These notes refer to the Pension Schemes Bill
as introduced in the House of Commons on 26 June 2014 (Bill 12)

PENSION SCHEMES BILL

EXPLANATORY NOTES

INTRODUCTION

1. These explanatory notes relate to the Pension Schemes Bill as introduced in the House of Commons on 26 June 2014. They have been prepared by the Department for Work and Pensions in order to assist the reader of the Bill and to help inform debate on it. These explanatory notes do not form part of the Bill and have not been endorsed by Parliament.

2. The notes need to be read in conjunction with the Bill. They are not, and are not meant to be, a comprehensive description of the Bill. So where a clause or part of a clause does not seem to require explanation or comment, none is given.

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 Bill 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 Bill.

4. The 2014 Budget also announced reforms to private pensions, giving savers greater flexibility in how they access their defined contributions pensions pots. While many of the Budget reforms require changes to tax legislation which are not within the scope of this Bill, the Bill does contain a measure to restrict transfers out of certain types of public service pension schemes as a consequence of the Budget announcement.

Bill 12—EN 55/4

SUMMARY

5. The following paragraphs provide a high-level summary of the main provisions of the Bill.

Shared risk schemes and collective benefits

6. The Bill introduces new definitions to the legislative framework for private pensions based on the type of promise that pension schemes provide for members during accumulation. The current legislation is based on a binary structure between money purchase schemes, which offer no certainty over retirement benefit, and non-money purchase schemes, which have traditionally offered salary related pension benefits. The non-money purchase scheme category can cover a range of different pension benefit designs that offer varying degrees of certainty over benefit. However, the legislation is often perceived as offering two main options, and much existing legislation is written on the basis of a polarity between these options. The Bill will thus define three categories of pension scheme based on the different types of promise offered to members during the accumulation phase about their pension savings when they come to access them (also termed decumulation). This promise will either refer to all of the benefits (defined benefits), some of the benefits (shared risk), or there will be no promise (defined contributions).

7. The Bill also includes measures to enable the provision of collective benefits. Collective benefits are provided on the basis of allowing the scheme's assets to be used in a way that pools risks across the membership. Examples of collective schemes which are currently in operation can be found in the Netherlands, Denmark, and parts of Canada, where evidence suggests they can, when governed appropriately, provide a greater degree of stability in pension outcomes than individual defined contributions schemes.

Transfers out of defined benefits schemes

8. As noted above, the 2014 Budget announcement gives savers greater choice about how and when they access their defined contributions pensions pots. The new flexibilities will also have implications for those with a defined benefits pension pot, and HM Treasury have recently consulted on how these flexibilities, including individuals' rights to a transfer, should be managed.[1] As the majority of public service defined benefits schemes operate on an unfunded basis, allowing transfers out of these schemes would expose the Exchequer to significant risks. Therefore the Bill introduces a power to prevent transfers out of public service defined benefits pension schemes, except to other defined benefits schemes. (It should be noted that these terms, 'defined benefits' and 'defined contributions', have specific meanings set out in tax legislation which are not the same as those used in this Bill.)

[1] HM Treasury, *Freedom and Choices in pensions*
*(*https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/294795/freedom_and_choice_in_pensions_web_210314.pdf)

Other measures

9. The Bill also legislates on other private pensions matters. It allows the Department for Work and Pensions to fund the Remploy pension scheme directly, where currently Remploy funds the scheme through monies it receives from the Department for Work and Pensions, and removes a requirement that the Pensions Regulator compile and maintain a register of trustees. This is a response to the Government's 'Red Tape Challenge' to remove regulations deemed unnecessary or over-prescriptive.

PREVIOUS LEGISLATION

10. The following notes give a brief overview of significant existing legislation in private pensions that is referenced by this Bill. Further explanation, if required, is given in the clause-by-clause commentary.

11. The Pension Schemes Act 1993 is a consolidation Act that sets out various provisions in relation to classification of pension schemes, contracting out, early leavers (including preservation, revaluation and the right to take a transfer), the Pensions Ombudsman and other miscellaneous requirements.

12. The Pensions Act 1995 contains provisions relating to the Pensions Regulator, as well as provisions relating to the role and responsibilities of trustees, professionals and employers. It also provides requirements in respect of scheme administration, indexation of pensions in payment, protection against detrimental modifications, employer debt and winding up.

13. The Welfare Reform and Pensions Act 1999 makes provision for pension sharing on divorce.

14. The Pensions Act 2004 makes provision with regard to the Pensions Regulator and the Pension Protection Fund. It also makes provision in relation to scheme funding, and contains other miscellaneous provisions applying to pension schemes including internal controls, pension protection where there is a TUPE transfer and employer consultation requirements.

15. The Pensions Act 2008 makes provision for automatic enrolment, under which employers are required to enrol qualifying employees into a suitable pension scheme and to make pension contributions on their behalf.

16. The Public Service Pensions Act 2013 makes provision for the reform of public sector pensions.

OVERVIEW & STRUCTURE

17. The Bill is in four parts:

Part 1 – Categories of pension scheme

18. This Part of the Bill contains provisions for a new framework in relation to the categorisation of pension schemes. It establishes three mutually exclusive definitions for scheme type based on the type of promise provided in the accumulation phase of pension saving about the retirement benefits that a scheme offers to members at decumulation. The schemes are defined in terms of a 'pensions promise' which can refer to full income from the scheme or part of the income or savings, or where there is no promise at all as to level of income or savings. A scheme can be categorised as a defined benefits scheme, shared risk scheme or a defined contributions scheme, corresponding to the type of the promise. A scheme can also be treated as more than one scheme for the purposes of categorisation, in relation to different promises to members.

Part 2 – General changes to pensions legislation

19. This Part contains amendments to existing legislation, mostly as a consequence of the change to scheme definitions set out in Part 1. 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. Firstly, it introduces a regulation-making power to set out conditions for a pensions promise being obtained from a third party (clause 9), and changes existing regulation-making powers which require schemes to disclose information to members (clause 10). It contains measures relating to the preservation and revaluation rules of pension rights according to benefit type (clauses 11 and 12), together with transfer values (clause 13), for members leaving a scheme before normal pension age. It provides a regulation-making power to restrict transfers from public service defined benefits schemes into a defined contributions arrangement (clause 14), and provides new regulation-making powers to exclude pensions of a prescribed description from the indexation requirements set out in the Pensions Act 1995 (clauses 15 and 16). Finally, it removes the statutory requirement for regulations to provide that the Pensions Regulator compile and maintain a register of trustees (clause 17), 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 (clause 18).

