange bars) would change if restated based on 2020 gilt yields (the navy bars).

If volumes are restated based on 2020 gilt yields, then 2024 buy-in volumes would have been over £100bn and we would be projecting volumes of up to £150bn per year by 2029. The upper projection over the next decade would be over £1trn.

Projected buy-in and buy-out volumes restated based on 2020 gilt yields



Source: LCP Analysis. Volumes have been restated in 2020 terms using gilt yields at the end of each calendar year with a base point at 31 December 2020. For future projections from 2025 onwards, it is assumed that financial conditions do not change.

The chart illustrates the scale of the actual growth in the buy-in/out market – a trend that is masked by changes in gilt yields. This growth is reflected in the rapid increase in the number of transactions over the past few years. This is bringing new challenges to pension schemes and insurers alike in successfully managing the volume of quotations and – more recently – navigating the surge in schemes moving to buy-out. We consider how these challenges are being managed in the following sections.

+ SECTION 1: KEY CONCLUSIONS

Legislative reform and strong funding is leading to rapid innovation with many schemes thinking hard about their endgame strategies, but overall we expect continued strong demand for insurance

The wave of legislative reform in the Pension Schemes Bill 2025 combined with high buy-out funding levels (and often large surpluses) is leading to the fastest pace of change in the DB pension industry in many years. For example: new providers and solutions in the burgeoning DB superfund market, of interest to a wider range of pension schemes than in the past; combined with wide-ranging surplus sharing solutions; and continued innovation by buy-in insurers as they seek to stand out in a highly competitive market.

Schemes are approaching their strategic endgame decisions from a position of strength, with strong funding levels and an emerging range of credible endgame options beyond the traditional insurance route. It is right that trustees and sponsors weigh up carefully the best approach for their members and shareholders.

Against this landscape, we continue to see strong demand for buy-ins. Many schemes do not have the scale or the strong long-term covenant support that is needed for an effective run-on strategy. And large blue-chip schemes – such as NatWest, Rolls-Royce and Ford – continue to transfer billions of pounds of pension liabilities to buy-in insurers. A key element of this is the highly competitive market and pricing that makes buy-in an attractive option, often combined with a distribution of surplus ahead of buy-out when risk buffers are no longer required. We discuss further in the next section.

As market norms evolve, it is important to step back and re-check the direction of travel to consider which approach members would want the scheme to take. Often, a key part of this is balancing the potential for providing members with benefit enhancements against the importance of benefit security. Every scheme is different, with no single right answer.

┌ The insurers' perspective...

*Pensions policy evolution and regulatory developments are increasing optionality for schemes, with ongoing surplus release and a superfund legislative framework on the horizon. That said, **we expect that buy-out will remain the preferred endgame for the vast majority of schemes**, offering the highest level of benefit security while enabling sponsors to focus on their core business, and supporting the Government's growth agenda by investing significant proportions of buy-in premiums in UK, private, productive and sustainable assets.*

Kieran Mistry | Director of Defined Benefit Solutions, Standard Life

*What we are seeing is that the recent improvements in funding are leading trustees to **spend more time on data and benefit work before approaching the market**. It is this which is driving some of the volatility in volumes, rather than a shift in strategy. We expect a record number of deals will take place in 2025 but market volumes will be driven by the size of the top 10 deals.*

Sammy Cooper-Smith | Head of Business Development, Rothersay

*The **BPA market is in a transition phase**. New regulations are leading to a short-term dip in volumes as pension schemes consider their endgame options. For insurers, a combination of regulatory developments, inorganic activity and credit markets is **challenging us to innovate**. We don't expect this phase to impact demand for buy-ins/outs in the medium term.*

Shreyas Sridhar | Managing Director, Bulk Purchase Annuities, Canada Life

+ SECTION 2

What is the outlook for insurer capacity and future pricing?

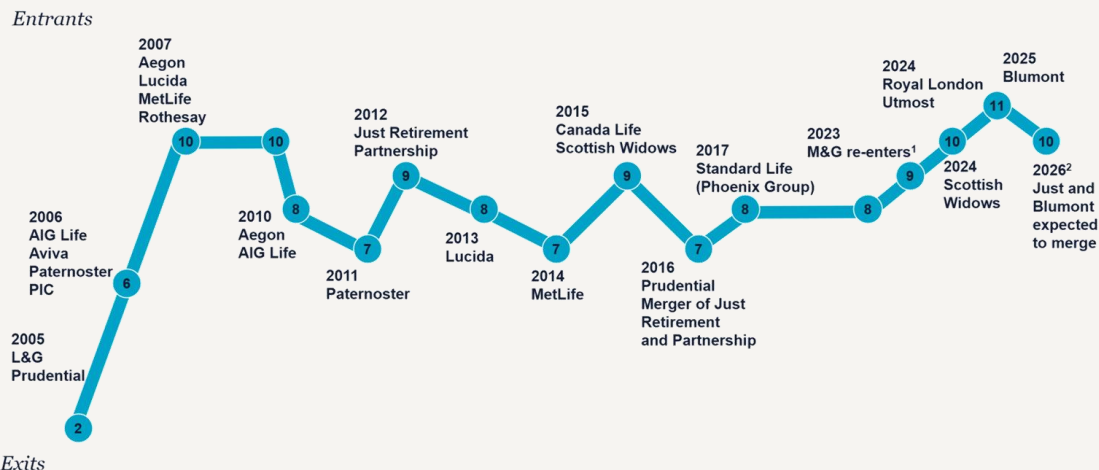
We expect buy-in pricing to remain fiercely competitive into 2026, with insurance capacity sufficient to meet projected scheme demand and stretch capacity beyond this.

Charlie Finch, Partner, LCP



The insurance market: firing on all cylinders

Buy-in/out market participants



Source: LCP analysis as at November 2025

¹ M&G was formed from the de-merger of Prudential plc in 2019 with the UK insurance business becoming part of M&G plc.

² In July 2025 it was announced that (subject to regulatory approval) Just are set to be acquired by Brookfield (whose UK insurance arm is Blumont) with Brookfield intending to merge Blumont into Just.

Insurer capacity for buy-ins is currently at record levels, with an unprecedented number of market participants (pending the expected merger of Just and Blumont next year). The newer insurer entrants have increased activity in 2025, with M&G and Royal London each having now written over £1bn since entering the market. Their increasing participation is helping to drive greater competition and attractive pricing (see page 16).

Furthermore, as set out opposite, July was marked by a series of announcements of overseas acquisitions of/strategic partnership with UK insurers. This is a robust vote of confidence in the UK market and should provide further capital and access to a wider universe of assets.

Over the next two pages we explore the topic of insurance capacity: from a capital, asset-origination and an operational perspective.

Over the course of a single month, three large overseas asset managers invested in the UK bulk annuity market:

Athora acquisition of PIC

On 3 July 2025 Athora announced that (subject to regulatory approval) it was to acquire Pension Insurance Corporation (PIC) for £5.7bn from PIC's existing four major shareholders. PIC is expected to retain its brand and management structure following the acquisition.

Athora is a European insurer, whose largest shareholder is **Apollo** (a global asset management group headquartered in the US).

L&G and Blackstone announce strategic partnership

On 10 July 2025 L&G and Blackstone announced a strategic partnership, to invest up to 10% of L&G's new bulk annuity assets with Blackstone, primarily in US private credit.

Blackstone is a global asset manager headquartered in the US.

Brookfield acquisition of Just

On 31 July 2025 Brookfield announced that (subject to regulatory approval) it was to acquire Just for £2.4bn and merge its existing UK insurer, Blumont, into Just, operating under the Just brand and management team. Brookfield had previously set up Blumont as a specialist bulk annuity provider, launched in March this year.

Brookfield is a Canadian wealth and retirement services group, with existing US and Canadian bulk annuity businesses.

Insurer capacity: capital and asset origination

To date, insurer appetite and capacity has comfortably met the demand for buy-ins from pension schemes. Even when buy-in volumes hit record levels of £49bn in 2023 and £48bn in 2024, we did not see evidence that insurer capital capacity was significantly stretched.

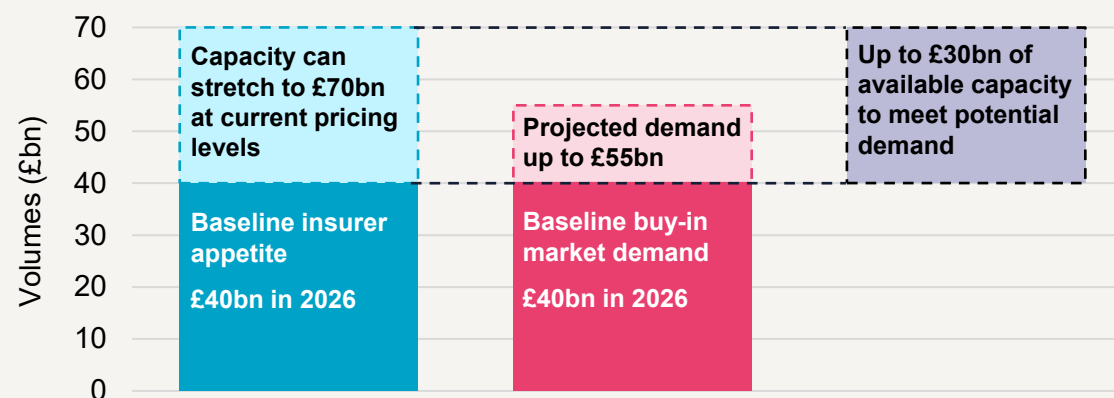
As part of our 2025 insurer survey, we asked the insurers to indicate their appetite and capacity for new business. Based on this, we estimate a baseline insurer appetite of £40bn in 2026 (which is equal to the lower end of our projected demand for 2026). Furthermore, insurers have strong growth ambitions and we estimate that insurer capacity could stretch up to £70bn at current pricing levels. This is comfortably in excess of the upper end of our projected demand for 2026 at £55bn. Around 10% of total appetite is from the newer entrants, M&G, Royal London and Utmost.

