**Housing**
Can pension capital help close the country's affordable housing gap?

**LGPS**
Managing LGPS pension fund committee member turnover as a result of local elections

**Modelling**
The challenges of relying on modelling and valuations

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September 2026

# PENSIONS Age

**The leading pensions magazine**

***CDC:*** *The practical challenges of turning collective DC into reality*

***Interview:*** *The Good Governance Investor Campaign discusses investor rights*

# Keeping things moving

**Anti-scam measures have slowed down transfers, but new technologies can speed up the process**

**Case study: Dr. Martens Airwair Group Pension Plan's latest buy-in transaction**

# Editorial Comment

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

'Passion' and 'pensions' aren't often two words you hear next to each other.

However, while conducting interviews for my feature on how the LGPS handles the turnover of councillors on its pension committees due to elections, etc *[see p54]*, I was struck by just how passionate those in the LGPS are about their jobs, and how important they consider democratic representation within their region being represented within the LGPS structure.

Torsten Bell has also cut himself as a figure still passionate about pensions. Despite him having been on the bookies' long list for the Chancellor job, he remained as Pensions Minister across the DWP and Treasury when Andy Burnham taking over the role of Prime Minister prompted a cabinet reshuffle *[see p10]*.

Bell had recently unveiled an updated workplace pensions roadmap *[see p12]* to provide a phased timetable for introducing reforms.

These reforms include the value for money framework, scheme scale requirements, defined benefit surplus release, and small-pot consolidation.

Following his reappointment to the Pensions Minister role, Bell pledged to "finish the job" on the government's pensions reform agenda.

Meanwhile, one such item on any Labour Prime Minister's to-do list is that of affordable housing.

Indeed, Burnham has pledged Britain's biggest social housebuilding programme since the Second World War. Our feature on p36 examines whether pension capital can help close the country's affordable housing gap, or whether practical and regulatory barriers still pose a problem.

The increasing struggle to afford housing is just one societal change that can negatively affect pensions saving. Our article on p40 explores societal changes, such as people getting married and having children later in life, if at all, increasingly being self-employed or having 'gig economy' roles, changing career in mid-life, leaving the workforce to care for family, or taking a phased approach to retirement, and how the current UK workplace pensions saving structure is still at a somewhat nascent stage of adapting to these trends.

However, play catch-up to the fast-changing pace of society does not mean that the pensions industry is stuck in the past. Take our cover feature about transfers on p46 for example. Having rightly taken measures to protect members from potentially transferring their pension to a scammer – through the traffic light system to 'flag' potential risks – the pensions industry is now increasingly utilising technologies such as electronic transfers, automation, application programming interfaces and artificial intelligence to create that all-important blend of both safety and speed with transfer requests.

On the note of speed, following his reappointment, Bell said that the government would move 'quickly' to implement the Pension Schemes Act 2026, respond to the final recommendations of the Pensions Commission and roll out pensions dashboards.

However, as noted in this issue's discussion on improving the speed of transfers while maintaining safeguards, stronger collaboration is needed. This is not just the case for transfers though; the plethora of reforms require cohesive efforts across the industry.

Rallying to the cause is Bell, who recently stated: "Together, we are going to finish the job. That is my message for the pensions industry and savers. We need to support today's pensioners but also ensure that today's workers, tomorrow's pensioners, can look forward to a decent retirement."

And so, as the industry moves from discussion to implementation of reforms and innovations, the desire from all quarters to do a good job for current and future savers shines through. Let's follow Bell's lead and never lose that passion.

**Laura Blows, Editor**

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# Keeping things moving

**Despite pension scam measures making pension transfers more secure, they've also slowed the process and created more complications for legitimate transfers. As the government considers changes to cut delays, Paige Perrin explores whether new technology can help providers speed up transfers without compromising security**

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# Dateline - July/August 2026

## Rounding up the major pensions-related news from the past two months

**2 July** The **Financial Conduct Authority (FCA)** warned people holding legacy pension products that are now closed to new savers could be receiving poorer value than those in newer ones.

**6 July** The **Financial Services Compensation Scheme** paid out more than £125m in compensation to customers who received unsuitable investment, pension, and self-invested personal pension advice in 2025/26, according to its *Annual Report and Accounts*.


**6 July** The **FCA** published a review into the implications of advanced AI in retail financial services, finding that it is likely to become a defining force, transforming how firms operate, consumers make financial decisions, and markets function.

**7 July** State pension spending is projected to rise from 5 per cent of GDP to around 9 per cent of GDP over the next 50 years, according to analysis from the **Office for Budget Responsibility.**

**9 July** Pensions dashboards are 'on track' to meet the statutory connection deadline, with 85 per cent of workplace and personal pension records now connected to the dashboards ecosystem, the **Money and Pensions Service** revealed.

**9 July** More than one in three pensioner households could be renting by 2044, as declining homeownership threatens to reshape retirement adequacy, research commissioned by the **Association of British Insurers** warned.

**10 July The Pensions Ombudsman** resolved more than 10,000 pension complaints in 2025/26, making it the organisation's 'most productive' year on record, its *Annual Report and Accounts* showed.

**10 July** The **Pension Protection Fund (PPF)** paid out £1.2bn in compensation to members in 2025/26, while maintaining high member satisfaction levels, according to its annual report.

**10 July The Financial Reporting Council** published updated Technical Actuarial Standard 310 and accompanying guidance to help ensure fairness across member cohorts in collective defined contribution (CDC) pension schemes.

**13 July The Department for Work and Pensions (DWP)** outlined 'growth goals' for The Pensions Regulator (TPR) for 2026 to 2027.

**13 July** The **government** has published an updated workplace pensions roadmap, setting out a revised, phased timetable for implementing reforms across the defined contribution (DC), CDC, and defined benefit (DB) markets *[read more on p12]*.

**13 July** The government should increase universal credit for people in the year before state pension age to prevent the rise to 67 from driving more older people into poverty, the **Work and Pensions Committee** said.

**13 July** The **DWP** published its final consultation and draft regulations for the value for money framework *[read more on p14]*.

**13 July TPR** revealed data on the investment trends of master trusts in the UK, highlighting that the larger schemes are the most substantially invested in private markets.

**14 July** Clearer, simpler, and more personalised support is needed for those nearing retirement due to a limited understanding of DC pension decumulation beyond the tax-free lump sum, according to a report commissioned by the **DWP.**

**14 July** The **DWP** launched an eight-week discussion paper seeking industry views on how the government's £25bn DC scale requirements should operate from April 2030 *[read more on p15]*.

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

**14 July TPR** unveiled a five-year corporate strategy focused on delivering sustainable retirement incomes, alongside an annual plan and regulatory roadmap outlining the implementation of the government's pension reforms through to 2030 *[read more on p16]*.

**15 July** The **DWP** announced it is consulting on reforms to the general levy for occupational and personal pension schemes, including increasing rates over a three-year period from April 2027.

**15 July** The UK government should prepare a medium-term reform of the state pension triple lock and consider extending AE to the self-employed, the **Organisation for Economic Co-operation and Development** said.

**20 July** The **Department of Health and Social Care** postponed setting new statutory deadlines for delivering the McCloud remedy for the NHS Pension Scheme to ensure timings are 'realistic'.

**21 July** Former Defence Secretary, **John Healey,** was appointed as the new **Chancellor of the Exchequer** following the departure of Rachel Reeves, while Pat McFadden has kept his job as Work and Pensions Secretary.

**23 July Torsten Bell** was reappointed as Pensions Minister in Burham's government *[more on p10-11]*.

**28 July TPR** secured a settlement for the Plumbing & Mechanical Services (UK) Industry Pension Scheme after a participating employer took steps to avoid paying a section 75 debt of around £252,000.

**28 July** The **PPF** launched a consultation on changes to the assumptions used for valuations under sections 143 and 179 of the Pensions Act 2004 to reflect bulk annuity market developments.

**30 July** Nine in 10 UK employees eligible for AE were saving into a workplace pension in 2025, although opt-out rates have risen to around 11-12 per cent, **DWP** statistics revealed.

**31 July TPR** begun accepting applications for multi-employer CDC schemes, expanding access to CDC provision beyond the existing single-employer framework *[more on p13]*.

**4 August** The Upper Tribunal upheld the **FCA's** decision to ban a director and adviser from working in financial services due to pension transfer advice failings but reduced their fines.

**12 August Border to Coast Pensions Partnership's** private markets programme reached £23.2bn, giving 17 partner Local Government Pension Scheme funds access, including seven that joined in April 2026.


**13 August HMRC** launched a technical consultation on draft regulations designed to protect certain pension payments from becoming unauthorised when the normal minimum pension age rises from 55 to 57 on 6 April 2028.

**18 August** The state pension could rise by just over £500 a year next April, potentially taking it above tax-free personal allowance threshold, after the latest **Office for National Statistics** earnings figures showed 4.1 per cent annual growth.

# Torsten Bell reappointed as Pensions Minister

**Bell vows to 'finish the job' on pensions reform following reappointment, as the industry welcomes his reappointment and calls for pensions reform continuity**

Torsten Bell was reappointed as Pensions Minister, following Andy Burnham taking over the role as Prime Minister in July and his subsequent Ministerial cabinet reshuffle. He also retained his dual role as Parliamentary Secretary at HM Treasury.

Bell was appointed as Pensions Minister in January 2025 and has overseen the introduction of the Pension Schemes Act 2026.

The MP for Swansea West retains his ministerial position amid a period of evolution in the pensions industry, and recently unveiled an updated workplace pensions roadmap *[see p12]* to provide a phased timetable for introducing reforms.

These reforms include the value for money framework, scheme scale requirements, defined benefit (DB)surplus release, and small-pot consolidation.

Following his reappointment to the role, Bell pledged to "finish the job" on the government's pensions reform agenda.

Bell said that the government would move quickly to implement the Pension Schemes Act 2026, respond to the final recommendations of the Pensions Commission and roll out pensions dashboards.

He stressed that the reform programme needed to support existing pensioners while ensuring today's workers could achieve an adequate standard of living in retirement.

"Together, we are going to finish the job. That is my message for the pensions industry and savers," Bell stated.

"I'm very grateful for the opportunity to continue as Pensions Minister, and to complete the pension reform agenda that is now well underway.

"We need to support today's pensioners but also ensure that today's workers, tomorrow's pensioners, can look forward to a decent retirement."

The Minister highlighted that the immediate programme would include implementing the Pension Schemes Act and receiving the Pensions Commission's final report.

The government would then set out its response with the aim of ensuring more savers were on course for a comfortable retirement.

"We'll also be swiftly rolling out the pensions dashboard, fundamentally reshaping people's relationship with their pensions by bringing them all together in one place," Bell continued.

"This is our generation's chance to change what retirement looks like for ordinary working people. We're going to take it."

The pensions industry has welcomed Bell's reappointment as Pensions Minister, arguing that continuity will be vital as the government moves from developing its pensions reform programme to implementing it.

Industry figures said retaining Bell would avoid disruption at a critical stage for reforms spanning pension adequacy, productive investment, consolidation, retirement outcomes and DB endgames.

LCP partner and former Pensions Minister, Steve Webb, said Bell's reappointment brought "welcome certainty and continuity".

"It is good news that we are not to see a third new Pensions Minister in barely two years," he continued.

"A revolving door in this key post creates uncertainty and instability in the industry.

"Instead, we have seen the reappointment of someone who has clearly engaged with the post and sought to bring a clear strategic direction to pensions policy."

Webb said he expected the updated roadmap to now be implemented "with vigour", and that it was highly likely that a new Pensions Bill would be brought forward in 2027 to implement the Pensions Commission's recommendations.

"It is to be hoped that we are seeing a new and welcome era of certainty and continuity in pensions policy," he stated.

Pensions Management Institute (PMI) chief executive, Gareth Tancred, added: "The Minister's reappointment provides vital continuity at a time when the government must place simplicity, stability and savers at the heart of pensions policy. The PMI stands ready to work collaboratively to help deliver a system that drives confidence, fairness and long-term value for members and employers alike."

Meanwhile, People's Pension chief executive, Patrick Heath-Lay, described Bell's reappointment as "welcome continuity" at a time when the industry faced a substantial delivery programme.

"Government reshuffles can be disruptive for any industry, with ministers needing time to get up to speed on their new briefs," he said.

"At this crucial moment for pension reform, it's fantastic news that we have continuity with Torsten Bell remaining as Minister for Pensions."

Heath-Lay said Bell had brought "real vision, energy and understanding" to the role, while engaging constructively with the pensions industry.

He highlighted the passage of the Pension Schemes Act and said attention must now turn to implementing the measures set out in the government's pensions roadmap.

"The entire government agenda on pensions is substantial, spanning market reform, pension adequacy and productive investment, all of which are critical to improving retirement outcomes and supporting economic growth," he added.

Pensions UK executive director of policy and advocacy, Zoe Alexander, also welcomed the decision, arguing that maintaining momentum would be necessary to turn the government's proposals into better outcomes for savers.

"Torsten has shown he can deliver ambitious reform as a pensions minister, and we are glad to see him stay in post to see that through," she said.

Alexander stated that Pensions UK would continue engaging with Bell and ministers across the DWP and Treasury on strengthening retirement outcomes, improving pension adequacy and developing a system that worked for both savers and the wider economy.

Broadstone head of policy, David Brooks, stressed that continuity was particularly important given the volume of policy flowing from the Pension Schemes Act alongside other reforms.

He identified the expansion of collective DC, the release of DB surplus capital and the delivery of pensions dashboards as areas capable of making a tangible difference to workers, savers, providers and the UK economy.

"Pension policy is a long-term game which needs focus and consistency to ensure the current reforms are implemented in a way that will deliver a sustainable, trusted retirement savings framework for the millions who depend on it in later life," Brooks added.

**"Together, we are going to finish the job. That is my message for the pensions industry and savers"**

Echoing this, Hymans Robertson head of pension policy innovation, Calum Cooper, stated the reappointment provided an opportunity to maintain momentum and increase the government's focus on delivery.

He noted that progress had been made across adequacy, retirement outcomes, productive finance and pensions dashboards, but argued that the priority should now be converting policy proposals into tangible improvements for savers.

Cooper called for the government to implement automatic enrolment reforms and establish a clear long-term path towards higher contribution levels, stressing that pension policy needed to reflect modern working patterns and ensure that the self-employed, lower earners, carers and people with multiple jobs were not excluded from improved retirement provision.

Elsewhere, Quilter retirement specialist, Adam Cole, acknowledged that while Bell's continued leadership was positive from a stability perspective, the industry would continue to scrutinise the policy direction taken under his tenure.

"The role of Pensions Minister has too often felt like a revolving door, with ministers frequently moving on just as they begin to get to grips with the complex challenges facing the retirement system," he argued.

"Pensions policy requires a genuinely long-term perspective. Decisions taken today can affect savers decades into the future, so continuity of leadership is important."

Cole noted Bell had previously supported a more interventionist approach in areas including pension investment, consolidation, retirement outcomes and taxation.

However, he warned that some proposals could generate concern where they risked limiting consumer choice or restricting how savers accessed and used retirement funds.

"The real test now will be whether continuity in personnel is matched by continuity in policy," he continued.

"The pensions sector needs a period of stable and predictable reform rather than constant speculation about the next change."

Editorial credit: Fred Duval / Shutterstock.com

**Written by Jack Gray and Callum Conway**

# Government sets out updated pensions roadmap as reforms enter delivery phase

**The updated roadmap brings together the delivery of the various reforms enabled by the Pension Schemes Act 2026**

The government has published an updated workplace pensions roadmap, setting out a revised, phased timetable for implementing reforms across the DC, collective defined contribution (CDC), and DB markets.

The roadmap updates the timelines first published in June 2025 and brings together the delivery of measures enabled by the Pension Schemes Act 2026, including the value for money (VFM) framework, scheme scale requirements, contractual override, guided retirement, retirement-only CDC (R-CDC), small-pot consolidation, DB surplus release and the permanent superfund regime.

The Department for Work and Pensions (DWP) said the sequencing was intended to recognise both the interaction between different reforms and the capacity constraints facing schemes, providers, administrators and regulators.

Under the revised VFM timetable, the first assessments will still be completed in 2028 using 2027 data, although the framework will now be introduced in phases following industry feedback.

The contractual override mechanism, which will allow providers to transfer members out of contract-based arrangements that are not providing value, remains scheduled to be enabled in March 2028.

The government said the timing had been aligned with VFM so providers could use the framework's comparable data to support the best-interests test required before an override is used.

Meanwhile, applications for scale status and transition pathway relief are expected to begin during 2029, ahead of the threshold taking effect from April 2030.

The roadmap also provides further detail on guided retirement, which will require schemes to offer default pension solutions designed to deliver a sustainable retirement income while preserving members' freedom to choose an alternative.

Master trusts and FCA-regulated workplace schemes are due to become compliant between July and September 2029, followed by single-employer trusts between July and September 2030.

The government acknowledged that the guided retirement and R-CDC timelines are closely linked, as schemes may want to use R-CDC as their default pension.

R-CDC regulations are expected to be published in the final quarter of 2027, with the legislation and The Pensions Regulator's (TPR) code coming into force and authorisation applications opening in the final quarter of 2028.

Therefore, the first R-CDC schemes could be authorised between April and June 2029.

However, the government will consult in autumn 2026 on allowing a targeted and time-limited extension for schemes committed to using an R-CDC arrangement as their default, recognising that they may need extra time to secure authorisation and become operational.

Elsewhere, timings for small-pot consolidation remain indicative while DWP completes further work on the required digital infrastructure.

An initial consultation to establish default consolidator schemes and supporting infrastructure is expected this autumn, with consolidation scheduled to begin between April and June 2030.

The DB section of the roadmap confirmed that surplus regulations are expected to come into force on 6 April 2027, alongside tax changes that will treat direct surplus payments to members as authorised payments.

The government expects to consult on permanent superfund regulations in early 2027, with the full regime still due to take effect in 2028, although implementation has been moved towards the latter part of the year.

It noted the additional time would allow it to learn from TPR's interim regime and respond to developments in the superfund market.

The roadmap also confirmed that the first pre-1997 indexation payments to eligible core PPF and Financial Assistance Scheme members will be made in January 2027.

Responding to *Pensions Age* about whether there was flexibility if the industry could not meet all of the roadmap's deadlines, Pensions Minister, Torsten Bell, said: "Because of the complexity of the reform agenda, we do need to be clear around the interaction between the different bits, which is why I'm trying to provide such significant advance notice of when we're going to consult and when regulations will come in."

**Written by Callum Conway**

# TPR opens application window for multi-employer CDC schemes


**Industry welcomes introduction of multi-employer CDC; focus turns to implementation**

The Pensions Regulator (TPR) has begun accepting applications for multi-employer collective defined contribution (CDC) schemes, expanding access to CDC provision beyond the existing single-employer framework.

From 31 July, organisations can apply to set up CDC schemes that cover multiple unconnected employers.

The development follows the introduction of the multi-employer CDC framework, which was welcomed by the pensions industry.

CDC schemes pool members' contributions and investments, allowing investment risks and rewards to be shared collectively.

Rather than providing an individually owned pension pot, they aim to pay members a target retirement income for life.

However, benefits are not guaranteed and may be adjusted upwards or downwards depending on investment performance and the scheme's funding position.

The new framework is intended to provide employers and members with an alternative to traditional defined benefit (DB) and defined contribution (DC) arrangements.

Any organisation seeking to establish a CDC scheme must first receive authorisation from TPR, with the regulator stating that the process is designed to provide member protections and ensure appropriate standards of governance and administration.

Alongside opening the application window, TPR has published new and updated guidance explaining how prospective schemes should meet the requirements set out in the multi-employer CDC regulations and what will be expected during authorisation and ongoing supervision.

TPR has encouraged organisations considering establishing a CDC scheme to engage with the regulator at an early stage through its supervision teams and innovation support service.

TPR executive director of strategy, policy and analysis, Richard Knox, described the opening of applications as "an important milestone" in the development of the UK pensions system.

"At TPR, we want everyone to be able to achieve a sustainable income in retirement, and multi-employer CDC schemes could become an important part of the pensions landscape to support this goal," he said.

"We also want a no-surprises approach as new innovations like CDC come to market. That is why we encourage anyone considering establishing a scheme to engage with us early so we can support the process."

The pensions industry welcomed the introduction of regulations for multi-employer CDC arrangements, with the focus now shifting towards implementation.

Aptia strategic adviser and former Pensions Minister, Guy Opperman, described the announcement as "a landmark moment for UK pensions and a major step towards making CDC a reality for millions more savers".

"CDC has the potential to be a game-changer, offering significantly improved member outcomes and greater income stability in retirement at a time when many people are worried about their financial future," he said.

Opperman also argued that the focus must now be on turning the promise of CDC into practical, trusted solutions.

"That means building awareness and understanding, delivering clear and engaging member communications, achieving the scale needed to maximise value, and maintaining strong governance," he continued.

"If government, regulators and the pensions industry work together, CDC can become a mainstream feature of the UK retirement system and help deliver brighter futures for generations of savers."

Meanwhile, Hymans Robertson head of DC markets, Paul Waters, acknowledged CDC authorisation was an important step, but he noted that the long-term success of CDC will ultimately depend on how schemes are designed, governed and operated in practice.

"The experience of the first generation of authorised schemes will be critical in building confidence across the market and demonstrating how multi-employer CDC can deliver in practice for both employers and members," he said.

**Written by Callum Conway and Jack Gray**

# DWP publishes consultation and draft regulations for VFM framework

**Under the value for money framework, schemes will be assessed on investment performance, costs and charges**

The Department for Work and Pensions (DWP) has published its final consultation and draft regulations for the value for money (VFM) framework.

Its policy consultation outlines the objectives, reforms, implementation approach, and proposals for the framework, aiming to drive competition, improve poorly performing arrangements and transparency, and support wider reforms on consolidation and governance.

Under the framework, schemes will be assessed on investment performance, costs and charges, and the quality of their service, receiving a rating ranging from red (poor value) to green (outperforming on value).

The consultation represents the final set of proposals ahead of implementation, building on earlier consultations to ensure the framework is proportionate, effective and deliverable.

The primary changes since the previous consultation include a phased implementation, rather than all in-scope schemes completing the full assessment in the first year of the framework.

In 2028, master trusts, large single-employer trusts, and all firm-designed, open, multi-employer contract-based schemes will complete full VFM assessments and assign ratings, while smaller single-employer trusts, legacy, and bespoke arrangements will only submit data to regulators that will not be published.

