The UK's Leading DB Pension Superfund

What is Bridge to Clara?

Bridge to Clara

Bridge to Clara is designed for schemes that are not yet well enough funded to enter Clara, or where no immediate contribution is available, but that want to enhance member security and take steps towards a longer term endgame.

How Bridge to Clara works

Under Bridge to Clara, the ceding scheme continues to exist, with no initial transfer of members into the Clara Pension Trust. Instead, Clara supports the scheme from the outset by providing ring fenced capital or buffer assets, which are dedicated solely to that scheme and designed to improve funding resilience.

The Clara Pension Trust directs the scheme's investment strategy, acting through its fiduciary manager and within agreed investment guidelines. This allows the scheme to benefit from Clara's governance, oversight and investment expertise, while remaining legally separate.

Over time, as funding improves through investment returns, membership maturity and capital support, the scheme is expected to reach a point where a full transfer to Clara becomes possible without any additional contribution. When this point is reached, the transfer process begins automatically.

If a full transfer cannot proceed for regulatory reasons, such as clearance, the Bridge to Clara structure remains in place for the agreed term, or until insurance buy out becomes affordable. Should buy out be achieved first, the scheme would wind up in the usual way, with any surplus returned to Clara.

If, at the end of the term, the scheme has neither transferred to Clara nor completed buy out, the Clara buffer supports an investment guarantee, designed to ensure the scheme is no worse off on a buy out basis. Schemes also have the option to appoint Clara's service providers, allowing for further consistency and support throughout the journey.

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Which schemes are suitable for Bridge to Clara?

Bridge to Clara may be suitable for larger schemes (typically with liabilities above £250m) that are not yet able to afford insurance buy out and are also not currently in a position to enter Clara. There may or may not be a sponsor contribution available, but even with additional support, the scheme is not yet able to meet affordability requirements.

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