Pension Risk Transfer Quarterly Insights

Q1 2026 edition

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2026 will be a definitive year for innovation but high buy-in volumes will continue

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2025 risk transfer wrap

- As we enter 2026, the trends we saw over 2025 provide valuable context for the UK risk transfer market. 2025 was dominated by small scheme (<£100m) buy-in transactions. Total transactions will have exceeded 300 deals for the first time, though total volumes look quite a bit down on 2024 with fewer large (>£1bn) transactions completing compared to prior years. This led to wider insurer participation in smaller deals and very attractive pricing across the market.
- The insurer landscape saw major acquisitions: Athora's purchase of PIC, Brookfield's acquisition of Just, and JAB Insurance's acquisition of Utmost's BPA business late in the year.
- Life Insurance Stress Test results confirmed a well-capitalised bulk annuity sector, with all insurers passing PRA stress tests.
- Innovation continues, as exemplified by the Stagecoach DB pension scheme's sponsor switch to Aberdeen, with PwC as the lead adviser to the trustees **(see Iain's article)**.
- Buy-in to buyout transition is also evolving, with insurers looking at undertaking post-transaction data cleansing and GMP equalisation **(see Kelly's article)**, streamlining trustees' processes.

What to expect in 2026

1) The return of larger schemes to the buy-in market will shift transaction dynamics

- Insurer pipelines suggest a bumper (potentially £50bn+) year with many larger schemes (>£1bn) expected to come to market. This may lead to fewer insurers quoting on smaller deals compared to 2025 (some insurers were already resisting larger fields in late 2025), reducing competition and potentially pushing pricing up for these deals as the year progresses. Those schemes who can be nimble in terms of approaching the market will fare better in responding to these changing dynamics.

2) Small scheme buy-in momentum continues but will keep pressure on administration

- Around 3,600 DB schemes hold less than £100 million in assets. The move towards full buyout for smaller schemes will continue as run-on models are typically less cost-efficient given ongoing operational costs and other consolidation models have not, to date, taken off. With 250+ small scheme transactions annually—and growing—the smaller scheme universe could be largely consolidated into insurance over the next decade. We expect insurers to continue to streamline their approach to this end of the market.

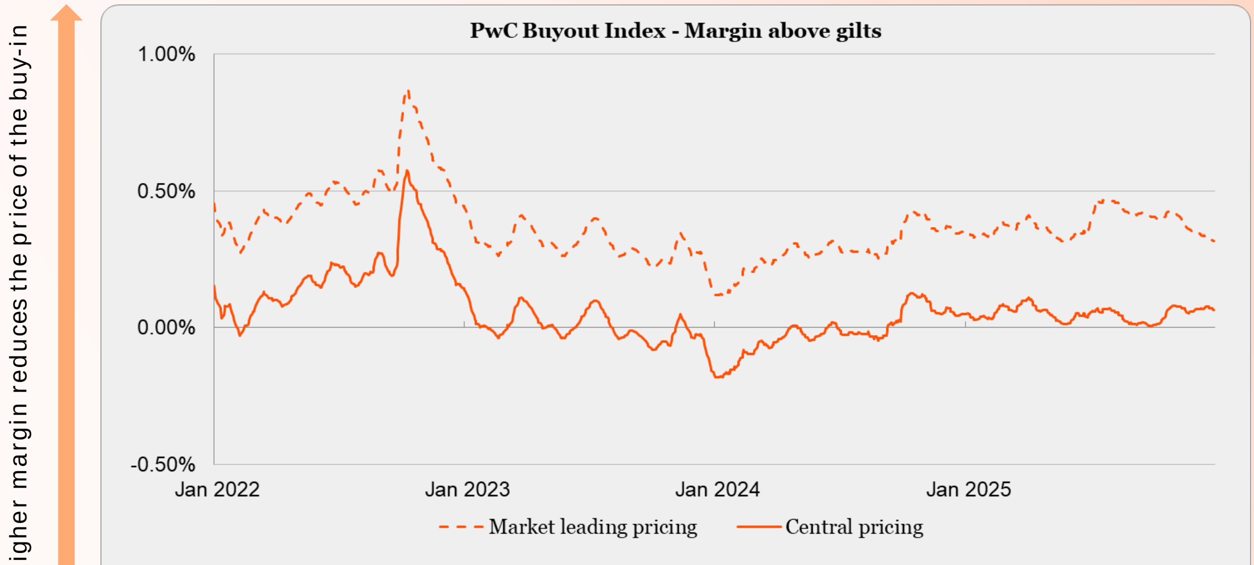
3) Innovation offers more options for those pension schemes with a super surplus

- With around 1,500 schemes over 110% funded on a buyout measure, many could be better capitalised than insurers. This opens opportunities for run-on solutions without major sponsor cash injections. Hybrid de-risking and value creation strategies, like the Stagecoach-Aberdeen deal, illustrate this.
- Additionally, with the Pension Scheme Bill 2025 progressing through parliament, and new surplus-sharing regulations expected in 2026, we foresee further innovation and opportunities to share upside between members and sponsors. PwC's 2025 Pension Funding Strategy Survey found that four in five schemes would consider sharing surplus.

