HERBERT SMITH FREEHILLS KRAMER

PENSIONS PLANNER

AUTUMN 2026

Contents

Introduction

The most significant development this quarter is arguably the Government's updated roadmap, which provides a fresh indication of when the various reforms under the Pension Schemes Act 2026 and beyond are likely to take effect.

For DB schemes, the major reform is "surplus sharing". Here the Government is ahead of schedule. Soon after the new Act was passed, it published draft regulations and a consultation on the conditions for refunds from ongoing schemes, with implementation planned for April 2027, several months sooner than originally proposed. Within the consultation, there are few surprises. As expected, the proposed funding test is based on low-dependency rather than buy-out funding, albeit with a forward-looking element.

On the DC side, progress has been patchy. We have – at last – a final consultation on the proposed new VFM framework, but implementation will be on a phased basis, with many schemes not conducting their first assessments until 2029. Meanwhile, the target dates for guided retirement have slipped by two years, and a policy paper recently published tells us little about the eventual shape of the regime. A similar picture emerges in relation to the DC "scale" requirement. The Government has set out initial thinking on aggregation for the purpose of the £25bn test, but much of the detail remains for another day.

Meanwhile further reforms have been announced. This Planner covers proposed changes to the transfer "flags" regime and the general levy. We also highlight guidance from HMRC on new rules about pension costs and VAT.

Looking beyond the current programme, the Pensions Commission's interim report offers clues as to where the next generation of reform may lie. Auto-enrolment contribution rates remain an obvious focus, but the report flags wider concerns, as to voluntary saving levels, early retirement trends and decumulation.

For trustees, sponsors and providers, the immediate challenge is keeping pace with an evolving reform agenda. The longer-term question may be more fundamental: are people working for long enough, and saving sufficiently, to ensure a comfortable retirement?

Recent developments

Updated roadmap sets out timetable for reforms

The Government updated its workplace pensions roadmap. The roadmap outlines planned steps and dates for pensions reforms, including those provided for in the Pension Schemes Act 2026. There are timelines for DC and DB schemes respectively.

Many of the target implementation dates are the same as in the previous (August 2025) version of the roadmap. However, there are several changes:

- **DB surplus flexibilities:** The proposed implementation date is April 2027, ahead of the original "late 2027" target.
- **Superfunds:** The Government plans to implement the new regime in Q4 2028, rather than in April 2028 as originally proposed. The postponement is in part to ensure that "market developments" can be considered.
- **VFM:** The new framework will be phased in over 2028/29, as explained below.
- **Retirement CDC:** The target for launch of the proposed R-CDC regime is Q4 2028.
- **Guided retirement:** The Government now plans for the new requirements to apply to master trusts and group personal pension schemes from Q3 2029, and to own-trust schemes from Q3 2030.

> **Comment:** The launch dates for guided retirement have been pushed back significantly. The dates originally proposed always seemed ambitious, and, judging by the Government's recent paper on "guiding principles" (see below), little progress has been made towards implementation.

Government consults on surplus sharing

The Government launched a consultation (with draft regulations) on DB surplus sharing. The Pensions Regulator published an associated statement.

These developments follow the passing of the Pension Schemes Act 2026. Section 9 of the Act will allow trustees to modify ongoing DB schemes by resolution, to give themselves a refund power or to remove restrictions on an existing power.

The proposed regulations set out conditions for all refunds from ongoing schemes, whether or not pursuant to section 9. Under the regulations:

- The funding test for refund purposes is, as expected, low-dependency, rather than the current buy-out.
- A process for refunds is prescribed. Among other things, trustees must obtain an actuarial assessment and advice, consult the employer and obtain its consent, and give members three months' prior notice of the refund and any associated benefit improvements.
- A refund may be made only if the actuary certifies that, allowing for the refund and any benefit improvements:
  - the scheme is in surplus on a low-dependency basis; and
  - the scheme is "at least as likely as not" to remain in surplus on that basis throughout the following three years.
- Where a refund is made, trustees must notify TPR of the refund, the scheme's funding position and any benefit improvements.

TPR's statement provides "early views" on principles which trustees will need to consider for surplus sharing. Points made include the following:

- Trustees may want to retain a buffer above low-dependency. The size of the buffer should be determined in an integrated way, taking account of investment strategy and the employer covenant.
- Members may expect to benefit from surplus sharing; this is likely to "feature in discussions" between trustees and employers. TPR suggests factors which trustees might consider.

The new regime (section 9 and the proposed regulations) is expected to come into force in April 2027. The Government's consultation closes on 2 September 2026. TPR plans to publish further guidance before the end of the year.

Comment: The proposed conditions for refunds are pragmatic. An actuarial assessment will be required, but not a full valuation; members will need to be informed, but not consulted; TPR will have to be notified after the event, but will have no prescribed role in the process.

Further detail and comment can be found in our blog post.

Tax measures proposed for member surplus payments

HMRC published a proposed change to tax legislation to cater for lump sum payments to members from DB surplus, and an explanatory policy paper.

