

Bulk annuity market Q4 trustee update

Market commentary

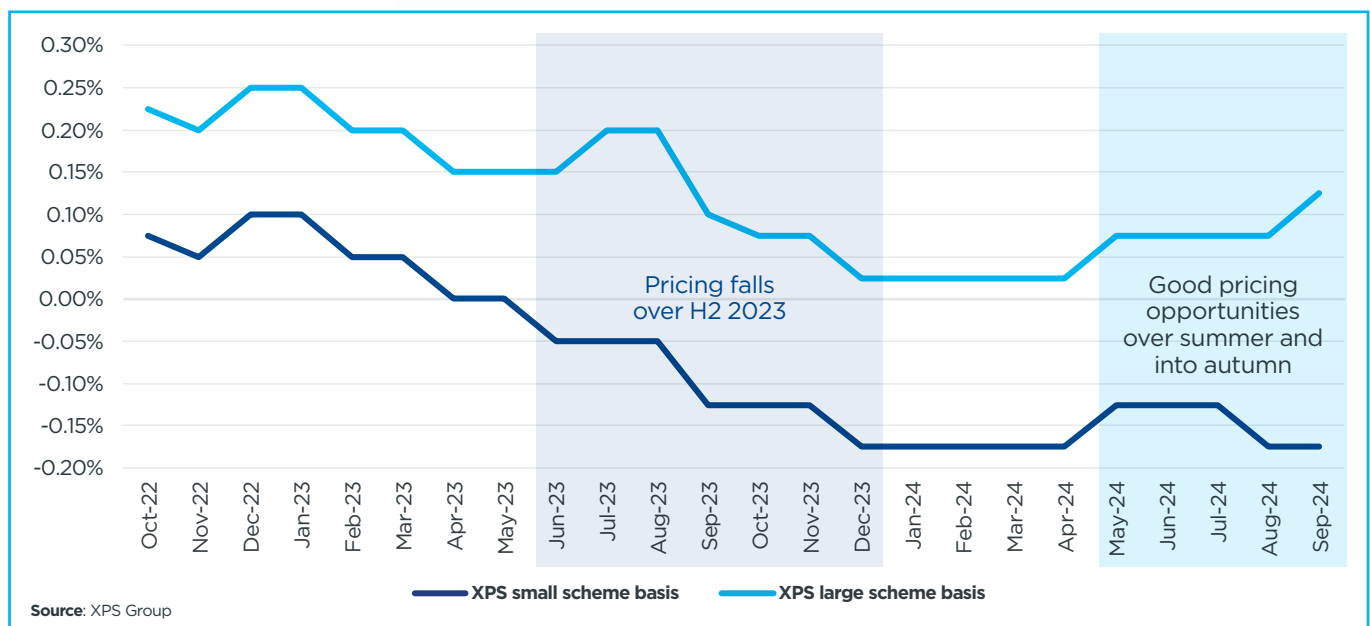
- The insurers continue to be busy, with lots of demand in the market.
- Full H1 2024 numbers have now been released which shows that whilst overall premiums written were lower than expected, the actual number of transactions (c.130) was higher than previous years. This is a result of a large number of smaller transactions driving overall market activity.
- H2 2024 has continued the trend of previous years with larger deals transacting, including the XPS-led £1.5bn transaction for the Michelin Pension and Life Assurance Plan, the largest publicly announced transaction in the market at the time of writing.

