

+ Intensifying competition drives record buy-in pricing

LCP pension risk transfer update

May 2026



Introduction

2025 was a year of increasing activity with record insurer capacity and intense competition leading to exceptional buy-in pricing and improvements in member servicing.

2025 was marked by continued strong growth in buy-in transaction numbers driven by smaller schemes under £100m. Despite lower total volumes, six of the seven longer established insurers wrote over £3bn each with L&G writing over £10bn (see pages 3-5) and newer insurers started to make their mark with close to a 10% market share.

Competition between the insurers intensified over the year, and pricing reached unprecedented levels over Q1 2026 (see page 7). There was continued significant investment by the insurers to increase capacity and enhance the member experience and administration they offer. The £4.3bn Rolls-Royce full buy-in with PIC broke new ground as a 'member-first' transaction, carefully designed around the trustee's guiding principle that the only change members should experience was to their letterhead!

Value-sharing approaches are developing at pace that deliver a clean break for sponsors but allow members to participate in future investment outperformance – as seen in the innovative Stagecoach-Aberdeen transaction and Prudential's recently launched BPA Plus proposition. Momentum also continues to steadily build in the DB superfund market with the fifth such transfer to Clara announced in April and three new superfunds understood to be in assessment with the Pensions Regulator (see page 9).



LCP celebrated all this and more in our PRT Forum in March (see page 10) which also marked the 20-year anniversary of the founding of LCP's specialist team and our design and execution of the first modern buy-in.

Clive Wellsteed, Head of PRT at LCP, shares this remarkable journey here. We look forward to supporting many more clients to their preferred endgame destinations – whatever they may be – over the next 20 years!

LCP's 2025 market-leading credentials

LCP acted as lead adviser for the

£4.3bn

Rolls-Royce full buy-in – [read more here](#)

LCP led transactions over 2025 totalling

£7.8bn

– a 20%+ market share

This included

22 transactions through our streamlined service for smaller schemes – our busiest year ever, securing

volumes over **£1.1bn**

LCP advised Stagecoach on the **£1.2bn** transfer of its pension scheme to Aberdeen as part of an innovative run-on strategy – [read more here](#).

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

+ *20 years on from the first modern buy-in, the UK pension risk transfer market is thriving, with exceptional levels of competition, pricing and choice, allowing even smaller schemes to design transactions that suit their memberships' specific needs.*

Choice is also a key theme more widely – with schemes exploring an expanding range of endgame options, surplus sharing strategies and innovative structures – allowing both members and sponsors to share in surplus along the journey.



Charlie Finch
Partner



Ruth Ward
Partner



Imogen Cothay
Partner

Record market activity and competition despite lower volumes

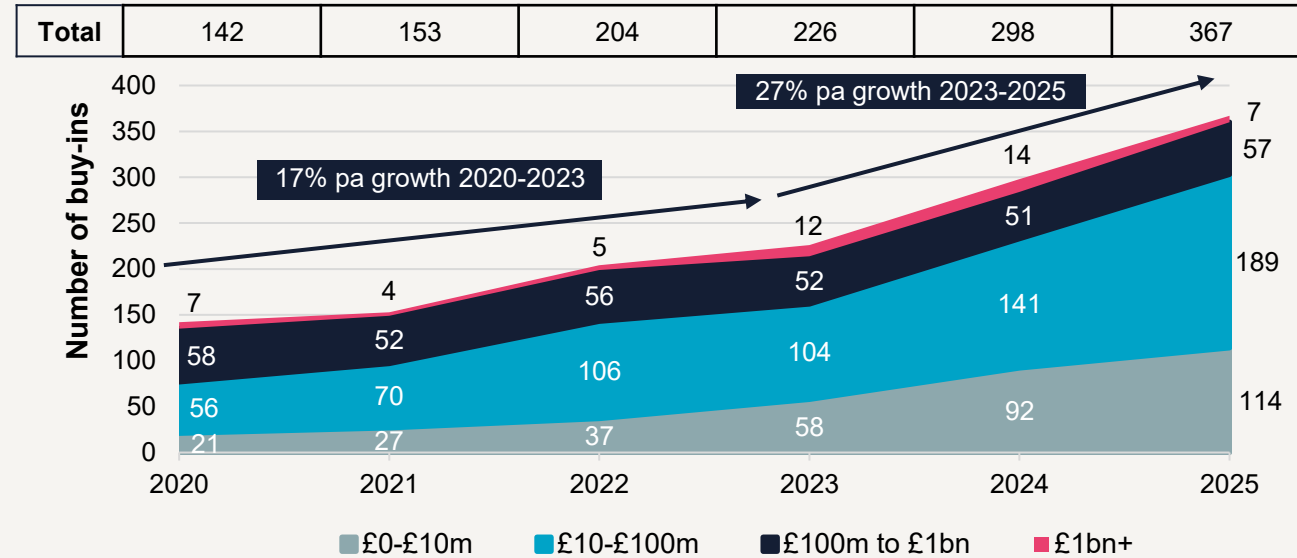
Fewer £1bn+ deals over 2025 led to lower buy-in volumes

