

EXPLANATORY NOTE

(This note is not part of the Regulations)

Sections 247 and 248 of the Pensions Act 2004 (c. 35) (“the 2004 Act”) set out requirements that trustees of occupational pension schemes must satisfy to properly exercise their functions as trustees. Trustees must be conversant with and have knowledge and understanding of the matters listed in sections 247(3) and (4) and 248(4) and (5) of the 2004 Act.

Regulation 2 exempts trustees of small schemes from the requirements in section 247(3) and (4) and section 248(3) and (5) of the 2004 Act (“the trustee requirements”).

Regulations 3 and 4 provide that individual trustees and persons who exercise functions of corporate trustees have, from the date of their appointment, a six-month period of grace from the trustee requirements. This does not apply if the person is an independent trustee for the purpose of section 23 of the Pensions Act 1995 (c. 26) or was appointed as a consequence of holding himself out as having expertise in any of the matters set out in section 247(4) or 248(5) of the 2004 Act.

As these Regulations are made before the expiry of the period of six months beginning with the coming into force of the provisions of the 2004 Act, by virtue of which they are made, the requirement for the Secretary of State to consult such persons as he considers appropriate does not apply. However, a consultation exercise has nevertheless taken place.

A full regulatory impact assessment has not been produced for this instrument as it has no impact on the costs of business, charities or the voluntary sector.

Changes to legislation:

There are currently no known outstanding effects for the The Occupational Pension Schemes (Trustees' Knowledge and Understanding) Regulations 2006.