

# Getting CDC right: the role of effective trusteeship

Paul Brice

## **In an environment of declining levels of open Defined Benefit (“DB”) pension schemes, and concerns around inadequacy of Defined Contribution (“DC”) or Personal Pension savings, Collective Defined Contribution – “CDC” – schemes can offer a number of attractions<sup>1</sup>.**

Analysis suggests<sup>2</sup> that these schemes’ pooling of both longevity and investment risk – discussed further in this paper – can offer retirees the potential for considerably improved levels of pension compared to, for example, a purchased annuity.

But, whilst CDC schemes – whether “whole-of-life” or “Retirement CDC” – have been in widespread use in a number of other countries for some time, their introduction in the UK has only been comparatively recent; and, as at the time of this paper, only one scheme – the Royal Mail Collective Pension Plan – has achieved authorisation (although a number of other organisations have announced they will launch multi-employer or master trust versions once the law allows).

Against this backcloth, drawing both on UK legislative and regulatory frameworks, and upon lessons from overseas, this paper explores the characteristics of effective trusteeship of CDC schemes – acknowledging both their commonalities and differences to other scheme types. It seeks to highlight a number of the CDC-specific decisions trustees will need to make – and the skills and experience they will require in undertaking their role.

Having provided background information relating to CDC schemes and their evolution, the paper analyses various specific aspects of trusteeship of these schemes. It then considers lessons learnt from overseas – notably the Netherlands – surrounding CDC scheme governance. Finally, the paper summarises the key, distinct skills and experience needed for effective CDC trusteeship before setting out its conclusions.

Given its focus on trusteeship, this paper does not purport to provide a full analysis of all aspects of the background to, and operation of, CDC schemes. A helpful guide to these schemes can be found in, amongst a range of other sources, a paper published by the Society of Pension Professionals in January 2026 entitled “From Concept to Practice: a practical guide to CDC schemes”<sup>3</sup>.

---

<sup>1</sup> The author is very grateful to Simon Eagle, GB Head of CDC and Risk Sharing at WTW, who kindly provided helpful input and comments into this paper.

<sup>2</sup> See, for example, WTW March 2026 analysis of Retirement CDC in “A new era for DC retirement solutions”, available at: < <https://www.wtwco.com/en-gb/insights/2026/03/a-new-era-for-uk-dc-retirement-solutions> >

<sup>3</sup> “From Concept to Practice: a practical guide to CDC schemes”, Society of Pension Professionals, January 2026, available at: < <https://the-spp.co.uk/wp-content/uploads/SPPs-Practical-Guide-to-CDC-1.pdf> >

## 2. Background to CDC schemes: what are CDC schemes and what are their advantages?

As the name implies, CDC schemes pool defined contributions collectively to deliver a target – but not fixed or guaranteed – pension income in retirement.

The lack of fixed or guaranteed – defined – benefit means that, unlike DB schemes, employers are not required to underwrite the scheme beyond their commitment to make contributions and to finance a wind-up reserve if needed. However, the collective nature of the scheme allows for (i) the pooling of longevity risk across the membership, removing the “cliff edge” question for members in DC drawdown – “when will I die?”; and (ii) very simplistically, the ability to maintain a more “on risk” investment strategy through investment pooling – delivering greater target returns compared to individual DC pots progressively derisking as members age.

Broadly, schemes can be “whole-of-life” – receiving contributions throughout the working life of members whilst they are employed by a participating employer; or “Retirement CDC” – aiming to offer a target retirement income from members’ aggregated “pots” at a superior level to a purchased annuity. Schemes can be sponsored by one or more connected employers; or by a range of unconnected employers under an umbrella, master trust-type arrangement.

### History and UK evolution

Although CDC schemes are a comparatively recent feature of the UK pensions landscape, they have operated in various forms for many years in other countries including Canada, Denmark and the Netherlands.

The nature and evolution of overseas schemes varies – and it must be emphasised that UK CDC arrangements have been designed mindful of lessons learnt from, for example, the Netherlands (discussed below) and so have specific, differentiated features.

