Trustee Guide 2026:

Mission control

Featuring:

- The need to keep improving standards of DB scheme trusteeship and governance
- The key developments for the year ahead and beyond and what they mean in practice
- Exploring Shariah multi-asset retirement solutions
- How larger scale, increased supervision and member awareness will underpin the next phase of transformation of the master trust market
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The weight on trustees

Current and future regulatory activity and the new Pension Schemes Bill all focus on the need to keep improving standards of DB scheme trusteeship and governance. David Adams looks at how being a DB trustee is changing

The Department for Work and Pensions (DWP) ended the old year with a new consultation on pension scheme trustees and governance. The document outlines the government's vision of fewer, larger schemes "overseen by highly skilled trustees operating independently, applying good governance, and focussed on delivering the best outcomes for savers without risk of conflict of interest".

It also acknowledges the need for members' voices to be heard at board level, and for lay trustees to get all the support they need to complete their duties effectively. The consultation runs until March, while The Pensions Regulator (TPR) is also working on improving standards of trusteeship.

This is a particularly challenging time to be a defined benefit (DB) scheme trustee. Strategic decisions have become even more complicated, and regulatory requirements more onerous. In that environment, how will policymakers' intentions translate into reality within the many and varied DB schemes across the UK?

Association of Member-Nominated Trusts (AMNT) co-chair, Maggie Rodger, challenges the assumption that simply trying to force trustees to endlessly increase technical knowledge will mean they perform more effectively.

"Trustees are supposed to listen to their advisers and then make decisions," she points out. "No-one expects us to be actuarial experts, and it's for our investment advisers to advise us about new types of investments." She believes that what TPR really wants from DB trustees today is proof that trustees have done all they can to ensure that strategic decisions align with their fiduciary duty to scheme members: "The regulator wants evidence of strategic discussions, not technical acumen."

TPR's updated DB Funding Code, in force since September 2024, also compels trustees to create stronger, better documented links between investment strategies and endgame planning. Pensions Management Institute (PMI) chief strategy officer, Helen Forrest Hall, says the updated Code has helped to define the higher expectations now demanded of DB trustees. She suggests it may also help schemes improve their management of scheme data, which would be useful in other ways – poor data can delay, distort the premium for, or even derail de-risking transactions.

Superfunds and surpluses

The Pension Schemes Bill (PSB) will have a significant impact on DB trusteeship and governance. It opens alternative endgame options, by introducing regulation for superfund bulk transfers, and altering the 'gateway tests' determining whether a scheme should be transferred into a superfund.

It should also give trustees of better funded schemes the ability to change a scheme's governing documents to make payments of surplus funds to sponsoring employers. Trustees would be able to decide whether to pay surplus to a sponsor based on a consideration of the trustees' "overarching duties to scheme beneficiaries". Where scheme rules allow, a surplus might be used for other purposes, including supporting DB or defined contribution (DC) arrangements managed by the same trust, enhancing benefits, or hedging.

"What to do with the surplus is a challenge for trustees," says Pensions UK head of DB, LGPS and investment, Tiffany Tsang. "They could do what the government wants them to do, which is to invest it in UK employers to support the growth agenda. It could go back to the sponsors, or could be used to uplift DB benefits, or could be used to support DC scheme members. Trustees will have to navigate this quite carefully."

"As a trustee you've got to look at your fiduciary duty and doing your best for members' interests," says Pi Partnership head of trusteeship, Joanne Holden. "But you also have to bear in mind the sponsor, which may need the surplus to keep their business running. This is when it gets very scheme-specific. What is the sponsor going to use the surplus for?"

"There needs to be an education piece for the trustees, helping them to understand what the implications are and where their responsibilities lie," says Pi Partnership head of trustee executive services, Lisa Riordan.

Trustees will also be affected by the government's decision to develop statutory guidance to clarify how trustees can comply with their existing duties when considering their interaction with other factors, such as climate risk.

Summary
• The duties and responsibilities of DB scheme trustees are an important focus in new legislation and regulation; and in the new DWP consultation on scheme trusteeship and governance.
• DB scheme trusteeship and governance is becoming more complex as new options appear for some schemes around running on and using a surplus, or consolidation into superfunds, as well as insurance de-risking bulk transfer transactions.
• Many DB schemes, particularly smaller schemes, continue to find it difficult to recruit new lay and member-nominated trustees.
• Both the DWP and The Pensions Regulator will be focusing on ensuring use of professional and sole trustees in DB schemes is in members' interests.
• Policymakers acknowledge the need to maintain support for DB trustees in the longer term – while many smaller DB schemes will disappear during the next few years many larger schemes will still require excellent governance for decades to come.

"I know there have been some healthy debates about what fiduciary duty means, but we feel it's for trustees to consider what it means in the context of their scheme," says Forrest Hall. "We are nervous of any codifying of what fiduciary duty is or isn't. When you define something in legislation you risk sending people down narrow paths. One of the nice things about the PSB is that it's about removing barriers stopping trustees making decisions in line with their fiduciary duty."

The overall impact of new and proposed guidance, regulation, and legislation on the governance of DB schemes is broadly positive, says Vidett client director and head of governance, Claire Barnes.

"We've gone from focusing on deficits and de-risking to concentrating more on journey planning and where we are heading," she explains. "These are all very beneficial conversations for the trustees."

Recruitment problems

But who will be having those discussions? Many DB schemes struggle to find new trustees, particularly new member-nominated or other lay trustees. Appointing a professional or sole trustee may be a useful option, particularly for smaller schemes working towards a buyout. By July 2025, 42 per cent of professional trustee appointments to DB schemes were sole trustees, up from 37 per cent a year earlier, according to figures compiled by Hymans Robertson. Most were for small schemes: 75 per cent had fewer than 500 members, and 40 per cent fewer than 100.

But hiring a professional or sole trustee is not always possible, and not always the best course of action. Concerns have been raised about potential conflicts of interest if a professional trustee firm also provides advisory services. The DWP consultation asks respondents to describe potential or actual conflicts of interest of this kind, and whether additional safeguards are needed to manage them.

"I have heard stories about it being sold to employers as a cheap way to run the scheme, not as the best way to run the scheme," says Rodger. "There are times where it is being implied to sponsors that they will have more control over the money with a sole trustee and no pesky members asking for things." The DWP consultation includes a question asking if further controls or safeguards are needed in relation to the appointment of trustees to ensure that decisions are always made in members' interests.

While every decent professional trustee will understand the fact that every scheme is different, if they are simultaneously working on multiple schemes it is easy to see how and why they might be taking very similar approaches at more than one of them. The consultation highlights the need for more diversity on boards, in terms of approach and background. It asks if there should be restrictions on the number of trustee appointments an individual professional trustee holds; and what might be included in an enhanced code of practice for sole trustees.

Whoever a trustee is, they will need to acquire, update and prove their competence. The consultation's questions include asking whether it would be appropriate to set higher standards for professional trustees, what support and continuous professional development (CPD) lay trustees need; and whether all trustees should be accredited.

DB trusteeship will certainly not be getting easier, but trustee competence is of paramount importance, says Forrest Hall. "Endgame is not simple: you need people who know what they're doing," she says. She says the PMI will be announcing enhancements to its Trustee Accelerator Programme (TAP) in the new year, aligned with evolving DWP and TPR requirements for both professional and lay trustees.

All of this activity underlines the fact that the need for well-trained DB trustees able to provide excellent scheme governance will remain very important for a while yet. While many smaller schemes may disappear in the years ahead, including through buyout or consolidation, many others will be with us for many more decades. As Holden puts it: "There's a lot more work to come for DB schemes."

