

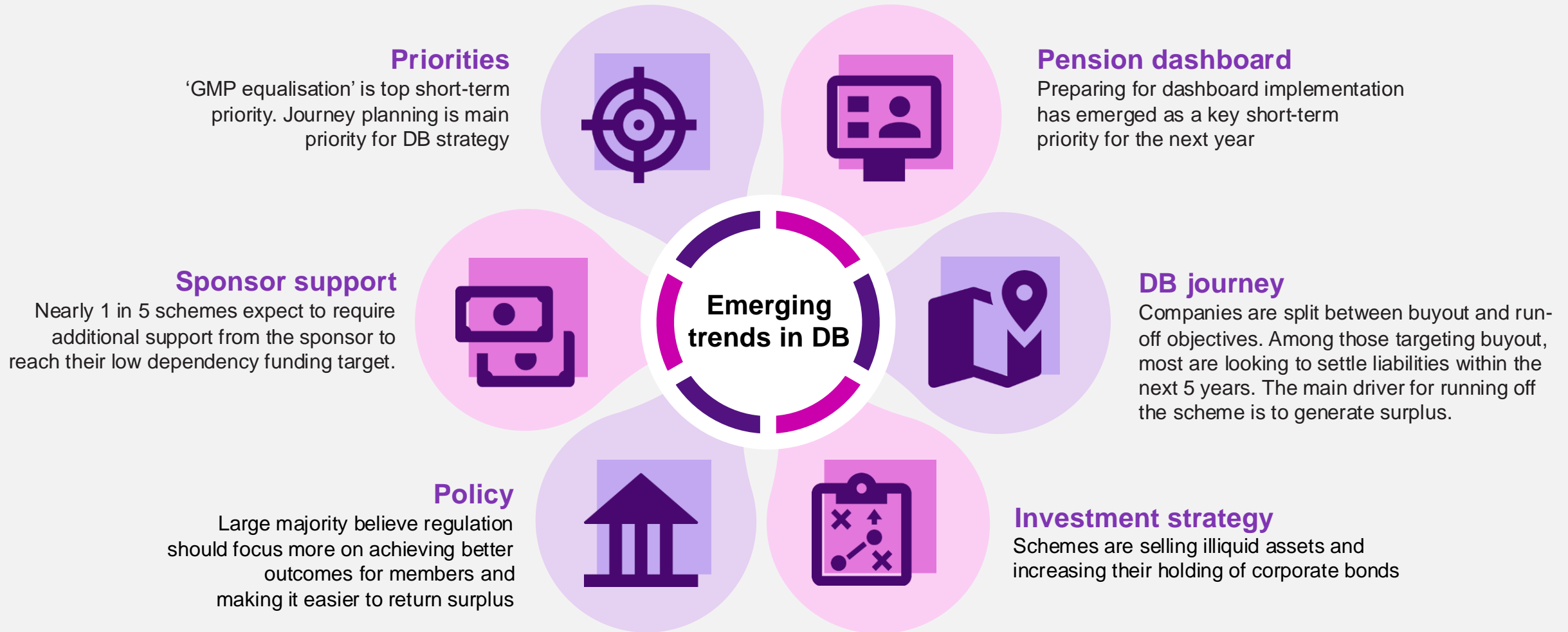


# Emerging Trends in Defined Benefit Pension Survey 2024

United Kingdom

January 2025

# Executive summary

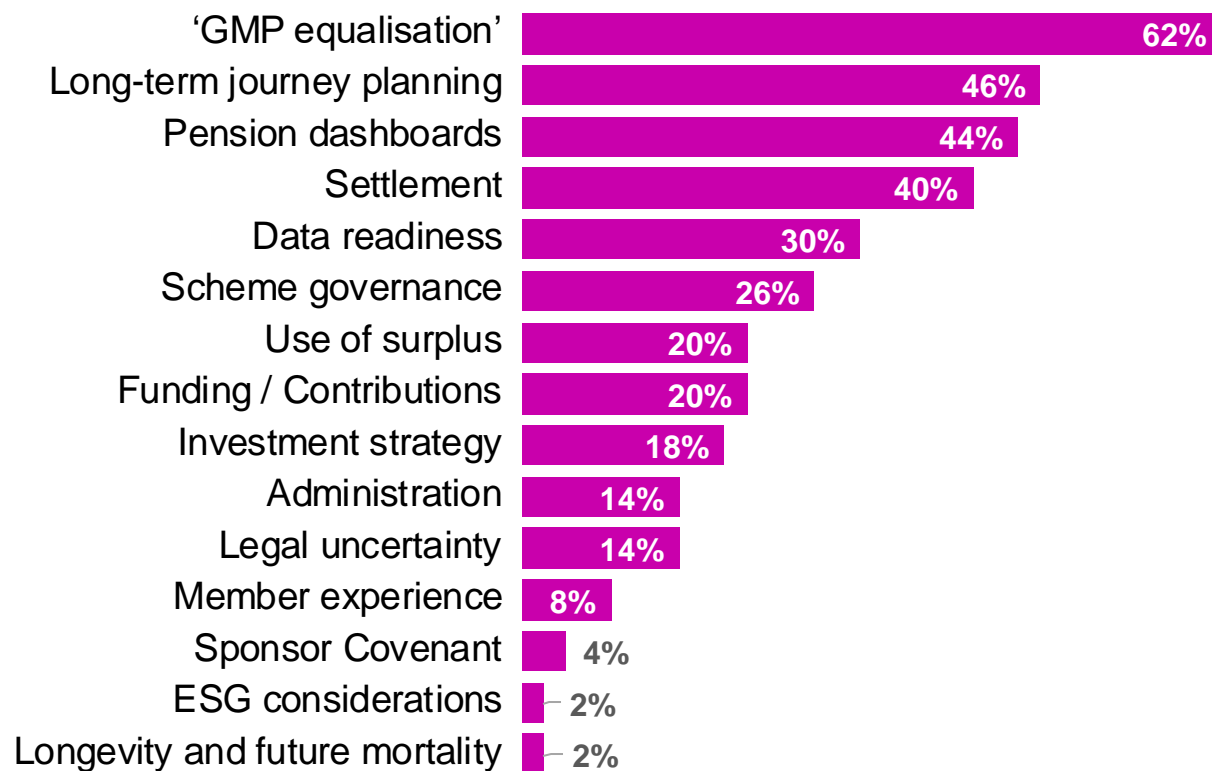




# Scheme priorities

# ‘GMP equalisation’ is the top area of focus in the next year

## Focus areas over next year



**Q: What are the most important issues that your scheme will have to confront in the next year?**

Note: Up to 4 options could be chosen. Settlement includes Buy-ins, buyouts and longevity swaps. Other is 2%

Source: 2024 Emerging Trends in DB Pensions Survey

**Long-term journey planning** is a key focus even in the short-term

**Pension dashboards** and preparing for **settlement** are also key issues

# Pension dashboards and settlement have gained importance

Amid a decreasing focus on investment strategy

## Focus areas over next year

Year of survey	2020	2021	2022	2023	2024
#1	'GMP equalisation' 55%	'GMP equalisation' 59%	'GMP equalisation' 64%	'GMP equalisation' 60%	'GMP equalisation' 62%
#2	Long-term journey planning 36%	Long-term journey planning 37%	Long-term journey planning 37%	Investment strategy 40%	Long-term journey planning 46%
#3	Investment strategy 36%	Funding negotiations 36%	Pension dashboards 36%	Long-term journey planning 37%	Pension dashboards 44%
#4	Funding negotiations 33%	Investment strategy 31%	Investment strategy 33%	Member experience 29%	Settlement 40%
#5	Sponsor Covenant 30%	Scheme governance 22%	Settlement 30%	Settlement 27%	Data readiness 30%

**Q: What are the most important issues that your scheme will have to confront in the next year?**

Note: Up to 4 options could be chosen. Settlement includes Buy-ins, buyouts and longevity swaps.

