SLAUGHTER AND MAY/

PENSIONS ESSENTIALS

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PENSION SCHEMES BILL

The Pension Schemes Bill covers a variety of topics including the refund of ongoing surpluses, DB superfunds, small pot consolidation, mega-default funds and DC value for money, as well as some changes in relation to the PPF and the jurisdiction of the Pensions Ombudsman. A Government roadmap provides information about the timetable for the changes.

The Bill is primarily focussed on a reform of the UK pensions industry to make pension fund assets work harder for UK industry, sponsors and members. The provisions of the Bill are summarised in detail in our briefing but the key changes to note include:

- **Refunds of ongoing surplus:** The repeal of the requirement to have passed a resolution before April 2016 to retain a power to distribute ongoing surplus and a new statutory power to amend **scheme** rules to allow a refund. The requirement for trustees to satisfy themselves that a refund is in the interests of members will also be repealed.
- **Value for money framework:** Provision for schemes to carry out and publish new detailed **value** for money assessments together with information about a variety of metrics.
- **Small pots consolidation:** Provision for the consolidation of small DC pots (which have been inactive for 12 months and are valued at £1000 or less).
- **DC megafunds:** Multi-employer master trusts and GPPs used for auto-enrolment must have a main default fund of £25 billion by 2030 (subject to exceptions and transitional provisions). There will also be restrictions on creating and operating such arrangements.
- **Decumulation:** New duties on trustees to provide access to "*default pension benefit solutions*" for DC members. A default solution must provide a regular income in retirement and take into account the needs, interests and circumstances of members.
- **DB superfunds:** A statutory framework for the authorisation and supervision of superfunds. Transfers will require TPR's approval and the Bill sets out conditions, but trustees will no longer have to show that a buy-out is not a realistic prospect in the future.
- **Other provisions:** There are a number of more minor changes including allowing the PPF to reduce its levy to nil and treating the Pensions Ombudsman as a competent court for the purposes of any disputed recovery of overpayments.

The majority of provisions in the Bill need to be fleshed out by regulations so some detail is currently lacking. It is anticipated the Bill will be enacted in 2026 with the first regulations coming into force in 2027, but TPR has said "*Trustees should take practical steps now to prepare*" for it.

Practical points:

- *Watch out for draft regulations.*
- *Consider whether any Bill provisions are likely to impact your scheme.*

VIRGIN MEDIA – LEGISLATIVE SOLUTION?

The Court of Appeal decision in Virgin Media made it clear that where a scheme that was contracted-out on a reference scheme test basis made an amendment to its rules which could affect contracted-out benefits, that amendment will be void where required actuarial confirmation was not obtained. The Government has now said that it will legislate to allow retrospective actuarial confirmation to be given.

Section 37 Pension Schemes Act 1993 provides that a scheme with salary-related contracted-out benefits can only be amended if prescribed conditions are complied with, otherwise the amendment will be void. The conditions in relation to amending DB contracted-out benefits accrued between April 1997 and 2016 are set out in regulations and have changed over time. Between April 1997 and April 2013 amendments could not be made to any rights relating to contracted-out employment under the reference scheme test unless the trustees had informed the actuary in writing and the actuary had confirmed in writing that the scheme would continue to satisfy the reference scheme test. The requirements were changed between 2013 and 2016 to limit the actuarial confirmation requirement to rights accrued after an amendment took effect.

Last year, the Court of Appeal upheld the decision of the High Court in the Virgin Media case and confirmed that amendments were void if the required actuarial confirmation was not obtained and for the purposes of the conditions as they stood between 1997 and 2013, that meant that amendments which affected both past and future service benefits were void even where such amendments had been beneficial to members.

This decision has led to consternation amongst some schemes as appropriate actuarial confirmation cannot now be found for all amendments. This in turn has caused difficulties in determining scheme liabilities and has proved a roadblock both to buy-outs and potentially to releasing surplus to employers.

Section 37 contains a power for the Government to make regulations to "*validate with retrospective effect any alteration of the rules which would otherwise be void under this section*" and the industry has been engaging with the Government about the possibility of using this power to save amendments where actuarial confirmation cannot be found.

The Government has issued a press release saying that it "*is aware that following last year's Court of Appeal judgment in Virgin Media… there is increased uncertainty in the pensions industry. We recognise that schemes and sponsoring employers need clarity around scheme liabilities and member benefit levels in order to plan for the future. The Government will therefore introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards*."

