

+ DC update

Welcome to LCP's latest quarterly DC update, in which you will find our views on key developments in the DC arena over the last three months, together with any actions and issues heading your way.

MAY 2026



What's inside?

A recap of our DC and Financial Wellbeing conference	3
Pension Schemes Act 2026	4
Master Trusts: forged, not finished	6
When trustees become Titans	7
A chorus ignored	8
Working 9 to 55 (and beyond..)	9
The Trojan horse of financial advice: free content, hidden consequences	10
Provider updates	11
LCP Insights	12

At our DC & Financial Wellbeing conference, our '**DC symphony**' theme centred on collaboration – trustees, employers and providers working more effectively in concert to deliver better member outcomes. The conference provided the colour and commentary, two new reports the rhythm, and 'mandation' the dominant motif. You can find highlights on our [event webpage](#).

Parliament may have edged back from the brink, but **the intervention power remains** – latent, not defused, and ready to re-enter proceedings if progress disappoints.

Beyond Westminster's mandation theatrics, **the reality of retirement is hardening**. State Pension age is now creeping inexorably from 66 to 67, the triple lock is delivering real money while its continued justification recedes, and HMRC's current silence on transitional protections for those impacted by the **impending move to a minimum access age of 57** is generating avoidable confusion.

At the same time, member behaviour is being shaped at scale by **unregulated online voices**, while provider consolidation, platform simplification and the impact of private markets investment quietly reshapes the rhythm of DC.

In concert, these developments leave little room for drift.



A recap of our DC and Financial Wellbeing conference 2026

DC Masters of the Universe?

Steve Webb unveiled LCP's latest research on who really runs occupational DC schemes.

Fewer than 50 trustees – a group that could squeeze onto a London bus – currently control assets of c.£160bn, which is over half the money in occupational DC schemes (**see p7**).

From GDP to DC: Pryce, pressure and a Regulator in the spotlight

Vicky Pryce, Chief Economic Adviser at the Centre for Economics and Business research, delivered fascinating insight into UK macroeconomics.

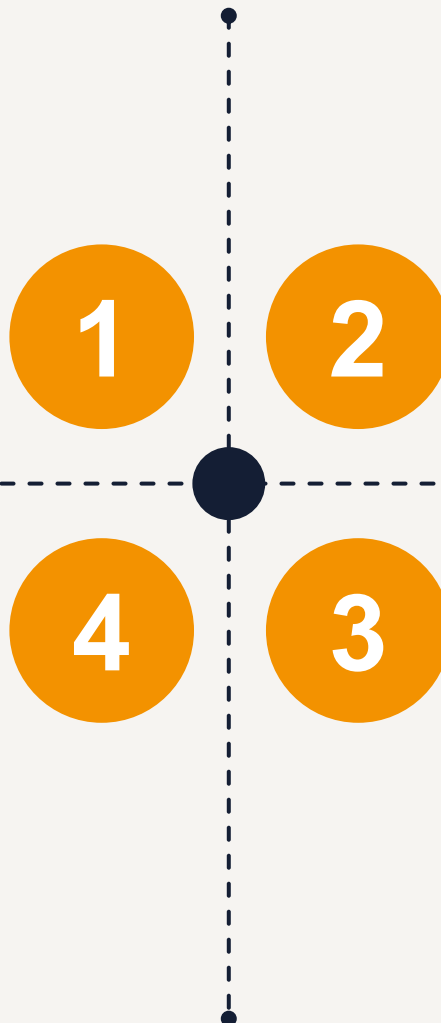
Steve Webb conducted a characteristically forensic interview with Kim Goodall-Brown, Director of Defined Contribution and Master Trust Supervision at TPR, on VFM requirements and the importance of measuring value consistently, using agreed metrics.