Buy-in market volumes were £38.2bn in 2025 across a record 367 transactions. This was primarily driven by a surge of activity in H2, with over 200 transactions completed and £28.5bn of volumes, surpassed only by H2 2024 (£32.7bn across 165 transactions).

As the charts illustrate, the lower overall transaction volumes can largely be attributed to fewer £1bn+ deals, which due to their size cause overall market volumes to be lumpy from year-to-year, with seven £1bn+ deals completed in 2025 versus 14 in 2024. 2025's largest transactions were the £4.6bn buy-ins for the Ford pension schemes with L&G and the £4.3bn buy-in secured by the Rolls-Royce UK Pension Fund with PIC, both in the top 10 largest transactions ever and together comprising 23% of total 2025 volumes.

While total volumes can vary, influenced by the number and size of £1bn+ transactions, the chart below shows that since 2020 volumes for transactions below £1bn have remained remarkably steady at around £20bn a year. 2026 volumes will be dependent on whether certain £1bn+ buy-ins transact this year or next.

Buy-in transaction numbers since 2020



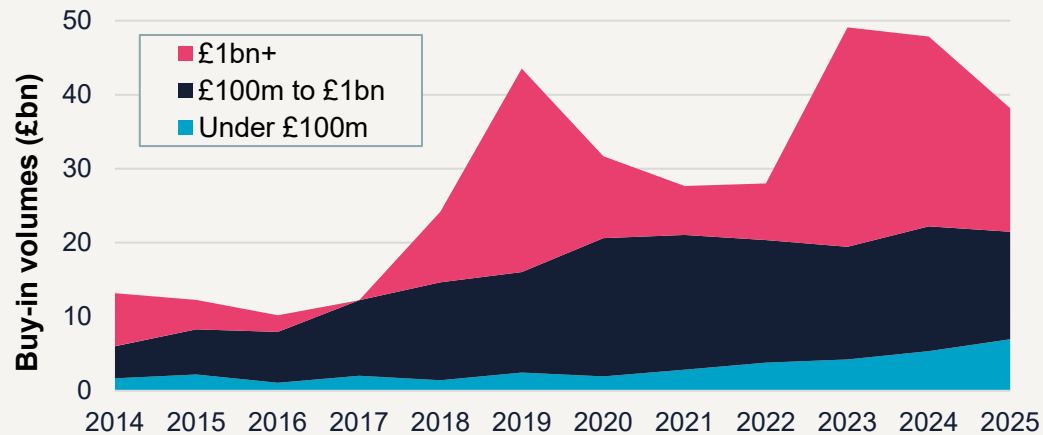
Source: LCP analysis based on insurance company data to 31 December 2025

Continued expansion at the smaller end as competition intensifies

2025 was another record year for transaction activity at 367 transactions, growing 23% since 2024, with more transactions completing in 2025 than in 2021 and 2022 combined (357 transactions).

The chart above illustrates how growth in transaction numbers has come almost exclusively from transactions under £100m. In 2020, the sub-£100m market represented 54% of all transactions completed. By 2025 this had increased to 83% of total transaction numbers. Insurers' streamlined offerings have significantly expanded capacity to quote at this size, with this once under-served segment now flourishing. In contrast, buy-ins over £100m have remained broadly unchanged by number since 2020 but continue to be the majority of volumes, over 80% in 2025.

