

SCHEDULE 7

Regulation 35

Collective money purchase benefits: amendments to secondary legislation

Amendments to the Occupational Pension Schemes (Scheme Administration) Regulations 1996

1.—(1) The Occupational Pension Schemes (Scheme Administration) Regulations 1996⁽¹⁾ are amended as follows.

(2) In regulation 1(2) (citation, commencement and interpretation)⁽²⁾, in the appropriate place insert—

““collective money purchase scheme” means a scheme or a section of a scheme which is a collective money purchase scheme for the purposes of Part 1 of the Pension Schemes Act 2021;”.

(3) In regulation 3 (exemptions from the professional advisers requirements)⁽³⁾—

(a) in paragraph (2)(a), after “schemes” insert “other than to the extent to which they provide collective money purchase benefits”;

(b) after paragraph (2) insert—

“(2A) In paragraph (2), “collective money purchase benefits” are benefits which are collective money purchase benefits for the purposes of Part 1 of the Pension Schemes Act 2021.”.

(4) In regulation 23 (annual statement regarding governance)⁽⁴⁾, in paragraph (1)—

(a) in sub-paragraph (a), after “default arrangement” insert “(if any)”;

(b) in sub-paragraph (aa)(i), after “default arrangement” insert “(if any)”;

(c) in sub-paragraph (aa)(ii), after “fund” insert “(if any)”;

(d) in sub-paragraph (c)(i), after “default arrangement” insert “(if any)”;

(e) in sub-paragraph (c)(ii), after “fund” insert “(if any)”;

(f) after sub-paragraph (c) insert—

“(cza) for a collective money purchase scheme, state—

(i) the charges and transaction costs applicable to the scheme; and

(ii) the return on investments, after deduction of any charges or transaction costs relating to those investments, relating to the fund, having regard to guidance issued by the Secretary of State under section 113(2A) of the Pension Schemes Act 1993;”.

(5) In regulation 25 (assessment of charges and transaction costs)⁽⁵⁾—

(a) in paragraph (1A), after “specified scheme” insert “other than a collective money purchase scheme”;

(b) after paragraph (1A) insert—

(1) [S.I. 1996/1715](#).

(2) Regulation 1 was amended by [S.I. 1997/786](#), [S.I. 2005/2426](#), [S.I. 2005/3377](#), [S.I. 2006/778](#), [S.I. 2015/575](#), [S.I. 2015/879](#), [S.I. 2016/427](#) and [S.I. 2019/192](#).

(3) Regulation 3 was amended by [S.I. 1997/786](#), [S.I. 1998/1494](#), [S.I. 2001/3649](#), [S.I. 2005/2426](#), [S.I. 2006/778](#), [S.I. 2010/499](#) and [S.I. 2011/672](#).

(4) Regulation 23 was inserted by [S.I. 2015/879](#) and amended by [S.I. 2016/427](#), [S.I. 2018/233](#) and [S.I. 2021/1070](#).

(5) Regulation 25 was inserted by [S.I. 2015/879](#) and amended by [S.I. 2021/1070](#).

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“(1ZA) As part of the assessment referred to in paragraph (1)(b), the trustees of a collective money purchase scheme must assess how the administrative and governance criteria set out in paragraph (1C) are met by the scheme.”;

(c) in paragraph (1C)—

(i) in sub-paragraph (c), after “strategy” insert “(if any)”;

(ii) after sub-paragraph (c) insert—

“(ca) for a collective money purchase scheme, the appropriateness of the investment principles governing decisions about investments for the purposes of the scheme, as set out in the latest statement prepared in accordance with regulation 2 (statement of investment principles) of the Occupational Pension Schemes (Investment) Regulations 2005;”.

Amendment of the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010

2.—(1) The Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010⁽⁶⁾ are amended as follows.

(2) In regulation 32E(7) (alternative requirements for a money purchase scheme)—

(a) at the beginning of paragraph (1), insert “Subject to paragraph (1A),”; and

(b) after paragraph (1) insert—

“(1A) In relation to a money purchase scheme—

(a) to which section 20 of the Act applies; and

(b) which provides collective money purchase benefits,

the prescribed alternative requirement is the first, second or third set of requirements below or, in respect of any jobholders accruing rights to benefits under a collective money purchase scheme, the requirements set out in regulation 32EA.”.