The pressure to deliver better outcomes intensifies

Shayala McRae highlighted some of the challenges associated with the gender and ethnicity pensions gap and Nigel Dunn revealed which Master Trusts were making the grade in climate engagement. This was followed by Helen Shackelford's 'love affair' with Value for Money, after which Stephen Budge brought us up to date on the real-world impact of Mansion House.

Breakout sessions

Heidi Allan examined how behavioural insights can shape money choices and member communications; Georgina Smith, Ellen Wallace and L&G's Olasumbo Biobaku-Mason explored how the retirement landscape is shifting, with clear calls to action for schemes and sponsors; and Jessica Clayson and Alasdair Mayes traced how pensions and tax policy have evolved, and what the next phase of change means in practice for schemes.



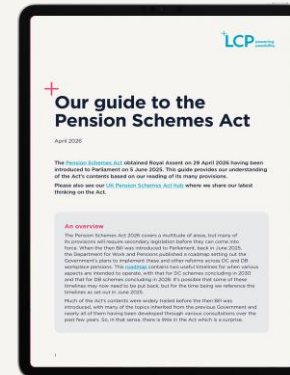
Pension Schemes Act 2026: ship saved, some cargo lost

Agreement ends the debate – preparation now matters.

The Pension Schemes Act had been the subject of a procedural tug-of-war, with the power of mandation at the centre of a stand-off between the Commons and the House of Lords, characterised by Spartan degrees of stubbornness. Ministers argued that the power is benign – a reserve mechanism designed solely to reinforce the voluntary Mansion House Accord, if industry delivery falls short. The House of Lords took a quite different view, concerned about how the power might be used, once enshrined in law.

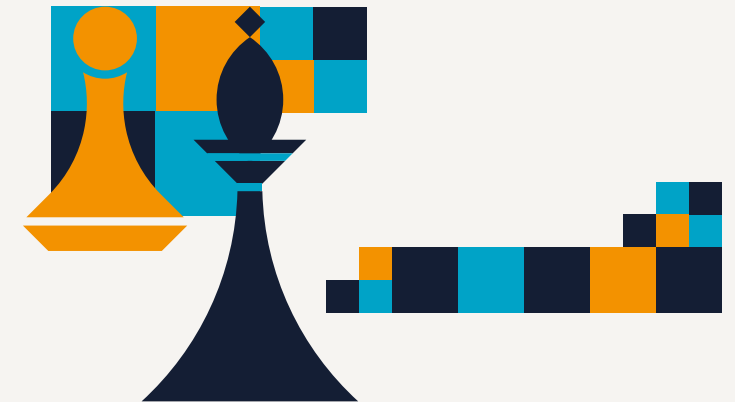
At one point, this impasse was threatening to derail the Bill completely, but with the deadlock now resolved (you can read our guide [here](#)), the focus now shifts to what these fundamental changes for DC schemes will mean in practice:

- The ‘mandation’ wording remains, but with significant restrictions: to use this power, the Government will have to show competitive pricing pressures are restricting Master Trust and Group Personal Pension investment into UK private markets.
- The DC Value for Money framework will apply to occupational pension schemes from 2028.
- The creation of multi-employer ‘megafund’ default investment strategies of at least £25 billion by 2030, or by 2035 at the latest.
- New rules will bring together small DC pots worth £1,000 or less into one pension scheme (for a particular individual) that is certified as delivering good value to savers.
- Rules around delivery of retirement income from ‘default pension benefit solutions’, or ‘Guided Retirement’ are expected to be in place by 2026/27.



+ *It is disappointing to see that the mandation measure remains, given significant industry concerns, although we welcome the restrictions agreed. But this now includes the final amendment to reference competitive pricing pressures, which could restrict Master Trust and Group Personal Pension investment into UK private markets.*

Steve Budge, LCP Partner



Pension Schemes Act 2026: ship saved, some cargo lost (cont.)

