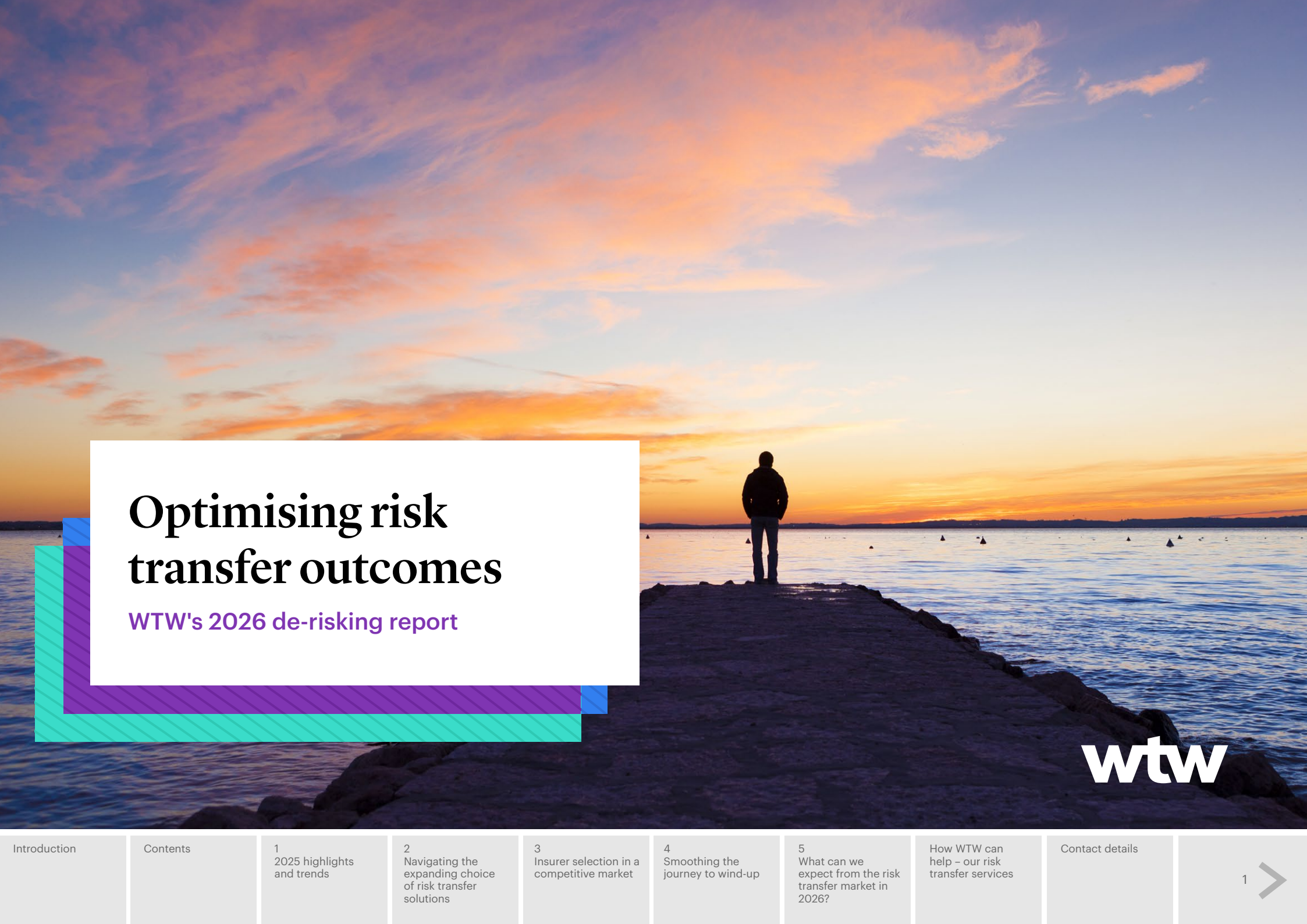




Optimising risk transfer outcomes

WTW's 2026 de-risking report

wtw

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Introduction

I am pleased to share with you WTW's 2026 de-risking report. In this report we review the main trends and developments in the risk transfer market in 2025 and look ahead to what we expect in 2026.

The central theme running through the report is **choice**: trustees and sponsors now have more options than ever, thanks to a wider range of insurance solutions, anticipated legislative changes around surplus release and superfunds, and increased competition between providers. In the pages that follow, we outline our perspectives on the bulk annuity, longevity swap and superfund markets, and explore how schemes can navigate the growing range of options to secure the strongest possible outcomes.

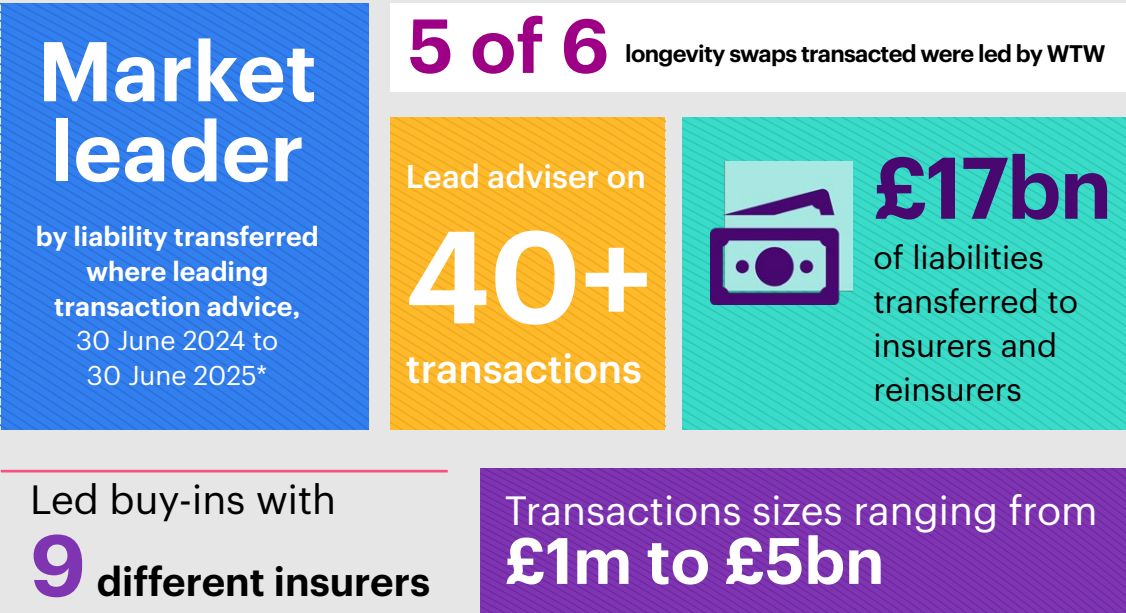
In 2025 the risk transfer market passed the significant milestone of £0.5 trillion of transactions since the market was founded. The WTW transaction team is proud to have led the advice on over 25% of this amount. We continue to be at the heart of this dynamic market and to support trustees and sponsors in achieving their de-risking objectives across all deal types and sizes. We would welcome the opportunity to discuss how your scheme can best manage risk in the current landscape.

I hope you enjoy reading the report and find its insights useful.



Ian Aley
Head of Transactions
WTW

WTW's record in numbers - 2025:

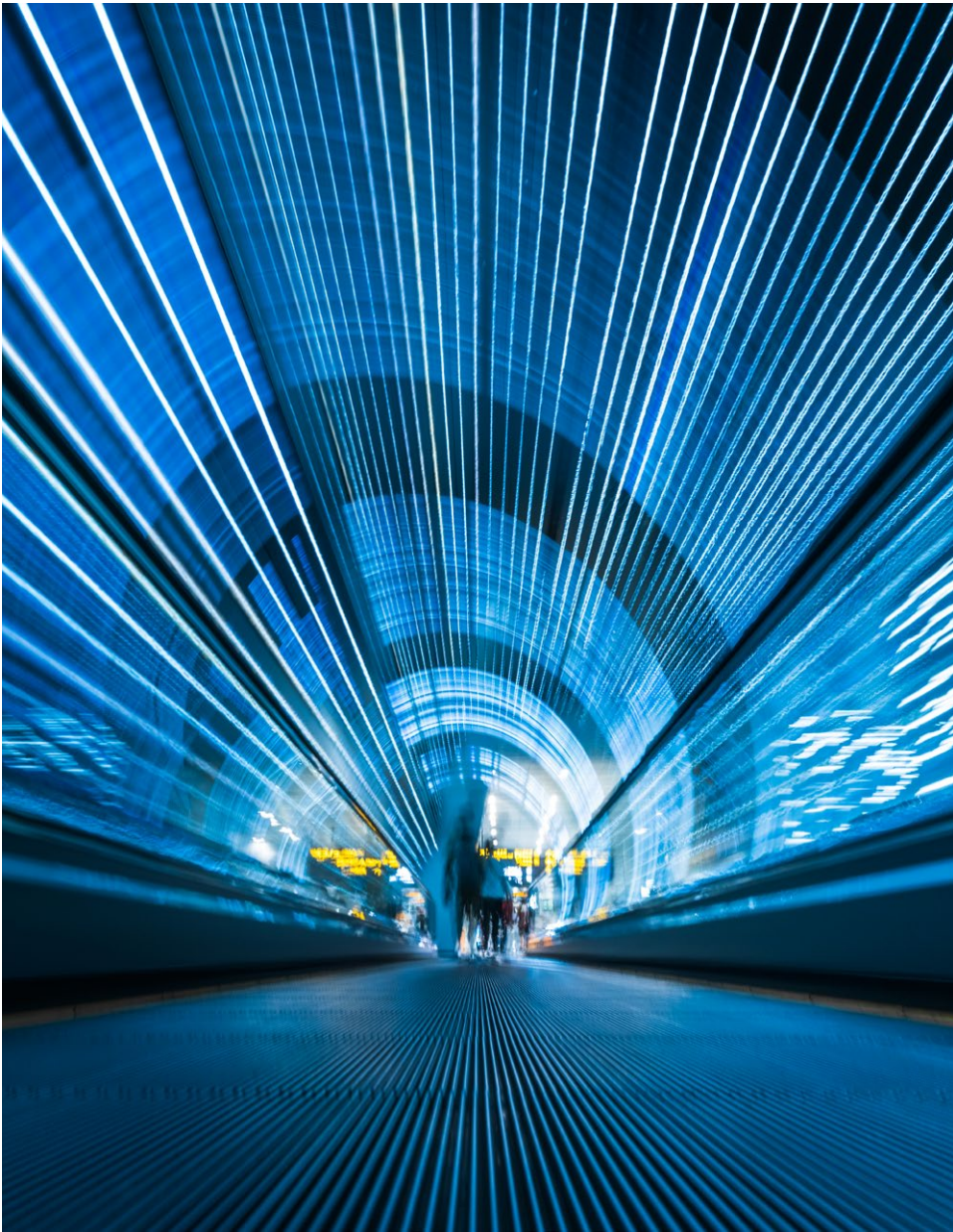


Note: unless otherwise indicated WTW were the lead trustee adviser on the project and provided the regulated advice.

