Gen X
Why Gen X has become a key focus for the Pensions Commission

Administration
How administration is increasingly playing a crucial role in major strategic initiatives

Economic abuse
Spotting when pensions is being weaponised in economic abuse

www.pensionsage.com

July/August 2026

PENSIONS Age

The leading pensions magazine

Policy gaps: *The policy gaps and contradictions in an ever-more complex system*

Overseas influence: *What lessons can be adopted from other countries' pensions systems?*

Fewer hands, greater power

As consolidation reshapes UK pensions, are accountability, diversity and member voices being sidelined?

Case study: How Avon Pension Fund is adapting to LGPS reforms

Editorial Comment

2nd Floor, 5 Maidstone Buildings Mews, London. SE1 1GN

I feel quite privileged to be writing this editorial comment at such an optimistic time for England – still basking in the success of the Lions' phenomenal win against Mexico on Monday, and revelling in the anticipation of Saturday's upcoming match against Norway, there is most definitely a feeling of positivity in the air.

Trying to link those feelings of optimism and anticipation to pensions wasn't actually as hard as I thought it would be. We are, some might say, in a similar situation in the pensions world – still revelling in the arrival of the new Pension Schemes Act 2026 which, for all of its challenges, has been introduced to 'create schemes that drive down costs, deliver higher returns, and give savers the security they deserve', (in the words of Pensions Minister, Torsten Bell); while we look ahead with high hopes from big changes on the horizon, such as pensions dashboards, guided retirement solutions and a pensions system that priorities value for money for members.

And the need for an all-improved pensions system can't come soon enough, as highlighted by the latest iteration of Pensions UK's Retirement Living Standards published in June, which revealed that pension savers will need even more money in retirement for their expected lifestyles, amid the rising day-to-day costs across spending categories such as food, essential household bills, and transport, to name a few.

Another significant and highly anticipated event on the horizon comes in the form of a new prime minister, following Sir Keir Starmer's expected resignation in June; and, while Starmer's likely successor, Andy Burnham, has already confirmed his commitment to the state pension triple lock, his wider thoughts on bigger picture pension policy are yet to be determined.

That brings us perfectly onto the theme of this month's issue – 'the bigger picture'. It's no secret that UK pensions are influenced by what is happening around the world (see our feature on page 59 which looks at how the UK pensions system is increasingly influenced by international models); and even out of this world (our feature on page 32 considers how the SpaceX record-breaking IPO will impact pension funds' passive investments).

Other features in this issue that explore the 'bigger picture' themes of pensions include a look at how to address the growing Gen-X pensions crisis (page 65); what needs to be done to make the state pension more sustainable (page 68); a look at where the pension industry's duties lie in cases of economic abuse (page 74); and, in our cover story, an exploration of the potential unintended consequences of putting too much power in fewer trustee hands through consolidation (page 62).

The challenges (and opportunities) that present themselves as a result of the upcoming regulatory changes are also explored from the perspective of the technology and administration provider in our technology roundtable on page 46, while, on a similar theme, how pensions reform, endgame planning and industry-wide projects are putting increased pressure on the quality of data and administration is the focus of our feature on page 70.

There's a lot going on, but while the pensions industry continues to do its best to meet all future challenges head-on, we need to look ahead with anticipation and optimism rather than dread, in the hope of a better pensions future for all.

And may that positivity and anticipation also pay off on the football pitch – let's bring it home!

Editor in chief, Francesca Fabrizi

COVER FEATURE

Theme: The big picture

62

Fewer hands, greater power

Consolidation is reshaping UK pensions, concentrating power among fewer trustees and driving a shift towards a more professional, large-scale governance culture. But alongside the benefits, it also raises important questions around accountability, diversity, and whether member voices risk getting lost

Features and columns

News, views & regulars

Continued on page 6

Features & columns

Continued from page 5

PENSIONSAge

Publisher
John Woods
Tel: 020 7562 2421

Editor-in-Chief
Francesca Fabrizi
francesca.fabrizi@pensionsage.com

Editor
Laura Blows
laura.blows@pensionsage.com

Associate Editor
Natalie Tuck
natalie.tuck@pensionsage.com

News Editor
Jack Gray
jack.gray@pensionsage.com

Senior Staff Writer
Paige Perrin
paige.perrin@pensionsage.com

Senior Reporter
Callum Conway
callum.conway@pensionsage.com

Design & Production
Jason Tucker
jason.tucker@perspectivepublishing.com

Accounts
Alina Susca
alina.susca@perspectivepublishing.com

Commercial
John Woods
john.woods@perspectivepublishing.com

Lucie Fisher
lucie.fisher@perspectivepublishing.com

Tom Pickford
tom.pickford@perspectivepublishing.com

Subscriptions
Tel: 0208 149 9222
£149 pa within the UK
£197 pa overseas by air

Circulation figures

Pensions Age is the leading media brand targeting pension funds. Our print publication is over 10,000 copies, and 36,000 digital subscribers.

Managing Director
John Woods

Publishing Director
Mark Evans

ISSN 1366-8366
www.pensionsage.com

2nd Floor, 5 Maidstone Buildings Mews, London. SE1 1GN

Dateline - June 2026

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

2 June A group of some of the UK's largest master trusts formed **Pathfinder**, a steering group aiming to explore ways to improve pension transfers for members and support a more scalable transfer process across the sector.

2 June Pensions Minister, Torsten Bell, described pension saving rates among the self-employed as a "catastrophe", warning that further reform is needed to build on the success of automatic enrolment.

2 June Pensions dashboards are on the "home straight" towards public availability, as work begins to explore the future development of commercial dashboards, **Money and Pensions Service (Maps)** proposition manager, Rebecca Fearnley, said.

3 June Councillors and mayors in England can now join the **Local Government Pension Scheme** (LGPS) following the introduction of new regulations extending scheme eligibility to elected officials.

3 June Pensions UK published the latest iteration of its **Retirement Living Standards,** revealing that pension savers will need more money in retirement for their expected lifestyle amid rising living costs.

4 June Accumulation collective defined contribution (CDC) pension schemes will be able to receive transfers without member consent in the same way as master trusts, although retirement CDC schemes have been excluded from the provision, the **Department for Work and Pensions (DWP)** revealed.

5 June The Financial Conduct Authority (FCA) proposed simplified climate reporting rules for investment products, in a move it said could save investment firms around £20m a year.

8 June HMRC launched a consultation on draft regulations designed to prevent pension scheme members from facing unexpected annual allowance tax charges as a result of guaranteed minimum pension (GMP) equalisation exercises.

9 June The **government** launched a consultation on measures to strengthen protections against pension scams and reduce transfer delays, including proposals to remove the overseas investment amber flag and make it easier to transfer to 'reputable' schemes *[read more on p12]*.

10 June The **DWP** launched a consultation on draft regulations that would allow trustees of well-funded defined benefit (DB) pension schemes to **release surplus funds to sponsoring employers.** The consultation sets out the framework for implementing the DB surplus flexibilities introduced through the Pension Schemes Act 2026 *[read more on p10-11]*.

10 June The government is set to publish an updated **pensions roadmap** "shortly", Bell revealed, as the industry prepares to implement reforms introduced by the Pension Schemes Act.

10 June The FCA and **The Pensions Regulator (TPR)** stressed the importance of closer regulatory alignment on retirement support reforms, arguing that guided retirement and targeted support should work together as part of a single member journey.

11 June The Turner & Newall Retirement Benefits Scheme (1989) is expected to enter the Pension

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

Protection Fund after spending 20 years in assessment, due to upcoming changes to the lifeboat fund's indexation rules.

11 June TPR warned trustees not to come under undue pressure from sponsoring employers over DB surplus release decisions, as it issued new guidance on the forthcoming surplus flexibilities.

11 June The Financial Reporting Council will develop technical actuarial guidance to support scheme actuaries in ensuring that DB pension surplus release to employers meets legislative requirements *[read more on p15]*.

11 June Speaking at the **Pensions Age Northern Conference,** TPR director of trusteeship, administration and DB supervision, David Walmsley, confirmed that the regulator will consult on supporting guidance for trustees on DB pension scheme surplus release later this year.

15 June Capita is set to miss a government deadline to restore Civil Service Pension Scheme administration services to contractual standards, prompting renewed criticism from the Public and Commercial Services Union.

16 June The **DWP** published a call for evidence on whether the alternative benefit quality requirements for UK DB, hybrid, and CDC schemes are working as intended.

16 June An employer-led group established the **National Coalition for Workplace Savings** as part of the government's Financial Inclusion Strategy.

17 June The **government** announced plans to review Flexible Apportionment Arrangement regulations following the landmark transfer of the Stagecoach Group Pension Scheme to Aberdeen *[read more on p16]*.

17 June LGPS valuations have become far more sophisticated and are no longer simply exercises for setting employer contribution rates, according to Worcestershire County Council head of financial planning and pension investments, Sherief Loutfy.

22 June The gilt market reaction to **Keir Starmer's resignation as Prime Minister** was relatively muted, although the prospect of a new leader and Chancellor has added a new layer of uncertainty, industry figures stated.

22 June The **FCA** published a consultation that outlines standards of due diligence for self-invested personal pensions.

24 June TPR said it wants to support innovation while ensuring appropriate risk levels, amid expectations of further DB scheme endgame developments due to strong funding positions.

25 June The **DWP** published an 'action plan' that focuses on learning lessons from the Parliamentary and Health Service Ombudsman's investigation into historic communications on women's state pension age.

25 June TPR launched a multi-year campaign to help DC schemes prepare for higher governance and member outcome standards under the Pension Schemes Act 2026 *[read more on p13]*.

25 June The **PDP** extended the deadline for the implementation of daily dashboards data reporting from pension providers and schemes *[read more on p14]*.

29 June The **PPF** announced that changes to terminal illness provisions for PPF and Financial Assistance Scheme members, following the Pension Schemes Act 2026, have come into effect.

DWP launches consultation on DB surplus release regulations

Industry welcomes DB surplus reforms but warns trustees face difficult balancing act

The Department for Work and Pensions (DWP) has launched a consultation on draft regulations that would allow trustees of well-funded defined benefit (DB) pension schemes to release surplus funds to sponsoring employers.

The consultation sets out the framework for implementing the DB surplus flexibilities introduced through the Pension Schemes Act 2026 and will run until 2 September 2026.

The DWP said the reforms would give trustees the option to release surplus funds where it is safe to do so, benefiting sponsoring employers, scheme members and the wider economy.

The consultation comes as funding levels for DB pension schemes remain at historically strong levels, with around four in five schemes now in surplus and aggregate surplus estimated at around £160bn.

Speaking at the Pensions Management Institute (PMI) Annual Conference 2026, Pensions Minister, Torsten Bell, said the government was "moving forward at pace" with implementing the Pension Schemes Act and was bringing forward the details of how the surplus release regulations would operate.

Bell argued the consultation would provide trustees with "more flexibility to safely release surplus when that's what they wish to do so", while also setting out how employers could benefit alongside planned tax changes.

In a statement accompanying the consultation, Bell said: "The steady world of DB pensions has seen a huge change take place. For the first time in a generation, DB pension schemes are in a genuinely strong financial position – with the vast majority of schemes now having a surplus. This is something well worth celebrating.

"Now is the time to give trustees the option of safely translating some of those surpluses into real benefits for members and employers."

The draft regulations propose replacing the current buyout funding threshold for surplus extraction with a requirement that schemes must be fully funded on a low-dependency basis before any surplus can be released.

Trustees would also need to satisfy a new forward-looking funding test, requiring schemes to be expected to remain at or above full funding on a low-dependency basis for three years following any release of surplus.

The DWP said the proposed threshold would provide a "robust and prudent" safeguard while offering greater flexibility than the current regime.

Under the proposed framework, trustees would be required to obtain an actuarial assessment confirming the scheme's funding position, agree a provisional surplus payment with the employer, notify members at least three months before any payment is made, and obtain final actuarial certification before any payment is made.

Any payment would then need to

be made within five working days of certification.

The consultation also confirmed that trustees will be expected to consider how members could benefit from the release of surplus, alongside separate HMRC proposals that would allow direct surplus payments to members to be treated as authorised payments for tax purposes.

The proposals would also strengthen regulatory oversight, with trustees required to notify The Pensions Regulator (TPR) of any surplus release, including details of scheme assets, liabilities, payments to employers and any benefits provided to members.

Bell told delegates at the PMI conference that the government expects the consultation to provide the clarity trustees and employers need ahead of implementation in April 2027.

The DWP added that the reforms form part of the government's wider programme of pension reforms aimed at boosting investment, supporting economic growth and improving outcomes for pension savers.

Industry experts broadly welcomed the DWP's consultation on DB surplus release regulations, although several warned that trustees will face complex decisions around member protections, governance and long-term funding security.

Commenting on the proposals, Arc Pensions Law partner, Sonya Fraser, said the regulations "largely deliver what the industry was expecting".

"The regulations establish a structured framework under which trustees can consider surplus release while remaining subject to funding safeguards, actuarial certification and their existing fiduciary duties," she noted.

Meanwhile, XPS partner and head of DB run-on, Tom Froggett, described the consultation, draft regulations and accompanying guidance as "important milestones" towards implementing the reforms by April 2027.

"We welcome the principle of allowing well-funded DB schemes to release surplus for the benefit of members and employers, provided that appropriate guardrails are in place," he said.

Froggett stressed that guidance from TPR would be critical in helping trustees navigate surplus release decisions.

"It is one thing for the new regulations to create the legal means for releasing surplus, but quite another thing for trustees to be comfortable in agreeing to this, and rightly so," he added.

"Now is the time to give trustees the option of safely translating some of those surpluses into real benefits for members and employers"

Following the consultation publication, TPR "set out the principles schemes should follow when making decisions on surplus, which we will continue to evolve as the new regulatory framework emerges", TPR executive director of strategy, policy and analysis, Richard Knox, said.

The regulator stressed that trustees will remain responsible for deciding whether any surplus release is appropriate and said their independence "is unaffected" by the new flexibilities.

Speaking at the Pensions Age Northern Conference, TPR director of trusteeship, administration and DB supervision, David Walmsley, also confirmed that the regulator will consult on supporting guidance for trustees on DB pension scheme surplus release later this year.

Meanwhile, several commentators also highlighted the growing focus on member benefits.

Hymans Robertson head of DB scheme actuary, Laura McLaren, said TPR's accompanying statement gave "a strong steer" that both employers and members may reasonably expect to benefit from any surplus release.

Aon partner and head of UK retirement policy, Matthew Arends, described the consultation as the "hotly anticipated and important final step" in enabling surplus payments from ongoing schemes to be paid to sponsoring employers.

However, concerns were also raised over the risks of weakening scheme funding positions.

Association of British Insurers (ABI) head of long-term savings policy, Rob Yuille, argued that ensuring members receive the pensions they have been promised must remain the top priority.

"Research from the Pensions Policy Institute shows that taking money out increases the risk of schemes falling back into deficit, which could ultimately put people's full pensions at risk," he said.

"So it's really important that the rules more clearly spell out how well funded a scheme needs to be before any surplus can be touched."

LCP partner and head of endgame innovation, Jonathan Griffith, added that "trustees and sponsors will still need to be comfortable that any release is appropriate, think carefully about the safeguards they want in place, and decide how and when any surplus should be used in practice".

Similarly, Society of Pension Professionals (SPP) DB Committee chair, Jon Forsyth, said the draft regulations appeared to provide "a largely sensible framework" but warned that "the devil will be in the detail".

He suggested trustees were likely to consider safeguards beyond those required by law and would need to decide how much of any surplus should ultimately be used for the benefit of members.

Written by Callum Conway and Paige Perrin

DWP to remove overseas investment amber flag as part of pension transfer changes

The industry welcomes pension transfer proposals, but calls for guidance

The government has launched a consultation on measures to strengthen protections against pension scams and reduce transfer delays, including proposals to remove the overseas investment amber flag and make it easier to transfer to 'reputable' schemes.

The consultation, published by the Department for Work and Pensions (DWP), forms the first stage of a wider government programme to tackle pension fraud and improve the operation of pension transfer regulations.

In its consultation, the DWP proposed abolishing the overseas investment 'amber flag', removing the need for checks on transfers to 'reputable' pension schemes, and introducing a new 'red flag' for transfers to small self-administered schemes (SSAS) where there is no employment link.

Currently, an amber flag, which results in a pension scheme member having to attend an appointment with MoneyHelper before a transfer can continue, is raised when overseas investments are part of the transfer.

The DWP said this has often been triggered by legitimate schemes investing overseas despite no evidence of scam activity.

The department revealed that more than a third of Money and Pensions Service (Maps) safeguarding appointments were triggered solely by the overseas investment flag.

'Reputable' pension schemes will be brought within the 'First Condition' under the proposals, aiming to allow more straightforward transfers to proceed.

The DWP proposed broadening the circumstances under which trustees can approve transfers to schemes they consider 'reputable', giving them greater discretion to proceed with transfers where there is no identifiable scam risk.

Its consultation also proposed to automatically block certain transfers into SSAS where there is no clear employment link between the member and the receiving scheme.

Pensions Minister, Torsten Bell, said: "Pension scams can rip away not just people's savings, but the retirement they are looking forward to. This government is determined to stay one step ahead of criminals who seek to exploit savers.

"Too often, we see fraudsters trying to trick workers into transferring their savings into bogus pensions. We are stepping in to automatically block transfers where the warning signs are flashing red."

The consultation also proposes allowing members who have completed a Maps safeguarding appointment within the previous 12 months to avoid repeating the process when consolidating multiple pension pots.

The pensions industry welcomed the consultation, but warned that guidance is needed to ensure a consistent approach.

"The proposal to remove the 'overseas investments' amber flag in particular is long overdue, and will directly benefit savers who have been sent through unnecessary safeguarding hoops for years now," commented PensionBee chief business officer UK, Lisa Picardo.

"However, the proposed regulations include a list of suggested factors which trustees and schemes may consider when assessing whether a receiving scheme is 'reputable' as part of their due diligence.

"Whilst well-intentioned, care needs to be taken so that this isn't used by some as a back-door way of needlessly causing friction and once again putting up barriers."

LCP partner, Christian Macnab, said bringing reputable schemes within the first condition seemed helpful, and should allow more straightforward transfers to proceed without needing to go through the more involved red and amber flag checks.

"However, the success of this change will depend on clear, practical guidance on what 'reputable' means in practice," Macnab warned.

"Input from the DWP, The Pensions Regulator and industry bodies such as the Pension Scams Industry Group will be important here, so that schemes can take a consistent and proportionate approach rather than each developing their own informal view of which schemes they are comfortable transferring to."

The consultation runs until 21 July 2026.

Written by Jack Gray and Callum Conway

TPR launches campaign to prepare trustees for 'new chapter' under Pension Schemes Act

TPR's multi-year campaign aims to help DC schemes prepare for higher governance and member outcome standards

The Pensions Regulator (TPR) has launched a multi-year campaign to help DC schemes prepare for higher governance and member outcome standards under the Pension Schemes Act 2026.

In a blog, the regulator said the new requirements mark a 'new chapter' for DC schemes, with trustees expected to focus on delivering better outcomes from members' first contributions through to retirement.

The campaign will include direct communications to trustees, practical guidance, examples of what 'good' looks like, and engagement with advisers, administrators and the wider market.

TPR also launched a new Pension Schemes Act webpage, which will be updated as details of secondary legislation become available.

The first phase of the communications programme began with emails being sent to trustees of schemes providing DC benefits that are not expected to be exempt from the new requirements.

The emails will encourage trustees to assess their ability to comply with the new standards and begin preparing for future regulatory requirements.

TPR said further communications will be issued as requirements evolve, while roadmap publications from the Department for Work and Pensions (DWP) and TPR are expected shortly, setting out more detail on the act's implementation.

TPR director of DC and master trust supervision, Kim Goodall-Brown, warned that trustees "cannot afford to stand still" following the passage of the Pension Schemes Act.

The Pension Schemes Act introduces a number of new legal duties for DC schemes, including value for money (VFM) assessments, requirements to provide default guided retirement solutions, small pot transfer obligations and minimum scale requirements for DC master trusts.

Goodall-Brown noted that the reforms would change the dynamic for DC trustees, who have traditionally focused on accumulation and, in many cases, prioritised low costs over broader value.

"From the first contribution through to retirement, there are higher expectations on trustees to achieve better outcomes," she stated.

TPR also warned that not every scheme will meet the new standards, noting that its data shows master trusts and larger single-employer schemes are better placed to deliver good outcomes.

Goodall-Brown said smaller schemes could still deliver good outcomes, but stressed that the bar is rising.

"Operating a smaller scheme is becoming more complex, more demanding, and more resource-intensive.

"The market is consolidating rapidly. The inescapable trend is towards fewer, larger schemes that can deliver stronger investment performance, higher governance standards and an improved member experience."

Indeed, TPR's *2025 DC landscape* data showed 15 per cent fall in the number of non-micro DC and hybrid schemes over the past year, with the decline concentrated among schemes with fewer than 5,000 members.

The regulator stressed that trustees should now assess whether their schemes can meet the higher legislative standards, or whether members would benefit from consolidation into a scheme with greater scale, value and governance.

Where trustees decide to continue running a scheme, TPR said they should be ready to demonstrate strong governance, reliable data, a clear path to meeting the new requirements and a credible way to support members into retirement.

"The direction is clear: stronger governance, better data and supporting members into retirement are now essential," Goodall-Brown stated.

"Review your scheme. Close gaps quickly. If they are too large, consider if another route could serve members better.

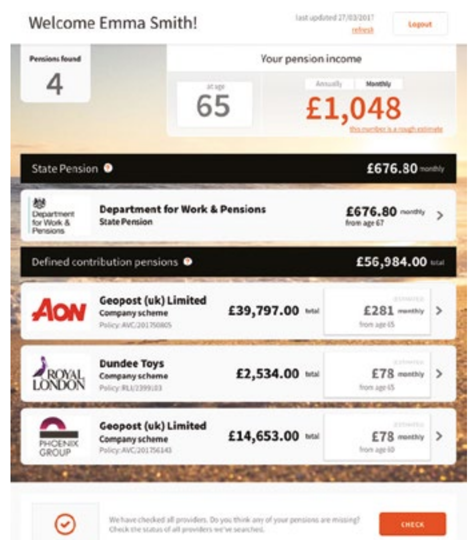
"The key question is not 'can we carry on as we are?' but 'what is the best route to good outcomes for members?'

"Our message is to start now, consider the options, and act in your members' best interests."

Written by Callum Conway

PDP extends mandatory daily dashboards data reporting deadline

The daily disclosure of data to the Money and Pensions Service, via application programming interface software, will now be required from 1 March 2027



The Pensions Dashboards Programme (PDP) has extended the deadline for the implementation of daily dashboards data reporting from pension providers and schemes.

Under the updated timeline, the daily disclosure of data to the Money and Pensions Service (Maps) via application programming interface (API) software, in accordance with the updated reporting standards, will be required from 1 March 2027.

In January, the PDP published a consultation on its updated pensions dashboards reporting standards, seeking views on proposals to implement daily data reporting.

Its reporting standards outline requirements for pension providers and schemes for generating and recording information, and reporting it to the Money and Pensions Service (Maps), to support the dashboards ecosystem and regulators' functions.

In its response to the consultation, the PDP recognised that the initially proposed implementation date of 30 November 2026 was "compressed" and left little room for unforeseen circumstances arising throughout implementation that may cause delays.

The consultation also raised concerns from industry stakeholders about the potential risk of inadvertent non-compliance with the original deadline.

"We have listened to the concerns expressed that the proposed deadline would carry the risk that not all of industry may comfortably be able to expect to have completed implementation in time," the PDP stated.

"It is clearly important that industry has a reasonable opportunity to comply."

The programme said the extension would appropriately reduce the risk that some of the industry would not be able to have completed implementation ahead of the deadline and ensure it had ample opportunity to comply.

However, to ensure Maps and delivery partners can see key reporting data as early as possible, the PDP intends to require some manual reporting from autumn 2026 for any directly connected organisations that were yet to implement daily reporting.

"We have listened to the concerns expressed that the proposed deadline would carry the risk that not all of industry may comfortably be able to expect to have completed implementation in time"

"Manual reporting is the submission of data via file upload, as directly connected organisations have done already to report pension provider and scheme coverage," the PDP explained.

This manual reporting will be made at to-be-confirmed regular intervals, in addition to the existing requirement to provide coverage data on request.

The PDP said it would confirm the precise requirements of the manual reporting in due course.

"We consider that our proposed approach to managing voluntary implementation *[of daily reporting]* of parties through a structured testing and assurance process in sequence, as soon as they can, from the summer, remains the right way to proceed," the PDP added.

"This will ensure key reporting data is flowing through to Maps and regulators at the earliest opportunity.

"Since publishing the consultation, we have finalised and made available the test harness to support the first testing stage of system testing, and we are on track to support integration testing by the end of June.

"It remains our intention therefore that all parties should be able to report daily before the end of November 2026 and we remain fully committed to supporting this."

Written by Jack Gray

FRC issues finalised guidance for pension actuaries on *Virgin Media* ruling

The guidance is designed to help scheme actuaries provide retrospective confirmation under the Pension Schemes Act "in a proportionate manner" and to promote consistency across the industry

Pensions UK has published the latest iteration of its Retirement Living Standards (RLS), revealing that pension savers will need more money in retirement for their expected lifestyle amid rising living costs.

The standards, calculated by the Centre for Research in Social Policy, Loughborough University, are updated annually and aim to help people understand what they will need to save for different lifestyles in retirement.

For a 'minimum' retirement lifestyle, pensioners will need £13,900 a year for a one-person household and £22,500 a year for two people, up from £13,400 and £21,600 respectively.

Meanwhile, the 'moderate' RLS has risen from £31,700 to £32,700 for one-person households, and for two-person households it has increased from £43,900 to £45,400.

The 'comfortable' RLS has also risen, from £43,900 to £45,400 for one-person households and from £60,600 to £62,700 for two-person households.

Pensions UK said the figures reflected increased everyday costs across spending categories, including food, essential household bills, and transport, alongside social activities and hobbies.

The association expected approximately 82 per cent of the working population to meet the minimum RLS, while just 23 per cent were forecast to reach the moderate standard and 9 per cent were expected to reach the comfortable RLS.

"The latest update to the RLS underlines a clear reality for many

people, today's saving levels will not be enough for the retirement they expect," said Pensions UK executive director of policy and advocacy, Zoe Alexander.

"It is expected that around 82 per cent of people reaching a minimum standard of living, but far fewer will go beyond that.

"That is out of step with what people expect for their future. Without action, too many risk facing a cliff-edge drop in income when they stop work. The government is right to be considering whether minimum contributions need to rise through the work of the Pensions Commission.

Industry figures stated that the RLS provided a 'timely reminder' of the growing challenge savers are facing to have the income needed to meet their lifestyle expectations in retirement.

Responding to the latest RLS, Quilter calculated that a single person would need a pension pot of £691,000 for a comfortable retirement.

This falls to £413,000 for a moderate lifestyle, while the minimum standard can largely be met by the state pension alone, with only limited additional savings required.

"While most people are on track to cover the basics, far fewer are likely to achieve the level of flexibility and financial security many would aspire to," said Quilter head of retirement policy, Jon Greer.

LCP co-head of consolidation and DC team partner, Lydia Fearn, added that the updated standards provided a valuable and timely reminder of the gap between the retirement many people aspire to and what current savings levels are likely to deliver.

"As the Pensions Commission considers the future of automatic enrolment, these findings reinforce the need for collective action across government, employers and the industry to improve retirement adequacy and help more people achieve the outcomes they expect in later life," she noted.

