
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations provide for the assessment of the assets and liabilities of eligible schemes in accordance with sections 143 and 179 of the Pensions Act 2004 (c. 35) (“the Act”).

The Board of the Pension Protection Fund (“the Board” is established by section 107 of the Act to provide compensation for members of certain occupational pension schemes in the event of the insolvency of the scheme's sponsoring employer and where the pension scheme is underfunded at a certain level.

Regulation 2 provides that eligible schemes must provide an initial section 179 actuarial valuation of the scheme's assets and liabilities by a prescribed date. The Regulation further provides that in the case of section 179 valuations, the trustees or managers of eligible schemes must provide actuarial valuations to the Board, or to the Pensions Regulator (established under section 1 of the Act) at least every three years after the initial actuarial valuation.

Regulation 3 provides for assets that shall be excluded from the actuarial valuations.

Regulation 4 provides for how the value of assets of eligible schemes are to be determined for the purposes of an actuarial valuation under sections 143 and 179 of the Act.

Regulation 5 provides for the circumstances where a payment due to the eligible scheme under a contribution notice, a financial support direction or a restoration order shall be considered to be an asset of the eligible scheme. The Regulation also further provides that where such a payment is considered to be an asset the actuarial valuation shall be adjusted accordingly.

Regulation 6 provides for the valuation of protected liabilities of the eligible scheme.

Regulation 7 provides for valuation of assets and protected liabilities of the scheme in specific cases where the valuation contained regulations 4, 5 and 6 would not give an accurate picture of the assets and protected liabilities of the eligible scheme.

Regulation 8 provides for the application of these Regulations to multi employer schemes.

Regulation 9 prescribes the form and content of the notice sent by the Board to the relevant employer when a valuation becomes binding under section 145 of the Act and also the form and content of the valuation sent by the eligible scheme to the Board.

Regulation 10 prescribes the qualifications required of a person conducting an actuarial valuation under section 143 or section 179 of the Act.

As these Regulations are made before the expiry of the period of six months beginning with the coming into force of the provisions of the Pensions Act 2004, but virtue of which they are made, the requirement for the Secretary of State to consult such persons as he considers appropriate does not apply.

A full regulatory impact assessment has not been produced for this regulation as it has negligible impact on the costs of business.

Changes to legislation:

There are currently no known outstanding effects for the The Pension Protection Fund (Valuation) Regulations 2005.