EXPLANATORY NOTES

Pension Schemes Act 2026

Chapter 22

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PENSION SCHEMES ACT 2026

EXPLANATORY NOTES

What these notes do

These Explanatory Notes relate to the Pension Schemes Act 2026 which received Royal Assent on 29 April 2026 (c. 22).

- These Explanatory Notes have been prepared by the Department for Work and Pensions in order to assist the reader of the Act and to help inform debate on it. They do not form part of the Act and have not been endorsed by Parliament.
- These Explanatory Notes explain what each part of the Act will mean in practice; provide background information on the development of policy; and provide additional information on how the Act will affect existing legislation in this area.
- These Explanatory Notes might best be read alongside the Act. They are not, and are not intended to be, a comprehensive description of the Act.

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Overview of the Act

1 The Pension Schemes Act aims to strengthen pension investment by supporting around 20 million people who could benefit from the reforms through better outcomes and greater value in private-sector pension schemes, increasing the amount available to them. The Act provides for consolidation in the pensions market and focuses on value and outcomes for members and enables pension schemes to invest in a wider range of assets.

2 The Act will also enable reforms to investment management in the Local Government Pension Scheme (LGPS) in England and Wales. The aim of these reforms is to ensure that the management of LGPS investments delivers the full benefits of scale, including greater expertise, better value for money and improved resilience.

Policy background

3 Measures in the Act make provision in the following areas:

Local Government Pension Scheme (LGPS)

4 The LGPS is a funded, defined benefit pension scheme for those working in local government or for other employers participating in the scheme. The Secretary of State is the responsible authority for making regulations for the scheme in England and Wales, and Scottish Ministers are the responsible authority for the scheme in Scotland. The scheme is administered locally by administering authorities, of which there are 86 in England and Wales and 11 in Scotland.

5 The measures in the Act define asset pool companies in statute. They will enable the responsible authority to make regulations about asset pool companies, including setting conditions which must be met by those asset pool companies. Where the responsible authority makes such regulations, they must oblige LGPS administering authorities to participate in an asset pool company and require all LGPS investments to be managed by asset pool companies. The policy intention is for the scheme regulations to set out the division of responsibility between the administering authorities and the asset pool companies, such that administering authorities will remain responsible for setting an investment strategy for their fund, and the asset pool companies will be responsible for implementing that investment strategy.

6 The measures will also strengthen the role of the LGPS in growing their local economies by requiring scheme regulations for the LGPS for England and Wales to include a duty for LGPS administering authorities to work with strategic authorities in their local area to identify appropriate opportunities for pensions investment.

7 Most LGPS administering authorities are local authorities, but some are stand-alone pension authorities. The measures will allow regulations to be made granting standalone authorities the power to provide services and take part in joint committees in line with other pension authorities. The power can only be granted to administering authorities that do not already have local authority powers, and would allow those administering authorities to provide administrative, professional or technical services to other scheme managers for public service pension schemes.

8 The measures will also introduce requirements for LGPS administering authorities to carry out a governance review at intervals to be set by regulations, and to allow for the responsible authority to direct that a governance review is carried out of an administering authority at any time.

9 The Act also amends the Procurement Act 2023 to introduce an LGPS specific exemption into the Act's existing vertical exemption in paragraph 2 of Schedule 2, to ensure that if an asset pool company carries out investment management activities for or on behalf of another asset pool company, or the administering authorities of another asset pool company, the relevant contracts will continue to be regarded as exempt from the requirements of the Procurement Act 2023.

Power to Pay Surplus to Employer

10 The Defined Benefit (DB) funding landscape has significantly improved in recent years. Schemes are well funded, with 3 in 4 schemes having surplus funds. At present, only DB schemes with an existing power to pay surplus, which passed a resolution prior to 2016, are permitted to share surplus funds with a sponsoring employer. This measure allows trustees of DB schemes to modify their scheme rules to share surplus funds with their sponsoring employer, and support business investment. Through this change, trustees will also be better placed to negotiate with sponsoring employers to get additional benefits from surplus for scheme members.

11 When making decisions about surplus, trustees are subject to their overarching duties, which require them to act in the interests of scheme beneficiaries. Section 37 of the Pensions Act 1995 will be amended to clarify this. Surplus sharing will also remain subject to strict funding safeguards. The relevant funding threshold will be set out in regulations, which will be consulted on.

Value for Money (VFM)

12 This measure is designed to increase comparability, transparency and competition across defined contribution (DC) schemes. It will enable occupational pension schemes to be compared based on the value they provide rather than just their cost. By focusing on long-term returns and investment performance, this measure aims to facilitate investments into higher value asset classes, such as private equity and infrastructure. This shift in focus will encourage pension schemes to prioritise investments that offer better long-term value and drive schemes to address poor value. The objective is to protect savers from remaining in underperforming arrangements and to improve member outcomes through improved investment returns on their pension savings.

Consolidation of Small Dormant Pension Pots

13 The creation of 'multiple default consolidators' will address the issue of small, fragmented pension pots. Consolidating these smaller pots into larger ones will reduce waste and ensure people's pots are at lower risk of being lost.

Scale and Asset Allocation

14 The Act introduces a measure that will require DC multi-employer schemes operating in the Automatic Enrolment market to have £25 billion in assets under management in at least one main scale default arrangement (MSDA) by 2030.

15 The Act also includes a measure that provides additional time for smaller schemes to reach scale. If a DC multi-employer scheme has at least £10 billion in assets under management in a main scale default arrangement by 2030 they will be able to apply for transition pathway relief, so long as they can satisfy regulators that they have a credible plan to increase that level to £25 billion by 2035.

16 The Act also includes a measure that would allow regulators to approve new schemes, where they have no members, an innovative product design, and strong potential to grow as to meet the scale requirement of £25bn.

17 To tackle existing fragmentation and prevent future fragmentation, the Act will also allow the Government to make regulations to restrict the future operation of new non-scale default arrangements and require the consolidation of non-scale default arrangements, linked to a review of existing non-scale default arrangements.

18 The Act introduces a measure to allow the Government to set binding percentage targets for asset allocation in core defaults offered by DC providers. This is designed to be used if the industry fails adequately to diversify its investments into private markets, for example by failing to meet voluntary commitments.

FCA-Regulated Pension Schemes: Contractual Override

19 These measures will enable pension providers to override the terms of a pension scheme without the consent of members. They can then transfer members to a different arrangement or scheme, vary the terms of members' contracts or make a change which would otherwise require consent when doing so is in the best interest of the member. This will provide broad equivalence with the bulk transfer process that exists for occupational pension schemes and facilitate greater consolidation and improve members' investment outcomes. It will include a range of safeguards and procedures which must be followed before a contractual override can occur, such as the best interest test that required providers to reasonably conclude, with evidence and sufficient level of certainty, that the change will lead to better outcome for the directly affected members (taken as a whole). It will also support the effective operation of other measures contained within the Act such as the VFM framework.

Guided Retirement

20 This measure will provide members of occupational pension schemes with solutions to manage their pension savings as they transition into retirement. By offering guided retirement products, members can keep their pension assets within the scheme for a longer period, enabling longer-term investment strategies that can lead to better returns for members. The measure also places a requirement on the FCA to make rules that make these solutions available to members of relevant FCA regulated pension schemes.

Superfunds

21 Defined benefit pension schemes play a key role in the UK economy, with around £1.2 trillion in assets and supporting around 9 million people. Many employers who support DB pension schemes that are closed to new members, and where buying out these schemes with insurers is not attainable, are looking for ways to secure these legacy defined benefit liabilities in order to focus on investing in their core businesses. The measures in the Act will allow schemes in this position to transfer to commercial pension providers called "superfunds".

22 A superfund pension scheme is a DB occupational pension scheme that receives the transfer of assets and liabilities from closed DB occupational pension schemes. The liabilities of the superfund pension scheme are supported by a third-party capital buffer provided by investors. The responsible body of a superfund is a body corporate involved in the management and administration of the superfund pension scheme and in procuring investment for the capital buffer.

23 The Government consulted in 2018 on delivering superfunds to promote consolidation in the DB market. Following the consultation, the Government committed to legislate for a regulated superfund authorisation regime operating in the United Kingdom to replace the Pensions Regulator's interim supervisory regime which is currently operating.

24 Part 3 of the Act sets out the key concepts and the legislative framework to allow superfunds to operate in the UK. It includes provisions for superfund pension schemes to be authorised and supervised by the Pensions Regulator including the regulatory interventions that will be available to the Regulator. Part 3 also includes provisions for monitoring the funding and investment thresholds for superfunds.

Validity of certain alterations to salary-related contracted-out pension schemes

25 Between 1997 and 2016 many defined benefit pension schemes were required to meet minimum standards on the level of benefits they provided to members. A legal judgment found that certain benefit changes may be void if the trustees or managers cannot produce a written actuarial confirmation that the scheme continued to meet the standards following a change to benefits.

26 These new measures allow affected schemes to retrospectively obtain actuarial confirmations. The measures will not change the legal obligations that schemes had to provide pensions in accordance with statutory regulatory standards to their members. They can be used to address circumstances such as where written actuarial confirmation required by legislation at the time is no longer available and cannot be found or was not produced. The confirmations will confirm that historic changes to scheme benefits would not have prevented schemes from continuing to meet the minimum regulatory standards.

27 The issue affects private and public sector schemes, the Pension Protection Fund (PPF) and the Financial Assistance Scheme (FAS).

Pension Protection Fund and Financial Assistance Scheme pre-97 indexation

28 The Act amends the relevant legislation to enable Pension Protection Fund (PPF) members and Financial Assistance Scheme (FAS) members to receive increases on payments based on pensions built up before 6 April 1997 (pre-97 indexation). Increases will be payable where the original scheme made provision in its rules over and above any statutory requirement or because the scheme made provision for increases in line with a statutory requirement and those provisions applied to the service in respect of which the payments are made.

29 Indexation within the PPF and the FAS for pensions that were built up after 6 April 1997 will be Consumer Price Index (CPI)-linked and capped at 2.5 per cent. The Board will have the ability to adjust this rate. Changes to indexation in the PPF and FAS mean that pensions that were built up before 6 April 1997 will be CPI-linked and capped at 2.5 per cent. The Board will have the ability to adjust this rate.

30 The PPF does not separately recognise Guaranteed Minimum Pensions (GMPs), once a scheme transfers to the PPF or qualifies for the FAS and so these pensions cannot be administratively identified by the PPF. As such the legislation will provide that PPF and FAS members, whose original schemes only provided for post-88 GMPs, will have increases paid on a standardised proportion of their pre-97 service.

AWE Pension Scheme

31 The AWE plc (the Atomic Weapons Establishment) is an arm's length Non Departmental Public Body, wholly owned by the Ministry of Defence (MOD). AWE plc has a defined benefit pension scheme, the AWE pension scheme, which was closed to future accrual for almost all members in 2017. The AWE pension scheme is a defined benefit trust-based occupational pension scheme, which was established in April 1993 to provide benefits for employees who had transferred from public sector employment. It is a funded scheme, which also benefits from an unlimited Crown Guarantee, issued by the Ministry of Defence (MOD) in July 2022.

32 In her Budget on 26 November 2025, the Chancellor announced that the liabilities held by the AWE pension scheme would no longer be pre-funded.

33 This Act confers the necessary powers upon the Secretary of State to implement this policy. It confers powers on the Secretary of State to create a public pension scheme to provide for pensions and benefits to and in respect of the members of the AWE pension schemes. It also confers powers on the Secretary of State to transfer the assets and liabilities of the AWE scheme to the Government.

34 The Act contains a number of related provisions, including provisions to ensure that affected individuals' pension benefits are at least as good following the transfer; and provisions to require the surrender of personal data necessary to make the transfer.

Alienation or forfeiture of occupational pension

35 This measure seeks to ensure that the Pensions Ombudsman (TPO) is regarded as a competent court for certain pension complaints. This will reduce the burden on county courts and ensure faster and more cost-effective resolution of pension disputes. Both pension schemes and their members will benefit from a more efficient and accessible means of resolving pension complaints.

Terminal Illness

36 This measure amends the definition of terminal illness in the Pension Protection Fund and Financial Assistance Scheme by extending the definition of life expectancy from less than six months to twelve months. Eligible individuals nearing the end of their life will be able to receive payments at an earlier stage in their illness. Amendments are made to the corresponding Northern Ireland legislation.

Pension protection levies

37 The Pension Protection Fund (PPF) has a reserve of more than £14bn as of 31 March 2025. In view of its strong financial position, the Board of the Pension Protection Fund has been continuing to reduce the pension protection levy that it collects from eligible schemes year on year. However, restrictions in the legislation prevent the Board from adjusting the levy it collects.

38 The Act will remove the restrictions that prevent the Board of the PPF from significantly reducing the annual pension protection levy it collects to zero or a low amount, when it is not required, and raising it again within a reasonable timeframe. The Act will also introduce a new safeguard that caps annual increases in the levy by no more than the sum of the previous financial year's levy and 25% of the previous financial year's levy ceiling.

39 The Act will also abolish the Pension Protection Fund Administration Levy ("the admin levy").

40 The admin levy recovers the grant-in-aid paid to the Pension Protection Fund (PPF) by DWP to meet the administrative costs of the PPF Board and Fraud Compensation Fund (FCF). The FCF meets claims as a result of losses to schemes which are attributable to dishonesty. Instead, the PPF and FCF administration costs will be funded by the Pension Protection Levy and the Fraud Compensation Levy respectively.

Pensions dashboards

41 Currently, members of the Pension Protection Fund (PPF) and the Financial Assistance Scheme (FAS) will not be able to view information relating to the compensation and financial assistance to be paid to them on pensions dashboards. This measure will change that by making three amendments to the law. First, it grants the Secretary of State the power to require PPF to provide PPF and FAS information so that it can be displayed on pensions dashboard services. Second, it grants the Money and Pensions Service the power to display this information on the MoneyHelper Pensions Dashboard. Third, it grants the Secretary of State the power to require Qualifying Pensions Dashboard Services to display this information. The measure will allow members of the PPF and FAS to have a fuller picture of their expected income in retirement.

Information to be given to pension schemes by employers

42 This measure seeks to assist pension schemes in maintaining more accurate and up-to-date member information, supporting better engagement and informed decision-making. The measure amends Part 1 of the Pensions Act 2008 to give the Secretary of State a power to make regulations requiring employers to provide specified information about jobholders and workers to the trustees, managers, or provider of the pension scheme in which the individual is an active member. The Government considers that a lack of current information limits schemes' ability to communicate important updates to members — for example, providing guidance as they approach retirement or issuing a transfer notice explaining an automatic consolidation proposal for a small dormant pot. Under this power, regulations will provide for what information must be provided, how and in what format it should be provided, and the timing requirements for provision.

Public Service Pension Schemes

43 Statutory Public Service Pension Schemes (PSPSs) are the pension schemes set out in legislation for the main public sector workforces, including the NHS, teachers, the civil service, local government workers, the armed forces, the police, firefighters and the judiciary. With the exception of the Local Government Pension Scheme, these schemes are 'unfunded', meaning pension contributions from employers and members are not invested and instead used to cover the cost of pension benefits in-year, with any resulting in-year surplus or deficit made up through a balancing payment to or from the Exchequer.

44 Total spending on pension benefits in these unfunded PSPSs is significant. The Government considers total spending on pension benefits over the long term to be the best measure of the cost of the schemes, rather than the in-year balancing figure. This is because employer pension contributions are also largely funded by the Exchequer through its funding of public sector workforces.

45 The measure in the Act improves understanding of these costs by requiring the Government Actuary to prepare and publish a document setting out the long-term annual cash flow projections for these unfunded schemes, and to make this available to the Treasury and the Office for Budget Responsibility (OBR) within 12 months. The Treasury must then lay the document before Parliament. Cash flow projections are defined as expenditure on benefits and income from member contributions.

46 The Government Actuary's analysis must cover the defined benefit schemes listed at section 1 of the Public Service Pensions Act 2013, as well as the equivalent schemes in Northern Ireland, with the exception of the funded schemes for local government workers. This means that the document must cover all major unfunded PSPSs, including devolved equivalents of the schemes for England or England & Wales.

Legal background

47 The following notes give a brief overview of significant existing legislation that is referenced by this Act. Further explanation, if required, is given in the section-by-section commentary.

48 The County Courts Act 1984 provides a framework for county courts, including their jurisdiction, powers, and procedures.

49 The Pension Schemes Act 1993 is a consolidation Act that sets out various provisions in relation to classification of pension schemes, contracting out of part of the state pension, early leavers (including preservation, revaluation and the right to take a transfer of accrued pension rights), the Pensions Ombudsman and other miscellaneous requirements.

50 The Pensions Act 1995 contains provisions relating to the Pensions Regulator, as well as provisions relating to the role and responsibilities of trustees, professionals and employers in relation to occupational pension schemes. It also provides requirements in respect of administration, indexation and winding up of occupational pension schemes.

51 The Financial Services and Markets Act 2000 makes provision for the Financial Conduct Authority and for a regulatory framework for financial services and markets. Amongst other things, the Financial Conduct Authority is responsible for authorising and regulating the operation of contract-based personal pension schemes.

52 The Finance Act 2004 makes tax provision for pension schemes.

53 The Pensions Act 2004 makes provision with regard to the Pensions Regulator and the Pension Protection Fund. It also makes provision in relation to scheme funding and contains other miscellaneous provisions applying to pension schemes.

54 The Pensions Act 2008 sets out the framework for automatic enrolment, under which employers are required to enrol qualifying employees into a suitable pension scheme and to make pension contributions on their behalf.

55 The Public Service Pensions Act 2013 makes provision for the reform of public sector pensions.

56 The Pensions Act 2014 makes provision for restricting charges and imposing requirements relating to administration or governance on pension schemes.

57 The Pension Schemes Act 2015 makes provision allowing members to access their pension savings flexibly on retirement.

58 The Pension Schemes Act 2017 sets out the authorisation and supervision regime for Master Trusts.

59 The Data Protection Act 2018 provides the framework for data protection law in the UK, implementing various pieces of EU law into UK law, including the General Data Protection Regulation.

60 The Money and Pensions Service was established by the Financial Guidance and Claims Act 2018. Its objectives include improving the ability of people to make informed financial decisions. One of its functions is to provide free and impartial information and guidance relating to occupational and personal pension schemes.

61 The Pension Schemes Act 2021 provides the legal framework for the establishment and operation of collective defined contribution schemes and pensions dashboards. It also confers new powers on the Pensions Regulator.

62 The Procurement Act 2023 sets out the United Kingdom's public procurement regime following its exit from the European Union and is relevant to the procurement of services by the Local Government Pension Scheme.

63 Northern Ireland has separate but corresponding legislation to the Acts listed in paragraphs 49 and 50, 53 and 54 and 56 to 58.

64 Provisions relating to the indexation of PPF compensation are set out in paragraphs 28 and 29 to Schedule 7 to the Pensions Act 2004, paragraphs 17 and 20 of Schedule 5 to the Pensions Act 2008, paragraphs 28 and 29 of Schedule 6 to the Pensions (Northern Ireland Order) (SI 2005/255 NI) and paragraphs 17 and 20 of Schedule 4 to the Pensions (No2) (Northern Ireland) 2008 Act . The equivalent provisions for the FAS are set out in the relevant Schedules to the Financial Assistance Scheme Regulations 2005 (SI 2005/1986).

Territorial extent and application

65 Section 132 in Part 5 of the Act sets out the territorial extent; that is the jurisdictions which the Act forms part of the law of.

66 The provisions of the Act will extend to England and Wales and Scotland only, subject to the following exceptions:

- In Part 2, sections 38, 46, 49 and 58 extend to England and Wales, Scotland and Northern Ireland (but see paragraph 67 with regard to their application).
- In Part 4, sections 105 to 108 and section 110 extend to Northern Ireland only.
- In Part 4, sections 111 to 122, 124(1), 126(4) and (5) and 128 extend to England and Wales, Scotland and Northern Ireland.

67 The extent of an Act can be different from its application. Application is about where an Act produces a practical effect. See the Table at Annex A for a summary of the position regarding territorial extent and application of the Act in the United Kingdom. Whilst sections 3 and 4 extend to Scotland, they do not have any application in Scotland. And whilst sections 38 and 46 extend to Northern Ireland, they do not have any application in Northern Ireland.

Commentary on provisions of Act

Part 1: Defined Benefit Pensions

Chapter 1: Local Government Pension Schemes

Section 1: Asset pool companies

68 Section 1 defines asset pool companies and contains provisions relating to the use of asset pool companies in pension schemes for local government workers. The Secretary of State is the responsible authority for making regulations for the Local Government Pension Scheme (LGPS) for England and Wales, Scottish Ministers are the responsible authority for the LGPS in Scotland.

69 Subsection (1) allows for scheme regulations for the LGPS to include provision about asset pool companies and the participation of LGPS administering authorities, who are scheme managers for the purpose of the LGPS, in asset pool companies.

70 Subsection (2) sets out what may be included in the regulations made under subsection 1. Regulations may:

- Specify things that administering authorities must do or must not do;
- Allow the responsible authority, in prescribed circumstances, to require an LGPS administering authority to participate in a particular asset pool or cease to participate in a particular asset pool;
- Where an administering authority is directed to participate or cease to participate in an asset pool company, the responsible authority may also direct the relevant asset pool company(s) or their participating administering authorities to take the necessary steps to enable the administering authority to comply with that direction;
- Specify things that asset pool companies must do or must not do;
- Allow or require the responsible authority to issue guidance to asset pool companies;
- Allow the responsible authority to direct an asset pool company to comply with guidance, in the event that the responsible authority is satisfied that it is failing to do so without good reason, and to direct the manner in which it exercises its investment management functions.

71 Subsection (3) sets out definitions of the terms 'specified' and 'investment management activities' used for the purposes of subsection (2).

72 Subsection (4) requires that prior to issuing a direction under section 1(2)(b) or (c) the responsible authority must consult the relevant administering authority, the relevant asset pool company and its participating administering authorities, and any other person the responsible authority considers should be consulted.

73 Subsection (5) requires that prior to issuing a direction under section 1(2)(e) the responsible authority must consult the relevant asset pool company, the administering authorities participating in the asset pool company, the Financial Conduct Authority (FCA), and any other person that the responsible authority considers should be consulted.

74 Subsection (6) sets out that regulations pertaining to section 1(2)(a) may, among other things:

- Require administering authorities to participate in an asset pool company and for the assets for which they are responsible to be managed by that asset pool company;
- Prohibit administering authorities from participating in more than one asset pool company at any one time (subject to any transitional arrangements that may apply where an administering authority decides to stop participating in one asset pool company and begin participating in another);
- Require administering authorities to take steps to ensure their asset pool company is authorised by the FCA.

75 Subsection (7) sets out that regulations pertaining to section 1(2)(d) may include a requirement for asset pool companies to take steps to be authorised by the FCA.

76 Subsection (8) clarifies that, in subsections (6)(c) and (7), the 'activities' referred to are those of a kind that an asset pool company could carry out and would also require FCA authorisation.

77 Subsection (9) clarifies that, for the purpose of Chapter 1, asset pool companies are defined as companies, limited by shares and registered in the United Kingdom, that are established for the purpose, whether exclusively or in part, of managing the funds and other assets of their participating administering authorities, and making and managing investments on behalf of those administering authorities either directly or through one or more collective investment vehicles. This subsection also clarifies that an asset pool company must be owned only by administering authority shareholders or be wholly owned by a company whose shareholders consist only of administering authorities. Administering authorities may participate in an asset pool company either by being a shareholder of the asset pool company or a company that owns the asset pool company, or by contracting with the asset pool company as a client.

Section 2: Asset management

78 Section 2 contains provisions relating to asset management in the LGPS, including setting out the respective roles of administering authorities and asset pool companies in setting and implementing an investment strategy for LGPS funds and assets.

79 Subsection (1) requires scheme regulations made under the Public Service Pensions Act 2013 that make provision about asset pool companies to include provision about the management of LGPS funds and assets.

80 Subsection (2) stipulates that these regulations must require (among other things):

- That that each administering authority sets, publishes and maintains an investment strategy;
- That the funds and assets for which an administering authority is responsible (apart from where this is money needed for making payments under the scheme) are held by the asset pool company in which that administering authority participates, subject to any transitional arrangements permitted by regulations, and properly managed for the purposes of the asset pool company implementing the investment strategy set by the administering authority;

- That administering authorities in England and Wales, with the exception of the Environment Agency, co-operate with strategic authorities (defined for these purposes in subsection (5) as the Greater London Authority, Combined Authorities, Combined County Authorities, and (in areas where there are none of these authorities) prescribed authorities in England, and Corporate Joint Committees in Wales) in order to identify and develop investment opportunities.

81 Subsection (3) relates to the formulation of investment strategies by administering authorities and specifies that the regulations that may be made under subsection (1) include provision about where administering authorities must or may take advice from when developing their investment strategies, and the matters that must or may be covered by those investment strategies.

82 Subsection (4) further clarifies that the matters that must or may be covered by an investment strategy include the approach of the administering authority to responsible investment and to local investments, and a strategic asset allocation or a target range for growth and income.

83 Subsection (5) defines the terms investment strategy, local investments and strategic authorities for the purposes of this section.

Section 3: Additional powers for certain scheme managers

84 Section 3 allows regulations to grant powers to those LGPS administering authorities in England and Wales that do not have the full suite of local authority powers (such as stand-alone pension authorities) in order to bring their powers into line with those that can be exercised by other administering authorities. The powers that may be granted are to provide services to other scheme managers and to take part in joint committees.