*Most recent 12 month period where market data is available

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1

2025 highlights and trends



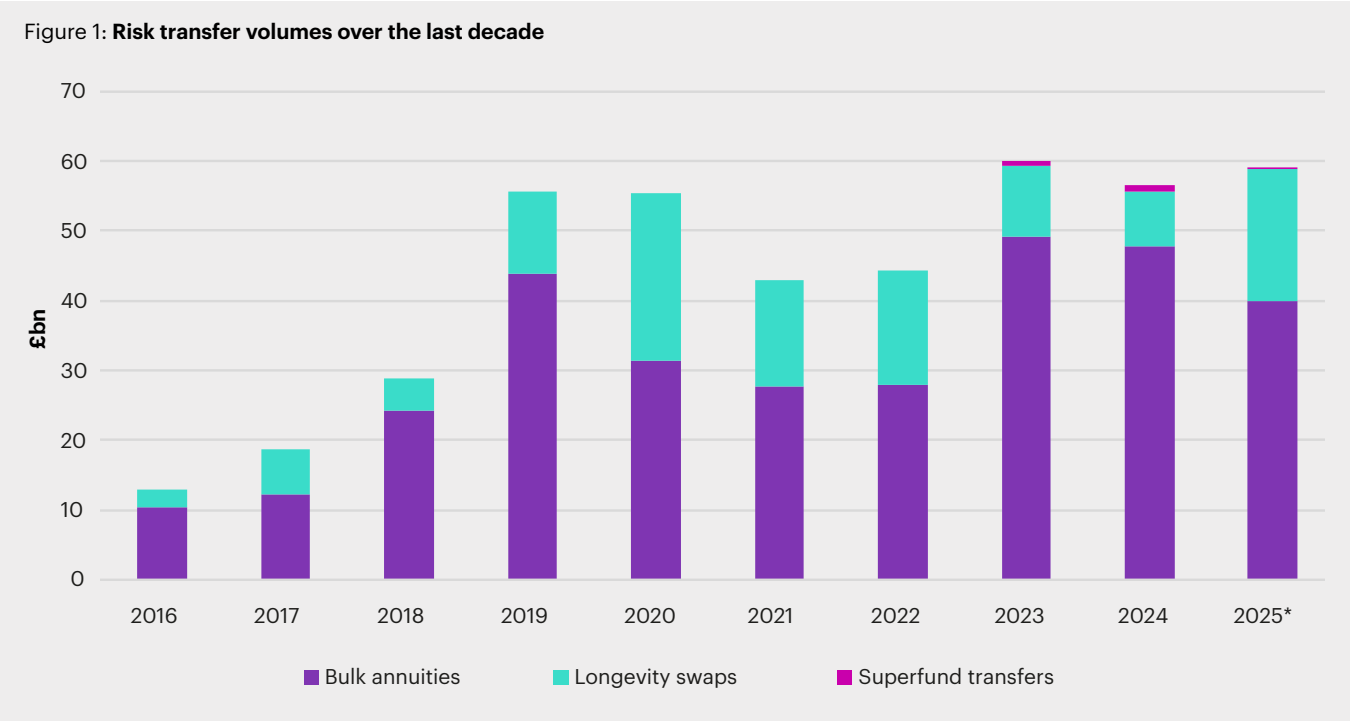
Katherine Russell
Director
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Senior Director
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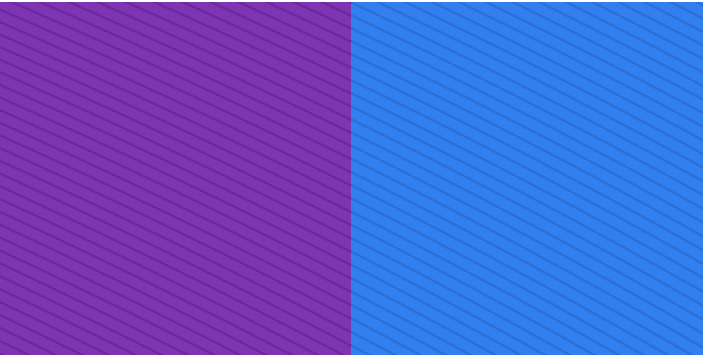
2025 was characterised by high levels of competition and attractive pricing. Coupled with strong scheme funding, this resulted in high deal volumes and we forecast around £60 billion of risk was transferred to

insurers, reinsurers and superfunds over 2025. This rivals 2023 as the busiest year ever in the risk transfer market.



Source: WTW, January 2026
* Estimate of 2025 volumes based on transactions led by WTW, publicly announced to date and WTW's knowledge of the market

In this section, we take a deeper look at the last 12 months in the bulk annuity and longevity swap markets respectively.



The bulk annuity market: another busy year!

1. A record number of transactions

We forecast around 350 buy-ins were completed over 2025, more than in any previous year and almost a 150% increase since 2020.

Despite this, the total volume of risk transferred is expected to be around £10 billion lower than in each of 2023 and 2024, at c£40 billion. This reflects a lower average deal size, for example only six bulk annuities over £1 billion have been announced for 2025, compared to 14 such deals in 2024. Whilst some large schemes have paused to reflect on their end game strategy in light of the proposals on surplus sharing in the Pension Schemes Bill 2025, for many it is simply a question of when they are ready to approach the market, and insurers are already reporting strong pipelines of transactions over £1 billion for 2026.

2. More market participants than ever

After the entrance to the market of Royal London and Utmost in 2024, followed by Blumont in early 2025, there are currently a record eleven insurers participating in the bulk annuity market. This provides additional deal capacity both from an operational and capital perspective. Over 2025 we have seen significant competition between providers, with as many as eight insurers participating in quotation processes.

This competition provides choice to trustees, who can focus on the factors that are most important to them when selecting an insurer, and helps to optimise outcomes for schemes.

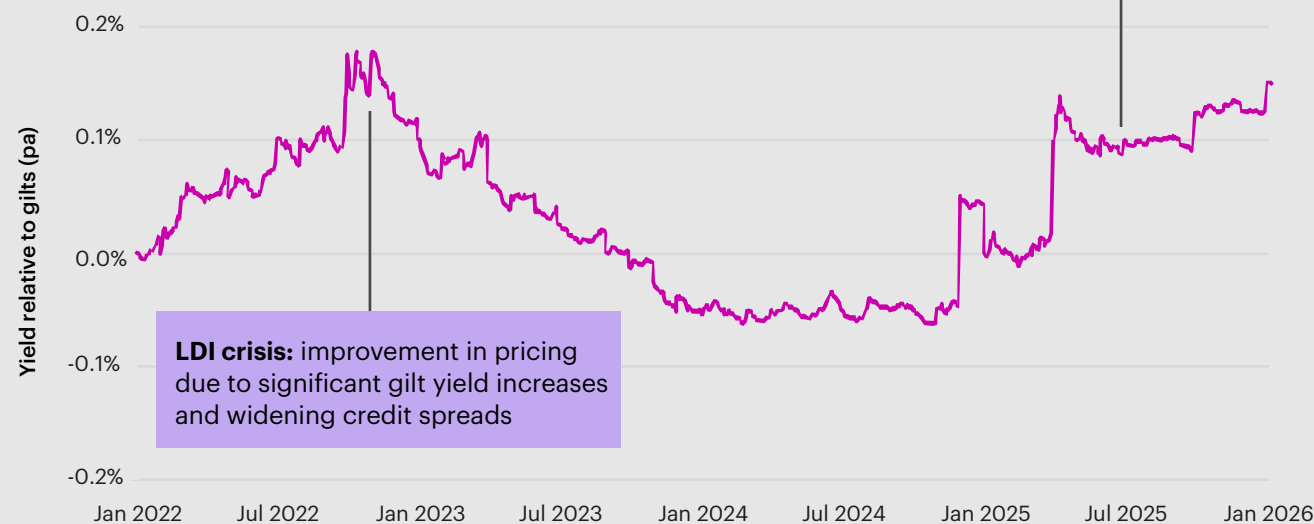
3. Attractive pricing

Insurer pricing throughout 2025 – particularly in the second half of the year – remained consistently attractive compared to both gilt investments and historic buy-in pricing levels. This is notable given the narrow corporate bond spreads observed during the year. Typically, such narrowing reduces yields on insurers' corporate bond holdings and would be expected to worsen pricing, as has happened in the past. So why did pricing hold up in this environment?

Strong pricing driven by:

- Intense competition between insurers.
- Longevity reinsurance costs at record lows.
- Increased allocation to gilts instead of corporate bonds, opportunistic investment in illiquid assets, and strategic use of funded reinsurance.

Figure 2: Typical buy-in pricing relative to gilts



Based on a scheme with an equal split of pensioner and non-pensioner liabilities

Source: WTW Settlement Watch, January 2026



4. Increasing opportunities for smaller schemes

In 2025 we completed transactions under £50 million with six different insurers. This marks a significant shift from the market a year or two ago, where smaller schemes were struggling for market engagement and there was limited, if any, choice of insurer with schemes being compelled to pre-select an insurer in order to secure a quotation.

The two key factors in the evolution of the small scheme landscape have been:

- i. insurers streamlining the operational resources needed to price, execute and onboard transactions efficiently for smaller schemes
- ii. additional capacity provided by new entrants, with Blumont and Utmost focusing on smaller deal sizes

“

We're delighted to offer an additional option for smaller schemes that have historically lacked the choice available on larger transactions. After establishing a footprint in the market in 2025 – our first full year in the bulk annuity market – we expect to build on this in 2026 and beyond.”

Gary Needham, Head of BPA Business Development, Utmost Life & Pensions

“

The acquisition of Just by Brookfield Wealth Solutions and the integration of Blumont into our business marks an exciting new chapter. As a private company, we gain greater flexibility, enabling us to offer more value and transaction flexibility to pension schemes. It also gives the Just Group greater access to long term and innovative investments, leading to potentially better pricing and the ability to tailor our approach to meet specific scheme needs.”

Pretty Sagoo, Managing Director of Defined Benefit Solutions, Just Group Plc

5. Global investment in the UK risk transfer market

2025 was notable for a number of announcements of insurer acquisitions by overseas investors, signaling clear global confidence in the market:

July: Athora, a large European insurer, to acquire Pension Insurance Corporation for £5.7bn. The PIC name and branding will be retained.

July: Brookfield, a global wealth and retirement solutions business to acquire Just for £2.4bn. Blumont (owned by Brookfield) and Just will operate as a, consolidated insurance group under the Just brand.

December: JAB Insurance, a US life insurance company, to acquire Utmost Group's Life and Pensions Business.

This is expected to provide the relevant insurers with access to additional capital and asset markets. Pending regulatory approval it is anticipated that they will complete in the first half of 2026.

6. Close attention from the PRA on insurer security

2025 has evidenced the continued focus by the Prudential Regulation Authority (PRA) on appropriate risk management by insurers to maintain the safety and soundness of the sector. In our opinion the PRA's attention is positive and should provide reassurance to trustees considering a transaction.

Two particular topics have held the headlines this year:

Life Insurance Stress Test (LIST) 2025

The PRA conducted a comprehensive stress test of UK life insurers, designed to assess their ability to withstand a severe but plausible 1-in-100 year market shock. All insurers in scope demonstrated robust financial resilience, maintaining solvency capital ratios well above the regulatory minimum of 100% under the core stress scenario. This outcome confirms that the sector is well-positioned to absorb significant market volatility without compromising its commitments.