Meanwhile, St. James's Place head of advice, Claire Trott, said the RLS underlined the growing challenge facing savers, with the cost of retirement rising across the board.

She highlighted that, unlike some previous updates to the RLS, costs have increased across the minimum, moderate and comfortable standards, reflecting the continued pressure on household finances.

Pensions UK's development of the RLS is supported by the 'Friends of the RLS', who help fund the research to keep the standards up to date: LCP, L&G, Mercer, Railpen, Retirement Line, Royal London, Standard Life, TPT Retirement Solutions, Travers Smith, USS, West Midlands Pension Fund, and WTW.

Written by Jack Gray

Government to review FAA rules following Stagecoach pension transfer

The DWP will consult on whether Flexible Apportionment Arrangement rules should be strengthened following the transfer of the Stagecoach Group Pension Scheme to Aberdeen

The government has announced plans to review Flexible Apportionment Arrangement (FAA) regulations following the landmark transfer of the Stagecoach Group Pension Scheme (SGPS) to Aberdeen.

In a statement, Pensions Minister, Torsten Bell, confirmed that the Department for Work and Pensions (DWP) intends to consult on whether existing FAA regulations should be strengthened after a "novel use" of the mechanism enabled the asset manager to assume responsibility for the liabilities and assets of a DB pension scheme.

The transaction, completed in December 2025, saw Aberdeen take on sponsorship of the SGPS through an FAA, becoming the first asset manager to use the mechanism in this way.

At the time, the deal was hailed as a significant development in the DB market, with supporters arguing it could provide an alternative route for well-funded schemes seeking improved member outcomes and long-term security.

However, Bell noted that although the transaction complied with existing legislation, it was undertaken in a manner not envisaged when FAAs were introduced in 2012.

"We therefore intend to review this area of legislation to ensure the regulatory standards and safeguards evolve and keep pace with the innovation we are seeing in the pension market," he said.

Bell added that the review would consider whether additional protections were needed where mechanisms such as FAAs were used in ways that involve the commercial operation of DB pension schemes.

The minister pointed to the Pension Schemes Act 2026, which introduced a statutory framework for DB superfunds, noting that the legislation included safeguards to ensure that the interests of commercial operators align with those of scheme members.

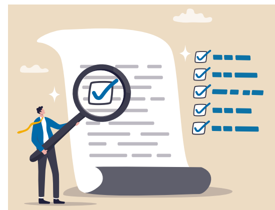
"This contrast highlights the importance of considering whether additional safeguards are required where other mechanisms, such as FAAs, are used in ways that similarly involve the commercial operation of DB pension schemes," he continued.

"We… intend to review this area of legislation to ensure the regulatory standards and safeguards evolve and keep pace with the innovation we are seeing in the pension market"

"We will therefore consult in due course on whether and how existing FAA regulations could be strengthened."

Bell emphasised that the government wanted to support innovation that could improve member outcomes, but argued that regulatory frameworks must evolve alongside new business models.

"Where providers are looking to run schemes for profit, this can work in scheme members' interests but regulatory standards and safeguards must evolve to match the new risks this creates," he stressed.



Responding to the announcement, LCP partner, Steve Hodder, who led the consultancy's advice to Stagecoach on the transaction, welcomed the government's intention to review the framework.

"We are supportive of having the right pragmatic safeguards in place to support the interests of scheme members, which mirrors how the Stagecoach process was advised and run," he said.

"We therefore welcome the DWP taking action to consider how to 'level up' the formal requirements sitting behind FAAs – to ensure that schemes following the Stagecoach route manage the interests and potential risks as thoroughly as in this pioneering case, alongside giving members the potential to benefit from improved outcomes."

Hodder also backed the government's broader approach to encouraging innovation within the DB market.

"Innovation, choice and competition can be a real positive for consumers," he stated.

"It's great to see the Pensions Minister embracing that, and the potential for the UK's DB schemes to improve outcomes for all stakeholders."

Written by Callum Conway

News in brief

Pensions Age summarises some of the latest news in the pensions industry, including new key pieces of research, the latest changes in the market and the continued activity in the de-risking market

A changing market

There have been several acquisitions and shifts in the landscape within the UK pensions market in June:

- A group of some of the UK's largest master trusts have formed Pathfinder, a steering group aiming to explore ways to improve pension transfers for members and support a more scalable transfer process across the sector.
- An employer-led group established the National Coalition for Workplace Savings as part of the government's Financial Inclusion Strategy.
- Aviva received regulatory approval from the Financial Conduct Authority to provide targeted support to its customers.
- Scottish Widows is set to move all its Letter of Authority (LoA) servicing through Origo's Unipass LoA digital channel, becoming the first major UK provider to mandate a single digital channel for LoAs.
- The James Neill Pension Plan completed a capital-backed investment transaction with Portunes Pension Capital, marking the second capital-backed funding deal in the UK pensions market.
- XPS Group agreed to acquire actuarial consultancy APR Actuarial Solutions for an undisclosed amount.
- The Governance for Growth Investor Campaign launched a new industry working group with the International Corporate Governance Network (ICGN) to develop guidance on voting outcome disclosures for companies with dual-class share structures.

De-risking momentum continues

The momentum in the de-risking market slowed but continued in June:

- The Hartwells Pension Plan (1971) completed a £160m full-scheme buy-in with Just Group, securing the benefits of 1,689 pensioners and 672 deferred members.
- The Lowman Pension Scheme secured a £10m full-scheme buy-in with Legal & General (L&G). The transaction covers the benefits of all 115 uninsured members, comprising 52 deferred members and 63 pensioners.
- An energy industry pension scheme completed a £55m buy-in transaction with Canada Life, securing the benefits of more than 250 pensioners and 450 deferred members.
- The Royal Institute of British Architects 1974 Staff Pension Scheme completed a £35m buy-in with Pension Insurance Corporation (PIC), securing the benefits of 168 members.
- The Royal Institute of British Architects 1974 Staff Pension Scheme completed a £35m buy-in with PIC, securing the benefits of 168 members.
- The Macfarlane Group PLC Pension & Life Assurance Scheme (1974) completed a £53m buy-in with Royal London. Following the buy-in, all the scheme's liabilities will be fully insured.

New and updated products

Over the past month, there has been a surge in new product launches. This included:

- Quilter launched a new targeted support offering through Quilter Invest.
- The Pensions Administration Standards (PASA) Association published new guidance to strengthen career development and progression across pensions admin.
- Standard Life (SL) rebranded its institutional investment platform from Phoenix Corporate Investment Services to SL Corporate Investment Solutions.
- Wealth at Work launched a retirement guidance service to help schemes and employers support members approaching retirement.
- The Money and Pensions Service launched a guide aimed at helping people better understand their retirement options.
- Isio launched a framework aimed at helping Local Government Pension Scheme funds and employers understand and compare prudence in contribution setting.
- PASA published guidance aimed at supporting schemes, providers, and administrators with monitoring ongoing compliance with pensions dashboards requirements.

Appointments, moves and mandates


Lewis Brown

The Association of Member Nominated Trustees (AMNT) has appointed Lewis Brown as vice chair.
He has held several roles at Transport for London (TfL) since 2006 and has also served as a member nominated trustee for the TfL Pension Fund since 2010. He chairs the Audit and Risk Committee and sits on both the Operations and Investment Committees. He became a member of the AMNT in 2020 and joined the AMNT Management Committee in 2025. Brown will work alongside AMNT's current co-chairs, Maggie Rodger and John Flynn, with the aim of helping to ensure that the interests of scheme members remain central to government and regulatory thinking.


Scott Wright

Cartwright Pension Trusts has appointed Scott Wright as senior pensions administrator.
Wright joins Cartwright Pension Trusts from First Actuarial and has more than seven years of experience in the pensions industry, working across both defined benefit (DB) and defined contribution (DC) schemes. He previously worked for Capita and has supported a range of pension arrangements throughout his career. Throughout his career, he has worked with trustees, employers and members across a variety of schemes, developing expertise in pension administration, member services and project delivery. He is currently studying for the Advanced Diploma in Retirement Provision.


James Fouracre

Nomura Asset Management has announced the appointment of James Fouracre as head of UK institutional.
Fouracre will report to Douglas Stewart, head of distribution EMEA. His responsibilities include leading the firm's UK institutional distribution strategy, driving growth, and strengthening client and consultant engagement to deliver solutions-oriented expertise. He joins Nomura Asset Management from Ruffer, where he served as head of defined contribution before his role expanded to encompass global consultants' strategy and the firm's global retirement offering. Prior to this, he has held senior global and regional distribution roles at HSBC Asset Management and positions at Tullet Prebon and Castlestone Management.


Greg Smith

LGPS Central has appointed Greg Smith as chief of staff.
Smith joins LGPS Central from Local Pensions Partnership, where he held senior roles including director of strategic programmes and group company secretary. His experience spans governance, legal, strategic programmes and business development and has a strong track record of supporting organisational delivery across the Local Government Pension Scheme, including time spend at London CIV. In his new role, he will work closely with chief executive, Richard Law-Deeks, as well as the Executive Committee and colleagues across the business. The appointment supports the organsation's focus on building the leadership, governance and organisational capability.


Ben Gunnee


Tracey McDermott


Chris Hitchen

Pensions Minister, Torsten Bell, has appointed three new members to the board of The Pensions Regulator (TPR).
TPR executive director, market oversight, Ben Gunnee, was appointed to the board alongside two non-executive directors, Tracey McDermott and Chris Hitchen. Announcing the new board members, TPR said the three were joining at "a pivotal time", with the Pension Schemes Act 2026 set to bring about significant changes to the industry, and the Pensions Commission's interim report highlighting challenges faced by UK pensions ahead of its final recommendations, due to be published next year. TPR interim chair, Kirstin Baker, said she was "delighted" to welcome Gunnee, McDermott, and Hitchen to TPR's board. "They bring strong leadership experience and deep pensions, regulatory and financial services expertise that will complement existing board skills and support our new chair Emma Douglas when she joins next month," she added. Gunnee joined TPR in February as interim executive director, market oversight, before being made permanent. He has held previously held senior leadership roles at Mercer, Cambridge Associates and Gresham House, and worked in pensions regulation for the Pensions Investment Authority (now the FCA). McDermott, who is a lawyer by background and spent 15 years at the UK FSA/FCA culminating as acting CEO. Meanwhile, Hitchen has over 30 years of experience in investments and pensions, including as Railpen CEO and, most recently, Border to Coast chair.


Kerry Baldwin


Ruth Handcock


Robin Murray


Piers Lowson

The British Business Bank has announced several changes to its staff, including that Louis Taylor will be stepping down as chief executive at the end of September, the appointment of four new non-executive directors and the reappointment of a non-executive chair.

Taylor will remain as chair of British Business Bank Investment Services Limited, the bank's regulated third-party arm, which provides investment services to clients, until the end of December 2026. British Business Bank chief financial officer, David Hourican, will take on the role of interim chief executive officer from 1 October 2026. Hourican joined British Business Bank in December 2022 and has experience in financial services in the UK and internationally. The recruitment process to identify Taylor's successor will launch shortly. The British Business Bank has also appointed Kerry Baldwin, Ruth Handcock and Robin Murray as non-executive directors to the board of British Business Bank plc, and Piers Lowson to the board of British Business Bank Investment Services Limited. Each term will last for three years from the date of appointment, at the end of which they may be appointed for another three-year term. In addition to this, the government has confirmed the reappointment of Stephen Welton as non-executive chair of the Bank for a second three-year term, from 5 October 2026.

The Church of Scotland Pension Schemes has appointed XPS Group to provide full administration services.

The mandate covers the Church of Scotland Pension Scheme for Ministers & Overseas Missionaries, the Church of Scotland Pension Scheme for Staff, and the Church of Scotland Pension Scheme for Ministries Development Staff, with XPS set to provide administration, pension payroll and accounting services for around 4,200 members. The decision followed a trustee review that identified potential efficiency gains and cost savings through outsourcing as the schemes progress towards wind-up. XPS has provided actuarial and investment advisory services to the schemes since 2021. XPS partner and relationship manager, Alasdair Gill, said the firm looked forward to delivering a high-quality administration service during the scheme's next phase.


Nick Johnson

Standard Life has appointed Nick Johnson as managing director for direct-to-customer within its pensions and savings business.

Johnson took up his new role on 6 July from NatWest Group, where he spent 13 years in a range of senior roles, most recently as managing director, digital investing at Coutts. He has over 25 years of experience across pensions, investments, and advice. He will report to Standard Life CEO of Pensions & Savings, Angela Byrne, and will join the Pensions and Savings Leadership team. In his new role, he will focus on aligning the group's customer proposition with its digital capabilities to improve customer engagement.


Wendy Neller

Apita has appointed Wendy Neller as senior consultant.

Neller has been appointed to enhance Apita's expertise across pension scheme operations, governance and regulatory strategy – including within the Local Government Pension Scheme (LGPS). She brings more than 26 years of experience in the pensions industry, spanning administration, governance, strategy and regulatory oversight. She began her career with Mercer before moving to Equiniti, where she developed her expertise across administration and client project delivery. She has also held roles at The Pensions Regulator, East Sussex Fire Authority and East Sussex County Council.


Dan Thomas

Isio has appointed Dan Thomas as chief executive officer, effective 1 September.

Thomas joins Isio with over two decades of leadership experience spanning professional services, consulting, outsourcing, and growth transformation. In his career he has held several senior leadership roles at KPMG, Dell, Huntswood and the Management Consulting Group. In addition to this, he has worked closely with several private equity backed businesses, advising on growth strategy, commercial transformation and arficial intelligence-enabled professional services. Thomas succeeds Andrew Coles, the current chief executive officer.

Diary: July 2026 and beyond

Pensions Age Autumn Conference
17 September 2026
The Waldorf Hilton, London
The Pensions Age Autumn Conference returns to London, bringing together the pensions industry for a day of insight. The conference will explore a variety of topics that are prevalent in the industry through expert presentations, panel discussions and interactive Q&A sessions with those shaping the future of UK pensions. Join us in London to hear from regulators, industry bodies and leading experts, and to reconnect with peers from across the pensions community.
pensionsage.com/autumnconference

Pensions UK Annual Conference
13-15 October 2026
LEX, Liverpool
The Pensions UK Annual Conference is where the pensions community comes together to share ideas, challenge thinking and connect with peers from across industry, government and regulation. The 2026 event promises a programme of world-class sessions on every aspect of pensions, from communications and engagement to investment and regulatory updates.
pensionsuk.co.uk/events/conferences

Irish Pensions Awards
4 November 2026
The Round Room at The Mansion House, Dublin
Now in its 15th successful year, the Irish Pensions Awards continue to go from strength to strength, giving well-deserved recognition to those pension funds, providers, advisers and professionals who strive to maintain the highest standards of excellence and professionalism in everything they do, despite the challenging economic and political landscape in which they find themselves operating.
europeanpensions.net/irishawards

Pensions Age Awards 2027
23 February 2027
Grosvenor House, London
The 14th annual Pensions Age Awards aim to reward both pension schemes and providers across the UK that have proved themselves worthy of recognition in these increasingly challenging economic times. The awards are open to any UK pension scheme or provider firm that serves a UK pension scheme. Entries opened in July and the deadline runs until 9 October, with firms invited to enter multiple categories by submitting each entry via the online form on the website.
pensionsage.com/awards

Visit www.pensionsage.com for more diary listings

Don't forget...

DWP call for evidence on AE in workplace schemes
27 July 2026
The Department for Work and Pensions' (DWP) call for evidence seeking views on whether the alternative benefit quality requirements for UK DB, hybrid, and CDC schemes are operating as intended closes.

www.gov.uk/government/consultations

VIEW FROM THE SPP: Covenant monitoring – compliance exercise or critical safeguard?

There has been significant focus on covenant assessments under the new funding regime in a valuation context. Looking beyond that, robust ongoing covenant monitoring becomes even more valuable to manage risk, control, cost and ensure member security.

Proportionate ongoing covenant monitoring sits at the heart of the new funding regime, underpinning a scheme's journey plan to delivering its long-term funding objective. As schemes become better funded, the focus shifts from detailed assessment to targeted, risk-based monitoring, aligned to individual circumstances. This message is underlined in TPR's *2026 Annual Funding Statement,* with the importance of ongoing covenant monitoring highlighted.

Monitoring should centre on the statutory employer(s), with emphasis on sustainable cashflows, plus any contingent asset support, as the primary indicators of covenant strength.

Employer engagement is essential, through clear and agreed information protocols. Information should be timely and provide sufficient detail to help identify emerging downside risks early.

It is also important that trustees continue to monitor events such as special dividends, refinancing, group restructuring and M&A for material detriment purposes, and to assess any impact on supportable risk, and covenant reliability and covenant longevity periods.

Proactive monitoring is essential to managing risk, ensuring funds continue to secure and deliver member benefits.

The Society of Pension Professionals
making pensions work

SPP member, Dipesh Patel

VIEW FROM TPR: Trustees should prepare now for the new DC pensions era

The Pension Schemes Act 2026 is a step change. Schemes need to consider if they can meet new legal duties relating to value for money assessments, guided retirement solutions and small pot transfers.

TPR has launched the first phase of a communications programme to support schemes through these changes, including direct email and a new Pension Schemes Act webpage where they can find more detail on what they need to know.

The DC market is consolidating rapidly – by 15% last year. Our data shows that larger single-employer schemes and master trusts are better placed to deliver good outcomes.

For many smaller schemes, the higher bar will prove challenging. Trustees will need to demonstrate strong governance, reliable data and a credible approach to supporting members into retirement. They should carefully consider if they can make the changes needed to meet higher legislative standards – or whether members would benefit from transferring to another scheme. I encourage trustees to challenge existing assumptions. The question is not whether a scheme can continue as it is today, but what is the best route to good outcomes for members.

The direction is clear. Trustees should assess their options now, address any gaps and focus on what is in your members' interests.

TPR director of DC and master trust supervision, Kim Goodall-Brown

VIEW FROM PENSIONS UK: Adequacy and retirement outcomes

The Retirement Living Standards continue to provide savers with a practical guide to the reality of retirement living standards. With the release of this year's figures, we are also using them to underscore the urgency of the under-saving issue.

The 2026 update reinforces the reality that many people are not saving enough to achieve the retirements they expect. The Minimum Retirement Living Standard in particular, has become a credible, evidence-based reference point for discussions about what constitutes an adequate retirement income.

Shortly after, Pensions UK published *Closing the gaps: can flexible contributions make retirement savings more affordable?* This independent research project explores ways to increase pension contributions while recognising the affordability pressures facing many savers. The research tested a range of policy options and concluded that no single reform delivers adequacy, affordability and fairness simultaneously.

Instead, it highlights the trade-offs policymakers will need to navigate in creating the future pensions settlement for the UK. The evidence supports our long-standing position that contribution levels ultimately need to increase to improve retirement outcomes, but it also shows that careful policy design and delivery are essential to avoid creating risks for lower income savers, or additional burdens for already-stretched employers.

Pensions UK head of strategic policy and research, Matthew Blakstad

VIEW FROM THE PMI: Why pension adequacy demands a new approach

What does 'adequate' saving really mean?

Adequacy cannot be a fixed target; it's a balance between present pressures and future needs. People are navigating rising living costs, housing challenges, and family responsibilities.

Expecting them to increase contributions without addressing affordability risks disengagement. We need a system that recognises these realities and helps individuals build resilience – both now and for later life.

Incremental contribution pathways, better financial education, and supportive employer practices could help savers grow confidence and capacity over time.

Our Lifetime Savings Initiative calls for a more joined-up approach to financial wellbeing across the savings journey, and supports the concept of emergency savings.

Ultimately, adequacy is about fairness and sustainability. If we can design a system that reflects how people actually live and save, we'll not only improve outcomes but strengthen trust in pensions as a cornerstone of long-term financial wellbeing.

This must be done alongside strong governance, capability and professional standards if it is to deliver lasting value for savers. We are working with policymakers and practitioners to explore these solutions – ensuring that adequacy becomes achievable, not aspirational.

PMI chief strategy officer, Helen Forrest Hall

VIEW FROM THE AMNT: State pension adequacy

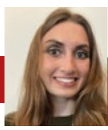
In the UK pensions industry, many people extol the virtues of adequacy or saving enough for a decent pension in retirement *[normally at some time 20 to 40 years into the future]*. However, some of the same people say nothing about adequacy in retirement today.

The current state pension, on its own, does not provide protection against rising costs or allow pensioners to keep up with advances in technology. 1.2 million UK pensioners *[12.5 per cent of the whole pensioner population]* rely solely on their state pension and state entitlements for their entire income. A further 21 per cent survive on a combination of their state pension and housing benefit, meaning many live on very tight budgets well below minimum retirement standards; this is anything but adequate.

History shows that when governments allow citizens welfare benefits to fall in value this can drive social unrest and dislocation. This in turn can damage the investments working to provide future pensions. So, to ignore or to turn a blind eye to adequacy in 2026 may not get one the results that one may think it could.

Turning back to the world of private pensions and the issue of how much people should save for better pensions in the future, it is beyond doubt that savings rates across the board must rise now. Otherwise, many millions more will be condemned to a bleak life in retirement.

AMNT co- chair, John Flynn



VIEW FROM THE ABI: releasing surplus not to be taken lightly

The DWP's proposals to introduce greater flexibility for trustees to extract surplus from DB schemes seek to "unlock value for both employers and scheme members". However, is accessing surplus the best way to do it?

The government's estimation that £160 billion exists in surpluses at the low dependency threshold is a stark contrast to the £11.2 billion that it expects to be released over a 10-year period. Why the contrast? DB trustees have a responsibility to their members (and, ultimately, to their scheme rules) and will remain liable for any decisions they make up to their endgame buyout. This means there is a lot on the line for trustees.

Would trustees be right to be risk-averse about surplus? According to PPI's research, this decision is not to be taken lightly, with the risk of falling below full funding increasing dramatically when surplus is extracted: reducing funding from 120% to 105% increased the probability of a scheme falling below full funding from 26% to 70% over a 25-year period.

These losses could be exacerbated when considered against increasing levels of financial pressure on businesses. The shocks which create deficits could also damage an employer's finances, making the requirement to top up the pension scheme's shortfall even more burdensome, potentially undoing the short-term gains of surplus extraction for both employers and scheme members.

ABI long-term savings policy adviser, Robyn Smith

VIEW FROM THE PPI: Done? Not quite – the next chapter in pensions reform

So the Pension Schemes Bill is now an Act. Does that mean all our questions about guided retirement, the value for money framework, small pot consolidation, megafunds, or DB surplus release have been fully resolved… (and I'm not mentioning mandation). No, not quite, but the policy process is not yet complete, as the next task is the development of regulations that go alongside legislation, and these will provide the detail necessary to make the changes a reality.

As ever, the PPI has provided some helpful research outputs to support this process, with reports recently issued on DB surplus, megafunds, and guided retirement.

That's all on top of the Pensions Commission's interim report, which challenges us all to think about adequacy, particularly for the self-employed and later life renters (and one of the ways we're supporting that work is through our low-earners series of reports). The PPI is also planning our own research for the rest of the year, and at our virtual Research in Focus showcase on 23 July we'll present some exciting opportunities to fund new research projects, as well as providing an overview of our recent work. So, if you want to support PPI to address evidence gaps in home equity release, IHT, single and no-children pensioner households, fiduciary duty or some other area – get in touch and come along!

PPI deputy director, Suzy Morrissey

VIEW FROM THE PPF: Terminal illness payment changes come into force

The Pension Schemes Act 2026 contained a suite of changes which improve outcomes for Pension Protection Fund (PPF) and Financial Assistance Scheme (FAS) members and our levy payers.

Attention has understandably focused on the changes to pre-97 indexation and the measures on PPF specific levies. One of the lesser noticed changes was in relation to the terminal ill health payment rules.

Under previous rules, our members were required to provide medical evidence showing they were expected to live for less than six months before we were able to make a terminal ill health payment.

The change in the Act has extended that from six months to 12 months, bringing rules in line with DWP social security payment rules.

This may sound like an insignificant technical change, but it really matters to those members it will support in the future.

For people facing the end of their life, delays in accessing support can add unnecessary stress to an already difficult situation. This welcome change means eligible members can receive their payments sooner, at a time when it matters most. It gives more flexibility, certainty and greater peace of mind.

We trust that it will provide better support to some of our most vulnerable members, so that they can focus on the things that really matter, and less time worrying about their finances, when they're facing the end of their life.

Pension Protection Fund

PPF chief customer officer, Sara Protheroe

VIEW FROM TSWG: Providing an alternative to TCFD

I have become convinced that the UK has a unique opportunity to mobilise pension scheme assets to support both economic growth and the climate transition.

Climate-related reporting requirements such as TCFD are, in my view, no longer driving meaningful action. Instead, they consume substantial time, money and expert resource, often resulting in reports that are read by very few people.

At the same time, the UK has a strong pipeline of innovative companies, climate solutions, biodiversity projects and energy infrastructure opportunities that require long-term capital. Pension schemes could play a crucial role in financing these investments while generating attractive long-term returns for members. Yet barriers remain, including lack of familiarity with private markets, resource constraints and limited confidence among smaller schemes.

My proposed 'silver bullet' is to offer an alternative to the existing TCFD and implementation statement requirements, replacing them with practical transition plans. This would free sustainability experts to focus on education, collaboration and investment solutions, helping unlock pension capital for UK productive assets, accelerate climate action and support the growth of future UK unicorns. We have already produced an example for a £5 million index tracking scheme which would identify more actions than Implementation Statements for one-third of the cost.

TSWG chair, Bobby Riddaway

TS Trustee Sustainability Working Group

VIEW FROM THE ACA: DB scheme funding

We published new research showing that most UK DB pension schemes are already well funded and clear on their long-term plans – with the new funding regime seen primarily as a compliance exercise rather than a driver of change.

We call for TPR to urgently simplify its submission for schemes to comply with the statement of strategy requirements. Based on 156 responses from scheme actuaries across a wide range of UK pension schemes, the survey highlights a system that is largely progressing towards endgame strategies such as buyout or running on, with limited influence from the new regulatory regime.

The findings suggest that the DB system is largely well funded, the new funding regime is seen as administrative rather than transformative, and surplus flexibility may become the more important policy lever in shaping future behaviour. The survey also finds early evidence that new surplus flexibilities under the Pension Schemes Act 2026 are prompting discussions, particularly among larger schemes.

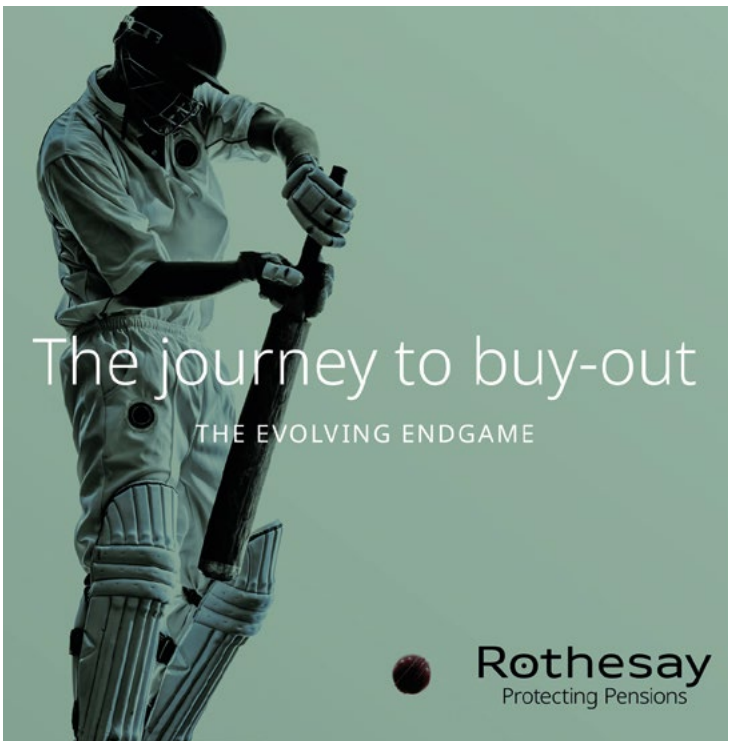
What is interesting is surplus reforms are starting to shape conversations between pension schemes and employers. The devil will be in the detail as the DWP's regulations and TPR's associated guidance are formed. We look forward to helping shape a clear, workable DB surplus-release regime which properly balances the release of surplus with adequate clarity and confidence for employers, appropriate safeguards to members' benefits, and aligns appropriately with trustees' duties.

