

217

Participants, including
American Express
UK, Akzo Nobel UK,
BAE Systems, Diageo,
Co-operative Bank, Kantar,
John Lewis Partnership

1.2 million

Employees represented

142

Participants have more
than 1,000 employees

The new era of workplace pensions

How legislation, behaviour shifts and adequacy risks are driving change

REBA's *Future of Pensions Research 2025*, in partnership with NatWest Cushon, reveals how retirement adequacy has become the defining challenge for workplace pensions.

With too many employees at risk of falling well short of optimal savings for retirement, forward-looking employers are recognising the need for pensions to shift back to the forefront of benefits strategy. They are actively reviewing default investments, revising contribution structures, and beginning to address inequalities such as gender and ethnicity gaps.

Yet most organisations still struggle to truly engage employees with pensions or to align schemes with wider HR and reward policies – a missed opportunity to strengthen succession planning, retention and workforce wellbeing.

With a slew of pensions regulatory reforms on the horizon – from dashboards to small-pot consolidation – the pensions industry is entering one of its most dynamic phases in years, and it's set to transform how employees engage with and benefit from pensions.

About the research

This research was conducted as an online quantitative survey in July 2025 among REBA's membership community and wider database of HR professionals.

It achieved participation from 217 predominantly medium to large organisations, representing an estimated 1.2 million employees.

All of the data in this research, aside from page 3, is taken from the responses of private-sector organisations.



IN PARTNERSHIP WITH



More on the future of
pensions from REBA



The end of a silent decade on pensions offers hope



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Small adjustments
decided with purpose by
employees can make a
significant difference to
pensions outcomes

reba Reward & Employee
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PURSuing BEST PRACTICE

Legislative changes and new bodies and tools are set to address mounting pensions inadequacy

Following the game-changers of auto-enrolment and pensions freedoms, there has been a silent decade. That is about to change, driven by the Pension Schemes Bill 2024-25, the Pensions Commission, targeted support regulations and (coming soon) pensions dashboards. Not before time, given the increasing numbers heading towards retirement without pensions that are adequate to live on.

REBA's *Future of Pensions Research 2025*, in partnership with NatWest Cushon, therefore focuses on retirement adequacy. Despite respondents being drawn from employers most engaged with workplace pensions, just over half (56%) believe it is very important that employers help employees to achieve retirement adequacy. If these are the organisations setting an example and raising the bar for others, one can assume that those not engaged in pensions will need a very strong push from government to raise adequacy.

Better engaged savers

As these results show, employers largely expect contributions to increase, but there are only so many ways in which they can be expected to increasingly foot the bill for state-sanctioned responsibilities. Fortunately, a range of other actions are coming via legislation and regulation to help improve savings levels and outcomes. First up is changing behaviours, so that employees realise that responsibility for building a pension lies primarily with them. Auto-enrolment, slightly ironically, was the catalyst to this. Targeted support and pensions dashboards are next on the list to better engage savers.

Second, there are initiatives such as the Mansion House Accord to increase investment from defined contribution schemes into private markets, which historically have mostly been open to defined benefits schemes. In this research, most employers are wary of the possibility of schemes being mandated by government to select particular investments. But this is by no means a certainty and as knowledge grows, investment products come to market, and consolidation continues, viable opportunities to boost returns on long-term savings will become clearer.

Savings gaps

Third, employers should review the interplay between HR policies and pensions savings. Tweaks and additions could remove the causes of savings gaps, and raise awareness of the importance of considering pensions implications at key life events or financial decisions. From parental and carers policies, through to pay review or bonus periods, small adjustments decided with purpose by employees can make a significant difference to pensions outcomes – mostly at little or no cost to the employer. Given the remit of the Pensions Commission, this work will put employers ahead in supporting under-served cohorts within workforces.

Fourth is the negative impact of ill-health on pensions outcomes. There is a role for reward and benefits practitioners to consider how early-career wellbeing and prevention can change the trajectory of those who would have faced years of poor in-work health or been forced to retire early. Looking at workforce health and pensions outcomes in the round can reduce people risks within the workforce (ideally supported by public health policies too, we hope).

Fifth, for those lucky enough to have a surplus on their defined benefits plan, there is the opportunity with the new pensions bill to release that money to support other initiatives, including HR budgets.

Pensions are moving back into the centre of the employee reward package. Those quickest to grasp the new ways of strategising pensions will reap rewards soonest.

Employers must take a proactive role to address pensions adequacy



Steve Watson

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 Stephen Watson



While inertia was the genius behind auto-enrolment..., it is now a barrier to adequacy



**NatWest
cushon**

Auto-enrolment dramatically widened participation, but the minimum 8% contribution is insufficient for financial security

Thirteen years on from the introduction of auto-enrolment, few would dispute its success. More than 11 million additional people are now saving into a workplace pension – a remarkable achievement that has fundamentally reshaped the UK's retirement savings landscape.