(3) After regulation 32E insert—

“Alternative quality requirements for a collective money purchase scheme

32EA.—(1) In relation to—

(a) a money purchase scheme to which section 20 of the Act applies, under which all the benefits that may be provided are collective money purchase benefits;

(b) a money purchase scheme to which section 20 of the Act applies, in respect of any jobholders accruing rights to benefits under a collective money purchase scheme; and

(c) a hybrid scheme—

(i) to the extent that requirements within section 24(1)(a) of the Act apply; and

(ii) in respect of any jobholders accruing rights to benefits under a collective money purchase scheme,

the prescribed alternative requirement is set out in paragraph (2).

(2) The requirement is, subject to paragraphs (3) and (4), that taking all relevant jobholders together, the contributions by, or on behalf of, or in respect of, those relevant jobholders over the certification period are of a total amount equal to at least the prescribed percentage

⁽⁶⁾ [S.I. 2010/772](#).

⁽⁷⁾ Regulation 32E was inserted by [S.I. 2012/1257](#) and amended by [S.I. 2019/192](#).

(specified in paragraph (7)) of the applicable category of total relevant earnings for those jobholders (specified in paragraph (6)) over that period.

(3) Where there is or was, as the case may be, a difference in the rights to benefits accruing under a collective money purchase scheme for different groups of relevant jobholders over the certification period as regards all or any of the criteria set out in paragraph (4)(a), and that difference (or those differences taken together) mean that there is or was as the case may be a material difference in the cost of providing those rights, the relevant jobholders for the purposes of paragraph (2) are the relevant jobholders in each such group.

(4) For the purposes of paragraph (3)—

(a) the criteria are—

- (i) the rate at which rights to benefits under a collective money purchase scheme accrue or accrued;
- (ii) the provision of survivor's benefits;
- (iii) the normal pension age;
- (iv) the definition of 'pensionable earnings' used by the scheme;
- (v) differences in the calculation or methodology applying to the revaluation and indexation of benefits;
- (vi) the calculation of service; and
- (vii) the terms for retirement before normal pension age; and

(b) whether a difference in cost is a material difference is to be determined by the actuary.

(5) Where, after the certification period begins (whether or not it has ended), a change is made to the benefits provided to the relevant jobholders under a collective money purchase scheme, the certification period is a period of 18 months commencing with the day on which that change takes effect.

(6) For the purposes of paragraph (2), the relevant earnings are the earnings which the scheme uses to determine pensionable earnings for the purposes of providing collective money purchase benefits to the relevant jobholders, provided that they must be equal to or more than those relevant jobholders' earnings in one of the following categories—

- (a) qualifying earnings;
- (b) basic pay;
- (c) basic pay in circumstances where, taking all the relevant jobholders together, the pensionable earnings of those jobholders constitute at least 85% of the earnings of those jobholders in the certification period;
- (d) earnings; or
- (e) basic pay above—
 - (i) the amount of the lower earnings limit specified for the purposes of section 5(1)(a)(i) of the Social Security Contributions and Benefits Act 1992⁽⁸⁾ (earnings limits and thresholds for Class 1 contributions); or
 - (ii) the amount of the basic state pension specified in the first figure in section 44(4) of that Act (category A retirement pension).

(7) For the purposes of this regulation, the prescribed percentage is, in relation to the category of earnings described in—

- (a) paragraph (6)(a) and (c), 10%;

⁽⁸⁾ 1992 c. 4. Section 5 was substituted by paragraph 1 of Schedule 9 to the Welfare Reform and Pensions Act 1999 (c. 30); subsection (1) was amended by section 1 and Schedule 2 to the National Insurance Contributions Act 2008 (c. 16).

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- (b) paragraph (6)(b), 11%;
- (c) paragraph (6)(d), 9%; and
- (d) paragraph (6)(e), 13%.

(8) Where the scheme does not provide pension benefits payable on the death of a relevant jobholder, the respective percentages mentioned in paragraph (7) are to be reduced by 1%.”.

