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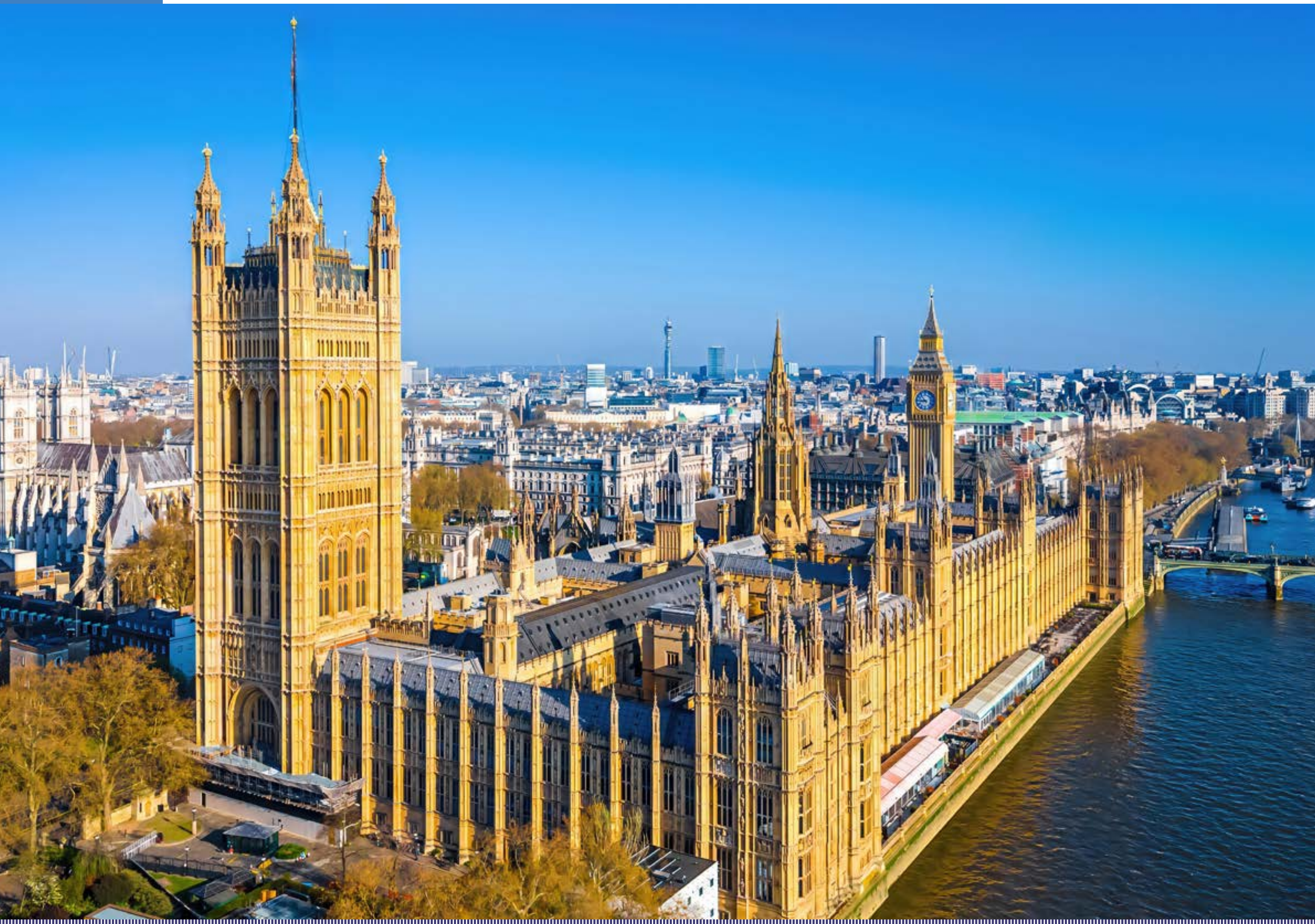
ROUNDTABLE



VFM: DRIVING BETTER OUTCOMES

– WILL SCALE DELIVER A POSITIVE IMPACT

– DRIVING VFM IN AN UNCERTAIN MARKET

IN ASSOCIATION WITH

AON ROYAL LONDON

TRUSTEES IN THE SPOTLIGHT

The VFM Framework will put trustee independence to the ultimate test

John Greenwood
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The new Value for Money framework is designed to make DC pensions more transparent, comparable and accountable. But it will also put trustees in one of the most difficult governance positions they have faced since auto-enrolment.

At first glance, the red, amber and two green ratings look like a simple communications tool. In reality, they will become a public judgement on whether a scheme is delivering for members. Trustees may not be free to decide these ratings however they like – the framework will prescribe the data, comparators and methodology that must be used. But for trust-based schemes, they will still own the assessment. They will be the ones expected to sign off the conclusion, explain it and act on it.

If a scheme is rated green, trustees will be able to point to a clear external validation of the work they are doing. But if it is amber or red, the consequences will be far more uncomfortable. A weak rating will raise immediate questions from members, employers, advisers and regulators. It will also create pressure to change investment strategy, improve service standards, cut charges, consolidate or transfer members elsewhere.

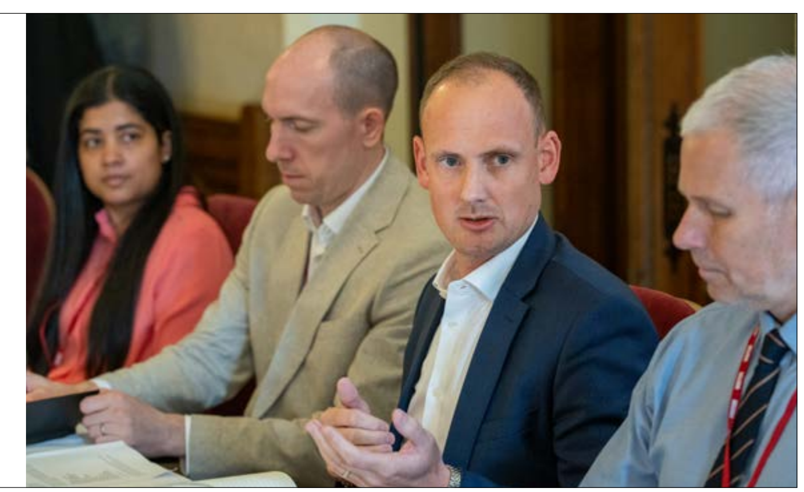
The bigger challenge comes where trustees disagree with the rating that the framework appears to produce, or with the rating the sponsor or their advisers are suggesting. There are a number of complex scenarios that could play out to muddy the waters. A board may reasonably believe the numbers do not tell the full story. A default may have recently changed its asset allocation. A scheme may have invested in private markets, improved administration, strengthened member engagement or built a forward-looking investment case that is not yet visible in backward-looking performance data. Trustees may therefore conclude that an amber rating understates the true direction of travel. Or that these factors have been given excessive weight, and that a lesser flag is appropriate.

