



Pensions Act 2008

2008 CHAPTER 30

PART 1

PENSION SCHEME MEMBERSHIP FOR JOBHOLDERS

CHAPTER 1

EMPLOYERS' DUTIES

Quality requirements

26 Quality requirement: UK personal pension schemes

- (1) This section applies to a personal pension scheme if the operation of the scheme—
 - (a) is carried on in such a way as to be a regulated activity for the purposes of the Financial Services and Markets Act 2000 (c. 8), and
 - (b) is carried on in the United Kingdom by a person who is in relation to that activity an authorised person or an exempt person under section 19 of that Act.
- (2) The scheme satisfies the quality requirement in relation to a jobholder if the following conditions are satisfied.
- (3) The first condition is that all of the benefits that may be provided to the jobholder under the scheme are money purchase benefits.
- (4) The second condition is that, in relation to the jobholder, there is an agreement between the provider of the scheme and the employer under which—
 - (a) the employer must pay contributions in respect of the jobholder;
 - (b) the employer's contribution, however calculated, must be equal to or more than 3% of the amount of the jobholder's qualifying earnings in the relevant pay reference period.
- (5) In subsection (6), “shortfall” means the difference (if any) between—

Changes to legislation: Pensions Act 2008, Section 26 is up to date with all changes known to be in force on or before 29 February 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (a) the employer's contribution in respect of the jobholder under the agreement referred to in subsection (4), and
 - (b) 8% of the amount of the jobholder's qualifying earnings in the relevant pay reference period.
- (6) The third condition is that if there is a shortfall there is an agreement between the provider of the scheme and the jobholder under which the jobholder must pay contributions which, however calculated, are equal to or more than the shortfall.
- (7) The fourth condition is that, in relation to the jobholder, there are direct payment arrangements (within the meaning of section 111A of the Pension Schemes Act 1993 (c. 48)) between the jobholder and the employer.
- (8) ^{F1}
- (9) A scheme does not fail to satisfy the quality requirement under this section merely because the provider of the scheme may on any occasion refuse to accept a contribution below an amount prescribed for the purposes of this section on the grounds that it is below that amount.

Textual Amendments

F1 S. 26(8) omitted (6.4.2012) by virtue of [The Pensions Act 2007 \(Abolition of Contracting-out for Defined Contribution Pension Schemes\) \(Consequential Amendments\) \(No. 2\) Regulations 2011 \(S.I. 2011/1724\)](#), [art. 3](#)

Commencement Information

II S. 26 wholly in force at 30.6.2012; s. 26 in force for certain purposes at Royal Assent see s. 149(2)(k); s. 26 in force so far as not already in force at 30.6.2012 by [S.I. 2012/1682](#), [art. 2\(1\)\(2\)\(a\)](#), [Sch. 1](#)

Changes to legislation:

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Changes and effects yet to be applied to :

- s. 26(1) words inserted by [2015 c. 8 Sch. 2 para. 44\(2\)](#)
- s. 26(3) omitted by [2015 c. 8 Sch. 2 para. 44\(3\)](#)
- s. 26(4) words substituted by [2015 c. 8 Sch. 2 para. 44\(4\)](#)
- s. 26(6) words substituted by [2015 c. 8 Sch. 2 para. 44\(5\)](#)
- s. 26(7) words substituted by [2015 c. 8 Sch. 2 para. 44\(6\)](#)

Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 3(1A) inserted by [2023 c. 44 s. 1\(2\)](#)
- s. 5(1C) inserted by [2023 c. 44 s. 1\(3\)](#)
- s. 13(3)(ec) inserted by [2023 c. 20 Sch. para. 56](#)
- s. 13A inserted by [2023 c. 44 s. 1\(4\)](#)
- s. 24(1)(c) inserted by [2015 c. 8 Sch. 2 para. 43\(2\)\(d\)](#)
- s. 143(6)(7) inserted by [2023 c. 44 s. 1\(5\)\(b\)](#)