(4) In regulation 32G(9) (alternative requirements for a hybrid scheme), in paragraph (1) at the end add “or, in respect of any jobholders accruing rights to benefits under a collective money purchase scheme, the set of requirements set out in regulation 32EA”.

(5) In regulation 32H(10) (scheme not to be treated as satisfying the relevant quality requirement in certain circumstances)—

(a) after paragraph (1) insert—

“(1A) Where—

- (a) a certificate has been given in relation to an employer and its relevant jobholders with respect to an alternative quality requirement under regulation 32EA;
- (b) the Regulator is of the view that, when the certificate was given, there were not reasonable grounds for a person to be of the opinion that the scheme was able to satisfy the requirement referred to in regulation 32EA(2); and
- (c) in relation to all or any part of the certification period, the requirement referred to in regulation 32EA(2) was not met,

the Regulator may give to the employer a notice as referred to in paragraph (8A).”;

(b) in paragraph (2), after “paragraph (5)” insert “or paragraph (8A)”;

(c) after paragraph (8) insert—

“(8A) The notice referred to is a notice requiring the employer, within the period specified in the notice, to pay to the trustees or managers of the scheme the shortfall between the contributions that are required to be paid by the employer and the relevant jobholders under the scheme, and the contributions that were required to be paid to meet the requirement in regulation 32EA(2) during the certification period.

(8B) A notice as referred to in paragraph (8A) may also require the employer, within a period specified in the notice, to amend the certificate, under regulation 32B, so that the certification period ends on a specified day, being a day before the last day of the certification period but not before the last day of the relevant payment period.

(8C) A notice as referred to in paragraph (8A) must be copied to the trustees or manager of the scheme.

(8D) Where a notice as referred to in paragraph (8A) has been given and the employer amends the certificate under regulation 32B(5) so that the certification period ends before the last day of the relevant payment period—

- (a) the relevant payment period shall be treated as though it ended on the last day of the new certification period;
- (b) the employer must, within a period of two weeks beginning with the day on which the certificate was amended, notify the Regulator in writing of the amendment; and

(9) Regulation 32G was inserted by [S.I. 2012/1257](#).

(10) Regulation 32H was inserted by [S.I. 2012/1257](#).

- (c) the Regulator may decide to alter the period, as set out in the notice as referred to in paragraph (8A), within which the employer must pay a shortfall of contributions as referred to in that paragraph.”;
- (d) in paragraph (9), after “paragraph (8)(c)” insert “or paragraph (8D)(c)”;
- (e) in paragraph (10)(a), after “paragraph (5)” insert “or paragraph (8A)”.
- (6) Regulation 32K(11) (definitions) is amended as follows—
 - (a) in the appropriate places insert—
 - ““actuary” means an actuary appointed by the scheme or the employer;”;
 - ““collective money purchase scheme” has the meaning set out in section 1(2) of the Pension Schemes Act 2021(12);”;
 - (b) in the definition of “alternative requirement”, after “by regulation 32E,” insert “32EA,”.

Amendments to the Occupational Pension Schemes (Charges and Governance) Regulations 2015

3. The Occupational Pension Schemes (Charges and Governance) Regulations 2015(13) are amended in accordance with paragraphs 4 to 22.

4.—(1) Regulation 2 (interpretation)(14) is amended as follows.

(2) In paragraph (1)—

(a) in the appropriate places insert—

- ““the 2021 Act” means the Pension Schemes Act 2021(15);”;
- ““collective contribution percentage charge” has the meaning given in regulation 5A(3);”;
- ““collective flat fee charge” has the meaning given in regulation 5A(3);”;
- ““collective existing rights charge” has the meaning given in regulation 5A(3);”;
- ““collective money purchase benefit” has the meaning given in section 1(1) of the 2021 Act;”;
- ““collective money purchase scheme” has the meaning given in section 1(2) of the 2021 Act;”;
- ““collective single charge structure” has the meaning given in regulation 5A(2);”;
- ““qualifying collective money purchase scheme” has the meaning given in regulation 3A;”;
- ““qualifying section employer” means an employer in relation to whom a section of a pension scheme, which is a collective money purchase scheme for the purposes of section 1(2)(b) of the 2021 Act, is being used by a qualifying scheme in relation to at least one of its jobholders;”;
- ““specified section” means a relevant scheme that is a collective money purchase scheme for the purposes of section 1(2)(b) of the 2021 Act in which at least one qualifying section employer participates;”;

(b) in the definition of “contributing member”—

(11) Regulation 32K was inserted by [S.I. 2012/1257](#).

