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VFM reforms to expose weaknesses of legacy technology for both pension schemes and employers – Lumera

Value for Money (VFM) framework likely to stimulate significant investment as providers strive to meet the new operational and data requirements.

London, 02 March 2026 – The new Value for Money (VFM) regime could expose weaknesses in legacy technology, according to Lumera, a leading insurtech company dedicated to the digital transformation of the European Life and Pensions industry.

The FCA, DWP and TPR consultation (CP26/1) on an updated VFM framework for workplace DC pensions closes on 8 March.

The proposed framework places equal weight on service quality, investment performance, governance standards and member outcomes. As a consequence, providers will need to demonstrate – not merely claim – that they are delivering long-term value.

This is likely to expose the weaknesses of legacy technology at both scheme and employer levels. Those with fragmented systems will struggle to build a coherent view of performance, risk or member experience; unlike those with unified data platforms and automation.

The framework will reward transparency, consistency and operational efficiency. Digital-first engagement models, strong data governance and flexible scheme design will also prove critical to deliver personalised retirement journeys at scale for members.

For those schemes and employers burdened by legacy technology, the proposals will reinforce the imperative for transformation so that they can manage the shift that will require real-time reporting, high-quality data, integrated oversight and consistent processes.

Providers will need to quickly establish robust, high-quality administration platforms to manage, monitor and report standardised VFM-related outputs to regulators and other stakeholders, with the first assessments expected to take place as soon as 2028.

Peter Roos, Chief Commercial Officer at Lumera, commented: “The proposed VFM framework marks a decisive shift to evidence-based outcomes. While the direction of travel is positive for members and the market as a whole, a more demanding regulatory environment will quickly expose gaps in the infrastructure of schemes still relying on fragmented legacy systems.

“To meet the VFM requirements and thrive under the new regime, schemes and providers will need access to consistent, high-quality data, the ability to monitor performance in near real time and the operational resilience to report in a standardised way.

“In this sense, VFM is not just a governance reform - it is a technology catalyst. We would expect to see schemes accelerate transformation programmes and bring forward significant investment in their technology systems, administration and data.”

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About Lumera

Lumera is an insurtech company driving digital transformation for the Life and Pensions industry in Europe. We provide technology solutions for insurance administration, data management and migration to a broad base of prominent clients. In addition, we have a wide range of expert services that combine our technology and industry expertise, tailored to each local market.

Our mission – the Prudent Revolution – is about combining technology with partnerships to offer Life and Pensions companies the fastest and safest journey through complex change.

Lumera is headquartered in Stockholm, with additional offices in the UK, the Netherlands, Norway, Sweden and Vietnam.

The principal owner of Lumera is Monterro, a leading software investor in the Nordics.

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