

L&G Retail Investor Deep Dive - Q&A

23 October 2025

António Simões

I'd like now to invite Laura back onto the stage to take your questions with me and Jeff. As always, please state your name and company, and if you can, please limit yourself to three questions. I normally start over there on the right. Abid, maybe? Yeah. I'll come to Larissa after. She raised her hand first, but being structured here.

Abid Hussain

Morning. It's Abid Hussain, from Panmure Liberum. I think I've got two or three questions. Thank you for the presentation. The first one is on the tech stack. I think you now have a single view of your customer base. But just wondering, does the customer have a single view of all the products that they have with you? Then if so, is there an opportunity to then upsell or cross-sell? Are you doing that? Are you tracking that? Any colour on how that might be progressing.

Then secondly, on margin, I wanted to check my maths if I've understood everything correctly. On workplace savings, I think you're saying you're generating seven bps of margin at the moment. Then are you suggesting that goes to something like 10 bps by 2028 and then doubles to 14 bps by 2034 in 10 years? Then I want to understand if you've benchmarked any of those numbers with your peers or with other non-insurance competitors, and how does that stack up with others?

Then, I guess, similarly, your cost to serve is coming down substantially from 75% cost-income ratio to around 50%. Is that just through the use of AI? What's driving that? Any more colour on that, please? Thank you.

António Simões

Great. Thank you, Abid. Laura, you should take the tech stack question and actually also how the tech and AI more generally is generating scale. Maybe before we go there on margin, Jeff, you can add. But well, the 7 and 14 basis points is exactly what we've said. We said 7 basis points today, that's the chart on Page 48 that Jeff spoke really slowly around, so you could give you all the... We wanted to give you full transparency, right? We were saying on the 60 million that we make today, all of that money is made in asset management, the current 60 million. When you think of the circa 30 basis points of average revenue margin, you apply a 75% cost to income, a quarter of that is the 7 basis points. That's the current position. The number that we gave you is

10 years down the road. That should be 14 basis points. That's correct, the 7 to 14. Then we have given you the 2028 view because those are our profit targets, our 2028, where we triple our profits from 60 to 180. Then Jeff said, specifically, if you hear that of the increase, half of that is in retail.

We have given you all the numbers. Of the 180 million, we're saying that 60 of that will come in retail and 120 in asset management. I think literally, we've given you all the numbers. We couldn't have been more explicit. We spent a lot of time on that. I think that's everything, but anything else on that?

Jeff Davies

Spot on. You were listening.

António Simões

There we go. Last time we do this together. No, but actually, I think it's a serious point, actually. Jeff and I spend a lot of time thinking, 'how can you model this in a way that shows the excitement that we have for this business?' It's true that today we break even before investment costs, so in retail, but you can see the upside in both businesses, including in retail.

Laura, tech stack and then linking to the cost of income. Maybe one thing to say on cost of income. The cost of income today is 75%. That is also our cost of income in asset management. As you know, we're also trying to decrease the cost to income ratio in asset management below 70%. When you look at the big numbers, the 75% also makes sense because it's what we have overall. Laura.

Laura Mason

You're totally right. We do have a single customer view internally. One of the things we announced last week through our Microsoft collaboration was ensuring our customer service agents are able to access that data seamlessly, which they're not actually at the moment, but they will be able to very soon. On your second point of that question, no, people can't from the outside see all of their L&G products in one place at the moment. In the short term, we are really focused on our lifetime strategy. Our focus is on embedding the app, embedding digital guidance which is already there, with targeted support, and then making it a seamless journey through accumulation and decumulation. On the roadmap, we do also have combining protection into that as well, but that's almost the second priority in terms of really embedding our lifetime strategy that we've talked about today in the app.

Then on your second question, there are two parts to it, really. First, obviously scale, which we've talked about today. The market is scaling. We're really well positioned to benefit from that scale. The second point is efficiencies. Really, we've got a very clear plan based on what we've already done. We talked about the 85 million that we've already achieved. That is a combination of a number of things that you would expect. Continuing to ensure all of our customer journeys are digitised where it's appropriate and where they want it, ensuring that our teams in Cardiff and Hove are only doing the jobs that really they should be doing. And as you alluded to, AI.

We've done a lot actually already in some of the simpler AIs. One of the things we announced last week, again, was being able to embed agentic AI. António told me I should tell you all this, but I do actually have a PhD in the early days of artificial intelligence. We did call it machine learning in those days because it was quite a long time ago. But I think the thing that we are really excited about is the fact that these types of technologies and techniques are now available off-the-shelf in a way that we can embed with our current systems, but I think importantly, at a price point that actually makes it worthwhile to do. It is those combination of things.

António Simões

Great. You did ask one thing which we didn't answer, which is, yes, the 30 basis points is comparable to competitors in terms of the average revenue margin. Yes, we have looked at the operating leverage that we get going forward. I've talked about 400 billion of DC money if we double it over the... We should have more scaling, we should have more operational leverage than other competitors. Great. William, I'm not sure if you wanted a question or if I go to... Yeah, great. Thank you.

William Hawkins

That's kind. Thank you. William Hawkins from KBW. The 12 million customers, where do you see the most attractive segments in terms of customer lifetime value, and where do you think you may have to do the most work to get the optimisation of lifetime value over time? I'm getting a feel for where you maybe see that the most intrinsically attractive pot size and that kind of thing, and where you can do work to make money regardless. Thank you.