This is extremely welcome but how useful it is will of course depend on the precise wording of the regulations and exactly what actuaries are required to certify now. It may also depend on the availability of historic data.

Once the legislation is in place, trustees and sponsors will need to consider whether they want to rely on it and whether doing so will give rise to any practical issues. This will need to be done alongside considering the impact of the judgment in the Verity Trustees case that is expected to be handed down in the Autumn. In the meantime, if trustees or sponsors are in the process of finalising their accounts, they may need to consider how to approach Virgin Media issues and should be aware of the various guidance that has been issued in relation to possible approaches.

Finally, it is worth being aware when making scheme amendments now that there are still statutory requirements in relation to contracted-out benefits, although actuarial confirmation is no longer required.

Practical points:

- *Watch out for draft legislation.*
- *Consider whether there are any amendments which it might be relevant to.*

ENDGAME AND OTHER DB OPTIONS

In recent years, the DB market has changed and new options have been developed, including new endgame solutions. To address this, the Pensions Regulator has produced guidance aimed at trustees and employers to help them to navigate possible options by providing an overview of what is available and highlighting factors to consider.

New guidance issued by TPR says that trustees should "*regularly review the best way to deliver members' promised benefits*" and provides an overview of arrangements that may be available to trustees to help do so and the factors that they should take into account when assessing what is most appropriate for their scheme. The options covered by the guidance include:

- **Running on and surplus:** TPR cautions that running a scheme on after reaching full funding on a buy-out basis should be a conscious decision and trustees should be comfortable that members are likely to benefit from doing so. The benefits of running on can include paying discretionary benefits to members and using surplus to meet DC contributions or paying it to the employer.

  In advance of the Bill being enacted, trustees and employers may want to start thinking about surplus release in the future. Trustees should consider having a policy which includes details of how members and the employer are likely to benefit from the release, when surplus can be released and whether it would be in a lump sum or a series of payments. The guidance also says that: "*A scheme being materially overfunded, for a long period of time, with no plan to distribute excess funding to members or the sponsor, may not be in the best interests of members or the sponsor and may indicate poor governance controls.*"

- **Fiduciary management:** This involves delegating investment decision-making to fiduciary managers which enables trustees to access greater expertise. It can also provide access to more sophisticated investment options and economies of scale. A potential downside is that it might introduce additional complexity and/or cost. Trustees should consider appropriate oversight and the level of control they would be ceding.

- **DB master trusts:** These can provide access to better governance, investment opportunities and efficiencies and deliver economies of scale in administration and/or adviser costs. Trustees should consider the ongoing balance of powers between all parties including the master trust provider and trustees and the sponsor as well as whether the benefits and efficiencies gained sufficiently compensate for any loss of control.

- **Capital backed arrangements:** These maintain a link with the employer while a third party provides capital support to the scheme. They may be appropriate for schemes looking to achieve buy-out funding after a specified period of time or downside protection while the scheme runs on to generate a surplus which is shared with the capital provider. They typically specify an investment strategy and trustees must consider the appropriateness of this and whether the potential influence of the provider is compatible with their fiduciary duties.

- **Superfunds:** These typically allow the employer covenant to be replaced with an external financial covenant and may be appropriate where trustees have covenant concerns. If this option is taken, trustees should work collaboratively with the sponsor and ensure they are fully informed about all the stages of the process.

- **Buy-in and out:** Buy-ins generally limit flexibility by reducing the amount of liquid assets held in the scheme. This reduces the scale of assets available to the trustees and can reduce some economies of scale and the level of assets providing higher returns. Trustees will need to balance to pros and cons of a buy-in including how they will affect the provision of discretionary benefits. Similarly with buy-outs, trustees need to consider the potential costs and the potential loss of the ability to provide discretionary benefits against the extra certainty of benefit payment. They should also consider how options, such as cash commutation and transfer terms, might be affected.

Practical points:

- *Consider the guidance when determining what the scheme's endgame strategy is.*
- *Ensure that decisions are reached following a proper process.*

DATA (USE AND ACCESS) ACT

The Data (Use and Access) Act will amend UK legislation in relation to data protection. It also contains provisions to facilitate greater data sharing within the public and private sectors. Some of its provisions will be relevant to pension schemes.