The proposed change provides for a new type of authorised payment for tax purposes – an "authorised member surplus payment" – as announced in the Autumn 2025 Budget.

Broadly speaking, a benefit paid by a DB scheme will be an authorised member surplus payment if:

- the decision to grant the benefit is made at the discretion of the trustees;
- when the benefit is granted, the scheme is ongoing, and the conditions for an authorised employer surplus payment are met; and
- the payment is made to a member who has reached normal minimum pension age or meets HMRC's ill-health condition, or to a dependant following the death of a member.

An authorised member surplus payment will be taxable as pension income in the hands of the recipient.

To avoid confusion, the term for authorised payments to employers from DB surplus will be changed to "authorised *employer* surplus payments".

The proposed change will be made via the 2026 Finance Bill, and will apply to payments made from April 2027 onwards.

Comment: Note that, broadly speaking, authorised member surplus payments can be made only to members who have reached normal minimum pension age. Rights can however be granted to younger members, for payment once NMPA has been reached.

Government pushes on with LGPS reform

The Government laid regulations as to investment and governance under the Local Government Pension Scheme, and published associated statutory guidance.

The regulations were made under the Pension Schemes Act 2026, as part of the Government's "fit for the future" initiative. The initiative aims to "unlock" the investment of LGPS assets, mainly via further asset pooling.

The investment regulations require all assets to be controlled and managed by pools. Local authorities must delegate the implementation of investment strategy to the relevant pool, and take principal investment advice from the pool.

Under the governance regulations, local authorities must comply with new governance requirements and carry out governance reviews.

Both sets of regulations came into force on 30 June 2026. The associated guidance covers asset pooling, investment strategy statements and governance.

Separately, HM Revenue & Customs consulted on a proposed measure to address a stamp duty land tax issue associated with pooling.

Comment: Whilst there is no "mandation", the regulations seek to drive investment in local projects. Authorities must formulate an objective for local investment. Asset pool companies must consider local opportunities when making investment decisions.

Government outlines thoughts on "default solutions" and "minimum size"

The Department for Work and Pensions published policy papers on guided retirement and the proposed DC scale requirement.

Guided retirement

A policy paper outlines guiding principles for "default solutions" – arrangements for making pension payments for retiring DC members who do not choose an available alternative.

Four principles are discussed:

- **No requirement for complex member decisions.** For most members, the only decision required will be when to access their benefits, and whether to "remain in the default solution" or choose an available alternative.
- **Protection against longevity risk.** Default solutions must provide an income which lasts throughout retirement.
- **Freedom of choice.** Some members will want to make their own decisions. Their right to do so will not be eroded.
- **Consent.** Members need to engage with schemes in order to access their benefits. This is the "key consent moment": via the retirement process, members will either "agree to start receiving payment via the default solution", or choose an alternative option.

These principles will shape the detailed framework for guided retirement, including regulations and FCA rules. The Government will consult on policy in Q4 2026.

DC scale

A discussion paper explains the Government's thinking as to key concepts for the purpose of the "minimum size" requirement, which will apply to master trusts and GPPs from 2030.

To recap, for the purpose of the requirement, a scheme will be able to aggregate assets in its "main scale default arrangement" (**MSDA**) with assets in the same MSDA in other "connected" master trusts and GPPs, provided that all aggregated assets are managed under a "common investment strategy". Regulations will specify the meaning of "connected" and "common investment strategy", and may make further provision as to aggregation.

The paper indicates that:

- Schemes will be deemed to be "connected" only where they sit within the same corporate group.
- The "common investment strategy" definition will allow for variance on grounds of age, to accommodate lifestyling and target date strategies. Subject to that, there will be a common investment strategy only if assets are allocated in the same proportions to the same investments for all members.

The Government is seeking industry views on these matters. The closing date for responses is 7 September 2026. The Government will consult on draft regulations in 2027.

Comment: These brief papers provide only initial, high-level views. They do however indicate the likely direction of travel.

VFM proposals fettled in final consultation

The Department for Work and Pensions and the Financial Conduct Authority published a consultation with "final proposals" for the new value-for-money framework, which will apply to default arrangements under workplace DC schemes. The consultation documents include draft FCA rules, and draft regulations for trust-based schemes.

Changes now proposed include the following:

- **A different basis for measuring past investment performance.** Averaging will be on a geometric basis which tracks the member experience over time, rather than on an arithmetic basis.
- **Different safeguards as to future investment projections.** Rather than obtaining third-party advice, trustees and providers will have to disclose underlying assumptions.
- **A more sophisticated approach to peer-group comparison.** For the "at retirement" cohort, the comparison will depend on an arrangement's decumulation target; eg an arrangement which targets annuity purchase will be compared with other arrangements with the same target.
- **Implementation will be on a phased basis.**
  - **In 2028,** the requirement for full VFM assessments and ratings will apply just to a subset of arrangements: non-bespoke arrangements under master trusts and GPPs, and arrangements within large (50,000+ member) own-trust schemes. Other arrangements will be required only to submit data to the relevant regulator. And there will be no mandatory actions for arrangements which are found not to offer value.
  - **From 2029 onwards,** full VFM assessments and ratings will be required for all in-scope arrangements, and there will be mandatory actions for arrangements found not to offer value.

