EXPLANATORY MEMORANDUM TO

THE OCCUPATIONAL PENSION SCHEMES (COLLECTIVE MONEY PURCHASE SCHEMES) (MISCELLANEOUS AMENDMENTS) REGULATIONS 2025

2025 No. 1113

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for Work and Pensions and is laid before Parliament by Command of His Majesty.

1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Declaration

2.1 Torsten Bell, Minister for Pensions at the Department for Work and Pensions and His Majesty's Treasury confirms that this Explanatory Memorandum meets the required standard.

2.2 Simon Boniwell, Deputy Director for Pensions Innovation and Guidance at the Department for Work and Pensions confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Thomas Rhodes at the Department for Work and Pensions, email: thomas.rhodes@dwp.gov.uk and tel: 0300 082 6086 can be contacted with any queries regarding this instrument.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 The instrument makes some minor technical corrections and amendments to secondary legislation in relation to collective money purchase schemes (a type of trust-based occupational pension scheme introduced by the Pension Schemes Act 2021[1]).

4.2 Specifically, the instrument makes minor technical corrections to the Occupational and Personal Pension Schemes (Consultation by Employers and Miscellaneous Amendment) Regulations 2006[2] and the Occupational Pension Schemes (Modification of Schemes) Regulations 2006[3] to omit duplicated words and to insert definitions to provide necessary clarity.

4.3 The instrument also makes amendments to the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013[4] ("the Disclosure Regulations 2013") to make minor technical corrections, and to make certain adjustments to those Regulations to improve the efficacy of the disclosure and publication requirements

[1] www.legislation.gov.uk/ukpga/2021/1/contents
[2] www.legislation.gov.uk/uksi/2006/349/contents
[3] www.legislation.gov.uk/uksi/2006/759/contents
[4] www.legislation.gov.uk/uksi/2013/2734/contents

regarding collective money purchase schemes following review. This includes the removal of an unnecessary duplication on communicating certain collective money purchase scheme member information.

Where does the legislation extend to, and apply?

4.4 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is Great Britain.

4.5 The territorial application of this instrument (that is, where the instrument produces a practical effect) is Great Britain.

5. Policy Context

What is being done and why?

5.1 Collective money purchase schemes provide an alternative to defined benefit[5] and defined contribution schemes[6]. In collective money purchase schemes, the contributions of members and employers are pooled and invested with a view to delivering benefits at the level to which the scheme aspires. A key benefit is that the collective nature of these schemes means that investment and longevity risks are shared across the membership. They also offer potential benefits in economies of scale and the opportunity for greater investment in higher returning assets such as infrastructure than are usually associated with defined contribution occupational pension schemes.

5.2 As collective money purchase schemes provide an income to pensioner members there is no need for members to make complex financial decisions at the point of retirement. Income in retirement from collective money purchase schemes is subject to periodic adjustment, which is designed to achieve a balance between a scheme's assets and the amount required for the provision of benefits. This new type of pension provision is more sustainable for employers and has the potential to offer better outcomes for pension scheme members.

5.3 The Pension Schemes Act 2021 introduced this new type of pension provision and, together with the Occupational Pension Schemes (Collective Money Purchase Schemes) Regulations 2022[7], implemented the new authorisation and supervisory regime for single or connected employer collective money purchase schemes. Single or connected schemes are those used by, or intended to be used by, a single employer, or two or more employers that are connected.

5.4 At the same time, this was supported by the Occupational Pension Schemes (Collective Money Purchase Schemes) (Modifications and Consequential and Miscellaneous Amendments) Regulations 2022[8] that made consequential and miscellaneous amendments, and modifications, to existing pensions legislation in relation to collective money purchase schemes. This instrument corrects errors in the amendments made by that instrument and further adjusts the disclosure and publication requirements in relation to collective money purchase schemes to improve their effectiveness.

