

DC provider insights

From performance to outcomes – what it means for members

April 2026





Introduction

Welcome to our DC provider insights, where we assess the impact of the evolving default investment strategies across the master trusts and group personal pensions (GPPs) universe on member outcomes.

Our analysis shows that in a market responding to regulatory and economic pressures, strategic asset allocations within default strategies and the choice of provider remain key in determining member outcomes.

For members who are far away from retirement, outcomes are largely driven by the risk profile of the default investment strategies. Higher exposure to listed equity markets has generally supported stronger outcomes, despite periods of market volatility. The search for alternative sources of return and diversifiers within and across asset classes has been a key focus for providers as concentration risk has become ever more prevalent.

As members move closer to retirement, most providers seek to reduce strategic risk levels and introduce diversification wherever possible. Similarities in approach across providers exist at a headline level, however differences in asset allocation, portfolio construction and the asset class opportunity set utilised continue to result in wide variations in performance and projected outcomes across providers.

Scale forms an important backdrop to these developments, in principle. But scale alone does not determine outcomes. How providers use their expertise to sustain strategic growth, diversify effectively and manage risk through different market conditions is what ultimately matters for members.

Looking ahead as DC pots grow and retirement journeys become longer and more personalised, provider choice remains a key determinant of the extent to which members benefit from resilient strategies and better outcomes. In this edition, we take a closer look at a selection of the post-retirement investment strategies that currently exist in the market and assess the extent to which these are expected to support sustainable income withdrawal in retirement. The generation of sustainable income for life in retirement is a key focus right across the market and is an area of significant developments ahead of Guided Retirement requirements coming into force.

Where do providers currently stand on the road to achieving scale?

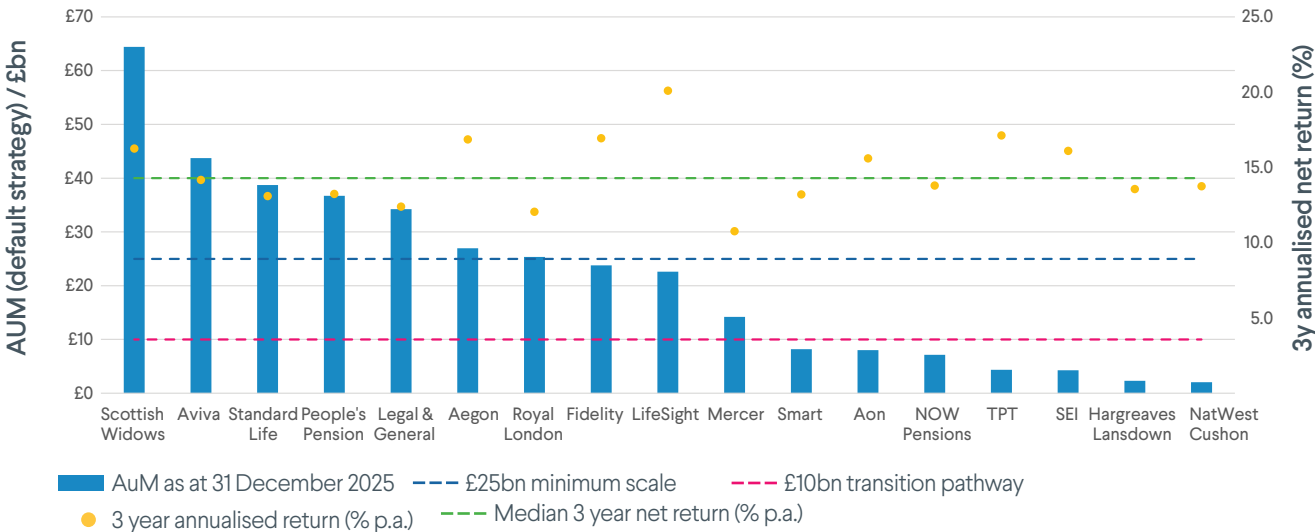
The 2025 Pensions Bill has marked a turning point for workplace pensions. There is a clear push toward achieving greater scale in default arrangements. Under the proposed legislation, master trusts and GPP providers will need to demonstrate that their main scale default arrangement either exceeds £25 billion in assets by 2030, or they are on a plausible path to reaching that threshold by 2035, with at least £10 billion by 2030.

This reflects the government’s belief that scale is essential to delivering better value, stronger governance and more resilient long-term outcomes for savers.

We look at where the providers currently stand in relation to the £10 billion target and the £25 billion target across their master trust and GPP arrangements, along with their respective annualised net returns over a three year period.

As at 31 December 2025, seven out of 17 providers meet the £25 billion scale requirements. The definition of qualifying assets for the scale test is still subject to debate and further clarity. We understand that some providers expect to point to wider asset pools, which could increase reported AuM or allow them to meet the scale requirements through other measures currently under discussion.

Assets under Management (AUM) for providers’ default arrangements



Please see notes on the last page of the report.

