GO PENSIONS
ADMINISTRATION CONSULTANTS

DC MASTER TRUST REPORT

A SPOTLIGHT ON THE MARKET

2025

GO PENSIONS

Go Pensions is a leading provider of independent pensions evaluation consultancy services.

Welcome to Go Pensions 2025 DC Master Trust Report.

We presented our 2024 report in anticipation of a landmark pensions review promising to consider member outcomes, value for money and consolidation and scale.

- We now have clarity on scale requirements (commercial DC providers and master trusts must have a *"main scale default arrangement"* of at least £25 billion by 2030). Further consolidation will no doubt follow the announcement of the agreement for WTW to acquire NatWest Cushon (subject to regulatory approval).
- Steps are being made towards a consistent value for money framework for master trusts and contract-based schemes (to apply from 2028).
- But the long-awaited adequacy review has been postponed. This makes it more important to ensure your chosen pension vehicle offers good value and delivers good outcomes for your employees.

Our fifth annual report is compiled from our annual survey of the master trust providers and our wider research activities in the market. The report provides unique and holistic insight into the master trust propositions, developments and member experience.

For 2025 we consider themes such as master trust scale and growth, member experience and technology, approaches to default investment strategies and trustee board policies.

Thank you to the 14 'commercial' master trusts that continue to participate on our annual surveys. A summary of the 2025 participants can be viewed on page 22 of this report.

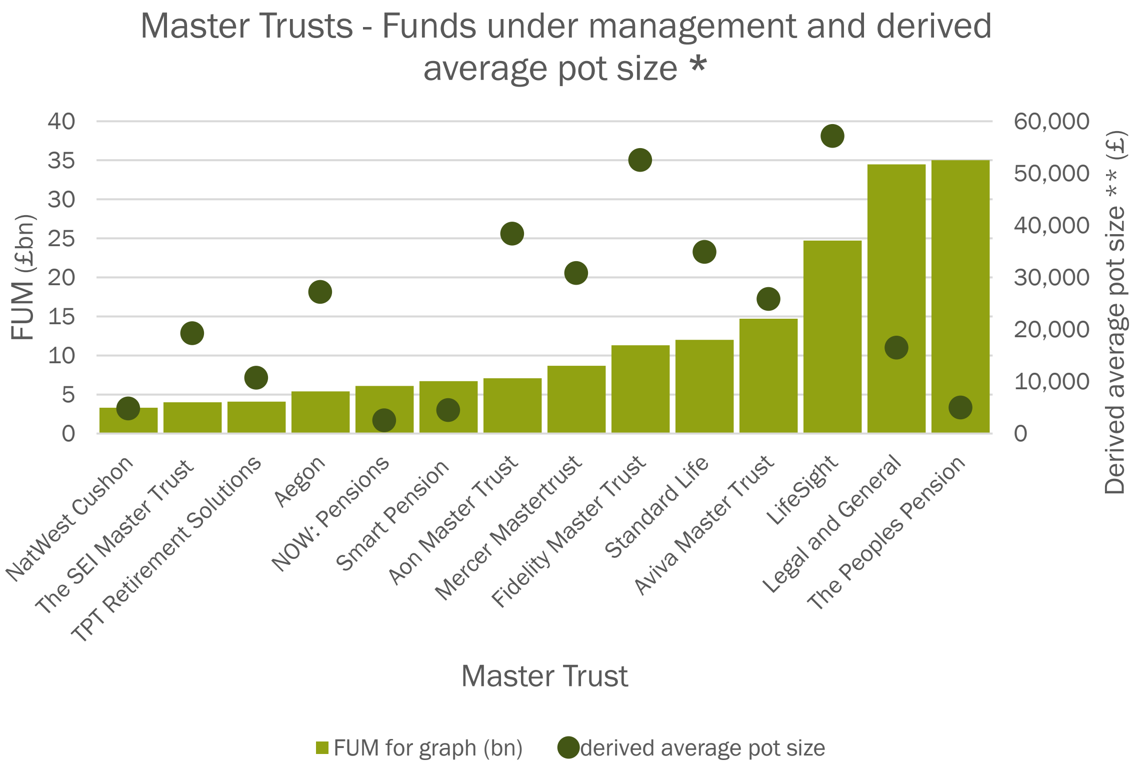
Our DC master trust league table is published online twice a year on our website under insights: Latest Insights – Go Pensions

Information collated in this report is correct at the time of publication and may change in the future.