But attention is now shifting to the next major hurdle – pensions adequacy. While auto-enrolment has widened participation, most savers remain at the minimum 8% contribution level – insufficient for a financially secure retirement. This concern is shared by the government, which has now revived the Pensions Commission, aimed squarely at tackling adequacy shortfalls.

Industry consensus is a 12% total contribution benchmark. Encouragingly, 41% of employers in the *Future of Pensions Research 2025* are already meeting this threshold – but that still leaves a significant proportion facing a potential cost burden if mandated increases come into force.

A proactive approach

The question, then, is whether employers and policymakers should wait for new legislation or act pre-emptively. While inertia was the genius behind auto-enrolment's success, it is now a barrier to adequacy. Most employees default to the minimum contribution – not an active choice, but because the system encourages passive participation.

To move beyond enrolment and towards engagement, employers must take a proactive role in fostering pensions awareness. Employees who understand and relate to their pensions are more likely to take ownership – and contribute more. Investment innovation, such as access to private markets, may be a key tool in achieving this.

Although 54% of employers remain unsure about the benefits of UK private market investments, the broader case – both in the UK and internationally – is compelling. These investments offer the potential to break employee inertia by providing more tangible and relatable opportunities, making pensions saving feel real and relevant. Engagement, after all, is often the first step towards increased contributions.

Keep it clear

At the same time, communication clarity is critical. Misinformation and speculation about pensions policy – whether it's around tax-free cash, tax-relief changes, or a return of the lifetime allowance – can easily discourage saving. Even if these changes won't affect most employees, the perception of complexity or threat is enough to undermine confidence.

Here, education is key. Encouragingly, the research shows that 67% of employers already provide pensions education – a strong foundation to build on. With the Budget approaching and national campaigns such as Pay Your Pension Some Attention already under way, now is the time to step up. Targeted, timely education can cut through the noise, reassure savers and keep the focus on long-term pensions wellbeing.

There are many changes ahead for pensions, all focused on delivering greater value to savers. It's encouraging to see these initiatives being so well received by employers – with the majority (73% to 89%) viewing them, individually and collectively, as capable of moving the dial on pensions adequacy. But let's be clear, these initiatives can only do so much – the 'secret sauce' is increased engagement levels.

Retirement adequacy

Helping employees to achieve retirement adequacy deemed vital for half of employers

Four in 10 individuals in the UK – or nearly 15 million people – are undersaving for their retirement, while 45% of working adults are saving nothing into a pension at all, according to official figures from the [Department for Work & Pensions](#) (DWP).

Employers in this year's *Future of Pensions* research appreciate their role in ensuring that employees have enough to live comfortably in retirement, with many seeking to do more to deliver good outcomes for members in future.

More than half (56%) of employers said it is very important that their organisations help employees to have an adequate retirement, while nearly two-fifths (39%) say it is fairly important.

The UK government has made pensions a priority, launching multiple initiatives that seek to address retirement adequacy and, as work and pensions secretary Liz Kendall says, “ensure people will have a decent income in retirement – with all the security, dignity and freedom that brings”.

In July 2025, the government announced a revival of the Pensions Commission, which will make proposals for change beyond the current parliament to deliver a framework that is “strong, fair and sustainable”. It will build on the Pensions Investment Review and Pension Schemes Bill, which are also tasked with improving retirement outcomes.

Improving retirement adequacy was the central aim of the Turner Review, which led to the introduction of automatic enrolment as its flagship reform.

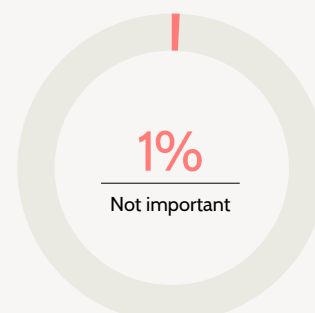
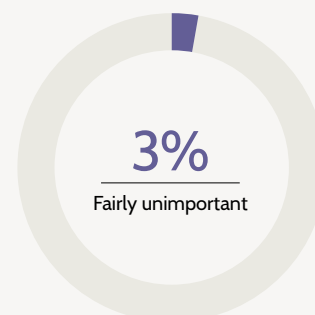
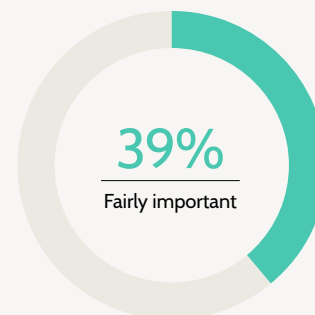
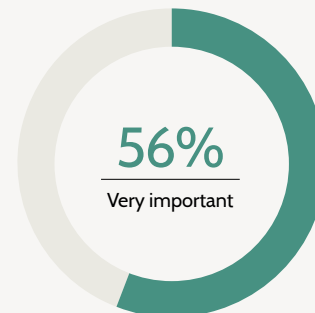
The review, conducted by the UK Pensions Commission between 2002 and 2006 under Lord Adair Turner, was launched to address the growing crisis in pension provision, driven by declining private savings and rising life expectancy.

