
STATUTORY INSTRUMENTS

2010 No. 772

The Occupational and Personal Pension Schemes
(Automatic Enrolment) Regulations 2010

PART 12

Hybrid schemes

Modification of test scheme standard: money purchase benefit lump sum accruals

41.—(1) Paragraph (2) applies where a relevant rule—

- (a) specifies a description of hybrid schemes; and
- (b) provides that the paragraph (b) quality requirements are to apply to any scheme of that description subject to the modifications made by this regulation.

(2) In determining whether any such scheme satisfies the paragraph (b) quality requirements in relation to a jobholder, section 23 (test scheme) of the Act has effect as if for subsection (4) there were substituted—

“(4) The requirements of either subsection (4A) or (4B) must be satisfied in relation to the amount (“the amount”) available for the provision of a pension to a member at the appropriate age.

(4A) The requirements of this subsection are that the amount must accrue at an annual rate of at least 16% of qualifying earnings.

(4B) The requirements of this subsection are that the amount must—

- (a) accrue at an annual rate of at least 8% of qualifying earnings; and
- (b) until the date on which the member attains normal pension age (within the meaning of the Pension Schemes Act 1993), be increased as a minimum by 3.5% per annum, in addition to any increase that is required by virtue of regulation 37(2) (a) of the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010.”.

(3) Where the modification described in paragraph (2) has effect in relation to a hybrid scheme of the relevant description, regulation 39 is to be read as if, after paragraph (4) there were inserted—

“(4A) Where, in relation to a scheme to which the modification described in regulation 41(2) applies, an employer is determining whether the scheme satisfies the test scheme standard—

- (a) the employer must choose between a test scheme which satisfies the requirements of section 23(4A) of the Act or those of section 23(4B) of the Act; and
- (b) having made that choice, that is the test scheme which the employer must apply in relation to all persons who are relevant members.”.