



2026 DC Pension and Financial Wellbeing Survey

Balancing the Value Equation



Welcome



Jit Parekh

DC Investment Partner
and Interim Head
of DC Consulting

I am delighted to share Aon's 2026 Defined Contribution (DC) Pension and Financial Wellbeing Survey.

A sincere thanks to the respondents. Together, they manage DC plans responsible for around £98bn of pension savings for over 1.2 million individuals. I would also like to thank the team at Aon who worked tirelessly to analyse the responses and produce this report.

The results show a market balancing the “value equation” of adequacy, engagement, governance, cost and retirement outcomes in a time of significant regulatory change in UK pensions and continued financial pressures for individuals.

While value is progressively at the heart of decision-making, many organisations still cannot clearly articulate the retirement outcomes that value is intended to deliver.

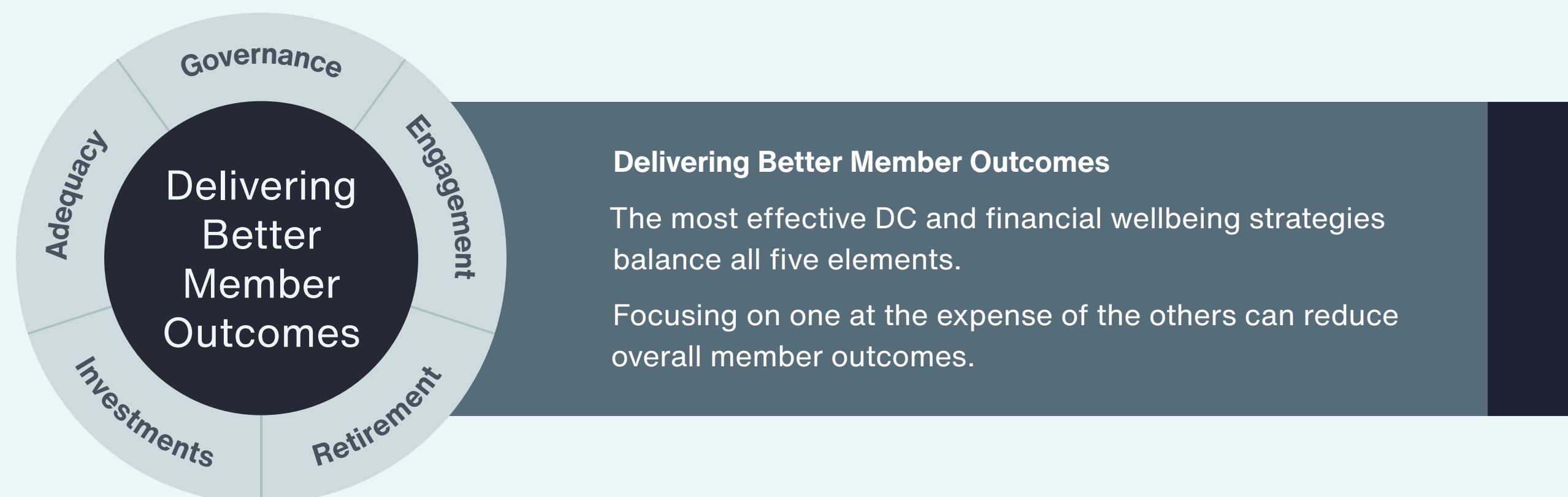
Employers are increasingly benchmarking pension provision against peers and reviewing their overall DC structure, yet contribution levels remain broadly stable. Notably, nearly three-quarters indicated that they do not yet know whether savers are on track for adequate retirement outcomes.

With investment, default design is aiming towards flexibility at retirement, while progressively moving into new ways of investing for DC pensions through private markets.

Financial wellbeing is also increasingly seen as an established part of workplace benefits, and retirement support is moving up the agenda as the new Guided Retirement regime approaches.

The challenge is how to best connect these elements into a coherent DC pension and financial wellbeing strategy that supports people across saving, financial resilience and through to an adequate income in retirement. Each section that follows sets out what the results show, why it matters and some practical actions to consider.

A subject matter expert from one of our dedicated consulting or solutions teams would welcome the chance to walk through these findings with you, help you to benchmark your own arrangements and agree the priorities that will deliver better outcomes for your people.



Source: All charts and figures within this document are based on the responses to Aon's 2026 DC Pension scheme and financial wellbeing survey unless otherwise stated.

Some charts may not total 100 percent due to rounding or questions where multiple options could be selected.

Context

A time of unprecedented regulatory change in UK Workplace pensions.

The 2026 Pension Schemes Act¹, the Second Pensions Commission², the Mansion House Accord³, Pension Dashboards⁴, the wider accessibility of a new type of pension structure with multi-employer Collective DC⁵, are all in the ambitious regulatory agenda aimed at improving pension provision in the UK.

The challenge for employers is often how to prioritise, what to delegate and where to start when managing a workplace pension plan, as well as considering the context of wider employee financial wellbeing.

The chart on this page provides a summary of some of changes that will impact workplace pensions. We hope that the rest of this report helps you to prioritise what can add the most value for DC savers within your own arrangements.

The Latest Expected Regulatory Timetable for DC Pension Plans

	Value for Money	Retirement CDC (R-CDC)	Small Pot Consolidation	Scale Requirements	Guided Retirement
H2 2026	Consultation and guidance	Consultation on R-CDC regulations			
H1 2027	Regulations in force for contract-based plans		Pension Dashboards go live (TBC)		
H2 2027	Rules on contractual override		Consultation on regulations, code and rules	Consultation on regulations	Consultation on regulations
H1 2028	VfM data submission Contractual override in force		Draft regulations tranche 1 and FCA rules	Consultation on code and guidance	Consultation on trustee guidance
H2 2028	First VfM assessments phase 1 schemes	R-CDC legislation and authorisation	TPR authorisation	Regulations in force	Regulations published
H1 2029	First VfM assessments phase 2 schemes	R-CDC options expected to be available	Draft regulations tranche 2	Application and assessment period	
H2 2029					Duties in force for MT and contract-based
H1 2030			Consolidation begins	Transition pathway — to end of 2035...	
H2 2030		Guided Retirement duties for scheme with R-CDC			Duties in force for single trust or R-CDC models

The above timings reflect Aon's current expectations and remain subject to legislative and regulatory change.

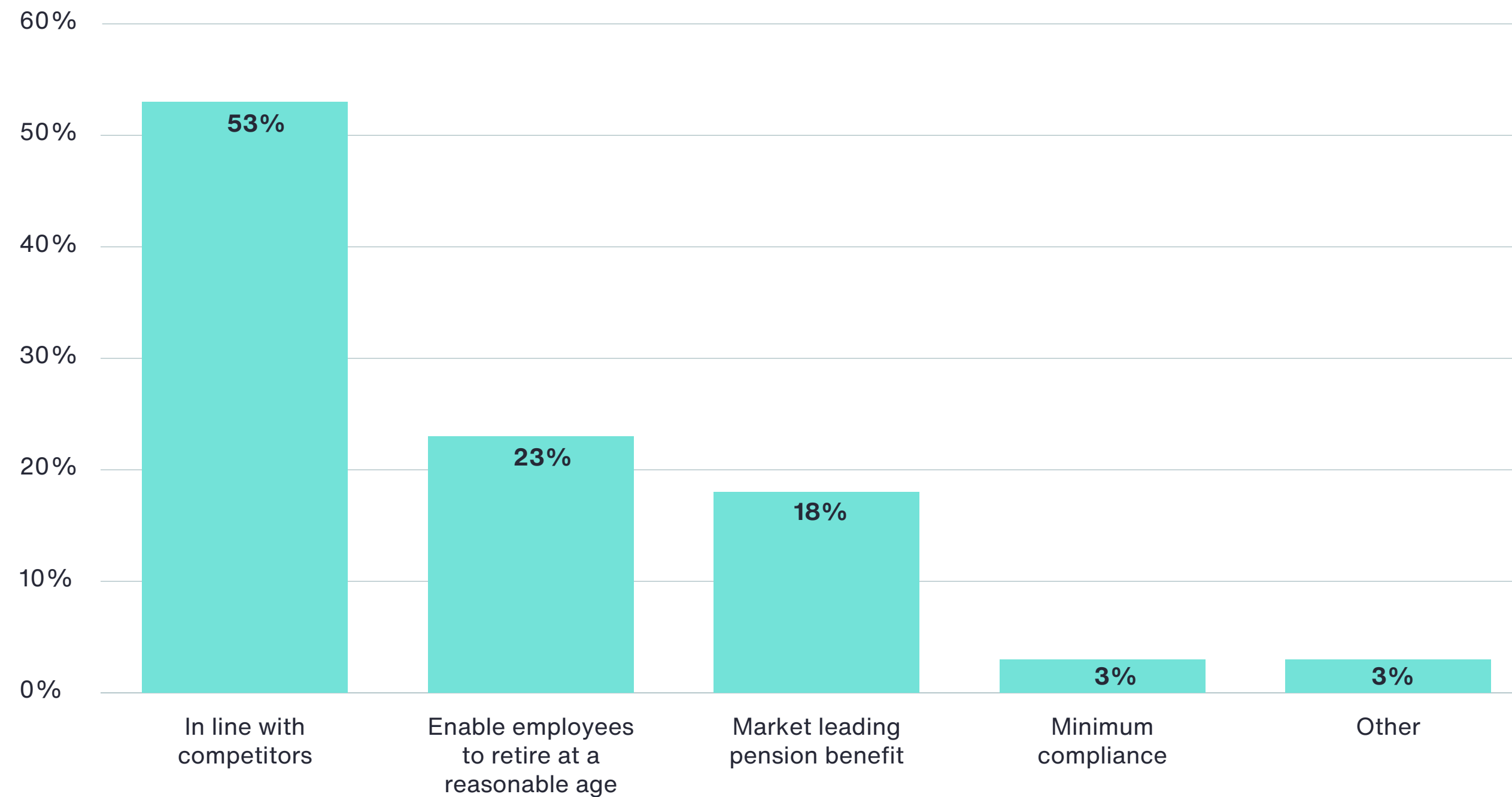
¹ <https://www.thepensionsregulator.gov.uk/en/pension-schemes-act-2026> ² <https://www.gov.uk/government/publications/pensions-2050-evidence-and-future-priorities-interim-report> ³ <https://www.gov.uk/government/news/pension-schemes-back-british-growth>
⁴ <https://www.pensionsdashboardsprogramme.org.uk/> ⁵ <https://www.aon.com/unitedkingdom/media-room/articles/aon-to-introduce-a-whole-life-multi-employer-cdc>

1

Strategy and Design



What is Driving Your Overall Approach to DC Pension Provision?



“There has been a shift in recent years away from an approach focusing on employee pension outcomes... This contrasts with the second UK Pensions Commission’s focus on improving retirement outcomes”

What Do the Results Show?

The most common approach is to align the pension plan with competitors (53 percent), which is ahead of designing a plan to provide sufficient funds for employees to retire at a reasonable age (23 percent), closely followed by wanting to offer a market leading pension (18 percent).

Why Is This Interesting?

There has been a shift in recent years away from an approach focusing on employee pension outcomes (46 percent in 2022, 36 percent in 2024, down to just 23 percent in 2026) towards matching competitors’ offerings.

This contrasts with the second UK Pensions Commission’s focus on improving retirement outcomes, particularly for under-pensioned groups and may become problematic in the future if employees do not have sufficient pension savings to retire.

Possible Actions

Seek input from a range of stakeholders to ensure pension plan objectives align with long-term business priorities and employee needs.

What Are Your Top Three Priorities For Your DC Pension Plan?

What Do the Results Show?

Ensuring good value for money is the stand-out priority, with almost two-thirds (63 percent) of respondents placing this in their top three. More than half (56 percent) are prioritising targeted communication and engagement initiatives, underlining the importance of helping members make better decisions. Attention is also focused on the building blocks of better outcomes: around a third are looking to increase contribution levels (30 percent), develop financial wellbeing programmes (29 percent) or review investment strategy (26 percent).

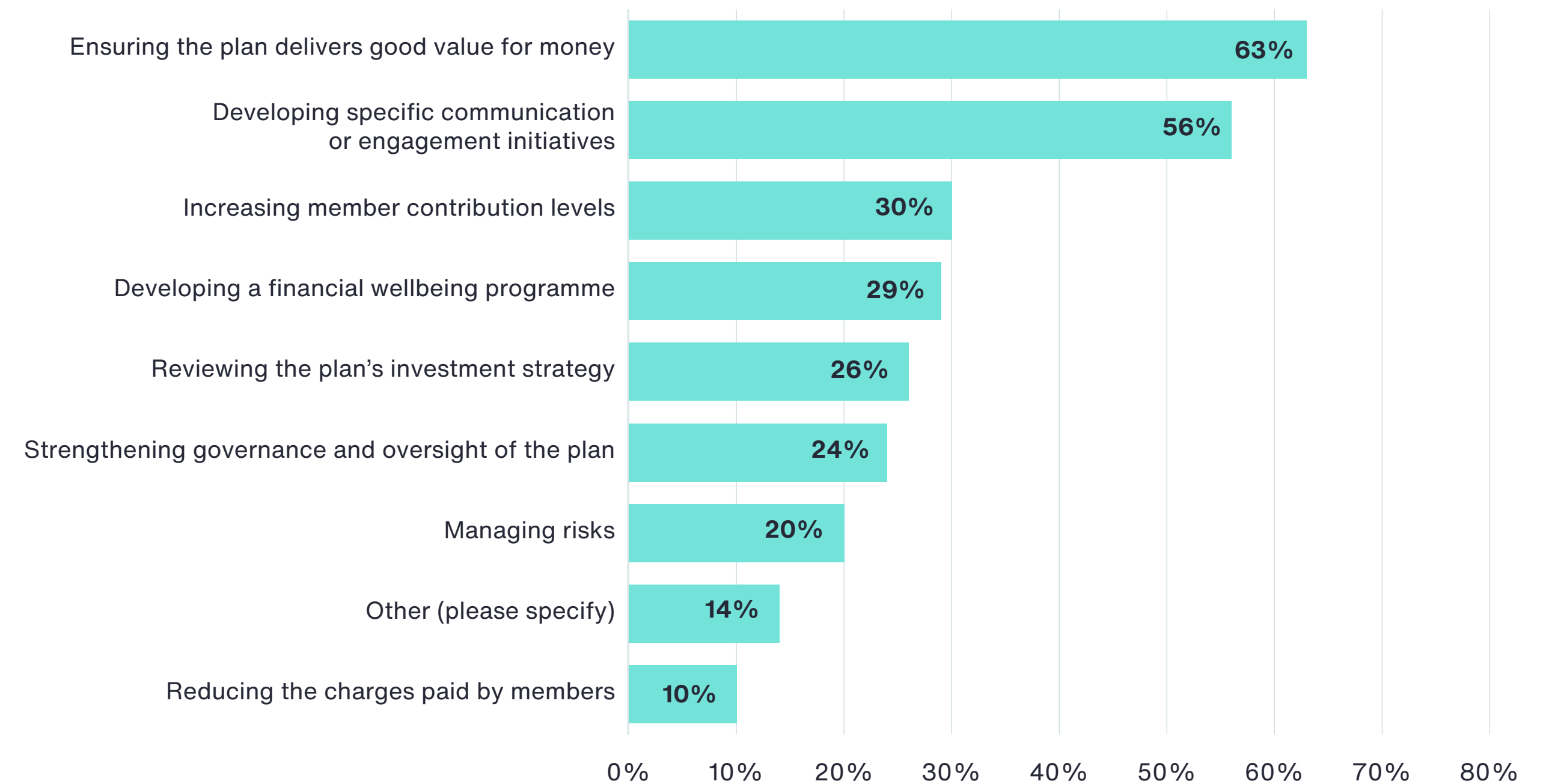
Why Is This Interesting?

Value for money (VfM) can encompass multiple elements of DC plan design.

The new VfM framework, introduced in the 2026 Pensions Act, will require DC plans to publish how they perform across a range of metrics and aims to allow like for like comparisons of the value being delivered for DC savers.

Possible Actions

Identify and prioritise areas where value can be improved and build a long-term plan to deliver measurable improvements across these areas.



“Attention is also focused on the building blocks of better outcomes...”

What Is the Biggest Challenge for Your DC Pension Provision Over the Next One to Two Years?

Respondents identified three prevailing, interlinked challenges: **improving member engagement, adequacy, and navigating a fast-moving regulatory and market environment.**

There is common concern that many DC members remain disengaged and so are under-saving. One response noted that **“a lot of our members are auto-enrolled at the minimum contribution rate and think that is ‘job done pension sorted’,”** creating **“potential for disappointing outcomes compared to individuals’ expectations.”**

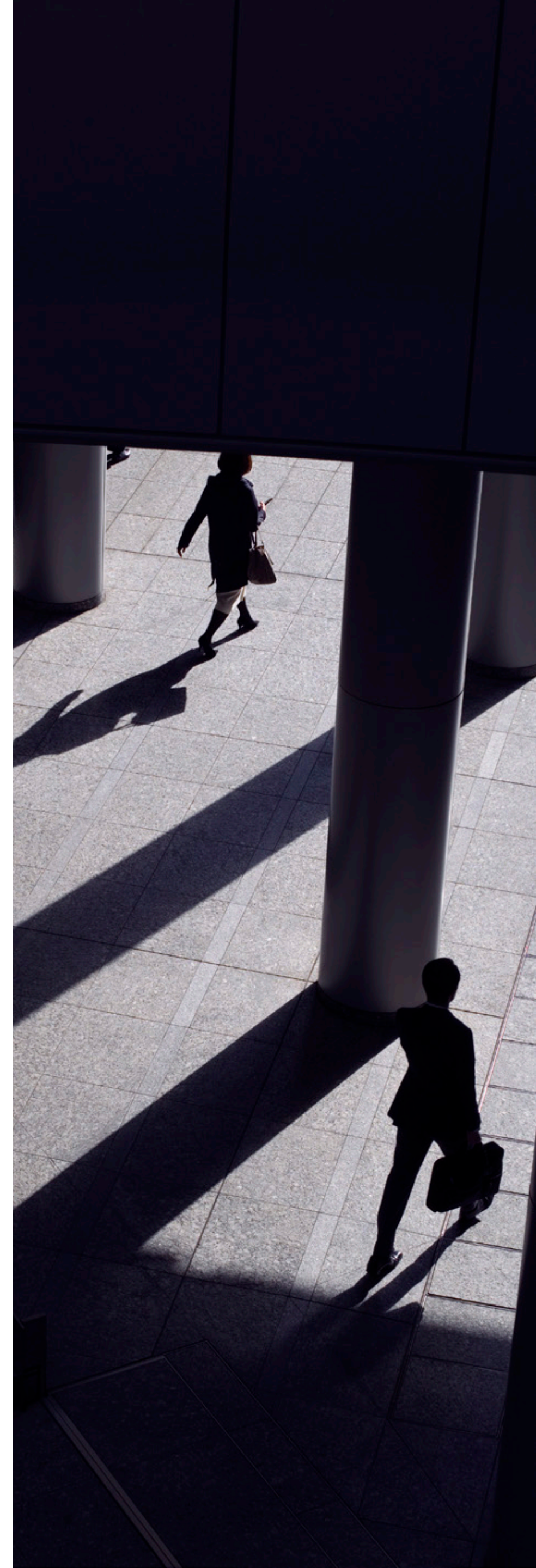
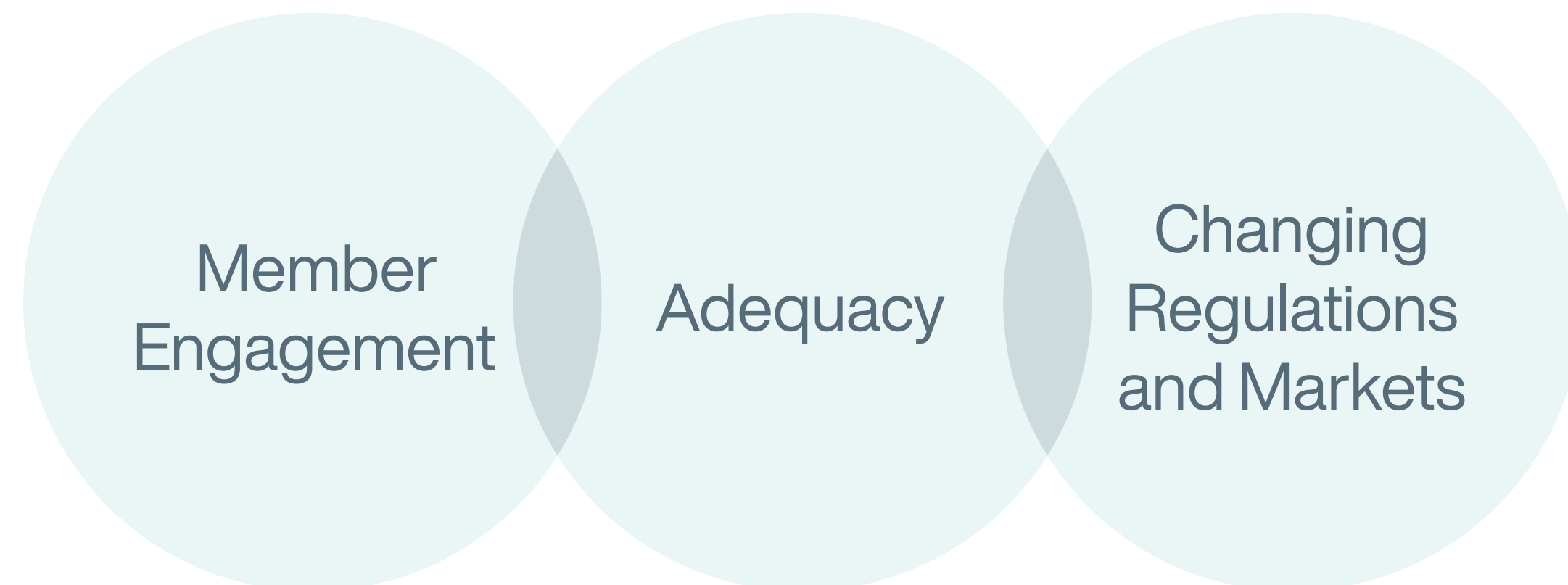
Many of those running DC plans are grappling with a complex external landscape of regulation, investment volatility and structural change. Respondents point to **“increasing regulation,” “keeping up to speed with regulatory governance requirements/changes,”** many referencing the **“introduction of default decumulation and the new VfM framework.”**

