

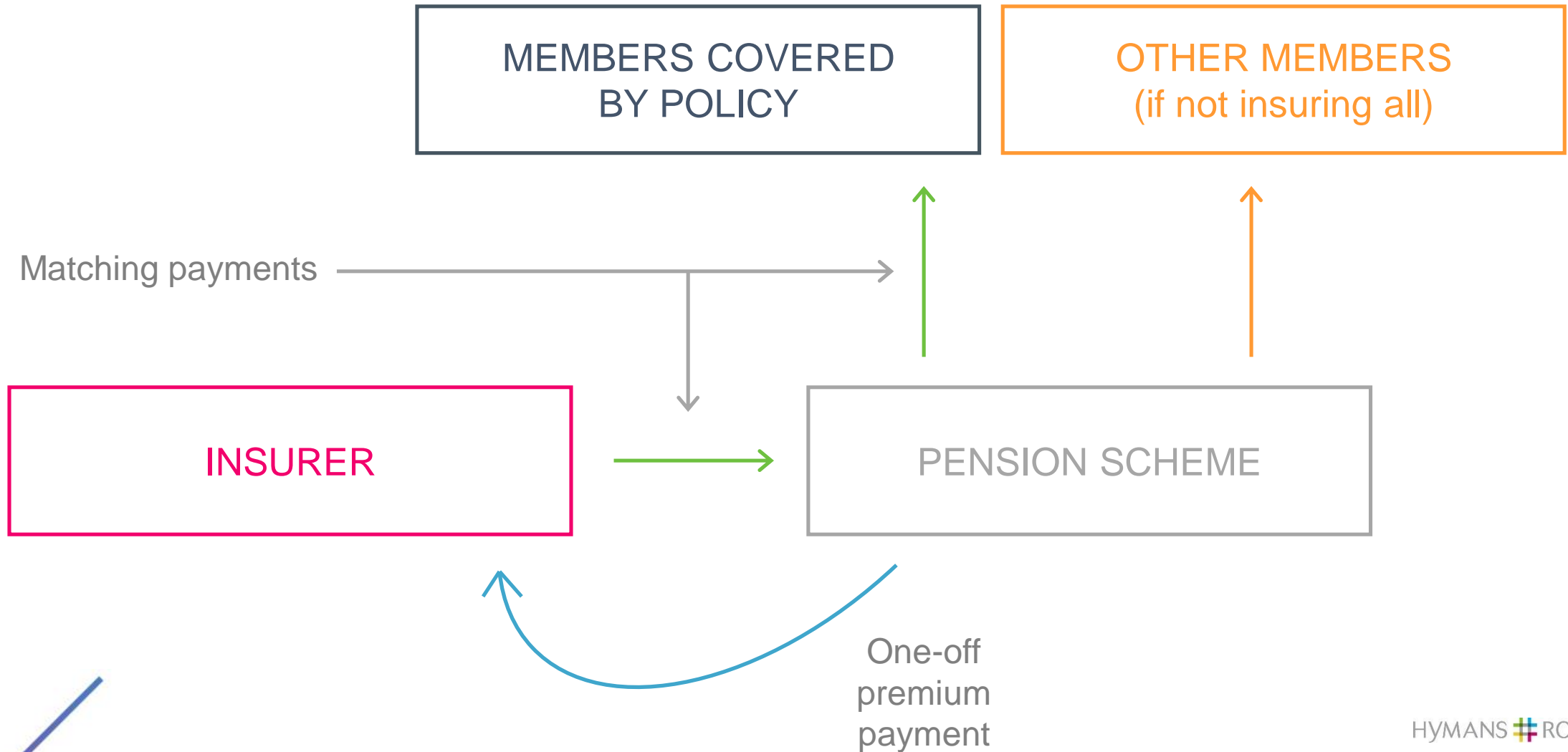
PIA Seminar

Buy-in, Buy-out, Consolidation
What's driving Trustee decisions and what
options are really available

