
EXPLANATORY NOTE

(This note is not part of the Order)

This Order establishes a pension scheme known as the National Employment Savings Trust (“the Scheme”) and makes provision for its administration and management and incidental matters.

Article 3 establishes the Scheme and provides for its purpose.

Article 4 appoints the National Employment Savings Trust Corporation (“the Corporation”) as trustee of the Scheme (“the Trustee”).

Article 5 provides for the involvement of the members’ panel (that is to be established by arrangements under article 6) in the appointment of a member or chair of the Corporation.

Article 6 requires the Trustee to make arrangements for consulting members of the Scheme and employers admitted to participation in the Scheme (“participating employers”) about the operation, development or amendment of the Scheme including the establishment and maintenance of a panel to represent members of the Scheme (“members’ panel”) and a panel to represent participating employers.

Article 7 provides for the timing for the establishment of the panels.

Article 8 requires the Trustee to make provision in relation to the composition, appointment and functions of the panels. It provides that the functions of the panels are to include providing comments to the Trustee on any statement of investment principles and that the functions of the members’ panel are to include making an annual report on the extent to which the Trustee has taken into account the views of members of the Scheme.

Article 9 provides for reasonable payments to be made to members of the panels.

Articles 10 to 12 provide for the disclosure of data by the Trustee to the Secretary of State in specified circumstances.

Article 13 provides for the exclusion of the liability of the Trustee, and its members and staff, for certain acts and omissions in connection with the administration and management of the Scheme and enables the Trustee to indemnify or insure itself, or its members or staff, against certain losses, costs or damages connected with the administration or management of the Scheme.

Article 14 enables the Trustee to take such steps as it considers appropriate for increasing awareness and understanding of the Scheme.

Article 15 enables the Trustee to make rules under section 67 of the Pensions Act 2008 (c.30) (“the 2008 Act”).

Article 16 provides that the Trustee Act 2000 (c.29) applies as if the Order and any rules made under section 67 of the 2008 Act were a trust instrument.

Article 17 requires the Trustee to place on the internet a copy of the annual report and accounts for the Scheme and associated documents.

Article 18 provides for the circumstances in which an employer may be admitted to participation in the Scheme including where an employer wishes to use the Scheme in order to comply with a duty on it under sections 2 to 9 of the 2008 Act (in Great Britain) or sections 2 to 9 of the [Pensions \(No. 2\) Act \(Northern Ireland\) 2008 \(c.13 \(N.I.\)\)](#) (in Northern Ireland) (“the NI Act”) to enrol one of its employees in a pension scheme.

Articles 19 and 20 provide for the circumstances in which a person may be admitted as a member of the Scheme, including where that person is an employee who must, under sections 2 to 9 of the

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2008 Act (in Great Britain) or sections 2 to 9 of the NI Act (in Northern Ireland), be enrolled in a pension scheme by their employer and where that person is a self-employed person, a single person director or a person entitled to a pension credit.

Article 21 provides for the allocation of a pension account to a person who is admitted as a member of the Scheme, for contributions to be applied to the member's pension account and for refunds of contributions to be made in specified circumstances.

Article 22 provides for an annual contribution limit for contributions made in each tax year by, or on behalf or in respect of, a member of the Scheme. It also provides for the adjustment of that limit in accordance with changes in the average earnings index.

Article 23 provides for the contributions that are to count, and those that are not to count, towards the annual contribution limit in article 22.

Article 24 provides for the circumstances in which contributions that are made in a tax year in excess of the annual contribution limit may be refunded to a member of the Scheme, a participating employer or a person other than a participating employer.

Article 25 provides that all contributions counting towards the annual contribution limit are to be treated as made to the Scheme when they are received by the Trustee.

Article 26 provides for the circumstances in which, where a member of the Scheme is in multiple employment, the Trustee may accept contributions that are in excess of the annual contribution limit and may refund such contributions to a participating employer or a member of the Scheme.

Article 27 provides for the Trustee to make deductions from members' pension accounts to cover the general costs of the setting up, administration and management of the Scheme and the costs of providing a service with respect to members' accounts in a particular case or class of case. It provides for the Secretary of State to be able, in certain circumstances, to determine upper or lower limits to the level or amount of deductions that the Trustee may make, for the Trustee to consult the members' panel over the method of calculating, or the level or amount of, deductions and to make available information in relation to deductions.

Article 28 provides that the Trustee has the power to invest the assets of the Scheme, including the power to take certain specified actions by way of investment.

Article 29 provides for the Trustee to establish investment funds. It also makes provision for what the Trustee may and must do where a member of the Scheme expresses a choice as to where assets of the Scheme are to be directed.

Article 30 provides that the Trustee may accept a cash transfer sum in relation to a member of the Scheme. Such a sum represents the cash equivalent of that person's benefits from another scheme at the date on which a person's pensionable service in relation to the other scheme terminates.

Article 31 allows the Trustee to confer appropriate rights on a person entitled to a pension credit, where the credit derives from the Scheme, and to pay the amount of the credit to a person responsible for a qualifying arrangement. It also allows the Trustee to accept a payment of a pension credit from the trustees or managers of another pension scheme, where the credit relates to a member of the Scheme.

Article 32 provides for the benefits that the Trustee may provide using a member's pension account.

An assessment of the impact on business, charities and the voluntary sector of the provision made by this Order is included in the Impact Assessment relating to the legislation made under Part 1 of the Pensions Act 2008 (c.30) as a whole. A copy of this assessment has been placed in the libraries of both Houses of Parliament. Copies can be obtained by post from the Department of Work and Pensions, ERSP, Level 7, Caxton House, Tothill Street, London SW1H 9NA.

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