

DC briefing

October 2026

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



Introduction

Consolidation continues to reshape the DC pensions landscape. From the drive for greater scale in default arrangements and the developing VFM framework to proposals for small pots consolidation, the Government and regulators are pursuing a vision of “a smaller number of bigger, better governed, better value” schemes. Combined with a growing focus on guided retirement and retirement adequacy, these reforms are intended to equip schemes with the scale and resources needed to deliver better outcomes for members throughout their retirement journey.

In this briefing we take a closer look at how the scale and guided retirement policies are developing, along with other important DC news.

News



Revised roadmap

An updated workplace pensions [roadmap](#) sets out a revised timeline for when we can expect the next phases of policy development. See our [hot topic](#) for an overview.



New VFM framework

The latest [policy proposals](#) for the new market-wide VFM framework include a phased implementation timetable. All in-scope schemes would have to submit data in 2028, but with only master trusts, larger single employer schemes and multi-employer contract-based default arrangements required to undertake a full assessment in that year. This may ease some of the pressures on those who are preparing for the framework (see our [Alert](#) and [consultation response](#)).



Expanding CDC

The CDC regime was expanded on 31 July 2026 to include CDC schemes for multiple unconnected employers. With the authorisation window now open, we expect several such schemes to be live by mid-2027. A consultation on retirement CDC (“R-CDC”) is expected in autumn 2026. See our [October 2026 CDC guide](#) for more.



IHT changes

From 6 April 2027, most unused pension funds and death benefits payable from a pension scheme will fall within a person’s estate for IHT purposes (see our [hot topic](#)).



Tackling small pots

The DWP is [consulting](#) on its core proposals for the automatic consolidation of deferred small pots. Alongside the new VFM framework and the DC scale requirements, these measures form part of the Government’s plan to encourage consolidation and reduce market fragmentation.



Pensions Commission

The Pensions Commission has published its [interim report](#) on how to deliver an adequate, fair and sustainable pensions system and where it will focus its work next. The final report with recommendations is expected in spring 2027.

Achieving scale



The scale requirements aim to “enable schemes to have the capacity and capability to be fit for the future”. Here, we look at the key elements of the policy.

What are the scale requirements?

From April 2030, most authorised DC master trusts and GPPs used by employers to meet their auto-enrolment duties will need to hold at least £25bn in assets in a single main scale default arrangement (“MSDA”). These assets must represent members’ accrued rights and be managed under a “common investment strategy”. If a scheme fails to achieve the required scale, it will cease to be a qualifying scheme for auto-enrolment purposes.

Exemptions will apply, eg for hybrid schemes and default arrangements that serve protected characteristics such as religion. Certain schemes which are only available to a closed group of employers, related through their industry or profession, may also be excluded.

The DWP published a [discussion paper](#) in July 2026 seeking views on how the key elements of scale will be structured, including how connected schemes may be able to “share” an MSDA. Our response is available [here](#).

Supporting the transition

New or growing schemes may be able to access an alternative route to compliance:



the **transition pathway** will give existing smaller schemes more time to reach scale. To be eligible, a scheme must have at least £10bn in an MSDA by 2030 and be able to demonstrate a credible plan to reach the scale requirement of £25bn by 2035



the **new entrant pathway** will allow new market entrants with innovative products to seek authorisation where they are offering something significantly different that could benefit savers or employers, and have plans to reach scale in the longer term

The **contractual override** will allow FCA-regulated pension providers to consolidate more easily, subject to appropriate protections.

Impact

These measures are already influencing behaviour in the DC space, with providers actively assessing how to achieve the necessary scale and the perceived potential for schemes to comply affecting employer scheme selection decisions. In our [response](#), we encourage the Government to open its transitional pathways now to prevent stifling competition and innovation in the run-up to 2030.

Next steps

Regulations are expected to be consulted on in 2027. A review will follow in 2029, to take account of the market’s response to the contractual override and default consolidation, ahead of the 2030 deadline for MSDAs.

Guided retirement



Default pensions are intended to “support individuals in retirement by providing a straightforward pathway to a sustainable income while preserving freedom of choice”.

Under the PSA26, occupational pension scheme trustees will be required to:

- design and make available to eligible members (broadly, those accruing or entitled to DC benefits), one or more default pension benefit solutions, and
- review their design (and if appropriate their number) at prescribed times or intervals.

These solutions must be designed to provide a regular income in retirement and meet any prescribed conditions. This significant new trustee duty is set to be phased in from 2029, with master trusts first to comply. It is likely to sharpen focus on decumulation and accelerate interest in new solutions like R-CDC. To support the development of R-CDC the Government may allow schemes which are committed to offering this model as their default solution until 2030 to comply (see our [October 2026 CDC guide](#) for more on R-CDC).

Schemes may provide their own solution(s) or, where “it is not reasonably practicable” for them to do so or the trustees consider another scheme’s solution would provide better outcomes, by partnering with another arrangement. Comparable provision will be made by the FCA for contract-based schemes.

“A straightforward pathway to a sustainable income”

Guiding principles for default pensions, set out in the DWP’s July 2026 [policy paper](#), aim to ensure the pensions industry does the heavy lifting on behalf of members.

No requirement for complex decision-making by the member

Most savers will only have to decide when to access their pension and whether to remain in the default pension. But those who wish to take a more active role will still be free to shop around.

Protection against longevity risk

Default pensions must provide an income that lasts throughout retirement, although it is expected that there will be design choices about what that arrangement will look like, and it may be possible to incorporate different phases, such as a “flex then fix” approach.

Freedom of choice

The Government recognises that some people may want to make their own decisions so it is committed to ensuring that individuals can get the right support with their pension choices (and here, targeted support is expected to assist in some cases).

Consent

Everyone must engage with their pensions at the point of access, so this is the perfect time to explain to members what their options are. However, if a phased solution is chosen, schemes will only be expected to seek consent once rather than at each stage.

How should schemes be preparing now?

A DWP policy consultation and an FCA discussion paper (on equivalent rules for contract-based schemes) are expected in autumn 2026, alongside a consultation on draft R-CDC regulations.

Schemes can begin to prepare by considering what changes may be required to administration systems, for example to pay default pension income, and reviewing scheme data to identify where there may be gaps. PASA’s DC working group has published [practical guidance](#) (including a checklist of matters to consider) to help schemes assess their readiness.

Contact

Sackers is the leading specialist law firm for pension scheme trustees, employers and providers. Over 80 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.



Helen Ball
Partner
D +44 20 7615 9509
E helen.ball@sackers.com



Jacqui Reid
Partner
D +44 20 7615 9550
E jacqui.reid@sackers.com



Michael Jones
Partner
D +44 20 7615 9578
E michael.jones@sackers.com



Emma Martin
Senior counsel
D +44 20 7615 9574
E emma.martin@sackers.com

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 or visit www.sackers.com/events.

IHT and pensions – get set for 6 April 2027	05/11/2026	Online webinar From 6 April 2027, many benefits payable under pension schemes following a member's death will potentially be caught for inheritance tax purposes. In this session, we will explore: • the IHT basics • the benefits in scope and those which are not, as well as some possible tricky areas • how the process for assessing benefits for IHT purposes will work in practice, including information sharing obligations, “withholding notices” and “payment notices”, and • some essential steps schemes should consider taking to prepare.
Quarterly Legal Update – Winter	12/11/2026	Online webinar Our next Quarterly Legal Update for trustees and employers will be delivered as a webinar and chaired by Fuat Sami. Claire Carey will provide an essential overview of significant developments affecting occupational pension provision in the UK.