

Finfluencers

The rise of TikTok 'finfluencers' and how the sector can best communicate on this platform

AI

How AI's implementation, governance and oversight in the sector are expected to evolve

Generations

Each generation's advantages and disadvantages with pension saving

PENSIONSAge

The leading pensions magazine

► **Year ahead:** How 2026 is set to be another incredibly busy year for the industry

► **Interview:** The ACA discusses the relaunched Pensions Commission, DB surpluses, and actuarial innovation



A clash of the titans

The illustration depicts a dramatic scene on a dark, jagged mountain peak. Several silhouetted figures, representing different entities or forces, are engaged in a struggle. One figure on the left holds a lightning bolt, while another on the right uses a spear to fend off a figure with a skull-like head. A woman with a fiery mane stands triumphantly on the peak. The background is a red sky with sunburst rays, and the base of the mountain is shrouded in dark clouds.

► **How the push for consolidation has seen a rapid acceleration in mergers and acquisitions**

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Editorial Comment

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New year – new me. That's how the saying goes, and I'm sure I'm not the only one making New Year's resolutions – whether that is trying to eat better, exercise more, or even trying to save a bit more (we can only hope!).

After all, the New Year is often seen as a good time for change, and that is good news for the pensions industry, as change seems one thing it can't avoid.

As we look ahead to 2026, it is clear that there is a huge amount of work on the horizon for the pensions industry *[as we cover in our feature on p24]*.

With the Pension Schemes Bill expected to receive Royal Assent in early 2026, this next year is expected to bring new requirements and responsibilities, a raft of further consultations, and even more industry debate – all of this alongside the 'business as usual' work that is needed to keep the market ticking over.

The amount of change being seen is perhaps most clear when looking back on the number of announcements made in the weeks leading up to Christmas.

Usually a time when policy issues see somewhat of a slowdown, this year brought little in the way of a festive break for pension policy news. Just before the end of 2025, the Department for Work and Pensions finally launched its long-awaited consultation on trustee and administration standards, while The Pensions Regulator launched a consultation on its updated collective defined contribution (CDC) code of practice less than a week before Christmas Day.

The market is working hard to keep up with the pace of change, and this is triggering several broader shifts: Merger and acquisition activity is rapidly ramping up *[see our cover story on p44]*, whilst other new entrants are looking to dip their toes into the industry and get a piece of the pension pie that has been making headlines over the past year *[read more on p39]*.

At the same time, efforts to improve pension adequacy continue, with specific focus needed to ensure that progress is made for all savers, particularly given the different pressures that affect different cohorts *[see p87]*.

Whilst there is no doubt that there are some issues I would have loved to have seen more progress on in 2025 (I'm looking at you auto-enrolment reforms and HMRC's treatment of pension scam victims!), it is clear that change is underway, and we could see some truly ambitious progress sooner rather than later, with the Pensions Commission's interim report expected this spring.

So as we all embark on an inevitably busy 12 months ahead, all that's left for me to say is Happy New Year – here's hoping it's a year of progress, and not just more promises, for the pensions industry.



Sophie Smith

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A clash of the titans

The push for consolidation has seen a rapid acceleration in mergers and acquisitions, not only in the DC scheme space, but also amongst many consultancies and providers. But scale is not a silver bullet, and many remain wary of potential conflicts of interest and competition concerns. Sophie Smith reports

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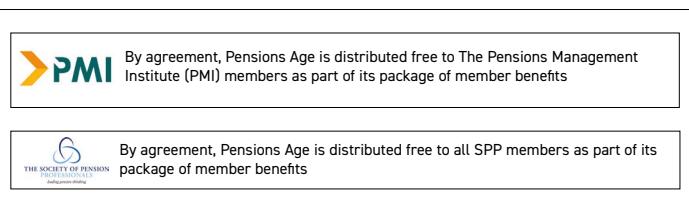
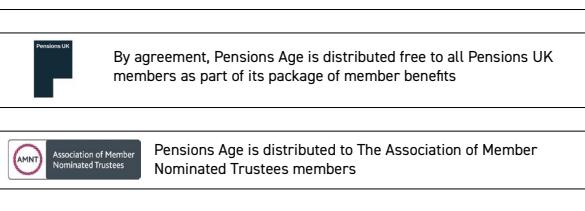


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Callum Conway explores a new wave of entrants reshaping the UK pensions landscape, examining the problems they are targeting and the gaps they say incumbents have yet to address

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As the pensions industry faces mounting regulatory, demographic and economic pressures, Association of Consulting Actuaries (ACA) chair, Stewart Hastie, sits down with Paige Perrin to discuss the role of the relaunched Pensions Commission, the responsible use of DB surpluses and why actuarial innovation must move faster to meet emerging risks



☒ Trustee Guide

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- The need to keep improving standards of DB scheme trusteeship and governance
- The key developments

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- Exploring Shariah multi-asset retirement solutions
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More than seven years on from the Lloyds GMP High Court ruling, Sophie Smith looks at the delays facing GMP equalisation work, and the potential consequences schemes could face if further delays are seen



☒ Working with AI

With artificial intelligence dominating conversations, Laura Blows explores how it is being used across the pensions industry today, and how its implementation, governance and oversight are expected to evolve



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Thisbe Titley explores how efforts for the automatic consolidation of DC small pots are progressing, and the impact this change will have on the industry and pension savers

PENSIONSAge

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NEW circulation figures

Pensions Age now has its new circulation figure from the Audit Bureau of Circulations (ABC); 10,499 July 2023 to June 2024. This includes both requested readers and copies sent as a member benefit (Pensions UK, PMI, SPP, AMNT). *Pensions Age* is also sent as a Tablet Edition to our 37,000+ online subscribers (Source: Publishers Statement, Jan 2024).

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Robert Branagh

Non-Executive Director, TPO



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Dateline - December 2025

► Rounding up the major pensions-related news from the past month

► **1 December** The Treasury Committee launched a fresh inquiry into the government's approach to financial inclusion, warning that efforts to widen access to financial services "must not be a box-ticking exercise".

► **1 December** The Financial Conduct Authority (FCA) unveiled proposals to ensure that environmental, social and governance (ESG) ratings are transparent, reliable and comparable, following the government's decision to bring ESG ratings within the regulator's remit for the first time.

► **3 December** Responses from **industry experts** were shared ahead of the conclusion of the government's consultation on retirement collective defined contribution (CDC). In particular, they expressed a consensus that work on CDC should be accelerated to ensure it dovetails with the guided retirement duty, which is expected to come into force in early 2027.

► **4 December** The government confirmed that it will push ahead with the proposals previously outlined for the Firefighters' Pension Scheme, although some changes have been made in response to industry feedback.



► **4 December** The Pension Protection Fund (PPF) latest *Purple Book* revealed that the net surplus of the UK's defined benefit (DB) schemes remains strong at £214bn, while the proportion of assets held in annuities has surged to almost 13 per cent, the highest level ever recorded.

► **4 December** Pensions Minister, Torsten Bell, confirmed he will bring forward legislation to allow the government to develop statutory guidance for the trust-based private pensions sector, providing clarification on how trustees can comply with their existing duties when considering wider factors, such as climate risk.

► **5 December** The Pension Schemes Bill passed its report stage and third reading in the House of Commons and moved to the House of Lords for consideration of the amendments made by the Commons.

► **8 December** The Pensions Regulator (TPR) launched a new initiative to explore the barriers that could be stopping defined contribution (DC) and DB pension schemes from investing in growth assets that could boost returns for savers over the long term.



► **9 December** TPR shared updated administration guidance intended to help schemes deliver high-quality services that safeguard benefits and build trust in the pensions system, arguing that strong administration is "fundamental" to good member outcomes. The guidance replaces TPR's previous guidance on the administration of DC schemes and applies to all scheme types.

► **10 December** An update from the **Pensions Dashboards Programme** revealed that the first phase of pensions dashboards testing has passed the halfway mark. The early findings pointed to strong user satisfaction and the Money and Pensions Service confirmed that work is already underway to resolve the "pain points" highlighted by early testing.

For more information on these stories, and daily breaking news from the pensions industry, visit pensionsage.com

► **10 December** The FCA launched a new firm-checker tool to help consumers avoid scams, after its research found that around 800,000 people reported losing money to investment or pensions-related scams in the 12 months to May 2024.



► **11 December** The FCA has confirmed the 'near-final' rules for the new targeted support regime and issued a joint statement with the Financial Ombudsman Service (FOS) confirming how complaints will be treated under the new targeted support regime [*read more on page 13*].

► **12 December** The FCA announced plans to consult on changes to the pension charge cap in the second quarter of 2026, to ensure consumers are not disincentivised from investments due to higher performance fees.

► **12 December** The FCA launched a consultation on rules intended to better support consumers using digital pension planning tools and consumers making non-advised decisions to transfer DC pensions [*read more on page 12*].

► **12 December** The Work and Pensions Committee (WPC) asked for an update on the government's research into levels of awareness around the state pension age among those approaching retirement.

► **15 December** The Department for Work and Pensions (DWP) launched a consultation on plans to improve the standards of pension scheme trusteeship, governance and administration. The consultation, which closes 5 March 2026, aims to ensure trustees have the standards and skills needed to deliver a modern pensions system that works harder for savers and supports UK economic growth [*read more on pages 10 and 11*].

► **16 December** The DB and hybrid landscape has continued to shrink at an average yearly rate of 3 per cent, TPR has revealed. This persistent decline has seen the total number of schemes fall from 7,300 in 2012 to 5,060 schemes today, marking a 31 per cent decrease.

► **18 December** The government said it remains committed to ensuring pensioners have security in retirement, despite growing concerns that the upcoming changes to salary sacrifice and recent pre-Budget speculation could undermine saver confidence and trust.



► **19 December** TPR launched a consultation on its revised CDC code of practice, allowing for the introduction of multi-employer schemes from next summer. The revised code sets out the criteria for authorisation, TPR's expectations of multi-employer CDC schemes, and how it will use its powers to support this new innovation to market.



► **19 December** The government was urged to increase its efforts to raise awareness on the cost of retirement and to get older people to stay in work, after a report from the House of Lords' Economic Affairs Committee branded increases to the state pension age a "red herring" and argued that the UK is "strikingly unprepared for an ageing society".

DWP consults on plans to raise trustee and admin standards

✓ Industry associations and pensions experts have welcomed potential plans to raise the bar in areas of scheme trusteeship, governance and administration

The Department for Work and Pensions (DWP) has launched a consultation on plans to improve the standards of pension scheme trusteeship, governance and administration.

The consultation, which closes on 5 March 2026, aims to ensure trustees have the standards and skills needed to deliver a modern pensions system that works harder for savers and supports UK economic growth.

Launching the consultation, the DWP said that, as the pensions landscape rapidly evolves, trusteeship, governance and administration standards must keep pace.

The consultation therefore aims to bring all schemes up to the required standard, outlining several new measures designed to raise standards for all trustees, as well as ways pension scheme administration standards can be improved for the benefit of savers.

This includes questions on the best way to increase the knowledge and understanding requirements for trustees, including options to centrally set standards and accreditation for professionals, and measures to improve the diversity of trust boards.

In particular, the government said that it is looking to increase the requirements needed to be a professional trustee, with plans to explore whether the government and The Pensions Regulator (TPR) should

introduce higher requirements and set out, on a statutory basis, the standards

➲ A shift for fiduciary duty

Pensions Minister, Torsten Bell, has confirmed that he will bring forward legislation to allow the government to develop statutory guidance for the trust-based private pensions sector, providing clarification on how trustees can comply with their existing duties when considering wider factors, such as climate risk.

Speaking during the third reading of the Pension Schemes Bill, Bell acknowledged there has been a “long-running debate” around the scope of trustees’ investment duties, despite agreement that “a trustee’s primary duty is to act in the interests of scheme members”. Bell acknowledged that challenges remain, with an amendment to the Pension Schemes Bill, tabled by Labour MP, Liam Byrne, highlighting that trustees continue to take different approaches to interpreting those duties, particularly in how they take into account structural factors such as climate risk and members’ standards of living when making investment decisions.

Given this, Bell agreed that more clarity about the ability of trustees to take into account such factors would help. However, he suggested that, rather than hardwiring that into primary legislation, there are advantages to consulting more fully and retaining an ability to be responsive to future developments.

“I intend to bring forward legislation that will allow the government to develop statutory guidance for the trust-based private pensions sector,” he stated. “This will encapsulate those wider factors set out in [Byrne’s] clause, with the goal being to provide practical support to trustees about how to comply with their existing duties in considering these factors, including what we mean by systemic risks and standards of living... We will set out more details in due course.”

Pressed on the details, Bell said that he hopes to bring forward clarity on the next steps in a “matter of months”, and confirmed that he would envisage taking powers in primary legislation, before consulting on the statutory guidance.

The news was welcomed by fellow MPs, although Byrne cautioned that “mere guidance is not enough, because sometimes it can be ignored”.

“Guidance does not eliminate liability risk and does not give trustees a solid statutory floor, so I urge the Minister to ensure that the legislation he brings forward delivers guidance that is statutory in its bite,” he said. “I urge him to go big by pairing guidance with underpinning regulation that gives trustees legal clarity; to go broad, by ensuring that every single kind of scheme falls within the ambit of the legislation; and to be specific, by explaining precisely what those powers can be used for.”

they wish accredited trustees to meet.

This is in contrast with the current system, which allows the industry to self-regulate and decide what those standards should be.

However, the government clarified that it does not want to risk discouraging lay or independent trustees who could add value and diversity to a trustee board by imposing the same requirements on them.

The consultation also includes questions on broader suggestions, such as whether it would be appropriate to introduce a new public trustee who

could be appointed by TPR.

In addition to this, the consultation also asks about how the DWP can ensure appropriate standards for pension scheme administrators are in place and enforced.

Commenting in the foreword, Pensions Minister, Torsten Bell, said: “The pensions landscape is changing. The transition from DB to DC is well underway. The DC market itself is transitioning to a more mature structure, characterised by bigger schemes. Change is also being accelerated by the Pension Schemes Bill currently before parliament.

“Amidst this change, one thing remains constant: The importance of good governance, with schemes overseen by trustees that have not only the skills and knowledge to navigate the changes to come, but also members’ best interests consistently front of mind.

“This consultation takes stock of our trustee and pension administration landscape. It invites views on the issues confronting trustees amidst these transitions and where changes might be valuable. I look forward to hearing from trustees themselves, but also scheme members, managers and administrators.”

Industry experts have broadly welcomed the launch of the consultation, with many agreeing on the importance of ensuring high-quality trustee and administration standards.

Pensions UK head of DB, LGPS and investment, Tiffany Tsang, said: “In the context of a consolidating market, it is right that the government should consider whether and how pensions governance needs to evolve.

“Trustees across all scheme types need the right environment and conditions to do their jobs effectively. Ensuring they have the appropriate skills and capability will be central to success, alongside a proportionate approach that reduces unnecessary burdens and allows trustees to focus on their core fiduciary responsibilities. We look



forward to engaging with our members and government on these issues over the coming weeks.”

Independent Governance Group head of policy and external affairs, Lou Davey, also welcomed the consultation, pointing out that while no firm proposals are being consulted on, many important questions are being asked, including how best to consider the member voice, how to support administration standards, and the balance of maintaining an inclusive approach to trusteeship while ensuring high-quality governance.

“We are pleased that DWP is taking the time to gain a detailed understanding of the issues, current practice, and potential solutions before making firm policy proposals and we look forward to engaging fully with the consultation,” she stated. “High-quality trusteeship and governance is vital to ensuring good service and good outcomes for pension scheme members, so taking the time to get the regulatory framework right is an approach we support.”

Association of Professional Pension Trustees chair, Rachel Croft, agreed that trustees need to continue to have the right skills and experience and need to be fully prepared to take schemes forward successfully.

“We note the important role the paper

outlines that professional trustees are playing in this,” she continued.

“We welcome the trustee directory, subject of course to it not being excessively onerous administratively. We also welcome the questions on accreditation and standards as areas we are already examining and looking at with key stakeholders.

“Administration is also a key consideration for the consultation. Trustees are well-placed to support the development and improvement of administration services that members receive and professional trustees are playing a key role here.”

Sackers partner, Lucy Dunbar, acknowledged that trustees are “at the helm of every pension scheme, ensuring that the wheels turn smoothly and that members’ benefits are delivered accurately and on time”, therefore, a consultation “which supports good standards of trusteeship and recognises the importance of administration in well-run, well-governed pension schemes is warmly welcomed”. The key question, she added, is how to “harness best practices in trusteeship and admin and ensure pension schemes and their members benefit from both”.

Written by Pensions Age team

FCA consults on supporting DC digital planning and transfers amid 'changing market'

✓ The industry is supportive of plans for a new regime to allow consumers effective digital tools while protecting them against potential harms



The Financial Conduct Authority (FCA) has launched a consultation on rules intended to better support consumers using digital pension planning tools and consumers making non-advised decisions to transfer DC pensions.

The FCA previously shared a discussion paper in December 2024 calling for input on areas of its regulatory framework for pensions that may need to evolve, alongside the wider programme of policy change across government and regulators, to meet the future needs of consumers.

Based on the industry feedback received, the FCA is now consulting on several proposals, including plans for a new regime for interactive digital pension planning tools for in-force pensions.

The FCA suggested that, in an increasingly online environment for consumers, digital tools and modellers provide an opportunity to improve support and engagement with pensions.

However, it acknowledged that the current rules may be limiting firms from offering good tools and modellers, with its plans for a new regime therefore intended to allow consumers effective and engaging digital tools with sufficient protections against potential harms.

In addition to this, the FCA outlined plans for a new process to support non-

advised consumers to make informed decisions about whether and where to transfer or consolidate DC pensions.

The FCA noted that while savers may want to consolidate pots, with demand for consolidation expected to increase when the introduction of pensions dashboards raises consumers' awareness of how many pots they hold, it is important that transfers and consolidation are efficient and in the consumer's interests.

And whilst the regulator acknowledged that many firms already flag to consumers where ceding schemes have valuable benefits, it pointed out that, currently, different firms communicate this to the consumer in various ways, with not all savers understanding certain features.

The FCA's previous call for input supported this, as some industry respondents shared its concerns that some consumers are transferring without understanding the features of their ceding schemes, with some even highlighting cases where consumers, using trace and consolidate services, inadvertently triggered an instruction to transfer.

Given this, it has outlined proposals that would mean that engaging firms cannot transfer a pension until the individual has been presented with the minimum necessary information to compare the receiving and ceding schemes, and make an informed decision whether to transfer or consolidate.

The proposals would place responsibility for this with engaging firms, who, acting with the consumer's consent, would be required to gather information from ceding schemes.

They would then be required to present the information about ceding and receiving schemes back to the consumer in a clear and comparable format.

Whilst the FCA acknowledged that these proposals will build time into the consumer's transfer decision-making process, it argued that they do not extend the time required to process a transfer request after a consumer formally starts the application process.

"In fact, by eliminating the need for certain post-instruction checks, our proposals could reduce the time it takes to complete a transfer in certain cases," the consultation stated.

These proposals have already seen early industry support, as People's Partnership CEO, Patrick Heath-Lay, highlighted the changes as "a big step forward as the FCA has got to the heart of the matter: It's the quality of the decision that matters most when transferring a pension".

Association of British Insurers head of long-term savings policy and assistant director, Rob Yuille, agreed that "the FCA is right to seek consistency in pension transfers, to achieve good customer outcomes and efficient transfer times".

However, he clarified that, in finalising the rules, it is "critical" for the FCA to work with industry to ensure the process is not cumbersome for consumers, and for the Department for Work and Pensions (DWP) to apply the same measures for occupational pensions.

In addition to this, it called for further ideas and insight on what changes could enable investment in productive finance assets, where this can improve long-term outcomes for pension savers.

► Written by Sophie Smith

The Financial Conduct Authority (FCA) has confirmed the 'near-final' rules for the new targeted support regime, estimating that at least 18 million people are expected to benefit from extra help with their investments and pensions as a result.

The 'ground-breaking' service will allow firms to make specific suggestions to consumers, to help individuals make better informed decisions about what to do with their money.

Underpinned by the Consumer Duty, targeted support is intended to act as a flexible and futureproof framework, enabling firms to innovate and better support their customers.

The FCA stressed that the need for greater support is 'stark', with its latest research confirming that consumers continued to find decision-making on pensions difficult, as 75 per cent of DC pension holders, aged 45 or over, do not have a clear plan for how to take their money.

In addition to this, just over a fifth (22 per cent) of DC pension holders aged 45 or over say they have a good understanding of their pension access options.

The targeted support gateway is expected to open for applications in March 2026, with the regime itself expected to officially go live from April 2026, subject to legislation being passed by the government.

In the meantime, however, the FCA has already been helping firms to prepare for the gateway opening through its pre-application support service, confirming that firms that come to the gateway demonstrably ready, willing and organised to undertake targeted support will be authorised 'swiftly' after the provisional go-live date in April 2026.

And whilst the new regime is not expected to come into force until April 2026, the FCA shared its 'near-final' rules

FCA confirms 'near-final' rules for targeted support regime

► The targeted support gateway is expected to open for applications in March 2026, with the 'ground-breaking' regime expected to go live from April 2026



to help provide firms with as long as possible to prepare.

In particular, the FCA finalised changes to the way that firms disclose information to consumers through new rules for retail disclosures (CCIs) to further support people making better informed decisions.

The FCA has made several changes to the rules following industry feedback, including amending the terminology from 'better outcomes' to 'better position' to more clearly state the policy intent, and amending its rules and guidance on consumer segments.

The FCA is also evolving its position on targeted support and annuities, in particular, allowing firms to direct consumers to whole of market annuity brokerages and not requiring a break between targeted support and annuity sales journeys.

Commenting on the update, FCA deputy chief executive, Sarah Pritchard, said: "Targeted support will be game-changing. It means millions of people can get extra help to make better financial decisions.

"We also hope it will build greater confidence to invest. While investing will not be right for everyone, we know people in the UK invest less compared to the EU or US. People in the UK could be missing out on the potential benefits of investing in the medium to long term."

The FCA has also provided further clarification on key issues surrounding the regime, publishing joint statements with the Financial Ombudsmen Service and the Information Commissioner's Office.

The FCA has announced plans to consult on changes to the pension charge cap in the second quarter of 2026, to ensure consumers are not disincentivised from investments due to higher performance fees.

The FCA said that it is looking to consult on the changes to the charge cap, intended to ensure it does not disincentivise investments that may provide higher returns for consumers despite having higher performance fees, whilst ensuring the consumers are protected, which will align the trust and contract systems, reducing the regulatory burden for firms in both.

The charge cap, which is a government-set limit that has applied since April 2015, is currently set at 0.75 per cent of funds under management within the default arrangement, or an equivalent combination charge.

► Written by Sophie Smith

TPR shares updated admin guidance for all scheme types

Revised administration guidance hailed as positive step in improving outcomes

The Pensions Regulator (TPR) has shared updated administration guidance intended to help schemes deliver high-quality services that safeguard benefits and build trust in the pensions system, arguing that strong administration is “fundamental” to good member outcomes.

The guidance, which replaces TPR’s previous guidance on the administration of DC schemes and applies to all scheme types, provides practical steps for governing bodies to ensure high-quality administration that meets regulatory expectations.

In particular, TPR has updated the guidance to provide clearer clarifications on key administration activities and considerations, specifically around member communications, data management, disaster recovery and business continuity planning.

This guidance also introduces several new elements, including calling out the importance of having a policy to plan administration and having robust arrangements in place to enable the effective oversight of outsourced or in-house administration.

It also introduced guidance on IT system governance, including assurance on system adequacy, change control processes, technological benefits with proper oversight, and regular backups; and linked up with TPR’s existing cyber guidance.

The regulator has also broadened the performance measurement beyond time-based commitments for true reflection of the quality and accuracy of the administration service.

TPR said that governing bodies should use this guidance as a practical framework to strengthen administration, improve oversight, and build effective partnerships with administrators.

This comes at a “pivotal moment” for the pensions industry, as TPR recently stressed the need for good-quality administration, arguing that whilst it was once seen as a back-office function, it is now recognised as a critical driver of good outcomes for savers.

And with increasing regulatory change, rapid technological transformation, and rising member expectations, TPR argued that the role of administrators has never been more important.

Commenting on the updates, TPR executive director of market oversight, Julian Lyne, said: “High-quality administration is fundamental to delivering good outcomes for savers.

“Our updated guidance sets clear expectations for schemes and administrators to work in partnership to strengthen governance and ensure resilience in the pensions system.

“Trustees and scheme managers remain accountable for administration – even when tasks are delegated.

“We expect schemes and administrators to refer to this guidance regularly to ensure they are following good administrative practices.”

Industry bodies welcomed the updated guidance, emphasising that the strengthened expectations mark a significant step forward in improving saver outcomes.

The Pensions Administration Standards Association (PASA) strongly



The Pensions Regulator
Making workplace pensions work

endorsed the new framework, noting that it explicitly referenced three core pillars of its work: Data management plan guidance; the PASA Code of Conduct on Administration Provider Transfers; and its independent accreditation framework.

PASA chair, David Fairs, commented: “Strong administration is fundamental to delivering good outcomes for savers, and trustees now have clearer expectations and practical tools to support them.

“This is an important moment for the industry; administration is now recognised as the strategic priority it should have always been.”

Pensions Management Institute (PMI), chief strategy officer, Helen Forrest Hall, also backed the updates, recognising that the guidance now applies across all scheme types and places greater emphasis on assessing performance beyond traditional service-level agreements.

“The strengthened focus on robust member communications, data governance and IT oversight is fundamental to good pensions governance,” she said.

Meanwhile, LCP partner, Justine Joy, welcomed the clearer expectations around administrator skills and accreditation, stating the guidance would “act as a useful checklist for trustees to work through and make sure they are getting the service both they and their members deserve”.

Additionally, Brightwell head of admin consulting, Michelle Esterkin, welcomed the guidance “which clearly sets out TPR’s expectations of the roles of administrators and trustees in this increasingly crucial part of the pensions ecosystem”.

Written by Sophie Smith and Callum Conway

News in brief

✓ *Pensions Age* summarises some of the latest news in the pensions industry, including the latest acquisitions, de-risking deals and guidance updates...

Regulatory updates



The past month has seen an increase in regulatory activity, including the launch of several industry consultations:

- The Financial Conduct Authority (FCA) unveiled proposals to ensure that environmental, social and governance (ESG) ratings are transparent, reliable and comparable, following the government's decision to bring ESG ratings within the regulator's remit for

the first time.

- The FCA announced plans to consult on changes to the pension charge cap in the second quarter of 2026, with the aim of ensuring that consumers are not disincentivised from investments due to higher performance fees.
- The FCA launched a consultation on rules that intend to better support consumers using digital pension planning tools and consumers making non-advised decisions to transfer defined contribution (DC) pensions.
- The Department for Work and

Pensions (DWP) launched a consultation on plans to improve the standards of pension scheme trusteeship, governance and administration. The consultation, which closes 5 March 2026, aims to ensure trustees have the standards and skills needed to deliver a modern pensions system.

- The Pensions Regulator (TPR) launched a consultation on its revised collective defined contribution (CDC) code of practice, allowing for the introduction of multi-employer schemes from next summer.

De-risking momentum continues



Building on the expectation of a busier second half of the year in the risk transfer market, December saw several key deals, including a large longevity swap:

- The Steamship Insurance Management Services Limited Pension and Assurance Scheme completed a £55m buy-in with Royal London, securing the benefits of more than 350 members.

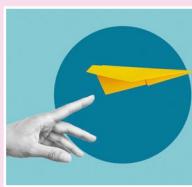
• The Comet Pension Scheme completed a £330m full-scheme buy-in with Canada Life UK, covering the benefits of 4,500 scheme members.

- The Watts Clift Holding Limited Retirement Benefits Scheme agreed a £4m buy-in with Aviva, securing the benefits of all 51 members of the scheme.
- Lloyds Banking Group Pensions Trustees secured three further longevity hedging transactions, protecting a combined £4.8bn of liabilities. All three

of the transactions are structured as insurance policies with Rothesay Life as the insurer, with reinsurance provided by a major global reinsurer for the Lloyds No.1 and Lloyds No.2 schemes and an insurance subsidiary of Prudential Financial for the HBOS scheme.