This suggests that insurer capacity will not be a limiting factor on buy-in volumes in the near future. We set out below some key factors that could influence insurer capacity over the medium term.

Factors that could impact insurer capacity

- + Newer insurer entrants growing their presence in the market
- + Improved asset-sourcing abilities (including through new relationships with global asset managers – see previous page)
- + Easements to restrictions on insurer investments under Solvency UK
- Funded Reinsurance – see box opposite
- DB superfunds – as new DB superfunds seek to establish themselves, they may pull investor capital away from the buy-in insurance market
- The highly competitive buy-in insurance marketplace could lead to insurers withdrawing or consolidating

Insurers can comfortably support expected demand next year



Source: LCP insurer survey 2025. LCP analysis.

What is happening with Funded Reinsurance?

The latest announcement from the PRA places a spotlight on the use of Funded Reinsurance by UK insurers and indicates potential future changes to the regulatory rules around its use (read [our comments](#) on the PRA's recently published speech here).

To date, most insurers have been relatively restrained in their use of Funded Reinsurance, with it typically being deployed to support larger transactions. Lower usage of Funded Reinsurance in future has the potential to negatively impact pricing and/or reduce capacity for some insurers. However, we expect continued innovation by the insurers to help manage any impact and that the other positive factors opposite may offset it in practice.

Insurer capacity: operational

In previous reports, we have highlighted insurer operational resource as being the key constraint limiting market capacity. Transaction numbers are on track to exceed 350 in 2025, an increase of over 70% in three years. To keep pace with this significantly increased activity, insurers have responded by recruiting heavily into their teams.

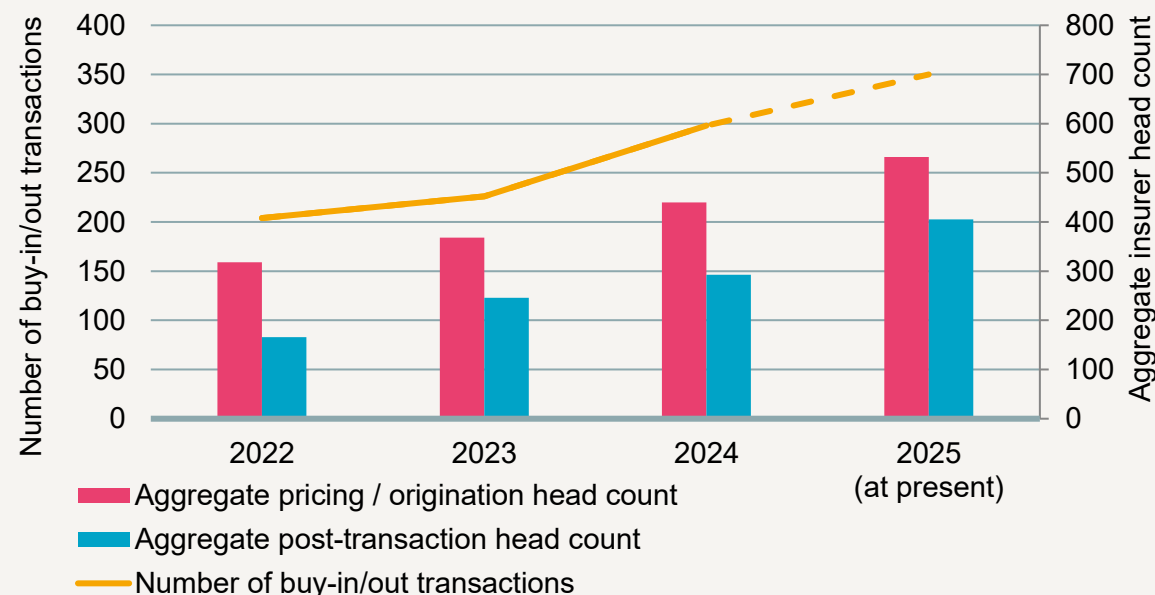
Our 2025 insurer survey shows significant growth in the insurers' teams as they seek to mirror the growth in market activity. In aggregate there are around 530 people currently employed in insurers' pricing and origination teams across the 11 insurers, up by 67% in just three years. Roughly a third of this increase can be attributed to the newer insurer entrants, M&G, Royal London and Utmost. Just has grown its teams the fastest, with a pricing team now of over 100 individuals, enabling it to write the most transactions by number (it completed 61 transactions in H1 2025, representing almost 40% of all buy-ins in this period).

Insurers' post-transaction implementation teams have also seen a significant increase in numbers as insurers seek to tackle the huge rise in schemes seeking to move to buy-out (see section 4). Around 400 people are now employed in the insurers' post-transaction teams, an increase of 145% over the past three years from 160 people.

As well as increasing headcount, insurers have also been improving their processes as they adapt to a much busier market. Four insurers have implemented streamlined processes for smaller transactions, allowing them to quote on more smaller buy-ins. Insurers have also been making use of technology, including exploring AI solutions and increased use of automated calculations to validate data and process member quotations post-transaction.

Insurer growth

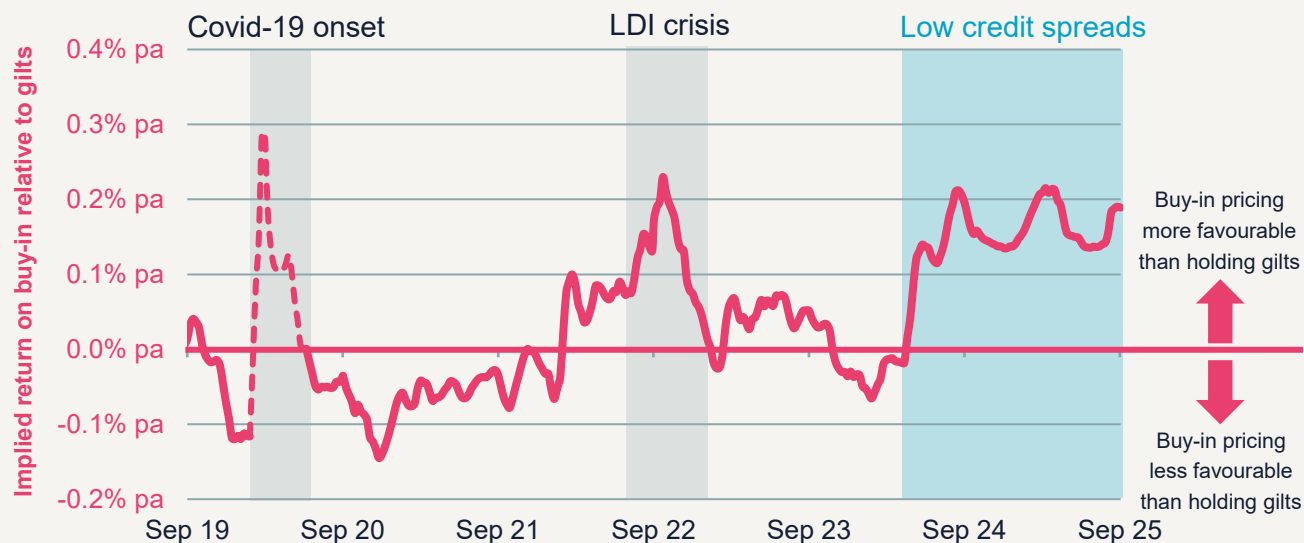
	2025 numbers	Growth (3 years to 2025)
Number of transactions	350 forecast	+70%
Pricing / origination teams	530 people	+67%
Post-transaction teams	400 people	+145%



Source: LCP insurer survey 2025.

Sustained attractive pricing continues

Insurer pricing continues to be highly attractive over 2025



Source: LCP insurer pricing model, which is calibrated against actual transaction pricing.

The chart above shows insurer full buy-in pricing (the **pink line**) for a typical pension scheme, expressed as an implied return compared to the yield available from holding gilts. Where buy-in pricing is above the zero line, a pension scheme can typically increase its expected investment returns by exchanging gilts for a buy-in (as well as hedging longevity and financial risks). As such, this is a key benchmark for assessing the value offered by a buy-in.

The pricing chart is generated by LCP's insurer pricing model, which is calibrated quarterly against the actual transaction pricing achieved by LCP clients. This provides one of the most robust insurer pricing benchmarks available, given the extensive transaction data underlying it.