Then secondly, sorry, because you've been really helpful on the numbers, but the baseline 2024 operating profits, the 430 and 315 CapGen, can you tell us the split between the four segments we've been talking about, please?

António Simões

On the first, Laura should answer, but clearly, you see the split of pages on this presentation. We spend a lot of time on workplace because we see the lifetime value of workplace customers being a big part of how we... That's why we spend so much time on workplace. Disproportionately, our profits are more in retail annuities, protection and then workplace. But going forward, we've spent a lot of our strategic vision on workplace because that's where we see a lot of the value. Do you want to elaborate on that? Then I'm not sure, Jeff, if we have more split on the actual numbers.

Jeff Davies

We do and we don't. As in, there's only really three things in there, and we've told you the workplace doesn't make any money in retail. In fact, it's a negative when you put the investment. To be clear, that 30 million is in operating profit. We're not hiding things below the line on that. We've said that most of it's in annuities. There are other disclosures that the team can take you through to build out now why you get the 300, how it compares to the 430, but it would make much more sense for them to do that and point you towards it and how it goes in the models.

António Simões

We've said that annuities are bigger than protection. We've given you almost all the said annuities is the biggest contributor, then protection, and then workplace. Laura, do you want to talk a bit about the lifetime?

Laura Mason

In terms of the most attractive customers, really, we are looking... Our customer book is very representative of the UK population. We see a massive opportunity to serve the parts of the market that are today in the advice gap. We see huge tailwinds in terms of pensions reform, which is now starting to allow us to interact directly with those customers through targeted support and really provide something that isn't there today. We're really focused on that middle band of customers. And hence our focus really in the short term of building out the digital capability that allows us to interact with those customers. We've seen some really significant statistics in terms of those that are going through that digital journey already. Actually, we've seen that those that do are four times more likely to take in the annuity with us. That really is our key focus in the shorter term.

António Simões

I kept on referring back to, I think Ruth and Frank. But they are actually the reason why we look at some of the logos I put on my slide up front. We have Tesco, the largest DC client in the UK. We have EY, we have Accenture. It's those types of clients. That's why we did the Ruth and Frank

examples, which we cover the entire spectrum of UK society. But we see over, either a customer joins us at 20, as we said with Frank or with Ruth at 45 because she consolidates and changes jobs into a bank that happens to be our client in workplace. We see a lot of opportunity across all of that. At this point, that 90 plus percent of all of those customers, we can serve today with all... We won't serve all of them, but we can serve the vast majority of them because they're the mass affluent representation of the UK. Thank you, William. Larissa.

Larissa van Deventer

Thank you, Larissa van Deventer from Barclays. Three questions I'll stick to. The first one, you mentioned 130 million in operational efficiencies over the next five years. Is that a net number and does that include the Microsoft platform? If I can add a subpoint, which I know is half cheating.

António Simões

I'm counting.

Larissa van Deventer

If it does include the Microsoft platform, could you give us a sense of the cost investment versus the benefit and how that's derived, please? Second question, very straightforward, you mentioned that retail annuities sell better when rates are high and that you expect that to be replaced by lifetime mortgages as rates come down. Could you give us a sense of the margin difference between those two product lines, or are they roughly interchangeable? Then the last one, you mentioned that you expect workplace DC assets to double, and your retail annuity volumes to triple over the next decade. Then you mentioned that you expect your DC operating margins to double. All of these are double digits. Why is your target only 4-6, or how should we think about the potential upside?

António Simões

Jeff, you should definitely take that. Maybe I'll say a couple of words, and Laura should add on the first point on costs.

First, all of that, and actually relates to your first and third question, all of these numbers are within, for the 2028, all retail numbers are in the 4-6%. Jeff mentioned this now that we don't have... The cost of Microsoft and everything we're doing, what we're investing in the workplace, and then the cost, all of that is in the 4-6. We don't have other below-the-line points. That's important to make that point.

On the slide that Jeff talked about interest rates, the point wasn't so much that there is a replacement within those two products. The point was, we as a company, when interest rates are high, as we've seen last year.... Last year, we wrote an abnormal high number of retail annuities because one, our market share was high, but the market was very high because interest rates were high. As interest rates come down, that's a negative for retail annuities, but a positive for lifetime mortgages. We weren't implying that one product replaces the other.

But Jeff also mentioned that there's a structural trend that for us is much more powerful, which is this going from eight billion of retail annuities last year in the market to 20 billion by 2034. That's almost regardless of interest rates, because we see many more of those DC customers coming into retirement, and we now see that people want that blended solution or indeed, just an annuity. Almost regardless of the interest rate environment, we see this structural tailwind of retail annuities is increasing. Jeff, do you want to mention anything on that profitability or then the final numbers on squaring?

Jeff Davies

Yeah, the profitability. Some of that is because some of that did a double-digit, triple-digit. Some of that's a decade as opposed to 2028. We have said off that 400 million plus base of operating profit, we're adding, let's call it 60 million to workplace, so that is significant growth. But of course, the majority still, by the time you get to the end, is the mature businesses, the protection and the annuities, which is going to be lower growth, plus the back book optimisation driving some of that. It's really after that, which is why we had lots of graphs of big arrows and things going quickly after 2028, is where the operational leverage coming into that scale happening around workplace.