From 2029 onwards, all in-scope schemes will be required to complete full disclosure, assessment, ratings, and "face consequences".

However, these consequences for underperforming schemes, which include compliance notices, fines, or taking steps to wind up, will only take effect from the second assessment cycle onwards, rather than immediately as previously proposed.

**"The final regulations are expected to be published with the consultation response by January 2027"**

Another change was that the initial data collection period will be shorted to July to December 2027.

The DWP also sought views on whether data submitted in March should only be made public in November, after schemes have published their assessment reports, and whether a more tailored approach to arrangements being assessed at different year-to-date points should be adopted.

A new geometric averaging methodology based on representative members' experience was proposed, instead of the previously proposed arithmetic approach, while the requirements for firms and trustees to obtain third-party advice on forward-looking metrics will be replaced with the mandatory disclosure of underlying assumptions.

The previous consultation proposed that each arrangement should be assessed on an employer cohort level in step one (investment performance) and against minimum, median, and maximum investment performances.

It has now proposed that, as part of the phased implementation of the framework in the first year, the multi-employer cohort tables will not be used for assessments, shared with other providers or made public.

Alongside the consultation, the government published the draft regulations for the VFM framework, with the final regulations expected to be published with the consultation response by January 2027.

The Pensions Regulator will also consult on any necessary codes of practice and/or guidance, while the Financial Conduct Authority will prepare a policy statement and rules that will published in Q1 2027, outlining the details of implementing the framework for the contract-based market.

**Written by Jack Gray**

# DWP launches consultation on £25bn scale threshold

**The DWP's discussion paper seeks views on how the government's aim for DC schemes to have at least £25bn in a single main scale default arrangement by 2030 should operate**

The Department for Work and Pensions (DWP) has launched a discussion paper seeking industry views on how the government's £25bn DC scale requirements should operate from April 2030.

Under the Pension Schemes Act 2026, all authorised master trusts and group personal pension (GPP) schemes used by employers to meet their automatic enrolment (AE) duties will be required to hold at least £25bn in a single main scale default arrangement (MSDA).

Alternatively, schemes with at least £10bn could be approved as part of a transition pathway, provided they are on track to reach the £25bn threshold by 2035.

A scheme that is not approved as having an MSDA of at least £25bn, or £10bn under the transition pathway, will no longer be able to receive AE contributions in respect of either new or existing employers from 2030.

The discussion paper focuses on three elements that the government said would determine whether schemes meet the threshold: the MSDA, the common investment strategy (CIS) and the connections between schemes within a provider's corporate group.

The government's expectation is that the MSDA will sit at the centre of a scheme's investments and receive members' default AE contributions, unless there is a specific reason to use an alternative default arrangement.

Although the DWP acknowledged there could be legitimate reasons for providers to operate more than one default arrangement, it argued there was currently "too much fragmentation" within schemes.

The Pension Schemes Act gives the government powers to restrict the creation of new default arrangements, while the DWP also intends to review all existing non-scale default arrangements in 2029.

The DWP is seeking views on whether assets from other arrangements should be eligible for inclusion, including bespoke default arrangements and self-select options that use the same underlying building-block funds as the MSDA.

It has also proposed using assets under management as the consistent method for valuing assets within an MSDA, asking whether this would create any practical issues for schemes.

Assets within an MSDA will be required to operate under a CIS, which the government said was intended to ensure they were invested in a sufficiently common way to deliver scale benefits.

The DWP's preferred approach would require assets for each member to be allocated in the same proportions to the same investments, with variations permitted only by age.

This would allow schemes to continue operating lifestyling and target-date fund strategies, but could restrict the use of other factors to differentiate investment approaches between members.

The department is therefore seeking evidence on whether an age-only approach would create challenges and whether additional forms of variation should be permitted.

The detailed definition of a connection will be set out in regulations, although the DWP indicated that it was considering using the 'common control' test contained in the Occupational Pension Schemes (Master Trusts) Regulations 2018.

It is seeking information from providers on whether their schemes would meet this test, as well as any practical challenges involved in combining default arrangements and making investment decisions across connected schemes.

The government said scale could support greater investment expertise and diversification, improved governance and lower costs, while stressing that competition and innovation would need to be preserved through measures such as the new entrant pathway.

The discussion paper closes on 7 September 2026, with the DWP planning to hold further industry roundtables before consulting on draft regulations in the latter part of 2027.

**Written by Callum Conway**

# TPR focuses on sustainable retirement income in new five-year strategy

**The Pensions Regulator's corporate strategy covers the full pensions journey from saving through to retirement**

The Pensions Regulator (TPR) has unveiled a new five-year corporate strategy focused on delivering sustainable retirement incomes.

The regulator said the strategy marked a "significant departure" from its previous emphasis on the accumulation phase, with TPR set to take a broader, system-wide approach covering the full pensions journey from saving through to retirement.

TPR chief executive, Nausicaa Delfas, said: "Our full focus is on ensuring that people receive what matters most: A sustainable income in retirement.

"Our new strategy and plan set out our blueprint to protect, enhance and support innovation and growth across the whole pensions journey, from saving through to retirement.

"This marks a significant departure from TPR's previous strategy, which centred on the accumulation phase, and is the latest demonstration of our move towards system-wide and outcome-focused regulation."

With this in mind, the strategy identified six member and market outcomes that will guide TPR's work.

Its member outcomes are that pension savings are secure, members receive better value, and people have fair access and opportunity across the workplace pension system.

These will be supported by three market outcomes: well-run schemes, a sustainable and resilient market, and a seamless and integrated system spanning enrolment through to the provision of retirement income.

TPR stated it intends to become a more forward-looking and proactive regulator, using data and analytical tools to identify emerging risks and intervene before harm materialised.

It also pledged to use its regulatory and enforcement powers "early, decisively and proportionately" where schemes fell short or risks to members were high.

As consolidation accelerates, the regulator claimed it would actively influence the development of a market containing fewer, larger and increasingly commercial schemes.

**"Our new strategy and plan set out our blueprint to protect, enhance and support innovation and growth across the whole pensions journey, from saving through to retirement"**

Meanwhile, the regulator's corporate plan for 2026/27 set out four immediate priorities: scheme governance, value for money, retirement, and strengthening TPR as an efficient, data-led regulator.

As part of its governance work, TPR will introduce a common supervisory framework and risk-assessment model to direct regulatory resources towards the areas of greatest risk.

It will also undertake a regulatory initiative targeting higher-risk schemes, review administration and cyber-security guidance, publish guidance on the responsible adoption of artificial intelligence, and implement a new enforcement approach.

On pensions dashboards, TPR will deliver a preparation and communications programme, publish guidance on schemes' duties, and implement a compliance and enforcement regime.

It will also issue guidance for Local Government Pension Scheme boards and committees explaining its new governance role and powers.

On value for money, TPR will support the Department for Work and Pensions (DWP) in drafting regulations for the new framework and will work with the Financial Conduct Authority (FCA) to align requirements applicable to trust- and contract-based schemes.

Elsewhere, the plan confirmed that TPR will publish guidance on extracting DB surplus, will continue to develop the small-pots framework with the DWP and will operate the new statutory authorisation and supervision regime for DB superfunds.

The regulator will also work with the DWP and FCA on a guided-retirement framework intended to align the member experience across trust- and contract-based schemes. It also plans to demonstrate readiness for collective defined contribution (CDC) authorisations by August 2026.

Its corporate plan has a budget of £119.2m for 2026/27, excluding the 2026 pay remit.

**Written by Callum Conway**

# News in brief

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

## A changing market

**There have been several acquisitions and many shifts within the UK pensions market in July and August:**

• XPS Pensions Group completed the acquisition of the trade and assets of Austin Professional Resourcing for an undisclosed sum.

• Consultancy firm Grant Thornton was appointed to help assess the recovery plan for the Civil Service Pension Scheme (CSPS), while Civil Service Pensions was appointed an external auditor to review Capita's administration of CSPS, as more than 30,000 retirement quote and bereavement cases remain outstanding.

• Isio acquired Trafalgar House Pensions Administration Limited in a move aimed at expanding its pensions administration capabilities and increasing the range of schemes it can support.

• Lumera confirmed the continuation of its work supporting selected communications and engagement initiatives for members of the NHS Pension Scheme, under an extended agreement with the UK Department of Health and Social Care through to March 2027.

• Members of the Scottish Leather Group pension arrangement joined Standard Life's contract-based defined contribution scheme, the Group Flexible Retirement Plan. The transition has been completed.

• The BT Pension Scheme and its fiduciary manager, Brightwell, reappointed Northern Trust to provide a range of asset servicing solutions.

## De-risking momentum continues

**The momentum in the de-risking market slowed slightly but continued in August:**

• The Elementis Group Pension Scheme completed a £300m buy-in with Aviva, securing the benefits of 4,500 members.

• An unnamed DB pension scheme in the transport sector completed a £9.7m buy-in with Aviva, securing the benefits of 100 members.

• The Royal Society of Chemistry Pension Scheme completed an £83m full-scheme buy-in with Pension Insurance Corporation (PIC).

• The Royal Horticultural Society 1974 Pension Scheme completed a £22m buy-in with Royal London, securing the benefits of 230 members in the scheme.

• Mothercare completed a full buyout of its executive DB pension scheme, transferring all liabilities and scheme assets to an insurer and removing any legal or constructive obligation from the company.

• The Institute of Chartered Accountants' Staff Pensions Fund announced a £58m partial buy-in with PIC, securing the benefits of the 375 members who were not already insured.

• The Altro Pension Scheme has completed an £85m BPA transaction with M&G, securing the benefits of 740 scheme members and their dependants.

## New and updated products


**In recent months there has been a surge in new product launches. This included:**

• Aon launched a DB pension scheme endgame solution, Future DB, which has been designed to support well-funded schemes with implementing their endgames efficiently.

• Standard Life launched an updated version of its Mixed Income Builder, a digital planning tool that seeks to support pension scheme members with understanding how to create an income in retirement that balances long-term security with financial flexibility.

• LGPS pools Northern LGPS and Local Pensions Partnership Investments launched a dedicated property management platform to oversee their joint residential portfolio.

•TPT Retirement Solutions launched a new collective defined contribution modelling capability solution, powered by Moody's PFaroe software.

• Amiga Specialty launched a pension trustee liability run-off and overlooked beneficiary insurance offering.

• Standard Life is set to launch a new pension risk transfer partnership backed by up to £2bn of initial capital, with the goal of expanding its reach into the largest and most complex DB schemes.

# Appointments, moves and mandates


Wendy Redshaw

**Wendy Redshaw has been appointed as Standard Life's first-ever group chief digital & technology officer.**
To her new role, Redshaw brings extensive experience leading digital and technology transformation across global banks. Most recently, she held the position of NatWest Group's chief digital information officer for retail, where she led large-scale technology, digital and transformation teams. As part of her role, Redshaw will lead the Enterprise Technology function, helping Standard Life strengthen its capabilities. Additionally, she will report to Standard Life group chief executive officer, Andy Briggs, and sit on the Group's Executive Committee. The company said that she will join in the "coming months".


Steven Bell


Liam Hudson

**Broadstone has hired Steven Bell and Liam Hudson as senior defined contribution (DC) consultants.**
Both Bell and Hudson will join Broadstone's DC team, which sits within the wider Employee Benefits Consulting division. Bell has worked for several global pension advisory consultancies over his almost 30-year career. He joins from Aon and has a particular focus on trust-based schemes. Meanwhile, Hudson joins Broadstone from Howden and has previously worked at Mercer UK, JLT Employee Benefits and APEX Group Services. At Broadstone, he will play a key role in enhancing Broadstone's DC pensions offering and delivering expert client advice.


Payam Kazemian

**Zedra has appointed Payam Kazemian as head of risk transfer.**
Kazemian has worked at Zedra since 2021 as both a client director and professional trustee. In his new role, he will lead the firm's risk transfer capability to further strengthen its offering. He brings over 20 years of experience in the pension industry, including roles at several investment banks, including Goldman Sachs, Deutsche Bank, Barclays and Citi. Zedra said the appointment reflects the changing dynamics of the risk transfer market, with increasing insurer capacity, a broader range of solutions and growing demand from trustees and sponsors for specialist advice and governance support when considering complex de-risking decisions.


Anthony Pardoe

**Aon has appointed Anthony Pardoe as a partner within its UK retirement team.**
With over 20 years of experience working with pensions data, Pardoe brings a track record in leading data-focused initiatives and building trusted client relationships. In his new role, Pardoe will help lead the continued growth of Aon's data solutions offering, working with clients to deliver complex pension projects, including buy-in to buyout data cleansing and both benefit and guaranteed minimum pension rectification. Commenting, Aon partner and specialist solutions lead in the UK, Susan Hoare, said: "With over 20 years' experience of working with pensions data, Anthony brings a strong track record in leading data-focused initiatives and building trusted client relationships."


Dominic Moret

**Canada Life has annouced the appointment of Dominic Moret as managing director, bulk purchase annuities (BPA), subject to regulatory approval.**
Moret brings over 20 years of experience in the pensions and insurance industry, including 12 years in the UK BPA market. He joins Canada Life from Legal & General (L&G) where, most recently as head of origination and execution. In this role, he led L&G's commercial team and was accountable for the development of its BPA proposition, management of external relationships, delivery of BPA transactions and their efficient transition to buyout. In his new role, Moret will lead Canada Life's end-to-end BPA proposition, and be responsible for setting its strategic direction, accelerating growth and strengthening the company's position as a provider of pension de-risking solutions that deliver long-term security for schemes and their members. He will report to Canada Life UK chief executive, Emma Watkins, and will sit on Canada Life's Executive Committee. Commenting on the appointment, Watkins, said: "Dom brings exceptional leadership and deep market experience, positioning us to accelerate our BPA strategy and scale for the future. His appointment marks a real step change in Canada Life's ambition in the BPA market and reinforces our commitment to being a long-term partner of choice for pension schemes and their members." Adding to this, Moret, commented: "I'm excited about the opportunity to build on the progress already made and take the business to its next phase."


John Bruen


Matt Mansour

**M&G has recently announced a number of appointments.**
John Bruen has been appointed as head of Infracapital, M&G's infrastructure private equity investment arm, and Matt Mansour as chief technology and artificial intelligence (AI) officer, subject to regulatory approval. Bruen has over 25 years of international infrastructure investment experience. He joins M&G from H.I.G. Capital, where, as managing director and partner he helped establish the firm's infrastructure platform. He succeeds Martin Lennon, who is retiring after more than 36 years in the industry. Meanwhile, Mansour will lead M&G's technology function, overseeing the delivery of the group's technology, digital and AI strategy. He has over 30 years of experience in tech and digital roles across the financial services industry. Most recently, Mansour has worked at SMBC Group as chief operations officer for next-gen technology and AI enablement. He is also part of the founding executive team for kAIgentic, where he is now a strategic adviser. He will report to M&G Group chief executive officer, Andrea Rossi, and replace Chris Cochrane, who is stepping down from his role at the end of July after eight years with the firm. In additon to this, M&G Life has appointed Joyeeta Kanungo as director of product & structuring in its Corporate Pension Solutions team. This role is newly created and will see Kanungo responsible for leading the Products and Structuring team. Kanungo has 18 years of experience in the pension insurance and retirement markets and joins M&G Life from Standard Life.

**The BT Pension Scheme (BTPS) and its fiduciary manager, Brightwell, have reappointed Northern Trust to provide a range of asset servicing solutions.**
The extended mandates include global custody, investment operations outsourcing and derivatives outsourcing, supporting the needs of both organisations through an integrated service model. Commenting on the appointment, Brightwell chief investment officer, Wyn Francis, said: "Following a detailed review of the market, Northern Trust stood out for its strong alignment with our strategic priorities and breadth of asset servicing capabilities. Its global custody network, investment operations outsourcing expertise and continued investment in technology provide the scale, resilience and innovation required to support the distinct yet connected needs of both BTPS and Brightwell as its fiduciary manager."

**First Actuarial has promoted four staff to partner and eight staff to associate partner.**
The four individuals that First Actuarial has promoted to partner are Marcos Abreu, Andrew Allsopp, Carl Fletcher and Scott Harrison. All four have progressed through the firm's associate partnership. Allsopp joined First Actuarial two years ago and previously was an owner of Quattro. Abreu joined First Actuarial in 2019 and has nine scheme actuary appointments. Meanwhile, Fletcher is an actuary and is also head of benefit corrections and data audit services at First Actuarial. Finally, Harrison is an actuary and has spent 17 years working at First Actuarial. Additionally, Emily Brown, Michael Davies, Mark Frost, Claire Fuller, Robert Hurst, Marcus Johansson, Stephen Kilgannon and Rob Skelton were promoted to associate partner. The eight new associate partners brings the total to 21.


Rachel Cutts

**Legal & General (L&G) has appointed Rachel Cutts as head of origination and execution within its Institutional Retirement business.**
Cutts has worked at L&G for nine years and most recently, served as chief of staff to Institutional Retirement CEO, Gareth Mee. In her time at L&G she has also served as director of pension risk transfer (PRT) and new business actuary. Prior to L&G, she worked at EY. Commenting on the appointment, L&G managing director PRT, Institutional Retirement, John Towner, said: "Rachel has played a key role in a number of our most important transactions and consistently demonstrated a client-focused, solutions-oriented approach."


Andre Katz

**The London Pensions Fund Authority (LPFA) has appointed Andre Katz as a new member of the LPFA Board.**
Katz brings over 25 years of experience in risk management, assurance, governance, and operational resilience. He is a chartered accountant and a certified member of the Institute of Risk Management. Katz currently serves as a non-executive director at the Maritime and Coastguard Agency and is a member of the Audit and Risk Committee at HMRC, the Department for Energy Security and Net Zero, and the Chartered Insurance Institute. He has also served as senior independent director and chair of the Audit and Risk Committee at the Criminal Cases Review Commission.

# Diary: September 2026 and beyond

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

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

### Pensions Age Awards 2027
**23 February 2027**
**Grosvenor House, London**
The 14th annual Pensions Age Awards aim to reward both 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. Entries opened in July and the deadline runs until 9 October, with firms invited to enter multiple categories by submitting each entry via the online form on the website.
**pensionsage.com/awards**

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

**Visit www.pensionsage.com for more diary listings**

## Don't forget...

### PPF consultation on changes to the assumptions used for valuations closes

16 September 2026

The Pension Protection Fund's (PPF) consultation on changes to the assumptions used for valuations under sections 143 and 179 of the Pensions Act 2004 to reflect bulk annuity market developments closes.

**ppf.co.uk/trustees-advisers/valuation-guidance/new-consultation-documents**

## VIEW FROM THE SPP: DB surplus – new flexibilities for schemes to consider

**After more than two decades of deficits, The Pensions Regulator's latest annual funding statement reports that around 60 per cent of DB schemes are in surplus on a buyout basis, 80 per cent on a low dependency basis and 90 per cent on a technical provisions basis.**

As a result, trustees should be considering their endgame.

Traditionally this meant looking at buyout, which it is estimated will be possible for around 75 per cent of schemes over the next decade. However, there are alternatives, including consolidation into a superfund and running on and using surplus to benefit members and/or employers.

New legislation will provide trustees with greater flexibility to refund ongoing surplus where there is no power in their rules to do so, and sponsors may well ask them to consider this. Refunds will be possible where a scheme is fully funded on a low dependency basis and amendments to the Finance Act will allow surplus to be shared with members as lump sums.

However, run-on entails a degree of risk and the potential for regret that other options do not. Trustees will need to balance members' and employers' interests carefully. The Pensions Regulator has produced some preliminary guidance on factors trustees should consider and more is coming, but compliance does not provide a safe harbour. The multi-billion pound question is therefore: How many schemes will choose this option in practice?

THE SOCIETY OF PENSION PROFESSIONALS
*making pensions work*

**SPP member, Karen Mumgaard**

## VIEW FROM TPR: No surprises regulation

**Our pensions system remains unfinished business. Auto-enrolment brought around 23 million into workplace pension saving. But with 15 million working-age people still undersaving, the next challenge is ensuring those savings translate into sustainable retirement incomes.**

That is why we have just published our new corporate strategy, corporate plan, and regulatory roadmap. This strategy focuses on the whole pensions journey, from saving through to retirement.

We want a system in which savings are secure, deliver value and are fair. We expect this to be delivered through well-run schemes, a sustainable and resilient market, and a seamless and integrated system.

Governance is our primary lever. Getting this right remains the most effective driver of better member outcomes. It is where we will focus our regulatory attention as we support schemes to meet rising expectations.

One of the clearest messages we have heard from industry is the need for greater visibility of what regulators will prioritise.

These publications set out our long-term priorities, our expectations of the market, and how we will work with industry to improve retirement outcomes for savers. Together they provide you with clarity on what we will focus on and when – no surprises regulation.

**TPR chief executive, Nausicaa Delfas**

The Pensions Regulator
Making workplace pensions work

## VIEW FROM PENSIONS UK: Roadmap brings clarity, but delivery will determine success

**The publication of the DWP's updated pensions roadmap marks an important moment for the industry. After several years of consultation, legislation and debate, we are now moving from policy development to implementation. The roadmap provides much-needed clarity on the government's assessment of how some of the biggest pensions reforms in a generation should be delivered.**

The industry stands ready to implement these changes: the rewards for savers, ultimately, should be significant.

But the delivery challenge should not be underestimated. Taking the reforms in the DC roadmap together with implementation of the dashboards and HMRC-driven tax changes, operating teams in DC schemes in particular have a major challenge on their hands. At our annual conference in October, we will be hearing what this means from the COOs of some major schemes.

And as we speed towards delivery, there are still critical policy questions to be worked through. Policy design around DC decumulation and value for money, for instance, will have a defining impact on outcomes and must not be rushed.

Pensions UK is in active dialogue with government and regulators about how we can ensure key initiatives are given due consideration – including through longer consultation periods – in order that member views can be developed and shared in ways that give us all the best chance of getting it right first time.

Pensions UK

**Pensions UK executive director of policy and advocacy, Zoe Alexander**

## VIEW FROM THE PMI: Why we welcome continuity and clarity in pensions policy

**The weeks leading up to parliament's summer recess brought several important policy pledges from the government.**

On 13 July, we responded to the updated DWP roadmap and highlighted the chance to create long-term certainty for savers and schemes. This focus on stability reflects a growing recognition that meaningful reform depends on coordinated action across government and the wider pensions community.

