

PMI & Schroders Annual UK Pension Scheme Survey 2026

Navigating the next phase of the endgame

Schroders

Introduction

The fifth PMI and Schroders UK pension scheme survey explores how trustees, sponsors and advisers are responding to the next phase of DB investment governance. Based on responses gathered between May and August 2026, the report considers how improved funding, endgame choice, liquidity needs, governance capacity and emerging operational risks are shaping scheme decision-making.

The DB Investment Governance Forum was created in partnership with the PMI. This group represents many of the third-party evaluation firms involved in the DB investment market, along with senior independent trustees. The forum's mandate is to discuss the key areas affecting pension schemes across all governance models and sizes. This survey analyses the perspectives of UK pension schemes based on 42 survey responses collected between May and August 2026.

The survey results should be read as a directional view of investment governance priorities across participating schemes, rather than as a statistically representative sample of the whole DB market. Percentages are based on the responses received and may not sum to 100% because of rounding.

We hope you enjoy reading the findings.

Executive summary

Story in brief

Funding progress has created choice, not consensus

The 2026 survey shows a DB pensions market in transition. Funding has continued to improve for most respondents, with 68% reporting stronger technical provisions funding and 75% reporting stronger buy-out funding. Yet improved funding has not produced a single destination: 45% are targeting buy-in or buy-out within ten years, 33% expect to run on indefinitely and 18% are planning a limited run-on to generate surplus before insurance. The result is a market in which trustees have more options, but also a greater need to evidence how their chosen endgame, investment strategy, liquidity framework and governance model work together.



INDICATOR	SURVEY RESULT	INTERPRETATION
Technical provisions funding improved	68%	Most schemes have more room to choose between insurance, run-on and consolidation options.
Buy-out funding improved	75%	Insurance is becoming more feasible, but not universally near-term.
Target insurance within ten years	45%	Buy-in and buy-out remain central, but not dominant enough to define the whole market.
Run-on indefinitely	33%	Surplus, sponsor objectives and long-term investment opportunities are keeping run-on live.
Have at least one professional trustee	55%	Professionalisation is already embedded in many boards, even where governance models remain stable.

This section expands on the headline survey findings and sets out what they mean for trustees, sponsors and advisers as DB schemes move from recovery towards strategic choice.

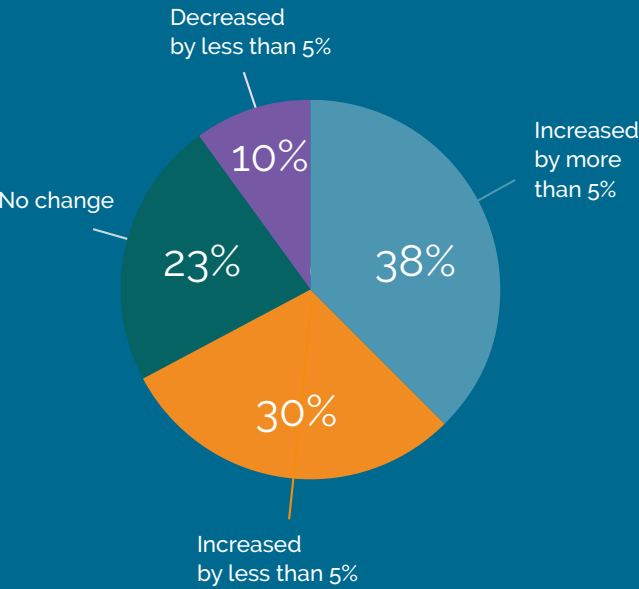
The 2026 PMI-Schroders survey captures a defined benefit pensions market moving from recovery to choice. For many schemes, the immediate challenge is no longer simply closing a funding deficit. Instead, trustees and sponsors are weighing what to do with improved funding positions: lock down risk through insurance, continue to run on, use surplus strategically, or retain optionality while markets and policy continue to evolve.

