

# + A new type of pension is coming

Housing Associations should take steps now to be ready

## Collective Defined Contribution schemes could have a significant role to play in the housing sector, offering better outcomes for employees whilst limiting risk for housing associations

The first Collective Defined Contribution (CDC) scheme is expected to be launched by the Royal Mail in October 2024. LCP analysis shows CDC could offer up to 50% higher benefits to members than traditional alternatives for the same known cost to the employer and without the risk of defined benefit (DB) schemes.

### Better for members



Targets far higher benefits, up to 50% more per £ spend



No difficult investment decisions



Easier to administer from a member perspective

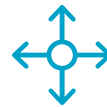


More intergenerationally fair than DB

### Better for employers



Certainty on the costs with no risk of future deficits



Employers are free to choose contribution rates



Support from Trade Unions



Attractive benefit for staff to aid recruitment and retention

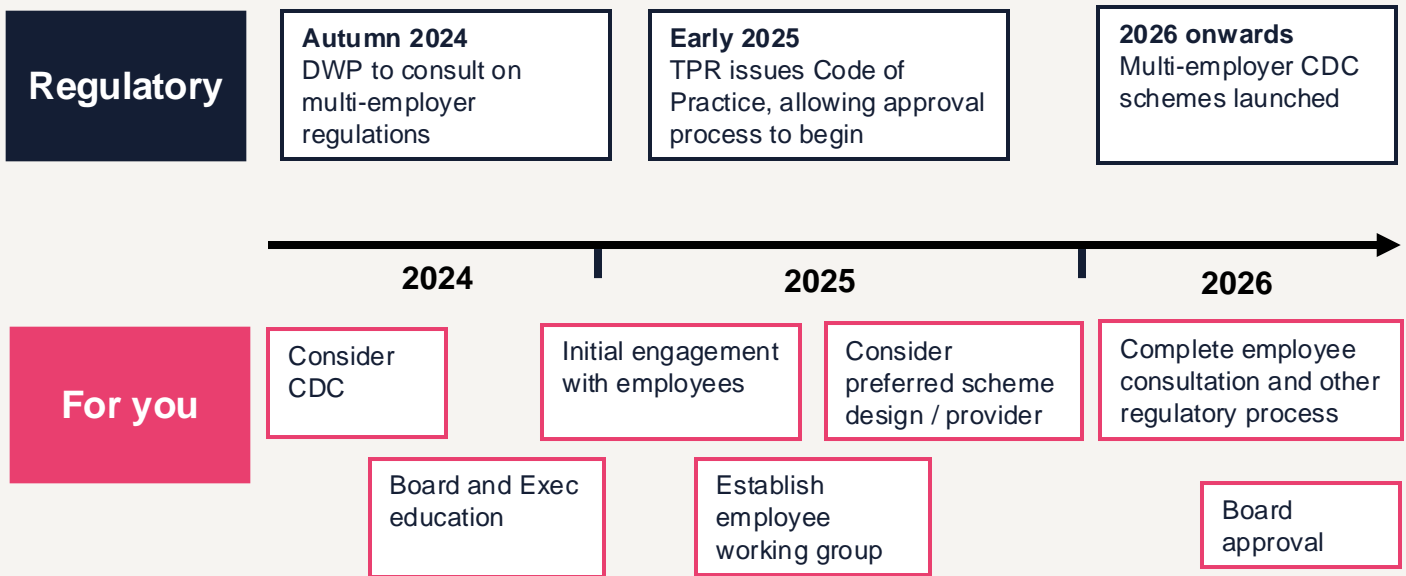
Many housing associations have already taken steps to reduce DB risk but want to offer better outcomes to members than in defined contribution (DC) schemes. CDC looks well placed to fill this gap.

New regulations are expected later in the year for multi-employer CDC schemes, and we are aware of some big names who are developing their own scheme designs.

With multi-employer CDC schemes expected to launch from 2026 onwards, now is the time to educate your Board and Executive teams. Further, with changes to SHPS contribution rates coming from April 2025, the option of CDC should inform your decision-making process when responding to these contribution changes.

**Contact us for further details of the cost-effective package of advice we can provide, specifically for NHF members.**

## Potential timeline for CDC for Housing Associations



For a fixed fee, LCP can provide a tailored paper for your Board and Executive team, answering key questions on CDC and explaining:



How Collective Defined Contribution schemes work



Comparison to Defined Contribution and Defined Benefit schemes (such as the Social Housing Pension Scheme or Local Government Pension Scheme)



How a multi-employer CDC arrangement would operate compared to a stand-alone CDC scheme



Current market status (including providers in the market), likely time-scales for regulation and schemes being established



Indication of costs and benefits for employees, based on summary information provided by you on the payroll and age profile of your employees

Contact us for further details on fixed fees for your organisation, including an exclusive discount for NHF members.

## Next steps



**1. Initial Board and Executive training**



**2. Detailed consideration of scheme design**



**3. Engage with employees and select provider**

*LCP have supported us through each stage of our thinking on CDC, from considering scheme design options to liability and investment modelling. Stakeholder management is key to us and LCP helped us engage proactively in the development of regulations to achieve our simplification goals.*

Peter Dickinson, Pensions Manager | Church of England

## Please contact us for more information.



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