Every part of the industry will need to contribute to finding and supporting the trustees who will do that work, and define DB trusteeship and governance fit for the 21st century.

Written by David Adams, a freelance journalist

Navigating pensions reform: Key priorities for trustees

The UK pensions landscape has entered a decisive phase of reform, bringing significant implications for trustees, pension schemes, employers and members. Jonathan Watts-Lay examines the key developments for the year ahead and beyond and what they mean in practice

Targeted Support regime

The FCA's consultation in June 2025 unveiled plans to introduce a Targeted Support regime, which is planned to launch in April 2026, with applications opening to financial services firms from March. The launch dates are subject to legislation being passed by parliament. This reform would allow authorised firms to provide tailored suggestions to groups of individuals with similar financial characteristics – bridging the gap between generic guidance and regulated financial advice. The goal is to make pension and investment support more accessible and affordable.

I welcome the initiative, albeit with some reservations. The new regime could help savers to get started and bridge the advice gap and may also encourage disengaged investors to make active choices and get better value from their investments. Targeted support could also help people to understand what is required to generate a desired level of income throughout retirement. However, by design, it's not holistic and won't consider all accumulated wealth or personal circumstances. For those with larger sums, regulated advice will remain essential, especially when planning for retirement income.

Understandably, there are concerns that targeted support could become targeted sales. Defining consumer characteristics and matching them to solutions will be critical and could become a legal minefield. The opportunity must be balanced with careful oversight to protect members.

The Pension Schemes Bill

The Pension Schemes Bill is progressing through parliament and is expected to become law, possibly by mid-2026. The bill aims to tackle underperforming pension schemes and consolidate small pension pots. In addition, the bill requires defined contribution schemes to offer 'default pension benefit solutions' designed to convert members' savings into a retirement income. This approach is referred to in the legislation as 'guided retirement'.

On small pots, whilst auto-enrolment has successfully increased pension participation, it has also led to employees accumulating multiple small pots as they move between jobs. The Department for Work and Pensions estimates there are around 13 million deferred DC pots that are worth less than £1,000, with the number increasing by around one million a year.

Pension consolidation offers an effective remedy – providing members with a clear view of retirement savings and reducing the risk of lost pots. The Small Pots Delivery Group (a collaborative initiative between the government, regulators, and industry stakeholders) have been tasked with setting out how eligible pots will be moved to authorised consolidators. Legislation is likely to come into force around 2030 that require schemes to automatically transfer eligible small pots to authorised consolidators.

On the topic of default pension benefit solutions, whilst the legislation terms this as 'guided retirement', in reality it's unclear how much actual support will be provided, given that the premise of offering default options is to remove the need for people to make an active choice. There is a real danger this could lead to a repeat of the issues seen with annuities pre-freedom and choice, where individuals defaulted into their providers annuity without exploring better options elsewhere. Retirement needs are highly individual. Some may have other significant assets, others may rely solely on their pension. Health, life expectancy and income preferences vary widely. A generic default solution cannot cater to this spectrum of needs and may result in tax inefficiencies and suboptimal income. Trustees must ensure members understand that the default is not the only option and may not be suitable for their needs. Providing financial education and one-to-one guidance is essential so members can make informed decisions.

Pensions dashboards

Throughout 2026, critical milestones will be faced with the Pensions Dashboards Programme, with the mandatory connection deadline set as 31 October – although exact connect dates will also depend on scheme type and number of active and deferred members. Beyond the technical requirements, member engagement should be a focus by developing clear, and accessible communications and financial education that explains what dashboards are, how they will work, and the benefits of being able to view all pensions in one place. Proactive planning now will help deliver a smoother transition and enhance transparency.

The Pensions Commission

In July 2025, the government revived the Pensions Commission to examine adequacy and recommend reforms, noting risks that future retirees may be poorer than today's. While auto-enrolment is a success in participation terms, adequacy remains a key issue. Trustees and employers will play a central role in how reforms land within schemes and workplaces.

Whilst the commission's final report isn't due until 2027, it is expected to address issues such as contribution levels, coverage gaps, state pension age, demographic disparities, as well as analysis on how workplace pensions interact with ISAs and other savings products, aiming to create a more cohesive framework for long-term financial security.

Salary sacrifice: NI cap from April 2029

From 6 April 2029, employee pension contributions made via salary sacrifice will only be exempt from National Insurance (NI) on the first £2,000 per tax year. Amounts above the cap will attract employee and employer NI at standard rates. Income tax relief is unchanged with non-sacrifice employer pension contributions remaining free of NI.

The changes will affect savers differently depending on their earnings and contribution levels. Most basic-rate taxpayers contributing modest amounts via salary sacrifice will see little or no impact, as their annual contributions often fall below the £2,000 threshold.

Those contributing above £2,000 annually will start to lose NI savings, reducing the overall efficiency of salary sacrifice. They may need to increase contributions to maintain retirement targets. Individuals making significant contributions through salary sacrifice will be most affected. The loss of NI relief could substantially increase their cost of saving, potentially discouraging higher contributions. However, it may be wise to consider maximising pension contributions before the changes take place. Trustees should anticipate increased member queries as a result.

What can trustees do to prepare for all the changes ahead?

Now is the time to get ahead of change. Those who plan early and communicate clearly will be best placed to deliver the central ambition behind this reform wave of better outcomes for savers.

Strategies that empower members to understand their pensions and retirement options and make informed decisions should be prioritised. This includes providing accessible financial education programmes, interactive tools, and one-to-one guidance, as well as investment advice which all play a part in helping members improve their retirement outcomes.

Diversifying savings options will remain important. Tax-efficient savings wrappers including Workplace ISAs continue to have a role alongside pensions. With ongoing updates to ISA rules and allowances, trustees and employers should work together to regularly review how workplace savings are communicated and integrated across total reward packages. A holistic approach ensures members can build financial resilience beyond traditional pension contributions.

Facilitating pension consolidation will also be essential in helping members gain clarity and control over their retirement savings.

However, ensuring robust due diligence with any provider shouldn't be overlooked. This means ensuring that any third-party providers meet rigorous standards including reviewing credentials, compliance frameworks, and service quality to safeguard members' interests.

WEALTH at work already support hundreds of organisations in helping their employees improve their financial future through financial education, one-to-one guidance and investment advice – complemented by our digital pension consolidation service and workplace ISA.

By prioritising financial engagement and education through partnering with trusted experts, trustees can join forces with employers to ensure these changes translate into meaningful benefits for savers. We look forward to supporting our clients through the successful implementation of these reforms and helping them deliver on the promise of a stronger, more secure retirement for all.

Written by WEALTH at work director, Jonathan Watts-Lay

In association with WEALTH at work
part of the Wealth at Work group

Summary
• Shariah-compliant multi-asset solutions are essential for faith-based investors seeking improved retirement outcomes and financial security.
• Low-cost, diversified asset-class-level exposures, often through passive strategies, are crucial for achieving broad diversification and long-term sustainability.
• Effective Shariah-compliant investments require oversight from a Shariah supervisory board and dividend purification.
• Equities drive growth, Sukuk provide defensive stability, supported by gold and property for added diversification and flexibility.

Expanding the faithful frontier

Sefian Kasem and Jennie Byun explore Shariah multi-asset retirement solutions

Providing meaningful investment and retirement solutions for Shariah-compliant investors is crucial in helping faith-based investors achieve improved retirement outcomes, long-term financial security, and reduced reliance on the state. Yet, despite growth in demand, Shariah-compliant investment options remain limited. As a result, some Muslim investors may have been forced to choose between hybrid portfolios that mix Shariah-compliant and conventional holdings, overly risky concentrated strategies, or – in many cases – choosing not to invest at all.