Buy-in transaction volumes since 2014



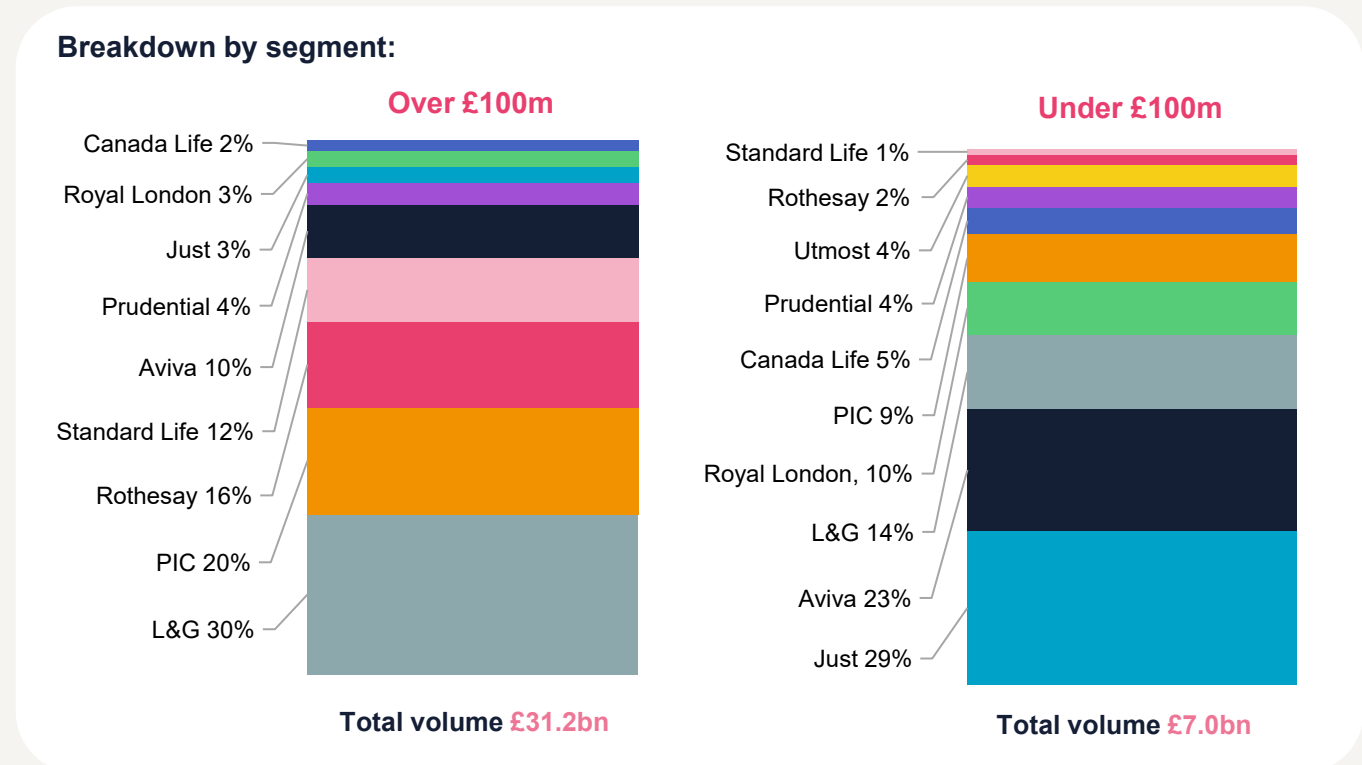
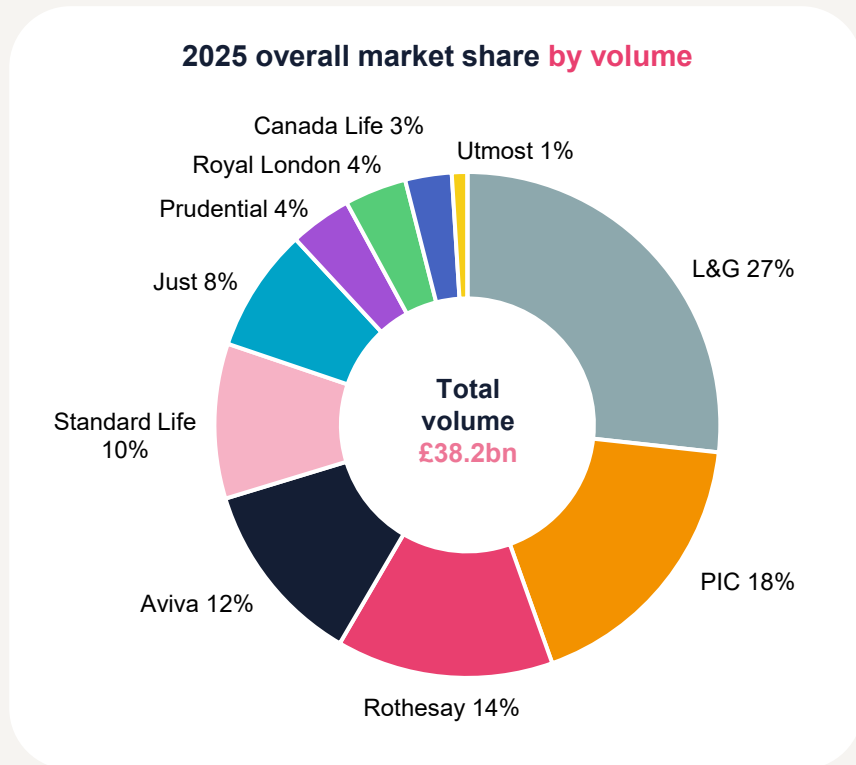
Source: LCP analysis based on insurance company data to 31 December 2025

Insurer market shares

Insurer market shares by segment over 2025

The chart below shows 2025 overall insurer market shares by volume – with separate charts for transactions over and under £100m to the right. L&G, PIC and Rothesay – the three insurers that have historically written the most business – achieved the highest market shares in 2025 and together wrote six of the seven transactions over £1bn.

