

Annex C – Surplus journey illustration

Stage	Actions	Timescale
0 – Preparation	Trustees and the employer ensure scheme rules permit payments to the sponsor or make necessary rule amendments using the statutory power.	Weeks
1 – Actuarial assessment	Trustees or the employer suggest exploring surplus extraction. Trustees commission their scheme actuary for an actuarial assessment in accordance with the requirements of Regulation 5.	Weeks
2 – Negotiations	The trustees consider a provisional amount for payment to the employer. The trustees must obtain advice from the relevant actuary on any proposed amount for payment to the employer. The trustees may also seek covenant advice to assess the reliability of the employer, or investment advice, or legal advice, at this stage. The trustees must also consult the employer on the possible size and timing of any payment to the employer. Trustees and employers are expected to arrive at an overall determination, e.g. an amount to be returned to the employer, where applicable, an uplift to members' benefits (or one-off payments), plus retaining a buffer within the scheme.	Likely months
3 – Preparing for payment	Following advice and consultation, trustees can then set a "target date" for making payment of the provisional amount to the employer, taking into consideration the requirement to notify members at least 3 months in advance of the payment date (and the other requirements of regulation 11).	3 months
4 – Payment to employer	Following member notification, then provided that: <ul style="list-style-type: none"> - The employer has consented to the payment; - The relevant actuary is satisfied that the funding conditions under regulation 9 are met; - The relevant actuary has provided the trustees with an actuarial certificate covering the information in Schedule 1; and - The payment is paid to the employer within 5 working days beginning with the date that the actuarial certificate is given; then the payment can be made on the target date.	Days
5 – Notification to the regulator	Following the payment to the employer, trustees will notify the regulator in accordance with the requirements of regulation 12.	Days