

# Pensions Schemes Bill

## Second Reading (Lords): Briefing from Age UK

December 2025

### Summary

**Age UK is supportive of the Pensions Schemes Bill and believes the majority of measures will help improve the pensions system.** We are particularly pleased that the Government is setting out aspects of Value for Money and the basis for decumulation pathways in legislation, both of which will help improve outcomes for generations of pension savers.

**This briefing sets out Age UK's views in relation to three key aspects of the Bill – we would appreciate Peers' support in raising these points at Second Reading tomorrow.**

### Bulk transfers without consent for contract-based schemes

The Bill gives provision for the Treasury to instruct the Financial Conduct Authority (FCA) to establish a system whereby insurers can (a) move their members' pots into a different scheme without member consent and (b) make unilateral changes to the terms and conditions. **This provision is essential for ensuring that other parts of the Bill (notably small pot consolidation and Value for Money) are operationally possible.**

#### 1) Meaning of better outcomes

Any changes to a member's pot must meet a 'best interests test', overseen by an independent person, which meets certain requirements – overall it must give “a better outcome for the directly affected members” and “no worse an outcome for the other members”.

***We believe that there might be competing interpretations on what a “better outcome” means, and that the focus should be on generating the best outcomes at retirement – we encourage Peers to seek clarity from the Minister that this is the case.***

#### 2) Defining an 'independent person'

The 'independent person' needs only to be independent of the provider and to have sufficient expertise. ***This needs to be more closely defined.***

For example, it is likely that any independent person is an industry specialist, possibly either an ex-employee or future employee of that firm (or another firm in the marketplace) and has a degree of vested interest – with some appointments the provider may not receive sufficient challenge.

Alternatively, the FCA may allow providers to use their existing Independent Governance Committee (IGC) to fulfil this role. In this case, they must be assuredly independent from the provider – some IGCs have employees as serving members. ***Ministerial clarification that IGCs can only fulfil this function if they do not contain any employees would be welcome.***

Age UK believes that the independent person should operate under a fiduciary duty, similar to that of pension trustees. This would place upon them a legal responsibility to:

- Act in the best financial interests of scheme members

- Avoid conflicts of interest
- Make prudent, well-informed decisions
- Not profit personally from their role

***Jointly with other leading consumer groups (Which? and the TUC), we have written a briefing outlining possible amendments to improve this part of the Bill - please see attached to covering email.***

Furthermore, the two points on 'outcome' and 'independence' need to work together – what outcome is the independent person assessing, and do they have the right expertise?

We strongly welcome the legal recourse, which gives a fallback option that means members could seek redress through the courts - even if this is unlikely to be used in practice.

## **Value for money**

**The Value for Money (VFM) provisions in the Bill are welcome. We are, however, sceptical that a RAG rating system (Red-Amber-Green) will be sufficiently nuanced to determine whether a group of savers is better off under a different arrangement.**

For example, we would expect all qualifying Automatic Enrolment arrangements to be rated 'green', however they do not necessarily have the same charges – i.e. savers could be moved to a higher charging scheme and be worse off in retirement, all while remaining within 'green' rated savings.

## **Decumulation**

**The duty on schemes to put in place a 'default pension benefit solution' (i.e. decumulation) is very welcome.** Since the introduction of the pension freedoms in 2015, the difficulty savers face in taking challenging decisions has been clear. A lack of understanding about the different options available, a tendency to favour the short-term in decision making, and behavioural biases in other areas all make it very difficult to take the decision that helps people.

**We welcome the Bill's emphasis on making money last throughout someone's life.** [A report](#) commissioned by Age UK and Aviva found that most people would like a secure income as they get older, and we hope that these aims will be factored into the final guidance to be written by the FCA. We look forward to working with the regulator to develop this.

## **Get in touch**

If you have any questions or would like to meet to discuss the issues outlined in this briefing further, please contact [publicaffairs@ageuk.org.uk](mailto:publicaffairs@ageuk.org.uk).