

SCHEDULE 2

FINANCIAL SUSTAINABILITY REQUIREMENT

PART 2

Requirements to be met by Master Trust schemes and scheme funders

5. A Master Trust scheme and each scheme funder must meet the following requirements in relation to the scheme's financing—

- (a) any assets held by the trustees or a scheme funder to meet the costs mentioned in section 8(3) of the Act must be—
 - (i) of the classes and in the proportions set out in a Code;
 - (ii) valued in accordance with any discounted rates set out in a Code, and
 - (iii) available to be used when the relevant cost falls due;
- (b) the scheme's trustees must have first call on the assets referred to in sub-paragraph (a);
- (c) any funding commitment made to the scheme by a scheme funder or an employer must be given in writing and duly executed by the party making the commitment;
- (d) where a scheme funder operates more than one Master Trust scheme, the funds allocated to each scheme must be separately identified to the Regulator;
- (e) where the assets include cash in a greater proportion than that set out in a Code, the Regulator may require trustees to hold a proportion of the assets set out in a Code in a separate account kept with a deposit taker as defined in Article 49(8A)(1) of the 1995 Order (other responsibilities of trustees, employers, etc.).

6.—(1) This paragraph applies in respect of a Master Trust scheme—

- (a) that was established before the commencement date;
- (b) that provides both money purchase benefits and non-money purchase benefits;
- (c) that has financial resources that are insufficient to meet the costs mentioned in section 8(3) of the Act, as estimated in the business plan, and
- (d) where employers are required to meet those costs.

(2) Where this paragraph applies, the amount by which the scheme's financial resources are less than the costs mentioned in section 8(3) of the Act, as estimated in the business plan ("the shortfall") must be guaranteed from the following sources—

- (a) as to no less than 25% of the shortfall, in the form of assets that are available to be used when the relevant cost falls due;
- (b) as to a proportion of the shortfall determined by the Regulator, in the form of a binding guarantee from the participating employers, and
- (c) as to a proportion of the shortfall determined by the Regulator, in the form of assets that are available for use within a period agreed by the Regulator.

(1) Paragraph (8A) was inserted by Article 154(5) of [S.I. 2001/3649](#) and amended by regulation 3 of [S.R. 2007 No. 457](#) and Article 4 of [S.I. 2013/472](#)