
Changes to legislation: There are currently no known outstanding effects for the Pension Schemes Act 2021, Cross Heading: Consequences of a pause order. (See end of Document for details)

SCHEDULES

SCHEDULE 2

PAUSE ORDERS

Consequences of a pause order

- 1 (1) If a pause order is made in relation to a collective money purchase scheme, any action taken in contravention of the order is void, except to the extent that the action is validated by an order under paragraph 3.
- (2) If a pause order contains a direction under section 44(5)(b) that no further payments (or no further payments of a specified description) are to be made towards a scheme during the period for which the order has effect—
- (a) any payments that are the subject of the direction and would otherwise be due to be made towards the scheme during that period are to be treated as if they do not fall due, and
 - (b) any obligation to make those payments (including any obligation under section 49(8) of the Pensions Act 1995 to pay amounts deducted corresponding to such payments) is to be treated as if it does not arise.
- (3) If a pause order contains a direction under section 44(5)(d) (no payment of benefits or benefits of a specified description under the scheme rules) and an amount of benefit under the scheme rules was not paid as a result of the direction—
- (a) the direction does not affect any entitlement to that benefit, and
 - (b) any benefit to which a member, or a person in respect of a member, remains entitled at the end of the period for which the pause order had effect is an amount that falls due to the member or (as the case may be) the person at the end of that period.
- (4) If a pause order contains a direction under section 44(5)(e) (no transfers etc of members' rights) it does not prevent—
- (a) a pension sharing order or provision having effect, or
 - (b) a pension earmarking order having effect in a case where—
 - (i) the order requires a payment to be made if a payment in respect of any benefits under the scheme becomes due to a person, and
 - (ii) a direction under section 44(5)(d) does not prevent the payment becoming due.
- (5) In sub-paragraph (4)—
- “pension sharing order or provision” means an order or provision falling within section 28(1) of the Welfare Reform and Pensions Act 1999 (activation of pension sharing);
 - “pension earmarking order” means—
 - (a) an order under section 23 of the Matrimonial Causes Act 1973 (financial provision orders in connection with divorce etc) so far as it

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- includes provision made by virtue of section 25B or 25C of that Act (powers to include provision about pensions),
- (b) an order under Part 1 of Schedule 5 to the Civil Partnership Act 2004 (financial provision in connection with dissolution, nullity or separation) so far as it includes provision made by virtue of paragraphs 25 and 26 of Part 6 of that Schedule (powers to include provision about pensions),
 - (c) an order under section 12A(2) or (3) of the Family Law (Scotland) Act 1985 (powers in relation to pension lump sums when making a capital sum order),
 - (d) an order under Article 25 of the Matrimonial Causes (Northern Ireland) Order 1978 (S.I. 1978/1045 (N.I. 15)) so far as it includes provision made by virtue of Article 27B or 27C of that Order (Northern Ireland powers corresponding to those mentioned in paragraph (a)), or
 - (e) an order under Part 1 of Schedule 15 to the Civil Partnership Act 2004 (financial provision in connection with dissolution, nullity or separation: Northern Ireland) so far as it includes provision made by virtue of paragraphs 20 and 21 of Part 5 of that Schedule (powers to include provision about pensions).
- (6) The Secretary of State may make regulations modifying any provision of—
- (a) Chapter 1 of Part 4ZA of the Pension Schemes Act 1993 (transfer rights: general), or
 - (b) Chapter 2 of that Part (early leavers: cash transfer sums and contribution refunds),
- in their application to a collective money purchase scheme in relation to which a pause order has effect containing a direction under section 44(5)(e) (no transfers etc of members' rights).
- (7) Regulations under sub-paragraph (6) override any provision of the collective money purchase scheme, to the extent that there is a conflict.
- (8) Disregarding sub-paragraph (1), if a pause order made in relation to a collective money purchase scheme is not complied with, section 10 of the Pensions Act 1995 (civil penalties) applies to any trustee of the scheme who has failed to take all reasonable steps to secure compliance.
- (9) Sub-paragraph (8) does not apply in the case of non-compliance with a direction under section 44(5)(c) (direction that certain deducted payments are to be repaid by employer).
- (10) In such a case, section 10 of the Pensions Act 1995 (civil penalties) applies to an employer who, without reasonable excuse, fails to repay an amount as required by the direction.
- (11) Regulations under sub-paragraph (6) are subject to negative resolution procedure.

Commencement Information

- I1** Sch. 2 para. 1 in force at Royal Assent for specified purposes, see s. 131(3)(a)
- I2** Sch. 2 para. 1 in force at 1.8.2022 in so far as not already in force by S.I. 2022/721, reg. 3(a)

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