



Legal & General completes £2.4 billion buyout

Nortel Networks UK Pension Plan exits PPF Assessment with surplus to enhance benefits

Legal & General Assurance Society Limited (“Legal & General”) today announces that it has completed a £2.4 billion buyout for the Nortel Networks UK Pension Plan, (“The Plan”), covering around 15,500 pensioner members and around 7,200 deferred members.

The Plan’s sponsor went into administration in 2009 and the Plan entered a Pension Protection Fund (PPF) assessment period, where it has remained whilst worldwide litigation and insolvency proceedings were ongoing.

With these proceedings now resolved, and the Plan receiving substantial additional funding as a result, Nortel Networks UK Pensions Trust Ltd, (“the Trustee”) has been able to secure benefits in excess of PPF levels with Legal & General and will not enter the PPF.

As part of this process, the Trustee was also able to offer additional flexibility to many members of the Plan through member option exercises allowing those members to reshape their benefits or receive a transfer value. As the Trustee expects to receive more recoveries, a further transaction is likely to follow in future.

KPMG acted as insurance broker and de-risking adviser to the Trustee. Legal advice was provided to the Trustee by Travers Smith and to Legal & General by Eversheds Sutherland. Willis Towers Watson are the scheme actuary. Mercer acted as the Trustee’s investment adviser.

Laura Mason, CEO, Legal & General Retirement Institutional, said:

“We are pleased to have been able to deliver this significant transaction which provides flexibility and greater financial security to the members of the Nortel Networks UK Pension Plan.

The collaborative relationship built up with KPMG and the Trustee, working closely together, enabled us to deliver a complex solution to meet the needs of the Trustee and Plan members, whilst delivering to tight timescales.

This transaction continues to demonstrate our solutions driven proposition, while providing wider benefits for the pension environment and the UK economy as we deliver further direct investments.”

David Davies, Chair, Nortel Networks UK Pension Trust Ltd, said:

“We are pleased to have been able to deliver such a great result for the members of the Plan. This ends a near decade long process for the Plan and provides security for all our members, whether they are already receiving their pension or planning for their future retirement.

Extensive and ultimately successful litigation enabled us to secure significant recoveries. As a result the buyout has meant that we can provide most members with the flexibility to decide between different pension options that give them greater control over their future pension income.

This successful buyout would not have been possible without the collaboration between KPMG, Legal & General and the Plan during the buyout process and also the commitment and diligence of all our advisers during the last 10 years”



Tom Seecharan, Head of Pension Insurance, KPMG, insurance broker and de-risking adviser to the Trustee, said:

“This highly complex and innovative transaction involving benefit design, member options and full buy-out sets a new benchmark for PPF cases. Our challenge was to help the Trustee find ways to put as much money as possible in the members’ pockets. I’m very pleased that we were able to achieve that. The Trustee, advisers and Legal & General have shown great flexibility and commitment to secure this fantastic result for members.”

Hugo Laing, Partner, Eversheds Sutherland, Legal Adviser to Legal & General, said:

“We are delighted to be part of this important transaction, helping our longstanding client Legal & General. It was a pleasure working collaboratively with the teams at Legal & General, KPMG and Travers Smith to ensure we successfully achieved the desired outcome for all parties”

Dan Naylor, Partner, Travers Smith, Legal Adviser to the Trustee, said;

“The Trustee had a very clear objective of maximising the options and benefits available to members after a long period of uncertainty. Achieving that objective was extremely complicated and required innovative solutions. The outcome is something that the Trustee can be very proud of and we are delighted to have contributed to the team effort required to deliver the project.”

Notes to editors

Legal & General Group Plc

The Legal & General Group, established in 1836, is one of the UK’s leading financial services companies. As at 31 December 2017, we had over 9.5 million customers in the UK for our life assurance, pensions, investments and general insurance plans and over 1 million life insurance customers in the US.

Over fifteen million people worldwide rely on us to help them save for the future and to protect their families and their homes.

About Legal & General

Legal & General Assurance Society Limited.

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