Disagreeing with a traffic-light rating will not be easy, and within trustee boards, different individuals may take different views. But a colour-coded framework leaves little room for nuance. Once a scheme is labelled amber or red, any decision to challenge, soften or contextualise that outcome will need to be backed by a substantial paper trail. Trustees will need evidence, independent advice, comparator analysis, clear minutes and a credible improvement plan. They will need to show not only that they understood the framework, but that they had good reasons for reaching the judgement they made.

The framework should raise standards and improve outcomes. Even some herding would be good if it narrows today's dispersion of outcomes, as this will benefit those in outlier poor performers. For trustees, this is new territory. They will not just be rubber-stamping ratings. They will be accountable for them. And if they disagree with sponsors, there may be some difficult conversations.

INSIDE

ROUND TABLE REPORT



VFM: DRIVING BETTER OUTCOMES ROUND TABLE

WILL SCALE HAVE A POSITIVE IMPACT ON DC PENSIONS?

'Embarrassing' admission of failure, or a potential brake on innovation? Industry opinion is split on key elements of the new Pension Schemes Act. **Christopher Marchant** weighs the arguments

There remains a lack of consensus over key elements of the Pension Schemes Act across the industry, with some concerned about the impact of the scale test and mandation, and others describing it as 'embarrassing' that legislation has been needed to drive better member outcomes.

This comment was made by Alison Hatcher, professional trustee and chief client officer at Vidett, at a recent roundtable event hosted by Corporate Adviser at the House of Lords. The discussion covered both measures in the Pension Schemes Act as well as the recently launched Corporate Adviser Master Trust and GPP Defaults report.

"It's actually really embarrassing as an industry that the government has had to step in to such a degree because it wouldn't happen anywhere else. The government is using what might be deemed crude metrics, but that's because what they're trying to do is drive outcomes and drive behaviour. Effectively what they're trying to say is we should be investing in a broader category of investments, and we should be trying to drive value, and we should be offering better value to our members," she said.

The final text of the Pension Schemes Act relating to the scale test now offers clarity as to how it can be implemented, and how those master trusts currently falling short can yet survive.

As it stands, large defined contribution workplace providers and master trusts must have at least £25 billion within their default arrangements by 2030, or face the prospect of losing access to auto-enrolment contributions.

However, schemes with at least £10bn in their default by this point can apply to enter into a transition pathway scheme, if they can prove a 'credible' pathway towards reaching the target by 2035. New market entrants can also apply for entry via an innovation pathway.

Even though the final version of the text is less stringent than when the scale test was initially proposed, the impact of the legislation from when it was first proffered has been keenly felt by the industry.

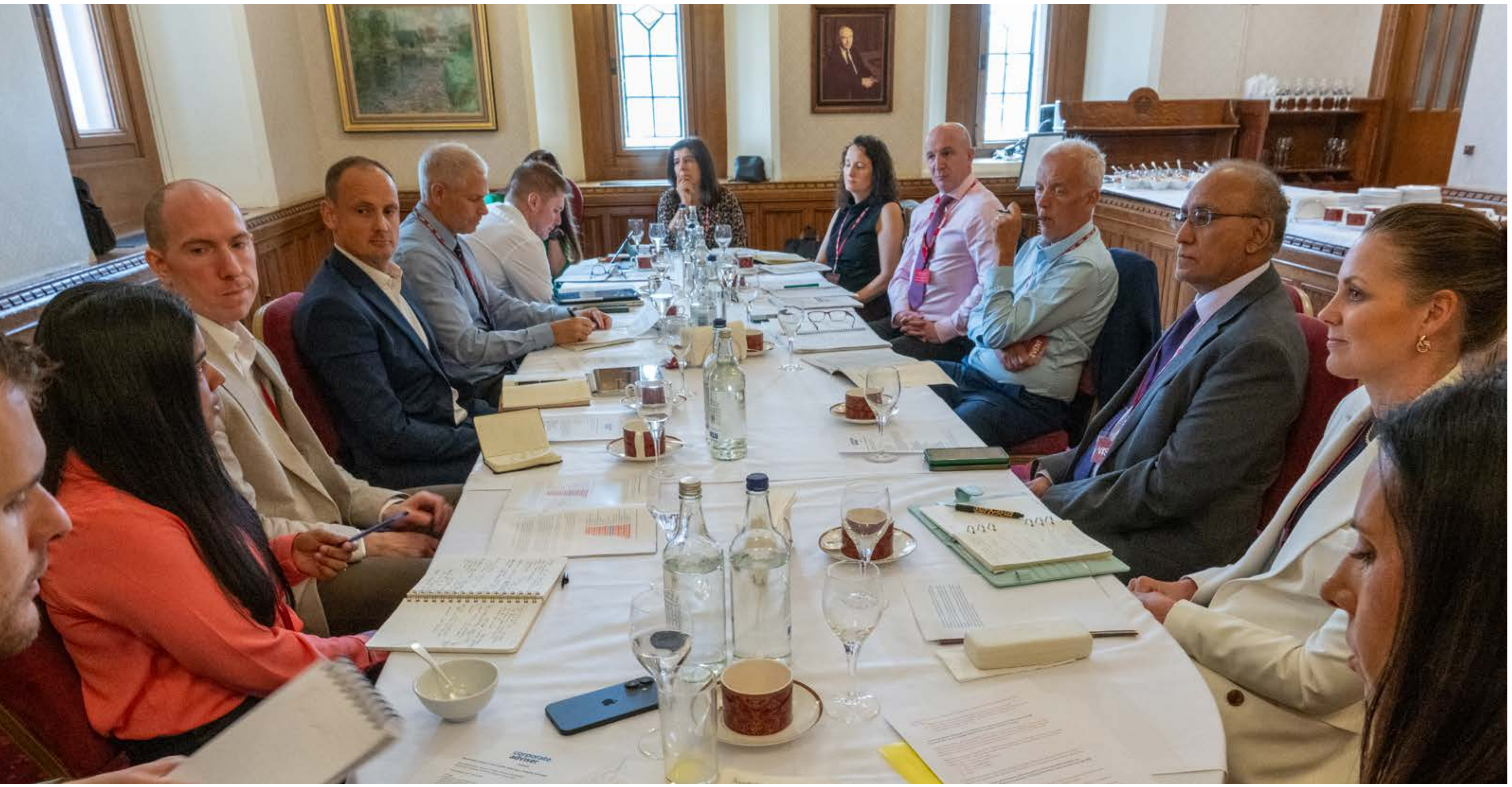
Shabna Islam, head of DC provider relations at Hymans Robertson, said: "The uncertainty [with regards to the scale test] in the last couple of years influenced quite a lot of corporates in terms of their decision-making around which provider to go with. We saw a trend in terms of going with a safer option. As a result, the smaller providers, the less well-known providers, were suffering."

