



**Pensions UK**

# 2030 Ready

The Industry Lens

# Introducing Pensions UK

We're here to make pensions better. Our purpose is to help everyone achieve a better income in retirement.

Our new name recognises the powerful role pensions play in the UK – in people's lives and in the economy.

Lifetime savings remain an important part of the picture for us – but our focus will be on what those savings mean for people's retirement income.

We are the trusted, authoritative voice advocating for better pensions: for schemes, for savers, for the industry.

We are the home of the pensions industry. Pensions UK serves and supports the whole sector.

# Report contributors



**Zoe Alexander** is the Executive Director of Policy and Advocacy at Pensions UK. Prior to joining Pensions UK, Zoe was Director of Strategy and Corporate Affairs at Nest for nearly a decade. Earlier in her career she worked in policy, strategy and operational roles at DWP and HMT, including early work on the first Pensions Commission and as private secretary for pensions to two Secretaries of State. Zoe is a trustee of Emmaus SLC which supports previously homeless people.



**Theo Bertram** is the Director of the Social Market Foundation. He studied at the University of Cambridge before completing a PhD at the University of Bristol. He was a regional organiser for the Labour Party before becoming a Special Adviser in to Tony Blair in 2006 and Head of Research and Information under Gordon Brown. After leaving Downing Street in 2010, Bertram worked as Head of Public Affairs at Telefonica O2 UK before joining Google, where he worked on a range of UK and European public policy issues for eight years, and then TikTok, where he focused on European and global technology public policy issues.



**Calum Cooper** is Partner and Head of Pension Policy Innovation at Hymans Robertson. He leads the firm's strategic thinking on pensions policy, working with government, regulators, and industry stakeholders to help shape a system that delivers better outcomes for savers and society. Calum is a passionate advocate for reform that balances sustainability, fairness, and innovation - particularly in areas such as DB surplus reinvestment, DC adequacy, and financial resilience.

# Report contributors



**Rachel Elwell** joined Border to Coast as CEO in November 2017 with more than 20 years' experience working in pensions and institutional investment (at PricewaterhouseCoopers and Royal London Mutual Insurance Society). Rachel sits on the Boards of the Investment Association (the UK asset management industry's trade body), Opera North, where she is Vice-Chair, and the Just Finance Foundation. She is also a member of the British Infrastructure Taskforce and a commissioner on the Yorkshire and Humberside Financial and Professional Skills Commission. Rachel is a Cambridge maths graduate and a qualified actuary.



**Carl Emmerson** is Deputy Director of the IFS, a Fellow of the Academy of Social Sciences, an editor of the annual IFS Green Budget and a Director of the Pensions Review. His research includes issues around the UK's public finances, and household retirement saving decisions. He is also a member of the Social Security Advisory Committee, the advisory panel of the Office for Budget Responsibility, and the UK Statistics Authority's Methodological Assurance Review Panel. He previously served as a specialist advisor to the House of Commons Work and Pensions Select Committee.



**Rob Orr** Rob Orr is CEO of SAUL Trustee Company (STC) – Trustee for the non-academic staff pension scheme of the University of London. Rob joined STC in 2010 and was appointed CEO in October 2024. Rob is also active in the wider industry as a member of Pensions UK's Policy Board and Chair of Pensions UK's DB Committee.



**Sam Seaton** is CEO of CAPAdata, which provides performance benchmarking across 95% of the UK's DC multi-employer pension market and informs government policy development. Sam's executive experience spans pension technology innovation and FCA-regulated financial services. She serves as Co-Chair of the Smart Data Council alongside Liz Lloyd CBE.



**Ali Tayyebi** is partner and Scheme Actuary at Barnett Waddingham with over 30 years' experience advising large high profile organisations and pension schemes across a range of industry sectors. He is a regular speaker on topical issues with a particular focus currently being on DB schemes looking to run-on in the longer term.