How have insurers maintained such attractive pricing?

The pricing achieved by well-prepared schemes has consistently been at historically attractive levels for the past 18 months.

When we consider that the spreads on corporate bonds have reached their lowest level in the past decade the attractive pricing levels are arguably quite surprising. There are three key drivers for this:

1. Many insurers are using high proportions of gilts to back their pricing – and less corporate bonds – which can be effective in the current market yield environment (lowering their capital requirements);
2. A very competitive market with a record number of newer and established insurers vying hard to win business (see pages 13 and 14); and
3. Increased competition and appetite by reinsurers for the longevity risk of younger members.

Is stalling life expectancy improving pricing?

For the first time the release of the latest model of mortality improvements by the Institute and Faculty of Actuaries (the CMI 2024 projections) will see an increase in pensioner liabilities if adopted unadjusted. However, insurers and reinsurers will apply their own bespoke modelling which is likely to lead to less or even no impact (based on LCP's analysis of our 2025 insurer and reinsurer longevity survey).

Schemes should think carefully about the longevity assumptions they adopt when benchmarking insurer pricing. If a scheme simply adopts the unadjusted CMI 2024 projections, this will lead to what we consider to be an illusion of improved pricing (and risks sub-optimal decisions being made).

What is the outlook for buy-in pricing?

Insurer investment strategies are a key driver of pricing. Competitive pressures have caused strategies to evolve from largely gilt-based strategies 20 years ago to include first UK and then overseas investment-grade corporate bonds, with increasing investment in illiquid assets over the last decade. The last 18 months has seen a re-emergence of gilts-based strategies to counter low bond spreads. So where do insurer investment strategies go next and what does this mean for pricing?

1 Will insurers find new, illiquid assets to support pricing?

The growing interest in the UK market from global asset managers (see page 13) brings specialist expertise that insurers can harness for attractive risk-adjusted yields – particularly given their presence in illiquid assets such as real estate and private credit.

That said, the impact on pricing will take time to materialise. Challenges remain in structuring assets to meet strict UK regulatory requirements, and the cost of hedging currency risks means overseas assets need to outperform their UK comparators.

The ability for insurers to open up access to new investment markets and expertise could be key in yielding attractive pricing over the longer term.

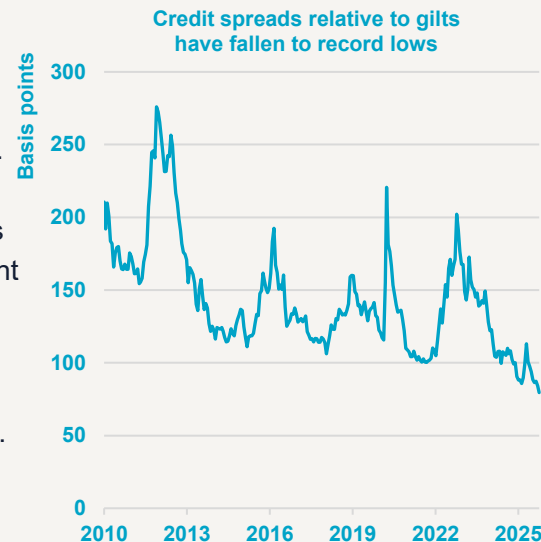
Outlook for pricing: Neutral to Positive

2 Will public corporate bond strategies return?

With credit spreads at record lows, corporate bonds have fallen out of favour with many insurers. A widening of credit spreads could reverse this trend; however a significant rise is needed before they offer the level of yield at which insurers will purchase again en masse.

It would need a significant shift in credit spreads for this to lead to improved pricing.

Outlook for pricing: Neutral



Source: iBoxx £ Non-Gilts Index, OAS Spread.

3 Will insurers fill up on gilts?

Gilts have been central to many insurers' new business strategies. However, this strategy is not without limits. Insurers rely on derivative trades to invest in gilts but these create liquidity constraints that naturally cap how much can be invested. And whilst gilts offer strong risk-adjusted returns, their absolute yields remain lower than alternative assets, putting pressure on new business profit.

There remains continued capacity for insurers to invest in gilts for now, but at some point insurers will reach capacity. In the absence of other market changes, this could lead to higher pricing.

Outlook for pricing: Negative

Competitive dynamics have led to considerable innovation in insurers' investment strategies. Whilst there are some headwinds, we expect attractive pricing to continue over 2026.

+ SECTION 2: KEY CONCLUSIONS

The bulk annuity market remains vibrant, with attractive pricing and growing insurer capacity set to shape activity through 2026.

The market has a record level of capacity – across capital, asset-origination and operational capacity – enabling the market to deliver buy-in volumes higher than the expected demand from pension schemes, without upward pressure on pricing. We expect capacity to be further boosted by the recent acquisitions of Just and PIC and L&G's strategic partnership with Blackstone. This should help sustain strong pricing through broadening investment strategies.

These dynamics will keep the market fiercely competitive into 2026, meaning that pension schemes are in a strong position to negotiate with insurers to deliver both favourable pricing and member experience. We explore these dynamics further in section 3 of this report.

The insurers' perspective...

*With three new entrants and two proposed acquisitions in twelve months, this is a **thriving market**. But one in which trustees, more than ever, need to **understand how insurers differ**. Commitments made to trustees today must stand true to their members for decades to come.*

Frankie Borrell

Head of BPA Origination, Royal London

*As the number of **small to medium transactions continues to surge**, process innovation rather than refinement is key for radically improving efficiency. We're confident that our newly automated back-end processes, self-validating data templates, and the clearly documented journey to completion are driving a **step change, both in efficiency and the trustee experience**.*

Jamie Cole

Head of BPA Origination, Aviva

*Insurers have **secured £285 billion of pensions over the past decade** and have invested £180 billion in productive finance. This has provided certainty for trustees, sponsors and members and has benefited our wider economy. Looking ahead **we expect to continue to see significant investment from insurers** in this active market. At L&G we are responsible for paying pensions to over 700,000 people in the UK. This is the lynchpin of everything that we do today and will be in the decades to come.*

John Towner

Managing Director of UK PRT, Legal & General

*We have participated in a **very competitive market in the sub £100m** space throughout 2025. This is clearly a benefit to trustees in what has **historically been an underserved** market and we are pleased to be able to provide an alternative. We expect this trend to continue into 2026.*

Gary Needham

Head of BPA Business Development, Utmost



SECTION 3

How can pension schemes successfully navigate the market dynamics to achieve the best outcomes?

Pension schemes can successfully navigate current favourable supply-demand dynamics by partnering with an experienced risk transfer adviser. Someone who understands and can articulate their key priorities, and design an effective, suitably-tailored broking process to achieve these.



Imogen Cothay, Partner, LCP

How to maximise insurer engagement

With more medium and smaller schemes coming to market, insurers are scrutinising schemes more than ever to decide which processes to participate in. Typically insurers assess each transaction opportunity against the following key questions:

Insurer triaging question	Key transaction feature	
1. How likely is the transaction to complete?	Governance	Scheme/ sponsor characteristics
2. How likely am I to be successful?	Process design	
3. What is the level of work involved in this transaction?	Data/benefits	

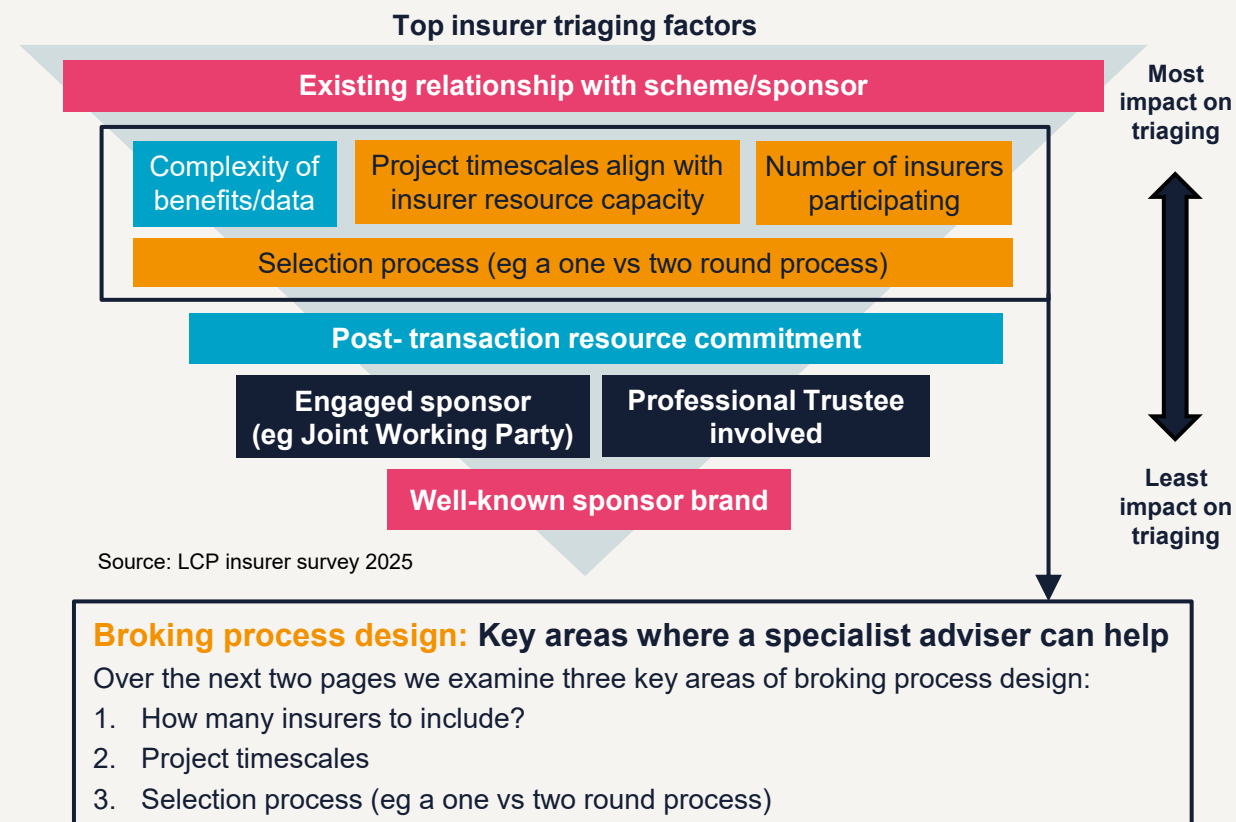
We asked the insurers to rank the key transaction features impacting the triaging outcome in order of relative importance – the results are summarised opposite.