Part 3 – Collective benefits

20. This Part defines the concept of collective benefits and makes provision for regulation-making powers in relation to them. These powers cover matters such as the setting of targets in relation to benefits, valuation, reporting requirements and governance.

Part 4 – Miscellaneous and general

21. This Part allows the Secretary of State to make payments into the Remploy Limited Pension and Assurance Scheme directly, rather than indirectly through the payments it makes to Remploy the wider organisation.

22. This Part also contains a power to make consequential amendments and makes general provision in respect of regulations, the territorial extent of the Bill, Crown application and commencement.

Schedules 1-4

23. Schedule 1 contains amendments to existing pensions legislation resulting from the introduction of the new categories in Part 1.

24. Schedule 2 contains amendments to the Pension Schemes Act 1993 concerning the revaluation of accrued retirement benefits for members leaving a scheme before normal pension age.

25. Schedule 3 makes amendments to the Pension Schemes Act 1993 where it concerns transfer values for early leavers of pension schemes.

26. Schedule 4 makes amendments to existing pensions legislation resulting from the introduction of ‘collective benefits’.

TERRITORIAL EXTENT

27. The Bill extends to England and Wales and to Scotland. The provisions in Part 4 also extend to Northern Ireland, except clauses 38 and 39. Broadly speaking, the subject matter of the Bill is transferred in respect of Northern Ireland and, as such, is the responsibility of the Northern Ireland Assembly. The Bill only extends to Northern Ireland for purposes of amendment to legislation with UK-wide extent.

COMMENTARY ON CLAUSES

PART 1 – CATEGORIES OF PENSION SCHEME

Clause 1: Introduction
Clause 2: Defined benefits scheme
Clause 3: Shared risk scheme (sometimes known as ‘defined ambition’)
Clause 4: Defined contributions scheme

28. These clauses define three new categories of pension scheme, which are: defined benefits scheme; shared risk scheme (sometimes referred to as ‘defined ambition’); and defined contributions scheme. These categories apply only where legislation expressly states that they should, and do not apply in any public service

pensions legislation.

29. The Pension Schemes Act 1993 currently defines a 'money purchase scheme' as a scheme which offers only money purchase benefits. A money purchase benefit is generally taken to mean one which is accrued on the basis that the benefit will derive from a pot of contributions, together with any investment returns on those contributions. The legislative definition of a money purchase benefit is a 'benefit the rate or amount of which is calculated by reference to a payment or payments made by the member or by any other person in respect of the member'. The Pensions Act 2011 added a stipulation that a benefit (other than a pension in payment) is only money purchase if 'its rate or amount is calculated solely by reference to assets which (because of the nature of the calculation) must necessarily suffice for the purposes of its provision to or in respect of the member'.

30. Schemes which fall outside this definition are not generally defined in pensions legislation but are simply considered to be 'non-money purchase'.

31. Clauses 2 to 4 define three mutually exclusive categories of pension scheme. These categories are based on the type of promise the member has during the accumulation phase about the retirement benefit (income or pot) - whether there is a promise about all of the benefits from the scheme, only some of them, or no 'pensions promise' for the member. 'Retirement benefit' means retirement income or a retirement lump sum provided to members – see clause 7.

32. The first category is a defined benefits scheme (clause 2). This type of scheme provides a pre-determined retirement income to all members, beginning at the scheme's normal pension age or decumulation point and continuing for life.[2] This income is pre-determined insofar as it is set at a rate that is calculated according to promised factors as stipulated in the scheme rules or other scheme documentation. This is expressed as a 'full pensions promise' to members. The normal pension age or earliest occasion for accessing the full benefits is fixed – that is, the only way the age or period of accumulation can change is by change to the scheme rules. Schemes where the normal pension age changes in line with state pension age, without requiring a change to the scheme rules, are thus excluded. Also excluded are schemes which apply a longevity factor to the benefit entitlement.

33. The second category is a shared risk scheme (clause 3). This type of scheme offers a 'pensions promise', but not a full pensions promise, to all members at some point during the accumulation phase in relation to at least some of the retirement benefit that members might receive, whether this benefit is given in the form of a retirement income or a retirement lump sum.

[2] For example, some schemes might not have a normal pension age but might have a specific period of service defined by accumulation period.

34. The third category is a defined contributions scheme (clause 4). This type of scheme gives no promise during the accumulation phase in relation to any of the retirement benefits that may be provided to members.

35. The definitions therefore describe the extent to which members receive a promise during the accumulation phase: a defined benefits scheme is a scheme which provides a full pensions promise to members; a shared risk scheme provides a promise about some of the benefit to be provided by the scheme; and a defined contributions scheme provides no pensions promise. For further definition of 'pensions promise' and related terms, see clause 5.

36. The following schemes provide examples for each of the categories. These are not exhaustive but are for illustration:

- a salary-related pension scheme where the retirement income to be paid out is determined according to a formula based on a salary: for example, 1/80 x average salary x years in pensionable service. The age or point at which this income can start to be paid in full to members can only be changed by a change to the scheme rules. This is a defined benefits scheme.

- a pension scheme into which the employer and employee pay contributions. These contributions are then invested, and so the retirement benefit in part depends on how those investments perform, but some contributions are used to purchase a deferred annuity or otherwise secure a promise about part of the income that will be received in retirement. The retirement benefit received is a combination of that promise and the funds accumulated via contributions and investment returns. This is a shared risk scheme.

- a pension scheme into which the employer and employee pay contributions, which are then invested. The retirement benefit depends wholly on the money contributed to the scheme and the investment return, and potentially any pooling of risk between members, and so the employee is given no certainty at all during the accumulation phase. This is a defined contributions scheme.

37. For a scheme which does not fit into any of the categories, regulations must be made to treat the scheme as two or more schemes which do fit into the categories (see clause 6).

Clause 5: Meaning of 'pensions promise' etc.

