

*These notes refer to the Pensions Act (Northern Ireland)
2015 (c.5) which received Royal Assent on 23 June 2015*

Pensions Act (Northern Ireland) 2015

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 6 – Private Pensions

Section 42: Power to restrict charges or impose requirements in relation to schemes

Schedule 18: Power to restrict charges or impose requirements in relation to schemes

Section 42 and Schedule 18 allow the Department to make regulations to restrict charges or impose requirements on certain pension schemes. Schedule 18 allows for the making of regulations which set limits on or prohibit particular types of administration charges, or set requirements relating to the administration or governance of the scheme.

The regulations will apply to pension schemes of a type specified in the regulations. Different provision could be made for different types of scheme. For example, different charges may be allowed depending on the type or use of scheme. They will also allow for the inclusion of schemes that are closed to new members or to new accruals. The duty to meet these standards would fall on the manager or trustee of each applicable scheme.

The provision allows the regulations to say that a scheme which does not comply cannot be a qualifying scheme for automatic enrolment purposes. Provisions about standards that must be complied with in order for a scheme to be used as a qualifying scheme will continue to be enforced via the employer compliance regime under the Pensions (No. 2) Act.

Schedule 18 also allows regulations to cover the enforcement of the quality standards by the Pensions Regulator (paragraph 3), including the imposition of compliance notices and penalties for non-compliance. As with other civil penalties, it will be a criminal offence to pay these penalties from scheme funds (paragraph 10). The compliance regime may also include the Financial Conduct Authority regulating compliance in contract-based schemes under the powers in the Financial Services and Markets Act 2000. The Schedule also provides that the regulations may allow certain provisions of the regulations to override

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scheme rules (paragraph 6). For example, if scheme rules currently prescribe a type or level of charge which is prohibited.