As expected, insurers will **prioritise transactions where they have an existing relationship** with the scheme or sponsoring employer (eg through an existing buy-in), highlighting the benefit of early engagement with insurers. Another factor ranking as important is the **complexity of a scheme's data and benefits**, demonstrating the value in undertaking detailed preparation work to make sure there is a clear, well-designed **benefit specification** and performing an upfront review of the scheme's data.

The next set of factors that rank highly all relate to the **broking process design**. As market activity levels have increased, these factors have increased in importance since we last surveyed insurers on their triaging. This is where an **experienced risk transfer adviser can add significant value** by designing an effective broking process tailored to the scheme's specific circumstances and requirements.

Also rising up the rankings is the **expected post-transaction resource**, which was at the bottom of the insurers' rankings in our previous survey. Certain insurers are now very conscious of the pressures on post-transaction capacity (see [section 4](#)). Effective pre-transaction preparation work can be beneficial in reducing the post-transaction workload.

Although ranking below these points, **governance-related factors** such as having an engaged sponsor and the presence of a professional trustee **remain important considerations for insurers**, and demonstrating a strong governance position and viable transaction can help tip the balance for an insurer to quote on one scheme over another.



How to beat the insurer triage?

For more information on how schemes can best prioritise themselves within an insurer's triaging process, see our latest "Beat the Insurer Triage" report [here](#).

Broking process design

The previous page covered how schemes can get strong insurer engagement, but **what does strong insurer engagement mean and why is securing it important for schemes?** Usually, getting good engagement means maximising the number of insurers participating in your broking process, thus increasing competitive tension on both pricing and non-pricing factors. However, there are increasingly occasions where schemes can get better engagement – and hence pricing and terms – from approaching a targeted subset of insurers.

As part of our 2025 survey, insurers commented that they have seen a **sharp increase in the number of processes with three or more insurers participating** as schemes look to take advantage of increased choice and competition in the market. In part, this may be a result of increased insurer resource to quote on more transaction opportunities.

1 How many insurers to include?

From an insurer's perspective, fewer insurers in a process increases their odds of being successful and is viewed favourably in triaging discussions. However, this should be balanced against the impact on competitive tension from having fewer insurers. We describe below three common approaches that LCP applies in designing the broking process and the circumstances in which a scheme may choose one approach over another.



Full market approach (eg 6+ insurers)

- Maximises the potential number of insurers that may participate, so typically expected to produce the most choice.
- Can be effective for more 'standard' transactions which do not have special features or specific requirements.
- May result in less engagement, and hence less optimised quotations, particularly when the market is busy.



Targeted approach (eg 2-5 insurers)

- Demonstrates intent, sending a stronger signal to insurers with each insurer likely to be more engaged.
- Insurers will be more willing to invest time in designing tailored solutions for non-standard requests or complex issues.
- Pre-screening can be a useful exercise for trustees, to limit the number of insurers actively under consideration.
- Careful thought is required to select which insurers to approach to ensure they have the expertise for the scheme's requirements.
- Some schemes have an existing panel of two/three insurers, with pre-agreed umbrella contracts for further buy-in transactions.



Sole insurer process (1 insurer)

- Can be effective, for example where there is an existing buy-in in place and a desire to have all members with the same insurer.
- Larger schemes may use strategic partnerships with a single insurer to reach full insurance across multiple transactions (reserving the right to go out to wider market if stretching price benchmarks are not met) or if they have very bespoke requirements.
- Can be advantageous for the very smallest of schemes to get strong insurer participation.
- Transaction adviser input is of greater importance, to give robust price benchmarking and to negotiate competitive terms.

Broking process design: how to structure the optimum process

Two other key aspects of broking design that insurers ranked highly when making triaging decisions were project timescales and the insurer selection process:

2 Project timescales

- **Overall project timescales:** Timescales that align with when the insurer has quotation capacity (and the ability to be flexible with timings) ranked as the third most important factor in insurers' triaging processes for schemes of all sizes.
- **Early insurer engagement:** Early engagement with insurers is important for schemes of all sizes. It allows insurers to plan their resource and manage their pipelines. Smaller schemes may need to be more flexible over timings given insurers will have other competing commitments.
- **Quotation timescales:** Schemes can also benefit from having an open dialogue with insurers regarding the timescales for initial and final quotations. For schemes where bespoke reinsurance arrangements may be required it is important to allow sufficient time into final quotation periods for the insurer to optimise reinsurance arrangements.
- **Insurer reporting cycles:** Insurer appetite and pricing can also change as half-year and year-end reporting cycles approach, or large transactions enter exclusivity. Those insurers that have already met their business targets may effectively 'pull up the drawbridge', whilst other insurers looking to hit their targets may offer attractive pricing opportunities.

3 Selection process (eg a one- vs two-round process)

- A key element of the selection process is the number of pricing rounds used to select a preferred insurer.
- **Two-round processes:** In such a busy market, long gone are the days of multiple pricing rounds, with most larger transactions now following a two round pricing process with initial pricing and final pricing. This provides an opportunity to shortlist insurers for more detailed negotiation on the factors important to the trustee (such as member experience), and to focus on these areas alongside price as part of the best and final insurer proposals.
- **Single-round processes:** Smaller schemes typically opt for a single 'best and final' pricing round. This can help encourage more insurers to quote and is now expected as the default by insurers for smaller schemes.
- **Avoiding price-chips:** Crucially, insurers will seek clarity up-front that there will not be a further 'price-chip' requested once their final quotation is submitted. If insurers fear a price-chip is possible – perhaps because the adviser has done it before – then they may include a buffer in their final prices with the risk that the scheme ends up paying more.

Designing the best broking process is a balancing act and will vary depending on the characteristics and circumstances of the scheme and the market dynamics at the time. **Guidance and skilled judgement from an experienced transaction adviser with strong insurer relationships** can therefore make a big difference to the final pricing and terms that can be achieved.

Providing a positive member experience

A key criteria for many schemes when selecting an insurer is whether that insurer will provide a positive member experience through the process of buy-in and after buy-out. With strong funding levels, trustees can increasingly afford to ‘shop around’ for the best service and larger schemes can choose to run on if they are not satisfied by what they find. Over the past couple of years it has been a key focus for many insurers as they seek to innovate on member experience to stand out from the crowd.

On the next page we have set out a case study of how Rolls-Royce put member experience front and centre of their £4.3bn full buy-in. Below, we set out how the Consumer Duty rules provide a strong regulatory framework for ensuring members continue to receive a positive experience over the long-term.

Consumer Duty: A framework for driving improvements in member experience

The Consumer Duty rules came into force in July 2023, setting higher standards than previous Treating Customers Fairly rules. The framework is summarised opposite and is characterised by an overarching Consumer Principle **for insurers to act to deliver positive outcomes**.

The Duty shifts focus from internal process to member outcomes. For example, rather than monitoring individual quotation delivery times or call wait times, insurers are looking more closely at the overall length of the end-to-end customer journey. The Duty also raises the bar on member education and service, and we’re pleased to see insurers already responding, for example producing videos explaining policy details, improving accessibility of their websites and member portals, and introducing simplified authority forms.

The FCA is actively monitoring compliance with the Duty. As part of this, **insurers are required to produce dashboards demonstrating their performance**.

Conclusion: Schemes can be reassured by the insurers’ responses and the active role the FCA is taking. However, this is no substitute for schemes taking their own action to run a member-first buy-in process and get fully under the bonnet of insurers’ administration and member-experience offerings.