38. This clause explains what is meant by the terms 'pensions promise' and 'full pensions promise'.

39. *Subsection (1)* states that (for the purposes of defining a defined benefits scheme), there is a 'full pensions promise' provided to members, if, at all times before the benefit comes into payment, there is a promise about the level of benefit that will be received and the level of benefit is determined wholly by reference to that promise

in all circumstances. This promise refers to a member's retirement income, but may also include the ability to withdraw a retirement lump sum at an amount that is set out within the scheme. (*Subsection (3)* contains more about what a promise about the level of benefit consists of.)

40. *Subsection* (2) states that (for the purposes of defining a shared risk or defined contributions scheme), a 'pensions promise' is provided if there is a promise to members during the accumulation phase, in relation to a retirement benefit, about the level of benefit that will be received. The level is the rate of the income or the amount of the lump sum (see clause 7). The promise must be expressed at *a* time before the benefit comes into payment, but unlike under a defined benefits scheme, does not need to be expressed at *all* times before payment, i.e. throughout the accrual phase.

41. Any pensions promise about a level of retirement benefit includes a promise about the factors that will be used to calculate the level of a retirement benefit (subsection (3)(a)). These factors, may, for example, include the length of pensionable service, or be linked to the member's salary, but do not include longevity factors. A promise that the level of retirement benefit will be calculated by reference to what the pot of contributions or investment returns can provide does not constitute a 'pensions promise' for the purposes of defining a defined benefits or shared risk scheme (subsection (3)(b)). Neither is it a promise where a scheme specifies the factors that will be used to distribute the assets between members and establish the value of a collective benefit (subsection (3)(c)).

42. A pensions promise is provided if the scheme sets out the promise, or if it requires the promise to be obtained from a third party. This enables a pension scheme to be defined on the basis of a pensions promise regardless of whether it comes from the scheme itself, the employer or a third party.

43. *Subsection (5)* provides that, in relation to a shared risk or defined contributions scheme, there is also a promise if the scheme offers the option of a promise (or the option of requiring a promise). This means that the scheme categorisation depends on what the scheme offers to members, not the offer that individual members take up. Should a scheme offer a money purchase pension with the option for members to purchase a guarantee, because there is the potential for a pensions promise given, this scheme would be defined as a shared risk scheme.

44. *Subsection (6)(a)* states that discretions that are applied in relation to a member's individual circumstances do not affect a scheme's categorisation where it would be considered otherwise as offering a 'full pensions promise' (providing that these are capable only of being used for reasons related to a member's individual circumstances). For example, a defined benefits scheme may make provision for early retirement on the grounds of ill health, on a case-by-case basis, without it affecting the categorisation of the scheme under the new definitions. Since these discretions are exercised only on an individual basis, they are different from discretions applied at the

scheme level.

45. *Subsection (6)(b)* states that a scheme may also offer other discretions in relation to retirement benefit without affecting its categorisation as a defined benefits scheme, as long as those discretions are of a description specified in regulations.

46. *Subsection (7)* states that, when working out whether there is a particular kind of promise in relation to some or all of the benefits that may be provided as set out in clauses 2-4, account can be taken of benefits which may be provided only after the member has been a member of the scheme for a certain length of time and any other benefits that may be provided to the member at a future time – for example, where members start in a scheme with money purchase benefits and no promise, but then after a certain number of years or at a certain age start accruing benefits to which a promise attaches.

Clause 6: Treatment of a scheme as two or more separate schemes

47. This clause requires regulations to be made for a pension scheme that does not fit within any of the categories set out in the clauses above (it is not a defined benefits, defined contributions or shared risk scheme) to be treated as if it were two or more separate schemes, each then fitting within a category, for the purposes of these definitions and other specified legislation.

48. An example of such a scenario would be where an existing scheme has a defined benefits section which is not open to new members, and a defined contributions section for new members. This type of scheme would not be defined as a shared risk scheme, since, though there are some elements of a pensions promise, the promise is not available to all members. Instead, regulations must be made providing for the scheme to be treated as if it were two schemes for the purpose of the categorisation – in the example given above, it is likely that the power would be used to treat the scheme as if it were a defined benefits scheme and a defined contributions scheme.

49. The clause also enables regulations to be made to provide for other circumstances in which a scheme can be treated as two or more schemes, each fitting within one of the scheme categories.

Clause 7: Minor definitions used in Part 1

50. This clause defines the terms for the purposes of Part 1.

51. ‘Normal pension age’, in relation to retirement benefits, refers to the earliest age at which, or occasion on which, the pension scheme member is entitled to receive benefits from the scheme without adjustment for taking benefits early or late. If there is no such age or occasion, ‘normal pension age’ will be normal minimum pension age as defined by section 279(1) of the Finance Act 2004 – that is, before 6th April 2010, 50, and on or after that date, 55. A ‘fixed’ normal pension age means a pension age (or other decumulation occasion) that cannot be changed except by an amendment

to the scheme rules.

52. 'Pension scheme' has the meaning given by section 1(5) of the Pension Schemes Act 1993 – that is, as 'a scheme or other arrangements comprised in one or more instruments or agreements, having or capable of having effect so as to provide benefits to or in respect of people: on retirement; on having reached a particular age, or; on termination of service in an employment'.

53. 'Retirement benefit' refers to the benefit that a member of a pension scheme receives, which can be provided either in the form of a 'retirement income' or a 'retirement lump sum'. Retirement income is a pension or annuity payable to the member on reaching normal pension age. A retirement lump sum is a lump sum which is payable to the member on reaching normal pension age or made available for the provision of other retirement benefits on or after this time (this may include the purchase of an annuity).

Clause 8: Amendments to do with Part 1
Schedule 1
54. This Schedule makes consequential amendments to existing pensions legislation to take account of the categories defined in Part 1, and also makes some resulting changes to replace references to money purchase schemes to limit the number of ways of categorising schemes in legislation.

55. Where there are references in existing legislation to a 'money purchase scheme', these are generally replaced by references to 'a scheme under which all the benefits that may be provided are money purchase benefits'. This does not change the effect of the legislation – rather, they are technical changes to limit the number of categories that can be attached to pension schemes.

