

Bulk annuity market January 2025 trustee update

Market commentary

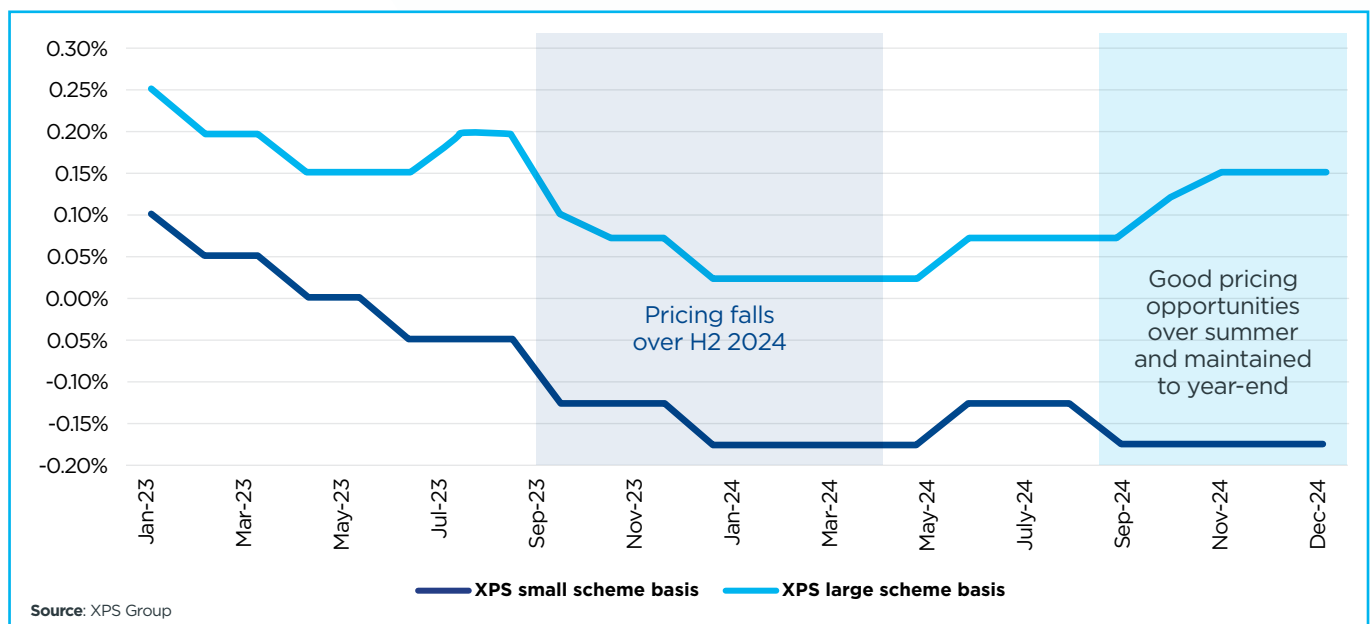
- The market delivered a strong finish to 2024, concluding with several £bn+ deals. Final volumes across the market will be known later this year as insurers disclose their regulatory returns but early indications show us that nearly £48bn of new business was written over 2024 - which is close to last year's record.
- In addition, more than 250 transactions completed, which is likely to be the most transactions ever written in a calendar year, demonstrating the increased capacity for transactions in the market.
- Market rumours also included a large transaction for Natwest. Other notable deals in the public domain including:

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

G4S Pension Scheme	£1.8Bn	JUST
Compass Group	£1.5Bn	Standard Life
National Grid Electricity Group of the Electricity Supply Pension Scheme	£1.7Bn	Aviva