The consultation closes on 1 September 2026. The DWP will publish a response and final regulations by January 2027. For contract-based schemes, the FCA will publish a policy statement and final rules in Q1 2027.

Comment: The "mandatory actions" are a bone of contention. Most notably, once the 2028 amnesty period has expired, an arrangement with an amber rating will not be able to admit new employers unless and until value has been restored.

Our blog post provides further details.

Pensions Commission highlights under-saving in interim report

The Pensions Commission published its interim report, assessing the health of the UK retirement system.

The Commission was established in July 2025, to help shape a pensions framework which is "adequate, fair and sustainable". The interim report sets out findings as to the status quo.

The Commission concludes that some of the 2010 pension reforms have been a success. Automatic enrolment has driven participation to around 90% of eligible employees, and the flat-rate State pension provides an "indispensable foundation", particularly for lower earners. However, there is a significant adequacy challenge: around 15 million working-age individuals are likely to miss their target replacement rate. Contribution levels are central to that picture, with many employees remaining at auto-enrolment minima.

Structural gaps are an important theme. Participation is particularly low among the self-employed, and outcomes are weaker for women, carers, disabled people and some ethnic minorities.

The Commission questions whether replacement rates remain a suitable yardstick. It suggests that a hybrid target, combining replacement rates and minimum income benchmarks, may be better.

Other concerns identified by the Commission include:

- **Voluntary saving.** Few people are saving voluntarily, particularly among lower-earners.
- **Early retirement.** Many people leave the labour market in their fifties, significantly reducing their retirement income.
- **Housing costs.** With declining home ownership, many pensioners are now in the rental sector. The wider benefits system may need to change to reflect this.
- **Decumulation.** Many DC retirees take the whole of their pot in cash form, and many savers have no clear plan for accessing their benefits. The Commission calls for stronger guardrails. It acknowledges the guided retirement measures in the Pension Schemes Act 2026, but does not seem to view them as a complete solution.

Comment: The Commission's final report is expected in spring 2027. Any significant reform is likely to be for a future Parliament.

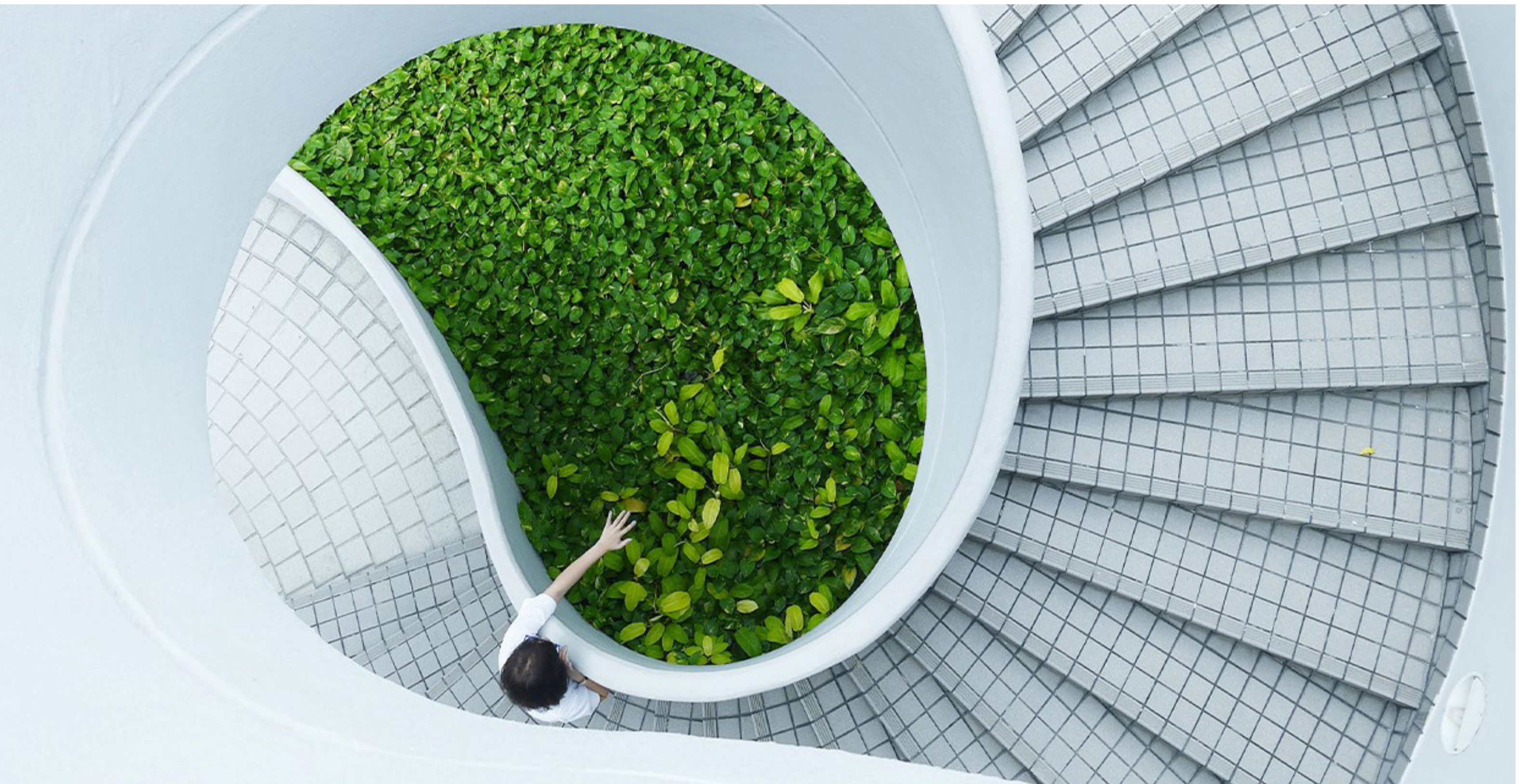
For further detail and comment, see our blog post.