December 2025

CONTENTS

THE MASTER TRUST MARKET



* Data from the Go Pensions DC master trust league table – H2 2025 [DC Master Trust League Table 2025 ~ H2 – Go Pensions]

** derived average pot size is determined from reported FUM / reported number of members

With 20 commercial propositions available at the time of writing, the master trust market continues to offer propositions for all types of employers.

Some say the market is becoming homogenised, We don't agree with that. Whilst some features may have become hygiene factors (such as providing a smart phone app for members to access real time information), there are certainly differences to consider when choosing the master trust most suited for your employees.

This report looks at some of the differentiating features and the developments that master trusts are making to meet their clients, and prospective client's needs.

Once again, we have an abundance of rich data. Not all can be shared in this report.

If you are interested in hearing more, we will be very happy to share more of our findings with you.

MARKET INSIGHTS ~ 2025

Scale and growth: Across our cohort of survey respondents, we have seen an increase in funds under management of 20% over a 12-month period*. With new multi-employer DC fund scale requirements looming understanding a master trust's scale and strategy to grow is important. See pages 6 and 7.

Administration: The market is broadly split half and half between providers carrying out their own administration in-house and those choosing to outsource to a third party. This brings a fundamental cultural difference. Do you know the type of experience you want your employees to have? See page 10.

Market priorities and Proposition developments: Member engagement and technology continue to feature as priorities for clients and prospective clients. Master trusts have listened to the market with 64% having made improvements to the member technology in the last 12 months. See pages 11 and 12.

Technology: Within the next 12 months **all** master trusts will make a smart phone app available to members. In the last year almost two-thirds of master trusts have improved the member facing technology. See pages 13 and 14.

Investment strategy: All participants in our survey tell us that within the next 12 months they intend to have an allocation to private market investments in a default fund. Many already do. Some expect this to lead to increased member fees. Find out more on pages 15 and 16.

Trustee board policies: Almost all master trusts have a trustee diversity policy in place. We are hearing different views on how diversity policies are benefitting members and clients, and different views on whether diversity will become a key selection criteria for employers. See page 17 to find out more.

* Go Pensions DC master trust league tables H2 2024 and H2 2025: Latest Insights – Go Pensions

MASTER TRUST SCALE

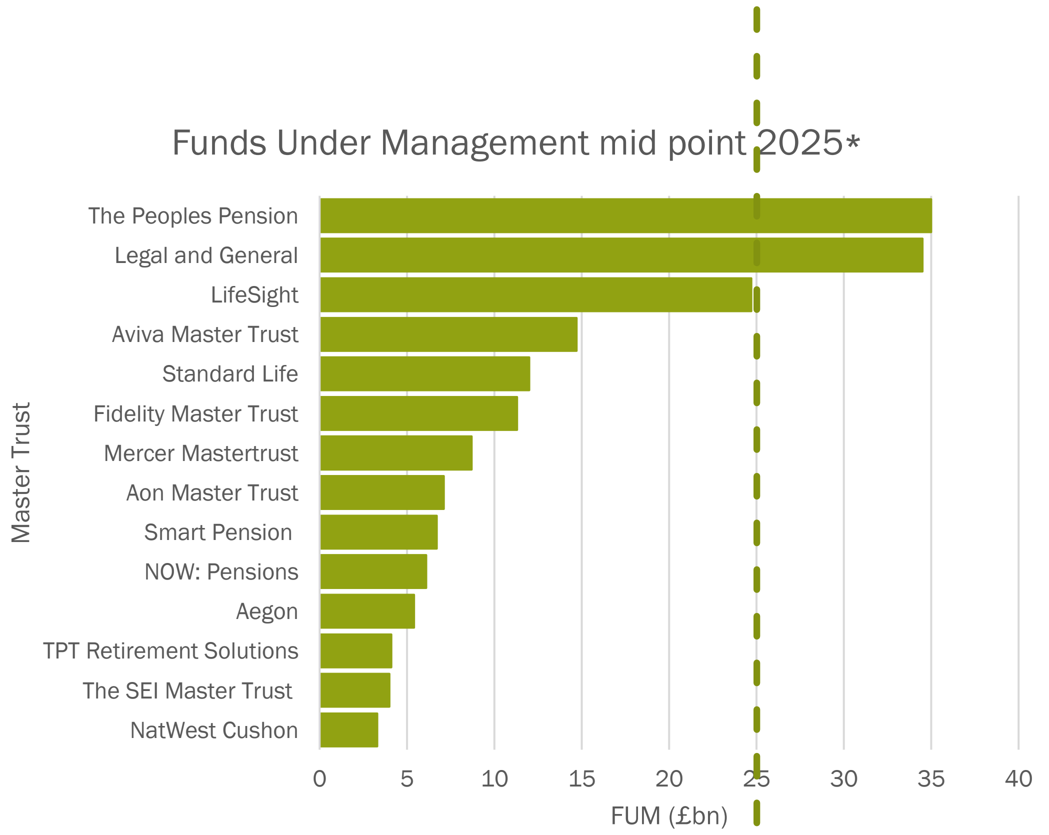
Commercial DC providers and master trusts must have a *"main scale default arrangement"* of at least £25 billion by 2030

