



Financial Reporting Council

Technical Actuarial Standards for Collective Money Purchase Pensions

Consultation Paper

February 2026

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13th Floor, 1 Harbour Exchange Square, London, E14 9GE

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1. Introduction

Background

- 1.1. The Financial Reporting Council (FRC or we) is the UK's independent regulator responsible for issuing and maintaining technical actuarial standards.
- 1.2. The FRC issued Technical Actuarial Standard 310: Collective Money Purchase Pensions (TAS 310¹) in May 2024, with the standard becoming effective for technical actuarial work completed on or after 30 September 2024.
- 1.3. The FRC keeps the Technical Actuarial Standards (TASs) and other actuarial standards under regular review and aims to reconsider each TAS in detail at least once every five years.

Context

- 1.4. The legislative framework for single and connected employer Collective Money Purchase (CMP) pension schemes was established via the Pensions schemes Act 2021 and the Occupational Pensions Schemes (Collective Money Purchase Schemes) Regulations 2022. The FRC subsequently published TAS 310 v1 in May 2024 to support quality technical actuarial work in relation to these CMP schemes which are often referred to as Collective Defined Contribution or CDC schemes.
- 1.5. In October 2025, the Department for Work and Pensions ('DWP') laid before parliament the Occupational Pension Schemes (Collective Money Purchase Schemes) (Extension to Unconnected Multiple Employer Schemes and Miscellaneous Provisions) Regulations 2025² (UMES regulations), to allow CMP schemes with multiple unconnected employers. This was signed into law on 15 December 2025³ and will come into force on 31st July 2026.
- 1.6. The Pensions Regulator (TPR) published a draft of their updated Code of Practice for trustees in respect of unconnected multi-employer CMP schemes in December 2025 for consultation. The final version of this is also due to come into force on 31st July 2026.
- 1.7. This expanded regulatory framework introduces new areas of work for practitioners carrying out technical actuarial work for unconnected multi-employer CMP schemes and different considerations compared to the single employer case. We are proposing to amend TAS 310 in light of the introduction of the unconnected multi-employer CMP scheme regulatory framework.

¹ https://www.frc.org.uk/documents/7239/Technical_Actuarial_Standard_310_Collective_Money_Purchase_Pensions.pdf

² <https://assets.publishing.service.gov.uk/media/68f7a7a6b391b93d5aa39a1c/cdc-extension-regulations-2025.pdf>

³ <https://www.legislation.gov.uk/uksi/2025/1313/made>

Purpose and audience

- 1.8. The aim of this paper is to consult on proposed amendments to TAS 310. Our consultation has been written for those carrying out or reviewing technical actuarial work in relation to CMP pension schemes, and for those who rely on such technical actuarial work.
- 1.9. Sections 2 to 6 of this paper describe the proposed changes to TAS 310. Section 7 discusses timing and implementation of the standard. Section 8 contains our impact assessment in relation to the proposed changes and section 9 summarises the questions asked in this consultation. Annex 1 contains the exposure draft of the proposed revised standard, TAS 310 version 1.1.

How to Respond

- 1.10. Comments should be sent electronically to ActuarialRegulation@frc.org.uk. Comments may also be sent in hard copy form to:

The Director of Actuarial Regulation
Financial Reporting Council
13th Floor
1 Harbour Exchange Square
London
E14 9GE
- 1.11. Comments should reach the FRC by 23 March 2026. It is advisable to send your response electronically.
- 1.12. All responses will be regarded as being on the public record unless confidentiality is expressly requested by the respondent. A standard confidentiality statement in an email message will not be regarded as a request for non-disclosure. If you are sending a confidential response by email, please include the word 'confidential' in the subject line of your email.
- 1.13. We will publish non-confidential responses on our website. We will publish a summary of the consultation responses, either as a separate document or as part of, or alongside, any decision.

2. Approach to the revision of TAS 310

- 2.1. The scope of TAS 310 v1.0 covered technical actuarial work related to single and connected employer CMP pension schemes⁴. The UMES regulations now allow for the introduction of unconnected multiple employer CMP schemes (UMESs). Our proposed changes to TAS 310 v1.0 mainly relate to the technical actuarial work in relation to a UMES.
- 2.2. The FRC is proposing to make changes to TAS 310 informed by:
- Areas in the new legislation for UMESs where actuarial judgement may be applied or actuarial advice is given, particularly in relation to actuarial equivalence between contributions and benefits;
 - Areas in the TPR's Code of Practice where Trustees are expected to obtain actuarial advice; and
 - Outreach with stakeholders we understand to be actively working or advising on UMESs.
- 2.3. The proposed changes are described in more detail in the remaining sections of this paper. Except where stated otherwise, references in this paper to numbered provisions of TAS 310 are to the proposed provisions of TAS 310 v1.1 as set out in the exposure draft.

