

Pensions Bulletin

Fact Sheet 2

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Consultation regulations

I Introduction

- 1.1 New rules that impose fines on employers who do not consult with their staff about pension scheme changes came into effect on 6 April 2009. The power for issuing these fines – to a maximum of £50,000 – rests with The Pensions Regulator.
- 1.2 The remainder of this Fact Sheet summarises these consultation regulations. The relevant regulations are the Occupational and Personal Pension Schemes (Consultation by Employers and Miscellaneous Amendment) Regulations 2006.

2 Requirement to consult

- 2.1 Legislation requires employers with 50 or more employees to consult with 'affected members' (i.e. members who are currently paying contributions to the pension scheme or those who are eligible to join the scheme) – or their representatives – on certain changes to the pension scheme they offer to staff.

- 2.2 Such changes include:

i. for all occupational pension schemes:

- increasing normal pension age;
- closing the scheme to new members;
- ceasing future accrual of benefits;
- removing the requirement for employers to make contributions;
- introducing member contributions for a non-contributory scheme;
- increasing member contributions; and
- changing the definition of pensionable earnings.

ii. for occupational defined contribution (DC) schemes:

- reducing employer contributions.

iii. for occupational defined benefit (DB) schemes:

- changing benefits to a DC basis;
- changing the basis for determining future accruals of benefits; and
- reducing the future accrual rate.

- 2.3 Details on the changes must be provided before consultation starts and should include relevant background information with a timescale for the implementation of the changes, together with a date that marks the end of the consultation period.



- 2.4 The consultation period must last at least 60 days after which the employer must consider any comments before making its decision.
- 2.5 Employers with The Pensions Trust who are considering making changes to their scheme should contact our Customer Relations Team, who will guide you through the consultation requirements.
- 2.6 Further details about the consultation regulations can be found at <http://www.opsi.gov.uk/si/si2006/20060349.htm>

While every effort has been made to ensure the accuracy of the information contained in this Fact Sheet, it should not be treated or relied upon as a statement of law. Readers should contact their regular Account Manager at The Pensions Trust in relation to their own circumstances and/or refer to the original source material as appropriate.