The Pension Schemes Bill (Pension Schemes Bill - Parliamentary Bills - UK Parliament) confirmed that commercial DC providers and master trusts must have a "main scale default arrangement" of at least £25 billion by 2030.

For smaller schemes, an easement was introduced for providers with over £10bn in assets, where there is a plan for reaching scale. They have until 2035 to reach the £25bn target. Go Pensions' high-level analysis suggests that we could see 40% of the current commercial master trust market fail to reach the required scale by 2030.

This supports the prediction that we have long held that the market will settle at around 10-15 propositions.

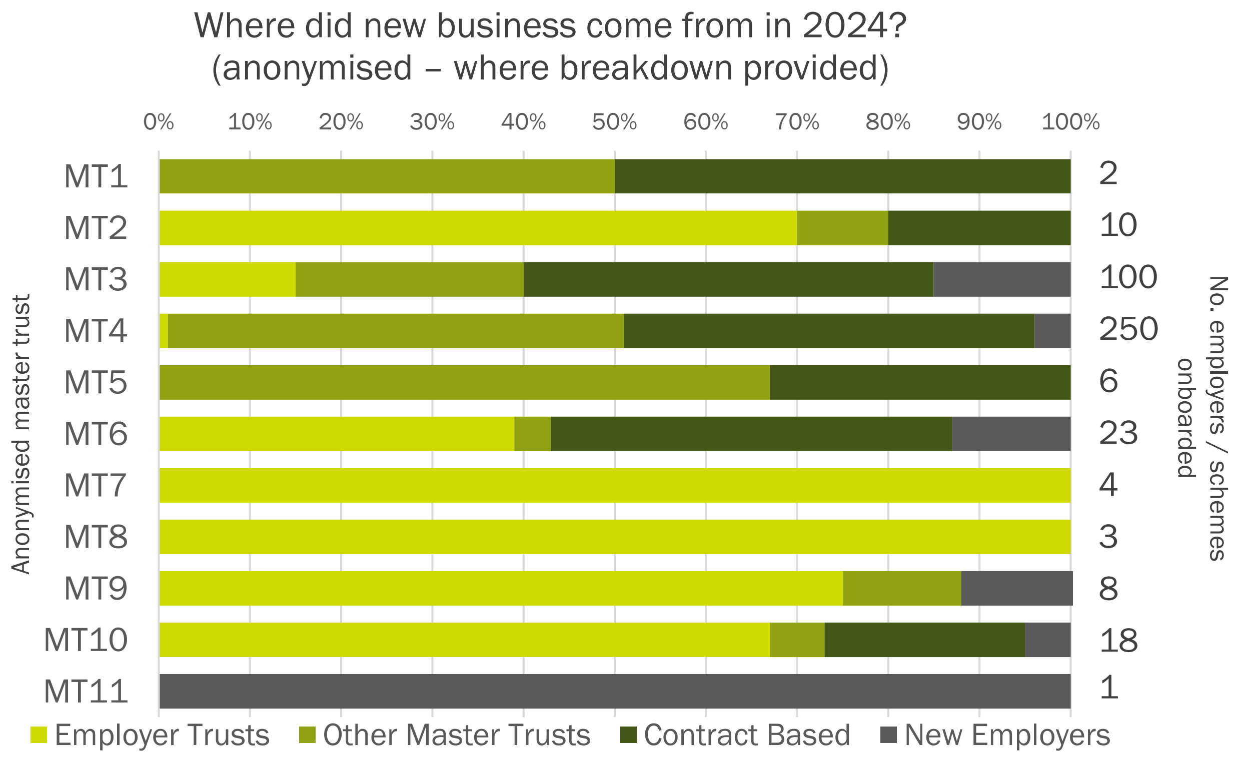
If you are considering a move to master trust, or looking to review your master trust, it is important that you have access to current whole of market data to make an informed decision.



