Summary
• Once overlooked in favour of larger deals, smaller DB schemes are finding their footing in the endgame market.
• Stronger funding, streamlined processes and new alternatives are opening doors once closed.
• Legislative and regulatory developments are adding further momentum.
• Has the industry reached a turning point for smaller schemes realising their endgame ambitions?

Big business for small schemes

Ellie Carric explores how improved funding levels, legislative developments and a wave of insurer – and superfund – innovation are reshaping the endgame landscape for smaller-sized DB schemes

The journey to endgame has traditionally been the road less travelled for smaller DB pension schemes compared to their larger peers, despite almost 80 per cent of the market comprising schemes with less than £100 million of assets.

But this is changing. "2025 was a record year with around 375 buy-in/buyout transactions completed, and a particular growth in the number of smaller scheme transactions," says LCP partner, Imogen Cothay.

LCP figures show that in the first half of 2025, buy-ins/outs below £100 million accounted for over 85 per cent of all transactions by number (up from 78 per cent for the whole of 2024).

Choice has increased too. The endgame playbook has exploded with many more options in addition to buy-ins, buyouts and longevity swaps, including alternative options such as DB superfunds, scheme run-on, and other bespoke solutions.

The UK's first DB superfund, Clara-Pensions, has revealed that it will develop a service to support smaller schemes, and insurers have launched streamlined processes to create efficiencies.

The Department for Work and Pensions also announced that it is exploring the concept of a public-sector DB consolidator for schemes unattractive to commercial providers, although many in the industry question whether such a model is needed, and plans remain on the drawing board.

So, activity aplenty, but does this mean that smaller schemes are finally coming into focus for endgame providers?

A new era for funding levels

Historically, smaller schemes have been held back by weaker funding and structural constraints, making it harder for them to access the best deals.

But stronger funding levels since the 2022 LDI crisis mean that endgame is now within reach for many. Attractive pricing has also made it easier for schemes to access options that were previously too expensive or difficult to secure.

BESTrustees professional trustee and director, Bob Hymas, explains the combination of smaller schemes' higher running costs and growing regulatory demands are prompting some sponsors to consider off-balance-sheet settlements for better value.

"Schemes and sponsors recognise that keeping a DB scheme running only brings more cost and regulation. If they can remove it from the balance sheet now and settle it, that's a sensible thing to do – especially at the smaller end of the market," adds Hymas.

An alternative world

Legislative developments have also driven the surge in endgame interest. The Pension Schemes Bill 2025 will create a full legislative framework for DB superfunds, and make it easier for schemes to release surplus, which in turn makes running-on more accessible. The Pensions Regulator has also responded with guidance for trustees on their endgame options.

Clara-Pensions offers schemes a 'bridge to buyout', providing capital to secure members' benefits, and typically at a lower cost than completing a full buyout immediately.

Last year, Clara announced the first 'connected covenant' deal with the transfer of the £55 million Church Mission Society, and has since confirmed it is developing a solution to support schemes under £100 million.

Clara-Pensions senior business development manager, Louise Ellisdon, explains: "Part of making this solution successful is to ensure the process is smooth, efficient, and therefore cost effective for the schemes navigating the clearance process required under a superfund transaction."

She adds: "During 2026, we are hoping to welcome our first cohort of smaller schemes into Clara."

Hughes Price Walker director, Ray Hughes, says the transfer of the £55 million scheme "demonstrates that superfund transactions can be executed by schemes towards the smaller end successfully in practice, not just in theory".

"Looking ahead," he continues, "further easing and clarification of the regulatory framework would make superfunds more scalable and increasingly attractive to smaller schemes over time. That said, minimum size thresholds and preparation requirements still apply so very small schemes may not find superfund access materially easier than buy-in for the time being".

The Pension Schemes Bill has also provided the regulatory catalyst behind the increased interest in scheme run-on, and pension provider TPT Retirement Solutions recently announced that it will launch a consolidation vehicle designed to run-on.

For smaller schemes, the expense of continuing costs can make running on less appealing. Even so, it's worth watching how the market develops because, as Hymas notes, it will "evolve", and options presently limited to larger schemes are likely to "drip down in time".

Insurer innovation

Newer insurers in the market have helped to provide capacity for smaller schemes.

However, according to a Hymans Robertson report, the main boost has been provided by established players streamlining their quotation and implementation processes. Currently three insurers – Just, Aviva and L&G – offer a streamlined solution for schemes in the pension risk transfer space.

Just Group's Beacon tool allows small schemes to upload a simple data template and receive real-time pricing, giving them an immediate sense of affordability without committing to a transaction at that time. If the initial pricing looks viable, schemes can transact quickly with Just, go to market or continue monitoring their position, gaining clarity from the sponsor on required contributions and the right moment to transact.

"Of the 130 transactions we did last year", explains Just Group director of commercial, Rob Mechem, "half were under £10 million".

"For too long, smaller schemes have been told to wait their turn while larger deals take priority"

Aviva recently hit the milestone of 100 scheme transactions through its streamlined service, Aviva Clarity. One of the deals was the £4 million buy-in of Watts Clift Holding Limited Retirement Benefits Scheme. Chair of the trustees, Andrew McKinnon, said that for a scheme of its size, "having a solution that removed uncertainty and reduced administrative burden was invaluable".

Sticking points

Consultancies are also streamlining their processes. For example, Isio's fully bundled PenUltimate services are designed to help small, medium and micro-DB schemes overcome operational barriers to buyout.

"For too long, smaller schemes have been told to wait their turn while larger deals take priority," comments Isio partner, insurance and settlement, Nick Johnson. "In reality, many are financially ready, but face delays caused by outdated processes or a lack of joined-up support."

LCP research found that smaller schemes most often highlighted data, benefit and legal issues as the main obstacles to progressing their endgame journey.

"The past few years have seen a particular crunch point for administrators who have needed to prioritise projects like GMP equalisation and preparing for pensions dashboards, resulting in less spare capacity to work on getting schemes ready for buy-in or buyout transactions," explains Cothay.

A turning point?

Today, the avenues for smaller schemes looking to satisfy their endgame ambitions have opened considerably. It will be vital for the industry to continue evolving and developing to meet the needs of smaller and particularly micro schemes – especially if this wave of favourable conditions settles.

Small schemes may finally be moving from the margins to the mainstream of endgame planning, but it "will take time", explains Hymas.

Sponsors often view the time between buy-in and buyout as a drawback because they don't immediately see the return on investment in savings on running the scheme. "Some small schemes will now be thinking: at what point do we want to go? Do we want to wait for the backlog of admin, data cleanse and data processes to be completed before we transact?"

From an insurer's perspective, Mechem explains that pricing remains broadly attractive with only minor fluctuations, and that strong demand, new market entrants and schemes having hedged interest-rate rises mean the bulk annuity market "is here to stay", even if rates fall in the months ahead.

According to Hughes, the most effective steps for smaller schemes assessing their endgame options right now are practical: Focus on pricing relevant data quality rather than perfection, clarify benefit specifications early, monitor affordability, and take a staged, proportionate approach to market engagement.

He says: "Ultimately, the schemes that transact successfully are not necessarily the largest, they are the ones that are most prepared."

Written by Ellie Carric, a freelance journalist