

Quarterly briefing

June 2026

Highlighting significant developments in pensions law, covering key areas such as pensions reform, regulatory developments, new legislation and cases



Q2

June 2026

On the front cover this quarter:
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Abbreviations

CDC: Collective DC
DB: Defined benefit
DC: Defined contribution
DWP: Department for Work and Pensions
FAS: Financial Assistance Scheme
FCA: Financial Conduct Authority
FRC: Financial Reporting Council
GMP: Guaranteed Minimum Pension
GPP: Group personal pension
HMRC: HM Revenue & Customs
ICO: Information Commissioner's Office
IHT: Inheritance tax
NMPA: Normal minimum pension age
PASA: Pensions Administration Standards Association
PDP: Pensions Dashboards Programme
PPF: Pension Protection Fund
PSA26: Pension Schemes Act 2026
PSB: Pension Schemes Bill
TPR: The Pensions Regulator
UMES: Unconnected multi-employer CDC schemes
VFM: Value for money

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Current legal agenda

Topic	Summary	Timing
 <p>Pension Schemes Act 2026</p>	<p>Introduces significant changes for DB and DC schemes</p>	<p>Received Royal Assent on 29 April 2026 and all changes expected to be in force by 2030 (see pages 4 and 5)</p>
 <p>Virgin Media</p>	<p>Remedy in the PSA26</p> <p>A separate case has been heard considering various ancillary issues</p>	<p>Provisions came into force on 29 April 2026 (see page 4)</p> <p>Timing of judgment currently unknown</p>
 <p>DB surplus¹</p>	<p>DB trustees will be given greater flexibility over the use of DB surpluses</p>	<p>New powers not expected to be in force until the end of 2027</p>
 <p>VFM</p>	<p>Joint consultation on detailed proposals for new VFM framework closed in March 2026</p> <p>VFM framework for DC trust-based schemes included in the PSA26</p>	<p>First assessments expected in 2028</p>
 <p>CDC²</p>	<p>TPR's revised draft CDC Code of Practice published 29 April 2026</p> <p>Consultation on retirement CDC closed in December 2025</p>	<p>CDC expansion to unconnected multi-employer schemes from 31 July 2026 (see page 10)</p>
 <p>Pensions dashboards³</p>	<p>Schemes are connecting to the dashboards ecosystem and preparing for when it "goes live" to the public</p>	<p>Connection deadline is 31 October 2026 (see page 10)</p>
 <p>IHT changes⁴</p>	<p>Finance Act 2026, which includes provisions to bring most unused pension funds and death benefits in scope of IHT, received Royal Assent on 18 March 2026</p>	<p>Changes to take effect on and from 6 April 2027</p>
 <p>Salary sacrifice⁵</p>	<p>Pensions salary sacrifice contributions to be capped at £2,000</p>	<p>From 6 April 2029</p>

1 See our Hot Topic: [PSB DB – new surplus powers](#) (October 2025)

2 See our Alert: [Expanding the availability of CDC schemes](#) (23 October 2025)

3 See our Hot Topic: [Dashboards are here! Are you ready?](#) (April 2025)

4 See our Alert: [Finance Act 2026 paves the way for IHT changes](#) (19 March 2026)

5 See our Alert: [Bill to cap pensions salary sacrifice tax concessions receives Royal Assent](#) (29 April 2026)

Pension Schemes Act 2026

PSA26 receives Royal Assent

The PSA26 received Royal Assent on 29 April 2026, introducing a package of measures which are intended to modernise the pension system, drive economic growth and improve retirement security.⁶ It is the culmination of the Government's policy drive towards having "fewer, bigger, better run schemes" which will be able to "boost investment in the UK" and improve returns for savers.

Key measures

The new measures for DB schemes include:

- new surplus flexibilities, enabling trustees of well-funded DB schemes to pass a resolution amending their scheme rules to allow greater flexibility over the use of any surplus, subject to "stringent" funding safeguards to be set out in regulations
- the legislative framework for commercial DB superfunds, and
- a remedy to deal with issues arising from the Virgin Media case (see below).

