



Better Workplace Pensions: Minor regulation changes to the governance provisions

Government Response

February 2016

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Chapter 1: Introduction

Background

1. We estimate that 10 million people will be eligible for automatic enrolment into a workplace pension scheme by 2018, so it is particularly important that those running pension schemes are informed, competent and have members' interests as their priority. Therefore, we introduced, from 6th April 2015, new governance requirements for occupational pension schemes providing money purchase benefits through the Occupational Pension Schemes (Charges and Governance) Regulations 2015 (SI 2015/879) ("the Governance Regulations").
2. These regulations, which were inserted into the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (SI 1996/1715) ("the Scheme Administration Regulations"), impose certain governance requirements upon trustees or managers of relevant schemes (occupational pension schemes that provide money purchase benefits, with some exceptions). These include annual statements regarding governance, certain requirements for processing financial transactions and appointing a chair of trustees responsible for signing an annual statement. There are also further requirements relating to the default arrangement.
3. The Governance Regulations also introduced additional governance requirements for relevant multi-employer schemes, including that there must be at least three trustees, with the majority of all trustees independent of any undertaking that provides advisory, administration, investment or other services to the scheme (these are referred to as "non-affiliated" trustees in the legislation).
4. Since April 2015, we have received some representations on how the governance provisions for multi-employer schemes work in practice and the implications for schemes. We have also been made aware of the need to make some minor and technical changes to ensure that the governance provisions work as originally intended, bringing commercial master trusts and industry-wide schemes within scope but excluding group schemes.
5. With this in mind, on 12th November 2015, we published "*Better Workplace Pensions: Reducing regulatory burdens, minor regulation changes, and response to consultation on the investment regulations*" ("the consultation paper"). This paper included a consultation on draft amending regulations, to take effect from April 2016, making small but important changes to the Scheme Administration Regulations, as previously amended by the Governance Regulations. The consultation period ended on 11th December 2015.
6. The consultation paper also sought views on

- how regulatory burdens in occupational pension schemes could be reduced without compromising member protection;
 - how information about investments in pension schemes is, and can be, made available to beneficiaries and the likely costs involved;
 - changes to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 (“the Audited Accounts Regulations”), which would update the existing regulatory requirements and remove the requirement for an auditor’s statement of contributions from large multi-employer schemes.
7. We received 39 responses from a variety of organisations who responded to some or all of the consultation issues. Just over half of these responded on the governance issues. We have had a wide variety of views and we are grateful to those who responded.

Issues covered in this Government Response

8. This document forms the Government Response to the consultation on the amended governance provisions to be inserted into the Scheme Administration Regulations, as set out in Chapter 3 of the consultation paper. As these regulations, which will come into force in April 2016, are subject to Parliamentary approval, we need to issue this Government Response ahead of the response on the changes to the Audited Accounts Regulations so that the publication of the response may coincide with the laying of the regulations.
9. We received a wide variety of responses to the parts of the consultation that referred to reducing regulatory burdens and improving investment disclosure and we are grateful for these. For example, we note the responses regarding master trusts and agree it is essential that the right protections are in place for master trusts in order to address the potential for members to lose out. These broader responses are informing our longer term work on regulation, deregulation and member protection and we aim to set out our next steps for future work on this in the coming months.

Chapter 2: Changes to the Occupational Pension Schemes (Scheme Administration) Regulations 1996

Introduction

1. In the consultation paper we sought views on the draft Occupational Pension Schemes (Charges and Governance) (Amendment) Regulations 2016 which contained a number of minor changes intended to ensure that the governance provisions work as intended.
2. These changes were intended to:
 - put beyond doubt that multi-employer *group* schemes are excluded from the additional governance requirements by narrowing the current definition of multi-employer scheme;
 - let the current exclusion for multi-employer schemes established by statute expire from April 2016 but give these schemes a further six months to comply with the trustee appointment requirements;
 - remove the requirement for the chair of NEST to be appointed within a set time period as NEST appointments are already covered by other statutory requirements and the public appoints procedure;
 - allow a deputy or acting chair to sign the chair's statement where there is no chair in place (for example, between appointments);
 - apply a statutory override to provisions in trust deeds and rules where they conflict with the trustee requirements for relevant multi-employer schemes to have at least three trustees and a majority of non-affiliated trustees;
 - make minor technical changes to the compliance procedures;
 - correct a typographical error in the Occupational Pension Schemes (Investment) Regulations 2005.
3. We asked one set of specific consultation questions on these draft regulations – these concerned the narrowing of the definition of multi-employer scheme. However, we also asked a broad question seeking views on the regulations as a whole as follows:-