⁴ Scope and compliance of TAS 310 v1.0:

'TAS 310 is applicable to technical actuarial work in the geographic scope of FRC technical actuarial standards in relation to Collective Money Purchase pension schemes.'

A 'Collective money purchase pension scheme' is defined in TAS 310 v1.0 as 'A pension scheme meeting the criteria set out in paragraph 1(2) of Part 1 the Pension Schemes Act 2021'

3. Actuarial Equivalence

- 3.1. Regulation 40 in the UMES regulations requires that the scheme rules of a UMES must include provisions that set out the manner in which the accrual of benefits will be determined. Central to this is the requirement that the expected value of rights to benefits which are expected to accrue under the scheme during the relevant period, calculated on an actuarial basis, is equal to the value of the contributions expected to be made into the scheme (referred to as 'actuarial equivalence' in the remainder of this document). This can be achieved either in relation to each active member of the scheme or across all active members for each employer that uses the scheme.
- 3.2. Practitioners will be providing advice on this actuarial equivalence of accrual rates at various stages in the operation of a UMES: during the scheme design, as part of the work seeking authorisation from the pension regulator (TPR) and then on a periodic basis when the accrual rates are calculated after the scheme has been authorised. Users of this actuarial advice are likely to be the trustees of scheme in most cases but may also be the scheme proprietor (during scheme design and seeking authorisation) or prospective employers in the scheme.
- 3.3. The FRC proposes to introduce provisions in a new section (section 7) in TAS 310 under the heading 'actuarial equivalence' for technical actuarial work relating both to the design of how a scheme will operate to maintain actuarial equivalence, and the periodic work in maintaining appropriate accrual rates.
- 3.4. The introduction of the concept of actuarial equivalence in the UMES regulations is intended to avoid excessive cross-subsidies between different participating employers or members⁵. Cross-subsidies will fall into one of the following categories:
 - i) Expected cross-subsidies: these are cross-subsidies inherent in a particular scheme design. These are subdivided into:
 - a. Accepted cross-subsidies: these are cross-subsidies which decision-makers are aware of and have accepted will occur in their chosen design of scheme. An example of this is choosing not to differentiate accrual rates between males and females, even though it is understood that the life expectancy (and so value of benefits) for females is higher than males.
 - b. Unintended cross-subsidies: these are cross-subsidies which are inherent in the chosen scheme design but that the decision-makers are unaware of. An example of this could be if decision-makers have accepted cross-subsidies between males and females but have not understood that if a male-dominated employer and a female-

⁵ Paragraph 41 from DWP [Consultation Outcome](#) of the draft UMES Regulations

dominated employer join the scheme, there will be cross-subsidies across these two employers.

ii) Experience cross-subsidies: these are cross-subsidies that are expected to naturally occur in a CMP scheme due to actual experience differing from assumptions. For example, in practice some members will live a shorter period in retirement than others, thus subsidising those living longer.

- 3.5. The nature of a CMP pension is that some cross-subsidy will occur. Decisions made by trustees or scheme proprietors in relation to how actuarial equivalence is achieved will determine the level of accepted cross-subsidies in the design of a UMES.
- 3.6. The FRC considers that practitioners' work relating to accrual of benefits will need to enable intended users to understand the cross-subsidies inherent in their chosen scheme design, and reduce the risk of unintended cross-subsidies. This will enable users to make informed decisions about what level of cross-subsidy they deem fair and acceptable for the scheme in question so that they can ultimately decide how accrual rates are or should be determined. We do not consider that practitioners' role set out in the UMES regulations includes deciding whether the expected cross-subsidies of a scheme design are fair. The provisions we propose introducing to the standard aim to ensure that practitioners consider the impact of their advice on potential cross-subsidies and communicate this to their intended user.
- 3.7. We also propose including a definition of the terms 'actuarial equivalence' and 'accrual rate' in TAS 310. Actuarial equivalence is defined as equating the expected value of contributions and benefits as required by regulation 40 in the UMES regulations. Accrual rate is defined as the rate at which active members of a CMP scheme's benefits build up. This is intended to include benefit build up which is expressed either as a fraction of salary (as in a typical defined benefit scheme), a percentage of salary or in terms of conversion factors for converting contributions into pension benefits.

