DC Agenda

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Welcome to our Summer 2026 edition of DC Agenda

Welcome to our Summer Edition of DC Agenda. And, at long last, it has arrived. No, not the balmy days of summer itself – rather the Pension Schemes Act 2026.

The Act has perhaps been the most contentious pensions bill of my career. Mandation of specific investments, of course, hit the headlines, as it was perceived as State interference in private property rights to an unprecedented degree.

To my mind, equally controversial was how little of the Bill's substance could be fully debated in Parliament – because it just isn't there. It will be in subordinate legislation, which is typically subject to less Parliamentary scrutiny. For example, the consequences of an "intermediate" VFM rating for a scheme will be set out (entirely) in regulations. The Act states these regulations "may" include various matters such as preparing an improvement plan – but neither mandates these matters, nor restricts regulations to these matters. Doubtless further detail will be in codes or DWP guidance. So, who knows what we might end up with? Personally, I am not entirely fond of such framework legislation.

It also makes it difficult to give our clients much valuable detail at this stage! However, as well as summarising the Act, this DC Agenda contains a very useful and important article on DC consolidation, which I recommend as a good read. Finally, we do now have detail in one area – the CDC Code (which we reported on in draft in our Spring 2026 edition of DC Agenda) has been finalised and we include an article highlighting the changes made to it in consequence of the consultation process.

We do hope you enjoy this edition of DC Agenda. As always, please do contact me or your usual Linklaters contacts with any comments or suggestions.



Rosalind Knowles
Partner



Pension Schemes Act 2026: what trustees of DC schemes need to know

Following an extended period of ping-pong between the House of Commons and the House of Lords, the Pension Schemes Bill has finally received Royal Assent to become the Pension Schemes Act 2026.

The Act represents a significant package of reforms to the UK pensions system, with DC schemes facing a raft of changes including new value for money, guided retirement and small pots requirements. Meanwhile, DC master trusts will now need to focus their attention on growth and consolidation, as well as the possibility of mandated asset allocation in the future.

What are the key measures for DC schemes in the Pension Schemes Act 2026?

For DC schemes, the key provisions include the following:

- *Scale:* master trusts and group personal pension schemes (GPPs) will need to meet a new scale requirement. In a nutshell, these schemes will need to have at least £25bn of assets in their main default arrangement by 2030, unless they are exempt from the requirement, or they qualify for either a transition or new entrant pathway. You can read more about this in our detailed article on page 5.
- *Asset allocation:* the Act includes the highly contentious asset allocation mandation power, although this was subject to substantial amendments during the final stages of the Bill's passage through Parliament. Described as "mandation-lite", the Government has the power to introduce regulations requiring master trusts and GPPs to invest in line with the Mansion House Accord (i.e. 10% of default funds invested in private markets, with 5% allocated to UK businesses), although the power cannot be exercised before 1 January 2028 and is subject to a range of safeguards. You can read more about this in our Summer 2026 edition of Investor Agenda.
- *Small pots:* a legislative framework for master trusts to be authorised to act as consolidator schemes for small DC pots is included. A new consolidation process will provide for small pots worth £1,000 or less and where no contributions have been paid for at least 12 months to be consolidated into those schemes.
- *Value for money:* a value for money framework for DC schemes is included. The framework will require trustees to measure and publicly disclose investment performance, costs and service quality, using metrics which aim to assess value for money (VFM). This will allow

for performance to be compared against the market on a consistent basis. Trustees will be required to take specified actions where the scheme is assessed as not delivering VFM (including closing them to new business and moving members to better performing schemes).

- *Guided retirement:* trustees of DC schemes will be required to design and make available one or more "default pension benefit solutions". These solutions must deliver DC benefits to scheme members by providing them with a regular income in retirement. If trustees determine that it is not reasonably practicable to provide a default pension benefit solution for some (or all) members, they must identify a scheme that is able to (and agrees) to make a pension benefit solution available to those members.

When will the Act come into force?

Most of the measures are expected to come into force in the period from 2027 to 2030. We are expecting the Government to publish an updated roadmap setting out the proposed timings for the various measures in due course.

In the meantime, we can expect a busy period of reviewing and responding to consultations on the many sets of regulations that will be needed to flesh out the details.



