CONDUCT OF BUSINESS (INTERACTIVE PENSION SIMULATIONS) INSTRUMENT 2026

Powers exercised

A. The Financial Conduct Authority ("the FCA") makes this instrument in the exercise of the powers and related provisions in or under:

(1) the following sections of the Financial Services and Markets Act 2000 ("the Act"):

(a) section 137A (The FCA's general rules);
(b) section 137T (General supplementary powers); and
(c) section 139A (Power of the FCA to give guidance); and

(2) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA's Handbook.

B. The rule-making powers listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force on 25 September 2026.

Amendments to the Handbook

D. The modules of the FCA's Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex A
Conduct of Business sourcebook (COBS)	Annex B
Pensions Dashboards: Conduct of Business sourcebook (PDCOB)	Annex C

Citation

E. This instrument may be cited as the Conduct of Business (Interactive Pension Simulations) Instrument 2026.

By order of the Board
24 September 2026

Annex A

Amendments to the Glossary of definitions

Insert the following new definitions in the appropriate alphabetical position. The text is all new and is not underlined.

digital pensions calculator	a tool designed to run on any electronic device or digital media that creates an *interactive pension simulation*.
interactive pension simulation	a *projection* in relation to an in-force *personal pension scheme* or *stakeholder pension scheme* communicated to a *retail client* through a *digital pensions calculator* that: (a) uses information held by the *firm* providing the *projection* that is specific to the *retail client* and is sufficient to create an initial *projection* for that *retail client*; and (b) enables the *retail client* to interact with the information used in the initial *projection* and, at a minimum, the assumptions set out in *COBS* 19.13.5R(1).
standardised deterministic simulation	an *interactive pension simulation* that is produced in accordance with the assumptions contained in *COBS* 19 Annex 7.
stochastic simulation	an *interactive pension simulation* showing a summary of results from repeated simulations using an investment model that uses key financial parameters which are subject to random variations and are projected into the future.

Annex B

Amendments to the Conduct of Business sourcebook (COBS)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

1 Application

…

[*Editor's note*: Further changes to COBS 1 Annex 2 will take place on 25 October 2027 (see FCA 2026/44).]

1 Annex 2 Application to TP firms and Gibraltar-based firms (see COBS 1.1.1CR)

…

Part 2: Gibraltar-based firms

…				
2.	**Application of COBS**			
2.1	R	In addition to those *rules* applying by virtue of *GEN* 2.3.1R, a *Gibraltar-based firm* must also comply with:		
		…		
		(2)	(to the extent that the *rule* does not already apply to such a *Gibraltar-based firm* as a result of *GEN* 2.3.1R) the provisions in:	
			…	
			(k)	*COBS* 19.10 (Drawdown, investment pathways and cash warnings) in relation to business carried on from an establishment in the *United Kingdom*; ~~and~~
			(l)	*COBS* TP 2 paragraphs 2.8G to 2.8J (Other Transitional Provisions) in relation to business carried on from an establishment in the *United Kingdom*~~.~~; and
			(m)	*COBS* 19.13 (Digital pensions simulations), *COBS* 19 Annex 7 and *COBS* TP 2 paragraphs

				2.51 to 2.52 (Other Transitional Provisions) in relation to business carried on from an establishment in the *United Kingdom*.

…

13 Preparing product information

…

13.5 Preparing product information: other projections

Projections for in-force products

…

13.5.1A R …

13.5.1B R The *rules* in *COBS* 13.5 do not apply in relation to a *firm* that provides an *interactive pension simulation* (see *COBS* 19.13).

Projections based on generic assumptions

13.5.1C G (1) Where a *projection* made in relation to an in-force *packaged product* is generated using generic assumptions – rather than being based on the information that would be required to comply with the *rules* in *COBS* 13 Annex 2 – then the *rules* in *COBS* 13.5 do not apply. Other relevant requirements in the *FCA Handbook*, including under *PRIN* 2A (The Consumer Duty) and *COBS*, apply to a *firm* when communicating such a *projection*. For example, *firms* should present such a *projection* with a clear statement that it has been prepared using generic assumptions that may not reflect the *client's* situation.

(2) Where a *firm* communicates a *projection* in (1), it may signpost to:

(a) a *digital pensions calculator* or other digital tools;

(b) the availability of advice or *targeted support services*; and

(c) sources of further information or guidance that may support the *client*, whether provided by the *firm* or by a third party such as *MoneyHelper*.

(3) A *firm* should only communicate a *projection* in (1) where doing so is consistent with its obligations under *PRIN* 2A, including, in particular, the requirements in *PRIN* 2A.5 to support *retail customers'* understanding.

13.5.1D R A *firm* providing a *projection* that is based on generic assumptions must not include in, or with, that *projection* any means by which the *firm* or any other *person* can arrange (which includes sending an application form) for the sale or purchase of any *investment* (including the product that is subject to the *projection*) to or for a *retail client*.

…

Insert the following new section, COBS 19.13, after COBS 19.12 (Non-workplace pensions: default options and cash warnings). All the text is new and is not underlined.

19.13 Digital pensions simulations

Application

19.13.1 R (1) This section applies in relation to a *firm* that provides an *interactive pension simulation*.

(2) The exception to (1) is where the *firm* provides the *interactive pension simulation* in connection with a *personal recommendation* (excluding *providing targeted support*) to the *retail client* in relation to the same *personal pension scheme* or *stakeholder pension scheme*.

