



Stephen Soper, interim chief executive of the Pensions Regulator

Settlement reached in Lehman Brothers case

A settlement has been reached in the case of the Lehman Brothers UK pension scheme which will allow the full retirement benefits of members to be bought out, thus avoiding the scheme's entry into the Pension Protection Fund (PPF). The settlement figure (the estimated buy-out shortfall) is expected to be £184 million, the largest sum paid to a scheme as a result of the regulator's actions so far.

Lehman Brothers became insolvent in September 2008. Two years later, the Pensions Regulator imposed Financial Support Directions (FSDs) on various companies within the group. In July 2013, the Supreme Court ruled that FSDs were effective against insolvent targets, and later that year the High Court ruled that the regulator was not limited to the shortfall amount when imposing FSDs on multiple targets.

Interim chief executive of the Pensions Regulator, Stephen Soper, said: "This is a pleasing and appropriate settlement for the 2,466 members in the Lehman Brothers pension scheme, and shows we will not hesitate to pursue regulatory action to protect members' benefits and PPF levy payers where we believe it is appropriate."

Details of the case and the settlement are available at www.thepensionsregulator.gov.uk/docs/section-89-lehman-brothers.pdf.

"This negotiated outcome is a good result for members of the Lehman Brothers Pension Scheme. The Trustees would like to thank members for their patience"

Chairman of Trustees, Peter Gamester

Company news

The trustees of the PGL (Phoenix Group, formerly Pearl Group) Pension Scheme have entered into a £900m longevity swap with Phoenix Life Limited. This follows transactions for BT and Aviva which also involved an insurance vehicle associated with the scheme sponsor.

Rothsay Life has completed the £500m buy-out of the Western United Group Pension Scheme, a scheme for current and former employees of the Vestey Group. The scheme has around 14,000 members.

This Update should not be relied upon or taken as an authoritative statement of the law. For more information, please contact us using the details shown.

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