

New entrants: The next wave of pensions innovation

➤ **Callum Conway explores a new wave of entrants reshaping the UK pensions landscape, examining the problems they are targeting and the gaps they say incumbents have yet to address**



The UK pensions market is undergoing one of its most significant periods of transformation in a decade.

Regulatory pressure, accelerating consolidation, rising expectations around digital service and growing scrutiny of retirement outcomes have combined to open the door for a new generation of providers, technology firms and governance innovators.

Many are targeting long-standing structural problems that incumbents have been slow to address: fragmented data, inflexible legacy systems, opaque investment decision-making and the growing need for practical retirement planning support.

Some new entrants are focused on the challenges created by pension freedoms, particularly around non-advised

decision-making at retirement.

Others are redesigning advisory and governance models for defined benefit (DB) schemes, while several are committed to untangling the messy cables of the pensions system – administration, data and operating models.

Pensions Age spoke to a selection of these newer market entrants about the problems they were founded to tackle, how demand is evolving, and what success looks like as the market adjusts.

Guide: Filling the post-freedoms guidance gap
Established to support non-advised members navigating drawdown, Guide has grown rapidly since pension freedoms, offering modelling-based retirement planning tools for schemes and consumers.

Director, Kevin Hollister, says the firm was founded to address a clear gap in the market: helping non-advised defined contribution (DC) members create sustainable, trackable withdrawal plans once they reach retirement.

Early consumer tools, he suggests, were overly simplistic.

“Retirees needed after-tax income models and projections that accounted for multiple income sources – state pension, defined benefit, ISAs and savings – something early consumer

tools simply did not offer.”

That insight led to the development of Guide’s modelling engine, which has since been refined using real-life user data and integrated into a growing number of retirement pathways.

Earlier this year, Pathlines, working with Guide and Invesco, launched a new guided drawdown tool designed to help non-advised DC savers self-manage retirement income more confidently.

While consumer demand has remained steady, Hollister says the regulatory environment has significantly changed the provider conversation.

Consumer duty, in particular, has increased appetite among schemes and providers for licensed guidance tools, especially in execution-only drawdown.

Providers, he argues, will increasingly struggle to demonstrate suitability without evidence that members can manage a sustainable long-term plan.

However, Hollister warns that openness to guidance tools varies amongst schemes.

“Master trusts see commercial value in supporting consolidation at retirement, while single-trust schemes face less incentive but rising regulatory attention.”

He also believes trustees often underestimate how much support they can provide without crossing into regulated advice, provided governance is robust and regulatory dialogue is ongoing.

Purple Daffodil: Automating DB advice
Purple Daffodil is rethinking the investment advisory model for DB schemes, replacing manual, resource-heavy processes with automation, AI and streamlined analytics.

Director, Mark Hodgson, says the firm was founded in response to a market in which advisory processes had become increasingly standardised and expensive, even as DB portfolios converged into lower-volatility strategies.

“Large research teams were still

delivering expensive, labour-intensive services that no longer reflected the needs of modern DB schemes,” he claims.

Purple Daffodil’s approach removes manual reporting, accelerates strategy work and gives trustees faster, more transparent access to information.

Automation, Hodgson argues, is not about replacing human judgement, but about removing inefficiency and duplication from advisory processes.

Therefore, the firm’s growth strategy centres on scalability through technology rather than headcount expansion.

Its advisory and plug-in models are deliberately designed to contrast with traditional consultancy structures.

Success, Hodgson adds, will be measured by how many schemes are willing to move away from costly legacy processes and embrace automation as a route to better, faster and more cost-effective advice.

configuration and keep pace with regulatory change.”

Rather than pushing wholesale replacement, Festina focuses on configurable architecture that integrates with existing workflows and operating models.

McLaughlin explains that resistance to change is often less technical than cultural.

“The biggest barrier to upgrading is often psychological – fear of a disruptive ‘big-bang’ implementation”.

Therefore, Festina’s model enables incremental modernisation, allowing schemes to transition strategically rather than through abrupt operational change.

With rising expectations around automation, personalisation and member communication, McLaughlin argues UK schemes will struggle to meet future demands without addressing core infrastructure challenges.



Festina Finance: Modernising pensions administration

Festina Finance has entered the UK pensions technology market with a modular, next-generation administration platform designed to replace fragmented legacy systems and support a data-driven operating model.

UK country head, Dan McLaughlin, argues that the market has long needed future-proof technology that supports all pension product types on a single platform.

“Schemes”, he notes, “increasingly want systems that reduce reliance on multiple vendors, allow easier

flexible, app-based proposition for small and medium-sized enterprises (SMEs), younger savers, and the growing self-employed population.

CEO, Chris Eastwood, says the move was driven by employer demand for modern, high-quality benefits and by savers seeking real-time visibility and control.

Penfold now supports more than 4,000 businesses, with portable pensions designed to follow individuals through multiple jobs, self-employment and career transitions.

