

SCHEDULES

SCHEDULE 2

REVALUATION OF ACCRUED BENEFITS ETC

PART 1

REVALUATION OF ACCRUED PENSION BENEFITS

Amendments to Schedule 3 to the 1993 Act

- 1 This Part makes amendments to Schedule 3 to the Pension Schemes Act 1993 (c. 48) (methods of revaluing accrued pension benefits).
- 2 In paragraph 1 (the final salary method), for sub-paragraphs (1) to (3) substitute—
 - “(1) The final salary method is to add to the amount that would be payable but for Chapter 2 of Part 4, or regulations made under it, the additional amount specified in sub-paragraph (1A), (1B), (1C) or (1D) (whichever applies).
 - (1A) Where—
 - (a) the termination of pensionable service occurs before 1st January 1991, and
 - (b) the whole of the member’s pensionable service falls on or after 1st January 1985,the additional amount is the appropriate higher revaluation percentage of the accrued benefit.
 - (1B) Where—
 - (a) the termination of pensionable service occurs before 1st January 1991, and
 - (b) some of the member’s pensionable service falls before 1st January 1985,the additional amount is such proportion of the appropriate higher revaluation percentage of the accrued benefit as the member’s pensionable service falling on or after 1st January 1985 bears to the member’s total pensionable service.
 - (1C) Where the termination of pensionable service occurs—
 - (a) on or after 1st January 1991, but
 - (b) before the day on which section 101 of the Pensions Act 2008 comes into force (“the 2008 Act commencement day”),the additional amount is the appropriate higher revaluation percentage of the accrued benefit.

Status: This is the original version (as it was originally enacted).

- (1D) Where the termination of pensionable service occurs on or after the 2008 Act commencement day, the additional amount is the aggregate of—
- (a) the appropriate higher revaluation percentage of so much of the accrued benefit as is attributable to the member’s pensionable service falling before the 2008 Act commencement day, and
 - (b) the appropriate lower revaluation percentage of so much of the accrued benefit as is attributable to the member’s pensionable service falling on or after that day.

- (1E) In this paragraph “the accrued benefit” means the amount of the pension or other benefit which on the termination date has accrued to the member or to any other person in respect of the member (excluding any part of that amount which consists of—
- (a) the member’s guaranteed minimum, or
 - (b) the guaranteed minimum of the member’s widow, widower or surviving civil partner).

- (2) For the purposes of this paragraph, a member’s pensionable service includes any notional pensionable service which is credited to the member by the scheme (“notional service”).

But notional service shall not be taken into account in determining which of sub-paragraphs (1A), (1B), (1C) and (1D) applies.

- (3) For the purposes of determining the additional amount where sub-paragraph (1B) applies, any notional service shall be taken to have ended immediately before the member’s actual pensionable service began.

- (3A) For the purposes of determining the additional amount where sub-paragraph (1D) applies, any notional service shall be treated as falling on or after the 2008 Act commencement day only if, or to the extent that, it is so treated for the purposes of the scheme.”

- 3 (1) Paragraph 2 (the revaluation percentage and the appropriate revaluation percentage) is amended as follows.

- (2) In sub-paragraph (1), for “specify a revaluation percentage for each period” substitute “specify (so far as it is necessary to do so)—

- (a) a higher revaluation percentage, and
- (b) a lower revaluation percentage,

for each period”.

- (3) For sub-paragraph (3) substitute—

“(3) The higher revaluation percentage which the Secretary of State is to specify in relation to a revaluation period is the lesser of—

- (a) the percentage which appears to the Secretary of State to be the percentage increase in the general level of prices in Great Britain during the period which is the reference period in relation to the revaluation period (“the inflation percentage”), and
- (b) the higher maximum rate.

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

(3A) The lower revaluation percentage which the Secretary of State is to specify in relation to a revaluation period is the lesser of—

- (a) the percentage which appears to the Secretary of State to be the inflation percentage, and
- (b) the lower maximum rate.”

(4) For sub-paragraphs (6) and (7) substitute—

“(6) For the purposes of sub-paragraph (3)(b) and (3A)(b)—

“the higher maximum rate”, in relation to a revaluation period, is—

- (a) in the case of a revaluation period of 12 months, 5 per cent; and
- (b) in any other case, the percentage that would be the inflation percentage had the general level of prices increased at the rate of 5 per cent compound per annum during the reference period in question;

“the lower maximum rate”, in relation to a revaluation period, is—

- (a) in the case of a revaluation period of 12 months, 2.5 per cent; and
- (b) in any other case, the percentage that would be the inflation percentage had the general level of prices increased at the rate of 2.5 per cent compound per annum during the reference period in question.

(7) In paragraph 1—

“the appropriate higher revaluation percentage” means the higher revaluation percentage specified in the last calendar year before the date on which the member attains normal pension age as the higher revaluation percentage for the revaluation period which is of the same length as the number of complete years in the pre-pension period;

“the appropriate lower revaluation percentage” has a corresponding meaning.”