

Buy-inSure

The solution to £5m–£60m Pensioner buy-in transactions

Strategies to Solutions



Although large pensioner buy-in transactions grab the headlines, the great majority of deals are for transactions under £60m, which in the past have struggled to obtain competitive pricing and contractual terms offered only to the larger deals.

For each transaction that goes ahead, a greater number fail, normally due to timing issues, lack of traction with insurers resulting in poor pricing or a lack of understanding of the various steps required to complete a deal.

With these issues in mind, JLT PCS have designed **Buy-inSure**, a robust pensioner buy-in solution for schemes wishing to secure between £5m-£60m of pensioner liabilities.

Buy-inSure is:

- A pensioner only buy-in solution.
- Designed for schemes wishing to transact between £5m and £60m of pensioner liabilities.
- With a fixed fee structure, providing break points if a transaction doesn't proceed.

The key features of **Buy-inSure** are:

- A robust and clearly defined process, with timescales that trustees and sponsors will be required to sign up to, which enable a transaction to be completed within 2 months of going to market.
- Pre-negotiated, enhanced contractual terms, together with an optional pre-packaged, cost effective legal review and opinion from leading pensions law firm, Pinsent Masons. These provide many of the additional contractual terms that have generally only been available for transactions in excess of £100m.
- Strategic agreements in place with four leading insurers, providing insurer commitment to rapid delivery of quotations and resulting in enhanced insurer engagement.

All of these features will enable a greater likelihood of a transaction completing, through a combination of enhanced insurer engagement, condensed transaction timelines and well defined processes.

Buy-inSure also includes a number of optional extras, all designed to either increase the likelihood of transacting or to improve insurer pricing, including:

- Should a deal not be possible once pricing has been received, then on-going monitoring against triggers, increasing the possibility of a transaction ultimately proceeding and enabling schemes to react quickly to favourable markets.
- An optional data cleanse service, potentially reducing the buy-in cost.
- An option to compare against an "Underwritten Bulk Annuity" quotation (coming later in 2013)

Whilst other propositions in the market may provide a number of the above components, **Buy-inSure** brings together all of the above elements. This means that schemes wishing to transact between £5m and £60m of pensioner liabilities can be assured they will get value for money and could transact in as little as two months from going to market.

Our Pedigree

JLT Pension Capital Strategies (JLT PCS) has a long and well established reputation for guiding clients with Defined Benefit pension schemes through de-risking transactions, from initial contact with insurers, to negotiating terms and the signing of contracts and placing business with all major buy-in / buy-out providers. JLT PCS has completed in excess of 50 buy-in and buy-out transactions (with c20 deals completed in 2012), ranging in size from below £1m to in excess of £500m, covering deal structures from conventional bulk purchase annuities to fully bespoke de-risking solutions.

For more information on Buy-inSure contact:

martyn_phillips@jltgroup.com

davidjbarratt@jltgroup.com