

Superfund: An additional endgame option

With endgame options now firmly in focus, stronger funding levels and increasing regulatory clarity mean trustees and sponsors are looking beyond buy-out for their Defined Benefit (DB) schemes to explore additional solutions. Meanwhile, the UK Government and The Pensions Regulator (TPR) are actively encouraging consolidation to unlock surplus and improve member outcomes.

TPT's Superfund intends to expand the range of options available, offering a compelling additional endgame solution. Our solution is designed to run on, with sponsor exit and a projected member benefit enhancement.



What is a superfund?

A superfund is a commercial consolidation vehicle for DB pension schemes, designed to provide an additional endgame solution for schemes that are not yet ready for insurance buy-out or want to de-risk sooner.

When a scheme transfers to a superfund, the link with the sponsoring employer is severed. The scheme's assets, along with a possible top-up from the employer and additional risk capital from investors, are pooled within the superfund. This capital buffer replaces the traditional employer covenant, providing security for members' benefits.

The superfund invests these assets to meet pension liabilities, with additional returns shared between the capital investors and the members.

Superfunds are subject to regulatory oversight and must meet strict gateway criteria set by The Pensions Regulator, ensuring that transfers are in members' best interests.

In some models, superfunds can act as a bridge to buy-out. TPT's Superfund aims to offer surplus sharing with members, delivering uplifted benefits instead of transferring value to an insurer.

TPR's gateway tests

TPR set out three gateway tests to help schemes assess eligibility for a superfund transfer. It's designed to ensure member outcomes are protected and improved.

The formalisation of the Superfund legislative framework will likely see evolution to the Gateway tests, with Gateway Test 2 potentially being removed when the Pension Bill is passed.

A superfund might be right for you if:

	Interim regulatory regime (in-force today)	Pension Scheme Bill 2025 (if adopted as drafted)
Gateway test 1: Buy-out isn't affordable now	✓	✓
Gateway test 2: Buy-out isn't likely within the foreseeable future	✓	
Gateway test 3: A superfund improves the likelihood of full benefits being paid	✓	✓

How we intend TPT's Superfund to work

With nearly 80 years of expertise in managing pension schemes, we're fully prepared to operate as a superfund. Our established services - administration, actuarial pricing, and investment - ensure the scheme continues to receive everything it needs.

Key features

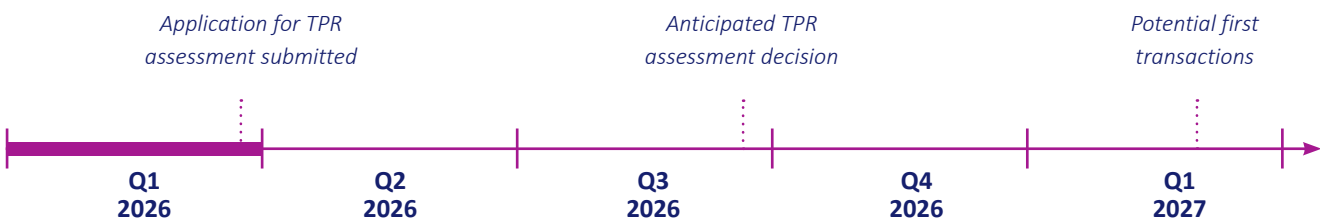
- **Run-on model:** Unlike other superfunds, TPT retains schemes indefinitely, creating efficiencies by merging schemes as funding levels merge, while keeping each scheme's benefit structure intact.
- **Benefit enhancement:** Once investor capital is repaid, surplus is shared delivering real value to members.

£1bn- £1.5bn

We've secured capital to fund £1bn- £1.5bn of transactions over the next 3 years

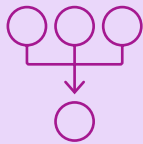
Our journey to launch

Our Superfund is still in development. The timeline below depicts the indicative journey to achieving a successful assessment from TPR.



Consolidation for schemes that are not quite ready

For schemes not yet ready for a superfund, whether due to funding levels, poor data, or other structural challenges, we offer consolidation options to support the journey and help the scheme move closer to endgame readiness. How this can help:



Consolidated services:

administration, investment, covenant and actuarial services to streamline operations.



Strategic investment planning:

investment strategies aligned with journey planning and superfund entry criteria.



Data cleansing & benefit validation:

ensuring readiness for future transactions and to enable accurate pricing.

Sparked your interest? Get in touch to find out more



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