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STATUTORY INSTRUMENTS

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**2015 No. 879**

**The Occupational Pension Schemes  
(Charges and Governance) Regulations 2015**

**PART 1**

**INTRODUCTION**

**Interpretation**

**2.—**(1) In these Regulations—

“the 1995 Act” means the Pensions Act 1995;

“the 2008 Act” means the Pensions Act 2008(1);

“the Administration Regulations” means the Occupational Pension Schemes (Scheme Administration) Regulations 1996(2);

“annually” means per charges year;

“arrangement” means an allocation of contributions to—

- (a) an investment; or
- (b) more than one investment according to a strategy adopted by the trustees or managers;

“charges” means administration charges(3) other than—

- (a) transaction costs;
- (b) where an order of the court provides for the recovery by the trustees or managers of costs incurred in complying with the order, the amount of those costs;
- (c) charges permitted by regulations made under section 24 or 41 (charges in respect of pension sharing costs) of the Welfare Reform and Pensions Act 1999(4);
- (d) winding up costs;
- (e) costs solely associated with the provision of death benefits;

“charges year” means a period of 12 months specified for the purposes of the scheme in any scheme document or, if no such year is specified, a period of 12 months commencing on—

- (a) either 1st or 6th April as the trustees or managers may decide; or
- (b) if no such decision is made, 1st April;

“contributing member” is a member of a relevant scheme in relation to whom a contribution is being made to that scheme for the purposes of accruing money purchase benefits;

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(1) 2008 c. 30.

(2) S.I. 1996/1715.

(3) “Administration charge” is defined in paragraph 1(5) of Schedule 18 to the Pensions Act 2014 (c. 19).

(4) Section 24 was amended by the Family Law Act 1996 (c. 27), section 66 and Schedule 8, paragraph 43A (subject to savings as to which *see* section 66(2) and Schedule 9, paragraph 5 of that Act) and the Civil Partnership Act 2004 (c. 33), section 261(1) and (4), Schedule 27, paragraph 158(1) to (2) and Schedule 30.

“contribution”, in relation to a member, means a payment made by, on behalf of or in respect of that member;

“contribution percentage charge” has the meaning given in regulation 5(3);

“default arrangement” has the meaning given in regulation 3;

“employer” has the meaning given in section 99 of the 2008 Act<sup>(5)</sup>;

“executive pension scheme” means a scheme—

- (a) in relation to which a company is the only employer and the sole trustee; and
- (b) the members of which are either current or former directors of the company and include at least one third of the current directors;

“existing rights charge” has the meaning given in regulation 5(3);

“flat fee charge” has the meaning given in regulation 5(3);

“jobholder” has the meaning given in section 99 of the 2008 Act;

“qualifying scheme” has the meaning given in section 99 of the 2008 Act;

“relevant small scheme” means a scheme with fewer than 12 members, where—

- (a) all the members are trustees of the scheme and either—
  - (i) the provisions of the scheme provide that any decision made by the trustees is made by the unanimous agreement of the trustees who are members of the scheme; or
  - (ii) the scheme has a trustee who is independent in relation to the scheme for the purposes of section 23 of the 1995 Act<sup>(6)</sup> (power to appoint independent trustees), and is registered in the register maintained by the Authority (as defined in that Act)<sup>(7)</sup> in accordance with regulations made under subsection (4) of that section; or
- (b) all the members are directors of a company which is the sole trustee of the scheme and either—
  - (i) the provisions of the scheme provide that any decision made by the company in its capacity as a trustee is made by the unanimous agreement of the directors who are members of the scheme; or
  - (ii) one of the directors of the company is independent in relation to the scheme for the purposes of section 23 of the 1995 Act and is registered in the register maintained by the Authority (as defined in that Act) in accordance with regulations made under subsection (4) of that section;

“single charge structure” has the meaning given in regulation 5(2);

“transaction costs” means the costs incurred as a result of the buying, selling, lending or borrowing of investments;

“winding up costs” means the costs of winding up the pension scheme including (but not limited to) the cost of —

- (a) legal advice;
- (b) tracing, consulting and communicating with members;
- (c) advice on exiting investments;
- (d) selection of an alternative scheme or investments;

“worker” has the meaning given in section 99 of the 2008 Act;

<sup>(5)</sup> There are amendments to section 99 which are not relevant to these Regulations.

<sup>(6)</sup> Section 23 was substituted by the 2004 Act, section 36(3).

<sup>(7)</sup> See section 124(1) of the 1995 Act, substituted by the 2004 Act, section 7(2)(b).

“writing” includes electronic communication and ‘electronic communication’ has the meaning given in section 15(1) of the Electronic Communications Act 2000<sup>(8)</sup>.

(2) For the purposes of paragraph 1(5) of Schedule 18 to the Pensions Act 2014, “relevant scheme” means—

- (a) an occupational pension scheme under which all the benefits which may be provided are money purchase benefits; or
- (b) where some but not all the benefits which may be provided under an occupational pension scheme are money purchase benefits, that scheme in so far as it relates to those benefits, other than a scheme with only one member, an executive pension scheme or a relevant small scheme.

(3) Where, in these Regulations, the circumstances require one or more of the calculations listed in paragraph (4) to be made in relation to a period of less than a charges year, that calculation shall be done on a pro rata basis.

(4) The calculations referred to in paragraph (3) are—

- (a) a charge under a single charge structure;
- (b) a flat fee charge;
- (c) an existing rights charge.

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<sup>(8)</sup> 2000 c. 7. Section 15(1) was amended by the Communications Act 2003 (c. 21), section 406(1) and Schedule 17, paragraph 158.