Analysis shows that ministers still need to beware of intervention in domestic fund investment

Although the mandate issue has been resolved (for now), it remains latent, which renders LCP's recent **report** on domestic fund investment, published in conjunction with economics consultancy Frontier Economics, as worthy of attention in the context of how the market might develop. The conclusions it draws are:

- There are **big differences in strategies between the UK and other countries' pension schemes**. For example, Australia has schemes with much greater scale compared with the UK, as opposed to a general unwillingness by UK schemes to invest locally.
- **As UK schemes grow, they will tend to diversify, investing more in the sort of assets that the Government wishes to promote**, without needing to be forced to do so. Some larger UK schemes already have significant allocations to private markets and infrastructure, with more set to follow as they grow.
- **Just because pension schemes in other countries allocate a certain percentage to domestic 'productive' assets, it does not follow that this is necessarily the right answer for UK schemes**. Instead, Government policy should identify 'market failures', i.e. those markets where the socially-optimal level of investment is not delivered.
- **The move from voluntary to mandatory investment strategies** (albeit now diluted) **is not supported**, and the Government's actions will still need to be subject to rigorous evaluation.



Master Trusts: forged, not finished

The second in our ongoing series of **Master Trusts Unpacked** reports has just been released, covering providers managing c.£700bn of assets across all types of workplace DC schemes, which represent an estimated **85–90% of the total market**.

It follows **2025's report** and focuses on key non-investment-related areas that will have an important impact on a DC savers' experience and ultimate outcomes. Its findings are:

- The provider landscape is continuing to change, with continuous developments and enhancements to propositions for the benefit of scheme sponsors and members.
- The reforms inherent in the Pension Schemes Bill are likely to result in further **consolidation within the Master Trust market**, despite the introduction of transition plans by the DWP / TPR for providers that may not make the cut by 2030. This is an **increasingly important consideration** when selecting a Master Trust.
- Decumulation options are evolving into broader support solutions, rather than simply investment and product propositions. This was the **most notable area of development** over the last year and one in which a range of providers are set to bring solutions to market over the next 12 months. We are hoping that this will translate into meaningful retirement support for members.
- Whilst it has been positive to see improvements in the quality of member service, **we do not yet have unbridled confidence** in providers' abilities to manage increased call volumes and workloads during volatile periods, such as the pre-Budget rumours about tax-free cash.
- Member engagement in DC schemes is similar to last year, with some providers having success in encouraging **DC savers to engage** with key tasks, using a variety of channels such as apps.
- Using a multi-media approach including various social media platforms is vital, by acknowledging that **different age cohorts prefer to engage in diverse ways**, as well as recognising the importance of supporting employees' general financial health.

In a recent **press release**, The Pensions Administration Standards Association (PASA) has cautioned that default retirement reforms risk creating a “once-in-a-generation” operational challenge for administrators, warning that DC systems that have been designed to process retirement choices and then close records will now need to evolve to support ongoing retirement delivery, including payroll, tax and outcome oversight.

PASA chair and LCP Partner **David Fairs** said that “**these reforms reinforce the growing recognition of administration as a critical enabler of good member outcomes.**”

When trustees become Titans

In another important report, **Pensions Powerbrokers 2: The DC Generation**, we examine where DC pension assets are currently held, trustees' crucial management role and what this means for the current market, members and sponsors.

This research has revealed that more than **half of all the money in occupational DC pensions – over £160bn - is controlled by fewer than 50 trustees.**

We carried out in-depth interviews with key industry figures, including trustees and Master Trust providers, exploring five key themes:

- What issues arise from the consolidation of power in the hands of a small number of people?
- How are trustees best supported to fulfil this increasingly challenging task, and how do we ensure diversity of insight and action?
- Has provider power remained important?
- How is the role of DC trustees evolving and becoming more challenging?
- Is the employer voice becoming 'muffled'?
- Is the member voice becoming quieter?

“Megatruster providers should be regulated as giants”

In a similar vein, **Trustee as Sovereign**, a paper published on 4 March by Michael Johnson, says that the Pension Schemes Bill reforms will create as few as **ten dominant megatruster providers** by the mid-2030s. Johnson has argued that funds of this scale will become "systemically important" and that the current regulatory regime will no longer be fit for purpose.

