

Derived from legislation.gov.uk and provided for illustrative purposes only as part of the consultation on the draft Occupational Pension Schemes (Collective Money Purchase Schemes) (Extension to Unconnected Multiple Employer Schemes and Miscellaneous Provisions) Regulations 2025 (“the draft regulations”). Please refer to the draft regulations for the provision to be made in Part 5 of those Regulations.

The Occupational Pension Schemes (Collective Money Purchase Schemes) Regulations 2022

PART 1

Preliminary provisions

Citation, extent and commencement

1.—(1) These Regulations may be cited as the Occupational Pension Schemes (Collective Money Purchase Schemes) Regulations 2022.

(2) These Regulations extend to England and Wales and Scotland.

(3) These Regulations come into force on 1st August 2022.

Application

1A.—(1) Parts 2 to 6, and Part 1 insofar as it relates to those Parts, apply in relation to single or connected employer schemes.

(2) Part 7, and Part 1 insofar as it relates to Part 7, apply in relation to all collective money purchase schemes

Interpretation and notices

2.—(1) In these Regulations—

“the 1993 Act” means the Pension Schemes Act 1993;

“the 1995 Act” means the Pensions Act 1995;

“the 2004 Act” means the Pensions Act 2004;

“the Act” means the Pension Schemes Act 2021;

“active member” has the meaning given in section 124(1) of the 1995 Act;

“additional charge” means an administration charge for advice, information or a service provided to a member, including where the member requests a transfer to another pension scheme;

“body corporate” has the meaning given in section 1173(1) of the Companies Act 2006;

“central estimate” means an estimate that is not deliberately either optimistic or pessimistic, does not include any margin for prudence and does not incorporate adjustments to reflect the desired outcome;

“Code” means a code of practice issued by the Regulator;

“continuity option” means one of the continuity options listed in section 34(2) of the Act;

“continuity strategy” has the meaning given in section 17(2) of the Act;

“deferred member” has the meaning given in section 124(1) of the 1995 Act;

“discounted level” means a lower level of an administration charge which applies in particular circumstances, including—

- (a) a lower level which applies to members from a particular employer; or
- (b) a lower level which applies to a member according to the value of the member’s rights in the scheme;

“effective date” has the meaning given in section 20(6)(a) of the Act;

“multi-annual reduction” means an arrangement permitted under the scheme rules under which the trustees apply a reduction to the rate or amount of benefits provided under the scheme over multiple years following an actuarial valuation;

“pensionable service” has the meaning given in section 124(1) of the 1995 Act;

“pensioner member” has the meaning given in section 124(1) of the 1995 Act;

“relevant person” means a person falling within section 15(3) of the Act;

“the Regulator” means the Pensions Regulator;

“scheme year” means—

- (a) a year specified for the purposes of the scheme in any document comprising the scheme; or
- (b) if no such year is specified, a period of 12 months beginning on 1st April or on such other date as the trustees select;

“service provider” means a person providing advisory, administration, investment or other services in respect of the scheme;

“survivor” has the meaning given in section 67A(10)(a) of the 1995 Act;

“third-party charge” means any administration charge imposed on or in respect of a member by a person other than the trustees;

“viability certificate” has the meaning given in section 13(1)(b) of the Act; “viability report” has the meaning given in section 13(1)(a) of the Act.

(2) Except where paragraph 1 of Schedule 6 provides otherwise, sections 303 (service of notifications and other documents) and 304 (notification and documents in electronic form) of the 2004 Act are treated as applying to notices and notifications issued in accordance with these Regulations.