The following day, we issued our response to the Pensions Commission's Interim Report, emphasising the need for consensus on sustainable pension policy. We noted that while long-term alignment is essential, practical steps to improve adequacy can begin immediately. The message was clear. unity and momentum must go hand in hand.

The appointment of Prime Minister Andy Burnham on 20 July has added further impetus and we are encouraged by the opportunity for renewed dialogue and fresh thinking about the future of pensions in the UK. The reappointment of Torsten Bell as Pensions Minister a few days later reinforced that sense of continuity, providing vital stability at a time when simplicity and confidence must be central to policy development.

Together, these developments show a landscape rich with possibility. Realising that potential will rely on collaboration, shared insight and a commitment to delivering long-term value for savers and employers alike.

PMI

**PMI chief strategy officer, Helen Forrest Hall**

## VIEW FROM THE AMNT: Whose money is it anyway?

**The Pensions Commission and the government are rightly pointing out that not enough is being set aside for retirement living. But who chooses where and how those savings are managed?**

Whilst you are employed the employer chooses the scheme, and under proposed alue for money rules, it will still be the employer who is responsible for the choices. When most savings were managed under an employer-controlled scheme that didn't matter too much – it was easy to ask them or the trustees questions and most schemes had members included in governance to give members confidence about their money.

But now over half of occupational DC money is in just a few trusts, managed by less than 50 people. Members of the schemes have little say in governance while they themselves carry all the risk for the standard of their retirement? How can they make their voice heard? If they were company shareholders they would have an AGM.

We are not against professional trustees. We are grateful for their expertise. But we need to ensure that the member voice is heard. There are a few member forums or assemblies, but members can only respond on the basis of the questions or materials presented. We need real member representation in governance for the future of pensions and retirement. Member-nominated trustees still have a vital role to play in this capacity.

**AMNT co- chair, Maggie Rodger**

AMNT Association of Member Nominated Trustees

## VIEW FROM THE ABI: The value for money framework

**The government's recently published pensions roadmap sets out an ambitious destination of travel for pensions: greater scale, improved value, and better outcomes for savers.**

The value for money (VFM) framework will play a crucial role in this, transitioning pensions from a 'cost is king' mentality and towards a broader focus on long-term value, investment performance, and better outcomes for savers.

That's why getting the framework right is so important. Under the new rules, firms need to collect and report new forms of data, interpret new metrics, and apply new assessment methodologies. The challenge will be making sure that these requirements are interpreted consistently across the market.

In the first year, there'll inevitably be lessons learned about data quality, how it can be compared, and the practical application of the framework. This means that if assessment outcomes are immediately published, there is a risk of conclusions being drawn before we are certain that the results are consistent and comparable.

The first VFM assessment should therefore be an opportunity to validate data and build confidence before actions are taken based on the outcomes. We need to be sure the market can trust the results to avoid any potentially negative implications both for scheme members and the regulatory framework.

**ABI long-term savings policy adviser, Henry Cainen**

The ABI

## VIEW FROM THE PPI: Bringing the sector together

**As the UK's leading independent authority on pensions and retirement policy, at PPI we need to make sure that we are not only providing the best evidence at the right time, but also making the right connections.**

This year, we have been privileged to support the Pensions Commission in its important work, by facilitating a Stakeholders Workshop on Evidence and Future Priorities. Around 80 participants convened in Westminster to identify some tangible next steps for pensions policy based on the evidence presented in the commission's interim report. The session brought together representatives from across the sector and is expected to be influential in developing recommendations for the final report (due in spring next year). Last year, we undertook a similar venture for DWP and HM Treasury, to support the Pensions Review that led to the Pensions Scheme Act 2026.

Alongside such sector-wide events, PPI sponsors have been able to participate in exclusive roundtable events with the Pensions Commissioners, in Chatham House discussions that explore policy options and issues in more depth. PPI sponsors ensure that we can continue to bring the evidence to the debate, and we are pleased to be able to host exclusive events for them, to share their expertise and thought leadership especially during this busy time for pensions policy.

PENSIONS POLICY INSTITUTE PPI

**PPI deputy director, Suzy Morrissey**

# VAT recovery and pension schemes: A problem for employers, trustees or HMRC?

**Matthew Swynnerton discusses the confusion surrounding HMRC's shifting guidance towards pension schemes recovering VAT costs**

HMRC's apparent revised approach to VAT recovery in respect of pension scheme costs has caused considerable confusion across the industry and prompted talk of new structures. HMRC may not have intended everything the industry has read into its recent publications. Still, trustees and employers need to take note.

A HMRC VAT Notice in July confirmed that employers could recover VAT on scheme investment costs in full, but also appeared to refocus attention on the formalities of who contracts, receives the service, pays, and holds the VAT invoice.


An unannounced June update to the VAT Input Tax Manual was also unsettling as it seemed to go further and potentially restrict the employer's ability to recover VAT on administration costs (including actuarial, legal and covenant advice), where the principles were thought to be settled. In particular, the changes have called into question whether the current practice of employers recovering VAT where the invoice is addressed to (or states that it is payable by) it remains possible.

The theoretical solutions that remain available sit awkwardly with existing practice and trustee decision-making, adviser appointment, privilege, conflicts and funding documentation:

- Advisers contracting directly with the sponsor could raise questions about conflicts, independence and the trustees' ability to rely on their advice.
- Onward charging by trustees would require trustees to be VAT registered and have a service agreement in place with the sponsor.
- VAT grouping may be possible for some schemes but is unlikely to be suitable for all trustee structures, especially where the trustees are individuals or if a corporate trustee is not a subsidiary of the employer.

Ultimately trustees should remember that VAT recovery is fundamentally an employer tax issue.

Where the employer normally meets scheme expenses, trustees may not be aware of how it approaches VAT recovery. It seems helpful for them to check it is aware that there could be an issue and encourage it to take tax advice if appropriate. The employer's investigation should ask how much VAT is at stake, which costs are affected, what would need to change, and whether the saving would survive the legal and administrative costs, as well as how trustees are likely to respond.

If the employer identifies an opportunity to improve recovery, trustees can consider any proposal through the usual trustee governance lens. Will they still receive independent advice? How will conflicts be managed? Is the arrangement consistent with scheme rules and funding documents? Could reporting lines become blurred? Is the added complexity going to be a drain on already stretched resources?

Trustees should not advise on VAT or presume to know the best structure. To the extent that any changes are agreed, trustees should ensure the process is clear, documented and consistent with the scheme rules and funding documents.

There is also a point to be made on timing. Industry bodies and advisers are raising practical issues and inconsistencies with HMRC and further clarification may follow. This is another reason not to rush into elaborate structures that may prove unnecessary.

For now, sponsors should decide whether there is something real to investigate before proposing change, and any proposal should be anchored in scheme-specific facts rather than generic VAT structuring. Trustees should engage with sensible proposals but keep governance principles intact: the VAT tail should not wag the fiduciary dog.

**Written by Arc Pensions Law partner, Matthew Swynnerton**

## VIEW FROM THE PPF: A clear, coherent, long-term direction for pensions

**The government's pensions roadmap also highlights the importance of strong collaboration between government, regulators and industry in delivering a pensions system that is fit for the future.**

As an organisation at the heart of the UK's pensions landscape, the PPF is proud to contribute to these conversations while remaining focused on our core purpose: protecting people's futures. Our recently published *Annual Report and Accounts* demonstrates how we continue to deliver on that commitment, providing security and reassurance to the hundreds of thousands of people who rely on us while maintaining a strong financial position.

The past year has seen us implement legislative changes to terminal illness payments and are working hard to deliver pre-1997 indexation for eligible PPF and FAS members, while preparing for pensions dashboards.

For schemes, moving to a zero PPF levy and welcoming the abolition of the PPF Administration Levy has reduced costs and helped schemes save millions of pounds.

These developments reflect a pensions system that continues to evolve and improve. As the ambitions set out in the roadmap are taken forward, the PPF will continue to play its part, working alongside government, regulators and industry to support members, protect schemes and help strengthen the UK's pensions system for the future.

Pension Protection Fund

**PPF acting chief executive officer, Richard Beaven**

## VIEW FROM PASA: Cyber and AI – what was fine last year is now a liability

**Trustees who think their cyber and AI governance is sorted might want to check the date on that assumption. Regulators have stopped asking nicely.**

The Bank of England, FCA and HM Treasury issued a joint statement warning that frontier AI models already pose a growing, material threat to firms' cyber resilience, with capabilities exceeding what a skilled human practitioner could manage, at far greater speed and scale. Five weeks later, the Five Eyes cybersecurity agencies weighed in too, urging organisations to understand their risk, sort their foundational controls and stay engaged as the threat evolves. Two joint statements, from two different sets of regulators, inside a single month. That's not the ground shifting slowly. That's it moving while you're still standing on it.

TPR's message lands the same way: act now, govern properly, protect members from AI-driven fraud. Meanwhile, deepfake technology is quietly making a mockery of the tangible checks schemes have leaned on for decades.

That once-a-year 'don't click suspicious links' slide deck wasn't great in 2024; it's now dangerous. If nobody in your scheme – from the trustees to the advisers, administrators and all sub-processors can spot a cloned voice, the training hasn't kept up and neither has the scheme.

PASA's working groups had already flagged this direction of travel. That's the advantage of staying small and nimble: We need to move as fast as the risk does.

PASA assess | aspire | achieve

**PASA director, Jonathan Hawkins**

## VIEW FROM THE ACA: DB surplus flexibilities

**In our response to the DWP consultation on surplus flexibilities for defined benefit pension schemes we support the intention to implement the new surplus flexibilities from April 2027.**

The Pension Schemes Act 2026 ensures that trustees are the decision-makers on any release of surplus under the new power. Guidance from TPR will be key in setting expectations for trustees and we look forward to the consultation on this guidance. The guidance should take a balanced approach, allowing the specific history and circumstances of individual schemes, including historic and ongoing employer support, to be appropriately reflected in surplus release decisions. Any case studies would need careful consideration to avoid setting implied benchmarks or unfairly raising member expectations.

In our response to the consultation on options for defined benefit schemes in April 2024, we commented that if the funding threshold was based at a level lower than buyout – then "the strength of the employer covenant should also be taken into consideration and only where the covenant is strong enough to support the remaining deficit relative to buyout should it be permitted to extract surplus down to this level". This can be achieved by setting the legislative threshold based on low dependency – as is now proposed - provided appropriate guidance is set by TPR which achieves a balance between the interests of employers and other beneficiaries.

**ACA chair, Chintan Gandhi**

ACA ASSOCIATION OF CONSULTING ACTUARIES

# Expanding ESG transparency in private markets

***Pensions Age* speaks to Sustainalytics ESG research analyst, Melissa Bird, about why extending ESG frameworks into private markets matters more as investor allocations continue to increase. Following Morningstar Sustainalytics' assessment of ESG-related controversy risk across the Morningstar PitchBook Unicorn 30 Index, Bird explains how greater transparency may help investors anticipate risks and prepare for upcoming IPOs**

**As asset owners increase allocations to private markets ahead of several high-profile IPOs, how can greater transparency around ESG and controversy risk help investors evaluate these companies before they go public?**

Historically, private markets have been something of a black box for investors, so having structured controversy and governance data can help close that information gap. Many private companies are likely IPO candidates and potential future index constituents, so understanding these risks before they enter public markets can help investors identify emerging issues early, rather than reacting after they become more visible, supporting pre-IPO risk monitoring, valuation assessment, and portfolio construction.

**What additional insights will the recent expansion of controversies research into the Morningstar PitchBook Unicorn 30 Index bring to investors?**

Controversy analysis can highlight operational, reputational, and governance risks that may not be as obvious in traditional financial reporting before they become financially material. Extending this analysis to private markets helps investors identify these risks earlier and compare public and private companies with similar business models. This forward-looking perspective complements financial metrics and provides additional decision-useful context for investors.

**Despite exposure to several ESG-related risks, the companies included in the Unicorn 30 Index had relatively low controversy severity (1 or 2 out of a 5 rating). What explains this?**

Our analysis suggests that limited disclosures by private companies are driving lower severity scores, not the absence of risk, as illustrated by OpenAI's intellectual property disputes and Discord's quality and safety-related litigation. Instead, lower controversy severity may reflect the reality that there is a limited view into these businesses, and greater transparency can help identify how significant those risks ultimately are.

**As regulation evolves around AI and responsible technology, which ESG and controversy-related issues do you expect to become more material for late-stage private technology companies over the next three to five years?**

One area that may become increasingly important is the intersection between quality, safety, and the social impact of technology products. Discord, for example, is facing multiple lawsuits alleging its failure to protect children on the platform. As regulators, users, and policymakers pay closer attention to how these technologies affect consumers and society, particularly children and other vulnerable populations, companies may face greater scrutiny and accountability for product-related harms. I think this, in addition to intellectual property and data privacy and security, will be emerging issues for investors and could become substantially more material as AI adoption accelerates, and public expectations evolve.

**Were there any findings in this research that surprised you? What should investors take away from those results?**

Two findings stood out. First, the volume and frequency of incidents involving some high-profile private companies was notable. Companies such as OpenAI and SpaceX (before it went public) attracted significant media attention, litigation, and scrutiny, which suggests they are beginning to face challenges often associated with larger public companies.

Second, there are striking similarities between public and private companies. Quality and safety, data privacy and security, and other core ESG issues appeared prominently across both groups. For investors, the takeaway is that private companies are not insulated from these risks. Many of the same themes affecting public companies are already emerging in the late-stage private market.

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# The future of pension transfers: Pace balanced with protection

**Pension transfers are getting faster, and that's good news for savers. But in a market where one poor decision can significantly impact retirement outcomes, speed alone cannot be the measure of success.**

**Following two years of transformation, People's Pension has nearly halved average transfer times. Chief operating officer, Angela Staral, explains why the industry's next challenge is ensuring quicker transfers are matched by better-informed decisions and strong consumer protections**

The pension industry has made great progress in cutting down transfer times. At People's Pension, we focused on simplifying the transfer journey, reducing manual intervention and improving customer communication. We removed unnecessary friction by investing in automation, improved workflow management and operational insight. As a result, transfers are faster for members while we continue to maintain strong governance and controls.

We are incredibly proud of these accomplishments, but our work is not finished. We continue to improve member communications and digital integration with industry services, such as Origo. Those changes can have a significant impact.

The industry has understandably focused on speed. The next phase must focus on outcomes. A transfer completed in days rather than weeks is only a success if it leaves the saver in a better position. Savers require clear, accessible information to make informed decisions. Transfers should be about what's right for an individual in the long term, not just in the moment.

Last year, our Pension Transfer Outcomes Index revealed that pension savers could be losing £1.7 billion from their pension savings due to poorly informed transfers. Our research has also found that incentives can materially increase the likelihood of a saver transferring, even when the receiving scheme may not be the most suitable option. This highlights why transparent information and effective guidance must sit alongside any effort to simplify transfers.

At People's Pension, we have established a dedicated guidance team to support members who are considering a transfer. They provide completely impartial guidance to help members understand the options and make informed decisions. Understanding the implications of transferring is a real challenge for many savers. The emphasis on information, guidance and support alongside process improvement is critical.

Against this backdrop, the Financial Conduct Authority (FCA) consulted with the industry on adapting requirements for a changing pensions market. That includes proposals requiring receiving schemes to provide consumers with clear comparison information before a decision is made. That is a very positive step in the right direction, and we are engaged in discussions on practical solutions for this proposal.

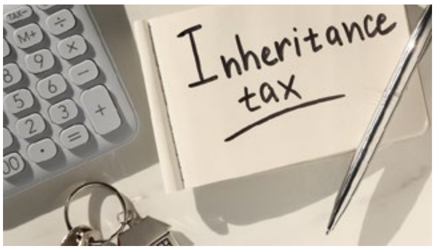
Looking ahead, the introduction of the pensions dashboard and small pots consolidation will certainly drive higher transfer volumes. I believe the industry is better prepared than ever, but we'll need scalable, cost-efficient transfer mechanisms that can support bulk transfers and individual transfers much better than the current system allows. Effective data matching and discovery processes ahead of transfer will allow issues to be identified early, rather than creating delays further down the line.

Transfers are undoubtedly one of the challenges for the industry that need to be solved collectively. As part of this process, we are engaged in a number of cross-industry working groups and initiatives to explore how pension transfers can be more efficient, scalable and cost-effective as engagement increases. Long-term success will depend on broadening collaboration across the industry to ensure that solutions are scalable, widely adopted and sustainable.

I hope future generations look back on the 2020s as the decade when the industry came together to build a connected and customer-focused transfer ecosystem that is measured not solely by the speed of transfers, but by the outcomes for savers.

**Written by People's Pension chief operating officer, Angela Staral**

# Soapbox: Should saver behaviour dictate pension policy?




**I've received 63 press releases about the inheritance tax (IHT) reforms since the beginning of June. All 63 have been negative.**

A selection of the headlines: *Changes may drain money out of business; Nightmare reforms won't work; IHT administrative time-bomb; Two-tier plan risks unfairly penalising pensions.*

The changes were announced by then-Chancellor, Rachel Reeves, in her 2024 Budget: From April 2027, inherited pensions and related death benefits will be brought into scope of IHT.

The government estimated that around 8 per cent of estates would be affected each year.

The prospect of increased pension withdrawals ahead of the policy change is a legitimate concern, and I understand the argument against it.

At a critical time for pension adequacy, there is a risk that the reform will negatively affect saving behaviour and weaken the incentive for some people to keep money invested in a pension.

There is already evidence of this, with the number of people accessing their pension savings as soon as they can reaching a five-year high, according to Lubbock Fine's research.

However, to counter the steady stream of often alarmist warnings landing in my inbox, policymakers should be wary of allowing short-term saver behaviour to derail reforms that may be justified on broader tax and policy grounds.

Yes, some savers may withdraw money earlier because of the changes.

Providers and advisers could also see increased demand from clients trying to minimise the amount eventually caught by IHT.

This matters. Pension policy should encourage people to make decisions based on what will provide them with a secure retirement, rather than on withdrawals primarily motivated by an impending tax change.

But it does not mean that the government should abandon a policy simply because people will respond to it.

Indeed, almost every meaningful tax change alters behaviour.

If the prospect of taxpayers rearranging their finances is enough to prevent reform, then inconsistencies, weaknesses and loopholes in the tax system could become effectively impossible to address.

There is also a reasonable policy argument for reconsidering the existing treatment of pensions on death.

Pensions were designed principally to provide an income in retirement, yet their favourable tax treatment has increasingly made them attractive as vehicles for passing wealth between generations.

For those dying before 75 in particular, unused DC pension savings can currently be passed on in an extremely tax-efficient way compared with many other assets.

It is therefore legitimate for the government to ask whether that treatment remains appropriate, particularly at a time when the economy is under significant strain.

However, when a defensible policy objective produces undesirable consumer behaviour, this can have long-term consequences.

And we have seen how sensitive pension savers can be to tax speculation.

Ahead of recent Budgets, rumours about changes to pension tax-free cash coincided with high withdrawals.

Those decisions were particularly concerning because some savers may have accessed pensions unnecessarily in response to changes that never materialised.

IHT reform presents a slightly different problem.

This time, there is an announced policy change rather than speculation alone, giving savers a rational reason to reconsider their financial arrangements.

But what is rational from a tax perspective is not necessarily sensible from a retirement perspective.

Someone withdrawing money from a pension to reduce a future IHT bill could lose the benefits of tax-sheltered investment growth and leave themselves with fewer resources later in retirement.

Others could transfer wealth earlier than they otherwise would, potentially underestimating their longevity, future care costs or income needs.

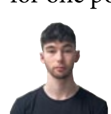
That creates a difficult balance for policymakers.

If withdrawals accelerate dramatically, they should not automatically conclude that the reform itself is wrong – the answer is not to preserve an existing tax advantage indefinitely because changing it might encourage withdrawals, or the industry is loud in its protests.

But neither should they simply dismiss savers' reactions, and the concerns being raised over unintended consequences of the policy.

Instead, the government should pay close attention to its impact ahead of implementation and try to miminise the negative effects as much as possible.

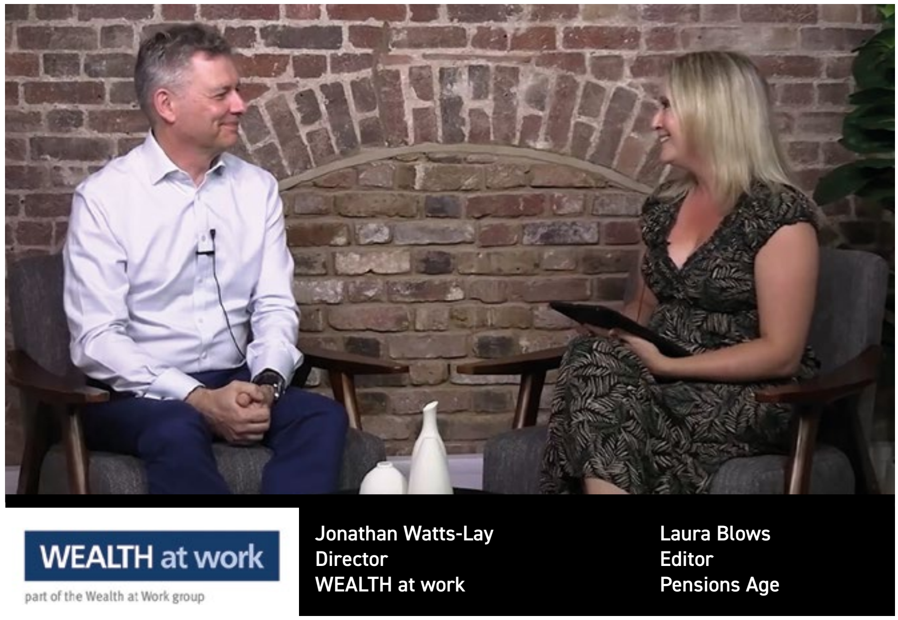
In the meantime, I'll keep an eye out for one positive press release about the proposed changes. I might be waiting a while.



**Written by Callum Conway**

# Supporting retirement decisions

**Laura Blows discusses retirement saving levels in the UK, and the support required for members, trustees and employers, with Wealth at Work director, Jonathan Watts-Lay**




**The latest Retirement Living Standards help to illustrate the gap between what people may like to have when they retire and what their current saving levels may actually deliver for them. How would you describe the current level of savings and why there may be that gap?**

I think one of the key reasons is the cost-of-living crisis, which is still going on and seems to have been with us for many years now. It's quite difficult for people to save more, even if there's an opportunity to receive matched contributions from their employer, if they're struggling to meet weekly or monthly household bills.

