

BPAs under the spotlight

It has been another standout year for the bulk purchase annuity (BPA) market, with several new entrants, strong insurer appetite and a flow of schemes coming to market. Paige Perrin looks back at some of the highlights, milestones and movements that defined the 2025 BPA space



be strong demand across schemes of all sizes, with particular growth being seen in the amount of larger transactions.

Also, Aon research in July found the majority of bulk annuity insurers would quote to offer bridging pension options (BPO) at retirement for transactions of any size, with all willing to offer BPO

Overall state of the bulk purchase annuity (BPA) market this year

It has been another busy year in the BPA market, marked by strong activity levels, increased focus on member support, and continued financial resilience across insurers.

Market activity has continued to grow this year, with transaction volumes on track to exceed £40 billion for the third consecutive year and around 350 BPA deals expected to transact this year. This increase was driven by a record number of buy-ins and buyouts in the first half of the year (155+).

In June, Barnett Waddingham's defined benefit (DB) End Gauge Index showed that the average time to buyout for FTSE 350 DB schemes reached a record all-time low of 3.6 years. It credited this to improved funding positions.

Meanwhile, in July, Just Group predicted that momentum would accelerate further in the second half of 2025. Its predictions suggested that there would

at retirement on transactions over £750 million. There were also opportunities to retain pension increase exchange at retirement, although this was only true for a smaller pool of insurers, as five out of 10 insurers said they would offer this for transactions over £750 million.

In November, the Prudential Regulation Authority's 2025 life insurance stress test revealed the resilience of the BPA market, particularly that leading BPA insurers remain well-capitalised and able to withstand major shocks, despite significant simulated stresses.

➤ In October, two Ford pension schemes, the Ford Hourly Paid Contributory Pension Fund and the Ford Salaried Contributory Pension Fund, completed buy-ins totalling £4.6bn with Legal & General (L&G). This transaction secured the benefits of more than 35,000 retirees. The buy-ins were completed as part of one combined transaction and represented the largest UK pension risk transfer announced in 2025 and L&G's second-largest buy-in by premium size to date. Ahead of the transaction, the trustees worked with Aon and Ford's in-house investment management team to align the schemes' investment strategies with insurer portfolios. The trustees were advised by Aon as lead transaction adviser and Mayer Brown as lead legal adviser. Additional legal advice was provided to the trustees by Hogan Lovells, while Aptia provided administration support. Slaughter and May provided legal advice to L&G.



➤ In August, the Rolls-Royce UK Pension Fund completed a £4.3 billion buy-in with Pension Insurance Corporation (PIC), securing all of the fund's total remaining liabilities. The transaction covered 36,000 individuals, including 15,000 pensioners and 21,000 deferred members. LCP acted as lead transaction adviser to the trustees, while Mercer acted as scheme actuary and investment adviser. Legal advice was also provided to the fund by Linklaters. PIC, meanwhile, received legal advice from Addleshaw Goddard as their main adviser, with additional support from Herbert Smith Freehills Kramer on aspects of the transaction. PIC said that following the announcement of its acquisition by Athora, which is subject to regulatory approval, it expects to have a strong appetite to complete many more 'ground-breaking' transactions like this one in the future.

Small schemes

This year has seen increased activity for smaller-sized schemes.

In August, Aon noted that the BPA deals completed in H1 were dominated by smaller transactions (typically considered £100 million or below of liabilities).

This has prompted market changes, as Aon pointed out that whilst in the past a smaller transaction may have expected a small number of bidders, or even insurers to require exclusivity up front, there is a growing appetite across the market to participate in competitive auctions for smaller schemes.

According to Aon, this has been partly driven by new entrants, but is also a result of other insurers looking to claim market share where there are fewer £billion+ opportunities.

Despite this greater choice, Aon found that Aviva and Just have remained as the

➤ In August, the Sedgwick Section of the MMC UK Pension Fund completed a £1.9 billion buy-in with Standard Life and secured retirement benefits for around 6,500 members. The deal included novation of the section's three existing longevity swaps with Canada Life Re, Munich Re, and The Prudential Insurance Company of America from the Guernsey-based insurance captive vehicle, Mercer ICC Limited. Mercer, a business of Marsh McLennan, acted as lead broker on the transaction, although separate teams advised the trustee and Marsh McLennan. This included risk transfer, actuarial, investment, insurer financial strength, and post-transaction management advice. Meanwhile, legal advice was provided to the trustee by Linklaters and to Marsh McLennan by Herbert Smith Freehills Kramer, while Eversheds Sutherland LLP advised Standard Life.

dominant players in this segment of the market, writing 37 and 57 transactions respectively in the sub-£100 million range during first half of 2025.

In addition to this, L&G reported it has insured more than £800 million of pension liabilities using L&G Flow, its tailored solution for smaller schemes. However, it is not only the insurers that have been tailoring solutions to smaller schemes, as consultancy Hymans

Robertson launched an end-to-end service, TRUST, designed to address the needs of smaller schemes against a backdrop of surging demand in the sub-£150 million transfer market.

Notable developments

Several firms announced their intention to enter the UK BPA market, including Brookfield Wealth Solutions doing so in March, which will operate under the Blumont Annuity UK brand, and Utmost Life and Pensions doing so in September. Several major acquisitions also reshaped the landscape. A couple of months after announcing its intention to enter the UK insurance market, Brookfield Wealth Solutions revealed in July that it would acquire Just Group, with plans for Just and Blumont to operate as a single consolidated insurance group under the Just brand. Also in July, Athora Holding Limited, the Pan-European savings and retirement services group, announced its acquisition of Pension Insurance Corporation (PIC) Group, the parent company of PIC. Meanwhile, Broadstone acquired ExactVAL in June to further strengthen its life insurance and BPA capabilities. Looking ahead, M&G announced in September its plans to launch a with-profits BPA offering early next year. In the same month, Phoenix Group confirmed it will rebrand to Standard Life in March 2026, returning to the name of the business it acquired in 2018.

➤ Written by Paige Perrin



➤ In September, the BP Pension Fund secured a £1.6 billion buy-in with Legal & General (L&G), marking the first de-risking transaction for the £18 billion fund. The deal required close collaboration between the two parties, including an agreement on terms to support the security of members' benefits. The trustee received advice from Aon, the lead transaction adviser, while Linklaters provided legal advice and Cardano provided insurer covenant advice. Mercer acted as scheme actuary, and Redington provided strategic investment advice to the trustee. Macfarlanes and DLA Piper provided legal advice to L&G. However, BP Pensioner Group expressed disappointment over the news, given that concerns around past pension increases are still ongoing. The dispute between BP Pensioner Group and the company centred around decisions made by BP and the Pension Fund Trustee in 2022 and 2023, which, according to the BP Pensioner Group, led to an 11 per cent fall in the value of the pension in real terms in two years.