These pressures sit alongside concerns about market volatility, with wider **“factors beyond our control, i.e. wars, political strategies, cost of living crisis,”** all of which make it harder to **“take the investment**

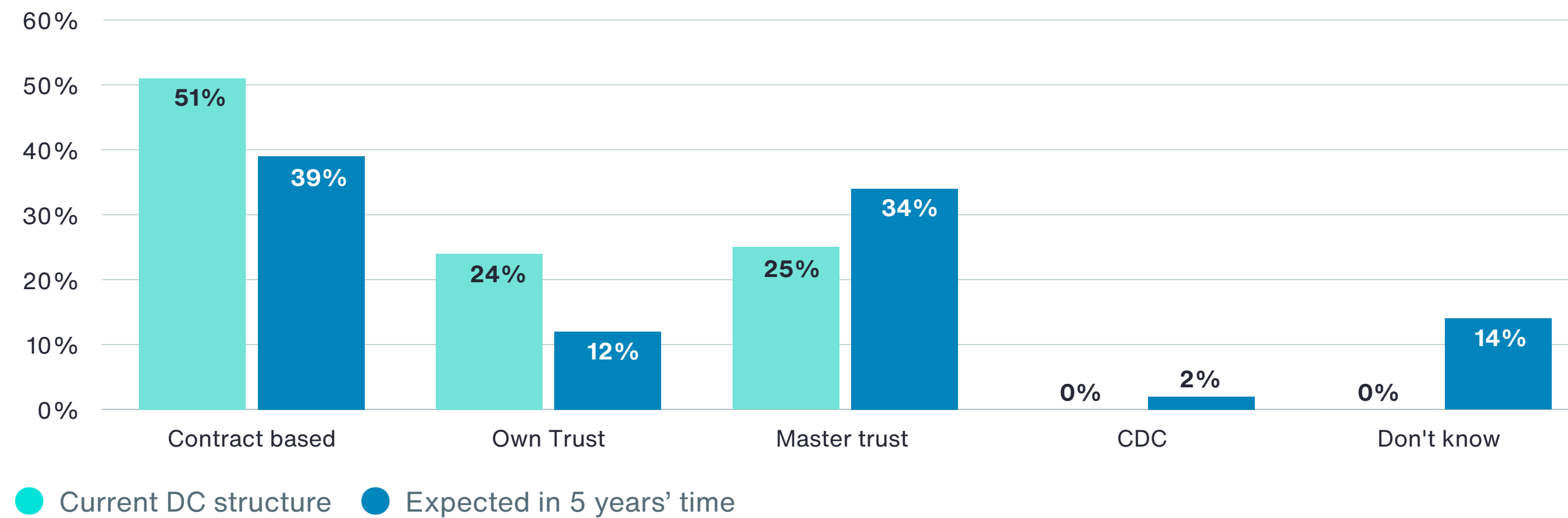
approach that balances risk and delivers highest returns for members” and ensure **“pension adequacy”** and **“generating sufficient income to retire comfortably.”**

In response, many schemes are actively considering or implementing structural changes, particularly moves away from own trust arrangements. Several anticipate **“moving to a master trust”** or note that **“it is likely that the plan will move to a master trust during this period,”** while others reference **“increasing governance regulations of own trusts, proposing to move to a master trust,” “possible move to other pension provider,”** or some **“considering CDC.”**

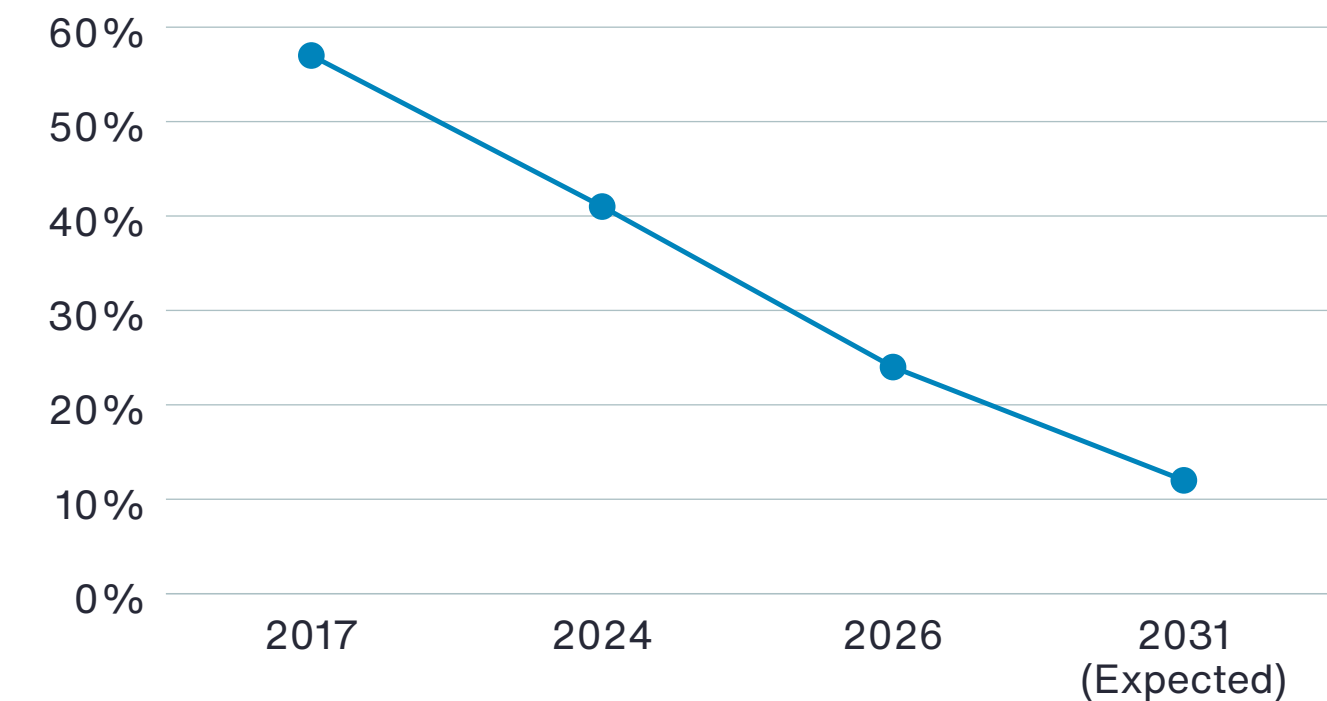
These strategic decisions, together with questions around **“default position post-retirement through guided pathway and/or RCDC”** and **“decumulation,”** underscore that the coming years are seen not just as administratively challenging, but as a period of significant redesign for DC pension provision.



What Type of Plan Do You Use to Provide Your Main DC Benefits Now, and What Do You Expect It to Be In Five Years' Time?



Proportion of Respondents Using an Own Trust Structure



What Do the Results Show?

Around half of the respondents to our survey (51 percent) use a contract-based DC plan. Those using an own trust or master trust approach are roughly equally split (24 percent and 25 percent respectively).

Expectations for the next five years see a move towards a master trust structure, continuing a trend away from own trust over the last ten years shown on the right hand chart.

A small number of respondents (two percent) are expecting to adopt the new CDC pension approach while a fairly significant proportion (14 percent) remain unsure about their future structure.

Why Is This Interesting?

Increasing regulation and governance requirements for DC pension plans, along with more sophisticated investment designs and advanced member tools being developed by large schemes, particularly the leading master trusts, have led many running own trust schemes to change structure.

The fairly large number of “don’t know” responses for structures five years from now, shows that many schemes are still working through their long-term DC strategy.

The new CDC plans emerging may prove to be attractive for employers seeking simplicity and a regular long-term pension income for their employees.

Possible Actions

- Understand the different types of DC structure
- Review whether your current structure is likely to deliver the best outcomes and meets your objectives.

“...many schemes are still working through their long-term DC strategy”

If You Were to Consider Moving From Your DC Structure, What Would Be the Main Reason?

What Do the Results Show?

Just over half of respondents are considering changing structure.

The main drivers are the expectation that a change could deliver better outcomes for members (39 percent) and increasing governance and regulatory requirements (32 percent).

Time and cost of running the DC plan are cited by around a fifth (19 percent), while only a very small minority (one percent) point to a lack of suitably skilled trustees as the primary reason to move.

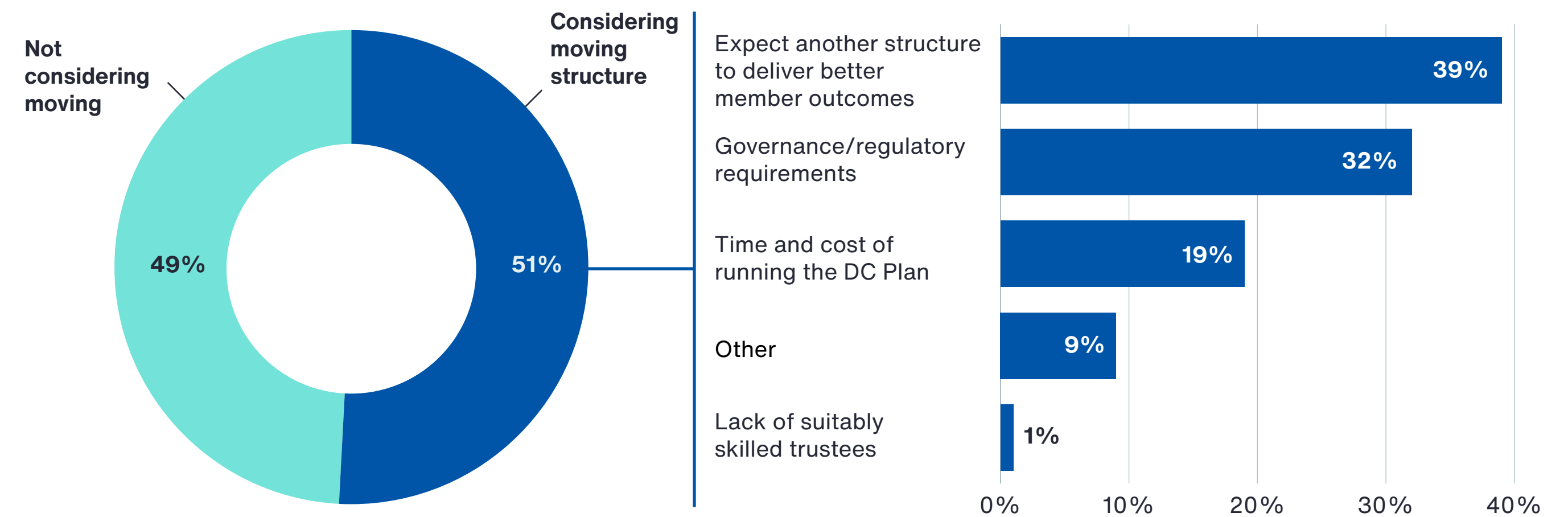
Why Is This Interesting?

So many respondents considering a change of structure, shows the significant level of focus on getting the right DC pension plan by UK employers.

This also reflects the continued burden on those running DC plans from the government and regulatory bodies as they seek to raise the bar for delivering better value from DC pensions.

Possible Actions

Work with your pension adviser or provider to understand the upcoming changes impacting the UK pension landscape, how your current DC plan will adapt and whether it delivers better value than other approaches.



Moving from an own trust arrangement to a master trust can help employers adopt a more strategic approach to pension provision. It frees up time to focus on areas such as pension outcomes and employee trends, while the master trust provider manages regulatory compliance and day-to-day administration.

Key Takeaways

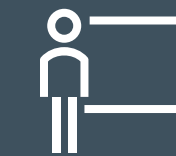
- 01.** Many organisations are prioritising competitive positioning over retirement outcomes, creating a risk that pension strategy becomes detached from the results it is designed to deliver.
- 02.** Upcoming regulatory change is increasing the value of having a clear DC strategy and a well-defined view of what success looks like.
- 03.** Governance, investment and retirement support are becoming more complex, making it important to regularly assess whether your current structure remains fit for purpose.
- 04.** Employers and trustees should increasingly focus on the outcomes they want to achieve for members, rather than relying solely on peer benchmarking.



The ongoing trend in DC structure changes reflects the wider drive towards larger, more consolidated arrangements such as master trusts and contract-based schemes, as employers look for greater efficiency, stronger employee support and reduced risk and governance burden.

How Aon Can Help

Ask your Aon Contact About:



A pension and benefit strategy workshop to help define and agree objectives.



Information sessions on the pros and cons of different pension structures for DC savers and employers and the forthcoming regulatory changes.



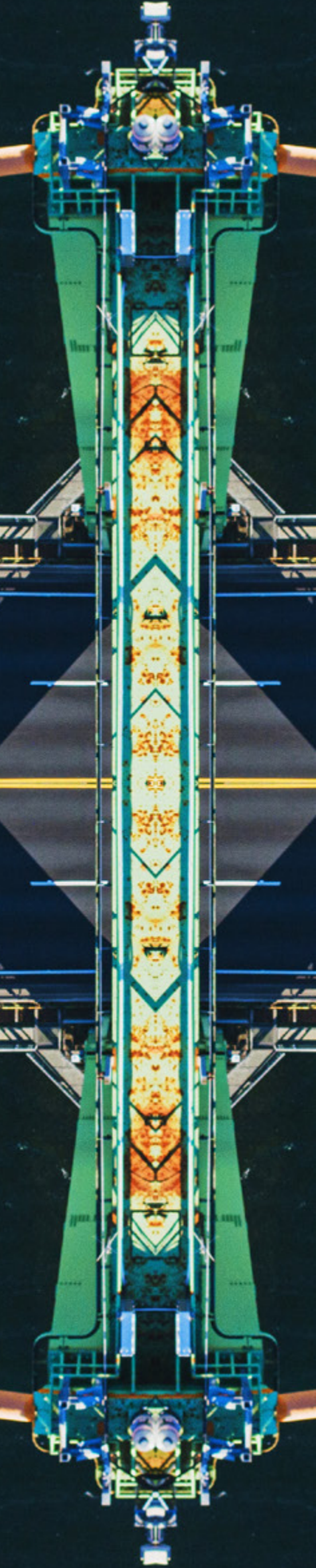
Assessing value for your existing DC pension plan.



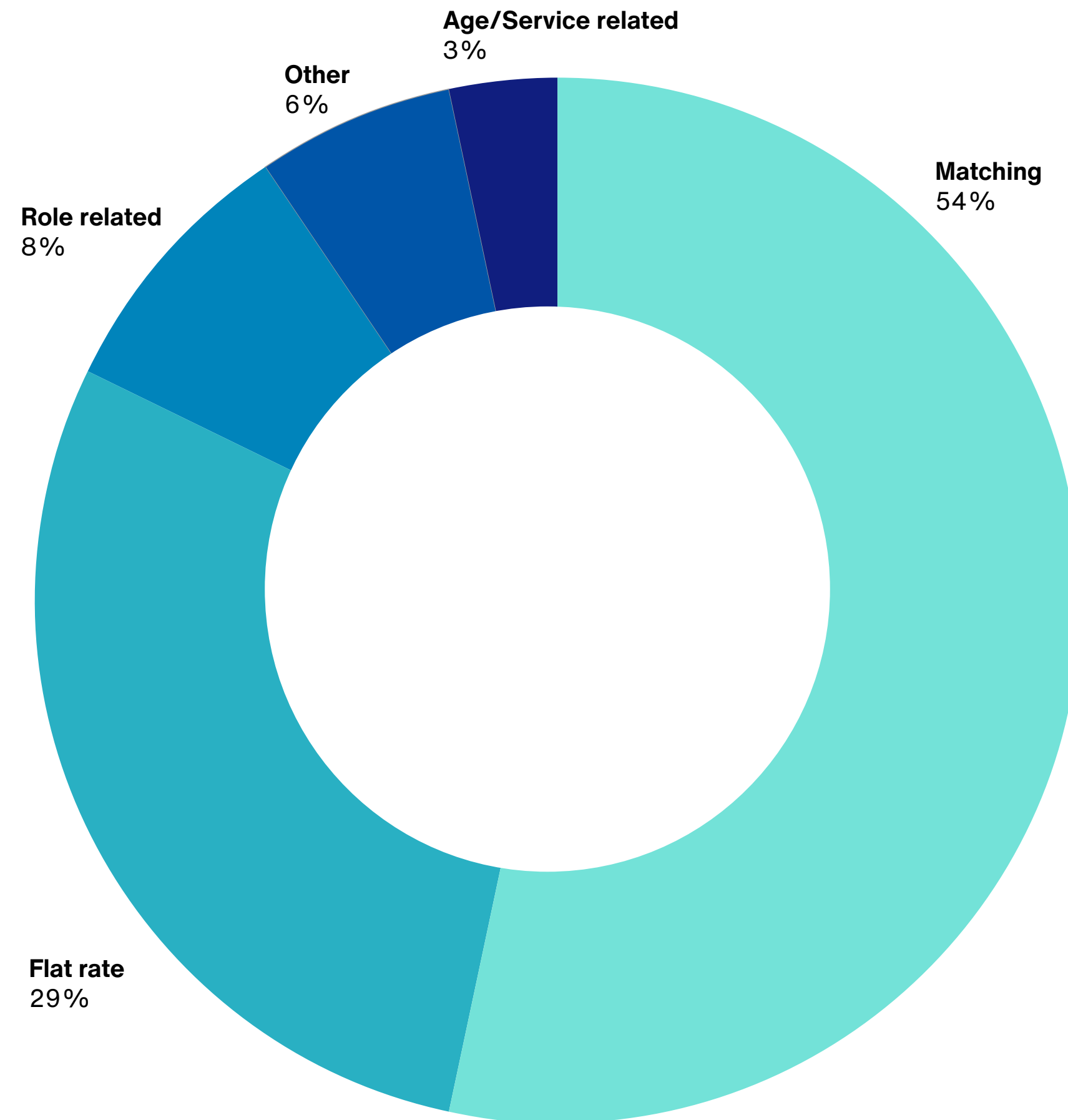
The range of Aon DC Solutions, including the Aon MasterTrust and planned launch of a [CDC section](#).