Of course, we've also got the other side of the coin, which is auto-enrolment. Auto-enrolment is still at 8 per cent, which I think most people in the industry would say is not really enough and needs to be higher. People who are saving that 8 per cent are doing a great job, but it's never really going to deliver the standard of living that perhaps people would want or expect.

A lot of the work we do is around helping people manage their monthly budget, the things they can they do to free up money.

It's about moving away from the notion that pensions should only be considered in the context of pensions, and instead thinking about pensions within the broader context of monthly budgeting.

**Recent research from Wealth at Work found that 38 per cent of employees fear they may never actually get to retire. But on the flip side, many were also confident that the amount they are saving is enough. What do you think that says about engagement with pensions?**

The problem now is, as you say, this polarisation. Some people think they'll never retire, while others think they've got plenty of money.

But have they really got plenty of money? Or do they simply not understand what that pension pot is actually likely to provide as an income in retirement?

We often see people with, let's say, £100,000 in a pension. That feels like a large amount of money, particularly relative to what they earn, so they think, "I'm fine for retirement". But as soon as you explain what that amount is likely to provide as a monthly income, they suddenly say: "Hold on a minute, that doesn't sound like much at all." That's why engagement is so important.

It's unfortunate that so much of the industry has decided it's simply too difficult.

When we engage members, the comment we hear most often is: "Why has nobody ever taught me this before?" For many employers and pension schemes, that's frustrating because they'll say: "We've got a website and all the information is on there." But that doesn't engage people.

One of the questions the industry has to ask itself is how we change the approach so that people actually engage, because it can be done.

**I know you've spoken before about the risk of people simply sleepwalking into retirement decisions that may not be right for their circumstances. Engagement clearly has an important role in helping to minimise that risk. What do you think needs to be done to avoid it?**

I think many people do end up sleepwalking into decisions because they reach the point where they can access their pension – they might not even be retiring – and they don't really know what to do.

The one thing we do know, from both our own research and other studies, is that people almost always know about tax-free cash. They may get the percentage wrong, but they understand the concept.

Then you get people saying: “Right, I’m just going to take that money”, often because they’re influenced by headlines about pensions and negative stories.

It has become even more complicated because there are now far more pension pots following the introduction of auto-enrolment. People receive different messages from different providers, who all explain things in different ways, which makes things even more confusing.

**The Pension Schemes Act has also helped to accelerate the discussion around the need for guided retirement. I believe your research with the PPI also looked into this, and you advocated for guided retirement to be an ongoing process rather than a one-off conversation or decision. How can that actually happen? How can trustees and employers make member communication and guidance more of an ongoing process?**

At a high level, while it’s good that there may be retirement defaults for people, if you go back to the proliferation of pension pots people may have and different schemes having different defaults, on what basis is that individual being defaulted? They may also have ISA savings, and they may want to take into account other assets, including those held by their spouse.

These are exactly the kinds of issues that come up during our guidance calls. Unless you have some personal interaction, you can imagine that the downside of these defaults could ultimately be what I describe as ‘spaghetti’. In other words, you’ve got different pension schemes guiding people in different directions because there isn’t a single, holistic picture.

We’ve already seen this with some of the larger schemes. We’ve already got one major scheme signed up and another that’s about to sign up. They’re recognising that people are going to need to speak to someone in order to make the right decisions. Otherwise, people will simply end up with the default provided by each scheme, without ever looking at all of their assets, retirement objectives and goals together.

**At Wealth at Work, you don’t just talk about these issues, you also help implement solutions, for instance through your guided retirement service. When you were creating that service, what issues were you hoping to address, and how can it actually help people?**

When we developed the service, the key question was how much information and support can you give an individual without crossing the line into regulated advice?

**“The aim is for people to make more informed decisions about the default options available across their pension schemes”**

At a high level, the service takes people through a questionnaire. It asks about their pensions, and the retirement benefits available within those schemes.

The questionnaire also asks about other assets, retirement goals, the age they want to retire, their current age, the level of income they hope to generate, and whether those retirement goals are achievable based on the assets they have.

The aim is then to produce a report that provides a clear overview of their situation. It doesn’t provide recommendations, because if it did, it would become regulated advice. Instead, it simply presents their position in an easy-to-understand report so they can clearly see where they stand. We present these graphically in a table, highlighting the advantages and disadvantages of each default and each available benefit.

People can then consider those options in the context of whether they’re thinking about drawdown, taking tax-free cash, buying an annuity, or using some form of hybrid approach.

The aim is for people to make more informed decisions about the default options available across their pension schemes because, for most people, there won’t be just one scheme.

**How do you see the landscape developing as we become more familiar with providing these services?**

One of the things we need to remember about the guidance duty is that, for those of us who remember the period before the pension freedoms, people would often simply default into the annuity offered by their pension provider.

I’m sure we all remember the Financial Conduct Authority saying that people needed to shop around because they were losing significant value and retirement income by simply accepting the default option.

One of the issues we face now, and one that the schemes we’re speaking to recognise, is that we could end up in a very similar situation with the guidance duty.

People may simply say: “I’m not going to do anything”, and end up accepting whatever default retirement option their scheme offers, without realising they could have obtained the same type of solution elsewhere on better terms.

That’s why it’s so important that schemes understand this, employers understand it, and, most importantly, members understand it. I think that will encourage more and more schemes and employers to recognise that they need to put the right support in place. Otherwise, we’ll end up with a sense of déjà vu. I can imagine people saying in five years’ time, “no one is shopping around, and they’re ending up with poor-value retirement solutions again”.

**This is an edited summary.**
**To watch the video in full please visit pensionsage.com**

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# Work/life balance

**Arc Pensions Law managing partner, Anna Copestake, sits down with *Pensions Age* to discuss her entrance into pensions, her musical talents and a typical week in her life**

## Work:

**What was your dream job as a child?**
Journalism enjoyed a brief spell as the frontrunner, but law always drew me back. I enjoyed analytical subjects at school and liked solving problems, so law felt like the right fit.

**Do you have any unusual job experience outside of working in the industry?**
Nothing particularly glamorous. I worked behind the music counter at WH Smith as a teenager. Initially this was just to earn money, but I have always had a love of music. I recently started piano lessons again after a 20-year break. Music has always been part of my life. I grew up in a family where everyone played a musical instrument.

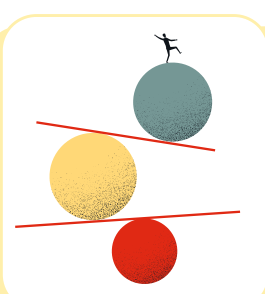
**How did you end up working in the pensions sector?**
Almost by accident. On the first day of my training contract at Jones Day, I happened to sit next to a pensions partner at a dinner. I mentioned I'd studied a masters in trusts and showed an interest in pensions, and because the training contract didn't have a seat system, I was able to do a lot of work with the pensions team. I enjoyed the technical and commercial aspects of the work and never looked back!

**What path did your pension career take that led you to your current role?**
The biggest turning point for me was joining Arc in its early days. In hindsight, leaving a well-established pensions practice to join the 'new kid on the block' was a big leap of faith, especially as a senior associate. But I was excited at the thought of helping to build a business, rather than simply be part of one. Since then, I became a partner, joined the equity, and recently took on the role of managing partner, all whilst balancing family life.

**What's one thing about your job that you particularly enjoy or are proud of?**
I enjoy helping shape the future of the firm as much as advising clients. Building a collaborative business with real entrepreneurial spirit, supporting talented people to develop their careers, and helping Arc continue to grow is very rewarding.

**If you weren't working in pensions now, what would you be doing?**
My two-year-old son is tractor mad. I know more about farm machinery than I thought I ever would. So perhaps I would be his farmhand. My grandparents were farmers so it's arguably in the blood somewhere.

**What's the best piece of career wisdom you've been told, or acquired yourself?**
Don't wait until you feel completely ready. Some of the best opportunities I've had were the ones that felt daunting at the time. You learn far more by saying yes to opportunities than by staying in your comfort zone.



**Monday**
For the past few years Monday has been my non-working day, where I spend quality time with my children and try (and usually fail) to get on top of things at home. I did the school run with my daughter and took my son to his monkey music class. It's more exhausting than my office days!

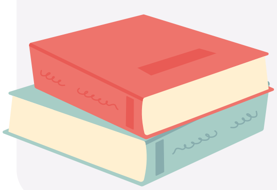
**Tuesday**
On Tuesday I'm back in the office where it's often a day of meetings. We start Tuesdays with a full team meeting. I then joined a personal assistant team meeting to discuss resourcing. I ticked off some financial management tasks, just in time for our firm-wide know-how meeting. In the afternoon I met with an industry colleague to discuss business development strategy and how the pensions sector is evolving.

# Life:

**What do you like to do in your spare time? Any hobbies?**
Spare time is in short supply with two young children, but I make time for reformer pilates and my piano lessons. Those are my non-negotiables that keep me balanced.

**Is there a particular sport/team that you follow?**
I used to follow football religiously and spent many weekends in the stands at Stockport County with my dad before becoming a long-time Manchester United supporter. These days, life with young children means I've taken my eye off the ball, although given recent performance, perhaps no bad thing!

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



I love a good psychological thriller. I have just finished *The Silent Patient*, which was full of psychological suspense and plot twists. It was quite dark but a very good way to escape the day to day.

**What film/box set do you most enjoy?**
I loved *Grey's Anatomy*. I was hooked from episode one. I enjoy the medical setting, but it's all about the characters for me. They are flawed and relatable and feel so real. I get quite invested in it, even though I have watched it more than once.

**Do you have any music/band/song suggestions?**
Kylie Minogue. I've been to every concert for years and she's still brilliant live. No one can out-Kylie me!

**What's one of the most interesting places you've travelled to?**
India. It was unlike anywhere I'd ever been. The energy of Delhi is such an assault on the senses that you cannot help but switch off from work and immerse yourself in the city.

**What's your go-to comfort food?**
Anything I've baked with my five-year-old daughter. We love baking together and it's become our little tradition. Our favourite is Nana's chocolate cake.

**Who would be your dream dinner party guests?**
Claudia Winkleman. She is hilarious and sharp-witted.

**If you could meet any historical figure, who would it be and why?**
Jane Austen. She understood people and must have observed them meticulously. I bet she has some stories to tell beyond what she wrote.

**Do you have a favourite quote or saying?**
My dad always used to tell me to tackle things in bite-sized chunks. I still use this advice and share it with others. I find it comforting.

**Finally, what's the most random fact you know?**
We are closer in time to Cleopatra than Cleopatra was to the building of the pyramids.

**Wednesday**
As managing partner my role involves a lot of compliance, HR and regulatory work, so Wednesday is my much-needed desk day. Today was spent doing some of the operational planning that keeps the business running smoothly. To round off the day I inputted on some recruitment decisions.

**Thursday**
Though my current role as managing partner means I am now a bit less client-facing, this Thursday morning was spent speaking with a prospective client – getting to understand their pain points and identify where we could help. In the afternoon we also had our weekly partner meeting, discussing everything from the day-to-day running of the firm to opportunities for future growth.

**Summary**

- Multi-factor investment strategies aim to systematically select companies based on characteristics such as value, quality, momentum, size and low volatility.
- This is a very different approach to the more usual market cap strategy, which sees funds allocate greater sums to larger cap companies.
- Given that the biggest companies in the world today are almost all US tech firms, this creates a concentration risk.
- Multi-factor approaches can help to alleviate this risk by investing in a range of companies that will behave differently in different economic situations, increasing diversification and potentially returns.

# Multi-factor investing: Finding the right approach

**Sandra Haurant considers the role multi-factor investing can play in a pension fund portfolio**

Most index funds or exchange-traded funds (ETFs) base their investment strategy on market capitalisation (or market cap), weighting investment allocations according to the size of companies in which they invest. The aim, simply put, is to predict which stocks will outperform and to invest more in those. It's an approach that has long been widely used, and with good reason. Larger firms tend to be more established, stable and reliable in tougher times, while providing dependable growth in better conditions.

Multi-factor investing provides a different approach, one which can alleviate some of the risks inherent to market cap, and offer a built-in diversification that can benefit schemes in the long term. Instead of relying proportionally more on the growth of larger firms, and attempting to predict which will outperform the markets, the multi-factor approach targets a range of different factors, aiming to gain from each of these in different ways and at different times.

It's particularly useful at times where the markets are dominated by a small number of sectors, says Hymans Robertson partner and senior DC investment consultant, Mark Jaffray: "Market-cap indices can become heavily concentrated in a small number of companies, sectors or regions, particularly when a handful of firms are driving market performance. We've seen those concentration risks become much more apparent in recent years."

Concentration risks effectively amount to having all of one's eggs in one basket – something that is ill-advised for any investor. And today, with big tech firms dominating the holdings lists, it's very much a current topic. The so-called Magnificent Seven companies – Nvidia, Apple, Microsoft, and Google's parent company Alphabet, Tesla, Meta and Amazon (in no particular order), all sit in the top 10 holdings of the global tracker funds, while SpaceX is waiting in the wings to make a big entrance on most, following its record-breaking IPO in June 2026.

With it's more varied approach to selection, some argue that multi-factor investing offers a solution to this concentration risk. WTW lead portfolio specialist, Lucy Kruimel, says: "The primary objective of multi-factor investing is to improve long-term portfolio outcomes by systematically capturing multiple sources of return. A key part of achieving this is diversification, as spreading exposure across a range of return drivers can reduce reliance on a narrow group of stocks, sectors or investment styles and help create a more balanced and resilient source of return."

**Multi-factors in action**

What makes it work, according to Jaffray, is the fact that it removes the idea that bigger is necessarily better. "Most passive equity strategies allocate more money to companies simply because they are larger," he says. "A multi-factor approach takes a different path, systematically selecting companies based on characteristics such as value, quality, momentum, size and low volatility that have historically been associated with stronger long-term returns." It's not about predicting which stocks will outperform in the coming year, Jaffray adds, but about building a portfolio that is balanced and can deliver the best outcomes over time.

And where the multi-factor approach particularly effective is that different factors tend to perform better in different sets of circumstances. "Value may outperform during recoveries, quality may be more resilient during periods of uncertainty, and momentum can benefit from persistent market trends," says Isio director and head of defined contribution (DC) investment, Helyne Slade. "By combining factors, investors can reduce dependence on any one market regime."

**Striking the right balance**

Multi-factor strategies are mainly used with equities, says Russell Investments fiduciary manager, Aqib Merchant. Here the approach can be used to "replace part of a market cap weighted passive allocation, sit alongside active managers, or form part of a completion portfolio that corrects unintended biases across the manager line-up", he says. "Some schemes also apply factor approaches within credit, while factor analysis can identify common risks across the total portfolio."

When it comes to building an effective multi-factor strategy, then, it is a question of finding out exactly what is required for a given scheme. "There is no single model," says Kruimel. "Multi-factor investing can be used as a core equity allocation, replacing part of a traditional passive global equity portfolio, or as a building block alongside active equity managers. Many schemes view it as sitting between pure passive and traditional fundamental active management, offering systematic exposure to return drivers while maintaining broad diversification."

"For some schemes, this means building exposure through systematic index-based approaches, which seek to deliver transparent, scalable and cost-efficient implementation," Kruimel adds.

For other schemes, quantitative active managers might be a better fit, providing "greater flexibility to adapt factor exposures over time but typically at a higher cost and with greater manager discretion", says Kruimel. But ultimately, she says: "The appropriate approach will depend on an investor's objectives, governance budget and beliefs."

Multi-factor can be relevant for both DC and DB schemes, although the role a multi-allocation plays is likely to differ, says Kruimel: "In DC arrangements, multi-factor approaches are increasingly used within default strategies where trustees are seeking efficient, scalable equity exposure for a large membership base at a low cost."

**"A multi-factor allocation can help build a more diversified equity portfolio and support better long-term retirement outcomes for members"**

Importantly, as so often in pensions, the long game is what matters. Even small improvements to returns will make a big difference over long time horizons, thanks to compounding. "As a result, many DC investors view multi-factor investing as a way of seeking improved long-term risk-adjusted returns while maintaining broad diversification and cost efficiency," says Kruimel. And these strategies can be especially attractive because they frequently come with low fees.

As for DB, multi-factor can be particularly helpful "where schemes are looking to improve risk-adjusted returns without significantly increasing governance complexity", Kruimel says. "As schemes mature and become more focused on liability management, the overall allocation to equities may reduce, but multi-factor approaches can still play an important role within the remaining growth assets."

Diversification, improved returns over the long-term and lower fees are all big benefits for pensions investors – and Jaffray believes multi-factor has an important part to play in creating solid portfolios. "Passive equities remain the core building block of default strategies for members who are many years from retirement. However, more than half of the leading DC providers now use some form of multi-factor investing within at least part of their equity allocation," he says. "The rationale is straightforward. Providers are looking for ways to improve diversification, reduce concentration risk and potentially enhance long-term returns for members, while maintaining the cost and scalability benefits that make passive investing so attractive."

**No silver bullet**

While multi-factor approaches can be used to increase diversification and help to dissipate some of the concentration risks related to market cap funds, there are no guarantees. "Multi-factor portfolios weigh companies according to characteristics such as value, quality, momentum and low volatility, rather than market capitalisation alone," says Merchant. "A well-balanced combination may reduce reliance on the largest index constituents. However, if the portfolio is weighted towards growth or momentum, the overall portfolio may inherit that bias and retain significant exposure to technology and AI-related market leaders." He adds: "It should therefore not be viewed simply as a strategy for moving away from technology."

"Multi-factor investing isn't a silver bullet, and it certainly isn't a set-and-forget approach. Markets evolve and strategies need to evolve with them," Jaffray agrees. But, he adds: "Used thoughtfully, a multi-factor allocation can help build a more diversified equity portfolio and support better long-term retirement outcomes for members."

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

**Summary**
- Affordable housing offers pension schemes long-term, inflation-linked income alongside tangible social impact, with LGPS funds already making significant allocations.
- Investor appetite is not the main constraint, with planning delays, grant funding, development viability and a limited pipeline of investable projects restricting further deployment.
- Greater pooling and policy certainty could unlock more pension capital, but institutional investment cannot replace the public subsidy required to deliver social housing at scale.

# Building returns

**As Prime Minister, Andy Burnham, pledges Britain's biggest social housebuilding programme since the Second World War, Callum Conway examines whether pension capital can help close the country's affordable housing gap, or whether practical and regulatory barriers still pose a problem**

Britain's housing shortage is not a new problem.

More than 1.3 million households are on social housing waiting lists in England, while around 134,000 households are living in temporary accommodation.

Prime Minister, Andy Burnham, has pledged to put affordable housing at the heart of his government's agenda, building on the £39 billion Social and Affordable Homes Programme (SAHP), which aims to deliver around 300,000 social and affordable homes over 10 years.

Against this backdrop, pension schemes are increasingly seen as another source of long-term capital for affordable housing.

Yet the question is not whether Britain needs more homes, or even whether pension schemes want to invest in them – the answer to both is yes.

It is a question of whether enough projects can offer the risk-adjusted returns, governance, scale, and liquidity characteristics that trustees and investment committees require.

**A natural match?**

Affordable housing's appeal rests on a relatively simple proposition: long-term, inflation-linked income, underpinned by demand that a structural housing shortage keeps resilient through economic cycles, alongside clear social benefits.

L&G head of affordable housing and single-family rental funds, Ali Farrell, says affordable housing is "a natural fit for pension schemes" for exactly this reason.

"For UK pension schemes, affordable housing is one of the clearest examples of capital being able to deliver both financial and social value," she argues.

"Members receive retirement outcomes from an asset they can see making a tangible difference in communities across the country."

Border to Coast UK real estate portfolio manager, Nick Moore, notes that housing is especially well-suited to the long-term time horizons of Local Government Pension Scheme (LGPS) investors.

"It can provide stable, inflation-linked income streams, and has strong underlying demand and the potential for capital appreciation," he says.

**Different models, different economics**

Despite its inherent appeal as an investment, 'affordable housing' covers several very different propositions.

Social rent sits at the deepest end of affordability, while affordable rent, shared ownership, discounted market rent and essential-worker housing operate under different economic models.

That distinction matters because the homes with the greatest social need are not always the easiest to make commercially investable.

Farrell warns that social rent, which offers the deepest discount to market rents, requires greater public subsidy to stack up financially, although this should not be interpreted as a lack of investor appetite.

"We don't believe social rent is inherently less investable," she stresses.

"In fact, social rent provides some of the strongest social outcomes and benefits from exceptionally high levels of demand. The key consideration is that the lower rent levels require greater public subsidy to make schemes financially viable."

Thriving Investments CEO, Cath Webster, agrees: "While institutional investors can, and do invest in social rent, particularly through partnerships with experienced RPs, public subsidy remains critical because rental income alone cannot cover development and operating costs whilst delivering an acceptable return."

Man Group managing director and head of community housing, Shamez Alibhai, reveals that his firm invests across tenures, with an expected medium-term mix of around 60 per cent social rent, 20 per cent affordable rent and 20 per cent shared ownership.

"This mixed portfolio approach allows us to create a blended investment return and inflation-linked income, while creating affordable and inclusive communities," he explains.

**The additionality test**

There is also a more fundamental question for schemes claiming social impact: Does the investment actually create more homes?

Buying an existing portfolio may produce a stable return and preserve homes within the affordable sector, but it does not necessarily increase supply.

However, recent evidence suggests institutional investment is increasingly funding actual additional homes.

Research from Better Society Capital and The Good Economy, covering 14,739 homes across six investment managers, found that 60 per cent of financed properties were new builds.

Of the remaining acquired stock, around two-thirds was converted from non-affordable uses into affordable housing.

For Man Group, Alibhai says this distinction is central, stating: "Our strategy mandate is to create additionality of genuinely affordable housing supply."

Its strategy does not, for example, bid for standalone Section 106 portfolios, in which developers are already legally required, through the planning process, to provide a set proportion of affordable housing.

Instead, Man Group will pursue these opportunities only where its involvement can increase the number of genuinely affordable homes, such as by converting additional properties into social housing.

This focus on additionality is increasingly important as trustees seek to demonstrate that impact allocations deliver outcomes beyond what would have occurred anyway.

