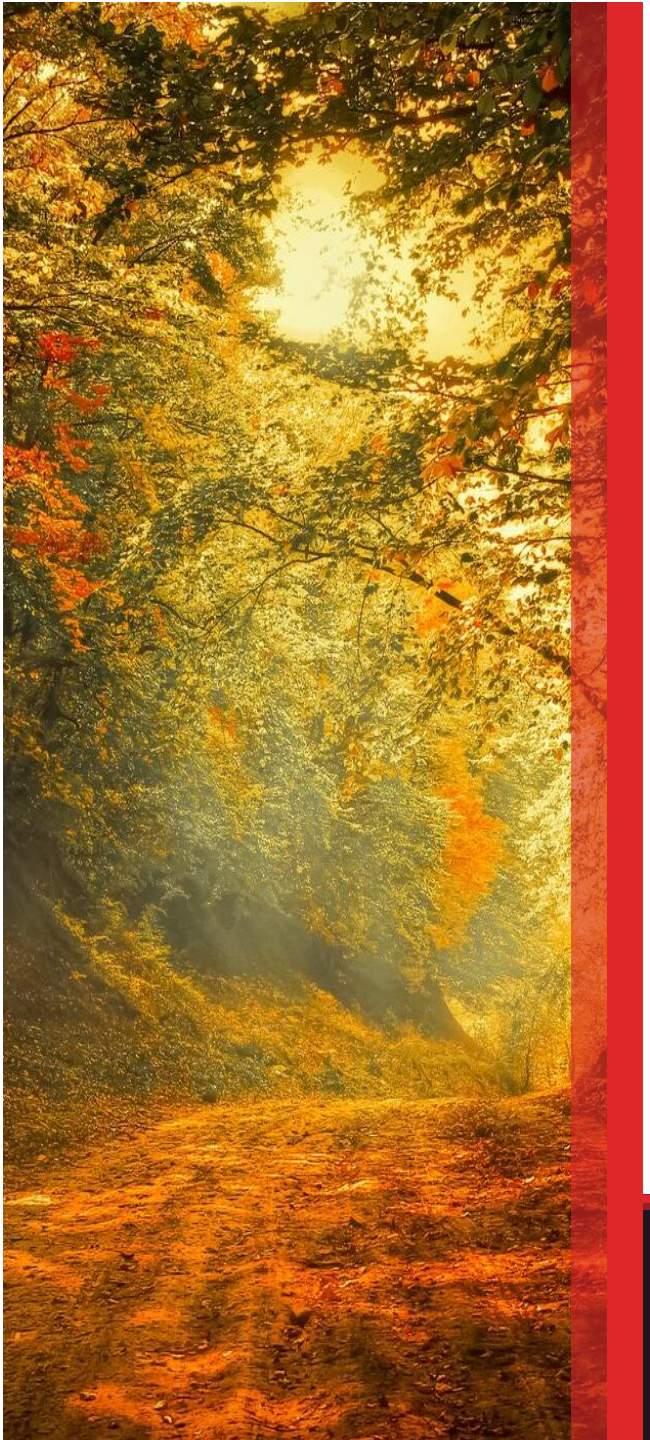
NORTON ROSE FULBRIGHT

DC round-up

Autumn 2026



Norton Rose Fulbright LLP



DC Reforms

We all know the DC landscape is changing fast. Between the DWP and the FCA, a raft of reforms have been introduced, some of which have been talked about for years. After passing the Pension Schemes Act 2026 the government followed up with a wave of consultations, discussion papers and guiding principles putting some flesh on the bones of the new value for money framework, scale requirements, guided retirement and small pots consolidation regimes.

The Act also introduces reforms bulk transfers from FCA-regulated arrangements without saver consent. For an overview, see our *Guide to the key provisions of the Act*, which, together with our recent Spring blog, also covers the Secretary of State's controversial new power to force asset allocations.