Methodology

- 3.8. Determining the methodology for establishing actuarial equivalence of accrual rates is a key part of scheme design. In particular this will determine the degree to which the scheme design allows for an element of accepted cross-subsidies to exist between different groups of scheme members. Decisions in relation to scheme design are expected to be made by those establishing the scheme (where written into the scheme rules) or by the trustee as the scheme operates, but they could be revisited during the lifetime of the scheme. The role of the actuary will be in advising the implications of such design decisions, particularly in terms of any accepted cross-subsidies and the risks of unintended cross-subsidies.
- 3.9. The two main decisions on the methodology for establishing actuarial equivalence are:
- which rating factors (for example age, sex, demographic indicators such as salary level) to allow for; and

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- whether to have equivalence on a member-level or on an employer-level basis⁶.

Rating factors

- 3.10. We define 'rating factors' to be an attribute of an individual or group of individuals that may lead to a different actuarial value being placed on pension benefits building up for that individual or group of individuals.
- 3.11. The decisions on which rating factors to use could impact the level of accepted and/or unintended cross-subsidies between members of the scheme. For instance, not allowing for sex in determining actuarial equivalence may be the intended approach, such that the same accrual rates are used for males and females. This would, however, mean that the actuarial value of benefits provided, for females would be higher, on average, than males, given their longer life expectancy.
- 3.12. Equally, if actuarial equivalence is determined only on an employer level, choosing not to allow for certain rating factors in the calculations may be an acceptable approach, but would allow a certain accepted cross-subsidy between employers. An example of this is where an employer's workforce has a higher life expectancy than others in the scheme, largely identified by them earning significantly higher average salaries. If the scheme chooses not to account for salary levels (or another proxy) as a rating factor, the trustees and scheme proprietor would be accepting cross-subsidies—where the costs of longer life expectancy for this employer are effectively shared by the other employers in the scheme.
- 3.13. Where practitioners are advising on the appropriate rating factors to use in determining actuarial equivalence, they should consider the expected cross-subsidies. To allow intended users to understand the impact of decisions made with respect to rating factors, practitioners should also communicate the potential impact on expected cross-subsidies of rating factors which the practitioner has recommended are excluded from the actuarial basis, where these factors are judged to have a material impact on the accrual rates.
- 3.14. We propose including provisions P7.1 and P7.5 to TAS 310 requiring that practitioners consider and communicate all material rating factors in determining accrual rates in a UMES whether explicitly allowed for or not, and the resultant expected cross-subsidies between members and groups of members. We also propose to define rating factors in the glossary of TAS 310 in line with the description in paragraph 3.10 above.
- 3.15. Stakeholders from our outreach have suggested that in all circumstances practitioners would use age as a rating factor in considering actuarial equivalence. However, we do not believe it necessary to mandate this within TAS 310, as under the proposed provision P7.1 and P7.5, were there a reason not to allow for age then it would be necessary for the practitioner to have both considered it and communicated this and the resulting cross-subsidy to the decision-makers.

⁶ 40 (5) (a) and (b) of the UMES regulations

Question 1

What are your views on the proposed provisions P7.1 and P7.5? Are there any specific rating factors (for example, age) that you think should or shouldn't be used in determining actuarial equivalence?

Employer-level vs member-level actuarial equivalence

- 3.16. The decision on whether a scheme considers actuarial equivalence on a member-level or employer-level basis has an impact on the cross-subsidies within the scheme. For example, a scheme chooses to consider actuarial equivalence on an employer-level basis and chooses to only have a single accrual rate and flat contribution structure for each employer. A particular employer may have all members accrue benefits on 80ths for their contributions, while another with lower life expectancy accrues at 70ths. This could result in actuarial equivalence being achieved at an employer-level but would inherently result in younger members (for whom accrual has a lower actuarial value) subsidising older members.
- 3.17. While this is an acceptable approach under the UMES regulations, the FRC considers that in order for decision-makers to have complete information to make well informed-decisions, practitioners' actuarial advice in this area must include information on the resulting material cross-subsidies. We therefore propose to include provisions P7.2 and P7.6 to require practitioners advising on the method of achieving actuarial equivalence to consider and communicate the expected cross-subsidies.

Question 2

What are your views on provisions P7.2 and P7.6? Are there any other issues relating to the choice of method that should be communicated to intended users?