85 Subsection (2) makes provisions for administering authorities to be granted the same powers as a local authority under Part 6 of the Local Government Act 1972 when carrying out functions as a scheme manager. Part 6 relates to how local authorities discharge their functions, and in particular includes powers to form joint committees or to arrange for functions to be discharged by another authority.

86 Subsection (3) outlines that the powers to make provisions under subsection (2) cannot be used to the extent that the administering authority already has the powers of a local authority under Part 6 of the Local Government Act 1972.

87 Subsection (4) makes provision for administering authorities to be granted the power to provide any administrative, professional or technical service to other scheme managers for public service pension schemes.

88 Subsection (5) defines a "public service pension scheme" and a "scheme manager" in relation to subsection (4).

89 Subsection (6) outlines that the powers to make provisions under subsection (4) cannot be used to the extent that the administering authority already has the powers to provide such services to other scheme managers for public service pension schemes.

90 Subsection (7) provides that, in extending these powers to administering authorities, scheme regulations may amend or modify any Act passed before or in the same Session as this Act.

Section 4: Exemption from public procurement rules

91 This section amends the Procurement Act 2023, to ensure that contracts between LGPS administering authorities and their LGPS asset pools in England and Wales to conduct investment management activities fall within the scope of the Act's vertical arrangements exemptions. The new LGPS specific paragraph 2A to Schedule 2 of the Act will:

- Be accessible to non-shareholder administering authorities to ensure that contracts with their asset pool company for investment management services are exempt; and
- Ensure that the "turnover test" in new paragraph 2A(2)(c) of Schedule 2 to the Act is satisfied as long as 80% of a pool's activity is undertaken for the benefit of any LGPS administering authority, rather than solely their shareholder authorities.

Section 5: Scheme manager governance reviews

92 Section 5 relates to the carrying out of governance reviews of LGPS administering authorities.

93 Subsection (1) provides that scheme regulations for the LGPS may include provision for:

- Governance reviews to be carried out on individual administering authorities on a periodic or ad hoc basis;
- The responsible authority to issue guidance relating to the carrying out of governance reviews;
- How the responsible authority may respond to a report arising from a governance review.

94 Subsection (2) clarifies terms in subsection (1). A governance review is a review of an administering authority's governance of the scheme and of their performance over a set period. A periodic governance review is required to take place within a period set by scheme regulations, either from the commencement of the provision or from the completion of a previous governance review. An ad hoc governance review is required by scheme regulations to take place at the direction of the responsible authority, if regulations have conferred the power to give such a direction to the responsible authority, and in prescribed circumstances.

95 Subsection (3) provides that the period of review for the first governance review of an administering authority may begin prior to the commencement of the regulations providing for governance reviews.

96 Subsection (4) requires that scheme regulations that provide for governance reviews must include provision for governance reviews to be carried out independently of the administering authority under review and of the responsible authority, but that the administering authority in question must arrange and pay for the review. The scheme regulations must also include provision requiring the person who carries out the review to prepare a report and send a copy to the responsible authority and the relevant administering authority as soon as possible after the review has taken place, and for the relevant administering authority to publish the report.

Section 6: Mergers of funds

97 The Public Service Pensions Act 2013 (PSPA 2013) confers powers on the responsible authority to make regulations about the administration, management and winding-up of any pension funds.

98 Section 6 amends Schedule 3 of the PSPA 2013 to clarify that, in the case of the LGPS, the responsible authority's powers also include the power to make regulations about the merger of two or more LGPS pension funds. This includes compulsory merger.

Section 7: Amendments of 2013 Act relating to scheme regulations

99 The powers and duties to make regulations under this Chapter are exercisable as scheme regulations under the Public Service Pensions Act 2013. This section sets out the amendments to the 2013 Act required to ensure these powers operate effectively.

100 Subsection (2) clarifies that the power to make scheme regulations under the Public Service Pensions Act 2013 is subject to the provisions in this Act, and to ensure that scheme regulations can include any consequential, supplementary, incidental or transitional provision which is necessary as a result of this Act.

101 Subsection (3) clarifies that the requirement to consult on scheme regulations made under provisions in this Act, which must be satisfied before the regulations can be made under section 21 of the Public Service Pensions Act 2013, can be satisfied by consultation carried out before or after this Act comes into force.

Section 8: Interpretation of Chapter 1

102 This section defines the terms used in this Chapter of the Act for the purposes of interpreting the provisions.

Chapter 2: Powers to Pay Surplus to Employer

Section 9: Power to modify scheme to allow for payment of surplus to employer

103 Section 9 allows trustees of DB schemes to modify their schemes to provide for payment of surplus to the employer, both where the scheme has an existing power to pay surplus and where it does not.

104 Subsection (1) of section 9 inserts a new section 36B in the Pensions Act 1995.

105 New section 36B(1) enables trustees to pass a resolution to modify their scheme in accordance with sections 36B(2) and 36B(3).

106 New section 36B(2) enables trustees to modify the scheme to include a power to make surplus payments to the employer, where no such power currently exists.

107 Where schemes contain a power to make a surplus payment to the employer, but restrictions apply to this power, new section 36B(3) enables trustees to remove or relax those restrictions.

108 New section 36B(4) stipulates that new section 36B does not apply to a scheme in windup.

109 New section 36B(5) prevents trustees from using new section 36B to introduce or modify a power relating to surplus assets on winding up.

110 Section 251 of the Pensions Act 2004 required schemes to have passed a resolution before 2016 to retain a power to allow surplus sharing with an employer. New section 36B(6) clarifies that the power to modify a scheme extends to any restriction that was included in a resolution made under the now repealed section 251. Schemes which have a power to share surplus but were unable to exercise that power due to not having passed a resolution under the now repealed section 251, will not be required to pass a new resolution under new section 36B.

111 New section 36B(7) is a power to make regulations disapplying or modifying new section 36B in certain circumstances or with respect to certain types of pension schemes. For example, new section 36B may be modified in its application to sectionalised, multi-employer, and other atypical defined benefit schemes. This power will be subject to the negative procedure.

112 New section 36B(8) refers trustees to the conditions placed on surplus payments by section 37 of the Pensions Act 1995. This is to reduce the chance of trustees placing restrictions on their scheme's power under section 36B(2) which could contravene the conditions set out in section 37.

113 Subsection (2) of section 9 removes section 251 from the Pensions Act 2004, with the effect that trustees will no longer need to have passed this resolution before 2016 to make a surplus payment to the employer. Any resolutions previously passed under section 251 will not lose their effect under this change (subsection (3)).

Section 10: Restrictions on exercise of power to pay surplus

114 Section 10 provides for restrictions as to how trustees of trust-based occupational pension schemes can share surplus with employers, replacing some of the existing restrictions provided for in section 37 of the Pensions Act 1995.

115 Subsection (2) of section 12 inserts new subsections (2A) to (2D) into section 37 of the Pensions Act 1995. The existing requirements of sections 37(3) and 37(4) will be replaced by these new provisions.

116 New section 37(2A) enables the Secretary of State to set conditions for paying surplus in regulations. These regulations are subject to the affirmative parliamentary procedure on first use and the negative procedure thereafter.

117 New section 37(2B) details four requirements that must be set out in regulations for trustees to be able to make a surplus payment to an employer. These relate to the satisfaction of the scheme actuary that certain conditions are met, the relevant funding basis (or bases) for the actuary's analysis, the provision of a certificate by the scheme actuary before a surplus payment can be made, and the notification of scheme members before a surplus payment can be made.

118 New section 37(2C) covers further requirements that may be set out in regulations. These relate to other conditions that must be met, further detail regarding the certificates given by the actuary, the employer's consent to a payment, and the prohibition of surplus payments from superfunds in all circumstances.

119 In particular, new section 37(2C)(d) specifies that regulations may prevent payments from surplus in superfund schemes either in all circumstances or in the absence of consent from the Pensions Regulator. Regulations might prohibit surplus payments from superfunds, for example, if surplus regulations were to come into force at an earlier stage than superfunds regulations.

120 New section 37(2D) provides that where a scheme is subject to a freezing order (made by the Pensions Regulator, under section 23 of the Pensions Act 2004), a surplus payment cannot be made to an employer. This replaces the provision under existing legislation at section 37(3)(f) of the Pensions Act 1995, which is being repealed under this legislation.

121 Subsection (3) of section 10 repeals the existing subsections (3) and (4) of section 37 of the Pensions Act 1995. These sections will be replaced by the new sections detailed above (sections 37(2A) to 37(2D)).

122 Subsection (4) of section 10 makes a minor amendment to section 37(6)(a) of the Pensions Act 1995 as a result of the insertion of section 37(2A) and the removal of sections 37(3) and 37(4).

123 Subsection (5) of section 10 makes minor amendments to section 37(8) of the Pensions Act 1995 to provide that regulations may disapply or modify section 37 to certain schemes in all circumstances. These regulations remain subject to the negative parliamentary procedure.

124 Subsection (6) of section 10 makes a minor amendment to section 76 of the Pensions Act 1995 to ensure the power to disapply and modify that section is consistent with the equivalent power in section 37.

Part 2: Defined Contribution Pensions

Chapter 1: Value for Money

Section 11: Relevant schemes: value for money

125 This section grants the Secretary of State the power to make regulations setting out the details of the Value for Money (VFM) framework and specifying which pension schemes and pensions arrangements fall within scope of VFM.

126 Subsections (2) and (3) contains details about the framework that the VFM regulations are intended to create, and the actions regulations will require trustees and managers of the specified schemes and arrangements to undertake. This includes the requirement to produce, collate, publish and share certain data with prescribed persons about the performance of arrangements that the trustees or managers operate, conduct an assessment of this performance and notify the Pensions Regulator of any relevant publications.

127 Subsection (4) requires trustees and managers responsible for undertaking a VFM assessment to assign a VFM rating to each arrangement assessed and inform the regulator of that rating.

128 Subsection (5) provides for regulations to be made specifying how the VFM data metrics, assessments and ratings are to be calculated and the time frames by which they should be done.

129 Subsection (6) requires those responsible for complying with VFM regulations to take account of any guidance issued by the Secretary of State.

130 Subsection (7) requires the Secretary of State to consult with necessary persons before making VFM regulations or issuing guidance.

131 Subsection (8) defines those deemed responsible trustees or managers for VFM in the sections.

132 Subsections (9), (10) and (11) specify that VFM regulations are subject to the affirmative parliamentary procedure, apart from regulations made relating to metric data under subsection (2)(c) which are subject to the negative parliamentary procedure after the first use.

133 Subsection (12) provides a definition for "relevant pension scheme" within this Chapter.

134 Subsection 13 ensures the VFM framework is capable of applying to hybrid schemes (that is, schemes that provide both money purchase benefits and other benefits).

Section 12: Publication etc of metric data

135 This section provides for regulations to mandate public disclosure of VFM data metrics. It enables regulations to set out the information trustees and managers will be required to publish or share. This will create consistent, transparent and comparable VFM data across those schemes and arrangements covered by the regulations.

136 Subsection (1) lists examples of the categories of information to be disclosed.

137 Subsection (2) allows regulations to specify the timeframes for, and the form in which, the VFM metric data is to be published and shared. It requires trustees or managers to inform the Pensions Regulator that the information has been published and where it has been published. Subsection (2)(d) provides for an electronic data base to be made available for the publication or sharing of data.

138 Subsection (3) allows regulations to require the Pensions Regulator to determine the form in which the metric data must be disclosed and either publish or share, with the Secretary of State and responsible trustees and managers, full details of the form they have specified.

Section 13: VFM assessments

139 This section grants the Secretary of State the power to make regulations setting out the requirements on trustees or managers when undertaking a VFM assessment, the data metrics to be used, the comparisons to be made, the VFM ratings that are available to be assigned and the criteria for assigning a particular rating.

140 Subsections (1)(b) to (e) provide for regulations to set out the specific process required to undertake a VFM assessment, the schemes which the trustees or managers should select to compare their scheme or arrangement metrics against, and the factors which must be considered when selecting comparators. Additionally, section 13(1)(a)(ii) provides that regulations may require trustees and managers to compare the performance of their scheme or arrangement against benchmarks, to be set either by the Secretary of State or by the Pensions Regulator.

Section 14: Member satisfaction surveys

141 This section makes provision for regulations to require the development, issuing and reporting of member satisfaction surveys and the inclusion of these as part of the VFM data metrics.

142 Subsection (2) provides definitions for key terms included in this section.

Section 15: VFM ratings

143 This section requires trustees to assign VFM ratings and defines the rating structure and the conditions for when each rating should be assigned.

144 Subsection (1) provides that VFM ratings are to be of three types: a "fully delivering" rating, a "not delivering" rating and an "intermediate" rating (which VFM regulations may subdivide into further categories). If an arrangement scores a not delivering or intermediate rating then certain consequences will follow. These consequences are set out in the case of a not delivering rating in section 19, and in the case of an intermediate rating, will be set out in VFM regulations, pursuant to section 18.

145 Subsections (2) to (5) make provision for regulations to specify gradation within the ratings, how these are to be referred to and the conditions for assigning these.

146 Subsections (6) and (7) define an "action plan", the preparation of which is intended to be a consequence of either a "not delivering" rating or some types of "intermediate" rating. Subsection (8) provides that regulations may make further provision about the meaning of and content within an action plan.

Section 16: Consequences of an intermediate rating

147 Subsection (2) provides details of the various actions that regulations could define as consequences under an intermediate rating. These include preparation of a plan to be shared with the Pensions Regulator concerning how the scheme or arrangement will improve performance with regards to providing value for money, inform employers making active contributions into the scheme or arrangement of its VFM rating and the actions it will take to improve, and close the scheme or arrangement to new employers until relevant value is demonstrated.

148 Subsection (3) provides for regulations to determine what is to be included in the plan at subsection (2) and other functions required of the Pensions Regulator when schemes are assigned an intermediate rating.

149 Subsection (4) provides definitions for key terms included in this section.

Section 17: Consequences of a "not delivering" rating

150 This section sets out consequences for arrangements rated as "not delivering" under the VFM regime, meaning that the arrangement has been assessed as not providing value for money.

151 Subsection (1) provides details of the various actions that trustees or managers of arrangements rated "not delivering" must undertake. These include: prepare and provide an action plan to the Regulator, inform participating employers of the VFM rating and the actions the trustees consider appropriate for the employer to consider, close the scheme or arrangement to new employers and take other steps prescribed in regulations as consequences of a "not delivering" rating.

152 Subsections (2), (3) and (4) provide for the Pensions Regulator to initiate a "transfer solution" process, which will permit it to require trustees and members to transfer the accrued rights and benefits to another scheme or arrangement.

153 Subsection (5) provides definitions of "employer" and "participating employer" in the context of the VFM sections.

Section 18: Compliance and oversight

154 This section grants the Secretary of State the power to make regulations in relation to compliance with the VFM requirements as set out in regulations.

155 Subsection (2) defines what is meant by value for money provisions within this section.

156 Subsection (3) provides for the Pensions Regulator to issue compliance and penalty notices to trustees and managers and third parties in breach of their VFM obligations.

157 Subsection (3)(d) provides for the Pensions Regulator to refer to the First-tier Tribunal or Upper Tribunal in respect of this issue of a penalty notice or the amount of a penalty.

158 Subsection (3)(e) provides for other functions to be required of the Pensions Regulator to ensure compliance with VFM obligations.

159 Subsections (4) and (5) provide for regulations to be made determining the amount of a penalty and specify the maximum amount of a penalty that can be imposed. This is £10,000 in the case where the recipient is an individual, and £100,000 in any other case.

160 Subsection (6) enables the Pensions Regulator to withdraw a penalty notice if it considers it appropriate to do so.

161 Subsections (7) through (9) provide for regulations to be made allowing the Pensions Regulator to challenge an incorrect VFM rating and provide a direction notice to determine the trustees next course of action, and their reasoning for that determination.

162 Subsections (10) to (12) make amendments to the Pensions Act 1995 and the Pensions Act 2004 in relation to the appointment of trustees, powers to wind up schemes and issuing improvement notices.

Section 19: Sharing of database where FCA makes corresponding rules

163 Subsection (1) makes clear that this section applies where the Financial Conduct Authority has made rules for contract-based schemes that correspond to VFM regulations.

164 Subsection (2) grants the Secretary of State the power to make regulations to permit the use of the electronic database at section 12(2)(d) for the publication or sharing of information relating to contract-based schemes.

165 Subsection (3) specifies that regulations made using the power in subsection 2 are subject to the negative procedure.

Section 20: Crown application

166 This section sets out how the Chapter applies to pension schemes managed by or on behalf of the Crown and persons employed by or under the Crown.

Section 21: Interpretation of Chapter

167 This sets out how wording used within the VFM sections is to be interpreted.

Chapter 2: Consolidation of Small Dormant Pension Pots

Power to make small pots regulations

Section 22: Small pots regulations

168 This section creates an overarching power for the Secretary of State to make regulations to implement the consolidation of small dormant pension pots and defines the pension pots that will be eligible for automatic consolidation under the measure.

169 Subsection (1) enables the Secretary of State to make regulations to ensure that small dormant pension pots are held by consolidator schemes. The word "held" acknowledges that, under the consolidation process an eligible pot may be transferred from an auto-enrolment scheme to a consolidator, but it may also remain with the automatic-enrolment scheme if that scheme is also a consolidator. Subsection (1)(b) explains that, where a consolidator scheme has more than one arrangement, small dormant pots must also be held in a consolidator arrangement.

170 Subsection (2) defines the term 'small' for the purposes of small dormant pension pots. A pension pot is 'small' if it is valued at £1,000 or less (but not nil).

171 Subsection (3) outlines two conditions for a pension pot to be considered a dormant pot. The first is that the pension pot has not had contributions paid into it for a period of at least 12 months as is prescribed. The second condition is that the individual for whom the pot is held has made no active investment decision in respect of the pension pot, other than such decisions as may be prescribed.

172 Subsection (4) explains that, for pension pots created before the small pots regulations come into force, the regulations can set the required period of dormancy to begin any time after this section comes into force. Any period without contributions before this section comes into force would not be counted. As an example, if:

- the period was set at 12 months beginning the day after this section comes into force, and
- the regulations came into force 3 years after that,

a pension pot, in existence when the regulations came into force, which had not received contributions for the previous 12 months, would meet the dormancy requirement in subsection (3)(a).

173 Subsection (5) confirms that small pots regulations will be made under the affirmative procedure the first time they are made, and then subsequently will be made under the negative procedure. This is unless such regulations are prescribing a person under sections 23(1), including provision under sections 24(1), 26(1), or they amend or repeal provisions contained in an Act, in which case the affirmative procedure will always be used.

Transfers

Section 23: Determination of destinations for small pots

174 This section sets out that, under small pots regulations, a person (or persons) will make proposals for where small dormant pots must be held as part of automatic consolidation.

175 Subsection (1) sets out that regulations will require a prescribed person to make a main proposal, and at least one alternative proposal, for what to do with each small dormant pot held by auto-enrolment schemes. This requirement is subject to subsection (3).

176 Subsection (2) defines the term "proposal". The concept of pots being "held" as described in this subsection is described further in the explanatory notes for section 24(1) above.

177 Subsection (3) refers to the situation in which a small dormant pot that contains money or assets that have (or derive from money or assets that have) already been through the consolidation process is already held by a consolidator scheme. If this consolidator scheme is also an automatic-enrolment scheme, to prevent pots that have already been consolidated from going through the process again, consolidation proposals are not required to be made in respect of these pots. The concept described in subsection (3)(b) is explained further in the explanatory notes for section 29(7) below.

178 Subsection (4) provides that a person responsible for the proposals in subsection (1) may be a body corporate established by or under the regulations.

179 Subsection (5) provides that regulations can either prescribe one person to be responsible for making all proposals under subsection (1), or alternatively more than one person can be responsible for making proposals.

180 Subsection (6) provides that proposals made under subsection (1) must be notified to the relevant auto-enrolment scheme. This is unless the trustees or managers of that scheme are a prescribed person who made the proposal, in which case they would not need to be notified of their own decision.

181 Subsection (7) provides that a person responsible for making proposals under subsection (1) is known as a "destination proposer".

Section 24: Transfer notices

182 This section sets out the duties on auto-enrolment schemes in relation to transfer notices, which are communications that inform individuals of the consolidation proposals in relation to their small dormant pots. It should be noted that a proposal will not always involve a transfer to a different scheme; if the pot is already held by an auto-enrolment scheme that is also a consolidator, the proposal may be that it remains in the same scheme, either in its current arrangement or a different authorised one.

183 Subsection (1) confirms that regulations must place a requirement on the trustees and managers of auto-enrolment schemes to prepare transfer notices for each small dormant pot held by the schemes. These notices must then be sent to the member for whom the relevant pot is held.

184 Subsection (2) states that small pots regulations must require transfer notices to comply with the provisions in subsections (3) to (5).

185 Subsection (3)(a) states that the transfer notice must include the default proposal; subsection 3(b) states that the transfer notice must also include the alternative proposal(s). Subsection (3)(c) explains that the transfer notice must state that if the member does not respond to the transfer notice, the default proposal will be implemented.

186 Subsection (3)(d) explains that the transfer notice must invite members to respond to the transfer notice if they are not content with the default proposal and specify in their response either that they want to choose an alternative proposal, or that they wish to opt out of the process.

187 Subsection (4) explains that where the consolidator schemes or arrangements listed in the transfer notice require their members to be a party to a contract with the trustees or managers of the scheme, the terms of this contract must be communicated in the transfer notice. This is to alert the individual to the new contract to which they will be subject if the process goes ahead.

188 Subsection (5) explains that certain information, as prescribed by regulations, will be required to be included in transfer notices. This information will relate to the pension pot, the auto-enrolment scheme, and the relevant consolidator schemes and arrangements.

Section 25: Exempt pots

189 This section sets out the conditions under which a small dormant pension pot will be exempt from automatic consolidation.

190 Subsection (1) explains that a pot will be exempt from consolidation if conditions to be prescribed in regulations are met, and the trustees or managers of the relevant pension scheme determine that it would be in the member's best interests not to transfer their pot. For example, if a pot holds a protected pension age (PPA), other legacy benefit, or is held in a scheme that provides for a particular religious or other belief, and there are no consolidator schemes or arrangements that would be compliant with this protection or belief, the trustees or managers may determine that it would not be in a member's best interests to transfer their pot out of this scheme.

191 Subsection (2) enables the trustees or managers of a pension scheme to determine, for example, that consolidation would not be in the best interests of a class of individuals who hold a particular religious or other belief. To simplify trustee or manager decision-making, if required to decide whether consolidation is in the best interests of a particular individual, they may determine that it is not, based on the individual's membership of that class.

192 Subsection (3) confirms that regulations may include further provision on how a determination as to a member's best interests is to be made.

Section 26: Transfer etc of small dormant pension pots

193 This section sets out the duties on auto-enrolment schemes regarding implementing the proposals in the transfer notice. It should be noted that a proposal will not always involve a transfer. It may be that a pot is currently held by an auto-enrolment scheme which is also a consolidator scheme, in which case a proposal may be for the pot to remain in its current scheme or remain in its current scheme but be held in a different authorised arrangement.

194 Subsection (1) confirms that the regulations must require the trustees or managers of auto-enrolment schemes to implement the proposals contained in the transfer notices.

195 Subsection (2) provides that subsection (1) will not apply if the trustees or managers have received a response to the transfer notice confirming that the member wishes to opt out of the automatic consolidation process.

196 Subsection (3) provides that the regulations must ensure that if the trustees or managers have not received a response to the transfer notice, and the default proposal involves the transfer of the pot, the trustees or managers must transfer the pot to the proposed scheme.

197 Subsection (4) provides that the regulations must ensure that if the member responds to the transfer notice and selects an alternative proposal involving the transfer of the pot to a consolidator scheme, the pot must be transferred to that scheme.

198 Subsection (5) provides that the regulations must ensure that if the trustees or managers of the scheme do not receive a response to the transfer notice, and the default proposal involves the pot being held in a specific arrangement under a consolidator, the pot is held in that arrangement.

199 Subsection (6) provides that the regulations must ensure that if the member responds to the transfer notice and selects an alternative proposal involving the pot being held by a specific arrangement in a consolidator scheme, the pot is held in that arrangement.

200 Subsection (7) explains that the trustees or managers of a scheme may transfer a small dormant pot, or change the arrangement under which it is held, even if this would breach a term of the scheme.

Section 27: Effect of transfer on membership of scheme etc

201 This section outlines the consequences for members in relation to the transfer of small dormant pots under the small pots regulations, both between different pension schemes and different arrangements.

202 Subsection (1) explains that subsections (2) and (3) cover the consequences of transferring a pot to a different scheme.

203 Subsection (2) confirms that the individual will become a member of the receiving pension scheme and will acquire the rights, and become subject to the obligations, associated with membership of that scheme.

204 Subsection (3) explains that, if being a member of the receiving scheme requires the members to be party to a contract with the trustees or managers, a contract is deemed to have been entered into on transfer of the pot to the receiving scheme. The terms of this contract are those that were communicated in the transfer notice.

205 Subsection (4) explains that subsections (5) and (6) cover the consequences of transferring a pot to a different arrangement. This change of arrangement could be because of the pot being transferred to a different pension scheme, but it also could be that the pot is to remain in the same pension scheme but moved to a different arrangement.

206 Subsection (5) confirms that the individual will become a member of the receiving arrangement, and will acquire the rights, and become subject to the obligations, associated with membership of that arrangement.

207 Subsection (6) explains that, if being a member of the receiving arrangement requires the members to be party to a contract with the trustees or managers, a contract is deemed to have been entered into on transfer of the pot to the receiving arrangement. The terms of this contract are those that were communicated in the transfer notice.