Value for money

By November 2029 every in-scope DC arrangement will have a VFM rating that will be publicly available. Master trusts and large single employer trusts will lead the way from November 2028. The ratings will range from dark green (indicating strong value for money) to red (indicating the arrangement is not delivering value for money). The proposed VFM framework requires investment performance, costs and charges, asset allocation and quality of service all to be benchmarked against the wider market. Read more here.

Scale requirements

From 2030 DC master trusts and group personal pensions must have £25 billion in assets under management under a single default arrangement in order to keep receiving automatic enrolment contributions. However key questions remain unanswered around what assets will count towards the threshold, when assets of master trusts and group personal pensions in a provider's group can be counted together, and whether any differences in investment strategy will be allowed. The government's July 2026 discussion paper is seeking views on these points. The alternative 'transition' or 'new entrants' pathways will also need to be fleshed out in due course. Read more here.

Small pots consolidation

From 2030, eligible deferred DC pots worth £1,000 or less and inactive for at least 12 months will be automatically transferred into a limited number of authorised consolidator schemes. The government's consultation proposes more detail, including which pots are in scope, standards for consolidators, member opt out rights, data matching infrastructure and new employer data duties. Keep an eye out for our detailed briefing on small pots consolidation.

Guided retirement

All in-scope DC schemes and arrangements will need to offer a default retirement income solution at retirement, designed to give savers a regular, sustainable income for life from their DC pots. Master trusts and group personal pensions will need to offer a default retirement income solution by the second half of 2029, with the rest of the market following a year later.

The government's July 2026 guiding principles show how this requirement may develop. One key question for trustees and providers is whether delivering a default pension benefit solution in-house is viable, or whether a partnership or transfer model would lead to better outcomes for their members.

Read more here.

Comment

These reforms are not happening one at a time, they are landing together and they reinforce each other. For trustees, providers and employers, the message is the same: start planning now. The groundwork (like understanding your data, reviewing your governance and thinking strategically about the future shape of your scheme) needs to begin well before the deadlines bite, and before we have all the details.

Master Trusts

TPR takes a more flexible approach to capital reserves

TPR has updated its guidance on the capital reserves authorised DC master trusts must hold to run the scheme if it runs into trouble. TPR wants to cut the regulatory burden and free up capital for master trusts. It hopes its updated guidance will achieve this by setting out a more flexible approach to offsetting revenues, liquidity requirements and the treatment of capital held to meet other regulatory regimes. Our update covers these three areas in more detail.

The practical benefit and impact of this more flexible approach to capital reserves will depend on each master trust's reserving position and risk profile.

TPR guidance on transfers to master trusts from smaller DC schemes

TPR has published guidance to help trustees of smaller DC schemes to decide on, and carry out, a transfer to a master trust. It looks at whether a transfer is in members' interests and sets out the practical steps for trustees: picking a receiving scheme, comparing costs, sorting out data quality and resolving benefit issues before the move.

TPR has also published a list of master trusts open to enquiries from smaller schemes, together with suggested questions trustees could ask as part of the selection process. Our update covers the guidance in more detail.

The message for trustees of smaller schemes is clear: TPR expects them to consider whether consolidation would deliver better outcomes for members, and this guidance gives them a starting point to do so.

Master trusts face the steepest proposed general levy increase

The government is consulting on increases to the general levy, which funds TPR, the Pensions Ombudsman and the pensions-related work of the Money and Pensions Service. The proposed rates would run from April 2027 to March 2030 and are intended to close a funding gap that has built up over several years.

