
STATUTORY INSTRUMENTS

1996 No. 1536

The Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations 1996

Inadequate contributions

Modification of shared cost schemes

24.—(1) The trustees of a shared cost scheme to which section 56 applies may by resolution modify the scheme with a view to making such provision that, if there is a serious shortfall valuation for the scheme, then the cost of any payments which the employer is obliged to make under section 60 as a result of that valuation is borne by the employer and the members in the appropriate proportions (in the case of the members, either by provision for them to make payments or for their rights to benefits under the scheme to be modified or both), unless the employer and the trustees or managers agree—

- (a) that the cost of the payments resulting from that valuation is to be borne by the employer alone; or
- (b) that he should bear a greater proportion of it than would otherwise fall to be borne by him.

(2) In paragraph (1) “shared cost scheme” means a scheme under the provisions of which—

- (a) the level of benefits expected to be provided is defined;
- (b) contributions are payable by the employer and the active members in specified proportions; and
- (c) if—
 - (i) it appears to the trustees or managers, or
 - (ii) an actuarial valuation shows,

that otherwise the assets of the scheme will (or are likely to) fall short of the liabilities of the scheme, the rates of contributions payable by both the active members and the employer may be increased in those specified proportions;

and “the appropriate proportions” means those specified proportions.

(3) For the purposes of paragraph (2) there shall be disregarded—

- (a) voluntary contributions by members and any associated contributions by the employer; and
- (b) any temporary suspension of the liability to make contributions or alteration in the proportions in which the contributions are payable under any provision of the scheme allowing such a suspension or alteration in any circumstances.