- Two CF Fertilisers UK pension schemes completed a combined £265m buy-in with M&G, securing the benefits of more than 1,350 retirees and deferred members.

A changing market



The past month saw continued consolidation and evolution amongst the key industry players:

- Aviva has launched a solution within its master trust to enable defined benefit (DB) pension scheme trustees and employers to transfer surplus funds into defined contribution (DC) arrangements.

• WTW confirmed that it is planning to acquire Cushon, the workplace pensions and savings fintech currently majority-owned by NatWest Group.

- Heywood Pension Technologies revealed that it is set to be acquired by Dutch-based Keylane.
- Arthur J. Gallagher & Co. announced the acquisition of pensions consultancy and administration firm, First Actuarial.
- People's Pension developed a new regular income retirement planning tool,

aimed at supporting members to use its in-scheme drawdown proposition.

- Lumera agreed to acquire UK consultancy firm Acuity for an undisclosed amount.
- Utmost Group agreed to sell its bulk purchase annuity business, Utmost Life and Pensions, to JAB Insurance for an undisclosed amount. The transaction will see JAB Insurance acquire the entire ULP business, comprising more than £5bn in assets and around 175 employees.

Appointments, moves and mandates



Peter Fitzgerald

► **Lloyds Banking Group has announced the appointment of Peter Fitzgerald as chief investment officer.**

In his new role, Fitzgerald will oversee investment strategy and fund management across Scottish Widows and the recently acquired Schroders Personal Wealth business. He joins from Aviva Investors, where he held the position of chief investment officer, multi-asset & macro. Fitzgerald has over 25 years of experience in multi-asset investing, macro strategy, and portfolio management. He has held senior roles at BNP Paribas Wealth Management and Insinger de Beaufort. Fitzgerald will succeed Kevin Doran, who will leave the group early this year.



Polly Ehrman



Emily Rowley



Hannah Savill



Lucy Bennett



Leanne Carter

► **Sackers has announced several promotions.**

Polly Ehrman and Emily Rowley have been promoted to partner, Hannah Savill and Lucy Bennett to associate director, and Leanne Carter to senior associate. Ehrman is a finance, investments and derivatives specialist who advises trustees, employers and providers. Meanwhile, Rowley is an experienced general pensions lawyer advising trustee and employer clients on all aspects of their DB and DC pension arrangements. Savill, Bennett and Carter advise trustees and employers in a range of sectors on all aspects of their pension arrangements.



James Pearson

► **Brightwell has appointed James Pearson as head of member services operations.**

To this newly created role, Pearson brings 20 years of experience in pensions operations, project management, implementation, and business change. He joins Brightwell from Capita where he worked for more than 17 years in a variety of roles, including as director of pensions operations and business change. In his new role, Pearson will be responsible for all day-to-day administration operations at Brightwell, including finance and payroll, planning, reporting, data management and insight and service operations across all clients.



Susan Sinclair

► **Muse Advisory has hired Susan Sinclair as senior consultant.**

Sinclair, who previously worked at Hymans Robertson as third-party administration commercial and business development lead, brings over 30 years of strategic and operational experience in pensions administration. Commenting on the appointment, Muse Advisory director, Jo Fellowes, said: "Susan's appointment is a great addition to our team and is in response to growing client demand for us to help trustees and pensions heads to evaluate the services they receive from their current suppliers to ensure they are fit for purpose both now and into the future."

► **TPT Retirement Solutions' Superfund Trustee Board has appointed four external organisations as advisers to its new defined benefit (DB) superfund.**

The board appointed Gowling WLG to provide legal advice, Mercer as scheme actuary, meanwhile, LCP will provide independent investment oversight and EY will act as the superfund's risk adviser. TPT said that these four firms will play an "important role" in the development and ongoing management of the company's superfund solution, as well as in supporting the regulatory assessment process. TPT's superfund proposition, designed to run-on, intends to help broaden the range of endgame solutions available to employers and trustees. With many schemes experiencing improved funding levels over recent years, TPT said that the superfund proposition represents a viable route for those schemes that still fall short of full funding on a buyout basis. Currently, four in five UK DB schemes are in surplus with an aggregate funding level of 120 per cent on a technical provisions basis.

Commenting on the appointments, TPT Superfund Trustee Board chair of trustees, Nadeem Ladha, said: "I am pleased the board is partnering with four market-leading service providers to support the trustees in ensuring the superfund offers a market leading product for members, and ceding employers and trustees alike. This will ensure we are able to both collaborate with and challenge TPT appropriately."



Lewis Drew



Luke Wilcox



Sue Barber

► **Independent Governance Group (IGG) has promoted 19 colleagues, including three trustee directors.**

Lewis Drew, Luke Wilcox and Sue Barber have transitioned into trustee director roles. Drew is part of IGG's risk transfer team and has significant expertise in funding negotiations, buy-ins and overseeing a broad portfolio of scheme appointments as a professional trustee. Meanwhile, Wilcox brings extensive regulatory experience from his time at The Pensions Regulator. Barber has almost 30 years of experience in the pensions industry and has been working in the professional pension trustee area since joining Independent Trustee Services (now IGG) in 2010. In addition to these three appointments, accredited trustees Bang Hoang, Ian Wilson, Jake Churchill, Karen Collins and Katherine Kitt have all been promoted to associate director. Meanwhile, Stephanie Jenner steps into a new role as associate director and head of project management. The promotions also see Eleanor Rowe, Laura Dawkin and Laura Foley

progress into trustee manager positions, while Adam Whitehead, Sena Erkas and Victoria Baxter move into new responsibilities as senior associates. IC Select, part of the IGG Group, has promoted Daniel Portmann to senior associate and Hamish Gellatly to associate. The company has also appointed Rachel Trayner as head of internal communications and engagement and Orla Cottell as the new PA team lead.



Matt Race-Pridding

► **Zedra has promoted Matt Race-Pridding to head of Trust Essentials, its professional sole corporate trustee proposition.**

Trust Essentials is a professional sole corporate trustee service designed for small and legacy defined benefit (DB) pension schemes, aiming to provide the advantages of a professional sole corporate trustee at a competitive price. Leveraging his current position as client director, Race-Pridding will lead the development of Trust Essentials, which seeks to enhance access to trustee expertise for schemes that typically lack the resources or in-house knowledge to navigate growing regulatory and operational complexities.



Steve Ellul



Umar Nazir



Ben Knight



Tajahe Downie



Alexa Sotiris

► **XPS Group has expanded its risk settlement team with five new appointments.**

Steve Ellul joins as senior project lead, bringing experience from Barnett Waddingham and Broadstone. He is joined by consultants Umar Nazir, who previously worked at Isio, and Ben Knight, who was formerly at Capita. In addition to this, both Tajahe Downie and Alexa Sotiris have been appointed as senior associates. Downie joins from Hymans Robertson, while Sotiris steps into her new role from within XPS. These new appointments come in response to an increase in XPS-led buy-in transactions in 2025.



Mark Westwell

► **The Investing and Saving Alliance (TISA) has appointed Mark Westwell as chair.**

Westwell has 40 years of experience in the financial services and previously held senior leadership and executive roles at NatWest, Chase/JP Morgan, Bank of New York and State Street Bank. Additionally, he served as a main board director for 10 years across several regulated businesses, in both the UK and South Africa. Westwell will replace Tony Stenning as chair. Commenting, TISA CEO, Carol Knight, said: "Welcoming Mark and his incredible expertise on board ensures we remain in a strong position to continue to deliver for our members and consumers."



Carla Hammond

► **Howden has appointed Carla Hammond as chief financial officer for Howden Health & Employee Benefits and Barnett Waddingham.**

Hammond joins from Jones Lang LaSalle, where she spent 18 years in senior finance leadership roles, most recently as head of finance for the UK & Ireland. In her new role, she will lead financial strategy, governance and performance across Howden's combined UK employee benefits business. She will also provide financial oversight for its Health & Employee Benefits' global operations. This follows Howden's acquisition of Barnett Waddingham in April 2025. Hammond's appointment is effective immediately, subject to regulatory approval.



▼ VIEW FROM TPR: Consultation on trusteeship

The pensions system is unfinished business. Despite massive success with private pension participation doubling, too many people are still under-saving for retirement. So our challenge now is to course correct, to change the trajectory of the system as a whole, so that a new generation of savers are set on a path to a sustainable and adequate income.

The Pension Schemes Bill and the government's Pensions Commission have given us a once-in-a-generation opportunity to rise to that challenge.

TPR will work with the industry on

improving pension scheme governance, delivering the best value for money for savers, and making sure that at retirement they are well-informed about their choices.

We believe good governance is a necessary pre-condition for value and support at retirement. And that trustees with their fiduciary duties are a powerful force for good. But expectations of trustees are evolving as the landscape becomes more complex, and all members should benefit from skilled trustees focused on the right priorities. We want to raise the bar – improving governance, data quality

and scheme decision-making – so all members benefit from security and value at retirement.

With DWP's consultation on the future of trusteeship now live, we want you to respond so we can get it right. We will also be engaging with key stakeholders in January, so look out for our surveys.



TPR chief executive, Nausicaa Delfas



▼ VIEW FROM PENSIONS UK: Can 2026 set the spark for a 2030 Ready pensions system?

As 2025 gives way to 2026, something is different. For once, the pensions sector is not just calling for iterative reforms, it is standing on the edge of a savings revolution. With the Pension Schemes Bill and the Pensions Commission, this year could redefine the fundamentals of the industry for a decade to come.

Pensions UK's *2030 Ready* report shows how the choices we need to make to prepare the system for the challenges and opportunities of the next five years. Better governance, smarter consolidation, bolder

investment thinking and a renewed focus on adequacy. These are not abstract ambitions; they are necessary conditions for a system that delivers for savers over the long term. And 2026 is the year where those goals could solidify into action.

The Pension Schemes Bill will sharpen expectations on VFM and accountability, while the Commission's work sparks long-overdue conversations about outcomes, fairness and long-term sustainability. Governance reviews, investment resilience, operational readiness and clear

communications that reach members where they are – these things cannot wait for regulatory certainty. They demand action.

If we embrace this moment, 2026 could mark the start of a decade where increased trust, stronger performance and a fairer system deliver better pensions for everyone.



Pensions UK deputy director of strategic policy and research, Matthew Blakstad



▼ VIEW FROM THE PMI: Education will be the engine room for higher standards

For years now, we have all been opining about the pace and scale of change across pensions policy and regulation. For 2026, this feels truer than ever.

The proposals are relentless. Recent and ongoing consultations – from DWP's work on trusteeship and administration to TPR's beefed-up guidance on administration standards, all point in the same direction: Higher expectations for better saver outcomes.

These changes reflect a shared ambition to improve standards by creating value

and choice through scale, better data and bolder innovation. But regulation and guidance alone will not deliver this. Success will depend on the capability of the people running pension schemes.

As the UK's leading body for pension professionals, the PMI is uniquely placed to help the industry meet this moment. Over the coming year, we'll continue to drive up standards through our expanded qualifications programme, designed to reflect the realities of modern scheme governance, administration and

investment in a world of larger and more complex schemes.

Education will be the engine room for higher standards in 2026. We will deepen our programme of professional development via exciting new initiatives. Our aim: to support pension professionals at every stage of their career to deliver high standards, strong governance and value for savers.



PMI chief strategy officer, Helen Forrest Hall

Diary: January 2025 and beyond

❑ Pensions Age Awards

3 March 2026

Grosvenor House, London

The 13th annual Pensions Age Awards aim to recognise and celebrate the innovation, dedication, and excellence of both pension schemes and providers across the UK, particularly those that have proved themselves worthy of recognition in these increasingly challenging economic times. The awards, which have seen a record-breaking number of entries this year, are open to any UK pension scheme or provider firm that serves pension schemes in the UK. pensionsage.com/awards

❑ Pensions UK Investment Conference

10-12 March 2026

EICC, Edinburgh

Pensions UK's Investment Conference will bring together voices from government and pensions investment to tackle the biggest questions shaping the industry. From political change and regulatory reform to sustainability and technology, the event will discuss new ideas, strategies, and perspectives on growth, value, and the power of pensions to transform economies and lives. pensionsuk.co.uk/events/conferences



✓ VIEW FROM THE SPP: On the brink of transformational change

The UK pensions landscape stands on the brink of transformation. 2026 brings a rare chance to shape a better future for pensions, if we stay focused on the big opportunities and navigate the short-term noise.

The Pensions Commission will be centre stage, tasked with tackling adequacy and fairness. Its work could set a new course for sustainable retirement outcomes, as highlighted in SPP's recent *Saving Retirement* paper, which calls for bold action on adequacy and support for under-pensioned groups. Alongside this, the Pension Schemes Bill is set to

❑ Netherlands Pensions Awards

April 2026

Amsterdam, Netherlands

The inaugural Netherlands Pensions Awards, organised by European Pensions, aim to celebrate excellence, innovation, and leadership within the Dutch pensions industry, recognising the organisations and individuals who are pushing the sector forward. This prestigious event offers a unique opportunity to gain sector-wide recognition in the pensions sector. Open to all firms serving pension funds in the Netherlands. Enter now! europeanpensions.net/nederlandawards

❑ Pensions Age Spring Conference

30 April 2026

Hilton London Tower Bridge

The Pensions Age Spring Conference is back for 2026 and will bring together those working in the pensions sector for a day of learning, debate, and networking – all at one of the most transformative times in UK pensions history. The conference provides delegates with up-to-date insights, guidance, and practical takeaways to help them run their schemes more effectively across both the defined benefit, defined contribution, and hybrid landscapes.

pensionsage.com/springconference/

Visit www.pensionsage.com for more diary listings

Don't forget...

Pension dashboard connection date

28 February 2026

This is the deadline for relevant occupational pension schemes with between 600 and 749 members.

pensionsdashboardsprogramme.org.uk/connection/deadline

become law, unlocking reforms on scale, value for money and consolidation. This paves the way for bigger, better governed schemes and more effective default retirement solutions.

A rising state pension age from April 2026 will widen planning gaps for some, making workplace and personal pensions even more critical. Inclusion and diversity are moving from aspiration to expectation, with schemes needing to design income-for-life solutions for the many. SPP's collective schemes paper explores the growing interest in collective defined contribution (CDC)

and the benefits of pooling risk.

Demographic resilience is becoming a defining challenge. Longer lives and a shrinking working-age population mean tough choices ahead, but also the chance to invest in a more secure future.

The industry stands ready to make the most of this moment. Celebrating progress, embracing change and shaping a pensions system that delivers for everyone.



**SPP council member,
Calum Cooper**



✓ VIEW FROM THE AMNT: Is pensions trusteeship a vocation?

This was a surprising choice of words from the Minister but that was his bold statement at the start of his consultation on trusteeship and governance.

The dictionary variously describes vocation as a call to an occupation, or as an occupation that is regarded as worthy and requiring dedication, in addition to its religious connotations. Member trustees often say that becoming a trustee was something they had never thought of doing – and something that they were encouraged to take up as a service to their working colleagues. So, it seems that we have

apparently been thinking in vocational terms all along!

The key duty of a trustee is to act, not on your own behalf, but in the interests of the trust beneficiaries. In member trustees this is a reflection of the ‘vocational’ mindset. We should be thinking very carefully about what might be lost if we lose this aspect of governance from large schemes even though this consolidation is intended to be in members interests.

As the Minister said when launching the *Trustees and governance building a stronger future* consultation, “members best interests

(should be) consistently front of mind”. And he emphasises that “it is important that the voices of members are still taken into account and represented” as the market consolidates.

Our collective challenge is to find a way to keep this service and member representation central to scheme governance in the future. Is it possible and can we hold both aspects of the Ministers strategy together for the sake of beneficiaries? AMNT believes that it is crucial that we do.



**AMNT co-chair,
Maggie Rodger**



✓ VIEW FROM THE ABI: DC investment perspectives

Descriptions of the reserve power to mandate DC investments in the Pension Schemes Bill as a ‘comply or explain’ power are a mischaracterisation.

‘Comply or explain’ frameworks, like the Corporate Governance Code, enable firms to abide by the regulations or guidance, in principle. But if they don’t comply with the rules they can instead offer an explanation.

In contrast, this asset allocation requirement is to be set in primary legislation and if implemented, it would trump schemes’ fiduciary duty. Schemes

can apply for a temporary exemption from mandation under the savers’ interest test provision, which is currently undefined.

If the government acted upon this power, schemes would have to meet asset allocation requirements set by the government or face being removed from the auto-enrolment market.

To ensure savers remain at the heart of pensions, the power needs to be amended. First, the asset allocation requirement should be capped at a total of 10 per cent and 5 per cent for a geographical location.

This would align with the Mansion House Accord, which was agreed to by 17 of the UK’s largest workplace pension providers and the government.

Secondly, the exemption from the asset allocation requirement in the test should be amended to ensure that it is not temporary and no longer has a time limit that is unknown until it is set.

**ABI policy adviser,
The ABI
long-term savings,
James Wilson**



✓ VIEW FROM THE PPI: 2026 will be a pivotal year for pensions policy

The year ahead promises significant developments in pensions policy that will set the agenda for years to come. The third state pension age review is now underway, with the report set to examine whether the currently timetabled increases to state pension age remain appropriate, given shifts in life expectancy, demographic trends and retirement patterns.

At the same time, the government revived the Pensions Commission to confront a growing concern: Many future pensioners may end up poorer than

today’s retirees. The Commission’s remit includes considering the outcomes and risks facing future cohorts of pensioners through to 2050 and beyond.

Meanwhile, underlying concerns around retirement adequacy remain central. Pressure on household budgets, high housing costs and low pension contributions all feed into worries that many who reach retirement in the 2030s and beyond may struggle to secure a decent standard of living.

The Pension Schemes Bill passed third

reading and reached the House of Lords in December, which aims to cover reforms such as DC value for money (VFM) standards, DB surplus extraction, and consolidation of small pots.

2026 could mark a pivotal moment in how the UK pension system is structured, funded and delivered. During this period, the PPI will continue to provide leading analysis.



**PPI policy researcher,
Shantel Okello**



VIEW FROM THE PPF: Pre-97 pension increases

It feels like a good moment to pause and reflect on what was a big year for the PPF. Last year we marked our 20th anniversary, continued to strengthen our financial position, and for the first time didn't charge a conventional levy for 2025/26.

A key highlight was the Budget announcement to enable us to pay inflation increases on pre-97 pensions, capped at 2.5 per cent, for members whose schemes promised mandatory increases. This issue has been a key focus for many years.

In my role as chief customer officer at the PPF, I've spoken regularly with our PPF and

FAS members with pre-97 pensions and their representative groups, listening to their experiences and desire for change. These conversations have been hugely important and helped shape my understanding of just how challenging the absence of pre-97 increases has been for so many people.

So, when the Chancellor announced in the government's decision to make this change for PPF and FAS members, it was a significant moment. More than a quarter of a million members would ultimately benefit from this change. I'm pleased that members' voices have been heard and the government

has acted positively.

While there's a long way to go before this change becomes law through the Pension Schemes Bill, we're moving forward with our preparatory work. We're fully committed to begin applying this change to eligible members' payments at the first feasible opportunity, likely to be from January 2027. There's a lot of work to do, so we're getting on with it now.



PPF chief customer officer, Sara Protheroe



VIEW FROM PASA: CDC – brilliant ideas need practical builders

The consultation around decumulation CDC has now closed. The government seems keen to introduce legislation to enable the launch of such products and strategy gurus across the industry are now thinking about how these schemes might work. At the same time designs for unconnected multi-employer CDC arrangements are also being considered.

The plea from PASA, and one of the most consistent messages heard at our inaugural Edinburgh conference across all sorts of topics, is for administrators to

be involved in early conversations when thinking about their design.

CDC, whether whole of life, or decumulation only, is simple in terms of what it's trying to deliver (a pension for life). But underneath this veneer, it can be incredibly complicated. Levels of benefits set by a combination of the contribution rate and the member's age are just the starting point.

Understanding how the arrangement will be administered and communicated needs to be front and centre of the

planning process. This shouldn't be an afterthought once the design has been carved into tablets of stone. Ensuring administration supports the communications material provided will likely make the difference between success and failure in how schemes meet their members' expectations over time. And the best time to get this right is at the start!



PASA board director, Ian McQuade



VIEW FROM THE ACA: The consequences of pensions tinkering in the Budget

We strongly support the development of the legislation required to enable retirement CDC pension schemes. We agree that this will open up CDC pensions to a much wider range of people, providing significant advantages over many existing forms of 'at retirement' pension provision.

It is important that retirement CDC arrangements are available for trustees to select as their default, before the guided retirement requirements are brought into force under the Pension Schemes Bill. Otherwise, there is a risk that trustees will

select their default from the more limited options available. This in turn could lead to sub-optimal outcomes for savers/members and could have significant implications for the size of the retirement CDC market.

It is essential that members be provided with suitable information about CDC, where the scheme's trustees are providing retirement CDC.

ACA also encourages the regime for retirement CDC to be closely aligned with the newly introduced regime for unconnected multiple employer CDC schemes. In particular, the process for

expanding an unconnected multiple employer CDC scheme to also offer retirement CDC benefits should not include any unnecessary hurdles. While ACA supports the introducing of cohorting new entrants into retirement CDC, we have a preference for maintaining consistency with whole-life CDC when it comes to the application of spreading cuts and the adoption of upper thresholds for indexation.

ACA chair, Stewart Hastie



DC structures under the spotlight

Clare Freeman highlights the importance of reviewing established DC structures – whether its own trust, GPP or master trust – to improve governance, implement cost efficiencies and ultimately enhance member outcomes

Defined contribution (DC) pension schemes are at a structural tipping point. Regulation, governance and provider consolidation mean that how businesses deliver DC benefits has a direct impact on whether they are truly **getting the most power from their pensions pound**.

Aon's *2025/26 Global Pension Risk Survey* shows this is front of mind: **28 per cent of respondents** are planning to change how they provide DC benefits, signalling a strong appetite to rethink structures, especially among own trust DC schemes.

Among schemes currently operating their own trust-based DC, **38 per cent are considering moving away from that model**.

That shift reflects a recognition that structure can impact:

- Governance quality and trustee bandwidth
- Cost efficiency and use of corporate cash
- Ability to evidence value for money

In short, DC structure is a key lever in turning each pensions pound into better outcomes.

Two choices for own trust DC

For own trust DC schemes, the decision is essentially either:

1. Wind up and consolidate into a



larger arrangement for better value and/or more efficient governance (typically a master trust); or

2. Stay in an own trust – with a clear rationale and plans for future proofing.

When an own trust still adds power

An own trust structure can still be the right answer – if it earns its keep and delivers for members. Sponsors need to show what advantage it brings.

For many, that advantage lies in the link to a defined benefit (DB) scheme. Our research found that among own trust DC schemes with an associated DB scheme and no plans to change structure, **46 per cent are exploring using DB surplus to fund DC contributions**.

This can directly improve value for the sponsor or support more generous DC contributions or enhancements.

Crucially, there are ways of reducing the increasingly heavy governance burden on own trust schemes. Many schemes are delegating investment

decision-making to advisers or fiduciary/outsourced chief investment officer arrangements within clear risk frameworks – something we already do for many clients, and which allows them to cut cost and complexity while retaining strategic control.

Aon's own DC pension plan: A practical blueprint

Aon has applied this thinking to its own arrangements through its own DC plan:

- Aon employees pay into an own trust DC section, with employer contributions currently funded from DB surplus.
- Leavers and retirees are transferred into the Aon Master Trust, benefiting from scale, strong governance and in-scheme retirement income options and support.
- The own trust DC section mirrors the Aon Master Trust, replicating these benefits for all members, while also allowing a smooth transition either on leaving, at-retirement, or if the DC section is wound up in future.

This shows that structure can be dynamic – blending own trust, DB surplus and master trust over time to extract maximum value from every pensions pound.

DC Smart Structuring: A smarter way to use structure

We call this joined up approach DC Smart Structuring: using all the structural levers available – own trust, master trust, DB surplus and delegation, to:

- Reduce unnecessary costs
- Strengthen governance and regulatory readiness
- Improve member outcomes for each pound spent

A question to consider is whether your current DC structure is getting the most power from your pensions pound?
If the answer is anything less than a

confident “yes”, it may be time for a DC structure review.

Whether you are considering consolidation, refining your own trust, or blending both (as Aon has done with its own DC plan) the key is to treat structure as a strategic asset, not a legacy constraint.

Already in a master trust or GPP? Don't 'set and forget'

For those using a master trust or group personal pension, it's important not to assume the structure is permanently ‘right’. What worked in the past may not be best today.

Only around half of respondents to our research believe they are managing well the risk of their DC provider falling behind the wider market.

Regular reviews of provider performance, structure, cost and

outcomes are essential to ensure you, and your pension savers are getting good value.

Two questions for those running DC schemes:

- If you designed your DC structure from scratch today, would it look like it does now?
- Could DB surplus, consolidation, or delegation help reduce costs while improving member outcomes?

Aon's *Global Pension Risk Survey* can be downloaded here: <https://www.aon.com/uk-gprs-2025-26>



Written by Aon senior consultant, Clare Freeman

In association with

AON



Gala Dinner and Ceremony: 03 March 2026

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Celebrating excellence within the UK Pensions Industry – organised by Pensions Age

It is no surprise that the pensions industry is in for another incredibly busy and ambitious year in 2026. With an unprecedented raft of measures and changes already mapped out for the next year and beyond, thanks to the government's Pension Roadmap, the sector is bracing for a period of intense activity.

Indeed, Pensions UK executive director of policy and advocacy, Zoe Alexander, says that "from a policy perspective, 2026 looks set to be as active as 2025".

A key moment set to take centre stage early in the year is the continued passage of the Pension Schemes Bill, which will take forward several much-needed and long-awaited reforms.

In particular, Sackers partner, Helen Ball, points out that new rules are expected on consolidation and DC megafunds, small pots, value for money (VFM), no-consent transfers, and new investment requirements.

And rather than the end of the road, the passing of the bill will sound the starting gun on the next round of work for these changes, many of which will require further consultation, secondary legislation, and industry debate.

"That will keep most of us on our toes, and as if that is not enough to be getting on with, we'll also have to make sure we get to grips with dashboards, trustee governance, CDC schemes, guided retirement solutions and targeted support," Ball says.

Pensions Age takes a closer look at some of the key areas of focus for the year ahead, and the work needed to make it happen.

The Pensions Commission

Perhaps one of the most-anticipated pieces of work for the year ahead, Alexander points out that the Pensions Commission will be in "full swing" in 2026, set to publish its interim report in the spring.

And industry organisations are



The year ahead: Pensions in 2026

With the Pension Schemes Bill set to receive Royal Assent early in the new year, signaling the starting line for another huge shift in the pension landscape, 2026 is set to be another incredibly busy year. Sophie Smith looks at the key priorities and areas of focus ahead

keen to engage with the commission, as Alexander says that "our members are expecting to play a vital role in providing evidence and timely research to equip the commissioners to set a for reform for improving adequacy and fairness for a more inclusive retirement system".

But while many are hopeful that this will create a path forward for meaningful change, this will require a long-term perspective, as Pensions Management Institute (PMI) chief strategy officer, Helen Forrest Hall, cautions against "incremental tweaks or piecemeal adjustments that risk destabilising the system".

"What's needed is a clear, long-term strategy that delivers coherence and certainty – not short-term fixes," she continues.

"Employers, trustees and advisers cannot plan effectively without confidence in the direction of policy. Government must resist the temptation to tinker further and instead allow the Pensions Commission to do its job: to set out a robust long-term roadmap that strengthens the system and secures good outcomes for all savers."

Hughes Price Walker director, Ray Hughes, also stresses the need for a long-term perspective, suggesting that the

commission should focus on adequacy to 2050 and beyond, especially for lower earners and those at risk of undersaving.

The push for scale continues

In line with the shift seen throughout 2025, one overarching trend in 2026 is expected to be a decisive drive towards scale and consolidation. This is a move many are hopeful will help improve member outcomes and provide better value for money, while also helping to boost UK growth with new investment opportunities.

