



**Pensions UK**

# 2030 Ready

A strategy for the next five years



# Introducing Pensions UK

We're here to make pensions better. Our purpose is to help everyone achieve a better income in retirement.

Our new name recognises the powerful role pensions play in the UK – in people's lives and in the economy.

Lifetime savings remain an important part of the picture for us – but our focus will be on what those savings mean for people's retirement income.

We are the trusted, authoritative voice advocating for better pensions: for schemes, for savers, for the industry.

We are the home of the pensions industry. Pensions UK serves and supports the whole sector.

# Introducing 2030 Ready

Pensions UK is looking ahead to the start of the next decade and how we develop the pension system and our organisation to prepare for the future.

Over the next few years, we will publish a series of reports that seek to help our members and savers understand the changes, opportunities and challenges we expect to face.

We'll publish reports on DB, DC, master trusts and the LGPS. We will also address major themes like adequacy, AI and sustainability. And we'll look globally to consider what we can learn from international experiences.

Our strategy for 2025 to 2029 will prepare Pensions UK and its members to thrive as we enter the next decade. We'll make pensions better, influence policy, give outstanding value to our members, build a great place to work and secure our future as an authoritative, purpose-led and impactful organisation.

**As the voice of pensions, we will do everything we can to help everyone get a better income in retirement.**







# The world of pensions is changing fast, and we need to stay ahead

The pensions industry is entering a defining period, being reshaped by consolidation, the focus on investment in growth assets, and an urgent spotlight on the need for people to save more, to understand what their retirement savings are worth and to be supported and empowered to use them.

**We're here to help everyone achieve a better income in retirement.**

## **Pensions play a defining role in our national experience**

People in the UK typically spend around 20 years in retirement. The wealth or sources of income they can access during that period not only shape their own personal experiences but also the lives of the people around them. Additionally, their income impacts their ability to interact with society and play a positive role within it.

Today, we are heading for a generation of pensioners who will be poorer than they may expect. Most are unlikely to live in poverty, but many are likely to live with substantially reduced means compared to their working lives. We must address this.

## **Pensions can boost domestic growth**

Pension scheme investment in the UK is already substantial, reaching over £1 trillion in 2023<sup>1</sup> and has the potential to keep growing, having a positive impact on the economy, which can also improve retirement incomes and quality of life more broadly.

We will continue to seek a regulatory framework that helps to ensure pension funds have the right assets, income opportunities and incentives in place. It is important that the imperative to invest in the UK does not compromise savers' best financial interests.

## **Pensions have a role to play on the world stage**

Making up the world's third largest pension system by assets under management,<sup>2</sup> UK pension schemes also invest materially in the global economy. This offers the opportunity for positive, informed and collective influence in stewardship and ESG investment.

We will continue to work to ensure pension schemes fulfil their potential to play a powerful and positive role in the global economy.

With these key factors as context, the current political focus on pensions is well founded and offers a once-in-a-generation opportunity to make pensions better.

## **That's why we're making sure we're 2030 Ready.**

**And we're here to make sure our members and pension savers are 2030 Ready too.**

<sup>1</sup> Pensions & Growth, June 2023

<sup>2</sup> Pensions & Growth: Using investment and fiscal incentives to encourage the flow of pension investment into UK assets, October 2024



# Facing forward: Better pensions in the 2030s

The 2030s will be defined by transformation. Shifting demographic patterns and longer working lives, deepening inequality and the evolving role of the state will all shape a complex and evolving environment for the pensions system.

The sector will require bold thinking and strong leadership. It will also need a sharp focus on delivering better outcomes for more people through a system that is inclusive, resilient and responsive to real lives.

Our policy work for the next five years will be based on our understanding of the world we are likely to see in the 2030s, from the experiences of members and retirees to the structure of the pensions market and the direction of public policy. We're drawing on the latest trends, projections and evidence to set out not just what is changing, but what must be done in response.

But no prediction of the future will be 100% accurate. We will need to be adaptable as the future unfolds, using the best available data and insight to respond to change and ensure we are continuously focussing on the right areas.