Data from the most recent Corporate Adviser Master Trust and GPP Defaults report reflects this. SEI, which has topped performance tables, but has a default fund which falls significantly short of the £25bn target, actually saw a fall in the number of employers within its DC scheme from 2024 to 2025, dropping from 177 to 174.

Callum Stewart, DC investment partner at XPS, is largely supportive of the scale test, claiming that even though the watering down in its final form may go against the intent of the policy, it also allows for a flexibility that could enable smaller and more innovative providers to survive.

However, he also questioned whether the fundamental government reasoning for such an initiative is on solid ground. "Bigger scale does mean in theory better outcomes if you've got two providers with the same proposition, through ways such as greater bargaining power.

"Yet the reality is very different. Expertise, quality, and credibility really drive the outcome, not always scale. But what [the scale test] does helpfully is force providers to look through a more strategic lens in terms of how they're planning for the future, not just in terms of scale, but in terms of how they're improving the proposition to deliver outcomes."



Mansion House considerations

Pensions minister Torsten Bell has previously argued that scale is an opportunity to lower scheme fees while improving governance and enabling improved long-term investment into the UK economy.

Darren Hedgley, principal partner at Secondsight, echoed this argument to some extent. He said: "Some consolidation from scale could be beneficial to the industry in the long term, especially when you consider the complexity within the DC space these days."

Bell's angle also relates to the Mansion House Accord and resulting mandation element, which was included in the recent Pension Schemes Act. Within these arrangements, some DC pension schemes at first volunteered to meet a government target of investing at least 10 per cent of their main default funds into private markets by 2030, with at least half of that allocated domestically. Now, with mandation the government has the legal power to force schemes to hit this number if required.

Priti Ruparelia, head of DC and trustee director at Independent Governance Group, said: "I've got a scheme at the moment that is moving to a master trust, and they think the scale test in its current form is going to save it, which gives them a lot of relief.

"I also see the implementation of private markets (through mandation) as a real positive, as even though it has to be implemented with efficient oversight, in a way that can still be beneficial to a pension portfolio."

Australian model

When it comes to the scale test, the UK government has previously argued that a larger, more consolidated system will be able to achieve the benefits of scale seen in countries like Australia, with lower costs, an ability to invest in a wider range of assets, and higher returns for savers.

Rebecca Green, senior consultant at Lane Clark and Peacock, sees another potential advantage to scale: "If you don't want to make a decision and then have to make another decision about where a client's money is going to go, that means scale to some extent."

Green also points to data in the Master Trust and GPP Defaults report that shows that in the UK, the biggest seven providers now account for over 78 per cent of multi-employer DC assets. This compares to 62.6 per cent of Australian Super assets being held by the biggest eight providers at the end of 2024. The largest 12 UK providers, all on course to meet the scale test, hold 94.6 per cent of assets, a proportion greater than the largest 21 Australian Supers.

Is bigger better?

Nicky Barker, principal and consulting team leader at Mercer Marsh Benefits, said: "Bigger is not always necessarily best, but I think it will take away some of the acquisition risk that we've been seeing now in the market. Also, I hope it will still continue to drive the changes that we really need."

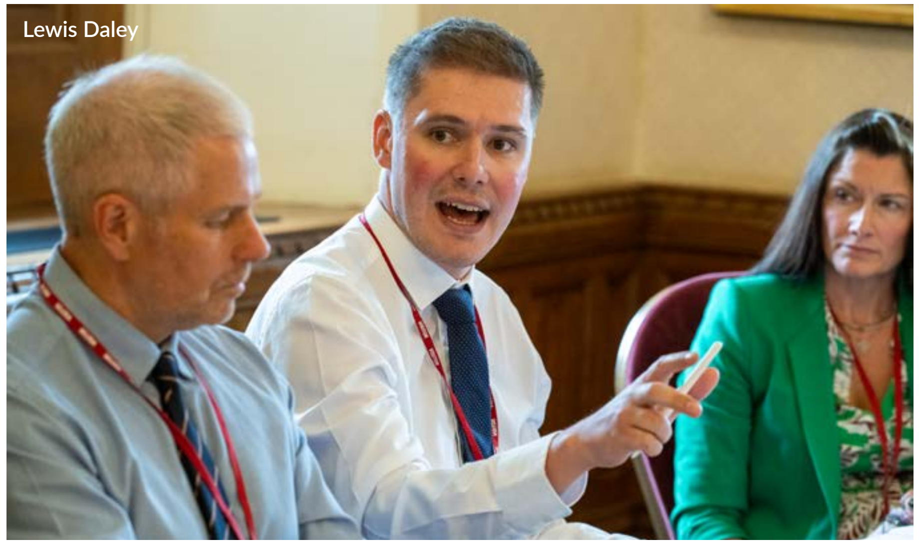
Ultimately, her position represents a common theme heard around the table; that while reform is needed, it is hoped that smaller peers can still survive, particularly given that they have often driven the innovation that is needed within the industry.

While there has been much government focus on how scale can alter the investment practices of schemes, there is also much to be done in other areas of the industry, such as the consolidation of small pots to give members greater benefits from any combination of smaller schemes that may occur.

Louise Wheeler, member of the DC product team at Aon, also honed in on the customer service element: "There's an awful lot more we can be doing around engaging and helping people when they come to make retirement decisions," she said.

"We're seeing a lot more automation across providers and service levels are generally picking up, but the differentiator now is around that attention to detail, how we focus on that care and how we support our clients when they're in these workplace pensions with us."


