

Changes to legislation: Pensions Act 2004, Paragraph 20 is up to date with all changes known to be in force on or before 24 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

SCHEDULES

SCHEDULE 7

PENSION COMPENSATION PROVISIONS

Modifications etc. (not altering text)

- C1** Sch. 7 amendment to earlier affecting provision S.I. 2005/652, reg. 14(2) (1.4.2005) by [The Occupational Pension Schemes and Pension Protection Fund \(Amendment\) Regulations 2005 \(S.I. 2005/993\)](#), regs. 1(1), **7**
- C1** Sch. 7 applied (with modifications) (6.4.2005) by [The Pension Protection Fund \(Hybrid Schemes\) \(Modification\) Regulations 2005 \(S.I. 2005/449\)](#), regs. 1(1), **3(2)-(4)**
- C1** Sch. 7 applied (with modifications) (6.4.2005) by [The Pension Protection Fund \(Reviewable Ill Health Pensions\) Regulations 2005 \(S.I. 2005/652\)](#), regs. 1(1), **13(1)**
- C1** Sch. 7 applied (with modifications) (6.4.2005) by [The Pension Protection Fund \(Reviewable Ill Health Pensions\) Regulations 2005 \(S.I. 2005/652\)](#), regs. 1(1), **14(2)**
- C1** Sch. 7 modified (6.4.2005) by [The Pension Protection Fund \(Reviewable Ill Health Pensions\) Regulations 2005 \(S.I. 2005/652\)](#), regs. 1(1), **15**
- C1** Sch. 7 modified (6.4.2005) by [The Pension Protection Fund \(Compensation\) Regulations 2005 \(S.I. 2005/670\)](#), regs. 1(1), **12** (with reg. 23(3))
- C1** Sch. 7 modified (1.8.2006) by [The Pension Protection Fund \(Pension Sharing\) Regulations 2006 \(S.I. 2006/1690\)](#), regs. 1(1), **3**
- C1** Sch. 7 applied (24.7.2014) by [The Pensions Act 2011 \(Transitional, Consequential and Supplementary Provisions\) Regulations 2014 \(S.I. 2014/1711\)](#), regs. 1(1), **42(1)**, 53, 57 (with regs. 6, 41, 44(1), 47(1), 69(2), 72(1), 76(1)); coming into force immediately after s. 29 of 2011 c. 19 - see S.I. 2014/1683, art. 2
- C1** Sch. 7 applied (24.7.2014 immediately after 2011 c. 19, s. 29, see S.I. 2014/1683, art. 2) by [The Pensions Act 2011 \(Transitional, Consequential and Supplementary Provisions\) Regulations 2014 \(S.I. 2014/1711\)](#), regs. 1(1), **42(1)**, 53, 57 (with regs. 6, 41, 44(1), 47(1), 69(2), 72(1), 76(1))
- C1** Sch. 7 modified by S.I. 2005/670, reg. 29 (as inserted in Pt. 12 of S.I. 2005/670 by S.I. 2018/95, reg. 2(6)) (24.2.2018) by [The Pension Protection Fund \(Compensation\) \(Amendment\) Regulations 2018 \(S.I. 2018/95\)](#), regs. 1, **2(6)**
- C1** Sch. 7 modified by S.I. 2005/670, reg. 30 (as inserted (for specified purposes and with effect in accordance with reg. 30(3)-(5) of the amending S.I.) by [The Pension Protection Fund \(Pensionable Service\) and Occupational Pension Schemes \(Investment and Disclosure\) \(Amendment and Modification\) Regulations 2018 \(S.I. 2018/988\)](#), regs. 1(2)(b), **2(3)**)

Compensation in respect of scheme right to transfer payment or contribution refund

- 20 (1) Compensation is payable in accordance with this paragraph where—
- (a) a person's pensionable service terminates on the commencement of the assessment period,
 - (b) as a result, he has rights, under the admissible rules, to—
 - (i) a transfer payment calculated by reference to the value of benefits which have accrued to him under the scheme ("the protected transfer payment"), or

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- (ii) a cash payment calculated by reference to the amount of contributions made by him or on his behalf to the scheme (“the protected contribution repayment”),
- (c) [^{F1}Chapter 2 of Part 4ZA] of the Pension Schemes Act 1993 (c. 48) (early leavers: cash transfer sums and contribution refunds) does not apply to him, and
- (d) he does not have relevant accrued rights to benefit (within the meaning of section 101AA(4) of that Act).
- (2) That person is entitled to compensation in the form of a lump sum in respect of the protected transfer payment or protected contribution repayment.
- (3) The amount of the compensation is 90% of the amount of the protected transfer payment or protected contribution repayment (whichever is the greater).
- (4) For the purposes of sub-paragraph (3), the amount of the protected transfer payment or protected contribution repayment is to be calculated in accordance with the admissible rules, which are to be applied for this purpose subject to any prescribed modifications.
- (5) The compensation is payable immediately after the transfer notice given under section 160 is received by the trustees or managers of the scheme.
- [^{F2}(6) This paragraph is subject to—
paragraph 22A (calculation of compensation on and after 1 January 2024), and
paragraph 30 (power of Secretary of State to change percentage rates by order).]
- (7) Regulations may modify any provision of paragraph 8, 10, 11 or 14 (compensation for persons who were active members immediately before assessment date) as it applies in the case of a person who is entitled to compensation under this paragraph.
- (8) Regulations may modify any provision of sub-paragraphs (1) to (6) as it applies in the case of a person who is entitled to compensation under paragraph 8, 10, 11 or 14.

