

DB endgames: state of the nation

July 2026

Since the [July 2023 Mansion House speech](#), developing policy has focused on whether emerging UK defined benefit (DB) surpluses could be used to return value to employers, enhance member benefits, and support wider economic objectives. This policy shift, in combination with strengthening funding positions and a rapidly evolving endgame market, has been reshaping how trustees and sponsors think about the future. Yet three years on, the jury is still out on where policy ambition will meet practical reality.

The advisory and provider community certainly believe the two are coming together, but in our experience the debate going on in trustee and company board meetings is considerably more nuanced.

With the Pension Schemes Act receiving Royal Assent in April 2026, will this catalyse a more decisive shift in schemes' behaviour? Possibly, though it's unlikely that legislation and regulation alone will move the dial.

Three years on from Mansion House, we explore what has changed, where the barriers remain, and how the market may evolve from here.



What has changed?

▶ Funding strength has created more optionality

DB schemes have entered a fundamental new phase. Approximately **80%** of UK DB schemes are estimated to be fully funded on a low dependency basis, and **60%** on a buy-out basis¹. That means trustees and sponsoring employers are reassessing whether to run-on or secure liabilities from a profoundly different standpoint. Surpluses are a reality, benefits are increasingly secure, and the likelihood of needing future contributions is very low. Against that backdrop, the Mansion House agenda has helped encourage more constructive, strategic, long-term dialogue between many trustees and sponsors. The debate has moved on: it's no longer about whether an endgame is achievable, but increasingly about which route is best.

▶ Run-on is gaining some traction as a credible strategic path

More employers and trustees are pausing to consider running on, recognising that the answer is no longer as clear-cut as once assumed. And some major schemes are committing to run-on strategies. In 2025, Schroders and Aberdeen announced plans to run on, using part of their surplus to support defined contribution (DC) commitments, with more large schemes exploring similar approaches to generate and access value for both members and sponsors. The Pension Schemes Act confirms more flexibility around the rules on surplus extraction for well-funded DB schemes is coming, though it will be 2027 before these changes will be in force with much of the detail still to be worked through.

▶ Momentum behind alternative endgame models is building

Traditional insurance remains an attractive route, and the market has responded to meet demand with around £40bn of buy-ins completed in 2025. But at the same time, superfunds and consolidation arrangements are widening the spectrum of viable settlement options and creating new ways to share value.

The Aberdeen–Stagecoach model shows how a sponsor can step away while the scheme continues to run on.

With new providers poised to enter, the market looks set to expand. More innovation looks likely to meet the growing appetite for bespoke solutions and value-share mechanisms.



Source: The Pensions Regulator

What challenges and barriers remain?

The environment is clearly shifting. A minority of schemes have actively set refreshed plans in motion, but this is far from universal. Many more are still reassessing their options with a genuinely open mind, and an increasing number are pausing to take stock and watch how government announcements and market practice unfold.

Today's biggest barriers are no longer about funding levels or the availability of options. Instead, schemes face a combination of structural, behavioural, and regulatory constraints that continue to create uncertainty and slow decisions.

¹ The Pensions Regulator



More complex decision-making

Schemes may be better funded than ever, but decision making has become more complicated. An expanded range of viable endgame options increases the need for a clear decision-making framework to help schemes choose between them. Traditional metrics no longer give the full picture, and advice must evolve to give full visibility of choices and a common currency for comparing trade offs. Complicated further by the fact most employers' use very different financial models to evaluate these options than those commonly used by pension advisers.

Uncertainty over who should drive the conversation (and when)

Endgame discussions often stall when it's unclear who should take the initiative. Some trustees and employers remain hesitant, engaging cautiously with new options, or preferring to wait for regulatory clarity or market consensus before acting. Often, there's a reluctance to move first or ahead of the perceived market. As confidence grows and options become more commonplace and better understood, we could see more of a 'snowball' effect, but that momentum takes time to build.

Polarisation of employer views

Employer appetite for run-on is highly mixed. A long history of rising DB costs and perceived anti-business regulation has left many UK companies deeply risk-averse, with limited confidence in long-term DB projections or government policy.

Decision-making is further complicated by the number of stakeholders involved – each with different priorities, levels of pension literacy, and risk appetites. Some shareholders view DB schemes as a distraction and investor sentiment is similarly polarised.