Louise Wheeler


Lewis Daley

The Corporate Adviser report notes that members transferring in benefits from other arrangements is indicative of a high level of engagement with a provider, and is also reflective of the profile of the membership.

Hargreaves Lansdown and Penfold have the highest levels of transfers in, at 23 per cent and 25 per cent respectively. Aegon ARC has also achieved double-digit transfer-in rates, at 11 per cent.

On interactions with members, Richard Grover, strategic employee benefits consultant at Wingate Benefit Solutions, was also of the view that scale does not necessarily mean better services.

"With certain energy suppliers that have achieved massive scale, as anyone may know this doesn't always mean a better level of customer service. There's a risk that when you hit size this area of the business becomes a box-ticking exercise."

Another topic of conversation at the event was the recent move by the DWP in laying out a path towards member assets being bulk transferred into a proposed Retirement Collective Defined Contribution plan without express consent, in its response to a public policy consultation on pension schemes.

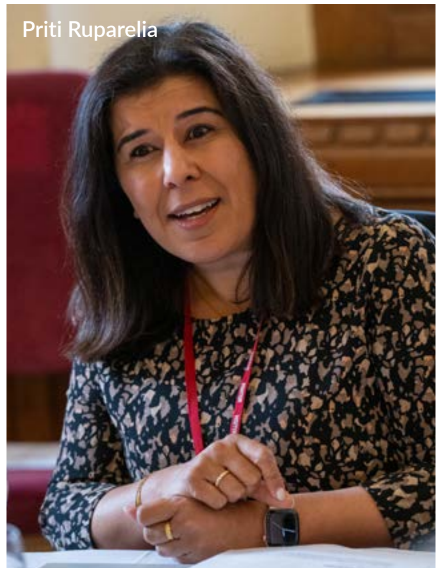
Mohammed Amin, employee benefits consultancy manager at Grant Thornton, said: "These changes will make a massive difference, because where you've got an individual who's not engaged, you previously have had to physically request that bulk offer. If the bulk offer transfer follows them automatically, that would make a lot of difference, especially as currently we spend around 60 per cent of our time doing engagement work."

That the DWP is continuing its reforms, in addition to bodies such as The Pensions Regulator publishing its first guidance on artificial intelligence in May this year, shows how quick the pace of change is in the UK pensions industry even in the immediate aftermath of the Pension Schemes Act.

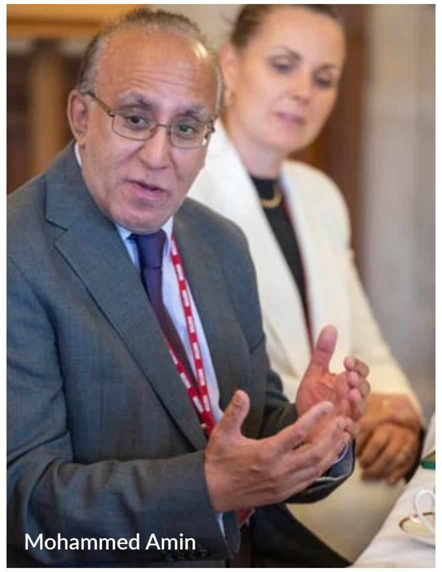
James Phillips, wealth and workplace distribution director at Royal London, agreed that the speed of this technological change, combined with major legislation would continue to impact the sector for a number of years to come.

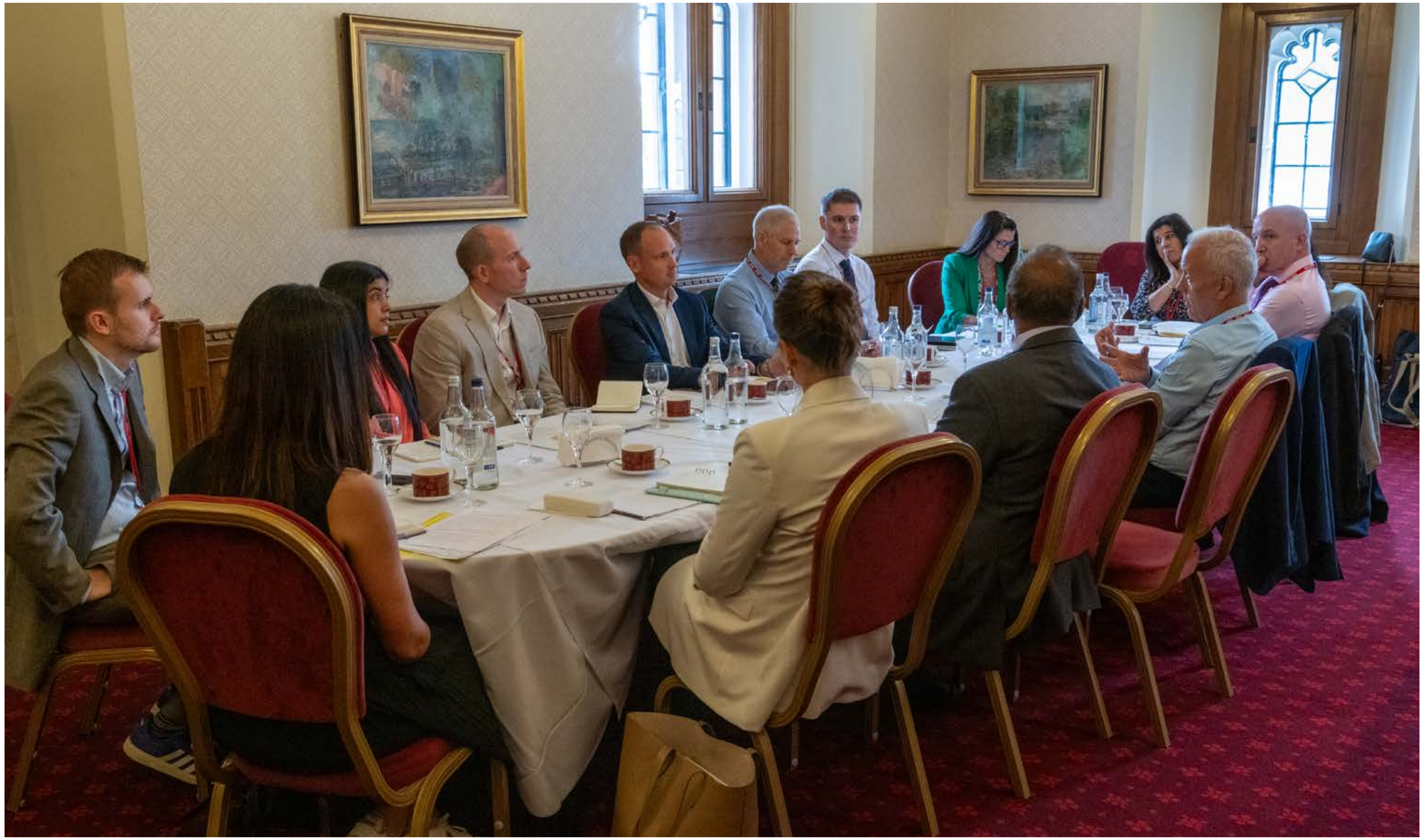
He described the current barrage of legislative change as "the most significant industry legislation that we've seen since auto enrolment".

