

2017 No. 58

PENSIONS

**The Pensions (2015 Act) (Pension Protection Fund: Increased Compensation Cap for Long Service) (Pension Compensation Sharing on Divorce) (Transitional Provision) Order
(Northern Ireland) 2017**

Made - - - -

15th March 2017

Coming into operation -

6th April 2017

The Department for Communities^(a) makes the following Order in exercise of the powers conferred by section 53(5) of the Pensions Act (Northern Ireland) 2015^(b).

Citation and commencement

1. This Order may be cited as the Pensions (2015 Act) (Pension Protection Fund: Increased Compensation Cap for Long Service) (Pension Compensation Sharing on Divorce) (Transitional Provision) Order (Northern Ireland) 2017 and shall come into operation on 6th April 2017.

Transitional provision in connection with the Pension Protection Fund: increased compensation cap for long service and compensation sharing on divorce etc.

2.—(1) This Article applies in relation to a person if—

- (a) compensation is payable under Chapter 1 of Part 3 of the Pensions (No. 2) Act (pension compensation on divorce etc.), and
- (b) the compensation is restricted in accordance with regulations made under paragraph 18(c) of Schedule 4 to the Pensions (No. 2) Act (compensation cap).

(2) Part 2 of Schedule 20 to the Pensions Act (Northern Ireland) 2015 (effect of change in transitional cases) has effect in relation to a person to whom this Article applies as it has effect in relation to compensation payable under Schedule 6 to the 2005 Order (pension compensation provisions) subject to the following modifications.

(a) See section 1(7) of the Departments Act (Northern Ireland) 2016 (c. 5 (N.I.)). See also paragraphs 20 to 22 of Schedule 20 to the Pensions Act (Northern Ireland) 2015 (c. 5 (N.I.))
(b) 2015 c. 5 (N.I.)
(c) Paragraph 18 is amended by paragraph 7 of Schedule 20 to the Pensions Act (Northern Ireland) 2015 with effect from 6th April 2017

(3) Paragraph 8 (recalculation of periodic compensation going forwards) has effect as if the reference in—

- (a) sub-paragraph (1)(a) to compensation under paragraph 3, 11 or 15(a) of Schedule 6 to the 2005 Order (which relate to compensation payable to, respectively, pensioners, active members and deferred members) were a reference to compensation under paragraph 4 or 6(b) of Schedule 4 to the Pensions (No. 2) Act (compensation payable to transferee);
- (b) sub-paragraph (1)(b) to the restriction in paragraph 26(c) of Schedule 6 to the 2005 Order (compensation cap) were a reference to the restriction in regulations made under paragraph 18 of Schedule 4 to the Pensions (No. 2) Act;
- (c) sub-paragraph (2) to the protected pension rate were, in both places that reference appears, a reference to the initial annual rate of compensation for the purposes of paragraph 4 or 6 of Schedule 4 to the Pensions (No. 2) Act, and
- (d) sub-paragraph (5) to paragraph 28(d) of Schedule 6 to the 2005 Order (annual increase in periodic compensation) were a reference to paragraph 17(e) of Schedule 4 to the Pensions (No. 2) Act (annual increase in periodic compensation).

(4) Paragraph 9 (new cap does not generally affect old payments) has effect as if—

- (a) the reference to periodic compensation were a reference to periodic compensation within paragraph 4 or 6 of Schedule 4 to the Pensions (No. 2) Act, and
- (b) sub-paragraph (1)(b) and the definition of “lump sum compensation” in sub-paragraph (2) were omitted.

(5) Paragraph 10 (survivors’ compensation) has effect as if the reference to—

- (a) paragraph 4(3), 13(3) or 18(3)(f) of Schedule 6 to the 2005 Order were a reference to paragraph 5(3) or 7(3)(g) of Schedule 4 to the Pensions (No. 2) Act (compensation payable to widow, widower or surviving civil partner), and
- (b) paragraph 8 were a reference to that paragraph as modified by this Order.

(6) Paragraph 11 (cases involving early payment or postponement of compensation) has effect as if the reference to—

- (a) paragraph 25(h) of Schedule 6 to the 2005 Order (early payment of compensation) were a reference to paragraph 10 of Schedule 4 to the Pensions (No. 2) Act (early payment of compensation), and
- (b) paragraph 25A(i) of Schedule 6 to the 2005 Order (postponement of compensation) were a reference to paragraph 16A(j) of Schedule 4 to the Pensions (No. 2) Act (postponement of compensation).

