

# Pension Schemes Bill [HL]

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AMENDMENTS  
TO BE MOVED  
IN COMMITTEE OF THE WHOLE HOUSE

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**Clause 1**

LORD FLIGHT

Page 1, line 8, at end insert “and is not an AVC only scheme,”

Page 1, line 12, at end insert—

- “( ) is not a relevant centralised scheme, and
- ( ) is not a scheme specified in regulations made by the Secretary of State.”

Page 2, line 1, at end insert—

““AVC only scheme” means an occupational pension scheme which provides no money purchase benefits other than benefits which are attributable to additional voluntary contributions;”

Page 2, line 8, at end insert—

““relevant centralised scheme” has the same meaning as in regulation 1(2) of the Occupational Pension Schemes (Member-nominated Trustees and Directors) Regulations 2006;”

**After Clause 40**

LORD FLIGHT

Insert the following new Clause—

**“Automatic transfer of pension benefits, etc**

- (1) The Secretary of State may make regulations requiring the trustees or managers of a work-based pension scheme (“the transferring scheme”) to transfer accrued rights to benefits under the scheme in respect of a relevant member to another work-based pension scheme (“the receiving scheme”) in circumstances and subject to conditions which may be prescribed.
- (2) Prescribed circumstances for the purposes of subsection (1) may include that—
  - (a) the relevant member has been an active member of the transferring scheme and has accrued rights to benefits under that scheme;

**After Clause 40 - continued**

- (b) the relevant member has ceased to be an active member of the transferring scheme;
  - (c) immediately before the relevant member ceased to be an active member of the transferring scheme the member was a worker of an employer (A) who paid contributions in respect of the member to the transferring scheme;
  - (d) the whole of the sums or assets representing accrued rights of the relevant member under the transferring scheme are invested in that scheme's default fund;
  - (e) the relevant member is an active member of the receiving scheme and is a worker of A;
  - (f) A pays contributions to the receiving scheme in respect of the relevant member;
  - (g) the whole of the sums or assets representing accrued rights of the relevant member under the receiving scheme are invested in that scheme's default fund;
  - (h) the relevant member has no accrued rights to benefits under the transferring scheme or the receiving scheme which are not money purchase benefits.
- (3) Prescribed conditions for the purposes of subsection (1) may include that the trustees or managers of the receiving scheme have given the trustees or managers of the transferring scheme a transfer notice which meets prescribed requirements.
- (4) Regulations may set out further requirements in relation to a transfer under this section, including provisions –
- (a) requiring the trustees or managers of the transferring scheme to take such steps as are necessary to comply with the obligation to transfer accrued benefits in respect of a relevant member;
  - (b) discharging the trustees or managers of the transferring scheme following the transfer pursuant to this section from any obligation to provide benefits to or in respect of the relevant member;
  - (c) requiring that the relevant member has either consented in accordance with prescribed requirements or has been given the opportunity to opt out of the transfer and has not done so within a prescribed period;
  - (d) requiring specified information about the transfer to be given to the relevant member;
  - (e) setting out how the cash equivalent of default fund benefits in respect of a relevant member is to be calculated and verified;
  - (f) requiring the trustees or managers of the receiving scheme to use the cash equivalent transferred pursuant to this section to provide rights under the scheme for or in respect of the relevant member;
  - (g) concerning the disclosure of information;
  - (h) concerning ensuring compliance with any requirements of this section or the regulations;
  - (i) requiring records of prescribed information in relation to the transfer to be kept and, on request, disclosed to the Pensions Regulator;

**After Clause 40 - continued**

- (j) imposing or conferring further duties or discretions on the trustees or managers of a transferring scheme or a receiving scheme, on employer A or on any other prescribed person in relation to a transfer pursuant to this section;
  - (k) overriding provisions of a transferring scheme or a receiving scheme to the extent necessary to comply with any obligation under this section.
- (5) In this section –
- “active member” has the same meaning as in the Pensions Act 1995 (see section 124(1) of that Act);
  - “default arrangement” has the same meaning as in the Occupational Pension Schemes (Charges and Governance) Regulations 2015 (see regulation 3 of those Regulations);
  - “money purchase benefits” has the same meaning as in the Pension Schemes Act 1993 (see section 181(1) of that Act);
  - “relevant member” means a person whose accrued rights to benefits under a work-based pension scheme may be transferred pursuant to this section;
  - “work-based pension scheme” has the same meaning as in the Pensions Act 2014 (see paragraph 15 of schedule 17 to that Act);
  - “worker” has the same meaning as in the Pensions Act 2008 (see section 88 of that Act).
- (6) Regulations under this section are subject to the affirmative resolution procedure.”

Insert the following new Clause –

**“Calculation of pension scheme liabilities**

- (1) The Companies Act 2006 is amended as follows.
- (2) After section 393 (accounts to give a true and fair view) insert –
  - “393A Calculation of pension scheme liabilities**
  - (1) Regulations may provide that directors, when preparing accounts as required by this Part or deciding for the purposes of this Part whether they are satisfied that accounts give a true and fair view of the assets, liabilities, financial position and profit and loss, may have regard to an alternative method of valuing defined benefit pension liabilities and (except where contrary to international accounting requirements) may disregard any method of valuing such liabilities required by accounting standards.
  - (2) The Secretary of State must make regulations which set out one or more alternative methods of valuing defined benefit pension liabilities for the purposes of this section.
  - (3) Regulations made under this section may –
    - (a) provide for the value of defined benefit pension liabilities to be calculated using a discount rate determined otherwise than by reference to the market yield on government or corporate bonds;

**After Clause 40 - continued**

- (b) provide for the calculation of the value of defined benefit pension liabilities to be certified out by an actuary appointed by the directors;
  - (c) make similar provision in relation to limited liability partnerships and any other undertakings subject to the requirements of this Part;
  - (d) override any provisions which would otherwise require defined benefit pension liabilities to be calculated in accordance with accounting standards;
  - (e) provide for an audit required pursuant to this Act to be carried out with regard to the provisions of this section.
- (4) In this section –
- “defined benefit pension liabilities” means liabilities under an occupational pension scheme in relation to future payment of benefits which are not money purchase benefits;
  - “international accounting requirements” has the meaning prescribed;
  - “accounting standards” means international accounting standards and any accounting standards issued by the Financial Reporting Council of the United Kingdom or its predecessors or successors;
  - “money purchase benefits” has the same meaning as in the Pension Schemes Act 1993 (see section 181 of that Act);
  - “occupational pension scheme” has the same meaning as in the Pension Schemes Act 1993 (see section 1(1) of that Act).
- (5) Regulations under this section must be made before the end of the period of one year from the date on which this section comes into force and must be reviewed from time to time.
- (6) Regulations under this section are subject to the affirmative resolution procedure.””

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*15 November 2016*

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