

This quarterly bulletin sets out current and future developments affecting master trusts, so you can check what should be on your agenda.

Pension Schemes Bill



Overview

The [Pension Schemes Bill](#) (the “Bill”) was published on 5 June 2025 and includes a number of DC measures outlined below and in our [Hot Topic](#). The Bill is expected to receive Royal Assent in 2026.

Alongside the Bill, the Government issued a [roadmap](#) setting out its timetable for reform.

TPR is [encouraging](#) trustees to take practical steps now to prepare for the Bill, including:

- considering their investment strategy and challenging advisers to provide suitable insights and commentary on performance
- working through practical steps to consolidate if needed in the interest of savers and, if already at scale, considering new investment opportunities
- considering investment in digital infrastructure to ensure high data quality, and innovate at retirement
- starting discussions about decumulation products and services and use TPR’s innovation support service to discuss early ideas.

⚙️ Action

While it is appropriate to start preparations, remember the Bill is not in force and may change as it goes through its Parliamentary journey. In addition, many of the proposals will require further regulations to set out the detail.



Achieving UK growth

The Bill includes a “last resort” reserve power which will allow the Government to mandate certain asset allocations (eg private debt and private equity) within default arrangements (not necessarily MSDAs) of DC master trusts and GPPs used for automatic enrolment (subject to any exemptions set out in regulations).

The details of the asset classes and the exact percentage targets along with details of how schemes will demonstrate compliance has not been specified in the Bill, but will be addressed in subsequent regulations.

Before using this power, the Government must:

- publish a report on, among other matters, the effects of the measures on members’ financial interests and UK growth, and
- consult with HMT.

However, the Government is hoping that the industry will meet its UK investment expectations voluntarily. If the power is not used by the end of 2035, it will fall away.

⚙️ Action

A small number of amendments have been proposed to the mandate power and its final form has not yet been confirmed. We predict that this power will come into force, so master trust trustees will need to agree a plan with their provider which sets out how the master trust will align assets with final mandate requirements and report on it.



Guided retirement

The Bill will place duties on DC trustees to design, make available and review one or more default retirement solutions for their members (from which members can choose to opt out).

The solution must be designed to provide a “regular income” in “retirement” and trustees must take into account the needs, interests and circumstances of their members.

Where it is “not practicable” for trustees to design and make a retirement solution available or where trustees have identified a solution in another scheme they consider will provide a better outcome for members, trustees will need to partner with another scheme that can deliver the default retirement solution.

Comparable rules will be introduced by the FCA for contract-based schemes.

The plan is for DWP regulations and FCA rules to be agreed during 2026/27 and for the duty to be phased in from 2027, with master trusts first to comply.

Action

An area which is high on the agenda for many master trusts and their providers. We know that there are a number of decumulation products and investment strategies either in advance development or about to launch and that these are being assessed against the new “default” requirements in the Bill. Some are better placed than others to incorporate the Government’s proposed requirements here, so master trust trustees will want to take a look under the bonnet to understand how the two fit together, with particular reference to the member journey. Master trust trustees will also want to ensure that by offering a default retirement solution in line with the Bill, they will not cut across the structure of any targeted support offered or restrictions currently in place around financial promotions.

We expect that providers will also want to consider how to make the master trust attractive for own trust schemes looking to “partner” with master trusts for the provision of retirement solutions. As well as ensuring that the member journey sits within the permitted regulatory framework, master trust trustees will want to consider how various aspects of a “bolt on” will work from the receiving scheme perspective, thinking in particular about “to and through” retirement solutions and how investments will transition, as well as the member journey.



Automatic consolidation

The Bill lays the groundwork for the introduction of a multiple default consolidator system to address the issue of the proliferation of small, deferred DC pots (see our [Hot Topic](#) for details).

The Government intends to consult on regulations in 2027/28, with master trusts able to apply to become authorised consolidators around the same time. The aim is for consolidators to be selected in 2029, with transfer duties due to come into force in 2030.

Action

Keep an eye on developments, given the proposals will have significant implications for master trusts.



VFM

A new standardised VFM test will apply consistently across the whole pensions market, with the Bill introducing requirements for trust-based schemes to complement those being established by the FCA in the contract-based space. The detailed rules will be set out in regulations.

The VFM framework is intended to shift focus from cost towards value amongst employers, trustees and managers of workplace pension schemes. By encouraging a holistic view of value (assessing investment, costs and services), the framework aims to improve outcomes for pension savers through a potential improvement in value (where achievable) or removal (where not possible) of poor value pension schemes / arrangements from the market.

The aim is for the VFM regulations consultation process to be carried out during 2026/27, with the first VFM assessments expected in 2028.

At a recent [roundtable](#) on VFM, the participants (which included several master trusts) agreed that “now is the time” to collaborate with Government and the wider industry in defining and embedding a robust and fit for purpose VFM regime.

⚙️ Action

Liaise with your provider and administrator now to determine the potential challenges of meeting the new requirements (in particular the RAG ratings which could have a significant commercial impact on the provider), so that the trickier areas can be worked through in advance. We understand that several providers will need to build systems to manage the collation and disclosure of data. Where this is an issue, master trust trustees will want to ensure that their provider has the ability to deliver on time to the master trust. Master trust trustees will also want to ensure that the data provided to them is comparable and consistent with wider industry data, so will need to start thinking now about what controls around the build process will need to be reported to them as the framework is developed and integrated.