56. In other cases, the new categories are themselves substituted for existing definitions.

57. Where this has changed the effect of the legislation, this is stated below.

Pension Schemes Act 1993
58. Section 124 of the Pension Schemes Act 1993 places a duty on the Secretary of State to pay unpaid contributions to schemes in the event of employer insolvency and consequent default on employer contributions. The amount the Secretary of State is required to pay is the least of three amounts set out in paragraphs (a) to (c) of *subsection (3).* Subsection (3A) states that where the scheme is a money purchase scheme, the amount is the lesser of the amounts specified in paragraphs (a) and (c) (paragraph (b) is not relevant to money purchase schemes). The Schedule amends the wording to replace 'money purchase scheme' with 'defined contributions scheme, or a shared risk scheme under which all of the benefits that may be provided are money purchase benefits'. In conjunction with an amendment included in Part 3 of Schedule 4, this updates the provision to ensure it applies in the right way to schemes which

offer collective benefits and that they are covered by the appropriate provision, as well as ensuring all schemes which are shared risk and have only money purchase and collective benefits, and schemes which are defined contributions and provide a guaranteed income after the point of retirement, are captured.

59. Section 181 of the Act is amended so that the terms, 'defined contributions scheme', 'defined benefits scheme', and 'shared risk scheme', as set out in Part 1 of this Bill, apply in that Act.

Pensions Act 1995

60. Sections 51 and 51A of the Pensions Act 1995 relate to indexation requirements for pension schemes (that is, the method by which pensions in payment are increased annually to take account of inflation). The Schedule amends subsection 1(a)(iii) of section 51 of the Act, which exempts pensions in money purchase schemes from indexation requirements in certain circumstances, by substituting 'defined contributions scheme' for 'money purchase scheme'. It consequently amends section 51A to replace 'money purchase scheme' with 'defined contributions scheme'. This means that the indexation requirements exclude all defined contributions schemes, including money-purchase schemes, schemes offering collective benefits, and those that are defined as self-annuitising under section 51A

61. Section 124 of the Act is amended so that the terms 'defined contributions scheme', 'defined benefits scheme' and 'shared risk scheme', as set out in Part 1 of this Bill, apply in that Act.

Welfare Reform and Pensions Act 1999

62. Section 38 of the Welfare Reform and Pensions Act 1999 makes provision about the treatment of pension credits in winding up. Currently it does not apply to a money purchase scheme. The amendment replaces the reference to a money purchase scheme with a reference to a scheme under which all the benefits that may be provided are money purchase benefits. This does not change the effect.

Pensions Act 2004

63. The amendments made to the Pensions Act 2004 by paragraphs 24 to 31 of Schedule 1 take out a number of references to money purchase schemes, replacing them with references to schemes 'under which all the benefits that may be provided are money purchase benefits'. This does not change the effect of the provisions. In paragraph 23 the reference to money purchase schemes in section 23 of the Pensions Act 2004 is replaced with the same formulation but is further qualified – with the effect that the provision does apply to schemes with only money purchase benefits which include a third party promise. Paragraph 32 of the Schedule omits the definition of 'money purchase scheme'.

Pensions Act 2008

64. Sections 20 to 28 of the Pensions Act 2008 set out the requirements that a pension scheme must meet if it is to be a qualifying scheme for the purposes of

meeting an employer's enrolment duties under pension legislation. (This is sometimes referred to as 'automatic enrolment'.)

65. The amendments replace the existing definitions of 'defined benefits scheme', 'money purchase scheme' and 'hybrid scheme' in these sections with the new definitions set out in Part 1 of this Bill, and change the section headings accordingly. The quality requirements are on the whole unchanged (except where stated).

66. Section 26 is amended to refer to a personal pension scheme 'that is a defined contributions scheme'. The requirements are the same except it will no longer be a requirement that all benefits under the scheme must be money purchase benefits.

67. Section 99 is amended to insert the definitions of 'defined benefits scheme', 'defined contributions scheme' and 'shared risk scheme' as set out in Part 1 of this Bill, as well as defining 'occupational' as it applies to these pension schemes. The original references to 'defined benefits', 'defined benefits scheme', 'money purchase scheme' and 'hybrid scheme' are omitted.

PART 2 – GENERAL CHANGES TO PENSIONS LEGISLATION

Clause 9: Pensions promise obtained from third party

68. This clause relates to the possibility of a pensions promise, for the purposes of a defined benefits or shared risk scheme being obtained from a third party, as set out in clause 5. It contains a power to enable the Secretary of State to make regulations to require that trustees or managers of a scheme must not obtain any such promise from a third party unless conditions set out in the regulations are met. Regulations may also provide for a prescribed person to enforce compliance with this requirement, and allow civil penalties to apply to a person who fails to comply with them. This clause also makes changes to section 34(7) of the Pensions Act 1995 to add this clause to the list of provisions that section 34, which makes its own provisions in relation to trustees' power of investment, cannot override.

Clause 10: Disclosure of information about schemes

69. Section 113 of the Pension Schemes Act 1993 sets out a power for the Secretary of State to make regulations in relation to occupational and personal pension schemes, setting out requirements to keep certain persons informed of various matters including the scheme's constitution, its administration and finances, and the rights and obligations that may arise under the scheme.

70. This clause amends section 113, removing the list at subsection (2) of the persons who can be kept informed under provisions of the regulations, and instead specifying that it applies in respect of 'persons of prescribed descriptions' – that is, the persons who should be kept informed will be set out in secondary legislation.

71. The clause also introduces a requirement for schemes to have regard to any

guidance prepared by the Secretary of State when complying with disclosure requirements.

Clause 11: Extension of preservation of benefit under occupational pension schemes

72. This clause amends Part 4 of the Pension Schemes Act 1993, which concerns the preservation of benefit for early leavers of occupational pension schemes. Pension scheme members whose pensionable service is terminated before reaching normal pension age are entitled to payment of the benefit accrued up to that point, providing they have two years' qualifying service or have previously transferred their rights into the scheme from a personal pension. (Members who leave without a preserved benefit are entitled to transfer the value of the benefits they have accrued or receive a refund of their own contributions.)

73. The preserved benefit to which former members are entitled – termed 'short service benefit' – is the same as that which would have been payable when they were members of the scheme. This benefit can either be represented in respect of the member or the member's dependants, or both.

74. The Pensions Act 2014 introduced a requirement that, where all benefits for a member are money purchase benefits, a preserved pension must be provided after 30 days' qualifying service.

75. The clause states that schemes must provide a short service benefit where leavers have at least 30 days' qualifying service and all the pension benefit is a non-salary related one (that is, not calculated either by rate or amount with reference to the member's salary). If any of the pension benefit is salary related, the two year rule still applies.

