PASA DC Working Group

Guided Retirement:

Operational Readiness Guidance

September
2026

DEFINED CONTRIBUTION

PASA

Guided Retirement: Operational Readiness Guidance

Section	Content	Page
1	Introduction	1
2	Five Questions to Test Readiness	1
3	Operational Readiness in Practice	3
4	Using the Implementation Window	5
5	What Schemes Can Do Now	5
6	Guided Retirement Readiness Checklist	6
7	Looking Ahead	8

Acknowledgments

PASA is grateful to the authors of the Guidance from the PASA DC Working Group (DCWG) and their employers.

David Fairs (Board Sponsor)	**PASA Chair**
Jessica Rigby (Chair)	**Vidett**
Helen Ball	**Sackers**
Lesley Carline	**KGC Associates**
Stephen Coates	**Mercer**
David Porter	**People's Pension**
Helen Hurst	**Hymans Robertson**
Natalie Fisken	**People's Pension**

1. Introduction

In our recent article on the topic of guided retirement[1], we looked at the operational challenge of turning this from policy ambition into something which can be delivered effectively in practice. As thinking develops, the next question is what trustees, administrators and providers should be considering now.

This time, we focus on the practical questions schemes should be asking as they begin to assess their readiness.

Terminology used in this Guidance

For clarity, throughout this Guidance we use:

- **guided retirement** to describe the overarching framework
- **default pension** for the retirement income solution offered within it
- **retirement journey** or **member journey** for the process through which members are supported

2. Five Questions to Test Readiness

These questions can help identify where operational change may be required.

01 Are we involving administration early enough?

Administration is embedded in design discussions. Roles and responsibilities across trustees, providers and administrators are clearly defined. The operating model for delivering guided retirement is understood and documented.

02 Do we have the data to support guided retirement?

The data available is sufficient to support any proposed cohorting or segmentation approach. Data gaps are understood, with a clear plan to enhance data over time. Governance processes ensure data is maintained and updated.

03 Are we designing a retirement 'event', or supporting a retirement journey?

Processes support ongoing engagement and allow the member journey to respond as circumstances change.

04 Can the operating model support guided retirement at scale?

Systems and processes can support default pensions at scale, including member consent, alternative choices, changes where permitted, and ongoing monitoring. Decision logic and operational controls are clearly documented and tested.

05 Can we actually pay retirement income reliably?

Administration can support the payment structure required by the chosen default pension, including regular income, PAYE and any flexible or phased elements.

---

[1] Guided Retirement Article July 2026

3. Operational Readiness in Practice

The question for administrators is how the new framework, and the default pensions developed within it, can be delivered effectively and safely in practice.

Default pensions will need to be designed around the needs of different groups of members while remaining capable of operating at scale. This creates practical challenges for administration. Any cohorting or segmentation approach will need to be supported by appropriate data, communications will need to be timely and relevant and systems and processes will need to support the member journey consistently.

Successful delivery will depend on four closely connected areas: systems, data, governance and communication. Weakness in any one of them could create significant delivery risk.

Guided retirement should be viewed as an operational transformation programme, not simply a product design exercise.

3.1. Systems

Many existing administration platforms were designed around accumulation and more transactional retirement processes, rather than ongoing retirement journeys. Guided retirement may require them to support multiple retirement options, phased or flexible income, links to guidance or advice services, and automated processes which respond to member information or behaviour over time. This will place greater importance on reliable data flows between systems and on ensuring the different stages of the member journey work together effectively.

Where systems can't support these requirements, administrators may need to rely on manual workarounds, increasing operational risk and limiting scalability.

Key system considerations

- Workflow automation across the retirement journey
- Integration with external providers and services
- Timely and reliable data flows
- Flexible decisions/rules capability to support any cohorting or segmentation approach, with the ability to respond where member circumstances change

3.2. Data

As the PPI report suggests, guided retirement is unlikely to be a single point-in-time event. It's more likely to involve an ongoing retirement journey which may need to adapt as member circumstances change. The effectiveness of any default pension, and the wider journey around it, will depend heavily on the quality of the data supporting it.

Schemes are unlikely to hold every piece of information which could theoretically help determine which default pension best reflects a member's circumstances. In practice, decisions may need to be based on broad cohorts using information the scheme already holds, can reasonably obtain or can appropriately infer. This could create new data requirements, particularly around retirement intentions, member preferences and other factors relevant to the design of the retirement journey.

Those responsible for designing the guided retirement approach will need to decide:

A. What data is required?
B. How it can reasonably be obtained?
C. What level of incomplete information can be accommodated?
D. How frequently should data be reviewed and updated?