19.13.2 G (1) The definition of *interactive pension simulation* has several components:

(a) It must relate to an in-force *personal pension scheme* or *stakeholder pension scheme* and be communicated to a *retail client* through a *digital pensions calculator*.

(b) A *firm* must use information it holds about the *retail client* and their in-force pensions in order to create an initial simulation for them. The *FCA* expects that, in order to generate an *interactive pension simulation*, a *firm* would need to hold:

(i) sufficient underlying information relevant to the assumptions set out in *COBS* 19.13.5R; and

(ii) relevant information about the pension product concerned, the investments held within it, and charges.

(c) The *firm* must provide the *interactive pension simulation* in such a way that enables the *retail client* to interact with it. A *firm* must also meet the minimum requirements in *COBS* 19.13.5R.

(2) Where a *projection* does not meet the necessary conditions in the definition of an *interactive pension simulation*, the *rules* in *COBS* 19.13 will not apply but the *rules* in *COBS* 13.5 may apply instead. Where neither *COBS* 19.13 nor *COBS* 13.5 apply – for

example, in the circumstances explained in *COBS* 13.5.1CG(1) – *firms* may still need to comply with wider requirements in *PRIN* 2A and *COBS*.

Purpose

19.13.3 G The purpose of this section is to ensure that *firms* which provide *interactive pension simulations*:

(1) support *retail clients'* engagement with pensions and retirement planning;

(2) give appropriate risk warnings about the limitations of an *interactive pension simulation*; and

(3) support *retail clients'* understanding and meet their needs.

Consumer Duty and other COBS rules

19.13.4 G *Firms* are reminded that the *interactive pension simulation* and any related communications will also be subject to other general requirements in the *FCA Handbook*, including in:

(1) *PRIN* 2A.2 (Cross-cutting obligations);

(2) *PRIN* 2A.5 (Consumer Duty: retail customer outcome on consumer understanding);

(3) *PRIN* 2A.6 (Consumer Duty: retail customer outcome on consumer support);

(4) *PRIN* 2A.9 (Monitoring of consumer outcomes);

(5) *COBS* 2.1.1R (the *client's best interests rule*);

(6) *COBS* 4.2 (Fair, clear and not misleading communications); and

(7) *COBS* 19 (Pensions supplementary provisions).

Digital pensions calculator interaction: minimum requirements

19.13.5 R A *firm* must:

(1) provide an initial *interactive pension simulation* and enable a *retail client* to interact with at least the following assumptions contained in that *simulation*:

(a) (where relevant) the point in time the *retail client* will access their pension;

(b) the level of contributions;

(c) for *standardised deterministic simulations*, the level of the rate of return in accordance with *COBS* 19 Annex 7.2R; and

(d) the method or methods of accessing the *retail client's* pension or decumulation options; and

(2) follow the *interactive pension simulation rules* in *COBS* 19 Annex 7.

19.13.6 R Where a *retail client* has accessed *flexible benefits*, a *firm* is not required to enable that *retail client* to interact with the assumptions in *COBS* 19.13.5R(1) where these would no longer be relevant to support the *retail client*, but the *firm* may elect to do so.

19.13.7 G (1) *Firms* are required to provide an initial simulation using default assumptions in accordance with *COBS* 19 Annex 7. This should include information the *firm* already holds about the *retail client*. *Firms* should then enable the *retail client* to interact with at least the assumptions in *COBS* 19.13.5R(1) with a view to producing further simulations.

(2) For the purposes of *COBS* 19.13.5R, a *firm* should enable the *retail client* to either amend default assumptions included in the initial simulation or select from different assumption options provided.

(3) For example, a *retail client* may be offered the option to:

(a) change the default date on which the *retail client* expects to access their pension that the *firm* has included based on information that *firm* has about that *retail client* in relation to the product; or

(b) select from a range of different dates provided.

(4) *Firms* may enable *retail clients* to interact with a wider set of assumptions than those listed in *COBS* 19.13.5R(1), such as information relating to costs and charges. Where *firms* do so, they should ensure that this function is consistent with relevant *rules*, including the requirements in *COBS* 19.13.8R and *PRIN* 2A.5. This includes testing this function appropriately to ensure that making it available would be consistent with *COBS* 19.13.10R.

Presentation of an interactive pension simulation

19.13.8 R A *firm* must ensure that an individual *interactive pension simulation* is, or any combination of *interactive pension simulations* are, presented in a way that, from the perspective of the *retail clients* that the *firm* expects may access the simulations:

(1) is likely to be consistent with the information needs of *retail clients*;

(2) enables *retail clients* to understand:

(a) the limitations of the data and outputs, including the inherent uncertainty of future pensions savings; and

(b) the assumptions used to generate the simulation;

(3) is capable of being understood by *retail clients*, including in particular the assumptions in *COBS* 19.13.5R(1);

(4) enables *retails clients* to effectively engage and interact with the assumptions; and

(5) supports *retail clients'* ability to make a decision about their pension.

19.13.9 R Where an *interactive pension simulation* enables a *retail client* to select the type of simulation from those set out in *COBS* 19 Annex 7.1R, the *firm* must ensure there is adequate explanation of the nature of that simulation type and how it differs from the other types of simulation available.