This extraordinary consolidation of power in the hands of a remarkably concentrated number of people raises genuine concerns around diversity of thought, innovation, the balance of influence between trustees and providers, and more. Provider power remains important, often acting as the source of new ideas and day-to-day decision making. TPR's latest updated **guidance** for Master Trusts' capital reserving requirements should also be viewed in this context.

The role of DC trustees is also evolving and becoming more challenging. They will need to be au fait with the new VFM framework, hold their schemes to account, meet new requirements on scale, and much more. In the process, **scheme sponsor influence may become more subdued** (such as the balance of power in a traditional single employer DC trust). As importantly, **members' influence may also become more muted**, as they risk becoming isolated as part of the drive for scale.



A chorus ignored

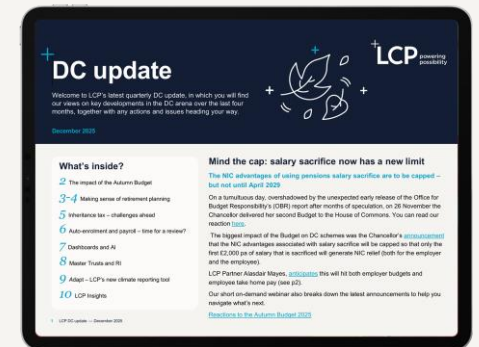
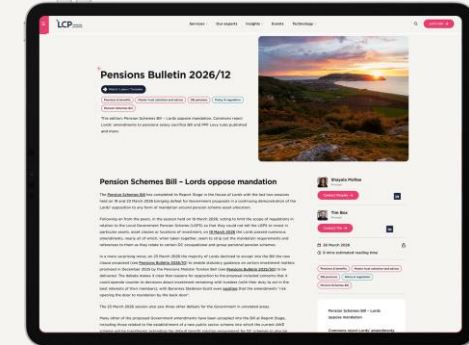
Parliament finally agrees the pensions salary sacrifice bill

The National Insurance Contributions (Employer Pensions Contributions) Bill finally completed its Parliamentary stages on 25 March 2026 when the Lords bent to the will of the Commons (see our [Pensions Bulletin 2026/12](#)).

The Bill remains as originally conceived by the Government (see our [December 2025 DC Update](#)). It will operate from the 2029/30 tax year.

The Lords had passed an amendment to the Bill at Report stage so that those repaying student loans would not face extra loan repayments, as well as extra NICs on any pensions' salary sacrifice above the proposed £2,000 pa cap. This is because the Bill had overlooked that student loan repayments use the same definition of earnings for NICs. So, bringing salary sacrifice above £2,000 back into NICs also pushes up student loan repayments, leaving individuals paying both an extra 2% NIC **and** 9% loan repayment on **the same income**.

Unfortunately, the Commons rejected all the amendments to the Bill, which included raising the £2,000 cap to £5,000, excluding basic rate taxpayers and the Lords' amendment to student loans.



Surveys suggest that a considerable proportion of employers are considering making the most of this window before the 2029 changes, especially larger firms, where the impact of applying 15% employer NICs to sacrificed contributions over £2,000 will be the largest.

This will also have big implications for firms that pay bonuses, given that bonus sacrifice accounts for more than **half the total cost** of the salary sacrifice system.

Employers who have not yet implemented salary sacrifice may wish to do so, to take full benefit **before the cap comes in**.

Working 9 to 55 (and beyond..)

Easter Monday marked the point at which the State Pension age increased from 66 to 67.

For those who celebrated their 66th birthday on 6 April 2026, the moment of access slipped just out of reach: instead of drawing their State Pension immediately, they must now wait a further month. Those who turned 66 the day before on Easter Sunday were able to enjoy their festive egg in the satisfying knowledge that their State Pension payment would arrive the next day.