76. Where a benefit may be calculated on a salary related basis in some circumstances and a non-salary related basis in others (e.g. an underpin benefit which pays the higher of the two calculations), it will be treated as salary-related for these purposes.

77. If a member's pensionable service began before the amendments came into force, the previous requirements for preservation of benefits will continue to apply.

Clause 12: Early leavers: revaluation of accrued benefits
Schedule 2

78. When a member stops being an active member of a scheme more than a year prior to retirement, the accrued benefits are required to be 'revalued' at the scheme's normal pension age to provide a measure of inflation protection over the period of deferral. Sections 83 to 86 of, and Schedule 3 to, the Pension Schemes Act 1993 set out the procedure for revaluation based on benefit type.

79. The existing section 84 of the Pensions Schemes Act 1993 takes the final

salary method as its default method of revaluation for accrued benefits. This method requires benefits to be increased by inflation capped at 5 or 2.5 per cent each year, but there is an alternative for average salary, flat rate or money purchase benefits. In these cases, the legislation allows for revaluation using the average salary and flat rate methods, where trustees or managers consider these methods, respectively, to be more appropriate than the final salary method, and the money purchase method where benefits are money purchase or benefits from a personal pension scheme.

80. The basic principle behind the non-final salary provisions is that both active scheme members and those who have left the scheme before normal pension age should be treated in the same way. Their rights in relation to accrued benefits should not be affected because they have, for example, changed their place of employment and consequently left that pension scheme.

81. The methods are set out in Schedule 3 to the 1993 Act. For the final salary method, the annual Occupational Pensions (Revaluation) Order sets out the percentages to be used for people retiring during the following year. The average salary and flat rate methods state that benefits are to be revalued in the same way as they would have been had the member remained in pensionable service. In the money purchase method the requirement is to apply the same investment return on the accrued benefits to both active and deferred members.

82. The Pensions Act 2011 (Transitional, Consequential and Supplementary Provisions) Regulations 2014 introduced an additional cash balance method for cash balance benefits not calculated by reference to final salary which accrue after section 29 of the Pensions Act 2011 is commenced. This will also require that active and deferred members are treated in the same way.

83. Schedule 2 amends the legislation in the Pension Schemes Act 1993. There will be no changes to the method applicable for benefits which accrued before the changes come into force. A new ‘default method’ will apply for all benefits except those which are money purchase, salary related or flat rate. (‘Salary related’ will include final salary cash balance schemes). The default is simply to revalue benefits as they would have been had the member remained in pensionable service.

84. The exceptions for the default method remain money purchase benefits, flat rate benefits and what are now termed ‘salary related’ benefits. A salary related benefit must be revalued using the final salary method except where those benefits are average salary and trustees or managers consider the average salary method more appropriate. Money purchase benefits should be revalued using the money purchase method. These methods continue to apply the definitions set out in Schedule 3 to the 1993 Act where referenced.

85. The Schedule (see new section 84D) also sets out the revaluation procedure for underpin benefits – those benefits which are made up of different components, the highest of which is paid. In this case, each component will be revalued separately

before deciding which is the highest. This replicates the effect of provision currently contained in secondary legislation. At new section 84E there is provision for schemes which have used certain alternative methods of revaluation (primarily public service pension schemes) to continue to do so.

86. There is also a power (at new section 85A) to add revaluation methods for personal pension schemes. This is to allow for the possibility that in the future the design of personal pensions introduces a wider range of benefits than are provided for by the new provisions.

Clause 13: Early leavers: transfer values
Schedule 3

87. Schedule 3 amends Chapter 4 of Part 4 of the Pension Schemes Act 1993, which sets out provisions governing how members of an occupational or personal pension scheme may apply for, take and use the cash equivalent value of their rights in the scheme, and how that transfer value is to be calculated.

88. The existing provisions provide for two ways to calculate and give effect to transfer rights. If the rights are to money purchase benefits, the transfer value is the realisable value of the member's rights in the scheme on any given date, which is relatively straightforward to calculate. For salary related benefits the situation is more complex as trustees have to convert a promised benefit into a cash equivalent. As there is no direct correlation between the member's benefits and the money available to pay them, trustees are required to give the member a guaranteed cash equivalent that is valid for a prescribed period of time.

89. This Schedule amends Chapter 4 to reflect the new scheme categories defined in Part 1 of the Bill. Under the changes there will still be the same two methods to offer a transfer value – members of defined benefits schemes, members of shared risk schemes and members of defined contributions schemes that provide benefits other than money purchase benefits will get a guaranteed cash equivalent, and members of defined contributions schemes providing money purchase benefits will get the realisable value of their assets.

90. As now, the details about how trustees and managers calculate a cash equivalent will be described in regulations.

Clause 14: Restriction on transfers out of public service defined benefits schemes

91. This clause amends Chapter 4 of Part 4 of the Pensions Schemes Act 1993 to allow the Treasury to bring forward regulations to prevent members from transferring out of public service defined benefits pension schemes, except to other defined benefits schemes. 'Defined benefits scheme' here has a meaning specific to the Public Service Pensions Act 2013, of a scheme under which 'the benefits that may be provided … are not money purchase benefits … or injury and compensation benefits', and is not the same as that defined in clause 2. This is as a consequence of changes to

decumulation rules under money purchase schemes announced in the 2014 Budget.

Clause 15: Regulatory own fund schemes exempt from indexation
Clause 16: Power to create exemptions from indexation

92. Sections 51 to 54 of the Pensions Act 1995 make provision for indexation of pensions under occupational pension schemes (other than public service pension schemes which are covered by the Pensions (Increase) Act 1971). 'Indexation' is the method by which pensions in payment are increased annually to take account of inflation.

93. Originally the indexation requirements applied to all types of benefits. Following amendments to section 51 by section 278 of the Pensions Act 2004, the obligation to index does not apply to money purchase benefits unless the pension was in payment before the commencement day (which was 6 April 2005).

94. Clause 15 amends the provision in the Pensions Act 1995 so that schemes which are set up as 'regulatory own funds' will also be exempt from the requirement to index benefits. A 'regulatory own fund' is a type of pensions institution that is required to hold additional reserves because the scheme itself (rather than a sponsoring employer) underwrites risks related to life, death or disability benefits or guarantees a given investment performance or a given level of benefits.

