TPR guidance on endgame solutions

Association of Consulting Actuaries webinar
3 July 2025

Mark Atkinson

Long-term planning
(even before your next valuation)

‘*We believe it is good governance practice for all trustees to set their scheme’s long-term objective and, for closed schemes, to consider the **endgame strategy(ies)** that they expect to follow for their scheme*. *As part of that long-term objective, you should also set out your approach to **surplus extraction** for your scheme.’*

Endgame options considered

Running on	Open schemes Closed schemes
Governance arrangements	Fiduciary management Accredited professional trustee DB master trust or multi trust
Financial arrangements	Capital-backed arrangements DB Superfunds
Insurance solutions	Longevity insurance/swaps Buy-in Buy-out

Expectations on trustees - all options

Advice	seek appropriate and proportionate professional advice
Control	understand extent to which options entail loss of trustee control
Conflicts	manage any conflicts of interest appropriately
Risk assessment	carry out full risk assessment and consider how risks can be mitigated
Stress testing	fully stress test the preferred options
Exit strategies	understand how any arrangement could be unwound, and implications

Factors to consider

Risk vs reward of options against one another and against the status quo

Member service and experience

Alignment of interests between capital backers, advisers, trustees and members

Any change in covenant support

How risk may develop and be managed over the lifetime of the option

Member protection in the event of failure

More context – Pension Schemes Bill

- Trustee resolution-making power to introduce power to repay surplus, or remove or relax existing restrictions in rules

- Section 251 Pensions Act 2004 to be repealed

- Section 37* Pensions Act 2004 to be amended
  - Current conditions largely removed
  - Regulations *must* require actuarial certification and set valuation and funding basis
  - Regulations *may* include requirement for employer consent and ‘other conditions’

(* Not “that” Section 37)

Endgame options - narrative

- More schemes in better funding position
- Moving away from buy-out as the only ‘acceptable’ endgame
- Not all options available to all schemes - may depend on size, maturity and funding level
- Government encouraging surplus release to boost growth (and benefit members)
- Employer engagement