António Simões

And the way that the future value, the CSM unwinds. A lot of that, particularly in retail annuities, doesn't emerge as a massive growth within the first three years. You wanted to add on-

Laura Mason

I was going to say on your 130 million question, yes, Microsoft is in there, and in terms of the spend, again, all of it is in the numbers, but in terms of your slightly cheeky question, I think I can tell you that the spend, the initial phase of the Microsoft is in single digits, and we expect a two-year payback period actually, because of what it can do.

António Simões

Good. Thank you. Tom.

Thomas Bateman

Hi, good morning. Thomas Bateman from Mediobanca. I must admit, I was on the same lines as Larissa on the last question in terms of, why is the guidance not higher? If anything, you've taken the guidance down from 6 to 8 to 4 to 6, and I was a little bit surprised by that, given the US protection isn't that big a contributor. Maybe an extra point on that. For example, the workplace AUM more than doubling in 10 years. I'd hope my own pension doubles in 10 years, but you've got all these structural tailwinds. I feel like there's conservatism in those numbers. Why is it not higher?

Second question is on drawdown. I guess we don't hear too much about your drawdown offering. Could you tell us what sales you're seeing there or if any product innovation is needed?

Then the final one, I think on your example with Frank, you talked about your retirement guidance planning services. Could you walk us through what means, what you can offer, and how that changes with targeted support, please?

António Simões

I think that's squarely for you, Laura. In terms of the numbers, maybe Jeff, you can talk about, again, about the 4-6%, and again, there is a time-frame logic. We're talking about up to 2028, and then a lot of the other numbers we're looking at are the 10-year projections. We're going to start there, and then we'll come to Laura.

Jeff Davies

There is that key point, as I said. A lot of the doubling, et cetera, is there. Don't forget that 100% of the profits at the moment are coming from annuities and protection, and those are today relatively mature. It takes a long time for that. It's further out that you'll see the annuity growth in the portfolio coming through as the volumes increase, as more and more people come to retirement. Our book is still only the average age of 42 for workplace. Obviously, we have a visibility that beyond 2028, you'll have a huge amount of people starting to come to retirement. That's when you see the real acceleration. In the short term, the annuities and the protection is acting more like a mature market, and then it accelerates. We get the upside from back book optimisation. We get some growth in our continued success and underlying growth in that, and then the increase from workplace that's coming through. That's the target.

Why it compares to what we had is... US protection made very little in 2023. Hence, if you go back, revert to a normal result for them, they were still having COVID impacts, et cetera, coming

through, they were already on a much higher growth trajectory. We said that was actually a high growth business that was doing well, that we got paid very well for. That was an element of the base for the US in 2023. It was a very low number. I think they made 23 million or something, whereas in the past, they've made 100 million. That's quite a difference as well as percentage-wise.

António Simões

There was a lot of growth in that business, and that's what we took out of that. One thing on the numbers, because you said why are they not more ambitious? First thing, every single number that you've seen from a market perspective is industry-sourced number. We're not here making up numbers that things are going to be big. We haven't been... A bit like what I've done with asset management, I'm trying to be realistic, and hopefully over time, we beat your expectations rather than just put big numbers on the side. What we are looking, when I talk about 400 billion, is literally keeping our market share of what the DC market is going to be. We go from 200 to 400 billion. Of course, there's upside if we do better, but I've been, I think, not conservative, but realistic on what. As we continue to deliver, yes, you see those arrows on those slides, which are beyond 2025, I'll be in front of you in two years time updating my targets for the next three years. Laura, do you want to talk about drawdown as one, and second, Frank, thank you for name checking Frank, Tom, then the retirement guidance and how would you do that?

Laura Mason

So drawdown. At the moment, our drawdown product is very focused on our current workplace customers, hence, to your point, not being out there in the market. To your point, yes, we are doing quite a lot of innovation, which is very easy for us to do because it is done all seamlessly with our retail and investment management business. The two things we're looking at the moment, which you would probably expect, is how do we ensure we have a product that you draw down in stages rather than just at once, and the second is the underlying investments in that product. Innovating as part of our overall default decumulation solutions, which we'll be putting together as part of target support.

Then in terms of Frank, at the moment, what we're offering is our retirement guidance solution, which is in our app, and as we said, has had very successful take up with people taking action after it. Probably the nuance between what we've got now and when targeted support comes in is at the moment through our guidance, which we are very happy to give you a demonstration of, you can give very factual information to people about what certain products mean. Then under targeted support, we'll be able to make suggestions to people. As we said, we've had very early engagement with the FCA on that, and we're quite well set up, not only because of what we've

done already in guidance, but also in terms of our customer segmentation. We've done quite a lot of work in making sure that the suggestions we make will be appropriate for the people we make them to.

Then the final point of your question about what else we have, we do actually have human advice, which all of those customers can access, following, going through any guidance that offers retirement advice, protection advice, and we're shortly going to be offering investment advice, too.

António Simões

Thank you. Coming this way to Andy for that.

Andy Sinclair

Thanks. It's Andy Sinclair from Bank of America. First, I suppose building on what you were talking about there about workplace pensions. If the targets are in line with market growth, it sounds like this is a consolidating market with some of the legislation that's coming through, what is the opportunity to really benefit from that consolidation? Do you think you'll be one of the winners? How do you stack up versus the other workplace pension providers, essentially?

