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Mike Freer MP
House of Commons

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Dear Mike

Thank you for your email of 28 November to the Secretary of State on behalf of [redacted] about the definition of a Master Trust in the Pension Schemes Act 2017. I am replying as the Minister for Pensions.

The definition of a Master Trust used in the Pension Schemes Act 2017 is intentionally broad as it needs to include the wide range of structures and arrangements that may exist within the Master Trust market.

The aim of the authorisation regime and criteria introduced by the Pension Schemes Act 2017 is to target specific areas of risk that arise in Master Trust schemes compared to other occupational pension schemes. The risks in such structures are not limited to commercial enterprises and include the volume of savers involved and the potential impact on confidence in pension savings should a scheme fail.

However, we acknowledge that not all schemes which meet the definition are subject to these risks. We are currently consulting on draft Regulations that implement this part of the Pension Schemes Act 2017, including some disapplications. These include small self-administered schemes, where the members are all trustees and therefore could be said to be investing for themselves. A small self-administered scheme is limited to no more than 11 members and is defined in existing pensions' legislation. The draft regulations also disapply authorisation to single member schemes (sometimes also known as executive schemes).

I would therefore encourage [redacted] to have a look at, and if appropriate respond to, the consultation which includes the detail of the authorisation regime as well as the disapplications. It can be found on the Government website www.gov.uk using the search term 'Draft Occupational Pension Schemes (Master Trusts)'.

[redacted] also refers to the Finance Bill 2017. This legislation gives HM Revenue and Customs the power to de-register a scheme, or to refuse to register a scheme if a sponsoring employer is a dormant company, but it is not required to do so. HM Revenue and Customs would only de-register a scheme where it is satisfied that the scheme is not being operated for the provision of legitimate retirement benefits.

I hope this helps to explain the position.

Yours Sincerely, Guy Opperman

**GUY OPPERMAN MP**
**MINISTER FOR PENSIONS AND FINANCIAL INCLUSION**

[redacted]

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