Source: 2020-2024 Emerging Trends in DB Pensions Survey

# Journey planning is the top priority for DB strategy

1 in 3 schemes are looking at how to use surplus

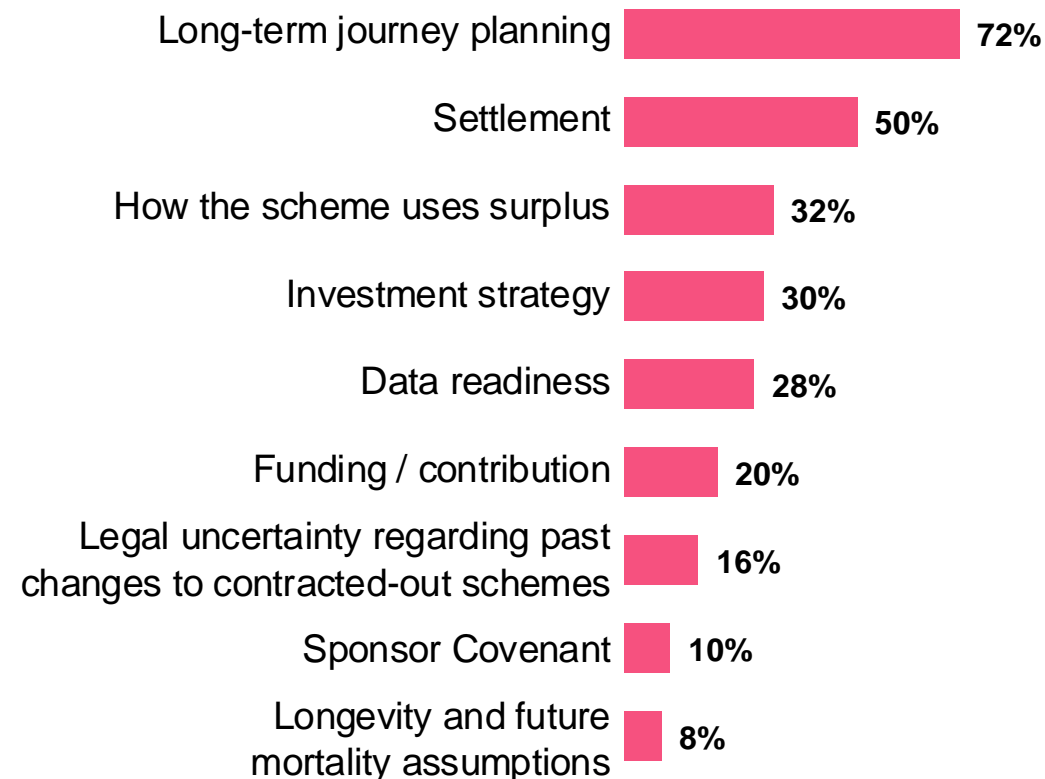
## Focus areas for DB strategy

<b>#1</b>	<b>Long-term journey planning</b>
	72%
<b>#2</b>	<b>Settlement</b>
	50%
<b>#3</b>	<b>How the scheme uses surplus</b>
	32%
<b>#4</b>	<b>Investment strategy</b>
	30%
<b>#5</b>	<b>Data readiness</b>
	28%

Q: What are the key issues to be addressed as part of your scheme's DB strategy?

Note: Up to 3 options could be chosen. Settlement includes Buy-ins, buyouts and longevity swaps. Other is 10%.