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# The outlook for members and retirees

## Major socio-demographic shifts will shape the 2030s

The pensions landscape in the 2030s will be shaped by many factors. These include changing working lives, rising longevity, financial insecurity and widening inequality in housing and wealth. We must work with and for our members to ensure the pension system remains relevant, resilient and inclusive. We need a system that is fit for the developing complexity in people's lives and that can help them retire with the best possible income.

## Retirement expectations are evolving, but adequacy remains uncertain

Pensions UK's Retirement Living Standards (RLS) offer a practical benchmark to help savers understand the income needed for a minimum, moderate or comfortable retirement. Following the 2025 State Pension triple lock uplift, projections show encouraging signs at the base level. Some 73% of the population – and 85% of active DC savers – are on track to achieve at least the minimum standard (£13,400 for a single person, £21,600 for a couple). However, one in four adults still fall short and one in five workers are projected to miss the minimum, often due to gaps in pension participation or low contributions.

## Working lives are longer, more varied — and more precarious

People are entering retirement from increasingly non-linear working lives. The average UK worker will have multiple jobs across their career. Just over one in four workers is in a part-time role and more than a million people are on zero-hour contracts. Automatic enrolment, while transformative, has not yet fully reached those in multiple jobs, insecure roles or below earnings thresholds.

The number of over-65s in work continues to rise sharply. Many will phase into retirement, rather than enter it outright. Pension systems must reflect this, offering more flexible accumulation and decumulation options that mirror modern lives.

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89

A woman turning 65 in the 2030s can expect to live to 89; a man, to 87.

87



### **Longevity is increasing—but resilience is not**

Life expectancy continues to rise. A woman turning 65 in the 2030s can expect to live to 89; a man, to 87. More will live past 100. Yet too many people will enter retirement without adequate financial resilience. One in five adults have less than £1,000 in savings and one in ten have no cash savings. A total of 2.8 million people have persistent credit card debt. Some 3.8 million retirees are worried they don't have enough money to last through their retirement.

### **Housing is now central to pension adequacy**

Changes in homeownership patterns are reshaping retirement realities. Many people are entering later life without owning a home. Just 39% of 25 to 34-year-olds are homeowners today, down from nearly 60% in 2000, though this is higher than the recent low point of 33% in 2015/16. The number of over-65s in private rented accommodation is projected to double by 2030. These shifts challenge traditional assumptions of a retirement free of housing costs and may increase the income required to support a basic standard of living in later life.

### **A system ready for real lives**

These socio-demographic trends reinforce the need for a pensions framework that is more inclusive, more responsive, and more supportive than the one we have today. That means increasing minimum contributions for most, closing participation gaps, considering short-term financial resilience and ensuring members receive the guidance they need. If we are to deliver on our ambition of better retirement outcomes for more people who are likely to have longer lives, the system must be 2030 Ready.

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# 10%

Over 10% of over 65s are expected to be living in private rented accommodation by 2030

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Around  $\frac{3}{4}$  of the population is on track to reach the minimum retirement living standard

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# 100,000

The number of over 65s in work continues to rise by around 100,000 per year



# The outlook for the pensions market

The trend of consolidation across all sectors of the pension industry, which was already happening at pace, is being ‘turbo charged’ by legislative and regulatory reforms.

## **Consolidation will intensify into the 2030s**

In the defined contribution (DC) sector, which includes master trusts, the number of schemes has declined sharply – by 40% in the last decade. The DC scale test will intensify this trend and we would expect to see a further reduction in the order of 50% by 2035, even allowing for new entrants. And the consolidation of many thousands of smaller Group Personal Pensions (GPPs) could see half the number of schemes operating by 2035.

Local Government Pension Scheme (LGPS) pools are being reformed with significant mergers required by government. Political pressure may be sustained, leading to further consolidation in future. Local government reform, alongside a trend towards an increasing use of shared services, and the introduction of the Good Governance review process may also lead to fewer funds in the future.

Defined benefit (DB) schemes are also consolidating, with expectations of a 30% decline in scheme numbers by 2035, driven by transfers to insurers and the emergence of superfunds.