In Canada, available pension arrangements include “Dynamic Pension Pools” – which include a variant of “Retirement CDC”<sup>4</sup>. In Denmark, the mandatory ATP scheme – a long-established form of CDC scheme – “sits in the intersection between a state pension and an occupational pension”<sup>5</sup>. And in the Netherlands, where CDC has been operational for a number of years alongside DB and DC arrangements, recent reforms aimed at addressing issues of transparency, intergenerational fairness and labour market shifts involve schemes transitioning to two new forms of pension – including an innovative CDC-based arrangement (the “Solidarity Pension Arrangement”) which incorporates individual pension “pots”<sup>6</sup>.

Interest in a CDC option for the UK emerged in policy discussions from 2008<sup>7</sup> although momentum built up from 2018 onwards when the Royal Mail and Communication Workers Union agreed to be the first to seek to launch a CDC scheme. As the Pensions Policy Institute write<sup>8</sup>, “*The Royal Mail decision, which came three years after the introduction of the pension freedoms and six years after the introduction of automatic enrolment, acted as a catalyst, bringing CDC back to the forefront of policy discussions*”.

---

<sup>4</sup> For an outline of these schemes, see “Small Details, Big Impact: Design elements of lifetime pension pools”, Begin and Sanders, The Actuary Magazine, October 2025, available at: < <https://www.theactuarymagazine.org/small-details-big-impact/> >

<sup>5</sup> For an outline of the use of CDC in Denmark, see “CDC in Denmark: an alternative state pension”, Hardingham, Hymans Robertson, 4 September 2024, available at: < <https://www.hymans.co.uk/insights/cdc-in-denmark-an-alternative-state-pension> >

<sup>6</sup> For a summary of changes to Dutch CDC schemes, see “The Dutch CDC pension reforms: Some key takeaways as the UK begins its own CDC journey”, Aegon Asset Management, January 2024, available at: < <https://www.aegonam.com/globalassets/documents/insights/the-dutch-cdc-pension-reforms---january-2024.pdf> > See also “Our new pension system”, De Nederlandsche Bank, available at: < <https://www.dnb.nl/en/current-economic-issues/pensions/our-new-pension-system/> >

<sup>7</sup> For a brief history of the development of CDC schemes in the UK, see Pensions Policy Institute Briefing Note Number 137 – “How might CDC develop in the UK?”, May 2024, available at: < <https://www.pensionspolicyinstitute.org.uk/media/ceyauk4c/20240515-bn-137-how-might-cdc-develop-in-the-uk-final.pdf> >

<sup>8</sup> Pensions Policy Institute, n7.

The UK enabling legislation for single and connected employer CDC (“collective money purchase”) schemes was introduced in the Pension Schemes Act 2021 (with the associated tax provisions being introduced in the Finance Act 2021); with regulations for Unconnected Multi-Employer (“UME”) whole-of-life schemes scheduled to take effect from 31 July 2026. At the time of writing, consultation on regulations on Retirement CDC is anticipated during 2026, with a Government roadmap indicating that the Pensions Regulator may start to receive applications from prospective Retirement CDC schemes during 2028<sup>9</sup>.

Following the publication of a CDC Code of Practice<sup>10</sup> for single and connected employers in August 2022, in December 2025, the Pensions Regulator consulted on a combined Code incorporating UME schemes<sup>11</sup>. The updated Code has been laid before Parliament and is anticipated to be in force later in 2026<sup>12</sup>.

As of March 2026, only the Royal Mail Collective Pension Plan has been authorised by the Pensions Regulator – although other providers have announced that they will set up UME schemes<sup>13</sup>.

### Prospective developments

As highlighted above, with the regulations for UME schemes to take effect from 31 July 2026, the next major legislative milestone is for regulations for Retirement CDC to be published. These schemes may form part of wider options for “Guided Retirement”<sup>14</sup>. A provider has already announced that they will set up a Retirement CDC scheme “as soon as the regulatory framework allows”<sup>15</sup>.

### UK market outlook

Although the Royal Mail Collective Pension Plan is presently the only authorised arrangement, the concept of CDC in its various forms has commanded considerable policy and market attention.

As mentioned above, in May 2025, TPT announced its plans to seek authorisation for a UME scheme<sup>16</sup> – with a number of other schemes reportedly looking to do so. Further, in March 2026 it was reported that the Church of England Pensions Board was exploring a CDC scheme for church employers and employees<sup>17</sup>.