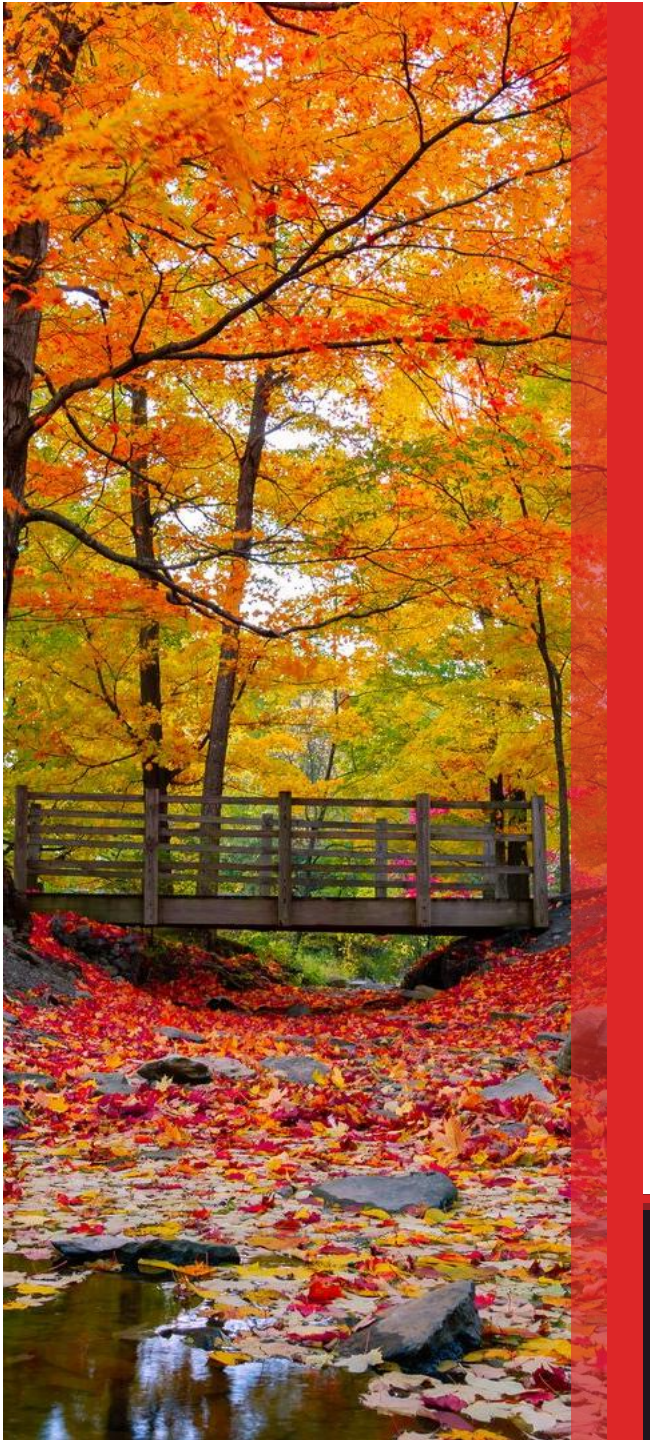
Master trusts and personal pension schemes (group or otherwise) would face the steepest rises of 9% a year, compared with 6.2% for other DC schemes and 5% for DB and hybrid schemes. The sharper increase reflects the growing regulatory significance of DC vehicles and is intended to bring their levy rates closer to those paid by DB schemes.

Comment

For most master trusts and GPP providers, these changes are manageable adjustments rather than major shifts. But what they signal matters. Master trusts and GPPs are now being treated as the established centre of the DC market, and the framework is being shaped around them accordingly.

As the wider reforms under the Pension Schemes Act 2026 take effect, including value for money requirements, consolidation at scale, guided retirement and other new governance expectations, the regulatory and operational demands on DC providers will continue to grow.





SIPPs

FCA plans tougher rules for SIPPs

The FCA is consulting on significant changes to the way self-invested personal pensions (SIPP) operators manage investment and operational risks. The FCA says the changes are needed because it continues to see risks from inadequate due diligence, scams and fraud, as well as weaknesses in some pension asset holding structures.

To date, expectations on SIPP operators have developed through guidance, case law and high level FCA rules. The FCA believes this has led to inconsistent standards across the market and increased the risk of poor outcomes for consumers. The FCA's proposals would bring these expectations together into a more detailed and prescriptive framework.

The proposals focus on two key areas:

- **Enhanced due diligence** – SIPP operators would be required to take a more structured, risk-based approach to checks on investments and third parties, including introducers, advisers and discretionary investment managers. The FCA proposes a tiered approach: core due diligence for all relevant investments and third parties with further due diligence where risks are higher. For more detail on the proposed enhanced due diligence requirements see our blog here.