95. Clause 16 introduces a regulation-making power to exclude other pensions of a prescribed description from the indexation requirements set out in the 1995 Act. Any exemptions which are made in regulations cannot be applied to pensions that came into payment or parts of pension attributable to pensionable service that has occurred before the day on which those regulations come into force, or to a pension or any part of a pension under a defined benefits scheme.

96. The effect of the amendment in *subsection (2)* of clause 16 is that any regulations made by virtue of the new section 51(5A) may not be made unless a draft has been laid before and approved by a resolution of each House of Parliament.

Clause 17: Removal of requirement to maintain register of independent trustees

97. This clause removes the statutory requirement for regulations to provide that the Pensions Regulator compile and maintain a register of trustees (the relevant regulations are the Occupational Pension Schemes (Independent Trustee) Regulations SI 2005/703).

98. Section 23 of the Pensions Act 1995 allows the Pensions Regulator to appoint an independent trustee to a scheme whose employer has suffered an insolvency event. The Regulator can only appoint a trustee from the trustee register, which it must establish and maintain. But the Regulator has another, general power (under section 7 of the Act) to appoint trustees to replace a person found not to be 'fit and proper' to be a trustee. In relation to this there is no requirement to appoint from a register of trustees, and the Regulator appoints replacements using flexible procurement panels.

This clause removes the requirement to maintain a register of trustees under section 23, in order that the Regulator can instead follow the same procedure as when appointing trustees under section 7.

Clause 18: Modification of schemes

99. Section 67 of the Pensions Act 1995 contains provisions to protect members against detrimental modifications to their ‘subsisting rights’ – that is, ‘any right which at that time has accrued to or in respect of [the member] to future benefits under the scheme rules; or any entitlement to the present payment of a pension or other benefit which [the member] has at that time, under the scheme rules’.

100. Some changes can only be made if the member agrees: these are called ‘protected modifications’. Section 67A sets out the circumstances in which a modification to members’ rights is a ‘protected modification’.

101. Currently, section 67A states that a change must be considered as a ‘protected modification’ where money purchase benefits would replace non-money purchase benefits, or where the change would result in a reduction to a pension in payment. This clause amends section 67A to include a proposed modification where a right to benefits that include a pensions promise is to be replaced by a right to benefits where there is no pensions promise.

PART 3 – COLLECTIVE BENEFITS

Clause 19: Introduction and definition

102. Clause 19 sets out the defining characteristics of a ‘collective’ benefit.

103. Where, in all circumstances the rate or amount of the benefit payable to or in respect of a member depends entirely on (a) the amount available to pay that member’s and other members’ benefits and (b) factors used to determine what proportion of that amount is available for the provision of the particular benefit, these benefits are defined as ‘collective’ in the Bill. The definition also provides that a benefit which is a money purchase benefit is not a collective benefit.

Clause 20: Duty to set targets for collective benefits

104. Clause 20 provides that regulations may require that trustees or managers of pension schemes offering collective benefits set targets in relation to the rate or amount of those benefits. In particular, regulations can be made about, amongst other things, the way that targets are expressed, recorded and published. The intention is that members of a scheme with collective benefits should be provided with a reasonable estimate of the benefits that they can expect to receive from the scheme; in the absence of a well defined pot over which the individual has clear ownership, the target is a way of illustrating for the member what they might receive. Clause 20(2)(d) provides for regulations to require trustees or managers of a scheme to obtain an actuarial certificate confirming that the actuary is of the opinion that the probability of

the assets being sufficient to meet the initial targets is in line with the level set out in the regulations.

105. Clause 20(3) provides that regulations may, in particular, make provision for matters to which the actuary should have regard, and may require trustees or managers to provide the actuarial certificate to a specified person. Regulations may also make provision about the content of the actuarial certificate and require the trustees or managers to obtain the certificate from an actuary who has certain qualifications or attributes.

Clause 21: Payment schedule
Clause 22: Overdue contributions and other payments

106. Clause 21 provides for a power to make regulations which may require trustees or managers to prepare a payment schedule which shows the contributions due for payment to the scheme in respect of any collective benefits, and the dates on which these contributions are payable. Clause 22 gives a regulation-making power to require a specified person to be notified in the event of any payment shown in a payment schedule becoming overdue. Regulations can also make provision for the recovery of overdue payments.

107. Clause 21(4) and 22(3) provide that regulations may make provisions corresponding, or similar, to those set out in sections 87 and 88 of the Pensions Act 1995 (which deal with schedules of payments for money purchase schemes).

Clause 23: Statement of investment strategy
Clause 24: Choosing investments
Clause 25: Investment performance reports

108. Sections 35 and 36 of the Pensions Act 1995 (together with the Occupational Pension Schemes (Investment) Regulations 2005) outline the requirements and principles governing investments for trust-based schemes, including a requirement for the trustees to draw up a statement of investment principles. Amongst other things, this statement must cover the trustees' policies in relation to the kinds of investment to be held, the balance between different kinds of investment, risks, and the expected return on investments.

109. Clause 23 gives a regulation-making power to require trustees or managers of a scheme to produce a statement about the investment strategy to be followed in connection with the provision of 'collective' benefits.

110. Clause 23(3) gives a power for these regulations to make corresponding or similar provision to that which applies to trust-based schemes under the 1995 Act. Regulations may provide for specific requirements about what must be included in the statement of investment strategy, and how frequently the strategy should be reviewed.

111. Under clause 24, regulations may impose requirements about the use of trustee or managerial powers in connection with investments connected to collective benefits.

These regulations may make corresponding or similar provision to that which applies to trust-based schemes under section 36 of the 1995 Act. In addition, under clause 25, regulations may be made requiring the trustees or managers of schemes to obtain regular reports on the performance of investments held for the provision of collective benefits. Regulations may provide for how frequently the investment performance reports should be obtained, and what the reports must include.

Clause 26: Valuation reports
Clause 27: Valuation process

112. Clause 26 gives a regulation-making power which may require those schemes offering collective benefits to obtain a document, prepared by an actuary, which values the assets held by the scheme for the purposes of providing collective benefits and assesses how likely it is that the scheme will be able to meet any targets in relation to those benefits. This document is defined in the Bill as a 'valuation report'.

113. Clause 27 provides for a power to make provision about the methods or assumptions to be used by an actuary when drawing up a valuation report. Regulations made under this clause may require an actuary to have regard to guidance when preparing the valuation report and may impose other requirements on the actuary.