**"There is a source of patient capital in the LGPS surplus as well as other DB schemes – how can we best match the two up and close the loop?"**

**LGPS capital**

The combination of acute housing need and growing pension fund appetite has already led to notable commitments from pension funds.

Man Group's third community housing strategy, the Man RI Community Housing Fund 3 (CoHo 3), has raised more than £362 million, exceeding its initial £300 million target, with Oxfordshire and Wiltshire pension funds among its backers.

Oxfordshire Pension Fund committed £55 million after assessing a range of strategies against expected returns, reputational risk, additionality, tenure mix, environmental standards and local exposure.

Oxfordshire Pension Fund responsible investment officer, Josh Brewer, says Man Group stood out for its strong Oxfordshire pipeline, affordability mix and approach to place-making.

Oxfordshire has also signed a side letter under which £37.5 million of its allocation is expected to be invested in affordable housing within the county.

For Wiltshire Pension Fund, another attraction was the strategy's focus on energy efficiency.

Its senior investment analyst, Thobeka Kellett, says affordability should not simply be measured by the cost of accessing a property.

"We know that affordable housing doesn't just mean affordable to access, but affordable to live in," she notes.

"Inefficient homes are substantially more expensive to run, resulting in more families having to choose between heating their homes and other essentials."

Wiltshire now holds a 7 per cent allocation to affordable housing overall and, according to Kellett, has faced relatively few governance hurdles, although it has at times struggled to find a pooling partner capable of supporting the strategy.

Elsewhere, Northern LGPS and Local Pensions Partnership Investments have launched Four Corners to manage a joint portfolio of 5,478 rental homes, with plans to invest a further £1 billion and add 15,000 homes over the next decade.

Oxfordshire has also backed Resonance's Housing Pathways Fund, which targets £700 million to provide housing for people experiencing or at risk of homelessness.

**The pipeline problem**

Despite this momentum, the biggest obstacles for investors remain practical and regulatory issues.

Nest Insight research found that pension investment in affordable housing was being constrained primarily by practical barriers rather than by a shortage of capital or willingness to invest, including competing funding pressures, misaligned objectives between investors and providers, operational constraints, and policy uncertainty.

Recent delivery figures illustrate

the challenge, with affordable housing starts remaining well below the levels recorded before higher interest rates and construction inflation weakened development viability.

However, Webster stresses that there is not a lack of investor appetite in the UK.

Instead, she argues, the challenge is to create a sufficiently large pipeline of investable housing through policy certainty, planning reform, and a stable funding framework.

Isio director of pensions actuarial and consulting, Katy Taylor, and Isio director of investment, Andrew Singh, similarly highlight the availability of suitable projects as a major constraint after several years of challenging development economics.

There is a source of patient capital in the LGPS surplus as well as other DB schemes, they say, asking how to best match the two up and close the loop.

Reiterating these concerns, Alibhai also identifies regulatory uncertainty and competition for capital from profit-maximising single-family rental providers as another constraint, while Webster points to grant availability, planning delays, land values, construction inflation, and financing costs as factors that affect whether schemes can be delivered at scale.

**Scaling up**

Pooling could help address some of the governance and scale barriers to affordable housing investment, particularly for smaller LGPS funds that may lack the internal resources to source and assess specialist property strategies independently.

"The power of the pool lies in collective scale," Border to Coast UK real estate portfolio manager, Nick Moore, says.

He argues that pooling can provide partner funds with greater access to investment opportunities and strategic relationships while helping construct diversified portfolios more cost-effectively.

That scale could be especially useful in affordable housing, where individual developments may be too small to justify extensive due diligence on their own.

The latest LGPS reforms could make that role more significant.

Regulations that took effect in 2026 strengthen the role of pools in implementing investment strategy, while administering authorities are also required to work with strategic authorities to identify appropriate local investment opportunities.

For housing, this could turn smaller projects into opportunities that attract institutional capital, particularly when pools can combine several investments into a larger strategy.

**Giving investors certainty**

Beyond pooling, investors are strikingly consistent on what would release additional capital: certainty.

"Pension schemes are long-term investors by nature, so stability and predictability matter," Farrell stresses.

"Clearer frameworks around planning, grant funding and affordable housing delivery would make it easier for investors to commit capital over the decades-long time horizons these projects require."

With this in mind, Oxfordshire Pension Fund head of pensions, Mark Smith, calls for Local Housing Allowance rates to be reviewed regularly and increased at least in line with CPI, alongside an accelerated planning pathway for developments containing a higher proportion of affordable and social housing.

He describes the current system as containing "some grit" that prevents otherwise viable schemes from progressing.

Webster also calls for greater certainty around rents, grant funding and planning.

"Institutional investors value certainty," she says.

"A long-term affordable housing strategy, a consistent grant programme and greater confidence in the planning system would significantly improve the attractiveness of the sector for pension capital."

The current policy direction suggests the government recognises at least some of these constraints.

But whether those reforms go far enough to turn housing need into an investable pipeline at the scale pension schemes require remains to be seen.

**The limits of pension capital**

Pension capital is already flowing into affordable and social housing at a scale that would have seemed ambitious only a few years ago, and the schemes and managers involved argue that returns and impact need not be traded off.

But almost every contributor points to the same constraint: An investable pipeline of additional housing that remains too small, too uncertain and too dependent on subsidy that is itself exposed to political risk.

The bottleneck, therefore, is increasingly not the availability of capital, but the conversion of enormous housing need into projects that pension schemes can actually invest in.

Narrowing that gap – rather than persuading schemes of the investment case – is now the key task for both the industry and government.

**Written by Callum Conway**

# The boardroom has changed, but governance hasn't kept up

**David Farmer explains how surpluses have shifted the biggest challenge for DB pension schemes from funding to decision-making, forcing senior executives to dedicate more time and effort to complex boardroom choices**

The greatest challenge facing defined benefit (DB) pension schemes is no longer funding. It is decision-making.

In only a few short albeit turbulent years, rising interest rates have dramatically improved funding positions and flipped the problem on its head. Running a surplus is the new normal, something that would've been unthinkable a decade ago. The UK's aggregate surplus now sits at £210 billion on a low dependency basis.

Many would think that would make our job easier. We have secured the surplus we spent years pursuing, after all. But the reality is quite the opposite. We're in a better position, but with this comes the responsibility to make the right call in an increasingly complex situation.

**Pensions are back in the boardroom**

In our recent report, *The Pensions Balancing Act*, we uncovered that a vast majority (81 per cent) of senior decision-makers have found C-suite time on pensions has increased over the past five years. A majority agree that their pension responsibilities are creating added pressure.

This hasn't happened because schemes are more financially stressed – it's the reverse. Improved funding has created genuine strategic choice, requiring senior stakeholders to weigh a growing range of options and determine which approach delivers the best outcomes for members and sponsors.

But as schemes' financial health has improved and pensions have moved back up the boardroom agenda, policy makers are now viewing Britain's pension funds as an economic opportunity. There is also widespread consensus in politics that pensions should be utilised to help fuel UK plc. This adds another dimension to an already complex decision-making landscape.

**The need for good governance**

With such a complex road ahead, good governance has never been so critical.

Schemes have more choice than ever, but this choice brings complexity and does not guarantee better outcomes. As the range of options expands, trustees will become increasingly important in helping sponsors navigate this new paradigm.

Our research suggests many organisations recognise this challenge. More than one in five senior decision-makers believe they do not have sufficient advisory or governance support. Fifteen per cent say they lack the time or capacity to engage fully with the detail required, while one in six do not feel they fully understand all the options available to them.

As the pensions landscape has evolved, governance arrangements have not always kept pace. CFOs and senior executives should not need deep technical pensions expertise to make effective decisions, but they do need strong governance frameworks, trusted advisers and experienced trustees to help navigate increasingly complex strategic choices.

**Quality decisions deliver quality outcomes**

Improved funding has given sponsors and trustees something they have not enjoyed for many years: genuine strategic choice.

Increasingly, the debate is not buyout versus run-on, but whether buyout is the right destination today, or whether more value can be created before that destination is reached. The role of governance is not to promote a particular outcome but to ensure those routes are thoroughly interrogated and considered.

Stronger funding gives schemes more options, but it is effective governance that determines whether those options translate into better outcomes. In the years ahead, judgement, independence and strong collaboration between sponsors and trustees will be every bit as important as funding levels themselves.

**Written by Independent Governance Group head of strategic pension solutions, David Farmer**

# Modern life

**Pensions Age explores how well the UK workplace pensions system is adapting to changing societal and working trends**

**Milestones later in life**

Younger generations are reaching life milestones later than previous generations. For instance, research from Skipton Group has found that the average age of a first-time homebuyer has climbed to 34 years old, compared to an average age of 29 in the mid-1990s. According to the Office for National Statistics (ONS), in 1970 the average age that women had their first baby was 23. In 2020, it was 29. It also found that 31 was now the average age for marriage, and 36 the average age for buying a home, an increase from 32 years in 2004.

Hitting these stages later in life matters for pensions saving because "the early adult years, when compound returns are most powerful, are often dominated by rent, student debt, childcare costs or saving for a deposit", Hughes Price Walker director, Ray Hughes, says.

"People may spend their 20s and early 30s prioritising rent, deposits, education and establishing themselves professionally before looking to 'settle down' which can also include financially settling down," Cartwright Employee Benefits group risk and healthcare consultant, John Mullally, says.

Also, the pension system was designed for a life trajectory where people bought homes in their 20s, settled into stable careers early, married and had children young and retired with housing costs largely behind them, PensionBee head of pensions, Becky O'Connor, says.

"The reduced contributions and lower investment growth then impact the quality of retirement, meaning that people retire later, and even constrain the ability to retire at all," O'Connor explains.

Despite this, Royal London workplace pensions director, Rory Marsh, states that the UK pensions system has adapted well in some respects, "particularly through the success of automatic enrolment, which has brought millions more people into pension saving".

"However, there is growing recognition that the system needs to evolve further to reflect modern working and saving patterns. The planned expansion of automatic enrolment, including lowering the minimum age and removing the lower earnings limit, is an important step towards helping younger people begin saving earlier and build stronger retirement outcomes," he adds.

The Pensions Commission's final recommendations will need to grapple seriously with the housing question, O'Connor adds. "A pension system that assumes outright homeownership at retirement is not fit for a generation where almost two million more pensioner households will be renting by 2044. Even for those with mortgages, mortgage terms are now longer and often run up to age 70, pressing the boundaries of how long someone can realistically work for. Adequacy frameworks will need to account for housing costs, not just contribution rates."

In the future, Hughes expects "more focus on personalised engagement, pensions dashboards and life-stage nudges that show the long-term cost of delaying saving".

He adds: "The wider policy question is whether the pensions system can continue to assume a neat, linear path from education to stable work, home ownership, family life and retirement. If those milestones continue to move later, the industry will need to help people make up lost ground without making pensions feel unaffordable at precisely the point when younger households are already under pressure."


**The gig economy/simultaneous jobs**

A CIPD 2023 report found that just under half a million people (463,583) work in the gig economy. According to the research, only a fifth of UK gig economy workers are either private hire drivers, working through apps such as Uber (52,898), or undertaking food delivery (82,649).

In contrast, it found that almost a quarter of a million (246,417) gig economy workers undertake desk-based services such as web development, translation and legal services through apps and websites.

Meanwhile, fractional working, the practice of working on a freelance or contract basis but holding a portfolio of these part-time assignments simultaneously, for instance through seasoned C-suite leaders who offer their expertise to several businesses at once on a part-time schedule, is on the rise in the UK, a Marks Sattin 2025 whitepaper states.

It also highlights how 5 per cent of UK employees are in temporary positions, which equated to about 1.5-1.6 million people in temporary roles in early 2025.

Mullally notes that, depending on your age and where you live, having multiple jobs is becoming more commonplace. “This makes it tricky to have a pension in place on your earnings especially if you are freelancing…. If people are having to work multiple jobs, it is unlikely that they have a stable income or would place a high importance in investing in a pension,” Mullally explains.

As Hughes says, “the UK pensions system caters well for conventional employees on payroll, but much less well for people whose income is irregular, split between several sources or classified as self-employed”.

Indeed, PensionBee’s research found that 57 per cent of gig workers say they cannot afford to save into a pension, “which tells you the problem is structural, not motivational”, O’Connor says.

“Gig workers sit in a gap that auto-enrolment cannot reach,” she explains. “They are not employees, so they receive no employer contributions. They often work multiple jobs, so no single employer has sight of their overall earnings. The variable nature of their income makes consistent saving difficult in practice, even for those who want to save. But the often-necessary prioritisation of short-term income needs for this group often means there is little individual incentive to save for the long term.”

The DWP’s consultation on broadening auto-enrolment thresholds is a step in the right direction, O’Connor adds, “but without employer contributions, the structural disadvantage remains. It’s encouraging that the Pensions Commission is actively considering this group when developing policy recommendations”.

Future developments to help those in the gig economy are likely to focus on portability, small-pot consolidation and mechanisms that allow pension saving to follow the worker rather than sit with a single employer, Hughes predicts.

“Policymakers may also need to consider whether platforms and engagers should carry clearer pension responsibilities where they exercise employer-like control,” he adds.

**Self-employment**

According to Statista, as of June 2026, there are approximately 4.5 million self-employed workers in the UK, accounting for roughly 13-15 per cent of the total national workforce.

“Self-employment has long sat awkwardly alongside the UK pension

framework because there is no employer to enrol the individual automatically, prompt contributions or pay an employer contribution, Hughes says.

"Many self-employed people value flexibility and control, but pension saving can easily be postponed when income varies, tax bills are uncertain and business investment feels more immediate. The result is that the system caters poorly for self-employed workers compared with employees, despite many of them facing the same need for a secure retirement income," he adds.

Indeed, only a fifth of self-employed workers save into a pension, O'Connor notes.

"Without auto-enrolment, employer contributions, or a payroll mechanism to make saving the default, pension saving for the self-employed requires consistent active effort that employment structures handle automatically for everyone else," she adds.

Despite this, pension provision for the self-employed has been one the areas where reform has been slowest, Hughes notes.

"There have been policy discussions and trials around using tax, accounting software or prompts at key financial moments to encourage saving, but no comprehensive solution has yet matched the simplicity and behavioural power of automatic enrolment for employees," he says.

Also, Mullally adds, changes to accounting standard IR35 has closed more loopholes to kerb the self-employed who were using it to pay less tax.

However, O'Connor says that "the Pensions Commission has received evidence calling for a pension saving mechanism delivered through self-assessment. This would give self-employed workers a default route into saving without mandating rigid monthly contributions. It remains a recommendation rather than policy, but this idea and similar variations are being actively considered and tested."

**Career changes**
Mid-life career change and retraining are becoming more common as people respond to longer working lives, evolving technology, redundancy risk and changing personal priorities, Hughes says.

However, a career change may mean taking a more entry-level job than previously held, "so that, in their mind, they cannot put as much into a pension as they did (at least initially). Or they are training, in which case they are not earning or earning low amounts of money whilst *[doing so]*", Mullally notes.

For the pensions sector, the challenge is that each job change creates a new pension pot, often with a different provider and different fees. The average person now changes jobs 11 times during their career," O'Connor highlights.

As Hughes says, "the UK system can cope with job moves in a technical sense, but it does not always help people understand the cumulative pension impact of a major career reset".

Help is at hand though, with many policy reforms "aimed at improving continuity and visibility, including pensions dashboards, small-pot consolidation and automatic enrolment changes", Hughes notes.

"These should make it easier for people to see what they have built up across different jobs and reduce the risk that small, deferred pots become forgotten. However, current reforms do not directly address the contribution gaps or lower earnings that can arise when someone retrains or starts again in a new field.

"As career paths become less linear, pension communications will need to become more event-based rather than purely annual. People changing career need clear prompts about what a lower salary, a contribution pause or a new employment pattern means for their retirement planning. I would expect more tools that help individuals model career breaks, retraining periods and later-life earnings changes, so that pension saving can adapt to real working lives rather than assuming a single uninterrupted career," he adds.

**Caring breaks**
According to the ONS, economic inactivity of those aged 16-64 due to looking after the family/home was over 1.5 million in June 2026. Meanwhile, the 2021 ONS Census of all people that provide unpaid care, found 26 per cent were in their 50s.

These breaks often result in pension saving pauses, reducing retirement incomes and widening existing inequalities, Aegon head of pensions, Kate Smith, notes. "Women are particularly affected, as they remain more likely to take time out of work or reduce hours to care for children or relatives," she adds.

The result is the financial effect can persist long after the break itself has ended. However, "the UK system provides some protection through National Insurance credits for state pension purposes, but private pension saving is often much less well protected during unpaid or lower-paid caring periods", Hughes says.

Indeed, every year spent out of paid work to care for a child or relative costs approximately £5,000 in lost retirement savings, according to PensionBee research.

"As more people have non-linear careers, there is a growing case for pension policy to better support those who spend time out of the workforce providing unpaid care," Smith says.

To that end, the Pensions Commission's call for evidence has received significant submissions on carer pension credits and contribution top-ups during unpaid care periods, O'Connor notes.

What solutions the commission finds to accommodate carers' pension saving remain to be seen, but demographic trends suggest caring responsibilities will become an increasingly important issue for working-age adults, Marsh says.

"As the population ages, more people are likely to balance the later part of their career with caring commitments. The industry will need to continue developing solutions that support flexibility and inclusion, while policymakers and employers will need to consider how best to ensure those who provide vital care do not face disproportionate financial disadvantage in retirement," he explains.


**Phased retirement**

Phased retirement, such as reducing working hours gradually, moving into consultancy, combining employment income with pension income, or returning to work after a period of retirement, is becoming increasingly popular, as people look for greater flexibility and a better work-life balance later in life. For instance, Aegon's *Second 50* research found that just 24 per cent of over-50s expect a hard-stop retirement.

"For many, this is a positive choice rather than a financial necessity," Smith says, as "almost half of those planning a phased retirement say they want to stay mentally active".

Marsh agrees that a phased retirement is a positive choice for many, highlighting YouGov research that shows three out of five retired British employees believe that phased retirement has the potential to improve work-life balance.

According to O'Connor, the pension system has not kept pace with this increasing trend for a phased retirement. "Drawdown rules, tax implications, and the interaction with means-tested benefits can all create perverse incentives against a gradual transition," she explains.

However, Hughes believes the UK pensions system is "reasonably flexible" in allowing access to DC savings from later life, "but the interaction between work, tax, pension withdrawals and ongoing contributions can be difficult to navigate".

Arguably the greatest assistance to phased retirement has been pensions freedoms, which has "already made phased retirement more possible for DC savers, while industry developments around retirement income products, guidance and investment pathways are intended to support better decisions", Hughes says.

The Pension Schemes Act implementation of guided retirement and decumulation pathways, along with the advice/guidance gap being bridged though targeted support are expected to help retirees become more confident in their pension choices.

But more may need to be done. As Hughes says, both "policy and the industry will need to develop better retirement defaults, clearer guidance and retirement income solutions that support partial work, partial drawdown and changing income needs over time. The key will be helping people use flexibility safely, so phased retirement becomes a planning opportunity rather than a source of confusion or poor decisions".

**Written by Laura Blows**

# The case for governance

Caroline Escott

**One year after the launch of the Good Governance Investor Campaign (GGIC), its chair, Caroline Escott, speaks to Callum Conway about investor rights, dual-class shares, corporate reporting reform and why weakening governance standards will not revive the UK's IPO market**

**One year on from the launch of the GGIC, what tangible impact has it had on UK corporate governance and capital-markets policy?**

Our objective is to strengthen UK growth by promoting good governance and effective investor rights. The evidence showing the importance of good governance to economic growth is clear, and our focus is ensuring that message is heard by policymakers.

During our first year, we have been delighted by how strongly the campaign has resonated with policymakers, trade and national media. Parliamentarians, government officials, regulators and senior editors have proactively approached us to understand the long-term investor perspective.

That engagement is vital in raising awareness and building momentum for our work.

We were, however, frustrated by the decision in January to scrap the long-planned *Draft Audit Reform and Corporate Governance Bill*. The legislation would have delivered important improvements, including subjecting nationally significant private companies to a level of scrutiny comparable with their publicly listed peers. That would have been an important step towards removing artificial divisions between private and public companies.

We are now engaging closely with government officials ahead of the *Modernisation of Corporate Reporting* consultation, which we expect to be published this year. In those discussions, we continue to emphasise that good governance is a help, not a hindrance, to the UK economy.

**How do you respond to claims that strong governance protections make the UK less competitive as a listing destination?**

We are not convinced that the corporate governance 'burden', as some describe it, is contributing materially to the decline in UK initial public offerings.

Our analysis of 53 UK-headquartered or UK-focused companies that listed in the US between 2018 and 2025 found that only one cited governance standards as a reason. Far more commonly, businesses referred to liquidity, valuations and access to deeper pools of capital.

Building that liquidity requires a capital market that is attractive to investors.

Our survey with Opinium found that 61 per cent of domestic and international pension scheme chief investment officers and portfolio managers considered shareholder rights and investor protections 'very important'. Meanwhile, 55 per cent believed recent UK listing rule reforms had made UK companies appear riskier as investments.

**Why has class-by-class voting disclosure become a priority following the introduction of dual-class share structures?**

Where a company chooses to operate with unequal voting rights, both companies and investors benefit from seeing how different shareholder groups have voted.

Companies disclosing disaggregated voting outcomes gain a clearer understanding of their shareholder base. At the same time, greater transparency builds trust, strengthens accountability and improves investor confidence in a way that supports long-term value creation and economic growth.

Aggregated results can obscure differences between the voting behaviour of ordinary shareholders and holders of enhanced voting rights. That matters to pension schemes and other long-term investors because it can make it harder to assess the strength of independent shareholder sentiment.

Our working group is developing guidance that is UK-focused but internationally relevant, bringing together company and investor perspectives from the UK and overseas.

Initial discussions with company representatives have indicated support for the measure, and we will gather broader views through an industry-wide consultation over the summer.

**Do you believe the 2024 UK listing rules struck the right balance between attracting companies and protecting shareholder rights?**

Policymakers, companies and investors all need to work together to make the UK an attractive place to list and raise capital.

We are not seeking to relitigate the past, but many campaign members made clear at the time that the changes would dilute investor protections that had historically been one of the UK market's competitive strengths.

The evidence shows that governance standards and shareholder rights influence where investors allocate capital.