Key data considerations

- Accurate core member data
- Sufficient data to support the proposed default pension and any cohorting approach
- Reliable and timely data flows between systems and providers
- Ongoing validation and data improvement

3.3. Governance

As default pensions and the processes surrounding them become more automated, clear accountability and robust governance become increasingly important. Governance arrangements will need to define how default pensions are designed and operated, how outcomes and member behaviour are monitored, and how exceptions or edge cases are managed.

Governance will therefore need to support both strategic oversight and day-to-day operational decision-making.

There's also an important distinction between defaulting members into pension saving and supporting them into retirement. During accumulation, members are generally working towards a broadly common objective of building retirement savings. At retirement, needs and preferences can diverge significantly and the consequences of different income choices may be long-lasting.

The number of organisations involved in guided retirement also makes clarity of responsibility essential. Trustees, providers, administrators and technology partners may each play different roles in the design and delivery of the default pension and wider member journey. Those responsibilities should be understood and documented from the outset.

Key governance considerations

- Establishing clear roles and accountability between trustees, providers, administrators and relevant technology partners
- Documenting key processes and maintaining appropriate audit trails
- Establishing controls around automated decisions and exceptions
- Setting regular review cycles for default pensions and the wider retirement journey

3.4. Member communication and support

A default pension isn't a substitute for communication. Guided retirement will still require clear, timely and targeted communication throughout the member journey.

Members will need to understand what the default pension is, why it's being offered, what alternatives are available and what the implications may be of choosing, or not choosing, the default.

For administrators, this could increase demand for more sophisticated member support across a range of channels. Teams may need additional training and escalation routes so they can explain the available options clearly without crossing the boundary into regulated financial advice.

Communications may also need to begin well before the point of retirement. Guided retirement should be considered as part of a broader member journey, helping individuals understand how decisions such as the timing of retirement can affect future income.

Any failure to communicate effectively risks member confusion, complaints and potential regulatory scrutiny (as well as reputational risk for all the parties involved).

Key communication considerations (CART)

- **Clear** – avoiding unnecessary jargon and complexity
- **Accessible** – across appropriate channels
- **Relevant** – reflecting the member's circumstances where appropriate
- **Timely** – aligned to key points in the retirement journey

4. Using the Implementation Window

The revised timetable for guided retirement provides welcome additional breathing space, with implementation now expected from 2029. However, the scale of the operational change means this time will still need to be used carefully.

Policy development is continuing around how default pensions should operate and the outcomes they should deliver. At the same time, schemes and administrators are managing other significant regulatory and operational change.

Preparing for guided retirement may require administrators to redesign processes, enhance systems, improve or collect data, train teams and develop new governance arrangements. All of this will need to be delivered alongside BAU administration and other significant industry change.

The additional implementation time is valuable, but it shouldn't be mistaken for a reason to defer readiness work.

5. What Schemes Can do Now

The key message isn't that schemes need to build their final guided retirement solution now, but they can begin assessing operational readiness.

There's a balance to strike. Schemes shouldn't build final default pensions or operating models before the requirements are sufficiently clear, but neither do they need to wait to understand their current capabilities, data gaps, dependencies and resource needs.

A phased approach to readiness

01 Assess
- Current operational readiness

02 Identify
- Material gaps and dependencies

03 Prepare
- Take sensible preparatory action where requirements are already clear

04 Build
- A scalable long-term model as the framework develops

Early readiness work can reduce implementation risk and give administration teams greater opportunity to influence the design of the eventual operating model, default pension and member journey.

6. Guided Retirement Readiness Checklist

There's still detail to be worked through before guided retirement is implemented. However, schemes and their administrators can begin assessing readiness now. The following questions are intended as a practical starting point for identifying current capabilities, gaps and areas where further work may be needed.

Strategy and Readiness

- ☐ Have you defined what guided retirement could mean for your scheme and members?
- ☐ Do trustees, employers, providers and administrators have a shared understanding of the objectives?
- ☐ Have you mapped the current retirement journey end-to-end?
- ☐ Have you identified other planned changes which could affect the design or delivery of guided retirement?
- ☐ Is administration involved early enough in design discussions?

Systems

- ☐ Have you assessed whether current systems could support the likely requirements of guided retirement at scale?
- ☐ Have you identified which parts of the retirement journey may need to be automated to operate effectively at scale?
- ☐ Have you identified which external providers or services may need to integrate with the administration platform?
- ☐ Can current systems support regular, phased or flexible retirement income where required by the default pension?
- ☐ Can systems support changes in member circumstances or choices over time?

