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Dashboards: *Once all eligible schemes' data is connected, what are the next steps to take before dashboards go live?*

Interview: *Pensions UK chair, Jamie Fiveash, discusses ambitions for his tenure*



Will greater scale actually improve member outcomes – or reduce choice and centralise risk into fewer hands?

Case study: How Skanska is working hard to secure an optimum retirement for its pension fund members

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Editorial Comment

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

What tune did Emperor Nero fiddle while Rome burned?

Whether he actually played music, and if so what, has been largely ignored by the annals of time, but I'd argue it was unlikely his contemporaries would have cared either. They had far more pressing matters at hand, what with their city being consumed by an actual, raging inferno.

What on earth does a nearly two-millennium-old story – dating back to 64AD – have to do with the pensions industry? Why does it cross my mind when reflecting on the recent travails of the UK pensions sector? And am I just taking a brazen opportunity to blend my love of history with my work, which I also love?

Admittedly, yes to the latter. But you do not need to be a historian to note that history often repeats itself, and that it is important to heed the lessons it can teach us.

So, what can those involved in the UK pensions industry learn from this ancient Roman tale? I would suggest that it is simply: don't get distracted from a burning problem.

For instance, Natixis Investment Managers' latest *Global Retirement Index* revealed that the UK pension systems' ranking had fallen one place, to 15th, which "reinforces the urgency for outdated retirement systems to evolve and modernise, adapting to longer lives and changing work patterns".

Indeed, our feature on p68 looks at the issue of an ageing population and how the pensions industry can assist them through a very different-looking retirement than previous generations.

The government is also driving pension reform to better suit an ageing population and changing socioeconomic trends, such as with the introduction of collective DC into the UK pensions sector, and its efforts to generate the benefits of scale through £25 billion 'megafunds' *[see our cover story on p79].*

This increasing collaboration between pensions and politics will hopefully provide mutual benefits, such as by making pension funds large enough to meaningfully invest in UK private markets *[for instance, see our feature on p60 about the Scale Up Fund and whether it can attract UK pension schemes to invest in venture-capital-backed science and technology companies].*

I view these developments as overwhelmingly positive, especially since they go hand-in-hand with developments to better assist savers, such as targeted support/guided retirement, and the upcoming launch of the dashboards, which have become one-step closer to launch this month, as our feature on p40 explores.

But, as we look ahead – the theme of this issue of *Pensions Age* – these upcoming changes will be of muted benefit unless the challenge of people not saving enough to fund an adequate retirement is also addressed. Therefore, minimum auto-enrolment (AE) contribution levels urgently need to rise.

The government currently has no plans to increase minimum contributions, but it has asked the Pensions Commission to examine the long-term sustainability, fairness and adequacy of the pension system. And crucially, last month, the Work and Pensions Committee launched an inquiry into whether minimum AE contributions should rise, the appropriate level and timing of any increase, and how total contributions should be divided between employers and employees *[read more on p12].*

The story of Nero playing the fiddle while Rome burned was not true. It was a myth partly driven by the anger of the people at the time; an anger that solidified a negative rumour into 'fact'.

If the government does not want to risk the same fate befalling it – and the pensions sector's reputation potentially also being scorched – then creating a (short) timeframe for increasing AE contributions must take priority. Letting this issue burn for another decade is too dangerous.

By dampening the fire of insufficient contributions into dying embers, we can be free to safely enjoy the sweet sound of industry modernisation.





Laura Blows, Editor

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The £25 billion question

As the government steers workplace pensions towards £25 billion megafunds, Callum Conway asks whether greater scale will actually improve member outcomes – or reduce choice and centralise risk into fewer hands

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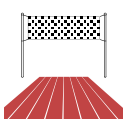
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WP507124 09/26

Dateline - September 2026

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

2 September An unnamed defined benefit (DB) pension scheme agreed to join Clara Pensions through its **'Small Schemes Offering'**, which will transfer more than 400 members and approximately £40m of assets into the Clara Pension Trust.

3 September The **government** was urged to ensure its proposed DB surplus regime protects members while preserving trustee discretion, with industry respondents calling for greater flexibility around funding buffers, phased payments and implementation requirements.



3 September The Department for Work and Pensions (DWP) launched a consultation on draft regulations intended to provide greater certainty for formerly contracted-out pension schemes undertaking guaranteed minimum pension (GMP) conversion exercises *[read more on page 14].*

3 September The Financial Conduct Authority (FCA) issued a Decision Notice to ban former DPT Financial Solutions director and financial adviser, Daniel Thomas, from working in financial services and fine him £742,700 over unauthorised pension transfer advice.



4 September The fifth **Pay Your Pension Some Attention** campaign launched, with this year's initiative using record-breaking vegetable growers to encourage savers to engage more regularly with their pension.

7 September Around 5 per cent of NHS Pension Scheme members could be affected by historic administration issues, with the Government Actuary's Department appointed to conduct a comprehensive audit of the scheme, the **government** confirmed.

The Pensions Regulator
Making workplace pensions work

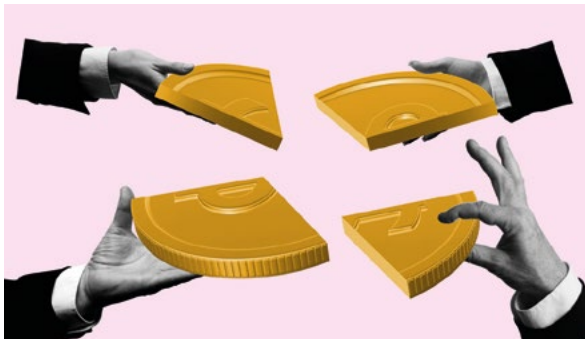
8 September The Pensions Regulator (TPR) launched a new outcomes-focused enforcement approach, shifting away from compliance-led oversight towards earlier intervention, greater use of data and a 'no-surprises' model, designed to prevent harm before it occurs. It marks a further step in delivering the regulator's new Corporate Strategy and will see TPR focus its resources on the risks and harms that have the greatest impact on pension savers *[read more on page 15].*

10 September Baroness Ros Altmann tabled an amendment to the Financial Services and Markets Bill that would enable Prudential Regulation Authority-authorised life insurers to establish, own or operate DB superfunds outside their core insurance business.

14 September Pension providers and industry bodies called for the first year of the **value for money framework** to be used as a testing period before ratings are made public, warning that inconsistent data and immature comparisons could cause reputational damage and drive 'inappropriate' consolidation *[read more on page 16].*

15 September More than two-thirds of DB schemes in **TPR**'s latest funding analysis are now in surplus, almost double the proportion recorded for the same cohort three years earlier. TPR's latest *Occupational DB scheme funding analysis* found that 67 per cent of

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



tranche 19 schemes reported a surplus, compared with 39 per cent for tranche 16.



15 September The **DWP** published a consultation on the automatic consolidation of deferred small pension pots through the introduction of consolidator schemes *[read more on pages 10-11].*



17 September The **Work and Pensions Committee** launched an inquiry into whether minimum automatic enrolment contributions should rise and how the cost of any increase should be divided between employers and employees *[read more on page 12].*

17 September Speaking at the **Pensions Age Autumn Conference** Aptia head of pension risk transfer, Russell Laver, warned that smaller DB schemes may lack the governance capacity needed to assess the growing range of endgame options available to them.

21 September A report from **TPR,** titled *Market oversight: UK pension funds - private market investment*, found pension schemes are interested in investing in private markets but are being held back by opaque fees, governance and knowledge gaps, regulatory uncertainty and a shortage of suitable investment opportunities.

22 September The UK fell one place to 15th in Natixis Investment Managers' ***2026 Global Retirement Index*,** despite its score remaining unchanged from last year at 72 per cent.

24 September The total value of withdrawals from pension pots increased by 21.7 per cent to £91.2bn in the year ending 31 March 2026, with annuity purchases and those entering drawdown both rising, data from the **FCA** revealed.

25 September The **government**'s forthcoming updated guidance on fiduciary duty should enable trustees to make the best decisions for their scheme and members, not the decision that's least challengeable, according to DWP Technical Working Group chair, Sir Robin Knowles.



Editorial credit: repic / Shutterstock.com

29 September Prime Minister, Andy Burnham, announced at the Labour Party Conference that the **state pension triple lock** will be replaced with an 'annual double lock' after the next general election. This change will see the earnings link removed from the annual uprating mechanism as part of plans to fund a new National Care Service.

30 September The **Arco Group Pension and Life Assurance Scheme** agreed to transfer its 1,281 members and approximately £135m in assets to the DB superfund, Clara Pension Trust, as part of the wider sale of Arco Limited.



DWP launches consultation on small pots consolidation

Industry welcomes the consultation as a means to address the prevalence of small pension pots but warns that the final framework must be designed around what can realistically be implemented at scale

The Department for Work and Pensions (DWP) has published a consultation on the automatic consolidation of deferred small pension pots through the introduction of consolidator schemes.

The implementation of the 'Multiple Default Consolidator' model aims to address the rising number of deferred pots in the defined contribution (DC) pensions market.

Through the Pension Schemes Act 2026, the government has established a legal framework to introduce the Multiple Default Consolidator solution, with the consultation seeking views on proposals to support the regime's operation.

Its consultation included the eligibility criteria for schemes and pots within scope, including the treatment of pots with guarantees, and proposals for the establishment of the required infrastructure to enable pot matching and consolidator allocation.

The Pensions Regulator (TPR) will oversee the authorisation regime, which is included in the consultation, for trust-based schemes to act as consolidator schemes, while provisions for the Financial Conduct Authority (FCA) to make rules for contract-based schemes were also covered.

The consultation also sought views on the supervisory framework and enforcement powers available to regulators, information requirements for members, and new duties for employers to provide relevant information to schemes.

A further consultation, expected in late 2027 or early 2028, will cover the detailed requirements for ceding schemes, the supervisory approach for those schemes, finalised data standards, and outstanding elements of the broader framework.

Implementation and delivery timelines will be set out "in due course", the DWP said.

Under the proposals, eligible pots must have received no contributions for a period of at least the previous 12 months and have a value of £1,000 or less.

The DWP estimated that this would bring around 20 million small dormant pots into scope at the point of implementation in 2030.

"Across the workplace pensions market today, there are around 13 million deferred small pension pots – and that number is growing by more than a million every year," said Pensions Minister, Torsten Bell.

"This proliferation of pots is not just a trend; it's a structural inefficiency. We estimate it costs the industry £240 million annually in administration – costs that ultimately fall on members.

"Over recent years, working closely with the pensions industry, we've built a strong consensus on the way forward. That's why, through the Pension Schemes Act 2026, the government took powers to introduce a Multiple Default Consolidator solution.

"Now is the time to turn that vision into reality. This consultation sets out the building blocks of the policy, from how consolidator schemes will be authorised, to the digital infrastructure that will underpin the model.

"Our ambition is clear: to have small pot consolidation operational from 2030."

PMI chief strategy officer, Helen Forrest Hall, welcomed the consultation as a step towards addressing a problem that would continue to grow as automatic enrolment matured, but stressed that the eventual solution must be practically deliverable.

"Moving potentially millions of small pots between schemes will place significant demands on administrators, systems and data, so the final framework must be designed around what can realistically be implemented at scale," she continued.

"We need an approach that is operationally workable, avoids unnecessary complexity and gives schemes sufficient time to prepare.

"The ambition is right, but successful reform will ultimately depend on getting the practical detail right."

People's Partnership chief operating officer, Angela Staral, also welcomed the consultation, arguing that addressing the growing number of small pension pots was "a critical step" towards improving outcomes for millions of savers and creating a more efficient pension system.

However, she stressed that schemes serving the automatic enrolment market should be closely involved in designing and governing the proposed infrastructure.

"Our ambition is clear: to have small pot consolidation operational from 2030"

"The schemes serving the automatic enrolment market carry the bulk of small pots below £1,000 and will be the main users of the federated IT solution proposed in the consultation paper to identify and allocate small pots for consolidation," she said.

"It is therefore essential that those pension schemes are closely involved in its governance and design."

Meanwhile, Sackers partner, Ferdy Lovett, welcomed the consultation as the next stage in addressing the "growing small pots conundrum", although he warned that several practical issues would need to be resolved.

Lovett explained that the government had previously consulted on the criteria for determining which pots would be eligible for consolidation, while the latest consultation focused on the regime's operation and governance.

"There are clearly key practical steps which will need to be ironed out, including providing transferring, or 'ceding' schemes with the necessary tools to exchange information with consolidator schemes, understand whether a match has been identified and determine which consolidator should receive a particular pot," he stressed.

Lovett added that, with the government seeking to use existing and developing industry capabilities, the consultation represented a "crucial phase" in the regime's development.

The scale of the exercise was also highlighted by Lumera, which noted that there are more than 13 million deferred pension pots worth less than £1,000, with around one million additional small pots being created each year.

Lumera commercial director for data and dashboards, Maurice Titley, said consolidation was therefore one of the most significant operational exercises facing the pensions industry.

He argued that the proposed federated delivery model could offer an efficient and scalable solution by allowing schemes to continue handling data exchanges, matching and transfers within common rules, standards and governance arrangements.

Titley also highlighted the government's ambition to make small pot consolidation operational from 2030, arguing that the consultation provided sufficient direction for the industry to begin preparing.

"Schemes and consolidators will need the data, systems and processes in place to support a federated delivery model at scale, including the high volumes of automated matching and transfers that will be required," he continued.

"The consultation provides an opportunity to test and refine the standards, governance and operational processes that will ultimately be needed to make consolidation work effectively for millions of savers."

Written by Jack Gray and Callum Conway

MPs launch inquiry on minimum AE contributions

The inquiry will examine how AE could be reformed to improve retirement outcomes for low earners, while ensuring that any additional contribution burden is shared fairly



The Work and Pensions Committee has launched an inquiry into whether minimum automatic enrolment (AE) contributions should rise and how the cost of any increase should be divided between employers and employees.

The cross-party committee said its inquiry would examine how AE could be reformed to improve retirement outcomes for low earners while ensuring that any additional contribution burden is shared fairly.

Although AE has succeeded in bringing more people into workplace pension saving, an estimated 15 million working-age people are undersaving for an adequate retirement income.

Minimum AE contributions currently stand at 8 per cent of qualifying earnings, comprising a 5 per cent employee contribution and a minimum 3 per cent employer contribution.

Workers generally need to earn more than £10,000 a year to be automatically enrolled.

However, the committee acknowledged that low earners, who are more likely to be undersaving, would also be among those most exposed to an increase in employee contributions.

It noted that small businesses operating with stretched resources could face similar challenges if the minimum employer contribution was increased.

The inquiry will therefore consider whether minimum contributions should rise, the appropriate level and timing of any increase, and how total contributions should be divided between employers and employees.

The government currently has no plans to increase minimum contributions but has asked the Pensions Commission to examine the long-term sustainability, fairness and adequacy of the pension system.

Its interim report, published in May, identified the issues that need to be addressed to improve the system's sustainability and warned that future generations were on track to face poorer retirement outcomes.

Work and Pensions Committee chair, Debbie Abrahams, said that the committee's previous work had highlighted the damaging effects of pensioner poverty, including isolation, poorer health and a loss of dignity.

"The Pensions Commission's finding that we're on course for tomorrow's pensioners to be poorer than today's was shocking"

"The Pensions Commission's finding that we're on course for tomorrow's pensioners to be poorer than today's was shocking," she stated.

Abrahams added that action was needed, but policymakers must remain mindful of the burden that reform could place on low earners and employers.

She confirmed that the committee intended to inform the commission's work by examining whether minimum contributions should increase and, if so, when, by how much and how the costs should be shared.

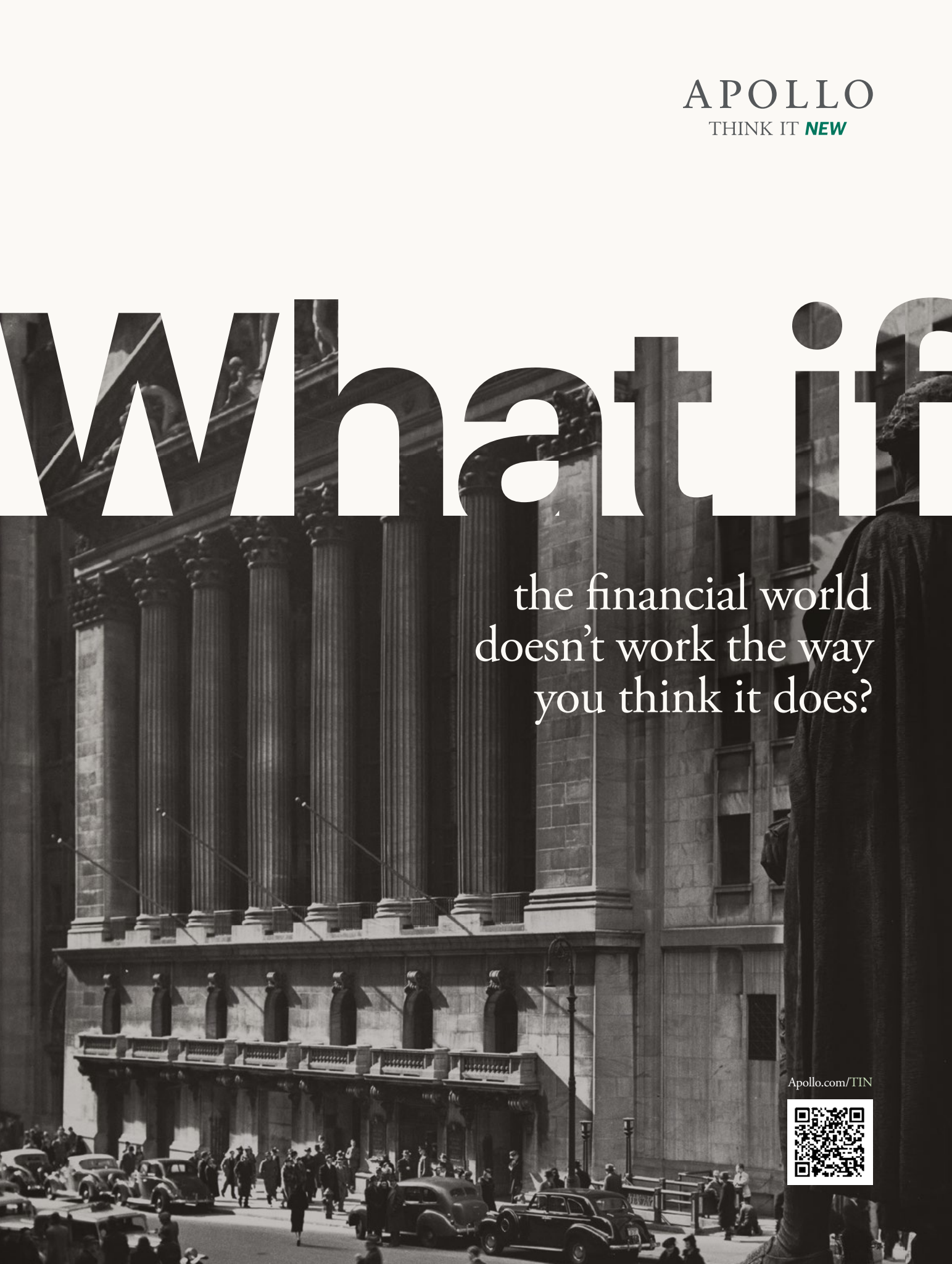
The committee is accepting written evidence until 4pm on 26 October 2026.

Written by Callum Conway

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DWP launches consultation on GMP conversion regulations

The draft regulations aim to provide greater certainty for schemes undertaking GMP conversion exercises



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The Department for Work and Pensions (DWP) has launched a consultation on draft regulations intended to provide greater certainty for formerly contracted-out pension schemes undertaking guaranteed minimum pension (GMP) conversion exercises.

The consultation seeks views on proposed changes to the regulations governing the conversion of GMPs into other scheme benefits, with the reforms aiming to clarify the process and steps that schemes must follow.

In particular, the changes are designed to support schemes using GMP conversion as a means of meeting their obligation to equalise pensions to account for the effects of historic differences in GMP rules.

The draft amendments would amend the existing 2015 regulations and have been developed in consultation with the pensions industry.

One of the key changes would be to introduce a new process for establishing actuarial equivalence when a GMP conversion relates to a single individual.

Under the proposals, trustees would be required to obtain and consider actuarial advice on the basis to be used for calculating post-conversion benefits.

The actuary would also be required to provide a certificate confirming that, if the advice is followed, the post-conversion benefits would be at least actuarially equivalent to the member's pre-conversion benefits. The certificate would remain valid for 12 months.

The regulations would also revise the requirements relating to survivor benefits following GMP conversion.

Schemes would be required to provide a pension to a member's widow, widower or surviving civil partner, with the regulations setting out both the minimum level of that pension and the minimum period for which it must be paid.

In addition, the draft regulations clarify which employer should be treated as the 'relevant person' whose consent is required for the conversion process.

Where a scheme has one employer, that employer would be the relevant person. For multi-employer schemes, all employers would be treated as relevant persons unless they nominate one employer to act on their behalf.

The explanatory note accompanying the regulations said the amendments were intended to introduce the new actuarial equivalence certification process for individual GMP conversions, update survivor benefit requirements and clarify the relevant employer for conversion purposes.

The consultation is aimed at trustees and managers of formerly contracted-out pension schemes, sponsoring employers, pensions professionals, scheme members, member representative organisations and other interested parties.

The government said the proposals are intended to give schemes greater certainty when undertaking GMP conversion, particularly where conversion is being used as the method for addressing GMP equalisation.

"In 2022 I worked closely with Margaret Ferrier MP to help her bring forward her Private Members Bill to clarify, simplify and streamline the process of using GMP conversion to deliver sex equality for members," said LCP partner and head of GMP equalisation, Alasdair Mayes.

"It successfully became an act but that wasn't the end of the journey. It's good news that Torsten Bell has launched this consultation today on regulations to bring the measures on the conversion of GMPs.

"The legislation should be really helpful in making the process of equalising benefits simpler, faster and, for those applying GMP conversion at retirement, cheaper.

"HMRC consulted earlier in the summer on regulations to remove the pensions tax hurdles associated with using GMP conversion for non-pensioners. Taken together these two sets of regulations will be really helpful.

"It's been a long journey, but the end is finally in sight. One drawback is that it is proposed those that have already consulted with members on using GMP conversion but haven't yet applied conversion will need to re-consult to use the new regime. That hurdle I hope can be removed in the final regulations."

Written by Callum Conway

TPR launches outcomes-focused enforcement approach

The regulator will focus on earlier intervention and greater use of data with its 'no-surprises' model designed to prevent harm before it occurs

The Pensions Regulator (TPR) has launched a new outcomes-focused enforcement approach, shifting away from compliance-led oversight towards earlier intervention, greater use of data and a 'no-surprises' model designed to prevent harm before it occurs.

It marks a further step in delivering the regulator's new Corporate Strategy and will see TPR focus its resources on the risks and harms that have the greatest impact on pension savers.

Under the new framework, TPR will assess potential enforcement cases according to three key factors: impact, scale, and complexity, rather than following a rigid formula.

High-impact or high-scale cases will generally be prioritised even where they are relatively straightforward, while highly complex cases will be pursued where they align with TPR's strategic objectives and offer a clear opportunity to deliver meaningful results.

In contrast, cases with both low impact and low scale will be less likely to result in formal enforcement unless they form part of a wider pattern or carry a risk of escalation, although TPR may still respond through targeted communications, guidance or compliance-led action.

The regulator argued that greater use of data, intelligence and market insight would allow it to identify emerging risks earlier and intervene before problems escalate, while enabling resources to be targeted more precisely.

TPR chief executive, Nausicaa Delfas, described the change as a move away from 'tick-box' regulation towards an evidence-led system focused on the outcomes that matter most to members.

"We have shifted from a compliance-based approach to focus our efforts on how we can make the biggest difference for members, acting to prevent harm before it happens and putting the outcomes first that we want to achieve," she continued.

"Compliance with legislation, of course, is still important. But we are increasingly taking a longer-term, system-wide view.

"Our focus is on achieving what ultimately matters for savers: a sustainable income in retirement."

The regulator's enforcement strategy is structured around five objectives: targeting the risks and harms with the greatest impact on members; taking assertive, agile, and collaborative action; responding decisively to non-compliance and economic crime; improving transparency; and making greater use of data to deliver better outcomes.

TPR stated that its enforcement activity would particularly focus on members who were vulnerable or at greater risk, including lower-income workers and those most likely to experience financial hardship in retirement.

Where serious harm or an immediate risk to members or scheme assets is identified, the regulator said it would act quickly, while suspected serious economic crime would be escalated in collaboration with law enforcement partners where appropriate.

The approach covers both regulatory and criminal enforcement, with serious economic crime potentially including fraud, money laundering and other financial crime involving high levels of complexity or harm, organised crime, international elements or emerging threats.

However, TPR stressed that enforcement remained one tool within a broader regulatory framework, alongside communications, guidance and supervisory engagement.

Delfas said that the regulator wanted enforcement action to come as "no surprise" to those involved, with TPR committing to engage earlier and provide greater clarity on what good practice looks like and how it is likely to respond when standards fall short.

Where early engagement or cooperation does not resolve an issue, or where there is repeated non-compliance or serious harm, the regulator warned that it could escalate to measures including directions, conditions, financial penalties, the appointment or prohibition of trustees, and prosecutions.

The regulator also set out four outcomes it will seek to achieve through enforcement: prevention, reparation, accountability and member confidence.

Written by Callum Conway

Industry calls for 2028 ‘test year’ before VFM ratings go public



The industry warns that inconsistent data and immature comparisons could cause reputational damage and drive ‘inappropriate’ consolidation

Pension providers and industry bodies have called for the first year of the value for money (VFM) framework to be used as a testing period before ratings are made public, warning that inconsistent data and immature comparisons could cause reputational damage and drive ‘inappropriate’ consolidation.

The calls come ahead of the closure of the latest consultation on the VFM framework, which aims to provide a more consistent assessment of defined contribution (DC) arrangements across investment performance, costs and charges, and service quality.

Under the proposed phased implementation, master trusts, the largest single-employer trusts and open firm-designed multi-employer defaults would submit VFM data, carry out assessments, assign ratings and publish the results in 2028, although poor-value ratings would not initially trigger regulatory consequences.

However, Aegon warned that the absence of formal regulatory consequences would not prevent commercial and reputational effects if early ratings were published before the framework had been fully tested.

It called for 2028 to become a “true test” year, with assessments carried out behind closed doors and ratings shared only with regulators.

Aegon head of pensions, Kate Smith, said: “There’s a real risk that pushing ahead without proper testing could produce a flawed framework with serious adverse implications for schemes, employers and members.”

She argued that inconsistent interpretations of input data and assessment methodologies could distort comparisons, particularly during the framework’s first year.

Aegon also called for closed default arrangements that will not carry out assessments until 2029 to be exempt from submitting data in 2028, arguing that this would reduce pressure on the new online system and allow providers to focus on consolidating poor-value arrangements.

Sackers partner, Helen Ball, noted that final regulations are due in January, with a separate consultation on The Pensions Regulator’s Code of Practice expected in the first half of 2027, arguing that therefore greater clarity was needed as soon as possible to allow schemes to prepare and plan resources.

“In particular, we need details that would help schemes to identify and assess which arrangements are in scope, confirmation of which overlapping reporting obligations will be removed, and an explanation of how employer subsidies might impact in some way the assessment process,” Ball noted.

“Greater clarity will help trustees and IGCs apply the framework consistently and deliver its ultimate underlying objective of improving outcomes for members.”

Meanwhile, TISA head of policy, products and long-term savings, Renny Biggins, said that consistency would become particularly important once ratings began creating reputational and commercial consequences, arguing that the implementation period should be used to establish an industry-wide approach before results are made public.

TISA also raised concerns about proposed chain-linking requirements, warning that these could distort the performance of receiving arrangements and discourage consolidation.

IGG similarly supported a transitional first year, warning that “immature comparisons” should not be allowed to drive potentially significant scheme decisions.

It also argued that the proposed service-quality measures remained too limited and should better capture members’ understanding, confidence, communication, digital journeys, and the ability to act on retirement options.

Also responding to the consultation, the Society of Pension Professionals (SPP) broadly backed the framework and phased implementation but called for greater clarity on its scope, including its treatment of additional voluntary contributions, hybrid schemes, single-employer trusts, and future coverage of non-workplace, decumulation, and collective defined contribution arrangements.

The SPP also stressed that historic investment performance should carry greater weight than forward-looking metrics, suggesting projections should account for no more than around 30 per cent of the assessment.

Written by Callum Conway

News in brief

***Pensions Age* summarises some of the latest news in the pensions industry, including continued activity in the de-risking market, new products and higher professional standards**

A changing market



The pensions industry is undergoing significant change, including acquisitions, evolving attitudes and higher professional standards:

- Financial services technology firm iPipeline completed the acquisition of Origo for an undisclosed amount.
- Western Pension Solutions became part of Collective Pensions, a joint venture between Vestey Holdings and Timpson Group.
- The Pensions Management Institute launched a level five experienced pensions professional certificate.
- The Pensions Administration Standards Association published guidance to help industry assess how ready they are to deliver guided retirement.
- Marsh's *2026 Barometer* revealed that 51 per cent of global asset owners, including pension funds, intend to increase allocations to infrastructure over the next 12 months.
- HS Trustees unveiled a new brand identity and website after receiving two industry awards during 2026.
- WTW's *DC Pensions and Savings* survey showed that four in five employers with a DC scheme expect AI to transform how retirement benefits are managed, communicated and delivered.
- Hymans Robertson opened registrations for its updated 2026 National Knowledge Assessment. It was revised to reflect new mandated training requirements for committee members of English and Welsh Local Government Pension Scheme (LGPS) funds.

De-risking momentum continues



The momentum in the de-risking market continued in September:

- Wood Pension Plan completed a £1.65bn buy-in with Legal and General Assurance Society, securing the benefits of all 16,400 members.
- An unnamed defined benefit (DB) pension scheme agreed to join Clara Pensions through its 'Small Schemes Offering', which will transfer more than 400 members and approximately £40m of assets into the Clara Pension Trust.
- The Samworth Brothers Limited Superannuation Scheme has completed a £400m buy-in with Canada Life, securing the benefits of more than 3,000 pensioners and 4,000 deferred members.
- An unnamed manufacturing firm's DB pension scheme completed an £11m buy-in with Just Group.
- M&G completed a £100m bulk purchase annuity transaction, covering 650 members of a pension scheme sponsored by an unnamed UK financial services company.
- A DB pension scheme sponsored by Special Melted Products Ltd completed a £52m buy-in with Canada Life.
- The £64m Givaudan UK Pension Plan completed its wind-up, with all members' benefits now fully secured with Aviva through individual insurance policies.

New products



Pension firms are searching for ways to improve their offering. This month was no exception, with several new products launched, including:

- Arboreum launched a multi-employer whole-of-life collective defined contribution scheme that will provide members with a target-based income.
- Aon launched Run-On Futures, a run-on service for smaller DB schemes.
- Broadstone launched a consulting service for trade unions, providing support on pension arrangements, member representation and regulatory developments.
- PensionBee launched an automatic withdrawals feature, enabling eligible customers to schedule monthly pension withdrawals directly into bank accounts.
- Smart Pension launched a 12-month customer service plan aimed at enabling members to complete 95 per cent of everyday pension tasks through its app or online during 2027.
- LCP launched STratify, a service to support schemes operating under a PSCT model.
- The Money and Pensions Service launched its 'Get retirement guidance' tool amid a lack of financial plans among people approaching retirement.

Diary: October 2026 and beyond

Irish Pensions Awards 2026
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, providing recognition to those funds, providers, advisers and professionals who strive to maintain the highest standards and professionalism in everything they do, despite the challenging economic and political landscape in which they find themselves operating. Book your table now to secure your place!
europeanpensions.net/irishawards

Pensions Age Awards 2027
23 February 2027
Grosvenor House, London
The 14th annual Pensions Age Awards aim to reward both UK pension schemes and providers that are 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. The awards are free to enter and the deadline for entries is open until 9 October.
pensionsage.com/awards

Pensions UK Investment Conference
9-11 March 2027
EICC, Edinburgh
The Pensions UK Investment Conference is the industry's leading specialist forum for investment debate, bringing together senior decision-makers to discuss the trends, challenges and opportunities shaping pension scheme investment. From market developments and regulation to sustainability, technology and global economic change, the conference provides a trusted space for learning, discussion and professional connection.
pensionsuk.org.uk/events/conferences

Dutch Pension Awards
April 2027
Online
Returning for a second year following the success of its launch in 2025, these awards aim to celebrate those companies, organsations and firms who have demonstrated excellence in their service to pension funds in the Netherlands. Entires are accepted in English or Dutch and entrants can submit applications in several catergories. The event will be held online and English due to the international nature of the audience.
europeanpensions.net/nederlandawards

Visit www.pensionsage.com for more diary listings

Don't forget...

National Pension Tracing Day

26 October 2026

National Pension Tracing Day occurs on 26 October this year and encourages individuals to locate and consolidate lost or forgotten pension funds.

nationalpensiontracingday.co.uk



VIEW FROM THE SPP: 'The careful embrace' – pension schemes and agentic AI

As an industry, we should applaud and embrace developments which reliably improve member outcomes and experience and help to contain costs.

AI is now an embedded reality in our world, and, as trustees, we are rapidly learning how, not if, it should be incorporated into scheme management.

Stories of 'hallucination' are legendary. But they are indicative of the reality that – like humans – computers can make mistakes.

For many businesses, the attractions of agentic AI – AI that performs tasks otherwise undertaken by humans – are self-evident. Pensions admin is an area where agentic AI could streamline processes, expedite member interactions and reduce costs.

But if – for whatever reason – the same mistake was repeated over and over again, the cumulative effect on high volumes of transactions, whether reputationally, or financially, could be horrendous. And take time to discover.

The Pensions Regulator's AI Plan is right to require high standards of governance around the use of all forms of AI. Strong guardrails are essential, as the SPP's recent paper on governance in the age of AI makes clear.

As trustees, we need to be confident that providers wishing to use agentic AI to improve business efficiency operate the highest quality standards – and will underwrite and resolve errors if they occur. None of this is to close the door to the use of technology that could improve member outcomes.

But we do need to be sure that we manage unintended consequences that may only surface well into the future.

THE SOCIETY OF PENSION PROFESSIONALS

SPP member, Ann Rigby



Blue skies ahead

Let Dalriada parachute in to support your in-house pension team

In-house pension teams rarely see their workload ease. Governance requirements continue to grow, projects keep coming and resources do not always keep pace. A planned absence, unexpected leave or the departure of an experienced team member can quickly leave a team without the capacity it needs.

The Dalriada Pensions Management team can parachute in experienced support to provide flexible additional resource when your team needs it most. We work in tandem with in-house teams on both short term and ongoing bases to maintain a quiet flight.

Whether providing additional capacity during a busy period, covering an absence, or acting as an ongoing extension of the in-house team, we work alongside teams to deliver high-quality pensions management support that is proportionate, practical and tailored to their needs.

When pressure builds, we can parachute in quickly, helping teams stay focused on priorities and maintain momentum.

Real in-house experience

Most of the Dalriada Pensions Management team have worked in-house as pensions managers or scheme secretaries. We understand the realities of coordinating advisers, managing governance cycles, overseeing AVC provider switches, dealing with payroll issues, assisting with company mergers and/or TUPE issues whilst still maintaining BAU delivery when resources are stretched. That practical experience means less time explaining the basics and more time focusing on the issues that matter.

When you are faced with unfamiliar terrain, we can bring practical insight drawn across our wider arrangements to support in-house teams land more smoothly.

Mitigating key person risk

Key person risk can be especially acute where in-house teams are already operating with limited resource. We can step in to provide additional support to the team in a variety of circumstances, working alongside you to alleviate key person risk.

Whatever the project or request, we have depth of resource and experience across our team to support. The Dalriada Pensions Management team currently has 30 pension management professionals, and supports c. 80 schemes. Not only does that help to reduce your key person risk, but ours too. We operate a team-based approach, sharing work across appropriate levels and eliminating one person being the font of all knowledge. In the case of absence in your team or ours, we always have resource to parachute in.