“

The results of the 2025 life insurance stress test indicate that the sector is resilient to a severe financial market stress scenario...and participating firms maintain sufficient capital resources, with the aggregate solvency capital requirement (SCR) coverage ratio falling from a strong starting point of 185% to 154% post-stress”

Prudential Regulation Authority

Spotlight on the use of Funded Reinsurance

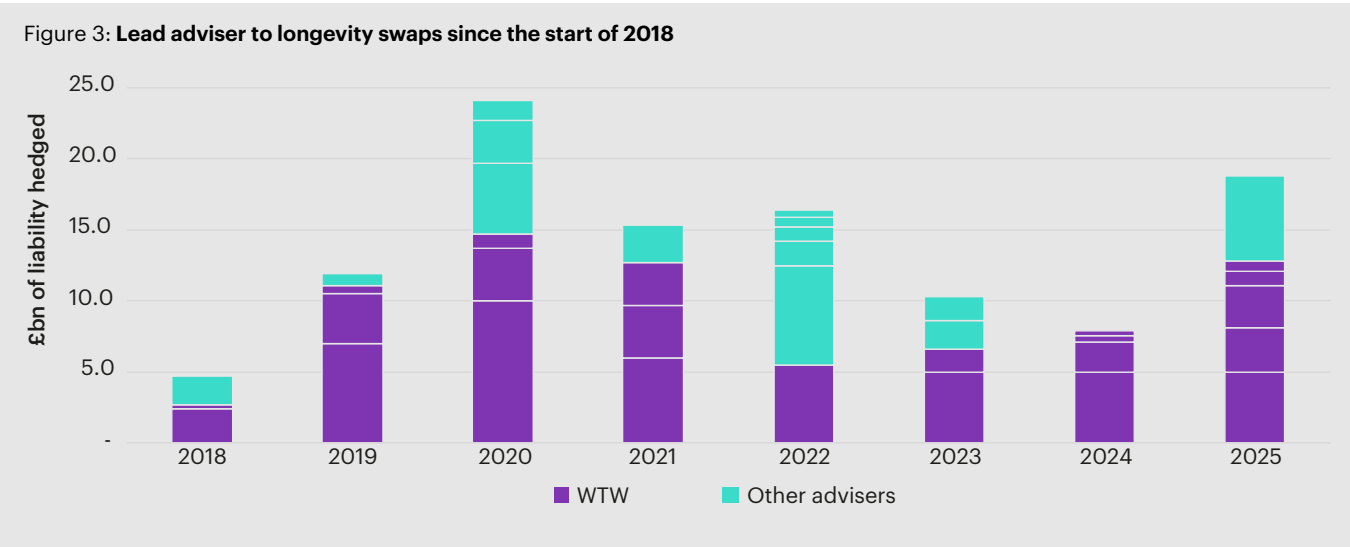
Funded reinsurance enables bulk annuity providers to transfer both asset and longevity risk to reinsurers. This offers capital efficiency, supports larger transaction sizes, and provides access to the asset origination capabilities of global reinsurers. However, the growing use of funded reinsurance has attracted heightened scrutiny from the PRA with its concerns centered around counterparty exposures, the contractual terms and asset mix within collateral pools, and the adequacy of risk allowances in insurers' solvency capital calculations. The PRA continues to monitor market developments closely and has signalled that further regulatory measures may be introduced if risks are not adequately addressed. This ongoing scrutiny aims to ensure that funded reinsurance arrangements do not compromise the security of policyholders or the stability of the UK insurance sector.



Increased activity and interest in longevity swaps

1. The busiest year in over a decade

With six longevity swaps covering nearly £20 billion of liabilities, 2025 was the biggest year in the longevity swap market since 2020, and – when adjusted for yield changes – the biggest year since 2014, when the BT Pension Scheme completed its landmark £16 billion longevity swap.



Source WTW, December 2025, based on WTW led transactions and announcements in the pension news.

2. Competition for swaps of all sizes

Four longevity swaps of over £3 billion and two of under £1 billion were completed in 2025, with strong competition for deals of all sizes from reinsurers. With more schemes considering their endgame strategy and the implementation of longevity swaps at the smaller end of the market becoming more efficient, longevity swaps are a hot topic of conversation for many pension schemes.

3. Pricing at historically low levels

Longevity swap pricing has been better than ever in 2025, relative to scheme best estimate mortality assumptions, driven by reinsurer fees less than half the level they were five years ago. However, recent lighter mortality experience in the UK has increased the uncertainty relating to future mortality rates – if this trend continues, reinsurers would likely increase life expectancy assumptions which would increase the cost of hedging.

“

WTW is proud to have led the advice on five of the six swaps completed in 2025, and passed the significant milestone of advising on longevity swaps covering over £100 billion of liabilities.”

Matt Wiberg, Senior Director, WTW

“

The UK has always been the world leader in the global market for longevity risk transfer with both transaction volume and certainty remaining healthy in 2025. More importantly, the UK market remains dynamic, innovative and (sometimes painfully) competitive.”

Matt Collins, Head of Global Longevity, SCOR

4. Reinsurer appetite for non-pensioner risk

Whilst the majority of longevity swaps have covered longevity risk for pensioners in payment, recent years have seen increased reinsurer appetite for non-pensioners, which has resulted in more competition and significant reductions in cost for non-pensioners. We are currently leading the advice on multiple longevity swaps covering non-pensioners.

2

Navigating the expanding choice of risk transfer solutions



Ryan McKenna
Director
WTW



Gemma Millington
Senior Director
WTW



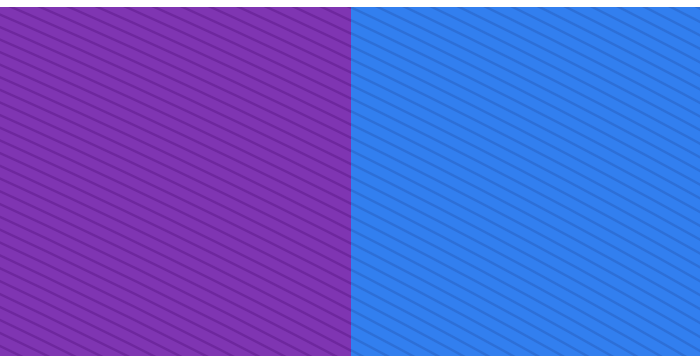
The UK's first bulk annuity transaction took place in 1987, and since then more than 2,000 deals have been completed with insurers demonstrating financial and operational resilience to weather the global financial crisis in 2008, the COVID-19 pandemic in 2020, and the LDI crisis of 2022. As a proven way to remove liabilities from a sponsor's balance sheet and eliminate the governance burden and ongoing costs of running a pension scheme, buyout remains the preferred endgame for many schemes.

However, while bulk annuities will continue to be the right solution for many, the de-risking market has evolved significantly since its inception. Over the last three years we have seen an acceleration in innovation, culminating in the first "sponsor swap" with the Stagecoach-Aberdeen transaction announced in December 2025, and today, trustees and sponsors have more options than ever to transfer the risks associated with running a pension scheme to a third party.

In this section we explore some of the alternative options available to scheme trustees and sponsors.

UK risk transfer market firsts

- ➔ **First** buy-in **1987**
- ➔ **First** longevity swap **2009**
- ➔ **First** captive buy-in **2010**
- ➔ **First** superfund transaction **2023**
- ➔ **First** value share annuity **2024**
- ➔ **First** sponsor swap **2025**



Using insurance solutions to enhance endgame outcomes

The endgame decision has been historically framed as a trade-off between reducing risk and retaining upside potential. A buyout offers certainty by transferring risk away from the scheme, but at a cost, and any future upside is handed to the insurer. Conversely, a run-on strategy allows members and sponsors to benefit from potential gains, but retains exposure to downside risk.

But does risk removal and upside opportunity have to be mutually exclusive?

Combining the security of a bulk annuity with upside reward
Self-insuring pensions through a captive insurer combines the security of a traditional bulk annuity for members, while allowing future profits to flow back to the scheme sponsor. So, is this a win-win? Not entirely - under captive structures the sponsor remains exposed to downside risks, and is required to hold capital against the risk. However, this is no different from the status quo for an ongoing scheme and, for some sponsors, may be an acceptable trade-off for the potential reward.

Although the concept is nothing new, there has been a recent resurgence in interest from employers, driven by strong scheme funding levels, growing surpluses, and an economic environment that is putting company profitability under increasing pressure.

For trustees facing sponsor resistance to buyout strategies - whether due to unfavourable accounting implications or a reluctance to see potential future profit passed to an insurer - a captive insurance solution could help align incentives between these two key stakeholders.

Figure 4: Pros and cons of a captive buy-in

Sponsor	Trustee
 Releases economic value otherwise ceded to insurer	 Security offered by UK regulated insurer
 Control over investment strategy	 Covered by the Financial Services Compensation Scheme
 Advantageous accounting treatment	 Can be held as long term buy-in or moved to buyout
 Additional governance	 Typically limits the choice of insurer
 Retention of downside risk	

M&G's Value Share Bulk Purchase Annuity offers similar advantages to a captive buy-in and benefits from the existing infrastructure provided by the insurer.

“

As funding levels have improved, pension scheme trustees and sponsors grapple with the decision of whether to run-on and benefit from potential surplus generation, or to enhance security by seeking to buyout the liabilities. Value Share BPA is our solution, utilising our insurance expertise and our asset management track record and scale to combine the best of both endgame approaches.”

Kerrigan Procter, Managing Director – Corporate Pension Solutions, M&G

Deploying insurance to enable safer run-on
Regulatory developments, in particular the flexibilities introduced in the Pension Scheme Bill 2025 allowing ongoing schemes to release surplus to the scheme sponsor and/or members, combined with strong funding levels, have prompted schemes to re-evaluate their endgame strategy. For those schemes with sufficient scale, backed by a strong sponsor covenant, a run-on approach has the potential to deliver significant economic value, with benefits for both members and scheme sponsors.

Insurance solutions offer effective ways to manage risk during a run-on approach, while allowing trustees to maintain flexibility in their investment decisions. Depending on the scheme's appetite for risk, options such as buy-ins for specific member groups and longevity swaps have proven to be valuable tools in supporting schemes on their long-term journey.



Case study: Partnering with the Lloyds Banking Group pension schemes on their long-term journey

Over the 12 months to December 2025, Lloyds Banking Group Pensions Trustees Limited (the “Trustee”) executed five longevity swaps, covering around £10 billion of pensioner liabilities. As a result, more than 60% of the longevity risk within the three principal Lloyds Banking Group Pension Schemes (“the Schemes”) has been hedged. Nick Deahl (Head of Investment Strategy) and Tejus Patel (Head of Liability Hedging) at Lloyds Banking Group Pensions share their insights from these transactions with Rhys Mellens, who advised the Trustee on these deals.

Why did the Trustee decide to hedge longevity risk through longevity swaps?

Tejus: Lloyds Banking Group sponsors a number of pension schemes, including three large multi-billion pound defined benefit schemes. The Trustee’s focus is on resilience within the schemes with a key priority being to reduce risks which are seen as unrewarded. Longevity risk is one of the largest risks the schemes are exposed to and so the longevity hedging programme, embarked upon in 2020 and ramped up over recent years, is a key part of building this resilience. The use of longevity swaps is seen as the most effective way to hedge that risk.

It’s been a busy period - five swaps in 12 months – was this always the plan?

Nick: It certainly has been busy! Going to the market in 2024 was always part of the Trustee’s plan and aligns with its long term objective to hedge the majority of longevity risk over time. However, the most recent transactions were completed somewhat earlier than had been envisaged with the Trustee identifying the opportunity to accelerate plans and in so doing lock in what it saw as attractive pricing available in the market over 2025.

In the five years since the Trustee’s first longevity swap, how have you seen the process of putting in place longevity swaps develop?

Tejus: As the Trustee has become more familiar with the process, this has enabled it to assess the market and implement transactions quickly and efficiently when an opportunity is identified with timely decision making. A clear set of objectives to enable an assessment of ‘What good looks like’ has been crucial to inform decisions at each stage of the transaction process.

Nick: It’s also been clear from our interactions with the reinsurers that the longevity reinsurance market has become increasingly efficient and flexible in recent years, as more longevity risk has been transferred to global reinsurers. This has helped to accelerate transaction timescales.

What top tips would you give to other schemes considering longevity swaps?