As a group, we do not believe the listing rule changes have had a positive effect on the UK IPO market. We also believe they have made the UK less attractive to capital by reducing the appeal of listed companies to the high-quality, long-term investors that pre- and post-IPO businesses say they want.

However, our campaign is about much more than listing rules or public markets. It is about ensuring the whole UK capital market operates in the interests of companies, investors and savers.

**What does the campaign want from the forthcoming Modernisation of Corporate Reporting consultation?**

Modernisation should make corporate reporting shorter, clearer and more useful while preserving the shareholder oversight and accountability that make UK markets attractive to long-term investors.

We want meaningful information, not simply more information.

There is a strong case for streamlining remuneration reporting by removing low-value, duplicative and overly process-focused disclosures. Reporting should instead concentrate on pay outcomes, alignment with performance and insight into the remuneration committee's decision-making.

We would not support enabling virtual-only annual general meetings, as these can reduce the quality of engagement between shareholders and companies.

We also believe the UK's current shareholder voting arrangements on executive pay have helped deepen dialogue on a material issue. Remuneration is a powerful tool for alignment and accountability and, at a time when many everyday savers face cost-of-living pressures, we will continue to argue for preserving that right.

**How do stronger governance standards and improved voting disclosure translate into better outcomes for pension scheme members?**

Effective governance supports stronger board oversight, greater accountability and more disciplined decision-making. This reduces the risk of costly corporate failures and value-destructive behaviour.

Enhanced voting disclosure gives investors and companies a clearer understanding of shareholder sentiment and strengthens the dialogue between issuers and their investors.

Our proposals would help build more transparent, resilient and trustworthy capital markets, creating the conditions for long-term value creation in the interests of pension scheme members and the wider economy.

**What are the GGIC's priorities for its second year?**

We plan to publish our industry guidance on class-by-class voting disclosure by December and support its adoption by relevant companies.

We will also remain closely involved in the debate around modernising corporate reporting, while continuing to strengthen the evidence base and our relationships with policymakers.

More broadly, we want UK capital allocators to have a greater voice in policymaking. That could include formal pension scheme representation on official listings taskforces.

We also want policymakers to address artificial divisions within the UK market, including the differing obligations faced by large private and public companies.

Finally, the UK should do more to celebrate its position as a destination for international capital. Pension schemes should play a greater role in government trade missions and in demonstrating the depth and quality of the UK's long-term investor base.

**Written by Callum Conway**

**Summary**
• Pension scam safeguards have made transfers safer, but red and amber flags have also created delays and complications for legitimate transfers.
• Industry experts blame transfer delays on outdated regulations, fragmented systems, poor data and continued reliance on manual processes.
• Government reforms could remove some barriers, but concerns remain over how 'reputable' schemes and new small self-administered scheme safeguards will work in practice.
• Technology such as electronic transfers, automation, application programming interfaces and artificial intelligence could speed up the process, but wider industry adoption and stronger collaboration are needed.

# Keeping things moving

**Despite pension scam measures making pension transfers more secure, they've also slowed the process and created more complications for legitimate transfers. As the government considers changes to cut delays, Paige Perrin explores whether new technology can help providers speed up transfers without compromising security**

For an industry increasingly focused on consolidation, digitalisation and better member engagement, the process of moving pension savings can feel surprisingly stuck in the past.

Despite advances in technology and efforts to strengthen scam protections, pension transfers can still be held up by regulation, poor data and manual processes.

## Barriers

Pension Scams Industry Group (PSIG) chair, Margaret Snowdon, suggests the biggest problem is the "lack of interoperability in the pension industry", explaining that "organisations have different systems, processes, and different regulations depending on the sector".

Meanwhile, several pension professionals claim that a lack of adoption of existing technological solutions and a reliance on manual processes are contributing to pension transfer times.

PensionBee chief business officer UK, Lisa Picardo, claims: "The biggest blockers to efficient pension transfers are a lack of will on the part of legacy providers to treat digital-first, secure transfers as the default, together with the absence of meaningful consequences. The technology to make pension transfers fast and secure already exists and is being used at scale today, but too many providers still haven't adopted it."

In addition, Smart Pension chief operating officer, Sue Whittington, notes that "the industry still runs on manual processes", which she says create avoidable friction, push up operational costs, and result in poor audit trails.

"That is compounded by data mismatches, whether in policy references or active member status, because the current infrastructure was never built to share information consistently between schemes," she continues.

Lumera commercial director of data and dashboards, Maurice Titley, adds that the "root cause" of poor member data quality often lies in legacy administration systems, fragmented member data and continued reliance on manual processes.

"These issues have persisted because modernising long-established administration infrastructure is often complex and resource-intensive," he says.

At a structural level, the regulatory framework itself can also contribute to delays. Picardo highlights that part of the problem is that pensions sit under two different regulators, the Financial Conduct Authority for contract-based schemes and The Pensions Regulator (TPR) for trust-based schemes.

"In our experience, that split creates a transfer lottery; which regulator and which administrator you happen to land with can determine whether your money moves in a week, or over months," she says.

Meanwhile, Society of Pension Professionals Legislation Committee member, Faye Jarvis, argues that "rigid legislation that hasn't worked as intended" is one of the biggest obstacles to achieving faster pension transfers, highlighting the 2021 regulations, which introduced statutory 'red and amber flags' to stop scams, but whose "broad legal definitions catch thousands of routine transfers".

"The 2021 regulations were a fair response to a real problem, and they've prevented genuine harm, but they also created an odd incentive though, because once a flag fires the safest thing an administrator can do is slow down," Trafalgar House client director, Dan Taylor, says.

LCP pension admin team partner, Christian Macnab, points out that there can also be delays even where there are no material concerns about the receiving arrangement.

"For example, the overseas investment amber flag can currently require a MoneyHelper pension safeguarding guidance appointment where a transfer is going to a major insurer and no other flags are present," he explains.

And as XPS member engagement hub director, Colin Miller, highlights, the Department for Work and Pensions' (DWP) own evidence shows that the flag alone has been responsible for around 64 per cent of all MoneyHelper safeguarding appointments, the large majority involving no genuine scam risk at all.

**Government reform**

To reduce transfer delays, the DWP has recently consulted on changes to pension transfer regulations. The consultation proposed abolishing the overseas investment amber flag, removing the need for checks on transfers to 'reputable' pension schemes, and introducing a new red flag for transfers to small self-administered schemes (SSAS) where there is no employment link.

Although the industry has welcomed these changes, calling them "long overdue", concerns remain about the detail around reputable schemes.

According to Taylor, removing the overseas flag and stopping members being sent back to MoneyHelper twice inside 12 months are "good practical fixes, and administrators will feel the difference", but says the reputable scheme route "worries me a little".

"Reputable isn't a test, it's an adjective," he continues. "It asks an administrator to form a judgement on the balance of probabilities and then leaves them carrying the consequences if it goes wrong. Give people a decision to make and no cover for making it, and they'll take the slow, defensible route every time. Which is the behaviour the change is meant to stop."

**"Slow transfer times, rising administrative costs, and growing member frustration are combining to help accelerate the shift towards digital solutions"**

Additionally, Miller emphasises that the scam risk isn't always in the receiving scheme but instead "can sit entirely in the circumstances surrounding the transfer, including a step downstream through a conduit scheme, regardless of where the money ultimately goes".

He argues that the regulations don't address that, because "they focus solely on whether the receiving scheme is classed as 'reputable', to the detriment of every other flag that might be raised".

Miller adds there is a more basic issue with using 'reputable' as the test. He says that it doesn't remove the risk of conduit arrangements or address wider risks such as high fees, member understanding or unsuitable advice.

"What the proposals need is to let trustees judge whether a transfer is safe after looking at the full picture, not just one section of it, which means the regulations should set out the criteria trustees can use to do that, together with protection for trustees who can demonstrate they followed it," he says.

Meanwhile, Jarvis flags issues with how the government will address the risk of SSAS fraud, saying, "the new 'employment-link' red flag is unlikely to have the desired outcome due to a significant loophole in the regulations".

"Under current legal definitions of a 'substantive response', providing partial employment evidence triggers an amber flag instead of a red flag. Scammers can easily exploit this by persuading a member to complete a MoneyHelper appointment to force the transfer through," she explains and calls for the DWP to close this loophole.

Picardo also urges the DWP to go further with transfer regulations reforms, and in particular, asks it to publish clear, objective criteria for what counts as a reputable scheme, and for the new SSAS red flag, so genuine savers like company directors and consultants "aren't caught out simply for not fitting a conventional profile". She also warns that DWP "must ensure it's not replacing one form of delay with another".

Whittington argues that regulatory focus on pension transfers will not be enough on its own and highlights the upcoming pensions dashboard and the consolidation of more than 13 million small pension pots as driving an 'exponential' rise in transfer activity.

"The only way to make a lasting dent in transfer times while improving protection for customers at the same time is significant structural change from within the industry," she says, highlighting industry steering group Pathfinder as an option.

Whittington adds that without industry reform "the market will continue to rely on silos and manual intervention rather than scaling to meet what is coming down the track".

**Future solutions**

Given the digital age and the recognition by pension professionals that manual processes slow things down, industry experts may consider whether the challenges of pension transfers could necessitate adoption of new technology solutions to address these issues.

"Slow transfer times, rising administrative costs, and growing member frustration are combining to help accelerate the shift towards digital solutions," Jarvis says.

Aptia UK head of pension administration, Sue Doughty, says: "The continued focus on transfer delays is likely to accelerate investment in technologies that reduce manual intervention, improve data quality and increase transparency. As member expectations rise – particularly in a more digital pensions landscape – the industry will face growing pressure to deliver transfer processes that are not only faster, but also safer and more transparent. Achieving this will require greater adoption of digital-first solutions and improved data-sharing across the pensions ecosystem."

However, Origo head of product portfolio, John O'Hara, argues that the technology to *[deal with pension transfer delays]* quickly and safely has existed since 2008 and adds that the answer *[now]* lies in wider industry adoption.

"The highest-impact technology here isn't some futuristic breakthrough; it's the electronic transfer infrastructure providers already use," Picardo emphasises.

"Providers using platforms like the Origo Transfer Service routinely complete transfers in under two weeks, and electronic transfers hit a record 1.7 million in 2025, up 70 per cent in three years, proof that fast, secure digital transfers are already happening at scale."

But the question remains whether newer technologies could further improve the process.

Macnab suggests that a regulator-backed verification and intelligence tool, using automation and artificial

intelligence (AI)-assisted analysis to support initial red and amber flag assessments, has the potential to reduce transfer times and make the identification and application of flags more consistent.

But for trustees to rely on such an industry tool, Macnab says, "it would need formal regulatory approval or endorsement" as well as "clear guidance on how far trustees may rely on its output and how that reliance relates to their statutory responsibilities".

Titley, however, suggests that the greatest improvements are likely to come from a combination of technologies rather than any single innovation.

"Automated workflows, application programming interface-enabled connectivity between providers, advanced data validation, digital identity verification and cloud-based administration platforms all have significant potential to reduce manual intervention and improve operational efficiency," he explains.

Titley also highlights AI as having an "important role to play", particularly in supporting fraud prevention and consumer protection, which he says is one of the most significant barriers to faster transfers today.

"AI is particularly well suited to picking up on warning signs that humans may not, but this should only be used to support informed decision-making rather than replace human oversight," he says.

However, Snowdon says that although new technology is one solution, she cautions that "technology itself could result in making bad transfers faster".

Beyond technology, Sackers partner, Adeline Chapman, suggests there could be a centralised list of reputable schemes that have passed checks. She says this "would relieve administrators of the rigmarole of looking for amber or red flags in relation to the scheme being transferred to".

However, she acknowledges that there could be concerns with this proposal. The first is that "as things stand under the proposed regulations, it is down to every transferring scheme to decide on its own list of which scheme is reputable and to choose its own list of non-exhaustive factors".

"The regulations propose to list some, but it'll be down to the trustees to choose which factors are relevant, whether there are any more, and to decide what they believe is a reputable scheme," she continues.

Sackers suggests that a central third-party list of reputable schemes should be managed by the DWP and TPR or a trusted industry group such as PSIG. Chapman says this "would cut right through this and improve efficiency very significantly".

Macnab adds: "For the 'reputable scheme' approach to work, trustees will need prescribed criteria, detailed guidance, clarity about how long they may rely on previous due diligence and potentially an official information source maintained or endorsed by an appropriate regulatory body."

Government reforms could reduce some of the friction slowing pension transfers, but they are unlikely to solve the problem alone. With technology already capable of making transfers faster and more secure, the challenge now is getting providers to adopt it at scale. As transfer volumes rise, greater collaboration and modernisation across the industry will be essential to getting things moving.

**Written by Paige Perrin**

# Collective action

**Recent government and regulatory announcements will enable the creation of new whole-of-life collective defined contribution (CDC) schemes. With regulatory backing for retirement CDC also imminent, David Adams looks at the practical challenges facing schemes and providers seeking to turn the theoretical promise of CDC into reality**

**Summary**
• Following recent government and regulator announcements we should see whole-of-life CDC schemes starting to go through regulatory authorisation processes during the next year.
• Further regulatory announcements that will enable development of retirement CDC are also expected within the next few months.
• But significant practical and technical obstacles linked to administration, investment strategies and member communications will need to overcome before schemes can seek regulatory authorisation.
• Arguably most important of all will be ensuring that scheme members have an adequate understanding of how CDC schemes work, to help build confidence in this new form of pension scheme.

After years of talk about its potential to radically alter the UK pensions landscape, the widespread roll-out of collective defined contribution (CDC) schemes should be underway within the next few months. So far in 2026, The Pensions Regulator (TPR) has unveiled its updated Code of Practice for CDC schemes and opened applications to run multi-employer CDC schemes; while the government has published its response to its 2025 CDC consultation, clarifying legal and regulatory requirements. The relevant actuarial standards have also been revised by the Financial Reporting Council (FRC).

Further regulatory announcements related to retirement-only CDC, which allows people to move pension

savings into a collective fund at or after retirement and is likely to be used within many schemes' guided retirement strategies, are expected soon.

We have also seen more evidence that CDC really can reduce costs and risks for employers and could deliver better outcomes for members. Modelling results published by LCP in April 2026 showed that CDC pensions would have been more resilient and stable than individual DC pension pots during most of the past 80 years and would have reduced the risk of 'point in time' losses at retirement.

This year has also seen publication of the first actuarial valuation for the Royal Mail Collective Pension Plan (RMCPP), the one CDC scheme already operating in the UK, albeit in highly bespoke form, which opened in 2024. The valuation showed it delivered a pension increase of 6.4 per cent, 2.6 per cent above the CPI measure of inflation, during its first full year in operation.

So, it now seems very likely we will see some whole-of-life CDC schemes, which pool longevity and investment risks during both accumulation and decumulation phases, opening within the next 12 months. One illustration of how quickly things are moving is that a week after TPR opened applications for multi-employer CDC, Aon announced its intention to seek regulatory approval to add a whole-of-life CDC section to the Aon MasterTrust, alongside DC benefits. It is also considering adding a retirement CDC section to the master trust when regulations allow.

But there are some significant practical and technical obstacles that employers, schemes and providers will need to overcome before CDC schemes can seek regulatory authorisation, in relation to administration, investment strategies and, arguably most important, member communications.

**A very different kind of scheme**

Association of Member-Nominated Trustees (AMNT) co-chair, Maggie Rodger, says many DB and DC schemes' trustees or managers will have to adapt to "a completely new way of thinking", as they start planning modelling likely membership and contributions of a proposed CDC scheme. One key difference is the annual valuation exercise, which assesses whether a scheme's assets and liabilities match.

"If they don't, you change your liabilities by changing your indexation," she explains. But the parameters within which this can be done will need to be agreed at the outset.

Pensions Administration Standards Association (PASA) CDC Focus Group chair (and Sackers partner), Helen Ball, points out that CDC administration is also significantly different from administration for DB or DC schemes.

"For DB schemes there are platforms for calculating contributions and benefit payments, and a payroll function for paying out benefits," she says. "DC schemes have different administration systems, because you've got to watch the size of the pot over the years and think about how you give benefit statements to people and allow them to make choices at retirement. *[Whole-of-life]* CDC administration brings together the actuarial part of working out what someone's target pension is, plus the payroll part at the end."

Administration solution provider Lumera's chief commercial officer, Peter Roos, sees the choice and construction of administrative infrastructure as a crucial factor that could determine the success or failure of CDC schemes.

"This means implementing robust data and systems capable of supporting CDC's collective approach, alongside actuarial, governance and member communication requirements," he says. "High-quality data and fully auditable processes will be critical, enabling faster reporting, and robust monitoring of outcomes such as intergenerational fairness."

The latter is an important issue. CDC scheme members pool longevity and investment risks, which can have positive and negative impacts on the pensions they receive. But CDC also shifts some risk from older to younger members of the scheme, because it gives trustees or providers more flexibility to invest in higher risk assets on behalf of all the members. A CDC scheme is likely to produce better outcomes for all its members than if they had been saving in a DC arrangement for an equivalent period of time, but if younger members only spend a few years in the scheme they are likely to effectively subsidise some of the pension benefits received by older members.

"Hopefully, putting time in at the start doing the right modelling around scheme design will help to alleviate those issues," says Sackers partner, Andrew Worthington.

**Communication and compliance**

Even if not all CDC scheme members need (or want) to know all of the details of scheme construction and strategy, they will need to understand how these pensions work, and how their benefits are affected by the performance of the scheme's investment strategy over time.

"There are legal requirements around what needs to be communicated and some key points that need to be explained, such as that pensions may decrease in retirement," says Worthington. "But there are some really positive messages around CDC, about it being an income for life, and about members not having to make any complex investment or retirement decisions."

Aon head of UK retirement policy, Matthew Arends, says the business is still developing its approach to explaining CDC to Aon MasterTrust members.

"The challenge is to make CDC benefits understandable without oversimplifying it," he says. "You need to find the right balance between explaining risk and ensuring they have confidence in the design of the scheme. In CDC we expect benefits to go up much more often than they go down, but we can't dismiss the risk that they may go down." He says it is essential to explain this risk in a proportionate way, to ensure members are not alarmed by it.

Arends also highlights the need for members who have not yet retired to be provided with a comprehensive, but comprehensible explanation of their right to transfer out of a CDC scheme.

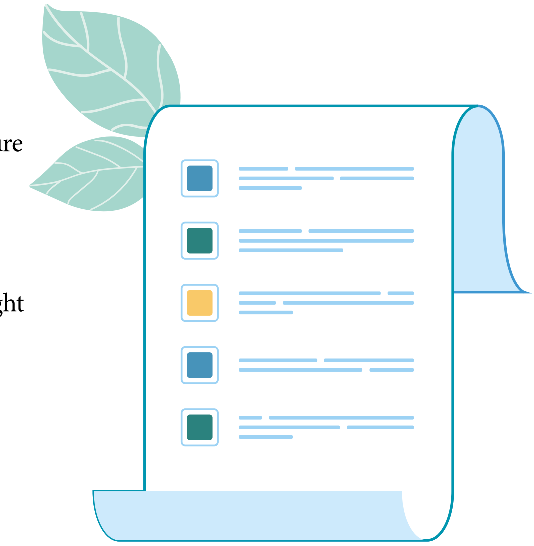
"On request they will be able to see their transfer value, so we need to express the benefit accurately, in terms individuals can understand," he says.

**"High-quality data and fully auditable processes will be critical"**

Clear communications will also be critical for individuals who are transferred into whole-of-life CDC schemes from DC arrangements without their consent. The government's response to the 2025 CDC consultation states that such transfers will be permitted, although transfers into retirement CDC arrangements will not be possible without member consent.

Once effective preparations are in place, a scheme will need to complete the regulatory authorisation process. For whole-of-life CDC schemes or providers this will involve submitting the scheme rules, a viability report and a continuity strategy to TPR. Multi-employer CDC schemes will also need to nominate a single scheme proprietor to 'own' the scheme, holding or controlling sufficient money to cover the costs of an orderly wind-down. Multi-employer schemes must also submit a business plan, a set of accounts (if they exist) and accounts for any organisations partly or completely funding the scheme proprietor. There are additional rules governing marketing or promotion of these schemes.

TPR has built some flexibility into elements of the authorisation process, but it is also inevitable that future changes in pensions policy, regulation and other circumstances will force adaptations in CDC schemes' operations. Trustees, managers and the systems they use will all need to offer some flexibility.



"The regulatory framework is likely to evolve as the market matures, so CDC requires platforms that can adapt to rapidly changing regulatory and product requirements," says Roos. "Platforms will need to be able to evolve with the market and accommodate changing products and requirements without costly system rewrites."

With the practical capability to deliver CDC in place, Roos thinks the biggest factor that could delay widespread adoption of CDC will be a lack of confidence in the concept, among employers, trustees and scheme members.

"Employers and trustees will want assurance that CDC can provide more predictable retirement journeys and a positive member experience, while remaining practical and efficient to administer," he warns. But he is optimistic. "As the market matures and schemes build experience in this space, we expect that confidence to grow."

**Written by Dave Adams, a freelance journalist**

Paul Black, Pi Partnership professional trustee

Matt Richards, Pension Insurance Corporation (PIC) head of origination structuring

Nikhil Patel, Howden (Barnett Waddingham) head of bulk annuities

# Best foot forward

***Pensions Age* sits down with Paul Black, professional trustee at Pi Partnership, and chair of the Dr. Martens Airwair Group Pension Plan, to discuss the scheme's buy-in with PIC trustees, along with Matt Richards, PIC's representative on the transaction, and Nikhil Patel, representative of the scheme's risk transfer consultant, Howden (Barnett Waddingham)**

**Could you start by telling us about the Dr. Martens Airwair Group Pension Plan?**

**Paul Black:** Dr. Martens is an iconic British footwear brand best known for its 1460 boot, first produced on 1 April 1960. Originally worn by workers for its comfort and durability, the brand was later adopted by musicians and subcultures, becoming a global symbol of individuality and self-expression. Over six decades later, Dr. Martens operates in more than 60 countries and employs around 3,600 people. Every Dr. Martens product reflects craftsmanship, heritage, timeless style, comfort, and versatility. Having transcended generations, the brand stays as relevant today as it was at its inception.

The Dr. Martens Airwair Group Pension Plan is the group's UK occupational pension scheme. Historically, it included both defined benefit (DB) and defined contribution (DC) sections, with trustee governance and external advisers overseeing investment and funding arrangements.

