Case study: a DB and DC journey, delivered at pace

Autumn 2025

The starting point

The scheme was a large "hybrid" pension arrangement. While primarily structured around a large defined contribution (DC) section, around 1,000 members also held defined benefit (DB) guaranteed minimum pension (GMP) underpins linked to their DC savings. The trustee had to ensure that each relevant member ultimately received at least a minimum DB pension at retirement, topping up their DC savings where necessary. While individual DB benefits were generally modest, their presence introduced additional governance requirements and administrative complexity that would not exist in a pure DC arrangement.

The scheme purchased open market annuities for members at retirement and therefore there was no pensioner payroll. At the same time, a cohort of members continued to actively accrue DC benefits. Managing these DB and DC elements alongside one another and accounting for the variability of member outcomes required careful coordination and forward planning.

In line with wider plans, the trustee initiated a de-risking plan to remove the hybrid structure altogether, simplify the scheme's long-term operation and develop the member experience. Achieving this would require an insurer capable of delivering an integrated DB and DC solution for the c1,000 hybrid members — and doing so at pace.

A clear vision from the outset

The trustee's ambition was clear: Place both the DB and DC elements for hybrid members with a single insurer and move to buyout as quickly and efficiently as possible. For the trustee, this success meant:

- simpler governance and fewer operational requirements;
- a joined-up experience for hybrid members, particularly at retirement;
- the ability for members to use DC savings to fund DB tax-free cash; and
- a path that would allow the scheme to move quickly from buy-in to buyout.

WTW worked closely with the trustee to shape this strategy. L&G, drawing on its integrated DB de-risking, administration and DC Mastertrust capabilities, designed an end-to-end solution that could deliver certainty and speed without compromising member outcomes.

Laying the groundwork for speed

Delivering at pace was not left to chance. The trustee and WTW undertook significant preparatory work earlier in the year prior to the insurance transaction, focused on simplifying and reshaping benefits to ensure the scheme was genuinely transaction-ready.

This included GMP equalisation and conversion, followed by a member consultation on an innovative solution to formally separate DB and DC benefits. Members were given clear options based on their individual circumstances, including how their DC savings compared with the DB underpin. This upfront clarification was essential in creating a strong foundation for execution.

Careful sequencing played a key role in the project's success. WTW, L&G and the scheme's administrator focused not only on what but in what order. This deliberate approach allowed:

1. a short, planned administration blackout
2. expedited execution of the buy-in
3. an orderly and swift handover of DB administration to L&G; and
4. a clearly defined route into L&G's Mastertrust for DC benefits post-buyout

Throughout this phase, WTW acted as the central coordinator, helping the trustee balance technical decision-making with practical delivery, while L&G ensured that pricing, administration and payroll considerations were built in from day one.

December 2025

Executing the buy-in with confidence

The DB buy-in was completed in December 2025, securing liabilities of c.£14 million. Pricing reflected the scheme's specific benefit design and administrative needs, supported by a delivery model built to reduce execution risk and maintain certainty. This included:

- scheme assets were carefully managed to protect affordability;
- a tailored price-lock and asset novation approach reduced transaction risk and cost;
- a full data cleanse was completed in advance using L&G's validation tools; and
- member communications and privacy notices were prioritised early, avoiding last-minute delays.

As operational, legal and commercial considerations had been addressed upfront, the trustee could move immediately toward its end goal of buyout.

March 2026

From buy-in to buyout in just over three months

One of the most significant practical challenges was the absence of a DB payroll. Shortly after the buy-in, L&G established pensioner payroll and took responsibility for both pensioner and deferred member administration.

Through close collaboration between L&G, WTW and the scheme's administrator, the workstreams for administration, payroll and asset movements were all aligned to a single, agreed timetable. This integrated approach enabled a smooth, low-risk transition and minimised the delays typically associated with such handovers.

As a result, the scheme moved from buy-in to buyout in just over three months - an exceptionally fast outcome in a market where the same journey typically takes several years.

April 2026

Completing the journey with a DC transfer

With buyout secured, members' DC benefits were transferred, totalling £70 million into L&G's Mastertrust in April 2026.

This final step completed the Trustee's long-term vision:

- DB and DC benefits now sit with one provider;
- members benefit from a more joined-up experience; and
- the Trustee has fully removed the complexity of a hybrid DB/DC structure

Thanks to early planning and detailed scenario analysis, individual member circumstances were anticipated and managed smoothly, allowing the overall programme to continue at pace.

A strong example of coordinated DB and DC delivery

This transaction shows what can be achieved when clear strategy, careful sequencing and strong collaboration come together. Early engagement made a measurable difference, allowing benefits to be simplified upfront and enabling faster execution later. Just as importantly, the deliberate ordering of DB and DC actions supported positive member outcomes while giving trustees confidence at every stage. Close adviser and insurer collaboration, combined with integrated DB and DC capabilities, helped to remove complexity and materially accelerate the scheme's journey to buyout.

For schemes with DB underpins sitting within DC arrangements, this case study demonstrates that joined-up solutions are not only possible but can be delivered at pace.