

# Briefing note

## The Pension Schemes Act 2026

---

The [\*Pension Schemes Act 2026\*](#) received Royal Assent on 29 April 2026, on the eve (literally) of the prorogation of the 2024/26 session of Parliament. It contains wide-ranging reforms intended to support the UK's economic growth ambitions and improve retirement outcomes. Those reforms, together with a smattering of other notable changes, reach into all corners of the UK pensions landscape: trust- and contract-based; private- and public-sector (in the form of the Local Government Pension Scheme); defined contribution (DC) and defined benefit (DB). Much of the fine detail, however, remains to be settled, and we can look forward to years of implementation activity.

## Broad sweep

This section gives a bullet-point summary of the contents of the Act, in the order in which they appear.

### DB pensions

- Reforms to the investment-pooling and governance arrangements within the LGPS.
- Allowing trustees of private-sector schemes to modify their rules to facilitate surplus payments to sponsors, and lowering the statutory barriers to such payments (whilst keeping fiduciary duties to the fore).

### DC pensions

- The legislative framework for a new value for money (VFM) regime.
- The foundations for a multiple-default-consolidators system that will automatically combine small (under £1,000), dormant pension pots arising from auto-enrolment.
- Requirements for the default investment arrangements offered by master trust (MT) and group personal pension (GPP) schemes used for automatic enrolment to reach at least £25 billion by 2030 (or be on track to reach that size by 2035), with power to restrict the creation of new smaller-scale default arrangements.
- A regulation-making power available to the Government, for a limited period, and subject to caps, usage constraints, and a 'savers' interests test', which it could use to oblige MTs and GPPs to have at least a ten-per cent allocation to growth assets and at least a five per cent allocation to UK assets within their default investment arrangements.
- A 'contractual override' allowing transfers out of contract-based pension plans where that benefits the customer.

- A requirement on schemes to offer '*guided retirement*', a suitable default option to convert savings into a regular retirement income.

### **Superfunds**

- A statutory framework for the Pensions Regulator's authorization and supervision of DB superfunds, and a requirement to obtain its approval for transfers of liability from DB schemes into superfunds.

### **Miscellaneous**

- A statutory solution to the issues raised by the *Virgin Media* judgments.
- Indexation of Pension Protection Fund (PPF) and Financial Assistance Scheme (FAS) compensation attributable to pre-6 April 1997 service, in future, where original schemes provided for increases to pensions accrued during that period of service.
- Amended PPF and FAS definitions of 'terminally ill', to allow payment of lump sums to those whose death is expected within twelve (rather than six) months.
- Allowing the PPF much greater flexibility to set its levies at an appropriate level, including zero, whilst preserving its ability to revert to reintroduce higher levies should conditions change.
- Expansion of the information that will be shown on pensions dashboards to include PPF and Financial Assistance Scheme data.
- Giving the Pensions Ombudsman jurisdiction to resolve disputes about recoupment of overpayments to scheme members, without court involvement.
- A requirement for employers to provide auto-enrolment information to trustees and managers of occupational schemes, and to personal pension providers.
- Abolition of the PPF administration levy.

## Amendments

Several important amendments and additions were made in the course of the parliamentary process. They include provisions listed above, such as the *Virgin Media* remedy, the increases to pre-6 April 1997 PPF compensation, and the abolition of the administration levy. However there are others, buried elsewhere in the Act, that—

- oblige the Government to compile and publish a report into the effects of consolidation on master-trust and GPP innovation;
- require the DWP, the Financial Conduct Authority and the Pensions Regulator to have regard to the importance of innovation, competition, member outcomes and effective governance when exercising their powers and duties in accordance with the Act (the DWP would also have to consider the goal of achieving pension funds of appropriate scale); and
- will result in publication of Government Actuary's Department-produced cash-flow projections for the unfunded public-sector pension schemes, covering a period of fifty years.

Potentially the most-consequential amendments affect the contentious Government power to impose mandatory allocations to growth (and UK-growth) assets upon DC master-trust and group-personal-pension schemes. Determined resistance in the House of Lords compelled the Government to offer concessions that have substantially narrowed the scope of the power. The end result is that the asset-allocation requirement is now better matched to the commitments made by signatories to the Mansion House Accord, the range of potentially qualifying investments has been expanded, more investigation and action on factors hindering UK growth investment will be required before the Government can wield the power, and it will be easier for trustees and providers to obtain exemption from the requirement when they reasonably conclude that compliance is unlikely to be in members' best interests.

## Commencement & implementation

Generally, the regulation-making powers were effective immediately, on Royal Assent, though there are variations for particular provisions, most notably the Government's reserved asset-allocation ('mandation') power. The commencement dates for the bulk of the Act's provisions are 'TBD' (to be determined). A series of consultation exercises is expected, on the details of implementation. Some rough timing indications are available in the form of the Department for Work and Pensions (DWP's) [Workplace Pensions: A Roadmap](#), which was first published on 5 June 2025 (an update is [expected](#)).

