

*These notes refer to the Pension Schemes Act 2015
(c.8) which received Royal Assent on 3 March 2015*

PENSION SCHEMES ACT 2015

EXPLANATORY NOTES

BACKGROUND

3. In November 2013, the Government published a consultation paper, Reshaping workplace pensions for future generations, which outlined broad proposals to enable greater innovation in risk sharing in private pension arrangements. Responses that were received during the consultation period were considered in the Government response paper published in June 2014. Following analysis of these responses, together with additional research and stakeholder engagement, the Pension Schemes Act sets out a definition of a shared risk (or ‘defined ambition’) scheme, to encourage pension arrangements with greater risk sharing between parties, and a definition of collective benefits to enable risk pooling among members. These measures form the basis of Parts 1 to 3 of the Act.
4. The Chancellor in the 2014 Budget speech also announced reforms to private pensions, giving savers greater flexibility in how they access their defined contributions pensions pots. The Government published a consultation on 19 March 2014 entitled ‘Freedom and Choice in Pensions’, which invited interested parties to comment, over a 12-week period, on the policy and implementation issues surrounding the pensions reforms announced at the Budget. The Government published its response to this consultation on 21 July. Many of the Budget reforms introducing the pensions flexibilities required changes to tax legislation and are set out in the Taxation of Pensions Act 2014¹. The Pension Schemes Act 2015 contains a number of measures concerning guidance, appropriate independent advice and transfers in relation to both public service and private sector pension schemes as well as changes to pensions legislation as a consequence of the Taxation of Pensions Act 2014.

¹ The Taxation of Pensions Act 2014 <http://services.parliament.uk/bills/2014-15/taxationofpensions.html>