July 2026

Pensions Bulletin

The Pension Schemes Act 2026

The government plans to bring the size of the default investment arrangements of Defined Contribution (DC) master trusts and group personal pensions up to £25bn. It is asking for details of existing default arrangements and any plans that providers have to consolidate their current funds to meet this asset threshold. It also discusses what possible requirements for assets to be subject to a ‘common investment strategy’ might mean in practice, and what sort of connections between different schemes could allow them to be considered to form a single fund. The Discussion Paper is open for comments until 7 September 2026.

A policy paper on ‘Guided Retirement Guiding Principles’ gives the government’s expectations for how trustees will go about meeting the new obligation to provide members with ‘default pension benefit solutions’ for their DC funds at retirement. Yardsticks will include avoiding the need for members to make complex financial decisions, the provision of protection against longevity risk, freedom of choice for those who want to do their own thing, and member buy-in from those who prefer to follow the default route.

There’s also a consultation paper on the objectives and implementation approach for the proposed value for money (VFM) framework.

Reforms to the investment-pooling and governance arrangements within the LGPS are codified.

The government will give more time to those who are pursuing Collective Defined Contribution Schemes as their default pension benefit solution and plans a consultation exercise on the subject in the autumn.

Lastly, the Department for Work and Pensions (DWP) sets out the metrics that will be used to assess progress against the aims of the reforms looking for evidence of increased scale, returns and UK-growth investment.

Pensions Dashboards

The Pensions Dashboards Programme has published a two-minute video outlining the information that users will be able to see and what they can then do with that information.

Dashboard users will be able to see:

- What types of pension are included, who their pensions are with and when their pensions will be available
- Estimates of retirement income
- Clarification that they may need to contact their pension provider to confirm that a pension belongs to them
- Explanation that pensions from some smaller schemes will not be included.

Users will not be able to make changes or carry out transactions. However, the video explains that they will be directed to free and impartial guidance from MoneyHelper if they have any questions or want to understand more about pensions and planning for retirement.

Watch the video or read the transcript.

Local Government Pension Scheme

Many LGPS funds are in surplus following the 2025 valuations and some employers are using this surplus to lower their contributions. There is a tension between reducing contributions, maintaining long-term fund stability and considering whether surpluses could support better employee benefits. Funds should also bear in mind that surpluses can quickly be reversed.

All decision should be made transparently to demonstrate that members are at the heart of decisions and that due process is observed.

Overall, LGPS funding has risen from 107% to 122% and aggregate employer contribution rates have fallen from 21.1% to 16%. The increase is mainly due to a general increase in asset return assumptions and the fund assets now stand at over £400,000m.

Looking ahead, notwithstanding a new Prime Minister, the global economy is currently volatile and has been shaped by a series of shocks (financial crisis, Covid, and geopolitical tensions – the UK also has Brexit to deal with). This has led to weaker economic growth and many councils being under severe financial stress, compounded by growing demand pressures (e.g. SEND, housing, social care) and ongoing reforms such as reorganisation and devolution. Thus there is a growing political interest in the LGPS as a means of meeting wider economic objectives including a push to direct investment towards UK growth and infrastructure. This creates tension with the primary purpose of pension funds, which is to pay pensions to members. We are clear that pension assets are not a substitute for public funding and so we resist policy shifts that could undermine member outcomes.

The LGPS surplus is in line with most other pension schemes. The Pensions Regulator (TPR) has recently published its Annual Funding Statement 2026, setting out its expectations for schemes with valuation dates between 22 September 2025 and 21 September 2026. They report a strikingly positive funding landscape in which 90% of schemes are in surplus on a technical provisions basis. The main drivers for this have as been higher long-term interest rates, improved asset performance, moderated longevity assumptions and historic sponsor contributions.

Pensions Adequacy

The UK Pensions Commission’s interim report was published on 19 May 2026. It warns that many millions of people, particularly low and middle-income earners, the self-employed, women and members of some ethnic groups, are facing hardship in retirement. Changes are needed if the pensions system is to meet expected demographic and economic challenges.

The main document covers 190-pages, with an additional 126-page evidence pack and its conclusions include:

- The changes (most notably the introduction of automatic enrolment, and State Pension reform) that were made in response to the findings of the first Pensions Commission, which reported over twenty years ago, have achieved 'huge improvements' but further changes are needed in light of an ageing population, weak productivity and low wage growth experienced since then.
- For sustainability, the revised system will need to find the right mix of State pension, auto-enrolment minimums and voluntary saving. This will require a balance between government spending, intergenerational fairness, and affordability for employers and scheme members.
- The new State Pension is making the sort of income contribution envisaged by the first Commission, whereas private pensions saving has fallen short.
- Auto-enrolment eligibility, earnings thresholds and quality standards need to change to produce adequate retirement incomes for lower and middle-income earners.
- The solution needs to address those who are not saving at all, a problem that is particularly acute among the self-employed (and especially younger, lower-earning self-employed people).
- Wider public-policy changes will be needed to address savings disparities within sectors of the population (women, carers, disabled people and some ethnic groups) that have lower earnings and more gaps in employment.

How Much Do You Need for Retirement?

Retirement adequacy remains a challenge, especially for members balancing today's living costs with tomorrow's retirement needs. Earlier this month, Pensions UK updated its Retirement Living Standards (RLS) to reflect changes in the cost of living over the last year. They state that for those planning their retirement, the latest standards for a one-person household are

- For a **minimum** standard of living, you'll need £13,900 per year.
- For a **moderate** standard, which offers greater financial security and flexibility, you'll need £32,700 per year
- For a **comfortable** standard, which allows for more financial freedom and discretionary spending, you'll need £45,400 per year.

These figures do not include housing costs which vary significantly by location and personal circumstances. The Pensions Policy Institute finds that renting a two-bedroom home would cost £200,000 to £400,000 throughout retirement, significantly more than the average person's DC pension savings of around £150,000.

Are you anywhere near these figures?

Please share this bulletin. Any member who wishes to receive it directly should email george.georgiou@gmb.org.uk and ask to be added to the distribution list. Likewise, if you wish to be removed.