With fewer resource intensive £1bn+ transactions, there has been fierce competition between insurers for smaller transactions, with all 11 insurers completing sub-£100m deals last year. Just's and Aviva's dominance in the sub-£100m market remains evident; however, there has been a big uptick in the number of transactions by newer insurers – see next page. Separately, it is notable that Rothesay wrote eight sub-£100m deals having previously focused almost entirely on large transactions.



Source: LCP analysis based on insurance company data to 31 December 2025. Blumont's market share was close to 0% so is excluded above. Figures may not sum due to rounding.

Impact of new insurer entrants, and record longevity swaps

Newer entrants start to make their mark in 2025

2025 saw newer insurer entrants (Royal London and Utmost) and re-entrants (Prudential) consolidate their presence in the market. Their combined market share grew to 9% in 2025, from only 3% in 2024, with their volumes more than doubling from £1.4bn to £3.4bn.

The impact was particularly pronounced in the sub-£100m market with the newer insurers achieving a combined market share of 18%. Royal London had the largest share on 10% with both Prudential and Utmost on 4%. Blumont wrote eight small transactions in 2025, but following completion of the acquisition of Just by its parent company, Brookfield, they plan to write future buy-ins through Just. This takes the market to 10 active participants.

Looking at transaction numbers, newer entrants completed 46 transactions in 2025 (c13% of total activity) – a significant increase on the nine transactions these insurers completed in 2024 and contributing to more than half the growth in transaction numbers over the year as shown in the chart below.

2025: a record year for longevity swaps

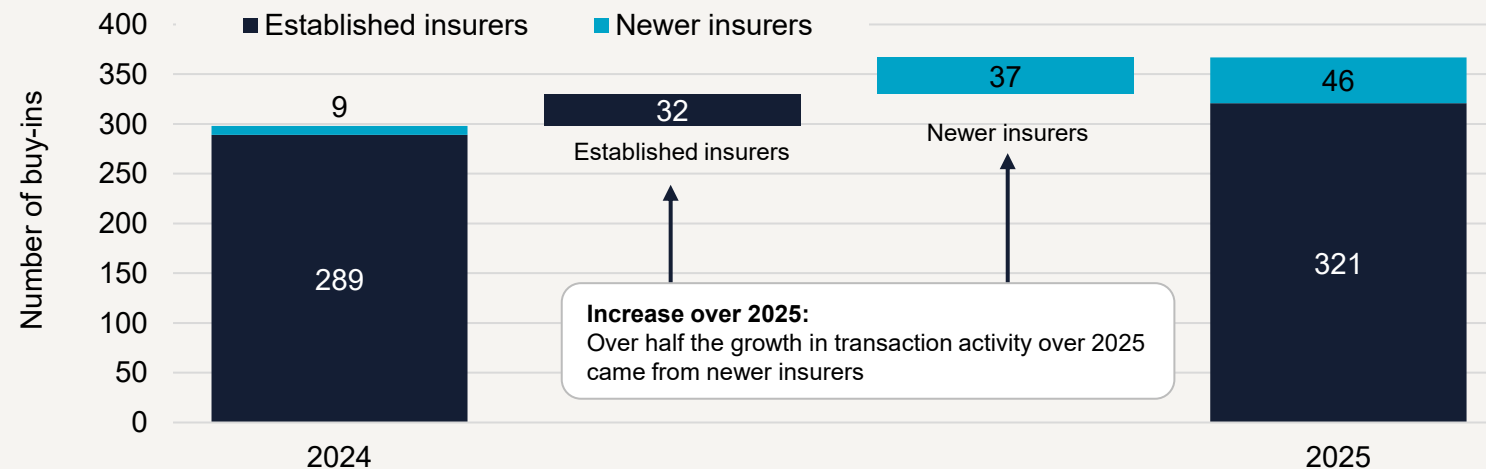
Longevity swaps had a record year in 2025 totalling £25.9bn, including £10bn by the BT Pension Scheme, £7bn across three Lloyds Bank pension schemes and £6bn by the BBC Pension Scheme.

