Pension schemes' priorities for 2025: a half-year update

We are more than halfway through 2025. With the Pension Schemes Bill published, a new Pensions Commission launched and dashboards looming, let's review priorities for the rest of the year.

Back in December, we looked ahead at the leading themes for pension scheme trustees, sponsors and managers in 2025. After a busy first half, we thought now would be a good time to catch up on events and look ahead.

This article essentially runs through the 10 priorities we discussed in December with updates and some links to views we've published in 2025.

We waited for the government to launch phase 2 of its pensions market review before publishing this insight. That announcement took the shape of a revived Pensions Commission to look at improving outcomes for pension savers.

There's one extra item that we hoped we wouldn't need to include. With the government struggling to meet its fiscal targets, economists believe the Chancellor will need to raise large sums of extra tax in her autumn budget – and pensions are a likely target.

So, here are our updated themes for pension scheme trustees, sponsors and managers for the remainder of 2025 and beyond.

1 Pensions dashboards – connection has started

It's now a little more than a year until the legal deadline for all in-scope schemes to connect to the pensions dashboards ecosystem by 31 October 2026. The biggest master trusts were required to connect by 30 April 2025 and, despite some teething problems, the Pensions Dashboards Programme (PDP) says hundreds of pension providers and 20 million pension records are now connected – plus the state pension.??

Connection will roll on, user testing will start this year, and the PDP has reiterated its statement that all schemes and providers in scope will have been able to connect by the legal deadline. In July the government set a six-month target for launching the MoneyHelper dashboard.??

The PDP's language – "will have been able to connect" – is important. PDP can't make a scheme be ready for October 2026. But all schemes with 100 members or more should be ready to connect.??

A key message is that connection to dashboards depends on having good data. As it promised, the Pensions Regulator (TPR) is intervening directly to check on individual schemes' data quality. Don't wait for TPR's letter. If you haven't already, contact us to make sure your data is fit for purpose.?

Pensions dashboards is a huge undertaking, and there remains some scepticism about the timetable – but the PDP is sticking to its guns and your scheme needs to be ready.?

2 Inheritance tax – governments do listen!

Contrary to expectations, the only significant change to pensions taxation in the Labour government's first budget was the prospective application of inheritance tax to unused pension pots on death. The measure takes effect in April 2027.

The government proposed making pension scheme administrators responsible for reporting and paying inheritance tax due on unused pension pots and death benefits. This would have made managing the affairs of someone who has died even more complicated and stressful for dependants and beneficiaries.

The good news is that the government has listened to the industry's concerns. Personal representatives who administer the rest of the estate will also be liable for reporting and paying inheritance tax on unused pension funds and death benefits under the change.

HMRC will listen to feedback from industry bodies to refine the proposals before implementation in April 2027.

3 The Pension Schemes Bill

The government published its Pension Schemes Bill on 5 June. Its important features include:

- Requiring DC schemes to prove they are value for money, so that savers aren't stuck in underperforming schemes
- Simplifying retirement choices, with all pension schemes offering default routes to an income in retirement
- Bringing together small pension pots worth £1,000 or less into one pension scheme that is certified as delivering good value to savers
- New rules creating multi-employer DC scheme megafunds of at least £25 billion, driving down costs and investing in a wider range of assets
- Consolidating and professionalising the LGPS, with assets held in six pools that can invest in local infrastructure, housing and clean energy
- More flexibility for DB pension schemes to release surplus worth collectively £160 billion, to support employers' investment plans and benefit scheme members

The government and regulators will consult on these measures. Where regulations are made under powers in the bill, consultation will come after royal assent in 2026.

The government says the Pension Schemes Bill could boost returns to pension saving by thousands of pounds and make it easier for savers to access and manage their pensions.

Alongside the bill the government published a useful roadmap for pension reform, covering DB and DC measures. You can read it here.

4 A revamped Pensions Commission

Following the Pension Schemes Bill, the government announced the start of phase 2 of its pensions market review on 21 July. A revived Pensions Commission will look at ways to improve retirement outcomes, especially for those on the lowest incomes and at the greatest risk of poverty.

The commission will build on the work of the first Pensions Commission, which published its final report 20 years ago. In our response to the revamped commission (here), we welcomed its scope but were concerned that it

would move too slowly to help the current generation of undersavers. We are not alone in our concerns.

On 16 July, the Pensions Policy Institute published the 2025 edition of the UK Pensions Framework, in association with Aviva. The report reveals that performance in the UK pensions system has stalled, with adequacy and fairness remaining weak components of the framework and the gap between sustainability and adequacy widening.

With the commission not due to report until 2027, its work will have little direct effect on pension schemes for the remainder of 2025. But as an industry we need to build its remit into our plans and be prepared.

5 The capacity crunch – focus on GMPE

The high workload for pension schemes and their advisers has stretched industry capacity as schemes digitise to meet the needs of members and policyholders and carry out projects such as pensions dashboards, derisking and Guaranteed Minimum Pension equalisation (GMPE).

The Pension Schemes Bill will add to that workload, but the government has given the industry time to plan by organising its requirements over a five-year roadmap.

GMPE has become more urgent following the Pensions Ombudsman's comment that these projects should "should not be unnecessarily delayed". Almost seven years after the first GMPE ruling, we think the Ombudsman's patience may be wearing thin. You can read more here.

Lloyds 3 (past transfers-out and other full settlements) is a particularly tricky element of GMPE that schemes have put off for too long. We wrote about Lloyds 3 and how to get it done here.

With no let-up in the workload facing pension schemes, it's essential to engage your administrator and other advisers as early as possible to get this work done on time.

6 Derisking – busy as expected?

Derisking is high on the agenda for DB pension schemes. With many schemes in surplus, trustees are looking to remove risks and secure member benefits.

