

Trust the master trusts: Why larger scale, increased supervision and member awareness will underpin the next phase of transformation of the UK DC pensions market

The past 15 years has been about the UK DC market responding to the introduction of auto-enrolment. The next 10 years will be about the challenges associated with DC becoming the primary pension provision for the private sector. Drawing on evidence and personal insight, Aviva Master Trust chair, Dr Chris Noon, sets out what trustees should expect through this next period of evolution

How did we get here? Over the past 15 years, the UK master trust market has undergone a remarkable transformation. In 2012, the market was in its infancy as auto-enrolment dawned, and the age of mass participation commenced.

Fast forward to today, and we expect the market to be nearly £250 billion in size with circa 29 million members by the end of 2025.

Auto-enrolment fuelled this spectacular growth, but why did most of these new assets move to what was the lowly master trust market rather than to other pension structures operating in the UK?

Much of it was to do with the way auto-enrolment was introduced – starting with the largest UK employers. These employers and the pension consultants who supported them, had a preference for trust-based solutions.

Led by a perception of better governance structures, more flexibility in member communication and, importantly, a pathway to bulk transfer legacy DC assets from existing employer trust-based arrangements. The relative ease of this type of transfer compared with the contract route, made master trusts the natural choice for employers looking to respond to auto-enrolment and wind up their costly own-trust arrangements.

At the same time, regulation made it relatively straightforward to set up a master trust and this led to rapid growth in the number of entities establishing master trusts all looking to acquire assets. So, even as auto-enrolment extended to smaller employers, the majority of the assets still flowed to this now established auto-enrolment solution.

Authorisation, supervision and the strengthening of the regulatory regime have all contributed to the evolving governance models of master trusts



but there is some way to go to ensure that all trustees are delivering optimal value to members.

The next 10 years

Aviva analysis suggests that master trust assets are likely to have reached c. £250 billion at the end of 2025, while Broadridge research estimates that master trusts will be the custodian of over £700 billion of UK DC assets by 2034.

It's not fanciful to see how opportunities presented by both the Pension Schemes Bill and outcomes from the Pensions Commission might boost the size of the UK master trust market through the one trillion-pound milestone by 2036.

With the £25 billion main scale default arrangement requirement having

could then expect the average size of a UK master trust to be in excess of £50 billion with the top few trusts each exceeding £150 billion.

These are genuinely ‘mega funds’ by any global definition.

At these scales, as well as having increased ability to add value to members through investment leverage and efficiencies, master trusts are likely to be under significantly increased scrutiny over and above today’s standard from regulation, from their members and from wider market interest groups such as consultant firms and lawyers.

The implications of scale

With a strong governance model in place and a well-qualified, properly functioning group of trustees, there are important opportunities for significant value to be added to the retirement outcomes of members.

Investment: At £50 billion+, typical master trusts would be larger than the current average UK asset manager but with a narrower investment range from a very limited number of defaults. This scale allows trustees to drive member outcomes through increased diversification from the introduction of additional asset classes (e.g. private markets) and reduce underlying fund charges – thereby reducing risk and increasing long-term returns.

But this doesn’t come for free. It requires trustees to actively govern the investment proposition – going much beyond a ‘good enough’ mindset – and to actively manage the new risks that accompany this type of solution. In particular, the risks that arise from increased investment in private markets – managing liquidity risk and the market lag that can arise from stale valuations.

Proposition: Bigger scale should result in increased investment in the wider master trust proposition – more sophisticated retirement solutions and

journeys, hyper-personalised member content, AI-enabled support and guidance throughout the retirement journey.

The biggest potential sources of loss to members in their retirement journey tend to be outside trustee control. For example, members missing out on the optimal level of employer matching contributions, making poor or no decision at retirement, or transferring DC funds to a ‘poorer value’ but ‘better marketed’ solution.

Member engagement: The investments in proposition alongside the increased average value of member should (I hope) result in increased member interest in their pension assets.

Within the Aviva Master Trust, we’re already expecting our active members between 40 and 54 to be retiring with over £250,000 in their pot – that’s a significant sum for those in our master trust¹.

This increased engagement is a positive thing and should be welcomed.

With the power of AI at members’ fingertips to assess master trust outcomes, trustees will need to clearly demonstrate the value being provided in the master trust. We need to stand ready to listen and respond to member feedback.

Market interest: The increased scale of the master trust market will encourage other solutions to come to market looking to attract member assets. Some of these solutions might be those seeking to add additional income for their members – for example, retirement CDC solutions.

However, experience indicates that other innovations may place greater emphasis on marketing than on member value, which could potentially lead to outcomes that are not as beneficial for members as intended.

Supervision: At these scales and with increased member awareness and market insight, regulatory oversight will increase significantly with a particular

focus on risk management. Whilst it’s ‘easier’ to supervise a smaller number of master trusts, when something goes wrong, it’s likely to have a much bigger member impact and, more likely, a political response.

Trustees will need to evolve to operate in this type of environment – with improved risk management frameworks and a better understanding of their trust’s relationship with society and government.

Trust the master trusts

Master trusts have come a long way from being seen simply as efficient auto-enrolment and own-trust consolidation vehicles.

By 2036, they will be central to the retirement security for millions of UK workers.

At ‘mega fund’ scale, with strong governance, investment expertise, and genuine trustee independence, they will have significant capacity to supercharge member retirement outcomes.

But this requires trustees to be active and demanding stewards – not passive administrators.

By asking the right questions and driving continuous improvement in investment, decumulation, and member engagement, trustees can ensure that the journey to the one trillion-pound milestone is not just a measure of scale, but a testament to the value delivered to every member.

The opportunity is real. The responsibility is profound.

To find out more, please visit our Aviva Master Trust webpage or reach out to your usual Aviva contact.



Written by Aviva Master Trust chair, Dr Chris Noon

In association with



¹ Average current fund value - £53.5k (Oct 2025)