Consumer Duty Framework

Consumer Principle

A firm must act to deliver positive outcomes for retail clients

‘Cross-cutting’ obligations

An insurer must:

- Act in good faith towards customers
- Avoid causing foreseeable harm to customers
- Enable and support customers to pursue their financial objectives

Four outcomes

1. Products and services
2. Price and value
3. Consumer understanding
4. Consumer support

Oversight

The Financial Conduct Authority (FCA) is monitoring how insurers comply through the insurers’ dashboards which demonstrate their performance



A 'Rolls-Royce' process focused on member experience

CASE STUDY 

Rolls-Royce UK Pension Fund



36,000 members



£4.3bn full buy-in

The objective

When the Trustee and Company agreed to approach the bulk annuity market, they did so on the basis they would only transact if the "Rolls-Royce" service members were used to would be maintained or enhanced by the selected insurer.

Read full [buy-in press release](#) for additional background

Key outcomes



Member benefits – eg replicating the full range of current complex benefit options



Online modellers – replicating the Fund's market-leading web offering to allow members to model options (and retire) online



Member options – tailored factor processes to support the existing online modeller

*LCP immediately understood our 'member-first' priorities and **pushed the boundaries of the insurance market** to ensure we will get the best experience for our members.*

Fiona Brown Group Head of Pensions, Rolls-Royce

How was this achieved?

We worked closely with the Trustee to structure the process to maximise the likelihood of obtaining bespoke requests and meet the objectives opposite. Some examples included:



Pre-selection of insurers to assess those best able to meet the selection criteria and bespoke requirements. Approached a shorter list of insurers to get greater engagement and resources being devoted by insurers.



Pre-RFP phase – to explore a greater number of requests/sensitivities (particularly when coupled with pre-selection). The output was used to ensure value-for-money in all areas and provided the opportunity to think creatively to secure members' benefits in a cost-effective way. This process also meant the formal quotation request could be focussed on an agreed structure, so insurers could optimise and focus on delivering the desired transaction.



Clear asks with a clear rationale – 'must haves' were agreed and stated clearly at the start of the process. A unique request can require significant investment from insurers, so it was vital that the insurers understood the request and had confidence that the transaction would proceed. A strong rationale was provided for the requests (alongside data to allow insurers to price them), especially where they were outside of the insurers' usual offerings.



Extended pricing and feedback rounds with flexibility for different solutions gave insurers time to develop solutions and for LCP to support the Trustee to refine its asks. Insurers were given the flexibility to meet the Trustee's objectives in different ways (provided they met the key principles and objectives).



Consideration of post-transaction from the outset – pre-transaction and post-transaction were fully integrated into a single project. This meant early focus and planning on operational aspects to ensure the transition was seamless from a member perspective.

Want to read more about the Rolls-Royce member-first approach? Click [here](#).

Hear more about member-first transactions if you're not a large scheme at our [PRT forum](#).

+ SECTION 3: KEY CONCLUSIONS

Over 2025, we have seen significant innovation from insurers, with the buzzwords of the year being ‘member experience’. With trustees in a stronger negotiating position than ever before, we are confident that in 2026 we’ll continue to see insurers focusing on delivering solutions that prioritise the experience members will receive.

Whilst the supply-demand dynamics look set to remain tilted in pension schemes’ favour in the short-term, to achieve the best outcome from insurers it remains imperative to design an effective broking process tailored to the scheme’s specific circumstances and requirements. This is where an experienced risk transfer adviser can add significant value.

For many trustees who have been navigating these market dynamics, a key area of concern over the past year has been the post-transaction journey. With more schemes than ever before moving to buy-out, there are concerns that insurers and pension scheme administrators are reaching their capacity. In Section 4 of this report we explore the hurdles post-transaction work brings, and how those involved are rising to the challenge.

┌ The insurers’ perspective...

*The DB de-risking **market is high-functioning** and remains highly attractive, as demonstrated by proposed acquisitions and recent new entrants. Insurers have shown themselves to be **incredibly innovative**, with streamlined solutions like Beacon leading to more transactions. What’s also been great to see is the **increased focus on enhancing member experience** for members once insured, things like access to regulated advice upon retirement and enhanced optionality that should lead to better member outcomes.*

Peter Jennings, Head of DB Sales, Just

*It’s fantastic to see such strong momentum in risk transfer solutions, with **rising investment and innovation**—even following a quieter first half. We’re proud to offer a suite of propositions that consistently deliver **great client outcomes**, driven by our flexibility and unwavering commitment to member experience excellence. All of this is underpinned by the strength and security of Prudential Assurance Company. **Bring on 2026—the stage is set for an exciting year ahead.***

Kerrigan Procter, Managing Director of Corporate Risk Solutions, M&G

*One trend that has picked up this year is that of trustees looking to insurers to deliver **excellent customer service**, which in turn is helping deliver improved customer service for scheme members, as **administrators up their game** as well. This is a consequence of the much better funding position many schemes find themselves in. Whilst customer service has always been important to a segment of trustees, 10 years ago when funding levels were lower, price was the most important factor by a wide margin. PIC is proud to have been at the forefront of this trend as a leader in the provision of excellent customer service to our policyholders.*

Mitul Magudia, Chief Origination Officer, PIC



SECTION 4

How are insurers adapting to the challenge of moving more schemes to buy-out?

The pipeline of schemes moving to buy-out is continuing to grow quickly. So far, insurers are rising to meet that challenge, but schemes need to ensure they are ready to tackle the data cleanse and buy-out journey, against a backdrop of increasing pressure on administrators.

Rachel Banham, Partner and Head of Post-transaction team



The transition to buy-out – rising to the challenge

With transaction volumes remaining high, what is the insurer capacity for moving schemes to buy-out?

Buy-in

Bulk annuity policy pays the trustee the pensions due

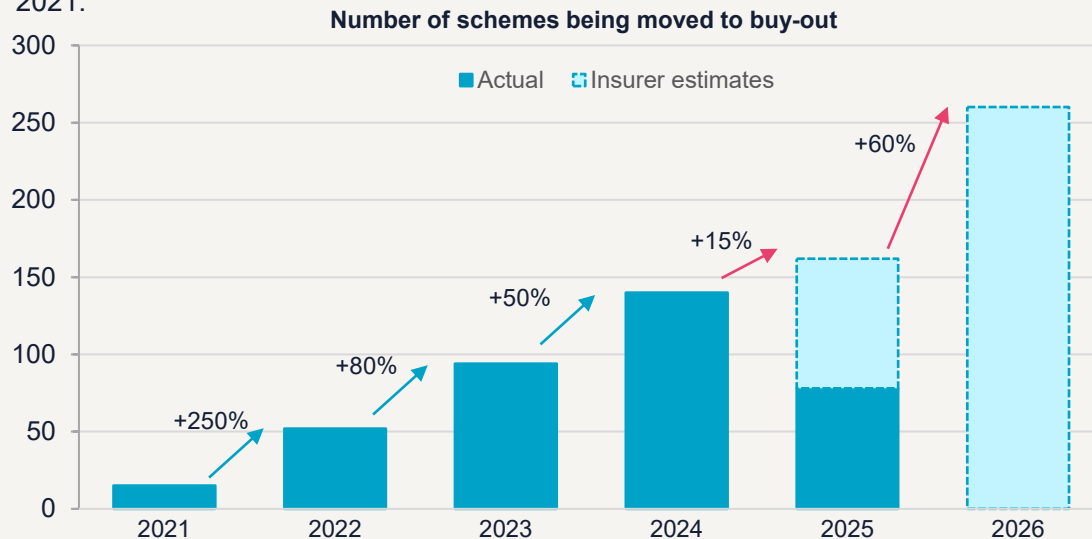
Buy-out

Liabilities discharged by issuing individual policies to members

Whilst in buy-in, the trustees remain responsible for paying pensions and the sponsor continues to stand behind the liabilities. Schemes need to correct data errors (such as implementing GMP equalisation) before moving to buy-out. At this point individual policies are issued to members, discharging scheme liabilities (typically at a similar time to the insurer taking over the administration of member benefits). This removes the liabilities from the sponsor's balance sheet.

The number of buy-out transitions continues to grow quickly

The number of schemes completing the move to buy-out reached nearly 150 in 2024, with insurers expecting that to increase to over 250 schemes in 2026, up from only c20 in 2021.



Source: LCP insurer survey 2025

This trend is no surprise, reflecting the sharp increase in full buy-ins in recent years that are now proceeding through to buy-out. Insurers have anticipated this growth, significantly expanding their post-transaction teams – see page 15 – but it does pose a challenge for the industry.

Will this be maintained through 2025 and beyond?

The data is taken from LCP's insurer survey. Insurers have provided estimates for the number of transitions over 2025 and 2026, reflecting how they have allocated schemes in their transition pipeline. 2025 shows a relatively modest increase on 2024 with a big jump in 2026 and we hope the actual number of 2025 buy-out transitions lands a little higher than shown, to maintain momentum for pension schemes wishing to transition to buy-out.

Growth is driven by small schemes; number of members tells a different story

We also asked insurers about the number of members in those schemes which are being transitioned to buy-out. Interestingly, this metric is much more volatile with spikes coming in 2026 and 2027 due to large schemes in the pipeline that are due to move to buy-out.

This suggests that the growth in the schemes completing buy-out transitions is primarily being driven by small schemes. The true test may be yet to come when multiple large schemes seek to transition to buy-out.

