

PASA CDC Focus Group

**Response to the TPR consultation on the
draft CDC Code of Practice**

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Acknowledgments

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About PASA

The Pensions Administration Standards Association (PASA) was created to provide an independent infrastructure to set, develop, guide and assess administration standards.

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. Background

The response below sets out a number of general comments regarding the TPR Consultation: Extending the collective defined contribution (CDC) code of practice. We've focused our response on the aspects of the draft CDC Code which relate to administration practice.

2. General comments

2.1. Adopting a single CDC Code

We agree it makes sense to have a single CDC Code covering both single and multi-employer schemes.

We also agree with the longer term aim to incorporate the CDC Code into TPR's General Code of Practice. This would reduce the volume of regulatory material schemes need to work with, minimise duplication and make requirements easier to navigate.

2.2. Development of the CDC Code

The CDC Code needs to reflect the nuanced differences between the requirements for single and multi-employer schemes. In future, it will need to highlight any specific differences relating to retirement CDC schemes.

It would be helpful for TPR to be clear about where and when further detail is expected to be added once legislation is finalised. It would also be helpful to know whether any future guidance will expand on the CDC Code.

A clearer steer on how TPR plans to adapt the CDC Code to accommodate different types of CDC schemes would be welcome. This should include indicative timeframes and how this work will align with the stated intention to move the CDC Code into the General Code of Practice.

This matters from an operational perspective. Each change to a Code of Practice needs to be assessed against existing systems and controls. This can include IT systems, governance arrangements, communications, decision making structures and delegations to administrators dealing directly with CDC members. Greater visibility of the likely scope and timing of the change would help administrators plan resourcing, decision making and sequencing more effectively.

2.3. Cross referencing in the CDC Code

It would be helpful if the CDC Code included clear cross-references to key parts of the CDC legislation, other Codes of Practice and relevant TPR guidance. This is particularly important where those materials already provide a comprehensive explanation of requirements.

This approach could reduce the risk of the CDC Code creating an additional layer of requirements which differ from, or cut across, existing source materials.

3. Content

- 3.1 In general, the draft CDC Code is clear about which requirements apply only to multi-employer CDC schemes from an administrative perspective. However, some areas would benefit from greater clarity, particularly where judgement or subjectivity is involved, or where early operational experience is likely to be limited.

For example, the CDC Code could do more to illustrate when TPR would expect a scheme to create a new section for different groups of members, or how trustees should approach risks specific to CDC schemes. The administrator's role in gathering, maintaining and sharing detailed membership data will be central to these decisions and to the success of the scheme more broadly.

- 3.2 The draft CDC Code states trustees can't promote or market the scheme. In practice, an employer choosing between commercial multi-employer schemes will want to understand how trustees govern the scheme and hold the scheme proprietor to account. This information is often a legitimate and important part of the decision-making process.

Preventing trustees from sharing basic information about how they fulfil their role could be unhelpful in these circumstances. Currently, master trust trustees can meet with prospective participating employers to talk about their role and how they govern their schemes. There are clear demarcation lines between this and 'sales/promotion' activity. This should also be available to prospective participating employers of multi-employer schemes. The CDC Code should therefore describe a range of actions trustees may take, and communications they may be involved in, without straying into promotion or marketing.

Greater clarity would reduce uncertainty and make it easier for employers to compare CDC schemes on a more consistent basis. This could ultimately benefit savers by supporting better-informed scheme selection.

- 3.3 It would be helpful for TPR to set out more clearly how it expects master trust and CDC authorisation and supervision regimes to work together in practice. At present, it's unclear how duplication will be avoided where systems and processes overlap between DC master trust and CDC benefits.

Providers and trustees are likely to need more guidance on operating mixed-benefit schemes. This includes navigating differences between the CDC and master trust regimes, and TPR's expectations around any crossover areas such as:

- payment of expenses
- use of unallocated assets
- winding up requirements
- cross subsidies between scheme sections

Each of these has direct implications for administration, governance and resourcing.

- 3.4 The role of CDC trustees in providing access to targeted support and guided retirement will become increasingly relevant over time. Keeping pace with changes in the retirement landscape and reflecting these in operational processes, is likely to be a significant administrative challenge.

At the same time, developments in member communications, data gathering and usage, and the increasing use of technology and AI are expected to reshape the retirement experience over the coming years. These changes will need to be reflected in the CDC Code at the appropriate time, where they're not already addressed through regulations or guidance.