Conclusion

2026 promises to be an active, evolving year for pension risk transfer. Trustees and sponsors will need to thoroughly explore all endgame options to navigate these dynamics effectively and ultimately deliver the best member outcomes in terms of security and, where available, surplus sharing.

Pricing



The chart above assumes a pension scheme with 70% pensioner members and 30% deferred members.

Market movements saw central insurer pricing remain stable relative to gilts over Q4. However, strong competition and insurers keen to hit year-end targets meant that market-leading prices improved relative to central pricing.

This led to some truly exceptional pricing being available for scheme transacting ahead of the year-end. This 'year-end sale' is something we have seen now for a few years. It will be interesting to see how pricing develops over 2026 if the market is busier.

We currently expect to see well-run processes deliver market-leading pricing which can be 3% to 5% lower than our central pricing estimate.

Insurer appetite

Our heat map below gives our view of the Q1 2026 appetite across the 11* bulk annuity providers based on appetite for different sizes of pension scheme. Currently, there are multiple insurers quoting for schemes of all sizes. Our expectation is that for any size of scheme, 3 or more insurers would be willing to provide a quotation, except for sub-£20m schemes which potentially require upfront exclusivity or may be limited to 2 insurers.

	Number of insurers quoting on deals of this size (£)**					
	< 50m	50 – 100m	100 – 500m	500m – 1bn	1bn – 2bn	2bn+
Strong appetite	2	5	6	6	7	3
Mixed appetite	7	5	3	3	1	4
No appetite	2	1	2	2	3	4

*In July 2025, Brookfield Wealth Solutions (the ultimate owner of Blumont), announced that they are acquiring Just Group plc. This acquisition remains subject to regulatory approvals but is expected to close in early 2026. It has been announced that Just and Blumont will merge, and that the Just entity and brand are expected to remain in the market.

**Please note 'appetite' refers to an insurer's typical willingness to provide a quotation, although this could be further impacted by their capacity and availability of their pricing resource at the time of going to market.

Strong appetite – Insurer is quoting for schemes of this size (note this does not guarantee they will quote on every case of this size).

Mixed appetite – Insurer may or may not quote depending on capacity, or will quote under exclusivity only.

No appetite – Insurer is not currently quoting for or highly unlikely to quote for schemes of this size.

Spotlight: Stagecoach "opt-in"

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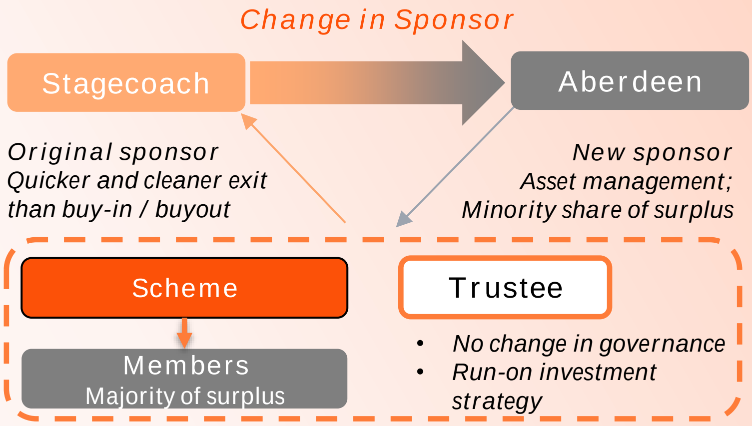
We are delighted to have acted as lead advisor to the trustee for this groundbreaking **trustee-led "opt-in" transaction** with Aberdeen.

This new option gives trustees a strong expectation of delivering significantly higher benefits for their members than could be secured with insurance. This also delivers a quicker, cleaner exit for the sponsor than is otherwise possible. Members are instead backed by Aberdeen – a strong sponsor with the expertise and knowledge to support the trustees.



This has generally been viewed as a **"win-win-win"** transaction for members, the sponsor and Aberdeen:

Members / Trustee

This trustee-led transaction took place to achieve a really positive outcome for members.

All members get an immediate uplift in benefits, improved inflationary protection and expect further significant uplifts from running on.

The trustee was confident that members would, as a minimum, receive higher benefits than achievable from a buy-in, and expect they will get significantly more.

Sponsor

The legal process to replace a sponsor is:

Effective immediately. The existing sponsor does not have to wait, and be on risk for expenses and liabilities, for the years it often takes to wind-up following insurance.

All encompassing. The new sponsor takes on all responsibilities as a statutory sponsor. This is much broader than a buy-in, whereby the sponsor has an open ended and uncapped exposure for any policy gaps or omissions.

Same economic outcomes. It is possible to make a payment to a sponsor of a scheme running on, (currently capped to the buyout surplus). Sponsors can therefore get the same economic outcomes as may be agreed as part of a buy-in.