* Data from the Go Pensions DC master trust league table – H2 2025 DC Master Trust League Table 2025 ~ H2 – Go Pensions

MASTER TRUST GROWTH – WHERE IS NEW BUSINESS COMING FROM?

As we predicted last year, employers are reviewing their master trusts. There has been a surge in secondary master trust moves.



Have you reviewed whether your master trust continues to meet your needs and offer your employees value for money?

- Across all respondents, it was reported that 7,785 new employers were onboarded to master trusts during 2024.
- Based on the responses where breakdowns were available (covering 425 employers / schemes - see graph) most new business came from the secondary master trust market or moves away from contract-based schemes.*
- We are not surprised by the volume of master trust movement; ten years have passed since employers with 50+ employees were caught by the auto-enrolment requirements, the impetus for many employers to move to master trust initially. Sponsors are reviewing the market to consider if their original selection continues to meet their needs.

SMALL SCHEME CONSOLIDATION

We asked master trusts what they believed to be the top 3 barriers to small scheme consolidation?

- Market confusion - 57%
- Current scheme advisers not supporting a move to master trust – 50%
- Availability of options – 36%
- Resistance from trustees – 36%

- In line with its objective, TPR has continued to see consolidation and a reduction in 'small' DC schemes*. The number of occupational DC schemes with 12 - 4,999 members reduced by 17% between 2023 and 2024.
- Of interest, the number of respondents who considered *resistance from the sponsor* to be a barrier reduced from 25% in 2024 to 7% in 2025. Perhaps a sign of growing confidence in master trusts as the market matures.
- Master trusts tell us they still believe *market confusion* is a barrier for small schemes consolidating into a master trust. Could this so-called '*market confusion*' be the reason master trusts are not seeing the expected volume of queries in relation to Value for Members assessments? (see page 9)

* TPR publication: Occupational defined contribution landscape in the UK 2024 Occupational defined contribution landscape in the UK 2024

VFM ASSESSMENTS ~ SMALL SCHEMES

We asked master trusts about their experience of small scheme VfM assessment enquiries.

The joint VfM framework initiative led by the Department for Work and Pensions (DWP), the Financial Conduct Authority (FCA), and The Pensions Regulator (TPR) aims to ensure consistent application of the new VfM framework across trust based and contract-based schemes. The regulations are due to be finalised in 2026/2027, with Schemes expected to publish their first set of VfM data and ratings for the 2027 calendar year in Q1 2028.