The findings also show that the practical disciplines of the next phase are different from those of the last. Liquidity, collateral management, adviser accountability, operational resilience, data quality and trustee succession are becoming as important as asset-class selection. Better funding has given schemes more strategic room, but it has also raised the standard of governance needed to convert that room into secure member outcomes.

1. Funding gains widen strategic choice

Funding improvement is the clearest, and ongoing, headline finding. More than two thirds of respondents reported an improvement on a technical provisions basis and three quarters saw buy-out funding levels improve. The gains are material for many schemes: 38% reported technical provisions funding up by more than 5%, and 43% reported buy-out funding up by more than 5%.

Technical provisions

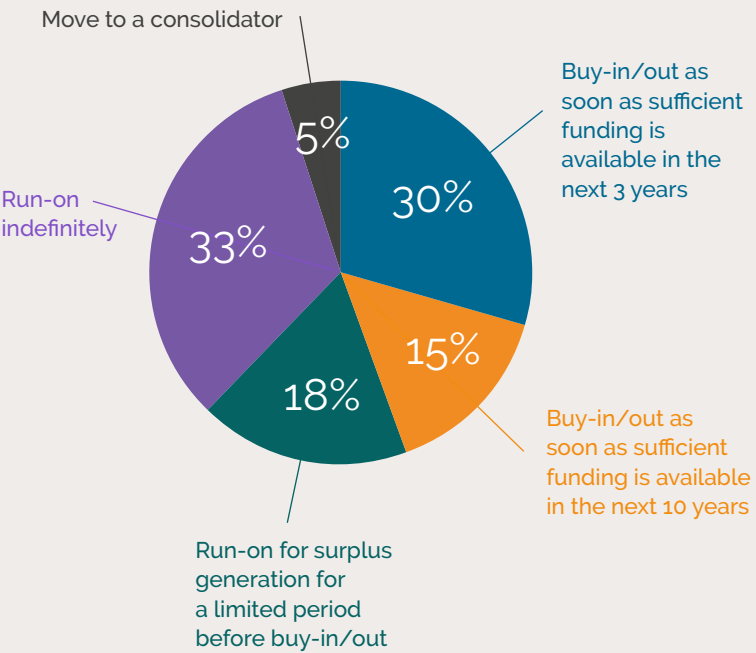


That shift matters because improved funding can have very different implications depending on scheme circumstances. For some trustees, it accelerates the move towards a matching portfolio and insurer engagement, whilst, for others, it may present an opportunity to share surplus with sponsors and members under forthcoming legislation. The survey therefore points to a market that is better funded but more strategically diverse as schemes explore how improved funding can provide better outcomes than previously assumed.

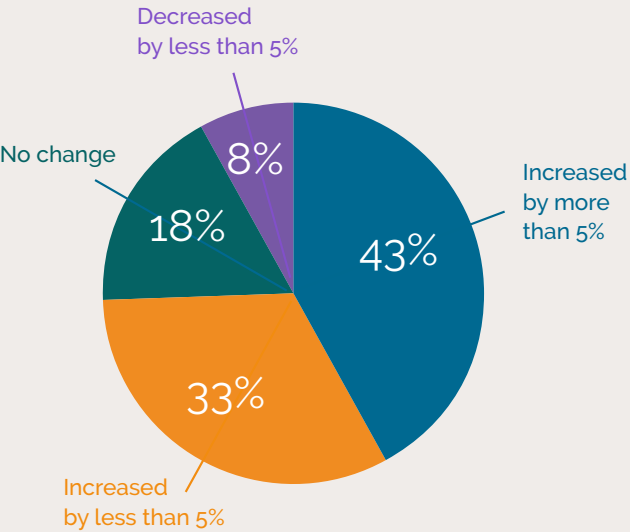


The planned endgame data illustrates this fragmentation. Thirty percent of respondents are aiming for buy-in or buy-out within three years, with a further 15% targeting buy-in or buy-out within ten years. Eighteen percent expect a limited run-on before insurance, while 33% plan to run on indefinitely. Only 5% selected a consolidator route. The endgame debate is therefore less about whether buy-out is attractive and more about whether it is the right use of improved funding for each scheme.