**Steve Webb** was Minister of State for Pensions between 2010 and 2015. During that time, he implemented major reforms to the state pension system, oversaw the successful introduction of automatic enrolment and played a key role in the new pension freedoms implemented in April 2015. He was awarded a knighthood in the New Year's honours in 2017. Following his time in Parliament he worked for Royal London for four years before joining LCP as a partner in 2020, where he has campaigned successfully to secure an estimated £2 billion in back payments for over 100,000 women who had been underpaid state pensions. More recently he has been working on proposals for reform of the DB funding system and on innovative ideas for decumulation in DC pensions.



**Carol Young** is Group Chief Executive Officer of Universities Superannuation Scheme, one of the largest pension schemes in the UK, with more than 576,000 members across more than 320 institutions, and with assets of approx. £76.8bn (March 2025). Carol's career spans over 20 years across in-house and consulting roles and includes a decade as an investment consultant. Prior to joining USS, Carol was the Director of Reward & Employment at Natwest Group. Carol is a CFA Charterholder and has served as independent trustee on a number of boards. She is a Special Committee Member of Nest's Nominations and Remuneration Committee, a non-executive director of Pensions UK and has chaired Pensions UK policy councils and the CBI pension panel.



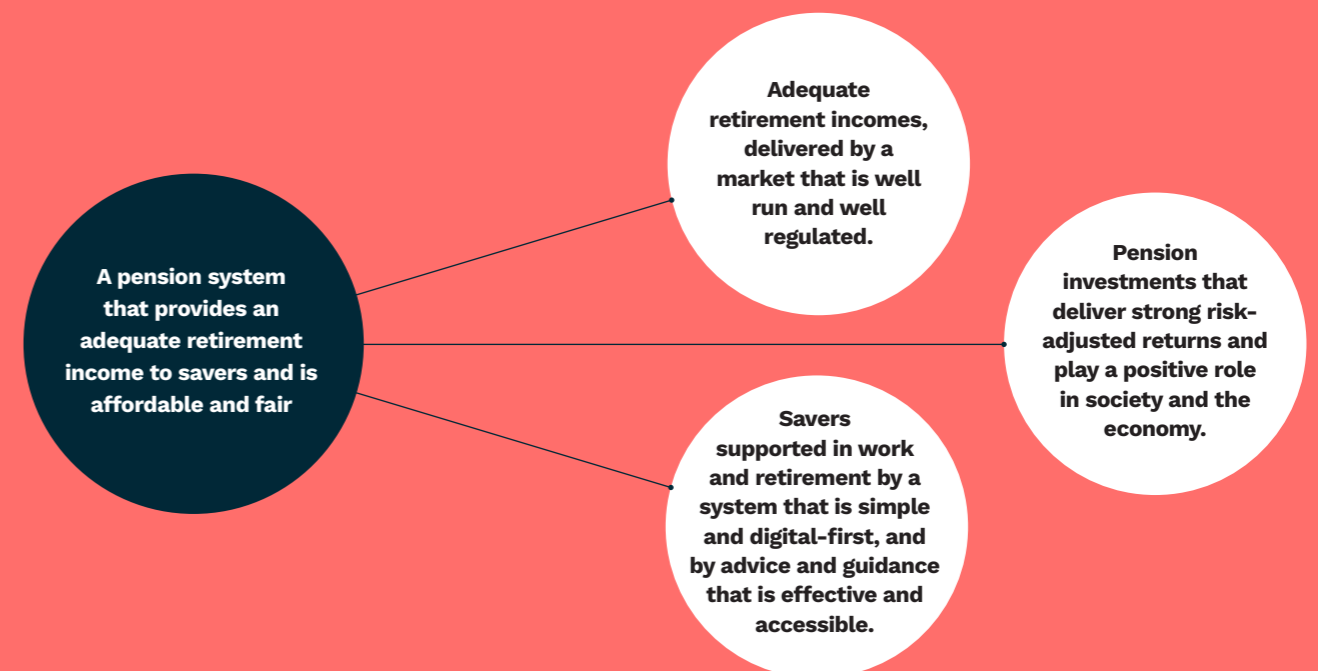
# 2030 Ready: The Industry Lens

This is the latest report in Pensions UK's series, '2030 Ready' – intended to help our members, and savers, understand the changes, opportunities and challenges we expect to face during the 2030s.

