

NatWest in £11bn deal to offload pension payments

NatWest Group, the high street banking group, has struck what is thought to be the UK's biggest-ever deal to outsource pension payments to a specialist insurance company.

Sky News has learnt that pension trustees at NatWest, which is on track to become wholly owned by private sector investors after more than 15 years in partial taxpayer ownership, have offloaded a roughly £11bn chunk of its corporate pension scheme to Rothesay, the England cricket team's Test match sponsor.

The deal is a landmark in the accelerating trend for companies to insure their pension risks, with NatWest ranking among the UK's biggest pension scheme sponsors.

Its group retirement scheme has about £33.6bn in assets, while it had roughly 190,000 members at the end of September.

The latest deal was disclosed – without reference to Rothesay – in NatWest's third-quarter results statement published last month, but has not been publicly reported.

“In September 2024, the Trustee of the NatWest Group Pension Fund entered into a further buy-in transaction with a third-party insurer for some of the liabilities of the Main Section,” the statement said.

Several people familiar with the transactions said the counterparty was Rothesay, which declined to comment on Tuesday.

In a statement issued to Sky News, a spokesperson for the NatWest Group pension fund confirmed the deal, saying: “As part of its long-term strategy, the Trustee of the NatWest

Group Pension Fund has recently insured around one-third of the Main Section with buy-in policies.

“The buy-in policies are Fund investments that further improve the security of member benefits by increasing protection against demographic and investment risks.

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“As with other investment decisions there is no change to member benefits and members will continue to receive their benefits directly from the Fund.”

A wave of British and overseas-based multinationals have entered into pension risk transfer (PRT) deals over the last decade, turning the market into one of the fastest-growing areas of specialist finance.

RSA, the insurance company which was broken up and sold to several new owners, was behind the largest series of PRT deals, with £6.5bn of pension liabilities insured.

The biggest individual deal was struck with Boots, which announced a £4.8bn buy-in deal with Legal & General a year ago.

Scores of other companies, ranging from the Co-operative Bank and De Beers to National Grid and Rolls-Royce Holdings, have turned to PRT deals to manage the risks associated with their retirement schemes more effectively.

Other big players in the market include Pension Insurance Corporation and Standard Life, which is owned by Phoenix Group, while Aviva and Royal London have also sought to make inroads into the sector.