(12) [2021 c. 1](#).

(13) [S.I. 2015/879](#).

(14) Regulation 2 was amended by [S.I. 2016/304](#), [2017/774](#) and [2021/1070](#).

(15) [2021 c. 1](#).

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- (i) after “relevant scheme” insert “, that is not a collective money purchase scheme,”; and
- (ii) after “money purchase benefits” insert “(other than collective money purchase benefits)”;
- (c) in the definition of “performance fee”(16)—
 - (i) at the beginning of sub-paragraph (b) insert “in the case of a relevant scheme that is not a collective money purchase scheme,”;
 - (ii) at the end of sub-paragraph (b) insert “or”; and
 - (iii) after sub-paragraph (b) insert—
 - “(c) in the case of a relevant scheme that is a collective money purchase scheme, is not calculated by reference to the value of members’ rights under the scheme;”;
- (d) in the definition of “specified scheme” after “relevant scheme” insert “, that is not a collective money purchase scheme for the purposes of section 1(2)(b) of the 2021 Act,”.
- (3) In paragraph (2)—
 - (a) in sub-paragraph (a), after “money purchase benefits” insert “other than collective money purchase benefits”;
 - (b) omit “or” at the end of sub-paragraph (a);
 - (c) in sub-paragraph (b), after “money purchase benefits,” insert “other than collective money purchase benefits,”;
 - (d) at the end of sub-paragraph (b), omit the comma and insert “; or”; and
 - (e) after sub-paragraph (b) insert—
 - “(c) a collective money purchase scheme,”.
- (4) After paragraph (2), insert—
 - “(2A) Where a pension scheme is divided into sections, each section that is a collective money purchase scheme for the purposes of Part 1 of the 2021 Act (see section 1(2)(b)) is to be treated for the purposes of these Regulations as a separate scheme.”.
- (5) After paragraph (3), insert—
 - “(3A) Where, in these Regulations, a collective flat fee charge is to be calculated and these Regulations have applied to a member of a qualifying collective money purchase scheme for a period of less than a charges year, the charge associated with that member for the purposes of calculating the collective flat fee charge (see regulation 6A(4)(a)) must be calculated on a pro rata basis.”.
- (6) At the end of paragraph (4), omit the full-stop and insert—
 - “;
 - (d) a charge under a collective single charge structure;
 - (e) a collective existing rights charge.”.
- (7) In paragraph (5)(17) for “When a charge under a single charge structure is” substitute “When the charges in paragraph (5A) are”.
- (8) After paragraph (5), insert—
 - “(5A) For the purposes of paragraph (5), the charges are—

(16) The definition of “performance fee” was inserted by [S.I. 2021/1070](#).

(17) Paragraph 5 was inserted by [S.I. 2021/1070](#).

- (a) a charge under a single charge structure;
- (b) a charge under a collective single charge structure.”.
- 5. In regulation 3 (default arrangement)(18), in paragraph (9), at the appropriate place insert—
““relevant scheme” does not include a collective money purchase scheme;”.
- 6. After regulation 3, insert—

“Qualifying collective money purchase schemes

3A.—(1) A relevant scheme is a “qualifying collective money purchase scheme” if—

- (a) it is a collective money purchase scheme; and
- (b) it is being used—
 - (i) as a qualifying scheme in relation to one or more relevant jobholders; or
 - (ii) by a qualifying scheme in relation to one or more relevant jobholders.

(2) Where a scheme is a qualifying collective money purchase scheme, it continues to be such a scheme regardless of whether it continues to satisfy paragraph (1)(b).