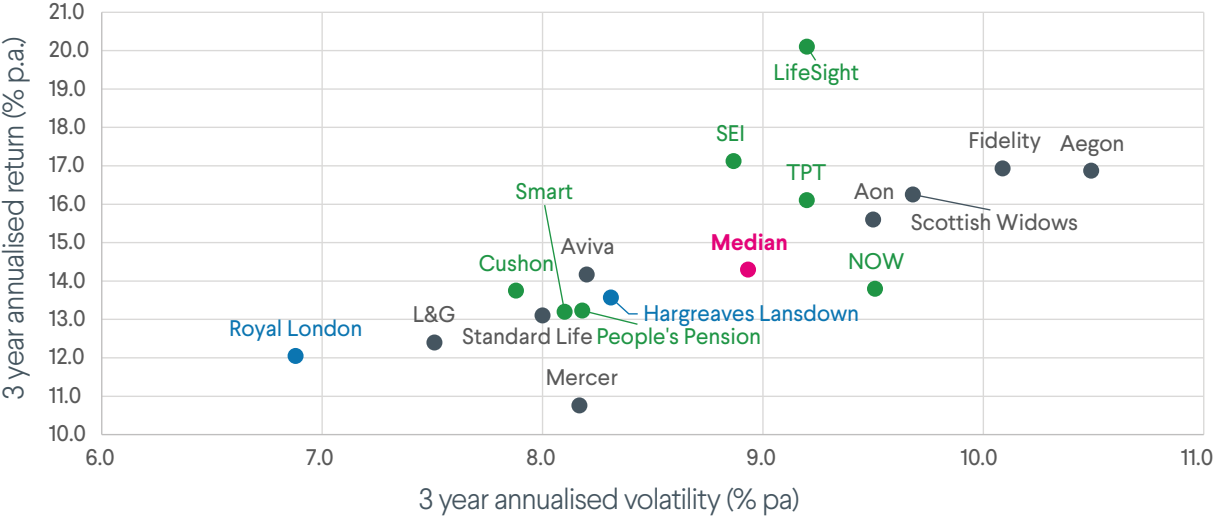
How have providers' default investment strategies performed in the past, over different stages?

The charts below show past investment performance in the three years to 31 December 2025.

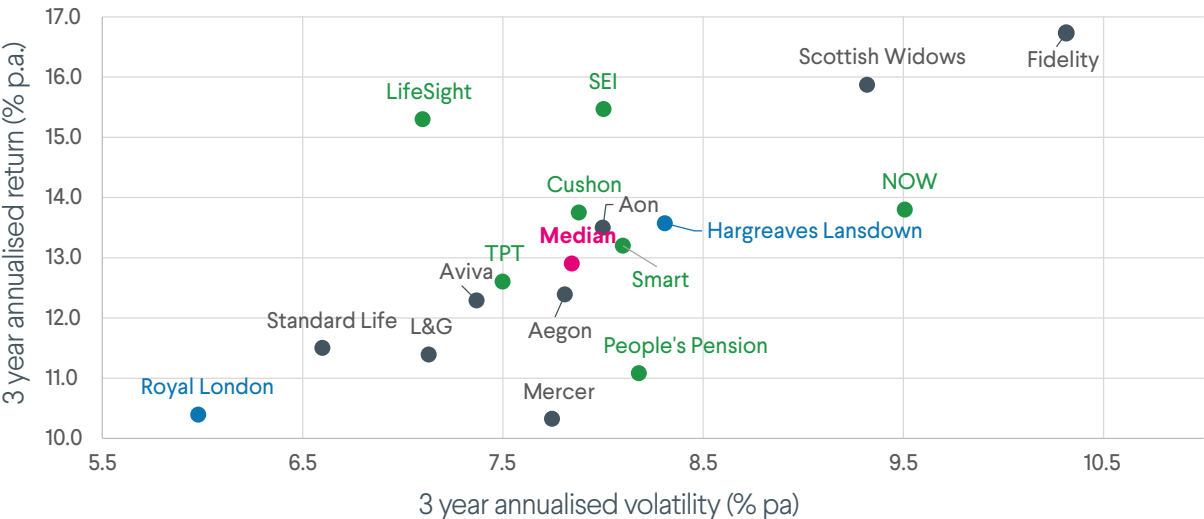
Types of providers

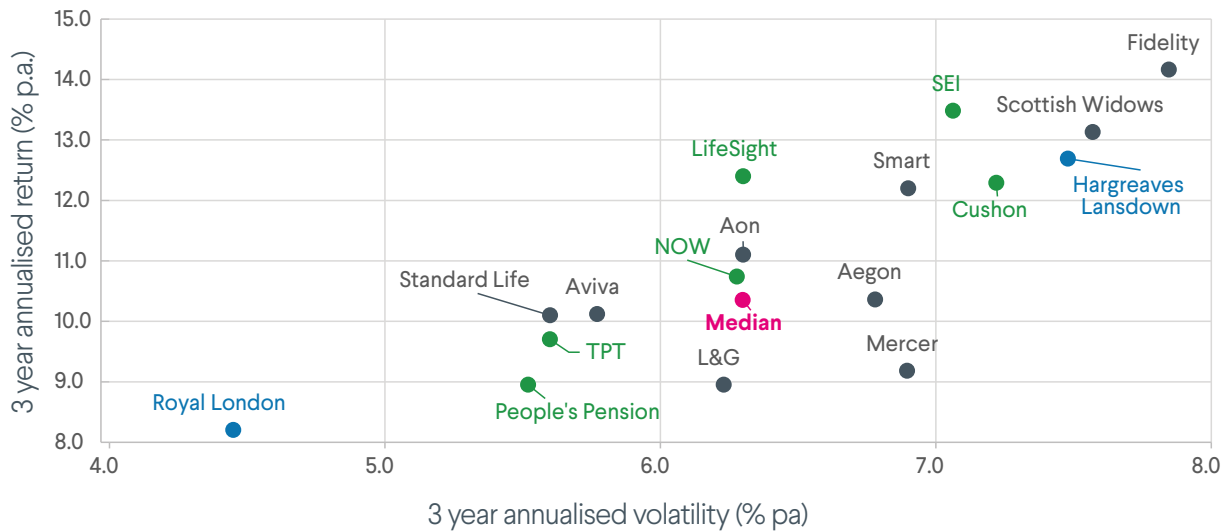
- Master trust only
- GPP only
- Both master trust and GPP

