



PENSION INSURANCE  
CORPORATION

## PIC SIGNS £190 MILLION GKN GROUP PENSION SCHEME PENSIONER BUYOUT

London, 5 January 2017 – In a move that reduces risk whilst ensuring pensioner benefits remain unchanged, Pension Insurance Corporation (“PIC”), a specialist insurer of defined benefit pension funds, has concluded a pensioner buyout with the Trustee of the GKN Group Pension Scheme (“the Scheme”), for a premium of approximately £190 million. The buyout covers certain current pensioner members of the Scheme, who will in due course exit the Scheme and become PIC policyholders. The remaining members of the Scheme have been transferred to a new GKN pension scheme and the existing Scheme is in the process of being wound up. The Trustee was advised by Mercer, as strategic adviser and insurance broker, Pinsent Masons, as legal adviser, and Cardano, as investment adviser.

GKN is a world-leading technology business in the aerospace and automotive sectors. The Group has operations in over 30 countries with more than 55,000 employees in subsidiary companies and joint ventures. It is listed on the London Stock Exchange and is a constituent of the FTSE 100 Index.

Rufus Ogilvie Smals, Chairman of the Trustee, said: “This transaction marks an important step in the Trustee’s long-term strategy to reduce risk as and when opportunities arise, whilst protecting the benefits of its members. A further 20% of the liabilities of the original Scheme are now insured. The Trustee believes that this is of benefit both to the members and to our corporate sponsor. I would like to thank Mercer for its innovative approach in helping to develop and achieve this element of our de-risking strategy together with our other advisers, and PIC for its engagement and cooperation with us in making this transaction possible.”

Matt Richards, Actuary at PIC, said: “The Trustee has moved proactively and in a considered manner to achieve a strong outcome. This transaction is part of a long-term de-risking strategy undertaken by the Trustee which allowed them to take advantage of a window of

favourable pricing. The Trustee should be congratulated for acting in a decisive manner to reduce risk across all pensions, not just those that have been insured.”

David Ellis, UK leader for Bulk Pensions Insurance Advisory at Mercer and adviser to the Trustee commented: “Mercer commends the Trustee on its strategy to manage its pension obligations in an innovative way. This latest transaction is testament to the long-lasting benefit of taking proactive action to manage pension risk.”

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### **Notes to Editors:**

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### **About Pension Insurance Corporation**

Pension Insurance Corporation plc ("PIC") provides tailored pension insurance buyouts and buy-ins to the trustees and sponsors of UK defined benefit pension funds. PIC brings safety and security to scheme members' benefits through innovative, bespoke insurance solutions, which include deferred premiums and the use of company assets as part payment. At 30 June 2016 PIC had £18.4bn in assets and had insured more than 130,000 pension fund members. Clients include FTSE 100 companies, multinationals and the public sector. PIC is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority and PRA (FRN 454345). For further information please visit [www.pensioncorporation.com](http://www.pensioncorporation.com)