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Dear all

APPT Response – Retirement CDC

We are writing on behalf of the **Association of Professional Pension Trustees (APPT)** in response to the consultation on Retirement CDC.

The **Association of Professional Pension Trustees** acts as the representative body for trustees of occupational pension schemes who fall within the Pension Regulator's description of professional trustee as set out in its August 2017 policy document.

The APPT acts as the collective voice of the profession. Our members sit on many trustee boards for defined benefit (DB) and defined contribution (DC) schemes including DC master trusts. Our members each typically work on multiple appointments and, across DB and DC are in total responsible for managing schemes with assets of over £1,200bn.

Our response to the consultation is as below.

We support the Government's ambition to widen access to sustainable, income-focused solutions in later life, and we agree that a Retirement CDC (RCDC) model could play a valuable role within the UK's evolving decumulation framework.

Clear and consistent member communications

For RCDC to work effectively, members must understand the nature of the product—particularly the collective risk-sharing (including any approach to cohorting), the absence of guarantees, and the potential for benefit adjustments. Clear, consistent and non-technical communications are essential, both at the point of entry and throughout the member's lifecycle, including prior to retirement. This is particularly important if RCDC is used as the default decumulation option in a scheme, as it will impact on the investment strategy during accumulation which may not be suitable if the member does not wish to use the CDC solution.

Trustees will need certainty about the minimum disclosure standards, the required risk warnings, and the expected format of member literature. These requirements should be set out

unambiguously and aligned, where possible, with existing CDC and decumulation-related disclosure regimes to avoid duplication and inconsistency.

Compatibility with forthcoming guided retirement requirements

The RCDC framework should also dovetail with the forthcoming guided retirement obligations on schemes. Members should experience a coherent, joined-up journey rather than multiple overlapping or conflicting communications. A clear articulation of how RCDC interacts with trustees' guided-retirement duties—including signposting, scheme-provided pathways, and behavioural nudges—will be vital. Guidance from DWP and TPR should ensure that schemes can integrate RCDC seamlessly into their decumulation support models.

Clarity on trustee disclosure obligations

Given the new and evolving nature of RCDC, trustees will need a definitive and comprehensive set of disclosure obligations. These should cover:

- pre-retirement information requirements.
- information to be provided at the point of joining the RCDC arrangement.
- ongoing disclosures, including how adjustments and funding positions must be communicated; and
- any additional reporting duties to regulators.

Providing this clarity at an early stage will give trustees confidence that they can meet regulatory expectations and support good member outcomes. Requirements should be consistent regardless of whether RCDC is provided by the scheme directly or through a partner.

Recognition of ill-health factors and survivor benefits in actuarial equivalence

APPT encourages DWP to ensure the actuarial-equivalence framework clearly allows for fair adjustments where members have materially impaired life expectancy and where survivor benefits are included. Transparent conversion factors that reflect these elements will support fairness and help members understand the value of their choices.

Conclusion

APPT supports the development of a RCDC model that is transparent, well-understood by members, and straightforward for trustees to operate. Clear communications requirements, alignment with the guided retirement framework, and certainty over trustee disclosure duties are essential to delivering a workable regime that enhances member engagement and trust.

If you have any points you wish to follow up. Please respond to APPT Vice Chair, Vassos Vassou at Vassos_vassou@dalriadatrustees.co.uk

Kind regards

David

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