Steps taken to fix tax issues, including for GMP conversion

HM Revenue & Customs consulted on draft regulations to address tax issues which can arise on "GMP conversion".

As things stand, some deferred members may suffer an annual allowance charge as a result of GMP conversion, because, for technical reasons, they lose the benefit of the "deferred member carve-out". The regulations seek to ensure that members retain the benefit of the carve-out on conversion.

Separately, the Government made regulations to address (as from April 2024) some remaining issues relating to the abolition of the lifetime allowance.



Comment: GMP conversion for deferred members can be problematic, in part because of the annual allowance issue. Some schemes have therefore adopted a policy of "conversion at retirement".

The proposed regulations will facilitate bulk conversion exercises, for example where trustees want to take a once-and-done approach ahead of buy-out and winding-up.

Transfer regime to be overhauled

The Government consulted on proposed changes to the "flags" regime for pension transfers.

Four changes are envisaged:

- The schemes which are deemed to offer a safe harbour will include not only public service schemes and authorised master trusts and CDC schemes, but also other schemes which transferring trustees determine to be "reputable".
- The amber flag for overseas investments will be removed.
- In a bid to tackle scams associated with small self-administered schemes, there will be a new red flag, applicable where a member fails to show a verifiable employment link with the receiving scheme.
- Members who have received guidance from the Money and Pensions Service within the preceding 12 months will not need to obtain further guidance when consolidating multiple pots.

Comment: The proposed safe harbour for reputable schemes should simplify the transfer process significantly where a member has chosen a household-name provider. Regulations will specify factors for trustees to consider when determining whether a scheme has "reputable" status.

Stagecoach transaction prompts regulatory review

Following the Stagecoach/Aberdeen "sponsor swap" transaction, the Government announced that it would review the statutory framework for flexible apportionment arrangements (**FAAs**). It will consult in due course on whether and how existing regulations should be strengthened.

The Pensions Regulator indicated that, ahead of any change to the regulations, it would consider an interim approach to sponsor swap transactions.

Comment: The FAA mechanism enables an employer to exit a DB scheme without making good any buy-out deficit under section 75 of the Pensions Act 1995, if another employer "steps into its shoes".

The Government says that it will consider whether additional safeguards are needed for FAAs in cases which involve "the commercial operation of pension schemes".

UME CDC arrives, plus measures to support CDC transfers

The new regime for collective defined contribution (**CDC**) schemes came into force on 31 July 2026. Unconnected multi-employer (**UME**) CDC schemes are now permitted. UME CDC schemes, like single-employer CDC schemes, are subject to authorisation by The Pensions Regulator.

The Government made regulations to facilitate the transfer of money purchase benefits to CDC, and published a consultation response and updated guidance. The regulations change the "preservation" legislation from 31 July 2026, so that (where scheme rules allow) trustees can transfer money purchase benefits to an authorised CDC scheme without the consent of relevant members.

Comment: Providers including TPT and WTW are reportedly planning to launch UME CDC schemes.

Note that, as things stand, any CDC scheme must be a "whole life" arrangement. The Government intends to legislate for "retirement" CDC schemes in due course.

New IHT regime takes shape

HM Revenue & Customs made regulations as to information-sharing under the new inheritance tax regime. HMRC also published a technical note.

As explained in previous Pensions Planners, the IHT regime will change substantially with effect from 6 April 2027. Some (though not all) pension death benefits will be deemed to form part of a member's estate for IHT purposes. Primary responsibility for IHT matters will lie with the personal representatives (**PRs**) responsible for the estate. Benefits paid to certain types of beneficiary (eg spouses and civil partners) will be exempt from IHT on normal principles.