Pricing levels

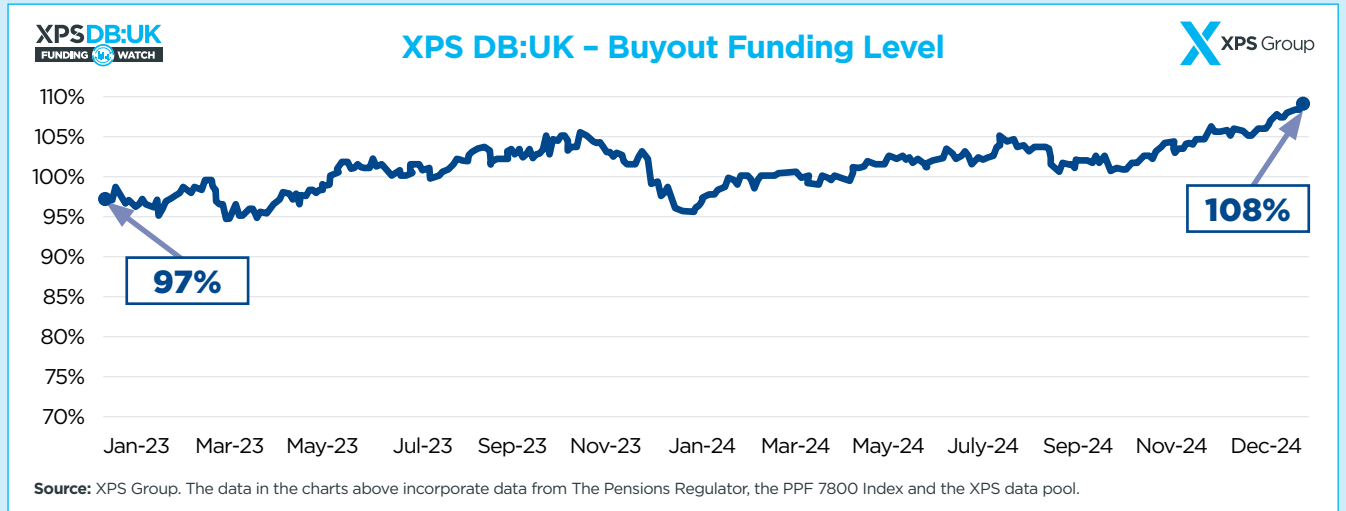
XPS closely tracks pricing through pricing feeds from insurers and real-life transaction pricing across deals of all sizes. **Average pricing over the past 24 months (relative to gilt yields) is illustrated below:**



Note: The pricing is based on observed market pricing and model points from bulk annuity insurers. Actual bulk annuity pricing is specific to a particular scheme's demographic and benefit profile, and other wider factors influencing appetite for a transaction.

Funding, investment and other news

Rising **gilt yields** towards the year-end have improved aggregate funding levels from what were already at historically high levels. See [XPS DB:UK Funding Tracker](#) below.



Industry news

- The market for smaller schemes has developed, with more capacity including:
 - Utmost announcing its formal entry to the market with a £20m deal with an unnamed scheme completed in Q4 2024; and
 - Pension Insurance Corporation announcing its first transaction under its new streamlined solution for small schemes, “Mosaic”, a £20m deal with the General Council of the Bar Pension and Life Insurance Fund.
- Innovation continues across the market with M&G announcing a £500m transaction under its recently launched “Value Share Bulk Purchase Annuity” proposition, allowing the Trustee to insure the Scheme through a traditional buy-in yet enabling the sponsor to share in the potential upside over the longer term through a captive insurance arrangement.
- Superfund (Clara) announced its first deal with an active sponsor - a £210m transaction with the Wates Group, validating its proposition as a genuine option for non-distressed and solvent employers.

Outlook for 2025

XPS market intelligence - Insurers continue to respond to increased market demand with new capacity, including from the two new entrants in the market (with at least one further insurer, Brookfield, expected in early 2025). Demand continues to build, with overall transaction volumes likely to be driven by continued growth at the smaller end of the market and some potential “mega deals”.

Sub-£100m transactions - insurers have become more active at the smaller end of the market with new propositions and capacity available helping pension schemes attain competitive pricing, including Just who recently announced completing 129 transactions during 2024 (a record for any single insurer in a calendar year). XPS has also seen a marked increase in competitive tension for transactions at the smaller end of the market which is welcome news for schemes at this end of the market, which we expect to continue during 2025.

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

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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