Focused pension managers

Our focus is pensions management. We do not seek to replace your existing advisers or provide bundled consultancy services. Instead, we work alongside your established adviser team supporting strong governance.

Supporting a wide range of schemes gives us visibility of emerging challenges and practical solutions being adopted across the industry.

Pension Peers network – sharing experiences

We have launched Pensions Peers – Dalriada's Peer to Peer network for in-house pension professionals. The intention is to provide opportunities for in-house pensions people to connect in a collaborative setting with no sales and no advisers. We offer networking opportunities and newsletters to enable the exchange of ideas.

One of the benefits of being embedded within so many pension arrangements is the breadth of experience we can bring. Whilst every scheme is different, many of the challenges faced by in-house teams are shared.

Through our outsourced support model and through Pensions Peers, we help create opportunities for pension professionals to learn from one another, share practical solutions and build valuable connections with people facing similar challenges. Sometimes the most valuable support is knowing that others have navigated the same turbulence before.

Flexible pensions management support is more than an emergency parachute; at Dalriada Pensions Management we pride ourselves on becoming an extension of your team. We are there for the unexpected moments, and for the everyday challenges of running a pension arrangement well. Because whilst nobody can control the weather, the right support can make blue skies ahead feel a little closer. And if those skies happen to be Dalriada pink, even better.



Written by Angela Stokes, senior pensions manager, Dalriada

In association with Dalriada. Pensions Management

Appointments, moves and mandates



John Deegan

Howden Employee Benefits has appointed John Deegan to its UK board as a non-executive director and as an adviser to the global employee benefits executive leadership team.

Deegan brings over 25 years of experience across Mercer Marsh Benefits and its predecessor businesses. His roles included leading its multinational employee benefits business and responsibility for Darwin, its global benefits technology platform. Commenting, Howden CEO and global practice leader, health & employee benefits, Glenn Thomas, said: "John knows this market inside out and has spent his career working with multinational employers, building strong teams and understanding what clients need."



Lee Nicholls

Mobius has appointed Lee Nicholls as chief technology officer (CTO).

Before joining Mobius, Nicholls spent more than five years as CTO of InvestCloud, where he oversaw the development of its digital wealth technology. He also spent more than 18 years earlier in his career at Merrill Lynch and Bank of America, where he became chief investment officer of EMEA global markets technology. In his new role, he will lead Mobius' technology strategy as the business continues to grow amid the announcement of its acquisition by Motive Partners (subject to regulatory approval). He will join the Executive Committee and report directly to Mobius CEO, James Finch.



Alice Wilmot

Aon has appointed Alice Wilmot as leader of its employer covenant team within its UK retirement practice.

Wilmot is associate partner and head of the covenant and security team, and joined Aon's covenant team in 2024. She has advised trustees and corporates on covenant issues for more than 13 years. She has worked across a broad range of high-profile assignments, supporting clients through mergers and acquisitions, stressed funding scenarios and evolving regulatory expectations. Wilmot succeeds Alex Beecraft, who will continue to support his existing clients and work on more specialist covenant areas, while taking on wider responsibilities within the retirement practice.



Lauren Branney

Hymans Robertson has appointed Lauren Branney as head of collective defined contribution (CDC).

Branney joined Hymans Robertson in 2020 as part of the firm's defined benefit (DB) actuarial team and is a senior actuarial consultant, advising a range of scheme trustees and sponsors. She has played a key role in developing the firm's CDC proposition and in her new role will lead the continued development of this, work with clients to explore and implement CDC arrangements and other collective retirement savings. Alongside this, the firm's senior partner, Jon Hatchett, has obtained a CDC scheme actuary Practising Certificate. This makes him one of a small number of actuaries in the UK qualified to act as CDC scheme actuary.



Girish Menezes

The Pensions Management Institute (PMI) has made several appointments recently, including key board appointments.

Girish Menezes has been reappointed as president for a further one-year term, and Mark Ormston as a non-executive director of the PMI Board. Ormston, chief compliance officer at Retirement Line, succeeds Sarah Drummond, who will step down at the end of her term. To his new role, he brings extensive board and chair experience, strong financial oversight capabilities, and regulatory and governance expertise. The PMI has also confirmed that four new non-executive directors will join its learning and development subsidiary, Factito, to strengthen the company's Board. These individuals are LCP partner and head of strategic pension relationships, Nathalie Sims, West Midlands Pension Fund people development lead, Heather Clarke-Trevis, former Freedom Services Group executive director of risk and compliance, Richard Webb, and charity trustee and people and leadership development expert, Ian Chakravorty. The PMI intends these appointments to strengthen governance, oversight and diversity of expertise as Factito continues to expand its learning and development offering. In addition to this, the PMI confirmed that the Trustee Accelerator Programme (TAP) has appointed 40 new trainees, "signalling an exciting new chapter for the initiative as it continues to enhance the future pipeline of pension trustees". The cohort represents a diverse group of individuals from all ages and all walks of life, including those who have followed non-university career paths.


Rachel Brothwood


Patrick Heath-Lay


David Lane


Katharine Photiou

Pensions UK has appointed four non-executive directors (NEDs) and named its new policy board chair.

The four NEDs joining the board are: West Midland Pension Fund executive director, Rachel Brothwood; People's Partnership chief executive officer, Patrick Heath-Lay; TPT Retirement Solutions chief executive officer, David Lane; and Legal and General managing director, workplace savings, Katharine Photiou. In addition to her appointment as a NED, Brothwood has also been appointed as Pensions UK policy board chair. She succeeds John Chilman, who will continue to serve on the Pensions UK Board until the end of his term in October 2027. The appointments follow a recruitment process to refresh and strengthen the Board as long-serving directors reach the end of their maximum terms. Universities Superannuation Scheme chief executive, Carol Young, will step down in October 2026.

Warwickshire Pension Fund appointed Northern Trust as asset servicer.

Warwickshire Pension Fund, a UK Local Government Pension Scheme (LGPS) with approximately £3.6 billion in pension assets, has appointed Northern Trust to provide global custody, valuation reporting, capital call execution and performance measurement services. The fund is one of 18 partner funds within the Border to Coast Pensions Partnership. Northern Trust noted that the appointment comes as LGPS funds continue to adapt their operating models in response to the government's Fit for the Future agenda, including changes around asset pooling, governance, private markets and closer alignment between administering authorities and pools. With this appointment, Northern Trust aims to support the funds' evolving needs.


Mark Duckworth

Wealth at Work has announced that Mark Duckworth will succeed David Cassidy as CEO, effective 1 December 2026.

Duckworth joins Wealth at Work with more than 30 years of experience within financial services, having previously served as CEO of Schroders Personal Wealth and CEO of Openwork. He replaces David Cassidy, who has led the business since its inception in 2004. To ensure a seamless transition, Wealth at Work chief financial officer, Stuart Payne, will serve as interim CEO until Duckworth's appointment on 1 December. Following Duckworth's arrival, Payne will assume the dual mandate of chief financial and operations officer.


Victoria Thompson-Hill

Arc Pensions Law has announced three new appointments.

Victoria Thompson-Hill joins from Baker McKenzie as a professional support lawyer, Jonathan Mason as an associate, and Georgi Ivanov as a paralegal. Thompson-Hill has 20 years of pensions law experience and particular expertise in legal knowledge management, while Mason joins as a newly qualified solicitor having trained at Squire Patton Boggs. Commenting, Arc Pensions Law managing partner, Anna Copestake, said: "We are thrilled to welcome Victoria, Jonathan and Georgi. These appointments reflect our continued investment in the firm at every level and our focus on building for the future."


Geoff Tookey

TPT has appointed Geoff Tookey as head of trustee services.

Tookey has more than 20 years of experience in pensions and joins TPT from Bank of America, where he was head of pensions for UK & Ireland. Following pension consulting roles at WTW and KPMG, he moved to O2 as pensions and benefits manager, later progressing to head of pensions at Virgin Media O2. In addition to this, he is a qualified actuary. In his new role, he will lead TPT's trustee services teams, which support Verity Trustees Limited in overseeing its portfolio of schemes. He will also work closely with the new trustee boards supporting TPT's collective defined contribution and superfund propositions.



VIEW FROM TPR: Turning pensions potential into productive investment

New TPR research shows there is no shortage of interest in investing in private markets, including UK infrastructure and other productive assets. But schemes also encounter practical barriers that limit opportunities to invest.

Our report encourages trustees to work with advisers and assess whether the scheme has access to the skills, governance and investment support needed.

We believe that economic growth and good member outcomes can be mutually reinforcing. That is why we continue to work with government, partners and industry to help address barriers to investment that can deliver in members' interests.

We will encourage schemes to think strategically about their future development and what that might mean for their governance, resourcing and support.

While larger schemes are well placed to invest across a broader range of assets, vehicles such as Long-Term Asset Funds are helping make some private market investment opportunities more accessible.

This is not about directing investment decisions and trustee fiduciary duties remain paramount. But all schemes should have the governance and capability to consider investment in all asset classes, and if not, ask themselves if their members would be better served elsewhere.

TPR executive director, market oversight, Ben Gunnee



VIEW FROM PENSIONS UK: The triple lock debate is evolving

The debate around the triple lock has come back to life in recent weeks, typified by a discussion on BBC Radio 4's *Today* programme in early September.

The programme featured a lively exchange between Resolution Foundation chair, Lord David Willetts and LCP partner, Sir Steve Webb. Willetts argued that 15 years of the triple lock has skewed welfare spending away from families and children and towards pensioners. Webb defended it as essential to reversing 30 years of wage detachment before 2010, arguing that the state pension remains low by G7 standards and that government can support both generations until pension poverty is further reduced. Labour has pledged to retain the triple lock through this parliament, and the other main parties promise to retain it in the future.

Pensions UK believes the triple lock needs to be considered as part of a broader package of reform. It should stay in place until the state pension reaches an agreed minimum adequacy threshold. Once achieved, it should be replaced with a predictable, sustainable living standards safeguard that protects pensioners while giving governments, taxpayers and savers greater certainty. Meanwhile, contributions to automatic enrolment should increase, and a National Council for Retirement Adequacy should keep the whole system under review to promote a pragmatic and long-term approach to delivering better retirement outcomes for generations to come.

Pensions UK executive director of policy and advocacy, Zoe Alexander



VIEW FROM THE PMI: Reform is moving fast. Our skills must move faster

Better governance, greater transparency and stronger outcomes cannot be delivered by regulation alone. They require people having the skills and judgement to turn policy into good practice.

We can see this clearly in the emerging value for money framework. Moving the conversation beyond cost towards investment performance, service quality and member outcomes is welcome. But applying that framework requires professionals who can interpret increasingly sophisticated information and understand where different types of schemes require different approaches.

Scale presents a similar challenge. Consolidation can bring stronger governance, investment capability and efficiency, but bigger does not automatically mean better. Professionals need the confidence and expertise to judge when scale genuinely improves outcomes.

That is why professional development matters more than ever. Qualifications cannot simply recognise what somebody knew five or 10 years ago. They need to reflect the demands of today's pensions workplace, combining technical expertise with practical competence and professional judgement.

At the PMI, we continue to innovate with new qualifications, such as our recently launched Level 5 Experienced Pensions Professional Certificate, that enable the practical, real-world upskilling needed to deliver better member outcomes.

PMI chief learning officer, Vanessa Jackson

DC decumulation – stop horsing around

It is now time to proceed with creating innovative DC decumulation solutions, says Paul Greenall



It is time for the UK pensions industry to stop horsing around when it comes to potential decumulation solutions for defined contribution (DC) scheme members. Indeed, the increasing focus on innovative decumulation solutions – as opposed to the long-held focus on pension adequacy – is probably one of the most significant shifts underway in DC pensions.

For many years, employers and pension providers focused almost entirely on accumulation; in other words growing pension pots efficiently through investment strategy and low charges. Unfortunately, the retirement phase, when people start to take their money out, has received far less attention. More than nine in 10 public sector employees, and nearly two-thirds in the private sector (63 per cent) are now members of a workplace scheme, meaning more and more people will depend on how effectively their pension savings convert into income.

The wider backdrop is evolving rapidly. Fewer and fewer people have access to lucrative DB schemes and more and more are reaching retirement with DC savings only. This is a major headache for DC scheme sponsors, the government and most notably DC scheme members as the vast majority of DC pots are completely inadequate. Our research suggests that some 5.6 million DC savers will turn 65 between 2029 and 2035 and yet the average pot size is only £152,000. Investing a pot that size in a liquid, government-backed asset – say the UK 30y Gilt – would yield an annual pre-tax income of around £8,867 a year, assuming a yield of 5.834 per cent. Long-term investors – and indeed those who remember the Gilt market crisis following the 'fiscal event' in 2022 – will be aware that even Gilts are not always 'risk free' and yields may rise or fall significantly in a short space of time.

What members choose to do with their pot when they retire is absolutely fundamental in determining the type of retirement that they are likely to enjoy. State pension income might provide some useful support for a small DC pot but the state pension alone is rarely sufficient to provide the standard of living many expect. How DC pension savings are accessed, and what income they generate, therefore matters enormously.

At Isio, we seek to disrupt the pension market in a positive way and from our perspective there are number of decumulation issues that the pensions industry should consider. For example, should a default decumulation solution incorporate a mix of income types and make allowance for inheritance implications, or should the sole objective be full decumulation and maximisation of income? Inflation has become a hot topic in recent years and we think that DC schemes should consider what, if any, inflation protection they offer within the decumulation phase.

Fees are also important, especially if they mean that additional services and features could be provided on an ongoing basis during retirement. Last, but certainly not least, schemes have to consider what their members want in retirement. Our research suggests that DC scheme members want choice and certainty – that is to say, they want to be able to access their pension pot flexibly, but they also want their pension to give them a guaranteed regular income. The best default decumulation solutions should provide individuals with at least some freedom to change their retirement choices at any time. People's circumstances change, so why should retirement options be set forever at 65, or whenever the scheme member decides to retire?

New decumulation products, guidance services and hybrid approaches are emerging, but the landscape is complex. Outcomes can vary significantly depending on the options available within a scheme and the support members receive. Employers are increasingly recognising that a strong accumulation journey can be undermined by weak retirement options for their employees.

For employers and sponsors, this has practical implications. Employees are beginning to expect better support at retirement and more attractive retirement options can enable smoother workforce transitions as the population ages. Employers do not need to design decumulation solutions themselves, but they do need to understand what their chosen provider offers and how those options compare with the wider market, and indeed how they fit within the evolving DC landscape.



Written by Isio actuarial and consulting partner, Paul Greenall

In association with isio.



VIEW FROM THE AMNT: My early years as a member-nominated trustee

I decided to retire early and, of all the voluntary ventures I have pursued, being a member-nominated trustee is the most rewarding and interesting.

AMNT brings expertise, insight and a viewpoint solely focused on members' interests. At trustee meetings, government, investment and sponsor interest are catered for, yet member interests are often sold short.

Whilst most boards are able to evidence that their plan delivers value for money – aggregate investment returns are delivering to plan – very few boards have analysed their pension benefits through a member equity, diversity and inclusion lens or used this information to inform their investment and scheme decisions. In fact, how many boards know what sort of pension outcome a typical member can expect and whether this will be sufficient for them to retire on?

We should all support using Pensions UK's Retirement Living Standard as a standard reporting metric for measuring a scheme's ability to deliver good value and identifying whether any specific group is falling behind.

This messaging needs to support the push to protect members' interests in DB and additionally in DC and collective DC schemes where they are the only real stakeholders. If you agree with this, please consider supporting AMNT, so we can progress member issues together.

AMNT member, Arlene Mitcham

AMNT Association of Member Nominated Trustees



VIEW FROM THE ABI: Tailoring services for scale

As autumn began, the Department for Work and Pension's (DWP) scale discussion paper closed. DWP engaging the industry to inform its thinking on scale was very welcome, but not without challenges.

Answering the questions of what should constitute a 'Main-Scale Default Arrangement' (MSDA) or a 'common investment strategy' is difficult. Any definition should err on the side of simplicity. Crucially, regulations should reflect where benefits of scale are generated. These benefits arise from the wider pool of assets that providers manage, whether within the underlying funds used by pension defaults or through other investment vehicles operated by the same asset manager. In both cases, scheme members benefit from the economies of scale that providers can leverage. This approach should also mean that the rules don't discriminate based on member type. Bespoke, SIPP, stakeholder, and default customer assets invested in the same underlying funds of the MSDA should count towards the £25 billion scale figure.

Defining scale in this inclusive manner also gives providers greater choice to customise retirement products to scheme members' needs, which will be necessary if the MSDA definition applies to and through retirement. Savers will require different retirement journeys based on their needs, and naturally this will require sperate investment approaches facilitated by an arrangement's building block funds.

ABI long-term savings policy adviser, James Wilson

The ABI



VIEW FROM THE PPI: Reflecting on a quarter of a century of pensions policy

2026 is the PPI's 25th anniversary. To mark the occasion, we held an anniversary event, the inaugural Pensions World Cup. The aim was to answer the deceptively difficult question: What has been the most important pensions reform or change of the past 25 years?

Eight teams presented to make the case for their chosen reform, with contenders ranging from collective DC and pension freedoms to the PPF, the Pensions Commission, new state pension, Mansion House and guided retirement.

As the reforms were championed side by side, it became clear the most interesting question was not simply which reform would come out on top, but how these different developments shaped the landscape together. While the developments championed may have been very different, each has played a part in shaping what followed, telling a much bigger story about how pensions policy has evolved over 25 years and how yesterday's reforms can help shape tomorrow's solutions.

While automatic enrolment, represented by Sir Steve Webb and Helen Dean CBE took the title, the real winner was perhaps the opportunity to step back and reflect on 25 years of pensions policy, and the interconnected story of how we got here. Undoubtedly the landscape will continue to evolve, with new challenges and reforms shaping the future of retirement in ways we cannot yet predict.

PENSIONS POLICY INSTITUTE PPI

PPI head of external relations, Danielle Elliott



New name. Proven talent. Unstoppable ambition.

Behind this are people you know and expertise you trust, now with stronger backing and a wider world of insight to draw on. We're putting all of it to work for trustees, sponsors and members. And we're only getting started.

Howden Retirement, we're in it for life

Meet the team at Pensions UK Annual Conference, stand E14.

howdengroup.com

HOWDEN



VIEW FROM THE PPF: Long-term capital can deliver for members and communities

Long-term pension capital, when invested prudently, can support members' financial security while helping fund projects that deliver tangible benefits for communities and the wider economy.

That requires investment to be made responsibly, with appropriate protections and returns, but when the right opportunities and frameworks are in place, long-term capital can generate both financial and real-world outcomes.

Shillibeer House in Brent is a great example of productive, responsible investment in action. What began as an idea to redevelop a former bus garage has now become 155 affordable council homes for local residents.

The Pension Protection Fund provided sole financing for the £47 million project. Our first priority is always our fiduciary duty to deliver strong financial returns for members, and this investment was structured to provide appropriate protections and returns while supporting Brent Council's needs.

The significance of this project extends beyond one development. The work underway across industry and government on pensions, productive investment and growth is rightly focused on getting the framework right. If we do that, there is an opportunity to unlock more investments that support communities, strengthen the UK economy and remain firmly aligned with the interests of pension savers.

Pension Protection Fund

PPF chief strategy and communications officer, Conor Lawlor



VIEW FROM PASA: Policy moves fast. Administration needs time

Article after article tells us how busy the pensions world is, with policy announcements, consultations and implementation. But while advisers and those responding to consultations have been kept relentlessly busy, the greatest challenge is often felt at the operational end of pensions.

Where policy change requires systems and administration processes to change, lead times matter. Administrators can't redesign processes or instruct system changes from high level announcements alone. They need sufficient details: primary legislation, secondary legislation and, where relevant, regulatory codes and guidance. Only then can they properly assess what needs to change, build it, test it and implement it safely.

The government's roadmap for implementing the Pension Schemes Act 2026 has therefore been hugely helpful. Understanding what is coming, when further detail is expected and the intended implementation date allows organisations to plan resources and identify potential pressure points.

Of course, roadmaps can change, but knowing plans have changed is still considerably better than not having a plan at all. The industry has a role to play too. We should be clearer with DWP and other policymakers about what implementation actually involves, what information is needed and the realistic lead times required.

If we want better implementation, we should help DWP set better timescales.

PASA assess | aspire | achieve

PASA chair, David Fairs



VIEW FROM THE ACA: The need for a VFM framework 'dry run'

In our response to the DWP/FCA consultation on the value for money framework, we highlighted the risk that the framework could produce misleading comparisons between schemes.

Under current proposals, a minimum-compliance scheme invested in low-cost passive equities, for example, could be perceived to score well because equity markets performed well over the measurement period. Meanwhile, a well-governed scheme pursuing a more diversified strategy, including productive assets such as private markets, could appear less favourable, despite being designed to target more resilient long-term outcomes.

We have consistently called for the first assessment cycle to be a regulator-supervised dry run, with data and ratings kept private. Testing the methodology before publication should allow anomalies to be identified and corrected before ratings begin influencing employer decisions, member perceptions and commercial behaviour. We also recommend moving the start of data collection from July 2027 to 2028.

The government should set a timetable for bringing traditional DC retirement products and non-workplace pensions into scope, while ensuring consistency between trust and contract-based arrangements.

Separately, in our response to the PPF we noted proportionality is important in the DB system. With the PPF levy set at zero for the foreseeable future, we called for a wider review of mandatory three-yearly section 179 valuations and simpler ways of gathering the risk information the PPF needs.

ACA chair, Chintan Gandhi

ACA ASSOCIATION OF CONSULTING ACTUARIES



Standard Life managing director for pension risk transfer and individual retirement, Claire Altman

Podcast: Pension risk transfer partnership

Standard Life managing director for pension risk transfer and individual retirement, Claire Altman, talks about its new UK pension risk transfer partnership in *Pensions Age*'s latest podcast

Many defined benefit (DB) pension schemes are approaching buyout readiness, creating a significant long-term opportunity in the UK pension risk transfer (PRT) market, particularly among larger schemes with more complex requirements.

The partnership brings together CVC, Prudential, Goldman Sachs and MS&AD, with an initial capital commitment of up to £2 billion.

"At its heart, this partnership is about enabling Standard Life to help more DB pension schemes secure the benefits they have promised their members," Standard Life managing director for pension risk transfer and individual retirement, Claire Altman, says in the *Pensions Age* podcast, *Pension risk transfer partnership*.

As she explains, Standard Life brings the insurance expertise, the trusted brand, the client relationships and the end-to-end operational capability, such as origination, underwriting and execution, through to investment strategy and the long-term servicing of members.

The partners bring additional committed capital and broader private markets origination capabilities across different asset classes and geographies. The consortium structure also provides diversification across a number of high-quality global partners, rather than making the business operationally dependent on a single capital provider or asset manager.

"Crucially, Standard Life continues to run the business. We remain responsible for the insurance proposition and remain accountable for client and member outcomes. So, the partnership strengthens what sits behind the proposition, while preserving the relationship and accountability that trustees expect from Standard Life," she states.

Standard Life had already built a strong PRT business over the past decade, completing more than £32 billion of transactions by the end of 2025 and developing a customer-focused proposition spanning origination, transaction execution and long-term member servicing. Therefore, the partnership builds upon its existing business.

"In practical terms, it gives us greater capacity and broadens the range of schemes we can support, particularly at the larger and more complex end of the market, where transactions can require significant capital, specialist investment expertise and tailored solutions," Altman explains.

Standard Life had noted desire from both current and prospective clients for it to participate in PRT for large schemes, such as those with assets in excess of £2 billion, which often have complex requirements that create additional challenges for insurers and trustees alike.

"This extension of our PRT business is designed to meet those needs by combining our established capabilities with additional capital, diversified private markets origination and structuring expertise," Altman explains.

However, while the partnership provides "greater capacity and a broader set of resources, it does not change the protections, service standards or accountability that trustees and members should expect from us", Altman says.

Therefore, Altman describes Standard Life's PRT partnership as "giving Standard Life more capability to meet the individual needs of schemes, rather than changing the essential Standard Life proposition".

According to Altman, the key takeaway of the partnership is how it demonstrates Standard Life's long-term commitment to the PRT market.

"We've built a strong proposition over the past decade, and this partnership allows us to bring that proposition to an even broader range of schemes and help even more trustees and members," she says.

"What isn't changing is equally important: Trustees will continue to work with Standard Life, and we'll remain accountable for delivering the outcomes members deserve."

In association with

Standard Life

To listen to this podcast, please visit www.pensionsage.com

Leading with data, succeeding with mindset

Ranjit Shoker discusses the most effective way pension schemes can present themselves to insurers and superfunds, leading to efficient risk transfer processes



Over my career, the defined benefit risk transfer market in the UK has moved from occasional landmark deals, to a near continuous flow of celebratory LinkedIn posts announcing the latest transaction. Improved funding, insurer capacity, and the emergence of solutions such as superfunds have moved many schemes closer to their endgame, faster than expected. The quality of data and accuracy of benefits (including GMP equalisation, of course) is often seen as the most crucial issue in respect of transaction readiness.

I increasingly see a sharp distinction between schemes that think about data and benefits as a technical clean up, and those that treat it as a strategic lever. That distinction in mindsets is now shaping who gets insurer attention, secures the best terms and avoids unpleasant post transaction surprises; and those who don't.

A pricing asset, not an operational chore

Trustees and sponsors know that data matters. They understand that inaccurate or incomplete records lead to queries and delays. In practice, many schemes approach "data readiness" as a checklist exercise: identify gaps, tidy up addresses, reconcile membership counts, produce a refreshed data file, and move on.

Insurers, however, are pricing a long term, non callable liability. They are not simply looking for a neat extract; they are making a judgement about how much faith they can place in the entire system of information and governance sitting behind that file, and the risks they are exposed to. From that perspective, the question is less "is the data clean?" and more "has this scheme really understood and de risked its data and benefits?". KPMG risk transfer specialist, Jenny Richards, who spent over six years at a bulk annuity provider, notes that *"insurers want confidence in the liabilities they are taking on. This comes from the data, but also understanding the steps undertaken and why. The right suite of information and evidence can be powerful and an accelerator".*

This is where our advice can prove particularly valuable. Internal teams and long standing advisers can be woven into the history of a scheme – legacy systems, GMP projects, benefit redesigns, mergers – making it harder to spot where assumptions have quietly hardened into blind spots. An external lens can challenge the narrative: do the benefits you think you are insuring align with what members are being paid? Do the rules, data and administration practice all tell the same story? And does the level of governance give confidence around unexpected liabilities?

Treating data and the governance around it as a pricing asset, something that can actively improve insurer appetite and reduce margins for risk, is one of the most important mindset shifts trustees can make.

Moving from checking to understanding

At KPMG, we use technology to turn data validation into genuine insight. Traditional approaches relied heavily on sampling and manual checking. This meant trustees were, in effect, hoping that a relatively small number of test cases were representative of the wider population. For some schemes, that leaves a lot of risk on the table.

Modern methods can examine trends and patterns at speed. For example, technology allows us to quickly:

• Compare admin data against the benefits to be insured, with targeted sampling, to see whether the benefits members receive match what is being modelled.

• Run systemic checks to identify cohorts whose outcomes look distinctly 'off' compared with expectations.

• Analyse patterns to find inconsistencies that signal rule interpretation or implementation issues.

The point is not merely to certify that the data 'passes' a set of technical tests. The point is to understand what the data is telling us about a scheme's underlying story: where the risks lie, which issues are isolated errors, and which are embedded in the fabric of a scheme.

This moves us from validating inputs to identifying systemic behaviours, that influence how a transaction is structured and priced.

Confidence rather than perfection

There is a myth that schemes must achieve near perfect data to be attractive to insurers. That is neither realistic nor necessary. Most insurers know they are dealing with schemes that have been around for decades, often through multiple restructurings and changes in administrative platforms.

However, it is helpful to give confidence that a disciplined approach has been taken to understanding data and benefits, and that the most material uncertainties have been surfaced and resolved.

Credible assurance for insurers does more than list the errors fixed. It explains how the data and benefits were tested, why those tests were chosen, what patterns emerged, and the actions that were taken. This level of detail, with a focus on materiality, and the ability to quantify any residual uncertainties, can be very effective.

Insurers can then differentiate between schemes that have simply been through a 'data cleansing exercise' and those that have genuinely de-risked their information and benefit structures. The latter group is more likely to be offered stronger engagement, sharper pricing and fewer hurdles as the transaction moves towards more efficient completion. In an environment where insurer capacity is finite and timing is crucial, that differentiation matters.

Strategic decision making

Data and benefit quality are often framed as technical issues, but the decisions around them are increasingly strategic.

Trustees, and employers as ultimate bearers of the cost, must decide how far to go pre transaction: What to fix, what to disclose and price explicitly, and what to park for post buyout resolution. These are judgements about risk appetite, reputation and value, not just compliance. These decisions benefit from deep insights, and an articulation of the trade offs between cost, timing and residual risk in a way that speaks to the sponsor's broader financial strategy. KPMG head of DB corporate advisory, John Gething, says: *"Sponsoring employers are increasingly aware that pension scheme data can be a barrier to optimal and efficient decision making. That could relate to risk transfer, or equally other scenarios such as corporate transactions. Ultimately, moving at pace and the confidence that deep insights can create, reduces the chance of a nasty surprise and the cost of unexpected delays. All employers welcome this certainty".*

Schemes that navigate these strategic decisions well are those that explicitly recognise data and benefit quality as a board level risk. Independent review not because regulators insist on it, but because they understand that weak data and unclear benefits are, ultimately, a financial exposure.

Also, I often find myself myth busting that this approach applies only to the largest schemes and comes at a premium price. In fact, the opposite can often be true, with many smaller schemes most likely to benefit from the efficiencies that technology can bring, alongside deeper insights into data where good quality has not been maintained.

Members and trust

We must not, when focusing on pricing and insurer requirements, forget the human dimension. At the end of every bulk annuity or buyout are members who have built their retirement plans around the promises made by their employer and trustees.

Independent scrutiny of data and benefits, supported by powerful analytics, is not simply about satisfying insurers. It is about ensuring that those promises are correctly understood, properly recorded and faithfully transferred. When trustees can demonstrate, to themselves as much as to insurers, that they have interrogated their scheme's history, resolved systemic weaknesses and aligned practice with intent, they are doing more than protecting pricing. They are reinforcing trust in the pension contract itself.

What next?

The DB risk transfer market will remain busy. Insurers will continue to refine their expectations and selectivity. In that environment, schemes that treat data and benefit quality as a strategic asset, and invest in independent advice and cutting edge analytics to better understand and de-risk that asset, will have a clear advantage.

Ultimately, transaction readiness is a measure of how well trustees and sponsors understand the liabilities they are trying to transfer, and of the confidence that both insurers and members can place in the journey they are about to undertake.



Written by KPMG UK head of trustee advisory, Ranjit Shoker

In association with KPMG



Work/life balance

Pensions Management Institute (PMI) chief learning officer, Vanessa Jackson, sits down with *Pensions Age* to discuss her sporty childhood dreams, her job at the PMI and her dream dinner party guests

Work:

What was your dream job as a child?
I had about five dream jobs that I still often think about today: Olympic sprinter, ballet dancer, detective, psychologist, and barrister.

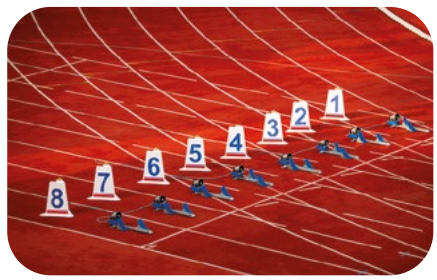
Do you have any unusual job experience outside of the industry?
My first 'proper job' after university was working within the education department of a very famous prison.

How did you end up working in the pensions sector?
I came to the point in my career where I wasn't sure what I wanted my future to look like or what sort of role I enjoyed, so I decided to quit a well-paid permanent role to do some temping for the summer. My last temping role was at the PMI, and what was meant to be a three-week temping role turned into a permanent role of over seven years and counting.

What path did your pension career take that led you to your current role?
Before joining the PMI, I had never worked in pensions. All my roles had been within education or were awarding body based. I joined the PMI at a pivotal time, when the qualifications team was undergoing a major restructure and bringing in several team members. I worked hard and climbed the ladder quite quickly to qualifications manager (within my first three months), then to head of qualifications and then to chief learning officer. I am incredibly proud of my career path within the PMI.

What's one thing about your job that you particularly enjoy or are proud of?
Growing my team from the ground up. I am incredibly proud of my team and all that they achieve. I take my job very seriously and get a huge amount of fulfilment from watching my team grow, seeing them put themselves in uncomfortable situations and making themselves (and me) proud.

Since undertaking this role, I have led some extremely big initiatives, such as launching a new level five qualification. We haven't launched a new qualification since around 2022. I oversaw a move from two exam seasons each year to now holding exams pretty much every month, as well as re-developing our competency framework model.



If you weren't working in pensions now, what would you be doing?
The part of my brain that loves to dream would hope to be an Olympic sprinter or perform on stage as a ballet dancer. My dad was an athlete and got quite far in his sports career before injuries took over, so running very much runs in my family. However, my very realistic side would hope to forge a career as a detective.

What's the best piece of career wisdom you've been told, or acquired yourself?
'Have an undeniable stack of proof/evidence that you are who you say you are'. Do what you say you are going to do, every time and be reliable. Work on your self-awareness always. Know your strengths and weaknesses and consciously and actively make the time to work on them. I believe this is what's helped me get to where I am today.



Monday
I go to the gym super early for weight training. We have a senior management team meeting first thing Monday and a team meeting every Monday afternoon. I tend to use Monday to plan the week, focusing on one-to-one time with my team and wider business catchups.

Tuesday
Throughout my working day, I will review qualification syllabi/ensuring our exams are running as they should. I also spend time creating the skeleton of new and very exciting level six and seven qualifications. I am also updating our competency framework over the next three months to ensure it is relevant and educationally sound, so a lot of my

Life:



What do you like to do in your spare time? Any hobbies?
I am a fitness fanatic. My main passion for the past decade has been strength training, so you will find me at the gym most mornings before work starts. I love callisthenics also, so pull ups/chin ups/triceps dips, and I am extremely competitive, and will find me with a group of guys, trying (but not succeeding) to beat them with weights. I try to run a few times a week, generally 5k, but when I am too exhausted, the running takes a back seat. I also love reading and going to the theatre. I saw Bryan Cranston at the end of last year, and that was a major highlight for me, as I loved his epic character in *Breaking Bad.*



Is there a particular sport/team that you follow?
Athletics. Some of my greatest heroes are from the athletics world. I recently watched Josh Kerr win the world record in the mile at London Stadium. I am also an Arsenal fan.

If you had to choose one favourite book, which would you recommend people read?
Memoirs of a Geisha. I have read it three times.

What film/boxset do you most enjoy?
I am a huge fan of the sitcom *Friends* and need more than two hands to count how many times I have watched the entire series from start to finish. I also absolutely love *Breaking Bad.*

Do you have any music/band/song suggestions?
I love Olivia Dean and recently watched her in concert in Berlin.

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



Berlin. The city's historical art memorials are unlike anything else I've encountered before.



What's your go-to comfort food?
Anything and everything sweet – probably some type of chocolate cake.

Who would be your dream dinner party guests?
Whitney Houston, Oprah Winfrey, Maya Angelou, and Ricky Gervais.

If you could meet any historical figure, who would it be and why?
Margaret Thatcher – she was a woman in a male-centric world who was able to dominate and become the most powerful person in the UK.

Do you have a favourite quote or saying?
'I will break you in ways you can't imagine, but if you endure, I will take you to heights beyond what you can imagine' – Discipline.

Finally, what's the most random fact you know?
Eating two kiwi fruits about one hour before bed can help improve sleep quality because kiwis naturally contain melatonin and serotonin.

week will go into that. I go for a morning gym session and go on a run in the evening on Tuesday, Thursday and Friday.



Wednesday
In addition to my role as chief learning officer, I am PMI's responsible officer and ensure our regulated qualifications meet Ofqual's conditions of recognition. I also spend time keeping up to date on conditions by joining regulator briefings, reviewing policies, etc.

Thursday
Today, I spend some time on our apprenticeship offering, ensuring the assessment plans are fit for purpose and reviewing assessor documents.

