

Collective Defined Contribution (CDC)

tpt | CDC

An exciting new pension solution

A CDC scheme provides a whole life pension to members. The contributions that employers and members pay are fixed and pooled into a collective fund. Through pooling investments a CDC pension may generate higher returns than an individual DC scheme and provide greater protection against market volatility.

Bridging the gap between DB and DC

- Employer decides member and employer contribution rates
- Members have the option to pay AVCs
- Contributions are invested to provide a target pension
- Annual pension with target increases for life
- Pooled investments to target higher returns
- No complex member decisions required



CDC - The best of both worlds

Defined Benefit



BENEFITS

- Income in retirement payable for life
- Benefit level guaranteed



INVESTMENTS

- Trustee sets the strategy across the scheme as a whole

Defined Contribution



CONTRIBUTIONS

- Member and employer contributions set
- No deficit contributions



FINANCIAL REPORTING (COMPANY)

- No assessed past service obligation
- Accrual of new benefit is equal to the employer contributions

Collective Defined Contribution



BENEFITS

- Income in retirement payable for life
- Benefit level is a target. Annual pension increases can be higher or lower than the target



INVESTMENTS

- Trustee sets the strategy across the scheme as a whole



CONTRIBUTIONS

- Member and employer contributions are set and pooled
- No deficit contributions



FINANCIAL REPORTING (COMPANY)

- No assessed past service obligation
- Accrual of new benefit is equal to the employer contributions



Why consider CDC?

Employer	Employee
Staff retention and attraction	Target pension expected to be greater than DC
Cost predictability through fixed contributions	Pension income payable for life
Reduced pension costs when compared to DB	A more predictable pension income than DC
No risk of ongoing employer liability	No complex financial decisions
No set up costs	Can enable better retirement planning



I am delighted to see TPT confirming plans for a multi-employer CDC scheme, just days after I set out the timeline for new legislation to enable these new types of pension schemes.”

Torsten Bell MP, UK Pensions Minister



This type of scheme could be particularly attractive to any employers who want to get the most out of their pension contributions to ensure their staff are well taken care of in retirement. CDC could help these firms to attract and retain talent by standing out from their competitors.”

Andy O'Regan, TPT Chief Client Strategy Officer

Ready to take the next step?

Get in touch to find out more



Andrew Sheavyn

Business Development Manager
andrew.sheavyn@tpt.co.uk



Harry Bridger

Business Development Manager
harry.bridger@tpt.co.uk