Indeed, TPT Retirement Solutions chief executive, David Lane, says that ongoing consolidation across the sector will also bring with it scale and better corporate governance, with key DC reforms in the Pension Schemes Bill adding emphasis to this.

But after much discussion on scale, many are keen for the pace of work in this area to truly ramp up. Zedra client director, Alastair Meeks, for instance, calls for 2026 to be the year “when we finally get the consolidation machine moving at scale to improve the prospect of members in these schemes”.

Superfunds vs. run-on vs. de-risking: The debate continues

Another continued trend, the renewed focus on DB, shows no signs of easing in 2026. While much is still unknown, Sackers partner, Janet Brown, says “one thing to plan for is change”.

In particular, and after years of slow progress, 2026 is expected to see the framework for DB superfunds mature significantly, as LCP partner, David Fairs, says that superfunds will “finally come of age with two or more new entrants,” establishing a real market with choice.

Lane says he is also “particularly excited” about the new assessment and supervisory framework for DB superfunds, which will allow employers to de-risk responsibly – while preserving and possibly increasing – benefits for members.

But further changes could yet be seen, as Fairs suggests that changes to the gateway test could also widen the market for superfunds further, adding to recent industry calls in this area.

DB superfunds are not the only area seeing progress though, as the Pension Schemes Bill has also brought progress on changes to DB surplus flexibilities, with further easements also announced in the Autumn Budget.

“Like a burst of caffeine, all of the following – the return of funding levels, possible changes to powers to release surplus and or pay one-off lump sums, along with the changing DB world with superfunds and new consultations on trusteeship and administration, mean there are plenty of key themes for DB schemes to look at next year,” Brown says.

This is likely to leave many trustees with a growing list of considerations, as Fairs queries: “Will trustees just go for an insured buyout or an augmentation to member benefits, potentially a refund to the employer and a transfer to a superfund?”

Despite these growing options, the bulk purchase annuity market is on track for another record-breaking year, and de-risking remains the main goal for most DB schemes, with recent research from Aon revealing that, despite growing interest in run-on opportunities, de-risking continues to be the dominant focus.

Trustees in this position will have their own considerations, however, as Brown says: “Those who have made the move to buy-in already will be considering not the risk transfer market capacity to do the sexy buy-in deal, but the market’s ability to deliver the road to buyout and transition their administration over to the insurer’s administrator.”

CDC – making its mark at last?

Another area making much-anticipated progress after years of discussion is

Timeline

- **Early 2026** – Pension Schemes Bill set to receive Royal Assent
- **Spring 2026** – The Pensions Commission’s interim report is due
- **March** – Government consultation on improving the standards of trusteeship, governance and administration closes
- **March/April** – Targeted Support – The application gateway is on track to open in March followed by the regime going live in April.
- **July/August** – Multi-employer CDC – New regulations due to come into force in July, with TPR to begin accepting applications from August.
- **Late 2026** – Value for Money (VfM)
- The formal regulations process is scheduled to begin.
- **Late 2026** – Guided Retirement – Development of new regulations is set to begin.

collective defined contribution (CDC), with many suggesting that this could be the year it makes its mark on the landscape.

Bringing renewed hope that the somewhat fraught journey to CDC could be nearing its end, the latest timings suggest that the new regulations for multi-employer CDC will come into force at the end of July 2026, while The Pensions Regulator (TPR) is set to begin accepting applications from August 2026, meaning schemes could be operating in early 2027.

Zedra client director, Alastair Meeks, jokes: “For many years the joke has gone that Brazil is a country with a bright future and always will be. For many years much the same could have been said of CDC. But finally in 2026, its time is coming.”

This, according to Fairs, means that “many more savers will have access to smoother and more sustainable retirement incomes and higher growth investment strategies – without needing

to navigate the difficult retirement choices associated with more traditional DC schemes".

However, Meeks warns that although the concept has been proven and "big players are moving in", professionals will also be wrestling with the communication challenges CDC gives rise to in the year ahead.

"How do we ensure we don't overpromise to members while still explaining CDC's strengths?" he queries. "And in the background, prudent thought will be given to the key person risk in CDC, which centres on the scheme actuary. She or he will have the heavy responsibility of advising the trustees on setting the returns, year on year. In leaner years, with an immediate impact on the amount in pensioners bank accounts next month, the pressure could be intense. Making sure that structures are in place to manage that is a vital challenge for CDC in 2026."

Retirement CDC is also set to make strides, building on the consultation launched by the government at the end of 2025.

But with no mention of retirement CDC in TPR's updated code of practice; many are also eagerly waiting to see if the government will listen to industry concerns on the need for more aligned timing between retirement CDC and the guided retirement duty.

Dashboards – the final countdown begins

This is also the year the pensions dashboard must move from the drawing board to the desktop, or as Hughes puts it, moves "from theory to operation".

"2026 is the year! The focus is no longer planning, it's delivery, data quality and system performance," he says.

Lane also highlights the final connection deadline in October 2026 as an "important milestone towards the launch of a tool that could revolutionise people's understanding of their pension savings".

But there is still much more work to do before this, as Trafalgar House client relationship manager, Callum Westney, warns: "Dashboards will dominate trustee agendas in the year ahead, with 2025 connection deadlines fast approaching. Trustees must make decisions and take action now to ensure data readiness and avoid being caught out by the scale of the work involved."

Alexander echoes this, warning that implementation "will not come without complexity", and urging schemes to engage with consultations on regulations and guidance.

Role of AI to grow

Whilst many of the issues for 2026 are years in the making, the use of AI is bucking this trend, quickly dominating the pension's agenda in just a short space of time.

This is set to grow, as Meeks suggests that 2026 will see AI "percolate throughout every aspect of pensions as it is being practised".

"Everywhere we look, we see serious thought being given to how this extraordinary technology can be put into service, he says, continuing: "Administrators are already using it to look at what members want from them. Solicitors are thinking about how to

harness AI's undoubted power to create documentation while avoiding the phantom memories to which it can fall prey. Artificial pensions managers are being constructed."

Given all this, he suggests that "very soon, we will be thinking about AI in pensions in the same way that we think about computing in pensions: simply integral to it".

This is a change the industry should embrace rather than fight, as Forrest Hall emphasises that "the industry will again need to embrace change to improve efficiency and engagement".

"These developments represent practical steps toward a more resilient and responsive pensions system," she continues.

However, balancing the use of AI will be a crucial issue, as Meeks warns: "One challenge for pension professionals will be that increasingly members are outsourcing the thinking too. AI can explain communications to members but it can't understand them for members. In 2026, pensions professionals will need to consider how to bypass the machine."

And the growing use of AI is also likely to bring growing cyber security concerns, as trustees are expected to become more familiar with not just cyber opportunities, but also risk.

Indeed, Hughes says that cyber security issues are fast becoming regular board business, emphasising that "cyber resilience, supplier controls, incident plans and reporting expectations must be addressed by trustees and given the necessary attention".

This is echoed by Trafalgar House head of IT, Stephen Wright, who cautions that although cybersecurity has climbed the agenda, trustees can't assume it's mission accomplished.

"It's not 'set and forget'", he says. "Trustees must stay on high alert in 2025 to keep their schemes protected."

Raising the bar

After the end of 2025 saw the launch of



the government's consultation on raising trustee and administration standards in the pensions industry, many expect the topic of standards and governance to be a key focus for the year ahead.

Indeed, Forrest Hall says that the drive for higher standards of trusteeship through stronger governance frameworks to protect members and maintain confidence will continue "at pace" in 2026, stressing that "we must all stay engaged".

"Government and regulators will be hoping for a strong response to a series of crucial consultations on trusteeship, administration and VFM, which will reshape expectations," she continues. "Trustees will need deeper technical knowledge and the ability to challenge advice effectively."

Adding to this, Cartwright Pensions Trusts head of investment, north, Yona Chesner, says that with volatility rising, trustees may have to take faster decisions. Strong governance will be "critical" to navigating 2026 successfully.

"Schemes should be thinking about their decision-making and delegation frameworks and be working with advisers well placed to move swiftly should the need arise," she adds.

And so much more...

In addition to the headline themes for the upcoming year, there is a whole raft of broader and interlinked changes on the horizon that pension professionals will need to be thinking about:

- Legal issues are set to be a key consideration in several areas. Ball says that while we don't yet know the details of 'what' much of the upcoming work will all involve and 'when' exactly it will apply... we can expect that the space set aside on trustee meeting agendas for 'legal updates' is about to need a lot more airtime.

"Trustees will need to keep in touch with their advisers, administrators and other service providers to have a watchful eye on what may be coming

next and be ready to change plans quickly if needed," she says.

- The new DB Funding Code scope extends: Brown points out that 2026 will also see more schemes entering the new DB Funding Code world, warning that "the statement of strategy is certainly not going to be a 2026 summer beach read".

- The VFM framework, a key driver behind many of the broader trends seen, is set to make significant progress in the year ahead, as Lane points out that a "near-final version of the value for money framework" is expected by late 2026.

"[*This will be*] a vital tool in refocusing the DC industry on holistic value, including more diversified and innovative investment strategies, and away from cost alone," he says.

- Beyond the more headline focuses for 2026, several technical challenges remain. Brown notes that the legislative remedy for the *Virgin Media* case "could be helpful and put a few issues to bed – let's hope so".

- GMP equalisation efforts are set to continue [*read more on page 80*], but concerns are emerging over the pace, as Hughes emphasises that "eight years after the *Lloyds* judgment is long enough to be underpaying pensioners."

- The focus on UK investment will continue to loom large, and Alexander says that the part pension schemes play in UK growth will continue to be debated in 2026. "Pensions UK will work with government and stakeholders in the wider economy to help identify and promote investible opportunities, aligned with national growth priorities and long-term value creation," she says.

- Many are hopeful around the upcoming introduction of the FCA's targeted support framework. "2025 could mark a turning point for retirement savers as the FCA's proposals on targeted pension support take shape," Trafalgar House technical and communications manager, Karla Bradstock, says.

"Trustees and providers must prepare

for a world where savers have more help at their fingertips, bridging the gap between advice and action." The targeted support gateway is expected to open for applications in March, with the regime itself expected to officially go live from April, subject to legislation being passed by the government.

- With so much regulatory work on the horizon, Fairs suggests that conversations around broader framework changes could also emerge: "This could be a very busy time for The Pensions Regulator and raises the prospect that consolidation in the marketplace might mean consolidation of the regulators."

From policy to reality

Much of this work is long-awaited and builds on many years of consultation and industry debate. But even the best planning can go awry, and many industry experts are keen to stress the need for careful implementation of the above work in 2026.

Forrest Hall cautions that "policy reform can only make a difference if it works in practice, and the challenge of implementation is where the industry must focus its energy in 2026", stating: "Complex regulatory changes, from dashboards to VFM frameworks, require clear guidance and practical tools to avoid confusion and ensure compliance.

"The coming year will test the sector's ability to translate ambition into action, turning high-level principles into operational reality."

This is echoed by Festina Finance UK country head, Dan McLaughlin, who warns: "With a seismic reform agenda in play, you could argue that the priority now is not to lobby for wholesale change. That said, where further intervention is needed, it should be highly targeted, focused on preventing poor outcomes rather than adding unnecessary complexity."

 **Written by Sophie Smith**



► **Laura Blows explores how, in recent years, increasing speculation over pension policies is triggering a surge in knee-jerk decisions from savers, threatening both long-term retirement outcomes and confidence in the system**

Addressing the rumours

Acting purely on rumours is rarely wise, yet that is increasingly what many pension savers are doing in the run-up to major events such as government budgets, despite the potentially irreversible consequences.

Speculation about removing tax-free cash “is one of the most persistent and damaging rumours in pensions”, Broadstone head of policy, David Brooks, notes.

“Speculation is a constant in the run up to every fiscal event,” Quilter head of retirement policy, Jon Greer, agrees.

Increasing speculation

According to Standard Life managing director for workplace and retail intermediary, Gail Izat, this risks doing “real harm”.

“Each year we see the same cycle – rumours surface ahead of the Budget, uncertainty spreads, and savers react before any policy is actually announced. We’ve seen this play out repeatedly, from suggestions about cutting tax-free cash or altering tax relief that never came to pass, to others that eventually did, such as changes to salary sacrifice or inheritance tax treatment. We saw a particularly

notable spike in requests to withdraw tax-free cash ahead of the 2024 Budget, driven almost entirely by fear that the rules were about to change,” she explains.

This is evidenced with data from the Financial Conduct Authority (FCA), which revealed in September 2025 that there had been a significant increase in the amount of money being withdrawn from pensions, with a particular ‘surge’ with accessing large pension pots.

The figures showed that the amount of money withdrawn from pensions had risen by 35.9 per cent over the past year, increasing from £52.2 billion in 2023/24 to £70.9 billion in 2024/25.

The number of pension schemes accessed for the first time had also increased again, coming in around 8.6 per cent higher than 2024, at 961,575.

In October last year, research from Rathbones highlighted the saver remorse that can surround these decisions, revealing that more than a quarter (27 per cent) of people regretted withdrawing a lump sum from a pension ahead of the 2024 Budget.

According to Rathbones, while there are legitimate reasons to access the lump sum, such as paying off a

mortgage or supporting loved ones, a knee-jerk reaction driven by uncertainty could mean missing out on substantial investment growth and long-term tax advantages.

“The pension tax-free lump sum is one of the best-loved and most well-understood parts of the pensions regime, and it’s understandable that people are nervous about potential changes to the rules,” Rathbones divisional lead of financial planning, Rebecca Williams, said.

It was the same in the run-up to the 2025 Budget, as research from Nucleus in October last year found that 59 per cent of people were concerned about potential changes to pension tax-free cash in the following month’s Autumn Budget.

The findings came amid ongoing (and ultimately unfounded) speculation that the government would reduce the 25 per cent tax-free lump sum entitlement currently available to savers from age 55, capped at £268,275.

“For the second year in a row there was a huge amount of speculation leading into a Budget that has seen many people each year take their tax-free cash – because they were worried this may not be available in future rather than because

it was a planned retirement strategy,” Nucleus technical services director, Andrew Tully, says.

While rumour and speculation are always present around Budget time, “with a change of government, the length of time to the last Budget (in late November when often this falls around the end of October) and a difficult fiscal position, the speculation does appear to have become more intense”, Greer explains.

“There has also been widespread belief that tax rises were required, which taking into account Labour’s manifesto position that it wouldn’t increase income tax, national insurance or VAT, had focused speculation that other tax rises were likely,” Tully adds.

Acting on rumours

Confidence in pensions saving has been shaken by changes and speculation around pensions and tax, Tully notes, as Nucleus’ research found that “nearly half said they are worried about pensions being brought into scope for inheritance tax from April 2027, and three in five are concerned about possible cuts to tax-free pension lump sums”.

According to Izat: “These rumour-driven reactions can lead to knee-jerk decisions – withdrawing funds early, stopping or reducing contributions, or shifting long-term plans for short-term speculation. That is especially concerning when, for example, public debate focuses heavily on potential inheritance tax changes to pensions, despite the reality that only around 1.5 per cent more people are expected to be affected. The perception of an increase in taxes can be just as damaging as actual tax increases if it pushes people away from saving for retirement,” she explains.

Those who will act on this speculation “will ultimately come from unadvised consumers, and potentially those with more of a knowledge of the system to know that they get 25 per cent of their pension pot tax free up to a limit”, Greer says.

“The perception of an increase in taxes can be just as damaging as actual tax increases if it pushes people away from saving for retirement”

The FCA’s research also found that those with larger pension pots have increasingly been accessing their tax-free cash, with the number doing so with a pension pot worth over £250,000 increasing by 86 per cent between 2023/4 and 2024/5, compared to a 7 per cent increase for pots under £10,000.

For Brooks, “what frustrates me most is that the industry often amplifies these rumours through commentary aimed at wealthy savers. This narrative does not reflect the experience of the majority of members, yet it creates anxiety and undermines trust in pensions. We need to stop fuelling uncertainty and start focusing on clear, evidence-based communication”.

Tully agrees that “it is still worrying that people with smaller pot sizes appear to be taking their tax-free lump sum as a result of speculation rather than what is best for their individual circumstances – when even if there was any change to tax-free cash it’s unlikely to negatively affect those with pots below £50,000”.

Any benefits?

Yet could acting on a rumoured change ever be beneficial for the saver?

“For some people, it may have been a good reminder to get their financial affairs in order and be the trigger that got them to make a decision. But it is very important that people make these decisions based on what is best for them and their family, not necessarily what proposed tax changes could be. The well used phrase ‘not letting the tax tail wag the dog’ remains true today,” Greer says.

Tully notes that Budget rumours may cause some people to bring forward

when they take benefits. “For example, if someone with a large pot was intending to take £250,000 tax-free-cash in the first few months of 2026, then it is understandable that they may wish to take it in advance of the Budget given speculation was rife. However, it is more concerning if people weren’t intending to take their benefits for many years, or their pension pot is much smaller – as this risks losing significant future tax-free growth and reduces their pension pot for retirement. While people get the lump sum sooner, it’s no longer growing tax-free within the pension, and may be liable to tax and/or limited growth if, for example, it’s placed in a bank account,” he explains.

Taking large sums early could also push people into higher tax bands, and once any income is taken from a defined contribution pension, any future contributions (personal or employer) are limited to £10,000 a year due to the money purchase annual allowance (rather than the standard £60,000), Tully adds.

Providing certainty

Reassurance with unfounded rumours would help to minimise knee-jerk reactions, which did occur in the last Budget with the Chancellor ruling out any changes to the tax-free lump sum, “but this arguably could have come sooner”, Greer says.

The government providing clarity as to its long-term pensions approach can also help, such as with the pensions roadmap and the revived Pensions Commission.

Ultimately, Izat says: “Pensions work best with stability and clear long-term signalling. Yet the annual rhythm of rumour and reaction is eroding confidence and making it harder for people to plan effectively. This undermines not only individual financial security but engagement with the system as a whole.”

 Written by Laura Blows



Investing in 2026

► Sandra Haurant looks ahead at the key investment trends for pension funds over the coming year

For pensions, 2025 has been busy. There was the Mansion House Accord in May, the Pensions Scheme Bill, which is making its way through parliament, and the Chancellor's November budget announcement of a new cap on national insurance contributions (NICs) exemption set at £2,000 for employee contributions made through salary sacrifice, to name a few events.

In the wider world, violent conflicts in Ukraine and the Middle East continue to elude resolution, the US announcement of tariffs seemed to mark the start of global trade wars, and the global economic environment has been uncertain, to say the least.

And yet, Russell Investments global head of solutions strategy, fixed income and FX, Van Luu, says: "If 2025 had one defining theme, it was resilience. Markets absorbed the biggest tariff shock since the 1930s, sweeping immigration and regulatory changes, and major fiscal swings, yet most equity indices still finished the year near all-time highs. These shocks tested but did not derail the global economy thanks to solid fundamentals. That resilience surprised many and created the foundation for what comes next." But just what will that be?

Ringing the changes to UK pensions

One change that is already underway, as 2026 begins, is the shift towards the key Mansion House points. XPS CIO, Simeon Willis, says: "I expect to see increased momentum towards investment in medium to higher returning private market assets within defined contribution (DC) as the Mansion House mindset beds in." Willis expects defined benefit (DB) schemes to continue reducing higher-returning illiquid exposures via "a combination of secondary sales and letting assets run off without new investments taking their place". And in DB, while some schemes might "pick up on attractively priced opportunities", Willis expects a greater number of schemes will be "selling to move into insurance".

As for the Pensions Scheme Bill, this could be done and dusted soon. But, IFM Investors chief strategy officer, Luba Nikulina, says it will need some final polishes: "With so much of the detail to be filled in by secondary legislation via statutory instruments, it is through this process that much of the impact on pension schemes will be decided."

As for the salary sacrifice changes, Willis says employers have concerns. "Many feel that salary sacrifice is another

► Summary

- The pensions industry had a busy 2025, with the Pensions Scheme Bill, more Mansion House pledges and a change to NIC exemption tabled for 2029.
- The coming year is expected to continue in the same vein with global conflicts still seeking resolution and continuing economic uncertainty.
- AI is evolving at a rapid pace, but some are warning of an impending bubble in tech investment – active and careful management are key.
- There have been pushback regarding ESG commitments lately but this area is set for some practical improvements and sustainable investments are key to long-term success.

unwelcome NI cost burden," he says. The changes will not come in until 2029, so there is time to adjust benefit structures, but the main worry is that both employers and employees might reduce pension saving to cut immediate costs.

For employees, though, Hargreaves Lansdown head of retirement analysis, Helen Morrissey, says: "It could be a good option to take advantage of the system as it currently stands and if they have the extra money, they could boost their contribution to make best use of the tax breaks they have now."

Investing in an ever-changing world

As the world remains an uncertain place, 2026 will continue to present challenges for pensions investment. The greatest cause for consternation? JPES Partners head of investment, Matt Rogers, says: "It is difficult to look past the US, given the unpredictability of the Trump administration and its ability to influence world events and economies." Markets might have shown resilience in the wake of the US tariffs, but Rogers says: "The potential impact of tariffs can't be ignored."

Willis adds: "There has been a general concern about US exposure,

which has led to some schemes reducing allocations or hedging a greater proportion of dollar exposure."

Luu is more upbeat. Although he says the choice of the next Federal Reserve chair, the midterm elections, and "geopolitical flare-ups" are potential "watchpoints", he believes the US economy is "poised to regain momentum as the drag from tariffs fades and the tailwinds from loose financial conditions and fiscal stimulus strengthen".

Meanwhile, IFM Investors chief strategy officer, Luba Nikulina, says the US remains a "core market," but says: "Our latest PM700 report, surveying 700 institutional investors, shows Europe's appeal is strengthening – particularly in infrastructure, green energy, and industrials. [...] The commitment to the energy transition and energy security continues to be a major draw."

According to Willis, deglobalisation could lead to greater interest in emerging markets (EM) in the coming year. "The different sector exposures that come with EM could be attractive, for example vast reserves of precious and industrial metals resources and other commodities," he says. Although, he adds: "Given typical scheme allocations are biased towards bonds, I'd expect that there will be more focus towards increasing exposure to hard currency EM debt than EM equities from pension schemes."

Keyridge Asset Management CIO, Anthony MacGuinness, sees potential in industrial sectors across a range of geographies, including defence and aerospace, due to Europe's drive to rearm, gold, and some of the areas China excels in, such as EVs, batteries and solar supply chains.

The AI question

Another of MacGuinness's picks is AI-related infrastructure; Luu also cites AI as one of the strongest potential drivers for growth. "AI adoption is accelerating and beginning to lift productivity, profitability and energy demand across

sectors. We expect the beneficiaries to broaden from AI builders to AI users as more firms translate AI investment into tangible efficiency gains," Luu says.

But for all its pace and promise, could AI come crashing down around us? "This is not an AI bubble," says Luu. "The early phase dominated by hyperscalers and semiconductor firms is giving way to a genuine adoption cycle, which points to structural transformation rather than speculative excess."

"It is difficult to look past the US, given the unpredictability of the Trump administration and its ability to influence world events and economies"

MacGuinness also sees AI as "a genuine economic force and a major driver of capital expenditure (capex) and productivity", but he adds that it comes with valuation and adoption-timing risks; problems with rollouts or delays in monetisation can cause "short-term pullbacks". As such, MacGuinness qualifies AI as "an opportunity that merits exposure with active risk management, since a collapse in confidence around AI investment would be a meaningful downside risk to growth and equity markets".

London-based Marathon Asset Management managing director and portfolio manager, Europe, Charles Carter, says that the concerns about an existential threat posed to companies' investment strongholds by AI means that "the AI investment boom can be viewed as a combination of the fear of missing out and of cannibalisation." "From a capital cycle perspective, the question of demand is secondary," Carter says. "What really matters is whether the industry will tend towards fragmentation

or concentration over the next 25 years. Even if demand exceeds expectations, investor hopes could still be dashed by the onset of excessive competition."

Willis says concentration risk is "generally reasonably well recognised," by investors, and adds that "unlike the banking crisis of 2008, any issues arising out of this can't be considered a surprise". Indeed, Willis says the market is currently demonstrating that it considers AI a "risk worth taking". Perhaps 2026 might show us whether that is a fair assessment.

What next for environmental, social and governance (ESG)?

"Despite push backs we've seen in 2025, we expect continued focus on sustainability from large investors in particular," Willis says. For smaller schemes, lacklustre performance has been a challenge, but Willis says they remain on an "ESG journey" which he anticipates will continue into 2026, with a shift towards investment in "laggards" and working to improve those companies, rather than screening them out.

Practically speaking, a new EU Sustainable Finance Disclosure Regulation (SFDR) framework is set to improve fund labelling and marketing, and UK Sustainable Reporting Standards should improve the disclosure of sustainability data, too.

Indeed, Nikulina says sustainability remains central to private-market strategies worldwide, and that it is viewed as "a key driver of performance and risk management across climate, biodiversity, and broader nature-related considerations". Looking to 2026 and beyond, Nikulina says: "Investors allocating to sustainable infrastructure, supporting decarbonisation, and engaging actively with companies are best positioned for long-term success."

 **Written by Sandra Haurant, a freelance journalist**

Creating space for debate

With many pension professionals facing growing scrutiny over the decisions they make in their professional lives, Pensions Age considers the need to create more space for dialogue and debate



The world of pension investing has never been more emotionally charged. Whether it's climate concerns or exposure to companies linked to geopolitical conflicts, pension professionals increasingly find themselves at the centre of important and divisive public debate.

The importance of debates such as this is being reflected in the parallel discussions being had around fiduciary duty, with the Pensions Minister, Torsten Bell, recently announcing that the government would be developing statutory guidance for the trust-based private pensions sector, providing

clarification on how trustees can comply with their existing duties when considering wider factors, such as climate risk *[read more on page 10-11]*.

But many topics are increasingly becoming more divisive, and issues that once had widespread backing are becoming harder to fully stand behind without facing backlash from at least one corner of the internet.

The second Presidency of Donald Trump has seen renewed scepticism around climate investment efforts, for instance, while growing geopolitical uncertainty and ongoing wars have brought a renewed focus on domestic investment and caution around those

further afield.

And the people involved in making these decisions – trustees, pension managers, advisers and asset owners – now seem to face higher levels of scrutiny and pressure as a result.

Of course, there is no doubt that public interest in investment ethics is positive. Members want their money to reflect their values. Campaigners want institutions to use their financial influence responsibly.

But the tone of debate matters. While passionate engagement is healthy, hostility and personal attacks threaten good governance and the wellbeing of those responsible for protecting members' long-term savings.

When disagreement crosses the line into abuse, intimidation or fear, not only are professionals put at risk, but the quality of decision-making itself is undermined.

Recent tensions facing the Local Government Pension Scheme (LGPS) funds have highlighted this, as many funds have faced growing pressure to divest from Israel-based holdings in particular, amid concerns over the atrocities being seen in Gaza.

And at times, these issues have been increasingly shifting away from the debate they are intended to create, and instead creating further division, and at times unnecessary fear.

The recent situation in Hertfordshire illustrates this clearly. Following a council debate on investment policy prompted by a petition on Israel-Gaza related holdings, councillors experienced abuse and intimidation, both online and in person. The council was forced to issue a public statement to clarify the facts and emphasise the need for respectful engagement. It was a stark reminder that pension governance, while a largely technical space, is also an incredibly emotive one.

These pressures are not isolated to geopolitical issues. As Pensions UK deputy director for external affairs,

Dirk Paterson, points out that climate activism has also been directed at pension decision-makers for a “perceived failure to act on climate risks”, with many pension professionals having experienced walking past the picket line to enter a pension conference.

Whilst protest is a crucial part of freedom in the UK, there is a risk that it could push both sides further away from the dialogue that is needed to create meaningful change.

Indeed, Paterson stresses that confrontation outside offices typically does little to build bridges, noting that “irrespective of where you stand on the debate and the positive role pension funds have played in holding investee companies to account and committing to the green transition, you are unlikely to win activists around if they picketing your place of work”.

