

PRESS RELEASE

UNDER EMBARGO - 0900 WEDNESDAY, 7 OCTOBER 2026

PPI: Mid-to-late career employees could have smaller pensions pots than surrounding generations

- Private-sector UK workplace DC assets could see nearly £1 trillion rise by 2046

[The Pensions Policy Institute \(PPI\)](#), the UK's leading independent authority on pensions and retirement policy, has [published](#) new research today projecting employees aged 45-54 could have smaller Defined Contribution (DC) pension pots than the generations surrounding them.

The report, '**The DC Future Book 2026**', sponsored by [State Street Investment Management](#) and [Scottish Widows](#), estimates those currently aged 45-54 will have £63,000 in their DC pot at retirement, nearly 15% (£11,000) less than today's 35-44 year olds, and 10% (£7,000) less than those aged 55-64.⁽¹⁾

The new PPI modelling comes as the Second Pensions Commission prepares to make recommendations to the government on the broader questions of adequacy, fairness, and sustainability within the UK pensions system. A third State Pension age review was also launched last year.

At a wider market level, the analysis also projects that private-sector UK workplace DC assets could grow by nearly £1 trillion by 2046, rising to close to £2.2 trillion, up from approximately £1.3 trillion in 2026.⁽²⁾

The study estimates there could be 14.9 million active members in DC workplace pension schemes in 20 years' time, the vast majority of which (10.6 million) in Master Trust schemes.⁽³⁾

However, around 4.7 million (9%) of UK adults reportedly held a non-workplace DC pension pot in accumulation in May 2024, with digital tools, targeted support, and wider investment access potentially broadening future retail services. Among savers who had consolidated pensions in the three years to May 2024, 35% moved savings into a non-workplace arrangement, although most consolidation was into a current or previous workplace pension.

The PPI investigation also notes innovation in the retail market can improve access and support, including the use of Artificial Intelligence to potentially tailor communications, identify likely support needs, assist administration and even partially reduce operational costs.

Further key findings include:

- The median pot in DC schemes was £15,400 in 2025, despite the substantial aggregate assets held across the DC system.
- By May 2026 and now for the second year in a row, employees ineligible for Automatic Enrolment (AE) outstripped those that were eligible, reaching 12 million and 11.45 million respectively.
- Lower earners are much more likely to save at minimum levels. 48% of employees earning £10,000 to £20,000 contribute at the AE minimum, compared with 12% of those earning £60,000–£70,000.
- FCA data show around £567 billion of assets under administration in Self-Invested Personal Pensions (SIPPs) in 2024.

With the growth and increasing interconnectedness of workplace and individually selected DC pensions through the retail market, the 12th edition of the DC Future Book delivers a comprehensive synthesis of DC research, statistics, and longitudinal data. The report provides new independent evidence to support observation, analysis of developing trends, and informed pensions policy decision-making.

Shantel Okello, PPI Policy Researcher and lead author of the report, stated: "The DC market is evolving, but growth and greater choice do not necessarily mean better retirement outcomes. Our modelling highlights differences in projected pension pots between age groups, while this year's report explores how workplace and retail pensions connect and what this means for savers' choices, costs, and support. As the Second Pensions Commission prepares to make its recommendations to government, the PPI is proud to deliver this

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comprehensive research on the UK DC market to support informed policy development, including for the evolving retail pensions market.”