Richard Wellard,
Partner & Risk Transfer specialist

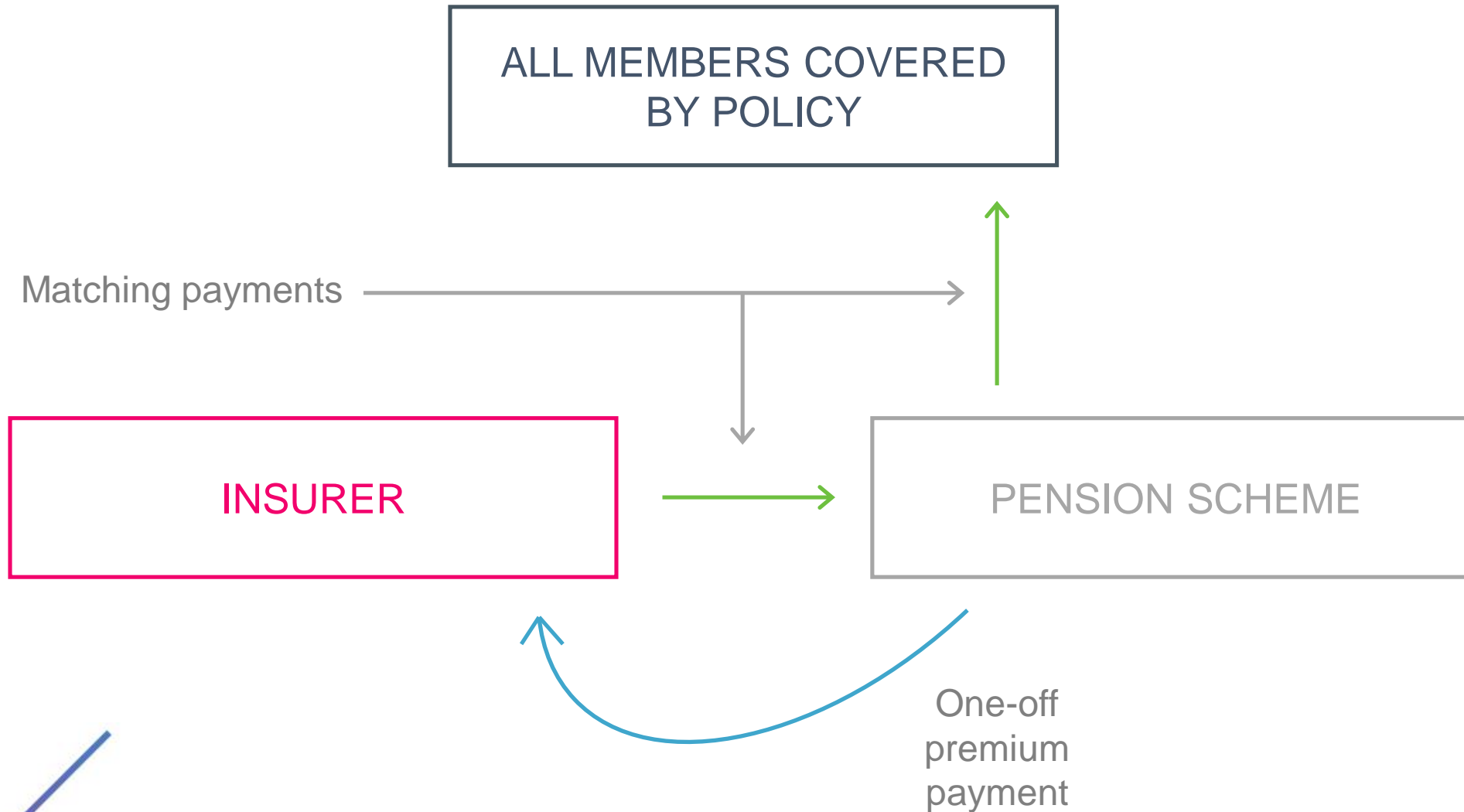


How a **buy-in** works



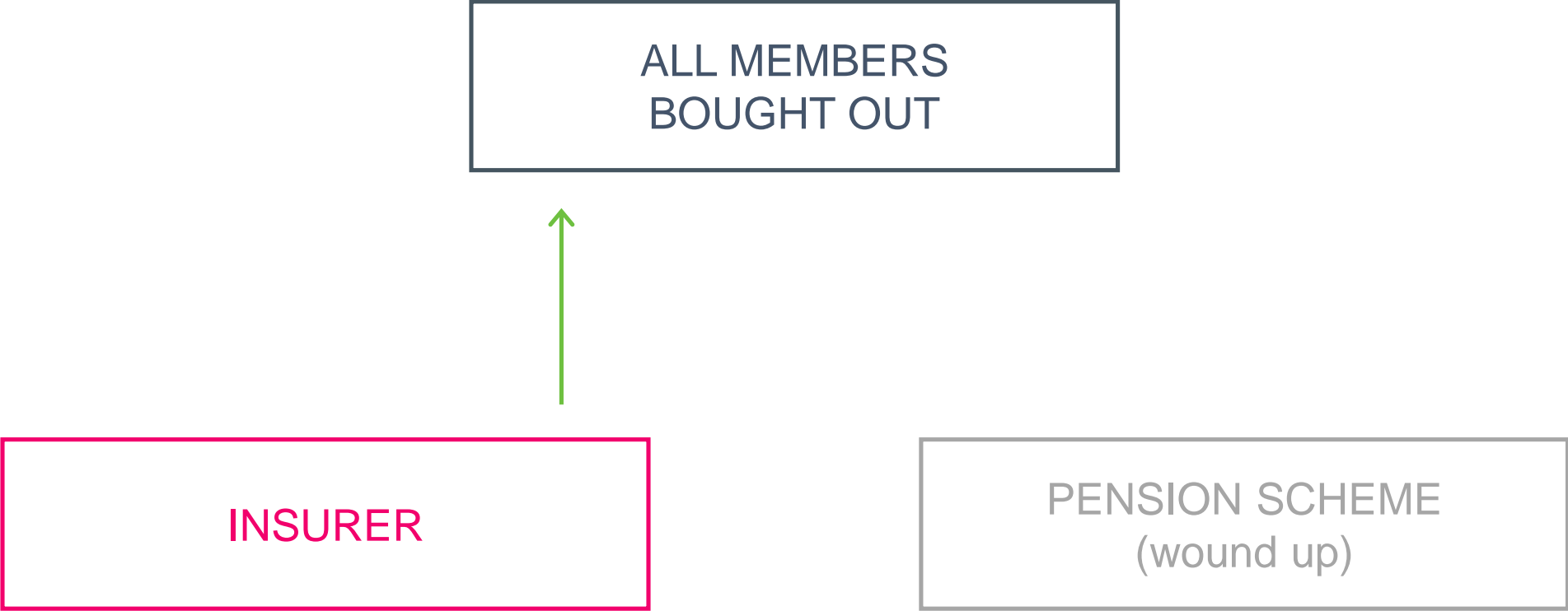
How a **buy-out** works

Stage 1: whole scheme buy-in

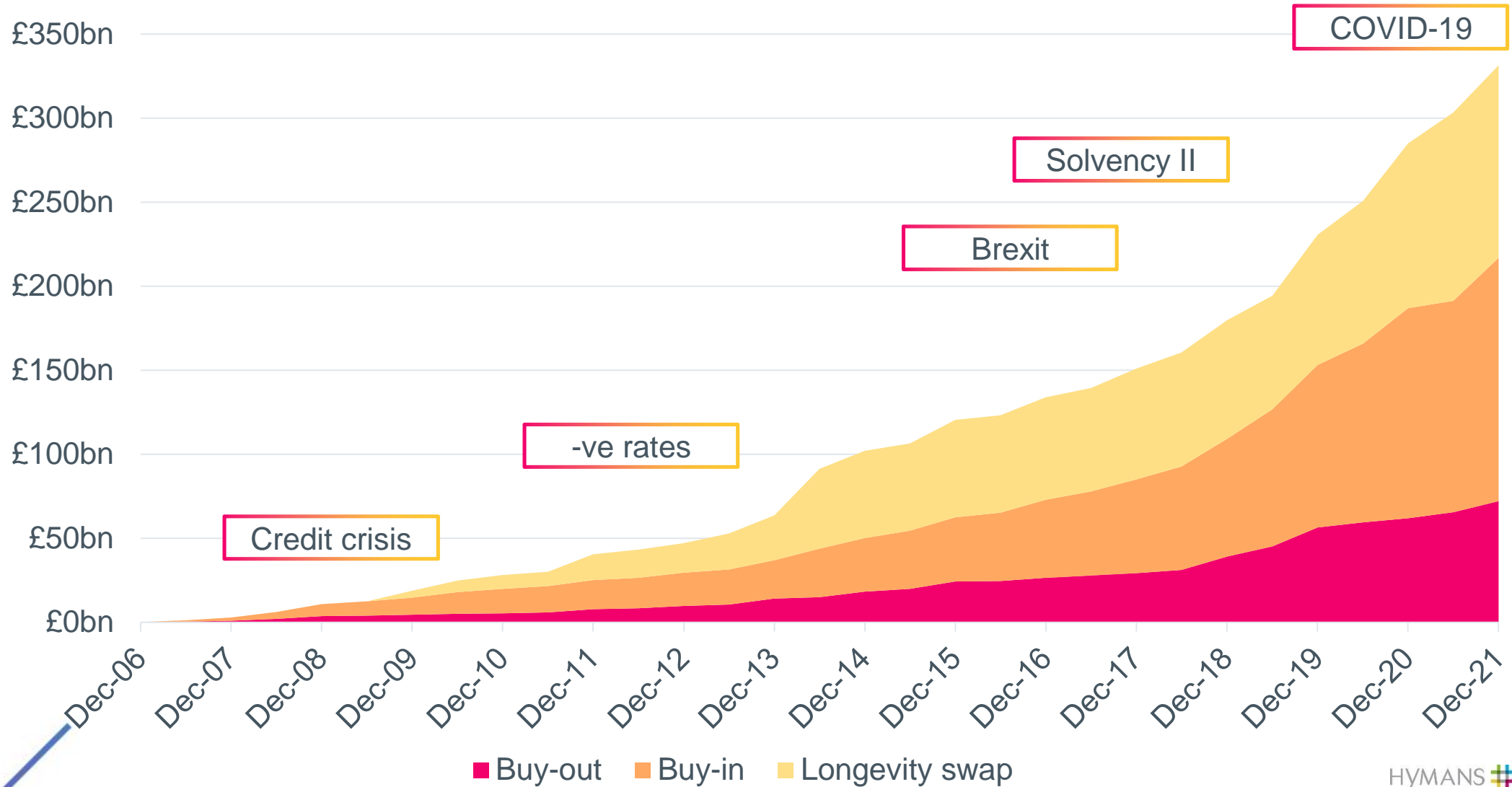


How a buy-out works

