



WHITE PAPER:

Pension Boards Under Pressure: Managing Change with Governance

Pensions Under Pressure

Good Governance Is the Key for Pension Funds

The UK's pension system is under pressure on many fronts. Challenges, including regulatory changes, funding risks, member expectations and technology gaps, are putting boards under pressure to adapt and make strategic decisions quickly.

It's a high-pressure, high-stakes situation. We no longer talk so much about a 'VUCA' (volatile, uncertain, complex and ambiguous) economy, but the descriptor is possibly more apt than ever.

In this environment, boards should rely on the fundamentals of good governance to guide their actions and decisions.

Yet, even here, we see that board members are under increasing pressure to manage their responsibilities effectively. Minutes and board packs are becoming larger and more complex, as are existing and emerging social, technological, governance, and sector-specific challenges.

Managing time, as well as avoiding information overload and decision fatigue, is more critical than ever for effective performance.

Pensions Under Pressure

For the UK pensions sector in particular, the times are changing. The Government's plans to create 'megafunds' have put individual fund governance under scrutiny.

At the same time, proposals to loosen restrictions on how pension trustees can share surpluses with employers have created significant uncertainty. Some bodies have expressed cautious approval, emphasising the need for strict controls and absolute transparency, while others, such as the Pensions Security Alliance, are strongly opposed.

Below, we discuss some of the key changes and challenges facing the sector, including notes on how good governance can mitigate risks and help boards chart paths to success.

Funding Risks

Unsurprisingly, many pension fund managers are anticipating increased risk levels for the remainder of 2025 and beyond. Research conducted by Ortec Finance found that more than three-quarters (77%) of senior pension fund executives globally (including in the UK, Canada, the Netherlands, the Nordics and the US) were expecting increased risk for their funds; less than one-fifth (18%) believed their exposure would remain unchanged.

One notable concern for defined benefits (DB) funds is the growing number of retirees relative to new hires in their plans, with its attendant implications for fund availability in future years. These risks have been rising for some time and raise concerns about balancing risks and liabilities across the portfolio.

Governance

Financial literacy across the board is often taken as a 'given' in the pension funds industry. Still, constant education, briefings by relevant experts and even testimonies from fund members can help keep knowledge current. Moreover, it can deepen a board's understanding of its members' concerns, which is vital to any fund's business sustainability.

Ensure that your skills matrix is up to date and that succession plans reflect your needs. And include regular updates in your agendas to ensure your strategies are fine-tuned and responsive to shifting conditions.





Member Expectations

The simplest expectation held by most pension fund members is that they'll be able to live comfortably in retirement. However, there is evidence of widespread concern over the current economic outlook.

A 2025 survey conducted by Smart Pensions identified several expectations and concerns among the more than 2500 workers it contacted. Chief among them were expectations that the State Pension age would continue to rise, and low confidence about achieving a comfortable retirement.

Around one-third expect to be working in retirement, and the need for further education and information was clear, with many respondents showing low knowledge and expressing a desire for guidance on financial wellbeing and retirement planning.

As the Government's proposed changes to the pensions landscape continue to progress, members will demand more from their funds, especially when it comes to communication and transparency. Funds that meet these demands will likely prosper.

Governance

Stakeholder engagement is crucial for good governance. Savvy boards will seek the views of all stakeholders, not just business partners, Government and investors.

Pension funds exist to serve and benefit their members, so their boards should ensure the 'members' voice' is represented. It's also crucial to respond to their concerns, either through further communication, policy or procedural changes, or product revisions.

Technology Gaps

There are many reasons to think of 2025 as a 'crunch' year for the pension fund industry. The pensions dashboards ecosystem is now operational, with the final tranche of funds required to be connected by 31 October 2026. Getting connected requires the board to sign off on critical strategic decisions, including those related to data management and matching, calculation methodologies, and handling voluntary contributions.

More broadly, data is critical for any modern pension fund, and every organisation should have a digitisation strategy in place to ensure that dashboard connections are seamless and to prepare the business for future technologies and innovations.

On the staffing side, the industry's shortage of skilled workers means that funds must be prepared and equipped for hybrid and remote working. You don't want your fund to be constrained by a lack of capacity to manage its workloads.

Governance

As with financial information, all board members should have at least a basic understanding of the technology landscape. This requirement is especially acute as new technologies, including, but not limited to, AI tools, become more widespread. Indeed, evidence suggests that AI is being used in most organisations today – officially or otherwise.

How OnBoard Can Help

With the above in mind, we believe that effective governance is more important than ever for the pensions industry. The best way to reap the many benefits of good governance, we believe, is to adopt a purpose-built digital platform that brings together all the key functions and capabilities required.

The best solution is to adopt a board portal platform that's been purpose-built for governance, with privacy, security and sector-specific capabilities 'baked in'.

Our solution provides functionality for managing agendas, board papers, minutes, voting, document management, secure messaging, and more. Our latest releases include AI capabilities – again, custom-built for governance, not modular tools dropped into our technology stack. They're built on Microsoft's Azure Infrastructure, providing enterprise-grade encryption and security, with granular control over users, content, and data retention.

It's also a closed-loop system. That means no prompts or data ever leave your board's secure instance. Further, it doesn't train on board data and doesn't rely on public models.

Finally, it's fully compliant with key security and governance standards, including ISO 27001, ISO 27701 and SOC 2 Type 2. It's GDPR and HIPAA-compliant, and further, it doesn't export your data to train external models.

Regardless of your fund's size, industry, membership profile or board composition, now is the time to invest in governance. Doing so will help you serve your stakeholders and team members better, and help provide secure retirements for your members.

OnBoard would be delighted to assist. To learn more, contact us for an obligation-free discussion, or learn more about our platform by downloading our latest brochure [here](#).