114. The clause also contains a power to require the trustees or managers to decide which methods or assumptions the actuary should use and a power for regulations to set out matters that the trustees or managers must take into account, or principles they must follow, when making that decision. These principles might, for example, state that the economic and actuarial assumptions must be chosen prudently, taking account, if applicable, of an appropriate margin for adverse deviation.

Clause 28: Policy for dealing with a deficit or surplus

115. Under clause 28, regulations may provide that trustees or managers of schemes offering collective benefits are required to have a policy for dealing with circumstances where the probability of a scheme meeting a target in relation to a collective benefit falls above or below a level of probability set out in regulations - termed in the Bill as 'deficit' or 'surplus' in relation to the target.

116. The clause also sets out powers to require the policy to contain provision for a deficit or surplus to be dealt with in one or more of a range of ways, to contain an explanation of the possible effect of the policy on members in different circumstances and to be drawn up with a view to achieving certain results within a specified period of time.

Clause 29: Deficits attributable to an offence or the imposition of a levy

117. This clause sets out a regulation-making power to allow an amount to be treated as a debt due from an employer to a scheme offering collective benefits in situations where a deficit in relation to a target benefit has resulted from a specified offence or the imposition of a specified levy. In this context, clause 29(2) provides

that regulations may mirror, or be similar to, any provision made by section 75 (deficiencies in the assets) of the Pensions Act 1995.

Clause 30: Transfer value: policy for calculating cash equivalent of benefits

118. This clause contains a power to require trustees or managers of a scheme offering collective benefits to have and to follow a policy for the calculation and verification of cash equivalents of collective benefits.

119. Regulations under this clause may require trustees or managers to ensure that the policy is consistent with any requirements imposed by regulations under section 97 of the 1993 Pension Schemes Act. Regulations may also make provision about the content of the policy, the review and revision of the policy and may require trustees or managers to consult about the policy.

Clause 31: Winding up

120. Clause 31 provides for regulations to disapply or modify the application of sections 73, 73A, 73B and 74 of the Pensions Act 1995, which concern the winding up of occupational pension schemes, in relation to collective benefits.

121. The clause also provides for regulation-making powers to be used to make provision in relation to collective benefits corresponding or similar to any provision made by sections 73, 73A, 73B and 74 of the Pensions Act 1995.

Clause 32: Requirement to obtain actuarial advice
Clause 33: Sub-delegation
Clause 34: Publication etc of documents
Clause 35: Enforcement

122. Clause 32 provides that regulations may require trustees or managers to consult the scheme actuary before taking action or decisions in relation to the provisions in this Part of the Bill. In turn, regulations may place certain requirements on the scheme actuary, when giving advice on these matters.

123. Clause 33 provides a power to confer discretion on a person in relation to the provisions in Part 3 of the Bill.

124. Clause 34 provides that where regulations made under Part 3 of the Bill require the trustees or managers to prepare or obtain a document, regulations may also impose requirements about the publication of that document and require copies of that document to be sent to certain persons.

125. Clause 35 provides a power to make regulations conferring functions on a specified person to enforce the regulations relevant to this Part of the Bill, and a power for civil penalties to apply if the relevant requirements in the regulations are not complied with.

Clause 37: Collective benefits: amendments to other legislation
Schedule 4: Part 1: Exemption from indexation
126. Sections 51 to 54 of the Pensions Act 1995 make provision for indexation of pensions under occupational pension schemes (other than public service pension schemes). This paragraph amends section 51 of the Pensions Act 1995 to provide that indexation does not apply in relation to any pension or part of a pension which is a 'collective' benefit.

Schedule 4: Part 2: Rules about modification of schemes
127. As noted for clause 18 above, section 67 of the Pensions Act 1995 contains provisions to protect members against detrimental modifications to their 'subsisting rights'.

128. Currently, section 67A states that a change must be considered as a 'protected modification' where money purchase benefits would replace non-money purchase benefits, or where the change would result in a reduction to a pension in payment. This clause adds a further case to that list so that if a right to non-collective benefits would be replaced by a right to collective benefits under the scheme rules, this is a protected modification. Part 2 also modifies the 1995 Act to exclude collective benefits from the existing framework of subsisting rights provision.

Schedule 4: Part 3: Funding provisions
Duty of Secretary of State to pay unpaid contributions
129. Section 124 of the Pension Schemes Act 1993 places a duty on the Secretary of State to pay unpaid contributions to schemes in the event of employer insolvency and consequent default on employer contributions. The amount the Secretary of State is required to pay is the least of three amounts set out in paragraphs (a) to (c) of subsection (3). Subsection (3A) states that where the scheme is a money purchase scheme, the amount is the lesser of the amounts specified in paragraphs (a) and (c) (paragraph (b) is not relevant to money purchase schemes). As set out above, Schedule 1 amends the wording to replace 'money purchase scheme' with 'defined contributions scheme, or a shared risk scheme under which all of the benefits that may be provided are money purchase benefits'.

130. Schedule 4 amends subsection (3A) so that it also applies to a shared risk scheme under which all the benefits that may be provided are money purchase benefits or collective benefits.

Exemption from employer debt provisions
131. An 'employer debt' is a reference to a statutory debt arising under section 75 of the Pensions Act 1995. Section 75 of the Pensions Act 1995 applies to an occupational pension scheme (other than a scheme which is a money purchase scheme, or a prescribed scheme or a scheme of a prescribed description) where there is a funding deficit in circumstances where either the scheme is winding up or a prescribed event has occurred in relation to the employer.

132. This paragraph exempts schemes offering collective benefits (in respect of those benefits) from the employer debt provisions. It also provides that section 75 will not apply to an occupational pension scheme which offers only collective benefits and money purchase benefits.

133. This paragraph also provides that in certain situations where a scheme offers a combination of collective and non-collective benefits, the scheme is to be treated as two separate schemes, with one scheme relating to the collective benefits and the other relating to the other benefits.

Exemption from pension protection provisions

134. Paragraph 5 has the effect that the following scheme types are not eligible for the Pension Protection Fund (PPF) under section 126 of the Pensions Act 2004:

- occupational pension schemes that offer only money purchase and collective benefits;
- occupational pension schemes that offer only collective benefits.