Clearly, the position needs to unfold – but there does seem to be a distinct possibility that market momentum will build such that CDC schemes increasingly offer credible and attractive alternatives to other pension arrangements in an environment where fewer and fewer employees enjoy membership of defined benefit schemes.

---

<sup>9</sup> See Annex C, “Collective Defined Contribution (CDC) roadmap”, at “Retirement Collective Defined Contribution pension schemes” DWP consultation (closed), published on 23 October 2025 and available at: <https://www.gov.uk/government/consultations/retirement-collective-defined-contribution-pension-schemes/retirement-collective-defined-contribution-pension-schemes> >

<sup>10</sup> See “Collective defined contribution (CDC) – Code of practice”, the Pensions Regulator, 1 August 2022, available at: <https://www.thepensionsregulator.gov.uk/en/document-library/code-of-practice/collective-defined-contribution> >

<sup>11</sup> See, “Consultation launched for TPR’s new multi-employer CDC code”, the Pensions Regulator, 19 December 2025, available at: [https://www.google.com/search?q=pensions+regulator+cdc+code+consultation&og=pensions+regulator+cdc+code+consultation&gs\\_lcrp=EgZjaHJvbWUyBggAEEUYOTIGCAEQRRq8MgYIAhBFGDzSAQkxMTUxN2owajSoAgCwAqE&sourceid=chrome&ie=UTF-8](https://www.google.com/search?q=pensions+regulator+cdc+code+consultation&og=pensions+regulator+cdc+code+consultation&gs_lcrp=EgZjaHJvbWUyBggAEEUYOTIGCAEQRRq8MgYIAhBFGDzSAQkxMTUxN2owajSoAgCwAqE&sourceid=chrome&ie=UTF-8) >

<sup>12</sup> The draft Code was laid before Parliament on 29 April 2026 and is available at:

< <https://www.thepensionsregulator.gov.uk/media/fqrj1ltu/tpc-cdc-code-of-practice-for-laying-29-april-2026.pdf> >

<sup>13</sup> See, for example, TPT: < <https://www.tpt.co.uk/news-insights/tpt-to-launch-cdc-pension-scheme-solutions/> >

<sup>14</sup> For details of how Retirement CDC schemes may form part of the Guided Requirement provisions in the Pension Schemes Bill 2025 – now the Pension Schemes Act 2026 - see DWP, n9.

<sup>15</sup> See, for example, “LifeSight confirms intention to launch Retirement CDC solution”, WTW, 24 March 2026 at: <https://www.wtwco.com/en-gb/news/2026/03/lifesight-confirms-intention-to-launch-retirement-cdc-solution> >

<sup>16</sup> TPT – n13.

<sup>17</sup> See “Church of England Pension Board explores collective defined contribution arrangement”, Kokoszka, 4 March 2026, IPE.com at: < <https://www.ipe.com/news/church-of-england-pension-board-explores-collective-defined-contribution-arrangement/10135554.article> >

### 3. CDC compared to other schemes: what's similar and what's different?

#### Similarities to other scheme types

It is important to emphasise that many aspects of CDC schemes are similar to those for DB and DC schemes. Nonetheless, there are a number of areas where CDC schemes are differentiated – in some cases substantially - and specific knowledge and skills are needed by trustees for them to be effective.

Key areas of differentiation are summarised below. Commentary around the implications of these various skills for effective trusteeship is set out at Section 5.

#### Set-up and authorisation

The Pension Regulator's requirements for scheme authorisation, set out in their CDC Code (and draft Code for UME schemes), are largely derived from legislative requirements set out in the Pension Schemes Act 2021 and in Part 3 of the regulations governing CDC<sup>18</sup> - with additional regulations to include UME schemes from 31 July 2026<sup>19</sup>. These have certain similarities to the DC Master Trust authorisation regime.

The authorisation process requires the submission and approval of a broad range of documentation, including a Viability Report providing details of the scheme design and why the trustees have concluded the design is sound; information supporting financial sustainability; information evidencing various required systems and processes; information around processes for member communication; and details of the scheme's Continuity Strategy in a range of different circumstances. Other documentation includes the scheme's trust deed and rules.

Whilst employers – or, in the case of UME schemes, the Scheme Proprietor – clearly have a significant role to play in the authorisation process, considerable responsibility inevitably falls upon trustees.