Connected employers

~~3.—(1) For the purposes of section 49(2)(b) of the Act (interpretation of Part 1), an employer (“A”) is connected with another employer (“B”), and an employer which is a group undertaking of A is connected with an employer which is a group undertaking of B where A and B have separate legal identities but are structured so that the economic position of the shareholders of each is, as far as practicable, the same as if they held shares in a single company comprising the combined businesses of A and B.~~

~~(2) In paragraph (1) “group undertaking” has the meaning given in section 1161(5) of the Companies Act 2006 (meaning of “undertaking” and related expressions).~~

PART 2

Schemes divided into sections

Qualifying schemes

~~4.—(1) For the purposes of section 3(8) of the Act (qualifying schemes), the characteristics prescribed are—~~

~~(a) the rate or amount specified in the rules of the scheme by reference to which qualifying benefits are provided each year under the scheme;~~

~~(b) the rate or amount of contributions paid by the employer;~~

~~(c) the rate or amount of contributions paid by the employee;~~

~~(d) the normal pension age as specified in the rules of the scheme.~~

(1) The combinations of qualifying benefits described for the purposes of section 3(8) of the Act (qualifying schemes) are—

(a) qualifying benefits in respect of which the rates or amounts specified in the rules of the scheme by reference to which the qualifying benefits are provided each year under the scheme are different;

(b) qualifying benefits in respect of which the rates or amounts of contributions paid by the employer are different;

(c) qualifying benefits in respect of which the rates or amounts of contributions paid by the employee are different;

(d) qualifying benefits in respect of which the normal pension ages as specified in the rules of the scheme are different

(2) In this regulation, “normal pension age” has the meaning given in section 76(1) of the Pension Schemes Act 2015 (interpretation of Part 4).

Schemes divided into sections

5.—(1) Where an undivided scheme becomes a collective money purchase scheme that is divided into sections (a “divided scheme”), an authorisation previously granted in respect of the undivided scheme (the “existing authorisation”) applies to a section if—

(a) that section of the divided scheme is a collective money purchase scheme by reason of section 1(2)(b) of the Act (collective money purchase benefits and schemes); and

~~(b) the qualifying benefits provided under that section of the divided scheme have the same characteristics set out in regulation 4(1) as those provided under the undivided scheme.~~

(b) the rates or amounts, and age, described in regulation 4(1), and specified in the rules by reference to which the qualifying benefits are provided under that section of the divided scheme, are the same as those provided for under the undivided scheme.

(2) Where an undivided scheme becomes a divided scheme and there are two or more sections of that scheme to which paragraph (1) applies ~~providing benefits with the same characteristics set out in regulation 4(1)~~, the trustees of the undivided scheme must determine which section within the divided scheme the existing authorisation will apply to.

(3) Where paragraph (2) applies, the trustees of the undivided scheme must, as soon as reasonably practicable, provide the Regulator with the following information—

- (a) the date from which the existing authorisation will apply to the section within the divided scheme; and
- (b) the name of the section within the divided scheme to which the existing authorisation will apply.

(4) In this regulation, “undivided scheme” has the meaning given in section 5(2) of the Act (schemes divided into sections).

PART 3

Authorisation

Authorisation: contents

6.—(1) This regulation applies for the purposes of section 8(4)(a) of the Act (application for authorisation).

(2) The other information to be included in an application, in relation to each person acting in a capacity mentioned in section 11(2) of the Act (fit and proper persons requirement), is—

- (a) in the case of an individual—
 - (i) the person’s full name;
 - (ii) the person’s date of birth;

- (iii) the title and description of the person's role in relation to the scheme;
 - (iv) (aa) the person's residential address and address for correspondence, if different, and
 - (bb) if there has been a change to the person's residential address at any time in the period of five years before the date of the application for authorisation, their other residential addresses falling within that period;
 - (v) a criminal conviction certificate obtained by means of an application in accordance with section 112(1) of the Police Act 1997 (criminal conviction certificates) or, in relation to the law of a country outside the United Kingdom, any equivalent document;
- (b) where that person is acting in a capacity mentioned in section 11(2)(a) to (d) and that person is a body corporate—
- (i) the full name of each individual who is performing, or who will be performing, the functions of that person in relation to the scheme in the exercise of a management or executive role in relation to that person;
 - (ii) the date of birth of each such individual;
 - (iii) (aa) the residential address of each such individual and their address for correspondence, if different, and
 - (bb) if there has been a change to each such individual's residential address at any time in the period of five years before the date of the application for authorisation, their other residential addresses falling within that period;
- (c) in the case of any person, responses to a list of questions that may be asked by the Regulator, as part of an application for authorisation, to assess whether the person is a fit and proper person.

