

UK Pension Risk Transfer market

Q3 2026 briefing – bulk annuities

1

Very attractive buy-in pricing

Driven by a highly competitive market, favourable reinsurance pricing and a slower start to 2026 than insurers expected

2

Non-price factors have increasing weight

Trustees place significant weight on member experience when selecting an insurer. Cyber resilience and a smooth buy-in to buyout transition have taken on increasing importance

3

2026 volumes will be around £30-40bn

Actual volumes will depend on whether a small number of large transactions proceed

Market reflections

Observations across the market over the last quarter

The market has been quieter than many expected in the first half of the year, which provided opportunities to schemes transacting over the last few months

The market is ramping up with a significant number of RFQs landing on insurer desks in the last few weeks, meaning insurers are being more selective due to capacity constraints and we are expecting significantly higher volumes to transact over H2

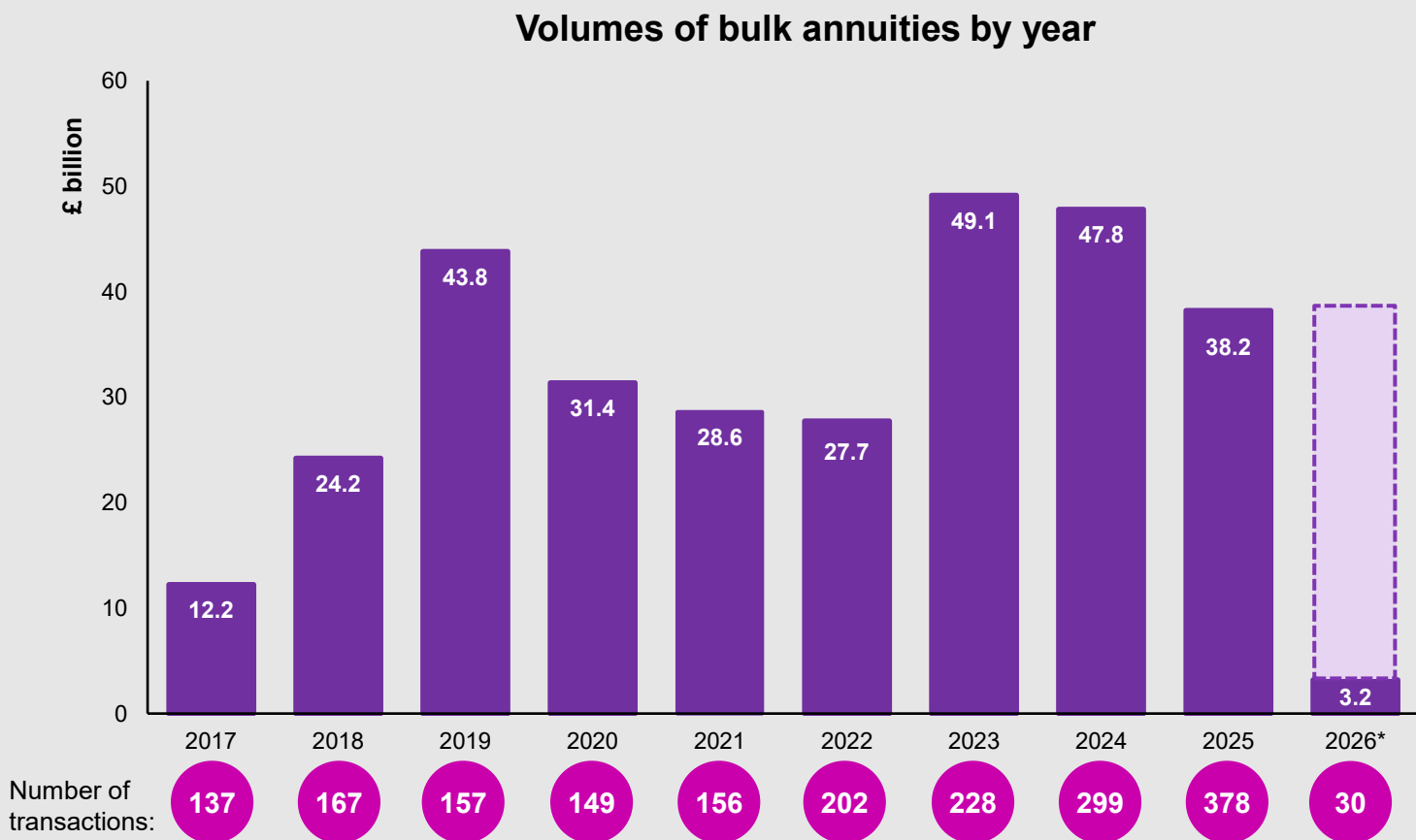
Continued strong funding positions meant there was an increased focus on non-price factors, in particular member experience. This has been bolstered by insurer developments in this area

In our annual insurer administration research, we have found continued evolution in the administration offerings, with some more differentiation starting to show between insurers and some insurers struggling with case loads



The UK bulk annuity market

2026 had a more muted start than expected, with volumes now expected to be less than £40bn



Source: WTW, 30 June 2026

* Transactions led by WTW or publicly announced to 30 June 2026. Note that there is a lag on deals being announced and actual volumes are higher.