Source: 2024 Emerging Trends in DB Pensions Survey



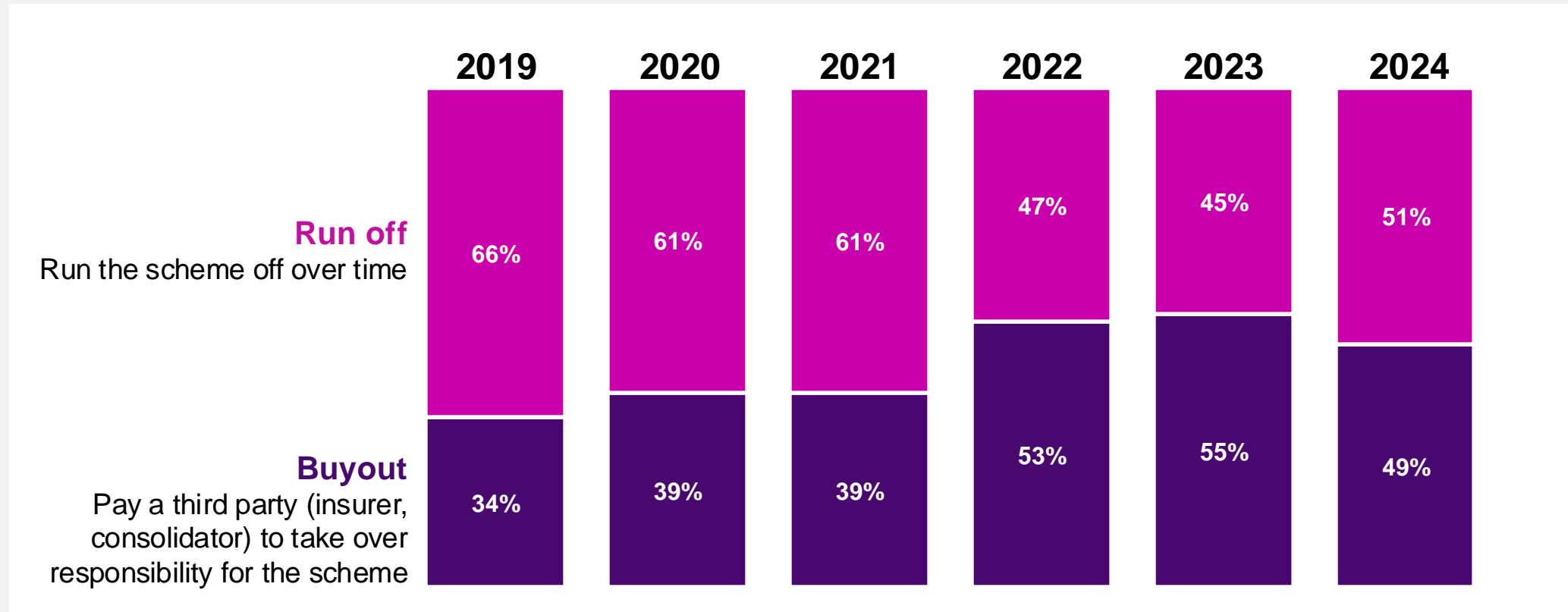
# DB journey

# Schemes are split between buyout and run-off objectives

Some movement back to focus on run off

DB journey

Long-term objective

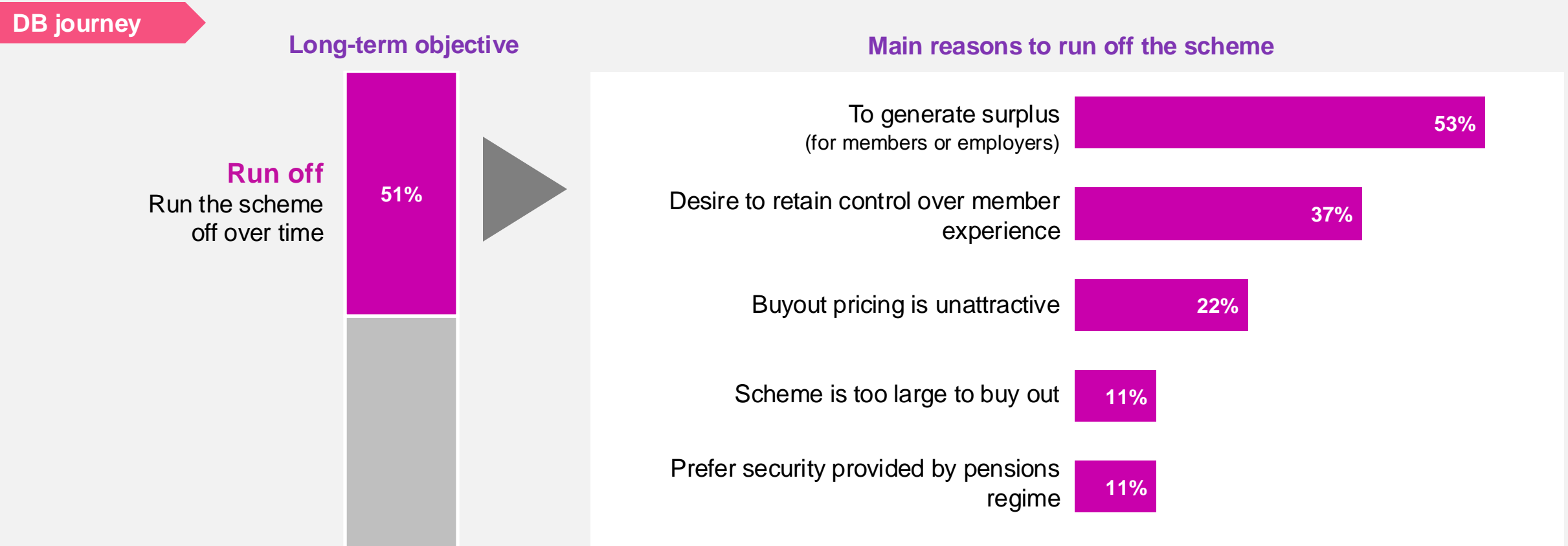


Note: 'Don't know' responses are excluded.  
Source: 2019-2024 Emerging Trends in DB Pensions Survey



# The main driver for running off the scheme is to generate surplus

Retaining control over member experience is also a driver

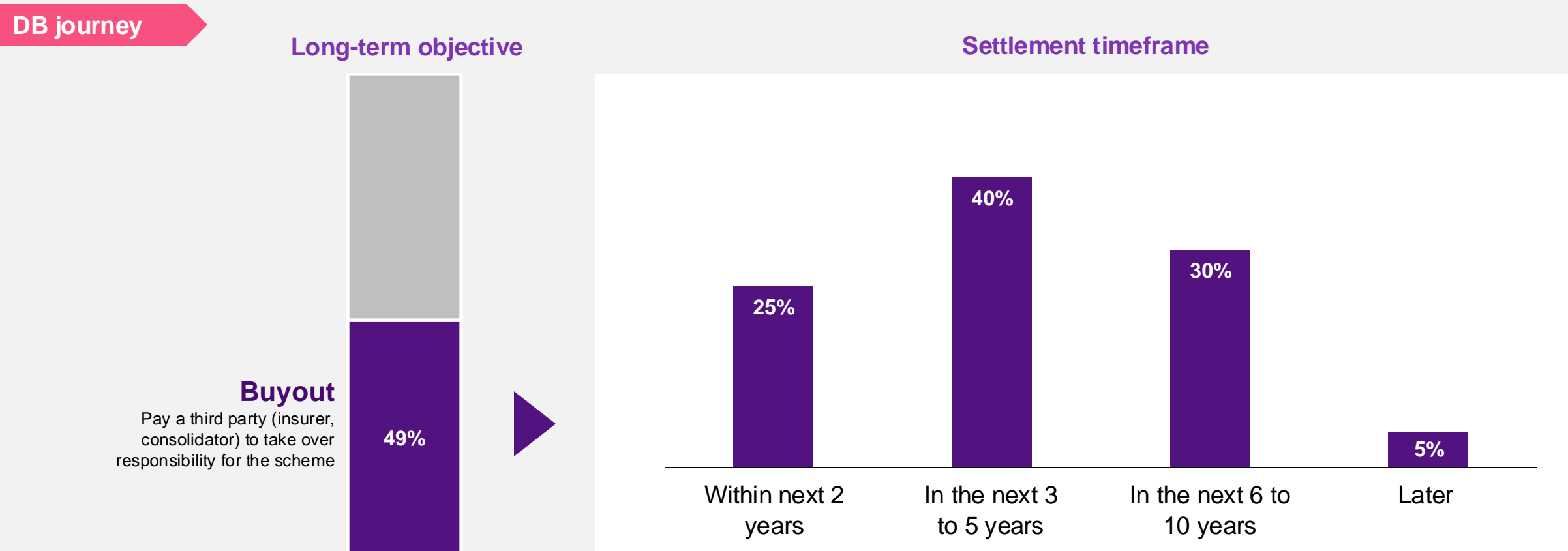


**Q: What are the most important reasons that you expect the scheme to run off over time?** % indicates “High importance” or “Most important”

Sample: Only those targeting to run off the scheme and closed to new entrants/ future accrual

Source: 2024 Emerging Trends in DB Pensions Survey

# 2 in 3 schemes targeting buyout expect to settle liabilities within 5 years



**Q: When do you expect the scheme will look to settle its liabilities?**

Sample: Those targeting buyout only.

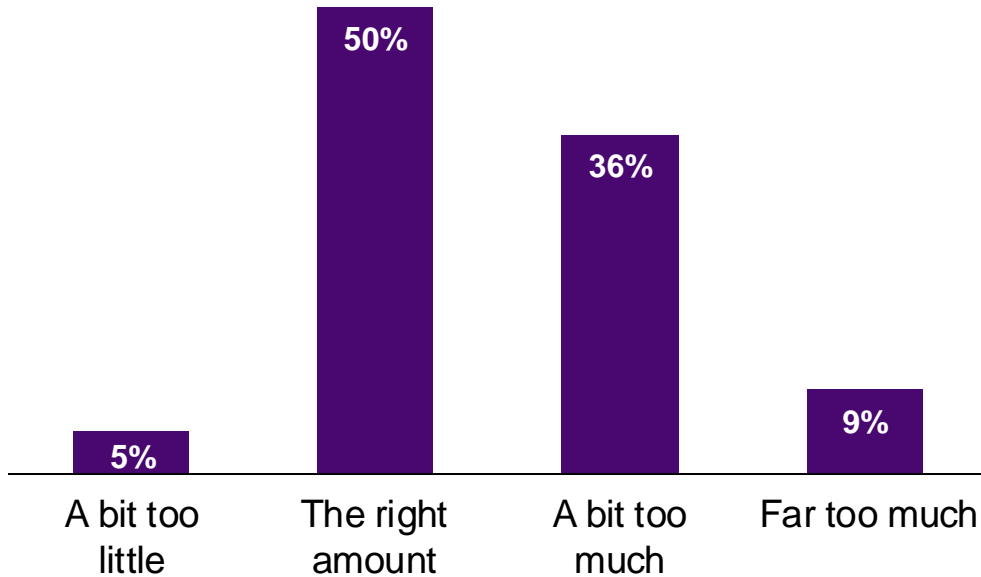
Source: 2024 Emerging Trends in DB Pensions Survey