(3) The other information to be included in an application, in relation to whether the scheme is financially sustainable, is the information set out in Part 1 of Schedule 3.

(4) The other information to be included in an application, in relation to whether the systems and processes used for communicating with members and others are adequate, is details of the systems and processes used, or intended

to be used, for the purposes of communicating with relevant persons, including details of the matters set out in Schedule 4.

(5) The other information to be included in an application, in relation to whether the systems and processes used in running the scheme are sufficient, is—

- (a) details of the systems and processes used, or intended to be used, in the running of the scheme, including details of the matters set out in Schedule 5;
- (b) whether the systems and processes used, or intended to be used, in the running of the scheme have been devised, applied or maintained by the scheme or a service provider.

(6) The other information to be included in an application is—

- (a) the name of the scheme;
- (b) the name of each employer in relation to the scheme;
- (c) the date on which it is proposed that the scheme will begin operating, subject to the Regulator's decision under section 9(1) of the Act (decision on application);
- (d) the contact details of the trustees making the application;
- (e) a copy of the rules of the scheme;
- (f) a copy of the scheme's trust deed;
- (g) an explanation of how the scheme satisfies the definition of a collective money purchase scheme under section 1(2) of the Act (collective money purchase schemes), including—
 - (i) an explanation of how the requirements of section 3 of the Act (qualifying schemes) are met in respect of the scheme, and
 - (ii) where the scheme is a section of a qualifying scheme, an explanation of how the requirements of section 3 of the Act are met in respect of that section.

(7) For the purposes of paragraph (6), the date on which it is proposed that the scheme will begin operating is the date proposed as the date on which, in relation to the scheme, a person is to first accept money as described in section 7(5)(a) or (b) of the Act.

[Unamended provisions omitted]

PART 4

Valuation and benefit adjustment

Calculation of benefits

17.—(1) For the purposes of section 18(4) of the Act (calculation of benefits), the rules of a collective money purchase scheme must contain the provisions set out in paragraphs (2) to (4).

(2) In relation to the determination of the value of the available assets of the scheme, the assets to be taken into account are the available assets of the scheme attributed to the scheme in the relevant accounts, excluding any resources invested in contravention of section 40(1) of the 1995 Act (restriction on employer-related investments).

(3) In relation to the determination of the required amount—

- (a) that the trustees must apply the methods set out in the scheme rules;
- (b) that the mortality tables used and the demographic assumptions made, having regard to the main characteristics of the members as a group, must be based on a central estimate basis;
- (c) that the discount rate must be determined using a central estimate of the estimated future returns on assets held by the scheme or expected to be held in the future;
- (d) that the inflation assumptions used must be based on a central estimate basis.

(4) In relation to the adjustment of the rate or amount of benefits provided under the scheme—

- (a) that the trustees must apply the methods set out in the scheme rules;
- (b) that any such adjustment must be based on the actuarial valuation calculated by reference to the most recent effective date;
- (c) that any such adjustment must be applied to all the members of the scheme without variation;
- (d) that any such adjustment must be applied on the benefit adjustment date;

(e) that, except where there is a multi-annual reduction in effect, where an increase is required to the rate or amount of benefits provided under the scheme, before that increase can be applied the trustees must determine—

(i) the cost of funding that increase for the remaining lives of—
(aa) the beneficiaries of the scheme on the effective date;
(bb) the expected survivors in relation to the members of the scheme on the effective date;

(ii) that the value of the available assets of the scheme, as determined for the purposes of the actuarial valuation calculated by reference to the most recent effective date, is sufficient to meet the cost of funding that increase for the remaining lives of—

(aa) the beneficiaries of the scheme on the effective date;
(bb) the expected survivors in relation to the members of the scheme on the effective date

(f) that, where the trustees have made a determination in accordance with sub-paragraph (e), the trustees may only apply that increase in accordance with the basis on which the cost of funding that increase was determined under sub-paragraph (e)(i).

