

2024 No. 334

PENSIONS

The Occupational Pension Schemes (Collective Money Purchase Schemes) (Amendment) Regulations 2024

<i>Made</i>	- - - -	<i>7th March 2024</i>
<i>Coming into force</i>		
<i>For the purposes of regulations 1, 2(a), 3 and 4</i>		<i>8th March 2024</i>
<i>For all other purposes</i>		<i>1st October 2024</i>

The Secretary of State for Work and Pensions makes these Regulations in exercise of the powers conferred by sections 18(4), 20(5)(c), 36(2)(b) and (6), and 51(2) and (3)(b) of the Pension Schemes Act 2021(a).

A draft of these Regulations has been laid before and approved by a resolution of each House of Parliament in accordance with section 51(5) of the Pension Schemes Act 2021.

The Secretary of State has exercised his discretion under section 51(6) of the Pension Schemes Act 2021 to make regulations subject to affirmative resolution procedure which would otherwise be subject to negative resolution procedure.

Citation, extent and commencement

1.—(1) These Regulations may be cited as the Occupational Pension Schemes (Collective Money Purchase Schemes) (Amendment) Regulations 2024.

(2) These Regulations extend to England and Wales and Scotland.

(3) Subject to paragraph (4), these Regulations come into force on the day after the day on which they are made.

(4) Regulations 2(b) and 5 (amendments to Schedule 6 to the Occupational Pension Schemes (Collective Money Purchase Schemes) Regulations 2022)(b) come into force on 1st October 2024.

Amendments to the Occupational Pension Schemes (Collective Money Purchase Schemes) Regulations 2022

2. The Occupational Pension Schemes (Collective Money Purchase Schemes) Regulations 2022 are amended in accordance with—

(a) 2021 c. 1.
(b) S.I. 2022/255.

- (a) regulations 3 and 4;
- (b) regulation 5.

Amendment of regulation 17

3.—(1) Regulation 17 (calculation of benefits) is amended as follows.

(2) In paragraph (4)(e), after the first time “that” appears, insert “, except where there is a multi-annual reduction in effect, ”.

(3) In paragraph (9), for “The trustees” substitute “Except as provided by paragraph (10), the trustees”.

(4) For paragraph (10) substitute—

“(10) Where there is one or more multi-annual reduction or reductions in effect and a subsequent actuarial valuation results in an increase in the rate or amount of benefits provided under the scheme, the trustees, having obtained the advice of the scheme actuary, must vary one or more multi-annual reduction or reductions then in effect, by applying that increase to offset the planned reduction or reductions under the multi-annual reduction or reductions, which take effect on or after the benefit adjustment date following that valuation.”.

(5) After paragraph (10) insert—

“(10A) Paragraph (8)(b) does not apply to a multi-annual reduction that has been varied in accordance with paragraph (10).

(10B) Any offsetting increase pursuant to paragraph (10) must be applied to the remaining years of the multi-annual reduction or reductions so that the total reduction applied in any year of the multi-annual reduction or reductions must not be greater than the total reduction applied in the previous year of the multi-annual reduction or reductions.

(10C) If an offsetting increase has been applied pursuant to paragraphs (10) and (10B) so that a multi-annual reduction has been offset in full, such multi-annual reduction will cease to have effect and, if all multi-annual reductions cease to have effect, any remaining increase must be applied in accordance with the scheme rules made pursuant to paragraph (4)(e).”.

Amendment of regulation 19

4.—(1) Regulation 19 (actuarial valuations) is amended as follows.

(2) In paragraph (4)(k), after sub-paragraph (iv) insert—

“(v) any variation to the multi-annual reduction as a result of applying an increase to offset the planned reduction under the multi-annual reduction in accordance with regulation 17(10), including the effect of that offsetting increase on the planned reduction in the remaining years of the multi-annual reduction;”.

(3) After paragraph (4)(k) insert—

“(ka) where a multi-annual reduction would have been in effect as at the effective date but has ceased to have effect in accordance with regulation 17(10C), the details of—

(i) when such multi-annual reduction ceased to have effect;

(ii) any remaining increase that has been applied in accordance with regulation 17(10C);”.

Amendment of Schedule 6

5.—(1) Schedule 6 (continuity option 1: transfer out and winding up) is amended as follows.

(2) In paragraph 1(1)—

(a) after the definition of “default discharge option” insert—

““dependant” has the meaning given in paragraph 15 of Schedule 28 to the Finance Act 2004(a);

“dependants’ income withdrawal” has the meaning given in paragraph 21 of Schedule 28 to the Finance Act 2004(b);

“dependant’s flexi-access drawdown fund” has the meaning given in paragraph 22A of Schedule 28 to the Finance Act 2004(c);”;

(b) after the definition of “member’s flexi-access drawdown fund” insert—

““nominee” has the meaning given in paragraph 27A of Schedule 28 to the Finance Act 2004(d);

“nominees’ income withdrawal” has the meaning given in paragraph 27D of Schedule 28 to the Finance Act 2004(e);

“nominee’s flexi-access drawdown fund” has the meaning given in paragraph 27E of Schedule 28 to the Finance Act 2004(f);”;

(c) after the definition of “quantification” insert—

““successor” has the meaning given in paragraph 27F of Schedule 28 to the Finance Act 2004(g);

“successors’ income withdrawal” has the meaning given in paragraph 27J of Schedule 28 to the Finance Act 2004(h);

“successor’s flexi-access drawdown fund” has the meaning given in paragraph 27K of Schedule 28 to the Finance Act 2004(i);”.