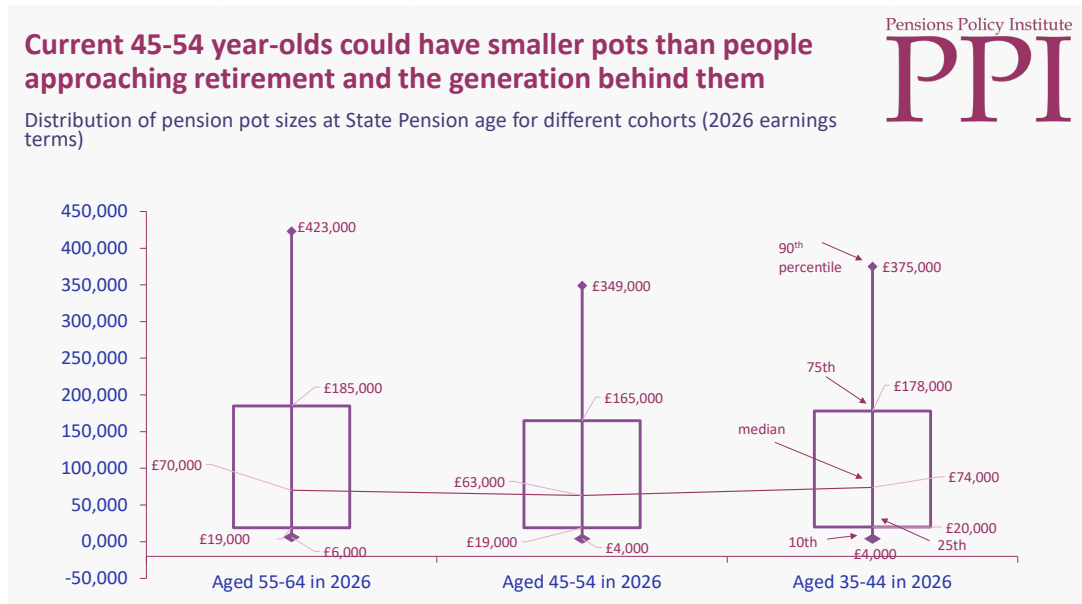
Olivia Kennedy, Head of European Institutional Strategy at State Street Investment Management, commented: “The UK’s pension system has seen massive, positive evolution over the last decade. Automatic enrolment has brought millions more people into long-term saving and established defined contribution pensions at the heart of retirement provision. With that said, this isn’t “job done”. There are still significant gaps, with contribution rates remaining low, modest pension pot sizes, and increasingly complex retirement decisions. This year’s DC Future Book shines a light on these trends, providing a compelling and actionable roadmap for the sector as it continues to tackle these issues.”

Graeme Bold, Managing Director, Pensions and Investments at Scottish Widows, added: “This research comes at a pivotal moment for UK pensions, as we await the findings of the government’s Pensions Commission next spring. This year’s additional focus on retail pensions broadens the report’s scope, which is crucial as the way people save for retirement and manage their finances becomes more nuanced and complex. A holistic and joined up approach is therefore essential across the whole pensions landscape, as well as broader personal finance, to help UK savers get the best possible outcomes.”

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Note to Editors

1. The headline findings illustrated in Figure 3.7 (p.24) are derived from the PPI’s Aggregate Model.



These are median outcomes for the modelled cohorts rather than predictions for every saver. Outcomes can vary around the median due to differences in earnings, contribution histories and investment performance. The figures also do not represent total resources available in retirement. Individuals may have different combinations of State Pension entitlement, DB rights, other DC pensions, housing, ISAs and other savings, as discussed in Chapter 1. The modelling therefore indicates differences in projected DC accumulation between cohorts rather than determining the overall retirement income that each group will receive.

[A high-res version of Figure 3.7 is available here.](#)