Achieving scale

Delivering on the Government’s [response](#) to the consultation on unlocking the UK pensions market for growth, measures under the Bill will:

- require DC GPPs and master trust providers to have £25bn in assets under management (“AUM”) in at least one, large “main scale default arrangement” (“MSDA”) by 2030 – the assets in question must be managed under a “common investment strategy”. Those who cannot meet the requirements will no longer be able to participate in the AE market
- allow certain schemes additional time to reach scale. To be eligible, they will have to demonstrate that they will have at least £10bn in AUM in an arrangement by 2030, and meet any other conditions set out in regulations
- provide for a “new entrant” pathway, which will allow new market entrants who can demonstrate “strong potential for growth” and an “ability to innovate” to seek authorisation
- exempt hybrid schemes and default arrangements that serve protected characteristics such as religion. We understand that the Government also intends to exclude from scope single employer trusts and CDC schemes which are only available to a closed group of employers, related through their industry or profession.

The Bill will also introduce a contractual override to allow FCA-regulated pension schemes to transfer pension pots to another scheme without the relevant member’s consent, subject to appropriate protections. Individuals will be able to opt out.

Further details of these measures are expected to be set out in secondary legislation and FCA rules following further consultation with the industry.

⚙️ Action

Another topic that is high on the agenda for all master trusts. Whilst no specific actions are currently required, many boards will be interrogating their providers about their strategy for growth, consolidation or otherwise.

As providers look to increase AUM by a number of new routes in addition to a more traditional own trust to master trust or master trust consolidation route (eg by transferring in contract-based plans, with profits, anomaly benefits etc), master trust trustees should ensure that they have advance sight of a provider’s detailed proposals here to ensure that they can validly accept assets.

In due course, master trusts will want to work with their providers to develop processes for reporting compliance with the new requirements, recognising that much of the detail will follow in regulations.



Pensions Commission

The Government has revived the Pensions Commission “to examine why tomorrow’s pensioners are on track to be poorer than today’s and make recommendations for change”. Building on the recent Pensions Investment Review, the Commission is expected to submit its final report to the Government in 2027.

Action

It will take time for the Commission to develop specific recommendations, but they will no doubt be seeking input from key relevant stakeholders, likely to include master trusts given the Government’s growth agenda for master trust pension provision. Consider the work you and your provider are already doing around adequacy and how that work might feed into that of the Commission.



SPA review

The Government has launched its next state pension age review. A call for evidence, which seeks views on the key factors that the Government should consider when determining SPA, closes on 24 October 2025.

Action

Consider whether to respond to the call for evidence.



Data protection

The European Commission has extended its adequacy decisions with the UK under the GDPR for a period of six months (to 27 December 2025), allowing the continued free-flow of personal data from the EU to the UK while the European Commission determines whether the framework under the Data (Use and Access) Act 2025 (see below) continues to provide “an adequate level of protection for personal data”.

The new Data (Use and Access) Act 2025 is designed to update key aspects of data protection law and provides the ICO with new powers. While the Act will not have a significant and material impact on the way master trusts operate, relevant changes include:

- that in responding to DSARs, controllers are only required to undertake “reasonable and proportionate” searches for personal data) (this reflects existing ICO guidance) (this has already come into force)
- changes to the timescales for DSARs where further checks are needed (regarding the identity of the requester or information requested)
- enabling data subjects to complain directly to the data controller, which will require data controllers to have a data protection complaints procedure in place
- relaxation of protection in respect of international transfers of personal data
- reform of the ICO.

The measures are being introduced in stages over the coming months.

The Government has published some useful factsheets to support organisations, which can be read alongside the ICO’s suite of guidance.

Action

Ensure your provider’s data protection systems address the new process for DSARs and prepare to make additional updates as the changes are introduced.



FRC publishes revised Stewardship Code

Following a recent consultation, the FRC published the [UK Stewardship Code 2026](#) on 3 June 2025, along with draft [guidance](#). The new code takes effect from 1 January 2026 and “aims to support long-term sustainable value creation while significantly reducing the reporting burden for signatories”.

No existing signatories will be removed from the signatory list during 2026, to give them time to familiarise themselves with the new format.

Key features include an “enhanced” definition of stewardship, a reduced reporting burden and new “targeted principles” for different types of signatories.

Action

Where you intend to remain a signatory of the refreshed Stewardship Code, start planning how to report under the new simplified principles.



IHT proposals

The Government is [pressing ahead](#) with its proposal to include most unused pension funds and death benefits in the value of a person's estate for IHT purposes from 6 April 2027. However, all death in service benefits, dependants' scheme pensions and charity lump sum death benefits will be excluded. The existing IHT principles providing exemption for death benefits passing to a surviving spouse or civil partner, and registered charities will be maintained.

