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Update

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Budget 2026

There were no major pension announcements in Chancellor John Healey's Budget speech (other than the new Pension Tax Allowance for individuals whose only income is the state pension). However, there were a few technical changes, including:

- Abolition of the two-year lump sum death benefit rule – previously, benefits not paid within two years of the date the scheme administrator first knew of the member's death were taxable.
- Changes to the criteria for paying a serious ill-health lump sum – this will now be allowed where the member "can be reasonably expected" to live for less than one year.
- Pensions inheritance tax rules – introducing legislation to allow a prospective personal representative to direct pension scheme administrators to pay the inheritance tax due to HMRC when certain conditions are met.

The Budget also confirmed that the Pensions Commission's final report will be published in February 2027 and will recommend steps to ensure that the private pensions system delivers retirement outcomes that are adequate, fair and sustainable.

PPF announcements



John Healey

The Pension Protection Fund (PPF) has announced that it will again not charge a levy for conventional defined benefit (DB) schemes in 2027/28.

It will also pause the Alternative Covenant Scheme (ACS) levy, applicable to arrangements such as superfunds, for one year.

The PPF also announced that following its earlier consultation (see the August issue of Update), updated section 143 valuation assumptions will take effect from 31 May 2026 and revised section 179 assumptions will apply to valuations with an effective date on or after 30 November 2026 (a change from the proposed date).

"Not imposing a levy for conventional DB schemes reflects the PPF's financial position and evidence-based approach to levy setting"

Aaron Pang, Acting Chief Actuary of the PPF

SMPI assumptions

The Financial Reporting Council (FRC) has published a consultation on proposed changes to Actuarial Standard Technical Memorandum 1 (AS TM1), which specifies the assumptions and methods to be used in the calculation of Statutory Money Purchase Illustrations (SMPIs).

The FRC conducts an annual review of the appropriateness of the assumptions set out in AS TM1 to ensure they remain fit for purpose. Following this year's review, the FRC is proposing to increase some of the accumulation rate assumptions, given the sustained increase in real gilt yields.

Responses to the consultation are requested by 27 November. The proposed changes are intended to be effective for statutory illustrations with an illustration date on or after 6 April 2027.

Company news

TPT Retirement Solutions has announced that its new DB superfund has achieved a successful outcome following the Pensions Regulator's (TPR) assessment process. TPT's superfund is designed to run on, unlike Clara Pensions, the only other assessed superfund, which operates a 'bridge to buy-out' model.

The UBS (UK) Group Pension Plan has completed a £1.7bn buy-in with Legal & General (L&G), securing the benefits of more than 7,000 members, the largest pension risk transfer deal of 2026 to date.

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