

SCHEDULE 1

Regulation 11

Funding and investment strategy – matters and principles

Matters

1. In determining or revising a scheme’s funding and investment strategy, the trustees or managers of the scheme must take into account—

- (a) the actuary’s estimate of the date on which the scheme is expected to (or, if applicable, did) reach significant maturity, as set out in the actuarial valuation to which the funding and investment strategy relates,
- (b) the actuary’s estimate of the maturity of the scheme as at the effective date of the actuarial valuation to which the funding and investment strategy relates, as set out in that actuarial valuation, and
- (c) the objective that on and after the relevant date the assets to which the minimum funding level relates, as provided for in paragraph 3, are invested in accordance with a low dependency investment allocation.

Principles

2. The trustees or managers of a scheme must, in determining or revising the scheme’s funding and investment strategy, follow the principles set out in paragraphs 3 to 5 of this Schedule.

Minimum requirement on and after the relevant date

3. On and after the relevant date a minimum requirement that a scheme is subject to is that the scheme has sufficient and appropriate assets such that the funding level of the scheme calculated in accordance with the requirements in regulation 9(2) and (3) is as a minimum 1:1 (“the minimum funding level”).

Risk in relation to calculation of liabilities on journey plan

4.—(1) The principles set out in sub-paragraph (2) relate to the level of risk that can be taken by the trustees or managers of a scheme in determining the actuarial assumptions used for the purposes of calculating the liabilities of the scheme as it moves along its journey plan.

- (2) The principles are that the level of risk that can be taken—
 - (a) is dependent on the strength of the employer covenant (so that more risk can be taken where the employer covenant is stronger and less risk can be taken where the employer covenant is weaker);
 - (b) subject to paragraph (a), depends on how near the scheme is to reaching the relevant date (so that, subject to the strength of the employer covenant, more risk can be taken where a scheme is a long way from reaching the relevant date and less risk can be taken where a scheme is near to reaching the relevant date).

Liquidity

5. The assets of the scheme must be invested in investments with sufficient liquidity to enable the scheme to meet expected cash flow requirements and make reasonable allowance for unexpected cash flow requirements.

SCHEDULE 2

Regulation 14

Statement of strategy – supplementary matters

1. For the purposes of section 221B(2)(d) of the Act, the other supplementary matters are set out in paragraphs 2 to 15.

Actuarial valuation and recovery plan

2. A summary of the information contained in the actuarial valuation to which the funding and investment strategy relates.

3. If a recovery plan has been prepared or revised in relation to the actuarial valuation to which the funding and investment strategy relates, a summary of the information contained in that plan.

Maturity

4. The actuary's estimate of the maturity of the scheme as at the effective date of the actuarial valuation to which the funding and investment strategy relates, as set out in that valuation.

5. Where, in accordance with regulation 4(5), the trustees or managers of the scheme have taken into consideration whether new members may be admitted to the scheme and the future accrual of benefits—

- (a) a calculation of the duration of liabilities and future accrual based on the assumptions used, and
- (b) the number of years of future accrual that have been allowed for when estimating the date of significant maturity.

6. For a scheme which has not reached the relevant date, how the maturity of the scheme is expected to change over time.

Investment risk

7. The level of risk in relation to the intended investment of the assets of the scheme relating to the actuarial valuation to which the funding and investment strategy relates.

8. For a scheme which has not reached the relevant date—

- (a) the level of risk the trustees or managers of the scheme intend to take in relation to the investment of the assets of the scheme as it moves along its journey plan, and
- (b) how the trustees or managers intend to achieve compliance with the matter in paragraph 1(c) of Schedule 1 by the relevant date.

9. For a scheme which has reached the relevant date, how the level of risk, in relation to the intended investment of the assets of the scheme relating to the actuarial valuation to which the funding and investment strategy relates, complies with the matter in paragraph 1(c) of Schedule 1.

Liquidity

10. How the investment of the assets of the scheme complies with the principle in paragraph 5 of Schedule 1.

Employer covenant

11. An assessment of the strength of the employer covenant.

12. How long it is reasonable to rely on this assessment.

General

13. The extent to which the funding and investment strategy is or remains appropriate.
14. Confirmation that the trustees or managers have consulted the employer in relation to the scheme in the preparation or revision of Part 2 of the statement of strategy.
15. Any comments that the employer in relation to the scheme has asked to be included in Part 2 of the statement of strategy.