Are we there yet?

The government recently shared its proposed Pensions Roadmap, outlining the expected ordering for key reforms and initiatives from now until 2030. *Pensions Age* takes a closer look at the stops along the way and the key hurdles and opportunities that could emerge

The key dates to watch...
- CDC: Multi-employer regulations come into force – 2026.
- Guided Retirement Duty: Master trusts to comply – 2027; SETs & GPPs to comply – 2028.
- Value for money framework: First assessment – 2028; annual from 2029.
- Small pots: Regulations process: 2027/28; applications open late 2028; consolidators selected – 2029; transfer duties come in force – 2030.
- DB superfunds and surplus flexibilities: Regulations laid – 2027; regime comes into force – by 2028.
- PPF levy changes to come into force – 2027.

2026: Laying the groundwork

Early 2026

• Pension Schemes Bill expected to receive Royal Assent

• Financial Conduct Authority (FCA) Targeted Support rules come into force

This is the first step in the government's DC roadmap, and will allow firms to offer targeted support to consumers and provide suggestions to groups of consumers with common characteristics, in what has been hailed as a 'once-in-a-generation' advice change. Work to reach this point is moving at pace *[read more on page 12]*.

Autumn 2026

• CDC regulations laid to extend CDC to multi-employer schemes

• CDC (multi-employer) regulations come into force before year-end

As predicted by many in the industry, and previously implied by the government, work to extend CDC is one of the first priorities on the government's pension roadmap, coming ahead of the avalanche of work set to be included in the Pension Schemes Bill.

