

2005 No. []

PENSIONS

The Occupational Pension Schemes (Trustees' Knowledge and Understanding) Regulations 2005

<i>Made</i> - - - -	<i>September 2005</i>
<i>Laid before Parliament</i>	[]
<i>Coming into force</i> - -	<i>April 2006</i>

The Secretary of State for Work and Pensions, in exercise of the powers conferred upon him by sections 249(2), 315(2) and 318(1) of the Pensions Act 2004(a) and of all other powers enabling him in that behalf, by this instrument, which is made before the end of the period of six months beginning with the coming into force of the provisions of that Act by virtue of which it is made(b), hereby makes the following Regulations:

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Occupational Pension Schemes (Trustees' Knowledge and Understanding) Regulations 2005 and shall come into force on [date].

(2) In these Regulations, “the 2004 Act” means the Pensions Act 2004.

Individual trustees: trustees' knowledge and understanding

2. Section 247(3) and (4) of the 2004 Act (requirement for knowledge and understanding: individual trustees) shall not apply to any individual who is a trustee of a relevant scheme for a period of six months beginning with the date of his appointment as such a trustee, unless—

- (a) he is an independent trustee within the meaning of section 23 of the Pension Act 1995(c) (power to appoint independent trustees); or
- (b) he was appointed as a consequence of holding himself out as having expertise in any of the matters listed in section 247(4) of the 2004 Act or any regulations made under that section.

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

	<i>Name</i>
	Minister of State, Department for Work and Pensions
Date	

(a) 2004 c. 35. Section 318(1) is cited because of the meaning there given to “prescribed” and “regulations”.
(b) See section 317 of the Pensions Act 2004, which provides that the Secretary of State must consult such persons as he considers appropriate before making regulations by virtue of the provisions of that Act (other than Part 8). This duty does not apply where regulations are made before the end of six months beginning with the coming into force of the provisions of that Act by virtue of which the regulations are made.
(c) 1995 c. 26. Section 23 is substituted by section 36(3) of the Pensions Act 2004.

EXPLANATORY NOTE

(This note is not part of the Regulations)

Section 247 of the Pensions Act 2004 (“the 2004 Act”) requires individual trustees of an occupational pension scheme to be conversant with the scheme documentation (including the trust deed and the rules of the scheme; any current statement of investment principles maintained under section 35 of the Pensions Act 1995; the statement of funding principles for schemes to which Part 3 (scheme funding) of the 2004 Act applies; and other policy documents relevant to the scheme) and to have an appropriate knowledge and understanding of pensions law and principles relating to the funding and investment assets for such schemes for the proper exercise of their functions as a trustee.

These Regulations provide an individual trustee with a six-month period of grace from the requirements set out in section 247 to run from the date of his appointment. This exemption from the requirements of section 247 does not apply however if the individual trustee is either an independent trustee (within the meaning of section 23 of the Pensions Act 1995 as substituted by section 36(3) of the 2004 Act), or was appointed as an individual trustee as a consequence of holding himself out as having expertise in the law relating to pensions and trusts or the principles relating to the funding of occupational pension schemes or the investment of the assets of such schemes and other related matters.

As these Regulations are made before the expiry of the period of six months beginning with the coming into force of the provisions of the 2004 Act by virtue of which they are made, the requirements for the Secretary of State to consult such persons as he considers appropriate does not apply.

A full regulatory impact assessment has not been produced for this instrument as it has no impact on the costs of business.