Auto-enrolment was designed to make pension saving the default for employees, significantly boosting participation rates, especially among low-to-moderate earners.

The commission's recommendations were implemented through the Pensions Act 2008, which mandated automatic enrolment for eligible workers and established NEST as a low-cost, government-backed scheme for those without access to quality employer pensions.

Auto-enrolment has helped widen participation, but contribution levels remain modest, and many workers are unaware of how much they need to save to achieve a comfortable retirement.

The importance employers place on helping employees achieve a pension adequate to live on



Retirement adequacy

Employers take proactive steps on pension adequacy beyond legal requirements

Many employers are taking positive action to ensure they help their employees achieve an adequate pension when they retire, with education and communication paramount.

The Pensions Act (2008) stipulates that the scheme's default option should take account of the likely characteristics and needs of employees who will be automatically enrolled into it. While this responsibility may fall to the scheme provider or adviser rather than the employer, three-quarters of respondents regularly ensure that the default investment option is fit for purpose, while 18% plan to do so in the next two years.

More than two-thirds (67%) of employers educate employees on pensions, which includes offering financial education, guidance and advice or coaching, while 29% say they will provide this within two years.

Two-thirds of employers say they use pay reviews or bonus periods to communicate the possibility of making additional pension contributions, and almost one-fifth (18%) plan to do so in the next two years.

The appetite to support employees' pension and investment decision-making coincides with the Financial Conduct Authority's [Consultation Paper CP25/17](#), which sets out draft rules for a new regulatory proposition for targeted support. This sits between basic information and full financial advice, letting providers give tailored suggestions to groups of people with similar needs.

Pensions inequality is being tackled through targeted strategies and transparency measures

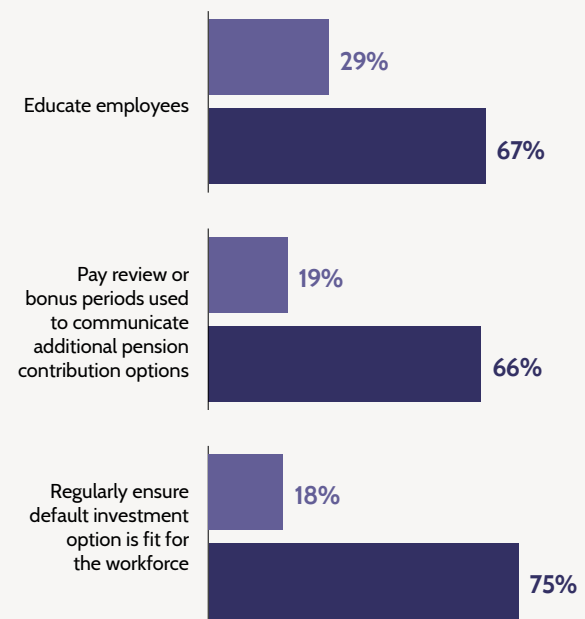
Pensions inequality remains a major challenge for the industry, with the government's [Gender Pensions Gap in Private Pensions: 2020 to 2022](#) report (July 2025) showing a 48% gender pensions gap in private pension wealth between women and men. Meanwhile, the ethnicity pensions gap persists; for example, just one in four individuals from a Pakistani or Bangladeshi background are saving into a pension, according to the DWP.

Acknowledging different employee backgrounds and experiences is critical in ensuring retirement adequacy, with almost one-fifth (19%) of employers stating that they focus on different cohorts to improve saving outcomes. Almost two-fifths (40%) say they will do so within two years.

In anticipation of greater pensions transparency, just over one-quarter (27%) of employers are already changing or harmonising schemes to provide greater consistency, with 29% planning to do so. This complements testing of pensions dashboards, enabling members to view all their pension pots in one place.

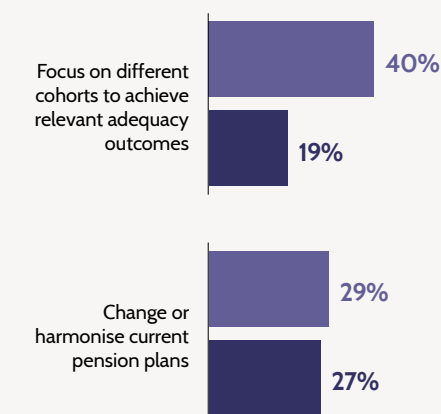
Actions employers are taking to help employees achieve retirement adequacy

- Plan to take within two years
- Currently take



Actions employers are taking to help employees achieve retirement adequacy

- Plan to take within the next two years
- Currently take



Retirement adequacy

Shift toward comprehensive pension strategies that connect design, delivery and outcomes

Employers are taking steps to ensure pensions saving is connected to the wider employee benefits package. Nearly one in five (19%) have linked total reward objectives to retirement adequacy, while one-third (29%) will do so within two years.