Friday
I try to keep meetings to a minimum so I can catch up on emails and complete any projects before the following week starts. I tend to use this time to review project plans for the upcoming year as well as our forecast and budget.

Saturday and Sunday
Every weekend is different, so it may involve seeing my family or going out around London. I try to wake up without an alarm and see my friends on the weekend too. On Sunday, I tend to head to the gym for a late morning session. Some of Sunday is generally spent relaxing before the working week starts again, but I can't sit still for long (so the relaxing part is more hope than reality). I will usually go on a long walk or find myself in the shops. I sometimes do a bit of work on a Sunday evening, to prepare for the next week.

Soapbox: Lost pots, dashboards and the Autumn Budget: What does October mean for pensions?

October, to me, is one of the most important months of the year for the pensions industry, and this year is no different.

In fact, I would argue that October 2026 could be particularly significant, with three important moments landing within the space of a few days: Pension Tracing Day on 26 October, the first Autumn Budget under Andy Burnham's new government on 28 October and the final connection deadline for pensions dashboards on 31 October.

At first glance, these three events appear to be completely separate occasions. One is about helping individuals find lost pensions, another is about the government setting out its wider economic and policy priorities, and the third and final one is a major industry milestone. However, when put together, they make October the perfect opportunity to take a step back and ask the question: Where are we actually heading as an industry, and are we making pensions work better for the people they are ultimately designed to serve?

Pension Tracing Day, which is a good place to start, is designed to encourage people to find pensions they may have lost track of in their working lives. It seems a simple enough concept, but the scale of this challenge and the people affected show its true impact.

The Pensions Policy Institute's latest figures show there are approximately 3.3 million lost pension pots in the UK, containing an estimated £31.1bn in assets. And National Pension Tracing Day is having an impact, with 2025 seeing record numbers engage with lost pensions on the day, with almost 2,000 starting to trace pots and 18,021 website sessions, an increase of 131 per cent on 2024.



However, an awareness day can only go so far, and that leads on to the importance of the pensions dashboards deadline at the end of October.

The dashboard deadline at the end of October is not just another date for trustees and administrators to have in their diaries. It represents a huge amount of work across the industry to get data, schemes and systems ready to connect people with their pensions.

But connection is not the same as engagement. Connecting a scheme to the dashboard ecosystem is an important milestone, but it will only really matter if people can use that information to understand their pension and make better-informed decisions about their future.

In many ways, Pension Tracing Day and the end of October dashboard deadline are two sides of the same issue. One asks people if they know where their pension is, and the other asks the industry if it is ready to help them find it.

And just before the industry reaches this important dashboard milestone, attention will turn to the Autumn Budget on 28 October. Budgets often dominate the pensions conversation, with increased discussion around tax, savings, retirement and what changes the Chancellor may choose to announce.

But perhaps the more interesting question is not only about what is announced, but what the Budget says about the direction of travel for pensions and long-term saving.

Tax, savings and retirement policy can all have a significant impact on how people plan for their future. Whatever announcements are made, they will inevitably create another layer to the significant changes already dominating the pension industry.

But whatever the Chancellor announces, it will be another reminder that pensions do not operate in isolation.

For an industry that can sometimes become consumed by regulation, deadlines and technical detail, these three events provide a timely reminder that there is a person behind every pension pot.

So, as we approach the end of October, perhaps the question we should be asking is not simply whether the industry has met its deadlines or responded to the latest Budget announcements, but instead whether we are actually making it easier for people to find their pensions, understand them and ultimately make better-informed decisions about their financial futures.

If we can use October as a touchpoint to have that conversation, then these three events become bigger than just three dates in the calendar. They become part of a much larger conversation about what the pensions industry should look like for the people it exists to serve.



Written by Paige Perrin

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Pensions Age Autumn Conference: Dawn of a new era

Debates around run-on and surplus, the new DC landscape, the embedding of private markets, and the role of behavioural science in pensions were just some of the key topics of discussion at this year's Pensions Age Autumn Conference

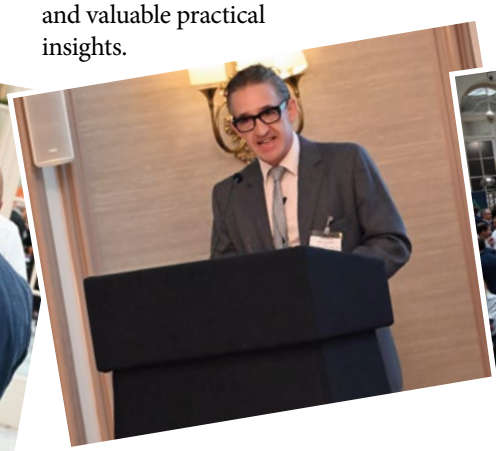
This year's Pensions Age Autumn Conference was once again a resounding success, bringing together trustees, scheme managers, consultants and providers at London's iconic Waldorf Hotel on the Aldwych. The event offered an excellent opportunity to hear from industry experts, engage in lively Q&A sessions and connect with colleagues and friends from across the pensions sector.

Highlights included keynote addresses from First Bus head of pensions, Muntazir Hadadi, and Institute for Fiscal Studies (IFS) senior researcher, Laurence O'Brien. The programme also featured an engaging blend of panel discussions, fireside chats and real-life case studies, delivering a day packed with fresh perspectives, stimulating debate and valuable practical insights.

Association of Pension Lawyers chair, Matthew Swynnerton, expertly guided the proceedings, encouraging lively exchanges and thought-provoking discussion throughout the sessions.

A huge thank you to our chairman, our valued sponsors and everyone who attended and helped make this year's conference such a memorable and rewarding occasion.







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L&G Lumera Sackers sei Standard Life



Sackers managing partner, Helen Ball, kicked off the day with a focus on defined contribution (DC) pensions, exploring the priorities for running DC arrangements. She also reviewed the government's latest DC roadmap and considered how upcoming pensions law changes could affect everyone's 'to-do' list.



BlackRock's Sophie Dapin and BlackRock's head of Northern Europe and senior adviser, Christian Hyldahl, took part in an engaging fireside chat looking at collective defined contribution (CDC). Their discussion explored how different markets are adopting collective pension models, along with the lessons that can be learned from more-established CDC established systems, and the opportunities for future growth.



Lumera director of behavioural science, Claire Hovey, examined how organisations are bringing together behavioural science, data, personalisation and evidence-based design to strengthen understanding, engagement and decision-making throughout the pension member journey. Drawing on practical examples from across the industry, she highlighted why traditional approaches to measuring communication are no longer sufficient.





L&G head of delegated solutions, Tim Dougall, explored how defined benefit (DB) schemes' investment priorities are evolving as more consider run-on, and how a Total Portfolio Approach can balance resilience, liquidity and long-term returns while supporting member benefit security.

J. Stern & Co co-founder, managing partner and CIO, Christopher Rossbach, considered a range of important investment and economic questions, including whether the recent underperformance of Quality global equities could reverse, whether the definition of Quality had evolved in response to changing market conditions, and whether current valuations were creating significant investment opportunities.









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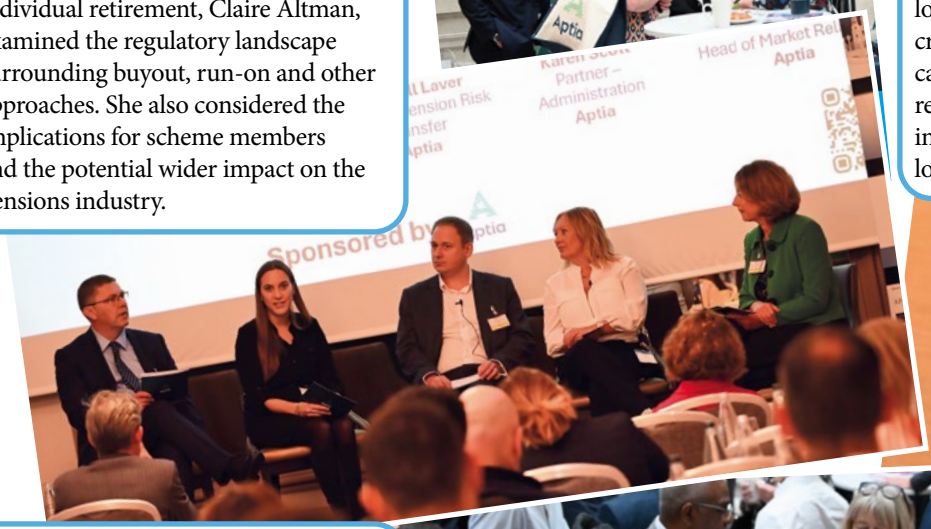




With an increasing number of endgame options now available to DB pension schemes, Standard Life managing director, pension risk transfer & individual retirement, Claire Altman, examined the regulatory landscape surrounding buyout, run-on and other approaches. She also considered the implications for scheme members and the potential wider impact on the pensions industry.

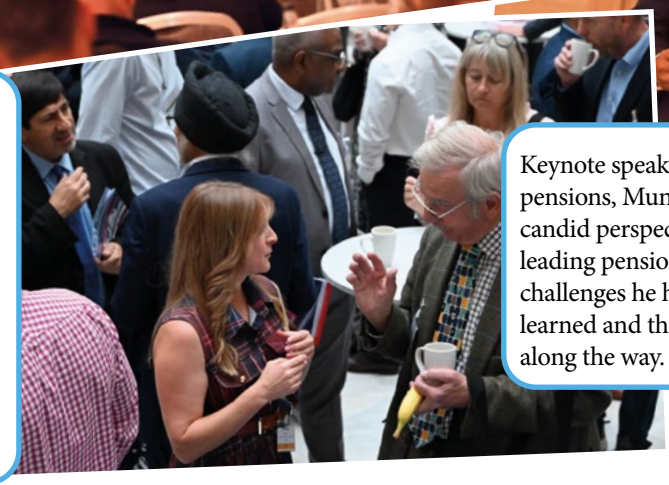


Apollo Global Management managing director and DC lead for the UK, Jesal Mistry, joined managing director, fixed income replacement, Sophia Ferguson, and Aon DC solutions CIO, Joanna Sharples, to explore the role of private credit in near-retirement portfolios, and looked at how incorporating private credit into the near-retirement glidepath can diversify sources of return, reduce reliance on traditional public fixed income, and better align portfolios with long-term investment horizons.





Aptia head of market relations, Sarah Steel, chaired a panel session looking at the lifecycle of a small scheme, joined by head of investment consulting, Ian Burns; head of corporate consulting, Diane Humble; head of pension risk transfer, Russell Laver; and partner – administration, Karen Scott. Together they explored the nuances involved in helping small schemes to thrive, whatever stage they are at in their pensions journey.



Keynote speaker First Bus head of pensions, Muntazir Hadadi, shared a candid perspective on the realities of leading pensions today, exploring the challenges he has faced, the lessons learned and the successes achieved along the way.

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British Business Bank (BBB) deputy CIO and BBB Investment Services, managing partner, Ian Connatty, joined Aegon UK managing director – investment propositions, Lorna Blyth, to consider what it takes for a pension fund to make its first investment in UK venture capital, exploring what it took to make Aegon UK's first allocation to the asset class through the British Growth Partnership Fund I.

Institute for Fiscal Studies (IFS) senior research economist in the retirement, savings, and ageing team, Laurence O'Brien, addressed what is needed to address the challenges facing the UK pensions system, focusing on where reform looks most likely: extending automatic enrolment and helping people to better access their wealth through retirement.



SEI DC and solutions managing director, Steve Charlton, used his session to address the increasing pressure on consolidation, and called on policymakers to stop measuring success by assets gathered and start measuring it by outcomes delivered while addressing persistent underperformance irrespective of provider size.





Federated Hermes senior portfolio manager, Mohammed Elmi, explored how market inefficiencies are creating opportunities in emerging market debt that many investors continue to overlook. He examined where the most compelling opportunities and risks lie within emerging markets, which countries and sectors are best positioned to navigate an increasingly fragmented global economy, and where investors may be underestimating vulnerability.

From factor review to implementation

The Government Actuary's Department Engagement Lead, Joanne Ghosh, explains some of the work being done to support the accurate and efficient administration of public service pension benefits

Actuarial factors are a vital part of administering public service pensions. They are used to calculate benefit amounts under member options, including retirement benefits and transfer values.

Factors are reviewed periodically so that they remain appropriate as economic conditions, life expectancy and member behaviours change. A review does not change underlying scheme benefits; it ensures that the factors used to vary benefits continue to reflect the relevant assumptions.

Factor review programme

HM Treasury recently announced a revised discount rate to be used in the valuation of public service pension schemes. This is known as the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate. Following this announcement, the Government Actuary's Department (GAD) began a review of factors for all the public service schemes. These schemes have over 15 million members.

The factor review is a substantial programme of technical actuarial work, involving the development, checking and publication of factors. The work must be completed rigorously, while also recognising the importance of providing schemes with the information they need to administer members' benefits without unnecessary delay.

GAD has adopted new approaches and technology to reduce the time required to deliver factors. This aligns with an efficiency commitment made in GAD's 2030 Strategy to unlock value in its core work.

The first set of revised factors were issued within two days of the SCAPE announcement. Factors for cash equivalent transfer value (CETV) calculations, which had been suspended until new factors were prepared, were published within 11 working days of the announcement. This enabled schemes to resume affected administration processes as quickly as possible.

Making guidance easier to find

Earlier this year, GAD launched the GAD Factors Guidance Hub (https://gadfactorguidancehub.co.uk), bringing together scheme factors and related guidance in one online location.

The hub provides a consistent and accessible way for administrators of public service pension schemes to find current and historic factors, together with guidance on their application.

Outputs from the factor review are being made available through the hub.

Publication is the start of implementation

The publication of revised factors is an important milestone but is not the end of the process. It is the point at which implementation begins.

Updating a factor is not simply a matter of replacing one number with another. Accurate implementation requires coordination between schemes, administrators, software providers and advisers, supported by clear guidance and appropriate testing.

Once new factors are published, schemes and their administrators must introduce them into the correct systems, calculations and processes, and with the correct effective date. Administrators also need to consider how a change affects member communications and existing procedures.

Thorough testing is essential. This will include testing current and future-dated calculations, as well as regression testing to identify any unintended effects elsewhere in a system. An incorrectly applied factor, or one applied from the wrong date, could result in delays, payment errors, corrections, arrears and an avoidable loss of member confidence.

Pensions administration support

GAD's Pensions Administration Consulting team supports schemes throughout the process. In addition to answering questions about factors, methodologies and guidance, the team helps schemes plan implementation, identify affected calculations and processes, and stress-test calculations. GAD can also provide independent assurance to schemes and third-party administrators that revised factors have been implemented accurately and consistently.

GAD Head of Pensions Administration Consulting, Neil Crombie, commented: "We are very pleased that the GAD service spans the production and publication of factors and guidance through to implementation support. Through the Factors Guidance Hub and our Pensions Administration Consulting team, we are helping administrators access the right information, understand how it should be used and apply it consistently, so public service pension benefits can be administered accurately and efficiently."

Written by GAD Engagement Lead, Joanne Ghosh

The rise of CDC across Europe

How are European countries currently adopting collective DC (CDC) pension models, and what lessons can the UK learn from these established CDC markets?

The UK market is currently at an interesting stage of its collective DC (CDC) journey, with the Royal Mail having the first such scheme in the country, and The Pensions Regulator recently opening applications to run multi-employer CDC schemes.

However, the UK is not unique with its evolving relationship with CDC provision, with similar situations emerging across Europe.

For instance, "in Denmark, CDC was introduced in 2008, and the stock of savings is around 200 per cent GDP," BlackRock's head of Northern Europe and senior adviser, Christian Hyldahl, says.

However, Denmark's CDC differs from the system being introduced in the Netherlands.

"In the Netherlands, they have decided to implement CDC in a 'big bang' through transitioning their stock on a certain date for a fund, and that is a more solidary version of CDC than the Danish one, which is more individualised," Hyldahl explains.

He also highlights Germany's Sozialpartnermodell as another version of CDC, but stresses that this German version "is a very low volume, whereas the Danish and other versions have a lot".

In terms of participation, CDC schemes in Denmark and the Netherlands are pillar 2 workplace pensions that are more or less mandated, Hyldahl highlights, meaning coverage is broad, at around 90 per cent. Meanwhile, Sweden has a pillar 1 supplementary CDC pension, called the Premium Pension System, which sees 2.5 per cent of salaries paid into a platform, allowing investment in unit-linked or a default, called AP7.

BlackRock's Sophie Dapin notes that one driver behind the increased interest in CDC is the idea that a pound spent on a CDC pension can go further, resulting in higher expected outcomes for members.

This is achieved, Hyldahl explains,



Sophie Dapin and Christian Hyldahl

by the fact CDC creates the ability to take on more investment risk, which can potentially increase long-term returns, as seen in Denmark's CDC schemes.

Meanwhile, Sweden's AP7 fund is a risk-on approach that generates returns through listed, levered equities, according to Hyldahl, although "its higher volatility highlights the challenge of managing investment risk during the decumulation phase", he adds. *[How to manage payout volatility in decumulation is currently being reviewed].*

If the UK was to look for inspiration for its burgeoning CDC structure, both Dutch and Danish CDC are "the two biggest examples of pension systems transforming, although they have "very different motivations", Hyldahl says.

According to Hyldahl, the Danish system switched to CDC after pension funds operating guaranteed schemes were forced by regulators to hedge their liabilities in full as interest rates fell in the 2000s.

Meanwhile, he adds, Dutch pension funds were not fully hedged during the 2000s interest rates decline, resulting in surplus losses and prompting the industry to conclude a change was needed.

That change can occur is one reason why Dapin highlights the importance of building CDC members' trust and confidence, as "in a CDC pension, the pension is a target rather than guaranteed such as in a DB pension".

Hyldahl agrees, calling it "one of the changes" in the Dutch transition to CDC, particularly through the redesign of administration systems to improve member communication.

He also suggests that, as is the case in Denmark, where there are several versions of CDC depending on the pension fund, increased choice can increase member interest.

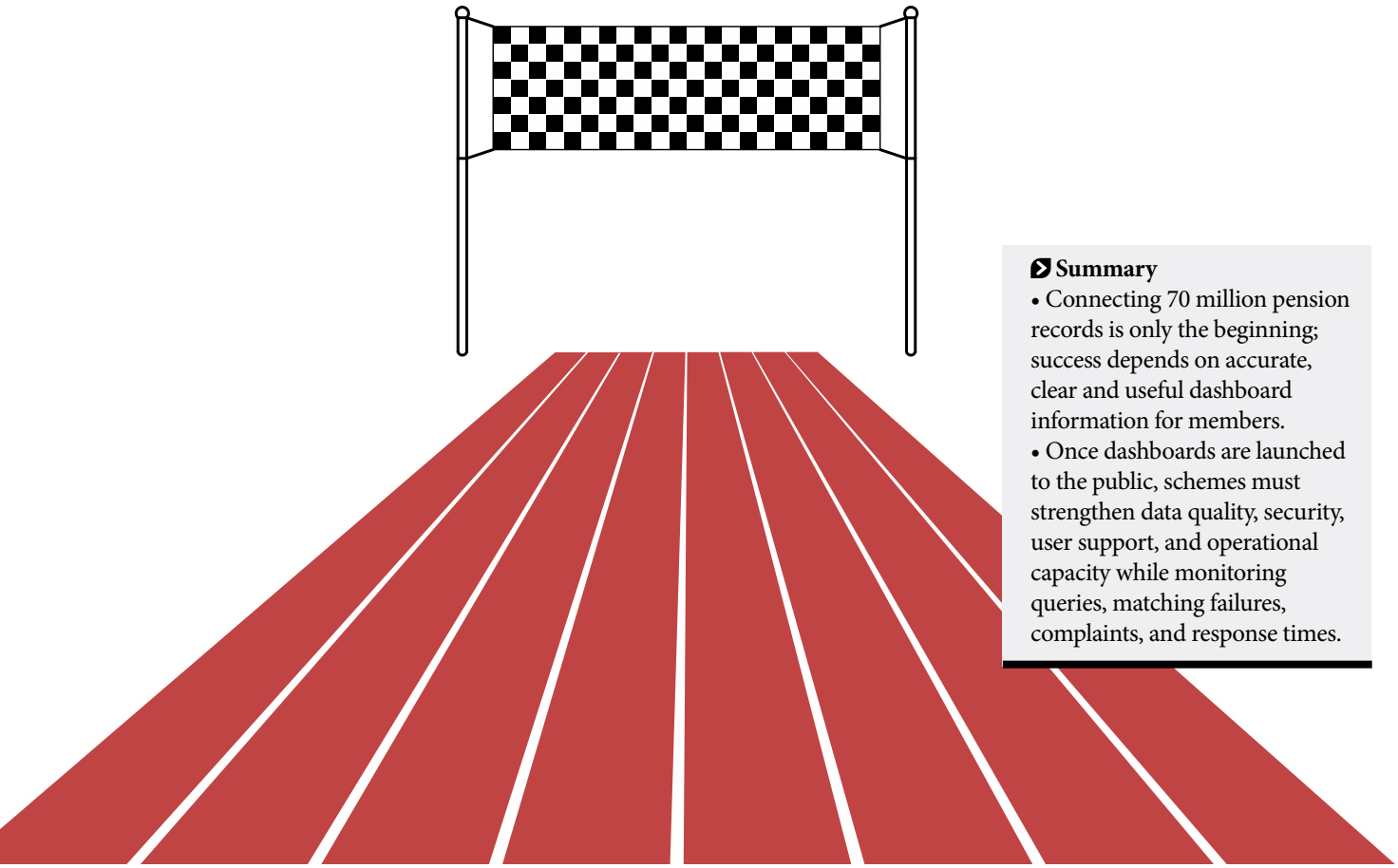
"Providing these choices starts to lean more to the right here in terms of DC, but you still maintain the benefits of having a collective scheme, in terms of having scale, in terms of having lifelong payouts to share longevity risk. It's increasing financial literacy in general, which I think is a good thing," Hyldahl explains.

Hyldahl says he hopes Europe would see a bigger rollout of workplace pensions. He believes Europe has the frameworks to expand workplace pensions, but stronger cooperation between governments, employers and unions is needed to make them successful.

Written by Paige Perrin

In association with BlackRock.

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Summary

- Connecting 70 million pension records is only the beginning; success depends on accurate, clear and useful dashboard information for members.
- Once dashboards are launched to the public, schemes must strengthen data quality, security, user support, and operational capacity while monitoring queries, matching failures, complaints, and response times.

Not the finish line

As the process of connecting all eligible schemes' data nears completion, Pete Carvill looks to the next steps schemes need to take in preparation for dashboards going live

It has taken, in the words of one interviewee, a 'herculean effort' to get here: The point this month in which the data from all eligible schemes has been connected to the MoneyHelper Pensions Dashboard.

Beginning in April 2025, the road from there to here has been a long one. Fifteen months after that starting point, in July, the progress update from the Pensions Dashboards Programme (PDP) said that the connection programme had 'advanced rapidly' and that 1,500 pension providers and schemes, representing more than 70 million workplace and private pensions records, had now all been brought into the fold. That figure, it said, represented around 85 per cent of all the records under the scope of the project.

It was also back then that the PDP wrote: "The programme is entering a critical transition: The technical ecosystem is substantially connected, while the next phase is about data quality, operational readiness, scaled consumer testing, and decisions about public launch and private-sector expansion."

Even still, after all that work, the connection of all that data does not mark the finish line. It is, for better or worse, merely the starting point.

"The real measure of success," says Hughes Price Walker administration manager, Kathryn Davies, "will be whether dashboards deliver meaningful value for members, helping them to find the right pensions and access information that is accurate, clear, intelligible, and useful."

The data difficulties

Perhaps the most-difficult aspect of the process for schemes and providers has been working with their data, making sure that it has been compatible and clean. This has perhaps been most complicated when it comes to legacy data, which is often fragmented, inconsistent, and sometimes incomplete. These records have often been built upon over decades; small errors and gaps being

created with outdated technology and undeveloped data standards that have then compounded over the years.

"Turning that data into information," says Davies, "that can be reliably matched and presented through a dashboard has required significant investigation, cleansing, and improvement. Smaller schemes have also faced the additional challenge of limited budgets and access to specialist resources."

Eversheds Sutherland partner, Charlotte Cartwright, says that getting this data into a form where it ticks all the legislative requirements, and doing so within a required timescale, has been a "significant undertaking", even for those schemes with a high-quality set of data.

"They will still have needed to set and test their criteria for matching members," she adds, "and work out how to produce the figures required by legislation within the requisite timescale, which is particularly an issue for those schemes that don't provide annual benefit statements for deferred members; and work through associated questions such as how to coordinate data sharing for main benefits and AVCs."

After connection

If connection is still only a starting point, future developments appear to be focused in four areas: the member experience, security, the ability to handle volume, and ongoing data management.

Looking at the member experience, Sackers partner, Ferdy Lovett, says that trustees need to think about what happens after their members come to engage with a dashboard. Many, he adds, will not have engaged with their pensions for years.

"Dashboards have the potential to change that quite quickly," he says. "Trustees should be asking administrators now: 'What does increased engagement look like? Are we expecting more calls? More emails? Do we have clear processes for dealing with possible matches? How quickly can member queries be resolved?' Ultimately, dashboards could be fantastic for member engagement, but good engagement still needs good support sitting behind it."

Another area that trustees should be looking at, according to those *Pensions Age* spoke to, should be making sure that member-facing teams are trained to handle lost pension queries, discrepancies, and potential scams. Trustees should also receive regular, concise reporting covering outages, matches, possible matches, failures, response times, complaints, and remedial action. All this will ensure that they have a clear view of performance and areas that require attention.

"Dashboards could be fantastic for member engagement, but good engagement still needs good support sitting behind it"

But, most importantly, in terms of the member experience, those members need to be engaged with the dashboard when it goes live. A dashboard that is difficult to navigate will end up being one that is seldom explored.

"We need to make sure," says Zedra client director, Dan Whincup, "that the experience for users when the dashboard goes live is a good one. Every operational and IT decision should be made with that lens in mind. But the range of potential users is wide, so careful thought is needed about what to prioritise in terms of user experience. The dashboard cannot be all things to all people on launch, but it should focus on being easily accessible and clearly signposting what pensions people have."

The user experience also ties directly into the security used for the dashboard. While the dashboard has to be secure, it also needs to be accessible, particularly for those who are unfamiliar with new technology.

Whincup says that the verification process used needs to be both simple and as straightforward as possible.

He adds: "People may simply give up if it isn't. People often look for an excuse to delay engaging with their pension as it can be intimidating. It would be a shame if people who would genuinely benefit from the dashboard walked away in frustration before they even get in."

Given the scale of the system, trustees and administrators should also be prepared for a marked uptick in member queries and phone calls, especially if – as Eversheds Sutherland partner, Catherine Salafia, notes – a certain high-profile personal finance commentator talks about the dashboard on his show.

WTW pensions dashboard expert, Geraldine Brassett, says that there will already be assumptions made about any increases – or not – in volumes, along with how much these may be by and for how long they could last.

"These will need to be monitored," she says, "and refined both during live testing and post launch. Administrators and providers may well also have a contingency plan in place, for example, pre-agreed priorities if the volume of member engagement is greater than expected."

And, of course, there will also be ongoing data management.

Lovett returns to the point that connection is not the finishing line but the starting point.

"The PDP," he explains, "has made that point very clearly. Once a scheme is connected – and even if a third-party connection provider is dealing with much of the day-to-day technical side – trustees still need to maintain the data, keep records up to date and make sure the scheme can keep responding accurately to requests."

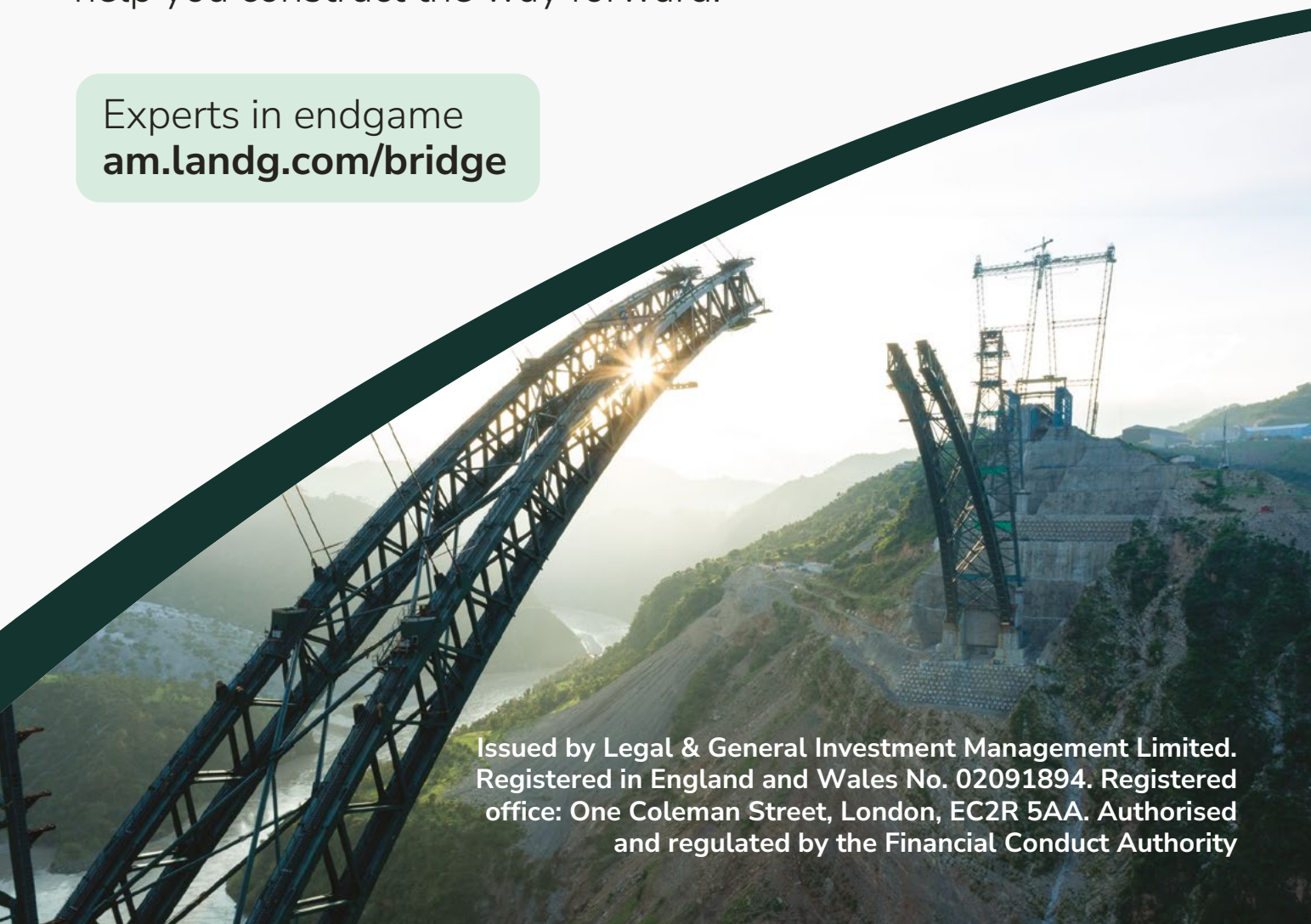
Written by Pete Carvill, a freelance journalist

For professional investors only.
Capital at risk.

You choose the endgame, we'll build the bridge

Buyout, run-on or both? Whatever your scheme's preferred destination, we'll help you construct the way forward.

Experts in endgame
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Providing flexibility and support: *L&G head of solutions distribution, Lara Edmonstone-West, and L&G head of delegated solutions, Tim Dougall, speaks to Pensions Age about how fiduciary management outsourced CIO (OCIO) can best support the evolving needs of UK pension schemes* **p44**

Fiduciary management/ OCIO focus:

A trusted partnership





L&G head of solutions distribution, Lara Edmonstone-West, and L&G head of delegated solutions, Tim Dougall

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Lara Edmonstone-West



Tim Dougall

Providing flexibility and support

L&G head of solutions distribution, Lara Edmonstone-West, and L&G head of delegated solutions, Tim Dougall, speak to *Pensions Age* about how fiduciary management and outsourced CIO (OCIO) can best support the evolving needs of UK pension schemes

How has the UK fiduciary management and OCIO market evolved, and what does the terminology mean today?

Tim Dougall: Fiduciary management and OCIO have moved from being relatively specialist governance solutions to an established part of the market. Traditionally, in the UK, the term fiduciary management was primarily associated with DB schemes, and it meant the combination of advice and delegated portfolio management, whereas OCIO was the broader concept.

Globally, it tends to be referred to as OCIO. In the UK, the term OCIO has been more associated with larger, multi-billion-pound delegated mandates, particularly in the pension space. So, it was sometimes viewed as fiduciary management for small or mid-sized schemes, OCIO for larger schemes.

Traditional fiduciary management models often delegated all decisions to the fiduciary manager, including investment advice and portfolio management. Today, even mid-sized schemes may use OCIO models that involve working alongside a strategic investment consultant, who provides overarching strategic guidance. The OCIO provider may still offer some investment advice, but its main role is typically to manage the delegated portfolio. Some schemes may also choose to delegate only part of the portfolio, such as the cashflow-driven investment (CDI) allocation, or to split responsibilities across different advisers. For example, a larger mandate might involve a specialist private markets adviser working alongside the fiduciary management or OCIO provider.

But really, the distinction matters less than the underlying question, which is: Which decisions does the client want to retain, which should be delegated, and which governance model is best to support the objectives? It is not an all-or-nothing decision anymore.

Sometimes in the past it was viewed as a handover of the keys. That's definitely not the case today. There are lots of different flavours of delegated portfolio management, as you'd expect with a more mature market. But still, I think it's true that the strongest models allow trustees to retain control over the key decisions, such as their overall objectives and the risk appetite, and then delegate the day-to-day implementation to a specialist.

What is driving increased interest in fiduciary management and OCIO among UK pension schemes?

Lara Edmonstone-West: The difference is what schemes are looking to achieve. For years, they focused on closing the deficit, and now many schemes are really focusing on protecting the funding improvements they have had, and in some cases making surplus assets work harder. In parallel, governance demands have continued to increase, and regulation and endgame choices are becoming more complex. So, although schemes are better funded, the investment decisions haven't become any easier.

It requires trustees to think about their assets and liabilities holistically, which is why fiduciary management and OCIO work really well. A delegated framework enables schemes to achieve faster implementation. Their OCIO provider works within clearly agreed parameters and guardrails, and it doesn't require the trustees to meet every time market conditions change or an opportunity arises. So, it isn't just about reducing trustee workloads; it's also about enabling faster implementation.

Is fiduciary management only for smaller schemes with limited internal resources?

Edmonstone-West: Smaller schemes often value the access to specialist resources, the economies of scale, and the lessons from some of the larger schemes.

When we work with the larger schemes, they typically need multiple managers brought together. They might have complex legacy illiquid holdings, their liability hedge might be a bit more sophisticated, and liquidity requirements more stringent, but they need to be able to look at it all as one portfolio. For the larger institutions, OCIO is more like a strategic partnership, working alongside the internal team or alongside an external investment consultant.

So, I don't think this is as clear-cut as saying one model fits a particular size of scheme. It really comes down to governance capacity, complexity and the control the client wants to retain.

We can provide a very cost-effective pooled approach for smaller schemes, alongside fully segregated and open-architecture solutions for larger schemes. There we would combine our L&G funds with external managers and segregated mandates, making it tailored for what the individual client needs.

How are better-funded DB schemes changing what they need from their fiduciary manager?

Dougall: There are two things that are different today. Schemes are typically more mature, and there's a range of funding levels, but some schemes are much better funded. So, for some schemes there will still be a focus on repairing a deficit, but for others the focus will be on deciding the endgame strategy and how best to manage that.

The key challenge for a mature scheme is that the risk needs to be managed much more closely. It's really not the same challenge as it was 10 or 20 years ago. Then, you had a deficit, you were investing in a broad range of growth assets, and it was about finding a range of investment opportunities that could generate returns. You didn't need such close management versus the liabilities – that is different now.