Section 28: Timing of transfers

208 This section sets out the timelines associated with the transfer of small pots from their original schemes to consolidators, and/or the changing of the arrangement to which the pot is subject.

209 Subsection (1) requires small pots regulations to prohibit trustees or managers of auto-enrolment schemes from transferring a pension pot, or changing the arrangement to which it is subject, before the end of "the required notice period".

210 Subsection (2) defines "the required notice period" as the period of 30 days, or such longer period as may be prescribed, beginning with the day the transfer notice is sent.

211 Subsection (3) explains that small pots regulations must require the trustees or managers of auto-enrolment schemes to transfer pension pots, or change the arrangements to which pots are subject, before the end of the required transfer period.

212 Subsection (4) defines "the required transfer period" as a one-year period beginning with whichever is later of the date on which the relevant provision of the regulations comes into force, or the date on which the pension pot first becomes small and dormant.

213 Subsection (5) provides for the scenario in which the trustees or managers of an auto-enrolment scheme have not been notified of the destination of the pot in sufficient time to comply with the required transfer period. This subsection enables regulations to be made to extend the required transfer period, with the further window beginning on the date the notification of the proposals is received.

Authorisation

Section 29: Authorisation of consolidator schemes etc by the Pensions Regulator

214 This section sets out how schemes regulated by the Pensions Regulator may be authorised as consolidators. This builds upon the Master Trust framework in the Pension Schemes Act 2017 to include extra criteria for Master Trusts to meet before they can become consolidators.

215 Subsection (1) provides that regulations will enable the trustees or managers of eligible Master Trust schemes to apply for authorisation of the scheme (or arrangements under the scheme).

216 Subsection (2) provides that regulations will require the Pensions Regulator to authorise any applicant arrangements / schemes if the application is made in accordance with the regulations, and prescribed conditions are met.

217 Subsection (3) contains a power to create a framework for the Pensions Regulator to regulate authorised consolidator schemes / arrangements and ultimately deauthorise them if required.

218 Subsection (4) provides examples of the conditions that may be prescribed for the authorisation requirements in subsection (2)(b), and for the conditions relating to the Pensions Regulator's regulatory actions in subsection (3).

219 Subsection (5) provides that regulations may permit or require the Pensions Regulator to require deauthorised schemes to take prescribed steps with respect to the pension pots received by such schemes under the small pots regulations.

220 Subsection (6) explains that the steps that may be prescribed under subsection (5) includes steps to limit the fees that may be charged in relation to relevant pension pots.

221 Subsection (7) explains when a pension pot is "relevant" for the purposes of subsection (5). This is where either:

- Any of the monies or assets that make up the pot were at one time contained in a small dormant pot that went through the consolidation process. This covers, for example, the assets in an initial pot transferred to a consolidator, as well as the assets in another small pot that also went through the consolidation process and was consolidated with the first pot; or
- Any of the monies or assets that make up the pot were derived from monies or assets that were at one time in a small dormant pot that went through the consolidation process. This covers, for example, investment growth of the consolidated pot.

222 Subsection (8) sets out the definition of an eligible Master Trust scheme as a scheme that has been authorised by the Pensions Regulator under section 5 of the Pension Schemes Act 2017.

Section 30: Consolidator schemes and consolidator arrangements

223 This section defines the terms "consolidator scheme" and "consolidator arrangement".

224 Subsection (1) defines "consolidator scheme" as either:

- An eligible Master Trust that is authorised by the Pensions Regulator under section 29(1)(a), or a Master Trust for which any of its arrangements are authorised by the Pensions Regulator under section 29(1)(b). Accordingly, a Master Trust scheme may be called a "consolidator scheme" if it has one or more of its arrangements authorised; or
- An FCA-regulated pension scheme that is included on a list published by the FCA under section 137FBC(2)(b) of the Financial Services and Markets Act 2000.

225 Subsection (2) defines "consolidator arrangement" as either:

- An arrangement under an eligible Master Trust where either the scheme is authorised by the Pensions Regulator under section 29(1)(a), or that particular arrangement is authorised by the Pensions Regulator under section 29(1)(b); or
- An arrangement under an FCA-regulated pension scheme where the scheme has been included on a list published by the FCA under section 137FBC(2)(b) of the Financial Services and Markets Act 2000.

Supplementary

Section 31: Further provision about contents of small pots regulations

226 This section provides further descriptions of the functions, data standards and duties that may be included in the small pots regulations.

227 Subsection (1) provides examples of the small pots regulations that may be made under the overarching power in section 22. In particular:

- (1)(a) describes how the Pensions Regulator may be authorised to charge a fee in respect of a scheme's application to become an authorised consolidator;
- (1)(b) describes how regulations may confer rights of appeal; for example, for a decision made by the Pensions Regulator.
- (1)(c) describes how regulations may set out requirements for schemes to improve the accuracy and completeness of information held by them;
- (1)(d) describes how information-sharing obligations may be placed on relevant persons (other than the FCA);
- (1)(e) describes how record-keeping obligations may be placed on schemes, such as of the small dormant pot transfers that have been made;
- (1)(f) describes how regulations may provide for further information-processing duties;

- (1)(g) describes how the fees that pension schemes may charge for the transfer of small dormant pots may be limited;
- (1)(h) describes how a liability framework may be established, under which compensation may be required to be paid to someone who has suffered a loss because of a breach of small pots regulations;

228 Subsection (1)(i) describes how further functions in relation to the small pots measure may be conferred on a relevant person; and

229 Subsection (1)(j) describes how regulations may provide for the delegation of functions given under the small pots regulations.

230 Subsection (2) confirms that the information that may be shared or processed, or the records that may be kept, under subsection (1)(c) to (f) could include personal data.

231 Subsection (3) provides that any processing of personal data under small pots regulations will not breach any duty of confidence owed by the processor, nor any other restriction on the processing of personal data. It should be noted that this is subject to the general data protection override in section 183A of the Data Protection Act 2018.

232 Subsection (4) sets out the data protection definitions relied on in this section. It also defines the phrases "relevant person" and "relevant pension scheme" as used in this section.

233 Subsection (5) enables small pots regulations to amend, repeal or revoke any legislation as may be required to implement the small pots measure.

234 Using the power conferred under subsection (5), subsection (6) provides two examples of the amendments to legislation that the small pots regulations may make. These include amending section 146 of the Pension Schemes Act 1993 to extend the Pensions Ombudsman's functions to enable it to investigate and determine complaints or disputes relating to the destination proposer and amending section 175 of the Pension Schemes Act 1993 to allow levies to be raised against pension schemes to fund expenditure in relation to a destination proposer, or the Secretary of State in relation to any requirements to pay compensation under section 31(1)(h). As these are non-exhaustive examples, small pots regulations may also make amendments to other relevant legislation.

Section 32: Enforcement by the Pensions Regulator

235 This section provides that a compliance framework relating to the multiple default consolidator process may be set out in regulations. This relates to the actions that may be taken by the Pensions Regulator against any person, who is not FCA-regulated, that acts outside of the provision of the regulations.

236 Subsection (1) creates the power for provision to be made to ensure compliance by any person (other than an FCA-regulated person) with any provision of the small pots in the regulations.

237 Subsection (2) provides examples of the compliance provisions that may be made under small pots regulations. These include the Pensions Regulator being able to issue:

- A compliance notice as a warning to a person that they must comply with a provision of the regulations;
- A compliance notice to a person with a view to them ensuring the compliance of another person;
- Penalty notices where a person has still failed to comply after receiving a compliance notice or has failed to comply with a provision of the small pots regulations generally.

238 Subsection (2) also explains that regulations may provide for the use of the First-tier Tribunal or Upper Tribunal in determining issues arising out of any penalties issued.

239 Subsection (3) enables provisions to be made in the regulations for determining the amount, or maximum amount, of a penalty issued by the Pensions Regulator.

240 Subsection (4) explains that the maximum amount of a penalty issued must not exceed £10,000 in the case of an individual, and £100,000 in any other case.

241 Subsection (5) sets out that penalties are recoverable by, and payable to, the Pensions Regulator.

242 Subsection (6) provides that any penalty is recoverable by the Pensions Regulator as if it were payable under a court order, if the county court orders as such. This means that penalties may be recovered by the Pensions Regulator by means of a simpler court procedure, rather than requiring ordinary court proceedings for the recovery of a civil debt.

243 Subsection (7) provides corresponding provisions for penalties payable under the laws of Scotland.

244 Subsection (8) sets out the duty on the Pensions Regulator to pay any money received through the penalty process into the Consolidated Fund.

245 Subsection (9) explains that references in this section to compliance with "a provision of small pots regulations" also includes requirements or restrictions imposed by the Pensions Regulator under the regulations.

Section 33: Enforcement by the FCA

246 This section provides that a compliance framework relating to the multiple default consolidator process as it applies to FCA-regulated persons may be set out in regulations made by the Treasury.

247 Subsection (1) allows for the Treasury to make regulations to enable the FCA to monitor and enforce the compliance of FCA-regulated persons with any provision of small pots regulations.

248 Subsection (2) states that these regulations may (with or without modification) apply, or correspond with, the compliance-related provisions made by virtue of section 32, or any provision of the Financial Services and Markets Act 2000.

249 Subsection (3) confirms that any regulations made under this section are subject to the affirmative procedure.

250 Subsection (4) defines the term "FCA-regulated person" as an authorised person (within the meaning of the Financial Services and Markets Act 2000) in relation to the operation of a pension scheme.

Interpretation etc

Section 34: Power to alter definition of "small"

251 This section gives the Secretary of State the power to amend the definition of "small" in section 22(2) in relation to small dormant pension pots.

252 Subsection (1) enables the Secretary of State by regulations to increase or decrease the amount that constitutes "small" as defined in section 22(2) in relation to small dormant pots.

253 Subsection (2) ensures that, before changing the definition of "small", the Secretary of State must consult with persons they consider appropriate such as industry representatives, publish details of proposed amendments and the reasons for making them, and consider any representations made.

254 Subsection (3) ensures that any regulations made using this section are subject to the affirmative procedure.

Section 35: Crown application

255 This section sets out the application of this Chapter to pension schemes managed by or on behalf of the Crown.

256 Subsection (1) confirms that pension schemes managed by or on behalf of the Crown will be within the scope of the small dormant pot consolidation measure, and that this Chapter applies to such schemes as it applies to other pension schemes.

257 Subsection (2) confirms that references in this Chapter to trustees or managers include the Crown, or a person acting on behalf of the Crown.

258 Subsection (3) confirms that the small pots measure applies to employees of the Crown in the same way as it applies to employees of private persons.

Section 36: Interpretation of Chapter

259 This section defines the key terminology used across this Chapter.

260 Subsection (1) defines various terms used in this Chapter.

261 Subsection (2) explains that a pension scheme is "FCA-regulated" if the operation of the scheme meets the criteria set out in (a) and (b).

262 Subsection (3) defines references in this Chapter to the terms of a pension scheme. These include the terms in any legal document that make up the scheme (such as trust deeds and rules for occupational pension schemes, or the contracts in contract-based schemes), as well as the terms in any legal document to which the provider of the scheme and any individual member is a party to. The latter is to cover contractual relationships between schemes and members that are different from those applying to other members; for example, one member's contract may have different (or no) conditions for a transfer than another.

263 Subsection (4) confirms that in this Chapter, in the context of an FCA-regulated scheme, a reference to trustees or managers means the provider of the scheme.

264 Subsection (5) explains that a pension scheme is an "auto-enrolment scheme" if any individual is, or ever was, an active member of the scheme following certain arrangements made under Part 1 of the Pensions Act 2008. This covers, for example, an individual who was automatically enrolled by their employer under section 3(2) of that Act.

265 Subsection (6) defines the term "active member" as used in subsection (5).

Section 37: Meaning of "pension pot"

266 This section defines the term "pension pot" for the purposes of this Chapter.

267 Subsection (1) defines "pension pot" as any assets held for the purpose of providing money purchase benefits in respect of a member of a pension scheme. It also explains that when this Chapter references the pension scheme holding the pot, it means that pension scheme, and when it refers to the person for whom the pot is held, it means that member.

268 Subsection (2) addresses, for example, the situation where a member has been automatically enrolled into the same pension scheme by two or more employers. If the member's pension assets in respect of these employments are accounted for separately by the scheme, then they are each to be regarded as separate pension pots, each with the potential to meet the small and dormant criteria and go through the automatic consolidation process separately.

269 Subsection (3) defines the term "employment" as used in subsection (2).

Amendments of other Acts

Section 38: Amendments of the Financial Services and Markets Act 2000

270 This section describes the amendments made by this Act to the Financial Services and Markets Act 2000.

271 Subsection (1) confirms that the Financial Services and Markets Act 2000 is amended as described in this section.

272 Subsection (2) amends section 1A of the Financial Services and Markets Act 2000 to include in 1A (6) the functions conferred on the FCA under this Chapter.

273 Subsection (3) inserts a new section 137FBC into the Financial Services and Markets Act 2000 relating to the general rules that the FCA may make for the purposes of creating a regulatory framework for FCA-regulated consolidator schemes:

- 137FBC (1) explains that the FCA may create general rules requiring providers of FCA-regulated pension schemes to inform the FCA if they intend for their scheme to act as a consolidator scheme, or for an arrangement to act as a consolidator arrangement.
- 137FBC (2) explains that if the FCA makes rules under subsection (1), it must then make general rules for the purpose of regulating FCA-regulated consolidator schemes and maintain a list of such FCA-regulated consolidator schemes in accordance with the requirements in subsections (3) and (4).
- 137FBC (3) explains that the list must, subject to subsection (4), include all schemes and arrangements for which the FCA has received a notice.
- 137FBC (4) explains that a scheme or arrangement must not be included in the list if either the provider has withdrawn the notice relating to it, or the FCA has determined that the scheme is unlikely to follow the rules made under subsection (1) or (2) (a) within a time the FCA considers reasonable.
- 137FBC (5) explains that, when making the general rules described in (2) (a), the FCA must have regard to the corresponding authorisation and regulatory framework for occupational pension schemes created under section 31 of the Pension Schemes Act 2026.
- 137FBC (6) defines various terms used in this section.
- 137FBC (7) explains when a pension scheme is "FCA-regulated".

274 Subsection (4) amends section 204A of the Financial Services and Markets Act 2000 to extend the FCA's supervisory jurisdiction to FCA-regulated consolidator schemes.

Section 39: Repeal of existing powers

275 This section outlines areas of existing legislation that are to be repealed using this Act.

276 Subsection (1) repeals provisions of the Pensions Act 2014 that have not been brought into force and are to be superseded by this Act.

277 Subsection (2) makes an additional and non-substantive amendment to paragraph 4(1) of Schedule 18 to the Pensions Act 2014. Paragraph 4(1) stated previously that expressions used in both Schedules 18 and 17 to that Act are defined in Schedule 17. As section 41(1) of this Act repeals Schedule 17 save for its interpretive provisions, subsection (2) amends paragraph 4(1) to reflect this, clarifying that the definitions in Schedule 17 apply to Schedule 18.

278 Subsection (3) makes a non-substantive amend to section 256 of the Pensions Act 2004 in consequence of the repeal of Schedule 17 to the Pensions Act 2014 by section 41(1)(b), as the reference in that section to "that Act" would otherwise be unclear.

Chapter 3: Scale and Asset Allocation

Section 40: Certain schemes providing money purchase benefits: scale and asset allocation

279 This section makes changes to the Pensions Act 2008 in respect of UK money purchase schemes.

280 Subsection (4) will insert a new subsection 20(1A) of the Pensions Act 2008 to add two new conditions that relevant Master Trusts must comply with to be qualifying schemes and accordingly be capable of being used by an employer to discharge their duties under the automatic enrolment regime.

281 Condition 1 is that the Master Trust must either: be approved under section 28A in respect of a main scale default arrangement; be exempted by regulations; have previously been approved under section 28E (transition pathway relief) and is to be treated as though it has approval under section 28A (approved in respect of a main scale default arrangement); or qualify for relief under the "transition pathway" or the "new entrant pathway".

282 Condition 2 is that the Master Trust must either be approved under section 28C in respect of the asset allocation requirement; or be exempted by regulations from the requirement for approval.

283 Subsection (4) also inserts a new subsection 20(1B) which concerns the Secretary of State's power to exempt a relevant Master Trust (RMT) from Conditions 1 and 2 via regulations. Such exemptions are intended to cover schemes that are designed to meet the needs of persons with a protected characteristic, such as religious beliefs within the meaning of the Equality Act 2010 and hybrid schemes with closed employer groups.

284 Subsection (4) also inserts a new subsection 1C into section 20, which concerns the Secretary of State's power to make regulations which may permit the appropriate regulator to temporarily treat a scheme, for a period, as meeting Condition 1 or Condition 2 – referred to as "the protected period".

285 This facility is expected to be used to allow the regulator to take temporary steps to minimise disruption for employers if a scheme is unlikely to reach the scale threshold or meet the asset allocation requirements at the relevant time. Furthermore, regulations may be made under this subsection that will enable the appropriate regulator to require trustees or managers to share a plan showing how they propose to meet or continue to meet the scale requirement under section 28A or the conditions for approval under section 28C.

286 Subsection (5) sets out the interpretation and meaning of certain key terms used in the amendments to section 20.

287 Subsection (6) makes a consequential amendment to section 25 of the Pensions Act 2008 to remove references to section 18(b), which was repealed by the Occupational and Personal Pension Schemes (Amendment etc.) (EU Exit) Regulations 2019.

288 Subsection (8) inserts new subsections into section 26 (quality requirement: UK personal pension schemes) to add two new conditions (fifth and sixth conditions) that group personal pension schemes must comply with to be a qualifying scheme and accordingly be capable of being used by an employer to discharge their duties under the automatic enrolment regime. These new sections broadly mirror the amendments made under subsection (4) which relate to Master Trusts.

289 Subsection (9) sets out the interpretation and meaning of a certain key term used in the amendments to section 26.

290 Subsection (10) makes a consequential amendment to section 28 to remove references to section 18(b), which was repealed by the Occupational and Personal Pension Schemes (Amendment etc.) (EU Exit) Regulations 2019.

291 Subsection (11) makes further consequential amendments to section 28 to provide that the relevant quality requirements applicable to the certification process outlined in that section are amended so that they take account of the new conditions.

292 Subsection (12) inserts a new section 28A (MSDA approval: relevant Master Trusts). This section provides for the approval that a RMT must obtain under Condition 1(a) in the new subsection 20(1A). This approval may be given by the appropriate regulator and will be dependent on the Master Trust meeting the "scale requirement" under paragraph 28A(1)(a) and any other conditions to be prescribed under paragraph 28A(1)(b). Other significant parts of new section 28A include:

- to meet the scale requirement, the RMT must ensure that the total value of assets held by the RMT, a connected Master Trust, or any connected group personal pension scheme exceeds the "minimum amount", and that these assets are managed under a common investment strategy.
- this sum of assets will be known as the 'main scale default arrangement'. Subsection 28A(3) provides that "the minimum amount" means £25 billion.

293 Subsection 28A(4) provides for which assets from the RMT, any connected group personal pension scheme and any connected Master Trusts may be counted towards the total value of assets held in the main scale default arrangement.

294 Subsections (5) and (6) permit the Secretary of State to make regulations about the nature of the connection that must exist between the RMT and other schemes in order to count assets held in them towards the total value of assets held in the main scale default arrangement. Regulations under this subsection may provide, for example, that a relevant Master Trust is connected with the RMT only if it has the same scheme funder or scheme strategist as the RMT, or, that a group personal pension scheme is connected with the RMT only if its provider is also the scheme funder or scheme strategist of the RMT.

295 Subsections 28A(7) and (9) permit the Secretary of State to make regulations about how the total value of the assets is to be determined, and whether any assets are to be excluded from the calculation of this total value.

296 Subsection 28A(8) permits the Secretary of State to make regulations about how RMTs must evidence they meet the scale requirement, and the meaning of a "common investment strategy".

297 The conditions that are anticipated to be prescribed under subsection 28A(1)(b) will include, among other matters, traits relevant to the governance and investment capabilities of a Master Trust.

298 Subsections 28A(10) and (11) provide that the Secretary of State may make regulations about the time limits and procedures relevant to approvals under subsection 28A(1) and matters relevant to enforcement and compliance.

299 Subsection 28A(12) provides that before making regulations under section 28A, the Secretary of State must consult with such persons they consider appropriate.

300 Subsection 28A(13) concerns the interpretation of a "main scale default arrangement".

301 Subsection (12) also inserts a new section 28B (MSDA approval: group personal pension scheme). This section provides for the approval that a group personal pension scheme (GPP) must obtain under the fifth condition in the new subsection 26(7A). This approval may be given by the appropriate regulator and will be dependent on the GPP meeting the "scale requirement" under paragraph 28B(1)(a) and any other conditions to be prescribed under paragraph 28B(1)(b). Other significant parts of section 28B include:

- to meet the scale requirement, the GPP must ensure that the total value of assets held by the GPP, other GPPs or any qualifying relevant Master Trust exceeds "the minimum amount", and that these assets are managed under a common investment strategy.
- this sum of assets will be known as the 'main scale default arrangement'.

302 Subsection 28B(3) provides that "the minimum amount" means £25 billion. Regulations will set out how a GPP must evidence the scale requirement; define the meaning of "common investment strategy" and determine what assets that can count to meet the scale requirement.

303 The other conditions that are anticipated to be prescribed under paragraph 28B(1)(b) will include, among other matters, traits relevant to the governance and investment capabilities of a GPP.

304 Subsection 28B(4) provides for which assets from the GPP, any connected GPPs and any connected Master Trusts may be counted towards the total value of assets held in the main scale default arrangement.

305 Subsections 28B(5) and (7) permit the Secretary of State to make regulations about how the total value of assets is to be determined, and whether any assets are to be excluded from the calculation of this total value.

306 Subsection 28B(6) permits the Secretary of State to make regulations about how a relevant GPP must evidence they meet the scale requirement, and the meaning of a "common investment strategy".

307 Subsection 28B(8) and (9) require the Secretary of State to make regulations about the nature of the connection that must exist between the GPP and other schemes in order to count assets held in them towards the total value of assets held in the main scale default arrangement. Regulations under this subsection may provide, for example, that a GPP is connected with the GPP only if it has the same provider as the GPP, or, that a relevant Master Trust is connected with the GPP only if its scheme funder or scheme strategist is also the provider of the GPP.

308 Subsections 28B(10) and (11) provide that the Secretary of State may make regulations about the time limits and procedures relevant to approvals under subsection 28B(1) and matters relevant to enforcement and compliance.

309 Subsection 28B(12) provides that before making regulations under section 28B, the Secretary of State must consult with such persons as they consider appropriate.

310 Subsection 28B(13) concerns the interpretation of a "main scale default arrangement".

311 Subsection (12) also inserts a new section 28C (Approvals in respect of asset allocation). This section provides for the approval relating to the asset allocation requirement that RMTs, and GPPs must obtain under Condition 2(a) in the new subsection 20(1A) and the sixth condition in subsection 26(7B). Subsection 28C(1) provides that the appropriate regulator may approve a RMT or GPP only where it determines that at least the prescribed percentage (by value) of assets held in main default funds in the scheme are qualifying assets.

312 Subsection 28C(3) provides that "'qualifying asset" means an asset of a prescribed description that is held in a main default fund of a RMT or GPP.

313 Subsection 28C(4) provides that a description of asset may be prescribed only if it represents a direct or indirect holding in one of six specified asset classes: private equity, venture capital, private credit, interests in land, infrastructure, and unlisted securities (which are defined as equity securities not listed on a recognised stock exchange within the meaning of section 1005 of the Income Tax Act 2007, including securities admitted to trading that are not listed on such an exchanges).

314 Subsection 28C(5) provides that regulations must secure that a description of asset is prescribed in respect of each of these six asset classes.

315 Subsection 28C(6) provides that descriptions of qualifying assets prescribed under subsection (4) may relate to whether an asset is located in the United Kingdom or to the presence or absence of other prescribed factors linking an asset to economic activity in the United Kingdom.

316 Subsection 28C(7) provides that regulations under section 28C may not have the effect of requiring more than 10% (by value) of all assets held in main default funds to be qualifying assets, or more than 5% (by value) of such assets to be of a UK-specific description. Subsection (8) defines "UK-specific description" for these purposes.

317 Subsection 28C(9) defines "main default funds" for the purpose of section 28C. Assets of a scheme are held in main default funds if the jobholders by, or in respect of whom contributions have been made, have not (or predominantly have not) expressed a choice as to where the contributions are allocated, and the arrangements under which the assets are held meet any other conditions that may be prescribed.

318 Subsection 28C(10) provides that the Secretary of State may make regulations about how RMTs and GPPs must evidence the asset allocation requirement and have regard to any guidance issued by the Secretary of State about the effect of regulations under this section.

319 Subsection 28C(11) provides that the Secretary of State may make regulations that address various aspects of the application process under subsection 28C(1), and matters relating to enforcement and compliance and the provision of information to the regulators and Secretary of State.

320 Subsection 28C(12) specifies that regulations made under subsection (11)(d) - about the withdrawal of approvals - may make provision regarding communications and notices that may be issued by the appropriate regulator and permits the regulator to issue fines on a person who fails to comply with regulations made under section 28C(12)(c) (where notice has been given that approval is likely to be withdrawn).