Relevant period

- 3.18. Another key element of the calculation of accrual rates and actuarial equivalence is the relevant period over which expected benefits and respective contributions are to be compared. The relevant period is defined in the legislation as the period the rates are expected to be applied and is to be agreed by the trustees and the scheme actuary⁷.
- 3.19. In choosing the relevant period, the trustees and scheme actuary will need to decide on the length of the period and the timing of the period in relation to other scheme calculations such as the annual valuation. The decision on the timing of the relevant period is likely to be

⁷ 40 (6) of the UMES regulations

"For the purposes of paragraph (5) the "relevant period" is such period as is agreed by the trustees of the scheme and the scheme actuary over which the rates at which the rights to benefits under the scheme accrue are expected to be applied."

driven by practicalities regarding issues such as the time needed to agree assumptions, to carry out calculations (particularly if the calculation is carried out as part of the annual valuation exercise), and time needed for communicating and implementing new accrual rates. Stakeholders from our outreach have suggested a variety of approaches to this.

- 3.20. The length of the relevant period will have implications for the level of cross-subsidy within a UMES. For example, a long relevant period may allow cross-subsidies if benefits are building up at a rate that is out of line with market conditions. However, a short relevant period may prove challenging from an administration or communication point of view.
- 3.21. Stakeholders from our outreach have suggested that it would be unlikely to be appropriate for the length of the relevant period to be longer than the one-year cycle with which the actuarial valuations occur. This is because the benefit adjustments which follow from annual valuations have a direct impact on the accrual rate (see paragraph 3.25 below).
- 3.22. The FRC considers it important that actuarial information provided to the intended user in respect of the relevant period satisfies the reliability objective. This will include information to ensure trustees understand the risk of unintended cross-subsidies from having a relevant period which differs from the one-year period at which actuarial valuations occur.
- 3.23. There may be circumstances during the relevant period that require a review of accrual rates, such as a review of a scheme's demographic experience or make up or material changes in market conditions. As set out in provision P2.3 of TAS 100 v2.0, 'Where the practitioner exercises judgement that is material to and formed the basis for an implemented decision that will persist for a period of time, the practitioner must highlight the circumstances that require that judgement to be reviewed to ensure that the implemented decision remains appropriate over that period.' In relation to the consideration on advising on the relevant period, we consider that practitioners should make trustees aware of the circumstances in which the accrual rate may need to be updated before the relevant period has elapsed.
- 3.24. We propose to add provision P7.3 to cover the areas practitioners should consider when working with the trustees to agree a relevant period and P7.7 for the elements they must communicate in respect of this. We propose adding the term 'relevant period' to the glossary in TAS 310, referring to the definition from the UMES regulations.

Question 3

What are your views on provisions P7.3 and P7.7? What other considerations are there in the choice of relevant period?

Consistency with annual valuations

- 3.25. In a UMES, changes to the benefit adjustment as a result of the actuarial valuation will affect the actuarial value of new accrual of benefit. This is because any new benefit accruing will be expected (at that point) to have the new benefit adjustment applied to it in each future year.

To ensure actuarial equivalence between the value of benefits accruing and expected contributions, a practitioner calculating the new accrual rate will base this calculation on the benefits including those newly determined future benefit adjustments.

- 3.26. The FRC considers that any difference between the assumptions used for an actuarial valuation and for determining actuarial equivalence of benefits creates a risk of unintended cross-subsidy between those members with existing benefit build up and those members accruing new benefits. For example, if new benefit build up is provided on more favourable assumptions than those used to calculate the benefit adjustments, this would mean the expected value of the new benefits for members accruing benefits is likely to exceed the contributions these members pay in respect of them and this would provide downward pressure on the future benefit adjustments that may be provided for all members of the scheme.
- 3.27. The FRC recognises that there may be reasons where it may not be possible or desirable to adopt exactly the same assumptions for these two calculations. For example, it may be decided to use unisex factors in determining accrual rates for commercial or communication reasons, but for the purpose of the annual valuation, the trustees may still choose to differentiate by sex.
- 3.28. Where demographic assumptions adopted to determine accrual rates differ from those used for the actuarial valuation, the FRC considers it important that the weighted average of the assumption is the same between the valuation and accrual rate calculation, to avoid an unintended cross-subsidy between past and future accrual of benefits. For example, if accrual rates are based on unisex factors, these would be weighted by the proportion of males and females in the population underlying the actuarial valuation calculations.
- 3.29. As indicated from stakeholders through our outreach, the calculation dates for the valuation and the actuarial equivalence calculation may not be identical. Some stakeholders deemed it to be practical to have the calculation date for determining actuarial equivalent accrual rates some time after the valuation effective date. Where this is the case, we consider it necessary that the assumptions be set on the same basis, but allowing for any change in underlying market indicators. For example, if the part of the discount rate related to liabilities that are backed by fixed interest assets was set based on a premium above gilt yields, the assumptions used in the two calculation dates should allow for movement in those gilt yields. This could also mean that where term-dependent assumptions were adopted for the valuation (either explicitly or underlying a single equivalent assumption), allowance is made for progression along that term.
- 3.30. The assumptions used for valuations and for determining actuarial equivalence are set by the trustees on advice of the scheme actuary. It is important that decision-makers have adequate information about the impact when choosing the assumptions to be adopted. The FRC considers that practitioners providing advice on the assumptions used for actuarial equivalence must explain material differences from the valuation assumptions, and risks of unintended cross-subsidies between groups of members, or different employers as a result.