(5) For the purposes of paragraph (4)(e) the cost of funding an increase must—

(a) be calculated on the basis that the increase will be applied each year;
(b) include the projected change in inflation.

(6) Subject to paragraphs (3) and (4), it is for the trustees of a collective money purchase scheme to determine, having obtained advice from the scheme actuary, which assumptions are to be used for the purposes of determining the required amount on which the adjustment to the rate or amount of benefits provided under the scheme is based.

(7) Paragraphs (8) to (13) apply where the scheme rules of a collective money purchase scheme permit the trustees to apply a multi-annual reduction.

(8) The trustees of a collective money purchase scheme may apply a multi-annual reduction to the rate or amount of benefits provided under the scheme provided that—

(a) the multi-annual reduction is to be applied in full on or before the third benefit adjustment date beginning with the benefit adjustment date which relates to the actuarial valuation as a result of which the multi-annual reduction is to be applied;

(b) the reduction applied in any year of the multi-annual reduction must not be greater than the reduction applied in the previous year of the multi-annual reduction.

(9) Except as provided by paragraph (10), the trustees of a collective money purchase scheme must not vary any planned adjustments under a multi-annual reduction after the first benefit adjustment date which relates to the actuarial valuation as a result of which the multi-annual reduction is to be applied.

(10) Where there is one or more multi-annual reduction or reductions in effect and a subsequent actuarial valuation results in an increase in the rate or amount of benefits provided under the scheme, the trustees, having obtained the advice of the scheme actuary, must vary one or more multi-annual reduction or reductions then in effect, by applying that increase to offset the planned reduction or reductions under the multi-annual reduction or reductions, which take effect on or after the benefit adjustment date following that valuation.

(10A) Paragraph (8)(b) does not apply to a multi-annual reduction that has been varied in accordance with paragraph (10).

(10B) Any offsetting increase pursuant to paragraph (10) must be applied to the remaining years of the multi-annual reduction or reductions so that the total reduction applied in any year of the multiannual reduction or reductions must not be greater than the total reduction applied in the previous year of the multi-annual reduction or reductions.

(10C) If an offsetting increase has been applied pursuant to paragraphs (10) and (10B) so that a multi-annual reduction has been offset in full, such multi-annual reduction will cease to have effect and, if all multi-annual reductions cease to have effect, any remaining increase must be applied in accordance with the scheme rules made pursuant to paragraph (4)(e).

(11) Where there is a multi-annual reduction in effect and a subsequent actuarial valuation results in a further reduction in the rate or amount of benefits provided under the scheme, that further reduction is to be applied by the trustees, having obtained the advice of the scheme actuary, in addition to the multi-annual reduction which is in effect.

(12) Where there is a single multi-annual reduction in effect and a subsequent actuarial valuation results in a further reduction in the rate or amount of benefits provided under the scheme which is to be applied as a multi-annual reduction (the “second multi-annual reduction”)—

- (a) paragraph (8)(b) does not apply to the second multi-annual reduction;
- (b) the total reduction applied in any year of the second multi-annual reduction must not be greater than the total reduction applied in the previous year of the second multi-annual reduction.

(13) Where there are two (but not more than two) multi-annual reductions in effect and a subsequent actuarial valuation results in a further reduction in the rate or amount of benefits provided under the scheme which is to be applied as a multi-annual reduction (the “third multi-annual reduction”)—

- (a) paragraph (8)(b) does not apply to the third multi-annual reduction;
- (b) the total reduction applied in any year of the third multi-annual reduction must not be greater than the total reduction applied in the previous year of the third multi-annual reduction.

