

The new National Collective Pension Scheme for care workers: recommendations on maximising its impact

Professor Liam Foster and Dr Duncan U Fisher

The new National Collective Pension Scheme proposal

At the 2026 Labour Party Conference, Yvette Cooper MP, the Health and Social Care Secretary, announced the introduction of the first ever National Collective Pension Scheme for workers in adult social care (ASC). This signifies a welcome and long overdue focus on ASC workers' futures. Although Yvette Cooper did not provide details, the scheme is likely to involve employees and employers across the sector paying into a collective fund designed to provide care staff with a target level of retirement income¹.

Collective funds have gained attention with the government recently legislating for multiple employers to participate in collective defined contribution (CDC) schemes, which require employer and employee contributions². Although the CDC income is not guaranteed for workers in retirement, these operate by pooling investment and risk. It is hoped that this will produce more predictable levels of pensions for staff than traditional defined contribution (DC) schemes, where the investment based retirement savings pot's final value depends on individual contributions and market performance.

In this policy brief we draw on pension research conducted with direct care workers and social care and pension experts to consider the potential role of a National Collective Pension Scheme for the social care sector. Direct care workers are those in Care Assistant or Support Worker roles, or those that are one step up in senior care or supervisory roles. The research explores care workers' experiences of pensions, and using these findings, we argue that the success of the National Collective Pension Scheme will depend on how the scheme is funded, promoted, and administered.

Recommendations

The main purpose of this brief is to provide recommendations for the government to consider when implementing the new scheme. These are:

1. maximising scheme portability
2. ensuring inclusivity and accessibility
3. setting sufficient contribution levels
4. providing accessible pensions information alongside the scheme
5. mandating employers to create compulsory time for workers to access pensions information
6. promoting pension conversations in workplaces
7. promoting the scheme in recruitment and retention activities
8. ensuring that the scheme is accompanied by improvements in wider pay and conditions in ASC
9. undertaking further research which considers how the National Collective Pension Scheme could be funded, promoted, and administered, and what this means for the likely success of the scheme

Background

In England, direct care employment in ASC is characterised by low pay and challenging working conditions. There are, however, some optimistic signs, with improvements underway through measures in the 2025 Employment Rights Act and Fair Pay Agreements due to take effect in 2028. Although these agreements will cover pay and wider conditions, ASC worker pensions provision has largely been absent from related discussions. This is despite pensions being important employment conditions, and concerns about above average levels of poverty among ASC workers of all ages³. Therefore, the proposed introduction of a National Collective Pension Scheme for workers in ASC represents a pivotal moment.

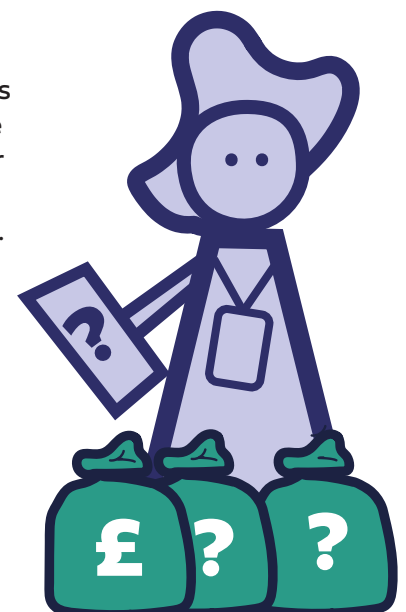
There are several reasons why addressing pensions provision and information for this group is urgent:

- The limited existing evidence on ASC pensions shows care workers have lower pension savings than workers in other sectors⁴.
- Auto-enrolment legislation automatically places eligible workers – those earning above £10,000 from a single employer – into a workplace pension scheme unless they actively choose to opt out. However, the ASC workforce is characterised by higher-than-average rates of opt-outs⁵.
- Low-paid, part-time, and often insecure contracts can limit ASC workers' pension saving capacity and affect their eligibility for workplace pension schemes⁶.
- ASC employment is embedded within wider inequalities, with over-representation of groups known to be under-pensioned, for example, migrants, ethnic minorities, and women⁷.
- Due to an older age profile in the ASC workforce, retirement is expected to occur earlier on average than in other occupations. For instance, 27% of ASC workers are aged 55 and over, compared to just 7% aged under 25⁸.
- ASC provision is fragmented, consisting of 19,000 providers⁹ operating across numerous care settings (e.g., residential, homecare, live-in care) and types of employer/models of employment. This results in the dispersal of workers and variation in pension scheme arrangements.
- There are concerns that limited financial education and employer engagement hinders informed pension decisions among ASC workers¹⁰.
- There is an ongoing workforce sustainability struggle, with recruitment and retention identified as key components of the 10-Year Health Plan for England¹¹. Pensions can have a positive effect on recruitment and retention, especially as workers age¹².

About the research

Given this context, we conducted research to examine ASC workers' pension scheme membership and decision-making, and their broader engagement with pensions, including where they access information and their perceptions of its usefulness. We also explored barriers to greater pension saving among ASC workers, as well as options for improving these circumstances. Based on learning from our research, this brief outlines a range of policy recommendations for the government to consider when implementing the National Collective Pension Scheme.

This study investigated ASC worker pensions provision and awareness with 27 participants across five focus groups. These discussions, with eight pensions and ASC specialists (across two focus groups), and 19 care workers (across three focus groups), took place in March and April 2026, prior to the announcement of the National Collective Pension Scheme. The care worker sample consisted of fifteen women and four men. A range of ethnicities were represented including White, White British, African, and Black African. In these focus groups, ASC workers provided perspectives on their pension decision-making, experiences of accessing pensions information, and the state of their pensions saving. The pensions and ASC specialists were from third sector, civil service, and policy settings. The specialist focus groups examined ASC worker pension policy and practice considerations, and options for enhancing pensions awareness and saving among this group. The specialist and ASC worker sessions both provided valuable insight on the need for change. Pseudonyms are employed throughout to protect participants' anonymity.



Recommendations for successfully implementing a National Collective Pension Scheme for the ASC workforce

This section is organised around a series of recommendations about how an effectively implemented, funded, and promoted National Collective Pension Scheme can improve the pension circumstances of ASC workers. It does so by addressing existing barriers to pension saving identified in the research.

1. Maximise scheme portability so the pension follows staff through employment changes in ASC

ASC is characterised by high staff turnover, with workers moving between a variety of employment arrangements. This leads to a tendency for care workers to accumulate several small, dormant pension pots with different providers. This increases complexity and hinders ASC workers' ability to accumulate pension savings, as care worker Jane noted:

'In the last five years that I've returned to care, I've now worked for four different companies, and I have four different pensions.'

This high turnover was also linked to a lack of employer emphasis on pension saving:

'I think in care it's not thought of, really, because it's such a revolving door. People come in, they go out. I don't think care companies really are thinking about that, because they're like, oh, well, people don't stay that long.' (Paula, care worker)

A single portable national scheme would enable care workers to more easily consolidate pension savings when moving between different ASC work episodes. This type of scheme would further benefit employees through simplifying and standardising their pensions, and would reduce providers' administrative burden:

'It won't be a huge cost to employers. In fact, it'll be a more efficient way of organising their workers' pensions.' (James, pensions specialist)

Pooling members' funds into one large central source – such as in the form of a CDC scheme – would enable trustees to keep money invested in higher-yielding, long-term assets for extended periods. This has the potential to generate higher expected pension payouts.

