



Legal & General transacts first Assured Payment Policy (APP) with a smaller pension scheme

This de-risking transaction with Flour Milling and Baking Research Association Pension and Assurance Scheme highlights some key benefits of APPs to smaller pension schemes

Legal & General Assurance Society Limited (“Legal & General”) today announces that it has agreed an Assured Payment Policy (“APP”) transaction of around £10 million with Flour Milling and Baking Research Association Pension and Assurance Scheme (“the Scheme”), marking its sixth APP transaction.

The Sponsoring company, Campden BRI, is a specialist advisory and research firm for the food and drink industry with more than 2,500 member companies in 80 countries.

This is the Scheme’s first transaction with Legal & General. The Scheme is an existing Legal & General client, having partnered with its investment management business (“LGIM”) for more than 24 years.

Legal & General’s unique APP solution provides pension schemes with an opportunity to lock down investment risk by providing protection against changes in investment yields, interest rates and inflation. It can be used to minimise volatility between a pension scheme’s assets and buy-in pricing, allowing pension schemes to begin their de-risking journeys with an insurer and providing them greater certainty on the timeframe and cost of a future buy-in or buyout.

This transaction is Legal & General’s first APP for a premium of less than £100 million and highlights benefits of the solution to smaller schemes:

- By entering an APP, the Scheme has transitioned from a sub £15 million asset portfolio to Legal & General’s annuity portfolio of tens of billions of pounds, benefiting from the access and scale that it delivers.
- The trustees and sponsor should also benefit from reduced running costs.
- Pension schemes that hold an APP with Legal & General may convert the APP into a buy-in at a later date. This can be invaluable for smaller pension schemes in an increasingly busy market.

More information on APPs can be found [here](#).

First Actuarial advised the Trustees on the transaction, alongside Gowling WLG, who provided legal advice. Little & Company provided advice to the Sponsor.

Beatrice Male, Client Solutions Director at Legal & General said:

“Today’s announcement demonstrates how our flexible APP solution can work for schemes and sponsoring companies of any size, helping them on their de-risking journey. The use of APP allows smaller schemes to leverage Legal & General’s financial strength and investment expertise to manage their investment-related risks. We are delighted to have agreed this transaction and look forward to building on our partnership.”

Tiziana Perrella, Dalriada Trustees said:

“Using the APP, the Trustees were able to precisely hedge the bulk of the risks involved in running the scheme, increasing the security of the members’ benefits on attractive terms. It was pleasing to see Legal & General engaging in depth with the Trustees in respect of a smaller transaction – proving that the insurance market remains open to well prepared schemes with the right governance.”

Sam Mullock, Partner at First Actuarial said:

“We are delighted to have advised on this innovative transaction and achieved an excellent result for the scheme. Multi-billion de-risking deals are hitting the headlines, but given the benefits to schemes and their members, it’s important to give the right support to deals of all sizes. This deal is a testament to all parties working flexibly and pragmatically.”

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 of 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 Client Services’ 12-month rolling Net Promoter Score (NPS) is above +70, which is widely regarded as being at a “world class” level.

2022 marks our 35th anniversary since our first Pension Risk Transfer (“PRT”) transaction in 1987. Legal & General is the longest-standing active UK provider of PRT, providing pension security for more than half a million people around the world.

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