Textual Amendments

- F1** Words in Sch. 7 para. 20(1)(c) substituted (6.4.2015) by [Pension Schemes Act 2015 \(c. 8\), s. 89\(3\)\(b\), Sch. 4 para. 42\(2\)](#) (with [s. 87](#))
- F2** [Sch. 7 para. 20\(6\)](#) substituted (coming into force in accordance with reg. 1(b) of the amending S.I.) by [The Pensions Act 2004 \(Amendment\) \(Pension Protection Fund Compensation\) Regulations 2023 \(S.I. 2023/1309\), reg. 3\(7\)](#)

Modifications etc. (not altering text)

- C1** Sch. 7 para. 20(1)(c) modified (6.4.2005) by [The Pension Protection Fund \(Compensation\) Regulations 2005 \(S.I. 2005/670\), regs. 1\(1\), 18](#) (with [reg. 23\(3\)](#))
- C2** Sch. 7 para. 20(1)(d) modified (6.4.2005) by [The Pension Protection Fund \(Compensation\) Regulations 2005 \(S.I. 2005/670\), regs. 1\(1\), 18](#) (with [reg. 23\(3\)](#))

Commencement Information

- I1** Sch. 7 para. 20(1)-(3)(5)(6) in force at 6.4.2005 by [S.I. 2005/275, art. 2\(7\), Sch. Pt. 7](#)
- I2** Sch. 7 para. 20(4)(7)(8) in force for the purpose only of conferring power to make regulations, orders or rules, as the case may be, 10.2.2005; and for all other purposes at 6.4.2005 in so far as not already in force by [S.I. 2005/275, art. 2\(3\), Sch. Pt. 3](#)

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 18(5A) inserted by [2014 c. 19 s. 52\(2\)](#)
- s. 18(6) words inserted by [2014 c. 19 s. 52\(3\)](#)
- s. 18(8) words inserted by [2014 c. 19 s. 52\(3\)](#)
- s. 23(1A) inserted by [2015 c. 8 Sch. 2 para. 26\(3\)](#)
- s. 23(10A) inserted by [2015 c. 8 Sch. 2 para. 26\(5\)](#)
- s. 38(1)-(1B) substituted for s. 38(1) by [2015 c. 8 Sch. 2 para. 27](#)
- s. 38(7)(da) inserted by [2021 c. 1 s. 104\(2\)](#)
- s. 43(1)-(1B) substituted for s. 43(1) by [2015 c. 8 Sch. 2 para. 28\(2\)](#)
- s. 52(1)-(1B) substituted for s. 52(1) by [2015 c. 8 Sch. 2 para. 29](#)
- s. 80(1)(a)(iib) inserted by [2021 c. 1 s. 109\(3\)](#)
- s. 102(2)(a) words in s. 102(2) renumbered as s. 102(2)(a) by [2008 c. 30 s. 44\(5\)\(a\)](#)
- s. 102(2)(b) inserted by [2008 c. 30 s. 44\(5\)\(b\)](#)
- s. 103(1A) inserted by [2008 c. 30 s. 44\(6\)](#)
- s. 117A inserted by [2008 c. 30 Sch. 10 para. 3](#)
- s. 126(1)-(1B) substituted for s. 126(1) by [2015 c. 8 Sch. 2 para. 31](#)
- s. 188(1)(ba) inserted by [2008 c. 30 Sch. 10 para. 6](#)
- s. 189A inserted by [2008 c. 30 Sch. 10 para. 7](#)
- s. 209(9) added by [2008 c. 30 Sch. 10 para. 8](#)
- s. 291(4)(f) and word inserted by [2021 c. 1 Sch. 3 para. 19\(b\)](#)
- s. 318(3)(a)(viii)-(x) inserted by [2015 c. 8 Sch. 2 para. 38\(3\)\(a\)](#)
- s. 318(3)(b)(vi)-(viii) inserted by [2015 c. 8 Sch. 2 para. 38\(3\)\(b\)](#)
- Sch. 4 para. 7(5)(b) inserted by [2008 c. 30 s. 44\(8\)\(b\)](#)
- Sch. 4 para. 13(3) inserted by [2008 c. 30 s. 44\(9\)\(b\)](#)
- Sch. 4 para. 7(5)(a) words in Sch. 4 para. 7(5) renumbered as Sch. 4 para. 7(5)(a) by [2008 c. 30 s. 44\(8\)\(a\)](#)
- Sch. 7 para. 21(2)(c)-(cc) substituted for Sch. 7 para. 21(2)(b)(c) by [2008 c. 30 Sch. 8 para. 11](#) (This amendment not applied to legislation.gov.uk. Sch. 8 para. 10 (3.1.2012) omitted without ever being in force by virtue of 2011 c. 19, Sch. 4 para. 20; S.I. 2011/3034 art. 3(i)(iv))