2. Ensure the scheme is inclusive and accessible to prevent ASC worker ineligibility due to low earnings or having multiple employers

The way auto-enrolment pension schemes in the sector currently operate means that low earners are more likely to be excluded from opportunities to save into pensions. For example, auto-enrolment excludes workers earning below the lower earnings limit (£6,240) with only those earning above £10,000 automatically included in the system. In 2025, 44% of care workers worked part-time, meaning many fall below this threshold for auto-enrolment¹³. Working across multiple low-paid jobs can also limit pension savings through missing minimum earnings thresholds¹⁴. This is because earnings from more than one employment cannot be combined in auto-enrolment to reach the threshold. These systemic gaps leave some care workers excluded from the current system:

'When I first started working for them, I was getting nothing ... my wage slip was ... there's nothing about pensions. I contacted them and said nothing's being contributed from my wages, and then they got back to me and said, because I'd only just started, I was hardly getting any hours, so I wasn't earning enough, and you have to earn a certain amount before they pay in, but I could opt in if I wanted to.' (Brenda, care worker)

To enable scheme access for all ASC staff, the National Collective Pension Scheme should reject low earnings thresholds, ensuring access to the scheme for workers from the first pound of earnings. This would avoid workers 'not being offered the pension, because of, sort of, loopholes, legislation' (James, pensions specialist), relating to thresholds or multiple jobs.

3. Make contributions sufficient to enable an adequate income in retirement

The current standard statutory auto-enrolment in the UK requires an 8% total contribution calculated only on qualifying earnings between £6,240 and £50,270. This means employers contributing a minimum of 3%, employees paying 4%, and 1% contributed in tax relief. Staff are able to opt out of the scheme should they wish to. Recent data from Skills for Care¹⁵ shows that 70% of 5,500 independent sector employers (not directly managed by the government or NHS) who provided data regarding employer contributions

did not pay more than the minimum 3% of earnings into their workers' pensions. There are concerns that these amounts are too low to ensure a decent standard of living in retirement, especially among those with low paid and fragmented career histories¹⁶. Care workers often noted their limited pension pots meant that retiring would not be possible until later life, and highlighted the challenges presented by the physical demands of ASC work:

'This is such a physical role ... I expect to be working into my 70s, but I'm having to leave care. A job that I am told I'm very good at. My clients love me ... But I will have to leave this industry, because I won't be physically fit enough to continue into my 70s, but I know I'll still need to earn, which is why I'm having to retrain. I don't want to leave this job, I love this job, but I can't afford to stay in this job.'
(Jane, care worker)

The levels of contributions and funding mechanisms in the National Collective Pension Scheme require careful modelling to avoid continued trends of under-saving for retirement, while also ensuring unsustainable demands are not placed on workers or providers.

It is currently not clear whether the proposed scheme will require higher contributions from either employers or employees than is the case under auto-enrolment, or whether the government itself will contribute beyond tax relief. Contributions could be aligned with the Living Pension, which is a UK workplace benchmark established by the Living Wage Foundation. This initiative is designed to ensure that low-to-middle-income workers save enough during their working lives to avoid poverty in retirement. Contributions are currently set at a minimum of 12%, with employers contributing no less than 7%¹⁷. This has the potential to bring greater security:

'Pay everyone a Real Living Wage for the work they're doing, as a bottom line, and then give everyone access to a Living Pension contribution.' (Carole, pensions specialist)

It was apparent from the research findings that the existing auto-enrolment model imposes a heavy financial burden on low-paid ASC workers who often need to prioritise immediate living expenses over long-term savings. This explains why the ASC workforce is characterised by higher-than-average rates of auto-enrolment opt-outs¹⁸. An alternative approach could be to explore options removing the employee matching requirement as an alternative for the lowest earners:

'Employer-only contributions, which are not contingent on employees contributing, would make a massive difference, particularly for this population.' (Liz, pensions specialist)

4. Ensure the National Collective Pension Scheme is accompanied by accessible information sources

Most of the ASC workers in our study said they lacked knowledge of pensions, including where to access reliable information. The most common approach was to:

'Just google, you know, google and get some information, because there is nothing else available.'
(Mariam, care worker)

The National Collective Pension Scheme has the potential to simplify the process of understanding pensions. However, it should be accompanied by a sector-specific centralised pension information hub. An accessible, sector-specific digital pension portal for ASC workers, providing jargon-free guidance, retirement calculators, and multi-language resources would help to protect workers from unvetted internet searches, speculative online content, and misinformation. This has been referred to as:

'A national [education] programme ... education that's available to all employees.' (Liz, pensions specialist)

The role of suitably funded centralised guidance services such as the Money and Pensions Service in supporting the provision of ASC-specific information should be further explored. These services are especially important for those who are more likely to have complex and fragmented careers, including women and migrant workers.

