

Bulk annuity market Q1 2026 trustee update

Market commentary

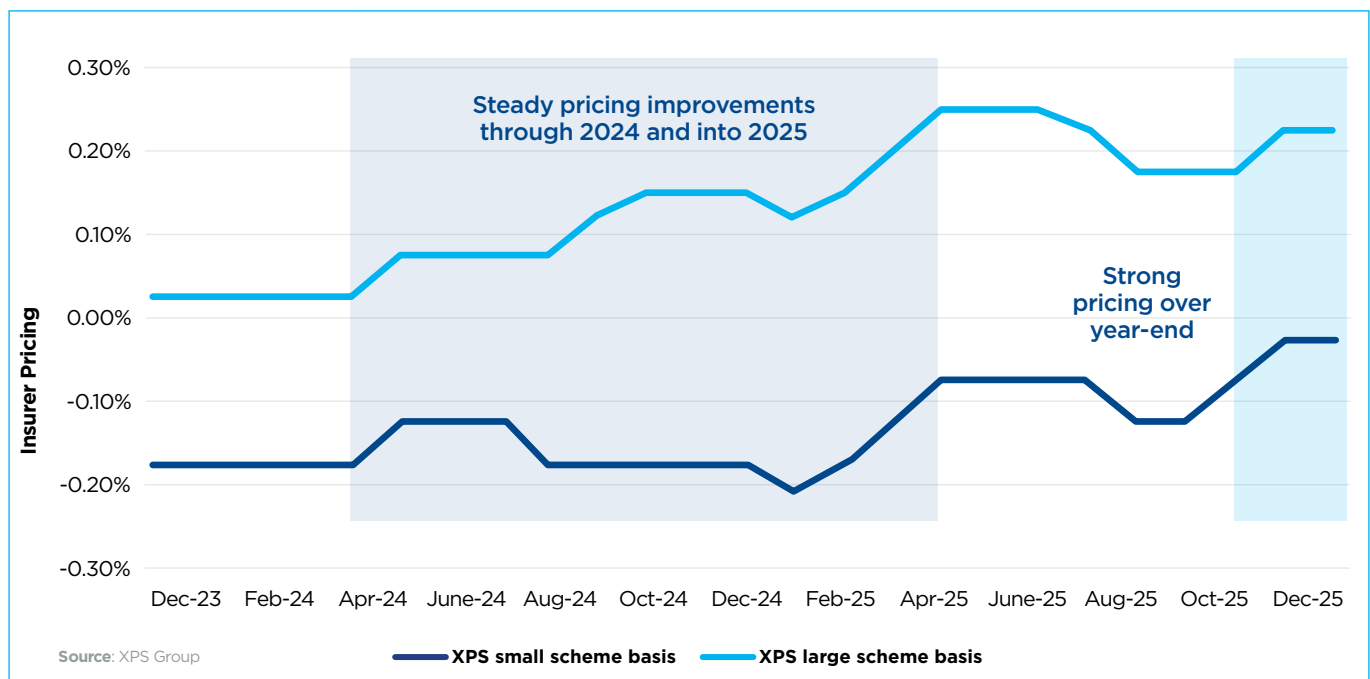
- The increased competition from insurers seen in H1 continued throughout H2 and XPS expects another record year for the number of deals written. Final figures across the market will be known later this year as insurers disclose their regulatory returns, but early indications show us that more than 350 deals were concluded over the whole year and overall volumes are estimated to be around £40bn.
- Notable deals in the last quarter in the public domain included:

BP Pension Fund	£1.6bn	L&G
Wolseley Group Retirement Benefits Plan	£600m	Aviva
Kemira Growhow UK Limited Pension Fund and Terra Nitrogen UK Limited Pension Scheme	£265m	M&G

In addition to the deals noted above, there was also a landmark risk transfer transaction with Aberdeen Group replacing Stagecoach as the sponsor of its £1.2bn scheme.