Exemption from scheme funding provisions

135. Section 221 of the Pensions Act 2004 sets out the scheme funding provisions which apply to all occupational pension schemes, with the exception of money purchase schemes, prescribed schemes or schemes of a prescribed description. Paragraph 6 of Part 3 of Schedule 4 amends the Pensions Act 2004 so that exemption from these funding provisions also applies to occupational pension schemes offering money purchase benefits and a mixture of collective and non-collective benefits, but only in respect of the provision of the ‘collective’ benefit.

136. This paragraph also provides that in certain situations where a scheme offers a combination of collective and non-collective benefits, the scheme is to be treated as two separate schemes, with one scheme relating to the collective benefits and the other relating to the other benefits.

Schedule 4: Part 4: Payment schedules etc

137. As noted above in relation to clause 21, sections 87 and 88 of the Pensions Act 1995 make provision requiring trustees or managers of occupational money purchase schemes to prepare schedules of payments for scheme members. The Schedule amends this requirement so that it applies to all defined contribution schemes and any shared risk schemes under which either all of the benefits that may be provided are money purchase benefits, or a combination of money purchase and collective benefits. The wording of subsection (2)(a) is altered to place focus on the type of benefits that are being offered, in order that ‘relevant benefits’ are considered regardless of whether a scheme is a defined contributions or a shared risk scheme.

Schedule 4: Part 5: Amendments of interpretation provisions

138. Section 318 of the Pensions Act 2004 and section 124 of the Pensions Act

1995 define terms used throughout the respective Acts. This clause adds in a definition of 'collective benefits'.

PART 4 – MISCELLANEOUS AND GENERAL

Clause 38: Payments into Remploy Limited Pension and Assurance Scheme

139. This clause allows for the Secretary of State to make payments into the Remploy Limited Pension and Assurance Scheme, the occupational pension scheme for the organisation Remploy.

140. Remploy is a non-departmental public body that provides employment services for disabled people and those with barriers to work. Its pension scheme is currently funded by Remploy via monies received from the Department for Work and Pensions. The proposed legislation will enable the Department for Work and Pensions to fund the scheme directly.

Clause 39: References to "pensions legislation": amendments to include this Act etc

141. This clause makes amendments to bring the Pension Schemes Bill within the scope of existing references to 'pensions legislation' in the Pensions Act 2004. The changes apply in the following cases.

142. Section 13 of the 2004 Act allows the Pensions Regulator to issue an improvement notice to a person it considers to be contravening one or more provisions in pensions legislation, or who has done in the past and is likely to do so again. This clause amends the definition of 'pensions legislation' to include the provisions of this Bill.

143. Section 90 of the 2004 Act allows for the publication of codes of practice by the Pensions Regulator in relation to the discharge of duties under pensions legislation. This clause amends the Act to include schedule 18 to the Pensions Act 2014, and the provisions of this Bill, within the definition of 'pensions legislation' for those purposes.

144. Section 254 of the 2004 Act provides that, where a scheme has its main administration outside the EEA states, a reference in pensions legislation to the trustee or trustees of the scheme can include a person appointed by the trustees as their representative. This clause amends the Act to include this Bill within the definition of 'pensions legislation' for these purposes.

145. Section 291 of the 2004 Act requires that, where the trustees or managers of an occupational pension scheme receive contributions to the scheme from a European employer, the scheme operates in a way that is consistent with the social and labour law of the host EEA state. The section also states that regulations may modify any provision of pensions legislation to apply under these circumstances. This clause

amends the definition of 'pensions legislation', in this case, to include the provisions in the Bill.

Clause 40: Power to make consequential amendments
146. This clause contains a regulation-making power to make consequential amendments to existing legislation: for example, to accommodate the categories set out in Part 1 and the concept of 'collective benefits' in Part 3.

Clause 41: Regulations
147. This clause concerns the regulation-making powers that have been set out in the Bill and the procedure for exercising those powers, including the parliamentary scrutiny that will be applied to them. Further detail on individual regulation-making powers is set out in the Delegated Powers Memorandum.

Clause 42: Crown application
148. This clause states that the provisions in clause 9 and Part 3 of the Bill apply to a pension scheme managed by or on behalf of the Crown as they apply to other pension schemes.

Clause 43: Extent
149. The Bill extends to England and Wales and Scotland. Part 4 also extends to Northern Ireland, excluding clauses 38 and 39. Any amendment or repeal made by the Bill has the same extent as the provision to which it relates.

Clause 44: Commencement
150. Please see Commencement Dates below.

FINANCIAL EFFECTS OF THE BILL

151. A summary of the financial effects of the different measures of the Bill is provided below. Further detail is available in the Impact Assessment.

Categories of pension scheme
152. The introduction of the new framework may create some small upfront costs for all current schemes as they assess how the new definitions apply to them and identify themselves under the new framework (i.e. as a defined benefits, defined contributions or shared risk scheme). However, there are expected to be zero net regulatory costs in the long term.

Remploy
153. There are no financial effects expected: the Department for Work and Pensions currently funds Remploy who in turn fund the pension scheme. The proposed legislation will change the funding mechanism but will have no impact on the amount.

EFFECTS OF THE BILL ON PUBLIC SERVICE MANPOWER

154. The Impact Assessment has identified, where appropriate, any impact on the public sector. As the majority of the clauses relate to private pensions, it is not expected that the Bill will have any significant impact.

IMPACT ASSESSMENT

155. The Bill is accompanied by an Impact Assessment. This is available on the Department for Work and Pensions website.

EUROPEAN CONVENTION OF HUMAN RIGHTS

156. Section 19 of the Human Rights Act 1998 requires the Minister in charge of a Bill in either House of Parliament to make a statement about the compatibility of the provisions of the Bill with the Convention rights (as defined in section 1 of that Act). In the opinion of the Secretary of State for Work and Pensions, the provisions of the Bill are compatible with the Convention rights and he has made a statement to this effect.

COMMENCEMENT DATES

157. The provisions in Part 4, except clauses 38 and 39, come into force on the day the Bill receives Royal Assent.

158. The remainder of the Bill will be brought into force by commencement regulations made by the Secretary of State. Regulations may appoint different days for different purposes or make transitional provision and savings.

PENSION SCHEMES BILL

EXPLANATORY NOTES

These notes refer to the Pension Schemes Bill as introduced in the House of Commons on 26 June 2014 [Bill 12].

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