Claire Collier



DC scale and consolidation: strategic and operational impacts under the Pension Schemes Act 2026

Now that the Pension Schemes Act 2026 has received Royal Assent, the industry will need to grapple with the new DC scale requirements due to take effect in 2030. Whilst this is just one element of a wider package of interconnected DC reforms which will come into effect over the coming years, it is arguably the most structurally disruptive and is likely to lead to significant consolidation of workplace DC pension schemes. This article examines the drivers behind consolidation, the legislative framework that is now in place, and the practical and legal challenges and issues that providers, trustees and employers will need to navigate in the months and years ahead.

The drivers for consolidation

Consolidation within the DC pensions landscape is not a new phenomenon that will be brought about solely by the 2026 Act. Very significant consolidation has been under way for at least a decade, reaching back to the freedom and choice reforms of 2015 and the impact they had for schemes across both the occupational and contract-based world. Following the DC master trust authorisation regime coming into effect in 2018, we have also seen a substantial contraction in the number of master trust operators.

For employer "own trust" schemes, several factors continue to drive consolidation activity, independent of the new legislation. These include:

- *Increasing governance:* The volume of new legislation and guidance affecting DC schemes since 2015 has been considerable - encompassing chair's statements, value for money assessments, implementation statements, enhanced disclosure requirements and, more recently, compliance with pensions dashboards requirements and the Pension Regulator's new general code. These will all increase the cost, time and expertise required to operate a scheme in a compliant manner.
- *Decumulation challenges:* Employer own trust schemes have typically shied away from offering the full suite of decumulation options to members that have been available since 2015, including uncrystallised funds pension lump sums, flexi-access drawdown and annuities. Members have only been able to access all the options by transferring their DC accounts at retirement to a provider who can offer this. With the introduction of the mandatory guided retirement requirements in the 2026 Act, trustees will need to implement a default decumulation solution for members and this could well

influence broader thinking about whether to continue operating their schemes independently.

- *Member outcomes:* Beyond governance, larger multi-employer master trust and contract-based schemes can offer greater economies of scale (and so the potential for lower member charges); access to a wider range of investment options (including within the default fund); and more sophisticated member communications and facilities.

A reminder of the scale requirements under the 2026 Act

The centrepiece of the 2026 Act's DC reforms is a new "quality test" under the auto-enrolment regime. DC multi-employer schemes used for auto-enrolment – both master trusts and contract-based GPPs – must have at least one "main scale default arrangement" (MSDA) of at least £25bn in assets by 1 January 2030. Schemes must obtain approval from the Pensions Regulator or the FCA (as applicable) confirming that they meet the scale requirement, with certain limited exceptions to be confirmed in regulations.

Last minute changes to the 2026 Act, which were added by the Government following pressure by the House of Lords, will require the Government to prepare and publish a report within 12 months of the requirements coming into force about the effects of consolidation on innovation. In making regulations in relation to the scale requirements, the Government will also have to have regard to the importance of innovation, competition, improving outcomes for members and effective governance.

Guidance published by the DWP and the Regulator in March 2026 sets out the principles underpinning the scale requirements and provides a useful framework for how schemes should prepare. Schemes are encouraged to begin work now, developing growth plans that address both financial and non-financial matters such as governance, operational resilience and capability. Growth plans should include assumptions on:

- organic growth through existing operations, internal strategies and attracting new employers;
- demographic and economic factors, e.g. around wage inflation and the number of people in employment;
- investment returns; and
- the ability to achieve inorganic growth, e.g. through external consolidations with other DC providers.

Whilst the Regulator does not expect master trusts to submit a revised business plan outside their normal annual submission cycle, it does expect schemes not yet at scale to develop a clear roadmap document demonstrating how the £25bn threshold will be achieved.

One important feature of the regime is that schemes operated by the same provider using a common investment strategy may hold a combined MSDA. In practice, this means that where a provider operates both a DC master trust and a contract-based GPP with aligned default investment strategies, the assets across both arrangements may be aggregated for the purposes

of the scale calculation – a potentially significant structural advantage for large multi-platform providers.

Pathways for providers who are not yet at scale

For schemes that cannot meet the scale requirement by 2030 but can do so by 2035, a transition pathway is available. Schemes must apply to the Regulator or the FCA for approval before 2030, after which the pathway operates for five years. To qualify, a scheme must have a MSDA of at least £10bn by 2030 and a credible plan to reach £25bn by 2035. It must also satisfy criteria relating to governance and investment capability, details of which will be confirmed in regulations.

A separate new entrant pathway is also available to support brand new and genuinely innovative providers entering the market for the first time. To qualify, a scheme must not have accepted DC contributions before and be able to demonstrate strong potential for growth to meet the scale requirement and offer a materially different product design from existing market participants.