By the end of the 2030s, the pension sector will look markedly different. Reshaped by a convergence of legislative reform, market transformation, and societal changes, the sector will be made up of a smaller number of scale operators, interacting with their memberships in new ways and working to an adapted legislative framework. Currently driving this evolving landscape are three major policy developments: the Pension Schemes Bill, the Pension Investment Review, and the announcement of the re-established Pensions Commission. Taken together,

these initiatives demonstrate the pace and expansiveness of the Government's ambitions in relation to pension reform. Pensions UK is working to make sure that reform delivers for savers, consistent with our mission to help everyone achieve a better income in retirement.

To shape the world we want to see in the 2030s, and to help everyone achieve a better income in retirement, Pensions UK has set out three policy goals, ultimately supporting a pensions system that can provide an adequate retirement income to savers and is affordable and fair:



# 2030 Ready: The Industry Lens

In light of this, and as part of this series, Pensions UK has undertaken a survey of our members, seeking to understand their concerns, perceived opportunities and views on the sector's potential for change as we approach the 2030s. We received 110 responses from our members and have included the results throughout this report. Among responding members, most of whom represent more than one type of scheme or fund, 39% represented single employer DB schemes, 24% represented multi employer DB schemes, 27% represented LGPS, 21% represented single employer DC schemes, and 16% represented DC Master Trusts. Alongside the survey results, the report features the perspectives of a small group of influential industry stakeholders, some of whom are from outside Pensions UK's membership, reflecting our recognition of the value of wider industry expertise. The perspectives provide a more detailed exploration of some of the themes raised in the survey of our members. These themes chime with our policy goals -

including retirement adequacy, the impact of technological change including AI, increasing pressure on schemes to invest in UK productive finance, focus on the ongoing consolidation across both DB and DC markets, and the impact of complex and often inconsistent regulation on the sector.

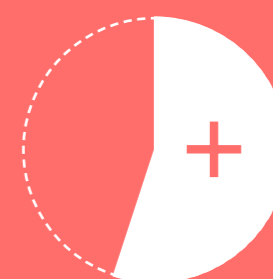
Zoe Alexander, Executive Director of Policy and Advocacy at Pensions UK, acknowledges the scale of the challenges ahead: "Our members are preparing themselves for the next decade, which will see more and more people approaching retirement without adequate levels of savings. We also know that they are concerned about the scale of system change happening over a short period, and the Government's clear signal that it may in future look to direct how schemes invest. At the same time, we are excited by the opportunities the next decade may bring, particularly as we harness technology and innovate to make the sector more accessible and responsive to saver needs."

# 28%

Over a quarter of members responding to our survey expect very significant system change between now and 2030, with over half expecting moderate change

It is evident from recent policy developments that the government is serious about change. The crossroads the industry currently finds itself at presents "a once-in-a-generation opportunity to update and improve [the] legislative and regulatory environment", says Theo Bertram, Director of the Social Market Foundation. Our members and stakeholders broadly agreed that this should include working with the Government on the issues of consolidation and investment in UK productive finance.

While it is clear that our sector will face significant challenges as we enter the next decade, Bertram argues that we should not view the obstacles as insurmountable; "I often hear the perspective that we will never get younger people to engage with their pensions and you can never expect people to make good decisions about their pensions. I don't think that's true - it's just going to be very hard and take time to change...When you think of how profoundly society has changed [in other ways], we shouldn't just look at pensions as an unsolvable crisis or believe that people will never change behaviour. We need be optimistic and determined to make the changes necessary as a society and as government to achieve better outcomes for everyone in retirement."



Over half of responding Pensions UK members (55%) are positive about the outlook for the pensions industry in the 2030s, with those responsible for LGPS (60%) more positive than those responsible for DC Master Trusts (41%).

# Adequacy

Retirement adequacy was widely cited by our members and stakeholders as the principal challenge that the pensions industry will face as we head into the 2030s.

