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STATUTORY INSTRUMENTS

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**2005 No. 449**

**The Pension Protection Fund (Hybrid Schemes) (Modification) Regulations 2005**

**Modification of Part 2 of the Act**

3.—(1) In relation to a hybrid scheme, section 134 of the Act (directions) applies as if, after subsection (2), there were inserted the following subsection—

“(2A) The Board may give a relevant person directions regarding the exercise during that period of his powers in respect of discharging the liabilities of the scheme to, or in respect of, a member of the scheme in respect of money purchase benefits.”.

(2) In relation to a hybrid scheme, in respect of a person who—

- (a) is (immediately before the assessment date) a member of that scheme; and
- (b) has rights to money purchase benefits under the scheme rules,

Schedule 7 to the Act (pension compensation provisions) applies with the modifications prescribed in sub-paragraphs (3) and (4).

(3) Paragraph 20(1)(b) of Schedule 7 to the Act (compensation in respect of scheme right to transfer payment or contribution refund) applies as if—

- (a) the reference to benefits does not include money purchase benefits; and
- (b) the reference to contributions does not include contributions made in respect of money purchase benefits under the scheme.

(4) Schedule 7 applies as if, after paragraph 31 (special provision in relation to certain pensions in payment before the assessment date), there were inserted the following paragraph—

“Special provision in relation to certain persons not entitled to compensation

**31A.—(1) Where—**

- (a) immediately before the assessment date, a person (“the member”) is entitled to present payment of a pension or a lump sum, or has a right to a pension or a lump sum, under the scheme rules, and
- (b) the effect of disregarding rules within paragraph (a) of paragraph 35(2) is that he is not entitled to compensation under paragraph 3, 5, 7, 8, 10, 11, 14, 15, or 19 in respect of a period of pensionable service,

the Board must pay to the member the amount of the contributions made by him to the scheme in respect of that period of pensionable service together with interest on it.

(2) The interest shall be calculated at the base rate on a day to day basis from the time the contribution was made by the member to the scheme until the date of repayment and compounded with three-monthly rests.

(3) The amount is payable to the member immediately after the transfer notice given under section 160 (transfer notice) is received by the trustees or managers of the scheme.

(4) In this paragraph—

- (a) references to a pension or lump sum under the scheme rules, or to a right to a pension or lump sum under those rules, do not include a pension or lump sum, or a right to a pension or lump sum, which is a money purchase benefit,
  - (b) the reference to contributions does not include contributions made in respect of money purchase benefits under the scheme,
  - (c) “base rate” means the rate for the time being quoted by the reference banks as applicable to sterling deposits or, where there is for the time being more than one such base rate, the rate which, when the base rate quoted by each bank is ranked in a descending sequence of four, is the first in the sequence,
  - (d) “date of repayment” means the date on which the full amount of the contributions made, together with the interest, is repaid to the person by the Board,
  - (e) “reference banks” means the four largest persons for the time being who—
    - (i) have permission under Part 4 of the Financial Services and Markets Act 2000<sup>(1)</sup> to accept deposits,
    - (ii) are incorporated in the United Kingdom and carrying on there a regulated activity of accepting deposits, and
    - (iii) quote a base rate applicable to sterling deposits.
- (5) Sub-paragraph (4)(e) must be read with—
- (a) section 22 of the Financial Services and Markets Act 2000,
  - (b) any relevant order under that section, and
  - (c) Schedule 2 to that Act.
- (6) Where this paragraph applies to a member, regulations made under paragraph 31 do not apply to that member.”.

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<sup>(1)</sup> 2000 c. 8.