Although the bulk of the Act is not yet in force, trustees and sponsors should be aware of it as it contains some changes that may affect the use of member's personal data. Things to be aware of include:

- As trustees will all be aware, members have rights in relation to their data, including a right to ask what data is held about them via a 'data subject access request' (DSAR). The Act includes some helpful amendments to the UK GDPR to codify existing regulatory guidance on DSARs, including by confirming that controllers only need to make a 'reasonable and proportionate' search in response to a request.
- The Act introduces a new requirement for controllers to have in place a mechanism to facilitate data subject complaints and to ensure they are acknowledged within 30 days. Trustees should consider whether any existing complaints processes cover this requirement.
- UK GDPR requires personal data to be "*collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes*". Clearly as statutory requirements evolve, the use of member data might also evolve - for example in relation to the pension dashboards. The Act makes some changes to when a new use of personal data should be treated as compatible with the original purpose it was collected for. The changes should not be problematic for trustees where they are reusing personal data to comply with statutory requirements such as the dashboards and should reduce the need for compatibility tests to be carried out and documented in some instances. Trustees should always check if a new use of personal data complies with their data protection obligations and/or requires a refresh of their privacy notices.
- The Act relaxes the rules around automated decision making, enabling greater use of legitimate interests where decisions don't involve special category data (such as data relating to health and sexual orientation).
- There are changes to the ICO's enforcement powers, including allowing it to require people to attend interviews (as TPR can) and introducing additional information gathering powers. The Act also increases the maximum fines that can be issued for digital marketing and cookie infringements, to align with those under the UK GDPR (to the higher of 4% annual worldwide turnover or £17.5 million). The Act also relaxes the current UK rules around cookies, to enable more cookies to be placed without user consent.

It is likely that the changes made by the Act will be introduced by regulations on a staggered basis over the next 12 months. In the meantime, if you would like more detail about how all of this will affect your scheme, the ICO has produced guidance on the changes introduced by the Act which it is worth having a look at. In addition, our data privacy blog, the Lens contains more interesting commentary on the changes.

Practical points:

- *Watch out for regulations bringing provisions into force and further guidance from the ICO.*
- *Consider if any changes should be made to existing data protection policies and notices.*

EMPLOYER RECOVERY OF VAT ON INVESTMENT COSTS

HMRC has announced a significant change to the VAT treatment for pension scheme investment costs which are met by the employer, allowing them to reclaim VAT on all such costs.

Over the years the ability of an employer to recover VAT on investment management services has been the subject of a number of challenges and changes in practice.

HMRC's historic policy was that employers could recover input tax they incurred on costs relating to the administration of an occupational pension scheme, but not those in relation to the management of investments made by it. This was on the basis that costs in relation to the investment of assets which the employer did not own were not seen as linked to its business but the administration of a scheme for the benefit of employees and former employees was.

Where an invoice covered both investment and administration, HMRC allowed an assumed allocation of 70% to investment and 30% to administration, meaning employers could deduct VAT from 30%. It was also possible for the employer to supply evidence to demonstrate that a fair and reasonable apportionment would result in more than 30% being allocated to administration.

The ability to deduct VAT in relation to investment costs was considered by the European Court in the PPG case. The Court decided that the employer was entitled to deduct the VAT it paid on services relating to both pension fund administration and investment if it could demonstrate that they were directly and immediately linked to its business.

As this was contrary to the view previously taken by HMRC, HMRC endeavoured for some time to find an appropriate way to adapt its practices to reflect the PPG case. Eventually, in 2017 it reached what looked like a finalised position with several alternative approaches. However, investment and administration costs were still treated differently, as VAT on investment costs could only be recovered where the employer could provide evidence that it contracted and paid for them. In addition, HMRC retained the previous 70/30 split option for invoices covering both investment and administration costs.

The new HMRC brief appears to cut through all this complexity with immediate effect, stating that as of 18 June, "*subject to normal deduction rules*" employers are allowed to deduct VAT incurred on **all** investment costs (as well as administration costs). There is little detail on the change or the rationale for it, but updated guidance is due by "autumn 2025".

The change is likely to be welcome news to employers and increase the likelihood of them being able to recover VAT on pension scheme investment costs.

Practical points:

- *Watch out for guidance from HMRC.*
- *Where employers meet scheme expenses, consider if this change will have an impact.*

CONSTRUCTION OF DC UNDERPIN WHERE MISTAKE IN DEED

A recent case considered the construction of a DC underpin which if interpreted literally would have increased liabilities in a DB scheme from around £140 million to nearly £1.6 billion. The court came to a helpful and sensible decision on the basis that a mistake had clearly been made and construed the deed as saying what was intended rather than literally.