# Views on pensions policy

# Most believe regulation should focus on achieving better outcomes for members and making it easier to return surplus

## Pensions policy

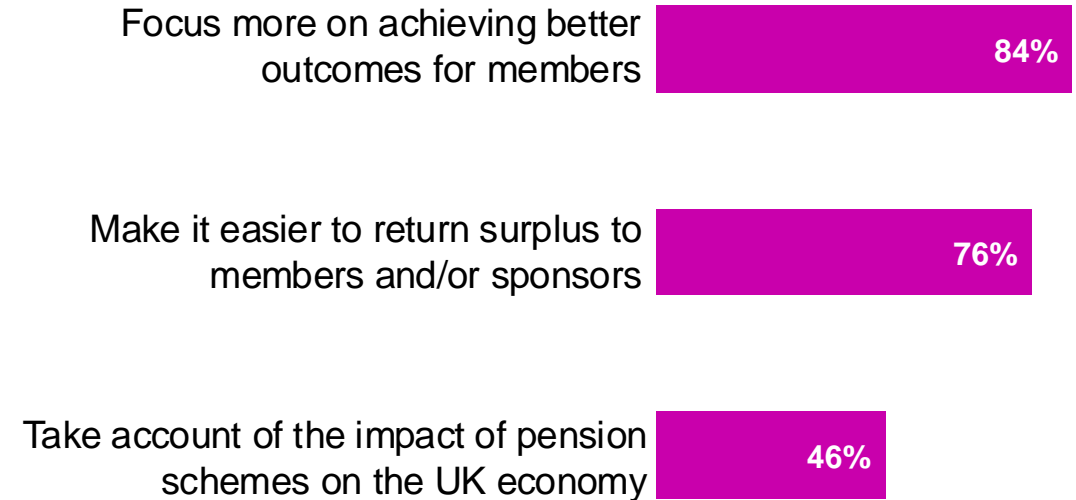
### Schemes have de-risked ...



Q: Do you think schemes have focused on benefit security and de-risked:

Note: 'Don't know' responses are excluded.

### Regulation should ...



Q: Do you agree or disagree with the following statements about the regulation of DB schemes? % indicates "Agree" or "Strongly Agree".

Source: 2024 Emerging Trends in DB Pensions Survey

# 1 in 4 schemes targeting buyout could run on for longer if surplus sharing were easier; 4 in 10 if PPF also provides 100% benefit protection

Pensions policy **Surplus sharing**

Defer buyout so that the scheme is run on for longer \*

Review the investment strategy / take more investment risk

If surplus sharing were made easier

If surplus sharing were made easier and PPF provided 100% protection for scheme-specific benefits

If surplus sharing were made easier

If surplus sharing were made easier and PPF provided 100% protection for scheme-specific benefits



Likely / very likely

Somewhat likely

Not at all likely

Q: How likely are any of the following in your scheme if...

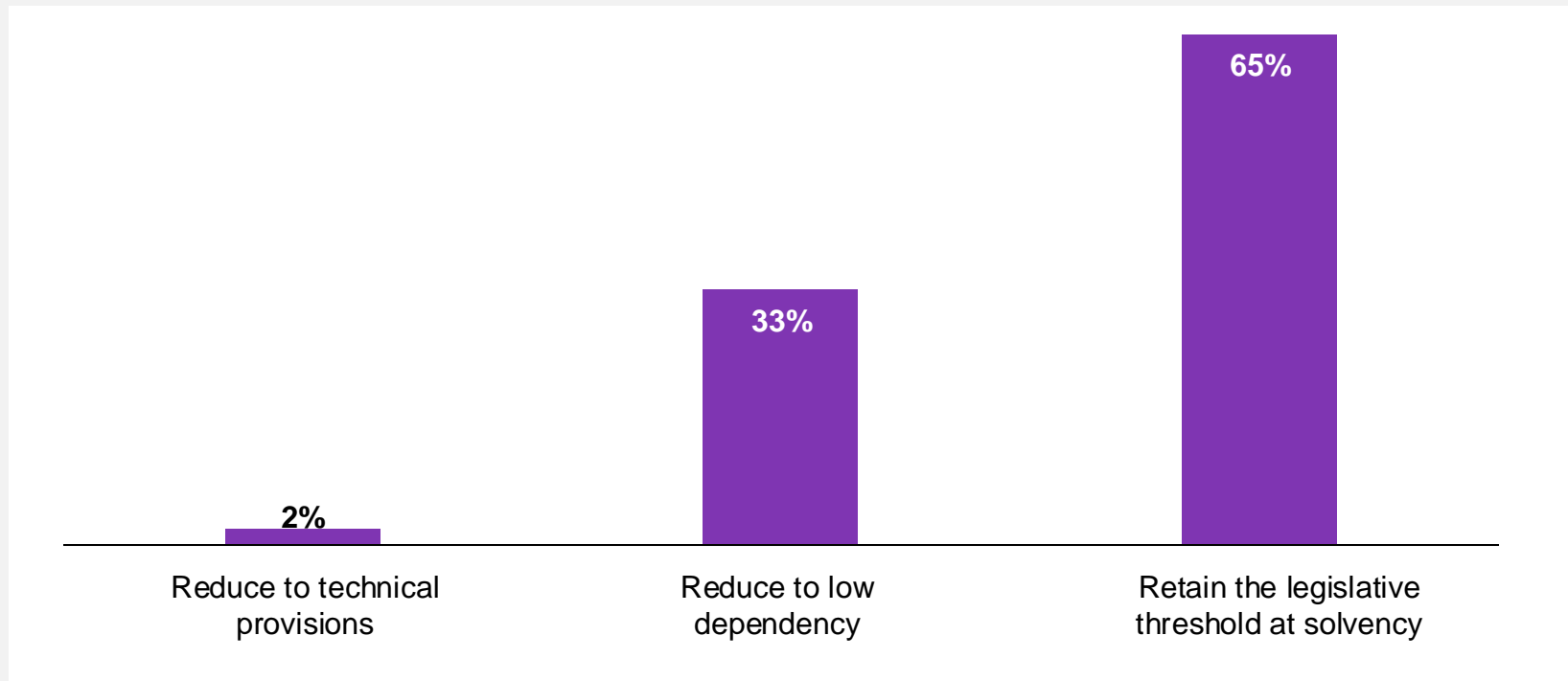
\* Sample: Those targeting buyout only.  
Source: 2024 Emerging Trends in DB Pensions Survey