(14) In this regulation—

“beneficiary” has the meaning given in section 36(8) of the Act (continuity option 1: discharge of liabilities and winding up);

“benefit adjustment date” means the date set out in the scheme rules on which an adjustment to the rate or amount of benefits provided under the scheme following an actuarial valuation must be applied each year;

“relevant accounts”, in relation to an actuarial valuation, are the audited accounts for the scheme which are prepared in respect of the period ending with the effective date of the actuarial valuation.

[Unamended provisions omitted]

Fit and proper persons requirement

1.—(1) In this Schedule—

“arrangement” means a voluntary arrangement entered into by an individual with their creditors;

“the Bankruptcy Act” means the Bankruptcy (Scotland) Act 2016;

“the Insolvency Act” means the Insolvency Act 1986;

“the Insolvency Order” means the Insolvency (Northern Ireland) Order 1989;

“the registrar of companies” has the meaning given by section 1060(3) of the Companies Act 2006.

(2) In paragraph 2(a)—

“adjudicator” has the meaning given by section 385(1) of the Insolvency Act;

“creditor” has the meaning given by section 383(1) of the Insolvency Act).

(3) In paragraph 2(b)—

~~“the Accountant in Bankruptcy” has the meaning given by section 199(1) of the Bankruptcy Act;~~

“creditor” has the meaning given by section 383(1) of the Insolvency Act;

“debtor application” has the meaning given by section 228(1) of the Bankruptcy Act; “sequestration” has the meaning given by section 1 of the Bankruptcy Act.

(4) In paragraph 2(c)—

“bankrupt”, “bankruptcy order” and “bankruptcy petition” have the meanings given in Article 9(1) of the Insolvency Order;

“the court” is defined in rule 0.2 of the Insolvency Rules (Northern Ireland) 1991; “creditor” has the meaning given in Article 9(1) of the Insolvency Order.

2. For the purposes of section 11(3)(a) of the Act (fit and proper persons requirement), the Regulator must take into account the following matters when assessing whether a person is fit and proper to act in a capacity mentioned in section 11(2) of the Act—

(a) whether, in England and Wales, the person has—

- (i) made any arrangement with the person's creditors;
 - (ii) applied to an adjudicator under section 263H of the Insolvency Act (bankruptcy applications to an adjudicator) for a bankruptcy order within the meaning given by section 381(2) of the Insolvency Act ("bankrupt" and associated terminology);
 - (iii) been served with a bankruptcy petition within the meaning given by section 381(3) of the Insolvency Act;
 - (iv) been made bankrupt within the meaning given by section 381(1) of the Insolvency Act;
 - (v) been the subject of a bankruptcy restrictions order made under paragraph 1 (bankruptcy restrictions order) of Schedule 4A to the Insolvency Act ~~(including or an interim bankruptcy restrictions order made under paragraph 5 (interim bankruptcy restrictions order) of that Schedule)~~; or
 - (vi) offered a bankruptcy restrictions undertaking made under paragraph 7 (bankruptcy restrictions undertaking) of Schedule 4A to the Insolvency Act;
- (b) whether, in Scotland, the person has—
- (i) made any arrangement with the person's creditors;
 - (ii) made a debtor application ~~to the Accountant in Bankruptcy for sequestration~~;
 - (iii) been served with a petition for sequestration;
 - (iv) been the subject of an award of sequestration in accordance with section 22 of the Bankruptcy Act (when sequestration is awarded);
or
 - (v) been the subject of a bankruptcy restrictions order ~~made under within the meaning given by~~ section 155(1) (bankruptcy restrictions order) of the Bankruptcy Act ~~(including or an interim bankruptcy restrictions order made under within the meaning given by~~ section 160 (interim bankruptcy restrictions orders) of that Act);
- (c) whether, in Northern Ireland, the person has—
- (i) made any arrangement with the person's creditors;
 - (ii) petitioned the court for a bankruptcy order;