Second was on protection. I know you reinsure a lot of the mortality risk on the protection book today. As the annuity side of the business grows, what's the thoughts on retaining some of that mortality risk as a diversifier, or is the reinsurance pricing so good that's not worth it?

Third was to understand a little bit more about the app. You mentioned pot consolidation. How much consolidation do you actually get on the app today, and what's the scope to increase that level of consolidation of pensions onto the app? Thanks.

António Simões

Thank you, Andy. Maybe, Jeff, you can take the protection mortality point and then on workplace and the app, maybe Laura, you can address that. Do you want to start with Jeff-

Jeff Davies

Sure. The way you summarise this, we retain most of the mortality apart from catastrophe, concentration risk on the group protection, of course, which is very helpful for diversification. Of course, we don't reinsure almost any of the individual annuities today. All of this will be under review as the scale of the different things matter more in the balance sheet. But to your point on protection reinsurance itself, we do see, the market sees very attractive reinsurance terms still.

But we have been challenging ourselves and actually doing more and more work on understanding the mortality and what you need to believe, what we should be believing for those age groups, because we're obviously very good at retirement age and 50 plus, let's say, for deferred. But the people you're selling protection to, what does that look like? Each time we go through a reinsurance tender, we challenge ourselves, should we start retaining 10, 20% of this? Because there are big capital benefits versus the reinsurance. We will continue to keep that. As you say, the bigger the retained longevity is getting and the more that we're writing individual annuities with more of an offset, the more that will come into our thinking. But, yeah, it is definitely work in progress.

António Simões

Laura should answer on app and workplace, but on workplace for a second, we are assuming, to correct something I said earlier, we are looking at the market in terms of having 400 billion. But I did say right upfront that we expect a bigger proportion of that 400 billion to be in our own workplace business. At the moment, we have 200 billion of assets in DC, of which 100 billion, roughly, just over 100, are within our own workplace. I said that we want a bigger proportion of the overall, let's call it 400 billion, Andy, in 10 years time, to be within our workplace, which means that we're winning more in workplace. If you look at the 35 deals that we've won this year, so the 35 schemes, Laura, it's fair to say that our percentage of our win rate has been much higher than our natural market share. I can see my team nodding, so it's true. We have won a lot of big and small schemes this year, substantially ahead of our own market share. Don't take my conservatism earlier to say that we don't want to win market share, Andy. Absolutely,... Our numbers, the 40-50 billion net flows imply that we're winning market share.

Laura Mason

A couple of points to add to that. I'm sure you're aware of some of the pensions reforms push to scale. Providers have to have a default fund of 25 billion. Our master trust is already at 39 billion and is the largest commercial master trust in the UK. I think there are a couple of other things as well. The pensions reform are good for scale players like this, but for smaller players, there will be increased governance, et cetera, which we're already set up to do. Then the other thing for us is our brilliant access to clients through DB, who also have DC schemes, some of which we manage the investment side of their DC books now, but we do expect to consolidate into our workplace business. I think there's quite a few factors on why we're so well set up to scale.

Then consolidation, that's a really good one. We have set up digital consolidation. One of the things I touched upon briefly earlier is now we've set up a system that uses some of the marketing technology that we had on the slide that allows us, that when customers log in, to instantaneously

work out whether they are able to consolidate and actually flash up the right messages digitally to give them the link to where to go to consolidate. This number isn't verified, but I think over the last two or three months, we've seen a 25% increase in that consolidation using this technology that I think, again, we're quite excited by because we have only really started doing this at scale. So definitely more for us to do there.

António Simões

That's a customer behaviour as well. More and more people are consolidating their pots, which wasn't happening three, four years ago. That's a tailwind for us as well.

Andy Sinclair

Thank you.

António Simões

Thank you, Andy.

Andy Sinclair

Thank you, Jeff as well for...

António Simões

The two Andrews, but the Andrew here in the front. I will come to you, Andrew.

Andrew Crean

Thanks, Andrew Crean from Autonomous. Could you talk about the split of the revenue margin in workplace, the 30 basis points, and where you see that revenue margin going over time? Could you split the 4 billion of in force profits between protection and annuities? You haven't talked at all, really, about what you expect protection profits to do over the next few years, flat line or grow. Then to nail this thing, right at the beginning, António, you talked about not doing M&A to build out retail. Does that basically mean you're not in the market to buy a retail platform?

António Simões

I'll start there, Andrew. To be specific, I said we're not doing expensive M&A beyond our core strengths. I think we-

Andrew Crean

So big M&A then.

António Simões

We're not doing big, expensive M&A. Look at everything I've said over the last two years to all of you guys. I believe in an organic strategy to grow the business. We have all the right capabilities, but you've seen it in the case of asset management, where, logical, we're doing small bolt-ons. I think we'll be, as Laura said, a natural consolidator, but we wouldn't discard buying something that adds to scale. I was pointing out to, I'm not going to go out of our core strengths, and that's not something that I'm planning. I wanted to make that clear, and therefore, we don't have plans to buy a retail platform, to answer your question directly. On the other two, Jeff, I appreciate that we've given a lot of detail on slide 48, also called the Andrew Crean slide. But are we... Because you asked for that several times.