Consultation question 2: Other than the specific consultation questions that follow, do you have any views on these regulations as a whole?

Narrowing the definition of multi-employer scheme

Background

4. Under the current provisions in the Governance Regulations, relevant multi-employer schemes are required to have a majority of non-affiliated trustees. This is intended to mitigate the potential for conflicts of interest in such schemes.
5. Rather than targeting legislation at specific types of multi-employer scheme, we have included a broad definition of multi-employer scheme in the original regulations. They capture what the industry understand as commercial master trusts and also industry-wide schemes which may have the same potential for risk despite not having the same commercial incentives.
6. We accepted however that it would be appropriate to exclude from the requirements multi-employer schemes where the employers are part of the same corporate group (“group” schemes). We considered such schemes to be closer in nature to those with a single employer, and did not believe the main risks associated with what the industry perceive as master trusts to be a concern in relation to those “group” schemes.
7. After the regulations came into force last April, and following representations from stakeholders, we recognised that the original regulations did not always exclude some group schemes from the requirements, and as such, did not achieve the policy intent.
8. Some group schemes fell within scope of the additional requirements because of commonplace business events. This could include disposals of companies or joint venture activities between, for example, subsidiaries within a group and entities outside of a group which were not connected to the other employers. Such activity might bring such schemes within the definition of “relevant multi-employer scheme”, and consequently, the additional governance requirements, as some of the participating employers would no longer be connected to those remaining within the group scheme.
9. We therefore consulted on an amendment to the governance regulations to put beyond doubt that all types of multi-employer group schemes are excluded from the additional governance requirements. Normal corporate activity would not bring the scheme into scope unless the scheme generally promotes itself as open to unconnected employers. The current definition of multi-employer scheme is set out at **Annex A**, along with the version that we consulted on and the final draft regulations to be laid before Parliament.

Consultation questions

10. We asked the following consultation questions:

Consultation question 3: Do you agree that the right population of multi-employer schemes (commercial master trusts and industry-wide schemes) are now within scope of the additional governance requirements?

In particular, we would appreciate your views on:

(i) whether the single condition of past and present “promotion” is sufficiently clear (without further definition) and is the right word to use in this context.

(ii) whether we have included all the necessary corporate scenarios within the definition of “connected” employers, and they have been adequately described.

(iii) whether the definition of “participating employer” works for the purposes of this policy.

Consultation question 4: Do we need to make further provision to protect members in schemes where there are no participating employers?

Consultation question 5: Would the definition as a whole allow multi-employer schemes which should be within scope to avoid the additional governance requirements? If so, please explain how.

Summary of responses

11. Of those respondents who expressed a view, most were broadly happy with the new definition of multi-employer scheme. Just over half of the 39 respondents to the overall consultation expressed a view on the governance proposals. There was support for the proposed amendments in principle, with respondents differing over the ways in which the drafting could be improved to meet their particular requirements. Overall, there were a variety of views as to whether the “promotion” condition needed further definition and was the right word to use in this context.

12. For example, one respondent thought that the term “promotion” as understood in the context of commercial gain was not sufficiently wide to cover all forms of multi-employer scheme, in particular industry-wide schemes which might not undertake commercial forms of advertising, and suggested that we use terms such as “operating as” or “available to” unconnected employers, instead of, or as well as, “promotion”. Another thought that using “promoted” was too wide, saying that a scheme could be promoted to a number of connected employers (in other words a group scheme) simply by way of provision of information, which is not the same as a commercial exercise.