Practical challenges arising from DC consolidation

There will be a number of practical challenges, some of which we look at below.

- *Complexity:* DC consolidation will not be a straightforward exercise. Multiple stakeholders must be managed – providers, employers, trustees, members and regulators – and schemes will need to assess whether they can realistically achieve scale as well as developing a credible contingency plan if they cannot. Considerations range from when and how to approach the market to explore consolidation; managing the implications of structural differences between providers (with some in the insurance and some in the not-for-profit sectors, for example); through to the appointment of advisers, managing investors and shareholders, regulatory disclosures, and dealing with third parties, including trustees and participating employers, who will have their own interests at stake. The time available to put all of this in place is shorter than it may appear.
- *Market distortion:* The scale requirements are likely to change market behaviour even before they come into effect in 2030. Consultants advising own trust schemes on potential mergers may be less inclined to recommend smaller providers who do not appear to have a realistic prospect of achieving scale, regardless of the quality of their growth plans. Smaller providers that conclude they cannot realistically meet the scale requirements, even on the transition pathway, may be forced to exit the market altogether, which would have a direct impact on existing employers and members and could accelerate consolidation in ways that are not necessarily in members' best interests.
- *Barriers to entry:* The DWP's guidance makes clear that new market entrants must make a "distinct and truly new contribution to the market". Defining what constitutes genuine innovation, whether in investment design, member communications, decumulation solutions or

otherwise, will be a significant challenge, and further regulatory direction in this area would be welcome.

- *Costs:* Ensuring that members do not suffer increased costs as a result of consolidation will be a key challenge throughout any consolidation process. Merger costs could arise in master trust and GPP consolidations, either through investment transition costs or the desire of providers to recoup consolidation expenses via higher administration charges. Both master trust trustees and independent governance committees of GPPs will need to monitor this carefully.
- *Competition and diversity:* The reduction in the number of multi-employer DC schemes could reduce choice and potentially bargaining power for employers participating in these schemes or looking to join them in future. This could affect terms relating to fees, benefit flexibility, service commitments and exit rights. There is also a risk of reduced diversity in product development, retirement options, investment fund design and trustee composition, which could, over time, lead to a convergence of approaches across the market and more "group think".

Some implications for employer own trust schemes

Whilst the new scale requirements do not apply to single-employer DC schemes, those schemes will nonetheless be affected by the broader DC reforms in the 2026 Act. The scale requirements will clearly have an impact on the future consolidation choices for such schemes.

Linked to this, the Regulator published guidance in March 2026 directed at smaller DC schemes (those with 5,000 members or fewer) which should be read alongside its existing guidance on winding-up or consolidating DC schemes. The guidance says that such schemes should be considering seriously whether consolidation or wind-up is in their members' best interests, and to take action now to develop a future journey plan for their scheme.

Without doubt, the combination of the new value for money requirements, guided retirement obligations, small pot consolidation requirements, pensions dashboards compliance and the general code will create significant additional governance burdens for own trust schemes. For some, and with the Regulator's new guidance in mind, these accumulated costs and complexities may prove to be the catalyst that prompts a reassessment of whether continuing to operate independently remains in members' best financial interests.

In term of next steps, we would suggest that trustees and employers should work together to understand the new requirements, identify challenges specific to their scheme, and develop a plan that takes account of the expected timetable for each of the DC reforms in the 2026 Act. That said, we do not believe that schemes need to be "front runners" in the new DC landscape. The industry will need a bedding-in period as the market adapts to the new legislation and awaits further details of the requirements in regulation and guidance. We expect there will also be further innovation, especially in the collective DC space (see our article on page 12 for more on this).

Key issues for master trust providers to consider

- *Commercial benefit:* It's an obvious point but the Founder, Scheme Funder and Scheme Strategist will want to make a return for their business in either consolidating their arrangement with another provider or, as the receiving provider, accepting that business. If the market sees forced sellers, that creates potential risk in being able to negotiate adequate terms and price. Therefore, the timing of going to market is critical as is confidentiality, good preparation and having the right advisory support for the business.
- *Regulatory supervision:* As part of ongoing supervision, the Regulator is likely to want to see how scale and consolidation is dealt with in master trusts' business plans and growth plans. We would expect the Regulator to raise queries on financial sustainability and continuity strategy in the context of the scale requirements. Providers need to be alive to this and identify any risks that need to be managed.
- *Due diligence:* Providers will want to have a thorough understanding of their scheme before any approach to the market and pre-empt any issues that would be identified by a receiving provider. This will of course cover a wide range of matters but some key things to check will be whether any of the participating employers have negotiated special terms that could affect value or attractiveness of the scheme, e.g. exit or veto rights when mergers are proposed. Understanding what relevant powers the master trust trustees have will also be important as will the impact on in-house and administration functions supporting the scheme.
- *Documentation:* Providers should review their participation terms with employers and consider if any changes might be needed. For example, will new participation agreements need to be entered into to ensure continued participation in a new master trust? Receiving provider documentation and governance structures should also be checked to assess how they compare.
- *Communications:* A communications strategy will be needed with key stakeholders (employers, trustees, regulators and members). Providers should assess when each party should be informed about a consolidation proposal and how to "sell" the proposition.