He added: "This legislative change, combined with the advancements of technology means we collectively have a duty of care to support members, also to support employers to help their members and trustees in delivering great outcomes." ■


Priti Ruparelia


Callum Stewart


Mohammed Amin



VFM: DRIVING BETTER OUTCOMES ROUND TABLE

DELIVERING VALUE FOR MONEY IN A TIME OF MARKET UNCERTAINTY

Will performance metrics lead to more effective pension portfolios or simply encourage herding? **Christopher Marchant** listens to the debate

Some pensions experts agree that the Value for Money framework within the Pension Schemes Act will reward diversification and top performers, while others point to potential drawbacks with the legislation such as the potential for 'herding'.

These issues were debated at a recent Corporate Adviser round table, hosted at the House of Lords. The Pension Schemes Act introduces VFM for DC schemes, requiring trustees and providers to evaluate schemes using a traffic-light system, which measures investment performance, charges and service quality. Schemes with consistent amber or red ratings face the loss of auto-enrolment contributions and scheme closure.

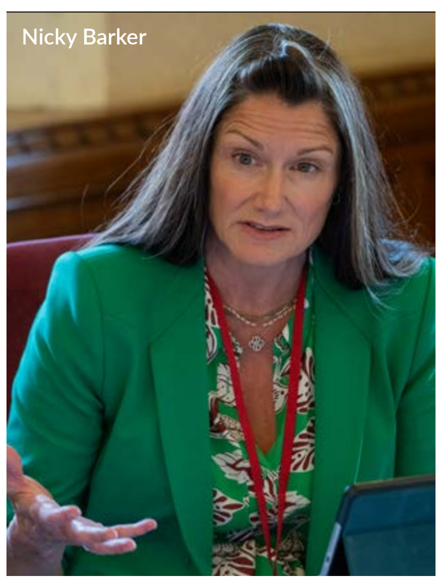
Lewis Daley, senior investment proposition manager at Royal London, weighed up the pros and cons of VFM in its current form: "Boiling something like this down to a forward-looking league table format is littered with the risk of hasty, uninformed decisions. What needs to occur is the demonstration of confidence on an ongoing basis that there's been improvements [in a pension scheme], that you can provide conviction and confidence, as opposed to just presenting a really good shiny number."

The performance test has been scaled back when compared to the Australian version it is based on, but will still have an impact on provider selection. Before it became law an extra 'colour' was added to the traffic light system, with dark green for strong performance, light green for good value, amber for improvement, and red for poor value - making comparisons clear and easy.

In a consultation response published in January of this year, the Financial Conduct Authority also confirmed the introduction of forward-looking metrics to be considered alongside backward-looking metrics in assessments.

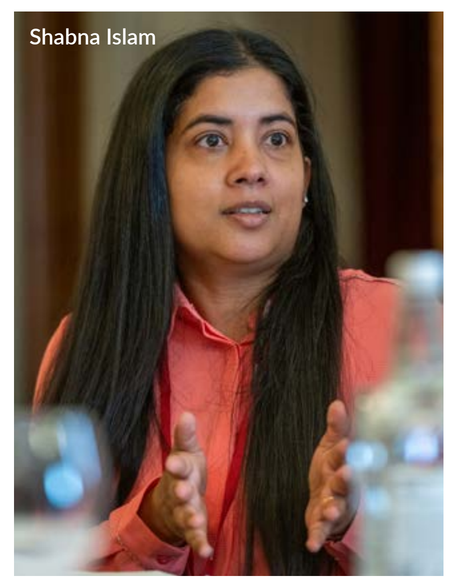
Shabna Islam, head of DC provider relations at Hymans Robertson, explains how her own firm will approach VFM: "In our current assessment process, we place roughly equal weighting between backward-looking metrics and forward-looking metrics, so we have a modeller that looks forwards [to provide] a projected outcome, so that corporate working groups can make that informed decision."

