



# A moving target

## Callum Conway looks at how the role of trustees is changing and what this might mean for pension schemes

Once seen as cautious stewards of scheme governance and investment, trustees in 2025 face a far more complex decision-making landscape. In both DB and DC schemes, trustee boards are being asked to make faster, more technical strategic decisions on everything from endgame pathways and decumulation design to cyber controls and administrator performance.

As trustees' responsibilities grow, expectations from regulators, members, and the government are also rising rapidly.

"Ten years ago, the focus was on full funding and distressed employer covenants," says Dalriada Trustees managing director, Charles Ward.

"Today, it's endgame planning, surplus extraction, and long-term run-on options."

Several forces have driven this expansion, one of which is an intensifying regulatory agenda. Over the past five years, trustees have had to respond to The Pension Regulator's (TPR) General Code, tighter governance expectations, environmental, social and governance (ESG) disclosures, an updated value-for-money (VFM) framework, and more.

For example, TPR's new guidance on third-party appointments, published in May 2025, suggests that trustees could now be responsible for documenting and justifying complex outsourcing decisions

### Summary

- The role of trustees is rapidly changing, driven by increasing regulatory and government pressure.
- Many pension schemes are increasingly turning to professional trustees for expertise and support.
- Technology is key to facing these challenges but must be supported by good quality data.

in greater detail, including appointing independent trustees. Under previous guidance from TPR, trustees did not have clearly stated powers or a defined process for making third-party applications.

Meanwhile, the improved funding of DB schemes – three in four are now in surplus – has accelerated de-risking decisions. The UK bulk annuity market recorded a record-breaking 293 deals in 2024 alone. Against this backdrop, TPR has stated that it expects most DB

schemes to move their focus from deficit recovery to endgame planning. At the same time, the government has “set its sights” on unlocking surplus funds.

Spence & Partners head of risk transfer, Martyn Phillips, argues that there’s been a material shift in endgame options, driving the need for trustees to make more nuanced, timely decisions.

He also highlighted the potential impact of political factors, such as the “drive for productive finance”, which seeks to encourage pension schemes to invest in the UK to support economic growth and to improve returns on pension scheme investments.

“We are awaiting the Pension Schemes Bill for some clarity,” he adds.

Meanwhile, DC trustees face their own regulatory overhaul. Under the Mansion House Accord, 17 major pension providers have committed to allocating at least 10 per cent of their default DC funds to private markets by 2030, with half of this investment directed towards UK assets such as infrastructure, unlisted companies, and renewable energy projects.

This will require trustees to justify why they are or aren’t investing in such assets, balancing potential returns with liquidity, cost, and complexity.

The reforms also advocate for the consolidation of smaller pension schemes into larger megafunds, which means trustees may need to consider merging with larger entities.

Finally, the introduction of the VFM framework, closely linked to the Mansion House agenda, will standardise how trustees assess investment performance, costs, and service quality and require them to provide clear evidence that investment decisions are in members’ best interests.

Independent Governance Group head of co-trusteeship, Nicole Mullock, suggests that the recent Mansion House reforms could be one of the biggest pieces of regulatory guidance that will impact trustees’ decision-making.

Ward adds that for DC pensions, a multi-year period of systematic change is “just starting”.

He continues: “It is easily possible that by 2030, DC trustees will have implemented pensions dashboards connection, the VFM framework, restrictions in the size and number of default funds, a guided retirement duty, and automatic consolidation of small pension pots.

“DC trustees will not only have to decide how to implement these initiatives but will need to decide on sequencing, dependencies and prioritisation.”

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The government has also signalled its intent to introduce the new guided retirement duty in the upcoming Pension Schemes Bill, which will require trustees to either offer or partner with a provider of decumulation services.

However, Hymans Robertson head of DC trustee consulting, Rona Train, says a “lack of clarity” has left trustees in a difficult situation.

“Many are looking to give more support to members at the point of retirement,” she explains, “but don’t want to implement something that they may need to change if it doesn’t meet the criteria of the ‘default decumulation’ when this is announced.”

This confusion reflects a broader trend: According to Aon’s 2023/24 Global Pension Risk Survey, 47 per cent of trustees say the pace of regulatory and risk management change is making it harder to take informed decisions.

So, with trustees facing growing responsibility, oversight and choices to make, are they equipped to keep up?

In response to these mounting challenges, many pension schemes increasingly turn to professional trustees for additional expertise and support.

Isio’s 2025 professional independent trustee survey has revealed that the 10 largest professional trustee firms are now responsible for £1 trillion of pension scheme assets, as they represent almost half (43 per cent) of DB pension schemes.