Over the coming year, this experience will repeat itself. As each month passes, State Pension age will rise by a further month, creating a sequence in which eligibility is visible but repeatedly deferred.

The parallel with the myth of Tantalus is difficult to ignore: the reward is clearly in sight, yet the closer one gets, the more it retreats. Those born on 6 March 1961 will feel this most keenly, having to wait the full additional year (until their 67th birthday) before they can finally begin to receive the State Pension.

For now, this slowly-receding State Pension horizon pauses at age 67. The next step, from 67 to 68, is not **currently** scheduled to begin until 2044.

Greeks bearing gifts

The annual increase to State Pensions also took place on Easter Monday, with a headline increase of up to £575 due to the triple lock, delivering a 4.8% increase on both the basic and the new State Pension. This year the earnings element of the triple lock was victorious.

But if the formula is familiar, the politics around it is becoming less so. With each earnings-led uprating creating a material cash increase, the triple lock is likely to come under increasing political pressure, its long-term future already widely viewed as uncertain as the Government grapples with the cost of sustaining it through tough fiscal conditions.

This is starting to feel like a melange of Sisyphus and Tantalus: every Spring the Treasury rolls the uprating stone back up the hill – every Autumn the question of affordability emerges, close enough to see, never quite close enough to settle.

The triple lock endures for now, but it is beginning to look less like an iron law of nature and more like an artefact of policy-making – fashioned by Hephaestus in a different age, awaiting the increasingly imminent moment when it will have to be re-forged (**see also LCP Insights on p12**).

Minimum access, maximum confusion

The legislation (passed in 2022) enabling the increase in the Normal Minimum Pension Age (NMPA) with effect from April 2028 represented a substantial structural reform with far-reaching implications for schemes, member communications and members' retirement planning decisions.

HMRC has still not published the transitional regulations that will allow individuals who have started to receive their pension benefits while the NMPA is 55 to continue to do so without interruption from April 2028, when they have not reached 57. Regardless of HMRC's Delphic silence on this important issue, **schemes would still do well to keep the NMPA issue at the forefront of their member engagement programmes.**

The Trojan horse of financial advice: free content, hidden consequences

‘Finfluencers’

Social media platforms have **come under fire** from the FCA for “not doing enough” to protect people from so-called ‘Finfluencers’, social media personalities who use their platforms to promote financial products and share advice, which are all the rage on TikTok and other social media sites.

TikTok pays influencers based on performance and engagement – a metric that directly incentivises sensationalism, while Instagram and YouTube rely more heavily on sponsored content and advertising.

Although there is no publicly available data on the number of videos being uploaded to ‘FinTok’, it appears that the potential cost of this advice is real: in 2025, according to **TSB Bank**, **55% of those who have followed financial advice on social media report losing money.**

For trustees and scheme sponsors, the risk is not these platforms per se, but the scale at which trust and financial behaviour are being shaped beyond regulated advice and traditional member safeguards.

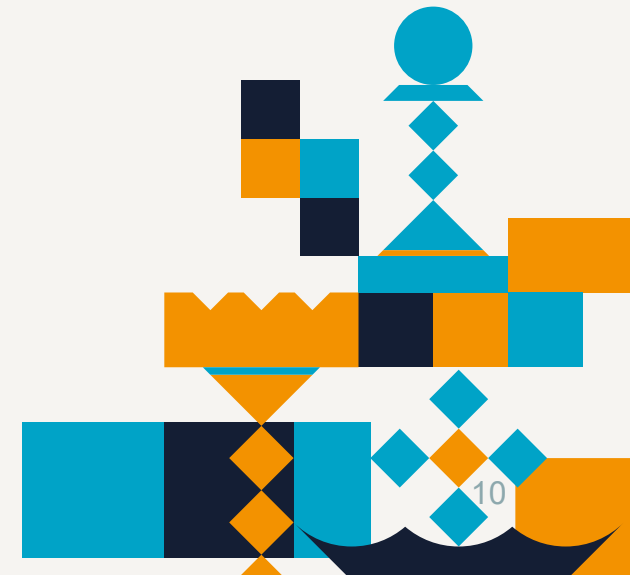
Whilst you can't stop members hearing things from other places, you can be the trusted voice amongst the online siren calls. Members are less likely to succumb to smoothly-produced TikTok if they already have a trusted source of information, where they can check facts. For schemes where communication may be a patchwork of items driven by scheme changes and the occasional digital communication from a provider, this can be a challenge (**see also ‘LCP Insights’ on p11**).