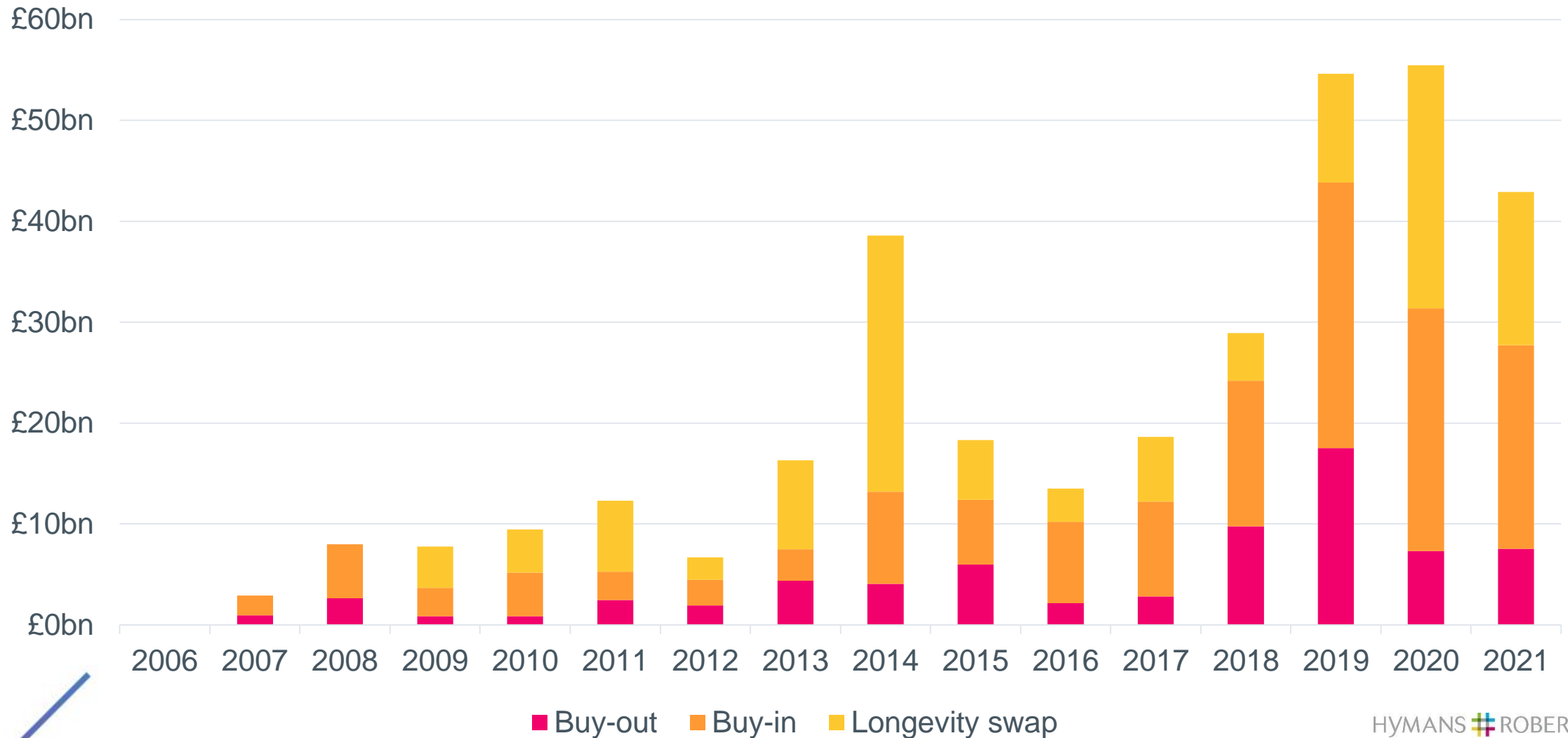
Stage 2: conversion to buy-out



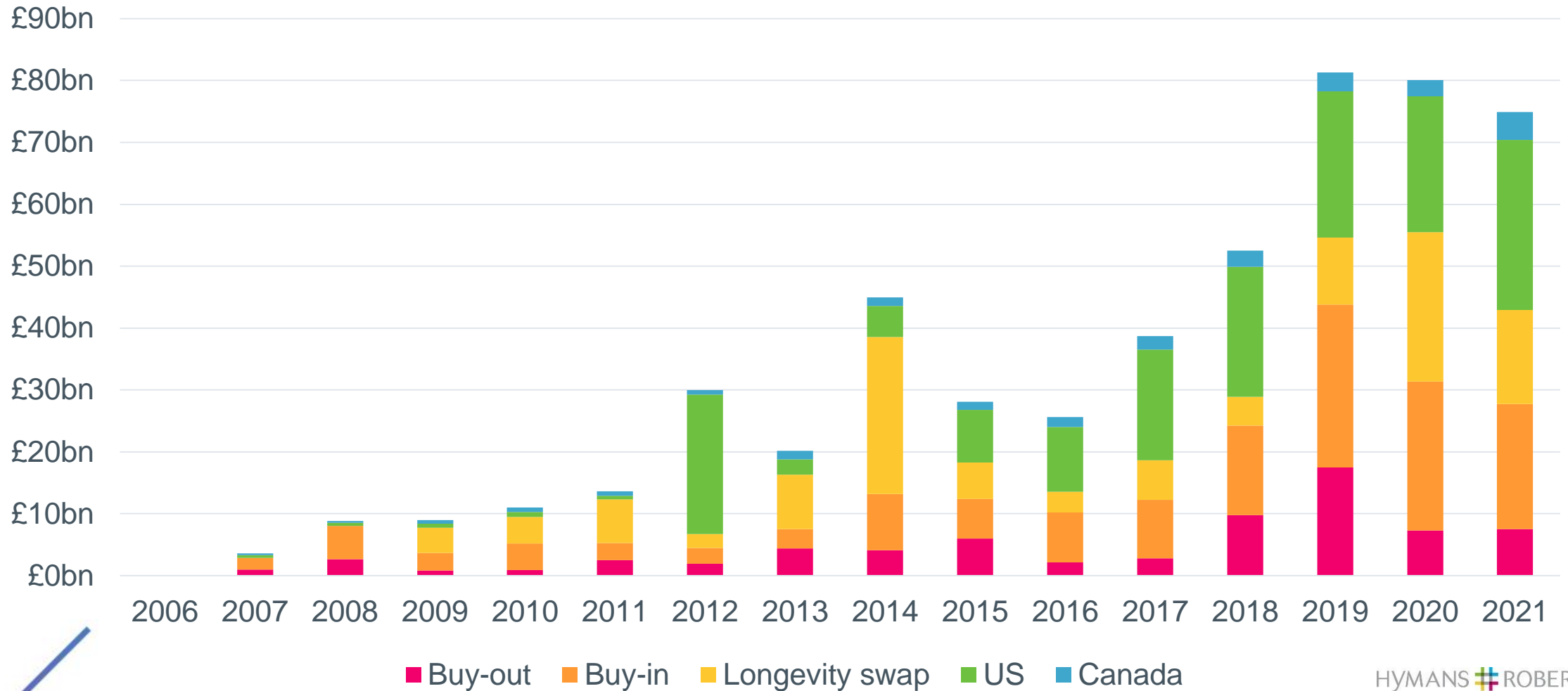
Total value of UK PRT market



UK PRT market, by year



UK, US and Canada PRT market, by year

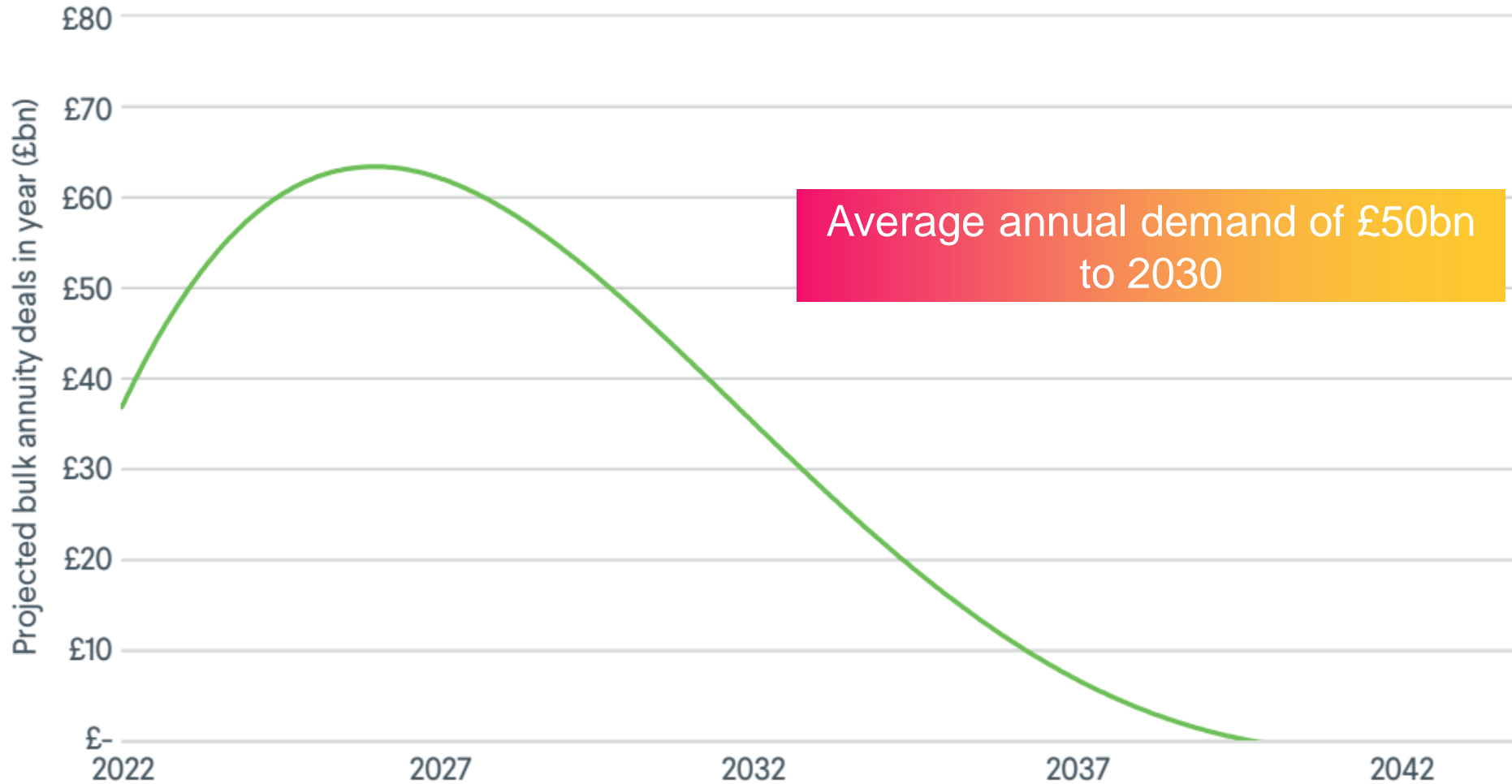


Buy-in insurers and appetite