321 Subsection 28C(13) provides that, before making regulations under subsection (1), the Secretary of State must prepare and publish a report setting out a joint assessment by the Financial Conduct Authority (FCA) and the Pensions Regulator (TPR) of the extent to which competitive conditions are restricting schemes from investing in qualifying assets, including where such investments may be in the best interests of members; the Secretary of State's assessment of barriers to investment in qualifying assets, particularly where located in the United Kingdom; the steps taken to address any such barriers; the financial interests of members of affected schemes; the expected impact of the proposed measures upon economic growth in the United Kingdom; and any other matters the Secretary of State considers appropriate.

322 Subsection 28C(14) provides that the power to make regulations under subsection (1) may only be exercised once.

323 Subsection 28C(15) provides that before making regulations under subsection (1), the Secretary of State must have regard to the joint assessment of the FCA and TPR referred to in subsection (13(a).

324 Subsection 28C(16) provides that the Secretary of State must consult the Treasury before making regulations under section 28C.

325 Subsection 28C(17) provides that the Secretary of State must consult such persons as the Secretary of State considers appropriate before publishing the report under subsection (13).

326 Subsection 28C(18) provides that the Secretary of State may not make regulations under subsection (1) before 1 January 2028.

327 Subsection 28C(19) provides that provision under section 28C overrides any conflicting provision of a trust deed or rules of the scheme in question.

328 Subsection (12) inserts a new section 28D which provides that regulations may be made in relation to the asset allocation information that trustees or managers of a RMT or GPP must give to the appropriate regulator.

329 Subsection (12) also inserts a new section 28E (Transition pathway relief). This section provides for the relief that RMTs may qualify for under Condition 1(d) of new subsection 20(1A) and GPPs may qualify for under new paragraph 26(7C)(b). If the appropriate regulator gives its approval to a scheme under subsections 28E(1) (for Master Trusts) or (3) (for group personal pension schemes), that scheme will be considered to have complied with the relevant condition.

330 This relief will permit schemes that have not met the scale threshold set out in section 28A or 28B by 2030 to continue to be a qualifying scheme for the purposes of the automatic enrolment framework if they meet certain criteria, including having a minimum total value of assets of £10bn, as specified in 28E(2) and (4). Schemes must also have a credible plan to grow their MSDA, so it reaches "the minimum amount" in subsection 28A(3) or 28B(3) by 2035 (or five years from commencement of scale requirements), as well as meeting appropriate governance and investment capability requirements to be determined in regulations.

331 Subsections (5), (6) and (7) of section 28E provide that the Secretary of State may make regulations about steps that the trustees or managers of schemes that are authorised under section 28E must take (including the production of plans for increasing scale); criteria by which the appropriate regulator is making determinations under subsections (1) and (3); and matters relevant to the approval process and appeal.

332 Subsection (8) provides that the Secretary of State must consult before making any regulations under section 28E.

333 Subsection (12) also inserts section 28F (New entrant pathway relief). This section provides for the relief that RMTs may qualify for under Condition 1(e) of new subsection 20(1A) and GPPs may qualify for under new subsection 26(7C)(c). If the appropriate regulator gives its approval to a scheme under section 28F, that scheme will be considered to have complied with the relevant condition.

334 The relief will only be approved where the scheme does not yet have any members; it has a strong potential to grow (to meet the scale requirement under section 28A); an "innovative product design"; and complies with any further conditions to be prescribed in regulations.

335 Subsection (3) of section 28F grants the Secretary of State the power to make regulations about the application process and rights of appeal. Subsection (4) of section 28F permits the Secretary of State to make regulations about the meaning of "strong potential to grow" and "innovative product design" (including how a scheme can demonstrate both traits). Subsection (5) of section 28F requires that the Secretary of State must consult such persons they consider appropriate, before making regulations.

336 Subsection (12) also inserts section 28G (Suspension of asset allocation requirement: savers' interest test).

337 Under this section the Secretary of State must make regulations which have effect whenever regulations made under section 28C(1) or (2) have effect, authorising the regulator, on application by a RMT or GPP, to determine that the scheme is to be treated for a specified period as if it were exempted from the requirement for approval under section 28C.

338 Subsection 28G(3) sets out detailed requirements for the regulations. An application must include a statement that the applicant concludes that meeting the asset allocation requirement is likely not to be in the best interests of the members of that scheme, together with the basis for that conclusion and any specific evidence that may be required by the regulations. The regulator must grant the exemption where the application complies with the regulatory requirements, and the regulator is of the view that it is reasonable for the applicant to have reached that conclusion. Regulations may make provision about the basis on which the regulator may or must form such a view. The regulator must provide reasons for any determination not to approve an application, and provision must be made for the regulator's determination to be referred to the Upper Tribunal.

339 Subsection (12) also inserts new section 28H (Risk notices). This section will allow the Pensions Regulator (TPR) to issue risk notices to the trustees or managers of a RMT, if TPR considers that there is a concern in relation to the RMT and that the scheme is likely to cease to meet the scale or asset allocation requirements. The risk notice will require the trustees or managers of the RMT to produce a resolution plan to address that concern.

340 Risk notices are already used by TPR to require trustees to deliver certain corrective actions under other supervisory frameworks. The FCA operates an equivalent system of 'warning notices' which they can apply to scale requirements with regard to group personal pension schemes.

341 Subsection (12) also inserts new Section 28I (Penalties). This section allows the Secretary of State to make regulations that provide for financial penalties to be imposed where a relevant Master Trust or group personal pension scheme fails to meet either the scale or asset allocation conditions (as set out in section 20(1A) by reason of not being approved under section 28A or 28C), and nevertheless continues to accept contributions from an employer in relation to a jobholder on the basis that it is an automatic enrolment scheme in relation to that jobholder. Regulators may impose penalties of up to £100,000 per employer upon the RMT or GPP, who will have the right of appeal against such penalties to the First Tier Tribunal.

342 Subsection (12) inserts section 28J (Enforcement by the Financial Conduct Authority). This new section allows the Treasury to make regulations that provide for monitoring and enforcement functions to be conferred on the FCA in relation to the compliance of FCA-regulated persons with the provisions of or under Chapter 1 of the Pensions Act 2008, including for the new provisions set out in section 40.

343 Subsection (12) also inserts section 28K (Report about the effects of pension scheme consolidation). This new section requires the Secretary of State to prepare and publish a report about the effects of consolidation on innovation in the design and operation of RMTs and GPPs. TPR and the FCA are also required to provide such information and assistance as the Secretary of State may require for the purposes of the report.

344 Subsection (12) also inserts section 28L (Regulations about quality requirements) which requires the Secretary of State to have regard to the importance of innovation, competition, improving members' outcomes, achieving appropriate scale and effective governance, when making regulations under section 20(1A) or (1C), 26(7A), 28A, 28B, 28E or 28F.

345 Subsection (13) inserts section 30A (Review of exercise of powers under section 28C). Section 30A provides that the Secretary of State must prepare, publish and lay before Parliament a report into the effect of any regulations made under section 28C no later than 5 years after the making of those regulations. This report must take into account their effect on members of pension schemes, economic growth in the UK and any other matters the Secretary of State considers appropriate.

346 Subsection (14) concerns the meaning of terms used in section 40.

347 Subsection (15) provides that specified regulations made under section 40 are subject to the affirmative parliamentary procedure.

348 Subsection (16) provides that the transition pathway will expire five years after it comes into force.

349 Subsections (17) to (20) provide for the repeal, at the ned of 2035, of the asset allocation provisions inserted by the Act. Subsection (17) lists the provisions to be repealed, which include section 28C (approvals in respect of asset allocation), section 28(G) (savers' interest test), and the related risk notice, penalty, and review provisions.

350 Subsection (18) defines the "relevant asset allocation provisions" of the Pensions Act 2008 that are to be repealed.

351 Subsection (19) makes consequential amendments arising from the repeals.

352 Subsection (2) confers a power on the Secretary of State to make transitional or saving provision in connection with any repeal or amendment under subsections (17) or (19).

353 Subsection (21) confers a power on the Secretary of State to make amendments to section 40, section 41 or the Schedule in consequence of a repeal under section 133(6) (repeal where asset allocation requirements uncommenced).

354 Subsection (22) provides that regulations under subsections (20) or (21) are subject to the negative procedure.

Section 41: Amendments related to section 40

355 Subsections (1) to (5) of this section amend the Financial Services and Markets Act 2000 so that the amendments made to the Pensions Act 2008 by section 40 may be taken into account for the purposes of interpreting the functions of the Financial Conduct Authority.

356 Subsections (6) to (7) insert two new authorisation criteria into Section 5 (decision on application) of the Pension Schemes Act 2017. The first of these requires that a Master Trust will need to satisfy the Pensions Regulator that it has sufficient investment capability. The second criterion is that a Master Trust, where the main administration is in the UK, meets Condition 1 of section 20(1A) of the Pensions Act 2008.

357 Subsection (8) inserts section 12A (Investment capability) into the Pension Schemes Act 2017. This section sets out matters that the Pensions Regulator must take account of in deciding if it is satisfied the Master Trust has sufficient investment capability. These matters include the need for appropriate systems to manage the investment strategy and monitor outcomes, deliver effective governance, as well as strategies to recruit and retain expert staff. Furthermore, this subsection permits the Secretary of State to make regulations about the meaning of the terms used in this section and further factors the Pensions Regulator must take into account when deciding whether it is satisfied a scheme has sufficient investment capability. Subsection (5) determines that first regulations made under this section are subject to the affirmative resolution procedure, whilst other regulations under this section are subject to the negative resolution procedure.

358 Subsection (8) also inserts section 12B (Scale requirement) into the Pension Schemes Act 2017. This section permits the Secretary of State to make regulations about how the Pensions Regulator is to decide whether it is satisfied that a scheme meets the scale requirement and specify matters which it must take into account when making its assessment. Subsection (3) determines that first regulations made under this section are subject to the affirmative resolution procedure, whilst other regulations under this section are subject to the negative resolution procedure.

Chapter 4: Default Arrangements

Section 42: Regulations restricting creation of new non-scale default arrangements

359 This section jointly grants the Treasury and Secretary of State the power to make regulations to restrict a provider's ability to begin operating a non-scale default arrangement without appropriate regulatory approval.

360 Subsection (2) provides that regulations may set out the criteria the FCA or TPR must apply in determining whether to approve a non-scale default arrangement and any discretion that can be applied, as well as conditions for approval and ongoing requirements that providers must meet. This subsection also sets out that if assets are held in breach of the regulations, that regulations may require the assets to be moved. It also includes provisions for the regulators to include the imposition of civil penalties and for a reference to be made to the First-tier Tribunal or Upper Tribunal.

361 Subsection (3) sets out the regulations in subsection (2) are subject to the affirmative procedure.

Section 43: Review in relation to non-scale default arrangements

362 This section requires the Secretary of State and Treasury to jointly carry out a review of non-scale default arrangements operated by pension scheme providers.

363 Subsection (2) requires that the review must consider (in addition to other relevant matters) the number of non-scale arrangements being operated, the extent to which they have or will be consolidated or the rationale for why they remain and the circumstances where this may be appropriate.

364 Subsection (3) requires that the Secretary of State and Treasury publish a report on the review as soon as is practicable once the review has been concluded.

365 Subsection (4) requires that the Pensions Regulator and FCA provide information and assistance as the Secretary of State and Treasury may require for the review.

366 Subsection (5) provides that neither the Secretary of State, Treasury, the Pensions Regulator or FCA will be prohibited from disclosing information for the purposes of the review by section 348 of the Financial Services and Markets Act (2000) or by section 82 of the Pension Act 2004.

Section 44: Regulations about consolidation of non-scale default arrangements

367 This section grants the Secretary of State and Treasury the power to make regulations to require, in certain circumstances, non-scale default arrangements to be consolidated into an approved main scale default arrangement.

368 Subsection (2) provides that regulations may require arrangements to be consolidated unless they meet an exemption to continue or the regulators exercise their discretion, for a provider to prepare a plan for consolidation for regulators and functions for regulators including the imposition of civil penalties. Regulations in this subsection may also set out the provision for a reference to be made to the First-tier Tribunal or Upper Tribunal.

369 Subsection (3)(a) prevents regulations in subsection (2) from being made until the review in section 43 has been completed and its findings published.

370 Subsection (3)(b) requires that regulations made under subsection (2) must take account of the review's conclusions.

371 Subsection (4) sets out the regulations in subsection (2) are subject to the affirmative procedure.

Section 45: Regulations about default arrangements

372 This section requires the Treasury and Secretary of State when making regulations under section 42 (creation of new non-scale default arrangements) or section 44 (consolidation of non-scale default arrangements) to have regard to a range of factors; the importance within pension schemes of innovation in their design and operation, competition amongst providers, improving outcomes for members and effective governance. This duty will require the Secretary of State to holistically balance these factors when making relevant regulations.

Section 46: Amendments of the Financial Services and Markets Act 2000

373 This section describes the amendments made by this Chapter to the Financial Services and Markets Act 2000.

374 Subsection (1) confirms that the Financial Services and Markets Act 2000 is amended as described in this section.

375 Subsection (2) amends section 1A of the Financial Services and Markets Act 2000 to include in 1A (6) the functions conferred on the FCA under this Chapter.

376 Subsection (4) amends section 204A of the Financial Services and Markets Act 2000 to extend the FCA's supervisory jurisdiction to default arrangements under this Chapter.

Section 47: Crown application

377 This section sets out how the Chapter applies to pension schemes managed by or on behalf of the Crown and persons employed by or under the Crown.

Section 48: Interpretation of Chapter

378 This section defines the key terminology used across this Chapter.

Chapter 5: FCA-Regulated Pension Schemes: Contractual Override

Section 49: FCA-regulated pension schemes: contractual override

379 This section inserts the contractual override mechanism, referred to as unilateral changes, into the Financial Services and Markets Act 2000 (FSMA) as Part 7A.

380 It also amends FSMA to exclude a unilateral change from the meaning of an insurance business transfer scheme in section 105, enable the appointment of an investigator under section 168 and ensure that appropriate parliamentary procedures apply to regulations made under this Part.

381 Subsection (2) inserts Part 7A into FSMA which includes new section 117A (Pension schemes to which this Part applies). This new section sets out the types of pension scheme in scope of the unilateral change mechanism (also known as contractual override), which is Financial Conduct Authority (FCA) regulated defined contribution (DC) workplace pension schemes or other pension schemes which may be prescribed by the Treasury.

382 Subsection (2) inserts Part 7A into FSMA which also includes new section 117B (Unilateral Changes) which enables providers to override the terms of a pension scheme without the consent of individual members. Providers can then either vary the terms of members' contracts or make a change which would otherwise require consent. They can also transfer members to a different pension arrangement which can either be to a new scheme or arrangement within the same provider, or to a new provider or trust-based pension scheme.

383 A unilateral change applies to "a description of pension pot". This means that a provider describes the pension pots (defined in section 117I) to which the change applies. A change could apply to a whole arrangement or scheme, or a subset of an arrangement or scheme.

384 Subsection (2) inserts Part 7A into FSMA. Part 7A includes a number of new sections.

385 New section 117C (Effect of transfer of pension pot on membership of scheme etc) makes further provision about the legal effect of transfers, such as making members a party to the new scheme or arrangement they are moved to.

386 New section 117D (Best interests test) sets out the best interests test, which must be met before a unilateral change can occur. This test requires a provider to reasonably conclude that the unilateral change is reasonably likely to lead to a better outcome for directly affected members (taken as a whole) and no worse an outcome for the other members of the scheme (taken as a whole). "Directly affected" is defined in subsection (3).

387 New section 117E (Certification by independent person) sets out the requirement for providers to receive certification from an independent person that the best interests test has been met, and other requirements complied with, before a unilateral change can occur. The person appointed must be independent of the provider and meet expertise requirements set out in FCA rules.

388 The FCA must make further rules about the independent person, including certification requirements, terms of appointment and, independence requirements as per the regulations made by the Treasury under subsection (2) of Part 7 of FSMA – 117H.

389 New section 117F (Unilateral change notice) sets out the requirement for notice to be given before a unilateral change. Notice must be given to members affected by the change. The provision requires the FCA to make rules specifying information to be included in a notice (subsection (2)) and specifies certain details about what those rules must include (subsection (3)).

390 New section 117G (Further duties to make FCA general rules) requires the FCA to make rules relating to fees, information disclosures and record keeping.

391 Subsection (2) inserts Part 7A into FSMA which also includes new section 117H (Treasury regulations). This new section allows the Treasury to make regulations relating to the scope of the power, modify the best interests test, disapply legislation (or require the FCA to disapply rules) which restricts or affects the making of unilateral changes, make consequential amendments and prescribe further preconditions to the making of a unilateral change.

392 It also requires the Treasury to make regulations that require the FCA to include certain provisions in their general rules. Specifically, the Treasury must make regulations that (i) set out the requirements which need to be met by an independent person in order for that person to be appointed and (ii) ensure that an independent person does not have a conflict of interest.

393 It also allows the Treasury to direct the FCA to make rules requiring the inclusion, in the terms of the independent person's appointment, of a term providing that members of a pension scheme may enforce the terms of the independent person's appointment under the Contracts (Rights of Third Parties) Act 1999.

394 New section 117I (Interpretation of Part) defines various terms for the purposes of this Part.

Chapter 6: Guided Retirement

Section 50: Default pension benefit solutions

395 When pension scheme members seek to access their defined contribution pension pots, they face complex decisions about how they should access their pension benefits to meet their financial needs for perhaps two decades or more in retirement. This is because there are multiple ways of taking pension payments, and individuals also need to assess how much they need to withdraw each year without over or under spending, as well as considering the tax implications of making withdrawals.

396 Section 50 requires trustees or managers of relevant pension schemes to develop ways for relevant scheme members with money purchase benefits (i.e. defined contribution benefits) to receive their pension without the member having to make complex choices about how they want to receive those benefits (referred to as the "default pension benefit solutions"). The default pension benefit solutions are intended to help most individuals otherwise exposed to engaging with and navigating the system themselves in order to put in place a retirement income plan, with a method of payment that means the recipient will receive an income for the remainder of their life. In this context, relevant pension schemes are occupational pension schemes which provide money purchase benefits and meet certain other definitions.

397 Subsection (1) requires trustees or managers of relevant schemes to design one or more default pension benefit solutions, with the intention that the trustees use their expertise to remove the need for members to consider how their pension is invested, or how long they expect to live. The default pension benefit solution(s) must be reviewed at least when prescribed by regulations.

398 Subsection (2) defines the term "pension benefit solution". This is then used as a general term to describe any arrangement for making pension payments to a member.

399 Subsection (3) defines the term "default pension benefit solution" and provides that they must be designed to be appropriate for the generality of scheme members, or for cohorts of those members, and that they should provide a regular income for the whole of retirement, (either as part of or separately to other benefits). The subsection explains that the default pension benefit solution is the designated pension benefit solution under which members or a subset of these will receive their pension payments unless they choose an alternative. It is in this sense that it is a "default". The subsection also provides a power to set further conditions in regulations.

400 Subsection (4) provides details of the factors trustees or managers need to take into consideration when designing and developing the default pension benefit solutions for their members. Trustees or managers will need to consider the needs and interests of the generality of members for their later life income and consider the possibility that members may wish to take a lump sum payment before entering a default arrangement. The subsection also provides for further factors to be prescribed in regulations.

401 Subsection (5) provides a power to prescribe how trustees or managers assess the needs and interests of their members.

402 Subsection (6) enables regulations to remove the requirement for default pension benefit solutions to provide a regular income in retirement from certain categories of pension scheme members where this might be unsuitable, such as in the case of small pots. This subsection also provides for regulations to define "designed to provide a regular income" and "retirement".

403 Subsection (7) provides definitions of certain relevant terms.

404 Subsection (8) indicates that regulations made in this section are subject to the affirmative parliamentary procedure, except those made under subsections (1)(b) or (6)(a).

Section 51: Transferable members

405 Section 51 makes provision for trustees or managers to be able to transfer members to another scheme. The member will then instead receive what is termed a "qualifying pension benefit solution" under the receiving scheme designed on the same principles as a default pension benefit solution. Trustees or managers will be able to transfer members if they have determined it is not reasonably practicable for their scheme to provide default pension benefit solutions, or if they have determined that another scheme could provide a better outcome for members.

406 Subsection (1) introduces the term "transferable member" and specifies that schemes that meet specific conditions do not need to provide a default pension benefit solution to these members.

407 Subsections (2) and (3) specify the conditions that need to be met in order for the requirement to provide a default pension benefit solution to be disapplied. These conditions are that the trustees or managers have determined it is not reasonably practicable for their scheme to design and make available a default pension benefit solution, or that another scheme could provide a better outcome for members.

408 Subsections (4) and (5) set out that where a scheme does not need to provide a default pension benefit solution, they must instead identify another scheme which will be able to and agrees to receive a transfer and enter into an arrangement ("a transfer arrangement") with that scheme to effect a transfer of relevant members so as to make a qualifying pension benefit solution available to them. A discretionary power is granted to prescribe when a scheme must effect a transfer. There is also a regulation making power which may set out further required steps.

409 Subsection (6) specifies that when trustees or managers are looking to identify a scheme to move transferable members to, they must ensure that they take into account the same factors as if they were providing default pension benefit solutions within the scheme (i.e. the factors set out in section 50(4)). This includes taking into account the needs and interests of scheme members.

410 Subsection (7) indicates that any regulations made under section 50(5) also applies to schemes with transferable members.

411 Subsection (8) requires trustees or managers to keep the suitability of any qualifying pension benefit solution under review, and provides for regulations to set out the circumstances, times, or intervals that those reviews must take place.

412 Subsection (9) defines the term "qualifying pension benefit solution" in reference to solutions which have been identified to be suitable and provide a regular income in retirement for transferrable members. There is also a regulation making power which enables other conditions to be set in relation to qualifying pension benefit solutions.

413 Subsection (10) specifies that pension scheme members must consent to the transfer of their pension assets to another scheme.

414 Subsection (11) specifies that transfers can be made to another registered occupational pension scheme, or a personal pension scheme (which are separately regulated by the FCA). There is a regulation making power which can be used to set additional conditions that need to be met to be considered a "qualifying scheme".

415 Subsection (12) provides that a scheme must propose a transfer to a member. If the member accepts, the scheme must communicate this to the receiving scheme, which must in turn use the cash equivalent it receives to provide rights for the member. This puts in place a process for the member's consent to be obtained and for the receiving scheme to be obliged to provide the member with rights under the scheme on receipt of the cash equivalent of their benefits.

416 Subsection (13) enables regulations to prescribe how trustees or managers should make determinations under subsections (2) and (3).

417 Subsection (14) enables regulations to be made which could require specified schemes to accept transfers from pension schemes with transferable members for the purposes of providing members with a qualifying pension benefit solution where the principal scheme has been unable to find a suitable receiving scheme to accept the members.

418 Subsection (15) specifies that the only types of pension scheme which could be required by regulations to accept transfers are Master Trust schemes and default small pots consolidator schemes.

419 Subsection (16) provides a regulation making power to prohibit or limit any charges that may be made to facilitate a transfer made under this section.

420 Subsection (17) specifies that regulations made determine the way cash equivalents are calculated and verified.

421 Subsection (18) specifies that regulations made under this section are subject to the affirmative parliamentary procedure, except regulations made under subsections (8), (16), or (17).

Section 52: Provision and gathering of information

422 Section 52 sets out requirements (and powers to make further requirements in regulations) to provide communications to members which will inform them about the payment arrangements available to them, in particular about the default pension benefit solutions. This section looks to ensure members are provided with information about their options to support them making informed decisions about how to take their pension payments.

423 Subsections (1) and (2) set out requirements for trustees or managers of occupational pension schemes to communicate descriptions of the default/qualifying pension benefit solution to pension scheme members and explanations of the circumstances of a person for whom they would be suitable.

424 Subsection (3) enables regulations to be made which determine how a pension benefit solution is to be presented to members when they want to start receiving their benefits. This power allows the Secretary of State to ensure that the default/qualifying pension benefit solution is presented to members as the default method for members to take their pension benefits.

425 Subsection (4) makes provision for members to be informed about the basic features of their pension, including that it has both an accumulation (paying in) and decumulation (paying out) phase, and that the default/qualifying pension solutions are designed to provide a regular income during retirement.

426 Subsection (5) provides a collection of powers that allows the Secretary of State to require schemes to send communications to ensure members are aware of the options available to them when they reach retirement. For instance, the subsection enables regulations to be made which could require pension scheme members to be provided with information about other ways they could receive their pension benefits besides the default pension benefit solution and any general information to enable members to decide how to receive their pension benefits. This might, for instance, include general information about combining pension pots.

427 Subsection (6) specifies that communications sent by schemes should be in clear and plain language.

428 Subsection (7) permits trustees or managers to request information from members to enable them to design, review, or (in the case of transferable members) identify the pension benefit solutions, and (in cases where there is more than one default pension solution) as well as to determine what pension benefit solution may be appropriate for the member.

429 Subsection (8) allows for regulations to obligate schemes to request information for the purposes set out in subsection (7).

430 Subsection (9) enables regulations to set out further requirements with respect to requesting information (under subsection (7)) from pension scheme members.

431 Subsection (10) enables regulations to set requirements for the format of any communications sent to members under the provisions in this section.

432 Subsection (11) requires the Secretary of State to carry out a consultation before introducing regulations under this section.

433 Subsection (12) specifies that regulations made under this section are subject to the negative parliamentary procedure.

Section 53: Information etc in connection with selection of benefit solution

434 Section 53 enables regulations to be made which could require trustees or managers of relevant occupational pension schemes to provide (or make available) information to pension scheme members for the purpose of helping them decide how to take their pension benefits.

