
STATUTORY INSTRUMENTS

2006 No. 566

The Occupational Pension Schemes (Pension Protection Levies) (Transitional Period and Modification for Multi-employer Schemes) Regulations 2006

Modification of section 175 of the Act for the financial year beginning on 1st April 2006: multi-employer sections of segregated schemes

5.—(1) This regulation applies to a multi-employer section of a segregated scheme for the financial year beginning on 1st April 2006.

(2) Section 175 of the Act shall be modified so that it shall be read as if—

(a) in the case of a section of a scheme—

(i) to which this regulation applies; and

(ii) the rules of which contain a requirement—

(aa) for the trustees or managers to segregate such part of the assets as is attributable to the liabilities of the section to provide pensions or other benefits to or in respect of the pensionable service of some or all of the members of the section by reference to an employer in relation to that section;

(bb) which would be triggered when such an employer ceased to participate in the section,

for paragraph (a) of subsection (2) there were substituted—

“(a) a risk-based pension protection levy is a levy assessed by reference to—

(i) the difference between the value of the assets of the section (disregarding any assets representing the value of any rights in respect of money purchase benefits under the scheme rules relating to the section) and the amount of its protected liabilities,

(ii) where the Board considers it appropriate, the scheme rules containing a requirement for the trustees or managers of the scheme to segregate such part of the assets of the section as is attributable to the liabilities of the section to provide pensions or other benefits to or in respect of the pensionable service of some or all of the members by reference to an employer in relation to the section in circumstances where that employer ceases to participate in the section,

(iii) the likelihood of an insolvency event occurring—

(aa) where, on or before 31st March 2006, the Board has received sufficient information to assess the likelihood of an insolvency event occurring in relation to all the employers in relation to the section and such an assessment

- would reduce the amount of the risk-based pension protection levy which would otherwise be payable, in relation to each employer in relation to that section; or
- (bb) in all other cases, in relation to the employer who on 31st March 2006 has most members of the section or, where two or more employers have most members, each of those employers, and
- (iv) if the Board considers it appropriate, one or more other risk factors mentioned in subsection (3), and”;
- (b) in the case of a section of a scheme—
- (i) to which this regulation applies; and
- (ii) the rules of which give the trustees or managers an option to segregate such part of the assets as is attributable to the liabilities of the section to provide pensions or other benefits to or in respect of the pensionable service of some or all of the members of the section by reference to an employer in relation to that section when an employer in relation to the section ceases to participate in the section,
- for paragraph (a) of subsection (2) there were substituted—
- “(a) a risk-based pension protection levy is a levy assessed by reference to—
- (i) the difference between the value of the assets of the section (disregarding any assets representing the value of any rights in respect of money purchase benefits under the scheme rules relating to the section) and the amount of its protected liabilities,
- (ii) where the Board considers it appropriate, the scheme rules containing an option to segregate such part of the assets of the section as is attributable to the liabilities of the section to provide pensions or other benefits to or in respect of the pensionable service of some or all of the members by reference to an employer in relation to the section in circumstances where that employer ceases to participate in the section,
- (iii) the likelihood of an insolvency event occurring—
- (aa) where, on or before 31st March 2006, the Board has received sufficient information to assess the likelihood of an insolvency event occurring in relation to all the employers in relation to the section and such an assessment would reduce the amount of the risk-based pension protection levy which would otherwise be payable, in relation to each employer in relation to that section; or
- (bb) in all other cases, in relation to the employer who on 31st March 2006 has most members of the section or, where two or more employers have most members, each of those employers, and
- (iv) if the Board considers it appropriate, one or more other risk factors mentioned in subsection (3), and”;
- and
- (c) in the case of a section of a scheme—
- (i) to which this regulation applies; and
- (ii) the rules of which do not contain a requirement—
- (aa) for the trustees or managers to segregate such part of the assets as is attributable to the liabilities of the section to provide pensions or other benefits to or in respect of the pensionable service of some or all of the

members of the section by reference to an employer in relation to that section;

(bb) which would be triggered when such an employer ceased to participate in the section,

for paragraph (a) of subsection (2) there were substituted—

“(a) a risk-based pension protection levy is a levy assessed by reference to—

(i) the difference between the value of the assets of the section (disregarding any assets representing the value of any rights in respect of money purchase benefits under the scheme rules relating to the section) and the amount of its protected liabilities,

(ii) the likelihood of an insolvency event occurring—

(aa) where, on or before 31st March 2006, the Board has received sufficient information to assess the likelihood of an insolvency event occurring in relation to all the employers in relation to the section and such an assessment would reduce the amount of the risk-based pension protection levy which would otherwise be payable, in relation to all the employers in relation to that section; or

(bb) in all other cases, in relation to the employer who on 31st March 2006 has most members of the section or, where two or more employers have most members, each of those employers, and

(iii) if the Board considers it appropriate, one or more other risk factors mentioned in subsection (3), and”.