Tejus: I think having a clear set of objectives agreed in advance of engaging the market is really important. I’ve already mentioned that this will enable an efficient process, allowing the Trustee to focus on the terms that matter, but it will also help to get engagement from a very busy reinsurance market if you are clear on what you are looking to achieve. And then making sure you have the appropriate governance structure in place, including the right advisers, to be able to move quickly so that opportunities aren’t missed. The last three longevity swaps, with two different reinsurers, were completed in 8 months from engaging the market.

Nick: For me, I’d highlight the importance of working collaboratively. Longevity swaps are large complex transactions and so collaboration between all the parties involved - the Trustee, the sponsor, the reinsurer, the intermediary... not to mention each party’s advisers and service providers – is crucial.

And finally, what does the future of the longevity hedging programme look like for the Schemes?

Tejus: The new longevity swaps need to be bedded in, but alongside this the Trustee will continue to consider opportunities for further longevity de-risking. I’m sure we’ll be continuing to see a lot of you and the WTW team as we monitor this!

Figure 5: Lloyds Banking Group Pension Schemes longevity swaps



A new chapter for superfunds?

While the bulk annuity market saw a record number of deals in 2025 - as highlighted in Section 1 - the superfund market has remained more subdued by the same measure. With just one transaction in 2025, the total stands at four – a volume the bulk annuity market can clear by Thursday on any given week.

But, if we look beyond this number and instead at the intensity of discussion and debate the market generated at conferences, roundtables, and board meetings over 2025, a different picture emerges – one of enthusiasm for the growing potential of superfunds to improve member outcomes and offer sponsors a more affordable path to settle their pension liabilities.

Let’s explore what’s been driving all this discussion and debate.

The story to date: a tale of four transactions

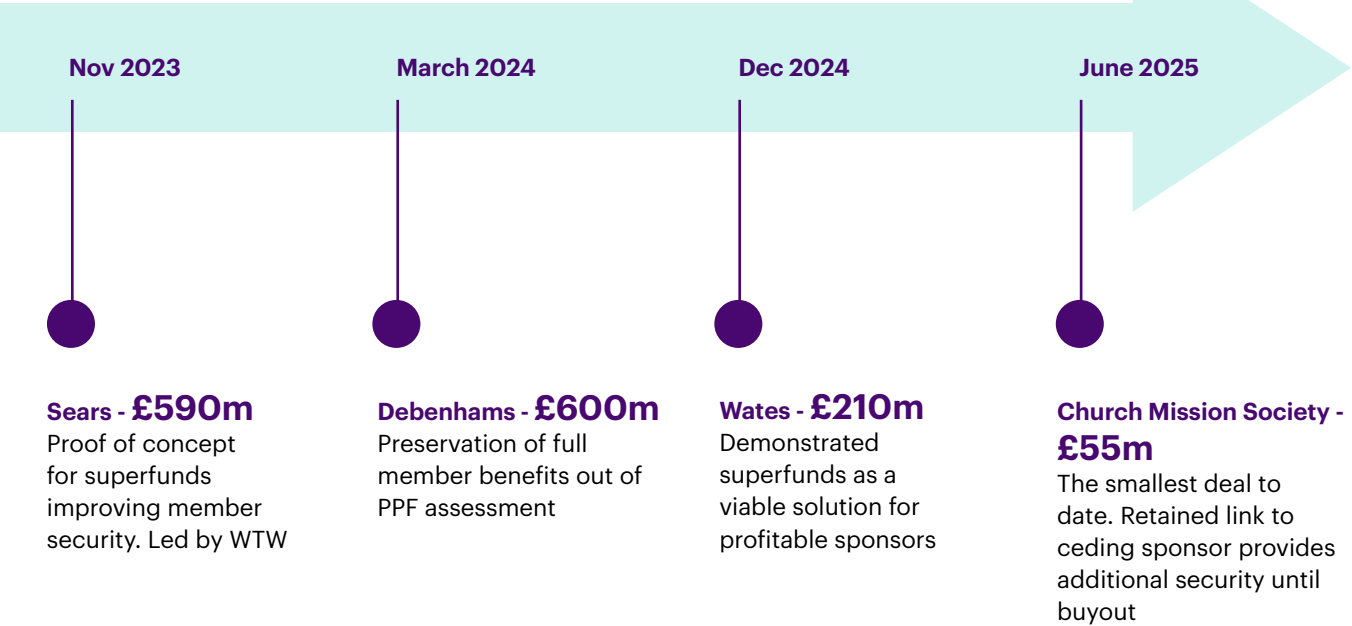
The superfund transactions written to date demonstrate the flexibility of the approach to adapt to scheme needs, and the potential applicability of superfunds to schemes of all sizes and with different levels of covenant support (See figure 6).

“

We continue to work with a wide range of schemes to deliver a range of bespoke solutions to meet trustee and sponsor needs, as evidenced by the deals we have completed to date. The growth in our pipeline to over £12 billion demonstrates the level of interest in superfunds and their potential to deliver material benefits to members, trustees, and sponsors”

**Simon True, Chief Executive Officer,
Clara Pensions**

Figure 6: **Superfund transactions written by Clara Pensions, to date**



Changing the script: the impact of the Pension Schemes Bill 2025

The Pension Schemes Bill 2025 ("the Bill") introduced a permanent regulatory regime for superfunds evidencing DWP's support for this market. The changes proposed are such that a superfund could become a viable option for most, if not all, schemes.

The current entry requirements for superfunds, changes introduced by the Bill and impact on superfund eligibility



Buyout is not affordable now – the Bill makes no direct changes to this test, but with the Bill elsewhere proposing to allow ongoing surplus extraction, well-funded schemes could potentially remove surplus (through refunds or uplifts to member benefits) to meet this test.



Buyout is not affordable in the foreseeable future – with the Bill removing this requirement, any scheme funded below buyout could be eligible for a superfund transfer. We estimate this to be up to half of all schemes based on current funding levels.



A superfund transfer must improve the likelihood of members receiving full benefits – a nuanced test, that will have regard to both level and security of benefits, we expect this to form the crux of trustees' decision making.

The plot thickens: new entrants to the market

The growing appeal of superfunds as a solution for various pension schemes is likely to attract more providers to the market. In October 2025, TPT Retirement Solutions ("TPT") announced its intention to establish a superfund, pending regulatory approval expected to be sought in 2026. If approved, this would mark a significant step forward for the superfund sector, increasing choice for trustees and sponsors.

TPT's proposition contrasts with the transactions written by Clara to date in three key respects:

1. **It targets long-term run on** rather than buyout
2. **Surplus distributions to members**, after year five.
3. **Co-mingling of schemes** in the longer term sharing risk and reward across different arrangements.

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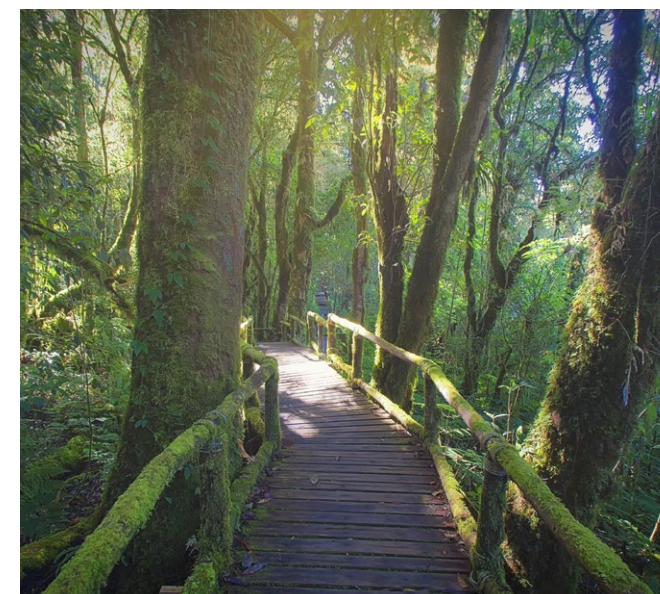
We're energised by the opportunity to offer trustees and sponsors a new choice within the superfund market – one that stands apart and puts members outcomes at its core - at a time when the market is poised for further innovation”

**Nicholas Clapp, Chief Commercial Officer,
TPT Retirement Services**

Synopsis: what does this mean for schemes?

The conditions for a more active superfund market are aligning: the clearance process is becoming more efficient, a permanent regulatory regime is on the horizon, and direct competition is emerging. No longer a niche solution solely for schemes with weaker sponsors, in combination with the potential relaxations to the gateway principles, this significantly expands the universe of eligible schemes.

Trustees and sponsors should ensure that as part of their assessment of the full spectrum of endgame options, they understand the expanding opportunities to improve outcomes offered by the superfund market.

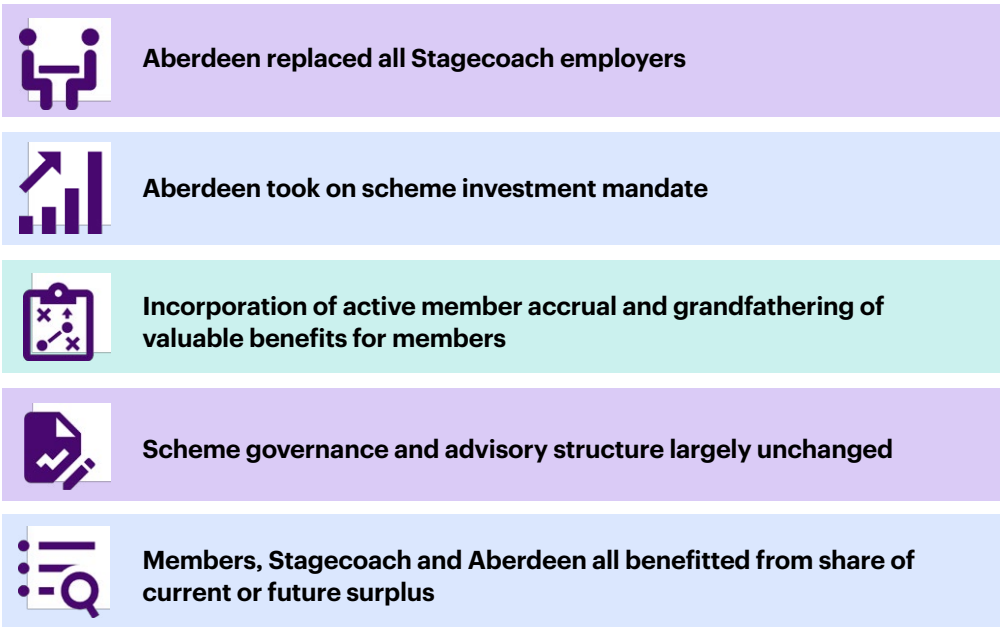


Thinking outside the box

While we have focused in this section on the use of alternative insurance solutions and superfunds to enhance endgame outcomes, innovation is not limited to these markets. The landmark Aberdeen transaction at the end of 2025, to assume sponsorship of the £1.2 billion Stagecoach Group Pension Scheme (SGPS), effectively a "sponsor swap", demonstrates a different creative approach and potential template to enable effective run-on and the strategic use of surplus to improve outcomes for scheme members.

Whilst the circumstances of the trustee, sponsor and Aberdeen aligned to make this transaction attractive to all parties, and we don't expect it to be right for all, we do believe there to be wider appetite from organisations with asset and risk management expertise in applying this to help schemes optimise run-on. Equally, we are seeing real interest from companies and trustees in exploring whether a similar solution might work for them.

Figure 7: Summary of Aberdeen-Stagecoach transaction



“

Where sponsors and trustees collaborate to find a solution to achieve their respective objectives, it is possible to develop win-win scenarios. Whether it is through a surplus-sharing strategy, or an alternative endgame solution, I expect to see much more innovation in the coming years”

Bina Mistry, Head of Corporate Consulting, WTW



Conclusion

We expect bulk annuity market volumes to persist as schemes follow a tried-and-tested route to transfer risk and remove liabilities.