The regulations make associated changes to the framework for the sharing and reporting of information between pension schemes, PRs and HMRC. Under the new framework:

- To help PRs determine whether they need to file an IHT account, they may require a scheme to provide basic information, including the value of in-scope benefits, and the split between exempt and non-exempt beneficiaries.
- If PRs need to file an IHT account, they may require a scheme to supply further information, including details of relevant beneficiaries and the value of in-scope benefits to which they are entitled.

The technical note explains how the new IHT regime will operate. There is information about the valuation of benefits, and about the circumstances in which schemes may be required to withhold benefit payments or to pay IHT directly.

Comment: The new IHT regime will apply only to members who die on or after 6 April 2027. Nevertheless, timing is tight; the technical note indicates that guidance and supporting material will not be published until the spring. And there are concerns about the ability of PRs, often laypeople with little professional support, to navigate the new regime.

Government proposes increases to general levy

The Department for Work and Pensions launched a consultation on changes to the general levy. Material increases are proposed, especially for DC schemes.

The general levy is payable by occupational pension schemes and group personal pension schemes. The levy funds The Pensions Ombudsman, core functions of The Pensions Regulator, and pensions functions of the Money and Pensions Service. In recent years, increases to the levy have not kept pace with the costs of those bodies.

To address this, the DWP proposes "baseline increases with phased equalisation" (equalisation, here, meaning bringing DC rates into line with the higher rates paid by DB schemes).

This would involve annual increases for a three-year period from 2027/28 at 5% for DB schemes, 6.2% for DC own-trust schemes, and 9% for master trusts and GPPs.

The consultation closes on 8 September 2026. The Government will consult in Q1 2027 on regulations to implement changes from April 2027.

Comment: The general levy is calculated on a "per member" basis. Applicable rates depend on a scheme's type and size. The rates are summarised in tables published by TPR.

The proposed increases have been criticised by bodies including Pensions UK.

HMRC publishes more on VAT changes

HM Revenue & Customs provided further detail on changes to the VAT regime, first announced in June 2025, via an update to its VAT Manual (sections 44600-45500). HMRC subsequently updated its guidance on funded pension schemes.

The updated Manual confirms that, as from June 2025, employers can in principle deduct input tax in full (subject to any partial exemption restrictions) for costs which they incur in relation to occupational pension schemes.

The Manual goes on to say that:

- If an employer contracts directly with a DB fund manager, then it can deduct the input tax incurred on the manager's fees, subject to normal evidential requirements such as an invoice in its name. If the contract is with the trustees, then to enable a deduction by the employer, the trustees should make a taxable charge to the employer for running the scheme.
- If trustees contract with an employer to make a taxable supply to the scheme, input tax which the trustees incur on relevant services (eg legal or actuarial) will be deductible.
- If the employer receives a taxable supply of administration or investment services and recharges the cost to the scheme, the recharge is consideration for an onward supply, and will be subject to VAT.

The Manual also covers the position where a trustee company joins an employer's VAT group.

Comment: HMRC's June 2025 announcement was cryptic, and the updated Manual, published 12 months later, does not provide as much clarity as might be expected. Employers (and, where appropriate, trustees) should consider whether the changes affect them and/or might enable them to secure a better VAT outcome.

There are concerns that HMRC may have moved the goalposts as regards a common practice, whereby invoices for advice to trustees may be addressed to the employer, and the employer may then obtain a VAT recovery. For many years, the Manual included wording which expressly authorised the practice. In the updated Manual, the wording does not appear. However, in the updated guidance, HMRC has retained wording which appears to support the practice.

TPR outlines AI expectations

The Pensions Regulator published an AI plan, with expected standards for trustees and administrators.

TPR suggests that trustees should:

- establish clear governance and accountability for the use of AI;
- assure themselves that administrators and other providers have robust governance arrangements;
- identify risks, put in place controls, and carry out testing, monitoring and reviews; and
- work to prevent members being scammed.

TPR will publish further AI guidance later in 2026.

Comment: TPR reminds trustees that they are accountable for outcomes, even where functions are delegated to third parties. Trustees "need to understand where and how AI is being used on behalf of their pension scheme".

Deeds rectified to remove "Courage" fetter

The High Court granted rectification of deeds governing a DB scheme, to remove a *Courage*-type fetter on the amendment power: *Soufflet Bairds Malt Ltd v Dear* [2026] EWHC 1480 (Ch).

The parties had adopted replacement deeds and rules in 2004 and then again in 2012. The 2004 deed included a fetter on the amendment power which had not previously appeared: the scheme could not be amended in a way which would "affect or prejudice ... benefits already accrued or secured". Similar wording was included in the 2012 deed.

The Court was satisfied that both deeds were intended to be consolidation or housekeeping exercises. The parties had not intended to introduce the fetter in 2004, or to endorse it in 2012. There was compelling documentary evidence to that effect.