Key issues for master trust trustees to consider

- *Powers:* Trustees should first ask themselves if they have any formal decision to make in relation to a consolidation proposal. The rules of the master trust will be the place to start as they will likely contain trustee powers relevant to consolidation. For example, powers relating to bulk transfers, changes to the founder or principal employers and wind-up powers. We would generally expect trustee consent to be needed if members are being bulk transferred to another provider.
- *Duties:* Trustees will likely have a different perspective to providers, focusing on ensuring they exercise any powers given to them in line with their duties. At its core, the focus should be on ensuring any consolidation proposal is in members' best financial interests. Put another way, trustees will want assurance that there is no material adverse impact on member benefits and outcomes from a consolidation proposal (assessed looking at the membership as a whole rather than an individual member basis), compared to the alternative (bearing in mind that the alternative may not be a continuation of the status quo).
- *Member benefits:* In assessing a consolidation proposal, trustees will want to consider how the benefit options in the receiving arrangement compare with their current scheme and whether there are any changes to the balance of powers in the receiving scheme rules which are less positive for members. With an eye to the 2026 Act, it would also be sensible for trustees to ask about the receiving scheme's decumulation proposition and how this will be developed.
- *Member costs and mapping:* Trustees will need to do their due diligence on the charges in the receiving master trust compared with the current scheme and identify any differences. The impact of these charges on member outcomes should be modelled. If any member funds will need to be mapped to new arrangements in the receiving master trust, trustees should consider how will this work and whether they will seek members' consent. If not, trustees need to be mindful of managing the risk of creating inadvertent default arrangements. Trustees will also want to check if investment transition costs are to be met by members or the providers.

Key issues for GPPs to consider

Many of the considerations set out above will be the same in general terms but there are some important differences for GPPs to take into account.

One such difference is that the 2026 Act introduces a new contractual override mechanism to facilitate consolidation where GPPs lack the necessary powers or face member consent difficulties. This allows consolidation without member consent and permits changes to be made to investments in advance of any transfer, subject to a "best interests" test. This requires that consolidation must be reasonably likely to achieve a better or no worse outcome for members as a whole and must be certified by an independent expert appointed by the provider.

Like master trusts, GPP providers should consider if changes to their contractual documentation are needed as part of any consolidation proposal and whether any member declarations or application forms that were signed when members joined the GPP need to be revisited.

Independent governance committees will retain their existing role in monitoring GPPs in the interests of members and assessing value for money but have not been granted any additional powers under the 2026 Act. Where they have real concerns about a consolidation proposal, or the absence of one, they can proactively inform employers and members and in serious cases make a report to the FCA. Providers should therefore engage closely with their independent governance committees on the scale requirements and the continued viability of their GPP as part of journey planning through to 2030.



Gareth Craft



Unconnected multi-employer CDC: Code of Practice finalised

In our Spring 2026 edition of DC Agenda, we noted that the consultation on the draft Code of Practice closed on 13 February 2026. The Pensions Regulator has now considered the 29 responses received and laid the final Code before Parliament.

The final Code will replace the existing code issued in 2022 and covers both single and connected employer and unconnected multi-employer CDC schemes in a single consolidated document. Implementation of the Code is expected in mid-October 2026, with unconnected multi-employer CDC schemes (UMES) potentially becoming operational from early 2027.

What changed following the consultation?

