

PASA Consultation Response

**DWP Consultation: Retirement Collective
Defined Contribution pension schemes**

December 2025

PASA 



PASA Consultation response

Section	Content	Page
1	Summary	1
2	Consultation responses	2

Acknowledgments

PASA is grateful to the authors of the response, the members of the PASA Collective Defined Contribution Focus Group and their employers. This consultation is supported by members of the PASA Industry Policy Committee.

CDC Focus Group:

Ian McQuade	PASA Board Sponsor
Helen Ball (Chair)	Sackers
Emma Douglas	Aviva
Robbie Tink	Barnett Waddingham
Kevin Wesbroom	AON

IPC:

Ross Wilson (Co-Chair IPC)	Gallagher
Gareth Stears (Co-Chair IPC)	Aries Insight
Uche Egenti	Railpen
Rosie Kwok	LCP
Natasha Moss	Delta FS
Andrew Palmer	Bravura Solutions

About PASA

The Pensions Administration Standards Association (PASA) was created to professionalise pensions administration by setting clear standards, developing practical guidance and independently accrediting excellence, so schemes and their members benefit from consistently higher-quality, better-governed outcomes.

PASA acts as a focal point and engages with industry and government to create protocols for understanding good administration - but also appreciates there's no one size fits all. PASA develops evidential Accreditation practices allowing benchmarking across and between the industry regardless of how the administration is being delivered.

As well as raising the profile of pension administration generally, PASA focuses on three core activities:

1. **Defining good standards of pensions administration relevant to all providers, whether in-house, third party or insurers**
2. **Publishing Guidance to support those standards**
3. **Being an independent Accreditation body, assessing the achievement of good standards by schemes**

There's no organisation providing such services across schemes, yet there's a demand for evidence of service quality from scheme trustees, sponsors, administrators, insurers, savers and regulators.

1. Summary

PASA supports the extension of CDC solutions to retirement-phase schemes (RCDC). RCDC has the potential to transform retirement outcomes for millions of savers, particularly those auto-enrolled into DC schemes who aren't equipped to make complex retirement decisions. Trustees acting as intermediaries between their members and RCDC schemes could simplify the retirement journey, but they will need support to balance new duties with existing responsibilities. Implementation requires significant resource and careful sequencing. The duty to offer default retirement solutions should follow, not precede, RCDC development.

Administration will be central to RCDC success. Systems must integrate tightly with actuarial, investment and communication functions, with real-time pricing and record-keeping ensuring fairness and sustainability. Clarity is needed on minimum transfer pot sizes, combining multiple DC pots and rules for subsequent transfers to avoid uncertainty. Administrators should be involved early in designing the saver journey and communications, while restrictions on trustee communications must be clearly defined to avoid reputational risk. Costs must be controlled to protect savers, but flexibility is needed rather than a universal cap.

Good standards of administration and governance will underpin confidence in RCDC. These could be evidenced and supported through PASA Accreditation, providing independent assurance of quality and giving trustees, their members and regulators confidence to ensure schemes are supported by robust systems and processes. Success will depend on clear trustee duties, integrated administration, saver-centric communications, balanced cost controls, wider availability and strong governance evidenced through accreditation.

2. Consultation questions and answers

We've provided general feedback on the consultation, focusing on administration and supporting savers, rather than attempting to answer each of the consultation questions individually. Our response highlights cross-cutting issues relevant to trustees, their members and administrators .

General comments

1. We support the extension of CDC solutions to RCDC schemes. RCDC has the potential to transform retirement outcomes for millions of savers currently in DC schemes. RCDC isn't the perfect solution for everyone, but it's a reasonable solution for many, particularly for people who are auto-enrolled and aren't equipped to make complex retirement decisions.
2. Trustees of occupational pension schemes are proposed as intermediaries between their members and RCDC schemes. This reduces complexity and creates a consistent experience. The proposal links RCDC development to the new duty for trustees to offer default retirement solutions. These requirements must work together to succeed. Trustees will need support to balance this duty against the additional burden it creates, see points eight and nine below.
3. RCDC requires significant resource and strategic planning. With a busy legislative schedule ahead, not all providers and master trusts will adopt RCDC immediately. The duty to offer default retirement solutions should follow RCDC development, not precede it. Trustees, particularly of 'mega-fund' schemes, are unlikely to set up a default retirement solution without considering RCDC first.
4. Trustees and administrators of schemes will have limited influence over the design of their provider's RCDC proposition. Any legal or regulatory duties placed on trustees and administrators regarding RCDC design and set-up must be carefully framed to ensure they're appropriate and reasonable.
5. Administration systems for RCDC schemes must integrate tightly with actuarial, investment and communication systems. The defining transaction is at the entry point for the individual, where trustees must establish the fair level of benefits in return for their DC transfer value. This involves illustrating the level of RCDC pension at the point of transfer. To do so, the administration system must establish the sustainable level of pension increases, based on actuarial input, and be supportable at the time. This calculation must be made for every person transferring in, not just once a year when a new rate of increase is declared.
6. Underlying pricing calculations should be carried out weekly or monthly. The outcome must then be communicated to the member. Without adequate integration, results could be unfair for incoming or incumbent members. Administration systems must therefore be part of the bedrock of RCDC design and work seamlessly with partnering DC administration systems. PASA accreditation would provide