(3) Where a qualifying collective money purchase scheme that is not divided into sections (an “undivided scheme”) becomes a scheme that is divided into sections, any section of that scheme that is a collective money purchase scheme (for the purposes of section 1(2) of the 2021 Act) under which collective money purchase benefits may be provided to persons who were members of the undivided scheme (to whom such benefits were payable under that scheme), is a qualifying collective money purchase scheme regardless of whether it satisfies paragraph (1)(b).

(4) In this regulation, “relevant jobholder” means a jobholder of one or more of the employers that is using the qualifying collective money purchase scheme.”.

7. In the heading to Chapter 1 of Part 2 (default arrangements, non-contributing members and payments to advisers)(19), after “default arrangements,” insert “qualifying collective money purchase schemes,”.

8.—(1) Regulation 4 (restrictions on charges)(20) is amended as follows.

(2) In paragraph (1)—

- (a) after “relevant scheme” insert “, that is not a collective money purchase scheme,”;
- (b) in sub-paragraph (a), after “this Chapter” insert “, with the exception of regulation 6A”;
- (c) in sub-paragraph (b), for “regulation” substitute “regulations 5A and”.

(3) After paragraph (1), insert—

“(1ZA) Subject to regulation 9, the trustees of a relevant scheme that is a qualifying collective money purchase scheme must not impose or permit to be imposed on the members of that scheme, in respect of members’ rights under the scheme, charges which—

- (a) exceed the limits specified in this Chapter, with the exception of regulation 6; or
- (b) are of a description prohibited by this Chapter, with the exception of regulations 5, 11 and 11A.”.

(4) In paragraph (2)—

- (a) after “regulations” insert “5A, 6A, 7A, 8A,”;

(18) Regulation 3 was amended by [S.I. 2015/889](#).

(19) The heading to Chapter 1 was inserted by [S.I. 2017/774](#).

(20) Regulation 4 was amended by [S.I. 2016/304](#), [2017/774](#) and [2018/240](#).

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- (b) in sub-paragraph (a), after “relevant scheme” insert “, that is not a collective money purchase scheme,”.
- (5) In paragraph (3)—
 - (a) at the beginning of the paragraph omit “The” and insert “For the purposes of paragraph (2), the”;
 - (b) for “5 to 9” substitute “5, 6, 7, 8 and 9”;
 - (c) in sub-paragraph (a), after “another” insert “(unless the receiving scheme is a qualifying collective money purchase scheme)”.
- (6) After paragraph (3), insert—

“(3A) If the receiving scheme referred to in paragraph (3) is a collective money purchase scheme (other than a qualifying collective money purchase scheme), this regulation and regulations 5, 6, 7, 8 and 9 apply in respect of the value of a member’s rights, following any such transfer, as if the person was a member of a relevant scheme within the meaning of regulation 2(2)(a) or (b) to whom this Chapter applies in accordance with paragraph (2) (unless the person is a pensioner member of the receiving scheme, including a person who has become a pensioner member of the receiving scheme after the transfer).

(3B) Subject to paragraph (3C), the application of this regulation and regulations 5A, 6A, 7A, 8A and 9 in respect of a member of a relevant scheme that is a qualifying collective money purchase scheme is not affected by a transfer of the member’s rights to a relevant scheme, where the member has not given consent to the transfer.

(3C) Paragraph (3B) does not apply in respect of the transfer of a member’s rights from a qualifying collective money purchase scheme to a relevant scheme (within the meaning of regulation 2(2)(a) or (b))—

 - (a) if this Chapter (with the exception of regulations 5A, 6A, 7A, 8A, 11 and 11A) would otherwise apply to the member by virtue of paragraph (2) upon their rights being transferred; or
 - (b) if the member is a pensioner member of the qualifying collective money purchase scheme.