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- 3.31. We propose to add provision P7.4 to set out that accrual rate assumptions must be the same as valuation assumptions but divergence in respect of accepted cross-subsidies and the date of calculation are allowed, and to add the respective communication provision P7.8.

Question 4

What are your views on provisions P7.4 and P7.8? Are there any other areas where you expect a difference between the assumptions for actuarial equivalence and the actuarial valuation?

Modelling

- 3.32. The modelling requirements in TAS 310 v1.0 focus on the capability of models used during the various stages of a CMP scheme to demonstrate uncertainty in respect of benefit adjustments and meeting live running tests.
- 3.33. Part 4 of the UMES regulations introduces the concept of actuarial equivalence between expected contributions and the benefits expected to accrue. Practitioners will be providing advice in relation to accrual rates in UMESs as part of scheme design and while a scheme is in operation and so will be expected to carry out modelling to support this advice.
- 3.34. Changes in accrual rates over time may have a significant impact on the expected pensions of individual members, and the way in which they change may be impacted by decisions made in the design of the scheme. The FRC considers that in order to provide appropriate advice, practitioners will need to understand the variability in future accrual rates as well as benefit adjustments, supported by modelling, to enable the intended users of their advice to make informed decisions about the design of UMESs.
- 3.35. We propose to amend provision P3.1 to add uncertainty in accrual rates to the areas models must be able to demonstrate. Where fixed accrual rates are used, this additional provision would not add any further burden to practitioners, as there is no variability of accrual rates to model.

Question 5

Do you agree with the proposal to extend the requirements of P3.1 to accrual rates? Please provide reasons for your answer and alternative approaches where relevant.

4. Actuarial factors

Consistency between actuarial factors

- 4.1. The provisions in relation to 'Factors for individual calculations' in TAS 310 v1.1 are now in section 8 (previously 7) as a result of the proposed introduction of new provisions on actuarial equivalence as set out in the previous chapter.
- 4.2. Actuarial factors are necessary in CMP schemes to convert benefits of one form into another. The existing CMP framework for single-employer CMP schemes requires that cash equivalent transfer values should be calculated on a share of the fund basis⁸ and the provisions in TAS 310 v1.0 focused on the cost neutrality of all actuarial factors⁹.
- 4.3. The extension of regulations to UMEs introduces the requirement for expected accrual of benefits to be on a basis that is actuarially equivalent to expected contributions. There is a direct comparison to be made between the terms a CMP scheme offers for accrual of benefits (where ongoing contributions are converted to annual pension) and the terms offered in other factors that convert between annual pension and single payments (for example, for transferring-in a lump sum, or taking a transfer value).
- 4.4. Where accrual rates are derived on an inconsistent basis to other scheme factors, there is a risk that this could create unintended cross-subsidies between groups of members. For example, differences between the basis for setting accrual rates and those for transferring in benefits might result in existing members accruing benefits profiting at the expense of those who transfer in lump-sums or vice versa.
- 4.5. There may be practical reasons for differences between the bases used to derive different types of actuarial factors, and there may also be differences between the basis used to derive actuarial factors and the basis used to derive accrual rates.
 - For transfers in, the larger sums of money involved might lead to decision-makers opting for the relevant actuarial factors to be updated more frequently to allow for changes in market indicators to avoid gains or losses to the scheme which could affect future benefit adjustments.
 - Equally, for actuarial factors for transfers-out of the scheme, factors will need to be updated regularly to take market conditions into account to ensure leavers take their share of the fund when they transfer out.