(3) After paragraph 2(1)(b) insert—

“(c) transferring the value of those rights to a dependant’s flexi-access drawdown fund in respect of an arrangement for the purposes of entitlement by the dependant to dependants’ income withdrawal which is an authorised member payment for the purposes of Part 4 of the Finance Act 2004 (pension schemes etc.);

(d) transferring the value of those rights to a nominee’s flexi-access drawdown fund in respect of an arrangement for the purposes of entitlement by the nominee to nominees’ income withdrawal which is an authorised member payment for the purposes of Part 4 of the Finance Act 2004 (pension schemes etc.);

(a) 2004 c. 12. Paragraph 15 was amended by the Finance Act 2005 (c. 7), section 101, Schedule 10, paragraph 26, and the Finance Act 2016 (c. 24), section 22, Schedule 5, paragraph 6(2), and S.I. 2005/3229.

(b) Paragraph 21 was substituted by the Finance Act 2011 (c. 11), section 65, Schedule 16, Part 1, paragraph 15, and amended by the Taxation of Pensions Act 2014 (c. 30), section 1, Schedule 1, Part 1, paragraph 20.

(c) Paragraph 22A was inserted by the Taxation of Pensions Act 2014, section 1, Schedule 1, Part 1, paragraph 4(1).

(d) Paragraph 27A was inserted by the Taxation of Pensions Act 2014, section 3, Schedule 2, Part 1, paragraph 3(1).

(e) Paragraph 27D was inserted by the Taxation of Pensions Act 2014, section 3, Schedule 2, Part 1, paragraph 3(1).

(f) Paragraph 27E was inserted by the Taxation of Pensions Act 2014 (c. 30), section 3, Schedule 2, Part 1, paragraph 3(1), and amended by the Finance Act 2015 (c. 11), section 34, Schedule 4, Part 1, paragraphs 13(4), and 13(5).

(g) Paragraph 27F was inserted by the Taxation of Pensions Act 2014, section 3, Schedule 2, Part 1, paragraph 3(1).

(h) Paragraph 27J was inserted by the Taxation of Pensions Act 2014, section 3, Schedule 2, Part 1, paragraph 3(1).

(i) Paragraph 27K was inserted by the Taxation of Pensions Act 2014, section 3, Schedule 2, Part 1, paragraph 3(1), and amended by the Finance Act 2015, section 34, Schedule 4, Part 1, paragraphs 13(6)(a) and (b).

- (e) transferring the value of those rights to a successor’s flexi-access drawdown fund in respect of an arrangement for the purposes of entitlement by the successor to successors’ income withdrawal which is an authorised member payment for the purposes of Part 4 of the Finance Act 2004 (pension schemes etc.).”.

(4) After paragraph 14(2)(c) insert—

- “(ca) transferring the value of those rights to a dependant’s flexi-access drawdown fund in respect of an arrangement for the purposes of entitlement by the dependant to dependants’ income withdrawal which is an authorised member payment for the purposes of Part 4 of the Finance Act 2004 (pension schemes etc.);
- (cb) transferring the value of those rights to a nominee’s flexi-access drawdown fund in respect of an arrangement for the purposes of entitlement by the nominee to nominees’ income withdrawal which is an authorised member payment for the purposes of Part 4 of the Finance Act 2004 (pension schemes etc.);
- (cc) transferring the value of those rights to a successor’s flexi-access drawdown fund in respect of an arrangement for the purposes of entitlement by the successor to successors’ income withdrawal which is an authorised member payment for the purposes of Part 4 of the Finance Act 2004 (pension schemes etc.);”.

Signed by authority of the Secretary of State for Work and Pensions

7th March 2024

Paul Maynard
Parliamentary Under Secretary of State
Department for Work and Pensions

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Occupational Pension Schemes (Collective Money Purchase Schemes) Regulations 2022 (S.I. 2022/255) (the “CMP Regulations”).

Regulation 3 of these Regulations amends regulation 17 of the CMP Regulations so that increases required in the rate or amount of benefits under a collective money purchase scheme must be applied to offset any planned reduction under a multi-annual reduction, or reductions, then in effect. Further, regulation 17(4)(e) of the CMP Regulations is amended so that scheme rules must provide that the methodology for applying increases set out in regulation 17(4)(e) does not apply when a multi-annual reduction is in effect.

Regulation 4 amends regulation 19(4) of the CMP Regulations to specify additional details that must be contained in an actuarial valuation prepared in accordance with section 20(1) of the Pension Schemes Act 2021 (c. 1), as a result of the amendments to regulation 17 of the CMP Regulations.

Regulation 5 of these Regulations amends paragraphs 1 and 2 of Schedule 6 to the CMP Regulations to provide for additional types of fund to which a beneficiary’s accrued rights to benefits under a collective money purchase scheme can be transferred during wind-up of the scheme.

Regulation 5 also amends paragraph 14(2) of Schedule 6 to the CMP Regulations to provide for alternative ways a scheme’s liability to the beneficiary may be discharged.

A full impact assessment of the effect that the CMP Regulations will have on the costs to business, the voluntary sector and civil society organisations has been made and was published with the Explanatory Memorandum alongside that instrument on www.legislation.gov.uk. A hard copy of the impact assessment may be obtained from the Department for Work and Pensions, Caxton House, Tothill Street, London SW1H 9NA. A separate impact assessment has not been carried out for these Regulations as they do not introduce any changes to the original policy.

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