And whilst Paterson is clear that protesting is an important democratic right, emphasising that “when done

peacefully and within the law, that right should be respected”, he cautions that protests “can turn unsavoury or violent”, meaning professionals must take sensible safety precautions.

Where action has turned negative, Paterson warns that individuals could also be targeted via work email or social media accounts, urging professionals to set accounts to private, avoid posting identifiable information, and refrain from responding to unsolicited messages.

“Don’t respond to emails or phone calls and report any activity to your HR, IT, security and external affairs departments,” he adds. And if interaction cannot be avoided, he stresses the importance of calm, de-escalating behaviour – keeping body language neutral, and maintaining a level tone.

But discussion is possible. After all, some pension professionals have felt comfortable enough to stop and discuss issues with the protestors at industry conferences – often giving rise to more

understanding on both sides of the coin.

Lessons can be taken from the Local Government Association’s *Debate Not Hate* campaign to help encourage such dialogue. Originally created to protect councilors from rising abuse, its message applies equally to asset owners, pension officers, advisers and trustees: Disagreement is legitimate, but intimidation is not.

But this needs to be true for both protestors and the industry: Amid the ongoing mandating debate, the pensions industry has stressed the need to believe in fiduciary duty and the decision-making power of trustees. But this trust cannot be given without faith that pension decision makers are making the right decisions, without trying to sway the outcome. At times, there is a risk that engagement can come across skewed.

The Avon Pension Fund for instance, recently confirmed that it had taken action to gather member views after a petition called for it to divest from Israel holdings. But rather than gather member views on Israel-based holdings, a specific issue, it widened the scope to all aerospace and defence holdings.

Both sides need to be open to discussion. The pensions industry can’t automatically assume that it knows best, while those looking to influence pension decisions must understand that there are broader legal and financial nuances to be considered.

Ultimately, pensions exist to provide financial security in later life. Protecting the professionals who safeguard that mission is essential. By creating conditions for genuine dialogue, not hostility, we can ensure that even the most sensitive debates around climate, geopolitics or ethics remain constructive, evidence-based and focused on members’ best interests.

Pension debates will continue to be emotive, but if we create space for discussion, we’ll see we have much more in common than we may think.

➤ **Written by Sophie Smith**



Still making the transition?

► **Laasya Shekaran considers transition finance, regulation and the shifting mindset of UK pension funds over the year ahead**



As we enter 2026, the UK pensions industry is shaped by two intersecting forces, (i) the urgency of the transition to a sustainable economy and (ii) the evolving regulatory environment designed to guide capital in that direction.

Pension funds recognise that long-term value creation is inseparable from environmental and social resilience. At Pensions for Purpose, we aim to make 2026 the year that puts this into action.

Transition finance: From concept to allocation

As an industry representing trillions of pounds of invested capital, the pensions sector could play a vital role in unlocking the financing needed for climate transition. A successful transition is key to improving pension schemes' resilience to risks like climate change – systemic risks which would deplete the economy and have dire consequences on the outcomes for pension scheme members.

For this to work in practice, pension schemes need to have access to the right financial structures.

DB investors, who tend to run fairly de-risked strategies, could greatly benefit from innovative blended finance structures. DC investors are increasingly committing to private market allocations, but the cost structures (and regulations around cost vs value) need to be

appropriate for these to work in practice. LGPS pools and funds are also focused on transition finance but need a stable policy environment to support them operationally.

Regulatory signals: A year of consolidation and clarity

A huge regulatory focus for the pensions industry in 2026 will be on consolidation.

Consolidation can help to support transition finance and impactful investment allocations, especially where there is a strong governance structure in place amongst the consolidated entity. But consolidation can also be a barrier to allocation. Many transition finance projects require relatively small pots of capital to be deployed which are not appropriate for large funds to allocate to. The industry should take proactive steps to address this, pushing back against consolidation if it is not leading to the required outcomes and working on fund of fund structures that make impactful holdings more accessible for larger funds.

Transition plan disclosures will also be an interesting regulatory development but we must focus on action rather than reporting alone. The industry should learn from its experience of TCFD reporting which, while being good for raising the issue of climate change, has not led to enough action. The pensions industry must also address the reality of a climate outcome that does not align with the net-zero goals we are aiming for. Three degrees of warming is increasingly likely and pension schemes need to work to be resilient to this, ensuring their transition finance allocations look at climate adaption as well as mitigation.

2026 will also be a year of considering

the role of pension schemes and their investment strategies more generally, supported by fiduciary duty clarification.

UK pension funds' attitudes: A shift from hesitancy to pragmatism

Although there has been a certain level of pushback against the language of ESG lately, the UK pensions industry continues to focus on sustainability and prioritise its importance.

Rather than dropping their ESG or sustainability commitments, pension schemes have focused in on what they are trying to achieve with their sustainability commitments and where they can have the most influence.

In 2026 pension schemes will continue to use their influence to address long term systemic risks such as climate change – through capital allocation, systemic stewardship and through partnering with managers and advisors who have shared values at an organisational level.

Frameworks such as the Impact Investing Principles for Pensions are gaining traction and help to support pension schemes with this: they help them cut through labels, interrogate products more confidently and focus on opportunities that align with financial, sustainability and real-world objectives.

Looking ahead

2026 offers pension funds the chance to embed genuinely outcome-driven investing.

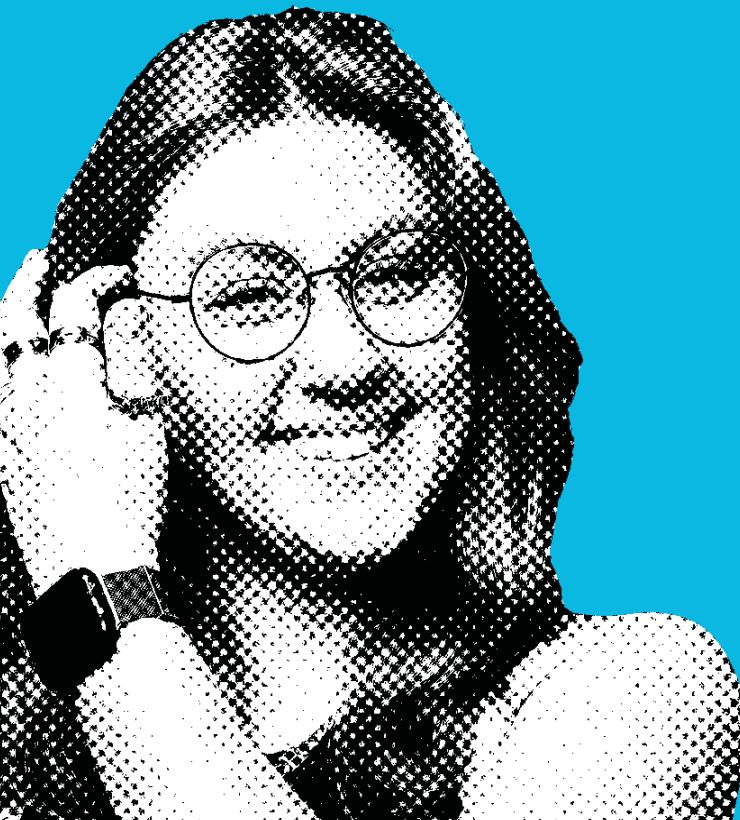
Transition finance will be central but the industry will need to work together and will need to embrace innovation and change.

The challenge now is not enthusiasm but implementation. With the right guidance, peer learning and independent insight, the pensions industry is well-placed to lead the shift toward a more sustainable and resilient financial system.

► **Written by Pensions for Purpose policy and community director, Laasya Shekaran**

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Work/life balance

► Pension Administration Standards Association (PASA) chair, David Fairs, talks about his experience in pensions, his love of Ferrari and the Formula 1 and a typical week in his life as PASA chair and LCP partner

Work:

► What was your dream job as a child?

I wanted to drive for Ferrari in Formula 1. I still think that they might give me a call if Lewis [Hamilton] retires...

► Do you have any unusual job experience outside of working in the pensions industry?

When I was at university, I was on the athletics team, and we often were hired as 'security' at concerts or discos. Sometimes payment was in beer rather than money. I have fond memories of working for Altered Images, Judie Tzuke, Dr Hook and the Medicine Men and the Pasadena Roof Orchestra, amongst others. I now have a portfolio of roles, mainly as LCP partner and chair of PASA. I also serve as a strategic adviser at Guiide, chair the Sarcoma Genomics Board, advise the Department of Mathematics at Essex University, and hold an honorary professorship at Durham University Business School.

► How did you end up working in the pensions sector?

Like everyone it was an accident. I applied to a wide range of jobs in my final year of university and oddly an actuary seemed the most appealing of those that I was offered.

► What path did your pensions career take, that led you to your current role?

I started in traditional scheme actuarial work (which included administering a few schemes), led Aon International's Actuarial Practice (it was just me then) and was then headhunted by KPMG, mostly doing international, corporate and merger and acquisitions work. Afterwards, I set up KPMG's admin operation, headed up sales and marketing for pensions, and KPMG's people practice. Before leaving, I helped start and lead a division called people powered performance, before deciding to try and make a difference at The Pensions Regulator (TPR), having been Association of Consulting Actuaries

chair. Having decided to leave TPR, I looked at a few roles but decided on LCP whilst taking on several others.

► What's one thing about your job that you particularly enjoy or are proud of?

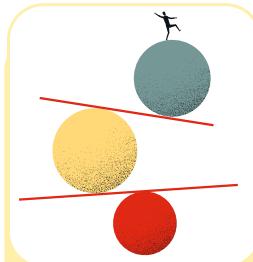
I enjoy the variety, using my previous experience in sales and marketing as well as policy development, but probably mentoring several LCP partners is the most rewarding.

► If you weren't working in pensions now, what would you be doing?

If the job offer from Ferrari doesn't arrive, probably some area of government policy.

► What's the best piece of career wisdom you've been told, or acquired yourself?

A former colleague in Aon International said to me – focus on those things that you can change and ignore the things that you can't, it's wasted energy.



A typical work/life week:

► Monday

I have a morning meeting on a large-scale project for LCP. This is followed by a client lunch, and after this I discuss how we can help a prospective client stay ahead of pension policy developments. I end the day by discussing reserving requirements under the new superfund authorisation regime with a prospective superfund.

► Tuesday

I record a podcast on TPR's General Code with Rachika Cooray under her series – *Ask the ORAcle*. The episode featured an interview with an academic discussing the events leading up to the September 2022 fiscal event, the immediate aftermath and the implications for investment markets going forward. With my PASA chair hat on, I provide a press comment on TPR's new administration guidance. I end the day at the ACA sessional meeting and dinner, which covered the UK economic outlook.

Life:



► What do you like to do in your spare time? Any hobbies?

I love cars

and currently have a Toyota Yaris GR and Caterham 7, amongst others, but I also love cooking and I have a pretty big wine cellar.



► Is there a particular sport/team that you follow?

Formula 1 – thoroughly enjoyed watching Lando Norris win the World Championship.



► If you had to choose one favourite book, which would you recommend people read?

I currently am

enjoying the Robert Galbraith (J K Rowling) series of books about Detective Strike.



► What film/boxset do you most enjoy?

My favourite film is *Notting Hill*.



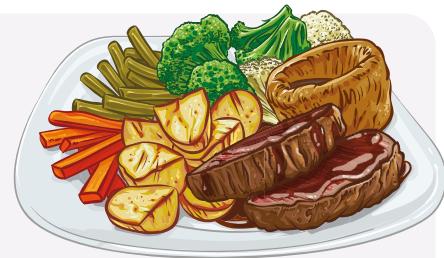
► Do you have any music/band/song suggestions?

Christine and the Queens.



► What's one of the most interesting places you've travelled to?

A safari in South Africa.

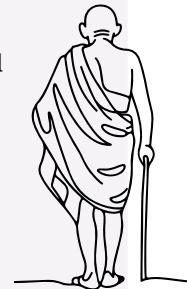


► What's your go-to comfort food?

I cook a mean Sunday roast.

► Who would be your dream dinner party guests?

Barrack Obama, Lewis Hamilton, Kylie Minogue, Blaise Metreweli (head of MI6).



► If you could meet any historical figure, who would it be and why?

Gandhi – the power of peaceful protest.

► Do you have a favourite quote or saying?

When something bad happened, my father would always say – it's all part of life – which I have adopted much to the amusement of my children.

► Finally, what's the most random fact you know?

I can recite Pi to 15 decimal places.

Wednesday

This morning, on behalf of PASA, I meet with the Society of Pension Professionals on topical pensions administration issues. After that, I attend a roundtable lunch to discuss the Aberdeen/Stagecoach deal with a legal firm. Afterwards, I catch up with LCP partners on their prospecting targets, providing support and challenge on progress.

Thursday

I prepare for LCP's professional trustee strategy day and catch up with more partners on sales progress. I also record an *Investment Uncut* podcast with colleagues on the Aberdeen/Stagecoach deal and then attend a workshop to support a new superfund entrant.

Friday

Today is my non-LCP working day, and I sit in a Toyota garage while my car is being serviced and catch up on non-LCP activities, including preparing for PASA's 2026 conference and strategy day.

Saturday

I go to the gym first thing with my personal trainer, planning for Christmas and a drinks party in my village.

Sunday

My Sunday consists of walking the dogs, cooking Sunday lunch and time to read a bit more of *The Haunted Man* by Robert Galbraith.

Soapbox: Taking stock of divorce and pensions

As we start another year, it is customary to make resolutions and look ahead. However, here at *Pensions Age*, the theme for our first issue of the year is taking stock. In an industry so focused on what comes next, beginning the year by reflecting on where we are feels both appropriate and necessary.

Reflection and reassessment aren't limited to our professional lives; for many, the beginning of the year serves as an opportunity to transform our habits, finances, and even relationships by reflecting on what worked or didn't in the previous year.

The first Monday of the year, 5 January, marks divorce day – a day associated with a notable increase in inquiries about separation and divorce, as many individuals reflect on their relationships and decide to take action after the holiday period.

In an issue dedicated to reflection and reassessment, it feels like the right moment to discuss this often overlooked but all-important topic.

The figures speak for themselves when it comes to divorce in pensions. Research from Legal & General (L&G) found that just 13 per cent of divorcing couples considered pensions when dividing assets. That means 87 per cent of divorcing couples failed to consider what is often one of the largest assets after shared property.

There are several obvious reasons for this. During a divorce, people are most focused on immediate concerns: who gets the family home, who the children will live with, and any savings.

However, as people who work in pensions, we know that there are some other major influences on this. Many people simply don't understand pensions, often unaware of their total pension savings or where these savings



are held. As a result, a pension doesn't register as an asset worth considering.

Demonstrating this, Standard Life's recent *Retirement Voice* survey showed that 47 per cent of UK adults are unaware of the amount they have saved in their pension. Given these figures, it is therefore unsurprising that such a high proportion of divorcing couples overlook their pension when dividing assets.

L&G's recent figures highlight the true impact of this lack of awareness, particularly on those later on in life. The research found that one in seven people who divorce after age 50 are forced to delay their retirement, and 24 per cent struggle to rebuild savings after a late-life split. Even more stark is that 13 per cent of divorcees over 50 believe they will never financially recover from divorce.

However, this situation has an even worse impact for women, as they are far more likely than men to waive their rights to their partner's pension – 28 per cent compared to 17 per cent.

Scottish Widows' research also shone a spotlight on the disadvantage women face when it comes to pensions and divorce, with its research finding that

60 per cent of women did not discuss pension assets as part of their divorce, a decision that could leave them around £77,000 worse off in retirement.

However, this imbalance is not new, as women already face a persistent challenge when it comes to pensions due to the gender pensions gap. The average difference between men's and women's private pensions is 35 per cent, driven mainly by career breaks for caregiving, maternity leave, lower pay, and reduced pension contributions.

Over time, these built-in inequalities add up, and divorce can become a turning point that makes financial hardship in later life even worse.

Without better understanding, advice, and intervention, many women risk carrying the consequences of these decisions into decades of retirement insecurity. So, this January, as we in the industry look ahead to what lies on the horizon, it is equally important to pause and consider where we are now, and

where the system may still be falling short in practical ways.



Written by Paige Perrin

New entrants: The next wave of pensions innovation

Callum Conway explores a new wave of entrants reshaping the UK pensions landscape, examining the problems they are targeting and the gaps they say incumbents have yet to address



The UK pensions market is undergoing one of its most significant periods of transformation in a decade. Regulatory pressure, accelerating consolidation, rising expectations around digital service and growing scrutiny of retirement outcomes have combined to open the door for a new generation of providers, technology firms and governance innovators.

Many are targeting long-standing structural problems that incumbents have been slow to address: fragmented data, inflexible legacy systems, opaque investment decision-making and the growing need for practical retirement planning support.

Some new entrants are focused on the challenges created by pension freedoms, particularly around non-advised

decision-making at retirement.

Others are redesigning advisory and governance models for defined benefit (DB) schemes, while several are committed to untangling the messy cables of the pensions system – administration, data and operating models.

Pensions Age spoke to a selection of these newer market entrants about the problems they were founded to tackle, how demand is evolving, and what success looks like as the market adjusts.

Guide: Filling the post-freedoms guidance gap
Established to support non-advised members navigating drawdown, Guide has grown rapidly since pension freedoms, offering modelling-based retirement planning tools for schemes and consumers.

Director, Kevin Hollister, says the firm was founded to address a clear gap in the market: helping non-advised defined contribution (DC) members create sustainable, trackable withdrawal plans once they reach retirement.

Early consumer tools, he suggests, were overly simplistic.

“Retirees needed after-tax income models and projections that accounted for multiple income sources – state pension, defined benefit, ISAs and savings – something early consumer

tools simply did not offer.”

That insight led to the development of Guide’s modelling engine, which has since been refined using real-life user data and integrated into a growing number of retirement pathways.

Earlier this year, Pathlines, working with Guide and Invesco, launched a new guided drawdown tool designed to help non-advised DC savers self-manage retirement income more confidently.

While consumer demand has remained steady, Hollister says the regulatory environment has significantly changed the provider conversation.

Consumer duty, in particular, has increased appetite among schemes and providers for licensed guidance tools, especially in execution-only drawdown.

Providers, he argues, will increasingly struggle to demonstrate suitability without evidence that members can manage a sustainable long-term plan.

However, Hollister warns that openness to guidance tools varies amongst schemes.

“Master trusts see commercial value in supporting consolidation at retirement, while single-trust schemes face less incentive but rising regulatory attention.”

He also believes trustees often underestimate how much support they can provide without crossing into regulated advice, provided governance is robust and regulatory dialogue is ongoing.

Purple Daffodil: Automating DB advice
Purple Daffodil is rethinking the investment advisory model for DB schemes, replacing manual, resource-heavy processes with automation, AI and streamlined analytics.

Director, Mark Hodgson, says the firm was founded in response to a market in which advisory processes had become increasingly standardised and expensive, even as DB portfolios converged into lower-volatility strategies.

“Large research teams were still

delivering expensive, labour-intensive services that no longer reflected the needs of modern DB schemes," he claims.

Purple Daffodil's approach removes manual reporting, accelerates strategy work and gives trustees faster, more transparent access to information.

Automation, Hodgson argues, is not about replacing human judgement, but about removing inefficiency and duplication from advisory processes.

Therefore, the firm's growth strategy centres on scalability through technology rather than headcount expansion.

Its advisory and plug-in models are deliberately designed to contrast with traditional consultancy structures.

Success, Hodgson adds, will be measured by how many schemes are willing to move away from costly legacy processes and embrace automation as a route to better, faster and more cost-effective advice.

configuration and keep pace with regulatory change."

Rather than pushing wholesale replacement, Festina focuses on configurable architecture that integrates with existing workflows and operating models.

McLaughlin explains that resistance to change is often less technical than cultural.

"The biggest barrier to upgrading is often psychological – fear of a disruptive 'big-bang' implementation".

Therefore, Festina's model enables incremental modernisation, allowing schemes to transition strategically rather than through abrupt operational change.

With rising expectations around automation, personalisation and member communication, McLaughlin argues UK schemes will struggle to meet future demands without addressing core infrastructure challenges.

Penfold:
Portability and workplace simplicity
Penfold has expanded from personal pensions into the workplace market, offering a

flexible, app-based proposition for small and medium-sized enterprises (SMEs), younger savers, and the growing self-employed population.

CEO, Chris Eastwood, says the move was driven by employer demand for modern, high-quality benefits and by savers seeking real-time visibility and control.

Penfold now supports more than 4,000 businesses, with portable pensions designed to follow individuals through multiple jobs, self-employment and career transitions.

Guided onboarding, payroll integrations and paper-free transfers

are designed to reduce friction for employers, while members can adjust contributions or consolidate legacy pots with minimal effort.

Eastwood warns that inertia and perceived complexity remain the biggest barriers to workplace pension engagement.

"Regulation," he argues, "is viewed as essential to building trust rather than a constraint on innovation.

"Penfold's long-term aim is to make pension engagement habitual rather than reactive – something people manage throughout their working lives rather than rediscover decades later".

MeltX: Digitising private market liquidity

MeltX is digitising the secondary market for private fund stakes, offering pension schemes a more transparent, efficient and secure alternative to traditional broker-led processes.

Director, Stuart Hanson, says schemes increasingly want digital workflows that improve visibility and value for money.

MeltX automates elements of the matching process between buyers and available opportunities, while retaining human oversight to meet regulatory requirements around investor eligibility and confidentiality.

Cybersecurity and governance are central to the platform's design.

MeltX uses familiar tools such as secure data rooms, filtered opportunity sets and digital signatures, with every transaction supported by the MeltX team.

Hanson argues that this balance – innovation without introducing new risk – is critical for trustee confidence when moving historically offline processes into a digital environment.

Clara Pensions: Superfunds move into delivery

Clara Pensions, the UK's first authorised DB superfund, has now completed multiple transactions,



Festina Finance: Modernising pensions administration

Festina Finance has entered the UK pensions technology market with a modular, next-generation administration platform designed to replace fragmented legacy systems and support a data-driven operating model.

UK country head, Dan McLaughlin, argues that the market has long needed future-proof technology that supports all pension product types on a single platform.

"Schemes", he notes, "increasingly want systems that reduce reliance on multiple vendors, allow easier

marking its transition from concept to established consolidation route.

Chief transactions officer, Matt Wilmington, says the move from 'authorised' to 'active' consolidator reflects a proven model, with completed deals across a range of sponsor circumstances.

Last year, the superfund completed a deal with the trustee of the Church Mission Society (CMS) Pension Scheme, marking the first superfund transaction using Clara's 'connected covenant' structure, as well as the first deal involving a not-for-profit sponsor.

Meanwhile, the timing is significant.

The DB funding regime requires trustees to consider all endgame options, and superfunds are increasingly being assessed alongside insurance buyout and run-on strategies.

Wilmington suggests that superfunds are predominantly suitable for schemes that want or need to de-risk but cannot access an insurance solution, whether due to cost, complex benefits, or illiquid assets.

He adds: "Our message is that trustees and sponsors should now treat superfunds as part of the mainstream set of endgame options."

Monzo: Bringing pensions into everyday finance

Monzo entered the pensions market in 2024 with a digital-first proposition designed to simplify consolidation and reduce anxiety around retirement saving.

General manager, Matt Mair, says Monzo Pension was launched to address a persistent problem: Pensions feel complex, inaccessible, and stressful for large sections of the population.

Indeed, Monzo research found that a third of UK adults view pension consolidation as too complicated, while more than three-quarters feel anxious or overwhelmed when thinking about retirement savings.

"Monzo's starting point was therefore

consolidation," Mair says.

The bank's free tracing service allows users to locate and combine old pensions with minimal information, bringing all their pensions into a single fund visible in the Monzo app.

Since launch, the proposition has expanded to include contributions for customers who want to actively build retirement savings.

Differentiation, Mair argues, lies in integration: Pensions sit alongside spending, saving and investing, giving users a holistic view of their finances supported by clear fees and jargon-free guidance.

Looking ahead, Monzo sees an opportunity to close the retirement savings gap between employees and the self-employed, though Mair notes this will require further policy reform.



Moneybox: Scaling a digital-first pensions proposition

Moneybox has expanded rapidly into pensions through consolidation, digital engagement and the launch of new in-house investment solutions.

Director of personal finance, Brian Byrnes, says growth reflects the scale of fragmentation across the system.

"With the average person changing jobs every five years, there are still millions of workplace pensions at risk of being forgotten," he says, citing Pension Policy Institute (PPI) estimates of £31.1 billion sitting in 3.3 million lost pots across the UK.

Helping customers locate and combine those savings remains central to Moneybox's strategy, but Byrnes stresses consolidation is only the starting point.

"Engagement is driven through personalised content and calls to action within the app, alongside tools such as the retirement calculator, which shows

potential outcomes and encourages customers to review progress".

Bringing pensions trusteeship in-house in 2022 gave Moneybox greater flexibility to innovate, Byrnes continues.

"Building on this foundation, the launch of three Moneybox-branded pension funds marks the next phase of growth."

The low-cost, actively managed multi-asset funds are designed to help customers grow their retirement savings with greater clarity and confidence.

Conclusion: A market reshaped

What links these entrants is not a single technology or business model, but a shared view that important gaps remain in the pensions system – at retirement, in administration, in governance and in engagement.

Rather than attempting to replicate existing models, many are deliberately narrowing their focus, using technology, alternative structures or different incentives to tackle specific pain points.

For trustees and employers, the emergence of these firms broadens the range of tools available when addressing increasingly complex challenges.

For incumbents, it raises questions about how quickly legacy models can adapt.

Either way, the direction of travel is clear: Innovation in pensions is no longer confined to the margins of the market.

Written by Callum Conway



Stewart Hastie

During the Association of Consulting Actuaries' (ACA) recent annual dinner, you spoke about the relaunched Pensions Commission and encouraged it to look at 'sacred cows'. Which specific areas or policies do you think most urgently need to be challenged, and why?

The retirement adequacy challenges facing the UK population are multifaceted and to help set a path to address these over the long term, the commission must have the freedom to look at the whole UK pensions system.

More can be done to improve outcomes for savers, and the government is already working with industry to bring about value-for-money reforms and guided retirement requirements that support this.

But ultimately, as a society, we still need to save more, and we still need to work productively for longer, which will include some hard choices, even though these may not be politically easy.

The 'sacred cows' that I hope the commission will explore include:

- sustainability of the 'triple lock' and target level of the state pension;
- a minimum level of compulsory private savings in pensions and/or

No longer business as usual

► As the pensions industry faces mounting regulatory, demographic and economic pressures, Association of Consulting Actuaries (ACA) chair, Stewart Hastie, sits down with Paige Perrin to discuss the role of the relaunched Pensions Commission, the responsible use of DB surpluses and why actuarial innovation must move faster to meet emerging risks

savings sidecars;

- the impact and role of tax relief and incentives and how these can best be targeted in a way that provides stability and certainty for long-term retirement saving rather than the continual cycle of speculation surrounding Budget announcements.

For example, the ACA recently sponsored and released the *Retirement Reimagined* report, where the authors explored more radical thinking in relation to the future of the UK state pension and its interaction, with workplace pensions with particular focus on the ever-growing group of individuals unable to purchase their own home and the longer-term security this often offers in later years.

► How does the ACA see the role of actuarial innovation in addressing emerging pension risks, such as longevity risk, climate-related financial risk, or the evolving retirement landscape?

Actuaries have a long track record of innovation in all these areas, pioneering new modelling and data techniques to bring insight. We help design approaches and products to better assess and manage long-term risks and to support

better retirement outcomes for savers.

Some exciting examples that we expect to see more of include assessing 'healthy life expectancy' – one of the topics of our second Bloomfield Bowtie Lecture last November. We know we are living longer, but we are not necessarily living longer healthier lives, and this is relevant to policy decisions and product designs. We are also excited about the very significant improvement in retirement outcomes that collective DC (CDC) arrangements can provide. Actuaries have a huge role to play in the design, set up and management of such schemes, and we are pleased to see enabling legislation to facilitate CDC schemes – both whole-of-life multi-employer arrangements as well as the





recent consultation on regulations for retirement CDC arrangements.