19.13.10 R A *firm* must be able to demonstrate how it has designed and presented the *interactive pension simulations* to comply with *COBS* 19.13.8R and *COBS* 19.13.9R.

19.13.11 G For the purposes of *COBS* 19.13.8R(1) to (5), *firms* should consider, and aim to minimise, the risk of the *retail client* relying on:

(1) overly optimistic simulations;

(2) overly simplified simulations;

(3) illustrations, including graphs or charts, that risk giving a distorted view of potential performance or the desirability of the *retail client* taking actions to improve outcomes; and

(4) information presented in any other way that could be potentially misleading.

Enabling retail clients to retain pension simulations

19.13.12 G A *firm* may enable a *retail client* to retain a copy of an *interactive pension simulation*, together with any additional information the *firm* considers necessary to support the *retail client's* understanding of that *interactive pension simulation*, in a *durable medium*.

19.13.13 G Where a *firm* enables a *retail client* to retain a copy of an *interactive pension simulation*, the *firm* should ensure this includes any specific wording required by *COBS* 19.13.8R, including:

(1) any risk warnings to help the *retail client* to understand the *interactive pension simulation*, including in relation to the assumptions on which it is based and how the approach in the *digital pensions calculator* may not reflect the *retail client's* actual decisions or circumstances; and

(2) any additional information that would be necessary to support *retail clients'* understanding of the nature and limitations of the simulation.

Testing and monitoring of digital pensions calculators

19.13.14 G (1) *Firms* should undertake appropriate testing and monitoring activities under *PRIN* 2A, and in particular *PRIN* 2A.5.10R and *PRIN* 2A.9, in relation to their *interactive pension simulations*.

(2) *Firms* should:

(a) carry out testing on the *digital pensions calculator*; and

(b) use the results of their testing to ensure they are complying with *COBS* 19.13.8R to *COBS* 19.13.10R,

before the calculator and any simulations are made available to *retail clients*.

(3) *Firms'* monitoring should include:

(a) regularly reassessing the *digital pensions calculator* to ensure it remains consistent with the requirements in *COBS* 19.13, *COBS* 19 Annex 7 and the *rules* in *PRIN* 2A, including, in particular, that any rates used remain appropriate for use in an *interactive pension simulation*. *Firms* should consider the appropriate period and intervals for reassessing the *digital pensions calculator*, taking into account the complexity of the tool, its functionality and the potential risk of consumer harm;

(b) obtaining information from *retail clients* about their experiences using the *digital pensions calculator* and interacting with simulations generally, including the level of their understanding of:

(i) the *interactive pension simulations* they have received;

(ii) information provided about underlying assumptions; and

(iii) the limitations of the *interactive pension simulations*;

(c) identifying any relevant intervening events, including where there are changes to pensions legislation or actuarial good practice, which may necessitate reviewing the *digital pensions calculator*; and

(d) identifying where any changes to the *digital pensions calculator*, including in relation to its functionality, would amount to a significant adaptation.

(4) Based on the results of both testing and monitoring, the *firm* should adapt the tool, assumptions and/or the way the simulations are presented, as necessary.

Record-keeping

19.13.15 R In order to comply with the general record-keeping obligations under *SYSC* 3.2 and *SYSC* 9 (as applicable), a *firm* must make and maintain a record of how it has complied with the *rules* in this section and under *PRIN* 2A. This includes the processes for approval of the *digital pensions calculator*, both before the *firm* provides any *interactive pension simulations* to *retail clients* and in relation to any subsequent changes to:

(1) the *digital pensions calculator*;

(2) assumptions; and/or

(3) the way simulations are presented.

19.13.16 G (1) The record in *COBS* 19.13.15R should be sufficient to demonstrate how the *firm* has met the requirements for the provision of *interactive pension simulations*.

(2) The record showing how the *firm* complies with *rules* in *COBS* 19 Annex 7, including in particular where rates of return are referred to, should include at least documentation setting out:

(a) the basis of the method and calculation used for any rate (whether for a deterministic or stochastic model), including the assumptions, models and inputs (including the approach to investment growth) used;

(b) why the *firm* considered the basis in (a) was appropriate in light of obligations under *PRIN* 2A;

(c) decisions taken in relation to any rate to be used in *interactive pension simulations*, including the data used for stochastic models, such as the number of simulations run;

(d) the regular reassessment of any rates to ensure they remain appropriate (see *COBS* 19.13.14G(3));

(e) any changes made to the rate(s) used, including in relation to the methodology, the basis for the change and how it was approved;

(f) a clear explanation of how the *firm* determined annuity rates for the purposes of *COBS* 19 Annex 7; and

(g) (in relation to *COBS* 19 Annex 7.7R for *stochastic simulations*) the *firm's* reasoning for key modelling choices in relation to the number of simulations and assumptions used.

Insert the following new annex, COBS 19 Annex 7, after COBS 19 Annex 6 (Value data requirements). All the text is new and is not underlined.