5. Mandate employers to create compulsory time within work schedules for ASC workers to access pensions information

ASC workers in the study indicated that the pensions information provided by employers was scarce, with some reporting little or limited detail:

'I thought I should have been given more information about it, upon onboarding, with all my employers.' (Thalia, care worker)

In addition, employees highlighted the difference in information provision compared to other sectors, including the NHS, and, in this example, pharmaceuticals:

'When I worked in the pharmaceutical industry, they would bring in pensions advisors. A few times a year, we'd all block out our appointments, and we'd go and talk to them, and they'd give us loads of tips and information, and, you know, it was a real big thing, but in care, it's just not really discussed, people don't know much about it.' (Paula, care worker)

ASC workers also regularly noted their limited time and energy to investigate pensions:

'I can't be bothered finding that at this point. I don't have time, energy. And with the work that we do, like, this weekend, my residents, it felt like a full moon shift, so by the time I've got home, and I've relaxed, I'm like, I don't want to do this, it's far too complicated.' (Linsey, care worker)

Within CDC schemes, the Pension Regulator¹⁹ set out a code of practice which includes the requirement for a plan for producing and issuing member communications. ASC employers have a valuable role in promoting pensions. We propose that to encourage further engagement with pensions, employers should be mandated to grant paid work time for employees to attend independent financial capability sessions and access free guidance, directly mirroring practice in sectors such as the Civil Service:

'Are you giving those people these 'additional benefits', inverted commas, by giving them that financial education and time to learn, and time to explore things? I mean, I know we could easily put a webinar on for care workers, that's not a problem, but would the care workers be allowed to come?' (Stacy, pensions specialist)

Providing paid time to access resources, including information sessions, would also communicate the value of contributing to the new scheme.

6. Promote pension conversations in ASC workplaces, including through using a cascade 'pension champions' model to share information

It is important to promote wider discussions regarding pensions in the workplace. This is especially pertinent given the tendency for pensions to receive limited attention in ASC workplace discussions:

'I also don't think anyone's really talking about it, anyone's really showing any awareness around it.' (Ada, care worker)

There are many factors shaping these experiences, but the fragmented nature of care employment, heightened in homecare, with the lack of common spaces and group interactions, was mentioned as key:

'It's a very intense form of work, and you don't have the water cooler chats in a lot of care work settings. Obviously, a lot of care workers are mobile, so they don't have a [shared] workplace.' (James, pensions specialist)

One strategy to encourage pension conversations is a cascading model of 'pension champions' within workplaces. This offers a way of sharing information directly through trusted people on the ground:

'Pioneers within workplaces who can actually talk to people about pensions and pass information on, because particularly if people feel excluded by the mainstream system, they're ... more likely to trust people who they feel like have the same experiences as them.' (Liz, pensions specialist)

Furthermore, pensions information should not only be provided during worker onboarding but used at regular workplace touchpoints when workers may be better placed to engage.

7. Promote the value of the National Collective Pension Scheme in recruitment and retention activities

The research indicated that pensions shaped recruitment and retention decisions in ASC, with low levels of pensions associated with these challenges. This was often compared with the situation in the NHS:

'I think it's just frustrating, like, when we hear things about, sort of, the NHS getting good pensions and things like that, because obviously that is motivating people to stay, right? Because you're saying, right, at least, okay, the conditions are difficult, the pay's not perfect, but I'm gonna get a good pension at the end of it.' (Helen, care worker)

Indeed, pensions were seen as a valuable way of promoting the value of ASC and enhancing its career status:

'It's going to help retention. If there's a better pension scheme for care workers that could help retention, and then they would see that as a career.' (Taylor, care worker)

Therefore, a campaign promoting the positive implications of a well-developed, appropriately funded National Collective Pension Scheme has the potential to attract new workers to ASC.

