



## Pension Insurance Corporation agrees insurance buy-out of Swan Hill Pension Scheme

28 May 2008

Pension Corporation, a leading provider of pension solutions, today announces that Pension Insurance Corporation has been selected to secure the pension benefits of members of Swan Hill Pension Scheme, sponsored by Raven Mount Plc. The agreement marks Pension Insurance Corporation's entry into the defined benefit fund buy-out market. Pension Insurance Corporation is regulated by the Financial Services Authority.

Under the transaction, Swan Hill Pension Scheme's assets and liabilities will be transferred to Pension Insurance Corporation in a transaction totalling £72 million. Scheme assets of £65 million are being topped up with an immediate £2 million contribution from Raven Mount Plc and a further £5 million contribution on a one-year deferred basis.

**Sir Mark Weinberg, Chairman of Pension Corporation, commented:**

“As Chairman of the Board of Pension Corporation, I am delighted that Raven Mount has chosen Pension Insurance Corporation to secure the pension benefits of members of the Swan Hill pension fund. We have already worked successfully with Raven Mount and the Swan Hill trustees to identify a solution that best meets their needs and we look forward to building on this collaboration to ensure a seamless transfer and smooth administration for the Swan Hill fund's members.”

**Edmund Truell, Chief Executive of Pension Corporation, said:**

“Pension Corporation, backed by major financial institutions with nearly £1 billion of capital committed by shareholders, is dedicated to providing responsible pension management to defined benefit pension funds. We are proud to be entrusted with protecting the pension benefits of Swan Hill Pension Scheme, whose members can now rest assured that their pension savings and retirement incomes will be secure in the hands of Pension Insurance Corporation”.

**Mark Kirkland, Group Finance Director of Raven Group plc, commented:**

“I am delighted that the Trustees have chosen to secure our pension commitments with Pension Insurance Corporation. Throughout the process Pension Insurance Corporation has provided creative solutions to allow the company to transfer the risk at the earliest opportunity and give maximum certainty on its contribution. Pension Insurance Corporation has been flexible in working with us to structure the transfer in a way that optimises benefits for the company and members.”

**James Hyslop, Chairman of Swan Hill Pension Scheme Trustees, said:**

“The Trustees are very pleased to be able to announce that we have secured our members’ benefits with Pension Insurance Corporation. Along with the security provided by an FSA-authorised insurance company, Pension Insurance Corporation has demonstrated a real focus on looking after our members through its prudent and cautious approach to managing pension scheme assets and liabilities.”

**Enquiries:**

<b>Pension Corporation</b>	Petra Peliskova	+44 20 7451 6688
<b>FD</b>	Rob Bailhache	+44 20 7269 7200
	Nick Henderson	+44 20 7269 7114
	Christine Wood	+44 20 7269 7253

## **Notes to Editors:**

The Pension Corporation group provides the following solutions to defined benefit pension funds:

- Insurance Buy-out
- Longevity Insurance
- Pension Fund Sponsorship
- Asset Liability Management

These solutions enable pension funds to protect their members' benefits by strengthening and stabilising their financial position, and enable their employers/sponsors to protect themselves against volatility of their earnings and balance sheet values.

**Insurance Buy-out:** An insurance policy is issued by Pension Insurance Corporation ("PIC"), which gives the members of the pension fund the security of having their benefits underwritten by a fully authorized and FSA-regulated insurance company and removing the responsibility for the pension fund payments from the balance sheet of the employer/sponsor. PIC can undertake the insurance in respect of all or some classes of the members, according to what the fund can afford, and is able to act quickly and in a flexible way (for example by offering different ways of financing the transaction).

**Longevity Insurance:** PIC offers a longevity insurance policy, the first of its kind in the world, to protect pension funds and their employer/sponsor against the cost of pensioners living longer than expected. The policy is tailored to the member-by-member profile of the fund so as to provide comprehensive "whole of life" protection against what is perhaps the most significant risk faced by pension funds and their employers/sponsors. Inflation risk can be included or covered separately by an inflation swap.

**Pension Fund Sponsorship:** Typically used where a fund cannot immediately afford a pension insurance buy-out, Pension Fund Sponsorship involves the Pension Corporation group becoming the owner of the employer/sponsor of the pension fund. In this way, the

fund gains the additional backing of the Pension Corporation Group, while continuing to have the backing of the original sponsor and of the assets of the fund itself. Under this model financial returns to Pension Corporation can only be drawn once the pension fund members' benefits have been secured, in much the same manner as funds within an insurance company. For each of the three pension schemes where Pension Corporation has acquired the employer/sponsor, it has advocated a reduction in the risk level of the pension fund assets, which shows the conservatism of Pension Corporation's views on investment management and its emphasis on pensioner security.

**Asset Liability Management:** Pension Corporation has a highly experienced investment management team, which is able to advise on state-of-the-art asset and liability management. It offers this service on a fee basis or, in the case of funds under the sponsorship of companies owned by it, without charge.

### **Security**

Pension Corporation is backed by large blue chip financial services companies, including The Royal Bank of Scotland, HBOS and Swiss Re. Its Board and management include a number of expert and highly experienced insurance industry executives, including Sir Mark Weinberg, co-founder of St James's Place Wealth Management Group, John Coomber, former Chief Executive of Swiss Re, Sir Martin Jacomb, former Chairman of the Prudential Assurance Group, and Bob Scott, former Group Chief Executive of Aviva. Its shareholders have committed nearly £1 billion of equity, giving it the capacity to take on up to £25 billion of liabilities. The total of pension funds sponsored to date by companies under the Pension Corporation umbrella amounts to £4.3 billion.

[www.pensioncorporation.com](http://www.pensioncorporation.com)