Jeff Davies

Well, interestingly, I read Andrew's note this morning, and he broadly knows the answer to the first one, and he was right. Because we've told you before the asset management split of fee rates, and you took an average, so you're broadly right on that in terms of the split. It obviously varies by schemes. There's bespoke arrangements that people have. The big driver, of course, for our average revenue, and to your second part of the question is the increase of the PMAF over time.

Jeff Davies

That is increasing the revenue rate as a total for us. I know Laura would love to say, as with the team, we're also winning some where we're not the cheapest, so that goes against a lot of fee margin pressure. We've put sensible assumptions in there, but with offsets, both the operational leverage, but also the private markets fund growing to offset some of that.

António Simões

Jeff, on that, each time I open my mouth to talk to the market, the private markets access fund has grown. It's only 2 billion yet if you think of this mix effect of having the private markets access fund, which has better returns for customers and better profitability for us, that's only 2 billion of the 100 billion that we have in workplace at the moment. A lot of those, because the way this works is the employers themselves have to make those decisions. Some of these decisions are in three-year cycles. So think about the upside of that coming through, and yes, the market is very

competitive. There's margin pressure as well. But what we would hope is that one compensates for the other, i.e., we become more profitable as margin pressure continues to exist. We've given you the current assumption, which is circa 30 basis points, and we hope to keep us close or increase it where we can. There is a spread, as Jeff said. There are many clients we don't want, from a competitive perspective, don't want to give too much away. There's a spread of clients that are below and above that, so there's also an element of sensitivity around that. CSM?

Jeff Davies

I think was the CSM, store of future profits type split. I think that's what you were saying? The protection and annuities are split in the IFRS 17 disclosures. Then obviously, you need to take out the US. So easier for us to show you what's there in terms of what's disclosed. But I will say, and this is not because Andrew is a more generous man than me, but at the year-end, you will definitely have all protection and all annuities, and you'll be able to take out the protection piece from that because the US won't be in there anymore. So all the pieces will be there by then. But we can talk you through what's available now already.

António Simões

We can point you the current disclosure, but the logic is when you come to March, we'll have that split between what's protection and annuities.

Jeff Davies

It's not disproportional, obviously, to the total annuities and the PRT, et cetera. You talked about the protection and where we expect the margins to go. It's a market that grows with mortgages, with cost of living and everything else. Actually, that combined with the fact that it wasn't making very much three years ago, we were all very open about that, including our competitors, and the margins are improving on that business means you do get the small contribution to earnings, but it's a big mature book. It's definitely more at the lower end of the 4-6 than the higher end of it, and not something that we see the huge acceleration that we do around annuities and workplace.

António Simões

Thank you, Andrew. I'll come to Andrew Baker, and then I have a question online, but then I will come to the rest of the people in the room. Andrew.

Andrew Baker

Thank you. Andrew Baker, Goldman Sachs. I'm trying to think through some of the longer term risks, whether it's upside or downside to the workplace AUM projections at the market level. First one is taxes. Just curious, I guess, very near term, any risks into November? Longer term, do you see potential tax changes as a headwind, tailwind? Any thoughts there would be helpful. Secondly, on the same topic, if I look at the US market, the 401k market over there, it feels like over the last decade or so, you've seen quite a few record keeping providers, so workplace providers, getting in trouble for having too many of their own runs in the line-up. Clearly, that's not an issue in the UK at the moment. Again, do you think longer term is that on your radar as a risk at all? Then thirdly, you've given us the asset management DC margin, so the 13–23 bps you talked about. Would those margins be different for DC only? And then we don't have a flow... I know this is more of an asset management question, but we don't have a flow target DC only. It feels like it's going to be lower than the 40 to 50, but are we talking...

António Simões

Sorry, the 40 to-

Andrew Baker

Sorry, the 40 to 50 billion workplace flows target that we have, but we don't have a DC only.

António Simões

I know what you mean. For the other bit, that's only asset management.

Andrew Baker

Exactly. It feels like it's below, but are you able to give us a sense of the flows you're expecting there?

António Simões

Thank you, Andrew. It's quite a lot there. I think in terms of tax changes, Laura, can you address that? Maybe you can address any other thoughts in terms of, I guess, regulation or changes. I think you're thinking, particularly the 26th of November budget, but more generally, any headwinds there or tailwinds. Then I think, Laura, can you also address us having the largest asset manager and therefore having a lot of the funds there and then the margin point. I can address maybe the margin, and Jeff, you can mention this as well. We don't disclose that,... But it really depends on the question we were answering earlier. If you have a scheme, so think about the big numbers, we have 200 billion of DC money, 100 billion is our own workplace. Clearly, our

retail business pays our asset management business that fee. You could argue that it's similar on the other side when we are working with another workplace provider where we are the asset manager. But it really depends on what assets are within those schemes.

Again, if you have, as we want to have more of a private markets access fund logic, the profitability of that will be higher. But by and large, you can assume it's similar, but we don't disclose that. Also, there it starts to get into not so much a competitive issue, but we have lots of clients in the spread of different fees, and so we wouldn't want to be too precise. But yes, if you want to model it that way, it's roughly similar. In terms of the flows, we don't have flows, Jeff, but what we did do is the ANNR. In many ways, the ANNR for me is more... The Annualised Net New Revenue of those flows for me is more important than necessarily the actual flows themselves. That would contribute to the, let's call it, truly third-party money that's coming into asset management. Because we've said this morning that over 40% of the ANNR comes from the retail business, primarily workplace, but also retail annuities. That is not within that number. If those are DC customers that come directly into our asset management business, that would be in the normal external flows. There's no reason to think that they would be lower. I did say that I want to have more of the flows come into our workplace business, so that implies a bit of that. But the market is very healthy. We are one of the biggest players in DC as an asset manager, and we want to continue to strengthen that as well.

