

For many years, the UK pensions industry has searched for new, reliable ways to help schemes reduce risk while securing members' benefits. As schemes mature but with insurance not being accessible to all, trustees and sponsors have looked for additional, credible routes to long-term security.

Enter the superfund: A solution designed to bridge the gap between ongoing scheme management and full insurance buyout. Once viewed as an ambitious idea, superfunds have now become a mainstream part of the UK's de-risking toolkit, now proven through regulation, real transactions and demonstrable member benefits.

What are superfunds?

The idea of a superfund first emerged in 2018, when the Department for Work and Pensions (DWP) began exploring ways to consolidate DB schemes that lacked access to the insurance market. The aim was to create a safe, well-capitalised vehicle that could take on pension liabilities and manage them efficiently under the oversight of The Pensions Regulator (TPR).

In 2020, TPR introduced an interim regulatory framework, enabling superfunds to operate under rigorous supervision. Clara was established in 2017 and successfully completed TPR's assessment process in 2021, the first, and so far only, consolidator to reach this milestone.

For Clara, these early years have been about proving the concept through transparent capital structures and a member-first operating model, to match the high bar set by the insurance sector.

Five years on, the Pension Schemes Bill is now putting superfunds on a statutory footing; a signal of permanence. The market is entering a new phase, providing trustees and sponsors with the certainty they need to engage with confidence.

A new era for pension de-risking



Matt Wilmington explores the growth of superfunds and the role they have to play in the DB de-risking market

A core component of the UK's de-risking landscape

Superfunds are no longer a theoretical alternative but a vital component of the UK's de-risking landscape. We share the same objective as an insurance buyout: To remove sponsor risk and secure members' benefits in a well-capitalised, professionally managed vehicle. The route to get there is different – sitting between run-on and full insurance – but fundamentally complementary.

Where insurers naturally prioritise well-funded schemes, superfunds can support solutions for a broader range of circumstances: Those with weaker funding, schemes in PPF assessment, or those seeking faster wind-up. The

result is more choice for trustees and a stronger, more resilient pensions system overall.

Proof in practice

Clara has now completed four transactions, each testing the model under different real-world conditions. Each transaction has featured a different scenario and together they demonstrate the flexibility and reliability of the model in practice. Each deal has strengthened the argument that superfunds provide a practical, secure route to de-risking.

In 2023 we agreed with trustees of the Sears Retail Pension Scheme to transfer members to Clara in the UK's first superfund transaction. Scheme members

benefited from an additional £30 million of ring-fenced funding to support the scheme, demonstrably improving member security and providing increased certainty on their journey to an insured buyout in five to 10 years' time.

Six months later, 10,400 members of the Debenhams Scheme joined Clara from PPF assessment, with the restoration and back payments of 100 per cent of their promised pensions in retirement. Under the terms of the transaction, Clara provided an additional £34 million of dedicated funding to support members.

Last year, we completed our third and potentially most groundbreaking transaction. The Wates Group and the trustee of the Wates Pension Fund transferred all 1,500 members and the scheme's £210 million in assets into Clara's management in a landmark deal that was the first superfund transaction conducted with a scheme with an active sponsor, paving the way for many more companies to successfully transfer their pension liabilities while enhancing member security.

Members of the Church Mission Society Pension Scheme became the fourth section to join Clara earlier this year. This marked another milestone, as both the first transaction to make use of a 'connected covenant' structure and the first involving a not-for-profit employer, further demonstrating the broad appeal of consolidation.

The 'connected covenant' feature allows a continuing contingent guarantee from the original sponsor, alongside Clara's capital commitment. This provides an additional layer of long-term security for members, strengthening the financial safeguards in place as the scheme progresses towards an insured buyout – a model with the potential for up to £50 billion of schemes in the UK to increase their security.

Collectively, these transactions demonstrate how the superfund model works across a spectrum of scenarios;

Clara-Pensions at a glance

- 22,000 members
- £1.4 billion AUM and £172 million of regulatory capital over and above technical provisions
- 4 transactions safely onboarded
- Multi-billion pipeline across over 30 pension schemes

solvent or insolvent sponsors, large or mid-sized schemes, and always with member benefits at the heart.

The growing market

The emergence of a superfund market is reshaping how the UK manages defined benefit liabilities. Alongside insurers, master trusts and capital-backed journey plans, superfunds are building capacity within the system to support the UK's long-term savings promise.

The pace of activity is accelerating and advisers are increasingly including superfunds in their de-risking discussions with trustees. Earlier this year Clara held the first ever Superfund Summit where more than 70 advisers and partners joined us to analyse the superfund story so far, and what comes next. How the sector is innovating – and how the market will grow and diversify.

With the news that TPT intend to launch a run-on superfund and others new participants also expected enter the market the future is looking good for the sector. The forthcoming statutory regime will certainly give trustees greater confidence. With a strong pipeline of potential transactions, we should expect to see larger, more complex and potentially multi-scheme transactions happening in a competitive superfund market.

This growth will also ease pressure on the insurance sector by broadening the range of risk-transfer options available, particularly for schemes that want to move quickly or for those where sponsor affordability remains a challenge. The ultimate beneficiary is the member, with more routes to long-term security

and stronger institutions managing their benefits.

The next stage will be about scale and confidence. As more transactions complete the market will deepen, capital will diversify, and the UK will have a fully-fledged consolidation market capable of handling billions in liabilities.

The road ahead

With four transactions completed and a strong pipeline ahead, Clara continues to demonstrate what a safe, sustainable superfund market looks like in practice. The team is now engaging on opportunities that range from mid-sized schemes to multi-billion-pound liabilities, reflecting the widening scope of consolidation.

The journey from 2018's early consultation to the 2025 statutory regime shows how far the superfund concept has come. It took persistence, collaboration and rigorous regulatory design, but the outcome is a stronger, more flexible pensions system.

Superfunds are now a proven, mainstream de-risking option. For trustees and sponsors navigating the final stages of their schemes' lifecycles, they offer a practical and secure path to endgame.

And with Clara at the forefront – delivering transactions, building trust, and supporting members – the sector can look ahead with confidence. The UK's superfund story is no longer about what might happen; it's about what already is.



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