

# PENSIONS**Age**

## Pension Superfund to offer 'affordable solution' for DB schemes



**T**he newly proposed Pension Superfund that will consolidate the pension assets and liabilities of UK defined benefit schemes looks to offer an “affordable solution” for employers to fulfil pension promises.

This type of scheme has been created with the aim of providing a more affordable solution to the challenge of funding defined benefit pensions and has secured an initial capital of £500m, subject to transaction approvals, it has been revealed.

In response to challenges facing the government and industry regarding ways to ensuring DB promises are met, the UK’s first consolidated superfund has been created to give scheme members greater security.

Through accepting bulk transfers of DB scheme assets and liabilities, it is expected that the Pension Superfund will be able to achieve higher investment returns, stronger risk management and lower costs.

The Superfund will be led by Pension Protection Fund chief executive Alan Rubenstein. He will be supported by former global head of pensions advisory

at PwC Marc Hommel and Greater London Authority chief investment officer Luke Webster.

The scheme has also attracted the support of large institutional investors including Warburg Pincus and Disruptive Capital. Additional capital is set to be raised as needed in the future to support a fund that is expected to reach £20bn and over in the long term.

The Pension Superfund CEO Alan Rubenstein commented: “The benefits of consolidation are well documented, both in the UK and overseas. We welcome the encouragement given to consolidation in the government’s recent white paper. We know that many businesses are constrained by

their pension liabilities and need to find a more affordable way to fulfil their promises to pension scheme members. The Pension Superfund is taking the lead in providing the opportunity to deliver better outcomes and improved security to pension scheme members, trustees and sponsoring employers.”

Rubenstein noted that the Superfund is in discussions with a number of pension funds and their sponsoring employers, as well as the professional advisers that support them.

“I’m very excited to be launching this enterprise. I am delighted that our team and our proposition have attracted the support of highly regarded investors like Warburg Pincus and Disruptive Capital to underpin the security we will provide to The Pension Superfund’s members,” he concluded.

There are currently around 5,600 private sector defined benefit pension schemes, with obligations to around 11 million members.

✉ Written by Talya Misiri

