

Pension Risk Transfer Monitor

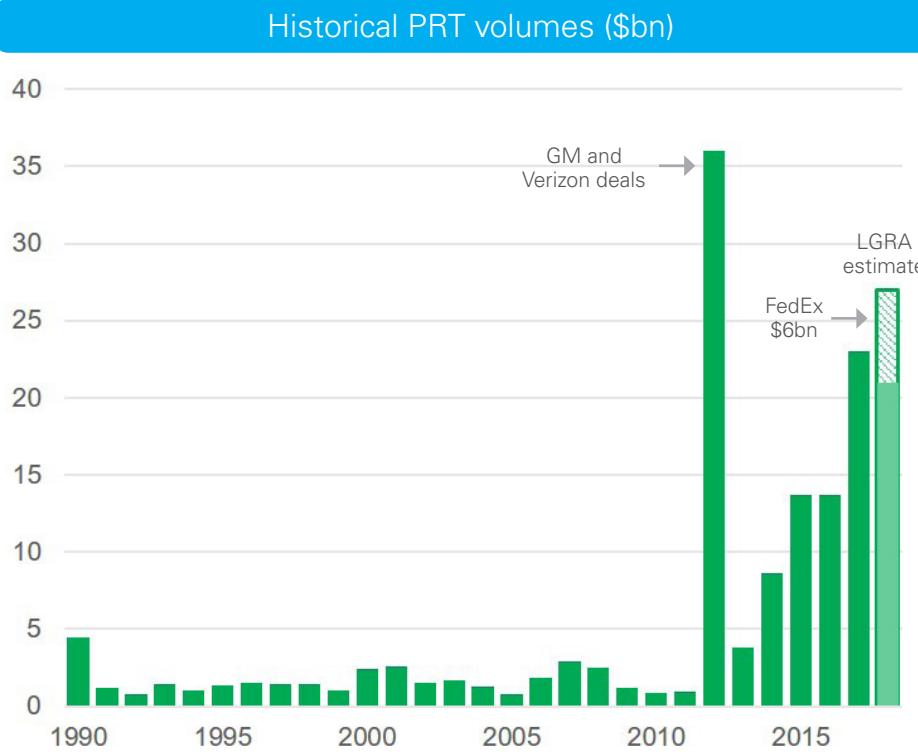
February 2019



Market outlook

We expect to see continued growth in the US Pension Risk Transfer ('PRT') market despite relatively flat funding levels as a result of the downturn in equity markets at the end of 2018. Growth is largely driven by rising costs in Pension Benefit Guarantee Corporation (PBGC) premiums and increased contributions in response to tax reform.

Plan terminations are likely to accelerate as well hedged plans continue to improve funding. Based on the typical 12 – 24 month timeline to complete a plan termination, we are already seeing an uptick for 2019 and expect an increasing amount through 2020 – 2021. Plan terminations are typically more complex transactions than the 'retiree lift-out' transactions that have driven market growth since 2012.



Market snapshot

- 2018 estimated total volume: \$27bn
- Approximately 75% of deals in 2018 were retiree only (on a volume basis)
- 16 insurers actively quoting in the market

Notable 2018 transactions

- FedEx Corp., \$6bn
- International Paper Co., \$1.6bn
- Raytheon Co., \$923m
- ConocoPhillips Co., \$700m
- Archer Daniels Midland Co., \$500m
- Alcoa Corp., \$290m
- BWX Technologies, \$240m
- TJX Cos., \$207m

LGRA Internal Estimates (see below)*



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