
STATUTORY INSTRUMENTS

1995 No. 3213

The Pensions (Northern Ireland) Order 1995

PART II

OCCUPATIONAL PENSIONS

Indexation

Annual increase in rate of pension

51.—(1) Subject to paragraph (6), this Article applies to a pension under an occupational pension scheme if—

(a) the scheme—

(i) is an approved scheme, within the meaning of Chapter I of Part XIV of the Taxes Act 1988⁽¹⁾ (retirement benefit schemes approved by the Commissioners of Inland Revenue) or is a scheme for which such approval has been applied for under that Chapter and not refused, and

(ii) is not a public service pension scheme, and

(b) apart from this Article, the annual rate of the pension would not be increased each year by at least the appropriate percentage of that rate.

(2) Subject to Article 52, where a pension to which this Article applies, or any part of it, is attributable to pensionable service on or after the appointed day or, in the case of money purchase benefits, to payments in respect of employment carried on or after the appointed day—

(a) the annual rate of the pension, or

(b) if only part of the pension is attributable to pensionable service or, as the case may be, to payments in respect of employment carried on on or after the appointed day, so much of the annual rate as is attributable to that part,

must be increased annually by at least the appropriate percentage.

(3) Paragraph (2) does not apply to a pension under an occupational pension scheme if the rules of the scheme require—

(a) the annual rate of the pension, or

(b) if only part of the pension is attributable to pensionable service or, as the case may be, to payments in respect of employment carried on on or after the appointed day, so much of the annual rate as is attributable to that part,

to be increased at intervals of not more than twelve months by at least the relevant percentage and the scheme complies with any prescribed requirements.

(4) For the purposes of paragraph (3) the relevant percentage is—

(1) 1988 c.1.

- (a) the percentage increase in the retail prices index for the reference period, being a period determined, in relation to each periodical increase under the rules, or
- (b) the percentage for that period which corresponds to 5 per cent. per annum,

whichever is the lesser.

(5) Regulations may provide that paragraphs (2) and (3) apply in relation to a pension as if so much of it as would not otherwise be attributable to pensionable service or to payments in respect of employment were attributable to pensionable service or, as the case may be, payments in respect of employment—

- (a) before the appointed day,
- (b) on or after that day, or
- (c) partly before and partly on or after that day.

(6) This Article does not apply to any pension or part of a pension which, in the opinion of the trustees or managers, is derived from the payment by any member of the scheme of voluntary contributions.