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STATUTORY RULES OF NORTHERN IRELAND

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**2011 No. 113**

**The Pension Protection Fund (Pension  
Compensation Sharing and Attachment on  
Divorce etc.) Regulations (Northern Ireland) 2011**

**PART 10**

**Compensation cap**

**Restriction of amount of compensation payable**

**30.**—(1) This regulation applies where, in respect of a pension compensation credit—

- (a) the transferee becomes entitled to payment of compensation under paragraph 4 or 6 of Schedule 4, and
- (b) on the transfer day the transferor was not entitled to present payment of relevant compensation.

(2) Except where regulation 31 applies, where the annual value of the periodic compensation payable to the transferee under paragraph 4 or 6 of Schedule 4 in respect of that pension compensation credit exceeds the compensation cap, the amount of compensation payable to the transferee is restricted in accordance with paragraph (3).

(3) Where compensation payable to the transferee is required to be restricted in accordance with this paragraph, the compensation payable is the cap fraction of the amount which would otherwise be payable to the transferee, in respect of that pension compensation credit, under paragraph 4 or 6 of Schedule 4.

(4) The annual value of the periodic compensation payable to the transferee under paragraph 4 or 6 of Schedule 4 in respect of a pension compensation credit is to be determined in accordance with this paragraph—

- (a) where no portion of the compensation to which the transferee is entitled under the pension compensation credit has been commuted, the annual value of the periodic compensation is the annual value of the compensation to which the transferee is entitled in respect of that credit, or
- (b) where a portion of the compensation to which the transferee is entitled under the pension compensation credit has been commuted, the annual value of the periodic compensation is the amount which would have been the annual value of the periodic compensation in respect of that credit, had a portion not been commuted.

(5) In this regulation “the cap fraction” means  $C/V$ , where  $C$  is the compensation cap and  $V$  is the annual value of the periodic compensation payable under the pension compensation credit.

**Commencement Information**

**II** Reg. 30 in operation at 6.4.2011, see **reg. 1(1)**

**Application of compensation cap where compensation becomes payable on different dates**

**31.—**(1) This regulation applies where—

- (a) the transferee becomes entitled to payment of compensation in accordance with paragraph 4 or 6 of Schedule 4, and
- (b) the transferee has previously become entitled to payment of compensation, in accordance with either of those paragraphs, which is derived from the rights of the same transferor under the same or a connected scheme.

(2) For the purposes of paragraph (1), a scheme is a connected scheme if the same person is or was the employer in relation to both schemes.

(3) Where this regulation applies, the amount of compensation payable to the transferee in accordance with paragraph 4 or 6 of Schedule 4 is to be restricted in accordance with paragraph (4) or (5).

(4) If the previous cap percentage is or exceeds 100, the compensation payable in respect of a subsequent tranche of compensation is nil.

(5) If the previous cap percentage is less than 100, the amount of compensation payable in respect of the previous and subsequent tranches of compensation is restricted in accordance with paragraph (8).

(6) “The previous cap percentage” is the cap percentage for the previous tranche of compensation.

(7) “The cap percentage” means  $(AAV \times 100)/ACC$ , where AAV is the appropriate annual value of the previous or, as the case may be, a subsequent tranche of compensation at the time when each tranche first becomes payable and ACC is the appropriate compensation cap at that time.

(8) Where paragraph (5) applies—

- (a) the amount of a subsequent tranche of compensation is restricted in accordance with paragraph (3) of regulation 30, but taking the reference to the cap fraction in that paragraph as a reference to the revised cap fraction, and
- (b) the amount of the previous tranche of compensation is restricted to the revised cap fraction of the amount that would be payable apart from this sub-paragraph.

(9) “The revised cap fraction” means  $100/\text{the aggregate cap percentage}$ .

(10) “The aggregate cap percentage” means the aggregate of the cap percentages for the previous and subsequent tranches of compensation.

**Commencement Information**

**II** Reg. 31 in operation at 6.4.2011, see **reg. 1(1)**

**Changes to legislation:**

There are currently no known outstanding effects for the The Pension Protection Fund (Pension Compensation Sharing and Attachment on Divorce etc.) Regulations (Northern Ireland) 2011, PART 10.