+ 2025 saw a revival in large longevity swaps, all by repeat purchasers with the plumbing already in place to take advantage of the attractive pricing on offer last year.

National mortality data emerging over the last 18 months indicates the lowest UK death rates on record. Inevitably, this is leading reinsurers to think carefully about their longevity assumptions. Reinsurers reduced their life expectancy assumptions significantly in the wake of the Covid-19 pandemic – it would be no surprise to see them rebound somewhat, as the industry-standard CMI model has already done, potentially creating pricing headwinds over the short-to-medium term if current mortality trends persist.

Stuart McDonald, LCP
Partner and Chair of the Continuous Mortality Investigation

Change in transaction numbers between 2024 and 2025



Source: LCP analysis based on insurance company data to 31 December 2025

How insurers are investing in post transaction delivery

Meeting rising demand: how insurers are delivering personalised member service at scale

The strong growth in transaction numbers over the last five years (see page 3), alongside a shift to most transactions being full buy-ins (ie including non-pensioner members), has intensified demand for robust post transaction delivery. Every deal, regardless of size, requires dedicated specialist support from advisers and insurers to ensure data cleanse and buy-out can be achieved smoothly and on time. This is an area that has had huge focus over 2025 and early 2026 – both from trustees and the insurers.

Key emerging themes over the last few months include:



Growing administration teams / resource:

- Strong recruitment to grow current operational teams (+145% growth in the three years to 2025);
- Three insurers have added new third-party administrators to their existing panels; others are seeking to provide seamless member service by transferring in-house administration teams to the insurer (as L&G did when it established a new Glasgow office by taking on the team from the British Steel Pension Scheme) or retaining the services of the scheme's third-party administrator for a period post buy-out.



Enhancing member offerings and technology – ground-breaking transactions such as [Rolls-Royce](#) and ongoing buy-in broking processes for giant schemes are driving insurers to develop their offerings at pace, including:

- Online benefit modellers, allowing members to explore retirement options more easily; and
- Online self-service retirement journeys (in addition to traditional processes).



Greater automation and more streamlined operating models – to improve turnaround times for retirement quotations and similar member activity. These enhancements not only strengthen the post-buy-out journey for members but also help schemes maintain business-as-usual service levels whilst they remain in buy-in.

+ *Insurers are investing heavily in increasing their operational capacity and capabilities to deliver a strong service offering to trustees and members. This is in the face of intense competition for transactions of all sizes. We're helping our clients to push the insurers in this important area and to understand how they are differentiating themselves in a fast-changing landscape.*

Rachel Banham, LCP Partner and Head of Post Transaction Services

Buy-in pricing providing record value for money

In our PRT report in [October 2024](#), we first highlighted improved insurer pricing and the move away from pricing being strongly correlated with (then falling) credit yields. Since then, not only has that strong pricing remained; it has improved further.

We are now in the position where (as shown in the chart) typical schemes we have recently advised have secured full buy-ins with insurers with pricing at 0.3% pa to 0.4% pa above the return available on gilts; even higher in some cases.

Given that a buy-in is an asset that typically perfectly matches a scheme's cashflows, and which is backed by the wider protections of the insurance regime, the current pricing will be viewed by many as offering strong value for money.

The key questions for trustees and sponsors is therefore to understand how that value compares to the value offered by other potential endgame options. With superfunds, run-on with an existing sponsor and run-on with an alternative sponsor (see the Stagecoach transaction discussed on page 9) also potentially offering good value, this is rarely a straightforward decision. Even in times of strong buy-in pricing, the route to follow needs careful and unbiased comparisons that take into account individual scheme circumstances and risk appetites.



Source: LCP insurer pricing model for full buy-ins with a 50:50 split of non-pensioners and pensioners, which is calibrated against actual transaction pricing.

What impact does Middle East uncertainty have?

Buy-in pricing, measured relative to gilts, has been broadly unaffected by the market turmoil since the commencement of the war in Iran at end-Feb 2026. There have been modest rises in credit spreads but this has had limited price impact with many insurers employing minimal credit or already anticipating an element of credit spread widening in their pricing.

However, stable buy-in pricing only translates into stable buy-in funding levels where asset strategies are appropriately calibrated. It is therefore important that schemes which wish to hedge buy-in pricing are reviewing their hedging strategies regularly, ensuring they have appropriate protection against changes in inflation, interest rates and wider investment volatility, and are not (currently) overweight in credit.

How should schemes view the current pricing environment?

How sustainable is current pricing?

When assessing whether a buy-in is the right option now, or in the future, it's natural to ask if current pricing is sustainable and, if so, for how long?