► The ACA has been vocal on the opportunities and challenges surrounding DB scheme surpluses. How does the ACA believe trustees and employers can responsibly deploy these surpluses while protecting member interests?

The funding of UK DB schemes has always required prudence, and with a tightening regulatory environment over the past 20 years, it was inevitable that schemes would end up in surplus. I think it is important to make clear that current funding surpluses are not the same as those in the 1980s and early 1990s. Schemes now are on average well-funded, on very prudent measures, and adopt significantly de-risked and hedged asset strategies.

As a result, we do support the introduction of greater flexibility for DB schemes to release surplus to sponsors and members. Trustee agreement to any surplus release is an important safeguard for members. We expect that new guidance from The Pensions Regulator, combined with expert professional advice, will be key in helping trustees and sponsors determine when and what is safe to release. Having funded deficits in the past, many employers will feel the surplus should largely be released to them and may be more focused on improving the pensions savings of current and future workers. In reality, the terms of any agreement will likely be specific to the circumstances of each scheme and its sponsor covenant.

Whilst full risk transfer to the insurance market has never been more affordable, we are already seeing many schemes (particularly medium and large schemes) pause their journey to insurance and consider running on for

longer. As well as the potential to release future surplus, schemes can also continue to provide members with the benefits of operating in a trust-based environment.

► You've previously commented on the *Virgin Media* ruling. From an actuarial perspective, what key lessons does this case offer for effective risk management in corporate pension schemes?

We are particularly pleased that the government has intervened to provide a pathway to resolve the issues arising from the *Virgin Media* ruling. This case, and the additional cases spawned by it, highlight the risk of unintended consequences arising from the layers of UK pensions legislation for DB schemes. From a scheme management perspective, it highlights the importance of clear record-keeping and the residual risks that exist within scheme documentation. It does, however, also show how industry can work collaboratively and effectively with the Department for Work and Pensions (DWP) and government to address such issues.

► In your view, what are the biggest regulatory or market pressures currently shaping the pensions landscape, and how should actuaries proactively respond to them?

It's probably an understatement to say there's a lot going on in pensions at the moment. Much of this is driven by significant regulatory initiatives aimed at driving consolidation and improving saver outcomes. Consolidation can bring many benefits to savers, employers and the wider UK economy as scale brings efficiency and can help to support much needed UK growth.

Whilst we remain largely supportive of most of the government's current pensions initiatives, the ACA continues to play a key role in highlighting the risks and unintended consequences that can arise when turning initiatives into

actual practice based on our decades of experience and analytical skills.

► As we have now started a new year, what are the ACA's key strategic priorities for supporting actuaries and the pensions industry this year and over the next five years?

2026 is the ACA's 75th anniversary year, and we are planning a series of events over the year to celebrate. But we also want to take the time to reflect on how the pensions industry continues to evolve and the role that consulting actuaries take to help deliver better outcomes for savers, for employers and society more broadly. As well as continuing to support our members with opportunities for learning and collective discussion, our key strategic priorities for next year include contributing to the adequacy discussion through our recently formed working group, which will start to report in the next few months.

We will continue working with industry colleagues and regulators to help shape a DB surplus regime that appropriately balances surplus release with safeguards to members' benefits.

We will also bring our insights and experience to the other key measures in the Pensions Scheme Bill and the recent DWP consultation on trustees and governance for trust-based schemes, and I want to highlight the hard work of all of our technical committees and groups in digesting and responding to numerous consultations – all on a voluntary basis.

Longer term, we are looking to the next generation of actuaries and the type of skills and work experience they will be developing to help take the industry and profession forward into the future. Building on the success of our annual Bloomfield Lectures, we are launching a prize fund this year for actuarial students to submit their ideas and thinking on the future of pensions.

► Written by Paige Perrin



A clash of the titans

■ The push for consolidation has seen a rapid acceleration in mergers and acquisitions, not only in the DC scheme space, but also amongst many consultancies and providers. But scale is not a silver bullet, and many remain wary of potential conflicts of interest and competition concerns.

Sophie Smith reports

The pensions landscape is currently undergoing a rapid and transformative wave of consolidation, driven by key shifts in the overall landscape, such as the value for money framework and work to create DC megafunds.

This push for scale is directly fuelling significant merger and acquisition (M&A) activity across all market segments – not just in the areas that are being explicitly targeted, such as DC schemes [see boxout], but also in administration and consultancy firms.

Indeed, EY UK pensions consulting

leader, Paul Kitson, says that with the Pension Schemes Bill nearing its final stages in parliament, “the starting gun has been fired on consolidations in the DC pension provider space”.

This has already seen many firms rapidly acquiring complementary services; recent examples include Independent Governance Group’s acquisition of KGC Associates, Howden’s acquisition of Evelyn Partners’ employee benefits consultancy arm, and Gallagher’s acquisition of First Actuarial.

This is perhaps unsurprising, as Sackers partner, Andy Lewis, says,

■ Summary

- The push for scale has seen increased merger and acquisition activity, particularly in the DC master trust space, and amongst consultancies.
- Acquisitions amongst providers has seen further development of integrated firms offering multiple services, which may improve efficiency, but could raise concerns about the potential loss of independent advice and conflicts of interest.
- A surge of private equity investment is also fuelling questions over whether the primary motivation for deals is financial gain for backers rather than long-term benefit for members.

“mergers do have upsides: Greater scale can bring more bandwidth, more bargaining power, more institutional knowledge and more access to collective experience”.

Agreeing that consolidation is gathering pace across the pensions market, particularly in the administration and consultancy space, Trafalgar House client director, Dan Taylor, says: “Larger providers often have more firepower to invest in systems, tighten controls and

strengthen their resilience. When that translates into better service and stronger outcomes, schemes and members stand to benefit."

However, Quantum Advisory principal investment consultant, Paul Francis, warns that while it can be argued that having various services under the same house brings efficiency improvements, there is also an associated perception of loss of independence, "in the sense that firms become effectively 'tied or preferred providers' and conflicts of interest might arise around that".

A double-edged sword

Some changes are already being seen, as Francis points out that there are now less 'traditional advisory partnerships', suggesting that it could be argued the advisory industry is ever dominated by larger, more commercialised firms, and risks losing something of the more personalised, trusted adviser approach.

This brings heightened risk in other areas, as Lewis warns that although concerns around legal conflicts are not new to pensions, they will be accentuated where there are fewer, larger schemes supported by fewer, larger providers with more vertical integration.

"Even where the rules for a legal conflict are not triggered, commercial conflicts and perceived conflicts can sometimes be just as damaging," he says.

Lewis is not alone in his caution, as Cartwright director of consulting, Sam Roberts, says that, although everyone keeps talking about consolidation as if it's automatically a good thing, it isn't.

"There's a real risk that we end up with a market where a small group of big brands hoover up everything. That might be efficient on paper, but it leaves schemes with far less genuine choice and enables greater government control – both are likely to lead to worse sponsor and member

outcomes," he says.

However, Lewis predicts that the continued M&A activity will mean that, over time, there will also likely be "renewed emphasis on demonstrating how conflicts are effectively identified, monitored and managed".

He also suggests the accreditation of trustees will develop further, and that the industry may even develop some wider and tighter self-imposed principles around independence and conflict management in areas where there has been less overt focus in the past, perhaps with regulatory support.

Broader risks remain a concern though, as Lewis warns the idea of 'mega providers or schemes' could present a prudential risk: Could someone become too big to fail, and does existing regulation adequately cover this?

Lewis points out that this is an issue the government and regulators are already alive to the issue in some sections of the industry, for example in their work on administrators and in new market oversight roles for regulators in relation to DC megafunds.

Indeed, a spokesperson for The Pensions Regulator confirmed: "We are aware of recent market consolidation across a number of service providers. We continue to monitor the situation in case any risks arise.

"Having an efficient market where competition helps drive delivery and value for members is key to a thriving pensions system, and through our market oversight work we're committed to achieving good long-term outcomes for savers as we move towards a pensions landscape of fewer, larger schemes."

Keeping innovation alive

Innovation concerns are also emerging, as Roberts argues that "we can't afford to lose the independents and specialists".

"They're often the ones coming up with new ideas and stopping the market from going stale," he says. "If all DB schemes were heading to wind-up in the

near future then maybe this wouldn't matter, but many of the large schemes could run on for many years.

"We're on track to end up with half a dozen of each of the trustee firms, master trusts, and advisory firms. Will that be sufficient for genuine diversity of thought?

"Scale can be great when it's used well, but if it squeezes out competition or muddies accountability then it's bad for schemes and members. The industry needs to be braver about calling this out."

Lewis echoes this, arguing that, currently, the industry is "fizzing with new ideas and disruptors".

"Some people argue that mergers and consolidations will dampen this, creating higher barriers to entry that the new entrant pathway in the Pension Schemes Bill cannot address," he explains. "They suggest that over time, merged products and services will generally crowd around a market norm."

Lewis admits that "unless carefully managed this is a risk – or at least, the jury's going to be very firmly out for some time". Taylor agrees, warning: "More money doesn't automatically mean more innovation".

"Many organisations are still dealing with years of underinvestment, working through legacy platforms or merging fragmented systems," he says. "That kind of tech debt doesn't disappear overnight. So while the headlines may be full of big investment numbers, the practical improvements can take time to reach trustees and members."

However, Lewis says that, on the optimistic side, there is a view that in the future merged providers across the new market will need to work even harder than before to differentiate themselves from each other.

Creating the right kind of scale

The type of consolidation is also set to be a key factor, as Francis raises specific concerns over the amount of private equity flowing into the pension industry, noting

that recent money market conditions have seen a wall of private equity money looking for a home.

"This has almost certainly fuelled consolidation activity, and some of the deals being done could be argued to be more about the payoffs to financial backers than for the benefit of clients or employees," he explains. "There's also the matter that some of the firms who have merged have not been seen to fully integrate the respective teams that have been brought together, which leads to

■ Master trust consolidation activity

Perhaps one of the most notable areas where mergers and acquisitions (M&A)'s are playing a growing role is the master trust space, with most looking to get ahead of the game on the government's 2030 scale test, which will require DC schemes to have at least £25 billion in assets under management by 2030.

Broadridge Director, Hal La Thangue, points out that there have been two key ways to pursue scale, organic growth, which will require more aggressive business development practices to win scheme transfers going forward given intensifying competition, and inorganic growth, through M&As.

And with the number of master trusts that are looking for scale, La Thangue says that it is inevitable that M&A activity in the master trust market will play a crucial role.

"A lot of the traditional pension providers will harness assets in the other parts of their DC business to reach the default scale mandated by the government," he says.

"But what's more interesting is many sub-scale master trusts don't have a parent company that's associated with DC pensions and so can't go down this route.... and they're not going to be able to reach that £25 billion threshold through organic growth alone – so the number of master trusts has to shrink."

efficiency leakage and other issues that can arise around change management, such as staff morale, differences in client experience, client/brand loyalty etc."

However, Taylor says that, so far, the consolidation seen has been the right type: "What's encouraging is the shift in the type of consolidation we're seeing. It's less about chasing volume and more about building genuine value. New entrants and combinations are emerging with a clear intent to integrate properly, raise standards, and give clients more

Indeed, La Thangue suggests that by the 2030 deadline, 10 large master trusts will remain.

Quantum Advisory principal investment consultant, Paul Francis, echoes this, suggesting that "in terms of scheme consolidation, this is, to some extent, an unstoppable force".

"In each case it does change the risk position, and notably increases the concentration of risk and 'groupthink' within a smaller number of decision makers," he stated.

"Which can be a positive if they make good decisions, and not so good otherwise. We feel the market needs a healthy number of participants to provide sufficient competition and challenge to ensure service provision remains attentive to client need and adaptive to the circumstances."

Whilst some early deals have already emerged, however, La Thangue admits that "there aren't any low-hanging fruit anymore", and everyone who is now left in the market has "pinned their flag to the mast of having a master trust".

This is expected to see some 'surprising' M&A activity, with many in the industry still unsure what brand names and partnerships will win out over others.

La Thangue admits that some master trusts are worried that if they try to add scale too quickly, their own propositions might suffer as a result.

La Thangue says that this risk will

joined-up, end-to-end support. That's exactly what schemes have been crying out for."

"If consolidation is going to lift standards across the board, it has to be done well. That means transparency, accountability, and an unshakeable focus on service. Get that right, and this wave of consolidation won't just reshape the market, it could finally reshape the member experience too," he says.

depend on the integration levels seen and whether these acquisitions are just seen as new pools of assets to plug into.

Exactly what names will remain standing is unclear, as La Thangue suggests that we could see some "surprising departures from the market", adding: "It's going to be challenging because a lot of these businesses have placed strategic importance on having a master trust and dropping out of it is not going to be a decision taken lightly."

But answers are likely to be seen sooner rather than later, as the past month has seen a number of significant deals in this space *[read more on page 12]*.

And some providers have already reached the key scale milestones needed, including Nest, People's Pension, and Legal & General Master Trust.

Additionally, WTW's LifeSight is currently close to the threshold at around £24.7 billion AUM. At the same time, however, La Thangue admits that the recent market buzz around master trusts and consolidation has reactivated interest among an array of insurers, wealth managers and asset managers in terms of setting up a master trust, "which feels like the market's come full circle after many exited, or chose not to participate in, the market in the 2010s".

► **Written by Sophie Smith**

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
- Why modern tools matter within pension scheme governance
- Whether investing like an insurer is easier said than done
- Lessons from authorisation and supervision
- Litigation as fiduciary governance
- Company profiles





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

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

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

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.

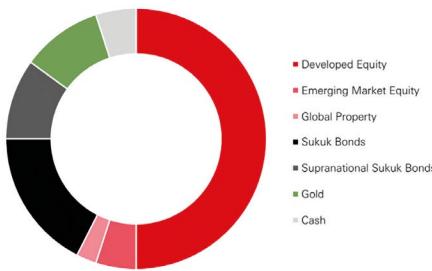
This means building the defensive sleeve of a Shariah-compliant multi-asset portfolio requires careful thought. While Sukuk provide diversification and stability, investors must be aware of the regional concentration and the risk profile embedded within the asset class. Nonetheless, when used in combination 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



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 trust¹.

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



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

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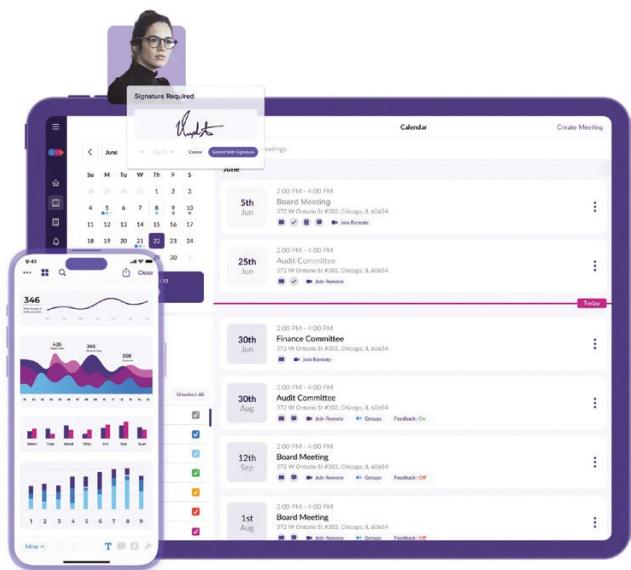
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Pension trustee boards in the UK are operating in an environment defined by scrutiny, speed and complexity. Regulatory expectations continue to sharpen, member communications are under the microscope, and decision-making is increasingly shaped by fast-moving 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.

Digital governance for pension trustee boards

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

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

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

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

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.

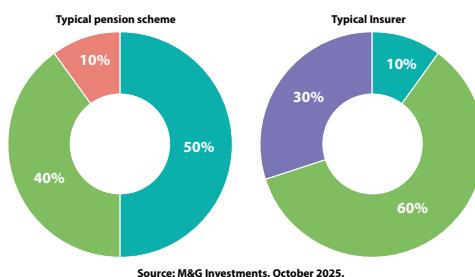
To overcome these challenges, insurers will usually implement LDI more flexibly than pension schemes. For example, they can typically post corporate bonds as LDI collateral, as well as cash and gilts, on attractive terms. This means that they can invest more of their assets in credit and less in gilts 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

■ LDI ■ Corporate Bonds ■ Growth Assets ■ LDI, Gilts & Cash ■ Diversified private credit



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 attractively¹.

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 solution². 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

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¹ With CDI we hope to hold corporate bonds until they mature, so it can make 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



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.

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

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 complements 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*.
8. The Pensions Regulator (2021). *Climate Change Governance and Reporting*.
9. *Urgenda Foundation v. State of the Netherlands* (2019); *Milieudefensie et al. v. Shell* (2021, appeal 2024).

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.

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HSBC Asset Management

HSBC Asset Management is a major global asset management firm managing assets totalling USD864 billion as of 30 September 2025, with well-established businesses in the UK, Europe, the Middle East, Asia-Pacific and the Americas. We are the asset management division of, and wholly-owned by HSBC Holdings plc (HSBC Group), one of the largest financial services organisations in the world. Our investment capabilities span across different asset classes – alternatives, equities, fixed income, multi-asset, and liquidity. HSBC Asset Management is well placed to provide a globally consistent, disciplined investment process across our capabilities, drawing on the local knowledge and extensive expertise of our team of 690 investment professionals across over 20 locations around the world.

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.



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.



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.



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

Pensions Age is the leading title targeting those managing UK pension funds and their consultants. Published monthly in print since 1996, and daily online, we invest heavily in our circulation and content to ensure we are the clear market leading title. Our in-house editorial team of Francesca Fabrizi (Editor in Chief), Laura Blows (Editor), Natalie Tuck (Associate Editor), Jack Gray (Deputy Editor) and Reporters Paige Perrin and Callum Conway, ensure we cover the latest news and topical industry issues to help our readers make the best-informed decisions.

www.pensionsage.com is the leading website for pension funds and we look to cover the breaking stories as they happen. With over 24,000 subscribers to our email newsletter service, we offer our readers an unrivalled service. At the core of this is high-quality, news-breaking journalism, combined with in-depth knowledge of the target market and heavy research into data.

Pensions Age also runs highly successful conferences, along with the *Pensions Age* Awards.

We also publish *European Pensions*, which targets pensions funds across Europe, as well as running the European Pensions Awards and Irish Pensions Awards.

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CHAIR



**Andy Cheseldine,
Professional Trustee, Capital
Cranfield**

Andy joined Capital Cranfield in 2017 after a career as an adviser to trustees and employers at Watson Wyatt, Hewitt Bacon & Woodrow and latterly as a partner at LCP. Using his experience of over 30 years in consulting on both DC and DB pensions and liaising with regulators, he is able to use his wide knowledge for the practical benefit of trustee boards. He has served on the PLSA DC Council since 2013 and has a successful record of advising on regulatory, governance, change management, investment, provider selection and communication issues.

PARTICIPANTS



**Mark Baker, Partner,
PinSENT Masons**

Mark heads the London pensions team at PinSENT Masons. He is one of the UK's leading legal advisers to master trusts and has gained recognition for his innovative market-leading approach. Mark leads the team which has advised 24 of the 35 authorised DC master trusts in the market with a combined asset value of over £100 billion. He sits on a range of pensions industry committees and working groups. He is widely recognised as a leading figure in the DC master trust sector, not just an outstanding lawyer but one of the thought leaders in the industry.



**Laura Blows, Editor,
Pensions Age**

Laura has been editor of *Pensions Age* for 14 years, during which time the title has cemented its place as the leading resource for those working in the institutional retirement sector. She is passionate about the pensions industry, gaining her PMI Retirement Provision Certificate in 2011. Laura is a multi-award winning journalist, specialising in writing in-depth features that shine a light on under-reported industry issues. She has also been a Headline Money Awards judge for many years and regularly hosts awards, conferences and roundtables.



Jit Parekh, Partner, Aon

Jit joined Aon as an investment partner in the DC team in 2023. He advises on all aspects of DC investment strategy. Prior to joining Aon, Jit led the DC investment team at Schroders Solutions, where he was responsible for a number of key advisory and fiduciary clients. His role also involved wider proposition development across DB and DC, focusing on developing solutions in consolidating markets. He is a keen advocate of improving financial literacy in the UK, and looking at wider innovative solutions to solve the DC retirement savings and advice gap.



**Matthew Swynnerton,
Partner, DLA Piper**

Matthew is a partner at DLA Piper where he heads the London employment and pensions team. He advises on all aspects of pensions law, including the pensions aspects of corporate transactions, The Pensions Regulator risk issues and moral hazard powers, reorganisations and restructuring. Recent notable work includes, as a member of the Pension Scams Industry Group, drafting key legal sections of the Combatting Pension Scams Code of Practice. Matthew is also chair of the Association of Pension Lawyers.



**Geoff Winn, Client
Director, Vidett**

Geoff joined the Vidett team in January 2023, bringing with him an extensive knowledge of secretarial support and corporate pension matters, such as pension reviews. Geoff advocates pensions governance should be at the forefront of great pension management. With a career in pensions spanning over 30 years experience, Geoff is an expert when it comes to managing DB and DC arrangements. Prior to joining Vidett, Geoff worked for the Bank of England Pension Fund for 11 years as its pension manager.



Two steps forward, one step back

From reflections on the Budget, to considerations for future scheme design, our panel of experts reflects on the DC and master trust world of today and into the future

Chair: What are the panel's reflections on the Budget? What was in, what was missing, in relation to DC schemes and master trusts?

Matthew Swynnerton: In terms of what was missing, the obvious one is the lack of any kind of flat rate or other limit on tax relief, which keeps getting mentioned and is risky as it's confusing to members who might make potentially quite hasty decisions about withdrawing their pension benefits without proper consideration due to the rumours that circulate each year.

In terms of what was in, the plans to charge National Insurance on salary

sacrifice pensions above £2,000 seems potentially to be introducing a fair amount of complexity for employers and members. This constant tinkering makes it challenging for members to make sense of the environment, so targeted support, some might argue, can't come soon enough. But it's quite a long lead-in – 2029 is a long time in politics and we can possibly expect further tinkering, or a possible U-turn, either from this government or from a subsequent one within that timescale.

Geoff Winn: The most significant thing for me in relation to the Budget is the big question on tax-free cash. It gets raised every time there is a Budget, but

then goes back into the ether. It would be helpful to have some signposting there about direction of travel – if there is going to be more of a limitation, what kind of figures are we talking about? It's one of those things that rears its head every year, but we still don't move forwards with it.

In relation to salary sacrifice, there's an awful lot of complexity in that for many individuals. If you mention 'salary sacrifice', it means nothing to them in the first place. So, there's an educational piece needed there as much as anything else.

And I agree with your point, *Matthew [Swynnerton]*, about the gap between the Budget announcements and when these things are being brought in – an awful lot can and will happen in four years. So we'll have to wait and see.

Swynnerton: And there's a big impact

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on employers as well.

Jit Parekh: Going into the Budget, there was some fear as to what might come out of it. Everybody found out an hour before it was officially announced, which was also interesting! But ultimately, I think the timescale of some of these changes is probably the most unexpected item. People knew something would come in and ther'd be a bit of time, potentially until 2027, to feed it through. But 2029 feels like a big runway, which may potentially appease some employers, even though it then does provide a bit of a headache.

It's going to be interesting also to see what happens from a government perspective over the next year, because there is a lot on the agenda. My worry is, are we going to continue to take what feels like two steps forward, one step back? There are lots of ideas around scale, and what the government is trying to do is get more assets into pension schemes because they want to unlock UK PLC, and some of the actions that have been delivered through the Budget make it feel like they're thinking about things in too much of a siloed way. If you look at the salary sacrifice piece, for example, if those changes disincentivise anybody from putting more into their pensions, then this whole argument around getting people to save more – and by saving

more, potentially investing more in the UK – is then being lost.

It is frustrating for us in the industry. Adequacy is a big issue, and we want to make sure that policy is encouraging people to save more, but one of the takeaways for me from the Budget was that some of these policies are acting as disrupters to saving rather than incentives.

Winn: There are times when it feels more like one step forwards, two steps back even, because none of this is helping the layman understand and have some level of certainty. People will invest or save money for that longer term when they have security, when they have predictability. When you throw too many things at people all at once and you give them all that uncertainty, naturally they will sit on their hands, they will sit on their cash and they won't invest that money; they won't use it in the way that we would hope. So it's counterproductive.

Mark Baker: I totally agree. Before the Budget, a number of people took their money out of pension schemes because they were worried about the announcement. That shows the challenge, doesn't it? For a lot of people, that's not the best thing to do, to take all of your tax-free cash in one go – it might be better to leave it invested and get the tax break, which you think would

help with what the Chancellor wants to do as well. And trying to send that message to people, giving them the understanding, the predictability, ought to be a focus.

On salary sacrifice, compared to where we were before the Budget, it's probably good in that they've said it will

only take effect from 2029. It means that employers can plan in one go rather than having to re-adjust first and then come up with a proper plan afterwards, which is good for employers, good for business. It will be interesting to see exactly how they define what counts as a salary sacrifice, so that it can be notified to HMRC – we know that some employers might switch to non-contributory structures, for example. So they will have to write the rules carefully to cater for cases where employers give people a pension contribution that they can flex to receive as pay if they would prefer to. And that's something where the industry should stay engaged with government as they do.

Chair: It does strike me that a lot of what the Chancellor is doing is counter-intuitive – I'm not certain that it's going to help achieve the objectives that they're aiming for.

Parekh: On salary sacrifice, some employers have been offering salary sacrifice from a paternalistic perspective, wanting to pass some of these savings back on to members; and, as it's not happening until 2029, some employers might wait to see if there is a change in government before doing anything about it, in case something is reversed.

Others, however, might get things in motion and then, if further down the line, things are actually reversed, they might feel it's not worth the hassle of changing back again, so they will just leave it. So the members will lose out. That's the issue. It's the more paternalistic employers, those that are trying to do more to encourage saving and share some of that with members, that may be more impacted.

Pension Schemes Bill

Chair: What do you view as the most significant parts of the Pension Schemes



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Bill (PSB) in relation to the DC/master trust world?

Swynnerton: I would argue mandation, and an interesting debate is how it interacts with fiduciary duties. I am not sure how big an issue that is in reality. I'm not sure also that the fiduciary duty argument against mandation stacks up, although there has been a lot of focus on this point in the industry. There's always been legislation that interacts and interferes with fiduciary duties and, arguably, this would be just another constraint.

There is a practical angle as well – how far will the government actually go with this? Any kind of mandation can have knock-on effects and distort the market. And whilst there will be winners, there will be losers too, both in the business world but also at member level.

The other interesting angle, from a legal perspective, is material financial detriment – there's an exemption that can be applied for where asset allocation requirements would result in financial detriment to savers. But there's very little detail about what that looks like and I've not seen any kind of explanation as to how that would work. So that's an interesting one for us lawyers.

Parekh: Does mandation satisfy fiduciary duty? One viewpoint is potentially yes, because if the underlying beneficiaries are members of a UK pension scheme, and they're investing in UK assets, then somewhere down the line they're benefiting from that said asset.

In my opinion, though, the fiduciary duty lies with trustees to determine the best and most appropriate way to invest those scheme assets, therefore it doesn't make sense to be limiting your opportunity set. If the investment perspective stacks up and it makes sense to invest more in the UK, then absolutely.

So it feels like government is taking a stick approach to try and get more investment into the UK.

Part of the argument here is that even Canadian and Australian

pension schemes are investing in the UK, so why aren't we, but they do that as part of diversifying away from some of the investments they have already made within their own regions.

In the UK, we have also been quicker than other markets in wanting to provide more diversification, more global diversification, and a wider opportunity set to pension schemes. If you go back 15 years, the UK had 50/50 funds in equity, where you basically had a 50 per cent equity bias in the UK. A lot of schemes then moved away from that because they recognised the UK only makes up less than 5 per cent of the global market cap, so it was seen as an opportunity to reduce that concentration risk.

The big question that was always asked of trustees was, do we feel that the UK is going to outperform other markets over the next 10-15 years, because this is a long-term investment play? And if the answer was no, greater global diversification was appropriate. This is why we've ended up here, so to try and reverse some of that, we need to be comfortable that it's based on the expected outcomes.

