



## 2014 CHAPTER 2

### *Design*

#### **Types of scheme**

- 8.—(1) Scheme regulations may establish a scheme under section 1 as—
- (a) a defined benefits scheme,
  - (b) a defined contributions scheme, or
  - (c) a scheme of any other description.
- (2) A scheme under section 1 which is a defined benefits scheme must be—
- (a) a career average revalued earnings scheme, or
  - (b) a defined benefits scheme of such other description as regulations made by the Department of Finance and Personnel may specify.
- (3) Such regulations may not specify a final salary scheme under subsection (2)(b).
- (4) A scheme under section 1 is a “career average revalued earnings scheme” if—
- (a) the pension payable to or in respect of a person, so far as it is based on the person’s pensionable service, is determined by reference to the person’s pensionable earnings in each year of pensionable service, and
  - (b) those earnings, or a proportion of those earnings accrued as a pension, are under the scheme revalued each year until the person leaves pensionable service.
- (5) Regulations made by the Department of Finance and Personnel under subsection (2)(b) are subject to negative resolution.