Is pricing sustainable from a member security perspective?

We don't believe that insurer pricing levels should currently be a concern from a member security perspective. Insurer solvency levels remain high and, as demonstrated by the [2025 Life Insurer Stress Tests](#), insurers remain robust to severe financial shocks.

We support the PRA's continued focus on mitigating systemic risks, where the intense competition could be an exacerbating factor, but we believe that trustees' financial due diligence should give them comfort that there are a wide range of suitable counterparties available, regardless of the shape or size of their scheme.



Is pricing sustainable from an insurer shareholder or investor perspective?

The answer here is less straightforward. Our [2025 PRT report](#) highlighted the tools that insurers are using to support their pricing in current markets such as gilts-based strategies and, in some cases, funded reinsurance (see below).

However, despite these innovations, a number of insurers highlighted in their 2025 year-end results that the competitive market had led to either reduced margins or reduced volumes. For now, with significant capital and assets continuing to be brought to the market from around the globe, all signs are that insurers will continue to be comfortable to support pricing at the current levels for at least the short term.

As the time horizon moves further out, we believe the risks are more weighted to a modest increase in pricing. But with healthy competition here to stay, from both insurers and other endgame options, the availability of good value for well-prepared schemes is likely to remain.



What is the potential pricing impact of the PRA's recent announcement on funded reinsurance (FundedRe)?

On 29 April 2026, the [PRA announced significant proposed changes](#) to the capital treatment for FundedRe from 1 October 2026. For transactions written after this date, the PRA estimates this will increase the capital insurers hold against buy-ins backed by funded reinsurance from around 2–4% of liabilities to around 10% based on historic usage, albeit the new capital requirements will be heavily dependent on the credit quality of the reinsurer. This is a significant change given that insurers used around £20bn of FundedRe over the past three years to support buy-in capacity and pricing (around 15% of buy-in volumes over this period or around 6% of total insurer annuity books).

We believe the changes will lead to a material reduction in the use of FundedRe from October, with future arrangements likely to be focused on counterparties with high credit ratings where the capital impact is less significant. However, FundedRe is only one lever in insurers' toolkits and insurers have already been taking steps to identify alternative sources of capital efficient investments, such as L&G's tie-up last year with Blackstone. Also, several insurers, such as Rothersey, have not been using FundedRe at all or only in modest volumes. We therefore do not expect a material impact on capacity and pricing in the buy-in market, other than perhaps for the largest transactions and only then for some insurers.

News reel: what's new in pensions risk transfer?

Flurry of M&A activity

2025 saw significant M&A activity, with announcements that three of the eleven active insurers were being acquired by international investors, attracted by strong asset inflows and long-term growth opportunities in the UK buy-in market. Two of these, [Athora's £5.7bn acquisition of PIC](#) and [Brookfield's £2.4bn acquisition of Just](#), have now completed (end-March 2026) with JAB Insurance's acquisition of Utmost's life and pensions business expected to complete later this year. For schemes, these acquisitions reinforce confidence in the depth of long-term capital supporting insurer participation, and the strengthened asset sourcing capabilities for Just and PIC (via Brookfield and Apollo, Athora's largest shareholder) should assist these insurers' capacity and pricing.

L&G separately entered into a strategic partnership with US asset manager, Blackstone, in July 2025 with whom it intends to invest up to 10% of its new bulk annuity assets to support its pricing in a competitive market.

Innovation – new value-sharing propositions for members

December 2025 included a first-of-its-kind deal that saw [Aberdeen Group replace Stagecoach as sponsoring employer of the £1.2bn Stagecoach Group Pension Scheme](#), providing Stagecoach with a full risk transfer and members with additional pension increases through an ongoing surplus-sharing mechanism. LCP advised Stagecoach on this forward-looking and innovative structure.

We're seeing similar innovation in the buy-in market, with Prudential recently launching its new 'BPA Plus' with-profits buy-in that will be its core buy-in offering in the market. LCP led the transaction advice on the first BPA Plus buy-in in Q1 2026. The scheme (during buy-in) and members (following buy-out) will benefit from discretionary bonuses linked to the investment performance on the underlying assets.

Clara completes fifth superfund transfer

In April 2026, Clara announced its fifth superfund transfer, for the [Videndum DB Pension Scheme](#). Since completing TPR's assessment process in 2021, it has taken on the pensions for over 22,500 members, with over £1.4bn in assets now under management. This was a relatively small transfer – 500 members and £43m of assets – its second sub £100m transfer (after the Church Mission Society in June 2025), evidence the market is opening up to smaller schemes. It's also its second transfer for a solvent sponsor where the link to the covenant is severed (after [Wates](#) in December 2024), with LCP advising the trustees to both schemes including assessing the TPR's superfund gateway tests. It signals building momentum in the DB superfund market, with the forthcoming legal framework through the Pension Schemes Act and with three new providers (including [TPT](#)) understood to be working through TPR's assessment process.