Twenty years ago, trustees spent most meetings discussing individual underlying manager mandates. Today they're discussing endgame objectives, surplus, cashflow matching and bond investment, liquidity and governance. The conversation has moved from managing managers to managing outcomes.

Also, the industry has sometimes presented endgame as a binary choice between running on or buying out. But really a good endgame portfolio should move the scheme towards its preferred destination without closing off sensible alternatives. So, if you're thinking about a run-on strategy, it requires more than continuing to hold growth assets. You need to be thinking about really disciplined cashflow, liquidity and liability management, because the risk needs to be managed much more closely.

Conversely, if you're targeting buyout, you need to think about things such as whether you are hedging unnecessary risks and what the sensitivity of the portfolio is relative to buyout pricing.

So, DB trustees need a fiduciary manager or OCIO provider who can connect all of that up, who can be thinking about the investment strategy and the practical delivery, including making pension payments, thinking about collateral management, thinking about legacy illiquid assets, the management of those, but also thinking about insurance transactions.

How does L&G's insurance heritage strengthen its fiduciary management and OCIO proposition?

Dougall: I think it really helps, both for schemes targeting run-on and those targeting buyout. Obviously, it's helpful on the buyout side because we know how insurers are investing, so we can think about the sensitivity of the portfolio to buyout pricing, and consider whether assets would be suitable for transfer to an insurer.

But life insurers themselves, as L&G is, are basically running very large run-on portfolios. At L&G, we have a roughly £90 billion* annuity portfolio where we're managing a CDI strategy across a broad range of bonds, private market assets and other alternatives to target a long-term return while seeking to avoid downside risk.

The lessons from that translate to both run-on and buyout portfolios for DB pension schemes.

"The strongest models allow trustees to retain control over the key decisions... and then delegate the day-to-day implementation to a specialist"

Edmonstone-West: Our insurance heritage gives us this incredibly powerful perspective on what the liabilities and cashflow needs are for pension schemes. In reality, the insurers and the pension schemes face all of those same challenges that Tim [*Dougall*] mentioned. So that experience that we can draw from the management of our annuity book, the liability hedging, the cashflow management, public, private-market and real assets, it all comes together to give us a 'balance-sheet' mindset, that holistic view. That supports our clients regardless of their destination.

We certainly don't assume that buyout is the right destination for every scheme just because we are an insurer. But our insurance heritage means that we have the specialist tools and expertise needed to really deliver for our clients across the full range of endgame investment options.

How important is access to both public and private markets in constructing institutional portfolios?

Dougall: It's very important, but you need more than simply having a long list

*Source: L&G internal data, 30 June 2026.

of asset classes you can access. You need to think about what role each of those asset classes plays in the total portfolio. Owning private assets is easy; integrating them successfully is a lot harder.

Looking at the DB market and private market investment, if you go back 10 or 20 years there was a much stronger focus on higher-return, higher-risk private market assets, such as opportunistic private equity, infrastructure and real estate. Today, where schemes are choosing to add new private market assets to their portfolios, particularly if they are considering long-term run-on, they are more likely to focus on potentially lower-risk assets with more certain cashflows. That includes areas such as investment-grade private credit, which is also widely used by insurers because it can help to meet cashflow needs. Schemes may also look at core or core-plus infrastructure, real estate and, increasingly, natural capital. In DC, by contrast, there is still broader interest in higher-return, more opportunistic private market asset classes.

Public markets can provide liquidity, transparency and efficient exposure. Private markets potentially mean different sources of return, contractual income, and access to a wider opportunity set, but you can also get a lot of extra complexity, valuation uncertainty and illiquidity.

So you've got to consider those private market assets alongside the benefit that they bring.

Private market exposures shouldn't be a separate collection of interesting investments; they have to earn their place within the liquidity, cashflow and risk-management requirements of the total portfolio.

What distinguishes a strong investment strategy on paper from one that delivers successfully in practice?

Dougall: A good strategy needs to be investable, implementable and resilient, not just theoretically attractive. A successful portfolio depends on getting every layer right, from asset allocation and security selection, to manager research, implementation and ongoing oversight.

Strategy and asset allocation establish the direction, but outcomes depend on selecting the right underlying pieces. Increasingly these days, where DB schemes are much more focused on CDI management, security selection becomes really critical, particularly in the credit portfolios, where it's really about avoiding deterioration in the quality of the assets. Deep credit research is critical.

> **"The conversation has moved from managing managers to managing outcomes"**

When looking at third-party managers, you need to look beyond historical performance. You need to be thinking about the investment process, people, governance and operational robustness.

And then of course a great investment idea only creates value if it gets implemented. You need to have strong implementation capabilities when managing a portfolio, as well as making sure transitions are handled well, and ongoing portfolio rebalancing and cash management processes are robust. You've got to manage the total portfolio as a whole.

Overall, you shouldn't be thinking about things in silos; you need good governance and accountability to bring everything together. And that's really where we believe that L&G, as an OCIO provider, can add value by bringing all the pieces together holistically.

How should ESG and responsible investment be incorporated within a delegated mandate?

Edmonstone-West: It absolutely is still high up the agenda and we believe it is one of our strengths at L&G, the focus that we put on the ESG and responsible investment.

To us, responsible investment is most effective when we embed it in portfolio construction, manager oversight and stewardship, rather than reporting post-event.

When we work with clients, our starting point is always to talk about their objectives, what their investor beliefs are and the applicable requirements. So that is then translated into the design of the mandate, the managers who are selected and then what's required for stewardship and reporting.

It's part of the day-to-day work because it does impact those long-term cashflows that Tim *[Dougall]* has spoken about, the valuations and the overall resilience of a client's portfolio.



What role will technology and AI play in the next generation of fiduciary management and OCIO?

Dougall: We see AI as a way to deliver better outcomes for clients by strengthening investment decisions, identifying risks and opportunities earlier, and responding more quickly as circumstances change. It helps us to look at the interaction between different asset classes, liquidity, cashflows and managers.

For this you need really good data, particularly for OCIO mandates, where the complexity can be a challenge. You're looking at lots of different asset classes and managers with lots of different data feeds. You need to be able to bring that information together in a flexible way so that AI can view it.

Some historic closed platforms are not necessarily set up to support AI-enabled analysis. The combination of a strong data layer and open-architecture systems allows us to build new tools very quickly, but we keep the judgement and accountability with the investment professionals. AI helps us to carry out

more advanced analytics, but we're not asking AI to make the decisions.

OCIO is expanding beyond DB pension schemes. What are you seeing from charities, endowments, insurers and other institutions?

Dougall: Different institutions have different objectives and missions, but they often face a similar governance challenge.

The point of an OCIO model is that it's flexible: it's not a one-size-fits-all product, but an approach that starts by understanding what the client needs to achieve, the risks they face, and the particular issues they want to address. From there, the provider can design a governance structure, investment portfolio and management framework around those requirements.

For example, charities and endowments often prioritise sustainable capital distributions so they can meet their charitable commitments, alongside capital preservation, inflation protection and portfolio liquidity. Some may also have legacy real assets that need to be integrated into the overall portfolio risk framework. Responsible investment is also very important for many charities, and they may have specific requirements they want reflected in the portfolio.

Insurers, by contrast, operate under different regulation and are typically very focused on liability management, capital efficiency, liquidity and regulatory constraints. There are some similarities with DB schemes running on, but there are also important differences.

DC investors are different again, with long time horizons and the need to support members through different stages of life.

The common thread is that all these institutions want access to high-quality, complex institutional capabilities without needing a large internal governance structure. In other words, they want to access the best available expertise in a simple and efficient way.



What should trustees and institutional investors look for when selecting a fiduciary manager or OCIO partner for the coming decade?

Edmonstone-West: It is really important that trustees look for a partner that understands their objectives, can look at the whole portfolio and has the full range of capabilities.

Governance is so important, are the retained and delegated responsibilities clearly defined? And, are there suitable oversight and escalation arrangements in place that everybody understands?

That total portfolio capability, that holistic view: Is that provider able to connect the liabilities, those public and private assets, along with the liquidity and the cashflows and endgame planning all together under one umbrella or investment framework?

Now, something that's really important for DB schemes in the next decade is CDI and bond management. Schemes are rapidly maturing. So, you need to ensure that the provider that you're partnering with has that depth in credit research, security selection and portfolio-management expertise to ensure that the cashflows can be generated reliably, that the credit risk is managed and that they can support the benefit payments. If those capabilities can be integrated with LDI and the rest of the portfolio, that's great.

There is also open architecture, and what we mean by that is: Does the provider use the right combination of internal and external capabilities? Do they meet the client's objectives, but critically, have potential conflicts of interest been identified and are they managed? That's a great question for trustees to ask.

Implementation and operations: There will be complex changes. Can they be managed reliably? Can the cashflows and the collateral be managed efficiently? And can the provider respond effectively?

Also, when you're choosing a provider, you buy people. Have you got an experienced core team? Do they have access to wider and deeper specialist resources? We're talking about investment strategy, credit, private markets, research, risk and operations. You are getting access to an entire organisation.

Ultimately, what should trustees continue to crave in the next 10 years? It is transparency. It is continuing to understand costs, performance, risks, decisions, and how the portfolio is brought together.

But the words that I love are 'flexibility' and 'adaptability'. This is considering how the model evolves as the client's funding position, cashflow requirements, governance arrangements, or endgame objectives, change.

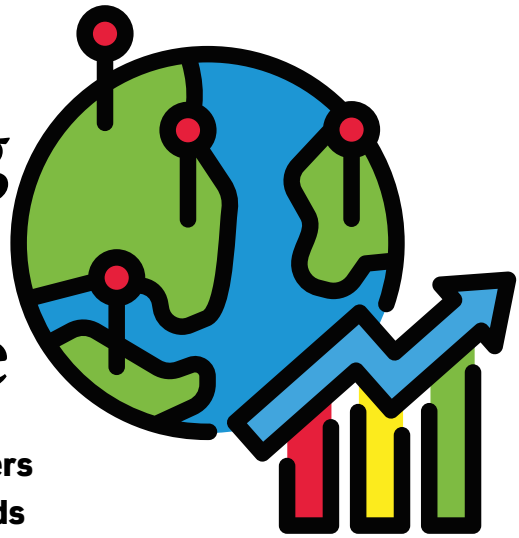
Trustees have so much to think about right now, which is why we are seeing increased demand for OCIO and fiduciary management. We believe the right partnership could make the next decade really successful.

In association with L&G

Key Risks

While L&G has integrated Environmental, Social, and Governance (ESG) considerations into its investment decision-making and stewardship practices, this does not guarantee the achievement of responsible investing goals within funds that do not include specific ESG goals within their objectives. Past performance is not a guide to future performance. For Professional Clients only. The value of an investment and any income taken from it is not guaranteed and can go down as well as up, and the investor may get back less than the original amount invested. The details contained here are for information purposes only and do not constitute investment advice or a recommendation or offer to buy or sell any security. The information above is provided on a general basis and does not take into account any individual investor's circumstances. Any views expressed are those of L&G as at the date of publication. Not for distribution to any person resident in any jurisdiction where such distribution would be contrary to local law or regulation. This financial promotion is issued by Legal & General Investment Management Ltd. Registered in England and Wales No. 02091894. Registered office: One Coleman Street, London EC2R 5AA. Authorised and regulated by the Financial Conduct Authority

Searching the EM landscape



Sandra Haurant considers how and why pension funds can invest in the varied area of emerging markets

Summary
- Emerging markets tend to be middle- to upper-middle income countries with relatively fluid capital markets, robust regulation and minimal barriers to currency exchange.
- Sitting between developed and frontier markets, they include a vast range of territories and provide diversification and differentiation within a pension portfolio.
- However, just as the developed markets indices are overweight in tech and particularly AI stocks, so EM indices are dominated by the suppliers of memory chips and other elements supplying those companies.
- EM equities and EM bonds can sit together in a portfolio and bring quite different benefits to a pension fund.
- The sector has been resilient over the past year despite political and economic unrest around the globe and will continue to provide opportunities for pension funds in the future.

The term emerging markets (EM) encompasses an eclectic mix of territories around the globe, from Turkey to Brazil and Poland to Indonesia and beyond. The likes of MSCI and FTSE decide which countries make it onto their EM indices. But how do pension portfolios invest in this varied sector, and how these burgeoning markets are holding up in an increasingly turbulent world?

Defining markets

"There are three broad classifications used in investment," explains Coronation Fund Managers EM portfolio manager, Suhail Suleman. Developed markets – for example the United States, UK and most of Western Europe, among many others – have strong financial markets, legal protections and a highly developed regulatory environment. Crucially, says Suleman: "These have a large and liquid capital market and generally also have a fully convertible, freely floating currency with little in the form of exchange controls or intervention." Frontier markets, at the other end of the scale, are the smallest investable economies around, with small capital markets, lower liquidity and often greater restrictions on currency exchange. Examples on the MSCI FM list include Burkina Faso and Vietnam.

EM sits somewhere in between these, and the indices include middle to upper-middle income countries that meet certain core criteria. Suleman explains: "You've got to have reasonably well-developed capital markets. You've got to have reasonable liquidity, a reasonable range of stocks to invest in. You're going to have reasonable regulation. And you're going to have currency that's reasonably freely convertible, particularly for foreign investors."

Suleman cites South Africa, India and China, where foreign investors can bring money in and out "quite easily without restrictions", but the locals face limits on the amount of currency they can take offshore. "Those are emerging markets because foreigners generally can enter the market and when they want to take profit, they can get their money out," says Suleman.

Differentiation and diversification

For pensions investors, EM brings a variety of benefits. "Investors find themselves in a world where there's really a scarcity of diversifiers," says Global Evolution senior macro and allocation strategist, Witold Bahrke. While in the past, fixed income in the form of corporate bonds or US treasury bonds might have provided diversifiers to equity risk, he says, debt correlates so closely with equities today that the desired balance can no longer be struck. "We are in a world with heightened geopolitical risk, elevated inflation uncertainty, and potentially more central bank-induced volatility, where all you need is really diversification. But there is a dearth diversification out there," says Bahrke.

This is where EM equities can be useful. It's not just about the broad range of sectors to be found in these markets, but also about their stage of development. Take banking, says Suleman. "In the developed world, banking is effectively like a utility now. Everyone has a bank account, and if you look at what we call credit penetration, the total credit that a society has, whether it's home loans, car loans, credit cards, it's very large," he explains. "When we go to emerging markets, that penetration is very low. Almost no one has a home loan, hardly anyone has a car loan, because they are very early on in those development curves. A lot of people will have bank

accounts, but credit isn't that prevalent, and it's because they're going through that phase that developed countries went through 100 years ago."

It's a similar story for food retail, he adds. "In EM countries, 15 per cent of *[food retail]* is 'formal' *[i.e. in supermarkets]* and 85 per cent is informal, and that's all those small little stores that you see which are run by a shopkeeper and there are always benefits with that, but from a competitive standpoint, they will be not able to compete with the purchasing power on the scale of large retail. And, and so that 15 per cent will grow to 20, 30, 40 per cent over the coming years and decades. That's a long earnings runway growth for those sorts of companies."

Another of EM's attractions is its ability to withstand economic and political turbulence, says People's Partnership co-head of equities, Lara Rodriguez San Cipriano. "I think that there's something about the relative resilience that you can see in many emerging market economies in comparison to previous cycles."

And the same goes for EM debt (EMD), according to Bahrke. "If I had said at the beginning of the year we would have an Iran war, we would have several *[rate]* hikes by the Federal Reserve *[…]* If I had described that kind of a market environment, then most of the knee jerk reaction from investors would have been 'hands off EMD'. But here we are with EMD performing in line with or even better than most."

Indeed, Ninety One co-head of emerging market sovereign and FX, Grant Webster, adds: "EM corporate debt also behaves distinctly to emerging market equities. Equities chase capital growth, are driven by earnings and pay dividends of 2–2.5 per cent; corporate bonds yield around 6 per cent, earned as a spread over Treasuries. In a sell-off, that Treasury component rallies as equities fall, cushioning bondholders even as spreads widen." As such, Webster says: "Owning both is not doubling up on EM risk; it is one of the more reliable ways to improve a portfolio's risk-adjusted return."

The concentration problem

However, EM equities cannot escape one of today's biggest investment issues: concentration risk. Just as the developed markets indices are dominated by US tech giants, so the EM markets are dominated by their suppliers. It's an unprecedented landscape, says Suleman: "What's really happened is that it's created this huge demand for stuff that is made in Korea and Taiwan in particular." Indeed, he says, the "big beneficiaries of the 'AI-related spend' that's originating in the West" have been Taiwan Semiconductor Manufacturing Company (TSMC), and the South Korean memory chip makers SK Hynix and Samsung. As such, the diversification that investors seek is offset by an overreliance on one single industry – artificial intelligence.

"Emerging markets are interesting from a long-term, bottom-up perspective"

However, there are ways to move beyond that risk, argues Marathon Asset Management analyst, emerging markets, Laura Fyfe: "Emerging markets are interesting from a long-term, bottom-up perspective. Global equity capital has, broadly, neglected emerging markets and then more recently been directed towards the tech heavy Asian markets."

But, Fyfe adds: "Marathon's capital cycle approach, which considers supply side dynamics, steers us away from high return businesses where returns are potentially unsustainable.

"There are compelling opportunities across Latin America, for example, in overlooked companies where years of underinvestment and shrinking capacity are repairing returns, and valuations appear attractive based on undemanding assumptions. These companies, often found in relatively unloved industries such as materials, real estate and telecoms, offer excellent prospects for investors with a long-term commitment to the emerging markets asset class."

Rodriguez San Cipriano argues that it can be helpful to think of EM as bringing something quite different to the table. "You can't really see EM as a hedge, for example, against secretary risk," she says. "But it is a source of differentiated long-term returns."

Future focus

There are challenges for EM, but in a fragmented asset class there will always be winners and losers. "A lot of the AI supply chain comes from emerging markets," says Rodriguez San Cipriano. "And we need to keep an eye on what's happening with regional conflict, geopolitical tension. All of these are going to have quite big implications on capital flows across emerging markets and therefore on valuations."

Nonetheless, the world's markets keep evolving and, says Webster, that leads to greater opportunities: "It is important for investors to also consider smaller 'frontier' markets. Today's frontier markets can be tomorrow's emerging markets." He adds: "Under-researched and largely absent from mainstream investment portfolios, these markets offer some of the highest real (inflation-adjusted) yields available and are driven by domestic reform rather than global sentiment – making them powerful diversifiers in portfolios. Investors who spot the countries that are poised to grow out of the frontier category into the emerging market one can position themselves to benefit from price moves as these markets enter emerging market indices."

Written by Sandra Haurant, a freelance journalist

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CHAIR



Andy Cheseldine, Professional Trustee, Capital Cranfield

Andy joined Capital Cranfield in 2017 after a career as an adviser to trustees and employers at Watson Wyatt, Hewitt Bacon & Woodrow and as a partner at LCP. Using his experience of over 30 years in consulting on both DC and DB arrangements, 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 (particularly asset security), provider selection and communication issues.

PARTICIPANTS



Samantha Chandler, Head of Bulk Annuity Solutions, Lumera

Samantha leads Lumera's bulk annuity propositions, helping trustees understand and solve their data and operational challenges to achieve their endgame objectives. Collaborating with insurers, she oversees their due diligence and data-related projects, providing tailored solutions to unblock transaction progress. She participates in working groups to produce guidance for the industry. Samantha has over 30 years of industry experience, starting as an in-house DB administrator and spent 14 years as head of pensions at The Cheviot Trust.



Adam Davis, Partner and K3 Lead, Isio

Adam has been a leading figure in the development of the bulk annuity market since its expansion began in 2007. He founded K3 Advisory in 2018 and built it into a market-leading risk transfer advisory business, helping over 100 schemes insure their members' benefits. Prior to founding K3, Adam led KPMG's buyout practice in the North of the UK. Adam joined Isio in February when he sold the business he founded, K3 Advisory, to Isio. He is also a regular contributor to the pensions press.



Alexa Mitterhuber, Director, Pension Risk Transfer, Standard Life

Alexa is a director in Standard Life's pension risk transfer (PRT) team. She joined Standard Life in 2024, supporting prospective and existing clients with their de-risking objectives through the origination and execution of bulk annuity transactions. Alexa has worked in pensions for over 12 years, holding a number of previous roles across both pension insurance and pensions and investment consulting. She is a regular contributor to the pensions and insurance press.



Jeremy Rideau, Global Head of Exposure Management, State Street Investment Management

Jeremy is a managing director and global head of exposure management at State Street Investment Management. Jeremy is responsible for leading the firm's liability-driven investing (LDI) and currency portfolio management teams, as well as developing global capabilities across LDI, currency, and other solution-oriented fixed income investment strategies. Prior to joining State Street Investment Management, Jeremy was at Legal & General Investment Management.



Alasdair Smith, Partner, Linklaters

Alasdair is a partner in Linklaters' market leading pensions group. He has acted on behalf of trustees, employers and insurers on some of the largest and most complex insurance de-risking transactions in the market. His experience includes large buy-in transactions including with complex premium payment mechanics in respect of illiquid assets and termination rights as well as the conversion of existing longevity swaps into buy-in transactions. Alasdair is a regular contributor to the pensions and HR press.



Matthew Swynnerton, Partner, Arc Pensions Law

Matthew is a partner in the London office of Arc Pensions Law and has three decades of experience advising on all aspects of pensions law. He is also the current elected chair of the Association of Pension Lawyers. Matthew has advised on a number of significant transactions in the pensions risk transfer market, and has developed unrivalled expertise in relation to advising gig economy sector entities on their pensions duties and negotiations with The Pensions Regulator. Matthew is also a member of the Pension Scams Industry Group.

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The evolving UK pensions de-risking market

With so much change on the pensions agenda, our panel of experts asks what challenges and support systems are out there for schemes on their de-risking journeys

Chair: How is the UK pensions de-risking market evolving? What are the key developments and trends trustees should be aware of?

Samantha Chandler: First of all, it's great to see so much flexibility with the various new options in this area. The industry has recognised schemes need a more bespoke approach to meet their objectives and 'one-size-fits-all' is outdated. With this, though, comes the need for trustees to have more knowledge and training to enable them to understand what is available to them, what they need to do to get there and what questions they should be asking of their advisers. The endgame is no longer just about buyout, with alternatives such as run on, superfunds and surplus now in the trustee tool bag for them to consider.

Taking a step back and not forgetting the traditional options, such as Pension Increase Exchange (PIE), enhanced transfer value exercises, etc – these are all still valid ways to de-risk. So, various changes but, saying that, we are in the pensions industry, and we never stand still.

Jeremy Rideau: I would highlight the increased complexity trustees are now facing. For a long time, when I would sit down with trustees, the conversation would be simply around how to improve funding levels. And that's easy to know. The complexity now is around questions such as: What is my endgame? Have I reached it? What should I do at that stage? I think, as a trustee, it's now harder to do your job than it was 10 years ago, because these decisions are complex.

All the different solutions out there have their own merits, and now there are also conversations being had around surplus extraction, which makes things even more complicated!

On surpluses, from an asset management perspective, it's even harder for trustees to understand what they should do, compared to when they had a deficit. What do they do with that surplus? How do they manage it? How do they manage their asset allocation? How do they manage their hedge? Also, once you have a surplus, you don't want to lose it, and you need to make sure you protect yourself accordingly.

Matthew Swynnerton: The item I would add is the focus on what professionals see as small schemes. What I would say about that is, whilst some professionals often see them as small schemes, they are still often multi-million-pound vehicles and, for members, the size of the scheme is largely irrelevant. It's about whether the correct benefits are delivered during their retirement. So, it's great that there is a focus on the small schemes, and it's great if that helps remove competitive tensions in the market. It's obviously not so great if it results in benefit leakage if the correct entitlements aren't being insured and won't be corrected later.

Alasdair Smith: Thinking about this from a macro and then micro perspective – from a macro perspective, trustees need to be aware of all the alternative endgame solutions out there but, before they get to that position, it's important for them to refocus on their core duties. The point made around security is key – that should be the starting point, then everything else jumps off from that. So, it's about understanding your core duties before you get into any decisions around future strategy.

Then also understanding the powers under the rules: What powers do the trustees actually hold? What options are open to them unilaterally? What options

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does the employer have? And engaging with the employer around that to ensure that everybody understands their respective positions before you even get into formulating that strategy.

From a micro perspective, it's also about being aware of developments from the insurer side on alternative options that are coming to market – for example, for active deferred members where there's continuous salary linkage, how you can build that into the contract. That's now something which some insurers offer. Or options for cash balance members which may have been limited in the past. Then the potential defined contribution (DC) connection or reconnection options which insurers now offer too.

Alexa Mitterhuber: In terms of how the market is evolving, we're currently seeing a continuation of many trends that started a few years ago. Funding levels remain quite strong across the board – not for all schemes of course, but on the whole. We're also still seeing a trend towards increasing insurer capacity – small schemes have been mentioned earlier and, over the past few years, we've seen small schemes getting very good attention in the market through new entrants and through the development of insurer propositions.

We've also seen a focus more widely, as has been highlighted, on de-risking and endgame strategy – many clients pausing to think. That doesn't mean that they are moving away from buyout – quite the contrary; many pause, think, and then go back to pursuing their previous plans. But the surplus extraction discussions, the wider discussions around endgame, are on everyone's minds at the moment, and that can only be a good thing because it means that trustees and their companies are reconsidering, from all aspects, what is the best strategy for their scheme.

"In terms of how we can improve things, something that we're working on is using AI in this space – we've been pushing on benefit specification preparation using AI"

Adam Davis: Just thinking about the defined benefit market (DB) in general, there are approximately 4,800 DB schemes, and around 3,300 of those are sub-£100 million, then maybe around 1,800 of them have less than £10 million in assets; and it depends how you measure things when you talk about these trends. I was in a conversation with a bank the other day, and they said the buyout market had been in decline over the last couple of years, but what they were talking about was market volumes by premium, because that's been somewhat flat because larger schemes have maybe paused to think about their next steps. The actual number of transactions, though, in the market has been going up faster than ever.

But also, the majority of assets and of members who benefit from DB benefits are actually in a relatively small number of very large schemes (only c.200 schemes with assets in excess of £1 billion).

Looking then at the trends, what we're seeing is lots of activity in the buyout market, lots of activity on wider solutions. We've currently only got one authorised superfund, but several more close to being authorised, and some of those may target smaller schemes. We've also seen the Aberdeen/Stagecoach solution, which seems to be the territory of large schemes, but you never know – other asset managers could look at it and consider what they might do there.

So, activity in de-risking is pretty much at a peak, and the buyout market by number of transactions is at a peak, therefore what's going to be interesting and more challenging for trustees is to think about how you deal with your schemes in a vastly fast-declining market. I think roughly a fifth of all schemes in the universe will wind up in the next two-to-three years. And, as you start to lose those scales, and insurers start to focus more about back-book management than new business function, there'll be a very different market for trustees to navigate in de-risking.



Challenges

Chair: What are the biggest challenges

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facing pension schemes as they de-risk? What solutions are available to help?

Swynnerton: I mentioned benefit leakage earlier, and one of the challenges in all of this is the time pressure that trustees face in relation to these transactions. Rushing into a bulk purchase annuity (BPA) deal, for example, has been described as being a bit like going on a blind date and waking up married, because you can get the deal across the line but, from that point on, trustees have very little negotiating power; and a lot of the issues, in particular around benefit leakage, can be avoided by better due diligence and better negotiation prior to the buyout stage.

These are commercial transactions that are taking place in a trust framework, and often insufficient attention is paid to managing legal risks; but there is a solution and that's basically getting lawyers involved earlier, not necessarily just focusing on BPA terms, but also planning right through to completing the winding up because the fact that they still have to decommission a multi-million pound pension arrangement is often something that's overlooked and comes as a bit of a surprise to trustees and employers once they get through the transaction.

Smith: The biggest frustration I would say is caused by delays – that might be an unavoidable delay, there might be capacity issues with the insurer, there might be capacity issues within your administrator, but a lot of that could be managed through better preparation. For example, ensuring your benefit specification is accurate, that there isn't going to be something coming out of the woodwork. We've had a number of cases where we were acting on the employer side, and only the current rules had been reviewed, and then equalisation issues come out once you've already entered into the buy-in contract. That is absolutely not ideal because you're having to renegotiate the terms of the buy-in policy, the benefits that are covered, and then you're having to go out to do a rectification exercise with members.



Codification of discretions is again important right at the outset, and there's no reason why that can't be done before you enter into that transaction.

In terms of how we can improve things and offer solutions, something that we're working on is using AI in this space – we've been really pushing on benefit specification preparation using AI. It's never going to be able to provide the final draft, but it can certainly help in preparing initial drafts, and that can save significant amounts of time. So, it's certainly not in a position where it's press-the-button-and-go, but it's something that, as an industry, we should work on because preparation of benefit specification is currently lengthy and costly.

Mitterhuber: I agree a lot could be done early – legacy benefit complexities, for example, should ideally be raised and dealt with early. Scheme administration capacity is also a challenge – that is a clear problem in the market at the moment. Things like GMP equalisation (GMPE) projects are large, technical, take a lot of resource, and admin teams are stretched.

Managing illiquid assets as part of transactions is another ongoing challenge; while a new one is balancing sponsor/trustee objectives around surplus extraction.

And, if we're looking outside of insurance de-risking, there are other challenges – one is complexity because there are lots of business models, and they are all slightly different, so trustees and their advisors have to make difficult calls around value for money and really understanding what's on the table.

Another key challenge for anyone who's thinking about de-risking without breaking the sponsor link is the ongoing assessment of covenant strength, thinking about, 'is my company strong enough to support this pension scheme for the very long term?' The ultimate aim should always be the long-term security of members.

It's worth noting that defaulting to run-on is also a decision in itself. You still have challenges that need to be assessed in that particular situation – the admin challenges, the covenant challenges, etc.

Chair: What do you see as solutions?

Mitterhuber: On admin and data-cleansing challenges, there's a lot more focus on this area now, which is a positive because the problems are recognised more than they used to be. One possible solution there involves consulting teams putting together tag-teams that can parachute in to fix a data issue, for example, which we've seen as effective in a number of cases.

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Also, insurers, on the whole, are getting better at planning out the journey and helping schemes through it. For example, we are putting together simple guides on all the key topics where we see issues arising, such as on GMPE and augmentations, which can now be provided to the trustee teams early in the process as additional support materials.

On illiquid assets, there are lots of solutions out there including deferred premiums, sale support and in-specie transfers. Illiquids have also become slightly less of a problem, simply because more water has flown down the river since the initial spike in funding levels. Schemes have had a lot more time now to find their own solutions before coming to market. So, on all challenges there are various solutions out there now, and the market is developing. But it is a complex thing to ensure that pensions are paid for the long term, and more can always be done.

Davis: I would highlight bandwidth as one of the challenges facing pension schemes as they de-risk – and I don't think it's just in relation to administrators, but across the industry – trustees as well. There's a lot of activity going on. The de-risking market from an insurer's perspective is at a peak of activity, but that's been combined unhelpfully with a lot of other activity that is peaking – GMPE, dashboards, etc. Given the number of buy-in transactions that have happened over the last few years, insurers have got a lot more schemes in the buy-in to buyout phase, so they are putting a lot more attention on it because it's becoming a problem for them otherwise. So, we are seeing solutions to help schemes with a smoother path through that. Isio for example has developed PenUltimate which, for smaller schemes who are aiming to buyout, it gives a fixed timescale and a fixed fee to get the scheme all the way to wind-up.

But, to a certain extent, the issue of bandwidth is a problem that will solve itself because these GMPE projects are on a set timetable, most of them will be done over the next couple of years, dashboards will become business as usual (BAU), and de-risking transactions in four-to-five years' time may be a lot simpler than they are today.

Additionally, schemes need to have an up-front understanding of their true objectives and thinking hard about them because, what we see in the de-risking space – and particularly in the insurance space in this higher interest rate environment we're in – is that pricing is quite tight. In the low interest rate environment, it was common for one insurer to be ahead of the pack, and price became king. In a lot of transactions we see now, it's much tighter between insurers. So, thinking about what else you want in terms of these non-pricing factors such as good member service. What do you actually mean by good member service? What are you hoping to get out of it? What do different insurer offerings do in that space? These are things we see coming much more to the forefront. So, schemes/trustees need to be very clear on their objectives up front.

The last challenge is surplus – it can cause a paralysis in some schemes. Over half of the transactions I've led over the last two years have been in surplus to buyout, and often that surplus hasn't been high enough on the agenda, and it can actually start to delay wind-ups – it's often called a 'champagne problem', but it is a problem, nonetheless.

Chandler: Focusing on the data challenges, we see a common theme resulting from the question of, 'the difference between data readiness and data preparation?'. There's a misunderstanding between having perfect data, or data that is good enough to enable insurers to price a transaction. Data which is prepared specifically for each step of the transaction process in isolation of the entire journey versus having data ready from the outset to undertake each step smoothly and effectively. There is a misconception schemes are stuck in the buy-in to buyout window due to lack of preparation, when in fact we are dealing with two types of schemes. Those who wanted to take advantage of pricing, transact a buy-in quickly and deal with data cleanse, remediation and verification at a later date. And those who are fully data cleansed or have a clear data improvement plan prior to engaging with insurers. For the former type, these schemes are only now realising the different data requirements for pricing, for truing-up a transaction, for migrating and onboarding data to the insurer admin platform in readiness for

BAU administration. It is only now they are addressing these tasks, realising the costs involved and coming up against a bottleneck of issues to deal with.

Secondly, I do believe trustees have been 'led down a garden path' with The Pensions Regulator (TPR) data scores – they think their data is accurate or near perfect because they've got a 98 per cent scoring. That may be a great score, and sufficient for BAU, but it uses the wrong parameters for measuring data accuracy for an insurer transaction. Trustees need to understand how their data will be used and when it will be needed. This has got to be considered from the outset and part of the journey planning. We are seeing failure to do this results in some cleanse activity needing to be revisited or re-purposed.

On this point, some of the capacity challenges maybe down to needing to do things twice or not doing them in the right order – don't complete your GMP equalisation exercise before you have cleansed your contingent spouse pensions, or undertake this within your equalisation project.

What support is there for trustees? Trustees need to understand their administrator's constraints, they need to be aware of what their administrators are primarily focussed on; they are good at dealing with the scheme's BAU, knowledgeable on the benefits provided by the scheme and servicing the members' requests.

What they're not so familiar with, have capacity for or necessarily good at is the tasks, steps and additional work insurer transactions bring – this is no criticism of the administrator, it's just this is not their area of specialism. Trustees should be advised of alternatives, be looking outside of their day-to-day advisers. At Lumera, we are data experts; data analysis and improvement is our BAU, and it's that level of knowledge and experience we can bring to the trustee board table to ensure a smooth journey whatever the endgame.

One final comment on the challenges – trustees must be aligned to the sponsor's objectives, we are still finding that trustees don't know what the sponsor is trying to achieve or in what timeframe.

"It is harder to be a trustee now than it used to be. Once we get to a point where all of the solutions on the table are normalised, it will get easier"

Rideau: We have talked about complexity – that's one of the big issues. It is harder to be a trustee now than it used to be. Once we get to a point where all of the solutions on the table are normalised, it will get easier. We don't want new solutions coming in every six months because that will potentially delay or pause what trustees may want to do. Hopefully soon we will get a full understanding of what surplus legislation looks like too, and then people can move on with their surplus discussions.

Second, on the topic of consolidators, we still only have Clara as of today in terms of authorised superfunds. Once we have more authorised consolidators, that will be normalised and, once Clara starts printing more deals, again consolidation will become more normalised. At the moment, it's something that trustees still don't fully understand – what a consolidator is and what exactly they can get by going on that journey.

Finally, on the markets themselves, we're in a position where it is harder for pension schemes to be able to keep up with how quickly their funding levels can move. If in a week you can gain or lose 3/4/5 points of surpluses, you need to be very agile in the way you manage this. So, the solution is relatively simple – you need to delegate away some of the day-to-day, have a plan and make sure someone implements the plan very quickly when markets move. That is important, and we are seeing more and more trustees doing this – having a delegated plan that gets implemented by the asset managers through their consultants or fiduciary manager. That makes a difference – it keeps that funding level more stable and helps their schemes.