reassurance of good administration standards and may be considered a prerequisite to administer a CDC scheme.

7. Unlike DB schemes, RCDC can't rely on employer top-ups after annual assessments. Every trustee decision to make payments must be fully justified, supported by real-time administration and asset/liability valuation. Trustees must also monitor DC contributions entering the RCDC scheme, particularly if cohorting is involved. This requires accurate real-time record-keeping. Administration will therefore be more complex than in other DB or DC arrangements.
8. From an administration and user-journey perspective, it'll be important to clarify whether there's a minimum individual transfer pot size required to be accepted by an RCDC. Members and trustees need to understand upfront what options are available at retirement, including whether combining multiple DC pots is necessary to reach the required level. Clear rules will also be needed on whether members can make subsequent transfers into an existing RCDC pension and if so, whether minimum transfer thresholds would apply or could be waived. Without this clarity, trustees and administrators may struggle to guide people effectively, and they could be left uncertain about their retirement planning.
9. If trustees act as intermediaries, this will shape the saver journey at retirement. Entry into RCDC will follow a handover from occupational scheme trustees. Communications around this journey will be critical and are most likely to be issued by the occupational DC scheme. Administration is key to delivering communications and gathering saver feedback. Administrators should be involved early in discussions on the saver journey and communications as well as in planning integration requirements.
10. The consultation proposes restrictions preventing trustees from engaging in financial promotions. These must be clearly framed so the boundary between providing information and engaging in promotions is well defined. If not, trustees may be reluctant to engage with RCDC for fear of reputational risk. Trustees may also need to explain why a particular RCDC option was chosen. Giving reasons could risk crossing the boundary if rules are unclear. Before setting restrictions, it's vital to define how RCDC information can be shared and by whom. Protections should also be considered for trustees who connect savers to an RCDC scheme which later underperforms.
11. There are additional considerations around Consumer Duty if FCA-regulated schemes refer savers to RCDC. These should be manageable, but the longer-term objective must be to make RCDC available to everyone, including those in non-workplace pensions, SIPP's and the self-employed. Maintaining a distinction would reduce policy impact and disadvantage many retirees. Government should press ahead with FCA discussions to extend RCDC availability. Understanding FCA timescales will be important, as they will influence provider decisions.

12. The design of RCDC administration will be a key factor in setting costs. More complexity means more work and higher costs. As RCDC funding is self-supporting, cost control is essential. Transfers in at retirement will fund RCDC, with no employer top-ups. Savers may be defaulted into RCDC without actively choosing it, so a framework for charges is needed as consumer protection. A universal percentage cap may not suit all designs. Flexibility will be required.
13. We note the consultation's requirement that all CDC schemes must have appropriate systems and processes to support well-run schemes, ensuring good standards of administration and governance and adequate security for their members' benefits and data. This requirement could be evidenced by administrators achieving PASA accreditation as this provides independent assurance of quality and governance standards. It could even be considered as a prerequisite for administering RCDC schemes, giving trustees, their members, members of RCDC schemes and regulators confidence schemes are supported by robust systems and processes.

Final comment

RCDC schemes could transform retirement outcomes for savers. Success will depend on:

- Clear trustee duties
- Integrated administration systems
- Early involvement of administrators in saver journey design
- Transparent rules on communications and promotions
- Cost controls balancing protection with flexibility
- Extension of RCDC availability to all savers, supported by clear FCA timescales
- Good standards of administration and governance, which could be evidenced and supported through PASA Accreditation

PASA



Get in touch:

info@pasa-uk.com

www.pasa-uk.com