435 Subsection (1) provides a power for regulations to be made, which could require trustees or managers to provide information at specified times to assist members decide how to take their pension benefits. The subsection also specifies that any information provided should be in clear and plain language.

436 Subsection (2) specifies that regulations could require information provided by virtue of subsection (1) to be based on the member's particular circumstances. This would require information provided to be tailored to the member's needs as understood by the scheme.

437 Subsection (3) provides a regulation making power which could require trustees or managers to monitor rates of decumulation and notify members if they consider that it should be reviewed (such as where funds are being drawn too quickly).

438 Subsection (4) specifies that regulations under this section are subject to the affirmative parliamentary procedure.

Section 54: Pension benefits strategy

439 Section 54 provides that trustees or managers must design a "pension benefits strategy" which explains the rationale for the pension benefit solution(s) it decides to provide its membership, and from time to time review the strategy or revise if necessary.

440 Subsection (1) sets out the requirement to determine the pension benefits strategy. The strategy is to detail how the scheme will understand the needs of its membership and design or identify one or more pension benefit solutions that take these requirements into account. The strategy will also need to include information about how the scheme will communicate effectively with members.

441 Subsection (2) requires trustees or managers to publish the strategy and to share this on request with the Pensions Regulator and any member of the scheme.

442 Subsection (3) grants a power to prescribe in regulations certain matters that must be taken into consideration when determining the pensions benefit strategy and that trustees or managers must consider guidance issued by the Pensions Regulator. This subsection also enables regulations to specify the level of details required in the pension benefits strategy, when the strategy must have been developed by, and how often it must be reviewed.

443 Subsection (4) enables regulations to require trustees or managers to publish prescribed information or evidence to demonstrate compliance with any obligation imposed under Chapter 6.

444 Subsection (5) specifies that regulations made under this subsection are subject to the negative parliamentary procedure, except regulations made under subsection (3)(a), which are subject to the affirmative parliamentary procedure.

Section 55: Enforcement and compliance

445 Section 55 provides regulation making powers which could provide for the Pensions Regulator to issue enforcement notices for non-compliance with the Guided Retirement provisions. It also provides for the Pensions Regulator to be able to appoint new trustees to a non-compliant scheme.

446 Subsection (1) provides a regulation making power which may be used to ensure compliance with any of the Guided Retirement provisions (including requirements which may be made under secondary legislation).

447 Subsection (2) specifies that the regulations may include provisions for the Pensions Regulator to issue compliance notices, third party compliance notices, and penalty notices. This subsection also allows for the regulations to specify the route of appeal for penalty notices, and for regulations to confer other functions on the Pensions Regulator.

448 Subsection (3) enables provisions to be made in the regulations for determining the amount, or maximum amount, of a penalty issued by the Pensions Regulator.

449 Subsection (4) sets out penalty notices can be up to £10,000 in the case of an individual and up to £100,000 in any other case (such as a corporate trustee).

450 Subsection (5) sets out that penalties are recoverable by, and payable to, the Pensions Regulator.

451 Subsection (6) provides that any penalty is recoverable by the Pensions Regulator as if it were payable under a court order, if the County Court orders as such. This means that penalties may be recovered by the Pensions Regulator by means of a simpler court procedure, rather than requiring ordinary court proceedings for the recovery of a civil debt.

452 Subsection (7) provides corresponding provisions for penalties payable under the laws of Scotland.

453 Subsection (8) specifies that any penalties recovered by the Pensions Regulator must be paid into the Consolidated Fund.

454 Subsections (9) and (10) provide for the Pensions Act 1995 to be amended to enable the Pensions Regulator to appoint a new trustee to a non-compliant scheme.

455 Subsection (11) specifies that the affirmative parliamentary procedure applies to regulations made under this section.

Section 56: Crown application

456 Section 56 provides that requirements in this chapter apply to a pension scheme managed by or on behalf of the Crown, in the same manner as other schemes.

Section 57: Interpretation of Chapter

457 Section 57 provides definitions for key terms included in the sections.

Section 58: Corresponding provision in relation to FCA-regulated schemes

458 Section 58 inserts a new section into FSMA 2000, 137FBD FCA general rules: guided retirement.

459 Specifically, this new section requires that the FCA must make rules for the purpose of ensuring default or qualifying pension benefit solutions are made available to members of relevant FCA regulated schemes. Further, when making these rules, the FCA must have regard to provisions made by or under the remainder of Chapter 6 of Part 2 of the Pension

Schemes Act. The FCA must also aim to ensure as far as possible that the outcome achieved by its rules are the same outcomes provided for by the rest of Chapter 6. However, the FCA will retain the flexibility in its rulemaking to account for the differences in FCA-regulated schemes compared to schemes captured by the rest of Chapter 6.

Part 3: Superfunds

Chapter 1: Introductory

Section 59: Overview

460 This section provides a general overview of Part 3 of this Act, which provides a regulatory framework for superfunds, and this overview includes a brief introduction to the six Chapters of Part 3.

Section 60: Key concepts

461 Section 60 defines the key concepts used in the regulatory framework for superfunds.

462 Subsection (1) defines a "superfund scheme" as a trust-based occupational pension scheme that meets the stated conditions. These conditions are what differentiate superfund schemes from other trust-based occupational pension schemes.

463 Subsection (1)(a) requires that the superfund scheme has received a transfer of defined-benefit liabilities from another trust-based occupational pension scheme. A superfund scheme will not be able to accept a transfer from either a public service pension scheme or a personal pension scheme.

464 Subsection (1)(b) requires the superfund scheme to be supported by a capital buffer, the meaning of which term is defined in subsection (2).

465 Subsection (1)(c) further provides that the superfund scheme is not to be supported by a substantive employer covenant, the meaning of which term is defined in subsection (4). Subsection (1) also includes in the definition of a superfund scheme a trust-based occupational pension scheme that is managed or administered with a view to becoming a superfund scheme.

466 Subsection (2) clarifies that a trust-based occupational pension scheme is "supported by a capital buffer" provided that a contract or other legally binding arrangement has been entered into governing the assets of the capital buffer, which are not assets of the superfund scheme. Subsection(2)(a) requires that the assets of the capital buffer are held by a person in connection with the scheme. This subsection allows for a range of ownership options to be recognised. For example, a capital buffer supporting a superfund could be structured as a company, underpinned by contractual arrangements, or with buffer assets held within a trust. Subsection (2)(b) requires that the assets of the capital buffer must, when required under the regulatory scheme for superfunds, be made available to the trustees for the purpose of satisfying the liabilities of the scheme.

467 Subsection (3) defines the term "capital buffer" in relation to a trust-based occupational pension scheme as assets that meet the contractual or other arrangements set out in subsection (2).

468 Subsection (4) sets out that a trust-based occupational pension scheme is "not supported by a substantive employer covenant" if there is no realistic prospect of the employer being able to provide material financial support, ignoring the capital buffer and financial support to which the employer is not entitled.

469 Subsection (5) defines the term "superfund" in the context of a superfund scheme as including at subsection (5)(a) any capital buffer and subsection (5)(b) any arrangements for the management and administration of the scheme and any capital buffer.

470 Subsection (6) defines a "superfund transfer" as the transfer of defined-benefit liabilities from a trust-based occupational pension scheme to a superfund scheme, which can include from one superfund scheme to another.

Section 61: Schemes divided into sections

471 Section 61 applies to superfund schemes that are divided into sections. Subsection (2) requires that when a scheme is sectionalised each section is treated as a separate superfund scheme in terms of members, scheme assets and liabilities and the capital buffer. This means that if one section fails, that failure is contained and does not affect other sections.

472 Subsection (3) requires that any change to the number of sections of a superfund scheme be treated as a superfund transfer.

473 Subsection (4) defines a "section" of a trust-based occupational pension scheme, which includes a superfund scheme, as arrangements (a) which apply under the scheme rules or the capital buffer arrangement, and (b) under which the scheme assets and buffer may only be used to satisfy scheme liabilities of particular scheme members.

Chapter 2: Authorisation of Superfunds

Section 62: Prohibition of unauthorised superfund activity

474 This section prohibits unauthorised superfund activities. Subsection (1) prohibits a person from promoting a scheme for the purpose of receiving a superfund transfer or entering into arrangements for receiving a superfund transfer before receiving superfund authorisation from the Pensions Regulator.

475 Subsection (2) provides an exemption from subsection (1) where it is made clear to the involved parties that the scheme is not yet part of an authorised superfund.

476 Subsections (3) to (5) set out the penalties and criminal offences that may apply to a person who breaches subsection (1). Under subsection (5) such a person may be subject to a penalty under section 88A of the Pensions Act 2004 unless that person has been convicted of an offence, or is being prosecuted, for the same act.

Section 63: Authorisation of superfunds

477 Section 63 allows the Pensions Regulator to authorise a superfund. Subsection (1) requires that for a superfund to be authorised the Regulator must be satisfied the superfund's organisation, staff, plans and procedures indicate that the superfund is likely to meet the ongoing requirements for superfunds as specified in Chapters 4 and 5.

478 Subsection (2) specifies that an application must be made jointly by (a) the superfund scheme trustees and (b) a UK body corporate that is involved in managing or administering the superfund scheme.

479 Subsection (3) allows the Pensions Regulator to specify the manner and form of the superfund application. This enables the Regulator to set out the application process in an appropriate manner, subject to the requirements of the legislation.

480 Subsection (4) gives the Secretary of State a power to make regulations, using the negative procedure per subsection (7), about (a) the documents and information required and (b) the fee for applications. The fee applies only to superfund applications for authorisation, not individual onboarding transactions of pension schemes.

481 Subsection (5) requires the Regulator to publish a list of authorised superfunds. This is to ensure trustees can easily assess whether a superfund is legitimate and a good destination for prospective scheme transfers.

482 Subsection (6) allows the Regulator to withdraw authorisation where no transfers have occurred if the Regulator is no longer satisfied as required under subsection (1).

Section 64: Timings of decisions about authorisation

483 Subsection (1) sets out that where an application is made for authorisation, the Pensions Regulator must make a decision and notify the applicants regarding authorisation within 6 months after receiving the application.

484 Subsection (2) allows the Regulator to extend the decision period up to, but no longer than, 9 months. Where an application received by the Regulator does not initially meet the requirements for authorisation, subsection (3) allows the day on which the failure is remedied to be treated as the day of receipt of the application, from which the 6-month decision period begins.

Chapter 3: Approval of Superfund Transfers

Section 65: Prohibition of unapproved superfund transfers

485 Under subsection (1), transfers to a superfund can only be made where approved under this Chapter. If a person breaches subsection (1), an offence is committed which can lead to a fine, imprisonment of up to 2 years or both. The Pensions Regulator may, as an alternative, choose to apply a penalty under section 88A of the Pensions Act 2004 (financial penalties) where a person breaches subsection (1).

Section 66: Approval of superfund transfers

486 Section 66 sets out the criteria for approval by the Pensions Regulator of a superfund transfer. Subsection (1) allows the Regulator to approve a superfund transfer if the receiving superfund is authorised, the ceding scheme (from which liabilities are transferred) does not have any active members (active member is defined by section 124 of the Pensions Act 1995 as a person who is in pensionable service under the scheme) and the onboarding conditions (as set out in subsection (2)) are met.

487 The onboarding conditions are set out in subsection (2)(a) to (e) and require an assessment by the trustees that an insurance buyout cannot be arranged at the time of application; that the superfund transfer will increase the likelihood that transferred liabilities will be met in full in the future; that it is reasonable to expect that immediately following the superfund transfer the capital adequacy threshold will be met, meaning that the value of the assets of the scheme and the capital buffer is such that there is a very high likelihood of the scheme liabilities being satisfied in full; that it is reasonable to expect that the technical provisions threshold will be met at the end of a period specified in regulations made by the Secretary of State using the negative procedure (see subsection 9); and that the receiving superfund, after the transfer takes place, is likely to be able to comply with the ongoing requirements of superfunds as set out in Chapters 4 and 5.

488 Subsection (3)(a), (b) and (c) sets out that the approval of a superfund transfer by the Regulator may be subject to specific terms and time periods, and to the onboarding conditions being met for a specified period after approval but before the transfer is made.

489 The powers in subsections (4) and (5) allow the Secretary of State to make regulations under the affirmative procedure per subsection (10) about the onboarding conditions. Subsection (4) enables regulations to modify the assessment of the ability of the ceding scheme to arrange insurance buyout under the onboarding condition at subsection (2)(a) by changing the assessment to a specified period.

490 Subsection (5) provides for regulations to specify (a) the information and evidence that must be provided by the trustees of the ceding scheme and the receiving superfund to satisfy the Regulator that an onboarding condition is met, (b) how the Regulator assesses that the condition is met and (c) the conditions that may or should be imposed under subsection (3).

491 Subsection (6) allows the Secretary of State to make regulations under the negative procedure (see subsection 11) to modify subsection (2) and how it applies to superfund transfers as defined in section 63(3), in cases where, for example, there are mergers of sections within a superfund.

492 Subsection (7) defines specified terms that apply in relation to a superfund transfer.

Section 67: Special provision for certain schemes coming out of assessment period

493 Section 67 amends the onboarding conditions in section 66(2) to allow for schemes that are coming out of a Pension Protection Fund assessment period to be transferred to a superfund, provided the transfer increases the proportion of transferred liabilities likely to be satisfied and will not lead to any member being worse off. The other onboarding conditions in section 63(2) will apply.

Section 68: Applications for approval

494 Section 68 sets out that an application for approval of a pension scheme transfer must be made jointly by the trustees of the ceding scheme and the responsible body of the receiving superfund. An application must be made in the manner and form specified by the Pensions Regulator.

495 Subsection (3) requires the Pensions Regulator to decide whether or not to approve a superfund transfer and to notify the applicants of the decision as soon as reasonably practicable. Subsection (4) gives a power to the Secretary of State to make regulations, using the negative procedure (see subsection (5)), detailing the documents and information that must be included in an application.

Chapter 4: Ongoing Requirements of Operating Superfunds

Governance and organisation

Section 69: Governance and structure

496 Section 69 sets out the policies and practices the responsible body must put in place that will allow the superfund to be managed and administered in the interests of scheme members, and in compliance with the requirements of this Part 3 and any other relevant pensions legislation.

497 Subsection (2) requires the policies and procedures to address how the responsible body, the superfund entities and the trustees of the superfund scheme should work together, how investment decisions will be made, and how conflicts should be resolved and risks managed.

498 Subsection (3) sets out that the responsible body must make certain that the superfund complies with any regulations made by the Secretary of State as to (a) corporate form and jurisdiction of tax residence and of incorporation of superfund group members, (b) the structure of the superfund group, (c) terms of the capital buffer arrangement and (d) compliance with tax legislation.

499 Subsection (4) applies civil penalties under section 10 of the Pensions Act 1995 in the event of breaches of subsection (1) or (3) of this section.

500 Subsections (5) and (6) allow the Secretary of State to make regulations, using the affirmative procedure, to amend this section to add, remove or vary matters which the policies and procedures mentioned in subsection (1) must address.

Section 70: Management documents

501 This section sets out the requirements for the management documents of the superfund and provides that the responsible body of the superfund is responsible for them. The form and content of the management documents may be specified in regulations, to be made under the negative procedure (see subsection (7)).

502 These documents are listed and defined in subsections (3) and (4). They include a business plan, a governance manual (setting out how and by whom a superfund is administered), a continuity strategy for protecting the interests of members of the scheme if an event of concern occurs, and a fees and expenses policy (document setting out how superfund fees and expenses incurred will be funded). Section 10 of the Pensions Act 1995 (civil penalties) applies to the responsible body if it breaches this section. Subsection (6) allows the Secretary of State to make regulations adding, removing or varying a management document in subsection (3), using the affirmative procedure (see subsection (8)).

Funding and investment

Section 71: Duty to monitor financial thresholds

503 Subsection (1) of this section requires superfunds to have effective policies and procedures in place to be able to monitor the financial thresholds, which are set out in section 74. Subsection (2) provides that section 10 of the Pensions Act 1995 (civil penalties) applies to the responsible body for a breach of subsection (1).

Section 72: "Financial thresholds"

504 Subsections (1) to (6) define the financial thresholds that apply to superfunds. These financial thresholds are an important tool in the superfund regulatory framework. When a threshold is breached it will trigger an event of concern under Chapter 5.

505 Subsection (4) sets out that the protected liabilities threshold will be met if the total value of the assets of the scheme and the capital buffer exceeds a specified percentage of the scheme's protected liabilities. Under subsection (6), "specified" means specified in regulations made by the Secretary of State. This flexibility to set a percentage in regulations helps to avoid forcing a superfund to wind up where this may not be justified by its funding levels.

506 Subsection (7) allows the Secretary of State by regulations to make provision about how to determine whether any of the financial thresholds are met. This includes how the value of the scheme assets and of the capital buffer is determined for each of the financial thresholds; the likelihood of the scheme's liabilities being satisfied for the purposes of the capital adequacy threshold; what constitutes a "very high" likelihood in terms of a particular percentage or criteria; how the amount of the scheme's protected liabilities is to be determined for the purposes of the protected liabilities threshold; how the risk of a scheme's failing to satisfy its liabilities is to be determined for the purposes of the scheme solvency threshold; and what constitutes a "material" likelihood for the purposes of the scheme solvency threshold, including provision defining that expression by reference to a particular percentage or particular criteria.

507 Subsection (8) allows the Secretary of State, when making regulations under subsection (7), to confer a discretion on the Pensions Regulator as to how it approaches these requirements, and subsection (9) requires the use of the affirmative procedure for these regulations or regulations under subsection (4).

Section 73: Capital buffer: compulsory release to trustees

508 Section 73 sets out the responsibilities of parties to the capital buffer arrangement in relation to an operating superfund. Subsection (1) sets out specific requirements for the capital buffer arrangement relating to the circumstances when assets should be released to the trustees. These circumstances would be either (a) as part of an approved response plan, or (b) at the direction of the Pensions Regulator.

509 Subsection (2) specifies that the capital buffer is "released" when it is transferred or made available to another person, but not when it is transferred or made available in the ordinary use of investments for the capital buffer, or in the payment of fees, expenses, taxes or any other charges connected to the administration of the capital buffer.

510 Under subsection (3), section 88A of the Pensions Act 2004 (civil penalties) applies to a person who breaches subsection (1).

Section 74: Capital buffer: permitted release to other persons

511 Section 74 sets out the responsibilities of a person that is a party to the capital buffer arrangement to ensure that the capital buffer is not released to anyone other than scheme trustees (for example to investors) except as expressly permitted.

512 Subsection (2) permits the release of the capital buffer in full (a) if all liabilities to scheme members have been satisfied or (b) where insurance buyout has taken effect to cover all liabilities to scheme members.

513 The extraction of profit is an important facet of the superfunds regime, allowing investors to get a return on their investments. Subsections (3) and (4) provide for the release of an amount of the capital buffer to a person other than the trustees where it is done as a permitted profit extraction. Subsection (4) sets out what is meant by 'permitted profit extraction'. This means a release of an amount from the capital buffer where the appropriate threshold is exceeded in a manner to be specified in regulations, to a person as described in regulations, and which satisfies any other requirements in regulations. Subsection (9) specifies that the affirmative procedure must be used in relation to these regulations.

514 Subsection (5) makes it an offence to release any amount of the buffer to (a) anyone other than the scheme trustees and (b) otherwise than in accordance with the capital buffer arrangements. Subsection (6) sets out the consequences of committing an offence under subsection (5).

515 Subsection (7) applies the penalties under section 88A of the Pensions Act 2004 (financial penalties) to a person who causes or permits any amount of the capital buffer to be improperly released. Subsection (8) applies penalties under section 10 of the Pensions Act 1995 (civil penalties) to a person who breaches subsection (1).

Section 75: Capital buffer: investment

516 Section 75(1) to (5) requires the responsible body of a superfund to implement an investment strategy for the capital buffer, and this strategy must comply with the requirements set out by the Secretary of State in regulations made under the affirmative procedure (see subsection (8)). These requirements may include investment principles and the form and content of the investment strategy. The investment strategy may not be materially altered without agreement from the trustees.

517 Subsection (6) provides a power for the Secretary of State to make regulations for what counts as a "material" alteration in subsection (5) using the negative procedure (see subsection (9)). Subsection (7) applies civil penalties under section 10 of the Pensions Act 1995 to the responsible body of the superfund if it fails to comply with subsection (1).

Section 76: Capital buffer: verification of valuations

518 Section 76(1) requires the responsible body of an operating superfund to appoint a person to verify the valuation of the capital buffer. Subsection (2) requires periodic verification of the value of the capital buffer and subsection (3) requires the value to be verified where requested by the trustees of the superfund scheme or otherwise required by this Part.

519 Subsection (4) requires the appointed person to (a) be independent of the superfund group and (b) have the appropriate qualifications and experience to conduct the valuation. Subsection (5) requires the consent of the trustees for the appointment.

520 Subsection (6) applies penalties under section 10 of the Pensions Act 1995 (civil penalties) to the responsible body if it breaches any provisions under this section.

Approval and certification of key personnel

Section 77: Key functions

521 The responsible body of an operating superfund must, at all times, ensure that there is one or more individuals responsible for each key function.

522 Subsection (2) lists the key functions, which include management decisions, financial decisions, investment decisions, risk management, internal audit, and marketing and promotion.

523 Subsection (3) sets out that an activity is not a key function if it only relates to the superfund scheme and not to another part of the superfund.

524 Subsection (4) applies the penalties under section 10 of the Pensions Act 1995 for breaches of the section by the responsible body, and subsection (5) gives the Secretary of State the power to add, remove or vary a “key function” through regulations, which under subsection (6) are subject to the affirmative procedure.

Section 78: Approval of individuals responsible for key functions

525 Section 78 sets out the approval processes to be used by the Pensions Regulator in deciding whether or not an individual responsible for a key function in relation to operating a superfund, such as risk management and investment, is a fit and proper person for the role.

526 Subsection (3) provides for the Secretary of State to make regulations under the negative procedure (see subsection (11)), specifying matters that the Regulator must take into account in deciding whether an individual is a fit and proper person to take a responsible part in operating a superfund.

527 To avoid a conflict of interest, an individual cannot be approved as responsible for risk management if they are already responsible for investment decisions, and vice versa. Section 10 of the Pensions Act 1995 (civil penalties) applies to an individual and the responsible body for breaches of subsection (1).

Section 79: Certification of staff supporting individuals responsible for key functions

528 Subsection (1) of this section requires the responsible body of a superfund to certify that it believes individuals carrying out key functions are fit and proper persons to carry out these activities. Certificates must be issued to the individuals, and the responsible body must keep a register of these certificates.

529 Subsection (3) requires that the responsible body must consider any matters specified in regulations in order to meet its obligations under subsection (1)(a). Under subsection (4), the Secretary of State can make regulations about these certificates using the negative procedure (subsection (6)), including how long a certificate is valid. Subsection (5) applies section 10 of the Pensions Act 1995 (civil penalties) to the responsible body if it breaches subsection (1).

Section 80: Approval of superfund scheme trustees

530 Section 80 sets out the approval process for a trustee of an operating superfund scheme by the Pensions Regulator. Approval may be granted for a specified time or subject to specified conditions. Subsection (3) provides that regulations under the negative procedure may further specify matters that the Pensions Regulator must take into account. The Regulator may suspend or revoke its approval for an individual to be a trustee.

531 Subsection (10) applies civil penalties using section 10 of the Pensions Act 1995 where a person breaches subsection (1), and these penalties would apply to the trustee and the person who appointed them.

Information and reporting

Section 81: Events to be notified to the Regulator

532 Section 81 sets out the responsibilities and process for notifying the Pensions Regulator of certain events. Subsection (1) lists the events that the responsible body of an operating superfund must notify the Regulator about: for example, a material deterioration in the investment performance of the capital buffer.

533 Subsection (2) lists the events the trustees of a superfund scheme must notify the Regulator about: for example, a material deterioration in the investment performance of the superfund scheme. Subsection (3) specifies when such notification must be made.

534 Subsection (5) applies penalties using section 10 of the Pensions Act 1995 (civil penalties) where a person breaches this section. The regulation making power in subsection (6) allows the Secretary of State, using the affirmative procedure (see subsection (7)), to amend the list of events that must be notified, and to amend the circumstances in which they must be reported in terms of whether they are "material", to the Pensions Regulator.

Section 82: Regular reporting

535 The trustees of an operating superfund scheme are required to provide the Pensions Regulator with regular reports on the financial position of the superfund.

536 Subsection (2) requires the reports to comply with any regulations made by the Secretary of State including regarding (a) their form and content and (b) when they must be submitted. Subsection (4) requires the use of the negative procedure for any regulations. Subsection (3) applies civil penalties under section 10 of the Pensions Act 1995 where a trustee breaches this section.

Section 83: Returns

537 The Pensions Regulator may require the responsible body of an operating superfund to provide information to enable the Regulator to monitor the financial position of the superfund or compliance with the ongoing requirements of Chapter 4.

538 Penalties under section 10 of the Pensions Act 1995 (civil penalties) apply where a responsible body fails to submit the required return in a timely manner.

Section 84: Reports in relation to alleged compliance breaches

539 Section 84 allows the Pensions Regulator to appoint a person to prepare a report about a suspected breach of the requirements of Chapter 4. Subsection (2) provides that the responsible body of the superfund must provide assistance to the person appointed to prepare the report and cover the reasonable costs of the Regulator in relation to the report.

540 Penalties under section 10 of the Pensions Act 1995 (civil penalties) apply to the responsible body if it fails to do either.