30 years to retirement



10 years to retirement



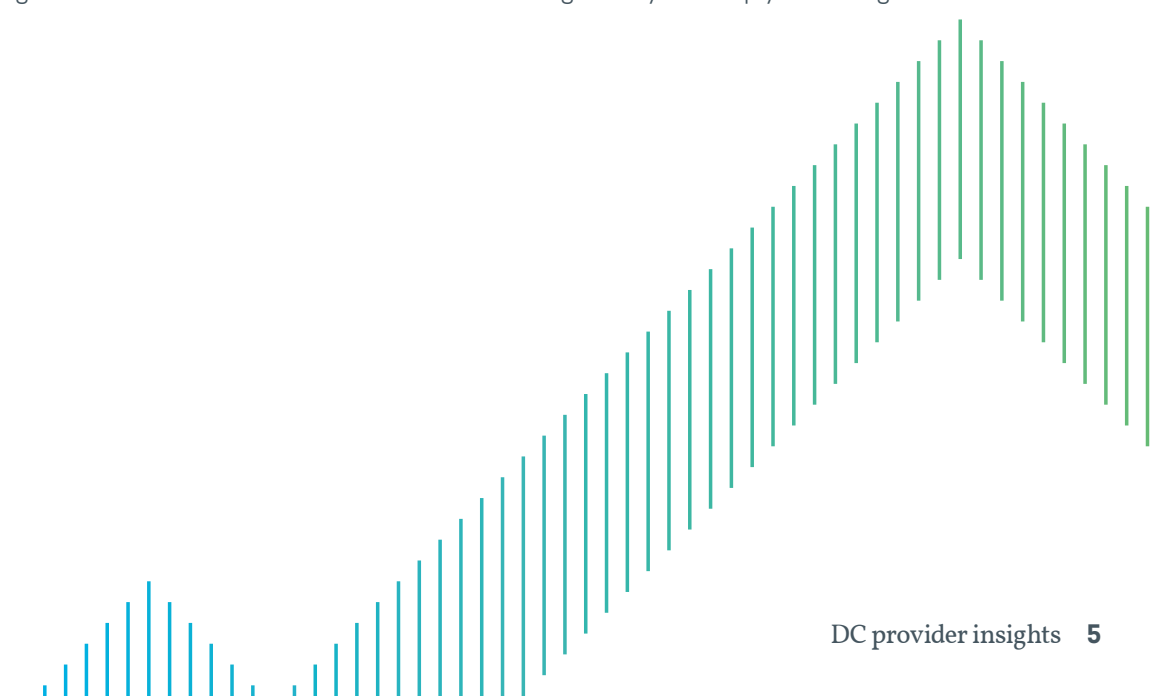


Our insights

Over the last three years, members have enjoyed all round positive returns across all stages of the retirement journey. However, there are significant differences when we look across the market. Historic conservative positioning, differences in portfolio construction and regional differences in equity market exposure have driven around 9% pa difference between the best and worst performers at 30 years to retirement. Success over the period in question is heavily defined by the extent and form of listed equity market exposure, despite periods of significant volatility. This is also true for later stages of the glidepath where risk appetite and differences in how providers use credit have led to wide variation in outcomes.

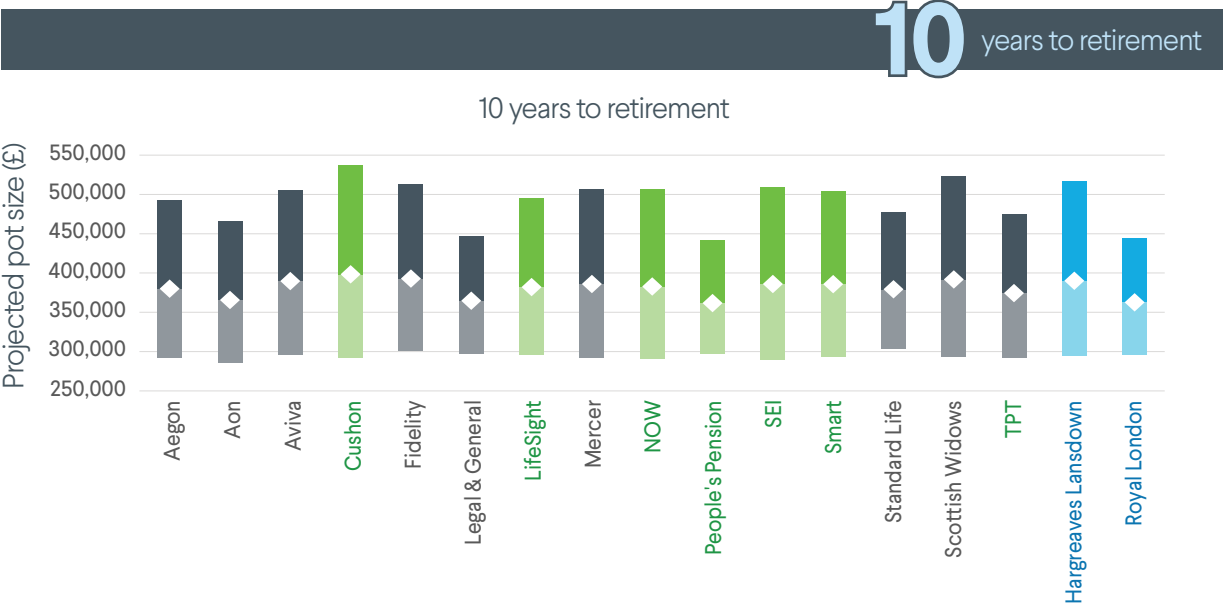
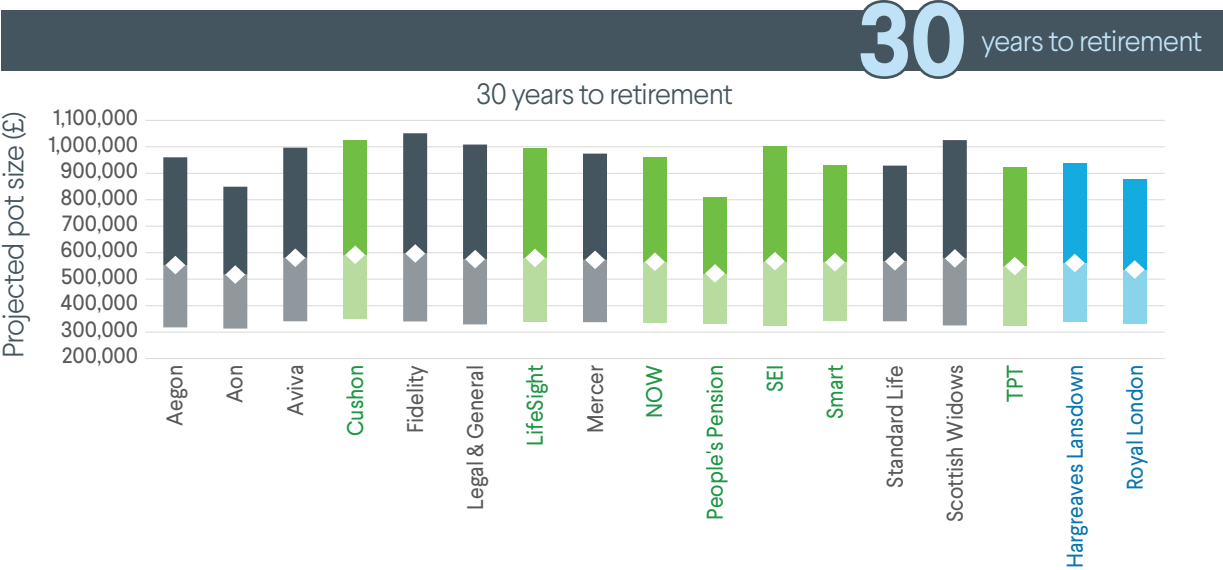
While past performance supports the trend toward sustaining [‘higher risk strategies for longer’](#), concentration risks and volatile policy risks remain important considerations.

