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Dear Protecting Savers Consultation Response Team

USS response: *Protecting pension savers – proposals to amend the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021*

Thank you for the opportunity to respond to the consultation on proposals to amend the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021. We have set out below our views and comments in response to the draft amending regulations as published. We would be happy to discuss any of these further with you if it would be helpful.

About USS

Universities Superannuation Scheme (USS) was established in 1974 as the principal pension scheme for universities and higher education institutions in the UK. We work with around 330 employers to help build a secure financial future for almost 577,000 members and their families. We are one of the largest pension schemes in the UK, with total assets of around £76.8bn (as at 31 March 2025).

Question 1 - Do you foresee any issues with the planned wording of the flag in regulation 8 of Annex A?

We do not foresee any issues with the draft amendment to Regulation 8 in respect of occupational pension schemes that are not a Qualifying Recognised Overseas Pension Scheme (QROPS).

In relation to transfers to a QROPS, it appears that Regulation 8 as amended would still only require that either sufficient evidence of an employment link or a residence link is demonstrated by a member, but if neither is shown there would be a red flag. In other words, Regulation 8 is not introducing a requirement that every ROPS transfer requires the member to establish an employment link. We do not have any concerns about this from an administration perspective.

However, if it is intended that members transferring to a QROPS must always demonstrate an employment link, (1) this should be clarified in the draft regulations, and (2) this would likely significantly increase the proportion of such transfers where a red flag is applicable. This is because, in our experience, the requirements to demonstrate an employment link can be difficult to satisfy for overseas employment and so members typically rely on being able to demonstrate that the residency link is met.

Question 2 - Are you aware of any emerging concerns, risks or scam activity, such as those arising in

SSASs or other pension arrangements, where existing consumer protections or regulatory safeguards may not be sufficient?

We work hard to ensure that our members are protected from scam activity. As part of this we consider potential emerging risks. At present, we do not have specific concerns relevant to this question and therefore have no comment to make here.

Question 3 - Do you consider the focus on the employment link to be an appropriate and effective measure for addressing the concerns relating to SSAS transfers?

We do not have any comments on this question.

Question 4 - Do you agree with this proposed approach [to the introduction of references to "any reputable pension scheme"], including the use of a non-exhaustive list of factors? If so, we would welcome your views on what those factors should be. We also welcome your input, including any evidence-based views, on its effectiveness and practical workability.

In general, we welcome the introduction of the inclusion of a new category of "reputable pension scheme" within Condition 1. We expect this will speed up the transfers process for a significant proportion of transfers currently falling under Condition 2, which will often be to schemes run by, for example, large, well-known insurers.

A non-exhaustive list of factors may be helpful, provided it is clear that trustees may have regard to those factors, which appears to be the intention. If such a list of factors was expressed as a closed list, that would be less helpful.

Our views on the proposed list of factors are as follows:

- **"whether there is an existing relationship with the receiving scheme"** – we assume this is intended to refer to an existing relationship between the transferring and receiving schemes (rather than the member and the receiving scheme), but the term "relationship" is, in our view, an unusual term to use in this context. We therefore suggest what is meant by this factor is made as clear as possible in the final list.
- **"the nature and risk profile of the scheme's investments"** – we would not typically expect the nature and risk profile of the scheme's investments to be a helpful factor, because the types of schemes we would typically expect to be classed as "reputable" are also likely to offer a large range of investments that may change in nature over time. However, provided it is not an obligatory factor to consider, we do not have concerns about this.
- **Potential additional factor: personal pension schemes run by master trust providers –** we understand that there are a number of master trust providers who also operate personal pension schemes, albeit potentially via another group or related entity. We would generally expect such schemes to be reputable given the likely higher level of regulatory scrutiny in respect of such providers, and so we suggest DWP consider this as an additional factor for the list.

Question 5 - Do you foresee any issues in the practical implementation of the amended regulations?

We do not foresee any implementation issues other than those raised in the previous questions.

Question 6 - Do you foresee any issues with the proposed wording of the amendments to the regulations, as detailed in Annex A?

We do not foresee issues with the proposed wording of the amendments to the regulations, other than those raised in the previous questions and in relation to Regulation 9(1A), as explained below.

Amendment to Regulation 9 (MaPS guidance)

The draft amendment to Regulation 9 currently provides an exception to the need for guidance where guidance has already been received *"within the period of 12 months ending with the date the trustees or managers of the transferring scheme received the request"*.

It would seem appropriate to extend this exception to cover guidance received in the subsequent period between (i) the date the trustees or managers of the transferring scheme receive the request to make the transfer and (ii) the date the trustee requires the member to take guidance under regulation 9(1) (the **Due Diligence Period)**.

The rationale for this is:

- MaPS guidance received in relation to another transfer within period of 12 months ending with the date the trustees or managers of the transferring scheme received the request – *member may not be required to take further guidance due to the draft new Regulation 9(1A).*
- MaPS guidance received between the date the trustees or managers of the transferring scheme receive the request to make the transfer and the date the trustee requires the member to take guidance under Regulation 9(1) (the **Due Diligence Period)** – *further guidance would be required because (1) this is not covered by the new exception under Regulation 9(1A) and (2) Regulation 9(1)(b) provides that guidance must be taken subsequently to being informed of the requirement to do so by the trustees or managers (i.e. the guidance requested by the trustee(s) must have been taken after the Due Diligence Period).*

It appears somewhat arbitrary that guidance received during the Due Diligence Period would not be included within the exception, given the guidance is closer to the time of the new transfer. It may also distort member behavior without amendment. In particular, members might delay transfer requests while they wait for a previous transfer – and any MaPS guidance – to conclude before applying for a second transfer from another scheme.

Separately, we note that the reference to the date the trustees/managers *"received the request"* could be helpfully clarified to say, for example, *"received the request to make the transfer".* This would be consistent with other provisions in the regulations.

We hope the above responses are helpful. If it would help to explore or discuss any of these points further, please let us know. Thank you again for the opportunity to respond to this consultation.

Yours sincerely

Mel Duffield
Chief Pensions Strategy Officer