Section 85: Provision of information by responsible body to trustees

541 This section requires the responsible body of an operating superfund to provide the trustees with any information they might reasonably request to enable the trustees to comply with relevant legislation. Subsection (2) applies penalties under section 10 of the Pensions Act 1995 (civil penalties) to the responsible body if it fails to do so.

Chapter 5: Events of concern

Section 86: "Event of concern" and "period of concern"

542 Subsection (1) sets out a list of the circumstances in relation to a superfund that give rise to an event of concern, which will require action to be taken as set out in Chapter 5.

543 Subsection (2) provides that a period of concern begins immediately after one of the events listed in subsection (1) takes place and ends when the Pensions Regulator is satisfied that corrective action has been taken where appropriate and issues a notice to that effect, or the superfund scheme is wound up.

544 Subsection (3) defines a "material transaction" in subsection (1)(g) as a transaction where either (a) there is a change in person(s) who control the responsible body or (b) a member of the superfund group sells all or substantially all of its assets.

545 Subsection (4) enables the Secretary of State to make regulations, using the affirmative procedure as required in subsection (7), to provide that an event of concern does not take place unless the Regulator is satisfied that the financial threshold in question is not met, and to detail the period and circumstances in which a threshold is not met before being treated as an event of concern. The regulations may also provide for the exercise of discretion by the Pensions Regulator in relation to the period or particular circumstances.

546 Subsection (5) further allows the Secretary of State to add, remove or vary an event of concern in subsection (1) or a "material transaction" in subsection (3).

Section 87: Notification of Regulator in respect of events of concern

547 Section 87 requires a relevant person involved in an operating superfund to inform the Pensions Regulator as soon as reasonably practical about an event of concern either that has taken place or will or is likely to take place. Subsection (2) specifies that this action is not required if the person knows that the Regulator is already aware of the event of concern. Subsection (3) specifies the relevant persons who have an obligation to notify the Regulator under this section.

Section 88: Responding to events of concern

548 Section 88 sets out the actions that the relevant parties are required to take in response to an event of concern. Under subsection (1) the Pensions Regulator must require the responsible body or scheme trustees (or both jointly) to propose a plan for responding to the event of concern within a period specified by the Regulator.

549 If the Regulator is satisfied with a proposed response plan, subsection (2) requires the plan's approval. If the Regulator is not satisfied, subsection (3) requires the Regulator to explain why not, and the relevant person must revise the plan and resubmit it to the Regulator. Subsection (4) allows an approved response plan to be amended or replaced, provided the Regulator and the person that proposed the plan agree.

550 Subsection (5) requires the Regulator to give notice to the person that proposed the plan once the Regulator is satisfied that an approved response plan has been carried out, and the event that plan relates to has been adequately resolved.

Section 89: Content of response plan

551 Section 89 sets out the requirements of a response plan. These requirements are (a) the plan outcome, (b) key steps to achieve the outcome, (c) when and by whom the steps are to be taken and (d) how members of the superfund scheme are to be kept informed about the plan's progress.

552 Subsections (3) to (8) set out certain requirements - for example, the capital buffer being released to the trustees or the winding up the scheme - that the superfund response plan must account for in relation to certain events of concern.

553 Subsection (9) allows the Secretary of State to make regulations to specify further contents of a response plan. In subsection (10), the negative procedure is required for these regulations.

Section 90: Regulator's direction-making powers during period of concern

554 During a period of concern, the Pensions Regulator may direct a member of the superfund group or the trustees of the superfund scheme to take specified steps in an "approved response plan".

555 If a person has failed to comply with section 88(1) or (3)(b), subsection (1)(c) allows the Pensions Regulator to direct a member of the superfund group or the trustees to take steps to address the event of concern.

556 Subsection (2) confirms that a direction under (1)(c) cannot require the provision of financial support to the superfund scheme. A person may be subject to penalties under sections 94 and 95 for a failure to comply with the Regulator's directions in a timely manner.

Section 91: Directions to pause payments or transfers of liabilities: supplementary provision

557 This section sets out the requirements around directions issued by the Pensions Regulator under section 90(1)(d) to pause either payments or transfers of liabilities from the superfund pension scheme. Subsection (2) sets out that pause directions may only be used if the Regulator is satisfied that they are reasonably necessary to protect the interests of scheme members. Subsections (3) to (7) set out how pause directions are to operate, when they are to cease operating in specific circumstances and how payments affected by pause directions are to be handled.

558 Subsection (8) allows the Secretary of State to make regulations to modify Part 4ZA of the Pension Schemes Act 1993 (transfer rights etc.) to account for pause directions affecting the transfer of liabilities from a superfund scheme. Under subsection (9), any such regulations would be made via the affirmative procedure.

Section 92: Fixed penalty notices

559 This section allows the Pensions Regulator to issue a fixed penalty notice to any person who has failed to comply with sections 87, 88 and 90, and requires payment of the penalty to be made within a specific time period.

560 Subsection (3) allows the Secretary of State to make regulations to set the amount of the penalties, which must not exceed £100,000. These regulations may be made under the negative procedure, as set out in subsection (6).

561 Subsection (4) sets out the details to be included in a fixed penalty notice.

562 Subsection (5) sets out the sections of the Pensions Act 2008 that apply to a penalty notice issued under this section.

Section 93: Escalating penalty notices

563 Section 93 allows the Pensions Regulator to issue escalating penalty notices if a person has failed to comply with sections 88, 89 and 90. Subsection (3) allows the Secretary of State to make regulations setting out the daily rate of an escalating penalty notice, which must not exceed £20,000. These regulations may be made under the negative procedure as per subsection (7).

564 Subsection (4) sets out the circumstances where the Pensions Regulator may not issue an escalating penalty notice. Subsection (5) sets out the information an escalating penalty notice must contain. Subsection (6) sets out the sections of the Pensions Act 2008 that apply to an escalating penalty notice issued under this section.

Section 94: Withdrawal of authorisation

565 Section 94 allows the Pensions Regulator to withdraw authorisation from a superfund if satisfied that the superfund has failed to comply with the provisions of Chapter 4 or Chapter 5.

Section 95: Release of capital buffer treated as reducing employer debt

566 This section makes it clear that where some or all of the capital buffer is released in consequence of a debt falling due to the trustees under section 75 of the Pensions Act 1995, then the debt is reduced by the value of the assets released.

Chapter 6: General Provision and Interpretation

Section 96: Power to extend superfunds legislation to similar structures

567 This section allows the Secretary of State to make regulations to extend the provisions applicable to superfunds in Part 3 to similar structures that might not otherwise squarely fall within the scope of the superfund regime, where these similar structures involve a trust-based occupational pension scheme with defined-benefit liabilities and without the support of a substantive employer covenant. Subsection (4) sets out that the power in subsection (1) to make regulations can be used to amend an Act of Parliament. Under subsection (5) these regulations would need to use the affirmative procedure.

Section 97: Construction of “occupational pension scheme” and “employer” in relation to superfund schemes

568 This section is designed to ensure that superfund schemes, despite their special characteristics, fit within the legislative framework applicable to occupational pension schemes.

569 The definition of "occupational pension scheme" in section 1 of the Pension Schemes Act 1993 provides (broadly speaking) that to be an occupational pension scheme, a scheme must be established by a person for the purpose of providing benefits to that person's employees. The legislation applicable to occupational pension schemes pre-supposes that there will be at least one "employer" in relation to a scheme.

570 Superfund schemes present particular issues here, since there is no traditional "employer" and it will not necessarily be obvious when a scheme is established who its eventual members will be. The intention, however, is for them to be regulated as occupational pension schemes, and for them to be structured in a way that works within the relevant legislative framework.

571 The expectation is that prospective superfund schemes will structure themselves so as to fall within subsection (1). That means that on a scheme's establishment, there will need to be an employee of some description who may receive benefits from the scheme. This may, for instance, involve an employee of the commercial entity that establishes the superfund being admitted to the scheme.

572 Subsection (2) ensures that, where a scheme structures itself in that way, it is assumed to pass the purpose test in the definition of "occupational pension scheme" in section 1 of the 1993 Act (even if, in reality, the scheme is established for the purpose of consolidating DB liabilities from other schemes, rather than for the purpose of providing benefits to the person or people admitted to it on day one).

573 Subsection (3) clarifies how the key definitions of "the employer" in the 1995 and 2004 Pensions Acts, as well as in this Part, work in relation to a superfund scheme. Those Acts define "the employer" by reference to the description of employment to which the scheme relates. Subsection (3) makes it clear that, for a superfund scheme, that includes the description of employment relevant to its "day one" member or members.

574 Subsection (4) makes provision about sectionalised schemes and ensures that these can be structured in such a way as to ensure that each section has its own "employer".

Section 98: Consequential amendments

575 This section makes specified amendments to legislation in consequence of the provisions of this Part.

Section 99: Transitional provision

576 This section references the transitional arrangements that may be made by regulations under section 133(13)(a). This enables the Secretary of State to make regulations in respect of superfunds that are already operating when the provisions of this Part come into force. These regulations may include a grace period to be set to allow such operating superfunds to continue to operate legally in the interests of their members while they go through the authorisation procedure.

Section 100: Interpretation of Part

577 The section defines various terms used in Part 3.

Part 4: Miscellaneous

Chapter 1: Validity of Certain Alterations to Salary-Related Contracted-Out Pension Schemes

Schemes in Great Britain

Section 101: Sections 101 to 104: interpretation and scope

578 Section 101 sets out definitions and rules for interpreting the sections that deal with the validity of certain historic changes made to defined benefit contracted-out pension schemes in Great Britain. It defines terms including “GB scheme”, “scheme actuary”, “section 37(1) of the Pension Schemes Act 1993” and “regulation 42 of the Occupational Pension Schemes (Contracting-out) Regulations 1996”.

579 Subsection 101(7) explains what constitutes a “potentially remediable alteration”. These are alterations which:

- were within the scope of regulation 42(2) of the 1996 Regulations;
- were treated as valid by the trustees or managers of the scheme;
- are not subject to “positive action” by the trustees or the managers of the scheme; and
- are not specifically excluded by section 102 and subsection 103(9).

580 Subsection 101(8) defines “positive action” as circumstances where the scheme has informed members in writing that it considers the alteration to be void due to non-compliance with Regulation 42(2) of the 1993 Regulations and that the scheme will be administered on that basis; or where the scheme has notified members in writing that it is taking or has taken steps to alter payments to members, as a result of considering the alteration to be void.

581 Subsection 101(9) sets out the circumstances in which the remedy will not be available. This applies where:

- a court has determined on the issue in qualifying legal proceedings before the section comes into force;
- the issue was raised in qualifying legal proceedings before 6 June 2025, and those proceedings have been settled before the section comes into force; or
- the issue was raised in qualifying legal proceedings before 6 June 2025, and those proceedings are ongoing when the section comes into force.

582 Subsection 101(10) defines "qualifying legal proceedings" as concerning a dispute before a UK court about the scheme rules, involving the trustees or managers and one or more members or beneficiaries (or their representative).

Section 102: Validity of certain alterations to GB salary-related contracted-out pension schemes: subsisting schemes

583 Section 102 sets out the process by which schemes can validate alterations. If certain conditions are met, the alteration is treated as if it always met the legal requirements and is considered valid. The conditions are:

- the trustees or the managers must make a written request to the scheme actuary, asking them to consider whether the alteration would have prevented the scheme from continuing to meet the statutory standard under section 12A of the Pension Schemes Act 1993, as it had effect when the alteration was made; and
- the actuary must provide written confirmation that, in their opinion, it is reasonable to conclude that the alteration would not have prevented the scheme from continuing to satisfy the statutory standard.

584 Under subsection 102(4), in reaching this conclusion, the actuary may act on the basis of the information available, provided they consider the information sufficient, and can adopt any professional approach open to them in the circumstances, including making assumptions and relying on presumptions.

585 These conditions can be met by actions taken before or after the sections become law.

586 Under subsection 102(6) and (7) if a scheme is in a Pension Protection Fund (PPF) assessment period or is operating as a closed scheme having exited an assessment period, the PPF can direct the trustees or managers to:

- request an actuary's opinion on a potentially remediable alteration; and
- take action that helps the actuary make a decision about whether to give a confirmation.

587 Subsection 102(8) provides for clarity that for certain public service schemes the references to trustees and managers in subsections (3) and (7) are to a responsible authority. Subsection 102(9) provides definitions of "public service schemes" and a "responsible authority".

Section 103: Validity of certain alterations to GB salary-related contracted-out pension schemes: wound up schemes and other special cases

588 Section 103 provides that, in specific cases where it is no longer possible to obtain an actuarial confirmation, certain alterations to scheme rules will be treated as having complied with regulation 42(2)(a) and (b) of the 1996 Regulations and were therefore to be regarded as having always been a valid alteration so far as those requirements are concerned.

589 This applies where a scheme or a part of a scheme has wound up before the sections come into force or where the PPF or the Financial Assistance Scheme (FAS) have assumed responsibility for the scheme or a part of a scheme. Schemes in these situations will not be able to obtain a confirmation now as the scheme no longer exists, there is no scheme actuary to provide the confirmation and there would be insufficient information to enable an actuary to provide a confirmation.

Section 104: Power to amend provisions of Chapter 1 etc: Great Britain

590 Section 104 gives the Secretary of State the power to make regulations that provide for further circumstances in which the remedy is not available or to make minor changes to the legislation. The regulations can define which alterations cannot use the remedy based on either the features of the alterations or of the schemes affected, or both.

591 These regulations will usually follow the negative procedure, unless they amend other Acts, in which case the affirmative procedure applies. These powers are intended to help future-proof the legislation.

Schemes in Northern Ireland

Section 105: Sections 105 to 108: interpretation and scope

592 Section 105 contains the same provisions as section 103 above, but in relation to Northern Ireland. It defines a "NI scheme" and makes amendments to the relevant Northern Ireland legislation.

Section 106: Validity of certain alterations to NI salary-related contracted-out pension schemes: subsisting schemes

593 Section 106 makes the same amendments as section 102, but in relation to Northern Ireland. The amendments are to the relevant Northern Ireland legislation.

Section 107: Validity of certain alterations to NI salary-related contracted-out pension schemes: wound up schemes and other special cases

594 Section 107 contains the same provisions as section 105, but in relation to Northern Ireland. The legislative references are those relevant to Northern Ireland.

Section 108: Power to amend provisions of Chapter 1 etc: Northern Ireland

595 Section 108 makes the same amendments as section 104, but in relation to Northern Ireland. The regulation making power is for the Department of Communities in Northern Ireland.

Chapter 2: Pension Compensation: Indexation

Section 109: Indexation of periodic compensation for pre-1997 service: Great Britain

596 Paragraph 28 of Schedule 7 to the Pensions Act 2004 ("the 2004 Act") provides for annual increases in periodic compensation payable to members of the Pension Protection Fund in sub-paragraph (3)(b) of paragraphs 3, 5, 8, 11, or 15 to be increased. This section makes amendments to paragraph 28 to enable periodic compensation payments based on pre-1997 service to be similarly increased. Sub-paragraphs (2A)-(2E) are inserted into paragraph 28 setting out the increases to which a person will be entitled to, depending on the circumstances that apply to that person.

597 Subsection (2)(a) substitutes new provisions into paragraph 28(2) of Schedule 7 so that where a person is entitled to periodic compensation, under the relevant provisions in that Schedule, the person is entitled to an increase as set out in the inserted provisions:

598 New sub-paragraph (2A), inserted into paragraph 28 of Schedule 7, applies where the admissible rules of the original scheme made provision for increases on all or part of the person's pension built up before 6 April 1997 (excluding any provision only applying to a guaranteed minimum pension ("GMP")) and that requirement applied to the pre-1997 service in respect of which compensation is payable. Where sub-paragraph (2A) applies, periodic compensation based on a person's pre-1997 service and their post-1997 service is increased, in accordance with subparagraphs (2C) and (2E).

599 New sub-paragraph 2B, inserted into paragraph 28 of Schedule 7, applies where the original scheme only provided for increases on the person's post-1988 GMP, including where pension scheme rules required pre-1997 indexation only for the purposes of removing unlawful inequalities between men and women arising from the provision of GMPs.

600 Where paragraph 2B applies, a proportion of the person's periodic compensation, representing a notional amount of post-1988 GMP is increased, and their compensation, based on their post-1997 service is increased, in accordance with new sub-paragraphs (2D) and (2E).

601 Where the rules of the original pension scheme provided for increases to pre-1997 service in relation to some members but only provides for indexation the post-88 GMP for other members, sub-paragraph (2A) will apply to the members for whom the scheme provided for pre-1997 increases and sub-paragraph (2B) will apply to the members for whom only post-88 GMP indexation was provided.

602 In a case where neither sub-paragraph (2A) nor (2B) apply because the scheme did not provide for the increases referred to in those sub-paragraphs, the position is unchanged and only periodic compensation based on post-1997 service is increased, in accordance with sub-paragraph (2E).

603 In Subsection (2), new sub-paragraphs (2F) to (2I) enable the PPF Board to make certain presumptions in relation to a scheme's admissible rules, particular pre-1997 service or post-1988 GMP where the position is unclear.

604 Subsection (2)(b) amends sub-paragraph (3) of paragraph 28 of Schedule 7 to insert relevant definitions setting out how the increase on compensation is calculated. Subsection(2)(c) and (d) make consequential amendments and insert further definitions.

605 Paragraph 29 of Schedule 7 to the 2004 Act gives the PPF Board the power to adjust the revaluation and indexation rates. Before exercising this power, the PPF Board is required to consult and publish its findings. Subsection (3) amends paragraph 29 to give the Board of the PPF the ability to vary the rate of the percentage increase for pre-1997 service for PPF compensation. The Board is able to adjust the rate of the percentage increase applied to pre-1997 service and post-1997 service, independently.

606 Paragraph 17 of Schedule 5 to the Pensions Act 2008 ("2008 Act") relates to the determination of the periodic compensation of a transferee. A transferee is a person who has received a share of PPF compensation (a pension compensation credit) from a member (the transferor) as part of a financial settlement, following a divorce, dissolution or an annulment. Paragraph 17 provides for annual increases on the transferee's periodic compensation. To enable the transferee to receive the same increases that apply to the transferor's pre-1997 service, amendments have been made to paragraph 17 of Schedule 5 to the Pensions Act 2008.

607 Subsection (4) provides for Schedule 5 to the Pensions Act 2008 to be amended by subsections (5) and (6).

608 Subsection (5) amends paragraph 17 of Schedule 5 so that the transferee is entitled to an increase, where new subparagraph (2A), (2B), (2C) or (2D) applies.

609 Sub-paragraph (2A) applies where the transferor's compensation is paid under the relevant provisions in Schedule 7 to the 2004 Act and the admissible rules of the original scheme made provisions requiring increases on all or part of the transferor's pension built up before 6 April 1997 (excluding any provision only applying to a GMP) and that requirement applied to the pre-1997 service in respect of which compensation is payable. Where sub-paragraph (2A) applies, the transferee's pre-97 service and their post-1997 service is increased, in accordance with new sub-paragraphs (2E).

610 Sub-paragraph (2B) applies where the original scheme only pays increases on post-1988 GMPs, including where pension scheme rules required pre-1997 indexation only for the purposes of removing unlawful inequalities between men and women arising from the provision of GMPs.

611 In such cases, a proportion of the transferee's periodic compensation, representing a notional amount of the transferor's post-1988 GMP and the compensation representing the transferor's post-97 service is increased, in accordance with new sub-paragraph (2F).

612 Where the rules of the original pension scheme provided for increases to pre-1997 service in relation to some members but only provides for indexation the post-88 GMP for other members, sub-paragraph (2A) will apply to the members for whom the scheme provided for pre-1997 increases and sub-paragraph (2B) will apply to the members for whom only post-88 GMP indexation was provided.

613 Sub-paragraph (2C) applies where the transferor's compensation is payable under the relevant provisions in Schedule 7 but neither the increases payable under subparagraphs (2A) nor (2B) apply to the transferor. The transferee's increase is based on a percentage of the transferor's post-1997 service, in accordance with new sub-paragraph (2G).

614 Sub-paragraph (2D) applies where the transferor's periodic compensation is not payable under the relevant provisions in Schedule 7. The transferee's increase is based on a percentage of the general underlying rate, in accordance with new sub-paragraph (2H).

615 Subsection (5)(c) inserts a new sub-paragraph (3A) into paragraph 17 of Schedule 5 which, for the purposes of sub-paragraphs (2a)-(2C), provides for the PPF Board to make certain presumptions in relation to a scheme's admissible rules where the position is unclear.

616 Subsection (5)(d) amends sub-paragraph (4) of paragraph 17 of Schedule 5 to insert relevant definitions setting out how the increase on compensation is calculated. Subsections (5) (e) to (h) make consequential amendments and insert further definitions.

617 Under Paragraph 20, the PPF Board has the power to adjust the revaluation and indexation rates. Before exercising this power, the PPF Board is required to consult and publish its findings.

618 Subsection (6) amends paragraph 20 so that the Board is able to adjust the percentage rate of increases applied to:

- pre-1997 service in subparagraphs (2E) and (2F) of paragraph 17,
- post-1997 service in subparagraphs (2E), (2F) and (2G); and
- general underlying rate in subparagraph (2H).

619 The Board is able to adjust the rate or percentage increases applied to pre-1997 service and post-1997 service independently.

Section 110: Indexation of periodic compensation for pre-1997 service: Northern Ireland

620 Paragraph 28 of Schedule 6 to the Pensions (Northern Ireland) Order 2005 (SI 2005/255) (N.I.1) provides for annual increases in periodic compensation to members of the Pension Protection Fund to which the Order applies.

621 Section 110 amends paragraph 28 and 29 of Schedule 6 to the Pensions (Northern Ireland) Order 2005 in the same way section 111 amends paragraphs 28 and 29 of Schedule 7 to the Pensions Act 2004.

622 Paragraphs 17 and 20 of Schedule 4 to the Pensions (No2) Act (Northern Ireland) Act 2008 (c.13) makes provision relating to the periodic compensation credit paid to a transferee, following a divorce, dissolution or annulment.

623 This section also amends paragraph 17 and 20 of Schedule 4 to the Pensions (No2) Act (Northen Ireland) Act 2008 in the same way that section 111 amends paragraph 17 and 20 of Schedule 5 to the Pensions Act 2008.

Section 111: Financial Assistance Scheme: indexation of payments for pre-1997 service

624 Schedules 2 and 2A to the Financial Assistance Scheme Regulations 2005 (SI 2005/1986) provide for annual increases to financial assistance paid by the Financial Assistance Scheme. Section 113 makes amendments to the Regulations to give effect to the payment of increases on a person's financial assistance based on their pre-1997 service, corresponding to the amendments to Schedule 7 to the 2004 Act.

625 Subsections (2)-(6) amend paragraphs (7) and (9) of Schedule 2 (determination of annual and initial payments).

626 Subsections (7)-(11) amend paragraphs (7) and (9) of Schedule 2A (determination of ill-health and interim ill health payments).

Chapter 3: AWE Pension Scheme

New public pension schemes

Section 112: Establishment of new public schemes and transfer of rights

627 Section 112(1) allows the Secretary of State to make regulations to establish one or more new pension schemes to provide for pension payments and other benefits to and in respect of persons who are, or have been, members of the AWE Pension Scheme.

628 Section 112(2) allows the Secretary of State to make regulations to transfer qualifying accrued rights from the AWE Pension Scheme to the new public scheme, without requiring the approval or consent of the trustee, AWE plc or any other person.

629 Section 112(3) allows regulations under section 112(2) to include provision for the discharge of any liabilities that are transferred under section 112(2). This may be used to discharge the liabilities of the trustee of the AWE Pension Scheme.

630 Section 112(4) and 112(5) define the qualifying accrued rights that may be transferred to the new public scheme. These include rights or entitlements to and in respect of members of the AWE pension scheme, and their survivors, to present or future benefits under the scheme. This includes rights and entitlements to money purchase benefits (such as a benefit purchased by way of additional voluntary contribution), and pension credit rights, which are rights provided to an ex-spouse or ex-civil partner under a pension sharing order.

631 Section 112(4) provides that qualifying accrued rights are rights that exist immediately before "the qualifying time" specified in regulations by the Secretary of State.

632 Section 112(6) provides that regulations specifying or describing "the qualifying time" may make provision for transfers of qualifying accrued rights generally, or for other transfers. This means that these regulations may specify "the qualifying time" in relation to these types of transfers.

Section 113: New public schemes: further provision

633 Section 113(1) allows the new public scheme to make provision for:

- the payment of pensions or benefits to or in respect of some or all persons who are, or have been, members of the AWE Pension Scheme;
- the payment of money purchase benefits and/or benefits which are not money purchase benefits (or both);
- increasing the amounts payable in respect of qualifying accrued rights by the new scheme;
- the payment or receipt of transfer values or other lump sum payments; and
- active members which is different to that made for deferred members, while preserving their accrued rights.

634 A new public scheme established under section 112 would not come within the definition of an occupational pension scheme in section 1(1) of the Pension Schemes Act 1993. Section 112(2) allows for regulations to provide for the new public scheme:

- to be treated as an occupational pension scheme;
- to be treated as a previously contracted-out scheme, thus allowing the new scheme to make provision for qualifying accrued rights that were contracted out under the AWE Pension Scheme;
- to be treated as another type of occupational pension scheme for the purposes of certain enactments, such as a public service pension scheme under section 1(1) of the Pension Schemes Act 1993;
- to be subject to such enactments, with modifications specified in the regulations.

635 Section 113(3) provides that regulations that amend the new public scheme may have retrospective effect. This would be subject to the affirmative procedure under section 119.