19 Annex 7	**Interactive pension simulation rules**		
	Type of rate of return		
19 Annex 7.1	R	An *interactive pension simulation* must be based on:	
		(1)	a *standardised deterministic simulation*;
		(2)	a *stochastic simulation*; or
		(3)	a combination of (1) and (2).
	Standardised deterministic simulation: presenting the rate(s) of return		
19 Annex 7.2	R	(1)	Where an *interactive pension simulation* includes a *standardised deterministic simulation*, the *firm* must present the *retail client* with:
			(a) a single initial rate of return, with the option for that *retail client* to view and interact with additional higher and lower rates; or
			(b) the higher, intermediate and lower rates together.

(2) When presenting 3 rates together for the purposes of (1), a *firm* must ensure the higher and lower rates of return are presented with equal prominence.

Standardised deterministic simulation: calculating the rate(s) of return

19 Annex 7.3 R A *standardised deterministic simulation* must:

(1) accurately and fairly reflect the long-term investment potential of each of the product's underlying investment options; and

(2) ensure the higher and lower rates of return required in *COBS* 19 Annex 7.2R maintain an equal percentage differential relative to the initial rate or, where all 3 rates are presented together, relative to the intermediate rate.

19 Annex 7.4 G (1) An example of the requirement in *COBS* 19 Annex 7.3R(2) is that a higher rate should be 3 percentage points higher than the intermediate rate and the lower rate should be 3 percentage points lower than the intermediate rate.

(2) The higher and lower rates should reflect a reasonable range of possible outcomes around the rate of return in the initial simulation.

19 Annex 7.5 G (1) The effect of *COBS* 19 Annex 7.3R(1) is that the *standardised deterministic simulation* must be based on the expected long-term performance, typically 10 to 15 years, of the underlying investment options. As a result, *firms* should not be unduly influenced by short-term market conditions.

(2) Where the period of the simulation is for a period before the 10-to-15-year horizon, *firms* should use the expected long-term performance to work out the estimated valuation for that selected period.

(3) When determining rates of return, *firms* should base their assumptions on objective, evidence-based data and be able to demonstrate how any decision was made, including the evidence relied upon.

19 Annex 7.6 G *Firms* should assess, on a regular basis, whether the rates of return used in the *interactive pension simulation* comply with the *rules* in *COBS* 19 Annex 7 and remain appropriate for inclusion.

Providing a stochastic simulation

19 Annex 7.7 R A *stochastic simulation* must be:

(1) based on a reasonable number of simulations and assumptions that are reasonable and supported by objective data; and

(2) a balanced and fair reflection of expected performance based on the anticipated long-term investment performance.

19 Annex 7.8 G For the purposes of *COBS* 19 Annex 7.7R:

(1) In relation to the number of simulations and assumptions used, *firms* should be able to demonstrate:

(a) in a way that the *retail client* is able to understand, that there was a reasonable basis for the anticipated investment performance the *retail client* was given; and

(b) how the *firm* had adequate regard to whether the outputs generated by the model:

(i) were stable, representative and reliable, including verifying that the outputs were not affected by random variations; and

(ii) provide a reasonable basis for producing simulations that fairly reflect expected performance based on the long-term investment potential.

(2) A *firm* may comply with *COBS* 19 Annex 7.7R(2) by presenting the 50th percentile, or a range centred on the 50th percentile, with the ability, in both cases, for the *retail client* to interact with different percentiles.

Additional requirements for calculating simulations

19 Annex 7.9 R An *interactive pension simulation* must be:

(1) presented in real terms; and

(2) rounded down to the nearest pound.

19 Annex 7.10 R An *interactive pension simulation* must be based on the most up-to-date value of the *retail client's* in-force *personal pension scheme* or *stakeholder pension scheme* available to the *firm*. In any event, the value must be no more than 12 *months* old.

19 Annex 7.11 R (1) When generating an *interactive pension simulation*, a *firm* must present the rates of return to a *retail client* in real terms, using the rates calculated in accordance with *COBS* 19 Annex 7.

(2) In addition to (1), a *firm* may present rates of return in both real terms and nominal terms where:

(a) it reasonably considers this would support *retail client* understanding;

(b) the nominal rates of return are accompanied by information about the inflation assumption used; and

(c) the rates presented in real terms are given greater prominence than the rates in nominal terms.

Assumptions to follow when calculating simulations: simulation date for when client will access their pension

19 Annex 7.12 R (1) An *interactive pension simulation* must be calculated assuming access at the same dates used in *COBS* 13 Annex 2 Rule 2 2.1R for *projections*, unless either:

(a) the *retail client* is already accessing their pension benefits; or

(b) (2) applies.

(2) Following an initial simulation provided in accordance with *COBS* 19.13.5R(1), an *interactive pension simulation* may be calculated to a date chosen by the *retail client* at which they will access their pension.

Assumptions to follow when calculating simulations: contributions

19 Annex 7.13 R An *interactive pension simulation* must be calculated on the same basis as the *rule* in *COBS* 13 Annex 2 Rule 2 2.2R, using the *retail client's* current contribution level for the initial simulation, and subsequently (if relevant) using any different contribution level selected by the *retail client*.

Assumptions to follow when calculating simulations: inflation

19 Annex 7.14 R (1) An *interactive pension simulation* must be calculated using inflation assumptions that reasonably reflect the impact of inflation over the long term and take into account relevant measures of inflation generally accepted in the *United Kingdom* which might reasonably apply.

