EXPLANATORY MEMORANDUM TO

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

S.R. 2026 No. 144

1. Introduction

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

1.2 The Statutory Rule is made under sections 69(4)(b) and 177(2) and (3) of the Pension Schemes (Northern Ireland) Act 1993 and is subject to the negative resolution procedure.

2. Purpose

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

3. Background

3.1 Part 2 of the 2021 Act provided the legislative framework to introduce collective money purchase pension schemes to Northern Ireland.

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

3.3 The Occupational Pension Schemes (Collective Money Purchase Schemes) Regulations (Northern Ireland) 2022[2] 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.

3.4 The Occupational Pension Schemes (Collective Money Purchase Schemes) (Extension to Unconnected Multiple Employer Schemes and

[1] 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. Collective money purchase benefits are a subset of money purchase benefits.

[2] The provision in this S.R. was replaced by S.R. 2023 No. 7, S.R. 2023 No. 117 and S.R. 2024 No. 15.

Miscellaneous Provisions) Regulations (Northern Ireland) 2026 will 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.

3.5 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.

3.6 During previous engagement with the Department for Work and Pensions on its corresponding changes to the collective money purchase framework, 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 are able to do, to ensure consistency of approach for these different scheme types.

3.7 Regulation 12 of the 1991 Regulations sets out the conditions under which a member's accrued rights may be transferred without their consent from one occupational scheme to another. Regulation 12(1B), read with regulations 12(7) to (9), limits transfers without member consent to transfers into Master Trusts (authorised under the Pension Schemes Act 2017 or the Pension Schemes Act (Northern Ireland) 2021), or schemes which have connected employers, or where trustees have taken independent advice.

3.8 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 2 of the 2021 Act, are subject to an equally rigorous authorisation and supervision framework.

3.9 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 amended to now add a scheme authorised under Part 2 of the 2021 Act to the conditions which allow for a bulk transfer of a member's accrued rights to occur without their consent.

3.10 These Regulations therefore insert regulation 12(7A) into the 1991 Regulations to provide that transfers of money purchase benefits may be made, without member consent, to schemes or sections authorised under Part 2 of the 2021 Act.

4. Consultation

4.1 There is no requirement to consult on these Regulations as 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 and concluded that they do not have any significant implications for equality of opportunity or good relations. In light of this, the Department considers that an Equality Impact Assessment is not necessary.

6. Regulatory Impact

6.1 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. These costs are incorporated into the Regulatory Impact Assessment prepared for the Occupational Pension Schemes (Collective Money Purchase Schemes) (Extension to Unconnected Multiple Employer Schemes and Miscellaneous Provisions) Regulations (Northern Ireland) 2026.

7. Financial Implications

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

8. Section 24 of the Northern Ireland Act 1998

8.1 The Department is satisfied that these Regulations comply 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 (Preservation of Benefit) (Amendment) Regulations 2026 (S.I. 2026/580) which comes into force on 31st July 2026.

10.2 Parity of timing and substance is an integral part of the maintenance of single systems of social security, pensions and child support, as provided for in section 87 of the Northern Ireland Act 1998.