More than half (59%) of employers offer flexible pension rules around retirement, such as allowing employees to draw from the scheme while continuing to work. Just over one in seven (15%) will introduce such flexibility in the next two years.

A well designed pension plan will have clear objectives and a robust framework to ensure that it delivers the intended level of retirement income and security for its members. Consequently, one-quarter (25%) of employers have linked pension plan objectives to retirement adequacy, while nearly one-third (32%) will do so in the next two years.

HR policies offer untapped potential to enhance employee pension adequacy

Few employers currently integrate pensions awareness into wider HR policies, despite there being a free or low-cost opportunity to boost retirement adequacy. Policies such as long-term sick leave or part-time working by carers and parents can have a direct negative effect on the amount employees have saved by the time they retire.

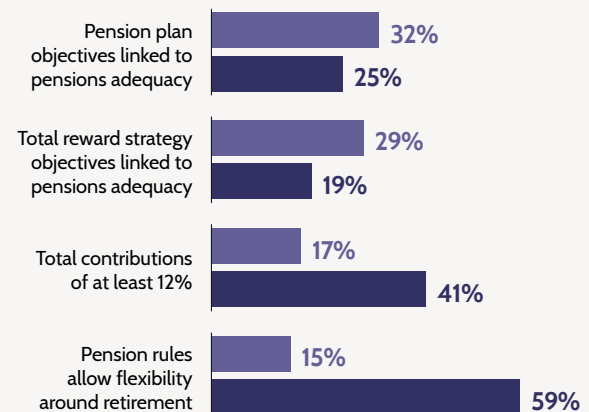
There is a clear opportunity for employers to integrate HR and pension strategies to inform employees about the impact that career journeys can have on adequacy, and give them options to consider.

More than a fifth (21%) raise awareness of pensions adequacy through their retirement flexibility policies, and just over one in five employers (21%) link pensions to employee health policies. Given that ill-health is a leading cause of people reducing working hours, leaving the workplace before retirement, or being less able to reach their full potential at work, there's scope for a more integrated approach across health and pensions policies by employers to both reduce people risk for the organisation and aid retirement adequacy for employees.

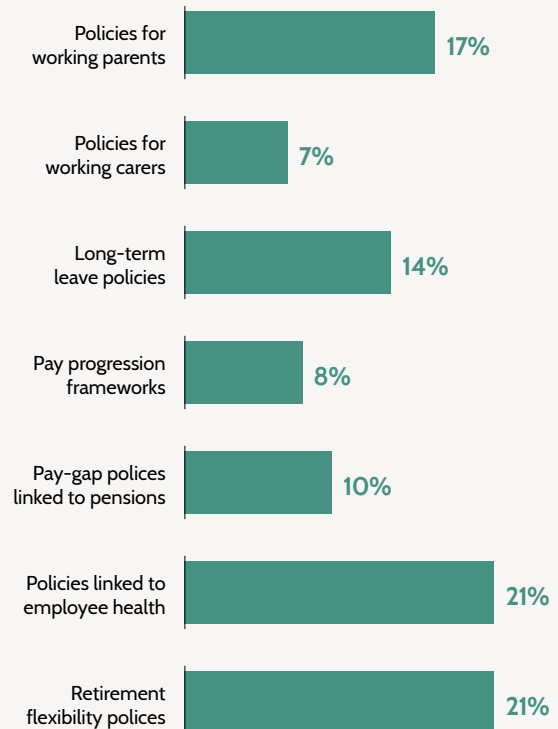
Just one in 10 employers (10%) link pay-gap policies to pensions in a bid to reduce savings inequality and improve retirement adequacy. Pay disparities can create a double penalty for employees who may already have a lower immediate income and therefore substantially reduced retirement savings that compound over decades through lost investment growth.

Pensions strategies linked to wider benefits package

- Plan to take this action within two years
- Currently take this action



HR policies employers use to raise awareness of pensions implications



Regulatory changes

Regulatory reforms focused on member outcomes welcomed by employers

Workplace pensions will experience significant regulatory reform before the end of the decade as part of the government's push to improve retirement adequacy.

Employers are broadly positive about the impact that many of these changes will have, particularly those focused on individual members.

Almost nine out of 10 (89%) employers say the introduction of pensions dashboards – to which all schemes with 100 or more relevant members at the scheme year end between 1 April 2023 and 31 March 2024 must connect – will have a positive impact on retirement outcomes, since people will be able to see all their pension plans in one place.