The case of *Renishaw Plc v Ross Trustees* is an interesting one which demonstrates the court's willingness to take a practical approach to the construction of scheme rules, particularly where the consequences of a literal interpretation would lead to "*irrationally generous*" benefits .

The Scheme was a DB scheme but in 1992 a provision was introduced into the rules to the effect that a member's DB pension would, "*if necessary, be increased so as not to be less than the Member's Pension Account*". Pension Account was defined as twice the contributions paid by the member, adjusted for investment returns. The purpose behind the change was to "*make it clear to members that they would be no worse off*" continuing to participate in the Scheme as opposed to joining a personal pension scheme as at the time it was thought that DC arrangements might provide better benefits.

The question which the court was asked to consider was whether the DB pension had to be compared to the annual pension that could be purchased from the Pension Account or whether it should be tested against the entire cash value of the Pension Account. The effect of the latter construction would increase deferred and pensioner liabilities from just over £140 million to nearly £1.6 billion.

The judge considered the rules of construction, including:

- Considering the language used and what a reasonable person who has all the background knowledge reasonably available to the parties would have understood them to have meant.
- The court must have regard to all the relevant surrounding circumstances and if there are two possible constructions, the court is entitled to prefer the one which is consistent with business common sense.

- Where it is clear something has gone wrong with the language used and what a reasonable person would have understood the parties to have intended, the court will not bind the parties to a mistake.

Whilst the literal meaning of the DC underpin was arguably that a member's DB pension should be increased to be equal to the entire value of their notional Pension Account, it was clear that there had been a mistake in the drafting. The parties could not possibly have meant that the underpin should be applied in this way and no reasonable person would assume otherwise.

If the literal interpretation was adopted, the underpin would cost over 11 times more than the DB benefits and "*would not be operating as an 'underpin' at all. Far from 'underpinning' the primary final salary benefits, [it] would effectively be replacing those primary benefits*." There would have been no point in the drafter setting out the DB benefits as the underpin would always be higher. In addition, if the literal approach was adopted, it would not be a DC underpin at all as the pension would be equal to a fixed sum as opposed to the income that could be secured by that sum. This would be wholly inconsistent with the aims of introducing the underpin and would also have exceed Revenue limits.

Having concluded that there was a clear mistake, the judge then had to consider what correction was required to address it. He concluded that what was missing from the underpin "*was the conventional money purchase concept that the hypothetical pot represented by the Member's Pension Account should be used to 'purchase' an annual pension*." The "*relevant comparator for the Final Salary Pension becomes, not the Member's Pension Account as a cash lump sum but, rather, 'the annual amount of pension that could be purchased with' the Member's Pension Account*."

The judge reached a sensible decision based on fairly clear evidence as to what the rules should have said and the fact that the alternative would have yielded absurd results. However, it is helpful to know that the courts are prepared to deal with clear mistakes in this way.

Practical points:

- *Be aware that the courts will apply rules of construction to drafting errors.*
- *Note that background evidence and the parties' intentions are helpful in such cases.*

PENSIONS REGULATOR UPDATE

The Pensions Regulator has been fairly busy of late and as well as responding to the Bill, it has issued an interesting determination on its powers to amend schemes to use surplus on a wind-up and provided more detail in relation to its proposed trusteeship strategy.

Trusteeship strategy: TPR has reiterated its proposal to launch a strategy to bring trusteeship into line with other areas of corporate governance. The strategy will say more about the traits that trustees must possess, including being:

- **Member outcome focused:** Trustees will need to demonstrate high standards of stewardship as well as an understanding of what the right balance of risk and reward is for their members. Investments must be the product of informed decision-making with a view to the best financial interests of members and there should be a clearly defined objective which trustees regularly review. Quite how this sits with the Government's agenda in the Bill is not clear!
- **Constructive challenge:** It is necessary to ensure that any conflicts are managed and that decisions are made in the interests of members. TPR also observes that UK Corporate Governance Code sets out that non-executive directors are expected to serve no more than nine years to preserve their independence but many trustees serve longer. TPR intends to develop an assurance framework to ensure that trustee boards' effectiveness is reviewed every two or three years.
- **Highly skilled and diligent:** Trustees should be required to undertake continuing development. TPR intends to develop higher standards of accreditation for trustees and will make sure that all schemes meet the basic standards set out in the General Code.
- **Collaborative but accountable:** Trustees must understand that duties cannot be delegated or abdicated. They may rely on third parties and take advice when they don't have necessary expertise - but ultimately responsibility rests with them. Administrators are a critical partner for trustees which is why TPR is expanding its oversight to administration.