Provision	Commencement & implementation notes
<b>LGPS pooling and governance</b>	Unusually, consultation on implementing regulations was concluded before the Act became law. The regulations were drafted to come into force on 1 April 2026, but were subject to the Act's passing. Awaiting final versions.
<b>DB surplus</b>	<i>Roadmap</i> : consultation in 2026, regulations and guidance in force 2027.
<b>VFM, small pots</b>	Provisions came into force immediately with Royal Assent.  <i>Roadmap</i> : activity on regulations in 2026/27, with compliance beginning in 2028.
<b>DC scale &amp; asset allocation</b>	Scale requirement can't come into force before 1 January 2030. Asset-allocation ('mandation') power usable only in period from 1 January 2028 to 31 December 2032; regardless, asset-allocation requirement abolished at end 2035.
<b>Contractual override</b>	<i>Roadmap</i> : first step in 2028.
<b>Guided retirement</b>	<i>Roadmap</i> : activity on regulations in 2026, first applying to master trusts during 2027, extended to other schemes in 2028.
<b>Superfunds</b>	<i>Roadmap</i> : consultation in 2026, regulations laid in 2027, in force 2028.
<b>Virgin Media remedy</b>	Provisions came into force immediately with Royal Assent.  Initial <a href="#">TPR</a> and <a href="#">FRC</a> guidance published.
<b>PPF &amp; FAS indexation</b>	Earliest payment opportunity <a href="#">January 2027</a> .
<b>PO jurisdiction, PPF &amp; FAS terminal illness definition</b>	Set to come into force on 29 June 2026.
<b>PPF-levy reform</b>	<i>Roadmap</i> : in force mid-2027
<b>PPF &amp; FAS information available on pensions dashboards</b>	Provisions came into force immediately with Royal Assent.  Requires regulations for details.
<b>Employers to supply auto-enrolment information to trustees</b>	Provisions came into force immediately with Royal Assent.  Requires regulations for details.
<b>PPF funding (incl. abolition of administration levy)</b>	Treated as coming into force on 1 April 2026. Abolition of admin levy effective from 1 April 2023.

The Act is a signal moment for UK pensions policy. It's a clear indication of intent to modernise the system, bringing better alignment with the UK's long-term economic ambitions, and the promise of improved member outcomes. In particular, the reforms on DC scale and consolidation and the potential use of DB surpluses will, if implemented well, ensure that the pensions system works harder both for individuals and the wider economy.

The Act's success will depend on translation of the Government's reform policies into clear, workable regulation. The focus must now shift to the next phase of reform, with pragmatic, well-sequenced regulation that enables schemes and employers to act with confidence and ambition. Getting the details right will be critical.

The changes to the asset-allocation requirement ('mandation') represent a pragmatic shift. Broadening the range of qualifying investments to include infrastructure, the additional time constraints and the obligation on the Government to consider compliance barriers before venturing into compulsion are all sensible steps. Crucially, the amended '*savers' interest test*' establishes a clear route for trustees and providers to seek a waiver, recognising that longer time horizons are appropriate for private-markets investments, and that they should always be viewed through the lens of fiduciary duty.

The legislative process has provided a valuable opportunity to examine the LGPS in detail, rightly focusing attention on its scale, societal contribution and long-term success, while identifying areas for further improvements. Notably, the Act will finally deliver the long-awaited Good Governance reforms, building upon existing work to strengthen clarity of roles, consistency of standards and accountability—essential foundations for a scheme of such scale and complexity. However, the LGPS funds and pools are already processing an exceptional volume of change, while continuing to deliver business as usual for millions of members and thousands of employers. It's critical that implementation timelines are realistic and carefully sequenced, with care taken to retain strong local accountability and transparency.

London | Birmingham | Glasgow | Edinburgh

T 020 7082 6000 | [www.hymans.co.uk](http://www.hymans.co.uk)

This communication has been compiled by Hymans Robertson LLP® (HR) as a general information summary and is based on its understanding of events as at the date of publication, which may be subject to change. It is not to be relied upon for investment or financial decisions and is not a substitute for professional advice (including for legal, investment or tax advice) on specific circumstances. HR accepts no liability for errors or omissions or reliance on any statement or opinion. Where we have relied upon data provided by third parties, reasonable care has been taken to assess its accuracy however we provide no guarantee and accept no liability in respect of any errors made by any third party.

Hymans Robertson LLP is a limited liability partnership registered in England and Wales with registered number OC310282. Authorised and regulated by the Financial Conduct Authority and licensed by the Institute and Faculty of Actuaries for a range of investment business activities.

© Hymans Robertson LLP 2026. All rights reserved.