Planned endgame



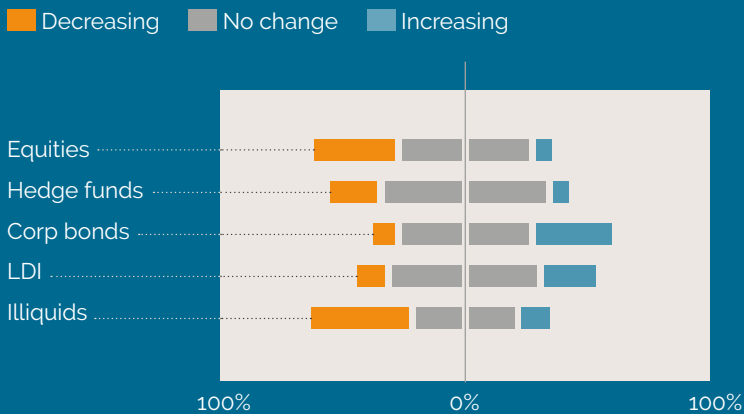
Buy-out



2. Portfolios are de-risking, with liquidity as the organising principle

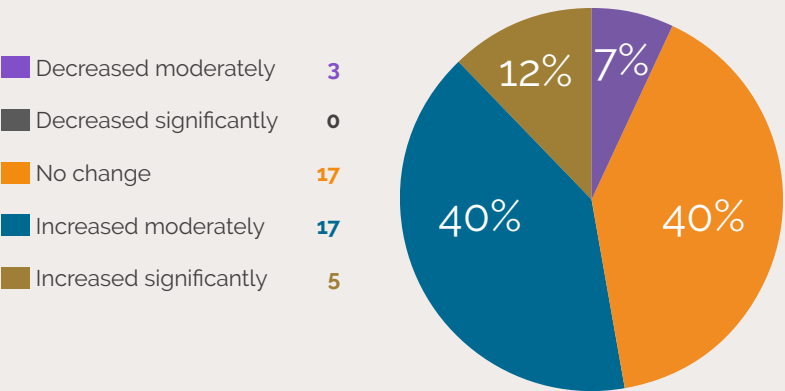
The direction of travel is defensive but selective. Equity exposure is decreasing for 33% of respondents and illiquids for 43%, while increases are concentrated in corporate bonds and LDI. More than half of respondents said liquidity would become a higher priority over the next 12 months. Survey responses linked this to pensions in payment, collateral resilience and buy-out readiness.

How do you expect your asset allocation to change in the next 12 months?



Responses suggest that liquidity is becoming the organising principle for portfolio design with 52% stating that liquidity will be an increased priority in decision-making over the next 12 months.

How high a priority will liquidity be in your investment decision-making over the next 12 months?



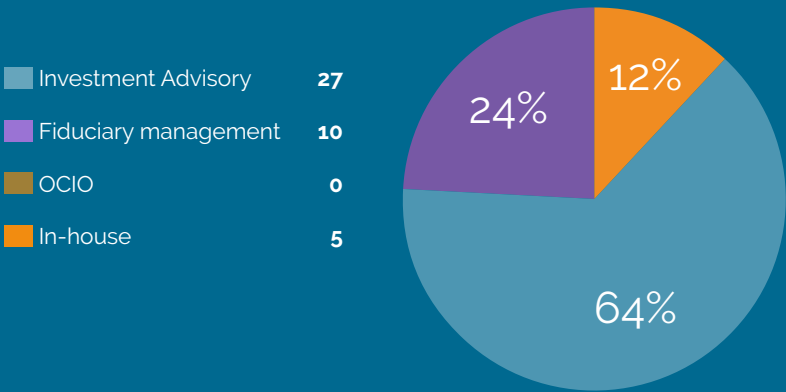
That said, most respondents appear comfortable with their current liquidity buffers and collateral arrangements. Schemes close to insurance need assets that can be transferred, sold or aligned with insurer investment requirements and pricing. Schemes running on have more flexibility but still need cash-generating assets to support benefit payments without forced selling. Schemes using LDI need collateral frameworks that remain resilient under market stress, although de-risking combined with enhanced resilience tests mean this is unlikely to be an issue for most.