2

Contributions and Adequacy



Which Best Describes Your Contribution Structure?



What Do the Results Show?

A matching design, where savers can receive a higher contribution if they increase their own contribution levels is the most common structure, with just over half of respondents (54 percent) using some form of matching arrangement.

Flat-rate designs are also common, used by around three in ten schemes (29 percent).

Only a small minority now base contribution rates on age or service (three percent) or role (eight percent), with a further six percent using other structures.

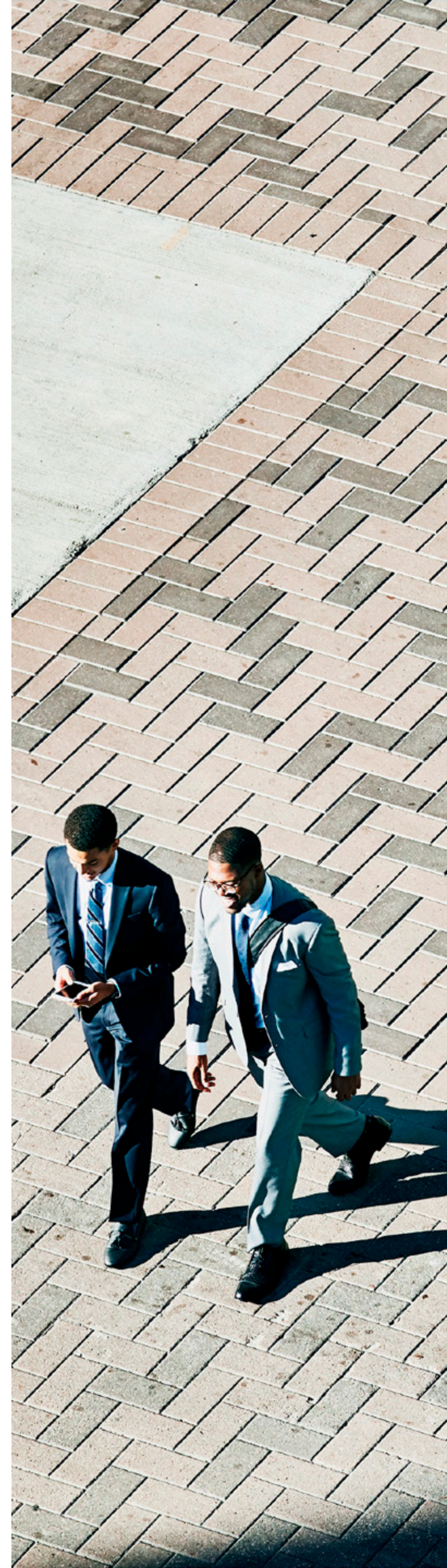
Why Is This Interesting?

A matching contribution design is viewed by many employers as a way of targeting higher benefit expenditure on the employees who place greater value on pension savings and encouraging employees to save more. However, this can favour employees who are already more financially resilient and able to save more for retirement.

Flat-rate structures keep pension costs predictable for employers, while age and role-related designs are less common as they can add complexity to the administration and risk being seen as unfair or discriminatory.

Possible Actions

Understand how expenditure on pensions by the employer is spread among different employee cohorts, and whether this aligns with aims and priorities for your reward and compensation design.



What are the Company Pension Contribution Rates for a New Joiner to your Plan?

What Do the Results Show?

The median minimum and default company pension contribution is around six percent of pensionable earnings, with half of all schemes clustered somewhere between three percent and nine percent.

Ten percent of all schemes offer a minimum or default company pension of ten percent or more.

Contribution matching and other variable designs, mean that the average for the maximum company contribution is higher, at nine percent, with a range of six percent to 13 percent between the lower and upper quartiles.

Why Is This Interesting?

There is often significant additional value available to employees in plans that offer higher matching or tiered contribution structures for those that can afford it and are engaged with their pension saving.

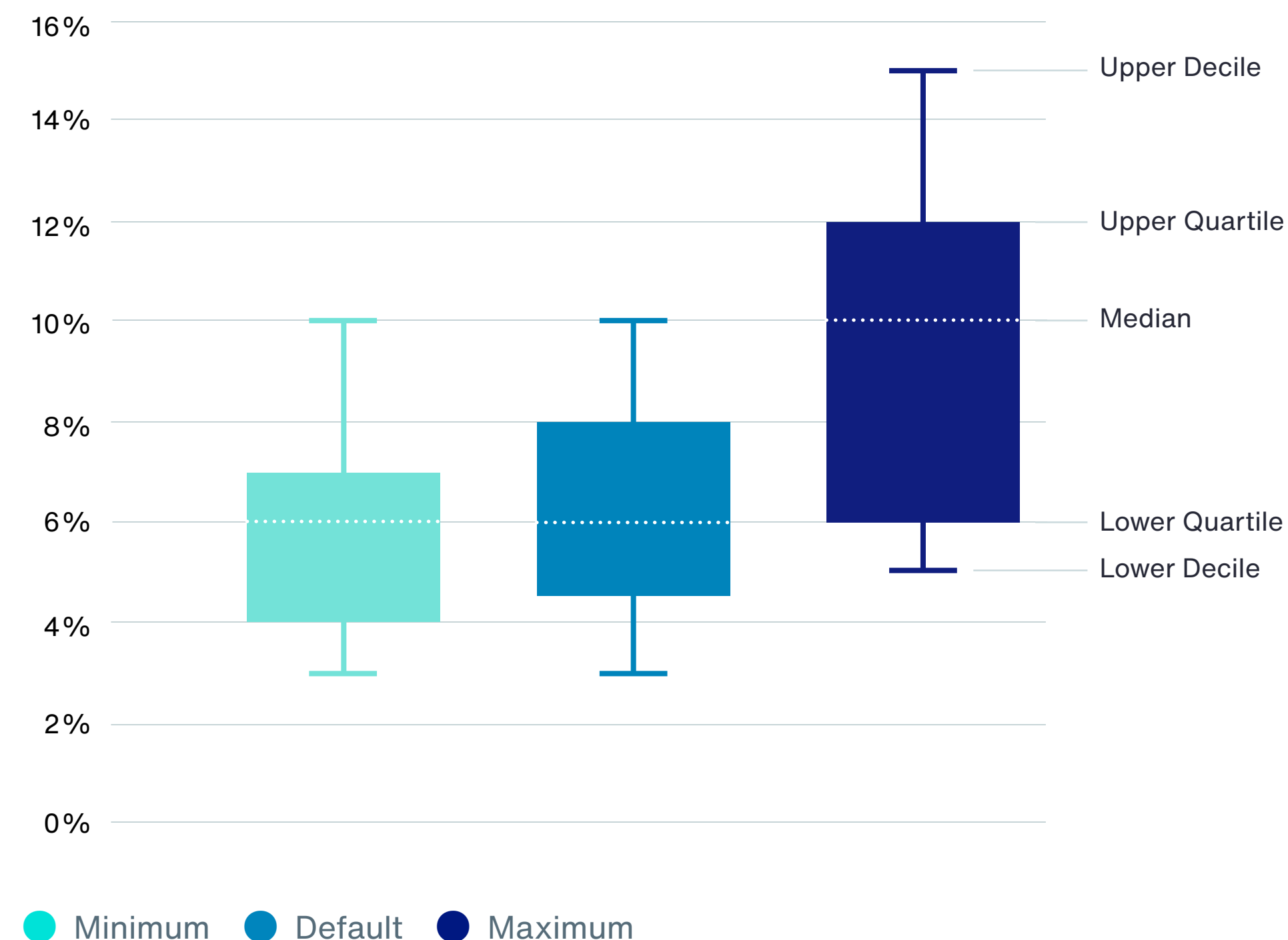
Given the power of inertia and the default, and difficulty and cost of engaging employees, a higher default saving rate is likely to support improved long-term financial wellbeing into retirement for many.

All employers offer at least the auto-enrolment minimum three percent contribution level, however, the ranges shown between lower decile and top decile levels shows how contributions vary considerably.

A minority of organisations continue to offer contribution levels significantly above market norms, demonstrating that some employers remain committed to a market-leading pension proposition. This could be a differentiator in markets where it is hard to recruit and retain employees, as well as on the pension outcomes achieved for employees.

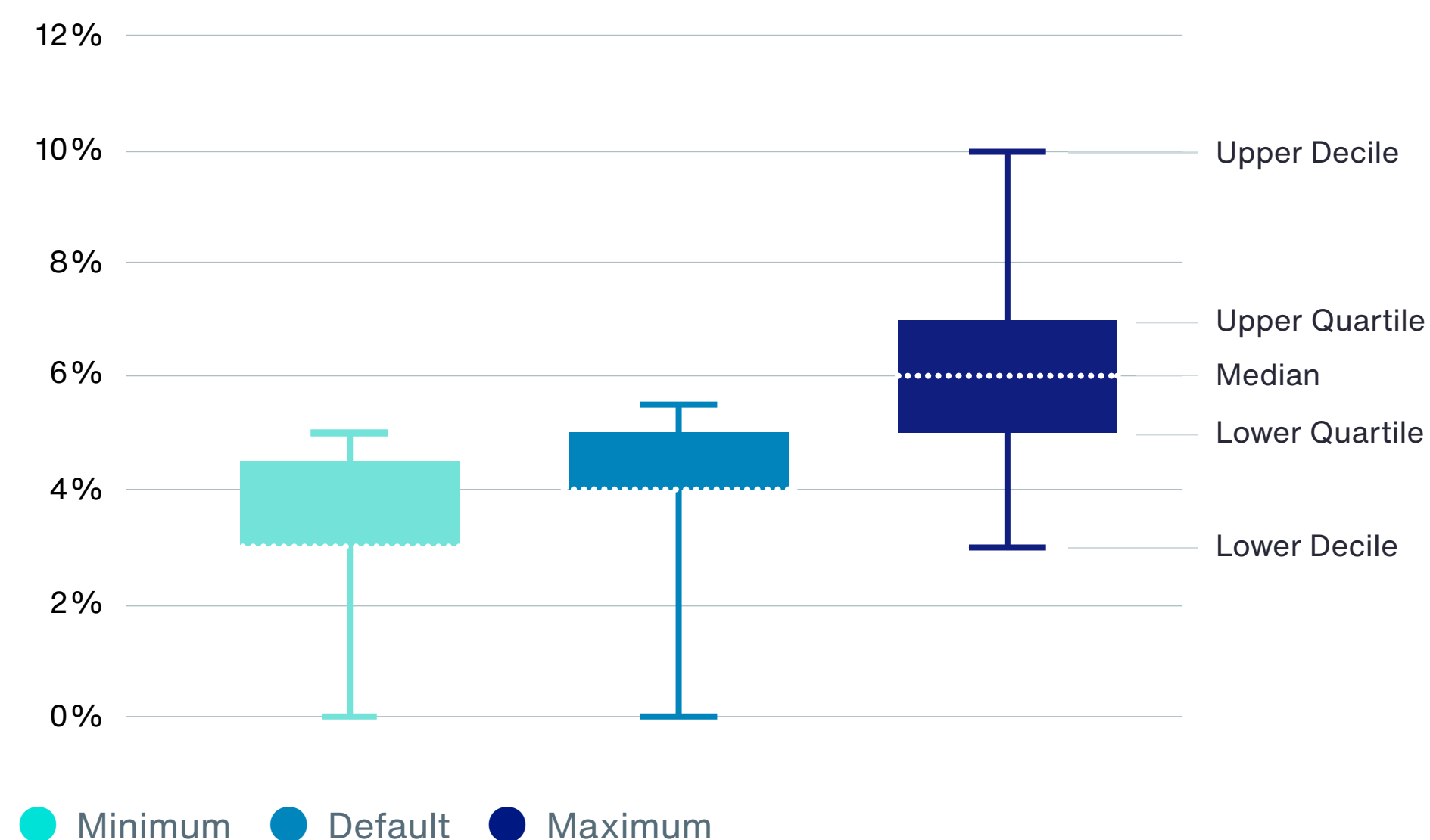
Possible Actions

Check whether your company contribution rates are competitive, consider your peer group whether by sector, organisation size or main competitors for talent and recruitment.



“...a higher default saving rate is likely to support improved long-term financial wellbeing into retirement for many”

What are the Employee Pension Contribution Rates for a New Joiner to Your Plan?



“...most employers choose to make a higher contribution than they require from their employees”

What Do the Results Show?

The median minimum member contribution is around three percent of pensionable pay, with half of plans requiring between one and five percent. Default member rates sit only slightly higher, with a typical range from around one to six percent.

There is more variation at the maximum contribution level, i.e. the level required to receive the maximum company contribution is around six percent, with a quarter of DC plans requiring eight percent or more to get the maximum company match.

Why Is This Interesting?

Despite the minimum contribution levels under legislation being weighted towards employees (a minimum five percent contribution from the employee with three percent from the company under automatic enrolment), most employers choose to make a higher contribution than they require from their employees.

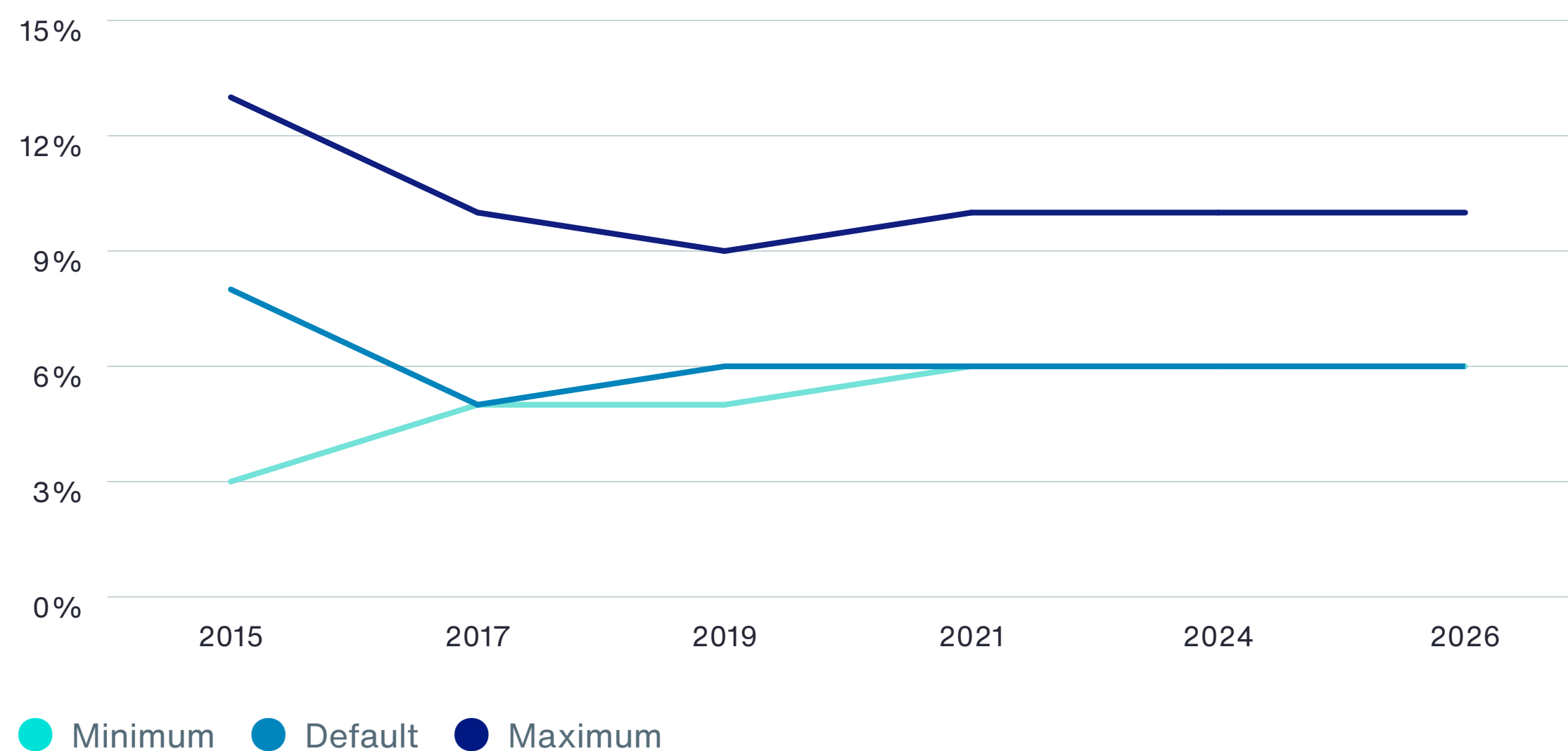
There is a difference for some respondents between the minimum and default employee level. This indicates that some plans will default employees in at a higher contribution rate and allow them to opt down. This can harness the power of inertia to help people save more, while allowing some flexibility if the higher level is unaffordable.

Possible Actions

- Understand employee saving behaviours in your DC plan, are there any groups that save more than others?
- Consider whether changes to plan design or pension communications can help employees understand whether they are saving enough for their retirement.

Company Pension Contributions Levelling Off Over Time

Median Company Pension Contributions Over Time



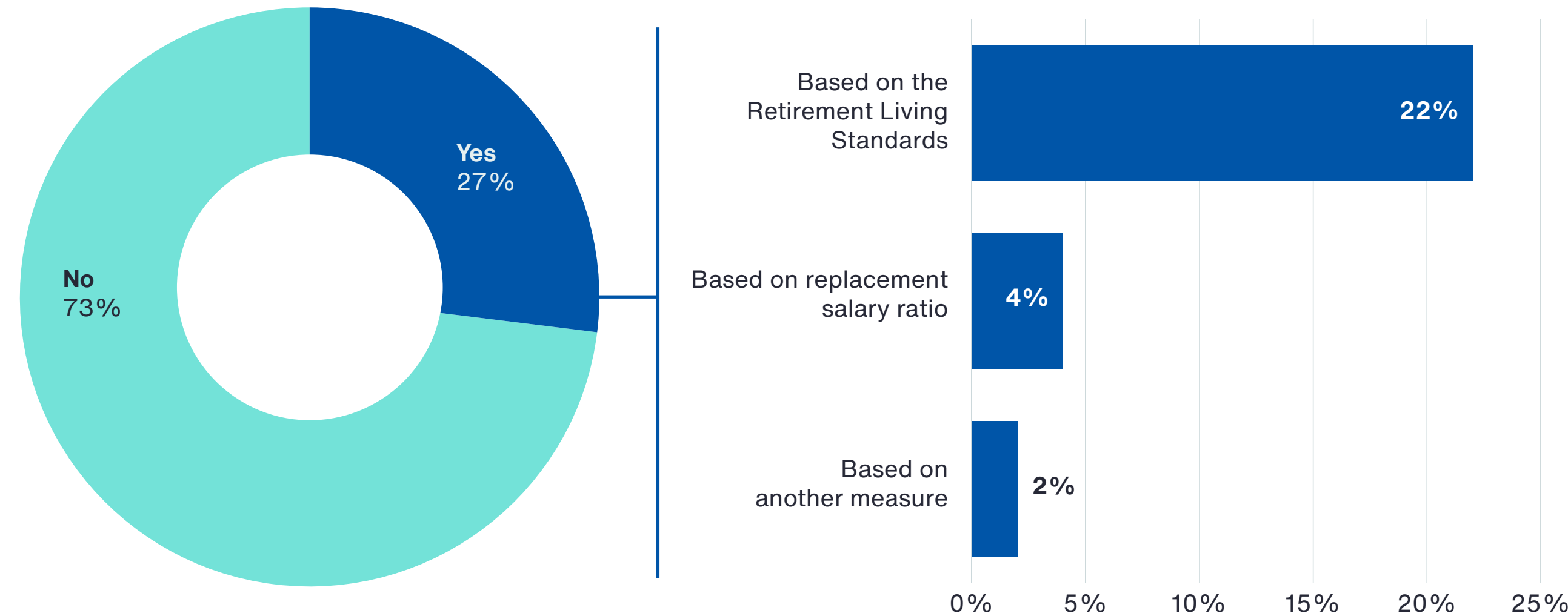
Median company pension contribution rates have remained broadly stable over the last few years. The default rate continues to sit at around six percent of pay, and the minimum contribution level is now very similar, reflecting the fact that many members are defaulted in at this level.