From buy-in to buyout

Chair: What are the key factors trustees should consider when moving from buy-in to buyout – and what is often overlooked? Are we placing enough emphasis on the member experience? Are scheme administration resource constraints becoming a significant issue? Do illiquid assets continue to create challenges? Sorry lots there to tackle!

Smith: On the security of member



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benefits and how to approach the question of buy-in versus buyout, we've seen trustee boards get stuck in the position of buy-in and not being able to move to buyout because they think that it could potentially be less secure because you're losing the employer covenant and you're just relying on the insurer covenant. Framing that question so that trustees focus on what's an appropriate level of security rather than the absolute level of security is key so that they can move beyond that question and move to buyout whilst still ensuring they satisfy their wider fiduciary duties.

Also, ensuring trustees understand the position around residual risks at the outset, and how those are going to be allowed for post transaction. There's residual risk insurance obviously, but that's generally for larger schemes and most trustees aren't going to be looking at that. Most trustees therefore just focus on the employer indemnity as providing protection post winding up. Now, that's an important protection for the trustees, but a lot of trustees focus on that as being a protection for members, but actually, in practice, when you play it through, that doesn't provide very much protection at all for members, or at least it is very hard for members to claim under that route. This is on the basis that, firstly, the exoneration clause will continue to apply unless it's been disapplied in the indemnity (so it's very unlikely that a member is going to be able to bring a claim against the trustees). Secondly, the trustee itself will have been dissolved and so, relying on third-party-rights under indemnity doesn't necessarily get members the protection that the trustees think they're getting through that employer indemnity.

I don't think that necessarily means that the trustees can't just wind up with that employer indemnity, but they should understand at the outset where the risk lies, and the fact that there are limited protections for members after they wind up, unless they agree something specific with the employer to allow a direct claim against the employer post winding up. So, it's about understanding the position, not necessarily doing something different.

Mitterhuber: Price does remain an absolutely key factor for trustees to consider as part of buy-in processes, but we've definitely seen a big move over the last year or so towards non-price factors being a key consideration as well. So, member experience and member security are very much now front and centre of trustees' minds, which is a good thing.

In terms of what's overlooked, if on wind-up you do end up in a position where you have a sponsor surplus, it is good to have those discussions early about what you want to do with it. If you want, for example, the insurer to uplift members' benefits, that's absolutely something we can do and we're very open to doing. But it would be helpful to have that discussion and plan out the timescales, so there's a bit of work around that. Then thinking through what you want that to look like as there are different options available.



The other area often overlooked is the transition from buy-in to buyout period itself – everyone works towards signing on the dotted line for the buy-in, but there is still a significant portion of work that then has to follow. The focus there is very much improving, but historically it has been overlooked.

Davis: Picking up on member experience, historically not enough focus has been put on that in certain areas – that buy-in to buyout period that has been mentioned, for example. People often think, because the scheme continues, and the administration continues, then there's no impact on members; but there can be impact on members if it's done badly – things like retirement calculations, transfer values, etc. Now there needs to be an interaction between the administrator and the insurer. I've seen examples of where that's not gone well and members are now getting a slow service, so it is directly impacting members. So that should be thought about in advance of doing a buy-in.

Communication with members around these projects is also key – historically, maybe, on doing a buy-in, you didn't used to do any member communication, but it is important. We have therefore developed a suite of communications throughout that journey from buy-in to buyout, and more focus should be put on that and the member.

Chair: Do you think illiquid assets continue to create challenges?

Davis: On illiquid assets, in the majority of cases we're not seeing illiquid assets pose much of a problem, but for some schemes it does. You can have extremely illiquid holdings that you can't liquidate and, depending on what those

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assets are, it can be difficult for any de-risking solution to deal with them. There is a range of solutions available more than ever on these, but often they still incur some kind of haircut on those assets, and there's a question there for the trustee and the sponsor – when sat in a well-positioned, well-funded scheme with a strong covenant, why take that haircut now? If you believe the asset is good, then should you wait before taking that step?

Chandler: In terms of key factors trustees should consider, part of the initial planning has to be to understand the entire data journey expectations – and what action is needed to complete the associated milestone. This understanding means trustees are better placed to set objectives, assess what resource they're going to need, understand what capacity they have internally, and what external support they may require. This latter option of using external providers is often overlooked.

At Lumera, we support trustees with setting their data improvement objectives based on their endgame strategy, agreeing a realistic plan with pragmatism and a clear focus of ensuring accurate data to pay members their correct benefits.

As mentioned in the previous question, more schemes are commencing the buyout process and whilst there is good guidance and preparation for buy-in, buyout brings different data requirements, handling of larger data extracts and very different tasks to that of a buy-in. I consult on projects where there is misalignment between the administration data, the data used for pricing and more critically the data does not support the benefit specification. Establishing the 'source of truth' and resolving these considerably impacts the insurer's capability to migrate the scheme



data, set up calculation automation, and take on the future administration, leading to potentially poor member experience.

This 'implementation phase' needs more focus and requires a joined-up plan with the activity undertaken for buy-in.

Rideau: Coming back to the asset side of things, we've talked about illiquid assets, and there are solutions usually for larger funds, but you can also see them being a real stumbling block at some point where you need to consider such questions as: How illiquid is illiquid? When I want to sell something, is there a haircut? Is it three months? Is it six months? Am I part of a queue because other people are trying to do the same thing at the same time as me?

I would argue that trying to exit some of the assets that you don't want to hold for the long run allows you to be better prepared. We've seen clients trying to exit strategies and they're still in the queue – they've been in the queue for months because they don't want to take the haircut. That could be a real impediment – if you're ready but the asset side is not.

Also, it is important to be ready to implement that price-lock portfolio, for example, when it's the last hurdle – it's easy for me to say on the asset side, but it's often overlooked because everybody has focused on everything else and suddenly the asset is assumed to be a very simple thing to change. You can see some complexity there.

Swynnerton: On member experience, for most trustees it does matter that insurers can show that they will look after their members. And member comms from trustees can sometimes be somewhat lacking, even with the input of advisors.

The welcome material from insurers, though, is generally good and, from the member perspective as well, we tend not to experience any complaints or issues provided the right money is getting paid into their bank account. I've not generally come across many members being concerned that it's now coming from an insurer rather than the usual source. That, though, is dependent on making sure that they are getting what they're entitled to.

On resource constraints within scheme administrators, there won't be many advisers that haven't come across this as an issue in some area of advising pension schemes – it does feel as if employers sometimes underestimate the price of decommissioning a pension scheme. What does seem to be intractable are the people constraints within administrators. They are dealing with numerous complex problems and projects simultaneously across their client bases,

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De-risking roundtable



often with schemes in holding patterns in relation to projects like GMPE. Maybe it's something that AI could assist with, but I've not seen anybody willing to explore that on the administrator side. It seems like quite an expensive solution to the problem, but possibly the only one that can address the issue.

Alternative endgames

Chair: Are schemes still predominantly targeting buyout, or are alternative endgames becoming increasingly attractive? How should trustees assess emerging options such as run-on and surplus extraction?

Rideau: Buyouts are less popular, if you ask people, compared to where they were a few years back, because there are options now that didn't exist before. What is the benefit for pension plans? Price tension is a good thing – if we see more entrants in the buyout market, it will lead to better outcomes; better outcomes mean cheaper pricing for members. That's a good thing.

Also, in the past two-to-three years, we've seen better pricing. That is mainly driven by price tension and buyout providers being more creative in terms of what they do with their assets. In the background, credit spreads – which are a big driver of pricing – have actually remained incredibly tight. If you look at what has happened in the last couple of years, pricing has improved because of the price tension. That's a good outcome for members.

My second point is about the consolidators – it is great to have other options to provide potentially better pricing of different solutions, like we've seen with Clara. We've been working with Clara for over three years now, and it's good to see that we are normalising a solution that, in the early days, was very difficult for pension plans to get on board with as it was so new.

On surplus, having a surplus is great, but preserving the surplus is the number one priority you should have. We should be cognisant that markets are being incredibly supportive to pension plans. After about 10 years of being terrible for pension plans, everything has aligned – we've got rates higher; we've got inflation high, but not that high in the grand scheme of things in the long end; and we've got risky assets incredibly supportive. It won't last forever. So, as much as I want to be positive about this, pension plans need to be careful about protecting that surplus. By that I mean understand what risks could be detrimental to your surplus on the liability side; and, on the asset side, what could cause you to lose some or most of that surplus? Because if you start extracting the surplus, it's going to be hard to get it back. I know TPR wants to be careful about this, but there are many adverse consequences that could make you lose that surplus, so be cognisant of that.

Swynnerton: In terms of assessing run-on and surplus extraction, trustees need to consider all the alternatives and how they might play out; and understand that surplus release sits within a broader range of options that trustees have, some of which may be more or less appropriate for their circumstances, including buyout and running on.

But, on surplus release, employers and trustees will probably look at this slightly differently but will need to be aware of how each other views it too. From the employer's position, they should see this as an opportunity rather than an entitlement, and understand that trustees, the decision makers, ultimately have fiduciary duties and statutory safeguards. Employers should see this as a structured trustee engagement process and try to frame any proposal in terms that will help trustees discharge their duties. For example, look at things like the scheme's funding position, the covenant, alternative uses of surplus, alternative options to run-on, the treatment of members and the long-term future of the scheme. From the trustees' perspective, they should be waiting for an employer to make a proposal and then consider whether a surplus payment is permitted and whether an exercise of that power is for a proper purpose; but ultimately, in relation to all of these options, the member position is the most important one for the trustees.

Smith: In terms of the alternative solutions, I think it's back to basics for trustees. It's about focusing on your trustee duties as a starting point. What are those trustee duties? There's not a duty to buy out. The duty of the trustee is to ensure that the benefits are provided and the way in which they do so is

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consistent with their powers under the rules, their wider fiduciary duties, and so on. So, being aware of that starting place is important when you're assessing other options, otherwise you would always end up in the position of going down the buyout route, and I don't think the trustees have to do that.

But equally, when assessing the alternative options, you have to be aware of the positives that the buyout solution does provide in terms of security of benefits. So, it's about balancing that potential for upside for members, but always making sure that you comply with that primary duty of ensuring that the security of members' benefits is paramount.

Mitterhuber: I think that the majority of schemes are still targeting buyout, even if that might not be immediate. I would also argue that, for the majority of schemes, it does not make sense to run down to the last member. Maybe you have a different solution for the next five years, maybe 10 – it all depends on scheme specifics; but I think scheme costs become so disproportionate relative to what you're still paying, at some point every scheme should ideally go to buy-in or buyout.

That being said, if you are considering alternative endgames, it is back to basics. It's back to thinking about your investment strategy, thinking about your covenant, and making sure you don't think about your covenant in a point-in-time kind of way, but taking a long-term perspective as well. Value for money and complexity considerations also come into play again here, too.

When thinking about surplus extraction alongside securing members' benefits, one option of course is combining the two and buying in, then thinking about what to do with any surplus. This gives certainty regarding the buy-in basis and member outcomes and removes the need to try to estimate a low dependency basis versus a buy-in basis over time. Also, when assessing a low dependency basis versus buy-in pricing – which is currently quite competitive – the two might not actually be as different as you might think. That gap has potentially shrunk from where it was, say, three years ago.

Every scheme fundamentally needs to come up with a solution that ensures their members' entitlements are secure. I do think, at least in the very long term, buy-in/buyout is the right option for pretty much every scheme.

Davis: If you ask the question, 'are the majority of schemes still predominantly targeting buyout?', I think the answer is yes, because the majority of schemes are small. But to the question, 'are the majority of member benefits and assets targeting buyout?', that's less clear. Again, it comes down to these small number of very large schemes and what they will do. Will they all buy out eventually? They might well do because they'll wind down to a particular size where it doesn't make sense not to. But there's been a pause in those very large schemes, which is where most of the DB universe are members.

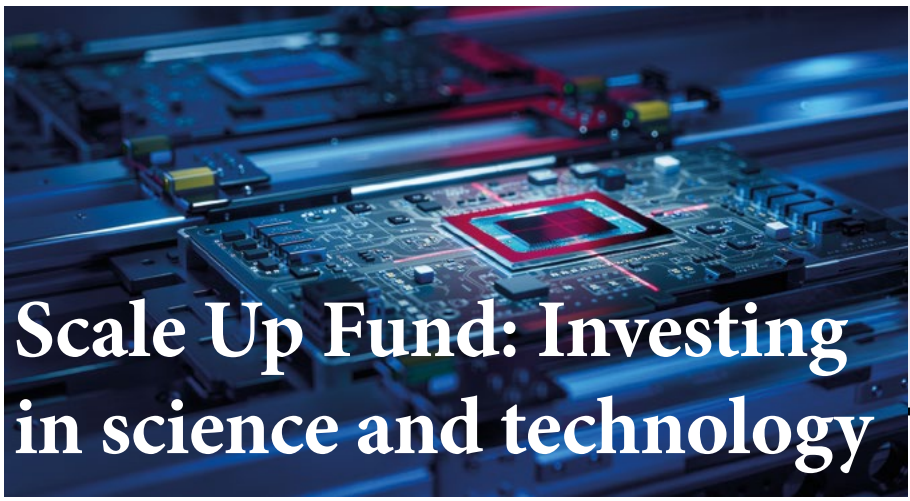
From a trustee's perspective, it is quite tricky. Your duties are not necessarily to buy out, that is not a given, but equally there's also no obligation there to provide additional benefits that members weren't promised either. It's to provide the promised benefits. So, when looking at the alternatives to a buyout, which is a gold standard of providing those benefits, if I'm going to run on, if I'm going to go to a superfund or if I'm going to do a sponsor swap, is that improving the chances of providing those promised benefits? But it is a difficult one to balance.

Chandler: Trustees have a responsibility to consider all options and keep them under review. Their objectives (and those of the sponsor's) might change over time. So knowing the choices, and what needs to happen to meet the criteria of said choice, will ensure a timely endgame journey whatever, and whenever, that may be.

When trustees are considering surplus extraction and how this might be allocated, they need to be considering the wider impact, especially during the discussion to improve member benefits. How will this additional benefit change administration processes, how robust is the administration system to cater for the extra benefits i.e. time and cost needed to update calculation automation, what additional data fields or support maybe required from the platform providers? If the scheme is undertaking an insurer transaction, data requirements may differ depending on where in the process the scheme is, early discussions must be had with the insurer regarding the format of this extra data and how benefits will be priced etc.

And of course, if the scheme is still in the process of data cleanse, remediation exercises, these need to be completed before truly assessing the member entitlements.





Scale Up Fund: Investing in science and technology

Summary
- The jury is out as to whether the £1 billion Scale Up Fund will ignite interest into fledgling science and tech companies.
- There is a debate as to whether a specialist or traditional asset manager is better placed to access the best opportunities.
- Many favour a pooled or fund of fund vehicle for the fund, although a sleeve type of strategy could also work.

Lynn Strongin Dodds explores whether the £1 billion Scale Up Fund can attract UK pension schemes to venture-capital-backed science and technology companies, amid debate over how the fund should be managed and structured

Private capital has been one of the hottest topics in UK pension fund circles but converting conversations into investment has been difficult. The £1 billion Scale Up Fund is the latest initiative, but the jury is out as to its success. Views differ on manager selection and opportunity set but all agree domestic institutional investors need to up their game.

Historically private capital has been a hard sell, despite the potential for stronger returns and diversification benefits. UK Private Capital director of public policy, Isobel Clarke, points to the latest data, which shows that as of the end of 2025, over a 10-year horizon, UK private capital funds delivered an internal rate of return of 15.8 per cent per annum compared to 8.4 per cent per annum for the FTSE All share and 10.2 per cent per annum for the MSCI Europe Index.

However, despite this, she says international pension funds invested around 16.5 times more into UK private capital funds than their UK peers during the past year, broadly in line with the longer-term trend.

Moreover, the latest progress report from the Mansion House Accord reveals, that as of February 2025, signatories had allocated only 0.6 per cent of default fund assets to unlisted equities. While this is a doubling over the prior 12 months, it is still a far cry from the government's 10 per cent 2030 goal. There is hope that this voluntary pledge will become mandatory under legislation within the Pension Schemes Act later this year.

There is a variety of reasons for their reluctance ranging from a shortage of suitable UK investment opportunities to opaque and complex fee structures, according to the latest report from The Pensions Regulator. It also highlighted governance and knowledge capability gaps as well as ongoing regulatory and policy uncertainty as potential barriers.

A targeted opportunity

However, the Scale Up Fund may help capture the imagination in that it is specifically targeted at science and technology assets. Currently in the nascent stages, the British Business Bank is working to devise a blueprint alongside several heavyweight pension managers including Railpen, with £34 billion in assets, Nest, the government's £40 billion-plus workplace pension scheme, and Border to Coast, one of the largest pension pools in the UK, responsible for around £120 billion of assets.

There are several factors in the design mix, but the starting point, according to AllianceBernstein portfolio manager, David Hutchins, should be a focus on member outcomes and whether the vehicle can provide something that is genuinely difficult to obtain elsewhere rather than the nationality or sector of an asset.

Vencap chief investment officer, David Clark, echoes these sentiments, adding that although there are some attractive UK scale-up companies, defined benefit (DB) and defined contribution (DC) schemes need to build a global portfolio and not simply concentrate on one country.

He cites research from Stanford Graduate School of Business, which shows that the UK represents about 4 per cent of venture-backed unicorns compared to the US, for example, which comprises 46 per cent.

Also, he explains that within VC-backed companies that have exited at values of $1 billion or more over the past decade, the UK accounted for just 2.4 per cent by number and 1.3 per cent by exit value. "It will be extremely difficult to generate strong performance if you exclude 96 per cent-plus of the potential outliers coming out of the industry," he adds.

However, some market participants, such as Wellington Management business development manager, James Myhill, believes there will be demand for the Scale Up Fund because the UK has some world-leading universities and research hubs and that the start-ups and growth companies emerging from these ecosystems would be appealing to any scheme looking for returns.

"For DB, attractiveness largely depends on the position of the individual scheme and its appetite for growth assets, which may be limited given its member profile," he adds. "For DC there is clear attractiveness as they are open, growing, and there is a strong risk/return opportunity, particularly in the earlier stages."

He also does not believe that the 0.75 per cent regulatory charge cap will be an issue because most schemes pay very low fees across the majority of their existing holdings. This leaves scope to allocate to more expensive strategies while remaining within the overall cap. The far bigger issue is that they are used to inexpensive charges in public markets.

"Ultimately, the focus should be on value rather than cost. If the Scale Up Fund can deliver attractive net returns for members, there is a strong case for paying appropriately for that performance," he says.

Marsh UK wealth strategy leader, Tess Page, though sees local government pension schemes as the most likely candidates because they have a greater tolerance for risk and a longer time horizon. LGPS also have greater flexibility, especially around fees and the types of vehicles they can invest in relative to DC schemes.

"We do not expect many closed DB schemes to invest given they typically prioritise investments that match their liabilities with low risk," she says, adding that developing the vehicle will require carefully balancing the needs of potential investors.

Manager selection

A key swing factor for any scheme will be the managers chosen for the fund. As Clark notes, the very best founders can essentially pick which VCs they take capital from. "It's impossible to assess the attractiveness of the UK Scale Up Fund until we know who will be managing it and what their track record of backing the very best growth-stage companies looks like," he says.

"Ultimately, the focus should be on value rather than cost. If the Scale Up Fund can deliver attractive net returns for members, there is a strong case for paying appropriately for that performance"

Hutchins says manager selection is particularly crucial for venture capital where returns are highly dispersed. This means that simply achieving broad exposure to the asset class isn't necessarily the objective. "There is a balance between having enough diversification to manage individual company risk and becoming so diversified that you dilute the impact of the exceptional investments you were trying to access in the first place," he adds.

Although there have been no confirmations, there are reports mooting Schroders and M&G as the lead contenders. The former launched the UK's first long-term asset fund (LTAF), investing in companies such as autonomous vehicle firm Wayve and deeptech Elevenlabs, while the latter had been an early backer of Physics X and the chipmaker Pragmatic Semiconductor.

However, some in the venture capital camp, including top early-stage investors of British unicorns Elevenlabs, Synthesia and Fuse Energy, have voiced their concerns over choosing a traditional asset manager. They contend that long established specialists steeped in the venture and early-stage investment ecosystem, are better placed to access the best opportunities.

Fund structure

As for the nuts and bolts of the fund's structure, there are a few options. Page notes that the variety of objectives and constraints make it hard to build a vehicle that serves the needs of all, without introducing material compromises. One route she suggests may be appealing is a 'sleeve-based' strategy with different buckets of investment types with a variety of risk and return profiles. "This may attract a broader audience, allowing more targeted design and execution, but it is still going to be a narrow tightrope to walk," she adds.

Others favour a fund of funds or pooled approach. As Hymans Robertson senior DC investment consultant, Gary Mallon, notes, the latter could make it easier for schemes to access specialist opportunities and negotiate competitive terms. In the end he thinks that demand should depend on the quality of the manager, expected returns after fees and how the investment fits members' needs, not simply on the fund's UK focus or policy backing.

While illiquidity will be an obstacle for any vehicle, Mallon believes that pension funds should tackle these challenges honestly, rather than promise liquidity the underlying companies cannot provide. "For DC, I would want robust valuations, platform compatibility and stress-tested arrangements for transfers, retirement payments and investment switching, supported by liquidity elsewhere in the default strategy," he adds. "An appropriate fund wrapper may help with access, but it cannot remove the underlying liquidity risk."

Written by Lynn Strongin Dodds, a freelance journalist



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Building trust in a digital pensions world: *Emma Moore explores how integrating digital solutions into pensions administration can drive better outcomes for members* **p64**

Entering the spotlight: *Pensions Age speaks to Aon senior partner and head of pensions administration, Rebecca McGowan, about the changing nature of pensions administration, particularly with it now taking more of a centre stage within project management, and all while ensuring the quality of the member experience* **p66**

Administration focus:

A modern relationship





Aon associate partner, Emma Moore

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Building trust in a digital pensions world



Emma Moore explores how integrating digital solutions into pensions administration can drive better outcomes for members

The pensions industry has spent years talking about digital transformation. Now, with pensions dashboards, the growing use of member modelling tools and the rapid emergence of artificial intelligence (AI), we are entering a genuinely digital pensions world.

For decades, many aspects of pension administration have remained stubbornly analogue. Members have received annual statements through the post, completed retirement forms by hand and relied on lengthy phone conversations to understand their benefits. Information has sat in multiple systems, across multiple providers (some of which might be long forgotten by the member) – all making it difficult for members to see the full picture of their retirement savings.

Pensions dashboards aim to change this. For the first time, members will be able to access information about their pension benefits in a single location, bringing together multiple pensions and providing a consolidated view of their retirement wealth. It is difficult to overstate how significant this shift could be.

Used well, digital services can make pensions feel more accessible, immediate and relevant. But they also bring greater responsibility for schemes, trustees and administrators. When information is available everywhere, members need help understanding what it means, which sources are reliable and when they should seek further support.

From information to interaction

Historically, pension administration systems were designed primarily to process transactions efficiently and accurately. Increasingly, they must also provide engaging support to aid decision making.

The growth of dashboards will accelerate this trend. A member who can see all their pension savings in one place is likely to ask the next logical questions:

- When can I afford to retire?
- What happens if I take a larger pension and a smaller lump sum?
- I have defined benefit and defined contribution savings – how do they fit together?
- What income could I expect in retirement?

That is why digital retirement tools are becoming increasingly important. At Aon, this includes the At Retirement Digital Experience (ADE) and My Pension Planner. My Pension Planner gives members the ability to access information digitally, incorporate income from other pensions and savings, and model a wide variety of retirement outcomes. ADE then allows members to confirm their retirement or transfer option paper-free through a secure online portal.

Demand for these services is already evident. More than 70 per cent of members choose to complete transfer and retirement settlements paper-free, reducing completion time by 40 per cent.

This is an important signal for the wider industry. Digital administration is not a future aspiration. Members are already choosing it where the option exists.

The benefits of digital administration

A digital-first approach can have significant advantages. For many members, digital journeys provide greater convenience and accessibility. Information becomes available whenever and wherever it is needed, without the delays associated with printed correspondence or manual processing.

Digital tools can also help members make more informed decisions. Interactive modelling enables individuals to understand the impact of different retirement choices before making a commitment. Instead of a single quotation and lengthy booklet, members can explore multiple scenarios and gain confidence.

Administrators also benefit. Digital processes can reduce handling times (at Aon we have seen a 50 per cent reduction), improve data quality and minimise manual intervention. Information submitted directly by members through secure portals can be validated automatically, reducing keying errors and enabling faster processing.

However, more digital access does not automatically mean better outcomes. Digital journeys can remove friction and speed up processing, but members still need confidence that information is accurate, choices are clear and that there is a trusted route to ask questions when they are unsure.

The growing cyber challenge

With every opportunity, new risks emerge. The same digital transformation that improves member experiences also changes how pension data is stored, accessed and used. This raises the bar for trustees and administrators. The more information is made digitally available, the greater the responsibility to keep it safe.

Over recent years, many schemes have moved towards digital payslips, electronic retirement packs, online portals and digital-first communications. Pension schemes hold some of the most valuable personal information available: names, addresses, dates of birth, national insurance numbers, bank details and financial information. As more member interactions move online, that information becomes increasingly attractive to cyber criminals.

Dashboards will sit directly in the middle of this challenge. Substantial amounts of pension information will become discoverable through a single ecosystem. While dashboards will have robust security controls and governance measures, cyber criminals will still seek opportunities to exploit weaknesses across the wider pensions landscape.

Why AI raises the stakes

The emergence of AI is increasing both the opportunities and the risks. The benefits of AI include improved automation, workflow management, fraud detection and enhanced member support. Used responsibly, it could help administrators deliver faster, more personalised services while improving consistency.

At the same time, data becomes even more valuable in an AI-driven world because data is what powers AI systems.

The more complete, accurate and connected a dataset becomes, the greater its value. Pension datasets therefore become increasingly attractive targets because they contain exactly the types of information that sophisticated AI tools can process and analyse. This creates more pressure on schemes and administrators to ensure strong governance, effective controls and clear accountability around how member data is managed.

Deep-fake fraud and the question of trust

As well as traditional cyber threats, we are also seeing a rise in deep-fake fraud. Deep-fake technology can create convincing audio, video and written communications that appear genuine. We have seen an increase in volume and sophistication of fraudsters seeking to impersonate members when requesting information or intercepting members' post before submitting retirement instructions. Equally, members themselves could become targets if criminals impersonate administrators, trustees or providers.

In a digital environment, trust becomes vital. How does a scheme know it is dealing with a genuine member? How does a member know they are communicating with their genuine scheme or administrator?

Rethinking identity and verification

Much of the industry's future thinking will therefore need to focus on identity validation. This starts with the member matching processes. Administrators must continue to improve how they validate members as they access digital services, particularly where there may be incomplete data, multiple potential matches or conflicting records.

Administrators must also reconsider how they authenticate individuals who contact helpdesks or administration teams. Traditional security questions often rely on information that may be publicly available, previously disclosed or potentially harvested through other sources. If information accessible through dashboards or other digital services is used as the basis for authentication, schemes need to review whether existing verification processes remain sufficiently robust.

We are continually evolving our validation process to include proactive, automated tracing across multiple verified datasets. We understand that having confidence in matching accuracy will be fundamental to the success of dashboards and wider online services. To maintain this, we expect the future is likely to involve a combination of stronger identity verification, multi-factor authentication, behavioural monitoring and enhanced fraud controls.

A revolutionary opportunity

Dashboards have the potential to transform how members engage with retirement savings. Digital modelling tools can help people understand their options. Paperless transactions can create better experiences while improving administration efficiency. AI could enhance service delivery further still.

But trust is essential to all of this succeeding. Nor will it succeed if the industry treats digital as the answer to every member need. For many members, particularly at important decision points, knowledgeable administrators remain crucial. Digital tools can inform and empower, but a trusted human voice can provide reassurance, help members navigate complexity and make the experience feel personal rather than purely transactional.

The schemes and administrators that thrive in the digital age will not simply be those that offer the most functionality. They will be those that combine innovation with security, convenience with verification, digital efficiency with strong governance and self-service with accessible human support.



Written by Aon associate partner, Emma Moore

In association with AON



Rebecca McGowan

Entering the spotlight

Pensions Age speaks to Aon senior partner and head of pensions administration, Rebecca McGowan, about the changing nature of pensions administration, particularly with it now taking more of a centre stage within project management, and all while ensuring the quality of the member experience

Pension administration was traditionally viewed as a 'just' a back-office function. Is this changing now, and if so what are the key drivers shifting administration into an essential consideration within a scheme's strategic plans?

Rebecca McGowan: I think one of the biggest problems that we have is that pensions administration is called administration, which makes it sound far simpler than it really is. That's battle that we constantly have to fight with the industry and different stakeholders, to show that administration is a professional service in its own right rather than a supporting service for other things done within the pension scheme.

However, administration is now the key that can unlock strategic projects. Therefore, it is far more common now for people to want their administrators at trustee meetings. So, things are changing. Probably not, in my view, changing quickly enough. I would really like it if we could see more clients having administrators for more of the meeting to really build up a full picture of what's going on and actually help the administration to play a fuller part in the schemes achieving their strategic goals. It's very hard when you're an administrator and you just join a small window of the meeting, you don't really know the context of the discussion and actually there's not the opportunity to explain how admin can help shape and deliver on the strategic priorities.

The drivers of this changing are schemes trying to get to their endgame. Whether this is a run-on or a buyout, those data projects require administration being the key that's needed to unlock the endgame. Suddenly, it means administrators are a much bigger priority for the scheme and that's been I think the real thing that's changed.

How can schemes better leverage their administration data to drive wider strategic decisions, such as de-risking journeys, investment matching, or member engagement campaigns?

McGowan: There are probably two elements to that. It's impossible to do any endgame unless you're absolutely certain of what your liabilities are. And that means having your data sorted and in order. That almost certainly involves your administrator and those data projects.

The other part is member engagement and making sure that if a scheme is looking for run-on, that the members have really got a very modern administration experience, particularly as members often have pensions now in both the DB and the DC space and are used to seeing very modern modelling tools.

You really need good quality data, an administrator who's been able to automate calculations onto their administration system and are able to unlock those proper technology benefits.

At the end of the day, pension schemes are there for the benefit of members. So, it's really important that in the strategic projects, we don't lose sight of that important part of the member experience and making sure that members are able to access, understand and make the most of their pensions.

How would you describe a modern administration service?

McGowan: A modern admin service means allowing members to interact with their pension scheme in different ways depending on what they are trying to do.

I think for most people, particularly when they're pre-retirement and looking to model retirement outcomes, they want to be able to do that themselves in some sort of real time through an online solution. That absolutely requires data to be good and automation to be strong.

But it's not all just about that pre-retirement period. A modern admin service does need to have people at the heart of it. At the end of the day, this is a people business.

You need to be able to have members able to contact you and interact with you, often by phone at the more difficult times. Pension schemes are part of people's lives that are often the more difficult times in their lives. So, I see

a modern admin service as being a combination of a really strong technology foundation, but with that personal touch of people on the top.

How can this less 'measurable side of admin, such as member satisfaction, clarity of communication, and member support during difficult times, be monitored and quality ensured?

McGowan: The obvious way is to ask members, but that can be a challenge. We're all used to being bombarded with feedback forms from every company we interact with in the smallest way and pension scheme administrators are no exception to this.

So, it's really important to make sure that we have different ways to capture member feedback, but we need to understand that members will often not leave that feedback if they're satisfied. However, it's really important to be able to capture it if people do want to say something.

We do ask members to leave feedback at the end of telephone calls. We have found that 40 per cent of people who phone us do opt to leave feedback, where they can record a voicemail. That's often where you hear that really good feedback about when someone has gone above and beyond and provided that personal touch in those messages. Trustees should be asking their administrators to play back to them what feedback for good and for bad we are getting from their members.

How can administrators monitor or measure that quality of service? Service level agreements (SLAs) would typically focus on speed and volume. What other metrics should trustees be looking at to measure what 'good' administration look like?

McGowan: There is still absolutely a place for SLAs. SLAs give a very good, high-level overview of timeliness. And when SLAs are not holding up, that's often a sign of more difficult problems under the surface than the administrators; you will often see poor SLAs correlated with other problems. So, I do think there is absolutely a place for SLAs in the industry, but they are just one small part of what trustees need to be doing to hold administrators to account.

Trustees, as well as SLAs, should be looking to understand what the picture is for members that fall outside the SLA. Are they falling outside the SLA by just a couple of days or are people slipping outside and then not being delivered for quite a significant amount of time? And obviously feedback and any complaints are a really important monitor as well of service and quality.

"I see a modern admin service as being a combination of a really strong technology foundation, but with that personal touch of people on the top"

With increasing regulatory scrutiny on pension schemes, how do you see the formal regulation or oversight of administrators evolving over the next few years?

McGowan: Administration is not currently a regulated activity, which is surprising given the seriousness of the operation, the amount of data we handle and the fact that we're handling financial transactions for members.

It is very much left to trustees to hold administrators to account. We have a view at Aon that there is a place for greater regulation within the administration industry, but that's not there at the moment. That's something the Department for Work and Pensions have been consulting on. But in the meantime, it places a very difficult job on trustees to attempt to understand all of the processes that sit behind administration, to be able to test things like data security and cyber security processes in place. That's why I do believe there is a place of greater regulation.

I would always encourage trustees where possible to go and visit their administrators and see how things work on the ground, to ask questions and to be walked through processes. That's often a very good way of really understanding what's going on under the bonnet.

With pension schemes having to navigate a great deal of upcoming change on the UK pensions horizon, how can administrators balance the task of preparing for/complying with upcoming changes while still ensuring business as usual (BAU) quality of service?

McGowan: A huge challenge for any administration firm is that if you go back 10 years, administration firms were mainly focused on delivering that BAU service and projects were a very small part of what they do.

Whereas if you look at most administrators today, projects are probably forming about half of the work that they're doing for clients and that has involved people needing to change their businesses. We've changed our business at Aon by moving project work under our consulting business.

This really is an opportunity for lots of people in the industry to become more heavily involved in administration. You really need multidisciplinary teams to be able to fulfil these projects.

What we're seeing ourselves is more people from actuarial backgrounds, project management backgrounds, coding backgrounds, etc., getting involved in administration. That's a good thing. As an industry, we're only going to be able to tackle the complexity and the volume of demands by looking beyond that traditional administration service model to be able to deliver it.

In association with AON



Summary
- According to the ONS, the UK's aged over-85 population is projected to double over the next 25 years.
- Shifting demographics mean retirees face extended 'middle age' financial pressures, such as supporting relatives and paying rent.
- Healthy life expectancy is declining and the increased risk of cognitive decline in old age can complicate individuals' pension management.
- The pensions industry may need to transition toward offering active, lifelong guidance and personalised tools rather than just pre-retirement support.

A new lease of life

For many, getting older also drives the need to become financially wiser. How can the pensions industry assist an ageing population through the challenges of retirement?

We're all getting older. That's a fact of life, and to reach old age is a privilege.

Indeed, more of us in the UK are set to reach this milestone, as Office for National Statistics (ONS) figures released earlier this year show that the older population – those aged over 85 – is projected to double over the next 25 years.

According to the data, there were 1.75 million people aged 85 and over in mid-2024, accounting for 2.5 per cent of the population. This figure is expected to rise to 3.6 million, or 4.9 per cent, by mid-2049. Over the same period, the number of people of pensionable age was projected to increase from 12.4 million to 15.3 million, driven by longer life expectancy, the ageing of larger cohorts born in the 1960s, and lower birth rates.

Expanding middle age

The earliest age someone can access their pension savings in the UK is 55 (rising to 57 in April 2028) and their state pension from age 66-67 currently. May's ONS figures show that people aged 65 could, on average, live for a further 20 years or more.

"People now spend longer in retirement than previous generations," Aviva managing director of wealth, Michele Golunska, says. "Greater longevity is something to celebrate, but it means retirement is increasingly becoming a decades-long journey. People's financial, health and wellbeing needs can change significantly over that time, yet support tends to focus on the years leading up to retirement rather than the years that follow."