More than four-fifths (83%) of employers believe that the Value for Money Framework – which will come in under the Pension Schemes Bill 2024-25 – will have a positive impact. It will demand that plans prove their worth

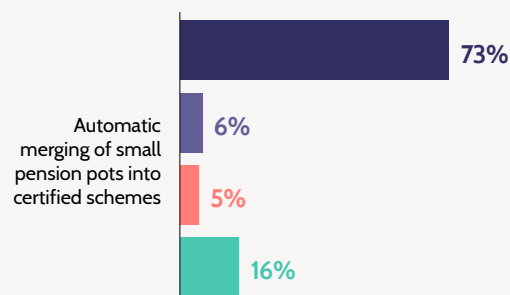
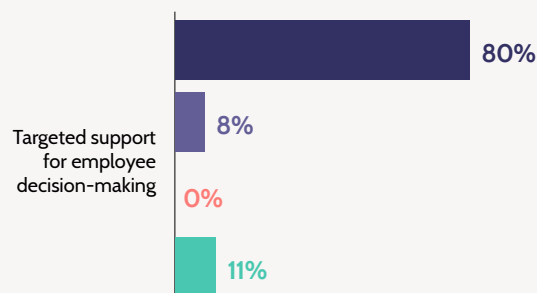
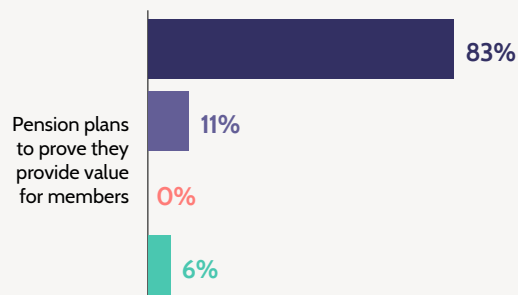
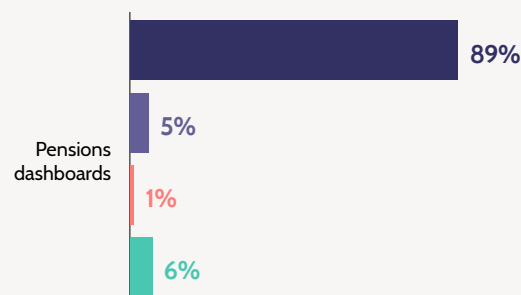
Four-fifths of respondents (80%) agree that targeted support for employee decision-making (which reduces the risk of employers contravening financial advice regulations) will be beneficial for members.

Almost three-quarters (73%) of employers say that the automatic merging of small pots into certified schemes, as set out by the Pension Schemes Bill 2024-25, will improve retirement adequacy. The bill stipulates that pension pots worth £1,000 or less be consolidated into one plan that is certified as delivering good value to savers.

Policy initiative	Legislative or regulatory source
Pensions dashboards	Pension Schemes Act 2021 and Pensions Dashboards Regulations 2022 & 2023.
Value for Money Framework	Financial Conduct Authority (FCA) consultation paper CP24/16 and DWP's <i>Value for Money: A Framework on Metrics, Standards, and Disclosures</i> (2023–2025).
Targeted support for employee decision-making	Proposed amendments to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 and draft legislation via FCA (2025).
Automatic merging of small pension pots	Pension Schemes Bill 2025.

Regulations that employers think will have a positive impact on retirement adequacy

● Positive impact
● No impact
● Negative impact
● Unsure



Regulatory changes

Uncertainty across investment reforms signals major opportunity for industry education and engagement

Not all pensions reform is welcomed with such enthusiasm, and there is evidence to suggest that the industry will need to do more to convince employers of the potential benefits from proposed changes to investment strategies, the advent of mega-funds and access to scheme surplus.

Employers are especially wary of any potential mandation on how schemes assets should be invested. In May 2025, the government unveiled the Mansion House Accord, which saw 17 pension providers pledge to invest 10% of their workplace portfolios in private markets, of which at least 50% will be invested in the UK, by 2030. This is expected to release £25bn into the UK economy by 2030.

The government has so far resisted mandating investment, either domestically or in unlisted assets, but the Pension Schemes Bill 2024-25 includes a reserve power that would enable the government to set quantitative baseline targets for pension schemes to invest in a broader range of private assets, including in the UK, for the benefit of savers and for the economy.

Employers are divided on mandatory UK asset investment, with one-third expecting negative impacts (33%) on pension adequacy and just one-in-10 (12%) seeing benefits. However, with more than four-in-10 (44%) unsure, there's clear scope for better communication about how these investment requirements might affect member outcomes.

Employers show similar scepticism about mandatory unlisted asset investment in areas such as domestic infrastructure and private equity. Nearly half (47%) are uncertain whether requiring multi-employer defined contribution (DC) schemes to hold at least £25bn in their main default funds by 2030 will have a positive impact on pension adequacy. Fewer than one-tenth (6%) believe that the legislation will have a negative impact, and one in eight (16%) think it will have no impact.

