These notes refer to the Pension Schemes Act (Northern Ireland) 2021 (c.6) which received Royal Assent on 9 August 2021

Pension Schemes Act (Northern Ireland) 2021

EXPLANATORY NOTES

OVERVIEW

Part 1 – Master Trusts

7. The introduction of automatic enrolment into workplace pension schemes under the Pensions (No. 2) Act (Northern Ireland) 2008 made it compulsory for employers to automatically enrol eligible workers into a qualifying workplace pension scheme.

8. The pensions market has responded to this and the Master Trust market has developed significantly. This Act aims to ensure that those saving into a Master Trust scheme, a form of multi-employer occupational pension scheme which employers are able to select for their workers rather than needing to set up their own pension scheme, are protected.

9. The Act provides that:

   - an authorisation and supervision regime for Master Trusts will be introduced, so that Master Trusts would have to demonstrate to the Pensions Regulator that they meet certain key criteria on establishment, and then continue to do so;
   - existing Master Trusts will be brought into the regime and required to meet the new criteria;
   - requirements will be placed on trustees to act in certain ways in the event of wind-up or closure of a Master Trust to protect members in those circumstances; and
   - the Pensions Regulator is provided with greater powers to take action where the key criteria are not met.

10. The authorisation regime and criteria aim to target specific areas of risk that arise from the structures and dynamics in Master Trusts compared to other occupational pension schemes - including employer engagement with the scheme, the profit motive for most Master Trusts, the volume of savers involved in these schemes, and the potential impact on confidence in pension savings should a scheme fail and its exit is not managed. The provisions in the Act focus on the authorisation regime process and the Pensions Regulator's powers to operate it, the authorisation criteria, and the introduction of measures intended

to ensure an orderly exit where a scheme fails or otherwise chooses to leave the market. The focus on an orderly exit is aimed at providing continuity of member saving and support to employers in continuing to fulfil their automatic enrolment duties where applicable.