- (iii) been served with a bankruptcy petition;
- (iv) been adjudged bankrupt;
- (v) been the subject of a bankruptcy restrictions order made under paragraph 1 (bankruptcy restrictions order) of Schedule 2A to the Insolvency Order ~~(including or an interim bankruptcy restrictions order made under paragraph 5 (interim bankruptcy restrictions order) of that Schedule)~~; or
- (vi) offered a bankruptcy restrictions undertaking made under paragraph 7 (bankruptcy restrictions undertaking) of Schedule 2A to the Insolvency Order;

[Unamended provisions omitted]

SCHEDULE 2 Regulations 9, 10 and 11

Scheme design requirement

Part 1

Matters that the Regulator must take into account

1. The Regulator must take into account the following matters in deciding whether it is satisfied that the design of a collective money purchase scheme is sound—

- (a) the information or documents mentioned in regulation 10(3) that are provided to the Regulator in accordance with section 13(6) of the Act (viability report);
- (b) ~~whether the Regulator is satisfied that the scheme is a collective money purchase scheme within the meaning of section 1(2) of the Act (collective money purchase benefits and schemes)~~;
- (c) whether the Regulator is satisfied that the rules of the scheme meet—
 - (i) the requirements of section 18 of the Act (calculation of benefits); and
 - (ii) the requirements of regulation 17;
- (d) whether the Regulator is satisfied that the conclusions reached by—

- (i) the trustees as provided for in paragraph 8(1)(b);
- (ii) the scheme actuary on the matters in regulation 11(2), as set out in the viability report and viability certificate, are justified;

(e) whether the Regulator considers that—

- (i) the contents of the viability report;
- (ii) the contents of the viability certificate; and
- (iii) the information provided to the Regulator concerning the testing or modelling used for the purposes of determining whether the design of the scheme is sound,

are sufficiently comprehensive in order to enable the Regulator to decide whether it is satisfied that the design of the scheme is sound.

[Unamended provisions omitted]

9. The explanation required by paragraph 8(1) must include—

~~(a) an explanation of how the scheme satisfies the definition of a collective money purchase scheme under section 1(2) of the Act (collective money purchase benefits and schemes), including—~~

- ~~(i) an explanation of how the requirements of section 3 of the Act (qualifying schemes) are met in respect of the scheme; and~~
- ~~(ii) where the scheme is a section of a qualifying scheme, an explanation of how the requirements of section 3 of the Act are met in respect of that section;~~

(b) an explanation as to why the trustees are satisfied that the rules of the scheme meet—

- (i) the requirements of section 18 of the Act (calculation of benefits);
- (ii) the requirements of regulation 17.

[Unamended provisions omitted]

Systems and processes requirement

Preliminary

1. The matters that the Regulator must take into account in deciding, for the purposes of section 16 of the Act (systems and processes requirements), whether it is satisfied that the systems and processes used in running a collective money purchase scheme are sufficient to ensure that the scheme is run effectively are set out in paragraphs 2 to 14.

Features and functionality of IT systems

2. Whether the IT systems have the capacity and capability—

- (a) to process financial transactions securely, accurately and by automated means, including the core transactions described in regulation 24(2) of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (requirements for processing financial transactions);
- (b) to make and receive electronic payments;
- (c) to accept contributions from multiple sources;
- (d) to exchange data with other IT systems, including those used by employers and service providers;
- (e) to process information securely, accurately and by automated means for the purposes of calculating the rate or amount of benefits to be provided under the scheme, in accordance with the scheme rules;
- (f) to reconcile data on transactions and produce reports so that those activities can be monitored and transaction errors rectified promptly;
- (g) to identify and categorise transactions and payments for authorisation and countersigning at an appropriate level of authority;
- (h) to be updated to reflect changes in the legal requirements affecting transactions, payments and records, including changes in tax thresholds ~~and the annual allowance, the annual allowance and the lifetime allowance.~~