Across these different objectives, liquidity is not a single asset bucket; it is a governance discipline. However, we expect schemes to continue moving towards lower-risk, lower-return seeking portfolios. The focus is likely to be on fixed income portfolios that offer stability and income generation, with careful management of liquidity and liability risks.

3. Governance models are stable, but expectations are rising

Investment advisory remains the dominant governance model, used by 64% of respondents, compared with 24% using fiduciary management and 12% operating in-house. Only two respondents plan to change model in the next 12 months. Stability does not mean passivity: strategy advice is a high priority for 58%, cashflow and liquidity advice for 40%, and 55% already have at least one professional trustee.

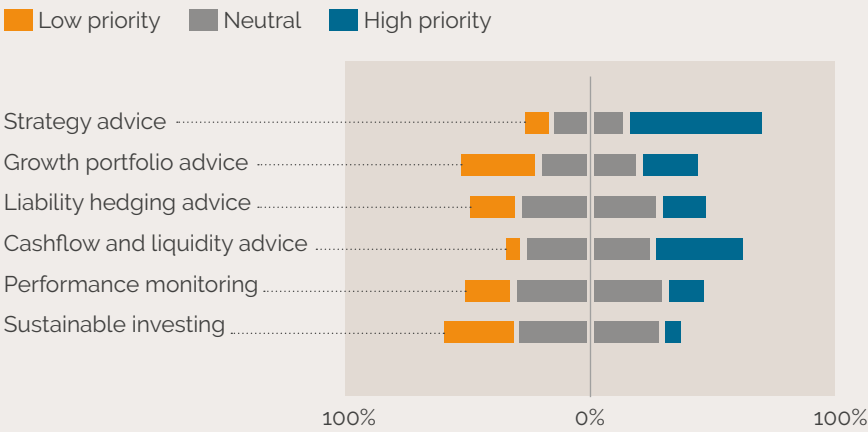
What is your current investment governance model?



The survey indicates that trustees are not rushing to change formal governance models, but they are demanding more from the models they already use. Strategy advice, liability hedging and cashflow planning are increasingly interdependent. A decision to move towards buy-out affects asset allocation, liquidity, collateral, adviser remit and board workload. A decision to run on requires equal discipline around surplus policy, risk appetite and monitoring.

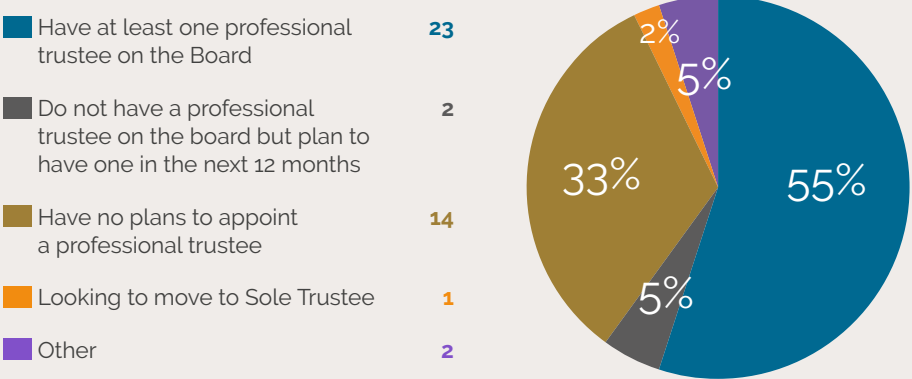


How valuable do you expect the following advisory services to be over the next 12 months?



