EXPLANATORY MEMORANDUM TO

THE OCCUPATIONAL PENSION SCHEMES (PRESERVATION OF BENEFIT) (AMENDMENT) REGULATIONS 2026

2026 No. 580

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.

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 This instrument amends regulation 12 of the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991[1] so that transfers of money purchase benefits[2] can be made, without member consent, to schemes and sections authorised under Part 1 of the Pension Schemes Act 2021[3].

Where does the legislation extend to, and apply?

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

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

[1] https://www.legislation.gov.uk/uksi/1991/167/contents

[2] Money purchase benefits (also known as defined contribution or DC benefits) are retirement income derived from a pension pot built up through contributions from an employee and/or their employer, plus investment returns. The final amount depends on total contributions, investment performance, and charges, rather than a guaranteed formula.

[3] https://www.legislation.gov.uk/ukpga/2021/1/contents

5. Policy Context

What is being done and why?

5.1 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 subset of money purchase benefits, which are commonly known as defined contribution pensions.

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. This is because employers have no additional liabilities beyond the contributions they pay and members achieve better outcomes since these schemes can stay invested in more growth-seeking assets and for longer.

5.3 The Occupational Pension Schemes (Collective Money Purchase Schemes) Regulations 2022[4] provided 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 that are connected.

5.4 The Occupational Pension Schemes (Collective Money Purchase Schemes) (Extension to Unconnected Multiple Employer Schemes and Miscellaneous Provisions) Regulations 2025[5] removed 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.

5.5 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 ties to the other participating employers.

5.6 After our consultation on the Occupational Pension Schemes (Collective Money Purchase Schemes) (Extension to Unconnected Multiple Employer Schemes and Miscellaneous Provisions) Regulations 2025[6], stakeholders flagged that unconnected multiple employer collective money purchase schemes should be able to receive bulk transfers without member consent in the way that Defined Contribution Master Trusts[7] are able to do, to ensure consistency of approach for these different scheme types.

[4] https://www.legislation.gov.uk/uksi/2022/255/contents
[5] https://www.legislation.gov.uk/ukdsi/2025/9780348275759/contents
[6] https://www.gov.uk/government/consultations/the-occupational-pension-schemes-collective-money-purchase-schemes-extension-to-unconnected-multiple-employer-schemes-and-miscellaneous-provisions/outcome/the-occupational-pension-schemes-collective-money-purchase-schemes-extension-to-unconnected-multiple-employer-schemes-and-miscellaneous-provisions
[7] A Defined Contribution (DC) Master Trust is a multi-employer occupational pension scheme where multiple, unrelated employers participate in one large, legally independent trust-based arrangement.

5.7 This instrument therefore amends regulation 12 of the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991 which deals with instances where bulk transfers can take place without member consent.

What was the previous policy, how is this different?

5.8 Prior to this instrument, regulation 12(1B) read with regulation 12(7) to (9) of the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991 limited transfers without member consent to transfers into Master Trusts authorised under the Pension Schemes Act 2017[8], or schemes which had connected employers, or where trustees had taken independent advice.

5.9 The principle behind the condition that transfers without consent can take place to Master Trusts is that in such circumstances the receiving scheme has passed a robust authorisation process and remains subject to regulatory supervision on an ongoing basis. Collective money purchase schemes, which are authorised under Part 1 of the Pension Schemes Act 2021, are subject to an equally rigorous authorisation and supervision framework.

5.10 The core purpose of this authorisation and supervision legislative framework, which is enforced by the Pensions Regulator, is to ensure that only well-run and well-designed schemes are authorised to operate, ensuring member interests are protected. On that basis the policy is to now make being a scheme authorised under Part 1 of the Pension Schemes Act 2021, a condition for a bulk transfer of a member's accrued rights without their consent to occur.

6. Legislative and Legal Context

How has the law changed?

6.1 Regulation 12 of the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991 ("the Preservation Regulations") sets out the current conditions under which a member's accrued rights[9] may be transferred without their consent from one occupational scheme to another.

6.2 This instrument inserts regulation 12(7A) into the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991 to provide that transfers of money purchase benefits may be made, without member consent, to schemes or sections authorised under Part 1 of the 2021 Act.

Why was this approach taken to change the law?

6.3 This is the only possible approach to make the necessary changes using secondary legislation.

7. Consultation

Summary of consultation outcome and methodology

7.1 A consultation on the proposed amendment to regulation 12(7) was included in the "Retirement Collective Defined Contribution Pension Schemes" consultation[10] at Chapter 9. The consultation was launched on the 23 October 2025 and ran for six weeks. We received 31 responses to our proposed amendment of which 25 agreed and

[8] https://www.legislation.gov.uk/ukpga/2017/17/contents

[9] benefits built up based on pensionable service and salary up to a certain date.

[10] https://www.gov.uk/government/consultations/retirement-collective-defined-contribution-pension-schemes/retirement-collective-defined-contribution-pension-schemes

six disagreed. The latter were mainly concerned that the provision should not apply to the proposed retirement collective defined contribution schemes. We agree with this point and will take appropriate steps if needed to ensure the provision does not apply to retirement collective defined contribution schemes. We intend publishing on GOV.UK[11] a government response to the consultation on Chapter 9 on 3 June 2026. This will provide more detail on the responses as well as our policy response.

8. Applicable Guidance

8.1 The Department for Work and Pensions published non-statutory guidance[12] in April 2018 to assist trustees in complying with the new regulations covering bulk transfers for those money purchase rights that do not include guarantees ("relevant money purchase rights"[13]).

8.2 This guidance has been updated to reflect the amendments to regulation 12 of the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991 that are made by this instrument.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 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[14]. A separate Impact Assessment has therefore not been prepared for this instrument.

Impact on businesses, charities and voluntary bodies

9.2 The impact on business, charities or voluntary bodies is minimal and will mainly be felt by trustees of occupational pension schemes who are considering such transfers.

9.3 These costs are incorporated into the Impact Assessment prepared for the Occupational Pension Schemes (Collective Money Purchase Schemes) (Extension to Unconnected Multiple Employer Schemes and Miscellaneous Provisions) Regulations 2025.

9.4 The legislation does not impact small or micro businesses.

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

[11] https://www.gov.uk

[12] 'Bulk transfers without consent: money purchase benefits without guarantees – guidance for trustees'.
- https://www.gov.uk/government/publications/occupational-pensions-bulk-transfers-without-consent-of-money-purchase-benefits-without-guarantees/bulk-transfers-without-consent-money-purchase-benefits-without-guarantees-guidance-for-trustees#fn:1

[13] "Relevant money purchase rights" are rights to money purchase benefits, where the assets held for the purpose of providing those benefits do not include any guarantee or promise in relation to the amount of the benefits to be provided, or the amount available for the provision of the benefits.

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

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The operation of these regulations will be monitored on an ongoing basis by means of representation and feedback from the pensions community, including trustees of pension schemes, employers, investment consultants, and pension providers, as well as The Pensions Regulator.

10.2 The instrument does not include a statutory review clause.

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 None.

12. European Convention on Human Rights

12.1 Torsten Bell MP, Minister for Pensions at the Department for Work and Pensions and His Majesty's Treasury, has made the following statement regarding Human Rights: "In my view the provisions of the Occupational Pension Schemes (Preservation of Benefit) (Amendment) Regulations 2026 are compatible with the Convention rights."

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").