13. Some respondents agreed that “promotion” was the right word to use. Whilst some of these respondents thought that promotion needed no further definition,

others thought it would be clearer to define “promoted” in more detail in the regulations, such as “promoting with a view to profit”.

14. We were also provided with some helpful drafting suggestions on the definition of “participating” and “connected” employers and we are grateful for these. For example, one respondent mentioned that we should take account of the scenario where an external employer forms an association or joint venture with a company within the corporate group that is not a participating employer within the scheme. Another respondent was concerned that our definition of “connected” would not cover all the employers in their group structure due to the dual-headed structure of their corporate business with two parent companies, and the presence of a participating employer within the group which is a joint employer, comprising of a group company which would be connected and a charitable trust which is not connected. Another respondent thought that the definition of “connected” did not cover non-group employers who temporarily participate in a scheme, as a result of a transfer of employees from within the group; for example, as a result of a trade and assets sale by an existing group employer.
15. On the issue of whether to protect members of group schemes where there is no longer a participating employer in respect of them, most respondents who expressed a view were happy with the regulations as drafted, and did not see the need for added protection. For example, one respondent said that as long as the trustees (including member-nominated trustees) are complying with their fiduciary duties there should be no need for additional protection.
16. A small number of respondents queried the use of 20% in the definition of “voting power”, and suggested that the threshold was too low, or that other criteria should be used such as rights of veto, but most were content that this would suffice.
17. Overall, most respondents who expressed a view did not think that the revised definition would allow multi-employer schemes which should be within scope to avoid the additional governance requirements. One respondent in particular mentioned commercially promoted schemes which do not involve the participation of employers (other than perhaps the one or more employers that participated in the scheme at the outset) which could become more common as a result of the development of decumulation vehicles, and the increasing trend towards multi-employer schemes taking transfers of deferred members without associated employers from established schemes. They thought that these schemes should be covered by the additional governance requirements.
18. Some respondents also mentioned the scope of the additional governance requirements generally. For example, one thought that industry-wide schemes which do not operate on a commercial basis should be outside of the additional governance arrangements.

Government Response

19. This was a consultation on how to ensure that the drafting of the definition of “multi-employer schemes” meets the original policy intention and so the

Government does not intend to alter the original intention of capturing both commercial master trusts and industry-wide schemes within that definition and consequently the additional governance requirements. To that end, the resultant drafting is intended to achieve that result without the unintended consequence of what are essentially corporate group schemes not open to unconnected employers inadvertently falling within the definition at any point in time.

20. The final definition continues with a single test of ensuring that the requirements will only attach to schemes which promote or have promoted themselves in the past to participating employers which need not be connected. We have decided not to define “promoted” any further in legislation but will consider whether we need to expand this in guidance. Our interpretation is that it should include both those schemes which actively undertake commercial advertising to unconnected employers and also those industry-wide schemes (which may operate on a not-for-profit basis) which may not undertake commercial advertising but would offer themselves to employers within the same industry. It will also thereby include schemes which have offered or promoted themselves in the past in order to achieve scale but are no longer doing so at the present time. It should **not** capture schemes whose scheme rules suggest that they might expand to include unconnected employers but have never done so or attempted to do so.
21. Accordingly, if schemes are promoting or offering themselves as a scheme which is open to employers that fit within the definition of “connected”, they would NOT be caught by the additional requirements. This would allow corporate group schemes to be open to the employees of other non-associated employers which are connected to an employer within the group in one of five ways (these relate to various types of corporate activity):
 - (a) the employer is or was a part of the group of companies in the past – the group may consist of more than one holding company and more than one subsidiary of any such holding company (this is not intended to mirror the definition of “group” in the Companies Act 2006 and “group” should carry its plain English meaning, although the definition of “subsidiary” does refer to the Companies Act meaning);
 - (b) the employer is otherwise associated with the group by means of a joint venture with an employer who is within the group (in this case, the employers might remain as two employers but will each employ employees who are members of the group scheme);
 - (c) the employer is a joint employer of employees who are members of the scheme (in this example, an external employer might become one single joint employer with an employer within the group and jointly employ members of the scheme or form a single entity with another employer to employ members);
 - (d) the employer has bought part of the business of an employer within the group and takes on employees who are active members of the scheme and who might remain in the scheme for a short period while their new

employer makes new pension arrangements for them – this might occur under a TUPE transfer;

(e) the employer is otherwise associated by virtue of having 20% of voting rights of an employer within the group; or

(f) the converse to (e), an employer within the group has 20% of voting rights of an employer outside of the group.

