

Legal & General announces £1.6 billion buy-in with the National Grid UK Pension Scheme

Latest bulk annuity deal covers over 6,000 pensioner members from Section B of the Scheme

Legal & General Assurance Society Limited (“Legal & General”) today announces that it has written a pension risk transfer (“PRT”) transaction of £1.6 billion with the National Grid UK Pension Scheme (“NGUKPS”).

The buy-in policy is in respect of Section B of the NGUKPS. The NGUKPS is a £20 billion defined benefit pension scheme primarily for previous employees of the gas industry.

This buy-in will further protect the future funding of the Scheme by reducing the potential impact of changes in life expectancy and by removing financial risks such as interest rate and inflation changes.

Donald Simpson, Trustee and Chair of the Funding and Investment Committee, National Grid UK Pension Scheme, said:

“We are pleased to take another step in our de-risking journey. All parties have worked collaboratively to reach this positive outcome, which further protects the security of our members’ benefits.”

Laura Mason, CEO, Legal & General Retirement Institutional, said:

“We are delighted to have been able to work with the Trustees to complete this transaction. We were pleased to have been able to leverage our existing asset management mandate with the Scheme to ensure a smooth process and provide further security to the Scheme members.”

Andy Agg, CFO, National Grid plc, said:

“This represents a further step in our long-term pensions strategy, and reduces the exposure to long-term pensions risks for National Grid and gas consumers.”

Martin Bird, Senior Partner, Aon, said:

“We are proud to continue supporting the Trustees and National Grid in navigating through a busy bulk annuity market. This transaction further underlines the importance of having a robust Trustee decision-making framework and ability to move quickly when opportunities arise.”

Notes to editors

Adviser involvement

The Trustees were advised by Aon and supported by the Scheme's in-house team. Sackers provided legal advice to the Trustees, with actuarial support provided by Willis Towers Watson, the Scheme Actuary. Legal & General were advised by Macfarlanes.

About the National Grid UK Pension Scheme

The National Grid UK Pension Scheme is a UK defined benefit (DB) pension scheme, responsible for around £20 billion of assets under management. It has around 100,000 members, mostly from the organisation's gas transmission and distribution businesses, and is closed to new members.

The 'buy-in' transaction with Legal & General involved the purchase, funded by £1.6 billion of the UK fixed interest securities held within Section B, of a bulk annuity under which Legal & General commits to reimbursing the Trustees for pension benefits payable to a subset of Section B pensioners (including to their spouses) until the death of the last pension beneficiary. These pension payments will continue to be administered by National Grid UK Pensions Operations ("UKPO") and there will be no impact on the members, whether their benefits are covered by this arrangement or not.

About Legal & General Group Plc

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with international businesses in the US, Europe, Middle East and Asia. With over £1.1 trillion in total assets under management at 30 June 2019, we are the UK's largest investment manager for corporate pension schemes and a UK market leader in pensions de-risking, life insurance, workplace pensions and retirement income. We have also invested over £22 billion in direct investments such as homes, urban regeneration, clean energy and small business finance.

Legal & General Retirement works with trustees and sponsoring companies of Defined Benefit (DB) Pension Schemes to settle their pension obligations and secure scheme members' benefits, through a full range of de-risking solutions to pension schemes of all sizes.

Legal & General Assurance Society Limited.

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Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority.

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