

---

STATUTORY INSTRUMENTS

---

**2015 No. 879**

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

**PART 2**

**RESTRICTIONS ON CHARGES**

**Charge limits adjustment**

**10.**—(1) The charge limits do not apply, on or after the adjustment date, to a member of a relevant scheme whose contributions are allocated to a default arrangement, in the circumstances set out in paragraph (2), if the conditions in paragraph (3) are met.

(2) The circumstances for the purposes of paragraph (1) are that—

- (a) the trustees or managers have used their best endeavours to comply with the charge limits in relation to one or more members of the default arrangement referred to in paragraph (1) but have determined that they are unlikely to be able to comply with those limits for one or both of the current and following charges years; or
- (b) an event happens which is outside the control of the trustees or managers, and the trustees or managers have used their best endeavours to mitigate the effect of the event on the scheme but they have determined that, because of that event, they are unlikely to be able to comply with the charge limits for the current or the following charges year in relation to one or more members of the default arrangement referred to in paragraph (1).

(3) The conditions referred to in paragraph (1) are that—

- (a) the trustees or managers have elected to implement an adjustment measure in relation to the default arrangement beginning on the adjustment date; and
  - (b) the trustees or managers have informed the persons listed in paragraph (4) at least one month before the adjustment date—
    - (i) that the trustees or managers have determined that they are unlikely to be able to comply with the charge limits, in relation to one or more members of the default arrangement, for one or both of the current and following charges years, as applicable;
    - (ii) of the adjustment measure that will be implemented on the adjustment date, and
    - (iii) that the charge limits will no longer apply to members of the default arrangement on or after the adjustment date.
  - (c) the trustees or managers must, when informing the Regulator, do so in the manner and form determined by the Regulator.
- (4) The persons referred to in paragraph (3) are –
- (a) the employer whose workers are members of the default arrangement;

- (b) members of the default arrangement whose contributions have been allocated to the default arrangement in the 12 month period ending with the date of the determination in paragraph (2)(a) or (b), as applicable; and
  - (c) the Regulator.
- (5) In this regulation the “adjustment date” means the date chosen by the trustees or managers on which the adjustment measure is to begin, and –
- (a) if the circumstances in paragraph (2)(a) apply, must be a date falling within a period of 6 months beginning with the date on which this regulation comes into force; or
  - (b) if the circumstances in paragraph (2)(b) apply, must be a date falling within a period of 6 months beginning with the date that the trustees or managers make the determination described in paragraph (2)(b).
- (6) In this regulation the “adjustment measure” means a measure where –
- (a) the trustees or managers will no longer allocate future contributions of members of the scheme to the default arrangement, and will allocate future contributions of members of the default arrangement to another default arrangement within the scheme; or
  - (b) the trustees or managers will no longer accept future contributions of members of the default arrangement into the scheme, and will not allocate the contributions of any other members of the scheme into that default arrangement.
- (7) In implementing the adjustment measure, the trustees or managers may decide to give the members described in paragraph (4)(b) the option to agree to continue to have their future contributions received by the scheme and allocated to the default arrangement, after the adjustment date.
- (8) Where the trustees or managers have given to the members the option referred to in paragraph (7), the trustees or managers should inform the members described in paragraph (4) (b) of that option, and any such agreement by the member must be in writing and include an acknowledgement by the member that charges under the default arrangement may be higher than would otherwise be permitted under these Regulations.
- (9) Where a member is given the option referred to in paragraph (7) but does not agree to the option offered, that decision is not to be treated as being an action or omission by a jobholder for the purposes of section 6(4)(b) of the 2008 Act.
- (10) In this regulation, “charge limits” means the provisions of regulation 4(1)(a) and regulation 6.