This landscape is now changing rapidly. Major providers such as HSBC Asset Management are bringing new Shariah-compliant products to market at pace, helping to close the gap and enabling faith-based investors to access retirement solutions that mirror the outcomes available from more established products. Interestingly, there is considerable overlap between faith-based investment screening and responsible or ethical investment approaches, given the focus on excluding harmful industries and prioritising cleaner balance sheets.

A defining feature of a good Shariah-compliant investment solution is rigorous oversight from a recognised Shariah supervisory board, something providers must treat as central rather than optional. Dividend purification is equally essential; without applying purification across all funds, an investment cannot be considered fully Shariah-compliant.

As with any robust multi-asset solution, the foundation lies in the quality and cost-efficiency of the building blocks used. Low-cost, asset-class-level exposures – possibly delivered through passive strategies – play a vital role in helping Shariah-compliant portfolios achieve broad diversification, appropriate risk management, and long-term sustainability.

Equities: The growth engine

Equities are typically the cornerstone of the growth component in any multi-asset portfolio, and this remains true in a Shariah-compliant context. A global equity allocation usually forms the backbone of the equity sleeve, providing diversified exposure across regions, sectors, and economic cycles. For investors seeking long-term capital appreciation, Shariah-compliant equities therefore represent one of the most important building blocks.

Shariah screening for equities involves a dual process designed to ensure alignment with Islamic ethical and financial principles. The first part is business activity screening, which excludes companies generating significant revenue from non-permissible activities such as alcohol, tobacco, gambling, pork products, adult entertainment, and conventional financial services, among others. This is closely aligned with many ethical or ESG-driven exclusions, highlighting the natural overlap between Shariah investment principles and broader responsible-investment practices.

The second part of the screening is financial ratio screening, where companies with excessive leverage or interest-based income are removed. Standards such as those issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) set quantitative thresholds, typically limiting total debt, cash, and interest-bearing instruments to specific proportions of a company's market capitalisation.

Although the screening process is robust, many companies still derive small, incidental amounts of income from non-permissible sources. This makes dividend purification essential. Purification involves identifying the portion of dividend income attributable to non-halal activities and donating that portion to charity. Without this step, portfolios may comply with screening criteria but fall short of being fully Shariah-compliant.

Shariah-compliant equity indices and passive strategies built upon them therefore offer a cost-effective, diversified, and principled means of accessing global equity markets while aligning with Islamic values. Their role in driving long-term growth makes them essential for multi-asset Shariah portfolios.

Sukuk: The defensive anchor

While equities provide growth, multi-asset portfolios also require defensive assets to help manage volatility and deliver stability through market cycles. In Shariah-compliant portfolios, this defensive allocation is achieved primarily through Sukuk, the Islamic alternative to conventional fixed income. Passive Sukuk exposures at the broad asset-class level are often the most efficient way to access this market, offering diversification, transparency, and lower costs.

Sukuk share similarities with conventional bonds in terms of providing periodic cash flows and returning principal at maturity, but they differ fundamentally in structure. Sukuk must represent partial ownership of an underlying tangible asset or a pool of assets, avoiding interest-bearing debt relationships. Their contractual frameworks are therefore asset-backed or asset-based, ensuring compliance with Islamic principles that prohibit riba (interest). Despite these structural differences, Sukuk still provide exposure to the global duration factor, meaning they respond to interest-rate movements in a way that is broadly comparable to traditional fixed income.

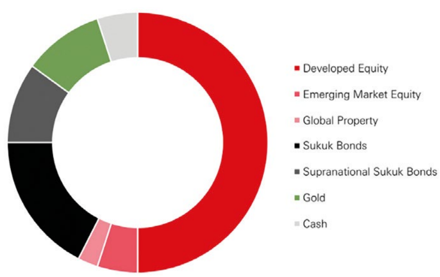
Another important characteristic of Sukuk markets is their issuer base. Sukuk are predominantly issued by sovereigns, quasi-sovereigns, and corporates from the Middle East and parts of Asia. As a result, Sukuk benchmarks often exhibit characteristics reminiscent of emerging-market income, including higher yields, exposure to faster-growing economies, and sometimes elevated geopolitical or credit considerations.

This means building the defensive sleeve of a Shariah-compliant multi-asset portfolio requires careful thought. While Sukuk provide diversification and stability, investors must be aware of the regional concentration and the risk profile embedded within the asset class. Nonetheless, when used in combination with global Shariah-compliant equities and other permissible assets, Sukuk play a crucial role in delivering balanced, risk-managed retirement solutions.

Bringing it all together

As the Islamic investment ecosystem matures, a logical next step has been the development of fully diversified multi-asset portfolios that bridge the risk spectrum between equities and bonds. This evolution is especially relevant for defined contribution (DC) schemes, offering a smoother investment journey without compromising on Shariah principles. This ensures investors can stay on track throughout their retirement lifecycle – while also providing additional self-selection options that align more closely with individual risk preferences.

Shariah Multi-Asset Balanced Portfolio



The construction of Shariah-compliant multi-asset portfolios begins with careful evaluation of the available universe. Key building blocks include Islamic equities, screened property exposures, Sukuk bonds and physical gold. Each plays a distinct role in achieving diversification and risk control. While many portfolios rely heavily on developed market sovereign bonds for stability, Shariah portfolios must look to alternatives like Sukuk and gold to fulfil similar functions – despite their differing risk-return characteristics.

From a multi-asset standpoint, government bonds play four important roles in portfolio construction: they provide liquidity, safe haven properties, diversification, and lower volatility than their equity counterparts. However, the emerging market nature of Sukuk, albeit investment grade, means its volatility profile is almost twice as volatile as global government bonds, implying the de-risking impact is less effective. Correlation is also higher between Sukuk and equity markets, while liquidity is more constrained within Sukuk bonds.

Therefore, we need to look broader to fully embed defensiveness into the portfolio. As such, gold becomes a valuable diversifier. While gold has a relatively high volatility profile, it exhibits low correlation to equities and therefore contributes to volatility smoothing when combined with both equity and fixed income assets.

Additionally, investors can also expand their toolkit within the fixed income market. Instruments such as International Islamic Liquidity Management (IILM) certificates, which are sub-12-month maturity, sit outside of the traditional Sukuk benchmark. Including them in the portfolio offers shorter duration exposure, improving portfolio flexibility through the ability to respond more nimbly to market shifts while also offering attractive carry properties.

The expansion of Shariah-compliant investment tools marks another step forward in accessing diversified, risk-managed portfolios without compromising faith. As the market continues to deepen and new asset classes are formed, Islamic multi-asset portfolios will become even more sophisticated, while remaining firmly rooted in Shariah values.

Written by HSBC Asset Management global head of ETF and index investing, Sefian Kasem, and head of UK multi-asset investment specialists, Jennie Byun

In association with HSBC Asset Management

Trust the master trusts: Why larger scale, increased supervision and member awareness will underpin the next phase of transformation of the UK DC pensions market

The past 15 years has been about the UK DC market responding to the introduction of auto-enrolment. The next 10 years will be about the challenges associated with DC becoming the primary pension provision for the private sector. Drawing on evidence and personal insight, Aviva Master Trust chair, Dr Chris Noon, sets out what trustees should expect through this next period of evolution

How did we get here?

Over the past 15 years, the UK master trust market has undergone a remarkable transformation. In 2012, the market was in its infancy as auto-enrolment dawned, and the age of mass participation commenced.

Fast forward to today, and we expect the market to be nearly £250 billion in size with circa 29 million members by the end of 2025.

Auto-enrolment fuelled this spectacular growth, but why did most of these new assets move to what was the lowly master trust market rather than to other pension structures operating in the UK?