Overall, the Regulator made only limited changes to the draft Code, reflecting the broadly positive response from the 29 respondents. The key amendments are as follows:

- *Format, signposting and structure:* The proposal to replace the existing CDC code with a single consolidated code covering both types of schemes was universally welcomed. The main concern raised was the risk of the consolidated code feeling complex without clear signposting as to which provisions apply to which type of scheme. In response, the Regulator has improved signposting throughout and has added paragraph numbers to each module – a practical change that should make the Code considerably easier to navigate in practice.
- *Not-for-profit schemes:* A number of respondents highlighted that the draft Code contained an unintentional presumption that all new UMES would be established on a commercial basis. The Regulator has made minor amendments to address this, including adjusting language around the scheme proprietor's business plan and the promotion and marketing expectations to accommodate not-for-profit structures. The Regulator has noted, however, that not-for-profit schemes are likely to require closer engagement with the Regulator throughout the authorisation and monitoring process, given the novel nature of those structures within the CDC market.
- *Sectionalisation:* A key paragraph on when sectionalisation is required was identified by respondents as unclear, particularly in relation to the impact on past benefits and when IT system requirements would force a new section. The Regulator has rewritten that paragraph. Further guidance on fees for multiple-section applications and on the approach to assessing the readiness of IT systems is to be published before the summer – a practical development that will be welcomed by those actively considering entering the market.

- *Fitness and propriety:* Following consultation, the Regulator has made two notable changes to its fitness and propriety expectations. First, it has adjusted the requirement for relevant experience so that it no longer needs to have been gained specifically in a regulated environment, having accepted arguments that this was overly restrictive, particularly for not-for-profit and industry-wide models. Second, the Regulator has clarified that it would not normally expect trustees to carry out the role of chief investment officer, given the potential for conflicts of interest – a point on which most respondents agreed, viewing it as a practical governance challenge rather than an unmanageable conflict. The scheme proprietor's fitness and propriety will continue to be assessed on a case-by-case basis rather than by applying a blanket approach.
- *Financial sustainability:* The Regulator has not made any significant concessions on the amounts required to be reserved to deal with possible triggering events. However, it has provided more options for the ways in which reserves can be held – for example, through legally enforceable guarantees, loans or funding commitments from employers or group companies, or from the scheme proprietor – in addition to direct financial reserves. Respondents broadly welcomed this added flexibility.
- *Promotion and marketing:* This is a new authorisation criterion unique to UMES and attracted considerable comment. The Regulator has made several targeted changes:
  - The definition of an "inducement" has been expanded to capture all pension schemes, future-proofing the provision as far as possible.
  - The wording on what constitutes a "promotion" has been tightened in line with the FCA test, following requests for greater clarity.
  - The Regulator has clarified that responsibility for promotion and marketing sits with the scheme proprietor (or those to whom the scheme proprietor has delegated that responsibility), rather than the trustees. Trustees are prohibited from undertaking promotional or marketing activities, but they have an important role in challenging key promotional materials that they believe are unclear or misleading. On the rare occasions where trustees have failed to identify issues, the Regulator reserves the right to take action against them as well.
  - The Regulator has confirmed that "member detriment" is the correct language to use in this context, notwithstanding that marketing is aimed at employers: ultimately any misrepresentation of scheme benefits will impact members, and trustees have a fiduciary duty to act in members' best interests.

The Regulator has also flagged a practical warning for those already in the market gauging employer interest: any promotion or marketing conducted before a scheme

is authorised that is misleading will be taken into account when the Regulator considers the authorisation application. Standalone guidance on promotion and marketing is to be published later in 2026 and will be kept under review as the market develops.

What does the final Code cover?

For the benefit of those who wish to understand the final Code in detail, the key provisions are as follows.

Applying for authorisation

All CDC scheme applications must include the scheme name, names of employers, the approximate date from which the scheme intends to begin operating, contact details, a copy of the rules and trust deed, and a viability report, viability certificate and continuity strategy. The standard non-refundable application fee remains £77,000. Where a scheme has multiple CDC sections, the fee for each additional section is calculated on a cost-recovery basis and will not exceed the standard fee.

For UMES, the application must also include the scheme's business plan, the scheme's latest accounts (if any), the scheme proprietor's latest accounts (if any), the latest accounts of any undertaking that partly or completely funds the scheme proprietor, a statement signed by the trustees confirming there is a single scheme proprietor meeting the statutory requirements, and a statement signed by the trustees confirming that no trustee promotes or markets the scheme or acts as chief financial officer. If there has been no promotion or marketing, a statement from the scheme proprietor confirming this is also required.

Once authorised, a UMES is expected to start operating within 24 months from the date on which the Regulator received the application. If this timeframe cannot be met, trustees should contact the Regulator to request a short extension of up to six weeks. The Regulator must decide on an application within six months of receiving a complete application.

The Regulator encourages pre-application engagement, including through its innovation service, particularly given that new schemes are almost certain to come to authorisation with systems that are untried, untested and potentially not yet fully built.

