



2016 CHAPTER 1

PART 2

COLLECTIVE BENEFITS

Dealing with deficits and surpluses

Policy for dealing with a deficit or surplus

21.—(1) Regulations may require the trustees or managers of a pension scheme—

- (a) to have a policy for dealing with a deficit or surplus in respect of any collective benefits that may be provided by the scheme, and
- (b) to follow that policy if a valuation report shows a deficit or surplus.

(2) For the purposes of this Part—

- (a) there is a “deficit” in respect of a collective benefit if the probability of the scheme meeting a target in relation to the benefit is below the required range, and
- (b) there is a “surplus” in respect of a collective benefit if the probability of the scheme meeting a target in relation to the benefit is above the required range.

(3) Regulations under subsection (1)(a) may, in particular—

- (a) require the trustees or managers to consult about the policy;
- (b) make provision about the content of the policy;
- (c) set out matters that the trustees or managers must take into account, or principles they must follow, in formulating the policy;

- (d) make provision about reviewing and revising the policy.
- (4) The regulations may, in particular, require the policy—
- (a) to be formulated with a view to achieving results described in the regulations within a period or periods described in the regulations;
 - (b) to contain provision for a deficit or surplus to be dealt with in one or more of a range of ways described in the regulations;
 - (c) to contain an explanation of the possible effect of the policy, or any requirements imposed by regulations under section 22, on members in different circumstances.