- **Pension Scheme Money and Assets regime** – SIPP operators that use a trustee to hold or receive pension scheme money or assets without that trustee being itself regulated by the FCA would be subject to a new pension scheme money and assets regime. This regime would impose new requirements on the holding, recording, reconciliation and oversight of pension scheme money and assets. For more detail on the proposed regime see our blog here.

Comment

The FCA is seeking to move long standing expectations around SIPP due diligence out of guidance and case law and into the FCA Handbook. While many operators may already carry out similar checks, the proposals are likely to increase scrutiny of how those checks are evidenced, governed and monitored. For operators that use trustee structures, the proposed pension scheme money and assets regime could require more significant changes to systems, controls and oversight arrangements.

Other DC news

TPR focuses on DC readiness

TPR has urged trustees of DC schemes and sections to assess whether their scheme can meet the new requirements being introduced. TPR has begun writing directly to the trustees of schemes likely to be in scope of the DC reforms (see the DC reforms update), encouraging trustees to consider how they will comply with the new requirements and whether consolidation could deliver better outcomes for members. Read more here.

CDC updates

31 July 2026 was a significant date for collective defined contribution (CDC) schemes. Regulations enabling unconnected multi-employer collective defined contribution schemes (UMES) came into force, allowing unconnected employers to participate in the same CDC scheme. TPR's revised CDC Code also took effect and has been extended to UMES.

Also on 31 July 2026, TPR published an updated suite of CDC guidance and updated actuarial standards for CDCs came into force.

The government continues to develop a framework for retirement-only CDC arrangements (often dubbed R-CDCs) and we are expecting a consultation on draft regulations this autumn.

Transfer rules under review

The government is consulting on changes to the current raft of pre-conditions to pension transfers. It is proposing to permit transfers if, on a balance of probabilities, the receiving scheme is 'reputable'. It is also proposing that a transfer must be blocked where evidence does not demonstrate an employment link with the receiving scheme. This is aimed at fraud risk associated with small self-administered scheme (SSAS) structures. Read more here.

Other FCA updates

Targeted support – targeted support is a one-off suggestion of a particular product or course of action designed for groups of consumers with common characteristics. From 6 April 2026 FCA-authorised advisers have been able to provide targeted support, provided they are specifically authorised to do so. This is aimed at helping individuals make important decisions across their pensions (and investments) when personal advice from an IFA is not affordable. Read more here.

Simplified advice rules – simplified advice is a recommendation of a particular product or course of action assessed as suitable for an individual taking account of sufficient information relevant to a need. Firms can already provide simplified advice but it has not been widely adopted because of concerns about risk, rule overlap and a lack of clarity. The FCA's consultation aims to remove these concerns by simplifying and clarifying and removing barriers in the existing rules. Read more here.

Consumer duty – the consumer duty applies to providers of contract-based schemes and can also apply in the context of trust-based schemes where a FCA authorised firm carries on a regulated activity for members, such as providing investment or transfer advice. The FCA is consulting on changes to the scope and proportionality of the consumer duty and intends to clarify when the duty applies and to reduce unnecessary burdens. Read more here.

Quick updates

Retirement options leaflet updated

The retirement options leaflet included in member 'wake-up' packs has been updated. See here.

More dashboards guidance

The Pensions Dashboards Programme and PASA continue to publish guidance, standards and operational updates. See PDP publications and blogs and PASA's dashboards toolkit and guidance library, including its latest press releases..

Inheritance tax changes move closer

Most unused DC pension pots will fall within scope of inheritance tax from 6 April 2027. Read more in our briefing.

New data protection complaints process

From 19 June 2026, data controllers (pension trustees and providers) must have processes in place to deal with data protection related complaints. Read more in our briefing.

Transitional arrangements for minimum pension age change

The government is consulting on transitional arrangements linked to the increase in the normal minimum pension from 55 to 57 in 2028. Read more here.

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