- **Data-led:** Raising data quality across the market is a key regulatory priority and TPR intends to make sure trustees have the right data hygiene in place and work with them to drive the development and adoption of open data standards.

It is quite difficult to work out what these objectives will actually look like in practice as much of it reads like saying "trustees must be trustee like". However, we will need to wait for the actual strategy to determine the extent to which it will result in any change in the trustee landscape.

Determination on surplus: TPR has reached a determination in relation to the Littlewoods Pensions Scheme in relation to its powers under section 69 Pensions Act 1995. These powers allow TPR to amend a scheme to permit refund of surplus to an employer on wind-up after all the liabilities of the scheme have been secured elsewhere if there is no other way of doing this or any alternative would be unduly complex or protracted or there would be difficulty obtaining required consents.

The Scheme closed to future accrual in 2011. From then on, only the principal employer was making contributions. In 2023, the liabilities were bought out and individual annuities were issued to members and dependants. It was anticipated that there would be a surplus of £10-12 million. The Scheme rules provided that the trustees could use surplus to provide a "*just and equitable increase in the benefits of persons entitled to benefits under the Scheme*", subject to the principal employer's consent. The principal employer would not consent. The rules also expressly prohibited an amendment to allow payments to employers.

The trustees had considered the possibility of augmenting member benefits. They concluded that the meaning of "*just and equitable*" was difficult to determine, any augmentation would be small and difficult to calculate and could give rise to tax issues. The insurers had also advised it would not be possible to augment benefits under the individual policies and HMRC had declined to approve the payment of an additional lump sum to members.

TPR concluded that the statutory requirements for using its amendment power had been met and that the trustees had properly considered all the alternatives. On that basis, it was appropriate to make an order to amend the rules to allow a distribution to the employer.

For other schemes contemplating wind-up with similar restrictions on use of surplus in their rules, it is worth remembering that this provision exists especially as the new surplus provisions in the Bill will only relate to ongoing distributions not to the use of surplus on wind-up.

Practical points:

- *Be aware of this determination if your scheme is winding-up with limited powers to use surplus.*
- *Watch out for more developments in relation to trusteeship.*

PENSIONS OMBUDSMAN UPDATE

The Ombudsman has issued an interesting determination in relation to discretionary increases and is considering a number of cases relating to the codification of a discretion on a buy-in which might be of interest when determined.

Buy-in: A number of members have complained that when their scheme was bought-in in 2023, their ability to take an early unreduced pension from the scheme was removed. The Ombudsman has concluded that he has jurisdiction to determine the complaints and is taking a "lead case" approach to them - which means he is considering one case first and, although it will not bind any parties to act in a particular way in relation to the other complaints, it will set out the Ombudsman's views in relation to the issue and how he is likely to decide other connected cases.

Few details are available but the suggestion in the pensions press is that the benefit was discretionary and it will be interesting to see what the Ombudsman says about hardcoding discretionary benefits on a buy-in.

Discretionary increases: In a recent determination the Ombudsman considered whether a failure to provide discretionary increases on pre-1997 pension in payment could amount to discrimination.

N was a member of the Scheme between 1965 and 2000, when he retired. The rules provided inflationary increases for pensions that came into payment before 1994 and statutory increases for post 1997 benefits. For pre-1997 benefits that came into payment from 1994, only discretionary and GMP increases were provided. Discretionary increases required the employer's consent and were provided up to 2011 when it became apparent that the Scheme had a significant deficit. No discretionary increases appear to have been provided after that date.

N complained that the scheme was acting in a discriminatory way as members who took their benefits before 1994 would receive guaranteed increases, whereas members with the same service who took their benefits later would receive only discretionary increases. It was also unfair that he had received no increases for over 10 years.

The Ombudsman said that it was not his role "*to consider whether the Rules are fair and reasonable*". The employer and trustees had acted in accordance with the rules.

In relation to whether the discretion not to award increases had been properly exercised, the employer and the trustees had a "*duty to ensure that the Scheme is sufficiently funded with enough provisions to provide for the membership as a whole over the coming years*". It was not part of the Ombudsman's remit *"to comment on whether the [employer]… has sufficient financial reserves to pay for any discretionary increases"*. He could consider its decision-making process and the correct process was to ask the right questions, correctly apply the rules and legislation, take all relevant factors into account and reach a decision that was not perverse. There was no evidence that the employer had not done this.