8. Ensure that the planned improvements in wider pay and conditions are implemented effectively to complement the National Collective Pension Scheme

The effectiveness of a National Collective Pension Scheme is linked to wider pay and conditions in the sector. Therefore, it is important that the proposed new pension scheme is accompanied by improvements in pay and conditions. There is some evidence to suggest this may be forthcoming with the implementation of a Fair Pay Agreement (FPA) for the ASC workforce, due to take effect in 2028. This has the intention of establishing sectoral collective bargaining, standardised pay scales, and improved terms and conditions²⁰. This has important potential implications for pension contributions. ASC workers we spoke to noted that low pay had led to them prioritising immediate financial needs ahead of saving for the future. For instance, ASC worker Ada stated that her colleagues' pension savings accumulation was pushed down the priority list when more immediate costs need to be met:

'I've got, you know, as everyone has said, bills, I've got to make sure that I can put petrol in my car to make sure I can get to visit. So, I think the idea of pensions, thinking, sort of 25 years down the line is a bit of a stretch for the carers that I'm in contact with really.'

Enhancing the security of ASC work, including in relation to pay, would aid prospects for longer-term pension planning²¹. Currently ASC workers struggle because:

'They're just paid such a low amount of money, and the people who's on zero-hours contracts, I suppose they really have to start thinking, I can't be paying into a pension, because I need to put food on the table.' (Pat, care worker)

The government faces a major challenge on reforms to ASC, including regarding improving the situation of the paid care workforce. It is crucial that there are alignment and coherence across the different strands of reform²², and that these changes are adequately funded throughout the care ecosystem.

9. Undertake further research which considers how the National Collective Pension Scheme could be funded, promoted, and administered, and what this means for the likely success of the scheme

This research indicates an urgent need to improve the pension prospects of ASC workers and provides valuable insights and recommendations regarding the implementation of the National Collective Pension Scheme. We encourage the government and other policy actors in this area to consider the recommendations set out here. This will help in building a better future for ASC workers. However, there is currently little information about how the scheme will be funded, promoted, and administered. These characteristics are crucial to its success.

Therefore, further research is necessary to consider whether the proposed contribution levels for ASC workers are likely to be affordable or result in them opting out of the scheme. The impact of any increased contributions on employers and local authorities also needs to be explored (with the latter key to the assessment and commissioning of care). The funding options need careful modelling to ensure the contributions are likely to result in sufficient pension outcomes for ASC workers. This should include considering those with diverse work histories.

Additional research is required to develop and refine the various recommendations presented here regarding pension information and communication strategies. This includes the need to work with employers, local authorities, and ASC workers, as well as those representing their interests, to develop effective and coherent approaches for improving pension communication strategies and knowledge about the new scheme. This will entail responding within the context of a fragmented and dispersed workforce. There is also a need for further research involving potential policy learning from other sectors that have introduced collective pension schemes, including the CDC postal service scheme. Studying other countries where CDC pensions are widely used, such as the Netherlands, is also recommended. These areas all require attention to ensure the government has the best chance to succeed in providing 'a proper pension scheme to give our care workers the respect that they deserve' (Yvette Cooper MP, the Health and Social Care Secretary, Labour Party Conference).

Endnotes

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About the centre for care and publication details

The Centre for Care is a collaboration between the universities of Sheffield, Birmingham, Kent and Oxford, the London School of Hygiene & Tropical Medicine, the Office for National Statistics, Carers UK, the National Children's Bureau and the Social Care Institute for Excellence. Working with care sector partners and leading international teams, it addresses the urgent need for new, accessible evidence on care. Led by Centre Director Kate Hamblin and Deputy Director Nathan Hughes, its research aims to make a positive difference in how care is experienced and provided in the UK and internationally.

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CONTACT

Please get in touch if you would like to know more, or to work with us on related issues, by contacting our support team:
centreforcure@sheffield.ac.uk

Website: centreforcure.ac.uk

LinkedIn: [@Centre for care](https://www.linkedin.com/company/centre-for-care)