2. Findings illustrated in Figure 3.10 (p.24) derive from the PPI’s Aggregate Model.

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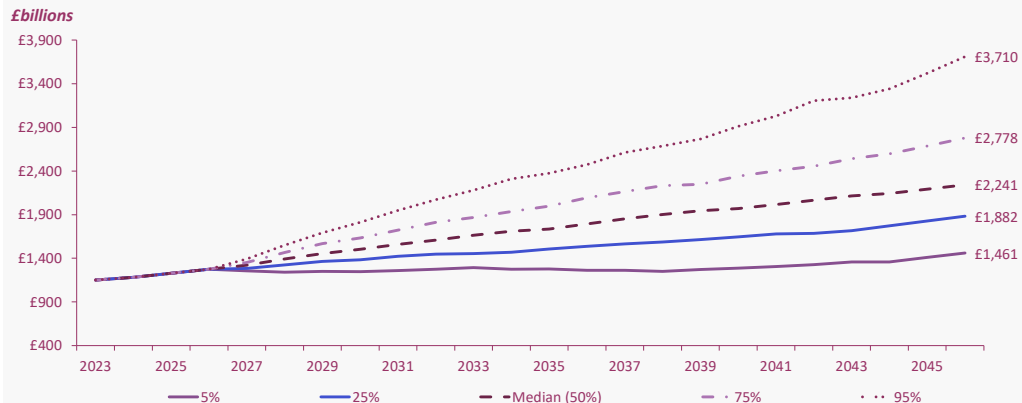
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By 2046, total aggregate assets in DC schemes and personal pensions could reach around £2.2 trillion under the median scenario

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Aggregate value of DC assets in workplace and individual contracts in the UK, by year, under 1,000 randomly generated economic scenarios (2026 earnings terms)



These figures are modelled outcomes in 2026 earnings terms rather than observed administrative estimates of the current pensions market. The modelled 2026 value should in particular be distinguished from the separate FCA estimate of almost £1.3 trillion held across contract-based DC pensions cited in the Key Findings and Chapter 2. The FCA measure includes contract-based workplace and individual pensions, including SIPPs and non-workplace pensions, and excludes trust-based schemes. The two measures therefore have different sources and populations and should not be used interchangeably.

[A high-res version of Figure 3.10 is available here.](#)

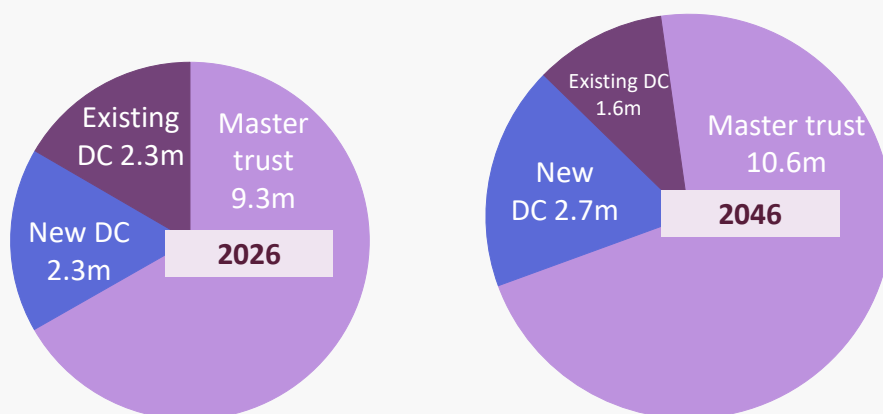
3. Findings illustrated in Figure 3.4 (p.23) derive from the PPI's Aggregate Model.

In 20 years, there could be around 10.6 million active members in master trust schemes

Pensions Policy Institute

PPI

Active workplace DC by scheme members in 2026 and 2046



These projections concern active saving rather than the number of pension pots. Changing jobs can leave a deferred workplace pot even when a person becomes active in another scheme. The model allows for labour-market movement when allocating active savers between scheme types, but it does not estimate the resulting number of deferred pots or the proportion subsequently transferred to

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another workplace scheme, a personal pension or a SIPP. The results therefore indicate the likely institutional location of active workplace saving, rather than the future division of all DC assets between workplace and retail arrangements. This distinction follows naturally from Chapter 2, which showed that current DC accumulation already takes place through both workplace and individually selected pensions.

[A high-res version of Figure 3.4 is available here.](#)

About The Pensions Policy Institute (PPI)

[The Pensions Policy Institute \(PPI\)](#) is the UK's leading independent authority on pensions and retirement policy. We conduct rigorous, impartial research to inform major policy decisions affecting millions of people's retirement security. Our evidence-based analysis is used by government and across Westminster – as well as industry and consumer groups - with extensive media coverage bolstering understanding of complex pension issues. Our work ensures that policymakers have the unbiased analysis needed to deliver better outcomes for those they serve.

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