

SCHEDULE 6

Continuity Option 1: transfer out and winding up

Alternative ways of discharging the scheme's liability

2.—(1) For the purposes of section 36(2)(b) of the Act (continuity option 1: discharge of liabilities and winding up), the ways of discharging a collective money purchase scheme's liability to each beneficiary in respect of the beneficiary's accrued rights to benefits under the scheme (the "transferring scheme") are—

- (a) transferring the value of those rights to an occupational pension scheme (the "receiving scheme") where an employer in relation to the transferring scheme is or is connected with a controlling employer or a principal employer of the receiving scheme;
- (b) transferring the value of those rights to a member's flexi-access drawdown fund in respect of an arrangement for the purposes of entitlement by the beneficiary to income withdrawal which is an authorised member payment for the purposes of Part 4 of the Finance Act 2004 (pension schemes etc.).

(2) For the purposes of section 36(2)(c) of the Act, the way of discharging a collective money purchase scheme's liability to each beneficiary in respect of the beneficiary's accrued rights to benefits under the scheme is securing the payment of benefits by the purchase of one or more policies from one or more insurers authorised by the Financial Conduct Authority for carrying on long-term insurance business in the United Kingdom.

(3) In this paragraph—

"controlling employer" in relation to a scheme is the employer that has the power to act on behalf of all employers in the scheme in relation to the scheme rules;

"principal employer" in relation to a scheme is the principal employer for the purposes of the scheme in accordance with the scheme rules.