WTW predicted volumes for 2026

Selected recent publicly announced transactions and WTW transactions

The buy-ins highlighted in pink were led by WTW

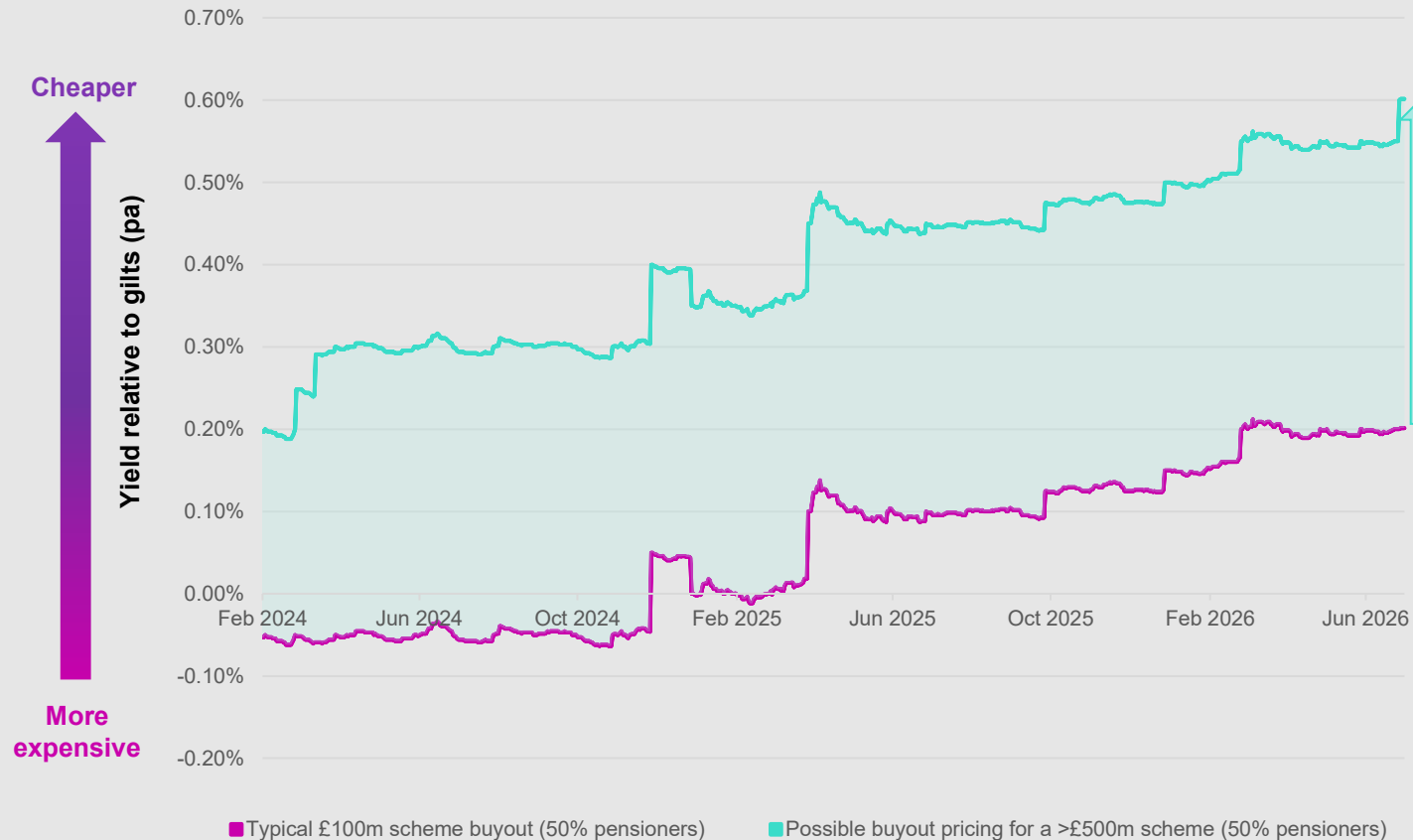
April 2026	£48m buy-in with Canada Life for a scheme that was part of WTW's OneDB offering
April 2026	£65m buy-in for the Leeds Building Society Staff Pension Scheme
April 2026	£200m buy-in for the Abbey Life Assurance Company Limited Staff Pension Scheme
May 2026	£220m buy-in for the Church of Scotland Pension Scheme for Ministers and Overseas Missionaries
May 2026	£35m buy-in for the Royal Institute of British Architects (RIBA) 1974 Staff Pension Scheme
June 2026	£160m buy-in with Pru under their new BPA Plus offering

Case study: £235m buy-in for Avon Cosmetics Pension Plan

We advised the Trustees in securing a £235m buy-in with Pru (part of M&G plc). This was a competitive process, and key to Pru being selected was the flexibility shown in accommodating the Plan's complex benefit structure including underpins, a bridging pension option, hybrid benefits including with-profit DC funds and securing enhanced early retirement terms.

Current buy-in pricing

There is currently very attractive pricing across the market



Pricing has been consistently attractive over the last 12 months, particularly for full scheme buy-ins including deferred members.

For large full scheme buy-ins, of say £500m+, we have negotiated pricing significantly better than the 'typical' level shown.

Our "Settlement Watch" committee meets each month to determine WTW's view of **'typical' market pricing for buyouts of a standard c£100m scheme with c50% pensioner liabilities**. This is expressed relative to the return on a portfolio of gilts.

If these returns 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.

In practice, market terms are subject to considerable variability and at any one date a wide range of quotations could be obtained from different insurers. In particular, pricing varies depending on the specific characteristics of a scheme or transaction.



WTW's Pension Risk Transfer team

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40 strong team spread across **9 WTW UK offices**



From a range of backgrounds: **actuarial, insurers and insurance advisory**



Experience dating back to the origins of the bulk annuity market



A growing team to meet the demands of the market with **12 new recruits over the last 2 calendar years** (a mix of internal and external hires)

Notes and limitations

Current bulk annuity pricing

Insurers do not reveal their assumptions. However, it is possible to estimate them, and therefore the insurance premium, 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 Rothery), 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. If these returns were used to actuarially discount a scheme’s projected pensions, it would generate the pricing received for that scheme (for its pensioners or the full membership). 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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