Professional trustees appear to be part of this response. More than half of respondents already have at least one professional trustee on the board, and a small number are considering appointments or sole-trustee models. The underlying theme is capability: as endgame decisions become more technical and compressed, schemes need boards that can challenge advice, understand implementation constraints and maintain continuity if key individuals step down.

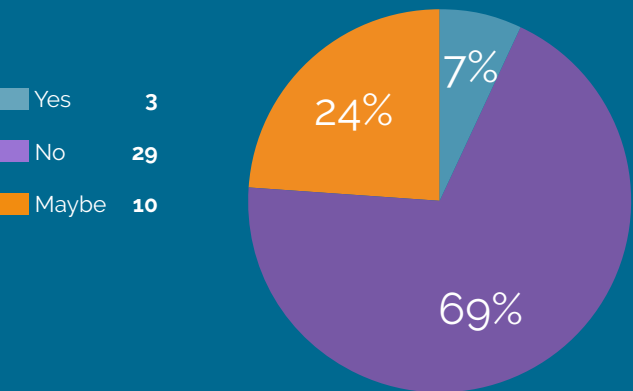
Do you have, or plan to have, a professional trustee on your trustee board?



4. Value-for-money assessment remains uneven

Most respondents have not seen a clear material fee increase: 69% answered no, 24% maybe and 7% yes. However, the open responses show no common value-for-money framework being applied. Benchmarking, cost, performance against objectives, service quality and adviser continuity all feature, often in different combinations.

Have you seen a material increase in fiduciary management or adviser fees?



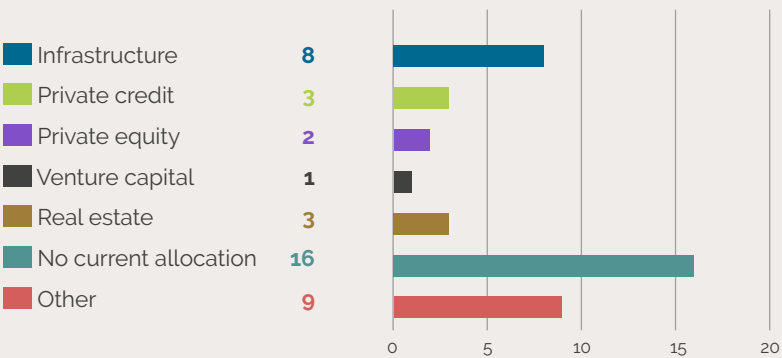
A more robust value-for-money approach would connect fees to the outcomes the scheme is trying to achieve. For an insurance-focused scheme, this might include buy-out readiness, transaction preparation, hedge effectiveness and execution quality. For a run-on scheme, it might include surplus management, long-term return generation, risk budgeting and governance support. In both cases, cost matters, but cost alone is not an adequate measure of value.



5. Productive assets face an endgame and liquidity test

Forty percent of respondents selected no current allocation to UK productive assets, while infrastructure was the most frequently identified allocation.

Is your scheme currently investing in UK productive assets?



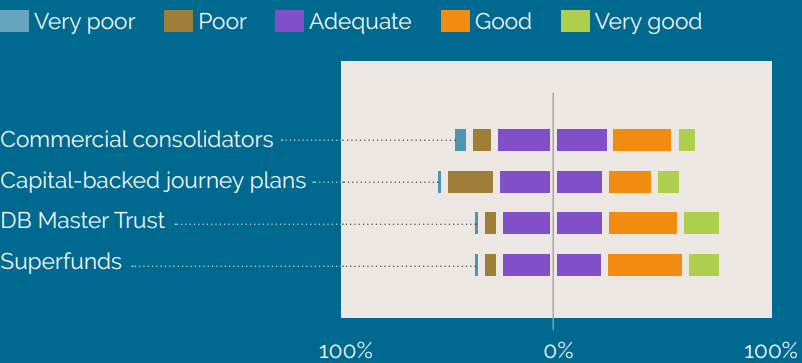
Productive asset allocations are being judged through the same endgame lens. Respondents cited return expectations, liquidity, time horizon, funding level and strategic fit as key drivers. Where schemes are close to buy-in or buy-out, illiquidity can be a barrier. Where schemes expect to run on, private markets and productive assets may remain relevant, provided they support the cashflow profile and governance capacity of the scheme.

