

**Table of intended outcomes from proposed policy on wholly owned companies in the Hampshire Pension Fund**

	<b>Type of employer setting up a wholly owned company and nature of company</b>	<b>Intended outcome under proposed policy</b>
	Ungrouped Schedule 2 Part 1 employer sets up a company which is closed to new members. Schedule 2 Part 1 employer transfers majority of its staff to the company.	Company will be permitted to enter a pool with the employer if they share financial covenant/attributes. Keep existing funding target but contribution rate calculated using attained age / recovery = future working life (unless there are good reasons to do otherwise – see above re a transition period/easement).*
	Ungrouped Schedule 2 Part 1 employer sets up a company which is open to new members. Schedule 2 Part 1 employer continues to employ majority of its staff directly.	Company will be permitted to enter a pool with the employer if they share financial covenant/attributes. Keep existing funding target and contribution rate calculated using projected unit method / same recovery period. Re-assess contribution rate and consider increasing if financial conditions suggest this is necessary*.
	Ungrouped Schedule 2 Part 1 employer with a DfE guarantee sets up a company which is closed to new members. Schedule 2 Part 1 employer transfers majority of its staff to the company.	Company is standalone with ongoing orphan target. Contribution rate calculated using attained age / recovery = future working life. Consider whether the contribution rate for the scheme employer should be re-assessed.
	Ungrouped Schedule 2 Part 1 employer with a DfE guarantee sets up a company which is open to new members. Schedule 2 Part 1 employer continues to employ majority of its staff directly.	Company is standalone with ongoing orphan target. Contribution rate calculated using projected unit method / same recovery period. Consider whether the contribution rate for the scheme employer should be re-assessed.*

<b>Type of employer setting up a wholly owned company and nature of company</b>	<b>Intended outcome under proposed policy</b>
Grouped Schedule 2 Part 1 employer sets up a company which is closed to new members. Schedule 2 Part 1 employer transfers majority of its staff to the company.	Company is standalone with Scheduled Body Group funding target if a subsumption commitment is in place. Contribution rate calculated using attained age / recovery = future working life (unless there are good reasons to do otherwise – see above re a transition period/easement). Consider whether the contribution rate for the scheme employer should be re-assessed – may depend upon whether the new employer is fully funded or is allocated assets on a share of fund basis.* Consider if the scheme employer still meets the criteria to remain in the Scheduled Body Group.
Grouped Schedule 2 Part 1 employer sets up a company which is open to new members. Schedule 2 employer continues to employ majority of its staff directly.	Company is standalone with Scheduled Body Group funding target if employer is a tax raising authority and a subsumption commitment is in place (otherwise ongoing orphan). Consider whether the contribution rate for the scheme employer should be re-assessed – may depend upon whether the new employer is fully funded or is allocated assets on a share of fund basis.*
Grouped academy/MAT sets up a company which is closed to new members. Academy/MAT transfers majority of staff to the new company.	Company is standalone with ongoing orphan target. Contribution rate calculated using attained age / recovery = future working life. Contributions for the scheme employer need to be re-assessed – LERP adjustment likely to be required in future if new employer is fully funded on the orphan basis*. Consider if the scheme employer still meets the criteria to remain in the Scheduled Body Group.
Grouped academy/MAT sets up a company which is open to new members. Academy/MAT continues to employ majority of its staff directly.	Company is standalone with ongoing orphan target. Contribution rate calculated using projected unit method / same recovery period. Contributions for the scheme employer need to be re-assessed – LERP adjustment likely to be required in future if new employer is fully funded on the orphan basis*.