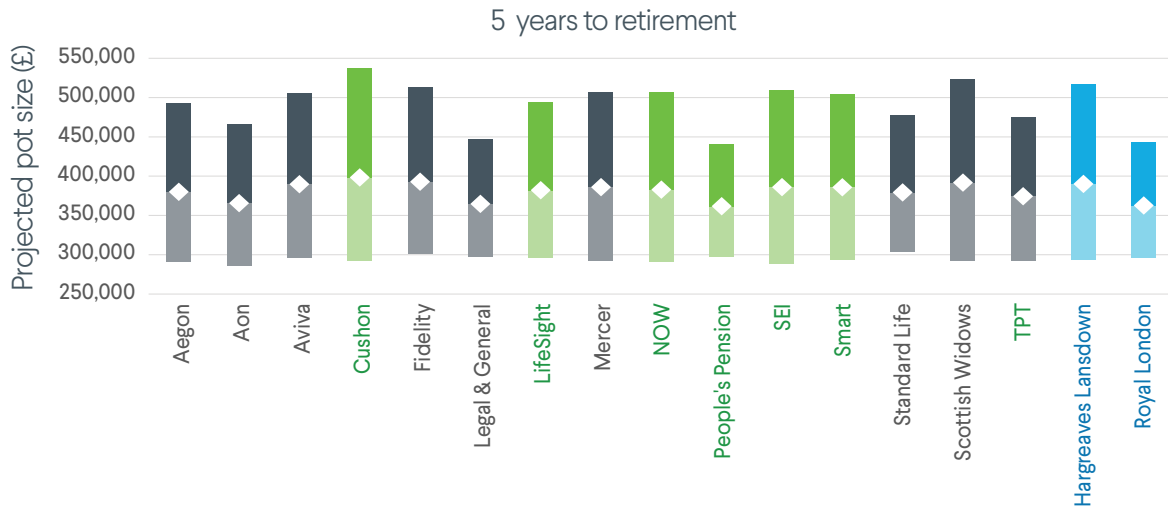
The growing range of private assets being deployed is driving meaningful change in investment strategies before and after post-retirement. This is particularly true for assets offering contractual income, alongside more liquid alternatives and a stronger focus on member behaviour at retirement. This goes beyond simply increasing equity exposure.



What impact are providers' default investment strategies expected to have on future projected member outcomes?

The charts below show projected member outcomes as at 31 December 2025, with varying ages, pension pots and salary.





Our insights

Projected outcomes continue to vary widely across the market, at every stage of the retirement journey. While median outcomes for younger members have broadly converged as most providers adopt higher-risk strategies, real differences emerge at later stages of the glidepath.

Best-case scenarios continue to show differentiation across the market, driven by notable variations in asset allocation and strategy construction. Tangible allocations to private assets within reported strategic asset allocations are beginning to emerge across a wider range of providers at 31 December 2025. This is contributing to some of the upside differences in projected outcomes. However, care needs to be taken as the robustness of strategy design and implementation, alongside the quality of manager and deal selection, will have an impact on actual outcomes, beyond those captured by modelling alone. While private markets are expected to deliver higher returns, past performance is not a guaranteed indicator of future outcomes and should be monitored closely.

Diversification will also be a key theme as we look ahead. The conversation has moved beyond a simple split between equities and credit. The attention is now firmly on diversification across styles, regions, sectors, factors and even currency exposure.