ACA chair, Chintan Gandhi

ACA ASSOCIATION OF CONSULTING ACTUARIES

The journey to buy-out: The evolving endgame

Rothesay launches its fifth publication of *The journey to buy-out*



DB schemes in the UK have entered a new era. A vibrant bulk annuity market remains the foundation for those schemes wishing to de-risk; however, stronger funding positions have meant that the market has evolved. And so too have the questions facing trustees, sponsors and advisers. Increasingly, the debate is not simply about reaching buy-out, but about what the right long-term destination looks like, how to get there, and what good member experience really means.

Against this backdrop, Rothesay has brought together a collection of articles from leading figures across the industry, exploring the themes, opportunities and challenges currently shaping today's BPA market: from the evolution of the market itself to predictions for what comes next. Further, as Rothesay enhances its offering for schemes below £100 million, this year's publication examines how the industry continues to adapt to meet the needs of schemes of all sizes.

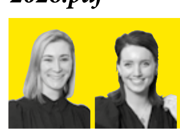
Some of the authors consider the changing regulatory and strategic landscape, including consolidators and the current debate around run-on versus buy-out. Others explore the practical realities of transactions, such as the role of custodians, AVC considerations and the decisions schemes face when determining exactly what to insure. Meanwhile, emerging topics such as anti-obesity medicines and their potential impact on longevity demonstrate how the future landscape might evolve.

Member experience has always been important, however stronger funding positions have meant that trustees can now afford to choose their long-term insurance partner not just on price but also on the care and service their members will receive after buy-out. Articles on member experience, insurer service standards and Lasting Power of Attorney highlight the growing importance of post-transaction outcomes and the responsibilities that continue long after a deal completes. In that same spirit, we explore how Nest has helped create a blueprint for the future of retirement, reshaping expectations across the industry.

We also widen the lens internationally – in Chapter 5 we explore bulk annuity and pension risk transfer markets across the US, Japan, Germany, Canada and the Netherlands.

This is Rothesay's fifth publication of *The journey to buy-out* – thank you to all of the industry experts who contributed. We hope the insights shared throughout this publication inform, challenge and encourage discussion as the market continues to evolve.

You can read the publication here: ***https://pensionsage.com/pa/pdfs/rothesay-the-journey-to-buy-out-2026.pdf***



Written by Katie Overton and Róisín O'Shea, Business Development, Rothesay

In association with Rothesay Protecting Pensions

Sponsored by:

Arc Pensions Law
British Business Bank
JUST.
LCP powering possibility

Pensions Age Northern Conference: Meeting the challenges of a new pensions world

The new Pension Schemes Act, the push towards megafunds, the role of private markets, the journey to endgame, decisions around surplus, pensions adequacy challenges, and the arrival of dashboards – these were just some of the hot topics on the agenda at this year's Pensions Age Northern Conference

The popular Pensions Age Northern Conference returned once again this year, providing a valuable forum for insight, debate and knowledge-sharing at one of the most dynamic times in UK pensions history. A record number of trustees, scheme managers, consultants and providers gathered at the Park Plaza Leeds to hear from industry experts, participate in Q&A sessions, and connect with colleagues and peers from across the pensions sector, with hot topics including pension reform, endgame strategies, pensions adequacy and dashboards all up for discussion.

Among the highlights were the opening and closing keynote addresses delivered by The Pensions Regulator (TPR) director of trusteeship, administration and DB supervision, David Walmsley, and Pensions Dashboards Programme (PDP) industry principal, Chris Curry. The diverse agenda also featured contributions from leading industry associations, interactive audience discussions, real-world case studies, fireside chats, and expert analysis from consultants, trustee firms and investment specialists who all play a pivotal role in shaping the UK pensions landscape.

Association of Pension Lawyers chair, Matthew Swynnerton, did an excellent job of chairing the conference, encouraging lively discussion and debate throughout the day.

We extend our sincere thanks to our chair for taking the time to steer the event, to our sponsors and speakers for their involvement, and to all those who attended and contributed to the day's success. We look forward to welcoming the industry once again later this year to the Pensions Age Autumn Conference, taking place in London on 17 September, at London's Waldorf Hilton.

Sponsored by:

L&G Pendragon Vidett trustee.governance.experts

Opening the conference, TPR director of trusteeship, administration and DB supervision, David Walmsley, provided an overview of the latest developments in pensions policy and regulatory practice, reflecting on the implications of the new Pension Schemes Act and broader market trends.

L&G private markets asset allocation investment specialist, Rebecca Burgess, and senior business development director, Paul Gilbertson, took part in a fireside chat, sharing insights, client experiences and case studies on how L&G is making private markets investments more accessible and effective for DC members.

Pensions Policy Institute deputy director, Dr Suzy Morrissey FCA, focused on the significant megafunds reform, requiring multi-employer DC pension schemes to have £25 billion of assets in their default arrangement by 2030; as well as the requirement for schemes to introduce guided retirement solutions for their clients.

LCP partner, Jonathan Griffith, focused on DB surpluses, exploring how surplus is being shared between members and sponsors, where and how it is being released, and the commercial and governance tensions shaping those outcomes.

Sponsored by:

Arc Pensions Law

British Business Bank

JUST.

LCP powering possibility

Just Group senior business development manager, Ross Breckon, revisited the topic of endgame and the associated risks, while also focusing on the emerging innovation in the insurance market, and how these innovations are supporting higher standards and improving member outcomes.

British Business Bank deputy CIO and managing partner, BBB Investment Services Limited, Ian Connatty, explored the investment opportunities emerging from the UK's innovation ecosystem and discussed how the British Business Bank is helping pension funds gain exposure to these opportunities through new routes into venture capital.

Arc Pensions Law associate, Clare Pollard, and partner, Robert Walker, considered the package of potential protection options available to trustees in the context of buyout and wind-up, and looked at how early consideration of these options could help shape the overall journey.

Sponsored by:

Pensions UK head of DC, master trusts and lifetime savings, Philip Brown, used his session to explore the growing challenge of pension adequacy, hot off the heels of the Pensions Commission's interim report.

In this interactive session, Vidett professional trustees, Clare Routledge and Ben Salmons, asked the audience to help navigate them through the challenging world of regulatory change, and reflected on the added value that professional trustees can bring.

PDP and Money and Pensions Service (Maps) industry principal, Chris Curry, closed the conference with an update on pensions dashboards, with insights from recent user testing of the MoneyHelper dashboard. He covered the latest progress on scheme connection and outlined the practical steps that Maps and the wider sector could take to prepare for implementation.

Below the Sky / Shutterstock.com

IPOs blasting off

Summary

- The SpaceX IPO instantly made the company one of the biggest in the world and began a kind of countdown for when – and how close to the top of the list – its shares would appear on the major indices.
- As big investors in passive funds, pensions are likely to become investors in SpaceX by default.
- The indices have taken different decisions on whether to allow SpaceX early entry, given its mammoth size, with S&P 500 standing out for its decision to stick to its standard regulations and only admit SpaceX when it fully meets its criteria.
- Large pension schemes in the US raised concerns over governance within Musk's firm before the float, while another major concern is concentration risk, with the top 10 firms on global equities indices all being big US tech firms.
- Pensions must manage all these risks with careful imprementation strategies.

Sandra Haurant considers how the SpaceX record-breaking IPO will impact indices, and in turn, pension funds' passive investments

One of the main selling points for passive index funds is the ability to offer diversification. Buying into a fund that tracks MSCI World, for example, instantly gives access to the highs, and of course lows, of 1,300 or more company constituents of that index. On the flipside, investors do not get to choose which companies win a place on those indices.

In June, Elon Musk's SpaceX launch immediately made the firm one of the top 10 biggest companies in the world. But the record-breaking initial public offering (IPO) also raised questions around the way in which indices, and the funds that track them, work, and how SpaceX's including on major indices would impact pensions.

SpaceX investors by default?

On the question of whether index funds will quickly become SpaceX investors, AJ Bell head of investment solutions, James Flintoft, says: "The answer depends entirely on which index underpins each fund, because the major providers have taken diverging approaches.

SpaceX's shares are listed on the Nasdaq stock exchange, but this is separate from the Nasdaq-100 index, which underpins a lot of passive funds (the firm was not yet listed there at the time of writing). "Effective 1 May 2026, Nasdaq revised its methodology to allow newly listed companies ranking among the top 40 by market capitalisation to enter the Nasdaq-100 within just 15 trading days of listing. Previously, the waiting period was around three months. SpaceX, at its near $2.7 trillion valuation at the time of writing, comfortably meets the threshold," says Flintoft.

FTSE Russell has also made amendments to its rules to allow fast entry for large newly listed companies its Russell US Equity Indexes and the FTSE Global Equity Index Series. Inclusion in the Russell 1000, an index underpinning many US equity tracker products in the UK, is expected around five trading days after listing, according to Flintoft.

"Meanwhile, MSCI confirmed on 9 June that it will apply its existing rules for early inclusion of large IPOs in its Global Standard Indexes. SpaceX is expected to clear MSCI's size and free-float thresholds without difficulty," Flintoff says. "Passively managed funds tracking MSCI indices hold around $5.8 trillion in assets globally – meaning structural buy orders from those products will flow within weeks of listing."

The notable exception here is S&P Dow Jones, which said ahead of the IPO that it would not change its criteria for the S&P 500. "A company must have traded publicly for 12 months before eligibility and be profitable under Generally Accepted Accounting Principles (GAAP) in the US," explains Flintoft, and he says, SpaceX "fails both tests". In 2024 it reported profits of $791 million, but in 2025 it reported a net loss of $4.94 billion. (It's worth noting, though, that some of S&P's smaller and less tracked indices will relax the rules, including the S&P Total Market Index and the Dow Jones US

Total Stock Market Index.)

Of course, as we know, past performance is not a reflection of future growth, and it is possible that the firm will see exponential growth, meaning that those not invested at the start because their index is not listing the firm could be forgiven for a touch of 'FOMO' (fear of missing out). As Hymans Robertson head of capital markets, Chris Arcari, says: "High-growth companies are often not yet profitable, with valuations reflecting expected future earnings rather than current profits. While we do not provide stock-specific advice, many of today's largest and most profitable companies were initially loss-making. More relevant is the valuation investors assign; elevated valuations have historically been associated with more subdued medium-term returns."

Concern and controversy

Pension schemes' consternation about SpaceX and index trackers began before the IPO took place. In May 2026, the trustees of large public pension schemes in the US wrote a letter to Musk and his executive team detailing "serious concerns" over the 'restrictive' governance structure of SpaceX, for example, the fact that Musk would effectively be "unfireable without his own consent".

Thomas P. DiNapoli, office of the state comptroller for the State of New York, Marcie Frost, CEO of the California Public Employees' Retirement System, and Mark D. Levine, of the City of New York public pension, wrote: "The signatories of this letter, like virtually all public pension funds, hold substantial passive allocations indexed to the broad US equity market. If SpaceX is admitted to the major US equity indices, following its offering, and the company's expected market capitalisation makes that admission a near certainty over time, the signatories and their beneficiaries become holders of SpaceX shares."

On 10 June, two days ahead of the IPO, DiNapoli, Levine, and their counterparts in Illinois and Maryland, wrote another letter, this time to FTSE Russell. Introducing its authors as the trustees for "millions of working and retired public servants"… whose "retirement security depends on the long-term health of the US public capital markets and stability of passive investment vehicles tracking indexes with reliable, tested inclusion methodologies" the letter urged index providers against a "race to the bottom".

"Each provider's decision to relax its standards makes it easier for the next provider to do the same, and the aggregate effect is that trillions of dollars in passive assets are forced to purchase securities that would not have qualified under the rules that existed six months earlier. This would expose clients of index providers and passive investors in the funds tracking those indexes to significant volatility risks," they wrote.

"Most UK DC assets are invested through index tracking global equity strategies, so where SpaceX enters those indices, members are likely to gain exposure automatically"

Balancing act

Whether SpaceX appears among the constituents the major listings quickly or after a wait, it certainly feels like this is a question of 'when' not 'if' stocks will appear as an underlying asset in pension funds' portfolios. XPS defined contribution investment partner, Callum Stewart, says: "Most UK DC assets are invested through index tracking global equity strategies, so where SpaceX enters those indices, members are likely to gain exposure automatically. Initial weightings are expected to be small, typically only a few tenths of a per cent, and will vary by index and implementation. Some approaches may delay or phase inclusion, but exposure is likely to build over time."

For passive funds, the rebalancing process of adding new listings and losing old ones has other implications, explains Acari: "The inclusion of large IPOs in indices requires passive funds to purchase the new entrant while rebalancing existing holdings. This mechanical trading can generate short-term volatility due to supply/demand imbalances, particularly where free float is limited relative to index-tracking demand (for example a around 3-5 per cent free float). It may also increase trading costs, which can be passed on to investors.

"However, the overall impact is likely to be modest, as initial index weights are typically small. Index inclusion is based on free float-adjusted market capitalisation rather than headline valuation, and many large IPOs float only a limited share of equity," Acari says.

The movement will have repercussions for wider pension portfolios, too, and concerns about volatility are understandable. While index funds are favoured for their inherent diversification, some looked less diversified even before SpaceX. The MSCI World Index lists 1,300 stocks in 23 different countries, but its top 10 holdings are already dominated by American technology giants, for example. Border to Coast Pensions Partnership (B2C) chief investment officer, Joe McDonnell, said at the Reuters Investment London conference on 16 June: "We're not comfortable with that level of risk, the sheer size of the US market in terms of concentration now." As a result, B2C said it plans to move up to 10 per cent of its portfolio weighting out of the US and into Europe and Asia. And of course, SpaceX will not be the only big tech float; Anthropic and OpenAI are waiting in the wings, which, Stewart says, "is why implementation choices matter now".

Written by Sandra Haurant, a freelance journalist

In association with MERCER A MARSH BUSINESS

Private markets roundtable

MODERATOR:
- Mercer head of investment proposition, Ben Lewis

PANEL:
- Mercer alternatives investment director, Daisy King
- Mercer head of DC client development, Adele Ray
- Mercer master trust lead, Tracie Denson
- now:pensions director of investments, Martyn James
- Future Growth Capital head of portfolio strategy and portfolio manager, Ed Studd
- XPS Group DC investment partner, Callum Stewart
- Isio senior DC investment consultant, Adam Fisher
- Hymans Robertson DC investment consultant, Michael Ardill
- Zedra professional pensions trustee, Sam Burden
- PwC pension specialist, Paul Woods
- PwC DC master trust advisory and south regional employer covenant leader, Minesh Rana

A clearer path to private markets

Attendees explored how private markets would be a key evolution in the coming years and the important factors to consider when building an allocation

Experts from across the industry gathered for Mercer's Private Markets Roundtable, which kicked off with a presentation from Mercer alternatives investment director, Daisy King, and Future Growth Capital head of portfolio strategy and portfolio manager, Ed Studd. They highlighted three key factors as important when building a defined contribution (DC) private markets allocation: 1) getting exposure to the highest returning private markets asset classes (private equity and infrastructure equity) 2) managing liquidity carefully, given the potential for cash to act as a drag on returns and 3) working with capable fund managers, given the significant dispersion that has been evidenced between the best and worst managers.

Following the presentation, the roundtable discussion opened with Mercer head of investment proposition, Ben Lewis, noting that the conversation around private markets has moved on from 'should we do it?' to 'how do we implement it best?' Lewis posed a question to the room about the approach that providers are taking to introduce private markets.

"There's a variety of options on the table here. We've seen some launching a single best idea solution versus others in the market launching premium defaults. Is there a preference between those different approaches? What do you think that could mean for the market in the coming years?" Lewis said.

In response, XPS Group DC investment partner, Callum Stewart, said he has a "strong preference" for a single best idea solution. He emphasised that offering choice is effectively placing a "lottery on outcomes" for members and employers, which he finds unfair, especially since most of the expertise lies with the providers and they should stand behind their convictions.

In addition, Isio senior DC investment consultant, Adam Fisher, argued that employers may face significant challenges if given the option to choose 'core' and 'premium' options with and without private markets allocations, given the limited experience and expertise in this area for governance committees compared to trustee boards.

"I believe many employers may currently lack the dedicated time and specialised resources to make such decisions confidently," Fisher stated. "As a result, many employers are likely to adopt a more cautious approach, remaining within familiar, more liquid investment strategies."

The role of employee benefit consultancies (EBCs)

The attendees went on to consider the

In association with

MERCER
A MARSH BUSINESS

Private markets roundtable

role of EBCs, specifically focusing on how to approach conversations with clients about solutions that may carry a higher cost. They also considered whether adequate support and guidance are available to facilitate these discussions effectively.

Zedra professional pensions trustee, Sam Burden, said it is becoming challenging to evaluate default options, particularly with the inclusion of private markets and alternatives, as such assets require their own analysis.

"Be it trustee or employee, you're going to become very dependent upon advisers to help you assess default investment options both at selection and ongoing review," Burden added.

Fisher also cautioned that the industry seems to be assuming that higher allocations to private markets simply lead to superior outcomes.

"While private markets are often discussed as a single category, they in fact encompass a broad spectrum of assets," he explained. "Even within infrastructure or private equity, the choice of sub-asset classes can significantly influence outcomes. It is therefore essential to consider the details of implementation, including asset allocation, manager selection, and the investment team's experience. In my view, implementation is a more critical determinant of success than allocation alone."

PwC pension specialist, Paul Woods, stressed that the "timing of the value for money (VFM) framework introduction could be really unhelpful too, because it could lead to conflicting messages".

Picking up on the framework, Stewart agreed and added that VFM "creates an environment where good can easily be good enough".

"I think that's a problem. Are we looking for good or very good? We are looking for the best outcome. There are two shades of green. That's sending the wrong message to the industry and creates the environment where a multi-outcome, multi-default approach can survive, so a large enough provider can," Stewart said.

"EBCs, trustees, and governance committees have all got really important roles to perform. It's nice to hear Mercer's approach, where you're focusing on the single best idea approach and the considered build up. Not all providers are approaching it that way. We all, in our own ways, have an opportunity to influence the direction. We need to try to find a way to plug the deficiencies of the framework effectively."

Fees

The conversation then moved on to fees, with Mercer head of DC client development, Adele Ray, saying: "Amongst all providers, we're going to see a ramp up in fees as the allocation to private markets increases. Despite all being very focused on value, there has been a race to the bottom on fees from a provider perspective. We can't deny that, but that has to change to increase the allocations to private markets."

She also emphasised that providers with multiple defaults can't continue, as it is creating more confusion in the market.

PwC DC master trust advisory and south regional employer covenant leader, Minesh Rana, questioned if over time people will shift their focus from gross costs to net returns.

In response, Fisher emphasised the need for greater education in this area, particularly for non-investment specialists.

"It is understandable that those without an investment background may focus on fees, assuming that lower costs are preferable," Fisher said. "In the context of passive investing, where portfolios track broadly similar indices, this approach may be reasonable. However, private markets represent an entirely different and more complex investment landscape."

Hymans Robertson DC investment consultant, Michael Ardill, stressed: "It is two very different conversations. Selecting a new provider versus your provider saying to you, 'We are going on this journey' *[to increase the private markets allocation]*. You get two very different reactions."

Allocations and experience

now:pensions director of investments, Martyn James, noted that before now:pensions was acquired by Mercer, it looked at building its own private markets solution.

"But when we were looking at building it out, we couldn't have invested in a portfolio with as high as 50 per cent in private equity, because simply we couldn't afford it. We didn't have the scale to demand the commercial terms with the partners that we were looking at," James explained.

"When we spoke to Mercer, who were going on a parallel journey, and we were able to combine that scale, it was at that point that we realised that if we were to combine assets, move into the same kind of vehicle, we could achieve a better asset allocation for our members. There's talk in the market about if scale helps, and this is a proof point almost immediately

In association with MERCER A MARSH BUSINESS

Private markets roundtable

with the combination of the assets of two master trusts that scale did help us. And because we can have more in private equity, we expect higher returns for members in the future."

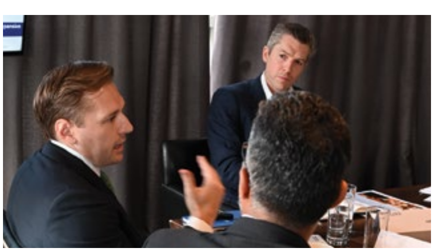
Given this perspective on the advantages of scale, the discussion then moved on to consider how EBCs play a critical role in optimising these benefits. Specifically, thorough research into various asset classes and regarding the diverse landscape of private equity managers.

Woods contributed by highlighting the complexities surrounding leverage in these funds. He noted that while there may be a top-level limit on borrowing for long-term asset funds (LTAFs), often set at around 30 per cent, the actual operational limitations are less clear. He emphasised the need for deeper insights into the extent and impact of leverage, as well as other leverage-related metrics in these funds.

Ardill, however, suggested that it goes wider than leverage.

"Leverage is part of it, but it is also the transparency in how comprehensive the reporting from any DC provider can be. It's one thing to say private markets equal higher returns, but you've got to peel all the way down to the bottom level. Can you do that, and can you provide that visibility on an ongoing basis as well?" he said.

Adding to the debate, Fisher said: "We constantly ask questions to the providers. I think providers and EBCs



need to work together closely so they can provide the information we need to make these decisions. Some providers are good at providing lots of information, while others are more guarded."

"I think it will be a journey in that respect over the next few years", James said. "I don't think there'll be a lack of willingness to provide the information. With this LTAF, we've just made our initial commitment and first drawdown. We just started investing and will work on our own internal reporting to get that information. What will be challenging is if there's not a common set of reporting requirements."

Rana highlighted PwC's work with UK Private Capital to bring together the private capital and pension industries to explore how best to facilitate greater pensions investment into private capital.

"We looked at a range of factors, including how best to set out the investment case and thinking through the presentation and assessment of costs across different asset classes," he continued. "UK Private Capital has since taken forward a number of recommendations, including on the investment case and the presentation of costs, working closely with the Pensions and Private Capital Expert Panel."

Expanding on this, Ray then raised a question on the possibility that the VFM assessment might encourage herding among providers.

Stewart expressed that herding might occur around the implementation of a strong strategy, suggesting that the VFM framework sets conditions where "good is good enough".

Fisher also identified a broader trend towards increased homogeneity in default DC strategies.

"There has been a significant shift towards growth-oriented portfolios with shorter de-risking periods," he observed. "As a result, there is limited differentiation between most default offerings. Private markets may therefore provide an opportunity for providers to distinguish themselves."

UK vs global

The panel then delved deeper into the geographical footprint of portfolios and how clients should think about that UK versus global exposure.

Fisher expressed scepticism regarding mandated targets. "I do not see a strong justification for constraining portfolios with specific allocation requirements to the UK," he said. "In my view, the responsibility lies with the government to create a compelling investment environment or introduce incentives that make UK assets more attractive. In many cases, portfolios may naturally achieve a modest allocation to UK assets without such mandates."

Lewis highlighted that Mercer's portfolio has no hard targets for its UK exposure level.

"That was one of the conversations we were keen to have with the management team, which was to make sure that there was comfort in that approach," Lewis explained. "The UK is 10 per cent of the global private markets' opportunity set, and if the portfolio managers find the right deals, then we go in excess of that 10 per cent – then fantastic. Equally, if we end up with 5 per cent because there aren't the right deals, then that reflects the opportunity set available at the time we were deploying."

Rana added: "There's a need for the UK to have a compelling investment case and for the opportunities to be attractive to pension funds. The university sector is an area where there could be more scope for pension funds to invest in Private

In association with
MERCER
A MARSH BUSINESS

Private markets roundtable

Capital. For example, are UK pension funds making the most of the innovation coming out of the Oxford/Cambridge corridor and other major universities?"

However, he acknowledged that one of the challenges is the disparity between the scale at which funds need to be deployed by some pension funds and the investment required by some of the scale-up businesses.

Engagement

The conversation then turned to engagement, and the attendees spoke about whether members care about where their pension is invested or simply the size of their pot. There was also debate on responsible investment and definitions.

Woods emphasised: "I think the challenge is that the industry's partly gone down that route of giving members noise around responsible investing; it seems to be quietly just disappearing."

Burden, meanwhile, said it is just as important to engage the employer, who can ensure default investment options are aligned to the employer's and employees' values, as "the employer is, after all, investing a huge amount of contributions on behalf of members".

Additionally, Rana pointed out that governance and oversight structures at pension funds will need to evolve as pension funds gain scale.

"The governance structures that you need for a £1 billion pension fund are different to what you may need for a £10 billion pension fund or a £100 billion pension fund. That development needs to be thought through and managed as pension funds become bigger," Rana said.

Mercer master trust lead, Tracie Denson, said in her experience over the past couple of years, there has been a ramp up in curiosity and an uptake in people who want to be educated about investments.

James warned that: "The biggest risk in private markets investing being a success in the master trust industry is if there is a failure from one of the master trusts, whether that's an asset that goes wrong or just general poor returns. And I worry that members and the industry might see that, and it impacts the general positive direction we are on."

Ardill also noted the sensitivity of some of these investments for members.

"When we talk about things like housing, that's personal and emotive for a member, and care needs to be taken that you manage the risk of drawing a negative correlation between where the pension's invested and the life they're living on a day-to-day basis as well," he said.

"In some ways, you hope they don't look at the value of their pension pot too frequently, and they are in a default, letting it run on, and maximising their contribution structure," Ray added. "It's about being engaged but at the right time so that they don't make the wrong decisions when it matters most to them."

Final thoughts

As the discussion wrapped up, the focus shifted to the significant challenges and opportunities presented by private markets, particularly regarding their long-term impact on member outcomes.

King highlighted the importance of partnering with experienced managers who have a proven track record in private investment, noting that the ultimate goal should be to ensure high-quality outcomes for members.

Alongside this, Ray emphasised that "private markets are really going to refocus the value needed to drive long-term outcomes for members. It's going to be an evolution rather than a revolution, and I'm intrigued to see what the market looks like in 2030 and beyond".

Fisher also suggested that private markets will play an increasingly important role in the evolution of DC investment strategies. "Over the next decade, private markets are likely to have a substantial impact on DC investing," he concluded. "There will likely be clear winners and losers among providers, and it will be interesting to observe how this landscape develops over time."

Finally, Studd noted: "There are a lot of fantastic opportunities in private markets. And the gap between doing it well or not all comes down to how you implement. It's not just which asset classes are in your mix, it's within those asset classes, what areas of the market you're targeting, which managers are in the portfolio, and then the whole portfolio management piece on top.

"I would underscore the importance of really digging into how these portfolios are being implemented and understanding what's happening under the hood. That will be a key contributor to how they ultimately perform."

Lewis closed the discussion, reflecting that private markets would be a key evolution in the coming years, with Mercer inviting further conversation about its differentiated approach with EBCs, trustees and clients.