A number of commentators have observed that the workload – and associated cost – of meeting these authorisation requirements is significant. The level of trustee commitment required is substantial. But it must be emphasised that it is (i) in the scheme members' interests that the scheme design is sound and the scheme is well run; and (ii) arguably in the long-term interests of developing a stable and successful UK CDC market that there are appropriate regulatory guardrails in place to ensure that CDC schemes are both well run and do not disappoint their members – which would otherwise weaken their reputation and attractiveness.

#### Trustee and actuarial assessment of scheme design “viability” including fairness between members

A key trustee obligation on seeking authorisation for a scheme is, in conjunction with the Scheme Actuary and other advisers, to submit a Viability Report explaining why in their view the scheme design is robust, supported by a Viability Certificate from the Scheme Actuary which confirms that the scheme design is “sound”.

A diagrammatic summary of the documents required in designing the scheme reproduced from the Pensions Regulator's original CDC Code of Practice<sup>20</sup>, is set out below:

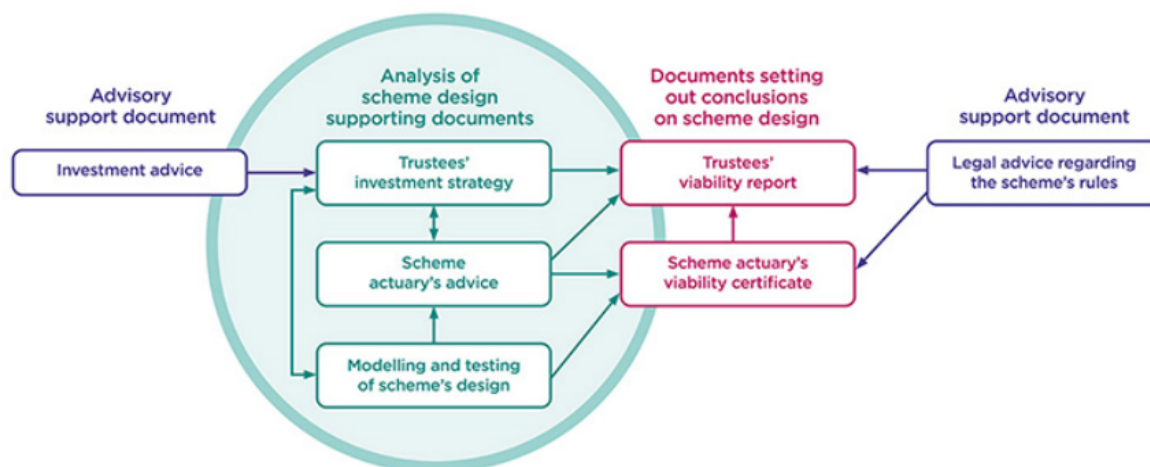
---

<sup>18</sup> Occupational Pension Schemes (Collective Money Purchase Schemes) Regulations 2022.

<sup>19</sup> Occupational Pension Schemes (Collective Money Purchase Schemes) (Extension to Unconnected Multiple Employer Schemes and Miscellaneous Provisions) Regulations 2025.

<sup>20</sup> See the Pensions Regulator, n10, “Sound scheme design: introduction”. Note that this diagram does not appear in the updated draft Code laid before Parliament on 29 April.

**Figure 2: scheme design documents**



Clearly, CDC scheme design is complex, featuring contribution rates, investment strategy and benefit determination methods – all with consequences for member outcomes. It must consider matters such as intergenerational fairness and aspects of member cross-subsidisation (for example, from investment return pooling). Further, “sound” / “viable” design is not defined in the legislation or Code of Practice beyond some actuarial tests, leaving the Trustee and Actuary to decide what they consider is relevant. The viability assessment is subject to a broad range of stress testing. It follows that this is an involved process requiring significant actuarial modelling, actuarial and trustee judgement, and legal advice on the relevant factors to take into account.

A synopsis of some of the issues relevant to creating a CDC scheme design has been prepared by the Institute and Faculty of Actuaries<sup>21</sup>: this sets out both seven design principles for effective CDC schemes; and ten key design aspects.

### **The periodic determination of pension increases (or cuts)**

Each year, the Scheme Actuary is required to prepare a scheme valuation using “central case” (i.e. “best estimate”) funding assumptions set by the Trustee on actuarial advice.