David Millar, Head of Communications at LCP, thinks that trustees and scheme sponsors have three goals:

- Be clear what the one source of information is that you want to promote. Make sure it has the information you want and is updated regularly.
- Measure how often members are accessing it. If this is a provider's website, don't check web registrations so much as how many members visit.
- Set a communication strategy, which can be as simple as a calendar of communications over the year. Don't communicate just when there is a change or a regulatory need – build trust with members that the information they need will be there when they come looking.

+ *Finfluencers are trusted by the people who follow them – often young and potentially vulnerable people.*

Steve Smart, Joint Executive Director of Enforcement, FCA



Provider updates: Aegon(e) / Mind the app

With many of our clients using ‘bundled’ schemes with providers, this section keeps you updated with latest developments, based on our independent research.



The theme of market and provider consolidation flagged in our [February 2026 DC update](#) continues, with the announcement that **Aegon** is selling its UK life insurance and retirement business to **Standard Life** for £2.0bn. Subject to regulatory approval, the deal is expected to conclude by the end of the year.

Standard Life has said that the transaction will establish it as the UK's second largest workplace pensions platform by assets and customers – adding c£74bn in assets under management to its existing £71bn workplace proposition, moving it to become the UK's second largest retail pensions and savings platform.

Aon currently outsources the administration of its Master Trust (and other DC products) to Aegon, so one of the ramifications of this deal is that it might have an impact on its workplace DC solution.

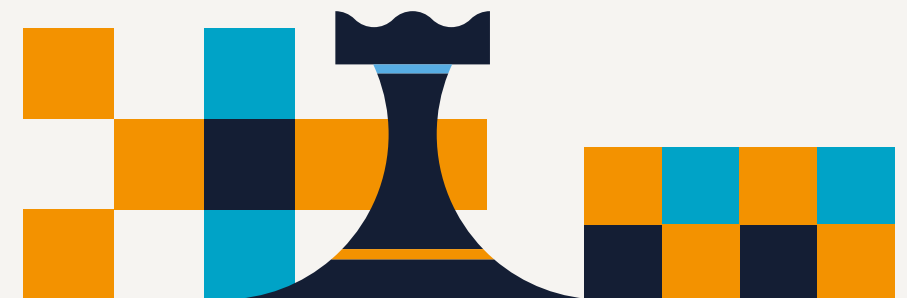
Aviva has announced that it is updating its ‘digital experience’ for all its workplace customers via the introduction of a single digital ‘front door’ across its current platforms, to give members easier access to their pension view and an improved digital experience.

Members will be encouraged to begin logging in to ‘MyAviva’, releasing promotional materials along with presentations and centrally generated communications.

From September 2026 Aviva’s current ‘My Workplace’ will no longer be available to download and will subsequently be decommissioned.

You can find more details [here](#).

We will keep you updated as matters progress: **clients with exposure to these providers can talk to their LCP contact for further information and guidance.**



Stephen Budge joins Pensions UK

We are proud to announce that LCP DC partner, **Stephen Budge**, has been appointed to the Defined Contribution committee at Pensions UK.

You can read more about this [here](#).

A very personal State Pension

The Tony Blair Institute (TBI) has just published **proposals** for a radical reform of the State Pension, which includes a suggestion to replace this with a 'Lifespan Fund' which people could access early in certain circumstances.