(3D) If a member’s rights are transferred from a relevant scheme that is a qualifying collective money purchase scheme to a relevant scheme that is not a qualifying collective money purchase scheme (and paragraph (3B) applies in respect of the transfer of that member’s rights)—

 - (a) this regulation and regulations 5A, 6A, 7A, 8A and 9 apply in respect of that member (and any other members whose rights have been transferred at the same time) as if the person was a member, or as if the persons were members, of a qualifying collective money purchase scheme (unless the relevant scheme to which the rights are transferred is not a collective money purchase scheme and any such person is a pensioner member of the scheme, including a person who has become a pensioner member of the scheme after the transfer); and
 - (b) references in this regulation and in regulations 5A, 6A, 7A, 8A and 9 to members of a qualifying collective money purchase scheme are to be read as references to those members subject to the transfer.”.
 - (7) In paragraph (4), for “This Chapter does not apply to a member of a relevant scheme” substitute “This Chapter does not apply to a member of a relevant scheme that is not a collective money purchase scheme”.
 - (8) After paragraph (4), insert—

“(5) In this regulation, “pensioner member” has the meaning given in section 124(1) of the 1995 Act⁽²¹⁾.”.

9. In the heading to regulation 5 (prohibited charge structures), after “prohibited charge structures” insert “- default arrangements”.

10. After regulation 5 (prohibited charge structures), insert—

“Prohibited charge structures – qualifying collective money purchase schemes

5A.—(1) The description of the charges which are prohibited under regulation 4(1ZA) (b) are charges under a charge structure other than—

- (a) a collective single charge structure; or
- (b) a collective combination charge structure.

(2) In these Regulations, a collective single charge structure is one under which charges are calculated solely by reference to the value of members’ rights under the scheme.

(3) In these Regulations, a collective combination charge structure is one under which charges are calculated by reference to the value of members’ rights under the scheme (‘a collective existing rights charge’) and either—

- (a) calculated as a percentage of the value of contributions made by or on behalf or in respect of members of the scheme towards the scheme (‘a collective contribution percentage charge’); or
- (b) calculated by reference to a period of time and not by reference to contributions made by or on behalf or in respect of members of the scheme towards the scheme or to the value of members’ rights under the scheme (‘a collective flat fee charge’).

(4) For the purposes of regulation 4(1ZA)(b), neither the charge structure, nor the type of collective combination charge structure, that applies to the members may be changed during a charges year.”.

11. In the heading to regulation 6 (limits on charges), after “limits on charges” insert “- default arrangements”.

12. After regulation 6 (limits on charges) insert—

“Limits on charges – qualifying collective money purchase schemes

6A.—(1) The limits on charges for the purposes of regulation 4(1ZA)(a) are the limits specified in this regulation and the trustees must choose whether to assess them in accordance with regulation 7A or 8A (but see regulation 8A(7)).

(2) The limit in the case of a collective single charge structure is 0.75% annually of the value of members’ rights under the scheme.

(3) The limit in the case of a collective combination charge structure whose charges fall within regulation 5A(3)(a) is—

- (a) in relation to the collective contribution percentage charge, 2.5% of contributions made by or on behalf or in respect of members allocated under the scheme—
 - (i) annually, or

(21) The definition of “pensioner member” was amended by paragraph 8 of Schedule 5 to the Child Support, Pensions and Social Security Act 2000 (c. 19) and S.I. 2006/745.

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- (ii) where, in relation to a charges year, regulation 4 does not apply in respect of members for the whole of the year, in the period for which that regulation applies; and
- (b) in relation to the collective existing rights charge, the percentage annually of the value of members' rights under the scheme which is the figure in Column 2 of the following table which corresponds to the collective contribution percentage charge rate in Column 1 of that table which is imposed on the members.

<i>Column 1</i>	<i>Column 2</i>
<i>Collective contribution percentage charge rate (%)</i>	<i>Collective existing rights charge rate (%)</i>
1 or lower	0.6
Higher than 1 but no higher than 2	0.5
Higher than 2 but no higher than 2.5	0.4

(4) The limit in the case of a collective combination charge structure whose charges fall within regulation 5A(3)(b) is—

- (a) in relation to the collective flat fee charge, £25 annually per member; and
- (b) in relation to the collective existing rights charge, the percentage annually of the value of members' rights under the scheme which is the figure in Column 2 of the following table which corresponds to the annual collective flat fee charge per member in Column 1 of that table which is imposed on the members.

<i>Column 1</i>	<i>Column 2</i>
<i>Collective flat fee charge (£ per member)</i>	<i>Collective existing rights charge rate (%)</i>
10 or less	0.6
More than 10 but no more than 20	0.5
More than 20 but no more than 25	0.4

13. In the heading to regulation 7 (assessment of charges), after “assessment of charges” insert “- default arrangements”.