Pi Partnership became the professional trustee in 2006, and later chair of the trustees. During that period, the plan has evolved from an open DB scheme through closure to accrual, setting up a DC section – which was transferred to a master trust – and more recently to the buy-in project. The professional trustee helped guide the board through the various stages, while keeping member interests at the heart of decision-making. This led to the plan being in a strong financial position, which made buy-in a possibility without any additional employer funding.

**Could you explain the intricacies of the deal, including the number of pension members/deferred members involved?**

**Black:** The transaction covered 278 pensioners and 176 deferred members and included some unusual benefits, such as early retirement, late retirement and commutation factor underpinnings, which, with PIC's flexible approach, were able to be insured.

**Nikhil Patel:** The transaction also involved a more complex DC arrangement, which Dr. Martens held with an external master trust, but despite intricacies, PIC were able to ensure that all members' valuable benefits would still be protected.

**What were the main objectives of the transaction and what has been achieved?**

**Black:** The trustees' main objective was to de-risk our scheme, secure attractive pricing, put in place high-quality administration services for its members over the long term, and retain the valuable benefits its members truly valued. From the trustees' and sponsor's perspective, the key objectives were to complete a buy-in transaction by 31 March 2026 (the end of the company's financial year), to run a competitive process with multiple insurers and to transact with an insurer who could deliver on the trustees' objectives. This included: suitable pricing – competitive relative to adviser estimates and affordable within the plan's assets, materially able to provide the plan's benefits – noting complex benefits such as a DC switchback mechanism and fixed actuarial factors, and high-quality administration services – giving the trustees and employer confidence that members would be well looked after for the long term.

**Matt Richards:** Through transacting with us at PIC, the scheme was able to secure these aims and provide long-term security for the plan's pensioner and deferred members, while seeing members' benefits protected. And to top it all, feeling comforted that the scheme's members would receive strong ongoing support through PIC's customer-first focused approach.

### Why did Dr. Martens Airwair Group Pension Plan choose PIC for this transaction and how was the selection process carried out?

**Black:** The trustees selected PIC because it was the insurer that not only matched but exceeded expectations. The offer also closely aligned with the key objectives for the transaction: providing long-term security for current and future policyholders, delivering high-quality administration and member support, offering attractive pricing, and ensuring that members' valued benefits were retained, despite some complexities that were a part of the deal. PIC's customer-focused mindset, flexible approach and strong track record in supporting members over the long term were important factors in the decision to transact with them as the chosen insurer.

**Richards:** The selection process was carried out through a two-stage insurer feedback process, with consultant Howden initially approaching us as insurers that it felt could meet the trustees' objectives. The start of the process saw Howden set out the specific project background and requirements, including a focus on administration standards and the flexibility around transition timescales to support the completion of guaranteed minimum pension (GMP) rectification and equalisation. A subset of insurers was then invited to provide firm pricing, with PIC ultimately chosen because it could meet the trustees' priorities and delivered a strong overall outcome for members. It was the standout insurer during the process because of how well it could work with all parties to ensure the right outcome for members.

### How long did the process take from start to finish?

**Black:** The two-step approach agreed between trustees and consultant in advance of the request for quotation (RFQ) helped streamline the process, improve efficiency and keep member outcomes at the forefront throughout. From when the trustees appointed Howden as the consultant, the transaction was completed within 12 months, though this is only the beginning of the journey. Work now progresses on data cleansing, GMP rectification and equalisation, and discussions continue for next phases. Once the trustees appointed the consultant, it was a quick and efficient process. Howden then reached out to insurers in April 2025, with the RFQ received on 5 September 2025.

**Richards:** After a quick, smooth and timely process, PIC was appointed to take on the scheme from 1 December 2025, meaning the transaction was completed in under three months from receipt of the RFQ.

### Which other parties were involved in the transaction and what support did they provide?

**Black:** The scheme's DB assets have been managed under a fiduciary arrangement with Schroders Solutions, while actuarial and administration support was provided by XPS Pensions Group. Baker McKenzie provides legal advice to the trustees.

**Patel:** Howden was appointed by the trustees as the risk transfer consultant (i.e. project manager and broker of the buy-in transaction) at the start of 2025. Through the long-standing relationship with the employer, Howden developed knowledge of the plan. However, as they didn't provide services to the trustees, they could still provide a fresh perspective when taking the trustees and employer through the buy-in process. The professional trustee chair helped the board ensure oversight of all parties involved to keep them focused on the objectives of the transaction.

### What would you say to trustees embarking on a similar transaction?

**Richards:** Preparation is key for trustees embarking on a similar transaction. In this case, the trustees and advisers were well prepared, with many of the finer details considered and addressed before the process formally began with engaging insurers.

**Patel:** The knowledge and guidance from the Pi Partnership professional trustee ensured that all key areas were covered in the preparation stage. Having that groundwork in place helped ensure a seamless transaction, enabled quicker and more confident decision-making, and made it easier for insurers to respond effectively at the RFQ stage. It also meant all parties could focus on delivering the right outcome for members, rather than resolving avoidable issues during the process.

**Written by Paige Perrin**

# Blending old and new

**Laura Blows explores how Local Government Pension Scheme (LGPS) funds can manage pension fund committee member turnover as a result of local elections**

**Summary**

• Local elections regularly change LGPS pension committee membership, which can temporarily reduce accumulated knowledge and create a learning curve for new councillors.

• Training these new members adds pressure to busy fund officers, especially since many LGPS funds already report a shortage of staff and skills.

• While pooling reforms shift day-to-day investment decisions away from committees, councillors must still act as effective strategic overseers.

• Funds can maintain continuity by utilising stable Local Pension Boards and new Independent Persons requirements, and keeping concise corporate memory packs.

Summer 2026 saw an epic fight. Like Mike Tyson v Evander Holyfield, Roger Federer v Rafael Nadal, or Harry Potter v Voldemort, it was a one-on-one fight (despite there technically being a record 34 contenders): Nigel Farage v Count Binface.

In August 2026, Nigel Farage won the Clacton by-election he triggered amid investigations into 'undeclared gifts'. Major parties boycotted the election, leaving joke candidate Count Binface as the runner-up, with 27 per cent to Farage's 63 per cent of the vote.

They may not all cause such drama, but when it comes to elections, the local government pension scheme (LGPS) must be prepared for potentially a significant shift in its pensions committee.

**Councillor turnover**

Elections, by-elections and intermittent committee reshuffles can all change LGPS pension fund committee membership due to existing committee members not standing for re-election, not being re-elected, or changes required to maintain the political balance of the committee (which should be in line with the political balance of the Administering Authority).

However, this councillor turnover is an inherent feature of democratic governance, not a governance failing, Westminster City Council tri-borough director of treasury and pensions, Phil Triggs states.

"It is not unusual to see Administering Authorities with an almost entirely brand-new committee following elections", Aon director of public sector pensions, Catherine Pearce, says.

This happens a lot, and "will get more complicated now that we are into five-party politics", former Pensions Minister and Aptia strategic adviser, Guy Opperman, predicts.

One such example is the May 2026 local elections, which saw Reform UK pick up 1,450 council seats, as well as the Lib Dems and Greens achieving gains, at the expense of Labour and the Conservatives.

"There has been a lot more churn over the past few years than there has been historically, with more experienced people leaving and new people joining," Dorset County Pension Fund Councillor and LGPS Scheme Advisory Board member, John Beesley, notes.

**Knowledge**

Committee turnover "can create an imbalance between relatively new, inexperienced councillors and advisers, officers, managers and pool executives who may have years of accumulated knowledge", Triggs warns.

For instance, "people may come in with a political viewpoint about public sector pensions and cannot get it fulfilled, which can initially cause friction. We are bound by fiduciary duty so it can be difficult to understand at first that they cannot act upon their political view of the LGPS," Beesley says.

The imbalance of knowledge can also impact the ability of committees to make decisions.

Pearce highlights how the 2025 local elections generated substantial committee membership changes shortly before Administering Authorities had to make important decisions relating to participation in asset pools.

"Twenty-one Administering Authorities had to decide which asset pool to join, and others had to make important decisions about changes to the way the asset pool was run. New committee members were therefore heavily reliant on the fund's officers and advisers having done the appropriate due diligence," she explains.

"With committees having the responsibility for all areas of pension fund management, and the majority of new committee members having limited prior experience of pensions, there is a lot of information to be passed on to new members in a short period of time (the Fund Governance statutory guidance recently issued by Ministry of Housing, Communities and Local Government (MHCLG) sets out that comprehensive inductions are carried out for new members within three months of being appointed or, where possible, before their first meeting if earlier). While Administering Authorities can use their asset pools and advisers to assist with training, the bulk falls on busy fund officers," Pearce adds.

The LGPS is already stretched, as an Aon study published in June found that three-quarters of respondents believed its LGPS fund did not have sufficient staff and skills for day-to-day operations.

Despite this, councillor turnover is a common occurrence, "and the big changes happen in election cycles, so there is often lead up to this. The pension funds are well versed with this, with well-established processes, even if a by-election happens, for onboarding new members", Hymans Robertson public sector governance, administration and projects senior consultant, Andrew McKerns, says.

**Relationships**

New committee members must also get to grips with how the committee works together.

Consider the challenge of London CIV trying to get to know 33 separate sets of representatives of their boroughs, Opperman says.

**"The test of a well-governed LGPS fund is whether it can change several committee members, or even its chair, without losing its strategic memory, its ability to challenge or the momentum of its sensible decision making"**

"This is further compounded with the more extreme approaches to investment or refusal to have investment in issues such as fossil fuels, Israel, American companies, AI/data centre companies, etc. In the US, there has been actual litigation against public sector bodies for pursuing a pro-ESG investment agenda – or vice versa. This could potentially happen here," he adds.

Committees must also manage the loss of skills from departed members.

"The principal risk is loss of corporate memory: New members may know what the fund has decided previously, but not why," Triggs says. "It can slow the governance process and decision making, and lead to previously settled strategic issues being reopened."

He adds that "the issue is less the number of members changing than the loss of accumulated committee knowledge. Losing one very experienced chair can matter more than several member changes".

Aon director of public sector pensions, Laura Caudwell, agrees that the main risk occurs "when an Administering Authority loses a good chair, as they play an important role in ensuring decision making is carried out effectively".

"This can have a greater impact where the chair represents the Administering Authority within the asset pool (i.e. as shareholder rep and/or other working groups/committees), although this impact may be lessened as we anticipate much of the shareholder representative roles to be taken by the LGPS senior officer going forward," she explains.

"Changes to committee membership also means existing good relationships with other stakeholders, advisers, officers and the Local Pensions Board need to be re-established, which can take some time, although does have the advantage of fresh thinking," Caudwell adds.

**Increasing risk?**

Balancing training and relationship building may become increasingly challenging in light of ongoing LGPS changes.

The government's LGPS 'Fit for the future' reforms require investments to be managed by a handful of pools, along with investing 5 per cent of assets in local projects, requiring independent governance reviews, a designated senior LGPS officer, and strict training requirements.

"The recent governance regulations and statutory guidance clearly show that the government is very keen to improve the standard of governance across the LGPS, and that is made more difficult when there are frequent changes to committee membership," Pearce says.

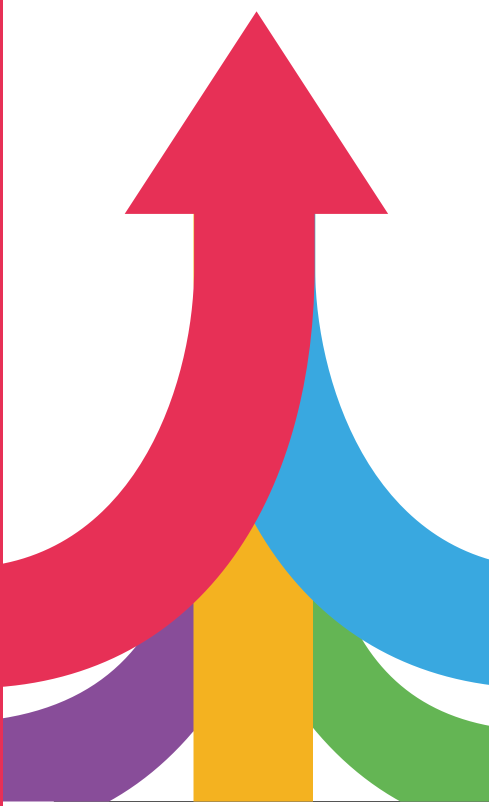
"Where there is a higher proportion of inexperienced members more time will need to be taken up providing training and explaining the background to items under the full range of key areas (investment, funding, administration, communications, governance). This may mean that there is not enough time to consider all relevant matters," she adds.

Triggs acknowledges that the LGPS is becoming far more complex, particularly through LGPS pooling and governance reform.

"As implementation moves increasingly to pools, councillors need to become sophisticated pool clients and strategic overseers, capable of challenging the pool rather than attempting to manage investments themselves," he explains. "Delegating implementation does not delegate responsibility. Administering Authorities still need knowledgeable committees capable of setting investment/funding strategy and holding others to account."

Caudwell notes that one potential area of increased risk due to the investment changes is a reduction in engagement by pension committee members.

"We have often in the past seen plenty of engagement with investment decisions and less interest/focus in other areas of fund management. However, the new governance regulations also provide a mechanism for poor 'performance' as a committee member (including a lack of engagement e.g. insufficient attendance) to be dealt with and the increased governance oversight of Administering Authorities should help ensure that this does not occur in practice," she says.



Caudwell agrees that 'Fit for the future' may reduce committee turnover risk.

"The changes to asset pooling, requiring all fund assets to be managed by their chosen asset pool, will remove some of the decision making from committees. While they will still be responsible for setting the investment strategy, the implementation-based investment decisions themselves will in future be made by the pools. This does mean that there will be fewer decisions for committees to make, so the risk of an inexperienced committee is lower. In addition, as it is the high-level strategic decisions that have a much larger impact on fund performance, the changes, which should increase time spent and focus on those decisions, could actually mean a reduction in risk of poor fund performance," she explains.

**Mitigation**

To help mitigate difficulties integrating new members, Triggs recommends that training be continuous rather than a one-off induction exercise and should follow the committee's actual forward governance/strategic investment programme.

Also, every fund should maintain a concise corporate memory pack covering its investment/funding strategy, funding position, pool arrangements, major risks, and the rationale for important past decisions, he suggests.

According to McKerns, there is far more training required for committee members now, especially with council reorganisations and fewer councillors.

"This means that training solutions need to be more agile, such as through the use of online, anytime training," he adds.

Another consideration is staggering the terms of office of committee members that are not councillors so they overlap with each other and the council election cycle, ensuring that committees don't see all members changing at the same time, Pearce suggests.

Looking ahead, the new Independent Person role – an external, expert adviser appointed to strengthen the oversight, accountability, and decision-making of the LGPS – introduced in the 2026 reforms, also provides another element of stability, Caudwell notes.

"The government has suggested in the guidance and their consultation process that professional trustees may be well-placed for these roles, and while they are new to the LGPS world they do bring a wider perspective, an ability to scrutinise and challenge advice, and experience in focusing on the key areas that drive performance across all areas (i.e. not just investment) and so could really support funds in mitigating and managing risks," she adds.

Caudwell also expects to see several funds considering moving to a Single Purpose Pensions Authority (SPPA) model going forward, given the scale of governance change, the impact of local government reorganisation and the increased use of shared services.

Despite the challenges of integrating new committee members, "the objective should not be to eliminate councillor turnover: That is an inevitable and legitimate consequence of democratic governance", Triggs states.

Ultimately, he says: "The test of a well-governed LGPS fund is whether it can change several committee members, or even its chair, without losing its strategic memory, its ability to challenge, or the momentum of its sensible decision making."

**Written by Laura Blows**

# Changing course

**Summary**
- Provider reviews are becoming more frequent as trustees face greater scrutiny, changing scheme and member needs and a wider range of provider options.
- Key drivers for switching include service quality, cost, investment performance, digital capability and whether a provider can support the scheme's future strategy.
- Consultants say provider reviews are increasingly focused on the problem a scheme is trying to solve, rather than assuming a new provider is needed.
- Experts say three to five years can be a sensible cycle for formal reviews, but schemes may review sooner if performance, value or provider suitability becomes a concern.

**As schemes face a growing range of provider options and increasing pressure to demonstrate value, trustees are taking a closer look at whether their existing providers remain fit for purpose. Paige Perrin examines what is driving schemes to review and change providers, how they approach the process and whether growing competition is leading to better value and service**

The pensions market is undergoing significant change, while the government is placing greater emphasis on ensuring the industry delivers value to individuals saving into the system.

That scrutiny is extending to the providers serving schemes, with trustees and employers assessing whether existing arrangements continue to deliver value and meet changing requirements.

Provider reviews and switches are nothing new, but the changing market is prompting schemes to look more closely at the services they receive and whether their providers remain suited to their needs.

Those needs can also change over the

course of a member's retirement journey, as financial and personal circumstances evolve. For schemes, this can mean reassessing whether their existing provider arrangements continue to meet those expectations.

The WTW *DC Pensions and Savings Survey 2026* found that nearly 70 per cent of employers had undertaken some form of provider review within the previous two years. But a review does not necessarily lead to a change in provider. So, what prompts schemes to move from reviewing an existing provider to switching?

**Why?**

WTW senior director, DC consulting, Stuart Arnold, says changing pension providers is a "significant undertaking", meaning there typically needs to be a compelling reason for a scheme to initiate a review or switch.

Arnold says the key drivers recently have been factors influencing the perceived value of a pension provider to the business. He highlights three factors that are prominent in discussions: investment performance, charges and market change.

Meanwhile, Association of Professional Pension Trustees deputy chair and council member, Vassos Vassou, says service concerns and cost pressures are the main drivers of switching, describing a review of existing providers as "good governance".

"When you review an adviser, that could just be a review; it does not have to be a replacement. But sometimes what happens is because you are doing the governance piece and reviewing them, that can trigger a more formal process, which ends up in a new provider being appointed," he says.

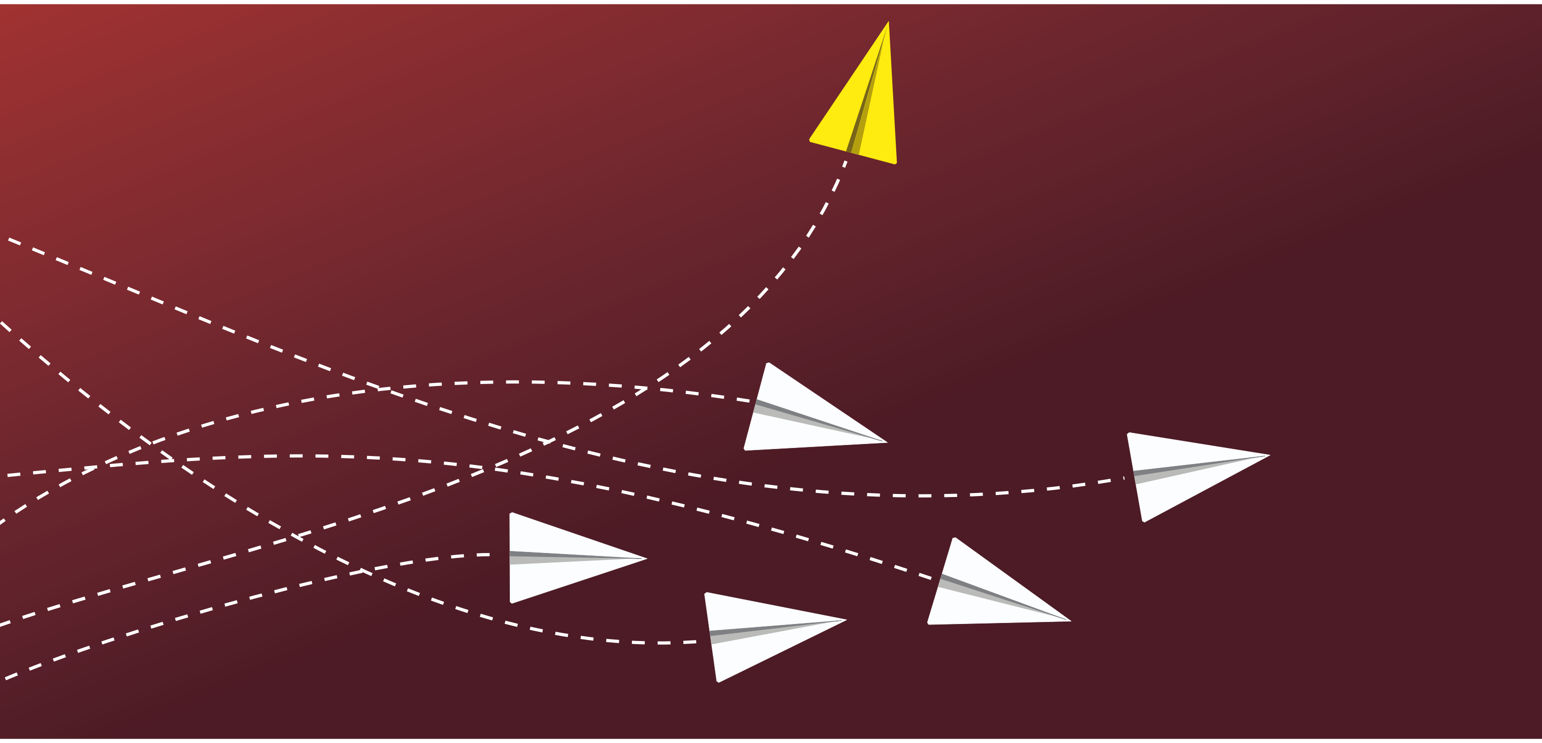
KGC Associates Limited managing director, Kim Gubler, highlights a "noticeable" shift in recent years, with trustees no longer reviewing administrators simply because service has deteriorated, but also asking whether their administrator can support where the scheme is heading next.

"Administration now sits at the centre of almost every strategic objective. Endgame planning, guaranteed minimum pension projects, dashboards, member options, cyber resilience, data quality and regulatory compliance all depend on the administrator's operational capability," she says.

"Trustees recognise good service levels do not necessarily mean the administrator is equipped to support the scheme's future strategy. Service measures tell you how today's service is performing. They tell you much less about whether the administrator can deliver what's coming next."

Russell Investments head of EMEA OCIO, Simon Partridge, cautions: "Switching providers is a significant project, so trustees can be tempted to defer it, particularly when endgame is close. A short time horizon makes having the right partner more important, not less, whether the destination is insurance or running on to generate surplus."