Contact Adele Ray at Mercer to learn how their service can support your scheme.
E: Adele.g.ray@mercer.com

Calum Cooper

A new chapter

Society of Pension Professionals (SPP) president, Calum Cooper, sits down with Paige Perrin to discuss his recent appointment as SPP president, priorities for his tenure and the challenges facing the pensions system

Congratulations on your appointment as president of the Society of Pension Professionals (SPP). What are your priorities for your time in the role, both for the organisation and what you personally want to achieve?

It is a real privilege to take on the presidency of the SPP at a time when pensions are undergoing significant change. My priority is to ensure the SPP continues to be a trusted, authoritative and constructive voice, bringing together expertise from across the pensions profession to help shape better policy and better outcomes for savers.

I want to build on the strong foundations laid by my predecessor, Sophia Singleton, by increasing the impact of our work with policymakers, regulators and industry stakeholders. The SPP's strength has always been its ability to bring diverse professional perspectives together and provide practical, evidence-based solutions. That collaborative approach will be more important than ever as the industry navigates a plethora of reforms.

I want to focus on delivering real impact. There is no shortage of consultations and policy initiatives. The challenge is ensuring change genuinely improves outcomes for members. If, at the end of my term, the SPP has helped influence policy in a way that leads to better retirement outcomes and greater confidence in pensions, that's a success.

The SPP has commented on many major pension changes, from DC consolidation to collective DC (CDC). Do you believe pension policy is moving in a clear direction, or is it still fragmented?

The broad direction of travel is becoming clearer. Policymakers increasingly recognise that scale matters, that pension schemes need to deliver better value for members, and that retirement provision must evolve to meet changing needs.

However, there is still a risk of fragmentation if reforms are pursued in isolation. Consolidation, value for money, retirement adequacy, pensions dashboards, CDC and productive finance are all interconnected. To succeed, they need to be viewed as part of a coherent long-term strategy rather than a series of individual initiatives.

The encouraging sign is that policymakers are increasingly focused on outcomes rather than structures. The industry's role is to help ensure those reforms work together to improve member outcomes while maintaining trust in the system.

With ongoing debates around consolidation and how schemes invest at scale, where do you see the biggest opportunity to improve long-term outcomes for savers through better investment decisions?

The biggest opportunity is creating the conditions that allow schemes to invest with greater confidence over the long term. Larger, well-governed schemes are often better placed to access a broader range of investment opportunities, including private markets and infrastructure, while maintaining strong governance and cost efficiency.

That said, scale should not be viewed as an objective in itself. What matters is whether members receive better outcomes. The focus should remain on ensuring investment strategies are designed around members' needs, particularly as people move from accumulation into retirement.

There's also an opportunity to think more holistically about retirement finances. Many individuals will ultimately draw on a combination of pensions, property and other savings to achieve the retirement lifestyle they want. The system should recognise those broader financial realities while remaining focused on sustainable retirement income.

Recent SPP polling shows strong support for artificial intelligence (AI) to improve member engagement. Where do you think AI can make the most meaningful difference for pension savers?

AI has the potential to make pensions more accessible, understandable and relevant to individuals. One of the clearest messages from recent SPP polling is that the industry increasingly sees AI as part of the solution to the member engagement challenge, provided it is deployed responsibly and with appropriate safeguards. More than 80 per cent of polling respondents felt that AI could play at least some role in improving member engagement and retirement decision-making.

The greatest opportunity is in helping members receive information and guidance that is more personalised, timely and easier to understand. Too often, pensions communications arrive at moments when people are not focused on retirement planning. AI can help deliver more relevant support at key life stages, whether that is increasing contributions, considering retirement options or understanding how different decisions may affect future outcomes.

AI also has significant potential to simplify complex information. Industry polling highlighted simplified communications, earlier engagement and more personalised support as key drivers of better retirement decision-making. AI can help deliver all three.

Importantly, AI should complement rather than replace human expertise. Pensions remain a highly regulated area where trust is paramount. The challenge is not simply adopting new technology but ensuring it is used in a way that is accurate, transparent and focused on better member outcomes. If we get that balance right, AI can become a valuable tool in helping savers engage more confidently with their retirement planning.

The SPP has called for consumer-facing value for money ratings. How can policymakers make these genuinely useful for savers without adding unnecessary complexity or confusion?

The value for money framework should ultimately help savers make better decisions, not simply provide more data for trustees, regulators and providers.

The industry has spent considerable time developing robust ways to assess value, but there is a risk that the information remains too technical for the people whose retirement outcomes depend on it. The challenge is translating complex pension data into simple, meaningful signals that consumers can understand and use.

That's why I support the idea of a consumer-facing layer to the framework. If designed well, simple ratings similar to food hygiene scores (as our June 2026 VFM paper suggested) could help savers compare pension arrangements more easily and identify schemes that are delivering strong long-term value. However, any rating system must reflect more than just costs. It should take into account investment performance, service quality and, most importantly, the retirement outcomes members are likely to achieve.

"If, at the end of my term, the SPP has helped influence policy in a way that leads to better retirement outcomes and greater confidence in pensions, that's a success"

Equally important is where and how this information is presented. Ratings are likely to be most effective when integrated into pensions dashboards, transfer journeys and retirement planning tools, so they appear at the point people are making decisions rather than buried in technical reports.

Policymakers must also avoid unintended consequences. We don't want savers switching pensions based on branding, marketing or short-term performance. Any consumer-facing framework should therefore be tested with real savers and introduced gradually with appropriate safeguards.

Ultimately, success will be measured by whether people make better-informed decisions and achieve better retirement outcomes. If the framework can do that, it will have delivered on its promise.

Looking at the UK pensions system as a whole, what do you see as the biggest structural challenges over the next decade, in terms of adequacy, engagement, and trust?

Adequacy remains the central structural challenge. Automatic enrolment has brought millions into saving, but many are still on contribution paths that are unlikely to deliver the income they expect. In addition, there are material participation gaps, for example, for the self-employed. The next phase needs to focus on outcomes, with higher and better-targeted contributions and clearer income goals.

Engagement is closely linked, although we should be realistic about its limits. Many may continue not to engage too deeply with pensions, and the system has to work well even when they do not. Tools such as dashboards and better communications can help, and we must not give up on engagement. But at the same time, better defaults, particularly in decumulation, reduce the need for active decision-making. The goal should be to combine simple, effective defaults with well timed prompts that support better choices where it really matters.

Trust underpins everything. People need confidence that the system will deliver fair and reliable outcomes over the long term. That rests on strong governance, clear accountability for value and consistent policy direction.

The work of the second Pensions Commission reinforces that the core challenges are well understood. The priority now is system design, collective commitment to change and pragmatic implementation. A more joined up approach, linking adequacy, engagement and retirement outcomes, will be key to building and sustaining trust.

If we can make progress across these areas, the system will deliver better outcomes. Achieving that will require sustained focus on implementation and continued collaboration between government, regulators and the industry.

Written by Paige Perrin


Now managing
£10bn
of assets
Smart Pension
Built for the future
smartpension.co.uk

Sponsored by Smart Pension

__The next phase of growth at Smart Pension__ – Smart UK chief executive, Jamie Fiveash, shares more about Smart Pension surpassing £10 billion in assets under management (AUM) and how this is much more than just a number ***p40***

__The next phase__ – Smart UK chief executive and incoming Pensions UK chair, Jamie Fiveash, discusses the changes occurring in the DC industry, including reforming the DC transfer framework, delivering true value for money, and resolving the small pots problem ***p42***

Reforms focus:

A changing landscape

Smart UK chief executive and incoming Pensions UK chair, Jamie Fiveash

Smart Pension

Sponsored by

The next phase of growth at Smart Pension

Smart UK chief executive, Jamie Fiveash, shares more about Smart Pension surpassing £10 billion in assets under management (AUM) and how this is much more than just a number

Reaching £10 billion in assets under management is a significant milestone for any pension provider. For Smart Pension, the fastest-growing UK master trust, exceeding this figure is a proud moment, given the industry's demanding entry requirements and its history of being led by well-established players. As Smart Pension nears £11 billion, this milestone signals both the company's direction of travel and the broader pace of change within the industry.

When I look back at how far we've come, what stands out most is the trust that employers and members have placed in us. This milestone reflects the confidence our two million members have in our business, our technology and our people. It also demonstrates our ability to continue attracting new business and shaping the future of pension savings and modern retirement.

From day one, our ambition has been to raise the standard for workplace pensions. We've been focused on simplifying pensions, making retirement easier at all stages, and using technology for a greater purpose. And it's clear that our approach to modernising pensions is delivering results.

An evolving industry

This milestone is about much more than a number. It highlights our ability to deliver long-term value to members and employers in an evolving industry where scale is becoming increasingly important.

With further market consolidation expected following reforms introduced through the Pension Schemes Act, which received Royal Assent on 29 April 2026, Smart Pension is well positioned to capitalise on emerging opportunities. These reforms include frameworks for consolidating small pension pots, the introduction of mandatory Value for Money assessments, and measures designed to encourage the growth of larger-scale pension funds.

We are hopeful that these reforms lay a clear path for a renewed focus on saver outcomes and value for money. At Smart Pension we have focused our proposition on delivering solutions which we believe deliver the most value to customer outcomes. However, at the moment we do not think that consumers, both employers and individuals, are selecting schemes based on what will deliver the most value at retirement. As an example, over a typical working life, even modest differences in annual net returns could compound into hundreds of thousands of pounds for savers at the point of retirement. Employees could stand to earn six figures more by being invested in a pension fund that performs just 1 per cent better.[1] However, net returns are rarely given enough prominence or weighting in scheme selection. At a time when businesses and employers are stretched for putting more away in savings, giving attention to net returns can make a massive difference.

The changes laid out in the Pension Schemes Act place us in a great position for accelerated organic growth alongside many emerging acquisition and partnership opportunities as the market consolidates at greater pace.

We are actively working on a number of partnerships and mergers with employers, advisers and providers. One of our strengths as a technology and pension provider is to be bespoke and flexible, whilst getting the core right. This is invaluable to large employers and partners, who can protect their own identity while using our scale, product and technology to offer more to their employees. We hope to announce some of these in the coming months.

Guiding customers through retirement

At Smart Pension, people are at the heart of everything we do. As our business continues to grow, our dedicated team remains focused on delivering exceptional support to members, helping them navigate every stage of their pension journey.

Recent developments have also strengthened our ability to support savers as they move closer to retirement, combining innovative digital tools with personalised human guidance. We believe that the pensions industry still has a traditional approach to retirement – a product led approach often designed to be cliff edged to a stated retirement age, with a focus on maximising flat income levels for the entirety. We often turn back the clock to create products of the past, rather than embrace the reality of economic, technological and societal change.

Our vision is different. Even retirement is becoming an outdated concept. We believe in supporting customers throughout later life in whatever blend of work and activities they wish to undertake. Better understanding customer needs and giving them more financial freedom. This often means developing flexible products that support varying income needs, taking a holistic look across all their wealth, savings and pensions – as well as helping manage expenditure. We have a clear roadmap of what we want to deliver over the next couple of years in order to realise this vision. One of the latest deliverables on this roadmap is our guided retirement journey, designed to help savers over 45 prepare for their future and make informed decisions in the years leading up to retirement.

At the centre of the launch was a new 'Get retirement ready' feature, available through the Smart Pension app and desktop portal for members aged 45 to 55.

Built around a simple, easy-to-follow checklist, the feature brings together planning tools, educational content and ongoing support, helping savers take practical action while there is still time to improve their retirement outcomes.

Alongside the digital journey, we wanted to make sure human support is still readily available. Members aged 45 and above are able to access Smart Pension's Retirement Support Team, combining digital guidance with more tailored human support where needed.

Powered by technology

Central to Smart Pension's growth has been Keystone, Smart's proprietary technology platform, which pioneered auto-enrolment technology and enabled the company to build a modern, digitally-native pension scheme from day one.

This technology has streamlined scheme administration helping to drive down costs and increase transparency in the industry.

We believe technology can fundamentally transform the pensions industry. It has already enabled us to grow rapidly and build one of the UK's largest defined contribution pension funds, alongside an international technology business, in just over a decade.

As the UK pensions market approaches a trillion pounds in assets, it urgently needs the same technological overhaul that utilities and other sectors have undergone in recent years. By replacing decades-old legacy systems, we can make saving simpler for millions of people, unlock significant value across the industry, and champion UK investment.

Built for the future

As we celebrate this significant milestone, it's only right that our brand evolves with the rest of our business, which is exactly what we've done.

The new Smart Pension brand identity is a fresh new look that represents the scale, maturity, and sophistication of our business today. A modern approach that shows not only how far we've come, but where we're heading next.

This is more than just a facelift. Over the past few months we've gathered feedback and strategically looked at how our brand can best reflect us as a business and serve the needs of our customers.

This included rebuilding the website from the ground up, creating a faster, clearer, and more intuitive experience for employers, members and advisers.

At Smart Pension, we support a wide range of audiences, so we wanted our new website to be simple to navigate and make it easier for everyone to find the information they need.

Whether you're a member looking to transfer your pension, add money, or prepare for retirement, a new employer considering joining us, an existing employer seeking guides and insights, or an adviser wanting to learn more about how we support businesses, the new site is designed to help you quickly find what you're looking for.

And just like Smart Pension, the site has also been built for the future. With sophisticated analytics, heat maps, testing and personalisation capabilities, the new website will ensure we're always improving.

What's next?

Reaching £10 billion AUM is a key milestone and increasingly important given the regulatory focus on scale. However, what underpins this success is our unparalleled focus on innovation to deliver an exceptional service experience, low costs and net return performance for our customers. This is what has got us to where we are today and what will get us to our next phase of high growth.

At Smart Pension, the aim has always been to modernise pensions and retirement. Our dedicated team of experts work hard to deliver exceptional customer service and our retirement offering helps us guide customers through every stage of retirement.

We're setting a new standard for workplace pensions, and the future is looking strong.

Written by Smart UK chief executive, Jamie Fiveash

In association with Smart Pension

[1] Our analysis, based on 5-year annualised performance data from 21 providers (sourced from CAPA data), projects outcomes for a typical 25-year-old saver retiring at 65 years old with a £1,000 starting pot, £30,000 salary, found that just a 1% rise in investment returns can improve retirement outcomes at an exponential rate and can add over £150,000 to final retirement savings. These illustrated values are not a guarantee of future returns and should not be relied upon as an indication of an individual member's savings growth. Their sole purpose is to highlight the effect of compounding based on different performance returns on pension pots over an extended period. The value of your investment is not guaranteed and can go down as well as up, and you may get back less than you invested.

The next phase

Smart UK chief executive and incoming Pensions UK chair, Jamie Fiveash, discusses the changes occurring in the DC industry, including reforming the DC transfer framework, delivering true value for money, and resolving the small pots problem

Looking at recent developments in the UK pensions sector, the Pension Schemes Act has been a major driver of change. What are your views on the reforms it is bringing about, and what impact do you think they will have on the industry?

Jamie Fiveash: As an industry, we have been asking for a vision of what good looks like, and we have now got one, with the roadmap. If we have any chance of hitting what was the 2030 timetable, the work needs to start now because technology change will be needed. If we wait for the government to initiate that, it will take some years. We need to get on and shape that so the legislation can fit around what good looks like.

Value for money is a good example of something in the Act that will be a real force for good. We desperately need standardisation of measures and metrics to allow consumers to compare, and also to have standards of what quality looks like.

There are also few initiatives circulating on how to solve the small pots problem, and we are leading one of them called Pathfinder, in collaboration with seven other master trusts. We are trying to lead that project to look at how we can improve the overriding governance and infrastructure of transfers. If you can do that, you can make it easier and more efficient to move small pots. But you have to start with the underlying foundations of the current DC pension transfer system, which, in our opinion, is no longer fit for purpose.

One of the most debated aspects of the legislation was the government's proposed mandation powers to encourage UK pension schemes to invest more in the domestic economy. Now that the debate has settled somewhat, what is your perspective on that issue?

Fiveash: Principally, mandation is wrong because trustees and providers need to have the power to do what is in the best interests of members. Of course, I do have some sympathy with the government, where it is probably concerned that unless providers are regulated to do something, it does not get done.

We have all signed up to the Mansion House Accord. We think that having a diversified portfolio of growth assets is the right thing to do for our customers, so that is what we were working towards anyway. We are working towards 15 per cent investment in private markets, so finding a third of that for the UK was not a big issue for us because we think there are lots of good investment opportunities in the UK.

For instance, in the UK, we are

invested in Octopus Energy, with a number of UK projects in renewable energy, whether that is wind farms or heat pumps, that provide good, stable investment returns. This is why I think value for money is so important; it should push the drive toward value and away from pure cost, while also looking more at investment performance.

What was the thinking behind Smart Pension's decision to allocate 15 per cent of its flagship fund to private markets?

Fiveash: The driver behind that is predominantly that in DC, there has obviously been a real focus on low charges and cost versus value. When you focus purely on cost, you limit yourself on what you can invest in immediately.

Without a doubt, we were overweight in passive tracking equities in the DC market when you look globally. Public equities have done very well, so people immediately gravitate toward that. But that is not the typical trend in an economic lifecycle, where you will get dips and therefore need a spread of growth stocks. On that basis, we are investing to meet the trustees' investment objective that we set for the default fund, CPI plus 3.5 per cent over a business life cycle. We think that private markets will play an important part in delivering that.

Both within the Pension Schemes Act and more broadly, consolidation has been a recurring theme in the evolution of the UK pensions industry. What are your thoughts on this?

Fiveash: There is a drive toward scale, and scale should mean that you can drive better value for customers, but it is more complicated than people think. If you are a really large provider but you are actually running thousands of different default funds on 10 different admin platforms, you are eroding those scalable benefits. Choice and differentiation can be the enemy of scale benefits.

When you look at the contract-based market, a lot of that consolidation has actually gone into about 10 providers. However, unlike what you can do in a trust, they have all largely stayed independent. Therefore, the scale benefits have not been realised within the contract-based market. Real consolidation is actually about how providers are consolidated internally.

"We desperately need standardisation of measures and metrics to allow consumers to compare, and also standards of what quality looks like"

What does scale mean for Smart Pension?

Fiveash: We are fortunate that we do not have legacy systems. Technology is the USP that enables us to do that. As an example, 90 per cent of all transactions can now be done by the customer through our app. By this time next year, we aim for that to be nearly 100 per cent with the advancements of things like AI. That means we can spend more time on the phone adding value for the customer and spend more on investment, while lowering the overall charge.

Is the industry keen to embrace the cost efficiencies of new technologies, or is there still caution around solutions such as integrating AI?

Fiveash: There is still a bit of caution. If you have been running in the market for a number of years, it takes bold decisions to say you are going to invest in a project to re-platform millions of customers off an old legacy platform. Technology and AI can support our agents by enabling them to have more value-added conversations. Our view is never to remove the human element, but to use technology to enhance it.

A key rationale for consolidation has been the potential to achieve economies of scale and improve value for money. What does value for money look like for you?

Fiveash: During the accumulation phase in particular, it boils down to net returns and service excellence. In those 'moments of truth' for the customer, are you there for them? It becomes a lot more difficult in decumulation, where it needs to get much more personalised. Over time, the decumulation default we should be thinking about is not about the product; it is about guidance, advice, and service.

I feel at times we do not look at it through the consumer lens. We are a bit obsessed with inventing new products, but there are already enough products in the market. For instance, some people talk about CDC, but it is not a silver bullet. CDC is a potential retirement product solution among a number of options, but I am less convinced that many employers will want to go for it during the accumulation phase.

Finally, what would you identify as the key long-term priorities for the pensions sector as a whole?

Fiveash: As the new chair of Pensions UK, as well as Smart UK's chief executive, it's clear to me that we as an industry need that long-term roadmap. There is an obvious sequencing required. For instance, we do need to consolidate the market first. Once you have consolidated the market, you can then consider the best way for small pots to move across providers. However, the ultimate long-term priority is to ensure that people have an adequate income in retirement, and that public sector, private sector, and wider individual wealth all work together to support customers.

Focused on the future

Paige Perrin sits down with Avon Pension Fund head of fund, Nick Dixon, to discuss the fund's priorities, how it is using its surplus, and progress towards its climate targets

Please provide an overview of the Avon Pension Fund.

We serve about 150,000 members across the Bath/Bristol region. We serve four counties, which are Bath and Northeast Somerset, Bristol City, North Somerset and South Gloucestershire, along with the West of England Combined Authority and, like any other fund, a smattering of schools, universities and other local employers. We have got about £6.5 billion in assets and are about 110 per cent funded, so we're in a good financial position. We are also really passionate about local investing across the southwest and about having a sustainable strategy vis-à-vis climate change.

Earlier this year, the fund joined the Local Pensions Partnership Investments (LPPI) pool as part of the government's Local Government Pension Scheme (LGPS) pooling agenda. How has this transition impacted the day-to-day running of the scheme, and what have been the main benefits and challenges so far?

It has not affected the day-to-day running. We had assets across several funds with Brunel. We pressed a button on 31 March, and those assets left Brunel and arrived at LPPI. So, at the moment, we have the same funds, asset allocation, etc., and to that extent, it hasn't affected us hugely.

However, some changes are coming through, and we are managing them very closely with LPPI. One of them is that LPPI are becoming our investment adviser – instead of Mercer – as well as our asset manager. And we've already started conducting an investment review with them, which will conclude over the next six to nine months.

And then, aligning with that, LPPI is going to reorganise the underlying funds because they have three existing LGPS funds and six new ones coming in.

For the time being, these six have remained with funds inherited from Brunel. But we're going to have to bring those different funds together into an optimised mix for the whole nine, and that'll happen over the next 12 to 18 months. That will be a significant exercise of churning through the portfolios and changing them.

The LGPS continues to face significant regulatory and policy changes. How has the Avon Pension Fund adapted to reforms such as the Fit for the Future while ensuring strong governance and member outcomes?

We've joined LPPI; that's the first thing. With governance, we were already complying with the good governance guide. We already have three independents on our committee, and we are going to appoint an independent person as we're obliged to do, from our existing independent expertise.

We don't regard that as a bad or good thing; it's merely a regulation we will comply with, but it won't make any practical difference to how we manage the fund.

We also have our independent board and will comply with an independent governance review. But given that we already have independent audit reviews and risk assessments, we don't think that will make much of a difference or add much value.

Can you outline the fund's investment approach and, given the wider debate around defence sector

investments, explain the decision to remain invested in this sector?

The overarching investment approach I want to maximise is the return risk trade-off, so financial returns reach inflation plus 3 per cent to 4 per cent. And if I can do that, then I can reduce employer contributions over time.

My primary aim is to reduce local employers' financial inputs into the pension scheme, so they've got more money for local services.

That is my absolute priority because it helps local governments at the margin have a bit more capacity to do what they really want to.

The second thing is that we need a portfolio that is sustainable vis-à-vis climate change, and therefore, we have a net-zero 2045 target for the fund and invest in companies with a transition pathway towards net zero.

That does not mean they are low-carbon intensive today. It means that they have a transition pathway.

If I take one example, cement is highly carbon intensive. That does not mean we do not invest in cement, because if cement manufacturers have a pathway to move away from coal and gas towards electric power, which is a renewable source, that's a really good pathway.

We'll solve climate change by supporting companies that develop pathways. I can look green and clever by only investing in stuff that's already green, but I will have no impact on the planet. This is not about looking good; it's about doing good and encouraging positive action.

On defence, the decision was driven by two things. One is that if we divest, it should have no material financial detriment to the fund.

Then the second test would be, what do the members think? And we did a survey, and 42 per cent voted for divestment, and there simply wasn't an overwhelming majority to make that decision. And hence we decided to remain invested.

The fund has already met some of its 2030 climate targets ahead of schedule. What key decisions and initiatives have contributed to this progress?

It's investing in sustainable funds, which invest in companies with a downward carbon pathway. We also came out of emerging markets, which tend to be more carbon intensive.

Plus, we've made active investments in renewables, particularly solar, wind and batteries, which have a very beneficial carbon impact.

It is those three things together that have the biggest impact. The carbon intensity of assets in general is coming down; even if you invest passively, your carbon intensity will reduce.

Given that the fund is in surplus, how is that being considered within the funding strategy, and have you had any conversations about what to do with it?

In our latest valuation, we decided to reduce *[employer]* contributions. They have come down from an average of about 21 per cent to 16.5/17 per cent of employees' salaries. There has been a material reduction in overall contributions.

Since then, the surplus appears to have risen further, and we will make decisions at the next valuation in 2028.

But in the meantime, we are not changing our investment strategy. We are roughly 40 per cent in equities and 20 to 30 per cent in other growth assets. And we will remain with that strategy, but may tweak it a little bit with LPPI.

More broadly, we want the return on our investments to increase more quickly than liabilities and offer scope for further reductions in employer contributions.

We have already reduced employer contributions, and if the surplus sustains going forward, we want to plough that into further reductions in employer payments.

Looking ahead, what are your plans for the future?

We're going increasingly digital. We have just launched a new digital platform. We want members to do more for themselves, not so it reduces our costs, but because this would mean they can do it faster, when they want to and on their own terms.

The fund wants to improve member service by making it more digital, cognisant that we have to remain multi-channel.

We have got multiple types of members, and we also have to offer people letters and phone calls and do it in a really joined-up way. That's very important.

We also want an investment strategy that enables those contributions to keep coming down. We also want to increase our investments in the region, the Avon area and the wider Southwest.

Additionally, we want to play a big part in providing growth capital for small firms and local renewables, in a way that does not compromise the overall fund and financial returns.

We have decided to allocate 5 per cent of our fund to regional capital, so that's £300 million, and we've already allocated about £120 million of that.

These investments include solar farms across the southwest, some small businesses through Foresight, and investments in affordable housing, with some announcements imminent.

There's a lot of stuff we're delivering that's going to have a real impact. As well as going more digital, we want to make our processes more efficient by redesigning them.

The more efficient we are, the lower the contributions from the councils and other local employers because the less it costs to manage the fund, the less money you need to put into it and more is available for education, transport, social care, etc.

Written by Paige Perrin

In association with Capital Cranfield, raindrop, Procentia – Innovating PenTech since 2002

Tech roundtable

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 Pensions UK DC Council since 2013 and has a successful record of advising on regulatory, governance, change management, investment, provider selection and communication issues.

PARTICIPANTS

Phil Fortio, CPO and Co-Founder, Raindrop
Phil Fortio is CPO and co-founder of Raindrop, pension tracing solution company. In his role, Phil leads on product development for the business and heads up the team providing innovative pension tracing solutions to Raindrop's clients which include some of the UK's largest financial providers. Prior to Raindrop, Phil held roles at Barclays Investment Bank as an equity markets analyst before becoming an ETF and Delta1 trader. Phil's previous entrepreneurial experience includes founding and running a fund management technology company as CEO.

Jonny Muir, Chief Product & Technology Officer, Procentia
Jonny Muir is chief product & technology officer at Procentia. He has spent over three decades working in both software and pensions, holding positions including head of design and development director at Civica, and leading digital teams in Hymans Robertson's third party administration business. He is a regular contributor to the pensions and technology press, and a speaker at industry events.

Anish Rav, Director of Pensions Policy & Industry Engagement, Capita Pension Solutions
Anish is passionate about driving innovation and promoting collaboration across the industry. He is known as an influential voice across pensions, and is recognised for his thought leadership and strategic insight into the evolving pensions landscape. He has held senior roles at leading pension firms and has advised master trusts, trustees, and corporate clients on DC and DB schemes. He is also a Fellow of the Pensions Management Institute and SPP Council member.