Where a higher maximum contribution option is made available, for example through matching or service-related scales, the average has remained at around ten percent over recent years following a fall immediately after the introduction of auto-enrolment into workplace pensions.

Employers running legacy defined benefit pension arrangements have seen the cost of funding reduce or fall away in recent years as financial conditions have moved in their favour and liabilities have been secured with third party insurers. These savings, overall, do not appear to have translated into higher contributions into DC pension plans based on the static DC rates over this period.



Do You Know the Expected Outcome for a Typical Lifetime Member of Your DC Plan?



What Do the Results Show?

A clear majority of respondents do not know the expected outcome for a typical lifetime member of their DC plan, with almost three-quarters (73 percent) saying no.

Among the minority who do have a target in mind, most anchor this to the **Retirement Living Standards**, with around one in five (22 percent) using these as their main benchmark.

Only small proportions base outcomes on a **replacement salary ratio (four percent)** or another measure (two percent).

Why Is This Interesting?

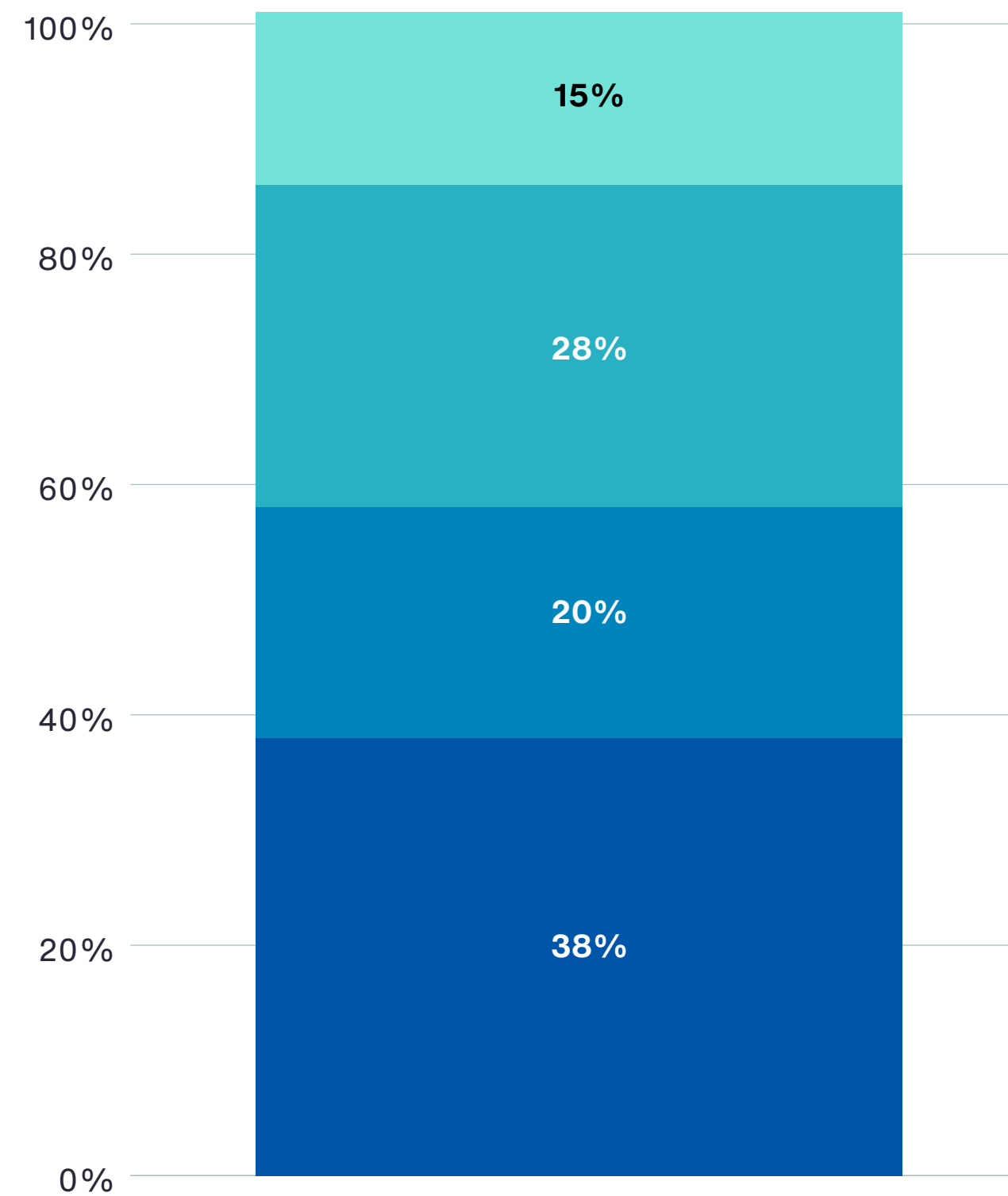
The focus on benchmarking contribution rates with peers risks a big gap in DC pension plans delivering adequate pension outcomes for employees to be able to retire at a reasonable age. This **adequacy blind spot** could detrimentally affect succession planning, employment costs, employee engagement and ultimately the success of businesses over the medium to longer term.

Possible Actions

- Understand from your DC provider or adviser the outcome for a typical employee.
- Consider a more detailed look at projected pension outcomes across your workforce to understand if any groups are falling behind.

“This adequacy blind spot could detrimentally affect succession planning, employment costs, employee engagement and ultimately the success of businesses.”

What Proportion of Members Have Actively Selected a Contribution Rate Different From the Default?



- Don't know
- More than half of members
- Between one quarter and one half of members
- Less than one quarter of members

What Do the Results Show?

Most people remain at the default contribution rate set by their employer.

Nearly two-fifths of respondents (38 percent) estimate that fewer than a quarter of the DC members have actively changed their contribution rate, while only 28 percent believe that more than half have made an active choice.

Why Is This Interesting?

The findings reinforce the importance of plan design decisions, as the majority rely on default contribution rates rather than actively managing their pension savings.

This increases the significance of default contribution levels and broader scheme design in determining long-term retirement outcomes.

Possible Actions

- Review whether your default contribution rates are likely to support adequate retirement outcomes.
- Consider communications, modelling and targeted campaigns to encourage DC members to review their contribution levels regularly.
- Monitor member contribution behaviours to identify opportunities to improve pension adequacy and engagement.

“Nearly two-fifths of respondents estimate that fewer than a quarter of the DC members have actively changed their contribution rate.”

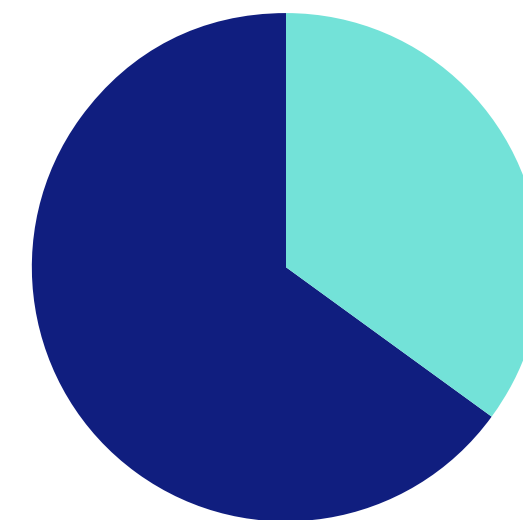
Pension Salary Sacrifice

The National Insurance Contributions (Employer Pensions Contributions) Act 2026¹

Aon carried out a pulse survey early in 2026 to understand how UK employers plan to react to the cap on the savings available from pension salary sacrifice. These changes could result in increased National Insurance costs for both employers and employees where employees contribute more than £2,000 to their pension in a single tax year.



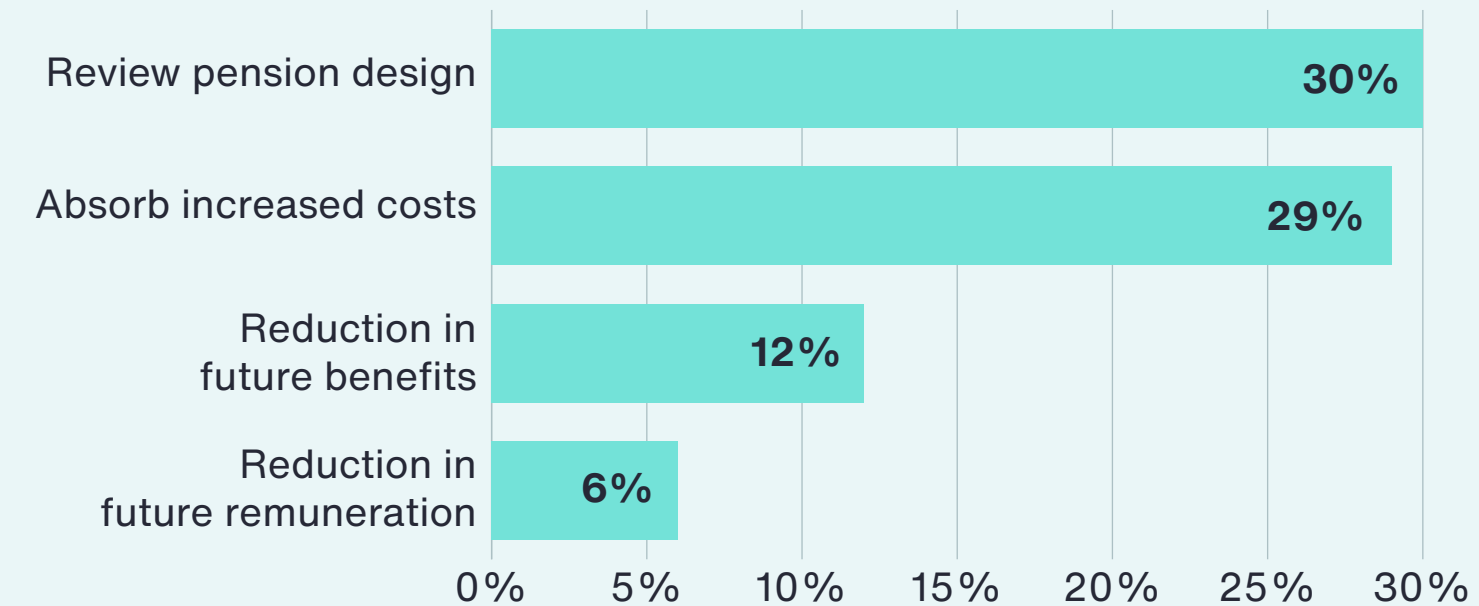
94%
of employers offer
pension salary sacrifice



Just
35%
have estimated the
cost impact of change

Likely Actions

Of the employers who have considered their response; 30 percent of employers expect to review their pension design, while around the same number expect to absorb the extra costs.



The above chart excludes respondents who have not yet planned a response to the changes.



2 Key Takeaways

- 01.** Contribution levels have remained broadly unchanged for many years, despite the increasing expectation for DC pensions to provide adequate retirement outcomes.
- 02.** Most members continue to rely on defaults rather than making active contribution decisions, increasing the importance of default plan design.
- 03.** Most organisations do not know the retirement outcomes that their current contribution structure and investment design are likely to deliver, limiting their ability to assess whether the pension benefit is succeeding.
- 04.** Understanding expected outcomes for different employee groups should increasingly become a core part of pension governance and value assessment.



Improving adequacy requires more than benchmarking contribution rates against peers. Employers and trustees should understand the retirement outcomes their current design is likely to deliver, identify where different groups may be falling behind and consider how defaults, matching and engagement can work together to improve long-term member outcomes.

How Aon Can Help

Ask your Aon Contact About:



Retirement adequacy analysis to understand which groups of employees are on track for an adequate retirement based on current contribution levels, fund values and investment design.



Benchmarking contribution levels across sectors or peer groups.



Scheme design — targeting contributions to specific groups, considering design in context of upcoming salary sacrifice changes, cash alternatives to pension, automatic enrolment flexibility etc.

3

Investment



What Does Your Default Investment Option Primarily Target at Retirement?

What Do the Results Show?

Default investment designs have moved away from targeting an annuity and now predominantly aim for more flexible retirement options.

Why Is This Interesting?

This shift reflects the way savers are accessing, or are expected to, access their DC accounts in practice.

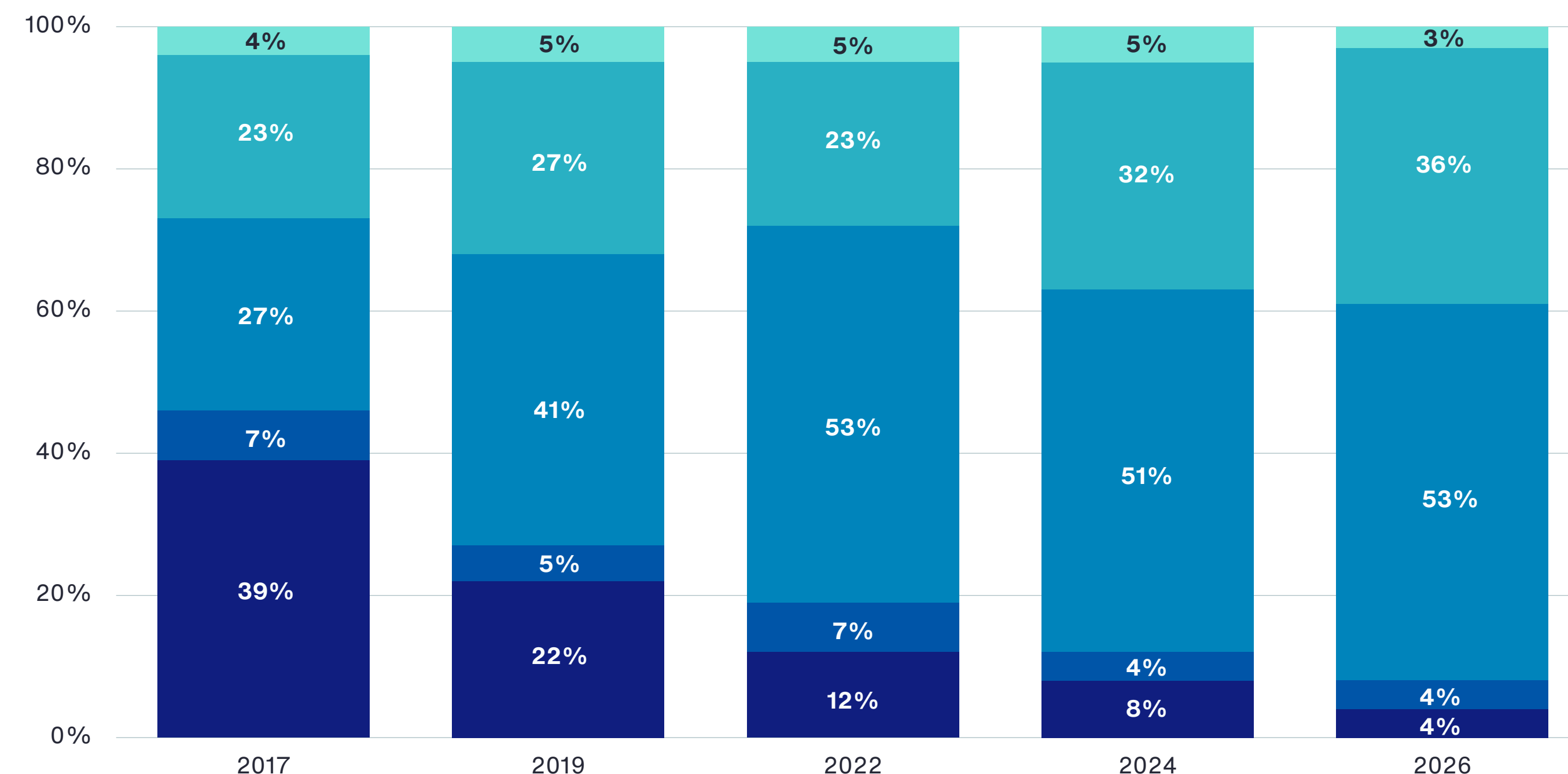
There is a clear move for default approaches to support flexibility at retirement rather focusing on converting funds into a lifetime income at a single end-point. In practice, both a drawdown and flexible default targets will typically result in an investment allocation aiming for real returns for pension members to flexibly access their savings over time.

The design for the target of default investment approaches may evolve further with the advent of the new default decumulation options under the Guided Retirement requirements (Section 5).

Possible Actions

Ensure the design of your investment default remains aligned with how members of your DC plan access their savings now and keep up with future changes.