However, a “vanilla” buy-in comes with a cost of capital, with insurers benefiting from any future profit in the scheme. Various alternatives now offer risk transfer at a lower cost or the potential of improved outcomes for members. For schemes attracted by such solutions, a detailed cost-benefit analysis, with particular focus on member outcomes and on the risk profile of the proposed solution and provider, will be essential to robust decision making.

In particular, a number of insurers have indicated that they will not be willing to participate in quotation processes where the scheme remains undecided on the preferred endgame or risk transfer solution and will look to schemes to confirm that all options have been considered and there is stakeholder consensus on a bulk annuity transaction. Having an adviser who is able to provide visibility of and insights into all market solutions will therefore be critical in navigating a path through the available choice and, ultimately, implementing the desired solution.

3

Insurer selection in a competitive market



Tom Ashworth
Director
WTW



Jenny Neale
Director
WTW

Competition encourages innovation and enhances both price and non-price outcomes. With the number of participants in the bulk annuity market at a record high, pension schemes are able to take advantage of competitive market dynamics to achieve their objectives and optimise outcomes.

Whilst schemes are in the driving seat, navigating a busy and competitive market to ensure the best outcome requires care and consideration.

In this section we explore how to maximise insurer engagement, leverage competition and work through the choice presented by the current market to select an insurer who will best meet scheme objectives.

“

The vibrant competition in today's bulk annuity market is a welcome development for insurers. It drives us to continually innovate, refine our offerings, and deliver even greater value to pension schemes and their members. We ultimately exist as businesses to support our members and this healthy rivalry raises standards for member experience across the industry and also ensures that schemes benefit from more tailored solutions.”

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

Current participants in the bulk annuity market

There are currently 11 insurers in the bulk annuity market, more than at any point in the past.

Whilst the market has seen a lot of movements over the years (19 different insurers have written bulk annuities), the market since 2016 is notable for its relative stability. Over this time only Scottish Widows has exited the market.

Whilst Just and Blumont are expected to merge under the Just brand in 2026, bringing the number of market participants down to 10, this is still well above the long term average of 8 insurers participating in the market over the last two decades.



Designing the transaction process

An effective transaction process should maximise insurer engagement, harness competitive dynamics, and support well-informed decision-making, ensuring the chosen insurer best meets the scheme's price and non-price objectives.

In today's busy market insurers expect transparency regarding the quotation process, particularly the number of pricing rounds anticipated. For all but the smallest schemes, a two-round pricing process is standard. This approach enables meaningful

negotiation, as the pool of insurers is narrowed at each stage, without placing undue burden on participating insurers.

Whilst we tailor our approach to reflect prevailing market dynamics and each scheme's specific needs, the core elements of a typical two-round quotation process are shown in the infographic below.

1

Set objectives

It is critical that stakeholders agree on a joint set of success criteria to inform decision-making and help avoid conflict between stakeholders through the process. Evidencing to insurers this has been thought through before coming to market demonstrates seriousness and allows insurers to focus on tailoring their proposal to meet the scheme's requirements.

Tip: *To ensure objectives reflect the views of all trustees and other stakeholders, and are not dominated by one vocal individual, an anonymous survey can be undertaken with all Board members, and the individual responses collated into a summarised position for discussion.*

2

Desktop assessment of insurers

Initial screening of all insurers to establish whether there are any who don't meet the agreed objectives. This preliminary evaluation ensures no wasted time either on the part of the scheme or the insurer.

Case study: *Scheme benefits included an option for members to restructure their income to allow for a bridging pension, which was highly valued by members. The trustees therefore excluded insurers who were not willing or able to continue offering this option post buyout from the quotation process.*

3

Insurer triage

Insurers don't have the resource to quote on every deal. "Triage" is their opportunity to assess the scheme's fit with their aims, resource and capabilities considering factors such as:

- Project timescales
- Complexity of benefit design
- Clarity and cleanliness of data
- The likelihood of the deal proceeding / the insurer winning

Tip: *Demonstrating the scheme's preparation, articulating the trustee and sponsor priorities, and outlining any pre-screening of insurers ensures optimal positioning for triage.*

Honesty is critical. Whilst it can be disappointing for insurers to decline to quote, it is better to have a smaller number of engaged insurers than a higher number of less committed participants.

4

Shortlist insurers

Shortlisting of insurers after the first pricing round balances the maintenance of competitive tension and choice with heightened insurer engagement due to the “carrot” of a transaction getting closer. This dynamic supports detailed negotiation with the shortlisted insurers at the second round on both price and non-price factors.

Tip: Clear messaging and focused negotiation on a small number of important factors will yield better outcomes than providing insurers with a long “shopping list” of requirements.

The shortlisting decision will normally be driven by price and the ability of the insurer to accommodate the scheme’s benefit structure and any scheme specific requests.

5

Insurer selection

Updated insurer proposals, detailed due diligence on the factors of most importance to the trustee and company and in the majority of cases a selection meeting with the shortlisted insurers will all feed into insurer selection.

Tip: Giving insurers transparency as to the selection process and confidence that timescales will be adhered to is critical. Any concerns that the scheme will keep coming back to ask for more may result in concessions being held back. An experienced adviser will be able to strike the appropriate balance between negotiating strongly, and ensuring no ill-feeling – which is not the way you want to start a decades long relationship.

Whilst a weighted scorecard approach can be used to remove subjectivity from the decision making, it should also be recognised that the insurer will have a relationship with the scheme members for, typically, well over 50 years. Therefore, trustees should be comfortable that they will be able to entrust their members to the insurer, and in this context softer considerations such as cultural fit can also factor into decisions.



Case study: flexing the transaction process to meet client objectives

Whilst trustees often prioritise non-price factors, significant price differentials can be hard to ignore and sponsors may exert pressure to transact with the lowest price insurer. To mitigate this dynamic, on a transaction that WTW led the advice on in 2025 we brought forward the insurer selection event typically undertaken only after final pricing is submitted and the trustees and sponsor met with the quoting insurers before pricing was received. This approach facilitated open and honest conversations about the perceived pros and cons of each provider without the risk of pricing influencing perspectives.



Delivering optimal outcomes for smaller schemes

As outlined in section 1 of this report, market dynamics for smaller schemes have shifted recently and currently 9 of 11 market participants have selective appetite for deals of under £50 million. Potentially all insurers may be interested in deals of around £100 million.

This means that smaller schemes now have the option of running a transaction process involving multiple insurers (unlike a few years ago), but is this always the best approach for smaller deal sizes?

Partnering with an insurer

An exclusive pricing process involves a scheme working directly with a single insurer to obtain a quote, with the intention to proceed if the agreed price criteria are met. This approach can be advantageous for smaller schemes or those with unique requirements or complex benefits, where limited competition is expected. By focusing on one insurer, schemes often achieve greater engagement and collaboration, increasing the likelihood of securing terms that best meet their specific needs.

Insurer selection in an exclusive process

Where trustees take a deliberate strategic decision to run an exclusive process they may, in the current market, find themselves choosing between several interested insurers. The due diligence and considerations in selecting an insurer are similar to those described for a competitive process, only with the decision being made earlier.

When a transaction falls under an insurer’s “small scheme proposition,” additional factors must be considered during upfront selection, including:

Case study: working in partnership with an insurer to tailor solutions for smaller schemes



In 2025, we led the advice to the Premdor Crosby Pension Plan in securing a £16 million buy-in. Partnering with an insurer helped to enable early agreement of non-standard contractual requirements, with a tailored deferred premium structure a key feature of the transaction. Agreeing this unique structure for a smaller pension scheme was especially valuable to enable early execution, whilst preserving liquidity and delivering certainty for both Trustees and members.

“

The sub-£100 million buy-in market was vibrant throughout 2025, with strong competition among providers. Our recent transaction with the Premdor Crosby Pension Plan, incorporating a deferred premium structure, highlights our commitment to this segment and delivering bespoke solutions for all of our clients.”

Frankie Borrell, Head of BPA Origination, Royal London

- Whether the proposition can accommodate all of the scheme’s benefit features;
- The extra costs and risks associated with completing insurer data and benefit templates; and
- The suitability of the standard contractual terms offered.

We have collated information on all such small scheme propositions that we share with our clients to help them make informed and effective decisions.

Ensuring price confidence

In an exclusive process, schemes will depend on their adviser to assess whether the insurer’s pricing is

competitive, indeed the adviser is obligated to ensure fair value under its regulatory duty. To assist this, our insurer pricing model, updated monthly based on information from multiple insurers and actual transaction outcomes, enables us to rigorously test the proposed pricing and provide an informed opinion on its attractiveness.

Although opportunities for negotiation are often more restricted with smaller transactions, positive outcomes can still be achieved by fostering robust engagement with insurers, using price analysis to justify requests for reductions, and strategically timing the deal, such as aligning with insurer year-end periods, to maximise leverage and secure more favourable terms.

Putting members first

Prior to 2022, most schemes were underfunded on a buyout basis and it was common for a bulk annuity transaction to cover part of the scheme membership, for example a pensioner buy-in. There was little certainty around if, or when, these buy-ins would be converted to buyout, meaning price was the overriding consideration and there was limited focus on the long-term impact for members.

Following the LDI crisis, scheme funding levels have improved significantly. As a result, full scheme buy-ins have become much more common and, in many cases, can be afforded with surplus assets left over. This means that whilst price remains important, trustees are increasingly prioritising the quality of the future member experience as policyholders of the insurer, beyond the period of trustee governance. We have seen several instances in 2025 where trustees have chosen an insurer who was not the lowest priced, instead focusing on what is best for members in the long term.

Trustees increasingly want to do a “deep-dive” on insurer administration and member experience
What was considered a “nice to have” only a few years ago has now become an essential part of insurer due diligence for most trustees. Our clients have full access to our detailed research into insurer administration and member experience, covering:

- Administration model and operational resilience
- Quality and accessibility of digital tools
- Service level targets and performance against targets
- Quality of communications
- Governance controls including performance monitoring and continuity plans

Where our research highlights meaningful differences between shortlisted insurers in areas that matter most to trustees, this insight can be used in several ways:

- **To inform the final selection:** Trustees may factor these differentiators directly into their insurer selection decision.
- **To drive further due diligence:** Trustees might undertake additional scrutiny, such as site visits to administration teams, mystery shopping, or seeking references.
- **To strengthen negotiations:** Insights from the research can be used as leverage in negotiations with a preferred provider, encouraging them to match or exceed the standards set by competitors.

Insurers are investing in member experience
As trustees increasingly require insurers to demonstrate a positive member experience, it is unsurprising that our 2025 survey of insurer priorities identified improving the post-buyout member experience as a leading focus for insurers. To meet trustee expectations and to remain competitive, insurers have introduced a range of positive developments aimed at raising service standards and delivering a better experience for members, including:

Scaling up of resource: Insurers have taken proactive action to ensure they are able to deliver high standards of member service as more schemes transition to buyout. This has included: restructuring and growing existing administration teams; appointing an extra third party administrator to provide additional capacity; and engaging independent third-party resource to meet short-term upticks in activity (for example member quotation requests).

Changes in administration model: The growing emphasis on member experience has prompted some insurers to fast-track enhancements to their administration services. Others have taken a more transformative approach, developing their administration models from scratch to deliver what they consider to be a best-in-class member service. This approach has been particularly accessible for newer entrants, who are not constrained by legacy systems, while established insurers have also been re-evaluating and updating their existing frameworks. For instance, in 2025, Rothesay introduced its new administration platform, Rothesay One.

“

We understand how vital it is for trustees to deliver outstanding service to scheme members. As the market grows, safeguarding the member experience remains one of our highest priorities. That’s why we’ve made significant investments in our administration capabilities, enhancing service quality and ensuring scalability to meet future demand.”

