

PENSION SCHEMES ACT 2015

EXPLANATORY NOTES

OVERVIEW & STRUCTURE

Part 3 – General changes to legislation about pension schemes

28. This Part contains amendments to existing legislation, mostly as a consequence of the change to scheme definitions set out in Part 1 and the provisions about collective benefits in Part 2. It aims to ensure that current legislative requirements relating to scheme governance and administration apply in the appropriate way to the new categories, and enables requirements on governance and administration to apply to the specific needs of members of shared risk schemes. It introduces a regulation making power to set out conditions for a pensions promise being obtained from a third party (section 36), provides a regulation making power to require managers to act in the best interests of members when taking certain decisions in relation to shared risk schemes and schemes that provide collective benefits (section 37), and changes existing regulation making powers which require schemes to disclose information to members (section 38). It contains measures relating to the preservation and revaluation rules of pension rights according to benefit type for members leaving a scheme before normal pension age (sections 39 and 40). It provides for collective benefits and “Regulatory Own Funds” schemes to be exempt from the indexation requirements set out in the Pensions Act 1995 and provides new regulation making powers to exclude pensions of a prescribed description from those indexation requirements (sections 41, 42 and 43). It removes the statutory requirement for regulations to provide that the Pensions Regulator compile and maintain a register of trustees (section 44), and makes changes to subsisting rights legislation to ensure members are protected against detrimental modifications to rights in a shared risk or defined benefits scheme (section 45). Additional amendments relating to Parts 1 and 2 are contained in Schedule 2.