

## DC briefing

October 2025

Highlighting the latest developments in DC for trustees, employers and providers



## Introduction

With the Pensions Schemes Bill (“the Bill”) progressing through Parliament, some very significant changes for DC schemes are afoot, and we may yet see more twists and turns. Beyond the Bill, the Government is pushing ahead with changes to IHT and a new Pensions Commission will be considering the long-term future of the pensions system. The industry also awaits the outcome of the FCA’s consultation on its proposed new VFM framework, which is likely to inform the development of the new VFM framework for trust-based schemes. In this briefing, we update you on the Bill, along with other key DC developments and likely timing.

## News

### Targeted support

The FCA has consulted on its proposed regulatory framework for “targeted support”, which is aimed at the gap between existing guidance-based services and more bespoke advice, and would enable authorised firms to make suggestions that have been developed for a group of consumers who share similar circumstances and characteristics. See our [response](#).

As currently drafted, the proposals will not allow DC trustees to offer targeted support directly to members themselves. They will need to partner with an authorised firm and take care around how the targeted support services are structured within the scheme. In addition, while we expect many schemes will want their members to benefit from targeted support, trustees should note that there is no obligation for authorised firms to provide it. It remains to be seen how these proposals will dovetail with the forthcoming duty on DC trustees to provide default retirement solutions for their members.

### IHT

The Government is going 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. But all death-in-service benefits payable from registered pension schemes will be out of scope of IHT, whether discretionary or non-discretionary.

After listening to industry feedback, there are some important changes to the original proposals, including that personal representatives, rather than pension scheme administrators (“PSAs”), will be primarily liable for reporting and paying IHT on any unused pension funds and death benefits. 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 consultation on the draft legislation has closed (see our [response](#)). A further consultation on changes to facilitate the reporting and paying processes will follow “in due course”.

Trustees and employers will need to liaise with their administrator to confirm that the new reporting requirements will be met. They will also need to ensure that the changes are clearly and carefully communicated to members.

### Administration standards

TPR is encouraging trustees to take “greater responsibility and accountability” for driving up administration standards in its latest [market oversight report](#). TPR expects administrators and trustees to reflect on the findings and to work together to identify ways “to improve administrative practices to better serve savers”. TPR is planning to update its administration guidance to set clearer expectations for trustees.

# DC pensions reform: taking stock

2025 has been a bumper year for DC pensions reform. Following the Chancellor's first Autumn Budget and Mansion House speech, (see our [March 2025 DC Briefing](#)), the "game changer" Bill will introduce significant changes (see our [Hot Topic](#) for more details). Here, we take stock of where we are now and look ahead at what is still to come.

## The journey so far



### 24 April 2025

The Government [confirmed](#) plans to introduce small pot consolidators in the Bill. Alongside this, the Small Pots Delivery Group issued its research and analysis [report](#). (See our [Hot Topic](#)).

### 5 June 2025

Bill and [roadmap](#) for reform published.

### 13 May 2025

[Mansion House Accord](#): 17 DC pension scheme providers committed to invest at least 10 per cent of their main default funds in private assets, with at least 5 per cent earmarked for the UK, by 2030.

### 21 July 2025

Pensions Commission "revived" to consider the long-term future of the pensions system.

### 16 September 2025

[Small Pots Feasibility Review](#) published. It found that a "united, industry-delivered model" offers a "feasible and cost-effective solution" for implementing the Small Pots Data Platform by 2030.

# DC pensions reform: taking stock cont.

## Looking ahead

### 2025

- CDC regulations are expected this Autumn

### 2026

- Bill expected to receive Royal Assent
- Targeted support rules due to be in place
- CDC regulations expected to come into force

### 2026/2027

- VFM regulations consultation process
- DWP regulations and FCA rules on default retirement solutions to be agreed and the duty to be phased in from 2027, with master trusts first to comply
- Consultation on regulations for automatic consolidation of deferred small pots

### 2027

- Pensions Commission's final report due to be submitted to the Government

### 2027/2028

- Small pots regulations consultation process
- Applications for automatic consolidators

### 2028

- First VFM assessments expected
- Contractual override and default consolidation are expected to start

### 2029

- Selection of automatic consolidators
- Government review of the contractual override and default consolidation

### 2030

- Deadline for most DC providers / master trusts to reach required scale (broadly, £25bn in AUM (£10bn for providers which meet certain conditions) in at least one large "Megafund" default arrangement)
- Automatic consolidation duties likely to come into force

## What does this mean for DC scheme trustees and providers?



With these far-reaching reforms set to transform the DC landscape and schemes continuing to manage the introduction of pensions dashboards, the next few years are looking busy. For now, please liaise with your usual Sackers contact to consider the impact on your scheme, and how best to prepare.

## Contact

Sackers is the leading specialist law firm for pension scheme trustees, employers and providers. Over 60 lawyers focus on pensions and retirement savings, including our DC experts who provide practical and specialist help on all aspects of DC arrangements. For more information on any of the articles in this briefing, please get in touch with Helen Ball, Jacqui Reid or your usual Sackers contact.



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## Upcoming events



 We offer an extensive programme of workshops, seminars and trustee training. If you would like to attend any of our events, please contact [events@sackers.com](mailto:events@sackers.com) or visit [www.sackers.com/events](http://www.sackers.com/events).

Quarterly legal update	13/11/2025	Online webinar This session will provide an essential overview of significant developments affecting occupational pension provision in the UK for employers and trustees.
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