Sammy Cooper-Smith, Head of Business Development, Rothesay



Improvements in member option terms:

While trustees will typically get comfortable that insurer terms are within an acceptable range, some schemes, especially those with a surplus, may wish to offer more favourable factors to their members. Insurers have demonstrated a willingness to provide enhancements such as better than cost neutral member factors, fixed factors and other improvements to terms to ensure members are not disadvantaged following the buyout.



Maintenance of valuable member options:

member options such as cash equivalent transfer values, early and late retirement and trivial commutation are offered as standard. Insurers are increasingly open to insuring additional optionality, such as a bridging pension option (where members may choose to exchange some lifetime pension for a higher temporary pension until their State pension commences) or pension increase exchange where these are offered within the scheme and are considered by the trustee to be important to members.



Enhanced online offering: all insurers offer basic online functionality to policyholders to facilitate access to policy information and management of their benefits. Of the eleven insurers in the market, seven now also offer advanced digital features—such as instant access to retirement and transfer quotations—while the remaining four are actively developing similar capabilities on varying timelines.



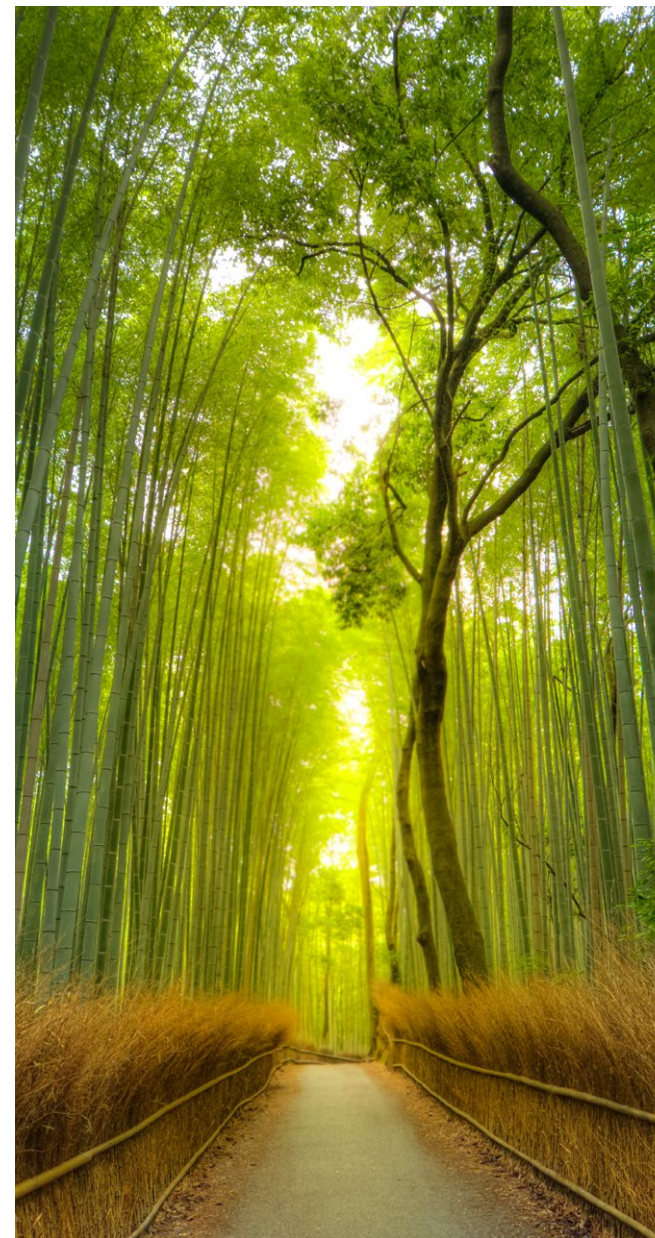
Access to educational support and regulated advice at retirement:

insurers recognise that members may require support through life events and when navigating important financial decisions and routinely signpost relevant materials and resources within communications. Many insurers also offer, or are in the process of developing, bespoke educational content designed to help members make informed choices. One area where clearer differences emerge between insurers is the level of access they provide to regulated financial advice with just one insurer offering as standard (either paid for by members or upfront as part of the buy-in premium). The importance of this will naturally depend on whether advice is already offered within the scheme.

“

Trustees approaching the market for quotes are increasingly focused on maintaining the range of options available to members at retirement and any differences between terms offered by insurers to the terms currently offered by the Trustee. At PIC, we pride ourselves on working closely with schemes to understand their objectives and meet their individual requirements. We have a strong track record of working with Trustees to deliver solutions which allow members to experience the flexibility and terms the Trustees are seeking post buyout and are continually seeking to make sure our offering in this area leads to good outcomes for our policyholders.”

**Mitul Magudia, Chief Origination Officer,
Pension Insurance Corporation**



WTW research and advisory services available to support the insurer selection decision



Administration and operational capability | quality of member administration and ability to manage complex benefits



Member experience | digital tools, quality of communication and member option terms



Financial strength and security | solvency capital ratio, ownership structure and backing and resilience to withstand extreme events



DC offering | flexibility and terms for DC benefits



ESG credentials | sustainability integration and commitment



Cyber security | adherence to data protection standards, cyber resilience and incident response, and vendor risk management



Buyout | support provided to ensure an efficient transition to buyout and insurer timescales

Conclusion

The landscape for insurer selection in the bulk annuity market offers trustees and sponsors a broader range of options and greater negotiating power than ever before. With a record number of active insurers and heightened competition schemes, regardless of size, can now pursue strategies that best align with their unique objectives, whether through competitive or exclusive processes.

As the market continues to mature, the focus is shifting beyond price alone. Trustees are increasingly prioritising the quality of member experience, robust administration, and the long-term security offered by insurers. This holistic approach, supported by detailed research and rigorous due diligence, ensures that decisions are not only commercially sound but also in the best interests of scheme members.

Ultimately, successful insurer selection hinges on clear objectives, transparent processes, and strong engagement with providers. By leveraging market dynamics and maintaining a member-first mindset, trustees can secure optimal outcomes—delivering both value and peace of mind for all stakeholders involved.



Case study: Buy-in of UK pension schemes' sponsored by Baker Hughes

WTW acted as risk transfer adviser to three schemes of between £75 million and £650 million, each with separate trustee boards and different actuarial, legal and investment advisers

The objective

To insure all three schemes in full, working to expedited timescales whilst ensuring a robust and thorough process.

Market strategy

The schemes agreed to jointly approach the market to enhance insurer engagement, reduce duplication of effort, and achieve cost and time management efficiencies.

“

Completing this complex buy-in project in the challenging timescales achieved is testament to the WTW team at the core of the project. WTW went out of their way to get things done, work collaboratively with the other advisers and support all parties towards our common goal. We ultimately achieved excellent pricing and terms with WTW's hands on management, clear reporting, guidance and advice provided throughout. WTW continue to provide hands-on management on our current path to buyout.”

**Sally Minchella, Director at Law
Debenture and Chair of Trustee of the
Baker Hughes (UK) Pension Plan**

Accelerated buy-in readiness

The schemes were complex, and at different stages of “buy-in readiness”. We worked with the Trustees to prioritise the critical actions required before going to market, approaching insurers within two months of the engagement being agreed with all three schemes.

A robust governance process was essential to ensure effective decision-making, given the multiple schemes and stakeholders involved. This balanced a collaborative approach between Baker Hughes and each Trustee board whilst also retaining independence to make sure that their individual objectives and specific requirements were considered.

Key outcomes

- Stretching timeframe targets were met:** the transaction completed in May 2025 less than six months from approaching the market.
- The power of one:** the combined approach resulted in pricing, legal and commercial terms for each scheme that would usually only be possible for deals of the total £900 million size.
- Insurance of complex benefits:** complexities were secured that would not have been accessible for each scheme in isolation including: pre-agreed terms to secure liabilities following a DC underpin de-linking exercise, complex levelling options, and fixed conversion terms for AVCs.



Deferred premium structure: including a “true-up” immediately following the transaction for pre-inception member movements, reducing the deferred premium and therefore the interest charge.



A focus on the overall journey: alongside member experience, legal and commercial terms, a key feature of the selection process was insurer commitment and evidence that they would work proactively with the Trustee Boards throughout the buyout process.



4

Smoothing the journey to wind-up



Lucy Bienkowski
Director
WTW



Remi Warren
Director
WTW

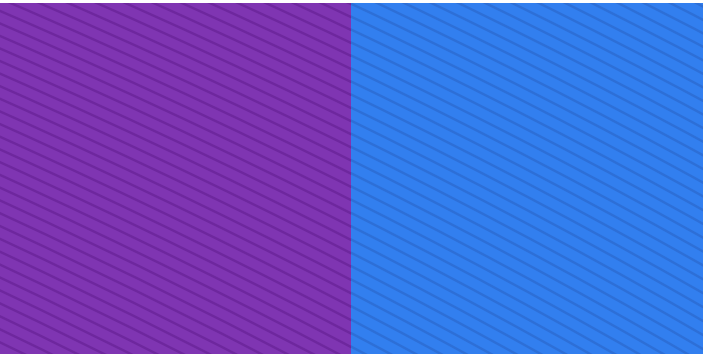
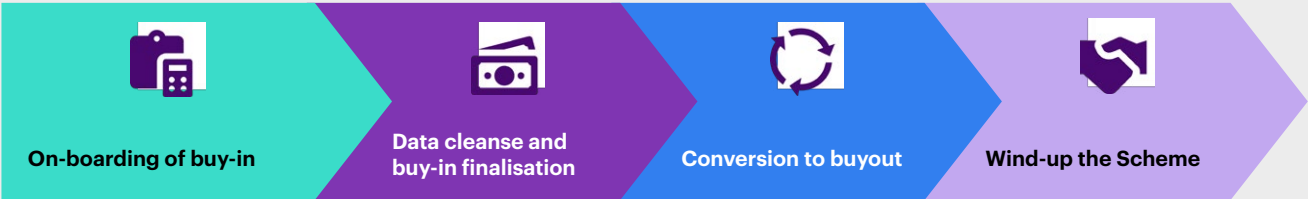
For most schemes buy-in is a stepping stone to buyout and winding-up. Once a buy-in is complete, there will typically be an objective to complete buyout and wind-up efficiently and quickly. The consequences of delay can be significant. For example, scheme running expenses continue, members need to be kept updated, and timescales for any surplus distribution (whether to members or back to the sponsor) are pushed out.

We estimate there are nearly 1,000 schemes fully bought-in today. Compare this to the 108 schemes confirmed by insurers to have moved to buyout in the year to 31 December 2024, and the scale of the challenge facing insurers and schemes alike is clear. Significant acceleration in the number of transitions will be needed to ensure the current backlog doesn't continue to grow.

This section considers this process from the perspective of insurers and trustees, to consider what each can do to ensure a positive journey to buyout and beyond.



Figure 8: Overview of process from buy-in to buyout and wind-up



The importance of the data cleanse

The data cleanse process is typically the longest stage in the journey to wind-up, and responsibility for delivering it usually rests with the scheme administrator. However, securing the additional capacity needed to carry out detailed and often complex work, while still meeting day to day administration demands, can be difficult. With pressures on administrators continuing to grow, schemes need to consider how best to work with their administrator, insurer, and advisers to help ensure that the data cleanse does not become a barrier to achieving buyout on time.

Get things right first time

Once the “final” data is provided to the insurer at the end of the data cleanse process, the insurer will carry out a detailed review before signing off. This review can take several weeks, or even months, depending on the insurer’s capacity and the complexity of the data. If issues are identified, or if the data is incomplete or provided in an incorrect format, the insurer will request a revised dataset. Producing this takes time, and each subsequent review cycle restarts the insurer’s timescales. It is not unusual for multiple rounds of review to occur, causing significant delays to the overall project timeline.