[Unamended provisions omitted]

Investments

12. Whether there are systems and processes—

- (a) for investing contributions in a timely manner in accordance with the scheme's investment ~~strategy~~ **policy**;
- (b) for recording investment decisions;
- (c) for managing the scheme's interaction with investment managers, and recording key decisions;
- (d) for recording, managing and reviewing the risks associated with investment decisions; and
- (e) for informing trustees about questions, decisions and risks relating to investments.

[Unamended provisions omitted]

SCHEDULE 6

Regulation 29

Continuity Option 1: transfer out and winding up

[Unamended provisions omitted]

Periodic income

7.—(1) Where a person was a pensioner beneficiary of the scheme immediately prior to the beginning of the winding-up period, or would have become a pensioner beneficiary of the scheme during the winding-up period but for the provisions of this Schedule, the trustees must pay that person a periodic income under and in accordance with this paragraph.

(2) A payment of periodic income by a scheme under this paragraph is not a payment of benefits (including pension) under the scheme.

(3) The periodic income is payable to a person who was a pensioner beneficiary of the scheme immediately prior to the beginning of the winding-up period during the period beginning with the date of the winding-up commencement time and continuing until the earlier of the date of the discharge

time in relation to that person or the date that person would otherwise have ceased to be a pensioner beneficiary.

(4) The periodic income is payable to a person who would have become a pensioner beneficiary of the scheme during the winding-up period but for the provisions of this Schedule during the period beginning with the date that person would have become a pensioner beneficiary and continuing until the earlier of the date of the discharge time in relation to that person or the date that person would otherwise have ceased to be a pensioner beneficiary.

(5) In the case of a person who was a pensioner beneficiary immediately prior to the beginning of the winding-up period, payments of periodic income before the initial quantification has been carried out must be made—

- (a) on the same date that a payment of pension would have been due to be made to that person had the winding-up of the scheme not commenced; and
- (b) at the same rate or amount as the last payment of pension made to that person before the beginning of the winding-up period.

(6) In the case of a person who would have become a pensioner beneficiary of the scheme during the winding-up period but for the provisions of this Schedule, payments of periodic income before the initial quantification has been carried out must—

- (a) be made on the same date that a payment of pension would have been due to be made to that person had the winding-up of the scheme not commenced; and
- (b) be calculated by reference to the last actuarial valuation carried out before the beginning of the winding-up period.

(7) After the initial quantification has been carried out, the amount or rate of the periodic income payable to a person must—

- (a) be calculated by reference to the amount that represents the value of the person's accrued rights to benefits under the scheme;
- (b) until the winding-up quantification has been carried out, be calculated and paid on the basis of the **initial quantification initial estimate**;
- (c) after the winding-up quantification has been carried out, be calculated and paid on the basis of the latest of the winding-up quantification or any subsequent quantification;

- (d) be adjusted from time to time to take account of any subsequent quantification carried out up to and including the penultimate quantification.

[Unamended provisions omitted]

Scheme to continue to be a CMPS during winding-up

9.—(1) A “collective money purchase scheme” for the purposes of Part 1 of the Act (collective money purchase benefits) includes a scheme or section of a scheme during the winding-up period where the scheme or section **was a single or connected employer scheme** ~~was a collective money purchase scheme~~ immediately before the winding-up commencement time.

(2) Sub-paragraph (1) applies irrespective of the fact that in accordance with the requirements of this Schedule the scheme or section has, during the winding-up period—

- (a) ceased to make payments of benefits including payments of pension under the scheme; and
- (b) commenced payments of periodic income under paragraph 7(1).