14. After regulation 7 (assessment of charges) insert—

“Assessment of charges – qualifying collective money purchase schemes

7A.—(1) If the trustees make the choice under regulation 6A(1) to assess charges in accordance with this regulation, the following provisions apply.

(2) Trustees must calculate the value of members' rights under the scheme at reference points set at equal intervals during the charges year of no more than 3 months (but see paragraphs (3), (6) and (7)).

(3) Where trustees change the intervals between reference points chosen for the purposes of paragraph (2) during the charges year, the start of the first new interval must commence on the day following the reference point at the end of the previous interval.

(4) The limit of permitted charges under—

- (a) a collective single charge structure; or

(b) a collective existing rights charge in a collective combination charge structure, is exceeded if the charges imposed on the members annually exceed the average of the reference point values multiplied by the applicable percentage.

(5) The applicable percentage is—

(a) in the case of a collective single charge structure, 0.75%; and

(b) in the case of a collective existing rights charge in a collective combination charge structure, the percentage in Column 2 of the table—

(i) in regulation 6A(3), where a collective contribution percentage charge is imposed; and

(ii) in regulation 6A(4), where a collective flat fee is imposed.

(6) Where members have rights under the scheme at only one reference point referred to in paragraph (2), paragraph (4) is to be read as if the words “average of the reference point values” read “value at the reference point”.

(7) Where members have no rights under the scheme at a reference point referred to in paragraph (2), paragraph (4) is to be read as if the words “average of the reference point values” read “value of members’ rights under the scheme on the final day of the charges year or, if there are no members who have such rights on that day, on the final day on which there are members who have such rights”.

(8) In this regulation monthly, 2 monthly and 3 monthly intervals are to be treated as equal intervals.

(9) Paragraph (10) applies where the charges imposed on the members include a performance fee payable at the end of the investment period.

(10) For the purposes of paragraph (4), the charge imposed annually on the members in relation to the performance fee may be treated as X divided by Y, where—

(a) X is the sum of the performance fees accrued in relation to the return earned by the assets in the scheme (“the relevant assets”) during the relevant charges year and each of the preceding charges years, up to a maximum of four preceding charges years, and

(b) Y is—

(i) 5, or

(ii) where the investment period is less than 5 charges years, the number of charges years in the relevant period.

(11) Where the trustees choose to calculate the charge imposed annually on the members in accordance with paragraph (10), the trustees must, at the end of each charges year during the investment period, calculate—

(a) the return earned by the relevant assets during that charges year;

(b) the performance fee which has accrued in relation to that return.

(12) In this regulation, “investment period” means the total period for which the assets in the scheme are invested in an investment for which a performance fee is payable at the end of the investment period.”.

15. In the heading to regulation 8 (alternative assessment of charges) after “charges” insert “-default arrangements”.

16. After regulation 8 (alternative assessment of charges) insert—

“Alternative assessment of charges – qualifying collective money purchase schemes

8A.—(1) If the trustees make the choice under regulation 6A(1) to assess charges in accordance with this regulation, the limit of permitted charges under—

- (a) a collective single charge structure; or
- (b) a collective existing rights charge in a collective combination charge structure,

is not exceeded if, on the first day of the charges year, the charges regime to be applied to members’ rights under the scheme meets the requirement in paragraph (2) and that charges regime is applied to members’ rights throughout that charges year.

(2) The requirement referred to in paragraph (1) is that the charges regime would not result in charges being imposed on the members exceeding the limit of permitted charges when calculated in accordance with regulation 7A, if the assumptions in paragraph (3) and, if the trustees so choose, the assumption in paragraph (4) are made for the purposes of those calculations.

(3) The assumptions to be made for the purposes of paragraph (2) are—

- (a) the value of members’ rights under the scheme will not increase or decrease during the charges year when compared to the value on the first day of the charges year, other than as a result of charges imposed on the members; and
- (b) all the members may leave the scheme at any time during that charges year.

