LCP's response to DWP's consultation on draft GMP conversion regulations

29 October 2026

This document sets out LCP's response to DWP's consultation on the draft Occupational Pension Schemes (Schemes that were Contracted-out) (No 2) (Amendment) Regulations 2026 published on 3 September 2026 (the "regulations").

Who we are

LCP is a firm of financial, actuarial, and business consultants, specialising in pensions, investment, insurance, energy, health and business analytics. We have over 1,000 people in the UK, including over 180 partners.

The provision of actuarial, investment, covenant, governance, pensions administration, benefits advice, and directly related services, is our core business. About 80% of our work is advising trustees and employers on all aspects of their pension arrangements, including the application of the pensions tax regime to benefits. The remaining 20% relates to insurance consulting, energy, health and business analytics. LCP is 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.

Executive summary of our views

We welcome the Government's publication of the draft regulations for consultation to allow an opportunity for the pensions industry to provide feedback on the proposals ahead of regulations being finalised.

Overall, we believe the draft regulations achieve the policy objective and will clarify and streamline the process of delivering GMP conversion and the equalisation of benefits between males and females in relation to GMPs.

The only material points we have on the draft regulations are:

- **Bringing the Pension Schemes (Conversion of Guaranteed Minimum Pensions) Act 2022 into force**: The draft regulations go hand in hand with the amendments to the Pension Schemes Act 1993 set out in the Pension Schemes (Conversion of Guaranteed Minimum Pensions) Act 2022 ("the Act"). Our non-legal understanding is that the provisions of the Act need to be brought into force by the regulations.
- **Transitional provisions**: The draft regulations require trustees to reconsult with members (where they have already started or completed the consultation process) for the provisions in the regulations to apply. We consider this to be an unnecessary step. The member consultation will not have gone into the level of detail that means the regulations would change the consultation documents. We suggest a further consultation is required only if applying the new process would have any impact on the description of the proposed conversion given in the consultation. Otherwise, the trustee should be free to decide whether the old or the new process should apply.

Taking your specific consultation questions in turn:

1. Do the draft regulations meet our intention to set the minimum level of survivors' pensions that a scheme must pay post-conversion to at least half of the pension accrued by the member during the relevant period?

The wording "half of the pension to which P would have been entitled" is much clearer, provided we are correct in understanding:

- Where a pension was in payment to P on the date of death or P was older than their normal pensionable age, this is "half of the pension to which P would have been entitled had P not died" (i.e. after allowance for any options, such as commutation); and
- Otherwise, this is "half of the pension to which P would have been entitled had P's date of death been their normal pensionable age" (i.e. their accrued deferred pension without reduction for early payment).

- The “pension to which P would have been entitled” refers to P’s post-conversion pension.

Ideally these points would be explicit in the regulations.

We note that in limited circumstances trustees will not be able to apply a “younger spouse” reduction. However, we do not consider this to be a material issue. As explained in our answer to question 11, we do not believe this point will block trustees from using GMP conversion, nor is it expected to increase costs.

2. Do the draft regulations achieve our intention of simplifying the requirements around entitlement to GMP survivors’ pensions while ensuring none of the current entitlement categories are missed?

Yes, considering the current GMP and GMP conversion legislation.

If you think there are any survivors who would have been covered by the current legislation who are not covered by the draft regulations, please explain who these are.

We have not identified any considering the current GMP and GMP conversion legislation.

3. Does the definition of a ‘relevant person’ as a person who is an employer within the meaning of Part 3 of the Pensions Act 2004 better help schemes identify the parties they need to consult, compared to the existing legislation?

Yes.

4. Do the draft regulations achieve the aim of allowing a single employer to act on behalf of the employers as a whole?

Yes, although we consider the process could be streamlined further. The Relevant Person could be defined consistently with the requirements for scheme funding. We understand these do not require the Relevant Person to be an “employer” and do not require unanimity.

5. Do the draft regulations achieve the aim of streamlining the certification process for individual conversions?

Yes.

6. We want to make sure the trustees will review the model before the end of the 12-month period if the assumptions are no longer appropriate. We would welcome views on whether this is incorporated into the regulations and, if so, how it is framed.

We suggest this is covered in guidance issued by DWP, which we would be happy to assist with.

7. Do the draft regulations sufficiently safeguard members from the risk of differences in assumptions arising over time between the certificate being issued and its being renewed?

Yes. We believe they do.

8. Is there any other risk of gamification created by having two different options for ensuring actuarial equivalence between pre- and post-conversion benefits?

No. We do not believe the two options create a gamification risk.

9. Do the draft regulations have the intended effect of providing clarity for schemes currently undertaking or planning to undertake a GMP conversion exercise?

As set out above, we consider it unnecessary for trustees to reconsult with members (where they have already started or completed the consultation process) for the provisions in the regulations to apply.

The member consultation will not have gone into the level of detail that means the regulations would change the consultation documents.

We suggest a further consultation is required only if applying the new process would have any impact on the description of the proposed conversion given in the consultation. Otherwise, the trustee should be free to decide whether the old or the new process should apply.

10. Are there any consequential amendments missing from our draft regulations?

Yes. As explained above, the provisions of the Act needs to be brought into force.

11. Do you agree with our assessment of the costs and savings? Do you have any evidence on costs and savings for your scheme in relation to the new processes/ requirements?

We expect administrative savings for schemes adopting the new processes, especially those applying conversion "at retirement". We do not believe the minimum survivor's pension will generate additional costs, as the GMP conversion process allows trustees to make other changes to the overall benefit package whilst meeting the actuarial equivalence requirements. Any such other changes are likely to be small as the minimum survivor's pension will in most cases only have a small value.

Next steps

We welcome the open and constructive manner in which the DWP engaged with the pensions industry in developing the existing DWP guidance on using GMP conversion to achieve GMP equalisation, the Act and the regulations. We are happy to continue that process in supporting the provision of new guidance reflecting the provisions of the Act and regulations.

We are happy for LCP to be named as a respondent to the consultation and happy for our response to be in the public domain. We are happy for you to reference our comments in any response.

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