# A majority believe schemes should be fully funded on a buyout basis before surplus payments are made

## DB journey

### Desired legal threshold for surplus payouts



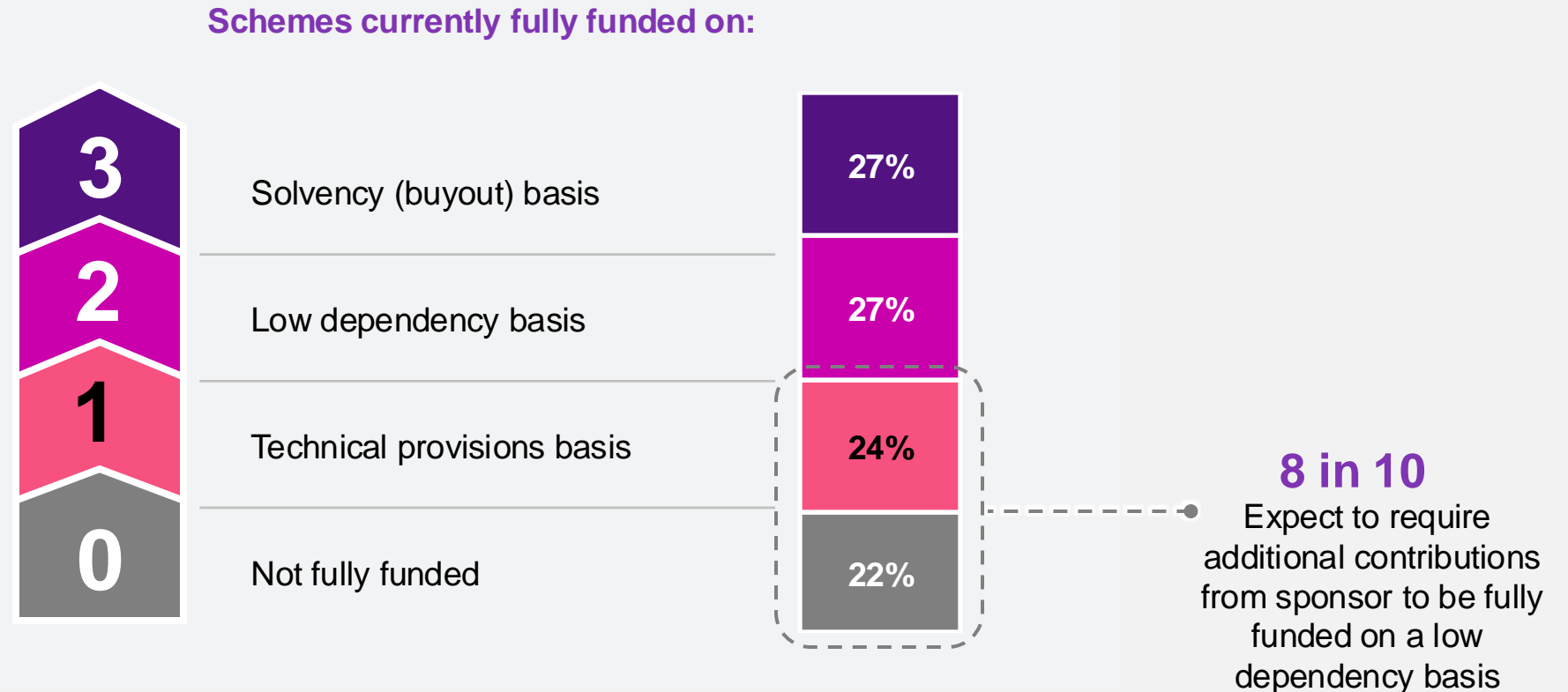
Q: Do you think there should be a lower legal threshold before making a payment from surplus (legislation would still require trustees and employers to also agree a threshold based on the scheme's specific circumstances)?

Source: 2024 Emerging Trends in DB Pensions Survey

# Funding and contributions

# Half of schemes are already fully funded on a low dependency basis

8 in 10 schemes who are underfunded will require additional support from the sponsor



Q: Is your scheme 100% (or greater) funded on any of these measures?

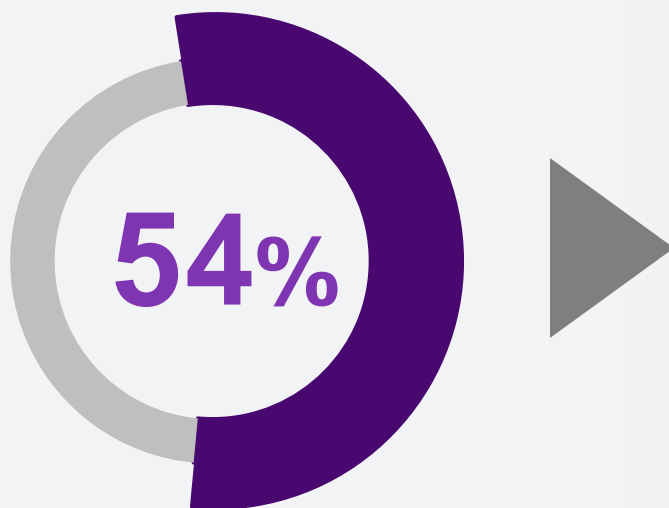
Note: Based on respondents that answered for all basis

Source: 2024 Emerging Trends in DB Pensions Survey

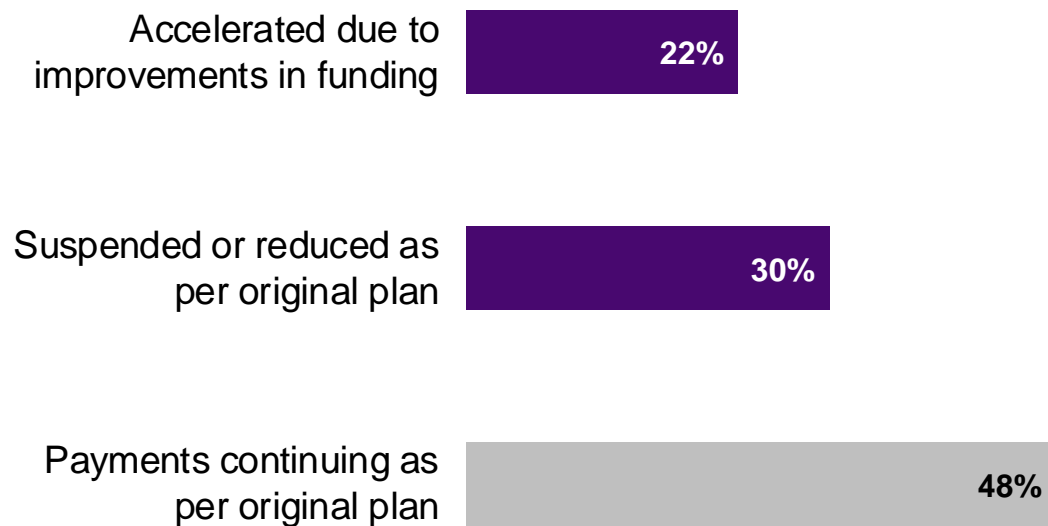
# Most schemes paying deficit reduction contributions have accelerated or reduced them in the past 5 years

