

60-second summary

Pensions Commission gives initial views on adequacy

The UK Pensions Commission's [interim report](#) was published on 19 May 2026. It warns that many millions of people, particularly low- and middle-income earners, the self-employed, women and members of some ethnic groups, are facing hardship in retirement. Changes are needed if the pensions system is to meet expected demographic and economic challenges.

The Commission was set up in July 2025, to explore the reasons behind projections showing lower future retirement incomes compared to today's, and to produce recommendations for change. The interim report is primarily about the first part of that remit.

The main document covers 190-pages, with an additional 126-page evidence pack. So, it's rather closer in total length to 1984 than *War and Peace*, but will, nevertheless, take some time to fully digest. The Commissions' conclusions are, however, that

- The changes (most notably the introduction of automatic enrolment, and State pension reform) that were made in response to the findings of the first Pensions Commission, which reported over twenty years ago, have achieved '*huge improvements*'. Further changes are needed in light of an ageing population, weak productivity and low wage growth experienced since then.
- For sustainability, the revised system will need to find the right mix of State pension, auto-enrolment minimums and voluntary saving. This will require a balance between Government spending, intergenerational fairness, and affordability for employers and scheme members.
- Reform must be based on a truer understanding of pensioner finances, across the income distribution, and more-suitable definitions of adequacy (The Commission suggests a hybrid adequacy measure that melds target replacement rates for middle earners with a basic standard for lower earners).
- The new State pension is making the sort of income contribution envisaged by the first Commission, whereas private pensions saving has fallen short.
- The interactions of Pension Credit and Housing Benefit need to be revisited, to take account of macroeconomic developments and projections.
- Auto-enrolment eligibility, earnings thresholds and quality standards need to change to produce adequate retirement incomes for lower- and middle-income earners.
- The solution needs to address those who are not saving at all, a problem that is particularly acute among the self-employed (and especially younger, lower-earning self-employed people).

- Wider public-policy changes will be needed to address savings disparities within sectors of the population (women, carers, disabled people and some ethnic groups) that have lower earnings and more gaps in employment.
- The system must support older workers so that people remain in employment longer (and recognise that it won't be feasible for everyone to do so, or fair to expect it).
- The accumulation (accrual and contribution) and decumulation (retirement) phases of retirement saving are equally important for ensuring adequacy, so there must be default solutions and protections during the retirement stage.

Next steps

Comments on the interim report can be submitted using an [online form](#) or by [email](#). Publication of a final report, setting out the Commission's recommendations for reform, is expected in the spring of 2027.

By marshalling the evidence for the looming adequacy crisis, and presenting the problems and challenges in such a clear manner, the Pensions Commission has established a firm foundation for exploration of much-needed reforms to the UK pensions system. We recognise the need to tackle under-saving for retirement, and the desirability of mobilising long-term pensions capital to increase retirement security and fuel economic growth. Auto-enrolment reforms will help to close various pensions gaps. And we're particularly gratified that the Commission has identified the challenges ahead for the growing number of people who may be faced with the costs of renting homes in retirement.

With the Commission's findings and recommendations in 2027, we have a once-in-a-generation opportunity to help people achieve financial independence and security in later life. The pensions industry must continue to work together with the Government toward a sustainable and inclusive system that supports long-term economic self-sufficiency for all.

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