22. We are content to use the reference to 20% of the voting power as a reasonable threshold of involvement or control to ensure that a master trust does not buy a minimal share of a company within the group to evade the requirements.

23. These exceptions (apart from the TUPE transfer example) have all been expressed in both past and present to enable the widest possible application to a scheme which remains essentially a corporate group despite the corporate activity described. It should be presumed that the reference to connected employers both within and outside of a corporate group covers participating employers within the scheme.

24. We have decided not to define “participating employer” in order not to confine schemes to a particular definition. This should carry its own plain English meaning and schemes can therefore deploy any reasonable interpretation, for example, participating in accordance with the scheme rules or employing active and/or deferred members. We will consider expanding on this in guidance if necessary. We are not going to make any explicit reference to “deferred members” as we accept that in the unusual situation where there may be only deferred members without an associated employer, the fiduciary duties of trustees and the standard governance requirements should suffice.

25. We are not proposing to make any provision to include decumulation vehicles which accept transfers of deferred members from other schemes (rather than employers) without any associated employer; we wish to limit these provisions to what are essentially multi-employer schemes, which involve participating employers.

26. The definition that will be in the regulations as laid is also shown at **Annex A**.

Multi-employer schemes set up by statute

Background

27. The Governance Regulations currently provide an exemption for schemes set up under statute (these are mainly ex-public sector schemes) from the additional governance requirements for relevant multi-employer schemes. This is a temporary exemption, which will expire in April 2016. The National Employment Savings Trust (NEST) is excluded under the current provisions as there are already provisions in law (as set out in the Pensions Act 2008 and the NEST

Order 2010) concerning their governance arrangements, and this exclusion will remain.

28. In the Government Response¹ to the October 2014 consultation on the Governance Regulations, we acknowledged that schemes set up by statute would have governance arrangements in place and these pre-existing arrangements may be good reason to exclude them from the additional governance requirements. We therefore included an exemption in the regulations. We have only become aware of one scheme in this position.
29. In the consultation document, we therefore proposed to let the current exclusion for schemes established under statute expire from April 2016 (this in itself would not require a regulation amendment). However, to give such schemes time to comply, we also proposed to amend the regulations to give schemes established by statute up to six months from April 2016 to comply with the requirements that there should be a majority of non-affiliated trustees and that there should be at least three trustees.

Summary of responses

30. As expected, we only received one response on this issue. The respondent described the arrangements that they had in place and took the view that as they would have to make changes to what they considered to be already robust requirements, these changes would not actually enhance their governance arrangements.
31. Overall, they considered that their existing governance arrangements were sound and as such they should not be treated in the same way as other, commercial multi-employer schemes. They therefore wanted the exemption to continue to apply.

Government Response

32. We have worked closely with this stakeholder during the consultation period and appreciate their input into these discussions. However, we consider that, on balance, it would not be appropriate for this exemption to continue for the one scheme which has made representations to us. There are bound to be schemes which have had to re-visit what are already robust arrangements in order to meet these requirements. However, as set out in the consultation document, for schemes set up by statute we are proposing a period of up to six months for them to make any necessary arrangements to comply with the additional governance requirements.