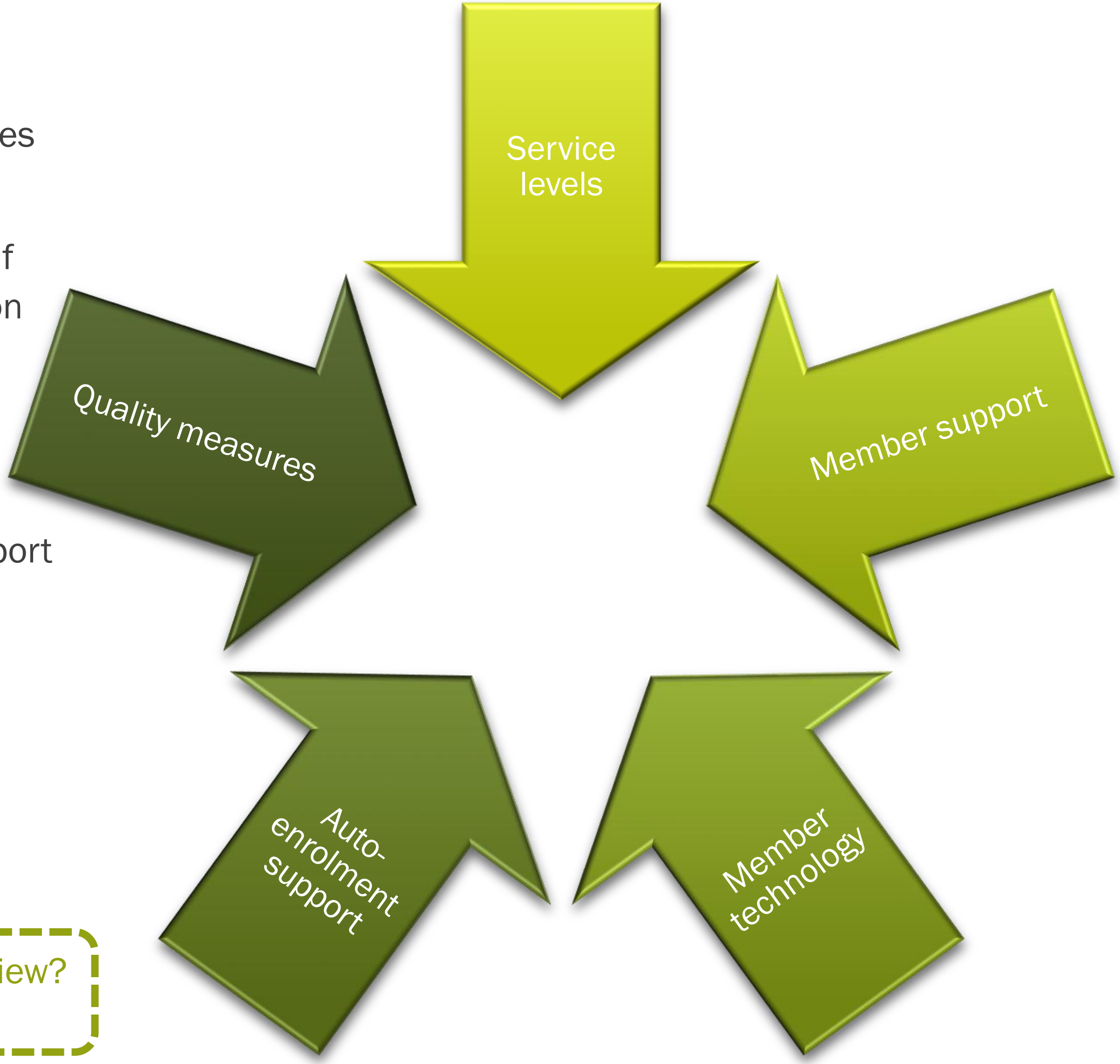
Whilst half of master trusts still believe the value features they provide are often undervalued, 21% reported feeling that there is recognition of the value aspects (compared to 13% in 2024 and 2023). Is the tide finally turning on the over-focus on costs and charges?

Master trusts continue to receive very few requests for Value for Members assessment information. All respondents reported receiving fewer than 50 enquiries each over the last 12 months.

In the meantime, occupational DC schemes with less than £100m in assets should still comply with the “Value for Members” assessment requirements. This requires them to compare their costs, charges, and net returns against three other schemes. At least one of the comparator schemes should reasonably be expected to accept a transfer of the rights from the scheme should it be deemed that the scheme does not provide good value – this likely implies at least one comparator should be a master trust.

ADMINISTRATION

- Administration service is regularly cited as one of the top 3* priorities for master trust clients in our annual survey.
- Our research tells us that administration delivery is broadly split half and half between master trusts carrying out their own administration and those outsourcing to a third party.
- There are fundamental differences in operating models of administrators which can influence:
  - the member experience (e.g., call centre model, dedicated support teams),
  - how quickly contributions are invested and available for the member to view on-line,
  - how service levels are monitored and reported,
  - any other key performance indicators that are measured.



Do you know what's important to you from an administration point of view?
Ask us for our market insight of the various operating models.