Ali Tayyebi, Partner at Barnett Waddingham, summarises the problem we face: “If the primary objective of the pensions sector is to ensure adequate retirement income for workers, current projections suggest that the system is falling materially short of this goal and is likely to remain insufficient well into the 2030s.”



Three-quarters (74%) of responding Pensions UK members believe the biggest concern for the pension sector in the 2030s will be inadequate outcomes for DC savers.

Theo Bertram, Social Market Foundation, echoes this, predicting a significant generational ‘pension shock’; “As we move away from the last generation of retirees who were fortunate enough to rely on DB schemes, and towards the first DC generation reaching retirement...they are going to be in for a shock when they see how far their pension falls below their expectation (and what their parents received).” As a result, pensions are likely to climb even further up the political agenda, and “there is a risk that the pensions sector takes the blame from the public as they begin to find they do not have enough saved.”

And as we approach a reality where more people are reaching retirement age with inadequate DC savings, Steve Webb, Partner at LCP highlights “this will likely lead to people working beyond the point where they want to, where their employers want them to, and where it is necessarily good for them to do so, along with a rise in people retiring into relative poverty.” So far, some of the focus has been on “sweating” pension assets as much as possible, but he argues, “clearly, we need more going in” to tackle the problem of retirement adequacy.

And while “promoting the importance of actively planning and saving for retirement and providing the right guidance will always be important, they are arguably more so when people are struggling with the cost of living and potentially moving towards pension poverty”, argues Carol Young, CEO of USS.

Higher mandatory DC contribution rates, combined with mechanisms for longevity risk pooling, such as decumulation-only CDC schemes, could “directly address the growing issue of retirement adequacy, particularly for those without DB scheme pensions, and reduce the burden of complex decision making later in life” according to Ali Tayyebi, Barnett Waddingham.

However, our members are clear that costs of increased contribution rates remain a fundamental barrier. Any policy change here may risk political and economic insensitivity unless carefully designed.

In the pensions landscape of the 2030s, flexibilities within the current Automatic Enrolment model, along with new savings tools, may play a role in solving the adequacy challenge. For example, some expect members to benefit from sidecar savings vehicles, “which enhance financial resilience by providing access to emergency funds alongside long-term retirement savings.” Additionally, “proposals to use pensions as collateral for first-home mortgages could make pensions more relevant to younger savers”, suggests Calum Cooper, Partner and Head of Pension Policy Innovation at Hymans Robertson.

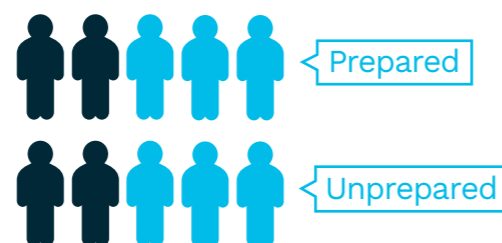
The sustainability of the State Pension and the Triple Lock are also cited as major concerns. Our members are clear that an ageing population and shrinking contributor base are placing increasing pressure on public services and the state pension, and that the system must adapt to these pressures.



The main changes responding Pensions UK members suggested they would like to see are increased contributions and changes to the Automatic Enrolment system. Other suggested changes include improved default retirement options, less government interference, simplification and improved communications.

Calum Cooper, Hymans Robertson argues that we need “a target for when the State Pension shifts to worker-aligned uprating policies”, which refers to uprating the State Pension in line with metrics like average wage growth. This would be more affordable and could be seen as fairer to the working population, especially younger generations who are funding the pension through taxes. He adds “46% of Generation Z do not believe that there will be a State Pension for them, it’s clear this confidence needs rebuilding”.

Another part of the adequacy challenge, as highlighted by Carl Emmerson, Deputy Director of the IFS, will be “dealing with large numbers of people who have significant unannuitised DC pension wealth at much older ages for example in their late nineties – will raise a lot of difficult issues.” However, our members recognise the opportunity for DC decumulation innovation, in particular through CDC schemes, to help savers manage longevity risks and plan their retirement income more effectively.



There are mixed views as to how well-prepared the pensions industry is for the challenges of the next decade. Two in five responding Pensions UK members see the industry as prepared (39%), while a similar proportion see the industry as being unprepared (39%).

