



Pension Risk Transfer Quarterly Insights

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80% of DB schemes could be insured in the next 8 years



Matt Cooper
PwC Head of Pension Risk Transfer
matthew.l.cooper@pwc.com
+44(0)7841 492483

Key themes driving the BPA market

The results for the Bulk Purchase Annuities (BPA) market for Defined Benefit (DB) pension schemes in 2025 are now available – see [Dwee Caleechurn's](#) article on the 2025 BPA market outlook.

Looking more closely at where transactions are occurring for DB schemes, two clear trends are emerging:

1) Sub £100m schemes are racing into insurance

- We can expect over 300 sub £100m buy-in transactions a year as more insurers streamline approaches to pricing and execution.
- The economic arguments for running on smaller schemes are harder to make given the running costs associated with DB Schemes. On this basis sponsors will look to settlement options like insurance for DB schemes at this end of the market.
- At the current rate, the small end of the market will be near fully insured in around 8 years. And given more insurers are leaning into the small scheme space, I would not be surprised if we get there sooner.

2) Larger schemes are still deciding on their preferred endgame strategy

- As we await details of the legislative and regulatory regime for surplus sharing and run-on, trustees and sponsors of larger DB Schemes are still waiting to decide on their preferred endgame strategy.
- Larger schemes also have more choice of solutions with increasing numbers exploring run-on, sponsor swap and other means of sharing upside with sponsors and members. See [Iain Pearce's](#) article on how sponsors and trustees can make meaningful comparisons between solutions.
- There are c.200 pension schemes over £1bn, holding around £750bn of the £1.1trn of private sector DB assets. While some of these will certainly come to insurance, the timing and annual transaction volumes remain uncertain.

In summary, the direction of travel is clear: the majority of DB schemes are going to be fully insured in the next 8 years, driven primarily by activity with small schemes. Our universe of private sector DB Schemes is expected to reduce from 4,700 to under 1,000 (c. 80% reduction). This has important implications for our industry (e.g. consolidation of advisers, trustees, potentially insurers) and it will be interesting to see what behaviours this drives.

A key challenge for the industry will be the transition of over 3,500 pensions schemes from buy-in to buyout over the next decade. We are already seeing considerable investment and innovation in this area from both insurers and advisers. Advances in technology, including the use of AI, will play a significant role in addressing this. For more information on how to effectively reach buyout see [PwC's Buy-in to Buyout Formula](#).

BPA pricing at historic best

Right now, BPA pricing is the best it may have ever been. See our insurer pricing tracker on page 4 for more details. This is being driven by an oversupply of insurer capacity and intense competition, with new entrants and recent ownership changes creating pressure to deploy capital and meet volume targets. At the same time, demand from large pension schemes remains relatively subdued, with fewer large transactions than in prior years, meaning strong pricing is being seen across a wide range of transaction sizes, including schemes around £100m.

Pricing is also benefiting from a range of underlying factors. Longevity reinsurance pricing remains attractive and is feeding through into insurer pricing, while capital releases from insurers' back books are supporting new business volumes. Insurers are increasingly positioning themselves to benefit from improved access to higher-yielding assets (e.g. private credit) through partnerships with, or ownership by, large asset managers (for example Blackstone/L&G, Athora/PIC, Brookfield/Just). In addition, slightly wider credit spreads, and expectations of further widening, are being reflected in pricing.

It remains uncertain how long these conditions will persist (the position could change if large schemes come to market to take advantage of current attractive pricing, the recent PRA announcement on requiring insurers to hold more capital if they use funded reinsurance could impact capacity and price). While current levels of competition and excess capacity may continue in the near term, there are questions around the sustainability of pricing for insurers at these levels. For schemes that are well-prepared, current market conditions may represent an attractive window to transact.

More transactions, albeit lower volumes – driven by smaller schemes

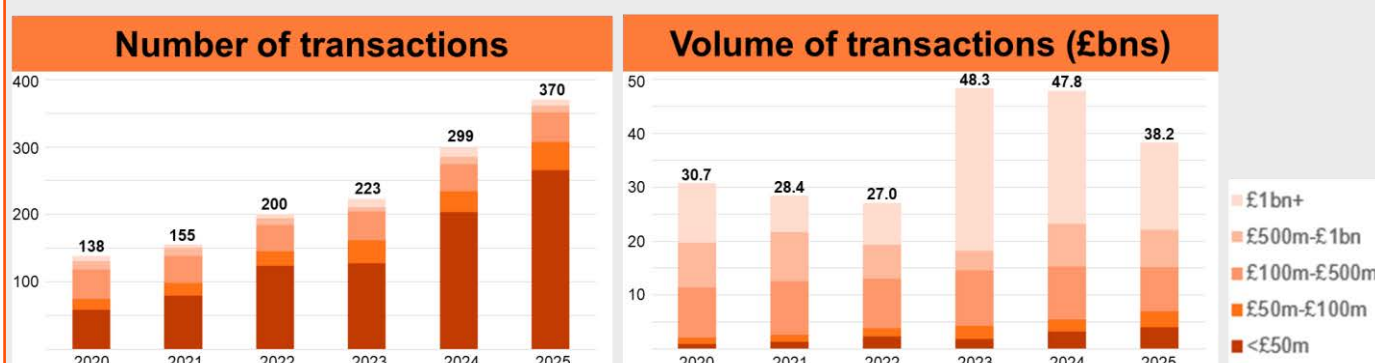


Dwee Caleechurn
Director, Head of Bulk Annuities
Dweenisha.Caleechurn@pwc.com
+44(0)7843 117060

