



Pension Schemes Act 2015

2015 CHAPTER 8

PART 4

PENSIONS FLEXIBILITIES

CHAPTER 5

INTERPRETATION OF PART 4

74 Meaning of “flexible benefit”

In this Part “flexible benefit”, in relation to a member of a pension scheme or a survivor of a member, means—

- (a) a money purchase benefit,
- (b) a cash balance benefit, or
- (c) a benefit, other than a money purchase benefit or cash balance benefit, calculated by reference to an amount available for the provision of benefits to or in respect of the member (whether the amount so available is calculated by reference to payments made by the member or any other person in respect of the member or any other factor).

75 Meaning of “cash balance benefit”

(1) In this Part “cash balance benefit”, in relation to a member of a pension scheme or a survivor of a member, means a benefit calculated by reference to an amount available for the provision of benefits to or in respect of the member (“the available amount”) where there is a promise about that amount.

(2) But a benefit is not a “cash balance benefit” if, under the scheme—

- (a) a pension may be provided from the available amount to or in respect of the member, and
- (b) there is a promise about the rate of that pension.

Changes to legislation: There are currently no known outstanding effects for the Pension Schemes Act 2015, CHAPTER 5. (See end of Document for details)

- (3) The promise mentioned in subsection (1) includes, in particular, a promise about the change in the value of, or the return from, payments made by the member or any other person in respect of the member.
- (4) The promise mentioned in subsection (2)(b) includes a promise that—
 - (a) the available amount will be sufficient to provide a pension of a particular rate;
 - (b) the rate of a pension will represent a particular proportion of the available amount.
- (5) A benefit is not excluded from the definition of “cash balance benefit” by subsection (2) merely because under the scheme there is a promise that—
 - (a) the rate or amount of the benefit payable in respect of a deceased member will be a particular proportion of the rate or amount of the benefit which was (or would have been) payable to the member, or
 - (b) the amount of a lump sum payable to a member, or in respect of a deceased member, will represent a particular proportion of the available amount.

76 Interpretation of Part 4

UK definitions

(1) In this Part—

- “cash balance benefit” has the meaning given by section 75;
- “dependants' drawdown pension”, in relation to a survivor, has the meaning given by paragraph 18 of Schedule 28 to the Finance Act 2004;
- “drawdown pension”, in relation to a member, has the meaning given by paragraph 4 of Schedule 28 to the Finance Act 2004;
- “flexible benefit” has the meaning given by section 74;
- “nominees' drawdown pension”, in relation to a survivor, has the meaning given by paragraph 27B of Schedule 28 to the Finance Act 2004;
- “normal pension age”, in relation to a benefit for a member of a pension scheme or a survivor of a member, means—
 - (a) the earliest age at which, or earliest occasion on which, the member or survivor is entitled to receive the benefit without adjustment for taking it early or late (disregarding any special provision as to early payment on the grounds of ill health or otherwise), or
 - (b) if there is no such age or occasion, normal minimum pension age as defined by section 279(1) of the Finance Act 2004;
- “subsisting right”—
 - (a) in relation to a member of a pension scheme means—
 - (i) any right which has accrued to or in respect of the member to future benefits under the scheme, or
 - (ii) any entitlement to benefits under the scheme,
 - (b) in relation to a survivor of a member of a pension scheme, means any right to future benefits, or entitlement to benefits, which the survivor has under the scheme in respect of the member;
- “successors' drawdown pension”, in relation to a survivor, has the meaning given by paragraph 27G of Schedule 28 to the Finance Act 2004;

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“survivor”, in relation to a member of a pension scheme, means a person who has survived the member and has a right to future benefits, or is entitled to benefits, under the scheme in respect of the member;

“trustees or managers” means—

- (a) in relation to a scheme established under a trust, the trustees, and
- (b) in relation to any other scheme, the managers;

“uncrystallised funds pension lump sum” has the meaning given by paragraph 4A of Schedule 29 to the Finance Act 2004.

Great Britain only definitions

- (2) In any provision of this Part as it extends to England and Wales and Scotland—

“money purchase benefits” has the meaning given by section 181 of the Pension Schemes Act 1993;

“occupational pension scheme” has the meaning given by section 1 of the Pension Schemes Act 1993;

“pension scheme” has the meaning given by section 1(5) of the Pension Schemes Act 1993.

Northern Ireland only definitions

- (3) In any provision of this Part as it extends to Northern Ireland—

“money purchase benefits” has the meaning given by section 176 of the Pension Schemes (Northern Ireland) Act 1993;

“occupational pension scheme” has the meaning given by section 1 of the Pension Schemes (Northern Ireland) Act 1993;

“pension scheme” has the meaning given by section 1(5) of the Pension Schemes (Northern Ireland) Act 1993.

Changes to legislation:

There are currently no known outstanding effects for the Pension Schemes Act 2015, CHAPTER 5.