Over a 30-year horizon, these differences can materially influence long-term wealth accumulation. We have also seen several changes coming through in later stages of the glidepath and expect this to materially evolve over the coming years. Higher best-case outcomes continue to be driven by the extent of equity exposure and the split between corporate and alternative credit vs government bonds.

Approaching and into retirement, the fundamental question remains as to how to deliver a suitable investment strategy at such an individualised point in the retirement journey.

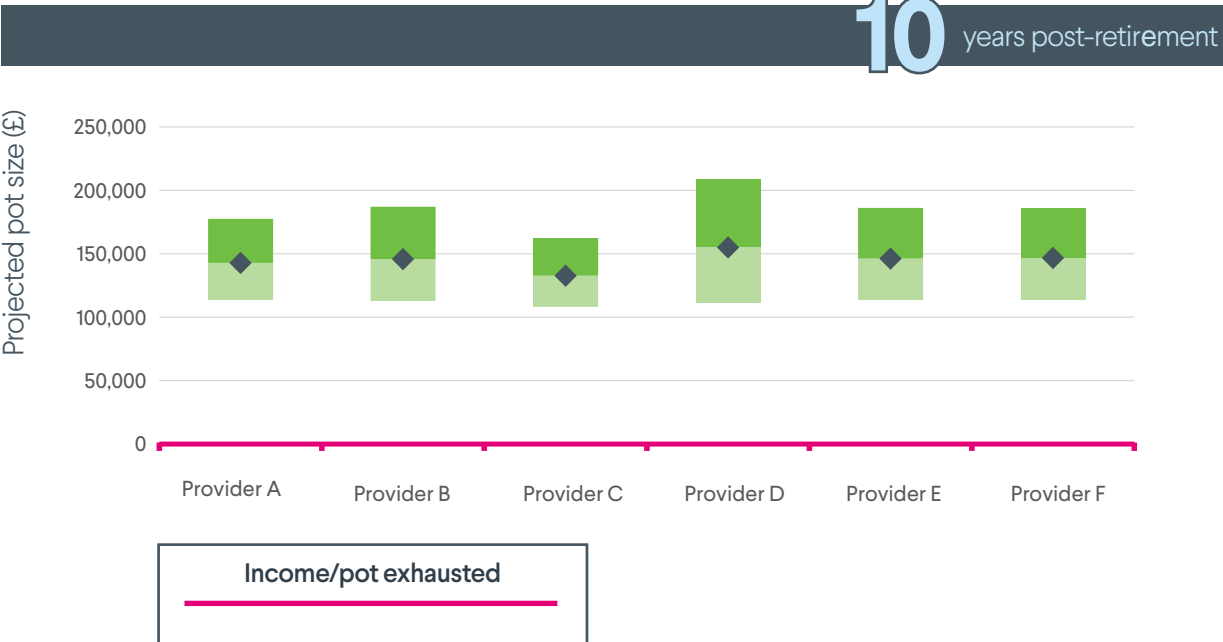
Spotlight: Post-retirement de-risking and the evolution of investment strategies in the decumulation phase

Decumulation is a hot topic following the 2025 Pension Schemes Bill. Between 2027 and 2028, schemes will have to offer default retirement solutions for their members. Many providers have already launched or are developing dynamic retirement solutions. These aim to give members a true “to and through” investment solution with the key focus being on sustainable income and longevity protection. This section looks at some of the post-retirement de-risking pathways currently available in the market and asks the question of whether these alone are sufficient to meet the challenge of generating sustainable income for life in retirement.

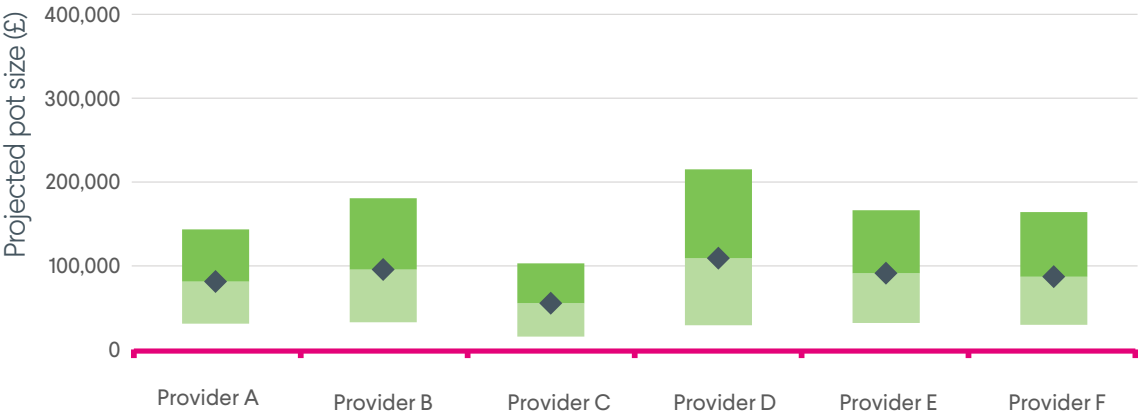
It's important to note that the strategies considered below represent the thinking of early movers in this space who have worked to confront the challenges associated with member choice at retirement.

Considerable development is underway across the market, with most providers opting to support members through retirement using a holistic approach which complements the investment strategy with wider tools and support to deliver a sustainable income for life.

