



Value Share Bulk Purchase Annuity

For pension scheme representatives only.

Value Share Bulk Purchase Annuity (BPA)

Improvements in Defined Benefit (DB) funding levels are encouraging trustees and sponsors to review their endgame strategies, often leading to a critical decision – insure or run-on?

While providing security for scheme members is paramount, there is an increasing appetite from corporate sponsors in accessing the potential surplus/profit generated from well-funded pension schemes, which cannot be achieved through a traditional buy-in.

To help address this challenge, we're pleased have brought Value Share BPA to the market – a solution combining aspects of both endgame approaches.

Value Share BPA at a glance:



An innovative solution developed as an alternative to a traditional buy-in.



The first of its kind, it allows trustees to insure scheme members in exactly the same way as a traditional buy-in transaction, providing member security.



Additionally, it enables corporate sponsors to participate in the risk and reward generated from insuring their well-funded UK pension schemes.

From a Sponsor perspective:



Retaining access to profit:

Sponsors can share in the upside associated with the bulk annuity transaction, typically available only to insurers.



Low risk: Sponsor's risk is limited to a small upfront investment without affecting their broader balance sheet.

From a Trustee perspective:

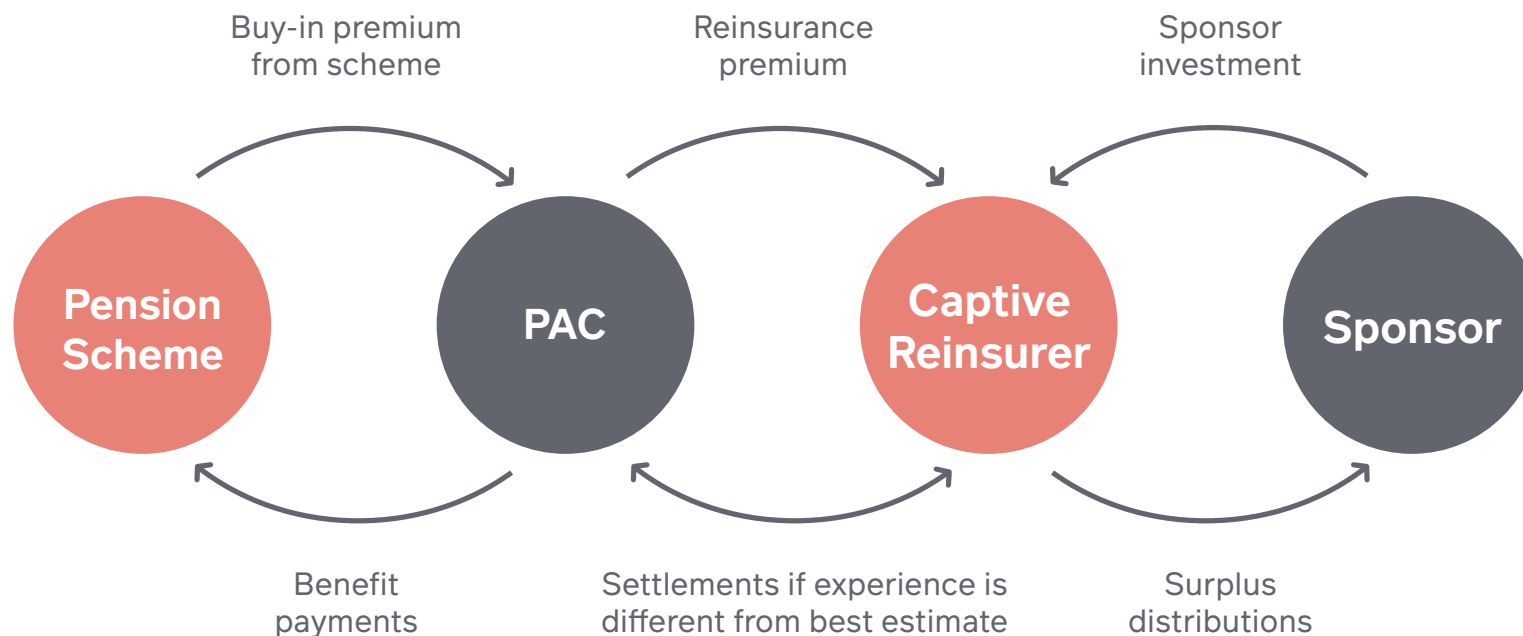


Peace of mind: Pension scheme members' payments are secured by a financially strong FTSE 100 insurer.



