



## Legal & General announces global PRT bulk annuity transaction, covering Evonik's UK and US pension schemes

### **£544m full buy-in of Evonik's UK pension schemes in December 2020 follows \$97 million lift-out<sup>1</sup> completed for the US Evonik Corporation Retirement Plan in September 2020**

Legal & General Assurance Society Limited ("Legal & General") today announces that it has agreed a £544 million full buy-in of four pension schemes sponsored by Evonik UK Holdings Ltd, securing the benefits of over 3,600 UK defined benefit pension scheme members and facilitating the merger of the four schemes as part of the de-risking process.

Legal & General Group has a long-standing relationship with Evonik Industries AG ("Evonik"), having provided investment management services through Legal & General Investment Management (LGIM) across the company's UK and US pension schemes.

In the UK, both the Trustee and the company worked in partnership with Legal & General on a sole insurer basis to complete the buy-in transaction by the end of 2020, within just three months of initial discussions. The Trustee, following strategic advice from LCP, merged its four UK pension schemes to facilitate the transaction. Effective collaboration among all parties, combined with a solutions-driven approach, allowed the Trustee to achieve its aims, locking the premium to the value of the schemes' assets held with LGIM during the contractual negotiation and transferring these assets directly in respect of the premium.

This transaction allows Evonik to continue its global pensions de-risking journey, having agreed a \$97 million lift-out of the US plan in September 2020 with Legal & General Retirement America (LGRA), covering over 1,700 retirees.

Both transactions demonstrate the continued appetite for Pension Risk Transfer (PRT) in the UK and US and mark Legal & General's second global Pension Risk Transfer (PRT) transaction.

LCP acted as lead transaction advisor, providing specialist de-risking advice to the Trustee, with Hogan Lovells International LLP providing legal advice. Clifford Chance provided legal advice to Legal & General. Other advisers include Aon acting as Scheme Actuary and investment adviser to the Trustee, as well as Willis Towers Watson and Eversheds Sutherland providing actuarial and legal advice to Evonik, respectively.

#### **John Towner, Head of New Business, Legal & General Retirement Institutional**

**"This transaction demonstrates how we are uniquely placed to work across both the UK and US to offer global market-leading PRT services and help multinational companies secure their pension obligations across countries. Following the success of our transaction in the US, we are pleased to have been trusted to work on a sole insurer basis with Evonik and the UK Trustee to secure its members' pension benefits in the UK. We continue to see high demand for PRT transactions across both markets and look forward to helping more global businesses on their de-risking journeys."**

#### **Stefan Hentschel, Global Head of Pensions, Evonik**

**"The Company is pleased with the US and UK transactions which provide certainty for the members' pensions with a strong provider and reduce the financial risk to the sponsor. We were able to leverage the relationship and work effectively with Legal & General to complete both transactions and de-risk the schemes in 2020."**

**Colin Marsh, UK Chair of Trustee, Punter Southall Governance Services**

**“I am pleased that through this transaction we have achieved the Trustee’s long-term goal of ensuring the benefits promised to its members are fully secured. By working closely with the sponsor and our skilled advisers, the Trustee was able to move quickly to secure a positive outcome for our members.”**

**Charlotte Quarmby, Partner, LCP**

**“We are delighted to have been able to help the Trustee successfully reach this milestone on their de-risking journey. In our role as specialist de-risking adviser we were appointed to design an optimal strategy for insuring the four schemes. We identified that a full buy-in could be achieved by all four schemes if they were taken to market together and by working with Legal & General we helped the Trustee to move quickly to lock into an attractive transaction.”**

<sup>1</sup> A ‘lift-out’ is an insurance solution offered in the US, where a subset of plan participants are lifted out and transferred to an insurance company

## Notes to editors

**About Evonik**

Evonik is based in Germany, and we do business around the whole world. We’re active in more than 100 countries globally and operate production plants in almost 26 countries on six continents. We are one of the world's leading specialty chemicals companies.

**About Legal & General**

Established in 1836, Legal & General is one of the UK’s leading financial services groups and a major global investor, with international businesses in the US, Europe, Middle East and Asia. With over £1.1 trillion in total assets under management, we are the UK’s largest investment manager for corporate pension schemes and a UK market leader in pension risk transfer, life insurance, workplace pensions and retirement income.

**About Legal & General Retirement Institutional**

Legal & General Retirement Institutional (LGRI) works with trustees and sponsoring companies of defined benefit (DB) pension schemes of all sizes to settle their pension obligations and secure scheme members’ benefits, through a full range of de-risking solutions. We work closely across divisions in the Legal & General Group, which has to date invested £26 billion in real assets including urban regeneration, clean and low-cost energy, housing and transport links.

**About Legal & General Retirement America**

Legal & General Retirement America (LGRA) specializes in customized pension risk solutions for institutional clients in the US market. Established in 2015, Legal & General Retirement America is a business unit of Legal & General America, Urbana, MD. Legal & General America life insurance and retirement products are underwritten and issued by Banner Life Insurance Company, Urbana, MD and William Penn Life Insurance Company of New York, Valley Stream, NY. Banner products are distributed in 49 states, the District of Columbia and Puerto Rico. William Penn products are distributed exclusively in New York; Banner does not solicit business there. The Legal & General America companies are part of the worldwide Legal & General Group.

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