

Pension Schemes Bill

Hertfordshire Local Group

Pensions UK

9th September 2025

Pension Schemes Bill

Summary of Pensions UK's positions

- The Bill will legislate on a number of key areas across pensions policy, and broadly across the DC, DB and LGPS sectors.
- Pensions UK welcome the introduction of the Bill. In particular, we welcome measures to:
 - Introduce Guided Retirement Products
 - Put superfunds on a statutory footing
 - Address the small pots problem
 - Introduce the VFM regime
 - Ensure that all trustees can make choices about the use of DB surpluses.

Pension Schemes Bill

Summary of Pensions UK's positions – concerns

- Fiduciary duty is of primary importance
- Pensions UK have expressed concern about measures in the bill covering:
 - DC Mandation
 - Government power to intervene in LGPS investment
 - Superfunds

Pension Schemes Bill – Guided retirement products

Guided retirement products

- New statutory duty for trustees to provide default pension benefit solutions to DC members.
- If a scheme cannot provide a default solution, it must identify another scheme for members to transfer to.
- Overall, Pensions UK supports the measures, which will bring more uniformity and value to the solutions available to members, and also mean those unable to make complex decisions are supported.

Pension Schemes Bill – Superfunds

Superfunds

- Pensions UK strongly supports the introduction of superfunds and have argued for their introduction since 2017.
- Superfunds are capital backed consolidators for DB schemes
- The bill requires that the trustee of a ceding scheme should have to demonstrate that an insurance buyout cannot be arranged.
- We object to this – a statutory requirement to force schemes and employers to follow a specific route interferes with their fiduciary duty

Pension Schemes Bill – Small pots

Small pots

- Pensions UK has long supported finding solutions the issue of small pots and are supportive of the multiple consolidator model that the Government has chosen.
- Separately, Pensions UK is also currently supporting the DWP in conducting a feasibility study which will help in developing the digital infrastructure needed for the success of the policy.

Pension Schemes Bill – VFM

Value for Money

- Pensions UK supports the introduction of a Value for Money framework. We believe that if it is implemented in an appropriate manner, it will help to improve the value delivered to members of workplace DC schemes.

Pension Schemes Bill – DB Surplus

DB Surplus

- Pensions UK is supportive of giving trustees more flexibility in accessing surplus funds, subject to appropriate safeguards.
- The bill requires that to release surplus, the scheme actuary must be satisfied with the value of the scheme's assets and the amount of its liabilities.

Pension Schemes Bill – DC Mandation

DC Mandation

- Pensions UK does not support the introduction of a reserve power to allow Government to direct how DC schemes invest.
- Pensions UK would like to see the power in the Bill amended so that the sunset clause does not extend beyond 2032, to limit the political risk to schemes and bring this timeline in line with the Accord.

Pension Schemes Bill – LGPS investment

LGPS Investment

- The bill introduces several new powers that enable the Government to:
 - Direct funds to participate in a particular asset pool or to cease their participation in a pool.
 - Force the compulsory merger of funds
 - Direct the ‘manner’ in which specified investment management activities are carried out by asset pools.
- We question the need for these new powers, and believe that they are too far reaching.

The legislative process