Jeff Davies

But it can be quite ironic... in the rare occasions we lose a workplace scheme, quite often, we get the money back in our asset manager. There is a net-net in some of this as well.

António Simões

Good cholesterol, bad cholesterol. I have to say this every time I get up here. Normally, it's for PRT. Laura, do you want to talk about tax changes and then the 401k logic?

Laura Mason

Yeah, that's fine. Tax is an interesting one for us. I think in the short term, we expect to see very little direct impact, and we have a younger book. What we have seen, interestingly, which has been, I suppose, a bit of an interesting tailwind for us in terms of inheritance tax, which I know isn't quite what you're asking, but we have seen an uptick in both people taking up whole-of-life policies in protection and also annuities, given the changes there. That has been a small tailwind for us, actually. Then on the 401k, that's, again, a very relevant one. Some of the things that are coming through in pensions reform is ensuring that funds are able to show value for money, so it

will be very transparent. That will be regardless whether we're in-house funds or external. Of course, I think the other thing is the governance around a master trust that actually the trustees would have to show that actually their end customers and members are getting the best value. I think there's almost regulatory or governance in place to avoid what has happened in the US.

António Simões

Thank you. Before I go to either, Emily or Daryl, anybody there, online, there's a question that you can't see, so I'll read it. 'Leading retail investment platforms like HL, so Hargreaves, and AJ Bell, would love to offer deferred annuities which are common place in the US to allow their clients to manage their life expectancy tail risk. Do you see an opportunity here? If not, why not?' Absolutely, definitely, actually, you, Laura, should answer because you mentioned this are a lot of our own clients, and we distribute a lot through them as well.

Laura Mason

Interesting that you asked this because we are actually exploring what we could do in this space, given our institutional retirement business and the retail annuity and how we can combine that. Actually, there's some work going on with our teams and one of the retail investment platforms at the moment.

António Simões

We'll tell you more once on this. This is a huge opportunity in the market because as we said, we see this for our own workplace. Our customers, we certainly would want to offer that more generally. Only 7% of our own annuities at the moment—is that correct? Yes, in the slide—are to our own workplace clients. The vast majority of what we do in annuities is in the open markets. We are the number one in terms of the open market, retail annuities market, which means that we are incredibly competitive. Obviously, we will distribute it through any platform that would want to do it.

Laura Mason

And sorry, the point here is we are obviously already doing immediate annuities. This is asking about the deferred, which we are looking at... It is becoming a question that people are asking.

Jeff Davies

Sorry, to be clear, the 7% is low because we simply don't have many people retiring from our workplace. Not because we're not selling them.

António Simões

I agree. Average age 42. Actually, you saw that in the slide that Laura showed that we expect in the market, that 13% number that we were talking about, to increase and more people, particularly in our book, actually. If you think that our book is more mass and mass affluent, we expect more of those customers to actually choose annuities, and so that will naturally increase. Absolutely, Jeff. Other questions here in the middle? No. Here on the left. We're going to get a second... There's one more online, but I'll come to Andrew and Tom. You got a second round of three questions. Andrew. Andrew, go ahead.

Andrew Crean

Point of clarification, the higher end of the 6-9% EPS growth which you targeted, is that against 19.2p, which is the EPS in 2024 ex-US protection or the 20p that you actually said? Then secondly, you're talking about the £30 million per annum of spend on workplace out to 2028 per annum. Is that something which is a declining balance or is it basically a standard £30 million a year of investment in it over the next decade?

Jeff Davies

Sure. Good questions. We have said, but it's definitely worth clarifying. For the 2025 target, the one we talk about in our press release, is based off 2024 base, less the US, so then 19.2, because we haven't yet done the buy back, we haven't even closed the deal, but we're excluding the earnings. The cumulative target of 6-9% will include the US business because we will have the benefit in the EPS of doing the buyback, and we'll have closed the deal, so we can't take the best of both. We'll start that one from the higher number.

Andrew Crean

From 20p.

Jeff Davies

Exactly. That's right.

But the 2025 number, well, you saw the half-year number where we were already at the high end, and we're saying we'll be at a high end of the 6-9 at the end of 2025.

Yeah, the 30 million, it's broadly flat. I want it to go down at the end, obviously, but it is broadly an average that's there or thereabouts. We'll go through rigour on justifying it towards the end and what we're getting in terms of payback. I think one thing to say on it is we do allocate it to workplace. It broadly appears in another line in operating profit. But if we're developing the app, it benefits everyone. It's benefiting asset management, it's benefiting the annuity business, but it is allocated to workplace because predominantly that's where the development is done. Even in time, it will help protection. There's a lot of other customer-related benefits which, again, are really for everyone, but the workplace is the big customer acquisition engine and the big driver of growth. We're putting that investment spend there.