Highlights of LCP's 2026 PRT forum

To mark 20 years of LCP advising trustees and sponsors through their buy-in and buy-out journeys, this year LCP's PRT forum brought together four distinct perspectives on today's market.



LCP PRT perspective

LCP's Rachel Hirst kicked off by outlining current highly competitive market dynamics and cautioning against shortlisting ahead of approaching the market without strong underlying reasons. Myles Pink went on to share a longer-term market perspective, emphasising the importance of clear strategy setting and preparation, regardless of endgame, as well as careful monitoring to respond proactively to challenges and opportunities along the journey.



Member perspective

LCP's Laura Davies then led a session bringing to life practical approaches that trustees and sponsors can take to optimise member outcomes in their PRT processes, starting with defining their aspirations for members' journeys over the long-term and using those to clearly articulate and negotiate the factors most important for their scheme's membership. Two trustee guest speakers shared their recent experiences – illustrating perfectly that a 'member-first' transaction is certainly not 'one size fits all'.



Insurance risk management perspective

Next LCP's Gavin Smith enjoyed a fireside chat with Chris Knight, Chief Risk Officer at L&G, who shared insights into how he and his team manage risk every day to protect policyholders over the long-term. It's easy to focus on financial risks when thinking about insurance risk management, but it was fascinating to understand the thinking and stress testing that goes into ensuring insurers' operational resilience, such as contingency plans to continue paying pensions in the event of a cyber attack.



Shareholder perspective

Finally, LCP's Nathalie Sims interviewed Vishal Sheth, Partner at Apollo and Board member of Athora, the acquirer of PIC, who shared what had attracted Apollo/Athora to invest in the UK buy-in market, describing not only the strong economic prospects but also the stable regulatory regime. He described how Athora intends to invest in PIC and its people, with a strong focus on member experience. He also described the philosophies of the life insurers that Apollo has established, Athene in the US and Athora in Europe, which together have the largest combined assets of any life insurer in the world.

Contact [our team](#) to learn more about the PRT forum and how we're helping our clients navigate today's vibrant PRT market

+ *UK DB pension schemes are benefiting from intense competition between buy-in insurers – driving unprecedentedly attractive pricing, alongside strong investment in member service... but with hundreds of schemes seeking transactions, it's as important as ever to plan the approach to market carefully to achieve the right outcome – and endgame – for your scheme.*

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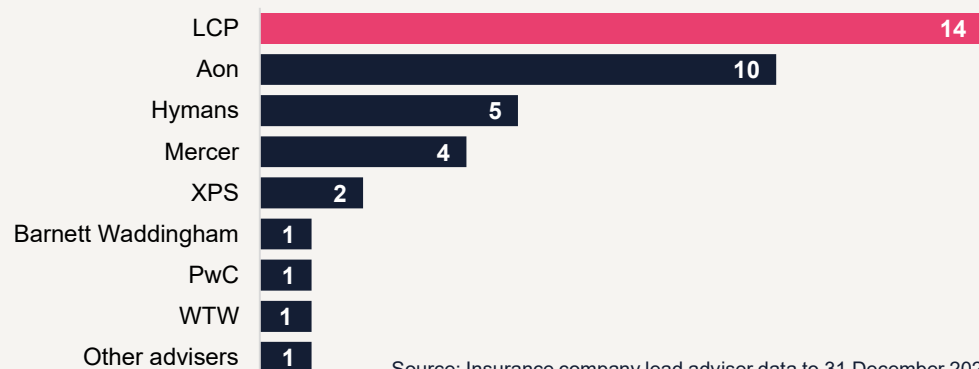
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LCP has market-leading experience and resources to help clients achieve success in all segments of the buy-in/out market

