

2018 No.

PENSIONS

The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018

Made - - - - *******

Laid before Parliament *******

Coming into force **6th April 2018**

The Secretary of State for Work and Pensions makes the following Regulations in exercise of the powers conferred by sections 113(1), (2A), (3) and (5) to (7), 181(1), 182(2) and (3) and 183(1) of the Pension Schemes Act 1993(a).

In accordance with section 113(9) of the Pension Schemes Act 1993(b), the Secretary of State has consulted the Financial Conduct Authority and the Treasury and, in accordance with section 185(1) of that Act, has consulted such persons as he considers appropriate(c).

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 and, except as provided for in paragraph (3), come into force on 6th April 2018.

(2) Paragraph (3) applies where a statement required to be prepared by the trustees or managers of a relevant scheme on or after 6th April 2018 in accordance with regulation 23(1) of the Administration Regulations 1996 (annual statement regarding governance)(d) relates to a scheme year which ends before that date.

(3) Where this paragraph applies, these Regulations come into force for such a scheme on the last day of the first scheme year for that scheme to end on or after 6th April 2018.

(4) Expressions used in this regulation have the same meaning as in the Administration Regulations 1996.

(5) In these Regulations, “the Administration Regulations 1996” means the Occupational Pension Schemes (Scheme Administration) Regulations 1996.

(a) 1993 c. 48; section 113(1) was amended by section 52(1) of the Child Support, Pensions and Social Security Act 2000 (c. 19) section 38(1) and (2) of the Pension Schemes Act 2015 (c. 8) (“the 2015 Act”); section 113(2A) was inserted by section 38(1) and (4) of the 2015 Act; and sections 113(5) to (7) was inserted by section 44(1) of the Pensions Act 2014 (c. 19) (“the 2014 Act”); section 181(1) is cited for the meaning given to “prescribe” and “regulations”; section 183(1) was amended by sections 151, 173 and 177 of, and paragraph 79 of Schedule 5, paragraph 15(a) of Schedule 6 and Parts 3 and 4 of Schedule 7 to, the Pensions Act 1995 (c. 26) (“the 1995 Act”).

(b) Section 113(9) was inserted by section 44 of the 2014 Act.

(c) Section 185(1) was substituted by section 122 of, and paragraph 46 of Schedule 3 to, the 1995 Act.

(d) S.I. 1996/1715. Regulation 23 was inserted by S.I. 2005/879 and amended by S.I. 2016/427.

Amendment of the Administration Regulations 1996

2.—(1) Regulation 23(1) (annual statement regarding governance) of the Administration Regulations 1996 is amended as follows.

(2) For sub-paragraph (c)(i) substitute—

“(i) state the level of charges and transaction costs applicable to each default arrangement during the scheme year”.

(3) For sub-paragraph (c)(ii), substitute—

“(ii) state the levels of charges and transaction costs applicable to each fund which members are able to select which is not part of a default arrangement and in which assets relating to members are invested during the scheme year;”.

(4) After sub-paragraph (c), insert—

“(ca) include an illustrative example of the cumulative effect over time of the application of charges and transaction costs on the value of a member’s accrued rights to money purchase benefits;”.

(5) After paragraph (1), insert—

“(1A) In complying with the requirements imposed by paragraph (1)(a), (c)(i), (ii) and (ca), the trustees or managers must have regard to guidance prepared from time to time by the Secretary of State.”.

Amendment of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013

3.—(1) The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 are amended as follows^(a).

(2) In regulation 12 (annual report)—

(a) at the end of paragraph (4)(a) omit “or”; and

(b) at the end of paragraph (4)(b), insert “or” and the following sub-paragraph—

“(c) regulation 29, in so far as the document relates to information that must be included in a statement in accordance with regulation 23(1)(a) and (c) of the Occupational Pension Scheme (Administration) Regulations 1996 (annual statement regarding governance).”.

(3) After regulation 12 insert—

“Additional information available on request: pooled funds

12A.—(1) A document containing the information listed in Part 6 of Schedule 3 must be prepared within seven months of the end of the scheme year and given in accordance with this regulation.

(2) A document containing that information must be given—

(a) to a member where the conditions in paragraph (a) and (b) of regulation 12(2) are met in relation to the member; and

(b) to a recognised trade union in respect of a member who is in that recognised trade union where the conditions in paragraph (a) and (b) of regulation 12(2) are met in relation to that member.

(3) The document must be given within two months of the date the request is made and it must be given in accordance with regulation 26 (giving information and documents).”.

(4) In regulation 29 (giving information and documents in certain cases)—

^(a) S.I. 2013/2734.

(a) at the beginning of paragraph (4), insert “Subject to paragraph (4A); and

(b) after paragraph (4), insert—

“(4A) Where the scheme is a relevant scheme within the meaning of the Occupational Pension Scheme (Administration) Regulations 1996, the information specified in paragraph (4B) must be made available free of charge on a website.

(4B) Information relating to—

(a) the default arrangement which must be included in a statement in accordance with regulation 23(1)(a) of those Regulations (annual statement regarding governance); and

(b) charges and transaction costs that must be included in such a statement in accordance with regulation 23(1)(c) of those Regulations.