[5] A pension that guarantees a specific, predetermined income in retirement, calculated by a formula based on an employee's salary and length of service, rather than investment performance.
[6] A pension where contributions from the employee and the employer are invested in a fund, building up a 'pension pot'. The amount received at retirement depends on the total contributions and the investment performance. It is not a guaranteed amount, so the final pension pot can fluctuate in value.
[7] www.legislation.gov.uk/uksi/2022/255/contents
[8] www.legislation.gov.uk/uksi/2022/337/contents

What was the previous policy, how is this different?

5.5 Amendments to the disclosure and publication requirements in the Disclosure Regulations 2013 made by this instrument are intended to align disclosure and publication requirements for collective money purchase schemes with those in place for other occupational pension schemes.

5.6 In particular, this instrument allows an exemption for trustees or managers of the scheme from having to provide information to certain persons, where this information is not thought appropriate. The information concerned includes information relating to scheme closure and incorrect benefit adjustments. The persons listed in regulation 4(6) of the Disclosure Regulations 2013 are those to whom it is not considered reasonable to require trustees to give information generally. The amendment brings the disclosure of information about collective money purchase schemes in line with the existing approach taken to the disclosure of information about other schemes. It also ensures that each disclosure for collective money purchase members, under those regulations, should contain scheme contact details.

5.7 This instrument also disapplies a restriction on trustees or managers of the scheme giving information by an electronic communication where the information is required to be published on a website in order to avoid unnecessary burdens on schemes. Statutory guidance[9] contains details to address access, storage, print concerns and the needs of disabled people where publication is required.

5.8 Additionally, this instrument removes the existing requirement for collective money purchase scheme to have to include in the annual benefit statement the value of a member's share of the available assets in the current year as well as the previous year. This is because members can already request a statement of the cash equivalent value of their rights to benefits under the transfer value requirements[10]. We have retained the requirement for collective money purchase schemes to provide a benefit illustration of the member's projected retirement pension as this is thought vital, as with other schemes, to aid member understanding of their pension entitlement and retirement planning.

5.9 Finally, provisions requiring publication of changes to certain information, such as the scheme design summary, are amended to clarify the required timing of the publication.

6. Legislative and Legal Context

How has the law changed?

6.1 Part 1 of the Pension Schemes Act 2021 provided the legislative framework to introduce collective money purchase pension schemes to Great Britain. Collective money purchase benefits are a sub-set of money purchase benefits which are commonly known as defined contribution pensions (see footnote 6).

6.2 The Occupational Pension Schemes (Collective Money Purchase Schemes) Regulations 2022[11] provide the detailed legislative framework within which single or connected employer collective money purchase schemes can operate. Single or connected schemes are those used by a single employer, or two or more employers

[9] www.gov.uk/government/publications/reporting-costs-charges-and-other-information-guidance-for-trustees-and-managers-of-occupational-pension-schemes/reporting-of-costs-charges-and-other-information-guidance-for-trustees-and-managers-of-occupational-schemes-effective-from-1-october-2021

[10] www.legislation.gov.uk/uksi/1996/1847

[11] www.legislation.gov.uk/uksi/2022/255/contents

that are connected. The Occupational Pension Schemes (Collective Money Purchase Schemes) (Modification and Consequential and Miscellaneous Amendments) Regulations 2022[12], made amendments to other secondary legislation relating to these schemes. These were in addition to the amendments in Schedule 7[13] to the Occupational Pension Schemes (Collective Money Purchase Schemes) Regulations 2022.

6.3 The draft Occupational Pension Schemes (Collective Money Purchase Schemes) (Extension to Unconnected Multiple Employer Schemes and Miscellaneous Provisions) Regulations 2025[14] were laid before Parliament on 23 October 2025. They remove the exclusion of unconnected multiple employer collective money purchase schemes from operating under the existing collective money purchase provisions and set out what such schemes must do to become authorised and to operate effectively under regulatory oversight.

6.4 An unconnected multiple employer collective money purchase scheme is a pension scheme where multiple, unrelated employers participate. Employers who operate independently can therefore all contribute to a single pooled fund within the scheme without needing to have significant ties to the other participating employers.