(2) In relation to a *standardised deterministic simulation*, when incorporating inflation, a *firm* must ensure that:

(a) there is a meaningful difference between the intermediate and other rates of return; and

(b) the same inflation differential is used for the lower and higher rates of return required in *COBS* 19 Annex 7.2R(1).

19 Annex 7.15 G (1) *Firms* are not required to enable a *retail client* to interact with the inflation assumption used in an *interactive pension simulation*.

(2) For the purposes of *COBS* 19 Annex 7.14R(1), *firms* should consider the most appropriate inflation rate relative to the different rates of return to avoid the risk of overstating a simulation presented in real terms.

(3) *Firms* should consider what measures of inflation may be relevant for the purposes of *COBS* 19 Annex 7.14R and determine what measure would be appropriate to use. *Firms* should be using a measure of inflation that is appropriate for the longer term. For example, *firms* could use relevant long-term benchmarks such as the Bank of England inflation targets where appropriate.

Fees and charges

19 Annex 7.16 R (1) A *firm* must ensure that any *interactive pension simulation* takes account of and calculates:

(a) all charges in relation to the *personal pension scheme* or the *stakeholder pension scheme* in the way required under *COBS* 13 Annex 2 Rule 2 2.6R and (where applicable) *COBS* 13 Annex 4 1.1R(4); and

(b) any additional charges of which the *firm* is aware, including *adviser charges*.

(2) Where a *firm* does not know the charges that would apply in relation to a particular decumulation option, the charges must be calculated based on a reasonable estimate of the charges for the relevant decumulation option.

Additional requirements: decumulation options – pension in accumulation

19 Annex 7.17 R (1) Where the *interactive pension simulation* relates to a pension in accumulation, a *firm* must, as a minimum, provide the *retail client* with the ability to select, and interact with, at least:

(a) one lifetime income option; and

(b) one flexible income option.

(2) For the purposes of (1):

(a) a 'lifetime income option' means a form of regular income that is guaranteed to be paid for life, such as a lifetime annuity; and

(b) a 'flexible income option' means a form of regular income which is not guaranteed to last a lifetime, such as drawdown or *uncrystallised funds pension lump sums*.

(3) A *firm* must ensure that any lifetime income option and flexible income option it includes is consistent with the *firm's* obligations under *PRIN* 2A.

(4) A *firm* must present either:

(a) a single decumulation option with the ability to interact with any other option(s); or

(b) more than one decumulation option,

for an initial simulation.

19 Annex 7.18 G When a *firm* is determining which decumulation option to present for the purposes of *COBS* 19 Annex 7.17R(4)(a), it should take into account, as relevant, the following in relation to the *retail clients* to whom the *digital pensions calculator* will be made available:

(1) whether the decumulation option should be consistent with a relevant *ready-made suggestion* where the *digital pensions calculator* will be provided to *retail clients* who receive a *targeted support service*;

(2) whether, based on information already held, an option would be impossible for a *retail client* to take out; and

(3) any option that is included in the pension scheme contract, such as a *guaranteed annuity rate* option.

19 Annex 7.19 G *Firms* should consider how to present one or more flexible income options in a way that enables a *retail client* to understand:

(1) that a *pension commencement lump sum* can be accessed at different times, including by being spread across the period over which pensions benefits are accessed; and

(2) the implications that different approaches to accessing a *pension commencement lump sum* may have for the level, timing and sustainability of retirement income.

19 Annex 7.20 R A *firm* must present any decumulation option in a fair and reasonable way that supports the *retail clients'* ability to:

(1) compare the different decumulation options; and

(2) understand the key differences between the decumulation options, including how long the *retail client's* funds may last.

19 Annex 7.21	G	(1)	For the purposes of *COBS* 19 Annex 7.20R for a flexible income option, a *firm* should consider how best to enable a *retail client* to understand the implications of different withdrawal rates. This may include: (a) modelling a flexible income option over a period based on average life expectancy; (b) enabling a *retail client* to select different withdrawal rates in order to understand how long their funds may last, including going beyond average life expectancy; or (c) matching the level of the lifetime income option when presenting a flexible income option.
		(2)	A *firm* should consider the information a *retail client* may need in order to understand the implications of different decumulation options, such as the certainty of a fixed income – for example, an annuity – compared with the longevity risk that higher drawdown rates may result in funds being exhausted during the *retail client's* lifetime.
	Additional requirements: decumulation options – pension in decumulation		
19 Annex 7.22	R	(1)	When presenting an *interactive pension simulation* for a pension in decumulation, a *firm* must offer a *retail client* the choice of viewing and interacting with any decumulation option in *COBS* 19 Annex 7.17R that is available and relevant for that *retail client*.
		(2)	For the purposes of (1), the options in *COBS* 19 Annex 7.17R(1) should be included for the *retail client* to view and interact with where the options are offered by the *firm* or would otherwise be available to the *retail client* from another *person*, unless – based on information available to the *firm* – it is impossible for the *retail client* to pursue that option.
	Additional requirements: decumulation options – guidance		
19 Annex 7.23	G	(1)	When presenting a decumulation option, *firms* should include a clear statement to *retail clients* that there are a range of different decumulation options and the *retail client* may wish to consider alternative decumulation options.
		(2)	*Firms* can include additional decumulation options to the minimum required in *COBS* 19 Annex 7.17R(1) where they can demonstrate that this is appropriate for their *retail clients*, including that it is consistent with *rules* elsewhere in the *FCA Handbook*. For example, *firms* can present decumulation options in combination where that interaction may support *retail clients'* understanding, such as where a lifetime income option begins after a period of flexible income.