¹ Government response to the consultation on better workplace pensions : putting savers' interests first – Cm 9000 – February 2015

Other regulation changes

NEST and the requirement for a chair

33. The governance provisions require there to be a chair of trustees or trustee directors who is responsible for signing the annual chair's statement on how the scheme has met all the governance standards. The regulations provide for a three month time limit to allow for re-appointment if a chair leaves for whatever reason, for example, in the case of death, resignation or removal from the position. This covers all schemes including NEST.
34. However, NEST differs from other occupational schemes in that there are statutory arrangements concerning how it is governed. As a result of this, NEST is exempted from the additional governance requirements for relevant multi-employer schemes. The statutory arrangements for NEST are set out in the Pensions Act 2008 and in the NEST Order 2010, and they include requirements about the appointment and tenure of the chair and trustee members.
35. Because of this, the current public appointments process for NEST can take considerably longer than three months. The terms and conditions of NEST's deputy chair include acting as the chair as and when required which would mitigate any risk in the event that there was an unexpected vacancy.
36. In order to cater for this, we proposed to amend the regulations so that there is no longer a requirement for the chair of NEST to be appointed within the set time period of three months.

Deputy or acting chair signing the chair's statement

37. Under the current provisions, trustees (or trustee directors) must have a chair. The chair has particular responsibility for signing the annual chair's statement on how the governance requirements have been met. This statement must be prepared within seven months of the scheme year and included in the annual report. Where there is no chair in place the trustees (or trustee directors) have three months in which to appoint a new chair, which could result in a period where the annual statement needs to be signed and there is no chair in place.
38. We therefore proposed to amend the regulations to allow a person or deputy chair appointed by the trustees to sign the statement if there is no chair in place.

Statutory override for the appointment of trustees to multi-employer schemes

39. For some schemes, certain provisions governing the appointment of their trustees are set out in their trust deeds and rules and these may conflict with what is required in the governance regulations. The Governance Regulations do not address how inconsistencies between the regulations and the trust deeds can be resolved. Moreover, the trustees do not always have unilateral power of amendment to these deeds.

40. In order to make it easier for these types of scheme to comply with the governance arrangements we proposed to amend the regulations so that where there are provisions in trust deeds or scheme rules which conflict with the key requirements for the majority of trustees to be non-affiliated and for there to be at least three trustees, these provisions will be overridden by the legislation. This does not apply to Articles of Association for corporate trusts.

Minor compliance changes

41. We proposed to make some minor changes to the compliance provisions to;

- clarify the enforcement procedures for The Pensions Regulator in the issuing of penalty notices and the recovery of the penalty in the event of non-compliance;
- clarify the procedures on service provisions.

Typographical error

42. We proposed to correct a typographical error in the definition of “default arrangement” in regulation 20 of the governance regulations, substituting (9) for (8) in Regulation 20(a)(d). This would be inserted into Regulation 1(2) of the Occupational Pension Schemes (Investment) Regulations 2005 (“Investment Regulations”).

Summary of responses

43. The respondents who expressed a view on these other provisions were broadly content with these changes. Some responses covered areas that were wider than the scope of these amending regulations, which we have taken on board and will feed into on-going work on these subjects.

Government Response

44. Having considered the responses carefully we propose to amend the regulations as set out in the consultation, as follows:

- there will no longer be a requirement for the chair of NEST to be appointed within the set time period of three months;
- a person or deputy chair appointed by the trustees will be able to sign the annual governance statement if there is no chair in place;
- where there are provisions in trust deeds or rules which conflict with the key requirements for the majority of trustees to be non-affiliated and for there to be at least three trustees, these provisions will be overridden by the regulations;
- a typographical error in the definition of “default arrangement” in regulation 20 of the Governance Regulations will be corrected, substituting (9) for (8)

in Regulation 20(a)(d). This will be inserted directly into Regulation 1(2) of the Investment Regulations.

45. We also propose to amend the compliance provisions as set out in the consultation, but these changes will be moved into the Commission Regulations which will amend the Charges and Governance Regulations and include further changes to Part 4 of those regulations.
46. As a result, these proposed regulations deal mainly with amendments to the Scheme Administration Regulations and their title has been amended accordingly.