Sectionalisation

The final Code contains detailed provisions on sectionalisation – an area largely absent from the 2022 Code. CDC authorisation applies separately to each section providing qualifying benefits, and a separate application is required for each CDC section. In UMES, sectionalisation or further sectionalisation may also be required where the rates or amounts by reference to which qualifying benefits are provided each year are either materially different as a result of a change to the scheme's investment strategy, or subject to materially different expected adjustments. Trustees have the power to set flexible triggers for sectionalisation in order to avoid

undermining risk-pooling benefits, and routine investment changes are not intended to force sectionalisation.

Scheme proprietor

The scheme proprietor is a new role unique to UMES. The scheme proprietor must be a body corporate or qualifying partnership and is responsible for the commercial and business decisions underpinning the scheme, preparing the business plan, and meeting certain costs – including set-up costs, running costs and costs associated with any triggering event.

The business plan must be submitted by the trustees as part of the authorisation application (with the information provided being no more than six months old at the date of submission), reviewed on an annual basis, and revised within three months of identifying that it needs to be updated. Any change arising from the annual review must be notified to the Regulator as soon as it is completed. The plan must be approved in writing by the trustees and accompanied by a statement signed by the scheme proprietor confirming it gives a true and fair representation of the matters to which it relates. The plan must provide comprehensive information on the scheme's objectives and strategy for meeting them, estimates of associated costs, the class and liquidity of assets held to meet those costs, scheme income, plans to meet any shortfalls, scheme profit and loss, and the financial strength of the scheme proprietor.

Financial sustainability

The costs, assets and liquidity plan (CALP) must cover a period of three to five years from the point the trustees agree it. In terms of the make-up of a scheme's financial reserves, the Regulator expects that in most cases the scheme should have access to a minimum of 15% of its calculated necessary financial resources in cash. The Regulator is unlikely to be satisfied by a scheme with cash or near-cash assets below that 15% threshold, or that holds a significant level of non-marketable or illiquid assets in its financial reserves. The Regulator may require that cash held outside the scheme is held in a specific vehicle – such as an escrow account – to ring-fence those assets to which the trustees have unfettered access.

The final Code also contains a detailed haircut table setting out the asset classes considered appropriate for a scheme's financial reserves, with different haircut values depending on the class of asset and the relevant time horizon (running costs, within one month of a triggering event, between two and twelve months, and after more than twelve months).

Continuity strategy

The continuity strategy must address all three continuity options: option 1 (discharge liabilities and wind up); option 2 (resolve the triggering event); and option 3 (close to new contributions or members and run on as a closed arrangement). The Regulator does not expect trustees of a new single-employer CDC scheme to make provision for continuity option 3 at first authorisation, unless it is the

only option available under the scheme rules. However, the Regulator expects UMES trustees to consider when continuity option 3 is likely to become a viable option and to give an estimated timeframe for including the details in an updated strategy. It is important that commercial providers are willing to demonstrate their commitment to the longevity of the scheme.

Supervision

Once a CDC scheme is authorised, those running it must continue to satisfy the Regulator that it meets the authorisation criteria on an ongoing basis. Supervision is described as a risk-based, proactive process. Trustees may be required to complete a supervisory return – with at least six weeks' notice – but the Regulator can ask for one no more than once a year, and only where it decides it is necessary. Notifications of significant events must be made as soon as reasonably practicable, which the Regulator considers to mean within five working days of the person with the reporting obligation becoming aware of the event, save where otherwise specified. Significant events relating to the scheme's ability to meet its running costs or maintain required reserves must be reported within two working days. For UMES, the trustees must also inform the scheme proprietor about the appointment and removal of contract and service providers.

Next steps

With the regulations applying to UMES coming into force on 31 July 2026 and the Code expected to follow in mid-October, the regulatory framework for UMES is now largely in place. The Regulator anticipates being able to accept applications from August 2026. Further guidance – on fees, sectionalisation, IT systems, and promotion and marketing – is expected before the end of 2026. The Regulator has made clear that its regulatory approach will evolve as the market develops, and that it intends to align the codes for CDC schemes and master trusts as far as practical, eventually incorporating them into the general code of practice.

Looking further ahead, the Government has also published a consultation on decumulation-only CDC – now referred to as "retirement CDC" – which would allow individuals who have saved into a DC scheme to transfer their pot at retirement into a collective fund providing a trustee-managed income for life. A consultation on draft regulations is expected this year, and we expect the Code to be updated if and when that regime is introduced.



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