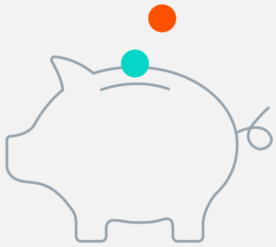
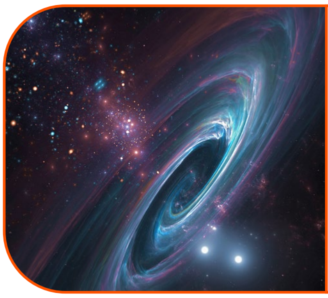
SQUIRE PATTON BOGGS

# Hot topics in pensions

Autumn 2026



Inspired by the recent solar eclipse, our autumn hot topics takes readers on a journey into space. Join us as we chart a course through the pensions cosmos, mapping the latest developments shaping trustee and corporate agendas.



**Defined benefit (DB) surplus: Back in orbit**

The concept of a surplus in a DB scheme seemed to have disappeared into a black hole in the early part of this century. It has now reentered orbit. From 6 April 2027, legislation (currently under consultation) will simplify the process for releasing surplus to employers from ongoing schemes. Other legislation (also under consultation) will make a release of surplus to members from ongoing schemes an authorised payment, provided certain conditions are met. Trustees should seek legal advice on the alignment of legislation and their scheme rules, in order to avoid one eclipsing the other.

**A boost for reputable transfers**

Transferring crew on and off the international space station requires meticulous planning – not just in terms of physics, but also the practicalities of ensuring that all astronauts have somewhere to sleep! Some of the complexities around pensions transfers may be put to bed with the Department for Work and Pensions' (DWP) latest consultation proposals to amend statutory transfer regulations, including giving trustees the ability to green light transfers to "reputable" pension schemes. The DWP has promised to provide a non-exhaustive list of factors for trustees when considering whether to allow lift off.

**Sirius progress on value for money (VFM)**

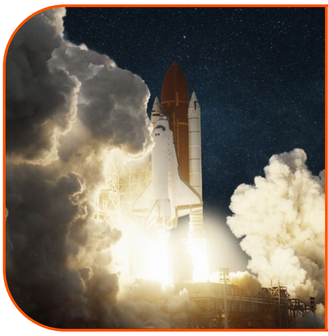
The Pensions Regulator (TPR) has issued an overview of the VFM framework, explaining the latest consultation and draft regulations. This includes a flowchart to help clarify which defined contribution (DC) arrangements fall within scope for VFM. Like Sirius, the brightest star in the night sky, the guidance shines a light on trustee actions. Recent changes in DWP policy include the phased introduction of VFM, which will apply to master trusts and larger schemes first. TPR has also illuminated its thinking on how the proposed digital service will allow schemes to submit data, access comparator data for benchmarking purposes and submit VFM outcomes for public disclosure.

**Collective DC (CDC): One small step for man, one giant leap for mankind**

On 20 July 1969, the first man walked on the moon, marking a significant milestone in space exploration. Fast forward 57 years, and the pensions industry had its own (not quite so) significant event when the CDC regime for unconnected multiple employer schemes came into existence on 31 July 2026. It has been a relatively smooth journey, supported by a Sea of Tranquillity of legislation, an updated TPR code of practice and updated guidance. Further legislation is advancing in leaps and bounds. Regulations now permit the bulk transfer of occupational DC benefits to an accumulation CDC scheme without member consent. The CDC flag has been firmly planted on planet pensions.

**Adding gravity to artificial intelligence (AI)**

The Society of Pensions Professionals (SPP) has issued a practical guide to help trustees build a responsible AI governance framework that satisfies TPR's expectations. The SPP encourages trustees to map where AI is exerting its gravitational pull across their schemes, ask informed questions of advisers and service providers, make sure that appropriate controls are in place and be satisfied that there is meaningful human accountability at the centre of important decisions. Trustees should attach weight to this important issue, and ensure that responsibilities and safeguards around AI use are anchored in service contracts.

