Housing briefing, October 2026
A collective pension scheme for the care sector

Since the legal framework for multi-employer collective defined contribution (CDC) pension schemes came into force in July, there has been a flurry of developments.

The latest of these came at the Labour Party Conference last month, when health and social care secretary Yvette Cooper announced plans to set up a national collective pension for workers in the care sector.

This briefing explores these developments and their potential implications for employers, including housing associations.

Remind me, what is CDC?

A CDC scheme provides members a pension, not a savings pot, so members can retire with the confidence of a reliable income which is payable for life.

CDC investments are pooled collectively – they are not divided into individual pots. They can therefore be invested for a good, long-term return, even while some of the members are in retirement.

CDC also benefits from sharing the risk of how long people live. Some members will live longer than expected, while others will die sooner. By pooling these risks across all members, CDC schemes can provide pensions for life without having to set aside as much money for each individual to cover the possibility of living to a very old age. This means more of the money can be used to provide better pensions.

The combination of long-term investment and sharing longevity risk means that CDC is expected to provide a better pension for most members than those with a DC pot used to buy an annuity, even with the same contribution history.

Importantly, for employers, CDC pensions do not come with the unpredictable costs or risk of deficit payments associated with defined benefit schemes.

Our May 2025 Housing Briefing contains more information on CDC pension schemes.

What has been announced?

Whilst the announcement was light on specifics, the government's intentions are clear; to provide a "*proper pension scheme to give our care workers the respect they deserve*".

This comes on the back of announcements by the Starmer government to form a new Adult Social Care Negotiating Body (ASCNB), which will bring together trade unions and employers to negotiate on behalf of the sector.

What does pension provision currently look like?

A large proportion of workers in the care sector are currently under-pensioned for several reasons.

Affordability is a key issue. With the majority of employers contributing at auto enrolment minimum rates, workers generally need to contribute 5% of qualifying earnings. For those who can't afford this minimum level, they lose access to any contribution from the employer.

It is also common for care workers to work multiple jobs. Currently each role is assessed separately against the auto enrolment threshold of £10,000. Someone working several jobs, all below the threshold, will not be auto enrolled.

While CDC alone will not be a magic bullet for these issues, when combined with the ASCNB, it is hoped that outcomes for care workers can be improved.

These developments are particularly relevant to housing associations, many of which operate social care services alongside their housing activities.

Who is going to run the CDC care scheme?

At this stage, no provider has been formally announced.

It is estimated that there are around 1.5m workers in the adult social care sector in the UK. This means that any scheme could quickly become one of the country's largest. For context, there are around 1.8m active members of the NHS Pension Scheme.

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Such size and scale *may* make this attractive to commercial providers, although with the relatively small contribution levels and initial pot sizes, any such service is going to need to leverage technology to be as efficient as possible.

First Actuarial is one of several organisations supporting stakeholders across the industry in the design and implementation of the new scheme.

How could this impact housing associations?

Many housing associations offer social care services alongside their more traditional social housing activities.

It's common for housing associations to operate different contribution structures and/or pension schemes for care and non-care workers – reflecting general levels of contributions across the sector.

Where a housing association offers care services directly, they should keep a watching brief on any announcements from the ASCNB to ensure they remain compliant on pension provision, alongside any wider changes to employment terms. While we're still waiting on details, it is possible that contribution rates and/or pension providers will need updating.

This could create a situation where care workers receive a CDC pension while other employees remain in a DC arrangement despite working for the same employer. Housing associations should take this opportunity to consider the merits of introducing CDC pension provision across their workforce.

CDC for the housing sector

While housing associations may soon be required to provide CDC pensions for any care staff, it's important to remember that CDC as a scheme design is particularly well suited to the housing sector.

Many housing associations still provide DB pension arrangements or have only recently closed these schemes to future benefit build up. The traditional alternative to DB pensions has always been DC, which is generally less attractive to employees.

CDC provides an alternative for employees which may be preferable to DC.

Last year we published our report titled "*Better Pensions by Design: The CDC Opportunity for Social Housing*", which looked at the business case for CDC in the social housing sector in some detail.

This report followed sustained engagement with the sector via our **CDC Strategy Group for the housing sector**.

If you work for a housing association and would like to attend this next CDC Strategy Group meeting, please contact our Head of CDC Craig Moran.

Where is CDC headed?

For most housing associations, establishing their own CDC scheme is unlikely to be the most practical option. Instead, we would expect the most practical way to offer a wide scale CDC pension across the workforce will be going through a CDC master trust.

This could look quite similar to the way DC master trusts are set up. It would be up to the employer to agree a contribution structure, while decisions regarding scheme design and the day-to-day administration would be handled by the provider.

We expect different providers to offer different options for members. For example:

- In the design of the scheme, for example whether spouse's pensions are automatically included or not,
- In the setting of factors, some may review annually, some may review monthly, and
- In the flexibility of allowing members to build up a combination of CDC and DC pension savings.

Employers should ensure that they are aware of any differences between providers before selecting a CDC provider for their workforce.

Since the regulatory framework was introduced in July, we have had **five providers** confirm that they intend to launch a CDC scheme in the coming years. It is anticipated that more providers will come to market in due course.

Get in touch with our experts

From the beginning, First Actuarial have been thought leaders in the development of CDC. We have worked with Royal Mail and CWU, the Department for Work and Pensions and TPR to develop CDC.

Now is the time for housing associations to learn more about CDC and to consider if it is appropriate for your organisation.

To discuss the contents of this briefing, contact any member of our nationwide social housing team.