This analysis determines the level of increases or cuts to members’ pensions based on a mechanism in the Rules (also meeting certain requirements in legislation). Therefore, the setting of the “central estimate” assumptions is a core area where trustee judgement is required. In practice this is a difficult judgement, as there is great uncertainty over long-term asset returns, inflation and member demographics.

Under CDC law, the Trustees must then publish an explanation of the method and assumptions adopted for each valuation.

### **The setting of the investment strategy**

The setting of an appropriate investment strategy for a CDC scheme is central to its success. The investment approach may be prescribed in the scheme rules or left to the trustees’ discretion, although the former removes some uncertainty for the sponsor and members. For UME schemes, CDC law means the trustees cannot materially deviate from a planned strategy

<sup>21</sup> “Understanding collective defined contribution schemes: a path to effective design”, Institute and Faculty of Actuaries, 5 February 2025, available at: < <https://blog.actuaries.org.uk/understanding-collective-defined-contribution-schemes-a-path-to-effective-design/> >

for existing assets – moving to a structurally new asset strategy requires opening a new section.

By way of background, there are likely to be distinct differences in the investment strategy between for, for example, a whole-of-life open CDC scheme and a closed DB scheme derisking towards a buyout.

The pooling of contributions before and/or into retirement can allow for the maintenance of a more “on risk” investment strategy compared to the progressive derisking of individual DC “pots” or closed DB schemes. In some ways, open CDC schemes may have characteristics of open DB schemes – with strategies incorporating investments in return-seeking assets over prolonged time horizons. However, investment pooling may have intergenerational cross-subsidisation effects which need careful consideration in both scheme design and the determination of benefits.

### **Employer covenant reliance**

Given the essential DC nature of the scheme, covenant reliance is limited to the payment of fixed contributions and the provision of a wind-up cost reserve if a “triggering event” crystallises leading to the closure and wind-up of the scheme.

Whilst having closer commonality to DC schemes, this limited covenant reliance distinguishes CDC schemes from DB schemes – arguably making this element of the CDC trustees’ role more straightforward.

### **Member engagement and feedback, and scheme promotion**

It is in the nature of CDC schemes that members’ benefits are not guaranteed – rather, they are subject to periodic adjustment and can reduce in real or nominal terms. Member expectations require careful management. Unsurprisingly, there is a considerable regulatory emphasis on member communications – including associated systems and processes: the Pensions Regulator’s draft CDC Code<sup>22</sup> states that:

*“Effective communications are necessary to the success of a CDC scheme. Members need to understand the risks and benefits of the scheme, as well as having clear and accessible information on how their benefits may increase or decrease.*

*There should be a focus on producing member communications as well as the IT functionality needed. We will assess the functionality, quality and maintenance of the IT systems used for member communications on the same basis as the IT systems more generally.”*

Further, CDC trustees must seek and act on member feedback.

One of the key lessons from CDC schemes in the Netherlands – discussed below – has been the crucial importance of clear member communications given the potential variability of pension payments and the risk of member disappointment if benefits are materially cut.

Finally, for UME schemes, there are strict requirements around the nature of, and responsibility for, scheme promotion<sup>23</sup>. These include delineations of responsibilities between the Scheme Proprietor and the scheme trustees<sup>24</sup> and requirements both for transparency and for materials to be clear and not misleading.

---

<sup>22</sup> The Pensions Regulator, n12, p39 under “Systems and processes: Member communications”.

<sup>23</sup> The Pensions Regulator, n12, p112 et seq. under the “Promotion and marketing” sections.

<sup>24</sup> The draft Code, n12, states at p114 that: “The trustees are prohibited from conducting any promotional or marketing activities on behalf of the scheme. However, they are not prohibited from meeting with prospective and existing employers to provide factual information regarding the scheme or general information about how a CDC scheme operates.”

## **Risk, scheme “events” and regulatory oversight**

As discussed, both scheme design and annual scheme valuations are subject to a range of stress testing. The Code also sets out expectations of a scheme risk register, and how this should be updated and reviewed<sup>25</sup>. It also contains various examples of specific areas of risk management.