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- (a) Paragraph 3 was amended by paragraph 2 of Schedule 6 to the Pensions (No.2) Act (Northern Ireland) 2008 (c. 13 (N.I.)) and paragraph 37(2) of Schedule 4 to the Pensions Act (Northern Ireland) 2012 (c. 3 (N.I.)). Paragraph 11 was amended by paragraph 4 of Schedule 6 to the Pensions (No. 2) Act (Northern Ireland) 2008 and paragraph 23(5) of Schedule 4 to the Pensions Act (Northern Ireland) 2012. Paragraph 15 was amended by paragraph 7 of Schedule 6 to the Pensions (No. 2) Act (Northern Ireland) 2008 and paragraph 23(7) of Schedule 4 to the Pensions Act (Northern Ireland) 2012
 - (b) Paragraphs 4 and 6 were amended by paragraph 31 of Schedule 4 to the Pensions Act (Northern Ireland) 2012
 - (c) Paragraph 26 was amended by paragraph 23(9) of Schedule 4 to the Pensions Act (Northern Ireland) 2012 and (with retrospective effect) by section 49 of the Pensions Act (Northern Ireland) 2015 and is amended by paragraphs 2 and 5 of Schedule 20 to the Pensions Act (Northern Ireland) 2015 with effect from 6th April 2017
 - (d) Paragraph 28 was amended by paragraphs 19(3)(d) and 27 of Schedule 4 to the Pensions Act (Northern Ireland) 2012
 - (e) Paragraph 17 was amended by paragraph 35 of Schedule 4 to the Pensions Act (Northern Ireland) 2012
 - (f) Paragraphs 13(3) and 18(3) were amended by paragraph 24(3) and (4) of Schedule 4 to the Pensions Act (Northern Ireland) 2012
 - (g) Paragraphs 5(3) and 7(3) were amended by paragraph 32 of Schedule 4 to the Pensions Act (Northern Ireland) 2012
 - (h) Paragraph 25 was amended by paragraph 19(3)(a) and (b) of Schedule 4 to the Pensions Act (Northern Ireland) 2012
 - (i) Paragraph 25A was substituted by paragraph 22 of Schedule 4 to the Pensions Act (Northern Ireland) 2012
 - (j) Paragraph 16A was inserted by paragraph 30(2) of Schedule 4 to the Pensions Act (Northern Ireland) 2012

(7) Paragraph 12 (recalculation of terminal illness lump sums given in the past year) has effect as if the reference in—

- (a) sub-paragraph (1)(a) to paragraph 25E(a) of Schedule 6 to the 2005 Order (terminal illness lump sum: effect of successful application) were a reference to paragraph 15(b) of Schedule 4 to the Pensions (No. 2) Act (terminal illness lump sum: effect of successful application);
- (b) sub-paragraph (1)(b) to the restriction in paragraph 26 of Schedule 6 to the 2005 Order were a reference to the restriction in regulations made under paragraph 18 of Schedule 4 to the Pensions (No. 2) Act, and
- (c) sub-paragraph (2) to Schedule 6 to the 2005 Order were a reference to Schedule 4 to the Pensions (No. 2) Act (pension compensation payable on discharge of pension compensation credit).

Sealed with the Official Seal of the Department for Communities on 15th March 2017

(L.S.)

Thomas O'Reilly
A senior officer of the Department for Communities

(a) Paragraph 25E was inserted by paragraph 14 of Schedule 6 to the Pensions (No. 2) Act (Northern Ireland) 2008 and amended by paragraph 26(2) of Schedule 4 to the Pensions Act (Northern Ireland) 2012
(b) Paragraph 15 was amended by paragraph 34(2) of Schedule 4 to the Pensions Act (Northern Ireland) 2012

EXPLANATORY NOTE

(This note is not part of the Order)

The Pension Protection Fund pays compensation to members of eligible occupational pension schemes when the employer becomes insolvent. The pension compensation is subject to a maximum cap – the compensation cap.

Schedule 20 to, the Pensions Act (Northern Ireland) 2015 (“the 2015 Act”) provides for a revised (increased) compensation cap dependent on a person’s age and length of service when the person first becomes entitled to compensation.

Article 2 makes transitional provision relating to the coming into operation of Schedule 20 to the 2015 Act in relation to pension sharing on divorce that is similar to the provisions of Part 2 of that Schedule (effect of change in transitional cases), with appropriate modifications, to deal amongst other things with the recalculation of pension compensation going forwards and the effect on old payments.

An assessment of the impact of the introduction of the Pension Protection Fund increased cap for long service is included in the Regulatory Impact Assessment which accompanied the 2015 Act, a copy of which has been laid in the Business Office and the Library of the Northern Ireland Assembly. Copies of the Assessment are available from the Department for Communities, Social Security Policy and Legislation Division, Level 8, Causeway Exchange, 1-7 Bedford Street, Belfast BT2 7EG or from the website: <https://www.communities-ni.gov.uk/articles/pension-information>.

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