



Pathway

The solution for smaller bulk annuity transactions

EVERSHEDS
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The market for bulk annuities

The UK bulk annuity market continues to grow – and there are no signs of this slowing down, with £500Bn of defined benefit liabilities expected to be transferred to insurers over the next decade.

As demand exceeds supply in the market, there is a wider perception that smaller pension schemes can no longer access competitive pricing and contractual terms from insurers who are otherwise busy on the larger, so-called ‘mega’ transactions.

Aon’s experience is different to this – smaller schemes can still access competitive insurer pricing and attractive terms – if they approach the market in the right way.

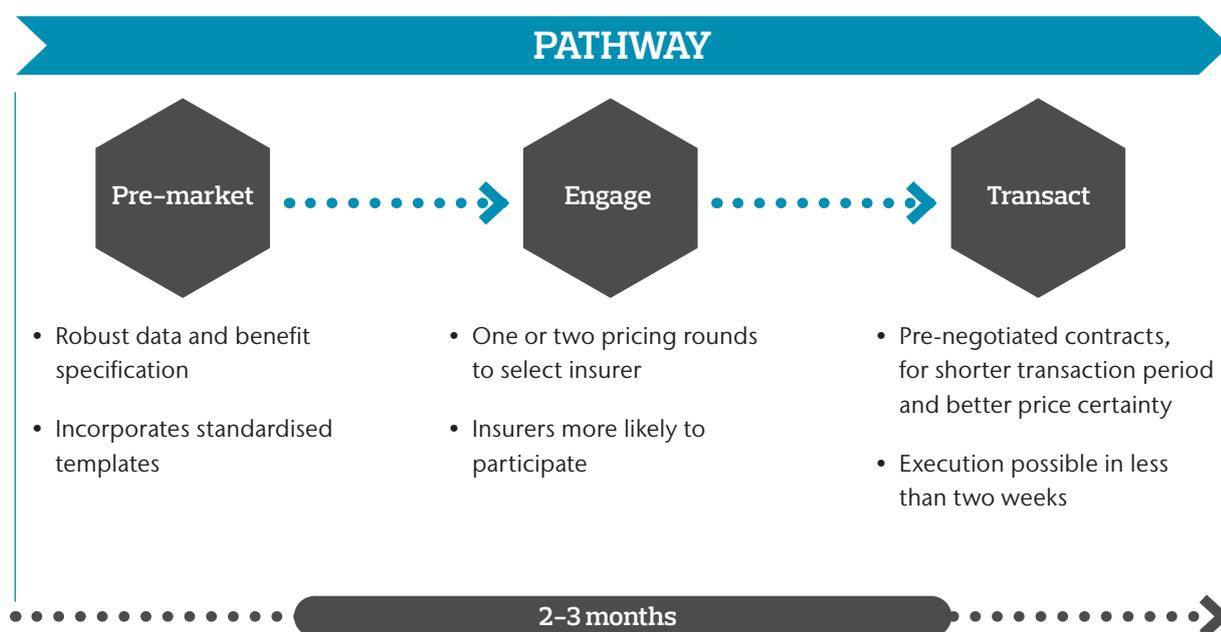
40%
of Aon transactions since 2018 were less than £100m

So how can smaller schemes present themselves in a better and more efficient way to insurers?

Introducing Pathway

Pathway is a low-cost, fixed fee solution for smaller pension schemes looking to purchase a bulk annuity.

The solution has been developed by Aon – the market’s most experienced broker – and Eversheds Sutherland – a leading international law firm.



Pathway has been designed by our team of experts – many with insurer-side experience – who between them have successfully completed more than 250 bulk annuity transactions.

Pathway adopts a streamlined approach to bulk annuity broking, starting with a tried-and-tested approach to preparation, a quick and robust bidding process and a straightforward execution. This makes Pathway transactions more attractive to insurers, leading to more competition and better outcomes on pricing and terms for smaller pension schemes.

Key features of Pathway

- Typically used for bulk annuity transactions below £100m
- Our in-depth knowledge of insurers means that the focus is on the right preparation in advance of approaching the market
- Aon's track record gives more certainty that a deal will happen – more than 95% of the deals we take to market successfully transact
- Through the combined buying power of Aon and Eversheds Sutherland, we have been able to pre-negotiate bulk annuity contracts that are better than those generally available to smaller schemes on a stand-alone basis
- Insurers trust that Pathway contracts will be quick and efficient to agree and implement during execution phase
- Low cost, fixed fee gives cost certainty up front

Pathway makes your transaction more attractive to insurers which in turn encourages them to:

- ✓ Participate in your bidding process; and
- ✓ Deliver competitive pricing

▶ "Pathway looks like a timely and welcome innovation, designed to meet the needs of smaller pension schemes in a busy bulk annuity market. It aims to bring a cost effective solution to obtaining competitive market pricing, without compromising on strong scheme governance and data quality and aligns the goals of both trustees and sponsors."

Rachel Tranter, BESTrustees

What do insurers say?

▶ "Contract negotiations can be time-consuming and costly for trustees and insurers. Having pre-negotiated contracts in place with Aon and Eversheds Sutherland means that we can reduce the time to complete the transaction considerably, which helps put Pathway cases at the front of the queue to the ultimate benefit of the transacting scheme."

Aviva Life and Pensions

▶ "When looking at smaller transactions, PIC will prioritise those which are well prepared, use pre-negotiated contracts and are brought to market by experienced advisors with a strong track record of executing transactions. Aon's Pathway proposition has been designed with these criteria in mind."

Pension Insurance Corporation

Contacts

For more information on Pathway, or Aon's wider risk settlement capabilities and offerings, please visit:
www.aon.com/risksettlement

Alternatively, please contact your usual Aon contact, or our Pathway specialist team:

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About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

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