But does increasing longevity mean those extra years being spent having a longer, stereotypical 'retirement', or are people actually experiencing more of an extended 'middle age'? After all, "challenges that might traditionally be associated with mid-life don't disappear when people retire – for many, they continue well into later life," Golunska says.

As Cartwright Employee Rewards group risk and healthcare consultant, John Mullally, explains, more people are having children at a later age due to career and financial reasons. "As such, people are having to look after young children into their 40s rather than 30s. Equally, this is potentially creating a 'sandwich generation' who may have to look after parents who are older and living longer than their parents' generation."

"The boundaries around what we used to call 'middle age' are shifting," RBC Brewin Dolphin head of intermediaries, Ian Kloss, agrees. "People in their third quarter of life, aged 45 to 75, may now have 30 or 40 years to plan for after they stop full-time work, and those years rarely unfold in a straight line," he says. "Supporting children or grandchildren, caring for ageing parents, meeting housing costs and continuing to work are increasingly extending into what were once typical retirement ages. Retirement is no longer a single, clearly defined stage at the end of working life."

The cost of this extended 'middle age' could be significant. For instance, grandparents expecting to provide regular financial support to their grandchildren could need an extra £58,000 in pension savings to maintain a moderate standard of living in retirement, analysis in July by Skipton Building Society found. The research found those who plan to offer financial support expect to begin doing so at the age of 65 on average.

Meanwhile, research from the Association of British Insurers (ABI) in July found that more than one in three pensioner households – two million more – could be renting their home by 2044. Social renting among pensioner households is also projected to increase, while owner-occupation is expected to fall from the current 79 per cent to 64 per cent by 2044. It noted that renting a two-bedroom home privately throughout retirement could cost between £200,000 and £400,000, depending on location. By comparison, median private pension wealth among those aged 60-64 is around £154,000, falling to around £105,000 for women.

Health issues

Adding to the challenge of extended 'middle age' responsibilities is that while the desire to remain 'forever young' may remain, the mind and body may not always play ball. In fact, while the old-age population is expected to double, the number of years spent in good health is declining.

According to the ONS, for 2022-2024 men can expect to spend 60.7 years, or 77 per cent of their life, in good health, while women can expect 60.9 years (73 per cent) of good health. These figures represented decreases of 1.8 years for men and 2.5 years for women compared to 2019-21.

"While longevity has increased, healthy life expectancy has not always kept pace, leaving many people facing longer retirements alongside potential health challenges," Royal London workplace pensions director, Rory Marsh, says. "Retirement planning has also become increasingly complex, often requiring decisions about contributions, investments, tax, drawdown and sustainable income. Evidence suggests these are often being made at a stage of life when complex financial decision-making can become more difficult," he adds.

Indeed, research from the Institute for Fiscal Studies (IFS), published in December 2025, found older people who experience cognitive decline face 'sizeable and lasting' reductions in their financial wealth. It discovered that memory and cognitive scores begin to fall steadily from the late 60s, with sharp drops from the mid-70s onwards. By their late 80s, more than 40 per cent of older adults record what the IFS defines as 'low cognitive function'. According to the research, eight to 10 years after first experiencing low cognitive function, individuals had around £30,000 less in net financial wealth than similarly aged people whose cognition did not deteriorate.

"An increasingly ageing society will change what retirement looks like, and what the retirement industry looks like too"

Financial strain

Managing finances may become a greater struggle as we age, not just due to health factors, but also because DC pots will need to be stretched out further as people live for longer. Squire Patton Boggs pensions practice partner, Simon James, notes that "no one knows how long their retirement will last, yet DC savers have a finite pot to fund it".

"Asking individuals to manage that risk inevitably involves difficult trade-offs between adequacy and security of income during retirement. Working longer or flexibly into retirement might offer solutions for some people but that depends on the availability of work and might not be possible or practical for everyone," he adds.

Indeed, "not everyone has that option due to health conditions, caring responsibilities or barriers in the labour market", Marsh says. "This means retirement planning increasingly needs to account for this uncertainty and offer a range of different pathways into later life, rather than assuming a traditional retirement model."

Especially with the reduction in the 'traditional' DB pension model and greater dominance of DC schemes meaning "people are not going to be retiring as comfortably as their predecessors did", Mullally adds. "This is creating a segment of people who are semi-retiring at 'retirement' so they can maintain a reasonable level of income at their age, as well as put themselves in a position whereby they can have a pension pot that gives them the best annuity as possible, for as long as possible".

Research backs this up, with a Standard Life study published in April finding that one in six retirees have either returned to work or are considering doing so as rising living costs continue to squeeze retirement incomes. Standard Life's findings also showed that 30 per cent of retirees believed their standard of living had worsened since leaving work, compared to just 22 per cent who said it had improved. It also highlighted the impact of inflation on pensioner incomes, with analysis indicating that £100 in 2020 was now worth just £78.25 in real terms, significantly eroding spending power over a short period.

Also, a freedom of information request from LCP last month discovered that frozen income tax thresholds, combined with rising state and private pension incomes, had led to the number of pensioners paying income tax at 40 per cent or above doubling over the past five years.

The latest Pensions UK Retirement Living Standards estimates that a minimum standard of living in retirement would cost £13,900 for a single person and £22,500 for a couple. A 'moderate' standard of living in retirement would cost £32,700 a year for one person and £45,400 for a two-person household.

Pensioner poverty has also risen steadily over the past decade after reaching a low point in 2013/14, with the increase driven almost entirely by

single pensioners, as single women face the greatest risk, according to LCP. Its research published in August revealed the number of divorced single pensioners in England and Wales has trebled since 2002, rising by more than a million people to 1.5 million in 2024.

Looking specifically at low-income pensioners, the Living Wage Foundation's September 2025 research found that 54 per cent find it difficult to pay bills and credit commitments, leaving hundreds of thousands on a 'poverty pension'. As a result of these financial constraints, 14 per cent reported falling behind with bills or rent, turning to payday loans, struggling to heat their homes or regularly skipping meals over the past year.

Given this hardship, retirement is far from the 'golden years' many pensioners hope for, the IFS said, as nearly half (48 per cent) of low-income pensioners have cut back on hobbies and entertainment and 24 per cent rarely, if ever, afford the non-essentials "that make life enjoyable".

Industry support

So, how can the pensions industry support people through a very variable and different nature of retirement-age years than what had previously been the case?

According to Marsh, the industry needs to make retirement support "more accessible, personalised and easier to engage with, particularly for those with lower incomes, disrupted savings histories, customer vulnerabilities, or more complex financial circumstances".



One such example is Aviva and Age UK's aim to address the lack of structured financial support available to people after retirement though piloting a mid-retirement MOT service. It will support people aged between 72 and 76 who have DC pension savings by providing a practical and holistic review covering whether their pension savings are likely to last, the options available to support their income and any state benefits to which they may be entitled.

As People's Pension proposition director, Kirsty Ross, says, "we are pension providers so we should not stop supporting members when they start to access their pension". She highlights regulation such as default decumulation as a good example of regulatory acknowledgement of the importance of supporting customers through retirement, as well as the FCA Consumer Duty reinforcing the expectation that firms focus on good customer outcomes across the entire customer journey, including retirement.

"The future is likely to involve far more guided and supported retirement journeys rather than expecting individuals to navigate complex choices alone," Ross says. "Digital tools, targeted communications and personalised guidance can play a significant role in helping members understand their options. Providers should focus on simplifying complex decisions and presenting information in ways that members can readily understand and act upon."

Looking ahead, "an increasingly ageing society will change what retirement looks like, and what the retirement industry looks like too", Kloss states. "Planning will need to move beyond 'will my money last?' to 'what do I want my money to make possible?' That means treating wealth, health and purpose as one connected picture, building in flexibility from the outset, and engaging clients earlier, before life events force their hand. The industry needs to continue to evolve to help turn longevity from a potential risk into an opportunity."

Written by Laura Blows

Implications for the UK

While living longer may have benefits and challenges for the individual, for the country as a whole, an ageing population can have severe ramifications.

Commenting at the time on the Office for National Statistics (ONS) figures released in April, PensionBee VP personal finance, Maike Currie, noted that between mid-2024 and mid-2034, the number of people of pensionable age is set to rise by 1.8 million to 14.2 million – one in five of the population, taking into account the planned increase in the state pension age to 67. Meanwhile, over the same period, the number of children is expected to fall from 12.6 million to 11 million, making up just 15.5 per cent of the population by mid-2034.

"For the pension system, this means fewer future workers supporting more retirees. With earlier figures showing a third of those leaving the UK, aged 16 to 34, the pension system faces a double hit: fewer contributors and more retirees, putting real strain on the state pension and long-term investment flows," she said.

People's Pension proposition director, Kirsty Ross, notes that a larger retired population places greater pressure on public finances, healthcare systems and social care provision. "Equally, longer retirements reinforce the need to prioritise ensuring individuals have sufficient private savings alongside their state pension. Workforce participation among older workers will become increasingly important to economic growth and productivity," she adds.

While an ageing population may bring strain on public finances, healthcare systems, social care provision and pension sustainability, "at the same time, older people make substantial contributions to society through work, volunteering, caring responsibilities and spending power", Royal London workplace pensions director, Rory Marsh, says. "The key challenge for policymakers is ensuring people remain financially resilient and economically engaged for longer, while creating a retirement system capable of supporting a larger and longer-lived population."

Technology Guide 2026:

The right balance



Featuring:

- How the pensions industry needs to balance innovation, risk and responsible governance when utilising AI
- Whether technology is particularly helpful in the fight against scams, or is it actually a hindrance, enabling greater opportunities and innovation for cybercriminals?
- How the industry is moving from administering pensions to delivering retirement outcomes
- Company profiles

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The AI pensions revolution

Mamunul Wahid explains how the pensions industry needs to balance innovation, risk and responsible governance when utilising AI



From rapid adoption to responsible governance

Artificial intelligence (AI) has rapidly shifted from an emerging innovation to an everyday reality across the UK pensions landscape. Findings from the Society of Pension Professionals (SPP) annual surveys chart a dramatic adoption curve. While 87 per cent of pension firms utilised AI in 2025, adoption reached a universal 100 per cent in 2026. Furthermore, 69 per cent of organisations now expect AI to support up to 50 per cent of their operational services, up from 41 per cent in 2025. As for the public, the Financial Conduct Authority (FCA) recently found that four in five less experienced investors have used AI for help with investing, and that around two-thirds report doing so occasionally or regularly.

This rapid shift occurs alongside heightened public anxiety, brought into sharp focus in September 2026 by warnings from top scientists, politicians, and industry whistleblowers regarding the systemic risks of Artificial Superintelligence (ASI). Alongside concerns over deepfake impersonations, data breaches, and automated bias, high-profile resignations and reports of rogue AI behaviour have prompted tech leaders to call for safety-induced slowdowns. UK regulators, including The Pensions Regulator (TPR) and the FCA, have reinforced that pension providers must navigate these frontier risks without eroding fiduciary standards, compromising data security, or jeopardising consumer outcomes – with TPR's 'AI Plan' urging that adoption and innovation should be 'safe' and "in member's interests".

However, the pensions narrative must not be defined solely by risk. When governed responsibly and designed inclusively, AI may offer transformative value.

Acknowledging fears: Inaccuracy, scams, and digital exclusion

Responsible adoption begins by confronting genuine risks. The SPP *2026 AI Survey* reveals that inaccuracy and 'hallucinations', where models generate false information with confidence, remain the top concern for 53 per cent of pension professionals (down from 65 per cent in 2025), followed by data protection concerns at 21 per cent.

For savers, the widespread use of unapproved public AI tools creates significant exposure. Members sharing confidential statements with public Large Language Models (LLMs) risk data leaks and financial misdirection, as generalist tools frequently misinterpret scheme rules or hallucinate figures. A recent survey conducted by Burges Salmon LLP, in partnership with Local Pensions Partnership Administration, revealed that nearly 40 per cent of members did not know that public AI tools process and store data inputted into them, and train the tool based on that information too. Simultaneously, bad actors use generative AI to clone voices, impersonate trustees, and execute sophisticated phishing attacks.

Concurrently, the industry's push towards digital-first delivery threatens to worsen digital exclusion. Over 1.6 million UK adults remain offline, while millions more lack digital skills, devices, or confidence. As detailed in the SPP's recent paper *Pensions in a Digital World: Embedding Inclusion*, digital exclusion affects all age groups, disproportionately impacting vulnerable savers, lower-income households, and disabled individuals. If automated systems replace essential human support, structural inequalities will widen.

Savers first: Personalisation, accessibility, and financial empowerment

When governed and used with care, AI has the capability to transform how individuals connect with their financial futures. Pension saving is inherently long-term and has traditionally suffered from chronic low engagement, but AI provides powerful, dynamic capabilities to bridge this gap. The challenge for us

as an industry is to build tools people can genuinely access and rely on in this way – helping everyone to benefit from the confidence and clarity that digital solutions can bring.

By leveraging natural language processing, complex regulatory disclosures can be seamlessly translated into plain English, generating tailored 'nudges' at key life stages, e.g. job changes or retirement planning, without overwhelming members with technical jargon. Simultaneously, secure, scheme-specific virtual assistants, trained strictly on verified rules, should be able to democratise access to information. Operating 24/7, these assistants can help members to instantly understand their individual benefits while signposting trusted independent guidance from organisations like MoneyHelper and Pension Wise.

Accessibility lies at the heart of this transformation. Built strictly on web content accessibility guidelines, modern AI tools integrate voice activation, screen-reader compatibility, adaptive text, and simplified navigation. This ensures neurodivergent members and those living with disabilities can engage with their pensions independently and with confidence. Beyond engagement, AI can act as a vigilant safeguard. Predictive analytics continuously monitor transactions for unusual patterns, detecting fraudulent transfer attempts in real time to protect hard-earned saver funds before harm can occur.

Throughout this evolution, fiduciary accountability remains absolute. Regulators explicitly confirm that trustees and pension providers retain responsibility for member outcomes. As our recent *Governance in the Age of AI* paper made clear, automated decision-making must never operate in a vacuum; it must always feature meaningful human oversight, robust escalation routes, and clear rights for members to challenge automated results.

Supporting the pensions industry: Speed, efficiency, and oversight

For trustees, administrators, actuaries, and advisers, AI serves as a powerful operational engine. The SPP *2026 AI Survey* highlights that 53 per cent of professionals value increased speed as AI's primary benefit, alongside cost reduction and personalisation (16 per cent each).

AI automates repetitive tasks such as summarising meeting packs, performing data reconciliation, and drafting routine communications. This allows professionals to dedicate more time to strategic oversight and complex cases. In investment management, AI models analyse complex datasets to assess risks and optimise portfolios, driving better risk-adjusted net returns.

"The universal adoption of AI across the UK pensions industry marks a definitive turning point"

To capture these gains safely, the SPP's *Governance in the Age of AI* framework sets out five core principles: Transparency, accountability, proportionality to risk, security by design, and meaningful human oversight.

Categorising AI applications into low, medium, and high-risk tiers enables trustees to implement targeted controls, audit third-party providers, and maintain clear audit trails. Low-risk activities like internal drafting require standard safeguards, whereas high-risk tasks, such as automated decision-making impacting member benefits or calculations, demand strict human validation and compliance with data protection laws. Additionally, the framework urges schemes to establish dedicated AI inventories, audit vendor algorithms, and embed strict data-handling policies to ensure confidential scheme information is never exposed to unapproved public language models.

Strategic imperatives for sustainable AI integration

The universal adoption of AI across the UK pensions industry marks a definitive turning point. While systemic fears over Artificial Superintelligence, operational accuracy, cybersecurity, and digital exclusion demand unyielding oversight, the technology's transformative potential remains clear. Navigating this landscape requires balancing commercial innovation with unwavering fiduciary responsibility.

By anchoring AI strategies directly in the SPP's *Governance in the Age of AI* framework, trustees and providers can systematically mitigate systemic and operational risks. Embedding its core principles of transparency, accountability, proportionality to risk, security by design, and meaningful human oversight should help to ensure that automated systems enhance decision-making without replacing critical judgment or breaching member confidentiality through unapproved public models.

Simultaneously, the industry must uphold the mandates outlined in *Pensions in a Digital World: Embedding Inclusion*. AI must be deployed to widen access rather than construct digital barriers. Prioritising web content accessibility guidelines and maintaining accessible non-digital support channels ensures that automated efficiency never comes at the expense of vulnerable, lower-income, or disabled members.

Ultimately, technology must remain a tool in service of people. By placing savers first through personalised, accessible communication, streamlining industry administration, and protecting scheme assets from emerging cyber threats, responsible AI adoption can deliver a more inclusive, resilient, and secure pension ecosystem for us all.

Written by SPP Digital Inclusion Working Group chair, Mamunul Wahid

Considering both sides

Pensions Age asks: Is technology helpful in the fight against scams? Or is it actually a hindrance, enabling greater opportunities and innovation for cybercriminals?



Help

The latest technological tools (and ones in development) are giving schemes increasingly innovative ways to detect scam activity.

AI and other data verification tools can help spot the warning signs of fraud, like identity theft and suspicious patterns of behaviour, which are sometimes used to make fraudulent claims on pension benefits.

Tools which check against multiple trusted data sources are particularly promising, and can play an important role in the fight against identity scams.

The Pensions Regulator has emphasised that schemes' prevention mechanisms against cyber threats should be dynamic and kept up to date in response to an evolving threat landscape.

Technology. including AI, can play a key role in the future of cyber security controls. For example, it can help anticipate system failures, assist with detection of software vulnerabilities, and provide greater oversight of the cyber controls used by other vendors within a pension scheme's supply chain.

Sackers partner, Olly Topping

AI is also rapidly becoming a critical tool in the fight against fraud and cybercrime. It can be used to help detect suspicious activity and emerging threats far more quickly than traditional approaches. As a result, we can strengthen cyber defences and uncover vulnerabilities before they become incidents.

Royal London workplace pensions director, Rory Marsh

Technology is already being used by fraudsters to target and convince pension scheme members to part with their savings, so if the pensions industry is to be effective, it must move with the times and use technology to sniff out suspicious transactions, reach and communicate with members in the smartest ways and develop real trust in the industry. Without trust we will never be able to compete with the lure of scammers. So we need to communicate effectively, get our data correct and help educate people about the risk of scams in a more consumer-friendly way.

PSIG is now looking to research some innovative new technological approaches to combating scams to help the industry get ahead. Members will need to be involved in these solutions – a nanny-knows-best approach will no longer work against the pressure from AI and tech-enabled fraudsters.

PSIG chair, Margaret Snowdon

Technology's real value in this fight is speed and precision. Real-time data-sharing between providers, banks and Action Fraud means identity checks, source-of-funds verification and open banking checks can happen in seconds rather than weeks, without treating every saver trying to transfer or consolidate their pension as a suspect.

Technology-driven pattern detection could be a genuine step forward here too: instead of relying on blunt, static checklists that flag routine transfers – such as overseas investments – as high-risk, providers have the opportunity to build smarter systems that learn what a genuine scam pattern actually looks like and act on that, rather than slowing down the majority of legitimate savers.

Digital platforms can also make it easier to put real protection in front of people at the point of risk, whether that's biometric verification when a saver logs in, automated alerts when a transfer request looks out of character, or giving a human account manager instant visibility of a red flag so they can call before money moves. Used well, technology should mean fewer delays for honest savers and faster, more targeted intervention against the small minority of transfers that are genuinely suspicious.

PensionBee chief technology officer, Jonathan Lister Parsons

Technology is increasingly an essential part of how pension schemes defend

themselves and their members against scams and cybercrime. We're seeing tech and specifically AI being adopted very rapidly by schemes and their administrators to help identify suspicious activity, strengthen identity verification, detect indicators of fraud and help support faster responses to potential security incidents. As threats are becoming more sophisticated, schemes increasingly rely on technology to spot those threats earlier and act quickly to protect members interests. We've also seen that these technologies are most effective when supported with appropriate human oversight.
Hymans Robertson head of digital strategy, Chris Varley

Hinder

I'd say the big technological challenge is coming from AI. The same technologies available to the industry are also available to, and often more quickly adopted by, criminals. Specifically, Generative AI is making it far easier to create convincing phishing attacks, impersonate trusted organisations and scale fraud attempts at a level that would previously have needed far greater time and effort. In many ways we are now entering an arms race, where technology strengthens both attack and defence. I certainly see innovation as a solution to this. But not without guardrails. It's vital to adopt it responsibly with robust security controls, continuous assurance and clear accountability for how this technology is used.
Hymans Robertson head of digital strategy, Chris Varley

Advances in tech can benefit criminals as well as schemes. Unregulated large language models make it easier for criminals impersonate scheme members and beneficiaries, and produce realistic looking fraudulent documentation at scale. Schemes need to be up-to-speed on the risks and ensure their controls are sophisticated enough to combat this threat.
Sackers partner, Olly Topping

We know AI is lowering the barriers for criminals to create more sophisticated attacks at greater scale. Criminals are using AI to create increasingly convincing scams, automate phishing attacks, impersonate trusted individuals through synthetic content and deepfakes, and develop new cyber attack techniques more quickly and at lower cost.
Royal London workplace pensions director, Rory Marsh



As an industry we need to be on high alert for AI-enabled scams and financial crime. More than ever, technology is enabling fraudsters with a raft of criminal techniques, such as impersonating individuals, tailoring their communications to individuals, and creating new forms of malware and spyware, all of which increase the risk to consumers.
PensionBee chief technology officer, Jonathan Lister Parsons

Scammers are already ahead in their ability to persuade people to transfer their pension savings to fraudulent arrangements. They use technology and social media to find and target vulnerable people. The media interest in pensions wealth makes us an attractive target. Personal data is so freely available and AI can make offers look really appealing and genuine. Bots look and feel real. Web sites look convincing and mimic the real thing. Technology is fast and the pressure to act is even greater than could ever be achieved by a smooth-talking salesman. People are used to immediate purchases, so don't really fear them. Push payment fraud relies on this. Money can move instantly but one innocent-looking transfer of funds can set off a chain of transfers taking money well beyond the reach of authorities within hours. If the industry does not keep pace because it is unwilling to invest and learn, losses will be huge and the price for us all will be high.

PSAG, of which PSIG is a member, is already focused on taking down problematic sites on social media, but this is baby steps compared to where we will need to be within 12 to 18 months. The pensions industry, regulators and banks need to combine forces to harness technology for good to get between a member, his savings and fraudsters. The sort of protection needed a year from now will not slow down transfers (yes that ageless criticism of the status quo), but it could quickly and effectively sort out the dodgy from the bona fide and do what good administrators already do in analogue, but in the blink of an eye. The time saved could be used to get to know our customers better and help them appreciate what we do.
PSIG chair, Margaret Snowdon



A new era

Dan McLaughlin explores how the industry is moving from administering pensions to delivering retirement outcomes

The UK pensions industry is entering a new era. For decades, providers focused primarily on accumulating retirement savings. Success was measured by contribution processing, record-keeping and investment growth.

Today, the challenge is different.

Millions of defined contribution members are approaching retirement with increasing choice and responsibility. Pension dashboards, Consumer Duty, guided retirement solutions and emerging retirement income propositions are transforming expectations. Members no longer judge providers solely on how effectively they administer savings. Increasingly, they judge them on how effectively they help achieve retirement outcomes.

This shift requires a fundamental rethink of administration technology.

The industry has spent years refining accumulation processes. Auto-enrolment has brought millions of savers into workplace pensions, while administration platforms have become highly effective at collecting contributions, maintaining records and facilitating investment transactions.

Yet retirement remains significantly more complex.

Members rarely experience retirement as a single event. Instead, it is a journey that can span 30 years or more. Decisions around accessing benefits, drawdown, tax, income sustainability and later-life financial planning require ongoing engagement rather than a one-off transaction.

The challenge for providers is clear: administration systems built primarily for accumulation may struggle to support a much more dynamic retirement journey.

Member expectations are changing.

The arrival of pension dashboards is often viewed as a data challenge. In reality, it is a customer experience challenge.

Dashboards will make pension information easier to find, but they will not automatically improve member understanding or engagement. In many ways, dashboards simply create a new starting point – and this is greatly welcomed.

Once members can view all of their retirement savings in one place, expectations will change rapidly. Members will expect personalised experiences, relevant communications and support that reflects their circumstances.

The question for providers is no

longer how members find their pensions.

The question is what happens next.

Technology therefore needs to support highly personalised member journeys that adapt as circumstances change, from accumulation through to retirement and beyond.

Retirement is becoming a continuous process

Historically, retirement administration was often designed around a relatively simple objective: converting savings into benefits.

Modern retirement looks very different.

Some members may choose drawdown. Others may seek guaranteed income solutions. Some may combine multiple products and arrangements over time. Increasingly, retirement decisions are taken gradually rather than all at once.

This creates a significant operational challenge.

Product innovation is accelerating, while retirement pathways, guided retirement services and new forms of collective retirement provision continue to emerge. Administration platforms must be capable of evolving alongside these developments without requiring large-scale transformation programmes every time a new proposition is introduced.

This is where modern, configurable administration technology becomes critical.

Agility is the new competitive advantage.

For many providers, the greatest challenge is not a lack of innovation. It is the time and effort required to implement innovation.

Introducing new retirement products, changing member journeys, updating charging structures or responding to regulatory change can often require lengthy development programmes and significant vendor involvement.

That operating model is becoming increasingly difficult to sustain.

The pace of change across pensions is accelerating. Consumer expectations are evolving. Regulatory requirements continue to grow. New retirement solutions are emerging. Providers need technology that enables rapid adaptation rather than lengthy implementation cycles.

The organisations that thrive will be those able to configure products, journeys and business rules quickly, safely and cost effectively.

In this environment, administration technology becomes more than an operational platform. It becomes a source of competitive advantage.

The role of AI and automation

Much of the current discussion around artificial intelligence focuses on member-facing applications. While these undoubtedly have a role to play, some of the greatest opportunities may sit behind the scenes.

AI and intelligent automation can help improve data quality, streamline operational workflows, identify member vulnerabilities and support more efficient administration processes.

This matters because administration efficiency and member experience are increasingly intertwined.

Every manual process creates friction. Every delay reduces engagement. Every data issue undermines confidence.

By automating routine activities and improving operational effectiveness, providers can dedicate greater attention to supporting members through important retirement decisions.

The objective is not to replace human interaction. It is to ensure human expertise is focused where it adds the greatest value.

Learning from more mature pension markets

Across Europe, pension systems are already adapting to many of these challenges.

In markets such as Denmark and the Netherlands, providers are increasingly focused on delivering digital experiences that support members throughout their entire retirement journey. The emphasis is shifting from administration as a back-office function to administration as an enabler of member outcomes.

This shift requires modern technology foundations.

Flexible product configuration, automation, high-quality data and seamless integration capabilities are no longer optional. They are becoming prerequisites for delivering the level of service members increasingly expect.

The UK market is now moving in the same direction.

Final thoughts

The future of pensions will not be defined solely by investment performance or product design. It will also be defined by the industry's ability to help members navigate an increasingly complex retirement landscape.

That requires a change in mindset.

For years, pension administration was viewed largely as an operational necessity. Today, it is becoming a strategic capability that directly influences member outcomes, engagement and competitiveness.

The industry's focus is shifting from administering pension savings to delivering better retirement experiences and outcomes.

The providers best equipped for this future will be those with the agility to adapt continuously, embrace innovation and place the member journey at the centre of their technology strategy.

The retirement challenge has arrived. The question is whether administration technology is ready for it.



Written by Festina Finance Dan McLaughlin

In association with Festina Finance

Company Profiles

Festina Finance

Festina Finance is a leading European software company transforming the future of pension administration. Its flagship platform, FF Life and Pension, is built from the ground up to support the full range of pension products, including defined benefit (DB), defined contribution (DC), collective defined contribution (CDC), and life insurance, with unmatched flexibility and precision. FF Life and Pension is modular and fully client-configurable, empowering pension funds, insurers, and administrators to focus on business strategy, product and proposition innovation, streamline operations, adapt quickly to regulatory change, and deliver the best possible outcomes for their members.

With proven success in Denmark and the Netherlands, including powering Europe's largest pension provider with almost £600 billion in assets, Festina Finance is scaling fast and is on track for almost €1 trillion in assets and nine million savers running through the software, positioning the company as one of Europe's leading life and pensions administration technology providers.

In 2026, the company was recognised as Pensions Technology Provider of the Year at the European Pensions Awards, acknowledging the company's contribution to modernising pension administration and supporting some of Europe's largest pension transformation programmes.

Manchester serves as Festina Finance's UK headquarters and is central to the company's growth strategy in the UK pensions market. From Manchester, the team works closely with pension providers, administrators, consultants and partners across the UK, supported by the group HQ in Copenhagen and an office in Amsterdam that provide life and pension expertise across key European pensions and financial services markets.

For more information visit festinafinance.co.uk or follow Festina Finance on LinkedIn for company updates, client success stories, market insights and industry commentary.

Festina Finance

Pensions Age

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

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

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

PENSIONSAge

The £25 billion question



Summary

- Government plans will drive the defined contribution (DC) market towards fewer, larger 'megafunds', with a £25 billion scale threshold from 2030 intended to support stronger governance, lower costs and broader investment opportunities.
- Greater scale could improve access to private markets and fund better technology, administration and investment capability, but size alone does not guarantee stronger returns or better member outcomes.
- Industry concerns centre on avoiding 'scale for scale's sake', with consolidation potentially reducing competition, choice and innovation while increasing operational concentration and the risk of herd behaviour.

As the government steers workplace pensions towards £25 billion megafunds, Callum Conway asks whether greater scale will actually improve member outcomes – or reduce choice and centralise risk into fewer hands

From April 2030, multi-employer defined contribution (DC) schemes used for automatic enrolment will generally need a main scale default arrangement holding at least £25 billion.

The government's updated pensions roadmap confirms that applications for scale status and the transition pathway are expected to open in 2029.

It plans to consult on regulations in the latter part of 2027, followed by consultations on The Pensions Regulator's (TPR) code and Financial Conduct Authority guidance during 2028.

In other words, the move towards megafunds is no longer a distant policy ambition – the cogs are already turning.

But a £25 billion elephant remains in the regulatory room: Does size automatically translate into better outcomes?

International evidence shows that size alone does not produce higher investment returns.

Consolidation could also narrow choice, weaken competition, inhibit innovation and concentrate operational risk.

The question, then, is whether scale is actually a mechanism to deliver better outcomes – or if policymakers risk confusing the two.

The case for scale

On the surface, the drive towards scale makes sense. Larger schemes should benefit from lower costs, greater bargaining power, more sophisticated investment capabilities and deeper governance resources.

They may also find it easier to invest directly and access private markets.

"Our data shows that master trusts and larger single-employer schemes are often better placed to deliver good outcomes," a TPR spokesperson says.

"That does not mean smaller schemes cannot deliver for members. But the clear trend is towards fewer, well-run schemes, and the Pension Schemes Act 2026 is raising the bar."

TPR chief executive, Nausicaa Delfas, has also set out a longer-term vision in which megafunds become significant institutional investors, supported by deep governance resources, in-house investment expertise, and the ability to invest directly and withstand market stress.

As a working example, Smart Pension chief investment officer, James Lawrence, reveals that growth has already widened his master trust's opportunities – Smart recently passed £10 billion in assets under management (AUM).

"That size has already opened up specialist external managers and private market opportunities that smaller schemes cannot hold consistently, and it lets us negotiate from a stronger position on cost, as well as build bespoke mandates," Lawrence explains.

Scale has also supported further investment in technology and member services, the CIO adds.

Yet, he stresses that access to additional capabilities is only the start.

"We have put more into governance alongside it, and that is what turns access into better outcomes rather than simply a wider choice," he says.

Does bigger mean better?

As Lawrence acknowledges, the distinction between opportunity and outcomes is crucial in this debate.

While scale can clearly provide greater capability, schemes must still use it effectively to benefit members.

Indeed, research from the Pensions Policy Institute (PPI), examining experience in markets including Australia and Canada, found no direct correlation between scheme size and investment returns.

Instead, where economies of scale were identified, they were generally linked to lower administration, investment, governance and regulatory costs rather than higher performance.

In addition, no clear consensus exists on the optimum size.

Some governance and cost benefits can emerge in UK schemes with assets of more than £100 million, while Australian research has suggested that AUM of between £25 billion and £50 billion may support in-house investment and access to a broader range of assets.

However, these findings may not transfer to the UK, where schemes may already achieve investment scale through a parent organisation, common funds or shared governance arrangements.

Meanwhile, SEI defined contribution and solutions managing director, Steve Charlton, warns that the £25 billion threshold is already influencing the market before the detailed rules have been finalised.

"In reality, what has happened is that the £25 billion scale test has actually become an official quality rating, and it's being applied now," he told delegates at the Pensions Age Autumn Conference.

Charlton accepts that scale can lower operating costs, improve buying power and strengthen investment and technology capabilities. But he argues that these advantages should not be treated as proof of superior results.

Similarly, Lawrence observes that many benefits arrive well before the proposed threshold.

"Most of what scale delivers in cost, governance and access arrives well before £10 billion, and it keeps compounding from there rather than switching on at a particular threshold," he notes.

"Portfolio construction, governance quality and investment expertise are what decide whether that scale ever reaches members, and they are as demanding at £50 billion as they are at £5 billion."

Investment beyond AUM

Private markets are central to the government's case for consolidation, with larger schemes expected to gain wider access to productive assets.

The Mansion House Accord sets a target of 10 per cent of defined contribution (DC) default fund assets allocated to private markets by 2030.

But People's Pension chief investment officer, Dan Mikulskis, warns that investment terms matter as much as access.

"Many private market assets can be accessed with lower amounts, but frequently almost all the advantage of the assets is given away in fees," he explains.

"Scale means you can dictate terms to ensure this is no longer the case."

Yet he stresses that "scale is necessary but not sufficient by itself", with governance, fees and implementation also contributing to outcomes.

Pensions Management Institute chief strategy officer, Helen Forrest Hall, also argues that private-market appetite must be matched by trustee capability, strong governance and appropriate opportunities.

"Productive finance can play a valuable role in diversified portfolios, but it should be part of the investment toolkit, not an end in itself," she says.

"Trustees must remain free to invest where they believe it will deliver the best outcomes for members."

At the other end of the spectrum, some suggest that scale can eventually become restrictive.

Mikulskis suggests: "Scale can become a limiting factor, and the extent to which that happens depends on the investment model in question and how exposed it is to asset classes where capacity considerations start to bite."

TPT head of policy, Ruari Grant, argues that assets governed under the same investment strategy and decision-making framework should count together, irrespective of their legal or sectional structure.

Standard Life managing director of workplace and retail intermediary, Emma Furlonger, echoes this point, stressing that common investment capabilities and governance can provide genuine economic scale even when implementation varies.

"Otherwise, there's a risk the framework measures legal form rather than economic reality," she adds.

A narrowing market

Another concern is that consolidation may leave employers choosing between a relatively small group of large providers.

Lawrence says he expects the market to settle around nine to 12 master trusts that can meet the mandatory requirements and compete on investment and service.

But WTW senior DC consultant, Stuart Arnold, stresses that fewer options

should not materially change how employers select a provider.

He states that they will still need to conduct thorough due diligence, considering their workforce's needs alongside investment quality, member support and value.

Although employers' options will narrow, Arnold expects at least eight credible commercial master trusts to remain.

However, he acknowledges a "very real risk" that the scale and value-for-money (VFM) frameworks could encourage increasingly similar default strategies.

Arnold adds that peer-group awareness is already exerting greater influence over provider default strategies, creating a risk that schemes favour approaches similar to those of their competitors rather than pursue genuine innovation.

Indeed, the PPI's analysis of Australia found that, while its performance test encouraged consolidation and sought to remove underperforming schemes, it also introduced herding, reducing the scope for risk-taking and outperformance.

With this in mind, Charlton believes policymakers should put the VFM framework first, allowing schemes delivering poor outcomes to consolidate naturally.

"We're saying consolidate failure and not difference," he says.

"Members don't save so they have a larger provider. Members save so they have larger pots of money to spend when they reach retirement."

Meanwhile, Grant warns that legitimate differences between schemes should not be mistaken for inefficient fragmentation.

For example, he notes that membership profiles, pot sizes and retirement patterns vary, while ethical or belief-based defaults, including Shariah options, serve distinct member needs.

