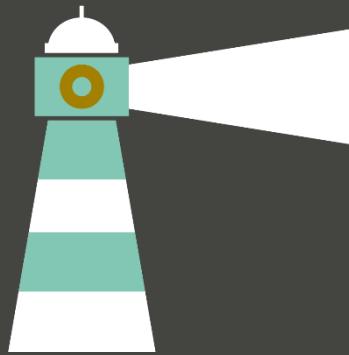


# What's Happening in Pensions

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**Joint regulatory consultation on 2028 value for money framework:** The Financial Conduct Authority and the Pensions Regulator have issued a new joint consultation on their long-awaited value for money (VFM) framework for workplace defined contribution pension schemes. The joint consultation closes on 8 March 2026, with the regime expected to come into effect from 2028.

**Actuarial guidance published for the Virgin Media legislative fix:** The Financial Reporting Council has issued the awaited Technical Actuarial Guidance for pension scheme actuaries to provide retrospective confirmation to validate historic alterations made to salary-related contracted-out occupational pension schemes. This is the penultimate piece of the *Virgin Media* jigsaw, the remaining one being the outcome of *Verity Trustees v Wood* in the High Court.

**Pensions Dashboards – supplementary guidance and new consultation on private dashboards:** Following discussions with the Department for Work and Pensions, the Pensions Dashboards Programme has published supplementary guidance to assist trustees with the return of value data to the pensions dashboards. A consultation on how best to support the delivery of private sector dashboards is due to close on 10 February 2026.

**Welcome tax adviser registration exemption for pension scheme administrators:** HMRC has confirmed that mandatory tax adviser registration requirements contained in the Finance (No.2) Bill will not apply to pension scheme administrators providing information to scheme members.

**International data transfers:** The European Commission has renewed its two 2021 adequacy decisions, confirming that the UK legal framework as amended by the Data (Use and Access) Act 2025 provides adequate protection to allow the flow of personal data between the European Economic Area (EEA) and the United Kingdom.

**Some timing updates from the Pensions Minister on forthcoming developments:** An update on timescales and next steps in relation to the Pensions Commission, more technical amendments to the legislation that abolished the lifetime allowance, statutory guidance on trustee investment duties and a proposed consultation on improving fraud protection for members transferring benefits from pension schemes.

**PENSIONS RADAR:** You may also be interested in the latest edition of [Pensions Radar](#), our quarterly listing of expected future changes in the UK law affecting work-based pension schemes.

**SUSTAINABILITY MATERIALS:** Our [Sustainable finance and Investment Hub](#) includes a section on [ESG and sustainable finance issues for pension schemes and their sponsors](#).

## Joint regulatory consultation on 2028 value for money framework

On 8 January, the Financial Conduct Authority (FCA) and the Pensions Regulator issued a new joint [consultation](#) on their long-awaited value for money (VFM) framework for workplace defined contribution (DC) pension schemes. The joint consultation closes on 8 March 2026, with the regime expected to come into effect from 2028. For further details as to what is proposed please read our [client briefing](#).

The consultation includes draft rules and guidance for contract-based schemes. The VFM framework will apply to trust-based schemes through regulations made under the Pension Schemes Bill currently before Parliament. Responses to the consultation will, therefore, inform both the development of these regulations and the draft rules and guidance for contract-based schemes.

The Pensions Regulator has [urged trustees](#) of trust-based DC schemes to give their views and has published [its own overview](#) of the proposed framework. The VFM regime will apply to default arrangements of workplace DC pension schemes – i.e. the default strategy of qualifying auto-enrolment (AE) schemes and legacy "quasi-defaults" which predate AE. The Regulator's overview notes that under the current proposals all master trusts and the majority of single employer DC schemes (apart from executive pension plan or Small Self-Administered Schemes which are excluded) will be in scope. Feedback is sought as to whether this is appropriate.

Secondly, the Regulator's overview notes that trustees will be required to enter their scheme metrics into a centralised database by the end of March each year. Comparator data will then be calculated and made available to trustees to allow them to carry out a VFM assessment and produce the scheme's RAGG rating. Trustees must publish their VFM assessment report separately to the Chair's statement by the end of October each year. Trustees' views are sought as to when the metrics should be made publicly available – whether in the interests of transparency, this should be in March or in October, so as to reduce the risk of the information being taken out of context and poor decisions being made by employers and members.

### Comment

The regulators appear to have listened to concerns around the original proposals issued in 2024, with some softening of measures. However, the key obligations remain unchanged with requirements on schemes to publish key metrics every year covering investment performance, asset classes, costs, charges and service. The introduction of a more nuanced four-tier rating should help mitigate the cliff-edge of a scheme being either rated as giving value or being barred from taking on new business. Nevertheless, the proposals will undoubtedly help fulfil the Government's agenda of driving further consolidation in the DC market, resulting in larger schemes delivering better value for members.