As pressure on trustee boards has arguably never been higher, professional trustees are being brought in to bring pace, clarity and governance expertise where the traditional model is struggling to keep up.

Echoing this, Phillips argues that the complex challenges facing trustees have been a “material catalyst” for a “historic” increase in professional trustee appointments onto DB scheme trustee boards. “They bring a depth of experience and expertise in helping trustee boards navigate their way through challenges and in setting, monitoring and adapting endgame strategies for these schemes,” he adds.

Mullock agrees, claiming that the appointment of professional trustees on many boards has helped drive strategy, manage risk, and maintain effective value-added relationships with sponsors.

The positive impact of sole trustees was highlighted through a recent survey by Hymans Robertson, which found that they had “embraced” TPR’s General Code, using it to innovate their in-house governance approaches and ensure they can be held to the highest account for governance.

Alongside professional trustees, technology is undoubtedly playing a vital role in helping schemes navigate the evolving pensions landscape.

TPR’s Digital, Data and Technology Strategy, published in October 2024, says technology has the power to reduce unnecessary regulatory burden, enable effective market competition, and benefit savers through industry innovation.

For trustees, technological improvements are already taking effect.

“There have been some very positive changes in the way that we operate and manage our trustee boards in recent years,” Mullock says. “We are seeing boards using technology to help improve pace, with quicker and more efficient decision making. There is certainly more focus on governance and risk management.”

It’s a view echoed across the industry, with trustees increasingly leaning on digital tools to support better oversight, collaboration, and responsiveness in a fast-moving landscape.

“AI technology should help trustees to make better decisions for members,” says Ward, noting its role in everything from data cleaning to investment insights.

Indeed, a Pensions and Lifetime Savings Association (PLSA) survey found its members expect pension funds to have widely adopted AI by 2035 to enhance member engagement and communication strategies (79 per cent), detect and prevent fraud (75 per cent), improve data security (72 per cent), personalise retirement planning (63 per cent) and allow customisation of investment strategies (59 per cent).

However, as chair of the Standard Life Master Trust Company board, Helen Dean, warns, innovation means managing new risks too: “AI opens up

tremendous possibility... but sitting alongside that are cyber security, fraud and privacy risks that need to be mitigated.”

The PLSA states that pension schemes must adopt robust processes and strict protocols to mitigate data breach risks, cyber-attacks, regulatory non-compliance, financial loss and other saver harms.

It also emphasises that, given the UK pensions industry’s stringent regulatory environment, which demands human accountability, AI is unlikely to take on end-to-end decision-making responsibilities in the foreseeable future.

In the meantime, high-quality data is essential to mitigate the risks that a digitalised pensions world brings and prepare schemes for new developments such as pensions dashboards.

PwC UK head of pensions, Gareth Henty, says that one of the primary issues trustees face is ensuring that scheme data is accurate, complete and accessible, claiming that “many schemes, especially legacy ones, are grappling with outdated systems and inconsistent data”.

Echoing this, Vidett professional trustee, Julia Yates, claims: “The lack of good data, access to it or quality has been a problem for trustees for some time... even a ‘simple’ data cleanse is not easy, and unknown risks of data are a concern to all trustees and sponsors.”

“If data and the associated risks are

not understood, the liabilities that it could pose, any risks from the service levels around data access or quality and ownership, then this absolutely needs to be addressed today,” she adds.

Looking ahead, trustees can expect even greater scrutiny while their decision-making burden grows. New regulatory frameworks – including the General Code, VFM assessments, and changes to DB funding requirements – are set to reshape oversight and governance expectations.

As Capital Cranfield professional trustee, George Emmerson, says, the General Code is “changing the landscape” for how a holistic view of the scheme is managed and reported.

“It brings together all parties more formally, agreeing long-term strategy and short-term deliverables,” he explains.

Alongside this, the Pension Schemes Bill will add further pressure, with measures such as the proposed guided retirement duty introducing new responsibilities, particularly for DC trustees. At the same time, the continued growth of consolidators and evolving decumulation strategies are pushing trustees into new and unfamiliar fiduciary territory.

As schemes prepare for these challenges, “attention to detail is critical to ensuring a smooth and efficient de-risking journey,” stresses Standard Life managing director of DB Solutions, Kunal Sood.

“As the pace of change accelerates,” he continues, “trustees are under pressure to balance these factors while safeguarding member outcomes and managing residual risks.”

However, despite a complex and fast-moving pensions landscape, trustees appear not only aware of the scale of the task but also willing to rise to it by embracing new tools, growing their boards, and staying focused on delivering for members.

 Written by Callum Conway