(4) The assumption which may be made for the purposes of paragraph (2) is that, where the charges include a performance fee to which regulation 7A(10) applies, the charge to be imposed on the members in relation to the forthcoming charges year will be X divided by Y, where—

- (a) X is the sum of the performance fees accrued in relation to the return earned by the assets in the scheme during each of the years preceding the charges year in question, up to a maximum of five preceding charges years, and
- (b) Y is—
 - (i) 5, or
 - (ii) where the investment period is less than 5 charges years, the number of charges years in the relevant period.

(5) In this regulation, “charges regime” means—

- (a) the charges to be imposed, and any rebates of charges to be applied, as a percentage of the value of members’ rights under the scheme;
- (b) when they are to be deducted from, or added to, the value of members’ rights throughout the charges year;
- (c) how the value of members’ rights will be calculated for the purposes of imposing or rebating charges.

(6) Where the first contribution made by or on behalf or in respect of members to the scheme is made after the first day of the charges year, paragraphs (1) and (3)(a) are to be read as if “on the first day of the charges year” read “on the date on which the first contribution is made in a charges year”.

(7) Where the trustees make the choice under regulation 6A(1) to assess charges in accordance with this regulation but, during the charges year the charges regime fails to meet the requirement in paragraph (2), the trustees must assess charges for the whole charges year in accordance with regulation 7A.”.

- 17.—**(1) Regulation 9 (member agreement for services)(**22**) is amended as follows.
- (2) In paragraph (1), after “Subject to paragraph (3),” insert “in the case of a member of a relevant scheme (that is not a collective money purchase scheme),”.
- (3) After paragraph (1), insert—
- “(1A) Subject to paragraph (3), in the case of the members of a relevant scheme (that is a qualifying collective money purchase scheme), the restrictions in regulation 4 (with the exception of regulation 4(1A)) do not apply in relation to advice or a service for which a member has entered into an agreement with a person for the provision of that advice or service, provided the conditions in paragraph (2) are satisfied.”.
- (4) In paragraph (2)—
- (a) for “paragraph (1)” substitute “paragraphs (1) and (1A)”;
- (b) in sub-paragraph (b)(ii), after “default arrangement” insert “or under a qualifying collective money purchase scheme, as applicable”.
- (5) In paragraph (4), at the end of sub-paragraph (e), omit the full-stop and insert—
- “,
- (f) a transfer out of a qualifying collective money purchase scheme into a different scheme;
- (g) a transfer into a qualifying collective money purchase scheme.”.
- 18.** In paragraph (1) of regulation 10 (charge limits adjustment), after “relevant scheme” insert “, that is not a collective money purchase scheme,”.
- 19.** In paragraph (5) of regulation 11 (non-contributing members), in the definition of “relevant scheme”, for “regulation 2(2)” substitute “regulation 2(2)(a) or (b)”.
- 20.—**(1) Regulation 11A (payments to advisers)(**23**) is amended as follows.
- (2) In paragraph (1), the existing text after “applies” becomes sub-paragraph (a).
- (3) At the end of that sub-paragraph, insert “; or”.
- (4) After that sub-paragraph, insert—
- “(b) to a member of a specified section, if the member is, or was, a worker of a qualifying section employer who participates or has participated in the section.”.
- (5) In paragraph (3), after “specified scheme” in both places that it occurs, insert “or specified section, as applicable”.
- 21.** In regulation 11B (relevant information)(**24**), after paragraph (7) insert—
- “(8) In this regulation, in relation to a specified section, references to a “specified scheme” are to be read as references to a “specified section”.”.
- 22.** For paragraph (5) of regulation 11C (member agreement for payments to advisers)(**25**) substitute—
- “(5) In this regulation—
- “charge limits” has the meaning given in regulation 10(10); and
- “specified scheme” does not include a relevant scheme that is a collective money purchase scheme.”.

(22) Regulation 9 was amended by [S.I. 2017/774](#).

(23) Regulation 11A was inserted by [S.I. 2016/304](#) and was amended by [S.I. 2017/774](#).

(24) Regulation 11B was inserted by [S.I. 2016/304](#) and was amended by [S.I. 2017/774](#).

(25) Regulation 11C was inserted by [S.I. 2016/304](#) and was amended by [S.I. 2017/774](#).

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.