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STATUTORY INSTRUMENTS

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**2005 No. 255**

**The Pensions (Northern Ireland) Order 2005**

**PART III**

**THE BOARD OF THE PENSION PROTECTION FUND**

**CHAPTER 3**

**PENSION PROTECTION**

*The levies*

**Pension protection levies**

**158.**—(1) For each financial year falling after the initial period, the Board must impose both of the following—

- (a) a risk-based pension protection levy in respect of all eligible schemes;
- (b) a scheme-based pension protection levy in respect of eligible schemes.

In this Chapter “pension protection levy” means a levy imposed in accordance with this Article.

(2) For the purposes of this Article—

- (a) a risk-based pension protection levy is a levy assessed by reference to—
  - (i) the difference between the value of a scheme’s assets (disregarding any assets representing the value of any rights in respect of money purchase benefits under the scheme rules) and the amount of its protected liabilities,
  - (ii) except in relation to any prescribed scheme or scheme of a prescribed description, the likelihood of an insolvency event occurring in relation to the employer in relation to a scheme, and
  - (iii) if the Board considers it appropriate, one or more other risk factors mentioned in paragraph (3), and
- (b) a scheme-based pension protection levy is a levy assessed by reference to—
  - (i) the amount of a scheme’s liabilities to or in respect of members (other than liabilities in respect of money purchase benefits), and
  - (ii) if the Board considers it appropriate, one or more other scheme factors mentioned in paragraph (4).

(3) The other risk factors referred to in paragraph (2)(a)(iii) are factors which the Board considers indicate one or more of the following—

- (a) the risks associated with the nature of a scheme’s investments when compared with the nature of its liabilities;
- (b) such other matters as may be prescribed.

(4) The other scheme factors referred to in paragraph (2)(b)(ii) are—

- (a) the number of persons who are members, or fall within any description of member, of a scheme;
  - (b) the total annual amount of pensionable earnings of active members of a scheme;
  - (c) such other factors as may be prescribed.
- (5) The Board must, before the beginning of each financial year, determine in respect of that year—
- (a) the factors by reference to which the pension protection levies are to be assessed,
  - (b) the time or times by reference to which those factors are to be assessed,
  - (c) the rate of the levies, and
  - (d) the time or times during the year when the levies, or any instalment of levy, becomes payable.
- (6) Different risk factors, scheme factors or rates may be determined in respect of different descriptions of scheme.
- (7) The rate determined in respect of a description of scheme may be nil.
- (8) In this Article—
- “initial period” is to be construed in accordance with Article 157;
  - “pensionable earnings”, in relation to an active member under a scheme, means the earnings by reference to which a member’s entitlement to benefits would be calculated under the scheme rules if he ceased to be an active member at the time by reference to which the factor within paragraph (4)(b) is to be assessed.
- (9) The Board’s duty to impose pension protection levies in respect of any financial year is subject to—
- (a) Article 160 (amounts to be raised by the pension protection levies), and
  - (b) Article 163 (transitional provision).