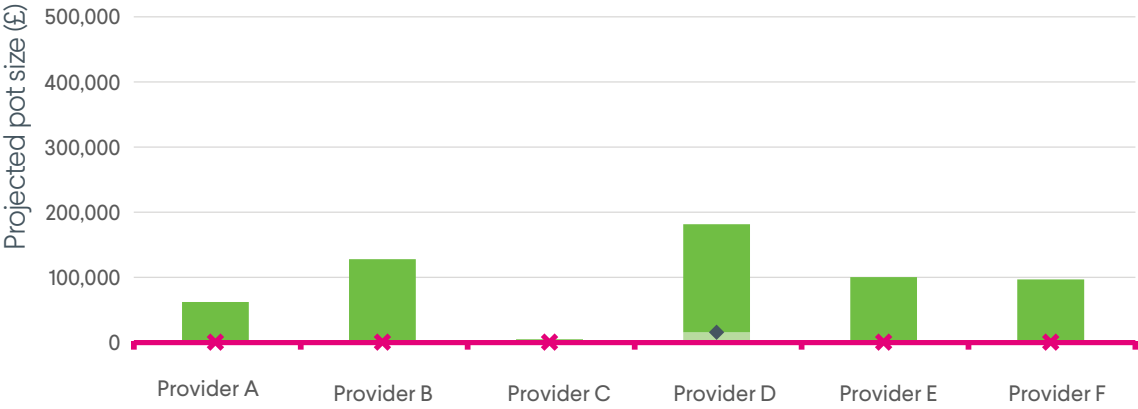
With a range of approaches out there and more innovative solutions emerging in the market, eg collective defined contribution (CDC) schemes, it's important to assess your provider's future-looking positioning in the retirement space.



20 years post-retirement



30 years post-retirement



X Median outcome = pension pot exhausted

Our insights

Currently, there are a limited number of providers who automatically move members into post-retirement strategies. The majority have static asset allocations upon reaching retirement. They rely on member engagement to make active decisions and opt into suitable retirement solutions eg investment pathways. There's no guarantee that the chosen investment pathway is suitable for a member's behaviour or that it will deliver on its aims, with notable variation in the investment strategies underpinning these pathways.

Our modelling looks at how long a member's pot is likely to last from a retirement age of 67, if it remains invested in the default strategy, with those providers offering post-retirement de-risking strategies. The modelling assumed a member withdraws at a rate of 6% per year, starting from a £250k pot and accessing their full tax-free cash allowance.

All the assessed strategies are projected to support sustainable income at this withdrawal rate for 10 and 20 years post-retirement within 75% of projected scenarios. By the very nature of continued strategic management beyond a single target retirement point, providers are typically given the licence to maintain greater risk for longer and tailor exposure to the retirement journey. It is important that this is done in a careful risk managed way. It's not immediately clear that all providers maximise the potential afforded to them in this space at this time.

Some providers have also actively opted to maintain a static asset allocation in retirement with inbuilt risk management tools, demonstrating that post-retirement glidepaths are not the only option being explored.

The income sustainability picture changes considerably as retirement stretches beyond 20 years, with all but one of the strategies seeing income exhausted in the best estimate case. Providers face some key challenges in designing long-term investment strategies in retirement. Most do not stretch automatic management of strategies beyond 15 years past retirement.

Inflation risk, longevity risk, investment risk and unpredictable member behaviour risk all pose significant challenges when designing a post-retirement strategy which delivers on the requirement to generate sustainable income.

What trustees and employers should consider

Trustees and employers should consider whether:

- default strategies provide sufficient exposure to growth assets, especially for members a long way from retirement
- growth risk assets are maintained late enough into the glidepath to support long term outcomes, particularly in response to changing retirement behaviours and longer longevity expectations
- scale is being used to deliver resilient portfolios, rather than treated as an end in itself
- default arrangements support members through retirement, not just up to the point of retirement

Regularly revisiting these questions is essential as markets evolve, pots grow and regulatory expectations increase.

If you would like to discuss how your provider compares, or whether your current default strategy remains aligned to your members' needs, please [get in touch](#).



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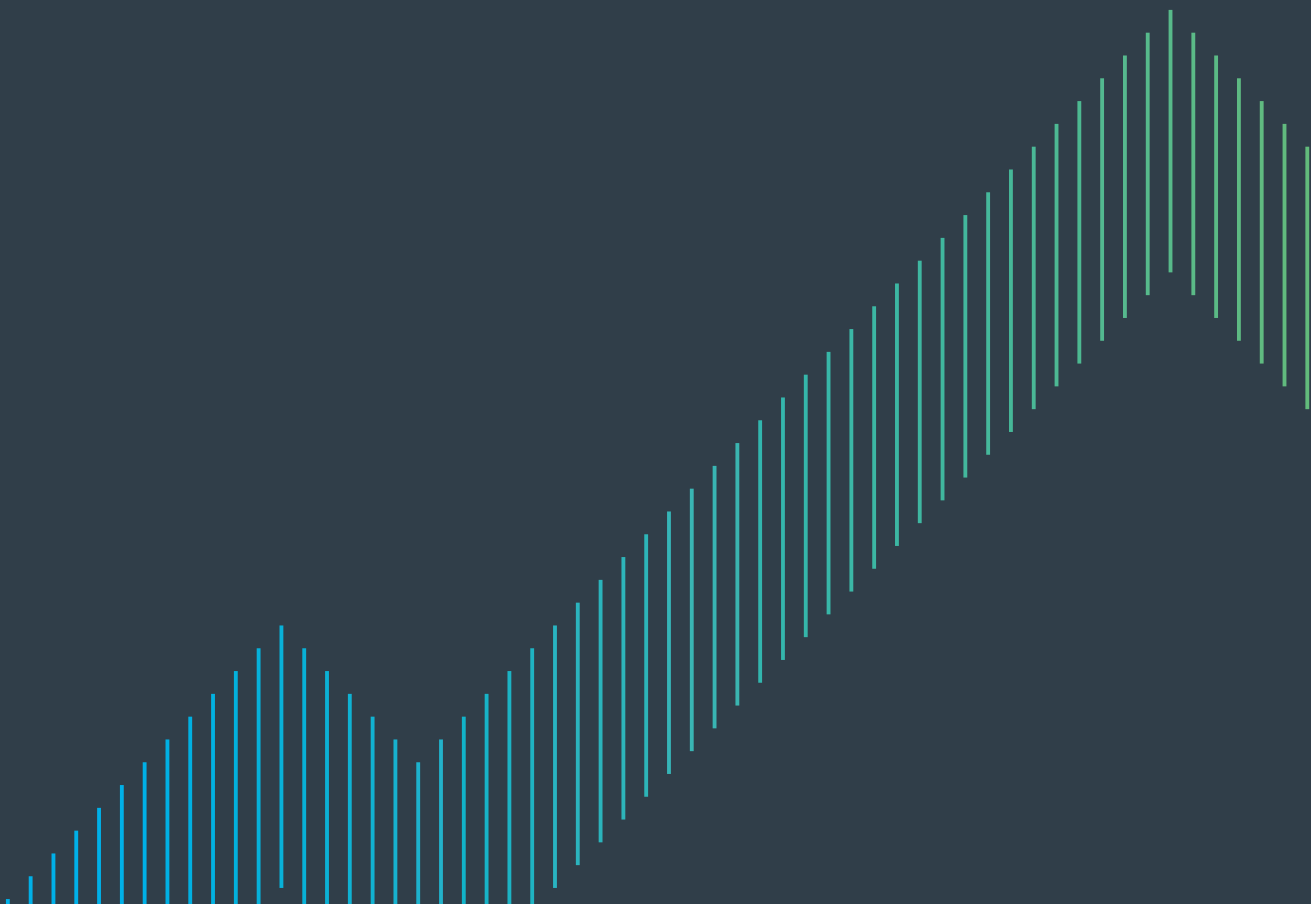
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Notes

