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Update

May 2025

Consultation responses published

The government has published its responses to two recent consultations: the ‘Pensions Investment Review: Unlocking the UK pensions market for growth’ and ‘Options for Defined Benefit schemes’.

The latter confirms that DB surplus flexibilities will be taken forward via the Pension Schemes Bill set to be introduced later in 2025. Further detail on the threshold at which trustees are entitled to share surplus will be set out in draft regulations. However, the government is minded to amend this from the current buyout threshold to a threshold set at full funding on a low dependency funding basis.

The government will not be legislating for a PPF-run public consolidator in the Pension Schemes Bill, although further work will be undertaken to better understand the costs and benefits of such a plan.

On the Pensions Investment Review, the Bill will include legislation to implement the following reforms:

- Setting minimum scale and investment capability requirements for multi-employer DC schemes used for automatic enrolment;
- Introducing a regulatory approval process for creating new default arrangements;
- A contractual override mechanism for the bulk transfer of assets, where it is in savers’ interests.

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WPC report response

Torsten Bell, Minister for Pensions

The government has also responded to the Work and Pensions Committee's report on defined benefit pension schemes from March 2024 (this report was published under the previous government). The response addresses all of the report's original recommendations, taking into consideration recent policy developments.

Some key points include:

- Enabling well-funded DB schemes to share surplus funds with sponsoring employers and members (see above);
- Consulting on measures to improve the governance of trust-based schemes (for example, mandatory accreditation for professional trustees and additional support for lay trustees);
- A commitment to reconsider the level of PPF compensation, in particular indexation of pre-1997 benefits or raising the cap for indexation of post-1997 benefits.

https://committees.parliament.uk/work/7369/defined-benefit-pension-schemes/publications

£25 billion AUM

Minimum size for AE default arrangements proposed by the Pensions Investment Review

Company news

TPT Retirement Solutions (formerly The Pensions Trust) has announced plans to launch a multi-employer Collective Defined Contribution (CDC) scheme. It is the first provider to declare its intention to enter the multi-employer CDC market. This follows the government's announcement that it intends to extend the existing legislation to allow unconnected multiple employer CDC schemes (see also the October 2024 issue of Update).

The Morrisons Retirement Saver Plan has completed a £270m buy-in with Aviva. The transaction secures the benefits of over 32,000 deferred members of the Cash Balance Plan. Additionally, Aviva underwrote a Winding-Up Lump Sum (WULS) exercise for approximately 30,000 members.

The Cancer Research UK Pension Scheme has agreed a £280m buy-in with Standard Life, covering the benefits of 2,800 members. The charity and trustee had been targeting a buy-in of the scheme by 2032.

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