For DC schemes, the PSA26 enables:

- the new VFM framework for trust-based schemes which will mirror the FCA's proposals for contract-based arrangements
- automatic consolidation of small "dormant" pension pots into consolidator schemes and arrangements to be authorised by TPR
- the scale and asset allocation requirements for certain schemes used for automatic enrolment (see below), and
- new "guided retirement" duties to be placed on trustees to offer a retirement income solution or range of solutions.

The PSA26 was amended extensively before receiving Royal Assent. Significant changes to the version first introduced to Parliament on 5 June 2025 are summarised below.

Virgin Media remedy



The [Virgin Media case](#) confirmed that schemes which were contracted-out on a DB basis between 6 April 1997 and 6 April 2016 had to meet certain requirements to make a valid alteration, if benefits relating to contracted-out rights would be affected. These requirements included written actuarial confirmation that, if the alteration were made, the scheme would continue to meet an overall quality test known as the reference scheme test.

The PSA26 gives affected pension schemes the ability to retrospectively validate certain amendments.⁷ Where a scheme has wound up or gone into the PPF or FAS before 29 April 2026, ie when the PSA26 received Royal Assent, any potentially remediable alteration will be treated as having met the requirements and, as such, as having always been valid for these purposes.

TPR has published [guidance](#) relating to the remedy, reminding trustees of their statutory duties and setting out its expectations for complying with the legislation, with practical tips to make a reasonable decision on whether to use the remedy. It follows [guidance](#) issued by the FRC for actuaries.

Trustees of affected schemes should discuss the potential application of the remedy with their advisers.

⁶ See our Alert: [The Pension Schemes Act 2026 receives Royal Assent](#) (29 April 2026)

⁷ See our Hot Topic: [PSB DB – Proposed Virgin Media Remedy](#) (October 2025)

Pension Schemes Act 2026 cont.

Scale and asset allocation requirements

The PSA26 will introduce:

- new scale requirements for DC master trusts and GPPs used for automatic enrolment. These schemes will be required to have at least one “main scale default arrangement” with assets of at least £25bn from 2030, subject to pathways to allow smaller or certain new, innovative schemes to get up to scale, and
- the ability for the Government to mandate certain asset allocations for such schemes’ default funds (referred to as the “mandation power”).

The mandation power was the subject of significant scrutiny by the House of Lords and debate in Parliament. Having rejected several revised proposals, the Houses eventually agreed to a power which:

- can only be exercised after 1 January 2028
- can only be exercised once the Secretary of State takes certain steps, including preparing and publishing a report setting out:
 - the FCA and TPR’s joint assessment of the extent to which there is evidence of competitive conditions restricting schemes in scope from investing in qualifying assets (broadly, those to be prescribed under the power)
 - the Secretary of State’s assessment of the extent to which schemes in scope have made progress towards achieving investments in line with the parameters specified in the PSA26 (see below)
 - an assessment of any barriers to schemes in scope investing in qualifying assets, particularly where such assets are located in the UK, and the steps taken by the Secretary of State or the FCA to address such barriers, and
 - as originally proposed, how the financial interests of members of schemes in scope are or would be affected by the proposed regulations and what effects the proposed measures could be expected to have on economic growth in the UK, as well as any other matters the Secretary of State considers appropriate.
- is limited to no more than 10% (by value) of all of the assets held in a scheme’s main default funds, with no more than 5% (by value) of these assets to be of a “UK-specific description”, being “a description framed by reference to whether an asset is located in or meets any other condition linked to economic activity” in the UK
- can be suspended by TPR where a scheme complies with certain requirements and, broadly, TPR agrees that it was reasonable for the trustees to have concluded that meeting the asset allocation requirement is “likely not to be in the best interests” of scheme members
- can only be used once and will be repealed if it has not been used by the end of 2032 (rather than 2035).