636 Section 113(4) permits regulations under section 112(1) to confer functions on the Secretary of State or another person, and for that person to exercise a discretion.

637 Section 113(5) allows the Secretary of State to make arrangements for the new public scheme to be administered by any person, and to delegate to any person a function exercisable by the Secretary of State (such as the administration of the scheme) under the new public scheme.

Section 114: Protection against adverse treatment: transfer of rights

638 This section provides protection against the accrued rights of members of the AWE Pension Scheme being adversely affected by the transfer of their rights to the new public scheme.

639 Section 114(1) imposes an obligation on the Secretary of State, when making regulations under section 112 which transfer qualifying accrued rights to the new public scheme, to ensure that the general scheme requirement under section 114(2) is met. It also imposes an obligation on the Secretary of State where qualifying accrued rights are money purchase benefits which are not in payment, to ensure that the money purchase requirement under section 114(3) is met.

640 Section 114(2) defines the general scheme requirement: the provision in the new public scheme in respect of qualifying accrued rights must be, in all material respects, at least as good immediately after the regulations are made, as under the AWE Pension Scheme immediately before that time.

641 Section 114(3) defines the money purchase requirement: the value of a person's money purchase benefits (other than pensions in payment) under the new public scheme, immediately after the transfer, must be at least equivalent to the value of their qualifying accrued rights under the AWE Pension Scheme.

642 Section 114(4), (5) and (6) provide that the Secretary of State may make regulations:

- about the determination of the value of money purchase benefits for the purposes of section 114(3), the person by whom and manner in which the value of rights or entitlements are valued, and other provisions;
- that the value of qualifying accrued rights to be determined under subsection (4) cannot be determined by reference to a date more than three months before the transfer.

643 Section 114(7) provides that section 114(1) does not require the Secretary of State to include any provision in the new scheme if the Secretary of State is of the opinion that such provision would be incompatible with an enactment.

644 Section 114(8) makes clear that section 114(1) to 114(3) should not be read as:

- requiring the new scheme to take a particular form;
- to be established in a particular way;
- requiring any duty or power imposed by the new scheme to be performed in a particular way; or
- affecting the power of any person to amend the new scheme.

Section 115: Protection against adverse treatment: amendment of new public schemes

645 Section 115(1) provides that the Secretary of State may not exercise his power to make regulations to amend the new public scheme if those amendments would or might adversely affect individuals' subsisting rights, unless either the consent requirements or the procedure requirements have been met. In all other cases, there is a requirement to consult interested persons or their representatives before amending regulations may be made.

646 Section 115(2) and (3) provide that the consent and consultation requirements will be specified or described in regulations made by the Secretary of State for the purpose of obtaining the consent of, or consulting with, interested persons or their representatives.

647 Section 115(4) provides that procedure requirements will be specified or described in regulations made by the Secretary of State, and that these are not requirements for the consent or consultation of interested persons or their representatives.

648 Section 115(5) to 115(7) define terms used in this section.

Section 116: Transfer of assets and liabilities

649 Section 116(1) enables the Secretary of State to make regulations to transfer the assets and liabilities of the AWE pension scheme, without the need for any approval or consent of the trustee or AWE plc, to:

- the Secretary of State;
- a nominee of the Secretary of State or the Treasury; or
- a company established by the Secretary of State for the purpose of holding the assets and liabilities pending their disposal or discharge.

650 Section 116(2) provides that where any assets of the AWE pension scheme are transferred before the transfer of qualifying accrued rights to the new public pension scheme under section 112(2), regulations under this section must make provision to secure the liability of the trustee to meet any liability it has or may have; or to secure that any such liability is to be met by the Secretary of State or the Treasury.

651 Section 116(3) provides that regulations made under this section may make the following provision:

- for the Secretary of State or the Treasury to give directions to the trustee or AWE plc;
- to exempt the trustee or AWE plc from liability that may arise from compliance with such directions;
- disapply specified statutory provision or rules of law (for example, statutory provisions relating to scheme funding);
- apply any specified statutory provision, with specified modifications;
- impose a moratorium on proceedings or legal processes of any specified description (for example, a winding up petition).

652 Section 116(5) provides that regulations may make provisions for payments to be made into the Consolidated Fund.

Supplementary

Section 117: Taxation

653 Section 117(1) allows the Secretary of State to make regulations to modify the way in which any relevant tax would have effect in relation to the new scheme; the members of the new scheme; survivors of those members; a nominee of the Secretary of State or the Treasury; or a company established by the Secretary of State or the Treasury for the purpose of holding assets and liabilities that have been transferred to it from the AWE Pension Scheme pending their disposal or discharge.

654 Section 117(2) provides that such regulations may make provision treating the new scheme as a registered pension scheme.

655 Section 117(3) allows the Secretary of State to make regulations to vary the way in which any relevant tax would be applied as a consequence of regulations made under this Chapter, or in connection with anything done under the regulations, in relation to:

- the AWE Pension Scheme;
- the trustee of the AWE pension scheme;
- AWE plc
- a qualifying person (person who is or has been a member of the AWE pension scheme); and
- a person who has survived a qualifying person, and who has an entitlement or right to benefits or future benefits in respect of that member.

656 Section 117(4) provides that regulations made under section 117(1) or 117(3) may include provision for:

- a tax provision to be disapplied or applied with modifications;
- anything done to have or not to have a specified consequence for the purposes of a tax provision;
- the withdrawal of tax relief and the charging of a relevant tax.

657 Section 117(5) provides that regulations made under section 117(1) or 117(3) can have retrospective effect, provided that they do not charge a relevant tax or withdraw tax relief.

658 Section 117(6) defines relevant taxes and other terms used in this section.

Section 118: Information

659 Section 118(1) allows the Secretary of State to make provision, by regulations, requiring prescribed persons to disclose information prescribed in the regulations to the Secretary of State.

660 Section 118(2) ensures that provisions under section 118(1) may only apply in respect of information which the Secretary of State reasonably requires for:

- making regulations under this Chapter; or
- establishing or administering a new public scheme, including the transfer of accrued rights to the scheme.

661 Section 118(3) allows regulations under section 118(1) to make provision about:

- the time, form and manner in which that information must be given; and
- the imposition of a financial penalty on a person who fails to comply with a requirement under the regulations without a reasonable excuse, including provision for appeals to a court or tribunal.

662 Section 118(4) and (5) allows for information relating to

- rights or entitlements to pensions and or other benefits under the AWE Pension Scheme;
- the rights and entitlements to pensions or other benefits of qualifying persons in the new public scheme (persons who are or have been members of the AWE Pension Scheme); and
- the administration of the AWE Pension Scheme or the new public pension scheme,

to be shared between the Secretary of State; the Treasury; the trustee of the AWE Pension Scheme; AWE plc; or any persons administering or exercising functions under the AWE Pension Scheme or the new public scheme.

663 Section 118(6) ensures that the disclosure of information under this section will not breach any restriction on the disclosure of that information, including any obligation of confidence that exists in relation to that information.

Section 119: Regulations

664 Section 119(1) provides that the Secretary of State must consult the trustee of the AWE pension scheme before making:

- regulations under section 112 which establish a new public scheme or transfer qualifying accrued rights to the new scheme; or
- regulations under section 116 which make provision for the transfer of assets and liabilities.

665 Section 119(2) provides that the Secretary of State may not make regulations under any provision of this Chapter without the consent of the Treasury, except for regulations under section 118(1).

666 Section 119(3) provides that regulations made under section 112 are subject to the affirmative procedure if:

- those regulations are subject to the consent requirements under section 115; or
- the regulations have retrospective effect.

667 Section 119(4) provides that regulations under section 116(3)(c) to (e) are subject to the affirmative procedure.

668 Section 119(5) provides that regulations under section 118(1) are subject to the affirmative procedure if they make provision about the amount of a financial penalty.

669 Section 119(6) provides that a statutory instrument containing regulations under section 117 is subject to annulment in pursuance of a resolution of the House of Commons.

670 Section 119(7) provides that any other regulations made under this Chapter are subject to the negative procedure.

Section 120: Interpretation

671 This section provides definitions to be used in this Chapter.

Chapter 4: Other Miscellaneous Provision

Section 121: Alienation or forfeiture of occupational pension

672 This section seeks to make explicit the original policy intention set in primary legislation, which intention was that a determination by the Pensions Ombudsman, when determining a dispute about the appropriate amount of a charge, lien or set off in the specified circumstances, would be treated as an order of a competent court.

673 The section amends sections 91(6) and 93(3) of the Pensions Act 1995, and adds a new section 91(6A), and amends the comparable provisions in Northern Ireland legislation, so that a determination of the Pensions Ombudsman in the prescribed circumstances can be implemented without the need for an order from a competent court. Further, the section makes it clear that if at any point after a dispute has arisen the parties resolve the dispute, this ends the dispute and the charge, lien or set-off can be exercised accordingly.

Section 122: Terminal illness

674 Section 122 amends the current definition of "terminally ill" used in the relevant provisions of the Pension Protection Fund and the Financial Assistance Scheme legislation to allow earlier access to payments. This definition determines a person's eligibility for either a one-off lump sum payment from the Pension Protection Fund or an early payment of periodic financial assistance from the Financial Assistance Scheme.

675 Subsections (1)(a) and (1)(c) amend the definition of "terminally ill" by changing the period in which someone's death can be reasonably expected from the current within 6 months to 12 months in respect of Pension Protection Fund compensation payments.

676 Subsections (1)(b) and (1)(d) make similar provision for Northern Ireland and amend the definition of "terminally ill" by changing the period within which the person's death can be reasonably expected from the current within six months to 12 months in respect of Pension Protection Fund compensation payments.

677 Subsection (1)(e) amends the definition of "terminally ill" and the period of life expectancy in relation to a progressive disease in the Financial Assistance Scheme Regulations 2005 (SI 2005/1986) from six months to 12 months.

Section 123: Pension protection levies

678 Sections 174 to 181A of the Pensions Act 2004 set out the provisions in relation to the pension protection levy which include the Board of the Pension Protection Fund's duties, restrictions on the amount of the levy that the Board can collect and other matters.

679 Section 123 amends the relevant provisions that require the PPF Board to collect a levy and enables the Board to decide whether to collect a levy. The provision removes the restriction that prevents the Board from reducing the levy to zero or a low amount and raising it again within a reasonable timeframe. It introduces a new safeguard to cap annual increases in the levy. The section also removes spent provisions, including those relating to the initial levy (section 174) and the transitional period (section 180), which are no longer applicable. Further, it makes consequential amendments to ensure consistency across the legislation, such as updating references and definitions, and clarifying the Board's considerations when deciding whether to impose levies.

680 Subsection (5)(a) amends section 175 to give the PPF Board discretion not to impose a levy at all. Currently, the Board must impose both a risk-based and scheme-based levy. Under the amended section 175(a) if the PPF Board decides to collect a risk-based levy, subsection (5)(b) also allows the Board to collect a scheme-based levy in respect of certain eligible schemes (or all eligible schemes).

681 The existing section 175(2) provides that the risk-based levy is a levy assessed by reference to certain risk factors. Section 175(3) sets out the other risk factors that the Board can consider when assessing the levy. Subsection (5) inserts a new subsection (aa) into section 175 (3). This new subsection enables the Board, when making its assessment, to consider the risk posed by a scheme that the Board considers is not supported by a substantive employer covenant. This allows the Board to consider the position in relation to alternative covenant schemes.

682 The new subsection 7A defines schemes "not supported by a substantive employer covenant" for the purposes of subsection (aa). This is based on, but distinct from, the definition of alternative covenant schemes in Part 3 of the Act.

683 Subsection (6) amends section 176 (supplementary provisions about pension protection levies). The amended section 176 requires the PPF Board to consult, if no levy had been imposed in the previous financial year and when it decides to collect a levy, before it makes certain determinations under section 175(5). The PPF Board is also required to publish details in a prescribed manner of (a) any decision to collect or not to collect a levy for any financial year and (b) any determination made under section 175(5).

684 Subsection (7) amends subsection (5) of section 177 (amounts to be raised by pension protection levies). It inserts a new subsection (A1) that provides those sections 177(1) to (5) apply only where the Board decides to collect both or one of the risk-based and scheme-based levies for the financial year.

685 Subsection (7)(d) replaces the restriction in section 177(5) that prevents the Board of the Pension Protection Fund from charging an annual levy of more than 25 per cent of the previous year's levy estimate. The new provision restricts the Board from charging a levy that is more than the sum of the previous financial year's levy and 25 per cent of the previous financial year's levy ceiling.

686 Subsection (8) makes changes to section 178 (levy ceiling). This amended section changes some of the language to ensure consistency with the overall changes to the levy.

687 Subsections (2) and (11) amend sections 113 (investment of funds) and 316 (parliamentary control of subordinate legislation) to provide consistency with the sections within sections 174 to 181A.

Section 124: Pensions dashboards

688 Section 124 (1) amends section 4A of the Financial Guidance and Claims Act 2018 to provide the Money and Pensions Service with a discretionary power to provide information about the Pension Protection Fund and the Financial Assistance Scheme on its dashboard, including information that relates to an individual.

689 Subsections (2) and (3) amend section 203 of the Pensions Act 2004 to grant the Secretary of State the power to enable the Pension Protection Fund to send information in a way so that it can be used by dashboards.

690 Subsection (4) amends section 238A of the Pensions Act 2004 to grant the Secretary of State the power to make regulations requiring Qualifying Pensions Dashboard Services to display information about the Pension Protection Fund and the Financial Assistance Scheme, including information that relates to an individual.

691 Subsection (5) amends section 238C of the Pensions Act 2004 to provide a definition of the Financial Assistance Scheme for the purposes of subsection (4).

Section 125: Information to be given to pension schemes by employers

692 This section amends the Pensions Act 2008 to confer a power on the Secretary of State to make regulations requiring employers to provide information about jobholders and workers to pension schemes.

693 Subsections (1) and (2) confirm that Part 1 of the Pensions Act 2008 is amended to include a new section 11A:

- 11A(1) provides a power for the Secretary of State to make regulations requiring employers to provide information about jobholders and workers to the trustees or managers of the pension scheme of which the jobholder or worker is an active member. 11A (1) (a) and (b) describe the individuals that are in scope, covering the various ways by which they may have become active members of pension schemes.

- For example, 11A(1)(a) covers a jobholder automatically enrolled under section 3 of the Pensions Act 2008 (because an automatic enrolment scheme would also be a qualifying scheme pursuant to section 17(1)(a) of the Pensions Act 2008), as well as a jobholder who has been contractually enrolled into a qualifying scheme. 11A(1)(b) covers a worker who has become an active member of a pension scheme pursuant to section 9 of the Pensions Act 2008, as well as a worker who has been contractually enrolled into a qualifying scheme (because a qualifying scheme would also satisfy the requirements in section 9(7) of the Pensions Act 2008).

- 11A(2) enables regulations to set out what information must be provided, how and in what format it should be provided, and the timing requirements for provision.

- 11A(3) provides that regulations may require employers to provide information in respect of individuals ceasing to be jobholders or workers. For example, regulations may provide that employers are to inform the relevant pension scheme that an employee has since left their employment.

694 Subsection (3) amends section 34 of the Pensions Act 2008 by substituting the reference to "section 11" for "section 11A". The effect of this is to extend the compliance provisions in sections 35 to 40 of the Pensions Act 2008 to provision made under new section 11A.

Section 126: Funding of the Board of the Pension Protection Fund

695 Section 126 amends the Pensions Act 2004 in accordance with subsections (2) to (5), which as a result of section [OPC 385] come into effect from 1 April 2026.

696 Subsection (2) abolishes the power of DWP to pay to the PPF Board the grant-in-aid monies.

697 Subsection (3) removes DWP's power to impose the Pension Protection Fund administration levy, and subsection (7) removes paragraph 3, Schedule 10 of the Pensions Act 2008, a provision yet to be brought into force allowing interest to be charged on late payment of the administration levy.

698 Subsection (4) allows PPF Board administrative costs to be paid out of the Pension Protection Fund.

699 Subsection (5) allows FCF administrative costs to be paid out of the Fraud Compensation Fund.

700 Subsection (6) provides that the Pension Protection Fund administration levy is not payable for years 2023/4 and 2024/5 when collection of the administration levy was suspended.

Section 127: Funding of the Ombudsman for the Board of the Pension Protection Fund.

701 Section 127 makes technical changes to the Pension Schemes Act 1993, enabling the expenditure of the Ombudsman for the Board of the Pension Protection Fund to be recovered from the general levy payable by occupational and personal pension schemes with effect from 1 April 2007 to reflect the practice in operation since that date.

Section 128: Public Service Pension Schemes

702 Section 128 requires the Government Actuary to prepare and publish a document setting out the cash flow projections for each of the next 50 years for the main unfunded Public Service Pension Schemes (PSPSs) and provide this analysis to the Treasury and the Office for Budget Responsibility (OBR) within 12 months.

703 Subsection (1) specifies that the Government Actuary must, within 12 months of this section coming into force, prepare and publish a document setting out cash flow projections for each of the next 50 years that cover the public service pension schemes within subsection (4) and provide this document to the Treasury and the OBR.

704 Subsection (2) requires the Treasury to then lay the document before Parliament.

705 Subsection (3) defines "cash flow" as meaning the schemes' expenditure on pension benefits, as well as income from member contributions.

706 Subsection (4) specifies the schemes that must be in scope of the Government Actuary's analysis. These are all defined benefits schemes under section 1 of the Public Service Pensions Act 2013, with the exception of schemes for local government workers, as well as all defined benefits schemes under section 1 of the Public Service Pensions Act (Northern Ireland) 2014, again with the exception of schemes for local government workers.

Part 5: General

Section 129: Amendments of Pensions Act 2004

707 This section provides that consequential amendments to the Pensions Act 2004 are detailed in the Act's Schedule.

Section 130: Regulations: general

708 This section sets out how regulations will be made under the Act.

Section 131: Regulations: procedure

709 This section sets out the procedural requirements that will apply to regulations made under the Act.

Section 132: Extent

710 Detailed analysis of the extent of this Act can be found in Annex A.

Section 133: Commencement

711 This section sets out the manner in which the provisions of the Act will be commenced.

Section 134: Short title

712 This section is self-explanatory.

Schedule: Amendments of Pensions Act 2004

713 Paragraph 1 introduces amendments being made to the Pensions Act 2004.

714 Paragraph 2 amends section 10(6) of the 2004 Act so that the Determinations Panel can exercise reserved regulatory functions on behalf of the Pensions Regulator where applications are made for authorisation of a superfund, for approval of superfund transfers, for approval of individuals to be responsible for key functions and for approval of individuals to be trustees of a superfund scheme.

715 Paragraph 3 amends section 13 of the 2004 act by extending existing provisions under which the Pensions Regulator may issue improvement notices to include the new provisions in this Act for Defined Contribution Pensions (Part 2) and Superfunds (Part 3).

716 Paragraph 4 extends the existing list of persons required to report breaches of the law to the Pensions Regulator under section 70(1) of the Pensions Act 2004. This includes a member of the superfund group and a person who is responsible for a key function of a superfund.

717 Paragraph 5 extends the existing list of persons to whom the Pensions Regulator can issue a notice requiring the production of a document or provision of certain information, under section 72 of the Pensions Act 2004, to include a member of the superfund group and a person who is responsible for a key function of a superfund.

718 Section 73 of the Pensions Act 2004 provides that a person appointed by the Pensions Regulator may enter premises that are liable to inspection to investigate whether specified provisions are being complied with. Paragraph 6 adds to these provisions in section 73(2) of that 2004 Act the provisions in Chapters 1, 2, 4, and 6 of Part 2 and the provisions in Part 3 (superfunds) of this 2026 Act, as well as sections 28A to 28F of the Pensions Act 2008.

719 Paragraph 7 adds sections 92 or 93 of the Pension Schemes Act 2026 to the list of provisions in section 76(3)(a) of the Pensions Act 2004. This means inspections of premises under the 2004 Act can occur when there is a question whether a regulatory provision subject to penalties under sections 92 or 93 is being, or has been, complied with.

720 Paragraph 8 amends the provisions in section 77A of the Pensions Act 2004 so that the amount of the penalty in a fixed penalty notice relating to the operation of a superfund will be a maximum of £100,000. This is where the recipient of the notice is a trustee of an operating superfund scheme, the responsible body of an operating superfund or the person responsible for a key function of an operating superfund.

721 Paragraph 9 amends the provisions in section 77B of the Pensions Act 2004 so that the daily amount of the penalty in an escalating penalty notice relating to the operation of a superfund must not exceed £20,000 where the recipient of the notice is a trustee or the responsible body of an operating superfund, or a person responsible for a key function of an operating superfund.

722 Paragraph 10 makes it an offence for a person to provide false or misleading information to the Pensions Regulator under section 80 of the Pensions Act 2004 in circumstances where the person intends the information to be used, or could be reasonably expected to know the information would be used, by the Regulator for the purpose of exercising its functions in relation to the provisions in Chapters 1,2, 4, and 6 of Part 2 and the provisions in Part 3 (superfunds) of this 2026 Act.

723 Paragraph 11 applies the penalties under section 88A of the 2004 Act, by amending section 80A of that Act, to a person that knowingly or recklessly provides false or misleading information to the Regulator in circumstances where the person intends the information to be used, or could be reasonably expected to know the information would be used, by the Regulator for the purpose of exercising its functions in relation to the provisions in Chapters 1, 2, 4 and 6 of Part 2 and the provisions in Part 3 (superfunds) of this 2026 Act.

724 Paragraph 12 amends section 90 of the Pensions Act 2004, which gives the Pensions Regulator powers to issue codes of practice. The amendment means the Regulator must issue codes of practice relating to the process for making an application for authorisation of a superfund and for approval of a superfund transfer; for the matters the Regulator expects to take into account when deciding if it is satisfied in the course of making decisions about whether to authorise a superfund or approve a superfund transfer; and for the ongoing requirements for operating superfunds. This amendment also adds Chapters 1, 2, 4, and 6 of Part 2 and Part 3 (superfunds) of this 2026 Act, as well as Part 1 of the Pensions Act 2008 in relation to the scale requirement in section 28B and the asset allocation requirement in section 28C, to the definition of pensions legislation in subsection (6) for the purposes of section 90 of the 2004 Act.

725 Paragraph 13 amends section 93(2) of the 2004 Act to require the Pensions Regulator to determine the procedures it intends to follow in relation to the issuance of a notice triggering an event of concern and the issuance of directions during a period of concern.

726 Paragraph 14 extends the list of regulatory functions in section 97(5) of the Pensions Act 2004 to which special procedures under section 97 of the Act may apply to include the Pensions Regulator's exercise of the power to withdraw authorisation from a superfund; to suspend or revoke its approval for a person to be responsible for a key function in relation to a superfund or to be a trustee of a superfund scheme; to issue a notice triggering events of concern for a superfund; and to give a direction during a period of concern.

727 Paragraph 15 amends section 126 of the Pensions Act 2004 so that each separate section of a superfund scheme as provided for by section 61(2) of the Pension Schemes Act 2026 is an eligible scheme for the purposes of Part 3 of the Pension Schemes Act 2026.

728 Paragraph 16 amends section 127 of the Pensions Act 2004 so that an eligible superfund scheme will be treated as though it has had a qualifying insolvency event for the purposes of entry to the Pension Protection Fund in certain circumstances. These circumstances occur when there is an event of concern where the protected liabilities threshold of the superfund scheme ceases to be met and where there is no qualifying insolvency event in relation to the employer that occurred before the event of concern took place.

729 Paragraph 17 amends section 222 of the Pensions Act 2004 to enable the Pensions Regulator to determine the methods and assumptions that are to be used in calculating a superfund scheme's technical provisions (the amount required on actuarial calculation to make provision for liabilities). Regulations may require the Regulator, in making its determination, to take into account prescribed matters and follow prescribed principles.

730 Paragraph 18 amends section 224 of the 2004 Act to require the trustees of a superfund scheme to send a copy of an actuarial report to the Pensions Regulator as soon as is reasonably practicable together with such other information as prescribed by regulations.

731 Paragraph 19 amends section 256 of the Pensions Act 2004 to provide that a trustee or manager of an occupational or personal pension scheme cannot be reimbursed out of scheme assets in respect of a fine imposed for an offence of which he is convicted, or a penalty which he is required to pay, by virtue of section 18, 32 or 55 of the Pension Schemes Act 2026.

732 Paragraph 20 amends section 318 of the Pensions Act 2004 to insert definitions which relate to superfunds and arise from the Pension Schemes Act 2026.

733 Paragraph 21 amends Schedule 2 of the Pensions Act 2004 to insert Part 8 to include reserved regulatory functions of the Pensions Regulator under the Pension Schemes Act 2026.