The industry expects another near-record year of bulk purchase annuity transactions totalling about £50 billion.

The government's plan to relax the rules on distribution of DB scheme surpluses could prompt some schemes to opt for a period of run-on instead of selling to an insurer. That decision will lie with trustees, who will be required to act according to their duties to protect member benefits.

We have seen no effect so far in the market from the government's measures. Demand for buyouts, buy-ins and other derisking options is high and capacity is stretched. And remember that schemes opting for run-on will need to meet many of the requirements for buyout.

Derisking transactions are complex with many potential pitfalls. Trustees should start planning early to set a strategy and, crucially, get the scheme's data in order. Insurers continue to report transactions hitting the buffers because of the risks created by poor data.

It is crucial to work closely with your pensions administrator at the outset, throughout the transaction and beyond. We recommend reading this article with comments from leading insurers.

7 Good data – crunch time has arrived ?

In our lookahead to 2025, we said this year would be crunch time for pension schemes to digitise and clean up their data. And as we predicted, the pressure to have and demonstrate good data has increased.

Good data is essential for everything a pension scheme does. You can't prepare for pensions dashboards, complete a derisking deal or end the GMPE saga without accurate information about your members and their benefits. And good data is essential for the fundamental task of paying members' benefits correctly and on time.

In March, TPR published its data strategy and its message was clear: the time has come for pension schemes to embrace the digital revolution to give members the service they need and expect and help them plan for their futures.

The Government Actuary's Department (GAD) joined the call for good data, telling schemes to conduct regular data audits, adapt to new technologies – and work closely with their scheme administrator. If the message wasn't clear enough, this month TPR started writing to individual pension schemes asking trustees bluntly why their data was in poor shape and what they were going to do about it.

If you don't know where to start on the path to good data, you can read our recent white paper here.

8 Supporting pension scheme members? ?

Pension schemes' essential task is to serve their members. At its heart, this means paying benefits accurately and on time, but expectations and obligations go much further.

The current generation of pension savers is on track to be poorer than members retiring this year, and more than 12 million people aren't saving enough for retirement.

As an industry, we need to do more – much more – to support members as they plan for the future. And we need to improve our levels of service to meet members' needs and expectations – before and after they retire.

The member experience – in all its forms – is high on the agenda. That's one of the reasons TPR has stepped up its engagement with pensions administrators. It's also why TPR wants pension schemes to comply with the Financial Conduct Authority's Consumer Duty and Value for Money regimes.

As an industry, we need to catch up with how people manage their lives – and that means providing digital services like our members' app, My Pension @ Aptia.

But we also need to make sure that as we embrace technology our service levels stay strong. In March, GAD highlighted the vital role of quality assurance for making sure members get the service they need. As we say in this article, we think all pension schemes will need a dedicated quality assurance and audit team to meet GAD's requirements.

9 CDC pensions are coming ? ?

In the next couple of months, the government will publish regulations to allow multiple unconnected employers to set up a collective defined contribution (CDC) scheme. These schemes will allow employers to pool

investments and risks to deliver better outcomes for members.

The rules could come into force as early as summer 2026. Also, work will be progressed on CDC schemes to be used only in retirement, allowing some members with DC pots to access CDC benefits in their retirement to give them a lifelong income.

At the moment, the UK's only CDC is the Royal Mail scheme. The government is backing the creation of more CDCs, and Pensions Minister Torsten Bell predicts the model will take off. This is something the industry needs to take seriously now.

At Aptia, we are considering how we can apply our knowledge and experience administering DB schemes to make sure future CDC members get the best possible experience.

10 Preparing for NMPA change? ? ?

The Normal Minimum Pension Age (NMPA) will rise from 55 to 57 from 6 April 2028. HMRC continues to work on transitional arrangements for the reform, and guidance is expected by 2025.?

In the meantime, schemes need to identify members who will retain the valuable right to take benefits at age 55 even after 2028. At Aptia, we have started a project for the change in NMPA, which had already increased from 50 to 55 back in 2010.

Trustees need to be aware that the change to the NMPA will affect different schemes in different ways. Schemes should work with their administrators and scheme lawyers so that communications are tailored cover members' protections and the options available to them.

And finally:

11 The autumn budget ? ? ?

The Labour government's first budget was less disruptive for the pensions industry than many expected. There were tricky changes to inheritance tax, but Chancellor Rachel Reeves went elsewhere – particularly employers' national insurance contributions – to raise taxes.

The consensus among economists is that Reeves will have to raise more tax in her second budget, expected in October or November, to meet her fiscal rules. With Reeves continuing to rule out increases to income tax, national insurance and VAT, speculation has started about how she might change taxation of pensions.

So far, the discussion has centred on potential changes to pension tax relief and tax-free lump sums. Deputy Prime Minister Angela Rayner has also suggested reinstating the lifetime allowance, and HMRC's review of pension salary sacrifice has raised questions about its possible abolition.?

Any of these options would create extra work for pension schemes already overloaded with regulatory and legislative requirements.

Against this backdrop, we would repeat our message to the Chancellor that such changes may be at odds with the government's goal of getting people saving more for retirement – and that the Treasury should be careful about trailing potential changes in the long runup to the budget.

Work with your administrator ? ? ?

At Aptia, this year has been exceptionally busy as we've worked to deliver on the goals we set when we were founded as an independent company.

At our second conference in March, we unveiled some of the innovations we have been working on – from new digital services to use of artificial intelligence and a groundbreaking new industry qualification.

As TPR, GAD and leading insurers will testify, it's vital that pension schemes work closely with their scheme administrator to achieve their strategic goals and deliver the best outcomes for members and policyholders.

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