## Actuarial guidance for the Virgin Media legislative fix published

On 23 January, the Financial Reporting Council issued the awaited [Technical Actuarial Guidance](#) for pension scheme actuaries to provide retrospective confirmation to validate historic alterations made to salary-related contracted out occupational pension schemes. Sections 100 to 107 of the [Pension Schemes Bill](#) contain a mechanism to address the issues arising from the Court of Appeal's decision in the [Virgin Media](#) case. By way of reminder, the decision called into question the validity of past alterations made to salary-related contracted out occupational pension schemes, without the prior actuarial confirmation required being given (see our [alert](#) and [Q&As](#) for further detail on the decision). As covered in [WHIP 119](#) the mechanism will enable affected pension schemes to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards where they meet the conditions to be a "potentially remediable alteration".

The guidance (which may be updated if further changes are made to the Bill before it becomes law) is well written and has been developed in close collaboration with the industry, including extensive input from the Institute and Faculty of Actuaries and the Association of Consulting Actuaries. It provides practical, non-prescriptive guidance for scheme actuaries, including examples of how to apply a proportionate approach in collecting information and forming judgements where historic records are incomplete. Some points to draw out from the guidance are:

- Section 101 (3) (b) of the Bill allows a historic alteration to be treated as if it were valid where the scheme actuary has given the trustees written confirmation that, in their opinion, it is reasonable to conclude that the

alteration would not have prevented the scheme from meeting the statutory standard. There is no statutory definition of "*reasonable to conclude*" but the guidance notes that the test does not require the scheme actuary to have certainty but to reach "*a reasoned and justifiable conclusion*", taking into account all the relevant facts and circumstances after taking a proportionate approach to data collection.

- In forming an opinion, a scheme actuary is not required to put themselves in the position of the scheme actuary at the time the alteration was made or have the full data or meet the requirements of the actuarial guidance that applied at that time.
- Examples of when an understanding of the rule alteration alone will be sufficient to determine whether the alteration would not have prevented the scheme from continuing to meet the reference scheme test include alterations:
  - which did not reduce benefits
  - that affected benefits unconnected to meeting the reference scheme test, such as lump sum benefits on death in service, children's pensions and ill-health pensions
  - where benefits are subject to a reference scheme underpin
  - to indexation and revaluation caps that reflect corresponding changes in legislation; and
  - where a simple assessment is sufficient to reach a conclusion e.g. where spouses' pensions are reduced below 50% of members' pensions but, due to the accrual rate, remain at least 50% of reference scheme members' pensions.
- Where further information is needed, it is for the trustees or the employer, where appropriate, to decide how much time and effort to spend on obtaining data. The scheme actuary must, however, make a judgement as to whether the data is sufficient to allow them to provide retrospective confirmation. The guidance gives the examples of triennial and other reference scheme test certificates, contracting-out certificates and pension scheme valuation reports produced after the date of the purported alteration as forms of data which provide indirect evidence that can assist the scheme actuary to provide the required confirmation.
- Where a scheme actuary is unable to provide a retrospective confirmation, they should communicate this to the trustees and may choose to set out the details of the investigations and analysis undertaken, along with what additional information, if available, might allow them to give the confirmation.
- Where multiple alterations were made to a scheme with effect from the same date, it is likely that the scheme actuary will consider whether the combined effect of the alterations was such that the scheme continued to meet the reference scheme test.

## Practical next steps

The publication of this technical guidance is the penultimate piece of the Virgin Media jigsaw, the remaining one being the outcome of *Verity Trustees v Wood* in the High Court. One benefit alteration not covered in the guidance, however, is a closure to accrual. This may be covered by *Verity* although there are strong arguments that a closure to accrual did not require actuarial confirmation as where there is no ongoing accrual, there is no requirement to satisfy the 'reference scheme test' post-closure.

The guidance states that if the scheme actuary is uncertain as to the effect of a particular rule alteration, legal advice may be required. Trustees who have yet to conclude a legal review may wish to progress this although, unless there is a pressing buy-out or other project in train, they should await further developments before instructing their scheme actuary to work on providing retrospective written confirmation.

## Pensions Dashboards – supplementary guidance on benefit illustrations and consultation on private sector dashboards

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Following discussions with the Department for Work and Pensions (DWP), the Pensions Dashboards Programme (PDP) has published supplementary [guidance](#) on the use of (i) benefit illustration objects; (ii) estimated retirement income and accrued components and (iii) illustration dates, to assist trustees with the return of value data to the pensions dashboards.

Of most interest to trustees is the section on aligning the illustration dates of a member's defined benefits (DB) and defined contribution (DC) benefits (including AVC benefits), within the same scheme. The policy intent is that illustration dates should align at a benefit level. This means that:

- The accrued and projected values for a benefit should be calculated on the same day.
- The DB benefit for a member can be calculated on a different day to their DC benefit, as these are different benefits. If a member has two separate AVC arrangements they can also be calculated on different dates to each other, as they are different benefits.