* Go Pensions Master Trust reports : Latest Insights – Go Pensions

MARKET PRIORITIES

What are master trusts seeing as the top priorities from their customers?

Current clients	Prospective clients
Member engagement	Member engagement
Administration service	Technology
Technology	Commercials

- Member engagement has consistently been the top priority for master trusts' clients and prospective clients since our survey started in 2021. This is certainly no surprise when we consider the regulatory focus on pension schemes supporting members to improve their outcomes.
- We have seen a significant drop in the ranking of ESG as a priority consideration in 2025 (7% of master trusts seeing it as a top 3 priority among clients in 2025, compared with 56% in 2024).
- Governance has slowly slipped down in clients' priorities. This year, for the first time since we've been reporting, no master trusts reported seeing governance as a top priority for their clients. Likely a sign of increasing confidence in the governance structure of master trusts.

With member engagement and technology consistently cited as top priorities for master trust clients and sponsors looking to move to a master trust, it's no coincidence that this is where developments have dominated.

PROPOSITION DEVELOPMENTS

Master trusts tell us they are making changes to their propositions in response to market demands

TECHNOLOGY

- 64% of master trusts tell us they have made improvements to their member facing technology in direct response to market demands.

MEMBER ENGAGEMENT

- Master trusts are also making improvements to their online financial education, the online member retirement journey and access to advice and guidance.

NO CHANGES

- Almost one-third of master trusts tell us they have made no changes in the last 12 months. In a highly competitive market, the challenge for the innovators will be how to keep ahead of developments.

REGULATORY CHANGE

- We will be watching how the master trusts respond to upcoming regulatory requirements emerging from the Pensions Bill e.g., guided retirement and default retirement solutions.

It's encouraging to see the link between what master trusts are seeing as market priorities and where they are focussing their developments. Motivated by upcoming regulatory change, the focus is shifting from the accumulation phase to the decumulation phase and supporting members with the most appropriate retirement solution.

TECHNOLOGY: MEMBER SELF SERVICE USAGE

What changes are master trust seeing in member usage of online portals / apps?

100%
Already provide / will make an app available to members within the next 12 months

100%
Say member app usage has increased (up from 75% in 2024)

50%
Report that over half of their membership are registered for the portal / app (up from 38% in 2024)

57%
Track member usage of portal / apps to personalise the member experience

42%
Report up to half of the registered users visited the portal / app more than once in the last 12 months (up from 25% in 2024)

Not surprisingly, member usage of apps has increased steadily over time. Equally the functionality available to members is developing – see page 14.

It's pleasing to see that many providers are tracking member usage of the app by demographic or other measures. This allows providers to personalise the member experience, as well as tailor initiatives to encourage more members to use the on-line services.

MEMBER SELF-SERVICE – FUNCTIONALITY

How has the on-line functionality available to members changed since the 2024 report?

- The statistics at the bottom highlight some of the changes we've seen in on-line functionality available from master trusts.
- Over time we have seen an increase in the on-line functionality available to members. It's exciting to see that more members can crystallise their benefits on-line, with appropriate security and ID verification checks.
- With this investment in member technology, it's no surprise that master trusts are keen to engage members to interact via their portals and apps. We are seeing various initiatives to engage members who are yet to register, including face to face presentations, tailored campaigns and working collaboratively with employers on the communication strategy.

100%

Paperless ID verification

(up from 56% in 2024)

100%

Change personal data

(up from 94% in 2024)

100%

Investment switch

(up from 94% in 2024)

64%

Transact online (no administration intervention)

(up from 31% in 2024)

INVESTMENT STRATEGY – DEFAULT INVESTMENT STRATEGIES

We asked about the availability and take up of tailored default investment strategies

