

Sacker & Partners LLP  
20 Gresham Street  
London EC2V 7JE  
T +44 (0)20 7329 6699  
E [enquiries@sackers.com](mailto:enquiries@sackers.com)  
[www.sackers.com](http://www.sackers.com)

## PRESS RELEASE

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### **Sackers survey shows strong support for surplus changes and default retirement solutions in PSB**

Sacker & Partners LLP (Sackers), the UK's leading specialist law firm for pensions and retirement savings, today announced the results of its most recent webinar survey\*. Asked which policies in the Pension Schemes Bill they would prioritise, 36% of respondents supported the introduction of default retirement income solutions with a further 23% opting for surplus changes, with these areas of policy focus being preferred over value for money, deferred pots consolidation, "Megafunds" or "superfunds".

**Sackers partner Janet Brown commented:** "It is clear from the publication of the Pension Schemes Bill, and the accompanying roadmap of indicative key dates, that the Government is gearing up for a major shift in the pensions landscape. The Bill sets out the bigger picture with understandably many more sets of regulations and guidance to come to fill in the finer important detail. We agree with our survey respondents that surplus is one of the more interesting areas of the Bill. The proposals demonstrate that the Government does want to "safely release surplus". Trustees and employers may wish to use the time between now and 2027, when the new trustee resolution flexibilities are due to come into force, to plan ahead and agree their approach on how they would use surplus. As we noted in the webinar, many clients are already being innovative and imaginative in planning for the use of surplus, including how to do so without necessarily intending a full "release" of a DB surplus (less tax) back to the employer as part of that scenario. Even though surplus is clearly back in fashion, in our view, these changes won't move the dial significantly and they certainly won't result in the return of £160bn to employers and UK plc which the Government's press release quoted on 5 June, at least not any time soon. We would really like to see the Government allowing one-off lump sum authorised payments to members, which we know it is considering, as we think this could have a real impact in unlocking negotiations over surplus."

Turning to the raft of DC developments in the Bill, Sackers partner Jacqui Reid said: "From Megafunds to mandation to small pots, the DC changes in the Bill are wide ranging. Our survey respondents have rightly picked up on the significance of the proposed changes for default retirement income solutions which will introduce a new trustee duty to design and implement solutions from 2027. Everyone has work to do here, whether you already have a solution and need to check how it will meet the new requirements, or if you don't and will need to start from scratch. We are advising our clients to focus on the VFM changes and retirement income solutions first because these are the cornerstones of the Government's drive for consolidation. But it's

also important to monitor the Megafunds and asset allocation proposals because these will affect schemes indirectly. Above all, we think it's crucial to consider DB and DC arrangements holistically because of the link into DB surplus policy and its potential use for DC contributions."

**In conclusion Jacqui Reid noted:** "What's missing from the Pension Schemes Bill is anything on fiduciary duties and improving member outcomes. Unless we tackle the fundamental issue of adequacy and getting members to save more for their retirement, we are in danger of missing the point. We need to be bolder as an industry about getting adequacy higher up the agenda."

\*Based on 62 respondents representing trustees and employers of both DC and DB schemes.

**- ENDS -**

## Notes to Editors:

Sacker & Partners LLP (Sackers) is a top tier commercial law firm specialising in advising pension scheme trustees, employers, providers and corporate investors on all aspects of their pension arrangements.

Widely viewed as leaders in the field, Sackers advises more of the UK's top 200 pension funds than any other law firm. Sackers is consistently ranked in the top tier for pensions by both leading UK legal directories (Chambers UK and the Legal 500) and has been for over twenty years.

Based in London, Sackers provides support to trustee boards, sponsoring employers, providers and Government bodies across a range of areas, including day to day scheme management, funding and investment, projects, risk and litigation.

Sackers is an active member of the Pensions and Lifetime Savings Association, The Association of Pensions Lawyers and the Society of Pension Professionals and is technical legal expert partner to the Pensions Management Institute.

In 2024 Sackers won Best Pensions Law Firm at the Corporate Adviser Awards and was shortlisted as Pensions Law Firm of the year at both the UK Professional Pensions Awards and the Pensions Age Awards.

## Media Contacts:

For all media enquiries please contact KBPR using the details below:

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keeping you connected

[kate@kbpr.agency](mailto:kate@kbpr.agency) – 07930 442 883