Review of the additional governance requirements

47. The Small Business, Enterprise and Employment Act 2015 places a statutory duty on UK Government Ministers to either include review provisions in secondary legislation that regulates business or else publish a statement that it is not appropriate to do so. We consider that it would not be disproportionate to carry out a review of the whole of Part V of the Scheme Administration Regulations, which contains the governance provisions inserted by the Charges and Governance Regulations 2015.
48. Regulation 8 of the final draft regulations therefore requires the Secretary of State to review the operation and effect of Part V (regulations 22 to 29) of the Scheme Administration Regulations, including any relevant definitions and publish a report within five years after these Regulations come into force and within every five years after that. Following a review it will fall to the Secretary of State to consider whether that Part of the Scheme Administration Regulations should remain as they are, or be revoked or amended. A further instrument would be needed to revoke the Regulations or to amend them.
49. This review provision thereby covers all of the amendments that are made in these regulations apart from regulation 9 which is just a correcting provision to the Investment Regulations and does not alter any burdens on business.

Definitions of “relevant multi-employer scheme”

Current definition is as follows:

Regulation 21 of the Occupational Pension Schemes (Charges and Governance) Regulations 2015² inserts the following definition into regulation 1(2) of the Occupational Pension Schemes (Scheme Administration) Regulations 1996³

"relevant multi-employer scheme" means a relevant scheme in relation to which some or all of the participating employers are not connected employers, or which is promoted as a scheme where participating employers need not be connected employers, except where

- (a) the scheme has distinct sections relating to employers which are not connected employers and each of those sections is governed by different trustees or managers (or, where the scheme does not currently have participating employers which are not connected employers, it will have such sections when there are participating employers which are not connected employers);
- (b) the scheme is established under section 67 of the Pensions Act 2008; or
- (c) the scheme is established by or under an enactment, other than a scheme referred to in paragraph (b).

After regulation 1(2), the following is inserted:

(2ZA) For the purposes of the definition of "relevant multi-employer scheme" "connected employers" means two employers which are -

- (a) part of a group of companies consisting of a holding company and one or more subsidiaries within the meaning of section 1159(1) of the Companies Act 2006 (meaning of "subsidiary" etc); or
- (b) partnerships, each having the same persons as at least half of its partners;

"participating employer" means any employer currently or previously participating in the scheme in accordance with the scheme rules.

² SI 2015/879

³ SI 1996/1715

The consultation version of the definition was as follows:

“relevant multi-employer scheme” means a relevant scheme which is or has been promoted to employers as a scheme where participating employers need not be connected, except where—

- (a) the scheme has distinct sections relating to employers which are not connected and each of those sections is governed by different trustees or managers (or, where the scheme does not currently have participating employers which are not connected employers, it will have such sections where there are participating employers which are not connected employers); or
- (b) the scheme is established under section 67 of the Pensions Act 2008.

After regulation 1(2), it is proposed to insert the following:

(2ZA) For the purposes of the definition of "relevant multi-employer scheme" *"connected", in the context of employers means*

(a) employers which are or have been -

- (a) part of a group of companies consisting of a holding company and one or more subsidiaries within the meaning of section 1159(1) of the Companies Act 2006 (meaning of "subsidiary" etc); or
- (b) partnerships, each having the same persons as at least half of its partners;

or

(b) where an employer is not a company within the group referred to in paragraph (a)(i) but who—

- (i) forms or formed a joint venture with an employer within the group, those employers;*
- (ii) holds or held or controls or controlled at least 20% of the voting power in an employer within that group, those employers; or*
- (iii) is or was an employer 20% of whose voting power is or was held or controlled by an employer within that group, those employers;*

“participating employer” means any employer who employs members of the scheme or persons who are eligible to join the scheme.”

The version to be laid is as follows:

“relevant multi-employer scheme” means a relevant scheme which is or has been promoted as a scheme where participating employers need not be connected employers, except where—

- (a) the scheme has distinct sections relating to employers which are not connected and each of those sections is governed by different trustees or managers (or, where the scheme does not currently have participating employers which are not connected employers, it will have such sections where there are participating employers which are not connected employers); or
- (b) the scheme is established under section 67 of the Pensions Act 2008.