James Phillips

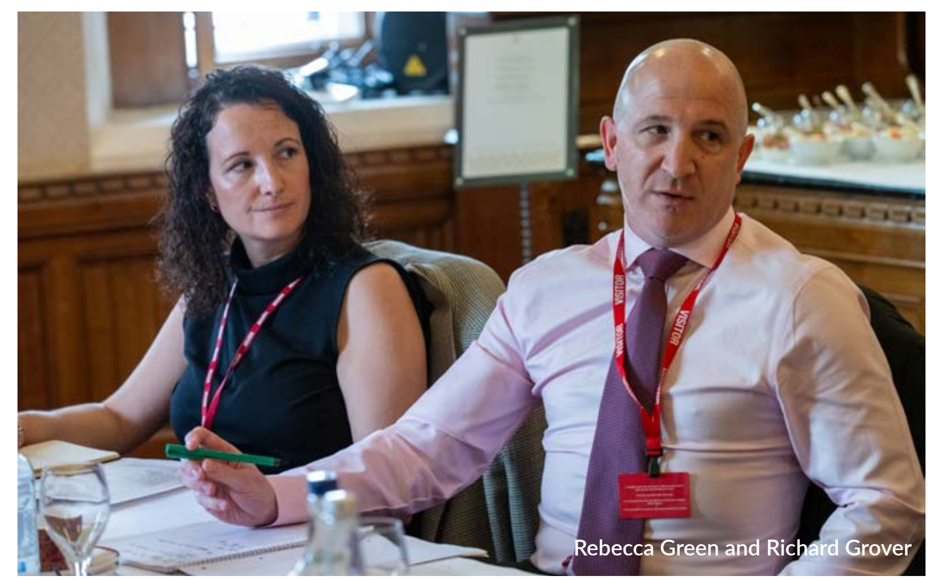


Nicky Barker

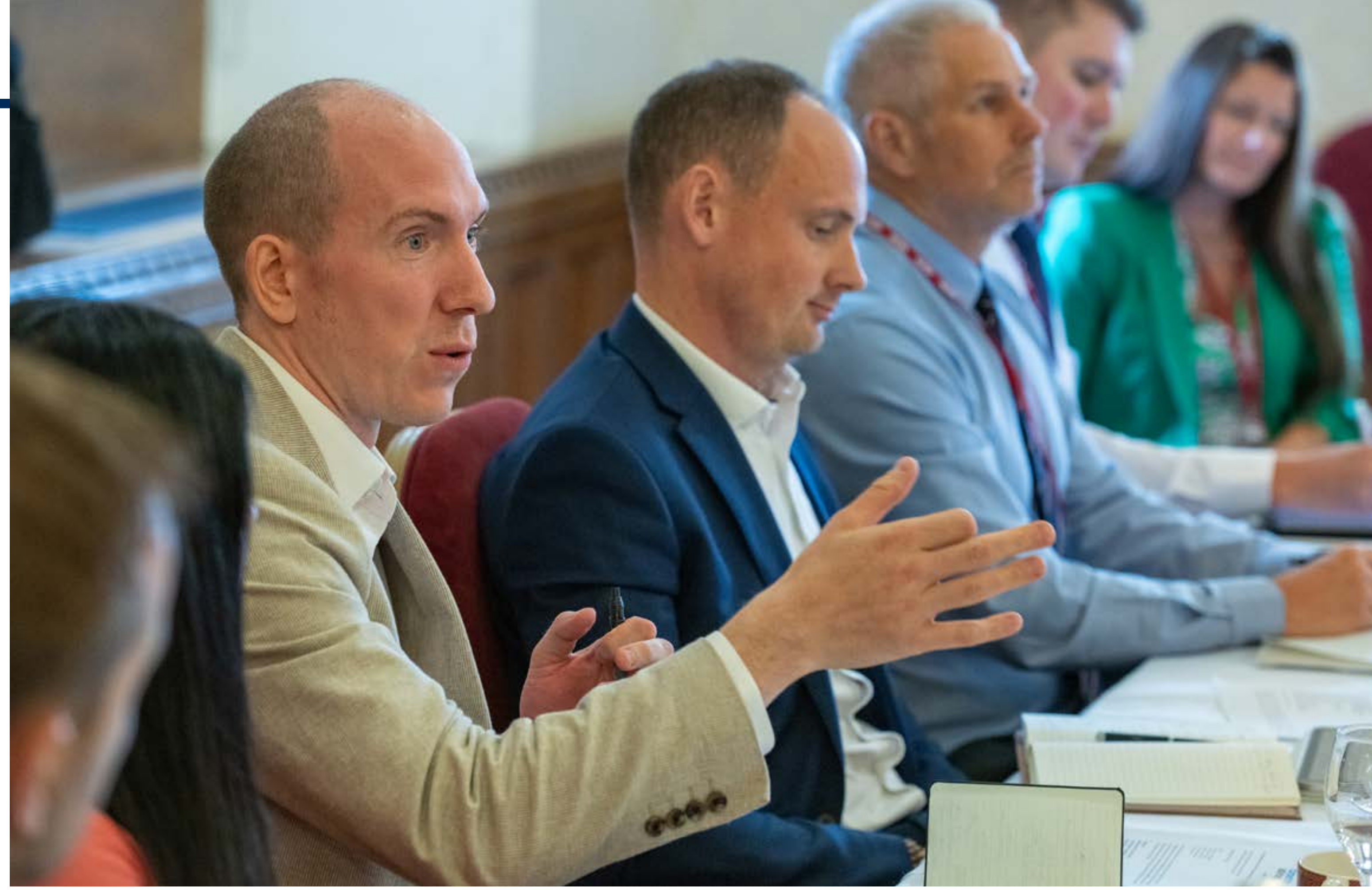
Darren Hedgley



Shabna Islam



Rebecca Green and Richard Grover



The government reasoning for introducing the VFM framework was to stop savers being "stuck" in underperforming schemes, and the numbers can be startling.

As shown in the most recently published Master Trust and GPP Defaults Report from Corporate Adviser, were the return differentials cited in the younger saver 10-year cumulative return to continue over 30 years, £10,000 in the 6.52 per cent annualised return fund would grow to just over £70,000. The same amount in the 12.76 per cent annualised return fund would grow to over £450,000.

More realistically, over a 40-year time horizon, a 6 per cent net return would grow a £10,000 pot to £110,000, while an 8 per cent net return would deliver £243,000.

Past performance does not necessarily equate to future returns however, and Callum Stewart, DC investment partner at XPS, breaks down how this may impact assessment within the VFM framework: "The backward lens is really important from that point of view, in terms of the learning, but in terms of trying to identify who's going to be offering the best-performing default, I would place more emphasis on the forward look.

"It's worth considering if there's the appetite for the market to do the simplest thing overall, which is going to take the average or median of what the providers are saying and use that as a yardstick, and not allow gamification of VFM."

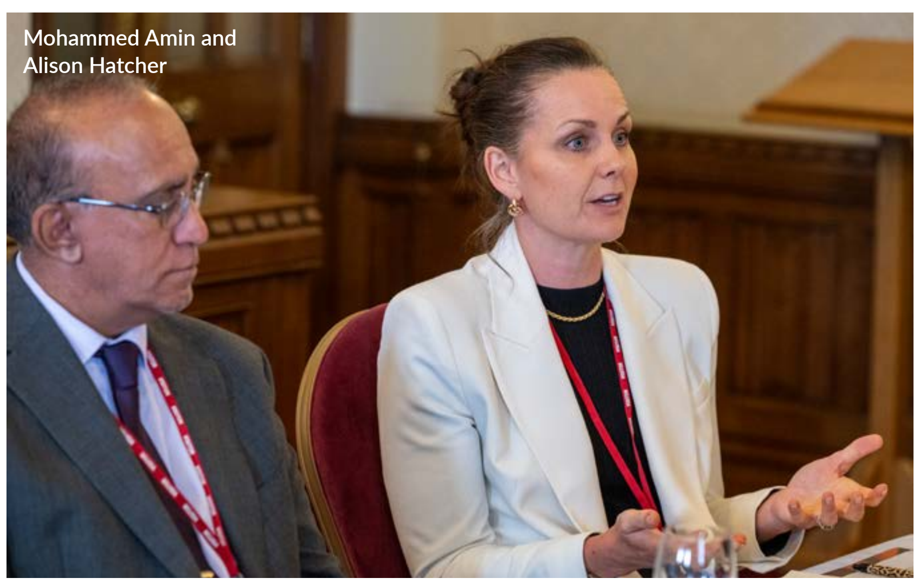
While many pension providers have depended on the outperformance of global equities to sustain portfolios in recent years, recent dips within the asset class may point to some need for rotation, particularly if the investments are passive.