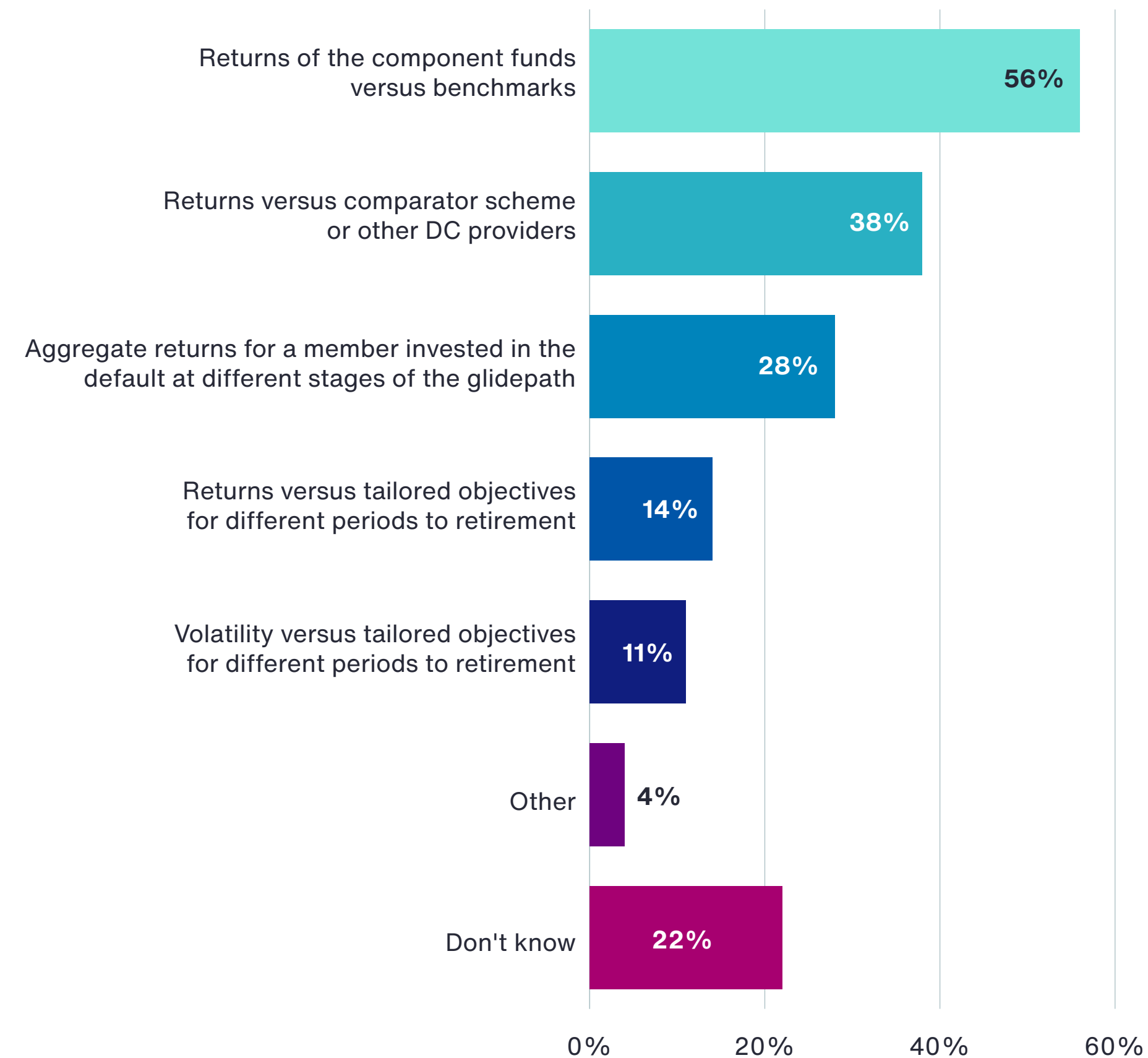
Trends of Default Investment Targets Overtime



- Other
- A combination
- Drawdown
- Cash lump sum(s)
- Annuity

“Default investment designs... now predominantly aim for more flexible retirement options.”

How Schemes Monitor the Performance of Their Default Investment



Note: Respondents were able to select multiple options.

What Do the Results Show?

Schemes most commonly monitor default performance at the level of the underlying funds.

Fewer take a holistic view of the overall returns savers experience in the default. Only 28 percent assess the aggregate returns and just 14 percent and 11 percent respectively, measure returns or volatility against tailored objectives for their DC members.

Twenty-two percent say they don't know how default performance is monitored, suggesting that for many there is work to do to link investment monitoring more clearly to member outcomes.

Why Is This Interesting?

Investment returns are one of the main drivers of retirement outcomes for DC savers, better returns will directly link to improvements in retirement adequacy.

Aon believes that understanding the level of returns needed to deliver adequate outcomes, then monitoring the default fund performance against this target, is a powerful way to measure good value for a DC plan.

Possible Actions

- Understand what level of investment return would deliver an adequate retirement outcome for a default member of your DC Plan.
- Consider whether your investment monitoring provides the right information to allow you to make informed decisions on the suitability of your DC investment design.

Integration of Illiquid Investment in DC Pensions

What Do the Results Show?

There is a fairly equal split between those who already invest in illiquid assets (18 percent) those considering this (19 percent) and those the are not planning to invest in this way (19 percent).

A significant 44 percent responded “don’t know”, demonstrating that many involved with DC pensions may not be aware of how their plan invests people’s pension savings or are not up to speed with planned changes.

Property is currently the most popular asset class for illiquid investments, while private credit/ private debt and mixed asset funds attract the highest level of future interest, with 22 percent of respondents considering using these types of investment in future.

Across all asset types, a sizeable number of respondents selected “don’t know” or “not considering”, indicating that while interest in illiquid investment is broad-based, for many schemes this remains an exploratory area rather than a firmly established part of the DC investment strategy.

Why Is This Interesting?

The results point to growing interest in illiquid investments but also highlight that, for many, plans in this area are still unclear or at an early stage.

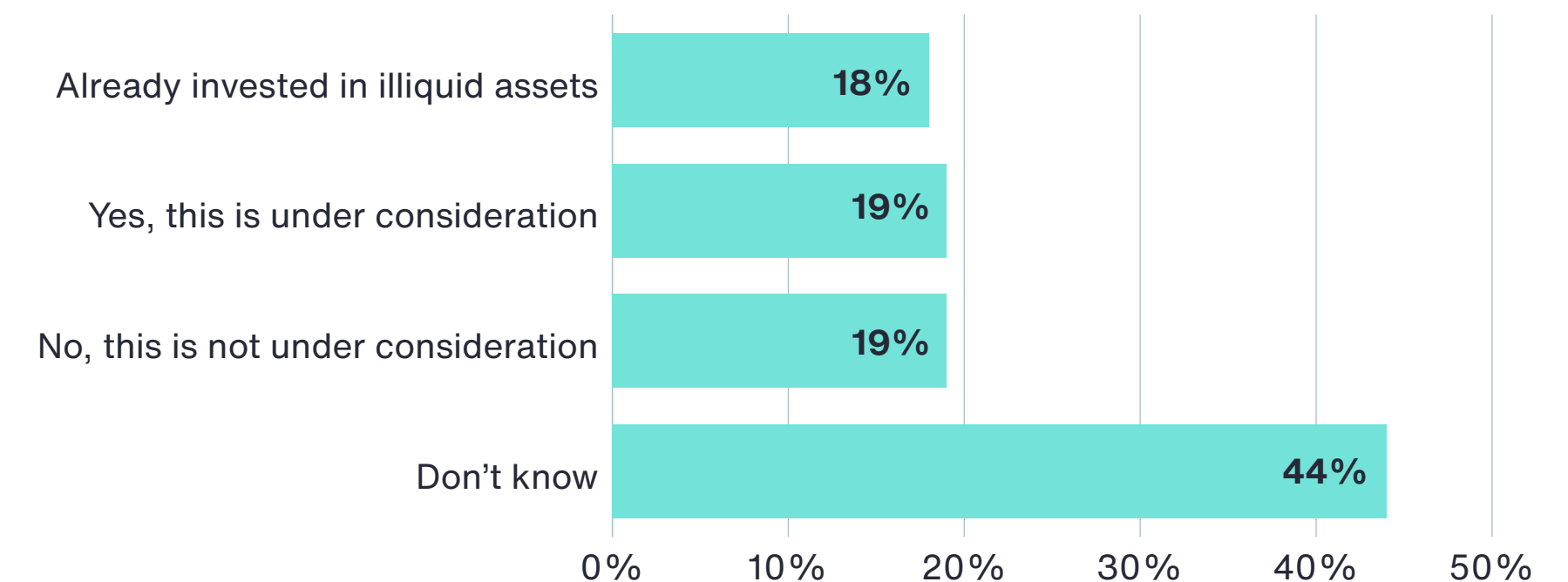
A number of the leading DC providers, including Aon, have signed up the UK Government’s Mansion House Accord² which, subject to fiduciary duty and the Consumer Duty, commits to the ambition of:

- allocating at least ten percent to private markets across all main DC default funds by 2030; and
- within that, at least five percent of the total going to UK private markets, assuming a sufficient supply of suitable investible assets for providers.

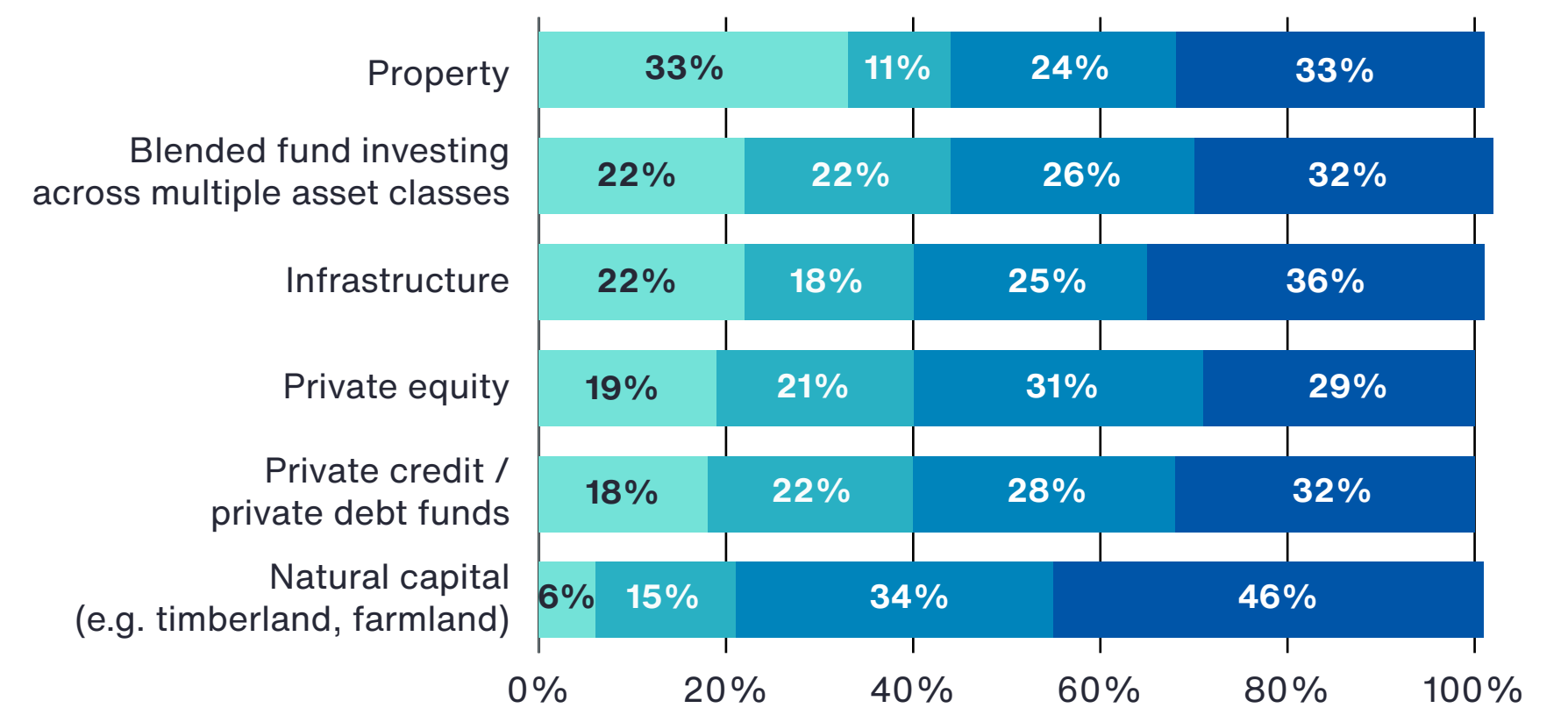
Possible Actions

- Understand the main types of illiquid investments and how they can add value for your DC savers.
- Clarify whether, and in what way, your DC plan intends to use illiquid investments to help enhance returns.

Is Your DC Plan Considering Investments in Illiquid Assets Such as Infrastructure or Private Markets?



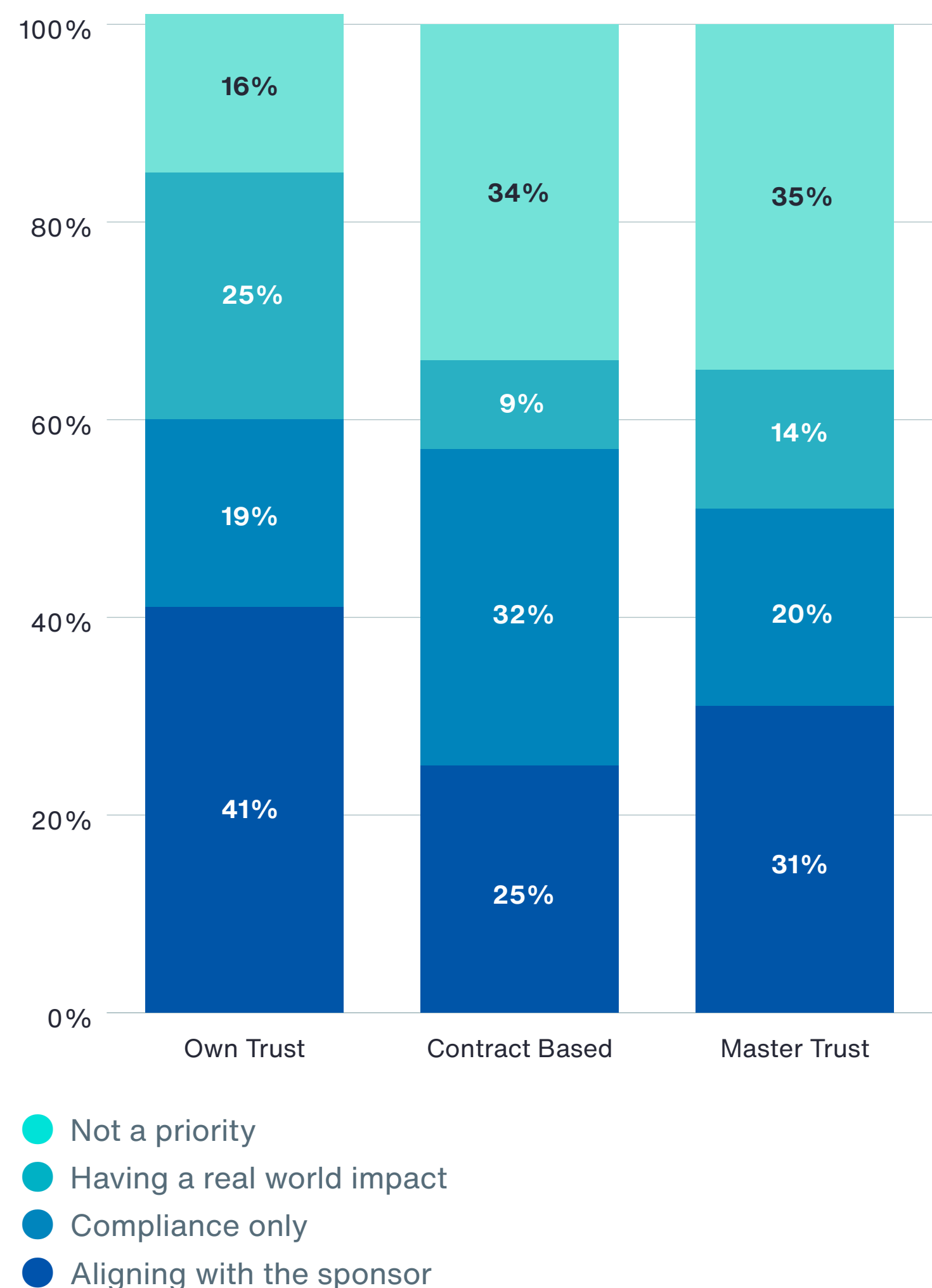
Which Types of Private/Illiquid Assets are You Currently Invested in or Considering?



● Currently invested ● Considering ● Not considering ● Don't know

² <https://www.gov.uk/government/news/pension-schemes-back-british-growth>

Priority for Responsible Investment



What Do the Results Show?

Respondents with own trust DC plans are more likely to aim to align Responsible investment objectives with those of their sponsoring employer (41 percent) or to have a real-world impact (25 percent) than those with other types of arrangements.

Why Is This Interesting?

Governance structure shapes ambition: own trust plans, where sponsors and trustees set objectives directly, are far more likely to align with employer values or target real-world impact.

In contract-based plans and master trusts the provider or overall plan decision making takes precedence. While some explicitly gather employer and member views, the results suggest that employers' sustainability commitments are less likely to be considered in deciding how savings are invested.

The sizeable "not a priority" response suggests responsible investment competes with other priorities for attention, particularly within master trust or contract-based plans where the investment design is more likely to have been outsourced to the provider.

Possible Actions

- Build a shared understanding of what ESG means in your DC plan. Agree whether responsible investment is about risk management, alignment with sponsor values, real-world impact, compliance or a combination of these.
- **Understand what DC members think.** Consider use of surveys, focus groups or existing engagement channels to gather views on responsible investment, and feed those into design decisions and communications so the approach reflects the savers it serves.

"Governance structure shapes ambition."

Approach to Responsible Investing

What Do the Results Show?

Fifty-five percent say ESG and stewardship are integrated across most of their investments, including the default, indicating that for many, ESG is seen as a core part of DC investment rather than an add-on.

A sizeable minority continue to keep ESG at the edges of their design, around a quarter (24 percent) offer ESG options only through self-select options and 16 percent focus on stewardship activity of their investment holdings rather than the selection of the investments.

The small group that do not explicitly consider ESG (six percent) underlines that, despite regulatory and member pressure, some schemes have yet to turn ESG intentions into concrete DC investment structures.

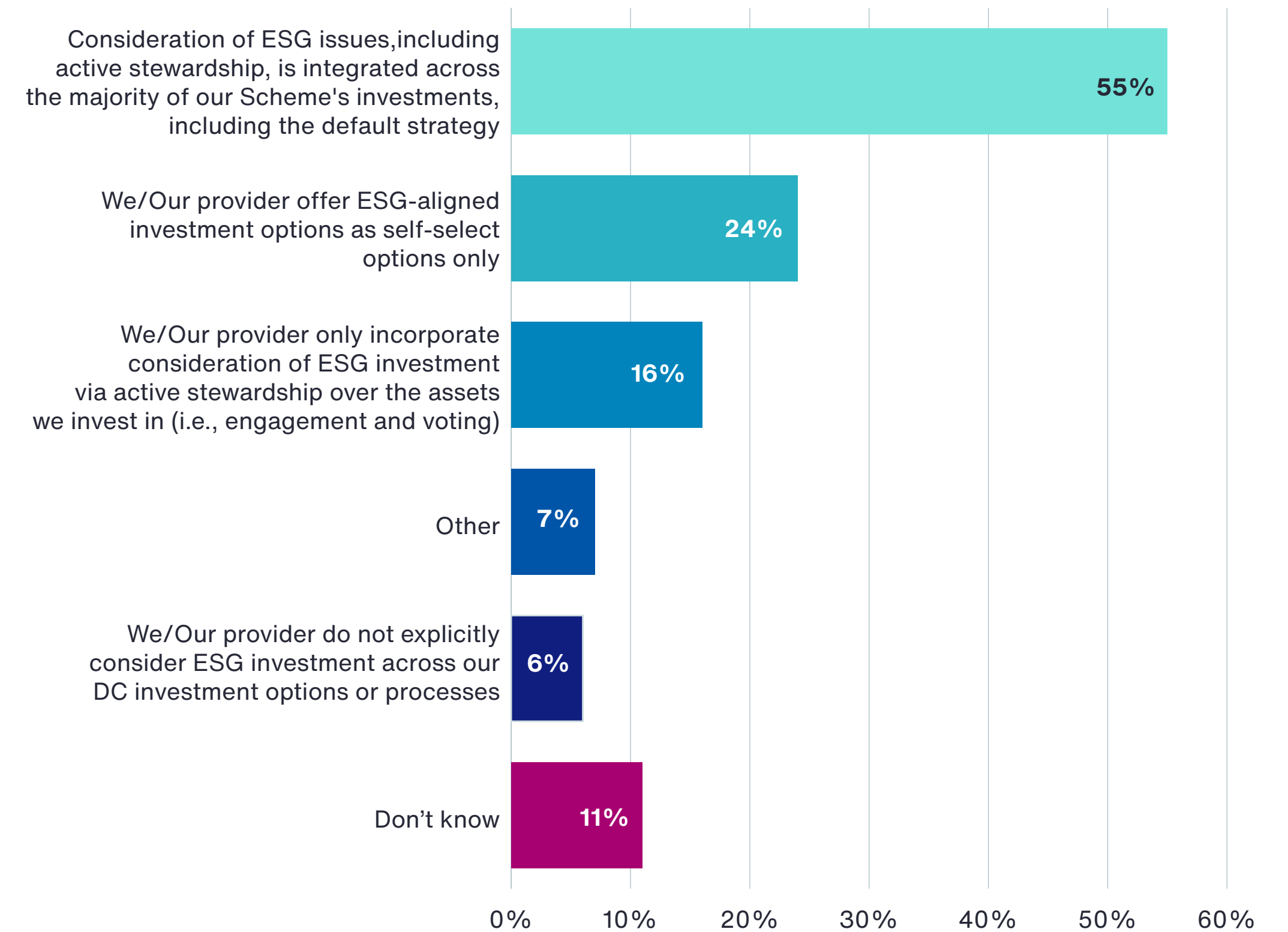
Why Is This Interesting?

