

Retirement boost of £29,000 awaits millions as landmark Pension Schemes Act becomes law

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Over 20 million workers are set to get more from every pound they save towards retirement thanks to the passing into law of historic pensions legislation today, Wednesday 29 April 2026.

- Pension Schemes Bill to receive Royal Assent, delivering major reform to the UK's £2 trillion worth of pensions.
- New rules aim to benefit 22 million people as they drive down costs and boost returns on retirement savings.
- Act paves the way for the upcoming Pensions Commission to ensure savers can look forward to a comfortable retirement.

Over 20 million workers are set to get more from every pound they save towards retirement thanks to the passing into law of historic pensions legislation today, Wednesday 29 April 2026.

The Pension Schemes Act will bring about major reform to the UK pensions system, benefitting an average worker to the tune of up to £29,000 by the time they retire.

The Act will require pension schemes to prove they are delivering value for money, enable the automatic consolidation of small pension pots, and create larger, better-performing funds.

Many people build up several small pension pots as they move between jobs, making it difficult to keep track of their retirement savings. The new law will enable these pots to be brought together automatically, giving savers a clearer picture of their pension.

The new Act also introduces a Value for Money framework, protecting savers from being stuck in underperforming schemes. In future, pension schemes managers and trustees will need to offer clear default options for turning savings into retirement income, with the aim of giving people who choose this, a sustainable income in their retirement.

Minister for Pensions Torsten Bell said:

Today is a landmark moment for the 22 million workers building up a pension pot across >the UK.

For too long, our pensions system has been fragmented and rarely ensures that people's >savings are working hard enough to support them in retirement.

The Pensions Schemes Act will change that by creating schemes that drive down costs, >deliver higher returns, and give savers the security they deserve.

The Act aims to transform the pensions landscape, ensuring every pound saved delivers stronger returns while driving investment in the economy. Key measures include:

- Enabling small pension pots to be automatically consolidated.
- The VFM framework will standardise how value is assessed, leading to transparency and comparability. This, in turn, will drive competition and a long-term focus on value across the DC pensions sector.
- Creating multi-employer defined contribution “megafunds” of at least £25 billion, which will drive down costs and enable investment in a wider range of assets, including in UK businesses and infrastructure.
- Consolidating Local Government Pension Scheme assets into pools managed by FCA-regulated managers, supporting long-term investment in local infrastructure, housing and clean energy across the country.
- Providing Defined Benefit schemes with greater flexibility to release surplus funds, unlocking collectively around £160 billion to support employers and deliver for scheme members.

Together the measures will benefit working people on an average salary who save into a pensions pot over their career by up to £29,000 by the time they retire. The Act paves the way for the upcoming Pensions Commission which is examining how we ensure tomorrow’s pensioners are on track for a comfortable retirement and will make recommendations for change - potentially benefiting millions of people across the UK.

Additional Information

- Full details of the Pension Scheme Act can be found here: Pension Schemes Bill - Parliamentary Bills - UK Parliament
- The £29,000 boost to retirement pots is estimated through assuming greater investment performance through addressing underperformance and increasing diversification, reducing costs which could be passed onto savers and by investing for longer, ensuring worker’s pension pots work harder, for longer.
- These figures are based on published annual earnings averages, which shows a full-time male will earn just over £37,000 a year and a woman just under £32,000.
- Measures in the Act mean that an average male earner at the start of their career could see up to £31,000 more in their retirement fund by the time they retire while a woman could see £26,000 more in their retirement fund. See the Pension Schemes Act Impact Assessment for further details on the calculations.
- More information on the Government’s Pension Investment Review can be found here: Pensions Investment Review: Final Report - GOV.UK

<https://www.gov.uk/government/news/retirement-boost-of-29000-awaits-millions-as-landmark-pension-schemes-act-becomes-law>