Winn: There has to be some paternalistic virtue to entice investors – not just pension funds – but investors in the UK to want to invest in the UK. High quality, reputable names, and names that resonate with them. That has been an



ethic for a long time but it has eroded because many of the home-branded names that we have today are no longer UK-owned entities.

On mandation, my biggest concern is that some small-to-medium sized schemes who are getting good returns on their current portfolios are nervous about being forced to redeem some of those investments, to go into entities that have very little track record when you look at performance.

Baker: Mandation is unpopular among some in industry and, if the government is going to try to make the case that it's the right thing to do for everyone, part of the challenge is that trustees can't be confident that investing more in the UK leads to a better financial outcome all round. Partly because we are living through a generation where there aren't so many success stories.

Also, in this discussion about mandation, there is a danger that sometimes the discussion about investing in the UK gets elided with the discussion about climate investing, where it is perhaps easier for people to reach the conclusion that investing that way gives a better long-term outcome for everyone. When it comes to UK investment, that's the challenge. That you can't make that choice with as much confidence.

Chair: I suspect the main reason the government doesn't want to do anything

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overt, is they don't want their fingerprints on it in case it goes wrong. If they thought that it was a slam dunk easy win, they'd mandate it in a heartbeat.

I'm also concerned about mission creep. The clause in the PSB that talks about requiring investments in private equity, private debt, also says 'or any other asset'. So, it's not difficult to see how, in 12 months' time, when the government's short of cash, they might include gilts there too. And we'll have a requirement, for example, that all pension schemes have to invest 10 per cent in UK debt. Once you've crossed that rubicon, there's no limit to how far you can go.

There's also confusion about what is a UK stock. In the FTSE100, 70 per cent of the dividend profits are deemed to come from outside the UK because they're global investors. So we're already in a global investment market. Why try and limit it to the UK? Again, it seems counter-intuitive.

Swynnerton: I agree that there is a lack of clarity. Part of it is drafting-related where they've listed things in a non-exhaustive way, prefixing lists with 'for example', which is too vague. It needs tightening.

Default scale requirements

Chair: What are the panel's thoughts on the default scale requirements?

Baker: There are various questions around the detail of how the scale requirement will work and the practicalities of it. But if the basic requirement is written into the Act as things move forward over the next couple of years, then it will achieve what it's designed to

do, at which point the exact details and the practicalities become less important.

There are some details it would be helpful for the government to clarify – it will be interesting to see exactly what they mean by 'common investment strategy'. Does that allow any variation between investment strategies within the same DC book? I think it should, because if you're a provider with big employers in your book, and one employer asks for something slightly different from the others because it thinks that's right for its workforce, there is a danger that some providers would be able to say yes to that under the scale requirements, and some would have to say no. That introduces a market arbitrage. So it would be good if they could allow some variation within the common investment strategy definition, albeit with the same building blocks, so that each provider is doing roughly what the government is looking for.

Parekh: There are two themes here – one is forced acceleration. Consolidation is already happening in the market, so my issue is around the forced acceleration, which is then going to cause unintended consequences. If we are trying to push that through faster, there are question marks over what is being captured, and what's not being captured. Then, are we doing the right thing for underlying

beneficiaries or schemes in total, or are we shoehorning them into strategies that don't make sense for them because we need to make sure we're meeting these default requirements?

So, while there are potential benefits to consolidation, if we push things through at speed, then it might cause unintended consequences.

It's the same with mandation, specifically private markets. Trustees are just getting to grips with private markets, trying to understand and educate themselves and make sure they can make the right decisions around private market investing. And nowhere have I heard anybody say that private market investing is not the right thing for the right schemes. But ultimately there's not a right amount that they should be investing – for some schemes, it might be 0 per cent investment, for other schemes, it might be 25 per cent. The issue with this forced acceleration is you're getting people to rush into these asset classes, and you're getting people to rush to try and buy the scale, which is not going to deliver better outcomes in the long run.

Also, going back to the earlier point, again it feels like we are taking two steps forward and one step back. The UK DC market has master trusts that are large and mass market, for example Nest, so let's park them to the side for one second. You also have a number of large commercial master trusts, which are all vying and fighting to make sure that they get market share. When you start to put scale and certain requirements that you need to meet, and then also say you need to be investing in high quality or certain asset classes, how do these commercial master trusts balance the two? On one side, the industry has just been racing to the bottom in terms of fees because of the commercial reasons. Now, most of them are now looking to diversify and

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introduce these asset classes that could potentially move the dial. But then they are being told, actually, sorry, whilst you're doing that good work, you also need to make sure you're at £30 billion in size. So surely this then puts the pressure back on these commercial master trusts to keep fees low, or lower fees to continue to win mandates to meet the scale requirements, or worse still, invest in sub-optimal assets because they are driven by pricing pressure. And this is my issue. It's a siloed way of thinking, which then doesn't achieve what anybody wants.

Baker: There's also a tension that forced acceleration is happening right at the time that providers are competing for big mandates, which are competitive in terms of what employers demand as well as cost.

Winn: For master trusts in particular, it isn't a huge world – there are approximately 24/25 in total. And if we were to take out the master trusts which are non-commercial, you're still only left with 16/17. At the moment, is competition good for members, if it's done in the right way? In my view, yes. Not all master trusts are huge, some are much smaller. And if you were to look at the ultimate, in my view, value for members/value for money, it isn't just about fees, it isn't just about quality of the administration, it's also about the performance of that master trust over the past one, three and five years; and two of the largest master trusts, commercial and non-commercial, have not performed at all well for members when it comes to their investment returns. Yet ultimately, it's the investment return that is going to grow their pots much more than the marginal rates on fees on administration costs.

So, I'm not ultimately sure why there is this drive to copy the Australian market. I can understand the notion of

scale and fees. But, ultimately, is that going to produce better outcomes for members? I'm not so sure.

Also, pushing schemes into doing something that may not be right for them, for their members – that's a step too far. I'd like to also think that schemes, trustees and companies that sit behind these schemes know what they're doing – we have been doing this for a lot longer than Australia, and it would be nice to be able to get on with it rather than have to be forced to mandate or be forced into corners that may not actually lead to the right outcome.

Swynnerton: I think consolidation is already happening, irrespective of what comes through in the Bill, with WTW potentially acquiring Cushion, for example. It feels like the horse has bolted already.

Value for money/value for member (VFM)

Chair: I would like to move to VFM – what are the panel's thoughts?

Parekh: On VFM, we strongly advocate that value over cost is important. One issue though is that some of that value is perceived value rather than tangible value, and that's part of the problem with DC, where cost is seen as what you can take now. Hence, people base their decisions on that.

This is going to become more difficult with the introduction of private markets, because now you're bringing in even another degree of subjectivity, in that not all private markets are built the same. I'm not saying all equity investments are built the same either, but if you're

investing in the UK versus overseas, or you're investing in global market cap, there's a general consensus on how you might expect that market to be delivering for you on a future expected return perspective. How do you then do that with private markets? It's difficult.

Also, a lot of people talk in the market about potential supply issues. I don't think it's a supply issue. It's a quality issue. That's going to be the single biggest issue we have around making sure people are choosing the right managers with the right quality to go into these. And depending on that, you're going to have a massive dispersion around what that future expected return is.

What is the answer from TPR or the DWP on this? Is it to have a set standard assumption to say, on an expected return, these are your set of assumptions? But actually, they can vary wildly depending on how much you hold of each of those, especially if you have a quality asset versus one which is not a quality asset. So it will be interesting to see how this moves forward.

Winn: On VFM, we know as an industry that people need to put more contributions in, whether that's more from the company or more from the individuals, because that's a key driver. Yes, it is important to keep the fees as low



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as possible so it adds value, but ultimately it also comes down to the returns that the member is going to get. That is even more important if people are not – then they're even more reliant on higher performance. Because, at the end of the day, that's the biggest driver to get their pots to be the size that they need them to be. That also lends into small pots and the consolidation of small pots as well. I think that's an important part of scale and fees and costs. But again, value for money is more so at the investment end for growth from the member's pot than the small, negotiable amounts of fees and costs.

Swynnerton: Inevitably, VFM will just put more pressure on value, as suppliers are put under pressure by employers to review their providers even when they don't ultimately change. There'll be more competitive pressure in the market and that will inevitably lead to more consolidation. There's still also, in this area, quite a bit of detail that's not there in relation to trust-based schemes and that we need to see in the regulations. Also, potential disparity between the FCA regime for contract-based schemes and occupational schemes needs to be resolved.

Baker: On VFM, I'm keen that they keep the bands broad so that VFM

is essentially a kite mark, although I realise others have different views. The sequencing is crucial, that it takes effect at the right time alongside the other changes in the Bill, although the government seems to have a handle on that. Finally, I think when GPPs are consolidated, it's important to be clear within the industry that consolidating GPPs for scale is not the same thing as saying one GPP fails VFM and another one passes it. I guess there will be many GPPs that tick the box on VFM. But they will still be consolidated as part of the wider market.

Chair: I'm hoping that the government, when looking at quality tests under VFM, does so over a proper timescale. It doesn't look at one year performance or even five years' performance, but takes the journey, as it were, as opposed to a snapshot. But we'll see how that works.

Retirement and guided retirement solutions

Chair: How should the approach to retirement income defaults differ from accumulation defaults? Should schemes default people into products they are locked into?

Parekh: I don't think the thought process around what the default looks like should be any different when you start to think about through retirement. Ultimately, the journey for the member is to-and-through-pensions. Particularly going forward, retirement will not be the cliff edge for a lot of people when they approach that point.

So, my view on this more widely is to look at accumulation and decumulation in the same light when trying to think about the right investment approaches, and try to remove that point of crystallisation, or almost have the smoothest bridge when you're moving from pre-retirement to post-retirement.

The move to master trust has really helped in this regard because people are invested past the point of retirement. And we're now starting to see the right types of ideas and solutions coming through from a lot of master trusts. For example, fix and flex, trying to understand and give members all of the right options. So all of that's great.

What it probably does mean is just making sure we are looking at the accumulation phase in the right light, because what I'd argue is that people historically have probably de-risked way too soon. The bigger issue is they are de-risking people too early and then re-risking them post-retirement when they do come into some of these decumulation defaults.

So that's the challenge, making sure there is a link between what's happening pre in the accumulation phase and post.

Education is going to have to play a big part in this – making sure people are being communicated to in the lead-up to retirement, and even way before then, just to make sure they're making the right decisions. But in terms of guided retirement within the trust-based environment, and the targeted support within contract-based schemes, I'm not 100 per cent sure whether that's going to look the same or it's going to look different. The FCA looks after one part of that process, whereas the other part is looked after more by the DWP and TPR. And while they seem to be working a little bit more closely, it would make sense for all of this just to sit under one



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body so there's some consistency.

The other thing we know is that people do have different pots in different places. So they're going to have lots of decisions to make. On one side, they're going to have these guided retirement options on potentially a master trust arrangement and, through their contract-based arrangement, if they have a different pot, they're going to have these pathways that they need to be thinking about, which might look different, although the strategies may be similar. And it starts to bring a lot of confusion for members. So, no matter what's put in place, the education piece, and making that decision-making framework for members close to retirement needs a lot of work. There's a lot of people getting there who are still super confused because they have so many decisions to make.

Winn: There has been quite a steep change in the master trust accumulation to decumulation journey for members. That's important.

I agree that a lot of people today still have a mishmash of pensions, whether they be contract based, workplace, some DB legacy, DC going forwards. So there's an awful lot of different entities that need quite considerable consideration. For a trustee of these schemes, particularly for DC or master trust, it is about education, but it's also massively about getting people to come on the journey with you. As we've seen with DC, there has been and still is a high degree of apathy – a lot of people are defaulting in choice, they're defaulting on this and that, and they're still not taking any ownership or vested interest in what is going to be a huge outcome for them, or an outcome which is actually going to impact how long they still have to continue working for.

The other interesting hot topic

is around collective defined contribution (CDC) schemes, and for CDC to really work, the first and foremost part of that will be decumulation. That is the

obvious first stage of really adding value for members. But again, there has to be a very owned consensus for any CDC, whether it be for life or whether it be just for decumulation, that all parties that are going to join a CDC, they have to openly and honestly accept that there are going to be winners and losers. There is going to be some cross-pollination.

Also, for CDC to work, ideally it needs to be left alone. It needs to be set in stone, it needs to be closely monitored and managed, but we don't need it to be tinkered with for it to work in any shape or form going forwards.

Swynerton: Guided retirement seems to be a big focus for providers, many of whom are rushing to announce their solutions. We are operating within a new framework, but what I've seen relatively little of – to link back to the earlier discussion – is the interplay between this and fiduciary duties. Trustees are now operating in a new world with the potential for there to be some bad outcomes for members and complaints that fiduciary duties haven't been adhered to, so we do need some guidance here.

On targeted support, again this seems quite exciting for providers and, perhaps more so than other areas, you can see a role for AI. The developments



are so quick that it's conceivable we could be seeing targeted support generated or assisted by AI in the relatively near future. That then brings up a whole new world of possible regulation in an area that is very difficult already from a legal perspective and will bring into sharp relief the importance of data management. But on the whole, it should be seen as positive. Members will hopefully wake up and take more active management in relation to their pensions, which is something that we've been talking about for years and is so important.

Baker: I agree, trustees are moving into a new world, and that's right. It should be seen that way. If you're a trustee of a DC scheme or a trustee of a master trust, you should see this as a significant step forward. I think this is the most important part of the Bill within DC. One important thing for trustees to do in the next couple of years is to map out which parts of the Bill are responsibilities that they, as trustees, will have to meet and which lines in the Bill are ones that they should be asking their provider to deliver on. It's quite fiddly, but that's a useful exercise.

As mentioned, data is crucial here, and there is potentially a role for AI. I think the Bill would work better if trustees were allowed to delegate more of

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the responsibilities to a provider, because it feels to me like these activities are ones that sit more naturally within the operation of a commercial provider who would be the experts in managing data. Most trustees do not have that much day-to-day experience of monitoring really large scale data in this way. So, in the same way that trustees can delegate their investment responsibilities to a regulated provider under the 1995 Act, I would be keen for them to be able to do the same with some of the responsibilities here.

I also think, if you're running a master trust or a big DC occupational scheme, it might be right to look at the wording of your Trust Deed and add in extra wording to articulate the trustees' duties around retirement. That's because most DC scheme Trust Deeds, including most master trusts, don't say much about what the trustees' duties around retirement are at the moment, and this is acknowledging that trustees are responsible for the money and for people's outcomes for another 30/40/50 years. And with the danger that things could go wrong, with the danger that problems might emerge in a short space of time, it would help if we can articulate more clearly in Trust Deeds what trustees' duties are.

Swynnerton: I think the reason why scheme rules, both in the DC and DB

you then resolve that. It is quite tricky, and especially tricky to do when this is at such an embryonic stage. Maybe there will be drafting solutions that we will share within our professional association.

Winn: On targeted support, I foresee that becoming much more of an issue for IGCs and GAAs because, when you look at a very large scale master trust – if that's the direction of travel we're going to end up with, half a dozen huge master trusts – you might have some massive differences in the types of companies and people and size of pots in there; and the trustees of the master trusts are quite disassociated from the individual members and the individual employers of which there may be 100 or so.

So what it might come back to is the role and remit of the GAAs and IGCs in working closely with the individual employers who've chosen that master trust to then say, 'who is our workforce, what do they want to achieve by it?' Because you might be looking at a financial organisation in that master trust of 250 people, all relatively highly paid, all with pretty large pots, versus a large supermarket, where they've got hundreds of thousands of employees, a massive amount of turnover, a lot of people part-time, low wages, very small pots. And having one targeted support across those two entities, for example, won't fit.

environment, are generally quite quiet on all of this is because of the risk of writing something in your rules that then conflicts with either guidance or subsequent case law, and how

Parekh: It comes back to the default as well, in relation to accumulation or even to-and-through retirement, if you have to now decide what the default is for everybody, that's going to be challenging. This then comes back to the very first conversation we had around default scale requirements, because, what is it we're trying to achieve here? There are going to be different answers for different cohorts, potentially within organisations, but also across organisations, then if a scale requirement says, 'we all need to be invested in the same thing because we need to hit a magic number', then it starts to very easily unwind as being sensible.

Chair: So the legislation or regulation needs to be sensible to not force you into just one default.

Inheritance tax

Chair: What are the panel's views if this does materialise and what would be the real life impact to families dealing with an estate/family member death?

Winn: First off, I think it's tragic that somebody's died, particularly at a young age, they have put money into a pension and they've not received that pension. Then, for that money to not be disbursed tax-free to beneficiaries or the people that they wanted the money to go to, but to actually be subject to inheritance tax is very sad, as it is just another matter that has to be dealt with by the family members who are already grieving the loss of a family member or loved one.

Is it an easy target? Unfortunately, yes. Yet it's something that is going to happen. But for the families and the people dealing with the estate, it does leave a bit of a sour taste.

Swynnerton: There's clearly a lot of complexity and hassle that will come from it in terms of the impact on administrators, and particularly on families at a difficult time. People will

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now start looking at revising wills; they will be looking at withdrawing pensions; changing how they might have dealt with lifetime gifting.

Saying that, just to play devil's advocate, from a policy perspective, the point of a pension is to provide an income in retirement, first and foremost. It's not really an inheritance tax-saving vehicle. So I can see the logic from a policy perspective. But tactically, it does feel as if it's just going to cause a lot of immediate hassle to people in a difficult time.

Baker: Another big problem is that for younger unmarried couples, it's impossible to plan. That's the reason why it's a bad idea. Most people understand roughly the value of their house, but probably don't roughly understand the value of their pension and how that might change over the coming years. It also doesn't help with the gender pensions gap. The Pensions Equity Group recently published a note aiming to enable employers to understand the issue so that if employees ask them about it, they can explain how it works. But it's really hard. For some people, the best answer might be to get married.

Parekh: When you add more barriers and make things more difficult, it starts to disincentivise people. It makes people start thinking about whether pensions is the right vehicle for them to do a bit of their estate planning, and that is to the detriment of the purpose of what those vehicles are used for.

CDC

Chair: CDC is becoming a more prominent conversation – what are the panel's thoughts on multi-employer CDC and/or retirement CDC?

Baker: CDC in retirement seems likely to play a role, and it's really interesting and important that the

government is giving the steer that they would like to see that done within existing master trusts – starting with a simple approach. I expect that whole-of-life CDC will take off. The interesting question is exactly how quickly. I wonder whether the announcements about salary sacrifice changing in 2029 might mean that employers who are keen on CDC will plan only to do it at that point, or slightly after, this remains to be seen.

Parekh: I agree there is definitely a place for it in the market. Timing is key, as is regulation. There are employers out there talking about it, but whether employers actually go and band together to buy into something, that remains to be seen. I appreciate Royal Mail's done it and part of what they've done has served a purpose for their population. So it's not necessarily that that exact model is going to be the right model for a number of other employers that may want to do something.

And on decumulation, I think it helps to answer that question by going back to pensions being pensions, and this is something that members can potentially understand. I think from an investment perspective, it has elements which stack up around investing for the long term, not having to worry about liquidity, being able to invest in private markets, unlocking future growth, all of that stuff. My big concern in general in terms of it taking off is going to be policy and regulation, and whether that derails the timings of it actually coming through. But I see it as a positive.

Winn: I agree. I think for it to work in any shape or form, scale is key – for it to be feasible, workable. I can see some entities where

it would work well, where they've got a huge crossover – water companies, for instance. If you look at water companies, they may be different sizes, but when you look at the jobs and the roles that people do within those organisations, there is a lot of commonality.

Similarly, you could look at financial organisations, when you look at the workforce and what people want from their pensions as well, there's commonality there. So where we could see it being more prominent or most prominent are industry-wide sectors all joining forces. It might be rail companies, bus companies or transport companies, for example. That comes back to the whole thing about having that commonality of workforce, so it is palatable for the employers.

And ultimately, as I said before, we just need things to be managed and not tinkered with and left alone for a prominent period for them to bed in properly.

Baker: It's a truly long-term policy.

Swynnerton: I think it's a positive, and retirement CDC should, in particular, have a role to play in relation to guided retirement defaults. The timing doesn't quite work, however, because the authorisation is only possible a year after the guided retirement comes in, but overall it should be positive.



Summary

- Small pots are a growing problem for savers and schemes.
- The government has proposed a solution to commence in 2030 as part of its DC roadmap.
- In September a feasibility review made proposals on the digital systems approach to make this a reality.
- Secondary legislation and governance also needs establishing, but schemes can start preparing now.

Fixing Britain's DC small pots problem

Thisbe Titley explores how efforts for the automatic consolidation of DC small pots are progressing, and the impact this change will have on the industry and pension savers

The introduction of automatic enrolment into workplace pensions in the UK, combined with high levels of job mobility, has resulted in most private-sector employees accumulating a number of DC pension pots during their working life, most of them small in value. This results in fragmented pension entitlements, pots being lost by their holders, and inefficient administration that ultimately drives higher charges to members.

Data from the government's Small Pots Delivery Group report, published last year, estimates that there are roughly 13 million pots worth less than £1,000; their average value being around £330. Research from the Pensions Data Project further illustrates the issue, finding that out of 11.8 million inactive deferred pots across five of the largest master trusts, more than half were below £1,000.

The government's planned solution

The government and the pensions industry have worked together for over a decade to consider potential solutions to reducing the number of pots through



some form of automatic consolidation.

The solution the government has settled on is the multiple default consolidator (MDC) model where schemes will be required to transfer eligible dormant pots under £1,000 to an authorised 'default consolidator', with an opportunity for the member to choose their desired consolidator, or opt-out of consolidation.

Draft legislation to enable this is contained in the current Pension Schemes Bill.

"There are obviously different ways of doing consolidation," Pensions Administration Standards Association (PASA) chair, and former executive director at The Pensions Regulator, David Fairs, states, "but I think that this is a perfectly viable solution".

How will this work in practice?

The 2024 Small Pots Delivery Group convened by the government tackled many detailed questions on implementing the MDC model, but one key area was left unresolved: how to design the Small Pots Data Platform (SPDP) to facilitate the process, including identifying which consolidator should receive the transferred small pot.

Therefore, the government asked Pensions UK to carry out a Digital Systems Feasibility Review to tackle this question, with KGC Associates and Lumera engaged to co-author.

"Throughout the work, we were continually asking how straightforward this would be to implement, and how we could reduce cost friction as much as possible so it could be delivered quickly", KGC Associates MD, Kim Gubler, explains.

The review recommended a federated design for the SPDP, where a scheme needing to give up an individual's small pot (called a 'ceding scheme') communicates directly with all authorised consolidators, to identify which, if any, of them are the individual's default consolidator. This would be largely facilitated by service providers using existing standards and messaging infrastructure.

"We concluded there was no real benefit from creating new central infrastructure – it wouldn't reduce the key demands on ceding schemes or consolidators, and hence would just add unnecessary complexity and cost," Lumera commercial director for data and dashboards, Maurice Titley, says.

One key reason the authors state for this conclusion is the challenge around the process called 'matching' – that is checking if the member with the small pot is indeed the same person who already has a pension with the consolidator – a similar process to that carried out for pensions dashboards.

Gubler explains: "Small pots do not involve the consumer directly, the

pension saver. So a key aim was to mitigate, as far as possible, any risk of consumer detriment, particularly the risk of consolidating into the wrong person's pot."

Therefore, Titley adds: "The only workable option is for the consolidators themselves to carry out the matching but using a prescribed approach to ensure consistency."

The review also emphasised the need for a strong governance model, allowing standards to be developed to support areas like matching.

According to Gubler, "progress now needs to be made very, very quickly".

"The most important next step is putting the secondary legislation in place," she adds.

How does small pots consolidation interact with other upcoming reforms?

The government's wide-ranging roadmap sets a target of commencing small pots consolidation in 2030, after other reforms have been implemented such as annual value for money (VFM) assessments for all DC schemes.

As authorised consolidators are likely to meet a high bar in their VFM assessments, the risk of small pots being consolidated into schemes delivering lesser value should be mitigated.

Importantly, VFM is not just about charge levels, but about good long-term outcomes.

"If the pension scheme has got really high levels of governance, really good communication, and tools that can allow you to plan and work out whether you're saving enough, some of those things mean that your pension scheme might have higher charges, but gives you better VFM," Fairs explains.

The roadmap also makes the assumption that the number of DC schemes holding small pots will have reduced by 2030 due to further scheme consolidation.

"The timeline in the roadmap is feasible," Pensions UK deputy director of

external affairs, Dirk Paterson, says.

"Whilst it will require a coordinated government, regulator and industry approach, we remain confident that if other areas of the bill are delivered on time, then a workable small pots solution by 2030 is achievable," he adds.

"Without a foundation of quality data these initiatives cause unnecessary resource and financial burden"

Is everyone a winner?

Evidently the proliferation of small pots can often be negative for savers, but are there any drawbacks to their consolidation?

For Paterson, consolidation brings a number of benefits. "Savers will greatly benefit from this solution. This will allow them to benefit from greater economies of scale, potentially less charges and reduces the risk of their pot being lost," he states.

However, "secondary legislation will need to be crafted carefully to ensure any downsides for savers are mitigated against", Paterson adds.

One such downside, PASA DC Working Group chair, Jessica Rigby, highlights is that "if a member is unengaged or doesn't get round to opting out they could find themselves in a scheme providing less value".

However, initiatives like the VFM assessment should lower the risk, she says.

In addition to any potential downside for savers, small pots consolidation could present challenges for the wider market.

According to Fairs, "there is a lot of surrounding infrastructure around pension schemes, and if you drive consolidation there are less appointments to go round, so we might see some participants are forced out or choose to leave the market".

How can DC schemes and master trusts start preparing now?

As with any pensions reform, a key element of preparation for schemes is around improving the data they hold, and in this case the member contact details that will be used for matching will be a priority.

"We talk about it time and time again but without a foundation of quality data these initiatives cause unnecessary resource and financial burden," Rigby states.

She adds that specifically schemes "need to consider the multiple memberships that a member can hold, if there are discrepancies with the data this could cause a member to be captured under the small pots regime unnecessarily".

Another area of concern is the demands on industry to actually carry out such a large volume of pot transfers.

Gubler warns that "we need to look at the fundamentals of how transfers work, and make sure they can operate at scale for existing stock, and then on an ongoing basis, recognising there will be peaks and troughs over time".

In some ways, small pots transfers may prove quicker to process than member-initiated transfers. Fairs explains: "As an administrator, you've got to make sure that you've done all the right checks and balances to make sure somebody's not being scammed. And that introduces delays into the transfer process. In small pots consolidation that shouldn't be a consideration."

All in all, there are a number of areas DC schemes and master trusts can begin looking at to prepare for the consolidation of deferred small pots.

As Gubler concludes:

"We can't just keep talking about it. We actually have to do something."

 **Written by Thisbe Titley, a freelance journalist**



Seven-year itch

More than seven years on from the *Lloyds* GMP High Court ruling, Sophie Smith looks at the delays facing GMP equalisation work, and the potential consequences schemes could face if further delays are seen

It's been seven years since the pivotal *Lloyds Banking Group* judgment delivered a decisive message: pension schemes must equalise Guaranteed Minimum Pensions (GMPs). Yet the industry still faces continued delays that leave scheme members in limbo, often not knowing they are due a correction that remains stubbornly out of reach.

Indeed, EY head of pensions consulting, Paul Kitson, says that while the hard data on the progress of GMP equalisation among UK DB pension plans is limited, "anecdotally, it seems approximately half of the industry still need to complete their GMP equalisation programmes".

Halfway there, after nearly a decade. This suggests that, despite all the talk of high governance standards and getting savers the pensions they were promised, many pension schemes are still knowingly paying members incorrectly.

But the reason for the delay isn't malice, rather, it seems to be a perfect storm of complexity and historical data deficiencies.

In particular, Kitson says that one of the main obstacles to faster progress has been resource challenges, particularly as GMP equalisation often coincides with buy-ins and buyouts.

However, there are solutions emerging, as Kitson points out: "A number of technology providers are stepping up to support the industry in this area, for example via automated calculations, data management and tech-enabled compliance support, which is encouraging to see. These tools will



be crucial, as otherwise it could take years for all plans to complete GMP equalisation."