While some see “untapped financial potential” in DB surpluses (not yet a view shared by rating agencies), others are clear that they didn't invest in a business for its ability to generate value from a pension scheme.

A growing bottleneck around surplus

This is driven by difficult questions over who it belongs to, when and how quickly it should be released, and what it should ultimately be used for. The debate centres on competing perspectives:

- ▶ some argue surplus should enhance benefits for today's DB members beyond the minimum promised
- ▶ others see it as a way to improve retirement outcomes for younger DC savers
- ▶ many sponsors believe they should receive value back after funding schemes for decades

The Mansion House reforms have, in many ways, amplified rather than resolved this tension. For sponsors, surplus represents potential value, and for trustees, it raises questions of fairness, fiduciary duty and long-term security. Though the Pensions Regulator (TPR) included some case studies in its [June surplus guidance](#), there's still very little for schemes to go on in terms of clear precedents or practical direction on how surplus should be used. That creates a risk that the small amount of information available either exerts undue influence on decision-making or, blocks progress altogether.

Ongoing surplus sharing also needs to be clear and operationally practical – yet very few schemes have actually implemented and run these frameworks in practice. That leaves many cautious about their long-term operational viability and the governance burden they may create.

Regulatory uncertainty as a decision blocker

Three years on, the regulatory environment remains incomplete. Although the Pension Schemes Act sets in motion the legal framework for more surplus flexibility and we now have a Department of Work and Pensions (DWP) consultation, much of the detail is left to secondary legislation and guidance that is still developing. This uncertainty has inevitably created a “wait-and-see” culture.

Many sponsors and trustees are unwilling to commit to run-on and surplus extraction until regulatory frameworks are fully settled. Getting the detail right as reforms are translated into clear, workable regulation will be critical to ensuring schemes, trustees and employers can engage with confidence. Government policy and statements must reinforce belief that this is a robust and long-term approach. For now, many trustees and companies remain cautious.

Clarity, confidence, and collaboration will determine the pace of progress

The last few years have seen a profound shift in how DB schemes approach their future. However, the pace of progress from here will ultimately depend on access to clear decision-making frameworks, confidence that the regulatory direction is stable and long term, and fostering shared understanding between trustees and sponsors.

In the coming months, our experts will share their insights on how we're supporting schemes in overcoming these challenges. From thinking through the various options, to aligning beliefs and then defining and delivering effective strategies.

They'll be answering questions such as:

- ▶ How does innovation change the landscape?
- ▶ How do we drive endgame strategy discussions and collaboration?
- ▶ How do we develop a common "currency" to support decision making?
- ▶ How do we assess whether marginal risk reduction is worth giving up potential upside?
- ▶ What does "risk" really mean when you're running on?
- ▶ How do we decide who gets the surplus?
- ▶ What does a workable surplus policy look like in practice?

Delivering Excellence in Endgames



Tailored, unbiased advice to help you see the future picture



Expert help to cut through the noise



Confident, collaborative decision making to shape the right path



Your members' outcomes are what matter most

Check out our [insights hub](#) for practical insights to help you shape and deliver your strategy. If you require further information about any topic covered or wish to discuss how we can help your scheme, please [get in touch](#).



Laura McLaren
Partner and Head of
DB Scheme Actuary Services
laura.mclaren@hymans.co.uk



Leonard Bowman
Partner and Head of
Corporate Consulting
leonard.bowman@hymans.co.uk

London | Birmingham | Glasgow | Edinburgh

T 020 7082 6000 | www.hymans.co.uk

Hymans Robertson LLP® is a limited liability partnership registered in England and Wales with registered number OC310282. Authorised and regulated by the Financial Conduct Authority and licensed by the Institute and Faculty of Actuaries for a range of investment business activities. © Hymans Robertson LLP 2026. All rights reserved.

For further information, or to discuss any matter raised by this report, please speak to your usual contact at Hymans Robertson LLP. This report is general in nature, it does not provide a definitive analysis of the subject matter covered and may be subject to change. It is not specific to the circumstances of any particular employer or pension scheme. The information contained herein is general in nature, not to be construed as advice and should not be considered a substitute for specific advice in relation to individual circumstances. Where the subject of this note refers to legal issues please note that Hymans Robertson LLP is not legally qualified to give legal opinions therefore you may wish to obtain legal advice. Hymans Robertson LLP accepts no liability for errors or omissions.