6. Awareness of alternative consolidation options is good

Overall, respondents reported a relatively strong understanding of alternative consolidation options, although awareness of capital-backed journey plans remains less developed.

While most respondents indicated they are unlikely to consider a move to a consolidator within the next 12 months, the findings suggest a growing awareness of the range of consolidation and risk-transfer solutions available. This represents an improvement on previous surveys, reflecting the broader range of options being evaluated by trustees and sponsoring employers.

How would you rate your understanding of the following consolidation options?



7. Cyber risk leads the emerging agenda; digital adoption is moving into the mainstream



Cyber risk was explicitly mentioned by 41% of respondents, making it the clearest emerging governance theme. Member engagement, endgame execution and surplus communication also recur.

Cyber risk has moved from a specialist operational concern to a mainstream trustee-board issue. Respondents referenced cyber security, provider resilience, data quality and member communications. This reflects a broader shift in investment governance: trustees are increasingly expected to oversee not only asset risk and funding risk, but also the systems, information flows and third-party arrangements that support decision-making.

Digital tools are part of the same story. 24% of respondents already use AI, data analytics or digital tools, and 24% more are considering them within the next 12 months. Adoption is still uneven, but the direction is clear: boards are looking for better oversight, faster risk information and more effective ways to interrogate complex portfolios.

8. Capability and succession are the execution risks

We asked respondents what steps they were taking to build trustee capability in investment governance. Training is the dominant capability response, explicitly mentioned by 41% of respondents, with webinars, external seminars, formal induction and professional trustees used to supplement board experience.

Succession planning is more varied: some boards maintain candidate pipelines, skills matrices and annual reviews, while others report difficulty attracting member nominees or defer planning because buy-in/out is close.

The capability challenge is not only technical. It is also about continuity. Some respondents described carefully managed pipelines, skills matrices, training programmes and shadowing arrangements. Others indicated that succession planning is difficult, especially where lay trustees are harder to attract or where the scheme is close to its endgame. The risk is that boards lose institutional knowledge precisely when decisions become more consequential.

The strongest approaches connect succession planning to the scheme's future operating model. A board preparing for buy-out may need transaction experience, insurer-market knowledge and project discipline. A board running on may need deeper investment, covenant, liquidity and surplus-governance capabilities. In both cases, trustee training should be linked to the decisions that are expected over the next three to five years.



Recommended actions for trustees

Considering these findings, trustees are encouraged to consider the following actions:

- **Ensure endgame choice is fully reflected in asset allocation strategy: translate choice, be it insurance or run-on into an explicit strategy, actively considering liquidity requirements and endgame targets.**
- **Assess advisers against outcomes, implementation quality and total cost.**
- **Build cyber resilience, data governance and succession into the investment agenda.**

Test whether governance capacity matches the next three years of decisions: whichever endgame strategy you are targeting, there is likely to be an increase in governance capability requirements. Having a clear plan for upskilling to meet these requirements increases the chances of successful implementation.

Conclusion

The 2026 survey suggests that the next phase of DB investment governance will be defined by choice, discipline and execution. Funding gains have created more options, but those options require clearer decisions about endgame, liquidity, risk appetite and governance capacity. Schemes that move fastest will not necessarily be those with the highest funding levels, but those that can translate improved funding into a coherent plan and maintain the capability to deliver it.

For trustees, the immediate task is to test whether current strategy, adviser arrangements and board capability still fit the scheme's chosen destination. For sponsors, the opportunity is to engage constructively with trustees on surplus, risk and member outcomes. For the wider industry, the challenge is to support a more diverse DB landscape in which insurance, run-on and consolidation each have a role, but none provides a universal answer.



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