

This full member buyout follows a full member buy-in in July 2024. Can you tell us about how the transaction evolved from buy-in to buyout, and what drove the timing of the deal?

Emma Moscrop: Whilst it is common to move from a buy-in to a buyout, the pension trustees and Macmillan Cancer Support used the months following the buy-in as a time to further assess how Aviva operates, including its technical accuracy, timeliness and processes.

The pension trustees and Macmillan were determined that the members should still receive a high-level service going forward. The additional months working with Aviva on data cleansing, benefit verification and member payments gave the pension trustees and Macmillan confidence in Aviva's operations to conclude that a buyout would be in the best interests of the members.

Once a decision had been made to proceed to buyout, the pension trustees and Macmillan were keen to progress as quickly as possible. Having run the tender process to select an insurer for the buy-in, Aon assisted the pension trustees with creating and updating a detailed buyout project plan, which incorporated Aviva's milestones.

The pension trustees and Macmillan continued to use a joint working group, which was set up for the buy-in to discuss issues and progress decisions. Regular meetings were also scheduled with Aviva for this purpose. Collaboration was key between the three parties and their advisers.

➤ **As part of the transaction, the trustees were able to return a surplus to Macmillan Cancer Support. How was that achieved, and what does it mean for the charity?**

Moscrop: The pension trustees worked with their trusted advisers



Aviva bulk purchase annuity deal manager, Paul Donnelly



Macmillan Cancer Support Pension Scheme secretary to the trustees, Emma Moscrop

Giving back

➤ ***Pensions Age* sits down with Aviva bulk purchase annuity deal manager, Paul Donnelly, and Macmillan Cancer Support Pension Scheme secretary to the trustees, Emma Moscrop, to discuss the full member buyout, which followed its 2024 buy-in, and saw the scheme return a surplus of approximately £2.5 million to Macmillan Cancer Support**

(particularly First Actuarial, Pinsent Masons and Van Lanschot Kempen Investment Managements (UK)) over a long period to achieve self-sufficiency.

As far back as 2007, a decision was taken to focus more on investment and governance and the scheme's first professional independent trustee was appointed (an important role, which has been held by Zedra Governance in the preparation for, and execution of, the buy-in and buyout). A thorough investment strategy review followed in 2008, and the 2010 appointment of a fiduciary manager, MN Services (which later became Kempen and then Van Lanschot Kempen Investment Management).

The fiduciary manager's investment advice and help with setting the scheme's

investment strategy, asset allocation, overlays and bandwidths allowed the pension trustees to focus on the scheme's liabilities, diversification of the scheme's purely equity holdings and looking for opportunities to reduce risk, which led to the scheme moving from deficit to a healthy funding level over a number of years.

Just before the Covid epidemic, the pension trustees moved out of equities completely, which proved to be well-advised. Post-Covid, it became clear to the pension trustees that, subject to Macmillan's agreement, a buy-in would provide the most security for members' benefits and was achievable financially.

The surplus ultimately returned by the scheme to Macmillan Cancer Support in March 2026 was almost £2.7 million to

be used for its charitable purposes. The pension trustees ensured that members' existing benefits were secured in full and also secured some improvements to benefits for members.

Macmillan had supported the scheme over the years, including making two lump-sum payments when the scheme was in deficit, so the pension trustees felt that it was appropriate that, rather than creating further new pension benefits for current members (preferring those members over members who had already received all or most of their pension), the surplus be used to benefit those affected by cancer.

At a time when world politics and economics may again adversely impact charitable donations, all parties are delighted that the scheme has not only secured all members' benefits but also managed to enhance some of those and make a real difference for those affected by cancer.

➤ Were there any significant challenges or setbacks during the buyout process? If so, how were they overcome?

Paul Donnelly: From Aviva's perspective, the process continued smoothly. A key success factor was the continued focus on interim milestones; maintaining momentum through the transition phase was vital to ensuring the project stayed aligned and efficient.

Moscrop: Overall, both the buy-in and the buyout proceeded smoothly and to plan. Obtaining information from members confirming their benefits always seems to take up a disproportionate amount of time, as did dealing with a very small number of historical annuities and additional voluntary contributions.

Our advice to anyone going through this process is to deal as early as possible

with the anomalies, so they don't hold up the overall process.

➤ What are the implications of this transaction for pension scheme members, both in the short and long term?

Moscrop: In the short term, members will notice very little change. Their benefits either remain exactly as they were or have been enhanced, and pensioners continue to receive their pension payments monthly, just from Aviva rather than the scheme.

Donnelly: In the longer term, as Aviva policyholders, members will benefit from Aviva's dedicated annuity service teams, who support hundreds of thousands of annuity customers across the UK.

For members, the buyout provides long-term security: their benefits are backed by a large insurer and protected by the UK regulatory and capital regime. The buyout marks the culmination of the pension trustees' hard work to secure members' pensions in full for life.

➤ Throughout the transaction process, how did the trustees balance securing members' benefits with Macmillan Cancer Support's broader charitable financial objectives?

Moscrop: The pension trustees' responsibilities were to the members, rather than to Macmillan as principal employer.

They worked with Macmillan's director of finance and procurement, who was Macmillan's representative on the joint working group, and reported back to Macmillan's trustees to ensure the buy-in and buyout did not clash with Macmillan's broader charitable financial objectives.

The fact that, from the start of the buy-in project, the scheme was in surplus

and would be able to secure all members' benefits in full and with some enhancement, as well as pay the surplus to Macmillan for use towards its charitable objectives, meant that the pension trustees and Macmillan were pulling in the same direction throughout.

➤ Can you talk us through this transaction from Aviva's perspective, and how it fits within the broader pipeline of deals you're seeing at the moment?

Donnelly: The request for a quotation came through early in 2024 using our new Aviva Clarity template, which launched in April that year.

Clarity was designed to give schemes a simple, streamlined route to obtain BPA quotations and this scheme was one of the first to complete a transaction using the new process.

Demand in the sub-£100 million market remains extremely strong, and Aviva Clarity is helping us respond efficiently and consistently. Earlier this year, we announced that more than 100 schemes had completed transactions through the Aviva Clarity process and 2026 is shaping up to be just as busy as previous years in this part of the market.

➤ Are you seeing any shifts in demand, particularly from smaller schemes moving toward buyout?

Donnelly: Yes, demand from smaller schemes continues to be very high. While price is always an important factor, we're increasingly seeing trustees focus on non-price elements too. That includes the ease of the overall process and the experience members receive once they transition to individual policies.

Alongside the Aviva Clarity service, we've enhanced our post-transaction processes to ensure a smooth, end-to-end journey for trustees and a high-quality experience for members as they become Aviva customers.

Written by Paige Perrin