Notable deals in the last quarter in the public domain included:

Michelin Pension and Life Assurance Plan	£1.5bn	Aviva
Coats UK Pension Scheme	£1.3bn	PIC
SCA UK Pension Plan	£1.1bn	L&G

Pricing levels

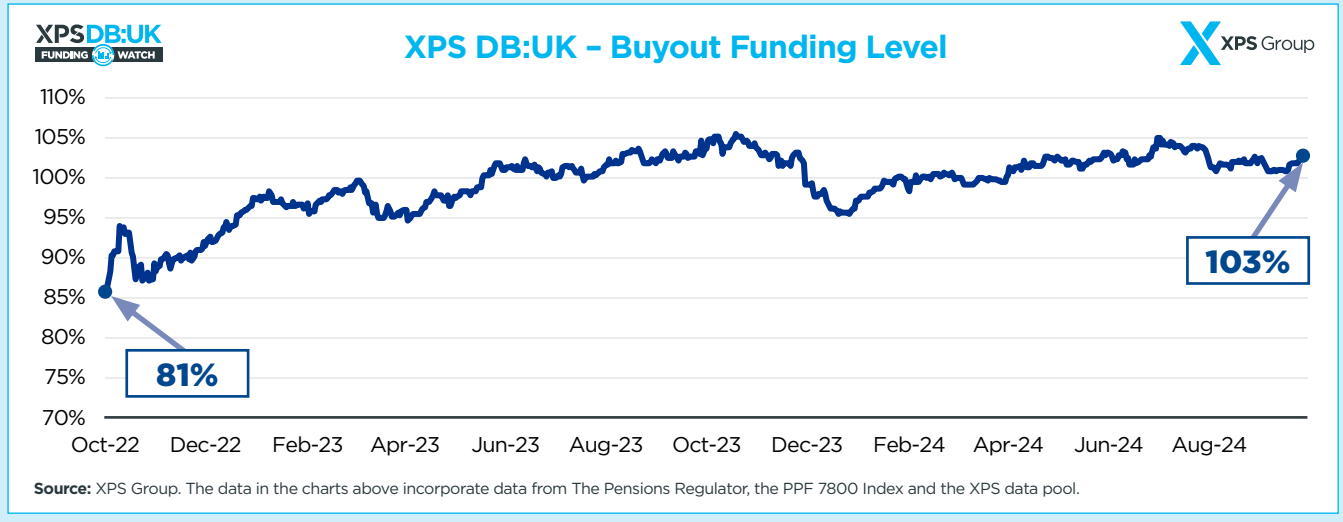
XPS closely tracks pricing through pricing feeds from insurers and real-life transaction pricing across deals of all sizes. **Average pricing over the past 24 months (relative to gilt yields) is illustrated below:**



Note: Insurer pricing levels based on observed market pricing and model points provided by insurers and real-life pricing. Due to client demand we have updated the chart from previous quarters to focus on full scheme pricing and the pricing differential between smaller and larger ends of the market.

Funding, investment and other news

Falls in **gilt yields** and **equity markets** early in September had reversed by the end of the month, leaving aggregate funding levels broadly unchanged and remaining relatively stable at historically high levels. See [XPS DB:UK Funding Tracker](#) below.



Illiquid assets (XPS Xchange)

XPS launched a new proposition, **XPS Xchange**, to enable schemes to access a wider range of buyers and sellers of illiquid assets, which is often needed to help facilitate buy-in and buyout transactions. Many of our schemes have already benefited from improved pricing when selling illiquid assets through the XPS Xchange platform. Read our press release [here](#).

XPS Xchange
Specialists in managing illiquids

For more information click [here](#).

Outlook for 2025

XPS market intelligence – insurers generally continue to be selective due to increased market demand, with significant demand already building for Q1 2025.

However, while overall deal numbers may be up on last year, it's looking likely that expected transaction volumes likely to complete in 2024 may be less than 2023, which may present some attractive pricing opportunities towards the year-end.

XPS's experience remains that well-prepared schemes with well thought-out strategies continue to receive attractive pricing regardless of size.

Sub-£100m transactions – insurers, including some of the new entrants, continue to be active at the smaller end of the market, with new propositions and capacity available helping pension schemes attain competitive pricing. Royal London has also confirmed its first external bulk annuity transaction for a c.£30m pension scheme, signalling some increased competition for transactions at this end of the market. We are expecting to see some good opportunities for smaller schemes in H1 2025.

Find out more

For further information, please get in touch with **Stephen Purves**, **Adrian Marshall** or speak to your usual XPS Group contact.



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