

Unlocking DB Pension Surplus

Aon's Innovative Blended DC Solution

For organisations seeking to use their DB surplus to fund DC contributions, Aon's Blended DC Solution offers all the benefits of a leading master trust arrangement within a company's own trust, regardless of whether a DC section is already in place.

With many companies exploring how to unlock surplus from their defined benefit (DB) pension schemes, one approach is to use the surplus to fund defined contribution (DC) benefits from the same trust. The challenge is to do it in a way that optimises the employee experience and minimises additional governance for the DB trustee board.

To address this, Aon created its Blended DC Solution, which mirrors all the features of The Aon MasterTrust within a company's own trust. Through this approach, members accumulate DC benefits in the DB trust and then, on leaving the firm, are automatically transferred to The Aon MasterTrust. By 'blending' the DB and DC arrangements the member experience, including access to investment options and charges, is seamless as they move from one arrangement to the other.

Having gone live in 2024, Aon's Blended DC Solution is now supporting over £1 billion of assets across three large international organisations, including Aon's own pension arrangement. It is particularly suited to companies who want to use DB surplus to fund DC within their own trust, regardless of whether a DC section is already in place.

Implementation of this approach is delivered by Aon's transition team, which provides high-quality, tailored implementation support at no additional cost. The implementation process can also be a powerful way to increase member engagement. In Aon's case, an impressive 77% of employees have now logged into their accounts as a result of the supporting transition communication campaign.



Aon's innovative Blended DC Solution, underscores Aon's commitment to delivering value for all the stakeholders involved. It has helped us to unlock DB surplus, while continuing to bring a top-quality pension experience to employees.

This solution is expected to create more than £100m of value for Aon's UK business over the next 10 years — with our DC contributions now funded directly by the DB surplus, we can reinvest that cash. Additionally, we are using a portion of the surplus to increase our employer pension contribution, with the aim of creating better retirement outcomes for our colleagues, strengthening our employer value proposition and continuing to attract and retain the best talent.

Finally, by unlocking the surplus in this way, we were able to remove what could have been around £60m of additional tax liabilities versus withdrawing the cash from the DB scheme.

Jane Kielty

Chief Executive Officer, Aon UK



Key Benefits



A tried and tested approach to unlocking DB surplus



The same high-quality administration, member communication and investment options as The Aon MasterTrust, including Aon's multi-award winning default investment strategy



Free up cash flow to create shareholder value by deploying DB surplus to fund DC contributions



Frictionless transfers between a company's own trust and master trust, with no transaction costs and no out-of-market investment risk



The same member site and login details throughout members' retirement journey, giving a consistent user experience



The full range of retirement options available to members



Firms can easily convert to a conventional master trust arrangement, at a point that suits them, giving sponsors an easy way to exit when they no longer wish to access DB surplus in this way.



Aon's Blended DC Solution showcases our ability to innovate and tailor solutions to meet client needs, rather than offering a 'one size fits all' solution. Our clients can now offer the full benefits and positive member experience of The Aon MasterTrust from their own Trust, while unlocking DB surplus. We also offer our clients the option to transfer DB surplus directly to The Aon MasterTrust, catering for whichever approach better suits our clients.

Tony Pugh

DC Solution Leader, Aon UK





Contact Us

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About Aon

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