ESG has moved from a niche, self-select idea to a mainstream part of default design, with the majority integrating ESG and stewardship across most investment options, the default is where the vast majority of members sit, so this is where responsible investment has the greatest reach.

Possible Actions

Check how ESG and stewardship are incorporated in the default strategy, where the overwhelming majority of members are typically invested, rather than relying solely on one or more ESG-labelled self-select funds.

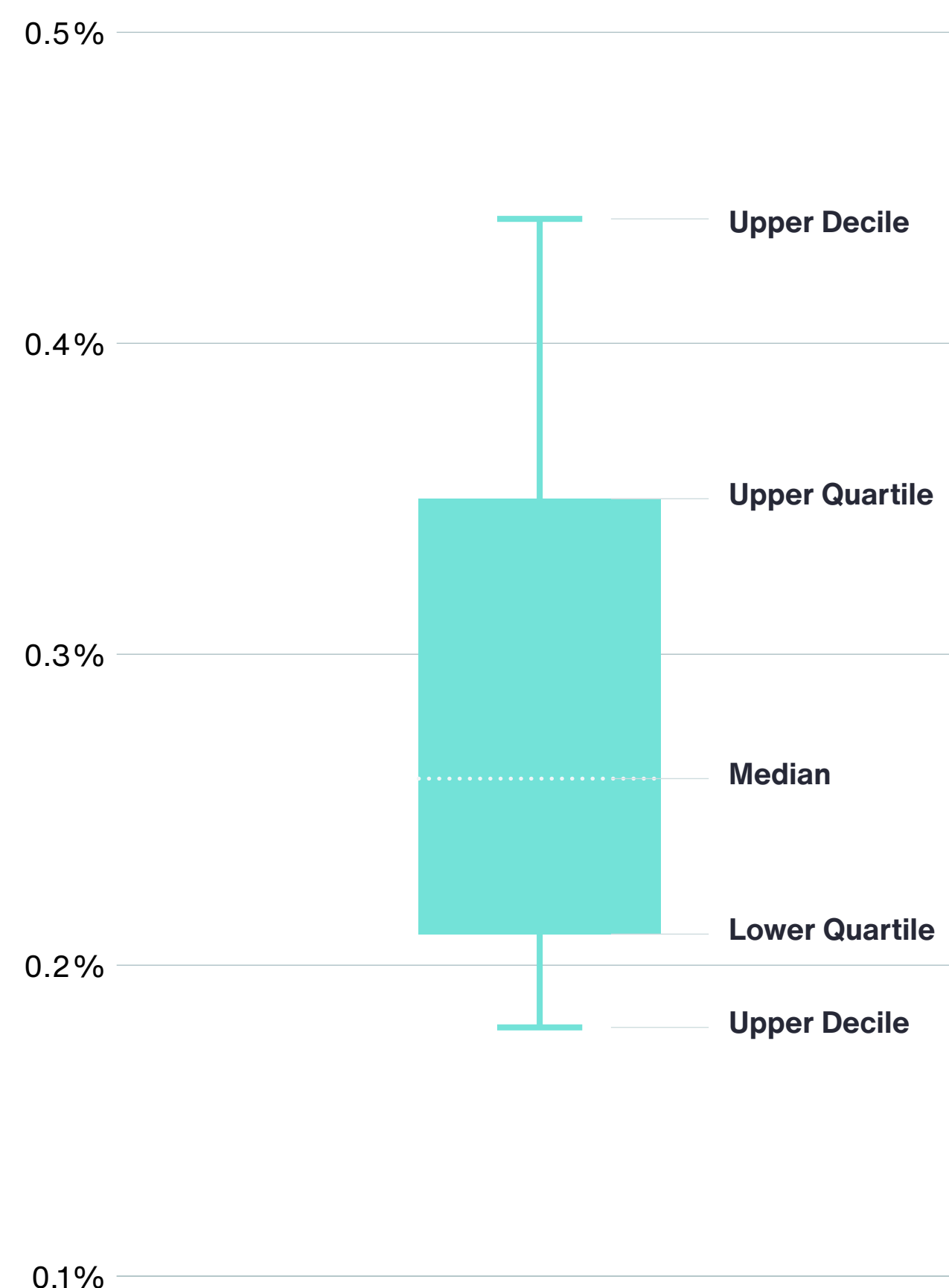
Put stewardship under proper scrutiny. Ask your provider or managers for engagement and voting outcomes against the themes you care about, and test whether that activity is changing anything, stewardship is only meaningful if you monitor what it delivers.



Note: Respondents were able to select multiple options.

Charges

What Charge/Total Expense Ratio (TER) Do Members Pay in Your Default Investment Arrangement?



What Do the Results Show?

The median charge for members invested in the default is c0.26 percent, with a slightly lower median of 0.24 percent.

There is a wide range based on scheme size, whether administration costs are included or paid separately, as well as types of investment included in the default investment design.

Why Is This Interesting?

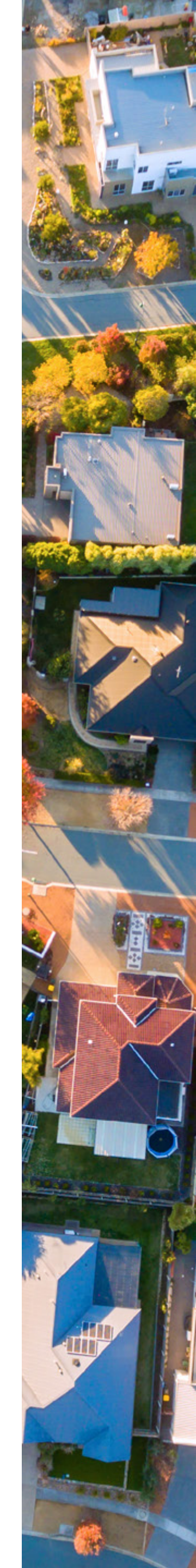
Charges have been falling for a number of years as DC arrangements grow in scale.

The increased focus on value over cost, including the expected increase in allocation by DC schemes to illiquid investments to aim to deliver better outcomes, may see an increase in charges over time.

Possible Actions

- As part of your regular value for money assessment, benchmark your charges based on both the size or your plan and the assets you are invested in.
- Consider charges in the wider context of value, noting the returns on investments after charges has a greater impact on pension outcomes than the charges in isolation.

“Charges have been falling for a number of years as DC arrangements grow in scale.”



3 Key Takeaways

- 01.** Default investment strategy is generally outcome-focused, with greater emphasis on supporting flexible retirement journeys rather than a single retirement destination.
- 02.** The growing use of private market investments creates opportunities to enhance returns but also increases the importance of effective governance and oversight.
- 03.** Approaches to Responsible Investment are often misaligned between the sponsoring employer and pension plan.
- 04.** Employers and trustees should consider whether current investment monitoring is focused on the outcomes members need, rather than solely on fund performance versus benchmarks.



Investment returns are a key driver of retirement outcomes, so investment governance must go beyond headline charges and simple benchmark comparisons. Employers and trustees should ensure that the default strategy, performance monitoring and any private market allocations are clearly aligned to the outcomes DC savers need at and through retirement.

How Aon Can Help

Ask your Aon Contact About:



How to apply Aon’s investment “best ideas” for your DC plan membership and default investment design.



Setting appropriate targets for returns and volatility for your DC investment default and putting in place monitoring to assess whether it delivers for your members over time.



How to find out more about illiquid investments, the approaches being taken in the DC market and what could add value for your own DC savers.



Understanding where your DC investment approach lands on the responsible investment spectrum and whether this aligns with your aims.

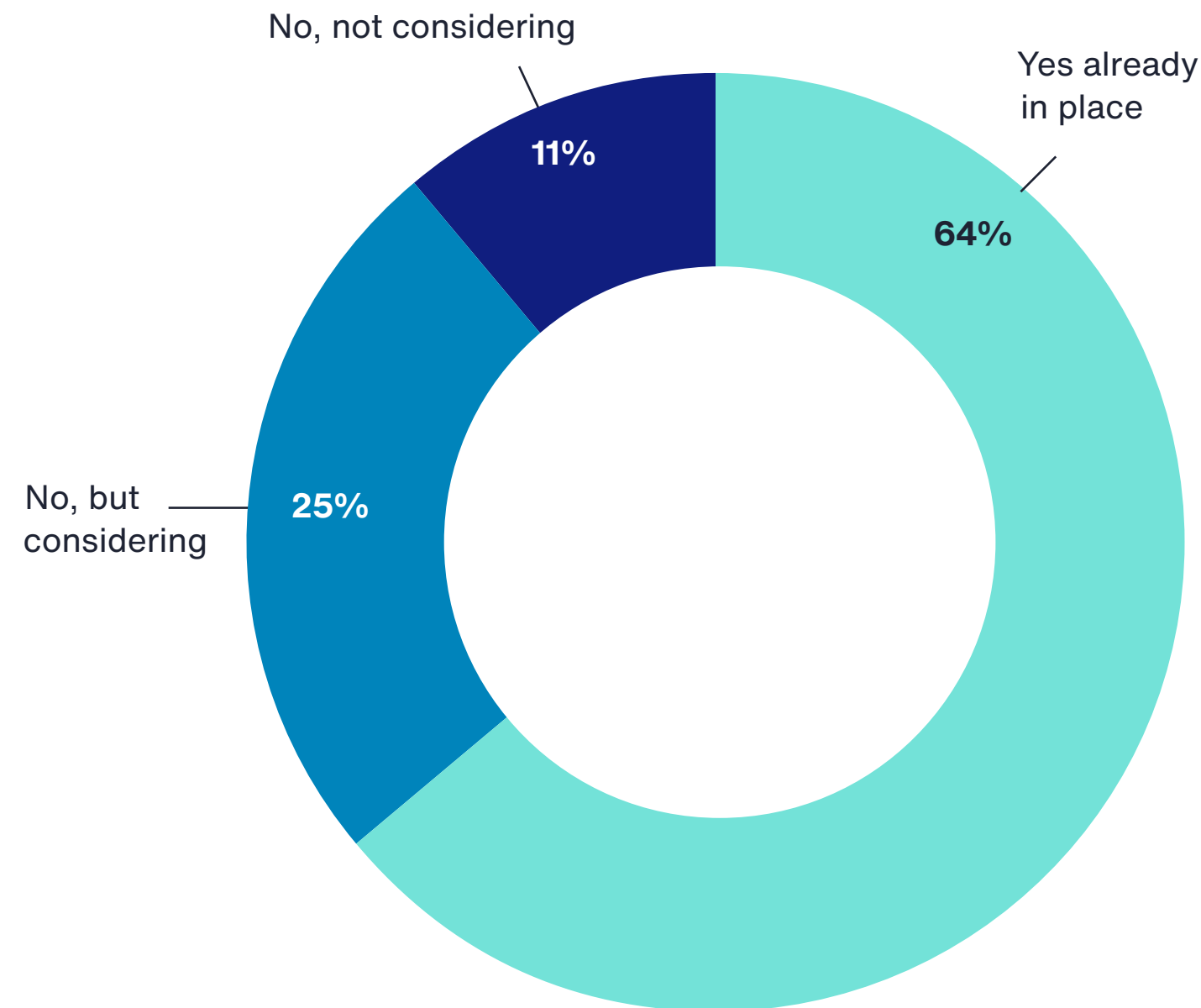
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Engagement and Financial Wellbeing

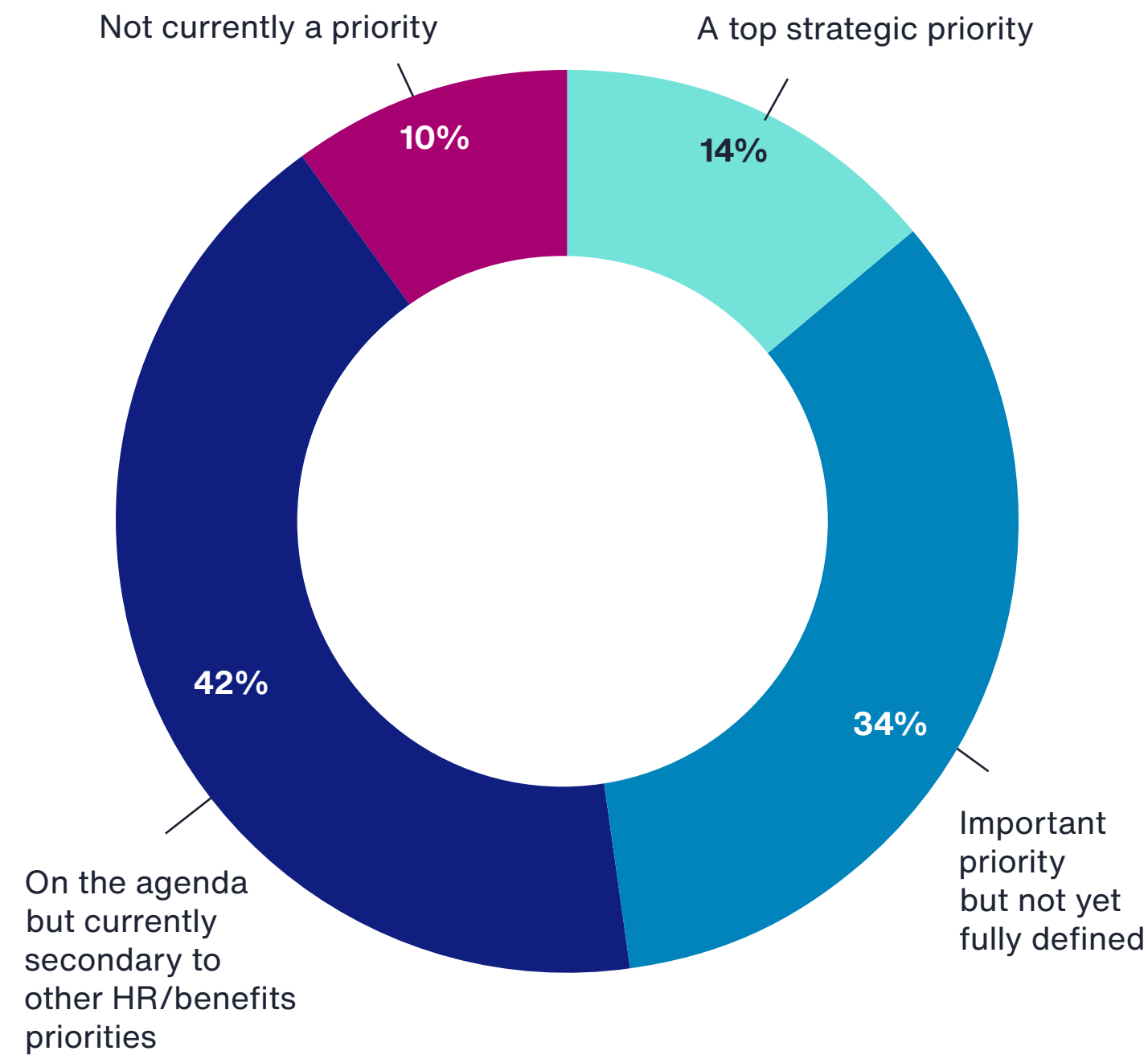


Financial Wellbeing Support Is Increasingly Business as Usual

Do You Provide Financial Wellbeing Support (e.g. 1-To-1 Sessions, Group Education) to Employees as Part Of, or Alongside, the DC Plan?



To What Extent Is Improving Employees' Overall Financial Wellbeing (Beyond Pensions Alone) a Priority for Your Organisation Over the Next 12–24 Months?



What Do the Results Show?

Financial wellbeing support is a core part of workplace benefits. Almost two-thirds of respondents (64 percent) already offer support such as one-to-one guidance or group education, and a further 25 percent are considering it.

Nearly half of organisations (48 percent) say improving employees' financial wellbeing is a top or developing strategic priority, while fewer than one in ten say it is not a priority.

Why Is This Interesting?

This shows that employers increasingly see financial wellbeing as integral alongside pensions and other traditional benefits.

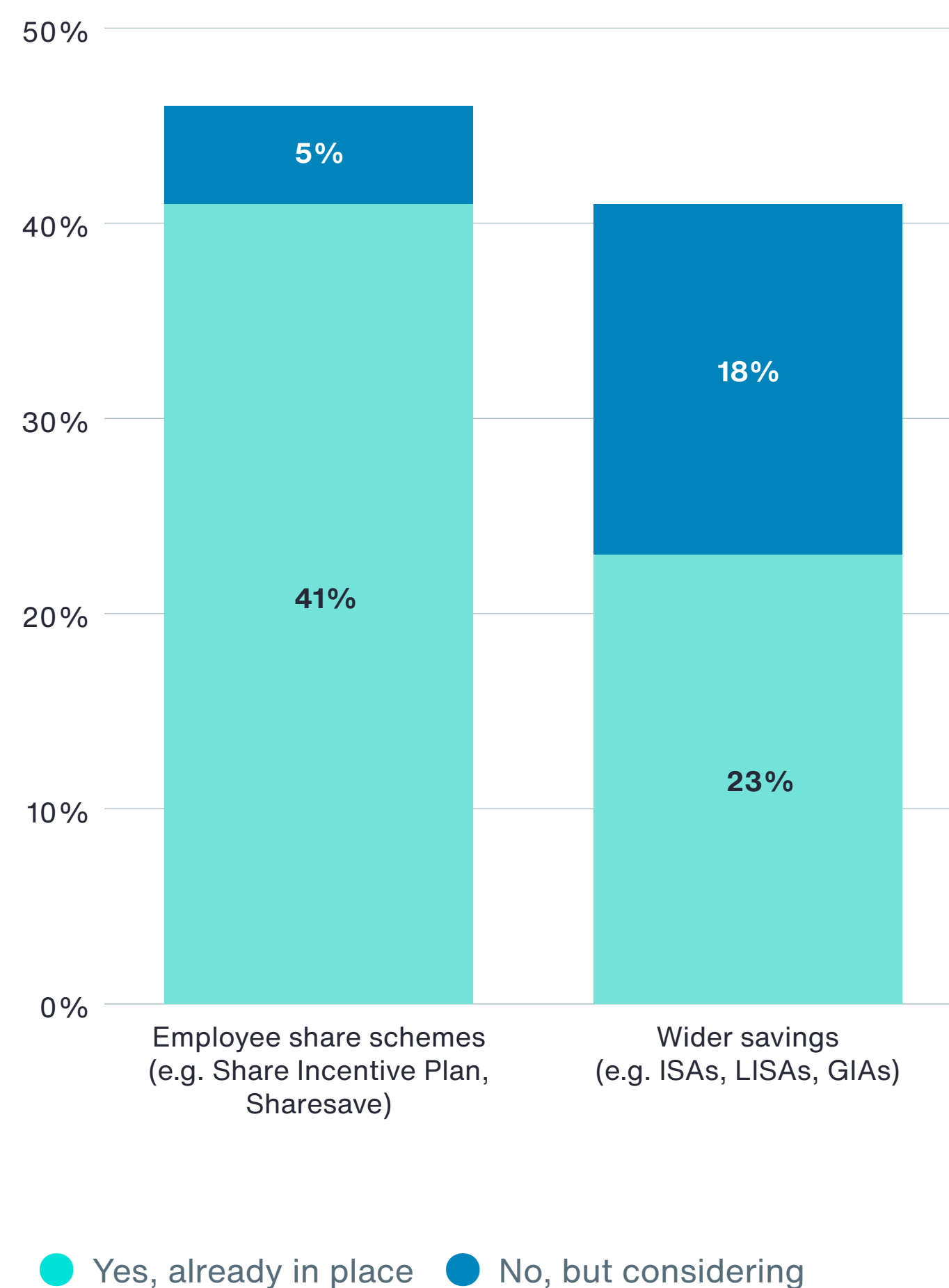
Retirement outcomes depend on more than pension design. For many employees, issues such as debt, housing costs and low emergency savings hinder engagement with long-term pension saving. Employees who feel financially secure today are better able to save for tomorrow.