After industry feedback, there are some important changes to the original proposals, including that personal representatives ("PRs"), rather than pension scheme administrators ("PSAs"), will be primarily liable for reporting and paying pensions-related IHT. However, pension beneficiaries may be able to give notice requiring their scheme's PSA to pay the IHT on their behalf directly to HMRC.

The Government has published draft legislation to implement these changes. The draft legislation is subject to a technical consultation which closed on 15 September 2025 (our response can be viewed [here](#)). As the reporting and paying processes will require information to be shared between PSAs, PRs and HMRC at various points, the Government will consult separately on any necessary changes to legislation to facilitate this "in due course".

Action

Updates may be needed to death benefit procedures, member communications and expression of wishes information procedures. Master trust trustees will want to ensure that appropriate controls are in place around any new processes and that a provider's systems will be ready to deal with new tax charges and communications. Master trust trustees might want to consider whether any death benefit refinements might be possible or needed to enable tax efficient use of funds and should discuss these with their provider.



Targeted support

Building on a previous [consultation](#), the FCA has sought views on its proposed regulatory framework for "[targeted support](#)" (our response can be viewed [here](#)).

Aimed at the gap between existing guidance-based services and more bespoke advice, targeted support would allow FCA-regulated firms to provide individuals with suggestions that have been developed for a group of consumers who share similar characteristics.

Under the current proposals, targeted support would (where it relates to FCA-regulated investments) be a regulated activity that requires FCA authorisation. Consequently, under the current FCA proposals, it is likely that trustees of occupational pension schemes would only be able to provide such support in relation to FCA-regulated investments in partnership with an FCA-regulated firm. Further consideration and clarity will be needed on the extent to which targeted support or a version of it in respect of FCA-regulated investments will be available to trustees and how it interacts with trustees' current fiduciary duties, as well as the forthcoming duty to provide default retirement solution(s).

The FCA also confirmed that it plans to improve its existing guidance on the [advice / guidance boundary](#), so that firms "better understand the opportunities they have to provide consumers with support that does not constitute advice".

The FCA aims to publish the final rules by the end of 2025 and, according to the Government's [roadmap](#), the targeted support rules are due to be in place in 2026.

Action

Master trust trustees should note that the current proposed framework would not allow master trust trustees themselves to offer targeted support from their scheme. As many master trust providers who are FCA-regulated will want to offer targeted support for master trust members, careful thought will need to be given as to how to integrate targeted support into existing scheme processes and member communications whilst ensuring the master trust trustees remain compliant with FCA requirements. Providers and master trust trustees will understandably want to launch targeted support as soon as they are able, so work should start now on what such integration will look like for the scheme.



Corporate director identify verification

New requirements for company directors and other individuals, including persons with significant control (“PSCs”) to verify their identity will be phased in from 18 November 2025.

New directors will need to verify their identity to incorporate a company or be appointed to an existing company but there is a 12-month transition period for existing directors and PSCs.

Directors and PSCs who do not comply with the identify verification requirements will commit a criminal offence and/or could incur a civil penalty.

Companies House has issued [Rules](#) and [Guidance](#) setting out the verification process and timings. See our [Hot Topic](#) for details.

Action

Master trusts should ensure their trustee appointment processes address the new requirements and that existing directors and PSCs verify their identities before the relevant deadline.



Dashboards

All master trusts were due to connect to the dashboards ecosystem by 30 June 2025.

There have been delays with integration testing at PDP affecting a number of pension providers, administrators and integrated service providers trying to connect to the dashboards. Both the FCA and TPR have confirmed that there will be “no regulatory intervention at the current time” for providers and schemes which are unable to meet their connect by dates solely due to their dependence on a volunteer participant which has yet to connect.

PDP has confirmed that the DWP is “committed” to providing the industry with six months’ notice before the MoneyHelper dashboard is made publicly available. PDP is now moving into the next phase of development, [consumer testing of the MoneyHelper dashboard](#).

Action

The majority of master trusts will have already connected over the summer and providers are entering into a period of user testing. Master trust trustees will no doubt want to understand the impact of learnings from testing on decisions already made (eg matching criteria).

On the horizon



- TPR's Market Oversight team will establish ongoing supervisory relationships with professional trustee firms starting from summer 2025 and extending its approach to cover the remaining firms by the end of the year. It also **intends** to introduce a framework for the oversight of professional trustee firms, but no timing has been specified.
- TPR **plans** to launch a new cross sector pensions data and digital working group in autumn 2025.
- The Government **intends** to legislate for unconnected multi-employer CDC schemes in autumn 2025 and will “continue to work” with industry stakeholders to develop “decumulation only CDC schemes”.
- The DWP plans to review the climate-related governance and reporting regulations in 2025. We are also expecting a consultation on the governance of trust-based schemes.
- The Department for Energy Security and Net Zero has published a **consultation** on how the Government can fulfil its manifesto promise of requiring financial institutions (including pension funds) to develop and implement credible transition plans that “align with the 1.5°C goal of the Paris Agreement”.
- TPR has **announced** it will establish a net zero “transition plan working group” to develop a voluntary transition plan template for occupational pension schemes. The ultimate template, which will be based on the framework and guidance by the UK Transition Plan Taskforce, will be presented to the DWP later this year.