Rebecca Green, senior consultant at Lane Clark and Peacock, said: "What we're seeing in markets, for instance with the recent conflict in Iran, shows that you need diversification. This is especially important when thinking about scale and VFM."

If markets are unstable, it does beg the question of whether master trusts will attempt to match each other's portfolios in a bid to ensure 'safety'. She said this is similar to what occurred when such comparable value for money framework was introduced in Australia.

Richard Grover, strategic employee benefits consultant at Wingate Benefit Solutions, however argued there is more nuance to what happened within the Australian system than is usually discussed.

When doing research on the ground in Australia, Wingate came to understand that this herding was between smaller superannuation funds which didn't have the internal capabilities to access private assets or more innovative investment solutions, and effectively had to invest in line with benchmarks, causing the issue.


Mohammed Amin and Alison Hatcher

If markets are unstable, it does beg the question of will master trusts match each other's portfolios to try and ensure safety, similar to what occurred when such a framework was introduced in Australia

Private markets

Time will tell in the UK if the smaller master trusts can invest in such a way that does not cause a 'race to the middle', particularly within asset classes such as private markets.

The government has shown it is serious in its desire to get UK pension funds investing within private markets. Through the power of mandation introduced in the Pension Schemes Act, DC pension schemes must meet a government target of investing at least 10 per cent of their main default funds into private markets by 2030, with at least half of that allocated domestically, or they can be forced to do so.

This mandation clause caused huge controversy during the bill's passage, and different DC schemes are still approaching private assets in very different ways.

Nicky Barker, principal and consulting team leader at Mercer Marsh Benefits, said: "All (DC schemes) are adopting private markets in a different manner. Some of them are doing it more gently and stealthily, rather than through direct private equity investments, and they're also upping their allocations at different rates. Some are quite high already at 15 to 20 per cent, while others haven't started yet, they're still just sort of drip feeding it in. This difference in approach may reduce some of that divergence that we've got in returns at the moment as private markets investment ramps up."

As part of the scale test within the Pension Schemes Act, large defined contribution workplace providers and master trusts must have at least £25 billion within their default arrangements by 2030, or face the prospect of losing access to auto enrolment contributions.

Just as with VFM, the scale test could also revolutionise the pension industry approach to private markets.

Priti Ruparelia, head of DC and trustee director at Independent Governance Group, said: "A reason some smaller master trusts haven't moved everything to one default is because of cost, especially in something such as private markets where the added value isn't being seen yet in terms of those additional basis points."

The proposal of the scale test did also lead to more conservatism in the buy-out space, as many schemes gravitated to the larger master trusts that had the greatest likelihood of survival.

Now the scale is official legislation, with more ways around it than originally thought such as through an innovation exception, Louise Wheeler, member of the DC product team at Aon, assessed its impact: "When selecting a master trust, the focus has now returned to private market expertise, global reach, innovation, and all the great things that it should be about. We lost a little bit of that while everybody was focusing on a number reaching scale."

This move looks to bridge the gap between factual guidance and full financial advice, and allows pension and investment providers to give ready-made suggestions tailored to pre-defined groups of consumers with shared characteristics

Investment in context

Intertwined with the ongoing discussion about the need to increase member engagement with their portfolios, Mohammed Amin, employee benefits consultancy manager at Grant Thornton, noted that in his experience ordinary savers only paid close attention when the market was in a state of crisis.

"When the markets crashed during Covid in one week I had about 22 phone calls from people concerned about their pension. I actually told them to increase their contributions. When the markets recovered and everything rebounded, not one individual phoned me back again."

A recent innovation within the pensions space that could change the conversation around engagement is the introduction of targeted support. This move looks to bridge the gap between factual guidance and full financial advice, and allows pension and investment providers to give ready-made suggestions tailored to pre-defined groups of consumers with shared characteristics. The Association of British Insurers has said targeted support could be "one of the most significant engagement shifts in pensions since auto-enrolment".

On the engagement issue, Grover said: "Communicating to a member when the markets are up is an easy story. In a market downturn you have to answer how is this money invested? What's it doing? You need to know how that information is presented, and how much detail you need, particularly for a lay person in a way that is necessary for them to understand."

There are of course many elements to a pension scheme, and while Alison Hatcher, professional trustee and chief client officer at Vidett, underlined that she is aware of the importance of investment, she also frames it within a wider context: "Some of the master trusts have high conviction in their investments, because that's what they're trying to position themselves on. Others will have high conviction in their tech or their service proposition, and that is really valued if your member population is ageing.

"From a trustee perspective, you never have a favourite master trust, because it depends on what it is that we need to achieve for members. You try to be open-minded coming into every discussion." ■

For professional clients only

OPINION

NOT JUST BIGGER BUT BETTER. THE NEW STANDARD FOR MASTER TRUSTS AND GPPS

» **Louise Wheeler**, head of UK DC solutions, Aon Investments

Why scale matters in the race for better retirement outcomes

The UK defined contribution (DC) pensions market is evolving quickly as assets grow, schemes consolidate and regulators sharpen their focus on Value for Money.

With Pensions UK's Retirement Living Standards rising and reports suggesting only one in eight people are on track for a basic retirement lifestyle[1], the size of a pension scheme alone will not solve the retirement challenge for many individuals.

Indeed, assets alone are a blunt measure of scale. True scale incorporates the right philosophy, people and processes, especially as schemes invest in more complex assets. What matters is how broader expertise is used to support employers to deliver better outcomes and better care for their members.

Our experience shows two growing priorities for employers: how to achieve strong default investment performance to improve retirement savings for their employees; and how to better engage their employees through effective communication strategies.