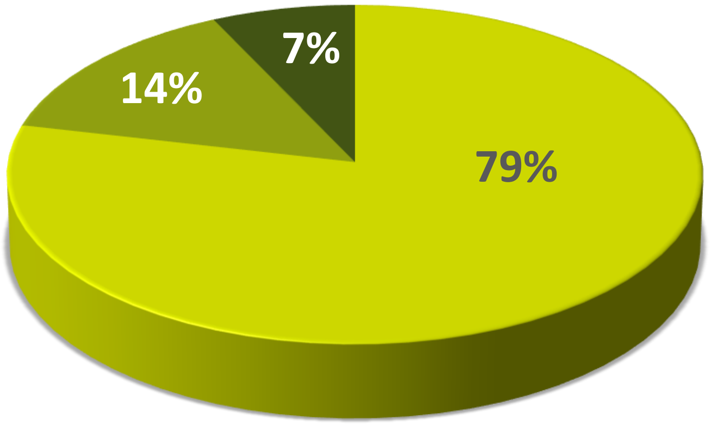
- "Off-the-shelf" only
  3 master trusts do not allow clients to deviate from the 'off-the-shelf' default investment strategy.
- Tailored – sole governance
  4 master trusts will tailor the default for clients and carry out governance under the master trust structure
- Tailored – own governance
  7 respondents will tailor the default for clients – but clients must carry out their own investment governance

Is flexibility required?

Very few clients deviate from the defaults offered by the master trusts.
60% of master trusts report that they have no clients with a tailored strategy.
This is not surprising given one of the key benefits of the move to master trust is to remove the governance burden

INVESTMENT STRATEGY – PENSIONS FOR GROWTH

We asked all respondents (including the non-signatory to the Mansion House Accord) if they intended to have invested any of the assets in their default fund(s) in private markets within the next 12 months. Many have already begun to allocate to private markets within their default funds.



- Yes, as part of the current 'off-the-shelf' default
- Yes, as part of a new private markets default
- Yes, as part of the 'off-the'shelf' default and as part of a new standalone private markets default

The 2025 Mansion House Accord is a voluntary initiative aimed at securing better financial outcomes for DC savers through the higher potential net returns available in private markets, as well as boosting investment in the UK. 13 of the respondents to our survey signed up to the Accord and expressed their intent to invest at least 10% of their defined contribution (DC) default funds in private markets by 2030, with 5% of the total allocated to the UK.

- 11 will have an allocation in their current 'off-the shelf' default fund,
- 2 will make an allocation as part of a new private markets default option,
- 1 intends to make an allocation in their current 'off-the-shelf' default and as part of a new standalone private markets default.

Of the 12 making an allocation within their existing off-the-shelf default, 8 do not expect to increase the TER as a result.

MASTER TRUST TRUSTEE BOARDS' DIVERSITY POLICIES

We wanted to learn more about master trust trustee board's diversity policies

- Most master trusts have a formal diversity policy in place for their trustee boards. All consider EDI in the selection and / or operation of their Boards in some way.
- Interestingly, only one master trust has member representation on their trustee board. This is an interesting approach and no doubt brings some differing diversity of thought to the Board.
- Master trusts are almost evenly split when it comes to considering whether trustee diversity will become a key selection criteria for trustees / employers. Those that do not see it becoming key (56%) feel that other factors, such as technology, administration and investment returns, play a greater role in the selection process.
- All respondents to our survey impose a maximum time limit for trustees to remain in office – in most cases (79%) a period of 6-10 years.

