

Quarterly Pensions Watch: A look ahead to 2026



What you need to know

- 2025 was a busy year for pensions developments, most notably with the publication of the Pension Schemes Bill and the relaunch of the Pensions Commission. Momentum continued through the final quarter, marked by Autumn Budget announcements on salary sacrifice pension contributions and surplus payments to members. Alongside this, several industry consultations were launched, covering areas such as Pension Protection Fund levies, trusteeship and governance, and Collective Defined Contribution (CDC) arrangements.
- 2026 is set to continue on a similar theme, with the Pension Schemes Bill expected to receive Royal Assent early in the year. Although the Government's roadmap suggests some measures will take several years to come into force, we anticipate further consultation during 2026 on the detailed regulations and guidance relating to surplus flexibilities and DC reform.

Latest news

Development	Comment
Autumn Budget	As part of the Chancellor's Budget on 26 November, the Government announced a £2,000 annual cap on salary sacrifice pension contributions from 6 April 2029, meaning National Insurance will apply to contributions above this threshold. It also confirmed that inflation protection will be provided (where it previously formed part of a member's entitlement) for pre-1997 benefits in the Pension Protection Fund (PPF) and Financial Assistance Scheme (FAS) from January 2027. In addition, new rules will allow one-off surplus payments to DB members over Normal Minimum Pension Age (NMPA) from April 2027.
Pension Schemes Bill	The Pension Schemes Bill has progressed to the House of Lords, with Royal Assent expected in early 2026. Key measures include increased flexibility for DB schemes to release surplus, and a series of transformative changes for DC schemes. Further regulation and guidance will be issued over the coming years to bring these provisions into force.
Trustee and governance standards	Launched on 18 December 2025, this DWP consultation is aimed at raising trustee and governance standards. Key focus areas include the regulation of professional trustees (with consideration of a potential minimum standard of accreditation), enhanced support for lay trustees, and strengthened oversight of third-party administrators. Responses are expected to shape governance reforms later in 2026.
Pension Protection Fund Levy	The PPF proposes to maintain a zero levy for conventional schemes in 2026/27, contingent on the Pension Schemes Bill progressing sufficiently by 31 March 2026.
Collective Defined Contribution schemes at retirement	Over the last quarter the Government consulted on introducing retirement-only CDC schemes. These would operate as an alternative option for DC members at retirement, with Government-cited research indicating the potential for higher retirement income than purchasing an annuity. The consultation closed in December, and a response is awaited.
Pensions Dashboards	Schemes continue to connect to the dashboard infrastructure ahead of the compulsory deadline of 31 October 2026. The timing of the public launch remains dependent on testing, but MoneyHelper is expected to be the first dashboard to go live in late 2026/early 2027.
Value for Money (VFM) regime	At the start of January, the Financial Conduct Authority, working closely with DWP and TPR, published a consultation on the VFM framework for DC schemes. The framework is intended to deliver better retirement outcomes, requiring arrangements to provide transparency on their investment performance, charges and service quality.

Upcoming in 2026

Area	Anticipated development
Surplus flexibilities	Consultation on regulations setting out more detail around surplus release is expected during the year, followed by regulatory guidance in late 2026/early 2027. A provision is also expected in the next Finance Bill to enable targeted surplus payments to DB members over NPMA from April 2027, as announced in the Budget.
Defined benefit superfunds	The Pension Schemes Bill includes a legislative framework for both the operation of DB superfunds and for transfer into them. Consultation on regulations setting out further detail is expected in the first half of 2026. Regulations and a code of practice are expected to be in place during 2028.
Virgin Media fix	The legislative solution to validate historic contracted-out scheme changes is expected to come into force two months after the Pension Schemes Bill receives Royal Assent, so likely by mid-2026.
Pensions Commission	The Interim Report on long-term retirement adequacy and the future of UK retirement saving is expected in Spring 2026, with final recommendations due in 2027. Focus areas include adequacy for low earners and the self-employed.
DC Value for Money regime	The Pension Schemes Bill lays the framework for much wider requirements around VFM assessment for DC schemes. The consultation launched on 8 January seeks views to shape further regulation and guidance expected later in the year or in 2027. Assessments under the new framework are expected to commence in 2028.
DC megafunds	The Pension Schemes Bill introduces new minimum size requirements for some DC schemes such as master trusts (expected to apply from 2030), and consultation on draft regulations is to follow in due course.
Small DC pot consolidation	The Pension Schemes Bill is set to issue a framework for the consolidation of small, deferred DC pension pots but draft regulations around the detail are not expected until at least next year with full rollout expected in 2030.
Multi-employer CDC schemes	The Pensions Regulator's consultation on extending the CDC code of practice to cover unconnected multiple-employer schemes closes in February 2026; The final code is expected during 2026. A response to the Government's consultation on retirement-only CDC is also expected.
Trustee and governance standards	The consultation around raising trustee and governance standards, in particular exploring the regulation of professional trustees and support for lay trustees, is due to close in early March, with a response expected later in 2026.
Own Risk Assessments (ORA)	Many DB schemes (greater than 100 members) will face the deadline for their first ORA under the general code of practice from 31 March 2026 onwards.
Inheritance Tax	The Government intends to bring unused pension funds and pension death benefits within the value of a person's estate for Inheritance Tax purposes from 6 April 2027, as announced in the 2024 Budget.
State pension	The Basic State Pension will increase to approximately £241.30/week from April 2026 under the triple lock commitment. State Pension Age rises to 67 for those born after April 1960 (phased between 2026 and 2028).

Find out more

For further information, please get in touch with **Becky Elnaugh**, **Laura Sherry** or speak to your usual XPS Group contact.



Becky Elnaugh
Associate

 becky.elnaugh@xpsgroup.com



Laura Sherry
Senior Consultant

 laura.sherry@xpsgroup.com



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