Data

- ☐ Is the core member data needed to support guided retirement sufficiently accurate and complete?
- ☐ Have you identified any gaps in the data likely to be needed to design or operate default pensions?
- ☐ Are appropriate data validation and improvement processes in place?
- ☐ Are data flows between relevant systems and providers reliable, timely and secure?

Governance

- [ ] Are roles and responsibilities for guided retirement clearly defined across trustees, providers, administrators and relevant technology partners?
- [ ] Are responsibilities for the design and operation of the default pension clear?
- [ ] Are key decisions, processes and controls documented appropriately?
- [ ] Is there an appropriate audit trail for automated decisions and exceptions?
- [ ] Are monitoring and review arrangements in place for the default pension and wider member journey?
- [ ] Is it clear who owns decisions where member circumstances fall outside the standard process?

Communication

- [ ] Is the communication strategy aligned to the full member journey, rather than just the point of retirement?
- [ ] Can members understand what the default pension is and why it's being offered?
- [ ] Have you tested and validated members understand the default pension, the alternatives available to them, and what they need to do if they don't want the default?
- [ ] Are communications timed appropriately throughout the retirement journey?
- [ ] Can communications be tailored or targeted where appropriate?
- [ ] Are suitable support channels available to members?
- [ ] Are member-facing teams trained to explain the options clearly without crossing the boundary into regulated financial advice?

Risk and Compliance

- [ ] Have the operational risks associated with automated decisions and processes within the retirement journey been assessed?
- [ ] Have the likely exceptions and edge cases been identified, and how they would be managed?
- [ ] Have the regulatory requirements and responsibilities which apply to each party involved been identified?
- [ ] Is there a process for adapting the operating model as the guided retirement framework develops?

Delivery and Planning

- [ ] Do you have a realistic readiness and implementation plan which can evolve as requirements become clearer?
- [ ] Have the preparatory actions which can sensibly be taken before the final framework is settled been identified?
- [ ] Have the people, budget and technology likely to be required been identified?
- [ ] Have dependencies on providers, technology partners and other projects been identified?
- [ ] Are there clear milestones and ownership for the next stages of readiness work?
- [ ] How will guided retirement be delivered alongside BAU administration and other major change programmes?

7. Looking Ahead

Guided retirement represents a significant shift in how schemes support members as they move from saving into retirement income. Delivering it successfully will require more than the design of a default pension: it will also require changes across systems, data, governance, communications and the wider member journey.

Although the final framework is still developing, schemes can use the available time to understand their starting point and identify where change is likely to be required. Doing so should put them in a stronger position to develop default pensions and supporting retirement journeys once the remaining requirements are clear.

The final shape of guided retirement may still be developing, but understanding operational readiness can start now.

About the DC Working Group

Supporting effective DC administration

The PASA DC Working Group (DCWG) develops content to support administrators, employers and trustees in the effective delivery, oversight and governance of DC administration.

Its work focuses on:

- Supporting high-quality DC administration, oversight and governance
- Identifying legislative, regulatory or process changes needed to support the delivery of DC schemes
- Considering the administrator's role in effective saver engagement and communication, including in relation to Value for Money (VFM)

Bringing together expertise across DC

The DCWG was formed in July 2024 through the merger of PASA's previously separate DC, Master Trust and VFM Working Groups. Bringing the groups together enables the development of more comprehensive content, addressing common issues across DC alongside specialist areas.

Meet the Working Group

David Fairs
Board Sponsor
PASA Chair

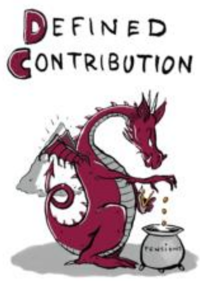
Jessica Rigby
WG Chair
Vidett

Working Group Members

Andy Cheseldine
Capital Cranfield
Anish Rav
Capita
Catalina Esler
IGG
David French
Heywood
David Porter
People's Pension
Ferdy Lovett
Sackers
Frances Shipsey
L&G

Glen Brown
Fidelity International
Helen Ball
Sackers
Helen Hurst
Hymans
Jodie Greenway
L&G
John Simmonds
CEM Benchmarking
Johnathan Sharp
Baker McKenzie
Lesley Carline
KGC Associates

Michael Ambery
Standard Life
Nicola Boyle
TPR – Observer
Peter Glancy
Lloyds
Sharon Cairney
Fenner Group
Shri Krishnansen
WealthOS
Stephen Coates
Mercer
Natalie Fisken
People's Pension



Get in touch:

info@pasa-uk.com

www.pasa-uk.com

PASA is a Community Interest Company and our full name is Pensions Administration Standards Association CIC.
Company number: 6597097