⁸ Regulation 7ZC(1) of the [Occupational Pension Schemes \(Transfer Values\) Regulations 1996](#)

"For collective money purchase benefits, the initial cash equivalent is the realisable value of the member's share at the date of calculation of the available assets of the collective money purchase scheme,..."

⁹ P7.2 Where a practitioner is advising on or directly setting actuarial factors to be adopted for individual calculations for a CMP scheme, the factors should be broadly cost neutral on a central estimate basis.

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- There may be practical reasons related to how frequently accrual rates can be updated and communicated to all members accruing benefits compared to specific actuarial factors for individual transactions.
 - Actuarial factors used for individual calculations may have assumptions or approaches adopted to allow for potential risk of selection against the scheme by members exercising options.
- 4.6. Where practitioners are advising on setting actuarial factors in either UMES or single employer CMP schemes, we consider highlighting and explaining the unintended cross-subsidies between members is necessary so that intended users can make informed decisions. As described above, these cross-subsidies may occur when there is a difference between the bases used for various actuarial factors and/or with the basis used to determine accrual rates.
- 4.7. In advising on factors, practitioners need to consider the consistency between the basis used to set different sets of the factors, and their consistency with the basis used to determine accrual rates. Further, in order to meet the reliability objective, practitioners' communications in this area must allow decision-makers to understand the possible cross-subsidies between groups of members that are expected to arise from any differences between the basis underlying different sets of actuarial factors.
- 4.8. In considering the proposed updates to TAS 310 v1.1 it should be noted that accrual rates fall under the definition of actuarial factors set out in the glossary of the standard, as they are used to convert a benefit from one form to another (i.e. from cash to pension).
- 4.9. We propose amending TAS 310 v1.1 by adding provision P8.3 to include considerations of the consistency between the basis used for achieving actuarial equivalence under the UMES regulations and that used for other factors. We note that consistency between other actuarial factors should be broadly achieved already by provision P8.2 stating factors should be on a cost neutral basis.
- 4.10. We also propose updating the communication provision currently labelled P7.6 in TAS 310 v1.0. In the exposure draft of TAS 310 v1.1, this provision is renumbered as P8.7 and expressed in terms of cross-subsidies in the scheme, and we propose changes to require practitioners to communicate material differences between the bases used for actuarial factors. While P8.7 will apply to all CMP schemes, we expect that practitioners advising single employer CMP schemes will already be meeting the requirements of this provision when they consider cost neutrality of actuarial factors under P8.2 and P8.6 (P7.2 and P7.5 in TAS 310 v1.0).

Question 6

What are your views on the proposed new provisions P8.3 and P8.7? Do you believe the proposed changes create any additional requirements in relation to single employer CMP schemes? Please explain your rationale.

5. Viability Assessments

Intended user for advice on viability report

- 5.1. As for single employer CMP schemes, trustees of a UMES must produce a viability report which includes a statement confirming that in their opinion the design of the scheme is sound¹⁰. This is supported by advice from the scheme actuary. The UMES regulations require that the trustees must obtain the scheme proprietor's approval for their viability report before submitting the report to TPR for authorisation¹¹. Subsequent changes to the viability report do not require this approval.
- 5.2. Given this, the FRC proposes to remove the reference to trustees in provision P5.1 to ensure that provisions for practitioners considering soundness of a scheme design in relation to a viability report cover advice to all relevant parties rather than solely to trustees.

Viability on a closed basis

- 5.3. The existing CMP legislative framework requires schemes to have robust continuity plans for how schemes will function if they are no longer able to continue on an open basis¹². Further, the UMES regulations require that trustees are not prevented from pursuing a scheme carrying on a closed (to either future accrual or new members) basis (continuity option 3) if they consider it appropriate to do so¹³, with the policy intention to mitigate the potential risk of UMESs being wound up when it would not be beneficial to members.
- 5.4. CMP schemes may in some circumstances be expected to provide materially different outcomes if they are closed to new members or future accrual. This may occur if:
 - over time there is a smaller pool of members from which scheme expenses are met; or
 - over time the discount rate reduces to reflect a movement towards lower risk asset holdings as the liability matures.
- 5.5. If the circumstances described in the previous paragraph occur there is a risk that the expected benefit adjustments and level of benefits suffer either a gradual or sudden

¹⁰ 4(a) in part 2 of Schedule 2 of the UMES regulations

¹¹ 8 of the UMES regulations

¹² Section 31 'Triggering events' and section 34 'Continuity options' of the Pensions Schemes Act 2021

¹³ 5(a) (iv) of the UMES regulations adds the following authorisation criterion to section 9(3) of the Pensions Schemes Act 2021:

"(g) where the scheme is an unconnected multiple employer scheme, that if—

(i) a triggering event occurs in relation to the scheme, and

(ii) the circumstances are such that the trustees of the scheme are not required to pursue continuity option 1 by virtue of section 34(3),

the trustees will not be prevented from pursuing continuity option 3 if they consider it appropriate to do so (see sections 17A, 31 and 34).";

downwards shift which the decision-makers and by extension, the scheme members may not be expecting. This risk applies to both UMESs and single employer schemes.