## **Asset growth is forecasted to remain strong**

Total assets under management across DC and the LGPS will grow significantly while the DB sector will continue to shrink overall with asset run-off, transfers to superfunds and insurer buyouts reducing total assets. Yet there will be growth in major DB schemes that elect to remain open.

LGPS assets are set to rise from £390 billion to £500 billion or more by end of the 2020s and £950 billion by 2035.

In DC, contract-based schemes manage around £330 billion of assets today and this is expected to reach close to £600 billion by 2035. But the growth of Master Trusts will exceed that, growing from around £165 billion today to over £700 billion by 2035.



**'Megafunds' will consolidate and grow in number**

The combination of consolidation and considerable asset growth will undoubtedly solidify the market position and increase the number of so-called 'megafunds'. These are large asset owners – typically with in-house investment capabilities – and significant influence on UK financial markets. We see these funds in all sectors, DC, open DB and LGPS pools, and while they will continue to be regulated on a sector-by-sector basis, they will share many common interests and concerns.



We may see a halving in the size of the Master Trust market by 2035, accompanied by the consolidation of many thousands of GPPS.

£700+ billion

£700+ billion: Master Trust assets by 2035

£1tn

LGPS assets are projected to hit £1 trillion around the middle of the 2030s



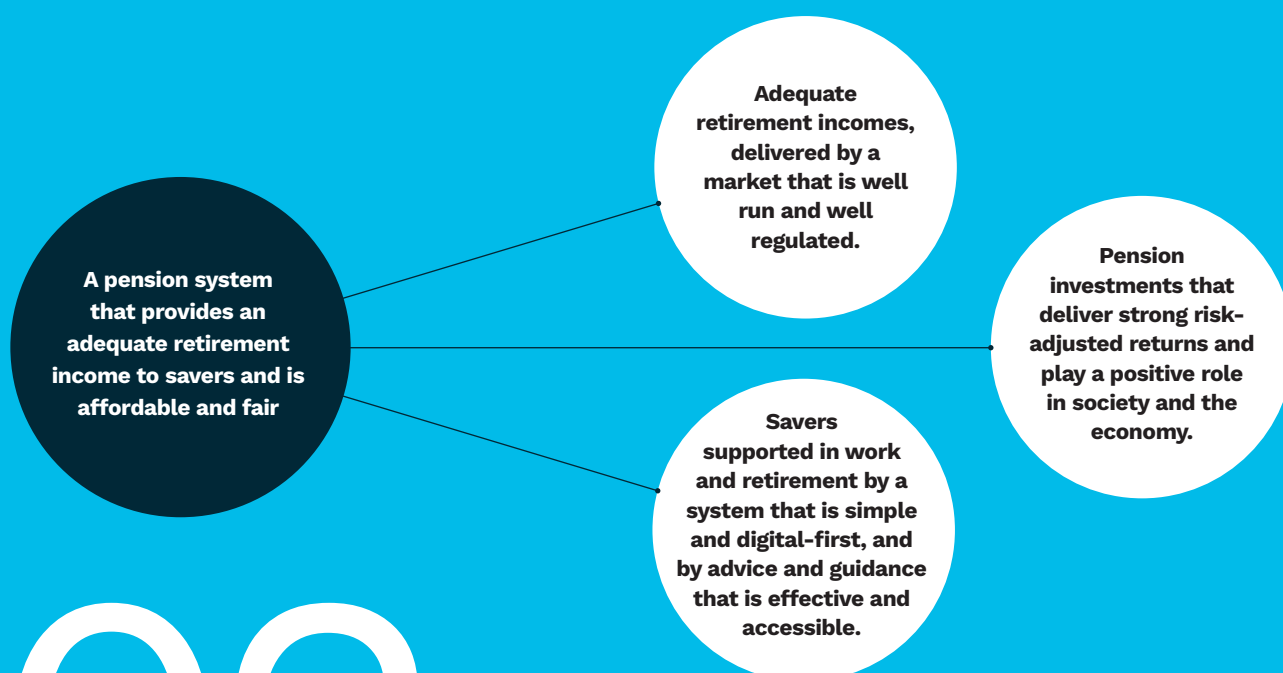
We expect to see a third of today's DB schemes buy out or consolidate into superfunds by 2035

# Pension UK's policy goals for 2030 Ready

To shape the world we want to see in the 2030s and to help everyone achieve a better income in retirement, we must respond to change with clarity and purpose.