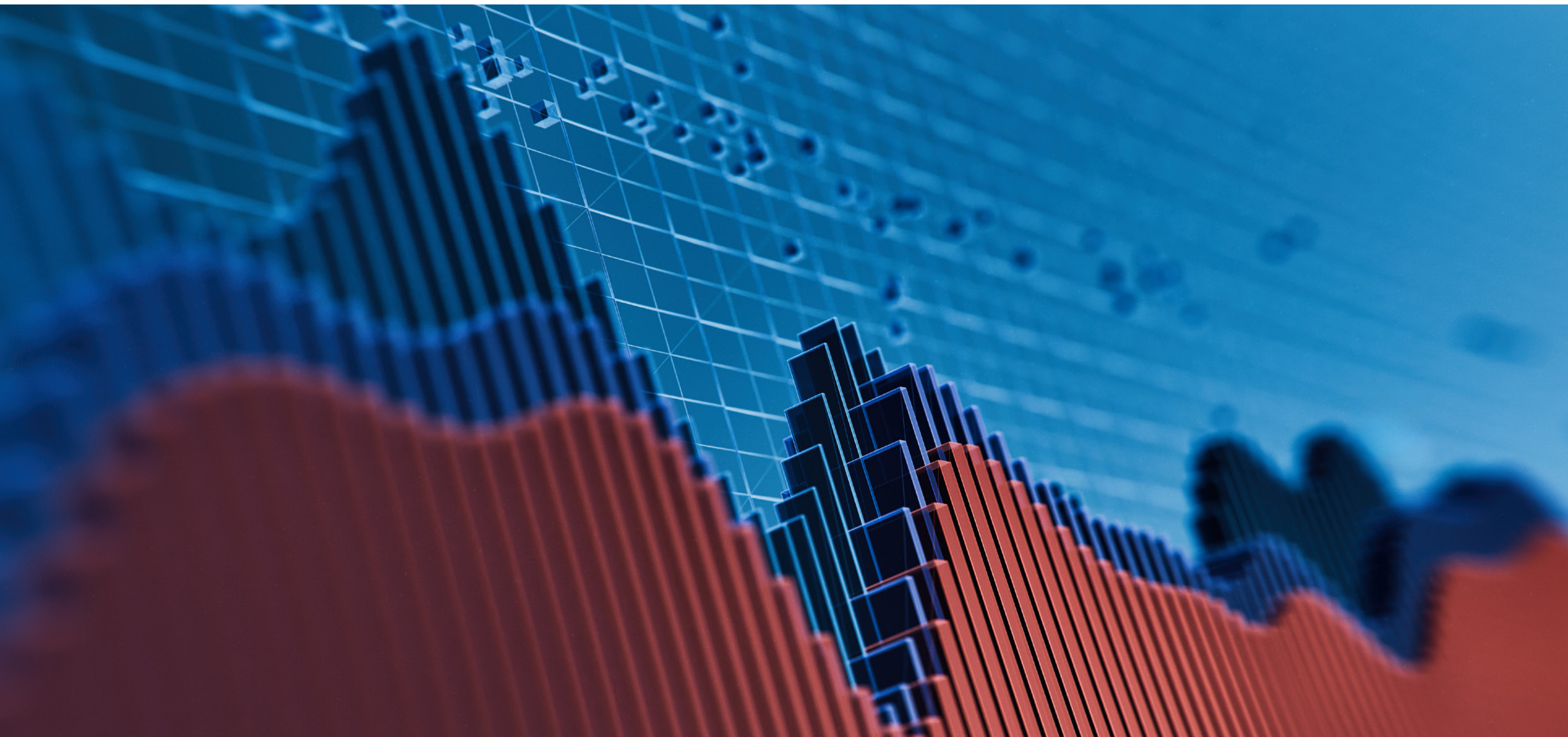
Comment: The Court attached particular weight to guides from advisers on the draft 2004 deed. The guides made no mention of a new fetter. And, "in the context of a complex pension scheme, the guides were plainly documents on which the decision-makers were entitled and expected to rely".

Court approves "Barber window" compromise

The High Court approved a compromise in a case concerning the equalisation of normal retirement age (**NRA**) under a DB scheme: *Ross Trustees Services Ltd v Rowe* [2026] EWHC 1901 (Ch).

NRA was originally 65 for men and 60 for women. Following the *Barber* judgment, the trustees purported to equalise NRA at 65 as from May 1992. However, it was not clear whether the relevant amendment was effective. NRA was not unambiguously equalised at 65 until April 1999. NRA for the period from May 1992 to April 1999 was arguably 60, rather than 65 as the trustees had intended.

A compromise was proposed, under which NRA for the relevant period would be treated as 61.7. The Court approved the proposal. The compromise struck a fair balance as between the competing arguments, and was for the benefit of all parties.



Comment: When proceedings were commenced, the claimant was seeking a definitive ruling as to the applicable NRA. But happily (as the judge put it), the parties subsequently negotiated a compromise. The key question then for the Court was whether the compromise was to the parties' mutual benefit, having regard to the "merits split" – the assessed chances of success on either side.

TPO reports on progress and future plans

The Pensions Ombudsman published its 2025/26 report and accounts and 2026/27 corporate plan and related blog posts.