Late 2026

• Guided retirement regulations and rules development begins

• Value for money (VFM) regulations process starts

2027: Shoring up foundations

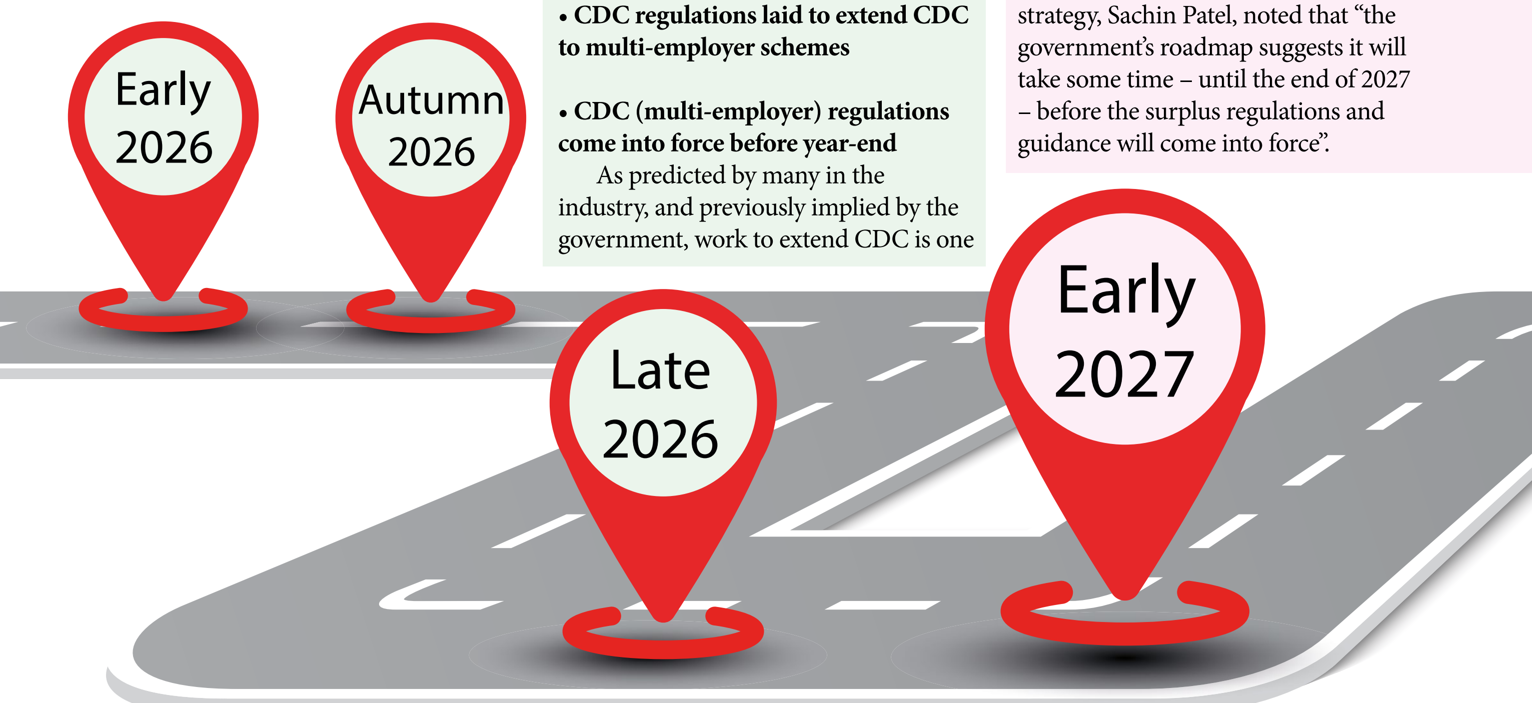
Early 2027

• Superfunds and DB surplus flexibilities regulations to be laid

Although it is a relatively early stop in the roadmap, the industry will still have around a year or so to wait for the much-anticipated DB surplus flexibilities.

However, there has been some disappointment around the expected timings, as LCP co-head of consolidation, Laura Amin, warned that "the expected date of 2028 for the *[superfund]* regulations to be fully up and running will likely be frustrating for current participants".

Adding to this, Hymans Robertson head of corporate DB endgame strategy, Sachin Patel, noted that "the government's roadmap suggests it will take some time – until the end of 2027 – before the surplus regulations and guidance will come into force".



Indeed, Squire Patton Boggs head of pensions practice, Matthew Giles, also suggested that the 2027 date for DB surplus changes is "probably a bit later in the day than many were anticipating".

• Master trusts (MTs) begin complying with guided retirement duties

Despite concerns around the pace of change being too slow in some areas, Aegon pensions director, Steven Cameron, warned that perhaps the most surprising date on the timetable is that master trusts will have to start complying with guided retirement solutions in 2027.

"Designing and implementing appropriate default retirement solutions for non-engaged workplace members will be hugely challenging," he stated. "We do hope the government keeps an open mind on the roadmap dates, and continues to monitor progression – while we understand the government's desire for speed, it's far more important to the millions of pension savers that the changes are 'done right'."

Mid to late 2027

• Surplus flexibilities regulations come into force

• Pension Protection Fund (PPF) levy measure comes into force

The PPF said that inclusion of provisions intended to give greater flexibility are a positive and important step forward.

"Now that these measures are being brought forward, we'll closely monitor their progress as the Pension Schemes Bill passes through its parliamentary stages," a spokesperson stated.

"We'll take a final decision on the calculation of the 2025/26 levy in line with the new provision in due course and don't plan to proceed with invoicing until we've concluded our decision-making. We intend to work constructively to support policy makers and stakeholders as these measures are considered further."

