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L&G facilitates DB surplus transfers to DC schemes

Client offering responds to long term trend of DB scheme surplus growth, providing capital redeployment solutions

London, 27 June 2025 – L&G, the UK's largest DC pension provider and longest serving insurer in the UK Pension Risk Transfer market, announces that it is providing Defined Benefit (DB) pension scheme trustees and employers with the capability to transfer surplus funds into Defined Contribution (DC) scheme arrangements, including its award-winning Mastertrust, which manages over £30bn in assets¹.

Due to higher gilt yields in recent years, approximately 75% of DB schemes are in surplus on a low-dependency basis², meaning that further contributions are not expected to be necessary to pay the pensions liabilities due. Whilst the evolving regulatory framework is set to make the responsible extraction of scheme surplus more widely available as an option to trustees, L&G is able to offer this capability now (subject to individual scheme rules) through the Mastertrust framework. The move provides a practical solution to a maturing market as part of our ongoing commitment to innovation in the pensions space.

Facilitating surplus transfers will enable trustees of well-funded DB schemes and employers to strengthen their commitments to members' DC arrangements, including those in the Mastertrust. L&G's DC pension products allow for recognised transfers of surplus funds from DB schemes into DC arrangements. Such transfers help employers reduce their ongoing contribution costs or increase contributions to strengthen employee pension outcomes, while remaining compliant with existing scheme rules and tax legislation. In the case of any surplus transaction, existing scheme liabilities to members would not be impacted and transferring trustees must be satisfied that making a transfer would be in accordance with scheme rules and fiduciary duties to act in members' best interests.

Robert Waugh, Chair of Trustees for the L&G Mastertrust, said: "The Trustee Board were pleased to recently approve the transfer of defined benefit surplus funds into L&G's Mastertrust, recognising its potential to increase the security of ongoing contributions to members' savings in a transparent and well-governed way. This is a timely solution that provides long-term benefits to DC savers, while maintaining the high standards of oversight and compliance that underpin the Mastertrust."

Paula Llewellyn, CEO, DC & Workplace Savings, L&G, said: "As regulatory and policy developments create new opportunities for pension schemes, we're well positioned to support trustees and sponsors with solutions that unlock value responsibly and help deliver better member outcomes. The discussion of how to efficiently utilise DB surplus funds has been steadily growing in recent years as clients seek to prepare their endgame strategies. Our surplus transfer capability reflects the maturity of the DB market and the growing need for joined-up, cross-scheme thinking to help improve retirement adequacy across generations."

¹AUM data as at 1 January 2025.

²[Department for Work and Pensions](#), May 2025.



L&G provides end-to-end support throughout the transfer process, leveraging a multi-disciplinary team that works closely with clients and their stakeholders to deliver tailored outcomes.

This client solution builds on L&G's existing range of long-standing DB trustee offerings, which include Pension Risk Transfer and run-on solutions.

-ENDS-

Notes to editors

About L&G

Established in 1836, L&G is one of the UK's leading financial services groups and a major global investor, with £1.1 trillion in total assets under management (as at FY24) of which c. 44% (c. £0.5 trillion) is international.

We have a highly synergistic business model, which continues to drive strong returns. We are a leading player in Institutional Retirement, in Retail Savings and Protection, and in Asset Management through both public and private markets. Across the Group, we are committed to responsible investing and dedicated to serving the long-term savings and investment needs of customers and society.

About our Asset Management business

L&G's Asset Management business is a major global investor across public and private markets, with £1.118 trillion in AUM.* Our clients include individual savers, pension scheme members and global institutions. We provide investment solutions from index-tracking and active funds to liquidity and liability-based risk management strategies.

Our investment philosophy and processes are focused on creating value over the long term. We believe that incorporating financially material sustainability criteria, when relevant to our clients, can create value and drive positive change. This reflects L&G's purpose: 'Investing for the long term. Our futures depend on it.'

*Source: L&G internal data as at 31 December 2024. The AUM disclosed aggregates the assets managed by L&G in the UK, US, and Hong Kong (2018-2019 only) and Singapore from July 2023. Excludes assets managed by associates (Pemberton, NTR, BTR).

About our Retail business

L&G's Retail business is a leading provider of retirement and protection solutions. We aim to support our c.12.8 million policyholders and workplace members throughout their financial lifetimes.

We focus on helping the customers of today and tomorrow achieve better long-term outcomes. We use the latest technology to connect with them quickly, efficiently and wherever possible in highly personalised ways.



In 2024, our workplace pension platform served 5.5 million members, with net flows of £6 billion. We achieved record total individual annuity sales of £2,118 million and £270 million of lifetime mortgage advances (including retirement interest only mortgages). Our UK protection businesses gave peace of mind to about 6.6 million people, with our retail gross premium income rising to £1,525 million and our group equivalent going up to £528 million.

Further information

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