

24th November 2023

Rothesay secures £4bn transaction for Co-op

- The pension scheme buy-in insures the remaining £4bn of liabilities for the Co-operative Pension Scheme
- The transaction secures the benefits for almost 50,000 members – 17,655 pensioners and dependants as well as 31,896 deferred members
- The buy-in is the final step to fully secure member benefits as part of a long-term plan to de-risk the Scheme, which includes three 2020 buy-ins for the Co-op Section

Rothesay, a leading UK pensions insurance specialist, today announces that it has completed a £4bn buy-in with the Co-op Section of the Co-operative Pension Scheme (the “Scheme”). The Scheme is sponsored by the Co-operative Group (the “Co-op” or “Company”), one of the world’s largest consumer co-operatives with interests across food, funerals, insurance and legal services.

The buy-in secures the benefits for almost 50,000 members of the Scheme which includes defined benefit liabilities for 17,655 pensioners and dependants and a further 31,896 deferred members.

No contribution was required from the sponsoring employer as the Scheme is in surplus and illiquid assets, held in the Scheme’s investment portfolio, were used to pay the premium.

The transaction is the final trade to secure member benefits as part of a long-term plan to de-risk the Scheme, this includes three previous buy-ins with other insurers in 2020.

Rothesay has been working collaboratively with the Scheme and its advisers for 18 months to structure this transaction, and has now completed over £5bn of pensions de-risking for the Co-operative Pension Scheme following 2022’s buy-in with the Bank Section.

The lead broker on the transaction was Aon. Rothesay and the Scheme received legal advice from Gowlings and Linklaters, respectively. Addleshaw Goddard provided the Company with legal advice. Mercer acted as scheme actuary and the Trustee’s investment adviser.

Sammy Cooper-Smith, Head of Business Development at Rothesay, said: “It is really pleasing to reach such a successful outcome for the Scheme, its members and the sponsor. Having worked in partnership for 18 months we are proud to now offer security for a further 50,000 Co-op scheme members.

Economic conditions continue to contribute to a very busy bulk annuity market, resulting in a number of exciting opportunities as more schemes than ever pursue insurance solutions. One of the impacts of scheme funding levels improving so quickly is the increased number of clients coming to market with a greater exposure to illiquid assets. Rothesay’s Illiquid Asset Transition team is purpose-built to support these schemes in their de-risking journey and was delighted to achieve this for the Co-op scheme members”.

Chris Martin, professional trustee at IGG and Chair of Trustees, said: “We are delighted to have achieved this significant milestone in our de-risking journey, providing members with greater security. Through a collaborative approach and our advisers’ commitment to our objectives, plus Rothesay’s flexibility and partnership, we were able to navigate a significant

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period of volatility. I am pleased that by working together, we were able to achieve, an extremely successful outcome for our members. I would like in particular to thank my colleagues on the Trustee Board and within Co-op Group and our excellent advisers."

Gary Dewin, People Director, Pensions for the Co-op said: "The Co-op is supportive of the de-risking action taken by the Trustee which we see as a positive outcome for scheme members. It also reduces our exposure to future funding risks associated with our defined benefit liabilities which, in turn, helps us strengthen our Co-op for the benefit of our members."

Martin Bird, Senior Partner and Head of Risk Settlement at Aon, said: "In what has proven to be one of the busiest years on record for the bulk annuity market, we are extremely pleased to have supported the Trustee on this highly innovative transaction, helping to provide further security for members of the Section."

Phil Goss, Partner at Linklaters, said: "Having worked with the Scheme for a number of years, it's been very rewarding to support the Trustee throughout their de-risking journey to achieve this significant milestone for the Scheme and its members."

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Notes to Editors

About Rothesay

Rothesay is a leading UK pensions insurance specialist, purpose-built to protect pension schemes and their members' pensions. With over £48 billion of assets under management, we secure the pensions of more than 840,000 people and pay out, on average, approximately £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 the pension schemes of some of the UK's best known companies to provide pension solutions, including Asda, British Airways, Cadbury, the Civil Aviation Authority, the Co-operative Bank, National Grid, Morrisons, the Post Office 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.

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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