STATUTORY RULES OF NORTHERN IRELAND

2014 No. 204

The Pensions (2012 Act) (Transitional, Consequential and Supplementary Provisions) Regulations (Northern Ireland) 2014

PART 7

Revaluation, indexation and preservation of benefits

Revaluation of cash balance benefits etc: pensionable service before the appointed day

24.—(1) Where—

(a) a member of an occupational pension scheme has, under the applicable rules, accrued rights to—

(i) cash balance benefits in respect of which the available sum is not calculated by reference to final salary;

(ii) a defined benefit minimum (in relation to money purchase underpin benefits or cash balance underpin benefits), or

(iii) top-up benefits;

(b) the accrued rights to benefits specified in sub-paragraph (a) are attributable to periods of pensionable service before the appointed day, and

(c) the trustees or managers of the scheme have before that day treated those benefits as if they were money purchase benefits,

if the trustees or managers of the scheme think it appropriate, those benefits or (as the case may be) the available sum in respect of which those benefits are calculated shall be revalued by the money purchase method.

(2) Where—

(a) the conditions specified in paragraph (1)(a) and (c) are satisfied, and

(b) the accrued rights to benefits specified in paragraph (1)(a) which were treated as money purchase benefits are attributable to periods of pensionable service falling partly before and partly on or after the appointed day,

if the trustees or managers of the scheme think it appropriate, so much of those benefits or of the available sum in respect of which those benefits are calculated as is attributable to periods of pensionable service before that day shall be revalued by the money purchase method.

(3) In this regulation—

"final salary", in relation to a member to or in respect of whom benefits under a pension scheme are payable, means the member's pensionable earnings, or highest, average or representative pensionable earnings, in a specified period ending at, or defined by reference to, the time when the member's pensionable service in relation to that scheme ends;

"money purchase method" has the meaning given by Schedule 2 to the 1993 Act, except that it also includes the application to the benefits of a guaranteed notional interest rate or investment yield, in accordance with the rules of the scheme, to the benefits or to the available sum in respect of which the benefits are calculated;

"pensionable earnings", in relation to a member of a pension scheme, means earnings by reference to which benefits under the scheme are calculated.

(4) Where the trustees or managers of the scheme determine that benefits should be revalued in accordance with this regulation, section 80 [M1] of the 1993 Act (basis of revaluation) applies in relation to those benefits revalued in accordance with this regulation as if they were money purchase benefits.

Marginal Citations

M1 Section 80 was amended by Part 3 of Schedule 5 to the Pensions (Northern Ireland) Order 1995, Article 258 of the Pensions (Northern Ireland) Order 2005, section 20(1) to (3) of the Pensions Act (Northern Ireland) 2012 and paragraph 13 of the Schedule to S.R. 2005 No. 434

Indexation of cash balance benefits etc: pensions in payment before the appointed day

25.—(1) Article 51 [M2] of the 1995 Order (annual increase in rate of pension) does not apply to a pension or part of a pension payable under an occupational pension scheme which meets the conditions specified in paragraph (2).

(2) The conditions specified in this paragraph are that—

(a) the pension or part of a pension—

(i) is derived from any of the benefits specified in paragraph (3) which were attributable to a member's pensionable service on or after 6th April 1997, and

(ii) first came into payment on or after 6th April 2005 but before the appointed day;

(b) the trustees or managers of the scheme before the appointed day treated those benefits as if they were money purchase benefits, and

(c) the pension or part of a pension is not, under the scheme, required to be increased each year or is to be increased at a rate below that required by Article 51 of the 1995 Order.

(3) The benefits specified in this paragraph are—

(a) cash balance benefits;

(b) a defined benefit minimum (in relation to money purchase underpin benefits or cash balance underpin benefits), and

(c) top-up benefits.

Marginal Citations

M2 Article 51 was amended by paragraph 40 of Schedule 9 to the Welfare Reform and Pensions (Northern Ireland) Order 1999, section 47 of the Child Support, Pensions and Social Security Act (Northern Ireland) 2000, Article 255 of the Pensions (Northern Ireland) Order 2005, sections 20 and 21 of the Pensions Act (Northern Ireland) 2012 and Article 11 of S.I 2006/745

Amendment of the Occupational Pension Schemes (Preservation of Benefit) Regulations

26.—(1) The Occupational Pension Schemes (Preservation of Benefit) Regulations (Northern Ireland) 1991 [M3] are amended in accordance with paragraphs (2) to (4).

(2) In regulation 10(2) (money purchase benefits) for the words from "the money purchase benefits" to the end substitute—

"(a) the money purchase benefits, when they become payable, in accordance with the terms of an insurance policy or annuity contract in which the amount allocated to provide the benefits is invested; or

(b) a pension under the scheme derived from the money purchase benefits, on the basis of actuarial advice.".

(3) Omit regulation 14 [M4] (computation of benefit – money purchase schemes).

(4) For regulation 14A [M5] (circumstances in which uniform accrual does not apply – money purchase benefits) substitute—

"**Benefits to which section 70(6) does not apply – money purchase benefits**

14A. Section 70(6) of the Act (computation of short service benefit) does not apply to money purchase benefits.".

Marginal Citations

M3 S.R.1991 No. 37; relevant amending Regulations are S.R. 1994 No. 300 and S.R. 1996 No. 620

M4 Regulation 14 was amended by paragraph 26 of Schedule 2 to S.R. 1994 No. 300 and regulation 2 of S.R. 1996 No. 620

M5 Regulation 14A was inserted by regulation 2 of S.R. 1996 No. 620

Amendment of the Occupational Pension Schemes (Revaluation) Regulations

27. In regulation 3 of the Occupational Pension Schemes (Revaluation) Regulations (Northern Ireland) 1991 [M6] (hybrid benefits) for paragraph (2) substitute—

"(2) In this regulation, "hybrid benefit" means a benefit the rate or amount of which is calculated by reference to the greatest, or smallest, of two or more benefits.".

Marginal Citations

M6 S.R. 1991 No. 38; regulation 3 was amended by paragraph 27 of Schedule 2 to S.R. 1994 No. 300

Changes to legislation:
There are currently no known outstanding effects for the The Pensions (2012 Act) (Transitional, Consequential and Supplementary Provisions) Regulations (Northern Ireland) 2014, PART 7.