- 5.6. We consider it important that practitioners consider the resilience of the scheme to closure as part of their advice on scheme soundness. This would include consideration of whether member outcomes are expected to be materially different were the scheme closed to new entrants or accrual.
- 5.7. This consideration is most important during the period up to the scheme's application for TPR authorisation because at this time, decision-makers can make changes to the scheme design or investment strategy if they believe this is appropriate. The scope for such changes would be much smaller after the scheme has received authorisation from TPR and is operational. On the other hand, there is scope for changes over time which could cause a scheme to become less resilient to closure and that practitioners are best placed to identify this.
- 5.8. To ensure that trustees and scheme proprietors understand this risk in finalising the scheme design, practitioners must communicate, if material, the impact a closure is expected to have on expected benefits. Further, we expect practitioners to monitor the position as part of their ongoing view of the soundness of the scheme design.
- 5.9. We propose to add provisions P5.1d and P5.7 to TAS 310 to cover practitioners' considerations and communications to intended users in relation to a viability report, around how benefits from CMP schemes might be impacted should they close at some time in the future. We expect this to include communicating any material impacts of closure to new members or accrual of benefits on the level or uncertainty of future benefits adjustments at each annual viability assessment. Although the concern on the viability of the scheme on a closed basis is likely to be more pronounced for UMES than single employer CMP schemes, we consider it appropriate for practitioners to give consideration on this matter for single employer CMP schemes.

Adequacy of member communications

- 5.10. In the CMP regulatory framework, a scheme actuary is required to certify whether the design of a CMP scheme is sound¹⁴. The legislation requires that the scheme actuary should have regard to whether various listed documents accurately describe estimates of the rate or amount of any future pension benefits payable under the design of the scheme. For a UMES, this would include the rate at which benefits accrue.
- 5.11. As part of the regulations laid, amendments to related legislation¹⁵ require that a UMES's scheme design statement must be updated within three months of a change in accrual occurring¹⁶.

¹⁴ 34 (2)(a) of the UMES regulations

¹⁵ Amendments to part 1 of Schedule 11, and 29B in part 9 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013

¹⁶ 6(4) and (5) in schedule 7 of the UMES regulations

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- 5.12. The FRC considers that scheme actuaries certifying soundness of a multi-employer scheme should consider the communications (or draft communications, if appropriate) in respect of accrual rates.
- 5.13. We propose to amend provision P5.2b to ensure that practitioners' decisions on soundness consider whether member communication adequately describe accrual rates. We consider that the existing provision P5.6c in TAS 310 v1.0¹⁷ is sufficient to ensure that practitioners' communications are clear as to which member communications have been considered.

Question 7

What are your views on the proposed changes to provisions in relation to viability assessments? Are there any other areas an actuary should consider in relation to soundness of a CDC scheme?

¹⁷ Communications should include "a list of all member communications the practitioner has reviewed in their assessment of soundness"

6. Other considerations

- 6.1. The proposed changes to TAS 310 follow the principles-based approach which we apply to all our standards. We recognise that there are elements of actuarial work in relation to UMESs which are significantly different from the single employer schemes and where a number of different approaches may be adopted, such as in determining actuarial equivalence. Given these differences we would like to explore whether additional guidance would help ensure consistency and clarity in applying the standard.

Question 8

Are there any areas where additional guidance would be helpful? If so, please set out the specific areas and/or provisions where guidance may be helpful.

- 6.2. The FRC does not consider any changes are required in respect of the Data, Assumptions, Scheme design or Actuarial valuation (including appendix A) sections of TAS 310 following the introduction of the UMES regulations.

Question 9

Are there any further aspects of technical actuarial work you expect to be impacted by the introduction of UMESs regulations which are not adequately covered by the proposed changes to TAS 310? If so, please explain what they are.