Changes to TPO's operating model paid dividends in 2025/26, with a 14% increase in case closures relative to 2024/25.

TPO has secured additional funding from the Government. Priorities for 2026/27 include expanding its casework resource; publishing more guidance; and increasing its use of the "lead case" procedure, to help manage systemic pressures.

Comment: TPO warns that, even with additional funding and new efficiencies, it will be some time yet before its historical backlog is cleared.

TPO overhauls factsheets

The Pensions Ombudsman published new versions of four factsheets: Ill health pensions, Death benefit lump sums, Incorrect information about your pension and How to complain about your pension.

Comment: Trustees may wish to direct complainants to the appropriate factsheet, in a bid to close down any irrelevant arguments and to manage expectations as to rights and remedies.

Other news

Other developments over the quarter included the following.

- ***Virgin Media* guidance.** The Financial Reporting Council finalised its guidance for actuaries on *Virgin Media* remediation. The Pensions Regulator finalised its guidance for trustees. The final versions are essentially the same as the interim versions discussed in previous Pensions Planners.
- **Dashboards.** The Pensions Dashboards Programme published materials on mandatory testing, and confirmed that the MoneyHelper dashboard is likely to become publicly available in 2027/28. The Pensions Administration Standards Association published guidance on compliance monitoring.
- **Ministerial appointments.** The new Prime Minister appointed John Healey as Chancellor of the Exchequer, in place of Rachel Reeves. Pat McFadden continues as Secretary of State for Work and Pensions. Torsten Bell continues as Pensions Minister.
- **Pension Schemes Act resources.** TPR launched a webpage covering requirements of the Pension Schemes Act 2026. TPR will update the page as and when regulations and guidance are published.
- **DC governance standards.** TPR began a campaign to ensure that DC schemes are ready for changes under the Pension Schemes Act 2026. In keeping with previous messaging, TPR warned that "not every scheme will get there".
- **Decumulation guide.** TPR approved MoneyHelper's new leaflet, "How to take your pension", for inclusion in DC wake-up packs.
- **"Moral hazard" intervention.** TPR published a report on a case involving alleged avoidance of a "section 75" debt. A settlement was reached with the relevant employer and connected parties, after TPR warned that it would impose contribution notices.
- **TPR objectives.** The Department for Work and Pensions published a regulatory action plan for TPR. The plan sets out four "growth goals": reform of workplace pensions, unlocking surplus/capital, supporting productive investment and promoting appropriate use of AI.
- **TPR strategy.** TPR published its corporate strategy for 2026 to 2031, its corporate plan for 2026 to 2027, and a regulatory roadmap. Over the next year, TPR will focus on governance, value-for-money, decumulation and strengthening its position as a "modern, capable and data-driven regulator".
- **Tax newsletters.** HM Revenue & Customs published pension scheme newsletters 181, 182 and 183. Topics covered include relief at source and the withdrawal of "pension schemes online".
- **SIPP regulation.** The Financial Conduct Authority launched a consultation on proposed new rules for providers of self-invested personal pension schemes. The rules cover due diligence (as regards investments) and the handling of scheme assets.
- **"Consumer duty".** The Financial Conduct Authority launched a consultation on rule changes relating to the consumer duty. Easements are proposed for wholesale providers and for firms which play only a limited role in distribution chains.
- **AI – "Mills Review".** An FCA report concluded that artificial intelligence will be a "defining force" in retail financial services, with major implications for firms' operations and consumer journeys.
- **Requirements for auto-enrolment schemes.** The Government published a call for evidence on the "alternative quality requirements" for DB, hybrid and CDC schemes.
- **Adequacy.** Pensions UK updated its retirement living standards. Annual costs, for one person or two, are now put at £13,900/£22,500 for a "minimum" lifestyle, £32,700/£45,400 for "moderate", and £45,400/£62,700 for "comfortable".
- **DC transfers.** Various master trusts launched a steering group, Pathfinder, to explore ways to improve transfer processes.
- **"Pre-1997" compensation.** The Pension Protection Fund published information about how it expects to implement indexation of pre-1997 compensation. The Government consulted key stakeholders on proposed regulations.
- **Overview of regulation.** A new version of the regulatory initiatives grid was published. The grid outlines initiatives by regulators including TPR and the FCA.

In the pipeline

The next six months

Surplus sharing

We expect the Government to publish its response to the current consultation by the end of 2026. The Pensions Regulator will then consult on guidance.

Retirement CDC

The Government has promised to consult on "R-CDC" regulations.

Guided retirement

Two developments are expected by December 2026: a DWP policy consultation, and a discussion paper from the FCA.

Contractual override

Regulations are to be made for the "contractual override", under which providers will have power to make unilateral changes to GPPs.

