

CP25/17: Supporting consumers' pensions and investment decisions: proposals for targeted support

The PMI's response

The Pensions Management Institute

As the UK's leading professional body for pensions professionals, we support over 7,000 members across a wide range of disciplines—including pension managers, lawyers, actuaries, consultants, and administrators—who collectively represent the breadth and depth of the pensions industry.

Our members play a critical role in managing and advising some of the world's largest institutions, helping to shape decisions that influence over £1 trillion in UK pension assets. For nearly five decades, the PMI has championed professional standards, delivered industry-leading qualifications, and fostered collaboration across the sector. Our response reflects the practical insights and experience of our members, who are committed to improving retirement outcomes and securing the long-term financial wellbeing of savers across the UK.

Executive Summary

The PMI welcomes the opportunity to respond to the FCA's consultation on targeted support. We support the FCA's ambition to improve retirement outcomes through more accessible, tailored guidance. However, we are concerned that the proposed framework risks regulatory fragmentation, operational complexity, and consumer confusion—particularly when considered alongside the Department for Work and Pensions' (DWP) guided retirement proposals.

We urge the FCA to work collaboratively with DWP and The Pensions Regulator (TPR) to ensure a coherent, phased, and practical implementation strategy that supports trustees, providers, and consumers alike.

1. Regulatory Misalignment and Timing Risks

The FCA's proposed authorisation gateway for targeted support is scheduled to open in March 2026 whilst DWP's guided retirement framework becomes mandatory for trust-based schemes from 2027. These parallel reforms - though well-intentioned - are being developed in isolation, with differing regulatory foundations, delivery models, and oversight mechanisms.

This creates significant challenges for trustees and providers operating across both trust- and contract-based environments. Without coordinated guidance or transitional support, there is a real risk of inconsistent consumer experiences and uneven regulatory compliance.

Implementing these new requirements in advance of the DC scale requirement and the implementation of small pot consolidation we believe there is a real risk of members receiving conflicting messages, absent or duplicative support leading to confusion and an increased risk of poor outcomes.

Recommendation: We strongly advocate for a joint FCA-DWP implementation roadmap, supported by TPR, to clarify expectations, timelines, and integration points across both regimes. We would argue that implementation of guided retirement in particular should be delayed until after the DC scale test and small pot consolidation have come into effect.

2. Divergent Regulatory Foundations

The FCA's targeted support regime introduces a new regulated activity under Article 55A of the RAO, framed around a "better outcomes" test and delivered at the discretion of authorised firms, allowing firms to 'opt-in' to such activity, but not providing blanket coverage. In contrast, the DWP's guided retirement framework imposes a statutory duty on all trustees of defined contribution schemes to offer default decumulation pathways for disengaged members. The table below attempts to provide a comparative overview and highlights the complexity in implementation and the risk of confusion for members, especially in advance of DC scale and small pot consolidation.

Comparative overview: Guided Retirement vs Targeted Support

Scheme Type	Guided Retirement (DWP)	Targeted support (FCA)	Implications
Trust-based DC schemes	☑ Mandatory duty for trustees to offer default decumulation pathways	⚠ Optional for authorised firms; trustees may partner with providers	Trustees must design or procure solutions; risk of overlap or duplication
Contract-based DC schemes	✗ Not covered by current DWP proposals although comparable rules are expected	☑ Firms may offer targeted support under new regulated activity although not mandated	Providers must seek authorisation; Consumer Duty applies
Hybrid schemes or those with AVCs	☑ Applies to DC component only (AVC application not 100% clear)	⚠ May apply if contract-based or authorised elements exist	Governance complexity; need for coordinated member communications
Master Trusts	☑ Fully covered under guided retirement	⚠ May also engage with targeted support providers or become authorised provider	Dual compliance risk; need for strategic alignment across regimes

This divergence creates a dual-track system with fundamentally different obligations, governance structures, and consumer protections. It also raises questions about how hybrid schemes and master trusts should navigate overlapping responsibilities.

Recommendation: We urge the FCA to provide clear guidance on how targeted support interacts with trustee duties under the guided retirement framework, including expectations for schemes operating across both regulatory domains. We would also recommend that trustees and providers be allowed to pilot integrated models before full compliance in 2030.

3. Operational Complexity and Consumer Impact

Trustees and providers face considerable operational challenges in implementing both regimes concurrently. These include:

- Designing and delivering compliant support journeys under differing regulatory standards.
- Managing member communications amid conflicting terminology and expectations.

- Navigating authorisation requirements, marketing rules, and data protection constraints.

For consumers, the risk is confusion and disengagement. The distinction between “targeted support,” “simplified advice,” and trustee-led defaults is not well understood and may undermine confidence in retirement decision-making.

Recommendation: We propose a unified consumer messaging framework, jointly developed by FCA, DWP, and TPR, to ensure clarity, consistency, and trust across all support channels.

4. Supporting Innovation and Collaboration

The PMI supports the FCA's commitment to innovation and recognises the potential of targeted support to enhance member outcomes. However, successful implementation will require:

- Regulatory flexibility to test integrated models across trust- and contract-based schemes.
- Clear supervisory expectations, particularly regarding the application of the Consumer Duty and FOS jurisdiction.
- Practical tools and templates to support trustees and providers in operationalising the regime.

Recommendation: We encourage the FCA to establish a joint innovation pathway or sandbox with DWP and TPR, enabling collaborative testing of aligned support models and facilitating sector-wide learning.

Conclusion

PMI welcomes the FCA's efforts to improve retirement support but believes that regulatory coherence, operational clarity, and consumer confidence must be prioritised. We stand ready to support cross-regulator collaboration and sector engagement to ensure these reforms deliver meaningful, equitable outcomes for all savers.