



2016 CHAPTER 1

PART 3

GENERAL CHANGES TO LEGISLATION ABOUT PENSION SCHEMES

*Indexation*

**Collective benefits exempt from indexation**

**41.—**(1) In Article 51 of the 1995 Order (annual increase in rate of pension)—

- (a) in paragraph (1), for “Subject to paragraphs (6) and (7)” substitute “Subject to paragraphs (6) to (7A)”;
- (b) after paragraph (7) insert—

“(7A) This Article does not apply to any pension, or part of a pension, that is a collective benefit.”.

(2) Omit section 21(2) of the Pensions Act (Northern Ireland) 2012, which is no longer needed given subsection (1).

**Regulatory own fund schemes exempt from indexation**

**42.—**(1) Article 51 of the 1995 Order (annual increase in rate of pension) is amended as follows.

(2) In paragraph (1)(a)(ii) (scheme based exemption) after “public service pension scheme” insert “or a regulatory own fund scheme (see paragraph (9))”.

(3) After paragraph (8) insert—

“(9) In paragraph (1)(a)(ii) “regulatory own fund scheme” means a scheme in respect of which Article 17 of Council Directive [2003/41/EC](#) of 3

June 2003 on the activities and supervision of institutions for occupational retirement provision applies.

(10) Regulations may amend paragraph (9) to replace the reference to the Article mentioned there with a reference to any provision of an EU instrument that replaces it (with or without changes).”.

### **Power to create other exemptions from indexation**

**43.—**(1) In Article 51 of the 1995 Order (annual increase in rate of pension), after paragraph (5) insert—

“(5A) Regulations may provide that this Article does not apply to a pension, or part of a pension, of a specified description.

(5B) But regulations under paragraph (5A) may not be made in respect of—

- (a) a pension, or any part of a pension, under a defined benefits scheme,
- (b) a pension, or any part of a pension, which came into payment before the day on which the regulations come into operation, or
- (c) a pension, or any part of a pension, which is attributable to pensionable service before the day on which the regulations come into operation.

(5C) Regulations under paragraph (5A) may amend this Part.”.

(2) In Article 167(3) of that Order (Assembly, etc. control of orders and regulations), before sub-paragraph (b) insert—

“(aa) Article 51(5A),”.