AUM CHART – page 3

1. AUM from providers as at 31 December 2025.
2. NEST are not included as this information was unavailable.
3. Currently there is not a consensus approach to reporting scale, with some providers disclosing AUM for all their defaults with similar funds and some of them only disclosing for their “main” default. We expect more consistency of approach over time as the Government’s definition of scale becomes clearer. We have provided the AUM that providers expect to report as their ‘main scale default’ AUM.
4. 3-year annualised net return is for the main default.
5. The following “defaults” have been shown in the chart:

Provider	Default
Aegon	LifePath & Universal Lifestyle Collection
Aon	Managed Core Retirement Pathway Funds
Aviva	My Future Focus
Fidelity	FutureWise Target Dated Funds
Hargreaves Lansdown	HL Growth
Legal & General	Target Date Fund
LifeSight	Medium Risk Drawdown
Mercer	Mercer SmartPath
Cushon	Sustainable Investment Strategy
NOW Pensions	Now: Lump Sum Fund & Retirement Countdown Fund
People’s Pension	Balanced Profile
Royal London	Balanced Lifestyle Strategy (Drawdown)
Scottish Widows	Lifetime Investment
SEI	Master Trust Flexi Default Option
Smart	Sustainable Growth Targeting Flexible Income Lifestyle (Drawdown) & Smart Sustainable Core Drawdown Lifestyle
Standard Life	Sustainable Multi Asset
TPT	TPT Target Date Fund

PERFORMANCE AND MEMBER OUTCOMES CHARTS – pages 4&5

1. Past performance charts are based on net performance and volatility to 31 December 2025, supplied by the providers and relates to their default lifestyle option. Please see below a list of the defaults which are used in the charts.

Provider	Default
Aegon	LifePath
Aon	Managed Core Retirement Pathway Funds
Aviva	My Future Focus
Fidelity	FutureWise Target Dated Funds
Hargreaves Lansdown	HL Growth
Legal & General	Target Date Fund
LifeSight	Medium Risk
Mercer	Mercer SmartPath
Cushon	Sustainable Investment Strategy
NOW Pensions	Now: lump sum fund
People's Pension	Balanced Profile
Royal London	Balanced Lifestyle Strategy (Drawdown)
Scottish Widows	Lifetime Growth Path
SEI	Master Trust Flexi Default Option
Smart	Sustainable Growth Targeting Flexible Income Lifestyle (Drawdown)
Standard Life	Sustainable Multi Asset Universal
TPT	TPT Target Date Fund

2. NEST are not included as this information was unavailable.

3. Please note that the performance figures are actual performance, except for those from SW Lifetime Growth which are simulated using the underlying benchmark indices.