2025 – Another record year for transactions

Total BPA market volumes reduced by c.20% from £47.9bn in 2024 to £38.2bn in 2025. However, this should be considered in the context of market movements. Higher gilt yields and lower inflation expectations over the period are estimated to account for around half of this reduction, with the remainder reflecting fewer large transactions. In particular, only 8 transactions over £1bn completed in 2025 compared with 13 in 2024.

The picture is different when looking at the smaller end of the market with the number of <£100m transactions increasing from 235 in 2024 to 308 in 2025. As we can see for the graphs below, the number of small transaction is growing at around 30% a year and has more than doubled in the last three years since 2022.



It is interesting to see where the different insurers are doing business. Historically the jumbo end of the market (>£2bn) transactions has been dominated by L&G, PIC and Rothesay, and this was the case for 2025 with the only two >£2bn transactions (Ford and Rolls Royce) going to L&G and PIC respectively. Aviva, Just and Standard Life have also written >£1bn transactions historically and are expected to want to increasingly compete in the larger end.

At the smaller end we see high numbers of transactions from Aviva and Just. Interestingly all 11 insurers wrote deals for <£100m schemes in 2025. We have certainly seen larger fields of insurers quoting on smaller transactions in this space.

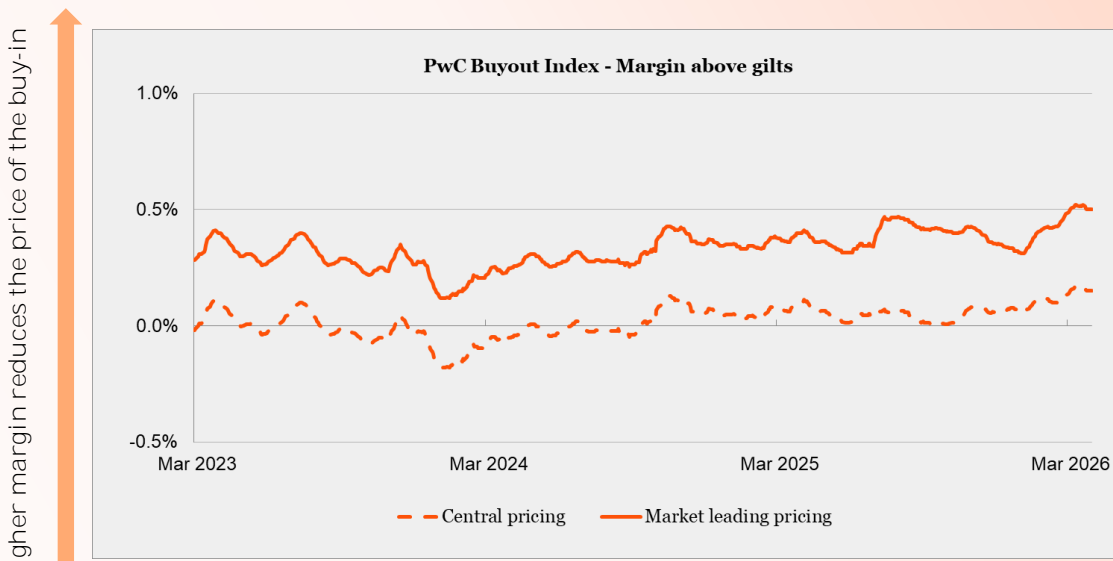
Across the four new entrants (Blumont, M&G, Royal London and Utmont), we saw a total of 45 transactions and £3.5bn of premium written in 2025, compared to just 9 transactions and £1.5bn in 2024, highlighting the pace at which new entrants are scaling and establishing themselves in the market. As these insurers continue to build track record and expand their offering, alongside established players increasingly targeting a broader range of transaction sizes, particularly at the smaller end of the market, you can see total transaction numbers reaching 400 a year, with likely constraints being admin onboarding capacity.

	2025			2024	
	Breakdown of transactions			Total transactions	Total volume (£bn)
	<£100m	£100m - £1bn	>£1bn		
Aviva	73	13	0	86	4.6
Blumont	8	0	0	8	0.1
Canada Life	8	3	0	11	1.0
Just	125	5	0	130	3.1
L&G	35	6	4	45	10.2
PIC	19	6	1	26	6.8
Prudential	3	6	0	11	1.5
Rothesay	7	8	2	17	5.2
Royal London	16	3	0	19	1.6
Standard Life	5	4	1	10	3.9
Utmont	9	0	0	9	0.3
Total	308	54	8	370	38.2
				299	47.9

Source: PwC analysis based on information provided directly by insurers.