## DB journey

### Paid deficit contributions in past 5 years



### Suspended or reduced deficit contributions in last 5 years



**Q: Has your scheme suspended or reduced deficit contributions in the past 5 years?**

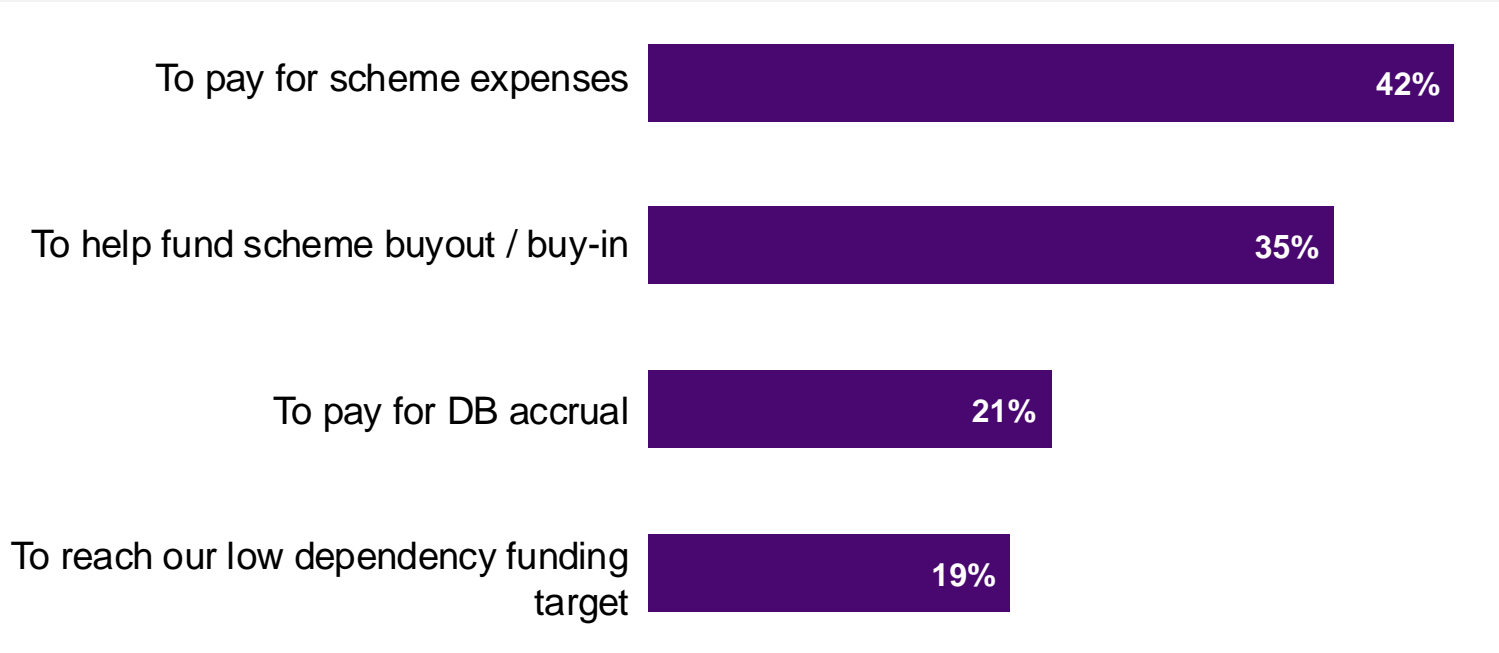
Note: 'Not applicable' responses are excluded.

Source: 2024 Emerging Trends in DB Pensions Survey

# A significant number of schemes expect to need further support from the sponsor

## DB journey

### Schemes expecting the need of additional contributions from the sponsor ...



//

**54%**

of schemes expect to need additional support from the sponsor to pay for expenses or to reach low dependency funding target or to pay for DB accrual

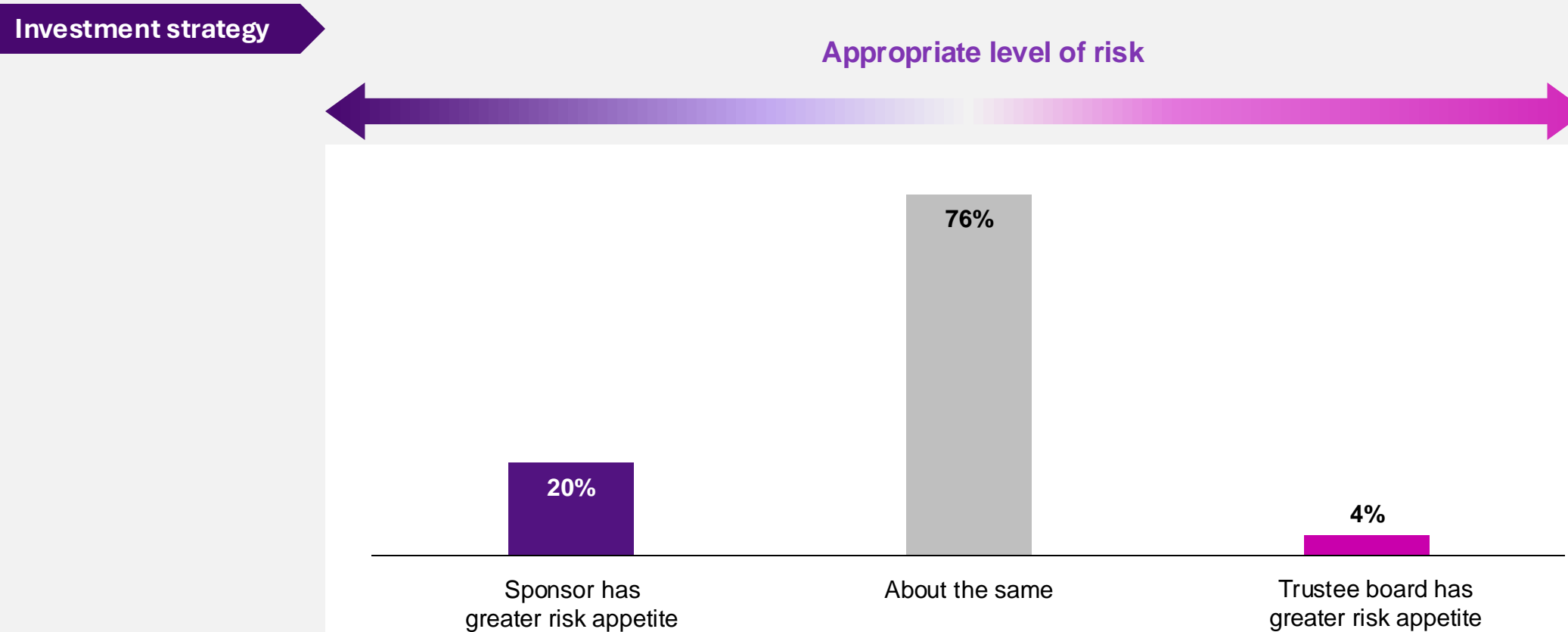
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**Q: Do you expect to require additional contributions from the sponsor in the future?**  
Note: 71% expect to require additional support from the sponsor if you include support for scheme buyout / buy-in..  
Source: 2024 Emerging Trends in DB Pensions Survey.