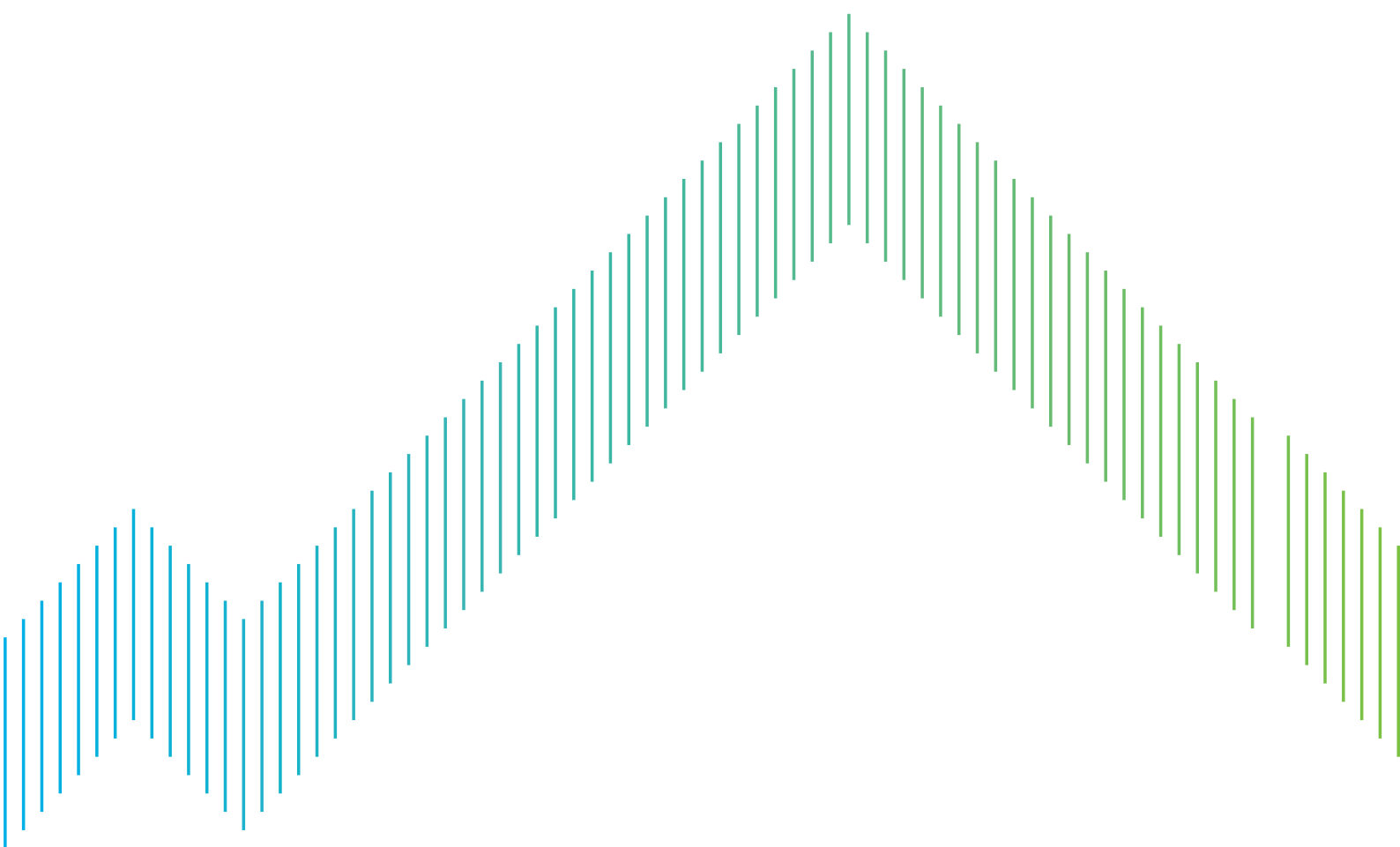
4. Projected member outcomes assumptions are based on three members:

- A member 30 years from retirement on 31 December 2025, with a starting fund value of £50k, earning £30k p.a. and with a total contribution rate of 10% p.a.
- A member 10 years from retirement on 31 December 2025, with a starting fund value of £150k, earning £50k p.a. and with a total contribution rate of 10% p.a.
- A member 5 years from retirement on 31 December 2025, with a starting fund value of £200k, earning £55k p.a. and with a total contribution rate of 10% p.a.
- All projections are shown in real terms (i.e. adjusted for inflation).

DECUMULATION – pages 8&9

Projection charts are based on member 10, 20 and 30 years after retirement, respectively, assuming a retirement age of 67, with a starting fund value at retirement of £250,000 and an annual withdrawal rate of 6% per year.

- 1. Assumptions have been made for the future investment returns which may not be borne in practice. Past performance is not a guide to future performance.*
- 2. The five providers assessed have dynamic strategies post-retirement and have been anonymised.*
- 3. Investment Pathways have not been included in these projections.*
- 4. All projections are shown in real terms (i.e. adjusted for inflation).*



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This report does not constitute legal or tax advice. Hymans Robertson LLP (HR) is not qualified to provide such advice, which should be sought independently.

Member outcomes modelling

The distributions of outcomes depend significantly on the Economic Scenario Service (ESS), our (proprietary) stochastic asset model. This type of model is known as an economic scenario generator and uses probability distributions to project a range of possible outcomes for the future behaviour of asset returns and economic variables. Some of the parameters of the model are dependent on the current state of financial markets and are updated each month (for example, the current level of equity market volatility) while other more subjective parameters do not change with different calibrations of the model. Key subjective assumptions are the average excess equity return over the risk-free asset, the volatility of equity returns and the level and volatility of yields, credit spreads, inflation and expected (breakeven) inflation, which affect the projected liability and bond returns. The output of the model is also affected by other more subtle effects, such as the correlations between economic and financial variables.

The returns presented here are time weighted returns over the specified period and are unaffected by the timing of any contributions received or pensions paid over that period. Such returns are, in general, a poor estimator of money weighted returns, which are sensitive to the timing of cashflows.

While the model allows for the possibility of scenarios that would be extreme by historical standards, including very significant downturns in equity markets, large systemic and structural dislocations are not captured by the model. Such events are unknowable in effect, magnitude and nature, meaning that the most extreme possibilities are not necessarily captured within the distributions of results.

Evaluating risk/return trade-offs from different investment strategies can be a subjective process and the output from our model should be used to inform discussion and decisions on investment strategy rather than provide a definitive answer.

Given the context of this modelling, we have not undertaken any sensitivity analysis to assess how different the results might be with alternative calibrations of the economic scenario generator.

The material and charts included herewith are provided as background information for illustration purposes only. It is not a definitive analysis of the subjects covered, nor is it specific to circumstances of any person, scheme or organisation. It is not advice and should not be relied upon. Hymans Robertson LLP accepts no liability for errors or omissions or reliance upon any statement or opinion.

This report complies with the requirements of Technical Actuarial Standard (TAS) 100.

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