Note: Number of transactions include augmentations and multiple schemes. Figures are rounded; sum of individual rounded values may not equal the stated total.

Pricing



Higher margin reduces the price of the buy-in

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

Market movements led to improved central pricing relative to gilts over Q1. Wider credit spreads, driven by the recent geopolitical uncertainty, and a narrower margin between gilt yields and swap rates contributed to this improvement.

Overall, we are seeing some of the best pricing we have seen in the past three years, especially for small to medium sized schemes, which are seeing very strong competition among insurers.

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

Insurer appetite

Our heat map below gives our view of the Q1 2026 appetite across the 10 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	6	4	3	3	1	4
No appetite	2	1	1	1	2	3

* On 1 April 2026 it was confirmed that Brookfield Wealth Solutions (the ultimate owner of Blumont) had completed its acquisition of Just Group plc. Only the Just entity and brand will remain in the market, reducing the number of insurers in the market from 11 to 10.

**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: robust endgame decision making



Iain Pearce
 Director, Head of Alternative End Games
 iain.pearce@pwc.com
 +44(0)7483 421230

We've had lots of interest to discuss our work as lead advisor to generate, bring to life and execute the Aberdeen/Stagecoach sponsor swap transaction. Beyond the deal specifics, many are interested in the decision-making process from the trustees to favour an alternative outcome when insurance was affordable, and if that could apply in other cases. Two common themes from these discussions are:

1. Whether the Stagecoach trustees have taken a "risky" decision in choosing not to insure (applicable to any run-on versus settlement decision). This often quickly morphs into a discussion around process, with an appreciation that trustees could be at most risk if decisions are rushed, not backed by appropriate advice and not documented. This led to questions about streamlined endgame decision making more widely.
2. A sense that stakeholders can feel advice is siloed. Often a full time buy-in advisor can seem to present the option of how trustees wish to insure benefits, not whether they should. This reminds me of a scene from "The Thick of It", where Malcolm Tucker asks a minister how they would like to say "yes", in their own voice or a silly voice. Insurance is clearly a very secure outcome and may be right for many schemes, but is not the only choice.

I've set out in this article how we support our clients through these key strategic questions for broad endgame decision making, focussing on the key issues and choices, and not getting bogged down in the detail too early.

1. **Good governance.** Trustee decision making is complicated and often quite nuanced (rules, legislation, guidance etc). The trustee sought advice to be clear on decision making. Perhaps best summarised that doing something other than paying the benefits as they fall due from the trust is an active choice and requires clear justification. **Potential implications:** Consider strategic advice and analysis required to documentation rationale for change in the status quo.
2. **Confirm objectives.** As consultants, our role is to help clients solve a problem/create value, not sell a solution - no stakeholder wakes up wanting to do a buy-in. They have objectives – e.g. pay benefits due, benefit from scale, operate efficiently (time and cost). A buy-in is a popular choice because it can meet many of these objectives. **Potential implications:** Be clear on the aims for both the trustee and sponsor to support robust decision making and avoid cyclical decision making.
3. **Identify training needs.** The Trustee recognised that they were initially not well equipped to make decisions on the full range of options. Before making decisions, they focussed on building their knowledge beyond a superficial level on endgame options (e.g. "gold standard" versus "not gold standard"). **Potential implications:** Recognise and address knowledge gaps or biases in advice, advisors and existing knowledge.
4. **Identify options:** The trustee accepted no outcome was risk free, and risk came in lots of forms. E.g. is it good enough if a provider is solvent if a missing beneficiary or legislative change isn't picked up? **Potential implications:** Interrogate when benefits due under the trust do not get paid in full, and base decisions on robust analysis rather than presumptions or marketing materials.
5. **Assess against objectives:** The trustees were asking "what would it take" for an option to become acceptable, not viewing options as a yes/no checklist to race through. **Potential implications:** use objectives as a north star. Ask what is possible, as doing so can be hugely valuable.
6. **Build consensus:** Trustees or sponsors want to agree an endgame. No solution will perfectly meet all objectives, and so clear dialogue is required to narrow the options and land on a solution both can support. **Potential implications:** Aim for open dialogue, as opposed to progressing separately.

You can also hear first hand from the select few that were "inside the room" on the Aberdeen transaction by viewing our recent [webinar](#). Do reach out to hear how we are helping stakeholders explore these choices to achieve high conviction "no regrets" decisions.

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.”

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.**”

**Group Reward & Pensions Director
FTSE 250**

Contact us

Matt Cooper

Managing Director, Head of Pension Risk Transfer
matthew.l.cooper@pwc.com

Tom Whiteley

Director, Pension Risk Transfer Specialist
thomas.m.whiteley@pwc.com

Amy Hemmett

Director, Head of Superfunds
amy.l.hemmett@pwc.com

Dwee Caleechurn

Director, Head of Bulk Annuities
dweenisha.caleechurn@pwc.com

Iain Pearce

Director, Head of Alternative End Games
iain.pearce@pwc.com

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