THE YEAR AHEAD

PREVIEW

Following a year plagued by economic uncertainty and geopolitical turmoil across Europe and the world, Paige Perrin **explores the developments expected for the European pensions industry in 2026**

2025 was a pivotal year for pension policy across Europe. In the UK, the government published a blockbuster Pension Schemes Bill, the Netherlands made significant progress in the transition to the new Dutch pension system, and consolidation remained a major theme, with the merging of Sweden's AP funds as well as several Icelandic pension funds. This year looks set to be another busy one as these changes, among others, are implemented and begin to take effect, ushering the industry into a new era. *European Pensions* looks ahead to the potential developments in 2026 on a country-by-country basis.

IRELAND

The Irish Association of Pension Funds (IAPF) chief executive, Joyce Brennan, notes that 2026 marks a "transformative moment for pensions" in Ireland, after auto-enrolment (AE), a policy debated for nearly two decades, "finally became a reality" on 1 January 2026.

National Automatic Enrolment Retirement Savings Authority (NAERSA) chair and LCP partner, Roma Burke, echoes this sentiment, saying the launch of the AE system, MyFutureFund, "is bringing hundreds of thousands of workers into pension saving for the first time, marking a decisive shift away from a purely voluntary model and materially strengthening long-term retirement adequacy".

Brennan highlights another significant 2026 development – the "anticipated" launch of in-scheme drawdown (ISD), allowing members to remain in their scheme after retirement.

"There is broad support for introducing ISD as an option for members. The IAPF recommends it should remain voluntary for schemes, with existing retirement options (approved retirement fund/annuity) continuing to be available," Brennan says. However, she adds the "devil is in the detail", with the IAPF calling for quarterly statements for members with visual aids for clarity and guided investment pathways.

Burke also points out that the regulatory environment is "evolving rapidly", with the Pensions Authority signalling that the next phase of reform will focus on scheme authorisation, enhanced data and reporting requirements, and increased focus on its risk-based supervisory approach.

She states that these developments are not being driven solely by domestic policy, but also by new EU-level obligations, including the Digital Operational Resilience Act (DORA), the European Single Access Point (ESAP), and the forthcoming reviews of the Institutions for Occupational Retirement Provision (IORP) and Pan-European Personal Pension (PEPP) frameworks.

"For trustees and employers, this will translate into higher expectations around governance, operational resilience, transparency and oversight of outsourced service providers. While 2026 will involve significant adjustment, it should also represent a stabilising point as the new architecture beds down," Burke adds.

SWEDEN

Sweden's pension system is in the midst of a structural shift, with the AP funds, the country's national pension buffer funds, being consolidated at the start of the year.

According to Skandia pension economist, Mattias Munter: "Sweden's pension system is entering a phase of consolidation and fine-tuning that will shape outcomes for retirees from 2026 onward".

The "most significant change" in 2026, as Alecta pension economist and spokesperson for consumer issues, Staffan Ström, argues, is the introduction of a target retirement age.

"By encouraging longer working lives, it strengthens long-term financial sustainability and leads to better pensions for individuals, but may challenge groups with weaker labour-market attachment or physically demanding jobs. Problems with ageism in the labour market may also hamper the desired development," Munter adds.

Swedish Pensions Agency head of the analysis department, Kristian Seth, suggests that "a highly topical issue" in 2026 will be the introduction of a mechanism for distributing surpluses within the pension system.

"When the system's balance ratio is sufficiently strong, this mechanism allows surplus assets to be shared with pensioners and pension savers, complementing the existing automatic balancing (brake). If carefully calibrated, the surplus mechanism can improve benefit adequacy without undermining resilience," Munter explains.

However, he points out that there is an "ongoing debate" about whether the proposition has been properly analysed following the political agreement.

In other upcoming developments this year, Seth notes that two important government-appointed public inquiries are underway concerning the structure of the Swedish pension system. Seth explains that one inquiry focuses on the funded component, the premium pension, and has been tasked with reviewing which insurance products should be available during the payout phase, while the other examines the design of the tax-financed basic protection, specifically the guaranteed pension, as well as the "relatively complex" housing allowance for pensioners.

"Both of these inquiries are expected to submit their final reports in the summer of 2026, and their conclusions are likely to have a significant impact on the future design and sustainability of the Swedish pension system," he says.

ICELAND

Iceland, like Sweden, is also following up on a big year, after 2025 saw the merger of several pension funds – a trend seen in pension systems across Europe.

Icelandic Pension Funds Association legal adviser, Andrés Thorleifsson, states that 2025 was a "significant year".

"We witnessed three mergers, reducing the total number of pension funds from 20 down to 17. This continues a long-term trend: in 1980, there were 96 funds, and by the turn of the millennium, that number had fallen to 62. By the end of 2024, only 20 remained, and the total is now decreasing rapidly," he says.

Thorleifsson suggests that while fewer funds create "stronger, more robust entities", there is also the necessity of "maintaining diversity" to ensure competition and varied investment strategies.

And it doesn't look like the changes to the Icelandic pension system will see a slowdown in 2026, according to LSR chief investment officer, Halla Kristjánsdóttir, who says: "Looking ahead to 2026, our main concerns relate to increasing global polarisation, potential disruption to the international order, and persistent inflation risks."

She explains: "Iceland is a small economy and will almost always be on the receiving end of global terms and conditions. Our base currency is also relatively small compared with the scale of our developed pension system. Our primary objective for the year is to navigate an increasingly complex global environment and identify fairly priced investment opportunities, while staying aligned with our sustainability agenda."