6.5 This instrument makes changes to other secondary legislation that applies to collective money purchase schemes to correct minor errors in the Occupational Pension Schemes (Collective Money Purchase Schemes) (Modification and Consequential and Miscellaneous Amendments) Regulations 2022.

6.6 This instrument also makes amendments to the Disclosure Regulations 2013 to adjust the disclosure and publication requirements in relation to collective money purchase schemes in light of a review of their efficacy.

Why was this approach taken to change the law?

6.7 This is the only possible approach to make the necessary changes.

7. Consultation

Summary of consultation outcome and methodology

7.1 Following the introduction of the Pension Schemes Act 2021, a consultation was undertaken on the draft Occupational Pension Schemes (Collective Money Purchase Schemes) Regulations 2021 and consequential amendments.[15] 33 written responses to this consultation were received. No specific mention was made of the issues which the amendments in this instrument seek to address.

7.2 A further consultation on the draft regulations to introduce unconnected multiple employer collective money purchase schemes ran from 7 October to 18 November 2024[16]. This included consultation on a draft of this instrument.

[12] www.legislation.gov.uk/uksi/2022/337/contents

[13] Schedule 7 contains amendments to the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (S.I. 1996/1715), the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010 (S.I. 2010/772) and the Occupational Pension Schemes (Charges and Governance) Regulations 2015 (S.I. 2015/879) in relation to collective money purchase schemes.

[14] www.legislation.gov.uk/ukdsi/2025/9780348275759

[15] www.gov.uk/government/consultations/the-occupational-pension-schemes-collective-money-purchase-schemes-regulations-2021

[16] www.gov.uk/government/consultations/the-occupational-pension-schemes-collective-money-purchase-schemes-extension-to-unconnected-multiple-employer-schemes-and-miscellaneous-provisions

7.3 A government response to this will be published on 23 October 2025[17]. 50 written responses to this consultation were received from a range of interested parties including pension industry representatives, trade unions, legal firms, asset managers, investment consultancy firms, UK charities and actuaries.

7.4 Of the overall 50 responses to the consultation only 19 respondents commented on the draft of these regulations. Of the 19 respondents, 15 simply agreed with the changes. The other comments received all related to the Disclosure Regulations 2013. Four respondents explicitly agreed with the removal of benefit adjustment values in the annual benefit statement, with one also recommending that paragraph 9 of Schedule 6A of the Disclosure Regulations 2013 also be removed as it referred to the benefit adjustment value too. The same respondent also noted that a minor technical error in both regulation 8A and Schedule 2 of the Disclosure Regulations 2013 should be corrected. Both suggestions were adopted.

7.5 One respondent to the October 2024 consultation did call for guidance for collective money purchase schemes to set principles for schemes to follow in their annual benefit statement projections. The Occupational Pension Schemes (Collective Money Purchase Schemes) (Modifications and Consequential and Miscellaneous Amendments) Regulations 2022 already require schemes to publish a summary of the assumptions used to make projections. The Department will keep this under review as collective money purchase schemes develop.

7.6 In addition, direct engagement was undertaken with several industry stakeholders including employers, pension schemes, actuaries and legal firms. No specific mention was made by those stakeholders of the amendments made in this instrument.

8. Applicable Guidance

8.1 The Disclosure Regulations 2013 provide a straightforward framework for pension schemes to engage with and inform their members, and this instrument makes only minor changes to those regulations which schemes need to follow. Therefore, no specific additional guidance is necessary.

8.2 The Department for Work and Pensions does produce relevant guidance regarding the reporting of costs, charges and other information pertinent to collective money purchase schemes (see footnote 9). No change to the guidance is necessary in relation to this instrument.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment is submitted with this memorandum and published alongside the Explanatory Memorandum on the legislation.gov.uk website[18]. The costs associated with this instrument are already captured in the Impact Assessment of the draft Occupational Pension Schemes (Collective Money Purchase Schemes) (Extension to Unconnected Multiple Employer Schemes and Miscellaneous Provisions) Regulations 2025. A separate Impact Assessment has therefore not been prepared for this instrument.