• Surplus flexibilities guidance issued

• Small pots regulations process begins

• Continued work on VFM regulations process begins - set to last until 2028

2028: Expansion, compliance & first outcomes

Early 2028

• SETs and GPPs begin complying with guided retirement duties

• Contractual override and internal default consolidation begins

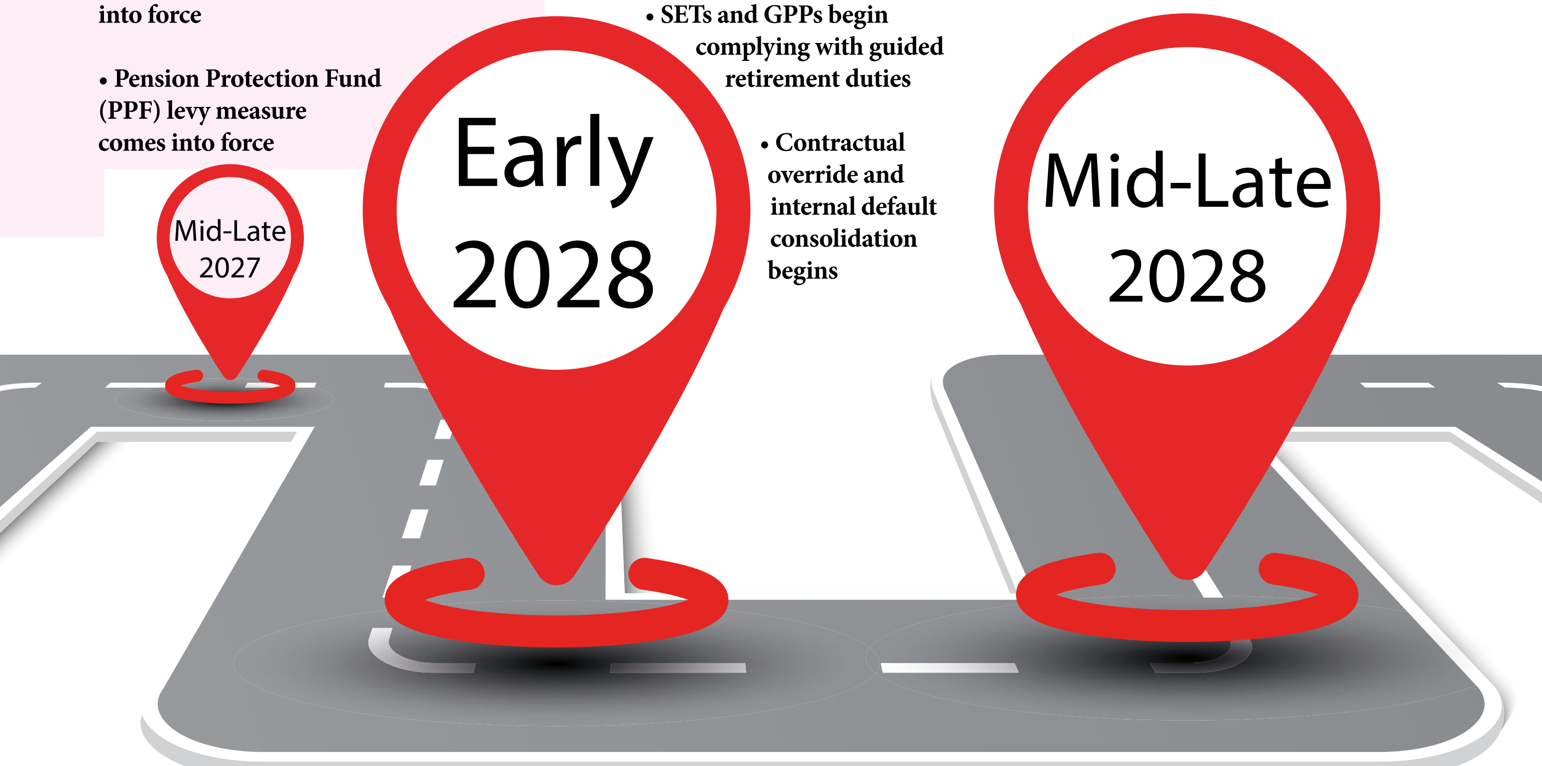
In line with the push towards fewer, bigger pension schemes, this step in the government's pension roadmap will see the start of work to consolidate pensions across the market, ahead of broader scale requirements in 2030. In early 2028, DC schemes will be given more freedom through legislation to move savers into better-performing funds, introducing a contractual override mechanism for the bulk transfer of assets, where it is in savers' interests. After this, the government will establish a Ministerial-led review to examine the available evidence and explore the reasons why any default arrangements remain outside the expected main scale default arrangements.

• Permanent DB superfunds regime comes into force

Mid to late 2028

• First publication of VFM data and first VFM assessment

This will mark the official start of the new VFM regime, with the first annual publication of VFM data, along with the first industry-wide assessment. This



is also set to support the government's push for consolidation in the pensions industry, with those schemes that are unable to meet the VFM requirements encouraged to wind up and exit the market.

• Small pots consolidator applications open

2029: Testing market readiness

• Small pots consolidators selected

• Default consolidation/fragmentation review begins

The detail of the operation of the review will depend on the number and nature of default arrangements that remain (or are not in the process of being consolidated).

However, the government said that it expects the work of the review to start from the presumption that savers should be in scale arrangements unless there is a clear and demonstrable reason for them to remain in another arrangement.

The government will also provide for a legislative underpin to be able to tackle any remaining fragmentation as needed.

At this point, the government will also require schemes that are on route to achieving scale by 2035 to apply to regulators to access the transition pathway. The government is looking to set out the specific requirements for the transition pathway in secondary legislation following further consultation.

2030: Putting it all into action

Early 2030

• Deadline for sub-£25 billion MTs and GPPs to reach £25 billion

This marks the deadline for the government's plans to require all multi-employer DC pension schemes to operate at megafund level (£25 billion+).

• Small pots transfer duties come into force

Mid to late 2030

• Continued market consolidation (deadline for £10 billion–£25 billion MTs and GPPs) before broader small pots movement is 'switched on'.

As predicted by some industry experts, small pots work has been pushed slightly later in the timeline. The government explained that the implementation of the small pots consolidation solution is purposefully designed to fully come into force once the market of a smaller number of megafunds is in place, with the implementation of the multiple default consolidator simplified by the move to a smaller number of schemes.

"Policy and delivery work will be finalised over the coming years, but the timing of requiring the movement of small pots is such as to allow a 'cooling off period' before the duties on schemes are 'switched on' to avoid schemes being required to move deferred small pots earlier than having to move other pots should they be on track to consolidate or merge with another scheme," it explained.

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