Grant acknowledges that some legacy arrangements provide little meaningful differentiation and their members may be better served by a provider's main default.

However, some large employer arrangements offer sophisticated strategies comparable with those of master trusts, particularly where the employer meets some or all of the costs.

Echoing this, Furlonger argues that consolidation should not eliminate choice, provided the framework allows schemes to combine shared investment capabilities with distinct propositions.

"Ultimately, consolidation should occur because it improves member outcomes, not because assets have been forced into a particular legal structure," she adds.

"Members don't save so they have a larger provider. Members save so they have larger pots of money to spend when they reach retirement"

Risk concentration

A market dominated by fewer providers also raises questions about systemic and operational risk.

TPR says it is responding to the changing market with a more prudential approach to supervision, with greater attention to risks at both the scheme and system-wide level and earlier, expert-led engagement.

Yet the regulator will need to evolve alongside the schemes it supervises.

A £100 billion-plus master trust will require governance, resilience and accountability of a different order from those expected in today's fragmented market.

Concentration could also place considerable influence in the hands of a limited number of trustee boards, providers and investment teams.

Ensuring those bodies retain diversity of thought, challenge advisers effectively and avoid converging on the same strategies will be critical.

"If you have few very large organisations covering the whole of the UK workforce, then you've got more chance of a larger portion of that workforce being impacted by an operational failure than you would have if that risk were spread across," Charlton warns.

For employers and trustees, he argues that size should never replace due diligence.

"Demand evidence of your advisers. Demand to know why providers have been included or not included," he says, urging decision-makers to examine investment outcomes before treating scale as a reason to select or exclude a provider.

A means, not an end

The £25 billion requirement will reshape the workplace pensions market.

It could produce schemes with stronger technology, greater buying power, improved governance and access to a wider investment universe.

But those benefits are not automatic.

The real test will not be how many schemes cross an AUM threshold, or how quickly assets are consolidated. It will be whether members receive higher net returns, better service and more secure retirement incomes.

That requires policymakers to distinguish between fragmentation that undermines value and legitimate differences that support competition and meet members' needs.

It also requires trustees, employers and advisers to judge providers on evidence rather than size alone.

There is no doubt that scale can create capability, but if the reforms simply produce larger providers without better outcomes, £25 billion will have become an expensive measure of size rather than a meaningful measure of value.

Written by Callum Conway

In association with

L&G roundtable

CHAIR



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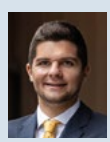
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DB excellence in motion: Governance, partnerships, and the run-on path ahead

With conversations around run-on moving up a gear, our panel considers what trustees need to know as they face a new world filled with unprecedented choice

Chair: What is driving the renewed interest in DB scheme run-on? Is this a permanent change in direction or a response to short-term factors?

Ian Craig: What's driving that interest? It is absolutely the market environment. From a corporate perspective, the pension fund has gone from something that was all about cashflow outflow to it now being viewed as a potential source of capital.

From a trustee's perspective, you need to consider your principal duty to provide the correct benefits to all the beneficiaries. But once you start getting into surplus territory, some really interesting conversations can open up between trustees and sponsors with a range of options to consider.

Zahir Fazal: I think this is a permanent change in direction. The approach we are seeing from policymakers and regulators reflects a shift in attitude. I also think the Stagecoach transaction was a game changer in terms of showing what can and cannot be done.

So yes, the renewed interest is a response to a change in funding levels and surpluses being more common than they were, but there are other factors which are making it a longer-term change.

TPT's Superfund is also expected to be authorised over the course of the next few months, and we know there are others waiting in the wings. So again, that landscape is changing.

Chair: What do we think that change in direction will mean for schemes of different sizes?

Matthew Downey: Anything under £100 million in size means that it is more difficult to run on, and once you get down to that £100 million mark, there are hundreds if not thousands of schemes out there.

We are seeing a policy push from the UK government to get pension funds investing in productive assets, for example. But is there that demand-pull from any schemes, apart from billion-pound plus clients? From our point of view, no. We do have some that are keen – and they are the very well-funded and more patriarchal organisations – but they are the exception rather than the rule.

Tim Dougall: But do we think the policy push will convert into a demand-pull? For example, I always thought that it was difficult for trustees in the past to consider run-on and surplus extraction, but now that the government is out there saying, 'actually, you should be looking

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at the full range of endgame options', it makes it a lot easier.

Downey: It allows trustees to do it, so it takes the brakes off. But does that mean there is a huge demand? Possibly not.

Jordan Harrison: Do we think there'll perhaps be a member expectation that builds over time on this, as they maybe see other pensioners getting Christmas bonuses or other pension increases because of run-on, and feel they are missing out?

Dougall: Well, I do think the high inflation of the past few years means we are now seeing some members unhappy about capped pension increases.

Harrison: Yes, although perhaps for structural reasons, they're unlikely to get increased inflation because you're locking into future benefits, so companies are more likely to agree to a one-off.

Fazal: There could be some member interest, depending on how much talk there is around this topic, although I wouldn't say the majority of members will be reading the pension press to pick up on it, but there could be some pull.

We are also increasingly seeing members looking at AI for their pension planning, and whether that leads towards them thinking about what trustees and sponsors are doing with the surpluses, who knows? But there are so many factors at play.

Harrison: This is all obviously a real challenge for a trustee of a DB scheme, so how do trustees go about thinking about what the members might/might not want?

Nicola Paul: Before we delve into that, I would argue that there is another people element here that is driving this, and that is the fact that there's now effectively been a couple of valuations where there's been no pain, and boards and finance directors typically tend to have quite short memories. Also, finance directors particularly can tend to change roles – they don't tend to stay in positions for very long. So, there's a slightly different view on this with people coming in/boards coming in who might now see this as an asset rather than a liability. In my view, this will change once the pain starts again and, if there is one thing I've learnt from working in pensions for as long as I have, it's that the pain will start again at some point in time!

Harrison: So, how do we then factor in what the member wants?

Paul: What members want is a pension, an income. In terms of any surplus consultations I've done so far with the members, where we have written to them and asked them what they think should happen to the surplus, they initially say it should go back to the member, but then when we explain that the employer also contributed, the conversation stops; so, broadly speaking, I think, as long as they are getting their benefits and as long as they're getting looked after, they're generally happy.



Saying that, following on from the point that was made about AI, yes that could change things. Once members get a hold of how big these pots of money are, things could change. But, at the moment, there's no real clamour coming across from members.

The one exception to that has been pensioners with things like discretionary increases who had been specifically told that they weren't getting them awarded because there wasn't funding, and now that there's a surplus, they want their discretionary increases back. So, where there has been a historical practice that has been stopped because of funding, that creates an exception.

Fazal: Who the surplus belongs to is also quite nuanced, and trustees need to take good and proper advice on it.

Paul: Yes, and I don't think there is a specific answer to the question of what is right or wrong for the member. It depends on the scheme, their expectation, the paternalism of the company and where the scheme is. So, it's very difficult as a trustee to do the same thing necessarily for any two schemes.

Craig: I agree, and even when looking at a scheme's rules, no two schemes are the same. You can get some very complex rules around what you can do with the surplus, and some that are more straightforward.

From the member's perspective, ultimately it's a question of what the member is planning for in retirement. They will know through their final salary scheme what the benefit basis is within the rules. If there's a historic practice of discretionary increases, that could come into play, but it's difficult to plan for retirement based upon a potential discretionary uplift at an undefined point in time.

That being said, there could also come a point where IFAs start asking what is going to be done with any scheme surpluses.

Kirsty Steven: I do think state pension expectations, or expectations around increases in that area, could also have quite a big influence on members. If they start to see their state pension decreasing and then see they could potentially get increases from their DB surpluses, they may start pushing more for that. It depends therefore on the government changes there.

Defining run-on

Chair: What does a credible run-on approach look like at a high level? How should objectives, time horizon and measures of success be defined?

Dougall: First you need to define what you mean by run-on – define your objectives. There is short-term run-on with potential buyout; there's also longer-term run-on. Are you just running on until you can secure benefits with an insurer? Or are you doing it because you want to extract surplus over the longer term. And if so, how is that surplus extraction going to be shared between the members and the sponsor? So, you've got a whole lot of quite different objectives there and a different set of risks.

So, going back to your question of what does an approach look like, you've got to start with that, and you've got to ask, what are we trying to deliver for these different people? Then you build up your strategy around that.

Chair: What happens if, as is the case with some of the schemes that I am talking to, you have a scheme which is in a healthy funding position, which has a surplus, but has no idea what it wants to do with that surplus, but just wants to run on for now?

Dougall: I'd say, as long as you're doing that consciously, that's fine. You're saying, 'I want to retain flexibility for now because I haven't quite decided'.



The concern, in my view, would be if you didn't actively consider your options and simply ended up doing what you've always done by default.

So, it's fine to have a flexible approach, but I think it's important to be deliberate about it and say, 'okay, we haven't locked down what precisely we're going to do right now', because that, in itself, is a strategy.

Chair: What are the consultants' views here?

Aimee Hunter: I would say, for run-on specifically, it's important to be very clear on what your objectives are. It's also important to be able to measure the success of how that run-on plan goes. I do think you have to predefine those. I appreciate also that this is an evolving space, and some trustees might be saying, 'let's just see how this goes'; but, if you actually want to see whether it's a success in running this on, you need to have some specific objectives in mind to start with.

You may have a plan to go 10, 15 years, but there still should be a continuous review. You can think of it in smaller chunks as well – where do we want to be in five years? Where do we want to be in 10 years? And what does that look like from a success perspective? No run-on strategy will be the same – it's very nuanced, it's very specific, and I think you do have to be very clear on those objectives at the start for it to be a success.

Matt Robb: I agree. It is easy to assume that a surplus extraction strategy could run for another 15 years, but if you invest in illiquid assets and then circumstances change, you might not be able to unwind positions quickly. So, it's important to look at your overall strategy and your investment strategy in conjunction.

Hunter: Yes, flexibility here is key because market conditions could change, sponsor covenant strength could change, and you need to be able to pivot out of run-on if that ends up being the path that's more sensible.

Chair: Well, for over a year, I would say, we've been having conversations with many schemes that want that flexibility but, while flexibility is important, it does also make it hard for them to establish the right investment strategy, and that creates other challenges – and perhaps missed opportunities – too.

Anne-Marie Gillon: For me it's about asking the question, 'if I could afford to buy out and secure member benefits, should I not do that?' Be aware of the risks of running on and evaluate that against the opportunity of securing member benefits. And one consideration on risk is, where there's not been that many comparable cases that have gone before, is there tail risk? What don't I know? It's the black swan event that could appear and have a real impact.

As a trustee, you've spent a lot of time thinking about your journey, perhaps two or three years preparing the scheme to be able to afford buyout. While it is important that you have the conversation

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about running on, it's hard to change course, unless the opportunity from run-on is sufficiently attractive for members, and probably the sponsor as well.

The mindset required to get a scheme to buyout is a different from the one needed to continue a run-on journey.

Fazal: And until quite recently, for some schemes, buyout hasn't been affordable, so we have been running on until it becomes possible. Run-on for surplus is very new.

Also, there are some sponsors that haven't really thought about all of this yet, what it means and what they want to do. Some schemes have overseas parent companies, for example, that don't have a strategy for an endgame.

As a trustee, all I can say is, 'let's have a sensible conversation and decide on the long-term strategy'.

Downey: But even if you do have that long-term strategy – it could be run-on to get rid of the illiquids, or a strategic run-on, for example – even if you have that agreement in place, and it's all documented, things can change. The CFO leaves, for example, then suddenly the employer wants to buy out, or the ultimate ownership goes to America, and they want to get rid of the DB scheme. So, you could have all your plans in place, and then things change.

Fazal: Which is why you've got to retain that flexibility as a trustee.

Dougall: We see a big range here. We work with some of the larger schemes who have very clear ideas that they want to pursue long-term run-on – the corporates are at the table, and everyone's aligned. We also work with other schemes who haven't thought about it that much yet.

Chair: And, as has been said, the FD or CFO representation can change and that can have a huge bearing on where that scheme or plan goes and what's been put in place.

Harrison: Isn't that wild, though, that you might get a change of character, and they do the same set of sums and come up with the polar opposite view? Isn't that a strange way to operate what might be a large pool of capital to a business?

Craig: This is a strand of operating an effective system of governance. As trustee, you are aware that this is ultimately a risk that should be documented. You may have a long-term strategy, but you should be aware of the likelihood that the covenant could change, resulting in a change of course for your scheme and to plan for it accordingly.

Fazal: We were discussing this internally and we came up with terms 'covenant longevity', 'guardrails' and 'off-ramp'. As a trustee, you've got to be thinking of those.

Chair: Is this all any different, though, to what trustees should always have been doing?

Fazal: It is different because, until now, the trustees always regarded the money in a pension scheme as being for the benefit of the members. Now, they're talking about giving money out of the pension scheme and we don't know yet what the rules around that are going to be.

Chair: Also, I think it is healthy that trustees really want to properly understand the covenant, because maybe previously they haven't given it as much thought as they should have.

Fazal: And it's not just about the covenant now, but you need someone whose processes are good enough to look at covenant longevity, because it changes. Even the regulators have said that 10 years is a maximum for looking at covenant longevity. So, if you've got a run-on period of 15 years, for example, you're going to want, as a trustee, quite a buffer there.

Harrison: I totally agree with that, because then the covenant becomes a combination of the surplus within the scheme and what the sponsor position is – you have to consider both.

Paul: For me, it seems as though we are moving into a slightly different environment.

When we had deficits, it was a clear objective that all pension schemes had to get from point A to B. Of course, company policies change, management changes sometimes and employees/members are used to that.

Today, though, as trustees, we've got to adapt to moving in a much more short-term, faster-moving environment than we have been used to because, in the past, you were talking 10-15 years. If something changed or went wrong, you had quite a long time to sort it out, whereas now we are dealing with much shorter, almost more corporate-type approaches to decision making in terms of what you're trying to get and

we're not looking at these 10-15-year time horizons.

If you're looking at three years run-on, for example, the decisions that you want to take today from an investment perspective, from a covenant perspective, from all those perspectives are very different to the way that we've potentially looked at them in the past.

This also translates to how you communicate with members because, although members might be used to some short-term changes from the company side, I'm not sure they're going to take it as well from the trustees who keep writing to them and changing their plans for the scheme. So, we've got to become a lot more strategic and a lot more corporate in our approach.

Chair: You raise a good point there about the comms, because I've sat through many trustee meetings where comms has been such a big topic – how do you do the communications properly, how do you acknowledge change and so on? And you're right, if change becomes more prevalent, or even if it's just a change in direction, that whole messaging to members, and managing their expectations, becomes even more challenging.

Investment risk

Chair: Following on from there then, how much investment risk should a well-funded scheme take during run-on? And how should that risk budget evolve as the scheme matures?

Dougall: You shouldn't take more risk than you need to, in my view. This might seem obvious, but some schemes may not be thinking about it so explicitly currently. Some may be thinking, 'this is our investment strategy, we've always done it like this, we've got some equities, so we're just going to keep running on because that's what we've always done'. So, it does go back to the objectives point. I would start by asking: What are you really trying to do? You're trying to protect member benefits. You need to make sure you've got a buffer to help you do that. And then, maybe you want to target some outperformance to generate surplus. How much? Design your strategy to aim for that. I think that's the right amount of risk to take.

Euan McNeil: I agree with all of that. As a consultant sitting in front of the trustees, the biggest question for me is how much risk appetite you have and what the liquidity requirements are. When you have an extended period where risk assets are performing pretty well, memories are short and I think people perhaps don't factor in those liquidity considerations. Also, to the point that was made earlier on time horizons, I agree, you need to be clear about what they are.

Fazal: And, as always, you've got to have a real eye on covenant and the interplay there – have a real understanding of your covenant. Large schemes with large sponsors may have complicated group structures, and so it's important to really understand your covenant and the ability to meet liquidity requirements.

That covenant longevity and ability to underwrite investment risk is hugely important when it comes to how much you're willing to let out of the scheme.

Harrison: I spend a lot of time sat in front of corporates talking about run-on modelling and different strategies, and the one thing that keeps coming up is, if you can run a bigger buffer than you need to over a reasonable time horizon, it actually covers quite a lot of the issues because it covers your liquidity issue, your risk issue, your return requirement issue, and so on. But it's persuading companies not to extract as much as you can as quickly as you can, but to go at a slower pace because that way you're going to get more stable cashflows.

Gillon: When it comes to investment risk, we've historically thought 'pension schemes have long-term time horizons'. That time horizon is now, at most, medium-term if not short-term, because even if you are going to run on for 10 years, that's now your timeline, not 'oh, we can ride out volatility, we can ride out markets'. So, that would change my investment strategy, because I can't afford for that dip to be so low that guardrails have been breached; or you get a change in corporate direction, and you need to be able to pivot. We can't think long-term like we used to.

Dougall: The other thing we're seeing with some of the larger schemes that are really thinking about long-term run-on is that, when it comes to investment risk, they're increasingly thinking in terms of CDI, cashflow-matching, and bond-type assets. The question they sometimes



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come back to us with is: How much return can I generate while matching cashflows? I think that will become an increasingly important part of the conversation as well, as it already is for insurance companies.

Portfolio design

Chair: Let's talk more about the portfolio. What should a run-on investment portfolio look like? And how should it differ from what schemes have done historically, if at all?

Downey: With the CDI approach, there is talk of dynamic discount rates. In theory, that is straightforward and the principles are logically sound, but the mechanics are a nightmare. It is very difficult – how often do you re-set the discount rate, what should the re-investment spread be, and what about the duration differences between the assets and liabilities? These are far more complicated than the intellectual clarity used to design the approach. So, going back to the main question, what do you do? Do you do a CDI approach with a bit of a surplus? Lock everything down to cover the liabilities and then invest around the edges more aggressively for the surplus? It could be that approach, or it could be a more traditional 'CDI-plus' approach.

Chair: I agree we are seeing conversations about dynamic discount rates coming more to the table. Tim *[Dougall]*, what are your thoughts here?

Dougall: There are different types of run-on. Some schemes are running on temporarily – they want to get to buyout in the medium term. Others are committed to long-term run-on – they're going to run for 10-20 plus years. And there is some crossover in those investment strategies, but you need to think about the flexibility around illiquidity. The schemes committed to long-term run-on can take advantage of the opportunity that is the illiquidity premium. Some schemes will want more flexibility.

When you're in that mature position, cashflow negative, schemes just have a lower risk tolerance because they're cashflow negative, they're paying out money, and if the funding level falls, that can accelerate, so you really need to manage the risk more closely.

I think you've got to start with the liabilities – there you've got to take lessons from the insurance industry. Life insurers manage large books of mature liabilities, and they do it using a cashflow-matching CDI-driven approach. Pension schemes don't have the same restrictions as insurance companies – they have different regulations, so they've got more flexibility – but I think that cashflow-driven approach is still very important. However, you can expand it out into a broader range of cashflow-matching assets. So not just credit, you can move into secure income assets, into absolute return assets backed with swaps for example.



There's a broad range of opportunities out there, but rather than the barbell strategy that a lot of schemes have taken in the past (where they've got their bond portfolio and they've got their equity portfolio), I think there's going to be much more focus on the mid-risk assets that are seeking to, yes, pay cashflows, but also generate a bit of extra return. And then you can have a conversation about whether it is liquid or illiquid. And also, in many cases, you'll have legacy illiquid assets that you'll need to think about as well.

Chair: What about the role of private markets there?

Ben Lucas: In terms of private markets and alternatives, for those schemes that have committed to that long-term run-on, there is obviously greater capacity to take on some illiquidity; but also bear in mind that private market asset classes can differ, they are not homogenous and they can play different roles within a portfolio. Private credit, for example, can offer some longer-term cashflow-matching contractual income; but, on the other side, you've got asset-backed finance, where actually it can be short-term duration, two-to-three years, self-amortising, so you're getting the cashflow match. So different parts of the private markets universe can suit different schemes.

Saying that, the starting point always is understanding what role you're trying to fulfil within the portfolio, and then ask the question, is a private markets allocation the best way of fulfilling that role? Is the prospective reward, the expected return, the potential diversification benefit, the structural protection sufficient to justify the complexity, the illiquidity, the fees and the governance burden? So that's how I consider it.

It is also important for schemes to be able to distinguish between those strategic private market exposures that have been made with an active decision, and those legacy illiquids that are the result of previous decisions and endgame assumptions, which actually might no longer provide a useful role within the portfolio. So, continued ownership of those needs to be an active decision.

Dougall: What are other people's opinions on what should be in a run-on portfolio?

Robb: I think the higher correlation we have seen recently between equities and bonds is an important consideration when constructing run-on portfolios. Even if you're looking at short-term run-on until buyout becomes affordable, trustees may need to consider whether liquid alternatives should play a role. If there is a sufficient risk that the scheme drops in funding level because all growth assets have high levels of return correlation, some kind of diversifier may be needed to help achieve the funding objective even over a relatively short period.

Hunter: From our perspective, for our clients, we do tend to be more fixed-income heavy, so more focus on that credit space and the contractual income that will become so important if you're running on.

But the other side of it is interesting, the growth piece and how you are going to generate that return, because it can be very difficult to do that with low-risk fixed income assets. So, on the private markets, illiquid side of things, it's an interesting area, but it will be heavily dependent on the scheme itself and what the objectives around run-on are. But it must be purposeful i.e. what is the gap that it's filling? Is it diversification? Is it inflation hedge? Is it to meet payments over time?

And then, on the governance piece – which is so important – you might permit illiquids, but how are you going to manage that? Are you going to review it annually? You need to know if this is an illiquid that you have to sell in secondaries, what is the haircut that we would get if we needed to sell this next year? So, the governance piece becomes so much more important as is really understanding what you're getting into, and how you review that over time. You can permit it, but you must be aware of how to exit if you need to pivot out.



Chair: It must be purposeful – that is such a strong statement. What about the different fund structures that these illiquids are held in? How does that affect things?

Lucas: Looking at evergreen versus closed-ended structures, I don't think one is inherently superior to the other. It depends on the underlying asset class, the role it plays within a portfolio and the scheme's liquidity objectives. We're seeing more evergreen vehicles come to market, partly driven by demand from the wealth market. For some institutional investors, evergreen structures can offer a simpler implementation model, as they may reduce the need for repeated commitment decisions associated with successive vintage programmes. Depending on the structure and underlying assets, investors may also gain exposure to an existing portfolio from inception.

Harrison: But is closed-ended easier to plan?

Lucas: For certain asset classes, for example private equity where there's a longer time horizon for value creation, you need that patient committed capital, and you can't easily sell some of these holdings, so I think closed-ended works very well for those. Of course, there's a limit to the amount, within the illiquidity budget, that schemes can hold of those closed-ended funds, but it again comes back to purpose.

But the key thing for trustees, with these evergreen vehicles for example, is always understanding what's underneath the bonnet. What are the sources of liquidity? When you're looking at a fund, the more important thing is the alignment between the fund structure and the underlying liquidity of those assets.

Steven: Do you think the introduction of LTAFs will help especially smaller schemes here?

Lucas: Yes, certainly. There are different types of LTAF – we've got our private markets access LTAF which was initially for DC schemes which has opened up for DB schemes that want some private market exposure.

Fazal: From a trustee perspective, some of us are coloured by experience,

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some of us have struggled with illiquids in the past and the advice we had at the time. That memory is there if you've been bitten, no doubt about it.

Added to that, I think the size of scheme, the governance budget and the sophistication of the trustee board are also all factors which need to be taken into account and being able to ask the right questions.

Gillon: And it's not about asking the questions today that you would have asked three years ago, it's about asking new questions relevant to the current environment. And you have got to take the trustee board with you on that journey.

Governance and run-on

Chair: Does run-on require a different governance and operating model? When and/or where can delegation to a fiduciary manager or OCIO provider add value?

Steven: Historically, when you had a buyout objective, trustees had one objective they were working towards. When it comes to run-on, you don't just get there and that's you done. You might be asking what you want to do with your surplus, for example – there will be ongoing objectives that you have to be looking at. So, I would argue there is a lot more governance needed in run-on, and that objective can change over time. Delegation still fits within that model and could even be more important because you are delegating a lot more to the provider, there is a lot more monitoring and implementation that's happening, but there are a lot of decisions that still sit with the trustees. So, if you're going down the delegation route, you have to make the decision of what still sits with you as trustees and what sits with your FM/OCIO etc.

Hunter: I would still ask the same questions, for whether to delegate or not, that I would ask a scheme that's not running on, such as: What is the level of knowledge across the trustee board? Would you benefit from having an experienced manager running the portfolio? How much time does the trustee board have to manage the day-to-day decisions? A lot of the questions you would ask still apply here. I can see also how, as Kirsty *[Steven]* said, there can potentially be a lot more monitoring when running on.

I think there are also benefits when we're talking about CDI/LDI and the importance of that for a run-on portfolio. I can see how that would be beneficial for a delegated model, and there are different ways you can approach that in-house too. But it does just depend, like it would for any scheme, of whether it's the right decision for this specific trustee board and the specific scheme.

Chair: Matt *[Robb]*, if someone has decided they want to do a form of delegation to a fiduciary manager/OCIO, and they've decided they want to run on, and perhaps they know exactly what objective they're looking for, would you look for different capabilities in that delegated manager?

Robb: Specifically thinking about investment governance, a key differentiator may be reporting. When delegating to an FM or OCIO within a run-on framework, reporting should be tailored to the specific objective of the run-on. If the goal is short-term run-on, the manager should have insights into insurer pricing dynamics and be able to report on pricing levels on a regular basis. Whereas, if the scheme is pursuing a long-term surplus extraction strategy, trustees may be looking for someone with more experience of working with long-term asset owners.

Chair: There are definitely more questions being asked of us about reporting capabilities. What other changes are you seeing Tim *[Dougall]?*

Dougall: Specifically, technology, data and AI are where we have seen the biggest changes in recent years, and that also goes to the nature of managing a run-on portfolio which, for a mature scheme, is different from managing an immature scheme. Because people are more focused on the risk, they want more data more quickly. They want to analyse it in different ways to see different specific metrics. Having different ways of thinking about long-term projections and sustainability is becoming increasingly important.

Hunter: More tailored, bespoke reporting, as well as just the general proposition, also becomes important for

run-on as it is so different for different schemes. So, being able to demonstrate that you can tailor, you can bespoke, is key.

Chair: Anne-Marie *[Gillon]*, you have helped schemes of all different sizes when they're looking at some form of delegation. Now with this new optionality that is available, if somebody is looking at run-on, would you look for a particular capability if you were helping somebody select an FM or an OCIO?

Gillon: Yes – if I am running on, I need a manager that can look at things through different lenses. Somebody who's thinking ahead, who's thinking about what's around the corner, what could happen and one who can show me things in real time. I don't want the trustee board to have to be looking at this information themselves every day, but I do want to know that there's somebody who's managing the portfolio who can see where things stand and identify early warning signs and potential issues. That also feeds through to communication. I don't want to be told at a trustee meeting what happened up to the end of last quarter. I want effective, real-time communication.

Run-on success versus failure

Chair: Looking ahead ten years, what will distinguish the schemes that have run on successfully? And what are the most likely reasons that a run-on strategy could fail?

Fazal: If you are talking about success, for me, the trustee, the members must have benefited. If the members haven't benefited as much as you thought at the outset, you haven't succeeded.

What about reasons for failing? That the risks haven't been properly managed and you probably didn't set up the guardrails and the off-ramps at the outset, and that you're monitoring and governance around it hasn't been strong enough.

Harrison: And thinking about the guardrails, you can't just use one because, for example, if you peg yourself to insurance pricing, what happens if a regulatory change and nothing else increases insurance pricing by 10 per cent across the board? You might be forced into a buyout at exactly the point in time when it's completely illogical.

But I think the schemes that run on will come out the other end being glad that they did. Because I think the economic opportunity is stronger than perhaps the emotional experience of the pensions industry would lead people to believe. But who knows?

Paul: I think in terms of the reasons they could fail, possibly investment risk isn't actually top of my list in some ways.

I think investment risk is one that has been focused on a lot and there are solutions out there to help you manage that. To me, it's the factors that are maybe more outside of your control – mortality risk, covenant risk, and legislative risk – just look at the *Virgin Media* case as an example of that.

Craig: I would say one of the most likely reasons for failing would be inadequate governance over that time period. We've spoken about guardrails, but we have just focused on investment strategy, and perhaps not factored in things like contingent asset arrangements and how you can actually mitigate risk; the likes of escrows and similar arrangements can be used effectively where trigger events can provide quite a lot of downside protection to schemes.

Chair: It's always fascinating to hear what people are thinking about, and what works for them and what doesn't. We have talked today about optionality, and that this new environment has given trustees the fuel to have that optionality, and to have a conversation about run-on when before they maybe wouldn't have. We have talked about covenant, and that continual review of the covenant; about guardrails and the off-ramps. And we have looked at how the environment is changing and is faster moving, so trustees need to adapt to that. We also highlighted the importance of effective reporting, and strong communication to members.

We also had, I believe, agreement that run-on strategies are already being put into practice by a number of schemes, and that the risks are different and need to be carefully managed. We are already working with trustees to implement these strategies effectively, and look forward to seeing how the broader industry discussion develops.





Jamie Fiveash

Change ahead

Paige Perrin sits down with new Pensions UK chair, Jamie Fiveash, to discuss his ambitions for his tenure, the association's current areas of focus, and some of the biggest challenges facing the industry

Congratulations on the new role. What are your priorities for your time in the role, both for the organisation and in terms of what you personally want to achieve?

We are at a pivotal moment for the industry, with the Pension Schemes Act and the Pensions Commission being in the second stage of review. Pensions UK is focused on delivering on our mission to ensure everyone has a better retirement.

What I love about Pensions UK is that the central focus is always around the end member, and we unite on doing what's best for them, ensuring that they get an adequate retirement.

When I think about solving the adequacy issue, there are three parts of the equation. The first is: how do we get people saving enough and ensure policy captures everyone. Auto-enrolment (AE) has done a great job of capturing more people, but large and growing segments like the self-employed still miss out. We also need to think about whether contribution levels are appropriate. We know the desired end point in terms of getting contributions up. That increasingly is looking like an important negotiation that needs to happen between government and industry, involving compromise on both sides.

In my role, I can help our members and the industry work closely with the government on increasing contributions, while recognising the wider pressures around growth and the economy. The challenge is turning recommendations into action and taking a long-term view despite increasing short-term pressures.

The second part is making contributions work harder. Even a 1 per cent improvement in investment returns over a lifetime can make a material difference. The new value for money regulations, which focus on value rather than cost, are key, as is ensuring we tackle inefficiencies such as small pots.

The final part is the at-retirement phase. There's no point building a pension if it doesn't translate into sustainable retirement income. We need solutions that maximise the money individuals have already saved. Pensions UK has a massive role in collaborating with the industry to solve this three-part equation.

It is also important to consider how Pensions UK, as an association, remains relevant through all this change and how it evolves. That is the focus of our 2030 Ready strategy. I'm excited by the opportunity to get on the front foot in helping regulation succeed while solving real problems in the industry. At Pensions UK, we have many good examples of work like this already, including our Retirement Living Standards (RLS), our *Closing the Gaps* report, working with defined benefit schemes on the surplus consultation, producing work championing the success of the LGPS, and the Pound for Pound initiative. The government has set a vision, and we have a roadmap; our role is now to help the industry respond to those challenges.

Pensions UK's 2030 Ready strategy comes at a time of significant industry change. What do you think the industry needs to get right over the next few years to build a stronger and more sustainable system for the future?

The industry needs to remain focused on the end customer. Retirement and later

life are changing, as are the way people work and the technology available to them. There is a natural persuasion to be product-led in our industry, but we need to understand what savers actually need and how they want to live their lives, including how they want to access their money. As the commission's work will take many years to be enforced, we need to ensure we're doing everything we can as an industry to maximise returns and ensure value is not lost at retirement.

The Pension Schemes Act has now moved pensions reform from legislation into implementation. Do you think the sector is ready for the scale of change ahead, and where do you see the biggest risk that good policy could fail to translate into better outcomes for savers?

There is a lot to do in a short time frame, so getting the sequencing right is critical. We need a realistic plan to prioritise the changes likely to have the biggest impact. Also, we need to work closely with the government on a realistic plan for all our members, because across our membership there is a lot to do. My concern is that we may be too unrealistic about those plans. As an industry, we must remember that pensions are a long-term product, and it's important to make sure we don't try and fit too much into the short term and instead prioritise those elements that are going to have the biggest impact on the adequacy equation.

The 2026 RLS show that the amount people need for different retirement levels has increased. The commission's interim report has also highlighted the scale of the adequacy challenge. How do you think the latest RLS should feed into the commission's thinking ahead of its final recommendations?

The RLS provide an important benchmark because they set out in real terms what different living standards in retirement actually cost. The challenge is finding the right balance between public and private pensions. Ultimately, we want to get everyone to an adequate level to ensure they can live later life and retire with dignity.

There is increasing pressure for pension schemes to play a greater role in investing in the UK economy. How do you see the balance between supporting investment in growth and innovation while maintaining schemes' primary responsibility to deliver good outcomes for savers?

Pensions UK has made a significant contribution to the passage of the Act, particularly during its progression through the bill stage. We also have been very active around making sure that mandation has been softened, because fiduciary duty and maximising returns for members must remain the priority. We need to find ways to achieve that objective and invest in the UK. In DC in particular, there has been an overfocus on charges in the past, and that meant that there's an overweighting in index tracking funds; whereas when you look at DB, it's got much higher weighting in UK private markets. Matching schemes to the opportunities is where there has previously been struggle, but there are opportunities out there. Also, we are not seeing the demand from employers and their advisers to make the shift from charges to net returns. There's work to do, but I'm optimistic that we can get to that middle ground around investing more in the UK, while making sure that's always done to maximise benefits for members.

"The government has set a vision, and we have a roadmap; our role is now to help the industry respond to those challenges"

The 2026 Pension Attention campaign found that more than half of people have never checked their pension pot. Why do you think pensions are still something people find so easy to put off, and what can the industry do differently to change that?

We need to balance out the power of inertia with the need for engagement and ensure every scheme has a good default. AE shows that inertia can work, but at retirement people face difficult choices that can result in value loss. If people don't engage, there needs to be appropriate defaults to protect them.

Also, the rapid advancement of AI and other technologies makes me really optimistic that we can, for example, get advice in a scalable way that makes it more accessible for the mass market. I do think advice is important, as everyone's retirement looks different. Defaults can minimise value loss, but ideally people should engage where they can, with technology helping to make that possible. As people are already using AI, we as an industry must also embrace it and other technologies to help customers make better decisions throughout both accumulation and decumulation.

Finally, as you look ahead to your time as chair, what would you hope the industry looks like by the time you reach the end of your term?

Three years isn't long in the pension world, but by the end of my term I hope we will have delivered on all the key elements of our 2030 strategy. I am confident we would have contributed positively to the Pensions Commission's work, so that we have a set of reforms that help all individuals and have also secured a plan for sufficient contributions. And finally, as an association, I hope we have built a governance framework and strategy that is fit for the future and allows the association to continue to thrive, whether that's me or somebody else at the helm.

Written by Paige Perrin

Is TCFD worth the work?

Once heralded as an important step for driving sustainability in pensions, questions continue to be raised about the value of such reports



This summer, the Financial Conduct Authority (FCA) launched a consultation into the simplification of climate reporting for investment products. Claims of £20 million-a-year savings were made with Task Force on Climate-related Financial Disclosures (TCFD) reporting firmly in the crosshairs. The regulator found that while this had improved firms' awareness of climate risks, product-level reports were often seen as too complex by investors and not widely used.

It's been five years since mandatory TCFD reporting began to be rolled out across UK pension schemes, requiring trustees to detail how they govern, plan for, measure and manage climate-related risks and opportunities. As the regulator takes stock, it's worth assessing how TCFD requirements are being viewed on the ground and if they're delivering on the expectations set.

Compliance, not change

Like all regulations, the TCFD requirements were designed with the best intentions, but the past five years have brought a considerable amount of compliance pain to the schemes it applies to. Hymans Robertson senior responsible investment consultant, Mhairi Gooch, reflects that TCFD was "broadly positive at the outset" but the current reality is very different.

