

JUST.

AUTOMOBILE ASSOCIATION BUY-IN WHERE SELECTION WAS DRIVEN BY PRICE AND THE FACILITY TO CARRY OUT FUTURE TRANSACTIONS

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| Members secured | Nearly 1,800 |
| Value | £246m |
| Type | Buy-in for pensioners |
| Sponsor | AA, the largest UK roadside assistance provider, in operation since 1905 |
| Just | This was the second buy-in transacted by the scheme as part of a competitive tender process which included the original insurer. We welcomed the one-round process, which is uncommon for projects of this size. The Trustees received pricing which was as competitive as any two-round quote process |

Impact

- The transaction took place during a period of record demand.
- The one-round quote process meant that preparation and a well-managed process was key to the success of the transaction.
- Pricing was provided on the entire pensioner population. This enabled the Trustee and Sponsor to scale the transaction to take maximum advantage of possible better than expected value from the market.
- Management actions, including the bulk annuities and hedging of inflation and interest rates, represent significant progress in controlling exposure to future increases in the scheme's deficit and have provided some protection against volatility associated with COVID.

“Our criteria for selection were price, security and service. Even though we had carried out an earlier buy-in with another insurer, we went into this second buy-in project with an open mind and wanting to get a full market view. As this was the second buy-in for the scheme, we came to the transaction with a trustee board and sponsor who understood the process of transacting a bulk annuity so our groundwork was already in place.”

Steve Delo, Chair of Trustees, MD PAN Governance LLP Trustees

“Of course it's security of the insurer that matters most as we're swapping the covenant strength of the AA for an insurer covenant. Locking down investment, inflation and longevity risk for a tranche of members and securing the enhanced protections of the UK insurer regime delivers value on so many levels.”

Jay Stewart, Chairman of Investment Committee, AA Pensions Trustees

FOR MORE INFORMATION

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