Thorleifsson adds that the Icelandic pension system anticipates new legislation in 2026 that will provide "regulatory relief regarding quantitative limits on pension fund investments".

"While the government has not yet introduced a bill, we expect a shift toward a system based more on the prudent person principle," he says.

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UK

"2026 will be a year of implementation for many UK workplace pension providers, and arguably the most consequential in a generation," TPT CEO, David Lane, says. "While much of the legislative groundwork has been laid over the past year, it's in 2026 that we will see what these reforms actually mean in practice, as the Pension Schemes Bill is expected to receive Royal Assent and policy intent starts to translate into real-world impact."

Lane suggests that consolidation more broadly will remain a defining theme. "In DB, the introduction of a permanent statutory framework for superfunds will replace the current interim regime and, if implemented effectively, provide sponsors with a responsible way to de-risk while preserving – and potentially enhancing – member security," he says.

Adding to this, LCP partner, David Fairs, points out that the bill will "trigger a series of consultations around surplus release and reserving requirements for superfund authorisation". "With further clarity, we are likely to see a number of superfunds come forward for assessment and authorisation, broadening the options for DB schemes," he says.

Meanwhile, on the DC side, Fairs notes that the bill's proposals for minimum default funds are "already driving action" from those not expected to meet the 2030 minimum size threshold.

Van Lanschot Kempen Investment Management head of institutional retirement, Vickey Casebourne, says the collective DC (CDC) initiative is a "bridge between DB certainty and DC flexibility".

"We expect to see these discussions gaining traction and more coming to the market. While there remain a few unanswered questions, we are positive on innovation that works to raise retirement outcomes," Casebourne says.

Lane also highlights that The Pensions Regulator's final Code of Practice is expected mid-year and notes that the year ahead "will be pivotal in turning commitments such as the Mansion House Accord into action".

"It would be easy to overlook the work of the Pensions Commission amid all this activity, but it will play an important role in stepping back and assessing whether automatic enrolment is genuinely improving adequacy. Many recommendations from earlier reviews remain unimplemented, and the absence of tax relief from its remit will inevitably raise further debate," Lane adds. "If the industry fully embraces the framework now emerging, 2026 has the potential to be a landmark year for UK pensions."

THE NETHERLANDS

The start of this year saw the first schemes transition to the new Dutch pension system. This has been a long time coming for many Dutch pension schemes, with the system first officially coming into effect on 1 July 2023.

According to the Dutch Federation of Pension Funds (Pensioenfederatie), over half of Dutch workers have now transferred to the country's new pension system, following the transition of several large schemes on 1 January. This includes PGGM, which transferred all of its clients, including PFZW, StiPP, PMT, Bpf Schilders and Koopvaardij – representing around 5.8 million participants – to the new system on 1 January.

Although over half of Dutch workers have transitioned to the new pension system, many pension funds in the Netherlands are still in the process of switching. However, several funds have announced delays due to capacity constraints among administrators.

Despite this, the Dutch government expects that by the end of 2026, an additional 15 funds will have completed the transition. Furthermore, the government suggested that 61 pension funds plan to transition in 2027, with the final 25 funds planning to switch on 1 January 2028. This highlights that transitioning remains a significant focus for both those who have already made the switch as they deal with the change and for those who have yet to do so.

Even the pension administrators and schemes that have transitioned have experienced challenges, as PGGM pension experts, Marc Nuijten and Stef Vermeulen, explain.

"For more than five years, PGGM has worked on this transition with its clients. This has been a challenging journey. Starting this transition process, the new pension law was still in development. Given that the execution of the new pension schemes of pension funds has an impact on the whole execution chain, both the pension administration and the asset management site, a large part of the operating model had to be redesigned when implemented," they say.

Over the next couple of years, Nuijten and Vermeulen suggest that communication between providers and schemes and participants will be "key" to helping participants fully adapt to their new scheme and further increase trust.

"Given the more standardisation in pension schemes that is a result of the new pension law, consolidation of both pension funds and service providers is to be expected as well," they add.

FRANCE

France has seen significant political upheaval and unrest over the past couple of years. In the third quarter of 2025, France's president, Emmanuel Macron, appointed Sébastien Lecornu as Prime Minister. However, Lecornu resigned 27 days later due to intense political pressure, criticism of his cabinet, and a lack of parliamentary support. Four days later, Macron reappointed Lecornu as prime minister.

This political upheaval in France is having a wide impact, and for pensions, political negotiations have led to delays and revisions to previously planned changes.

Mercer France retirement consulting director, Vincent Lebailly, explains that "the suspension of the 2026 pension reform, folded into the Social Security budget after political negotiations, delays the 2023 plan to raise the legal retirement age to 64".

And as a result, Lebailly notes, cohorts born 1964–1968 can retire three months earlier, between September 2026 and January 2028.

In addition to this, he says that employers with over 300 staff must now negotiate agreements to boost recruitment of senior employees and manage end-of-career pathways.

At the same time, according to Lebailly, France's pay-as-you-go system is "under growing strain".

"A falling birth rate and a 2025 demographic turning point with more deaths than births shrink the pool of future contributors. Supplementary pension schemes are therefore increasingly central to securing adequate retirement income," he continues.

In particular, Lebailly suggests that in 2026 these schemes "may shoulder additional fiscal responsibilities, including higher social contribution tax (CSG) on capital gains from retirement savings, to help offset the reform's suspension".

"With presidential elections approaching, policymakers face a narrow window to present fiscally sustainable, politically viable reforms that protect pension adequacy and seniors' purchasing power. 2026 will test the French pension model through intertwined pressures – political trade-offs, accelerating demographic decline, and urgent financing needs," he concludes.