NMPA change

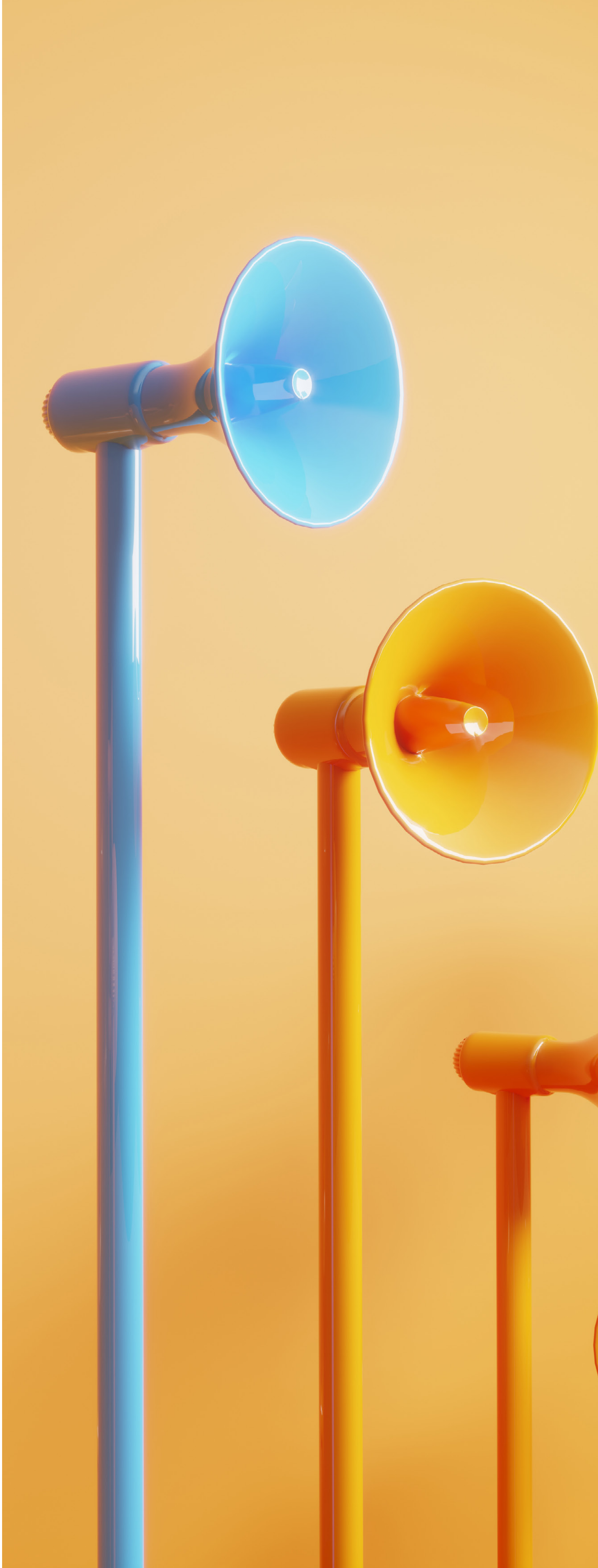
HM Revenue & Customs will consult on regulations to support the change to normal minimum pension age.

Verity Trustees v Wood

Judgment is still awaited in a complex case concerning TPT, an industry-wide scheme. The hearing was in Q1 2025. Among other things, the court considered questions arising from *Virgin Media*. A follow-on application was heard by the court in July 2026.

Fiduciary duty

A consultation is expected on proposed guidance as to trustees' investment duties. Finalised guidance will be published early in 2027.



Timeline

2026-2028

State pension age

Increases to 67. In the meantime, the Government will conduct a statutory review

To September 2026

"Connect by" dates for dashboards

These are the expected connection dates specified in the DWP's staged timetable. The applicable date depends on a scheme's size and type

31 October 2026

Longstop date for dashboards

The mandatory deadline for connection. The "go live" date for dashboards has not yet been set

April 2027

Death benefits and inheritance tax

Changes to the IHT regime

April 2027

Surplus-sharing

New regime for refunds from ongoing schemes

Q2 2027

Pensions Commission

Commission to submit final report, covering adequacy and fairness

2028

New VFM framework

First data submissions. First VFM assessments for large schemes

March 2028

Contractual override

Power for GPP providers to make unilateral changes

April 2028

Increase in normal minimum pension age

NMPA increases to 57. The change affects people born after 6 April 1971

Q4 2028

Superfunds

Proposed launch date for new statutory regime

2026 2027 2028

Q4 2028

Retirement CDC

"R-CDC" regime comes into force

2029

New VFM framework

Fully in force. Data submissions and VFM assessments for all in-scope schemes

2029

Megafunds

Approval process starts for the 2030 regime

April 2029

Salary sacrifice

NIC savings limited to first £2,000 sacrificed each year

Q3 2029

Guided retirement

Implementation date for master trusts and GPPs

February 2030

Indexation

RPI to be aligned with CPIH

April 2030

Megafunds

"Minimum size" requirement for multi-employer DC

April 2030

Small pot consolidation

The Government plans to phase in consolidation, starting in 2030

Q3 2030

Guided retirement

Implementation date for own-trust schemes

2029

2030

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