Broadstone, for instance, recently launched a service to help pension trustees complete GMP equalisation projects within 18 months, aiming to break the logjam that has stalled progress for many schemes since the 2018 ruling.

'GMPE Now' was developed by Broadstone to offer a streamlined way for schemes to complete standalone GMP equalisation exercises, addressing what its creators describe as "stasis and prohibitive costs" that have affected the process for the past seven years.

In addition to this, more and more

de-risking deals include specific solutions for GMP equalisation work.

One example is the Ridsdale Pension and Death Benefit Trust, which recently completed a £7 million full scheme buy-in with Just, including an insurer-led data cleanse and GMP equalisation process.

And this is set to become more common, as Just said it expects insurer-led data and GMP solutions to become more common across the market.

Still, it is undeniable that work in this area has been moving slowly, and members are starting to take notice.

So far only one GMP case has been looked at by The Pensions Ombudsman (TPO), but this has already provided crucial insight. While TPO dismissed the complaint regarding the time taken to effect GMP equalisation, it did award the member £500 for distress and inconvenience due to the trustee's failure to keep the member updated, despite agreeing to do so.

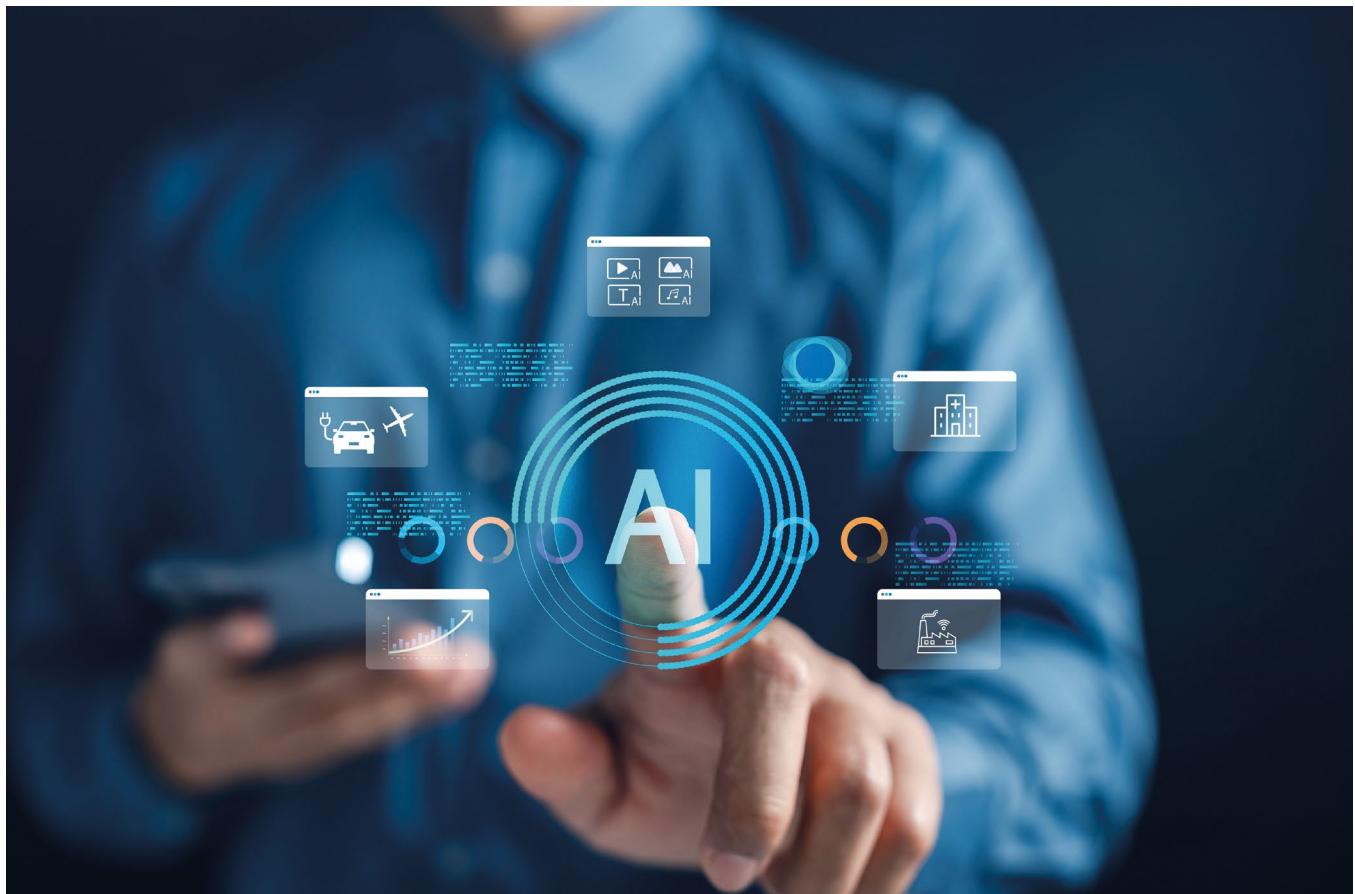
Some suggest that the outcome offers a valuable shield for trustees, given that the ombudsman acknowledged that the GMP equalisation exercise is an "inherently difficult and complicated project", and determined that the delay was not unreasonable.

Indeed, commenting on the case, experts from Baker McKenzie said that, provided trustees are engaging with the issues which the Lloyds litigation gave rise to and have a plan in place for how they will deal with GMP equalisation, the ombudsman is likely to be sympathetic about the length of time it is taking to implement GMP equalisation projects.

However, it said that trustees should make sure that they follow through on any express commitments which they have made to keep individuals informed about the progress of GMP equalisation exercises, which was the issue that caught the scheme out in this case.

The message seems clear: Pace is forgivable; silence is not.

 Written by Sophie Smith



The past year has seen the take-up of artificial intelligence (AI) ramp up dramatically, and the pensions industry is no exception. But with much discussion about how it can be utilised to revolutionise retirement saving, how is AI currently being used by the sector?

According to the Society of Pension Professionals' (SPP) 2025 AI Survey, 87 per cent of pension firms use AI. However, 77 per cent stated that it is currently used in only 1-5 per cent of their services.

"I would say that at the present time the use of AI is 'patchy' across the industry," HSBC Bank Pension Trust (UK) trustee chief risk officer, Cheryl Payne, says. "Different firms are using it for different items, but there is not yet a 'universal' practice. Its most common use at this time, industry wide, is for communications, minute-taking and document summaries. However, there

Summary

- AI use is now widespread across pensions firms but only for a small selection of tasks, such as communications, minute-taking and document summaries.
- New legislation and regulatory guidance are opening the door to responsible automation.
- As the usage of AI within the sector increases, it will still be essential to have human oversight.

Working with AI

With artificial intelligence dominating conversations, Laura Blows explores how it is being used across the pensions industry today, and how its implementation, governance and oversight are expected to evolve

will be more/less usage at different firms, and for firms who use third-party suppliers they will have different levels of risk appetite," she explains.

Bravura proposition lead EMEA,

Jonathan Hawkins, agrees that AI adoption across the UK pensions industry currently varies significantly by segment.

"Master trusts and large group

personal pension schemes are generally leading, with some leveraging economies of scale to embed AI in document processing, member query triage, and data migration validation. Defined benefit schemes remain more cautious, particularly around actuarial calculations and liability management where the stakes and potential for algorithmic error are highest," he states.

The type of tasks AI is being used for within the pensions industry are mainly simple ones, such as to improve the speed and efficiency of internal processes, subject to human oversight, SPP council member, Matthew Giles, says.

Upcoming uses

"AI has been used in the pensions industry for many years, but uses of generative AI are still at an exploratory stage," Giles explains. "Perhaps the most exciting deployment of AI will be around personalised member communication and engagement," he adds.

Currently AI is used "extensively" for member communication across firms in the form of AI chatbots, Payne notes, "but going forward, call centres could benefit from AI, as could the administrations tasks such as calculations, along with it being used for fraud detection and investment data analysis".

Royal London chief operating officer, Peter Josse, expects AI adoption to transform pensions in four key areas: Communication, by simplifying complex language and creating context-aware content, supported by robust compliance checks; service, such as enabling 24/7 digital support for simple requests, routing demand effectively, and using internal agents to help colleagues focus on meaningful conversations that support good outcomes; business quality controls, such as detecting anomalies, identifying signs of fraud and proactively monitoring customer outcomes for improvement opportunities; and finally by enabling flexible options for more

complex retirement journeys.

Hawkins highlights how the Data (Use and Access) Act 2025, which received Royal Assent in June last year, "fundamentally changes what's legally permissible".

"Previously, automated decision-making was largely prohibited unless specific exemptions applied. This act shifts to a risk-based approach, opening doors for responsible automation whilst retaining essential safeguards," he explains.

"The most successful use of AI in pensions will combine technological innovation with strong governance, human expertise and a clear focus on the needs of savers"

PASA's Industry Policy Committee issued guidance on the act, which highlights how this enables AI in member communications, vulnerability identification, and administrative workflows – provided appropriate governance exists.

Benefits

The benefits of using AI in these ways are expected to be speed and/or costs, SPP's survey finds.

"Further anticipated benefits include the additional insight that AI could bring in terms of analysing patterns within large data sets and identifying unusual data (allowing problems to be detected and addressed at an early stage). AI can also be used to improve the member data held by schemes, by identifying where there is incomplete or suspicious data and prompting action," Giles adds.

In the past, the pensions industry's adoption of technology has been slow,

but this is now changing, Josse says, due to the "clear benefits" of AI being able to "automate repetitive, low-value processes, freeing up time for more strategic work and improving operational efficiency. This will unlock better digital services and enhance member experiences".

However, "care needs to be taken with AI, as with anything new", Payne says. "Human oversight is imperative. Controlling the use and being careful is key to minimising the downsides of AI."

PensionBee chief technology officer, Jonathan Lister, agrees that while he sees AI as an increasingly valuable tool for improving efficiency, accuracy and member experience across the pensions industry, it is "not a replacement for human judgement, accountability or trust".

"Providers and members need to remember AI is technology not magic, and needs careful integration into workflows and experiences," he adds.

According to SPP's survey, 65 per cent think AI 'hallucinations' – where it generates outputs that are false, factually incorrect, or nonsensical, while presenting them as plausible or accurate information – is the biggest risk of AI usage.

"This shows that it's considered a real risk but also that it's one many are aware of and can therefore take steps to minimise through a mix of human oversight and system design," Giles says.

Hawkins notes that the digital, data and technology (DDaT) working group's December 2025 meeting surfaced profound fears that should frame any AI discussion.

"This included the risk of members losing trust in the pensions sector, for instance by falling for AI-generated deepfakes or data breaches through AI systems becoming ransomware targets. Industry-wide standards for transparently labelling AI involvement remain essential," Hawkins says.

Another fear raised was stagnation through a 'digital wasteland' –

fragmented systems creating automation islands; technology adopted for its own sake rather than user needs; and lack of data standards preventing ecosystem connectivity.

Governing AI

As Josse says: "AI is not a silver bullet."

"It should not be used where risks cannot be adequately controlled, for example, where processes are poorly defined, data is unstable or of poor quality, or where governance is weak. Responsible adoption means ensuring accuracy, fairness and strong oversight at every stage," he explains.

For Parsons, issues such as AI hallucinations, data quality and model bias mean strong governance is essential. "In our view, AI outputs should always be subject to human oversight, with clear audit trails, robust testing and conservative use cases – particularly in a highly regulated environment like pensions," he explains.

Human expertise must remain supreme for complex member advice and guidance, discretionary trustee decisions requiring judgement, sensitive personal circumstances requiring empathy, and final actuarial calculations, Hawkins agrees.

"AI should augment administrators and trustees, not replace their critical thinking. This distinction is essential for FCA Consumer Duty compliance and member outcome protection. That said, AI does not stand still, and [AI-powered digital financial adviser] Aida from Money Means has recently passed its CII exams..." he notes.

Clearly the interaction between human and AI work integration should be closely monitored.

"Pension providers already operate controls for machine learning and complex models, but generative and agentic AI introduce new challenges," Josse says.

"These technologies allow anyone to prompt models or deploy agents,

often using third-party foundational models, outside their direct control. This raises risks around explainability, data protection, operational resilience and vendor dependency," he explains.

"We mitigate these risks through



robust governance measures, including training, AI ethics principles, comprehensive risk assessments and recording AI use. We also monitor and evaluate models to ensure they are grounded in trusted data, tested rigorously and subject to human oversight," he adds.

According to Josse, while the FCA has issued its position on the use of AI within existing accountability frameworks, the industry still needs greater clarity, and consistent guidance on governance, testing, explainability and third-party risk for high-impact use cases.

"Encouragingly, regulators are pursuing initiatives, such as innovation sandboxes and associated tech sprints, to better understand opportunities and risks for consumers to help inform and shape future standards," he says.

"You cannot mandate uniform AI adoption across a sector with vastly different sizes, maturities and member demographics," Hawkins warns.

"What you can do is establish common standards for data quality, provide practical implementation guidance, and create regulatory clarity – which is exactly what the coordinated TPR, PASA, and government responses are beginning to deliver."

The UK's approach is potentially world-leading with its "proactive collaboration rather than reactive prescription", he adds.

Looking ahead

So, with its nascent implementation, expected uses and collaborative governance, the take-up of AI across all areas of the pensions industry should only grow.

"We expect AI to become more embedded across the pensions value chain – supporting smarter operations and better member outcomes – but its role should remain firmly that of an enabler. The most successful use of AI in pensions will combine technological innovation with strong governance, human expertise and a clear focus on the needs of savers," Parsons says.

According to Hawkins, "the UK pensions industry is experiencing a remarkable moment of coordinated action on digital transformation and AI adoption".

However, he adds, "the question isn't whether AI will reshape pensions administration – it's whether we'll shape AI's integration responsibly, collaboratively, and with member outcomes genuinely at the centre. Having witnessed the commitment in the DDaT working group meeting, I'm cautiously optimistic we're capable of building the future our savers deserve. Whether we deliver it depends on actions taken in 2026."

 Written by Laura Blows

**Summary**

- TikTok now plays a major role in how younger savers learn about money, with finfluencers commanding significant trust.
- Pensions communications face a challenge: Translating long-term, complex information into short-form, authentic content.
- Success will rely on responsible partnerships, platform-native messaging and measuring behavioural outcomes, not just views.

Twenty-four point eight million. No, it's not how many times Pensions Minister, Torsten Bell, has dismissed concerns about the government's mandation powers, or how often my editor has told me to stop opening features with context-free statistics. It is, however, the estimated number of TikTok users in the UK as of August 2025 – over a third of the population.

The scale alone highlights the platform's meteoric rise. Once known for

Finfluencer fever: Is it time for pensions to refresh its 'for you' page?

Callum Conway examines the rise of TikTok 'finfluencers' and considers whether the pensions sector needs to meet savers on the platforms they now use

lip-syncs and dance challenges, TikTok is now a mainstream space for news, politics, sport and, increasingly, financial services.

Indeed, financial influencers – or 'finfluencers' – are now packaging complex retirement concepts into bite-sized, highly digestible clips; from explainers on pension tax relief to guides on retirement planning.

Such is their growing influence that when the Bank of England cut interest rates in April, Governor, Andrew Bailey,

invited TikTok creators including *That Money Guy* and *UK Personal Finance Expert* to help communicate the move.

Just weeks earlier, more than 100 content creators were hosted at 10 Downing Street for an evening with the Prime Minister, returning in October for a pre-Budget briefing with the Chancellor.

A new world

TikTok's own data reflects the trend.

According to its brand partnerships

manager for financial services, James Bowyer, *#retirement* has amassed around 12,000 posts in the past year, with communities forming around increasingly specific financial needs.

Indeed, research conducted by AYTM shows that one in three users now turn to TikTok to learn about personal finance, and nearly half say they've taken action based on what they've seen.

Demographically, young people are driving this trend, with MRM's *Young Money Report* finding that 45 per cent of 18- to 30-year-olds now get their financial information from social media.

Nearly 80 per cent trust the content they see there; only 3 per cent do not.

So, what makes TikTok such a powerful medium for financial topics that might otherwise be considered dry or daunting?

According to QuietRoom lead consultant, Cath Collins, it comes down to personalisation and tone.

"Gen Z aren't wedded to one platform," she explains.

"What they want are hyper-personalised communications about them and their money."

She suggests that the rise of AI chatbots has only heightened that expectation.

People's Pension brand lead, Molly Handley, agrees.

"Social media can't replace financial education," she says, "but it opens the door to it."

"For many younger people, platforms like TikTok are the first place they come across financial ideas in a language they understand."

Short-form, long-term

Despite its potential, TikTok's short-form, rapid-scroll culture can clash with the long-term, compliance-heavy nature of pensions.

As Collins points out, "TikTok is designed to keep users on the platform.

"You have seconds to capture attention before someone scrolls on.

"So, content has to stand out, feel native, and hold attention immediately."

This requires content to be concise, visually engaging, and authentic – traits rarely associated with pension communications.

Indeed, traditional pension scheme messaging is sometimes criticised for being too technical and jargonistic.

Collins warns, "To succeed on TikTok, you have to move away from traditional formats without losing accuracy."

"For many younger people, platforms like TikTok are the first place they come across financial ideas in a language they understand"

Some providers have already made this shift and found great success.

Scottish Widows, for example, joined TikTok in September 2024 and has since seen its content soar to more than 323 million video views.

Its interactive *Pension Mirror* tool, which estimates people's age from their image and shows users' average pension savings by age group, has been used more than a million times.

The firm's senior corporate pension specialist, Robert Cochran, says he's surprised some big providers are still not on TikTok.

"Things like TikTok have changed the way we talk about pensions across multiple channels now," he argues.

"We try to simplify the language and create short-form content that's more engaging."

"You have to go where people go," adds Cochran.

Echoing this, Now Pensions director of digital transformation, Dan Irwin, says that rather than seeing this shift as a challenge, he views it as a "major

opportunity" to communicate with members and clients in fresh, relevant and engaging ways.

Irwin observes that a "significant share" of younger savers now get their financial information from the same platforms that deliver their entertainment.

Collaboration

For the pensions industry, one way to take advantage of this shift is through partnering with trusted creators.

"This works well because these creators already have a following and audience trust," explains Cochran.

Indeed, Collins points to Rotimi Merriman-Johnson, better known as Mr MoneyJar, as an example of how this can work.

"Rotimi is a qualified financial adviser who creates engaging content.

"His pension-themed videos perform well because he understands the medium, is authentic, and is credible.

"You have to tick all three boxes," she argues.

ABI digital campaigns manager, Rosie Trousdale, agrees that collaboration can be powerful when done right.

"By working together, pension



providers and content creators can engage more people and improve education through a variety of channels,” she says, pointing to the success of the industry’s annual *Pension Attention campaign*.

But collaboration also carries risks.

KBPR marketing manager, Tracy Dixon, cautions that many high-profile creators live lifestyles “far removed” from the realities of pension saving.

“The relatability gap can undermine trust rather than build it.

“If the industry engages on these platforms, it has to feel authentic and grounded, not promotional,” she warns.

Echoing these concerns, Collins suggests that partnering with creators who aren’t qualified can expose firms to regulatory issues.

“Equally, if your compliance team sanitises the content too heavily, it’ll lose authenticity and engagement will plummet,” she adds.

However, Handley argues that responsible collaboration is possible with a clear purpose and transparency.

“The line between education and promotion needs to stay sharp.

“But if we want to improve pension literacy, we can’t ignore where people actually consume information,” she says.

Navigating the fine line

That line between advice and guidance is, of course, a tricky one.

Bowyer emphasises that TikTok “draws a very clear line” between financial advice and general financial education.

“Our community guidelines and advertising policies prohibit misleading or harmful content, and we work closely with regulators and financial literacy experts to ensure our approach remains safe and transparent,” he says.

Even so, the scale of misinformation remains worrying.

Research from Almond Financial found that up to 87 per cent of TikTok financial-advice videos could be misleading.

Of the 150 videos analysed, many were produced by unaccredited creators without standard industry risk warnings – and some were designed primarily to sell online courses or e-books.

For an industry built on trust and regulation, this reinforces the need for caution and clarity when shifting to a new communication platform.

As Collins puts it: “If pensions are going to play in this space, they need to bring the same professionalism they’d bring to any other communications channel but expressed through the tone and style of the platform.”

Measuring what matters

Beyond engagement metrics, what does real success look like for pensions on TikTok?



Dixon says that clicks and views “only tell part of the story”.

“They show awareness, but real progress is behavioural – checking a pension, understanding what you have, increasing contributions.

“Pairing short-form content with tangible follow-ups, like links or tools, helps bridge the gap between engagement and action.”

Trousdale agrees: “Strong engagement and impressions matter, but true impact is when more people engage with their pensions and feel more confident managing finances.”

Echoing this, Irwin states that the “real test” lies in the medium- to long-term outcomes, such as more people checking their pensions and increasing contributions.

Updating the algorithm

TikTok’s influence on financial behaviour is undeniable – and it’s not confined to teenagers.

From university graduates starting their first jobs to retirees sharing budgeting hacks, users are engaging with money matters in new and unexpected ways.

For pensions, the opportunity – and the challenge – lies in meeting people where they already are.

That may mean stepping outside traditional comfort zones, embracing short-form storytelling, and working with creators who can translate the language of pensions into the language of TikTok.

If the industry wants to appear on savers’ literal and metaphorical ‘for you’ page, it may need to refresh its own.

 Written by Callum Conway

Who wins retirement?

Each generation faces unique advantages and disadvantages compared to other generations when it comes to planning for and being in retirement. Paige Perrin examines how each generation has it better or worse in retirement

Intergenerational debates often centre on which generation has it tougher or easier than the one before. So, what's the viewpoint when looking at retirement? Baby Boomers (those born between 1946 and 1964) generally benefitted from generous defined benefit (DB) pensions and earlier state retirement ages. In contrast, Gen X (born between 1965 and 1980) were the 'missed out generation', too young to benefit from DB schemes and too old to fully feel the effects of auto-enrolment (AE), introduced in 2012. Millennials (born between 1981 and 1996) and Gen Z (born between 1997 and 2010) face similar challenges when it comes to their retirement. They are the first generations to benefit from AE, but also face a changing work landscape where job switching can negatively impact retirement savings. They also face a challenge when it comes to housing, getting on the property ladder at a later age, if at all, and may therefore be paying rent or a mortgage post-retirement. Ultimately, while older generations created retirement wealth through homeownership and guaranteed incomes, younger generations must rely on personal savings.

Baby Boomers

"As a generation, Baby Boomers have been in the fortunate position of benefiting from good employer pension provision as many of them have had defined benefit (DB) pension schemes," AJ Bell head of public policy, Rachel Vahey, says.

However, Just Group group communications director, Stephen Lowe, notes this experience has not been universal and that, even at their peak, DB pensions only applied to about half of workers, leaving many Baby Boomers with little or no private pension.

Given this, Lowe emphasises that the state pension is "still so important" for those who "missed out" on a DB pension.

State pension policy has indeed



played a significant role in supporting this generation. In particular, they have benefited from the triple lock, a policy that ensures the state pension rises in line with the highest of inflation, earnings growth or 2.5 per cent.

While many Boomers are already seeing the

benefits of this policy in retirement, there are growing concerns about its long-term sustainability, meaning similar support may not be available to younger generations.

Taken together, these factors help explain why retirement confidence levels among older workers are relatively high. Nucleus technical director, Andrew Tulley, highlights that those aged over 55 have the highest confidence in their

retirement prospects of any generation. "These people are more likely to have the generous DB pensions for at least part of their career and may be more confident around what they will get in terms of the state pension as they are close to or already receiving it," he states.

In addition to DB schemes and state pension benefits, homeownership has further strengthened many Baby Boomers' financial positions.

Both Tulley and Vahey stress the fortunate position this generation is in if they are homeowners, with research from Just Group finding that 80 per cent of this generation own their own homes.

Tulley notes that many may have benefited from the "significant increase" in UK property prices, while Vahey adds that those who bought property earlier in life have likely seen its value "soar".

Despite these advantages, financial security in later life is not guaranteed. Even with many in this generation already retired, serious financial hurdles lie ahead for both current pensioners and those of this generation yet to retire.

Rathbones financial planner, Rebecca Williams, highlights that there are risks associated with longevity and potential high costs of later-life care.

Similarly, Penfold CEO and co-founder, Chris Eastwood, says Baby Boomers are now facing "the sharp end" of longevity and inflation risk, with many having to navigate complex retirement decisions for the first time "without the comfort of a guaranteed, inflation-proof income".

Generation X

Caught between two major pension regimes, Generation X has emerged as the "missed-out generation", says Vahey.

"Most [of Generation X are] too young to really benefit from private



sector DB schemes, but also too old to really feel the benefits of automatic enrolment into pensions. Instead, they have mainly been on their own when it comes to saving for a pension,” she explains.

As this generation doesn’t have widespread access to DB schemes like the previous generation, most are reliant on defined contribution (DC) schemes. And being too old to feel the benefits of automatic enrolment can put them in an inferior position when they retire. Additionally, saving into a DC pension can result in retirement outcomes being more sensitive to market performance, charges and investment decisions.

Interactive Investor’s research shows that Generation X expects to have an average pension pot of just £150,000. However, this generation estimates they would need £350,000 to feel ‘comfortable’ in retirement under Pension UK’s Retirement Living Standards.

Many in Generation X are at their peak earning years, an advantage that is frequently eroded by competing financial pressures such as mortgage repayments, funding their children’s education, and increasingly providing support for ageing parents. As Eastwood notes, this cohort is often described as the “squeezed middle”, caught between prolonged financial responsibility for their children and growing care-giving demands from parents.

Vahey also points out that this generation is “facing the big decision” about how to turn their pensions into an income and said that, since pension freedoms, there has been little help for those struggling to do this on their own.

However, she said that this is slowly changing. Several policies were announced as part of the Pension Schemes Bill that could help this generation, including the Financial Conduct Authority’s targeted support. Standard Life retirement savings director, Mike Ambery, notes that the targeted support proposals could be a “game-

changer”, and could enable “scalable, personalised help for those who might otherwise fall through the cracks”.



Millennials

Millennials are the first generation to be “auto-enrolment native”, according to Eastwood.

“The big advantage they have is that, for many, regular pension saving started automatically in their 20s, with an employer contribution on top,” he adds.

As a result, this group has typically been saving into a pension for longer than any preceding generation at the same age.

Despite this structural advantage, this generation is not guaranteed a comfortable retirement. Hargreaves Lansdown head of retirement analysis, Helen Morrissey, cautions that while Millennials have benefited from being auto-enrolled into a workplace pension throughout much of their working lives, whether the amounts saved under current contribution levels will be enough to ensure an adequate retirement is “open to debate”.

Many pension professionals argue that the current minimum auto-enrolment contribution level of 8 per cent is insufficient and suggest that a minimum of 12 per cent is needed to achieve a comfortable standard of living in retirement.

Eastwood also highlights a cultural shift among Millennials, noting that they are “highly digital and increasingly interested in how and where their money is invested”.

This awareness and interest in environmental, social and governance (ESG) issues, alongside the ability to track investments online, can act as a powerful driver of engagement with pensions. For providers and employers, this presents an opportunity to improve long-term outcomes by aligning pension offerings with savers’ values and preferences.

Despite this potential for engagement, Williams emphasises that Millennials face the “heaviest near-term headwinds” that “push pensions down the priority list”.

In particular, Williams highlights student debt, high childcare costs, and housing affordability as the main factors that decrease the importance of pensions and savings for retirement.

Vahey echoes this view, pointing out that many Millennials are at a stage in life where disposable income is stretched.

“This is the time of their lives where they are settling down,” she says, “and buying houses and having children are expensive pursuits.”

Housing, in particular, is a top priority for this generation, with research from Standard Life showing that mortgage repayments are the top financial priority for 18 per cent of Millennials this year – the highest of any generation.

Despite this being a priority, a significant portion of this generation remains locked out of the property market. Ambery reinforces this, noting that for those approaching mid-life, homeownership often becomes an “urgent goal”.