As organisations compete for talent and seek to boost engagement, financial wellbeing programmes are increasingly seen as tools to support productivity, reduce money-related stress and enhance overall employee experience.

Possible Actions

Review pension and financial wellbeing strategies together to ensure they support the shared goal of improving employee wellbeing and resilience as well as financial outcomes.

Alternative Employee Savings Options



What Do the Results Show?

Employee share plans are relatively common, with 41 percent of organisations already offering this type of savings arrangement.

Wider workplace savings solutions such as ISAs or other non-pension savings vehicles remain less prevalent, with only 23 percent currently offering these arrangements, although nearly one in five (18 percent) are actively exploring this area.

Why Is This Interesting?

Workplace pension plans remain the foundation of long-term saving for most employees. However, they are designed for retirement and usually cannot be accessed before minimum pension age, except in limited circumstances.

Offering complementary short-term savings vehicles can help employees balance competing financial priorities at different life stages. Research from NEST Insights found these are far more effective when operating on an opt-out basis.

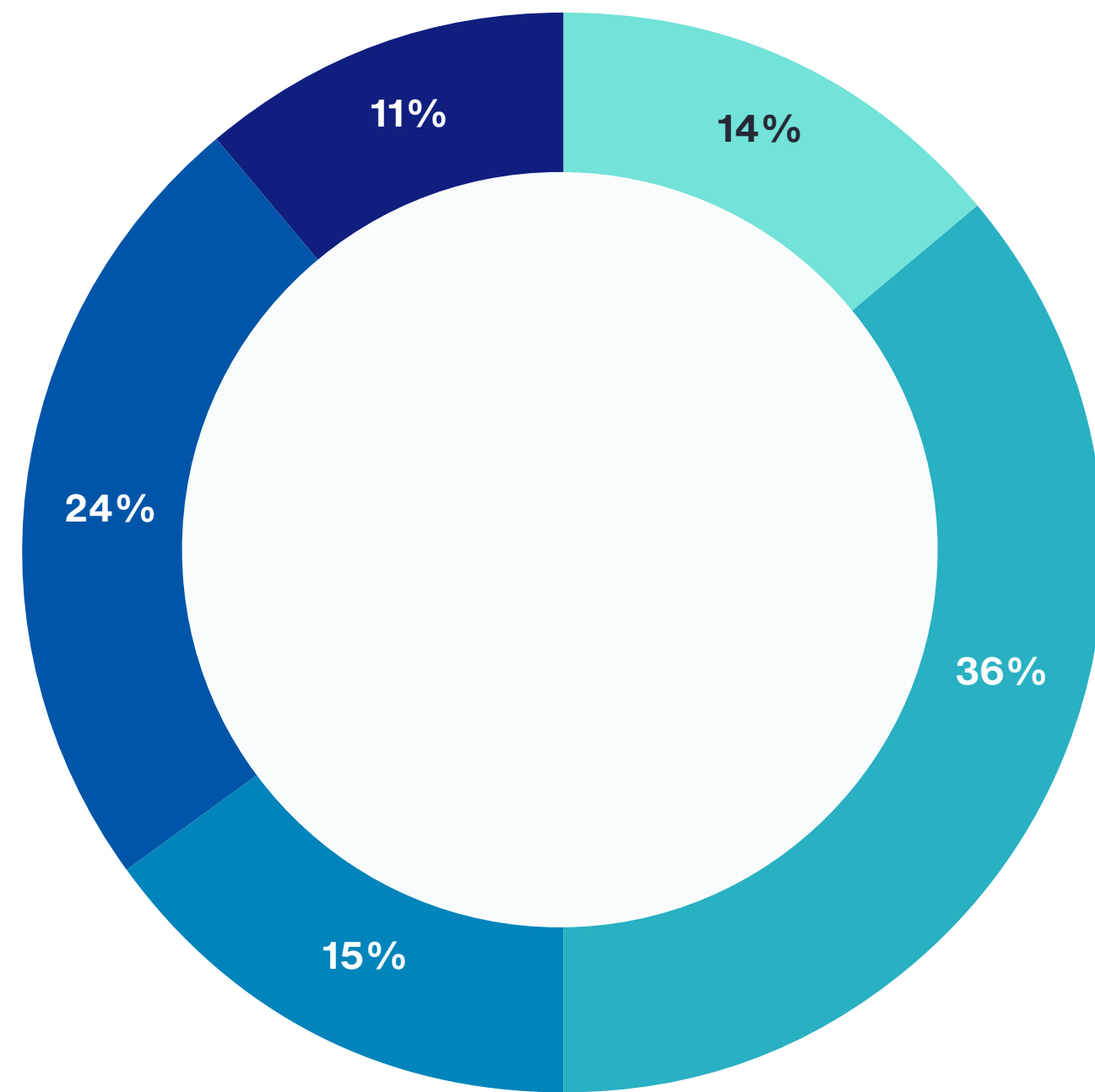
Rather than competing with pensions, wider savings options can be positioned as complementary parts of a broader financial wellbeing strategy.

Possible Actions

- Consider whether employees have access to appropriate savings solutions for both short-term and long-term financial needs.
- Assess whether lack of financial resilience could be acting as a barrier to adequate levels of pension saving.



To What Extent Are Employers Considering Cost of Living Pressures?



- We actively consider these factors and adapt our benefits/plan design accordingly
- We consider these factors informally, but they do not materially affect plan design
- We are starting to explore how these factors should influence our approach
- We do not currently consider these factors in DC or benefits design
- Don't know

What Do the Results Show?

Only 14 percent of organisations say they actively adapt their benefits or pension design in response to cost-of-living pressures.

Over a third (36 percent) consider these factors informally, and a further 15 percent are beginning to explore how financial pressures should influence their approach.

Why Is This Interesting?

Cost of living pressures can have a direct impact on behaviour. Employees facing financial pressures may reduce discretionary saving, opt out of pension arrangements or miss opportunities to benefit from matching contributions.

At the same time, employers face a difficult balancing act. Providing meaningful support for employees' immediate financial needs must be balanced against maintaining focus on long-term retirement outcomes.

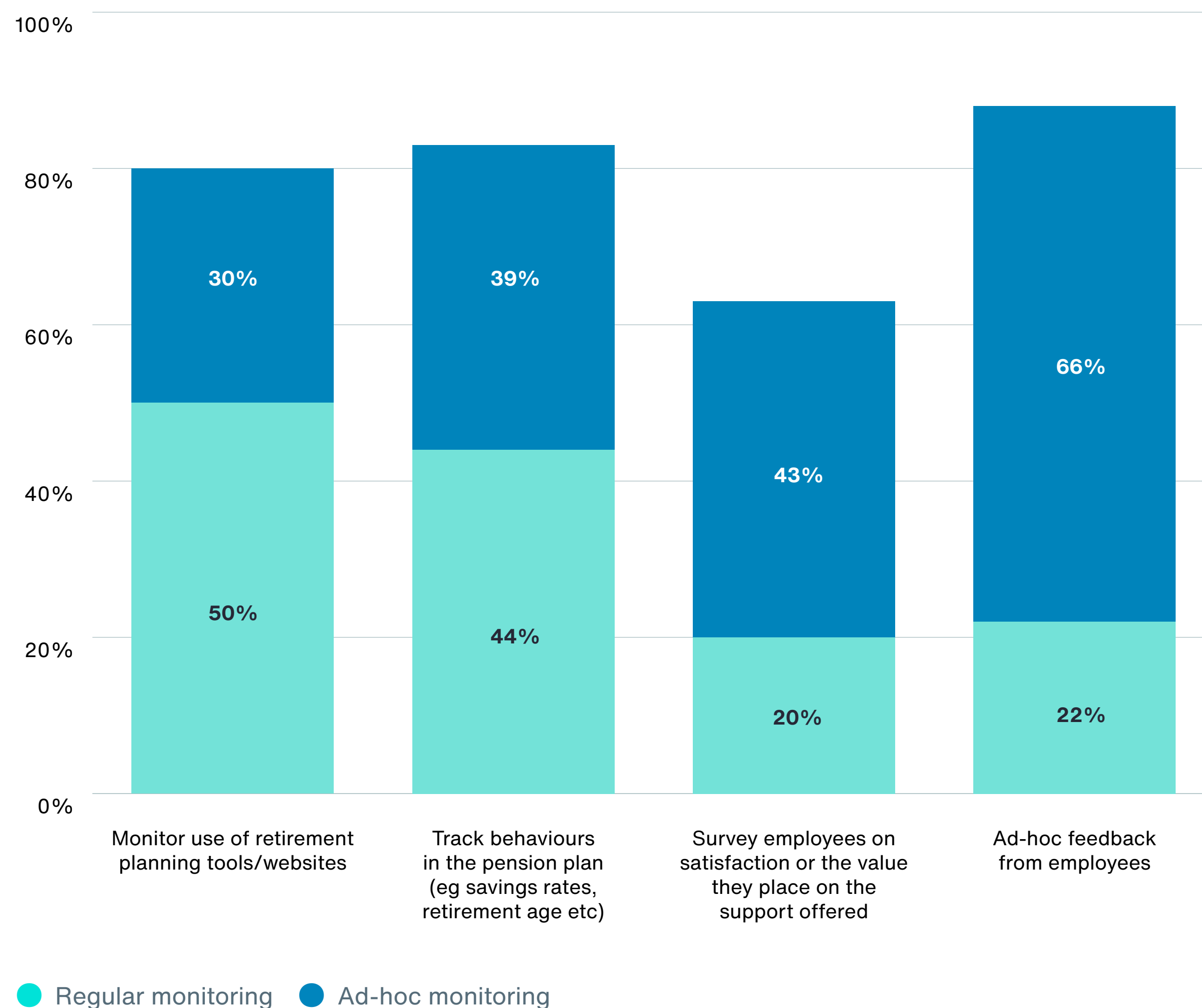
The findings suggest many organisations are still determining how financial wellbeing, reward strategy and pension provision should interact. As financial wellbeing programmes mature, employers may increasingly look for ways to connect support across these areas rather than treating them as separate initiatives.

Possible Actions

- Understand how financial pressures are affecting different employee groups.
- Consider whether existing benefits provide appropriate support for both immediate financial needs and long-term retirement planning.
- Use workforce data to identify where targeted interventions are likely to deliver the greatest benefit.

“Cost of living pressures can have a direct impact on behaviour... At the same time, employers face a difficult balancing act.”

How is Engagement Measured?



What Do the Results Show?

Half of organisations track engagement via online tools and websites (50 percent) and behaviours within the pension plan (44 percent). Far fewer regularly gather employee views through surveys or structured feedback (20 percent), with many still relying on ad-hoc comments rather than formal measurement frameworks.

Why Is This Interesting?

The findings indicate that many organisations measure activity rather than outcomes. Metrics such as website visits and tool usage show interaction, but not whether employees are making better financial decisions or improving retirement prospects.

As value for money and member outcomes gain prominence, there is likely to be greater focus on whether engagement drives meaningful behavioural change, using measures such as contribution rates, take-up of matching, retirement readiness and financial confidence.

Possible Actions

- Set clear objectives for engagement and financial wellbeing programmes before choosing success measures.
- Combine activity-based metrics with behavioural and outcome-based measures.
- Prioritise measuring improvements in financial outcomes and decisions, not engagement levels alone.

4 Key Takeaways

- 01.** Financial wellbeing support is increasingly expected as part of a modern workplace benefits strategy rather than being viewed as an optional extra.
- 02.** Helping employees manage short-term financial pressures may be an important precursor to improving financial resilience, wellbeing and long-term pension saving behaviour.
- 03.** Measuring engagement activity alone is unlikely to demonstrate value; the focus should increasingly be on behavioural and financial outcomes.
- 04.** Employers should consider how pensions, financial wellbeing and wider savings arrangements work together to support overall financial resilience.



Financial wellbeing and pension strategy should increasingly be viewed as connected parts of the same employee journey. Employers that combine financial coaching, emergency savings support, targeted communications and outcome-based measurement will be better placed to help employees manage short-term pressures while continuing to build long-term financial security.

How Aon Can Help

Ask your Aon Contact About:



The benefits of prioritising employee financial wellbeing, including

- Improved mental health.
- Ability to retire.
- Reduced absenteeism.
- Increased engagement, motivation and productivity.



How emergency workplace savings plans can help employees build financial resilience and avoid high-cost debt.



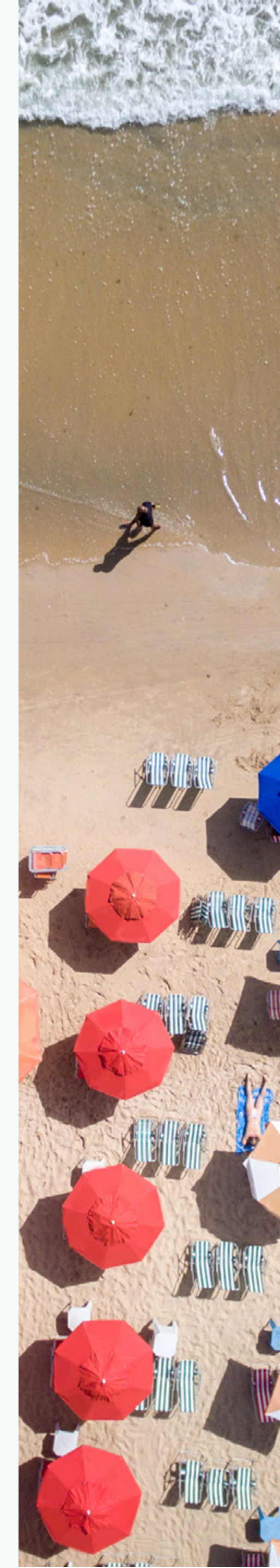
Financial coaching and how to drive positive behavioural change for people making money decisions.



Successful approaches to engaging DC savers with their pension and financial wellbeing.

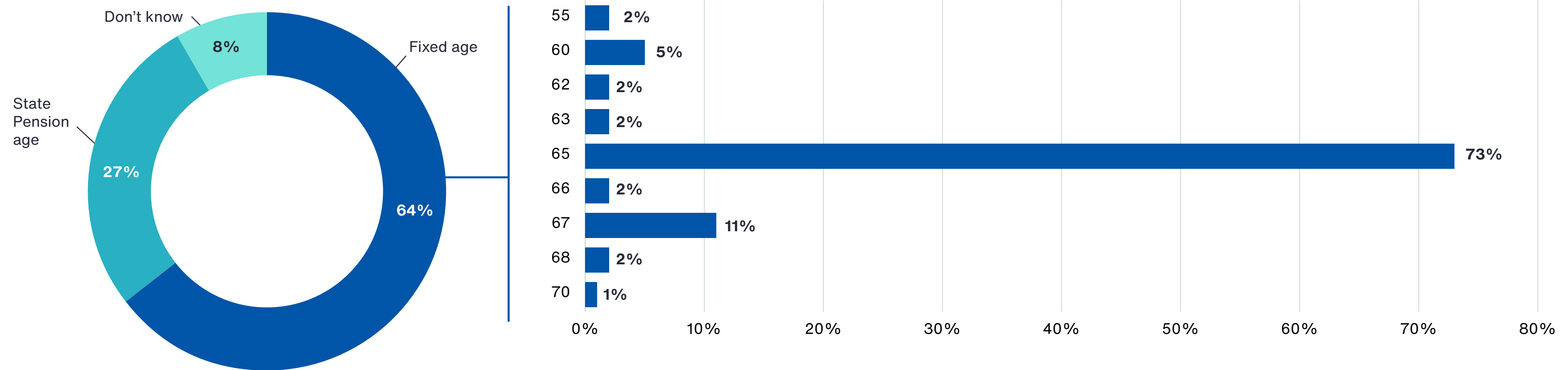
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At Retirement



Default Retirement Age

What Is the Default Target Retirement Age for the Plan?



What Do the Results Show?

Most DC plans have a fixed age as the default, the most popular being age 65.

Less common is to use state pension age as the default, which can be administratively complex as the age will vary dependent on the age of the individual.

Why Is This Interesting?

Many DC plans are anchored to the historical state pension age of 65 for the default retirement age. This changed in 2018 with increases on a phased approach; state pension age will reach age 67 in April 2028 and is currently scheduled to increase to age 68 between 2044 and 2046.

The default retirement age can affect how DC savers' funds are invested if they use a lifestyle or target date fund where the allocation is linked to the term to their target retirement date.

Possible Actions

Consider whether your default retirement age remains appropriate based on current retirement activity and any anticipated changes.

Options At Retirement

What Do the Results Show?

Retirement options vary significantly by DC structure.

Most contract-based and master trust arrangements provide access to annuity and/or drawdown solutions within the existing arrangement, compared with just 13 percent of own trust schemes.

Why Is This Interesting?

The choice of DC structure can significantly shape members' retirement experience, as few own trust plans offer in scheme drawdown or annuity options.

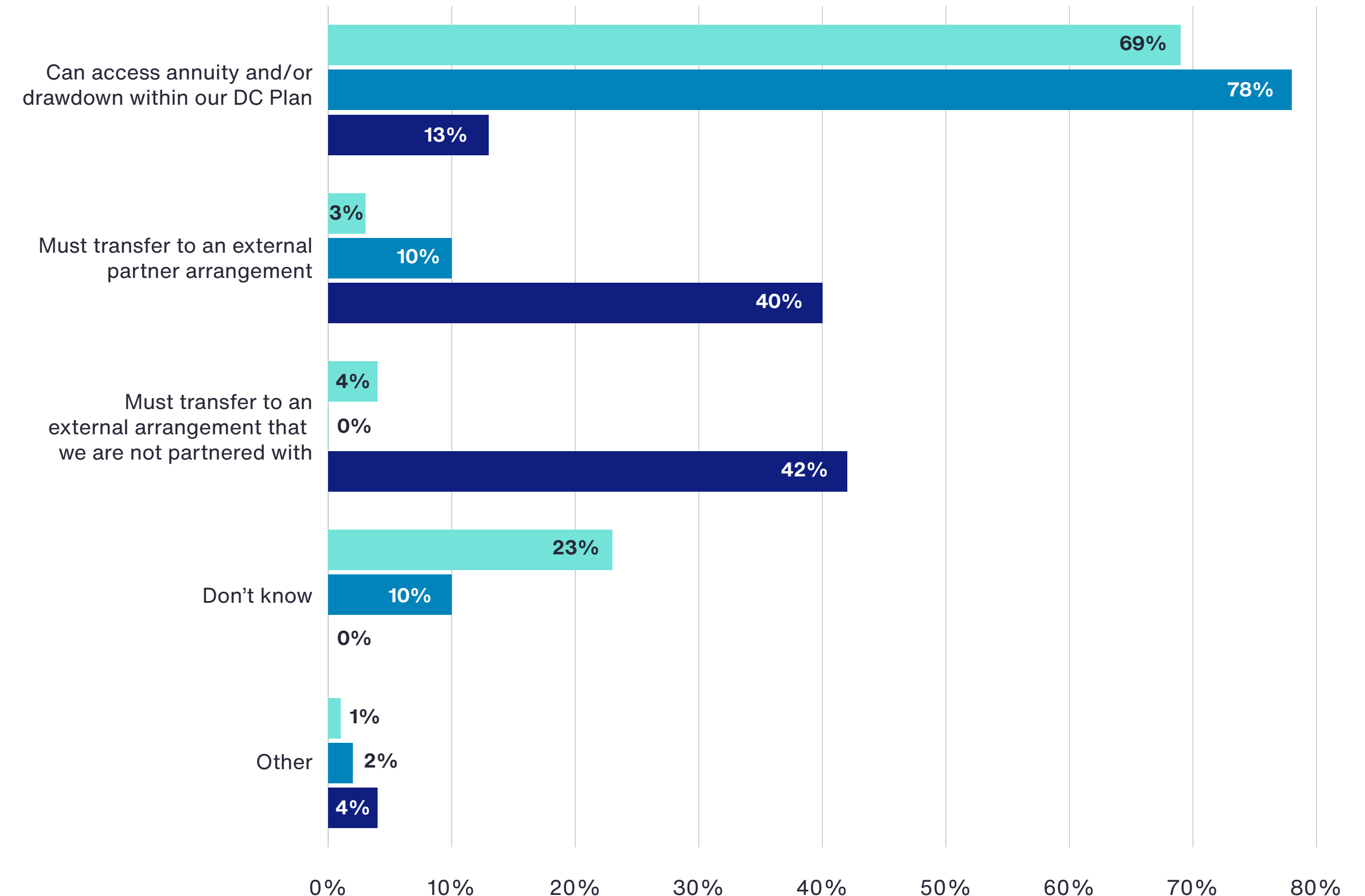
The Government's new Guided Retirement framework is expected to require schemes and providers to offer a default retirement income solution for members who do not make an active choice. This means that DC plans are likely to rethink what happens to member savings into retirement.