Victoria Roberts, Professional Pension Trustee, Zedra
Victoria is a pensions professional and trustee with experience spanning administration, governance and in-house scheme management. Having started her career over 15 years ago, she brings a practical, member focused perspective shaped by hands-on experience across adviser, employer and trustee roles. Now at Zedra, she focuses on delivering value for money, strengthening governance and supporting schemes through an evolving regulatory landscape, including cyber and data risk.

Maurice Titley, Commercial Director Data & Dashboards, Lumera
Maurice plays a key role in ensuring Lumera's propositions and innovations meet the evolving needs of its clients. Through his deep understanding of technology, financial services regulation and industry developments, he provides consultancy on a wide range of life and pensions data issues. He also chairs PASA's Pensions Dashboards Working Group, which provides support on dashboard implementation. He previously held roles at ITM, Watson Wyatt and Punter Southall.

In association with

Tech roundtable

Tech for a new world

From dashboards and targeted support, to transfers and tracing, our panel considers the technological challenges and opportunities that will define the future of pensions

Chair *[Andy Cheseldine]:* I wanted to start today's discussion by thinking about all the regulatory demands facing pensions technology providers and administrators – from dashboards to targeted support, and so on. How does this all impact pensions technology today and going forward?

Maurice *[Titley]*: I think the new reforms coming down the track make some real step change demands of technology and of data. Look at pensions dashboards, for example – they are being live tested at the moment, but the whole idea that an individual can search for their pension and find it out there in the ether, without any central database supporting it, is a big step up for the platforms and the various technology stacks that support that. And it's got to be resilient. This is a dashboard that someone expects to always be available as well as find all their pensions.

Also, a lot of the other reforms coming down the track are aimed at supporting those who aren't engaged – targeted support and default retirement pathways, for example. There, the requirements in terms of understanding your data, understanding the decisions you're going to be making as trustees on behalf of your members, are significant and it becomes critical to do a high level of data analytics.

Then, of course, you need to make sure you follow through, you need to make sure your platform does what it's meant to do. If someone's meant to be in a certain default pathway, that's where they need to be.

So, these are big step change demands on technology and data.

Chair: Do we think existing pensions technology can cope?

Jonny *[Muir]*: I would say, yes, existing pensions technology can cope with the overlapping regulatory demands we are facing, but there is a caveat.

The building blocks are there. Some of them might need simplifying and modifying, as old software always does, but all the things we need are there; it's not like the 1990s where we were building out digitisation and coming up with new things. The software just needs to do what it needs to do.

But, it is not reactive enough or even proactive. When things need to change, when you've got new regulations coming in, we can do that through configuration and so on. That's all possible. But it can still take a long time and it's quite hard for the admin teams to implement it.

So, in terms of how technology can step up, it's about making sense of what the changes mean and linking back to why the changes were made in the first place. And being able to, almost in real time, monitor what effect it is having. It's the 'so what' of technology rather than just saying, 'yes, we can do all of that'.

I agree also with Maurice *[Titley]*, it needs to do things right as well. If the technology gives you the wrong information or using it is painful, people will just disengage more.

Phil *[Fortio]:* There are clearly a lot of regulatory requirements and different changes coming in and, from the perspective of an API-led fintech solution, we like to look at things in terms of having the flexibility to meet each of these things in a modular way. Some of our clients, for example, will use us as a tracing solution, but they will then have other fintechs that they're using for their targeted support, and so on.

There are a lot of demands out there and trying to build all of that from day one is difficult, or trying to patch bits onto what you already have can lead to Frankenstein-like solutions.

So, for fintechs and other platforms like ours, where we focus on one specific thing and we do that well, it's about enabling those solutions or allowing those solutions through APIs so that other clients and providers can integrate with that and then swap them out as they need to – that is quite powerful.

In association with Capital Cranfield, raindrop, Procentia – Innovating PenTech since 2002

Tech roundtable

The demands are increasing and there are ways to meet them more nimbly by using off-the-shelf fintech solutions that can focus on solving that one core problem and then obviously taking the things that you want to do, or you want to own, more in-house yourself.

Chair: What is the trustee view here?

Victoria *[Roberts]:* From a trustee's perspective, it's about the rate of change that's coming down the tracks and whether we can keep up.

We also must always consider the potential costs associated with any change, and how that is being passed on to the membership, the scheme or the scheme sponsor.

In terms of targeted support, that in itself has its own risks. You could have systems producing incorrect information based on the data that's available, because we all know that data on some schemes isn't always completely accurate. As trustees then we are at risk of producing incorrect outcomes for members.

Anish *[Rav]:* You mention cost, and there is of course a wider debate around the value of administration; and what's good is that people are now seeing the value of administration much more so than in the past. If you look at what The Pensions Regulator (TPR) is saying, and at some of this legislative change, it is all helping to bring administration to the fore, which is the right thing because, all too often in the past, administration was given 10 minutes at the end of any given trustee meeting; and that is changing.

Going back to the original question regarding reform, I think technology has to evolve and it is evolving. A pension can be a 40-60 year product. If you think about what's going to change in that time, it is considerable, so technology has got to be able to adapt to those changes.

We sometimes forget also that the

industry has adapted when it has had to – when changes have come down the line, the industry has been good at getting together and dealing with the change. Dashboards is one example of that, where the industry has come together and said, 'this is what we need to deliver, so how do we do it?'.

The pace of change we are seeing, however, is significant. In my 30 years in pensions, there's always been change. But the amount of change we've got at the moment is a lot; and the sequencing of that is going to be important, because that will help the technology as well – sequencing this in the right way and making sure we're doing things in the right manner will be key.

So, dashboards, targeted support, default retirement – what's the sequencing around all of that? Certainty on that will help the technology stack evolve and ensure we're doing the right things and that members can see what they need to see at the right time.

We've also done some research with Gen Z/Gen Alpha, and their technology needs are going to be very different to other generations. So, there's a whole debate around that too which we will come on to later.

Chair: Is it still possible to do user testing in any meaningful way given the pace of change?

Muir: Yes, but not user testing as we necessarily know it. When I started out in technology design, user testing might have taken place over several months – now user testing is much more 'in the moment'. So, you have to listen acutely to everything that is going on and react accordingly.

Back to the point around change, technology was previously always about reacting to change and then automating things to meet that change. Today, it is more about how we develop systems which are coded for there always being change. So, as you code, you want to be able to see how this affects what's going to happen, because you're on the hook for the outcomes to the members.

Rav: If you think about how technology has evolved, compared to what people were using 20-40 years ago, there has been dramatic change, however we still need to keep old records, and we sometimes need to get data from those records, so there is complexity there.

Also, within pensions, we've got DB, DC, and now CDC coming down the line – all very different models which again adds more complexity.

Adapting to change

Chair: Picking up on CDC, are current pensions technology stacks capable of delivering reform today, while remaining adaptable to future models such as CDC?

Muir: The stacks that are emerging now are the ones that we need to adopt to address that technology change. If you go back in time, the stacks were about automating computing, whereas now we need to automate the change – it's difficult to keep up with all of that. I talk to people who are at the absolute forefront of AI and other technology and even they feel like they are behind.

So, the technology from the technology vendors is there and moving quicker than we can adopt it. So, going forward, the stacks are there, we just need to know what to do with them!

The technology stacks that software is currently written on is fit for purpose for what it does – again, given a bit of modification/simplification/making sure that bugs aren't known, etc – but, going forward, adopting the new stacks is really where it is.

Also, coming back to Phil *[Fortio's]* comments earlier, the stuff which has always been bread and butter i.e. the modular stuff, that's the stuff that really helps; APIs/modular stuff, it's still what you need.

Fortio: Yes. I live in a world where most of what we have done has always been cloud-based, always microservices, architecture, always API-first in our businesses. So, I feel like from what we build and everything we do, that modular, that flexibility, that API-first approach, our microservice stuff, makes our tech very scalable and very robust. So, as long as that can be adopted within the pensions industry as a whole, then it can all work.

Some of the legacy providers are still on big/single/mainframe technology, old school stuff, and that does need to change. You need to move to a cloud infrastructure to give yourself that scalability and that flexibility to bring in new solutions.

Chair: What is the trustee view?

Roberts: If I look at this from a DB perspective, having worked in DB admin for over 10 years, there was a time when systems weren't always continuously developed. You would have schemes onboarded on legacy systems rather than using the current admin platform. My concerns as a trustee would be, can we still use old platforms with all these changes, are they being developed? Will some schemes get left behind?

And we all know there are still some old microfiche or paper files that haven't been digitised which brings us back to the data discussion.

Rav: Data underpins everything – the data has got to be right.

Back to the question of whether current pensions technology stacks can cope with new things such as CDC, you have to go back to basic principles and ask what you are trying to do with all this. And then design on that basis rather than try to retro-fit into a system.

With CDC, for example, the actuary is going to need the data very quickly to make decisions, so the normal valuation cycles that we're all used to in DB are not going to work. Similarly, with decumulation, to give tools to members and actually understand what the objective is you need to make sure that all of that's working.

So, going back and asking ourselves, 'what are we trying to design?' is going to be important with some of these new things, particularly around CDC, targeted support and default retirement options.

Alongside that, the terminology of that technology has to be consistent, because if you think about it from a member/policyholder's perspective, they can't go to one organisation and for something to be called one thing, and then go to another organisation and it be called something else. As an industry, we've got to also think about that.

As an industry, we like to create complexity. So, let's think about avoiding that in relation to technology as well.

Titley: That brings to mind some of the work Lumera has done in Sweden. We have a strap line called The Prudent Revolution, which is all about taking legacy complex estates and moving them onto new platforms – API-first, event-driven platforms; they are the way forward. That is the way to get best-in-breed technology components to make it easier to move on. But there are a lot of old-world setups still out there.

Chair: Has dashboards preparation helped with that at all?

Titley: There has been a lot of good work done for dashboards and there's been a lot of data improvement that's been required for them and that is still ongoing. Saying that, it would be wrong to say that dashboards have driven a big step change in terms of the underlying technology, because dashboards are primarily implemented as a layer that sits on top of what's already there.

The new reforms that we have been talking about today, on the other hand, I would argue have created a far bigger push towards a fundamental change in the underlying technology; and you need that basis in place – change will keep coming so we need to be able to adapt.

CDC is interesting in that it shifts some of the risk in a way – there are actuaries designing their products and there is a system implementing those products, and it has got to work, it's got to be resilient, otherwise the trust breaks down. A lot of people agree that CDC is a much better solution for a lot of members, but it's not going to work if members end up not trusting you.

Muir: If you think about the technology stacks as being the modular architecture, I think the future technology stacks will be what links everything together, and that's where

Tech roundtable

AI is going to come in. So, it won't be a case of getting everything off microfiche and putting it into structured data, it will be about how we make sense of some of that unstructured data, whether it's scheme rules, getting the benefit specifications, and so on.

Chair: In my earlier years, I would argue that around 60 per cent of IT spend was on hardware, 35 per cent on software, and 5 per cent on training. What you should have had, however, was 20 per cent on hardware, 40 per cent on software, and 40 per cent on training. Do we think any of that has changed or are we still spending maybe too much on software as opposed to hardware now, and not enough on training.

Fortio: When you are talking about software versus hardware, given that we build everything in the cloud, we don't have much of a hardware cost to our business. Again, that is what gives us great scalability in what we do.

What allows us to survive and thrive as a fintech is to be low capital intensive and not take on that hardware cost and do everything from a software basis. So, for us it is 80-90 per cent software cost.

Chair: And are we spending enough on training?

Muir: We are definitely not spending enough on training, but I'd reframe it from 'training' to 'awareness' and 'learning', and that being part of the culture of an organisation. Our business pays for Microsoft Copilot 365, for example, yet lots of our staff don't really know how to use it to its full potential – they play around with it at the edges (even if some others do use it quite well).

So, it's about making learning and awareness just part of how we run organisations now, and there is definitely space to do more of that.

Chair: Can AI help there?

Titley: It can of course help in lots of areas, but there are also going to be areas where AI might not always be the best approach. If someone is using the MoneyHelper dashboard, for example, and they have an AI agent telling them all about what they are seeing, there are dangers there. It can't compare to having a real person properly explaining what you see in the context of what they understand about you and your needs. So, there are risks there.

Fortio: Yes. You can build in certain guardrails there to help with things like that, and they should be built in from day one. Whenever we use any AI-based solution, for example, even if it's for internal training, it will reference the documentation – so it's still built on manually human-written documentation.

Without those kinds of things in place, yes, you get the risk that someone thinks they can just trust things when they shouldn't. It does hallucinate.

When we started the company, we had lots of rules-based algorithms in place, and we've augmented them with AI rather than replaced them. Then we also have the luxury of being able to test between what the AI flows did before and after. In the rules-based stuff, you get humans in the loop and manual intervention, and it's very interesting to see, from our data, that AI does make mistakes, but so do humans. And AI does make less mistakes in general.

Chair: More problems will arise though when people trust AI more.

Muir: And it's not accountable for its mistakes either.

Rav: That's why you've got to have the human in the loop – we're using AI and providing a lot of training for colleagues, but the guardrails are really important.

Addressing trustee concerns

Chair: What are the main concerns keeping trustees awake at night (and have those concerns changed)? And how can advances in technology help?

Roberts: I don't think the concerns have really changed, but the goalposts have. It was always about paying the right benefits to the right members at the right time. But now we've got added risks attached to that, such as cyber, incorrect data and system performance risks.

Technology advances have helped in various ways – we see more secure portals being used, for example; members having to use multi-factor authentication when logging in to view their pension details, and so on.

In response to cyber attacks, there are a lot more training and webinars available to make us aware of the dangers. We are also now expecting more from our administrators in terms of visibility of cyber risks and controls.

There is also definitely an increased awareness through IT monitoring systems and the introduction of scheme cyber incident response plans. I've even attended a few simulated cyber attacks which have been useful to test how resilient the trustee plans are if ever faced with this scenario. I wouldn't say we've mitigated all the risks, but we are a lot more aware of them than we used to be.

In association with

Tech roundtable

We are also seeing technology advances on the data side. A lot of advisors are coming forward with advanced data tools that not only do in-depth tracing but are also being used to help schemes with data gaps when approaching their endgame journeys. This type of advancement used to come with significant cost, but we are seeing it become more affordable which is good news especially for schemes at the smaller end.

Fortio: When thinking about cyber threats and similar risks, we built our platform up very modern, so we are comfortable that we have in place what we need to help mitigate those risks. We do regular penetration testing, for example. When you do all of those things in the right way, you give your end clients confidence in the solution and that should see you through ultimately. The trustee concerns that Victoria *[Roberts]* raised in that regard are the same concerns we have with our own tech stacks. We obviously want to make sure we're secure as well.

Muir: To the point Victoria *[Roberts]* made about paying the right person the right amount at the right time, that's the basis of what trustees are all doing, it's their responsibility to get that absolutely right, and one of the things that puts that at risk is the technology not working.

From an organisational point of view as well, when we used to talk about cyber risk, it was always a hard conversation, whereas now in organisations it sits up at the exec, and near the top of the risk registers. That's good! You can never fully defend yourself against threats, but you just need to be as resilient as possible when they present themselves.

I am also a massive fan of standards, regulation, anything that makes my life easier and that is well thought through. I think we are in a good place there, there's a lot of that around and people are taking it seriously.

Titley: What is keeping me up at night? I do a lot of work with the Pension Administration Standards Association (PASA) on dashboards, and dashboards is a classic example of a new set of regulations. When you go through those regs and understand exactly what they mean and how things have transpired, you realise that trustees, as duty holders, have a whole set of things that they're responsible for. And of course it flows down to other parties – administrators, connection providers, ISPs, whoever they are – and understanding those things is complex. PASA is doing some work to help the industry with that.

There will also be a lot of secondary legislation that comes out of the new pension reforms and, while the detail of the rules is not necessarily that exciting, ultimately, it's the trustee who is liable for following those rules, so that detail will be important.

Rav: Trustees now need much more information, including on DB schemes, where you need to make funding decisions and look at overall strategy.

The professionalisation of the trustee role and the changes means that they've got a higher duty now perhaps more than ever. Obviously, there's a consultation on that as well, so it will be interesting to see the results of that.

And on the data, we've got to have the data right to be able to make those right decisions. Trustees are rightly saying that these are the things we need to talk about, which is good, because before they used to be quite low down the agenda; and how technology can help with all of that is really important.

Roberts: I agree – in the past, data items were maybe given a small slot at the end of the trustee meeting but now, with the Effective System of Governance (ESOG) having come in and the requirement for administration forms that we're asking administrators to complete, we're getting a bit more reassurance. We're actually starting to receive reports that show those administrators are undertaking the activities we've delegated our trustee responsibilities to them for.

Rav: That goes back to my earlier point, that administration – not just the technology element, but overall – is now getting much more airtime than it used to do. If you look at the DWP consultation on trusteeship and administration, that's bringing that to the fore which is a good thing.

Muir: I think professional trustees play into that as well because they bring a level of organisational maturity that you wouldn't necessarily get at scale in the past.

Fortio: We talked earlier about having the stack built in the right way from the start, having all your alerting and monitoring in place. Of course, the attack vectors are changing so quickly all the time so you're not always going to be

In association with Capital Cranfield, raindrop, Procentia – Innovating PenTech since 2002

Tech roundtable

protected against everything, but if you've got the right monitoring and alerting in place, you can have the confidence to say, 'oh, I see someone's trying to call our APIs from China, what's happening there?' You make sure you've got those things in place, so you give confidence to your end clients or your trustees.

And then beyond that as well, to deal with new attack vectors, we have continuous integration, continuous deployment, which means we can move very fast when we need to make changes. If we've identified another attack vector, we fix it quickly, we continuously integrate, continuously deploy, so that kind of modern stack allows us to at least try to move as fast as the cyber criminals.

Advancements in tracing

Chair: How can advancements in technology help overcome historic challenges in pension tracing?

Fortio: Tracing has been around for a long time but, in the past, it was so punitive from a cost perspective that it was never really a scalable service that could be offered.

Back in the day, you had humans phoning up pension providers, etc, and doing all the manual work needed to get the job done. If it wasn't for the advancements in technology, we would not have been able to get to a solution like we have today, at a price point that actually makes sense for our end clients to take on, and offer value for money on that kind of service.

We use things like Optical Character Recognition (OCR) to extract structured data, turn unstructured data into structured data, but now, with things like agentic AI, we can take that to the next level in terms of identifying next steps, with the right guardrails in place. We can use AI, for example, to connect the dots

between a document we receive/the user/the request, and whatnot. And without AI, we probably wouldn't have been able to get to the level of automation that drives the operational costs down to a point which makes sense as a price point.

There are other interesting developments that are happening too. We have strategically always tried to meet the requirements of the providers we reach out to when we trace, which sometimes can mean that we need to do phone calls. Phone calls, again, are not operationally scalable. But now, with AI, we've been doing outbound provider AI calls – we get AI to do a transactional call whereby we collect the data from a human operator that speaks with us and then pass it via webhooks back, so it automates that into our system.

So, tracing would not exist in the way we do it now, as scalable as it is and able to meet the demands of today, if it wasn't for technological advancements.

Chair: How does tracing at Lumera and Capita differ to the Raindrop offering?

Titley: Lumera is engaged in tracing whereby the scheme is finding the member, rather than the member finding the scheme. But, at the heart of it, the challenge is the same. It is a matching challenge, which is talked about a lot in respect to dashboards. We use credit reference agencies to do that tracing and, ultimately, you are trying to match up the details you hold with the details they hold. In a lot of cases, it's straightforward. But where it's not straightforward, that's when the types of techniques that Phil *[Fortio]* mentioned come in. And AI does have a role in this for sure.

Rav: Capita also has a tracing business and, over the last year, we've started to look at it a bit differently. Rather than saying, 'let's trace members', we are saying, 'let's try to never lose those members'. To that end we have launched Digital Mover, which uses technology to work out when members might be moving, and to then give prompts to members to remind them, when they are moving, to update their new address. That adds a lot of value. Let's face it, if you're about to move house, the last thing on your agenda is going to be telling your pension provider about the move, so if you can prompt members, it helps.

Fortio: People do update their retail banks, so yes, a prompt to say, 'while you're at it, why not also let your pension provider know', sounds useful.

Titley: Pensions dashboards should also help with all of this.

Saying that, none of this, of course, compares to what they have in some other countries where you can obtain somebody's current details from a national ID number – we're not going to get there in the UK in the foreseeable future, so we have to find other ways.

Roberts: There is certainly a lot more choice and variety of tracing now compared to the past. It used to be your administrator couldn't trace a member so you would use that admin provider's tracing service and that was it. The data used to trace has advanced as well, with searches including social media platforms. But there are of course dangers associated with that and the risk of scammers intercepting that need to be considered.

Pension transfers

Chair: Can technology help with friction points in pension transfers?

Rav: It depends whether we're talking about DC or DB, but if you think about it from a DC perspective, I think technology will help with that. Some friction, in the right context, is probably no bad thing. Pensions are complex – members might have guaranteed annuity rates, and so on. So having a little bit of the 'good friction' in there is probably no bad thing. But technology is going to help reduce the 'bad friction'.

I remember a few years ago my wife trying to do a pension transfer from a DC scheme from one provider to another. It wasn't a huge amount, but she got a 40-page pack to try and transfer! Technology will take some of that stuff away. Now you'll be able to transfer, hopefully, in a much more digital fashion, which is what people expect today. So, it will reduce the timescales.

Roberts: This is a topic that is discussed a lot in trustee meetings – a lot of transfers do take a long time to process.

From a DC perspective, things have sped up over the past few years due to straight-through-processing, online verification of ID and so on.

But on the DB side, there is still a long way to go. What might make things easier, is trying to create a more standardised process across all providers. It would also help to give members more visibility as to what's going on. One admin provider I work with, for example, provides visibility on the status of their case logged on the system. That way, the member isn't having to constantly chase progress.

Fortio: As we are focused on the tracing side of things, we don't touch the transfers part of the process. But, from our experience of speaking to clients, with a lot of transfers, a lot of the issues seem to be data related and related to the quality of the data going into the transfer in the first place.

So, for example, members keying in plan reference numbers wrong against the wrong scheme, or not knowing which scheme they are registered with, and there are technical things that we provide to our clients that can help with that. You can do a regular expression check against plan reference numbers to see if they match what you expect for a scheme before even initiating the transfer.

So, a lot of improvements can come through cleansing that data beforehand.

Also, there are a lot of quality issues – for example, employers who won't update their records when the member leaves, and so the policy is still marked as actually receiving contributions, which leads again to issues at the transfer stage. When those things are addressed with the member before the initiation of the transfer, they can get up to 80 per cent straight-through processing on their transfers.

Muir: I'm going to answer this from the point of view of the service design. Building on what Anish *[Rav]* said about a bit of friction being a good thing, that's absolutely spot on! You need to remove the friction where it shouldn't be, and you need to put in place some safety measures where there should be.

On the data point, if you've got bad data, you're going to have bad service. That's an absolute no-brainer.

What's also interesting is understanding where things are going wrong, this is failure demand; so when you look at service, you're looking at failure demand, and you're looking at how the two things can affect failure demand and it might be something as simple as stronger nudges, and things like getting people information at the right time that are needed.

Titley: Thinking about the safety and the frictions that are in there, you might be asking questions when a transfer request comes, as a ceding scheme, such as 'is this a real scheme, is this really our member?'

And if we think about this in relation to small pots, if small pot consolidation does happen, and small pots start getting transferred, the school of thought is that most of the stock will end up getting transferred in bulk chunks, and then the flow will be transferred individually. But in both those scenarios, if the small pots identification piece has worked out and they know which consolidator it's going to go to, then the whole point about saying 'is it you?', that matching side of it, won't be a problem. It's going to an approved consolidator. You've also got the question, 'is it a scam? Is it a real pension arrangement?' That won't be a problem. We'll know it is real. So, it's quite interesting that in the context of small pots, a

In association with Capital Cranfield raindrop Procentia Innovating PenTech since 2002

Tech roundtable

lot of this friction might drop away which will be helpful, but it will still exist, obviously, for other transfers.

Rav: It's just about making sure we're not creating barriers for barriers' sake – and technology will remove some of those barriers – whilst at the same time making sure the right checks and balances and guardrails are in place. There are a lot of scams out there, so making sure people don't get scammed is so important, and tech has a role to play in all of that.

Roberts: Yes – there's still quite a lot of manual work with transfers, which comes with its own risk, for example it certainly used to be that you had to check an approved list of IFAs and overseas recognised arrangements that you could safely transfer to. The list might not have been updated for a while, which meant you could be warning someone of a potential scam, when it wasn't. I definitely think the advancements in technology will help with things like that.

Harnessing AI

Chair: Should the pensions industry fear or celebrate AI? Also, Gen Zs' attitude to tech and pensions is different to previous generations – what risks could that pose from an AI point of view?

Rav: It's important that we use AI, but that we don't just use it for AI's sake – we use it in the right way, the right areas.

At Capita, we're already using AI, but with the right guardrails in place. Having the human in the loop is also important, so the human is still accountable.

More widely, as an industry, everyone needs to understand what AI is and what it isn't. There are lots of misconceptions around AI and what it can and can't do. Having that base understanding across the industry, including trustees, is really important.

So, yes, AI is going to be a positive, but it's got to be used in the right way. It's not going to replace humans – it's augmenting humans, freeing them up to be able to do the more value-added stuff, but with the right checks in place as well.

On Gen Z, we undertook some research with them (and Gen Alpha) recently around their attitudes to pensions. We spoke to individuals in focus groups and the results were interesting because there were quite a lot of myths that got busted. One thing we discovered was that, actually, they are ready for pensions, but they need pensions to be delivered for them, and in the right way.

If you think about pensions historically, they've always been designed by the previous generation. Does that always work? For example, we as an industry tend to say things like, 'give up your daily cup of coffee and put that into your pension'. Well, actually, that's just turning people off because they want to have those little luxuries.

Also, how do they use technology? They use technology in very different ways. There's a misconception that young people don't have a long attention span, but actually they are online, playing longer games, or they are doing virtual training. So, they are interested and can be engaged, just in a different way to us. AI can help with that.

Don't get me wrong, there are lots of dangers with AI as well. That's why we always say you need guardrails – you need to understand the risks and work out what you're using AI for. But there are also opportunities.

Titley: In terms of AI, we have a whole range of different AI models, and it's very easy to think of AI as being all about ChatGPT and other large language models that people interact with, but there are some important new use cases coming down the track. For example, when you're looking at who you assign to default retirement pathways, you might want to use AI to look at that because you're trying to understand what signals the data you hold gives you about what someone's going to do and whether a pathway is going to be appropriate for them.

From a trustee perspective, we have been making the argument that, for default retirement pathways, you might come to a point where you'll say, 'I really should be using AI because AI is made to do these kinds of predictions, made to draw out reasons why this might not work for this type of person, that just would not be obvious to human analysis.'

So, I think trustees will want to become comfortable with it. There's definitely a need for increased guidance, and providers have to set out their own approaches as to how they operate and how they govern, and there's going to be some guidance later this year from TPR which is good. I think there will be a lot that trustees need to give them confidence that their providers are working within the right parameters.

Roberts: AI creates opportunities, but it also creates risks.

As a trustee, it's a very busy job. Some of the decks that come through run to 600 pages or so, and sometimes you might just want a general idea of what's on the agenda. AI can help with that. It can give you the ability to focus on the areas that you want to focus on, for example, before you go into a meeting. Or if you've got a trustee board, give them a bit of a heads up of what's coming in their direction.

The risk side of things that worries me is the amount of information that people are willing to just pop into the web. 'I'm this age, this is my name, this is my date of birth, tell me what my financial outcome should look like'. That's something that worries me quite a bit.