Over £1bn

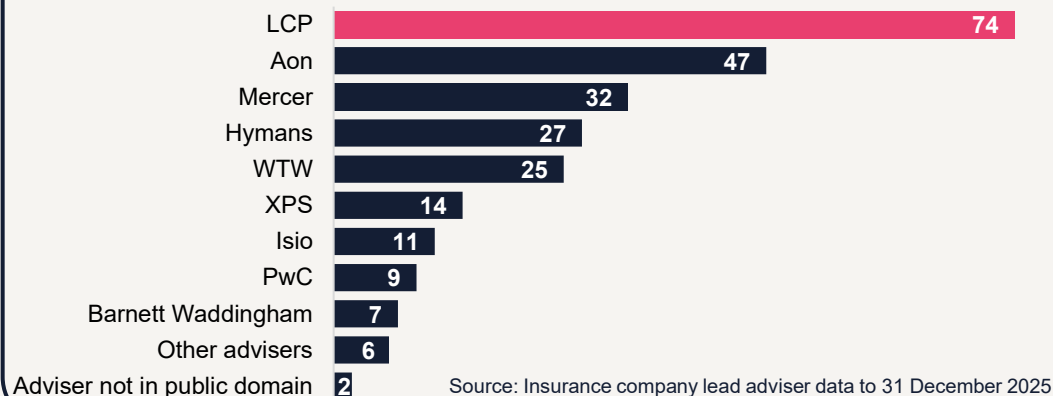
Lead adviser on buy-ins/outs over £1bn since 2022



Source: Insurance company lead adviser data to 31 December 2025

Over £100m

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



Source: Insurance company lead adviser data to 31 December 2025

Under £100m

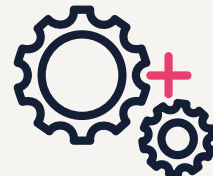


LCP has been the lead adviser on

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

Including **130+** transactions and **over £5.5bn** through our [streamlined buy-in and buy-out service](#)

Post transaction



LCP's post transaction team has managed over **45** completed buy-outs/wind-ups since 2021 and is currently managing

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

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

Our latest insights

LCP's 2025 report on the PRT market

Our comprehensive report launched in November 2025 analyses how insurers are upping in their game amidst a changing landscape.

[+ Read the report](#)

[+ Watch the webinar](#)

PRT Forum 2026

This event marked an important milestone for LCP – 20 years of supporting clients on their pension risk transfer journeys. Read the highlights on page 10.

[+ Read about the 20-year journey](#)

[+ Learn more about our specialist LCP PRT team and how we can help you with the next step in your risk transfer journey](#)

How to beat the insurer triage

Read how to get your scheme prioritised in insurers' triage processes.



[+ Read the report](#)

Some recent LCP case studies

+ Rolls Royce A £4.3 billion buy-in between Rolls-Royce UK Pension Fund and Pension Insurance Corporation (PIC), recognised as a ground-breaking transaction because of its 'member-first' approach.

+ Videndum A DB superfund transfer of the 500 members and £43m of assets of the Videndum DB Pension Scheme to Clara.

+ Trinity Retirement Benefit Scheme A £270m full buy-in transaction between Trinity Retirement Benefit Scheme (sponsored by Reach plc) and Prudential (M&G), securing the benefits of over 3,200 members.

+ Stagecoach A £1.2bn transfer in which Aberdeen Group replaced Stagecoach as the sponsoring employer of the Stagecoach Group Pension Scheme as part of an innovative run-on strategy.

+ Skanska A £525m full buy-in transaction between the Skanska Pension Fund and Standard Life, securing the benefits of its c5,500 members and including the novation of the Fund's existing longevity swap with Zurich.

+ Harwich Haven A £45m streamlined full buy-in transaction between the Harwich Haven Authority Pension Fund and Royal London, securing the benefits of c170 members.

+ Japanese Bank A £24m streamlined full buy-in transaction with Just Group, securing the benefits of c160 members and bringing the total premiums advised through LCP's streamlined buy-in service to over £5bn.

Resources for smaller schemes

High demand for small scheme transactions makes high-quality preparation and robust processes essential. 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.

Understanding insurer counterparty risk

Explore why assessing insurer financial strength is critical and how our approach helps our clients navigate complexity with clarity and confidence.

[+ Find out more](#)

DB pension priorities 2025: Turning intent into action

This annual report is built around the results of our fifth annual survey of the DB pension scheme market and provides insights across a whole range of areas from DB strategy and endgame planning to data projects and cyber risk.

[+ Find out more](#)

Navigating the strategic choices presented by DB surpluses

Explore how to approach the question of which strategy is right for you, based on your scheme circumstances and key objectives.

[+ Watch our webinar](#)

[+ Read about optimising DB surpluses](#)

Workplace pensions: A bright star in a dark sky for corporate Britain

This report highlights how for most employers, DB pension schemes have moved from risk to opportunity. With surpluses rising, legislation changing and new endgame options emerging, sponsors who act now can align pension strategy with broader business goals.

[+ Find out more](#)

Is a DB superfund the right endgame option for your DB scheme?

With the superfund market steadily gaining momentum, our hub gives practical advice and insights to help sponsors and trustees explore whether they are the right option for their scheme.

[+ Find out more](#)

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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