[Unamended provisions omitted]

Beneficiaries’ response to trustees

14.—(1) A beneficiary who has received notice from the trustees under paragraph 13 may give notice to the trustees requiring them to discharge the scheme’s liability to the beneficiary in respect of the value of the beneficiary’s accrued rights to benefits under the scheme—

- (a) in the way set out in the default discharge option; or
 - (b) in an alternative way specified by the beneficiary.
- (2) The alternative ways which may be specified by the beneficiary are—

- (a) transferring the value of the beneficiaries' accrued rights to benefits under the scheme to an authorised collective money purchase scheme or an authorised Master Trust scheme;
 - ~~(b) transferring the value of those rights to a personal pension scheme or an occupational pension scheme which is registered under Chapter 2 of Part 4 of the Finance Act 2004 (registration of pension schemes);~~
 - (b) transferring the value of those rights to a scheme which is—
 - (i) registered under Chapter 2 of Part 4 of the Finance Act 2004 (registration of pension schemes), and
 - (ii) a personal pension scheme within the meaning given in section 1(1) of the Pension Schemes Act 1993 (categories of pension schemes) or an occupational pension scheme
 - (c) transferring the value of those rights to a member's flexi-access drawdown fund in respect of an arrangement for the purposes of entitlement by the beneficiary to income withdrawal which is an authorised member payment for the purposes of Part 4 of the Finance Act 2004 (pension schemes etc);
 - (d) securing the payment of benefits by the purchase of one or more policies from one or more insurers authorised by the Financial Conduct Authority for carrying on long-term insurance business in the United Kingdom.
- (3) Where the alternative way specified by the beneficiary is that the value of the beneficiary's accrued rights to benefits should be transferred to an alternative pension scheme, the scheme must be one which is able and willing to accept the transfer.
- (4) A notice under this paragraph—
- (a) must be sent before the end of the period of three months beginning with the day when the beneficiary received notice from the trustees under paragraph 13; and
 - (b) must contain sufficient information about the alternative way specified by the beneficiary, including bank account details, to enable the trustees to comply with paragraph 15.

[Unamended provisions omitted]

Administration charges

18.—(1) This paragraph applies to the trustees or managers of any occupational pension scheme (the “proposed receiving scheme”) to which the trustees of a collective money purchase scheme that is pursuing continuity option 1 (the “transferring scheme”) propose to transfer the value of beneficiaries’ accrued rights to benefits under the scheme, under a default discharge option.

(2) The trustees of the proposed receiving scheme must provide to the Regulator, in accordance with this paragraph, a document setting out the level of administration charges that applies in relation to members of the proposed receiving scheme.

(3) The document must be provided before the end of 28 days beginning with the date on which the trustees of the proposed receiving scheme receive the notice under paragraph 11.

(4) The document must set out for each charge structure all levels of administration charges (including any discounted levels)—

- (a) for each arrangement, including a default arrangement, and any different levels in relation to any one arrangement;
- (b) for any additional charges, and the reason for imposing them;
- (c) for any third-party charges, and the reason for imposing them; and
- (d) for any other type of administration charge in the scheme, and the reason for imposing it.

(5) Where the proposed receiving scheme is a Master Trust scheme the charges must be set out as at the most recent date, not falling within a triggering event period in relation to the transferring scheme, on which the receiving scheme submitted **a strategy to the Regulator under section 12 of the Pension Schemes Act 2017 (continuity strategy requirement) a continuity strategy to the Regulator.**

(6) In all other cases the charges must be set out as at the date the triggering event occurred in relation to the transferring scheme as a result of which continuity option 1 is being pursued.

(7) The levels must be set out on an annualised basis.

(8) Where there is a discounted level, the reason for charging the lower level must also be set out.

- (9) The document must include a statement explaining—
- (a) how the scheme will be in compliance with section 45(2) of the Act (prohibition on increasing charges etc during triggering event period);
 - (b) whether the scheme is to be liable for the costs mentioned in section 45(4) of the Act; and (c) if the scheme is to be liable for those costs, how it is to meet them.

[Unamended provisions omitted]