7. Timing and implementation

- 7.1. The UMES regulations laid before parliament, alongside an updated TPR Code of Practice, are expected to come into force on 31 July 2026. Potential UMESs will be able to seek authorisation from TPR from this date.
- 7.2. The FRC recognises that the length of the period without finalised actuarial standards reflecting the UMES regulations, including the requirement for actuarial equivalence, should be minimised as far as possible, and it would be beneficial if the standard can be finalised before the regulations and code of practice come into force. For this reason, we are consulting on the proposals for six weeks, and unless there are substantial changes to the exposure draft resulting from the consultation, we aim to publish TAS 310 v1.1 before 31 July 2026.
- 7.3. To facilitate practitioners' work on CMP schemes, and support applications for authorisation to TPR we have proposed an effective date of TAS 310 v1.1 of 31 July 2026

Question 10

What are your views on the proposal that the standard would be effective from 31 July 2026? Please set out any practical difficulties which you believe this might cause.

8. Impact assessment

Benefits

- 8.1. The changes to TAS 310 are in light of the requirements of the new legislation for UMESs and TPR's draft revised Code of Practice for UMESs which have been issued since the publication of TAS 310 v1.0.
- 8.2. This new type of pension scheme introduces greater flexibility and innovation in occupational pension provision and the proposed changes to the standard relate to new activities required in supporting the design, authorisation and ongoing operation of UMESs. The benefits of these proposed changes are from promoting quality in technical actuarial work in relation to this new type of scheme, thereby supporting market development and raising public confidence in this important emerging area. The proposed changes promote quality technical actuarial work which would support intended users (e.g. trustees/governing bodies and employers) to fully understand and make well-informed decisions in all phases of the operation of UMESs, ultimately leading to better outcomes for pension scheme members.
- 8.3. The proposed content of TAS 310 v1.1 addresses:
 - Actuarial equivalence between expected contributions and expected benefit build up being achieved and maintained in an appropriate way, such that members are not adversely impacted by unintended cross-subsidies.
 - Members exercising options in a scheme, such as transferring benefits in or out of the scheme, being treated fairly relative to other members.
 - The risks to members' benefits that may arise from a closure of the scheme to new members or new accruals are understood by decision-makers and have been appropriately managed.
 - The appropriateness of communications to members relating to the future levels of benefit, considering that accrual rates may vary over time in a UMES.

Costs

- 8.4. The proposed changes to TAS 310 have arisen following the responsibility imposed by the new UMES regulations and TPR regime. Any costs on the actuarial profession which arise from the introduction of TAS 310 v 1.1 are due to the regulatory requirements for this new type of scheme. DWP set out their cost benefit analysis in relation to the UMES regulations as part of the consultation outcome¹⁸.

¹⁸ [Unconnected Multiple Employer CDC Schemes: Impact Assessment](#)

Question 11

Do you agree with our impact assessment? Please give reasons for your response.

9. Consultation questions

- Question 1** What are your views on the proposed provisions P7.1 and P7.5? Are there any specific rating factors (for example, age) that you think should or shouldn't be used in determining actuarial equivalence?
- Question 2** What are your views on provisions P7.2 and P7.6? Are there any other issues relating to the choice of method that should be communicated to intended users?
- Question 3** What are your views on provisions P7.3 and P7.7? What other considerations are there in the choice of relevant period?
- Question 4** What are your views on provisions P7.4 and P7.8? Are there any other areas where you expect a difference between the assumptions for actuarial equivalence and the actuarial valuation?
- Question 5** Do you agree with the proposal to extend the requirements of P3.1 to accrual rates? Please provide reasons for your answer and alternative approaches where relevant.
- Question 6** What are your views on the proposed new provisions P8.3 and P8.7? Do you believe the proposed changes create any additional requirements in relation to single employer CMP schemes? Please explain your rationale.
- Question 7** What are your views on the proposed changes to provisions in relation to viability assessments? Are there any other areas an actuary should consider in relation to soundness of a CDC scheme?
- Question 8** Are there any areas where additional guidance would be helpful? If so, please set out the specific areas and/or provisions where guidance may be helpful.
- Question 9** Are there any further aspects of technical actuarial work you expect to be impacted by the introduction of UMESs regulations which are not adequately covered by the proposed changes to TAS 310? If so, please explain what they are.
- Question 10** What are your views on the proposal that the standard would be effective from 31 July 2026? Please set out any practical difficulties which you believe this might cause.
- Question 11** Do you agree with our impact assessment? Please give reasons for your response.



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