



Pensions Act 1995

1995 CHAPTER 26

PART I

OCCUPATIONAL PENSIONS

Indexation

51 Annual increase in rate of pension

- (1) Subject to subsection (6) this section 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 (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 section, the annual rate of the pension would not be increased each year by at least the appropriate percentage of that rate.
- (2) Subject to section 52, where a pension to which this section 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 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) Subsection (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

Status: This is the original version (as it was originally enacted).

- (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 subsection (3) the relevant percentage is—
 - (a) the percentage increase in the retail prices index for the reference period, being a period determined, in relation to each periodic 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 the provisions of subsections (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 section 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.