To mitigate this, trustees should:

- Ensure data cleanse requirements, including deliverable formats, are clearly understood from the outset.
- Consider obtaining a critical review of the final dataset before submitting it to the insurer. Although resolving any issues identified at this stage may cause short term delays, it avoids entering repeated insurer review cycles potentially saving months overall.

Take a proactive approach to data strategy

Data cleanse responsibilities have traditionally sat with the scheme administrator but, given the increasing resource pressures across many administration teams, it is worth questioning whether this should remain the default approach.

The checklist overleaf highlights typical data cleanse requirements. While it is logical for administrators to handle the verification of member information, some tasks go beyond routine administration. For example, large scale recalculation exercises, such as deriving contingent spouse’s pensions or other technical benefit elements, may be more efficiently and accurately carried out by an actuary or data specialist.

Schemes should take a proactive approach to data strategy, considering how best to allocate activities across different parties. This not only eases pressure on the administrator but also reduces risk by ensuring the right expertise is applied to the right work. It may also enable certain data cleansing workstreams to run in parallel, shortening the overall timeline to buyout.

Understand options for an insurer-led data cleanse

Insurers are facing pressure from schemes as to whether they could undertake all, or some, of the data cleanse process. To the extent insurers can accommodate this, this could have significant value to schemes and give insurers a competitive edge.

Whilst we have seen insurers undertaking the data cleanse on a small number of deals, these are test cases and insurers are not currently resourced to roll this out widely.

The extent to which schemes are attracted to an insurer-led data cleanse is likely to depend on:

- Additional costs levied by the insurer;
- Level of commitment provided by the insurer to specific timescales;
- Timing of the data cleanse (pre or post buyout);
- Willingness of the trustee to relinquish all or some control over the data cleanse process and approach;
- Confidence in the insurer to get the calculations “right”.



Understanding the data cleanse process

Having confidence that the scheme data is correct, and complete, prior to buyout is critical to ensure members are paid the correct level of benefit. Whilst typically changes made during data cleanse result in a small adjustment to the cost of insurance, the impact on individual members can be more significant.

A comprehensive data cleanse process also reduces the risk that members make claims against the trustees in future that their benefits are incorrect.

An example data checklist



Member Data Verification

- Confirm **full name**, **date of birth**, and **gender** for all members
- Validate **membership status** as at the **Inception Date** of the buy-in policy
- Perform **mortality checks**
- Trace and update **addresses** for all members



Confirmation of Pension Amounts

- Confirm pension amounts for pensioners and deferred members, including benefit tranches
- Calculate and verify contingent spouse pensions for pensioners



Benefit Specification

- Update the **benefit specification** to reflect changes arising from the data cleanse, for example in relation to GMP equalisation and other benefit complexities



Other

- **GMP reconciliation and equalisation** (if not already completed)
- Resolve any **benefit complexities** (e.g. salary link cessation, underpins, special terms)



Insurer impact on the buyout journey

A successful buyout transition relies on collaboration across all parties, but insurers undoubtedly play a meaningful role. As part of the insurer selection decision discussed in Section 3, consideration is often given to how an insurer can support a smooth transition; minimising timescales, reducing administrative burden, and helping to control overall costs throughout the process.

Insurer capacity

Responses to our annual insurer administration survey indicate the market can support upwards of 300 transitions a year, across all insurers. This is significantly more than the 108 schemes moved to buyout in 2024, although with around 350 buy-ins expected to have been completed in 2025 insurers will need to proactively manage their pipeline and be prepared to increase resource to ensure they can meet schemes' timelines going forwards.

Supporting an efficient process

There are various ways insurers can enhance the buyout process. The first two examples below should be non-negotiable, with the second two more dependent on scheme priorities and circumstance.

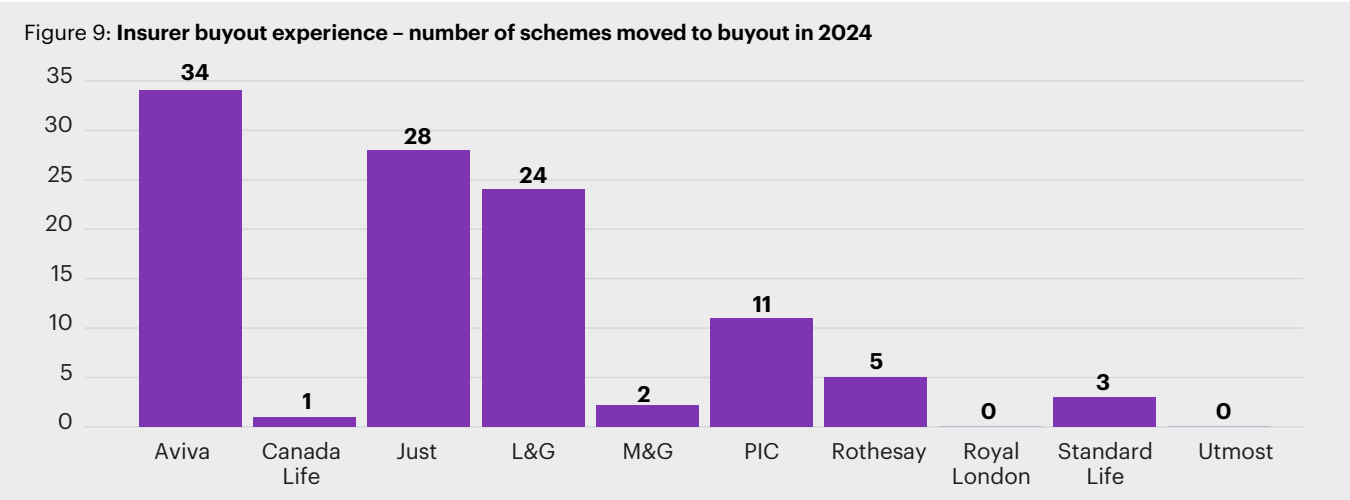
- **Providing dedicated, hands-on support and proactive engagement with the administrator**
This includes allocation of a named transition manager to oversee and drive forward the project from the insurer side. Regular meetings between the insurer's transition manager and the scheme administrator will help unblock issues quickly and move actions forward.
- **Setting out a clearly articulated process and high-level timetable**
Insurer requirements and timescales will differ. Clear articulation of insurer expectations from buy-in right through to buyout will ensure all parties understand their responsibilities.

- **Committing to streamlined timescales for key stages**
Choice of insurer can materially impact the timeframe to buyout. According to our 2025 insurer administration research, the typical timescales from agreement of a final data set to issuing individual policies to members varies from around 5 months to 10 months or more. Insurers also vary in the extent to which they will document commitments within the buy-in policy.
- **Offering to implement GMP equalisation directly**
In response to demand from trustees, many insurers are now willing to implement GMP equalisation directly onto their administration systems rather than requiring the scheme administrator to do so first. This can remove several months from the buyout timeline. Whilst insurer appetite varies, all insurers are willing to consider this on a case by case basis. Where this is important for a scheme, it should be flagged upfront with insurers as a key requirement.

Insurer experience

The level of experience insurers have in moving schemes to buyout varies significantly, and this is an important consideration for trustees. Often, an insurer's experience aligns with the size of its pipeline of schemes progressing to buyout. Trustees therefore need to balance the potential benefits of choosing a less experienced insurer with a shorter pipeline and therefore greater focus on each individual scheme against selecting a more experienced insurer that may be managing a larger number of projects simultaneously.

Our insurer research highlights the differences between insurers in their buyout experience, processes, and levels of support, combined with WTW's insights from working on live projects. Together, this enables trustees to make well informed decisions.



Note: all insurers active in the market as at 31 December 2025

Our three top tips for an efficient buyout and wind-up



1. Consider data strategy early

The buyout journey begins well before securing a buy-in. Many data cleanse activities can be completed in advance, reducing the volume of work required after the transaction.

While the extent of pre buy-in data cleansing must be balanced against the desire to lock into insurer pricing and remove risk as soon as it is affordable, schemes that are not yet in a position to transact should focus on improving data quality. Doing so not only streamlines the eventual buyout process but also helps maximise insurer engagement when the scheme enters the market.

A holistic data plan should be agreed by all stakeholders once the buy-in is complete, reflecting both scheme specific needs and insurer requirements. It is essential to map dependencies across data projects and sequence activities in a logical order to avoid rework and ensure the data cleanse progresses efficiently.



2. Prioritise the three C's: collaboration, communication and co-ordination

The journey to wind-up involves multiple parties — the trustee, sponsor, insurer and advisers — all of whom must be aligned to keep the project moving. With so many stakeholders involved, it is essential that everyone works collaboratively, with a collective focus on progressing efficiently.

Key to this is effective communication and co-ordination between all parties, which in our experience is the backbone of any successful project. It ensures that all stakeholders share a clear understanding of objectives, timelines and responsibilities, reducing the risk of misunderstanding or duplicated effort. Proactive communication allows issues to be identified and resolved early, rather than becoming blockers at critical times.

Communication is also critical when timelines change. For example, insurers will “book in” resource for data reviews or calculation of the balancing premium, and communication of any changes in the scheme’s data delivery timescales is therefore critical to ensure the insurer can factor this into their planning.



3. Assign specialist resource to own and oversee the project

Wind-ups are inherently complex, involving multiple workstreams and parties, and there can be no “do-over” if you get things wrong. Clear ownership is therefore essential—without it, projects can drift and critical actions risk being overlooked.

WTW’s Buyout and Wind-up Delivery Team provides dedicated leadership and specialist project management to guide clients through this final, crucial stage of the journey. The team brings deep experience of completing scheme wind-up, strong technical pensions expertise and the interpersonal skills needed to co-ordinate stakeholders effectively, ensuring the project is delivered accurately and on time.

WTW's Buyout and Wind-up Delivery Team



Exceptional **project management**



Strong **insurer relationships**



Exceptional **influencing skills** when working with Third Party Administrators



Technical actuarial know-how



Deep **understanding and experience of the wind-up process**



Clear **communicators**



Specialist support across member communications, DC advisory, broking of run-off insurance and more

Conclusion

The transition from buy-in to buyout is one of the most significant milestones in a scheme's lifecycle, and its success depends on early preparation, disciplined project management and seamless collaboration between all parties. High quality data, clear ownership of responsibilities and strong, consistent communication are essential to keeping the process moving efficiently.

The insurer also plays a central role in shaping the buyout journey — from setting clear expectations and providing timely reviews, to offering practical support that helps schemes navigate key stages such as data cleanse, member communications and administration handover. As we have started to see in 2025, we expect insurers to innovate their offerings to take responsibility for some, or all, of the data cleanse, albeit this will come at a cost which means it will not be attractive to all schemes.

When trustees, sponsors, advisers and the insurer work together with a shared plan and aligned priorities, schemes can progress through the final stages of settlement with confidence, delivering certainty for trustees, reassurance for members and a smooth path to wind-up.

“

At L&G, we're proud to have led the UK bulk annuity market for nearly 40 years. Over that time, we've helped more than 3,500 pension schemes secure their members' benefits through buy-ins and buyouts. While every project is different, the ingredients of success are almost always the same. Clear communication and comprehensive project management from all parties are critical to ensuring results are achieved efficiently and on schedule.”

John Towner, Managing Director, UK Pension Risk Transfer, L&G

5

What can we expect from the risk transfer market in 2026?