# Investment strategy and de-risking

# Sponsors and Trustee Boards are mostly aligned on the scheme's investment strategy



**Q: Are the sponsor and Trustee Board aligned on their view of the scheme's investment strategy (and the appropriate level of risk to take)?**

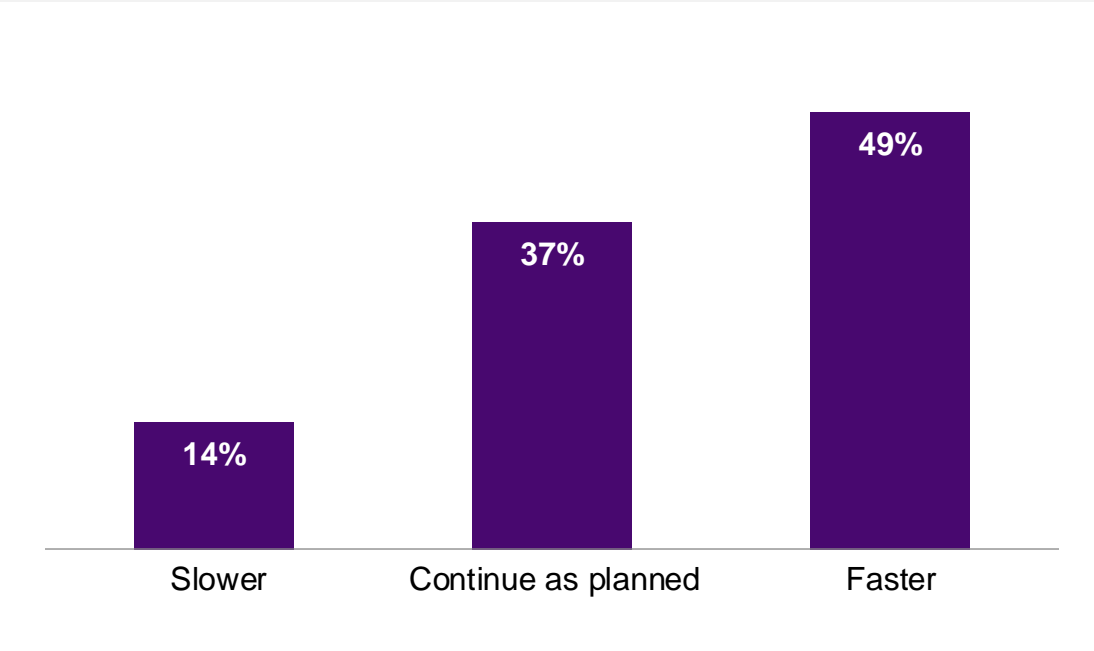
Note: 'Don't know' responses are excluded.

Source: 2024 Emerging Trends in DB Pensions Survey

# Schemes are selling illiquid assets and increasing their holding of corporate bonds

## Investment strategy

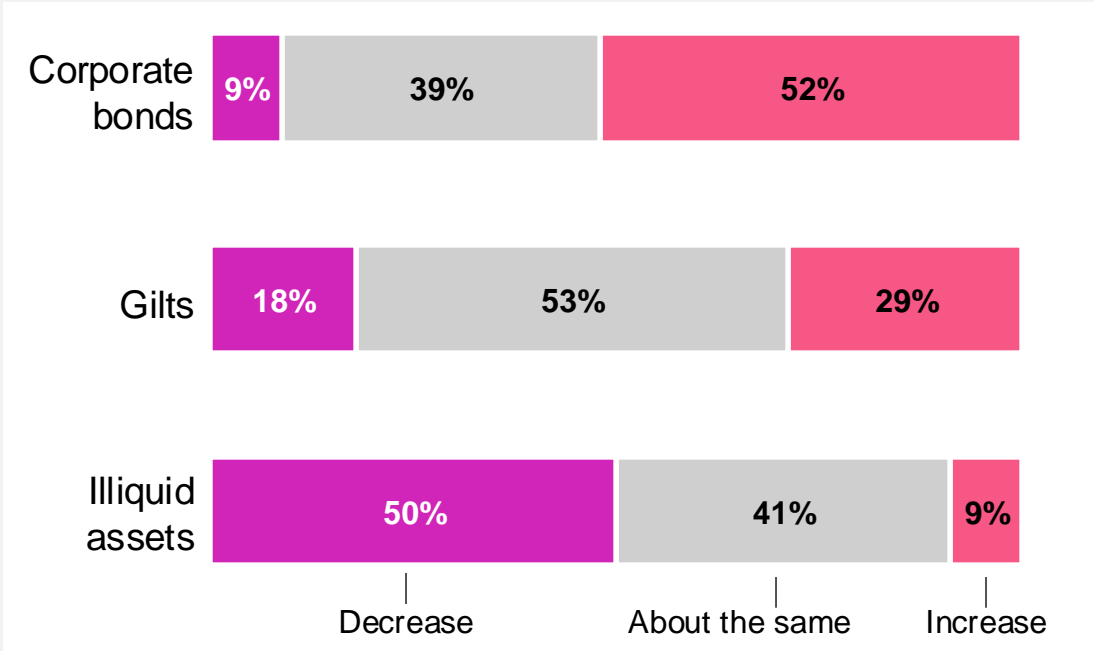
### De-risking strategies



Q: What best describes your scheme’s investment strategy over the past 5 years (compared to your prior expectations)?

Note: ‘Don’t know’ responses are excluded  
Source: 2024 Emerging Trends in DB Pensions Survey