Commencement

734 Section 133 sets out the manner in which provisions in the Act will be commenced.

Annex A - Territorial extent and application in the United Kingdom

Provision	Extends to E&W and applies to England?	Extends to E&W and applies to Wales?	Extends and applies to Scotland?	Extends and applies to Northern Ireland?
Local Government Pension Schemes - Part 1, Chapter 1				
Section 1 – Asset pool companies	Yes	Yes	Yes	No
Section 2 – Asset management	Yes	Yes	Yes	No
Section 3 – Additional powers for certain scheme managers	Yes	Yes	No	No
Section 4 – Exemption from public procurement rules	Yes	Yes	No	No
Section 5 – Scheme manager governance reviews	Yes	Yes	Yes	No
Section 6 – Mergers of funds	Yes	Yes	Yes	No
Section 7 – Amendments of 2013 Act relating to scheme regulations	Yes	Yes	Yes	No
Section 8 – Interpretation of Chapter 1	Yes	Yes	Yes	No
Powers to pay surplus to employer - Part 1, Chapter 2				
Section 9 – Power to modify scheme to allow for payment of surplus to employer	Yes	Yes	Yes	No
Section 10 – Restrictions on exercise of power to pay surplus	Yes	Yes	Yes	No
Value for Money - Part 2, Chapter 1				
Section 11 – Relevant schemes: value for money	Yes	Yes	Yes	No
Section 12 – Publication etc of metric data	Yes	Yes	Yes	No
Section 13 – VFM assessments	Yes	Yes	Yes	No
Section 14 – Member satisfaction surveys	Yes	Yes	Yes	No

Section 15 – VFM ratings	Yes	Yes	Yes	No
Section 16 – Consequences of an intermediate rating	Yes	Yes	Yes	No
Section 17 - Consequences of a “not delivering” rating	Yes	Yes	Yes	No
Section 18 – Compliance and oversight	Yes	Yes	Yes	No
Section 19 – Sharing of database where FCA makes corresponding rules	Yes	Yes	Yes	No
Section 20 – Crown application	Yes	Yes	Yes	No
Section 21 – Interpretation of Chapter	Yes	Yes	Yes	No
Consolidation of small dormant pension pots - Part 2, Chapter 2				
Section 22 – Small pots regulations	Yes	Yes	Yes	No
Section 23 – Determination of destinations for small pots	Yes	Yes	Yes	No
Section 24 – Transfer notices	Yes	Yes	Yes	No
Section 25 – Exempt pots	Yes	Yes	Yes	No
Section 26 – Transfer etc of small dormant pension pots	Yes	Yes	Yes	No
Section 27 – Effect of transfer on membership of scheme etc.	Yes	Yes	Yes	No
Section 28 – Timing of transfers	Yes	Yes	Yes	No
Section 29 – Authorisation of consolidator schemes etc. by the Pensions Regulator	Yes	Yes	Yes	No
Section 30 – Consolidator schemes and consolidator arrangements	Yes	Yes	Yes	No

Section 31 – Further provision about contents of small pots regulations	Yes	Yes	Yes	No
Section 32 – Enforcement by the Pensions Regulator	Yes	Yes	Yes	No
Section 33 – Enforcement by the FCA	Yes	Yes	Yes	No
Section 34 – Power to alter definition of “small”	Yes	Yes	Yes	No
Section 35 – Crown application	Yes	Yes	Yes	No
Section 36 – Interpretation of Chapter	Yes	Yes	Yes	No
Section 37 – Meaning of “pension pot”	Yes	Yes	Yes	No
Section 38 – Amendments of the Financial Services and Markets Act 2000	Yes	Yes	Yes	No
Section 39 – Repeal of existing powers	Yes	Yes	Yes	No
Scale and asset allocation - Part 2, Chapter 3				
Section 40 – Certain schemes providing money purchase benefits: scale and asset allocation	Yes	Yes	Yes	No
Section 41 – Amendments related to section 40	Yes	Yes	Yes	No
Default arrangements – Part 2, Chapter 4				
Section 42 – Regulations restricting creation of new non-scale default arrangements	Yes	Yes	Yes	No
Section 43 – Review in relation to non-scale default arrangements	Yes	Yes	Yes	No
Section 44 – Regulations about consolidation of non-scale default arrangements	Yes	Yes	Yes	No
Section 45 – Regulations about default arrangements	Yes	Yes	Yes	No

Section 46 – Amendments of the Financial Services and Markets Act 2000	Yes	Yes	Yes	No
Section 47 – Crown application	Yes	Yes	Yes	No
Section 48 – Interpretation of Chapter	Yes	Yes	Yes	No
FCA-regulated pension schemes: contractual override - Part 2, Chapter 5				
Section 49 – FCA-regulated pension schemes: contractual override	Yes	Yes	Yes	Yes
Guided retirement - Part 2, Chapter 6				
Section 50 – Default pension benefit solutions	Yes	Yes	Yes	No
Section 51 – Transferable members	Yes	Yes	Yes	No
Section 52 – Provision and gathering of information	Yes	Yes	Yes	No
Section 53 – Information etc. in connection with selection of benefit solution	Yes	Yes	Yes	No
Section 54 – Pension benefits strategy	Yes	Yes	Yes	No
Section 55 – Enforcement and compliance	Yes	Yes	Yes	No
Section 56 – Crown application	Yes	Yes	Yes	No
Section 57 – Interpretation of Chapter	Yes	Yes	Yes	No
Section 58 – Corresponding provision in relation to FCA-regulated schemes	Yes	Yes	Yes	Yes
Superfunds - Part 3				
Section 59 - Overview	Yes	Yes	Yes	No
Section 60 – Key concepts	Yes	Yes	Yes	No

Section 61 – Schemes divided into sections	Yes	Yes	Yes	No
Section 62 – Prohibition of unauthorised superfund activity	Yes	Yes	Yes	No
Section 63 – Authorisation of superfunds	Yes	Yes	Yes	No
Section 64 – Timing of decisions about authorisation	Yes	Yes	Yes	No
Section 65 – Prohibition of unapproved superfund transfers	Yes	Yes	Yes	No
Section 66 – Approval of superfund transfers	Yes	Yes	Yes	No
Section 67 – Special provision for certain schemes coming out of assessment period	Yes	Yes	Yes	No
Section 68 – Applications for approval	Yes	Yes	Yes	No
Section 69 – Governance and structure	Yes	Yes	Yes	No
Section 70 – Management documents	Yes	Yes	Yes	No
Section 71 – Duty to monitor financial thresholds	Yes	Yes	Yes	No
Section 72 – “Financial thresholds”	Yes	Yes	Yes	No
Section 73 – Capital buffer: compulsory release to trustees	Yes	Yes	Yes	No
Section 74 – Capital buffer: permitted release to other persons	Yes	Yes	Yes	No
Section 75 – Capital buffer: investment	Yes	Yes	Yes	No
Section 76 – Capital buffer: verification of valuations	Yes	Yes	Yes	No
Section 77 – Key functions	Yes	Yes	Yes	No

Section 78 – Approval of individuals responsible for key functions	Yes	Yes	Yes	No
Section 79 – Certification of staff supporting individuals responsible for key functions	Yes	Yes	Yes	No
Section 80 – Approval of superfund scheme trustees	Yes	Yes	Yes	No
Section 81 – Events to be notified to the Regulator	Yes	Yes	Yes	No
Section 82 – Regulator reporting	Yes	Yes	Yes	No
Section 83 - Returns	Yes	Yes	Yes	No
Section 84 – Reports in relation to alleged compliance breaches	Yes	Yes	Yes	No
Section 85 – Provision of information by responsible body to trustees	Yes	Yes	Yes	No
Section 86 – “Event of concern” and “period of concern”	Yes	Yes	Yes	No
Section 87 – Notification of Regulator in respect of events of concern	Yes	Yes	Yes	No
Section 88 – Responding to events of concern	Yes	Yes	Yes	No
Section 89 – Content of response plan	Yes	Yes	Yes	No
Section 90 – Regulator’s direction-making powers during period of concern	Yes	Yes	Yes	No
Section 91 – Directions to pause payments or transfers of liabilities: supplementary provision	Yes	Yes	Yes	No
Section 92 – Fixed penalty notices	Yes	Yes	Yes	No
Section 93 – Escalating penalty notices	Yes	Yes	Yes	No

Section 94 – Withdrawal of authorisation	Yes	Yes	Yes	No
Section 95 – Release of capital buffer treated as reducing employer debt	Yes	Yes	Yes	No
Section 96 – Power to extend superfunds legislation to similar structures	Yes	Yes	Yes	No
Section 97 – Construction of “occupational pension scheme” and “employer” in relation to superfund schemes	Yes	Yes	Yes	No
Section 98 – Consequential amendments	Yes	Yes	Yes	No
Section 99 – Transitional provision	Yes	Yes	Yes	No
Section 100 – Interpretation of part	Yes	Yes	Yes	No
Miscellaneous - Part 4				
Section 101 – Sections 101 to 104: interpretation and scope	Yes	Yes	Yes	No
Section 102 – Validity of certain alterations to GB salary-related contracted-out pension schemes: subsisting schemes	Yes	Yes	Yes	No
Section 103 – Validity of certain alterations to GB salary-related contracted-out pension schemes: wound up schemes and other special cases	Yes	Yes	Yes	No
Section 104 – Power to amend the provisions of Chapter 1 etc: Great Britain	Yes	Yes	Yes	No
Section 105 – Sections 105 to 108: interpretation and scope	No	No	No	Yes

Section 106 – Validity of certain alterations to NI salary-related contracted-out pension schemes: subsisting schemes	No	No	No	Yes
Section 107 – Validity of certain alterations to NI salary-related contracted-out pension schemes: wound up schemes and other special cases	No	No	No	Yes
Section 108 – Powers to amend Chapter 1 etc: Northern Ireland	No	No	No	Yes
Section 109 – Indexation of periodic compensation for pre-1997 service: Great Britain	Yes	Yes	Yes	No
Section 110 – Indexation of periodic compensation for pre-1997 service: Northern Ireland	No	No	No	Yes
Section 111 – Financial Assistance Scheme: indexation of payments for pre-1997 service	Yes	Yes	Yes	Yes
Section 112 – Establishment of new public schemes and transfer of rights	Yes	Yes	Yes	Yes
Section 113 – New public schemes: further provision	Yes	Yes	Yes	Yes
Section 114 – Protection against adverse treatment: transfer of rights	Yes	Yes	Yes	Yes
Section 115 - Protection against adverse treatment: amendment of new public schemes	Yes	Yes	Yes	Yes
Section 116 – Transfer of assets and liabilities	Yes	Yes	Yes	Yes
Section 117 - Taxation	Yes	Yes	Yes	Yes
Section 118 - Information	Yes	Yes	Yes	Yes

Section 119 - Regulations	Yes	Yes	Yes	Yes
Section 120 - Interpretation	Yes	Yes	Yes	Yes
Section 121 - Alienation or forfeiture of occupational pension	Yes	Yes	Yes	Yes
Section 122 - Terminal illness	Yes	Yes	Yes	Yes
Section 123 - Pension protection levies	Yes	Yes	Yes	No
Section 124 - Pensions Dashboards	Yes	Yes	Yes	In part
Section 125 – Information to be given to pension schemes by employer	Yes	Yes	Yes	No
Section 126- Funding of the Board of the Pension Protection Fund	Yes	Yes	Yes	In part
Section 127 – Funding of the Ombudsman for the Board of the Pension Protection Fund	Yes	Yes	Yes	No
Section 128 – Public service pension schemes	Yes	Yes	Yes	Yes
General - Part 5				
Section 129 - Amendments of Pensions Act 2004	Yes	Yes	Yes	No
Section 130 - Regulations: general	Yes	Yes	Yes	No
Section 131 - Regulations: procedure	Yes	Yes	Yes	No
Section 132 - Extent	Yes	Yes	Yes	No
Section 133 - Commencement	Yes	Yes	Yes	No
Section 134 - Short title	Yes	Yes	Yes	No

Annex B – Hansard References

735 The following table sets out the dates and Hansard references for each stage of the Act's passage through Parliament.

Stage	Date	Hansard Reference
House of Commons		
Introduction	05 June 2025	Vol. 768 Col. 507
Second Reading	07 July 2025	Vol. 770 Col. 715
Committee Stage	02 September 2025 02 September 2025 04 September 2025 04 September 2025 09 September 2025 09 September 2025 11 September 2025 11 September 2025	First Sitting Col. 1 Second Sitting Col. 37 Third Sitting Col. 103 Fourth Sitting Col.139 Fifth Sitting Col. 185 Sixth Sitting Col: 225 Seventh Sitting Col. 273 Eighth Sitting Col. 317
Report and Third Reading	03 December 2025	Vol. 776 Col. 1022
House of Lords		
Introduction	05 December 2025	Vol. 850 Col. 486
Second Reading	18 December 2025	Vol. 851 Col. 875
Grand Committee	12 January 2026 14 January 2026 19 January 2026 22 January 2026 26 January 2026 03 February 2026 05 February 2026 23 February 2026	Vol. 851 Col. 196GC Vol. 851 Col. 259GC Vol. 852 Col. 1GC Vol. 852 Col. 155GC Vol. 852 Col. 223GC Vol. 852 Col. 517GC Vol. 852 Col. 639GC Vol.853 Col. 255GC
Report	16 March 2026 16 March 2026 19 March 2026 23 March 2026	Vol. 854 Col. 673 Vol. 854 Col. 736 Vol. 854 Col. 1069 Vol. 854 Col. 1254
Third Reading	26 March 2026	Vol. 854 Col. 1632
Commons Consideration of Lords Amendments	15 April 2026	Vol. 783 Col. 853
Lords Consideration of Commons Amendments / Reasons	20 April 2026	Vol. 855 Col. 565
Commons Consideration of Lords Message	22 April 2026	Vol. 784 Col. 357

Stage	Date	Hansard Reference
Lords Consideration of Commons Amendments / Reasons	22 April 2026	Vol. 855 Col. 733
Commons Consideration of Lords Message	27 April 2026	Vol. 784 Col. 645
Lords Consideration of Commons Amendments / Reasons	27 April 2026	Vol. 855 Col. 1043
Commons Consideration of Lords Message	28 April 2026	Vol. 784 Col. 839
Lords Consideration of Commons Amendments / Reasons	28 April 2026	Vol. 855 Col. 1130
Royal Assent	29 April 2026	House of Commons Vol. 784 Col. 904
		House of Lords Vol. 855 Col. 1147

Annex C - Progress of Bill Table

736 This Annex shows how each section and Schedule of the Act was numbered during the passage of the Bill through Parliament.

Section of the Act	Bill as Introduced in the Commons	Bill as amended in Committee in the Commons	Bill as introduced in the Lords	Bill as amended in Committee in the Lords	Bill as amended on Report in the Lords
Section 1 – Asset pool companies	Clause 1	Clause 1	Clause 1	Clause 1	Clause 1
Section 2 – Asset management	Clause 2	Clause 2	Clause 2	Clause 2	Clause 2
Section 3 – Additional powers for certain pension scheme managers		Clause 3	Clause 3	Clause 3	Clause 3
Section 4 – Exemption from public procurement rules	Clause 3	Clause 4	Clause 4	Clause 4	Clause 4
Section 5 – Scheme manager governance reviews	Clause 4	Clause 5	Clause 5	Clause 5	Clause 5
Section 6 – Mergers of funds	Clause 5	Clause 6	Clause 6	Clause 6	Clause 6
Section 7 – Amendments of 2013 Act relating to scheme regulations	Clause 6	Clause 7	Clause 7	Clause 7	Clause 7
Benchmarking of Local Government Pension Scheme liabilities					Clause 8
Interim Reviews or employer contribution rates in the Local Government pension Scheme					Clause 9
Section 8 – Interpretation of Chapter 1	Clause 7	Clause 8	Clause 8	Clause 8	Clause 10
Section 9 – Power to modify scheme to allow for payment of surplus to employer	Clause 8	Clause 9	Clause 9	Clause 9	Clause 11

Section of the Act	Bill as Introduced in the Commons	Bill as amended in Committee in the Commons	Bill as introduced in the Lords	Bill as amended in Committee in the Lords	Bill as amended on Report in the Lords
Section 10 – Restrictions on exercise of power to pay surplus	Clause 9	Clause 10	Clause 10	Clause 10	Clause 12
Section 11 – Relevant schemes: value for money	Clause 10	Clause 11	Clause 11	Clause 11	Clause 13
Section 12 – Publication etc of metric data	Clause 11	Clause 12	Clause 12	Clause 12	Clause 14
Section 13 – VFM assessments	Clause 12	Clause 13	Clause 13	Clause 13	Clause 15
Section 14 – Member satisfaction surveys	Clause 13	Clause 14	Clause 14	Clause 14	Clause 16
Section 15 – VFM ratings	Clause 14	Clause 15	Clause 15	Clause 15	Clause 17
Section 16 – Consequences of an intermediate rating	Clause 15	Clause 16	Clause 16	Clause 16	Clause 18
Section 17 - Consequences of a “not delivering” rating	Clause 16	Clause 17	Clause 17	Clause 17	Clause 19
Section 18 – Compliance and oversight	Clause 17	Clause 18	Clause 18	Clause 18	Clause 20
Section 19 – Sharing of database where FCA makes corresponding rules		Clause 19	Clause 19	Clause 19	Clause 21
Section 20 – Crown application	Clause 18	Clause 20	Clause 20	Clause 20	Clause 22
Section 21 – Interpretation of Chapter	Clause 19	Clause 21	Clause 21	Clause 21	Clause 23
Section 22 – Small pots regulations	Clause 20	Clause 22	Clause 22	Clause 22	Clause 24
Clause 21 – small pots data platform		Clause 23			

Section of the Act	Bill as Introduced in the Commons	Bill as amended in Committee in the Commons	Bill as introduced in the Lords	Bill as amended in Committee in the Lords	Bill as amended on Report in the Lords
Section 23 – Determination of destination for small pots			Clause 23	Clause 23	Clause 25
Section 24 – Transfer notices	Clause 22	Clause 24	Clause 24	Clause 24	Clause 26
Section 25 – Exempt pots	Clause 23	Clause 25	Clause 25	Clause 25	Clause 27
Section 26 – Transfer etc of small dormant pension pots	Clause 24	Clause 26	Clause 26	Clause 26	Clause 28
Section 27 – Effect of transfer on membership of scheme etc.	Clause 25	Clause 27	Clause 27	Clause 27	Clause 29
Section 28 – Timing of transfers	Clause 26	Clause 28	Clause 28	Clause 28	Clause 30
Section 29 – Authorisation of consolidator schemes etc. by the Pensions Regulator	Clause 27	Clause 29	Clause 29	Clause 29	Clause 31
Section 30 – Consolidator schemes and consolidator arrangements	Clause 28	Clause 30	Clause 30	Clause 30	Clause 32
Section 31 – Further provision about contents of small pots regulations	Clause 29	Clause 31	Clause 31	Clause 31	Clause 33
Section 32 – Enforcement by the Pensions Regulator	Clause 30	Clause 32	Clause 32	Clause 32	Clause 34
Section 33 – Enforcement by the FCA	Clause 31	Clause 33	Clause 33	Clause 33	Clause 35
Section 34 – Power to alter definition of “small”	Clause 32	Clause 34	Clause 34	Clause 34	Clause 36
Section 35 – Crown application	Clause 33	Clause 35	Clause 35	Clause 35	Clause 37

Section of the Act	Bill as Introduced in the Commons	Bill as amended in Committee in the Commons	Bill as introduced in the Lords	Bill as amended in Committee in the Lords	Bill as amended on Report in the Lords
Section 36 – Interpretation of Chapter	Clause 34	Clause 36	Clause 36	Clause 36	Clause 38
Section 37 – Meaning of "pension pot"	Clause 35	Clause 37	Clause 37	Clause 37	Clause 39
Section 38 – Amendments of the Financial Services and Markets Act 2000	Clause 36	Clause 38	Clause 38	Clause 38	Clause 40
Section 39 – Repeal of existing powers	Clause 37	Clause 39	Clause 39	Clause 39	Clause 41
Section 40 – Certain schemes providing money purchase benefits: scale and asset allocation	Clause 38	Clause 40	Clause 40	Clause 40	Clause 42
Section 41 – Amendments related to section 40	Clause 39	Clause 41	Clause 41	Clause 41	Clause 43
Section 42 – Regulations restricting creation of new non-scale default arrangements		Clause 42	Clause 42	Clause 42	Clause 44
Section 43 – Review in relation to non-scale default arrangements		Clause 43	Clause 43	Clause 43	Clause 45
Section 44 – Regulations about consolidation of non-scale default arrangements		Clause 44	Clause 44	Clause 44	Clause 46
Innovation and competition					Clause 47
Section 45 – Amendments of the Financial Services and Markets Act 2000		Clause 45	Clause 45	Clause 45	Clause 48

Section of the Act	Bill as Introduced in the Commons	Bill as amended in Committee in the Commons	Bill as introduced in the Lords	Bill as amended in Committee in the Lords	Bill as amended on Report in the Lords
Section 46 – Crown application	Clause 40	Clause 46	Clause 46	Clause 46	Clause 49
Section 47 – Interpretation of Chapter		Clause 47	Clause 47	Clause 47	Clause 50
Section 48 – FCA-regulated pension schemes: contractual override	Clause 41	Clause 48	Clause 48	Clause 48	Clause 51
Section 49 – Default pension benefit solutions	Clause 42	Clause 49	Clause 49	Clause 49	Clause 52
Section 50 – Transferable members	Clause 43	Clause 50	Clause 50	Clause 50	Clause 53
Section 51 – Provision and gathering of information	Clause 44	Clause 51	Clause 51	Clause 51	Clause 54
Section 52 – Information etc. in connection with selection of benefit solution	Clause 45	Clause 52	Clause 52	Clause 52	Clause 55
Section 53 – Pension benefits strategy	Clause 46	Clause 53	Clause 53	Clause 53	Clause 56
Section 54 – Enforcement and compliance	Clause 47	Clause 54	Clause 54	Clause 54	Clause 57
Section 55 – Crown application	Clause 48	Clause 55	Clause 55	Clause 55	Clause 58
Section 56 – Interpretation of Chapter	Clause 49	Clause 56	Clause 56	Clause 56	Clause 59
Section 57 – Corresponding provision in relation to FCA-regulated schemes	Clause 50	Clause 57	Clause 57	Clause 57	Clause 60
Section 58 - Overview	Clause 51	Clause 58	Clause 58	Clause 58	Clause 61
Section 59 – Key concepts	Clause 52	Clause 59	Clause 59	Clause 59	Clause 62

Section of the Act	Bill as Introduced in the Commons	Bill as amended in Committee in the Commons	Bill as introduced in the Lords	Bill as amended in Committee in the Lords	Bill as amended on Report in the Lords
Section 60 – Schemes divided into sections	Clause 53	Clause 60	Clause 60	Clause 60	Clause 63
Section 61 – Prohibition of unauthorised superfund activity	Clause 54	Clause 61	Clause 61	Clause 61	Clause 64
Section 62 – Authorisation of superfunds	Clause 55	Clause 62	Clause 62	Clause 62	Clause 65
Section 63 – Timing of decisions about authorisation	Clause 56	Clause 63	Clause 63	Clause 63	Clause 66
Section 64 – Prohibition of unapproved superfund transfers	Clause 57	Clause 64	Clause 64	Clause 64	Clause 67
Section 65 – Approval of superfund transfers	Clause 58	Clause 65	Clause 65	Clause 65	Clause 68
Section 66 – Special provision for certain schemes coming out of assessment period	Clause 59	Clause 66	Clause 66	Clause 66	Clause 69
Section 67 – Applications for approval	Clause 60	Clause 67	Clause 67	Clause 67	Clause 70
Section 68 – Governance and structure	Clause 61	Clause 68	Clause 68	Clause 68	Clause 71
Section 69 – Management documents	Clause 62	Clause 69	Clause 69	Clause 69	Clause 72
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Section 71 – “Financial thresholds”	Clause 64	Clause 71	Clause 71	Clause 71	Clause 74

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Section 73 – Capital buffer: permitted release to other persons	Clause 66	Clause 73	Clause 73	Clause 73	Clause 76
Section 74 – Capital buffer: investment	Clause 67	Clause 74	Clause 74	Clause 74	Clause 77
Section 75 – Capital buffer: verification of valuations	Clause 68	Clause 75	Clause 75	Clause 75	Clause 78
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Section 81 – Regulator reporting	Clause 74	Clause 81	Clause 81	Clause 81	Clause 84
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Section of the Act	Bill as Introduced in the Commons	Bill as amended in Committee in the Commons	Bill as introduced in the Lords	Bill as amended in Committee in the Lords	Bill as amended on Report in the Lords
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Section of the Act	Bill as Introduced in the Commons	Bill as amended in Committee in the Commons	Bill as introduced in the Lords	Bill as amended in Committee in the Lords	Bill as amended on Report in the Lords
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Section 101 – Validity of certain alterations to GB salary-related contracted-out pension schemes: subsisting schemes		Clause 101	Clause 101	Clause 101	Clause 104
Section 102 – Validity of certain alterations to GB salary-related contracted-out pension schemes: wound up schemes and other special cases		Clause 102	Clause 102	Clause 102	Clause 105
Section 103 – Power to amend the provisions of Chapter 1 etc: Great Britain		Clause 103	Clause 103	Clause 103	Clause 106

Section of the Act	Bill as Introduced in the Commons	Bill as amended in Committee in the Commons	Bill as introduced in the Lords	Bill as amended in Committee in the Lords	Bill as amended on Report in the Lords
Section 104 – Sections 105 to 107: interpretation and scope		Clause 104	Clause 104	Clause 104	Clause 107
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Section 109 – Indexation of periodic compensation for pre-1997 service: Northern Ireland			Clause 109	Clause 109	Clause 112
Section 110 – Financial Assistance Scheme: indexation of payments for pre-1997 service			Clause 110	Clause 110	Clause 113
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Section of the Act	Bill as Introduced in the Commons	Bill as amended in Committee in the Commons	Bill as introduced in the Lords	Bill as amended in Committee in the Lords	Bill as amended on Report in the Lords
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Section of the Act	Bill as Introduced in the Commons	Bill as amended in Committee in the Commons	Bill as introduced in the Lords	Bill as amended in Committee in the Lords	Bill as amended on Report in the Lords
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