This struggle is underscored by data from the Resolution Foundation, which reveals that 30-year-olds today are only half as likely to own a home compared to Baby Boomers at the same age.

Gen Z

The biggest structural advantage for Gen Z is automatic enrolment, which has been in place for their entire working lives. "Many will be auto-enrolled into a pension from their very first job, giving them more years of compounding than any previous generation," Eastwood states.

Vahey describes Gen Z as, "the digital generation", noting that they "often turn to their phones to solve problems".

"They may have already learnt good savings habits, and bank budgeting tools and other technology have helped them keep track of day-to-day spending," she adds.

This digital fluency might have also contributed to a growing interest in investing. Ambery says: "They're also more open to investment risk – our *Retirement Voice 2025* research found 48 per cent say they are prepared to take more risk, and a quarter already back stocks, shares or crypto."

Despite early access to pension saving and digital fluency, Gen Z faces several long-term challenges. The frequency with which they are likely to change jobs is a big one. The average person is expected to have around 11 different jobs over their working life, creating a trail of small pension pots that will need to be managed and consolidated.

This issue is likely to be more pronounced for Gen Z than other generations, as they are expected to have longer working lives due to rising life expectancy and a higher state pension age.

Yet many in this generation are cynical about retiring at all, with research showing that most of Gen Z don't expect the state pension to still exist by the time they retire. Indeed, a report released last year by the Pensions Policy Institute, commissioned by the Institute and Faculty of Actuaries, found that 46 per cent of Gen Z believe the state pension will not exist by the time they retire.

Like Millennials, Gen Z also faces significant housing affordability



challenges and are more likely to delay traditional milestones such as marriage and having children. Research from Standard Life found that 35 per cent of Gen Z prefer to 'live for today than plan for tomorrow' and that their financial priorities focus on immediate needs.

Eastwood warns that "financial insecurity, high rents and student debt could push retirement so far down the priority list that they disengage altogether, especially if their first interaction with a pension is confusing or full of jargon".

However, he argues that if the industry can better align pensions with Gen Z's values – including climate change and social impact – this generation may come to see pensions "as something powerful rather than boring".

What can be done?

Each generation faces different challenges, making a one-size-fits-all retirement solution difficult. However, industry experts have suggested three interventions from policymakers and industry could help address challenges across generations. These include strengthening automatic enrolment, improving financial literacy, and providing certainty over the state pension.

Arguably, the main challenge with automatic enrolment is that many people are not saving enough, while others are excluded due to earning below the threshold or being too young.

Tulley says that gradual increases to pension contribution rates over time are "worth considering". He also argues that it is worth considering how to bring in those groups currently missing out (women, the self-employed, part-time workers and ethnic minorities).

"While now may not be an ideal time to introduce increases, plans and timetables need to be considered so people and their employers know of these longer-term objectives," he says.

Several industry experts stress the importance of financial education. In particular, Annuity Ready director, Sarah Lloyd, says: "We know that education is such a fundamental part of pension preparedness, and the earlier we can get people the information they need to start planning for retirement, the better."

But Lloyd emphasises that in the meantime, it's also important that the industry remembers to "continue supporting the older generations who did not receive this level of financial literacy in school, and who are fast approaching retirement and other pivotal financial moments in their lives".

Additionally, Tulley highlights "widespread concern" about the sustainability of the state pension's future, a crucial component of retirement income for many.

"The state pension remains the cornerstone of retirement income for millions, yet confidence in its future is collapsing. People deserve clarity and consistency. They need to know what they'll receive and when. Without that certainty, it's almost impossible to plan effectively for the rest of their lives," he says.

While a universal fix is difficult, implementing stronger auto-enrolment, comprehensive financial education for all ages, and clarity on the state pension are arguably the essential steps needed to secure retirement adequacy across generations.

 Written by Paige Perrin

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Longevity in the age of pandemics

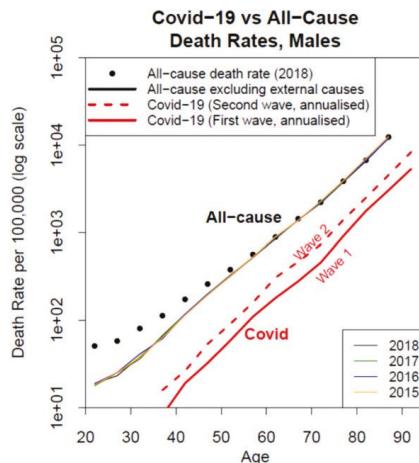
■ **Pensions Institute director, Professor David Blake, considers the implications for life expectancy when living in a pandemic age**

The global Covid-19 coronavirus pandemic lasted from March 2020 until May 2023 and killed seven million people globally. It was supposed to be a one in 100-year event. The previous global pandemic, Spanish Flu, killed at least 50 million people between 1918 and 1920.

But far from being able to relax for the next century, some scientists predict a new 'pandemic age'. Professor Eddie Holmes, a virologist at the University of Sydney, says: 'Climate change and pandemics go hand-in-hand....The more animals are forced to mix, the more viruses will jump species'. The World Health Organization has recently added the Black Death plague, bird flu and the mpox virus to its pandemic watchlist.

I have been involved in two pieces of recent research that investigated the implications for future life expectancy of living in a pandemic age as a result of analysing Covid-19 mortality data for England.

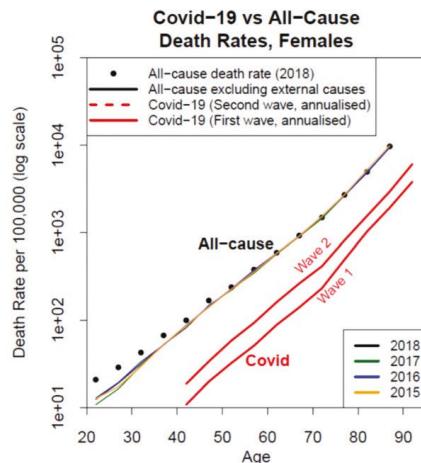
The first study is called *Covid-19 mortality: The Proportionality Hypothesis*. We discovered the following



remarkable linear relationship between all-cause deaths by age and Covid deaths by age during Wave 1 (March-August 2020) and Wave 2 (September 2020-February 2021) of the pandemic.

This allowed us to propose the Proportionality Hypothesis (PH), which states that Covid-19 infection fatality rates are approximately proportional to all-cause death rates by age (excluding external causes, such as accidents). The PH is particularly useful for informing governments about the groups most at risk: 97 per cent of Covid death victims were aged above 50 in the UK. It is also useful for informing future government policy, e.g. on lockdowns. Was it sensible to lock down a country for 18 months, at the cost of £410 billion (£6,000 per person) and an ongoing mental health crisis when the Covid death rate was just 1 per cent (230,000 UK Covid deaths and 24.9 million Covid cases)?

We also showed that vaccination played a significant role in preventing people infected with Covid-19 from needing to be hospitalised, since it reduced the average severity of an



infection. Death rates involving Covid-19 were significantly lower for people in the fully vaccinated group compared to the unvaccinated group.

The second study is called *ADM's APPLE: The Accelerated Deaths Model with an application to the Covid-19 pandemic*. The Accelerated Deaths Model (ADM) builds on the hypothesis that, within a given age cohort, those who are less healthy are more likely to die if infected with Covid-19 than healthier people, leaving a pool of on-average healthier survivors. We use the term 'detrimental selection', which has two complementary aspects: The lower years of life lost by those who experienced an accelerated death; and the higher average life expectancy of survivors, which we call their 'adjusted post-pandemic life expectancy' (ADM's APPLE).

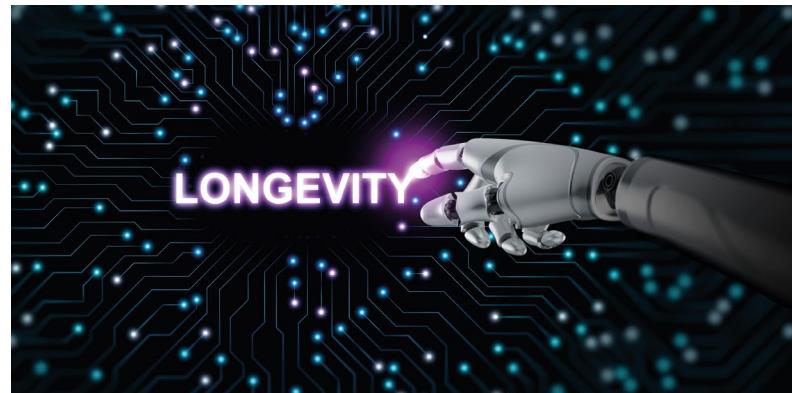
We find, in the case of the Covid-19 pandemic in England, that the years of life lost by those who experienced an accelerated death (9 to 12 years) was much greater than reported in the media at the time where experts suggested that two-thirds of Covid victims would have died within nine months from other causes even if they had not caught Covid. We also find that the increase in the mean life expectancy of survivors was very small because of the relatively small number of people who sadly died from Covid.

The ADM has potentially wide application, such as, to other types of contagion and to climate-related deaths, where we would expect there to be a positive correlation between deaths and all-cause mortality (consistent with the PH), but where the degree of detrimental selection might be different.



■ **Written by Professor David Blake, Director, Pensions Institute, Bayes Business School**

Longevity in flux – a new world



Rapid advances in technology and medicine are reshaping life expectancy, with far-reaching consequences for pensions. To explore what lies ahead, we asked the experts to share their perspectives on the forces that could influence longevity in the coming years

For the first time in history, science is not just fighting disease that is the result of ageing, but attempting to redefine ageing itself. Our smartwatches track our sleep, our clothes are taking sweat samples, and diabetes medicines are rewriting the rules on weight, heart health and perhaps much more.

Looking ahead, we would highlight four powerful levers of longevity disruption:

GLP 1s and GIP: Originally developed to manage diabetes, GLP 1 and GIP drugs (engineered gut hormones) have hit the mainstream for their dramatic weight loss effects. That said, the story doesn't end at slimmer waistlines; emerging research suggests these drugs could reshape long-term health risks far beyond obesity.

Recent analysis links GLP 1 use to a lower risk of Alzheimer's disease and related dementias, with major clinical trials underway to confirm if the benefits extend to prevention and disease modification. There's also evidence of slower progression of kidney disease and potential benefits for certain cancers, although these remain under investigation.

If research continues to be encouraging, the potential population impact could be meaningful. Swiss Re projects that widespread GLP 1 adoption could reduce UK mortality by over 5

per cent by 2045, reversing some of the stagnation in life expectancy seen over the past decade. UK mortality data already exhibits stronger improvements at older ages, perhaps an early signal of this emerging trend.

Cameras, wearables and swallowables: Monitoring our health is moving from the clinic and into our everyday lives. Smartwatches track our heart rate, blood oxygen, sleep, and can even alert emergency services following a fall or crash. These features are becoming more accurate and, more importantly, they are quickly becoming affordable for the masses.

AI-enabled cameras are being tested for early detection of conditions like skin cancer, using nothing more than a smartphone or a low cost handheld device. Meanwhile, smart clothing is emerging that can analyse sweat for biomarkers such as glucose or hydration. This moves historically lab style insights into our everyday lives.

Then there's the inside story, swallowable sensors and capsules. These tiny devices can scan the gut for cancers that often go undetected until late stages, offering a less invasive and more accessible alternative to traditional examinations.

Smart toilets can even analyse what we leave behind, but I will leave that conversation for another day!

Regenerative medicine: Regenerative medicine aims to slow, stop or reverse ageing by repairing or replacing damaged cells, tissues and organs. This is a new frontier of medicine that is attempting to move beyond symptom management.

Stem cell therapy is a subset of regenerative medicine that uses stem cells to repair or replace damaged tissues and treat various diseases. Stem cells are unique because they can self-renew (make copies of themselves) and differentiate into specialised cell types like blood, bone, nerve, or muscle cells.

Scientists are also using genetic reprogramming and editing to explore ways to return cells to a younger state without triggering cancer growths. Approaches typically focus on epigenetic reprogramming that 'switches on' certain genes to partially rejuvenate cells. This area has attracted major investment and is seen as one of the most promising frontiers in longevity science.

On the larger scale, researchers are working on 3D-printed tissues, engineered implants and even cross-species organ transplants. Innovations aim to tackle organ failure, offering the possibility of replacing what time has worn away.

The sector is no niche: Longevity tech is now a multi-hundred-billion-pound market spanning biotech, devices and

longevity



data and is backed by several of the large tech firms like Google.

Biological age: We've long treated trips around the sun as the ultimate method to measure ageing. Useful, yes, but crude. What actually drives longevity risk is biological age, how worn your internal systems are today. New tools use epigenetic clocks, chemical markers on DNA, to estimate how fast you're really ageing. While some of the science is yet to be fully proven, there is the potential for AI to combine these signals into a single score, which can differ materially from your chronological age, and it can move up or down.

Tests that report biological age and rate of ageing are being used to personalise health plans and check if interventions work. Start-ups are building apps and biomarker platforms to make this part of everyday health tracking, a clear step toward mainstream adoption. Gamification of lowering your biological age is already starting.

Now the uncomfortable questions for those of us tasked with the governance of pension schemes. What happens if biological age goes mainstream? Do valuations and retirement timings hinge on our body health, not birthdays? Who owns the data, and how is consent enforced when a single test may reveal risk about you and your relatives?

Outlook

Given the impact of Covid and recent stagnation of life expectancy improvements, it may be easy to fall into the trap of believing this is as good as it gets for the future of human life expectancy. But, the medical frontier

is shifting from reactive care to predictive prevention, and the impact could be significant. In the short term, expect GLP-1/GIP adoption, cheaper home diagnostics and smart textiles to pull disease detection forward. Mid-term, we could be looking at regenerative medicine moving from trial to targeted use in organs and tissues. Longer term, biological-age metrics could sit alongside birth dates when assessing risks, provided governance keeps pace.

When it comes to governing pension schemes, the winners won't be the ones to predict the future, they will be the ones to react first when it arrives – and the latest CMI data may be the first early signal that this future is coming.

Ernst & Young manager, Tom Greeves and UK head of pensions consulting & partner, Paul Kitson

The past few years have reminded us just how unpredictable longevity trends can be. During the first year of the Covid-19 pandemic, mortality rates increased dramatically and have only recently recovered to around pre-pandemic expectations. The future for longevity is hard to predict, but keeping an eye on key drivers can help us plan for the future. We think there are four big themes that could make a real difference in the years ahead.

GLP-1s and GIP: As mentioned, the drugs behind names like Mounjaro, Ozempic and Wegovy are everywhere in the headlines – they've become game-changers for obesity treatment. Why does this matter for longevity? Because obesity is a driver of a wide range of health conditions including cardiovascular disease, metabolic disorders and certain cancers; early evidence suggests these drugs are highly effective for weight loss and can reduce the risk of heart attacks and strokes. Insurers and reinsurers are already modelling scenarios where widespread uptake could cut UK

population mortality by 5 per cent over the next two decades. Still, it's early days and the long-term effects of taking these drugs remain unclear.

Artificial intelligence (AI): AI has also been gaining attention and it isn't just powering chatbots, it's transforming medicine too. Its ability to spot patterns, predict outcomes and guide decisions is already reshaping healthcare, from drug discovery to personalised medicine and earlier disease detection. In the longer term, we could see robotic surgery and predictive analytics that flag risks before symptoms even appear. These advances may not stop disease entirely, but they could mean earlier intervention and better outcomes, ultimately leading to longer and healthier lives. That said, data protection and confidentiality remain critical hurdles.

Senolytics: Away from the headlines, researchers are making progress on a new class of anti-ageing drugs known as senolytics. Their aim is to clear out senescent (damaged) cells, which accumulate with age and contribute to physical decline. In animal studies, the drugs have shown to increase lifespan dramatically. While human trials are still in early stages, they could slow biological ageing and reduce age-related diseases like arthritis, Alzheimer's disease and cardiovascular disease. It may take years to materialise, but it's a development worth watching.

Climate change: Finally, we turn to perhaps the most influential force shaping our future: Climate change. It touches everything – the food we eat, the air we breathe and the stability of our homes and communities. While we know climate change will affect future longevity, the question is whether it pushes life expectancy up or drags it down. Decisive action and strong mitigation policies could protect health and perhaps even extend lives, but failure to act could cut them short.

Club Vita client delivery lead UK, Amy Walker



Admin's time to shine?

Following The Pensions Regulator's recently updated administration guidance, *Pensions Age* asks: Is pensions administration finally getting the recognition it deserves, and has it shaken off its 'often overlooked' reputation?



The guidance is another milestone in the recognition of the pivotal role administrators play in oversight and collaboration, moving beyond the perception of administration as a 'back-office function' and putting benefit delivery at the heart of any effective system of governance.

Good administration will be pivotal as we start to focus on the delivery of pensions for those reaching retirement, and on new scheme design, like CDC, for savers still in the accumulation stage.

We therefore warmly welcome TPR's commitment to driving innovation and elevating standards in pensions administration. By empowering administrators with clearer frameworks and responsibilities, the regulator is helping create smarter choices and better outcomes for pension savers.

Malcolm Reynolds



Administration has sometimes been the unsung hero, the diligent stage crew that keeps the show running smoothly, often with little recognition for the vital role it plays.

High-quality administration has always been fundamental to running schemes properly, protecting members' benefits and enabling trustees and advisers to make informed decisions. The updated guidance makes this clearer than ever, placing administration firmly at the heart of scheme governance. It highlights the importance of data quality, systems resilience, cyber security, clear accountability and effective oversight. These responsibilities are now more visible and critical than ever. With dashboards, technological change and risk transfer reshaping the landscape, strong administration is not a support function but a cornerstone of good pension scheme management. Administration has always been a star and it is now receiving the recognition it deserves.

Kathryn Davies



Oscar Wilde once quipped that there's only one thing in the world worse than being talked about and that's not being talked about. Administrators are finding out that the reverse is true. Long treated like beasts of burden, administrators have been progressively given ever-greater loads, with GMP equalisation and pensions dashboards on top of the day job. With the new requirements on trustees of ESOGs, administrators are now being quizzed by trustees as part of their ORA compliance duties. And now the regulator is taking an interest too. Far from being often overlooked, administrators are now being looked at with a basilisk-like intensity. Everyone has long agreed on the fundamental importance of good administration, up to but not including the point of paying for it. The regulator has a role to play here, which it evidently recognises. By placing greater emphasis on trustees' and scheme managers' accountability for good administration, the regulator can provide the incentives to trustees to commit the resource required. And administrators will in turn feel the pressure to step up. Enjoy the spotlight guys.

Julie Yates



In the last several years pensions administration is starting to get the attention it deserves and the TPR updated guidance is helping to cement this.

Pension administrators are crucial to the financial well-being of members, offering support during vulnerable life stages together with safeguarding members from potential scams and shielding trustees from regulatory pitfalls. Despite this critical function, perceptions have marginalised administration as a mere 'support service' or 'loss leader'.

This undervaluing has led to a significant lack of investment in technology, talent and technical infrastructure.

It's great the pensions administration industry is becoming more valued, but in order for us to continue on this journey and to be able to attract and retain these valuable resources, administrators need to be paid adequately for the work they carry out to ensure that they are profitable and can invest in their business. Trustees should receive value for money but not at the expense of the quality of the service.

Alastair Meeks



This isn't just another regulatory update – it's a catalyst for collaboration, innovation, and a renewed focus on delivering the best possible outcomes for savers.

TPR's updated guidance brings the role of the administrator into sharper focus, including recommending a move beyond traditional, time-based metrics and implementing a more member-focused approach to measuring service quality. Whilst the member experience must take centre stage, the guidance also covers the importance of having a robust service governance approach in areas such as data quality and cyber risk management.

One driver of this change is the introduction of pensions dashboards. While trustees bear the ultimate responsibility for pensions dashboard duties, their success hinges on proactive, transparent support from administrators.

So, how should trustees and administrators respond? The answer lies in benchmarking current services against TPR's guidance, fostering open dialogue about necessary changes, and embracing continuous improvement. Implementing pensions dashboards has already shown that trustees value timely, actionable information. Reporting should evolve to provide ongoing visibility, demonstrating alignment with good saver outcomes and industry best practices.

Ultimately, good administration is not a one-off achievement – it's an ongoing commitment. Those trustees and administrators who prioritise collaboration, transparency, and member-centric service will ensure their service is aligned to TPR expectations.

WTW senior pensions outsourcing consultant, Geraldine Brasset



Administration is starting to receive greater recognition and trustees are increasingly acknowledging its strategic importance in discussions around governance, de-risking and member outcomes. There is a growing understanding that high-quality administration underpins everything from buy-in and buyout readiness to data quality, cyber resilience and regulatory compliance.

However, that recognition is not yet consistently reflected in decision-making. When it comes to commissioning projects such as data cleanses or systems improvements, cost is still often the overriding factor. This can lead to projects being pared back or awarded to the lowest bidder rather than being delivered at the right time and to the right standard. While competition in the market is healthy and drives innovation, good administration still requires sustained investment. Focusing too narrowly on price point can undermine long-term outcomes.

The Pensions Regulator's updated guidance is therefore an important step forward. By emphasising controls, systems resilience and service quality, it reinforces that administration is not simply a cost line, but a critical enabler of scheme security, insurer engagement and member confidence. The challenge now is ensuring that this recognition translates into investment and delivery decisions that genuinely support administration excellence, rather than treating it as an area to be managed down.

Broadstone head of pensions administration, Gavin Giles



Trustees have always recognised the importance of administration and the impact it has on members. It has been great to see The Pensions Regulator actively engaging with administrators more than ever before. This is an important acknowledgement of the criticality of administrators in the pensions eco-system. Millions of members depend on these firms to access their money and to receive important information about their pensions.

It's significant that the latest guidance supports a clear policy, acknowledging not just SLAs – which are just one part of administration – but other areas including data, IT, financial transactions, and investments. The hope is this will lead to trustees positively challenging administrators, and a recognition that focus should be on the value, security and quality of services and not on achieving the lowest cost. We want to see more support and investment in our key administrators, so they are better equipped to achieve the high standards members deserve. The guidance also reflects evolving technology and AI advancements, which should improve engagement while supporting the need for human interaction.

Aviva master trust head, Louise Williamson





Pensions history

New beginnings and old memories

January is a time for reflection and looking ahead. David Lloyd George introduced the old age pension in January 1908. In January 1923, occupational schemes began their long march, with the formation of Pension UK's forerunner, the Association of Superannuation and Pension Funds.

Elsewhere, debates were taking place about the nature and legal status of pensions. In the US, as in Britain, pensions had begun as discretionary rewards for faithful service. But the deliberations of the US National Labor Relations Board between the autumn of 1948 and the spring of 1949 brought

many assumptions and long-standing practices under scrutiny. Of particular concern was whether pensions were legitimate matters of collective bargaining. The board concluded that this must be the case, and that pensions were, in effect, deferred wages which had been earned, a view supported in Supreme Court decisions of the time.

The same questions were also being debated in the UK. For many years, a promised pension could be forfeited if the member left employment before normal retirement date. It was not until 1973 that the Social Security Act introduced what became known as

preservation, giving leavers with five or more years' service a statutory right to receive a deferred pension payable at normal retirement date. This was not universally popular, with many leavers preferring to take refund of their own contributions where they could.

And the celebrated ECJ decision on equal treatment – *GRE v Barber* – was unequivocal. Pensions were pay.

www.pensionsarchivetrust.org.uk/ourcollections

► **Pensions Archive Trust director, Jane Marshall**

▼ The bright side

Pensions Age takes a closer look at some of the recent good news stories in the pensions industry...

► **Royal London** has announced the winners of its Championing Women & Girls' Rugby Award, in partnership with The British & Irish Lions, with four clubs across the Home Unions getting an equal share of the £40,000 fund for 2025.

This award, now in its second year, provides funding for the Lancaster



Lionesses (England), Buccaneers RFC (Ireland), Greenock Wanderers RFC (Scotland) and Ynysddu BG RFC (Wales).

Each of these clubs will receive £10,000 each to invest in their rugby

programmes. This accolade is awarded to one club in each home union that has driven inclusion, equality, and growth for women's and girls' rugby through innovation and impact.

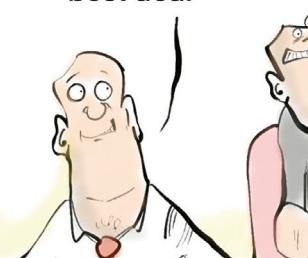
Royal London group chief marketing officer, Susie Logan, said: "We are committed to playing our part in shaping the future of women's rugby, and I can't wait to see what the winning clubs will do with the funds to make a difference to their players and their communities."

PENSION MATTERS by FRAN

Annuity rates are at an all time high



So I'm revisiting all my usual New Year's resolutions to get the best deal



40 a day and fried pizza and vodka for breakfast should do it



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Salary: Excellent

SENIOR PENSIONS ADMINISTRATOR

Location: Hybrid / London twice per week
Salary: Depending on experience

PENSIONS MANAGER, IN HOUSE

Location: Hybrid/c.4 days a week office South East or West Midlands
Salary: Excellent + competitive benefits & bonus

PENSION ANALYST

Location: London at least twice per week
Salary: Up to c£45,000pa plus excellent benefits including generous pension

PENSIONS DC CONSULTING DIRECTOR

Location: London, hybrid working (1 or 2 days in the office per week)
Salary: Excellent

PENSIONS COMMUNICATIONS & CHANGE PROJECTS MANAGER

Location: Home working other than 2 days per month visit to office
Salary: Up to £66,000 per annum

PENSIONS CLIENT RELATIONSHIP MANAGER

Location: Work from home
Salary: Excellent

PENSIONS MANAGER, UK AND IRELAND

Location: Berkshire or Midlands
Salary: Six figure package



**PENSIONSAge
JOBS**

New Year...New Career

Is a new job on your 2026 New Year's resolutions list? We'll help you find the perfect fit.
 We hope you're finding the calendar included in the December issue useful as you plan for the year ahead!

Pensions Specialist Consultant - 6 month FTC

Hybrid/London or Birmingham

£competitive

This role will lead and support a series of targeted pension consolidation, compliance, and governance improvement activities across predominantly DC based pension schemes. Ref: 119035 JW

Pensions Client Manager

Work from home

up to £75000 per annum

Excellent opportunity to lead on Trustee services, develop and manage relationships within this leading consultancy. Ref: 79914 BC

AVP UK Pensions Risk & Governance

Hybrid/Glasgow

£in line with experience

Excellent opportunity to join this large in-house pension scheme, you'll be responsible for developing, implementing, and governing employee retirement plans and benefits programs, while providing expert counsel to resolve complex issues. Ref: 119266 JW

Governance & Risk Management Consultant

Work from home

£60000 per annum

Are you passionate about governance and risk management within the pensions industry? We're looking for an experienced consultant to lead and deliver high-quality projects that make a real impact. Ref: 117418 BC

Trustee Consultant - Senior Associate

Hybrid/Greater Manchester, Scotland or London

£in line with experience

Join a growing and dynamic team delivering high-quality trustee services to a diverse portfolio of pension schemes. This is an exciting opportunity to contribute to a fast-growing area of the business and make a real impact. Ref: 113656 BC

Pensions Calculations Analyst

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Take the lead in shaping standard pension calculations and processes that drive this specialist TPA's operating model forward. Ref: 119068 JW

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Senior Consultant, Outsourced Scheme Management

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DB15908

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Contact Dianne Beer

07747 800 740

dianne@abenefit2u.com

HAPPY
New Year

Pensions Business Analyst

circa £45k

Hybrid Working - London twice per week

TD15912

You will work with developers to understand technical options, identify appropriate solutions and agree specifications for system changes. You'll have an excellent understanding of both DB / CARE pension scheme administration and Systems.

Senior Pensions Analyst

Circa £50k

Hybrid Working - London twice per week

TD15881

You will play a key role in delivering high-quality solutions across data migration, pension calculations, reporting, and system enhancements, while ensuring compliance with internal standards and pension legislation. People Management experience required.

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Contact Tasha Davidson

07958 958 626

tasha@abenefit2u.com

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