Much of it was to do with the way auto-enrolment was introduced – starting with the largest UK employers. These employers and the pension consultants who supported them, had a preference for trust-based solutions. Led by a perception of better governance structures, more flexibility in member communication and, importantly, a pathway to bulk transfer legacy DC assets from existing employer trust-based arrangements. The relative ease of this type of transfer compared with the contract route, made master trusts the natural choice for employers looking to respond to auto-enrolment and wind up their costly own-trust arrangements.

At the same time, regulation made it relatively straightforward to set up a master trust and this led to rapid growth in the number of entities establishing master trusts all looking to acquire assets. So, even as auto-enrolment extended to smaller employers, the majority of the assets still flowed to this now established auto-enrolment solution.

Authorisation, supervision and the strengthening of the regulatory regime have all contributed to the evolving governance models of master trusts but there is some way to go to ensure that all trustees are delivering optimal value to members.

The next 10 years

Aviva analysis suggests that master trust assets are likely to have reached c. £250 billion at the end of 2025, while Broadridge research estimates that master trusts will be the custodian of over £700 billion of UK DC assets by 2034.

It's not fanciful to see how opportunities presented by both the Pension Schemes Bill and outcomes from the Pensions Commission might boost the size of the UK master trust market through the one trillion-pound milestone by 2036.

With the £25 billion main scale default arrangement requirement having could then expect the average size of a UK master trust to be in excess of £50 billion with the top few trusts each exceeding £150 billion.

These are genuinely 'mega funds' by any global definition.

At these scales, as well as having increased ability to add value to members through investment leverage and efficiencies, master trusts are likely to be under significantly increased scrutiny over and above today's standard from regulation, from their members and from wider market interest groups such as consultant firms and lawyers.

The implications of scale

With a strong governance model in place and a well-qualified, properly functioning group of trustees, there are important opportunities for significant value to be added to the retirement outcomes of members.

Investment: At £50 billion+, typical master trusts would be larger than the current average UK asset manager but with a narrower investment range from a very limited number of defaults. This scale allows trustees to drive member outcomes through increased diversification from the introduction of additional asset classes (e.g. private markets) and reduce underlying fund charges – thereby reducing risk and increasing long-term returns.

But this doesn't come for free. It requires trustees to actively govern the investment proposition – going much beyond a 'good enough' mindset – and to actively manage the new risks that accompany this type of solution. In particular, the risks that arise from increased investment in private markets – managing liquidity risk and the market lag that can arise from stale valuations.

Proposition: Bigger scale should result in increased investment in the wider master trust proposition – more sophisticated retirement solutions and journeys, hyper-personalised member content, AI-enabled support and guidance throughout the retirement journey.

The biggest potential sources of loss to members in their retirement journey tend to be outside trustee control. For example, members missing out on the optimal level of employer matching contributions, making poor or no decision at retirement, or transferring DC funds to a 'poorer value' but 'better marketed' solution.

Member engagement: The investments in proposition alongside the increased average value of member should (I hope) result in increased member interest in their pension assets.

Within the Aviva Master Trust, we're already expecting our active members between 40 and 54 to be retiring with over £250,000 in their pot – that's a significant sum for those in our master trust[1].

This increased engagement is a positive thing and should be welcomed.

With the power of AI at members' fingertips to assess master trust outcomes, trustees will need to clearly demonstrate the value being provided in the master trust. We need to stand ready to listen and respond to member feedback.

Market interest: The increased scale of the master trust market will encourage other solutions to come to market looking to attract member assets. Some of these solutions might be those seeking to add additional income for their members – for example, retirement CDC solutions.

However, experience indicates that other innovations may place greater emphasis on marketing than on member value, which could potentially lead to outcomes that are not as beneficial for members as intended.

Supervision: At these scales and with increased member awareness and market insight, regulatory oversight will increase significantly with a particular focus on risk management. Whilst it's 'easier' to supervise a smaller number of master trusts, when something goes wrong, it's likely to have a much bigger member impact and, more likely, a political response.

Trustees will need to evolve to operate in this type of environment – with improved risk management frameworks and a better understanding of their trust's relationship with society and government.

Trust the master trusts

Master trusts have come a long way from being seen simply as efficient auto-enrolment and own-trust consolidation vehicles.

By 2036, they will be central to the retirement security for millions of UK workers.

At 'mega fund' scale, with strong governance, investment expertise, and genuine trustee independence, they will have significant capacity to supercharge member retirement outcomes.

But this requires trustees to be active and demanding stewards – not passive administrators.

By asking the right questions and driving continuous improvement in investment, decumulation, and member engagement, trustees can ensure that the journey to the one trillion-pound milestone is not just a measure of scale, but a testament to the value delivered to every member.

The opportunity is real. The responsibility is profound.

To find out more, please visit our Aviva Master Trust webpage or reach out to your usual Aviva contact.

Written by Aviva Master Trust chair, Dr Chris Noon

In association with AVIVA

[1] Average current fund value - £53.5k (Oct 2025)

Digital governance for pension trustee boards

OnBoard international director, Tim Bull, explains why modern tools matter within pension scheme governance

Pension trustee boards in the UK are operating in an environment defined by scrutiny, speed and complexity. Regulatory expectations continue to sharpen, member communications are under the microscope, and decision-making is increasingly shaped by fast-moving market and funding developments. At the same time, most trustee boards are made up of highly capable individuals balancing governance responsibilities alongside demanding day jobs. The practical question becomes: how do you run a disciplined, auditable governance process without adding friction?

For many schemes, the answer is a shift from dispersed, email-driven board administration to purpose-built board management software.

The governance challenge: control, clarity and evidence

Trustees are expected to demonstrate robust governance: the right information, reviewed by the right people, at the right time, leading to decisions that can be understood and evidenced later. In practice, this can be undermined by familiar issues:

- Multiple versions of papers circulating via email, with unclear 'final' copies
- Late distribution of board packs, leaving limited time for review
- Difficulty tracking actions, owners and deadlines between meetings
- Fragmented records of key decisions and supporting materials
- Increasing cyber risk from attachments and unmanaged document access

When you add sensitive member data, employer information, adviser reports and investment materials into the mix, the risks and inefficiencies compound. Board management software addresses these problems at the root by centralising governance workflows and creating a structured record of board activity.

Security and confidentiality: fit for trustee responsibilities

Trustee boards handle data that deserves higher controls than standard email and file-sharing. A modern board portal provides secure access to board packs and materials, typically with permissions by role, controlled sharing, and the ability to restrict downloads or printing where appropriate. For trustees, it means confidence that documents are accessed through a single, governed channel rather than forwarded, copied or stored across personal devices and inboxes.

OnBoard's approach to board management is built around secure distribution, clear access control and a consistent experience for trustees and advisers – reducing the governance gap between "how we think information is handled" and "how it actually moves in practice."

Better meetings: preparation, focus and faster decisions

Trustee meetings are most effective when administrative effort does not compete with governance focus. A single, digital workspace allows meetings to be managed end to end – from agenda setting through to approved minutes, without the fragmentation that often slows preparation and follow-up. Papers can be finalised and shared earlier, discussions are anchored in a consistent set of documents, and actions are clearly recorded with named owners and timescales. By bringing agendas, minutes, documents and virtual meeting tools into one environment, trustee boards can spend less time on process and more time on informed oversight and decision-making.

A more effective operating model for trustee boards

Board management software is not a 'nice-to-have' digital layer; it enables a more professional operating model for trustee boards. It supports secure collaboration with advisers, reduces administrative overhead for governance teams, and makes it easier to maintain a consistent process across recurring meetings, committees and sub-groups.

