



PENSION INSURANCE
CORPORATION

PIC FULLY INSURES BHS2 PENSION SCHEME IN £800 MILLION BUYOUT

London, 12 August 2018 – Pension Insurance Corporation plc (“PIC”), a specialist insurer of defined benefit pension funds, has concluded a full pension insurance buyout of the BHS2 Pension Scheme (“the BHS2 Scheme”), covering £800 million of liabilities and all of the approximately 9,000 members of the BHS2 Scheme.

The pension obligations of the BHS2 Scheme are now fully insured and secured with PIC, providing members with certainty of receiving their BHS2 Scheme benefits. Those members who chose to enter the BHS2 Scheme will have their pensions secured in full. This has been made possible by the actions of the BHS2 Scheme’s trustees and their advisers in managing the assets, monitoring the funding level and taking advantage of an attractive opportunity to implement a bulk annuity to fully secure the BHS2 Scheme’s pension obligations sooner than had been anticipated. The BHS2 Scheme members will become PIC policyholders.

The BHS2 Scheme is a new pension scheme set up in 2017 following the collapse of BHS, and the subsequent cash injection by Sir Philip Green. It covers members of two predecessor BHS Pension Schemes, who chose to transfer to the BHS2 Pension Scheme under the terms offered by the predecessor BHS Schemes. It does not include members who chose to transfer into the Pension Protection Fund, or some eligible members with small pensions who chose to take a lump sum in lieu of their pension.

Chris Martin, of Independent Trustee Services Limited, said: “It has always been our goal to deliver the best possible outcome for the members of this scheme. A buyout guarantees member benefits under the BHS2 Scheme, and is the most secure solution for the members of this scheme. I am delighted that we have been able to accomplish this transaction far earlier

than expected. I want to thank our advisers, Barnett Waddingham, Eversheds Sutherland and Willis Towers Watson, for their help through this whole process. I also want to thank PIC for its flexibility and innovation in the transaction.”

Uzma Nazir, Head of Origination Structuring at PIC, said: “We are proud to have been able to secure members’ benefits via an insured annuity. This brings certainty that the members will receive the benefits they opted for when choosing to join the new scheme. The Trustees have done an excellent job of managing the assets and liabilities in the newly formed BHS2 Scheme, and through a collaborative effort between PIC and their advisers, have been able to insure member benefits much earlier than expected.”

Ben Pullen, Partner and Scheme Actuary at Barnett Waddingham, said: “An attractive pricing opportunity existed in the bulk annuity market, and so we proactively assisted the trustee to take advantage of the opportunity to insure member benefits. Reaching this outcome for the BHS2 Scheme so early is a testament to the combined efforts of all parties involved. We have provided actuarial and administrative support since the original insolvency of BHS in 2016 and are pleased to continue to support members through this process.”

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Notes to Editors:

Trustees:

Harry Baines (Chairman)

Chris Martin – Independent Trustee Services Limited

David Felder – Law Debenture Pension Trust Corporation PLC

Trustees’ advisory team:

Actuarial and administration – Barnett Waddingham LLP

Legal – Eversheds Sutherland (UK) International LLP

Investment – Willis Towers Watson UK Holdings Ltd

PIC’s advisory team:

Legal – Herbert Smith Freehills LLP

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About Pension Insurance Corporation

The purpose of Pension Insurance Corporation plc (“PIC”) is to pay the pensions of its policyholders. PIC provides secure and stable retirement incomes through leading customer service, comprehensive risk management and excellence in asset and liability management. At year-end 2017, PIC had insured 151,600 pension scheme members and had £25.7 billion in financial investments, accumulated through the provision of tailored pension insurance buyouts and buy-ins to the trustees and sponsors of U.K. defined benefit pension schemes. Clients include FTSE 100 companies, multinationals and the public sector. PIC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority (FRN 454345). For further information please visit www.pensioncorporation.com.