For some own trust schemes, this will require a rethink of how retirement benefits are delivered and how members are supported through retirement decisions.

Possible Actions

Consider what the most appropriate retirement solution looks like for members of your DC pension and whether this aligns with what you currently have in place.

Can Members Access Annuity and/or Drawdown Within Your DC Plan?

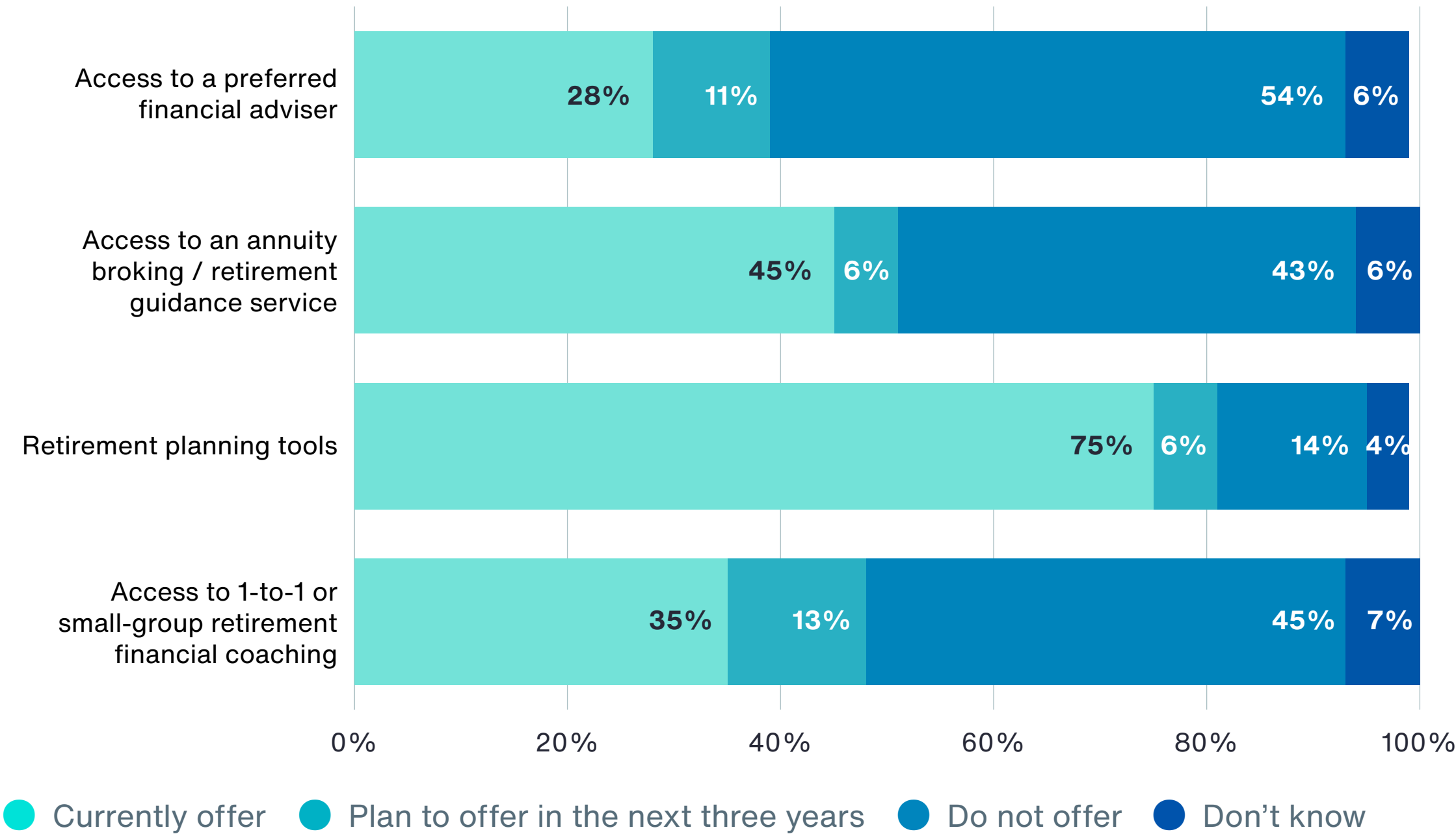


- Contract-based (e.g. Group Personal Pension, Group SIPP, Stakeholder)
- Master trust
- Own trust (managed by your own trustees)

Retirement Support

2026 DC Pension and Financial Wellbeing Survey

What Types of Support Do You Currently Offer, or Plan To Offer, to Members at Retirement?



What Do the Results Show?

Retirement planning tools are widely available, with three-quarters (75 percent) of respondents offering these to members.

Almost half provide access to annuity broking or retirement guidance services (45 percent), while around a third offer retirement coaching (35 percent) or access to a preferred financial adviser (28 percent).

Many organisations are planning to enhance support over the next three years, particularly through retirement coaching and access to financial advice.

Why Is This Interesting?

Good retirement outcomes depend not only on the size of an individual’s pension pot but also on the decisions they make when accessing it.

Digital tools can aid understanding, but retirement is one of the biggest financial choices most people make. Decisions — one way or the other — will inevitably affect long-term security.

Rising interest in coaching, guidance and advice shows growing recognition that employees may need more personalised help as retirement nears.

Possible Actions

- Review your support structure, including communications, to understand if it best meets the needs of your DC savers.
- Consider how provider or adviser-supported retirement services can complement existing support.

“Rising interest in coaching, guidance and advice shows growing recognition that employees may need more personalised help.”

5 Key Takeaways

- 01.** Support in the lead up to and at retirement is becoming an increasingly important component of overall DC value and employee experience.
- 02.** Decisions made at retirement can have a significant positive or negative impact on outcomes and financial security into retirement.
- 03.** Scheme structure can materially influence the retirement options and support available to members.
- 04.** Employers and trustees should start preparing now for the expected Guided Retirement framework and assess whether existing retirement support remains fit for the future.



The retirement phase is the point where value is ultimately tested. As Guided Retirement requirements develop, employers and trustees should review whether members have access to appropriate default income solutions, clear decision-making support and guidance or advice services that help them turn pension savings into a sustainable retirement income.

How Aon Can Help

Ask your Aon Contact About:



Retirement adequacy analytics to assess how changing the default retirement age could affect expected retirement outcomes for your DC savers.



Aon's [My Pension Planner](#) online tool to help people bring together their DC, DB and state pension in one place to explore their retirement options.



Reviewing your pre and at-retirement support structure to identify where you could improve this for DC plan members.



The expected new Guided Retirement requirements and how they might best work for your DC plan members.

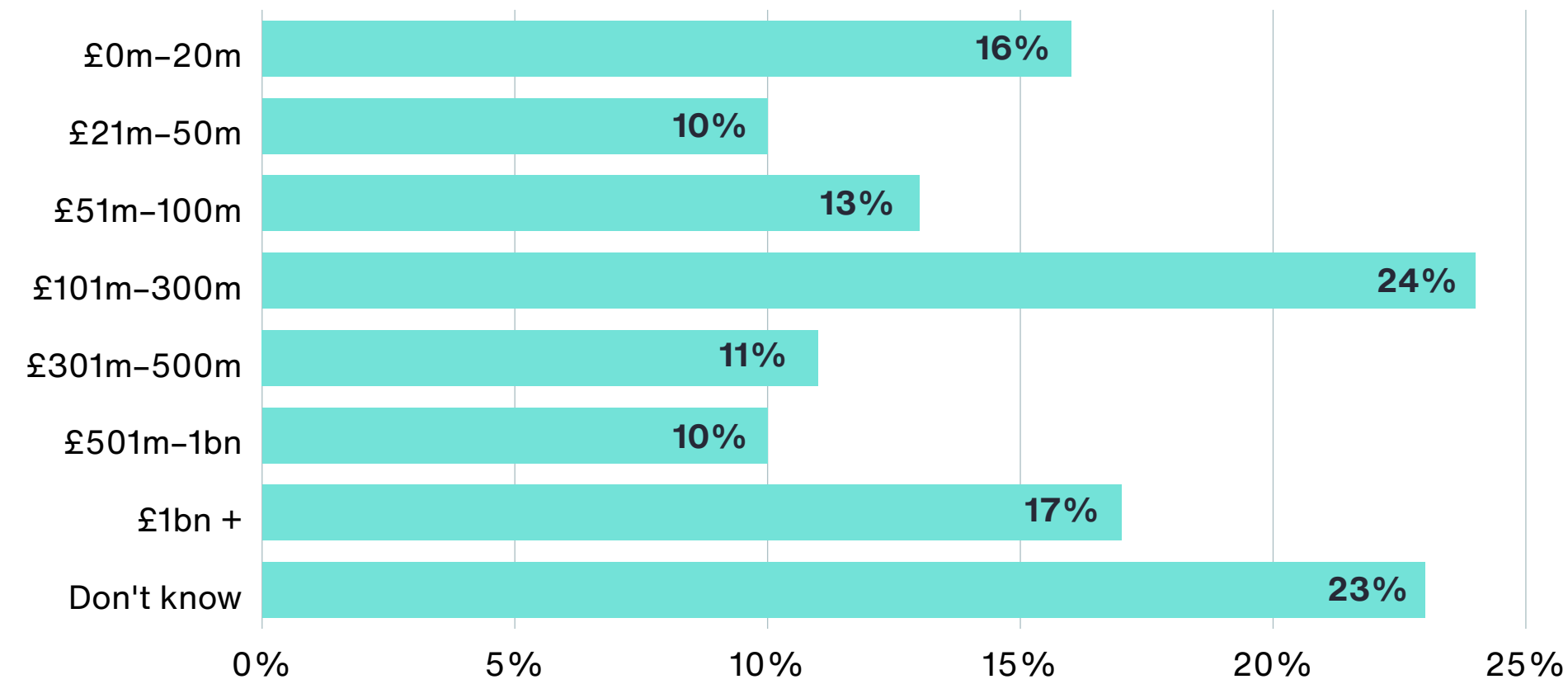
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Survey Participants

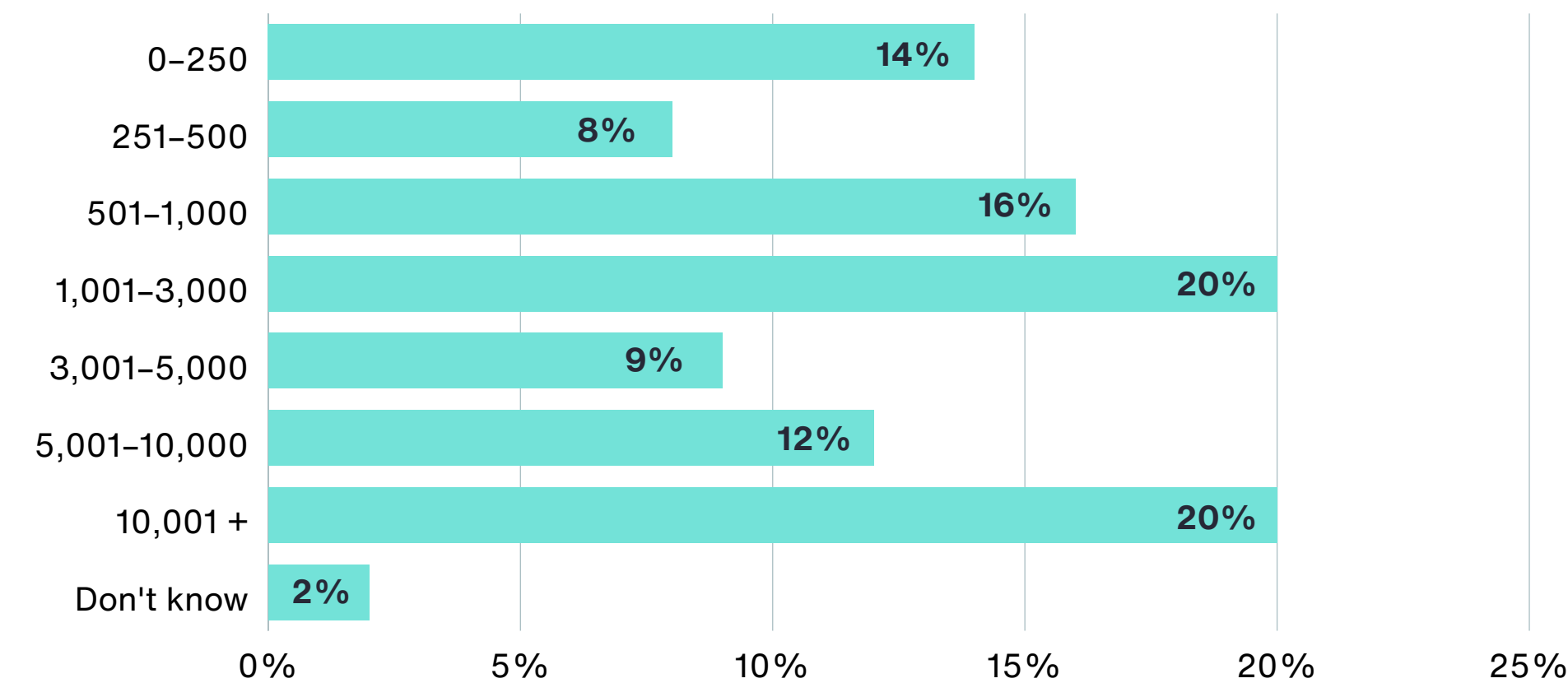


Breakdown of Respondents via Selected Metrics

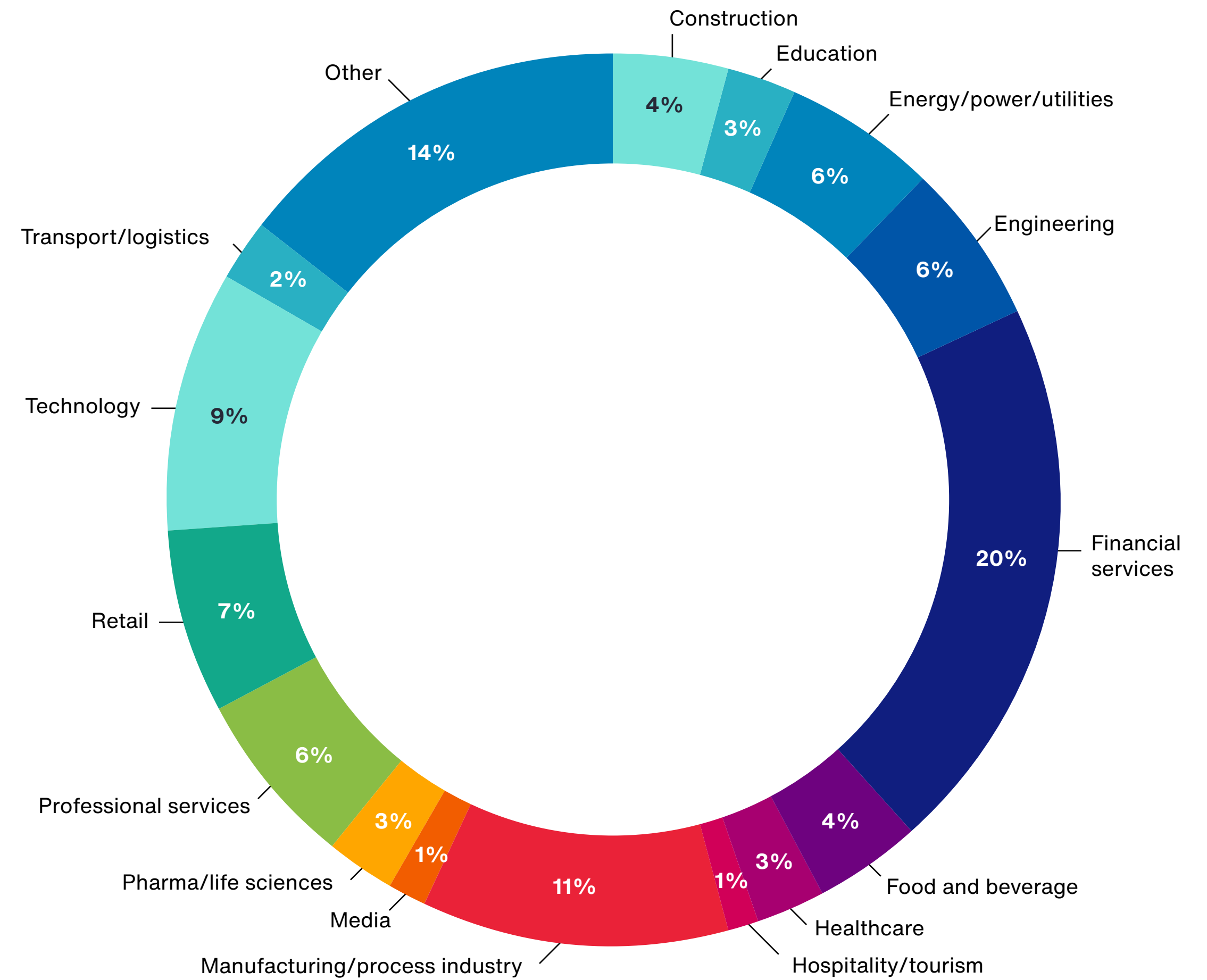
Respondents by Size of DC Plan (£)



Respondents by Number of Members in DC Plan



Respondents by Sector



Contact us

If you have any questions or would like to discuss options, speak to your usual Aon consultant, contact one of the team behind this research or email talktous@aon.com



Steven Leigh
Associate Partner
steven.leigh@aon.com
+44 7920 213 471



Clare Freeman
Senior Consultant
clare.freeman@aon.com
+44 113 393 6331



Joe Betts
Consultant
joe.betts1@aon.com
+44 121 253 3135



Rosie Smith
Associate Consultant
rosie.smith2@aon.com
+44 113 283 3549



Harleen Uppal
Client Management
harleen.uppal@aon.com
+44 121 230 6847





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