

January 2021

Rothesay secures first LGPS policy with Aberdeen City Council's £230m buy-in

- Rothesay completes first deal with a Local Government Pension Scheme
- Buy-in policy is the Fund's first, covering £230m out of its c£300m liabilities
- Policy secures payments to 1,360 retired FirstGroup employees

Rothesay, the largest specialist annuity provider in the UK, is pleased to announce that it has completed a £230m pensioner buy-in transaction with the Aberdeen City Council Transport Fund ("The Fund").

The transaction insures the pension payments of 1,360 retired FirstGroup employees through a pensioner-only buy-in.

The buy-in is the Fund's first insurance transaction, securing £230m of its c£300m of pension liabilities. The Aberdeen City Council Transport Fund is only the second Local Government Pension Scheme to secure its pension obligations through an insurance policy.

The transaction was led by Mercer, acting for Aberdeen City Council, with Brodies providing legal advice to the Fund. Legal advice to Rothesay was provided by Linklaters.

Roisin O'Shea from Rothesay, said: "We are delighted that Aberdeen City Council chose Rothesay to protect their pensioners' payments and allowed the Fund to complete this significant de-risking step. Despite all the uncertainties last year, we saw a continued focus on de-risking from pension schemes with 2020 looking to be the second largest year for the market."

Laura Colliss from Aberdeen City Council, said: "We are very proud to be able to offer our members the protection to their pensions and peace of mind that this insurance policy provides. This transaction underscores the commitment to meeting the pension obligations and places the Fund and the tax-payer in a strong position for the future."

Adrian Marshall, LGPS Risk transfer specialist from Mercer, said: "We are delighted to have worked with the Council to achieve this significant milestone in its long term plan to secure members' benefits and ultimately protect the tax-payer. We worked with the Council to devise a clear, well-structured broking and procurement process to maximise insurer engagement to secure the best deal for all stakeholders. By entering into this buy-in with Rothesay, the Council has minimised its exposure to future volatility on around three-quarters of the Fund's liabilities."

Ian Hodgson, Group Pensions Manager of FirstGroup said: "This buy-in is the culmination of a project to sustainably de-risk our Scottish LGPS Funds. After the successful merger of our obligations from the Strathclyde Pension Fund, this buy-in has removed £230m of pensions risk from the Company, securing the pensions for some 1,360 members in the process. Transactions with the insurance market are not commonplace in the LGPS, and we are grateful to both Rothesay and the Fund for their work in making this an attractive de-risking option for employers and funds alike."

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Notes to Editors

Rothesay

About Rothesay

Rothesay is the UK's largest pensions insurance specialist, purpose-built to protect pension schemes and their members' pensions. With £56 billion of assets under management, we secure the pensions of over 800,000 people and pay out, on average, more than £200 million in pension payments each month.

Rothesay is dedicated to providing excellence in customer service alongside prudent underwriting, a conservative investment strategy and the careful management of risk. We are trusted by some of the UK's best known companies to provide pension solutions, including the schemes of Allied Domecq, Asda, British Airways, Cadbury's, the Civil Aviation Authority, National Grid, the Post Office, Prudential and telent.

Rothesay has two substantial institutional shareholders, GIC and Massachusetts Mutual Life Insurance Company ("MassMutual"), who provide the company with long-term support for its growth and development. In September 2020, our shareholders increased their investment in Rothesay through a transaction which valued the business at £5.75bn.

Rothesay is the trading name for Rothesay Life Plc, a company authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Firm Reference Number: 466067. Rothesay Life Plc is registered in England and Wales with company registration number: 06127279 and registered address: Rothesay Life Plc, The Post Building, 100 Museum Street, London WC1A 1PB. Further information is available at www.rothesay.com