



Legal & General announces £2.7 billion buy-in with the British Steel Pension Scheme as final step to fully insure the £7.5 billion scheme

In doing so, the Scheme becomes the largest pension scheme in the UK to have fully insured all its members' benefits.

Legal & General Assurance Society Limited ("Legal & General") today announces that it has agreed a fourth and final buy-in policy with the British Steel Pension Scheme ("the Scheme"), totalling £2.7 billion, under which the remaining 40% of liabilities were insured. Legal & General has now insured £7.5 billion of the Scheme's liabilities, securing the benefits of all c.67,000 retired and deferred members.

The Sponsoring company, Tata Steel UK Limited ("the Sponsor"), part of the Tata Steel group, is the UK's biggest steel manufacturer with sites across the country.

Today's announcement marks the Scheme's fourth transaction since November 2021. Through a series of phased buy-ins over this 18-month period, the Scheme has now insured all its liabilities with Legal & General and becomes the largest scheme in the UK to have secured full insurance.

By completing this transaction, the Scheme has now reached a funding level that will allow the Trustee to make additional payments (referred to as "restoration") to members under the agreement reached when the Scheme was set up.

To insure benefits at this scale, Legal & General worked in partnership with the Trustees, Sponsor, the Scheme's in-house teams and advisors. This included establishing an umbrella contract with the Trustees in 2021, which allowed them to complete each transaction quickly and easily on pre-agreed contractual terms. It also saw the Scheme's in-house investment management transfer to Legal & General Investment Management (LGIM) in 2022 to implement a strategy to improve the Scheme's funding level by aligning investments with L&G's pricing. Through a series of well-timed transactions since the establishment of the umbrella, the Scheme took advantage of volatile markets and acted decisively to capture attractive pricing to achieve the Trustees' and Sponsor's objective of full insurance.

The Trustees were advised on the insurance strategy and execution of all four buy-in transactions by Lane Clark & Peacock (LCP) and legal advice was provided by Travers Smith. The Sponsor was advised on the transactions by Mercer and Slaughter and May. CMS Cameron McKenna Nabarro Olswang LLP provided legal advice to Legal & General.

Andrew Kail, CEO, Legal & General Retirement Institutional (LGRI):

"We are extremely proud of the work that we have done with the Scheme over the past two years. This is a great result not only for the Trustees and Sponsor but also for members. These kinds of outcomes are only achieved with the hard work and support of a wide group of people following a carefully considered and well executed plan. By working in partnership with the Trustees and Sponsor to bring together expertise across L&G, we secured all members' benefits far faster than initially anticipated."

Keith Greenfield, Chairman and Independent Trustee director, BSPS:

“Since the new Scheme was established, the Trustee’s overall objective has been to reach full funding on a solvency or “buyout” basis. There were two reasons for this. Firstly, it provides members with the greatest possible comfort that benefits will be paid in full as and when they fall due. Secondly, achieving this objective allows us to make additional payments to members under the agreement reached when the new BSPS was set up.

“I would like to thank my fellow Trustee directors, Scheme Officers and advisers and counterparts in Tata Steel and Legal & General for working together in partnership to deliver this outcome many years earlier than expected when the new Scheme was set up.”

Clive Wellsted, Partner and Head of LCP’s Buy-in Practice, Lane Clark & Peacock LLP:

“At the heart of this series of four transactions was a deep and unique partnership carefully curated between the Trustee and L&G. The design of the partnership was central to its success, delivering exceptional pricing and the unique ability to transfer a significant portfolio of property to L&G, alongside close co-ordination of asset and data preparation to optimise investment synergies and due diligence. These transactions show that structured in the right way, and for the right scheme, the strategic partnership route can add value beyond what can be delivered by a more traditional process.”

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 over £1.2 trillion in total assets under management* of which a third is international. We also provide powerful asset origination capabilities. Together, these underpin our leading retirement and protection solutions: we are a leading international player in pension risk transfer, in UK and US life insurance, and in UK workplace pensions and retirement income. Through inclusive capitalism, we aim to build a better society by investing in long-term assets that benefit everyone.

* As at 31 December 2022

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 £72.4 billion as at 31 December 2022. Across the group over £30 billion is invested in direct investments that deliver positive social and environmental impacts, such as clean energy and affordable housing.

Our Client Services' 12-month rolling Net Promoter Score (NPS) is above +70, which is widely regarded as being at a "world class" level. Legal & General is the longest-standing active UK provider of PRT, providing pension security for more than a million people around the world.

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