Dave Costello
Director
WTW



Sadie Scaife
Senior Director
WTW



With high demand persisting from pension schemes for risk transfer solutions, we expect 2026 to continue the momentum of record-breaking activity and innovation seen in recent years. For those seeking to de-risk pension schemes and optimise long-term value for members, this will bring both significant opportunities and fresh challenges.

With this backdrop, in this section we share five predictions on what to expect from the risk transfer market over the next year.



Prediction 1

Established risk transfer markets will be busier than ever as attractive pricing continues

We predict that total risk transferred to insurers and reinsurers will reach £70 billion in 2026, up £10 billion or 15% from the already high volumes seen in 2025.

Bulk annuities

We forecast the bulk annuity market will exceed £50 billion in 2026. Whilst we expect the number of transactions to be similar to 2025, we anticipate more larger deals completing this year, driving up volumes of risk transferred.

This continues the trend we have seen since 2023 of high demand for bulk annuities, with schemes taking advantage of favourable funding levels and attractive market pricing. We expect the market to remain highly competitive in 2026 (notwithstanding the intended combination of Blumont and Just). This competitive dynamic, combined with improved asset-sourcing abilities for a number of insurers as a result of new connections to global asset managers, is likely in our view to see strong pricing continuing in 2026.

Whilst there is a potential pricing headwind to the extent the PRA's review of the use of Funded Reinsurance reduces its use by insurers, in our opinion this will have a modest impact overall, noting that insurers using each model were successful in winning business in 2025.

“

2025 saw consistently strong demand from pension schemes looking to access the insurer market, driving record volumes across transactions of all sizes. We expect the market to remain very busy in 2026, with numerous schemes already in our deal pipeline and insurers' appetite remaining high. This year marks 20 years since we entered the bulk purchase annuity market, in which time we've helped more than 650 schemes finalise their de-risking journey. We look forward to another dynamic year of innovation and successful partnerships.”

Jamie Cole, Head of Origination,
Aviva Life & Pensions UK Ltd

Longevity swaps

We expect total longevity swap volumes to be similar to 2025, with up to £20bn of risk transfer anticipated over the coming year.

Whilst volumes will be driven by larger deals, and we expect the market to continue to be busy in this space, we predict a growth in interest from schemes of all sizes to support run-on strategies. We are launching a solution aimed at transactions of between £100m and £500m, to increase efficiency and provide access to competitive pricing at the smaller end of the market.

“

In 2025 the UK Pension Risk Transfer market continued to demonstrate itself to be the fast-paced and innovative market that we've grown used to over the past decade. Record levels of competition at both the insurer and reinsurer level serving to raise the bar across both proposition and price, all of which drove fantastic outcomes for UK pensioners and pension schemes of all sizes. As we look forward to 2026 the UK pipeline remains market leading and we look forward to playing our part as a reinsurer offering longevity and funded reinsurance solutions in collaboration with clients, advisers, regulators and schemes alike.”

Philip Edbrooke, VP, Client Solutions, S&R,
UK & Canada, Pacific Life Re





Prediction 2

A growth in alternative risk transfer and continued market innovation

We predict two new entrants to the superfund market over 2026, joining Clara as an option for schemes seeking to transfer to a superfund. This additional competition, and choice, along with expected improvements in superfund pricing, will result in a doubling in the total number of deals done to date (which currently stands at four), by the year end.

We have seen a marked increase in client interest in superfunds and expect this to translate into an acceleration in deals this year. However, at least until the current gateway principles are relaxed, we still expect annual deal figures to be in the single digits and but a fraction of the numbers we see in the bulk annuity market.

With the market – on all sides – having demonstrated an ability to innovate in response to client specific needs, we predict there will be another “new” risk transfer solution implemented in 2026. Exactly what this looks like remains to be seen.

“

The insurance and reinsurance markets have continually demonstrated their ability to innovate to changing regulatory and economic environments. What might be next? If more schemes run-on one possibility might be that schemes enter into funded reinsurance arrangements, akin to those used by insurers, to remove both longevity and investment risks at a compelling price”

Ian Aley, Managing Director and Head of Pension Risk Transfer, WTW

Prediction 3

The impact of insurer acquisitions will be limited

The acquisitions of Just, PIC and Utmost by overseas investors are interesting, but will they substantively change the market? No, we don't think so. In practice this is a change in ownership, Just and PIC at least are maintaining their brand and management, and we don't expect much impact.

At a practical level, we think the biggest risk to the day-to-day operations of the insurers is the disruption and potential cultural shift caused by the acquisitions. However, with careful change management, we are confident this can be managed to minimise any impact.

From a trustee perspective, we would recommend understanding the financial implications of the acquisitions. In-depth insurer financial due diligence may be desirable if any of the above are being considered for a transaction, to enable trustees to get comfortable with the support offered by the new owners.

Prediction 4

Trustees increase focus on cyber as a key risk to member outcomes and experience, which will remain a priority

We expect our cyber risk colleagues to be busy in 2026. With developing technology, the increased use of online portals and AI becoming more mainstream, understanding cyber security is paramount. Trustees will want to ensure insurers have clear and repeatable plans to protect against, and respond to, cyber attacks.

Ensuring quality of member experience and long-term reliability of insurer administration service is increasingly paramount for Trustees when selecting an insurer. Our annual research into this critical area gives trustees in-depth insights into insurer performance to support this decision making.

However, this is only half the story and as well as past performance it is important for trustees to understand how the insurer is protecting itself against key risks which could at best be disruptive, at worst financially detrimental, to policyholders.

Whilst digital innovation in the pensions industry means online portals, real-time data access and streamlined retirement processes are becoming standard expectations, with increased digitisation comes increased risk of a cyber security breach or attack. We have this year seen the start of a trend of trustees wanting a deeper understanding of the insurers' policies and protections against cyber risks and anticipate this becoming mainstream in 2026.

“

Trustees are placing an ever-increasing focus on cyber security when selecting their preferred provider, particularly following some recent high profile incidents. Our role is to guide Trustees in navigating this complex area, upskilling them in understanding how cyber risk should factor into the bulk annuity process.”

Dean Chapman, Cyber Risk Solutions Team, WTW



Prediction 5

Insurers who demonstrate they can smooth the path to buyout will be most successful

We predict 2026 will see insurer propositions develop to take on more of the data cleanse responsibilities from scheme administrators and an increased willingness from insurers to implement GMP equalisation on behalf of schemes or, even, undertake the calculations for GMP equalisation themselves.

The rapid growth in the bulk annuity market has resulted, for some schemes, in delays in reaching buyout, with scheme administrators stretched and insurers facing a queue of schemes seeking to finalise data cleansing and move to buyout.

On the plus side, the typical scheme approaching the market for a buy-in in 2026 will be better prepared than many of those who transacted before, with stability in funding levels giving trustees the confidence to spend more time getting transaction ready. This includes an increasing proportion of schemes who will have already completed GMP equalisation, a significant project which has, to date, been mainly tackled post buy-in.

For schemes for whom speed of buyout is a priority, we have started to see solutions being proposed by insurers to help accelerate timescales. And with more schemes in surplus, trustees may be willing to spend part of this excess on increasing the confidence associated with the journey to buyout.

Conclusion

The risk transfer market is poised for another year of dynamic growth and innovation over 2026. This will present significant opportunities for trustees and sponsors to achieve their de-risking objectives and optimise outcomes for members.

Such opportunities must be weighed up against the associated risk – in terms of financial security and member outcomes. In this context, member focus and risk management will remain paramount to trustees who will look for providers to demonstrate a “member-first” outlook and evidence strong risk policies in areas such as cyber where the headlines have demonstrated there is no cloak of invisibility for any given sector or business.

All said, we expect 2026 to be another busy year, building on 2025. If you would like to talk to us about your scheme, please reach out to any of the team – we’d be delighted to chat!

“

Trustees have more choice than ever before when shaping their endgame strategy. It is essential that advisers and providers guide schemes through this complexity, helping them truly understand and navigate the options available to identify the most suitable approach. However, provided insurers continue to provide exceptional customer care, robust security and innovative solutions tailored to scheme needs, in our view buyout is likely to remain the preferred goal for the vast majority of most schemes, driving strong activity in 2026 and beyond.”

Kieran Mistry, Director of Defined Benefit Solutions, Standard Life

How WTW can help - our risk transfer services

The WTW transaction team of over 40 people integrates seamlessly with wider WTW specialisms, bringing deep expertise at each stage of the risk transfer journey.



Endgame strategy:

WTW's endgame specialists provide tailored advice to support agreement of a long-term target aligned with objectives



Data:

WTW's data solutions team supports clients at all stages with purpose-specific data audits, setting data strategy and data cleansing implementation



Illiquid assets:

WTW's specialist illiquid buyout team provides advice and implementation expertise to deal with illiquid assets and optimise outcomes



Benefit simplifications:

WTW has significant expertise in benefit simplification projects, such as de-linking of underpins, to ensure insurability and optimisation of member outcomes



Member option exercises:

WTW's member option team can advise on the design and implementation of exercises such as Winding Up Lump Sums



Transaction readiness:

WTW's bespoke dashboard provides a structured approach to assess transaction readiness and work through preparatory actions in an orderly fashion



Deal implementation:

WTW's transaction team provides leadership, expertise and regulated advice for bulk annuities, longevity swaps, superfunds and other risk transfer solutions



Small scheme solutions:

WTW's bulk annuity and longevity swap solutions for smaller deal sizes ensure optimisation of de-risking outcomes



Provider due diligence:

WTW's in-depth research into factors critical to insurer selection ensures trustees are equipped with the information needed to make this important decision



DC advice:

WTW's DC experts support due diligence of insurer defined contribution offerings and oversee implementation of solutions for DC benefits prior to buyout



Ongoing longevity swap management:

WTW supports clients with the management of their longevity swaps post execution



Buyout and wind-up delivery:

WTW's dedicated team provides expert oversight to streamline the buyout process



Member communications:

WTW has tried and tested communications developed by communications specialists to effectively support members through the buy-in and buyout journey



Run-off insurance broking:

WTW's Financial, Professional and Executive Risks team secures competitive terms and coverage for post wind-up insurances



Programme management:

WTW provides expert project management at all stages of risk transfer projects to ensure momentum and control



Contact details

With thanks to all of those, both within our risk transfer team and beyond, who contributed to the WTW 2026 de-risking report. If you have any questions or would like a further discussion please reach out to your usual WTW contact or get in touch with any of the authors below.



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Insurers do not reveal their assumptions. However, it is possible to estimate them by using market knowledge, indicative pricing information, analysis of live quotations, and knowledge of the legislation and regulatory requirements for insurance companies.

We analyse:

- Monthly indicative pricing feeds from five insurers – Aviva, Just, Legal & General, PIC and Rothesay;
- Actual pricing from live projects that WTW is involved in; and
- Key market data, such as UK and US credit spreads.

Our “Settlement Watch” committee meets each month to determine WTW’s view of ‘typical’ market pricing. This is expressed relative to the return on a portfolio of gilts as shown in figure 2. If that return were used to actuarially discount a scheme’s projected pensions, it would generate the pricing received for that scheme. To ensure comparability between transactions, we seek to normalise the mortality and other demographic assumptions used in the assessments at any given date. We also recalibrate our model over time to take account of the latest industry views on mortality, and other assumptions.

The market for bulk annuities is not perfect. There are price influences that may not arise in a perfect market, such as capital / capacity constraints, sales targets, “indigestion” at providers from having recently accepted a large transaction, the opportunity for negotiation, and competitiveness amongst providers. Market terms are subject to considerable variability and at any one date a wide range of quotations could be obtained from different providers.

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At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help you sharpen your strategy, enhance organisational resilience, motivate your workforce and maximise performance. Working shoulder to shoulder with you, we uncover opportunities for sustainable success — and provide perspective that moves you. Learn more at wtwco.com.



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