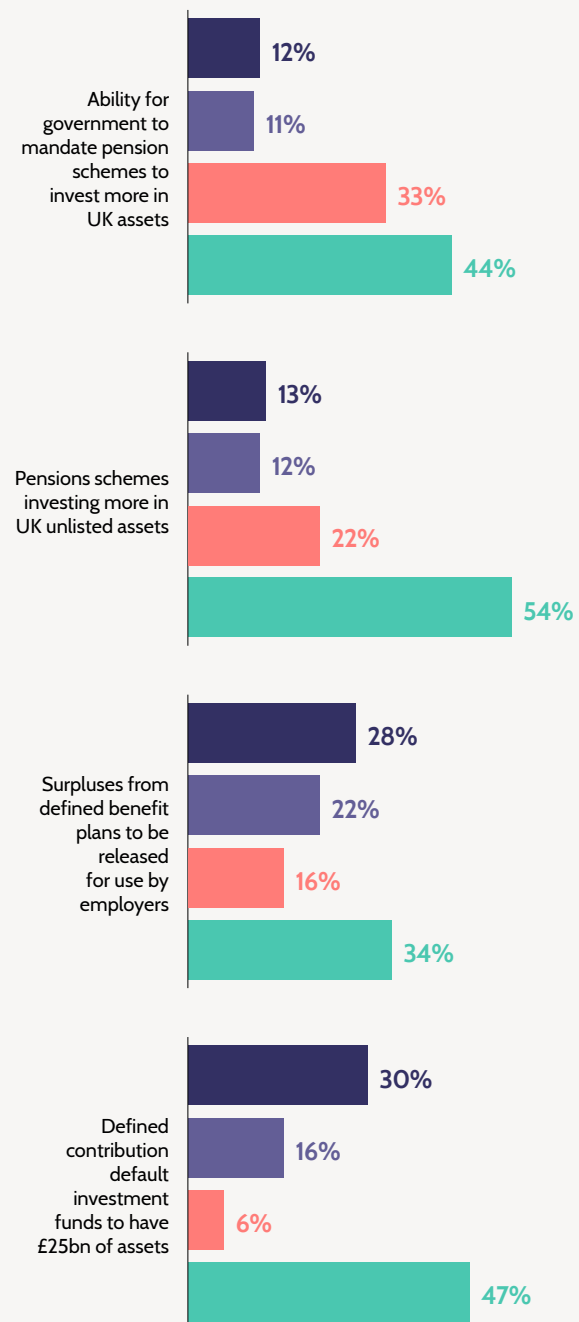
The Pension Schemes Bill 2024-25 allows more flexibility for trustees of well funded defined benefit pension schemes to share surplus funds with employers and their scheme members, with strict funding safeguards.

The government says this will unlock some of the £160bn of surplus funds to then be reinvested across the UK economy, boosting business productivity and delivering for members.

For employers, recovered surplus funds can provide additional resources to reinvest in overall reward strategies, funding new employee benefits programmes or enhancing existing compensation packages without requiring additional budget. However, employers will need to ensure this money is funnelled back into the reward function and not elsewhere in the business.

Employers predicting the impact of investment regulation on retirement adequacy

● Positive impact
● No impact
● Negative impact
● Unsure



Contribution rates

Average employer contributions set to increase

Minimum total contributions to auto-enrolled schemes are currently 8%, which many organisations, including Pensions UK (formerly the Pensions and Lifetime Savings Association) and the Institute for Fiscal Studies, consider inadequate.

Chancellor Rachel Reeves stopped short of increasing minimum contributions to 12% during this parliament. However, this remains a consideration for the Pensions Commission.

A little over two-fifths (41%) of respondents offer combined employer and employee contributions of at least 12%, while one in six (17%) say they will do so within two years (see page 6).

Looking in more detail at employer contribution rates, the research shows an appetite to increase contribution rates by the end of the decade. The current average employer contribution rate across all respondents sits at 7.8%, but within five years, this is expected to rise to 9.1%.

This is helped both by fewer employers offering the statutory minimum and by more employers boosting their contributions above 12%. In 2025, one in 10 (10%) employers offered the statutory minimum rate of 3%, but by 2030, this halves to one in 20 (5%) employers.