Certain “significant events” – such as a change in UME scheme investment strategy or scheme design - must be notified to the Pensions Regulator as soon as reasonably practicable. Other “triggering events” under Section 31 of the Pension Schemes Act 2021 – such as employer insolvency or a decision to wind up a scheme also need to be notified to the Pensions Regulator and may invoke a “continuity strategy”: there are three continuity strategies set out in Sections 36-38 of the Pension Schemes Act 2021 - including a discharge of liabilities and scheme wind up; resolving the triggering event; and closing the scheme to new contributions and / or members.

Given the extent of regulatory oversight required, it can be expected that CDC trustees will be in regular contact with the Pensions Regulator’s oversight team.

## **4. Lessons learnt from overseas**

The policy approach for CDC in the UK has been informed by lessons learnt from overseas – in particular from the Netherlands.

The Netherlands has experienced significant pension reforms<sup>26</sup> – transitioning from a combination of DB and CDC towards DC arrangements with a variant of Retirement CDC during the retirement / decumulation phase.

There are two key areas which have shaped UK CDC policy in particular: the nature and importance of member communications and transparency; and seeking to manage intergenerational fairness amongst the scheme membership.

### **Member communications and transparency**

It is in the nature of CDC schemes that benefits are not “defined” in the same way as they are in DB schemes. A key lesson which has emerged from the Netherlands is the requirement for clear and transparent communication around benefit levels – including the risk that benefit increases might be lower than targeted, or benefits could even fall. Some Dutch CDC schemes needed to cut pensions following the Global Financial Crisis in 2008, and many members reacted with dismay and surprise as they had believed the benefits were guaranteed not to fall.

### **Managing intergenerational fairness**

A second lesson which has arisen from the Netherlands is how to manage fairness between different age cohorts of members. In particular, Dutch CDC schemes have been allowed to award increases only if they are funded on a prudent basis, meaning that assets are held back in case funding worsens in future. This means that during difficult economic periods, such as following the Global Financial Crisis in 2008, pension increases have commonly not been granted in order to rebuild a prudent buffer, paid for from the contributions of the younger generations - and current pensioners through lower increases.

The combination of the above issues led the Dutch to debate at some length what each CDC member “owned” from the collective assets, and it was felt that this was not clear due to the complicated way in which benefit levels were being determined.

---

<sup>25</sup> The Pensions Regulator, n12, pages 37 and 38 under “Systems and processes: Processes – Risk”.

<sup>26</sup> Aegon Asset Management, n6.

As Aegon Asset Management write in connection with the Dutch pension reforms<sup>27</sup>:

*“One key reason [for reform] is that the current system is seen by many as lacking transparency for members. After many years of strong asset returns, many members had expected pensions to increase but indexation was restricted due to the value of the liabilities also increasing. It was therefore felt that allowing individuals to see their own pension pot and the changes that made up the return on that pot would create greater transparency.”*

In practice, the UK CDC regime has dealt with the above through the use of annual “central estimate” valuations with periodic benefit adjustments without retaining substantial buffers to protect against adverse experience. This means that, in each year, each member’s pension increase is granted at the rate expected to be sustainable over the long term for the scheme as a whole.

## **5. CDC and Effective Trusteeship - the key skills and experience needed**

Section 3 highlighted that, whilst there are distinct differences in some areas between CDC schemes and DC and DB schemes, there are also commonalities. There are clearly, therefore a number of core trustee skills applying to all types of scheme, including CDC schemes - all underpinned by sound trustee judgement. These include:

- Knowledge of, and compliance with, general fiduciary, statutory and regulatory obligations – noting the distinct frameworks governing CDC schemes.
- Understanding investments and scheme benefit arrangements.
- Communication skills – with a range of stakeholders.
- Governance and oversight skills.
- Relationship management – with advisers and others.

Notwithstanding these general trustee skills, this paper has highlighted that CDC schemes do require specific expertise relevant to the distinct features of these schemes – acknowledging the variations between different types of CDC scheme.

These distinct areas of expertise include:

### **Legal and regulatory familiarity**

Section 3 explained that CDC schemes are subject to very specific legislative and regulatory requirements – which continue to be developed. As the draft Code sets out, these requirements are complex and span a considerable number of areas, including various Pensions Regulator notification requirements upon a range of “events”.

Trustees must, therefore, be familiar with these various requirements – and maintain knowledge and currency as further measures are introduced.

