

## US and UK Pension Risk Transfer Markets Now Stabilised Following Pandemic Pullback

### Transaction volume accelerating in US putting it on pace for a potential record year

The Legal & General Group's global pension risk transfer businesses - Legal & General Retirement Institutional (LGRI), the UK's longest-serving active pension risk transfer provider and Legal & General Retirement America (LGRA), a leading provider of pension risk solutions in the US - today released a special cross-market edition of their Pension Risk Transfer (PRT) Monitor, which analyses industry trends and market outlooks.

The Monitor reports a robust deal pipeline for the second half of the year in both markets, with accelerating transaction volume particularly in the US where there is the potential for a record-breaking annual market volume between \$30-40 billion (£22-29bn), following a pandemic-induced slowdown in 2020.

In the UK, the Monitor reports that relative to the first half of 2020, it has been a quieter start to the year across the market —however, there is strong demand across the full range of transaction sizes, particularly at the smaller and mid-sized end of the market. Given the current strength of the UK deal pipeline, the second half of the year is expected to be very busy and the Monitor estimates the annual market volume will be around £25 billion (US\$34.5bn).

After a slow start to the year, and a dip to £21 billion (\$27bn) in US market volume in 2020,<sup>i</sup> the latest Monitor finds the US PRT market experiencing a strong rebound. It is estimated that volume for the first half of the year in the US grew more than 26% to £6 billion (\$8.5 bn), from £5.3 billion (\$6.7 bn) the year prior.<sup>ii</sup>

The latest Monitor reveals that interest in pension risk transfers remains strong and competition among insurers is fierce as economic recovery continues in both the UK and US markets.

Legal & General's report concludes that the PRT market is continuing to evolve in a beneficial way for pension plans considering risk mitigation solutions. If interest rates rise from their near-record lows, unhedged plans will see their funding status improve as liabilities decrease, making PRT more attractive. This, combined with the strong competitive dynamics between insurers, means pension plans with clear objectives will find numerous opportunities later this year to secure a competitive deal.

The complete PRT Special Edition US and UK PRT Market Overview can be found [here](#).

**“The level of activity and demand in the US market today should put to rest any lingering concerns about the pandemic's long-term effect on this industry. The interest rate and market volatility the world has experienced over the past 18 months seems to have only reinforced for corporate managers the value of mitigating pension risk”**

**George Palms, President of Legal & General Retirement America**

**“With the improvement in pension plan funding levels this year, we continue to see strong demand in both the UK and US for pension risk transfer. Sponsoring companies in both countries are increasingly looking to insurers to take on responsibility for their pension obligations and help them reduce their pension exposures. We are expecting a very strong second half of the year in both the UK and US with a number of large transactions coming to market”**

**John Towner, Head of New Business, Legal & General Retirement Institutional**

## Notes to editors

### About Legal & General

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 almost £1.3 trillion in total assets under management\*, we are the UK's largest investment manager for corporate pension schemes and a UK market leader in pension risk transfer, life insurance, workplace pensions and retirement income. Through inclusive capitalism, we aim to build a better society by investing in long-term assets that benefit everyone.

\* at 31 December 2020

### About Legal & General Retirement Institutional

Legal & General Retirement Institutional (LGRI) works with trustees and sponsoring companies of defined benefit (DB) pension schemes of all sizes to settle their pension obligations and secure scheme members' benefits, through a full range of buy-ins, buyouts and other de-risking solutions.

Our UK Retirement annuity book stands at £87 billion as at 31 December 2020, of which £24.7 billion is invested in direct investments that deliver positive social and environmental impacts, such as clean energy and affordable housing.

Our 12-month rolling Net Promoter Score (NPS) is above +70, which is widely regarded as being at a "world class" level.

### About Legal & General Retirement America

Legal & General Retirement America (LGRA) specializes in customized pension risk solutions for institutional clients in the US market. Established in 2015, Legal & General Retirement America is a business unit of Legal & General America, Urbana, MD. Legal & General America life insurance and retirement products are underwritten and issued by Banner Life Insurance Company, Urbana, MD and William Penn Life Insurance Company of New York, Valley Stream, NY. Banner products are distributed in 49 states, the District of Columbia and Puerto Rico. William Penn products are distributed exclusively in New York; Banner does not solicit business there. The Legal & General America companies are part of the worldwide Legal & General Group. 080521

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<sup>i</sup> [Secure Retirement Institute: Fourth Quarter U.S. Single-Premium Pension Buy-Out Sales Jump 21%](#)

<sup>ii</sup> [Secure Retirement Institute: Falling Nearly 50 Percent, U.S. Single-Premium Pension Buy-Out Sales Total \\$2.3 Billion in the Second Quarter 2020](#)