The DWP is reportedly exploring whether it is necessary to amend the regulations to make the above explicit. If changes are proposed, this would be subject to public consultation. In the meantime, the Pensions Regulator has confirmed to us that it will focus on behaviours or breaches it considers pose the greatest risk to a savers' ability to receive a complete and accurate picture of their pensions information and will intervene only to the extent necessary to address the harm or reduce the risk. As such, it will focus on ensuring that the information presented to savers is recent, clear, accurate and understandable, by, for example, looking to ensure that:

- The value information provided is from the last statement provided to the member in the last 13 months, or a calculation made for the member in the last 12 months.
- That accrued and projected values for each benefit type have the same illustration date.

[A new PDP consultation](#) on how best to support the delivery of private sector dashboards continues until 10 February 2026.

### Comment

The misalignment of illustration dates for different benefit types held within the same scheme is fairly common. We welcome this clarification from the PDP and the comfort provided by the Pensions Regulator that the issue is unlikely to be a focus of its enforcement approach.

## Tax adviser registration exemption for pension scheme administrators

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Sections 220 to 226 of the [Finance \(No.2\) Bill](#) will introduce mandatory tax adviser registration requirements and penalties for non-compliance from May 2026. HMRC's Pension Schemes Newsletter 176 [published](#) on 18 December 2025 contains welcome confirmation that these requirements will not apply to pension scheme administrators who simply provide information to members as they will not be interacting with HMRC about members' tax affairs. Activities such as providing information about annual allowance charges and holding pre-retirement information sessions should not, therefore, require registration.

Schedule 19 to the Bill also contains an exemption from registration where the adviser interacts with HMRC in order to comply with an obligation of the adviser under any enactment. The newsletter gives the following as examples of those bodies that will be covered by this exemption:

- pension scheme administrators
- pensions practitioners
- scheme managers of qualifying overseas pension schemes
- qualifying recognised overseas pension schemes

- responsible persons for employer-financed retirement benefit schemes

## Comment

This confirmation and clarification of policy intent will be welcomed by pension scheme administrators who have been engaging with HMRC on the refinement of the mandatory registration legislation since it was announced.

## International data transfers

On 19 December 2025, the European Commission [renewed its two 2021 adequacy decisions](#) confirming that the UK legal framework as amended by the Data (Use and Access) Act 2025 provides adequate protection to allow the flow of personal data between the European Economic Area (EEA) and the United Kingdom. The new decisions run until 27 December 2031, with the possibility of renewal.

The Information Commissioner's Office has also recently updated and enhanced its guidance on [International Transfers](#) of personal information to make it quicker for trustees and businesses to understand and comply with the relevant UK GDPR requirements. The streamlined guidance sets out a clear "three step test" for organisations to use to identify if they are making restricted transfers and additional content has been included to help with frequently asked questions.

## Comment

This will be welcome news for those scheme trustees who either transfer personal data to the EEA themselves or, more commonly, where a party to whom they have delegated responsibility, such as a third-party scheme administrator or its sub-contractor, is transferring such data. Without this decision, trustees would have faced additional costs in agreeing standard contractual clauses with EEA-based recipients of scheme data.

Trustees should regularly refresh their data mapping and ensure they ask the right questions of their advisers and suppliers to find out whether they transfer scheme data outside the UK.

## Updates from the Pensions Minister in relation to the timing of forthcoming developments

In recent responses to Parliamentary questions, the Pensions Minister has given some updates in relation to the timing of various anticipated pensions developments.

- On 7 January, he [confirmed](#) that the Pensions Commission is expected to publish its final report in the first half of 2027 – it was previously expected "in 2027".
- On 8 January, he [confirmed](#) that the Pensions (Abolition of Lifetime Allowance Charge etc) Regulations will be made in Spring 2026. This follows on from [HMRC Newsletter 173](#) published in September 2025 which confirmed that regulations making further technical amendments to the legislation that abolished the lifetime allowance were coming. Updates to the treatment of scheme-specific lump sums for members with enhanced protection and lump sums paid from qualifying registered overseas pension schemes to UK residents are expected. When made, the regulations will have retrospective effect from 6 April 2024.
- On 22 January he [advised](#) that industry roundtables will be commencing shortly to gather views and technical expertise on the proposed statutory guidance for trustees on exercising their fiduciary duties in relation to matters of investment which we covered in [WHIP 119](#). The Minister confirmed that the guidance "*will include clarification and practical support on their ability to take account of system level risks, such as climate related risks, and the impacts of investments where these affect members' long-term outcomes, including their standard of living. The guidance will also explore how trustees may consider members' views, provided this remains consistent with investing in members' best interests, and will reaffirm that trustees should take account of all financially material matters, where appropriate in their investment decision making*".

- On 26 January he said that the Government will consult in the coming months on its work to strengthen the transfer process for members. It is unclear from this response whether the consultation will include amendments to deal with the issues identified with the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021, covered in the DWP's 18 month review of the regulations in June 2023. The 2023 report noted industry concerns about the overseas investment amber flag and transfer incentive red flag but did not decide what (if anything) to do about them.

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