| | Deferreds? | <£50m | £50m - £100m | £100m - £0.5bn | £0.5bn - £2bn | >£2bn |
|-----------------|------------|-------|--------------|----------------|---------------|-------|
| Aviva | ✓ | ● | ● | ● | ● | ● |
| Canada Life | ✗ | ● | ● | ● | ● | ● |
| Just | ✓ | ● | ● | ●● | ● | ● |
| Legal & General | ✓ | ● | ● | ● | ● | ● |
| PIC | ✓ | ● | ● | ● | ● | ● |
| Rothsay Life | ✓ | ● | ● | ●● | ● | ● |
| Scottish Widows | ✓ | ● | ● | ● | ● | ● |
| Standard Life | ✓ | ● | ● | ●● | ● | ● |

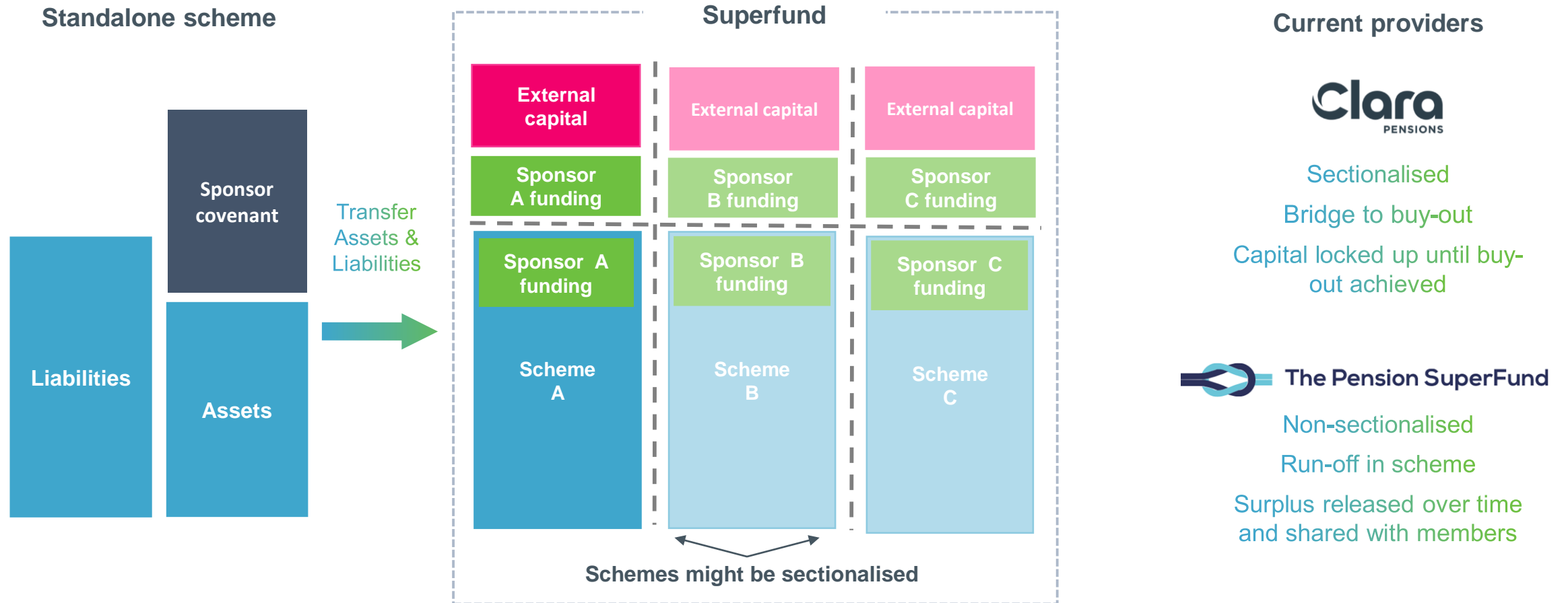
- ✗ Unable to write
- ✓ Able to write
- Unlikely to quote
- More selective
- More likely to quote

Projected UK demand for buy-ins/buy-outs



Average annual demand of £50bn to 2030

Commercial consolidators



Bulk transfer to a master trust backed by external capital. Sponsor link removed.

The gateway test criteria

Gateway principle 1:

The scheme cannot afford to buy-out now

Gateway principle 2:

The scheme has no reasonable prospect of buying out in the foreseeable future (up to 5 years)

Gateway principle 3:

The transfer improves the likelihood of members receiving full benefits

Thank you

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