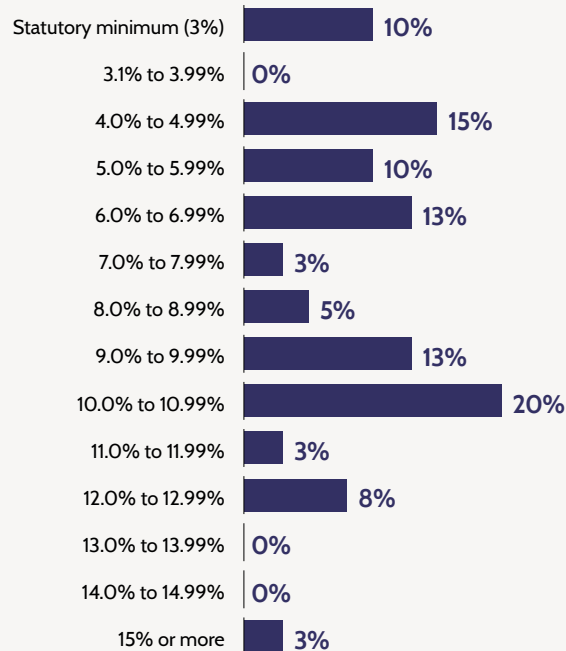
By 2030, 16% of employers will offer contribution rates of 12% or above, up from 11% currently. This increase also reflects the competition for talent, where enhanced pension contributions can be a key differentiator in employee value propositions, particularly as workers become more aware of retirement planning needs.

In 2023, the Pensions (Extension of Automatic Enrolment) Act was passed. This allows for the secretary of state to lower the minimum age for enrolment from 22 to 18 and to remove the lower earnings threshold of £6,240.

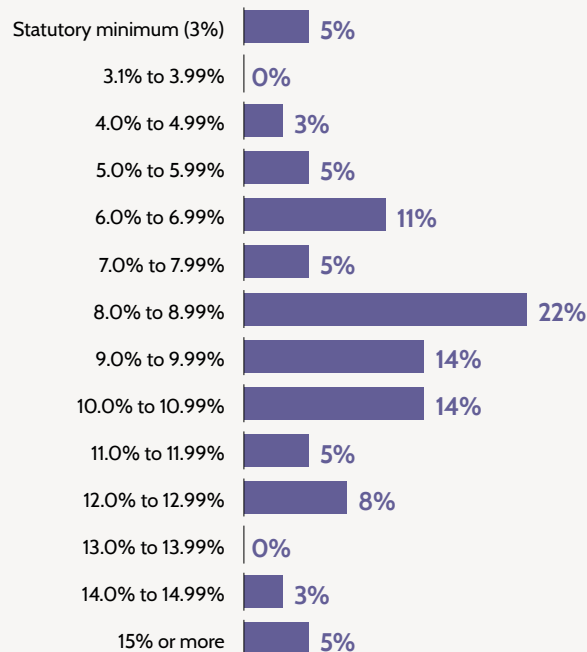
These reforms aim to broaden pension inclusion, particularly for younger workers and for those in lower-paid or multiple part-time roles.

While the legislation has been passed, implementation is still pending. The government has yet to announce a formal timeline, citing economic pressures and concerns about additional costs for employers.

Current minimum employer contribution



Expected minimum employer contribution by 2030



Salary sacrifice

Salary sacrifice reform could trigger ripple effects across reward packages

There is a current wave of speculation about pensions salary sacrifice cuts, stemming from an HMRC-commissioned research project that modelled how employers might react if tax and National Insurance advantages were reduced or removed.

The study was conducted in summer 2023 but published earlier this year. It tested three scenarios on pensions contributions: removing the National Insurance Contribution (NIC) exemption; removing both NIC and income tax relief; and capping pensions salary sacrifice above a £2,000 threshold.

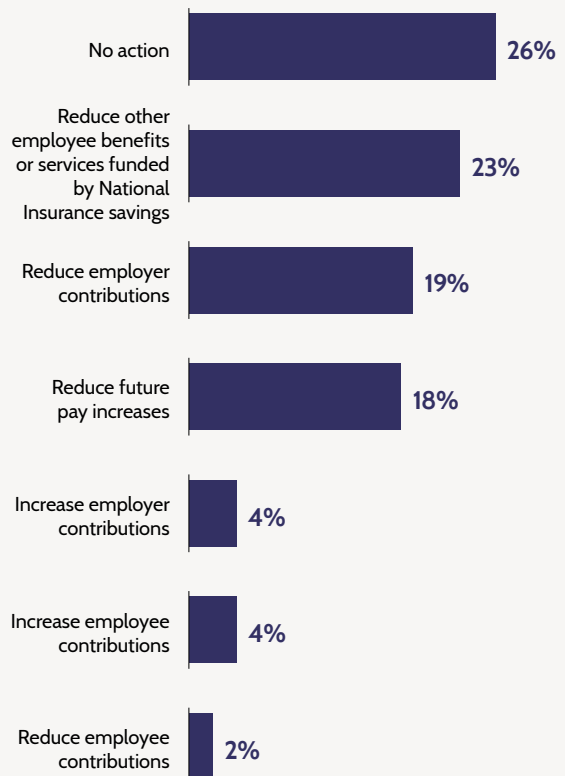
Together with mounting reports of a multi-billion-pound shortfall in public finances, the study has fuelled warnings from industry commentators that pensions salary sacrifice may be targeted by chancellor Rachel Reeves in the forthcoming Autumn Statement.