Mandation power subject to various limits

Whether or not the mandation power has been exercised, the entire regime will now fall away at the end of 2035. This means that any asset allocation requirements and associated penalties for non-compliance will no longer be in force after 2035.

What’s next?



Detailed regulations will be required to implement many of the reforms. We expect the timing of these to be clarified in the DWP’s revised roadmap.

Tricky issues in benefit specifications

Benefit specifications sit at the centre of bulk annuity transactions: they convert scheme benefits and administration practice into the rules that define the insurer's obligations.

Why benefit specifications matter

Put simply: an insurer will only provide the benefits that are specified in the contract. So it is vital that these are fully and accurately recorded in the benefit specification. Trustees are also usually required to provide warranties to the insurer that the benefit specification is accurate and that appropriate enquiries have been made of advisers to confirm this. Therefore, clear drafting and supporting evidence for how benefits are operated is key.

Mapping schemes and scoping the review

Before drafting starts, it is worth investing time to map what is actually "in the scheme" – how many benefit structures exist and how do they fit together? Mapping the scheme structure helps scope and subsequently manage the transaction(s). For schemes with multiple benefit structures, more than one benefit specification may be needed. Time should also be taken before work is started to agree which documents will be reviewed, and what might be missing. Where documents are missing, reliance on administrator practice may be necessary – often requiring administrator confirmation, appropriate disclosures, and clarity on what legal sign-off can (and cannot) cover.

Insurer will only provide benefits specified in the contract

Tricky issues to look out for

Most schemes considering a buy-in or buy-out will no longer have any active members, although some may provide certain enhancements to pensions for deferred members as long as they remain in the service of the employer. Examples include:

- salary links
- enhanced (or unreduced) early retirement terms including circumstances where an employee can no longer work through ill-health (which may include calculations of pensions with prospective service), and
- enhanced death-in-service benefits.

How these are addressed in the buy-in, and reflected in the benefit specification, need to be considered carefully. Questions include:

- what does the company want to provide to the affected employees?
- where some enhancement over standard deferred pensions is intended to be retained, to what extent should this be reflected in the benefits secured with the insurer under the buy-in?
- if the company intends that some "in-service" benefits should fall away, what is the legal process by which this will occur? Typical options will be by way of an amendment to the scheme rules or by agreement with the affected employees (or otherwise by variation of their contracts of employment). In some cases, there may be benefits that cease automatically once a scheme commences wind-up but this should not be assumed.

The benefit specification needs to clearly distinguish between a benefit payable to an ordinary deferred member and that payable to an "in-service deferred". However, trustees and employers will also need to consider which employees any enhanced "in-service" pension terms should attach to and the extent to which this should subsist after a possible buy-out.



Benefits for in-service deferred members

Spotlight cont.

It is worth remembering that an “in-service deferred” for the purposes of the insurer contract is unlikely to mean someone who is actually an in-service deferred for the purposes of the scheme rules at the time the benefit is claimed. Instead, it will likely be defined as a person specified as an “in-service deferred” in the member data **as at the data extract date**. Whilst a scheme is in buy-in, insurer terms may allow the member data to be updated to reflect members’ actual employment status, but this is unlikely to be possible following a buy-out. Trustees and employers should consider carefully how they intend benefits to be provided once that happens.



Eligibility for spouses and/or dependants pensions

Where contingent benefits are payable, insurers need clear instructions on **when** a benefit is payable and **to whom**. Benefits payable on death will need particular consideration since definitions and rules relating to spouse and dependant pensions can be highly complex, with subtle variations in approach between schemes.