### **Investment skills and understanding of CDC scheme dynamics**

CDC scheme investment strategies are fundamental both to the design of the scheme and the delivery of members’ benefits. As section 3 highlighted, they are distinctly different to, for example, progressive derisking approaches which may be applied to DB schemes approaching a buyout; or the pots of DC members approaching, or in, retirement.

In their draft Code, the Pensions Regulator is very clear around expectations for investment-related skills for trustees of CDC schemes, writing that<sup>28</sup>:

---

<sup>27</sup> Aegon Asset Management, n6.

<sup>28</sup> The Pensions Regulator, n12, p129 under “Sound scheme design: investment”.

*“Trustees need to show sufficient focus, expertise and a deep understanding of all material aspects of the investment proposition, both at the time the scheme is authorised and during subsequent supervision.”*

And:

*“Through our supervision of the scheme, we will monitor the trustees’ activity and assess their stewardship of the investment strategy, their advisers and suppliers. Where we identify activity, omissions or behaviour that fall short of the standards we require, in line with the criteria for fitness and propriety and systems and processes (in particular scheme governance), we will hold the trustees accountable.”*

It follows that trustees of CDC schemes must have a deep investment knowledge together with an appreciation of the specific attributes and strategies applicable to CDC schemes.

### **Appreciation of the actuarial dynamics of CDC schemes and associated stress testing**

Understanding the actuarial dynamics of CDC schemes is clearly crucial – particularly around valuation assumption setting for the annual determination of pension increases (or cuts); and the application of judgement in, for example, scheme design and viability assessment. Further, scheme trustees need to review the various investment and other stress tests required and draw conclusions on design soundness.

This will for example require Trustees to form a view on long-term asset return expectations, allowing for any trends which might be expected to deviate from short-term expectations. As well as taking actuarial advice, Trustees could consider benchmarking against others’ views, to help ensure that their resulting estimate is well-considered.

### **Member communication skills**

Member engagement - in particular, communicating the nature of CDC target benefits and any actual / prospective variations in a way which members can easily understand and respond to – is central to successful CDC. This is clearly illustrated by the experience from the Netherlands set out in Section 4 above.

For example, Trustees will need to consider how to illustrate future benefit level uncertainty, whether by showing a variety of projections or providing scenario testing results.

Further, while CDC is new to the UK, trustees will need to cater for the inevitable interest from the pensions industry in their schemes’ operational experience.

### **Experience**

The early-stage nature of the UK CDC market means that very few trustees are likely to have had actual experience of CDC scheme trusteeship.

Clearly, this should not present an obstacle to experienced trustees from other scheme types taking on CDC roles. However, the analysis of skills set out above does imply that – whether from trusteeship or other scheme experience (advisory or “in-house”) – a strong familiarity with, and experience of, a range of aspects of scheme funding and governance is essential.

## 6. Conclusions

CDC schemes are an innovative and developing area of the pensions landscape that many commentators believe may fill a gap between the decline of open DB schemes and prospective pensions inadequacy issues with individual DC or personal pension arrangements.

The UK market is in its comparative infancy – but a legislative and regulatory framework for CDC is emerging which has sought to assimilate key lessons from overseas schemes.

Whilst trusteeship requirements for CDC schemes share many commonalities with other types of scheme, as this paper has highlighted there are areas of distinct difference.

Clearly, it remains to be seen how the market for CDC will evolve; and regulations for “Retirement CDC” are yet to be published.

However, for trustees of emerging schemes, there are broad-ranging – but demanding – opportunities to exercise their skills in giving members great retirement outcomes. This paper has illustrated that effective trusteeship will require trustees who have deep familiarity with a range of relatively new – but critical – areas spanning the authorisation process through to the funding arrangements, the periodic determination of pension amounts and member communication requirements.

As CDC schemes grow in number, more trustees will become familiar with these arrangements. For the “early adopters”, it should be a fascinating - but rewarding - journey.

---

26 May 2026

### Important Notice

*This paper is provided for general discussion purposes only and does not constitute legal, financial, investment, or pensions advice. The views expressed are those of the author at the time of publication and the paper does not reflect any changes to regulations or guidance subsequent to 1 May 2026. Readers should seek independent professional advice before making any decisions relating to pensions, retirement planning, or financial matters.*