Pension Schemes Act 1993

1993 CHAPTER 48

PART IV

PROTECTION FOR EARLY LEAVERS

CHAPTER II

REVALUATION OF ACCRUED BENEFITS (EXCLUDING GUARANTEED MINIMUM PENSIONS)

83 Scope of Chapter II

(1) This Chapter applies for the purpose of revaluing—

(a) benefits payable to or in respect of a member of an occupational pension scheme where—

(i) his pensionable service ends on or after 1st January 1986;

(ii) on the date on which his pensionable service ends (in this Chapter referred to as "the termination date") he has accrued rights to benefit under the scheme;

(iii) the period beginning with the day after the termination date and ending with the date on which he attains normal pension age (in this Chapter referred to as "the pre-pension period") is at least 365 days; and

(iv) in the case of benefit payable to any other person in respect of the member, the member dies after attaining normal pension age; and

(b) benefits payable to or in respect of a member of a personal pension scheme—

(i) in respect of whom contributions to the scheme have ceased to be paid; and

(ii) who has accrued rights to benefit under the scheme.

(2) In calculating 365 days for the purpose of subsection (1)(a)(iii), any day which is 29th February shall be disregarded.

(3) In subsection (1)(b)—

(a) the reference to a personal pension scheme does not include a scheme which is comprised in an annuity contract made before 4th January 1988; and

(b) the reference to contributions includes any minimum contributions.

84 Basis of revaluation

(1) Subject to subsections (2) and (3), in the case of such benefits as are mentioned in section 83(1)(a), any pension or other retirement benefit payable under the scheme in question to the member and any pension or other benefit payable under it to any other person in respect of him, is to be revalued by the final salary method.

(2) If—

(a) any such benefit is an average salary benefit or flat rate benefit; and

(b) it appears to the trustees or managers of the scheme under which it is payable that it is appropriate to revalue the benefit by the average salary method or, as the case may be, the flat rate method,

then the benefit shall be revalued using that method.

(3) If any benefit such as is mentioned in paragraph (a) of section 83(1) is a money purchase benefit, and in the case of such benefit as is mentioned in paragraph (b) of that section, the benefit shall be revalued using the money purchase method.

(4) In this section—

"average salary benefit" means benefit the rate or amount of which is calculated by reference to the average salary of a member over the period of service on which the benefit is based;

"flat rate benefit" means any benefit the rate or amount of which is calculated by reference solely to the member's length of service;

"average salary method", "final salary method", "flat rate method" and "money purchase method" have the meanings given in Schedule 3.

(5) The fact that a scheme provides for the amount of the pension or other benefit for a member or for any other person in respect of him to be increased during the pre-pension period—

(a) by the percentages specified during that period under section 151(1) of the Social Security Administration Act 1992 (directions specifying percentage increases for up-rating purposes); or

(b) under any arrangement which, in the opinion of the Board, maintains the value of the pension or other benefit by reference to the rise in the general level of prices in Great Britain during that period,

does not in itself result in conflict with this section, if the increase falls to be determined by reference to an amount from which the guaranteed minimum for a member or a member's widow or widower has not been deducted.

85 Revaluation not to apply to substituted benefit

Nothing in this Chapter is to be construed as requiring the revaluation of any pension or other benefit provided by virtue of section 73(2)(b) by way of complete substitute for another pension or benefit.

86 Supplementary provisions

(1) In making any calculation for the purposes of this Chapter in relation to any occupational pension scheme—

(a) any commutation, forfeiture or surrender of,

(b) any charge or lien on, and

(c) any set-off against,

the whole or part of a pension shall be disregarded.

(2) The same money may not be treated as providing both the increase in benefit required by this Chapter and the benefit required by Chapter III.