Number of buy-out transitions is highly concentrated by insurer

Three insurers account for over 80% of the buy-out transitions over the past five years – Aviva, Just and L&G.

The other insurers have more modest pipelines of buy-out transitions with no more than c20 buy-out transitions per year in the near term. These are small numbers in the context of the c350 schemes we estimate will complete buy-ins this year but, even at this size, that is a significant expansion for some of the newer participants in the market.

This is a key area we monitor as part of LCP's administration reviews.

Progress through the post-transaction phase

How long is it taking schemes to progress to buy-out? Is there a backlog building?

About half of full buy-ins over 2–3 years old have progressed to buy-out.

Our insurer survey suggests that there is a steady progression from buy-in to buy-out over the first 2–3 years. This is consistent with our practical experience of running post-transaction projects. However, it also shows that after this, the rate at which schemes complete their buy-outs slows significantly. Does this imply a backlog building up that may pose a problem for the industry?

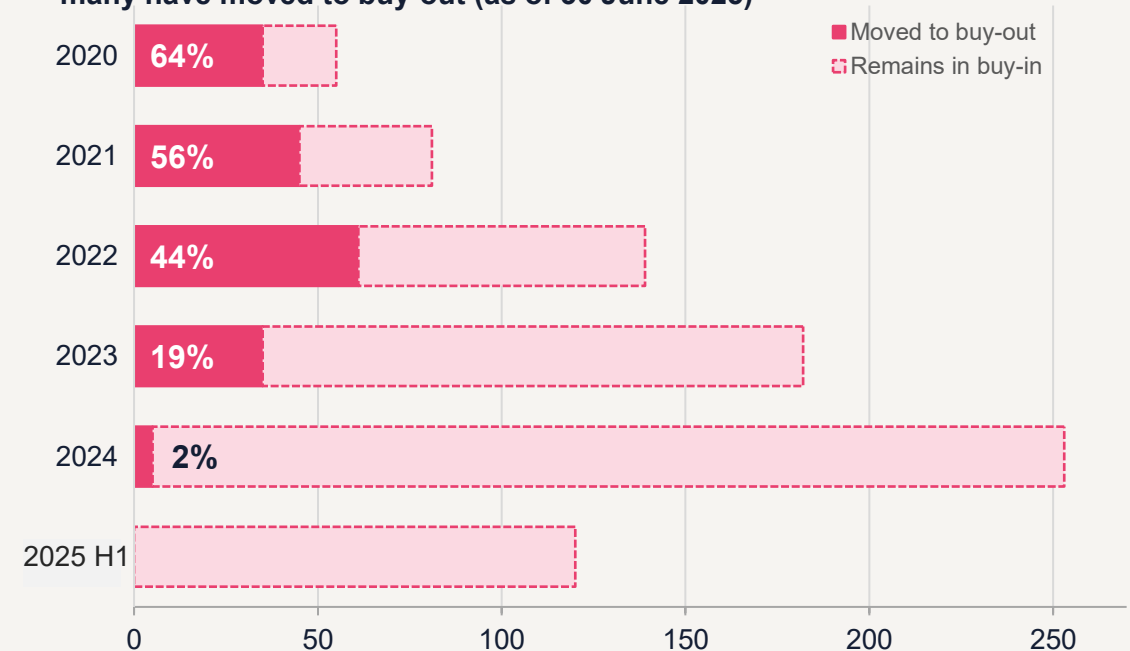
Some of these will be schemes where remaining in buy-in for a longer period is a deliberate decision. However, a proportion will be schemes where data cleanse related work is taking longer than planned and so is delaying the move to buy-out. For example, over a third of full buy-ins completed five years ago (in 2020) are yet to move to buy-out.

When we consider the post-transaction journey in this way, the picture across all insurers is actually quite consistent (albeit with variation for more recent entrants). This aligns with our experience that it is **primarily scheme circumstances, rather than insurer capacity, that influence the time taken to move to buy-out.**

The survey results reinforce that **it is possible for well-prepared schemes to move from buy-in to buy-out in 1–2 years**, but this is relatively rare. Timescales are typically longer as many schemes face complex data cleansing, including GMP equalisation.

With pension scheme administrators coming under increasing pressure to keep such projects moving, we may find it increasingly common that schemes which have not progressed their data cleansing ahead of transacting, will not be able to complete their data cleanse within the typical period of 18-24 months included within many contracts.

Building backlog: Number of full buy-ins per year, and how many have moved to buy-out (as of 30 June 2025)



Source: LCP insurer survey 2025. Data is as at 30 June 2025.
Excludes pensioner only transactions, and transactions where corresponding buy-out information not provided.

In our experience, it is primarily scheme circumstances, rather than insurer capacity, that influence the time taken to move to buy-out.

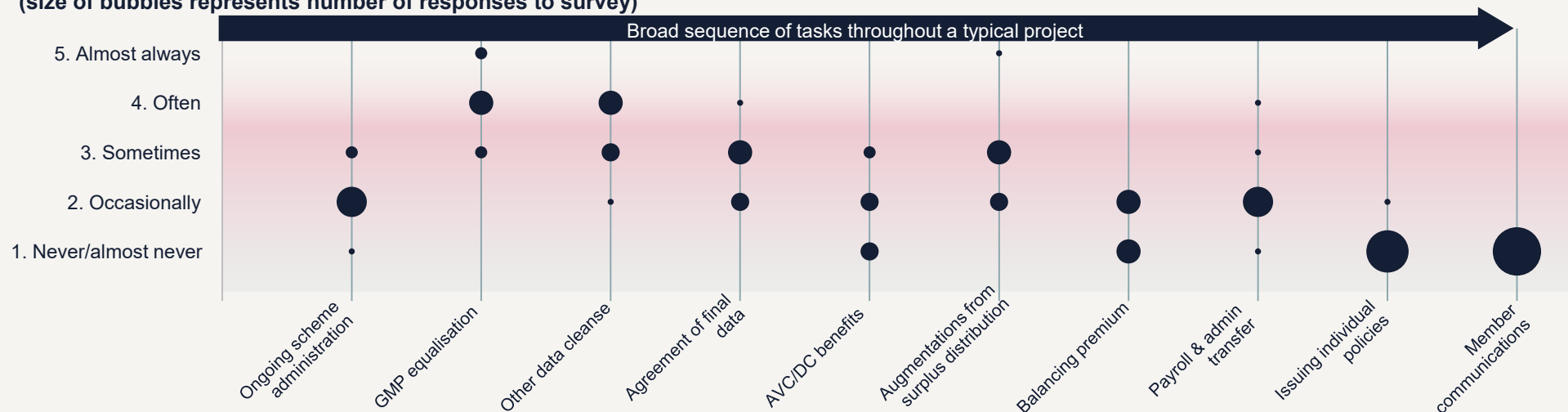
What are the challenges in the buy-out transition?

We asked insurers which areas commonly cause delays in the post-transaction phase.

The LCP insurer survey results show that **GMP equalisation and other data cleansing** are the biggest causes of delays in moving to buy-out. These are complex projects and generally dependent on capacity from the schemes' existing advisers. There is also some risk perceived at the time of the **payroll handover** and this is where the insurer and administrator need to work together to achieve a seamless change and avoid disruption for members.

One issue that is rising up the agenda is the **distribution of surplus** to members. This is becoming relevant for more schemes and introduces a significant additional step in the buy-out process. We are seeing insurers taking more interest in this and expressing views on the feasibility of different options. Key concerns are around not taking unduly complicated approaches that could be difficult to administer or lead to lots of member queries (including after buy-out).

Do insurers see these areas causing significant delays or additional post-transaction work?
(size of bubbles represents number of responses to survey)



Source: LCP insurer survey 2025.

The initial phases of GMP equalisation and data cleansing are where insurers most commonly report delays, with the latter stages of the buy-out process becoming increasingly streamlined.

Key actions to ensure success of the buy-out transition are:

- Be well prepared on data-either by cleansing data before a transaction or getting a comprehensive understanding of what data cleanse is needed and planning this upfront with advisers.
- Ensure the right support is in place – a dedicated project manager with the expertise needed to oversee all post-transaction workstreams and hold other parties to account.
- Communicate with all parties, including the insurer, throughout the project, to keep things on track and avoid any surprises.



Independent and expert oversight to deliver buy-out

CASE STUDY

Completing buy-out within 2 years



4,500 members



£700m full buy-in



Plan sponsored by a global industrial and services firm

The objective

- The sponsor was clear from the outset that as part of a process to restructure its business, it needed to remove pension obligations from its balance sheet **by a deadline two years after fully insuring all benefits through a buy-in**, linked to the sponsor's year-end.
- The scheme already had two other significant pensioner buy-in policies each with a different insurer.
- It also faced other common challenges like complex data cleanse including GMP rectification and equalisation, DB and DC hybrid benefits with an underpin, over a hundred historic individual annuity policies, and AVCs with a variety of providers to rehouse.

Our solution

For this project, given the complexity, challenging timescales and number of parties involved, the Trustee, with support from the Sponsor, appointed LCP to deliver the project on time.

