



Pensions Act 2008

2008 CHAPTER 30

PART 1

PENSION SCHEME MEMBERSHIP FOR JOBHOLDERS

CHAPTER 1

EMPLOYERS' DUTIES

Quality requirements

[^{F1}23 Test scheme

- (1) A test scheme is an occupational pension scheme which satisfies—
 - (a) the requirement in subsection (2),
 - (b) the requirement in subsection (4) or requirements prescribed under subsection (6) (as appropriate), and
 - (c) any further requirements that are prescribed.
- (2) The scheme must either—
 - (a) provide for a member to be entitled to a pension commencing at the appropriate age and continuing for life, or
 - (b) provide for a sum of money to be made available for the provision of benefits to a member commencing at the appropriate age and continuing for life.
- (3) The appropriate age is 65 or any higher age prescribed.
- (4) In the case of a scheme that provides entitlement to a pension as mentioned in subsection (2)(a), the annual rate of the pension at the appropriate age must be—
 - (a) 1/120th of average qualifying earnings in the last three tax years preceding the end of pensionable service,
multiplied by

Changes to legislation: Pensions Act 2008, Section 23 is up to date with all changes known to be in force on or before 26 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (b) the number of years of pensionable service, up to a maximum of 40.
- (5) Section 13(1) (qualifying earnings) applies for the purposes of subsection (4) as if the reference to a pay reference period were a reference to a tax year.
- (6) In the case of a scheme that provides for a sum of money to be made available as mentioned in subsection (2)(b), regulations must prescribe requirements relating to that sum.]

Textual Amendments

- F1** S. 23 substituted (3.11.2011 for specified purposes otherwise 30.6.2012) by [Pensions Act 2011 \(c. 19\)](#), [ss. 11\(2\)](#), [38\(1\)\(4\)](#); [S.I. 2012/1681](#), [art. 2\(1\)\(c\)](#)

Modifications etc. (not altering text)

- C1** S. 23 modified (1.7.2012) by The Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations ([S.I. 2010/772](#)), regs. 1(1) (as amended by [S.I. 2012/1257](#), [reg. 3\(b\)](#)) and 41
- C2** S. 23 modified (1.7.2012) by The Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations ([S.I. 2010/772](#)), regs. 1(1) (as amended by [S.I. 2012/1257](#), [reg. 3\(b\)](#)) and 42

Commencement Information

- I1** S. 23 (as originally enacted) in force for certain purposes at Royal Assent see s. 149(2)(k)

Changes to legislation:

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 3(1A) inserted by [2023 c. 44 s. 1\(2\)](#)
- s. 5(1C) inserted by [2023 c. 44 s. 1\(3\)](#)
- s. 13(3)(ec) inserted by [2023 c. 20 Sch. para. 56](#)
- s. 13A inserted by [2023 c. 44 s. 1\(4\)](#)
- s. 24(1)(c) inserted by [2015 c. 8 Sch. 2 para. 43\(2\)\(d\)](#)
- s. 143(6)(7) inserted by [2023 c. 44 s. 1\(5\)\(b\)](#)