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:



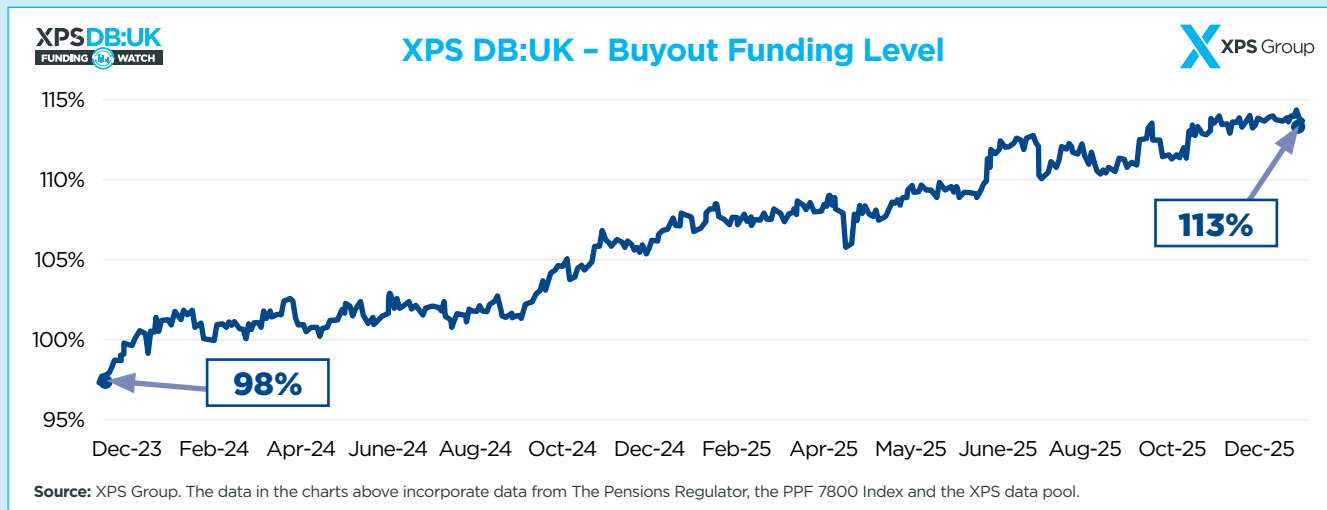
Note: The pricing is based on observed market pricing and model points from bulk annuity insurers. Actual bulk annuity pricing is specific to a particular scheme's demographic and benefit profile, and other wider factors influencing appetite for a transaction.

Market volatility

Global equities maintained their strength into the fourth quarter, building on the record highs reached during Q3 and continuing to show resilience despite a challenging macro-economic backdrop. Long dated gilt yields declined sharply over October and exhibited some volatility around the UK Budget in November, ending only slightly up on the start of the year. Investment credit spreads remained exceptionally tight, narrowing slightly over Q4.

Funding, investment and other news

Rising gilt yields toward the end of the year have improved aggregate funding levels, which were already at historically high levels. As seen in the chart below, taken from [XPS DB:UK Funding Tracker](#).



Industry news

- Utmost:** JAB Insurance, a US-based life insurer, has agreed a deal to acquire Utmost Life and Pensions ('Utmost'). This acquisition follows other deals in the market in 2025 with both Just (being acquired by Brookfield) and PIC (being acquired by Athora). We expect these acquisitions to further increase competition in the market and continue to drive attractive pricing.
- LIST25:** The Prudential Regulation Authority (PRA) has released its 2025 Life Insurance Stress Test results, confirming the ongoing resilience of the life insurance sector, even when facing severe market scenarios. Learn more here: xpsgroup.com/LIST2025

Outlook for 2026

XPS market intelligence foresees an increase in larger deals compared to 2025, but we expect the market overall to resemble 2025, with the favourable pricing from last year continuing into 2026. Opportunities will remain for smaller to mid-sized schemes where demand and competition from the insurers is expected to remain strong.

To support small schemes, we have developed **XPS Catalyst**, an efficient end-to-end buyout solution for schemes with assets less than £15m. xpsgroup.com/XPS-Catalyst



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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