EXPLANATORY MEMORANDUM TO

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

S.R. 2025 No. 175

1. Introduction

1.1. This Explanatory Memorandum has been prepared by the Department for Communities to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2. The Statutory Rule is made under sections 109(1) and (3) and 177(2) to (4) of the Pension Schemes (Northern Ireland) Act 1993, Article 236(1) and (2) of the Pensions (Northern Ireland) Order 2005 and sections 97(1) and (2) and 102(2) and (3) of the Pension Schemes Act 2021 and is subject to the negative resolution procedure.

2. Purpose

2.1. The proposed Statutory Rule 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).

2.2. Specifically, the Statutory Rule makes minor technical corrections to the Occupational and Personal Pension Schemes (Consultation by Employers) Regulations (Northern Ireland) 2006 to omit duplicated words to provide necessary clarity.

2.3. The Statutory Rule also makes amendments to the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014 ("the Disclosure Regulations") to make minor technical corrections, and to make certain adjustments to those Regulations to improve the efficacy of the disclosure and publication requirements regarding collective money purchase schemes following review. This includes the removal of an unnecessary duplication on communicating certain collective money purchase scheme member information.

3. Background

3.1. Collective money purchase schemes were introduced by the Pension Schemes Act 2021 to provide an alternative to defined benefit and defined contribution schemes. 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.

3.2. 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.

3.3. The Pension Schemes Act 2021, together with the Occupational Pension Schemes (Collective Money Purchase Schemes) Regulations (Northern Ireland) 2024, 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.

3.4. This was supported by the Occupational Pension Schemes (Collective Money Purchase Schemes) (Modifications and Consequential and Miscellaneous Amendments) Regulations (Northern Ireland) 2022 which made consequential and miscellaneous amendments, and modifications, to existing pensions legislation in relation to collective money purchase schemes. This Statutory Rule corrects errors in the amendments made by those Regulations and further adjusts the disclosure and publication requirements in relation to collective money purchase schemes to improve their effectiveness.

3.5. The amendments to the Disclosure Regulations made by this Statutory Rule are intended to align disclosure and publication requirements for collective money purchase schemes with those in place for other occupational pension schemes.

3.6. In particular, the Statutory Rule 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 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.

3.7. The Statutory Rule 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.

3.8. Additionally, the Statutory Rule 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 Occupational Pension Schemes (Transfer Values) Regulations (Northern Ireland) 1996. The requirement for collective money purchase schemes to provide a benefit illustration of the member's projected retirement pension has been retained as this is thought vital, as with other schemes, to aid member understanding of their pension entitlement and retirement planning.

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

4. Consultation

4.1. There is no requirement to consult on these Regulations. They make in relation to Northern Ireland only provision corresponding to provision contained in regulations made by the Secretary of State for Work and Pensions in relation to Great Britain.

5. Equality Impact

5.1. In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on the legislative proposals for these Regulations. The Department has concluded that they would not have significant implications for equality of opportunity and considers that an Equality Impact Assessment is not necessary.

6. Regulatory Impact

6.1. The Rule does not require a Regulatory Impact Assessment as it imposes negligible costs on business, charities or voluntary bodies.

7. Financial Implications

7.1. None for the Department.

8. Section 24 of the Northern Ireland Act 1998

8.1. The Department is content that this Order complies with section 24 of the Northern Ireland Act 1998 (Convention rights etc.).

9. EU Implications

9.1. Not applicable.

10. Parity or Replicatory Measure

10.1. The corresponding Great Britain Instrument is the Occupational Pension Schemes (Collective Money Purchase Schemes) (Miscellaneous Amendments) Regulations 2025 (S.I. 2025/1113) which come into force on 4th December 2025. Parity of timing and substance is an integral part of the maintenance of single systems of social security, child support and pensions in line with section 87 of the Northern Ireland Act 1998.