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STATUTORY INSTRUMENTS

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**2005 No. 3378**

**The Occupational Pension Schemes  
(Investment) Regulations 2005**

**[<sup>F1</sup>Additional requirements in relation to default arrangement**

**2A.—(1)** The trustees or managers of a relevant scheme must prepare a statement of the investment principles governing decisions about investments for the purposes of the default arrangement, and that statement must be in writing and must cover at least the following matters—

- (a) the aims and objectives of the trustees or managers in respect of such investments;  
[ their policy in relation to investment in illiquid assets;]

<sup>F2</sup>(aa)

- (b) their policies in relation to the matters mentioned in regulation 2(3)(b) [<sup>F3</sup>and, if that scheme has 100 or more members, regulation 2(3)(c) and (d)] in respect of the default arrangement; and
- (c) an explanation of how the aims and objectives mentioned in sub-paragraph (a) [<sup>F4</sup>, the policy mentioned in sub-paragraph (aa)] and the policies mentioned in sub-paragraph (b) (together “the default strategy”) are intended to ensure that assets are invested in the best interests of the group of persons consisting of relevant members and relevant beneficiaries.

[  
<sup>F5</sup>(1A) For the purposes of paragraph (1)(aa), their policy in relation to investment in illiquid assets must include—

- (a) a statement as to whether or not investments held for the purposes of the default arrangement will include illiquid assets;
- (b) where those investments will include illiquid assets—
  - (i) a description of the age profile of those members in respect of whom investments will be held in illiquid assets;
  - (ii) an explanation of whether investments will be held directly in illiquid assets, or via a collective investment scheme;
  - (iii) an explanation of the types of illiquid assets in which investments will be held; and
  - (iv) an explanation of why the trustees or managers have a policy of investing in illiquid assets including their assessment of the advantages to members of investing in illiquid assets, when compared to investments in other classes of assets;
- (c) where those investments will not include illiquid assets, an explanation of why the trustees or managers have a policy of not investing in illiquid assets; and
- (d) an explanation of whether the trustees have any plans to invest in illiquid assets or increase their investment in illiquid assets, in the future.]

(2) The trustees or managers must review both the default strategy and the performance of the default arrangement—

- (a) at least every three years; and

(b) without delay after any significant change in—

- (i) investment policy; or
- (ii) the demographic profile of relevant members.

(3) The trustees or managers must, in particular, review the extent to which the return on investments relating to the default arrangement (after deduction of any charges [<sup>F6</sup>and transaction costs] relating to those investments) is consistent with the aims and objectives of the trustees or managers in respect of the default arrangement.

(4) The trustees or managers must revise the statement prepared in accordance with paragraph (1) after every review unless they decide that no action is needed as a result of the review in paragraph (3).

(5) For the purposes of this regulation and regulation 4A, a person is a relevant member or a relevant beneficiary if assets relating to that member or, as the case may be, that beneficiary (as defined in regulation 4), are invested in the default arrangement.

[  
<sup>F7</sup>(6) For the purposes of this regulation, “transaction costs” has the meaning given in regulation 2(1) of the Occupational Pension Schemes (Charges and Governance) Regulations 2015.]

[  
<sup>F8</sup>(6A) For the purposes of this regulation “illiquid assets” means assets of a type which cannot easily or quickly be sold or exchanged for cash and where assets are invested in a collective investment scheme, includes any such assets held by the collective investment scheme;]

[  
<sup>F9</sup>(7) This regulation does not apply to a scheme or a section of a scheme which is a collective money purchase scheme for the purposes of Part 1 of the Pension Schemes Act 2021.]]

#### Textual Amendments

- F1** Reg. 2A inserted (6.4.2015) by [The Occupational Pension Schemes \(Charges and Governance\) Regulations 2015 \(S.I. 2015/879\)](#), regs. 1(2), **20(b)**
- F2** Reg. 2A(1)(aa) inserted (with application in accordance with reg. 1(9) of the amending S.I.) by [The Occupational Pension Schemes \(Administration, Investment, Charges and Governance\) and Pensions Dashboards \(Amendment\) Regulations 2023 \(S.I. 2023/399\)](#), regs. 1(3), **3(2)(a)**
- F3** Words in reg. 2A(1)(b) inserted by S.I. 2018/988, reg. 4(3) (as substituted) (1.10.2019) by [The Occupational Pension Schemes \(Investment and Disclosure\) \(Amendment\) Regulations 2019 \(S.I. 2019/982\)](#), regs. 1(2), **4(2)(b)** (with reg. 5)
- F4** Words in reg. 2A(1)(c) inserted (with application in accordance with reg. 1(9) of the amending S.I.) by [The Occupational Pension Schemes \(Administration, Investment, Charges and Governance\) and Pensions Dashboards \(Amendment\) Regulations 2023 \(S.I. 2023/399\)](#), regs. 1(3), **3(2)(b)**
- F5** Reg. 2A(1A) inserted (with application in accordance with reg. 1(9) of the amending S.I.) by [The Occupational Pension Schemes \(Administration, Investment, Charges and Governance\) and Pensions Dashboards \(Amendment\) Regulations 2023 \(S.I. 2023/399\)](#), regs. 1(3), **3(2)(c)**
- F6** Words in reg. 2A(3) inserted (with application in accordance with reg. 1(5) of the amending S.I.) by [The Occupational Pension Schemes \(Administration, Investment, Charges and Governance\) \(Amendment\) Regulations 2021 \(S.I. 2021/1070\)](#), regs. 1(2), **4(3)(a)**
- F7** Reg. 2A(6) inserted (with application in accordance with reg. 1(5) of the amending S.I.) by [The Occupational Pension Schemes \(Administration, Investment, Charges and Governance\) \(Amendment\) Regulations 2021 \(S.I. 2021/1070\)](#), regs. 1(2), **4(3)(b)**
- F8** Reg. 2A(6A) inserted (with application in accordance with reg. 1(9) of the amending S.I.) by [The Occupational Pension Schemes \(Administration, Investment, Charges and Governance\) and Pensions Dashboards \(Amendment\) Regulations 2023 \(S.I. 2023/399\)](#), regs. 1(3), **3(2)(d)**

**F9** Reg. 2A(7) inserted (1.8.2022) by The Occupational Pension Schemes (Collective Money Purchase Schemes) (Modifications and Consequential and Miscellaneous Amendments) Regulations 2022 (S.I. 2022/337), regs. 1(3), **8(2)**

**Changes to legislation:**

There are currently no known outstanding effects for the The Occupational Pension Schemes (Investment) Regulations 2005, Section 2A.