

Legal & General agrees £285 million bulk annuity with a Fortune 500 company, covering their UK based Retirement Benefits Scheme, including a pre-agreed follow-on transaction

Legal & General Assurance Society Limited ("Legal & General") today announced that it has completed a £285 million bulk annuity transaction with a non-disclosed Fortune 500 multinational firm, covering around 1,100 members based in the UK.

The transaction was structured to allow the UK Trustees to lock into commercial terms for their full Scheme liabilities of around £300 million upfront, but with only around £250 million insured initially.

At that time, around 100 deferred members of the Scheme were still in the process of deciding whether to transfer their benefits out of the Scheme via an ongoing Enhanced Transfer Value (ETV) exercise. Within a month of the initial transaction, the Trustees confirmed to Legal & General which of the 100 members had not left the Scheme and they were then subsequently insured in a follow-on transaction.

As part of the initial transaction, Legal & General had contractually committed to honour the same pricing level for these individuals via a follow-on transaction. That second transaction was completed in September.

The transaction was written as a residual-risks transaction, which gives the Trustees and Company additional comfort around any future unexpected benefit claims against the Scheme.

The Trustees were advised by Mercer Limited and Eversheds Sutherland and made independent advice available to the Scheme members taking a decision around an ETV.

Laura Mason, CEO Legal & General Retirement Institutional, said:

"We are delighted to have completed this transaction. As a result of our early engagement with the Trustees, the Scheme advisers and the Company, we were able to shape a transaction process that delivered price certainty to the Trustees whilst enabling them to offer flexibility to their scheme members.

In this busy market, we remain focused on providing innovative and tailored solutions that enable trustees and sponsoring companies to secure their members' benefits efficiently, whilst fully settling their pension obligations."

The Chair of the Trustees, said:

"The Trustees are delighted with the completion of this transaction. Through Legal and General's strong financial base, competitive pricing and excellent customer service we have brought certainty and security to our members' benefits. We would also like to thank both Mercer and Eversheds Sutherland for their support and guidance in reaching this successful outcome."

PRESS RELEASE

David Ellis, Partner at Mercer and lead adviser on the bulk annuity transaction, said:

“Mercer is pleased to have supported the Trustees in achieving this robust outcome for the Scheme members, the Trustees and the Company. This transaction is an excellent demonstration of how members’ benefit provision can be put on an even firmer footing through focus and effort by all parties”.

Andy Wright, Principal Associate, who led the Eversheds Sutherland team, commented:

“The Trustees have secured an excellent result for the Scheme. It was a pleasure to assist in achieving this and to work alongside each of the parties involved, whose collaborative and professional approach ensured the transaction completed. We look forward to working with them again.”

Andy was supported by pensions Partners, Steven Hull and Georgina Rankin, and Principal Associate, Julia Chirnside, alongside data protection, insurance and financial services specialists across the firm.

ENDS

FURTHER INFORMATION (JOURNALISTS ONLY)

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ABOUT LEGAL & GENERAL

The Legal & General Group, established in 1836, is one of the UK’s leading financial services companies. As at 31 December 2017, we had over 9.5 million customers in the UK for our life assurance, pensions, investments and general insurance plans.

Legal & General Assurance Society Limited.

Registered in England and Wales No. 00166055.

Registered office: One Coleman Street, London EC2R 5AA.

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority.