

*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

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### **Part 1 – Master Trusts**

#### **Triggering events: continuity**

#### ***Section 24: Continuity option 1: transfer out and winding up***

Section 24 makes provision for continuity option 1 under which trustees will transfer out all accrued rights and benefits in the scheme and then wind up the remaining structure of the scheme. Subsection (4) requires regulations to be made which set out how continuity option 1 is to be pursued where a proposed transfer is to a Master Trust scheme. The regulations must include provision for the matters set out at subsection (5). Under subsection (4)(b) regulations may be made about how continuity option 1 is to be pursued in a case where a proposed transfer is to “an alternative scheme” (as specified in regulations under subsection (2)(b)). Under subsection (4)(c) regulations may also be made for the purpose of otherwise giving effect to continuity option 1, in either case.

The trustees must identify one or more other pension schemes which are able to accept the accrued rights and benefits of their Master Trust scheme. These schemes can be either a Master Trust or, in circumstances set out in regulations, an alternative scheme that has characteristics set out in regulations. Members of the Master Trust scheme will retain their right to transfer to a scheme of their own choosing if they do not wish to transfer to the trustees’ choice (see subsection (5)(b) and (d)).

The trustees must also (subsection (1)(b)) notify employers and members of the transfer, and of other details specified in regulations. Subsection (3) allows for regulations which will set out the way in which the notification in subsection (1) (b) must be made, and the timing of the notification.

The matters under subsection (5) to be addressed in regulations under subsection (4)(a) address a comprehensive range of issues including information requirements, duties on trustees, the duties of trustees of receiving schemes and the rights of members to opt#out of a transfer in favour of their preferred receiving scheme. Regulations must also confer powers on the Pensions

Regulator to direct the trustees to do things permitted or required by the regulations.

Subsection (6) allows regulations under subsection (4)(b) to include any provision mentioned in subsection (5) as well as provisions to deem a member whose rights or benefits have been transferred to have entered into an agreement with a person of a description specified in the regulations.

A penalty under Article 10 of the Pensions (Northern Ireland) Order 1995 applies to anyone who fails to comply with any requirement imposed by this section and the regulations may also make provision for the application of Article 10 of the Pensions (Northern Ireland) Order 1995 to requirements in the regulations.

Subsections (10) and (11) provide that any regulations made under subsections (2)(b) and (4) of this section are subject to the confirmatory procedure and that any other regulations made under this section are subject to negative resolution.