Scale can support employers to meet both priorities, offering the following benefits:

1 Opportunities for enhanced investment performance

Better-performing default strategies can significantly improve retirement outcomes, potentially doubling benefits through higher annual returns. Scale can also help reduce costs, which compounds benefits for members. But consistent performance over time is essential to secure positive member outcomes.

We are proud that Aon's 10-year default strategy performance to 31 December 2025 delivered a total return of 232 per cent before fees, outperforming the Corporate Adviser median by 93 per cent, for a member 30 years from retirement.

To deliver consistently strong returns over many years, schemes must put member outcomes at the heart of their investments. Our defaults target clear retirement goals: keeping pace with inflation and replacing a meaningful share of income. We measure success against those goals. We back this with a robust investment process and proactive governance, where asset allocation, fund selection, risk management and timely decision-making combine to grow members' savings. This is where scale matters: the right people and expertise.

> It's about choosing a partner with shared values and a focus on exceptional client care

Additionally, specialist global expertise can open access to a wider range of assets, including private markets (such as real estate, infrastructure and private equity). And, while private markets in default strategies can enhance returns and diversification, implementation matters and we see a wide variety of approaches across the market.

The range of performance in private markets funds is huge; the gap between the top and bottom quartile private equity managers can be as large as 12-15 per cent compared with just 1.5 per cent in public equities[2]. Aon has been investing in private markets for a long time, with $130bn[3] in private markets under advice. We use our research depth and market position to access best-in-class specialists and negotiate attractive fees, ultimately supporting opportunities for better member returns.

2 Exceptional member and client care

Scale also offers the potential for centralised, professional governance and experienced professionals can help to reduce employers' administrative and governance burden. This supports consistent oversight, regulatory compliance and faster responses to legislative change, allowing employers to focus on their core business.

That said, for many employers it's not about handing over the reins. It's about choosing a partner with shared values and a focus on exceptional client care. We support employers to retain and build their brand, and maximise value for employees, while they benefit from our investment expertise and service model.

3 Tailored member engagement and personalised communication

Scale can also provide access to advanced technology and sophisticated communications expertise to deliver timely, relevant and targeted communication strategies to better engage employees. These strategies can include tailored education, guidance and digital tools crafted for different member needs, from information to independent advice. This can boost engagement and can help members make informed, arguably better, retirement decisions.

In a DC market where everyone talks about value, we believe the schemes that stand out deliver three things brilliantly: outcome-focused, consistently performing investments, exceptional client care and personalised member engagement. Those that get this right will lead the market. ■

For more information, visit aon.com/betterbydefault To contact Louise, email talktous@aon.com

About Aon

1 Retirement Living Standards in the UK: 2025 update, Loughborough University. 2 Nasdaq Asset Manager Selection Guide: Performance Dispersion Analysis, 202.5 3 Source: Aon, as at 31 March 2026

OPINION

DOES SCALE MATTER? UNLOCKING BETTER PENSION OUTCOMES IN A CHANGING WORLD

» **Lewis Daley**, workplace investment lead, Royal London

In defined contribution (DC) pensions, scale is no longer a strategic ambition – it's becoming the price of admission. The proposed Pension Schemes Bill's £25 billion default requirement by 2030 is a signal of intent: the market is moving to fewer, larger and better-governed arrangements.

While these reforms make scale the objective, the true goal is better outcomes for members. What matters most isn't scale itself – it's what scale makes possible.

From fragmentation to opportunity

The UK's DC market has long been fragmented. Hundreds of defaults exist alongside each other, many of them too small to build real capability or keep pace with industry innovation.

For smaller defaults, the result is often higher cost pressures, greater operational complexity and less investment reach. And because most members don't engage with their pension investments, those limits show up in member experience and results – through narrower investment opportunities, slower innovation and less consistent oversight.

The reforms proposed in the Pension Schemes Bill aim to address those challenges by consolidating defaults into arrangements better equipped to deliver stronger value for members.

What meaningful scale unlocks for members

1 Access to broader investment opportunities

Scale helps remove some of the commercial and operational barriers that can limit access to high-quality investment opportunities. That can broaden the investable universe, including access to private markets such as infrastructure, property and private equity. Over time, it gives larger defaults a wider toolkit and more levers to pull, so they can keep improving the journey and deliver better outcomes for members.

2 Deeper expertise and governance

Scale makes it easier to fund and support specialist teams and rigorous oversight, supporting stronger risk management and better-timed decisions. It gives reassurance that member outcomes are being actively looked after, not passively maintained.

3 Resilience through change

Pension saving is a multi-decade journey, and a lot can change over that time: economic conditions, markets, regulatory expectations, and how (and when) people retire. To continue to deliver good outcomes, defaults must be able to adapt and evolve.

Larger schemes are better placed to implement change without disrupting employers or members, and are more likely to be able to absorb the financial cost of doing so. That can include updating asset allocation as markets evolve, refining derisking as member demographics or behaviours shift, and adjusting target retirement strategies – all within the default itself, rather than through a full redesign.

4 Better outcomes by default, not by decision

Perhaps most importantly, scale enables defaults to work effectively on behalf of members. This is especially important when making changes on behalf of a largely disengaged population. Well-designed, larger defaults can be upgraded progressively, carrying members through the journey rather than asking them to opt in, choose or act. The result is a smoother member experience and better outcomes over time.

Distraction for some, focus for others

For defaults that aren't yet at scale, the next phase of reform can force a change in priorities. Time and budget can be pulled into consolidation planning, governance changes and transition delivery. The cost isn't only financial – it's opportunity cost.

By contrast, defaults already operating at scale start from a position of strength. The reforms largely reinforce existing capabilities rather than creating new ones.

That distinction matters, because time spent dealing with consolidation pressure, regulatory remediation or provider transition is time not spent focusing on what really matters: member outcomes.

Making scale count for members

The proposed Pension Schemes Bill 2030 reforms raise the baseline for scale, but it's only the starting point. The real question is what scale is used to enable: broader diversification, stronger governance and a default that can keep adapting as markets, regulation and member needs evolve.

For advisers and employers, that shifts the question from "who has scale?" to "who's using it well?". If scale becomes a minimum standard, differentiation comes from execution and stewardship: the ability to implement change without disruption, to run governance that's genuinely resourced and challenging, and to use investment access to improve member value – not simply to reduce headline cost. ■

Learn more about how we use scale at Royal London to unlock opportunities for members: adviser.royallondon.com/investment-2026