(3) *Firms* should enable *retail clients* to interact with *pension commencement lump sums* and any other lump sums by varying the amount of lump sum that may be withdrawn. This should include a range from zero up to the maximum lump sum permitted. Where a lump sum is presented alongside a *pension annuity* (or other decumulation option), the *retail client* should be able to see the option of taking out a *pension annuity* alone by setting the lump sum amount to zero.

(4) A *firm* should use an appropriate rate of return for any decumulation option to ensure the simulation of that option accurately reflects its potential return. For example, the rate of return that may be appropriate for a *personal pension scheme* in accumulation that is investing in an annuity lifestyling fund may not also be appropriate to use for a drawdown option due to a difference in the risk profiles of those arrangements.

19 Annex 7.24 G (1) Where practicable, *firms* should consider using net income when presenting the different decumulation options as this can help *retail clients* understand the tax implications.

(2) *Firms* can make reasonable assumptions and/or enable *retail clients* to input information to inform the net income assessment.

19 Annex 7.25 G Following the initial *interactive pension simulation*, *firms* should offer *retail clients* the choice of viewing a simulation for one or more decumulation options each time the *retail client* interacts with any of the assumptions.

19 Annex 7.26 G *Firms* should consider what annuity options would be appropriate to enable the *firm* to present consistent decumulation options. For example, where the *firm* provides an inflation-linked drawdown option, it should consider whether the annuity option should also be inflation-linked.

Additional requirements: decumulation options – annuities

19 Annex 7.27 R (1) For the purposes of *COBS* 19 Annex 7.17R(1)(a), where a *firm* includes an annuity, it must offer the *retail client* the ability to interact with any *pension annuity* type that guarantees a regular income for life and:

(a) is consistent with the needs, objectives and characteristics of a typical *retail client* of the *firm*; and

(b) would be available to the *retail client* (whether offered by the *firm* or another *firm*).

(2) Any *pension annuity* option must be calculated in accordance with *COBS* 13 Annex 2 Rule 3 3.1R and *COBS* 13 Annex 2 Rule 3 3.2R, except:

(a) for an in-force product with an assumed annuitisation date specified in the contract of 6 *months* or less, a *pension annuity* option may be prepared and presented on any reasonable basis; and

(b) a *firm* may calculate the higher and lower rates of return on a different basis to that specified in *COBS* 13 Annex 2 Rule 3.1 and *COBS* 13 Annex 2 Rule 3 3.2R, where the *firm* can demonstrate that this approach:

(i) would produce rates that more closely align to the future economic scenarios associated with the intermediate annuity rate;

(ii) provides an accurate reflection of expected performance at higher and lower rates of return; and

(iii) is consistent with *PRIN* 2A, including that it will deliver good outcomes.

(3) A *firm* must explain, when presenting a *pension annuity*, that there are different types of *pension annuities* available, whether from the *firm* or another provider, that may be better suited to the *retail client*.

19 Annex 7.28 G (1) A *firm* may provide a *retail client* with the option to view different types of *pension annuities*. Where a *firm* does so, it should, when determining what different types of *pension annuities* to include, consider which *pension annuities* will best support the *retail client's* understanding of, and engagement with, the range of *pension annuities* that the *retail client* could obtain.

(2) When communicating annuity rates, *firms* should consider how they communicate to *retail clients* that the annuity rate:

(a) is uncertain and may change over time; and

(b) will depend on additional factors, such as the *retail client's* health information.

(3) *Firms* should be able to demonstrate how they have considered and, where appropriate, included options for the *retail client* to interact with different annuity rates (high, intermediate and low) and the different types of *pension annuity*.

(4) The effect of (2) is that *firms* will need to use the formula in *COBS* 13 Annex 2 Rule 3 when including an annuity as a lifetime income option. *Firms* will need to monitor and update the annuity assumptions in line with the approach required to comply with *COBS* 13 Annex 2.

19 Annex 7.29	G	The effect of *COBS* 19 Annex 7.27R is that:	
		(1)	for *retail clients* where the simulation is for a product that is more than 6 *months* from the assumed annuitisation date, a *firm* should use the approach in *COBS* 13 Annex 2 Rule 3 3.1R to *COBS* 13 Annex 2 Rule 3 3.2R;
		(2)	in the case of a future annuity with less than 1 year to the assumed annuitisation date, *firms* should not include in the *interactive pension simulation* an annuity rate higher than the current immediate market rate. In practice, that will mean *firms* need to check the formulaic intermediate annuity rate against the *firm's* current annuity rate (or a market rate if not applicable) and use the lower of the two (*COBS* 13 Annex 2 Rule 3 3.1R(7)); and
		(3)	the requirement on how to calculate an annuity applies in relation to any simulation, whether for a pension product in accumulation or for one in decumulation.
	Additional requirements: multiple internal pension arrangements		
19 Annex 7.30	R	(1)	An 'internal pension' is a *personal pension scheme* or *stakeholder pension scheme* that is provided by the *firm* providing the *digital pensions calculator* or by an *associate* of that *firm*.
		(2)	Where the output of the *digital pensions calculator* being communicated to the *retail client* relates to more than one internal pension, a *firm* must use reasonable endeavours, including to obtain any relevant information from an *associate*, to calculate a simulation separately for each internal pension in accordance with *COBS* 19 Annex 7.
		(3)	Where a *firm* is unable to calculate a simulation separately for one or more internal pensions in accordance with (2), the *firm* may calculate a simulation for those internal pensions using a rate of return that has been calculated based on any one of the internal pensions in accordance with the requirements in *COBS* 19 Annex 7 (and *COBS* 19.13) but only where this would not lead to a simulation that is misleading.
19 Annex 7.31	G	(1)	*Firms* should use reasonable endeavours, including to obtain any relevant information, to calculate a simulation for each internal pension separately, taking into account: (a) the availability and quality of underlying data; and (b) operational feasibility.
		(2)	Where a *firm* relies on *COBS* 19 Annex 7.30R(3), it will need to hold sufficient information and calculate the rates of return and