If pensions salary sacrifice were to be scrapped, just under one-fifth (19%) of employers said they would reduce pension contributions, while nearly a quarter (23%) would scale back other employee benefits currently funded through National Insurance savings. Nearly one in five (18%) expect to limit future pay rises, with a small minority of employers (4%) indicating they could offset the change by boosting employer contributions. This suggests that removing salary sacrifice for pension contributions would deliver a triple hit to retirement saving, wider benefit provision and wage growth.

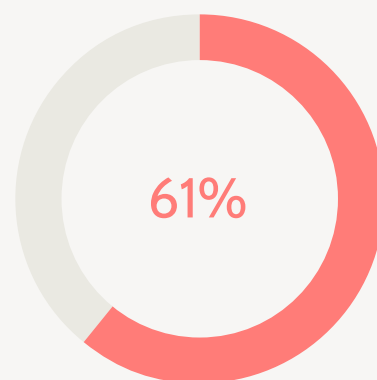
If reform to pensions salary sacrifice is introduced in the Autumn Statement, reward teams may be challenged to rethink how they sustain overall value in their total reward package.



How employers would react to the government stopping salary sacrifice for pensions contributions



Proportion of employers who would react negatively to salary sacrifice changes for pensions contributions



Comprising the following actions: 23% reduce other employee benefits or services funded by National Insurance savings; 19% reduce employer contributions; 18% reduce future pay increases.

Recommended actions

NatWest Cushon

1

Prepare for increased costs

While the Pensions Commission isn't expected to report until 2027, industry consensus is already forming around an increase in the total minimum pension contribution level – likely to rise from 8% to 12%. Employers can expect advance notice and possibly a phased rollout, but budgeting ahead is essential. In parallel, legislated auto-enrolment reforms are still pending implementation. These include lowering the minimum age from 22 to 18 and removing the lower earnings threshold. Employers should begin modelling now to understand the combined impact on their total reward budgets.



[Watch this webinar for more on adequacy and benefits strategies](#)

2

Review who's being left behind

Beyond contribution levels, some employee groups are structurally disadvantaged by the current system. Part-time workers, for example – many of whom are women – may fall below the earnings trigger and miss out on auto-enrolment altogether. Similarly, employees taking career breaks (such as maternity or caring leave) can experience significant pension gaps. For these under-served cohorts, communication and education are critical first steps. Raising awareness of how and when to opt in, and the long-term impact of savings gaps, can help improve outcomes without immediate financial cost to the employer.



[Learn how to find gender pension gaps and close them](#)

3

Explore private market investments

As part of the Mansion House Accord, 17 leading pensions providers – including NatWest Cushon – have committed to investing at least 10% of assets in private markets, with half of that in UK-based investments. These asset classes can offer strong long-term returns, but they also present a unique opportunity for employee engagement. Because private markets are often more tangible and relatable, they can help demystify pensions and prompt more active participation. Employers should speak to their provider to see if they are a signatory, understand their investment approach, and explore how these assets could feature in employee communications.



[Discover how NatWest Cushon turns private market investments into powerful stories that connect with members](#)

4

Prioritise education and communication

Education is not a cure-all, but it is a powerful enabler. Informed employees are more likely to engage, save more and make better decisions. As government initiatives like targeted support and value-for-money frameworks roll out, engagement will be key to unlocking their impact. With the Budget approaching, rumours of pensions changes can cause confusion or anxiety. Now is the time to double down on education – and tools like myth-busters can be especially effective in countering misinformation.



[Find out how workplace savings education can support wellbeing](#)

About NatWest Cushon

NatWest Cushon helps employers enhance the financial wellbeing of their workforce through workplace pensions, savings and financial education. By providing employees with a simple, convenient and interesting way to manage their money, employers help them build better savings habits and a feel-good future.

NatWest Cushon's app-first approach, climate-focused investment strategy and jargon-free financial education come together to improve pensions engagement, driving increased value for members in the long term. It's easy for employers too, as a solution that fully integrates with payroll and benefit platforms.

NatWest Cushon offers a Master Trust pension scheme alongside a range of savings products (ISA, Lifetime ISA, Junior ISA and General Investment Accounts).



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About REBA

The Reward & Employee Benefits Association (REBA) is a thriving community of HR professionals dedicated to pursuing best practice in reward and benefits. Synonymous with excellence, REBA informs and empowers its members to grow their networks, advance their knowledge, source and connect with market-leading vendors, and be prepared for what's coming over the horizon. REBA's research taps into its diverse network of 4,850+ members and 21,500+ HR contacts to provide objective insights into the reward, benefits and people risk strategies that a broad range of organisations are implementing throughout the UK and internationally. As a result, REBA produces independent reports featuring data-led benchmarking, fresh insights, emerging trends and case studies to identify change and inform better decisions in reward and benefits strategies.

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