António Simões

Thank you. I'll come to Tom, but there's another question online first from Mandeep, who couldn't be here physically. Could you tell us how much Funded Re was used in writing at 10.2 billion of PRT in the UK? Jeff and I were talking about this earlier.

Jeff Davies

We won't tell you the full answer because especially on some of the bigger ones on the slides, we're still negotiating, and so we won't either undermine our negotiating position or we haven't decided how good the rates are and how attractive it is when we land on the number. But what I can say is it definitely won't be outside the type of guidance we've given. We haven't suddenly jumped to doing 50% Funded Re. I think it'll be around that guidance of the 20, 25% as a maximum, if you like. As I say, we're still negotiating. It could be less, but we certainly won't go outside that and haven't. There's a big retention there, which means it's contributing nicely to store a future profits, et cetera.

António Simões

We are at 23rd of October, so we will give you the full numbers for that at the full year results in March. It's actually worth saying, if you pick this up from my comments, that I said that we've done 10.2 billion. A lot of the deals that we're now working on are pipeline for 2026. I said I expect the market to be just over 40 billion for this year and for us to have a 25% market share. I am actually saying that 10.2 billion is roughly what we will do for the year because a lot of what we're doing right now is into 2026. In case you didn't pick up that in what I said, it's like we're expecting a 25% market share on a 40 billion market, which will be very positive for us. I really feel very good about 2025. Tom.

Thomas Bateman

Thanks very much. A couple of quick ones. Are retail annuities higher margin than institutional annuities? Second question, given you talk so much about the lifetime value of workplace, have you considered a pot consolidation partner .. They're obviously specialists that consolidate pots really well. I get the impression of hearing about your consolidation efforts in your app... it's kind of... this is probably a bit rude... a bit elementary, whereas some of the peers might be a bit better.

Jeff Davies

I wouldn't describe it like that on a capital markets event.

Thomas Bateman

But I feel like there are specialists that do a little bit. Are those type of businesses attractive to you?

António Simões

This is the Ruth question. You've used both of our examples. Ruth came at 45 and consolidated... Actually, I think our capability is very good. Actually, what I said earlier, we're not yet seeing as much consolidation as we believe will come into the market, but that's not a capability issue. I wouldn't rule that out, but it's not a capability that we're actively looking to acquire because we believe we can build it. Laura, do you want to address that?

Laura Mason

No, I think the only thing I would add as well is... Some of those are charging quite a lot of money for the privilege. I think we will continue to do it organically as we have and give customers a fair deal.

António Simões

And retail annuities margins, Jeff?

Jeff Davies

The answer is the very different dynamics, and so that's partly why we don't reinsure on what we manage. We deploy relatively more capital. The strain we've said is more like the 4, 5% on there, which is good because we're deploying capital, making pounds. Some metrics will be better, some metrics will be worse. They do need to meet our IRR hurdles, but currently that's probably lower

relative on an individual annuity for IRR because we deploy more capital, but it's still meeting our hurdle. If we're deploying very little capital on the PRT business it's making higher IRR, but making a lot more pounds on the individual annuities, but we still have the same optionality, we're actually putting some of the gilts, but not quite as much, into the individual annuities. It's different duration, et cetera. It all goes through the same filter, but we then look at as a portfolio, we're optimising operating profit, IRR, et cetera, but make sure that it covers a hurdle across it. But we do publish it in the same way, the IFRS margins, et cetera.

António Simões

I have three questions online from Dom. I've missed the detail of Dom's questions, so here we are. One, 'you indicate 5%-6% growth in annuity assets. Does the pivot towards retail imply higher growth in new business CSM, and B, higher growth in strain, given you typically retain more longevity risk on retail?' I'll give that one to you, Jeff. Second, 'do you make more economic profit per one pound of assets in drawdown versus an annuity, taking into account the cost of capital?' Three, 'what percentage of workplace flows and ANNR into private assets are being captured in your own asset management division versus being directed to external asset managers?' Maybe I'll take that one, and then Jeff, can you answer the other two?

On that, on the third one. We have said, and actually this links a bit to the question earlier, was it Andy or I forget now who asked the question, the US point of how much of our own flows are coming into our own asset manager. As we said in June, when we did the deep dive in Asset Management, we have all the capabilities that we want to have within asset management. That's why we're such a big asset management provider for DC, because we can give good value for money in terms of index and tracking solutions, and then we can add areas like the Private Market Access Fund.

Within the Private Market Access Fund, so the 2 billion, some of the assets we are focusing on ourselves: clearly real estate, areas of private credit, areas of infrastructure. We've just launched our digital infrastructure fund. You'd expect our own private markets access fund to be investing in those opportunities, the affordable housing that I've talked a lot about, including this Monday, stuff we're doing across the UK. But in a big part, more than 50% of that part of the AUM is then in asset classes where we don't have necessarily competitive advantage. I said that we don't want to expand into private equity. When the private market access fund does look at external fund managers, we still get the fees on the private markets access fund itself. But some of those assets are basically the best managers in the world in terms of US private credit. Clearly, we're not doing it ourselves. We use an external manager as an example. Jeff, the other two?