Guided onboarding, payroll integrations and paper-free transfers

Penfold: Portability and workplace simplicity Penfold has expanded from personal pensions into the workplace market, offering a

are designed to reduce friction for employers, while members can adjust contributions or consolidate legacy pots with minimal effort.

Eastwood warns that inertia and perceived complexity remain the biggest barriers to workplace pension engagement.

“Regulation,” he argues, “is viewed as essential to building trust rather than a constraint on innovation.

“Penfold’s long-term aim is to make pension engagement habitual rather than reactive – something people manage throughout their working lives rather than rediscover decades later”.

MeltX: Digitising private market liquidity

MeltX is digitising the secondary market for private fund stakes, offering pension schemes a more transparent, efficient and secure alternative to traditional broker-led processes.

Director, Stuart Hanson, says schemes increasingly want digital workflows that improve visibility and value for money.

MeltX automates elements of the matching process between buyers and available opportunities, while retaining human oversight to meet regulatory requirements around investor eligibility and confidentiality.

Cybersecurity and governance are central to the platform’s design.

MeltX uses familiar tools such as secure data rooms, filtered opportunity sets and digital signatures, with every transaction supported by the MeltX team.

Hanson argues that this balance – innovation without introducing new risk – is critical for trustee confidence when moving historically offline processes into a digital environment.

Clara Pensions: Superfunds move into delivery

Clara Pensions, the UK’s first authorised DB superfund, has now completed multiple transactions,

marking its transition from concept to established consolidation route.

Chief transactions officer, Matt Wilmington, says the move from 'authorised' to 'active' consolidator reflects a proven model, with completed deals across a range of sponsor circumstances.

Last year, the superfund completed a deal with the trustee of the Church Mission Society (CMS) Pension Scheme, marking the first superfund transaction using Clara's 'connected covenant' structure, as well as the first deal involving a not-for-profit sponsor.

Meanwhile, the timing is significant.

The DB funding regime requires trustees to consider all endgame options, and superfunds are increasingly being assessed alongside insurance buyout and run-on strategies.

Wilmington suggests that superfunds are predominantly suitable for schemes that want or need to de-risk but cannot access an insurance solution, whether due to cost, complex benefits, or illiquid assets.

He adds: "Our message is that trustees and sponsors should now treat superfunds as part of the mainstream set of endgame options."

Monzo: Bringing pensions into everyday finance

Monzo entered the pensions market in 2024 with a digital-first proposition designed to simplify consolidation and reduce anxiety around retirement saving.

General manager, Matt Mair, says Monzo Pension was launched to address a persistent problem: Pensions feel complex, inaccessible, and stressful for large sections of the population.

Indeed, Monzo research found that a third of UK adults view pension consolidation as too complicated, while more than three-quarters feel anxious or overwhelmed when thinking about retirement savings.

"Monzo's starting point was therefore

consolidation," Mair says.

The bank's free tracing service allows users to locate and combine old pensions with minimal information, bringing all their pensions into a single fund visible in the Monzo app.

Since launch, the proposition has expanded to include contributions for customers who want to actively build retirement savings.

Differentiation, Mair argues, lies in integration: Pensions sit alongside spending, saving and investing, giving users a holistic view of their finances supported by clear fees and jargon-free guidance.

Looking ahead, Monzo sees an opportunity to close the retirement savings gap between employees and the self-employed, though Mair notes this will require further policy reform.

Moneybox: Scaling a digital-first pensions proposition

Moneybox has expanded rapidly into pensions through consolidation, digital engagement and the launch of new in-house investment solutions.

Director of personal finance, Brian Byrnes, says growth reflects the scale of fragmentation across the system.

"With the average person changing jobs every five years, there are still millions of workplace pensions at risk of being forgotten," he says, citing Pension Policy Institute (PPI) estimates of £31.1 billion sitting in 3.3 million lost pots across the UK.

Helping customers locate and combine those savings remains central to Moneybox's strategy, but Byrnes stresses consolidation is only the starting point.

"Engagement is driven through personalised content and calls to action within the app, alongside tools such as the retirement calculator, which shows

potential outcomes and encourages customers to review progress".

Bringing pensions trusteeship in-house in 2022 gave Moneybox greater flexibility to innovate, Byrnes continues.

"Building on this foundation, the launch of three Moneybox-branded pension funds marks the next phase of growth."

The low-cost, actively managed multi-asset funds are designed to help customers grow their retirement savings with greater clarity and confidence.



Conclusion: A market reshaped

What links these entrants is not a single technology or business model, but a shared view that important gaps remain in the pensions system – at retirement, in administration, in governance and in engagement.

Rather than attempting to replicate existing models, many are deliberately narrowing their focus, using technology, alternative structures or different incentives to tackle specific pain points.

For trustees and employers, the emergence of these firms broadens the range of tools available when addressing increasingly complex challenges.

For incumbents, it raises questions about how quickly legacy models can adapt.

Either way, the direction of travel is clear: Innovation in pensions is no longer confined to the margins of the market.

 Written by Callum Conway