No additional complexity: The structure resembles a traditional 'vanilla' BPA, maintaining exactly the same trustee experience.

How it works



The trustee enters into a buy-in policy with Prudential Assurance Company (PAC), the life insurance arm of M&G plc, allowing scheme members to benefit from a fully insured solution.

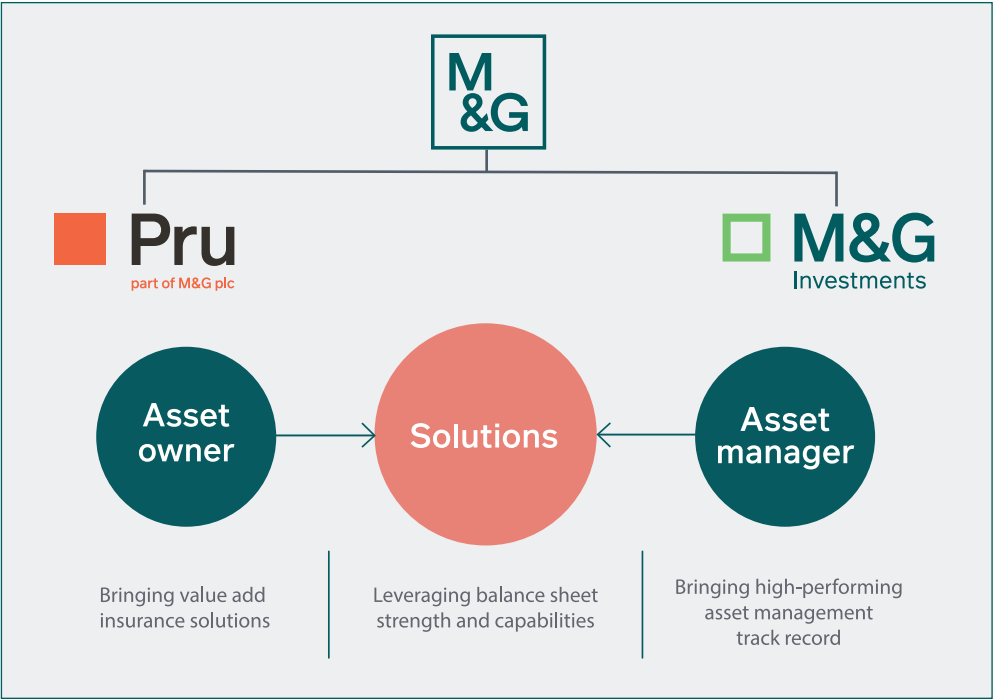
PAC is an established Life business with a strongly capitalised With-Profits Fund, a heritage of over 170 years and a strong brand. M&G Investments, the third-largest private debt investor in Europe and the asset management arm of M&G plc, manages the assets backing the transaction. Providing access to their 25 years' of experience in managing insurance assets and private debt.

A captive reinsurer is created and provides protection to M&G that assets are not enough to cover the benefit payments to the trustee. This can be set up by the sponsor or through M&G's strategic partner (to save on time and money).

The sponsor makes a small upfront investment and participates in the risk and reward as it progresses over the lifetime of the transaction. The sponsor is exposed to the same risks (asset and longevity) that M&G does managing its own £15bn annuity fund.

Leveraging our business model

One of our key differentiators in this market is our powerful, integrated business model. Positioned as both asset owner and asset manager, we're able to leverage capabilities and expertise across the business to meet client needs.



The combination of our strong shareholder balance sheet and our With-Profits Fund, the largest in the UK, provides opportunities for us to develop tailored solutions for the complex challenges faced by UK DB schemes.

To give you an indication of our financial strength and ability to meet our financial obligations (credit rating) we have published here our latest ratings as determined by three independent ratings agencies. These ratings are all at the higher end of each agency's scales so you can be assured that you are investing with a financially strong company.

M&G plc			
M&G plc credit ratings:			£345.9bn Assets under management
A+ Fitch	A3 Moody's	A S&P	
900+ Institutional customers			1931 M&G Investments Estd.

Prudential Assurance Company (PAC)			
PAC financial strength ratings:			£15.1bn Shareholder annuity fund
AA- Fitch	A1 Moody's	A+ S&P	
800k Annuitants			1848 Estd.

Source: M&G plc

Your journey, our solutions



For more information on Value Share BPA, please email us or
visit our website: mandg.com/solutions

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