



## Legal & General announces record £925m Assured Payment Policy (APP) transaction

### £1.5bn APP transactions now completed

Legal & General Assurance Society Limited (“Legal & General”) today announces that it has completed a £925 million Assured Payment Policy (APP) transaction with the Legal & General Group UK Pension and Assurance Fund (the “Fund”), securing the cashflows to support benefit payments payable to approx. 2,000 retired and 2,800 deferred members of the pension fund.

This is the largest APP transaction completed to date and is Legal & General’s third APP transaction. Legal & General launched the innovative solution as part of a wider £1.1 billion transaction with the AIB Group UK Pension Scheme in December 2019.

As a result of this transaction, Legal & General’s total APP transaction volumes now exceed £1.5bn in value.

This transaction also marks the insurer’s second such deal with a Legal & General pension scheme, following a £400 million APP transaction with the [Legal & General Group UK Senior Pension Scheme](#) in December 2020.

Legal & General’s unique APP solution provides pension schemes with an efficient and precise method of liability cashflow matching, selectively insuring against investment related risks such as changes in asset yields, interest rates and inflation. An APP allows a pension scheme to begin its de-risking journey with an insurer and provides greater certainty on the timing and cost of a future buy-in or buyout.

In May 2021, [£61 million of the AIB Group’s APP](#) was converted to a buy-in policy, demonstrating how APPs facilitate the de-risking journey.

Legal & General invest the funds paid as buy-in and APP premiums back into the real economy, helping to tackle issues around climate change, the housing crisis and regeneration of towns and cities. Investing in this way can create a virtuous circle of UK savers funding infrastructure assets that provide a public service and boost the economy.

The Trustee was advised on the transaction by LCP, Redington and Gowling WLG.

#### **Laura Mason, CEO, Legal & General Retirement Institutional**

**“We are delighted to have provided increased certainty for the pension fund’s members with this transaction and are grateful for the proactive, collaborative approach taken by the trustees and their advisors to deliver a smooth transaction.**

**This transaction is further demonstration of our ability to deliver innovative, trusted solutions to meet the evolving needs of our clients. With three APPs now transacted and a partial conversion already completed, I’m excited to see real momentum growing with this solution. There is clear demand in the de-risking market for innovation and Legal & General want to be at the forefront of that.”**

#### **Chris Martin, ITS, Chair of the Trustee, Legal & General Group UK Pension and Assurance Fund**

**“The APP is a very significant event in the Fund’s lifetime as we move closer to securing our members’ benefits. This is a unique product that removes a large proportion of the investment risk from the Fund. We were very grateful to our advisers LCP, Gowling WLG and Redington for their guidance and support through this transaction.”**

## Charlotte Quarmby, Partner, LCP

“I am delighted to have advised the trustees on the next step on their de-risking journey. Right from the earliest days of the de-risking market, LCP has sought to support innovations that benefit our clients. The APP product provides members with greater security whilst also providing the trustees with greater certainty of reaching their long term objective. This transaction provides a great example to others planning their journey to buy-out, demonstrating a new option for removing risks along the way.”

## Notes to editors

### Assured Payment Policies (APPs)

In exchange for an upfront premium, an Assured Payment Policy (or APP) provides a pension scheme with a pre-agreed series of cashflows – fixed or inflation-linked – which do not vary with longevity or other demographic experience. It therefore allows a pension scheme to lock down investment risk by providing protection against changes in asset yields, interest rates and inflation. APPs can also provide a clear structure for converting the APP into a bulk annuity at a future date.

More information is available here:

<https://www.legalandgeneral.com/institutional/pension-risk-transfer/what-we-offer/app/>

### 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.

## Further information

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