



## How LGRI changed the pensions business forever with its launch of PRT 35 years ago

### Legal & General celebrates 35 years since its first bulk annuity transaction marked an exciting new chapter in pensions management

Legal & General Retirement Institutional (“LGRI”), a global division of the Legal & General Group (“Legal & General”), is this week celebrating 35 years since its UK Pension Risk Transfer (“PRT”) business entered the market after the completion of a single buyout transaction for a publishing company’s Defined Benefit (DB or final salary) pension scheme in 1987. The transaction marked the dawn of a new era for pensions management at Legal & General, and across the industry.

Working out of Legal & General’s former head office in Surrey, Dennis Canham, a now-retired Legal & General actuary, was given responsibilities for developing a new and exciting “bulk purchase annuities” product and told to “see what you can make of it”. At the time, Legal & General was one of only a handful of companies offering firms and trustees the chance to de-risk their pension schemes, securing them with an insurance company.

Dennis signed his first deal for the pension scheme of publishers Routledge & Keegan Paul in January 1987, kickstarting a Legal & General bulk annuity business (PRT) that agreed £6.2 billion of transactions in the UK alone in 2021, within an industry which agreed transactions totalling almost £30 billion in 2021. Since PRT’s inception in the UK, Legal & General has agreed four of the 10 largest transactions, while its retirement annuity book had grown to £89.9 billion by the end of 2021. Last year, Legal & General agreed a total of £7.2 billion globally in new premiums, across 57 transactions.

Legal & General is the longest-standing continuous UK provider of bulk annuities having, uniquely for the PRT sector, agreed a PRT transaction every year of its 35-year history. By the end of 2021 it had secured the benefits of more than half a million people around the world.

Dennis remarked that the industry was “slow at the beginning”, with just a handful of transactions. In 1987, Legal & General helped seven pension schemes, rising to 12 in 1988 and 19 in 1989, the largest being to Iraq Petroleum at “just under £90 million”.

In those days, all details were noted and filed on cards, before the extensive use of computer systems, while Dennis refused the creation of a call centre for customers, declaring that all client enquiries would be handled directly by his team of eight staff. LGRI remains true to those early customer service principles, with in-house only customer service, based in the UK and US for each of its two global businesses.

It took Dennis three years before senior management at Legal & General agreed that LGRI’s “bulk purchase annuities” should become a permanent part of the business. LGRI then, over the years, helped de-risk scores of large and small businesses’ pension schemes including early converts, such as British Shipbuilders, in a 1991 deal covering 42,500 members, an agreement that today remains the largest sized scheme, by the number of members involved, transacted by LGRI,

Since 1987, the UK PRT sector has grown exponentially and today supports DB pension schemes in all sectors and locations around the UK, providing security to trustees and helping businesses free up resources of time and capital, while connecting the assets of pension schemes to the real economy.

The UK PRT market has transacted over £130 billion of pension buy-ins and buyouts over its history. This, however, represents only a small proportion of the estimated remaining approx. £1.6 trillion in DB scheme assets

in the UK. The Pensions Policy Institute (PPI) has estimated that £770 billion could come into play in the UK PRT market leading up to 2030.

Legal & General also started its US PRT business in 2015 and has recently completed two global PRT transactions for UK and US pension schemes for the same parent company. It remains the only global PRT provider.

Legal & General currently has more than £28 billion in direct investment across the Group, using retirement funds, in projects including providing funding for new transport, homes and offices, with a focus on activities that help to regenerate city centres across the UK. It has contributed towards investments creating new jobs and homes for local people. Examples include the redevelopment of Cardiff Central Square, which has created more than 10,000 jobs for local people to date and has brought over £1bn of gross value to the region, while Legal & General's investment in [Newcastle Helix's Lumen and Spark buildings](#) in partnership with Newcastle University and Newcastle city council has created 1,000 new jobs to date. In 2018, LGRI invested in the [Hornsea Project one offshore wind farm](#), which is one of the largest in the world and is able to power over 1 million homes.

LGRI remains a market leader today and has developed new solutions over the years, supporting the changing needs of trustees and their schemes. These include the innovative APP and ISS solutions, to help schemes on their way to a full PRT option for their schemes.

**Dennis Canham, former Head of Bulk Purchase Annuities, Legal & General Retirement Institutional (LGRI)**

**“When I look back now and realise what has grown out of those humble beginnings, I do feel we have made a difference. We have helped trustees with often difficult decisions. I am proud of the principles of customer care we set out in 1987 and what has become of LGRI's PRT business today. We have achieved a lot over the last 35 years and long may that continue.”**

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

**“As we reflect on 35 years of providing PRT, securing the pension benefits for retirees globally and investing these funds, we at L&G remain committed to helping pension schemes and their sponsoring companies, while building a better society for all.**

**“We are proud that we have continued to evolve and drive innovation in the solutions we provide and the customer service we offer. We are excited about our role in supporting the pensions sector for another 35 years.”**

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 £1.4 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 2021*

**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 over £89 billion as at 31 December 2021, of which over £28 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.

## Further information

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