### Trends in asset allocation changes

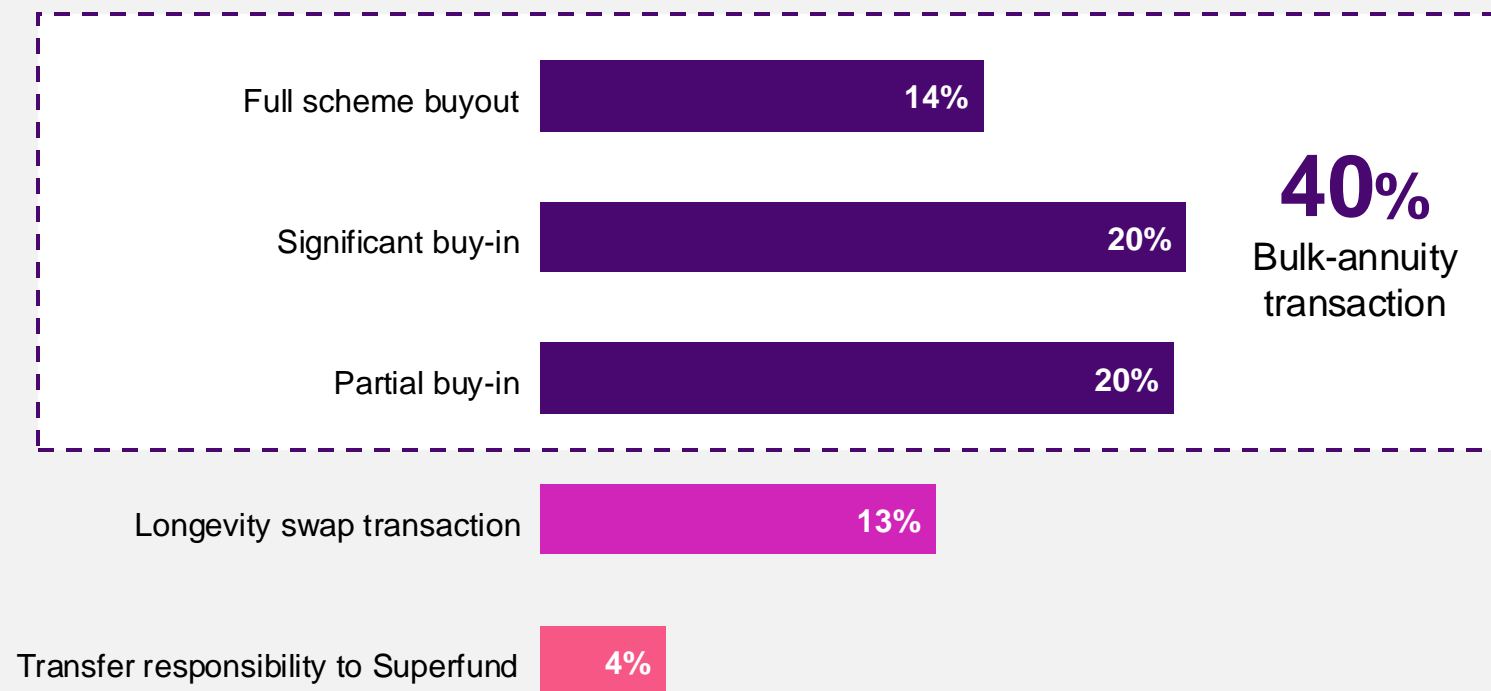


Q: Do you expect your scheme will hold more or less of the following assets over the next 3 years?

# 2 in 5 schemes are looking to complete a bulk annuity transaction in the next 3 years

## DB journey

### Expected actions for the near future



Q: How likely is your pension scheme to take any of the following actions in the next 3 years?

Note: percentages are 'likely' or 'very likely'  
Source: 2024 Emerging Trends in DB Pensions Survey

**Bulk annuity transactions** are driven mainly by those targeting **buyout**

**Longevity swaps** are driven mainly by those targeting **run off**

# About the survey

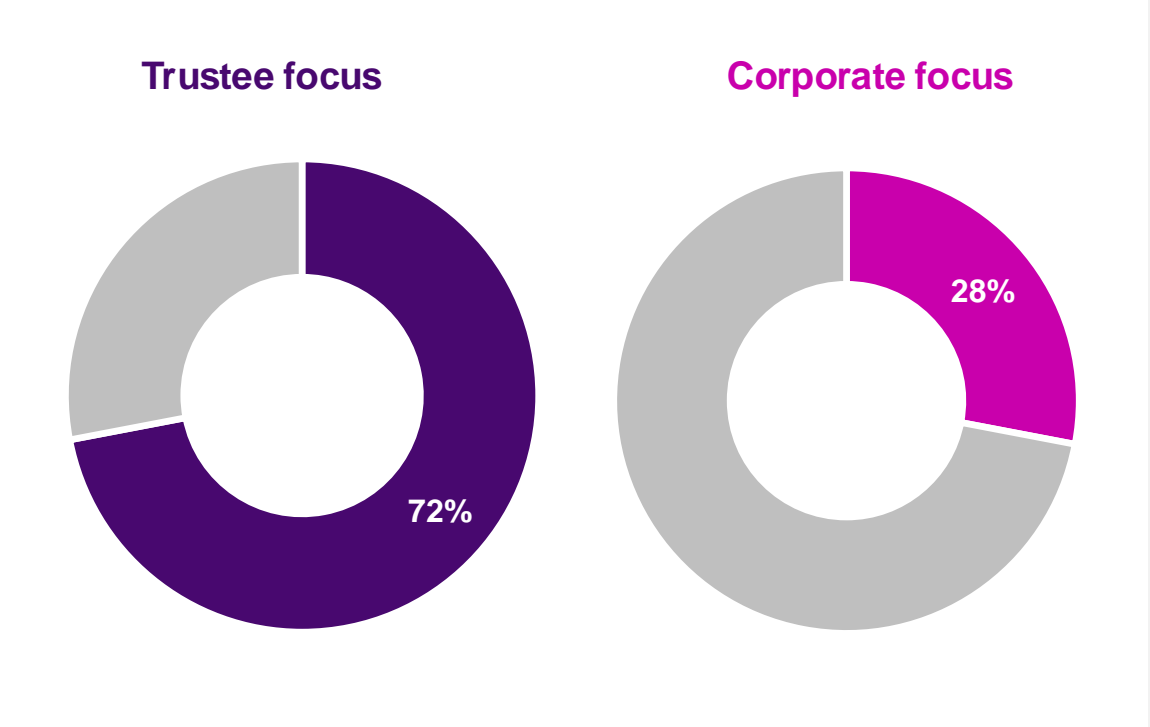
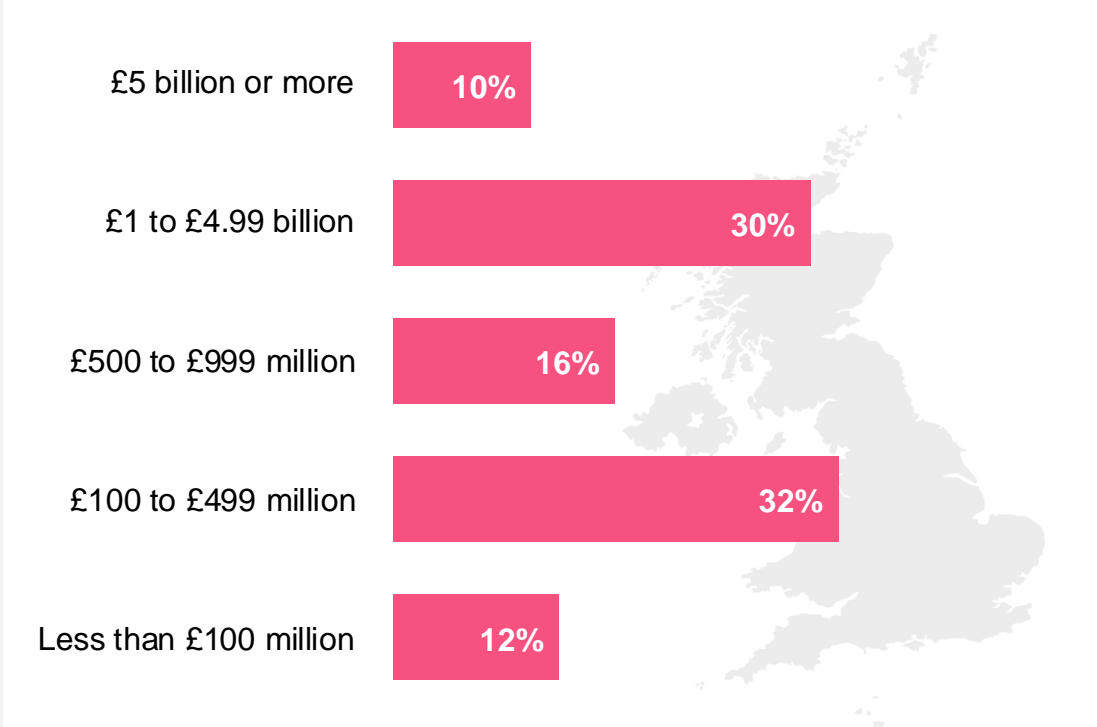


# About the survey

**50**  
responses

WTW conducted a survey among trustees, pension managers and other key stakeholders on the key issues facing DB pension schemes in October-November 2024

## Assets under management



Note: Numbers may not sum to 100% due to rounding  
Source: 2024 Emerging Trends in DB Pensions Survey

# Disclaimer

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