Those responsible for LGPS are more likely to say they are prepared for 2030s (52%) than not (20%), while those responsible for Master Trusts are more likely to say they are unprepared (24%) than prepared (41%). This may reflect the volume of change such schemes are facing into, with small pot reform, new DC decumulation duties, value for money requirements and dashboards on the horizon all as the sector consolidates at pace.



# Digital first support for savers

Technological innovation was consistently recognised by our members and stakeholders as one of the ripest opportunities for our sector – and scheme members in particular – as we head towards the 2030s.

Sam Seaton, CEO of CAPAdata, suggests that by 2030, pension providers will be able to “leverage AI and data analytics [to] deliver truly individualised retirement planning that adapts to member’s changing circumstances throughout their lives.” Moving away from a one-size-fits-all approach, and towards an individual one, will significantly improve member outcomes.

AI, working in combination with other developments such as the Pensions Dashboard and consolidation of small DC pots, have the potential to revolutionise the member experience. According to Steve Webb, LCP, this “could lead to members typically having fewer, larger pots and potentially being more engaged with the ones they do have,” and AI allowing for “a more tailored experience, including more ‘intelligent’ forms of ‘targeted support’, particularly around choices at retirement.”

# 62%

62% of responding Pensions UK members agreed that technological innovations are the biggest opportunity for the pensions sector in the 2030s.

# 02

Aside from the benefits for the member experience, Rob Orr, CEO of SAUL, highlights the operational impact on schemes; “AI and digitisation will fundamentally reshape how pension schemes operate. This will lead to significant efficiencies and will also help to ensure trustees (and their advisers) become more effective.” Furthermore, lower operational costs allowing for more accessible and “greater use of advice and guidance among those approaching retirement”, says Carl Emmerson, IFS.

AI’s potential to support sustainable investment is another compelling prospect. Ali Tayyebi, Barnett Waddingham argues that “pension tools are set to become more user friendly,” potentially allowing members to “more rapidly interpret and assimilate sustainability information into their decisions.”

However, some of our stakeholders highlighted the challenging implications that come with the proliferation of new technologies. While technology in this space is predicted to better enable personalisation, “it also requires significant investment and organisational change.” Schemes that do not make this investment “risk losing relevance as members increasingly expect digital-first experiences comparable to those offered by fintech disruptors”, says Sam Seaton, CAPAdata.

Members will also be subject to a rapid pace of change as technology develops. Although improvements in technology will increase access to more user-friendly information, Ali Tayyebi, Barnett Waddingham, emphasises “there is a corresponding challenge relating to the wide variation in member

understanding and sophistication to engage with that information”. Furthermore, as pensions become more accessible online, members face increased cybersecurity risks, adding another challenge that vulnerable pensioners must navigate. By the 2030s, instant access for members could be considered the norm, and as a result, “there is a risk that some members will get left behind”, according to Rob Orr, SAUL.

Ultimately, Sam Seaton, CAPAdata, argues “financial guidance will become more accessible and contextual, delivered through digital channels that combine human expertise with AI capabilities...ultimately, successful providers will make pensions feel less like distant, complex financial products and more like practical tools that tangibly improve financial wellbeing throughout life’s journey.”



27% of responding Pensions UK members felt that technology failing to deliver positive behaviour change is a concern for the 2030s.

## Investment

It is clear that the Government intends pension assets to play a greater role in the UK economy as we head towards the 2030s.

Carol Young, USS, describes the challenge for the pensions industry: “while we agree that the Government should be encouraging investment in the UK, mandating it could be in conflict with our fiduciary duty to invest in the best financial interests of our members and beneficiaries.”

The pressure for pension schemes to invest in UK productive finance is only set to increase, according to Carl Emmerson, IFS, who suggests that “the increasing amounts being held by DC pensions will mean they become even more important for the economy as a whole (as well as for individual members). This means they will get more attention from government and regulators.”

However, our members and stakeholders also view the increased attention given to how pension schemes are investing as an opportunity for the sector to be heard, ultimately shaping policy for the better.