(4C) Where paragraph (4A) applies—

(a) a notification need not be given under regulation 27 (provision of information on a website) where paragraph 5A of Schedule 6 (statements of benefits: money purchase and cash balance benefits) applies to the recipient;

(b) the trustees or managers of the scheme must give such a notification, on request, to a beneficiary or recognised trade union;

(c) paragraph (2) applies with the modification that the trustees or managers must give the information in hard copy form if it is not publically available only if they are satisfied that it would be unreasonable in that case to make it available on a website; and

(d) the trustees or managers must have regard to guidance prepared from time to time by the Secretary of State concerning the publication of the information.”.

(5) After Part 5 (information that applies to the scheme) of Schedule 3 (information to be given on request)(a), insert—

“PART 6

INFORMATION TO BE GIVEN ABOUT POOLED FUNDS

35.—(1) Where the scheme is a relevant scheme within the meaning of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, a statement listing in relation to the member—

(a) the international securities identification number (“the ISIN”) allocated in accordance with ISO 6166 (1st edition) published by the International Organisation for Standardisation in July 2013 in relation to each collective investment scheme in which assets are directly invested on behalf of that member during the year;

(b) in the case of each unit-linked contract entered into by or on behalf of the trustees or managers during the year in relation to that member, (where present) the ISIN relating to each underlying fund directly attributable to that contract; and

(c) the name given by the manager of the collective investment scheme to the scheme or fund to which an ISIN provided in accordance with sub-paragraph (a) or (b) relates.

(2) In this paragraph, “collective investment scheme” has the given in regulation 1(2) (interpretation) of the Occupational Pension Schemes (Investment) Regulations 2005.”.

(6) After paragraph 5 of Schedule 6 (statements of benefits: money purchase benefits and cash balance benefits)(b), insert—

(a) Paragraph 34 was inserted by S.I. 2015/879.

(b) Part 1 (information for all money purchase members) of Schedule 6 was amended by S.I. 2014/1711.

“5A. Where the scheme is a relevant scheme within the meaning of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, details of how the member may obtain on request the information specified in paragraph 35 of Schedule 3 (information to be given on request).

5B. In relation to the information that must be included in a statement in accordance with regulation 23(1)(a) and (c) of the Occupational Pension Scheme (Administration) Regulations 1996 (annual statement regarding governance)—

- (a) the information specified in sub-paragraphs (a) to (d) of regulation 27(2) (provision of information on a website) of these Regulations; and
- (b) a statement explaining when the information will be provided on request in hard copy form.”.

Signed by authority of the Secretary of State for Work and Pensions.

Date

Name
Parliamentary Under- Secretary of State,
Department for Work and Pensions

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations impose obligations on trustees or managers of certain occupational pension schemes in relation to the disclosure of information about charges and transaction costs imposed on members by those schemes. These Regulations implement the duty on the Secretary of State by section 44 of the Pensions Act 2014 (c. 19) to make regulations requiring the disclosure of information about administration charges and transaction costs. In addition, they impose obligations concerning the disclosure of information about the pooled funds in which assets are invested by the scheme on behalf of members.

Regulation 1 of these Regulations deals with the coming into force of these Regulations. In particular, it provides for these Regulations to come into force on a later date in certain cases where the scheme year ends before 6th April 2018.

Regulation 2 amends regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (S.I.1996/1715) (“the Administration Regulations”) which relates to the annual statement regarding governance. The effect of the amendments is to require the trustees or managers of a relevant pension scheme to provide information, in so far as the information relates to the provision of money purchase benefits, about the levels of costs and transaction charges applicable to the default arrangement and in relation to each fund which is not part of that arrangement and in which members’ assets are invested. A relevant pension scheme is defined in regulation 1 of the Administration Regulations and (with certain exceptions) means an occupational pension scheme which provides money purchase benefits. The trustees are also required to provide a notional illustration of the compounding effect of such charges and transaction costs. In complying with these requirements, the trustees or managers must have regard to guidance published from time to time by the Secretary of State.

Regulation 3 of these Regulations amends the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (S.I. 2013/2734) (“the Disclosure Regulations”). The principal effect of these amendments is to require the trustees or managers to publish the information which must be included in the annual statement relating to the default arrangement and charges and transaction costs free of charge on a website (regulation 3(2) and (4)). The information must be published in accordance with guidance published from time to time by the

Secretary of State. It must, however, be given in hard copy form if the trustees or managers are satisfied that it would be unreasonable to require the person to obtain it via a website.

Regulation 3(3) of these Regulations introduces a new regulation 12A into the Disclosure Regulations and regulation 3(5) amends Schedule 3 (information to be given on request) of those Regulations to add to the information that trustees or managers are required to disclose on request. In the case of a relevant scheme, it requires the international securities identification numbers (“the ISINs”) to be provided to members and a recognised trade union in the case of certain securities in which funds are invested by the scheme on behalf of the member.

Regulation 3(6) of these Regulations adds to the information that trustees or managers of a relevant scheme are required to include in an annual statement of money purchase benefits (*see* regulation 17 of, and Part 1 of Schedule 6 to, the Disclosure Regulations). It requires the trustees or managers to give the member certain information about where the additional information required to be disclosed as a result of these Regulations can be obtained.

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sectors is foreseen.