Pensions UK is optimistic about the 2030s. Yet the volume of change, coupled with a challenging economic environment, means those working in the industry have a critical and demanding job to make the most of the opportunities ahead. Sequencing will be critical: many of the changes proposed in legislation carry critical interdependencies, and taken together, demands on schemes will be significant.

We need to ensure change happens in the right order, at the right time and we will be working with government to ensure the roadmap for change, published alongside the Pensions Bill, is realistic and achievable.



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# Our goals

**Above all, we want to see a pension system that provides an adequate retirement income to savers and is affordable and fair.**

Pensions UK would like to see clear national objectives set for the UK pension system as part of the Pensions Review.

We will be calling for, and helping to deliver:

- A State Pension that protects everyone from poverty and provides a good foundation for retirement income saving
- For the value of the State Pension to be maintained, and increases made in line with clear national objectives
- Notice of any change in the State Pension age of at least a decade, and a clearly defined public communication programme.

**Adequate retirement incomes, delivered by a market that is well run and well regulated.**

- Automatic enrolment contributions at 12% for most, suitably phased, with appropriate protections for lower earners and better inclusion for under-pensioned groups
- DC consolidation that is well executed and supports better outcomes, with effective pathways for the best smaller schemes and new entrants to reach scale
- The open DB sector continuing to thrive, with closed DB schemes running on effectively or with access to appropriate end-game options
- An LGPS sector that is supported to deliver, achieving effective partnership between funds and pools
- Support for CDC schemes and other risk-sharing models
- Pensions regulation that is proportionate and well targeted
- Governance that keeps pace with change and is inclusive.

**Pension investments that deliver strong risk-adjusted returns and play a positive role in society and the economy.**

- Schemes exercising fiduciary duties responsibly and in the long-term interests of savers
- Investment strategies that make the most of domestic and global opportunities, take appropriate risk and meet the needs and expectations of savers
- An industry supported to continue showing leadership in stewardship and responsible investment
- Support from government to increase domestic investment in ways that are consistent with fiduciary and consumer duty.

**Savers supported in both work and retirement by a system that is simple and digital-first, and by advice and guidance that is effective and accessible.**

- Small pots consolidated
- An effective dashboard ecosystem
- Accessible guidance and tailored support
- Technology, including AI, effectively harnessed to enhance propositions
- Products and guidance that are inclusive and consider members' diverse needs.

# The Voice of Pensions: Our new strategy for 2025–29

For over a century we’ve been the voice of pensions, helping everyone achieve a better income in retirement. That aim echoes the strategic priorities of our membership and is what drives and inspires those that work for and with us.

Here’s how we’re making Pensions UK and our members ready for 2030.

## We’re making pensions better

We will build on the strong policy foundations laid before 2025. As the sector evolves, we’ll be helping shape a policy and regulatory framework that delivers better outcomes for savers and works for our members.	Our objective	What you’ll see
	Support the development of a policy and regulatory framework that delivers better saver outcomes and works for our members	We’ll keep leading the field on the issues that matter, shaping policy on consolidation, growth, Retirement Living Standards, decumulation, and the possible use of pension savings before retirement
	Develop our thought leadership capability	Our bold, confident thought leadership campaigns will continue to influence outcomes before decisions are made, and our policy work will support a framework that delivers for savers and works for our members
	Convene the industry to solve shared problems	Where problems are shared, we’ll lead inclusive, collaborative action to create solutions

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## The Voice of Pensions: Our new strategy for 2025-29

### We're influencing pensions policy

Delivering better pensions needs a strong, clear voice being heard where it matters. Our lobbying capability and media presence will stand out through our thought leadership and strong connections.	Our objective	What you'll see
	Increase our media profile	We will be the dominant voice in pensions – the go-to organisation for the media
	Enhance our engagement with government	We'll be actively sought out by key influencers in government