For UK pension trustees, the benefits are practical and immediate: fewer version issues, better preparation, stronger action management, and a clearer, more defensible governance record. For schemes facing growing complexity and expectations, platforms like OnBoard provide a straightforward route to higher-quality governance, without demanding more time from already busy trustee boards.

Call to action

To see how OnBoard can transform governance for your trustee board and help you run more secure, streamlined and effective meetings, learn more at OnBoard.

Written by OnBoard international director, Tim Bull

In association with OnBoard

DB pension schemes: Is investing like an insurer easier said than done?

The UK government recently published its highly anticipated Pension Schemes Bill, opening the door to more flexible treatment of defined benefit (DB) pension scheme surpluses. While buyout remains the gold standard for member security, many trustees and finance teams are now exploring if, and how, running-on their scheme could work for the benefit of its members and the sponsor

If insurance companies can secure member benefits while also generating attractive investment returns on their capital, why can't pension schemes – especially as, unlike insurance companies, pension schemes do not have to adhere to the strict matching requirements of Solvency II?

However, some pension schemes are finding it challenging to implement an insurance-like investment strategy in practice. We explore the reasons why – but more importantly, how trustees can overcome these challenges.

Investing like an insurance company

Insurance companies follow an approach like the one below, which is typically known as cashflow-driven investing (CDI).

Step 1: Buy and hold onto a portfolio of high-quality corporate bonds that will deliver payments in line with the insurer's pension obligations. When credit spreads are tight (as is currently the case) insurers will also often find other ways to match cashflows that still capture value, and then look to switch these into corporate bonds when spreads widen (more detail on this later).

Step 2: Invest in additional cashflow generating assets, like private credit to boost returns further.

Step 3: Use liability-driven investing (LDI) derivatives, like swaps, to top-up the interest rate and inflation hedge. The LDI strategy will consider the hedging already provided by the assets bought in Steps 1 and 2.

This insurance-like approach can also be beneficial for pension schemes because it gives trustees greater comfort that they will be able to meet their ongoing payment obligations, without having to sell assets at the wrong time. Investing in high-quality, contractual assets like investment grade (IG) corporate bonds can also reduce the chance of the pension scheme failing to achieve its long-term return objectives. Adding in LDI also protects the day-to-day funding position of the scheme from fluctuations in interest rates and inflation.

While the building blocks of CDI will be familiar to many trustees, they face several challenges when seeking to mirror this strategy in their pension scheme.

Challenge 1: Delivering high enough returns at the same time as matching

When implementing a CDI approach, pension schemes need to put aside enough assets to meet the collateralisation requirements of the derivatives in their LDI strategy, as well as to match their pension cashflow obligations.

Most pension schemes are only able to post cash or gilts as LDI collateral, which means they need to tie up a considerable proportion of their assets in these low yielding assets. Additionally, the credit spreads available on cashflow matching assets like corporate bonds are at historic low levels. These two factors mean that some pension schemes will struggle to generate high enough returns from their CDI strategy to make running-on worthwhile.

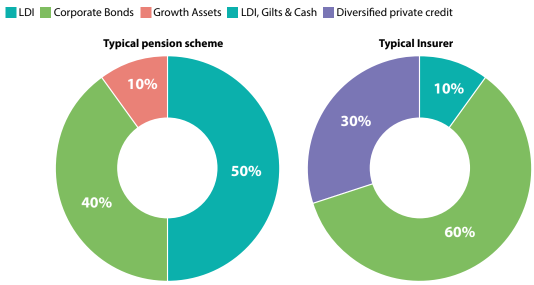
To offset the low yields available on their CDI portfolio, some schemes have retained a small proportion of their assets in growth strategies (such as equities) that they hope will earn much higher returns – a so-called bar-bell approach. However, as relatively few asset classes are able to deliver these returns, this can lead to a very concentrated growth portfolio, with significant downside risk.

To overcome these challenges, insurers will usually implement LDI more flexibly than pension schemes. For example, they can typically post corporate bonds as LDI collateral, as well as cash and gilts, on attractive terms. This means that they can invest more of their assets in credit and less in gilts and cash to earn a higher yield on their CDI portfolio. This is particularly important for inflation hedging, for which there are fewer physical matching assets available that also deliver an attractive yield.

Insurers may also be able to use their balance sheet as a source of last-resort liquidity. Again, this can reduce the amount of cash they need to commit up front to support their LDI strategy.

An example pension scheme asset allocation and an example insurance company asset allocation are shown in the charts above. The insurance company can allocate more of its assets

Typical pension scheme and insurer asset allocation



Source: M&G Investments, October 2025.

to corporate bonds and private credit than the pension scheme, which needs to hold more in gilts and cash to support its LDI strategy. The pension scheme has also retained a 10 per cent allocation to a concentrated growth asset strategy to enable it to achieve its long-term return objective. The insurance company has more assets available to achieve additional returns, so can construct a more balanced portfolio overall.

Insurers will also use their expertise, scale, and the strength of their bank counterparty relationships to access yield enhancing LDI strategies that may not be available to a typical pension scheme. For example, in the current tight spread environment insurance companies are using a combination of short-dated credit and leveraged gilt trades and/or par-par asset swaps to capture yield. Insurers may use these trades with the intention of switching into long-dated corporate bonds later on, when credit is priced more attractively[1].

Challenge 2: Accessing high quality private assets

Pension schemes can invest in a growing number of private assets; however, they are often at a competitive disadvantage when allocating to the highest quality investments.

In an increasingly crowded buyout market, insurance companies must source attractive assets to price new business competitively, and ensure they resource their teams accordingly. This is especially true when spreads on public credit are tight.

When a new private asset comes to market, often only the very largest and most established investors, such as insurance companies, can participate. This means that pension schemes, which are usually making much smaller allocations, are unable to access these new opportunities.

Challenge 3: Bringing everything together in both normal and stressed markets

A CDI strategy needs to be able to fulfil a range of complex operational objectives at the same time: the timely delivery of cashflows to pay pensions, executing sophisticated derivative overlays, posting collateral and managing liquidity. These processes need to be robust in normal market conditions and during fast-moving crises like the 2022 gilts crisis.

Insurance companies have a long track-record of successfully managing these processes and experienced far fewer challenges than pension schemes during the gilts crisis. Most pension schemes with a CDI strategy will rightly seek to delegate some or all these functions to a third party.

A CDI plus liquidity solution that seeks to overcome challenges

To successfully invest like an insurer, trustees can appoint a CDI partner that has an insurance heritage. These can enable them to access the flexible LDI strategies, private markets expertise and scale, and operational resources of an insurance company, whilst retaining the benefits of a run-on solution.

M&G Investments works with trustees and their advisers to build a bespoke credit solution to match their pension scheme's cashflow profile. This can include corporate bonds and private credit if desired, and triggers can be used to add longer-dated corporate bonds when spreads are more attractive.

Schemes are able to access the same highly flexible and efficient LDI strategies as our insurance company due to our wrapper that allows access to our balance sheet. The wrapper gives schemes the ability to use corporate bonds as LDI collateral and to 'borrow' liquidity from the insurance balance sheet in times of market stress.

With CDI plus liquidity, M&G Investments can also help pension schemes access many of the same private market strategies as the M&G plc group insurance company (Prudential) and, as these strategies are aligned with the Solvency II requirements of insurance companies, the solution can also act as a natural bridge to buyout.

If or when the pension scheme is ready to buyout, there is no obligation to transact with M&G Investments – the CDI plus liquidity solution is flexible and there are no additional costs for exiting the solution[2]. However, M&G Investments will provide pricing for any CDI plus Liquidity client that wishes to consider buying out with us.