The report is motivated by a desire to make the system fairer to people in deprived areas (who lose out most every time State Pension age is increased) and more flexible.

LCP Partner Steve Webb thinks that there's a "truly terrible idea at the heart of it", which is the proposal that everyone should have a unique and personal State Pension age, based on the age at which we can expect to live another 20 years, worked out by the DWP based on our NHS digital health records.

Endgame or slow game? Iran and the age of 'slugflation'

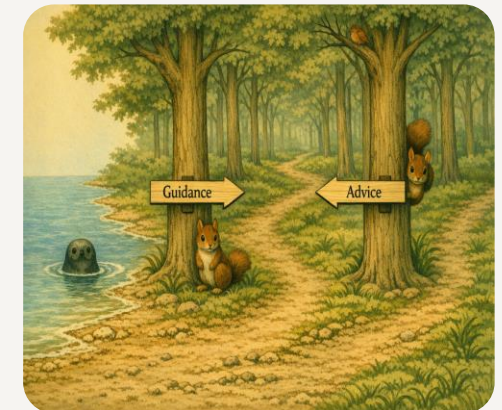
In April, LCP's **energy and investment** experts took stock of the Iran war, focusing on energy and investment markets, and the longer-term consequences. You can watch the webinar [here](#), together with our latest **podcast** on how these pressures are feeding through into the global economy.

From sea to shore: seals out, squirrels in

In the wake of 'Emil the Seal' (the FCA's emblem designed to warn about investment scams – see our February DC Update), comes another anthropomorphic brand ambassador in the form of **'Savvy the Squirrel'**, launched recently to champion the Government's new 'targeted support' framework, which is designed to bridge the gap between guidance and advice.

Be it a black horse or a meerkat, the use of animals in financial marketing can be effective, so hopes are high that this latest addition to the menagerie will be successful in raising the public's perception of the benefits of investment.

Whether this latest creature of policy design proves to be genuinely helpful or just a woodland cameo remains to be seen, **but schemes should familiarise themselves with how this new initiative will work in practice**, as providers are now starting to receive FCA approval to deliver targeted support, enabling them to provide more tailored communications to members.



Do you enjoy hearing from our experts?

It's important to us that we deliver what you want, and don't clog up your inbox with things you don't. Please take a moment to let us know your preferences; in return we will try our best to only send you the things that matter to you. For further details, visit our [preference centre](#).

Any questions?

If you would like any assistance or further information on the contents of this DC update, please contact the team below.



Philip Audaer
Principal

philip.audaer@lcp.uk.com
+44 (0)20 7432 6777



Ellen Wallace
Associate Consultant

ellen.wallace@lcp.uk.com
+44 (0)20 7432 0633



Jamie Keegan
Analyst

jamie.keegan@lcp.uk.com
+44 (0)20 4603 3731



Jack MacDonald
Analyst

jack.macdonald@lcp.uk.com
+44 (0)20 7432 3070

At LCP, our experts help to power possibility by navigating you through complexity to make decisions that matter to your business and to our wider society. We are powered by our desire to solve important problems to shape a more positive future. We have market leading capabilities across pensions and financial services, insurance, energy, health and analytics.

Lane Clark & Peacock LLP is a limited liability partnership registered in England and Wales with registered number OC301436. LCP is a registered trademark in the UK and in the EU. All partners are members of Lane Clark & Peacock LLP. A list of members' names is available for inspection at 95 Wigmore Street, London W1U 1DQ, the firm's principal place of business and registered office. Lane Clark & Peacock LLP is authorised and regulated by the Financial Conduct Authority for some insurance mediation activities only and is licensed by the Institute and Faculty of Actuaries for a range of investment business activities. © Lane Clark & Peacock LLP 2026

<https://www.lcp.com/en/important-information-about-us-and-the-use-of-our-work> contains important information about LCP (including our regulatory status and complaints procedure), and about this communication (including limitations as to its use).