Aberdeen (new sponsor)

The new sponsor has taken on responsibility for the pension scheme. Due to the strong funding level, there is a strong expectation of a share of future surpluses with a very low likelihood of a funding request.

The trustee continues to be responsible for setting the investment strategy, with an expectation that they will appoint Aberdeen as asset manager for their purposeful run-on investment strategy.

Possible impact on risk transfer market

More transactions? We have discussed this transaction at length with a wide range of market participants – there has been a lot of debate around this transaction, with the transaction been universally viewed as positive for members. Whilst there are some structural barriers that limit transaction volumes, we are seeing interest and appetite for similar transactions from a range of schemes and providers and look forward to continuing these discussions with our contacts over 2026.

Demonstrates range of good options once in material surplus? This transaction (and subsequent market interest) demonstrates the demand for taking on well-funded schemes and the wide range of options available, either as a core strategy or potential contingency. For example, could this give more confidence to a scheme in "super surplus" continuing for a period, knowing it could transact in a matter of weeks if priorities or management attitudes change?

Can market innovation make lengthy buyout transitions a thing of the past?

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Given record numbers of buy-in transactions, and already stretched pension administrators, we regularly see timescales for schemes to transition from buy-in to buyout in excess of 2 years. This lengthy process is costly and has wider implications for trustees and sponsors e.g. delays using surplus to grant member uplifts or employer refunds, accounting implications, etc.

However, over 2025 we have started to see new approaches being employed to deliver buy-in to buyout transitions more efficiently:

- Greater planning of the transition prior to buy-in incorporating all stakeholders (e.g. insurers, administrators, etc.)
- Formal and independent project management holding parties to account
- Changes to insurer approaches with direct implementation of benefit rectifications and GMP equalisation, rather than waiting for the incumbent scheme administrator to implement changes. These new innovative processes can remove months from the transition timelines
- Greater use of outsourcing data cleansing and correction work to third parties or even insurers looking to take on this work
- Better use of technology and agentic AI to streamline data review and calculation work

We have set out below two case studies where we adopted different approaches to deliver a more efficient buy-in to buyout process.

	Case study 1	Case study 2
Scene	Two schemes (same sponsor) totalling c.£200m assets, with buy-ins signed Nov 2024.	c.£7m "micro scheme" with buy-in signed Nov 2025.
Challenge	It was pivotal to sponsor that buyout accounting treatment took place in 2025.	Corporate restructuring process means the buyout is desired as soon as possible.
What was different in the approach	- We mobilised PwC's specialist data team to complete GMP equalisation in a c.3-month period. - An independent PwC project management team managed and collaborated with all parties and stakeholders (x2 given two schemes!).	- Close collaboration with insurer to develop this as a test case for their new insurer-led data cleanse proposition while providing challenge to ensure it met our clients' needs. - This included the agreement of unprecedented contractual commitment from the insurer to buyout timelines.
Outcome	Two full scheme buyouts completed in November 2025 (just under 12 months).	First-of-its-kind transaction, with the insurer completing the data cleanse and GMP equalisation tasks and agreeing a contractual obligation to complete the buyout in Summer 2026.

PwC's Buy-in to Buyout Formula

Our 'Buy-in to Buyout Formula' ensures that schemes have a comprehensive plan in place to manage the transition and not get sidetracked by any avoidable delays, meaning that schemes reach their end destination as quickly as possible.

PwC's integrated risk transfer and pension data teams can deliver a smoother and quicker journey compared to typical timescales. Further information on our PwC approach can be found here.

Risk transfer at PwC

PwC's pensions risk transfer team is a group of 35 dedicated specialists and sits within a 300-strong national pensions practice with a wider team of subject matter experts specialising in asset solutions covering illiquid and alternative assets, data and administration solutions, pensions and insurer covenant and regulation, DC pensions, longevity solutions and tax structuring.

We advise trustees and sponsors of schemes ranging from small (less than £10m in size) to multi-billion in size.

We focus on ensuring member benefits are secured optimally, while meeting overall trustee and sponsor objectives. In doing so, we advise on the full range of endgame solutions from traditional buy-ins to innovative alternative risk transfer solutions and run-on solutions.

Further details on Risk Transfer at PwC, and previous Quarterly Insights publications, can be found on our website here.

> "PwC delivered a well-structured, collaborative buy-in project that was underpinned by strong planning, clear communication, and pragmatic problem-solving. Their ability to coordinate across stakeholders, manage complexity, particularly around illiquid assets, and maintain momentum throughout was instrumental in achieving a successful outcome. The relationship was built on trust, responsiveness, and a shared focus on delivering an excellent result for members, the Trustee and the Company, making PwC a highly valued partner."
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> **PAN Trustees**

> "I am absolutely delighted with the outcome of the recent buy-in project and the role PwC has played in supporting us on this journey. The team has worked seamlessly with our stakeholders to keep the project on track and their experience and knowledge of the insurance market allowed us to secure a fantastic outcome for the scheme and its members."
>
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