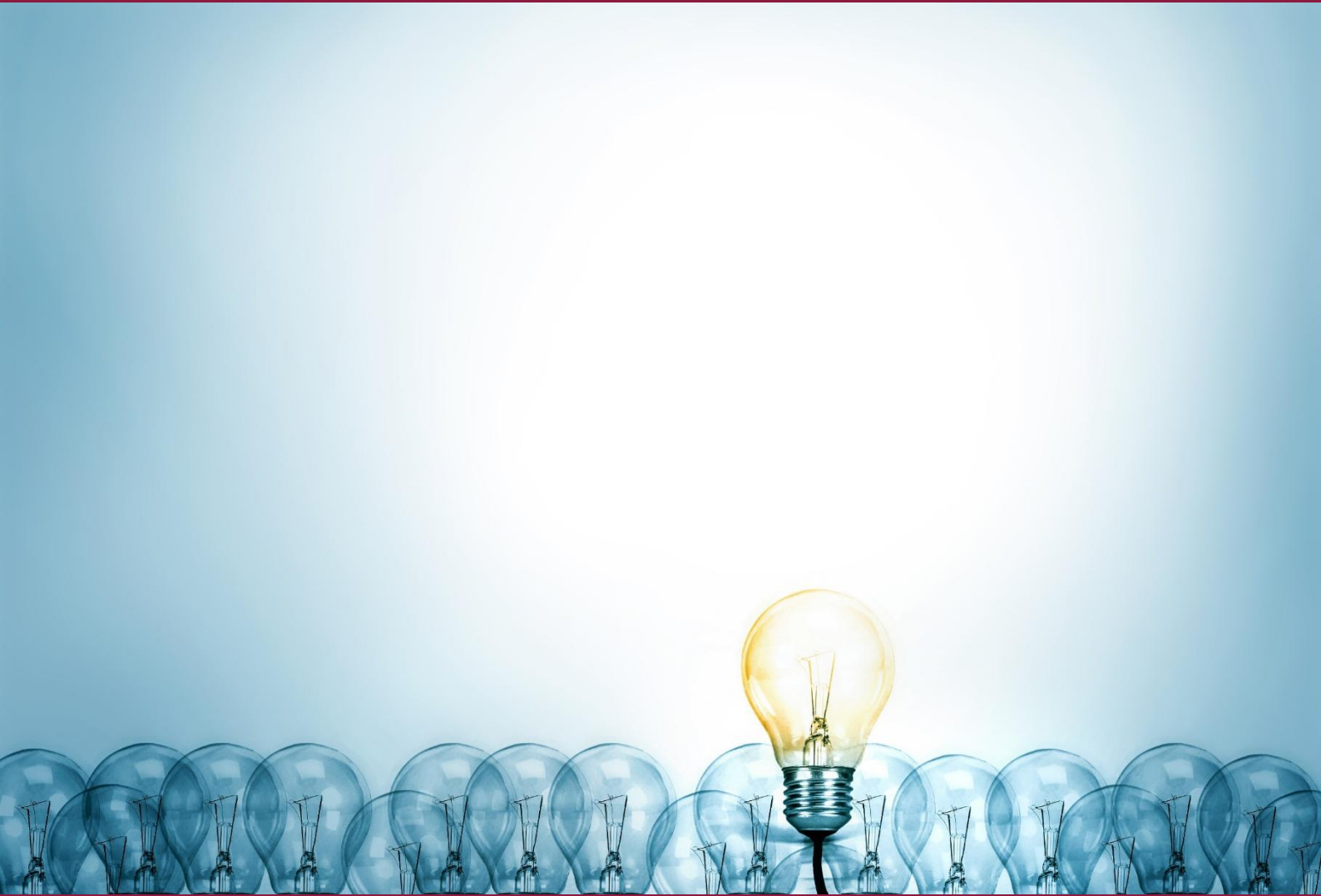
- 3.5 Industry standards play an important role in supporting consistent, high-quality administration.

PASA's Accreditation Programme is a long-established industry standard for non-CDC pension schemes. It requires administrators to demonstrate, through evidence and assessment robust processes, controls and governance arrangements are in place and operating effectively. Accreditation reflects ongoing assurance, not a one-off review.

It therefore makes sense for schemes wishing to offer CDC benefits to meet, or aspire to meet, the same standards. CDC schemes rely heavily on accurate data, dependable processes and clear operational accountability. Weaknesses in administration can directly affect benefit calculations, communications and saver confidence. Using PASA Accreditation as a benchmark would support operational readiness and reduce delivery risk.

This becomes increasingly important as retirement CDC schemes are introduced as a potential default guided retirement solution. Where savers may move benefits from DC into a retirement CDC arrangement, confidence in administration quality at the point of access will be critical. PASA Accreditation could provide a consistent and recognised reference point, supporting saver protection without prescribing how scheme design or delivery models.

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