Whether or not mandation becomes a reality, the 2030s will also bring a range of macro challenges that investors will need to navigate. For example, Rachel Elwell, CEO of Border to Coast, highlights “geopolitical instability, trade wars and protectionism, the implications of global debt levels, continuing demographic changes in the developed world, to the implications of climate change and wider eco-diversity challenges.” In turn, these macro factors will have an impact on investment opportunities, or on “the increasing politicisation of pensions and lobbying about where and how to invest.”

A crucial aspect of this is investment that aligns with climate, nature and eco-diversity considerations. Sam Seaton, CAPAdata, frames this

# 32%

32% of responding Pensions UK members agree that pressure to invest domestically is a concern for the sector in the 2030s.

# 30% £ ↑ 28% ESG

28% of responding Pensions UK members agreed that the sector’s role in ESG and sustainability will be an opportunity for the sector in the 2030s, while 30% agreed that the sector’s role in economic growth would be.

as an opportunity rather than a challenge; “pension funds’ long-term horizons make them ideal vehicles for financing the green transition, potentially delivering both strong returns and positive environmental impact whilst meeting growing member demand for sustainable options.”

# 03

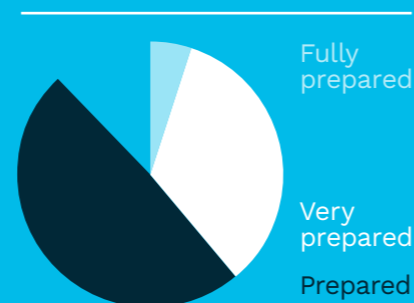


## Consolidation & Market Trends

Industry consolidation presents us with a prime opportunity, via leveraging economies of scale, to “negotiate lower fees, access a better range of investment opportunities, and enhance member benefits”, as well as bringing “a stronger and clearer collective voice to shape the world around us”, according to Rachel Elwell, Border to Coast.

Average DC pot sizes are expected to be bigger, due to a combination of firstly, “more employees having spent longer working in the post AE environment”, and secondly, “some success in getting small (and perhaps not so small) pots to be consolidated”, argues Carl Emmerson, Deputy Director of the IFS. “This should help to reduce costs and allow investment strategies to be better tailored, all of which should improve returns for members.”

The drive for consolidation means that within the DC sector “we are likely to see a small number of dominant providers, especially aggregated across Master Trust, residual Own Trust and GPPs”, says Steve Webb, LCP.



Most responding Pensions UK members believe their organisation is prepared to respond to major industry changes by 2030 (88%). However, few say they are fully prepared (5%), while only a third are very prepared (34%).

# 04

Calum Cooper, Hyman Robertson, suggests we can expect to see DC schemes “shift towards CDC models, potentially through the introduction of lifetime CDC funds...these vehicles offer higher and more stable income potential, and their design appeals to employers facing high cost pressure, such as those in retail or care sectors”.

Within the DB landscape, our members and stakeholders expect to see far fewer schemes as the flow of funds into buyout continues and superfunds expand their role. They also highlight the potential for Conditional Indexation to improve scheme member outcomes over the long term.

The Pensions Investment Review makes it clear that the Government intends to capitalise on the benefits that industry consolidation can bring about, however Rob Orr, SAUL, suggests that by the 2030s, “it will not be as far advanced as the Government wants.”

Despite the potential benefits of consolidation, our stakeholders recognised the risk if the barriers to entry for new schemes are high. “If the Value for Money framework means there

will be more league tables of performance, this small number of large providers could easily ‘herd’ around common approaches to investing, for example, with little threat of innovators to shake things up”, warns Steve Webb, LCP.

Ali Tayyebi, Barnett Waddingham, echoes this, highlighting that “consolidation may reduce competitive pressure, potentially affecting service quality.” This is a particular issue within the DB sector, where there is already a “shortage of skilled professionals, particularly experienced pensions administrators.” This will become increasingly difficult as the sector continues to shrink. Furthermore, consolidation could “also lead to a greater concentration of risk associated with cyber-attacks on administration platforms.”