charges in line with the minimum requirements of *COBS* 19.13 and *COBS* 19 Annex 7 for at least one of the internal pensions that the *retail client* holds to generate an *interactive pension simulation*.

(3) In considering what would lead a simulation to be misleading, a *firm* should have regard to whether the simulation would support the *retail client's* understanding. If the *firm* determines the simulation would be misleading, it will not be able to provide that simulation. In that situation, the *firm* should explain to the *retail client* that it does not have access to the information to do this.

19 Annex 7.32 G When determining its approach under *COBS* 19 Annex 7.30R, a *firm* should have regard to the accuracy and reliability of the resulting outputs and how to support *retail clients'* understanding of the projections.

19 Annex 7.33 R A *firm* must communicate to the *retail client*, alongside the *interactive pension simulation*, the approach in *COBS* 19 Annex 7.30R(3) that it has used, including any material assumptions upon which it has relied, together with the limitations of the approach.

19 Annex 7.34 R A *firm* must not, in relation to any internal pension where the *firm* has relied on *COBS* 19 Annex 7.30R(3), include in, or with, the *interactive pension simulation* any means (including the sending of an application form) by which the *retail client* can buy or sell an *investment*.

Additional optionality in digital pensions calculators: fund strategies/level of risk

19 Annex 7.35 G (1) The *rules* in *COBS* 19 Annex 7 on rates of return require *firms* to provide an initial *interactive pension simulation* that is based on the investment potential of the underlying assets and that should reflect the pension fund and/or fund strategy of the *retail client's* in-force product.

(2) *Firms* may provide additional options following the initial *interactive pension simulation* to enable the *retail client* to understand the impact of changing their current fund strategy.

(3) *Firms* that offer the additional options in (2) should ensure, in order to meet the requirements in *COBS* 19.13, that such options are communicated in a way that supports *retail clients'* understanding, including, at least, by informing *retail clients* that:

(a) investment outcomes are uncertain; and

(b) if the *retail client* is interacting with different fund strategies, the rates no longer reflect the investment potential of their existing pension product.

Additional optionality in digital pensions calculators: holistic tools

19 Annex 7.36	R	(1)	For the purposes of *COBS* 19 Annex 7.36R to *COBS* 19 Annex 7.44R, a 'holistic tool' is a *digital pensions calculator* that: (a) provides an *interactive pension simulation* for one or more in-force internal pensions; and (b) enables a *retail client* to add in additional retirement income streams, such as other pensions, including external pensions, additional *occupational pension schemes* and the state pension as well as other investments (the 'generic components').
		(2)	For holistic tools, *COBS* 19.13.5R does not apply to the generic components in (1)(b).
19 Annex 7.37	R	(1)	For the purposes of this *rule*, an 'external pension' is: (a) a *personal pension scheme* or *stakeholder pension scheme* that is not an internal pension (as defined in *COBS* 19 Annex 7.30R(1)); and (b) a *defined contribution occupational pension scheme*.
		(2)	A *firm* that provides a holistic tool must: (a) calculate a simulation for: (i) any external pension or any other tax-exempt investment product (other than a *defined benefit occupational pension scheme*) in accordance with *COBS* 19 Annex 7.39R; and (ii) other generic components, including any *defined benefit occupational pension scheme* and the state pension, on a reasonable basis; and (b) enable the *retail client* to interact in the same way for any pensions (other than a *defined benefit occupational pension scheme* or the state pension) included in the holistic tool.
19 Annex 7.38	G	(1)	The purpose of *COBS* 19 Annex 7.37R is that a simulation which includes any generic component that is an external pension or tax-exempt investment product will be based on the same rate of return as an internal pension calculated in accordance with *COBS* 19 Annex 7.
		(2)	For any other generic components, *firms* can apply the approach in *COBS* 13 Annex 2 Rule 2 2.3R, which provides for a differential in the rates applied to tax-exempt business and those applied to all other products.