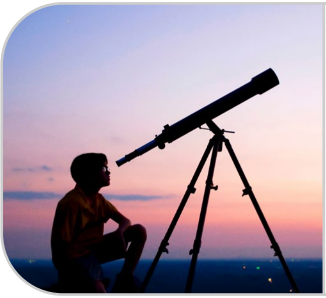


### Managing pension schemes service: The final countdown

In 1963, Cape Canaveral, famous for sending rockets to space, briefly changed its name to Cape Kennedy. Not so much a name change, but a complete relaunch, HM Revenue and Customs (HMRC) has confirmed that the Pension Schemes Online Service will be withdrawn from April 2027, in favour of the Managing Pension Schemes Service. The clock is ticking for any registered pension schemes that have not yet migrated over – they should do so by 31 December 2026. Migration is a task for trustees and not their third-party administrators. Failure to launch will result in deregistration and consequent tax charges. Our blog post provides further information.

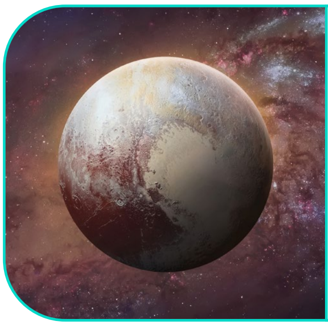
### Time to reassess terminal illness requirements

For the average person, "time" is difficult to understand and measure. A day on Venus is longer than a year on Venus, and Neptune takes 165 Earth years to orbit the sun. The measurement of life expectancy for assessing entitlement to a serious ill-health lump sum has come under recent debate in the House of Lords. In order to qualify, a registered medical practitioner must certify that a member is expected to live for less than 12 months. Medical advancements have impacted terminal diagnoses, and fewer members are receiving the certification. The government has said that it will watch closely and review accessibility.



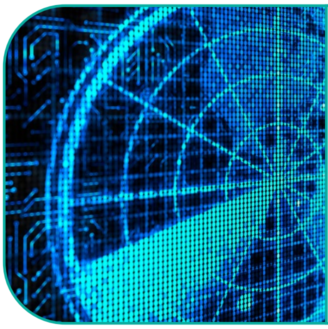
### Zooming in on Inheritance Tax (IHT)

We do not need a telescope to observe the forthcoming changes to the treatment of pension savings for IHT purposes – they are fast approaching and due to take effect from April 2027. Trustees should bring the changes into sharp focus now by updating member communications, as well as checking that administrators are up to speed with the new requirements and able to share information with personal representatives within the required timeframes. Members should also be reminded of the importance of keeping expression of wish forms up to date, to ensure their intentions remain clearly visible.



### Pluto: Charting pensions developments

How many planets are in our solar system? If you answered "nine", you may have overlooked Pluto's reassignment to dwarf planet status in 2006. To avoid confusion on the status and timings of regulations, consultations, codes of practice and guidance, here are some useful links. The DWP's updated Pension Schemes Act 2026 roadmap provides a detailed timeline of expected developments. TPR's roadmap plots the main reforms in its orbit (separated into DB and DC trajectories). The Financial Conduct Authority's (FCA) updated regulatory initiatives grid offers a broad view of the regulatory galaxy, including a chapter on pensions and retirement income.



### More on the pensions radar

Keep your eyes on the skies this December for the multicoloured Geminid meteor shower. Closer to home, there is more pensions activity on the radar. The DWP has issued a policy paper on guided retirement principles ahead of its planned consultation this autumn. HMRC has updated its VAT input tax manual and VAT Notice 700/17, following a change in policy on reclaim of VAT for DB schemes. (We hope for further clarity on some practical points). HMRC is also consulting on draft legislation relating to the increase in normal minimum pension age on 6 April 2028. Make sure that you leave (mental) space for all of these developments!

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