### We're giving outstanding value to members

We are here for our members and we will deliver what they expect from us – better insight, deeper engagement, enhanced access.	Our objective	What you'll see
	Showcase the full extent and impact of our work together	We'll keep investing in our communications to raise awareness of our work
	Review our governance arrangements	Our governance will be fit for purpose, effective and support the future organisation, with the right members involved
	Involve the biggest pension schemes and service providers	The biggest providers of pensions and services to the industry will be actively involved in the work of Pensions UK
	Attract new members	More representation from across the industry strengthens the voice of pensions
	Partner with our members	We'll create opportunities for our members to partner with us around shared priorities



## We're building a great place to work

By 2030, we will have modernised how we work – from systems and processes to technology and AI – in step with the world changing around us.

### Our objective

### What you'll see

Invest in our skills to support our strategy

We need to ensure the skills and people we have are the right ones to meet changing requirements

Develop our Employee Value Proposition

Our rewards, benefits and people development will attract the right talent to one of the best places to work in pensions and trade associations

Improve our data and insight, and get more value from it

High-quality data will help us make the right decisions, solve problems and understand our market

Modernise our ways of working across our systems

We need to be efficient and effective and provide an excellent digital service to our members

## We're efficiently financing the work of Pensions UK

As the structure of the industry changes, our funding model needs to evolve alongside it. As a not-for-profit, our income is invested in our purpose to help everyone achieve a better income in retirement.

### Our objective

### What you'll see

Modernise our subscriptions model

Our subscriptions will track the new shape of the sector and allow us to keep delivering for members

Develop new member services

New member services and engagement opportunities will enhance value and help to fund our work for all our members

Evolve our events strategy and remain the market leader

Our range of events will have evolved and adapted to meet the needs of our industry

# Our approach

We will work with our members to advocate for new and evolving policies that support our goals.

## **Our values**

We're building a membership body that's confident, capable and ready for the future. We're doing it with integrity, adaptability and inclusivity at our core.

## **Integrity**

Integrity means consistently acting with honesty, transparency and ethical responsibility. We honour our commitments and communicate openly. We build trust with colleagues and partners. We promote a culture of respect and accountability across everything we do.

## **Adaptability**

Adaptability means embracing change with an open mind and a willingness to try new approaches. We grow by learning from successes and setbacks while staying flexible and focused on our goals. We support each other and our members in meeting new challenges.

## **Inclusivity**

Inclusivity means creating a welcoming and respectful environment where every individual feels valued and heard. We embrace our differences, share knowledge, and ensure that everyone can contribute. We champion teamwork and open collaboration to achieve more together.



# What comes next?

The pathway to 2030 Ready begins now. Our strategy for 2025 to 2029 will prepare Pensions UK and its members to meet the challenges and embrace the opportunities that the 2030s will bring. Our new name embodies our role in convening the pensions industry to make it happen.

**Here's how you can be part of it:**

- Contact the Pensions UK team to share your views on our policy direction and goals
- Engage with us as it takes shape: contribute your insight via surveys to shape our series of 2030 Ready reports, and read PolicyWatch and Pensions UK member content to stay informed on progress
- Be part of the Pensions UK community by attending conferences, events and webinars, starting with our Annual Conference 2025, the first major gathering of Pensions UK.

## About Pensions UK

Pensions UK is the voice of pensions in the UK, trusted and heard by government and the pensions industry.

For more than 100 years, we've delivered influential thought leadership, practical guidance and research for our members; pro-actively solving the sector's biggest issues and setting the future direction.

As a not-for-profit organisation, we exist for the benefit of our members, and to deliver the best possible outcome for savers in the UK, so they can retire in confidence and with dignity.

## Our membership and reach

We're the voice of pension schemes that together provide a retirement income to more than 30 million savers in the UK and invest more than £2 trillion in the UK and abroad. Our members also include asset managers, consultants, law firms, fintechs, and others who play an influential role in people's financial futures.

Across our work in strategic and regulatory policy development, advocacy, membership engagement, events and communications, we engage with over 2,500 organisations, with nearly 16,000 contacts within our membership and a further 17,000 in the pensions and financial services industries.