Gubler also points to digital capability as another important factor, reflecting higher expectations from both trustees and members. She says members now expect online services comparable with those they experience elsewhere,



alongside clear communications and timely access to information.

More significantly, she says: "Trustees' expectations of what constitutes good member experience have evolved. They are looking for richer management information, greater transparency of performance, together with better insight into operational risks and emerging issues, rather than simply retrospective service reporting."

**How?**

But deciding to switch is only the first step, with the process varying significantly depending on the provider or service being replaced.

Partridge says trustees should "start with the problem they are trying to solve, not with the assumption that they need a new provider".

Vassou says the approach to a provider review or transition varies on the type of review or service, with some changes considerably more complex than others.

"For a scheme actuary or an investment consultant or a lawyer, it is relatively easy to replace them with a new one; this is typically through contracts. However, when it comes to an administrator, the administrator is the trustee's interface with the members," he adds.

"When you change an administrator, the communications become very important to the members, and you must be very careful. If you change your actuary or your lawyer, etc, you wouldn't necessarily communicate that to members."

Gubler also says communication is often underestimated when switching providers: "Members need confidence any change is being made to improve their experience and long-term outcomes, while trustees need robust governance to monitor progress, manage risks and maintain accountability throughout implementation."

Isio head of DC pensions, Richard Birkin, says providers should be assessed "holistically across all services" when conducting a review and selection exercise.

He highlights business strength, administration, investment, member experience, governance, wider benefits, transition support, and decumulation and retirement support, as well as understanding what matters most to members.

**"A review should test whether investment sevice and outcomes have met expectations, fees remain competitive and the provider still fits the scheme's objectives and endgame"**

BESTrustees professional trustee, Roger Breeden, states that competition has been "aggressive" for several years but is starting to move away from just fees towards broader aspects of the proposition, including investment and member-facing services.

"Most large providers offer reasonable levels of service to members, but there can be providers who are better suited to different employers, so that can be a factor in provider selection," he concludes.

However, he adds that it can be more difficult for an incumbent provider to retain its position when a prospective provider is promoting a set of enhancements that have yet to be proven.

The result is a market offering schemes more choice, but not necessarily making provider selection easier.

Gubler says the increased choice also makes it harder to distinguish between providers.

"This gives trustees more choice but also makes provider selection more challenging because the real differences often sit beneath the headline service offering and understanding how those services are delivered in practice," she says.

**When?**

There is no single timetable for reviewing a provider, with regulatory monitoring sitting alongside broader periodic reviews.

Gubler argues there is "no single timetable that suits every scheme".

"The scheme itself changes over time," she says. "A scheme approaching buyout has different requirements from one focused on active member engagement or supporting retirement decisions. Reviews should therefore consider whether the provider remains the right partner for the scheme's next phase. Regular reviews also give trustees insight into whether providers continue to invest in technology, people and operational capability in line with the market."

BESTrustees director, Huw Evans, points to The Pensions Regulator's guidance on monitoring, saying that "typically performance is monitored quarterly but fees reviewed annually (less frequently if annually would be disproportionate)".

"There are now more options available with consolidators and run-on. Trustees are thinking harder than they have previously to work out the right pathway for a particular scheme. You might get back to the same answer, but there's a lot more thinking around it now," Vassou says.

Partridge says three to five years is a "sensible cycle" for a formal review but urges trustees not to wait for the calendar if something is not working.

"A review should test whether investment outcomes and service have met expectations, whether fees remain competitive and whether the provider still fits the scheme's objectives and endgame," he adds.

**Written by Paige Perrin**

# Predicting the unpredictable

**What are the challenges faced by pension schemes when it comes to modelling and valuations? How can members be provided with a clear idea of what they will need in retirement, what their income will be, and how much they need to save now?**

**Summary**

• Pension modelling offers useful estimates, not certainties, because outcomes depend on changing assumptions around returns, inflation, longevity, contributions and retirement choices.

• Presenting projections as precise answers can damage member trust when figures change, making clear communication about uncertainty essential.

• Schemes should use modelling for scenario testing, show realistic ranges, and help members plan retirement as an ongoing process.

For an industry so highly regulated and controlled, there remains a lot of unpredictability – or, at least, an understanding that fate's fickleness often needs some kind of sextant.

That is why modelling, attempting to understand what could happen, is such a huge part of the pensions landscape. The industry looks to models to assess its investments, gauge how those investments will perform, and what the result is likely to be. On the consumer side, models are put in place to let the holders of those pensions – those ultimately downstream of the pension fund's work – what they need to save and what their benefits should look like.

Within the UK, wrote Arling Close client director, Stuart Jones, pension funds are required to apply rigorous and transparent valuation methods for their financial assets. These need to be, he added, "*[…]* grounded in accounting standards, regulatory guidance, and sector-specific codes of practice". It is a system that not only underpins the integrity of scheme reporting, but also the robustness of funding assessments and investment governance.

**The usefulness of models**

It is important to remember that a valuation is not a prediction, but a best guess of what the future may look like. Models are how funds and schemes get there and are used to get an estimate built from variables such as investment returns, inflation, interest rates, and longevity.

"I've met with numerous clients who wished to have one exact figure for their income during their retirement years," says Avenue Investment Management senior wealth counsellor and client relationship manager, Paul Ferrara. "It makes sense, but this isn't the way modelling works. All projections are made under reasonable assumptions that vary with time concerning investment earnings, inflation, and the life expectancy of a person. A projection is an 'assuming' and cannot be guaranteed."

This can be an issue when presented with those same consumers looking for accurate figures about their incomes. While a model is a best guess, their very unpredictability means that the information could at times not only be inaccurate but could work to the detriment of the people that they are meant to serve.

"Every model is wrong," says Trafalgar House director, Dan Taylor, "but some of them are useful. The problem is that we've become very good at presenting an estimate as though it were an answer. For members, that becomes a real problem. We give someone a single monthly retirement figure based on assumed investment returns, inflation, retirement age, and future contributions, then present it with something close to the certainty of a bank balance."

When the numbers shift, he adds, that can shake trust with the member wondering what has changed or, worse, that the numbers were never accurate in the first place.

"It matters," Taylor continues, "because accurate information is now the single biggest driver of trust that members have in pensions. Our own research found that one in four people put accuracy ahead of every other factor when thinking about their pension."

**The risk of modelling**

It does not take much for small changes within a model to produce drastically different outcomes. Quoted in Accounting for Sustainability's *Using Scenario Analysis for Future Resilience* report, the Institute and Faculty of Actuaries planetary solvency lead, Sandy Trust, said that underestimates in modelling often arise from scenarios that assume continued growth.

When it comes to climate scenarios, Trust adds, many use an economic modelling philosophy that presumes that the economy will be 210 per cent of its size by 2050. Climate damage is then modelled as a GDP reduction – Trust uses a figure of 9 per cent – that excludes tipping points, ecosystem damage, and health and social impacts. This ultimately, they say, downplays the most severe and disruptive risks.

And that is just a single set of models. Within pension schemes, even more models and areas need to be considered. Pension scheme decision-making depends on modelling. Investment projections, LDI stress tests, triennial valuations, covenant analysis, and longevity assumptions all play an important role.

"Models," says Hughes Price Walker director, Ray Walker, "can convey a misleading sense of precision: A funding level, a deficit figure or a projected journey-plan date may look definitive. Whereas experience can diverge materially from the assumptions with markets, inflation, interest rates, mortality experience and sponsor circumstances. The best-run schemes therefore use modelling to explore uncertainty by testing a range of outcomes, understanding the sensitivity to key assumptions, and agreeing in advance what action would be taken if experience diverges from the central expected outcome."

**Black swans**

The past six years or so have underlined how hard prediction can be. Since 2020, schemes and savers have had to contend with a global pandemic, war in Europe, rapid technological disruption, and sharp swings in energy and financial markets.

These events, too, have been difficult to predict – especially Covid-19, with its two-year shutdown of the world economy seemingly coming from nowhere.

And they have had great impacts that could not have been predicted. Indeed, the past year has seen a great drag on the world economy due to the US' war with Iran.

**"A projection is an 'assuming' and cannot be guaranteed"**

The Pensions Regulator stated a few months ago in its *Annual Funding Statement Analysis 2026*: "Principally due to the Iran war, financial market conditions were more volatile in early 2026, specifically during March, than during much of the preceding year. Over the first quarter of 2026, we have observed increases in gilt yields, an increase in inflation expectations, a widening of credit spreads, and a relatively low return on equities following a strong run."

Ferrara admits that models cannot design for such events.

"It's more a matter," he adds, "of preparing than predicting with these events. The thing is, you don't know what the next big shock will be, but you can build some sort of buffer that will take the blow, often the difference between plans that will not last and ones that will."

Conversely, however, such 'Black Swan' events may be where modelling can be an aid to funds and schemes. While you cannot sensibly predict the next war, market shock, or political crisis, you can stress test the balance sheet against severe scenarios. Here, is it not predicting the future, but showing trustees where the scheme is vulnerable before conditions change.

**Talking to consumers**

The question remains on how to talk about the unpredictability of models and valuations when having conversations with consumers.

"People want clear answers," says Hughes. "They want to know how much they will need, what monthly income they might receive, and whether they are saving enough? Yet those answers depend on variables that are inherently uncertain. Investment returns, inflation, contribution patterns, retirement age, taxation, annuity rates, drawdown behaviour, and how long the individual will live are significantly variable."

For schemes and funds, the communications challenge will be how to be helpful without providing false assurance. Better engagement should hopefully result from showing realistic ranges, explaining the main levers members can control and framing retirement planning as an ongoing process rather than a one-off calculation.

Zedra client director, Dan Whincup, says that it is important to have a common frame of reference or concepts that most members can understand. In this respect, he says that the Pensions UK Retirement Living Standards are very helpful.

He adds: "The challenge becomes even greater when members have multiple pension arrangements, potentially with different types of modelling, communications, and member experience available. In many ways, a member's overall retirement planning can only be as good as the least-effective modeller or communications they have to deal with from their various pension providers."

There is opportunity here, he says, for schemes to help members consider their pensions as a whole and in a common language that aids them in understanding. This will help schemes and funds move beyond simply providing information and helping their customers plan for retirement.

**Written by Pete Carvill, a freelance journalist**

# Time to engage

**Following recent research that major life events are expected to drive pensions dashboards' use, *Pensions Age* asks: How can schemes use these events and their subsequent dashboard interest to time communications and boost engagement?**

There is already a strong link between pension engagement and life events, and I expect that to continue once pension dashboards go live. Some of these triggers are age-related, such as Wake Up Packs at 50 or 55, which consistently drive a significant increase in interest. Others are personal milestones such as divorce, changing jobs, approaching retirement, or even reaching the point where your pension savings exceed your annual salary.

These events are when people are more receptive to thinking about their financial future. That won't change. What will change is what happens next. Pensions dashboards may not create a 'pension engagement revolution', but they could create a 'pension understanding revolution'. When people are prompted to think about pensions, the dashboard will make it far easier to answer three fundamental questions: What have I got? Is it enough? What should I do next?

Today, answering those questions can be surprisingly difficult and dashboards have the potential to remove much of that friction. Once people understand what they have, they can begin to assess whether they are on track for the retirement they want.

**Scottish Widows pensions expert, Robert Cochran**

A dashboard search might answer an immediate query, but it often raises new ones. Members may start asking whether they are saving enough, whether their retirement plans are still on track, or whether they need to update their details. Schemes that are ready for those follow-up questions, and can provide clear and timely support, will be better placed to help members take meaningful action.

There is also a practical challenge. Administrators are already preparing for the uncertainty to come with the launch of dashboards. If member engagement rises around common life events, poorly timed communication campaigns could create spikes in demand and put extra pressure on service teams.

Schemes should therefore focus on communications that fit naturally within the member journey, rather than treating every dashboard interaction as a trigger for immediate follow-up. The aim is to help members decide what to do next while ensuring member experience and service standards remain consistently high for everyone.

**Trafalgar House senior pensions communications associate, Colin Groom**

The key is to stop treating pensions dashboards as a standalone communication exercise and instead link them to the points in life when people are already thinking about their finances. Changing jobs, buying a home, getting married or divorced, receiving an inheritance or approaching retirement can all create a natural trigger for members to review their pension position.

Schemes should build communications around these moments, rather than relying on generic reminders to use a dashboard. For example, a deferred member changing employer could receive a timely prompt explaining that the dashboard may help them locate and understand all their pensions in one place. Someone approaching retirement could be directed towards the dashboard alongside clear information about their scheme benefits and the decisions they may need to make.

The real opportunity is to connect dashboard interest at these life events by responding with prompts for simple next steps: check your details; understand your benefits; consider your retirement plans; or know where to get guidance. Used well, dashboards can become a gateway to better long-term engagement and not just a one-off search tool.

**Hughes Price Walker administration leader, Jo Willis**

Major life events can encourage people to take stock of their financial situation and their objectives for the future, including their pension savings. This creates a critical moment for securing engagement and successful pensions dashboards will be key to this. By making it easier for individuals to see all of their pension savings in one place, dashboards can act as a catalyst for starting exciting long-term conversations rather than being a frustrating one-off interaction.

The success of dashboards should ultimately be measured not just by the number of people who connect, but by whether they encourage better-informed decisions and improved retirement outcomes. Combining greater visibility with more tailored and timely support will be key to achieving this.

**Lumera commercial director of data and dashboards, Maurice Titley**

If a member is connecting to a pensions dashboard, it sends a clear signal that they are interested in their pension. When that connection follows a major life event, they may be particularly receptive to further engagement – they are, in effect, a captive audience. Schemes should use that opportunity to do more than simply provide the statutory dashboard information. A timely, tailored communication could highlight relevant next steps and encourage further engagement. However, the tone matters as much as the content. If they are connecting because of a life event, they could be feeling anxious or overwhelmed by significant changes in their lives, both positive and negative. Communications therefore need to be empathetic, reassuring and genuinely helpful.

Of course, that opportunity only works if schemes have their house in order before dashboards launch. Clear communications, multiple channels and timely responses all matter. A dashboard connection is the Scheme's first opportunity to build trust. You want members to come away feeling supported and confident enough to get in touch. If their first experience after connecting is difficult, slow or unhelpful, you risk losing that initial interest at precisely the moment they have shown they are ready to engage with their pension.

**Zedra client director, Dan Whincup**

Rather than treating dashboards as a standalone tool, schemes can look to integrate them into wider member journeys, as their biggest impact will be when they are part of a more complete interaction we can have with an individual, personalised to their needs.

For some, we can help them move from the dashboard to further relevant support, whether that's bringing their pensions together or planning for retirement. The right communications acknowledging an individual's circumstances and highlighting how dashboards can help them understand their overall retirement savings are likely to be far more effective than generic messaging.

For others, communication may start with a conversation about their life circumstances, and the next step is to encourage use of the dashboard. For example, someone changing employer may want to locate and review pension pots from previous jobs. Directing members to dashboards can help make pension information more relevant to them.

We believe the magic is being able to introduce the dashboard and relevant next steps at the right time, in the right way, and in response to the individual's needs resulting in positive next steps for them.

**Royal London workplace pensions director, Rory Marsh**

Major life events are likely to be a key driver of pensions dashboard use, giving schemes an opportunity to engage with members when retirement saving feels most relevant. Rather than waiting for engagement to follow, schemes should proactively use these milestones to deliver meaningful, targeted communications.

A dashboard view should be considered the start of a conversation, not the end of it. The challenge is not simply getting members to access their pensions information but ensuring that engagement leads to a better understanding of retirement outcomes and the options available to them.

Recent PASA guidance has reinforced the importance of clear communications and building member confidence as dashboards are introduced. Schemes that combine engagement around these life events with actionable messaging can help turn initial interest into meaningful engagement and better long-term saving decisions.

**SPB pensions practice partner, Amanda Small**

# Pensions history

## History lessons

**Don't waste a crisis goes the saying. So, when the Great Fire swept through London in September 1666 it gave the genius of Sir Christopher Wren the chance to flower and left the permanent legacy of buildings we see today.**

Challenges to our pensions system have also led to positive change. But current circumstances, where large numbers of people are not saving enough for retirement require the complete appraisal of the system. How feasible is the Pensions Commission's ambition of establishing a renewed national pensions settlement fit for decades? Changes in society have contributed to uncertainty and a growing lack of trust in politicians and institutions. Altered working patterns, a sluggish economy, high tax levels and insufficient financial education all play a part.

The past gives us some clues.

To encourage retirement saving, the legal and tax framework should be broadly what people expect. They need to trust it. If the framework changes, behaviour changes.

The removal of dividend tax credits in 1997 prompted business to look more closely at the risk inherent in final salary schemes. Recent changes to DC pension pots and the spectre of double taxation have altered long established retirement plans and undermined confidence in pension saving by the self-employed.

Fairness, simplicity, communication and stability are key to a lasting settlement. The genius of Beveridge *[his 1942 report, which provided the catalyst for the UK state pension]* for example was to make a link between contribution and benefits, which everyone understood. Let's hope that when politicians consider the Pensions Commission's final report, they keep these principles in mind.
**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...**

**Border to Coast Pensions Partnership** chief stakeholder officer, Ewan McCulloch, has completed a 1300km 10-day cycling challenge travelling from the Scottish Borders to the south coast of England to raise money for children's charities. During the challenge, he visited the

18 local government pension funds that collectively own Border to Coast Pensions Partnership. Funds raised during the challenge will be shared between Leeds Hospitals Charity, Border to Coast's Charity of the Year, and a range of children's and community charities nominated by the local government partner funds.

**Chartered financial planner and Rowley Turton (IFA)**, Scott Gallacher, has written the book, *50 Today 100 Tomorrow.* He wrote it after repeatedly seeing successful savers approach or retire with sufficient wealth but struggle to permit themselves to use it.

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Salary: £28,142.00 - £31,022.00

**SENIOR DATABASE ENGINEER**
Location: Aldermanbury House, 4 Godwin Street, Bradford, United Kingdom
Salary: £53384 - £57521

**ICT SUPPORT OFFICER**
Location: Aldermanbury House, 4 Godwin Street, Bradford, United Kingdom
Salary: £26403 - £33699

**SENIOR PENSIONS MANAGER, IN-HOUSE**
Location: Hybrid/London 3 days a week city-based
Salary: Comprehensive benefits & bonus

**CLOUD & CYBER SECURITY ENGINEER**
Location: Aldermanbury House, 4 Godwin Street, Bradford, United Kingdom
Salary: £51,356.00 - £54,495.00 Per Annum

**PENSIONS ADMINISTRATION TEAM LEADER**
Location: Hybrid working in London
Salary: Salary depended on experience

**INFRASTRUCTURE MANAGER**
Location: Aldermanbury House, 4 Godwin Street, Bradford, United Kingdom
Salary: £46.142.00 - £52,413.00 per annum

**IN-HOUSE PENSIONS MANAGER, UK & INTERNATIONAL**
Location: Hybrid/3 days per week Surrey offices
Salary: six figure

**PENSION SYSTEM DEVELOPER**
Location: Aldermanbury House, 4 Godwin Street, Bradford, United Kingdom
Salary: £46.142.00 - £52,413.00 per annum

**PENSIONS SPECIALIST**
Location: 50% in London office, 50% home-based
Salary: Salary depended on experience

**PENSIONS TRUSTEE ASSOCIATE**
Location: London, Greater Manchester, Birmingham, Bristol or Scotland - hybrid working
Salary: Competitive

**ASSISTANT TRUSTEE EXECUTIVE, TRUSTEE SUPPORT ROLE**
Location: Home working
Salary: Competitive salary

**PENSIONS OPERATIONS MANAGER - DC**
Location: Hybrid/Berkshire
Salary: Excellent

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### Client Mgr to Trustee Board — £competitive
**Home working (+mtgs/client visits)** DB15962

You are ready to take ownership of high-profile trustee board relationships, acting as a trusted adviser providing the high-quality service this company is reputed for. Comfortable working with trustees, advisers, senior stakeholders & industry contacts, you will be able to offer expert guidance in challenging/complex situations. Whilst overseeing governance, compliance, communications, investments, budgets, risk & key trustee processes you will also help develop new business.

### Support to Trustee Client Mgr — £Competitive
**Home working (+mtgs/client visits)** DB15932

Your new role spans Trustee Board relationship mgmt meeting preparation/attendance, governance & compliance activities, & oversight of key processes such as business planning, risk mgmt & scheme returns. You are able to draft & review client communications, coordinate trustee activities, monitor budgets & service providers, & support investment-related projects. You must have previous experience of either attending trustee meetings and/ or working with trustee boards.

### Asst Trustee Executive — £Competitive
**Home working (+mtgs/client visits)** DB15931

This role is a support function to the two roles above. This is your doorway to a long term career in the exciting governance & secretariat world of pensions. You will attend & support in trustee meetings, prepare key documents & communications, liaise with advisers & third parties, maintain governance records & assist with wider governance, compliance & investment activities. You have some related exposure if possible already.

### Senior Pensions Administrator — Up to £40k
**London - once or twice per week** TD15845

Are you an experienced senior pensions administrator eager to advance your career but which consultancy do you choose? One that empowers you, not pigeon holes you, ensuring you deal with the full spectrum of pension administration work and offers real progression. You will join a friendly and supportive team looking after one large scheme. Extensive DB experience is essential with knowledge of DC being ideal. This is an employer who values their colleagues and has a very flexible hybrid working approach.

### Pensions Project Team — Up to £39k
**Leeds twice per week** TD15924

We have two new vacancies - ideal for those who enjoy working on complex pension projects and thrives on accuracy. You'll join this specialist team delivering annual pension scheme events and projects to a portfolio of schemes. You will be managing and supporting key annual and project-based activities, including: Scheme valuations, Annual benefit statement production, Pension increase exercises, Annual allowance assessments, ad-hoc data validation and cleansing projects.

### Contract Project Mgr, Pensions — Circa £70,000 p.a.
**Home + 1 day per week expensed London** DB15948

Take the lead on complex payroll & pensions projects, managing the onboarding & integration of newly acquired businesses & the transition of DB pension schemes to a new third-party administrator, while ensuring data accuracy, regulatory compliance & seamless delivery, improving processes & working closely with internal teams, external providers & key stakeholders to successfully drive projects from start to finish.

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|---|---|---|
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**Working in partnership with employer and employee**

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