It is unlikely to be possible to reflect all such nuances (and associated trustee discretions) in the benefit specification. Some insurers, particularly in relation to their streamlined propositions for “small schemes”, may also require some standardisation in approach. Trustees will need to think carefully about what they want to provide and how this compares to past practices. Areas that frequently need to be considered include:

- eligibility criteria for non-married partners, including insurer definitions that incorporate “co-habitation” conditions as well as financial dependency criteria
- qualification for spouse benefits where members have separated from their spouse but remain legally married
- limits on splitting GMP widow(er)’s pension and excess, which can constrain how discretions work in practice, and
- knock-on effects for children’s pensions (for example, doubling provisions that depend on whether there is an “eligible spouse/dependant” under the scheme’s definition). Whilst it may seem attractive for an insurer to apply a lower threshold for a dependant to be eligible for a pension, if the result is a reduced pension for children this may not always be the right outcome for the scheme.

Even where scheme rules are clear, insurer policy definitions can introduce risk if they do not align with the intended benefit design. The key is to test definitions against real member scenarios and ensure the benefit specification provides sufficient detail and clarity. Scheme administrators also need to be asked the right questions in order to provide the clearest responses.



Revaluation and increases

Revaluation and increases is another area that might look straightforward but may hide complexity because different tranches of a scheme may behave differently. Initial points to consider include:

- revaluation usually only applies until “Normal Pension Age” but members might have tranches of benefits to which different “Normal Retirement Dates” apply for the purposes of the scheme rules
- members’ GMPs and excess benefits will revalue in deferment and increase in payment at different rates and GMPs themselves only acquire status as GMPs from a member’s GMP age, and
- early or late retirement for scheme rules purposes also won’t necessarily correlate with whether the member is pre or post GMP age. In practice, different schemes and administrators may take different approaches to revaluing/increasing “notional” GMPs if paid before GMP age.

For these reasons, trustees will need to work through carefully with their administrators and advisers exactly how revaluation and increases should be applied in practice to different elements of members’ pensions and from what ages.

Finance & investment update

FCA consults on simplified advice

The FCA published a [consultation](#) in March 2026 on changes to make it easier for advisers to give more simplified forms of individualised financial advice. The consultation proposals include:

- consolidating the suitability requirements in the Conduct of Business Sourcebook (COBS) 9 and COBS 9A into a single framework
- replacing the requirement to consider “necessary” information with an expectation that advisers consider “sufficient” information when assessing suitability
- clarifying that firms should take a proportionate approach to considering a client’s knowledge and experience, having regard to such matters as the nature and scope of the service provided
- introducing a single “attitude to risk” concept and clarifying (through changes to the Handbook) that firms do not need to use “psychometric tools or detailed questionnaires” to assess it, and confirming that firms can take a proportionate approach when determining a client’s ability to bear losses, and
- retiring the finalised guidance on streamlined advice.

Simplified individual financial advice

The proposals are intended to complement existing advice and guidance, as well as future targeted support services⁸, and represent the final step in the FCA’s advice guidance work programme.

The consultation closes on 22 May 2026. The FCA will then consider feedback “and aim to publish a Policy Statement in Q4 2026”.

The FCA “remains committed” to taking forward a review of the advice guidance boundary, but no timing is given for this.

TPR update

Annual funding statement

TPR has published its latest [annual funding statement](#) and [accompanying analysis](#).⁹ In a repeat of last year, with most schemes now in surplus, TPR expects trustees in this tranche (see below) to be shifting their focus from deficit recovery to long-term endgame planning. The statement is particularly relevant for schemes with valuation dates between 22 September 2025 and 21 September 2026, “Tranche 25/26” or “T25/26”. However, it is also relevant to all DB schemes as it captures key information relating to the [DB funding code of practice](#).

Most schemes should focus on endgame planning

DB schemes have seen significant changes to their funding levels over the last three years, with around 80% fully funded on a TPR-derived low dependency basis. As a result, most schemes should now focus on endgame planning rather than deficit repair. Trustees are directed to TPR’s [“new models and options in defined benefit pension schemes guidance”](#) for support when considering their endgame options.