"The views expressed in this article should not be taken as a recommendation, advice or forecast. The value of investments will fluctuate, which will cause prices to fall as well as rise and you may not get back the original amount you invested."

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If you would like to discuss any of the topics in this paper please contact the Endgame Solutions team.

Written by M&G Investments' head of endgame solutions, Gurbani Swanni-Leach

In association with M&G Investments

[1] With CDI we hope to hold corporate bonds until they mature, so it can makes sense to delay buying longer dated bonds until credit spreads are more attractive. The values of longer dated corporate bonds are also more sensitive to widening spreads than shorter dated bonds. This can be an extra consideration for pension schemes who are concerned about the day-to-day volatility of their assets compared to their liabilities (particularly if their liabilities are discounted on a gilts rather than corporate bond basis). 2 Selling the underlying assets may incur transaction costs; however, M&G does not charge any additional fees for exiting the CDI plus Liquidity solution and there is no minimum investment period. This Financial Promotion is issued by M&G Investment Management Limited, registered in England and Wales under number 936683, registered office 10 Fenchurch Avenue, London EC3M 5AG. M&G Investment Management Limited is authorised and regulated by the Financial Conduct Authority.

Trusteeship in transition

Lessons from authorisation and supervision – a blueprint for change?

The UK pensions landscape is transforming rapidly. Trusteeship faces rising expectations from regulators, policymakers, and sponsors, requiring a balance of fiduciary duties, regulatory demands, costs, and diversity of skills.

The December 2025 DWP consultation envisions "a smaller number of bigger and better schemes overseen by highly skilled, independent trustees applying good governance and delivering the best outcomes for savers without conflicts of interest."

Raising the bar: New standards for trustees

The DWP consultation signals a decisive shift in the standards expected of trustees. At its core is a move towards centrally defined standards for professional trustees, which marks a departure from the current system of industry self-regulation. The government and The Pensions Regulator (TPR) aim to set and enforce standards for accredited trustees.

While accreditation isn't mandatory, most firms already ensure directors are accredited. TPR expects this, and the consultation proposes stronger, consistent requirements to ensure trustees have the skills, experience, and independence to deliver for savers.

Crucially the consultation also recognises the value of lay and independent trustees, who bring diversity of thought and challenge to boards. While higher standards are proposed for professionals, the government is keen not to discourage lay participation acknowledging the diversity and richness of perspectives they provide.

Segmented supervision: A new approach to oversight

TPR is rolling out a risk-based supervision model to address systemic and scheme-specific risks, foster innovation, and strengthen governance for better member outcomes.

The segmented supervision model replaces the previous one-size-fits-all approach and categorises schemes into four distinct groups. Many single employer trust arrangements are now experiencing direct supervision for the first time, with oversight tailored to a scheme's risk profile. This targeted oversight model is designed to enable meaningful engagement and faster intervention where needed.

Master trust authorisation & supervision: A helpful blueprint?

Introduced in 2018, master trust authorisation established a rigorous regulatory framework for multi-employer DC schemes. To achieve and maintain authorisation, master trusts must meet high standards in governance, financial sustainability, administration, and member protection. Many of these principles are now being extended to the wider market through segmented supervision and the proposals outlined in the DWP consultation.

Board effectiveness: Assurance and accountability

Effective boards require professional expertise, empathy, and lived experience. The DWP proposes regular independent effectiveness reviews to align pensions governance with corporate norms and ensure boards remain fit for purpose.

Although accreditation is not currently mandatory, many professional trustees appointed to master trusts are accredited. TPR's General Code of Practice sets an expectation that professional trustees should be accredited and the DWP's consultation appears to be taking this further, by strengthening the requirements for professional trustees.

Master trusts offer a useful blueprint;

- **Minimum board size:** At least three trustees, with a majority (including the Chair) being 'non-affiliated' to ensure objectivity and robust oversight.
- **Terms of office:** Limits on how long a trustee can serve.
- **Recruitment of trustees:** Appointments are made through open and transparent recruitment process.
- **Regulatory notifications:** Trustee appointments must be reported to

TPR, supported by evidence of fitness, propriety, and suitability for the role; collective board competency must also be demonstrated.

While continuity has its benefits (and there may be cases where trustees should remain in place for extended periods) limiting terms of office introduces fresh perspectives and ensures alignment with evolving member needs and the changing dynamics of the scheme.

Diversity, experience and skills

TPR's 2025 *DC Schemes Survey* shows over 90 per cent of master trusts appoint professional trustees. The goal is a balanced mix of expertise, empathy, and lived experience, with regular refreshment for fresh perspectives.

Unlike single employer schemes, commercial master trusts do not have member-nominated trustees (MNTs). This is largely due to confidentiality issues across a membership base spanning multiple unconnected employers, as well as the significant time commitment required. Yet, MNTs are widely recognised for the diversity of thought and constructive challenge they bring, along with unique skills and perspectives that enhance overall board effectiveness.

The DWP consultation acknowledges this and highlights how master trusts often use member forums or other mechanisms to ensure the member voice is heard. However, the question remains: does this go far enough?

Another emerging trend is the inclusion of restrictions in trustee appointment terms, such as prohibiting service on another commercial master trust board. The DWP consultation recognises the potential for conflicts of interest in situations where professional trustees serve across multiple schemes and emphasises the need for robust conflict-of-interest management and governance frameworks. While it stops short of mandating explicit bans, the paper calls for stronger codes of conduct and clearer standards to address overlapping roles and protect scheme integrity.

Master trusts are largely self-regulating in this space, with many now introducing restrictions in trustee appointment terms. This raises an interesting question and whether similar principles should apply to advisory firms working with master trusts.

Protecting members: Financial resilience and contingency planning

A cornerstone of master trust authorisation is financial resilience and robust contingency planning. The requirement to maintain sufficient capital reserves and detailed continuity plans ensures that the schemes can operate during periods of stress, protect members' benefits, and fund an orderly wind-up if necessary. The reserves must meet certain thresholds and be securely ring-fenced for the benefit of trustees.

In contrast, single employer schemes are not required to hold financial reserves or maintain such detailed continuity plans. Instead, there is an expectation that the sponsoring employer will step in if needed. However, this safeguard could fail if the employer is experiencing financial difficulties.

More consistent safeguards should be considered, though employers may resist setting aside capital.

Robust governance and external assurance

Robust governance is the cornerstone of a well-functioning pension scheme. While good governance is not exclusive to master trusts, authorisation and supervision requires clear evidence that robust systems and processes, effective risk management and strong decision-making protocols are being carried out by an experienced and knowledgeable trustee board.

This governance is subject to external assurance, most notably the AAF TECH 05/20 audit standard, developed by the Institute of Chartered Accountants in England and Wales (ICAEW). This standard assesses the design and operational effectiveness of internal controls, verifying that governance frameworks are not just theoretical but work in practice. It covers:

- Trustee decision-making and oversight
- Investment governance
- Member communications
- Data integrity and cyber resilience
- Administration and service provider oversight.

The DWP consultation places significant emphasis on improving administration standards and ensuring trustees have clear accountability for operational resilience. External assurance of administration controls through frameworks like AAF TECH 05/20 may go some way toward supporting these objectives.

A new era for trusteeship

Trusteeship is entering a new era of professionalism, independence, and evidence-based oversight. Complexity demands technical fluency, judgement, and independence. Professional trustees bring expertise; lay trustees add member insight. Diversity remains critical and initiatives like PMI's Trustee Acceleration Programme (TAP) are attracting new talent.

Higher standards can coexist with support for lay trustees and structured accreditation pathways, strengthening governance while preserving diversity.

The consultation period began on 15 December 2025 and runs until 6 March 2026.