Our post-transaction team:

- Was independent of the incumbent advisers – we provided constructive challenge, additional oversight and day-to-day guidance to administrators to make sure all tasks were delivered within the required timescales, whilst meeting all necessary requirements.
- Used its strong track record of delivering buy-out projects with many concurrent workstreams; we worked collaboratively with all parties to confirm objectives, develop a clear plan and pre-empt issues that might otherwise have derailed the timings.
- Worked closely with a professional trustee that was extremely hands-on throughout the process, to deliver on schedule.
- Built a strong team on the Trustee side and leveraged our relationship with the primary insurer, who had provided commitments from the outset to work to much tighter than standard timescales, including direct input from their senior leadership when needed.

It was an exceptional effort from all involved to achieve this, against a backdrop of typical timescales of three years or more for similarly complex projects. This was only possible thanks to the positive and collaborative approach from all parties including the Trustees, sponsor, insurers, administrator, actuaries and other advisers.

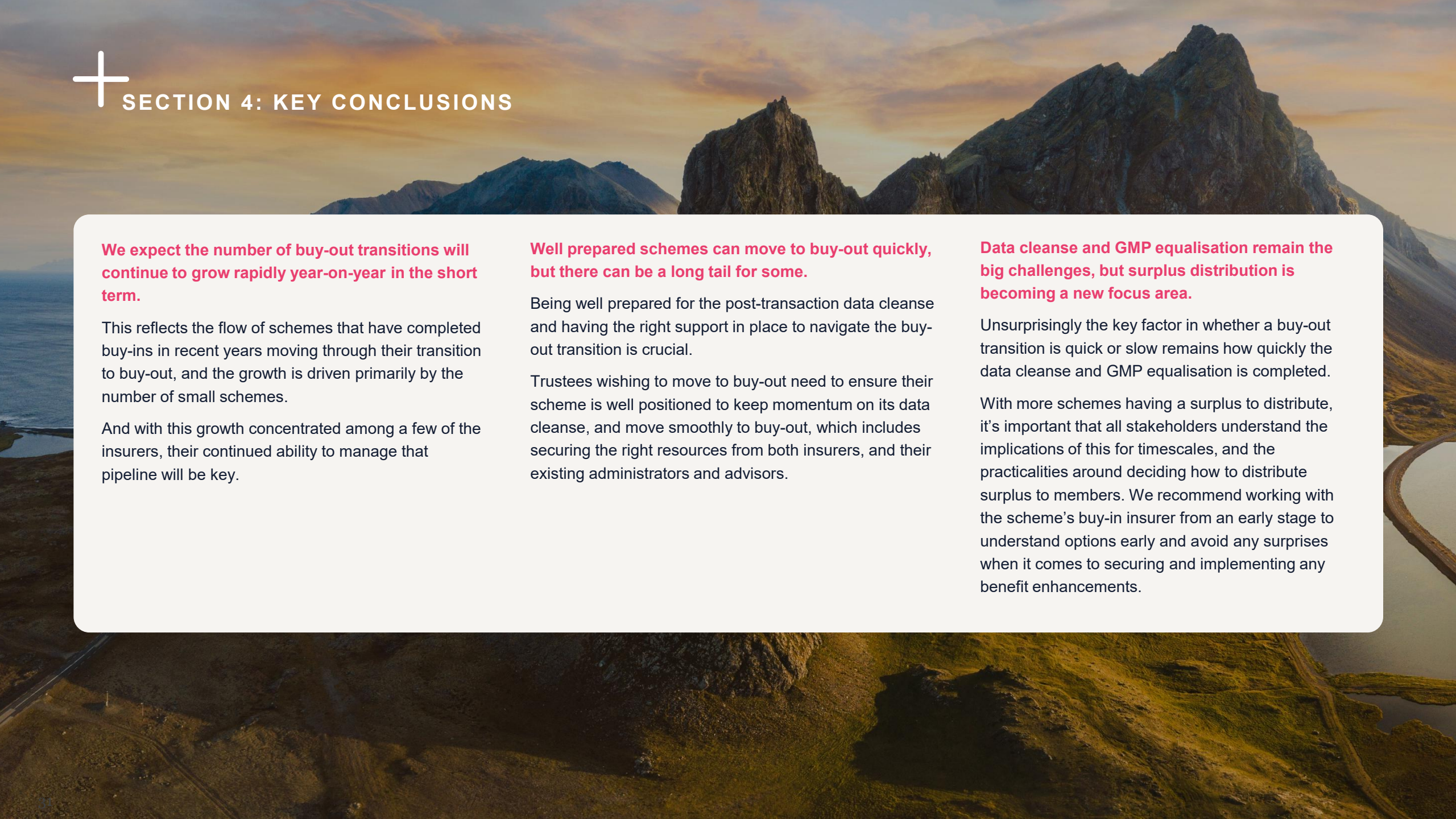
Every party I have spoken with as part of the buy-in to buy-out process has said that the timescales we met were incredibly tough to achieve, and that it is highly impressive we did so. There is no doubt that LCP were integral in making this happen with their driving forwards of the project management workstreams and accompanying technical expertise to unblock potential challenges.

Finance Director and Plan Trustee

The result

- Members received individual policies as planned, ahead of the sponsor's year end
- The sponsor is now in a position to restructure the business in line with timelines communicated to stakeholders, putting it in a strong position to pursue its strategic objectives with pension liabilities removed from the balance sheet.
- Trustee liabilities were discharged with suitable protections for the trustees, and the scheme is now fully wound-up.

Read more examples of how LCP's post-transaction team have helped schemes with buy-out and wind-up [here](#).



+ SECTION 4: KEY CONCLUSIONS

We expect the number of buy-out transitions will continue to grow rapidly year-on-year in the short term.

This reflects the flow of schemes that have completed buy-ins in recent years moving through their transition to buy-out, and the growth is driven primarily by the number of small schemes.

And with this growth concentrated among a few of the insurers, their continued ability to manage that pipeline will be key.

Well prepared schemes can move to buy-out quickly, but there can be a long tail for some.

Being well prepared for the post-transaction data cleanse and having the right support in place to navigate the buy-out transition is crucial.

Trustees wishing to move to buy-out need to ensure their scheme is well positioned to keep momentum on its data cleanse, and move smoothly to buy-out, which includes securing the right resources from both insurers, and their existing administrators and advisors.

Data cleanse and GMP equalisation remain the big challenges, but surplus distribution is becoming a new focus area.

Unsurprisingly the key factor in whether a buy-out transition is quick or slow remains how quickly the data cleanse and GMP equalisation is completed.

With more schemes having a surplus to distribute, it's important that all stakeholders understand the implications of this for timescales, and the practicalities around deciding how to distribute surplus to members. We recommend working with the scheme's buy-in insurer from an early stage to understand options early and avoid any surprises when it comes to securing and implementing any benefit enhancements.

+ CONCLUSION

The outlook for schemes seeking to insure in 2026 is positive – well-prepared and well-advised schemes will be able to achieve attractive pricing and benefit from innovation in key areas such as member experience.

Clive Wellsteed, Partner and Head of Practice





CONCLUSION: RECAP OF KEY TAKEAWAYS FROM OUR LATEST MARKET ANALYSIS

Our analysis reveals that buy-out **funding levels remain high** with further improvements over 2025. Combined with a wave of planned legislative reform in the Pension Schemes Bill 2025, this is heralding the **fastest pace of change** in the DB pensions industry for many years.

Schemes of all sizes are **weighing up a range of endgame options and timescales** beyond simply insuring as soon as affordable. These include running on for a period, emerging DB superfund providers and flexible surplus sharing options.

Amidst this fast-changing landscape **demand for buy-ins remains high** with £350bn to £550bn of buy-ins over the next decade – significantly higher when restated in 2020 terms.

For the increasing number of schemes seeking buy-ins, **the bulk annuity market remains vibrant**. With insurers reporting strong growth ambitions and recent insurer acquisitions and investment by global asset managers expected to boost capacity and enhance asset origination further, the scene is set for continued **fierce competition and attractive pricing** into 2026.

With supply-demand dynamics tilted in schemes' favours, they are using their negotiating power to achieve insurance transactions that deliver their full range of wider objectives including delivering a **positive member experience**. Insurers are **upping their game** to meet schemes' expectations and to collaborate on the challenge of moving rapidly growing numbers of full buy-ins to buy-out. Against this backdrop, carefully considered insurer due diligence and selection remains important, including a robust assessment against alternatives to insurance.

We look forward to continuing to help current and future clients **design and implement their optimal endgame strategy** to the benefit of trustees, members and scheme sponsors.

Join our webinar

Insurers up their game amidst a changing landscape – how can your scheme benefit?

📅 2 December 2025

🕒 11am

[+ Register now](#)

Join our webinar where the authors of the report will share highlights and discuss key questions for trustees and corporate sponsors considering the right strategy for their scheme.

Pension Risk Transfer Forum 2026

📅 25 February 2026

🕒 Afternoon session followed by drinks

📍 In person at 20 Cavendish Square, London, W1G 0RN

Join our team of experts for the latest insights on the Pension Risk Transfer market at our annual forum.

Expanding on the findings in this report, we will be sharing new insights and tackling difficult questions on regulation, innovation, and how to ensure the decisions you take today stand the test of time decades from now.