N also argued that he had a contractual entitlement to increases as there was a clearly established "custom and practice" of paying them. The Ombudsman said this was not the case as the rules were clear that increases were discretionary and not an entitlement.

The Ombudsman did not specifically address the issue of discrimination, but the adjudicator said that to establish this, N had to show he was being treated less favourably than other members in the same category. Members who retired before 1994 were in a separate category and so N had failed to demonstrate that there was discrimination.

The issue of increases on pre-1997 is one that TPR has looked at as well as the Work and Pensions Committee but so far no action has been taken. Whilst it is easy to see why such members think they are being treated unfairly, in some ways it is slightly difficult to justify paying greater increases to them when DC members have much lower pensions. It does not seem like inter-generational fairness.

Practical points:

- *Watch out for developments in relation to discretionary increases on pre-1997 service.*
- *Ensure decision making processes are properly documented and robust.*

WATCH LIST

For upcoming developments see our Pensions: What's Coming webpage.

	Topic	Details	Relevant dates
1.	**Collective defined contribution schemes**	The Government has consulted on the possibility of permitting CDC schemes for unconnected-employers, paving the way for commercial providers to offer such schemes.	Regulations to be issued in Autumn 2025 to come into force in 2026.
2.	**Dashboards**	Trustees of the majority of registrable UK schemes with active and/or deferred members will need to ensure that their scheme is connected to the dashboard eco-system over the next 16 months.	Compulsory connection deadline of 31 October 2026 for schemes with 100+ active and/or deferred members at year end between 1 April 2023 and 31 March 2024. Detailed staging timetable set out in DWP guidance.
3.	**Decumulation options - DC**	The Pension Schemes Bill will require trustees to provide access to a default retirement solution for DC members.	Provisions in Pension Schemes Bill due to be enacted in 2026 with regulations also anticipated in 2026. Phased implementation from 2027.
4.	**Default funds - DC**	The Pension Schemes Bill will require multi-employer master trusts and GPPs used for auto-enrolment to have a main default fund with assets of £25 billion. It also sets out a regime for the approval and supervision of such funds.	Provisions in Pension Schemes Bill due to be enacted in 2026. Requirements in force in 2030 with transitional provisions to 2035.
5.	**Notifiable events on corporate activity - DB**	It appears TPR has ceased work on the notifiable events code of practice so it is not clear whether there will be any further developments.	No dates are known as to when or if any progress will be made. It seems this change may have been dropped.
6.	**Small pots consolidation - DC**	The Pension Schemes Bill provides for the consolidation of dormant DC pots of £1000 or less. Consolidators are likely to be DC master trusts.	Provisions in Pension Schemes Bill due to be enacted in 2026. Consolidators selected in 2029 and consolidation to start in 2030.
7.	**Superfunds - DB**	The Pension Schemes Bill sets out a framework for the authorisation and supervision of superfunds and transfers to them. The possibility of a public consolidator is still being considered.	Provisions in Pension Schemes Bill due to be enacted in 2026 with regulations anticipated in 2027. Coming into force in 2028 alongside a new code of practice.
8.	**Surplus - DB**	The Pension Schemes Bill will repeal requirement to have passed a resolution before April 2016 to retain a power to distribute ongoing surplus and include a new statutory power to amend scheme rules to allow a refund.	Provisions in Pension Schemes Bill due to be enacted in 2026 with draft regulations also anticipated in 2026. Requirements in force in 2027 and guidance issued.

	Topic	Details	Relevant dates
9.	**Tax issues**	Draft legislation awaited in relation to inheritance tax (IHT) on lump sum death benefits and inherited benefits.	IHT changes are anticipated from 6 April 2027. Changes to be made from 6 April 2026 in relation to need for UK scheme administrators.
10.	**Value for money - DC**	Pension Schemes Bill allows for regulations to set out a new value for money framework for occupational pension schemes.	Provisions in Pension Schemes Bill due to be enacted in 2026 with regulations also anticipated in 2026. First new assessments and published data in 2028.
11.	**Virgin Media regulations - DB**	Regulations expected to allow actuaries to retrospectively certify an amendment to contracted-out benefits where historic confirmation cannot now be found.	Possibly later this year but no firm date.

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