Written by Scottish Widows master trust lead, Sharon Bellingham

In association with SCOTTISH WIDOWS

When markets need a courtroom: Litigation as fiduciary governance

With systemic risks reshaping the investment landscape, trustees are recognising litigation not as conflict, but as a necessary element of prudent, long-term fiduciary governance

The disconnect

Many trustees believe their fiduciary duty ends where the courtroom begins. That assumption is misplaced. As systemic risks, from climate change to market manipulation, increasingly threaten diversified portfolios, the question facing UK pension trustees is not whether litigation belongs in the stewardship toolkit, but whether failing to use it may itself constitute a breach of duty.

Trustees frequently describe themselves as universal owners with exposure to the entire market. Yet as Dr Ellen Quigley of Cambridge University observes, diversification brings exposure not only to the market's strengths but also to its failures: climate risk, data risk, accounting failures and governance breakdowns.[1] These are risks that cannot be diversified away.

Quigley's research on universal ownership and fiduciary escalation sets out a clear logic: When engagement and voting cannot resolve market wide externalities, fiduciaries must consider new levers of accountability. Stewardship has raised awareness and expectations, but it also has limits, including inconsistent data, fragmented accountability and the practical reality that dialogue alone cannot correct system level harms.

Why litigation belongs in fiduciary governance

Securities litigation is far more than simply an adversarial act but a disciplined form of fiduciary governance: a structured escalation when voluntary measures prove insufficient. It serves three essential functions:

- **It restores disclosure discipline.** Every securities case reinforces the principle that misrepresentation carries cost. Settlements not only compensate investors but recalibrate behaviour. Boards, auditors and insurers adjust their risk assessments accordingly.
- **It generates public information.** Through court filings, disclosure processes and the evidentiary record created during proceedings, actions produce information that informs future stewardship, regulation and market pricing. The process itself acts as a transparency dividend for the system.
- **It drives governance spillovers.** Governance reforms secured in settlements, such as the separation of Chair and CEO roles in the Under Armour litigation, ripple across sectors as peer companies adjust to mitigate their own exposure.[2]

This dynamic is reflected in emerging scholarship. Legal scholar Maurits Dolmans frames the challenge as a climate prisoner's dilemma: Each fiduciary acts rationally within their mandate, yet the collective outcome is irrational and value destructive.[3] His 2025 paper argues that fiduciary duty already requires trustees to manage system level risks that cannot be diversified away.

Alexander Hastreiter's 2025 working paper goes further, describing fiduciaries as macro prudential actors responsible for safeguarding the functioning of the market itself.[4] When misconduct distorts prices at scale, fiduciaries who fail to act create what he terms 'fiduciary externalities'. Left unaddressed, these compound into systemic harm.

In short: stewardship protects the system's intent; litigation protects its integrity. Both are necessary if fiduciary duty is to mean more than risk management within broken markets.

The evidence: What works

The United States has the deepest disclosure culture in the world, built on nearly a century of securities law precedent.[5] Decades of shareholder actions have made the cost of misrepresentation visible, quantifiable and material to decision makers. This experience demonstrates how credible enforcement sustains market integrity.

For trustees, this is not about importing American litigiousness. It is about upholding market discipline. Credible enforcement reinforces the pricing and governance structures upon which long term value depends.

UK pension funds increasingly demonstrate this approach. When they act as lead plaintiffs, as in the Under Armour, Apple and Puma Biotech cases, they are not pursuing private gain but defending the rules of the market itself.[6] Their actions show that trustees can escalate responsibly when dialogue and disclosure fail.

Far from undermining stewardship, litigation completes it. It signals that governance failure is not a risk to be tolerated but a breach to be corrected. Used effectively, litigation strengthens all the other tools in the stewardship toolbox, reinforcing the credibility of engagement and ensuring that governance standards do not rely on voluntary compliance alone.

The evolving legal and regulatory framework

Dolmans notes that this interpretation remains an emerging perspective rather than settled law. Yet shareholder actions increasingly demonstrate that fiduciary escalation can deliver tangible governance reform.

Recent legal scholarship suggests that prudence now encompasses the willingness to act collectively and, where necessary, legally to prevent foreseeable harm. Failing to address system level risk may itself amount to imprudence.

Analysis from the Net Zero Lawyers Alliance reinforces that climate risk is a foreseeable and financially material factor within fiduciary duty, requiring trustees and directors to integrate it into their duties of care, loyalty and prudence.[7]

This evolution aligns with broader regulatory thinking. The Financial Conduct Authority's disclosure requirements, the Pensions Regulator's climate governance guidance and international precedents such as the *Urgenda and Milieudefensie* rulings all point towards a more active interpretation of fiduciary duty.[8 9]

Urgenda (2019) established that governments must do their part to mitigate climate harm. *Milieudefensie* (2021, appeal 2024) confirmed that corporations owe a duty of care to reduce climate impacts. Each illustrates how courts can define accountability where voluntary measures fail.

Together, they highlight the principle underpinning systemic stewardship: when voluntary mechanisms reach their limits, accountability must move from persuasion to enforcement.

Addressing trustee concerns

Some trustees hesitate to embrace litigation, citing concerns about cost, time and relationships. These concerns deserve consideration, but none should prevent appropriate action.

- **Cost:** Securities class actions typically operate on a contingency basis, requiring no upfront capital and capping downside exposure.
- **Relationships:** Litigation targets specific misconduct, not the broader engagement relationship. Stewardship continues through investment manager dialogue.
- **Time:** Specialist counsel manage proceedings. Trustees participate only at key strategic milestones.

"When markets fail to police themselves, the courtroom becomes the custodian of fiduciary duty"

The real question is not whether litigation is comfortable, but whether inaction is prudent. When material misrepresentation threatens beneficiaries' capital and voluntary measures fail, trustees must ask: is doing nothing truly defensible?

Turning principles into practice

Trustees wishing to integrate this thinking can take several practical steps:

- Review litigation policies to ensure alignment with fiduciary duty.
- Engage legal advisers early to understand options for fiduciary escalation.
- Monitor emerging cases, particularly those related to transition plan misrepresentation or climate risk disclosure failures.
- Embed system level risk oversight into governance and reporting frameworks.

Each step aligns with UK regulatory expectations for proactive risk management.

A call to trustees

Fiduciary duty has always adapted to its time. In the 20th century, it meant prudence, diversification and independence. In the 21st, it also means vigilance, escalation and enforcement.

For long term investors, litigation is often characterised as backward looking. In reality, it is forward looking risk management. Class actions correct pricing distortions, deter misconduct and establish governance precedents that stabilise markets.

This is especially relevant to universal owners such as UK pension schemes. Unable to divest from the market as a whole, they carry exposure to the system's integrity itself. Litigation becomes a form of market maintenance, not a departure from stewardship but its logical extension.

When trustees use every lever available, from engagement to enforcement, they affirm that fiduciary duty is not passive guardianship but active governance. True fiduciary governance is measured not by how often trustees litigate, but by how fully they use every lever to protect the integrity of beneficiaries' capital.

Written by Robbins Geller Rudman & Dowd partner, Mark Solomon

In association with Robbins Geller Rudman & Dowd LLP

Footnotes

1. Quigley, E. (2020). *Universal Ownership: Why Environmental Externalities Matter to Institutional Investors*. Cambridge University; and subsequent research on systemic stewardship.
2. *In re Under Armour Securities Litigation* (2021), U.S. District Court for the District of Maryland.
3. Dolmans, M. (2025). *Sustainable Fiduciary Duties*. Produced in collaboration with the Net Zero Lawyers Alliance.
4. Hastreiter, A. (2025). *Fiduciary Duties in a Systemic Context*. Working Paper.
5. SEC (2020). *The Investor's Advocate: How the SEC Protects Investors.*
6. Robbins Geller Rudman & Dowd LLP (2024). *Institutional Investor Recoveries.*
7. Net Zero Lawyers Alliance (2024). *Fiduciary Duty and Climate Risk.*
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9. *Urgenda Foundation v. State of the Netherlands (2019); Milieudefensie et al. v. Shell* (2021, appeal 2024).