On the Gen Z side of things, what I've seen is they bring a bit of fun to everything. For a long time, you used to just get a newsletter, and it would be quite standard. We're now sending out links and providers are using platforms like Tik Tok to make it all a bit more fun.

Fortio: AI has a lot of value to give. Again, the guardrails are important as is taking an incremental approach.

Our processes, for example, had a lot of rules-based workflows and things like that, and we slowly brought in AI to augment beyond those, with all kinds of controls in place. And when we do that, and we constantly regression test and see how things improve over time, then obviously we gain more confidence and roll it out more.

Through the tracking of the data, we can also see that humans make more mistakes than AI does in general.

What we try to avoid doing is always using AI in things that have well-defined outcomes. So, we know what the next step should be. We know what data should be extracted from this so we can corroborate and check that.

One approach to using AI is to automate what was already done before. But where things will get very interesting is where AI can enable what was never done before. We've been working on, for example, a fee comparison tool for pensions. A lot of people want to compare the fees in their policies, but there's usually static comparisons. It's very complex, different policies will have their own fee structures, and it's only through the use of AI that we've been able to extract the data from the policy, but then also source the other bits of data that we need online from fund websites, etc, to collate a full picture. That has enabled us to give, what we think, is the most comprehensive fee comparison to a member when making the decision of whether they should transfer the policy that we've just found for them. So, that's a very exciting area.

When it comes to the Gen Z side of things and their use of AI, the most important thing is the outcome of it. Gen Z are obviously more AI first, they're naturally using it in their a day-to-day, but ultimately the outcome they're looking for is maybe they're asking for financial advice, right? Or they're asking for these kinds of things but, to be honest, would they really care if it was AI that was delivering it? They just want the outcome of that guidance, which is where targeted support can come in and things like that.

Things like proxy voting are also powerful! Gen Z want to engage with their pension, and they have things that they care about – they want to be able to see if their pension is invested in oil, for example, or they might want to have an impact on where their pension is being invested. Technological solutions that help them achieve those aims will be important.

Muir: Should the pensions industry fear or celebrate AI? Regardless of how we feel about it, AI is here, and it is going somewhere as well. AI, for me, is automation, and there's a pattern that happens with automation all the way through history – through the industrial revolution, through the information revolution, through web, through to what we've got now. And it is always that you lead the automation to start with, then you get the human in the loop. I don't think we should be under any illusion that we will get to a place where the human will not be in the loop for it!

We need to follow what it's doing, and we need to provide the necessary safety tools around it. So, things like AI standards and regulation are important.

From speaking to my own Gen Z children about pensions, it is clear they care where their money is being invested, but they don't necessarily equate pensions with investment. So, it will be interesting to see how technology can change that.

Chair: To conclude, I think we should both fear and welcome AI. There are lots of opportunities out there because of it, and I suspect the future is bright because we're going to be able to do a lot more positive stuff than we could before. However, as everyone has said, we need to make sure the right guardrails are in place to protect everyone as we go forward.

Clearing a path

Summary
• New laws, regulations and guidance coming into force now or due to be implemented during the next few years have created some contradictions and confusion.
• This could reduce these reforms and may also compromise trustees' ability to fulfil their fiduciary duties.
• Examples include some of the details, timing and a lack of fully detailed guidance linked to the guided retirement and targeted support initiatives; and the value for money framework.
• Further statutory and non-statutory guidance helping to clarify the details of new legislation and regulation, alongside some revision of timings for their implementation, are likely to be helpful.

Attempts by legislators and regulators to improve the UK's pensions system add to its complexity and may also create new problems. David Adams reports on some of the most significant gaps and contradictions in an ever-more complex system

The pensions system, with its multi-layered system of ever-shifting legislation, regulation and regulatory guidance, is getting more complicated all the time. The addition of new laws, regulations and guidance coming into force now or due to be implemented during the next few years has created some contradictions and confusion, which could undermine these well-intentioned reforms, and might also compromise trustees' ability to fulfil their fiduciary duties.

For example, alongside ongoing work on preparations for the dashboards and value for money (VFM) assessments, there may be work for trustees or scheme managers to do on guided retirement

or targeted support, small pots, or the possible release of DB scheme surpluses.

"We're in a period of unprecedented regulatory activity," says Pensions Management Institute (PMI) chief strategy officer, Helen Forrest Hall. "While each individual reform has merits, trustees and pension practitioners are having to navigate a patchwork of overlapping requirements that don't always align."

Trustees and scheme managers are also being asked to work towards legal or regulatory objectives before all the details have been agreed.

"Schemes are being expected to prepare for legal or regulatory requirements without full guidance about what those requirements entail; and *[policymakers have]* started putting requirements on schemes that directly interfere with fiduciary duty," says pensions researcher, Daniela Silcock. "That could apply to investment requirements, consolidation requirements and the DB surplus requirements."

The fact that laws and regulations are drafted by government departments and regulators with very different aims also creates problems.

"There are always unintended consequences," says Muse Advisory CEO and Pensions Administration Standards Association (PASA) non-executive director, Ian McQuade. "Things are drafted to try to address a particular problem, but the people drafting the legislation don't always think about what else might happen as a result."

"We're in a period of unprecedented regulatory activity"

Seeking guidance

One example of this can be seen in the work DC trustees are being asked to do around creating guided retirement default pension benefit solutions. The Pension Schemes Act provides a broad outline of what trustees should do, with secondary legislation due to follow later this year. The DWP's *2025 Workplace Pensions Roadmap* suggests that master trusts would need to be in full compliance from 2027, with single employer trusts and group personal pensions to follow in 2028.

"Trustees are going to need to design an offer of one or more default solutions that take into account members' needs and circumstances, but regulators have yet to set out what that means," says Burges Salmon director, Jack Gillons. "Everyone's circumstances are different. You can offer more than one solution, but how many will you create? How much will you tailor them for different member cohorts?" A further complication is that while trust-based schemes are regulated by TPR, contract-based schemes are regulated by the FCA, creating the potential for a mismatch.

Sackers partner, Andy Lewis, highlights another potential problem: The government has said it wants to bring forward legislation to enable retirement CDC schemes, but the legal obligation to provide guided retirement is likely to be in force before we see a framework available to create retirement CDC arrangements.

"We think there is going to be an appetite among some trustees to use retirement CDC as their guided retirement solution," Lewis points out. However, the government is believed to be actively addressing this issue.

Meanwhile, the FCA's targeted support framework is intended to provide personalised guidance to members of FCA-regulated schemes, delivered by FCA-regulated financial providers. If an individual had a pension in this sort of scheme access to such a service could help them decide how to use other savings, including pension pots in trust-based schemes, but as things stand there would be no direct coordination with guided retirement provision.

The good news is that both regulators are aware of this issue. In June FCA director of cross-cutting policy and strategy, Charlotte Clark, told an audience at the PMI's Annual Conference that the FCA and TPR are actively discussing better alignment of guided retirement and targeted support.

Trustees will also soon need to complete VFM assessments, using a framework that includes both forward-looking metrics on expected investment returns, as well as backward-looking metrics covering previous investment performance, costs, fees and service. Schemes and other pension arrangements that receive a poor rating are likely to be required to close, transferring members into alternative pension vehicles. The framework will enable contractual overrides for contract-based schemes, allowing transfers without members' consent.

Again, there are fears that the fact two different regulators will oversee VFM could create problems.

"The framework relies on alignment between the regulators, because otherwise you get the risk of regulatory arbitrage," says Arc Pensions Law partner, Sonya Fraser.

There are also concerns that the influence of VFM assessments may encourage 'herding' around predictable investment choices, discouraging innovation, possibly increasing concentration risks and ultimately leading to worse outcomes for scheme members, because of the fear of a scheme receiving a poor rating. There is potential for this to effectively undermine trustees' fiduciary duties.

Fiduciary duties fulfilled

A similar worry was at the heart of opposition to the element of the Pension Schemes Act that almost prevented its passage into law: Reserve powers that could be used to mandate schemes' investing in certain UK-based assets.

For Burges Salmon director, Andy Prater, the arguments in parliament about mandation, only resolved by a last-minute compromise in April, were another example of a lack of detail in legislation creating problems. He wonders if the inclusion of statutory guidance on fiduciary duty within the Pension Schemes Act might have been helpful. A proposal to include such guidance was removed from the bill as a concession offered to peers in the House of Lords fiercely opposed to mandation.

Non-statutory guidance on fiduciary duty is now expected to be published by the government at some stage. Arc Pensions Law partner, Matthew Swynnerton, is a member of the technical group helping to draft it. He says he expects the guidance "to carry significant weight and to be widely adopted".

It is possible this will also help trustees of DB schemes making decisions regarding the possible release of scheme surpluses will also need to be able to reconcile those decisions with their fiduciary duties.

"The government's been fairly clear about how it would like to see these surpluses being used, but the government and The Pensions Regulator have also emphasised the importance of safeguarding member benefits and outcomes," says Swynnerton. "Trustees have to balance those two things. They aren't necessarily inconsistent, but don't always point in the same direction. The guidance must provide clarity around the decision-making process."

One common factor in many of these problems is the planned timing of implementation or enforcement of legal or regulatory requirements. There is general agreement that publication of a revised workplace pensions roadmap would be very helpful. In June, Pensions Minister, Torsten Bell, said this would be published "shortly" – but he added that this document would be focused on the timetable for reforms that are already being implemented, so would not take into account further changes that may be proposed following publication of the Pensions Commission's final report in 2027.

Once that report is published, Pensions UK head of DC and master trusts, Phil Brown notes, it would be reasonable to assume more legislation might be drafted with the aim of addressing the issue of savings adequacy.

"That's the one thing that was missing from the Pension Schemes Act – rightly, because they wouldn't want to second-guess the Pensions Commission," he says. "So, there will be more change coming."

But that really shouldn't be either a surprise, or any cause for panic among trustees or scheme managers, says Lewis.

"What really matters is how the board responds to these issues while still acting in the interests of the scheme's members," he says. "The starting point is to have these things on the radar, and taking time to think about them strategically."

Written by Dave Adams, a freelance journalist

International influence

Paige Perrin explores which countries influence the UK pensions system, what lessons can be adopted, and where regulatory and cultural differences limit direct comparison

Summary

- The UK pensions system is increasingly influenced by international models, particularly those from Australia and Canada, which offer insights into effective long-term investment strategies and member engagement techniques.
- While the UK is looking to learn from other systems, it maintains a leadership role in areas such as auto-enrolment, which has successfully increased participation in pensions through default design features.
- The UK pensions system could learn from other countries that are less frequently examined, such as those in Scandinavia, New Zealand and the US.

Influence: the capacity to have an effect on the character, development, or behaviour of someone or something, or the effect itself.

In the 21st century and the age of digitalisation, the terms "influenced" and "influencer" have become part of everyday language. One place you might expect not to hear them, however, is the pensions industry.

Yet anyone who has listened to speeches by the government or regulators on the future of the UK pensions system or attended an industry conference over the past few years will have noticed a recurring theme – frequent comparisons between the UK's pensions system and those of other countries.

International pension systems are increasingly being used as benchmarks to influence thinking, shape policy, and inform debate about the future direction of UK pensions.

Influenced

When identifying which countries have the strongest influence on UK pension policy thinking, attention typically turns to a small group of mature, well-developed systems.

"When policymakers look abroad for inspiration, the examples most frequently cited are Canada, Australia, and the Netherlands, largely because these markets have developed pension systems with greater scale and more experience investing across a wider range of asset classes," FINBOURNE Technology chairman, Toby Glaysher, says.

IFM Investors executive director, public affairs, Gregg McClymont, notes that, in particular, "the two biggest international influences on current UK pension policy are Australia and Canada".

He argues that Australia's "highly successful" defined contribution (DC) superannuation system has had a clear impact on recent UK reforms.

"The emphasis in the 2025 Pension Schemes Act on larger master trusts, consolidation, and greater investment in private markets reflects lessons drawn from the Australian model. The Act's value for money (VFM) framework is also designed to encourage scale and support broader investment opportunities in a similar way," he adds.

"In the Local Government Pension Scheme (LGPS), policymakers have looked closely at Canada's so-called 'Maple 8' public-sector pension funds. These funds have demonstrated how large-scale pension institutions can access a wider range of investments, particularly private markets, to improve diversification and support long-term returns."

As for the reasoning behind taking inspiration from other countries, Standard Life retirement savings director, Mike Ambery, explains that it is not to copy any one system directly, but to understand what is working well elsewhere.

"In particular, the UK is interested in how other countries approach long-term investment, deployment of capital, regulation, governance and member security. There is also a strong interest in how different systems are improving member engagement, retirement saving behaviour and ultimately outcomes for savers," he notes.

"International examples should be seen as a source of lessons rather than a blueprint," Legal & General global head of DC, Lesley-Ann Morgan, argues, adding that pension systems are shaped by different regulatory environments, markets and retirement cultures.

Influencers

However, Ambery argues that "the UK is not just following others"; instead, "it is recognised as a leader in areas such as regulation, governance and innovation – so in practice this is very much a two-way exchange of ideas rather than a one-directional process".

This positioning raises the question of whether other countries are increasingly looking to the UK pensions system for inspiration.

Nuveen head of UK institutional, Sophie Ballard, points to auto-enrolment as a key example of the UK's influence.

"Requiring employers to offer a scheme while allowing employees to opt out has significantly increased participation without full compulsion," she says.

State Street Investment Management head of European institutional strategy, Olivia Kennedy, highlights that auto-enrolment's "success has demonstrated the power of behavioural economics, inertia and well-designed defaults in driving participation".

She notes that many countries are now drawing on these lessons as they design or refine their own workplace pension systems, including Ireland's new auto-enrolment framework, alongside further initiatives in markets such as Malta and Greece.

While not explicitly modelled on the UK, Ireland's MyFutureFund system shares notable similarities and suggests the UK's auto-enrolment framework has served as a reference point, alongside comparable reforms in countries such as New Zealand and Australia.

Meanwhile, McClymont highlights the 2026 Pension Schemes Act's requirement for schemes to offer retirement income solutions to members as another potential area of international influence.

"If implemented successfully, this could provide a valuable contribution to solving what economists often call the 'annuity puzzle' – how to help retirees convert pension savings into stable, sustainable income throughout retirement. Other countries facing similar challenges will be watching closely," he says.

Potential influencers

Industry opinion is divided on which countries the UK pension system should look to for inspiration, with differing views on which international models offer the most relevant lessons.

Ballard notes that, in Nuveen's view, some of the most valuable lessons come from countries such as Chile and Switzerland, which demonstrate that outcomes can be improved without mandating behaviour.

She argues that both systems integrate the income decision directly into the retirement process, significantly increasing uptake while preserving individual choice, which she notes is "particularly relevant" for the UK, where uptake of guaranteed income remains low following pension freedoms.

Additionally, Ballard points out there are lessons from markets such as Singapore and Australia on system simplification and consolidation because "improving transparency and making it easier for savers to view and manage their assets can drive better engagement and decision-making".

McClymont, meanwhile, highlights that "the Netherlands, Sweden and Denmark all offer useful lessons".

"The Dutch collective DC (CDC) model has already attracted significant attention from UK policymakers as they develop legislation for CDC schemes," he says.

"Sweden demonstrates the benefits of scale, with retirement assets concentrated in a small number of very large funds, helping to keep costs exceptionally low.

"Denmark has developed innovative retirement income products that incorporate longevity pooling outside a traditional insurance framework, offering potential lessons for the development of the 2026 Act's mandation of default retirement products delivering sustainable retirement incomes."

Festina Finance UK country head, Dan McLaughlin, also argues that Denmark is a country worth seeking inspiration from.

"I think the pension dashboards in Denmark (and the Netherlands) are north stars where we can aim," he says. "There is more digital integration, meaning, for example, it is possible to import a member's data into a retirement proposition or adviser platform. We do this for many banks in Denmark."

McLaughlin adds that in Denmark, at the point of 'retirement', an individual's active pension provider has a responsibility to assist the member in bringing together their various accounts or pots, which he suggests could be "really useful in a DC world".

In contrast, Kennedy singles out the US as a country the UK could learn from due to its offering of "a compelling blueprint for retirement income innovation – combining flexible access with deferred guarantees to balance choice and security".

In particular, she suggests this could be helpful as the UK develops its guided retirement framework.

Kennedy also highlights New Zealand as a potential influencer.

The KiwiSaver, a government-created voluntary retirement savings scheme that offers features to assist savers with buying their first home, according to Kennedy, is a "great example of getting portability right" – making it simple for people to move their pension as they move jobs.

"That's something the UK is going to need to get better at, especially with *[the gig economy]* and flexible working patterns," she adds.

Echoing this, Vidett chief client officer, Alison Hatcher, argues that the UK should be looking to a broader set of countries that offer access to pensions for specific circumstances such as house deposits or hardship.

"Most other countries offer this benefit in some form, yet the UK does not. This simple change could drive engagement in pensions, support adequacy as people want to save and enhance the wealth profile of both the individual and the country," she says.

"The UK is interested in how other countries approach long-term investment, deployment of capital, regulation, governance and member security"

Wider outlook

Although it is useful to draw inspiration from other countries when considering how to improve the UK pensions system, direct comparisons are not always straightforward. Different pension models have evolved in response to unique economic, political and demographic circumstances. Even so, industry experts argue that the UK's current reform agenda reflects a broader international trend in pension policy.

"Globally, there is a shift toward consolidation, scale and auto-enrolment," McLaughlin says, adding that he believes there are "huge gains" to be made closer to home in Europe.

"The second pillar is largely underdeveloped, which, if reformed, could drive capital market and economic growth to a new level," he adds.

People's Pension chief investment officer, Dan Mikulskis, says many European countries are responding to the shared structural challenge of ageing populations and rising life expectancy.

"There is a broad consensus that the cost of longer retirements cannot be solely funded by the state, which is driving a shift towards greater reliance on funded pension systems and individual savings," he says. "As a result, common themes are emerging internationally, including higher pension contribution expectations, rises in state pension ages and a stronger emphasis on investment performance to deliver outcomes."

These shared pressures are driving reform across Europe. Sweden and Iceland are pursuing fund consolidation, while the Netherlands is transitioning from a DB system to a new DC framework. The Czech Republic is exploring more flexible retirement options alongside reforms to pension fees and withdrawal rules.

Elsewhere, Finland has recently implemented reforms designed to enable pension providers to achieve stronger investment returns, while also consulting on changes to self-employed pension arrangements. Meanwhile, in Germany, the Pension Commission has proposed a new state-run, capital-funded pension pillar alongside wider reforms to how the retirement age is set.

Overall, these reforms point to a growing convergence in pension policy.

While individual countries continue to take different approaches, many are pursuing the same broad objectives: building larger, more efficient pension systems, encouraging greater private saving and improving long-term investment performance.

Although the UK has traditionally focused on Canada's, Australia's and the Netherlands' pension systems for inspiration, there is growing recognition that valuable lessons can be found beyond these markets, with policymakers looking more widely for international best practice.

Written by Paige Perrin

Summary
- Consolidation is concentrating power, with a small number of individuals now controlling a large share of UK pensions assets.
- Governance is becoming more professional as schemes need to comply with an ever-more complex regulatory environment.
- Scale brings both opportunity and risk, improving capability but raising concerns about accountability, diversity of thought and 'groupthink'.
- As the industry evolves, it must find a way to balance efficiency and performance with preserving member and employer voices, independence and a pipeline of future talent.

Fewer hands, greater power

Consolidation is reshaping UK pensions, concentrating power among fewer trustees and driving a shift towards a more professional, large-scale governance culture. But alongside the benefits, it also raises important questions around accountability, diversity, and whether member voices risk getting lost

Consolidation has become a watchword in UK pensions, with the government's drive for "fewer, bigger, better pension schemes" underway, and set to accelerate following the creation of multi-employer DC 'megafunds'. And in DB, many schemes are moving towards endgame, further reducing numbers.

As consolidation gathers pace, the industry is shifting from traditional trustee oversight toward professional governance, with large master trusts and consolidators bringing full-time investment teams and institutional governance structures, in line with regulatory expectations for stronger governance and deeper expertise at scale.

An LCP report from 2025 found that fewer than 500 trustees controlled more than half of DB assets, while a DC-focused report this year revealed that more than £160 billion is managed by fewer than 50 trustees.

Furthermore, a recent Isio survey reported that the 10 largest professional trustee firms in the UK oversaw 45 per cent of the DB pension scheme market in 2025; a share projected to rise to two-thirds within the next five years.

Rising professionalism

However, it's not just consolidation driving these changes. "It's also about complexity – we can't separate the two," says People's Partnership head of pensions policy, Tim Gosling.

Trustees face new requirements, including demonstrating value for money (VFM), meeting scale rules and supporting the government's productive finance agenda.

"Running a master trust is fundamentally different to running a small pension scheme a decade ago, requiring a different level of support," Gosling adds.

Gosling says he expects the trustees governing the largest schemes to move in a direction more akin to the board of a financial services firm, albeit with a more direct focus on pensions.

"We will need a particular calibre of individual to govern the systemically important entities being developed, and I would expect the trustee market to begin globalising at some point."

The most striking aspect in pensions is the pace of change, according to Zedra head of proposition development, Mark Stopard. "We have seen a shift in the trustee role from delivering good governance in a relatively stable environment, to being a strategic decision-maker steering schemes towards their end goal.

There is also a growing professionalism driven by the need for schemes to remain complaint with an ever more complex regulatory environment, he adds.

Power in fewer hands

The increasing concentration of power in the hands of a small number of trustees is "extraordinary," says LCP partner, Steve Webb.

"The increasing concentration of power in the hands of a small number of trustees is extraordinary"

"While these individuals will be carefully chosen and typically highly expert, the model of having a handful of people overseeing huge 'megafunds' raises serious questions that the government has not so far addressed."

LCP warns this concentration risks weakening accountability and 'muffling' employer and member voices, while reducing challenge and diversity of thought.

The industry also needs structures in place to ensure there is independent challenge and advice for 'megafund' trustees, and that providers remain key players in the running of pensions.

Lost voices

The Association of Member Nominated Trustees (AMNT) co-chair, Maggie Rodger, warns the concentration of power within a small number of people – many with similar training and backgrounds – "brings a serious risk of groupthink because of lack of external challenge".

The AMNT's recent manifesto argues that member trustees are the only group with 'skin in the game' in the decision-making of the pension scheme, and with no business interests in the process.

"The loss of the member voice in governance increases the risk that the sponsor or provider's views will become predominant," Rodger explains.

These challenges are particularly likely under VFM proposals, she says, where schemes may prioritise keeping pace with peers over innovation. "Some have predicted this 'herd instinct' will lead to complacency and mediocrity."

Rodger would like to see "greater member trustee representation in all types of schemes, and also greater training and support for member trustees so they can be at the top of their game and not hindered by employer time and cost issues".

Scale brings responsibility

Some master trusts are exploring ways to ensure the connection between members and employers is not lost.

"As decision-making sits with fewer, larger schemes, ensuring decisions are taken in the best interest of all members becomes increasingly important," comments Nest chief customer officer, Gavin Perera-Betts.

"We wanted to test our assumptions, explore trade-offs and ground decisions in members' lived experiences."

This is why Nest set up its Member Assembly – which brought together a diverse group of savers to explore how their money is invested – and ongoing employer and member panels. These initiatives ensure savers' perspectives inform investment decisions, helping the scheme remain accountable and connected.

Rise of professional corporate sole trustees (PCST)

Isio's survey also reveals that sole trusteeship now accounts for over 50 per cent of appointments, with projections suggesting sole trusteeship could reach around 65 per cent of appointments in five years.

The PCST model can work well

where a board is struggling to recruit trustees, or where trustees do not have the sufficient time to devote to the role.

However, Muse Advisory CEO, Ian McQuade, argues that the rise of PCST appointments can create conflicts of interest through 'cross-selling' and weaken trustee independence, given employers' ability to replace a sole trustee more easily. He also warns that increasingly close relationships between trustee and advisory firms could undermine competition, influence appointments, and create perceptions of preferential treatment.

"Consolidation is seen as a silver bullet, but the reality is that consolidation introduces significant concentration risk, and it is driving some poor behaviours as various firms try to position themselves to be successful in the short to medium term. Bigger is not necessarily better," McQuade says.

Ensuring diversity

Another question the LCP report raises is whether the industry can ensure diversity of thought and behaviour when the pool of people managing pensions is so small.

The industry group, Diversity in Pensions, believes that consolidation brings both opportunity and risk for diversity.

"On one hand, larger schemes, master trusts and professional trustee and adviser firms have the resources to invest in structured equality, diversity, and inclusion (EDI) programmes, diverse talent pipelines and inclusive governance frameworks that smaller funds and lay trustee boards simply couldn't sustain," according to a Diversity in Pensions spokesperson.

"On the other, consolidation concentrates decision-making power – and if the people in those seats remain largely homogenous, we risk embedding historic inequalities at greater scale and with great consequences.

The question is not whether this is good or bad for diversity – it is whether leaders in consolidated entities are being intentional about using their expanded influence to drive genuine inclusion, the group explains.

"Scale creates leverage; what matters is whether that leverage is used well. We would encourage this shift to be seen as a way to create truly inclusive workspaces and more opportunities, which will inevitably have a positive feedback loop for the economy."

Next generation

This concentration of power also presents the uncertainty of where the next generation of trustee talent will come from.

"The industry needs to think carefully about succession planning and how it brings through new people with fresh ideas and perspectives, while ensuring it does not lose the governance knowledge and experience embedded within the existing trustee community," says BESTrustees professional trustee, Roger Breeden.

The answer could be initiatives such as the Pensions Management Institute's (PMI) enhanced Trustee Accelerator Programme, which aims to expand the pipeline of skilled pension professionals. There are now also formal trustee qualifications, such as the PMI's Certificate/Award in Pension Trusteeship, and the Association of Professional Pension Trustees accreditation framework, allowing more routes for new talent to enter.

While the industry transforms, it remains to be seen what the eventual shape will look like. Ultimately, the sector's shift towards scale is not just structural but also cultural. While larger schemes and professional trusteeship offer clear benefits, they also concentrate power in ways the industry has yet to fully address. Ensuring this model preserves diversity, independence and the member voice will be an important next consideration for the industry and policymakers.

Written by Ellie Carric, a freelance journalist

Summary
• Gen X is facing a unique retirement adequacy challenge, having largely missed out on both widespread DB provision and a full working life of auto-enrolment.
• Pension outcomes within the cohort vary sharply, with women, the self-employed, lower earners, renters and those with caring responsibilities facing the greatest risks.
• Experts argue that targeted support, clearer communications, dashboards, contribution increases and better employer engagement could still help mid-lifers improve their retirement prospects.

A mid-life (pensions) crisis

Callum Conway explores why Gen X has become a key focus for the Pensions Commission, as the cohort approaches retirement caught between the decline of DB provision and the late arrival of auto-enrolment

The phrase 'mid-life crisis' is defined as a period of intense self-reflection and emotional turbulence typically occurring between ages 40 and 65.

This can manifest in several different ways, such as a sudden obsession with a new hobby or dramatic lifestyle changes.

However, the recent interim report from the second Pensions Commission, revived by the government last year, revealed a different type of crisis.

The headline? 15 million people in the UK are currently under-saving for retirement, a figure that could rise to 19 million without action.

The commission found that 45 per cent of working-age adults are not saving into a pension at all, despite nearly half of them being in work.

Low- and middle-income earners, women, and the self-employed were highlighted as groups at particular risk, but 'Gen X' is arguably the cohort facing the most immediate pressure.

Born between 1965 and 1980, this generation is now approaching retirement after living through one of the biggest shifts in the UK's pension system.