19 Annex 7.39	R	Where a *firm* enables a *retail client* to include an external pension or other tax-exempt investment product in a holistic tool, the *firm* must: (1) where there is a single internal pension, use the rate of return calculated for that internal pension for any external pension or other tax-exempt investment product; (2) where multiple internal pensions are presented in a holistic tool: (a) where a *firm* applies a single rate of return for the internal pensions, use that rate of return for any external pension or other tax-exempt investment product; or (b) where the *firm* uses different rates of return for any internal pensions, apply to any external pension or other tax-exempt investment product one of the rates of return used for an internal pension.
19 Annex 7.40	R	In determining the rate to be used under *COBS* 19 Annex 7.39R, a *firm* must: (1) use an approach that is fair and objective; and (2) not adopt assumptions, methodologies or presentational approaches that would inappropriately make pensions held with that *firm* appear more attractive than pensions held with other providers.
19 Annex 7.41	R	Where *COBS* 19 Annex 7.39R applies, a *firm* must communicate to the *retail client* that: (1) it has applied the rate for internal pensions to any external pension or, as relevant, any other tax-exempt investment product due to not having the underlying information to calculate the rates of return for that external pension or investment product; and (2) on the basis of (1), the information provided for an external pension or, as relevant, any other tax-exempt investment product is not a reliable projected simulation for that pension product.
19 Annex 7.42	G	While the *rules* in *COBS* 19.13 do not apply to the generic components (other than *COBS* 19 Annex 7.37R) in a holistic tool, *firms* should consider their obligations under *PRIN* 2A, including communicating to *retail clients* that: (1) the generic components being displayed do not convey or communicate a reliable projected outcome of the *retail client's* investments because the *firm* does not have access to the underlying data for those products; and

(2) the *retail client* should not compare the in-force product simulation component with the generic components, such as the additional pension(s) or investment(s) that have been added in.

19 Annex 7.43	R	Where a *firm* provides a holistic tool, the *firm* must not, in relation to the generic components of the simulation, include in, or with, the *interactive pension simulation* any means (including the sending of an application form) by which the *retail client* can buy or sell an *investment* (including any product that is subject to a simulation calculated in accordance with *COBS* 19 Annex 7.37R).
19 Annex 7.44	G	The effect of *COBS* 19 Annex 7.43R (and *COBS* 19 Annex 7.34R) is that *firms* should not provide the means within the *digital pensions calculator* that would enable a *retail client* to directly initiate a transaction for any pension or, as relevant, other *investment*, where the simulation for that pension or *investment* is not calculated separately based on the approach in *COBS* 19.13 and *COBS* 19 Annex 7. *Firms* may provide products and/or services through other channels where this is consistent with *FCA rules*.
19 Annex 7.45	G	The *guidance* in *COBS* 19 Annex 7.35G(2) stating that *firms* may enable *retail clients* to understand the impact of changing their current fund strategy also applies to holistic tools and *firms* may enable this function in relation to both internal and external pensions.

Amend the following as shown.

TP 2 Other Transitional Provisions

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		**Transitional provision**	**Transitional provision: dates in force**	**Handbook provisions: coming into force**
…					
2.50	…	…	…	…	…
2.51	*COBS* 19.13	R	A *firm* need not comply with *COBS* 19.13 until 24 *months* after the date in column (6). Where a *firm* communicates an *interactive pension simulation* before 26 September 2028, *COBS*	From 26 September 2026 to 25 September 2028	26 September 2026

			13.5.1R will apply where that *rule* would have applied on the day before the date in column (6).		
2.52	*COBS* 19.13	R	(1) A *firm* may elect to comply with the *rules* in *COBS* 19.13 earlier than the expiration of the transitional provision in *COBS* TP 2.51 for *interactive pension simulations* in relation to a particular pension product. Where a *firm* does so, it must make and retain a record of when it has elected to comply with those *rules*. (2) A *firm* that elects to comply with *COBS* 19.13 earlier is not permitted to rely on *COBS* TP 2.51 for that pension product after that election.	From 26 September 2026 to 25 September 2028	26 September 2026

Sch 1 Record keeping requirements

…

Sch 1.3 G

Handbook reference	Subject of record	Contents of record	When record must be made	Retention period
…				
COBS 19.2.3R	…	…	…	…
COBS 19.13.15R	*Interactive pension simulations*	How the *firm* has complied with *COBS* 19.13	(1) before the *firm* provides any *interactive pension simulations*; and (2) in relation to any	Not specified

			subsequent changes to the *digital pensions calculator*, assumptions and/or the way simulations are presented	
COBS 19.13.16G	*Interactive pension simulations*	As above for *interactive pension simulations*, including information relating to rates of return in *COBS* 19 Annex 7	As above for *COBS* 19.13.15R	Not specified
…				

Annex C

Amendments to the Pensions Dashboards: Conduct of Business sourcebook (PDCOB)

In this Annex, underlining indicates new text.

12 Post-view services

…

12.5 Disclosures to be provided to customers in relation to post-view services

…

12.5.2 G …

Pensions dashboards and digital pensions simulations

12.5.3 R Where a *firm* carrying on *regulated pensions dashboard activity* provides a *projection* in relation to an in-force *personal pension scheme* or *stakeholder pension scheme* that is based on generic assumptions due to the *firm* not holding the relevant information in relation to the specific pension product, the *firm* must explain:

(1) that the *firm* does not hold the required underlying information in relation to the relevant pension product in order to present the amount of any future benefit payable under the relevant in-force *personal pension scheme* or *stakeholder pension scheme*;

(2) where a *projection* is not based on underlying information, that the *projection* uses generic assumptions; and

(3) that, as a result, the *retail client* should not rely on the *projection*.

…