

Appendix 5 to the Board’s determination under Section 175(5) of the Pensions Act 2004 in respect of the financial year 1 April 2008 – 31 March 2009

Calculation of the multiplier and the scaling factor

1. The multiplier h shall be the solution to the following equation:

$$\left(\sum_{i=1}^T L_i + \sum_{j=1}^5 (N_j - n_j) X_j \right) \times h = (1 - R) \times Q$$

2. The scaling factor c shall be the solution to the following equation:

$$\sum_{i=1}^T \min\{ \{U_i \times P_i \times R \times c\}, K \times L_i \} + \sum_{j=1}^5 (N_j - n_j) Y_j = R \times Q$$

3. The following variables shall have the values respectively ascribed to them in the Schedule to the Determination:

Variable	Meaning	Reference in Schedule to the Determination
Q	Pension protection levy estimate	Paragraph 46
R	Proportion of the pension protection levies to be risk based	Paragraph 19
K	Levy cap factor	Paragraph 20

4. T shall be the number of calculated schemes (as defined in paragraph 50 of the Schedule to the Determination). U_i, P_i and L_i shall respectively represent the values of U, P and L for the ith calculated scheme, calculated in accordance with the Determination but subject to the assumptions in relation to certificates and the modification in relation to the calculation of P_i set out in paragraph 49 of the Schedule to the Determination.

5. The approximated schemes (as defined in paragraph 50 of the Schedule to the Determination) shall be generated in accordance with the remaining paragraphs of this Appendix 5.

6. The calculated schemes shall be divided in accordance with the table below.

Number of members	2-99	100-999	1,000-4,999	5,000 – 9,999	10,000 or more
	Group 1	Group 2	Group 3	Group 4	Group 5

7. For the j^{th} group:

X_j is the average of L over all the calculated schemes in that group (excluding any calculated scheme in relation to which either a contingent asset certificate has been provided for the purposes of the levy year 1 April 2008 – 31 March 2009 or the condition set out in paragraph 44(i) of the Schedule to the Determination (scheme failure notice) is satisfied), where L for each such calculated scheme is calculated in accordance with the Determination;

Y_j is the average of $\min\{U \times P \times R \times c, K \times L\}$ over all the calculated schemes in that group (excluding any calculated scheme in relation to which either a contingent asset certificate has been provided for the purposes of the levy year 1 April 2008 – 31 March 2009 or the condition set out in paragraph 44(i) of the Schedule to the Determination (scheme failure notice) is satisfied), where U and P for each such calculated scheme are calculated in accordance with the Determination but subject to the assumptions in relation to certificates and the modification in relation to the calculation of P_i set out in paragraph 49 of the Schedule to the Determination;

n_j is the number of calculated schemes (including any calculated scheme in relation to which a contingent asset certificate has been provided for the purposes of the levy year 1 April 2008 – 31 March 2009 or the condition set out in paragraph 44(i) of the Schedule to the Determination (scheme failure notice) is satisfied) within that group; and

N_j is the total number of eligible schemes believed to exist within the relevant size category, based on data provided by the Pensions Regulator.