

PRESS RELEASE

K3 Advisory and Cartwright announce £85 million buy-in across two schemes

Cartwright, the pensions specialist, and K3 Advisory, the independent bulk annuity and consolidator advisory business, today announced the successful completion of an £85 million buy-in. The transactions, which completed with Canada Life, secured the benefits for members across two schemes, for a total of 189 pensioners and 87 deferred members.

Cartwright provided administration, actuarial and investment advice, whilst legal advice to the Trustees was provided by Reed Smith.

Thomas Crawshaw, Senior Actuarial Consultant at K3 Advisory, commented: "This was a particularly interesting case as the transaction was only affordable due to the employer recovery contributions that had been committed to. However, we wanted to avoid a traditional deferred premium structure, which can be off-putting to some insurers and is relatively expensive in the current climate. Therefore, we devised an innovative method that allowed the transaction to proceed without needing to defer the premium. In doing so we were able to ensure the transaction went through smoothly and member benefits were secured. A very satisfying outcome and, we believe, a market first."

Sam Roberts, Director of Investment Consulting at Cartwright said: "The approach we undertook allowed the trustees to secure members' benefits at current attractive insurance pricing, even though to afford this the trustees need the remaining Recovery Plan contributions. The sponsor and the trustees now have significant certainty, and a clear runway to ultimate wind up of the schemes, which is particularly helpful given the likely corporate timelines of the private equity owned sponsor. It also allowed us to work around some illiquid assets which could take two or three years to run off. A vanilla approach quite simply would not have worked in this case. In fact, the solution is so good that future Recovery Plan contributions for the larger scheme are being put into an escrow account in anticipation of being returned to the sponsor once the schemes have wound up."

The Chair of Trustees for the schemes said: "Thank you to Cartwright and K3 for completing this first of its kind transaction. I can always trust them to come up with an innovative approach perfect for our situation."



Linda Gilhooly, Head of Business Development at Canada life, commented: "Working with K3 and Cartwright was an extremely positive experience. They were able to successfully address and resolve all issues that, as insurers, can sometimes make things more problematic for us. We were really pleased to have been able to successfully provide security for the members of these schemes."

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