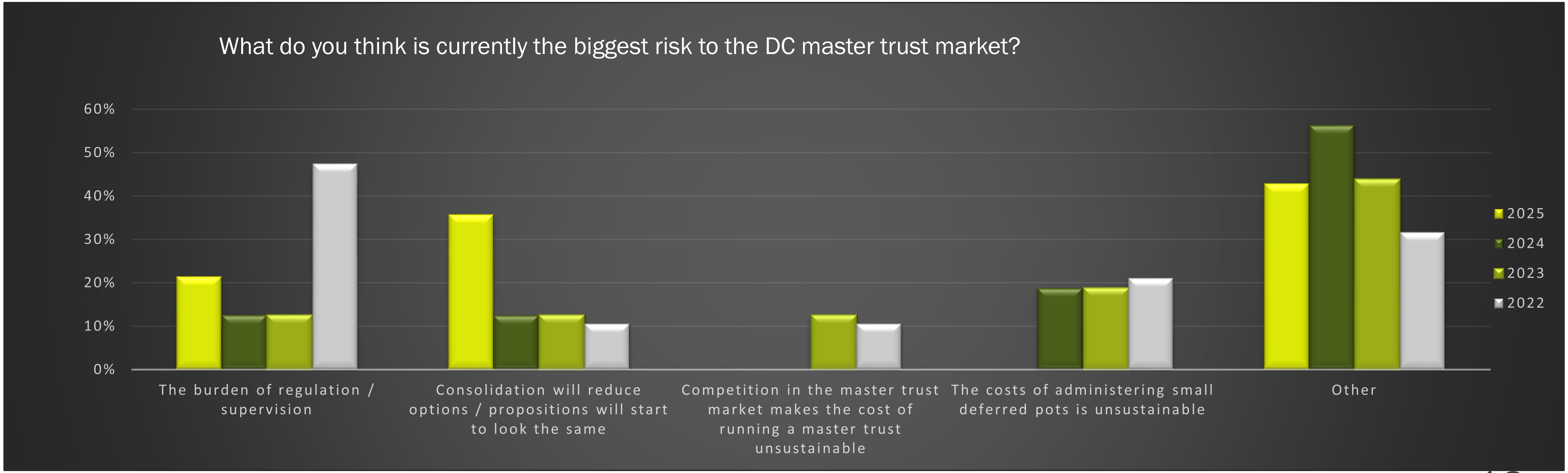
We do not regularly see clients citing trustee diversity as a key selection criteria. However, we frequently see clients showing an interest in how trustees are selected and asking challenging questions about Board diversity in the final selection stages. It is true to say there is interest in how a diverse Board can benefit the member experience and member outcomes.

RISKS TO THE MASTER TRUST MARKET

Since 2022 we have asked master trusts what they feel is the biggest risk to the master trust market

For 2025 for the first time, we see evidence of increased concern that propositions will start to look the same – this year 36% of master trusts report that as a concern compared with 11% in 2022.

The pendulum has started to swing on the pressures of costs and charges. In previous years that has regularly been cited as a risk to the market. This year there appears to be a feeling that there is no single factor posing the risk. Moreover, it is a combination of factors, including new legislative measures and the time master trusts will be afforded to implement the measures. However, master trusts remain focussed on 'doing the right thing' to contribute positively to member outcomes.



FURTHER CONSIDERATIONS

Our research tells us that most new master trust business in 2024 came from the secondary master trust market or moves away from contract-based schemes.*

If you are looking at the move to master trust for the first time, or considering a review of your current DC master trust offering, you should consider the following:

- Administration delivery (e.g., in-house versus outsourced, quality controls, service levels)
- Investment options (default growth phase and de-risking phase, self-select options)
- Historical investment performance (net of fees)
- Member experience: communications strategy, digital functionality, available guidance and support
- Guided retirement and default retirement solutions: master trusts will need to have put in place guided retirement and a default retirement solution by 2027
- Fees
- Approach to implementation and asset transition.

“The master trust market is more competitive than ever. Some face the challenge to reach scale. For others it’s about continuing to be seen as an innovator in a market of highly developed propositions. It’s an exciting time to work closely with and learn from the providers.”

Tina Oversby, Head of master trust and consolidation consulting

HELP IS ON HAND

If you are considering a step towards a DC master trust and require independent expertise, we're here to help.

We are seeing more demand from trustees and sponsors for independent, expert insight into the market. We are also seeing an increase in demand for independent oversight of all parties involved in the asset transition.

Go Pensions offer a range of project support options from overall project management to SME project oversight. We also offer a unique Quality Assurance service.

We'd be delighted to have an initial chat to understand your situation.

Visit our insights page for access to our market reports and league tables: https://go-group.co.uk/latest-insights/

To be the first to hear about the latest league table releases, market insights, and what we're up to, you can subscribe to our email updates here: Sign up – Go Pensions

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WITH THANKS TO THE PARTICIPANTS IN OUR 2025 DC MASTER TRUST SURVEY:

Aegon Master Trust

The Aon Master Trust

Aviva Master Trust

The NatWest Cushon Master Trust

Fidelity Master Trust

Legal & General WorkSave Mastertrust

LifeSight

The Mercer Master Trust

Now: Pensions Trust

The People's Pension

SEI Master Trust

Smart Pension Master Trust

Standard Life DC Master Trust

TPT Retirement Solutions