Company Profiles

WEALTH at work

WEALTH at work is a leading financial wellbeing, retirement and workplace savings specialist – helping your people to improve their financial future.

This is achieved by providing support in the workplace on a range of financial matters from financial wellbeing issues such as debt and money management through to pensions and preparing for retirement.

We also specialise in delivering projects to support employees through pension changes including new scheme introduction, fund changes or defined benefit scheme closures, as well as redundancy, share scheme launch and maturity and so much more.

Established in 2005, we provide financial education and one to one guidance on a bespoke basis which can be delivered globally. As part of the Wealth at Work group, we deliver these services for hundreds of organisations, reaching millions of the workforce.

Employee engagement is driven by designing campaigns to create awareness of upcoming programmes and then digital nudge technology is used to encourage participation to maximise take-up.

Knowledge can also be supported through the creation of informative and stimulating content from our digital communication specialists who produce webcasts, animations, interactive calculators and tools, as well as the implementation of portals and websites to support any programme.

Following this, for those wishing to understand their personal financial situation, support is provided through our helpline. At this point, we can offer access to investment advice which provides specific recommendations on, for example, retirement planning and can adapt in line with changing needs.

We also offer other investment options (on a non-advised basis) for those with simpler investment requirements. These can be initiated at individual level or arranged at employer level by setting up and offering a Workplace ISA.

WEALTH at work

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For more details, please visit www.assetmanagement.hsbc.co.uk

Source: HSBC Asset Management as of 30 September 2025

HSBC Asset Management

Aviva Master Trust: Delivering for its members

Aviva Master Trust has been chosen to provide pension savings for over half a million workers and more than 600 employers across the UK. The scheme looks after over £16 billion of retirement savings entrusted to it by almost 600,000 members.

The Aviva Master Trust brings together the skills, knowledge, and governance expertise of the trustee board with Aviva's product design, digital technology, and investment capability. Hearing the voice of our members is crucial. One route for members to share their views is through the innovative member research panel known as the Discovery Hub. These areas combine with the aim of delivering the best possible retirement outcomes for members.

Key areas of focus are:

Retirement solutions – the scheme offers access to the full range of pension freedoms options, alongside Aviva Guided Retirement, the newly launched innovative 'flex first, fix later' retirement income solution. Members are supported throughout, with guidance, advice and tools to help them achieve their needs.

Member engagement – the trustee support and oversee Aviva's compelling digital proposition to enhance the member experience and improve engagement. Supported by highly rated apps, members carry their 'pension in their pocket,' making it incredibly easy to view, model and manage their pension.

Managing sustainability risks and opportunities in investments – our Aviva Master Trust strategic objective is to deliver and maintain high quality investment solutions which, for our standard and alternative defaults, are aligned to climate change targets, set by the trustee, considering the long-term interests of members. Investment solutions have benefitted from the introduction of private markets exposure into the main scheme default, My Future Focus, which has an allocation to private debt and infrastructure as well as commercial property and the launch of Aviva's new My Future Vision solution with a broader and more diversified allocation to private markets.

OnBoard

OnBoard is the board platform that helps organisations simplify governance, accelerate decisions, and operate with confidence. Trusted by thousands of boards and committees across more than 60 countries, OnBoard provides secure, cloud-based technology built for the realities of modern governance. The company is headquartered in Indianapolis, with offices worldwide.

Company Profiles

M&G Investments

M&G Investments is a global asset manager that offers an extensive range of active investment strategies across public and private markets. Since launching Europe's first-ever mutual fund in 1931, we've consistently relied on original thinking, taking the long view and focusing on long-term value. We're recognised for our expertise in equities, fixed income, private markets and multi-asset solutions. With a global network of investment experts spanning different assets classes, we're able to draw on in-depth research and expertise to find attractive opportunities around the world. Investment teams work collaboratively, sharing ideas and insights, which can reveal new investment opportunities and fuel innovation. We call this Intelligence Connected. We aim to be a trusted partner to clients wherever they are in the world, delivering valuable insights and solutions that help them meet their investment goals. We're part of M&G plc.

M&G Investments

Scottish Widows Master Trust

The Scottish Widows Master Trust (SWMT) is a flagship component of the Scottish Widows workplace pension business and future strategy. Scottish Widows has been helping people plan for their future for over 200 years. This means participating employers and members not only benefit from demonstrable commitment to market, but also the knowledge, know-how and experience of one of the UK's largest pension providers.

No other master trust has the backing of the UK's largest bank nor the security and regulatory rigour that this entails. The innovation and investment the SWMT enjoy from being part of Lloyds Banking Group ensures it continues to deliver even more tomorrow and in the future for members and employers.

The SWMT is a fully outsourced workplace pension solution designed for medium to large employers. It enables employers to retain their identity whilst creating efficiencies for their business, improved outcomes for members and a partnership which will take overall pension engagement to the next level.

A highly skilled and experienced independent trustee board is responsible for governance and oversight of the scheme. The trustees' extensive expertise and active governance of the SWMT ensure that they meet their strategic objective "to be trusted by all members to help them achieve good retirement outcomes and value for money".

The SWMT is authorised by The Pension Regulator (TPR) and is therefore subject to the very highest levels of governance introduced by the regime. The ongoing TPR supervisory requirements ensure that these standards are at the very least maintained, but the independent trustees of the Scottish Widows Master Trust are confident that their strategic approach to governance goes well above and beyond these standards.

Visit our website for more details on what we do and how we can support your scheme.

SCOTTISH WIDOWS

Company Profiles

Robbins Geller Rudman & Dowd LLP (RGRD)

Robbins Geller Rudman & Dowd LLP (RGRD) is a leading US securities litigation firm acting for institutional investors worldwide, with a strong record for UK and European pension schemes. The firm has around 200 lawyers across 10 offices and combines deep investigative capability with a trial-ready approach to complex, market-wide actions.

Independent data show sustained, top-tier performance. Over the past five years, RGRD has secured more than $1 billion in court-approved settlements every year, with 2024 the strongest at $2.7 billion. RGRD ranked number one by total settlement amount in 2020, 2021, 2022 and 2024. In 2024, the firm served as lead or co-lead counsel in each of the eight largest US securities fraud settlements, including Apple ($490 million), Under Armour ($434 million) and Alphabet ($350 million), as well as significant recoveries in Uber, Rite Aid and TuSimple. These results reflect both scale and consistency, supported by a steady annual case resolution rate of roughly 21 to 29 securities class actions.

RGRD's work also delivers governance impact. Recent settlements have included reforms such as separating Chair and CEO roles, strengthening board oversight of financial reporting, declassifying boards, and improving executive pay alignment, helping long-term shareholders protect value beyond the settlement cheque.

For pension trustees, RGRD provides an end-to-end service: in-house portfolio monitoring, early loss analysis, clear recommendations on participation or lead plaintiff opportunities, and efficient claims administration, all on a contingency basis with no upfront cost. The firm also supports clients' fiduciary responsibilities through practical education, including trustee training, plain English guides and regular briefings on disclosure and governance developments.

RGRD's standing in the European pensions community was recognised again in 2025, when it was named Pensions Age Law Firm of the Year (Securities Litigation), alongside further short listings across UK and European industry awards.

Robbins Geller Rudman & Dowd LLP

Pensions Age

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