Many were too young to build up substantial DB pensions, but too old to benefit from auto-enrolment (AE) throughout their working lives.

As a result, they missed some of the most valuable years of pension saving and now many face a significant shortfall in retirement funds.

Caught between two systems

Standard Life Centre for the Future of Retirement director, Catherine Foot, notes that many Gen X savers have "fallen between the DB and DC pension systems", making them a particular concern for policymakers.

Indeed, research from the Standard Life Centre for the Future of Retirement and the Social Market Foundation found that 54 per cent of Gen X are projected to receive inadequate pension incomes, with 39 per cent falling short of maintaining their current standard of living and 35 per cent potentially falling below minimum retirement living standards.

"Most of them were too late for widespread DB and final salary schemes but only benefited from being automatically enrolled into DC schemes for the latter part of their working lives," Foot explains.

The transition from DB to DC schemes has not just changed how pensions are built up, but has also shifted investment risk, longevity risk and decision-making responsibility from employers to individuals.

As a result of this, Zedra client director, Dan Whincup, suggests that Gen X may be the first generation approaching retirement whose "expectations have been shaped by a pension system that no longer exists".

He adds: "Many grew up watching parents retire on final salary pensions, often with predictable income and comparatively clear retirement dates. Their own reality is likely to be very different."

The adequacy gap

The scale of the challenge for Gen X is now clear in industry data, which points to a cohort facing a distinct retirement shortfall.

PensionBee VP personal finance, Maike Currie, says its data puts the average personal pension for savers aged 45 to 60 at around £35,000, while a typical 55-year-old contributing at standard levels might retire with roughly £164,000 by age 67.

"Set against the Pensions UK Retirement Living Standards, where a single person needs a pension pot of more than £500,000 for even a 'minimum' retirement, that is a significant shortfall," she notes.

Echoing this, Legal & General retail CEO, Laura Mason, says the firm's *Building Financial Futures* report found that of the approximately nine million UK people aged 25 to 54 who are not on track for an adequate retirement, more than half (five million), are aged 40 to 54.

"The result is a cohort that is not only under-saving but often disengaged," she warns. "Four in 10 40-to 54-year-olds said they had not engaged with their pension in the past 12 months, compared with 30 per cent of younger adults."

The consequence of this adequacy gap is not just a lack of savings, but a loss of confidence.

Indeed, Trafalgar House client director, Dan Taylor, claims that people in their late 40s and early 50s are the most pessimistic of any age group about their pension, with only around one in seven believing their pension will allow them to live comfortably in retirement.

"That does not look like confusion," he continues. "Younger savers often say they do not know. Mid-lifers seem to have looked at the numbers and reached a view, and it is not a positive one."

Uneven outcomes

Despite the focus on Gen X as a cohort, their circumstances vary drastically by gender, income, employment pattern and caring responsibilities.

"If we only look at average outcomes, we risk missing the fact that this is fundamentally an equity issue," argues Pensions Equity Group co-chair, Molly Handley.

She notes that many women in Gen X have experienced career breaks, part-time work, or multiple job arrangements, which have reduced pension participation and contribution levels, adding that women's DC pots are around 75 per cent lower than men's.

Supporting this, TPT Retirement Solutions DC proposition associate director, Georgie Edwards, says women in Gen X are also more likely to have had more "traditional" home arrangements and less access to strong maternity or paternity policies earlier in their careers.

She explains: "There is a significant compounding effect on mothers that can lower retirement outcomes up to 25 per cent, due to multiple earnings gaps, often returning to lower paid work and therefore less propensity to save for the longer term."

Royal London pensions expert, Clare Moffat, also points to the impact of caring responsibilities, menopause, and later-life work decisions, adding that women leaving jobs because of menopause symptoms could miss out on important pension saving at a key stage.

The self-employed in this cohort are another major concern.

Currie stresses that they sit "entirely outside AE", while the Pensions Commission found that just 4 per cent of fully self-employed workers are saving for retirement.

Meanwhile, lower earners, renters, people with disabilities, ethnic minority groups and those with interrupted work histories also face heightened risks.

Broadstone head of DC proposition, Kelly Parsons, concludes the greatest risk is among those who have experienced "gaps in employment, lower earnings, time out of work for caring responsibilities, or who have simply not engaged with their pension savings".

Competing pressures

For many Gen X workers, pension saving is often competing with immediate and unavoidable financial pressures, which helps explain the unique challenge this cohort faces.

For example, Rathbones research found that one in 10 people in the "sandwich generation" are either currently funding or expect to fund both their children's university costs and day-to-day living and care expenses for ageing parents.

Nearly two-thirds said this was putting significant pressure on their finances, while almost a quarter had reduced pension contributions and 60 per cent expected to delay retirement.

Rathbones financial planner, Malvee Vaja, says long-term financial planning for this cohort is "increasingly about compromise".

"Trying to prioritise immediate needs such as education and care costs can come at the expense of longer-term financial security."

Parsons describes this as one of the defining challenges for Gen X.

"These competing priorities can make it difficult to prioritise long-term saving."

"Unlike younger generations, they have less time to increase pension contributions before retirement."

Compounding the problem, Moffat warns that some Gen X savers may also continue to face housing costs in retirement.

Indeed, Royal London data found that a third of 50- to 69-year-olds believe they will still have rent or a mortgage to pay after they have stopped working or retired, removing the 'financial buffer' that housing wealth has historically offered to some pensioners.

Forced to work longer

For Gen X, one response to inadequate pension savings may be to work longer, yet the reality of extending working lives is far from straightforward.

The Centre for Ageing Better's *Tale of Two 60s* report highlights the scale of the challenge facing this cohort as they approach retirement.

It found that 1.8 million people aged 60 to 69 are already in financially precarious circumstances, with this number set to exceed two million within the next decade without government action.

Centre for Ageing Better research and evaluation manager, Henry Allingham, says the findings challenge "the perception that people entering their 60s are generally financially secure and approaching retirement from a stable position".

For this generation, just working longer may not be a viable solution, especially when health issues, caring responsibilities and limited access to suitable employment can restrict the ability to stay in the workforce.

In addition, the extension of working lives can have implications for employers too.

Edwards warns that if Gen X employees cannot afford to retire, it could disrupt succession planning and limit opportunities for younger workers.

As a result, employers may need to rethink how they support this generation, with greater emphasis on phased retirement, flexible working and later-life career development.

Whincup says the traditional model of stopping work completely on a set retirement date is becoming less realistic.

"Future retirement journeys are likely to be more gradual, combining part-time work, flexible employment and pension income over a longer period."

Closing the gap

Despite the obvious scale of the challenge for this cohort, contributors are keen to stress that Gen X is not out of options.

"The important thing is that it's not too late," Vahey states. "Gen X can still save money for their retirement."

"Gen X may be the first generation approaching retirement whose expectations have been shaped by a pension system that no longer exists"

Several experts maintain that relatively small changes can still make a difference.

These include increasing contributions, consolidating old pots, checking state pension entitlement, using Pension Wise, delaying retirement, and considering phased retirement options.

Currie urges savers to "track down and consolidate old pots", adding that even small contribution increases can substantially boost retirement outcomes.

Going further, Handley argues that mid-lifers need personalised projections that show not only what retirement may look like, but also which actions can still make a meaningful difference.

"The much-anticipated launch of the pensions dashboard in 2027 will also be an important step in making pensions more accessible and relevant to people," she adds.

Mason stresses providers must turn awareness into action through clearer communications, better access to guidance and timely nudges.

"Most people already know they should probably be saving more, but what they often lack is clarity and a simple next step."

Meanwhile, although the government has ruled out increasing AE contributions during this parliament, many experts argue that a longer-term roadmap for higher contributions and wider AE coverage will be needed.

Yet, Parsons states that the focus now should be on helping people make better-informed decisions at a crucial stage in their working lives.

"For Gen X, retirement may still feel some way off, but the decisions made now will have a significant bearing on financial security later in life."

Conclusion

Gen X is not a lost cause, but it is a generation running out of time.

The cohort has absorbed the consequences of DB decline, late AE coverage, pension freedoms, rising housing costs, caring pressures and longer life expectancy.

For some, property, inheritance or continued work may help bridge the gap, but for many, they will enter retirement notably short of what they need.

The challenge for the industry is to avoid treating Gen X as a single average saver.

The most exposed groups need targeted help, while those with some capacity to act need clearer prompts, better guidance and practical options before they reach retirement.

The Pensions Commission is assessing the adequacy issue as part of a wider national savings challenge, with the findings not due until Spring 2027.

For Gen X, however, the timeline is far tighter.

The industry cannot afford to wait; it must start delivering the personalised support this cohort needs to avoid a different, and far more consequential, mid-life crisis.

Written by Callum Conway

Summary
• The state pension is under strain, with pensioner benefits projected to continue rising as a share of GDP.
• One radical proposal that addresses issues of both sustainability and inflexibility with the state pension is the TBI's Lifespan Fund.
• However, a complete redesign of the state pension would have a knock-on impact on the workplace pension system.
• Other proposals include reshaping the triple lock and allowing flexible access for young workers.
• A successful solution needs to balance greater sustainability with the wider need for pension adequacy and simplicity.

The right balance

With systematic challenges ahead for the state pension, how do policymakers improve fiscal sustainability without sacrificing simplicity and retirement security?

With an ageing population, the state pension is under strain. Designed as the bedrock of retirement security, the system is facing challenging long-term fiscal pressures. Spending on pensioner benefits is projected to rise from 6 per cent of GDP to 9 per cent by the 2070s. In this climate of fiscal constraint, the debate has turned to how to solve long-term affordability.

The Tony Blair Institute (TBI) has proposed a radical reset. In its report, *The Lifespan Fund: Reforming the state pension for a more affordable, flexible and fair future*, the thinktank proposes a complete redesign of the state pension in favour of a new, flexible retirement fund.

Under the Lifespan Fund, retirement age would be calculated on an individual basis, linked to health records. To ensure fiscal sustainability, the triple lock would be replaced with a smoothed earnings link, aimed at reducing long-term cost to the Treasury.

The TBI estimates these changes, along with reducing average time spent in retirement, would keep state pension spending at 5.5 per cent of GDP by 2070, saving £66 billion a year compared to current projections.

However, critics argue that the proposals are overly complex and that any solution needs to be assessed through the lens of the entire pension system, including the workplace pension framework.

Reaching sustainability

Rather than a radical overhaul, others suggest a more incremental solution to promote fiscal sustainability within the current structure. The triple lock is increasingly becoming the subject of debate.

The recent Resolution Foundation report, *What a ratchet*, argues that the triple lock has outlived its purpose, with a typical pensioner household now having the same income level as a working-age household. Their analysis suggests that replacing the 'arbitrary' ratchet with a smoothed earnings link would save £650 million by 2029-30, providing the government with a far more sustainable, predictable, and fair way to manage long-term costs.

However, the authors note that there is no easy answer to the question of when to "stop the triple lock," adding that "in a world of competing priorities, our view is that we have reached a plausible limit already. The new state pension is now 35 per cent of average earnings, or 30 per cent of median full-time earnings".

AJ Bell head of personal finance, Sarah Coles, agrees that the triple lock in its current form is under pressure, noting that the current mechanism pushes the state pension higher even "at times of low inflation and low wage inflation. This is likely to mean a rise in taxes for working-age people and an impact on broader public services".

Beyond reshaping the triple lock, other options to promote sustainability include raising the state pension age faster. However, Coles warns that, "without improvements in health at older ages, this may mean more people relying on working-age benefits later in life". While promoting fiscal sustainability, increasing the state pension age without improving health outcomes risks reducing pension adequacy, especially for those in ill health.

The interplay with workplace pensions

Alongside considering fiscal sustainability, policymakers must balance the wider implications of any reforms. The state pension forms the foundation of the UK pension system, which also includes workplace pensions, and any redesign would need to be carefully structured to avoid destabilising overall retirement security.

The more far-reaching the reforms, the wider the potential impact on the workplace pension system. Aviva trustee and pensions expert, Tom McPhail, warns that any new system, which is more flexible and therefore less certain, could have "a radical knock-on impact on workplace pension design".

"The whole premise of workplace pensions is they are a second pillar, delivering a private, funded income on top of a universal state pension payable at a known rate from a known date. If that were to change, then workplace pensions would have to become significantly more flexible in how and when they deliver an income to their members. Scheme design would also have to consider pre-retirement de-risking strategies and the level of guarantees members would want."

Broadstone head of policy, David Brooks, agrees that the current workplace system is shaped around the current state pension model. If a new system strayed too far from the current model, trustees and providers may need to fundamentally reconsider their current default strategies. "Schemes have spent years evolving defaults that are built around flexibility and member choice, and there is a risk that introducing a new, centralised retirement model could cut across that progress or create duplication."

Impact on pension adequacy

Yet even if policymakers work to solve both fiscal and technical challenges, there is a risk that any new state pension system may fall short in addressing the wider adequacy crisis.

It's important to remember that the fundamental challenge to members' retirements remains adequacy, says Brooks. "Many people simply are not saving enough – and it's not clear that a new product structure, however well designed, addresses that core issue. The bigger question is whether longevity risk is really the problem we should be trying to solve in isolation."

> **"The challenge lies in finding solutions that address fiscal pressures and offer flexibility, without sacrificing clarity"**

He adds: "There is a risk that policy focus shifts towards new mechanisms rather than the underlying levers that drive outcomes, such as contribution levels, state pension policy and incentives to save."

One such new mechanism is the Social Market Foundation's proposal for a flexible drawdown, set out in their report, *Citizens Advance: A state alternative to the Bank of Mum and Dad*. Their proposal would allow under-40s to draw down a portion of their state pension early as a lump sum, in exchange for a delayed future retirement date.

This approach, however, serves to illustrate the very risks Brooks highlights, namely the tension between balancing new mechanisms against the long-term goals of pension adequacy.

Simplicity is key

While the current state pension system is not without its imperfections, many argue that its primary strength is its simplicity, and any future changes must work to preserve this key feature. A simple flat system with a set retirement age offers vital clarity within a broader pension system, where engagement is often low.

Independent pension consultant, Henry Tapper, warns that the state pension "is one of the few certainties" for the general public. "We have a state pension that we understand, that generally operates well and serves as an anchor for ordinary people." He adds that policymakers should leave the existing structure untouched.

This sentiment is echoed by both AJ Bell director of public policy, Tom Selby, and Brooks, who caution against any new system that introduces more complexity. Selby argues that moving to the flexible benefits proposed by the TBI, for example, would create "fiendish complexity", while Brooks warns that "additional layers of structure or choice at retirement risk increasing disengagement, particularly for those who are already struggling to make decisions".

Yet, despite the need for simplicity, there is still an argument for well-considered reform. The challenge lies in finding solutions that address fiscal pressures and offer flexibility, without sacrificing clarity.

Ultimately, Brooks warns that any state pension reform needs to be judged against a simple test: "Does it materially improve outcomes for members in a way that is understandable and usable in practice? If it doesn't, there is a danger it adds complexity without solving the problem it is trying to address."

Written by Alice Guy, a freelance journalist

Beyond the back office

Summary
• Traditionally seen as a back-office function, pensions administration is becoming increasingly recognised as a vital part of strategic decision-making for trustee boards.
• Recent regulatory developments, including the Pension Schemes Act and initiatives such as pensions dashboards and GMP equalisation, are elevating the priority of administration in pension schemes.
• Despite its growing importance, challenges such as cost and governance continue to limit the prioritisation of administration, highlighting the need for a shift in perspective toward viewing it as a strategic asset rather than merely an operational necessity.

Pensions administration has typically been seen as a back-office function. However, Paige Perrin investigates how this perception is changing as administration plays a increasingly crucial role in major strategic initiatives

Administration, although not the most glamorous aspect of pensions, is often undervalued within the industry, often being seen as a back-office function rather than a strategic priority by trustee boards.

However, in the age of pension reform, consolidation and increased endgame planning, that perception is starting to change.

As schemes become more reliant on accurate data, is it time to reevaluate this attitude and instead see pension administration as something that no longer supports strategy but instead enables it?

Change in narrative

A recent Law Debenture study, which surveyed UK DB and DC trustees, found that 62 per cent of UK pension schemes have no plans to review or benchmark their administration arrangements, despite increasing regulatory scrutiny and growing expectations around member outcomes.

"Historically, administration has been viewed as a necessary operational function," Pensions Management Institute (PMI) chief strategy officer, Helen Forrest Hall, says. "That perception is changing as schemes recognise that administration underpins everything from regulatory compliance to member experience and strategic delivery."

Meanwhile, Lumera chief commercial officer, Peter Roos, suggests that high-quality data is becoming the "ultimate differentiator" in pensions administration, enabling trustees and providers to understand their membership, identify risks, and make better-informed decisions.

Pensions Administration Standards

Association non-executive director, Amanda Asante, says: "We still often see the administrator being brought into the discussion too late. It is important we start to see administrators brought in from day one."

However, she notes that The Pensions Regulator's (TPR) stance that administrators should be seen as strategic partners and that data is a strategic asset "helps drive this point home".

But regulation is only one factor behind this shift.

Industry-wide projects such as GMP equalisation, dashboards and transactions have also forced schemes and trustees to reconsider the role of administration.

Although these initiatives serve different purposes, they share a common requirement: accurate member data and effective administration.

Whether a scheme is undertaking GMP equalisation, preparing for dashboards, approaching an insurance transaction, or all three, the quality of administration is the common thread that determines success.

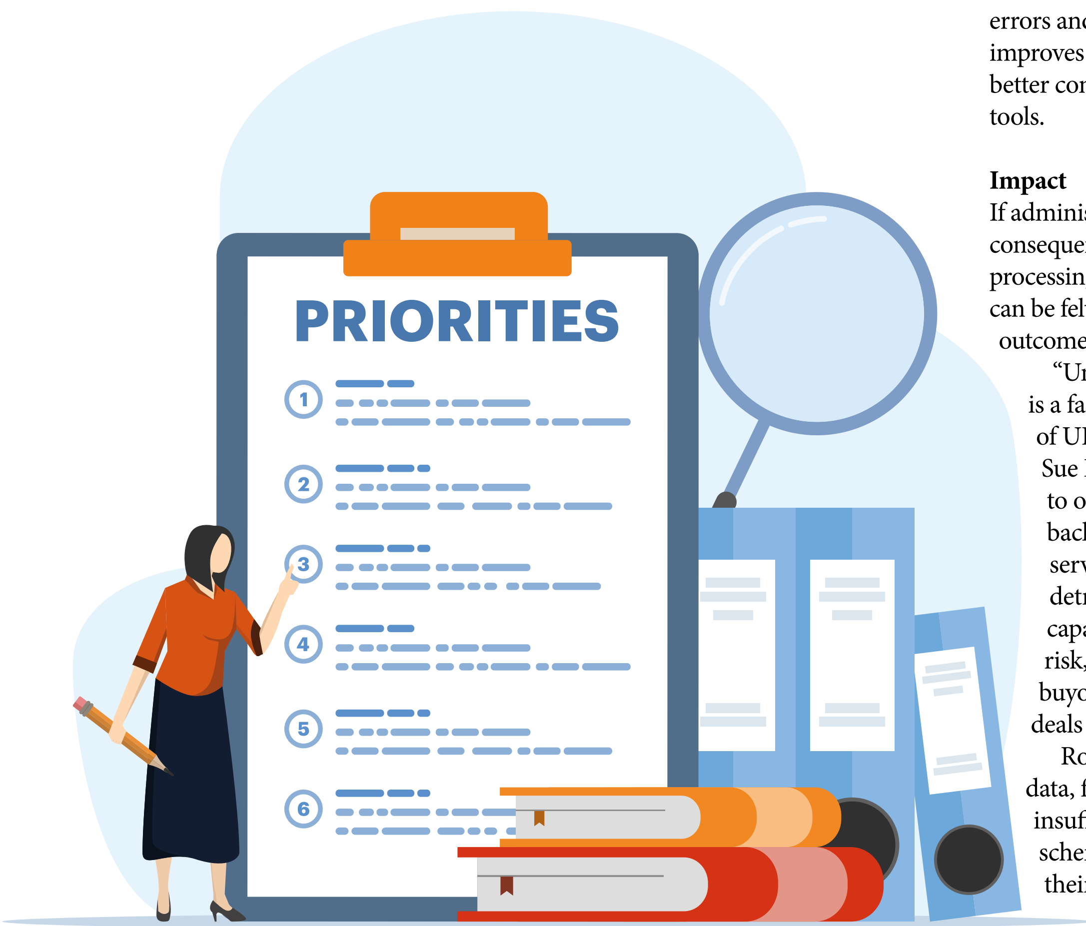
"All major industry initiatives now rely on clean, accurate and well-structured data. GMP equalisation, dashboard readiness and insurance transactions have collectively exposed the importance of strong data management and administration processes," Forrest Hall says. "These programmes have also highlighted where gaps exist, prompting schemes to review data quality, systems and resourcing more closely."

"The industry is moving in the right direction, but administration needs to be recognised as a fundamental part of scheme success instead of merely a support function"

WTW head of outsourcing GB, Gareth Strange, argues that these initiatives are not only changing the administration's role, but also how administration teams are structured, with "far more people than ever before involved in project work relating to data, dashboard, transactions and GMP equalisation".

Administration directly affects members.

As Heywood chief strategy officer, Chris Connelly, notes, strong administration "evokes trust", reduces errors and turnaround times, and improves member engagement through better communications and self-service tools.



Impact

If administration is under-resourced, the consequences extend far beyond slower processing times. Experts warn the effects can be felt across governance, member outcomes and even endgame planning.

"Under-resourced administration is a false economy," Aptia head of UK pensions administration, Sue Doughty, says. "It can lead to operational failures such as backlogs, errors and declining service, ultimately causing member detriment. Poor data and limited capacity also increase transaction risk, particularly for buy-ins and buyouts, where issues can delay deals or drive up pricing."

Roos also warns that inaccurate data, fragmented processes, or insufficient resources can hinder schemes' ability to fully understand their liabilities, membership, and future obligations.

He emphasises the importance of this understanding given the current focus on significant strategic initiatives such as consolidation or endgame planning.

"These decisions require confidence in the underlying information and the ability to respond with agility," he remarks.

"Weak administration also increases the risk of failing to meet dashboard requirements and ongoing regulatory reporting obligations."

But if the benefits of administration are becoming clearer, why are trustee boards still struggling to prioritise it?

Asante notes that cost and lack of understanding are two key barriers that still prevent administration from being treated as a strategic priority, saying: "Ultimately, costs will always be the driving factor. Trustees have limited budgets that are being pulled in many directions, and they have to make decisions on where to spend and why."

Building on this, Gallagher managing director, pension administration services, Lee Cook, describes the perception of administration as an isolated cost to be controlled as "frustrating".

"This mindset ignores the reality that it is absolutely central to scheme health. The industry is moving in the right direction, but administration needs to be recognised as a fundamental part of scheme success instead of merely a support function," he says.

In addition, Doughty notes that governance can also cause issues if it is fragmented and if administration sits across multiple stakeholders, which can dilute ownership and focus.

"Good administration is typically invisible – only attracting attention when issues arise," she says. "Overcoming these barriers requires a cultural change, recognising that administration underpins almost every strategic objective for a scheme. Treating the administrator as a trusted partner is a key part of that evolution."

Strange also argues that "in many parts of the industry there is still a lack of understanding of the complexity of pensions administration".

He surmises this is because administration is far more technology-driven than the more consulting-led areas of pension scheme management, which could lead to a misconception that the administrative element of a project is less complex than the consulting work.

Regulation also contributes to the problem, as highlighted by Cook, who explains that currently, there are no mandatory legal standards for administrators from TPR.

"When a board is managing tight budgets and limited time, it will naturally focus on the areas where the rules are strictest. Until we change that mindset and see administration as a core part of the wider scheme strategy, it will keep sliding down the priority list," he warns.

Outlook

Few expect the growing importance of administration to diminish. If anything, experts believe the next five years will place even greater demands on administrators as reforms introduced by the Pension Schemes Act take effect.

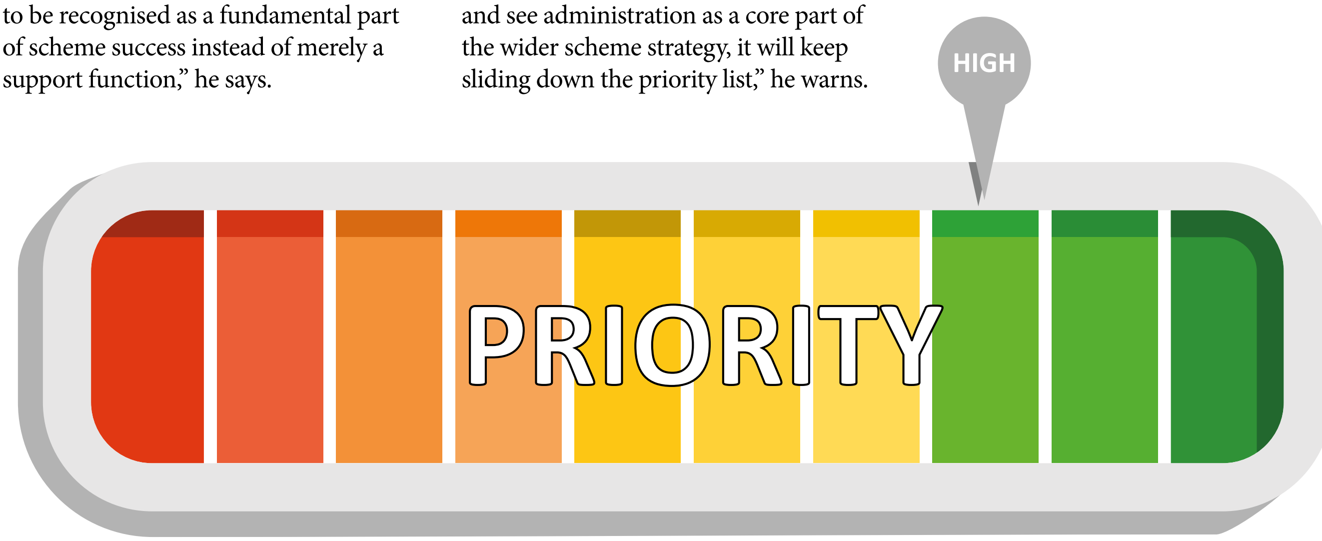
According to Forrest Hall, the PMI "expects to see greater focus on data readiness, technology, and professional standards within administration, alongside stronger integration with governance. In that context, administration will not just support strategy – it will shape it".

Meanwhile, Doughty emphasises the importance and role administration will have in delivering scheme objectives and endgame strategies, saying: "As schemes move toward buy-ins, buyouts or consolidation, success depends on clean, real-time data, strong governance and scalable operations."

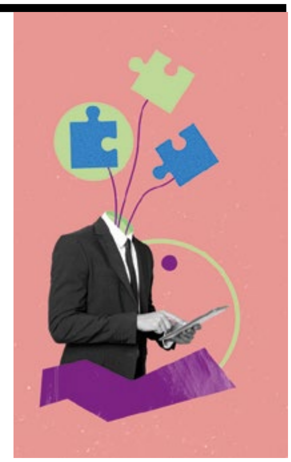
Whether schemes are pursuing a buyout, long-term run-on or consolidation, strong administration has become the common thread running through every major strategic initiative.

Once viewed as a necessary back-office function, administration is becoming one of the foundations on which modern pension schemes operate.