[17] www.gov.uk/government/consultations

[18] An Impact Assessment is published with the Explanatory Memorandum alongside the instrument on www.legislation.gov.uk

Impact on businesses, charities and voluntary bodies

9.2 The impact on business, charities or voluntary bodies is minimal.

9.3 At present, only one collective money purchase scheme is operating where costs may apply, however we do anticipate further schemes will apply for authorisation once the Occupational Pension Schemes (Collective Money Purchase Schemes) (Extension to Unconnected Multiple Employer Schemes and Miscellaneous Provisions) Regulations 2025 are made.

9.4 Costs of this instrument principally stem from one-off and ongoing costs associated with providing contact details in collective money purchase scheme disclosure communications. These costs are incorporated in the Impact Assessment prepared for the Occupational Pension Schemes (Collective Money Purchase Schemes) (Extension to Unconnected Multiple Employer Schemes and Miscellaneous Provisions) Regulations 2025.

9.5 The legislation does not impact small or micro businesses.

9.6 There is no, or no significant, impact on the public sector because collective money purchase provision is restricted to private pension provision.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The approach to monitoring this legislation is that the Department for Work and Pensions will be informally monitoring these regulations to make sure that they operate as intended. This will involve ongoing engagement with the Pensions Regulator and with any collective money purchase schemes that are established.

10.2 The instrument does not include a statutory review clause and, in line with the requirements of the Small Business, Enterprise and Employment Act 2015, Torsten Bell MP, Minister for Pensions at the Department for Work and Pensions and His Majesty's Treasury, has made the following statement: "Having had regard to the Statutory Review Guidance for Departments published under section 31(3) of the Small Business, Enterprise and Employment Act 2015[19], in my view, it is not appropriate to make provision for review in the Occupational Pension Schemes (Collective Money Purchase Schemes) (Miscellaneous Amendments) Regulations 2025."

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 This instrument corrects errors previously reported by the Joint Committee on Statutory Instruments[20]. The instrument reported was an amending instrument (the Occupational Pension Schemes (Collective Money Purchase Schemes) (Modifications and Consequential and Miscellaneous Amendments) Regulations 2022) and this instrument makes the corrections in the amended instruments: regulation 2 relating to

[19] www.legislation.gov.uk/ukpga/2015/26/section/31

[20] In its Second Report of Session 2022-23 (www.publications.parliament.uk/pa/jt5803/jtselect/jtstatin/5/report.html#heading-6) the Committee reported the Occupational Pension Schemes (Collective Money Purchase Schemes) (Modifications and Consequential and Miscellaneous Amendments) Regulations 2022 (S.I. 2022/337) for defective drafting. Other minor errors in that instrument were also notified to the Department by the Committee (including the error corrected by regulation 2(a) and 4(6)(a) of this instrument).

the Occupational and Personal Pension Schemes (Consultation by Employers and Miscellaneous Amendment) Regulations 2006 and regulation 3 relating to the Occupational Pension Schemes (Modification of Schemes) Regulations 2006.

11.2 In the memorandum (see footnote 20) from the Department to the Committee relating to the reported instrument, the Department committed to keeping the efficacy of the disclosure and publication requirements under review. Amendments made in this instrument make changes to the Disclosure Regulations 2013 to ensure consistency with contact detail requirements across all collective money purchase scheme documentation and to remove an unnecessary duplication on communicating certain collective money purchase scheme member information.

11.3 The Department has consulted with the Statutory Instrument Registrar as to whether or not to provide free replacement copies and the Department has taken the decision to apply the procedure for free issue to all known recipients of the Occupational Pension Schemes (Collective Money Purchase Schemes) (Modifications and Consequential and Miscellaneous Amendments) Regulations 2022.

12. European Convention on Human Rights

12.1 As the instrument is subject to negative procedure and does not amend primary legislation, no statement is required.

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 (“relevant European Union Acts”).