Although many trustees are entering their valuation cycle from a relatively strong funding position, trustees should be alert to the potential impact of ongoing macroeconomic uncertainty on both scheme investments and the employer covenant. Trustees should ensure that near-term liquidity and cash flow requirements are securely met, while maintaining an investment strategy that remains resilient to shifts in the economic environment and to the evolving risk appetite of both the trustees and the employer.

⁸ See our Hot Topic: [FCA reforms – addressing the advice gap](#) (February 2026)

⁹ See our Alert: [TPR publishes annual funding statement 2026](#) (7 May 2026)

TPR update cont.

Schemes that are running on are expected to consider their policy on surplus and TPR is planning to publish a statement “shortly” on the factors for trustees to consider when thinking about surplus release.

Consolidation guidance for smaller schemes

TPR is encouraging trustees of smaller DC schemes to “urgently assess their future” in light of the measures in the PSA26 (see pages 4 and 5 above). Trustees should consider whether they will be able to meet the new requirements or “whether members would be better served through consolidation or wind up”.

Small schemes to assess their future

To support trustees’ decision-making, TPR has published [guidance](#) for smaller DC schemes (generally those with fewer than 5,000 members) on considerations when transferring to a master trust. It sets out TPR’s expectations around factors to consider, approaching and selecting a master trust, and preparing to transfer members. Case studies are included throughout the guidance to provide “real-life examples of smaller schemes successfully transferring to master trusts”. The consolidation guidance is accompanied by updated [winding up guidance](#) for trustees exploring that route.

TPR will continue to communicate with schemes as secondary legislation develops, through sector-wide updates and targeted correspondence”.

Master trusts

New guidance for master trusts

TPR has published new [guidance around regulatory capital reserving requirements](#) for master trusts, which follows a review it carried out in line with the Government’s plans to “cut unnecessary regulatory burden and promote data sharing”. The aim is that master trusts can review their approach to calculated their reserves, to ensure they are using the “most effective asset mix” which, in turn, can free up capital for productive use.

As the market moves towards megafunds as envisaged by the PSA26, TPR will need to ensure that the regulatory framework continues to evolve. It will work with the DWP to identify potential opportunities to update the legislation.

Pension scams

TPR has reminded trustees and administrators of the importance of tackling pension scams, urging them to:

- commit to TPR’s industry [Pledge to Combat Pension Scams](#)
- stay up to date on the [latest scam warnings](#)
- educate their members on the risks and how they can keep themselves safe, for example by signposting to [Stop!ThinkFraud](#) and the Pension Scams Action Group’s latest [Scam Safe](#) leaflet which has been updated to include the [FCA’s Firmchecker tool](#), allowing members to check a firm is FCA-authorized and has the necessary permissions, and
- tell [Report Fraud](#) about any suspicions.

New TPR Chair

The DWP has announced the appointment of Emma Douglas as the new Chair of TPR. Her five-year term begins on 1 July 2026, when the current Interim Chair, Kirstin Baker, steps down.

In other news

Data protection

Data controllers, including pension scheme trustees, must comply with the requirements relating to data protection complaints from 19 June 2026. Trustees will need to:

- give members a way of making complaints – this could include providing a complaint form that people can submit either electronically or in writing
- acknowledge a complaint within 30 days of receipt
- take appropriate steps to respond to complaints, including making enquiries, without undue delay, keep people informed about progress and tell them the outcome of their complaints without undue delay, and
- inform data subjects of their right to complain directly to them (as well as to the ICO) in privacy notices and when responding to subject access requests.

For help in preparing for these changes, please refer to our [Hot Topic](#).

Schemes to have data protection complaints process

CDC

The new [code of practice](#) for CDC schemes has been laid before Parliament. The code, which has been expanded to cater for UMES, sets out TPR's expectations of CDC schemes, the authorisation criteria and how TPR will use its powers in the CDC market. It is expected to come into force in mid-October, replacing the existing CDC code.

TPR has also published its [response](#) to the consultation on the draft code. As the original proposals were "broadly welcomed", limited changes have been made. TPR has identified several areas where further guidance would be helpful, including fees and assessment of IT systems, and plans to publish this "before the summer".