A must-attend event for those considering buy-ins and buy-outs for their defined benefit schemes now or in the future, with attendees limited to trustees, pensions managers and sponsors.

[+ Register now](#)

LCP wider thought leadership

Getting buy-in ready: How to get your scheme prioritised in insurer triage processes

Find out what really matters to the insurers, the issues they are facing, and the key preparation steps to take when approaching the market.

[+ Explore the report](#)

DB pensions priorities 2025: Turning intent into action

Explore key insights from our annual report, based on a comprehensive survey of the DB pension scheme market, covering DB strategy, endgame planning and emerging trends.

[+ Read the report](#)

Understanding the economics: Examining the financial case for running on a DB pension scheme beyond buy-out affordability

New LCP analysis shows that for schemes able to carry the downside risks of running on, the economic value of long-term run-on could be substantial.

[+ Explore the report](#)

Recent LCP blogs

[PRA considers stronger measures for UK bulk annuity insurers using Funded Reinsurance](#)

Find out how stronger PRA action on funded reinsurance might impact DB pension schemes.

[How Rolls-Royce's ground-breaking transaction has raised the bar on member experience](#)

Explore how member experience is becoming an increasing focus for schemes in buy-ins/outs and how insurers are innovating to meet trustees' requirements.

[What can pension schemes learn from insurer profits?](#)

Why do the profits bulk annuity providers make matter for endgame planning? We explore three ways that understanding insurer profits can help trustees and sponsors make better-informed decisions.

Resources for smaller schemes

With the surge in demand for bulk annuity insurance, some insurers are becoming more selective at the smaller end of the market. These resources will help such schemes understand their options to plan ahead.

[+ Read the guide to our streamlined buy-in/out service](#)

[+ LCP Assure](#) – A streamlined and joined-up strategic journey all the way to wind-up, with fee certainty.

Accounting for Pensions 2025

LCP's latest annual Accounting for Pensions report analyses the 2024 disclosures of FTSE100 companies, highlighting how pension surpluses appear to be embedded, and discusses accounting for full scheme buy-ins.

[+ Explore the report](#)

Workplace pensions – a bright star in a dark sky for Corporate Britain

We explore how workplace pensions have transitioned from financial burdens to strategic opportunities for corporate sponsors, highlighting emerging trends that can deliver value for both businesses and scheme members.

[+ Find out more](#)

Shifting GEARS: Key stages to success

Our hub for strategic journey planning gathers all the resources you need to design, implement and evolve your endgame plan using our GEARS framework.

[+ Find out more](#)

LCP Elevate: A flexible active run-on strategy

A flexible active run-on strategy framework helping our clients turn DB pension schemes into real assets. It challenges what is possible in the new world of better funded pension schemes and enables schemes to run on securely.

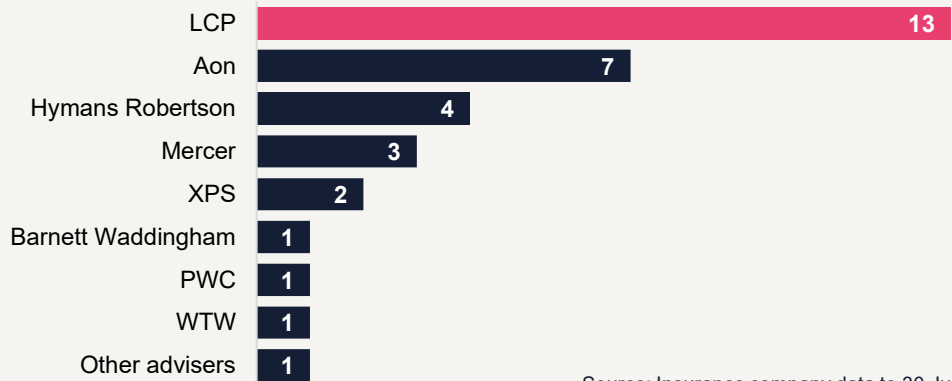
[+ Find out more](#)

LCP has market-leading experience and resources to help clients achieve success in all segments of the buy-in/out market

+LCP
powering
possibility

Over £1bn

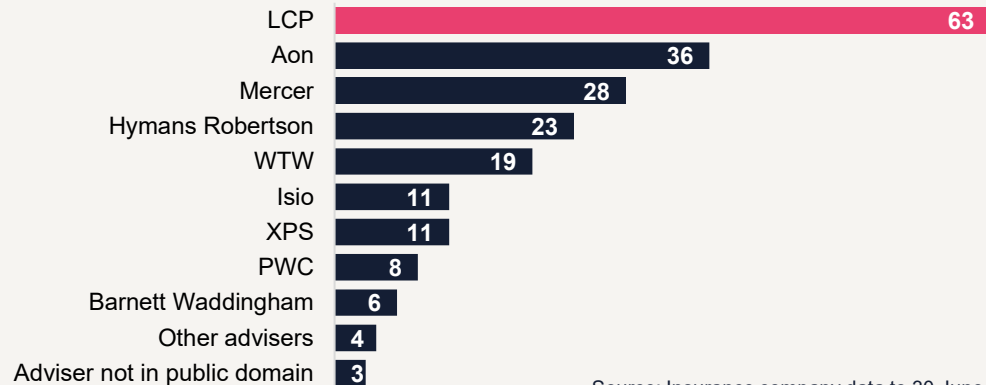
Lead adviser on buy-ins/outs over £1bn since 2022



Source: Insurance company data to 30 June 2025

Over £100m

Lead adviser on buy-ins/outs over £100m since 2022



Source: Insurance company data to 30 June 2025

Under £100m

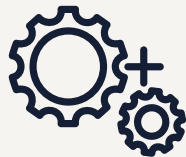


LCP has been the lead adviser on

150+ buy-ins and buy-outs under £100m since 2014

Including **115+** transactions and **over £5bn** through our [streamlined buy-in and buy-out service](#)

Post transaction



LCP's post transaction team has managed over **35** completed buy-out/wind-ups since 2021 and is currently managing

100+ ongoing processes for schemes ranging from <£10m to £1bn+ of assets

Read more about our LCP pension risk transfer team market-leading credentials [here](#).

LCP pension risk transfer team capabilities



PPF+ advisory panel

We are appointed by the PPF to provide transaction services to PPF+ schemes.

Alternative risk transfer

We advise on the full-range of alternative endgame solutions including capital-backed journey plans, superfunds and alternative use of surplus.

Strategic journey planning

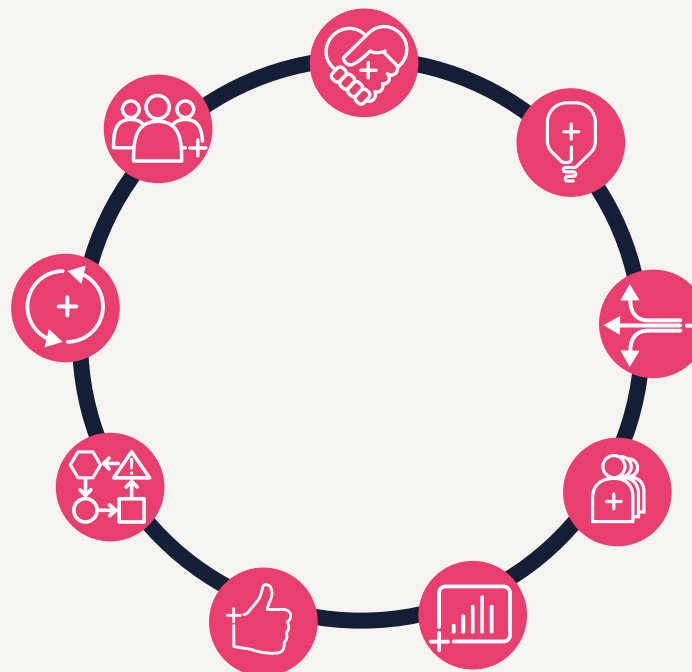
We help schemes design, implement and evolve their strategic journey plans using our GEARS framework and our LCP Assure service allows a streamlined approach, with fixed fees for smaller schemes.

Wind-up

We have a specialist post-transaction team of individuals with a range of pensions backgrounds, skilled at guiding trustees through the wind-up process.

Investment strategy

We advise on asset strategy at all stages ahead of a transaction through to effective transition.



Illiquid assets

Our Illiquid Asset Solutions Group finds solutions to release value from illiquid assets required to fund buy-in / out transactions.

Longevity analysis

We support schemes' longevity assessments working with LCP Health Analytics to provide bespoke, tailored advice on expected future improvements with insights from actuaries and health professionals. This helps negotiate optimised longevity pricing.

Insurer due diligence

We provide insurer due diligence in all areas: financial covenant, administration and ESG and climate risk.

Data preparation strategy

We have a dedicated team to help schemes prepare their data well for market to maximise insurer engagement and optimise pricing.

Contact us

If you would like more information please contact your usual LCP adviser or one of our specialists below.



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At LCP, our experts help to power possibility by navigating you through complexity to make decisions that matter to your business and to our wider society. We are powered by our desire to solve important problems to shape a more positive future. We have market leading capabilities across pensions and financial services, insurance, energy, health and analytics.

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