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Pensions in five: **Pension developments this month**

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Finance Bill 2026-27

The Autumn Budget 2026 was delivered on 28 October. You can read about the pensions-related announcements in our blog post. Since then, the Finance Bill 2026-27 has been published. This is the legislative vehicle for making the changes to pensions taxation announced at the Budget. HMRC's Pension schemes newsletter 186 summarises all the announcements relevant to occupational pension schemes, and policy papers relating to individual measures can be viewed here, here and here.

The Finance Bill also includes a provision which will allow trustees to make lump sum payments to members as authorised member surplus payments. This provision is in broadly the same form as the draft legislation published in July. Several conditions will need to be met for a lump sum to be treated as an authorised member surplus payment for tax purposes from 6 April 2027. These include a requirement that the scheme must not be winding up and that the payment can only be made to a member who has reached normal minimum pension age.

Guided retirement

The government has published a consultation on initial policy proposals for the implementation of guided retirement across both contract-based and trust-based pensions. Guided retirement will require defined contribution (DC) schemes to provide default pensions designed to protect against longevity risk without requiring individuals to make complex decisions. The consultation covers scope and eligibility, the design and delivery of default pensions, transfers at the point of access, the member journey and communications, governance, timelines for implementation, and compliance and enforcement.

The consultation closes on 21 December 2026. It is expected that master trusts and FCA-regulated schemes will need to comply from summer 2029, with the new regime applying to all other schemes from summer 2030.

CDC schemes

The government has published a consultation on draft regulations to extend collective defined contribution (CDC) provision to retirement-only CDC schemes, now referred to by the government as "retirement collective pension schemes". A response to the government's earlier consultation on this topic has also been published.

The consultation closes on 15 December 2026. You can read more about CDC schemes in our recent blog post.

Transfer conditions

The government has published a response to its consultation on proposed amendments to the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021. This confirms that the government intends to proceed with the following proposals:

- transfers will be able to proceed where trustees are satisfied that the receiving scheme is "reputable".
- a new red flag will apply where the trustees determine that the evidence provided does not demonstrate an employment link between the member and the receiving scheme;
- a new amber flag will apply to transfers into small self-administered schemes (SSASs), which will require the individual to attend a guidance appointment before the transfer can proceed;
- members who have attended a guidance appointment in the last 12 months will not be required to do so again, unless the transfer is to a SSAS; and
- the overseas investments amber flag will be removed.

The response says that amending regulations will be laid in due course and are planned to come into force in April 2027. Detailed guidance will be published alongside the regulations.



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Investment decision-making and fiduciary duties

The government has published a consultation on draft guidance for trustees relating to investment decision-making and fiduciary duties. The non-statutory guidance has been drafted by an independent technical working group chaired by Sir Robin Knowles CBE and supported by a wider advisory group. The draft guidance aims to provide an accurate, balanced and practical explanation of the existing legal and regulatory framework, and to assist those applying that framework in practice. The consultation is seeking views on whether the draft guidance succeeds in this aim and whether any aspect would benefit from clarification, amendment, additional supporting evidence or further examples. You can read more about the ESG and sustainability aspects in our recent blog post.

The consultation closes on 27 January 2027.

AI in pension schemes

The Pensions Regulator has published new guidance relating to two aspects of AI:

- guidance on the use of AI in pension schemes; and
- guidance on AI concentration risk in investment portfolio.

The Regulator's data and digital industry working group has also produced a jargon buster.

PPF levy

The Pension Protection Fund has confirmed that it will not impose a levy on conventional schemes (i.e. those with a substantive sponsoring employer) in 2027/28 and will pause the alternative covenant scheme (ACS) levy for one year. The ACS levy applies to arrangements, such as superfunds, where member security relies on covenant support other than a conventional sponsoring employer. The PPF says that pausing the ACS levy for one year will allow time for it to complete a review of the methodology.

Pensions dashboards

The Pensions Dashboards Programme has published draft updated reporting standards. There are no changes to the data that must be generated, recorded and reported by schemes to the Money and Pensions Servies (MaPS), but daily reporting will be required by 1 March 2027. This will replace the current requirement for ad hoc reporting on request.

Trusteeship, governance and administration

The government has published a response to its consultation on improving the standards of pension scheme trusteeship, governance and administration, confirming that it intends to proceed with a range of reforms. These include introducing a new requirement for existing trustee boards to approve any transition to a professional corporate sole trustee model proposed by the sponsoring employer, establishing a trustee directory, strengthening and broadening the trustee knowledge and understanding framework, introducing mandatory minimum standards for scheme administrators, and making changes to the master trust authorisation and supervision regime.

For areas requiring legislation, the government says it will take forward the necessary changes at the next opportunity.

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