UMES regime comes into force on 31 July 2026

Discussions are already underway with several possible UMES market entrants, and TPR expects that these schemes could be operating from early 2027. Future expansions of the CDC code also seem likely, with a response awaited to the DWP's proposals for creating retirement-only CDC arrangements.

Pensions dashboards

With less than six months until the final connection deadline of 31 October 2026 for pensions dashboards, PDP has given an update on connection progress. Its recent [blog](#) brings together information on commonly asked questions, including changing a scheme's connection date and an update on the voluntary application process.

Trustees are reminded that "connection is not the end of the journey", with continuing duties including maintaining connectivity and ensuring their data remains accurate and complete. PDP signposts to further guidance on its [connection hub](#) and TPR's recently updated [dashboards guidance](#). The guidance provides new [checklists](#) which schemes can use to track the progress of preparations, both before and after connecting.

Updated TPR dashboard guidance

TPR has also updated its [breaches of law guidance](#), to include two dashboard-specific situations. The new "green" examples in TPR's guidance (ie those breaches TPR expects would generally not need to be reported) cover situations where value data (ie information about an individual's pensions benefits) may be slightly out of date for a short period while updated figures are uploaded, and where a breach occurs during the dashboards testing phase. However, whether a particular breach should be reported will depend on the specific circumstances surrounding that breach.

In other news cont.

NMPA

HMRC has published [pension schemes newsletter 180](#), which gives some information about the intended scope and effect of the transitional regulations that will support the implementation of the NMPA increase from age 55 to age 57 on 6 April 2028.

Transitional regulations expected for increase in NMPA

The regulations are expected to address issues where members have already become entitled to their pension benefits but have not reached age 57 by 6 April 2028 and do not have a protected pension age. The aim is to ensure that such members can continue to receive their benefits as authorised payments “seamlessly”, in a similar way to the transitional provisions related to the increase in NMPA from 50 to 55 from 6 April 2010.

The information given by HMRC in the newsletter remains subject to change as the regulations are finalised ready for technical consultation.

PASA Trustee Administrator Lifecycle Series

PASA has published its Trustee Administrator Lifecycle Series, guidance which is intended to provide “a structured approach across the full lifecycle of the relationship” between trustees and administrators. It is split into four parts, covering:

- Part 1 | [why trustee-administrator relationships matter](#) – highlights why effective administration oversight is a core governance responsibility
- Part 2 | [the appointment of a new administrator](#) – looks at the considerations trustees should address before, during and after a market review
- Part 3 | [managing installation and transition](#) – explores the considerations trustees may wish to address as a new administrator is being installed, to help establish operational foundations and ensure a smooth transition of services
- Part 4 | [building and maintaining an effective partnership](#) – explores how relationships can be established, maintained and, where needed, strengthened.

It has also published a [Trustee – Administrator Oversight Scorecard](#) which is intended to be a practical framework to help trustees structure oversight and support more informed discussions with administrators.

Retirement risks warning – member communications

The MoneyHelper guide “Your pension: your choices” has been retired and taken down from its website. This guide was approved by TPR for the purposes of giving retirement risk warnings, and is referred to in the [General code](#). A [new MoneyHelper guide](#) has been published but, at the time of going to press, has not yet been formally approved by TPR for retirement risk warnings purposes. Until TPR confirms the position, trustees may wish to include a hard or PDF copy of the retired guide alongside a link to the new guide.

Upcoming webinars and seminars



We offer an extensive programme of client workshops and seminars. In addition to the quarterly legal updates, our seminars, which are led by our experts, offer clients the opportunity to ask questions and to share experiences on topics.

Quarterly legal update	16/07/2026	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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Recent publications



The [Pensions litigation briefing – May 2026](#) reviews recent case law and examines the practical lessons for trustees and employers.

The [DC briefing – March 2026](#) highlights topical news on DC pensions from a legal viewpoint.