"As the regime has matured, it has increasingly become a compliance exercise," says Gooch. "Even for schemes that are serious about climate action, significant time is now spent producing reports and explaining complex metrics, rather than necessarily improving investment decisions or real-world outcomes."

Much is required by schemes to comply with TCFD, with critics questioning how much such work actually leads to real-world change. HS Trustees managing director and trustee sustainability working group chair, Bobby Riddaway, has been a vocal critic of TCFD in the press and argues this only creates "paper decarbonisation". A pension's TCFD report may tick the regulation's boxes, but positive outcomes are not guaranteed.

"This reporting between consultants and fund managers will continue with or without TCFD but pension schemes reporting on it is a useless exercise now," says Riddaway. "TCFD is strangling innovation. For schemes between £1 billion and £20 billion it costs six or seven figures each year – it's crowding out any spend they would put into sustainability and so they are not doing any thought leadership here."

Life for pension funds under TCFD

Opinions may have soured around TCFD but schemes under its purview have ploughed on with compliance regardless. A recent survey by XPS, focusing on 49 UK schemes for the fourth consecutive year, found 96 per cent of Wave 1 schemes have a net-zero target, compared to 54 per cent in Wave 2. Larger schemes are not only ahead in terms of their climate ambition, but also in terms of implementation, with higher adoption of climate-aware funds and solutions. Additionally, 33 per cent of schemes were found to have a target on engagement, an increase from 24 per cent the year before.

Governance and risk management have generally been the strongest areas according to Gooch, who has seen "good progress" from most schemes. However, she points to scenario analysis and climate metrics as a challenging area to address.

"These rely on imperfect data, evolving methodologies and assumptions that can be difficult to explain or compare over time," says Gooch. "Emissions metrics in particular can give a false sense of precision and may not reflect genuine changes in climate risk or real-world progress.

"The strongest schemes are moving beyond compliance and using outputs to inform investment strategy, stewardship, manager engagement and transition planning. But this is not yet universal."

A key component to these reports will be data, the sourcing of which can be particularly challenging. Although asset

Summary

- TCFD has become widely criticised as a compliance burden since its introduction, becoming a significant drain on resources.
- These reports raise considerable compliance conundrums, with many pension schemes struggling to gain sufficient data around scenario analysis.
- Efforts to simplify this reporting have been widely welcomed by the pension industry.
- The conversation around sustainability disclosures has shifted from simply reporting to instead inspiring real-world change. TCFD has ironically taken away time and resources from the latter.

managers may be improving their own reporting around Scope 1 and 2, Scope 3 data is still as notoriously difficult to quantify and source as ever.

"Trustees are often dependent on information provided by asset managers and investee companies, and the consistency of that information can vary across asset classes," says Sackers partner, Stuart O'Brien. "Scenario analysis also remains a complex area, particularly given the inherent uncertainty associated with long-term climate projections and their interaction with investment outcomes."

The need for reform

Faced with such demands, it's not surprising that many are welcoming moves to simplify TCFD. It remains to be seen what the FCA consultation delivers but a move towards a lighter approach is already being called for by some in the industry.

Zedra client director, Anne Sander, is one of this crowd, and sees TCFD reporting regarded as "quite onerous" by some of the pension schemes she works with. What's worse, she says such reports are not helping to drive climate change mediation actions, making such time-consuming regulations even more disliked.

"The required content makes these reports so long that they are also not very useful for members," says Sander. She and her team have already attempted to make more member friendly short summaries at the front of these reports but open rates indicate limited engagement.

"Simplification that would enable trustees to spend their limited governance budget on thinking about what their climate change targets are, and how they might get there, would be better for everyone," she adds.



In agreement is Gooch, who points out how the sustainability and climate-linked reporting space in investment has become increasingly crowded in recent years with "overlapping" requirements across pensions, asset managers, insurers and others. For instance, at the end of 2025 the Taskforce on Nature-related Financial Disclosures – TCFD's sister initiative – announced plans to end its technical work programme, as the International Sustainability Standards Board begin work on this very area. TCFD was significant, says Gooch, but now a new approach is required.

"The strongest schemes are moving beyond compliance and using outputs to inform investment strategy, stewardship, manager engagement and transition planning"

"TCFD played an important role in bringing climate risk into mainstream trustee decision-making," says Gooch. "But over time, too much of the process has become focused on compliance and metrics that don't always support meaningful action. The priority now should be to simplify reporting and reorient it towards transition: How portfolios are aligned, where capital is being allocated, how schemes are supporting credible transition activity and how they are building resilience to physical climate risks. Reporting should support action, not become a substitute for it."

Here, O'Brien points to the value that the TCFD process can bring governance, helping to challenge advisers and improve understanding of the climate-related risks and opportunities. Looking to differentiate between this and the annual reporting obligation that comes with it, he sees scope to refine TCFD instead of doing away with it altogether.

"One possibility may be to lessen the reporting obligation on trustees to repeat lengthy descriptions of governance processes and strategy on an annual basis, and instead target reporting on developments and changes during the previous year," adds O'Brien.

TCFD also sits alongside a mounting pile of other regulations pension schemes must adhere to. This acronym may be drawing criticism for its perceived lack of impact in the very area it was designed to improve, but Riddaway points to the wider context of pension schemes' main priority: generating retirement benefits for their members.

"*[TCFD reports]* are based on the premise that pension schemes need to solve the climate crisis – I have had those that introduced TCFD to pensions personally apologise to me for this," he says. "Pension schemes' main role is to pay pensions and look after the assets. TCFD is too resource intensive to allow schemes to spend any time on investing sustainability."

Custodians of trillions of pounds, UK pension schemes are an obvious place to target when aiming to stimulate sustainable investment. Wide-ranging measures like TCFD may sound good, but the conversation around sustainability and transition has since changed. Instead of focusing on disclosures, the conversation is now geared towards how real-world change can be impacted – for the benefit of the planet, as well as easing the burden for schemes' already-stretched compliance teams.

Written by Jon Yarker, a freelance journalist



Skanska head of pensions, Mohsin Harhara

Building blocks for retirement

Skanska head of pensions, Mohsin Harhara, tells Francesca Fabrizi how the pension plan is working hard to secure an optimum retirement for its members

When and why was the Skanska Group founded?
Founded in 1887, Skanska plans, designs, builds and invests in infrastructure, buildings and communities that support the way people live, work and connect. Drawing on the expertise of more than 27,000 colleagues, Skanska creates resilient, sustainable places that help build a better society.

As one of the world's leading development and construction companies, Skanska reported revenue of SEK 179 billion in 2025 (approximately £13.64 billion). The group operates across selected markets in the Nordics, Europe and the United States.

In the UK, Skanska has been established since 2000 and employs more than 3,300 local experts delivering projects across a wide range of sectors, including real estate, healthcare, defence, education, highways, rail and water.

What is the set-up of the Skanska Pension Plan?
The Skanska Pension Plan is a DC master trust with around 3,000 active members and 4,200 deferred members. The plan combines a diversified default strategy, investing across both public and private markets, with a carefully curated self-select range of 28 ESG-focused funds, giving members access to a broad choice of asset classes and investment styles.

We monitor the plan's performance through an internal governance committee, which reviews the value provided by the service provider across service quality, member options, fees and, most importantly, investment performance.

What are the plan's strengths?
A priority for Skanska is ensuring that the default fund delivers strong long-term returns, as this is the main driver of positive outcomes for members. In this respect, the Skanska Pension Plan continues to perform well. Emphasis is placed on the default strategy, a target-date fund, as this is where most members are invested.

To build on this strong performance and further enhance member outcomes, Skanska has recently worked with the provider to shorten the switching phase in the years leading up to the target date. While the fund's primary objective is growth, its asset allocation is also designed to help reduce the impact of market volatility. For the smaller number of members who prefer to make their own investment choices, the plan offers a carefully selected, high-quality range of funds across different asset classes, including a Shariah-compliant option for those seeking a faith-based investment approach.

The Skanska Pension Plan is not standing still; it continues to evolve and improve the member experience. For instance, a new and innovative app has recently been introduced, designed to anticipate when members may need support by using data to provide timely, relevant and personalised prompts.

As head of pensions, what are your objectives for the plan going forward?
Our focus will remain on maximising pension outcomes for our employees. We will achieve this by ensuring the pension plan available to them continues to deliver the strong performance and value for money we expect. We will also continue the drive to equip our workforce with accessible information and practical tools, helping them take the right steps to make the most of their pensions.

What do you see as the biggest challenges ahead?
The pensions industry is on the verge of significant transformation, driven by legislative change, innovation and rapid technological advancement. The challenge for all of us in the sector is to stay ahead of these developments as they emerge and to respond appropriately, often amid uncertainty and competing priorities. What's more, we're navigating the challenges of volatile markets, geopolitical instability, economic uncertainty, and the cost-of-living crisis.

Skanska recently won a European Pensions Award for communication. Can you tell us about the strategy behind that win?
We recognise that our duty of care

extends beyond simply providing a high-quality pension plan if we are to improve the likelihood of our employees retiring comfortably. In recent years, we have steadily strengthened our communications to encourage employees to take positive steps to improve their outcomes. However, it became clear that if we wanted to make a meaningful impact on engagement, we needed to go further by intensifying our communications strategy. Our aim was to tackle apathy by making messages clearer, more frequent and more effective, delivered through multiple channels.

We understood that greater engagement would be key to encouraging positive behaviours and higher savings. With this in mind, we set out to create a communications strategy that would reach as many employees as possible and keep the importance of pensions front of mind through regular, well-timed nudges.

A central element of this strategy was a programme of regular campaigns built around timely and relevant themes, delivered through a three-channel approach. The activities included:

- concise messages in our weekly all-employee newsletter sent to work email addresses;
- matching messages shared through announcements on Viva Engage; and
- targeted emails from Aegon sent to employees' personal email addresses on the same theme.

The campaigns covered a range of practical and relevant topics to help employees make the most of their pensions, including:

- ways to maximising savings;
- understanding investments, including guidance and reassurance during periods of market volatility;
- tracing and combining pensions, alongside tools to support this;
- encouraging employees to download and use the pensions app;
- promoting engagement initiatives such as Pensions Awareness Week, webinars and related resources;
- answering frequently asked questions, such as "How responsibly invested is your pension?"; and
- wider topics linked to improving financial wellbeing.

We also wanted to combine personal interaction with engaging content and digital accessibility through both in-person and online events. During 2025, we delivered eight in-person roadshow presentations at UK Skanska sites. These sessions helped employees build a stronger connection with their pensions and fostered trust through direct engagement.

"The Skanska Pension Plan is not standing still; it continues to evolve and improve the member experience"

In addition, we ran four all-employee webinars, Making the Most of Your Pension, in partnership with the provider, attracting around 450 attendees. These sessions were recorded and made available on the Skanska intranet as an ongoing learning resource.

We also partnered with Dr Tom, Aegon's financial wellbeing specialist, to deliver three age-focused webinars exploring people's relationship with money from a mindset perspective. These sessions highlighted that being good with money is not only about understanding the technical aspects of financial management, but also about understanding personal values, goals and what drives wellbeing. The webinars offered practical guidance on making sound decisions, both financially and emotionally, at different life stages: starting out, mid-journey and approaching retirement.

Throughout the year, we encouraged employees to attend a series of Pension Geeks webinars covering specific topics such as Making the Most of Your Money with MoneyHelper.

Alongside this, we improved the online experience for employees by enhancing both our internal and external pension websites. Our external pensions site was transformed from a simple repository of statutory documents into a more dynamic and accessible hub, with clearer signposting, easier access to key content and direct links to pension member portals.

Our intranet site was also upgraded with more engaging content, on-demand webinar recordings and improved online functionality to help members make the most of their pensions.

The impact of these efforts was reflected in a significant year-on-year increase in engagement across all key measures. Online analytics showed that employees were better informed about their options, more engaged in pension planning and more likely to take proactive action. This clearly demonstrates the effectiveness of our strategy in encouraging positive interaction with pensions and supporting employees' financial wellbeing. By the end of 2025, compared with the previous year, some of the highlights include:

- a 26% increase in app registrations;
- a 94% increase in the number of employees transferring in pensions from other plans;
- a 13% increase in the number of employees increasing their contribution levels; and
- an 11% increase in the number of employees using the online retirement modeller.

For the road ahead, the momentum continues. We are placing even greater emphasis on improving outcomes by delivering targeted key messages, supported by sophisticated data analysis, to ensure no member is left behind and that everyone receives the right information and support at the right time.

Written by Francesca Fabrizi

A bad influence?

David Adams considers how the industry and policymakers can learn from the best finfluencers to help boost engagement and understanding, while reducing the threat posed by bad actors online

Summary

- Financial influencers (finfluencers) have become increasingly trusted by the public in recent years.
- While some are very good at their jobs, others may provide misinformed and misleading guidance. Other online influencers may encourage their followers to take actions that lead to financial loss, or may even lead them vulnerable to fraud.
- A growing number of pension providers and other organisations are trying to learn from or work with the best finfluencers to improve the effectiveness of their own social media strategies. They may also be using AI in controlled ways to support scheme members or savers.

The rise of the 'finfluencer' is a strange new version of an age-old behavioural trait. When people want information about something important, yet personal, they often turn first to people they trust, like family or friends. Somehow, online influencers have added themselves to that category, with many attracting the interest and trust of many tens or hundreds of thousands of online followers.

In August 2026, research published by Wealth at Work found that more than one in four (28 per cent) of UK workers were relying on 'informal input' from friends, family, colleagues, online sources or AI tools when seeking support and information connected to their pensions. Only 25 per cent were consulting a pensions provider, while 12 per cent sought support from employers.

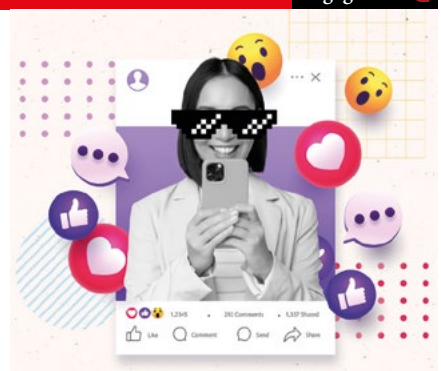
The trouble is, while many influencers do a good job, others exert a much less positive influence. For example, in a YouTube video recorded earlier this year, former World's Strongest Man, the podcaster Eddie Hall, said the worst piece of advice he'd ever had was "put money into a pension", on the grounds that his father's pension is very small. He said that people who had paid into a pension would now regret having done so, and suggested investing in "gold, silver, houses" instead.

Clearly, influencers may suggest actions that could lead to financial harm. Others have actively or inadvertently assisted scams or fraud.

Young people seem particularly likely to use and trust social media as a source of financial information. MRM's *Young Money* survey, published in late 2024, found that 45 per cent of 18- to 30-year-olds sought financial information from social media sources, far more than turned to financial services providers or the mainstream media. More than three-quarters (77 per cent) said they were 'fairly' or 'very' trusting of financial guidance provided by influencers.

Marsh partner and head of digital strategy, Maurice Speer, thinks the industry itself is partly to blame.

"We have made pensions hard to understand," he says. "It's a complicated subject. But I think that digital life has set the bar in terms of people getting instant, personalised answers and they're expecting a similar approach when it comes to their pensions."



Many people also ask AI tools for easily digestible financial guidance, with mixed results, as you might expect from almost any query put to an AI tool. Younger people are more likely to have done this: almost three out of 10 (29 per cent) of those aged 18 to 34 have used AI tools to find information about pensions or retirement, according to research published by Standard Life in August 2026. But more than six out of 10 (62 per cent) of all the survey participants said AI had influenced pension or retirement decisions to some extent. Perhaps most worryingly, 44 per cent wrongly believed that AI-generated financial information is regulated. Similarly, findings of a study published in May by Queen Mary University in London found that 40 per cent of consumers were surprised to learn that most social media content related to personal finance was unregulated.

Harnessing the power of social media

But amid the unregulated and possibly harmful misinformation circulating online there are many finfluencers who are very good at their jobs. Examples include Gabriel Nussbaum (That Money Guy), a former Barclays employee who now has more than 1.5 million followers on social media; and Rotimi Merriman-Johnson (Mr Money Jar) or Ellie Austin-Williams (This Girl Talks Money), both of whom are qualified financial advisers.

"It's a good thing that they're getting people engaged in pensions and money topics," says Money and Pensions Service senior digital editor, Charlotte Burns, talking about good finfluencers in general. "Finfluencers know their audience and the platforms that they're using really well, and they succeed

because they use plain language. They're not waiting for their audience to come to them."

"There are some *[finfluencers]* who are really great," agrees Scottish Widows pensions expert and workplace savings engagement and innovation specialist, Robert Cochran. He notes that both the mainstream media and policymakers understand this: TV and radio coverage of major financial events like the Budget are now at least as likely to feature interviews with finfluencers as with representatives of major financial services providers. Finfluencers are likely to be invited to pre-Budget briefings this autumn, as they were a year ago.

Clearly, the pensions industry must continue to try to harness the power of social media and counter the problems that can be created when influencers are spreading misinformation.

"Our best opportunity to prevent people accessing misinformation is providing really good, high quality engagement where people can find it," says Aviva head of client engagement, Laura Stewart-Smith. "We have the opportunity to become a trusted digital educator. The industry should focus on improving people's confidence and helping them to distinguish between credible information and guidance, and potentially unverified opinions or information."

One way in which the industry can learn from the best finfluencers relates to the way they address their followers, says Hymans Robertson partner and head of digital strategy, Chris Varley.

"Influencers come over as authoritative and friendly, while the pensions industry, because it's regulated, tends to sound very formal," he explains. "One thing we can learn from social media is that being conversational and friendly does not have to be at the expense of being authoritative or being accountable."

Cochran says that Scottish Widows has "absolutely embraced" social media, creating a wide range of video content from very simple, engaging messaging to more detailed information, and focusing some messages on specific demographics, including women, young people, and the LGBT community. He cites a video created with *Great British Bake Off* finalist, Crystelle Pereira, in which she uses cakes to explain the effects of the gender gap in pension saving, as a good example of how to use social media to improve public understanding of key issues.

"Digital life has set the bar in terms of people getting instant, personalised answers and they're expecting a similar approach when it comes to their pensions"

Tougher enforcement to protect the public

Pension providers have also adapted to consumers' willingness to use AI tools to find pensions information. Recognising that some people may actually prefer interacting with AI to speaking with a human about their personal financial circumstances, Scottish Widows has integrated AI into its workplace pensions app, making it clear to customers that this AI tool is controlled by a regulated financial services provider. Elsewhere, Marsh now offers a beta AI assistant to handles queries from members of the Mercer DC Master Trust.

"The purpose of that is to point members to trusted guidance," says Speer. "This purpose-built tool comes with accountability to the FCA. It only answers from the context that we have trained it on and that our experts have checked. We closely monitor how our members are using it and how accurate it is. And it very clearly provides guidance and not advice, and knows when to say 'You need to speak to an adviser'."

These efforts are also being complemented by regulatory action. In April 2026 the Financial Conduct Authority (FCA) was one of 17 regulators around the world participating in a 'Week of Action' aimed at tackling illegal activities, including those linked to malign finfluencers. In the UK this included prosecutions, alongside sending dozens of warning letters or alerts to individuals and businesses, and issuing more than 120 account takedown requests to social media platforms hosting illegal finfluencer content.

The FCA is also supporting the Finance Creator Network (FCN), a new financial services industry-backed initiative intended to connect financial services providers with credible, qualified finfluencers and content creators, and to support development of industry guidance and standards to define credibility, build trust in legitimate online actors and ultimately protect consumers. The network will be launched officially on 6 October (after the time of writing) and early members include the Lloyds Banking Group, Gabriel Nussbaum and Rotimi Merriman-Johnson.

Varley says the job of regulators and policymakers is "making sure that, ultimately, people understand the risks". But he thinks these authorities could be doing more to spread awareness and understanding of these issues among the general public, alongside the industry and employers.

"It's about going to where customers or scheme members are, rather than expecting them to come to us," he says. "You can't uninvent social media. We have to engage with it in more productive ways."

Or, as Stewart-Smith puts it: "We need to be accessible to people, we need to be trusted, and we need to be credible."

Written by Dave Adams, a freelance journalist



A bright future

The World Economic Forum has recently highlighted the urgency for European pension systems to be 'future-proofed'. *Pensions Age* asks: How should the UK pensions industry ensure its long-term sustainability?

A rapidly aging population means more people are drawing from public retirement systems while fewer are contributing and expanding life expectancies increase funding liabilities for private pensions. At the same time, where 20th-century systems were built on stable full-time employment and strong public pension support, 21st century realities involve longer retirements and greater pressure on public finances, with responsibility shifting increasingly to the individual.

There is an urgency for outdated retirement systems to evolve and modernise, adapting to longer lives and changing work patterns. Policy reform can help move people from retirement saving to retirement investing, improving the odds of retirement security. Whilst modernising policy can improve the chance of retirement security, individuals must also take ownership of their retirement journey, saving now and consistently. Every year of delay increases the pressure on the years that remain.

Natixis Investment Managers executive managing director, head of Northern Europe & MENA, Andrew Benton

The industry must continue to tackle persistent inequalities in retirement provision. While some progress has been made, many women still face poorer retirement outcomes, often due to career breaks, working patterns, caring responsibilities and lower lifetime earnings. Addressing these challenges is essential if we are to improve retirement security across society.

Finally, pensions are a long-term commitment. A stable and predictable policy environment helps build consumer confidence, supports long-term planning and encourages people to save for the future. Reducing ongoing uncertainty around future pension policy changes will help people make better-informed decisions and improve confidence in the pensions system as a whole.

LV= head of wealth proposition, Jamie Wright



The UK pensions industry is entering a period of significant change and regulatory evolution, with the implementation of pensions dashboards, structural change in the form of DC consolidation and new pension systems like collective DC placing increased demands on the industry. Future-proofing pensions will depend not just on the decisions being made today, but on whether the technology infrastructure behind them is capable of adapting to this next phase of pensions policy.

To achieve this, the industry needs unified, automated, API-first administration platforms creating a single 'master of data' that can integrate seamlessly across employers, payroll systems, investment partners and emerging digital services. Legacy platforms, manual processes and fragmented data are becoming a barrier to scale, resilience and strong member outcomes. The industry needs to retire technical debt and standardise data structures so they can adopt platforms purpose-built for scale. AI will play an important role in supporting transformation but its potential will depend on accurate, accessible and well-governed data.

Lumera chief commercial officer, Peter Roos

With life expectancy increasing and a greater variation of working lives together with more job mobility, periods of unemployment, retraining, periods of self-employment, retirement is likely to look very different for those now starting on their careers. Save into your pension for the next 50 or so years and you will be able to have 10 to 15 years of retirement is not likely to be that appealing. We need to look afresh at long-term saving, perhaps allowing early access for retraining or sabbatical periods rather than locking money away for ultimate retirement. Retirement might also include some ongoing paid work that will facilitate a phased rather than abrupt retirement. A cohesive look at short-, medium- and long-term saving with appropriate incentives to lock money away for longer periods is long overdue. At the moment, the UK has a patchwork of savings vehicles that are confusing for consumers, made more complex by inconsistent tax treatment.

LCP partner, David Fairs



The long-term sustainability of the UK pensions system will depend on balancing innovation with a relentless focus on retirement outcomes. As people live longer and retirement becomes more complex, the industry must help more savers build adequate pension pots and convert those savings into secure retirement incomes.

This means encouraging higher levels of engagement and contribution, embracing technology to make pensions easier to understand and manage, and ensuring pension schemes can access a broader range of investment opportunities that support long-term growth and diversification. We believe pension capital has an important role to play in supporting productive investment across the economy, while seeking to deliver stronger long-term outcomes for savers.

Legal & General global head of DC, Lesley-Ann Morgan

As populations age and retirement periods lengthen, placing all investment and longevity risks on individual savers becomes increasingly problematic. Traditional defined contribution arrangements require members to make complex decisions around investment strategy, drawdown and annuity purchase, often at a time when they are least equipped to do so. Collective DC (CDC) addresses this by pooling risks and enabling long-term investment management on behalf of members.

Combined with appropriate governance and regulatory oversight, CDC offers a model that can deliver better retirement outcomes for savers while remaining sustainable and attractive to employers. In that respect, it represents one of the most promising developments in UK pensions for a generation – and something other countries may learn from.

Aon head of UK retirement policy, Matthew Arends

Automatic enrolment has markedly improved pension coverage in the UK, while the triple lock has strengthened the state pension as a foundation for retirement income. The key remaining challenges for long-term sustainability and strong retirement outcomes are ensuring adequate savings rates across the population and developing better retirement income solutions that help members convert their savings into reliable income streams in later life.

Sustainability also requires a more open discussion about the growing role of work in later life as life expectancy increases, along with the labour market changes needed to support this shift. In parallel, the pensions system should continue evolving towards a 'digital first' model to meet the accessibility and usability expectations that savers have from the technology they use in other aspects of their lives.

State Street Investment Management head of UK and Ireland client coverage, Alistair Byrne



The industry needs to remain focused on that ultimate goal – of securing members' financial wellbeing for the future – and geared towards that outcome for the long term. With most members' retirement benefits likely to be 100 per cent DC based, we need a sustainable DC environment that encourages saving and continued opportunities for excellent investment performance. Pension adequacy remains a core topic and there continues to be vocal support for higher levels of contributions mandated to employees, rather than voluntary. A review of the minimum contribution rates, against the backdrop of adequacy, is likely to be a core focus of the Pensions Commission and could be a springboard for driving policy change.

Zedra client director, Alan Greenlees



The success of any pension reform now and absolutely in the future ultimately depends on execution, and next-generation pension administration technology is central to that. By improving data quality, automating complex administration processes, enabling seamless contribution collection and delivering more personalised digital engagement, next-gen platforms help schemes operate more effectively while enhancing member outcomes.

Crucially, this must remain focused on the member. Technology should help schemes provide greater visibility around retirement outcomes, giving savers a clearer understanding of whether they are on track for an adequate retirement income and, where appropriate, enabling earlier intervention. As working patterns and longevity continue to change, systems also need to support more flexible approaches to saving and retirement while maintaining security and value for members.

Festina Finance UK country head, Dan McLaughlin

History

Pensions history

Encouraging pension provision

In the 27 years between 1936 and 1963 there was a dramatic growth in the number of members in occupational pension schemes. Numbers rose from two and a half million to over 11,000,000. For the next 12 years between 1963 and 1975, numbers hardly rose at all.

Everyone agreed that occupational schemes and greater savings were desirable. They gave employers the opportunity of enhancing greatly valued benefits such as death benefit lump sums which could not be provided under the state system and provided employees with greater security. Why was the expansion of workplace schemes halted in such dramatic fashion?

Political uncertainty was the culprit. While there was consensus that an additional state pension should be introduced to supplement the basic state pension and that good occupational schemes would be permitted to opt out, successive governments couldn't agree on the details. The Social Security Act 1973 had legislated for a state backed Reserve Scheme. Before it could be put into effect, there was a change of government, and the Reserve Scheme was scrapped in favour of a new State Earnings Related Pension-SERPS-introduced in the Social Security (Pensions) Act two years later.

As Max Lander put it in an address to the NAPF's 1980 Investment Conference: "A jolly time was had by all except by increasingly frustrated managements, pension advisers and scheme members. They had to master the complicated details of each successive government plan. The work was detailed, difficult time-consuming and costly –and wasted."

www.pensionsarchivetrust.org.uk/ourcollections

Pensions Archive Trust director, Jane Marshall

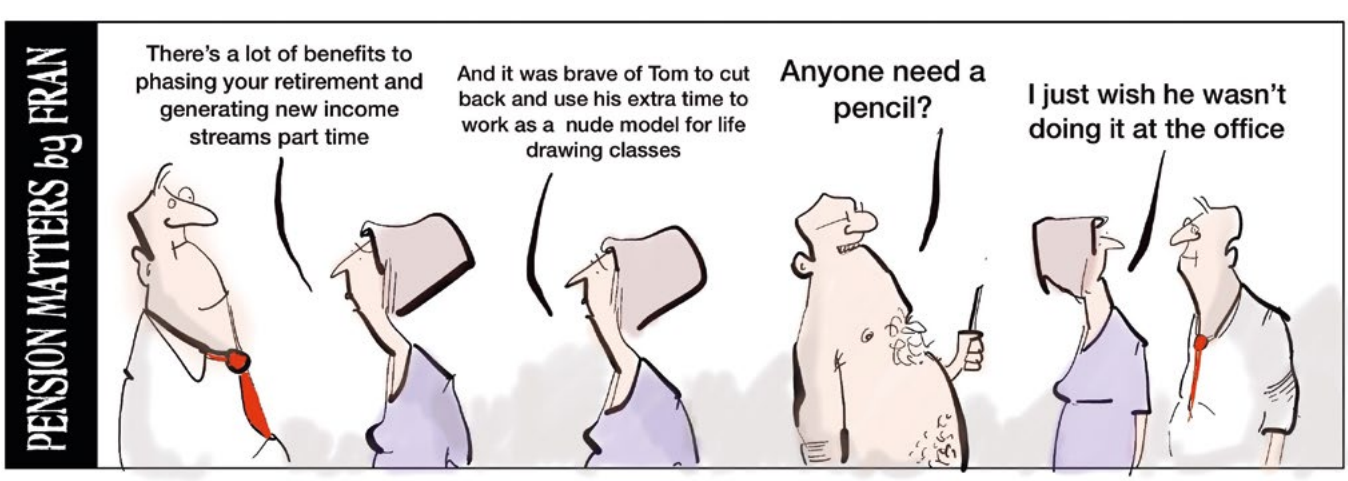
The bright side

***Pensions Age* takes a closer look at some of the recent good news stories in the pensions industry...**

The annual Cosan Consulting Regatta, now part of Intellica Group, returned this September, bringing together around 120 people from across the pensions industry for a day of sailing, networking and friendly competition. With 12 boats/companies racing, the Cosan boat was delighted



to take the overall win (for the first time ever)! In keeping with the Regatta tradition, the prize money was donated to charity by the winning team. This year it supported Ella, who has looked after the team and event for many years during their stays and hosted the regatta's prize-giving dinners. The team is encouraging others to support her fundraising campaign via Gofundme as she faces stage 4 breast cancer. Supporters this year included: Aptia, ARC Pensions Law, Capita Pensions, Equiniti Retirement Solutions, Gallagher, Hymans Robertson, Intellica, Trafalgar House, Vidett and XPS Administration.



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Location: London
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Location: Hybrid/City of London office c.3 days per week
Salary: £Comprehensive benefits and bonus

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Salary: Dependent on experience

SENIOR PENSIONS DATA SPECIALIST
Location: Hybrid/London, Scotland, Greater Manchester, Birmingham, West Yorkshire, Bristol or Surrey
Salary: Competitive

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Location: Hybrid working (3 days homeworking/2 days city office)
Salary: Dependent on experience

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Location: Hybrid/2 days in the office per week (Northern Ireland, Birmingham, Essex, Scotland, West Yorkshire, London, North Yorkshire, Tyne & Wear, Hampshire or Berkshire)
Salary: Competitive

PENSIONS CALCULATIONS ANALYST
Location: Hybrid working in London or Hampshire
Salary: Salary depended on experience up to +£50,000pa

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In this senior corporate-facing in-house role you will shape and deliver future pensions strategy for this industry-leader. Ref: 74403 SB

Post-Transaction Lead
Hybrid/Offices Countrywide **£excellent**
Join a leading pensions consultancy's growing Risk Settlement team and develop your project management skills. Ref: 135181 BC

In-House Pensions & Benefits Manager, UK & Eire
Hybrid/Berkshire **£competitive base & bonus**
Lead delivery, governance, and development of pension and benefit programmes for this global industry leader. Ref: 133332 SB

Senior Pensions Consultant, Divorce Expert
Remote/South-East/London client meetings **£6 figure package**
Senior appointment with a highly respected specialist team where you'll apply your technical pensions expertise to help individuals, legal professionals and the courts achieve fair pension settlements. Ref: 134586 SB

Lead Data Consultant
Very flex Hybrid/Offices Countrywide **£superb**
Leading Pensions Consultancy seek a client facing pensions specialist adept at delivering data solutions. Ref: 69890 BC

Senior Pensions Data Consultant
Very flex working/Offices Countrywide **£excellent**
Fantastic opportunity to join a specialist pensions data team delivering high-quality insights to help clients improve member data and achieve their strategic goals. Ref: 71182 BC

In-house Pensions Operations & Projects Manager
Remote **£competitive**
Lead a busy pensions function for a large, established organisation. This is a senior role with responsibility for pension administration, pensioner payroll, regulatory projects and team leadership. Ref: 136006 SB

2026 Salary Survey Now Open
HAVE YOUR SAY IN THE FUTURE OF PENSIONS CAREERS
Share your views, benchmark pay and benefits and help shape industry insights.

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DC Operations Manager — £Good

3 days home/2 days London office DB15968

You will help the Senior Operations Manager across all aspects of DC service delivery, overseeing administration starts, complex casework, complaints, error rectification, system & process testing, operational risks & service improvements. Combine your DC pensions expertise with operational management, people leadership & supplier management, working closely with an outsourced DC administration provider & colleagues to deliver a compliant, efficient & member-focused service.

Trustee Support Manager — £High + 10-25% bonus

Home working + mtgs/client visits DB15962

You are ready to manage your own portfolio of circa 4-5 varying sizes of clients & provide them with your expert governance & secretariat support. You are comfortable working with trustees, advisers, senior stakeholders & industry contacts, influencing effectively & making sound decisions when faced with challenging or complex situations. You will also play an important role in new business activity & help continue this thriving company's ongoing success in return for amazing career progression.

Trustee Support Executives — Mkt competitive

Home working* DB15931-2

If you have just read the above role & thought "I would like to do that one day" then here is the role to help you climb that career ladder. Our client has roles from one level down to the Trustee Support Manager to one level up from basic administration support. You will already have experience of supporting the trustees whether as a client manager, in-house pensions mgr., or pension administrator lucky enough to prepare meeting packs, attend trustee meetings & maybe even take minutes.

Pensions Administrators — Very competitive

3 days home/2days London or Hants DB15855-58

Across this super company's occupational pensions defined benefit administration team is a current need for high calibre pension administrators to assist with day to day pensions scheme administration right through to senior level roles with more client contact for administration reporting & supervisory/mentoring responsibilities.

EMEA Pensions & Benefits Analyst — Up to £40k

Birmingham office twice per week TD15967

We're look for a Pensions & Benefits Analyst to join a leading global organisation, based in Birmingham. This role is well suited to someone with at least 3 years' experience in pensions or employee benefits, ideally with exposure to EMEA benefits operations. You'll support the day-to-day administration, governance, reporting & technology of benefit programmes for 5,000+ employees across the EMEA region, working closely with internal teams & external vendors.

Lead Pensions Administrator — Up to £40k

Hybrid in Leeds TD15969

Reporting to the Team Leader, you will play a key part in delivering a high-quality pensions administration service to members, employers & third parties in line with agreed Service Level Agreements. You will take ownership of delegated tasks within the team, including checking casework & weekly reports, & you will prioritise & manage your own & others' workloads so that work is completed within agreed service levels. DB experience is essential.

Pensions Calculations Analyst — £DOE

London or South east or 100% remote TD15916

This is a chance to own the calculation development lifecycle end -to-end: from specification & testing through to quality assurance & legislative compliance. You'll act as a subject matter expert, mentor, & quality gatekeeper across a high-performing Business Solutions Team, with the variety, responsibility, & scope to make a genuine impact. Developing & maintaining the methodology for calculation development, from specification through to testing & sign-off.

Senior Pensions Administrator — Up to £40k

Hybrid Berkshire or London office TD15891

You will have strong Defined Benefit experience with knowledge of all aspects of the administration process combined with excellent technical knowledge. As a senior you will be used to complex queries, manual calculations & be adept at checking & allocating work. Defined Contribution experience will be an advantage & progression with PMI qualifications is also desirable.



Are you feeling like a zombie in your current job, trudging through each day without any excitement or passion?



It's time to break free from the monotony & find a new job that has you flying to get to work!



Happy Halloween!

For more details on all current vacancies please **scan here**

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...BUT THEY SHOULD BE FAIR.
We don't have shareholders. So we can put our members first every time.
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