After regulation 1(2), the following will be substituted:

(2ZA) For the purposes of the definition of “relevant multi-employer scheme”, a participating employer is “connected” to another employer where either of the following conditions is satisfied—

- (a) the first condition is that both employers—
 - (i) are or have been part of the same group of companies consisting of one or more holding companies and subsidiaries of any such companies within the meaning of section 1159(1) of the Companies Act 2006 (meaning of “subsidiary” etc.); or
 - (ii) are or have been partnerships, each having the same persons as at least half of its partners;
- (b) the second condition is that the participating employer which is not a company within the group referred to in paragraph (a)(i)—
 - (i) forms or formed a joint venture with that other employer within the group;
 - (ii) jointly employs or employed members of the scheme with that other employer within the group;
 - (iii) employs active members of the scheme following a transfer from that other employer within the group;
 - (iv) holds, held, controls or controlled at least 20% of the voting power in that other employer within the group; or
 - (v) is or was an employer 20% of whose voting power is or was held or controlled by an employer within the group.

Respondents to Chapter 3 (Governance) of the consultation

AMNT

Aon Hewitt

Association of Pension Lawyers

ASCL

Aviva

B&CE

Deloittes

ICAEW

Mercer

Now:Pensions

PLSA

RPMI

RSM

Sackers

Slaughter & May

SPP

TACT

Transport for London

Towers Watson

Travers Smith

Unilever Pension Scheme

Glossary

Administration	The day to day running of a pension scheme. This may include collecting contributions and payment of benefits.
Adviser	A professional who renders advice services to clients.
Asset Manager	An individual (or company) to whom the management of all or part of a scheme's assets is delegated.
Automatic enrolment	Employers are required to make arrangements by which eligible jobholders become active members of an automatic enrolment scheme with effect from the automatic enrolment date. Automatic enrolment is not applicable if the jobholder is an active member of a qualifying scheme on that date.
Contribution	The payment made by or on behalf of or in respect of a member to the pension scheme.
Default arrangement	This generally means the investment vehicles that are selected automatically for a member joining a pension scheme, unless that member selects an alternative investment strategy.
Deferred member	A member who no longer contributes to the scheme but is not yet a beneficiary of the scheme.
Defined Contribution (DC)	A defined contribution scheme's benefits are based on how much the member and employer pay into the scheme, and also on the performance of the investments made with that money. The Pension Schemes Act 2015 defines a Defined Contribution Scheme as one in which there are no pension promises in relation to any of the

	retirement benefits that may be provided to members.
Financial Conduct Authority (FCA)	The FCA is responsible for regulating the standards of conduct in retail and wholesale, financial markets and for supervising the infrastructure that supports those markets.
Investment Strategy	The rules and procedures for the selection of the range of investment products for a pension scheme.
Master trust	An occupational trust-based pension scheme established by declaration of trust which is or has been promoted to provide benefits to members who are staff of employers which are not connected and where each employer group is not included in a separate section with its own trustees. For this purpose, employers are connected if they are part of the same group of companies (including partially owned subsidiaries and joint ventures).
Member	An individual who has contributed and/or continues to contribute to a pension scheme.
Money purchase benefits	Where the rate or amount of the benefit is based on the contributions made by or on behalf of the member and investment returns, less charges. The benefit is calculated solely by reference to assets which must necessarily suffice for the purposes of its provision to or in respect of the member – i.e. there is no promise which can give rise to a deficit in the scheme.
Occupational pension	A pension which is provided via a person's employment, normally taking the form of a trust-based arrangement.
Pension scheme	The arrangement by which an employer and, usually, an employee pay into a fund that is invested to provide the employee with a retirement benefit in the form of an income or a cash amount, depending on the scheme design.
The Pensions Regulator (TPR)	TPR regulates occupational pension schemes in the UK.

Trustee	A member of the board of trustees responsible for the management, administration and investment of the pension assets.
Trust-based scheme	A scheme that is managed by a board of trustees. The trustees have full responsibility for the management, administration and investment of the scheme. The trustees' fiduciary duty is to run the scheme according to the trust deed and rules which may have been setup - by, for example, the employer – and to act in the interests of members and while they can delegate tasks to various specialists, such as investment managers, the responsibility remains with the trustee.
Workplace pension	A pension provided by an employer.