Overall, our stakeholders were not convinced of consolidation for consolidation’s sake. Carol Young, USS, argues “consolidation has the potential to achieve economies of scale and deliver better value-for-money and should lead to better outcomes for members – if we get it right. Bigger doesn’t automatically mean better.”

# 18%

The future of the DB sector was mentioned by nearly one in five (18%) of responding Pensions UK members as an area of concern for the 2030s.

## Government & Regulation

Our members and stakeholders expressed concerns about the impact of shifting political and regulatory contexts.

Our stakeholders were almost unanimous about the impact of inconsistent and competing regulatory frameworks; the sector “has to grapple with multiple frameworks and regulators (DB – both open and legacy, DC, CDC, unfunded public sector, funded public sector, Master Trust, Contract, small pots, etc.) which simply adds complexity and cost,” and which is ultimately borne by the saver, says Rachel Elwell, Border to Coast.

Carol Young, USS, argues that “whether it’s changes to annual and lifetime allowances, or revisiting tax relief on contributions, shifting sands can upend plans, disincentivise saving for retirement, and lead

56%

Over half (56%) of responding Pensions UK members believe that political uncertainty will be a concern in the 2030s.

05



After adequacy, Government interference was the issue members responding to the survey were most concerned about.

to poorer outcomes.” However, there is opportunity here to create stable policy and regulation that recognises and is consistent with the long-term nature of pensions. She adds, “understanding perspectives and duties and focusing on how we can work together effectively can be mutually beneficial – and Pensions UK has an important role to play here, as we have seen recently with the Mansion House Accord.”

Within the DC landscape, Steve Webb, LCP, suggests that a larger and more strategically important sector will attract Government attention, and that “we may see a greater emphasis on how you regulate a ‘too big to fail’ DC market”.

And within the DB sector, Calum Cooper, Hymans Robertson, argues that reforms enabling over £400 billion in surplus distribution and incentivising reinvestment in UK assets could transform pensions into a catalyst for national economic renewal. However, unlocking productive investments and value from DB scheme surpluses won’t be straightforward; it will face “considerable risk aversion and inertia...two decades of received wisdom around de-risking, and the emotional scarring of £350bn of deficit contributions and benefit reforms, will not be forgotten easily.”

## Conclusion

As our survey results and stakeholder insights highlight, the start of the next decade will see profound change.

This will include tackling the adequacy challenge for DC savers, harnessing technology, and navigating consolidation and evolving regulation. All of this will take place in an uncertain political and economic context. These shifts present clear risks, but also opportunities: to deliver better outcomes for savers, to reshape the role of pensions in supporting the wider economy, and to modernise the framework within which schemes operate.

Zoe Alexander, Pensions UK, says: “Now is the time to get ahead of change and shape the next decade for the sector, on behalf of savers. The Pensions Commission will be an important part of that, providing time and space for rigorous analysis to determine how the system should develop to best support savers, over the longer term. Demands on our members over the period to 2030 will be sustained, but the pay-offs significant. We all know the system will look very different in a decade – as we transition towards that future we must do everything we can to maximise value to savers and continue to champion the critical role of pensions in the UK.”



## **About Pensions UK**

Pensions UK is the voice of pensions in the UK, trusted and heard by government and the pensions industry.

For more than 100 years, we've delivered influential thought leadership, practical guidance and research for our members; pro-actively solving the sector's biggest issues and setting the future direction.

As a not-for-profit organisation, we exist for the benefit of our members, and to deliver the best possible outcome for savers in the UK, so they can retire in confidence and with dignity.

## **Our membership and reach**

We're the voice of pension schemes that together provide a retirement income to more than 30 million savers in the UK and invest more than £2 trillion in the UK and abroad. Our members also include asset managers, consultants, law firms, fintechs, and others who play an influential role in people's financial futures.

Across our work in strategic and regulatory policy development, advocacy, membership engagement, events and communications, we engage with over 2,500 organisations, with nearly 16,000 contacts within our membership and a further 17,000 in the pensions and financial services industries.