Jeff Davies

It's quite a lot. I could go on for hours, I think. I think on strain and growth there, it's still a long way out that you're talking about any material number. If we're writing four billion of annuities at 5% strain, it's still only 200 million pounds, and that's quite a long way out. Whereas if we're writing a billion at 1% strain, a 10 billion, I mean, a 1% strain, that's still already a hundred. You're not talking big differences here and quite a way out. We will obviously, over time, look at what's the options around reinsurance, what's the trade-off of capital deployment versus not, as that scales. Reinsurers will get more attracted to it as the market grows.

CSM is an interesting point. Short term, you've seen it in our numbers, it grows at a slower pace, but clearly, as that annuity volumes grow, you will definitely see a big CSM growth. The other bit to reiterate, which we've talked about on PRT, is with the asset growth, the profit growth follows there for the investment margin piece, because it's not just the back book optimisation, but the expected investment margin element grows because you've just got the margins flowing out of the assets back in the annuity. So that grows at least in line with the asset portfolio. Even if the CSM was flat, you would get the growth coming through there. It's not all about CSM because investment margin grows anyway.

On the last one, it's the difference between asset management and insurance. You can tell pretty clearly.

António Simões

This is the drawdown versus an annuity.

Jeff Davies

Absolutely we make our cost of capital on the annuity business. It's the same conversation about deploying capital to make pounds. You need a lot more scale in asset management to make the same amount of pounds, but it's very attractive business because it's very capital light. So it's the balance of the two. It's the same question, I would say. We're very happy to have both, and especially as the drawdown or the mixed products will feed into more lifetime annuities over time, more guaranteed income. So it naturally makes sense.

António Simões

To some extent, it's not our choice. We show that chart that says 60% of people are choosing drawdown, 30% of people are choosing annuities. We will serve them in either capacity or in the blended solution. It's somewhat an academic question. Whatever the customers want to do, we

will serve them in the best possible way. It's actually good to have the mix of both insurance and asset management profits. Any other questions online? Looking at the team here or any other questions and... Abid? There, Abid is over there. Sorry, I'll keep on saying your name. I should point to people.

Abid Hussain

I'll probably speak loudly without the mic, but... It's Abid Hussain again from Panmure Liberum. A follow-up. I'm trying to understand the dynamics of the competitive landscape in workplace. I suspect when you turn up to pitches, you have the traditional insurers like Aviva, Standard Life, et cetera, all turn up to those. But who's turning up from the platform providers or the non-traditional providers? Do you see Hargreaves, AJ Bell, turning up to these pitches? I'm wondering-

António Simões

For the workplace ones.

Abid Hussain

For workplace, specifically, because given the opportunity, the growth opportunity there, are they becoming more keen to participate in that? Then how does that dynamic work if you have a relationship with, I think I saw Hargreaves elsewhere across the business?

António Simões

Thank you. Laura, on the 35 deals that we won this year, who have we come across?

Laura Mason

You can check with Paula, who's sitting behind you, afterwards. But I do think the names that we are seeing at those pitches are mostly the traditional insurers. And the players that you allude to are playing at a smaller scale and more specialist.

António Simões

That may well change, but the market is very competitive. But actually, I think two things that reassure me, our win rate this year, and the opportunity to congratulate Paula and the team on been a great performance in 2025, actually reassures me that we are really top of the game in terms of winning the schemes. Second, as Laura said, the 3 billion of pipeline that we're seeing is the strongest that we've seen in years. It's a healthy market right now.

I have one more online. 'Could you share a little more on the sources of growth in the workplace DC forecasts? How much from scheme wins versus, say, the government pension reforms on mega funds consolidation debt you mentioned? Apologies if it's in the presentation and I missed in case. Yeah, in which case, ignore.' No, I've already read it now. Clive, thank you. Laura, you should have read it before.

Laura Mason

It is a combination. We expect to continue winning new schemes as we have. I think the bit that's probably worth pulling out on the reforms is really on the consolidation point and the move of having to have scale, which many current providers and own schemes don't, as well as the uptick in governance that will be expected from everyone that we already have in place. I think it will be a combination of both of those. I think the biggest thing to say is that still the biggest driver is contributions in the market.

António Simões

We have 800 million of contributions every month. I think maybe that's a good point to leave you on if there's no more questions, because there is a massive tailwind in this business. It's very competitive, as we've said, in terms of winning schemes. The 99% retention rate, don't take that for granted, meaning there's a lot of work that goes into retaining 99% of our schemes. But then there is the ongoing contributions that at the moment are 800 million per month, and that goes to 1 billion. Do the maths, that comes to 12 billion per year.

Thank you very much for coming today, and thank you for your questions. I think it's important that this completes the third of our deep dives into each one of our businesses. You have now heard from Andrew, you've heard from Eric and from Laura about the growth potential that we see across the group and how we are well-placed and how are we delivering this growing, the growing part, the simpler and the better connected L&G that becomes more capital light over time, particularly in retail.

We probably got the sense from the three of us. We have an exciting vision for the future of our retail business. I believe we have all the building blocks to capitalise on it. We talked a bit about acquisitions. I believe that organically we can make the most of the major flows that we expect over the next decade. We have the business model, as you've also heard from Jeff, to deliver long-term profits for L&G. But on that note, before I let you all go, I'd like to thank Jeff for his nine years with L&G. I was counting this morning with him, but it's probably close to 30 results and market presentations, including a riveting IFRS 17 teaching a couple of years ago. I want to thank

Jeff. I didn't show them on the script earlier. I look forward to seeing you again at our full year results, if not sooner. Thank you.