



Press Release

23 March 2021

K3 Advisory completes £6m follow-on buy-out transaction

K3 Advisory, the pension market's only specialist independent bulk annuity and consolidator advisory business, today announced the successful completion of a sophisticated £6 million buy-out for a UK pension scheme in the aviation sector. The deal secures the benefits of eight pensioners and 31 deferred members. The transaction was led by Cartwright Benefit Solutions, who partner with K3 to enable their clients to get better access to the bulk annuity market. K3 led on the interaction with insurers.

Thomas Crawshaw, of K3 Advisory, commented: "This is a particularly satisfying deal as it clearly demonstrates that K3 can secure terms, transact deals and transfer assets for small schemes in a way that has often only been accessible to larger UK schemes and employers. Being able to provide the same level of security in retirement for employees of small UK businesses at a competitive price is absolutely key, and what makes us tick."

"The scheme had already insured the benefits for more than 20 members in 2009 through a buy-in with Rothesay (Aegon at the time). K3's pragmatic approach to smaller schemes meant we were able to work with Rothesay to provide a quote under exclusivity, to insure the remainder of the scheme's liabilities and adjust the existing buy-in policy to exactly match the scheme benefits. This means the whole scheme is now insured with the same provider and well on its way to a full buy-out and eventual wind-up. This transaction covered c£6m of previously uninsured liabilities, with total liabilities now covered of over £10m."

Keir O'Donnell, of Cartwright, commented: "We have worked hard with the Trustees on their funding and investment strategies, as well as making sure the Scheme's data and benefits were 'transaction ready', so it is gratifying that such an attractive transaction came together so quickly, especially as it allowed the Scheme to smoothly deal with the original buy-in at the same time. We are pleased to have successfully completed another transaction working closely with K3 and look forward to our partnership helping our clients achieve such positive results again in the future."

The scheme's Chair of Trustees commented: "We were very keen to secure the benefits of the remaining members and were expecting the sponsor to be required to make a contribution to fund the buy-out. Working collaboratively, Rothesay and K3 were able to structure a transaction which locked in market conditions within the schemes assets, providing much welcomed certainty."

Cleo Taylor Smith, of Rothesay, commented: "Over the years, we have accumulated over one hundred buy-in contracts for smaller schemes, predominantly through transactions with Aegon, Zurich and MetLife. As the UK's largest pensions insurance specialist, we are committed to providing solutions to all of our clients to help them de-risk and buy out. Despite the relatively small size of the deal, after discussion with K3 and the Trustees we were happy to provide a price lock on the premium, spanning the Christmas and New Year period. This gave the Trustees and sponsor absolute certainty and removed all market risk before the transaction completed."

Other points to note:

Cartwright are also scheme actuary, investment adviser and administrator. Legal advice to the Trustees was provided by CMS.

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Notes to editors

About K3 Advisory

K3 Advisory is the pension market's only specialist independent bulk annuity and consolidator advisory business. Using first-hand experience from both the insurance and pensions sectors, K3 Advisory provides trustees and scheme sponsors with advice and brokering services to secure a smooth and effective transfer of liabilities to an insurer or consolidation vehicle.

The business was founded in 2018 with the aim of improving the efficiency of the bulk annuity and consolidation markets for the benefit of all involved. The business is backed by the Vestey Holdings Group, a fourth-generation family business whose origin date back to the 1890s.

See <https://k3advisory.com/> for more information.

About Rothesay

Rothesay is the UK's largest pensions insurance specialist, purpose-built to protect pension schemes and their members' pensions. With £62 billion of assets under management, we secure the pensions of over 800,000 people and pay out, on average, more than £230 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 refers to Rothesay Limited and its subsidiaries and is the trading name for Rothesay Life Plc, an insurance 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

Media Contacts

For media enquiries about K3 Advisory please contact KBPR using the details below:

KBPR

Kate Boyle

07930 442883 | kate@kbpr.agency

Andrew Pearson

07960 984228 | andrew@kbpr.agency

For media enquiries about Rothesay please contact:

Anthony Marlowe, Head of Communications & Public Affairs

+44 (0)7912 550184 or anthony.marlowe@rothesay.com