Written by Paige Perrin



Needing the complete picture



Daniela Silcock explains how the private pensions system doesn't always account for simultaneous challenges in people's lives, compounding the gender, ethnicity, and disability pension gaps

Private pension outcomes depend on how much and how consistently people earn; but disruption to paid work is not random. Ethnicity, gender, disability, socio-economic background, and region all shape exposure to low pay, insecure work, and caring responsibilities, and these affect how consistently people can contribute to a pension. The result is a system that reflects one version of working life and excludes many others. For example, people with multiple jobs can earn above the auto-enrolment earnings eligibility threshold in total while falling below it in individual jobs, or for people who move frequently between jobs, take time out, or reduce hours to care, saving stops and starts rather than building steadily.

Some groups face higher exposure to these risks, for example, Pakistani and Bangladeshi women face higher rates of unemployment than any other ethnic and gender combination, are more concentrated in lower-paid occupations, and are more likely to provide unpaid care for children and relatives.

One participant in DSPR and Ignition House's 2026 *Stacked Disadvantage research* (sponsored by the Standard Life Centre for the Future of Retirement, Pensions UK, Nest, Age UK and the Centre for Ageing Better) described opting out of a pension scheme in a retail job because she did not expect to stay: "I just opted out because at that time I knew those jobs were not going to be a lifelong job." Another described the expectations placed on her: "In my culture... they expect you to just marry, settle down, look after the kids and the household, and your husband can be the breadwinner."

Long-term ill health can lead to exit from work, sick pay can run out, and re-entry is generally into lower-paid or part-time roles if at all. One participant described himself as someone "nobody's going to want to employ and take a risk on", as he had a health condition too unpredictable to plan around.

When these experiences stack, for example, low pay combined with caring, or discrimination combined with living in a low opportunity region, the factors contributing to pension gaps become harder to recover from. Where disruption is repeated and recovery is limited, people are more likely to reach later life with lower savings and income, less secure housing, and higher reliance on means-tested benefits. The same policy settings that work for people in stable full-time employment are more likely to fail people facing more than one of these pressures at once.

Private pension design is one part of the problem; the research also points to, for example, discrimination and access to education as factors that shape lifetime opportunities. Fixing private pensions alone will not close the gap if the structural conditions that determine what life experiences are recognised and rewarded remain unchanged.

However, private pension reform does not depend on resolving labour market inequalities or changing society, and is therefore a practical place to start. Adjusting private pensions to recognise a broader range of life experiences would not close all gaps, but it would reduce the extent to which interrupted work affects retirement income.

Sweden provides a model; if Swedes take time off to look after a child, or because they are unwell or studying, the state pension system treats them as if they still have an employed income for pension purposes. Those on parental leave receive income replacement at approximately 78 per cent of previous earnings, and that income counts towards the state pension. Collective agreements extend protection into some private pensions, with employer contributions continuing during parental leave. These additional contributions do not remove the link between pensions and economic activity or eliminate all inequalities, but the Swedish system design better recognises that people contribute in different ways and that some face greater constraints on their ability to earn.

The UK already recognises some differences in lifetime experiences within the state pension system, for example, through National Insurance credits for caring, but private pensions are still based on recognition of labour market participation. Until private pensions reflect a more complete picture of how people live, gender, ethnicity, and disability pension gaps will remain wide, and will be most sharply felt by those already experiencing vulnerability.

Written by DSPR director, Daniela Silcock

Economic abuse: Targeting pension savings

Laura Blows explores how pensions can be weaponised in economic abuse, along with the industry's duties when such abuse is suspected

Summary
• Economic abuse is a form of coercive control in which abusers, often family members, restrict, exploit, or sabotage a victim's financial resources to create dependency and maintain power over them.
• In pensions, economic abuse can involve coercing victims into withdrawing savings, changing beneficiaries, intercepting pension communications, cancelling contributions, or manipulating pension decisions for the abuser's benefit.
• The pensions industry can protect these vulnerable customers, as required under the FCA's Consumer Duty regulations, by training staff to recognise warning signs, monitoring suspicious account activity, and signposting members to support.
• The risk of pension-related economic abuse is growing due to cost-of-living pressures, rising later-life divorces, an ageing population, and increasing cases of financial abuse linked to Power of Attorney.

"A ***crisis hidden in plain sight.***"

So economic abuse is described by Hourglass, the charity for ending the abuse of older people.

But just what exactly is meant by 'economic abuse'?

Economic abuse – not to be confused with financial abuse, which is the manipulation or unauthorised use of monetary resources – is a type of coercive control.

This can take the form of economic restriction, where an abuser limits the victim-survivor's access to and use of financial or material resources, often forcing them to become dependent on the abuser.

It can also occur through economic exploitation, where an abuser steals or uses the victim-survivor's economic resources for their own benefit, undermining the victim-survivor's financial wellbeing.

Abuse can also be through economic sabotage, where an abuser damages the victim-survivor's ability to maintain economic stability, including actions that generate costs or disrupt income or employment.

Economic abuse is a criminal offence, becoming part of the Domestic Abuse Act in 2021. Perpetrators of economic abuse can be prosecuted under the Serious Crime Act 2015, which introduced the offence of controlling or coercive behaviour.

The charity Surviving Economic Abuse notes that "it is important to recognise that coercion is central to perpetrators' use of economic abuse, where they often use punishment or the threat of negative consequences to force victim-survivors into compliance".

Prevalence

Research conducted by Aviva in 2023 estimated that 40 per cent of UK adults may have suffered from financial or economic abuse in their adulthood.

It found in most cases of economic abuse (39 per cent) the main perpetrator was a spouse or partner, while 23 per cent of respondents said the offender was a parent, sibling, or a family member.

Women are considered to be more vulnerable to economic abuse than men, with the research finding that 47 per cent of women are likely to experience economic abuse from a partner, compared to 33 per cent of men.

In July 2025, Surviving Economic Abuse's research found that one in seven – 4.1 million – UK women experienced economic abuse from a partner or ex-partner over the previous year. Of these, 42 per cent of victim-survivors did not seek any support at all for the economic abuse.

Of women who have experienced financial abuse from a partner, 24.5 per cent are over 60 years of age, financial expert Jane Portas' 2021 report, *Controlling Your Financial Future,* found.

"The impact of economic abuse in relation to pensions may be particularly felt by older women who are likely to have smaller incomes in retirement, due to pension inequality," Age UK charity director, Caroline Abrahams, says.

However, while a spouse/partner is the most common perpetrator of economic abuse, Abrahams notes that for older people, it's as likely to be an adult child or other close relative, or a care professional.

In Hourglass' 2024 report, *Economic Abuse by Numbers,* it notes that abuse of older people costs the UK over £16 billion annually, with this figure projected to rise to more than £25 billion per year by 2050.

"It's simply no longer acceptable for firms to overlook the subtle signs of coercive control or economic abuse"

Over the past three years to 2024, Hourglass recorded over £53 million in reported financial losses from older victims contacting its 24/7 helpline, but as only 14 per cent of economic abuse cases report financial loss, it states, the true figure is likely far higher.

Control through pensions

Pensions being a significant financial asset for older people means they can often be a target for those committing economic abuse.

As PensionBee VP personal finance, Maike Currie, notes, "pensions remain an underdiscussed part of that *[economic abuse]* picture, despite being one of the most significant assets someone accumulates over a lifetime".

For instance, with DC savings, an abuser may force the victim-survivor to drawdown their pension, or in the case of DB, force them to implement a transfer. The abuser may insist on the pension being redirected into an account they control, or to be named as the beneficiary on an expression of wish form.

In the case of divorce, the abuser may deliberately delay information, refuse to sign forms, or let valuations expire to deplete the victim's legal resources and force them into an unfair settlement.

Portas' research notes that women experiencing economic abuse report partners intercepting their post and changing or cancelling pension contributions. They may also steal their log-in codes and meddle with investment allocations.

The victim-survivor's pension may be spent on household bills, while the abuser's pension is kept for themselves. They may keep information about finances, including pensions, a secret, and exploit the victim-survivor's financial dependency.

Scottish Widows retirement expert, Susan Hope, says that "a pension is often someone's biggest and least understood asset, and things that aren't well understood can feel daunting and complex, making it easier for abusers to exploit, often under the guise of help and support".

The result of this abuse can be financial insecurity, or debt, "which is likely to make it difficult for them to leave an abusive relationship, as well as impacting their mental and physical health", Abrahams states.

Support organisations

- **Surviving Economic Abuse**
Charity dedicated to raising awareness of economic abuse and helping victim-survivors access support and financial safety.
survivingeconomicabuse.org
0808 196 8845
- **Hourglass**
Charity supporting older people experiencing abuse, including economic and financial abuse.
wearehourglass.org
0808 808 8141

Difficulties detecting

Despite the number of ways a victim-survivor's pension pot may be targeted, spotting this abuse can be challenging for third parties – and sometimes, even difficult for the member themself to realise.

Unlike pension scams, which often comes with recognisable red flags such as high-pressure sales tactics or promises of high returns, coercive control involves undue influence exerted by somebody in a trusted relationship. "The challenge for schemes is that the transaction itself may appear legitimate, even though the member's decision-making is being constrained by pressure, intimidation or dependency. This makes it a more subtle and complex safeguarding issue," Aviva head of savings and retirement, Alistair McQueen, says.

Pensions being a long-term savings vehicle naturally means that member engagement is less frequent than other financial products, and so "the consequences of harmful decisions may only emerge over time", Standard Life vulnerability and customer care lead, Angela Scally, says.

Also, financial lives increasingly being managed at the touch of a screen means "schemes have very few 'in-person' touchpoints where they can spot the signs of economic abuse", Hope adds.

The member may not even be aware of aware of the abuse happening to them, Abrahams says, "particularly if a partner or child has offered to help with finances, or has always looked after them".

"If an older person lacks mental capacity and has a Lasting Power of Attorney, they may also be unaware of what decisions are being made about their pension fund, whether these are legitimate or otherwise," she adds.

Pimfa head of regulatory policy and compliance, Alexandra Roberts, also highlights how some 'traditional' relationships will have one partner take control of the finances. It can therefore be difficult to determine which of these are

coercive and which are a perfectly happy division of responsibilities within that relationship. "The question is around the partner's agency," she explains.

Spotting the signs

As economic abuse can be difficult to spot, pension scheme staff should become attuned to the subtle warning signs.

These can include sudden changes to contact/payment/beneficiary details, particularly redirecting to someone else, or someone new taking control of communications.

Requests that are not standard, like urgent withdrawals or multiple withdrawals from a pension in a short period of time, should also be a red flag, especially if the member is unable to explain what they want to do or why.

How the member themself seems should also be considered, for instance if there are signs of cognitive decline, or if they appear anxious, withdrawn or unsure. Staff should also look out for signs that the customer is being told what to say, or is unable to speak freely, for instance by hearing someone in the background telling the member what to say on the phone.

Taking action

If economic abuse of a member is suspected, schemes have a regulatory – and arguably an ethical – responsibility to take action.

The Financial Conduct Authority's (FCA) Consumer Duty regulation expects firms to be alert to the possibility of coercion and financial control to reduce foreseeable harm to their customers.

"It's important for pension providers and all financial firms to be alert to signs of coercion and financial control. We expect them to have the right systems, processes and staff training in place to support customers in vulnerable circumstances," an FCA spokesperson says.

"The FCA's Consumer Duty regulations have fundamentally shifted the landscape," Hope says. "It's simply no longer acceptable for firms to overlook the subtle signs of coercive control or economic abuse. For pension and savings providers, this means our teams must move beyond basic compliance and embrace a proactive duty to safeguard."

This can involve training frontline

Economic abuse: Key facts and figures

- 40% of UK adults may have experienced financial or economic abuse in adulthood.
- In 39% of economic abuse cases, the main perpetrator was a spouse or partner, with 47% of women likely to experience economic abuse from a partner, compared with 33% of men. 4.1 million UK women are estimated to have experienced economic abuse from a partner or ex-partner in 2024-25. 24.5% of women who experienced financial abuse from a partner are aged over 60.
- Abuse of older people is estimated to cost the UK more than £16 billion annually, and is projected to rise above £25 billion a year by 2050.
- Investigations into Power of Attorney misconduct increased by 31.7% over the past year, according to the Office of the Public Guardian.

staff to recognise the signs of coercive control, following safeguarding policies and documenting everything carefully. Support can be provided to the member through practical help such as redirecting comms or signposting them to relevant organisations if they do disclose abuse – which can be a distinct possibility, as more women (23 per cent) will disclose economic abuse to a financial adviser than to the police (13 per cent), Royal London pensions and tax expert, Clare Moffat, notes.

Careful consideration is required when interjecting with concerns about abuse to minimise the risk of putting the member in further danger, as economic abuse often goes hand in hand with other forms of abuse such as physical violence.

It's also important to realise that victims may not want to, or feel that they can, act, Moffat says.

"Some people might not even be aware that they are victims. Asking too many questions or asking for the same information many times might be upsetting and could potentially be dangerous for them," she warns.

"It's incredibly important that this is done safely," Hope says. "Teams must check if it is safe for the member to note down details and not put them at risk of further danger. Creating a safe and non-judgemental space is also key, as customers should have the opportunity to speak independently and slow down decisions where needed. The goal is to actively listen, look out for patterns and make sure the customer's voice is genuinely heard."

Roberts agrees that listening to the individual's opinions is important, as those working in the industry "are not social workers".

"They're not there to rescue clients in these situations, but they still have a Consumer Duty to ensure the best possible outcome.

"Cost-of-living pressures continue to put people under money pressures, making a person's lifetime pension savings an incredibly attractive target for those looking to take advantage"

"You can create friction and blockers to try and slow down any transaction, but ultimately, if the client insists on taking the money out, at a certain point, the client's autonomy also has to come into it," she adds.

In more serious cases, where there is a risk of harm, exploitation or financial abuse, "this may involve escalating concerns through appropriate channels, which can include engaging with external authorities or safeguarding bodies where it is necessary and proportionate to protect the customer", Scally says.

However, Roberts cautions against getting the police involved unless it is a 'life and limb' situation, "because otherwise you may endanger them if you just go off and call the police of your own accord". The general recommendation is to go with the wishes of the victim-survivor, she adds.

Economic abuse and pensions case study

"In January this year, I received £7,000 from a private pension. It would have been more, but when I was able to access my bank accounts after we separated, I found that the direct debit *[for my pension contribution]* had been cancelled and his direct debit for his pension in the joint account, with the same insurer, had been increased. I was not able to pay any more money into the pension from then onwards as I was financially insecure."

Economic abuse survivor, as quoted in Jane Portas' 2021 report, Controlling Your Financial Future

A growing problem

Far from fading with future generations, the risk of economic abuse looks set to remain. Concerningly, research released from the Home Office in June revealed that one in five young men – three times the number of older men – do not consider controlling someone's spending to be abuse.

Current societal pressures may also increase the risk of economic abuse.

"Cost-of-living pressures continue to put people under money pressures, making a person's lifetime pension savings an incredibly attractive target for those looking to take advantage," Hope says.

"We are also seeing a noticeable rise in later-life divorces, alongside an ageing population where more individuals require care. This leaves a growing number of people vulnerable to economic abuse from the very partners or family members tasked with supporting them," she adds.

According to the Office of the Public Guardian, it "receives and records more instances of financial abuse than any other form of abuse", with investigations into Power of Attorney misconduct increasing over the past year by 31.7 per cent.

As pension savings represent long-term financial security, abuse can therefore have lasting consequences, even if the abuser is no longer around, such as through the victim-survivor having a reduced retirement income.

Yet while awareness of vulnerable customers is increasing across the financial services sector, knowledge about economic abuse (in the context of pensions) is still developing, McQueen warns.

According to Currie: "The scale of the problem is clear. The response from the pensions industry needs to match it."

Or, as Moffat simply says: "We need to do more."

Written by Laura Blows

Breaking the taboo

As the UK population is generally reserved with talking about money, *Pensions Age* asks: What does this cultural attitude of not discussing finances mean for how the pensions industry communicates with members? And how can the sector encourage people to open up and have these all-important conversations?

It makes sense that many people are reserved about talking about money. Sharing your salary or the size of your pension pot can invite comparisons, and with that can come envy, shame, guilt or a range of other emotions that most people would rather avoid. So, the instinct to stay quiet isn't necessarily a failure to engage. Given what's at stake, it's a rational response.

Awareness campaigns are valuable tools, and initiatives like Pension Attention have helped bring pensions into view. Pension dashboards will extend that visibility further once they launch to the public. But visibility on its own is just a starting point for changing behaviour. People act when they understand why the numbers matter.

That's where the conversation needs to shift. Rather than asking 'what's in your pension pot?', a more useful question is 'how are you trading off your present self's needs, wants, hopes and fears versus those of your future self?' A pension isn't just a figure on a screen, it's an investment in your future self, made with money you could otherwise spend now. Framed that way, it's a conversation people can have without feeling measured against anyone else.

The sector doesn't need everyone talking about numbers. It needs to help people connect money to goals and aspirations.

Aegon Money:Mindshift head, Tom Mathar

The reluctance to talk about money is arguably more nuanced than a blanket statement can convey. People have very openly talked about their day-to-day cost-of-living challenges in recent years, such as their ability to afford the weekly shop or to fill up the car with petrol, and the same goes for energy bills.

It's a different story when it comes to how people are saving for retirement, but this probably relates to the absence of an investment culture and the fixation with cash savings in recent years. We hear stories of people in the US comparing 401k plans, and superfunds in Australia, although I doubt it is as widespread as some people suggest. There is more we can do in the UK, and the younger generation is most likely to lead that charge. For someone starting in the world of work, with a relatively low income, some accumulated debt, trying to get on the housing ladder, the sight of a pensions dashboard showing how their pension is growing may just turn out to be the most engaging aspect of their finances. They may even want to talk about that.

Royal London director of policy, Jamie Jenkins

We Brits are a reserved bunch, and our reluctance to talk about money remains a significant industry-wide challenge. Our tendency to 'just get on with it' and avoid discussing personal finances can limit openness, meaning pensions are often left unspoken, unexamined and under-prioritised.

Maybe, though, we should recognise and embrace that stoicism, not simply see it as a barrier. It reflects a mindset rooted in responsibility, resilience and long-term thinking – all of which align naturally with saving for later life. The opportunity to meet people where they are, framing pensions engagement not as an uncomfortable conversation, but as a practical, positive step towards stability and control.

Behavioural science has a critical role to play, using nudges, social norms, and timely prompts to encourage action without overwhelming. Tools like dashboards and campaigns such as Pension Attention will help but real progress will come from combining these with clear, human communication that builds confidence over time – helping people move from quiet acceptance to informed action and more open conversation.

Trafalgar House senior pension communications associate, Colin Groom

This reluctance to talk openly about money contributes to a real lack of understanding around retirement planning. While people feel comfortable discussing mortgage rates and the cost of living, pensions and retirement planning remain some of the last financial topics many feel uneasy talking about.

Pension communications must create engagement that inspires recipients to get involved. People don't ignore pensions because they don't care, it's usually because they lack confidence or find it overwhelming. Communications need to be simpler, relatable and focused on real-life outcomes. Pension Attention Week encourages people to engage with their pensions, while pensions dashboards will bring them into today's financial picture. Employers can play a role in facilitating pension discussions in the same way they discuss wider wellbeing.

Pension communications are typically targeted at the individual member. Moving that focus to encourage conversations with family and wider social circles could play an important role in shifting cultural attitudes. Real success will come when pensions are discussed as openly as mortgage rates, house prices and the cost of everyday living.

Aptia pensions communications lead, Steph Gold

One of the biggest barriers to better retirement outcomes is not necessarily information – it is silence. Aviva and Age UK research shows almost two-thirds (64 per cent) of mid-retirees have never had important conversations about their finances with family or friends, while only 36 per cent know the details of their partner's pension arrangements.

That silence matters because confidence does not always equal understanding. More than half (53 per cent) say they are knowledgeable about pensions, yet only around a third can identify the key features of defined benefit and defined contribution schemes.

The industry needs to make pensions feel real, relevant and discussable. Dashboards and retirement planners can help by showing what today's savings could mean for tomorrow's lifestyle, whether people are on track, and what action they can take.

Simpler communications, targeted support and mid-retirement conversations all have a role to play. That is why Aviva is advocating for a mid-retirement MOT: a timely check-in to help people understand their options and make confident decisions. By normalising conversations about pensions and long-term finances, we can help people engage earlier, talk about money, and take practical steps towards a better retirement.

Aviva head of pensions engagement, Laura Stewart-Smith

Is this truly a cultural issue or could it be viewed through a different lens? As an industry, it is banged into every administrator on day 1, not to give members advice (strict guidelines do and should need to be followed, but consideration around scope should be considered).

Are we now hiding behind this instruction and creating a 'box of secrets' and patting the members on the head, saying "it's really complicated, so leave it to the experts" or caveating every future prediction by suggesting investments may go up or down? If you sign up to an online gym plan, you get asked more questions than you do when you join a pension scheme or reach a specific age bracket. That can't be right!

There are great thinktanks within the industry specifically targeting this area, but more can and should be done with improvements needed at a quicker rate. Proving you have members' best interests at the heart of your business, by walking them through the path to retirement, should be a necessity, not an add on. Having this solution where you meet the members face-to-face to accurately present their retirement benefits in a clear and jargon-free manner adds true value to client relationships and most of all to the members. There will be more information available to members through pension dashboards but will this just compound and confuse rather than add the value we all think it should aim to do.

Cartwright Pension Trusts consultant, Rob Chandler

Pensions history

To remain the same, everything must change

In the summer of 1976, the Pensions Management Institute (PMI) was established. It is difficult now to recall just how different the pensions landscape was 50 years ago.

Most striking, final salary rather than defined contribution schemes were the private sector norm. When companies were sold, buyers were usually obliged to maintain comparable final salary arrangements and negotiations focused on the size of the transfer value not whether the transaction might trigger a section 75 debt. Then, as now, investment strategy and the employer's ability to fund promised benefits were key. Schemes were invariably set up on the basis that they could be discontinued at any time, and benefits were those which could be secured by the fund assets applied in the order prescribed in the scheme rules. There were no Pensions Acts (apart from one concerned with contracting out), no pensions regulator, no codes of practice or regulatory guidance and no Pension Protection Fund. There was no auto-enrolment and little pensions litigation.

But there was a growing understanding of the importance of what we now call governance, professional standards and training, and it was this that led to the formation of the PMI. These remain central to the PMI, but in the context of the vastly different challenges facing occupational schemes. The work of PMI and others helps ensure that today's occupational schemes are there for tomorrow's pensioners.

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...**

Standard Life donated £1.1 million to carers' charities over two years of the Caring for Carers initiative. It aims to help unpaid carers stay in or return to work, build financial confidence and access practical support. The initiative was set up for Standard Life colleagues, customers, and communities outside of

the business, who often face challenges balancing their caring commitments with work. Since its launch, Standard Life has supported 65,196 carers directly and 2.3 million indirectly.

The Society of Pension Professionals published a guide to help early-career professionals build successful careers in the pensions industry. The publication, *A Career in Pensions: Navigating the Early Years*, provides advice on topics including professional qualifications, career progression, communication skills, networking, ethics and work-life balance. The guide emphasises there is no one route into the sector.

sammons
PENSIONS RECRUITMENT

www.sammonspensions.co.uk
pensions@sammons.co.uk
01277 268 988 / 020 7293 7022

Pensions Administration Manager
Hybrid/West Yorkshire — **£very competitive**
Excellent Senior Operations opportunity for a Pensions Administration Manager who combines technical expertise with strong people leadership and a passion for delivering an exceptional member experience.
Ref: 125671 BC

In-house Pensions Governance Manager
Hybrid/Wiltshire — **£65,516 - £68,119 per annum**
A great opportunity to lead and enhance the governance framework of a large public sector pension fund. Ref: 125770 SB

Pensions Consultant and Pensions Technician
Hybrid/London or Edinburgh — **£competitive**
We're delighted to be working in partnership with the Government Actuary's Department (GAD) to recruit into their Pensions Administration Consulting team, supporting major public sector schemes and driving best practice in governance and data quality.
Pensions Consultant: Provide expert advice on administration, data and governance, delivering solutions to improve scheme outcomes.
Pensions Technician: Support clients in resolving complex challenges, contributing to data quality and improved pension scheme delivery.
Ref: 130359/130392 SB

Senior Technical Consultant
Home based — **£in line with experience**
Join a leading pensions provider as a Senior Technical Consultant, providing expert insight across the Local Government Pension Scheme (LGPS).
Ref: 130920 BC

Senior Pensions Administrator
Hybrid/Derbyshire — **£competitive**
Join a leading in-house team managing a DB scheme (with some DC exposure). Deliver accurate admin across technical cases, payroll and QA, while supporting key projects. Ref: 129467 JW

Senior Pensions Administrators
Hybrid/Locations Countrywide — **£32000 - £40000 pa**
You'll support schemes through key stages such as buyout preparation and the PPF process, ensuring accurate member benefits and excellent service delivery. Ref: 129665 BC

Pensions Administrators
Hybrid/Locations Countrywide — **£24000 - £32000 pa**
Join a large, growing pensions consultancy and become a key part of a friendly and supportive administration team. You'll contribute to delivering high-quality service within an organisation recognised for strong client outcomes and industry-leading standards. Ref: 129764 BC

Senior/Pensions Administrators
Work from home — **£excellent**
Join a leading pensions provider supporting a high-profile DB scheme. We're seeking Pensions & Senior Administrators who excel in accuracy, problem-solving and delivering excellent member service. Ref: 129302 JW

Senior Pensions Manager, In-House
Hybrid City of London — **£six figure**
Progressive career move with the in-house team of this major financial services organisation. Ref: 81614 SB

International Pensions & Benefits Manager
Office-based/London — **£six figure**
Varied and rewarding in-house appointment to manage international pensions, employee benefits and wellness plans. Ref: 72659 SB

Head of Corporate Pensions, In-House
Hybrid/Buckinghamshire 1 day a week office based — **£six figure**
Key appointment as you lead corporate strategy, governance and projects on behalf of this £Bn DB/DC pension fund. Ref: 81697 SB

BD Manager
Hybrid/Locations Countrywide/Home-based — **£excellent**
We're looking for a driven Business Development Manager to grow a SIPP proposition across the UK adviser market. This is a high-impact role focused on winning new business and strengthening key relationships. Ref: 131316 BC

Senior Project Manager
Work from home — **£excellent**
We're looking for an experienced Pensions Project Manager with a strong DB background to deliver a range of client and internal pension change projects. You'll act as a central resource across Administration, Consultancy, Actuarial and Investment teams, leading projects. Ref: 124615 BC

Programme Manager
Hybrid/London — **up to £80000 pa**
An exciting opportunity is available for an experienced Programme Manager with a strong background in the UK pensions industry to lead delivery of the business plan and oversee a portfolio of business-critical projects.
Ref: 123294 JW

In-House Pensions Manager, Operations
Hybrid/Cheshire — **£attractive compensation**
Join a global industry leader overseeing UK & Ireland pension operations. You'll play a key role in delivering DB & DC pension schemes, ensuring strong governance, compliance, and administration service delivery. Ref: 129566 SB

Senior Actuarial Analyst, In-House
Hybrid/London — **£superb package**
Joining this major UK DB pension fund you will support scheme strategic projects along with key actuarial-based activities. Ref: 126859 SB

Technical Pensions Onboarding Specialist
Hybrid/City of London — **£excellent**
Opportunity to join this derisking industry leader, hiring due to growth, for a skilled DB Pensions technical specialist to provide expertise in the onboarding of newly secured DB schemes. This is a highly technical position focused on DB pensions, ensuring that member benefits are accurately interpreted, documented, and delivered. Ref: 130887 SB

Award winning recruiters | **Placing you first since 1957** | **Pension industry specialists** | **No.1 for your recruitment needs**